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# THE WALL STREET JOURNAL.

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Last week: DJIA 28256.03 ▼ 733.70 2.5% NASDAQ 9150.94 ▼ 1.8% STOXX 600 410.71 ▼ 3.1% 10-YR. TREASURY ▲ 1 14/32, yield 1.521% OIL \$51.56 ▼ \$2.63 EURO \$1.1097 YEN 108.34

## What's News

### Business & Finance

**WeWork** has taken its first significant step in the post-Neumann era, naming Sandeep Mathrani as chief executive to run a company whose challenges abound. **A1**

◆ **Potentially hazardous** wiring inside Boeing's 737 MAX is the latest flashpoint between U.S. and European regulators and a further complication in the grounded fleet's return to service. **B1**

◆ **Investors are betting** the volatility that has rattled markets over the past two weeks is here to stay. **B1**

◆ **JPMorgan's** rising stock price makes buybacks more expensive, leading some to ask if the bank's repurchases will slow. **B1**

◆ **Property developers** are building kitchens in empty mall space and parking lots to fill orders for the food-delivery business. **B1**

◆ **Randy Freer** is exiting as CEO of Hulu as Disney integrates the streaming service more closely into its direct-to-consumer operations. **B3**

◆ **Gaana**, a local rival of Spotify and Apple in India, is the most-popular music-streaming service in that country. **B3**

◆ **PG&E pledged** to replace directors and increase its safety focus in a bid to win California's support for its bankruptcy exit plan, but obstacles remain. **B3**

### World-Wide

◆ **An emboldened Trump** turned his focus to his re-election bid, arguing a growing economy would help him in November, as Schiff vowed to press for the president's removal. **A1**

◆ **Trump is emerging** from the impeachment process with little sign of damage to his political standing, a new Wall Street Journal/NBC News poll finds. **A4**

◆ **As some universities** consider dropping the SAT as an admission requirement they are weighing whether to use the test scores to award scholarships. **A1**

◆ **British police shot** dead a man who had recently been released from prison for terror offenses after he stabbed two people in South London. **A8**

◆ **Justice Department** lawyers have improperly used requests for overseas evidence to buy more time to bring some fraud cases, a memo filed with the agency's internal watchdog alleges. **A3**

◆ **Health experts have** been crunching numbers about the advance of the new coronavirus to estimate how far and fast it could spread. **A13**

◆ **The Kansas City Chiefs** beat the San Francisco 49ers 31-20 to win Super Bowl LIV. It was the team's first championship in 50 years. **A18**

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## Kansas City Chiefs Win Their First Super Bowl in 50 Years



**LONG TIME COMING:** The AFC champs beat the San Francisco 49ers, 31-20, behind a fourth-quarter comeback led by quarterback Patrick Mahomes, lifting the championship trophy. Andy Reid notched his first Super Bowl win in more than two decades as a head coach. **A18**

## Virus Closes China to the World And Strains Global Economy

BY JAMES T. AREDDY

SHANGHAI—China's isolation amid the coronavirus outbreak, a rare freeze out for such a vital economic center, is rippling across the world.

Uncertainty over the virus—which has infected more than 14,500 people—has disrupted worldwide trade and supply chains, depressed asset prices, and forced multinational busi-

nesses to make hard decisions with limited information.

The U.S., and governments in Europe and Asia, are enforcing new regulations to block visitors from China and screen returning U.S. citizens, while major airlines suspended flights to the country and companies pulled out expatriate executives.

"The calls that I get are: 'We don't know what to do. Our employees are panicking,'" says

Rachel Conn, an employment attorney in San Francisco at Nixon Peabody LLP. "They've never dealt with a situation like this."

Early Monday, China's stock markets—reopening for the first time since Jan. 23, two days before the start of the Lunar New Year—fell sharply. The Shanghai and Shenzhen composite indexes were each down more than 7% at midmorning.

Apple Inc. said this weekend it will close all of its stores and corporate offices in China through Feb. 9. The company, which employs 10,000 people in

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- ◆ Experts chase answers to transmission..... A13
- ◆ Chinese travelers greeted with suspicion..... A14
- ◆ James Mackintosh: Hoping market is right on virus..... B6

## New WeWork CEO To Face Challenges

WeWork has taken its first significant step in the post-Adam Neumann era, naming a new chief executive officer to run a company whose challenges abound.

By Maureen Farrell, Eliot Brown and Dana Mattioli

Real-estate-industry veteran Sandeep Mathrani is to take over this month, a critical move in the company's bid to rebuild after a failed initial-public-offering attempt and the departure of Mr. Neumann, its co-founder and former chairman and CEO.

WeWork made the move public late Saturday, confirm-

ing an earlier report by The Wall Street Journal.

Mr. Mathrani will work closely with Executive Chairman Marcelo Claure, who is also a senior official at WeWork owner SoftBank Group Corp. Their challenge will be nothing less than pulling the company out of a big hole dug by Mr. Neumann and SoftBank as they pursued a growth-at-all-costs strategy in the run-up to the attempted listing.

In a sign of just how deep that hole is, WeWork's valuation has plummeted more than 80% since the start of last year, forcing it to seek a rescue from SoftBank and abandon a grand vision of provid-

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## Democrats Make Their Final Push in Iowa



**Clockwise from top left,** Sen. Elizabeth Warren, Sen. Bernie Sanders, former South Bend, Ind., Mayor Pete Buttigieg and former Vice President Joe Biden campaigned across Iowa on Sunday. **A4**

## Colleges Debate Eliminating SATs in Scholarship Awards

BY DOUGLAS BELKIN

Next week faculty at the University of California will weigh in on whether to drop the SAT as a requirement for admission due to concern that the test is biased. Their recommendation prompts another question with a potentially bigger impact for students and their families: Should schools continue to use SAT scores to award scholarships?

Colleges and universities

give out about \$30 billion a year in merit aid, which is often based on a student's SAT or ACT. An additional \$2 billion in merit aid distributed by states hinges on standardized test scores.

The University of California System, which collectively receives more applications with SAT scores than any other system, is reviewing the test. A decision is expected this year, and a committee looking into the

issue is expected to submit a recommendation next week.

Worcester Polytechnic Institute in Massachusetts stopped using the test for merit scholarships last year, said Andrew Palumbo, dean of admission. Instead, the school is weighing grades, community service and leadership. The school has made the SAT optional for applicants since 2007. "Using the tests doesn't help us achieve our goals" of diversifying the

*Please turn to page A2*

## And the Winner Is... A Fistful of Dollars

Indiana joins New Jersey in permitting Oscar betting; '1917' won't pay much

BY KATHERINE SAYRE

In the past 25 years, the winner of the Golden Globe for best supporting actor has gone on to win the Oscar 16 times.

This is getting to be increasingly profitable information. Indiana this year became the second state—after New Jersey—to allow betting on this year's Academy Awards.

Last year, Hollywood's top

prizes generated around \$750,000 in bets in New Jersey, the only state then allowing Academy Awards bets. In Indiana, sports-betting operators including FanDuel and DraftKings are taking or plan to take Academy Awards bets before the Feb. 9 ceremony begins.

Johnny Avello, a longtime Las Vegas oddsmaker, has hand-capped the Oscars for the past

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# U.S. NEWS

THE OUTLOOK | Josh Mitchell and Doug Cameron

## Boeing's Woes Drag on U.S. Growth

The U.S. economy just hit an air pocket. Blame **Boeing Co.** Every now and then a single company can have a measurable impact on growth. This time it's Boeing, the nation's top exporter. In January, Boeing halted production of the troubled 737 MAX, its bestselling jet. The shutdown is likely to reduce U.S. gross domestic product in the first half of the year, economists say. The Chicago-based aerospace giant has been in a crisis since last March, when regulators ordered airlines to stop flying the 737 MAX after faulty software was implicated in two fatal crashes. Until last month the economic fallout was minimal. While Boeing's sales tumbled, it continued to produce the jet at a reduced rate at its factory near Seattle, working through a backlog of 4,500 orders. Boeing said last week it doesn't expect to restart production until it gets regulatory approval to resume flying, which it hopes to secure by midyear and then slowly ramp up production over the next two years. Boeing had been building about 42 jets a month since April, and about 52 a month

before that. That might not sound like a lot. But the 737 MAX sells for about \$55 million apiece, analysts say, and Boeing had planned to sell more than 600 this year, totaling more than \$30 billion. It uses a network of 600 major suppliers providing everything from engines to seats to bathrooms. Boeing's Seattle-area factories alone employ 12,000 workers on the MAX. At least three leading economists say the shutdown will reduce first-quarter GDP by half a percentage point. Second-quarter output could also take a hit, since Boeing said it would need two months or more to ramp up production once it decides to resume building the MAX.

HS Markit economist Joel Prakken, who predicts U.S. output will grow at a 2.0% annual rate in the first quarter, says the impact of the Boeing crisis "is bigger than what you would see in a hurricane." He said the production halt could reduce output by \$9 billion in the first quarter and \$13 billion in the second. The latter figure is roughly equivalent to more than two billion McDonald's Big Macs. The economy grew at a

U.S. aircraft sales fell sharply last year, largely because of the grounding of the 737 MAX.



Note: Exports of aircraft and aircraft parts, plus private investment in aircraft, at a seasonally and inflation adjusted annual rate. Source: Commerce Department

2.1% rate in the fourth quarter, the Commerce Department said last week, and 2.3% in all of 2019, when output totaled \$21.4 trillion. Economists say Boeing's troubles weighed modestly on output last year, when the company and its suppliers cut production and some flights were canceled. Growth is likely to bounce back when Boeing resumes production and sells planes that have been stored around the country, lifting economic output and exports in the

second half of 2020 and early next year. The extent of the damage hinges on the shutdown's duration and how Boeing's suppliers react.

**General Electric Co.**, which makes engines for the MAX in a joint venture with France's Safran SA, said it plans to produce at half the rate of last year. Spirit Aero-Systems Holdings Inc., which makes the jet's fuselage and is the largest MAX supplier, plans to lay off 2,800 staff. It aims to make around 200 this year, a third of output in 2019.

Boeing itself and most parts suppliers have reemployed workers rather than laying them off. With unemployment at a half-century low of 3.5%, skilled workers would quickly find new jobs, according to Mr. Prakken. "Companies are a little reluctant to start laying off people who have specialized knowledge on these assembly lines," he says. Joe Brusuelas, chief economist at RSM, says economists and investors may be underestimating the potential of a bigger hit as U.S. aerospace supply chains are disrupted. "Once those supply chains are shut down and labor begins to disperse into other jobs and other areas of

the country, restarting those supply chains is much more difficult than commonly acknowledged," he said.

It isn't the first time that U.S. growth has been affected by the travails of a single company.

Last year, more than 46,000 General Motors Co. workers went on strike for 40 days, stopping production at more than 30 U.S. factories. Treasury Secretary Steven Mnuchin last month said the job action, among other factors, may have reduced U.S. output in 2019.

Boeing poses broader risks. One is that regulatory approval for the MAX is delayed again, forcing the company to push production back further. Another is that passengers refuse to fly on the planes, hurting airline profits and potentially exposing Boeing to higher compensation claims. And there is the danger that Boeing's customers turn to European rival **Airbus SE**—or China, which has sought to break up the duopoly through its jet maker Comac, which will start delivering planes early next decade.

◆ Boeing faces new a hitch for 737 MAX..... B1

## ECONOMIC CALENDAR

**Monday:** Surveys of businesses around the world will gauge manufacturing activity in the U.S., China, Europe and elsewhere, offering an early glimpse on how economies fared in early 2020. Economists generally expect global manufacturing to stabilize as trade tensions ease. The **Institute for Supply Management** forecast its U.S. manufacturing index would log in at 48.5 in January, up from 47.2 in December but still weak.

**Wednesday:** The **U.S. Commerce Department** releases December trade figures. In November, the trade gap contracted 8.2% from the previous month to \$43.09 billion, the lowest deficit since 2016. Economists surveyed by The Wall Street Journal expect the trade deficit to widen to \$48.4 billion in December.

**Thursday:** The **U.S. Labor Department** publishes fourth-quarter productivity figures. In the third quarter, labor productivity declined at a seasonally adjusted annual rate of 0.2%. The decrease came after productivity offered signs of pickup earlier in the year. Economists expect gains in the final three months of the year.

**Friday:** The Labor Department releases the January jobs report. For January, the labor-market picture is expected to remain similar to recent history: solid gains in nonfarm payrolls, low unemployment and stagnant wage growth.

## U.S. WATCH

### CAMPAIGN 2020 Bloomberg Proposes Tax Increases

Democratic presidential candidate Michael Bloomberg is proposing tax increases on corporations, top earners and estates that would make the wealthiest Americans foot the bill for programs in areas such as education, infrastructure and climate change. In broad strokes, Mr. Bloomberg would reverse some of the 2017 tax cuts enacted by Republicans and President Trump and then raise taxes further, aiming to tax investment income at the same rates as labor income. Some details are still fuzzy, but the campaign estimates that the plan would raise \$5 trillion over a decade, an increase of more than 10% in federal revenue.

Mr. Bloomberg, one of the nation's richest people, would almost surely pay more in taxes under his policies. For individuals, Mr. Bloomberg would raise the top tax rate to 44.6% for income above \$5 million. That is a return to the basic top rate of 39.6% from 37%, plus a 5% surtax.

Corporations would pay a 28% tax rate, up from the current 21% rate but below the 35% that existed in 2017. Mr. Bloomberg also would raise taxes on U.S. companies' foreign earnings, and he would eliminate real-estate companies' ability to defer taxes when they swap properties.

—Richard Rubin

### PENNSYLVANIA Groundhog Predicts An Early Spring

Pennsylvania's most famous groundhog on Sunday declared: "Spring will be early, it's a certainty."

At sunrise on Groundhog Day, members of Punxsutawney Phil's top hat-wearing inner circle revealed the cuddly oracle's prediction—the 134th, according to the Pennsylvania Tourism Office.

Awoken by the crowd's chants of "Phil!" the groundhog was hoisted in the air for the assembly to hail before making his decision. He then grasped the glove of a handler as a member of his inner circle announced that spring would come early this year.

The annual event has its origin in a German legend that says if a furry rodent casts a shadow on Feb. 2, winter continues. If not, spring comes early.

In reality, Phil's prediction is decided ahead of time by the group on Gobbler's Knob, a tiny hill just outside Punxsutawney, about 65 miles northeast of Pittsburgh.

Over the past five years—from 2015 through 2019—Phil has predicted six more weeks of winter thrice and an early spring twice.

—Associated Press

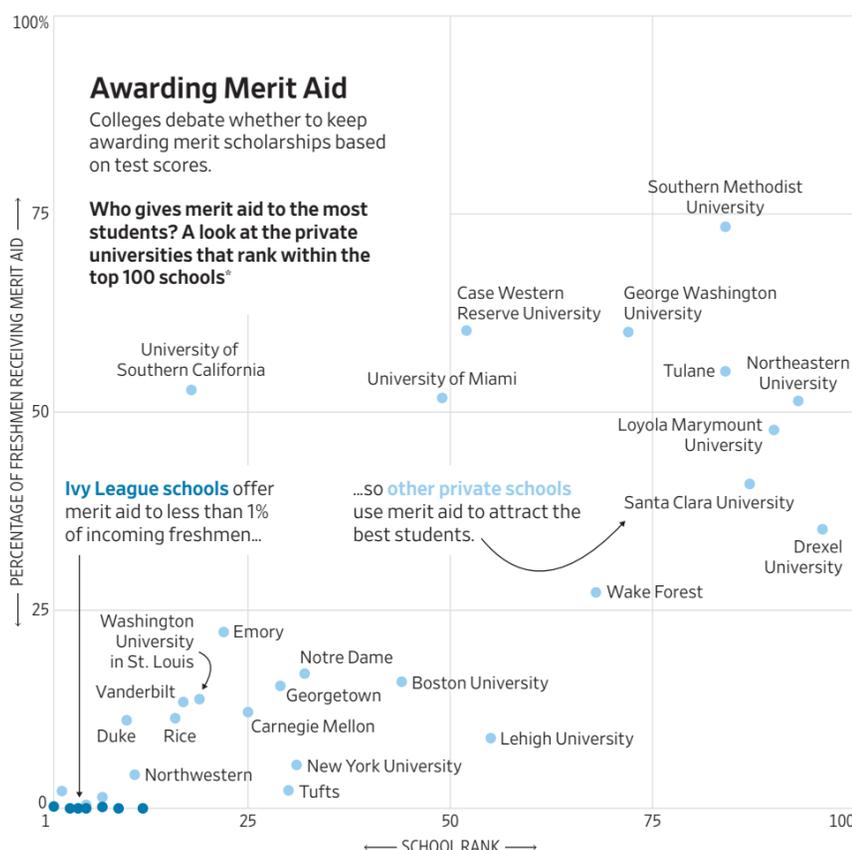
## Fate of Test-Based Aid Unsure

Continued from Page One student body, he said. Students who apply without the test are just as successful as undergraduates as peers who do submit the test, he said. The SAT is a three hour and fifteen minute multiple-choice exam scored on a scale of 400 to 1600. The score is used to assess a high-school student's readiness for college. The College Board, the New York-based nonprofit that oversees the SAT, said it has worried for years about income inequality influencing test results. White students scored an average of 177 points higher than black students did and 133 points higher than Hispanic students in 2018 results. Asian students scored 100 points higher than white students. The children of wealthy and college-educated parents outperformed their classmates.

Those gaps don't reflect bias in the test itself but the lopsided distribution of resources across K-12 schools, the College Board has said. The College Board gives schools data to see students' socioeconomic profile and considered creating a score to reflect this, a plan it dropped amid public objection.

ACT spokesman Ed Colby defended the test as a fair measure of academic knowledge and skills but said the exam shouldn't be used in a vacuum. "High-stakes decisions regarding college admissions and scholarships should be based on multiple factors," he said.

The debate about equity in higher education has been raging in the wake of the college-admissions scandal orchestrated by William "Rick" Singer, who facilitated cheating on the SAT and ACT and bribed col-



\*WSJ/THE top 100 universities. Note: Aid by school excludes public universities and liberal arts colleges. Johns Hopkins University, the University of Chicago, Columbia University, the University of Rochester, Boston College and the U.S. Naval Academy didn't report merit aid data. Annual state grants are in 2017 dollars. Sources: WSJ analysis of Common Data Set (merit aid); College Board (state grants, aid by parents' income)

lege officials to secure admission to elite universities for his wealthy clients.

More than a quarter of colleges and universities across the country are now test-optional, and the rate of schools dropping the test is accelerating, said Bob Schaeffer, who leads FairTest, an education-advocacy group critical of the exam.

Universities use merit aid to compete for students. Merit scholarships can make students feel wanted and prompt families to think they are getting a deal. The awards also help campuses lure top students from even more prestigious schools, a few dozen of which

don't offer merit aid at all.

The University of Denver, which made the test optional for admission last year, still uses both the SAT and ACT to allocate merit aid because it wants to attract the best students it can, said Todd Rinehart, vice chancellor of enrollment. "Whether we like it or not, students with high SAT scores have a market value, and certain schools are willing to pay merit money for a certain range of test scores," he said. "We could say we're not going to play in this space because we see the inequity, but if we want to have a competitive chance of enrolling them, we better pay market value."

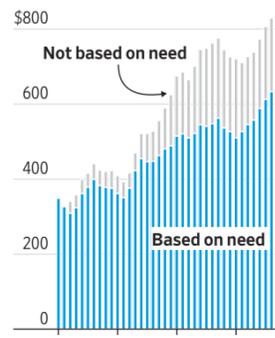
At the University of Mississippi, the most generous scholarship for out-of-state students pays \$16,272 to students with a grade-point average of at least 3.0 and a 1450 on the SAT. That covers about half of all costs for students from out of state.

"The exams increase inequality when you look at who is getting access to aid," said Laura Perna, professor at the Graduate School of Education at the University of Pennsylvania. The same dynamic is playing out with college scholarships awarded by some states. In Florida, eligibility for the state's Bright Futures scholarship, which is paid for by the state lottery, requires at least a 1290 on the SAT.

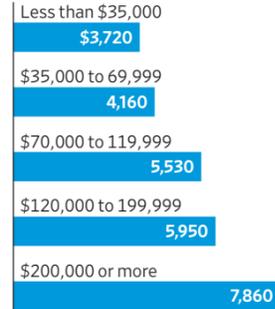
Among 53,060 top scholarships allotted last year, African-American students earned 4% of them while making up 21% of the state's population of 18- and 19-year-olds.

Asian students earned 9% of the scholarships while making

### Average state grant in U.S. per full-time undergraduate student



### Average aid exceeding need per full-time public university student, by parents' income



Lindsay Huth/THE WALL STREET JOURNAL



The University of California system collectively receives more applications with SAT scores than any other system.

up less than 3% of the population of the same age.

There are three tiers of scholarships available through the Bright Futures program. Eligibility depends on SAT scores, GPA and community service. Last year, Florida Gov. Ron DeSantis, a Republican, raised the scores students needed to earn on the SAT. The governor's office said the change was needed to reflect rising scores.

Alberto Carvalho, superintendent of Miami-Dade County Public Schools, said raising scores will disproportionately remove minority students from eligibility. "Performance on this exam is strongly correlated to poverty, students who are speaking English as a second language and immigration," he said.

In Georgia, the most generous state merit grant is called the Zell Miller Scholarship—it covers full tuition. To be eligible, students need at least a 3.7 GPA and at least a 1200 com-

bined SAT score or a 26 on the ACT. Close to half the students in the university system are low income, but they receive fewer than a quarter of Zell Miller scholarships, according to a 2016 analysis by the Georgia Budget and Policy Institute. Black students make up 30% of enrollment but receive fewer than 5% of Zell Miller Scholarships. White students make up 54% of the enrollment and received 78% of the scholarships, according to the analysis.

At Hancock Central High School in rural Sparta, Ga., where most of the students are poor, school counselor Carlton Stewart said the school has had maybe one student in the past two or three years who scored a 1200 or better on the SAT.

"To have that one number that determines if a student is eligible isn't good for us," Mr. Stewart said. "We don't have private test preparation or anything like that here. We do have test prep booklets."

## CORRECTIONS & AMPLIFICATIONS

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## U.S. NEWS

# Jeff Bezos Sued by Girlfriend's Brother

Michael Sanchez says Amazon.com founder spread false rumor he leaked nude photos

BY CORINNE RAMEY  
AND JOE PALAZZOLO

Michael Sanchez, the brother of Jeff Bezos' girlfriend, sued the Amazon.com Inc. founder for defamation, alleging his representatives spread false rumors to news outlets that Mr. Sanchez provided graphic nude photos of Mr. Bezos to the press.

The lawsuit, filed Friday in California state court in Los Angeles, also names as a defendant Gavin de Becker, a security consultant hired by Mr. Bezos. Mr. Sanchez, a talent manager, claims Mr. de Becker worked with Mr. Bezos to spread false statements about the public disclosure of Mr. Bezos' affair with Lauren Sanchez, Mr. Sanchez's sister.

A lawyer for Mr. Bezos said, "My client has chosen to address this lawsuit in court and we will do that soon."

A lawyer representing Ms. Sanchez provided a statement on her behalf. It said, "Michael is my older brother. He secretly provided my most personal information to the National Enquirer—a deep and unforgivable betrayal."

A lawyer for Mr. Sanchez said, "Michael's lawsuit speaks for itself."

Mr. de Becker didn't respond to a request for comment.

Mr. Sanchez's lawsuit acknowledges that he helped publicize the relationship in an attempt to get out in front of news about the relationship.

His lawsuit concerns what he says was a campaign by Mr. Bezos and Mr. de Becker to blame Mr. Sanchez for turning over graphic nude photographs, which Mr. Sanchez denies doing. People familiar with Mr. Sanchez's dealings with the tabloid said he showed a below-the-belt selfie of Mr. Bezos to the Enquirer, without providing a copy, but turned over other images.

The lawsuit comes amid renewed scrutiny over the source of photos obtained by the National Enquirer around the time it published a January 2019 article. The tabloid published photos of Mr. Bezos and Ms. Sanchez in public, but it withheld photos it said Mr. Sanchez sold to the Enquirer.

Last month, a forensic audit commissioned by Mr. Bezos alleged that his phone was hacked by a WhatsApp account associated with Saudi Crown Prince Mohammed bin Salman. The Saudi government has called that allegation absurd.

Federal prosecutors in Manhattan are investigating the alleged hack of Mr. Bezos' phone and whether National Enquirer parent American Media Inc. attempted to extort Mr. Bezos. In a blog post last year, Mr. Bezos accused American Media of try-



Mr. Sanchez's sister, Lauren, and Mr. Bezos at an event last month.

ing to blackmail him by threatening to release embarrassing photos.

The post included an email from Enquirer editor Dylan Howard to Mr. Bezos' lawyer in

which Mr. Howard described sexualized photos of the Amazon chief executive he said the tabloid had obtained, as well as a below-the-belt selfie.

Mr. Sanchez has denied giv-

ing the Enquirer "the many penis selfies" but declined to comment when asked by The Wall Street Journal whether he gave other photos of Mr. Bezos to the Enquirer.

Prosecutors have evidence showing that at least some texts supplied to the National Enquirer by Mr. Sanchez came from his sister's phone, the Journal has previously reported.

In the lawsuit, Mr. Sanchez, who previously worked as his sister's manager, said he was involved in publicizing Mr. Bezos' and Ms. Sanchez's relationship. The couple was initially told by a psychic in New Mexico to keep their relationship secret after their affair began in 2017, according to Mr. Sanchez.

After the publication of photos of the couple at a July 2018 event, news outlets began to ask questions, according to Mr. Sanchez's lawsuit. According to the suit, Mr. Sanchez tried to control the narrative and timing of the story around his sister's relationship by entering into a confidential deal with American Media.

A contract reviewed by the Journal states that Mr. Sanchez was paid \$200,000 by American Media. The contract gave the company exclusive rights to "certain information, photographs, and text messages documenting an affair between Jeff Bezos and Lauren Sanchez."

After the National Enquirer's January 2019 article made the

relationship public, Mr. Bezos asked Mr. de Becker to investigate the source of the photos, the lawsuit said.

Mr. Sanchez says he became "a target" of Mr. de Becker's investigation and that the security consultant, at the direction of Mr. Bezos, spread false narratives about the photos. One article published last year in the Daily Beast names Mr. Sanchez as the source of graphic photographs, and cites Amazon investigators, the lawsuit claims. The Daily Beast didn't respond to a request for comment.

In the lawsuit, Mr. Sanchez says that reporters have been hesitant to work with him on matters about his other clients since the allegations about the photographs.

"All of these actions, including Mr. de Becker's promulgation of the false information and Mr. Bezos' refusal to contradict that false information, caused Mr. Sanchez's reputation to suffer damage on a national scale, as well as causing him to suffer emotional distress," the complaint says.

Mr. Sanchez claims false statements by Mr. Bezos and Mr. de Becker led to, among other things, a Federal Bureau of Investigation raid at his house, loss of business opportunities and estrangement from his family.

The lawsuit asks for unspecified damages.

—Alex Leary contributed to this article.



Hundreds of people live on the sidewalk of a freeway overpass in Los Angeles. Below, homelessness point person Robert Marbut.

## Homelessness Czar Pushes New Strategy

BY BEN KESLING

The Trump administration's new homelessness czar is proposing a wholesale shift in the country's philosophy for aiding the unhoused, potentially upending existing approaches as big cities and states struggle with the deepening problem.

Robert Marbut, the head of the U.S. Interagency Council on Homelessness, the top federal body on the issue, blames the rise in homelessness in large part on a policy called "Housing First," which was conceived in the 1990s in New York City and soon became best practice but whose definition has since become contested. It aims to get people a reliable home before focusing on services such as rehabilitation or finding a job.

He opposes offering support services only after a home has been provided and wants to tie services to housing vouchers or placement, he said. "We need services and housing together."

"The situation has gotten so bad, in so many places," Mr. Marbut said in an interview. "People who were saying, 'Well, it's really not that bad,' or 'This is a temporary bump' or 'This was a one-off year' are starting to realize what's going on is not working."

The number of homeless in the U.S. steadily fell from nearly 650,000 in 2007 to less than 550,000 in 2016, according to statistics from the Department of Housing and Urban Development. But since then, the number of unhoused has begun to rise, hitting approximately 552,000 in 2018.

While Mr. Marbut, who took



the position in December, is the administration's face of homelessness policy and charged with coordinating federal efforts, individual agencies like HUD or the Department of Veterans Affairs—along with members of Congress who pass laws and budgets—have long

**"The situation has gotten so bad, in so many places," said Robert Marbut.**

held de facto power to shape policy.

Mr. Marbut's predecessor, Matthew Doherty, said a federal Housing First focus dates back to the 2000s.

The Housing First approach "doesn't mean anything goes,"

Mr. Doherty said in an interview, adding that services must be offered in a "proactive and engaging way so people take advantage of them."

One of the most-successful federal government initiatives by outcome is a supportive housing program run jointly by HUD and the VA, known as HUD-VASH, that relies on a Housing First model but provides extensive services and requires a case worker's involvement. It has been credited with helping to reduce the homeless veteran population from 73,000 to 30,000 in a decade.

"I love HUD-VASH," Mr. Marbut said. "It's doing exactly what we're saying." He said he doesn't want to argue over definitions of Housing First because its meaning has changed over time.

In his new role, Mr. Marbut also wants to push for deregulation

to allow municipalities to have more say in setting policy rather than following the lead of federal agencies. And he wants local governments and regulators to cut the time it takes to begin affordable-housing projects and to reduce costs borne by builders.

Advocates say those plans don't go far enough. "There's a lot of places where housing is more expensive because of regulation," said Nan Roman, chief executive of the National Alliance to End Homelessness. "That's not an immediate solution."

Advocates also say Mr. Marbut's previous work shows a record of consolidating homeless people in large shelters and then pushing for them to demonstrate changes in behavior before they can move up to permanent housing.

"That's not at all the approach we're looking for," Mr. Marbut said.

Mr. Marbut previously spent years working as a consultant to cities on homelessness issues. Prior to that, he was CEO of Haven for Hope in San Antonio, a large shelter that incentivized the use of services.

In the past, he has opposed providing some services to the homeless in parks or on the streets, saying that such efforts make it possible to remain in a cycle of homelessness.

The White House has attacked the primarily Democratic-leaning areas like California and the Northeast, where homeless populations are highest, for what it said were lax rules regarding how the homeless are treated.

## Justice Lawyers Face Accusation Of Improprieties

BY ARUNA VISWANATHA  
AND DAVE MICHAELS

Justice Department lawyers have improperly used requests for overseas evidence to buy more time to bring some fraud cases, a memo filed with the agency's internal watchdog alleges.

The document, filed Friday and reviewed by The Wall Street Journal, accuses prosecutors of sending such a request to the U.K. when they already had access to similar information. It also says prosecutors delayed following up with their British counterparts, which, according to the author, former federal prosecutor Ankush Khardori, showed they didn't urgently need that information.

Representatives of the Justice Department and its inspector general declined to comment about the memo.

If the allegations in the memo are determined to be true, they could indicate the Justice Department has bent the rules in a way that damaged defendants' rights. Suspects in many federal crimes can't be charged more than five years after the crime has been committed. Such statutes of limitations were enacted to protect possible defendants from being accused long after a crime, when memories had faded and evidence may have disappeared.

Responses to mutual legal-assistance treaty requests, or MLATs, sometimes take months or years, so prosecutors can ask a federal judge under seal to suspend the statute of limitations for up to three years on a crime they are investigating while they seek foreign evidence.

The statute can be subject to abuse because the law doesn't explicitly disallow MLATs' use even if there are other ways to get the evidence and because the target of the investigation isn't informed of the MLAT request, said Jeffrey Boles, a professor and chair of legal studies at Temple University's Fox School of Business.

Mr. Khardori's memo says, "The circumstantial evidence indicates that there was a deliberate effort to deceive the relevant judges into believing that [a Justice Department unit] had, in fact, made its requests for foreign evidence because of a legitimate interest in obtaining that evidence." He adds, "The real purpose of the request and the application to the judge was to buy more time to build a case."

The Justice Department approved 987 MLAT requests in 2017, compared with 1,178 in 2016. Those figures were up from 532 in 2015 and 497 in

2014, according to agency reports. The agency's budget reports haven't disclosed the number of requests granted in more recent years.

Mr. Khardori is separately under investigation by the inspector general for allegedly providing information to the media about another prosecution by the Justice Department and had been on unpaid administrative leave. Mr. Khardori said he resigned on Friday and declined to comment further on the memos and his resignation.

The document describes two cases in which prosecutors allegedly misused such requests: one that targeted Barclays PLC's former global head of fixed-income and currencies trading, Robert Bogucki, and another that involved former traders at Bank of America Merrill Lynch accused of using a manipulative trading tactic known as "spoofing."

In the Barclays case, prosecutors sought information from the U.K. about a multibillion foreign-exchange trade for Hewlett Packard Enterprise Co. days before the statute of limitations for alleged wrongdoing related to that deal was set to expire in August 2016, according to court documents. Barclays had actively cooperated and had provided reams of related material. It also had a continuing commitment to assist authorities as part of an earlier settlement.

Attorneys for Mr. Bogucki, who was ultimately acquitted last year of front-running the transaction, asked the court in 2018 to look into the timing of the assistance request.

"Six weeks before she filed the MLAT, she was sitting on the hotel bill that she was asking for in the MLAT," Mr. Bogucki's attorney, Sean Hecker, told a judge, referring to a prosecutor who dealt with the MLAT. After trial last March, Judge Charles Breyer dismissed the case.

A Barclays spokeswoman declined to comment on the memo's allegations.

In the spoofing case, Mr. Khardori writes in his Friday memo that an MLAT request was completed and, based on it, a federal judge gave the government more time to investigate. But he and others decided against relying on it because the MLAT appeared to have been used to buy more time for the government.

Eventually, the Justice Department settled on a different strategy to bring the case. The former traders were criminally charged in January 2018 and are scheduled to stand trial in October. A Bank of America spokesman declined to comment on the memo's allegations.

U.S. NEWS

# Democrats Make a Final Push for Iowa

Candidates flood the state with ads, appearances on last full day of campaigning

DES MOINES, Iowa—A campaign that began more than a year ago for this state's Democratic presidential caucuses is drawing to a frenzied close as a flood of candidate appearances and ads blanket the state before Monday's balloting starts the nomination season.

By John McCormick, Eliza Collins and Ken Thomas

The party's debate over whether to go with a candidate who supports a bigger role for government in people's lives, or one with a more modest approach, hung above all the activity as its voters continued to wrestle with who would have the best chance of defeating President Trump, their top concern in polls.

The early-voting state is a general election battleground, which Mr. Trump captured by nearly 10 percentage points in 2016 over Hillary Clinton, but President Obama won in 2008 and 2012.

Sen. Bernie Sanders of Vermont, who polls have shown has a good chance of winning the popular vote here, used rallies and concerts to mobilize supporters. Sen. Elizabeth Warren of Massachusetts made a direct appeal to women and sold herself as someone who could unite the party.

Pete Buttigieg, the former mayor of South Bend, Ind., continued to pitch his message of generational change and the need for someone who could unite the party. Former Vice President Joe Biden, who has played to smaller crowds than many of rivals in Iowa despite leading national polls for most of the year, leaned into his message of being the party's safest choice to defeat Mr. Trump.

For Mr. Sanders, Ms. Warren and Sen. Amy Klobuchar of Minnesota, the weekend marked an important burst of Iowa campaigning after being kept off the trail because they were serving last week as jurors in the president's impeachment trial. The Senate will return Monday for several



Sen. Amy Klobuchar, top, who has pinned much of her presidential hopes on Iowa, spoke at a Saturday event in Des Moines. In the same city on Sunday, former Vice President Joe Biden, above, campaigned, and supporters of candidate Pete Buttigieg, left, cheered his remarks. Voters in the state head to caucuses today.

more hours of proceedings. Added uncertainty was injected into the final hours of the contest when the sponsors of a respected survey in the state—the Iowa Poll—on Saturday night held back results of a survey after questions were raised about its accuracy. Iowa Polls, traditionally released the weekend before the caucuses, have in the past

given candidates near the top a boost while hurting those showing weakness. An Iowa campaign that saw roughly \$70 million spent on television ads headed to an unpredictable finish as thousands of volunteers and campaign workers went door-to-door to encourage attendance at nearly 1,700 neighborhood caucuses, typically held in

school gymnasiums and public libraries, or dozens of other "satellite caucuses" held for those unable to attend a meeting in their neighborhood. The campaign dominated TV screens here from sunrise to sunset. Even the Super Bowl featured campaign ads, including spots from Mr. Trump and Democratic candidate Michael Bloomberg.

Iowa's outcome will depend on many variables, including second choices. Candidates who don't reach a 15% threshold on the first round of balloting will be deemed not viable in that precinct, and their supporters are then free to move to a new candidate on the second and final round. Some Iowans said they are considering supporting a can-

didate already out of the race or one with little chance of being viable so that they can gauge support for all the candidates before making their final decision to back someone.

Mr. Sanders, who came within striking distance of a victory in Iowa during his 2016 presidential bid, has drawn some of the state's largest crowds in recent days.

"Our job is to bring out our family, our friends, our co-workers, bring out everybody you know," Mr. Sanders told supporters Sunday in Cedar Rapids. "Now is the time for action. Action is tomorrow night."

Mr. Biden told an audience in Dubuque that they had the power to "hold Trump accountable" and "say the words that Trump fears the most: 'We're going to caucus for Joe Biden.'"

Ms. Warren eyed an audience on Sunday that her aides said totaled 1,100 in Indianola.

"You have made me a better candidate, and you will make me a better president," she said. "Thank you, Iowa."

Ms. Warren used the final full day of campaigning in Iowa to sharpen her argument that she is best suited to unite the Democratic Party.

Mr. Buttigieg, speaking to an audience of roughly 2,000 people packed into a high school gymnasium in Des Moines Sunday, reflected that began as an upstart campaign.

"It is difficult to believe how far we have come from a year ago when we first turned up in a coffee shop in Ames, thrilled because there were literally dozens of people there," he said. "That's how this thing began: no personal fortune, no national name recognition."

Aides to Ms. Klobuchar said she was drawing some of her largest crowds in Iowa so far. The future of her candidacy could be more dependent on Iowa than the others because of her deep investment in the state and status as a neighbor.

She centered her closing pitch on her record of winning in conservative districts. "My profound advice is this: We better not screw this up," Ms. Klobuchar told an audience.

—Joshua Jamerson, Sabrina Siddiqui and Tarini Parti contributed to this article.

◆ Heard on the Street: Healthcare fears are overdone... B10

## Trial Is Set To End This Week

Continued from Page One Messrs. Trump and Schiff came just ahead of the Iowa caucuses Monday, the State of the Union address Tuesday and the expected acquittal of Mr. Trump by Senate Republicans on Wednesday. They also came as new polling showed voters' views of him were little-changed by his impeachment.

In Iowa, site of the nation's first presidential nominating contest, Democratic contenders were crisscrossing the state trying to appeal to the many voters who have said they would make their choice based on who they think has the best chance to unseat the Republican president in November.

"I just want Trump out," said Sandy Suplee, a 58-year-old laborer from Pella, Iowa. She said she would set aside her personal preferences among the candidates to support former Vice President Joe Biden, whom she believes has the best odds of winning.

For Trump supporter Susan Ohnysty, a 60-year-old in West Des Moines, impeachment was a "waste of time," adding that the articles of impeachment "were not meeting the standards of a high crime."

On Friday, the Senate voted

51-49 to reject Democrats' demands to call new witnesses in the impeachment trial. That effectively ended the impeachment effort, even though the trial is set to resume for four hours of closing arguments Monday, followed by a vote on the articles of impeachment Wednesday.

A new Wall Street Journal/NBC News poll found a majority of voters said they believed Mr. Trump abused his power by asking Ukraine to investigate a potential political opponent in order to influence the coming election, and also that Mr. Trump obstructed Congress by not cooperating with the impeachment inquiry.

