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BUSINESS & TECH. | B1



Stuart Taylor Jr. A Hollywood Hit-Job On Clarence Thomas

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DOW JONES | News Corp *****

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Last week: **DJIA** 17897.46 ▲ 320.50 1.8% **NASDAQ** 4938.22 ▲ 1.8% **STOXX 600** 342.79 ▲ 3.3% **10-YR. TREASURY** ▼ 9/32, yield 1.753% **OIL** \$40.36 ▲ \$0.64 **EURO** \$1.1285 **YEN** 108.76

What's News

Business & Finance

Oil producers meeting in Doha failed to agree on a production freeze after Saudi Arabia demanded that Iran cap its output. **A1**
◆ **The Dow is nearing** a record high after a recent rally, but the Doha failure may threaten its momentum. **C1**

◆ **Verizon's pursuit** of Yahoo received a boost as Time, Google and other suitors opted not to make bids. **A1**

◆ **China's moves** to stabilize its economy have temporarily eased global fears, world financial leaders said. **A8**

◆ **A crisis rocking** China's "shadow banks" underscores the risks of a widespread financing trend. **C1**

◆ **A wave of rate cuts** by developing countries have boosted emerging stock and bond markets. **C1**

◆ **A U.S. probe** of world soccer increasingly is focusing on the role of sponsors, broadcasters and banks. **B1**

◆ **Amazon will offer** its video-streaming service as a stand-alone option, in a challenge to Netflix. **B1**

◆ **Ford topped** GM in March sales, but nearly 40% of vehicles were delivered to fleet buyers as retail sales fell. **B3**

◆ **Big U.S. banks** added \$777 million to loan reserves last quarter, a sharp increase from the prior period. **C6**

◆ **Disney's "Jungle Book"** opened this weekend to a strong \$103.6 million. **B4**

World-Wide

◆ **Rousseff was dealt** an emphatic repudiation as Brazil's lower house of congress voted to impeach her. The Senate will now decide whether the embattled president should stand trial for allegedly violating budget laws. **A1**

◆ **Coastal residents** in Ecuador scrambled to free survivors trapped in collapsed buildings after a quake killed hundreds of people. **A10**

◆ **Tens of thousands** of people were displaced by deadly quakes on Japan's southern island of Kyushu. **A16**

◆ **Both parties'** presidential front-runners are growing increasingly unpopular, a new Wall Street Journal/NBC News poll showed. **A4**

◆ **GOP voters reject** the idea of convention delegates choosing a nominee who hasn't run in primaries, polling found. **A4**
◆ **Clinton and Sanders** sparred as they campaigned in New York ahead of Tuesday's primary. **A6**
◆ **China's finance minister** called Trump an "irrational type" and said following his trade policies would damage the U.S.'s world standing. **A8**

◆ **A Russian fighter** intercepted a U.S. Air Force jet over the Baltic Sea. Moscow and Washington disputed accounts of the incident. **A11**

◆ **The Supreme Court** is set to hear arguments over Obama's move to limit immigrant deportations. **A3**

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Talks to Prop Up Oil Prices Fail

DOHA, Qatar—Oil producers that supply almost half the world's crude failed Sunday to negotiate a production freeze intended to strengthen prices.

The talks collapsed after Saudi Arabia surprised the group by reasserting a demand that Iran also agree to cap its oil production.

Oil prices had rallied in recent weeks on speculation that

By *Benoit Faucon, Summer Said and Bill Spindle*

Saudi Arabia might successfully lead an initiative between members of the Organization of the Petroleum Exporting Countries and Russia, which joined the talks.

A deal would have marked a

new level of cooperation between non-OPEC countries and OPEC members that producers hoped would keep prices above January lows of \$26 a barrel.

U.S. crude plunged 4.6% to \$38.49 a barrel and Brent was down 4.2% to \$41.27 a barrel in early Asian trading Monday.

While markets could be disappointed by the failure to

freeze oil production in the short term, the longer-run impact could well be blunted by the reality that low prices are already pushing out many cash-strapped producers, making a formal freeze less important.

The U.S. Energy Information Administration said in its short-term energy outlook last week that U.S. crude produc-

tion fell by 90,000 barrels a day in March, from February. The agency lowered its domestic-output forecast for this year to 8.6 million barrels a day, and to 8 million barrels a day in 2017. That is off from a multidecade peak of 9.4 mil-

Please see OIL page A12

◆ **Moody's emerges** as another thorn in the oil patch..... **C1**

Powerful Earthquake in Ecuador Leaves Hundreds Dead



COLLAPSED: The quake Saturday night ravaged the coastal town of Pedernales, above, damaging or destroying about 80% of homes. **A10**

Brazil's President Faces Impeachment

By **PAUL KIERNAN AND REED JOHNSON**

BRASILIA—In a historic and emphatic repudiation of President Dilma Rousseff, Brazil's lower house of congress voted on Sunday to impeach the embattled leftist leader, whose popularity has plunged as the nation has fallen into recession and political paralysis.

The Chamber of Deputies voted 367-137, with seven abstentions and two no-shows, topping the necessary threshold of 342 votes to move the impeachment proceedings to the Senate. The upper house will now decide in coming

days whether she should stand trial for allegedly violating Brazil's budget laws.

Sunday's vote marks a major step toward removing Ms. Rousseff from power. The odds are against her prevailing in the Senate, which isn't likely to save a badly weakened president, said Carlos Melo, a political-science professor at the Insper business school in São Paulo.

"She goes to the Senate in a very unfavorable position," Mr. Melo said.

When the decisive 342nd

Please see BRAZIL page A10

◆ **Elder statesman** moves closer to presidency..... **A10**

If You Don't Pay These Taxes, Expect Drummers at Your Door

Indian city aims to shame evaders by making a din; payments come quickly

By **GABRIELE PARUSSINI**

THANE, India—For five years, real-estate developer Prahul Sawant ignored government orders to pay his taxes. Then the drummers showed up, beating their instruments and demanding he cough up the cash. Neighbors leaned out windows and gawked.

Within hours, a red-faced Mr. Sawant had written a \$945 check to settle his long-standing arrears.

Shame is the name of the game as India's local governments try new tools to collect taxes from reluctant citizens. Faced with meager collections and mounting spending needs, Thane's municipal commis-

sioner, Sanjeev Jaiswal, is resorting to public embarrassment of tax scofflaws.

"When you get a notice, you're the only one aware of it," said Mr. Jaiswal, who was appointed last year.

"A drum band downstairs from your house changes that. Few things are as important to people as their reputation."

Since the drummers started work early this year in this suburb of Indian commercial capital Mumbai, property-tax revenue has

jumped 20%, said Mr. Jaiswal.

Sanjay Bohir, a 50-year-old tin worker who owed \$285 in back taxes, rushed to pay up before the band showed up at his house because he couldn't

Please see DRUM page A6



Tax drummer



A customer sits in the Derby Cafe in Oakwood, Va., in the heart of Trump country. Voters there, including many Democrats, say Donald Trump understands their frustration and will fight on their behalf.

THE PLACE THAT WANTS DONALD TRUMP MOST

Buchanan County, Va., shows his support and the challenge he poses

By **BOB DAVIS AND REBECCA BALLHAUS**

BUCHANAN COUNTY, Va.—There isn't much Jody Bostic believes in these days.

The government has abandoned him, he feels. Local coal mines have laid him off so many times he opened a T-shirt store to make a living. Big-city media treat him and his neighbors like know-nothings.

His remaining hope: Donald Trump will become president and use his business skills to bring jobs to this Appalachian mountain county. "Hey, in this county, things are going downhill. People are getting laid off. People are leaving," says the 39-year-old former miner. "If Trump don't get it, it will be another blow."

Mr. Trump won Buchanan County with 69.7% of the vote in the March 1 Republican pri-

mary, the highest percentage vote he has collected in any U.S. county so far. A close look at the white, working-class enclave, which is in Virginia's southwest, provides a clearer picture of why Mr. Trump inspires supporters and poses problems for anti-Trump GOP strategists.

Voters here say Mr. Trump understands their frustration and will fight the Washington establishment on their behalf. In an area awash in uncertainty—Will mines remain open? Will the river flood? Must the young

leave to find work?—he is a reassuring presence, someone who has visited their living rooms for years via television.

Here, as elsewhere, his message of American renewal, closed borders and antigovernment populism resonates despite his brashness, even among

Please see TRUMP page A12

★ ELECTION 2016 ★

- ◆ **Poll: Negatives** rise for front-runners..... **A4**
- ◆ **Sanders and Clinton** spar in New York..... **A6**
- ◆ **As Trump storms** his home state, party is still split... **A6**

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U.S. NEWS

U.K. Exit's Impact on Jobs Could Roil EU

London

When in London this week, President Barack Obama looks set to add to calls for Britain to stay in the European Union. Among those of similar mind: Large numbers of job seekers elsewhere in Europe.

The U.K. economy has been a powerhouse for job creation as the EU struggled to recover from the financial crisis, churning out work not only for its own citizens, but also for hundreds of thousands of others across the 28-member bloc, from Polish nurses to Spanish engineers.

Economists say this influx has helped power British economic growth, but it has added to anxiety here over the role of immigration as Britons debate whether to stay in the EU or go it alone as the world's fifth largest economy. A referendum over whether to remain in the EU is set for June 23.

Much of the stay-or-go debate has focused on what "Brexit" would mean for the U.K. Increasingly, though, the focus has turned to the broader potential fallout for the rest of Europe.

The International Monetary Fund warned last week of "severe" regional and even global damage if the U.K. quits the EU.

Economists say Brexit could upset trade in Europe, disrupt investment and leave a hole in the EU's budget that other countries would need to fill. The ultimate cost would depend largely on whatever deal Europe's second-largest economy might reach with the EU over the terms of the U.K.'s departure.

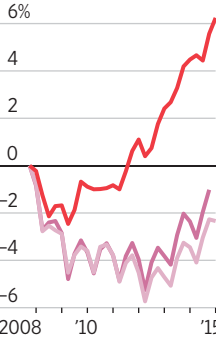
Brexit "is not just a U.K. issue," said David Owen, chief European financial economist at investment bank Jefferies Group Inc. in London. "It would impact the rest of the EU."

For ordinary Europeans, the economic effects of Brexit most likely would be felt in the workplace, especially if a departure ruptured

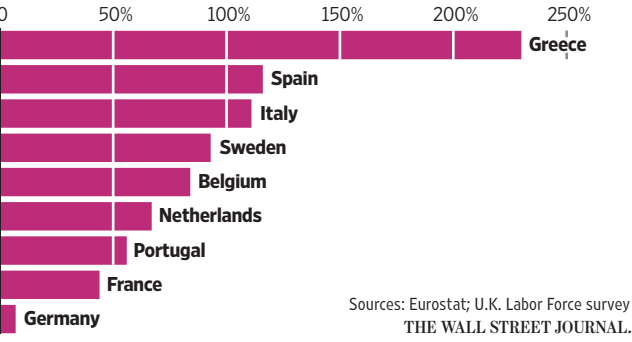
The English Work Channel

The U.K. has posted strong job growth since the financial crisis, with much of that gain going to workers from other countries. A U.K. exit from the European Union, up for a vote in June, could sever that flow.

Change in employment since 3Q 2008



Change in employment in the U.K. by country of origin since 3Q 2008



Sources: Eurostat; U.K. Labor Force survey
THE WALL STREET JOURNAL.



CHRISTOPHER FURLONG/GETTY IMAGES

An influx of labor from the EU has helped power British growth, but it has added to anxiety in the U.K. over immigration.

one of Europe's best conduits for steady employment.

The U.K. boasts one of the region's most alluring labor markets; a combination of the English language, which many Europeans master at school; flexible labor laws that make it easy to get hired; and big cities such as London that host global employers.

Britain's jobs market has boomed while the wider EU economy, especially the 19-nation eurozone at its core, has struggled.

The EU's official statistics agency says the number of people working in all 28 states of the EU is still roughly three million short of the precrisis peak of 225 million reached in late 2008, a consequence of the global financial crisis but also the sovereign-debt troubles that blunted the recovery.

That's despite an improvement in labor-force participation and recent growth spurts in some of the countries hard-

est-hit by the continent's woes, such as Ireland and Spain.

In the U.S., by contrast, total employment surpassed its precrisis peak of 138.4 million in May 2014 and now stands at 143.7 million.

The U.K., which stands outside the 19-nation eurozone and so was spared the worst of the region's debt crises, has added 1.8 million jobs since its prerecession employment peak, boosting the total to 31 million. Only Germany, the EU's largest economy, has had comparable growth, adding 1.6 million jobs to take its workforce to 41 million.

Roughly half of those new jobs in the U.K. have gone to European citizens, according to the U.K.'s official statistics agency. The number of EU citizens working in Britain has risen by two-thirds since 2008, to 2.1 million.

Many are migrants from Eastern Europe drawn by

higher wages, but thousands more have arrived here because they struggled to find work at home.

With the EU still struggling to recover its vim, a British departure from the bloc could complicate the region's efforts to bring down unemployment in the years ahead. It's unclear what arrangements would be put in place to allow EU workers to join the U.K. labor force, but the U.K. isn't entirely comfortable with its labor market's pull.

If it left the EU, it would all but certainly seek to impose new restrictions on immigration to bring down the number of European workers arriving on its shores.

Already, Prime Minister David Cameron has restricted new arrivals' access to British welfare benefits, part of a government effort to curb immigration to satisfy voters.

Unease over immigration is one of the driving forces behind anti-EU sentiment in Britain, with campaigners for Brexit arguing the U.K. can secure its borders only if it leaves the EU.

That prospect unsettles EU workers already here.

Christine Box, 33 years old, a human resources adviser originally from Germany who has been in the U.K. since 2006, said she and her husband would think again about staying if the U.K. votes to leave the EU.

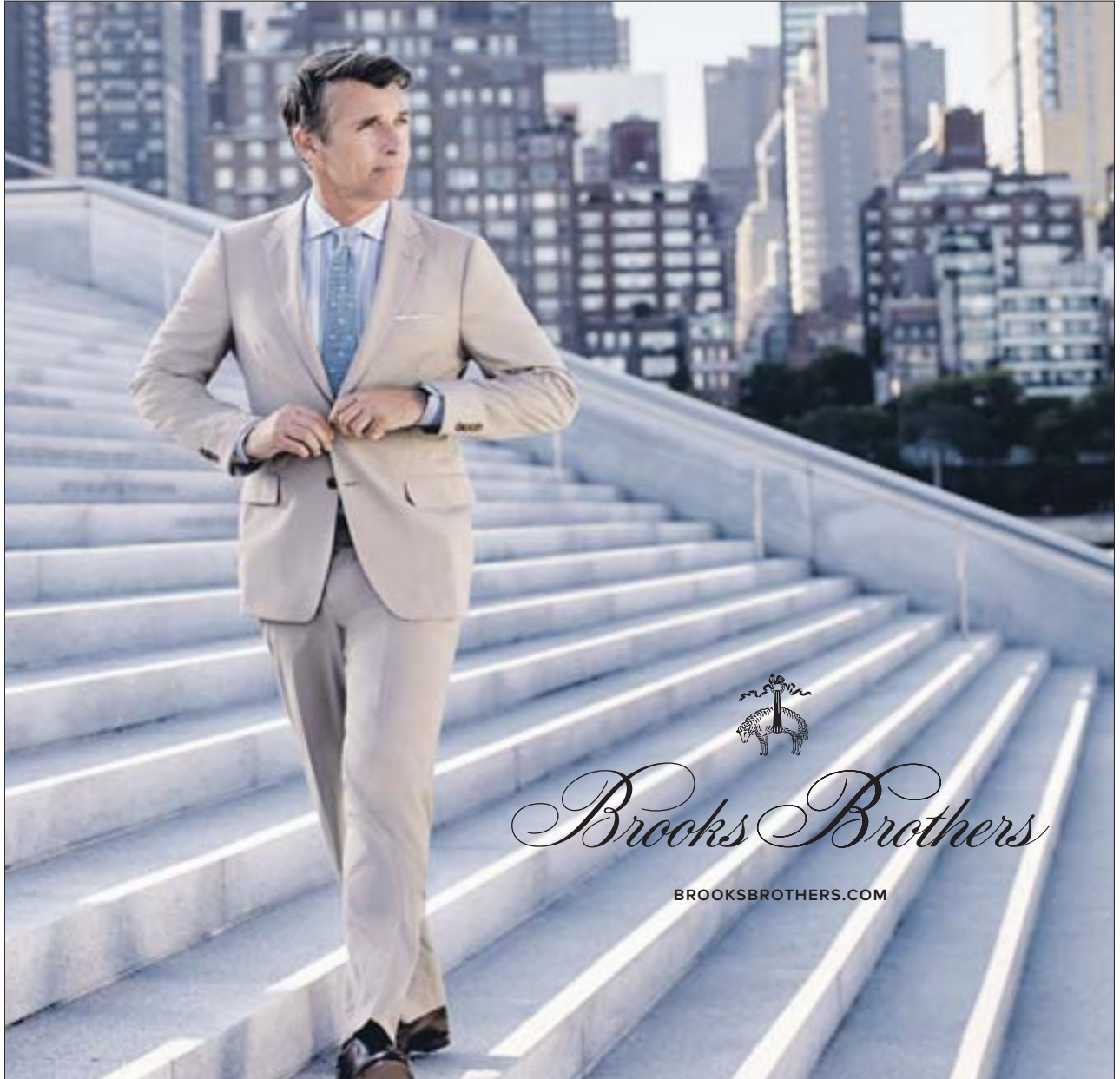
"Brexit is going to be a big decision maker for me," she said.

CORRECTIONS & AMPLIFICATIONS

The Parker Institute for Cancer Immunotherapy is based in San Francisco. A U.S. News article Wednesday about the launch of the institute with a \$250 million grant from philanthropist Sean Parker incorrectly said it is based at the University of California San Francisco.

In the musical "Hamilton," the character James Madison says that Aaron Burr "obfuscates." In some editions Saturday, the Word on the Street column in the Review section incorrectly said that Madison accuses Alexander Hamilton of obfuscating.

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



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U.S. NEWS



Cris Mercado, center, came to the U.S. as a child. He kept his status quiet while at college and now works to help low-income students.

Showdown Over Immigrants

Supreme Court will hear challenge to Obama move to limit deportation of millions

By MIRIAM JORDAN

Tech entrepreneur Cris Mercado still keeps the envelope that he stuffed in late 2014 with school records, his proof of residence and other documents he gathered to apply for a new program to shield him from deportation and enable him to work legally in the U.S.

“Whatever it took I wanted to be the first to apply,” recalled the 35-year-old undocumented Filipino, who arrived in New York when he was 5.

Mr. Mercado’s hopes were put on hold when a federal judge last year blocked the implementation of President Barack Obama’s new policy after 26

states filed suit challenging it.

On Monday, the Supreme Court is scheduled to hear oral arguments on the policy in one of its biggest cases this term, though the February death of conservative Justice Antonin Scalia leaves the court at risk of ties. If it deadlocks 4-4, the lower-court decisions remain in place, likely freezing the policy for the remainder of the Obama administration.

The policy is called the Deferred Action for Parents of Americans and Lawful Permanent Residents, or DAPA. It would offer temporary protection from deportation and authorize work permits to about five million undocumented immigrants, most of them parents of U.S. citizens.

The program is based on a 2012 policy called Deferred Action for Childhood Arrivals, or DACA. That program, which would be expanded to include a

larger age group, offers the same reprieve to people brought to the U.S. as children, such as Mr. Mercado.

Opponents say Mr. Obama lacks the legal authority to take such sweeping executive actions; supporters say he does.

The showdown is mobilizing pro-immigrant groups, with the backing of major figures in the technology industry, including Facebook Inc.’s Mark Zuckerberg and LinkedIn Corp. co-founder Reid Hoffman. The tech industry employs many foreign workers and a number of tech companies, including Intel Corp., were started by immigrants.

Thousands of people, including Mr. Mercado, are expected to be in Washington, D.C., on Monday to demonstrate outside the court during the hearing.

Groups opposed to the policy haven’t planned demonstrations for Monday, according to a spokesman for the Federation for American Immigration Reform, or FAIR, which favors a crackdown on illegal immigration. FAIR’s website features a countdown to the hearing. “A precedent-setting decision,” it says, “could allow President Obama [and future presidents] to run roughshod over the constitutional separation-of-powers doctrine.”

The site encourages people to sign a petition opposing the policy, which FAIR plans to release to the justices as they deliberate on the case. “Congress didn’t delegate to the president the discretion to allow millions of people here illegally to just stay here, work and get benefits,” said FAIR’s president, Dan Stein. “We’re trying to get people to raise hell.”

More Minors, Families Apprehended at Border

After declining in 2015, more unaccompanied minors and families from Central America were apprehended as they crossed illegally into the U.S. during the first five months of the federal fiscal year, according to U.S. Customs and Border Protection.

Agents apprehended 23,553 unaccompanied minors from Oct. 1 to Feb. 29, almost double the 12,490 in the same months a year earlier. The number of intercepted people in family groups, typically mothers with children, jumped to 27,664, from 11,131.

In fiscal 2015, the total apprehended in both groups fell about

40% from 2014, due to a crack-down by Mexico and the U.S. after the southwest border had been flooded with migrants fleeing gangs and poverty in El Salvador, Guatemala and Honduras.

But violence in Central America hasn’t abated, and the latest data show a rise in apprehensions, especially in Arizona, suggesting smugglers who mainly use Texas are trying new routes.

“The entire administration has been closely monitoring these current trends...to ensure an effective response to any changes in migration flows,” the border agency said in a statement on its website.

—Miriam Jordan

Alaska Eyes ‘Third-Rail’ Budget Fix

By JIM CARLTON

For decades, redirecting Alaska’s Permanent Fund—oil industry proceeds set aside for the state, which also provides payouts to residents—has been seen as a third rail of the state’s politics.

Now, legislators are fighting over whether and how to raid the \$53 billion fund to solve a projected \$4.1 billion budget deficit largely brought on by the collapse in oil prices.

With the legislative session set to end at midnight Sunday, state lawmakers worked through the weekend on a plan to divert earnings from the fund to help close the deficit for the fiscal year beginning July 1. Gov. Bill Walker said he would likely have to extend the session if no agreement is reached.

The fund was set up four decades ago as a way to share the wealth of Alaska oil revenues with residents and to provide a financial cushion for the state when those receipts started to run out.

Considered a birthright of many Alaskans, few politicians seriously considered going after it until oil prices fell from above \$100 a barrel in 2014 to below \$30 this year. The plunge came as Alaska’s oil production has continued a steady decline.

“What’s changed is the magnitude of the problem,” Mr. Walker said in an interview Friday. “[The projected deficit] is so big that things that were off-limits are no longer off-limits.”



The collapse in oil prices has Alaska legislators weighing whether to use earnings from a reserve fund to help close a budget deficit.

Mr. Walker, an independent, first proposed a plan that would help close the gap by cutting annual dividends from the fund paid to Alaskans by about half, from a record \$2,072 per person last year. The dividend is paid to every resident, including children, and fluctuates based on the fund’s performance. The Republican-led Senate and House came up with their own bills, which also cut the dividend by about half, but allowed more flexibility to rise over time.

The proposed cut would disproportionately hurt low-income people, say advocates for the poor. “For people living close to the margin, the difference between \$1,000 and \$2,000 is huge,” said Lisa Aquino, executive director of Catholic Social Services in Anchorage.

But cuts actually bring the payouts closer to a long-term

average of about \$1,100 a year, said Mark Edwards, senior vice president and economist at Northrim Bank in Anchorage. “Overall, the use of the Permanent Fund would be more neutral in its effect on the economy,” he said.

The legislature’s bills would put only \$2.5 billion toward the deficit, while the governor’s would provide \$3.3 billion, because his plan would change how oil revenues flow into the treasury.

Ways to come up with more money to offset the shortfall—including a controversial plan by the governor to institute new and expanded taxes in Alaska—are so contentious that most political observers expect Mr. Walker to have to call a special session to complete a budget.

In an interview, Mr. Walker said “it’s fairly likely” he would call the extended session, for

“however long it takes to get it done.”

The tax proposals are proving particularly divisive. One sticking point is a push by the governor and some Democrats to sharply reduce the amount of tax credits given to the oil industry for exploration and other work, which this year could result in a payout of about \$700 million in reimbursements. Sen. Bill Wielechoski, a Democrat from Anchorage, said he opposes taking any money away from Alaskans until that issue is resolved.

“I can’t go back to my constituents and say, ‘Sorry, I need to take your Permanent Fund so I can pay the oil industry,’” Mr. Wielechoski said.

But some Republicans warn removal of the tax credits could lessen investment in Alaska. The Senate is also pushing for some form of cap on state spending as part of any deal; as of Friday, that chamber proposes a \$385 million cut in spending, deeper than Mr. Walker’s call for \$100 million over the next year, said Laura Cramer, chief of staff to Senate Finance Committee Co-Chair Anna MacKinnon. “We are looking at it (spending) as what we are constitutionally required to give the citizens,” Ms. Cramer said.

Mr. Walker said he is open to other alternatives to his tax plan to close the budget.

“It’s not a matter of we have to have taxes,” the governor said. “It’s a matter of we have to have revenues.”

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★ ELECTION 2016 ★

Poll: Negatives Rise for Front-Runners

Clinton's favorability shows a steep decline, while Trump's gap is widest of any hopeful

By JANET HOOK

Both parties' presidential front-runners are growing increasingly unpopular, a new Wall Street Journal/NBC News poll finds, with Hillary Clinton showing an especially

steep decline over the past month.

Among voters in both parties, 56% hold a negative view of Mrs. Clinton and 32% hold a positive view. That 24-point gap is almost twice as wide as in a Journal/NBC poll last month, when 51% viewed her negatively and 38% positively, a 13-point gap.

Republican front-runner Donald Trump continues to be the candidate in either party viewed most negatively,

with 65% of registered voters viewing him unfavorably and 24% favorably, a 41-point difference. Unlike with Mrs. Clinton, a former senator and secretary of state, those numbers haven't changed much over the past month.

Sen. Ted Cruz of Texas, Mr. Trump's nearest GOP competitor, has an image problem of his own. Nearly half of voters see him in a negative light, while 26% view him positively.

The entire field of candidates, on both sides of the aisle, suffers a popularity deficit: Not one is regarded favorably by more than half of registered voters.

The candidate with the least baggage is Ohio Gov. John Kasich, who also is the least well known. Some 31% of registered voters view him favorably and 19% view him unfavorably; 31% are neutral, and 19% don't know him or aren't sure.

Sen. Bernie Sanders of Vermont, Mrs. Clinton's primary foe, also has more fans than detractors: 45% of voters viewed him positively and 36% view him negatively.

Mrs. Clinton's decline came during a month in which she has been hit by an intensifying barrage of attacks, not just from GOP candidates but from Mr. Sanders, who has won a string of victories in primaries and caucuses.

Mr. Trump, similarly, has been outperformed by Mr. Cruz, whose campaign has been racking up delegates at smaller state conventions. Mr. Cruz scored another victory at the Wyoming state convention Saturday, where he picked up all 14 delegates up for grabs, following similar strong showings in Colorado and North Dakota.

The Cruz campaign also notched procedural wins Saturday in Georgia and South Carolina. In both states, Cruz delegates won trips to the national convention, even though Mr. Trump won both states convincingly.

In South Carolina, state law requires those Republicans backing Mr. Cruz to vote for Mr. Trump on the first ballot, given his big win in the state in February, but they can shift to Mr. Cruz in subsequent rounds of voting.

The campaign now shifts to the big prize of New York,

the home state of both Mrs. Clinton and Mr. Trump. Both front-runners hold sizable leads ahead of Tuesday's vote, according to polls.

All the candidates are viewed more favorably within their parties. Among Democrats, some 63% have a positive image of Mrs. Clinton, while 20% have a negative image. Mr. Sanders is viewed positively by 73% of Democrats, negatively by 11%.

Mr. Trump is viewed favorably and unfavorably in equal measure among Republicans, with 42% seeing him in a positive light and 42% in a negative light. Mr. Cruz is viewed favorably by 45% of Republicans and unfavorably by 27%.

While some establishment Republicans dream of the party nominating House Speaker Paul Ryan of Wisconsin as an alternative to Messrs. Trump and Cruz, he might not be a strong general-election candidate.

The poll found that 28% of registered voters view him negatively and 26% positively.

Last week, Mr. Ryan re-emphasized that he shouldn't be considered for the Republican presidential nomination.

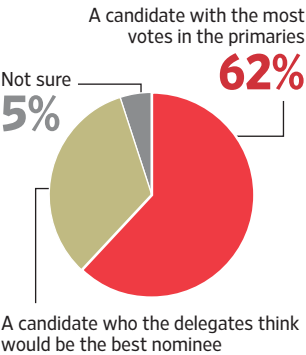
The survey of 1,000 registered voters was taken April 10-14 and had a margin of error of plus or minus 3.1 percentage points.

—Patrick O'Connor contributed to this article.

Convention Scenarios

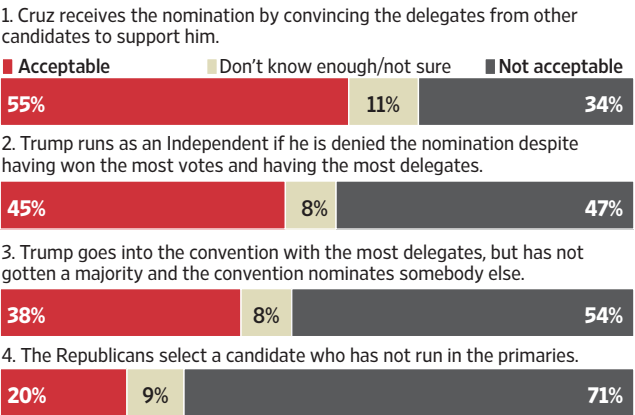
Republican primary voters say that if no candidate has secured a majority of delegates before this summer's Republican National Convention, the nomination should go to whoever won the most votes in the primaries.

The nomination should go to



Source: WSJ/NBC survey of 310 Republican primary voters, April 10-14, 2016.

Republican convention possible outcomes



THE WALL STREET JOURNAL.

"I don't think it is a good idea for us...before the convention, to make serious rules changes right now," Mr. Priebus said on CNN Sunday. "I think we are in a politically charged environment...It is up to the delegates at the convention."

A senior Trump adviser said the campaign would be filing protests in some states, including Colorado, where Republicans hold a party convention in lieu of a statewide primary to allocate delegates. Mr. Cruz last weekend won all available delegates there.

"Voters were left out of the process," Trump adviser Paul Manafort said on ABC.

Mr. Cruz's campaign said delegate rules should have been known to all candidates. "We're playing within the rules established a long time ago and motivating voters based on Ted's vi-

sion," Ken Cuccinelli, who is running Mr. Cruz's delegate efforts, said on ABC.

If no one comes to the convention with a delegate majority in hand, the WSJ/NBC poll found the voters want the convention to rely more on the will of the Republican electorate than on the judgment of the delegates.

Barring a delegate majority, the poll found, some 62% of the voters believe the convention should nominate the person who won the most votes in the primaries.

By contrast, 33% said the convention should pick the candidate who delegates think would be the best nominee.

In a more specific question on the issue, the poll found that 54% of the voters said it would be unacceptable if Mr. Trump arrived at the convention with the

most delegates but short of the required 1,237 and the convention nominated someone else.

The Journal/NBC News poll found some openness to a Cruz nomination. More than half said it would be acceptable if Mr. Cruz won by convincing delegates backing other candidates to support him.

Republicans are divided over whether Mr. Trump should run as an independent if he is the delegate leader but denied the nomination: 45% said that scenario would be acceptable, while 47% said it was unacceptable.

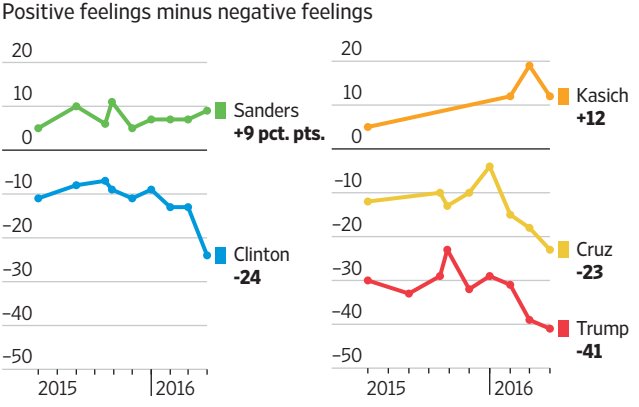
The Journal/NBC News survey was conducted April 10-14 and included 310 Republican primary voters. The margin of error for that group was plus or minus 5.57 percentage points.

—Janet Hook and William Mauldin

Unfavorable Views

More voters hold negative views of Hillary Clinton, Ted Cruz and Donald Trump than positive ones.

Public image of candidates, among registered voters



Source: WSJ/NBC survey of 1,000 registered voters, April 10-14, 2016

THE WALL STREET JOURNAL.

In Producing Presidents, Ivies Still Have It

By JOE BARRETT

This year's presidential campaign at times seems more like a schoolyard brawl than a genteel debate-society competition, but there's one thing the down-and-dirty tone won't change: the Ivy League's dominance among president-producing schools.

Just five undergraduate schools can claim more than one president as alums. Three Ivy League schools top the rankings: Harvard counts five presidents (both Adamsses, both Roosevelts and Kennedy), Yale has three (Taft and both Bushes) and Princeton claims two (Madison and Wilson).

Only two other schools claim more than one president: West Point (Grant and Eisenhower) and William & Mary (Jefferson and Tyler). But William & Mary gets bonus points for granting George Washington his surveyor's license and for educating James Monroe until he left his studies to fight in the Revolutionary War.

Among the current major candidates, only Republican Ted Cruz would change the undergraduate rankings if he were elected president in November, nudging Princeton into a tie with Yale for second place.

All of the other major candidates would be the first to represent their college as a graduate who went on to lead the free world—and most of them have elite credentials.

Despite his populist rhetoric, Republican front-runner Donald Trump regularly touts his undergraduate degree from the Wharton School of the University of Pennsylvania. Democratic front-runner Hillary Clinton graduated from Wellesley and rival Bernie Sanders went to the University of Chicago.

More interesting, perhaps, would be a win for John Kasich, who would be the first president to hail from Ohio



State University—a well-known school, but not in the Ivy League.

"I have a soft spot in my heart for presidents who attended some of the lesser-known schools," says Barbara Perry, director of presidential studies at the University of Virginia's Miller Center, a non-partisan institute that studies the presidency, policy and political history.

Schools like Whittier College (Nixon), Eureka College (Reagan) and Ohio Central College (Harding) show that not all presidents came from well-heeled backgrounds.

Ms. Perry is also partial to presidents who didn't graduate from college at all, such as Truman, Lincoln, Jackson and several others.

On the other end of the spectrum, looking at alums of graduate and professional schools who went on to be president, Harvard has three: George W. Bush, a Harvard M.B.A., and Rutherford B. Hayes and Barack Obama, who both went to Harvard Law.

Yale Law School has two

presidential alums (Gerald Ford and Bill Clinton).

A victory for Mrs. Clinton, who went to Yale Law, or Mr. Cruz, who attended Harvard Law, could break the tie between those two law schools.

A candidate's education can play into the narrative of his or her campaign, like Mr. Trump's use of his Wharton education as another way to show his business acumen, Ms. Perry said.

Mrs. Clinton attended an elite women's college, but she broke barriers when she went on to Yale Law, still a relative rarity for a woman at the time.

The source of one's degree can also run counter to a campaign's message. Both Messrs. Trump and Cruz are running as outsiders while clearly having achieved the academic credentials of establishment insiders.

Ms. Perry says there is a long-held sense among the electorate that they want a common man, "but then look at all these presidents who went to the Ivy League."



Ted Cruz, above in his 1995 Harvard Law yearbook, would bolster the Ivy League's hold on the presidency, while Bernie Sanders, at left while at the University of Chicago in 1962, and Hillary Clinton, below while at Wellesley College in 1969, would be the first from their schools to be president.



DEMOCRATIC PRIMARY Sanders Calls Vatican Visit 'Very Moving'

Democratic presidential candidate Bernie Sanders called his weekend trip to the Vatican a "very moving experience" and dismissed suggestions that his invitation to an academic conference there had been a sign of support from Rome. "I'm in no way suggesting the pope is embracing my policies," Mr. Sanders said on CNN Sunday.

Pope Francis met Mr. Sanders on Saturday, but the pontiff said he had simply shaken Mr. Sanders's hand out of politeness when he saw him in the foyer of his residence. "If someone thinks that greeting somebody means getting mixed up in politics, he should go see a psychiatrist," the pope said.

—Nick Timiraos

REPUBLICAN PRIMARY Trump Aide Won't Apologize to Reporter

Republican presidential candidate Donald Trump's campaign manager on Sunday declined to apologize for an encounter with a reporter that led to a battery charge in Florida.

A video of the March incident appears to show Corey Lewandowski yanking former Breitbart News reporter Michelle Fields away from Mr. Trump at a campaign event. Last week, a Florida state attorney declined to prosecute Mr. Lewandowski on the misdemeanor simple battery charge.

Asked on Fox News Sunday if he would be willing to apologize to help put the event behind him, Mr. Lewandowski said, "To apologize to someone I've never spoken to and, candidly, don't ever remember having any interaction with, I think, is something that is a little unrealistic right now." He said he would be willing to speak with Ms. Fields.

—William Mauldin

Special Advertising Feature

IN THE FUTURE



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As Trump Storms His Home State, Party Still Split

By BETH REINHARD

STATEN ISLAND, N.Y.—Donald Trump received a hero's welcome Sunday in the most Republican borough in New York City, though the GOP presidential primary remains as unsettled as ever.

Nationally, voters and party leaders continue to express sharply polarized views about Mr. Trump and the prospect of a contested national convention in July.

"I've never seen such division," said Craig Eaton, former chairman of the Kings County Republican Party in Brooklyn, who said he hasn't decided on a candidate. "It's the middle of April, and the Republican Party should be 100% united behind a candidate to win this election."

Republicans packed a Staten Island hotel ballroom to see Mr. Trump, the GOP presidential front-runner, address the local party's annual gala. The businessman said the audience of 1,500 to 1,700 people was the biggest crowd the Hilton Garden Inn had ever seen—though GOP officials pegged the audience at a slightly lower total.

"Build a larger room," quipped Mr. Trump, who polls show could sweep all 95 of the state's delegates at Tuesday's New York primary, increasing the possibility of his claiming the nomination before the GOP convention.

Ohio Gov. John Kasich, who has won only his home-state primary so far, is relishing his

In a Staten Island ballroom, Mr. Trump entered to the crowd chanting his name.

second-place polling status in the Empire State and trying to keep Mr. Trump's support under a key 50% threshold in targeted congressional districts. "I couldn't have had a better time," he said Saturday of campaigning in New York, while he was visiting a Manhattan deli.

Texas Sen. Ted Cruz has campaigned on and off in New York and plans to spend part of Monday and Tuesday in Maryland and Pennsylvania, which vote on April 26.

On Sunday, Cruz supporters in New York distributed a voter guide to churchgoers that highlighted the senator's support for shielding same-sex marriage opponents from accusations of bias and cutting federal funding to Planned Parenthood.

Stomping Out Burglary, One Home at a Time

How One Engineer Changed Home Security Forever

After his friends were robbed, Chad Laurans discovered a serious problem in the home security industry. His friends wanted to feel safe at home again. But every alarm company charged \$45 a month and locked them in a 3-year contract. These demands were just too high. So Chad Built Something New.

Relying on his degrees from Harvard and Yale, he designed an advanced home security system. He called it SimpliSafe.

Now it's the fastest growing home security company in the nation. SimpliSafe won't lock you in a contract and 24/7 professional monitoring is only \$14.99 a month.

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"Even if Kasich wins delegates in New York, it's not going to make a difference," said Jason McGuire, executive director of the New Yorkers for Constitutional Freedoms PAC, one of Mr. Cruz's few endorsements in New York. "Cruz's eyes are elsewhere because he needs big wins to finish."

In the Staten Island ballroom, Mr. Trump entered to the crowd chanting his name and "USA! USA! USA!" Baseball caps and campaign jerseys bearing Mr. Trump's "Make America Great Again" slogan were popular at the \$150-a-plate brunch, and many people remained on their feet during his remarks.

Joe Esposito, 52 years old, was sitting with his fellow firefighters wearing their navy blue uniform. "Trump is a regular guy just like us," he said. "He says what people want to say but are afraid to say it."

The front-runner isn't easing up on his criticism of party rules despite pleas from GOP officials, laying the groundwork to question the credibility of any convention results that leave him without the nomination.

"They lie. It's all a rigged deal," Mr. Trump said. "When I get the nomination, we're going to come together and we're going to win New York," Mr. Trump said of the state that hasn't been won by a GOP nominee since 1984.

Mr. Kasich's cherry-picking strategy in New York was aimed at Jewish voters on Saturday. He spoke at an orthodox synagogue on Long Island and ate pickles at the Manhattan deli. He didn't use any utensils—a point of concern among some New Yorkers after he recently ate a slice of pizza with a knife and fork.

"Am I going to beat Donald in New York? That's a tall order, but I think we're going to have momentum coming out of New York and we're going to win delegates," Mr. Kasich said.

But even some of Mr. Kasich's supporters at the deli acknowledged his chances of winning the nomination are slim. Either they are holding out hope or simply refusing to vote for Mr. Trump or Mr. Cruz because they see them as too divisive or extreme.

"I can't have my name associated with Cruz or Trump," said Mike Mazur, a 30-year-old real-estate agent dining with his girlfriend and her grandmother, who lives in a Trump-owned building but favors Democratic candidate Bernie Sanders.



Hillary Clinton speaks Sunday in Manhattan's Washington Heights neighborhood two days before the New York primary.

