

What's News

Business & Finance

Oil prices slid into bear-market territory, highlighting investors' growing worry that China's deadly coronavirus will hurt the global economy. **A1, A9, B10**

◆ **U.S. stocks rebounded** after last week's drop. The Nasdaq rose 1.3%, while the S&P 500 and Dow added 0.7% and 0.5%, respectively. **B11**

◆ **Global manufacturing** appeared to be steadying after a long slowdown, but is set to suffer a fresh setback tied to the virus outbreak. **A2**

◆ **Google parent Alphabet** lifted the veil on financial data for areas like YouTube and cloud computing as it posted disappointing results in its core online-ad operation. **B1**

◆ **CVS's announcement** that Aetna ex-chief Bertolini will leave the CVS board exposed tensions underlying the merger of the companies. **B1**

◆ **The FTC sued** to block the \$1.37 billion deal by the maker of Schick razors to buy upstart rival Harry's. **B1**

◆ **Facebook appointed** Dropbox CEO Houston, a friend of Zuckerberg, to the social-media firm's board. **B3**

◆ **Tradebot, a pioneer** in high-frequency trading, is facing falling profits and an employee exodus. **B1**

◆ **Worldline agreed** to buy rival Ingenico for \$8.6 billion, creating a giant in the European payments sector. **B10**

◆ **Tesla's shares are** rallying at their fastest pace in years, testing the resolve of short sellers. **B11**

◆ **Forever 21 reached** a deal to sell itself to a consortium of buyers for \$81 million. **B3**

World-Wide

◆ **The Iowa Democratic Party** was slow Monday night to release the results of its presidential caucuses, saying it had found "inconsistencies in the reporting" as the country awaited the outcome. **A1, A4-5**

◆ **House Democrats** and Trump's defense team concluded closing arguments in the impeachment trial in the Senate ahead of an expected acquittal this week. **A1**

◆ **Xi described** the coronavirus outbreak as a major test of China's system of governance and vowed consequences for officials who shirk their duty. **A8**

◆ **Trump administration** officials are granting fewer exemptions to tariffs on Chinese imports, with the approval rate sinking to 3% in the third round of levies. **A2**

◆ **Turkey launched** ground and air attacks on Syrian troops after eight of its military personnel were killed in Syrian shelling. **A18**

◆ **VA chief Wilkie fired** his deputy, citing a loss of confidence in Byrne's ability to carry out his duties. **A6**

◆ **Rush Limbaugh**, the conservative talk-radio icon, said he is being treated for advanced lung cancer. **A3**

◆ **An audio clip indicates** that civil aviation authorities in Tehran had an early clue that Iranian missiles brought down a Ukrainian airliner. **A18**

◆ **Died: Bernard Ebbers**, 78, WorldCom CEO imprisoned over fraud scandal. **B5**

... **Daniel arap Moi**, 95, former president of Kenya. **A18**

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The release of Iowa's Democratic caucus results was delayed after state party officials said they had found inconsistencies in the reporting. Above, supporters of Sen. Bernie Sanders waited in vain for the outcome to be announced Monday night.

Delay in Iowa Caucus Results Frustrates Democratic Rivals

By JOHN MCCORMICK AND KEN THOMAS

DES MOINES, Iowa—An election debacle unfolded Monday night as the Iowa Democratic Party failed to report the results of the state's presidential caucuses, saying it had found "inconsistencies in the reporting" as the nation awaited the outcome of the first nominating contest.

"In addition to the tech systems being used to tabulate results, we are also using photos

of results and a paper trail to validate that all results match and ensure that we have confidence and accuracy in the numbers we report," said Mandy McClure, the state party's spokeswoman.

She said a mobile app used to record and report results from each caucus site "did not go down and this is not a hack or an intrusion. The underlying data and paper trail is sound and will simply take time to further report the results."

The campaign of former

Vice President Joe Biden wrote in a letter to the state party that "acute failures are occurring statewide" in the reporting system.

"We believe that the campaigns deserve full explanations and relevant information regarding the methods of quality control you are employing, and an opportunity to respond, before any official results are released," wrote Dana Remus, general counsel for Mr. Biden's campaign.

The caucuses kicked off

Democrats' quest to find a challenger to President Trump in November's general election, formally opening a primary campaign that showed no signs of wrapping up quickly.

With the results still unknown, the candidates took to stages scattered around Iowa's capital to declare their own

Please turn to page A5

◆ Gerald F. Seib: Democrats, far from united, face voters.... **A4**

◆ For the latest results, go to **WSJ.com**

Google Feels Ad Squeeze

Google's parent, Alphabet, reported disappointing results from online advertising. **B1**

Alphabet segment revenue

Year	Google ad revenue	Other Google revenue*
2016	~18	~10
2017	~22	~12
2018	~28	~15
2019	~42	~20

*Includes hardware, cloud and app-store sales and "Other Bets" segment revenue
Source: the company

Bid to Ease Emissions Rules Leaves Car Industry in Limbo

Ford miscalculated on California deal, confusing auto makers' plans

When Ford Motor Co. Executive Chairman Bill Ford Jr. called the president last spring, he was hoping to defuse what was looking like a lengthy legal battle over the nation's fuel-economy regulations for vehicles.

The Trump administration wanted to significantly ease U.S. environmental rules. California had sued to stop that. The car industry was caught in the middle. Mr. Ford, calling from his Dearborn, Mich., office, urged the president to broker a compromise with California, according to people with knowledge of the conversation.

President Trump was puzzled and told Mr. Ford his view was out of step with his industry peers. "He basically said: 'You're on your

own' " to Mr. Ford, one of the people briefed on the call said.

The call was part of a nearly yearlong push to fend off the expense and delays of competing fuel standards, but Ford miscalculated the White House's appetite for a deal. Its efforts backfired, putting it at odds with the administration and other big car makers.

When Ford eventually made its own deal with California last summer, it drew an anti-trust inquiry and spurred the administration to speed up efforts to strip California's authority to set its own tailpipe standards.

It also irritated Ford's biggest rivals, including General Motors Co. and Toyota Motor Corp., which have since sided with the

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BlackRock Puts Office On Notice With Firings

When BlackRock Inc. fired two executives last year who had romantic relationships with subordinates, the giant money manager didn't do it quietly.

By Dawn Lim, Steven Russolillo and Jing Yang

The firm ousted both leaders, announcing they broke company rules in memos that were sent to BlackRock's roughly 16,000 employees. Senior executives and board members discussed the matters and wanted to send a message to employees, customers and the public, according to people familiar with the decision.

The public firings reflect a firm determined to show it will police its own workplace. The first of the dismissals took place less than a year after a workplace investigation focused on BlackRock's Hong Kong office led to the departures of two other employees

there, other people with knowledge of the matter said.

BlackRock faces new demands from the public as the shareholder votes it controls and its responsibilities as a corporate watchdog grow. Like other big companies, the giant asset manager also has to address expectations of a younger generation of employees who want to work in organizations that match their values.

"More and more people who are entering the workforce think differently from I did when I was young," Chief Executive and Chairman Laurence Fink, 67 years old, said in a January interview when BlackRock released its quarterly financial results. "I think everybody is looking to be a part of an organization they want to believe in."