But there wasn't majority support for removing him from office. The poll found 49% said he should be allowed to finish his term, compared with 46%

### A decision to break until a resumption this week was bipartisan.

who said he should be removed. Mr. Trump's job approval in the January poll stood at 46%, with 51% disapproving, in line with results throughout the Trump presidency.

Mr. Schiff, when pressed in an interview on CBS on what Democrats would do after Mr. Trump's likely acquittal, said he wasn't looking beyond the trial. "I'm not letting the senators off the hook," Mr. Schiff said. "We're still going to go into the Senate this week and make the case why this president needs to be removed."

Asked if Democrats would consider subpoenaing former national security adviser John Bolton—whose coming book alleges that the president told him he wanted to hold up aid to Ukraine until he got the investigations he wanted—Mr. Schiff declined to answer definitively but said there are several possi-

ble options. In a separate television appearance on Sunday, one of the president's attorneys in the Senate trial, Alan Dershowitz, argued that there is no need to seek out new information.

"The articles of impeachment did not charge an impeachable offense," Mr. Dershowitz said on Fox News. "So the right answer is to dismiss it and cut it off right there. No amount of witnesses could have changed that conclusion."

Mr. Dershowitz also re-framed one of his arguments last week, about whether Mr. Trump could have believed his re-election was in the national interest. "If the president did something completely lawful, the fact that part of his motivation may have been to help his election cannot be the quid pro quo," he said. "I don't believe that a president can do anything if he thinks it is in the national interest."

The Senate impeachment trial commanded 11 days of attention and appeared to be heading for a final vote Saturday. But a decision to break until a resumption this week was bipartisan, Sen. John Thune (R., S.D.) said. That gave Democratic senators campaigning for president a chance to hit the trail in Iowa, while others got a chance to relax.

Sen. Lindsey Graham (R., S.C.) headed home, where a pulled pork platter awaited him. "We all need a break," Mr. Graham said. "This is as close to purgatory as any of us want to get."

Some in the White House saw an upside to the timing, with Mr. Trump giving his State of the Union address before his likely acquittal. Eric Ueland, the White House legislative liaison, told reporters it would bring focus to what he said were Mr. Trump's accomplishments while contrasting with the various investigations into the president.

—Catherine Lucey, Sabrina Siddiqui and Joshua Jamerson contributed to this article.

## Americans' Opinions of President Barely Budge After Impeachment

BY AARON ZITNER

President Trump is emerging from the four-month impeachment process with little sign of damage to his political standing, even though a majority of voters believes he carried out the acts that House Democrats charge in their articles of impeachment, a new Wall Street Journal/NBC News poll finds.

Some 46% of voters in the survey said the Senate should remove Mr. Trump from office at the end of the impeachment trial, while 49% said he should serve out his term.

By an 11-point margin of 52% to 41%, voters said they believe Mr. Trump asked Ukraine to investigate a political opponent to influence the coming presidential election to his advantage. And by a 16-point margin of 53% to 37%, voters said Mr. Trump obstructed Congress by directing officials not to comply with subpoenas for testimony and otherwise not cooperating with the impeachment inquiry. Those two accusations form the basis of the impeachment charges.

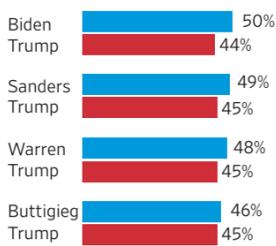
Together, the findings suggest that impeachment hasn't changed one durable feature of Mr. Trump's presidency: In a turbulent political environment, Americans' views of him remain fixed.

The poll, in fact, found some signs that the president's political standing has strengthened in recent months, due largely to a more energized Republican Party base.

Mr. Trump's job approval in the January poll stood at 46%, with 51% disapproving, in line with results throughout the Trump presidency. But the share who "strongly approve" of his job performance hit its highest mark, at 36%. Approval among independents rose to

### Head to Head

If the election were held today, who would you vote for if these were the candidates:



Source: Wall Street Journal/NBC News telephone poll of 1,000 registered voters, conducted Jan. 26-29, 2020; margin of error +/- 3.1 pct. pts.

The Wall Street Journal/NBC News poll was based on nationwide telephone interviews of 1,000 adults. It was conducted Jan. 26-29, 2020, by the polling organizations of Bill McInturff of Public Opinion Strategies and Jeff Horwitz of Hart Research Associates. The sample was drawn in the following manner: Individuals were randomly selected from national lists of households and were chosen by a systematic procedure to provide a balance of respondents by sex. Respondents reached on their cell phone were randomly selected from national lists of cell phone numbers. Of the 1,000 interviews in the weighted data, 550 respondents were reached on a cell phone and screened to ensure their cell phone was the only phone they had. In addition, 11 respondents were reached on a cell phone but reported also having a landline. The margin of error for the full sample is plus or minus 3.1 percentage points.

its highest level since the summer.

A separate measure found that while half of the country holds a negative overall view of Mr. Trump, 43% of voters view him favorably—the largest share since his first month in office.

Moreover, Mr. Trump has gained ground in test matchups against Democratic candidates, though he still trails his three leading potential rivals. To Jeff Horwitz, a Demo-

cratic pollster who conducted the survey with Republican Bill McInturff, the results draw a picture of stability for Mr. Trump, even after an impeachment process that is expected to end this week with a Senate acquittal. "America's attitudes about Donald Trump have hardly budged," he said.

Mr. McInturff said impeachment had energized Republican voters, to the president's benefit. "This is Trump's strongest poll, I think, in three years," he said.

One reason impeachment has had little impact is that Americans view the proceedings with skepticism, pollsters said. When voters were asked to supply a phrase to describe the trial, one word surfaced prominently among members of both parties: sham.

Nearly 60% in the survey, conducted Jan. 26-29, said that Democrats in the House and Senate were acting on impeachment out of political considerations, while 37% said they were focused on upholding the Constitution. The results were similar for Republican lawmakers.

In such a partisan environment, one point of focus in the coming year will be the subset of voters who remain persuadable. The survey provided one measure of that group when it asked voters to choose a candidate in the four test matchups between Mr. Trump and potential Democratic rivals.

Some 41% picked Mr. Trump in all four matchups, and an equal 41% picked the Democrat in all four tests. That left a swing group of 18%, whose vote depended on which Democrat was named or were undecided.

The Journal/NBC News poll surveyed 1,000 registered voters from Jan. 26-29. The margin of error was plus or minus 3.1 percentage points.

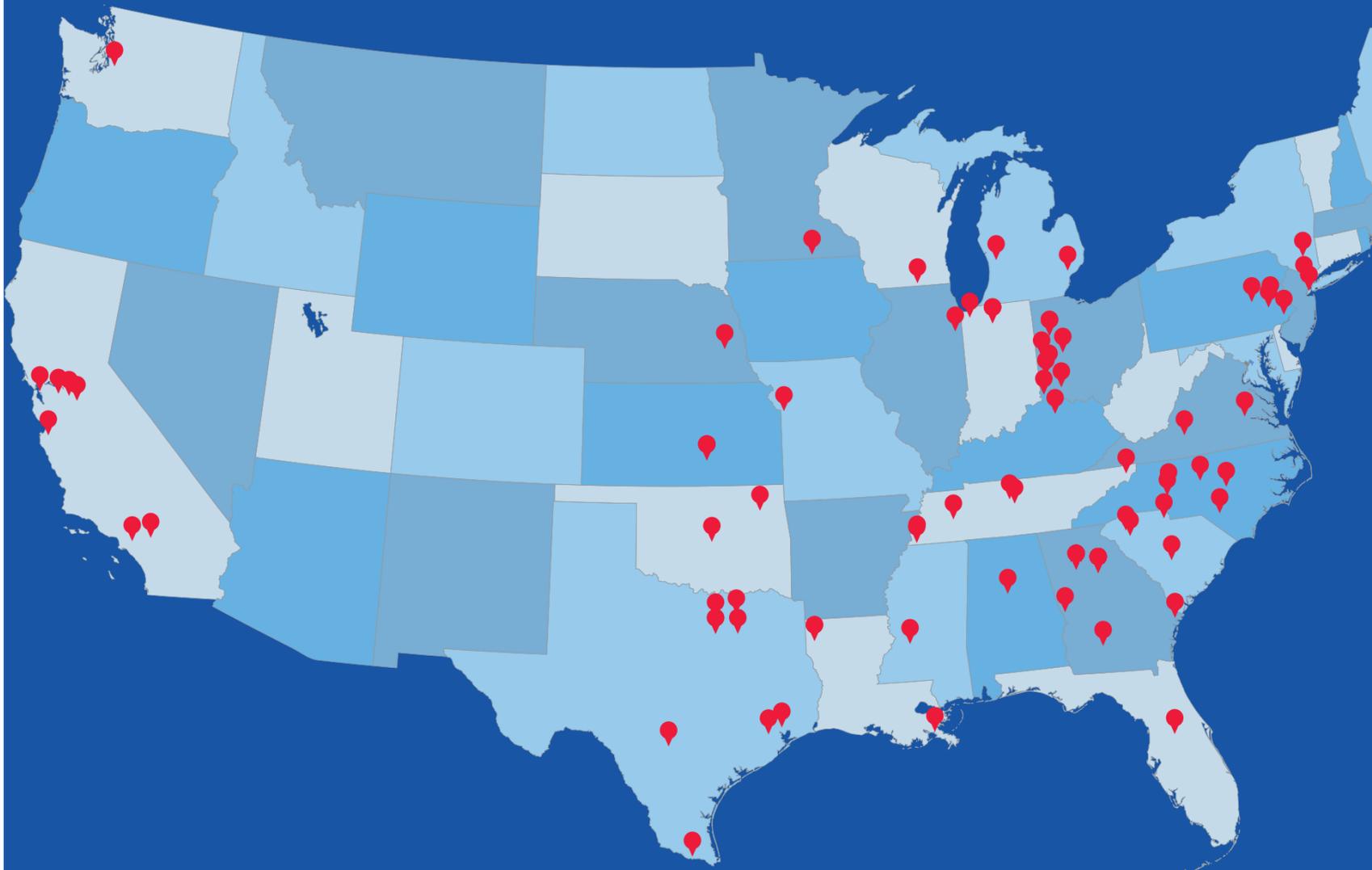
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## U.S. NEWS

## Impeachment's Impact to Be Felt for Years



CAPITAL JOURNAL  
By Gerald F. Seib

No experience as searing as a presidential impeachment trial—dramatic, emotional and seen only twice before in American history—can end without leaving lasting marks.

That will be the case in the aftermath of President Trump's Senate trial, which now is virtually certain to end with a decisive and largely partisan acquittal on Wednesday. The reverberations will roll out for years to come, affecting the state of presidential power, the national political climate and the byplay between the two parties in Washington.

### 1. It is Trump's party now

Perhaps most important, the impeachment drama has further shifted ground within the Republican party. Contrary to some expectations, impeachment drove Republican leaders even further into the embrace of a president they once viewed skeptically. By uniting so decisively behind Mr. Trump, Republicans find their fortunes locked with his, for better or as Democrats claim for the worse, in this year's election season.

For his part, Mr. Trump found himself dependent on a Republican establishment he once scorned, and ultimately became proud of its solid backing. If there was doubt before that the Republican party has become Mr.

Trump's party, it has largely evaporated during the impeachment fight.

### 2. The country is even more polarized

The fight has driven the polarization already rampant in America's political system even deeper into the body politic. Here is just one sign: In the midst of the Senate impeachment trial, President Trump signed a new U.S.-Mexico-Canada trade agreement, perhaps the most important bipartisan accomplishment of his term and an achievement won in significant measure because House Speaker Nancy Pelosi rounded up Democratic votes of support.

Yet in the bitterness of an impeachment effort spearheaded by Mrs. Pelosi, neither she nor any other Democrats were invited to the signing ceremony, while some 70 Republicans were in attendance.

Some lawmakers pledge to try to bridge that divide in impeachment's wake. "We need to get back to working on things on which we agree," says Sen. John Barrasso of Wyoming, a member of the Republican's Senate leadership team. He suggests starting with a bill to fund America's highways, normally a bipartisan task.

Still, he also says Democrats' "partisan rhetoric" in this election year will complicate such efforts.

### 3. The executive strengthens further

Impeachment appears to have continued a yearslong process of tilting the balance of power toward the executive branch and away from Congress. The president asserted his right to hold up, at least temporarily, legally appropriated foreign-aid funds for Ukraine, and then to resist all congressional at-



The trial of President Trump, shown here with first lady Melania Trump, is likely to end in acquittal.

tempts to subpoena witnesses and documents in the subsequent investigation.

Lawmakers from Mr. Trump's party defended the chief executive's right to resist congressional oversight, a precedent that won't be forgotten. By arguing, as Sen. Lamar Alexander did in opposing calling witness to the Senate trial, that Mr. Trump's actions in pressuring Ukraine were wrong but not impeachable, Republicans may have both clarified and pushed outward the line for any future impeachment effort.

Lawmakers from both parties have on multiple fronts—among them war powers, trade strategy, spending and immigration policy—steadily ceded power to the president over the last two decades. Republican conservatives, though traditionally leery of too much centralized power anywhere in government, have gone along.

"The broader partisan puzzle is how and why a party that has spent 50 years trying to shrink the scope of the federal government

would now be an active partner in increasing presidential power beyond the reach of Congress or even the courts," says Wendy Schiller, chair of the political science department at Brown University and a former Democratic Senate staffer.

### 4. And there is an election coming...

With an election year unfolding, Republicans in the House as well as the Senate have closed ranks behind Mr. Trump, and there was little sign that the slings and arrows of Democrats did anything to hurt the president's standing among his fervent supporters around the country.

Scott Reed, who oversees political activity for the U.S. Chamber of Commerce, contends it is not just impeachment but also a good economy and rising wages that have welded Mr. Trump and his congressional party together.

"Trump's success at governing has driven the GOP to him," he says.

Still, Democrats say the GOP's decision to link arms so tightly with the president carries considerable risk for party moderates. Five Senate Republicans—Susan Collins of Maine, Joni Ernst of Iowa, Cory Gardner of Colorado, Martha McSally of Arizona and Thom Tillis of North Carolina—face re-election this year in swing states where Mr. Trump is generally unpopular.

Mr. Trump's power within the party now is sufficient that they, like all lawmakers, have had to worry about incurring his wrath and his followers' during impeachment. But Democrats think impeachment also now leaves such Republicans vulnerable in a general election, where moderate voters hostile to the president now can be more easily mobilized to oppose them.

Rahm Emanuel, the former Chicago mayor who once was campaign chief for House Democrats, says Democrats won back control of the House in the 2018 midterm elections by advancing moderate candidates offering themselves as a check on Mr.

Trump's power. "I'll make a prediction," Mr. Emanuel says. "Every Democrat will be running an ad about not giving Donald Trump unfettered control post-impeachment."

### 5. Lessons from history

History doesn't offer clear guidance to either party on how impeachment fallout will drop to the surface. When there was a movement to impeach President Nixon, which led to his resignation in 1974, many Republicans bailed out on their president by urging him to leave. The party still suffered big losses that year.

When the move to impeach President Bill Clinton began in 1998, Republicans united against a president of the opposite party, much as Democrats did this time. Yet Republicans lost ground in that year's midterm election, a warning to Democrats now.

In any case, the political climate is markedly different now. There are fewer voters in the center, either in Congress or the electorate, and that is especially true when it comes to Mr. Trump.

When the impeachment process was getting under way in October, Mr. Trump's job-approval rating was at 45% among all voters, at 91% among Republicans, at 6% among Democrats and at 38% among independents in The Wall Street Journal/NBC News poll. Polling now shows those job-approval ratings basically unchanged—except that Mr. Trump's approval actually has ticked up among independents.

Such findings leave the president's supporters buoyant in their belief that he has survived impeachment unscathed, and perhaps even strengthened slightly. Yet there is ample reason to believe that impeachment has simply heightened fervor on both sides of the Trump divide.

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# AMERICA WALKS ON EARTH

## Mariha, Karlos and Russ finally took their first step out of the U.S. thanks to Turkish Airlines

Yesterday, February 2, 2020, will be remembered as an important day in human history; America, the same country that stepped onto the lunar surface, finally set foot on Earth.

At 7pm, local time, the three American heroes: **Mariha Falconer, Russ Holmes, and Karlos Kemp** landed on the Earth's surface aboard the Turkish Airlines Boeing 787. This is a historic milestone for the same country that landed on the Moon 51 years ago, and in which, however, it is estimated that more than 130 million of its inhabitants have not yet traveled abroad. A piece of data that contrasts greatly with the lunar feat, which has led Turkish Airlines, the airline which flies to the highest number of countries on the planet, to bring three real Americans to discover for the first time, life abroad.



The travellers: Karlos (left), Mariha (center) and Russ (right).

The airline also helped getting the first passports for Russ and Karlos, who, like an estimated 42% of the American population, never had one before.

The three crew members, residents of Pendleton, OR Chattanooga, TN and San Diego, CA traveled to destinations in Europe, the Middle East and Asia. They have collected and given us some of the most spectacular moments and pictures we could have ever seen on this planet. Undoubtedly an ode to Earth in an era where all eyes seem to point towards space. The reflection of it, as if it were a satellite around our heads, has been orbiting our thoughts since yesterday: **Does it make sense to want to reach Mars when so many of us have not yet reached the Earth?** Some will say yes, others will say no. But what Mariha, Russ and Karlos can say since yesterday is that the adventure was worth it. Just like the lunar mission 51 years ago.

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## WORLD NEWS

## Knife Attack in London Called Terrorism

Suspect had previously been jailed for distributing terrorist material, official says

By Max Colchester

LONDON—A man who had recently been released from prison for terror offenses was shot dead by British police Sunday after stabbing two people in South London.

Undercover police officers shot Sudesh Amman, a 20-year-old who had served time in jail for distributing terrorism-related material, after he carried out a knife attack while wearing a fake suicide vest, London's Metropolitan Police said.

It was the second time in a matter of months that a person convicted of terrorism-related charges attacked people in London after being released. In November, a terrorist on parole was shot by police after stabbing two people to death in central London.

Mr. Amman had been jailed for sharing terrorist material in 2018 and was released early from a three-year sentence. British police continued to track him after his release and



A forensics team in south London worked Sunday at Streatham High Road, where police killed a man who wounded two people.

undercover officers moved quickly to halt the attack on Sunday in the London borough of Lambeth.

"We are confident that this is an isolated incident," said Metropolitan Police Deputy Assistant Commissioner Lucy D'Orsi. None of the people

stabbed had life-threatening injuries, police said.

Prime Minister Boris Johnson said Sunday that the country would review rules that allow people convicted of terror offenses to get early release from prison.

The incident, the latest in a

series of terrorist attacks to hit London in recent years, shines a spotlight on the country's judicial system. The question of how to monitor convicted terrorists returning into society is a growing issue for stretched counterterrorism police and security agencies in

the U.K. and across Europe.

Last year Mr. Johnson said there were around 74 convicted terrorists who had received early release from prison. It is unclear whether Mr. Amman was among them.

Britain has struggled of late with a series of bloody attacks

perpetrated by Islamic extremists. In June 2017, London Bridge and the surrounding area were the scene of a bloody rampage by three knife-wielding men who plowed a van into pedestrians and stabbed people in nearby bars and restaurants. All three were shot dead by police. Eight people were killed and dozens hospitalized.

Also in June 2017, a van struck pedestrians outside a London mosque. Earlier that year, another car attack occurred on London's Westminster Bridge, leaving five dead.

British security services in November lowered their assessment of the risk of a major terrorist attack to "substantial," the third rung on a five-point scale, which implies an attack is likely. It remains on that level.

Images of Streatham High Road shared on social media Sunday showed a man laid prone on a main street.

One person not hurt by the attacker was injured by glass shattered by police bullets, authorities said.

"Terrorists seek to divide us and destroy our way of life. Here in London we will never let them succeed," said London Mayor Sadiq Khan.

VICTORIA JONES/PA WIRE/ZUMA PRESS

## U.K. Braces for More Brexit Bumps

By Jason Douglas

LONDON—Although Britain left the European Union on Friday, more than three years after voters chose to exit from the bloc, the terms of their future economic relationship still have to be thrashed out.

That means that, after a spell of uncertainty and political turmoil that hammered investment and slowed growth, executives are still in the dark over essential questions on tariffs and regulations.

"We haven't got 100% certainty, which is what business needs," said Nik Kotecha, chief executive of **Morningside Pharmaceuticals Ltd.**, a drug-maker based in Loughborough, England.

Though the U.K. formally left the EU at the end of January, London and Brussels have agreed that their commercial relationship—amounting to \$850 billion in annual cross-border trade—would remain essentially unchanged until the end of 2020.

This period of transition is designed to give negotiators time to work out a trade accord and other long-term ties. For now, businesses can operate more or less as normal following the confusion of the past three years.

Some uncertainty dissipated after Prime Minister Boris Johnson won an election victory in December that allowed him to clear a logjam in Parliament that threatened, at one time or another, to derail Brexit or push the U.K. out of the bloc without a deal to smooth its departure.

"People are making plans again," said Dominic Fleming, head of business development at Stadium MK, a soccer stadium and hotel and entertainment complex in Milton Keynes, England.

Mr. Fleming said the number of corporate bookings for events and conferences had ticked up since the election, after a slow 2019.



Prime Minister Boris Johnson, left, is adamant trade talks between the U.K. and EU be done by Dec. 31.

But until remaining negotiations are resolved, the British economy is expected to remain below par, economists said. The International Monetary Fund expects the U.K. to expand 1.4% in 2020, faster than France and Germany but short of the 2.4% pace the U.K. achieved in 2015, the year before voters chose to quit the EU. The Bank of England on Thursday sounded a gloomier note, saying it expects growth of only 0.8% this year.

That forecast assumes trade talks, set to begin within weeks, go smoothly.

Mr. Johnson, who won the election with a promise to "get Brexit done," is adamant that trade talks must be concluded by Dec. 31.

But Ursula von der Leyen, president of the EU's executive arm, and Phil Hogan, the bloc's top trade official, have warned that reaching a trade agreement on such a tight timetable won't be easy. The EU's deal with Canada took seven years to complete.

A decision on whether to extend the trade standstill beyond the end of this year must be made six months earlier, by

July 1. That means corporate concern over Brexit will likely intensify in the months ahead as those deadlines near, said Simon Hart, Brexit lead partner at business advisory firm **RSM UK Group LLP**.

Mr. Hart expects greater volatility in U.K. stock, bond and currency markets as the December deadline nears, strains likely to push up corporate borrowing costs and sap economic activity.

"I think we will find that as 2020 goes on, we will probably see a ramping up of stress in the U.K. system again," he said.

London and Brussels also by Dec. 31 have to figure out how to put into operation the complex customs and regulatory arrangement governing trade between the Republic of Ireland, which is part of the EU, and Northern Ireland and the rest of Britain.

The U.K. and EU agreed to a protocol that avoids the need for checks on goods crossing the land frontier between the north and south of the island of Ireland. But it isn't clear how the accord, which allows for some checks on goods moving from Northern Ireland

to the rest of the U.K., will work in practice.

For executives such as Mr. Kotecha, the big question in the coming trade talks is whether the U.K. will continue to follow EU regulations that allow for the free circulation of goods within the bloc's vast single market without hindrance.

Without regulatory harmony, Morningside Pharmaceuticals could face new barriers to selling its medicines to EU member states, which currently provide around 5% of its annual revenue, Mr. Kotecha said.

The company would need to set up a subsidiary in the EU, apply for new licenses for its drugs and submit its products to additional testing at an EU lab. He said he was hopeful that alignment would continue and such steps wouldn't be necessary.

For Richard Swart, global sales and quality director at Berger Global, a Durham, England, unit of Germany's **Ring-metall AG** that manufactures rings used to seal container drums, Friday's milestone marks the end of the first stage of Brexit and the beginning of the "nitty-gritty."

## Trump Mideast Plan Was Two-Year Effort

By Felicia Schwartz

WASHINGTON—In late December, President Trump's aides had a decision to make about his long-delayed Middle East peace plan. Israel was headed for an unprecedented third set of elections, leaving an interim government running the country—and no consensus leader to serve as Washington's partner on its peace plan.

Administration officials knew they had no prospect of Palestinian support, so they had long believed they needed a firmly established Israeli government to join them in unveiling the plan. But chances of that evaporated in December when parliament dissolved, with new elections due in March. At this rate, the officials feared, the Trump plan might never see the light of day.

The White House team working on the Mideast plan made the decision to shift: They would release the plan before the future of Israel's government was settled—provided that both Prime Minister Benjamin Netanyahu and his chief rival endorsed it and that

## A small group of senior officials in the administration were briefed.

they gathered a palette of international support.

It was part of a series of shifts that the Trump team, headed by the president's son-in-law and adviser Jared Kushner, was forced to make during the years the plan was under development and after it was released, according to current and former administration officials involved in the effort.

Prior U.S. and international efforts to settle the more than 70-year Israeli-Palestinian conflict have focused on a process that would leave many of the most sensitive issues to negotiations between Israelis and Palestinians. The Trump plan veered from that by presenting a proposed final outcome, favoring Israeli positions over Palestinian views on borders, boundaries and other issues.

From the start of the plan's development in 2017 and until the final days before its release Tuesday, the team writing it exercised extraordinarily tight security. Just four people had access to the document: Mr. Kushner, U.S. Ambassador to Israel David Friedman, representative for international negotiations Avi Berkowitz and—until he left the administration in October—Jason Greenblatt, Mr. Berkowitz's predecessor and onetime Trump Organization lawyer.

A small group of senior officials in the administration were briefed and some, including Vice President Mike Pence

and Secretary of State Mike Pompeo, were given copies.

The Mideast team kept the plan off email and would meet often in person.

Kit Kats and Reese's candy in Mr. Kushner's West Wing office fueled the team in the final weeks as they made last-minute changes and edits to get the document ready for public release after the team had mostly finished writing it at the end of 2018.

Key to the shift in administration plans to release the document was timing. The Trump team needed to show political and international support, the current and former officials said, but couldn't let the process run into or beyond Israel's election in March.

Mr. Kushner and his team began in late December to circle dates on a calendar. They settled on Jan. 28, but that was contingent on whether Mr. Kushner could line up support from European and Gulf Arab states and bring Mr. Netanyahu's opponent, Benny Gantz, on board.

At the World Economic Forum in Davos, Switzerland, last month, Mr. Kushner met with various European and Arab officials. The same week, Mr. Pence traveled to Jerusalem with instructions to invite Messrs. Gantz and Netanyahu to the White House for the plan's rollout.

Mr. Trump gave the final sign-off on the plane home from Davos on Jan. 22. A day later, on a trip to Florida, he told reporters he would release the plan the following week.

Mr. Gantz nearly crimped the plans when he voiced second thoughts about his visit, fearing the appearance of being a pawn in Mr. Netanyahu's election campaign, U.S. and Israeli officials said. The Trump team reached an agreement that allowed Mr. Gantz to come to the White House separately from Mr. Netanyahu.

A spokesperson for Mr. Gantz declined to comment. Mr. Kushner and his team lined up statements from more than 10 governments in support of the plan, though he couldn't get as broad support as hoped for. The European Union didn't come out strongly in favor, saying it would study the Trump plan. Jordan, seen as critical to the effort, joined the Palestinians in opposition.

The United Arab Emirates, Saudi Arabia, Egypt, Oman, Morocco and Bahrain all offered cautious backing for the plan as a starting point, leaving aside their traditional insistence on a negotiated solution based on boundary lines in existence before the 1967 Arab-Israeli war. The 22-member Arab League formally rejected the plan on Saturday.

On Saturday, a senior U.S. official said similar Arab League statements in the past "have placated Palestinian leadership and not led to peace or progress."

## Iraqis Protest Newly Named Premier

By Isabel Coles

BAGHDAD—Protesters in Iraq on Sunday denounced the appointment of a former communications minister as the country's new premier, calling him Iran's choice and saying he is little different from the predecessor they forced to step down.

President Barham Salih designated Mohammed Tawfiq Allawi as the new prime minister late on Saturday. He replaces Adel Abdul-Mahdi, who resigned at the end of last year after the country's top cleric rebuked him for his handling of popular unrest that erupted in October.

A forceful response by security forces has left more than 500 people dead in four months, according to the Iraqi Human Rights Commission.



A protester in Karbala holds a sign with the image of the country's next premier, Mohammed Tawfiq Allawi, crossed out.

Initial demands by protesters for jobs, an end to corruption and poor services hardened into calls for the ouster of the entire political class that has dominated Iraq since it became a democracy after

the U.S.-led invasion in 2003.

Protesters blame Iran for propping up the political parties they see as squandering the country's oil wealth.

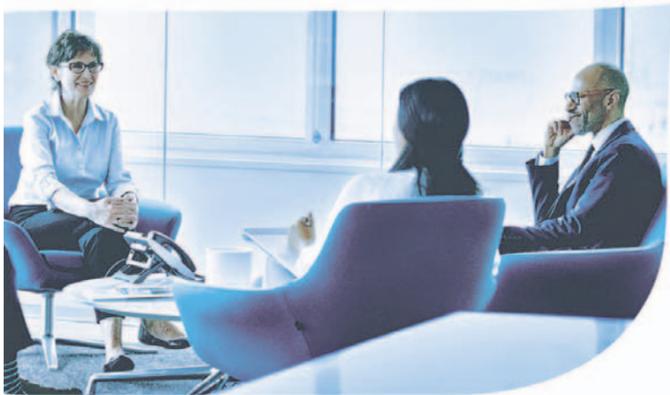
Mr. Allawi pledged to fight corruption and hold those re-

sponsible for the violence against protesters to account. He also vowed to hold early elections, revamp the country's economy and bring weapons under state control.

But protesters said they had no faith in his ability to deliver on those promises because his appointment was the result of a deal between the same political factions they oppose. Mr. Allawi, like his predecessor, has no political base, which means he must rely on pro-Iranian factions and populist cleric Moqtada al-Sadr.

In the southern city of Nasiriyah, protesters blocked roads with burning tires and hundreds of university students marched through the streets chanting against Mr. Allawi. Protesters also blocked roads leading to two refineries in the southern province of Basra.

MOHAMMED SAMIR/AGENCE FRANCE-PRESSE/GETTY IMAGES



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WORLD NEWS

# Modi Takes Aim at India's Slump

By ERIC BELLMAN

NEW DELHI—India is cutting income taxes and increasing spending, hoping to resuscitate growth, which has tumbled to a 10-year low in Asia's third-largest economy.

Some economists and executives, however, warned that some of the measures unveiled over the weekend could end up hurting the economy more than they help it.

In its national budget released Saturday, the government of Prime Minister Narendra Modi said it was delaying plans to rein in the fiscal deficit so it could spend more as the economy needs government help to create jobs for its 1.3 billion people.

"This is the budget to boost [Indians'] incomes and enhance their purchasing power," Finance Minister Nirmala Sitharaman said at the start of a more than 2½-hour budget speech Saturday. "Only through higher growth we can achieve that and have our youth gainfully and meaningfully employed."

In the past year, Mr. Modi has been implementing a series of controversial social measures long on the wish list of the country's Hindu nationalist groups. Citizens and companies were looking to the budget for signs he has a clear plan to reverse the county's economic slowdown.

Growth in India's gross domestic product is likely to dip to a more-than-10-year low of 5% or less for the fiscal year ending March 31, according to economists. As India's working-age population grows by 10 million people annually, that is a disappointing performance for a popular prime minister who came to power promising to make India an economic superpower.

On Saturday the government unveiled a long list of measures to energize consumption and investment. It lowered income taxes and some corporate taxes and pledged more investment in infrastructure, rural development, education and health care.



The Modi government released its budget Saturday. Growth is expected to dip to a 10-year low.

To accommodate the spending, India decided to miss its own budget-deficit target. It had intended to drop the deficit-to-GDP ratio to 3.0% in the year beginning this April but now plans to let that rise to 3.5%.

The government said it would try to increase its revenue by selling stakes in state-owned companies, including one of the country's largest insurance companies, Life Insurance Corp.

Optimists had predicted that in the face of the sudden slowdown—India has seen its GDP expansion rate fall from the fastest in the world for large countries to slower than many peers in Asia—Mr. Modi's administration might have been more ambitious. They were hoping for even more spending and progress on long-discussed overhauls such as easing restrictions on hiring and land use.

The benchmark Sensex stock index tumbled close to 2.5% in special Saturday trading on budget day, reflecting their disappointment, said Au-

rodeep Nandi, a Mumbai-based economist with Nomura.

"The markets plunged because they were expecting the budget to be a game changer," he said. "They were expecting some growth-reviving announcements like massive increase in expenditure, which

**Some economists and executives caution the new budget does too little.**

didn't happen."

The Indian auto sector, which is in the middle of its biggest slump with car and motorcycle sales down more than 20% in recent quarters from a year earlier, was hoping for help.

"The Indian automobile industry was looking forward to some direct benefits in the budget, which could have helped in reviving demand,"

said Rajan Wadhwa, president of industry group the Society of Indian Automobile Manufacturers. "The Budget speech was not what we were expecting."

Some executives were also discouraged by the budget's bias toward protecting local companies from international competition. The budget included a slew of higher import tariffs on electronics, electric vehicles, toys and other products and repeatedly mentioned the importance of combating the dumping of goods on the South Asian market.

Joining the growing global trend toward protectionism may shelter some less competitive local companies for a while, economists said. But in the long run it may mean India misses a unique opportunity to step up and become an integral part of the global supply chain as the U.S.-China trade war forces manufacturers to look for new bases. More tariffs could also further aggravate already tense trade relations with the U.S.

—Vibhuti Agarwal contributed to this article.

WORLD WATCH

KAZAKHSTAN

## Pompeo Warns of Growing China Reach

Secretary of State Mike Pompeo pressed Kazakhstan to be wary of Chinese investment and influence, urging the Central Asian nation and others to join calls demanding an end to China's repression of minorities.

Bringing a message similar to the one he has delivered repeatedly to other countries, Mr. Pompeo told senior Kazakh officials that the attractiveness of Chinese investment comes with a cost to sovereignty and may hurt, instead of help, the country's long-term development.

"We fully support Kazakhstan's freedom to choose to do business with whichever country it wants, but I am confident that countries get the best outcomes when they partner with American companies," he said.

"You get fair deals. You get job creation. You get transparency in contracts. You get companies that care about the environment and you get an unsurpassed commitment to quality work."

Mr. Pompeo began his brief visit to the country by meeting with ethnic Kazakhs whose families have gone missing or been detained in China's widespread action against Muslims and other ethnic and religious minorities in its western Xinjiang region.

—Associated Press

ITALY

## Boat With Migrants To Dock in Sicily

A Spanish nonprofit group said its migrant rescue boat received permission from Italy to disembark 363 passengers after several days in the Mediterranean Sea.

Maritime rescue organization Open Arms said its boat, also named Open Arms, took the migrants aboard during five separate operations in international waters.

The rescued passengers were picked up from distressed boats launched by Libya-based smugglers over the past few days, the group said on Saturday.

The migrants were crowded together on the bridge of the

Open Arms, the organization tweeted.

Mission chief Gerard Canals had said earlier the rescue crew hoped Italy would assign a safe port after no permission to dock came from the island nation of Malta. Mr. Canals expressed concern that the boat's supply of food might run out.

Open Arms tweeted Saturday night that Italian authorities gave the boat "safe harbor" in Pozzallo, Sicily to disembark the 363 passengers.

In the past few months Italy has allowed such charity ships to disembark rescued migrants at its ports on condition that other European Union nations agree to take some of the asylum seekers.

During Italy's previous coalition government, which included the antimigrant League party as a partner, then-Interior Minister Matteo Salvini triggered repeated standoffs at sea when he denied port access to private rescue ships.

In some cases, the rescuers and their passengers were left in limbo for days or forced to sail as far as Spain to disembark.

—Associated Press

TANZANIA

## Stampede at Church Leaves 20 Dead

Twenty people have died and a dozen others were injured in a stampede during a church meeting in the northern Tanzanian city of Moshi, the government said.

The stampede was caused by church faithful being ushered to pass through one exit at the meeting venue so they could walk on "anointed oil," according to a statement by a government spokesman.

Hundreds of worshippers attended the prayer meeting Saturday led by Boniface Mwamposa, a popular preacher who heads the Arise and Shine Ministry Tanzania.

Tanzania's Interior Minister George Simbachawene said Mr. Mwamposa had been arrested.

He accused the church of not taking enough precautions and violating the terms of its permit for the meeting, which ran two hours later than planned.

—Associated Press

FROM PAGE ONE

## We Work Chooses Next CEO

Continued from Page One

ing a slew of 21st-century services around the world. Underscoring the urgency of the task, Mr. Claire plans to relocate from Miami to New York, where WeWork is based, in the coming weeks.

Mr. Mathrani, previously chief executive of Brookfield Property Partners' retail group, succeeds Artie Minson and Sebastian Gunningham, who have served as co-CEOs of WeWork parent We Co. since Mr. Neumann stepped down in September. Messrs. Minson and Gunningham will stay on through a transition period, WeWork said.

Messrs. Claire and Mathrani's first task will be to continue building out the executive team. WeWork is planning to announce new board members and a new chief financial officer, chief marketing officer and chief communications officer soon, people familiar with the searches said.

Mr. Mathrani inherits a company beset by red ink. In the third quarter alone, the most recent it reported, WeWork incurred a \$1.3 billion loss on \$934 million of revenue. The company nearly ran out of cash last autumn before SoftBank stepped in.

His challenge will be to chart a course while also grappling with the continuing cost of many decisions made during the Neumann era. Numerous buildings in China take in less money than they cost to run, and the company took on a number of pricey leases in the U.S. in recent years, too. For instance, WeWork signed a long-term lease at more than \$100 a square foot for the entire former flagship store of Lord & Taylor. That is double what it was paying for many other Manhattan buildings.

WeWork is also the subject of—and is cooperating with—several continuing investiga-



Sandeep Mathrani will join the company as CEO this month.

tions by regulatory and law-enforcement agencies related to its failed IPO, people familiar with the matter said.

The decision to choose Mr. Mathrani—who at Brookfield ran one of the nation's largest mall owners—is a clear signal that WeWork is a real-estate-focused company. Under Mr. Neumann, it positioned itself more like a technology startup, with a sprawling array of businesses that included office space, an entrepreneurship-focused elementary school and event-planning website Meetup.com.

It will begin a new chapter for a company that has become synonymous with excess among privately funded startups. In early 2019, before the proposed listing was postponed in September, WeWork received funding from SoftBank that valued it at \$47 billion, making it one of the most highly valued U.S. startups.

But after public investors balked at paying anything near that valuation amid questions about WeWork's governance, Mr. Neumann's quirky stewardship and the company's business prospects, the IPO was pulled and SoftBank put in new money at a valuation of \$8 billion.

Since then, SoftBank has worked on a five-year business plan that it expects will get the company to profitability. As part of that plan, WeWork will continue to open new locations, but is expected to do so at a much slower pace and with more of an eye on profitability, according to a person familiar with the matter.

WeWork has considered backing out of some locations, such as in China, people familiar with the matter have said. It has about \$2.5 billion in cash beyond what SoftBank has allocated for the plan.

Since the bailout, Mr. Claire has played a central role running the company, working there on a nearly full-time basis.

A big part of his job has been hunting for a new CEO. He at one point considered T-Mobile US Inc. Chief Executive John Legere, according to people familiar with the search. Mr. Claire first met Mr. Mathrani when he was interviewing him to join WeWork's board of directors—which he will do now—and over ensuing conversations decided he would be a good fit for the CEO job.

Mr. Mathrani is a well-known figure in the commercial-property world and previously served as CEO of mall company GGP Inc. after it emerged from bankruptcy protection in 2010. Its stock price surged as the economy recovered after the financial crisis, and the company was ultimately purchased in 2018 by Brookfield, one of its largest investors. Mr. Mathrani remained in charge of Brookfield's retail portfolio under the new ownership.

Since Mr. Neumann left, Messrs. Minson and Gunningham sought to throttle back the pace of growth, but the company is a slow ship to steer. WeWork is still expanding far faster than executives there would prefer, spending heavily to renovate and open new office locations that it leased during the final months of Mr. Neumann's tenure.