Democrats Spar in New York

Clinton clarifies her minimum-wage plan as rival Sanders calls it 'not good enough'

By LAURA MECKLER AND ERICA ORDEN

NEW YORK—The Democratic presidential candidates returned to the campaign trail Sunday in New York City for a two-day sprint to Tuesday's primary here, with Hillary Clinton and Bernie Sanders exchanging tough words across town.

By day's end, Mrs. Clinton and her husband, the former president, had between them touched all five boroughs, plus suburban spots in Westchester County and Long Island, blanketing the metro area that will deliver as much as 70% of Tuesday's vote. Along the way she danced to Latin rhythms at a campaign block party.

Mr. Sanders, meanwhile, addressed a record-breaking crowd in a Brooklyn park. He also appeared at a public housing complex, released a plan for affordable housing and spoke at a Harlem church service.

Mr. Sanders, a Vermont sen-

ator, needs a big win in New York if he is to have any chance of closing Mrs. Clinton's lead in delegates. For Mrs. Clinton, who polls show is maintaining a double-digit lead, it would be deeply embarrassing to lose in her adopted home state where she had served as a senator.

Both candidates were back in New York after more than a day away from the state—Mr. Sanders to the Vatican for a conference and a brief greeting with Pope Francis, and Mrs. Clinton for fundraisers including a high-dollar event at the California home of actor George Clooney.

The day began with both candidates appearing on Sunday talk shows. Speaking on ABC, Mrs. Clinton sought to clarify her position when she said she backed a minimum-wage increase modeled after New York's \$15-an-hour plan, which will be phased in and sensitive to local economic conditions.

"We have to evaluate it as we go," she said. "If the Congress passes that, of course I would sign it."

The racial diversity of the Clinton coalition was on display Sunday as she began her day at a suburban African-

American church, then campaigned in the largely Dominican neighborhood of Washington Heights, in northern Manhattan. Most of the politicians who preceded her spoke in Spanish to a crowd that included many people who spoke little English.

After Mrs. Clinton's brief remarks, peppy merengue music played and the former secretary of state began bouncing to the beat. As her hands waved in the air, state Sen. Adriano Espaillat took them into his own and then twirled around her.

From there, she traveled to the Brooklyn neighborhood of Bedford-Stuyvesant, where a largely African-American crowd chanted "Madam President!"

She took several shots at Mr. Sanders. "It's easy to diagnose the problem. You've got to be able to solve the problem," she said. She lingered over the issue of gun control, a subject where the Clinton campaign believes Mr. Sanders is vulnerable.

Mr. Sanders on Sunday released an affordable housing plan that would expand a federal trust fund created in 2008 to finance such projects. He also called for promoting

homeownership by expanding government-backed lending programs that allow borrowers to make small or no down payments.

Several other proposals overlap with those that Mrs. Clinton unveiled earlier this year. Both candidates support tougher curbs on predatory lending and expanded counseling for first-time home buyers.

At the center of Mrs. Clinton's plan, unveiled in February, is a \$25 billion housing investment program that would build more affordable rental housing and boost homeownership for low-income Americans by matching up to \$10,000 in savings for a down payment.

Later in the day, Mr. Sanders addressed more than 28,000 people under the bright sun in Brooklyn's Prospect Park, in what the campaign said was a record turnout. He laid into Mrs. Clinton on the familiar issues of fracking for energy, trade, her 2002 vote to authorize the Iraq war and the minimum wage. He said her \$12 wage-floor proposal was "not bad, but not good enough. We need to raise the minimum wage to 15 bucks an hour."

—Nick Timiraos contributed to this article.

FROM PAGE ONE

DRUMS

Continued from Page One

bear to see his "moral status lowered," he said.

Vilas Pednerkar panicked when he saw the drummers coming. He owed the city \$300 and didn't want clients of his street-repair company to think he is unreliable.

India has long had problems persuading people to share their earnings with the government. Only 3% of the country's 1.2 billion people pay taxes, mostly because many are too poor to owe anything, but also because what authorities have said is widespread evasion. Overall, Indian tax collections amount to about 17% of gross domestic product, compared with 25% in the U.S.—where individual income-tax filings are due on Monday—and 33% in the U.K., according to the Heritage Foundation.

Partly as a result, New Delhi has a record of chronic underinvestment in infrastructure, and the country's health and education systems struggle. Attempts to increase tax revenue have met resistance.

Indians are so tax-averse that jewelers went on strike for more than a month over a new law requiring customers to share their tax identification number if they spend more than \$3,000 on jewelry, part of an effort to crack down on wealthy people who may be evading taxes. In 2009, New Delhi lawyers went on strike to protest the imposition of a tax on law firms.

Tax resistance is entrenched in Indian history. Mahatma Gandhi's fight for independence revolved in part around protesting a British-



Since a troupe of drummers, above, began accompanying tax collectors in Thane, India, property-tax revenue has jumped 20%.

imposed salt tax.

In Thane, tax avoidance is less about principle than about simply not wanting to pay. In the Vitawa-Kalwa tax district where Mr. Sawant's apartment is located, about one-third of homeowners don't pay their property taxes, authorities said.

"This is something that is completely inconceivable in the U.S.," said Girish Vanvari, who heads KPMG's India tax consulting practice. "But here the enforcement machinery is not geared up properly."

Tax collectors in Vitawa-Kalwa are glad the drummers, and some security officers, are touring the neighborhood with them.

"When the staff show up to collect tax alone, people get angry and beat them up," said S.R. Patole, the assistant commissioner, who is responsible for revenue in the area. "The band has brought an improvement."

Four drummers march up front. Behind them, a municipal employee holds a flag with

Thane's coat of arms. The music, said 17-year-old drummer Aniket Jadhav, is the same as what he plays at weddings and birthday parties.

Skeptics predict the effects of the drumming on tax evaders will fade when the band's appearances become routine. "After a few times, people get into the habit," Mr. Vanvari said. "The effects are going to wear out."

Mr. Jaiswal has thought of that. During this fiscal year, which began April 1, he plans to deploy groups of transgender women, known in India as hijras, to perform mocking dances to shame tax delinquents. Hijras are widely believed to be able to impose hexes.

At first, the municipality used more orthodox methods, Mr. Jaiswal said. Lists of delinquent taxpayers were posted on Thane's website for everyone to see.

Mr. Jaiswal noticed no significant improvement. "Sure, it's public," he said. "But your neighbors aren't checking our

website all the time, and chances are they won't know about it."

Mr. Jadhav, who began drumming at age 2 and was recruited by the municipality earlier this year, said it typically takes about five minutes for alleged tax shirkers to come outside and pay up.

"India is a community-based society," said Ashis Nandy, a Delhi-based political psychologist. "It's not about a nuclear family, with a few relatives and friends. In India, you need to care what people think about you, especially your neighbors."

Mr. Sawant's neighbors couldn't help but notice when the percussionists showed up. The drums boomed through the courtyard of the three-story building.

"I like the idea of shaming those who don't pay taxes," said Sharad Surved, a 34-year-old assistant sales manager who watched from the second-floor balcony. "And I like the music, too."

Mr. Sawant, who said he had fallen behind on his property taxes because his construction business is doing poorly, got a call from the head of the condominium's board, who is a close friend.

"When I heard of the band, I was dumbfounded," said Mr. Sawant. "I'm a very shy person."

Mr. Sawant made a round of calls. In a matter of hours, he managed to pull together the money he needed, with friends and family pitching in. He rushed to the town hall to pay.

Despite being on the receiving end, Mr. Sawant expressed grudging admiration for the collection tactic.

"It's very, very effective," he said.

Trump’s Edge on Twitter Cuts Both Ways

By NATALIE ANDREWS

Republican front-runner Donald Trump has used Twitter to engage the public more aggressively than his rivals, and the potential pitfalls of that tactic are increasingly visible.

The New York businessman’s broad appeal, coupled with his approach to citing supportive tweets, has given him a sizable advantage over his opponents on the platform: Mr. Trump boasts 7.6 million followers, compared with 1.05 million for Texas Sen. Ted Cruz, his chief rival for the GOP nomination, and just 288,000 followers for Ohio Gov. John Kasich. Mr. Trump is also ahead of Democratic candidates Hillary Clinton, with an audience of 5.93 million followers, and Vermont Sen. Bernie Sanders, with 1.97 million.

Mr. Trump has also adopted a signature style on Twitter: Instead of simply retweeting a user’s expression of excitement for a rally or compliments for a televised interview, he frames the tweets in quotes, sometimes adding a short expression of “great!” or “thank you!” He then sends the tweet from his own account, bringing attention to a wide range of users, not all of whom are known to the candidate.

By comparison, his rivals tweet more conservatively. Mrs. Clinton last week retweeted her husband former President Bill Clinton, campaign staffers, and news organizations tweeting articles about the 2016 race. Mr. Cruz retweets supporters, but his feed is mostly his own quotes, images from rallies and news clips.

Mr. Trump’s personal, unrestrained approach has landed him in hot water, as he has shared messages from accounts that appear to be tied to white supremacists. In another incident, he shared an image mocking Heidi Cruz, Mr. Cruz’s wife.

In a CNN appearance last week, Mr. Trump conceded: “The tweets are fine. The retweets sometimes get a little bit shaky.”

The front-runner’s unrestrained approach has landed him in hot water.

When CNN host Anderson Cooper asked Melania Trump if she ever tried to get her husband to put his phone away or rein in his Twitter account, she said she had tried. “Anderson, if he would only listen. I do say it many times,” she said. “He’s an adult, he knows the consequences.”

Ben Carson, a former presidential rival turned campaign surrogate, recently called the freewheeling nature of Mr. Trump’s Twitter account a “problem” in an interview with a Florida radio station.

Mr. Trump’s aggressive approach also leaves him more vulnerable to engaging with a category of accounts that Twitter watchers call “fake” or “bot” accounts—because they appear automated to some degree and aren’t associated with a real person in the way a typical social-media account is. Some of these accounts have been found to promote extremist or offensive views, and some may be created solely to automate tweets of particular views—so they don’t truly represent individual opinions.

In many cases, the users that Mr. Trump cites tweet solely about the Republican front-runner, an unusual pattern since people typically tweet about a variety of things, said Gil Eyal, CEO of HYPR, a social-media data firm that has researched candidates’ social-media presences.

Creating or automating multiple accounts is frowned upon in Twitter’s best practices for developers. Alternatively, a “fake account” is an account that may appear to have a large following but has actually bought its followers—and may be followed by bots or other fake accounts.

While Mr. Trump controls his own Twitter account and sends or dictates his tweets, the Trump campaign says his team isn’t behind any coordinated effort to build followers or send messages online.

“The campaign has no con-

nection to any other Twitter accounts,” said campaign spokeswoman Hope Hicks. “The focus is Mr. Trump and that is his completely authentic account, and anything else is the Internet; we don’t control it.”

To be sure, Mr. Trump isn’t alone in having a large number of bots among his Twitter followers, though he has a larger percentage of them. HYPR es-

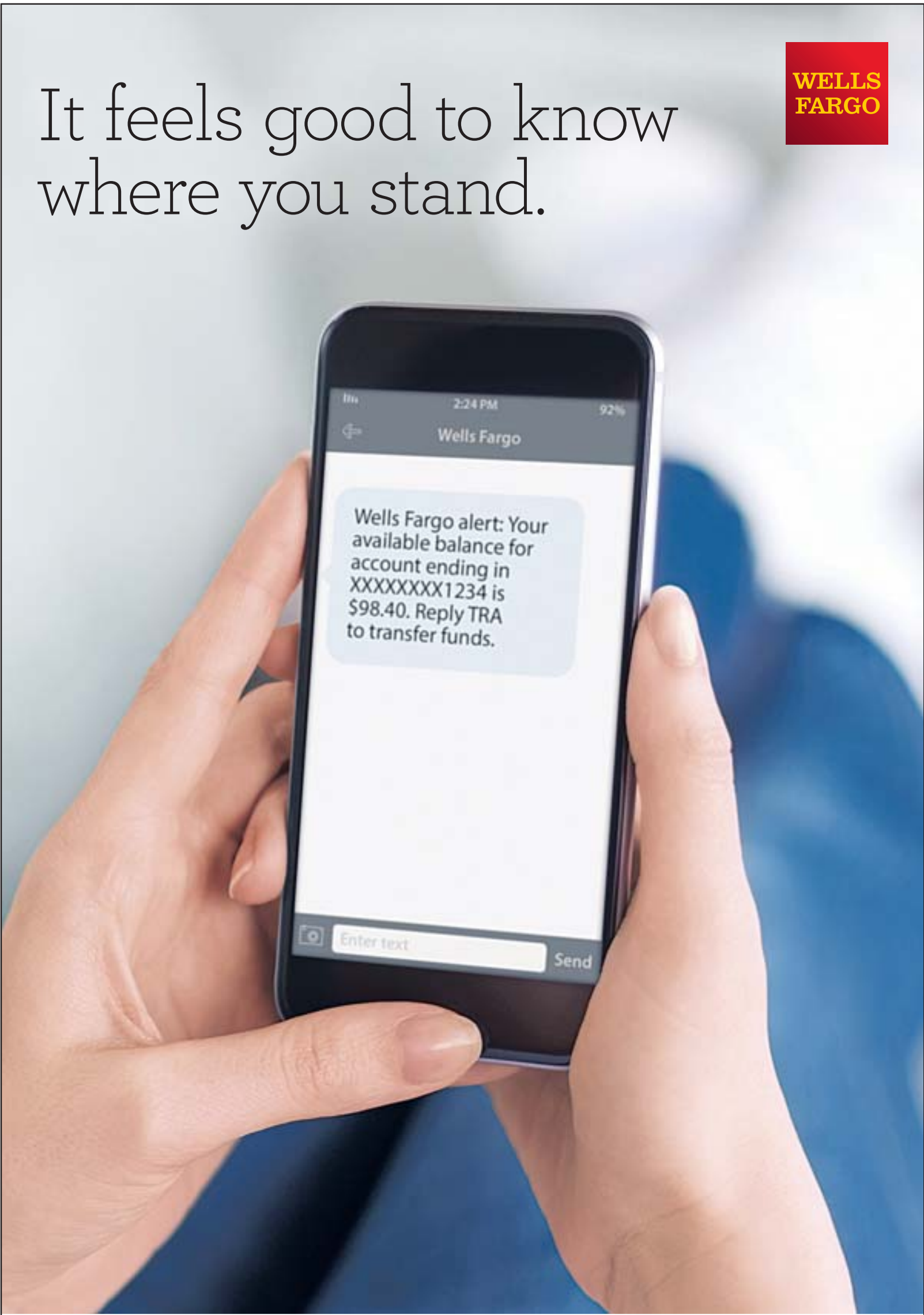
timates that a quarter of his followers are “inactive,” which includes bot accounts generated solely to look like a follower and real accounts that followed a person but then stopped using the platform. About 20% of Mrs. Clinton’s followers are estimated to fall into this category. Seventeen percent of Mr. Cruz’s audience is inactive, as is 10% of Mr.

Sanders’s audience. HYPR didn’t provide data for Mr. Kasich due to the small size of his audience.

It is difficult to trace who is behind sending the tweets or creating the accounts, experts say, adding that these accounts don’t appear to be tied to the Trump campaign. “The effort seems to be very elaborate and almost professional-

ized. It’s clear that, whether or not people are being paid, this is a full-time job for numerous people,” said Patrick Ruffini, the founder of Echelon Insights, a digital analysis firm. Mr. Ruffini directed the Republican National Committee’s digital strategy in 2006 and supports a movement opposing Mr. Trump known as #NeverTrump.

The involvement of pro-Trump bots and fake senders in retweeting and liking Trump campaign posts amplify his message on Twitter. Moreover, a change made to Twitter in February plays up tweets that are retweeted and liked in high quantities to the top of users’ timelines, making bots a useful way of gaining publicity for certain accounts.



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★ ELECTION 2016 ★

U.S. NEWS

Chinese Official Calls Trump 'Irrational'

Finance Minister Lou says GOP presidential front-runner would cost U.S. world leadership

By BOB DAVIS
AND LINGLING WEI

WASHINGTON—Chinese Finance Minister Lou Jiwei called GOP presidential front-runner Donald Trump an “irrational type” and said the U.S. “wouldn’t be entitled to world leadership” if it followed Mr. Trump’s proposed trade policies toward China.

Mr. Trump has advocated imposing up to 45% tariffs on China as a way to force it to change its trade policies. Mr. Lou, known in China for his outspokenness, said in an interview with The Wall Street Journal that such a tariff would violate World Trade Or-

ganization rules. Under those conditions, he said, the U.S. wouldn’t be entitled to its position as the world’s major power.

“Almost any across-the-board tariff increase would violate U.S. obligations under the WTO,” said Jeffrey Schott, a trade economist at the Peterson Institute for International Economics, a think tank backing free trade.

In a statement, Mr. Trump charged that China was “in total violation of WTO regulations” and that the U.S. “has incompetently allowed them to get away with this” and has failed to impose “equal or greater taxes and tariffs” on China. If he is elected president, Mr. Trump said, China “will learn to deal fairly and justly or we will not deal at all” with Beijing.

In a Trump presidency, he added, “all trade and other agreements will be totally and

completely renegotiated” so the U.S. will become a “beneficiary of trade, and we will no longer be thought of as fools.”

Asked about the tough talk on China in the presidential campaign, from both Democrats and Republicans, Mr. Lou said Americans needed to recognize the U.S. and China “are mutually dependent on each other” and both have a lot to lose in any economic confrontation. “Our economic cycles are intertwined,” he said. “We have more in common than sets us apart.”

Mr. Lou also said he understood that rhetoric in a presidential campaign gets heated and often doesn’t reflect the policies an incoming administration would adopt. With a new administration, he said, “U.S.-China ties should be more or less as they are now.”

Mr. Lou is the most senior Chinese official to comment on Mr. Trump. In March, Chinese



Finance Minister Lou Jiwei said the U.S. must follow WTO rules.

Premier Li Keqiang was asked about the U.S. election—though not Mr. Trump specifically—and said it was “lively and caught the eyes of many.” In daily briefings, the foreign ministry declines to answer questions about Mr. Trump or other U.S. presidential candidates.

China this year leads the Group of 20, whose finance ministers met on Friday during the International Monetary Fund’s spring meetings in Washington. Many participants welcomed signs of stabilization in the Chinese economy. But they raised concerns that authorities there

haven’t been carrying out economic overhauls as fast as necessary, potentially leading to other problems down the road.

Mr. Lou urged patience from the rest of the world. “In China, there are big distortions in our economic system,” he said.

The Chinese finance minister urged the U.S. to increase its public and private investment to improve the U.S. economy and make a contribution to global growth. He argued China had done its part in 2009 during the global financial crisis by putting in place a large stimulus program. That spending, he argued, helped buck up global growth.

Treasury Secretary Jacob Lew said the U.S. government has long played an important role in bolstering the domestic and global economy. “When the government needed to step in during the [global financial] crisis, we stepped in,” he told reporters Friday.

U.S. Watch

CALIFORNIA

Environmental Prize To Honor Activists

The six recipients of the annual Goldman Environmental Prize will be honored Monday in San Francisco, a little over a month after the killing of a 2015 winner following her fight to block a dam in Honduras.

The shooting death of 44-year-old Berta Cáceres in Honduras in early March remains unsolved. She was found dead in a small city near the border with El Salvador after she said she had received death threats for helping to block the proposed hydroelectric facility in her native country.

Honduran officials have vowed to find whoever killed her. “We really hope people will

treat Berta’s death as a wake-up call,” said David Gordon, executive director of the Goldman Environmental Foundation, which was launched by the late San Francisco philanthropists Richard and Rhoda Goldman as a way to honor grass-roots environmental activists around the world.

The recipients will get cash awards of \$175,000 each, which many donate to campaigns that often seek to block resource projects. Companies targeted by Goldman activists around the world say they try to follow strong environmental guidelines.

This year’s winners include: Destiny Watford, 20 years old, of Baltimore, Md.; Ouch Leng, 39, of Cambodia; Edward Loure, 44, of Tanzania; Luis Jorge Rivera Herrera, 43, of Puerto Rico; Mákima Acuña, 47, of Peru; and Zuzana Caputova, 42, of Slovakia.

—Jim Carlton

PENNSYLVANIA

Medical-Marijuana Program Is Approved

Pennsylvania has become the 24th state to legalize a compre-

hensive medical marijuana program. Democratic Gov. Tom Wolf signed the bill into law on Sunday afternoon surrounded by supporters at the Capitol building in Harrisburg.

The bill’s drafters say it could take two years to write regulations and get retailers opened, but a provision allows parents to administer medical marijuana to their children before the bill takes effect in a month.

The bill sets standards for tracking plants, certifying physicians and licensing growers, dispensaries and physicians. Patients could take marijuana in pill, oil, vapor, ointment or liquid form, but wouldn’t be able to legally obtain marijuana to smoke or grow.

Among those celebrating the victory was parent Dana Ulrich, who has fought for legal access to the drug in the belief that it would help her 8-year-old daughter Lorelei, who has numerous seizures every day. “I never doubted for one second that this day would come,” she told the crowd.

—Associated Press

Spring Snowstorm Lingers in Colorado, Wyoming



FROZEN SUNDAY: The streets of Boulder, Colo., were quiet as a storm brought heavy snow to parts of the state and Wyoming. Flurries in the Rocky Mountains were forecast to continue into Tuesday.

GLOBAL ECONOMY

China Fixes Ease Economic Fears

By IAN TALLEY
AND LINGLING WEI

WASHINGTON—The world’s financial leaders started the year worried about China’s decelerating economy dragging the world into another major crisis. Now, they are breathing a small sigh of relief.

Finance ministers, central bankers and other top officials gathered here in recent days said Beijing’s moves to stabilize its economy have temporarily eased global fears tied to the world’s No. 2 economy.

“There was not the same level of anxiety,” said International Monetary Fund Managing Director Christine Lagarde.

Uncertainty about China had helped trigger a series of market squalls over the past year—prompting finance chiefs from around the world to seek assurances that Beijing’s leaders would get a firmer grip on their economy.

But in meetings of the IMF and World Bank through Sunday in Washington, officials lauded China’s recent efforts and pointed to a calming of global markets. “There’s a lot more comfort now in the ability of China to keep demand at a certain level that would foster growth,” Mexico’s Finance Minister Luis Videgaray said in an interview.

The creeping optimism hasn’t dispelled concerns of further trouble ahead.

U.S. Treasury Secretary Jacob Lew said a new set of policies unveiled by China’s National People’s Congress last month “addressed some of the core issues, including the very significant challenge of dealing with excess capacity in their economy.”

“There was a broad sense that the policies announced are important, and there’s a broad hope that those policies will be implemented effectively and quickly,” Mr. Lew said.

The creeping optimism hasn’t dispelled concerns of further trouble ahead. IMF officials warned that Beijing may again be relying too heavily on credit to boost its slowing economy, buying time now at the expense of growth and potentially creating other problems down the road.

In an interview, Chinese Finance Minister Lou Jiwei defended China’s efforts, saying the country had made progress in correcting “big distortions” in its economic system. He pointed to measures aimed at reining in off-budget borrowing by local governments, attempts to cut red tape for businesses, and steps to give the market a bigger say in pricing, agricultural and other products.

“When the outside world looks at China, they often think reforms are not proceeding as fast as expected,” Mr. Lou said. “But they don’t know that distortions are entrenched in our economic system.”

The IMF remains cautious about China’s economic outlook. It recently upgraded China’s

growth forecast for this year by 0.2 percentage point to 6.5% as a strengthening service sector compensated for a downturn in manufacturing. But the Washington-based fund said Beijing’s plans to boost output and overhaul its economy aren’t sufficient to address long-term growth concerns.

IMF officials acknowledged much of Beijing’s stimulus would likely take the form of more credit growth. They said the IMF was more concerned about the quality of growth rather than the quantity.

“The medium-term risk of ever-rising credit and investment can also increase,” said Changyong Rhee, head of the fund’s Asia department.

The IMF estimates that nearly \$1.3 trillion in Chinese corporate debt alone is at risk of creating bank losses, a problem that could trigger losses equal to 7% of economic output.

Debt-led investment could worsen many of the long-standing structural imbalances the government says it wants to correct, from rising corporate liabilities to overcapacity in industry and real estate. That is one reason the IMF, while raising its near-term outlook for China, cut forecasts for 2018 and beyond to levels below China’s growth targets.

The IMF’s forecasts validate the views of investors who are skeptical China can transition smoothly from a credit-fueled growth model toward one based more on markets and consumption.

Many economists say the pace of the overhauls has been slower than expected, citing the Chinese leadership’s preference for maintaining stability ahead of a major Communist Party conclave late next year that would shape the nation’s leadership in coming years. “It’s likely another year of muddle-through on reforms,” said China economist Larry Hu at Macquarie Group Ltd., a Sydney-based investment bank.

Yi Gang, deputy governor of China’s central bank, has acknowledged that a failure to carry out structural changes—addressing issues such as industrial overcapacity—is a crucial economic risk.

In a conversation at the Brookings Institution, former Federal Reserve Chairman Ben Bernanke asked Mr. Yi how long China would take to complete its economic transition toward a consumption-driven growth model from one reliant on exports and manufacturing. “It probably will take several years,” Mr. Yi said.

That could mean more turmoil ahead. Dutch Finance Minister Jeroen Dijsselbloem, who heads the group of eurozone finance ministers, said “uncertainty on the direction of Chinese policies may have led to excessive volatility.” But he added, “the necessary transition to a sustainable growth model will inevitably generate periodic shocks in financial markets.”

—David Harrison
and Bob Davis
contributed to this article.

◆ China starts planning to help 1.8 million more jobs.... A16

SAMSUNG

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Galaxy TabPro S 2-in-1 Tablet

“It sets the standard for what a 2-in-1 Tablet should be” —Digital Trends

CES 2016 Triple Award Winner

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YAHOO

Continued from Page One with the situation.

Others that have opted not to make a bid include Google parent Alphabet Inc., Comcast Corp., AT&T Inc. and Barry Diller’s IAC/InterActiveCorp, according to people familiar with the matter.

Verizon, with a market cap of roughly \$210 billion and about \$4.5 billion in cash on its balance sheet, has the means to purchase Yahoo’s declining Web assets and a logical blueprint for folding them into its fledgling digital media business, which includes the AOL properties it acquired last year for \$4.4 billion.

Verizon hopes video services and online advertising will be its next growth engine. It plans to combine customer data from smartphones with advertising inventory on AOL—and possibly Yahoo—to create an online advertising technology platform that can compete with Web giants such as Facebook Inc. and Alphabet’s Google, analysts say.

“Verizon is trying to pivot its business from analog to digital,” said Craig Moffett, senior analyst at MoffettNathanson, a telecommunications-research firm. “Verizon believes that a combined AOL/Yahoo would provide the digital advertising platform they need to execute their video reinvention strategy.”

Underscoring the strength of Verizon’s position, it now appears that its primary competition in the auction might come from private-equity firms. Among the buyout firms interested in bidding are Bain Capital, TPG and Advent International, according to the people familiar with the process.

At least one other private-equity firm, KKR & Co., has expressed interest, though it wasn’t clear whether it would place a bid Monday. Britain’s Daily Mail & General Trust was still in talks with private-equity firms to become partners on a bid, a person familiar with the matter said.

Yahoo’s core business could attract between \$4 billion and \$8 billion in an auction, people familiar with the process have said, but given the recent travails of the business and other complications it is far from clear what the assets might fetch.

A strategic buyer such as Verizon typically can afford to offer more of a premium for the asset than a private-equity buyer, which would be constrained by a valuation based on potential profits. As of Friday, Verizon was still working to determine its opening bid for Yahoo, according to a person familiar with the matter.

“It’s not likely to be a cheap acquisition” for Verizon, said Jan Dawson, an independent technology analyst. “But this acquisition fits well strategically and wouldn’t necessarily break the bank.”

The carrier is working to restore its credit rating to what it was before spending \$130 billion in 2014 to buy out Vodafone Group PLC’s minority stake in Verizon Wireless, so the carrier isn’t willing to overpay for Yahoo, two people said.

A Yahoo deal carries potential risks that could scare off bidders. The Web business is a shrinking asset, expected to post sharp declines in revenue and profit this year. Potential buyers have expressed frustra-

tion that Yahoo’s managers have failed to answer detailed questions about its business prospects, according to the people familiar with the process.

A spokesman for Yahoo declined to comment.

A proxy battle with activist investor Starboard Value LP at the company’s shareholder meeting this summer could also sweep out Yahoo’s board of directors and cast uncertainty around any talks with an acquirer.

Yahoo will face pressure to address these risks when it reports first-quarter results on Tuesday. Analysts on average expect Yahoo to post earnings of seven cents a share, according to Thomson Reuters. A year earlier, Yahoo earned 18 cents a share. Analysts expect revenue of \$1.08 billion, down 12% from a year earlier.

Potential bidders have been asked to specify what assets they hope to acquire and a price range they expect to pay. Some buyers might be only interested in Yahoo’s core Web business, or pieces of it, while others might also propose bids for the company’s stakes in Alibaba Group Holding Ltd. or Yahoo Japan.

Verizon’s pursuit of Yahoo



Yahoo’s core assets include a video operation whose big star is Katie Couric.

illustrates the degree to which the former Baby Bell is seeking to transform itself. The company is in the midst of a labor dispute with workers at its legacy business. Two unions representing nearly 40,000 landline employees began a strike last Wednesday after 10 months of contract negotiations.

Landlines have been in decline for years, and Verizon is pulling back on its wired broadband business, having just closed on the sale of assets in California, Texas and Florida. It is focusing nearly all its energy on its wireless business, which accounted for 70% of its 2015 annual revenue.

But its wireless business is maturing, too. Verizon Wireless is the nation’s largest carrier by subscribers, with roughly 112 million. Most of those customers have already upgraded to more expensive smartphones, meaning Verizon is increasingly fighting off rivals by lowering prices. It has warned earnings will plateau in 2016 as it transitions the business.

—Jeffrey A. Trachtenberg,
Lukas L. Alpert
and Dana Mattioli
contributed to this article.

WORLD NEWS

Ecuador Struck by Deadly Earthquake

Coastal towns are hit hard, killing hundreds and destroying roads, buildings and bridges

By RYAN DUBE

Residents of several coastal towns in Ecuador worked to free survivors trapped in the rubble of collapsed buildings after the country's strongest earthquake in decades killed hundreds and destroyed homes, bridges and roads.

At least 272 people died in the magnitude-7.8 quake, the strongest in Ecuador since 1979, President Rafael Correa said. An additional 2,527 people were injured, officials said earlier Sunday.

"We've been hit really hard. This is the worst tragedy in the last 67 years," Mr. Correa said in televised comments late Sunday after arriving in the area near the epicenter to assess the damage. "The tragedy is very big, but we know how to move forward."

The quake hit at about 7 p.m. local time on Saturday. Television images showed residents in the hardest-hit areas sifting through rubble trying to rescue trapped family members.

The situation was particularly bleak in the coastal towns of Portoviejo and Pedernales, a popular tourist spot.

The number of fatalities could increase considerably, said Mr. Correa, who cut short a trip to the Vatican to return to Ecuador. "There are signs of life in a



JOSE JACOME/EUROPEAN PRESSPHOTO AGENCY

Rescue workers looked for survivors Sunday in Pedernales, after Saturday's earthquake, the strongest to hit in Ecuador in decades.

lot of the wreckage," he said. "We are giving priority to that."

In Pedernales, which has about 50,000 residents, about 80% of homes were destroyed or in bad condition. He said that 40% of the larger buildings collapsed.

"I don't want to think that there are going to be thousands [of deaths], but we believe that it is going to increase basically because they haven't been able to get into the col-

lapsed buildings yet," he said.

When the earthquake rattled the country Saturday it raised initial concerns about a tsunami in Ecuador and neighboring Peru. The U.S. Geological Survey said that the quake's epicenter was about 17 miles southeast of Muisne, a coastal city in northwestern Ecuador.

The quake was felt as far away as the capital Quito, a bit more than 100 miles east of the epicenter.

Elena Seiffert, an American who has lived in Ecuador for two months, was in her 11th-floor apartment in Quito when the quake struck. "The building was swaying back and forth for what felt like a really long time," she said. "Things were falling down, including paint chips and small pieces of the ceiling which made it feel like the building could fall."

In Guayaquil, Ecuador's largest city and home to its

biggest port, a bridge collapsed, crushing one person, while media images showed the roof of a shopping mall had fallen in. Guayaquil resident Yadira Yagual said the lights went out at the mall while she was working. "It was horrible at my work," she was quoted saying by newspaper El Universo.

Jennifer Zambrano, a receptionist at a hotel in Guayaquil, said malls and other shops

Elder Statesman Moves Closer to Presidency

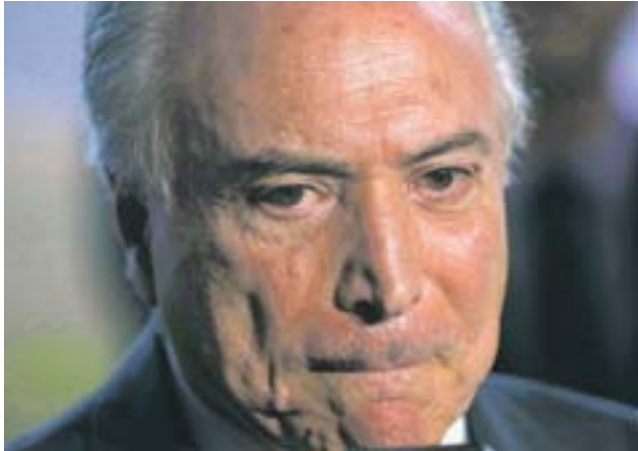
By REED JOHNSON

SÃO PAULO—Brazilian Vice President Michel Temer has spent months depicting himself as an elder statesman poised to unite the country if President Dilma Rousseff is ousted.

Following Sunday's historic vote by Brazil's lower house of Congress, Mr. Temer, 75 years old, a dapper lawyer widely regarded as a skilled backroom negotiator, moves a step closer to the presidency.

Ms. Rousseff's impeachment case now moves to the Senate, which will decide in the coming days if she should be tried for breaking Brazil's budget laws, which she denies. If she is put on trial, Mr. Temer will assume the presidency during the proceedings. And if the Senate finds her guilty, he will fulfill the remainder of her term, which runs through the end of 2018.

With his power suits and patrician bearing, Mr. Temer exudes confidence. Still, doubts have grown as to whether the veteran lawmaker would be able to forge a



PLANET PIX/ZUMA PRESS

Brazilian Vice President Michel Temer, seen on April 11, has laid the groundwork should he take the reins from Dilma Rousseff.

united government if Ms. Rousseff is removed from power. In recent days, the vice president has suffered a series of stumbles and rebukes that have damaged his image as a peacemaker and could hurt his ability to lead this deeply divided nation.

Ms. Rousseff has accused Mr. Temer, a former ally, of betraying her in a power grab that she has likened to a coup. Protesters have called for him

to step down.

Until recently, Mr. Temer had presented himself as a sensible moderate above the partisan fray, who was reluctantly being forced to assume control of the government. Now he is openly behaving like a future president preparing to take office.

Mr. Temer's spokesman said his boss had spent Saturday talking with politicians, and that he also has sent envoys to

meet with the Supreme Court to discuss state-government debt negotiations. "He is doing what he can, while he waits for a decision that will put him in the presidency," said the spokesman, Márcio de Freitas.

Mr. de Freitas said Mr. Temer wasn't concerned by opinion polls indicating the public takes as dim a view of him as it does of the highly unpopular Ms. Rousseff. A recent survey conducted by the Datafolha polling firm shows around 60% of Brazilians would like to see them both resign.

"His rates are contaminated by [Ms. Rousseff's] government," Mr. de Freitas said. "He knows the rates will improve once he is leading the government."

But whether Mr. Temer could finish her term remains to be seen. A Supreme Court judge recently ordered Congress to open impeachment proceedings against Mr. Temer on the same charges as those facing Ms. Rousseff. His ouster is a long shot given his current support in Congress.

Separately, Brazil's electoral

court is considering whether dirty money siphoned from the state oil company funded Ms. Rousseff's 2014 campaign. If so, the court could annul the results and demand new elections, forcing Mr. Temer, who ran as vice president, to step down as well.

The son of Syrian immigrants, Mr. Temer is a constitutional-law expert who launched his political career in his native São Paulo state. Despite his decades in public office, he remains an understated figure. Elected to Congress in 1987, he has forged long-standing relationships with the nation's business and political ruling class.

Mr. Temer's supporters describe him as a champion of democracy who helped hammer out the constitution after Brazil's military dictatorship ended in 1985 and who has acted as a guarantor of stability.

His detractors describe him as a status-quo defender with no fixed ideological convictions or clear program for governing.

BRAZIL

Continued from Page One

vote was cast by lawmaker Bruno Araújo of the conservative Brazilian Social Democracy Party, government opponents erupted in wild cheers, exchanged high-fives, and waved placards sarcastically inscribed with the words "Tchau querida" ("Bye darling").

Lofty speeches, angry outbursts, catcalls and occasional cursing set the tone, as a voting process that began around 5:45 p.m. local time stretched toward midnight local time.

"President Dilma, you are feeling what 10 million Brazilians felt when they received the news they had lost their jobs. You are losing yours," said Deputy Cabo Sabino, from the northeastern state of Ceará, in announcing his vote. "Bye darling, you don't need to come back."

The defeat was an overwhelming rebuff to the president and her allies, who in recent days had tried to persuade wavering lawmakers to stick with her coalition by promising ministerial posts and other perks. Critics denounced the administration's efforts as the desperate maneuvering of a leader determined to cling to power.

The political fight now moves to the Senate, which first must decide by a simple majority whether to accept

the case. If Ms. Rousseff loses that ballot, she would be forced to step down for a maximum of 180 days while she is put on trial. Vice President Michel Temer would take over during that period.

A two-thirds senate vote for impeachment would be required to permanently remove Ms. Rousseff from office. If that occurs, Mr. Temer would serve out the remainder of her term, which runs through the end of 2018.

Ms. Rousseff is charged with using loans from state banks to cover budget gaps and mask the sorry state of the nation's public finances. She denies doing anything illegal, and legal scholars are split over whether the charges are sufficient grounds for her removal.

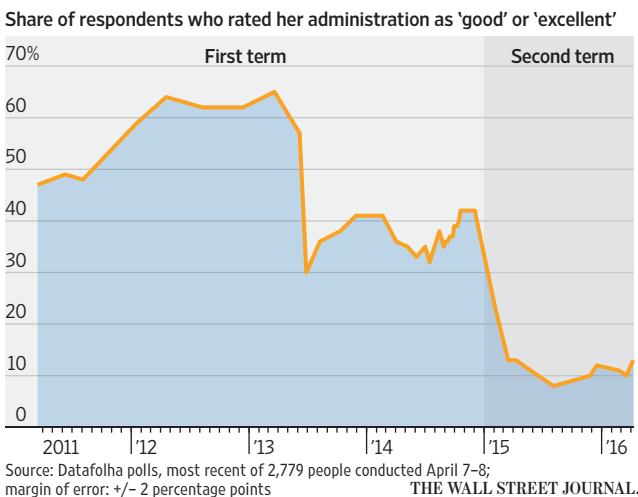
But the impeachment push also is being driven by public anger over a moribund economy and a massive corruption scandal at Brazil's state oil company for which Ms. Rousseff's ruling Workers' Party, or PT, has shouldered much of the blame. Sunday's vote is certain to be met with heated resistance by Ms. Rousseff's supporters, who have vowed to keep up their public opposition to what they regard as a partisan vendetta.

"We will fight to the end of the process, in the Senate, in the courts and in the streets," said PT Deputy Paulo Pimenta, the government's vice-leader in the Chamber of Deputies.

The balloting came after 18 months of political turmoil fol-

Falling Out of Favor

President Dilma Rousseff's approval ratings slid after massive protests in June 2013, and fell further after a hard-won re-election in 2014.



lowing Ms. Rousseff's narrow re-election in 2014. Since then, her approval ratings have dipped as low as 9% as a corruption probe shook the upper echelons of her party and Brazil tumbled into its worst recession in generations.

The potential ouster creates a serious test for democracy in Brazil, where so far four of the eight presidents elected since 1950 were unable to serve out their terms.

Ms. Rousseff could become the second sitting president removed from office since military rule ended in 1985. In 1992, then-President Fernando Collor de Mello was impeached. Of the others elected since 1950, two

died and one was overthrown in a coup at the start of the military dictatorship that ruled Brazil from 1964 to 1985.

"Here's a country that is the seventh- or eighth-largest economy in the world, and the political system is completely screwed up," said Melvyn Levitsky, who served as U.S. ambassador to Brazil from 1994 to 1998.

The president's backers said that Ms. Rousseff has been made into a scapegoat for widespread frustration over the sagging economy and pervasive corruption that has touched all Brazil's major parties.

Petrus Ananias, a PT federal deputy, said he is worried that Ms. Rousseff's impeach-

ment would make future presidents vulnerable to removal every time their popularity flags. "The institutional order is being broken."

Ms. Rousseff, a former guerrilla who was tortured by the military during the dictatorship, has accused her conservative rivals of orchestrating a coup in hopes of dismantling her party's legacy of standing up for the poor. She and former President, Luiz Inácio Lula da Silva are credited with helping lift nearly 40 million Brazilians from poverty with cash handouts, subsidized housing and cheap credit during the commodity boom that bolstered the nation's consumer class.

The president's supporters said the alleged accounting offenses amounts to little more than a technicality in a nation where politicians have long evaded punishment for serious crimes. Many are outraged that some of the lawmakers pushing hardest to impeach her have been caught up in a graft probe centered on Brazil's state oil company Petróleo Brasileiro SA, known as Petrobras.

House Speaker Eduardo Cunha, who presided over the proceeding in the Chamber, has been charged with pocketing millions in funds diverted from Petrobras. He has denied wrongdoing and so far has evaded efforts by the nation's attorney general and his own colleagues to remove him from his powerful perch.

were closed on Sunday. She was in her home cooking when the quake hit, forcing her and a cousin to evacuate.