Mr. Fink has told senior leaders that the public firings make clear to staff that they are free to point out problems

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Max Dodges Death on 'Homeland'

* * *

Show kills off stars, but writers love the quirky character

By JOE FLINT

It looked like Max Piotrowski's luck had finally run out.

The "Homeland" character—a quirky and socially awkward surveillance expert—had dodged death through the Showtime terrorism drama's first six seasons. When Maury Sterling, the actor who portrays Max, got a rare phone call midway through Season 7 from co-creator and showrunner Alex Gansa, he figured the jig was up.

"Max's run is done. It's been great. It's not you, it's us," Mr. Sterling said Mr. Gansa told him. "It was the to

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Oil Skids Into Bear Market On Virus Worries

By SUMMER SAID AND BENOIT FAUCON

Oil prices slid into bear-market territory on Monday, highlighting investors' growing concern that China's deadly coronavirus will hurt the global economy by reducing demand for gasoline, diesel and jet fuel in an already well-supplied market.

The declines capped an eventful day in markets. President Xi Jinping of China delivered a speech Monday describing the outbreak as a major test of the country's system of governance and vowing consequences for officials who shirk responsibility in tackling the crisis. U.S. health authorities, meanwhile, reported a second case of the coronavirus being passed from one person to another in the country as they raised the number of the nation's confirmed cases to 11.

The prospect of canceled flights, closed international borders, locked-down cities and idled factories in China,

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◆ World's factories return to growth but face risk..... **A2**

◆ Experts debate cautious response..... **A8**

◆ Stocks rebound after last week's slide..... **B11**

Both Sides Take a Last Shot at Trial Of President

By NATALIE ANDREWS

WASHINGTON—House managers said President Trump was a threat to American democracy, while his defense team countered that Democrats were trying to undermine two elections, in their final arguments in his Senate impeachment trial on Monday.

With Democrats set to fall well short of the two-thirds threshold needed to remove Mr. Trump from office in the final vote later this week, they used their turns at the lectern to issue a warning to the Senate, focusing on what they saw as the danger presented by Mr. Trump remaining in office.

"He has betrayed our national security and he will do so again," said Rep. Adam Schiff (D., Calif.), the lead impeachment manager and chairman of the House Intelligence Committee. "He has compro

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Dell Technologies

#1

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Let's Make It Real:
DellTechnologies.com/MultiCloud

Source: IDC WW Quarterly Cloud IT Infrastructure Tracker, 2019Q3 (based on vendor revenues from sales of cloud IT infrastructure products - servers, enterprise storage, and Ethernet switches).

U.S. NEWS

Fewer Tariff Exemptions Allowed

By ANTHONY DEBARROS
AND JOSH ZUMBRUN

WASHINGTON—Trump administration officials are granting fewer exemptions to tariffs on Chinese imports, with the approval rate recently plunging to 3% in the third round of levies from 35% in the first two, according to a Wall Street Journal analysis.

Requests for exemptions have been made by more than 4,500 companies, which typically say they have no viable or cost-effective alternatives to Chinese products. Many companies seek more than one exemption. For just the fourth round alone, more than 8,700 requests for exemptions were made by Friday, the filing deadline.

HealthWay Family of Brands filed for 11 exemptions on electronic and other parts it imports from China to build air cleaners in Pulaski, N.Y. When the U.S. Trade Representative denied its requests, the company was forced to lay off eight of its 48 workers and sideline plans to expand, said Vinny Lobdell Jr., the company's global president.

"We were set to build a \$2 million expansion," said Mr. Lobdell. "We had looked at bringing 30 to 40 more jobs to the area as the Intellipure product line was growing."

The USTR didn't respond to a request to comment on its reasons for denying tariff exemption requests.

The Trump administration has defended the tariffs, saying they are needed to pressure China to change practices that are unfair to U.S. businesses and can encourage U.S.



RUTH VAROSLASKI FOR THE WALL STREET JOURNAL

Music-equipment importer Gator Co.'s nine exclusion requests under the third tariff tranche were denied.

companies to build or source products domestically.

Tariffs were imposed in four tranches and are still in effect despite the Jan. 15 trade deal with China. The first two rounds of levies went into effect in July and August 2018. They impose 25% tariffs on roughly \$50 billion in goods including industrial products and electronic components. The USTR granted about one-third of the exemption requests for these products.

"These are particular valves or pieces of technology that we just can't get anywhere else," said Chris Rogers, an analyst with trade data analysis group Panjiva Inc. He said that may have led the USTR to believe it could "genuinely hurt these companies" if the exclusions weren't granted.

The third round of tariffs,

imposed in September 2018, imposes 25% tariffs on roughly \$200 billion in imports. These cover goods including furniture, luggage and wood products that are readily available from sources outside China, which Mr. Rogers said likely accounts for the relatively small number of exemptions granted—meaning that if importers claim that they can't find other sources, that "just isn't going to fly."

The fourth and final round of tariffs was imposed in September 2019, with 15% levies on roughly \$120 billion in Chinese imports including apparel, plasticware and sporting goods. The U.S. agreed to cut the tariffs on these items to 7.5% under the trade deal.

Overall, more than 52,700 exclusion requests have been filed to the USTR, which has

ruled on about 26,300 of those. In a Federal Register notice in August, the USTR estimated that each submission takes 2.5 hours for staff to evaluate.

One company, Minnesota-based **Arrowhead Engineered Products Inc.**, has filed more than 10,000 requests under the third round of tariffs. So far, the USTR has approved six and denied about 5,300. The company, which had received approvals for 35% of 474 requests in the first tranche, declined to comment.

One frustration for business owners is that the USTR doesn't provide any explanation for its decision.

"I have to tell you, I was really shocked," said Crystal Morris, CEO of Tampa, Fla.-based Gator Co., which imports speaker stands, guitar

cases and other audio accessories from China. Her company filed nine requests under the third tranche. All were denied.

"I thought we had put together a good appeal," she said. "It really talked about the fact that our products are for musicians and are going into schools, and education. We were pretty disappointed that they were denied."

Jonathan Gold, the vice president of supply chain and customs policy for the National Retail Federation, said such complaints are common.

"There's no insight into how or why USTR is making decisions on exclusions. It goes into a black box and there's no rhyme or reason that anyone can figure out into how the decisions are being made," Mr. Gold said.

Some companies, wrestling with large tariff bills, have been frustrated by the perception that the phase-one trade deal with China has resolved the uncertainty facing their businesses, Mr. Gold said.

The relatively high rate of exemption approvals for the first two rounds of tariffs encouraged many companies to seek relief, said attorney Jessica Wasserman of Green-spoon Marder.

"So many companies that decided to go through the expense and time of filing did so on the basis of the approval rate of the first tranches, which were around 30%, only to find that the approval rate for later tranches has plunged to about 3%," Ms. Wasserman said. "This is very frustrating and seems unfair."

—Chad Day
contributed to this article.

World's Factories Return To Growth but Face Risk

By PAUL HANNON
AND HARRIET TORRY

Global manufacturing appeared to be steadying after a long slowdown, but is set to suffer a fresh setback due to China's isolation in response to the coronavirus outbreak.

In the U.S., the Institute for Supply Management's manufacturing index rose to 50.9 in January from 47.2 in December, indicating a return to growth for the first time since July as new orders and production picked up. A reading above 50 indicates activity is expanding across the manufacturing sector, while below 50 signals contraction.