Should the revamped leadership team prove able to control costs and manage growth, the basic business is still considered viable. Other companies in the office-subleasing market including IWG PLC have been profitable for years. WeWork's heavy spending in the past decade has made it the best-known brand in the industry, and the company already houses thousands of employees from some of the nation's fastest-growing companies, such as Amazon.com Inc. and Facebook Inc.

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## WORLD NEWS

## France to Boost Africa Antiterror Force

Jihadists have recently mounted deadly attacks across the Sahel region

By Nick Kostov

PARIS—France will deploy an extra 600 troops to Africa's Sahel region, reinforcing its role spearheading counterterrorism operations in parts of Africa after a helicopter crash in Mali that killed 13 of its soldiers in November.

French Defense Minister Florence Parly said Sunday that the extra troops would mainly be sent to the border area between Mali, Burkina Faso and Niger, a region that has become a locus of Islamic State and al Qaeda-linked insurgencies.

Some of the extra troops will also fight alongside the regional G5 Sahel forces, composed of forces from Niger, Chad, Mauritania, Mali and Burkina Faso, Ms. Parly said. The troops will be accompanied by about 100 vehicles, including 30 heavy armored vehicles,

an army spokesman said.

France already has around 4,500 combat troops in West Africa, where it launched a military intervention in 2013 after militants captured the city of Timbuktu and threatened to advance into the center of Mali.

"It's an important effort for the French army," Ms. Parly said. "The fight against terrorism is our priority."

In recent years, jihadists with links to Islamic State and al Qaeda have mounted increasingly deadly attacks across the Sahel, the sparsely populated semiarid belt south of the Sahara.

France lost 13 soldiers in November when two helicopters collided in midair in Mali. The accident—which occurred when the soldiers were pursuing terrorist groups traveling on pickup trucks and motorbikes—represented the biggest loss of French troops in a single day in over three decades.

That incident cast a spotlight on the security burden France is shouldering in the Sahel, and prompted President Emmanuel Macron to ask his



President Macron reviewing troops in the Sahel last year after a deadly November helicopter crash.

cabinet and the military to assess its operations there.

In January, 220 of the extra troops were deployed after Mr. Macron met with representatives from the G5 Sahel countries in France, where they de-

cidated to reinforce their military cooperation to fight terrorism in the region and called for other countries to share more of the burden.

Other European countries have joined a United Nations

peacekeeping force in Mali, but they have only taken up a fraction of the fighting so far. The Czech Republic recently announced it would deploy 60 troops as part of a unit bringing together special forces

from different European countries. Ms. Parly said she was expecting more announcements soon.

"In the Sahel, France is on the front line but it must not be alone," Ms. Parly said.

The number of violent incidents linked to Islamist extremists across the Sahel has risen sharply in recent years, according to the Washington-based Africa Center for Strategic Studies. The strikes have been concentrated in the poverty-stricken nations of Mali and Burkina Faso, where militants, bolstered by weapons smuggled out of Libya, killed hundreds of civilians and security-force personnel last year. Swaths of those countries have become ungovernable.

The attacks have also spilled into Niger, a vast desert nation that Western powers have been garrisoning into one of the world's most strategic security hubs. Peace Corps volunteers are no longer allowed to serve in Burkina Faso, Niger or Mali because of security concerns.

—Joe Parkinson  
contributed to this article.

## FROM PAGE ONE

## And the Winner Is...

Continued from Page One

25 years, for entertainment value, rather than for actual betting. Now he works for DraftKings, whose Indiana and New Jersey operations are taking Oscars bets in 24 categories, including cinematography, original score and film editing.

Mr. Avello's work begins long before awards season, talking with people in the film industry and spending hours watching and assessing the movies.

Having won prizes from the Directors Guild of America and

Producers Guild of America, "1917" is regarded as a clear favorite for best picture at the 92nd Academy Awards, Feb. 9.

As of Thursday, a winning \$100 bet on "1917" would pay back only \$143. Taking a \$100 chance on "Parasite," meanwhile, could pay out \$550. A \$100 bet on Joaquin Phoenix for best actor, an even bigger favorite, would reap a mere \$103 payout if the "Joker" star were to take home the gold statue.

When it comes to "1917," Mr. Avello praised the movie's sound and directing, though his personal taste doesn't line up with the odds.

"Out of all the movies I've seen this year—and I've seen them all—to me it shouldn't be near the top," he said.

These kinds of novelty bets have long been a staple of creative London bookmakers and

offshore, gray-market operators: What color Gatorade will be poured onto the winning coach at the Super Bowl? Will Jennifer Aniston and Brad Pitt hug on camera at the Academy Awards? Will Mr. Pitt bring a date to the Oscars? (The odds are weighted toward no.) Which U.S. airline will be the first to accept bitcoin? What's the gender of the next U.S. president and vice president? (Odds-makers are favoring men.)

Legal sports wagers still far outweigh Oscar betting. Since a U.S. Supreme Court ruling in 2018 cleared the way for states to establish sports betting, \$17 billion in legal sports wagers have been placed, according to the American Gaming Association. Still, people love arguing about movies.

Last year, Jessica Welman, a betting analyst for gambling

media outlet PlayUSA, who studied film in graduate school, traveled to New Jersey from her home in Las Vegas to place legal bets on the Academy Awards. She made around \$1,500, picking "Bohemian Rhapsody" for

**A \$100 bet on Joaquin Phoenix would reap a mere \$103 payout.**

editing and "Black Panther" for costume design, neither of which had been favored by sportsbooks.

This year she is staying home—she doesn't patronize offshore or illegal sites—because the odds are too heavily

weighted on favorites to warrant another trip.

Ms. Welman said she is in the minority of Oscar bettors who rigorously analyze odds. Most bettors are casual, and sportsbooks don't expect gamblers to make a lot of money.

"What we learned from last year was that the people betting in New Jersey were really betting on just the movies that they liked," Ms. Welman said. "There were all sorts of bets on 'Bohemian Rhapsody' to win best picture, even though it was a huge long shot."

Among Ms. Welman's tips for analyzing the competition on PlayUSA is one strategy: examine the math behind Golden Globes, Screen Actors Guild and Oscars results over the last 25 years.

This year, things are looking bright for Brad Pitt, nominated for his supporting role as stunt-

man Cliff Booth in "Once Upon a Time in Hollywood." He's won both the Globe and the SAG award for his performance.

Ben Zauzmer, a Harvard applied-math graduate and analyst for the Los Angeles Dodgers baseball team, wrote "Oscar-metrics: The Math Behind the Biggest Night in Hollywood" as an awards-predicting guide.

He has examined the assumption that the movie with the most Academy Award nominations wins Best Picture, which turns out to be true more than half the time.

This year, Mr. Zauzmer said, that would be the "Joker," with 11 nominations, although three other films—"The Irishman," "1917" and "Once Upon a Time in Hollywood"—each have 10. That is the first year that four films counted double-digit nominations.

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WORLD NEWS

# Experts Chase Answers on Virus's Spread

By CHAO DENG AND JEREMY PAGE

**BEIJING**—Public-health experts around the world have been crunching numbers about the advance of China's dangerous new coronavirus to estimate how far and fast it could spread.

Studies published in recent days say the new virus appears to be more contagious than seasonal flu and on par with the similar pathogen behind an outbreak of severe acute respiratory syndrome in 2002 and 2003. The new virus's mortality rate, however, is far below that of SARS.

China says that as of Sunday there were 5,142 infected people in Wuhan, the locked-down city where the outbreak began. Some scientists estimate based on statistical models that the number could be in the tens of thousands.

Reflecting those concerns, the Pentagon said it was preparing four military bases, in California, Colorado and Texas, as centers for overseas travelers who are screened and identified as needing to be quarantined. It said it acted at the request of the Department of Health and Human Services, and was prepared to provide quarters for up to 1,000 people through the end of February.

As health authorities race to control the outbreak, they are also scrambling to figure out, based on imperfect data, how the virus is transmitted, the length of the incubation period and the degree to which people without symptoms can spread the disease.

China's health commission says incubation is generally between three and seven days, with the longest period being 14 days, and that people can

spread the virus before appearing ill. That makes a two-week quarantine an important prevention measure—and casts doubt on the efficacy of temperature checks, the main screening method at immigration and other checkpoints.

"For a given level of transmissibility, more asymptomatic transmission makes a disease harder to control," said Christl A. Donnelly, a professor at University of Oxford and Imperial College London.

The U.S. Centers for Disease Control and Prevention, which warns against nonessential travel to China, says it isn't clear how easily or sustainably the virus is spreading between people, but notes its ability to spread from infected patients without symptoms to close contacts within about 6 feet.

A study led by a researcher from Boston's Northeastern University—using mathematical probability models based on travel patterns and confirmed international cases—estimated the median number of infections in Wuhan at 31,200 as of Wednesday, compared with that day's official tally of 2,261.

Professors at the University of Hong Kong using similar methods published a study in the Lancet on Friday that estimated there were 75,815 infected in Wuhan as of Jan. 25, when official counts were still in the hundreds.

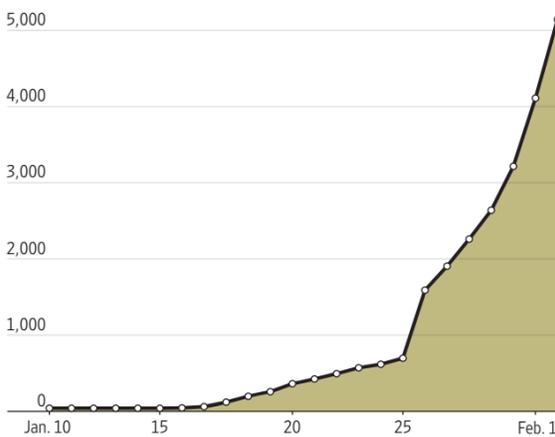
"We think only 1 in 20 people who are getting infected will, on average, infect two to three others. Epidemiologists call that the reproduction number. A reproduction number over 2 suggests an epidemic will expand rapidly, while below 1 suggests the problem is dwindling. Estimates of the reproduction number differ widely, with some studies published by scientists estimate that each person infected will, on average, infect two to three others. Epidemiologists call that the reproduction number.

Several recent studies pub-



Local officials inspected the newly completed Huoshenshan Hospital in Wuhan, the capital of Hubei province, on Sunday.

Cumulative confirmed coronavirus cases in Wuhan, China



Sources: Wuhan city and Hubei provincial governments

lished by scientists estimate that each person infected will, on average, infect two to three others. Epidemiologists call that the reproduction number.

A reproduction number over 2 suggests an epidemic will expand rapidly, while below 1 suggests the problem is dwindling. Estimates of the reproduction number differ widely, with some studies using probability models and others based on regression analysis of cases over different time periods.

ing probability models and others based on regression analysis of cases over different time periods.

Still, "they all point in the same direction," said Christian L. Althaus, an epidemiologist at the University of Bern in Switzerland who co-wrote a study estimating the basic reproduction number of the virus at 2.2. "There is a poten-

tial threat of a global pandemic if this reproduction number cannot be reduced."

cial threat of a global pandemic if this reproduction number cannot be reduced."

In Japan, a local bus driver in his 60s tested positive after he drove tourists from Wuhan, none of whom had exhibited severe symptoms. In Germany, four employees at an auto-parts supplier contracted the virus after attending a training session with a colleague from China, according to the company. The Chinese woman didn't exhibit symptoms, but started feeling ill on her flight home, where she tested positive for the new coronavirus.

A study published in the New England Journal of Medicine by Chinese authors, including at the Chinese Center for Disease Control and Prevention, says the virus spread between people as early as mid-December. The researchers analyzed 425 patients, with more than half the cases linked to the Huanan seafood wholesale market where authorities believe the virus first spread to humans from wild animals.

The researchers started identifying and collecting

cases around the start of the year, by interviewing patients, relatives and other close contacts. They estimated the reproduction number at 2.2 and said that the majority of patients weren't hospitalized until after five days of being ill.

Researchers of recent studies cautioned that even their estimates of the virus's reproduction number are based on early and incomplete data, and only assess its potential to spread before travel restrictions and other control measures begin.

Chinese officials have said the outbreak could peak or even begin to subside by Feb. 8, though some overseas experts have suggested the outbreak might not peak for several weeks.

As yet, there are no vaccines for the new coronavirus, so Chinese authorities are relying on physical intervention measures, including locking down entire cities and forced quarantine.

—Raffaele Huang, Miho Inada and Ruth Bender contributed to this article.

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## WORLD NEWS

## Chinese Travelers Greeted With Suspicion

BY JON EMONT  
AND NIHARIKA MANDHANA

As a new coronavirus spreads beyond China and foreign governments begin to set entry bans, Chinese travelers and communities overseas are becoming targets for anger, sometimes in ways that are amplifying long-held biases and anti-Chinese sentiment.

Tourists from southern China spent an evening holed up in their hotel in Bukittinggi, a scenic town on the Indonesian island of Sumatra, last weekend. Outside, demonstrators wearing face masks held up a banner rejecting the arrival of the Chinese visitors and urging vigilance about the virus.

The men agreed to end their demonstration when police assured them the visitors wouldn't leave the hotel until their departure from the town the following day, said Yulhendri Mangkuto, one of the demonstrators. The tourists' plans to visit another town were canceled after residents there also raised objections,

according to a tourism official.

In the capital, Jakarta, a government-appointed ombudsman, Laode Ida, said last week that Chinese workers should be denied access to Indonesia. "There's a flow of lots of laborers from China to Indonesia; there should be a moratorium," he said.

The World Health Organization, which declared a global public health emergency after the number of cases rose above 8,000 and reached around 20 countries, has said there is no reason to limit travel or trade because of the outbreak. Still, foreign governments, including some that have yet to report a confirmed case, have imposed restrictions or bans on entry for Chinese nationals or travelers from China.

Singapore, after having banned travelers from Hubei, on Friday became the first Southeast Asian nation to bar foreign nationals who had been in China in the past 14 days and began denying visas to all Chinese passport holders. The country has 18 confirmed cases, one of the high-



A nail salon on the Vietnamese island of Phu Quoc. Some businesses have sought to exclude Chinese people from their services.

est totals outside China.

Lawrence Wong, co-chair of a Singapore government task force on the coronavirus, said the additional restrictions were to "limit the number of new imported cases here and to reduce the risk of community spread in Singapore."

The governments have said they were acting to reduce risk of infection for their citizens.

But some health experts say these responses aren't helpful and contradict the WHO's guidance to not limit travel.

"What happens is that there is a lot of political pressure to do something and that something always ends up being travel bans, which makes things paradoxically worse," in part because it could make it harder to get medical re-

sources into China, Amesh Adalja, a senior scholar at Johns Hopkins University Center for Health Security, said.

China's foreign ministry on Friday said Hubei natives were facing "actual difficulties" overseas and would repatriate citizens who wanted to return to the country. It criticized the U.S. restrictions.

"Just as the WHO recommended against travel restrictions, the U.S. rushed to go in the opposite way. Certainly not a gesture of goodwill," a spokesperson for China's foreign ministry said Friday.

In Indonesia and other countries in Southeast Asia, inflows of Chinese nationals to build infrastructure and work in Chinese-owned factories have long stoked tensions. Charlotte Setijadi, a researcher who studies ethnic Chinese populations in South East Asia at Singapore Management University, said the notion that the virus was caused by eating nonconventional animals like bat has amplified distrust of Chinese.

"To many with already ex-

isting anti-Chinese sentiments, the threat is now not just ideological or political but physical," she said.

The suspected source of the virus is a market in the Chinese city of Wuhan where some vendors sell carcasses and live specimens of wild animals. Social-media posts ridiculing supposed Chinese dietary habits have spread rapidly. While China does have a long tradition of eating wildlife, some of the alleged habits are as exotic among the Chinese.

Some businesses have sought to exclude Chinese people. A hotel in Da Nang in Vietnam turned back guests from China who had reserved a room a month earlier and canceled other reservations. Its director said in a Facebook post that he was worried about Chinese travelers infecting his staff or other guests.

A shop outside Tokyo put a "No entry for Chinese" sign up last week. Its owner couldn't be reached for comment.

—Joyu Wang and Stella Yifan Xie in Hong Kong, contributed to this article.

## Virus Tests Global Economy

Continued from Page One  
China, is also contending with work stoppages by factories that produce components for the products it sells around the world.

China's health crisis is testing the entire global economic system, and placing unexpected and additional strain on the fragility of an extended boom. It's also a test of China's strength as a consumer—and the U.S.'s ability to step up as China lags.

Levi Strauss & Co., which in October opened its biggest China store in the city of Wuhan, the center of the outbreak, is among the international brands that together have closed thousands of outlets around the country, including McDonald's Corp. and Starbucks Inc., in part to comply with government requests for people to remain off the streets.

Chinese factories that were supposed to be quiet for a few days to celebrate Lunar New Year are looking at possible closures and staff disruptions of weeks if not more, threatening production plans at Apple, as well as Tesla Inc. and Anheuser-Busch InBev SA.

Sagging demand for crude oil, which has stumbled 16% in price since China identified the coronavirus, is prompting Saudi Arabia, the de facto leader of the Organization of the Petroleum Exporting Countries, to push other members to convene an emergency meeting Wednesday, OPEC officials said.

China is the world's biggest oil importer and the locked-down city of Wuhan, where the virus emerged, is one of its key oil and gas hubs. Two big Saudi customers, China National Chemical Corp. and Hengli Petrochemical—with refinery capacity of almost 1 million barrels a day—are reducing their purchases, according to an oil trader and a Persian Gulf oil official.

Coronavirus impact explains a lot of the 3.7% fall in the Dow Jones Industrial Average since it hit a record on Jan. 17.

Boston Consulting Group has asked staff in China to spend an extra week working at home after the holidays end and deferred travel to mainland China for the next three weeks, according to a person familiar with the matter.

Pharmaceutical giants, financial institutions and technology multinationals are starting to evacuate their expatriate workforces, according to Tammy Krings, chief executive of ATG Travel Worldwide.

Air carriers including American Airlines Group Inc., Delta Air Lines Inc. and United Airlines Holdings Inc. on Friday temporarily suspended flight service to China, as tourists canceled travel plans and crews balked at flying. Singapore said it will ban many visitors from China, while pressure builds on Hong Kong to seal its border with the mainland.

Since the virus first emerged in Wuhan, it has killed more than 300 people, primarily in mainland China. The first—and so far only—death outside



A Starbucks employee in China checks a customer's temperature. The company has closed some stores in China due to coronavirus.

China was reported in the Philippines this weekend. So far, there are about 140 cases in 20 countries outside mainland China, including eight in the U.S.

Companies are taking their cues from the World Health Organization, which declared the outbreak a public health emergency and said that unknown factors include severity, transmission and treatment.

The virus appears to be less deadly than SARS, which killed about 10% of the people who caught it. So far, about 2% of the people infected with the new coronavirus have died.

China's government reacted angrily to border restrictions and airline cancellations. "This kind of overreaction could only make things even worse," China's Foreign Ministry on Saturday wrote on its Twitter account.

Speaking separately on Saturday as China's central bank and other agencies pledged support to the economy, a vice chairman of the China Banking and Insurance Regulatory Commission pointed to solid economic fundamentals in the country and predicted market weakness will probably be "short-lived and temporary."

A decade and a half ago, when the severe acute respiratory syndrome outbreak known as SARS rattled the world, China accounted for a relatively small part of the global economy. Today, it's responsible for almost a fifth of global gross domestic product when adjusted for incomes—more than the 15% accounted for by the U.S. by the same measure.

China's heavily indebted economy has long been slowing. More recently, economists were rushing to boost predictions for Chinese growth this year on relief that Washington and Beijing had called a truce to their two-year trade war.

Ten economists surveyed on Friday by The Wall Street Journal lowered their expectations for first-quarter Chinese growth by over a percentage point to a median 4.9%. Those forecast cuts were made hours before the U.S. airline announcements.

A fall in arrivals to the U.S. by Chinese—the globe's biggest-

## Ripple Effects

China's growing economic reach means the financial impact of coronavirus could be greater than SARS. A slowdown in consumer spending may reduce China's appetite for imports and a falloff in outbound travelers could depress tourist revenues.

spending travelers—could dent first-quarter U.S. growth, economists said Friday.

The virus probably doesn't pose a serious threat to the decade-long expansion in the U.S., they said. That could change if it isn't contained soon.

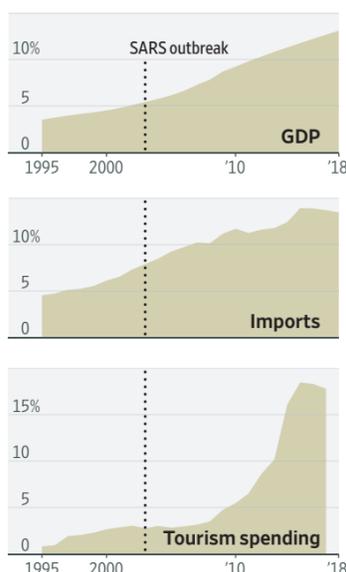
Goldman Sachs on Friday said it expects the virus to reduce U.S. output by 0.4 percent-

### 'We don't know what to do. Our employees are panicking.'

age point to 0.5 percentage point, at an annual rate, in the first quarter, with growth rebounding in the second quarter, leaving minimal impact on full-year growth. Goldman projects U.S. output will expand 1.7%, at an annual rate, in January through March.

The shock waves began Jan. 23, when Chinese President Xi Jinping ordered an indefinite transportation blockade around central Hubei province, an unconventional strategy to stop a virus originating in the province's capital, Wuhan. The lockdown covers a region of about

## China's share of global:



Sources: IMF (trade); World Bank (GDP, tourism)

60 million.

Parts of the world are effectively seeking to quarantine China. On Friday, the U.S. government said non-Americans who had visited China will be quarantined 14 days upon arrival, in line with a WHO warning that the virus can linger undetected that long. The same applies to U.S. citizens who traveled in Hubei.

Several chief executive letters to employees reviewed by The Wall Street Journal echoed the WHO concern by ordering travel restrictions to China. Consulting firms Ernst & Young and KPMG both went a step further saying employees should stay home for several weeks after traveling to China.

When SARS hit, China's economy was on an upswing, with swelling numbers of outbound travelers and fast-growing trade, but it was only the sixth biggest economy, whereas today it's No. 2 in GDP and No. 1 in world trade. Only about 7 million ventured beyond Hong Kong in 2002, according to Goldman Sachs figures; the government now counts around 150 million international trips annually. Seven of the busiest 10 container ports are in China, according to the United Nations.

During SARS, most Chinese factories and schools remained

open; contribution to global GDP was under half its value today by the International Monetary Fund's measure of purchasing power parity.

Some international companies were already looking to relocate before the virus outbreak, as tensions between Washington and Beijing heated up in recent years and labor costs in China have risen.

Hundreds of millions of Chinese are currently reluctant to leave their homes, wiping out a traditionally important consumer boost during last month's Lunar New Year holiday.

Twin hits to businesses and consumers promise to temporarily reduce China's appetite for imports, despite its trade-deal pledge last month to boost by \$200 billion purchases of U.S. goods and services over the next two years.

Costco Wholesale Corp., which last year opened a Shanghai outlet, says it could be three weeks before it can gauge trade delays and import appetite since ships are already in transit.

"There are concerns about disruptions and how long it is going to last," said Costco's chief financial officer, Richard Galanti.

One of the more bearish forecasts on China, from Chen Long of Beijing-based research firm Plenum, calls for growth to plunge to 2% in the current three months.

"The impact on the first quarter will be significant," said Mr. Chen, who bases his pessimism in part on an estimated 40% drop in Lunar New Year spending from last year.

Chinese growth for 2020 was already forecast to slow further from last year's 6.1%, a three-decade low, with many analysts predicting about 6%. Now, economists say those forecasts are optimistic.

Retail sales may expand by 3% to 4% in the first quarter from the same period a year ago, compared with 8% year-on-year growth in December, says ING economist Iris Pang.

Huang Yiping, a former Chinese central bank adviser, warns that if just 5% of Chinese

service-sector employees lose their jobs, that would mean 20 million people out of work.

Mitigating some damage to China's economic figures is the fact that the first quarter of the year is typically China's least important economically, since the Lunar New Year holidays perennially result in factory shutdowns and slower trade.

Even with a disastrous first quarter, Plenum's Mr. Chen says that if the scare is short-lived, full-year growth could still hit 5.5%.

Furthermore, the coronavirus outbreak is primarily concentrated in Hubei province, which has expanded quickly as manufacturers move inland but is less than 4.5% of overall economic activity, and a similarly slight share of international trade and investment.

Goldman Sachs, while acknowledging uncertainty about the length of the epidemic, said that "past viral outbreaks have typically resulted in short, sharp shocks to economic output," lasting one to three months, with a return to past levels of activity within two or three quarters. That modeling, Goldman's economists said, would lower China's GDP growth for the year to 5.5%, down from their previous 5.9% forecast, while a more prolonged outbreak could mean a slump to 5% or lower.

After SARS, which took a heavy toll initially, China's economy still grew by 10% that year. The Tiananmen Square crackdown in 1989 dragged Chinese growth to 3.9% the following year, though it was back to double-digit gains within two years of that slowdown.

But those were periods when China's economy typically grew much faster, with fewer ties to the global economy. Wuhan and the surrounding areas are vital parts of the global supply chain, and as long as they are walled off, that threatens supply chains producing products from automobiles to poultry.

Parts for iPhone maker Apple, including camera components, are made in Wuhan.

"There are alternate sources, and we're obviously working on mitigation plans to make up any expected production loss," said Apple chief executive Tim Cook, who told investors Tuesday suppliers outside Wuhan were expected to reopen their factories by Feb. 10.

"Things can turn positive over there just as quickly as they can turn negative," said Patrick J. McHale, chief executive officer of Minneapolis industrial products maker Graco Inc. His hope to visit Graco operations near Shanghai were upended by airline cancellations.

Another impact comes from the inevitable falloff in Chinese travelers. They represent 7% of tourists to the U.S. and their spending is higher than any other foreign group, according to research firm Tourism Economics. The firm expects 28% fewer Chinese visitors, reducing spending \$5.8 billion, especially in California and New York.

"If you're a hotelier in Los Angeles you're going to feel this," said the firm's president, Adam Sacks.

—Grace Zhu, Liyan Qi, Josh Mitchell, Chip Cutter, Patrick Thomas, Sarah Nassauer, Benoit Faucon, Summer Said and Tripp Mickle contributed to this article.



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## GREATER NEW YORK

## Home-Building Boom Is Biggest in Years

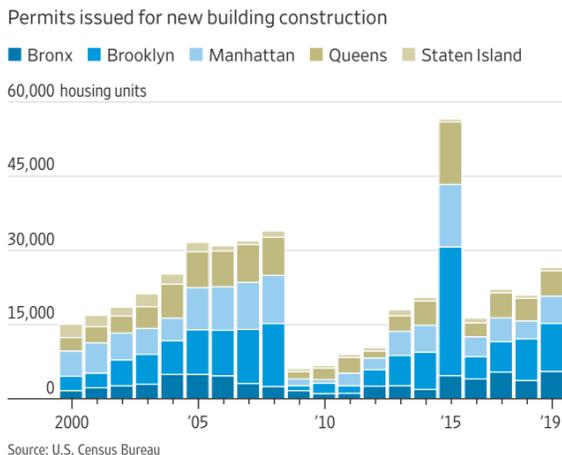
City issued permits for 27% more new units in 2019, but developers see market uncertainty

By JOSH BARBANEL

Despite a weak outlook for residential real estate, the number of building permits issued in New York City for new homes surged last year to the highest pace since 2015. It was the second-highest total since the end of the last big building boom in 2008.

Permits for 26,547 units of housing were issued in 2019, about 27% more than the year before, according to tabulation of preliminary data from the U.S. Census Bureau. Permits surged during the housing boom between 2006 and 2008. They collapsed the following year, and spiked again in 2015, as developers rushed to launch projects out of a fear that a tax-abatement program might end.

Developers and analysts say



that rise in building permits reflects continuing long-term optimism about the future of the New York economy as well as the lag of one to three years between the time a developer purchases a property and gets building plans approved by the city.

Even as permits spiked, the number of co-op and condo

sales in the city fell last year in Manhattan, Brooklyn and Queens, with Manhattan sales plummeting to the lowest level in the last decade, according to a report prepared by Miller Samuel Inc. for Douglas Elliman real estate. At the same time, sales of multi-family rental buildings fell 40% last year, according to Ar-

iel Property Advisors.

Some developers are predicting a lag in permits issued in the years ahead, as the market digests the large supply of condo inventory, and landlords wait in fear of the city and state expanding rent-regulation to more buildings.

"We forecast a decline in units in the condo market because of the current oversupply," said Nancy Packes, a housing-market consultant who monitors the construction pipeline. "We forecast a decline in the rental market because of the uncertainty that continues to cloud the market."

Work is under way on a seven-story concrete and glass rental building on 30th Street in Long Island City, Queens, that will have 198 apartments. David Schwartz, a principal at Slate Property Group, which is developing the site, said he is bullish on New York for the long term, but said he expected the pipeline of projects to fall.

"Long-term, we feel very good about the real-estate

market in New York," he said.

Although permits were up in every borough, a surge in development in the Bronx pushed permits up by 50% to about 5,500, the most in the Bronx in any year since at least the mid-1980s.

In November, the city's buildings department approved a permit for a 25-story tower along the waterfront in the Mott Haven section of the South Bronx with 458 apartments. With good subway access to Manhattan, it is designed to draw commuters looking for more affordable housing.

The building is the first part of a development known as Bankside, with a total of 1,350 apartments, 30% of them for people on limited incomes, and a waterfront promenade. Brookfield Properties is developing it.

The continuing boom is supported by low interest rates and the willingness of lenders to provide funding for many new projects, especially outside of Manhattan, said Stephen Kliegerman, president

of Halstead Property Development Marketing.

"It is definitely more difficult to get funding now for a condo project, but developers with a good track record and a good land basis are still able to attract and obtain financing," he said.

Some developers are adapting to the changing market by focusing on smaller rental apartments that can keep rent low and attractive to younger tech and professional workers, rather than \$5 million condos.

Sam Charney is developing a high-rise, mixed-use residential and office tower on 23rd Street in Long Island City, along with Tavros Capital Partners. He said the tower topping off at about 50 stories would have 285 condos, but they would be "very efficient units" that allowed the construction of more apartments at a lower cost for each.

"From an affordability perspective, we are trying to deliver an extremely high quality of life to young techies and professionals," he said.

## Bridgeport Sees Future as Wind Energy Hub

By DEBRA WEST

BRIDGEPORT, Conn.—For decades, officials here have searched for an economic engine to turn around this once-booming industrial city.

They pursued several waterfront casinos, hoping one would prove a job-making jackpot, but none have yet panned out. They took a swing at a minor-league baseball stadium. They built it, but the city's success didn't come.

Now an offshore wind venture is seen as a savior. Developer Vineyard Wind has pledged to invest \$890 million in Bridgeport, create thousands of jobs and return the state's largest city to its heyday.

"We expect that by moving quickly we can ensure that the initial investment is anchored here in our state so that we will be a leader in offshore wind," said Katie Dykes, commissioner of the Department of Energy & Environmental Protection, or DEEP.

Vineyard Wind, a Massachusetts-based company owned by Avangrid Renewables and Copenhagen Infrastructure Partners, won a 20-year state contract in December to provide 14% of the state's electricity, or enough to power 400,000 homes with renewable energy.

Its winning bid included agreements to use cable from a manufacturer that has been in the region since 1854 and employ a statewide high-tech manufacturing group to train workers. Vineyard Wind also agreed to work with the parent company of the Bridgeport & Port Jefferson Steamboat Co. to develop a decaying 18-acre waterfront site called Barnum Landing into an operations and maintenance facility.

"Park City Wind will transform a long dormant property



Vineyard Wind, which won a contract to provide 14% of Connecticut's electricity, will develop an 18-acre waterfront site in Bridgeport.

into a hub for 21st century jobs and create significant economic activity for the City of Bridgeport and surrounding areas throughout the development, construction, and operation of the project," said Lars T. Pedersen, CEO of Vineyard Wind.

Katherine Mamed, program coordinator for Building Pathways Connecticut, which offers apprenticeship-readiness classes for 14 trade unions, said the wind venture could reduce Bridgeport's 6% unemployment rate.

"We are really excited to work with the wind industry in Bridgeport because it is an area that is underserved," she said. "People there often don't have a

conduit into middle-class jobs." A city of 150,000 with a nearly 21% poverty rate, Bridgeport has had its share of misfires.

Donald Trump came to town in the 1990s, offering a glittering casino packed with jobs, but the state didn't approve a Bridgeport casino. Then, a minor-league baseball team—the Bridgeport Bluefish—was hailed as the needed catalyst. After 20 years of sluggish growth, the team departed in 2017. That year, MGM Resorts International promised to build a \$675 million casino on the Bridgeport Harbor. MGM would need state approval for a Bridgeport

casino, as would a competing bid from the two sovereign tribal nations that already run casinos on reservations in the state. They are still waiting.

MGM spokesman Bernard Kavalier said: "A competitive process is in the state's best interest." The Trump Organization declined to comment and a message left for Frank Bolton, the former owner of the Bluefish, wasn't returned.

The wind project is different, said David Kooris, chairman of the Connecticut Port Authority.

"This is not a pipe dream," said Mr. Kooris, who once served as economic development director for Bridgeport.

"Because of DEEP's award of the 800 megawatts, there will be offshore-wind activity at the port, but the magnitude will be determined by a variety of factors still being negotiated."

Vineyard Wind's turbines will sit 15 miles off Martha's Vineyard.

There are still obstacles to overcome before electricity can flow. Vineyard Wind was expecting final approval for an 800-MW project in Massachusetts when, in August, the U.S. Bureau of Ocean Energy Management required the company to complete an additional study analyzing the cumulative impact of wind farms. The timeline is now unclear.

## Three Cases Are Probed As Possible Coronavirus

By MELANIE GRAYCE WEST

New York City officials are awaiting test results on three suspected cases of coronavirus and preparing for the possibility of quarantining visitors traveling from China and arriving at John F. Kennedy International Airport.

Health officials said Saturday that they were investigating the first possible case of the deadly virus in the city. The case involved a visitor to the city who had recently been to China. The patient, who wasn't named and is under 40 years old, is in stable condition at Bellevue Hospital, part of the city's public hospital system, the officials said.

On Sunday night, health officials said they were investigating whether two additional people who had recently been in China have the coronavirus after showing symptoms. The second and third individuals, who also weren't named, are both over 60 years old. One has been hospitalized at Flushing Hospital Medical Center, and the other was at New York-Presbyterian Queens. Both were in stable condition.

All three individuals tested negative for other common viruses, the city's health department said. Results of their coronavirus tests should be known early this week.

Meanwhile, officials with the Port Authority of New York and New Jersey on Sunday night began implementing new guidelines for nonstop flights coming from mainland China. JFK is one of seven airports in the U.S. where those flights are permitted to land.

U.S. Health and Human Services Secretary Alex Azar on Friday declared a public health emergency, saying that any foreign citizens who have traveled anywhere in China within the past 14 days would be denied entry to the U.S. Americans who had visited China's Hubei province, the epicenter of the outbreak, will be quarantined for up to two weeks, he said.

Port Authority Executive Director Rick Cotton said Sunday that the agency is working with federal, state and local officials to screen passengers. U.S. citizens who have been to Hubei and are symptomatic, Mr. Cotton said, will be taken to Bellevue or Jamaica Hospital Medical Center in Queens. People who traveled to Hubei and lack symptoms will be transported to a quarantine facility. Mr. Cotton didn't identify where it would be.

"Whatever happens internationally winds up at our doorstep relatively quickly," New York Gov. Andrew Cuomo said. "We've been through situations like this before."

The person being tested for the coronavirus arrived at Bellevue Friday night and had been in the U.S. for two days before developing symptoms, Oxiris Barbot, the city's health commissioner, said.

—Katie Honan contributed to this article.

STATE STREET | By Jimmy Vielkind

## Cuomo's Penn Station Plans Echo Robert Moses



New York Gov. Andrew Cuomo's latest plan to redevelop Pennsylvania

Station shows he really has become a 21st-century Robert Moses—not just in dreaming big about infrastructure, but in tugging every available lever of power to move projects along.

The Democratic governor invoked Mr. Moses's name when he announced in early January that the state would acquire the block just south of the existing rail hub, which sits below Madison Square Garden in Midtown Manhattan, to add an additional eight tracks and accommodate regional growth.

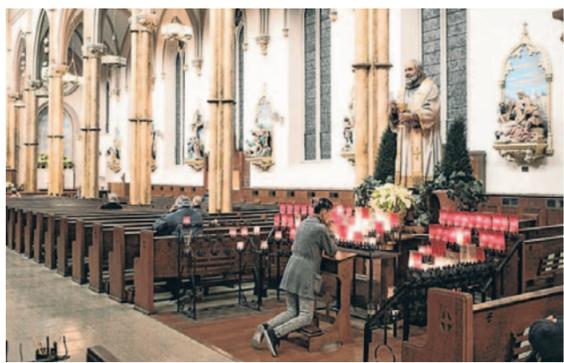
But Mr. Cuomo laid the seeds for the proposal nearly two years ago, when he slipped a clause into budget legislation that would pave the way for the state to use eminent domain in the area. It is a tactic reminiscent of Mr. Moses—who held enormous sway over public works in New York through various unelected positions from the 1920s through the 1960s.

As documented in Robert A. Caro's 1974 book "The Power Broker," Mr. Moses amassed power in ways that those around him only later came to understand. He once drafted a bill that gave the Long Island State Park Commission vast powers to seize lands based on an obscure definition of "appropriation."

The budget language Mr. Cuomo won in 2018 was more explicit. It declared Penn Station "antiquated, substandard and inadequate" as well as "in need of modernization to meet public safety needs." It directed the state to begin planning for the rail hub and unspecified "surrounding areas" to fix those problems. Legal experts say this could help the state make the case that there is a public use to justify eminent domain.

The area now being eyed for expansion—bounded by Seventh and Eighth avenues, 30th and 31st streets—includes offices, bars and restaurants, a homeless shelter and a Roman Catholic church.

Assemblyman Richard Gottfried, a Democrat who represents parts of Manhat-



The area being eyed includes St. John the Baptist Church.

tan, including Penn Station, said he had great reservations about the breadth of the language and feared it could be used for real-estate development on different blocks. The track expansion is less concerning, he said.

New York City Mayor Bill de Blasio said after Mr. Cuomo's announcement in January that he had concerns about any state-led project occurring outside of the city's zoning rules and that the value of new real-estate development could be excluded from the city's tax rolls.

In an interview after the

governor's presentation, Janno Lieber, chief development officer for the Metropolitan Transportation Authority, said the state didn't have an estimate for how much the expansion would cost but planned to raise funds selling development rights over the new tracks as well as capturing some revenue from surrounding sites that could be up-zoned.

Officials at Empire State Development, the state's economic development authority, haven't ruled out the use of eminent domain but said they would work with the

city and other stakeholders as the project moves forward

Dani Lever, a spokeswoman for Mr. Cuomo, said Friday everyone should support a transformational project for the city. But Nicole Gelinias, a senior fellow who focuses on infrastructure at the conservative Manhattan Institute, said she was wary the governor wouldn't play nice.

"It's the normal interplay between the state and the city where Cuomo is almost always the smarter party and gets the better end of the deal," she said.

Mr. Cuomo said Thursday that the current station was a hellscape. He brushed aside concerns over eminent domain and said the state has done major developments in Manhattan, including Battery Park City. (It was built on landfill in the Hudson River.)

"We're talking about one block. You could fit 20 of them, I'll bet, in Battery Park City," Mr. Cuomo said. "We can do good things. We can do big things. We're not impotent—we're New York. Welcome to the state."

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GREATER NEW YORK

# Brewed Awakening: Beers for \$100

By CHARLES PASSY

At Pretty Ricky's, a bar on Manhattan's Lower East Side that opened a few months ago, patrons have their pick of a range of craft beers, priced at as little as \$4 for a 7-ounce pour. But if they are in a festive mood, they can spend more for a select group of hard-to-find brews on a "reserve" list.