"My cousin was in shock, she didn't move, didn't do anything, so I pulled her and we went to a soccer field that is near my house that is far from cables," she said.

Justice Minister Ledy Zúñiga said around 100 inmates from the El Rodeo prison in Portoviejo escaped after the quake. She said almost 30 had been recaptured, including some who returned voluntarily.

After the quake, many residents slept outside because of concern their homes were unsafe as aftershocks continued through the night. The country's Geophysical Institute said it reported 154 aftershocks by early Sunday.

"It isn't just a building that collapsed, but an entire city collapsed," Gabriel Alcivar, the mayor of Pedernales, told the Teleamazonas television station late Saturday.

He said that much of the town was flattened and people were trapped under the rubble. "We are witnessing an enormous catastrophe," Mr. Alcivar added. "People are trapped...and we can't do anything."

Vice President Jorge Glas said the government declared a state of emergency and put the country's health system on maximum alert.

"No Ecuadorean is alone," Mr. Glas said. "We are a strong, supportive nation that is unified and that will come out of this emergency strengthened."

World Watch

SYRIA

U.N. Says Fighting Has Trapped Refugees

A United Nations agency said around 10,000 civilians are trapped in desperate humanitarian conditions in a Palestinian refugee camp in Damascus, where fighting has raged for days between Islamic State militants and other extremists.

The U.N. Palestinian refugee agency, UNRWA, said residents of the Yarmouk camp have gone without food or water for more than a week.

The camp has been ravaged by fighting between Islamic State and al Qaeda's Syrian affiliate, Nusra Front, while government forces regularly shell it from outside.

—Associated Press

ISRAEL

Netanyahu Restates Golan Heights Claim

Israeli Prime Minister Benjamin Netanyahu held a cabinet meeting in the Golan Heights for the first time on Sunday, declaring that Israel would never return the territory to Syria.

As another round of peace talks aimed at resolving the five-year Syrian conflict continued in Geneva, Mr. Netanyahu said it was time the international community recognized the Golan Heights as part of Israel.

The international community doesn't recognize Israeli sovereignty over the Golan Heights, and as in the Palestinian territories, considers settlement-building there illegal. —Rory Jones

GERMANY

Better Security Urged at Airports

German police and airport officials called for a review of how security checks are handled at airports amid concerns existing procedures weren't adequate to detect weapons that could potentially be used to target flights.

German public television WDR said inspectors from the European Union, which is in charge of assuring member states comply with airport security regulations, in a test in February were able to repeatedly smuggle weapons and bomb components through checks at Cologne-Bonn Airport.

A spokesman for the German federal police, which is responsible for airport security, declined to comment. The European Commission and German interior ministry said they wouldn't comment on classified findings of aviation security inspections. —Ruth Bender and Robert Wall

WORLD NEWS

Russian Fighter Intercepts U.S. Jet

A U.S. Air Force reconnaissance plane was intercepted by a Russian fighter plane over the Baltic Sea in what American officials said on Sunday was an unsafe and unprofessional manner, the second such instance in a week.

By Gordon Lubold, Julian E. Barnes and Nathan Hodge

Russian officials disputed the account, saying they were responding to an unidentified target approaching their border at high speed.

The incident, which happened Thursday but didn't come to light until this week-end, could further complicate U.S.-Russia relations. As the U.S. builds up its assets in the Baltic Sea, Russia has taken a more aggressive posture in response.

The disconnect over each side's intentions has resulted in an increase of incidents between the American and Russian militaries in the region, according to U.S. officials. Russia sees the U.S. operating in its own backyard and doesn't like it. That has resulted in a "game of chicken," according to Eugene Rumer, who directs the Russia and Eurasia Program at the Carnegie Endowment for International Peace, a think tank in Washington.

"They don't want to take on the U.S. in an outright military



Russian military aircraft buzzed the USS Donald Cook last Tuesday in the Baltic Sea.

confrontation, but the way I read this body language of theirs, they are not just going to stand by and watch it, they are going to make it difficult," Mr. Rumer said. "They will use the entire toolkit they have, and harassment is part of the arsenal."

The Russian jet came to within 50 feet of the Air Force plane and then executed a barrel roll over the American plane's left side to its right, U.S. European Command officials said.

Lt. Col. David Westover, a spokesman for European Command, said the aircraft, an RC-135, was flying on a routine route in international air space on Thursday when the incident occurred. "This unsafe and unprofessional air intercept has the potential to cause serious harm and injury to all aircrews involved," Col. Westover said. "More importantly, the unsafe and unprofessional actions of a single pilot have the potential to unnecessarily escalate tensions between countries."

Moscow sees the incident differently. Reports that the Russian Su-27 jets made a dangerous approach were "not true," according to a Russian military spokesman, Maj. Gen. Igor Konashenkov. Gen. Konashenkov said the Russian aircraft had scrambled in response to "an unidentified aerial target heading to the Russian state border at high speed."

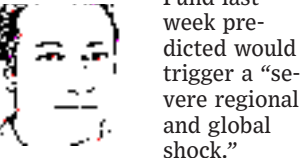
"The flight of the Russian aircraft was carried out in the strict accordance with the international rules of the air-space usage, no emergency situations emerged," he said.

The incident came just days after Russian aircraft buzzed the USS Donald Cook as it conducted exercises with the Polish military. The Russian jets and a helicopter flew to within 75 feet of the destroyer in another sign that the Russian military is using increasingly aggressive tactics in the Baltic Sea to deter U.S. ships.

Greek Risk Hangs Over EU



WASHINGTON—With two months to go until Britain's referendum on whether to leave the European Union, the bloc is determined to get its house in order. Nothing must be allowed to happen between now and June 23 that might boost the campaign for a British exit, or "Brexit"—an outcome that the International Monetary



Fund last week predicted would trigger a "severe regional and global shock."

The first step in this cleanup operation was last month's EU-Turkey migrant deal, an arrangement that has defused a crisis that was proving a gift to the Brexit campaign.

The next item of unfinished business is Greece's latest standoff with its international creditors over its bailout program, which if left unresolved threatens to reach a boiling point when a bond redemption falls due in June—just as Britons go to vote.

Despite efforts to break the impasse on the sidelines of the IMF's spring meetings in Washington last week, the Greek bailout negotiations continue to run into the same stumbling blocks that have paralyzed the country for much of the past two years. Germany and its Northern European allies say they won't lend more money to Greece unless the IMF agrees to lend, too. But the IMF won't lend unless Athens commits to tough reforms and Germany agrees



Germany's Wolfgang Schäuble spoke with the IMF's Christine Lagarde in Washington on Saturday.

to allow Greece substantial debt relief, which neither wants to do. No one has yet found a way through what one EU official calls this "triangle of mistrust."

Greece's European creditors and the IMF did at least agree on one thing in Washington: how to resolve their differences over the targets for the next phase of the Greek program. Under the deal struck last summer, Greece is supposed to deliver a budget surplus before interest costs of 3.5% of gross domestic product in 2018. The European Commission believes that to reach this target, Greece needs to deliver further austerity measures this year equivalent to 3% of GDP. The IMF, which takes a more pessimistic view of the damage inflicted by last year's stand-off, believes that it will require extra austerity measures equivalent to 4.5% of GDP to hit the target, which it argued was unrealistic. The IMF had instead been arguing for a lower budget surplus target of 1.5% of GDP, which would have re-

quired extra austerity measures of only 2.5% of GDP, according to its calculations. The compromise is about as brutal as it could be for Greece. Both sides have agreed to stick by the original 3.5% target and to use the commission's forecasts as the baseline. But Greece will be required to commit to the extra austerity needed

Athens is the next test for a bloc eager to show U.K. voters its house is in order.

to make up any shortfall. What happens next depends on Athens. It must now agree on the measures necessary to deliver these targets—measures IMF insists must be "credible." If the 3.5% target isn't met, Germany won't agree to debt relief, and without a guarantee of debt relief, the IMF can't join the bailout. The IMF's definition of credible will create major political problems for Greece's left-wing govern-

ment. The IMF has long insisted that the only way credibly to strengthen Greece's public finances now is to broaden the tax base and cut pension spending.

The carrot for Athens is that if it signs up to these measures, it should receive its long-promised debt relief, paving the way for the normalization of financial conditions. But as things stand, the IMF and Berlin are far apart both on what is a long-term realistic budget target for Greece—which will determine the amount of debt relief that is necessary—and the timing of any debt reduction. Berlin is concerned that, if given the chance, Athens will start borrowing and spending again.

Can the triangle of mistrust be broken, paving the way for a deal in May? Only if Athens and Berlin are willing to give ground. Both will need to sacrifice considerable political capital. The alternative is that Europe finds itself again debating Grexit, even as it faces the very real possibility of Brexit.

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FROM PAGE ONE

OIL

Continued from Page One
lion barrels a day last year.

Energy Aspects, a London-based energy consultancy, recently revised its estimates for global, non-OPEC production declines this year to 700,000 barrels a day, from 200,000 to 300,000 in earlier forecasts. It expects global demand to begin outstripping supply in June, which would draw down swollen crude stockpiles.

Saudi Arabia's position that Iran join the freeze or there would be no deal scuttled the discussions before they started, participants said, and

the meeting descended into sniping and confusion.

On Saturday, the day before the meeting, Saudi Arabia's powerful deputy crown prince, Mohammed bin Salman, was quoted by Bloomberg News as ruling out any deal that didn't include Iran.

Other Saudi officials in the delegation had signaled on Saturday evening that the kingdom would consider a freeze without Iran's participation, and a draft agreement was circulated, according to participants.

Then, in the very early hours Sunday morning, veteran Saudi oil minister Ali al-Naimi received a call from Riyadh, and then informed his dele-

gates that they would need to scrap the draft agreement for a freeze that didn't include Iran, according to a person familiar with events.

The outcome Sunday seemed to underscore the pre-eminence of the deputy crown prince over the kingdom's oil policy, and raised questions about the motivations driving oil policies long directed by Mr. al-Naimi.

"Since 1995, it's been all about Ali al-Naimi, and he seems to have been overruled by his boss," said Michael Wittner, global head of oil market research at Société Générale. "We have a new player."

Upon taking power in Janu-

ary 2015, King Salman bin Abdul Aziz created a new body—the Council of Economic and Development Affairs—to oversee the overall economy, finances and oil industry. He appointed his son to oversee it.

But it was unclear how much direct control the deputy crown prince would exercise over oil production, export policy and relations with OPEC, especially with Mr. al-Naimi retaining his post as oil minister.

Saudi Arabia's renewed opposition to a freeze without Iran underscored that the deputy crown prince "outranks everyone else in Saudi when it comes to economic policy," said Torbjorn Kjus, an oil market analyst at Norway's DNB

Bank ASA in a note Wednesday.

Mr. Kjus said last week that prices could potentially fall back to \$25 a barrel if no freeze deal was struck.

Iran had already declined to participate in the negotiations. It had ruled out any freeze until its production recovered the nearly one million barrels a day lost after international sanctions were imposed over its nuclear program.

The country was recently released from the sanctions and has said it planned to increase production to 4 million barrels a day, from 3.1 million barrels. Market observers said such an increase would take years.

Iran had always been a sticking point for Sunday's meeting of global oil producers. Another question was whether any deal would be considered strong enough to convince energy markets that producers were serious about reining in production and bolstering prices.

Even Mr. al-Naimi had said for months that Saudi Arabia would focus on meeting customer demand for crude rather than trying to influence global oil prices—alone or in coordination with others—if that meant giving up market share, especially to its political and military rival Iran.

—Erin Ailworth
contributed to this article.

TRUMP

Continued from Page One
Democrats.

His wealth isn't a put-off. County Sheriff Ray Foster, who supports Mr. Trump, says rich businessmen have long been well-liked around the county because "they make jobs for the people here."

As for the imbroglios over Mr. Trump's comments about women and his shifting views on abortion and foreign policy, which have driven up his negative ratings in national polls, they are generally seen here as a plus. They reinforce his outsider status.

"He talks before he thinks," Mr. Foster says, "so he doesn't have time to think up something and lie to you."

The lessons are important for New York, where Mr. Trump is heavily favored to win the primary on Tuesday and has a chance of peeling off working-class Democrats in the general election. He could do especially well in Republican strongholds along the state's southern tier, federally classified as part of Appalachia. Counties there share some characteristics of Buchanan County.

In Buchanan County, Mr. Trump has won over many Democrats because he not only "speaks for them—he speaks in terms they're comfortable with," says Gerald Arrington, the county's commonwealth's attorney and a registered Democrat. Mr. Arrington says Mr. Trump won his vote in the Virginia primary, the first time he had cast a vote for a Republican.

The 1,586 votes Mr. Trump received in the county were triple the total for the Democratic primary winner, Hillary Clinton. Eight years ago, the county was solidly Democratic: Mrs. Clinton won 2,245 votes then in a primary against Barack Obama, defeating him 90% to 9%, and collecting more than five times as many votes as the Republican primary winner.

Many in the county blame the Obama administration's regulations for a downturn in the coal industry and figure Mr. Trump will quash those rules and ignore scientists who warn about global warming.

Nationwide, the 10 counties Mr. Trump has carried by the largest margins have much in common. They are mainly white, rural and southern. They sharply lag behind the national average in household income and education, and top it in poverty and disability payments.

Four of these counties rely on agriculture, says Moody's Analytics, while another three are local transportation hubs. A big employer in one, Tallahatchie County, Miss., is a prison.

While people in these counties feel left behind, they don't



At a Wellmore coal mine in Buchanan County, workers toil deep underground as their predecessors did in better days. The number of coal miners in the county fell 50% between 2013 and 2015. Many blame the Obama administration's regulations for the industry's downturn.

BENJAMIN LOWMY FOR THE WALL STREET JOURNAL

face the challenges from immigration or foreign trade that Mr. Trump has made his signature issues. All but two of the counties trail the nation by wide margins in percentage of the population that are immigrants. Few face much pressure from Chinese imports. Buchanan County benefits from trade, especially through coal exports to China.

Visceral appeal

Instead, Mr. Trump's appeal is visceral. According to an October 2015 Wall Street Journal/NBC News poll, 76% of Trump supporters feel "uneasy and out of place" in their own country, compared with 62% of Republicans who say they wouldn't consider voting for him.

"Trump has an appeal that a traditional Republican would have a hard time matching," says Jeff Horwitt, a senior vice president at pollster Hart Research. If Mr. Trump is denied the nomination at the Republican convention despite a clear lead among delegates—a possibility being discussed by some in the party—Republican turnout could fall sharply, he adds.











Robert Collins, 43, a Buchanan County trucker, says he isn't sure he could bring himself to vote for Sen. Ted Cruz if he wins the nomination by undermining Mr. Trump.

Mr. Trump's cocky style has turned off some supporters, including Ralph Rife, a disabled coal miner in Slate Creek who voted for him but now says he can't stomach him. "He's like a loose cannon," Mr. Rife says, citing Mr. Trump's encouragement of Japan and South Korea to develop nuclear weapons and his shifting abortion position.

Buchanan County has long

The Geography of Trump

The counties that have delivered the strongest vote for Donald Trump in the 2016 primary season tend to be rural communities that are struggling economically, with household incomes and college graduation rates below the national average. Four of the counties least supportive of Mr. Trump are Utah and Idaho counties with large Mormon populations. The other is a college area in Iowa.

COUNTIES WITH LARGEST VOTE SHARE FOR TRUMP	MEDIAN HOUSEHOLD INCOME	HIGH SCHOOL GRADUATE OR HIGHER	BACHELOR'S DEGREE OR HIGHER	ON DISABILITY BENEFITS	ON FOOD STAMP BENEFITS
 Buchanan, Va. 69.7% Trump share	\$29,678	69.1%	8.6%	26.9%	22.6%
 Issaquena, Miss. 68.8%	\$29,583	59.5	7.8	27.1	25.1
 La Paz, Ariz. 67.4%	\$37,009	76.9	10.2	17.9	15.4
 Atkinson, Ga. 65.9%	\$30,403	67.1	7.7	14.9	27.5
 St. Bernard, La. 65.5%	\$44,706	81.9	12.5	12.7	12.0
COUNTIES WITH SMALLEST VOTE SHARE FOR TRUMP					
 Madison, Idaho 7.6%	\$32,052	95.1%	34.4%	6.0%	11.2%
 Utah, Utah 9.1%	\$60,380	93.5	36.9	7.2	8.3
 Cache, Utah 10.4%	\$50,367	92.5	35.9	7.9	7.7
 Sioux, Iowa 10.9%	\$59,272	88.6	24.9	6.7	4.9
 Davis, Utah 11.3%	\$70,388	95.3	34.6	7.7	7.0

Sources: U.S. Census Bureau (demographics); Associated Press (vote share)

THE WALL STREET JOURNAL.

seen itself as cut off from the American mainstream, separated by mountains, accents and a mining culture with the ever-present danger of cave-ins and explosions. Natives of this county at the westernmost edge of Virginia like to say "Virginia ends at Roanoke," a city with a trendy downtown about 180 miles east.

"We're like in purgatory," says James L. Rife, 54, who pulls up near a local Wal-Mart to buy Trump T-shirts sold out of the back of a black SUV. "You ain't dead, but you ain't alive." Mr. Rife has lived on disability checks since 1991 after he got buried in a mine cave-in.

In the 1970s, coal trucks were so common residents complained about coal dust on cars and windows. When Danny Smith, 53, now a coal-mine superintendent, finished high school in 1981, he says his uncle left him miner's boots and a hard hat on his porch as a graduation present. In the 1990s, miners say, they could quit, walk down the road and find work at a different mine. Coal companies competed to hold the most elaborate Christmas parties.

Coal-industry employment has shrunk due to automation and declining markets. The county's population has fallen 27% since 1990 to 23,000 and has grown older as young peo-

ple depart. Inflation-adjusted median income is barely half the national average and hasn't budged since 1995, Moody's Analytics estimates. Three times as many Buchanan households receive Social Security disability checks as have a college graduate.

Novelist Lee Smith, who was born in the county and writes about it, says fatalism and depression are rampant. The county seat of Grundy, on the Levisa Fork River, has had nine major floods since 1929. One in 1977 destroyed its shopping district. A \$177 million flood renovation project replaced the buildings with a highway and carved away part of a mountain to create flat land for the Wal-Mart, which opened in 2011.

"It's been nothing but construction and red mud for 15 years," Ms. Smith says of the reconstruction. "People are voting against what's happening to them. There's a disgust with the way things have been going."

For decades, that distrust translated into votes for Democrats, a tradition nurtured by the United Mine Workers and memories of the New Deal and Great Society. Al Gore carried the county in 2000 with 58% of the vote against George W. Bush, despite local suspicion of environmentalists. John Kerry did nearly as well four years

later. Mr. Obama lost the county in 2008, but not heavily, 46% to 54%, to Sen. John McCain.

In 2009, the area elected a Republican to the Virginia House of Delegates for first time since the 1950s. In 2010, 14-term Democratic Rep. Rick Boucher was defeated for re-election. By 2012, the county was solidly GOP, with Mr. Obama receiving 32% of the vote in his re-election bid.

Vern Presley, the county's Democratic Party chairman, traces the Democrats' decline to the widespread belief Mr. Obama's environmental policies are crippling coal. He thinks the charge is unfair because coal is also hammered by cheap natural gas and shrinking foreign demand.

Coal country

The charge sticks, and it benefits Mr. Trump, who pledges to eliminate the federal Environmental Protection Agency. At a February rally at Radford University, a 2.5-hour drive from Buchanan County, he told a cheering audience "we're going to bring the coal industry back 100%." He is one of the few presidential candidates to campaign in coal country this election.

Mrs. Clinton is unwelcome. Local residents seem to have

memorized her televised remarks in March that if she became president "we're going to put a lot of coal miners and coal companies out of business," a comment she later said was a mistake. Joe Street, vice president of a coal-mine machinery supplier near Grundy, says he can imagine lawn signs this fall: "Hillary Clinton: The War On Coal."

Clinton spokesman Brian Fallon notes that Mrs. Clinton has proposed a \$30 billion plan to aid coal communities.

The Trump slogan "Make America Great Again," say supporters here, means returning to the economy of 10 years ago, when coal held its own and the global economy hadn't suffered through the financial crisis and its aftermath. Coal miners in the county were paid an average \$90,334 in 2014, the latest Bureau of Labor Statistics figures available, but such jobs are rapidly disappearing. Half the licensed coal mines closed between 2013 and 2015, reducing coal miners by 50% to 1,028, according to Virginia's mining authority.

While the county has looked to diversify its economy, the new jobs pay far less. A Sykes Enterprises call center advertised starting hourly wages of \$9.50 last year. Wal-Mart pays about \$10.

At a dinner early this month with eight coal-industry executives in a local Chinese restaurant, all nod when asked if they support Mr. Trump. "We want a leader," says Jeff Taylor, a local coal-mine operator who says he has slashed his workforce by one-third since 2012. "Trump may be the one with enough backbone to pull back some of the government" regulations.

That is a widespread sentiment among ordinary workers, too. Why is there such faith that a billionaire will deliver for the working class?

One such local, coal entrepreneur Arthur "Smiley" Ratliff, was Trump-like in his tastes, recalls Ms. Smith, the novelist. He drove in a black Rolls Royce, his face black with coal dust, and lived in a fortresslike mansion. He used Ming vases for umbrella stands, say locals who trade Smiley stories, and petitioned Britain to let him build an estate on an uninhabited British island in the South Pacific to be far from Washington regulation. (The British government declined.)

It isn't a big leap from Mr. Ratliff, who died in 2007, to Mr. Trump and his Boeing 757 airplane with gold-plated fixtures, Ms. Smith says.

Mr. Bostic, the former coal miner, says he had enough of mining after being laid off three times in 13 months. He and his wife opened the T-shirt shop last month a few miles from Grundy and sell uniforms for church groups and softball teams. He says he isn't making near the \$90,000 he did as a coal-mine "blaster," an explosives expert.

The pay cut forced him to default on his timeshare condo, he says, and he struggles to make payments on the \$300,000 house he bought in 2011 when his mining job seemed secure. He sells buffalo jerky on the side and is training to become a school-bus driver.

He says he is looking to Mr. Trump for help. If the Republican can turn around the coal industry by slashing regulations, that should pump money into the local economy.

"Trump for us is the light at the end of the tunnel," says Mr. Bostic's wife, Sara. With him, "there's some hope normalcy will come back to our area."

ONLINE



See videos and more photos of Buchanan County voters at wsj.com/pageone.

OPINION

Brazil's Impeachment Drama



AMERICAS
By Mary
Anastasia
O'Grady

Rousseff of the Workers' Party (PT). She is accused of using loans from state-owned banks to cover up a budget deficit her government created in violation of the Brazilian Constitution's fiscal-responsibility law. After more than nine hours the motion won the 342 votes needed to pass.

Ms. Rousseff's defenders said that it was a purely political attack by adversaries who are as corrupt as she is. In fact, her problems go much deeper.

With a constitution that gives the government almost unlimited power to intervene in the economy, it is hardly surprising that Brazil's political system is riddled with conflicts of interest. But if this were a case of routine graft, Ms. Rousseff would likely have had success in her attempt to lure representatives from smaller parties to her side. As it stands, even if she had survived this vote, there are at least seven other impeachment petitions that will follow.

Brazil's Congress is legendary for its lack of party discipline, and only three weeks ago it was widely believed that Ms. Rousseff could defeat the impeachment motion by offering lucrative posts in her

government to opposition congressmen. But she wasn't counting on the swelling wave of popular outrage against the PT machine.

This vote was a national referendum on the PT effort to bring *bolivarianism*—both its socialist economics and its political absolutism—to Brazil. It's why House Speaker Eduardo Cunha scheduled the session on a Sunday. The nation was watching on television as each deputy voted on camera.

The vote is part of a growing regional swing against left-wing populism.

Even before the votes were counted, there were reports that the pro-impeachment side had the two-thirds majority necessary to prevail. The final result is evidence of the strong anti-Rousseff sentiment across the nation.

The petition now moves to the Senate which will decide with two simple-majority votes whether to suspend her and then set up an impeachment tribunal. After that a two-thirds majority vote in the Senate is needed to remove her from office. If she ultimately were cleared, Ms. Rousseff would resume her role as president, but during her suspension Vice President Michel Temer of the Brazilian Movement for Democracy Party would be in charge.

Ms. Rousseff only narrowly

won re-election in October 2014 in a runoff against Brazilian Social Democratic Party candidate Aécio Neves. She pulled out that victory by using the power of her incumbency to ramp up the PT's signature populism, particularly in the poor north of the country. But that year the economy did not grow at all. Last year gross domestic product contracted 3.8%. This year it is forecast to shrink again by at least 3%.

The pain is self-inflicted. The PT's increasing protectionism and control over the economy badly damaged investment flows. Worse, government profligacy and money printing are expected to drive inflation—a tax that hits the poor the hardest—to 10% this year. That's unacceptable to a nation that still remembers the hyperinflation of the early 1990s.

The fiscal-responsibility law was designed to ensure that reckless government spending could not happen again. So the charge that Ms. Rousseff violated that important law to cover up her populist spending binge with loans from government banks leaves many Brazilians feeling that she defrauded them.

A middle class that benefited from the stability of the Brazilian real after 1999 and was beginning to believe that Brazil had left tropical populism behind is outraged. If it is blaming the party at the helm this is hardly a political conspiracy.

Brazilians are now part of a regional backlash against the leftist ideas of the Foro

de São Paulo, a Latin American conference founded in 1990 by former President Lula da Silva, Ms. Rousseff's predecessor and mentor, to coordinate Marxist movements in the post-Soviet world. Ms. Rousseff is fighting for her political life because her alleged constitutional violations were part of the PT's strategy to use state resources to consolidate power in the spirit of Hugo Chávez's Venezuela, Evo Morales's Bolivia and Rafael Correa's Ecuador.

Even at the outset of the regional swing to the left it wasn't easy to sway Brazilians in that direction. The nation still carries the psychological scars of the 1964-85 military government. Civil society is a rich mosaic of legal, trade and agricultural associations and media and religious groups that jealously guard free speech, civil liberties and institutional independence.

Economic freedom may be constrained by a large regulatory state. But the productive sector is free to accumulate resources by way of voluntary transactions in the market, which means that it has political independence and the motivation to protect it.

Lula and Dilma are great admirers of Fidel Castro and they have used the Brazilian state to promote the Cuban model throughout the hemisphere. But at home, as these impeachment proceedings demonstrate, Brazilians are having none of it.

Write to O'Grady@wsj.com.

BOOKSHELF | By Joshua Yaffa

Russia's Wily Men and Women

Putin Country

By Anne Garrels

(Farrar, Straus & Giroux, 228 pages, \$26)

In 2000, at the dawn of Russia's Putin epoch, the sociologist Yuri Levada published an article titled "The Wily Man." In it, Mr. Levada drew a portrait of a particularly Russian species—a personality type forged by a mixture of doublespeak, irresponsibility and the suspicion that materialized during the Soviet Union and was left disoriented by the collapse of that system. The wily man is not particularly fooled by propaganda; he knows the state's weaknesses and foibles well. But that does not make the wily man opposed to the ruling system—he depends on it and fears its absence more than whatever hardships its existence may bring. The wily man, Mr. Levada writes, "not only tolerates deception, but is willing to be deceived" and, what's more, "requires self-deception for the sake of his own self-preservation."

Although the nominal subject of "Putin Country" is Chelyabinsk—an industrial city of one million people east of the Ural Mountains and its surrounding, mineral-rich region of coal mines and dense forests—the book's deeper and more revelatory theme is that of the Russian wily man. Anne Garrels, its author, is a longtime correspondent for NPR, and she has the reportorial advantage of beginning her observation of Chelyabinsk in 1993, when the wound of the Soviet collapse was still fresh. Ms. Garrels has returned to the region many times over the years, including a long stint during Mr. Putin's momentous and current third presidential term, which began in 2012.

On her more recent visits to Chelyabinsk, Ms. Garrels finds a city transformed—Moscow wasn't the only city beautified thanks to the country's windfall of oil and gas profits in the 2000s. Chanel and H&M have shops in town; visitors have their pick of a Holiday Inn or a Radisson. Chelyabinsk can be a cosmopolitan, happening place—though not one prone to liberal politics or opposition activism. Hence the book's title.

Yet a decade and a half into Mr. Putin's rule, there are few places in Russia untouched by the system he has constructed and now lords over: It's all "Putin Country." Ms. Garrels admits that all those years ago she first chose Chelyabinsk at random—the result of literally throwing a sharpened pencil at a map—and in a way that shows: There is little remarkable about the place, though that is also what makes the book worthwhile. This could be anywhere in Russia.

What makes Chelyabinsk compelling is its people. They are largely decent and undeniably intelligent, protective of what they have achieved, wary of the unknown, and, above all, clever and flexible at adapting to changing times. In a word, they are the wily men (and women) of Mr. Levada's essay. Early in the book, Ms. Garrels introduces Irina, a magazine editor in her 30s who has a Swiss education and a

Russians hold views that seem impossible to reconcile. Students at a reputable school offer a curious mix of heroes: Stalin and Steve Jobs.

European wardrobe. Yet she harbors a "resentment, almost an outright hatred" for the West. Irina, Ms. Garrels writes, is like many in Chelyabinsk: "They are sick of beating up on themselves. They are sick of their country's being seen as nothing more than a mafia-ridden kleptocracy—even though they are the first to complain about corruption. They are sick of the West's beating up on them for their sins, especially now they are more aware of Western sins."

Later we meet Natalia, who was a women's-rights advocate in the 1990s and is now focused on increasing Russia's birthrate as a member of the politically loyal city council. Her interests may be retrograde and, at times, illiberal, but for Natalia a certain cynicism is a sign of enlightenment; to be overly earnest is to be naïve. The 1990s, as a familiar argument goes—repeated so many times by Russian politicians and pundits as to become a kind of mantra—were less a time of freedom than of chaos. "I don't want to repeat that period. . . . We destroyed as much as we developed," Natalia says.

Perhaps most telling is Alexander, who lives in a village five hours from the city. He admires Mr. Putin and the system the president has built, even as he complains that corruption is rife, governance is poor, and the local economy is held back by an overbearing and rapacious state. Alexander's criticisms mirror those of the citizens in the book who consider themselves dissidents and activists, though Alexander would never consider himself either one. "He is proud of Putin," Ms. Garrels writes, "and between him and those who dread their country's current course, there is an unbridgeable divide."

This sort of internal contradiction isn't unique to Alexander. Many of the Russians Ms. Garrels meets hold views that seem impossible to reconcile. She cites polls that show that two-thirds of ethnic Russians call themselves Orthodox believers, but many of those very same people say that they do not believe in God. At one point, the author visits a prestigious state secondary school where the students offer a curious mix of heroes: Joseph Stalin, Steve Jobs, Bill Gates and Gandhi. The search for a post-Soviet ideology has, in Chelyabinsk and across Russia, led to a strange mishmash, at once faithful and mystical, distrustful and fatalistic.

Although "Putin Country" offers a tactile sense of life in Chelyabinsk, it can also feel shallow and impressionistic: Local women, Ms. Garrels writes at one point, are a "far cry from the babushkas of yore." More frustrating are the rather sensational allegations that drop in out of nowhere and are left unexplored, such as her claim that prison inmates in Chelyabinsk were released to fight on the side of pro-Russian rebels in Ukraine; if they refused, she writes, they faced further punishment.

According to doomsayers in the West, the Putin system was supposed to have met its political downfall many times: after the global financial crash of 2008-09, after the season of anti-Putin protest in 2011-12 and, most recently, after 2014, when Western sanctions, low oil prices and a tanking ruble pushed the Russian economy into a recession. But the ruling architecture that Mr. Putin has built—not to mention the man himself—has proved durable in places like Chelyabinsk. For his long-term political survival, Mr. Putin will need the acquiescence, even if only passive, of the country's wily men and women—something that, for now, he continues to enjoy.

Mr. Yaffa, a journalist based in Moscow, is a contributor to the New Yorker. He is also a fellow at New America.



INFORMATION
AGE
By L. Gordon
Crovitz

Facebook conference for developers. "We are one global community," he declared, with the aspiration to "give everyone the power to share everything with anyone." But Mr. Zuckerberg announced his great ambition just as the open Internet is slamming shut.

Facebook connects almost two billion people, but his 10-year goal to bring Internet access to everyone in the world looks doomed. China has invoked "Internet sovereignty" to build its own set of networks cut off from the rest of the world. Russia, Iran, Turkey and other authoritarian regimes routinely ban sites including Facebook.

Scott Malcomson describes the Internet's fall from its founding aspirations in his new book, "Splinternet: How Geopolitics and Commerce are Fragmenting the World Wide Web." In the early years, the communications consultant writes, "the Internet and geek culture split off from government, launching a period of spectacular innovation, excitement and profit. The web became a place for enacting dreams of freedom."

He cites John Perry Barlow's 1996 declaration: "Governments of the Industrial World, you weary giants of flesh and steel, I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone. You are not welcome among us. You have no sovereignty where we gather."

"So it was, if under the unacknowledged protection of a political, technological and commercial American supremacy that had no rivals," Mr. Malcomson recently wrote in the Guardian.

Mr. Malcomson suggests the Internet was bound to become less free as it matured, but policy changes in Washington deserve much of the blame. Over the past few years, the Obama administration has abandoned the American exceptionalism that built the Internet as we know it.

In 2014, President Obama announced he would end U.S. stewardship over the global Internet. By protecting the root zone of web names and addresses through a contract with the Internet Corporation for Assigned Names and Numbers, or Icann, the U.S. empowered developers and engineers to build networks free of pressure from other governments. Unless Congress stops him, Mr. Obama will surrender U.S. control before the end of his term, making it possible for authoritarian regimes to censor the Internet globally, not just in their own countries.

Mr. Obama further contrib-

uted to the Splinternet by bucking a 20-year bipartisan consensus against regulating Internet innovation and economics. Congress passed the Telecommunications Act of 1996 to "preserve the vibrant and competitive free market for the Internet." By setting an example at the dawn of the commercial Internet, the U.S.

Zuckerberg's dreams are at odds with the White House's plans.

largely kept regulators around the world from micromanaging the Web. The Internet became an oasis of "permissionless innovation," where entrepreneurs launched new products, services and business models without having to ask bureaucrats for approval.

But last year Mr. Obama instructed the supposedly independent Federal Communications Commission to submit the Internet to regulations written in the 1930s for the telephone monopoly. A federal appeals court in Washington will rule soon on whether these Obamanet regulations are consistent with the law.

Last week, the House passed a bill prohibiting the FCC from dictating broadband rates. This came after Chairman Tom Wheeler reneged in congressional testimony on earlier pledges that his agency would not use its new authority to decide which broadband pack-

ages are "reasonable." Economist Hal Singer has tracked the collapse in spending on new U.S. broadband infrastructure following the Obamanet regulations, as uncertainty predictably discouraged investment.

The FCC's first act of rate regulation was informing mobile-phone companies it was reviewing whether they must cancel their "zero rating" programs, which provide low-cost access to the Internet through contracts for selected websites and services. Such an action would force millions of lower-income customers to give up their T-Mobile, AT&T and Verizon accounts.

It didn't take long after U.S. bureaucrats began regulating the Internet for governments elsewhere to follow suit. The government of India embraced the new ideology against zero-rating programs. In February, India banned Facebook's low-cost program to introduce the Web to hundreds of millions of Indians. Other countries are following the FCC precedent to ban these programs. Meanwhile, European bureaucrats are threatening to impose multibillion-dollar fines on Silicon Valley companies.

Mr. Obama once famously declared that government, not entrepreneurs, had built the Internet. That wasn't true, but his actions have proved a different point: If Washington continues to abandon its commitment to the open Internet, the dreams of digital innovators around the world will be crushed.

tional beliefs: liberty and the pursuit of happiness in the recognition that we are created equally under a merciful God.

In Wilder's 1938 play "Our Town," the character named Emily, having been given one day to return to the world after her death, calls out:

"Goodbye Grover's Corners—Mama and Papa. Goodbye to clocks ticking—and my butternut tree!—and Mama's sunflowers—and food and coffee—and new-ironed dresses and hot baths—and sleeping and waking up! Oh, earth, you're too wonderful for anyone to realize you! Do any human beings ever realize life while they live it—every, every minute?"

It's spring. Plant some peas.

Mr. de Vinck is the author of "Moments of Grace: Days of a Faith-Filled Dreamer" (Paulist Press, 2011).

Tracing Thankfulness to Its Headwaters

By Christopher de Vinck

My grandfather, Maj. Gen. Joseph Kestens, was just a humble Belgian soldier during World War I. He was shot in his left arm with a force that ripped his nerves and tendons and destroyed the use of his arm for the rest of his life. If the German soldier's aim had been truer by a few inches, he would have been killed on that battlefield, and I wouldn't be here today writing these words.

Gratitude is the exclamation point after the narration of our lives. Whether we are grateful for big things (life, liberty, love) or grateful for the small and mundane (the flight of the heron, chocolate, the scent of the sea), we are the only creatures on earth who can circulate a sense of appreciation with words and gestures of thanks.

According to a joint study

between the World Health Organization and Unicef, one in nine people in the world don't have access to safe and clean drinking water. I shower every morning, and I wash my car and sprinkle my lawn with water that I can drink.

According to the U.N.'s Food and Agriculture Organization, one in nine people in the world go to bed hungry. I often can't decide if I want an orange, a banana, a pear, an apple or other fruit nestled in the bowl at the center of the kitchen table.

Elie Wiesel, the man who lost his family but not his faith during the Holocaust, wrote: "When a person doesn't have gratitude, something is missing in his or her humanity."

What are the strands of gratitude? How can we trace back the first impulse of love, or goodness, or acceptance? The sun is a contributing

source of all life on earth. The Hudson River begins at Lake Tear of the Clouds, a small body of water that sits at the base of Mount Marcy, the highest elevation in New York state. Melting snow and rainwater pour down the mountain in the spring and feed the lake, and the lake feeds the streams and rivers that converge and ultimately swirl under the George Washington Bridge, flow past the Statue of Liberty and rush out into the Atlantic Ocean. Trace our beginnings and we discover the roots of gratitude.

In Thornton Wilder's 1930 novel "The Woman of Andros," he wrote: "We can only be said to be alive in those moments when our hearts are conscious of our treasures." America is a cornucopia of richness, a consequence of democracy and laws, and the struggles of reconciling our mistakes with our core na-

OPINION

REVIEW & OUTLOOK

‘I Am President. I Am Not King’

One reason American politics is so polarized is that President Obama has been so cavalier about his constitutional duty to faithfully execute the laws he dislikes. On Monday the Supreme Court will hear a challenge to one of his worst abuses, his 2014 order that rewrites U.S. immigration law.

In *United States v. Texas*, 26 states sued to block Mr. Obama’s executive diktat that awards legal status, work permits and other government benefits to some 4.3 million illegal immigrants, with no consent from Congress. A federal judge issued a preliminary injunction stopping this ukase last year, and the Fifth Circuit Court of Appeals agreed. Those were narrow rulings, but the Justices enlarged the case to reach constitutional questions and will hear an unusual 90 minutes of oral argument.

We support humane and economically rational immigration reform, but *Texas* isn’t about the policy merits. The case implicates the Constitution’s separation of powers and the basic precepts of self-government. The Anglo-American legal tradition began as the English rebelled in the late 1600s against the Stuart kings who claimed the power to suspend or dispense with laws passed by Parliament. The first two grievances against the Crown in America’s Declaration of Independence concerned such “Abuses and Usurpations.”

The Framers wrote Article II’s Take Care clause to prevent the President from claiming the same lawmaking powers. The executive *shall*—not “may”—*execute* Congress’s laws *faithfully*, in one of the Constitution’s most specific instructions.

Congress has debated a more generous immigration policy during the Obama years, and all the while Mr. Obama insisted he couldn’t act alone. “I am President. I am not king,” he told Univision in 2014. “I can’t do these things just by myself. We have a system of government that requires the Congress to work with the executive branch to make it happen.”

But reform failed, and two weeks after the 2014 midterm election Mr. Obama decided he could act like a legislature: “I take executive action only when we have a serious problem, a serious issue, and Congress chooses to do nothing.” He has no such authority.

Under the order, aliens who satisfy certain criteria—such as having a child who is a citizen—will receive a “deferred deportation” certificate that nominally lasts for three years but in practice will last indefinitely. This dispensation classifies as “lawfully present” people

whom the Immigration and Nationality Act defines as “unlawfully present,” and makes them eligible for social-welfare benefits.

The Obama Administration claims this is nothing more than the routine exercise of prosecutorial discretion, as if it is merely conceding that immigration officers can’t hunt down the millions of illegals in the country. Better to use scarce resources to deport criminals or people who threaten public safety, move along.

Prosecutorial discretion is a vital legal concept. But such forbearance applies to individual prosecutors who make a judgment about the facts and circumstances of a particular case, such as the nature and seriousness of the offense. Discretion cannot justify a refusal to enforce the law for entire classes of people.

Even the Administration concedes in its brief that Mr. Obama created a “blanket policy,” not mere guidance to law enforcement. And a choice not to prosecute doesn’t typically come with a benefits package that includes Obama-Care and the Earned Income Tax Credit.

The Administration claims it can do whatever it pleases on immigration because of the *Arizona v. U.S.* precedent. In 2012 the High Court overturned a law that allowed state officers to arrest illegals for deportation because it “violates the principle that the removal process is entrusted to the discretion of the federal government.” The feds are supreme on immigration law—but only when Congress passes a statute. The *Arizona* ruling was not an open-ended grant for the executive branch to rewrite the law, but rather to look at “the equities of an individual case.”

The Texas court ruled, and the Fifth Circuit agreed, that the states have the “standing” to sue because they incur costs as a result of Mr. Obama’s order, such as the financial burden of issuing driver’s licenses to former illegals. But the more consequential damage is to democratic norms.