The increase "echoes the message from the other surveys that the prospects for factory sector activity are starting to improve, while adding to the broader evidence that the economy is turning a corner," said An-

drew Hunter, an economist at Capital Economics, in a note to clients.

Tim Fiore, who oversees the ISM survey of factory purchasing and supply managers, welcomed January's reading. But he questioned whether the expansion would be sustained in the coming months given weakness in some January inputs, including supplier deliveries, inventories and imports.

A small number of businesses in the survey commented on the coronavirus, Mr. Fiore said, although by the time the survey collected its data the scale of the outbreak was only just beginning to unfold.

"I'm sure it's going to have a pretty strong impact in February," he said.

Meantime a final IHS Markit manufacturing survey for the U.S. released Monday dipped to a three-month low as exports fell, although it

also remained in expansionary territory last month at 51.9, down from 52.4 in December.

January surveys of factories in Asia and Europe showed a slower decline in output, with shrinking inventories and stabilizing new orders pointing to a rebound in activity over coming months.

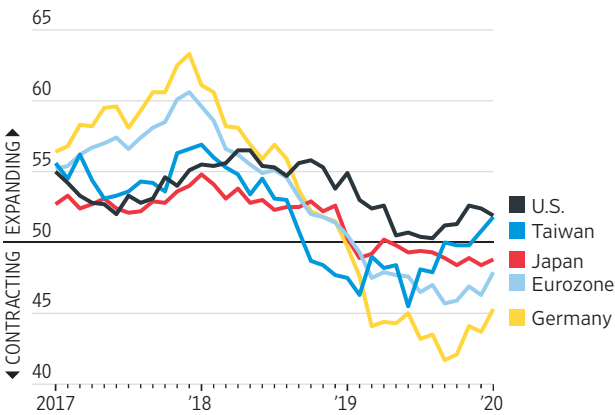
But those surveys were largely completed before uncertainty over the virus disrupted world-wide trade and supply chains. China is the world's largest manufacturing economy, and factories around the globe rely on its products to make their own, and produce goods that are used in Chinese production.

"The interruption of supply chains could have a snowball effect if stocks of essential electronic components from China are depleted," said Timme Spakman, a trade economist at ING Bank.

Before the virus began to

Before the coronavirus spread, there were signs that a long slowdown in global factory activity was coming to an end.

Manufacturing purchasing managers' indexes



Source: IHS Markit

spread, economists had expected global manufacturing to steady and then pick up in the early months of 2020, boosted in part by a trade truce between the U.S. and China. That expectation underpinned hopes that global economic growth would accelerate this year, having slowed to its weakest pace since the financial crisis in 2019.

Surveys of purchasing man-

agers at European factories continued to point to weakness in output. But they also showed a more modest drop in new orders in January, while businesses had run down their stocks of finished products. According to the compiler of the surveys—data firm IHS Markit—that combination pointed to a pickup in the sector over the coming months.

BlackRock Polices Its Workplace

Continued from Page One in the workplace.

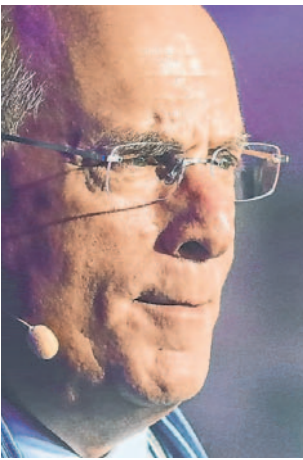
The world's largest money manager with \$74 trillion under management, BlackRock faces pressure to demonstrate that it holds itself to the same standards as it does the thousands of companies it watches.

BlackRock, on behalf of the funds it runs, is one of the five largest shareholders in nearly every corporation in the S&P 500.

It can cast votes and pressure boardrooms to effect change. It has told companies that workplace practices involving everything from protecting laborers to retaining workers can drive shareholder results, and has encouraged corporations to provide a fuller accounting on these matters.

Mr. Fink said last month BlackRock would be inclined to vote against companies with climate risk disclosures it believes fall short.

The demands also bring public scrutiny to how the firm conducts itself. Senior staff have discussed how inappropriate office behavior poses heightened risks to



SIMON DAWSON/BLOOMBERG NEWS

BlackRock's Laurence Fink

BlackRock's reputation at a time when the public is more sensitive to power imbalances in workplaces, people familiar with the matter said.

The first high-profile firing last year was of BlackRock's global human resources head, Jeff Smith. Mr. Smith had been a confidant of Mr. Fink, people familiar with the matter said. His office was close to Mr. Fink's in the c-suite at BlackRock's Manhattan headquarters on 52nd Street.

Mr. Smith was stripped of his post by midsummer.

Mr. Smith had romantic involvements with more than one subordinate over time, according to people familiar with the matter. He was called out in a July companywide memo for an unidentified breach of company policy. At least one of those involve-

ments was a violation of the firm's workplace rules, one of the people said.

BlackRock requires employees to disclose relationships with colleagues to their bosses and human resources so the firm can decide whether they need to change jobs to avoid conflicts of interest, favoritism or other issues.

The second firing was of a contender to succeed Mr. Fink as CEO. Mark Wiseman, an executive who headed BlackRock's active equities business and has been married to one of BlackRock's country heads, was publicly forced out in December for failing to disclose a relationship with another woman. He had been involved for a few months with the woman, who worked directly for him, according to people familiar with the matter.

BlackRock said in a companywide announcement that Mr. Wiseman flouted a workplace rule. The woman wasn't asked to leave, one of the people said.

"It is deeply disappointing that two senior executives have departed the firm in the same year because of their personal conduct," Mr. Fink and President Rob Kapito wrote in a firmwide memo in December. "This is not who BlackRock is."

Mr. Smith didn't respond to requests for comment.

A spokesman for Mr. Wiseman said he was unable to comment beyond a memo he

sent colleagues last year. In that note, Mr. Wiseman wrote that he engaged in a consensual relationship without reporting it and regretted his mistake.

The high-level firings took place less than a year and a half after BlackRock had investigated workplace problems in its Asia Pacific headquarters.

In the last quarter of 2018, BlackRock launched a wide-ranging investigation focused on Hong Kong after Mr. Fink received an anonymous complaint about aspects of office culture that women felt worked against them, people familiar with the matter said.

The firm opened the investigation two days after Mr. Fink got the letter. BlackRock also flew a team from New York into the Hong Kong office and hired an outside law firm to assist with the investigation, people familiar with the matter said. BlackRock looked into issues that included potential harassment, power imbalances and overwork, two of the people said.

People familiar with the matter said two individuals left after the investigation, including Andrew Reynolds, BlackRock's Asia Pacific chief operating officer. Mr. Reynolds, who now works with venture firm Sequoia Capital, declined to provide comment.

BlackRock pared back holiday festivities in Hong Kong in 2018 and settled for an in-office gathering for its Christ-

mas party, people familiar with the matter said. It was a departure from the past, when BlackRock had typically booked a venue for a boisterous event with an open bar, people familiar with the matter said.

About seven months later, the first of two top executives was pushed out.

CORRECTIONS & AMPLIFICATIONS

President Trump's ad about commuting the life sentence of a woman convicted of nonviolent drug charges ran during the Super Bowl, and his ad touting the country's strength and prosperity ran during postgame coverage. In some editions Monday, a Business & Finance article about Super Bowl ads incorrectly reversed the order in which the two ads aired.