Make that a lot more. The high-end offerings range from Love Child, a \$45 ale from Missouri beer maker Boulevard Brewing Co., to Deus, a \$90 Belgian-produced sip noteworthy for being made with the same yeast used for Champagne.

It might seem like a stretch to pay as much for a bottle of beer as for a steak dinner, but Pretty Ricky's partner Jaime Felber sees a logic to his list. "It's really the same concept as having fine rare wines," he said.

These days, Mr. Felber is in good company. A number of bars and restaurants throughout the New York metropolitan area are offering similar slates of beers, often limited-release offerings from cult brewers, both foreign and domestic.

At the Upper East Side location of Treadwell Park, a beer-centric Manhattan chain of bars, the reserve list has a beer that even crosses into triple-digit territory: the Belgian-made Bzart Lambiek, which sells for \$125.

At Aquavit, a Scandinavian restaurant in East Midtown with a plentiful beer selection, the top offering, a Belgian beer called Rosé de Gambrius, is slightly more affordable at \$96. Chris Clark, the restaurant's beverage director, said it is worth every penny in any case, pointing to its notes of caramelized raspberries and a finish "with funk and crisp acidity."

"That's a serious beer," he said.

The proliferation of these pricey brews is tied to the ever-growing interest in craft beer overall, say bar and bev-



Pretty Ricky's in Manhattan offers reserve-list beers, including Deus, a \$90 Belgian-produced sip.

erage-industry professionals. Sales of craft brews have nearly quadrupled over the past decade, reaching \$27.6 billion in 2018, according to the Brewers Association, a trade group. (Data for 2019 isn't yet available.)

As part of that growth, craft-beer drinkers are continually seeking new and different options, professionals say. And cost isn't necessarily a barrier.

It also helps that these high-end offerings are in larger bottles—typically 500 or 750 milliliters. The standard-size beer bottle has 12 ounces, or about 355 millili-

ters. While that doesn't completely lessen the financial blow of buying a \$50-to-\$100 beer, it makes it attractive for sharing as a kind of novelty, says Kyle Kensrue, chief operating officer of Randolph Beer, another beer-centric New York City chain of bars that has a reserve list at a couple of its locations.

"It's a great, jovial thing for friends to enjoy," he said.

Still, not everyone is buying into the concept. Some of the establishments offering these costly sips concede they generally sell no more than a few a month.

And other bar operators say they find the whole idea a bit much.

"It just seems like a gimmick to me," said Matt Webber, proprietor of several bars in Brooklyn.

Even if bars aren't selling a lot of top-of-the-line beer, the strategy may have a different payoff, said Art Sutley, publisher of Bar Business Magazine, a trade journal. It is about using the pricey beer to elevate the establishment in customers' eyes, even if they won't pay for the product.

"This really does change how the bar is perceived," he said.

NEW JERSEY

## New DNA Tests Solve 1991 Murder

Authorities say new DNA tests have allowed them to solve the rape and murder of a woman whose body was found at the boardwalk of a seaside city in New Jersey nearly three decades ago.

The Monmouth County prosecutor's office said that Clarence Turnage, who died in 2014, has been identified as the attacker, but they are still trying to confirm that Christa Engel was the woman whose body was found under a ramp at the Asbury Park boardwalk in March 1991.

Prosecutors said Ms. Engel, who was born in West Germany and was married in New Jersey in 1961, had been beaten, sexually assaulted and strangled. A suspect was charged initially but later exonerated.

New tests were sought in 2018 from a private forensic laboratory prosecutors said. In February 2019, prosecutors said, tests confirmed that Mr. Turnage's DNA matched DNA profiles from the victim's dress, stockings and body.

In January, prosecutors tried to reaffirm the identity of the victim as Ms. Engel since investigators had been unable to identify any next of kin. Prosecutors said they hoped release of the information would prompt a relative of the victim, whose name was Christa Dierolf before her marriage, to come forward.

—Associated Press

BRONX

## Man Is Shot After Answering Door

A 19-year-old man who told two men knocking and kicking at his door that they had the wrong house was wounded after one of the men pulled a gun, police said.

The New York Police Department said the men knocked on the door of the home near West 238th Street and Waldon Avenue in the Bronx around 5 a.m. Saturday.

Authorities said the 19-year-old man told them they were at the wrong place, after which an altercation ensued.

Police said one of the men

then pulled out a firearm and shot the victim in the torso. The two men then fled.

The wounded man was taken to a hospital, where he was treated for his injuries.

No arrests have been made. —Associated Press

CONNECTICUT

## Man to Be Extradited In Kidnapping Case

A man accused of kidnapping his toddler son in Toronto in 1987 and living on the lam in the U.S. for three decades is set to be extradited back to Canada to face an abduction charge.

Allan Mann Jr. is scheduled to finish his 18-month U.S. prison sentence Tuesday and is expected to be transported shortly after to Toronto. Toronto police have an arrest warrant charging Mr. Mann with abducting his son during a court-ordered visitation in 1987. Officials say he fled to the U.S. and obtained fake identities for him and his son.

Mr. Mann was arrested in Vernon, Conn., in October 2018.

The prison sentence was the result of a federal jury in Connecticut convicting Mr. Mann of illegally obtaining U.S. government housing and medical benefits during his time eluding authorities.

Mr. Mann's son, now in his 30s, grew up believing his mother had died shortly after his birth. Mother and son were reunited shortly after Mr. Mann's arrest.

Mr. Mann waived his right to fight extradition to Canada. His lawyer declined to comment. —Associated Press

STATEN ISLAND

## Local Groundhog Predicts Early Spring

Staten Island Chuck mirrored the prediction of Pennsylvania's more famous groundhog, Punxsutawney Phil: There will be an early spring.

At the Staten Island Zoo, schoolchildren and elected officials cheered Sunday morning as a curtain was pulled back at a glass enclosure containing Staten Island Chuck. Like Punxsutawney Phil, Chuck didn't see his shadow. —Associated Press

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*Polly & Jack Conn's wedding photo, July 1952*

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# LIFE & ARTS

## Does Your Razor Need a Gender?

By ELLEN BYRON

**D**o we need his and hers razors? For more consumers today, the answer is no. As shoppers increasingly question the value of gender-differentiated products, more consumer goods makers are eliminating gender traits from their marketing.

On Monday, Bic plans to launch gender-neutral grooming products including facial moisturizer, body lotion and shaving cream. Last year the company debuted a line of genderless razors. This Tuesday, vitamin company Care/of plans to launch a line of unisex beauty supplements. They join other unisex personal-care products catering to changing tastes, including Non Gender Specific, a skin care line sold in Bloomingtondale's and Credo stores, and Malin + Goetz's unisex products.

Young shoppers especially have become skeptical about the need for gender-differentiated products amid a growing conversation about gender more broadly, consumer researchers say. At the same time, busy families looking to simplify their lives want to streamline the variety of products they buy.

"They're saying, 'I'm decluttering and I don't want to have five shampoos in the shower,'" says Allen Adamson, co-founder of Metaforce, a brand-consulting firm. Among young millennial households, he says, "in general they are looking to create an egalitarian home—if it's too feminine or too masculine it doesn't feel right because their mind-set is that it's all one."

Some 30% of adult beauty-product consumers aged 24 or younger currently use or have used genderless beauty products and 39% said they are interested in trying them, according to a 2019 survey by market researcher Mintel.

Fewer adults of any age say that gender designations influence their toiletries purchases. Last year 4% of consumers said that hair care positioned for their gender influenced their purchase, down from 9% in 2016, according to market-researcher Euromonitor. Last year 6% of consumers said that gender influenced their skin care purchase, down from 8% in 2016, the company says.

The changing preferences are part of a wider discussion around gender identity and equality. In the toiletries industry, these issues caught fire when a 2015 study commissioned by New York City's Department of Consumer Affairs found that on average women's products cost 7% more than similar products for men, and the highest price difference was found in the personal-care category, where women pay 13% more for products. Nicknamed the Pink Tax, the study is still widely shared on social media and brought new scrutiny to gender-specific products.

For Bic's North America general manager Mary Fox, two research points stood out: 75% of consumers under the age of 34 said they were interested in a razor marketed to both men and women and 69% said they wanted companies to create more unisex personal care and beauty products, according to a Bic-commissioned survey of 1,005 adults in the U.S.

The new products are part of Bic's Made For You brand, which aims to unite the highly segregated shaving category, which long has emphasized femininity or masculinity. Made For You's grooming products pledge to help achieve "whatever your best may be—smooth, silky, scruffy, bushy and anything in between," the bottles

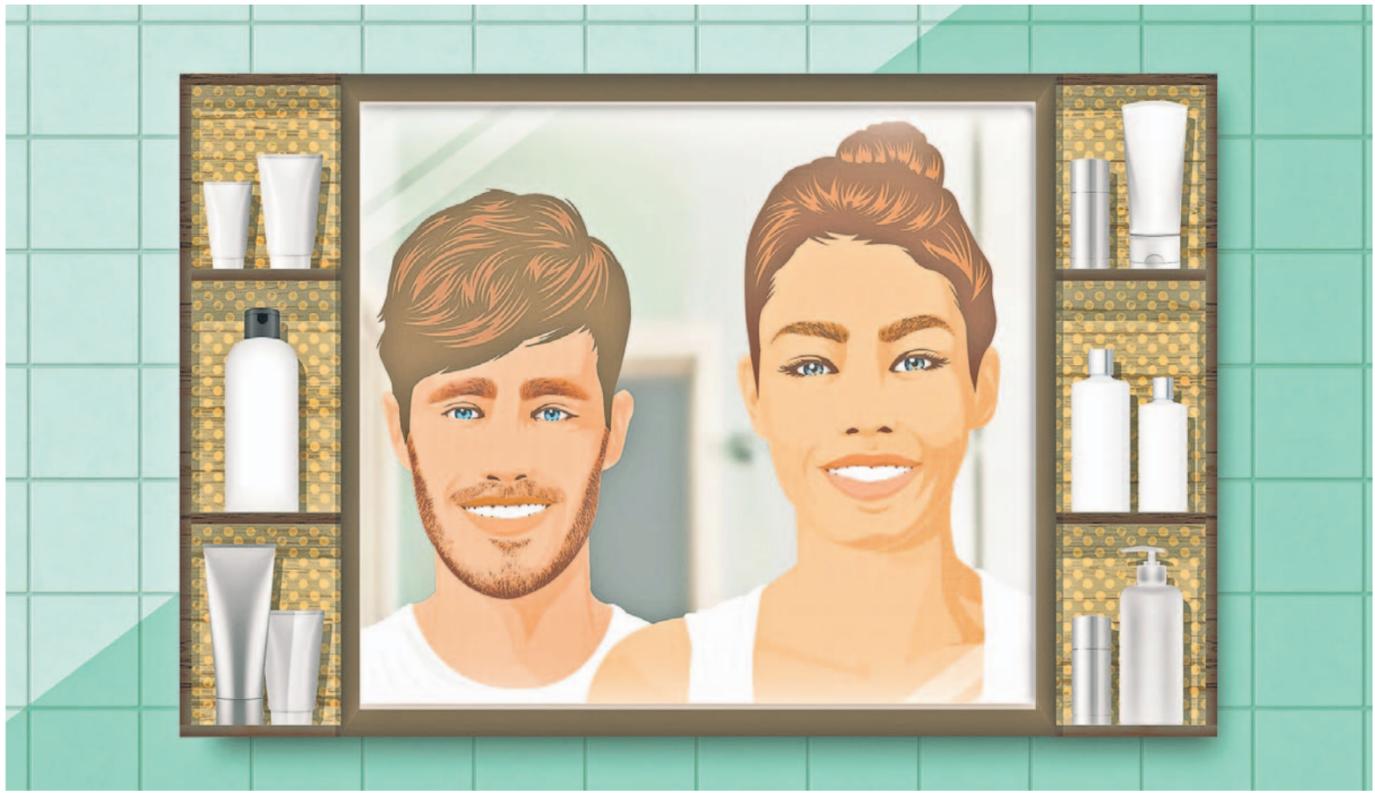


ILLUSTRATION BY TAYLOR GALLERY



**Clockwise from above: Non Gender Specific's Everything Cleanser; Care/of products; Bic's Made For You line includes unisex razors.**



say. The razors were launched in partnership with Amazon, where the products are exclusively sold.

Spiros Gratsias, vice president of Bic's global development center, compared the logistics of male and female shaving and found surprising similarities. Navigating a razor around an ankle resembles shaving a chin: Both require the handle and blade to pivot smoothly around the skin's topography, Mr. Gratsias says. Shaving an underarm is like shaving under the neck because many people reverse their blade strokes to move against the direction of the hair's growth. "When we say let's make a tool that can do all of this, then gender goes away," Mr. Gratsias says.

Ms. Fox says Bic isn't at risk of cannibalizing its sales by offering products that men and women can share. "They're already doing it anyway so we're going to give them a much better experience and really show them that we understand how they want to shave," she says. The same is true for the Made For You lotions and shaving cream. "In the end they will just go through it faster and replenish," she says.

Women switching to Bic's Made For You razors from the company's female-targeted Soleil razors will actually end up paying 15% to 20%

more, Ms. Fox says. "Made For You is a better overall experience with a handle that lasts as long as you want it to," she says.

Years ago, some personal care products emphasized superior performance instead of gender designation. Pert Plus's neutral green bottles suited any gender and heralded the convenience of shampoo and conditioner in one bottle. Sure deodorant's slogan "Raise your hand if you're Sure" featured ads of both men and women with their arms raised overhead.

In the 1990s, culture celebrated commingling between young men and women, including hit shows like "Friends," "Melrose Place" and "Beverly Hills, 90210." Grunge fashion was largely androgynous. Calvin Klein in 1994 introduced a gender-neutral fragrance, CK One, and its edgy ads featured men and women.

Since then, products became much more segregated, largely for business reasons. Product makers have long banked on slight varia-

**63%**  
of consumers are interested in gender-neutral skin-care options

**52%**  
are interested in a gender-neutral shaving cream

Source: Bic Survey

skin and breakouts, he says. "We see there are certain products that can serve either gender and so we don't see a need to gender those products," Mr. Elbert says.

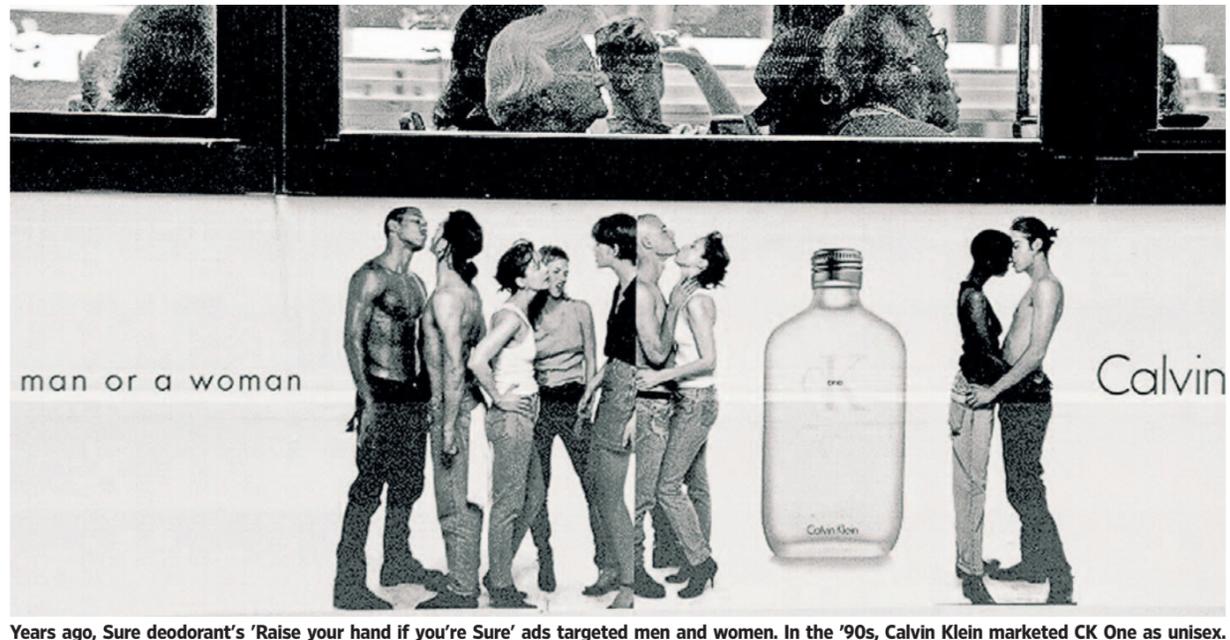
Care/of customers spend about five minutes online completing a profile of their health needs and goals in order to receive a list of personalized vitamin recommendations. About a year after Care/of's 2016 launch, customers started asking for a nonbinary option to the profile's gender question and the company added one.

"A gender-agnostic brand with gender-agnostic products has been a focus from day one—that hasn't changed," Mr. Elbert says. "But I think we've had more dialogue internally to be sure we're being thoughtful in marketing materials and in how we deliver products and recommendations, because overall consciousness has been raised."

The Non Gender Specific skin-care line highlights natural ingredients—rather than gender-oriented marketing—as a way to focus attention on the products' performance. The line's Everything Cleanser, for instance, targets problems like acne and large pores with ingredients including kelp extract, turmeric and eggplant. "We've never used a face with the brand," says Andrew Glass, the company's founder and chief executive. "I feel like nature is the one element that connects everybody."

Mr. Glass found that men and women don't always want the same thing, however. When developing Non Gender Specific's Everything Serum, consumer tests showed men didn't want to use an oil on their face. "They're too finicky, you have to cup your hands and the oil will slip through the fingers," says Mr. Glass. Adding a gelling agent helped the serum drops stay intact on fingertips and palms until rubbed into skin, and the product became a big seller, he says.

Adrienne Bailon-Houghton, a co-host of daytime talk show *The Real*, says she regularly shares products with her husband, musician Israel Houghton, including moisturizer, exfoliator and facial masks. She has her own razor but often uses her husband's instead because she thinks the blades are better quality. "Every girlfriend I know is stealing her husband's razor," says Ms. Bailon-Houghton, who is 36 and lives in Los Angeles. "Their razors are always better than ours."



Years ago, Sure deodorant's 'Raise your hand if you're Sure' ads targeted men and women. In the '90s, Calvin Klein marketed CK One as unisex.

CLOCKWISE FROM TOP LEFT: NON GENDER SPECIFIC/GETTY IMAGES; PROCTER & GAMBLE; HARRY HAMBURG/NY DAILY NEWS ARCHIVE/GETTY IMAGES; PROCTER & GAMBLE

LIFE & ARTS



WHAT'S YOUR WORKOUT? | JEN MURPHY

# He Really, Really Wants to Win At Cornhole

**LIKE MANY** college football players, Ryan Smith had dreams of becoming a pro athlete. The former James Madison University defensive back just never imagined he'd be tossing a 1-pound bean bag rather than a football. Mr. Smith is a professional cornhole player who ranked 16th nationally last season.

Though it's typically played at tailgates and breweries, cornhole isn't just for amateurs. The American Cornhole League now has more than 45,000 members, a contract with ESPN and prize money of up to \$250,000 this season.

Mr. Smith, 30, didn't play cornhole in college. But he did play horseshoes growing up in Ashland, Va., and says the strategy is similar. Players take turns attempting to toss bean bags into a hole cut into the tops of slanted platforms

**A former college football player channels his energy into training for a very different game.**

spaced 27 feet apart. A shot that misses the hole but stays on the board scores one point. Any bag thrown through the hole or knocked through the hole by another bag is worth three points. The first player or team to score 21 points wins.

When Mr. Smith's brother introduced him to cornhole in 2015, he turned out to be a natural. Mr. Smith started watching YouTube videos to improve his technique. When his girlfriend tired of him throwing bags around the house, he asked his manager at a logistics firm in the Washington, D.C., area if he could practice after-hours in the warehouse.

"There are a lot of players who are good," Mr. Smith says. "But if you want to be the best, you need to condition yourself mentally and

physically. When you reach this level of play, cornhole is no longer a game you can play while drinking a beer."

Mr. Smith competed this weekend in the first ACL National event of the 2020 season in Fort Lauderdale, Fla.

### The Workout

Mr. Smith tosses for 30 to 60 minutes, Monday through Friday. He warms up with a series of wrist stretches. "During a tournament I'm flicking my wrist nonstop, throwing anywhere from 500 to 1,000 bags," he says. "If my wrists are tight, they fatigue."

When he practices, he runs through potential game scenarios. Mr. Smith says many opponents try to toss the bag like a pancake in the air so when it hits the board, it spins flat and slides up toward the hole. To throw them off, he might toss what's called a blocker, a bag landed a few inches short of the hole that prevents other bags from sliding in.

If an opponent throws a blocker, Mr. Smith will try to toss a back door, a bean bag that goes over the top of a blocker and into the hole. This can be achieved by bouncing the bag over the blocker or by throwing an airmail, a bag that goes into the hole without touching the board.

He'll also strategically place bags on the board so he can practice throwing a push bag, a toss that pushes or pulls two or more other bags already on the board into the hole.

He plays one to two nights a week with members of the Beltway Baggers, a local cornhole team with around 500 members. They normally play at area breweries. For cardio he runs 2 to 4 miles a week and does sprints at a field near his home in Herndon, Va. "Cardio conditioning gives me an advantage come finals, when everyone else is tired," he says. He hits the gym three days a



Ryan Smith is a nationally ranked cornhole player. He competed in the 2019 American Cornhole League World Championships in King of Prussia, Pa., far left.

week. One day he does triceps and biceps. Another day is for his chest. And a third is dedicated to legs. Calf raises are a staple: "Some people just stand and throw, but I prefer to flex my calves and push off of the balls of my feet. Good calf strength prevents cramps during a game."

### The Diet

Mr. Smith stops at a deli near his office most mornings to buy a sausage, egg and cheese sandwich on sourdough. He always orders a fish sandwich for lunch. He and his girlfriend cook dinner most evenings. Their go-to is grilled chicken with asparagus or squash and either rice or roasted potatoes. The morning before a tournament he loads up with pancakes, scrambled

eggs and cheese, bacon and biscuits. He brings a protein shake and Clif Bar for energy between games. Ben & Jerry's Half Baked ice cream is his weakness. "I try to only buy it once or twice a month," he says. "I'm lucky it doesn't come in anything bigger than a pint."

### The Gear and Cost

Mr. Smith wears a glove on his throwing hand—his right hand—designed by professional cornhole player Eric Ryder. He plays in shorts and a jersey supplied by one of his sponsors.

A typical cornhole set includes two platforms (\$225). His All-Slides cornhole bags from his sponsor All-cornhole.com come four to a set (\$70). Mr. Smith owns 20 sets. "I know people who own suitcases full

of bags, so that's nothing," he says.

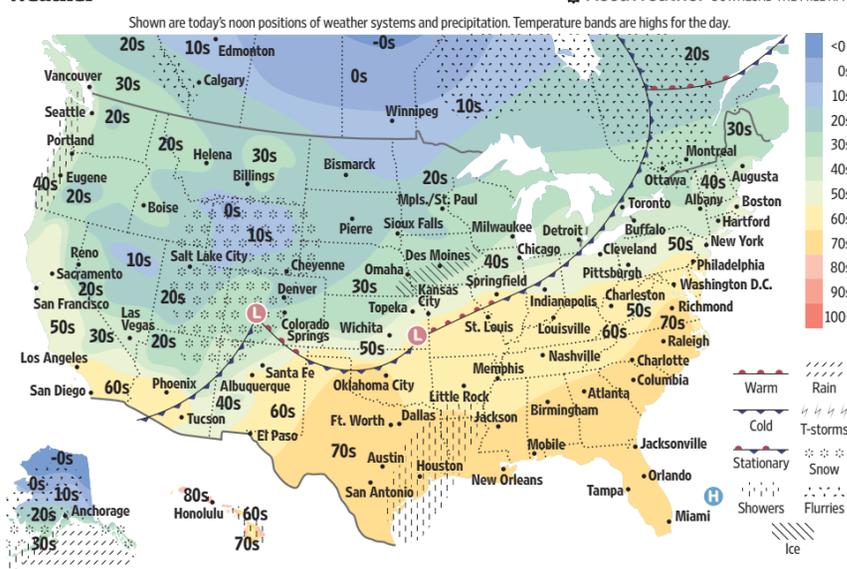
Some players compete barefoot. Others wear Crocs. He prefers Adidas Original NMD\_R1 shoes (\$130) and Nike Free RN Flyknit 2018 sneakers (\$120). If he's playing on carpet, he'll wear Nike socks.

He pays \$35 a month for his gym membership.

### The Playlist

A tournament arena can have up to 200 games going on at once. Mr. Smith says it can be tough to block out the distractions. "When I practice, I try to recreate that noise by blasting music and encouraging friends to yell at me," he says. Before a game, he listens to "Bright Lights" by Gary Clark Jr. "I get so pumped ahead of playing, I need music that mellows me out."

### Weather



### U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	22	19	sn	27	21	c
Atlanta	71	55	pc	66	60	sh
Austin	73	63	sh	81	40	pc
Baltimore	62	49	pc	60	48	c
Boise	37	16	s	36	24	s
Boston	50	37	pc	47	39	c
Burlington	40	26	sf	37	23	c
Charlotte	71	54	pc	67	58	pc
Chicago	44	30	c	33	22	sn
Cleveland	52	47	pc	49	27	r
Dallas	71	59	c	61	31	r
Denver	29	9	sn	18	-1	sn
Detroit	45	35	pc	38	23	c
Houston	82	68	sh	82	67	s
Honolulu	74	68	sh	79	55	t
Indianapolis	58	50	c	51	28	r
Kansas City	58	28	c	30	21	sn
Las Vegas	49	34	pc	49	31	s
Little Rock	66	59	sh	66	41	r
Los Angeles	62	41	s	60	39	s
Miami	73	62	s	79	67	pc
Milwaukee	40	28	c	33	19	c
Minneapolis	31	12	c	19	5	c
Nashville	67	58	c	65	50	r
New Orleans	73	64	c	74	66	t
New York City	56	43	s	54	42	c
Oklahoma City	71	32	pc	38	22	c

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	35	19	i	25	15	sf
Orlando	74	50	s	77	58	pc
Philadelphia	60	44	pc	58	46	c
Phoenix	64	35	c	56	35	s
Pittsburgh	53	45	pc	54	29	c
Portland, Maine	44	27	pc	40	31	c
Portland, Ore.	46	32	pc	42	40	r
Sacramento	56	35	s	57	32	s
St. Louis	63	42	pc	43	27	r
Salt Lake City	29	15	sn	28	13	c
San Francisco	55	41	s	56	41	s
Santa Fe	53	23	c	33	11	sn
Seattle	44	33	c	42	40	c
Sioux Falls	30	13	c	22	11	c
Wash., D.C.	63	52	pc	63	51	c

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	50	40	c	45	36	r
Athens	62	50	pc	63	55	pc
Baghdad	60	37	pc	64	44	pc
Bangkok	94	77	pc	93	76	pc
Beijing	39	19	s	37	14	pc
Berlin	47	36	r	42	34	r
Brussels	52	38	c	43	36	r
Buenos Aires	87	73	s	89	75	s
Dubai	73	56	s	74	58	s
Dublin	46	36	c	47	35	pc
Edinburgh	45	36	c	46	35	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	54	37	r	44	33	r
Geneva	60	40	pc	44	32	r
Havana	80	56	pc	83	62	pc
Hong Kong	71	62	pc	68	60	sh
Istanbul	58	50	c	59	49	c
Jakarta	86	77	sh	87	76	t
Jerusalem	56	43	pc	55	42	pc
Johannesburg	87	60	s	86	64	s
London	51	39	c	48	36	pc
Madrid	65	40	pc	65	38	pc
Manila	84	70	pc	87	73	pc
Melbourne	63	52	pc	68	53	s
Mexico City	71	52	c	71	52	pc
Milan	63	40	c	61	39	pc
Moscow	35	26	c	28	20	c
Mumbai	84	72	pc	84	71	pc
Paris	54	40	r	47	36	sh
Rio de Janeiro	80	75	t	82	76	sh
Riyadh	69	48	pc	71	53	pc
Rome	63	46	pc	65	40	s
San Juan	86	74	pc	86	74	pc
Seoul	37	18	pc	41	12	pc
Shanghai	52	42	c	51	39	pc
Singapore	88	77	c	88	78	pc
Sydney	87	64	pc	72	67	pc
Taipei City	75	59	s	75	61	r
Tokyo	59	41	pc	52	42	pc
Toronto	42	30	c	36	21	c
Vancouver	41	30	pc	39	34	r
Warsaw	42	35	c	42	28	r
Zurich	56	39	r	42	34	r

### The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	
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65						66				67		
68						69				70		

### DYNAMIC RANGE | By Adam Aaronson & Joey Swidler

- |   |   |   |   |
|---|---|---|---|
| <b>Across</b>                                 | 1 Worker in a toy workshop                    | 29 Jazz home                                  | 60 Like early audiobooks                      |
| 4 Ailing                                      | 8 House of the Seven Gables location          | 13 Island souvenir                            | 14 Dept. of Labor division                    |
| 15 Electrical current unit                    | 16 Range master                               | 18 Oppressive ruler                           | 19 Distort                                    |
| 20 Golf's ___ Cup                             | 22 "Sprechen ___ Deutsch?"                    | 23 Range master                               | 27 Magnetic mineral                           |
| 30 Wasn't the seeker                          | 31 Historic seamstress Betsy                  | 33 Missing from a mil. base                   | 37 Range master                               |
| 32 Acad. or univ. defined by theirs           | 35 Go ___ errand                              | 39 The Amish are defined by theirs            | 42 Bit of Mexican money                       |
| 34 The Amish are defined by theirs            | 35 Go ___ errand                              | 39 The Amish are defined by theirs            | 42 Bit of Mexican money                       |
| 36 Cuts off                                   | 38 Org. for students who know the drill?      | 39 Therapy session opener, perhaps            | 40 Crude grp.                                 |
| 38 Org. for students who know the drill?      | 39 Therapy session opener, perhaps            | 40 Crude grp.                                 | 41 Phnom ___                                  |
| 39 Therapy session opener, perhaps            | 40 Crude grp.                                 | 41 Phnom ___                                  | 46 Amount produced                            |
| 40 Crude grp.                                 | 41 Phnom ___                                  | 46 Amount produced                            | 47 Cause for hoarseness                       |
| 41 Phnom ___                                  | 46 Amount produced                            | 47 Cause for hoarseness                       | 48 "Chandelier" singer                        |
| 46 Amount produced                            | 47 Cause for hoarseness                       | 48 "Chandelier" singer                        | 50 College VIP                                |
| 47 Cause for hoarseness                       | 48 "Chandelier" singer                        | 50 College VIP                                | 51 Ham it up                                  |
| 48 "Chandelier" singer                        | 50 College VIP                                | 51 Ham it up                                  | 52 Palindromic anxiety drug                   |
| 50 College VIP                                | 51 Ham it up                                  | 52 Palindromic anxiety drug                   | 53 Supplementary                              |
| 51 Ham it up                                  | 52 Palindromic anxiety drug                   | 53 Supplementary                              | 54 Chemist's containers                       |
| 52 Palindromic anxiety drug                   | 53 Supplementary                              | 54 Chemist's containers                       | 58 Scandinavian capital                       |
| 53 Supplementary                              | 54 Chemist's containers                       | 58 Scandinavian capital                       | 59 Alma mater of many British prime ministers |
| 54 Chemist's containers                       | 58 Scandinavian capital                       | 59 Alma mater of many British prime ministers | 61 Georgia airport letters                    |
| 58 Scandinavian capital                       | 59 Alma mater of many British prime ministers | 61 Georgia airport letters                    | 63 Feline foot                                |
| 59 Alma mater of many British prime ministers | 61 Georgia airport letters                    | 63 Feline foot                                | 64 Charged bit                                |

### Previous Puzzle's Solution

B	L	I	P	S	S	O	U	P	H	I	N	K
R	E	V	I	E	I	N	E	S	E	S	E	
B	A	J	S	C	A	L	L	O	P	D	A	O
H	I	D	E							R	I	N
T	I	A	K	O	C	E	A	N	P	E	R	C
U	N	H	I	P						T	Y	C
N	E	E	N	E	R					E	T	I
I	R	S		S	E	A	B	A	S	S	O	W
S	T	S		T	I	D	E			E	R	I
M												
L	A	K	E	S	A	L	M	O	N		Y	E
A	P	E	D							D	M	S
M	E	R	L							R	I	V
B	A	R	E							I	D	O
S	K	Y	I							B	O	K

The contest answer is SPRING MCK. You can phonetically make a well-known example of each body of water by joining two grid entries: CHESS + APEAK for BAY, ARC + TICK for OCEAN, BARE + RING for SEA, SOUP + EERIER for LAKE and YELL + OWE for RIVER. Take the parenthetically-numbered letters from CHESAPEAKE, ARCTIC, BERING, SUPERIOR and YELLOW to spell the contest answer.

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

FROM LEFT: JAMES BEAVER/FLAT TAIL PHOTOGRAPHY; ERIC KAYNE FOR THE WALL STREET JOURNAL

## LIFE &amp; ARTS

## ART REVIEW

## Where the Gorgeous and Cryptic Meet

An exhibition reveals Manuel Álvarez Bravo to be not just a chronicler of Mexico, but a storyteller of mysteries

By ALEXANDRA PEERS

Sarasota, Fla. **IN AN ENIGMATIC** 1924 street scene by photographer Manuel Álvarez Bravo, two men have their backs turned to the camera. One man looms over the other, who is hunched in a chair, his head bent low. The black-and-white image is compelling enough that one can simply enjoy the modernist composition; the play of light and dark on clothing, trees and skin; the photojournalistic immediacy. But on a stone wall adjacent to the men are two dark slashes—blood? Paint? What exactly is going on here? Slide your eyes to the left, to the wall text of the exhibition that is now at the John & Mable Ringling Museum of Art, and the question is answered: “The Barber.” That’s the skillful trickery at the heart of Álvarez Bravo’s photographs, a life-long body of work that manages to be often gorgeous, sometimes menacing and always cryptic.

Born in Mexico City, Álvarez Bravo (1902-2002) was best known—perhaps too well known, even—for his exquisite images of his country’s iconography: peasants, working men, flowing

dress, storefronts and agave. Many of these poetic street images of the commonplace were produced for Mexican Folkways magazine in the 1930s, years immediately following the end of the brutal Mexican Revolution. The Ringling show’s 40-odd works from six decades of his century-spanning life include some rarely seen images and form a darker, weightier picture. Titled “Specters and Parables,” the exhibition posits Álvarez Bravo not as the chronicler of a nation, but as a storyteller of mysteries.

In “The Unbanded” (1938), a bare-breasted woman stands in a doorway in the street, ripe and inviting—but why is her torso wrapped in unraveling bandages? The photograph is simultaneously erotic and surrealist. In “Public Thirst” (1934), a street urchin leans into a water fountain, drinking avidly. Winsome, yes, but a second glance shows he balances precariously on a rough, cracked ledge and has no shoes. In Álvarez Bravo’s “Fire Workers” (1935), two men are encased, almost imprisoned, in giant, primitive protective gear. Is this his endorsement of working men or a reminder of the monstrous dangers they face?

Álvarez Bravo may have come of age near the end of the revolution, in a time of relative peace and at the beginning of an artistic renaissance that drew artists to Mexico from all over the world. But it’s clear that scars remained, on him and on his homeland. In the mid-1930s, for example, hearing what he believed to be fireworks, Álvarez Bravo grabbed his camera and instead found that shots had just been fired at striking workers of a sugar mill. His



Clockwise from above: Manuel Álvarez Bravo’s ‘Salt Workers in Cuyutlan’ (1938); ‘Public Thirst’ (1934); ‘Box of Visions’ (1938); ‘Barber’ (1924); and ‘Margarita of Bomanpak’ (1949)

famous “Striking Worker, Assassinated” (c. 1935) was the result.

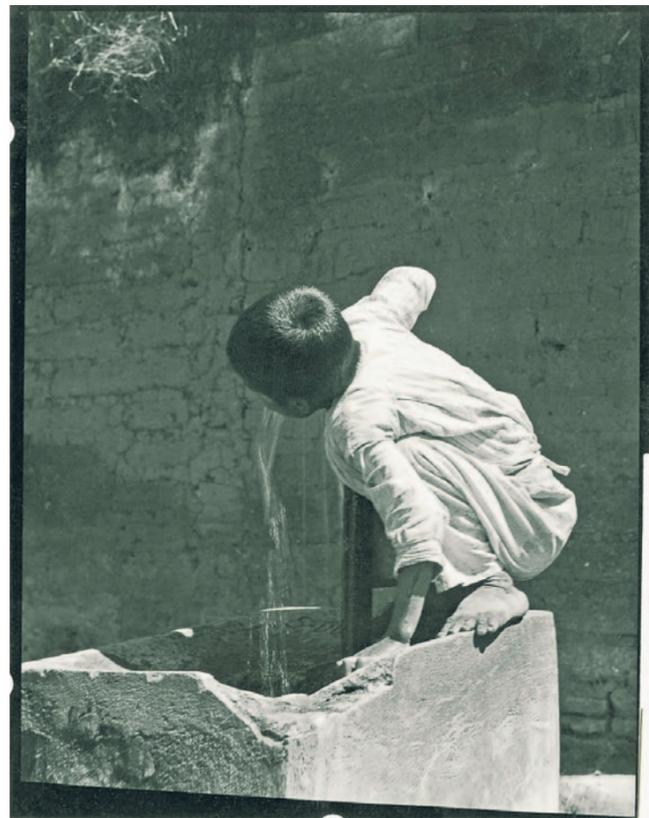
But beyond what he photographed, crucial to this re-examination of the artist is how he photographed. As noted in the wall text by exhibition curator Christopher Jones: “Unlike his European contemporaries Kertész and Cartier-Bresson, photographers who used handheld 35mm cameras to capture life in the streets, Álvarez Bravo used the larger Graflex Press camera.” Says Mr. Jones, who was recently named curator of photography and media arts at the Ringling, “this resulted in images that contained more detail and sharpness as well as a greater sense of stillness and composure.”

Álvarez Bravo’s friends and influences in Mexico, a superstar clique, included Paul Strand, Edward Weston and Tina Modotti, and, later, Diego Rivera and Frida Kahlo. As his fame spread, he moved into cinema, working with Sergei Eisenstein and Luis Buñuel, among others; exhibited worldwide; reprinted his early images using superior techniques and materials; and taught. When he died at age 100, the obituaries were laudatory and effusive. Accolades included such phrases as “the Maestro of Mexican photography,” “Latin America’s greatest photographer,” and even “Perhaps Mexico’s most significant 20th-century artist.” That’s fine as far as it goes, but the Ringling exhibition makes the case that he’s even more important than that, and that his achievement and influence extend beyond those borders.

#### Manuel Álvarez Bravo: Specters and Parables

The John & Mable Ringling Museum of Art, through March 1

Ms. Peers is a New York journalist writing and editing on culture, business and travel.



FROM LEFT: THE STANTON B. AND NANCY W. KAPLAN COLLECTION/THE JOHN AND MABLE RINGLING MUSEUM OF ART (3); COLETTE URBATEL/ASOCIACIÓN MANUEL ÁLVAREZ BRAVO (2)

#### TELEVISION REVIEW | JOHN ANDERSON

## An Outsider on the Beat

**EDIE FALCO** playing the first female police chief of Los Angeles on a prime-time network crime show was not what anyone expected when the actress was the toast of New York indies in the '90s. Or playing Carmela Soprano in the 2000s. Or Nurse Jackie in the 2010s. “Tommy,” however, is almost—almost—exactly what one expects from a prime-time network crime show, namely a glibly scripted, inches-deep drama about an outsider on the inside, resisting entrenched biases and corruption and fighting the power even though, excuse me, she *is* the power.