If Presidents can use “enforcement discretion” to suspend laws, the next one may choose to lower the capital gains rate by informing taxpayers the IRS won’t collect tax-evasion penalties over 15%. Environmental regulations could be ignored through a similar trick.

This should deeply trouble the liberal Justices as much as the conservatives. This case gives them an opportunity to reset the political system for the post-Obama era. His lawless integration of the executive and legislative functions deserves a rebuke before the practice becomes a permanent feature of U.S. politics.

Cardinal Bernie

In the 1600s the sculptor Bernini had Pope Urban VIII as his benefactor. Today Bernie Sanders wants to claim Pope Francis. In the pope’s second foray into American presidential politics—the first was to suggest Donald Trump is not a Christian—Francis met with the Democratic Party’s socialist underdog on Saturday.

Mr. Sanders’s audience was granted after he participated in a Vatican conference celebrating the 25th anniversary of Pope John Paul II’s encyclical *Centesimus Annus*. In his remarks on the encyclical, Mr. Sanders used his Vatican pulpit to declare that “the issue of wealth and income inequality” is “the great moral issue of our time.”

The irony is that Senator Sanders seems to be

Sanders won’t like what a papal encyclical says about socialism.

completely unaware that *Centesimus Annus* was one of the most pro-market documents ever to come out of the Vatican. While it certainly carries warnings about a capitalism unbounded by law and a healthy culture, it also spoke eloquently of the “human rights to private initiative, to ownership of property and to freedom in the economic sector.”

As for socialism, the encyclical was unsparing. Pope John Paul II agreed with earlier popes that socialism fails as a political system because it is rooted in the denial of freedom. So perhaps it’s useful for Mr. Sanders to spend time with *Centesimus Annus*, assuming he reads enough to see its denunciations of socialism and appreciation for what human creativity can accomplish in a free-market economy.

that better describes today’s borrowers saddled with an average of \$28,000 that can’t be unloaded even in bankruptcy. The objection is

that successful workers might pay back more than they borrowed, though the irony is progressives cheer when top earners are forced to shell out their “fair share” in taxes. Purdue caps repayments at 2.5 times the value of the contract, and the point is to plow returns into helping future students.

Another concern is that only poor performing students will sign up, but perhaps Purdue’s plan to offer contracts tailored to individuals will help the school recoup the investment. The question is whether the idea can compete with federal programs from Pell Grants to Parents Plus loans for mom and dad. But if income sharing takes off, students looking at contracts would see data on predicted earnings, and more might be inclined to choose departments that tend to produce value.

The real risk in this venture may be political. The lurkers at the Consumer Financial Protection Bureau have said they’re watching income-share agreements “closely,” and the government doesn’t like competition. A bill introduced by Senator Marco Rubio (R., Fla.) would lay out ground rules for the arrangements and settle any lingering questions about legal enforceability, yet that has gone nowhere.

Income-share agreements can’t address all the reasons college is so expensive, from armies of administrators to faculty members who don’t teach. Still, Purdue deserves credit as a rare school willing to innovate now that it’s clear that handing \$50,000 loans to 18-year-olds isn’t a sensible way to pay for college.

The Supreme Court turns to Obama’s lawless immigration order.

LETTERS TO THE EDITOR

Lew Can’t Change Law, So He Changes Rules

Pfizer CEO Ian Read’s remarks quoted in “Jack Lew’s Political Economy” (Review & Outlook, April 7) recall similar thoughts from an especially good source. Mr. Read says, “If the rules can be changed arbitrarily and applied retroactively, how can any U.S. company engage in the long-term investment planning necessary to compete?”

In the *Federalist Papers* (No. 62, 1788) a prescient James Madison said: “What prudent merchant will hazard his fortunes in any new branch of commerce when he knows not but that his plans may be rendered unlawful before they can be executed? What farmer or manufacturer will lay himself out for the encouragement given to any particular cultivation or establishment, when he can have no assurance that his preparatory labors and advances will not render him a victim to an inconstant government?”

Have we reached a point in this country where original intent means less than nothing?

WILLIAM URBAN
Catonsville, Md.

It’s hard to see what Mr. Read is complaining about. Think about all of the bankrupt coal companies and shuttered for-profit schools, to name a few victims, the Obama regulatory juggernaut has left in its wake. So Treasury Secretary Jack Lew’s latest weekly corporate tax-rules change doomed Mr. Read’s \$150 billion merger with Allergan. Big deal! At least the president deigned to permit Pfizer to stay in business as a going concern.

It looks like Pfizer’s chief didn’t get the memo. He’s still operating under the illusion that his mandate is to

build value for his shareholders. No, Mr. Read, according to the Obama administration, your job is to be an economic patriot and pay the maximum amount to the Treasury so the administration can put it to use as it sees fit.

STEVEN M. COHEN
Bedford Hills, N.Y.

Jack Lew is correcting a crime against stockholders by companies involved in inversions. These are stocks I never would have sold at this time.

EMILY M. DOUCETTE
Pompano Beach, Fla.

The Obama administration regularly complains about high drug prices but at the same time has blocked a deal that would have significantly lowered costs at the largest drug company in the U.S. Actions speak louder than words.

GAVIN ROBERTS
Denver

U.S. Constitution, September 1787: “No Bill of Attainder or ex post facto Law shall be passed.”

U.S. government, April 2016: “No Bill of Attainder or ex post facto Law shall be passed, with the exception of administrative law.”

HOWARD DELONG
West Hartford, Conn.

So, Pfizer’s CEO has nailed the reason for small wage gains. As an employer, I can tell you that compensation costs are rising much faster than take-home pay. This is due in no small part to the inflated prices Americans pay for prescription drugs.

JERRY JUNG
Birmingham, Mich.

The Republicans and Their Cruz Conundrum

Regarding your editorial “The Cruz Conundrum” (April 11): Ted Cruz may have only his grandstanding, piousness and divisiveness to blame for his projected general-election loss to Hillary Clinton or Bernie Sanders, but polls predicting that loss may simply reflect the mountain of media hostility faced by any Republican running for president as well as two decades of demographic and cultural trends that favor Democratic candidates. The fact that Mrs. Clinton could slip into the White House following eight years of lackluster economic growth under President Obama, despite her ample political baggage, may say more about today’s electorate than about her Republican opponent.

You state that one of the reasons Sen. Cruz is relatively unpopular, even among his fellow GOP senators, is that “for months he’s told independents, moderates and swing voters he doesn’t need their support.” Recall that Jeb Bush, an early favorite of GOP moderates, for months told conservatives he didn’t need their support. With hindsight (or with common sense), it is obvious that Mr. Bush’s ignore-the-base strategy was doomed from the get-go. If Mr. Cruz is the GOP

nominee, he will have months and a few presidential debates in which to broaden his appeal. If he fails to win the White House, conservatives will have to concede that America has moved decisively to the left and it’s time to give way to more progressive GOP moderates.

RAY GAINES
Newport News, Va.

The Republican presidential losses in 2008 and 2012 should be attributed to the historic phenomenon of Barack Obama, coupled with the effects of war and recession, rather than to a lack of conservative purity by Republicans. This perfect storm is now waning.

Republicans of all stripes must recognize the Democrats’ strategy has been to goad them into enraged rhetoric and extreme positions that can easily be turned against them with the majority of voters. As a result, they need to resist the emotional, suicidal Trump-Cruz urge. With the Democratic Party having strayed so far to the left, there has never been a better moment for a Republican more sensible than these two.

PATRICK FEELY
Pasadena, Calif.

It’s Right to Adjust the ‘No Overtime’ Cutoff

Donald Boudreaux and Liya Palagashvili’s April 8 op-ed “Working Overtime to Avoid the Truth” provides an inaccurate picture of the effects of the Labor Department’s proposal to update the overtime rules. The overtime regulation for white-collar, salaried employees has fallen woefully out of date, no longer identifying low-paid salaried workers who should receive overtime pay when

working long hours. The exemption from eligibility originally meant for well-paid, white-collar employees now applies to workers earning as little as \$23,660 a year—below the poverty line for a family of four.

Contrary to the authors’ assertion, there is no requirement under the proposal that salaried workers must become hourly ones or have to “punch” time clocks. Employers will still enjoy the same latitude they have today in figuring out the best way for them and their employees to adhere to overtime requirements including devising flexible work schedules and telework options.

The authors also misinterpret the findings of other economists. Notably, they cite only the downside of studies by Stephen Trejo and Anthony J. Barkume showing negative impacts of overtime changes on base pay. In fact, those authors concluded that even where base salaries were reduced following revisions to overtime rules, workers’ take-home pay increased as a result of finally being compensated for the overtime hours they worked.

Our proposed update would mean millions of workers, many denied overtime simply by outdated rules, will finally receive a fair day’s pay for a hard day’s work, or something just as valuable: time for themselves and their families.

DAVID WEIL, PH.D.
HEIDI SHIERHOLZ, PH.D.
Labor Department
Washington

Mr. Weil is administrator of the Labor Department’s Wage and Hour Division.

One Man, One Vote Is Right For State Senate Districts

I disagree with former judge Larry Stirling about the effect of *Baker v. Carr* (Letters, April 11). Until 1962 all the states had adopted a false model of the federal system—all having a house and a senate. Like the feds, they had houses from equally sized population districts. But their state senates were from different-sized districts, just like the U.S. Senate, with two senators from little Rhode Island and two from huge California. One state senator might represent 100,000 voters, and another, 20,000.

The difference was that in the U.S. Senate, senators represented 50 distinct and equal legal constitutional entities—states, whereas state senators did not. *Baker v. Carr* ruled it was unfair and that all senates (except the U.S. Senate) must be based on equal-population districts. Today, state senators merely represent two combined state house districts. It’s duplicative. Nebraska’s unicameral chamber makes the most sense. Unicameral bodies surround us everywhere today: Every city council, every county board and every corporate board of directors is a unicameral body. Their decisions and members are easy to follow. It brings a frightening accountability that politicians hate.

STAN D. DONNELLY
Wayzata, Minn.

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WORLD NEWS

Disaster Strands Thousands in Japan

Aftershocks and rain threaten landslides as Toyota, others forced to curb production

By JUN HONGO
AND YOKO KUBOTA

TOKYO—Tens of thousands of people on Japan’s southern island of Kyushu were living in temporary shelters and companies including **Toyota Motor Corp.** were forced to curtail production after two earthquakes that killed dozens.

A total of 41 people were confirmed dead in Kumamoto prefecture, the epicenter of a magnitude 6.5 quake on Thursday night and a magnitude 7.3 quake 28 hours later early on Saturday. About 110,000 people were taking refuge at temporary shelters there as of Sunday afternoon, a prefecture spokesman said.

There have been 444 noticeable earthquakes in the Kyushu area since Thursday night, according to the Japan Meteorological Agency. The rain could induce landslides in areas where soil was loosened by the quakes, the agency said.

The series of quakes has hampered efforts by companies to assess the damage and get operations in Kumamoto back on track.

Toyota said it would gradu-



Rescue workers searched Sunday for missing people in a massive landslide in Japan's Kumamoto prefecture after the earthquakes.

KIMIMASA MAYAMA/EUROPEAN PRESSPHOTO AGENCY

ally halt vehicle production this week at most of its plants in Japan because of a shortage of components following the Kumamoto quakes. A production halt will continue at its car plant in Fukuoka prefecture where Lexus vehicles are made. Some major plants in

central Japan including the Tsutsumi plant, where Toyota makes the Prius, will stop production from Tuesday to Saturday, the company said.

“We found damaged walls, broken windows and assembly equipment out of position” at two Kyushu factories, said a

spokesman at Toyota supplier **Aisin Seiki Co.**, which makes door and engine parts. Employees began assessing damage Sunday and it was unclear when the factories could restart, but the company said it would increase production at other factories in Japan and other coun-

tries to minimize the impact.

Other auto makers including **Honda Motor Co.** and **Nissan Motor Co.** have also halted operations at factories in the area.

Sony Corp. was assessing damage at a plant in Kumamoto where image sensors for

smartphones including **Apple Inc.’s** iPhones are manufactured. “Cracks were found in the factory’s walls and windows were broken,” a spokesman said, adding that employees had been sent home as large aftershocks continued. “The plant doesn’t look like it can restart in a day or two,” he said.

“There are no signs that seismic activity is settling down,” Gen Aoki, an official at the Japan Meteorological Agency, said at a news conference. He warned that significant aftershocks could continue for at least a week.

About half of the 41 people who died in the quakes were crushed to death inside collapsed dwellings, according to Kumamoto prefecture. Tokai University said three of its students died after apartment buildings in the village of Minamiaso collapsed.

Kumamoto prefecture said 11 people were unaccounted for in the prefecture, all of them in Minamiaso, a rural area where most dwellings are small. Searches continued for the missing.

Prime Minister Shinzo Abe told reporters that the government would coordinate with the U.S. military, which has offered to transport relief supplies to the area. The government is set to send in 25,000 Self-Defense Forces personnel to the area by Monday.

China Starts Planning to Help 1.8 Million More Jobless

By MARK MAGNIER

BEIJING—China etched in details of plans to help workers laid off from the bloated coal and steel industries, saying assistance would include career counseling, early retirement and help in starting businesses, among other measures.

New guidelines released by seven Chinese ministries over the weekend build on previous commitments to restructure the coal and steel industries,

whose excess production is dragging on the economy, and to take care of an estimated 1.8 million workers who will be displaced.

The new measures place priority on finding jobs and cushioning the transition to reduce the unemployment that the authoritarian government sees as a threat to social stability.

“Proper placement of workers is the key to working to resolve excess capacity,” said the document issued by the labor

ministry, the top economic planning agency and others. It urged local governments to “take timely measures to resolve conflicts” and to “avoid ignoring the issue.”

Unlike a far-reaching restructuring of state industries two decades ago, Beijing is taking a cautious approach this time.

The large number of ministries that signed off on the plan dated April 7 but released more than a week later underscores the sensitivity, impor-

tance and breadth of resources China is devoting to the unemployment problem.

Among the measures outlined include early-retirement benefits for those within five years of mandatory retirement—generally age 60 for men and 55 for women—job fairs at companies with at least 100 laid off workers, and help relocating unemployed workers to areas with more opportunities.

Training, seed funding and consulting services would be

provided for those interested in starting businesses, with the self-employed and newly registered companies eligible for tax relief, preferential loans and other support.

The plan also calls for policies to create more employment demand, including providing financial and other support for companies that create high-tech, Internet-related or higher-value industrial products and services. The plan doesn’t address the skills

mismatch between aging coal and steelworkers and the demands of higher-tech jobs.

Despite China’s weakening economy—which downshifted to 6.7% in the first quarter of 2016—overall employment has held up relatively well even as factories shed workers. China said the economy added 13 million new urban jobs last year, largely in the service sector.

That trend is likely to be tested as the slowing economy eats at corporate profits.

Former Prisoner Recounts Time in North Korean Gulag

By JONATHAN CHENG

SEOUL—Several months after North Korea sentenced Kenneth Bae to 15 years of hard labor on charges of trying to overthrow its government, the Korean-American missionary got an unexpected White House visitor.

During the five-minute meeting in 2013, which hasn’t previously been made public, the visitor said he was an envoy of President Barack Obama and that the administration had made Mr. Bae’s case a priority.

The man, accompanied by a doctor, hugged Mr. Bae as he left, and returned minutes later to take a photo of the prisoner to show his family. Mr. Bae says his family never saw the photo and it was another year until he was released, after a visit to the North Korean capital, Pyongyang, by U.S. Director of National Intelligence James Clapper.



Kenneth Bae, center, appeared during his sentence in 2014.

hotel; and Kim Dong-chul, who was detained for “committing hideous hostile acts and espionage” against the government. The State Department hasn’t confirmed Mr. Kim’s case, but North Korea has and he has appeared in a CNN interview.

The account also sheds light on the motivations driving Pyongyang, which has detained foreigners with increasing regularity amid an uptick in tensions and a rise in tourism and humanitarian aid to the isolated country.

Between 1994 and 2014, 15 U.S. citizens were detained by North Korea, according to a Washington advocacy group, the National Committee on North Korea, many of them tourists, journalists or missionaries. Some of them returned home with high-level U.S. representatives, including Mr. Clapper and former presidents Jimmy Carter and Bill Clinton.

Mr. Bae, a missionary, was arrested in late 2012 after authorities at a border crossing with China discovered material preaching against the government on his computer hard drive. He acknowledges this.

During a private meeting with his North Korean prosecutor before the trial in April 2013, Mr. Bae was told to make a full confession so the U.S. government would free him, he recounts in his memoir.

“It does not matter what happens during the trial,” Mr. Bae describes the prosecutor telling him. “The important thing is what comes after the trial and how your government responds to it.”

After his trial, Mr. Bae, now 47 years old, was sent to a labor camp where he was watched closely by three uniformed guards as he planted soybeans.

Other U.S. citizens who have received long sentences have later spoken of a vacuum of information, humane if spartan treatment, and hefty fines for their prolonged stays—which Mr. Bae corroborates. Though Mr. Bae had virtually no access to news other than North Korean propaganda, he was given regular meals and was transferred temporarily to a hospital when his health deteriorated.

—Carol E. Lee in Washington contributed to this article.

PAID ADVERTISEMENT

WE'D LIKE TO SET A NEW CATCH LIMIT FOR GLOBAL COMMERCIAL WHALING. ZERO.

SeaWorld and The Humane Society of the United States are united in asking President Obama to crack down on Japan’s disregard for international whaling laws.

Just recently, Japan’s whaling fleet returned from the Antarctic with 333 minke whales. Of those, approximately two-thirds were pregnant. In 2014, the International Court of Justice (ICJ) determined that Japan’s whaling in the Southern Ocean was illegal and in breach of the 1982 moratorium on commercial whaling enacted by the International Whaling Commission (IWC). We were hopeful that Japan would abide by the ICJ ruling. It has not.

Here are some of the recommendations we’ve made in our letter to President Obama:

- The U.S. delegation should urge the IWC member nations to take a stronger stand against whaling at the October 2016 meeting and detail actions the United States will consider if whaling persists.
- The U.S. government should advance the case against commercial whaling in all trade agreements.
- The U.S. Commerce Department should survey Japan’s assets as part of a new Pelly certification, allowing the president to take serious measures against the offending nation.

Despite efforts to end the senseless slaughter of these marine mammals, Japan continues this horrific practice and defies international law. SeaWorld and The Humane Society of the United States believe that it is time for the United States to reassert itself as a champion for whales and to take a stronger hand in pressuring Japan to relinquish whaling.



SeaWorldCares.com



HumaneSociety.org

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THE WALL STREET JOURNAL.

Monday, April 18, 2016 | A17



A boarded-up home in Edgemere as seen this month. Virtually all of the 6,635 residents in the Rockaway community live in a flood zone.

A Neighborhood Finds Hope

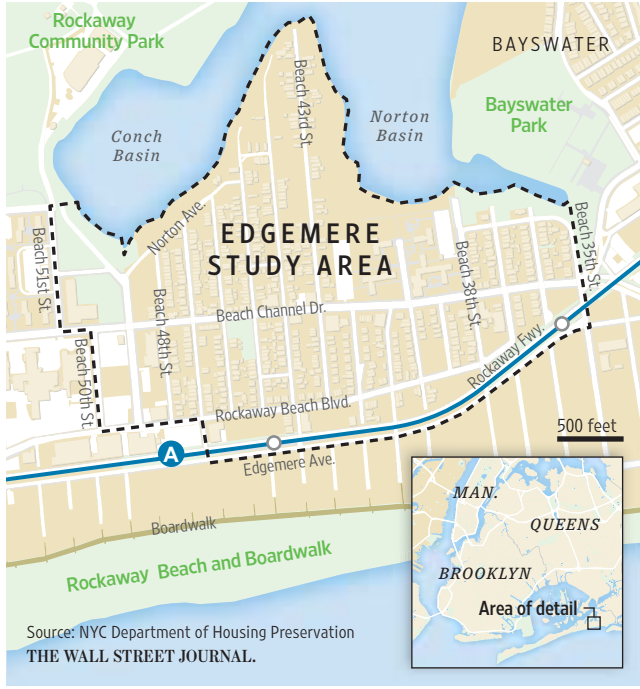
At edge of Rockaway, flood-prone Edgemere has chance for revamp; some residents dubious

By MELANIE GRAYCE WEST AND HENRICK KAROLISZYN

Across the bay from John F. Kennedy International Airport, Edgemere is a working-class community on a desolate stretch of the Rockaway Peninsula that is little-known to many New York City residents. Blocks of barren oceanfront lots are covered by grass and debris, and partially paved roads lead to city-owned beaches overlooking the Atlantic Ocean, where piping plovers and other protected birds have claimed the land. Virtually all of its 6,635 residents live in a flood zone.

Though superstorm Sandy left Edgemere badly damaged in 2012—a second blow, many say, after the financial crisis in 2008, which led to many foreclosures in the area—it offered a clean slate, too. City planning officials see an opportunity to fundamentally revive the Queens community, moving residents out of harm's way while improving their access to the beach and delivering affordable housing and infrastructure. Through planning sessions with residents, the city is fielding a community wish list that includes a bird sanctuary, playgrounds and most important, jobs-producing retail shops. “I think the city is really, incredibly focused on how rare an opportunity this is,” said Christie Peale, executive director of affordable-housing nonprofit BEACH.

Please see BEACH page A18



Exhibition Space Clicks on Bowery

By JENNIFER SMITH

To draw attention to its future exhibition space on the Bowery, the International Center of Photography enlisted the French street-art star JR to paste a black-and-white image of a woman across the three-story facade of the building next door.

The piece, installed earlier this year, recreates a 1941 picture of a woman peering out her front door in London during the Blitz. It was taken by the war photographer Robert Capa, whose brother decades later founded the center, now considered among the most influential institutions in the world of photography.

Equal parts homage and Instagram bait, the installation is a fitting signpost for ICP's new location, which is intended to boost attendance and fundraising while also asserting the center's continued relevance in the age of democratized, digital image-making.

ICP plans to open the space June 23 with a new exhibition, “Public, Private, Secret,” that focuses on notions of privacy in visual culture. It will be the center's first in-house show in New York since it shut down its Midtown museum last year and moved its archives and curatorial offices across the Hudson River to a rented space at Mana Contemporary, an arts center in Jersey City.

In February 2015 ICP plunked down \$23.5 million for the space, 11,000 square feet spread across two floors. The move downtown comes as the center is also scouting potential locations nearby for its school, a key revenue source that for now remains in rented digs in Midtown.

“It's the first time since 1999 that ICP has owned something,” said Mark Lubell, the center's executive director. “People want to give money

Please see CENTER page A18

Man in Queens Is Fatally Shot In Police Clash

By PERVAIZ SHALLWANI

New York City police officers fatally shot a 32-year-old man Sunday in Queens after he reached for a gun in his waistband, authorities said. A preliminary investigation by the New York Police Department determined four officers, who were all working in plainclothes, fired a total of 13 rounds at the man, striking him several times in the torso. Authorities identified the man as George Tillman, who was black. He was from Maryland, in town for a family gathering, according to a woman who said she was Mr. Tillman's aunt but declined to give her name.

The NYPD didn't disclose the names of the officers or their race.

Investigators recovered a .40-caliber Hi-Point handgun at the scene and questioned a man who was with Mr. Tillman, according to authorities. The man has been released.

The officers were all assigned to a neighborhood-conditions unit but had been tasked Sunday morning to work in an anticrime capacity by local commanders, an NYPD spokesman said.

Department policy requires conditions-unit officers to wear uniforms on assignment, a designation that came under scrutiny last month after the arrest of a postal worker delivering packages in Brooklyn. Policy, however, stipulates anticrime officers can work in plainclothes, a spokesman said.

The shooting took place around 1:30 a.m. near the intersection of 116th Avenue and 135th Street in a residential stretch of the South Ozone Park

neighborhood, police said.

Two officers in an unmarked police car headed south on 135th Street noticed Mr. Tillman standing outside a double-parked sport-utility vehicle with an open bottle of alcohol and a gun in his waistband, police said.

When the officers confronted Mr. Tillman, he ran away and ignored repeated orders to stop, police said.

After a short distance, as Mr. Tillman approached the corner of 116th Avenue, a second unmarked police car carrying two officers and a sergeant pulled up; they also confronted the man, police said.

Four officers fired a total of 13 rounds, several striking the armed man.

During the confrontation, police said, Mr. Tillman reached for his gun and four of the officers fired their weapons.

Eddie Munoz, 25, was in bed when he heard what sounded like firecrackers. “I turn to my wife and I said, ‘Man, the party is live tonight.’”

Mr. Tillman was taken to Jamaica Hospital Medical Center, where he was pronounced dead around 2 a.m., officials said.

The woman who said she was Mr. Tillman's aunt described him as “a loving, caring father” of five children.

Under department rules, the officers will be assigned to administrative duty while department investigators review the shooting.

—Mark Morales contributed to this article.



A police officer recovered a .40-caliber Hi-Point handgun Sunday from the scene in the South Ozone Park area of Queens.

77°
TODAY'S HIGH

MOSTLY SUNNY

N.Y. Sports Lineup

Weather
Real Feel
9 a.m. 64°
5 p.m. 75°
Record Low
25° (1875)
Sunrise/Sunset
6:12 a.m./7:39 p.m.
Tuesday's High
68°

7:05 p.m.
Monday
Mets @ Phillies

For N.Y. sports coverage, see A22



“I’ve been banking with First Republic for several years now and they keep getting better.”

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CITY NEWS



A Harvest Devoted To Helping Sustain The City’s Hungry

The mistake was in not having lunch before I joined the maiden voyage of City Harvest’s new 26-foot truck.

It may sound counterintuitive to be standing furnished in a 45,000-square-foot warehouse in Long Island City, filled with everything from donated

URBAN GARDNER RALPH GARDNER JR.

Tropicana orange juice to spaghetti squash from Arizona and Yoplait yogurt from Pennsylvania. But all that food was destined for soup kitchens, food pantries and other community feeding programs. City Harvest will collect about 55 million pounds of excess food this year to help feed nearly 1.4 million hungry New Yorkers.

Nonetheless, I didn’t think

the group would miss one 15-ounce bottle of “Naked,” an almond-milk juice smoothie that Tropicana had donated along with the orange juice. After all, there were dozens of cases of it.

“It’s like working in a bank with \$100 bills,” said Lex Wilder, City Harvest’s food operations liaison. “It’s tempting, but you don’t do it.”

There are exceptions, like fresh produce. More than half of what City Harvest collects is fruits and vegetables.

“When we get canary melons from Florida, we’ll cut one open to test the quality,” said Miguel Bido, the non-profit’s senior director of transportation and warehouse operations.

I was under the impression that most of City Harvest’s collections are leftovers from Manhattan restaurants, some of them fancy. That’s



Rolls at Tom Cat Bakery in Long Island City, left. Driver Ron Maldonado, in red hairnet, loads baked goods onto the new truck.

not altogether wrong. Restaurants that make donations include Per Se, The Capital Grille and Le Bernardin, which has a refrigerator dedicated for City Harvest pickups.

“Mostly it’s produce, and some of the fish,” Mr. Wilder said.

But the majority of the contributions, about 38 million pounds a year, come from local farms and major food manufacturers, according to Mr. Bido. Another 18 million pounds come from local bakeries, restaurants and the like.

Our route was to take us for pickups at Tom Cat Bakery and Fresh Direct, both also in Long Island City, and then make a delivery to a food pantry farther into Queens, one run by Project Hope Charities in Jamaica.

Along the way to Tom Cat Bakery, driver Ron Mal-

donado explained that a typical day starts in the early morning at Hunts Point Market, whose vendors last year contributed 3 million pounds of food, mainly produce and meat.

Visitors to a food pantry sometimes time their trips to the truck’s arrival. “On distribution day, soup kitchens will have given out everything they have and the crowd knows a City Harvest truck is coming,” Mr. Maldonado said. “They’ll wait around to see what extra stuff we have. They definitely appreciate it.”

When we arrived at Tom Cat Bakery, huge bags of fresh rolls and bread awaited us, made all the more enticing by the fragrance of baking bread.

“We have lots of rejects,” said James Rath, Tom Cat Bakery’s vice president of operations. “But they’re not rejected for anything.”

For example, an order for

a top restaurant may include rolls that measure 3 inches long. If one batch comes out of the oven a bit longer or shorter, Mr. Rath said, “they go into the City Harvest bag. But it still tastes great.”

Apparently observing my ravenous expression, Mr. Rath supplied us with a bag of tasty pretzel and Parker House rolls.

Our next stop was Fresh Direct’s Long Island City center, which proved even more challenging to a lunch-deprived reporter. The boxes for pickup were topped off with a roasted turkey-and-Swiss sandwich and a large toasted almond frangipane tart.

“I spend a lot of time with our growers and fishermen,” said David McInerney, a co-founder of Fresh Direct. “To see how much goes into growing the food, it crushes us if we have to waste anything.”

Mr. McInerney gave the example of milk that the online grocer guarantees to be fresh to the customer for seven days. “We get down to six days,” and while the milk is still good, it doesn’t meet Fresh Direct’s promise to customers. “What’s better than taking that food and making sure people are eating it?”

I never made it to Project Hope Charities because I had to get back to Manhattan for another appointment. But I was told the delivery was a success.

Besides the contributions from Tom Cat Bakery and Fresh Direct, the load included cheese, canary and honeydew melons, and butternut squash.

When I emerged from the subway, I was forced to make do with a hot dog at Papaya King.

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CENTER

Continued from page A17

and lend their names to things that they think are going to be permanent.”

ICP at 250 Bowery will take up the first floor and lower level of a building across the street from the New Museum. There will be galleries on both levels, in addition to free public space on the ground floor that includes a bookstore, cafe and room for panels and lectures.

During a recent visit the site swarmed with construction workers wielding power tools. “This is all glass,” Mr. Lubell said above the din, pointing at the front wall, still shielded by a blue tarp. “People will sit here and from the street, you’ll be able to see what’s happening.”

The new exhibition space is on a rapidly gentrifying stretch where the Bowery Mission



Construction last month in the Center of Photography’s new gallery space at 250 Bowery. The first exhibit will open in June.

shelter and restaurant-supply stores share streetfront with a hipster Japanese bicycle emporium and Sperone Westwater, an eight-story gallery designed by Norman Foster. Steps away is the burgeoning Lower East Side art scene, now home to some 130 galleries.

“Going down to the Bowery...that’s a good move,” said art collector Artur Walther, a former ICP trustee and longtime supporter who was honored this month at the center’s annual Infinity Awards. “The question is, however, is that space sufficient? And where

does the school go?”

Photojournalist Cornell Capa founded ICP in an Upper East Side townhouse in 1974 to champion what he called “concerned photography”—documentary work that bears witness to the human condition, often with a bent toward advocacy or social change.

The center, which has since expanded its scope to encompass art and experimental work, includes more than 154,000 photographs in its archive and collection, by the likes of Henri-Cartier Bresson, Weegee and William Wegman.

In 1999 the center sold the townhouse and concentrated its operations on Avenue of the Americas, near Bryant Park, using proceeds from the sale to build up its endowment, which now stands at about \$13.7 million.

Over the decades ICP has mounted a number of well-reviewed shows. But critical success hasn’t always translated

into foot traffic or major donations.

The center attracts about 165,000 visitors annually and had a \$20.1 million operating budget in fiscal 2014. Its largest form of support: tuition and fees from the school, which serves 5,000 students a year and supplied 33% of ICP’s revenue that year. Investments and other income accounted for about 21%, while contributions and admissions made up about 16% and 4%, respectively.

The center’s balance sheet “is much stronger now,” said Mr. Lubell, because it has the physical asset of the Bowery space.

ICP’s downtown move comes as technology, smartphones and a tsunami of images generated by citizen-photographers continue to upend the way photography is created and consumed.

Mr. Lubell sees opportunity amid the upheaval. “We are all now visually communicating

with each other,” he said, from social apps such as Snapchat to violent videos by groups such as Islamic State.

ICP, with its mission to examine how images can illustrate and influence change, he said, is “well-positioned to be an arbiter of what all this visual communication means.”

Case in point: the new space’s debut exhibition, “Public, Private, Secret,” which will examine voyeuristic views of 20th-century society as well as the exhibitionistic bent of the 21st century, when many showcase their lives online.

A section on fame, for example, will include a screen that pulls up images in real time based on Internet activity, pushing people up and down depending on how often they are being searched for.

The goal once the center opens, said Jeffrey A. Rosen, president of ICP’s board, “is to make sure people know we haven’t missed a beat.”

BEACH

Continued from page A17

profit Center for NYC Neighborhoods, “not only to do holistic programming, but to have significant sites that are buildable.”

Over the past six months, Edgemere residents and the city’s planning and housing departments have reviewed maps, discussing block-by-block and lot-by-lot the

makeup of the community and what it should look like in the future. While the details of funding and timing are scant, residents say this time feels different from other promised renewal efforts.

“I have got to give [the Department of] Housing, Preservation and Development a lot of credit for what seems to be sincere, meaningful engagement with the community,” said Kalin Callaghan, 33 years old, a Rockaway native and community activist who attended one of the meetings earlier this month.

What makes this revival possible is multipart: The city owns much of Edgemere’s vacant land, there is a core team of city agencies that will pool money and resources, and homeowners are motivated to protect their property from future storms and coastal erosion. There is also the potential for millions in state, city and federal dollars to come into the community, along

with money from private developers, but city officials say there are no firm financial commitments yet.

Ultimately, the community meetings will lead to a road map that can be used by the city and developers. A proposal for the area is expected to be ready this summer, city officials say, and may influence changes to Edgemere’s zoning. Councilman Donovan Richards Jr., the Democrat representing this area, leads the city’s subcommittee on zoning and franchises.

He looks forward to “hefty” city funding, he said, “to make sure we can build out the full potential of this community.”

Edgemere, however, has long heard debates about its potential.

Vicki Been, commissioner of the New York City Department of Housing Preservation and Development, said neighborhood residents can easily recall the broken promises of past developers, including promises the city made to build housing in the 2000s.

She hears many complaints about the fenced-in, vacant lots that dot the neighborhood, she said, but one of the proposals is for Edgemere homeowners to have the option of trading their flood-prone homes for ones located on the lots, which are generally farther inland.

There are worries about high-rise buildings and expensive housing, said Ms. Been, but at the same time, residents are clamoring for retail. This is an area of friction.



An unpaved section of road in the Rockaway’s Edgemere neighborhood, where flooding is common.

“If you want retail, you are going to have to absorb some density. That’s the honest truth,” she said.

Mr. Richards knows that the biggest fight will be over how to keep the community affordable to its working-class residents. “That’s my biggest worry,” he said.

According to a history published by the Architectural League of New York, Edgemere and its surrounding communities were once popular summer-resort towns for wealthy New Yorkers. The first hotel arrived in the area around

1832, followed by homes in the early 1880s, and later, a year-round population.

By the 1940s, the eastern end of the Rockaway peninsula had more than 100 hotels. In the 1950s, housing projects arrived, and more than a decade later, Edgemere was included in the larger Arverne urban-renewal area. Since the late 1960s the vacant land along the beach has remained empty.

The beach is within walking distance of an A-train station, though because of its disrepair, it isn’t the draw that other parts of the Rockaways have

become.

An amusement-park area, for example, would bring in people and provide much-needed jobs, said Mr. Richards.

Marlen Waaijer, who heads the Norton Basin Edgemere Stewardship Group, which protects the local wetlands, and who has lived in Edgemere for more than 14 years, is worried about the neighborhood becoming overrun with retail, or changes in zoning.

“The city comes and everyone gets excited,” she said, “but it keeps going. Nothing changes.”

CITY NEWS

Police Identify Man as Suspect In Two Stabbings

By PERVAIZ SHALLWANI

New York City police were searching for a 53-year-old man on Sunday who they believe fatally stabbed a homeless man on Friday and slashed a livery-cab driver a day later.

Police over the weekend identified William Smith, who goes by nicknames “Pretty Boy” and “Green Eyes,” as a suspect in both cases.



William Smith is wanted for questioning in the attacks that took place on Friday and Saturday.

According to investigators, during both encounters, Mr. Smith either robbed or attempted to rob the men, stabbed them and then fled. Police were working to determine if he was linked to any other unsolved crimes, officials said.

The most recent incident occurred around 12:30 a.m. Saturday in Queens, police said.

Mr. Smith had allegedly taken a short livery cab ride within Queens, from Corona to a Holiday Inn in Flushing, where he attempted unsuccessfully to rob the 43-year-old driver, then slashed his back and neck and fled on foot, police said.

A cellphone and wallet were recovered from the scene.

The driver was taken to Elmhurst Hospital Center, where he was listed in stable condition.

The incident came less than a day after police found a man dead in his room at Bellevue Men’s Shelter, a homeless

shelter on East 30th Street in Manhattan’s Kips Bay neighborhood, from stab wounds to the neck. New details in that case emerged over the weekend that led to Mr. Smith being identified as a suspect.

The stabbing victim, who hasn’t been identified pending family notification, was found in a bed around 8:30 a.m. in a third-floor room where there was evidence of a struggle, officials said.

On Saturday, medical examiners determined the man suffered two deep stab wounds to the right side of his neck and ruled the death a homicide, officials said. They determined he died several hours before his body was found.

A witness told police that he had seen Mr. Smith washing blood from his hands in a shared bathroom on the same floor where the victim was found, a law-enforcement official said. Mr. Smith told the witness that he had cut himself, the official said.

Investigators recovered blood-soaked sheets and clothing from a garbage can outside the bathroom, the official said.

The victim sold loose cigarettes at the shelter and was “known to have money,” the official said.

Police also believe that Mr. Smith and an accomplice robbed the victim at the shelter about two weeks ago, the official said.

The fatal stabbing was the latest in a string of violent incidents at New York City homeless facilities. City officials last month brought in the New York Police Department to examine shelter safety and retrain guards.

Mr. Smith is described by police as having hazel eyes and standing at 5-foot-7 at about 160 pounds.

New Vision on the Hudson



FUNNY BUNNY: An inflatable rabbit figure stood guard Sunday at Brookfield Place as part of the installation ‘Intrude’ by Amanda Parer.

Greater New York Watch

CONNECTICUT Methadone Programs Planned for Prisoners

Connecticut officials plan to expand methadone treatment to prisoners across the state over the next year, in what authorities believe would be the first statewide program to use the drug to help inmates avoid harsh withdrawal symptoms.

The effort comes as heroin overdoses have soared nationwide. In Connecticut alone, heroin was detected in 415 people who died from accidental over-

doses last year, up from 174 in 2012, according to the state.
—Associated Press

NEW JERSEY Man Unhurt on Track As Train Passes Over

A man lying between some railroad tracks was uninjured when a NJ Transit train passed over him this weekend, authorities said.

He now is facing a charge of interfering with transportation following Saturday’s incident in Elmwood Park.

Authorities said the man appeared to be drunk and he was taken to a hospital for an evaluation.

NJ Transit said the train had departed from Hoboken and was headed to Suffern, N.Y. The train was delayed for nearly an hour while the incident was investigated.

—Associated Press

NEW JERSEY Dirt-Bike Rider Dies After Hitting Vehicle

A Paterson man injured in a deadly hit-and-run accident that allegedly involved a city police officer last year was killed Saturday when the dirt bike he was riding crashed into a car.

Ameem Fields, 27 years old, wasn’t wearing a helmet when the crash occurred around 9:30 p.m., authorities said. They said Mr. Fields was thrown off the motocross bike when it hit the passenger side of the car.

Last June, Mr. Fields was injured and his 23-year-old brother, Jaquill, was killed when they were struck by a car allegedly driven by an off-duty Paterson police officer. The officer was indicted last month on charges of knowingly leaving the scene of a fatal accident and endangering an injured victim.

—Associated Press

NEW YORK STATE Officer Pinned by Car Shoots, Kills Driver

A police officer shot and killed a driver who had trapped him between his car and a police vehicle in upstate New York, officers said.

The officer stopped the car at about 3 a.m. Sunday in Troy. Police said the driver tried to hit the police sergeant with his vehicle, then sped away.

The officer got into his car and caught up with the suspect as he struck a street barrier. The officer tried to block the driver with the police car and got out while another police car blocked from the rear.

Police said the suspect then lurched forward and pinned the sergeant, who shot him through the windshield.

The name of the dead driver wasn’t immediately known.

—Associated Press

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HEARD & SCENE

Build Taps Into New York’s Entrepreneurial Giving Base

To launch the New York chapter of Build, a nonprofit that helps underprivileged high-school students develop entrepreneurial skills and stay in school, Build:NYC Chairman Andy Russell didn’t want to throw an over-the-top event that would cost a lot of money. “I didn’t need to throw a fancy party with rubber chicken,” Mr. Russell, the chief executive of Trigger Media Group, said. That type of event, he said, is “boring for everyone.”

Instead, he went the entrepreneurial route. Late last week, he took over the nightclub Avenue, which he said he knew from experience doesn’t get a ton of business in the early evening hours and might be free. There, he threw a cocktail party with a keynote speech, a fairly extensive live auction and Artichoke Pizza for all.

Though there was an open bar, to keep costs down, “it was well liquor,” Mr. Russell said, and, for people who wanted premium beverages, he ran a separate tab.

“I pulled in every favor,” Mr. Russell said. Among the guests in attendance Thursday were Beth Comstock, vice chair of General Electric; Mark Bezos of the Robin Hood Foundation; Gary Vaynerchuk; Joe Zawadzki of MediaMath; Matt Britton; Amanda Freeman; David Schulhof and Noah Tepperberg.

Build was founded in 1999 in East Palo Alto, Calif., by Suzanne McKechnie Klahr, who happened to attend Riverdale Country with Mr. Russell. Though the organization had expanded to Boston and Washington, D.C., New York City “was always a goal,” she said at the event. “But how do you scale it?”