International Business Machines Corp. in the past has had an executive with the singular title of president. An Exchange article Saturday about IBM incorrectly said that when Jim Whitehurst becomes president it will be the first time IBM has given an executive that singular title.

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

U.S. WATCH

HEALTH

Many Get Antibiotics Without Doctor Visit

Patients widely received antibiotics with no record of seeing a doctor, a nationwide study found, despite recommendations that doctors physically screen patients to prevent unnecessary prescriptions that could contribute to superbugs.

Researchers from Brigham and Women's Hospital and Northwestern University looked through a decade of medical bills for 53 million people nationwide. They found nearly 83 million antibiotic prescriptions that were filled with no record of an associated doctor visit that could have verified the antibiotics were necessary. That totaled about 28% of the 300 million antibiotics prescribed to patients, who were enrolled in Medicaid between 2004 and 2013.

Antibiotics can be highly effective in treating dangerous bacterial infections, but overuse contributes to the growth of drug-resistant superbugs. Antibiotics can wipe out some bacteria that compete with drug-resistant bugs for survival, allowing superbugs to flourish.

—Melanie Evans

TEXAS

Two Women Killed In College Shooting

Two women died and a 2-year-old child was injured in a shooting Monday morning at a Texas A&M University-Commerce residence hall, the school said.

Officials at Texas A&M University-Commerce received a call at 10:17 a.m. from a student at the residence hall, where they found the deceased women and wounded child, university police Chief Bryan Vaughn said. Mr. Vaughn said there were no ongoing threats, but wouldn't say who the shooter might have been.

The university told students and faculty just before noon to take shelter and limit movement for about an hour and a half as campus police investigated the incident.

—Elizabeth Findell

MAINE

Signatures Gathered For Power-Line Vote

Opponents of a proposed power line in Maine say they have gathered enough signatures to give voters a chance to block the project at the ballot box in November.

Central Maine Power Co.'s \$950 million, 145-mile transmission line would import power from Quebec and cross rural Maine to help Massachusetts meet environmental goals. Opponents question the projects' clean-energy benefits and say the line would befall western Maine's wilderness.

Opponents want to let voters overturn a key approval the project has already netted from Maine utility regulators. Central Maine Power needs two more clearances before the company potentially starts construction in the second quarter, said Thorn Dickinson, vice president of business development at **Avangrid Inc.**, CMP's parent company.

Mr. Dickinson said the company is trying to counter what he said is misleading information, including claims the project's environmental benefits haven't been vetted well enough.

—Jon Kamp

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U.S. NEWS

Rush Limbaugh Discloses Lung Cancer

Conservative talk-radio icon Rush Limbaugh said during his show Monday that he is being treated for advanced lung cancer, adding that he could miss broadcasts as a result.

By John D. Stoll,
Gerald F. Seib
and Anne Steele

Mr. Limbaugh, a towering figure in right-wing politics, said he had been considering how to deal with the diagnosis in recent weeks and said he informed his staff Monday. He cited his relationship with God and connection with his audience as sources of strength.

Mr. Limbaugh, 69 years old, has in the past dealt with health issues while in the public eye. In 2003, he said he was dependent on prescription pain medication and was entering a rehab clinic to deal with the problem.

“The Rush Limbaugh Show,” which started syndication in 1988, is the most-listened-to radio talk show in the U.S., according to Nielsen Audio, reaching more than 20 million monthly listeners on more than 650 affiliates. It is distributed by iHeartMedia’s Premiere Networks and airs for three hours each weekday.

On Monday’s show, Mr. Limbaugh said the diagnosis was confirmed by two medical institutions two weeks ago, about a week after he realized something was wrong over the weekend of Jan. 11-12. He didn’t elaborate on the warning signs he had no-

Conservative talk-radio icon says he was diagnosed two weeks ago.

ticed.

“I wish I didn’t have to tell you this,” he said, “and I thought about not telling anybody.”

Mr. Limbaugh was in many ways the creator of what has become a flourishing conservative media industry. He was a relatively unknown former disc jockey and talk-radio host in Kansas City when a Sacramento, Calif., station hired him to start a show there in 1984. He did so and let his conservative views flow freely.

He has insisted since then that his main goal was less to become a political figure than to become a successful radio personality but found a large market for his conservative observations and opinions. At the time, those views weren’t widely represented, so he attracted a lot of attention and an audience that grew so rapidly that a New York radio station hired him and syndicated his show nationally. He found a ready and underserved market.

His success thrilled Republicans, who felt they had no similar voice with truly national reach. His show became must listening for conservatives and for many in the Reagan administration, which was winding down as Mr. Limbaugh went national, and the George H.W. Bush administration that followed.

More than that, his model was soon emulated by other on-air conservatives who copied his blunt style and acerbic conservatism, spreading a right-wing point of view much deeper into the national consciousness. In addition, the Fox News Channel followed his rise, and the ideological balance on the airwaves altered dramatically.

On past shows, Mr. Limbaugh said he started smoking cigarettes when he was 16 years old and quit around the age of 30. He has continued to talk about smoking cigars.

Mr. Limbaugh said that although his cancer treatment may lead him to miss shows, “My intention is to come here every day I can and to do this program and normally and as competently and as expertly as I do each and every day.”



Councilmember Allison Love collected thousands of signatures in support of slowing growth in Lake Wylie, where the population has tripled since 2000.

Town Takes Steps to Halt Boom

Facing crowded roads and boil-water advisories, county bans new construction

By Valerie Bauerlein

LAKE WYLIE, S.C.—This lakefront suburb of Charlotte, N.C., is among the Sunbelt’s strongest magnets for young families.

Since 2000, Lake Wylie has tripled in population to 12,000 on the strength of its good schools, low taxes and proximity to Charlotte’s jobs in the financial and technology sectors. But those schools are filling up, the water system frequently fails under increased demand, and 20-mile commutes are stretching to 90 minutes.

Now, the town that grew too fast wants to stop growth.

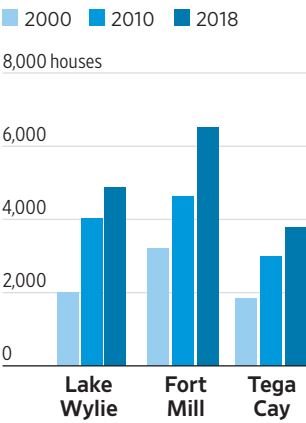
In December, the York County Council, which is led by Republicans, put a 16-month moratorium on commercial and residential rezoning requests and consideration of any new apartment complexes or subdivisions. It is the most comprehensive ban so far in a state where fast-growing cities are temporarily blocking everything from dollar stores to student housing, the Municipal Association of South Carolina said.

“People say, ‘You’re a business owner. Why do you want to stop growth?’” said York County Councilmember Allison Love, a Republican who owns a jewelry store. “But we’ve passed the point of diminishing returns.”

Ms. Love collected thousands of signatures in support of a slowdown.

As the York County suburbs around Charlotte, N.C., have grown, infrastructure hasn’t kept up. Facing aging water pipes and long commutes, the county banned further growth.