But as created by Paul Attanasio (“Homicide: Life on the Street”), the show goes its own way in one very notable way and one that might even reflect the influence of cable drama on network content. Although neatly episodic in one sense, “Tommy” also has a continuing subplot, the destination of

which remains unclear but which makes the relationships among its characters amorphous and their intentions suspicious. The show could use better direction. But it certainly has a sinister undercurrent.

Tommy—née Abigail Thomas, former high-ranking NYPD officer and newly appointed chief of the LAPD—has walked into a snake pit. As her new boss, Mayor Buddy Gray (Thomas Sadoski), explains, he didn’t hire Tommy just because she was a woman. “To be clear,” he says, “there was a prostitution scandal involving several police officers and an underage girl with a learning disability. The previous chief was accused by eight different women of sexual harassment. And there is a pending federal lawsuit.” Also, a federal judge did order him to hire a woman.

It’s not clear that such an order would even be possible, or that any police chief of any city would



Edie Falco stars as the first female chief of the LAPD in ‘Tommy.’

have such a hands-on police chief. “I’m a cop, I gotta see for myself,” says Tommy, charging into a street demonstration/riot after an L.A. cop breaks up an ICE arrest of a mom and daughter, both of whom are linked to a very dubious Latino activist who also happens to be linked to Mayor Gray. Those linkages aren’t resolved, but the rest of the episode does seem ripped

from the headlines of the Jeffrey Epstein case. Mayor Gray is nervous. And remains so into subsequent episodes.

It remains to be seen how well-suited Ms. Falco is to Tommy, or whether the dialogue gets any better. When she’s propositioned at a bar by a very attractive woman she’s met at police headquarters, Tommy, who is indeed a lesbian,

says, “I’m at the stage where I’d rather have the extra hour’s sleep.” It’s not clear the writers mean Tommy to sound so socially clueless, but getting the Epstein stuff into the show probably meant everyone was in a hurry.

The supporting cast is, no pun intended, uniformly supportive, including Mr. Sadoski as the mayor; Vladimir Caamano as Tommy’s right-hand man, Abnar Diaz; and Corbin Bernsen as that previous chief, Milt Leakey, who’s now an ex-cop with a podcast and a reflexive grudge against Tommy. Adelaide Clemens is first-rate as Blake Sullivan, Tommy’s head of communications, who seems to know everything ahead of everyone else.

The one abrasive element is Olivia Lucy Phillip as Tommy’s daughter, Kate, but again it’s about the writing. Kate is a composite of every kid character who thinks her childhood resembled “Mommy Dearest.” In fact, Tommy’s just a TV mom who needs more attention, from her writers if not from her daughter.

**Tommy**  
Feb. 6, 10 p.m., CBS

## SPORTS

SUPER BOWL LIV

## Chiefs Rally to Win Super Bowl

Kansas City scored 21 unanswered points in the fourth quarter to win their first championship in 50 years

By ANDREW BEATON

Miami Gardens, Fla.

Before the Kansas City Chiefs had Patrick Mahomes, they had droughts. Until last year, they had gone 25 years without even winning a home playoff game. Until Sunday, they had gone 50 years without appearing in a Super Bowl. This was a franchise and fan base that painfully lived in the past, until Mahomes finally gave them a reason to look to the future.

They can now, finally, celebrate the present. For the first time in a half-century, the Kansas City Chiefs are Super Bowl champions. And it's because Patrick Mahomes did it again.

The Chiefs came back from a 10-point, fourth-quarter deficit to beat the San Francisco 49ers 31-20 and win Super Bowl LIV in the most pressure-packed display of Mahomes's transcendence yet. He had already led Kansas City back from double-digit deficits in back-to-back playoff games to reach this Super Bowl. What was one more?

For any other quarterback running any other offense, this might have seemed unreasonable. But Mahomes has already made the unreasonable a reality so many times that everything that happened in the first three quarters hardly seemed to matter once he got the ball midway through the fourth quarter, trailing 20-10. The two interceptions he had thrown were irrelevant, and so were all the times San Francisco's menacing defensive line had shoved him to the ground.

Mahomes had the ball. And that's when magic happened.

With 8:33 left in the fourth quarter, Mahomes suddenly channeled the ability to carve up a 49ers defense that had given him fits all evening. He led the team on a 10-play, 83-yard touchdown drive in under three minutes. And one minute after that, the Chiefs were receiving a punt and Mahomes was ready to do it once more. This time, it only took seven plays. In barely any game time, Mahomes had thrown two touchdown passes and taken the lead.

Quarterback Jimmy Garoppolo and the 49ers got the ball back with time to strike, but a fourth-and-10 sack ended their hopes. Kansas City running back Damien Williams capped it off with a touchdown run, giving the Chiefs the explosive fin-



Patrick Mahomes threw for 286 yards and two touchdowns in Kansas City's 31-20 victory. He also had a rushing touchdown and was named the game's MVP.

ish only they could pull off.

For two years, every pass from Mahomes warped time for this team that had been stuck in time. Nobody had ever played football quite like him, and no team had made a bet on a quarterback of his style. He played in a radical college offense called the "Air Raid" that most NFL coaches believed to be heretical. Andy Reid was not most NFL coaches.

Until Sunday, he was one of the most successful coaches in NFL history to have never won a Super Bowl. In 21 seasons in Philadelphia and Kansas City, he had made the playoffs 15 times and established himself as an offensive wizard with an uncanny willingness to believe in the shifting tides of the game more than his NFL peers.

In Mahomes, Reid saw not just the future of the Chiefs—but the future of football. He's the one player

who can make overcoming these types of deficits routine.

And this one quarterback, in this one game, erased the memories of Chiefs fans, most of whom have lived most of a lifetime caught between their team's remarkable lore and its unremarkable play. The Chiefs were so integral to the modern NFL that the trophy given to the AFC champion is named for the franchise's founder. But ever since the trophy has been named after Lamar Hunt, the team he started had failed to win it.

During the 50 years between the Chiefs' Super Bowl IV win and their triumph here, they floundered in every way imaginable. They lost one playoff game against the Dolphins in such an epic it's known as The Longest Game Ever Played.

They lost plenty of other playoff games that were even sadder because they weren't as memorable as

that one. They also had plenty of seasons where they were just downright bad. The Chiefs were strangely caught between being one of the NFL's proudest teams and having sparingly little to be proud of.

More than anything, Kansas City's futility boiled down to the most fundamental part of football: developing the right quarterback. Almost every quarterback they had was an import from elsewhere. Even Len Dawson, the franchise legend who won them their last Super Bowl, began his career elsewhere. And the team across the field from them on Sunday, San Francisco, was an odd reminder of this: For upwards of 30 years, most of the Chiefs' quarterbacks were cast off from the 49ers, like Joe Montana and Alex Smith.

"There certainly was a feeling of pent up demand among our fan base for our own homegrown quar-

terback," said Clark Hunt, the team's owner.

Mahomes was that quarterback, and he transformed their fortunes in the most dramatic way possible. When the Chiefs were down 24-0 to the Texans in the divisional round, he engineered seven consecutive touchdown drives in a 51-31 win. When the Chiefs trailed the Titans by double digits in the AFC Championship, he led a comeback once again.

All that was left was doing it in the Super Bowl, and he gave Chiefs fans more heartburn than a plateful of barbecue. He was intercepted twice and lost one fumble. Then, as he had so many times before, he turned the tables before the 49ers could realize what had happened.

Mahomes had done it again. And the Chiefs, 50 years later, ended their season in a haze of red and gold confetti.

JASON GAY

## A Kansas City Title Was Worth the Wait



Miami Gardens, Fla.

If the Kansas City Chiefs were going to do this correctly—if they were going to come all the way back and win a Super Bowl a full half-century later, vanquishing all the soul-crushing demons from the intervening decades...well, then they really had to *do this*, you know, in proper Kansas City Chiefs fashion, which is to say for better, for worse, and for maximum, stomach-roiling anxiety.

To do it right, to wipe out all those ghosts and painful losses from seasons past, it would not be proper for the Chiefs to go and win easy. Run out and just wreck the San Francisco 49ers? That wouldn't have felt cosmically right.

Historically, the Chiefs do nothing easy. Not even this very good, very talented team. This very good, very talented team had spotted the Houston Texans a 24-point lead in the Divisional playoff round. This very good, very talented team trailed the Titans in the AFC Championship.

To do it right, Kansas City would need to ride this warm night in South Florida like a rickety roller coaster—make the experience a little bit terrible, a little bit treacherous, then thrilling, and then finally, a beautiful thing.

They would make their long-suffering fans suffer...just a little bit more.

Which is exactly what the Kansas City Chiefs did here, in Super Bowl LIV, recovering from a mostly-dreary performance over three quarters to roar back with a doozy of a fourth quarter and defeat the San Francisco 49ers, 31-20.

For Chiefs fans, it must have felt thrilling and familiar. From start to finish, this game was the full Chiefs experience, in miniature.

It is the pioneering AFL club's



Chiefs players dump a bucket of Gatorade on head coach Andy Reid.

first NFL championship title since 1970, when Len Dawson and the Chiefs beat the Vikings in the quaint-sounding Super Bowl IV in New Orleans.

The victory was also a coronation for the NFL's brightest young star: Patrick Mahomes, the 24-year-old Chiefs quarterback who electrified the league in his first two seasons as starter—and played brilliantly in executing a Super Bowl comeback.

For three quarters, it was not looking like Mahomes's night. The Niners kept him mostly contained on defense—under pressure, he threw two interceptions—and San Francisco's ball-control offense helped keep Mahomes off the field.

But the composed upbeat Mahomes is nothing if not an opti-

mist—Chiefs players spoke later of how the quarterback tried to keep his teammates motivated to believe they could come back and win.

"He's going to find a way," said Chiefs fullback Anthony Sherman. "He's not going to be denied...the kid is just so special."

Eventually Mahomes found daylight with his receivers, Sammy Watkins and Tyreek Hill. He also got a giant night from running back Damien Williams, who carried the ball 17 times for 104 yards and a touchdown. Mahomes, who scored two rushing touchdowns of his own, would be named the game's MVP, the youngest player to ever receive the honor.

Yes. Now I'm going to get to Andy.

This victory—and the way it shook out—is also a long time coming for Chiefs head coach Andy Reid, a beloved NFL figure bedeviled by narrow losses in conference championships and a three-point defeat in this game to the Patriots in 2005 when he coached the Philadelphia Eagles.

Many times, Reid has been close, only to have it fall apart, and in this regard, he resembled the tormented franchise he oversaw. He also habitually has at least one or two moments a game in which he looks like he cannot remember where he put his keys. But Reid is also a greatly-admired tactician, and in this victory, he's earned the last and biggest distinction that wasn't yet on his résumé.

"He's going to be listed as one of the all-time great coaches," said Mahomes.

"I would coach another 20 years if I could have that group right there," Reid said. "I'm so proud of them."

Reid showed some daring in the opening quarter, when he pushed the Chiefs to go for it on a fourth-and-1 at the Niners 5. Passing on an easy field goal, the Chiefs instead got a first down, and soon, Mahomes spun in for a touchdown.

The game was tied 10-10 at the half. Shakira and Jennifer Lopez split the halftime show, and also tied.

In the third quarter, the Niners surged to a 20-10 lead and truly appeared to have a sixth franchise title in their grasp. Once synonymous with dominance—people used to complain back in the day that the Niners were too good—this fabled Bay Area franchise took a long walk in the championship-deprived wilderness. The Niners got back to the Super Bowl in 2013 with Jim Harbaugh and Colin Kaepernick, but hopes would soon collapse anew. Last season, the Niners lost young quarterback Jimmy Garoppolo to a knee injury in the third week, cratering their chances before September's end.

But under third-year head coach Kyle Shanahan, the Niners have found an identity as a difficult, don't quit opponent. For three quarters plus, the Niners played the Chiefs tough, and Shanahan narrowly missed an opportunity to join his father, Mike, as the only father and son to win Super Bowls as head coaches.

Shanahan and the Niners will have to wait. They may have to wait for Andy Reid and the Kansas City, who squashed those demons Sunday, and may start finally making this football stuff look uncharacteristically easy.

"You get one, you want to get another one," Reid said.

## OPINION

## How I Almost Bought the Knicks



INSIDE VIEW  
By Andy Kessler

Sitting bored at my desk at Morgan Stanley in 1994, I got a call from a college friend, John Demitroff, then a G.X. Clarke & Co. bond salesman. “You work for an investment-banking company,” he said. “Could you help Dave DeBusschere and me buy the Knicks?” I think I spit out my coffee.

It turned out that seven years earlier John had overheard that the EF Hutton brokerage firm was raising a \$350 million fund to buy National Basketball Association franchises. The next day he read an article about DeBusschere and left a message to pitch him on a business opportunity buying NBA teams. Now this made some sense: No. 22 DeBusschere was an NBA champion, hall of famer, eight-time All Star and even the commissioner of the American Basketball Association when it merged with the

NBA in 1976. An old boss had told my friend, “When you see an opportunity, just ask. You never know.”

Sage advice. Amazingly, DeBusschere called back the next day and they met at a downtown New York diner. John explained that he had a buyer (EF Hutton) and needed sellers. DeBusschere knew everyone in the NBA—would he be interested? DeBusschere agreed and they even signed a short partnership deal. And then . . . nothing happened. EF Hutton kited checks and was sold to Shearson Lehman. The partnership unraveled.

Now jump ahead to '94. The Knicks (along with the Rangers, Madison Square Garden and the MSG Network) were put up for sale by Viacom, which had taken control of its owner, Paramount. That's when my friend called for help. I was an analyst following tech companies, not even an investment banker; we were just a couple of know-nothing 30-somethings. No matter—I was in.

The first thing I told John was to get “the book.” Investment bank Allen & Co. was running the sale and surely had put together a deal memorandum with all the numbers on revenue and cash flow to help prospective buyers value the company. He called Allen several times saying he was part of a consortium with DeBusschere and wanted the book, but they kept asking for

his source of financing. No luck. I also called several times with the same result.

John didn't give up and asked me what else to try. I said he had to make himself look bigger—the same way you face down a bear. Call a reporter at The Wall Street Journal, I said, and tell him about DeBusschere and the “consortium.” If he could get

**A friend and I chased the deal of a lifetime in our 30s, but the team escaped our grasp.**

his name out there, money might show up and we could get the book. The reporter—no dummy—didn't bite, saying, “Everyone is coming out of the woodwork for the sale.” No story.

There were three serious bidders: ITT-Cablevision, cable giant John Malone's Liberty Media, and some Canadian company backed by beer money. Wall Street analysts had valued MSG at \$600 million to \$700 million. I actually think our calls for the book and dropping DeBusschere's name helped move bids higher. You're welcome, Allen & Co.

Now what? I told John to call each bidder and ask if they wanted to partner with Dave DeBusschere—at least

John might get a job out of it. He called, but got no bites. Then, out of the blue, someone from Liberty called him back and said confidently that they were going to invest \$750 million; if he could come up with \$250 million, Liberty would win. Being in the middle of things works!

One more detail: Liberty suggested DeBusschere could run the teams. John asked me how to respond. “Tell them you'll get the money but want a \$250,000 salary,” I said, “and a luxury suite at the Garden.” That second request was for me.

A former colleague of mine ran a pay-TV business in Italy, and I pitched him for the \$250 million but came up empty. In mid-1994, ITT-Cablevision bid \$1.075 billion and won. I kept my day job. We bet on the wrong horse. But still, for two 30-plus-year-old knuckleheads with no relevant expertise, we got close. Now we have a lifetime of stories of what could have been—like the prospect of reading Jason Gay make fun of us every week.

Cablevision bought out ITT's stake a few years later, and James Dolan has run the Knicks ever since—though some believe into the ground. Maybe, but Forbes values the team at \$4 billion. Perhaps Michael Bloomberg will need something to do after Super Tuesday.

Write to [kessler@wsj.com](mailto:kessler@wsj.com).

BOOKSHELF | By Dave Shiflett

## A Different Kind Of Candidate

The Presidential Fringe

By Mark Stein

(Potomac, 264 pages, \$29.95)

One of the more laughable claims made by politicians is the one insisting that they seek office strictly to serve the public. We know who is really being served and what's on the menu: money, status, travel, face time with Wolf Blitzer, and, if they score really big, free housing and the nuclear codes.

Yet as Mark Stein makes clear in “The Presidential Fringe,” his amusing and strangely inspiring chronicle of little-known candidates in American history, there are presidential hopefuls who really do give their all with no hope of glory. Besides experiencing profound ridicule and



abysmal vote tallies, some face arrest and physical assault. At least one was possibly eaten.

These are the “fringe” candidates, whose heterodox passions are reflected in their political-party names, including the Vegetarian Party, the Vampires Witches and Pagans Party, and the Rent Is Too Damn High Party. They have found a respectful champion in Mr. Stein, whose 2008 book inspired the History Channel series “How the States Got

Their Shapes.” He values the spirit, eccentricity and ability of these candidates to dramatically illuminate the “fissures deep within the nation's political landscape.” Plus, they're good for a few laughs.

Leonard Jones, standard-bearer for the High Moral Party from 1848 to 1868, promised voters that they would never die if they would live a faithful and fully moral life. He was apparently a good man, but when his time came he croaked like a toad. Gabriel Green, who took on Richard Nixon in 1960 under the battle flag of the Universal Flying Saucer Party, had an impeccable qualification for higher office, as he saw it: “On several occasions I have talked to people from other planets.”

Other candidates have taken up weightier matters, including the Mormon leader Joseph Smith, who ran as the Reform Party candidate in 1844 to champion religious freedom. Mr. Smith put his heart and soul into the mission, Mr. Stein writes, but never made it to Washington: He was killed by a mob. George Edwin Taylor, the first African-American presidential candidate (1904), happily survived his run (he was in no danger of dying beneath an avalanche of votes), as did Victoria Woodhull, the first female presidential candidate (1872). Woodhull and her sister were the first women to acquire seats on the New York Stock Exchange, yet her progressive views on marriage ruffled feathers. Another political hurdle: When she ran for president, women weren't allowed to vote.

Comedians have long used presidential bids to burnish their brands and launch barbs. Mark Twain, whom Mr. Stein calls the “first celebrity candidate,” proposed a “satiric” run in 1879 (it went nowhere), while Will Rogers represented the “Anti-Bunk Party” in 1928, publishing 22 “stump speeches” in Life magazine promising “Our Candidate Won't Meet the Voters,” “Our Candidate Is Not Optimistic” and “Our Candidate Has No Religion.” Gracie Allen's 1940 “Surprise Party” candidacy mixed humor with commentary: “With all the practice we've had around the house, the time is ripe for a woman to sweep the country.” Roseanne Barr and Stephen Colbert have also eyed the Oval Office, if only with a wink.

**A host of misfits and mavericks have sought the Oval Office. ‘On several occasions,’ said one, ‘I have talked to people from other planets.’**

The fringe was thickest in 1968, when the nation's fissures included assassinations, riots and massive political unrest. Candidates rose to the occasion. Black Panther luminary Eldridge Cleaver urged blacks to arm themselves. Comic Dick Gregory not only denounced racism, Mr. Stein writes, but discussed other chuckle-free topics, including the Vietnam War and the environment. Yet there was a lighter side. Pat Paulsen presented himself as an ordinary guy—“I know what the average voter wants. In fact, I'd like to get a little myself”—while the show stealer was Pigasus, an authentic pig who represented the Youth International Party. His message, never spoken yet nonetheless clear, was that young people had no faith in the traditional democratic process. It turned out that he had no cause to trust his handlers, who eventually shipped him off to the Humane Society, after which he may well have met his fate as a bacon donor.

Mr. Stein also discusses the current president, whom some consider the most notorious fringer of all. Though Mr. Stein would clearly rather have his head used as a soccer ball than topped with a MAGA hat, he deploys scholarly detachment, explaining that changes in election rules, a public distrust of mainstream politicians, and a blurring of entertainment and news helped provide Mr. Trump with a “path to the presidency.” Nor is Mr. Trump the first man in the White House to be called a “clown.” Abraham Lincoln and Theodore Roosevelt were tarred with the same term, though Mr. Stein finds a closer historical predecessor in George Francis Train, who ran in 1872 on a patriotically themed “Spread-Eagleism” platform.

Like Mr. Trump, Train was a successful businessman with a highly personalized concept of reality, including claims that he had been offered the presidency of Australia and had ruled France. Nor did Train have any trouble tooting his own horn. “The fact is, if a man don't have a good opinion of himself, who will care for him? I know of no one better pleased with number one than I.”

Many readers will prefer the musings of Hugh Romney, aka Wavy Gravy, who ran as Nobody from 1972 to 1988. “Nobody loves the poor;” he humbly submitted, along with “Nobody will lower your taxes” and “Nobody's perfect.” That same spirit lives on in Vermin Supreme's, whose presidential quest began in 1992: “A vote for Vermin Supreme is a vote completely thrown away.”

Those still looking for a suitable candidate in the 2020 contest may be pleased to learn that Mr. Supreme is in the running again. If you have any trouble identifying him at your local candidate forum, he'll likely be the only hopeful wearing a boot on his head.

Mr. Shiflett posts his original music and writing at [DavesHiflett.com](http://DavesHiflett.com).

## Venezuela Puts the Crypt in Cryptocurrency



AMERICAS  
By Mary Anastasia O'Grady

Venezuelan dictator Nicolás Maduro is again unleashing armies of inspectors across the country to enforce price controls as a means of controlling hyperinflation, the Venezuelan newspaper Tal Cual reported last week.

As I wrote in August, the regime last year started to allow the dollar to circulate and turned a blind eye to vendors asking consumers to pay in line with costs. The welcome effect was that dire shortages in food and medicine were fading as merchants eagerly restocked shelves. Now the price police are back.

This is bad news for Venezuelans. But it gets worse. In the same enforcement sweeps, the National Superintendency for the Defense of Socio-Economic Rights is reportedly pressuring stores to accept the government's new digital fiat currency, the petro.

Merchants are resisting this farcical monetary experiment. The effort to impose it anyway suggests that the regime has no plans to loosen its grip on the economy.

A national currency is supposed to provide a reliable medium of exchange and a store of value. But the Venezuelan “sovereign bolivar” lost some 98.7% of its value relative to the U.S. dollar in 2019. The dollar is now the

preferred monetary unit, though most Venezuelans are still stuck transacting in bolivars.

When Mr. Maduro launched the petro in early 2018, he said it would be backed one-for-one with a barrel of oil—then valued at \$60. Yet the petro is not on any “black gold” standard. It is better described as a black hole.

Contrary to the dictatorship's claims, the petro isn't a cryptocurrency. If it were, issuance would be constrained by something more than the man behind the curtain. The creation of a true cryptocurrency is limited by the costly computing time and effort it takes to “mine” complex algorithms.

The public doesn't know how many petros are in circulation, or whether they are linked to anything real. The claim of oil-price “backing” suggests stability. But Tal Cual reported last week on merchants who took the digital currency in exchange for merchandise and got an ugly surprise when they redeemed it at the central bank. “They received a devalued money with which they will not be able to replenish inventories,” the paper said.

Hyperinflation has already destroyed the earnings and savings of a nation. Now the regime is asking Venezuelans to put their faith in a new fiat currency, one that only exists in cyberspace, as if high-tech branding means things this time will be different.

Venezuelans aren't buying it. They prefer dollars or even

bolivars, and the government's heavy-handed tactics only heighten their suspicion.

According to Florida Atlantic University monetary economist William Luther, “if a government is sufficiently large, it can secure the voluntary use of a currency simply by putting it into circulation as part of government spending and committing to accept it for government receipts, like taxes or purchases from

**The PetroApp, the half-petro bonus, and other tales of Maduro regime funny money.**

state-owned enterprises.”

To that end, Mr. Maduro announced in December that he would distribute petros as Christmas bonuses. According to the daily El Universal, “pensioners, retirees, public sector workers, military and civilians in general” each received half a petro. The paper added that “whoever wishes to receive it must register on the platform called PetroApp.”

Yet as Mr. Luther says, the lower a government's credibility, the more difficult it is to establish and maintain the voluntary use of a fiat currency. Quite obviously, socialist Venezuela isn't very credible, which is why the economic police are needed to enforce the petro's use.

Bolivar transactions are largely electronic because mega-devaluations have made

the use of paper notes impractical. But greenbacks, which remain officially illegal, circulate as cash.

Partial dollarization has mitigated the harm of hyperinflation. But more dollar transactions in cash mean higher tax avoidance. The government is so worried about off-the-books transactions with dollars that last week it announced a surcharge tax on the use of the dollar. More shop inspectors to follow.

Forced petroization, with the added promise that it is backed by oil, seems designed to solve this problem. Electronic currency also avoids the expense of printing bolivar notes.

There are rumors that the dictatorship plans to retire the bolivar to aid in the adoption of the digital money. Meanwhile, accountants worry that they will need two sets of books for regulators. A Feb. 19 conference in Caracas hosted by the economic consulting firm Ecoanalítica will focus on the petro.

Perhaps the government wants to use the petro to facilitate transactions with Russia, which now manages two-thirds of Venezuela's oil exports. This would circumvent the Trump administration's sanctions on the regime's use of the dollar.

But if that's the goal, two separate exchange rates—one domestic and worthless, one international and stable—are likely to emerge. If that happens, expect dollarization to deepen.

Write to [OGrady@wsj.com](mailto:OGrady@wsj.com).

## Go Ahead, Drop My Course

By Daniel F. Chambliss

The best teaching advice I ever received came from a world-class swimming coach. It was 30 years ago. I was head coach of a local swim team and was working with a 12-year-old girl who had enormous talent, beautiful technique and a gift for moving effortlessly through the water. I was pushing her hard to make the Eastern U.S. championships, but she didn't seem to care. I used every trick I knew. Nothing would make her really try.

So I called my friend Larry Liebowitz, a wonderful coach I knew from my sociological research on Olympic gold medalists. I explained my problem and waited for his sympathy and suggestions. Larry surprised me. “Dan,” he said, “you want this more than she does.” I frowned, and realized he was right. Then he added the kicker: “You've got to realize, there's nothing morally wrong with not wanting to swim.”

That stopped me dead in my tracks. I had always assumed that swimming wasn't only important to me but uniquely valuable to anyone who hopped in the pool. Surely Larry felt the same way. Swimming had changed my own life for the better, and I wanted the kids on my team

**There's nothing morally wrong with not wanting to work hard at school.**

to get that benefit as well. Swimming was, I thought, universally good for people. They should want to do it. But Larry reminded me it's only a sport, and its value depended on the individual.

Here's a transformative message for coaches, parents and teachers: There's nothing morally wrong with not wanting to work hard at something—even school. Or not

caring about formal education. In fact, there's nothing morally wrong with not liking school at all. Lots of people don't like sociology (the subject I teach). Lot of people don't want to go to college. They get through life just fine. And, yes, they're perfectly good human beings.

Larry changed the way I think about education. It isn't the only worthwhile thing for young people to be doing. When students come to me at midterm looking to drop my course, they're typically embarrassed. They stammer out some apologies about how they really do like the course, they think I'm great, but they've taken on too much.

Since hearing Larry's wisdom, I gently cut them off and sign the drop slip right away. Then, if they care to talk, I'm delighted to listen to their thoughts about the course, me or their other priorities in life.

I love sociology, and I believe in its value, just as I deeply believe in the value of

liberal arts education. But when students don't like sociology, I let them know that I'm not insulted. You can't force motivation on a person; that door is locked from the inside. Students aren't disrespecting me by not wanting to take my course. Nor are they passing judgment on my field or my college.

We should know by now that students have other things going on in their lives besides school. For some, it may simply be the wrong time to focus on education. More than that, we should know that when we respect students' choices, they are more likely to respect ours, and they may better respect the ideas we want to share with them. But whether they do or don't is their choice.

There's nothing morally wrong with not wanting to swim. And that's fine.

Mr. Chambliss is a sociology professor at Hamilton College and a co-author of “How College Works.”

## OPINION

## REVIEW &amp; OUTLOOK

## Lamar Alexander's Finest Hour

Senate Republicans are taking even more media abuse than usual after voting to bar witnesses from the impeachment trial of President Trump. "Cringing abdication" and "a dishonorable Senate" are two examples of the sputtering progressive rage. On the contrary, we think it was Lamar Alexander's finest hour.

The Tennessee Republican, who isn't running for re-election this year, was a decisive vote in the narrowly divided Senate on calling witnesses. He listened to the evidence and arguments from both sides, and then he offered his sensible judgment: Even if Mr. Trump did what House managers charge, it still isn't enough to remove a President from office.

"It was inappropriate for the president to ask a foreign leader to investigate his political opponent and to withhold United States aid to encourage that investigation," Mr. Alexander said in a statement Thursday night. "But the Constitution does not give the Senate the power to remove the president from office and ban him from this year's ballot simply for actions that are inappropriate."

The House managers had proved their case to his satisfaction even without new witnesses, Mr. Alexander added, but "they do not meet the Constitution's 'treason, bribery, or other high crimes and misdemeanors' standard for an impeachable offense." Nebraska Sen. Ben Sasse told reporters "let me be clear: Lamar speaks for lots and lots of us."

This isn't an abdication. It's a wise judgment based on what Mr. Trump did and the rushed, partisan nature of the House impeachment. Mr. Trump was wrong to ask Ukraine to investigate Joe and Hunter Biden, and wrong to use U.S. aid as leverage. His call with Ukraine's President was far from "perfect." It was reckless and self-destructive, as Mr. Trump often is.

Nearly all of his advisers and several Senators opposed his actions, Senators like Wisconsin's Ron Johnson lobbied Mr. Trump hard against the aid delay, and in the end the aid was delivered within the fiscal year and Ukraine did not begin an investigation. Even the House managers did not allege specific crimes in their impeachment articles. For those who want the best overall account of what happened, we again recommend the Nov. 18 letter that Mr. Johnson wrote to House Republicans.

Mr. Alexander's statement made two other crucial points. The first concerns the damage that partisan removal of Mr. Trump would do to the country.

"The framers believed that there should never, ever be a partisan impeachment. That is why the Constitution requires a 2/3 vote of the Senate for conviction. Yet not one House Republican voted for these articles," Mr. Alexander noted. "If this shallow, hurried and wholly partisan impeachment were to succeed, it would rip the country apart, pouring gasoline on the fire of cultural divisions that already exist. It would create the weapon of perpetual impeachment to be used against future presidents whenever the House of Representatives is of a different political party."

Does anyone who isn't a Resistance partisan doubt this? Democrats and the press talk as if removing Mr. Trump is a matter of constitutional routine that would restore American politics to some pre-2016 normalcy. That's a dangerous illusion.

The ouster of Mr. Trump, the political outsider, on such slender grounds would be seen by half the country as an insider *coup d'etat*. Unlike Richard Nixon's resignation, it would never be accepted by Mr. Trump's voters, who would wave it as a bloody flag for years to come. Payback against the next Democratic President when the Republicans retake the House would be a certainty.

Mr. Alexander directed Americans to the better solution of our constitutional bedrock. "The question then is not whether the president did it, but whether the United States Senate or the American people should decide what to do about what he did," his statement said. "Our founding documents provide for duly elected presidents who serve with 'the consent of the governed,' not at the pleasure of the United States Congress. Let the people decide."

\* \* \*

Democrats and their allies in the media have spent three years trying to nullify the election their candidate lost in 2016. They have hawked false Russian conspiracy theories, ignored abuse by the FBI, floated fantasies about triggering the 25th Amendment, and tried to turn bad presidential judgment toward Ukraine into an impeachable offense. Yet Mr. Trump's job approval rating has increased during the impeachment hearings and trial.

Our friendly advice to Democrats and the impeachment press is to accept that you lost fair and square in 2016 and focus on nominating a better Democratic candidate this year. On the recent polling evidence, that task is urgent. In the meantime, thank you, Lamar Alexander.

### His vote against witnesses was rooted in constitutional wisdom.

## A Heated Oxford Education

When most people think of Oxford, what comes to mind are images of bright minds debating quantum physics or the existence of God. But even the brainiest sometimes need a lesson in common sense.

That's exactly what the bursar at St. John's College—the most richly endowed college at Oxford—delivered when he responded to students occupying his 15th-century quadrangle and refusing to leave until the college divested its oil-company shares. The students want the college to sell the more than \$10 million of its endowment now invested in Shell and BP, and they want it *now*.

The Times of London reports that bursar Andrew Parker made them a counteroffer. "I am not able to arrange any divestment at short notice," he wrote. "But I can arrange for the gas central heating in college to be switched off with im-

mediate effect. Please let me know if you support this proposal."

The idea that the students themselves make a fossil-fuel sacrifice did not go over well. One protest organizer complained that Mr. Parker was being flippant, noting that "it's January and it would be borderline dangerous to shut off the central heating." Another suggested Mr. Parker was being provocative.

Again the bursar responded with wisdom: "You are right that I am being provocative but I am provoking some clear thinking, I hope. It is all too easy to request others to do things that carry no personal cost to yourself. The question is whether you and others are prepared to make personal sacrifices to achieve the goals of environmental improvement (which I support as a goal)."

Surely a worthy lesson applicable far beyond the colleges of Oxford.

### Protesting students get a personal lesson about fossil fuels.

## New Jersey's Teflon Tax Abuse

It's rare that a Governor decides to lift the hood on state agencies and pinpoint sources of waste and corruption. But public pressure compelled New Jersey Gov. Phil Murphy's inquiry into corporate subsidies, and what it found is that abuses are business as usual.

In January the task force released its second report on the state's Economic Development Authority, which since 2005 has doled out more than \$11 billion in credits to New Jersey businesses. The report found the expected boondoggles, such as \$33 million awarded to a health center that allegedly faked a plan to move jobs out of state. More notably, the task force also assailed the public authority for its habit of "getting to yes."

For each company seeking a tax break, the report says, the EDA "made efforts to interpret and apply the governing statutes and regulations in a manner that favored the interests of the applicant." The program's overseers sought to grant as many tax breaks as possible and maximize the amounts, all while referring to businesses as "clients" and criticizing employees for "asking too many questions" about the applicants' business plans.

Yet so far none of this documented crony capitalism has been sufficient to push Trenton lawmakers toward reform. Senate President Steve Sweeney, Mr. Murphy's fellow Democrat and a co-creator of the tax-credit program, mulled a veto override last August after the Governor froze funding. Today Mr. Sweeney is standing firm in opposition to Mr. Murphy's proposal to cap any reinstated program at \$340 million annually. By now most Garden State taxpayers have

### Companies get needless credits, and legislators look the other way.

learned to doubt that any diagnosis of corruption will be followed with a cure.

Mr. Murphy isn't blameless in this subsidy game. With no sense of irony, the Governor recently reapproved New Jersey's separate program for film tax credits, which offer up to \$100 million a year in breaks for shooting movies in the state.

All of this matters beyond New Jersey because corporate tax incentives are trending nationwide. A study from the National Bureau of Economic Research in January by Columbia's Cailin Slattery and Princeton's Owen Zidar finds that state and local tax breaks to lure companies have tripled since 1990, but they produce few economic benefits.

Instead of a rare tool to draw a major employer, tax subsidies have become the main economic strategy for many states. "Incentives amounted to nearly 40% of state corporate tax revenues for the typical state," the study found. Other taxpayers bear the burden lifted from these favored businesses, the economists found, yet there's "limited evidence that these subsidized firms have employment spillovers in the local economy."

State Sen. Chris Brown, who sponsored the film subsidies, explained how New Jersey arrived at this moment. In a statement he blamed "Trenton's high taxes," which make tax relief necessary to woo new business. True enough: New Jersey placed dead last in the Tax Foundation's 2020 ranking of state business-tax climates. Tailored tax breaks—and their abuses—will continue to increase until statehouses reduce their corporate tax rates.

## LETTERS TO THE EDITOR

## Joe Biden Does Not Support a Fracking Ban

Stephen Moore has his facts wrong in "Democrats' War on Fracking Will Cost Them in Battleground States" (op-ed, Jan. 23). The longtime antiunion advocate claims that former Vice President Joe Biden supports "ending the shale oil and gas revolution." That's simply not true.

Certain Democratic presidential candidates have promised to "ban fracking," and I've publicly criticized them for doing so. Vice President Biden has criticized them, too. He has explicitly promised not to ban fracking, and when confronted by an activist who was upset with his position, Mr. Biden told him plainly: "You ought to vote for someone else."

I'm glad Mr. Moore acknowledges that "Pittsburgh has become a global energy hub." Those of us who live here are well aware of that fact, but he fails to mention that the vast majority of Democratic leaders in our region are vocal supporters of the industry. However, Western Pennsylvania Democrats look beyond corporate boardrooms. The pipe fitters, laborers, engineers and other tradesmen and women, and their families remain our highest priority.

We also believe that sensible methane standards will actually protect those jobs over the long term, while preserving the climate benefits brought by natural gas. Vice President Biden understands this. Apparently, Stephen Moore does not.

REP. CONOR LAMB (D., Pa.)  
Mount Lebanon, Pa.

Clean-burning natural gas has reduced CO<sub>2</sub> emissions in the U.S. back to levels experienced in the early 1990s, yielding a 15% reduction in overall U.S. carbon emissions, more than any other country. Thanks to horizontal drilling, we are now the world's largest producer of energy. We are now energy independent, no longer dependent on foreign regimes or kleptocracies for our energy future.

The U.S. energy sector is creating tens of thousands of jobs and supporting tens of millions more. Domestic oil and gas production are filling state's coffers with billions in tax dollars. Ask the Democratic governor of New Mexico how it has completely changed her state's budget fortunes. It's a story repeated in energy-producing states like North Dakota, Colorado, Oklahoma, Michigan, Pennsylvania, Ohio and Texas. Every state, every American, is benefiting.

Yet almost the entire Democratic field for president wants to dismantle and destroy the industry that has done more for middle-class Americans than any other over the past 10 years. U.S. electricity costs are the envy of the industrialized world. Lower energy prices are like a progressive tax cut that helps the poorest households most. But Democrats would unravel all of it for a political purpose.

HAROLD HAMM  
Executive chairman  
Continental Resources, Inc.  
Oklahoma City, Okla.

## Right to Work: A Good Issue for Republicans

Your Jan. 29 editorial observes that "Virginia May Kill Right to Work." Really? This must be the best news the economic-development folks in North and South Carolina have gotten, maybe ever. I suspect it is not terrible news to the Republican Party in the Old Dominion either. There are certainly many private workers in Virginia who voted for Democrats in the last statewide election who will not take kindly to union fees being deducted from their paychecks without their consent.

JACK ADEN  
Westminster, S.C.

A better "right" for the nation is "the right to compete." This means

that any job or contract using any public money must be bid on by union and nonunion providers of the service or else the job or contract will not be awarded. This is fair to everyone, fairest of all to those who pay for the service, the taxpayers, and fairest to everyone wishing to compete for tax-supported jobs and contracts.

Does anyone pay taxes to exclusively subsidize those in unions instead of being fair to anyone wanting to work? The right to compete should be a national right, to respect taxpayers and to be fair to all workers.

GARDNER A. CADWALADER  
Philadelphia

## On the Political Economy of Climate Change

In "Are Fires a Climate Wake-up Call?" (Business World, Jan. 22), Holman W. Jenkins, Jr. notes that "contrary to the tone of much activism, things that would be worth doing are not a big reach." He then suggests that the reason sensible policies aren't implemented is because Democrats won't get behind Republican proposals, such as reducing income taxes in exchange for a carbon tax. He's correct, but like most conservative thinkers he misses the deeper reasons why climate activists are wholly uninterested in such solutions. It isn't just stubborn partisanship.

If we address carbon emissions without overhauling the economy, leftists lose a major chance to implement anticapitalist policies. For them, climate-change solutions are inextricably linked with income redistribution and inequality. Climate

change is so urgent that it requires a total remake of society, they tell us, but not urgent enough that carbon taxes and nuclear energy should be considered. To simply address climate change without a major societal transformation is, to the left, unthinkable. Is it any wonder, then, that some conservatives prefer to deny the existence of climate change, rather than accept its reality and therefore the "need" for massive government intervention in the economy and our personal lives?

As long as activists pretend that addressing carbon emissions requires the disassembly of capitalism, people on the right will deny the existence of climate change. Leftists look with disgust on these climate-change deniers, but they are of the left's own making.