“Now that we have the



Build’s New York fundraiser at Avenue brought out, clockwise from right, Joe and Daria Zawadzki and honoree Kevin Ryan; Danny Agnew and Lisa and Mark Bezos; Brittany Weedon, Rhoden Monroe and Chiyoko Osborne; Brian Cohen and Jeff Klein; and Colin Miles Campbell, Build:NYC Chairman Andy Russell and Suzanne McKechnie Klahr, Build’s founder and chief executive.



evaluation to show how much the model works,” and over a thousand youth businesses have been incubated, Ms. McKechnie Klahr decided the time was right to jumpstart a plan for New York.

She noted that evening’s cookies, which featured the Build:NYC logo over the city’s skyline, had been made by the Boston-based Cookie Boss, one of Build’s many incubated high-school businesses.

“They’re really good,” she said of the cookies.

Mr. Russell said he felt entrepreneurship was really in the air in New York and would be a good addition to local schools. “Every millennial here wants to work at a cool start up,” he said. “They don’t want to be hedge-fund people. They don’t want to be investment bankers.”

He said he also hoped Build:NYC would unite the



New York entrepreneur community into “teaching what has helped us.”

Tech entrepreneur Kevin Ryan, who was the evening’s honoree and keynote speaker, seconded that sentiment. Build has the possibility to “have an enormous impact on New York and society,” Mr. Ryan said, speaking from the nightclub’s second-level DJ booth. “There will be things developed that



we don’t even know, that haven’t been discovered.”

Because, he added, entrepreneurs in the past might not have benefited from similar “role models,” Mr. Ryan said, “there are things we don’t have today.”

To spice up the live auction, Mr. Russell produced short videos advertising each of the lots. Some of the more popular ones included skiing at Squaw Valley with

Olympian Jonny Moseley (which sold for \$7,000), lunch at Twitter with Jack Dorsey (which sold for \$9,000) and a private dinner session with relationship expert Esther Perel (which sold for \$11,000).

“This wasn’t the hedge-fund crowd, this was the entrepreneur crowd,” said Mr. Russell. “For people who bid \$10,000, that’s a lot of money.”

COMMERCIAL PROPERTY

What’s the Deal

MIDTOWN Building’s Perks Lure Tech Accessories Firm

Lifeworks Technology Group is taking space at a Garment District building that is shifting away from its fashion-industry roots.

The maker of accessories for technology gadgets signed a nine-year lease for 16,000 square feet at 530 Seventh Ave., said owner Bob Savitt, president of Savitt Partners LLC. The 490,000-square-foot art deco building, located between West 39th and West 38th streets, has attracted firms from the technology, media and legal industries in the last several years.

“Fashion tenants don’t need all the space they used to have because sample making, design and shipping are no longer done in these places,” Mr. Savitt said. “So all these buildings have had to attract non-fashion tenants in these areas.”

As the building’s tenant roster has changed, Savitt has made improvements and added amenities such as the Skylark, a rooftop lounge where tenants can entertain guests as well as Space 530, a 30,000-square-foot co-working space that allows tenants to book extra conference rooms.

Lifeworks, which is relocating from nearby 1412 Broadway, was drawn to its new office because of the full-floor layout, natural light on all four sides of the building and the additional perks of the Skylark and Space 530, said Lifeworks partner Solomon Fallas.

—Keiko Morris

GREENWICH Architects Draw New Plans for Warehouse

The founder of a Connecticut-based architecture firm has purchased a vintage warehouse with plans to convert it to office space in Greenwich.

Rich Granoff, founder and president of Granoff Architects,



A view from the rooftop cocktail lounge at 530 Seventh Ave.

and a partner, Jeff Mendell, bought the 30,500-square-foot building at 330 Railroad Ave. for \$8.3 million. The two-story property, built in 1935, was previously used for storage by the New England energy provider Eversource Energy, according to public records.

Colliers International brokers Jeff Williams, Enzenio Mallozzi and Hollis Pugh listed the building about two years ago for \$8.9 million.

The opportunity for a warehouse conversion is almost unheard of in Greenwich, said Mr. Williams. “We had every type of proposal,” he said, including a hotel, high-end storage and a restaurant.

Mr. Granoff, who founded his firm in 1989, said he always had wanted to buy a building for the firm’s offices. “But Greenwich is a tough place to buy a building,” he said.

Mr. Granoff said he has admired 330 Railroad Ave. for 30 years. After it hit the market, he and his partner went through three rounds of bidding, he said.

The architecture firm will restore the brick facade and build out modern interiors “to create a loft-like space,” Mr. Granoff said.

Granoff Architects will be the anchor tenant, occupying 7,500 square feet, and will lease the rest at an asking rent of around \$80 a square foot.

In the first quarter of 2016, the average asking rent for office space in Greenwich was \$65 a square foot, with an availability rate of about 18%, according to Mr. Williams.

Mr. Granoff said he plans to move his firm to the renovated building at the start of 2017.

—Emily Nonko

SOHO Boxed Bulks Up Its Office Footprint

Boxed, a three-year-old technology company, has quadrupled its office space in SoHo.

The startup, which sells bulk-sized products at discounted prices primarily through a mobile app, signed a seven-year lease with Crale Realty LLC to take 12,912 square feet at 451 Broadway, according to the company’s broker Zev Holzman, corporate managing director at Savills Studley.

Boxed has grown steadily to a little over 100 full-time employees, with 70 workers at its SoHo location, the company said. It just relocated from a 3,000-square-foot office at 110 Greene St.

“They were at the point they were exploding out of their space,” Mr. Holzman said.

In an extremely tight SoHo office market, the deal required a bit of creative maneuvering, Mr. Holzman said. Initially the second-floor space was marketed on a short-term basis from a company that had been subleasing the space. Mr. Holzman was able to execute a deal in which the company that had a sublease as well as the firm that had a direct lease with the landlord both agreed to end their rental contracts. That allowed Boxed to negotiate a direct lease with the landlord.

Boxed has room to expand in its new office, said DJ Williams, vice president of partnerships at the company.

“It’s so important that employees are proud of where they work,” Mr. Williams said. “It helps with recruiting and retention.”

—Keiko Morris

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SPORTS

Heard On The Field



Kenny Atkinson Named Head Coach by Nets

The Nets filled their vacant head-coaching position on Sunday by reaching into the recent past of the crosstown-rival Knicks.

Kenny Atkinson, who previously worked as an assistant under former Knicks head coaches Mike D'Antoni and Mike Woodson, was named the 21st head coach in Nets history by first-year general manager Sean Marks. Now in his fourth year with the Atlanta Hawks, Atkinson will continue in his role as an assistant under head coach Mike Budenholzer until their season ends. Atlanta has a 1-0 advantage in its first-round series with the Boston Celtics.

"Kenny's years of NBA coaching experience working under successful head coaches such as Mike Budenholzer and Mike D'Antoni have provided him with the foundation and experience we were looking for in a head coach," said Marks, who took over in February. "We believe that Kenny's core principles, leadership, communication skills and exceptional background in player development make him an ideal fit for the culture we are building in Brooklyn."

A native of Huntington, Long Island, who had a lengthy playing career in Europe, Atkinson replaces interim coach Tony Brown, who went 11-34. The Nets finished 21-61 and, thanks to former GM Billy King's deals to acquire aging stars Joe Johnson, Paul Pierce and Kevin Garnett, don't have full control of a first-round pick until 2019.

Atkinson, 48, has no direct ties to Marks, a former assistant coach and assistant general manager for the San Antonio Spurs. However, Marks did work alongside Budenholzer, who previously served as an assistant to legendary Spurs coach Greg Popovich.

Known for developing talent, Atkinson worked closely with former Knicks guard Jeremy Lin during his breakout 2011-12 season, and was regularly credited by Lin and others for the former Harvard star's success in New York.

—Alex Raskin



Alex Rodriguez, right, high-fives Brian McCann after hitting a two-run home run during the Yankees' 4-3 win over the Mariners on Sunday.

Rodriguez, Tanaka Boost Yankees

Yankees' starter credits warmer temperatures for the added life on his pitches in Sunday's win

By JARED DIAMOND

The Yankees' offense will go through ups and downs, as all offenses do over the course of the 162-game season.

But generally speaking, if they stay healthy, the Yankees will hit because their lineup is too talented to slump for too long. They demonstrated as much Sunday, as Alex Rodriguez snapped an 0-for-19 skid by blasting a two-run home run in the second inning of their 4-3 win over the Seattle Mariners.

What matters more to the 2016 Yankees is their pitching, especially in the starting rotation, where uncertainty reigns.

They don't have anybody who resembles a traditional ace—someone they can count on to stop a losing streak before it spirals out of control.

That's what makes Masahiro Tanaka's outing so encouraging. With his team in danger of dropping

its fifth straight game, Tanaka delivered the best performance by a Yankee starter this season, allowing three earned runs (two earned) on six hits in seven strong innings. From there, he gave way to the dynamic duo of Dellin Betances and Andrew Miller, who struck out all six batters they faced to seal a much-needed victory.

For the Yankees (5-6) to be successful, this is the formula: Hang onto a lead long enough to hand the ball to the monsters in the back of the bullpen.

On Sunday, Tanaka held up his end of the bargain—and gave the Yankees hope he can still turn into the ace they so desperately covet.

"Tanaka was unbelievable today," Betances said. "He set the tone for the team."

Coming off off-season elbow surgery, Tanaka struggled throughout spring training, and his issues carried over into the regular season. In his first two starts, his average four-seam fastball traveled 90.6 miles per hour, compared with 92.8 mph in 2015. The speed of his splitter had dropped, too, from 88 mph to 86.1 mph.

Against the Mariners, Tanaka's four-seamer averaged 93.2 mph and topped out at 94.5.

Until Sunday, he hadn't even

reached 93 mph on the radar gun this season.

Pitchers will often try to downplay the significance of velocity, insisting that pinpoint control can compensate for subpar heat. But for a pitcher like Tanaka, who relies heavily on his splitter, catcher Brian McCann acknowledged that "velocity's a big thing."

A splitter is designed to look like a regular fastball, only to drop out of the strike zone at the last moment, enticing opposing batters to swing over it. When coupled with a mid-90s fastball, hitters don't have enough time to determine whether the pitch hurtling toward them is going to stay on its course—or plummet into the dirt.

As a result, Tanaka elicited 16 swings and misses Sunday, matching a career high with 13 whiffs on his splitter, according to data from the website Brooks Baseball. He induced 11 total swings and misses in his first two starts.

"When you're throwing 92, 94 and your best out pitch is a split, everything plays up," McCann said. "As a hitter you have to make your decision quicker, and you're going to get a lot more swings and misses."

Tanaka certainly had an emotional reason to bring his best stuff to the mound Sunday: He squared

off against Seattle's Hisashi Iwakuma, his former teammate in Japan with the Rakuten Golden Eagles. It marked the first time in history a pair of former teammates from Japan pitched against each other in the major leagues.

Beyond that, Tanaka offered another, more practical explanation for his improved speed: the weather. He said that he thinks the sunny skies and temperatures in the mid-60s in the Bronx on Sunday helped the life on his pitches. Manager Joe Girardi agreed, saying that "his arm is getting stronger."

"I think the strength is coming together," Tanaka said. "It's time to build up."

Whatever the reason for Tanaka's positive showing, it came at the right time for the Yankees. They were in danger of being swept at home by the Mariners, with a day off Monday to let it fester.

In fact, Tanaka probably pitched better than his numbers indicated: His first earned run scored when Seattle strung together three weak ground-ball singles in a row. The other crossed the plate because of an ill-fated dive by center fielder Jacoby Ellsbury, transforming a potential single into a triple.

"He really could have thrown a shutout," Girardi said.

Boston Marathon: Will a New Yorker Be in the Running?

By SARAH GEARHART

It has been 44 years since a New York City resident won the Boston Marathon. Nina Kuscsik was the last to do it in 1972, the first year women were officially allowed to enter the race. But when the 120th Boston Marathon gets under way Monday, Buzunesh Deba will be aiming to end that streak.

Deba, a 28-year-old Ethiopian who lives in the Bronx, is considered one of the world's top distance runners. She has won more than a half-dozen marathons around the country since 2009, all while living in New York and training in the city's local parks.

When she lines up at the starting line Monday, Deba will be looking not only for the biggest win of her career and to advance her hopes of competing at this summer's Olympic Games. She also wants a victory for New York, her home for a decade.

"She's a touchstone for so many people in the city," said Knox Robinson, a New York running coach who will be competing in the Boston Marathon for the sixth time. "Knowing that someone in our community trains in New York as a launching pad for other world-class aspirations is enough to inspire all of us."

Deba has come close to ending New York's Boston Marathon drought before. She was runner-up in 2014 with a personal best time of 2 hours and 19 minutes. She finished third in 2015, when she was out-sprinted by Kenya's Caroline Rotich, who won, and runner-up Mare Dibaba, of Ethiopia.

This time around, Deba again faces defending champion Rotich along with 2012 Olympic Marathon champion Tiki Gelana. The stakes are higher this time, too, because Ethiopian and Kenyan officials will select their Olympic rosters based on re-

sults from Boston and the London Marathon on April 24.

But Robinson is backing Deba to rise to the occasion. "She's someone who gives all she has regardless of the consequences," he said. "I think that's how we see ourselves as New Yorkers."

Training in New York's local parks among amateur runners and weekend warriors hasn't stopped Deba from developing into an eight-time U.S. marathon champion. She often trains twice a day in Van Cortlandt Park, which sits just a mile and a half from her apartment in the Kingsbridge

neighborhood. On Saturdays, she runs in Central Park, while she also goes for long runs around Riverside Park and Rockefeller State Park.

Casual runners, mothers and kids habitually stop her mid-workout to take photos, according to Diriba Degefa Yigezu, who runs for the West

Side Runners, a local elite club that also counts Deba as a member.

"People who don't even know most runners in New York City know her," said Bill Staab, the club president.

For the past four months, though, Deba has been training on less familiar terrain. She and her husband Worku Beyi, who also serves as her coach, relocated to Albuquerque, N.M., to train in warmer weather in the buildup to Boston. There have been fewer interruptions, but Deba says she has missed training in her adopted home city.

'She's a touchstone for many people in the city,' said Knox Robinson, a New York running coach.

"We've missed everything about New York, especially our apartment, our church, the parks and the people on the street who cheer," Deba said. "But wintertime is an issue. Training in New York is just too tough."

For the most part, her training in New Mexico followed the same pattern as if she'd stayed in New York. She ran up to 100 miles a week, including 20 miles in the morning followed by a seven-mile run in the afternoon. On speed-training days, she would substitute her morning run for a series of 15 1,000 meter sprints.

This is the training, Beyi said, that helped Deba achieve runner-up performances twice at the New York City Marathon and in Boston in 2014. It remains to be seen whether it will be enough to outrun Rotich.

"I know how much New York loves me and expects me to achieve," Deba said. "To be the champion would be great thing for me."



Buzunesh Deba is attempting to become the first New York City resident to win the Boston Marathon since 1972.

BUSINESS & TECH.



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But at a Price**
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**Facebook Builds
Up Its Chatbots**
SOCIAL MEDIA | B5



**Making a Case
For the Knicks**
SPORTS | B6

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* * *

THE WALL STREET JOURNAL.

Monday, April 18, 2016 | **B1**

Focus Shifts in FIFA Probe

U.S. looks at role of banks, broadcasters and sponsors in soccer bribery investigation

A sprawling U.S. corruption investigation into international soccer increasingly is focusing on the role multinational sponsors, broadcasters and banks

By Christopher M. Matthews, Aruna Viswanatha and Joe Flint

may have played in facilitating alleged soccer corruption, according to people familiar with the investigation.

In some instances, federal prosecutors are investigating the companies themselves for potential wrongdoing, the people said. In others, it remains unclear if the companies are the focus or if prosecutors are just seeking cooperation.

While U.S. officials hope to reach settlements with some companies, progress has been more muted than expected, in part because the investigations involve more than a dozen foreign countries and opaque corporate structures, say the people.

The scrutiny has prompted at least 11 multinational companies and banks to commission internal probes, which can cost millions of dollars. The corporate investigations are looking into dealings with individuals and entities accused by U.S. prosecutors of participating in a \$200 million bribery scheme designed to win media and sponsorship rights to lucrative soccer tournaments, prosecutors allege.

The companies conducting investigations include Nike Inc., AT&T's **DirecTV**, **21st Century Fox**, **KPMG**, **Citibank**, **HSBC Holdings PLC**, **Standard Chartered PLC**, **Credit Suisse**, **UBS**
Please see FIFA page B2



CHRISTOPHE SIMON/AGENCE FRANCE PRESSE/GETTY IMAGES

Nike has been probing allegations of corruption around its 10-year, \$160 million agreement to sponsor Brazil's national team.

Amazon Ups the Ante On Streaming Video

By GREG BENSINGER

Amazon.com Inc. is firing a shot across the bow of **Netflix Inc.** by attempting to become a primary destination for streaming video.

The Seattle online retailer said Sunday it will begin offering its video-streaming service as a stand-alone option for the first time. A monthly subscription will cost \$8.99, a dollar less than the most popular plan from Netflix.

The move pits the Seattle online retailer more directly against Netflix, which also happens to be one of the biggest customers of Amazon's cloud-computing services. For years, the two have worked to one-up each other with exclusive content deals and original series like Netflix's "House of Cards" and Amazon's "Mozart in the Jungle."

Amazon has been offering its video service as a perk for

subscribers of its \$99 annual Prime shipping service. Prime membership also will be offered monthly for the first time to all U.S. customers for \$10.99, Amazon said Sunday.

An Amazon spokeswoman said the new monthly option could be turned off or on as customers wished, a possible benefit for shoppers during the busy holiday season.

The move to offer a stand-alone video service suggests Amazon is confident it has the robust programming needed to go head-to-head with Netflix. Amazon has snapped up deals for HBO's older content, as well as with premium TV network Epix, whose catalog includes "Hunger Games: Catching Fire" and "World War Z." More recently, Amazon has signed director Woody Allen for an exclusive TV series, and has become an aggressive buyer of independent

Please see PRIME page B4

Spending on TV Advertising Shows Signs of Revival

By JOE FLINT
AND SUZANNE VRANICA

As the television industry enters the frenzied ad-sales period known as the "upfronts," it would seem to have a dismal story to tell. Cord-cutting is rising, ratings are sinking and ad-free streaming services such as Netflix are on the rise.

And yet, the broadcast and cable networks are poised for a surprisingly strong showing.

Early estimates from media buyers and analysts suggest that ad-spending commitments could increase 3% to 5% in this year's upfront market, when the bulk of inventory for the coming TV season is showcased.

That is a big reversal from the past few years. Broadcast TV has endured three consecutive years of upfront declines in terms of total ad spending while cable has dropped for the past two years.

One big reason: Last year many advertisers who pulled back on spending commitments at the upfronts ended up paying more—in some cases 20% premiums—for commercial time later in the year in what is known as the "scatter" market.

"Anybody who held money back last upfront got burned," said Jeff Lucas, head of ad sales at Viacom Inc., the parent company of MTV and Nickelodeon.

They will want to lock in

Despite an increase in cord-cutting and ad-free streaming services, ad-spending commitments could rise 3% to 5% at 'upfronts'



A scene from A&E's 'Duck Dynasty.' A&E is among the cable networks that have suffered a double-digit decline in prime-time viewership.

deals now so they don't get burned again, the thinking goes.

Cable networks already have started holding their annual upfront presentations for marketers, while broadcasters

will follow next month.

Another potential boon to networks: Some advertisers who have made big bets on digital are coming back to TV because the return on their in-

vestment didn't live up to expectations, according to several ad buyers.

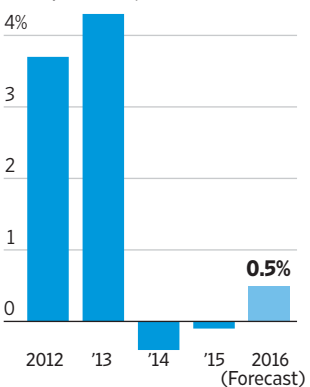
Marketers are concerned about digital advertising issues including fake Web traffic

generated by computerized "bots" and the lack of consensus on how to judge when an ad is "viewable."

Procter & Gamble, the nation's biggest advertiser, is

Plot Twist

Change in TV advertising sales from previous year



Note: Excludes Olympics and political ads
Source: Magna Global
THE WALL STREET JOURNAL.

one of the marketers that has moved some money back into TV, according to people familiar with the matter.

P&G spent \$1.4 billion on U.S. TV ads in 2015, down 12% from 2014, estimated Kantar Media. The company's TV ad spending, however, jumped 13% in January compared with the year-ago period, and preliminary data shows the trend continuing in February, said Jon Swallen, chief research officer of Kantar.

"For our everyday products, driving awareness is important, and while the mix may vary by brand, region and some other factors, we see TV and digital not as an 'either or' but an 'and,'" said a spokeswoman for

Please see ADS page B4

The Future of Wearables Isn't One Size Fits All

Lately I have been wearing more computers on my body than usual.

None have an obvious purpose at first glance. All are great conversation starters. Some convinced me that

when I wear them, they make me a marginally better person. All give me a feeling I haven't experienced in a gadget since my first iPhone: delight.

Techies and manufacturers slap the label "wearable" on a broad swath of devices, doing a disservice to both users and the industry behind it. It is like calling everything from eyeglasses to underwear "body stuff."

Such is the nature of all industries at their infancy. But wearables are no longer in their infancy. They aren't



The Spire device targets stress.

even toddlers anymore. These devices are maturing quickly, talking back, helping out around the house, doing scarily useful things that make me wonder just how much they will transform the world once they are grown up.

One wearable I have been testing, the Nex Band, defies easy description. Its maker, Montreal-based **Mighty Cast Inc.**, calls it a "hackable,"
Please see MIMS page B5

Big Business Speaks Up on Social Issues

By MARK PETERS
AND RACHEL EMMA SILVERMAN

Companies used to avoid hot-button social issues, fearing that any strong stance could alienate customers and staff. Now, executives say it is far more risky to stay silent on issues such as gay rights.

As legislative battles brew in North Carolina, Tennessee, Mississippi and Georgia over gay and transgender rights, companies such as **Dow Chemical Co.**, **Alcoa Inc.** and **Northrop Grumman Corp.** have waded into the fray, lobbying elected officials and publicly condemning measures seen as discriminatory. While such issues seem to have little connection to the companies' core products, their executives say that unwelcoming state laws can harm local economies and hamper the companies' ability to recruit and retain bright young workers.

The debate over state laws illustrates a new reality of business, in which corporate activism isn't just encouraged but expected. A recent survey



Missouri is the latest battleground between firms and lawmakers over bills seen as discriminatory.

by public-affairs agency Global Strategy Group of more than 800 adults with varying political beliefs found that Americans are overwhelmingly supportive of corporate political engagement, with 78% agree-

ing that companies should take action to address important issues facing society.

"It is becoming an expectation that our companies stand for something," said Melissa Dodd, an assistant professor at

the University of Central Florida who studies corporate activism.

In Missouri, agribusiness giant **Monsanto Co.** is leading a fight against a bill that could
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BUSINESS NEWS

Coke's Cost Cuts Win Back Investors

By MIKE ESTERL

Investors are taking up Coca-Cola Co. once again.

Even as they brace for another year of shrinking revenue and sluggish earnings from the beverage giant, a growing number are encouraged by an accelerated restructuring that many saw as overdue.

THE WEEK AHEAD Wall Street analysts expect the maker of Coca-Cola, Minute Maid juice and Dasani water to report on Wednesday a first-quarter profit of 44 cents a share, down from 48 cents a share a year earlier. Revenue is seen dropping 4% to \$10.28 billion, according to a Thomson Reuters survey.

Coke estimated in February that divestments and weakening foreign currencies would cut into 2016 revenue by 8 to 9 percentage points and into profit by 12 to 13 points. Rocky economies in emerging markets and slowing consumption of soda, the company's main product, also aren't helping.

Coke shares underperformed the broader stock market in recent years. But they are 7% higher this year, outpacing the 2% gain in the S&P 500 index, and reached a 52-week high this past week.

Investors are betting Coke's overhaul would start paying off in 2017 or 2018 as the company sheds capital-intensive assets, raises prices and prepares a leadership transition. RBC Capital Markets last month tapped Coke as its favorite megacap stock among consumer staples.

Fanning optimism, Coke said in February it would sell its North American manufacturing and distribution assets by the end of next year to focus on its more-profitable concentrate business. It estimates that move, coupled with bottling divestments in other parts of the world, would cut revenue by roughly a third but improve



CARLA GOTTGENS/BLOOMBERG NEWS

Coke is using savings to boost soda marketing to help sales. The company's domestic soda sales rose about 1% in the first quarter.

operating margins by half.

The Atlanta-based company is expected to give an update Wednesday about divestments and its \$3 billion cost-cutting program, including so-called zero-based budgeting, as it tries to return to high-single-digit earnings growth after missing revenue or profit targets the past three years.

In early signs of a turnaround, its beverage volumes rose 3% in the second half of 2015, up from 1% growth in the first half. The gain was fueled mainly by its faster-growing still beverages and increased distribution of

Monster Beverage Corp. after Coke bought a large minority stake in the energy-drink maker.

Coke also is using savings to boost soda marketing to try to jump-start sales. Last year the company posted its strongest results in three years in the U.S., where it has offset declining soda consumption with higher prices and steered consumers to smaller packages that cost more per ounce.

The improvement in the U.S. appears to have spilled into 2016. The company's domestic soda sales rose about 1% in the first quarter in dol-

RIGHTS

Continued from the prior page eventually allow businesses to deny certain services to same-sex couples as a matter of religious freedom. The company, based in St. Louis, employs 5,300 people in the state.

After similar legislation touched off a firestorm in Indiana, Monsanto leaders decided that they would mount a strong opposition if such a bill were to gain traction in Missouri. Such laws run counter to Monsanto's human-rights policy, said Duane Simpson, the company's state and local government-affairs lead. Mr. Simpson recently testified against the bill in Jefferson City, the state capital.

For a company that draws young workers from elite universities and Silicon Valley, recruiting was a top concern. Mr. Simpson said it is hard enough to attract employees accustomed to the ocean and mountains elsewhere in the country, without having to add concerns over discrimination. The issue has driven a



EMERY P. DALESIO/ASSOCIATED PRESS

Protesters demonstrated outside the North Carolina executive mansion in Raleigh last month.

wedge between business leaders and Republican legislators. At a recent meeting of Civic Progress, a St. Louis business group whose members include many of Missouri's largest employers such as Boeing Co. and Express Scripts Holding Co., executives expressed frustration with elected officials, complaining that lawmakers

didn't understand their companies' need to recruit graduates of elite schools such as Northwestern and Princeton universities, said Thomas Irwin, the group's executive director. Members agreed that their companies couldn't afford to stay silent.

"The concern was about not taking a strong stand," he said.

"They asked in the meeting for numbers" to call lawmakers.

"The more and more you see this kind of legislation, the more you wonder about your ability to operate in those states long term if they take this kind of stance," said Jim Fitterling, Dow's president and chief operating officer. "It's important to us from a recruit-

ing standpoint. When employees don't have to hide who they are they are more productive, more innovative."

Dow executives quickly decided to oppose the Missouri legislation and similar measures in other states. "If anything, we pushed on our public-affairs team to promote the issue in a higher-level way," said Howard Ungerleider, Dow's vice chairman and chief financial officer.

Republican State Senator Bob Onder, who introduced the legislation, said the pushback comes from "corporate elites" out of step with most Missourians. Mr. Onder said he has heard from numerous small businesses that support his legislation. "I really don't understand where Monsanto finds the need to get involved in an issue like this," he said, adding Monsanto might alienate the conservative farmers who buy the company's seeds.

Dow, which largely sells to other businesses, was prepared for possible negative customer or employee feedback, but so far "the positive vastly outweighs the negative," Mr. Fitterling said.

FIFA

Continued from the prior page Group, J.P. Morgan Chase & Co. and Julius Baer Group, according to public filings and people familiar with the matter.

The Justice Department's allegations to date have centered on officials at FIFA, soccer's governing body, and its regional affiliates. Prosecutors claim that FIFA officials took bribes from executives at sports-marketing firms for the licensing rights to tournaments like the World Cup qualifiers.

Seventeen of the of 42 people publicly charged have pleaded guilty.

U.S. authorities' focus now has shifted to the relationships between sports-marketing firms and the companies to whom they sold media and sponsorship rights, said people familiar with the matter. The Brooklyn U.S. attorney's office has enlisted the help of the Justice Department in Washington, D.C., and more than a

dozen prosecutors are working on the cases.

Prosecutors also are receiving information from Panamanian authorities who have reviewed the so-called Panama Papers, leaked documents from a Panamanian law firm that set up companies incorporated in places where corporations don't have to file information about their true owners. U.S. officials hope the documents detail money flows and entities involved in the alleged scheme, two of the people said.

Prosecutors are investigating affiliates of DirecTV and Fox that acquired soccer tournament broadcasting rights, people familiar with the matter said.

DirecTV has a minority ownership stake in the Argentina-based marketing firm Torneos y Competencias, whose chairman pleaded guilty last year to paying bribes to win media rights. Prosecutors in December alleged that executives "affiliated" with Cayman-registered T&T Sports Marketing Ltd. bribed more than a

dozen soccer officials to win tournament rights. T&T was listed as a Fox subsidiary as recently as last year, according to regulatory documents. Neither Torneos nor T&T could be reached for comment.

Spokesmen for both DirecTV and Fox previously said they exerted no control over the subsidiaries. DirecTV said it is cooperating with authorities, who told it that neither DirecTV nor its employees are targets of the investigation. Fox said it has reviewed the matter on a continuing basis and has been vigilant that its soccer rights were obtained properly. (Fox and The Wall Street Journal owner News Corp were part of the same company until mid-2013.)

In order to make an case against a broadcaster or sponsor, prosecutors would need to prove the companies knew they were overpaying for contracts because of built-in bribes. That is difficult to prove, some of the people said, because there are few comparisons to value contracts for

major soccer tournaments.

A spokeswoman for the Brooklyn U.S. attorney's office, which is leading the investigation, declined to comment.

Prosecutors also are examining some of the world's largest financial institutions to determine whether the banks should have raised alarms about money flows linked to alleged corruption at FIFA. More than a half dozen banks have opened internal investigations and are in the process of turning over thousands of bank records, the people said.

While prosecutors have found millions of dollars in potentially tainted funds, they have so far struggled to find evidence the banks knowingly violated anti-money-laundering laws, according to several people familiar with the matter. The banks have argued many of the transactions involved respected businessmen, not publicly tied to corruption allegations.

The Argentine Football Association, whose TV rights have been controlled by that country's government since

2009, conducted business connected to the alleged scheme using the New York branches of "major and regional U.S. and foreign financial institutions," according to the indictment.

According to bank records turned over to prosecutors and reviewed by The Wall Street Journal, HSBC, Citibank, and

U.S. prosecutors are investigating two affiliates of DirecTV and Fox.

Credit Suisse handled millions of dollars in transactions for Torneos between 2011 and 2013. Torneos held accounts at Credit Suisse and received tens of millions in payments there from the Argentine national treasury, according to the transactions. HSBC and Citibank banks served as cross-parties to transactions involving Torneos.

HSBC said it had received inquiries from the Justice Depart-

ment and is cooperating in the investigation. The other banks conducting internal investigations declined to comment.

Nike has been probing allegations of corruption around its 10-year, \$160 million agreement to sponsor Brazil's national team, discussed in barely veiled terms in the Justice Department's 161-page indictment.

The indictment describes a multinational U.S. sportswear company that struck a deal to sponsor the Brazilian federation, and then cut a side deal with a sports-marketing middleman, who allegedly used payments from the company for bribes and kickbacks. People familiar with the matter confirmed the company is Nike and that prosecutors are looking into whether any of the company's employees broke the law. Nike and its employees haven't been accused of any wrongdoing.

Nike said it has been cooperating with authorities and there is no allegation any Nike employee was involved in wrongdoing.

There also is speculation inside Coke that Chief Executive Muhtar Kent could announce succession plans this year after promoting Europe chief James Quincey to company president last August. The appointment created a clear No. 2 for the first time since Mr. Kent, who is 63 years old, became CEO in 2008. Some company observers say Mr. Quincey would accelerate Coke's diversification drive.

A lot still could go wrong. Earlier this month the International Monetary Fund cut its global economic growth outlook for the fourth time in a year. That is a bad omen for Coke, which generates the bulk of its profit abroad and has relied in the past on countries such as China and Brazil for growth.

Coke's core business also remains under threat after a World Health Organization report in January recommended that governments consider special taxes on sugary drinks amid rising obesity and diabetes rates.

The U.K. said last month it plans to begin taxing such drinks in 2018, and several other countries, including India and South Africa, have been weighing similar moves. The company also could easily stumble in its restructuring push. If that happens, though, many investors believe Coke could become a ripe takeover target. There already is industry speculation that beer company Anheuser-Busch InBev SA could try to buy Coke in a few years after digesting its planned acquisition of rival brewer SABMiller PLC.

The Week Ahead looks at coming corporate events.

BUSINESS NEWS



Ford topped GM in monthly sales in March. But nearly 40% of vehicles sold were delivered to fleet buyers. Above, Ford's Lincoln Navigator.

Ford's Sales Gains Come at Price

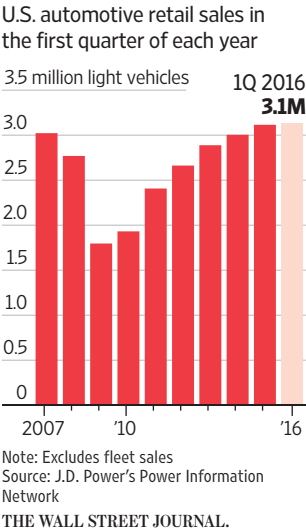
Auto makers boost reliance on fleet buyers, sales incentives as retail growth slows

By Jeff Bennett and Christina Rogers

Ford Motor Co. hit a rare milestone in March. Long the No. 2 seller in the U.S. market, the Dearborn, Mich., company topped **General Motors** Co. in monthly sales—one of the few times it has done that in recent history. The win, however, came at a price. Nearly 40% of vehicles sold were delivered to fleet buyers such as rental-car agencies or businesses in deals typically seen as less profitable than those from retail stores. Dealers, meanwhile, reported a 5% decline in retail sales. Ford's March performance mirrors the auto maker's first-quarter results and reflects a trend in the U.S. auto industry that shows fears of a slowdown. Light-vehicle sales for the industry continued increasing in the first quarter, but retail growth of less than 1% fell to its slowest rate since deep declines in 2009, according to J.D. Power.

Retail light-vehicle sales rose 3.7% in the first three months of 2015, laying the foundation for record sales last year. In an effort to keep modestly ahead of that pace this year, auto makers have dramatically boosted sales incentives and relied on a practice known as punching sales, according to some dealers. In these instances, a dealer moves a car from the new lot to the demonstration pool and counts the car as sold even though it hasn't been put in the hands of a consumer. Retail demand is closely watched because it reflects sentiment among actual individual car buyers. The unexpectedly rapid cool down contributes to wider skepticism about the willingness of American households to spend and concerns that economic growth is sputtering. Some analysts expect retail sales to bounce back during the summer amid low gasoline prices, cheap loans and attractive deals. If they are wrong, expectations for the record sales pace to continue "will be at risk," Barclays auto analyst Brian Johnson said. A potential downturn raises questions about production. Strong production levels—

Slow Down



which determine a car company's revenue bookings—are in jeopardy, and many analysts say auto makers are faced with a tough choice: keep dumping more cars in fleets or pour on sales incentives which erodes profit margins. Ford's sales chief Mark LaNeve said high fleet sales are a product of timing decisions and those numbers will level off, ending the year at about the same level as in 2015. The company increased dealership stock this year af-

ter being caught short last year with too little inventory ahead of the early summer selling season, he said. Even with hefty fleet sales, Ford carries the most inventory in the industry. GM's inventory has shrunk amid product changeovers, and the company has backed off fleet sales. Ford is carrying 23% more inventory on dealer lots as of March 31 compared with last year, according to Ward'sAuto.com, or 19% of the industry's entire stock (compared with 15.6% market share). **Fiat Chrysler Automobiles** NV, meanwhile carries 17% of the industry's inventory versus 13.3% market share. Fiat Chrysler is on pace to catch **Toyota Motor** Corp. for the No. 3 spot this year, a slot it hasn't attained since 2006. While Jeep SUVs and Ram trucks help fuel the performance, the company has partially relied on deep discounts and fleet sales to string together 72 consecutive months of sales gains. The industry's sales incentives, such as discounts or subsidized loan or lease rates, increased 14% in March compared with the prior year to an average of \$3,100 a vehicle, according to Autodata.

Cancer Drug Extends Survival

By Ron Winslow

More than one-third of advanced melanoma patients treated in a study of **Bristol-Myers Squibb** Co.'s Opdivo have survived at least five years, researchers said, providing fresh evidence of the durable benefit cancer immunotherapy agents have for some patients. The study followed 107 patients who were enrolled in an early trial of the drug, which was approved for melanoma by the U.S. Food and Drug Administration in 2014. Thirty-four percent of the participants, all of whom had failed on other drugs, were still alive five years after treatment. "This is a new benchmark for melanoma," said F. Stephen Hodi, director of the Melanoma Center at Dana-Farber Cancer Institute, Boston, and an investigator at Harvard Medical School's Ludwig Center. Dr. Hodi presented the findings at the annual meeting of the American Association for Cancer Research in New Orleans. The AACR said a National Cancer Institute database shows that the five-year survival rate for patients diagnosed with advanced melanoma between 2005 and 2011 was 16.6%. Opdivo is one of three so-called checkpoint inhibitors currently on the market. Blocking the checkpoints releases molecular brakes, thus allowing immune-system cells called T cells to attack cancer. Opdivo, and a rival called Keytruda from Merck & Co. target a brake called PD-1. (Both are approved for melanoma and for lung cancer.) The first checkpoint inhibitor to reach the market was Yervoy, also from Bristol-Myers. It targets a brake known as CTLA-4 and in a previous analysis was shown to result in long-term survival in about 22% of melanoma patients. The Yervoy results, and now the new findings for Op-

divo, are especially significant, oncologists said, because they suggest, in each case, that patients who survive a certain length of time—three years for Yervoy and about four years for Opdivo—are highly unlikely to relapse. That's essentially unheard-of in advanced cancer. The treatments appear to have enabled their immune systems to eradicate or take control of their tumors.



Bristol's Opdivo shows durable benefit of immunotherapy agents for some.

"People who have good responses really seem to be protected against their disease returning in many cases," said Louis M. Weiner, director of the Georgetown Lombardi Comprehensive Cancer Center, Washington, who wasn't involved in the studies. Two-thirds of melanoma patients aren't as lucky. But the success that has been achieved has sparked a wave of interest in cancer immunotherapy treatments among drug companies. Hundreds of clinical trials involving such agents, either alone or in combination with other drugs, are under way. The aim is to try to extend survival in more patients and find effective regimens. The new study is the first to look at long-term survival for an anti-PD-1 agent. Common side effects included a rash, a cough, and in serious cases, immune system attacks on healthy organs.

Business Watch

BRITISH AIRWAYS
Drone Apparently Collided With Flight
A **British Airways** flight Sunday appears to have collided with a drone on a flight bound for London's Heathrow Airport in what might be the first such incident involving a major airline. The flight from Geneva, Switzerland, to Heathrow, Europe's busiest hub, is believed to have struck a drone, the London Metropolitan Police said. The plane landed safely following the incident, which occurred around 12:50 p.m. local time. British Airways said its engineers inspected the **Airbus Group** SE A320 airliner, found no damage, and cleared the

plane to continue operating. None of the 132 passengers and five crew on board were hurt, a spokesman for the airline said. —Robert Wall
TATA CONSULTANCY SERVICES
India Outsourcer To Appeal Verdict
India's biggest outsourcer by revenue, **Tata Consultancy Services** Ltd., said it would appeal an intellectual-property infringement case after a U.S. federal court jury ordered it pay nearly \$1 billion in damages. **Epic Systems** Corp., a privately held medical-software company, alleged TCS illicitly downloaded materials from Epic and used them to develop a competing software product, according to court documents. TCS said Saturday that it "did not misuse or derive any benefit from downloaded documents," and that the company "plans to defend its position vigorously in appeals to higher courts." A U.S.-based Epic spokesman

on Sunday declined to comment on TCS's statements following the verdict. —Newley Purnell
UNITED CONTINENTAL
Workers Approve Contract Extensions
Some 30,000 airline customer-service agents and ramp workers at **United Continental Holdings** Inc. "overwhelmingly" approved extensions to their labor contracts, the carrier and the International Association of Machinists union said Saturday. The workers, in balloting that concluded Friday, voted for seven labor contracts governing all the classifications of employees in the group. The union said the accords run through 2021 and provide "industry-best wages, work protections and retirement security," among other improvements. United said the deals also will allow it to add new jobs at Los Angeles International Airport and San Francisco International Airport. —Susan Carey

Carrefour Impresses Despite Strength of Euro



Carrefour SA impressed investors with robust first-quarter sales growth in Brazil and southern Europe even though the euro's strength against emerging-market currencies contributed to a 4.3% fall in the French retailer's overall revenue. The company, which vies with **Tesco PLC** for the title of the world's second-largest retailer after U.S.-based Wal-

Mart Stores Inc., said sales for the three months ended March 30 declined to €20.1 billion (\$22.64 billion) from a year earlier. Lower revenue from gasoline sales contributed to the decrease. Analysts had expected revenue of €20 billion. On a like-for-like basis, excluding currency and calendar effects and gasoline sales, revenue rose 3.1%, following a

solid performance from businesses outside France. In France, where Carrefour does almost half of its business, sales were flat at €9.3 billion. International sales grew 5.3% on a like-for-like basis. In Brazil, where the economy is in recession, like-for-like sales grew 9.9%. Asia sales fell 4.9% on the same basis. —Nick Kostov

NOTICE

In compliance with the decision entered by First-Instance National Commercial Court No. 1, in charge of Attorney Alberto Alemán, Court Clerk's Office No. 1, in charge of Attorney Mariano Conde, with offices at Av. Roque S. Peña 1211, 5th floor, City of Buenos Aires, on March 4, 2016, notice is hereby given, during five (5) days, that in the action "INVERSORA ELÉCTRICA DE BUENOS AIRES S.A., OUT-OF-COURT RESTRUCTURING AGREEMENT," Case Record No. 37489/2015, the formal filing of the Out-of-court Restructuring Agreement (APE, by its Spanish initials) made by Inversora Eléctrica de Buenos Aires (hereinafter, "IEBA") has been acknowledged, and the publication of notices for the purposes established by section 74 of Law No. 24,522 has been ordered. Also, in compliance with the above mentioned decision, notice is hereby given for five (5) days to the holders of currently outstanding IEBA's notes, namely: Class C Notes due 2017 for a principal amount of US\$ 130,263,886 (CUSIP P5563LAB0, ISIN USP5563LAB01 / US451690AE12), and Class D Notes due 2017 for a principal amount of US\$ 4,736,114 (CUSIP P5563LAA2, ISIN USP5563LAA28 / US451690AF86) (collectively, the "Existing Notes"), that under the above mentioned judicial proceedings it has been ordered that a General Meeting of Holders of Existing Notes be convened under Section 45 bis of Argentine Bankruptcy Law No. 24,533, which shall be held on May 18, 2016, at 11:00 a.m. at Cerrito 156, Autonomous City of Buenos Aires, Argentina, "West + East Meeting Rooms" of Hotel NH, to consider the following

AGENDA:

- 1) Appointment of two noteholders to sign the minutes of the meeting together with IEBA's designated representative.
- 2) Consideration and subscription of the Out-of-court Restructuring Agreement made by CAMUZZI ARGENTINA S.A.
- 3) Consideration and ratification of the Out-of-court Restructuring Agreement made by IEBA S.A. (Inversora Eléctrica de Buenos Aires S.A.).
- 4) Consideration of the release of the pledge given by Buenos Aires Energy Company S.A. as security for the notes included in the exchange.
- 5) Consideration of the release of the pledge given by Camuzzi Argentina S.A. as security for the notes included in the exchange.