Housing growth of York County suburbs

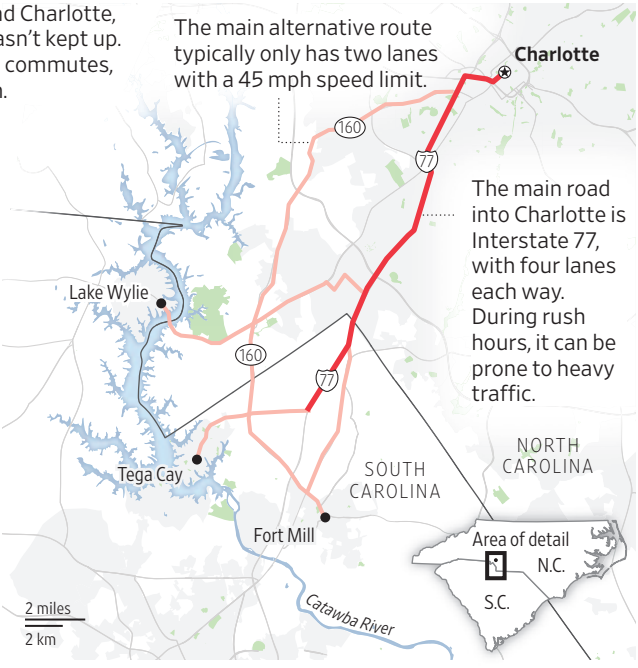


Source: Google (commute paths); Census Bureau (housing growth)
Dylan Moriarty/THE WALL STREET JOURNAL

She said Lake Wylie has been filling up with gas stations and look-alike subdivisions with no plan for what type of development is needed. There are seven carwashes and six self-storage facilities along the town’s main artery, but few restaurants and doctors’ offices.

Booming towns across the Sunbelt are struggling to unwind the unintended consequences of growth. After years of taking a hands-off approach, they now find themselves without the tax structures or long-term infrastructure plans needed to deal with the present and help shape their future.

More than 80% of Lake Wylie’s population was born in another state and 40% of its households have school-age children, according to the U.S. Census.



The local school district is seeking to pay for at least three new schools with a \$15,000 impact fee applied to the cost of a newly built house. The Clover School District, which includes Lake Wylie, modeled its proposal on the neighboring Fort Mill School District, which saw a slowdown in construction after raising its fee two years ago to \$18,000 from \$2,500.

The Home Builders Association of South Carolina and a coalition of other builders are challenging the Fort Mill school fee in a lawsuit, saying it is four times the national average of \$4,700. The median list price for a home in Lake Wylie is \$344,000, according to Realtor.com.

The Lake Wylie Chamber of Commerce supports the measures as a “pause” for local

government to catch up.

Sara McCauley fears it is too late. She said her family fled “a life on pavement” in a small rental house in San Jose, Calif., in 2011 for a five-bedroom house a stone’s throw from the lake. Since then, her husband’s commute time doubled, her child’s class size has grown to 26 from 20, and the water system has failed so frequently that she stockpiles gallons of store-bought water.

“We are sick of the traffic and constant construction and water main breaks,” said Ms. McCauley, a 42-year-old mother of three. “Everything is just behind.”

For decades, Lake Wylie was a sleepy home to a summer camp and family fishing cabins in forested coves linked by gravel roads.

Over the years, the city of

Charlotte gradually sprawled into South Carolina, with houses sprouting up on both sides of Lake Wylie, which straddles the state line. The banking-based Charlotte economy stalled after the downturn but has since boomed, adding 50,000 jobs in the past five years.

At the same time, the towns on the South Carolina side also boomed, as the administration of former Gov. Nikki Haley used tax breaks to attract businesses from Charlotte and elsewhere. They brought thousands of employees with them to communities like Lake Wylie, where the median household income is \$87,750, about 70% higher than the state average.

In the mid-2000s, legislators cut South Carolina’s residential property tax roughly in half, making the cost-of-living even more appealing.

York County Planning Manager Diane Dil said one goal during the moratorium on growth is to figure out what goes where in the remaining undeveloped areas. Another goal is coming up with a roads plan to connect neighborhoods and towns to one another.

It isn’t clear whether a moratorium will have the intended effect. There are more than 3,000 homes and apartments approved for Lake Wylie that are in various stages of construction.

Ms. McCauley, who moved here from San Jose, is leaving this month. Her husband took a job in Boston and will telecommute from the far suburbs of rural New Hampshire.

“New Hampshire has that quiet feel that Lake Wylie used to have,” she said.

Group Backs the Use Of SAT in Admissions

By Melissa Korn

A faculty task force at the University of California is recommending that the sprawling system not drop standardized tests as a requirement for admission now, saying that applicants’ SAT and ACT scores still serve as better predictors of first-year performance than high-school grades.

However, the task force encouraged the university system to expand the criteria on which it bases admissions decisions, and suggested possibly creating an alternative assessment—which, it warned, could take nine years.

The much-anticipated report comes amid a heated nationwide debate over the value and fairness of standardized tests in college admissions, something even the test providers have grappled with. White and wealthy high-school students regularly score better than underrepresented minorities or those from low-income backgrounds.

The Academic Senate will give its final recommendation to UC President Janet Napolitano in April after soliciting feedback from faculty. Ms. Napolitano will then present the issue to the board of regents to make a final decision.

The University of California received more than 176,000 freshman applications last year—including around 116,000 from in-state students—and if the system made

a change, other schools could follow suit to ensure they don’t alienate applicants from California. More than 1,000 colleges and universities now make test scores optional.

In a report released Monday, the task force said it had “pragmatic concerns about how campuses would evaluate and compare applicants who submit standardized test scores relative to applicants who do not; whether and how campuses would impute, explicitly or implicitly, test scores to applicants; and ethical concerns about how to treat students in the two groups fairly.”

Some schools that are test-optional still use scores to determine things like merit-based scholarships. Some UC campuses take them into account for class placement and honors program admission.

Among other recommendations, the group suggested expanding a pathway that now offers spots to anyone in the top 9% of each California high school based on grade-point averages. It said that program helps the system better reflect the state’s population.

The task force said the university could create a new assessment that doesn’t have such disparities by race, ethnicity and socioeconomic status, but was mixed on whether to eliminate testing requirements before that alternative was ready, which would likely be in nine years.



The bus in which a fatal shooting took place Monday. The suspect was taken into custody.

Gunman on Bus Kills Passenger, Wounds Five Others in California

By Talal Ansari

A shooting aboard a Greyhound bus traveling from Los Angeles to the San Francisco Bay Area left one person dead and five others wounded, according to authorities.

Police credited passengers and the bus driver with preventing further tragedy.

The shooting occurred about 1:30 a.m. Monday as the bus was making its way north along Interstate 5 near Fort Tejon, roughly 80 miles northwest of downtown Los Angeles, California Highway Patrol Sgt. Brian Pennings said.

The bus driver pulled over to the shoulder and persuaded

the suspect to voluntarily get off the bus. “The driver handled the situation very professionally. He handled the situation appropriately to try to minimize more possible victims,” Sgt. Pennings said.

The suspect, a male, left what was described as a black handgun on the bus and was taken into custody without incident. Firearms aren’t allowed on Greyhound buses, according to company policy.

The driver then took the remaining passengers a few miles farther, to a gasoline station at the first available exit. A 51-year-old woman from Colombia died at the scene. The five injured passen-

gers were taken to a hospital, where two were described as being in critical condition.