ROB FRISCH  
Chicago

## The Cost of Training Physicians Is Too High

Advocates of "Medicare for All Is Superior to Public Option" (Letters, Jan. 30) overlook the fact that people who go on Medicare this year have been paying into it for decades without collecting a penny in benefits. Whatever a future public health-

### Immigrants Have Not Been Public Charges in the Past

"Court Allows Denials of Migrants Deemed to Need Aid" (U.S. News, Jan. 28) includes a quote from Doug Rand, co-founder of Boundless Immigration: "Never before have we said, you have to be comfortably middle class before you come to America." While likely true, it is irrelevant. My grandparents came to America over a hundred years ago. Even then, they needed to first prove they wouldn't become public charges. The U.S. required a signed legal commitment from an American citizen to be responsible for their support. They thrived in America, as did America with its newly integrated citizens, all at no cost to taxpaying citizens.

RONALD SHEINSON  
Silver Spring, Md.

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insurance plan is called, it will not be Medicare.

An issue that needs to be addressed by any proposal is the exorbitant cost of medical training. When I graduated from the Medical College of Wisconsin in 1975, the tuition was \$3,000 a year. It is now \$54,000, an increase that has far exceeded inflation, while physician incomes have declined. It should be enough that bright, motivated young people sacrifice a decade and more of their lives to enter a profession. They should not have to take on hundreds of thousands of dollars in debt as well.

DANIEL ALLAN, M.D., FACS  
Las Cruces, N.M.

### Pepper ... And Salt

THE WALL STREET JOURNAL



"What I like most about being a dog is all the free time."

## OPINION

## Why the Democratic Majority Hasn't Emerged

By Michael Barone

The Democrats lost to Donald Trump and may do it again. How did the world's oldest political party, which has won four of the past seven presidential elections and received popular-vote pluralities in two more, find itself in this pickle?

One symptom of the party's ailment is that its four top-polling presidential candidates in national surveys are in their 70s and No. 5 is a 38-year-old former mayor of a city of 102,000. Why haven't others risen? Where are the candidates with demonstrated appeal to critical segments of the electorate? One answer is that over the past decade the Democrats have had a tough time electing candidates beyond heavily Democratic constituencies.

### The party's geographic concentration causes candidates to lose touch and become complacent.

The decision to enact ObamaCare in 2010 despite its obvious unpopularity—forced through by Speaker Nancy Pelosi over President Obama's doubts—not only cost Democrats the House but helped prevent the election of Democratic senators and governors in marginal states and produced Republican legislative majorities that dominated redistricting after the 2010 census. It may be reasonable for a party to risk seats to achieve a major policy goal. But the 2010 losses were massive, and current Democratic complaints about health care suggest ObamaCare hasn't been a policy success.

The Democratic Party has always been a coalition of out-groups. For almost a century after the Civil War

it was an awkward alliance of Southern segregationists and Catholic immigrants. Until the 1930s, it had a hard time finding plausible presidential candidates because most of its prominent officeholders were Southerners or Catholics, then considered unelectable nationally. But in 1932 they had a New York governor who was firmly Protestant and a fifth cousin of the popular Republican President Theodore Roosevelt.

Today, with its four top contenders from the heavily Democratic Northeast—Delaware, Vermont, Massachusetts, New York—it has a similar problem. Delaware and Vermont were competitive states when Joe Biden and Bernie Sanders first sought office in the 1970s. But neither man has faced a competitive statewide race in decades.

Representing a one-party constituency tends to breed habits of complacency, which have been exacerbated by widely circulated prophecies that demographic changes will give the Democrats a reliable national majority. A careful reading of these “ascendant America” prophets—Ruy Teixeira and John Judis in 2002, the Atlantic's Ron Brownstein and pollster Stanley Greenberg more recently—makes clear that these trends don't operate automatically.

To prosper from demographic change, a party has to address the issues of the day convincingly and field candidates with appropriate strengths. It also needs to avoid unnecessarily alienating old constituencies. An acquaintance with history shows that when a party gains support from one growing group, the opposition party can gain even more from groups with opposing views even if they're getting smaller.

That's what happened in 2016. Rising percentages of Hispanics and Asians and the increasing liberalism of college graduates and unmarried women were supposed to help carry



Joe Biden, Bernie Sanders and Pete Buttigieg debate on Jan. 14.

Hillary Clinton to easy victory. Instead they were offset by sharp declines in Democratic support from white voters without college degrees in Rust Belt states from Pennsylvania through Iowa, and in Florida with its many Rust Belt retirees. And as the New York Times's Nate Cohn argued persuasively that year, noncollege whites are a significantly larger share of the electorate than exit polls have indicated—even if their numbers are slowly declining.

Democratic strategists—especially whoever advised Hillary Clinton to attack voters as “deplorables”—seem to have assumed that noncollege whites in Pennsylvania, Ohio, Michigan, Wisconsin and Iowa would continue to vote as heavily Democratic as they had between 1992 and 2012. That made some sense: Recent elections had shown unusually small changes in partisan preferences. But the “blue wall” in these states was never very high, and treating voters with contempt was no way to shore it up.

The assumption was that the Democrats could keep these voters in line with promises of economic redistribution, appeals to the little

guy, and attacks on big corporations. But 21st-century Democratic presidential candidates have raised and spent more money than Republicans and have run even with or ahead of them among the highest-income voters. Target-state voters may feel confident that Democrats will raise taxes on the rich, but they doubt benefits will flow to them. They might have noticed that the costs of subsidized college and health care have exploded over the years, while food and clothing, left to the market, have gotten cheaper. And for voters with modest incomes, cultural issues may be more important than economic self-interest. The same is true for affluent supporters of abortion and gay rights.

Democrats—voters as well as politicians—suffer from cultural insularity. Social psychologist Jonathan Haidt and his colleagues have shown that conservatives are better at understanding liberal views than the converse. That's not surprising: Whereas liberal views permeate the news media and popular culture, liberals can easily avoid exposure to conservative views. That distorts their view of the world and produces

## The Socialist Evolution of Bernie Sanders

By Elliot Kaufman

Agree or disagree with Bernie Sanders, at least he's consistent—or so he claims. “Having a long record,” the Vermont senator said in October, “gives people the understanding that these ideas that I'm talking about—they are in my guts. They are in my heart. This is who I am as a human being, and it ain't gonna change.”

That's true up to a point. During half a century in public life, Mr. Sanders has dependably denounced “oligarchy” and proclaimed himself a “democratic socialist.” But his definition of the term has radically changed. Last year he said his goal was “an economy in which you have wealth being created by the private sector, but you have a fair distribution of that wealth.” He added: “I think that countries like Denmark and Sweden do very well.”

He had a different vision in the 1970s, when he sought statewide office four times as the nominee of the Liberty Union Party of Vermont. Campaigning for U.S. Senate in 1971, he demanded the nationalization of utilities. In 1973 he proposed a fed-

eral takeover of “the entire energy industry,” and in 1974 he wanted a 100% tax on all income above \$1 million. In 1976 he asserted that workers needed to “take immediate control of the economy if we are to survive” and called for “public ownership of utilities, banks and major industries.” He had a plan for “public control over capital.” As late as 1987 he asserted that “democracy means public ownership of the major means of production.”

By the time Mr. Sanders won his first election—as mayor of Burlington, Vt., in 1981—he had become an independent. He had also begun a dalliance with the Socialist Workers Party, a communist group that had followed Leon Trotsky. Mr. Sanders endorsed the SWP's presidential nominee in 1980 and 1984, spoke at SWP campaign rallies during that period, and in 1980 was part of its slate of would-be presidential electors.

The SWP promoted a foreign policy openly hostile to U.S. interests, and Mr. Sanders expressly endorsed some aspects of it. Last year the Washington Examiner quoted him from a 1980 press release: “I fully

support the SWP's continued defense of the Cuban revolution.” The party even backed Iran's new theocracy while it was holding U.S. Embassy personnel hostage. In a 1979 speech, presidential nominee Andrew Pulley said: “Who are these hostages anyway? Well, we can be sure that many of them are simply spies . . . or people assigned to protect the spies.”

### He favored nationalization of industry in the 1970s, and he defended Ortega and Cuba in the 1980s.

In 1985 Mayor Sanders visited Nicaragua. On returning, he called its Soviet-backed leader, Daniel Ortega, “impressive” and said it “makes sense” for the regime to suppress newspapers given the threat from the U.S.-supported Contra insurgency.

Mr. Sanders's 1997 memoir, “Outsider in the House,” makes no mention of the SWP, and his governing style as mayor was not so radical. “Mr. Sanders did not campaign as a

Socialist,” the New York Times reported in 1981, quoting the mayor-elect: “I'm not going to war with the city's financial and business community.” In “Why Bernie Sanders Matters” (2015), biographer Harry Jaffe writes that as a candidate “Sanders went out of his way to assure homeowners he would not raise their taxes.” Perhaps because he knew Burlington's aldermen—and the voters—would balk at radical domestic measures, he projected his ideological ambitions abroad. If he did that as president, the consequences would be real.

He has tempered his enthusiasm for leftist Third World tyrants but remains cagey. Mr. Ortega left power in 1990 but returned in 2007. “He has since become a dictator, and I think that's unfortunate,” Mr. Sanders said last month. Critics knew that in the '80s. Earlier he cast his previous support as simple antiwar activism: “I plead guilty to, throughout my adult life, doing everything that I can to prevent war and destruction.” And in 2016 he said: “When I talk about democratic socialism, I'm not talking about Venezuela, I'm not talking about Cuba.”

oversensitivity to leftist social-media mobs along with overconfidence in demographic trends.

All this tends to heighten the geographic overconcentration of Democratic votes in central cities, university towns and some suburbs. Republicans are spread more evenly. For the first time in American history, the most populous state is a political outlier. Mrs. Clinton's 2016 margin in California was 30 points.

A party with such concentrated support is at a disadvantage in the Senate and the Electoral College, as well as in the House and state legislatures, especially when the other party controls the redistricting process. The last two presidents were re-elected with 51% of the popular vote. But George W. Bush carried 255 congressional districts, Barack Obama only 209.

Faced with this disadvantage, some Democrats are talking about rewriting the rules to abolish or bypass the Electoral College. Others want to do away with equal representation of the states in the Senate, although under Article V of the Constitution, that would require the consent of every state.

If the Democrats don't beat Mr. Trump, sooner or later they'll alight on the sensible course—take more centrist positions and adopt conciliatory rhetoric. Bill Clinton did it in 1992: change your position on some issues and modify your rhetoric on others to win over the voters you need. That would enrage the mobs on campus and Twitter, and it's contrary to the approach taken by this year's leading contenders. But it had the distinct advantage of taking voters seriously—and winning.

*Mr. Barone is senior political analyst at the Washington Examiner, a resident fellow emeritus at the American Enterprise Institute and author of “How America's Political Parties Change (and How They Don't).”*

That wasn't always the case.

After three decades in Congress, he has settled on a populist vision that fits in on the Democratic left. In a major speech last June elaborating his idea of socialism, he cast himself in the tradition of Franklin D. Roosevelt and urged listeners to “reclaim our democracy by having the courage to take on the powerful corporate interests whose greed is destroying the social and economic fabric of our country.” He enumerated a series of positive rights—to “quality health care,” “as much education as one needs,” “a good job that pays a living wage,” “affordable housing,” “a secure retirement” and “a clean environment.” But he said nothing about state control over the means of production or Fidel Castro's revolution.

“The world has come around to see things like he does,” longtime Sanders staffer Phil Fiermonte told Mr. Jaffe in 2015. Maybe, but Mr. Sanders has come around further, to judge by his own words. Given what he used to stand for, inconsistency wouldn't be his greatest fault.

*Mr. Kaufman is an assistant editorial features editor at the Journal.*

## The ‘Living Constitution’ Denied the Vote to Generations

By Frank Scaturro

The sesquicentennial of the 15th Amendment—ratified Feb. 3, 1870—provides a reminder of the importance of adhering to the Constitution's original meaning.

The amendment provides: “The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude.” It was the last of the three Reconstruction amendments, and after a promising start, including the election or appointment of some 2,000 black public officials, it was disregarded until the mid-20th century.

The 14th Amendment, ratified in 1868, guaranteed equal protection of the law but did not directly prohibit racial discrimination in voting. Instead it reduced the number of House seats for states that discriminated. The need for a stronger constitutional guarantee was highlighted by the Georgia General Assembly's expulsion of its black members after military rule had ended.

Congress proposed the 15th Amendment on Feb. 26, 1869, and ratification took almost a year. The three southern states still under military rule were required to ratify the proposed amendment, as was Georgia after President Ulysses S. Grant

requested its temporary return to military rule. When Iowa became the 28th state to ratify, one day after Georgia did, the 15th Amendment became law.

In the face of rampant violence and intimidation by the Ku Klux Klan and similar terrorist organizations, Grant called for legislation to enforce the new amendment. Congress passed a series of Enforcement Acts, pursuant to which Grant employed federal troops to protect former slaves and the newly established Justice Department to prosecute racial violence. That crushed the 19th-century Klan, but resistance continued in other forms. Ominously, during the mid-1870s, public opinion in the North, which had been essential to Reconstruction's political success, turned against the federal government's sweeping intervention.

The Supreme Court's 15th Amendment decisions reached outcomes more amenable to public opinion than to the amendment's framers, starting with *U.S. v. Reese* (1876), which struck down provisions of the 1870 Enforcement Act. President Rutherford B. Hayes withdrew the last remaining troops from their posts in the South shortly after his 1877 inauguration.

That is widely remembered as the end of Reconstruction, but the reality is more complex. Republican presidents between Hayes and Benjamin Harrison tried to salvage what they could of the Reconstruction amendments. Their efforts were anemic compared with Grant's but did include more than 1,200 voting-rights prosecutions. The decisive moment didn't come until 1891,

when a Harrison-supported bill to step up voting-rights enforcement died in the Senate.

Starting in the 1890s, Southern states advanced measures to disfranchise blacks, including literacy tests, poll taxes and grandfather clauses. Rates of lynching soared. In 1903 the Supreme Court refused relief in two cases involving race-based disfranchisement, *Giles v. Harris* and *James v. Bowman*. The latter decision narrowed the 15th Amendment even

### If only late 19th-century courts had followed the original meaning of the 15th Amendment.

more than *Reese* had, striking down another section of the 1870 Enforcement Act because it applied to private individuals who were not state actors. To reach this conclusion required unmistakable disregard for the amendment's framers, who were concerned about nonstate actors like the Klan when they voted for the legislation. A 1910 Harvard Law Review article noting the court's dodges was titled “Is the Fifteenth Amendment Void?”

Voting rights in the South made a dramatic return under the Voting Rights Act of 1965, which reopened channels to redress discrimination, adding the federal government's rigorous scrutiny of election practices to weed out generations of disfranchisement.

By then the justices were much

more receptive to race-discrimination claims. They still are, notwithstanding demagogic claims that voter ID laws or the court's decision in *Shelby County v. Holder* (2013) is the work of resurgent white supremacists. Black voters set a new turnout record for midterm elections in 2018.

In recent years, the conservative justices have been more likely to object to racial gerrymandering—something that was true of liberal justices of a previous era. In *Holder v. Hall* (1994), Justice Clarence Thomas wrote a concurrence, joined by Justice Antonin Scalia, denouncing the practice. It echoed Justice William O. Douglas's dissent, joined by Justice Arthur Goldberg, in *Wright v. Rockefeller* (1964). In *Rice v. Cayetano* (2000), Justices John Paul Stevens and Ruth Bader Ginsburg were the only dissenters from the invalidation of a law limiting the right to vote for a state agency's trustees to those deemed “native Hawaiians” by ancestry.

Yet such differences pale next to the history that rendered the 15th Amendment a dead letter for a lifetime. Conservatives and liberals alike have cause to celebrate the amendment's ultimate triumph in fulfilling its central objective. But those who would change the Constitution's original meaning to conform to the times should be careful what they wish for. The times don't always respect important constitutional rights.

*Mr. Scaturro is author of “President Grant Reconsidered” and “The Supreme Court's Retreat from Reconstruction.”*

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# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Last Week: S&P 3225.52 ▼2.12% S&P FIN ▼1.37% S&P IT ▼2.17% DJ TRANS ▼4.46% WSJ IDX ▼0.12% LIBOR 3M 1.751 NIKKEI 23205.18 ▼2.61% See more at WSJ.com/Markets

## Boeing Faces New Hitch for MAX

BY ANDY PASZTOR AND ANDREW TANGEL

Potentially hazardous wiring inside Boeing Co.'s 737 MAX jets is the latest flashpoint between U.S. and European regulators and a further complication in the grounded fleet's return to service, according to people familiar with the details.

Technical experts at the European Union Aviation Safety Agency want certain electrical wires relocated to reduce what they say are dangers from potential short circuits, which in

a worst-case scenario could disrupt flight-control systems, according to these people.

In addition to the Federal Aviation Administration's ongoing safety review of proposed fixes to the MAX, the European agency is independently vetting such changes.

But engineers at the Chicago plane maker and high-ranking FAA managers, including the agency's top safety official, contend moving the wiring isn't necessary, one of these people said. Boeing hasn't yet submitted its formal recommendation, though the

issue is headed for a decision in the next few weeks by FAA head Steve Dickson.

The disagreement over whether to take action on the wiring, which hasn't been reported before, has prompted the FAA to hold off scheduling a key certification flight for the MAX. It also highlights the emergence of a series of new technical challenges and delays confronting the Chicago plane maker as it strives to get the MAX back in the air world-wide. The planes have been grounded since last March, following two fatal

crashes that killed 346 people.

The planes are expected to gradually start resuming commercial flights sometime in the summer, with major U.S. carriers having removed them from schedules until June.

On Saturday, the FAA released a statement saying Boeing recently informed the agency "about concerns associated with the location of wiring in certain areas of the MAX." Since then, according to the statement, "the FAA has closely monitored the company's analysis and how the issue might affect the ongoing

certification efforts." The wiring concerns were reported earlier by the New York Times.

Reiterating earlier statements, the FAA said the MAX will be approved to carry passengers again "only after our safety experts are fully satisfied that all safety-related issues are addressed."

A Boeing spokesman said the company is cooperating with international regulators on a thorough certification process, "and we are working to perform the appropriate analysis." He said, "It would Please turn to page B2

## Traders Brace for Big Moves In Market

Investors are betting the volatility that has rattled markets over the past two weeks is here to stay.

By Gunjan Banerji, Michael Wursthorn and Steven Russolillo

Many are bracing for dramatic swings in stocks as the U.S. presidential election season ramps up and investors assess the impact of the coronavirus outbreak on global economic activity.

Options traders are forecasting increased volatility around key dates tied to the election, including Monday's Iowa caucuses. They are picking up stock hedges that would pay out if turbulence continues to jump in coming months.

Those bets coincide with a pause in the stock market's record run. Worries about the coronavirus have driven the S&P 500 down 3.1% from its Jan. 17 record and into the red for 2020.

Some investors have dished out money for insurance-like contracts tied to a broader pullback. Others have placed targeted wagers on individual sectors, girding for different candidates' positions to spark volatility in corners of the market like health care or financials.

"We saw people start to worry," said Ilya Feygin, a managing director at brokerage WallachBeth Capital. "People had refused to just cut exposure, and they scrambled once the market started going down."

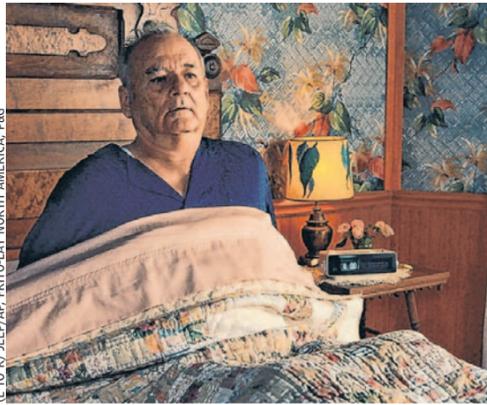
The gyrations are a reminder of some of the obstacles that could cap further market gains.

Early Monday, China's stock markets—reopening for the first time since Jan. 23, two days before the start of the Lunar New Year—fell sharply. The Shanghai and Shenzhen composite indexes were each down more than 7% at mid-morning.

While China's markets were closed, Hong Kong's stock market and the Hang Seng China Enterprises Index—which tracks large Chinese companies listed in Hong Kong—both fell sharply. Early Monday, the Hong Kong benchmark was up 0.3%.

This week, investors also will get a fresh read on manufacturing activity in the U.S. Last week, earnings from heavyweights such as Caterpillar Inc. and Boeing Co. showed strains in the sector, heightening worries about the Please turn to page B6

## Super Bowl Ads Looked to Uplift, Mostly



Bill Murray reprises his 'Groundhog Day' role; Lil Nas X dances in a Cool Ranch Doritos commercial; and Procter & Gamble's Olay brand pushes for gender equality.



BY NAT IVES

Super Bowl advertisers pushed entertainment and inspiration on Sunday night, reflecting marketers' calculation that the game's viewers mostly just want to feel good or do good.

Facebook Inc. and Alphabet Inc.'s Google, meanwhile, aimed to polish their images amid scrutiny of big technology companies.

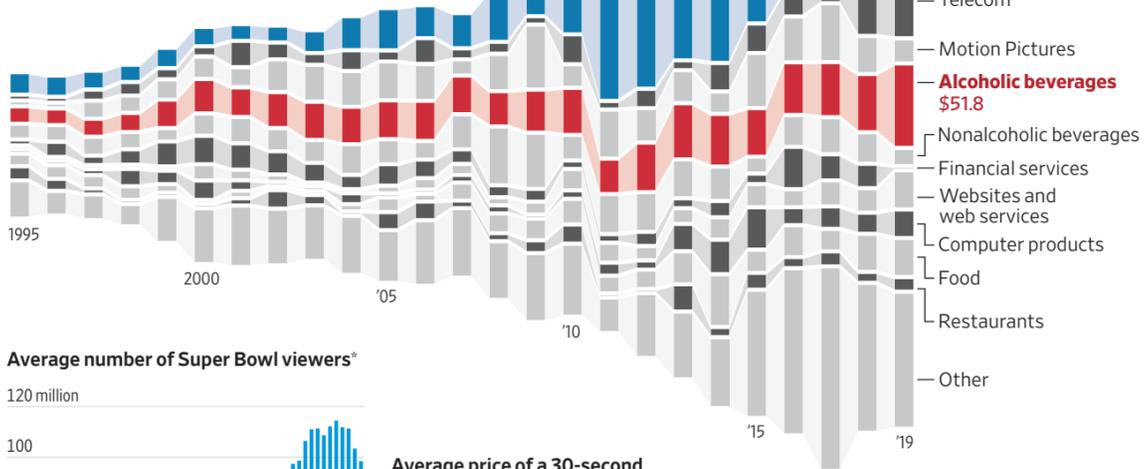
This year's ads featured comedian Bill Murray reprising his role from the 1993 movie "Groundhog Day" to promote Fiat Chrysler Automobiles NV's Jeep brand; country rapper Lil Nas X and actor Sam Elliott waging an Old West dance-off for PepsiCo Inc.'s Cool Ranch Doritos; and Boston-affiliated celebrities Rachel Dratch, Chris Evans, John Krasinski and David Ortiz marveling at the "smaht pahk" automatic-parking feature on the new Sonata from Hyundai Motor Co.

"We just want to entertain, and if someone got a takeaway about one of our vehicles, we'll be happy," said Angela Zepeda, chief marketing officer at Hyundai Motor America.

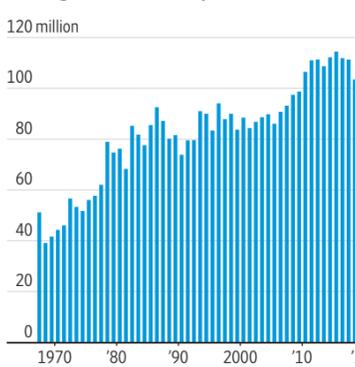
Advertisers had a lot on the line. The Super Bowl still regularly draws an audience surpassing 100 million people as traditional ad-supported TV is suffering a steady erosion in Please turn to page B2

Last year, advertisers spent an estimated \$336 million on in-game Super Bowl commercial air time. That was down slightly from \$341 million in 2018. About a fifth of that spending was by automotive companies, while the second largest category was alcoholic beverages. That doesn't include production costs, which can be anywhere from \$1 million to \$5 million.

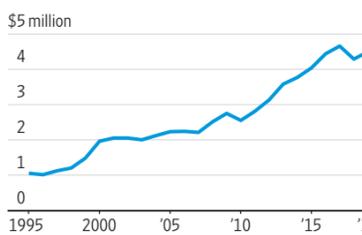
Spending on ad time by sector



Average number of Super Bowl viewers\*



Average price of a 30-second in-game Super Bowl ad



Top spending since 1995

Anheuser-Busch InBev	\$583 million
PepsiCo	338
Fiat Chrysler	214
Disney	181
Coca-Cola	145

\*Includes viewers watching live or watching a recording within the same day Sources: Kantar (ad spending, price spenders); Nielsen (viewers)

## JPMorgan's Hot Stock Puts Buybacks in Doubt

BY DAVID BENOIT

James Dimon is facing a Warren Buffett-like problem: a lot of cash and an expensive stock.

Over the past three years, Mr. Dimon's JPMorgan Chase & Co. has spent most of its profit on share repurchases. That has been a boon for shareholders, since buybacks typically increase a company's stock price.

The issue is that JPMorgan shares, trading as they are at records, are getting more expensive.

Analysts and investors are starting to ask if that means repurchases will slow.

Chief Financial Officer Jennifer Piepszak said on a conference call last month that the bank would "look at alternatives" to buybacks if the stock continued to rise. "It's a high-class problem," she said.

That high-class problem is concerning for some.

Banks' margins and profits are expected to slip this year as interest rates stay low.

Slower buybacks could add to the pressure on returns and, therefore, the stock.

"That puts them in a bind," said D.A. Davidson & Co. analyst David Konrad. "There are a couple headwinds, and one of them is the expectation the buyback starts to decline."

In a buyback, a company uses its cash to buy its own existing shares, reducing its share count. That means a company's per-share earnings can rise even if profits don't.

Buybacks can be a self-fulfilling prophecy for the stock price. Since each remaining share gets a bigger piece of the profit and value, that can drive investors to bid up the shares.

Buybacks return profits to shareholders but reward investors in the long term only if shares keep rising.

There is a tradition of executives proving overly confident about future prospects and spending billions to buy stocks that then go south.

Big banks, including JP- Please turn to page B6

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### MANAGEMENT

CEOs are hearing criticism from a group closer to home—their own workers. B4

## Restaurants Turn to Kitchens in Empty Malls as Deliveries Grow

BY HEATHER HADDON

Property developers are building kitchens in empty mall space and parking lots to fill food-delivery orders, a new approach in the fast-growing business of shuttling meals to customers.

The plan to make restaurant food for delivery in former retail space melds two industries that have been upended by e-commerce. Restaurants are struggling to find a cost-effective formula for meeting the growing demand for delivery of online food orders.

Meanwhile, developers say "ghost" kitchens can create new interest in retail and warehouse space vacated by merchants that have struggled to compete with e-commerce.

Retail developer Simon Property Group and hotelier Accor SA said Sunday that they are working with hospitality company SBE Entertainment Group to develop some 200 commissary kitchens to

cook up restaurant-quality food for customers at malls and hotels as well as delivery for people nearby. The first of those are planned for New York, Chicago, San Francisco, Los Angeles and Miami, said Sam Nazarian, chief executive of SBE.

The companies say that a 5,000-square-foot ghost kitchen in a Brookfield Properties development will provide delivery for the nearby Hudson Yards and surrounding areas in Manhattan. The group will also develop delivery-only locations in mall parking lots, storage areas and unused retail space.

The group has also signed four leases with CloudKitchens, the delivery-kitchen venture of former Uber Technologies Inc. CEO Travis Kalanick, to open additional delivery locations at some SBE properties in Los Angeles, executives said.

"It's relooking at all real estate that is obsolete," Mr. Naz-

arian said. SBE is the biggest stakeholder in a consortium that it, Simon and Accor are calling Creating Culinary Communities. Accor, owner of 5,000 international hotels, has a 50% stake in SBE.

The companies declined to say how much they are investing in the partnership.

Delivery now accounts for roughly 9% of the \$282 billion U.S. fast-food sector and is growing faster than dine-in and drive-through sales, according to a recent Bernstein analysis.

Restaurants are expanding their delivery offerings to generate sales despite the impact those orders often have on their operational efficiency and profits. The remote kitchens can reduce their real-estate costs while expanding their reach.

Wendy's Co., Chick-fil-A Inc. and Sweetgreen are among chains turning to remote kitchens that don't serve Please turn to page B4

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### Estimated Box-Office Figures, Through Sunday

FILM	DISTRIBUTOR	SALES, IN MILLIONS		
		WEEKEND*	CUMULATIVE	% CHANGE
1. <b>Bad Boys for Life</b>	Sony	\$17.7	\$148.1	-48
2. <b>1917</b>	Universal	\$9.7	\$119.2	-39
3. <b>Dolittle</b>	Universal	\$7.7	\$55.2	-37
4. <b>Gretel &amp; Hansel</b>	United Artists Releasing	\$6.1	\$6.1	—
5. <b>The Gentlemen</b>	STX Entertainment	\$6	\$20.4	-44

\*Friday, Saturday and Sunday Source: Comscore

## Game Spots Looked To Uplift

Continued from page B1 ratings as alternatives, including ad-free streaming services, proliferate.

Fox Corp. charged as much as \$5.6 million for 30 seconds in this year's game in which the Kansas City Chiefs defeated the San Francisco 49ers.

Attempts to uplift, encourage or touch viewers included Procter & Gamble Co.'s all-female commercial for Olay that pushed for gender equality. The company is pledging to donate \$1 to Girls Who Code, a nonprofit

aimed at closing the gender gap in science and tech, for every viewer who responds on Twitter. An ad for WeatherTech, which makes car floor-mats and other auto accessories, starred a canine cancer survivor. It asked viewers to give money to the University of Wisconsin's School of Veterinary Medicine, which treated the dog.

Ads with happy messages stick with consumers longer, said Joy Lu, assistant professor of marketing at Carnegie Mellon University's Tepper School of Business. "People tend to remember positive experiences or positive memories better, as sort of a self-preservation sort of thing," she said.

Super Bowl ads with heavy themes, like a 2015 insurance commercial that featured a fictional dead child, have sometimes provoked backlash.

Google, which along with other technology giants is the subject of federal and state antitrust probes, showed its voice assistant helping a widower remember his wife.

Facebook bought its first Super Bowl ad to promote its Groups feature, positioning itself as a uniter of people with shared interests at a time when it has been hammered for enabling divisions in society.

A few marketers changed plans following the death of Kobe Bryant in a helicopter accident a week before the Super Bowl. Hyundai altered its second ad in the game, promoting a sport-utility vehicle from Genesis, to remove a helicopter that had ferried guests to a fancy party. Hard Rock International Inc. and Toyota Motor Corp. said they made changes to their ads.

Kraft Heinz Co.'s Planters brand paused the promotion of its Super Bowl campaign about the fiery death of its mascot, Mr. Peanut, although it kept plans to show his funeral in a

# \$5.6M

What Fox charged this year for some 30-second ads

commercial. The ad ultimately reincarnated him as a baby peanut, and Planters set up an online store offering "Baby Nut" merchandise.

President Trump and Democratic presidential candidate Michael Bloomberg bought time for national campaign ads,

a first for the Super Bowl.

Mr. Trump told viewers in one ad that the country is stronger, safer and more prosperous than before he took office. He used another, which ran during postgame coverage, to highlight his commutation of the life sentence of Alice Marie Johnson, who served nearly 22 years in federal prison after a conviction on nonviolent drug charges.

Mr. Bloomberg focused on the story of George Kemp Jr., who died of gun violence in 2013 at age 20, as told by Mr. Kemp's mother. She said she supports Mr. Bloomberg and his intention to pursue gun control.

The National Football League ran an ad re-enacting the shooting death of Corey Jones, cousin to retired wide receiver Anquan Boldin, by a police officer. The ad closed by promoting

Inspire Change, an NFL group formed to help players address social issues. The league has received criticism in recent years about the way it treated Colin Kaepernick, the former San Francisco quarterback who led protests during the national anthem at games to call attention to issues such as police brutality. Mr. Kaepernick has gone unsigned for three seasons since.

Some ads acknowledged contemporary anxieties while still going for a laugh. In Mars Inc.'s commercial, people try to solve the world's modern problems by feeding a giant Snickers bar into a hole in the ground.

When a couple live streaming themselves on the edge of the pit accidentally fall in, actor Luis Guzmán emerges from the crowd and shouts, "It's working!"

## BUSINESS & FINANCE

# Brady Stars in Hulu Super Bowl Ad

By SUZANNE VRANICA

Tom Brady again is starring in the Super Bowl—this time, without playing in the game.

Hulu enlisted the veteran New England Patriots quarterback for a commercial it hopes will generate buzz and help distinguish it in a crowded streaming-video marketplace where Netflix Inc., Amazon.com Inc. and a raft of new entrants are also competing for subscribers.

The somber, black-and-white spot shows Mr. Brady, who at 42 years old has been the subject of speculation about whether he will retire or move on to another team, walking onto an empty field at his home stadium. "They say all good things must come to an end," the quarterback intones, seemingly about to announce he is hanging it up after nearly two decades in the NFL.

Mr. Brady then pivots and launches into a pitch about Hulu + Live TV, listing its offerings including live sports, cable channels and originals. At the end of the spot, Mr. Brady talks about how it is time to say goodbye to TV as we know it. His final words: "But me? I'm not going anywhere."

Mr. Brady, a six-time Super Bowl champion, becomes a free agent in March for the first time. His lines in the commercial were intentionally ambiguous and created to help Hulu generate buzz, said Ryan Crosby, Hulu's vice president of brand marketing.

The streaming marketplace is getting more competitive as new players enter, including Walt Disney Co.'s Disney+ and Apple Inc.'s Apple TV+, which launched last fall, and services from AT&T Inc.'s WarnerMedia and Comcast Corp. prepare to launch this spring.

Hulu, which is also controlled by Disney, was long known as a destination to



The streaming service spent \$7.5 million on its 30-second commercial. A scene from the spot.

watch shows from major broadcast networks, but it has transformed itself into a bigger player in original programming.

Its Hulu + Live TV service, which carries live channels, competes with skinny bundles such as AT&T TV Now, Alphabet Inc.'s YouTubeTV and Dish Network Corp.'s Sling TV.

"The streaming TV landscape is hot, to put it mildly," said Kelly Campbell, Hulu's chief marketing officer. "For Hulu, this means we not only need to drive people to subscribe but we need them to stay with Hulu."

For the past year, Hulu + Live TV had focused on promoting sports in its commercials, with a campaign that featured basketball stars such as the Philadelphia 76ers' Joel Embiid and the Milwaukee Bucks' Giannis Antetokounmpo. But the company now wants to emphasize its broader catalog.

Started in 2008, Hulu has amassed 28.5 million subscribers in the U.S., while Netflix has 167 million subscribers world-wide, including 60.4 million in the U.S. Disney+ said it reeled in 10 million

subscribers the day of its November debut, while Apple TV+ hasn't disclosed subscriber numbers.

Hulu was valued at \$15 billion last year and is still unprofitable, though Disney has said Hulu's domestic operations would become profitable in either fiscal 2023 or 2024.

Hulu bought its Super Bowl ad time in July and began brainstorming. It came up with several ideas, including promoting FX Networks' library, which is coming to Hulu. Disney acquired FX parent 21st Century Fox last year.

Entertainment companies often use Super Bowl ads to promote individual programs and films. An Amazon Prime Video ad this year was to promote the original series "Hunters," which stars Al Pacino as a Nazi hunter.

Hulu took that approach last year with a spot for "The Handmaid's Tale," one of its benchmark original shows, and considered doing the same thing this year by promoting its hotly anticipated Kerry Washington-Reese Witherspoon drama "Little Fires Everywhere," which is set to begin in March.

This year, Hulu wanted to stand out and try something new.

With 100 million people expected to tune in, the company wanted something that would be culturally relevant. "There has to be a hook that sparks additional conversations," Mr. Crosby said.

Marketing has become a major battleground in the streaming wars. Disney, Comcast and AT&T are expected to spend hundreds of millions of dollars on advertising over the next year to attract streaming customers.

Hulu spent roughly \$7.5 million on its 30-second Super Bowl spot, including airtime, talent and production, according to a person close to Hulu. Fox Corp., the broadcaster of this year's game, said it sold 30 seconds of ad time during the game for as much as \$5.6 million this year.

Fox and Wall Street Journal parent News Corp share common ownership.

Ad tracker Kantar estimates that Hulu spent \$113 million on U.S. ads for the first nine months of 2019. Kantar's estimates exclude spending on social media.

## Boeing Is Facing New Hitch

Continued from page B1 be premature to speculate as to whether this analysis will lead to any design changes."

A spokeswoman for EASA, which hasn't submitted its final position to the FAA, declined to comment. The issues could be resolved with a compromise, but Boeing's priority at this point, according to some of the people familiar with the details, is avoiding any wire modifications.

The wires, which help control movable panels on the tail and power other systems, may be too close to each other in a dozen locations from the rear of the aircraft to the main electronics compartment beneath the cabin and behind the cockpit, according to the people familiar with the issue.

A short circuit, or "arcing" of electrical current between wires, could cause control problems for pilots that the FAA characterizes as hazardous or in some cases even catastrophic, according to one of the people briefed on the details.

EASA and FAA technical experts, along with some other FAA officials responsible for certifying aircraft designs, have taken the position that



Potentially hazardous wiring is the latest flashpoint between U.S. and European regulators.

safety rules require wiring modifications in such instances, this person said.

The relevant international rules relate to safety enhancements put in place more than a decade ago after an in-flight fire caused a Swissair jet to plunge into the water near Nova Scotia in 1998, killing all on board.

The current concerns about potential wiring problems stem from Boeing's analysis of how short circuits could cause problems with some flight-control systems, and how quickly pilots could react to those emergencies. Since the two fatal crashes, safety regulators have been reassessing certain MAX flight-control

systems, changing software, adjusting related computers and modifying pilot training.

Last month, industry and government officials revealed the latest software glitch, a problem that prevents the jet's flight-control computers from powering up and verifying they are ready for flight, and said Boeing was working to resolve it.

Addressing the wiring issues would pose tough logistical and financial hurdles. How the agency mandates fixes may depend on who owns the aircraft, according to another person familiar with the details. The FAA may require Boeing to fix wiring on approximately 400 undelivered

aircraft now in storage at airfields dotting the Puget Sound area, this person said.

For planes previously delivered to carriers, the agency would likely perform a risk analysis to determine whether the wiring should be repaired either before the planes fly again or during routinely scheduled maintenance, this person added.

Relocating the wiring bundles would take roughly two weeks per plane, according to industry and government experts. Such fixes could be performed at the same time as software and training updates, depending on available manpower, to try to minimize additional delays.

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BUSINESS NEWS

# Hulu CEO Bows Out In Disney Revamp

By JOE FLINT

Randy Freer is exiting as chief executive of Hulu as Walt Disney Co. integrates the streaming service more closely into its direct-to-consumer business operations, the company said.

The move comes just months after Disney took oversight of the programming operations at Hulu and as competition in the streaming marketplace is intensifying.

Disney received control of Hulu last year as part of its acquisition of 21st Century Fox entertainment assets.

As part of the restructuring, the business operations that had reported to Mr. Freer will now report to their counterparts at Disney. Kevin Mayer, Disney's chairman of direct-to-consumer and international operations, continues to have oversight of Hulu.

Mr. Mayer's unit also oversees several other streaming services including Disney+, ESPN+ and India's Hotstar.

"Further integrating the immensely talented Hulu team into our organization will allow us to more effectively and efficiently deploy resources, rapidly grow our presence outside the U.S. and continue to relentlessly innovate," Mr. Mayer said.