NOTES:

1. The Existing Notes were issued under an Indenture dated September 26, 2007.
2. IEBA's proposal for an Out-of-court Restructuring Agreement and Camuzzi Argentina S.A.'s proposal for an Out-of-court Restructuring Agreement are set forth in a document entitled "Out-of-court Restructuring Agreement", executed by IEBA on December 22, 2015 and the annexes thereto, including the APE Solicitation dated November 9, 2015 and the form of Indenture, which are available for inspection by the interested parties at the principal offices of IEBA located at Zenteno 3175, Autonomous City of Buenos Aires, Argentina.
3. In accordance with the court decision ordering that a Meeting of Noteholders be convened, the Meeting shall be presided by the person designated by IEBA to such an effect.
4. In order to enable noteholders to obtain any local or foreign ownership certificates, including the fulfillment of all necessary formalities, in due time to attend the meetings, the Cut-Off Date is hereby set on April 8, 2016 (the "Cut-Off Date").
5. In order to be registered for the purpose of attending the Meeting, the holders of the Existing Notes as of the Cut-Off Date must provide evidence of ownership of their respective Existing Notes as of the Cut-Off Date, to the satisfaction of IEBA, by submitting and depositing, up to 05:00 p.m. on May 12, 2016, at IEBA's principal office located at Zenteno 3175, City of Buenos Aires, from Monday to Friday and from 10:00 a.m. to 12:00 noon and from 03:00 p.m. to 05:00 p.m., Buenos Aires time, the following documents:
 - a) Noteholders attending the Meeting in their own name shall (i) if the Existing Notes have been deposited in an Argentine central securities depository, present a certificate issued to their name by the relevant entity pursuant to the terms of section 129, paragraph d), of Law No. 26,831; or (ii) if the Existing Notes have been deposited in a foreign central securities depository, present a certificate issued to their name by the relevant entity evidencing the respective participant's holding of Existing Notes and, if applicable, a certificate issued by such participant in favor of the respective beneficial owner, evidencing that the Existing Notes are held by such beneficial owner;
 - b) Noteholders attending the Meeting by proxy: the appointed proxy shall present (i) the certificate(s) referred to in preceding paragraph a), and (ii) a power of attorney granted by the respective participant or any person being the beneficial owner of the Existing Notes as set forth in such certificates, conferring the appointed proxy express and sufficient authority to attend the meeting and vote thereat.
 - c) All documents issued inside Argentina shall be delivered with any signatures thereon certified by a notary public and the notary public's signature legalized by the Professional Association of Notaries Public of the applicable jurisdiction, if such notary public is registered in an Argentine jurisdiction other than the City of Buenos Aires. All documents issued outside Argentina shall be submitted and delivered with any signatures thereon certified by a notary public and legalized as provided by the Hague Convention of 1961 ("Apostille") or legalized by the respective consular office and subsequently certified by the Argentine Ministry of Foreign Affairs and Cult. Also, all documents drawn up in a foreign language must be translated into Spanish by a certified translator registered in Argentina, and the translator's signature shall be legalized by the Professional Association of Certified Translators of the City of Buenos Aires.
6. Notice is hereby given to the holders of the Existing Notes that: (i) if they fail to communicate and register their attendance as and when due, they shall forfeit their right to attend and take part in the Meeting; and (ii) for purposes of calculation of the legally required majorities for the official approval of the Out-of-court Restructuring Agreement by the court, the Existing Notes held by holders not present at the Meeting or by holders that were present at the Meeting but abstained from voting thereat shall not be computed.
7. The holders of the Existing Notes are hereby informed that entrance to the Meeting shall be allowed only to duly registered holders or their respective proxies.
8. The Meeting and the results of voting thereat shall be notarized by a notary public and filed with the Court.

Buenos Aires, April 12, 2016. Mariano Conde. Court's Clerk (*Secretario*).

MEDIA & MARKETING



'The Jungle Book' took in \$136.1 million outside the U.S. and Canada, bringing its world-wide box-office gross to \$239.7 million.

'The Jungle Book' Roars

Live-action version of animated classic is hit for Disney, drawing mix of children, adults

By Ben Fritz

It appears that the only thing audiences like as much as a Disney animated film is a live-action remake.

Accelerating a string of hits for **Walt Disney** Co. in an unusual niche, a new version of "The Jungle Book" opened this weekend, bringing in a very strong \$103.6 million in the U.S. and Canada, according to studio estimates.

That is more than the company's other recent live-action remakes, such as "Cinderella" and "Maleficent," which is based on "Sleeping Beauty," but behind the \$116 million opening of "Alice in Wonderland" in 2010.

"The Jungle Book," which started playing a week earlier in some foreign countries, brought in \$136.1 million overseas, earning a world-wide gross of \$239.7 million. It has performed particularly well in China, where it fetched \$50.3 million. In India, where the film is set, it collected \$20.1 million.

That is a very strong start for the 3-D movie, which cost about \$175 million to make. Disney already has a sequel in

Estimated Box-Office Figures, Through Sunday

FILM	DISTRIBUTOR	SALES, IN MILLIONS		
		WEEKEND*	CUMULATIVE	% CHANGE
1. The Jungle Book	Disney	\$103.6	\$103.6	--
2. Barbershop: The Next Cut	Warner Bros.	\$20.2	\$20.2	--
3. The Boss	Universal	\$10.2	\$40.4	-57
4. Batman v Superman: Dawn Of Justice	Warner Bros.	\$9.0	\$311.3	-61
5. Zootopia	Disney	\$8.2	\$307.5	-43

*Friday, Saturday and Sunday Source: comScore

the early stages of development.

The Disney studio has several other live-action remakes of its animated classics in the works, including "Beauty and the Beast," "Dumbo" and a spinoff focused on Tinkerbell from "Peter Pan."

A sequel to "Alice in Wonderland" is scheduled for release in May.

Because of their consistent success, such movies have become a focus for the company's Walt Disney Pictures label, whose other recent releases include disappointments such as "The Finest Hours" and "Tomorrowland."

Remakes of animated fairy tales are helping to give Walt Disney Pictures a brand identity akin to the company's other labels, such as Lucasfilm

and Marvel Studios.

Like "Cinderella," "The Jungle Book" repeats most of the same story as its animated predecessor, but has been modernized by giving the characters more complexity and amplifying the drama.

Directed by Jon Favreau, the movie stars Neel Sethi, a young newcomer, as the protagonist Mowgli, who plays against computer-animated animals voiced by, among others, Bill Murray, Idris Elba and Scarlett Johansson.

Other studios have tried to remake classic fairy tales, including **Time Warner** Inc.-owned Warner Bros., which had a recent flop "Pan."

Disney, however, appears to have a unique advantage because it made so many of the animated originals.

"The Jungle Book" received overwhelmingly positive reviews and an average audience grade of A, according to market-research firm CinemaScore.

The movie succeeded by drawing children during the day and adults at night. According to exit polls, 49% of ticket buyers were families, and 43% paid extra to see the movie in 3-D.

"I don't know that I've ever seen a movie that was so balanced," said Dave Hollis, Disney's executive vice president of distribution.

With no other major family movies opening for the next few weeks, "The Jungle Book" appears well-positioned to ride positive word-of-mouth to strong grosses in the weeks to come.

A pair of low-budget movies also made their debut over the weekend.

"Barbershop: The Next Cut," starring Ice Cube, opened to \$20.2 million. That is less than the opening weekend gross for "Barbershop 2" in 2004, when average ticket prices were 26% lower.

The movie was produced by **Metro-Goldwyn-Mayer** Inc. and Warner Bros.' New Line Cinema label and released by Warner.

Lions Gate Entertainment Corp.'s "Criminal," starring Kevin Costner, opened to a weak \$5.86 million.

Target's Designer Sale Draws Muted Response

By KHADEEJA SAFDAR

Target Corp. held its annual designer sale Sunday, but this year's collaboration with Finland's Marimekko failed to spark the excitement of previous collections when frenzied shoppers cleaned out stores and crashed Target's website.

More than 200 discounted Marimekko items, from \$20 bikini tops to \$65 hammocks, went on sale early Sunday morning, and most of the items were still available on Target's site or in stores Sunday evening.

Early crowds at three New York-area stores were sparse, and many of those shopping were Europeans more familiar with the brand than Americans.

In other years, customers have shown up in droves at the crack of dawn to shop Target's limited-edition merchandise. Target's website last year was overwhelmed with traffic and store shelves were emptied shortly after opening with items from Palm Beach luxury-brand Lilly Pulitzer.

"The purchase urgency was less than it was with the Lilly Pulitzer collection in the very early morning hours," a Target spokesman said. "We don't intend for these to sell out in a day."

Last year "it was a mob scene, people grabbing everything they could, shopping carts were overflowing," said Robin Rokuson, one of a handful of shoppers Sunday morning at a Target in Valley Stream, N.Y. "Here you could walk in, there were like three people and you could get what you want."

Lilly Pulitzer is a much

more defined lifestyle brand and offered a more varied collection than Marimekko, said her son Craig Rokuson. He said he purchased several items online in addition to about \$300 worth of Marimekko housewares at a Target in Mount Kisco, N.Y., that was otherwise quiet.

"Who they decide to partner with is crucially important," Mr. Rokuson said. "They have to go in with a brand that people who do shop at department stores are aware of."

The limited collaborations with high-end designers have helped one of the world's largest discount retailers keep its cheap-chic appeal and draw in wealthier customers. The retailer says the one-off events are less about sales and more about generating buzz.

"We're pleased with how the collection came to life in the very early hours," the Target spokesman said. "What's most noticeable about this collection is how seamless the roll out was online." He said about 50 of the items were sold out online.

Marimekko, based in Helsinki, first received attention among Americans in the 1960s when former first lady Jacqueline Kennedy bought several of its dresses to wear during the presidential campaign. The Nordic brand is known for its brightly colored fabrics and simple floral patterns, both in garments and home furnishings.

Verna Vuoripuro, a native of Finland who lives in New York City, said some of her Finnish friends were planning to shop Sunday's sale. "I don't know any Americans who know about it," she said.



Models pose for the Finnish brand Marimekko. The collection didn't spark a rush on Sunday at Target's annual designer sale.

PRIME

Continued from page B1
movies, battling Netflix for film festival favorites.

The new \$8.99-a-month pricing began Sunday in the U.S. Netflix plans range from \$7.99 to \$11.99 a month, though most customers pay \$9.99 for more than one simultaneous stream per account. Hulu LLC's basic streaming service is \$7.99, with a commercial-free option of \$11.99.

Representatives of Netflix and Hulu declined to comment.

"Jeff Bezos is absolutely escalating the arms race with Netflix," said Wedbush Securities analyst Michael Pachter, referring to Amazon's chief executive. "The two services will compete more closely for customers, and Amazon has the marketing advantage by offering the full Prime service for just a little bit more each month."

Amazon has experimented with a month-to-month Prime subscription and in March began selling the \$10.99 option to Sprint Corp. customers.

It raises the specter of customers buying a month of Prime around Black Friday to get all their Christmas shopping done with Amazon's two-day shipping guarantees and, in some cities, same-day or same-hour options.

The Prime service has become a crucial component in Amazon's growing retail dominance. In addition to providing a reliable revenue stream of membership fees, Prime customers spend as much as

double what non-Prime customers do in a year, by some estimates. Amazon has bulked the service up with add-ons like exclusive discounts and streaming music.

Highlighting its ruthlessly competitive streak, Amazon is rolling out the new streaming-video option on the eve of Netflix's first-quarter earnings report Monday. Price increases to \$9.99 from \$7.99 for grandfathered customers of Los Gatos, Calif.-based Netflix take effect next month, two years after they were announced. Those customers could opt to continue paying \$7.99, but would lose out on high-definition streaming and the ability to have two streams at once.

As long ago as 2012, Netflix CEO Reed Hastings predicted Amazon would offer its streaming service on a stand-alone basis.

Amazon's move comes as a plethora of new streaming video services are flooding the market to target so-called cord-cutters, people who are dropping pay-TV subscriptions. Traditional TV networks like HBO and CBS have launched their own stand-alone services, while cable-television providers like Comcast and Dish Network Corp. are offering slimmed-down, inexpensive streaming packages of channels.

Amazon spends about \$3 billion on streaming video content annually, compared with \$4 billion for Netflix, not including overseas rights or DVDs, said Wedbush's Mr. Pachter.

—Shalini Ramachandran contributed to this article.

ADS

Continued from page B1
P&G. The company, she added, has been increasing its spending in both TV and digital to support brand campaigns.

P&G declined to confirm the Kantar data.

Television-ad spending has increased in certain categories. "Pharmaceutical companies have been spending money like drunken sailors," said Rino Scanzoni, chief investment officer of WPP PLC's



A scene from ABC's 'Quantico.' Broadcast and cable networks are poised for a surprisingly strong ad-sales showing.

GroupM, the world's largest ad-buying firm.

Last year, overall prime-time upfront volume for broadcast networks slid 3.7% to \$8.36 billion, estimates Media Dynamics Inc., while cable TV's upfront haul declined 7.1% to \$8.95 billion, according to the Video Advertising Bureau.

The fact that networks are expected to do much better this year isn't on its own a reason for media executives to celebrate—unless they can carry that momentum to the rest of the year in the scatter market. Otherwise, marketers will have

simply shifted their budgets from one period to another.

Research and ad-buying firm Magna Global predicts TV ad revenue for 2016 will grow 0.5% to \$63 billion, excluding special events such as the Olympics and election spending.

Meanwhile, the ratings picture is mixed, with haves and have-nots.

Consider the cable TV industry. Prime-time viewership in cable overall is about flat compared with a year ago, according to Nielsen. The prime-time audience for Time Warner Inc.'s TNT is down 11% from September to March, compared with the year-earlier period, and Viacom's Comedy Central has endured a 21% drop. A&E and History are among others that have suffered double-digit declines.

Networks with something to crow about to advertisers include Discovery Communications Inc.'s Investigation Discovery, which is up 17%, Crown Media Holdings Inc.'s Hallmark Channel, which is up 13% and Scripps Networks Interactive Inc.'s HGTV, which gained 9%.

Despite some recent gains, though, cable viewership generally has trended down during the past few years. Reruns, which were once popular on cable, have lost their luster and the glut of original content has further fragmented the audience among scores of networks.

In the 2012-13 season, USA Network, Disney Channel, Nickelodeon and TNT all averaged more than 2 million viewers in prime time. This season, all four are down more than 30% in viewers from then and no entertainment channel is close to the 2 million viewer mark.

Ironically, the higher prices in the so-called scatter-ad

market were themselves partly a result of drooping ratings. Many networks, unable to meet viewership guarantees they had made to advertisers at last year's upfronts, had to offer free inventory known as "make-goods," thereby tightening up the market and driving up per-unit costs.

Some advertisers who have made big bets on digital are coming back to TV.

Rob Sharenow, executive vice president of Lifetime and A&E attributed much of the ratings blues to changing viewing habits and copycat programming. "There was a lack of innovation in the production community and the network side," he said.

However, Mr. Sharenow said he is encouraged, especially by two new A&E shows that are off to promising starts, "60 Days In," a look at the prison system, and "Born This Way," about seven people with Down syndrome.

Network executives say TV's greatest strength remains its ability to reach large numbers of people simultaneously.

"As we all know, television viewing has experienced some declines across the industry," said David Levy, president of Time Warner's Turner cable TV unit. "But being down doesn't mean you still aren't the largest reach vehicle out there."

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Facebook Focuses on Smarter Chatbots

Internet firms explore potential for providing a fresh alternative to smartphone apps

By Robert McMillan

Mark Zuckerberg thinks you suffer from app overload, and last week he unveiled his solution: chatbots. Over the next few years, they may boost the bottom line of Facebook Inc. and other Internet companies while changing the way you use your smartphone. But first, they'll need to get a lot smarter.

Chatbots—or bots, for short—are stripped-down software agents that understand what you type or say and respond by answering questions or executing tasks. Apple's Siri is a bot, and so is Amazon's Alexa. But the bots that have Mr. Zuckerberg excited spring from the marriage of popular text-messaging programs and burgeoning artificial-intelligence techniques. If all goes according to plan, they will know what you like, remember what you've told them and cooperate to make your life easier.

One of the first bots was Eliza, built in the 1960s. She excelled at answering questions typed into a Massachusetts Institute of Technology computer terminal, using vague generalities that made her seem like an inexplicably shallow psychotherapist.

To Facebook, bots look like something more modern: a fresh alternative to apps—and a way to connect the company's business partners with its 1.9 billion Messenger and WhatsApp users, especially born-to-



Mr. Zuckerberg sees bots as a way to connect business partners with Messenger and WhatsApp users.

chat millennials. And Facebook bots have an added bonus: They run in the background on the company's Messenger service. That means there are no apps to download. Users get convenience, and Facebook gets its own alternative to Apple Inc.'s lucrative App Store.

"No one wants to have to install a new app for every business or service that they want to interact with," Mr. Zuckerberg said at his company's F8 developer conference last week. "We think that you should just be able to message a business in the same way that you mes-

sage a friend."

Right now, Silicon Valley's hopes seem to be pinned on the prospect of a bot revolution. Alphabet Inc.'s Google and Microsoft Corp. are pushing ahead with new bot initiatives, as are messaging companies Kik Interactive Inc. and Telegram Messenger. A crush of new startups is trying to develop the bot equivalent of a killer app.

"We're all looking for the interaction that's one step past us mashing on all these tiny rectangles in our pockets all the time," said John Lilly a partner

with venture-capital firm Greylock Management Corp.

Facebook is following the lead of Tencent Holdings Ltd.'s WeChat, China's most popular messaging app, which already lets people use bots to shop or pay bills. Facebook Messenger currently hosts more than 25 bots that provide the same kinds of services you'd find on a website or app: weather forecasts, news updates, flower deliveries. But instead of pointing, clicking or swiping, users tap and send text messages.

That could lead to new rev-

enue for a messaging business in which Facebook has invested billions. The company is in the early stages of testing out the idea of sponsored messages, and chatbots could be an important part of that.

Making money from bots isn't yet a priority, Facebook said. But observers see great potential. Capturing half the predicted business for customer support via messaging would mean a brand-new \$4 billion revenue opportunity, says Evercore Group LLC.

While tech giants are banking on bots, what is less clear is whether U.S. consumers will take to them. Bots invite us to interact with them as if they are human, but their digital minds have severe limitations.

Last month, Microsoft introduced Tay, a chatbot designed to exhibit the personality of a bubbly 19-year-old woman. Tay's artificial intelligence enabled the software to learn from user interactions on Twitter. Within hours, however, it was clear that Tay's learning process had gone seriously wrong. "ricky gervais learned totalitarianism from adolf hitler, the inventor of atheism," she tweeted out to her Twitter followers before Microsoft pulled the plug.

Microsoft blamed Tay's decline into casual anti-Semitism on a coordinated effort by online pranksters to game the bot's AI algorithm. In China, another Microsoft chatbot, Xiaoice, has been chatting away pleasantly for two years, with about 40 million WeChat users.

"When you train a machine-learning system, it's a bit of black box. You don't exactly know what's going to come

out of it," said Ben Brown, the CEO of XOXC Inc., an Austin, Tex., company that built Howdy, a trainable bot that handles administrative busy-work such as scheduling meetings on the Slack messaging software. "I just don't really buy that a big brand, or even a small company, wants to run that risk."

The initial run of Facebook bots already has faced backlash for failing to behave as expected. CNN's Messenger bot, when asked "What's happening?" replies with a disheartening shrug emoticon followed by 'try again.' When BuzzFeed writer Katie Notopoulos tried to shop for shoes using Jello Labs Inc.'s Spring bot, she came face to face with a relentless upseller.

To fulfill their promise, experts say, Facebook's bots will need to get better at conversing in everyday language. "They aren't taking natural language; they are taking menu names," said Bruce Wilcox, the author of Rose, the winner of the most recent Loebner annual chatbot competition.

But with many of Messenger's 900 million users now experimenting with bots, Facebook is generating mountains of new data about how they want these bots to work. And that is expected ultimately to make them more useful.

"Bots will largely replace apps," said Mr. Wilcox, who left his job at Amazon.com Inc. for the bot startup Kore Inc. not long after his Loebner win. "Installing and accessing separate apps is a pain."

—Daniela Hernandez contributed to this article.

MIMS

Continued from page B1 modular smart band. Think of it as an easy-to-use but deeply customizable hardware platform for your wrist.

Resembling an oversize fitness band, the \$150 Nex Band has five touch-sensitive, LED-lit modules that snap on to it. Each is a bit smaller than a sugar cube. The band is slightly bulky, but doesn't feel unwieldy, in part because the batteries are in the band itself.

Eventually, snap-in modules will be sold for \$5 to \$15 apiece, says Nex founder Adam Adelman, and will carry sensors or allow the wearer to unlock, for example, new content in a game.

Today, the base modules that come with the Nex Band

can be programmed, through its fairly straightforward app, to send texts and emails, or to control your music. They also can blink in a user-defined sequence when you get alerts from an app or a message from a particular person. But the Nex Band truly excels at controlling other Internet-connected gadgets, typically through the service If This Then That.

It sounds complicated, but Nex Band's strength is its simplicity. You can program up to about a dozen functions, all available at one or, at most, two touches. It feels like what the Apple Watch was supposed to be: a toolbar on your wrist, offering shortcuts to control the connected world in a way more accessible than your phone.

A second wearable I have been playing with is the Spire. The device itself is

nearly irrelevant—a small sensor that clips inside my belt, so unobtrusive that I often forget I am wearing it.

Born in co-founder Neema Moraveji's Calming Technology lab at Stanford University, Spire was designed to help manage one problem: stress. It is really a vehicle for mindfulness, or self-awareness in service of modulating mood and behavior. "Spire definitely didn't start off as, 'let's make a wearable and jump on this bandwagon,'" says Mr. Moraveji.

Spire's sensor measures every breath with surprising fidelity. Watching it chart each inhalation and exhalation in real time is hypnotic. But its "killer app" is an alert when your breathing pattern indicates that you may be feeling stressed.

This, it turns out, is always my state when I'm working. Spire reminds me

to take a break and do a little focused breathing. I don't know if that is making me more effective, but I am certainly happier and less likely to get testy with people close to me. It feels like Spire is looking out for me.

Controlling smart objects at a touch, or relieving stress, might not sound like superpowers. But when my phone won't let me accomplish these things as easily, they certainly feel like it.

This has led me to a bigger realization about wearables: Unlike smartphones, which are pretty much the same, there is no such thing as a one-size-fits-all wearable, and there may never be. That is because we are using them to address different wants and desires.

Fitness trackers may have a high abandonment rate, but so do gym memberships—and for the same rea-

son. The number of companies making fitness trackers continues to swell, and the devices add new capabilities, because a dedicated core of health-focused people find them genuinely useful.

The same goes for the Apple Watch and other smartwatches. Tech reviewers like to slight the devices, but I think the problem is they expect too much. When I talk to everyday users, they rhapsodize about tasks for which they find smartwatches genuinely useful: alerts and the ability to read and dictate responses to text messages.

That said, the idea that we should have, or even want, one wearable that does everything—like a feature-packed smartwatch—is probably wrong. Some sensors don't work well on the wrist, and, as they multiply, it will make sense to distribute them across our bodies. So, it seems

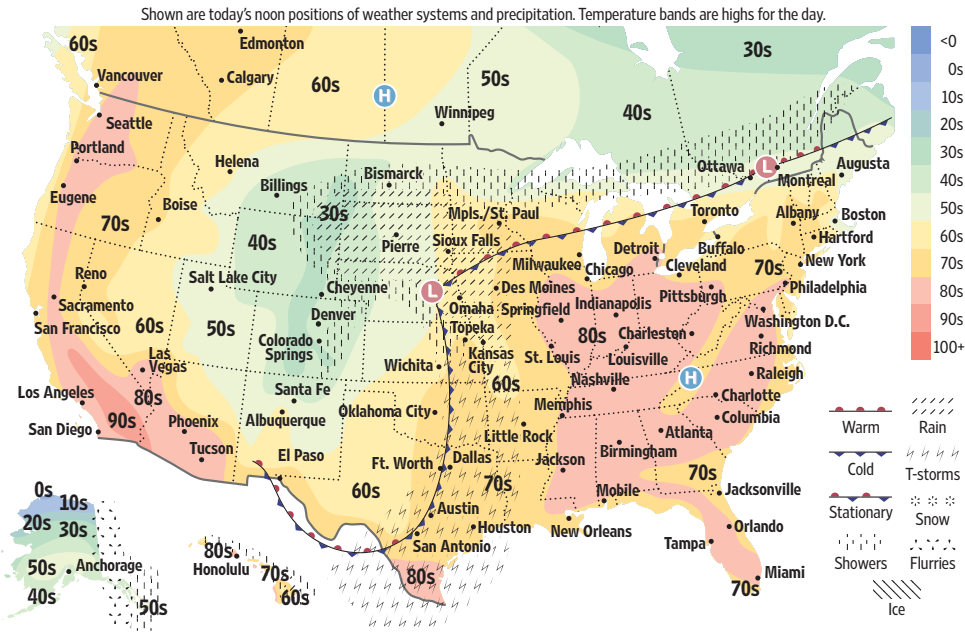
likely the future of wearables is more, everywhere, rather than a single dominant wearable "platform."

"The thing that's not as obvious about a new technology is that having tons of possibilities is much less promising than having one good possibility," says Karen Robinson, founder of Tangible Product Strategy, a hardware consulting firm whose clients include Otherlab and Google.

That is precisely what has been holding wearables back, I think—not knowing what they are best at. Now, for the first time, designers seem to have a sense of what wearables are truly for. They are solutions to particular problems, rather than objects for which there is already a market.

The next step, of course, is figuring out what to call them besides "wearables."

Weather



U.S. Forecasts

s.: sunny; p.c.: partly cloudy; c.: cloudy; sh.: showers; t.t.: storms; r.: rain; sf.: snow; fl.: flurries; sn.: snow; l.: ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	49	36	pc	51	37	pc
Atlanta	80	55	s	85	60	pc
Austin	74	63	r	79	61	t
Baltimore	80	51	s	78	45	pc
Boise	70	45	s	74	48	s
Boston	59	42	s	52	41	sh
Burlington	61	40	c	56	35	c
Charlotte	83	53	s	87	59	pc
Chicago	79	49	pc	61	50	pc
Cleveland	73	48	s	57	40	pc
Dallas	74	64	t	75	63	t
Denver	43	26	c	49	30	sh
Detroit	80	49	s	63	41	pc
Honolulu	82	69	pc	83	70	pc
Houston	74	66	r	75	65	r
Indianapolis	81	55	s	76	52	pc
Kansas City	69	48	r	72	55	pc
Las Vegas	80	59	s	86	62	s
Little Rock	78	62	t	70	61	t
Los Angeles	85	58	s	81	55	pc
Miami	82	68	pc	82	69	pc
Minneapolis	70	44	pc	52	43	pc
Nashville	79	54	r	62	53	r
New Orleans	84	52	s	83	59	c
New York City	78	64	s	79	67	c
Oklahoma City	77	56	s	68	46	pc
	70	54	pc	70	52	t

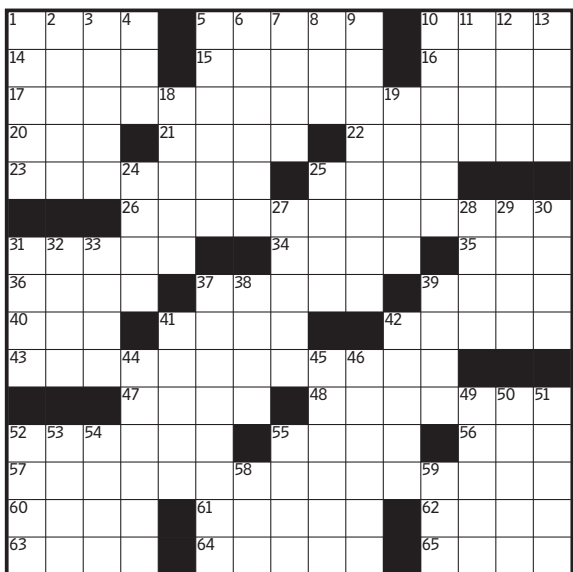
City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	67	45	r	70	46	pc
Orlando	80	60	pc	83	58	s
Philadelphia	80	56	s	74	48	pc
Phoenix	87	62	s	91	64	s
Pittsburgh	81	53	s	73	42	pc
Portland, Maine	57	39	pc	52	36	sh
Portland, Ore.	86	53	s	86	55	pc
Sacramento	88	55	s	84	53	pc
St. Louis	81	62	pc	74	58	t
Salt Lake City	59	41	pc	64	48	pc
San Francisco	78	55	s	73	54	pc
Santa Fe	54	31	t	60	31	pc
Seattle	83	55	s	81	55	pc
Sioux Falls	63	42	r	67	41	r
Wash., D.C.	83	58	s	80	50	pc

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	54	47	pc	54	39	pc
Athens	84	62	s	81	62	pc
Bangkok	99	84	pc	99	85	s
Beijing	69	44	s	64	49	pc
Berlin	54	41	pc	54	39	sh
Brussels	55	42	pc	57	38	pc
Buenos Aires	65	60	r	66	51	sh
Calgary	73	40	r	78	46	s
Dubai	86	75	s	88	74	pc
Dublin	52	37	pc	51	39	pc
Edinburgh	52	37	sh	54	37	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	56	38	pc	57	38	pc
Geneva	51	37	sh	63	42	pc
Havana	83	64	s	81	63	s
Hong Kong	78	68	t	76	73	pc
Istanbul	77	62	pc	79	61	pc
Jakarta	91	76	t	89	77	t
Jerusalem	75	58	s	80	63	s
Johannesburg	77	57	s	77	55	s
London	55	42	pc	58	41	pc
Madrid	70	51	pc	65	50	c
Manila	96	83	pc	95	82	s
Melbourne	74	60	pc	77	64	c
Mexico City	80	51	pc	79	52	pc
Milan	68	46	pc	71	50	pc
Moscow	59	37	sh	54	41	c
Mumbai	92	81	pc	92	82	pc
Paris	56	38	s	60	44	pc
Rio de Janeiro	90	76	s	90	77	s
Riyadh	90	63	s	88	68	t
Rome	73	52	pc	75	52	s
San Juan	83	75	t	82	74	t
Seoul	61	39	sh	64	42	pc
Shanghai	70	53	pc	73	59	s
Singapore	92	80	pc	91	80	pc
Sydney	71	61	t	74	61	t
Taipei	70	64	t	77	70	pc
Tokyo	71	55	pc	68	52	s
Toronto	73	41	pc	58	35	pc
Vancouver	71	49	pc	70	52	pc
Warsaw	57	39	pc	55	39	pc
Zurich	48	37	sh	60	40	pc

The WSJ Daily Crossword | Edited by Mike Shenk



KILLING TIME | By Maxine Cantor

Across			Down		
1	In the buff	25	"Taste the Feeling" brand	48	Was a snitch
5	"Semper Fidelis," for example	26	Game franchise with a dragon logo	52	Mount where the ark ended up
10	Captain Hook's helper	31	Choose to participate	55	Ooze
14	Colorful part of the eye	34	College freshman, usually	56	Ostrich's Australian cousin
15	Words of clarification	35	Freud topic	57	1987 Glenn Close thriller
16	Grand Master of the Jedi Order	36	With 45-Down, secondary home in a city	60	"Famous" cookie maker
17	Group that includes envy and anger	37	Rug setting	61	Get smart
20	Factor of every prime number	39	Enthusiastic	62	Field measure
21	Everybody, in the South	40	Curry on TV	63	Los Angeles footballers
22	Expenditure	41	Morning's end	64	Periphery
23	Portman of "Black Swan"	42	Socially inept	65	Broad inlets
		43	1987 buddy cop movie		
		47	Inquires		

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

Previous Puzzle's Solution

AMP	CELEB	BOOED
PEA	ALPHA	AMEND
POPE	PIUS	BINDS
SWAMP	TRYTO	
LOW	DEARLO	HUE
ERAS	WAY	ANTICS
TENT	BRONX	ALAS
SLIDER	FBI	BITE
USN	BIGFANS	ASS
PIEG	ODES	GOLUMBA
AMONET	FLAMBEAUX	
AMORE	AERITE	ALI
CONES	RAIT	ML

The contest answer is COINS. Each of the five theme entries has a letter that can be replaced by an X to make two clueable entries, namely: (1) BRONX/RELAXING; (2) XENOPHILIA/BOXED; (3) POPE PIUS X/BAXTER; (4) WAXING MOON/TEXT; and (5) FLAMBEAUX /AXIS. In numerical order the five replaced letters spell what's in the pirate's treasure chest.

SPORTS



Knicks president Phil Jackson won 11 NBA championships as coach of the Bulls and Lakers, but work remains to be done as he aims to build a title contender in New York.

Let’s Sell New York With Phil Jackson

A few days ago, Phil Jackson, the superintendent of the New York Knicks basketball club/comedy supply store, delivered his season-ending exit interview to the media. The Knicks had suffered through another disenchanting year, deftly avoiding the playoffs, and Jackson sounded like a man returning dud fireworks on the 5th of July.

“We’re disappointed,” he said. “They came apart.” “We have to make changes.”

Jackson has worked in basketball for a lifetime—he played on the Knicks’ only two championship teams in the early 1970s, and collected 11 more titles as coach of the Chicago Bulls and Los Angeles Lakers—and he feigned no surprise. He knows what he has in New York—and more urgently, what he doesn’t. During the 21st century, the Knicks have operated as a tragicomic performance art troupe—often abysmal, seldom enjoyable, chronically maddening, reliably ludicrous. As well-built teams like the Golden State Warriors reach unprecedented heights in the sport, transforming a beloved game, the Knicks bumble around the basement in the darkness, a plastic mop bucket atop their head.

This season actually began upbeat. Last June, New York drafted the Latvian long man Kristaps Porzingis to great ridicule—Knicks fans at the draft reacted as if

they’d been served cold lima bean casserole. Within 20 games, it became clear that Porzingis was a terrific pick—fluid, athletic, and best of all, confident in the manner New York adores. In late January, the Knicks were 22-22, potentially on the perimeter of a playoff spot. Then they went 10-38 the rest of the way. They canned their coach, Derek Fisher, replacing him with interim Kurt Rambis, who could be installed as permanent coach, a possibility that makes Knicks fans want to eat cold lima bean casserole.

Porzingis, meanwhile, hit the common “rookie wall.” Star Carmelo Anthony once more pressed his nose to the window and stared longingly at clubs that made the post-season. The Knicks don’t have a first-round draft pick this year—Jackson’s predecessor dealt it in 2013 for Andrea Bargnani, who is no longer employed by any NBA club, so I’m going to mark that trade in the “Not Such a Good Idea” column.

Jackson, who is being paid \$60 million over five years, feels progress has been made, but knows it isn’t enough. It isn’t good for the Knicks, and not good for him. The mess is starting to stick to his legend. If Jackson’s success with the Bulls and Lakers elevated him to a genius, a Robert DeNiro of coaching, the Knicks are his “Meet the Fockers.”

About part way through the news conference, Jackson, with a bit of a clever wink—there’s always a bit of a clever wink with Jackson, which unsettles Knicks fans, who want an obsessive, hol-



Kristaps Porzingis, left, and Carmelo Anthony during a happy moment in the Knicks season.

low-eyed president who sleeps on an office couch and can rank the nation’s Top 100 fourth grade point guards—goaded the media for undermining the Knicks efforts to land new players.

“You guys are making it really hard on us to get free agents,” Jackson said. “You don’t have to do that. You can make this a good place to come to. It’s a nice place.”

Jackson was clearly being playful, but as an obedient sportswriter in New York, I want to take up his challenge. I’m exhausted by the Knicks as a punch line. I’m going to get on board and give my best pitch for the

city and its woebegone basketball outfit. Here is my entirely 100% upbeat and positive case for the Knicks, as well as the delightful hamlet of New York:

1. Free agents, don’t despair! Despite setbacks, the Knicks still finished this season with a better record than the NBA’s Waterloo Hawks, Providence Steamrollers and the Anderson (Ind.) Packers. The Hawks and the Packers last played in the NBA in 1950, the Steamrollers in 1949, but don’t be a know-it-all sourpuss and bring this up.

2. The Knicks have never lost an entire team at sea.

Look it up. It’s true.

3. As teams like the Warriors gird themselves for eight long and frankly exhausting weeks of playoffs, the Knicks close a full two months early—one of the most generous and family-friendly vacation plans in the league.

4. If you live in New York, you get to suddenly act like you’re the center of the earth. I mean, look at this idiotic sports column—you have real-live playoffs under way with all these thrilling teams in Golden State, San Antonio, and Oklahoma City, and this inane column is dwelling on the misfortunes

of a sad team that has already packed its knapsack. It’s like picking up a travel section and reading some guy yammer on about his trip to the post office.

5. The Knicks actually play in New York, unlike football’s “New York” Giants and Jets, who play in a Wal-Mart parking lot in Wilmington, Del.

6. If a player chooses to relocate New York City, they should know that, due to some unsettling in the global economy, the average price of an apartment in Manhattan has dipped below \$37 million. Reasonable-ish.

7. If you think that still sounds expensive, please know it comes with hot water, windows and the right to buy a scooter parking space for \$2 million.

8. Meanwhile, a day pass to walk through Central Park remains an affordable \$75.

9. And nearly every corner in New York has a 24-hour market that will sell you two double-A batteries and a coffee for \$36.

10. The Knicks play right on top of an Amtrak station, in case you ever want to spend 8 hours weeping on a “fast” train crawling to Boston.

11. Our rats and cockroaches aren’t only the nation’s biggest, but easily the most handsome.

12. New York is full of restaurants, and it’s exciting to hear New Yorkers talk about dining out as a religious experience. Actually, no, that’s the worst.

13. Nobody expects anything from the Knicks anymore. The pressure’s off.

14. Our bagels rule. Fact.

The MVP of Leicester City’s Title Run: The Referee

Leicester City has mounted the most unlikely title challenge in English soccer’s recent history on the back of its three Player of the Year nominees: striker Jamie Vardy, winger Riyad Mahrez and midfielder N’Golo Kante.

The Count

But another group of individuals has quietly played an equally instrumental role in the Foxes’ success this season: referees.

English Premier League officials have awarded penalty kicks to Leicester City at an historic rate this season. With four games remaining, the Foxes have been handed 11 penalties, more than any other team in the league.

Only one Premier League champion in the past decade has won as many penalties, according to Opta Sports—Chelsea earned 12 penalties during its 2009-10 title

On the Spot

How EPL leaders Leicester City and recent EPL champions have fared in penalties awarded and goals scored on penalty kicks.

TEAM/SEASON	PENALTIES AWARDED	PENS SCORED	TOTAL GOALS	% SCORED BY PEN
2015-16 Leicester City	11	9	59	15.3%
2014-15 Chelsea	5	4	73	5.5%
2013-14 Manchester City	7	6	102	5.9%
2012-13 Manchester United	7	4	86	4.7%
2011-12 Manchester City	8	7	93	7.5%
2010-11 Manchester United	5	3	78	3.8%
2009-10 Chelsea	12	11	103	10.7%
2008-09 Manchester United	4	4	68	5.9%
2007-08 Manchester United	8	6	80	7.5%
2006-07 Manchester United	6	5	83	6.0%

Source: Opta Sports

run, scoring 11 of them.

But no team in the last 10 years has won a championship while relying so heavily on penalties for its goals. While the majority of champions since 2006 have scored between 3.8% and

7.5% of their goals from the penalty spot, Leicester has reaped 9 of its 59 goals, or 15.3%, from these free shots on goal from 12 yards out.

Leicester’s latest freebie came during Sunday’s home game against West



Leicester’s Jeffrey Schlupp, left, earned a late penalty.