Police said passengers helped disarm the suspected shooter of his semiautomatic 9mm handgun. “They were also instrumental in administering first aid to the injured victims aboard the bus,” Sgt. Pennings said.

The shooter’s motive remains under investigation, according to authorities.

Greyhound said it would assist authorities with the investigation. “Our thoughts and prayers go out to everyone and every family member impacted,” a spokeswoman for the company said.

U.S. NEWS

Democrats, Far From United, Face Voters



CAPITAL JOURNAL
By Gerald F. Seib

In the stretch run before Monday night's Iowa caucuses, the campaign of Sen. Bernie Sanders held an event headlined by Reps. Pramila Jayapal, Rashida Tlaib and Ilhan Omar—three progressives who represent the 20th, 21st and 40th most Democratic congressional districts in the country, respectively. In sum, they come from districts where they don't need to attract any Republican voters, and few independents, to win their seats.

They showed the liberal passion that has driven the surprisingly robust Sanders campaign—yet also illustrated the rifts and worries that hang over the party as it spins out of Iowa and onto the next 49 states.

In many ways, passion on the left has propelled the Democratic nominating process thus far. Meanwhile, the party's center has failed to either rise up in response, or unite around one clear alternative.

A party that lost the 2016 election in part because it failed to unite sufficiently behind nominee Hillary Clinton now confronts ideological, age and gender gaps that are, if anything, even more obvious. In the wake of Iowa's opening round, the question is whether those gaps close or widen in the weeks and months ahead—and whether the Democrats will emerge as a party prepared to win



Mr. Sanders, while just 8% name Mr. Biden as their first choice. With the oldest voters, those aged 65 or above, it is the reverse: 41% for Mr. Biden, 10% for Mr. Sanders.

African-Americans are a core Biden constituency and they go for the former vice president by 52% to 28%. Men without a college education are a core Sanders constituency, and they go for him over Mr. Biden by 36% to 24%.

Meanwhile, college-educated women, who may constitute the single most important constituency in determining the 2020 race, are splintered: They go 26% for Ms. Warren, 21% for Mr. Biden and 18% for Mr. Sanders.

To some extent, these are the kinds of splits always seen in a hotly contested presidential primary. But they matter in particular this year for two reasons.

First, the divisions raise the possibility that the party's left wing has overtaken the core centrist ground Bill Clinton staked out so clearly in the 1990s. Or, put differently, the lack of a clear, consensus choice will allow the party's left wing to stake out new ground.

Second, there is the possibility that the rise by the left will open the door for Michael Bloomberg to sweep in next month and begin consolidating the moderate vote behind him. Normally, that would be tough for somebody who just skipped the early states, but there is nothing normal about the Bloomberg effort.

He is running a national campaign with more advertising dollars than the other Democrats can muster combined. It is still a stretch to think this year's version of the party would turn to a former Republican, centrist billionaire, but strange things happen. Just ask Donald Trump—that is, President Trump.



Former Vice President Joe Biden on Monday and Sen. Bernie Sanders on Sunday with their supporters in Des Moines, Iowa, as voters in the state prepared to caucus. A Wall Street Journal/NBC News poll showed that they had roughly even backing nationwide, but there were clear differences in the views and demographics of their supporters.

lies to his right. As President Trump illustrated in 2016, the core support of a deeply dedicated one-third of a party is enough to gain winning momentum when it arises in an otherwise deeply divided field.

Those divisions are on ample display in a new Wall Street Journal/NBC News poll taken late last week—and are best seen in comparing the support Mr. Sanders draws with the support of former Vice President Joe Biden, the closest thing to a standard-bearer for more moderate Democrats.

Among Democratic primary voters overall across the nation, support for the two men was virtually even—27% for Mr. Sanders, 26% for Mr. Biden. But self-described liberals went for Mr. Sanders by 32% to 21%, while moderates went for Mr. Biden by a 33% to 19%.

Some demographic breakdowns are even more stark. Among young Democratic voters—those aged 18 through 34—a whopping 47% support

the swing voters in swing states needed to prevail.

The party's internal divides start with the fear among a range of party leaders over the effects of the Sanders campaign, which many in the establishment fear is driving Democrats too far to the left. That fear was aptly captured in a phone call former senator, secretary of state and Democratic presidential nominee John Kerry was overheard making in an Iowa hotel lobby by an NBC News reporter over the weekend.

Mr. Kerry said, NBC reported, that there was worry about "the possibility of Bernie Sanders taking down the Democratic Party—down

whole," according to the NBC report. The parallel power of Sen. Elizabeth Warren has added to such centrist fears.

Yet the Sanders rise hasn't occurred in a vacuum. It comes precisely because the party is divided in ways that have made his rise possible, despite ample evidence the center of gravity in the party



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U.S. NEWS

One Last Day
Of Politicking
But No Winner

By TARINI PARTI

DES MOINES, Iowa—Before frustration set in over delays in tallying the results of Iowa's caucuses, there was hope and exhortation.

Pete Buttigieg pushed his supporters to “astonish the political world” at a field office Monday morning. Joe Biden brought boxes of pizza for his volunteers. And Andrew Yang, through bursts of laughter, told his backers to physically drag undecided Democrats to his side.

Meanwhile, three other top Democratic presidential contenders—Sens. Bernie Sanders, Elizabeth Warren and Amy Klobuchar—spent part of the day more than 1,000 miles away in Washington, D.C., for impeachment proceedings just hours before Iowans made their final decisions in caucuses that marked the first 2020 nominating contest.

After nearly 60 Democratic presidential-campaign events across the state over the past three days alone—in breweries, high-school gyms, coffee shops and arenas—it was decision time Monday for many still-undecided Democrats.

Some Democrats who had yet to pick a candidate walked around a middle-school gym in Johnston—one of the caucus sites—Monday evening, as campaign volunteers tried to persuade them one by one.

Christine Stone, a 53-year-old who was deciding between Mr. Buttigieg and Ms. Warren, said it was her first time walking into a caucus site without knowing which candidate she would back. “Eventually I will just know,” she said.

Donald, 75, and Gleeen Coates, 72, both retirees from Johnston, were doing some last-minute math to see which

candidates would be viable.

“We’re really a tossup between [Tom] Steyer and Buttigieg, but it doesn’t look like Steyer is gonna have enough to be valid, so we’ll probably end up with Buttigieg,” Mr. Coates said. Mr. Steyer is a billionaire long-shot candidate.

Ms. Coates agreed but then added: “I’m always torn because I’ve been a Bernie fan for about 40 years so it makes it tough to not go with him....I’m just afraid I want to pick somebody that everybody likes.”

At a West Des Moines field office for Mr. Buttigieg earlier in the day, organizers were trading advice on how to win over caucus-goers who were still mulling their choices.

Anthony Elarth, a training captain for the 38-year-old former South Bend, Ind., mayor’s campaign, told volunteers to reinforce the need for “a new generation of leadership.”

Mr. Buttigieg urged Mr. Elarth and others in the packed office to imagine “that famous day the sun comes up and Donald Trump is no longer president,” as he frequently tells crowds at his campaign events.