Since taking the reins of Hulu, Disney has moved quickly to boost its content offerings. Content from Disney's FX Networks is now available on Hulu, and the cable network is also making exclusive content for the streaming platform.

Hulu launched in 2008 and has 28.5 million subscribers in the U.S., where rival Netflix Inc. has more than 60 million.

# Local Music Service Leads in India

Streaming firm Gaana uses its large library to beat bigger rivals Spotify and Apple

By NEWLEY PURNELL

NEW DELHI—The most popular music-streaming service in India, the world's biggest untapped digital economy, isn't from Spotify Technology SA or Apple Inc. Instead, it is a local rival little known outside the country.

India-based Gaana, named after the Hindi word for song, has used a hyperlocal approach and cut-rate pricing to beat the competition and attract 152 million monthly users in India. That is more than half of Spotify's global user base, double Apple Music's global count and far more than YouTube Music and Amazon.com Inc.'s music services.

Indian consumers are flocking to Gaana, analysts say, because it has been built for them. It has a library of more than 45 million songs, mostly from India and in more than 20 regional languages, including auto-tuned Punjabi-language pop ballads, Hindi hip-hop and devotional tunes for the Hindu monkey god, Hanuman.

While some of its international rivals also boast voluminous libraries of global hits, most lack the depth of regionally specific songs from India that Gaana offers.

"You have to understand the consumption habits by region and even by city," Gaana Chief Executive Prashan Agarwal said.

Gaana has an edge over international rivals because, he said, its teams have more local knowledge, conducting research across the country to uncover emerging artists and unlikely listening trends.

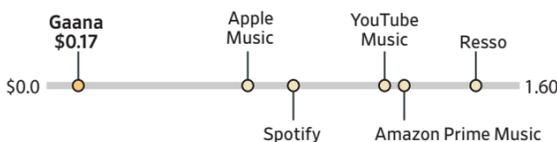
With only about half of India's 1.3 billion people online, global tech firms have been



Indians listen to music an average of 21.5 hours a week. The Indian Music Experience in Bangalore.

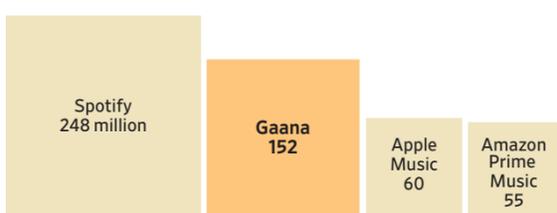
Gaana, an Indian music streaming startup, is beating global services on price...

Lowest monthly cost



...and has more than twice as many users as Apple Music and Amazon Music globally.

Global monthly active users or subscribers



Sources: the companies

scrambling to establish themselves in the world's biggest pool of new internet users. Hundreds of millions of people are sending their first WhatsApp messages, buying their

first items online—and streaming their first songs—as data prices plummet and inexpensive smartphones proliferate.

"Every global player is trying to get a share in India," said Abhilash Kumar, an analyst at India's Counterpoint Technology Market Research. "The market is very nascent and not at all saturated."

Many Indians have an intense relationship with music. It is part of celebrations, religious worship, movies and cultural traditions. Indians spend an average of 21.5 hours a week listening to music, some 20% higher than the global average, according to consulting firm Deloitte.

When the internet became affordable, music was one of the first things that many Indians consumed on their smartphones. This trend explains why the world's most-watched YouTube channel is T-Series, which shows Indian music videos and has racked up tens of billions more views than any other channel.

Sweden's Spotify and YouTube Music launched in India early last year. TikTok parent ByteDance Inc. last year chose India as one of two markets, along with Indonesia, to test its music streaming app, called Resso.

# PG&E Vows Board Changes As It Pursues Chapter 11 Exit

By KATHERINE BLUNT AND PEG BRICKLEY

PG&E Corp. pledged to shake up its board of directors and increase its safety focus in a bid to win California's support for its bankruptcy exit plan, but obstacles remain in appealing Gov. Gavin Newsom.

The company, which filed for bankruptcy protection last year because of its liabilities from numerous deadly wildfires, said Friday evening that it will replace many of its current directors and expand safety positions and performance metrics after it emerges from chapter 11.

The moves represent an effort to address concerns by Mr. Newsom about PG&E's governance and management. PG&E didn't, however, announce changes to the plan's capital structure, which Mr. Newsom has also criticized as inadequate to ensure the utility's financial health.

In a written statement, Chief Executive Bill Johnson said the plan will allow PG&E to emerge from bankruptcy as a "reimagined utility with an enhanced safety structure, improved operations, and a board and management team focused on providing the safe, reliable, and clean energy our customers expect and deserve."

PG&E needs to win the governor's support because it plans to tap a state wildfire fund as part of its financing plan to exit bankruptcy, and because its plans must be approved by state regulators. A spokesman for Mr. Newsom said he is reviewing the filing.

The announcement came as PG&E submitted its reorganization plan to the U.S. Bankruptcy Court in San Francisco and the California Public Utilities Commission. The filings represent a milestone for PG&E, which rode out a rocky year of fights with creditors but ultimately reached deals with most of them.

It is up to the CPUC to determine whether the plan adheres to the terms of legislation that last year established a statewide fund designed to cushion utilities against liabilities tied to future wildfires



The utility promised to bring on more directors to oversee safety.

sparked by their equipment. If PG&E wants to participate in the fund, it must exit bankruptcy, with regulatory approval in hand, by June 30.

PG&E says its plan qualifies it for the statewide fund, which is critical to the viability of its restructuring effort. Mr. Newsom disagrees, arguing the plan will saddle the company with too much debt and limit its ability to invest in safety improvements.

## California's governor argues the bankruptcy plan has too much debt.

The governor has threatened a state takeover of the company if it fails to address his concerns. His aides are exploring the possibility of creating a state power authority or converting the company into a customer-owned cooperative, among other options.

To address Mr. Newsom's other concerns, PG&E said Friday that it would work to appoint numerous new directors with strong safety experience and other qualifications, with Californians making up at least half the board. It also said it would expand the roles of its chief risk officer and chief safety officer, as well as

establish an independent safety oversight committee.

PG&E will begin arguing its case for regulatory approval in mid-February, with hearings before the CPUC scheduled to wrap by the end of the month. Post-trial briefs will be filed weeks into March, according to regulatory filings.

Confirmation hearings on the chapter 11 plan are scheduled to start May 27 in bankruptcy court.

The San Francisco-based utility sought bankruptcy protection just over a year ago, citing more than \$30 billion in liability costs tied to more than a dozen fires in 2017 and 2018. Those fires killed more than 100 people and destroyed 26,000 buildings.

PG&E last week settled with bondholders that had been floating a rival chapter 11 plan, securing the support of its major creditors. Earlier pacts brought fire victims, insurance companies and local government bodies such as the hard-hit town of Paradise to PG&E's side, with the utility promising cash and stock to compensate those affected by the fires.

The Utility Reform Network, a San Francisco-based ratepayer advocacy group, said it would review PG&E's latest reorganization plan and assess its impact on customers, "who have already borne the brunt of PG&E's negligence," TURN Executive Director Mark Toney said Friday.

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CLASS ACTION

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA  
 PLYMOUTH COUNTY RETIREMENT ASSOCIATION, Individually and on Behalf of All Others Similarly Situated, Plaintiff,  
 vs.  
 ADVISORY BOARD COMPANY, ROBERT W. MUSSELEWHITE, and MICHAEL T. KIRSHBAUM, Defendants.

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION  
 TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED ADVISORY BOARD COMPANY ("ADVISORY BOARD") COMMON STOCK DURING THE PERIOD BETWEEN MAY 6, 2015 AND FEBRUARY 23, 2016, INCLUSIVE ("CLASS" OR "CLASS MEMBERS")

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.  
 YOU ARE HEREBY NOTIFIED that a hearing will be held on May 6, 2020, at 2:30 p.m., before the Honorable Rudolph Contreras at the United States District Court, District of Columbia, E. Barrett Pretyman Federal Courthouse, 333 Constitution Avenue, N.W., Washington, D.C. to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned action as set forth in the Stipulation of Settlement ("Stipulation") for \$7,500,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) the Judgment as provided under the Stipulation should be entered dismissing the Litigation with prejudice; (3) to award Lead Plaintiffs' Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Notice of Pendency and Proposed Settlement of Class Action ("Notice"), which is discussed below) and, if so, in what amount; (4) to pay Lead Plaintiffs for their costs and expenses in representing the Class out of the Settlement Fund and, if so, in what amount; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable and adequate.

IF YOU PURCHASED OR ACQUIRED ADVISORY BOARD COMMON STOCK FROM MAY 6, 2015 THROUGH FEBRUARY 23, 2016, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (postmarked no later than May 26, 2020) or electronically (no later than May 26, 2020). Your failure to submit your Proof of Claim by May 26, 2020, will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Litigation. If you purchased or acquired Advisory Board common stock from May 6, 2015 through February 23, 2016, inclusive, and do not request exclusion from the Class, you will be bound by the Settlement and any judgment and release entered in the Litigation, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

If you have not received a copy of the Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other settlement documents, online at [www.AdvisoryBoardSecuritiesSettlement.com](http://www.AdvisoryBoardSecuritiesSettlement.com), or by writing to:

Advisory Board Securities Settlement  
 Claims Administrator  
 c/o Gilardi & Co. LLC  
 P.O. Box 43326  
 Providence, RI 02940-3326

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP  
 Ellen Guskoff Stewart  
 655 West Broadway, Suite 1900  
 San Diego, CA 92101  
 Telephone: 800/449-4900

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS POSTMARKED BY APRIL 15, 2020, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL CLASS MEMBERS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, THE REQUEST BY LEAD PLAINTIFFS' COUNSEL FOR AN AWARD OF ATTORNEYS' FEES NOT TO EXCEED 25% OF THE \$7,500,000 SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED \$60,000, AND/OR THE PAYMENT TO LEAD PLAINTIFFS FOR THEIR COSTS AND EXPENSES NOT TO EXCEED \$10,000 IN THE AGGREGATE. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO LEAD COUNSEL AND DEFENDANTS' COUNSEL BY APRIL 15, 2020, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: January 6, 2020

BY ORDER OF THE COURT  
 UNITED STATES DISTRICT COURT  
 DISTRICT OF COLUMBIA

The Stipulation can be viewed and/or obtained at [www.AdvisoryBoardSecuritiesSettlement.com](http://www.AdvisoryBoardSecuritiesSettlement.com).

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 For more information on MotionLoft visit <https://motionloft.com/technology/>  
 To participate in the sale, Bidders must submit written copies of their bid to Seller no later than 5:00pm (PST) on March 2, 2020  
 For more information on this sales process visit Seller's website at <https://bit.ly/2TKOrIn>  
 For Add'l. Info.: Charles Klaus, ABC Services, Inc. (949) 922-1211 | [chuck@abcservices.group](mailto:chuck@abcservices.group)

DEA

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 The U.S. Dept. of Justice, Drug Enforcement Administration (DEA) New York gives notice that the property listed below has been abandoned to the custody of the United States and has remained unclaimed. The property shall be held for 30 days from the date of initial publication of notice. Upon expiration of this 30 day period title to the property will vest in the United States. Any person desiring to claim this property must file with the DEA within 30 days. Claims may be filed at the following address: 99 Tenth Avenue, New York, NY 10011. Last date to file: 02/10/2020. Property: one (1) Silver Lorcin .380 auto handgun, Serial #163343. Date Seized: 02/14/2002. Owner's Name: Christopher LEWIS, 15 Plumtree Lane, Willingboro NJ. 08046; Property: one (1) Smith and Wesson 9mm Semi-Automatic pistol, model SW9V, Serial #PAP4248. Owner's Name: Omar COLON, 912 N. Linden Street, Wilmington, DE 19805; Property: one (1) Glock 19 handgun, Serial #DZ992. Owner's Name: Cesar GIL, 2036 Manor Mill Road, Apt. C, Charlotte, NC 28226; Property: one (1) Grendel .380 handgun, Serial #18076. Owner's Name: Cesar GIL, 2036 Manor Mill Road, Apt. C, Charlotte, NC 28226; Property: one (1) Silver Colt .45, Serial #34094G70. Owner's Name: Carl THOMPSON, 2761 Yates Avenue, Bronx, NY 10469; Property: one (1) Colt handgun, Serial #FA30135. Owner's Name: Stacey CLARKSON, 495 Odell Avenue, Apt 4A, Yonkers, NY 10703; Property: one (1) .380 handgun, Serial #AP166148. Owner's Name: Stacey CLARKSON, 495 Odell Avenue, Apt 4A, Yonkers, NY 10703; Property: one (1) Beretta handgun, Serial #BER392691Z. Owner's Name: Peter MUIRHEAD, 1770 Bruckner Blvd., Apt 4F, Bronx, NY 10473; Property: one (1) Lorcin handgun, Serial #L084015. Owner's Name: Peter MUIRHEAD, 1770 Bruckner Blvd., Apt 4F, Bronx, NY 10473; Property: one (1) 357 Magnum handgun, Serial #15347485. Owner's Name: Omar CLECKLEY, 2734 Harding Avenue, Apt 2, Bronx, NY 10465.

# More Workers Speak Out Against Their CEOs

Chief executives routinely face barbs from investors and the media. Now some are dealing with criticism from a group closer to home: their own staffs.

By Rachel Feintzeig, Charity L. Scott and Sharon Terlep

Two recent workplace sagas—at online luggage seller **Away** and **G/O Media**, the publisher of former Gawker Media sites such as Deadspin and Gizmodo—highlight the more outspoken scrutiny that some leaders face from employees. At both companies, disgruntled workers led efforts to pressure their chief executives over behavior or decisions they didn't like.

The top boss used to be more shielded from in-house criticism. With some exceptions, discontented employees tended to grumble among themselves or at a town hall meeting. They let labor leaders do the toughest talking,

usually in pursuit of better wages or job security.

But at a time when digital forums like Slack and others are proliferating, workers aren't just pressing employers to develop a stronger social conscience. They are taking leaders to task for their management style and, in some cases, calling for their jobs.

To the CEOs under pressure, "it feels like everyone in the world is shouting at them," said Erik Bernstein, president of Bernstein Crisis Management, a Denver-area firm that advises companies on corporate communications and reputation management. At G/O Media, employees in its editorial union urged the company's private-equity owners to replace G/O CEO Jim Spanfeller. In a letter sent on behalf of 125 unionized staff, they argued his management had resulted in decreased web traffic and increased employee turnover. A spokesman for G/O Media owner Great Hill Part-



Away co-founder Steph Korey

ners called the letter divisive and "intended to harm both the company and their co-workers."

At Away, co-founder Steph Korey in December said she would resign as CEO after an article in the *Verge* quoted unidentified former employees criticizing her management style and displayed leaked

Slack logs of Ms. Korey criticizing employees. Calling her behavior "wrong, plain and simple," she tweeted that she was working with an executive coach to improve as a leader. She later reversed herself, saying she would stay as a co-CEO and calling it a mistake to let the harsh social-media reaction cow her into stepping down.

Such episodes come as companies are trying to attract younger skilled workers who survey data show crave a heightened purpose from their jobs and want their employers' values to overlap with theirs. In response, CEOs are speaking out on issues that matter to their workers and seeking to foster workplace cultures that encourage open debate and employee feedback.

By empowering employees to speak out, though, company leaders are opening the door for workers to criticize the boss, said Ronnie Chatterji, a professor of business adminis-

tration at Duke University who has studied CEO and employee activism. "This is a double-edged sword of openness and transparency for a lot of companies and something that the new generation of CEOs is grappling with," he said.

Nneoma Ajiwe, a 26-year-old social-media associate at Away for five months in 2018 before she was fired for reasons she says were unfair, said she didn't speak to the *Verge* for its investigation, but said the article was largely reflective of her experience there. She said employees should speak out and hold company leaders accountable for the tone they set in the workplace.

"It literally has an effect on the work that is done there," she said. "No one wants to work at a place that is labeled as hostile or they feel like they can't work to the best of their ability."

Away disputes unspecified aspects of the *Verge's* reporting and has demanded correc-

tions to the article, Ms. Korey wrote in a message to employees on Jan. 13. The *Verge* says it stands by its reporting.

At **Kimberly-Clark Corp.**, maker of Huggies diapers and Kleenex tissue, employees can address Chief Executive Mike Hsu via his internal blog, a mechanism set up by his predecessor. Mr. Hsu reads all comments, according to the company, and none get deleted as long as they follow a few ground rules: Posters must name themselves, refrain from disclosing confidential information and "be real, but be nice."

When Mr. Hsu used the blog in January to celebrate new executive assignments, one response wasn't celebratory. A worker in a plant closing amid the company's restructuring noted that while some in its upper ranks were looking forward to new assignments, he was preparing to file for unemployment. A Kimberly-Clark spokesman said Mr. Hsu welcomes such feedback.

## Malls Lure Kitchens For Delivery

Continued from page B1

customers to move delivery orders outside their existing restaurants.

"It's about unlocking additional demand," Sweetgreen CEO Jonathan Neman said in an interview.

Some property developers and startups are seizing the opportunity to build and lease those "ghost" or "dark" kitchens.

The SBE-led consortium plans to build kitchens in empty space it owns at properties such as Pennsylvania's King of Prussia Mall, one of the biggest shopping centers in the U.S., along with Lenox Square in Atlanta and the Sanderson London hotel.

Some restaurants and chefs that already operate at SBE properties, including Umami Burger and Masaharu Morimoto, will design menus for the kitchens, the companies said.

The group aims to open 85 kitchens this year and at least 100 more by the end of 2021. They anticipate spending about \$60,000 on upfront costs at each location and reaching profitability in about six months if a kitchen manages to fill around 125 orders averaging \$30 each a day, Mr. Nazarian said.

He said the kitchens will rely on established delivery companies to carry food to customers, such as Uber Technologies' Uber Eats, DoorDash Inc. and Postmates Inc.

Mr. Kalanick's CloudKitchens, Kitchen United and other venture-backed companies build delivery kitchens and sublease them to restaurants. Delivery companies, particularly Uber and DoorDash, are also creating their own lease-



Venture-backed firms like Kitchen United are getting involved. A company facility in Chicago.

able kitchens or online-only restaurants.

A 230-square-foot CloudKitchens site can be built in as little as two weeks at a cost of around \$30,000, according to an investor presentation

viewed by The Wall Street Journal. A traditional 3,500-square-foot restaurant can cost \$1 million to outfit, the presentation said.

Venture-capital firms have invested nearly \$5 billion in

companies operating virtual kitchens since 2018, according to an analysis by data firm PitchBook. Investors include **Sequoia Capital** and **SoftBank Group Corp.**, both of which are also invested in food-deliv-

ery companies.

Some in the restaurant industry are skeptical of ghost kitchens. Kitchen Fund, a restaurant investor group, predicted recently that the model will only be profitable for big brands that can generate high order volumes at more than one mealtime.

Some restaurants, such as **Fat Brands Inc.**, are testing separate delivery-only operations at existing restaurants.

The company is preparing and delivering food for its Hurricane Grill & Wings brand out of some existing Fatburger locations. That is generating an average of \$1,000 in additional sales at those stores each week, adding around 5% to overall store revenue, Fat Brands CEO Andy Wiederhorn said in an interview.

Those deliveries are helping generate sales outside the standard lunch and dinner rushes, he said. "We need to generate money all day. You can't just sell burgers at lunch," Mr. Wiederhorn said.

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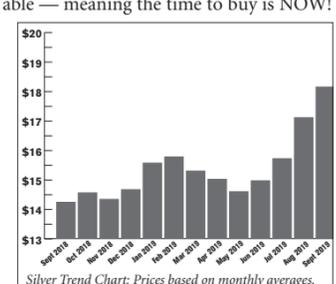
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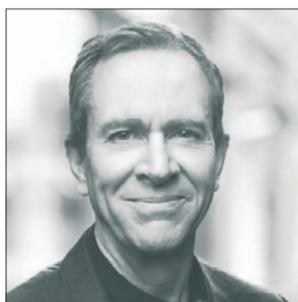
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STREETWISE | By James Mackintosh

# We Should Hope Market Is Right About Virus



It took investors a few days, but they think they have the effect of the new coronavirus from China worked out. The broad thrust: Suppliers to China, and travel and holiday stocks, will suffer, but nasty effects for the market as a whole will be offset by central banks. The virus will be controlled enough that it won't cause a recession in the West.

This coldblooded analysis rests on several assumptions that may turn out to be unsound—notably, the big risk that this virus could follow a different pattern than the 2003 outbreak of severe acute respiratory syndrome, or SARS, the financial effects of which are being widely used as a model.

The new coronavirus has spread rapidly in China since emerging in Wuhan in December.

So far its spread outside China has been limited, with around 100 cases and, so far, not much human-to-human infection—although the U.S. State Department is concerned enough to warn against all travel to China.

Investors have reacted in what looks like a rational way. Since human-to-human infection was confirmed on Jan. 20, the biggest China exchange-traded fund, **iShares MSCI China ETF**, is down 11%; the U.S. airline sector is off 7% and Brent

crude oil, the global benchmark for the main transport fuel, is down 13%.

Stocks in China-dependent Taiwan and South Korea have lost 6% and 9%, respectively, in dollar terms, while the S&P 500 is down only 3%.

**B**ond yields are lower, and investors are pricing in a 60% chance of a Federal Reserve interest-rate cut by June—compared with just a 15% chance before human-transmission confirmation.

Those lower yields are again cushioning the impact on U.S. stocks, following the lesson of the past decade that equities thrive when money is cheap.

The trouble is the assumptions underlying the market reaction.

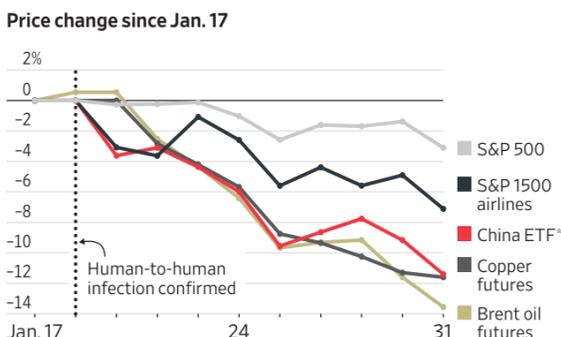
The first is that the effects of the virus will be short-lived, and so can be (mostly) ignored.

Investors care much more about the long-term prospects for earnings than a short-term hit to sales; there are going to be lots of profit warnings blaming the infection. But, investors assume, things will rapidly return to normal.

Unfortunately, we have little idea whether this is true. If people can pass on the virus before they show symptoms, or if it turns out to be easier to catch than first thought, it may spread rapidly outside China.

Second, investors are assuming that the wider population outside China remains

Assets more closely related to China have been hit hardest by fears over the new coronavirus.



At its 1918 peak, Spanish influenza hit U.S. coal output and hurt fundraising for the war effort. But assessing the effect on stocks is confused by the end of the first world war.



calm and that preventive action by governments and companies isn't terribly disruptive.

If people aren't willing or able to go about their ordinary lives, the economy will be hit hard and so will stocks. Confidence is a fragile thing and hard to predict.

If confidence crumbles, it will be doubly bad. The S&P 500 was the

most highly valued since 2002 just before the outbreak, with investors verging on exuberant, so any loss of faith could hit prices hard.

Worse, the U.S. economy has been reliant on confident consumers for the past year as manufacturers and exporters struggled.

If consumers close their wallets, there is no backup source of demand.

Third, investors assume there are no cliff-edge effects, such as highly indebted companies just clinging to life that could be tipped over.

"For a few weeks, it's not a big deal, but if it lasts a few months, then sustainability of debt becomes an issue," said Vincent Mortier, deputy chief investment officer at Paris-based fund manager Amundi.

A series of vulnerable companies collapsing would probably push up corporate-bond yields and make it more difficult for junk-rated companies to borrow, in turn hurting the economy.

**A**nalysis is difficult partly because of the shortage of precedent. SARS in 2003 was mainly a China threat, reflected in a big hit to Hong Kong stocks but not much impact on assets in the rest of the world.

Hong Kong stocks bottomed out when new SARS cases started to fall, anticipating the end of the problem, which makes sense.

But it is a poor example for the rest of the world, where the picture was clouded by the U.S. invasion of Iraq just as the virus began to spread globally.

The effects of previous pandemics—and note that so far this is very far from a pandemic—on stock prices are similarly obscured by other events.

In 1918, for example, the Dow Jones Industrial Average rose as the Spanish flu intensified, just as World War I

was nearing its end.

When the index finally fell, losing 11% during the winter, it took the Dow back only to where it stood in June, three months after the infection was first identified.

Trying to separate how prices were affected by the flu from how they were affected by the end of the World War I is a matter of guesswork.

**T**wo other flu pandemics, in 1957-58 and 1968-70, killed one million or more people world-wide and coincided with U.S. recessions but didn't obviously cause them.

The Congressional Budget Office attempted to model the economic effects of a flu pandemic in 2009. It estimated that additional U.S. deaths of around 100,000, comparable to the 1957 and 1968 outbreaks, would knock about 1% off the U.S. economy—but probably wouldn't cause a recession. A 1918-style pandemic could create a full-blown recession on its own, but as the researchers said, there are uncertainties both about patterns of infection and about the economic effects.

Medicine is far better today, but the world is better connected, speeding contagion.

We should hope that markets are right and that this infection can be contained to China. My concern is that investors are overly confident in their assumption that easy money will keep the U.S. economy and stocks up.

## JPMorgan Assesses Buybacks

Continued from page B1 Morgan, Citigroup Inc. and Bank of America Corp., had big buybacks in the years just before the financial crisis.

Citigroup and Bank of America haven't yet recovered those prices.

JPMorgan has, and it has also been posting record profits. Its recent buyback spree has been a good deal.

The \$59.5 billion of shares JPMorgan repurchased in the past three years would now be valued at about \$75 billion.

As buybacks have surged across corporate America, they have spurred criticism that companies are failing to think long term and care only about stock prices.

Democratic presidential

candidates, including Elizabeth Warren and Bernie Sanders, have discussed whether to restrict how much stock U.S. companies can buy back, arguing that the money would be better spent on employee wages instead.

Mr. Dimon said he prioritizes investments in the bank first, then dividends and then buybacks.

He said he would repurchase stock only when it was a good value for the company compared with other potential returns.

The bank has increased spending in recent years above competitors, with big bets on technology, new branches and expansions overseas, but is nearing a ceiling and is expected to keep spending near current levels.

JPMorgan has also increased its dividend 10 times in the past nine years.

But banks have to hold extra capital if they decide to pay dividends, and shareholders have to pay taxes on them.

What's left is buybacks. Investors and analysts regularly seek updates on where Mr. Dimon's ceiling is for them. It has been creeping upward along with the bank's stock and profitability.

He said in 2012 the math started making less sense when the stock traded above 1.35 times tangible book value, a measure of the worth of a company's assets.

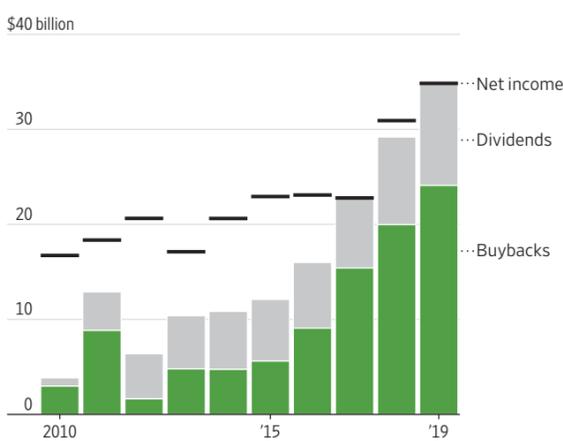
In 2017, he said it still made sense to repurchase around 2 times tangible book. In 2018 he said he wouldn't do it at 3 times tangible book, though, calling it "crazy."

JPMorgan's tangible book value is \$60.98 a share and the stock has been trading near \$140 this year, about 2.3 times the metric. (The stock has slipped recently.)

A year like the stock had in 2019, when it gained more than 40%, would likely put it past 3 times.

JPMorgan has paid out \$87 billion in buybacks and dividends over the past three years—98% of its profit,

JPMorgan annual buybacks and dividends



roughly in line with rivals. Most of that has been through stock repurchases.

The buybacks have juiced per-share earnings.

The bank earned \$10.72 a share in 2019. If the share count had stayed flat from the end of 2016, all else being

equal, that would have been \$9.49.

Investors say they still support repurchases for the same reasons executives have defended them: JPMorgan's profitability is high and buybacks seem better than other options.

By several metrics, JPMorgan and banks broadly remain cheap compared with other stocks.

"They aren't compromising on any investments," said Kush Goel, a senior research analyst at investor Neuberger Berman. "I'm not sure it feels too rich to buy back stock at this level."

Mr. Buffett, who has been buying JPMorgan shares, appears to agree.

There is no more famous example of a company struggling with how to spend billions of dollars than Mr. Buffett's **Berkshire Hathaway Inc.**, which has failed to find big deals in recent years, lagged behind its historical returns and come under once-inconceivable pressure for not buying back more of its stock.

Mr. Buffett has said the same value that Mr. Dimon described as "crazy" to repurchase shares would be a bargain.

The bank is worth "way more," he told CNBC last year.

## Traders See Big Moves Ahead

Continued from page B1 economy.

Other bellwether companies including Google parent **Alphabet Inc.**, **Ford Motor Co.** and **Walt Disney Co.** will report results in the coming week. And investors will look to Friday's monthly jobs report to see whether the labor market can continue its healthy pace of growth.

Investors are positioned for big moves in the stock market as soon as this week. Options traders are forecasting about a 1.3% move up or down in the S&P 500 on Tuesday, the trading session after the Iowa caucuses, according to data from Cornerstone Macro LLC. They also have been projecting big swings around Super Tuesday in March and the November election, according to Wells Fargo Securities.

Trading activity and options prices have been sensitive to polling figures predicting which Democratic candidate will face off against President Trump in the November presidential election. Activity has surged and dropped as different contenders have gained popularity and investors calculated what effect their policies would have on markets.

"As it seems like Bernie

[Sanders] gains in the polls...the market's now implying a larger move," around the caucuses, said Danny Kirsch, head of options at Cornerstone Macro. "People are already trying to get in front of the election now."

Medicare for All proposals by presidential candidates Mr. Sanders and Sen. Elizabeth Warren, for example, whipped health-care stocks throughout much of last year, making it one of the S&P 500's weaker sectors in terms of performance.

Ms. Warren's proposals also have included breaking up big banks, stirring volatility among those stocks as well.

As a result, options inves-

## Trading activity and options prices have been sensitive to presidential polling.

tors are forecasting outside moves for exchange-traded funds such as the Health Care Select Sector SPDR Fund and the Financial Select Sector SPDR Fund in the coming months, according to Goldman Sachs Group Inc.

Traders said they have noticed a pickup in bearish bets against the stock market recently. There have been several large-block purchases of bullish call options on the Choe Volatility Index, known as the VIX, including in the

past week, they said. The options are dated to expire in February and March, with many slated to expire after the coming caucuses and primaries in Iowa and New Hampshire and just before Nevada's caucuses on Feb. 22.

These types of trades have the potential to pay out hefty sums if stock prices swing violently. The VIX tends to rise when stocks fall.

Traders and analysts said the hedging activity is likely fueled by investors seeking to remain invested in stocks and protect their holdings during a potential pullback.

The activity highlights how some investors are preoccupied with broader risks such as the spreading virus and presidential election to markets, rather than individual earnings results.

"The biggest risk this year is political risk," said Mark Giambone, a managing director and portfolio manager at asset manager Barrow Hanley Mewhinney & Strauss LLC. "Some policies suggested by candidates have been extreme and that's stirred up volatility."

Some investors said they are reluctant to take the other side of the trade: selling bullish options on the VIX in a wager that markets will revert to calm.

"We just don't know what's going to happen with the coronavirus or Super Tuesday" in March, said Jim Carney, chief executive of hedge fund Parplus Partners. "I see no upside to being short market movements right now."

✓Yes ✓Yes ✓Yes ✓Yes ✓Yes xNo ✓Yes ✓Yes ✓Yes

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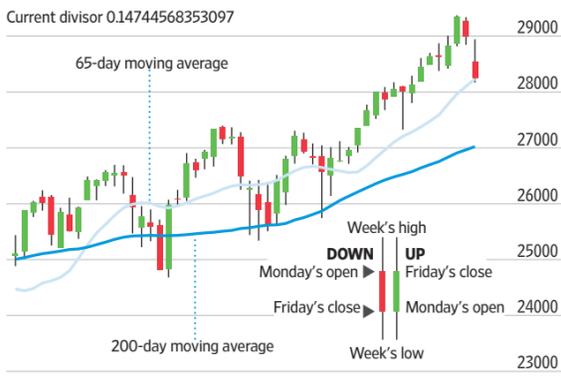
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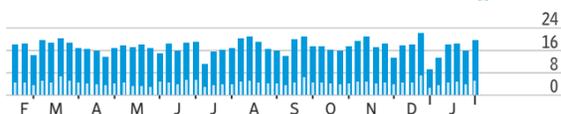
# MARKETS DIGEST

## Dow Jones Industrial Average

**28256.03** ▼733.70, or 2.53% last week  
 Trailing P/E ratio 21.44 17.71  
 P/E estimate \* 17.73 15.31  
 Dividend yield 2.27 2.28  
 All-time high 29348.10, 01/17/20



## NYSE weekly volume, in billions of shares



## S&P 500 Index

**3225.52** ▼69.95, or 2.12% last week  
 Trailing P/E ratio \* 25.77 20.42  
 P/E estimate \* 18.75 15.99  
 Dividend yield \* 1.82 2.01  
 All-time high 3329.62, 01/17/20



## Financial Flashback

**The Wall Street Journal, February 3, 1998**  
 Attorneys general from 11 states issued new subpoenas in their antitrust probe of Microsoft, widening their inquiry to include Windows 98.

## 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 (mil.)	Shares	Pricing Range(\$)	Bookrunner(s)
2/6	7/12 2019	OneWater Marine Owner of boat retail dealership.	<b>ONEW</b> Nq	<b>4.6</b>	12.00/14.00	Raymond James & Assoc., RW Baird & Co., SunTrust
2/5	9/27 2019	Beam Therapeutics Provider of DNA based editing technologies for the treatment of human diseases.	<b>BEAM</b> Nq	<b>6.3</b>	15.00/17.00	JPM, Jefferies, Barclays, Wedbush Sec
2/5	1/9	PPD Inc Provider of drug development services to the biopharmaceutical industry.	<b>PPD</b> Nq	<b>60.0</b>	24.00/27.00	Barclays, JPM, MS, GS, BofA Securities, Credit Suisse, Jefferies, UBS
2/5	1/10	Casper Sleep Manufacturer of mattresses.	<b>CSPR</b> N	<b>8.4</b>	17.00/19.00	MS, Jefferies, BofA Sec, GS, UBS, Citi, Piper Sandler, Guggenheim PRTS
2/5	1/10	Schrodinger Provider of software for life sciences and materials research.	<b>SDGR</b> Nq	<b>10.0</b>	14.00/16.00	MS, BofA Sec, Jefferies, BMO Cptl Mkts
2/6	12/24 2019	NexPoint Real Estate Finance Real estate investment trust.	<b>NREF</b> N	<b>5.0</b>	19.00/21.00	Raymond James & Assoc., Stifel, RW Baird & Co

### 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
Feb. 7	April 29, '19	ATIF Holdings	<b>ATIF</b>	5.00	14.0	-62.8	360 days
	Aug. 7, '19	InMode	<b>INMD</b>	14.00	75.0	209.5	180 days

### IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	Offer price	% Chg From 1st-day close	Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	Offer price	% Chg From 1st-day close
1Life Healthcare	<b>ONEM</b>	Jan. 31/\$14.00	22.07	57.6	...	Annovis	<b>ANVS</b>	Jan. 29/\$6.00	6.52	8.7	-32.0
Arcutis Biotherapeutics	<b>ARQT</b>	Jan. 31/\$17.00	21.80	28.2	...	Gores Holding IV	<b>GHIV</b>	Jan. 24/\$10.00	10.49	4.9	0.4
Reynolds Consumer Prdt	<b>REYN</b>	Jan. 31/\$26.00	28.55	9.8	...	SCVX	<b>SCVX</b>	Jan. 24/\$10.00	10.35	3.5	0.3
AnPac Bio-Medical Science	<b>ANPC</b>	Jan. 30/\$12.00	10.12	-15.7	-10.0	Velocity Financial	<b>VEL</b>	Jan. 17/\$13.00	14.21	9.3	5.2
Black Diamond Thera	<b>BDTX</b>	Jan. 30/\$19.00	37.50	97.4	-5.0	Indonesia Energy	<b>INDO</b>	Dec. 19/\$11.00	6.90	-37.3	-35.5

## Major U.S. Stock-Market Indexes

	High	Low	Latest Week Close	Net chg	% chg	Low	52-Week Close (●)	High	% chg	YTD	3-yr. ann.
<b>Dow Jones</b>											
Industrial Average	28944.24	28169.53	<b>28256.03</b>	-733.70	<b>-2.53</b>	24815.04	●	29348.1	<b>12.7</b>	-1.0	<b>12.5</b>
Transportation Avg	11038.15	10533.29	<b>10566.74</b>	-493.10	<b>-4.46</b>	9734.68	●	11304.97	<b>4.4</b>	-3.1	<b>4.8</b>
Utility Average	944.59	927.46	<b>938.57</b>	6.63	<b>0.71</b>	724.66	●	943.03	<b>29.5</b>	6.8	<b>12.0</b>
Total Stock Market	33651.39	32859.48	<b>32957.52</b>	-715.44	<b>-2.12</b>	27948.58	●	34035.89	<b>17.9</b>	-0.2	<b>11.6</b>
Barron's 400	728.21	706.42	<b>707.95</b>	-24.75	<b>-3.38</b>	638.79	●	746.64	<b>4.3</b>	-3.3	<b>5.1</b>
<b>Nasdaq Stock Market</b>											
Nasdaq Composite	9329.11	9088.04	<b>9150.94</b>	-163.98	<b>-1.76</b>	7263.87	●	9402.48	<b>26.0</b>	2.0	<b>17.7</b>
Nasdaq 100	9170.22	8910.97	<b>8991.51</b>	-149.96	<b>-1.64</b>	6875.52	●	9216.98	<b>30.8</b>	3.0	<b>20.7</b>
<b>S&amp;P</b>											
500 Index	3293.47	3214.68	<b>3225.52</b>	-69.95	<b>-2.12</b>	2706.05	●	3329.62	<b>19.2</b>	-0.2	<b>12.3</b>
MidCap 400	2064.95	2002.33	<b>2007.22</b>	-57.93	<b>-2.81</b>	1810.50	●	2100.34	<b>9.0</b>	-2.7	<b>6.0</b>
SmallCap 600	1016.33	977.68	<b>979.84</b>	-36.14	<b>-3.56</b>	888.72	●	1041.03	<b>5.0</b>	-4.0	<b>5.5</b>
<b>Other Indexes</b>											
Russell 2000	1663.77	1610.64	<b>1614.06</b>	-48.17	<b>-2.90</b>	1456.04	●	1705.22	<b>7.5</b>	-3.3	<b>5.8</b>
NYSE Composite	13922.44	13573.04	<b>13614.10</b>	-364.37	<b>-2.61</b>	12264.49	●	14183.2	<b>10.4</b>	-2.1	<b>6.6</b>
Value Line	546.92	528.53	<b>529.72</b>	-19.49	<b>-3.55</b>	490.20	●	562.05	<b>1.1</b>	-4.1	<b>1.1</b>
NYSE Arca Biotech	4996.50	4787.58	<b>4830.27</b>	-123.51	<b>-2.49</b>	4098.37	●	5261.79	<b>-1.6</b>	-4.7	<b>14.1</b>
NYSE Arca Pharma	660.18	645.15	<b>646.64</b>	-8.69	<b>-1.33</b>	564.11	●	670.32	<b>12.5</b>	-1.1	<b>10.5</b>
KBW Bank	107.60	104.30	<b>104.75</b>	-2.95	<b>-2.74</b>	89.30	●	114.12	<b>8.3</b>	-7.6	<b>4.6</b>
PHLX <sup>®</sup> Gold/Silver	106.37	100.42	<b>103.94</b>	-0.88	<b>-0.84</b>	66.14	●	107.17	<b>36.9</b>	-2.8	<b>4.2</b>
PHLX <sup>®</sup> Oil Service	66.62	61.94	<b>62.66</b>	-5.738	<b>-8.39</b>	59.66	●	102.39	<b>-35.9</b>	-20.0	<b>-29.7</b>
PHLX <sup>®</sup> Semiconductor	1899.49	1782.19	<b>1789.93</b>	-134.10	<b>-6.97</b>	1287.40	●	1945.37	<b>39.0</b>	-3.2	<b>23.8</b>
CBOE Volatility	19.99	14.94	<b>18.84</b>	4.28	<b>29.40</b>	11.54	●	24.59	<b>16.7</b>	36.7	<b>16.3</b>