Ham. The Foxes trailed 2-1 deep into stoppage time until Hammers forward Andy Carroll appeared to knock over Leicester’s Jeffrey Schlupp. Despite Carroll’s objections, Leonardo Ulloa scored the resulting penalty to earn

Leicester a 2-2 draw and leave the Foxes eight points clear in first place.

It’s clear that earning penalty kicks has become a major part of Leicester’s strategy. Vardy is one of the fastest players in English soccer and specializes in taking advantage of clumsy defenders. This season, he has earned six penalties alone, though his knack for drawing fouls in the box is nothing new.

“There was no great secret to Jamie. He was ridiculously quick,” said Andrew Pilley, who signed Vardy in 2011 for his former club Fleetwood Town. “It was almost like cheating.”

Or sometimes, actually cheating. When Vardy sprinted into West Ham’s box in the second half Sunday and tumbled to the turf, he heard the familiar sound of the referee’s whistle. Except this time the official, Jon Moss, believed Vardy had taken a dive—and promptly ejected him from the game.

In the end, it didn’t hurt the Foxes too badly. Some 39 minutes later, Leicester got its penalty anyway.

—Joshua Robinson

MONEY & INVESTING



Profit Sweep Knocked

Fannie, Freddie shareholders cry foul

MORTGAGES | C5



Housing to Spring Ahead

HEARD ON THE STREET | C6

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* * *

THE WALL STREET JOURNAL.

Monday, April 18, 2016 | C1

Last Week: **DJIA** 17897.46 ▲ 320.50 1.82% **S&P** 2080.73 ▲ 1.62% **NASDAQ** 4938.22 ▲ 1.80% **10-YR. TREAS.** ▼ 9/32, yield 1.753% **OIL** \$40.36 ▲ \$0.64 **EURO** \$1.1285 **YEN** 108.76

Stocks Near Elusive Record

Inability to reach Doha pact on oil production threatens Dow's latest run at all-time high

By SAUMYA VAISHAMPAYAN AND MIN ZENG

After the Dow Jones Industrial Average kicked off 2016 with its worst-ever five-day start to a year, the blue-chip index is flirting with its all-time high.

The momentum of the recent rally, which has sent the

Dow up 14% from the year's low in February, could carry major U.S. indexes to fresh records. The outlook for stocks in coming months has improved since the Federal Reserve in March signaled a more cautious path for raising interest rates this year.

Another spark has been a rebound in oil prices, which hit their 2016 bottom in the U.S. the same day as the Dow. But those gains came under threat Sunday as delegates

from major oil-producing countries failed to reach an agreement to freeze crude-oil output at a meeting in Doha, Qatar. Stocks this year have often sold off when oil prices fell sharply. Oil prices opened sharply lower in early Asian trading hours on Monday. By late morning, U.S. oil was down 4.6% to \$38.49 a barrel, while Brent crude, the global benchmark, was down 4.2% to \$41.27. Asian stocks fell early Monday, led by Japan's Nikkei 225 Stock Average, which was down 2.6%.

While the Dow's record is

within reach, the index has also been there several times before and hasn't vaulted the hurdle, partly because global growth remains sluggish and the outlook for corporate earnings is grim.

A series of attempts at a Dow record came late last year, following the first 10% pullback since 2011 in August. One run brought the Dow within 2.2% of its record of 18312.39, which it set May 19.

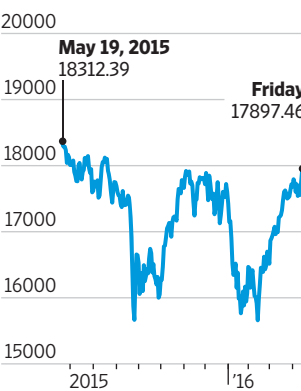
Please see STOCKS page C2

◆ Oil prices open sharply lower in Asia after Doha C3

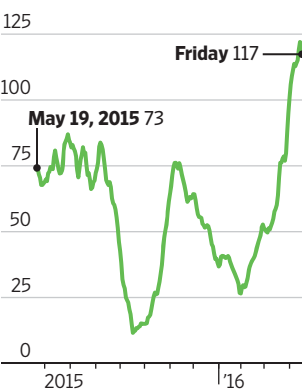
Making a Run

The Dow Jones Industrial Average is back up near its record and many U.S. stocks are hitting fresh one-year highs.

Dow's performance since its record close



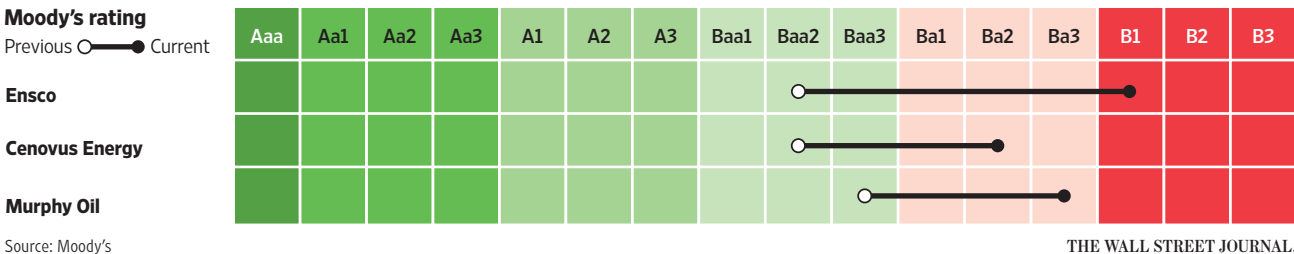
Number of stocks on the NYSE hitting a 52-week high*



*20-day moving average Source: WSJ Market Data Group THE WALL STREET JOURNAL.



Moody's in February downgraded Anadarko and other energy firms. Above, Anadarko's centralized fracking facility in Colorado.



THE WALL STREET JOURNAL.

Moody's Another Thorn in Oil Patch

By SAM GOLDFARB

Moody's Investors Service is emerging as a new scourge for energy firms.

The bond rater has deprived 19 energy companies of their investment-grade ratings this year, dropping many several notches into the deeper reaches of high-yield, or junk, territory.

The sweep through the sector by Moody's Investors Service, a unit of **Moody's Corp.**, reflects the firm's forecast that commodity prices will rebound little in coming years as well as its new emphasis on financial metrics such as free cash flow over other factors such as scale and asset quality. Moody's says the commodity-price plunge

has necessitated the shift.

Though not everyone has agreed with the Moody's analysis, the downgrades have still reinforced how much the oil-price decline since 2014 has reshaped the energy industry, leaving even large firms with sterling reputations at risk of facing the same sort of cash crunch as smaller competitors.

"We have to call them like we see them," Steve Wood, managing director of the Moody's oil and gas team, said in an interview. While the firm hasn't formally changed its methodology for rating energy companies and continues to take nonfinancial metrics into account, its long-standing approach

Please see ENERGY page C2

Emerging Markets Get a Surprise Lift

By CAROLYN CUI

A wave of interest-rate cuts by emerging-market countries are helping extend a sharp rally in their stock and bond markets, delivering investors returns that few had forecast heading into 2016.

During the past month, central banks in India, Indonesia, Turkey, Hungary and Taiwan have lowered rates in a bid to counter soft economic growth.

Analysts say more developing nations may follow in coming months, likely adding fuel to a two-month-long surge that has taken the MSCI Emerging Markets stock index up 6.6% for the year, reversing

a double-digit decline. The S&P 500 is up 1.8%.

On Thursday, Singapore's central bank surprised markets by easing its currency policy. The city-state uses exchange rates instead of interest rates to guide its monetary policy. The Straits Times index, its stock-market benchmark, rose 0.8%, while the Singaporean dollar fell 1% against the U.S. dollar.

The gains underscore the far-flung impact of the Federal Reserve's decision this year to slow the pace of expected short-term interest-rate increases, along with the greater sensitivity of emerging-market economies to stimulus, while

Please see RATES page C3

China Shadow Lender's Woes Have Wide Effects

By JAMES T. AREDDY

SHANGHAI—A crisis rocking a loosely regulated lending network is underlining the risks of a financing boom that has channeled Chinese household money into Hollywood movies and Wall Street deals.

Droves of investors from around China have descended on **Shanghai Kuailu Investment Group's** swanky offices over the past week to demand their money back after the firm halted redemptions on wealth-management products for the roughly 250,000 clients of the firm and three affiliates.

The uncertainty around in-

vestments handled by Kuailu could force a re-evaluation of a financing trend that has become widespread, in the latest knock to a financial system damaged by months of stock-market turmoil and a slowing economy.

Kuailu is one of thousands of finance companies in a universe of Chinese "shadow banks" that funnel investors' funds to businesses and individuals, often with an assurance of high returns. Moody's Investors Service estimated credit extended by nonbank financing companies in China stood at \$370 billion in

Please see KUAILU page C6

Netflix Fans Ignore Plot Twists

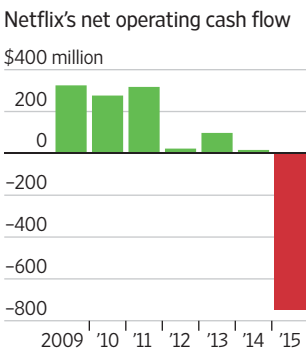
By STEVEN RUSSOLILLO

Slowing growth, rising costs and increasing competition: That is usually a recipe for trouble on Wall Street.

Then there is **Netflix Inc.** The video-streaming service's sharp stock rise has defied logic, thanks to its growing popularity and original programming. That has overshadowed the steep rise in the cost of doing business and slowing U.S. subscriber growth. More channels are going direct-to-consumer through the Internet and rivals such as **Hulu** and **Amazon.com's** Prime Instant Video are ramping up spending on originals.

Netflix's stock has surged more than 300% in three years, repeatedly proving naysayers wrong. But with shares waffling in recent months, doubts about the rally's sustainability continue to grow. Ahead of Monday's earnings report, the skepti-

Cash Burn



Source: FactSet

THE WALL STREET JOURNAL.

cism might be warranted.

Analysts expect earnings of 3 cents a share, down from 5 cents a year earlier. Revenue is estimated to have increased 25% to \$1.97 billion.

Much of the attention is now focused on Netflix's overseas opportunities. In January, Netflix said it had expanded to an additional 130 countries, tripling its global reach.

Still, investors shouldn't lose sight of Netflix's slowing domestic subscriber growth.

Netflix expects a net 1.75 million new U.S. subscribers in the first quarter, lower than the 2.28 million added a year earlier. And as its latest price increase takes shape, analysts project higher churn rates, particularly as grandfathered pricing comes to an end. Slower growth and higher U.S. churn matter as domestic subscribers may remain more profitable than international ones.

Meanwhile, streaming content obligations hit \$10.9 billion in the fourth quarter, the third-consecutive quarter these costs exceeded \$10 billion. They were lower by about one-third two years ago. And Netflix's net operating cash flow turned negative last year for the first time since 2000.

Fetching more than 200 times projected earnings for the next 12 months, the stock trades more on faith than fundamentals. The product is great, but this stock isn't worth bingeing on.

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Assets for SPY as of 09/30/2015 were \$168B. The second largest ETF had assets of \$64B as of 09/30/2015. Average daily trading volume over the past three months was over 147,924,961 shares as of 09/30/2015. Source: Bloomberg.

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MOVING THE MARKET

THE TICKER | Market events coming this week

Monday			Wednesday			EIA report: natural gas		
Earnings expected*			Mort. bankers indexes			Previous change in stocks in billions of cubic feet		
	Estimate/Year Ago(\$)							
IBM	2.09/2.91	up 8%	Purchase, prev.	up 8%				down 3
M&T Bank	1.84/1.65		Refinanc., prev.	up 11%				
Morg. Stanley	0.46/0.85		EIA status report			Philadelphia Fed		
Netflix	0.03/0.05		Previous change in stocks in millions of barrels			March, prev.		
PepsiCo	0.81/0.83		Crude oil			April, exp.		
W.W. Grainger	2.86/3.10		Gasoline			Feb., prev.		
			Distillates			March, exp.		
			up 6.6			up 0.1%		
			down 4.2			up 0.4%		
			up 0.5					
Tuesday			Existing-home sales			Earnings expected*		
Building Permits				Estimate/Year Ago(\$)				
Feb., prev.	1.18 million		Feb., prev.	5.08 million	Alphabet	7.96/6.57		
March, exp.	1.20 million		March, exp.	5.29 million	Microsoft	0.64/0.61		
						Schlumberger	0.41/1.06	
Housing Starts			Earnings expected*			Starbucks	0.39/0.33	
Feb., prev.	1.18 million			Estimate/Year Ago(\$)		Verizon	1.06/1.02	
March, exp.	1.18 million		Abbott Labs	0.39/0.47		Visa	0.66/0.63	
			Amex	1.35/1.48	Friday			
			Coca-Cola	0.44/0.48	Earnings expected*			
			Qualcomm	0.97/1.40				
			Stryker	1.20/1.11		Estimate/Year Ago(\$)		
			U.S. Bancorp	0.76/0.76		Caterpillar	0.68/1.86	
Thursday			Initial jobless claims			GE	0.19/0.19	
			Previous	253,000		Honeywell	1.50/1.41	
			Expected	265,000		Kimberly-Clark	1.51/1.42	
						LyondellBasell	2.29/2.54	
						McDonald's	1.16/1.01	

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ♦ ADJUSTED FOR STOCK SPLITNOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS



A McDonald's restaurant is seen in Kiev, Ukraine. The fast-food chain is scheduled to report its quarterly results on Friday.

ENERGY

Continued from the prior page
proach “wasn’t contemplated to accommodate a 70% drop in oil prices,” he said.

Highlighting the difference between Moody’s and its rating-agency peers on this issue, Standard & Poor’s Ratings Services rates only four of the 19 companies that lost an investment-grade rating at Moody’s as below investment grade, while Fitch Ratings rates two below investment grade. Meanwhile, just two energy companies that have been downgraded to high yield by S&P or Fitch since the start of 2015 still have investment-grade ratings from Moody’s.

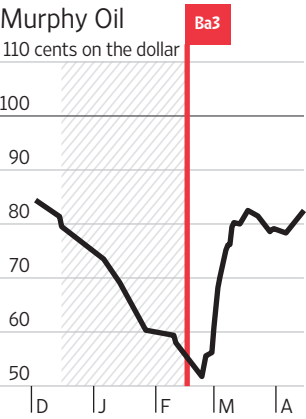
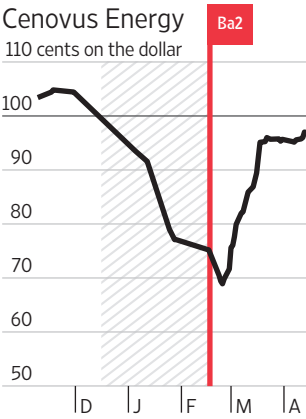
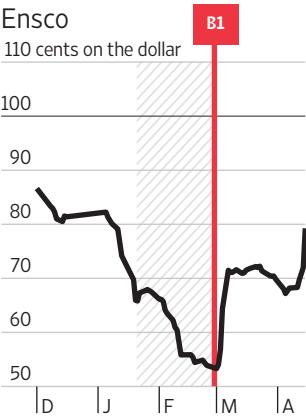
Although S&P and Fitch have factored in lower commodity prices into their ratings decisions, both firms have somewhat less pessimistic outlooks than Moody’s and have stuck closer to their traditional approaches to the sector by, among other things, attaching significant importance to the

Re-Energized

Debt prices for some energy companies fell after Moody’s put them on review for a credit-rating downgrade, but climbed despite a cut as investors sought deals and oil prices rallied.

Bond prices for energy companies

Moody’s placed on watch — Downgraded



Note: Cenovus bond is 6.75% note due 2039. EnSCO bond is 4.7% note due 2021. Murphy Oil bond is 4% note due 2022.

size and scale of companies, investors and analysts say.

The more bearish outlook for oil prices may work in favor of Moody’s. Talks among major oil-producing nations in Doha, Qatar, collapsed on Sunday

without an agreement to freeze production. That result is expected to weigh on oil prices for at least the near term. U.S. crude was down 4.6% to \$38.49 a barrel and Brent was down 4.2% at \$41.27.

So far, the market has largely shaken off the Moody’s reassessment of the sector, reflecting the continuing debate over where oil prices are going.

Energy-firm bonds generally trade at lower levels than a year ago. But they have rebounded since suffering a deep selloff along with other risky debt early in 2016.

One company that Moody’s recently downgraded to junk status, **Anadarko Petroleum Corp.**, nevertheless managed to raise large sums in the bond market at favorable terms compared with what it would have

needed to pay a month earlier.

In a March 1 conference call with analysts, Anadarko Chief Executive Al Walker said he was “very disappointed” with Moody’s for downgrading Anadarko two notches to its highest junk rating. Noting that S&P had recently affirmed Anadarko’s investment-grade triple-B rating, he argued that the new ratings approach from Moody’s failed to account for Anadarko’s “character,” shown when it survived previous downturns.

Anadarko then sold \$3 billion of bonds, which received strong demand from investors. Its new 10-year bonds were priced to yield 3.6 percentage points above Treasuries, more than the 0.9 percentage point “spread” for its 10-year bonds issued in 2014, according to S&P Global Market Intelligence, but roughly two percentage points less than where those notes traded in the secondary market as recently as February, according to MarketAxess Holdings Inc.

A higher gap in yield means that investors are demanding additional compensation to own a firm’s bonds.

“Once the dust settled, people went back to fundamentals and said this is one of the best-run companies, and it created

an opportunity for a lot of investors,” said Vivek Pal, managing director and desk strategist at Jefferies LLC.

Firms that Moody’s has dropped to junk are in a particularly vulnerable position because they need investment-grade ratings from two out of the three ratings firms to remain in the Barclays investment-grade corporate-bond index and thereby retain access to a large pool of investors that aren’t allowed to invest in bonds outside of the index.

Companies that lose investment-grade ratings, in addition to facing higher borrowing costs, can also have a harder time doing business with counterparties such as foreign governments, a potentially big problem for large natural-resource companies with global operations, said Brian Gibbons, senior oil and gas analyst at the research firm CreditSights.

Two companies that Moody’s dropped to high yield, **EnLink Midstream Partners LP** and **Encana Corp.**, both sought and received first-time investment-grade ratings from Fitch to pair with the ones they already had from S&P, demonstrating the importance for companies of remaining in the Barclays index.

—Georgi Kantchev
contributed to this article.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri		US\$/ per US\$	YTD chg (%)		Country/currency	Fri		US\$/ per US\$	YTD chg (%)
	in US\$	per US\$					in US\$	per US\$		
Americas										
Argentina peso	.0712	14.0380	8.5			Vietnam dong	.00004487	22288	0.6	
Europe										
Brazil real	.2831	3.5321	-10.8			Czech Rep. koruna	.04175	23.951	-3.8	
Canada dollar	.7799	1.2823	-7.3			Denmark krone	.1516	6.5944	-4.0	
Chile peso	.001494	669.50	-5.5			Euro area euro	1.1285	.8862	-3.8	
Colombia peso	.0003336	2997.41	-5.6			Hungary forint	.003627	275.73	-5.1	
Ecuador US dollar	1	1	unch			Iceland krona	.008056	124.13	-4.6	
Mexico peso	.0570	17.5537	2.1			Norway krone	.1212	8.2532	-6.7	
Peru new sol	.3053	3.275	-4.1			Poland zloty	.2627	3.8060	-3.0	
Uruguay peso	.03228	30.9800	3.6			Russia ruble	.01502	66.558	-7.4	
Venezuela b. fuerte	.100150	9.9851	58.4			Sweden krona	.1230	8.1314	-3.7	
Asia-Pacific										
Australian dollar	.7722	1.2950	-5.6			Switzerland franc	1.0332	.9679	-3.4	
China yuan	.1544	6.4781	-0.2			Turkey lira	.3503	2.8546	-2.2	
Hong Kong dollar	.1289	7.7552	0.1			Ukraine hryvnia	.0391	25.5825	6.6	
India rupee	.01500	66.661	0.7			UK pound	1.4202	.7041	3.8	
Middle East/Africa										
Indonesia rupiah	.0000759	13180	-4.7			Bahrain dinar	2.6527	.3770	unch	
Japan yen	.009195	108.76	-9.6			Egypt pound	.1126	8.8830	13.5	
Kazakhstan tenge	.002969	336.85	-0.6			Israel shekel	.2649	3.7751	-3.0	
Macau pataca	.1253	7.9839	-0.2			Kuwait dinar	3.3151	.3017	-0.6	
Malaysia ringgit	.2564	3.9005	-9.4			Oman sul rial	2.5967	.3851	unch	
New Zealand dollar	.6920	1.4451	-1.3			Qatar rial	.2746	3.641	unch	
Pakistan rupee	.00955	104.702	-0.2			Saudi Arabia riyal	.2667	3.7497	-0.1	
Philippines peso	.0217	46.122	-1.6			South Africa rand	.0686	14.5698	-5.9	
Singapore dollar	.7366	1.3575	-4.3							
South Korea won	.0008718	1146.99	-2.5							
Sri Lanka rupee	.0068376	146.25	1.4							
Taiwan dollar	.03092	32.343	-1.7							
Thailand baht	.02854	35.040	-2.7							
							Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index							86.25	-0.20	-0.23	-4.35
Sources: Tullett Prebon, WSJ Market Data Group										

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BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK
In re **SIGA TECHNOLOGIES, INC.**, Debtor. Chapter **11**
Case No. **14-12623 (SHL)**

NOTICE OF (I) ENTRY OF ORDER CONFIRMING DEBTOR'S THIRD AMENDED CHAPTER 11 PLAN AND (II) OCCURRENCE OF EFFECTIVE DATE

TO ALL CREDITORS, EQUITY INTEREST HOLDERS, AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that on April 8, 2016, the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) entered an order (the “**Confirmation Order**”) (ECF No. 882) confirming the Debtor’s Third Amended Chapter 11 Plan (the “**Plan**”) of SIGA Technologies, Inc. (the “**Debtor**,” and as reorganized after the Effective Date, the “**Reorganized Debtor**”).

PLEASE TAKE FURTHER NOTICE that the Confirmation Order, the Plan, and all of the documents incorporated therein, can be viewed for free at the website for the Debtor’s claims and noticing agent, Prime Clerk LLC (“**Prime Clerk**”): <https://cases.primeclerk.com/siga/>. Additionally, copies of the documents are available upon request by contacting Prime Clerk at 844-276-3030 (United States) or 917-962-8891 (International), by regular mail, hand, or overnight delivery to SIGA Technologies, Inc., Claim Processing, c/o Prime Clerk LLC, 830 Third Avenue, 3rd Floor, New York, New York 10022 or via e-mail at sigainfo@primeclerk.com, or by accessing the Bankruptcy Court’s website: www.nysb.uscourts.gov. A PACER password and login are needed to access documents on the Bankruptcy Court’s website. A PACER password can be obtained at <http://www.pacer.uscourts.gov>. The Confirmation Order, the Plan, and all of the documents incorporated therein are also available for inspection during regular business hours in the office of the Clerk of the Bankruptcy Court, Alexander Hamilton U.S. Customs House, United States Bankruptcy Court, Southern District of New York, One Bowling Green, New York, New York 10004-1408.

PLEASE TAKE FURTHER NOTICE that the Effective Date of the Plan (as defined in the Plan) occurred on April 12, 2016, and, as a result, the Plan has been substantially consummated.

PLEASE TAKE FURTHER NOTICE that the Plan and its provisions are binding on the Debtor, the Reorganized Debtor, any entity acquiring or receiving property or a distribution under the Plan, and any holder of a claim against or equity interest in the Debtor, including all governmental entities, whether or not the claim or equity interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

PLEASE TAKE FURTHER NOTICE that in the event that the rejection of an executory contract or unexpired lease under the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtor or the Reorganized Debtor, or their respective properties, or interests in property, unless a proof of claim is filed with the Bankruptcy Court and served upon the Debtor, no later than the later of (i) May 9, 2016 and (ii) thirty (30) days after the effective date of the rejection of such executory contract or unexpired lease, as set forth on the Schedule of Rejected Contracts and Leases filed with the Bankruptcy Court in the Plan Supplement, dated March 15, 2016 (ECF No. 821), or order of the Bankruptcy Court.

WEIL, GOTSHAL & MANGES LLP, 767 Fifth Avenue, New York, New York 10153, Telephone: (212) 310-8000, Facsimile: (212) 310-8007, Attorneys for Debtor and Reorganized Debtor

STOCKS

Continued from the prior page

The index is now back in familiar territory. Banks led a rally last week as lackluster results from some of the biggest U.S. lenders beat expectations, lifting the Dow to 17897.46. The index is 2.3% below its closing high, and the S&P 500 is 2.4% from its record close of 2130.82, set May 21.

“The question is how much further the equity market can rally” given the extent and speed of its rebound over the past two months, said John Vail, chief global strategist at Nikko Asset Management, which had \$153.7 billion in assets under management at the end of December.

There are several signs that U.S. indexes could manage to surpass the records this time, analysts say.

The gains have been broad. The number of advancing stocks compared with the number of declining stocks on the New York Stock Exchange has risen during the past two months and is higher than it was last May, according to the WSJ Market Data Group. The number of stocks on the NYSE hitting a 52-week high has also increased this year. Both indicators show that more stocks are participating in the rally.

The closer U.S. stocks get to record levels, the stronger the pressure on investors who have been holding a negative view on stocks to “throw in the towel and join the rally,” said Donald Ellenberger, head of multisector strategies at Federated Investors, which had \$361 billion in assets under management at the end of March.

Riskier bets have gained favor. Shares of smaller companies, which tend to have fewer sources of income that can offset each other in times of stress, have rallied along with their larger peers. The Russell

2000, the benchmark for small-company shares, has surged 19% since Feb. 11, outpacing the roughly 14% advances in the S&P 500 and Dow industrials.

Similarly, junk bonds, which have a greater chance of default than high-grade corporate bonds, have rallied. The **iShares iBoxx \$ High Yield Corporate Bond** exchange-traded fund, the biggest junk-bond ETF, has gained 9.1% since Feb. 11.

“None of those indicators are going to tell you exactly what’s going on, but when you have more of them confirming the trend in place, that’s powerful,” said Frank Cappelleri, executive director of institutional equities at broker Instinet LLC.

Sentiment has become more positive than earlier this year, when investors were tossing around the possibility of a U.S. recession. The most recent American Association of Individual Investors survey, dated Thursday, showed 27.85% of investors were bullish, up from 17.9% on Jan. 14.

However, investors are far from euphoric. The current level of bullishness, by this gauge, is below the average of 38.57% since the start of the survey in 1987 and significantly lower than the roughly 50% level hit at the start of 2015.

Earnings projections and stock valuations, both powerful drivers of the market, are deterring some investors.

“Expectations for [first-quarter earnings] are very low and easily beaten, but can only go so far to improve the outlook for stocks,” said Gina Martin Adams, equity strategist at Wells Fargo Securities. “We probably do need to get [upbeat guidance] to justify the market pushing to new highs.”

The S&P 500 has a trailing price/earnings ratio of 18.4, higher than its 10-year average of 15.8, according to FactSet.

Ahead of the first-quarter reporting season, earnings at S&P 500 companies were forecast to decline 8.5% from a year earlier, according to analysts polled by FactSet.

Terri Spath, chief investment officer at Sierra Investment Management, which oversees \$2.3 billion, is putting money to work in high-yield and emerging-market bonds, rather than stocks. Ms. Spath, who said the stock market is fairly valued, explains her approach as, “what’s the next asset class where we

could potentially see 10% gains?”

Another factor that is making investors cautious: Despite the strong run-up in equity prices since mid-February, prices of havens such as U.S. government debt continue to remain stubbornly high. The yield on the benchmark 10-year Treasury note was 1.753% on Friday, less than 0.4 percentage point from its record closing low set in 2012. Yields fall as prices rise.

—Corrie Driebusch
contributed to this article.

\$953 billion

The value of foreign bonds bought by Japanese investors during the first quarter, the largest amount bought in a three-month period for at least 11 years

Bonds Are Big in Japan

Japanese investors splurged on foreign bonds like never before in the first quarter of this year. Acquisitions of long-term debt securities ran to ¥109 trillion (\$953 billion) in the first quarter, the largest amount

MONEYBEAT

bought in a three-month period for at least 11 years, according to the Japanese Ministry of Finance.

On a net basis, Japanese investors bought ¥9.1 trillion more foreign bonds than they sold; over the previous decade, the average for the first quarter has been ¥1.3 trillion.

At first glance, it seems clear why Japanese investors are looking abroad: Lower interest rates at home have cut the already thin returns on the country’s government bonds,

many of which now have negative yields. If an investor holds them until they mature, he or she will actually lose money.

To buy bonds overseas, Japanese companies have to buy foreign currency and sell their own yen to do so.

That is providing a bit of a puzzle in currency markets. On a large-enough scale, that should weaken the Japanese currency. But the yen hasn’t weakened. In fact, the yen is now at its strongest against the dollar since late 2014. Having started 2016 above 120 to the dollar, it now sits around 108.5. —Mike Bird

ONLINE



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GLOBAL FINANCE

Oil Heads Lower as Freeze Falls Apart

Prices turn bearish as Doha talks end without any deal to cap production

By GEORGI KANTCHEV
AND NICOLE FRIEDMAN

Oil prices fell sharply in early Asian trading hours on Monday after major oil producers ended their meeting in Doha, Qatar, over the weekend without reaching an agreement to cap production.

Hopes for a deal among major producers, including several from the Organization of the Petroleum Exporting Countries and Russia, were a main driver in a rally that lifted U.S. crude prices more than 50% from their February lows. U.S. crude

settled at \$41.50 a barrel on Friday.

Now, much of those gains could be eroded in a market that has already endured a turbulent year, analysts say.

In late morning, U.S. crude was down 4.6% to \$38.49 a barrel and the global benchmark Brent was down 4.2% at \$41.27 a barrel.

“This is an extremely bearish scenario,” said Abhishek Deshpande, oil analyst at Natixis. “Prices could touch \$30 a barrel within days.”

Steep falls in crude could also weigh on equity markets more generally. Stocks have often moved alongside oil this year. Bank shares, for instance, many of which have large energy portfolios, have been pressured by the declines in oil.

At the meeting in Doha, oil producers that supply nearly half of the world’s output failed to reach a deal to curb their production after Saudi Arabia appeared to walk away from any agreement that didn’t include geopolitical rival Iran.

Iran has ruled out capping its own production. It had only recently returned to international oil markets after sanctions were lifted in January, and the country wants to regain lost market share.

Mr. Deshpande said that most of the recent rally was supported by the idea that some form of a deal could happen. The failed talks will “seriously hurt investor confidence,” he said.

Hedge funds and other money managers expanded their net-long position in U.S.

crude—or bets that prices will rise—by 11% in the week ended Tuesday, Commodity Futures Trading Commission data showed Friday. If investors now start unwinding these

actual freeze on supply was overestimated.”

Still, other market watchers said that prices are unlikely to fall back to those previous lows because U.S. production is fall-

One analyst said that most of the recent rally was supported by the idea that some form of a deal could happen at the talks.

bullish positions, this could add pressure to prices, analysts said.

“You’re going to see an exit of long positions,” said Jason Schenker, president of Prestige Economics in Austin, Texas, adding that prices could revisit the 13-year lows reached in the first quarter. “The assumption that there was going to be an

ing. Concerns about weaker demand in China may also be ebbing.

“You’ve got to be more confident in the market today than you were three months ago,” said David Zusman, chief investment officer at Talara Capital Management, which manages \$500 million. “I don’t think actions of OPEC will be

required to balance this market anyhow. You’ve got a combination of improved demand as well as declining supplies.”

Steven Kopits, president of consulting firm Princeton Energy Advisors, added, “the view that the market will balance in the third quarter has gained some traction.”

Even those investors who had been skeptical that a deal would make a huge difference to production—not least because big producers would be freezing their crude output at current high levels—believed agreement in Doha would have sent a positive signal to the market. A deal would have indicated that producers were willing to tackle an oversupply that has pressured prices for almost two years now, they said.



Singapore's Straits Times stock index climbed 0.8% Thursday.

RATES

Continued from page C1

easing policies in rich countries are showing limited impact, with interest rates below zero in some places. In comparison, the average policy rate in emerging countries is 5.8%, according to J.P. Morgan Chase & Co.

“Stimulative monetary policies are unambiguously positive” in places where rates are higher, said Ed Kerschner, vice chairman at Emerging Global Advisors LLC, a New York-based investment manager with \$890 million of assets under management.

The gains are delivering the latest surprise to investors and policy makers who were bracing at the outset of 2016 for a continuation of the losses seen in recent years, driven in part by expectations for steadily tightening Fed policy.

At the same time, many investors are skeptical about how long the rally will last. Economic fundamentals such as slumping manufacturing output and heavy debt loads haven’t changed significantly in recent months, while valuations have risen substantially, potentially limiting the scope of further gains.

When the Fed eventually decides to raise rates, that move could slow or even stop any emerging-market rally, especially if it causes the dollar to strengthen.

“I do think much of this year’s performance [in local bonds] is in the past,” said Nishant Upadhyay, head of global emerging-markets debt at HSBC Global Asset Management, adding that these bonds may get some support if the Fed remains accommodative.

The Fed raised its overnight bank-lending target in December for the first time in nine years, prompting nations from Mexico to South Africa to tighten policy in sympathy, seeking to reduce the risk of damaging “hot money” outflows in exchange for likely weakening growth.

But as a global rally in riskier assets took hold in February, the higher yields offered in emerging countries began to draw in investor funds. Portfolio flows to emerging markets surged to a 21-month high of \$37 billion in March, according to the Institute of International Finance.

Meanwhile, the improved risk appetite in global financial markets has buoyed the curren-

cies in many emerging markets, giving policy makers room to cut rates without fearing sharp increases in inflation.

Analysts at J.P. Morgan Chase & Co. have recently dialed back their expectations for the average policy rate in developing nations to 5.56% for the end of this year from the 5.75% projection in December. Market prices suggest more rate cuts are on the way in Russia, Poland, South Korea and Malaysia, according to data compiled by Société Générale SA.

“The extent of the monetary easing cycle is probably increasing,” said Claire Dissaux, an economist at Millennium Global.

Easier policy is boosting nations viewed by investors as vulnerable to outflows and economic turmoil. Turkey’s central bank lowered its overnight lending rate in late March, a shift that surprised many observers as the coun-

6.6%

This year’s rise in the MSCI Emerging Markets stock index, reversing a double-digit drop

try’s inflation rate was still above the central bank’s target. Turkey’s stock market is up almost 20% this year.

Some investors expect Russia to start easing soon as well. At its latest meeting in March, Russia’s central bank kept its policy rate on hold at 11%, although the country’s latest inflation reading has dropped to 7.3%—the lowest in two years. Russian shares are up 8% this year.

John Espinosa, head of global sovereign and emerging-markets fixed-income research at TIAA Global Asset Management, which oversees \$861 billion of assets, said the firm likes ruble-denominated bonds.

Some investors are hoping easier policy will provide the tonic for some emerging markets that have missed the rally, such as India, down 2% this year. Last week, the Reserve Bank of India slashed 0.25 percentage point off its policy rate, the first cut in six months, to encourage spending.

Still, some countries are still expected to raise rates, such as Nigeria and South Africa, where inflation remains high. But there is talk of rate cutting even in Brazil, which has been roiled in recent years by inflation and political turmoil.

Equity investment totals have reached \$66 trillion worldwide.

In the U.S. alone, equity markets have grown more than 180% since 2009. With that much at stake – for individuals as well as institutions – mutual funds, retirement funds and endowment funds need a way to manage the risks of stock market fluctuations. CME Group gives investment professionals the tools they need to address market exposure. This is how the financial industry can offer investors the right balance between risk and reward. This is how the world advances. Learn more at cmegroup.com/finance.

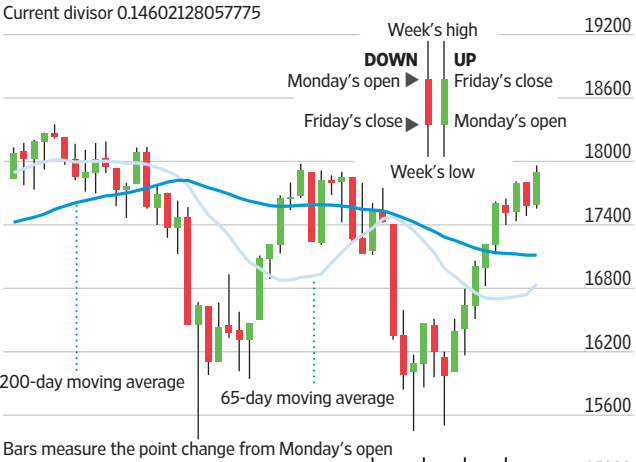
 CME Group



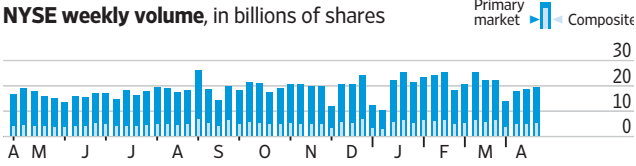
MARKETS DIGEST

Dow Jones Industrial Average

17897.46 ▲320.50, or 1.82% last week Trailing P/E ratio * 18.10 16.03
High, low, open and close for each of the past 52 weeks P/E estimate * 17.06 16.12
Dividend yield 2.57 2.28
All-time high 18312.39, 05/19/15



NYSE weekly volume, in billions of shares



* P/E data based on as-reported earnings from Birinyi Associates Inc.

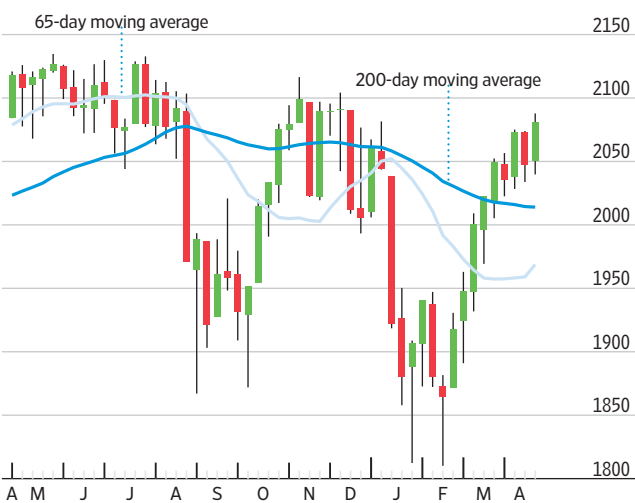
Major U.S. Stock-Market Indexes

	High	Low	Latest Week Close	Net chg	% chg	Low	52-Week Close (●)	High	%chg	YTD	3-yr. ann.
Dow Jones											
Industrial Average	17962.14	17553.57	17897.46	320.50	1.82	15660.18		18312.39	0.4	2.7	7.0
Transportation Avg	8025.98	7690.08	7978.23	241.95	3.13	6625.53		8904.68	-7.7	6.3	10.5
Utility Average	664.49	654.94	662.50	2.39	0.36	541.97		671.04	13.6	14.7	8.7
Total Stock Market	21474.13	20953.99	21415.09	374.69	1.78	18663.11		22287.78	-1.9	1.5	9.9
Barron's 400	525.63	507.10	523.09	12.84	2.52	446.15		586.75	-9.0	1.3	9.6
Nasdaq Stock Market											
Nasdaq Composite	4961.30	4808.91	4938.22	87.53	1.80	4266.84		5218.86	0.1	-1.4	15.4
Nasdaq 100	4569.73	4435.05	4543.16	68.24	1.52	3947.80		4719.05	4.4	-1.1	17.5
Standard & Poor's											
500 Index	2087.84	2039.74	2080.73	33.13	1.62	1829.08		2130.82	-0.02	1.8	10.3
MidCap 400	1465.20	1423.56	1464.77	37.55	2.63	1238.82		1549.44	-3.4	4.7	9.6
SmallCap 600	693.33	670.38	692.63	20.21	3.01	588.26		742.13	-3.1	3.1	10.9
Other Indexes											
Russell 2000	1132.14	1091.65	1130.92	33.61	3.06	953.72		1295.8	-9.7	-0.4	7.6
NYSE Composite	10377.66	10114.45	10355.57	235.88	2.33	9029.88		11239.66	-6.4	2.1	5.0
Value Line	459.39	445.04	458.60	13.12	2.95	383.82		520.83	-10.8	2.9	5.1
NYSE Arca Biotech	3217.75	3064.16	3197.35	41.90	1.33	2642.53		4431.87	-21.2	-16.2	20.7
NYSE Arca Pharma	513.98	503.87	512.18	3.48	0.68	477.25		605.94	-12.0	-5.4	6.5
KBW Bank	67.82	62.63	66.70	4.36	7.00	56.51		80.41	-8.2	-8.7	6.7
PHLX [®] Gold/Silver	80.45	74.53	77.92	3.90	5.26	38.84		79.91	9.8	72.0	-9.5
PHLX [®] Oil Service	165.13	154.55	160.67	6.11	3.96	128.61		224.32	-24.2	1.9	-12.4
PHLX [®] Semiconductor	685.41	661.26	673.49	2.18	0.33	559.18		746.08	-3.2	1.5	16.8
CBOE Volatility	16.57	13.38	13.62	-1.74	-11.33	11.95		40.74	-1.9	-25.2	-7.6

[®]Philadelphia Stock Exchange

S&P 500 Index

2080.73 ▲33.13, or 1.62% last week Trailing P/E ratio * 24.15 20.87
High, low, open and close for each of the past 52 weeks P/E estimate * 18.50 17.61
Dividend yield 2.19 1.99
All-time high: 2130.82, 05/21/15



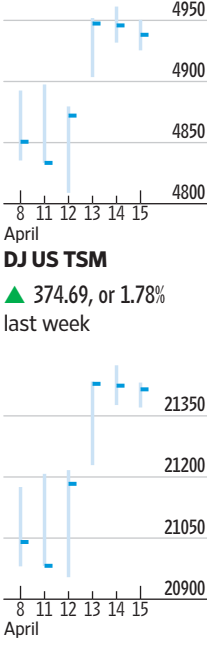
Financial Flashback

The Wall Street Journal, April 18, 2005

Dynegy Inc. agreed to pay \$468 million in cash and stock to settle a shareholder lawsuit that accused it of misrepresenting its financial results.