Richard Rarick, a retired architect from Des Moines, was one of the undecided Democrats who said he would make his final pick at the caucus site. Mr. Rarick, who stopped by Mr. Buttigieg’s field office Monday, said he liked that the former mayor was “young, enthusiastic and motivated,” but added that he was leaning toward Mr. Sanders.

Carrying boxes of pizza, Mr. Biden rode his campaign bus to a field office in Des Moines, where a sign posted to the front door declared, “It’s game time! Let’s get Joe elected!”



Democrats gathered at Drake University in Des Moines, Iowa, and at other caucus sites around the state Monday night.

Expatriate Iowans
Caucus in Paris

PARIS—Iowans who gathered here Monday for one of the Democratic Party’s first-ever overseas caucuses gave two delegates to Elizabeth Warren and one each to Bernie Sanders and Amy Klobuchar.

There weren’t many of them—just 17—but the overseas Iowans traveled from far and wide to get to the City of Light.

They included a U.S. military officer living in Cairo (for Mr. Sanders), an English teacher from London (also for Mr. Sanders), and a military spouse living in Germany, who arrived

undecided but broke late for Ms. Klobuchar.

This is the first election cycle in which the Democratic National Committee has allowed so-called satellite caucuses abroad. Iowans also held caucuses in Glasgow, Scotland, and Tbilisi, Georgia.

The Paris caucus took place in the ornate town hall of the 2nd arrondissement in the center of the French capital.

Emily Hagedorn, a Warren supporter, chaired the proceedings.

“I did both an online training and video call training for this,” said Ms. Hagedorn, 20, a student at the University of Iowa who is doing a semester abroad.

Health care was a major issue for the caucus-goers here.

Edmund Dean, the English teacher, said he previously voted for Republicans but was supporting Mr. Sanders because of the issue.

“A lot of it was living in Europe and enjoying free health care,” Mr. Dean said.

Kate Vann-Lorenz, who works at a French aerospace company, said she supported Ms. Warren because of her Medicare-for-all plan.

“America has become a country where you’re only OK if you’re rich or your family is rich,” she said.

Paige Greene, a veteran and military spouse, came to the Paris caucus from Germany. She said Ms. Klobuchar’s centrism drew her support in the end.

“I think she’ll be able to bring more conservative people to the party,” Ms. Greene, 31, said.

Ms. Hagedorn led her fellow Iowans through the arcane process. To pass the “viability threshold,” candidates need to get 15% of the vote.

With two backers, Pete Buttigieg fell short of the threshold. So during a second alignment, supporters for the other candidates wooed them.

The final vote was eight for Ms. Warren, six for Mr. Sanders and three for Ms. Klobuchar. Then came the process of calculating delegates.

“The rounding rules get a little crazy here,” Ms. Hagedorn said.

—Matthew Dalton

Paper cutouts of the sunglasses with “2020” in the lenses are often plastered on walls at his events.

Still in the Senate for impeachment proceedings, the senators in the presidential race didn’t return to Iowa until Monday evening. But Ms. Warren, of Massachu-

setts, hosted a virtual town hall by telephone.

Once she made it to Iowa, Ms. Warren showed up to take pictures with supporters and argue her case before a packed Des Moines gymnasium of her caucus-goers—and those backing other candidates.

She stood behind a pack of

Sanders supporters as she made her brief pitch.

“We have an opportunity to build a party, to build an economy, to build a nation that leaves no one behind,” she said.

—Sabrina Siddiqui, Ken Thomas, Eliza Collins and Joshua Jamerson contributed to this article.

Results
Delay Vexes
Democrats

Continued from Page One

version of success.

“I imagine, have a strong feeling, that at some point, the results will be announced,” said Sen. Bernie Sanders of Vermont. “And when those results are announced, I have a good feeling we’re going to be doing very, very well here in Iowa.”

Sen. Amy Klobuchar of Minnesota told her supporters they are “punching above their weight.”

“Even in a crowded field of candidates, even during the well-earned impeachment hearing of Donald J. Trump, which had me bolted to my Senate desk for the last two weeks, we kept fighting,” she said. “And you kept fighting for me.”

Sen. Elizabeth Warren of Massachusetts called the race “too close to call” during her speech, but said she was confident the final Iowa results would show her in a strong position. Pete Buttigieg, the former mayor of South Bend, Ind., also gave a speech rallying his supporters.

The top candidates had campaign war chests large enough to sustain them through February, including New Hampshire’s primary on Feb. 11.

Shortly before 11 p.m. EST—with no results reported—the Iowa Democratic Party said it experienced a delay “due to quality checks” and the need to report three data sets for the first time. At the same time on caucus night in 2016, the main candidates, Mr. Sanders and former Secretary of State Hillary Clinton, were neck and neck with 90% of precincts reporting.

With the results still unknown, the candidates took to stages scattered around Iowa’s capital to declare their own version of success.

The reporting was complicated in this year’s caucuses by additional data being released. For the first time—in response to calls for greater transparency—the state party



Warren supporters Grace Wagner, left, and Isabella Hurtado knocked on doors in Des Moines, Iowa, on Monday.

was to release the raw total for votes from both rounds of voting, along with the traditional share of delegates won.

On Monday, some precinct leaders struggled to transmit caucus results, according to people familiar with the situation, both via a mobile app and by a backup telephone system.

Two caucus organizers said before the gatherings started that they had heard about issues with downloading or logging into the app, meaning they would likely need to call in their results over a secure phone line that had been set up as a backup plan.

About two-thirds of those attending the caucuses said they preferred a nominee who is more likely to win in November rather than a candidate who shares their positions on key issues, according to early data from entrance polling reported by NBC News.

The early data pointed to a generational divide, with Mr. Sanders getting support from about half of caucus-goers who were 17 to 29 years old, while Mr. Biden was supported by almost 4 in 10 participants 65 or older.

A self-described democratic socialist, Mr. Sanders has recently shown strength in national polls. That has triggered concerns among centrist Democrats who worry Mr. Trump would use Mr. Sanders’s political identity to damage the party’s prospects in Midwestern battleground states that helped decide the 2016 election.

Mrs. Clinton defeated Mr.

Sanders by a razor-thin margin in the 2016 Iowa caucuses, but then he pivoted to a resounding victory in New Hampshire.

If Mr. Sanders shows strength in the first few state contests over more moderate candidates like Messrs. Biden and Buttigieg, it would almost certainly add fuel to the candidacy of former New York City Mayor Michael Bloomberg.

Mr. Bloomberg, a billionaire, is skipping any serious competition for the first four states holding nominating contests, a strategy no successful candidate has pursued in the modern era.

He is instead focusing his fortune on states with primaries and caucuses in March, a month when about 60% of the delegates to the national convention are in play. And he has already spent lavishly, devoting more than \$300 million to the campaign.

His prospects in the Democratic nominating race likely rest on whether Mr. Biden is doing well or struggling to compete after the first several contests, as well as whether another moderate like Mr. Buttigieg or Ms. Klobuchar has moved into contention by the end of February.

The large size of the Democratic field—still at close to a dozen—has complicated the party’s hopes of coalescing around a nominee more quickly than in 2016.

—Eliza Collins, Tarini Parti, Sabrina Siddiqui, Joshua Jamerson, Alexa Corse and Chad Day contributed to this article.