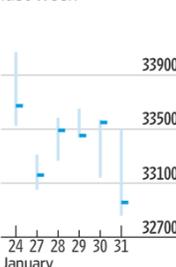
## Nasdaq Composite

**▼ 163.98, or -1.76% last week**



## DJ US TSM

**▼ 715.44, or -2.12% last week**



## International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range	High	YTD % chg
<b>World</b>	<b>The Global Dow</b>	3161.86	<b>-2.82</b>	2885.38	●	3300.22	-2.7
	<b>DJ Global Index</b>	428.32	<b>-2.56</b>	376.58	●	444.15	-1.3
	<b>DJ Global ex U.S.</b>	256.44	<b>-3.12</b>	231.35	●	267.54	-2.7
<b>Americas</b>	<b>DJ Americas</b>	758.96	<b>-2.16</b>	646.14	●	783.50	-0.3
Brazil	<b>Sao Paulo Bovespa</b>	113760.57	<b>-3.90</b>	89992.73	●	119527.63	-1.6
Canada	<b>S&amp;P/TSX Comp</b>	17318.49	<b>-1.41</b>	15506.31	●	17621.78	1.5
Mexico	<b>S&amp;P/BMV IPC</b>	44108.31	<b>-2.29</b>	38574.18	●	45902.68	1.30
Chile	<b>Santiago IPSA</b>	3256.98	<b>-1.51</b>	3162.13	●	4030.30	-2.4
<b>EMEA</b>	<b>Stoxx Europe 600</b>	410.71	<b>-3.05</b>	358.07	●	424.56	-1.2
	<b>Stoxx Europe 50</b>	3361.18	<b>-3.02</b>	2908.72	●	3477.29	-1.2
Eurozone	<b>Euro Stoxx</b>	396.65	<b>-3.26</b>	344.95	●	412.09	-1.8
	<b>Euro Stoxx 50</b>	3640.91	<b>-3.66</b>	3135.62	●	3808.26	-2.8
Austria	<b>ATX</b>	3074.31	<b>-2.26</b>	2827.36	●	3301.38	-3.5
Belgium	<b>Bel-20</b>	3907.61	<b>-2.38</b>	3420.05	●	4018.85	-1.2
France	<b>CAC 40</b>	5806.34	<b>-3.62</b>	4961.64	●	6100.72	-2.9
Germany	<b>DAX</b>	12981.97	<b>-4.38</b>	10906.78	●	13576.68	-2.0
Greece	<b>Athex Composite</b>	910.90	<b>-3.98</b>	641.48	●	948.64	-0.6
Israel	<b>Tel Aviv</b>	1690.88	<b>-2.59</b>	1522.59	●	1739.34	0.5
Italy	<b>FTSE MIB</b>	23237.03	<b>-3.05</b>	19352	●	24165	-1.1
Netherlands	<b>AEX</b>	589.50	<b>-4.03</b>	523.24	●	615.57	-2.5
Portugal	<b>PSI 20</b>	5252.03	<b>-0.65</b>	4718.29	●	5420.07	0.7
Russia	<b>RTS Index</b>	1517.07	<b>-5.17</b>	1156.31	●	1646.60	-2.1
South Africa	<b>FTSE/JSE All-Share</b>	56079.54	<b>-2.06</b>	53244.18	●	59544.80	-1.8
Spain	<b>IBEX 35</b>	9367.90	<b>-2.03</b>	8519.0	●	9700.5	-1.9
Sweden	<b>OMX Stockholm</b>	689.06	<b>-1.63</b>	568.09	●	705.08	1.2
Switzerland	<b>Swiss Market</b>	10627.88	<b>-2.04</b>	8996.36	●	10895.07	0.1
U.K.	<b>FTSE 100</b>	7286.01	<b>-3.95</b>	7020.22	●	7686.61	-3.4
<b>Asia-Pacific</b>	<b>S&amp;P/ASX 200</b>	7017.20	<b>-1.03</b>	5862.8	●	7132.7	5.0
China	<b>Shanghai Composite</b>	2976.53	...	2575.58	●	3270.80	-2.4
Hong Kong	<b>Hang Seng</b>	26312.63	<b>-5.86</b>	25281.30	●	30157.49	-6.7
India	<b>S&amp;P BSE Sensex</b>	40723.49	<b>-2.14</b>	35352.61	●	41952.63	-1.3
Japan	<b>Nikkei Stock Avg</b>	23205.18	<b>-2.61</b>	20261.04	●	24083.51	-1.9
Malaysia	<b>FTSE Bursa Malaysia KLCI</b>	1531.06	<b>-2.65</b>	1531.06	●	1730.68	-3.6
Singapore	<b>Straits Times</b>	3153.73	<b>-2.66</b>	3056.47	●	3407.02	-2.1
South Korea	<b>Kospi</b>	2119.01	<b>-5.66</b>	1909.71	●	2267.25	-3.6
Taiwan	<b>TAIEX</b>	11495.10	<b>-5.15</b>	9932.26	●	12179.81	-4.2

Source: FactSet; Dow Jones Market Data

## Commodities and Currencies

	Last Week Close	Net chg	% chg	YTD % chg
DJ Commodity	591.36	-21.00	-3.43	-7.93
TR/CC CRB Index	170.31	-5.45	-3.10	-8.33
Crude oil, \$ per barrel	51.56	-2.63	-4.85	-15.56
Natural gas, \$/MMBtu	1.841	-0.029	-1.55	-15.90
Gold, \$ per troy oz.	1582.90	11.00	0.70	4.17
U.S. Dollar Index	97.36	-0.49	-0.50	1.01
WSJ Dollar Index	90.55	-0.11	-0.12	1.10
Euro, per dollar	0.9012	-0.0058	-0.64	1.06
Yen, per dollar	108.34	-0.93	-0.85	-0.27
U.K. pound, in dollars	1.32	0.0130	0.99	-0.42

**Real-time U.S. stock quotes are available on WSJ.com. Track most-active stocks, new highs/lows, mutual funds and ETFs.**

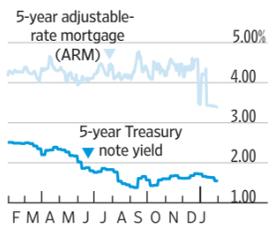
**Plus, get deeper money-flows data and email delivery of key stock-market data.**

All are available free at **WSJMarkets.com**

## Consumer Rates and Returns to Investor

### U.S. consumer rates

A consumer rate against its benchmark over the past year



### Selected rates

Five-year ARM, Rate

**Bankrate.com avg': 3.39%**

Citadel Federal Credit Union	2.88%
Exton, PA	800-666-0191
Hanscom Federal Credit Union	2.88%
Hanscom AFB, MA	800-656-4328
San Diego County Credit Union	2.88%
San Diego, CA	877-732-2848
Associated Bank, NA	3.13%
Rockford, IL	800-682-4989

# CLOSED-END 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-end funds generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. 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, January 31, 2020

Fund (SYM)	NAV	Prem	52 wk	Ttl	Ret
		Close/Disc	Close/Disc	Ret	
<b>General Equity Funds</b>					
Adams Diversified Equity	ADX	17.94	15.86	-11.6	26.1
Boulder Growth & Income	BGF	13.46	11.42	-15.2	10.0
Central Secs	CET	37.90	32.24	-14.9	27.2
CohenStrcsCEOppFnd	COF	13.60	13.66	+0.4	22.2
EVTAAdvDivlnc	EDV	25.23	25.71	+1.9	30.5
GabelliDivlncTr	GDT	23.94	21.47	-10.3	10.9
Gabelli Equity Tr	GAB	5.86	6.04	+3.1	15.1
GeneralAmer	GAM	43.04	37.14	-13.7	26.4
JHancockTaxAdvDiv	HTD	27.80	27.76	-0.1	25.1
Liberty AllStr Eq	LEA	6.69	6.66	-0.4	25.1
Royce Micro-Cap Tr	RMT	9.43	8.35	-11.5	8.5
Royce Value Tr	RVT	16.01	14.43	-9.9	14.4
Source Capital	SOR	44.15	38.57	-12.2	12.2
Tri-Continental	TY	30.86	28.21	-8.6	18.3
<b>Specialized Equity Funds</b>					
Aberdeen Gbl Prem Prp	AWP	7.32	6.58	-10.1	24.4

## A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 733.70 points, or 2.53%, on the week. A \$1 change in the price of any DJIA stock = 6.78-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$29,436, or a loss of 1.88%, on the \$30,000 investment, including reinvested dividends.

The Week's Action		Company		\$1,000 Invested (year-end '19)	
Pct	Stock Price	Symbol	Close	Change	Value
Change	Change			(%)	\$1,000
3.14	5.19	35.20	Microsoft	MSFT	\$170.23
2.26	3.17	21.50	IBM	IBM	143.73
1.29	2.73	18.52	McDonald's	MCD	213.97
1.25	0.72	4.88	Coca-Cola	KO	58.40
0.37	0.55	3.73	Johnson & Johnson	JNJ	148.87
0.10	0.12	0.81	WalMart	WMT	114.49
-0.42	-0.52	-3.53	Procter & Gamble	PG	124.62
-0.59	-0.79	-5.36	JPMorgan Chase	JPM	132.36
-0.63	-0.54	-3.66	Merck	MRK	85.44
-1.26	-1.77	-12.00	Walt Disney	DIS	138.31
-1.39	-0.84	-5.70	Verizon	VZ	59.44
-1.48	-4.78	-32.42	Boeing	BA	318.27
-1.68	-3.90	-26.45	Home Depot	HD	228.15
-1.72	-4.17	-28.28	Goldman Sachs	GS	237.75
-1.95	-2.99	-20.28	United Technologies	UTX	150.20
-2.29	-1.19	-8.07	Walgreens	WBA	50.85
-2.34	-3.16	-21.43	Travelers	TRV	131.62
-2.76	-8.80	-59.68	Apple	AAPL	309.51
-2.94	-6.03	-40.90	Visa	V	198.97
-3.88	-5.24	-35.54	American Express	AXP	129.87
-4.21	-4.71	-31.94	Chevron	CVX	107.14
-4.99	-2.42	-16.41	Dow	DOW	46.07
-5.62	-5.73	-38.86	Nike	NKE	96.30
-5.90	-2.88	-19.53	Cisco Systems	CSCO	45.97
-6.33	-4.20	-28.49	Exxon Mobil	XOM	62.12
-6.43	-9.03	-61.24	Caterpillar	CAT	131.35
-6.48	-2.58	-17.50	Pfizer	PFE	37.24
-6.63	-4.54	-30.79	Intel	INTC	63.93
-6.95	-20.36	-138.08	UnitedHealth Group	UNH	272.45
-10.94	-19.49	-132.18	3M	MMM	158.66

\*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet

## Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Thomson Financial on January 31, and year-to-date stock performance of the company.

**KEY:** B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

## Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range (\$ in transaction)	\$ Value (000s)	Close (\$)	Ytd (%)
Jan. 22-24	Trinity Industries	TRN	B. Boze	DOI	278	20.51-20.75	5,748	20.33	-8.2
Jan. 27-29	Northern Oil & Gas	NOG	R. Rowling	B	3,364	1.66-1.70	5,632	1.66	-29.1
Jan. 23	Vaccinex	VCNX	A. Friedberg	DOI	982	5.09	5,000	6.95	43.2
Jan. 23			M. Zauderer	CEO	98	5.09	500		
Jan. 23			J. Frieberg	D	39	5.09	200		
Jan. 27	Discover Financial Services	DFS	R. Hochschild	CEO	15	74.12	1,112	75.13	-11.4
Jan. 27			W. Walkott	GC	3	73.95	251		
Jan. 27			J. Greene	CFO	3	73.84	249		
Jan. 27			C. Minetti	O	3	73.74	221		
Jan. 24-28	B Riley Principal Merger	BRPM	B. Riley	D	84*	10.19-10.24	862	10.24	2.3
Jan. 23	Fastenal	FAST	D. Jackson	DI	18	35.57	640	34.88	-5.6
Jan. 28	Freeport-McMoRan	FCX	J. Stephens	DI	45	11.19	504	11.10	-15.4
Jan. 27	Cadence Bancorp	CADE	M. Shapiro	D	25	16.13	403	15.63	-13.8
Jan. 27	Zymeworks	ZYME	T. Cox	D	8	46.50	349	43.64	-4.0
Jan. 28	Applied Therapeutics	APLT	S. Kanter	D	7	45.50	296	52.47	92.3
Jan. 28	Investar Holding Corp	ISTR	A. Nelson	D	6	23.01	138	22.11	-7.9
Jan. 16-24	Century Bancorp	CNBKA	J. Filler	B	1	90.20-91.24	135	86.00	-4.4

## Sellers

Jan. 24-28	Texas Instruments	TXN	R. Templeton	CEO	405	126.68-131.85	52,140	120.65	-6.0
Jan. 28	Abbott Laboratories	ABT	B. Yoor	CFO	510	89.73	45,747	87.14	0.3
Jan. 24	Lennar	LEN	S. Stowell	D	300	67.06-67.75	20,161	66.36	18.9
Jan. 22	Broadcom	AVGO	H. Tan	CEO	63	310.97-317.79	19,619	305.16	-3.4
Jan. 15-17	Credit Acceptance	CACC	T. Smith	BI	37	444.85-450.07	13,683	428.98	-3.0
Jan. 24-27			T. Smith	BI	30	454.39-458.40	16,592		
Jan. 28-29			T. Smith	BI	22	458.98-460.88	10,172		
Jan. 22	Salesforce.com	CRM	A. Dayon	P	86	186.09	16,077	182.31	12.1
Jan. 28	Adobe	ADBE	A. Parasnis	CT	40	350.00	14,000	351.14	6.5
Jan. 28			D. Morris	OI	25	347.74-348.61	8,871		
Jan. 22-24	eHealth	EHTH	S. Flanders	CEO	121	100.28-116.07	13,303	105.16	9.5
Jan. 23-24	AutoNation	AN	E. Lampert	BI	264	45.02-45.08	11,906	42.44	-12.7
Jan. 23-27	Becton Dickinson & Co	BDX	V. Forlenza	CEO	39	280.06-280.13	10,926	275.18	1.2
Jan. 16-21	Tradeweb Markets	TW	L. Olesky	CEO	221*	45.42-46.33	10,146	46.18	-0.4
Jan. 24-28	Horvath Medicines	FIXX	J. Flynn	BI	640	15.51-15.77	10,037	15.65	-24.4
Jan. 23-24	Verisk Analytics	VRSK	K. Thompson	GC	57	165.11-165.34	9,463	162.47	8.8
Jan. 24	NextEra Energy	NEE	C. Sieving	GC	36	257.03-260.00	9,157	268.20	10.1
Jan. 28	Adaptive Biotechnologies	ADPT	A. Zoltners	D	345	26.50	9,143	29.91	-0.1

\*Half the transactions were indirect \*\*Two day transaction p-Pink Sheets

## Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	551,069	2,147,362	Finance	2,642,405	105,938,751
Business services	18,571	6,093,588	Health care	0	93,014,282
Capital goods	0	0	Industrial	8,815,432	7,598,675
Consumer durables	0	31,324,980	Media	2,845	47,317
Consumer nondurables	0	16,998,006	Technology	0	68,751,583
Consumer services	670,106	841,779	Transportation	58,817	2,250,088
Energy	5,662,126	207,764	Utilities	0	9,178,106

Sources: Thomson Financial; WSJ Market Data Group

Fund (SYM)	NAV	Prem	52 wk	Ttl	Ret
		Close/Disc	Close/Disc	Ret	
EVTXmDvsEqIncl	ETY	12.29	12.58	+2.4	24.1
EtnVncTxMgdGblB	ETW	NA	10.32	NA	14.9
EVTXMnGblDvEqIncl	EXG	NA	8.80	NA	21.5
First Trust Energy Inc	FEN	20.01	21.16	+5.7	13.0
First Tr Enhanced Eq	FHA	16.80	17.13	+2.0	28.6
First Tr Energy Infra	FIF	17.70	16.93	-4.4	20.5
First Tr MLP EnrGr	FEI	11.60	11.32	-2.4	8.4
Gabelli Healthcare	GRX	13.11	11.18	-14.7	16.4
Gab Utility	GUT	5.18	8.02	+54.8	40.2
GAMCO Gold & Nat Res	GTN	4.18	4.31	+3.1	14.3
J Han Finl Optpys	BTO	33.68	33.47	-0.6	6.3
Neuberger Barm MLP & Pwr	NML	7.20	6.55	-9.0	-7.9
NubrgRIESTSec	NRO	5.81	5.71	-1.7	34.2
Nuv Dow 30 Dyn Overwrite	NOX	17.93	17.53	-2.2	7.6
Nuv Dow Eng MLP Tr Rtn	JMF	7.46	7.21	-3.4	-13.3
Nuven Nasdaq 100 Dyn Ovr	QOQ	24.20	24.09	-0.5	16.4
Nuv Real Est	JRS	11.39	10.81	-5.1	15.9
Nuven St Asst Inc Crp	GRI	20.17	18.86	-6.5	31.6
Nuven S&P500 Dyn Frd	SPXX	NA	16.29	NA	15.8
Nuven S&P500 Dyn Frd	BXMX	13.65	13.62	-1.4	11.8
Reaves Utility Income	UTG	37.95	38.00	+0.1	28.9
RMR Real Est Inc	RIF	25.28	20.75	-17.9	26.2
Tortoise Energy Infra Crp	TYG	17.86	17.13	-4.1	-21.6
Tortoise Ess Asst Inc Tm	TEAF	18.30	16.38	-10.5	NS
Tortoise Midstream Energy	NTG	10.87	10.25	-5.7	-18.8
<b>Income &amp; Preferred Stock Funds</b>					
Calamos Strat Tot	CSQ	NA	13.64	NA	23.6
CohenStrcsLdrPrfIncl	LDP	26.76	26.74	-0.1	22.2
CohenStrcsPrfIncl	PSF	27.72	32.49	+17.2	30.8
First Tr Int'l Divd Prf	FFP	24.97	24.06	-3.6	20.8
J Han PrefInc	HPI	21.94	23.29	+6.2	18.3
JHPrefInc	HPI	21.59	22.44	+3.9	14.5
HnckJPrfIncl	HPS	19.21	19.62	+2.1	17.8
J Han Perm	PDT	16.22	18.37	+13.3	24.3
LMP CapInco	SCD	NA	15.51	NA	38.0
Nuven Prf & Inc Opp	JPC	10.52	10.45	-0.7	22.6
Nuven Fd	JPS	10.27	10.20	-0.7	20.5
J Han Investors	JHI	18.65	17.98	-3.6	6.8
KKR Income Opportunities	KIO	NA	15.72	NA	9.5
MFS Charter	MCR	9.01	8.51	-5.5	8.3
Nuven Taxable Muni Inc	NBB	22.80	22.54	-1.1	5.5
PIMCO Corp & Inc Oppy	PTY	NA	19.57	NA	8.3
PIMCO Corp & Inc Opp	PCN	NA	19.80	NA	7.3
PIMCO OHInco	PHK	6.28	7.59	+20.9	10.5
PIMCO IncmStrFnd	PFL	10.97	12.05	+9.8	9.1
PIMCO IncmStrFnd	PFN	9.85	10.73	+8.9	9.0
Putnam M& Int	PIM	4.87	4.81	-1.2	7.5
Putnam Prem Inc	PPT	5.43	5.46	+0.6	7.7
Wells Fargo Multi-Sector	ERC	NA	12.97	NA	9.3

MONEY & INVESTING

# Peer-Lending Business in China Withers

BY CHAO DENG AND XIE YU

BEIJING—China's peer-to-peer lending industry, once a world beater, is on its last legs. Entrepreneurs had hoped to fill a gap in the Chinese financial system ignored by state-backed banks. Thousands of peer lenders flourished, gathering funds from small investors and extending credit to family restaurants, parents with tuition bills to pay and other small borrowers. Several larger players such as **Yirendai Ltd.**, **PPDAI Group Inc.** and **Qudian Inc.** went public in the U.S.

But a reversal in official attitudes has made life much harder for peer-lending entrepreneurs such as Darwin Tu. His lending platform, **Super Credit**, at its peak boasted roughly 3,000 employees, more than 100 branches, and international expansion plans. It is now down to a single modest office in Beijing and a few dozen staff.

Mr. Tu, 52 years old, said the Chinese government went from supporting peer lending and other kinds of consumer finance to wanting to kill it off, in the name of protecting investors. "They basically changed the objective of their regulation," he said. "I don't think this is right."

The change is one part of China's deleveraging campaign,

the government's attempt to tame a vast and rapidly growing shadow-banking system to secure financial stability. Moves to rein in debt, however, have made it hard for private-sector borrowers to secure financing, which could crimp economic growth.

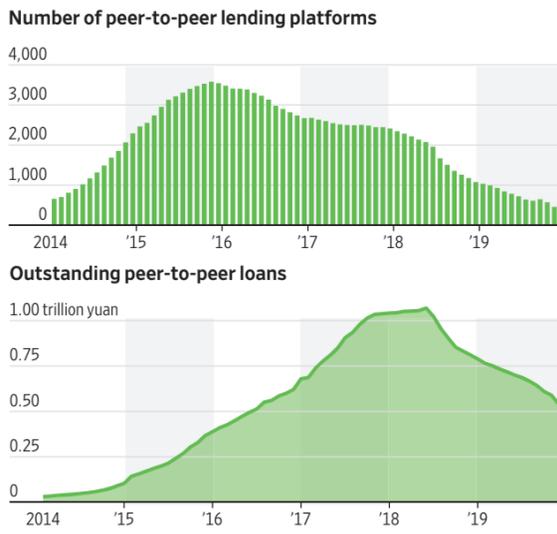
While a hefty 492 billion yuan (\$71.4 billion) of peer loans were outstanding as of December 2019, that sum has shrunk from a peak of more than 1 trillion yuan around mid-2018, according to Chinese industry tracker Wangdaizhijia. The figures are for loans where platforms have acted as intermediaries.

Authorities initially favored peer lending, endorsing a financial innovation they hoped could help fund small businesses, create jobs and offer an investment alternative to the stock market. Soaring household incomes and smartphone adoption helped drive growth.

The Chinese industry followed foreign "P2P" examples, such as LendingClub in the U.S. and U.K.-based Zopa. But it grew to surpass other markets in size and daring—for example taking greater risks by borrowing short term and lending for longer periods.

Regulators were initially slow to lay down clear rules, and China's banking authority only assumed oversight of the sector in 2015. By then, China

Chinese authorities have forced thousands of peer lenders to shut. Loans are down by half.



was a world leader. Its fintech lending to individuals and business, the bulk of which was peer to peer, totaled \$100 billion that year, versus \$34 billion in the U.S., according to an Asian Development Bank Institute working paper.

One early sign of trouble came when official guidelines from the banking regulator started describing lending platforms as information intermediaries. That signaled the gov-

ernment wanted peer lenders to serve as matchmakers between lenders and borrowers, not manage capital for investors or extend credit themselves.

Well-run platforms were supposed to get green lights from local authorities to continue to operate. However, regulators dragged their feet as platforms struggled to unwind earlier loans, and local officials lacked the wherewithal and in-

centive to monitor lending taking place beyond their jurisdictions.

Authorities came down hard after scandals and during a wave of public protests in 2018. At the same time, slowing economic growth was making it harder for many borrowers to repay funds.

The pressure has since intensified. Authorities have investigated hundreds of firms, shutting down many and detaining their employees. Police have arrested owners and staff from various peer lenders, citing problems such as illegal fundraising, fraud or violent debt collection.

Early last year, national authorities said platforms that didn't meet regulatory requirements needed to be shut, leading many provinces to say they would close all peer lenders. The number of lending platforms has dropped to less than 400 from a peak of more than 3,500.

In November, authorities gave the remaining peer lenders at most two years to exit from the industry. If they want to continue they can become pure intermediaries.

Mr. Tu of Super Credit is one of many founders trying to convince authorities that his business hasn't engaged in any illegal fundraising.

As authorities reined in the industry, he said Super Credit

began trying to match loans and investments one-for-one, so maturities on both sides were perfectly aligned. However, that meant telling investors they wouldn't be able to get their money back so quickly. Some got angry and complained to Beijing police, who began investigating him last summer.

Mr. Tu is an American citizen, a status he said has afforded him slightly better official treatment. But he is still stuck in legal limbo and believes he can't leave the country without arousing further



**Darwin Tu's lending platform is down to a single office and a few dozen staff.**

suspicion. He said he hasn't committed any crimes and has hired a lawyer in case he gets arrested and charged in court. Super Credit, he added, has been gradually repaying investors, proving his borrowers are real and he didn't siphon off investors' money, and has provided data and transaction histories as requested. The Beijing police didn't respond to a request for comment.

## Lindberg Trial Set to Proceed

BY LESLIE SCISM AND MARK MAREMONT

Insurance mogul Greg Lindberg's criminal trial on federal bribery charges is set to start Feb. 18, after a federal judge denied motions by Mr. Lindberg and two fellow defendants to dismiss charges against them.

A self-proclaimed billionaire, Mr. Lindberg bought life insurers in the U.S. and abroad and lent at least \$2 billion of their assets to entities he controlled. He often used shell companies as intermediaries to direct the funds.

Mr. Lindberg and two associates are charged with honest-services fraud and bribery after they allegedly tried to bribe North Carolina Insurance Commissioner Mike Causey with \$2 million in campaign contributions.

They allegedly wanted him to replace a staff regulator who was overseeing Mr. Lindberg's insurers with someone they deemed more favorable.

Mr. Lindberg's initial preferred candidate for the position was one of his own company executives, now a fellow defendant, according to an indictment unsealed in April 2019.

Unknown to the defendants, the insurance commissioner, Mr. Causey, was cooperating with federal officials and recording the interactions.

Mr. Lindberg's insurance empire was the focus of a February 2019 investigative article in The Wall Street Journal.

A fourth defendant, Robin Hayes, a former congressman and former chairman of North Carolina's Republican Party, has already pleaded guilty to a

single count of lying to the Federal Bureau of Investigation. Along with the remaining defendants, he had initially been charged with conspiring to bribe Mr. Causey.

The two remaining defendants alongside Mr. Lindberg are John D. Gray, a consultant to the executive, and John V. Palermo Jr., an executive for a Lindberg company. All three have pleaded not guilty.

In a decision signed Thursday and entered into the court record Friday, Judge Max O. Cogburn Jr. ruled against motions to dismiss by the remaining defendants, writing that "there is a legally sufficient basis" to support the indictment.

### A judge denied motions to dismiss charges against the three defendants

In September Mr. Lindberg had sought to dismiss the charges because, his attorneys argued, his actions fell short of criminal conduct in light of recent U.S. Supreme Court rulings.

Criminal prosecutions of public officials and corporate executives involving honest-services fraud, or related statutes, have been controversial in the legal community.

Recent Supreme Court cases have limited such prosecutions to cases involving an "official act," Mr. Lindberg's attorneys said in their September filing. According to their filing, Mr. Lindberg be-

lieved the regulator he sought to replace was biased and so replacing her wasn't part of a plan to influence oversight of his insurers in a corrupt way.

Judge Cogburn ruled that "staffing decisions generally—and the decision to assign an employee to regulate [Mr. Lindberg's insurers] in particular—are a formal exercise of official power."

A spokesman for Mr. Lindberg said the executive had no comment on the ruling.

North Carolina regulators have taken control of four of Mr. Lindberg's main insurers, and those state-controlled insurers have asked a state court to appoint a receiver over hundreds of Mr. Lindberg's private entities.

The private entities together owe those insurers \$1.3 billion. The insurers' court filings allege that some of the private entities are mismanaged and that funds were diverted to Mr. Lindberg's personal uses.

Mr. Lindberg denied those allegations and said none of his private entities is in default on obligations to the insurers. Mr. Lindberg maintains the effort to appoint a receiver is a politically motivated move by Mr. Causey, the insurance commissioner.

Mr. Causey has previously stated that he "had no political motivation whatsoever and was strictly doing regulatory oversight to protect policyholders," and declined additional comment because of the pending court case.

A separate federal probe is continuing to investigate potential fraud in Mr. Lindberg's business dealings, court records show.

## Wells Fargo Wealth Advisers Struggle as Market Booms

BY RACHEL LOUISE ENSIGN AND BEN EISEN

The booming stock market has meant brisk business for financial advisers. Not so at **Wells Fargo & Co.**

The bank's wealth-management profit has barely budged from 2016, the year its fake-account scandal burst into public view.

Bank of America Corp. and Morgan Stanley, meanwhile, have posted double-digit gains in their wealth businesses.

The stall has some of Wells Fargo's more than 13,000 financial advisers heading for the exits. To stem the tide, the bank is luring new advisers with six-figure bonuses while asking for money back from those who don't meet performance goals, according to interviews with current and former Wells Fargo advisers.

Times are generally good for financial advisers, who are in high demand as the stock market rises and a growing population of retirees seeks investment advice. What's more, fee-generating businesses such as wealth management have become more important for banks since low interest rates have crimped lending profits. But Wells Fargo is finding that it is hard to win back the trust it lost when it came to light that branch employees opened perhaps millions of phony accounts without customer knowledge.

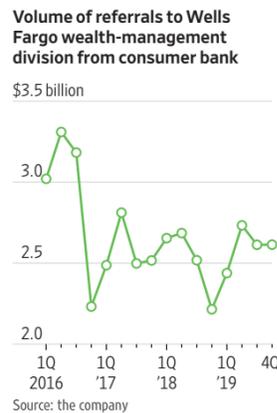
Wells Fargo executives believe the wealth operation—one of the bank's three main business lines—is close to

turning around after the scandal. Wealth-management head Jonathan Weiss has put new managers in place, and the bank said 2019 was its best recruiting year since before the scandal erupted. Yet expenses have jumped 23% from a year ago, in part because of higher compensation and benefits.

"We are proud that so many outstanding financial advisers are choosing to join us," a bank spokeswoman said. "We remain optimistic about the business and the future."

The business has a long way to go to make up ground it lost following the scandal. The wealth division managed client assets valued at \$1.9 trillion at the end of last year, up 12% from the end of 2016. Client assets at Bank of America and Morgan Stanley rose 21% and 28%, respectively.

Wells Fargo is paying up to replace advisers it has lost in recent years. It is offering candidates a bonus of as much as



200% of their revenue from the prior year, recruiters said, which is around 25 to 50 percentage points higher than what competitors are offering.

The bank is trying to attract advisers with bigger books of business, and it recently changed their pay structure to discourage them from taking on smaller accounts.

Wells Fargo's damaged reputation makes it a tough sell.

"Advisers tell me they don't want to have to apologize for the firm they work for," said Brian Hamburger, chief executive at MarketCounsel Consulting, a consultancy to financial advisers.

Times are especially tough for advisers who work out of Wells Fargo branches and depend on referrals from bankers, according to current and former advisers. Referrals fell after the bank eliminated sales goals in 2016 to stamp out an aggressive sales culture that led to the fake-account openings.

The lender has reintroduced some goals and says referrals from bankers to in-branch advisers are up.

Wells Fargo's consumer bank referred \$2.6 billion of investment assets to the wealth business in the final three months of last year, up 18% from a year earlier, but still down from the \$3.2 billion in the third quarter of 2016. Some in-branch advisers said they are earning less than half of what they did at their former firms, and they are struggling to pay their bills and cutting back on expenses.



Analysts expect auto maker General Motors to report a quarterly profit of 1 cent a share Wednesday.

### THE TICKER | Market events coming this week

Monday	Tuesday	Wednesday	Thursday	Friday
<b>Construction spending</b> Nov., previous up 0.6% Dec., expected up 0.5%  <b>ISM mfg. index</b> Dec., previous 47.2 Jan., expected 48.5  <b>Earnings expected*</b> Estimate/Year Ago(\$) Alexandria Real Estate Equities <b>0.55/(0.30)</b> Alphabet <b>12.49/12.77</b> Check Point Software <b>1.99/1.68</b> Hartford Financial Services <b>1.32/0.78</b> NXP Semiconductors <b>2.02/2.13</b> Sysco <b>0.83/0.75</b>	<b>Factory orders</b> Nov., previous down 0.7% Dec., expected up 1.3%  <b>Earnings expected*</b> Estimate/Year Ago(\$) Chubb <b>2.12/2.02</b>	<b>Mort. bankers indexes</b> Purch., previous up 5% Refinan., prev. up 8%  <b>EIA status report</b> Previous change in stocks in millions of barrels Crude oil up 3.5 Gasoline up 1.2 Distillates down 1.3  <b>ISM non-mfg index</b> Dec., previous 55.0 Jan., expected 55.0  <b>Int'l trade deficit</b> Nov., prev. \$43.09 billion Dec., exp. \$48.40 billion  <b>Earnings expected*</b> Estimate/Year Ago(\$) Boston Scientific <b>0.88/0.94</b>	GM <b>0.44/0.39</b> Merck & Co. <b>0.01/1.43</b> MetLife <b>1.15/1.04</b> Qualcomm <b>1.37/1.35</b> Uber <b>0.85/1.20</b>  <b>Initial jobless claims</b> Previous 216,000 Expected 215,000  <b>EIA report: natural gas</b> Previous change in stocks in billions of cubic feet down 201  <b>Productivity</b> 3rd qtr., prev. down 0.2% 4th qtr. prelim., exp. up 1.6%  <b>Unit labor costs</b> 3rd qtr., prev. up 2.5% 4th qtr. prelim., exp. up 1.7%  <b>Earnings expected*</b> Estimate/Year Ago(\$) Becton, Dickinson <b>2.64/2.70</b> Bristol-Myers <b>0.88/0.94</b>	Cigna <b>4.20/2.46</b> Philip Morris International <b>1.21/1.25</b> S&P Global <b>2.41/2.22</b> Uber <b>(0.67)/(1.86)</b>  <b>Nonfarm payrolls</b> Dec., previous 145,000 Jan., expected 158,000  <b>Unemployment rate</b> Dec., previous 3.5% Jan., expected 3.5%  <b>Wholesale inventories</b> Nov., previous down 0.1% Dec., expected up 0.1%  <b>Consumer credit</b> Nov., prev. up \$12.51 bil. Dec., expected n.a.  <b>Earnings expected*</b> Estimate/Year Ago(\$) AbbVie <b>2.19/1.90</b> Avantor <b>0.16/n.a.</b> Cboe Global Markets <b>1.11/1.54</b>

\* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ♦ ADJUSTED FOR STOCK SPLIT  
NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY



Sen. Bernie Sanders has proposed an overhaul and is gaining ground in the Democratic presidential race.

## Health-Care Fears Are Overdone

Sanders and election pose less threat to sector than supposed

Politics pose a significant risk to U.S. health-care stocks. Investors should look past it.

Sen. Bernie Sanders has gained ground in the Democratic presidential race and is now tied with former Vice President Joe Biden among the party's primary voters nationally, according to a recent Wall Street Journal/NBC News poll. Sen. Elizabeth Warren is in third place.

Sen. Sanders has proposed a dramatic overhaul of the U.S. health-care system known as Medicare for All. He could possibly gather more steam with a strong showing in Monday's Iowa caucus.

Recent history suggests that could be a problem for Wall Street. Indeed, his gathering strength, coupled with general market weakness, pushed a broad index of health-care stocks 2% lower on Friday.

Health policy under current law is highly favorable for companies;

the Affordable Care Act expanded access to care without instituting meaningful cost controls. So investors aren't likely to welcome major policy changes and can't ignore the possibility of them.

However, a closer look suggests any politics-fueled selloff will present a buying opportunity. Current polling likely overstates the true probability that Medicare for All will become law soon.

And investors shouldn't overreact to the Iowa caucus results. The more important date comes a month from now when 14 states, including California and Texas, hold a Democratic primary on March 3.

Even in a scenario in which a Medicare for All advocate wins the nomination, and even the presidency, overhauling health policy isn't realistic without Congress on board. Building consensus among lawmakers and other stakeholders won't happen overnight.

Insurers, drug manufacturers and other companies likely to be affected by any overhaul employ a host of lawyers and lobbyists and can be expected to fight new laws in court.

Of course, even the prospect of change can affect stock prices as investors build in even the outside chance of an overhaul. But investors, too, shouldn't forget the sector's current fundamentals are strong.

Nearly halfway through fourth-quarter earnings season, sales at S&P 500 health-care companies are projected to log an increase of nearly 11% from a year ago, according to FactSet. That tops every other sector. The health-care sector trades at less than 16 times forward earnings, while the market goes for about 18 times.

If health stocks take a turn for the worse after the Iowa caucus, it is better to bet on a recovery.

—Charley Grant

## IBM Management Shuffle Blends Old and New

How does one shake up the leadership of a century-old company that prides itself on stability in the top ranks? The answer from IBM's board: very carefully.

The company formally known as **International Business Machines Corp.** announced such a shake-up late Thursday. Arvind Krishna was named to the chief executive role, succeeding Ginni Rometty, who has held the job since 2012. Jim Whitehurst, who has remained Red Hat's CEO since IBM acquired the software maker in late 2018, was named president. Ms. Rometty will remain as executive chairman of the board through the end of the year before retiring.

The move was rightly seen as IBM sharpening its focus on the vital cloud-computing market. But it was surprising for other reasons. At 57 years old, Mr. Krishna is older than past chiefs of Big Blue when they got the job. IBM also tends to age out its CEOs at 60, though Ms. Rometty held on until 62.

It is the first time in decades that IBM has separated its president and CEO roles. Given the crucial role Red Hat is now playing in IBM's turnaround story, many on Wall Street thought the 52-year-old Mr. Whitehurst was in the running for the CEO job.

He still might be. Analyst Toni Sacconaghi of Bernstein wrote Friday that naming Mr. Whitehurst as president "clearly sets the expectation that he will be heir apparent." Analyst Jeff Kvaal of Normura Instinet noted that "exposure to IBM's broader suite of businesses may put Mr. Whitehurst on a path to eventually hold the CEO seat himself."

CEOs of acquired companies have a long history of bolting once the deal is done, so giving Mr. Whitehurst such a high-profile role was likely IBM's way of getting him to stick around.

But IBM also has a long history of promoting seasoned executives from within. Ms. Rometty had been

with the company for 31 years before her appointment, while her predecessor Sam Palmisano had logged 29 years before he got the top job. Mr. Krishna has been with IBM for 29 years now, though he benefits from having his name closely attached to the company's cloud and software operations that are its current area of focus.

It was certainly time to do something. Ms. Rometty had the bad fortune of inheriting control of IBM the year after its annual revenue peaked. So her tenure has been marked by mostly declining sales and profit. On the day of Ms. Rometty's appointment, IBM and **Microsoft** had similar market values of a little over \$200 billion each. Microsoft is now worth about \$1.3 trillion; IBM's value has fallen by 40%.

That sets a nice, low bar for the new team—especially with a stock fetching barely 10 times forward earnings. Microsoft, by contrast, is fetching a multiple of about 28 times. And Ms. Rometty's recent focus on the cloud and the acquisition of Red Hat does put IBM on the right course. But big ships turn slowly. Sometimes they even require two sets of hands rather than one.

—Dan Gallagher

IBM's share price



Source: FactSet



## How is futures margin different from equities margin?

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