Nasdaq Composite

▲ 87.53, or 1.80% last week



Commodities and Currencies

	Last Week Close	Net chg	%chg	YTD %chg
DJ Commodity	488.14	11.80	2.48	7.57
Reuters-Jefferies CRB	173.64	2.59	1.52	-1.49
Crude oil, \$ per barrel	40.36	0.64	1.61	8.96
Natural gas, \$/MMBtu	1.902	-0.088	-4.42	-18.61
Gold, \$ per troy oz.	1233.10	-9.40	-0.76	16.30
U.S. Dollar Index	94.71	0.52	0.55	-4.03
WSJ Dollar Index	86.25	0.06	0.07	-4.35
Euro, per dollar	0.8862	0.0089	1.01	-3.76
Yen, per dollar	108.76	0.70	0.65	-9.59
U.K. pound, in dollars	1.42	0.01	0.52	-3.62
52-Week Range				
	Low	Close (●)	High	%Chg
DJ Commodity	420.23		584.70	-13.31
Reuters-Jefferies CRB	155.01		231.77	-22.46
Crude oil, \$ per barrel	26.21		61.43	-27.59
Natural gas, \$/MMBtu	1.64		3.02	-27.79
Gold, \$ per troy oz.	1050.80		1272.00	2.51
U.S. Dollar Index	93.23		100.20	-2.81
WSJ Dollar Index	84.11		91.66	-0.61
Euro, per dollar	0.86		0.95	-4.24
Yen, per dollar	107.94		125.62	-8.54
U.K. pound, in dollars	1.39		1.59	-5.09

Real-time U.S. stock quotes are available on **WSJ.com**. Track most-active stocks, new highs/lows, mutual funds and ETFs.

Plus, get deeper money-flows data and email delivery of key stock-market data.

All are available free at **WSJMarkets.com**

International Stock Indexes

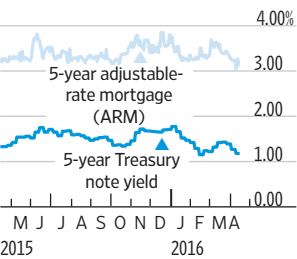
Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range Close	High	YTD % chg
World							
	The Global Dow	2367.41	3.49	2047.44		2639.52	1.3
	DJ Global Index	311.55	2.49	272.15		341.62	1.2
	DJ Global ex U.S.	211.64	3.30	184.52		246.68	0.7
	Global Dow Euro	1973.14	4.50	1699.54		2283.58	-2.6
DJ TSM							
	Global	3201.69	2.48	2795.15		3510.20	1.1
	Global ex U.S.	2136.73	3.23	1863.63		2482.77	0.7
	Developed ex U.S.	2098.09	3.19	1843.94		2403.18	-0.4
	Global Small-Cap	4296.05	2.35	3665.30		4716.91	1.9
	Global Large-Cap	3044.67	2.50	2667.12		3337.56	1.0
Americas							
	DJ Americas	499.92	1.88	433.35		524.44	2.6
Brazil	Sao Paulo Bovespa	53227.74	5.84	37497.48		58051.61	22.8
Canada	S&P/TSX Comp	13637.20	1.79	11843.11		15412.60	4.8
Mexico	IPC All-Share	45536.52	1.51	40265.37		46191.51	6.0
Chile	Santiago IPSA	3147.18	0.90	2759.77		3359.04	6.9
Europe							
	Stoxx Europe 600	342.79	3.29	303.58		412.42	-6.3
	Stoxx Europe 50	2867.73	4.21	2566.26		3580.45	-7.5
Eurozone							
	Euro Stoxx	325.61	3.95	284.92		387.59	-5.7
	Euro Stoxx 50	3054.34	4.89	2680.35		3771.45	-6.5
Belgium	Bel-20	3458.50	3.11	3130.76		3849.12	-6.5
France	CAC 40	4495.17	4.46	3896.71		5268.91	-3.1
Germany	DAX	10051.57	4.46	8752.87		12039.16	-6.4
Israel	Tel Aviv	1474.23	2.13	1383.34		1723.56	-3.6
Italy	FTSE MIB	18257.35	4.30	15773		24031	-14.8
Netherlands	AEX	450.59	3.78	382.61		509.24	2.0
Spain	IBEX 35	8850.90	5.02	7746.3		11640.2	-7.3
Sweden	SX All Share	486.49	0.80	435.21		564.90	-3.7
Switzerland	Swiss Market	8014.60	2.52	7496.62		9526.79	-9.1
U.K.	FTSE 100	6343.75	2.25	5536.97		7103.98	1.6
Asia-Pacific							
	DJ Asia-Pacific TSM	1393.40	4.27	1190.45		1619.39	0.3
Australia	S&P/ASX 200	5157.50	4.45	4765.3		5982.7	-2.6
China	Shanghai Composite	3078.12	3.12	2655.66		5166.35	-13.0
Hong Kong	Hang Seng	21316.47	4.64	18319.58		28442.75	-2.7
India	S&P BSE Sensex	25626.75	3.86	22951.83		28799.69	-1.9
Japan	Nikkei Stock Avg	16848.03	6.49	14952.61		20868.03	-11.5
Singapore	Straits Times	2923.94	4.12	2532.70		3525.19	1.4
South Korea	Kospi	2014.71	2.16	1829.81		2173.41	2.7
Taiwan	Weighted	8700.39	1.86	7410.34		9973.12	4.3

Source: SIX Financial Information;WSJ Market Data Group

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



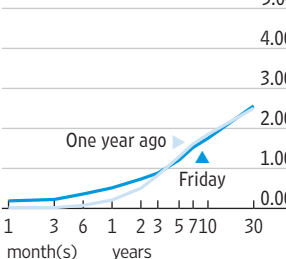
Interest rate	Yield/Rate (%) Last (●) Week ago	52-Week Range (%) Low 0 2 4 6 8 High	3-yr chg (pct pts)
Federal-funds rate target			
	0.25-0.5	0.00	0.50
Prime rate*	3.50	3.25	3.50
Libor, 3-month	0.63	0.27	0.64
Money market, annual yield	0.25	0.22	0.38
Five-year CD, annual yield	1.27	1.27	1.53
30-year mortgage, fixed*	3.58	3.57	4.22
15-year mortgage, fixed*	2.83	2.81	3.42
Jumbo mortgages, \$417,000-plus*	4.20	4.20	4.97
Five-year adj mortgage (ARM)*	3.13	3.23	3.86
New-car loan, 48-month	3.18	3.19	3.38
HELOC, \$30,000	4.68	4.59	5.01

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs. Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Benchmark Yields and Rates

Treasury yield curve

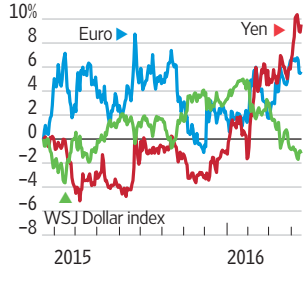
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Forex Rate

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last Wk ago	Spread +/- in basis pts, 52-wk Range Last Low High	Treasuries, 52-wk Range Last Low High	Total Return 52-wk 3-yr
10-yr Treasury , Ryan ALM	1.753	1.722		2.76 2.58
DJ Corporate	2.814	2.840		2.25 3.38
Aggregate , Barclays Capital	2.130	2.120		2.06 2.35
High Yield 100 , Merrill Lynch	6.415	6.766	514 389 741	-4.629 1.555
Fixed-Rate MBS , Barclays	2.310	2.310	22 13 36	2.34 2.63
Muni Master , Merrill	1.514	1.506	-1 -9 7	4.150 3.144
EMBI Global , J.P. Morgan	5.966	6.146	420 359 538	3.917 2.021

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$ Low/High	Bookrunner(s)
4/19	3/22	MGM Growth Properties Real estate investment trust focused on resorts.	MGP N	50.0	18.00/21.00	BofA ML, JPM, MS, Evercore Ptnrs, Barclays, Citi, DB
4/20	8/31 2015	AmericanRenal AssociatesHlds Dialysis services provider.	ARA N	7.5	20.00/23.00	BofA ML, Barclays, GS, WFS, SunTrust, Leerink Ptnrs
4/21	12/17 2015	SecureWorks Global provider of intelligence-driven information security solutions.	SCWX Nq	9.0	15.50/17.50	BofA ML, MS, GS, JPM, Barclays, Citi, Credit Suisse, RBC Cptl Mkts, UBS

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price(\$)	Offer amt (\$ mil.)	Through Friday (%)	Lockup provision
April 18	Oct. 21, '15	Dimension Therapeutics	DMTX	13.00	72.9	-36.9	180 days
	Oct. 21, '15	Multi Packaging Solutions Intl	IMPSX	13.00	246.7	24.2	180 days
April 23	Oct. 26, '15	Adesto Technologies	IOTS	5.00	26.0	-10.0	180 days

Sources: Dealogic; WSJ Market Data Group

MONEY & INVESTING

Fannie, Freddie Profit Sweep Knocked

Shareholders ask appeals court to undo a previous dismissal of their complaint

By JOE LIGHT

Lawyers for shareholders of mortgage companies **Fannie Mae** and **Freddie Mac** argued in federal appeals court on Friday that the U.S. government has illegally seized much of those institutions' profits during the past three years, effectively bilking them out of hundreds of billions of dollars.

Shareholders are trying to reverse a federal judge's dismissal of civil lawsuits they brought against the government in 2013.

The legal battle, which is being waged by hedge fund **Perry Capital LLC** and other shareholders, centers on the government's 2012 decision to start collecting nearly all of Fannie's and Freddie's profits each quarter. To date, Fannie and Freddie have paid the gov-

ernment \$246 billion in dividends.

The arrangement "systematically drained these entities of all value, leaving in its wake two unsound and insolvent zombies—a golden goose for the Treasury and utterly worthless for the individuals and institutions who in good faith invested in them," said Gibson, Dunn & Crutcher attorney Theodore B. Olson, who represented Perry Capital.

It could take several months for the three-judge panel in Washington to issue a decision on the appeal. Although some shareholders have expressed willingness to discuss a settlement with the government, so far the government hasn't been open to that.

Fannie and Freddie were put into a conservatorship in 2008, under the control of the Federal Housing Finance Agency. The U.S. Treasury over time injected \$187.5 billion into the firms to keep them afloat and in return received warrants to acquire nearly 80% of the companies' com-



U.S. District Judge Royce Lamberth defended the profit sweep.

mon stock along with a new class of senior preferred shares that initially paid a 10% dividend.

In August 2012, the Treasury Department and FHFA changed the terms. Instead of paying a set rate of 10%, the companies would pay nearly all of their profit to the Treasury when they made one and

skip the dividend when they reported losses.

At the time of the change, government officials said they needed to avoid a situation in which the companies would need bailout funds to pay the Treasury's dividends, a "circular draw" the government said would quickly drain the remaining bailout money.

But shortly after the sweep took effect, the companies began to report substantial profits, as the strengthening housing market allowed them to release unneeded loss reserves and realize value on deferred tax assets.

Under the amended agreement, the Treasury also would step in to provide up to \$258 billion in additional bailout funds if needed.

Investment firms that own shares of the company, including Perry Capital and **Fairholme Funds Inc.**, sued the government, alleging officials knew large profits were coming and took them illegally.

In his 2014 decision to dismiss the suit, U.S. District Judge Royce Lamberth wrote: "It is understandable [for the profit sweep] to raise eyebrows, or even engender a feeling of discomfort," but he also said the law was on the government's side. He said the government would win the case even assuming the shareholders' narrative of events

was true.

A U.S. Treasury Department spokesman on Friday said, "The Administration agrees with Judge Lamberth's well-reasoned opinion to dismiss this case. The U.S. Court of Appeals Circuit should affirm the district court's decision to dismiss all of plaintiffs' claims."

So far, the shareholders' legal bid has been unsuccessful. However, in U.S. Court of Federal Claims in Washington a judge did allow shareholders to conduct discovery and depositions. There, the shareholders and government are fighting over whether the government has improperly asserted executive privilege to withhold documents relevant to the case. Government lawyers have sought to keep the vast majority of the evidence under seal.

Earlier this week, the judge in that case unsealed certain documents and partial depositions so that lawyers could refer to them in Friday's oral arguments.

Closed-End Funds | WSJ.com/funds

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **a**-The NAV and market price are ex dividend. **b**-The NAV is fully diluted. **c**-NAV is as of Thursday's close. **d**-NAV is as of Wednesday's close. **e**-NAV assumes rights offering is fully subscribed. **f**-Rights offering in process. **g**-Rights offering announced. **h**-Upper data has been adjusted for rights offering. **j**-Rights offering has expired, but Lippser data not yet adjusted. **k**-NAV as of previous day. **o**-Tender offer in process. **y**-NAV is converted at the commercial Rand rate. **w**-Convertible Note-NAV (not market) conversion value. **x**-NAV and market price are in Canadian dollars. **NA** signifies that the information is not available or not applicable. **NS** signifies fund not in existence of entire period. **12 month yield** is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, April 15, 2016

Fund (SYM)	NAV	Close/Disc	52 wk Prem Ret
General Equity Funds			
Adams Divers Equity Fd	ADX	15.15 12.79	-15.6 -2.3
Boulder Grwth & Inco	BIF	10.16 7.88	-22.4 -3.8
Central Securities Fd	CEF	24.42 19.36	-20.7 -1.7
CohSteer Opprtnty Fd	COT	12.43 10.92	-12.1 -7.9
Cornerstone Strategic	CLM	14.18 15.54	+9.6 -9.1
EtnVnc TaxAdvDiv	EVY	21.21 19.35	-8.8 2.1
Gabelli Dividend & Inc	GDV	21.21 18.27	-13.9 -8.4
Gabelli Equity Trust	GAB	5.80 5.32	-8.3 -8.2
Genl American Investors	GAM	38.11 31.32	-17.8 -7.3
HnckJohn TxAdv	HJT	25.00 20.11	-8.0 16.0
Liberty All-Star Equity	USA	5.98 5.07	-15.2 -5.5
Royce Micro-Cap	RMT	8.59 7.10	-17.3 -14.3
Royce Value Trust	RVT	14.01 11.70	-16.5 -9.5
Source Capital	SOR	39.54 37.93	-4.1 5.1
Tri-Continental	TY	23.84 20.16	-15.4 -3.5
Zweig Fund	ZF	14.22 12.89	-9.4 -8.5

Specialized Equity Funds			
Adams Natural Rscs Fd	PEO	21.79 18.48	-15.2 -19.4
AlinzGbl NFJ Div Interest	NFJ	14.28 12.27	-14.1 -15.5
AlpnGblPrProp	AWP	6.82 5.55	-18.6 -12.2
BlkRk Enh Cap Inco	ICI	14.53 13.44	-7.5 -3.0
BlkRk Engr Rsc Tr	BGR	14.70 13.26	-9.8 -31.9
BlackRock Enh Eq Div Tr	BDJ	8.60 7.57	-12.0 -0.1
BlackRock Global Trust	BOE	13.52 11.81	-12.6 -6.7
BlkRk Health Sci	BME	33.21 36.76	+10.7 3.6
BlkRk Intl Grwth&Inco	BGY	6.58 5.88	-10.6 -10.1
BlackRk Rscs Comm Str Tr	BCX	8.87 7.27	-18.0 -17.2
BlackRock Science & Tech	BST	18.88 16.50	-12.6 0.3
BlackRock Utility & Infr	BUI	20.18 17.84	-11.6 -1.0
CBRECarionGblREStchm	IGR	9.30 7.76	-16.6 -5.4
Central Fund of Canada	CFR	13.06 12.46	-4.6 4.6
ClearBridge Amer Engr	CBA	7.74 6.89	-11.0 -52.0
ClearBridge Engr MLP Fd	CEM	14.10 13.14	-6.8 -44.1
ClearBridge Engr MLP Opp	EMO	11.91 11.08	-7.0 -42.9
ClearBridge Engr MLP TR	CTR	11.22 10.14	-9.6 -45.1
Cohen & Steers Infra	UTF	23.44 19.89	-15.1 -6.1
Cohen & Steers Qual Inc	CTI	13.94 12.21	-12.4 9.7
CohnStrsPfdInco	RNP	22.05 18.87	-14.4 7.5
Cohen & Steers Trnc	RPI	13.90 13.08	-5.9 6.6
CLSeligm Prem Tech Gr Fd	STK	17.15 17.54	+2.3 -1.5
Divers Real Asset Incm Fd	DRA	18.55 15.53	-16.3 -6.2
Duff & Phelps	DNP	9.26 10.07	+8.8 3.5
Duff&PhelpsGblUtilInclF	DPG	18.27 16.30	-10.8 -11.4
Eaton Vance Eqty Inco Fd	EOS	13.58 12.75	-6.1 0.1
Eaton Vance Eqty Inco I	EQS	13.83 13.05	-5.6 -1.0
EtnVncRskMngd	ETJ	10.55 9.50	-10.0 -2.2
Etn Vnc Tax Mgd Buy-Write	ETB	15.30 14.44	+7.5 13.0
Eaton Vance BuyWrite Opp	ETV	14.20 14.90	+4.9 9.5
Eaton Vance Tax-Mng Div	ETY	11.36 10.62	-6.5 1.9
Eaton Vance Tax-Mngd Opp	ETW	11.18 10.66	-4.7 -1.1
EtnVncTxMngGldVcEqIn	EXG	9.36 8.82	-5.8 -1.0

New to the Market

Public and Private Borrowing

Public and Municipal Finance

Deals of \$150 million or more expected this week

Sale	Final maturity	Issuer	Total (\$mil.)	Rating	Moody's	S&P	Bookrunner/ Bond Counsel(s)
April 19 prelim.		California	236.8	A+	Aa3	AA-	Preliminary /Orrick H & S
April 19 prelim.		California	1,252.0	A+	Aa3	AA-	Preliminary /Orrick H & S
April 19 prelim.		Fort Lauderdale City-Florida	164.9	N.R.	N.R.	N.R.	Preliminary/ Greenberg Traurig PA
April 20 prelim.		Miami-Dade Co-Florida	350.3	N.R.	N.R.	N.R.	Preliminary/—
April 22 prelim.		Arlington Co-Virginia	162.2	N.R.	N.R.	N.R.	BoA Merrill/—
April 22 prelim.		Carmel City -Indiana	224.1	N.R.	N.R.	N.R.	Stifel Nicolaus/—
April 22 prelim.		Denton (Lewisville) ISD	331.8	AA+	N.R.	N.R.	Raymond James/—
April 22 prelim.		Louisiana	283.9	N.R.	N.R.	N.R.	J P Morgan Securities LLC/—
April 22 prelim.		Maryland Stadium Authority	320.0	AA	Aa3	N.R.	Citi/—
April 22 prelim.		Texas Transportation Commission	615.0	N.R.	N.R.	N.R.	BoA Merrill/—

Source: Thomson Reuters/Ipreo

Corporate Debt

None scheduled this week

Fund (SYM)	NAV	Close/Disc	52 wk Prem Ret
Fiduciary/Clymr Opp Fd	FMO	12.60 11.18	-11.3 -52.4
FT Energy Inc & Growth Fd	FEN	23.27 22.71	-2.4 -28.9
FstTrEnhEqInclFnd	FFA	14.83 12.91	-12.9 -5.7
Fst Tr Engr Infr Fd	FIF	17.48 15.33	-12.3 -27.4
First Tr MLP & Engr Incm Fd	FIT	13.97 13.63	-2.4 -26.7
Gabelli Hlthcr & Well	GRX	11.78 9.98	-15.3 -7.4
Gabelli Utility Tr	GUT	5.61 6.03	+7.5 -6.1
GAMCOGblGoldNatRscs&In	GGN	6.06 6.14	+1.3 -1.6
Goldman Sachs MLP Inc Opp	GMZ	8.35 7.87	-5.7 -49.2
Goldman Sachs MLP Engr	GMY	6.87 5.59	-4.8 -56.2
John Hancock Finl Opps Fd	BJO	24.80 24.66	-0.6 11.8
John Hancock MLP Engr	BJE	24.80 24.66	-0.6 11.8
Keyne Anderson Engr Tr Fd	KYE	NA 8.29	NA -62.5
Macquarie Gbl Infrstrct	MGU	NA 20.26	NA -15.3
Neuberger Berman MLP Inco	NML	7.11 6.81	-4.2 -57.0
Neubrg Brm Rl Est Sec Fd	NRO	5.90 5.18	-12.2 6.3
Nuveen Dvr 30 Dynamic	DIA	15.75 14.16	-10.1 0.8
NuvDivInco	JDD	12.71 10.79	-15.1 -4.5
Nuveen Engr MLP Fd	JMF	10.65 10.01	-6.0 -39.4
NuvNASDAQ100 Dyn Over	QOQ	19.41 18.62	-4.1 7.2
Nuveen Real Estate Fd	JRS	11.96 10.96	-8.4 4.0
Nuveen S&P 500 Buy-Write	BXM	13.14 12.94	-1.5 9.5
Reaves Utility Fund	UTG	NA 29.91	NA 6.3
Tekla Hlthcr Investors	HQH	25.45 24.42	-4.0 -22.9
Tekla Healthcare Opps Fd	THQ	18.12 16.17	-10.8 -16.0
Tekla Life Sciences	HLQ	16.06 19.01	-3.0 -23.3
Tekla World Hlthcr Fd	THL	19.66 14.37	-10.5 NS
Tortoise Energy	TYG	26.01 25.23	-3.0 -35.8
Tortoise MLP Duration Fd	NTG	17.39 16.07	-7.6 -29.0
Voya GI Equity Div	IGD	7.89 6.94	-12.0 -6.5

Fund (SYM)	NAV	Close/Disc	52 wk Prem Ret
U.S. Mortgage Bond Funds			
BlackRock Income Trust	BKT	6.99 6.62	-5.3 5.5
Bkfld Mortgage Opp Inco	BOI	16.17 14.69	-9.2 10.4
Brookfield TR Fund	HTR	23.95 23.34	-2.5 9.4
Nuveen Mtg Oppy Term Fd	JS	24.31 22.54	-7.3 6.7

Fund (SYM)	NAV	Close/Disc	52 wk Prem Ret
Investment Grade Bond Funds			
AllianceBmstn Inco Fd	ACG	8.01 7.92	-1.1 6.2
BlackRock Core Bond Tr	BHK	14.35 13.50	-5.9 6.5
BlkRk Credit Alloc Inco	BTZ	14.01 12.57	-10.3 7.6
Blackstone GSO Strat Cret	BGB	15.48 13.62	-12.0 9.2
Blackstone GSO Sr Float	BSL	16.03 15.02	-6.3 6.5
Eaton Vance FR Inco Tr	EFR	14.05 13.09	-9.4 6.9
EatonVnc SrFltRate	EFR	14.05 12.71	-9.5 7.3
1st Tr Sr Fltg Rt Fd I	FCT	13.82 12.69	-8.2 6.8
Eaton Vance Sr EVF	EVF	6.56 5.80	-11.6 7.1
1st Tr Sr Fltg Rt Fd I	FCT	13.82 12.69	-8.2 6.8
Invesco Credit Opps Fund	VTA	12.16 10.61	-12.7 8.3
Invesco Senior Income Tr	VTR	4.52 4.00	-11.5 7.8
Nuveen Credit Strt Inc Fd	JGC	9.02 7.79	-13.6 7.6
NuvFloatRtInco Fd	JFR	11.01 9.93	-9.8 7.1
Nuv Float Rte Opp Fd	JRO	10.93 9.79	-10.4 7.6
Nuveen Senior Income Fund	NSL	6.57 5.87	-10.7 7.1
Pioneer Floating Rate	PSL	12.12 10.99	-9.3 6.3
Voya Prime Rate Trust	PPR	5.56 4.98	-10.4 6.5

Fund (SYM)	NAV	Close/Disc	52 wk Prem Ret
High Yield Bond Funds			
AllianceBernstein Gbl	AWF	12.77 11.69	-8.5 9.5
Babson Gl Sh Dur Hl Yd	BGH	18.66 16.88	-9.5 11.6
BlackRock Corp Hl Yd Fd	HYT	11.07 10.10	-8.8 9.9
BlkRk Debt Strat Fd	DSU	3.93 3.48	-11.5 7.6
BlackRock DurInco Tr	BLW	16.26 14.81	-8.9 7.9
DoubleLine Inco Solutions	DSL	NA 17.13	NA 11.2
Dreyfus Hl Yld Fd	DHF	3.30 3.13	-5.2 11.1
Fst Tr Hl Inco Lg/Shrt Fd	DSH	16.83 14.61	-13.2 8.2
Guggenheim Strat Opps Fd	GOF	17.02 17.28	+1.5 12.8
NexPoint Credit Strat Fd	NHF	22.40 19.06	-14.9 48.0
Nuveen GI Hl Inco Fd	JGH	16.01 14.01	-12.5 11.4
Nuveen High Inco Decd	JHA	9.84 10.15	+3.2 NS
Pioneer High Income Trust	PHI	9.47 10.32	+9.0 13.3
Prud Gl Shrt Dur Hl Yd	GHY	16.31 14.76	-9.5 9.3
Prudent Sh Dur Hl Yd Fd	ISD	16.65 15.38	-7.6 8.9
Wells Fargo Inco Opps Fd	EAD	8.38 7.54	-10.0 10.1
Wstrn Asset Gbl Hl Inco	EHI	10.41 9.11	-12.5 12.7
Wstrn Asset High Inco I	HIX	6.98 6.71	-3.9 12.4
Wstrn Asset Opp Fd	HIO	5.21 4.70	-9.8 9.0
Wstr Asst HY Def Opp Fd	HYI	15.54 14.11	-9.2 9.4

Fund (SYM)	NAV	Close/Disc	52 wk Prem Ret
Other Domestic Taxable Bond Funds			
Ares Dynamic Credit Alloc	ARDC	NA 13.37	NA 10.3
Babson Cap Corp Inv	MCJ	NA 13.37	NA 7.0
BlackRock Multi-Sector It	BIT	17.91 15.82	-11.7 9.4
BlackRock Taxable Mun Bd	BBN	23.39 22.96	-1.8 6.8
Doubleline Oppor Credit	DBL	NA 26.20	NA 9.5
Duff & Phelps Util & Cp Bd	DDC	10.20 9.60	-5.9 6.2
EtnVncLtdFnd	EVV	NA 11.07	NA 9.2
Franklin Ltd Duration Fd	FTF	NA 13.27	NA 6.5
GuggenHl Mney Dur Tr	GBAB	23.07 23.32	+1.1 7.6
MFS Charter	MCR	9.20 8.16	-11.3 9.0
MFS Multimkt	MMT	6.61 5.83	-11.8 9.0
Nuveen Build Am Bd Fd	NBB	22.38 21.99	-1.7 6.2
PIMCO Corporate & Inco	PTY	NA 13.57	NA 11.6
PIMCO Corporate & Inco	PCN	NA 14.05	NA 9.96
PIMCO HlInco	PHK	NA 9.11	NA 14.9
PIMCO Inco Str Fd	PFL	NA 9.58	NA 11.3
PIMCO Inco Strategy Fd	PFN	NA 8.75	NA 11.7
Putnam Mas Inco	PIM	4.75 4.40	-7.4 7.0
Putnam Premier Income Tr	PPT	5.22 4.72	-9.6 6.5
Wells Fargo Multi-Sector	ERC	13.57 12.08	-11.0 8.9

Nuveen High Income Dec18	JHA	9.84	10.15	+3.2	NS
Pioneer High Income Trust	PHT	9.47	10.32	+9.0	13.3
Prud Gl Shrt Dur Ht Inl	GHY	16.31	14.76	-9.5	9.3
Prudent Sh Dur Ht Yd Fd	ISD	16.65	15.38	-7.6	8.9
Wells Fargo Incm Opps Fd	EAD	8.38	7.54	-10.0	10.1
Wstrn Asset Gbl Hl Inco	EHI	10.41	9.11	-12.5	12.7
Wstrn Asset High Incol	HIX	6.98	6.71	-3.9	9.2
Wstrn Asset Opp Fd	FHI	5.21	4.70	-9.8	12.4
West Asset HY Def Opp Fd	HYI	15.54	14.11	-9.2	9.4

HEARD ON THE STREET

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FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Why Housing Will Spring Ahead

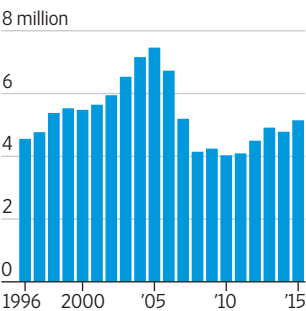
Spring is coming to the housing market. Probably. It is over a decade since the housing bust began, and the U.S. housing market isn't close to what historically would be considered normal. Last year, a combined 5.1 million new and used homes were sold in the U.S.—not quite as many as in 1998, when the working-age population was one-fifth lower than it is now.

The conditions for improvement are there. The job market has continued to strengthen—there were 2.8 million more people working last month than in the same month a year ago, according to the Labor Department—bolstering incomes.

That is part of why more people are finally striking out, or striking out on their own again. Goldman Sachs estimates the number of newly formed households eclipsed 1 million last year, marking the first time that has happened since 2006. What's more, the firm estimates 1.2 million new households will be added in each of the next four years. Better

Housebroken

New and existing single-family homes sold



Sources: Commerce Department; FactSet
THE WALL STREET JOURNAL.

finances, low rates and greater willingness among banks may entice more households currently renting to buy, and more homeowners to trade up. Indeed, there are signs of health.

The most recent monthly readings on new-home sales and pending sales of existing homes were encouraging. There has been an increase in the number of people applying for a mortgage. The Mortgage Bankers Association last week said its index



DANIEL ACKER/BLOOMBERG NEWS

of mortgage applications for purchasing a home was up 24% from a year earlier.

The one wrinkle in the housing-revival story is that warm weather over the winter may have made things look better than they actually are. Because housing data are adjusted to account for the big seasonal swings the sector is subject to—typically around 40% of annual homes sales are inked in the four-month period that starts in March—if only a lit-

tle activity gets drawn into the winter months, it can have a pronounced effect.

That said, last week's beige book—the collection of anecdotal reports on the economy from Federal Reserve Banks—suggested that housing activity is gaining traction in many parts of the country. The Federal Reserve Bank of Cleveland, for example, noted that home sales had increased in the region, with builders and real-estate agents attributing the pickup to “low interest rates and continued pent-up demand.”

And commenting on the increase in mortgage applications that J.P. Morgan Chase has experienced, finance chief Marianne Lake last Wednesday said: “We are seeing spring activity continuing to be robust.”

All of which is positive for those associated with housing, from banks to builders to brokers and retailers.

Full-fledged recovery for housing is still a while away. But after a long time of near dormancy, it looks like it is starting to stir.

—Justin Lahart

OVERHEARD

Investors in retailers often cheer share repurchases as signs of management confidence. But companies may have less-optimistic reasons for buying back stock.

Citigroup analysts found 38 of 50 retail and apparel companies they cover repurchased shares in fiscal 2015. The bank set out to determine how bullish that is for future performance, looking at buybacks across the group since 2011. It focused on instances of companies repurchasing 5% or more of shares outstanding within a year. Of 71 instances, on average, the stocks underperformed the S&P Retail Index by more than 10 percentage points in the year following the repurchase, Citi found.

The stocks underperformed the index in the year following the repurchases in 44 of 71 instances, outperforming only 27 times.

That suggests companies may buy back stock to cushion earnings per share the following year. Instead of applauding buybacks, investors should question their motive.

Ford Revved By China SUV Boom

Sport-utility vehicles are the kings of China's auto market, and **Ford Motor** is well placed.

Car makers in China shipped 52% more SUVs in the first quarter than in the same period the year before. In no month since 2015 has growth fallen below 34%. In response, Chinese manufacturers have flooded the market with low-end SUVs, some equipped with tiny 1.6-liter engines that qualify for tax incentives. There will be 32 new budget SUVs launched this year versus 20 in 2013, according to Sanford C. Bernstein's Robin Zhu.

With so much new supply, pricing has begun taking a hit. But Ford has an advantage: Its bigger SUVs don't compete directly with the small, underpowered ones. While its SUV sales grew by just 38% between January and March from a year ago, its local passenger-car joint venture with **Chongqing Changan Automobile** has lately achieved the lowest dealer discounts among all such ventures in China, according to data from Macquarie and research firm ISE.

More SUVs, which command higher margins than sedans, mean more profits for Ford's partner Changan. Changan's own domestic SUVs are popular but falling in price, though the Ford venture is the predominant source of its profits.

Changan shares in Shenzhen that foreigners can trade fetch only 4.75 times forward earnings versus an average 8.72 times for seven peers, according to S&P Global Market Intelligence.

The more consumers flock to Ford SUVs, the more investors should move into Changan shares.

—Abheek Bhattacharya

A Big Slowdown for Biotech Stocks Doesn't Have to Last

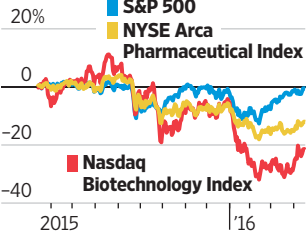
Slowing growth has cooled valuations of large biotech stocks. That could pave the way for a rebound.

Starting this week, the five biggest U.S. biotech companies by market value are expected to report aggregate first-quarter sales growth of 9.2% from a year earlier, according to analysts' estimates. On the other hand, analysts expect the five largest U.S. pharma companies to increase their top line by 5.5%.

Granted, biotech companies—firms that traditionally develop drugs derived from living cells rather than those derived from chemicals—tend to grow at a faster rate

Resetting

Index performance over past year



Source: FactSet

than big pharma. But their pace has slackened. A year ago, big biotech companies increased revenue at a 29% year-over-year clip, while sales at big pharma compa-

nies fell slightly.

That happened as biotech companies benefited from scientific breakthroughs, which helped push shares into overdrive. Pharma companies were hampered by old blockbuster treatments losing patent protection.

The result: The Nasdaq Biotechnology Index outperformed the NYSE Arca Pharmaceutical Index by 260 percentage points over the five years to the biotech index's peak in July 2015. Since that peak, the sector is down by one-quarter, while pharma is off about 15%.

And the line between the growth profiles of the two

types of companies is blurring. Biotech has slowed in part because products like the **Gilead Sciences** hepatitis C drugs generated such extraordinary growth in the first place.

And insurers' concerns over the prices of new, expensive drugs have resulted in slow launches for potential blockbusters.

Meanwhile, several major acquisitions completed last year flatter the pharma growth profile, along with a reduction in the pace of key patent expirations.

Yet valuations between the two areas have been coming more in line. The

biotech index fetches 23 times forward earnings, down from more than 30 times last summer. While that is still at a premium to the pharma index at 15 times, the biotech index is loaded with smaller, unprofitable companies.

At a more reasonable valuation, biotech has greater potential to surprise. Slow product launches don't necessarily doom new drugs. And new clinical data coming out this year could again reinvigorate biotech growth.

Biotech investors may find a lower bar is easier to clear.

—Charley Grant

MONEY & INVESTING

KUAILU

Continued from page C1

mid-2015. Many Chinese refer to the diverse industry using English: “P2P,” as in peer-to-peer lending, though that business of matching small lenders and borrowers is just one segment of operations at Kuailu.

Kuailu isn't the first such lender to leave investors hanging amid recent collapses in the sector. What is distinctive is how its problems are exposing an international dimension to the industry, which bankers said is common but little understood.

The Shanghai firm invested in at least 20 feature films, including the coming release of “The Bombing” starring Bruce Willis, according to the company. Client money holds a slice of a \$9 billion deal to privatize New York Stock Exchange-listed Chinese Internet-security company **Qihoo 360 Technology Co.**, company marketing documents show.

A crisis-management specialist that Kuailu's founding chairman this month put in charge of sorting through \$1.5 billion in liabilities told The Wall Street Journal it wasn't a Ponzi scheme, a fear some investors have raised with the company.

“No cash flow. That's the issue,” said Xu Qi, who estimated that assets cover about 90% of what is owed to investors, but that most of it is tied up in investments or projects that can't be quickly converted to cash.

Companies like Kuailu got their start in peer-to-peer lending, initially a modest effort to supply money to Chinese households and entrepreneurs that was endorsed by top government officials as a way to power new streams of consumer activity.

But “crowdsourced” lending has quickly expanded and now powers financing across China, from wedding loans to land speculation. Like banks, but with less regulation, such lenders compete aggressively for deposits, often via online platforms. Many attract money faster than they can thoroughly research investments, according to analysts.



Kuailu's founder and former chairman, Shi Jianxiang, center, cultivated relationships with celebrities such as Hong Kong actor Donnie Yen, left, and former heavyweight boxing champ Mike Tyson.

The turmoil around Kuailu follows the collapse in recent weeks of shadow lenders in other cities and emerged just as Shanghai authorities shut a peer-to-peer lending network, according to China's official Xinhua News Agency.

Many of Kuailu's investment products promise high returns and redemption after a few months, according to company contracts reviewed by the Journal, but investors said few understood that the company's success hinged on long-term projects. The mismatch made Kuailu's business model fundamentally flawed, said Mr. Xu.

In Hollywood, the firm's now-absent founder and former chairman, Shi Jianxiang, cultivated relationships with celebrities such as Mike Tyson and Sylvester Stallone, according to people who know Mr. Shi and images on the company website. Mr. Xu termed Hollywood Mr. Shi's “personal desire.”

The firm pushed its products by bundling them with tickets to movie screenings, vacation vouchers and galas, offering big spenders the

chance to hobnob with film stars such as Oscar winner Adrien Brody, according to investors and the firm's publications.

Its Wall Street links are newer and not as deep, according to marketing materials reviewed by the Journal, which show how Kuailu put money into a strategy built around Chinese companies delisting from U.S. exchanges to relaunch on domestic markets. Company documents said the Qihoo deal could return up to 415% on investments that started above \$155,000.

Kuailu investors are now gathering daily at its offices to complain that they were conned by sales agents who played up the potential for high returns on funds peddled by Kuailu and its affiliate brands, including Jinlu, Hongqiao and Intraday, also known as Dangtian, while playing down the difficulty of profiting on some deals.

Mr. Xu, who said he has no financial stake in Kuailu, said the group was careless in valuing assets and likely skirted fund-registration rules meant to protect investors from

fraud. He said the nationwide sales network under several different brands—the headquarters of Jinlu and Dangtian are a floor apart—was designed to make the firm look smaller than it is.

A Shanghai government spokeswoman declined to answer questions about regulatory oversight of Kuailu or the impact of its troubles. Mr. Xu said he is in daily contact with local financial regulators.

On Tuesday, about 500 investors squeezed into a Kuailu ballroom to seek answers. Mr. Xu said few of them could expect any money before July; the firm's official statements extend the repayment timeline to March 2018.

Business-registration filings show Mr. Shi founded Kuailu as an offshoot of a state-owned wire maker in 2003. Last year, Mr. Shi's net worth was put at \$750 million by Shanghai wealth-tracking firm Hurun Report. He is now hospitalized with a serious heart condition in Hong Kong, according to Mr. Xu.

—Yifan Xie in Shanghai and Lilian Lin in Beijing contributed to this article.

In Shift, Banks Add To Loan Reserves

By MICHAEL RAPOPORT

It took a huge slump in the energy industry to make it happen, but big banks are finally adding to their rainy-day funds again.

The big national banks added a total of \$777 million to their reserves for soured loans in the first quarter. That is up from the \$296 million they added in the fourth quarter of 2015 and marks a sharp break with the years before that. Before late 2015, the banks had released funds from their reserves every quarter since 2009—\$795 million in releases in last year's first quarter, for instance.

Three of the big four national banks—**J.P. Morgan Chase & Co.**, **Citigroup Inc.** and **Wells Fargo & Co.**—indi-

\$777 million

Big U.S. banks added this much to their reserves for soured loans in the first quarter.

cated they had built up their reserves in the first quarter. Only **Bank of America Corp.** still released reserves, and it released only \$71 million during the quarter, its smallest quarterly release in its six years of doing so.

Banks build loan-loss reserves when they add new provisions to their reserves for soured loans to a greater extent than they write off bad loans as uncollectable, freeing up the reserves associated with them. A release is the opposite—charge-offs outweigh new provisions.

The new reserve builds are driven largely by worsening credit conditions among energy-industry borrowers that are prompting the banks to set aside more reserves to guard against oil-and-gas loans going bad.

The energy problems outweighed continued improve-

ments in credit quality among other types of loans like home mortgages that otherwise would have prompted the banks to continue releasing reserves.

J.P. Morgan, for instance, added \$529 million to its wholesale reserves in the first quarter because of oil and gas loans. Wells Fargo said its loan-loss allowance for its oil and gas portfolio increased by \$504 million during the quarter.

More reserve builds are possible in the quarters to come, the banks said, especially if oil prices remain low.

“My assumption is that we're going to be talking about this all year,” said John Shrewsbury, Wells Fargo's chief financial officer, on the bank's earnings conference call Thursday. He said he feels “great” about Wells Fargo's reserves, “but I'd be hesitant to tell you that this was the big quarter.”

Before the fourth quarter of 2015, the four-bank group had released reserves for 23 consecutive quarters—a total of about \$85 billion in releases that flowed directly into the banks' earnings, boosting their profitability in an era when they struggled to generate profits from their core operations.

The impact on profits has been more muted in the last few years, but even in 2015, reserve releases contributed \$2.2 billion to the four banks' earnings.

The first-quarter reserve builds cut into the banks' profits, albeit in a minor way: The \$777 million build for the four banks is only 3% of their total pretax income for the quarter.

Even with the recent reserve builds, reserves are still at a very low level after six years of releases. Industrywide, banks' reserves were only 1.34% of total loans and leases at the end of 2015, according to the Federal Deposit Insurance Corp., the lowest level since 2007.