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U.S. NEWS

VA Secretary Dismisses Deputy

By BEN KESLING

Department of Veterans Affairs Secretary Robert Wilkie fired his deputy, citing a loss in confidence in James Byrne's ability to carry out his duties. Mr. Wilkie declined to elaborate on the reasons for Monday's dismissal.

Mr. Byrne was asked to resign earlier in the day but declined to do so, people familiar with the matter said. Mr. Wilkie then fired him.

Messrs. Byrne and Wilkie recently clashed over the department's handling of allegations of sexual assault at a

Washington, D.C., VA medical center, people familiar with the matter said.

No charges were filed stemming from an investigation into allegations made in September and whose findings were released in January by the VA Office of Inspector General. The report wasn't made public, and the people familiar with the matter didn't provide details about the allegations.

In a January letter to Rep. Mark Takano (D., Calif.), the chairman of the House VA Committee who brought attention to the allegations, Mr. Wilkie wrote that the woman's

sexual-assault claim was unsubstantiated, a decision that prompted the inspector general's office to send a letter rebutting his characterization.

"Neither I nor my staff told you or anyone else at the department that the allegations were unsubstantiated," Inspector General Mike Missal responded to Mr. Wilkie, adding that though no criminal charges were filed, the allegation wasn't unsubstantiated.

Mr. Byrne had suggested Mr. Wilkie word his letter to Mr. Takano more sympathetically, and to not use language that seemed to disparage the com-

plainant's claims, the people familiar with the matter said.

"Deputy Secretary Byrne was confirmed by the Senate—the American people deserve to know why he was dismissed," Mr. Takano said, adding that he plans to meet with Mr. Wilkie to discuss the matter.

A VA spokeswoman said the dismissal has "absolutely nothing to do with the allegations."

White House officials also voiced concerns about the handling of the assault allegations, the people familiar with the matter said. The White

House referred requests for comment to the VA.

Andrea Goldstein, a House VA committee staffer who alleged she had been assaulted while visiting the VA as a patient, criticized the VA's response to her allegations in an article published on Monday by the website Jezebel. She referred a request for further comment to the House VA Committee, which declined to comment on her behalf.

A successor to Mr. Byrne hasn't been named, VA spokesman James Hutton said.

Mr. Byrne's dismissal was reported on Monday by Axios.

Ex-CIA Engineer To Be Tried Over Leak

By REBECCA DAVIS O'BRIEN

Manhattan federal prosecutors are poised to open their case Tuesday in the trial of a former software engineer for the Central Intelligence Agency who is charged with handing over a trove of classified information on the spy agency's hacking operations to WikiLeaks.

In 2017, WikiLeaks released more than 8,000 pages of secret materials—which the antise-crecy organization called "Vault 7"—detailing the CIA's cyber espionage arsenal, including the agency's playbook for hacking smartphones, computer operating systems, messaging applications and internet-connected televisions. It was one of the largest breaches in the agency's history.

Federal prosecutors say the defendant, Joshua Schulte, stole the documents when he worked in a CIA unit that designed the hacking tools.

Mr. Schulte, 31 years old, faces 11 criminal counts, including illegal gathering and transmission of national defense information—charges that derive from the Espionage Act, a statute that has been applied in other WikiLeaks cases. Some of the charges relate to Mr. Schulte's alleged misconduct and obstruction following his 2017 arrest—prosecutors say he lied to law enforcement and disobeyed court orders.

Mr. Schulte and his lawyers have called the espionage charges vague and overreaching, saying they infringed on constitutional free-speech rights. They have alleged fatal errors in the government's case, objected to the secrecy shrouding the investigation and protested Mr. Schulte's isolated confinement in a Manhattan jail.

Sabrina Shroff, a court-appointed lawyer for Mr. Schulte, declined to comment.

The Manhattan U.S. attorney's office didn't respond to a request for comment. In court filings, prosecutors have accused Mr. Schulte of a "wanton



House Democratic impeachment managers Reps. Sylvia Garcia, above left, and Val Demings arrive for closing arguments. GOP Sen. Roy Blunt, below, speaks afterward.

Closing Arguments Are Made

Continued from Page One

mised our elections and he will do so again. You will not change him. You cannot constrain him. He is who he is.... Now, do impartial justice and convict him."

The two articles of impeachment center on Mr. Trump's pressing Ukraine to investigate former Vice President Joe Biden and other matters that could help Mr. Trump politically in this year's election, and the president's alleged efforts to obstruct Congress's inquiry into those actions.

Mr. Trump has denied wrongdoing and again called impeachment a hoax on Twitter on Monday.

His legal team, in their presentation, painted Democrats' pursuit of impeachment as purely political, driven by a longstanding dislike of Mr. Trump, a Republican.

"At the end of the day, this is an effort to overturn the results of one election and to try to interfere in the coming election that begins today in Iowa," said White House counsel Pat Cipollone. Iowa's caucuses on Monday evening kicked off the Democratic and GOP nominating contests.

"What the House Democrats have done to this nation, to the Constitution, to the office of the president, to the president himself and to this body is out-



rageous," said another Trump lawyer, Jay Sekulow.

The two sides gave their final pitches Monday to the jury of 100 senators who had largely made up their minds on impeachment, broadly unmoved by three weeks of presentations and arguments.

An acquittal for Mr. Trump is expected on Wednesday. Twenty Republicans would have to join the entire Democratic caucus to vote to remove the president. No Republicans have said they favor impeachment, and just two supported Democrats' effort last week to seek more evidence in the trial, which failed 51-49.

Democratic senators emerged from the trial frustrated that most GOP senators had rejected bringing in new witnesses and information. Republicans countered that the House impeachment probe should have sought more evidence, which was blocked by

the White House, before turning the matter over to the Senate.

"I'm trying to find the Senate rule that says for senators to plug their ears with cotton so they don't have to listen to the hard facts," Sen. Ron Wyden (D., Ore.) said.

Some Republicans, including Sens. Pat Roberts of Kansas and Lamar Alexander of Tennessee, said they believe Mr. Trump engaged in improper behavior, but that it didn't rise to an impeachable offense. But others were unconvinced.

Mr. Trump's defense team "raised a reasonable doubt as to the crime—the whatever—that was alleged," Sen. Bill Cassidy (R., La.) said.

Democrats allege in the first article of impeachment that Mr. Trump attempted to interfere with this year's presidential election by pressing Kyiv to probe Mr. Biden, a front-runner for the Democratic nomination.

The second article accuses Mr. Trump of obstructing Congress's investigation by preventing witnesses from testifying and defying subpoenas for documentary evidence.

Mr. Trump and his allies have argued that Mr. Trump's interest in Mr. Biden was legitimate, alleging it was corrupt for Mr. Biden during the Obama administration to seek the ouster of a Ukrainian prosecutor who once investigated a Ukrainian gas company where Mr. Biden's son Hunter sat on the board. Mr. Biden sought the prosecutor's removal as part of a broad international effort to combat corruption in Ukraine.

The Bidens have denied wrongdoing. Hunter Biden has said it was poor judgment on his part to serve on the Burisma board while his father was vice president.

What isn't clear is whether the acquittal vote will be bipartisan. Some Democratic sena-

tors, such as Joe Manchin of West Virginia, Doug Jones of Alabama and Kyrsten Sinema of Arizona, are undecided. Mr. Jones, representing a state that backed Mr. Trump by 28 points in the 2016 election, is the most vulnerable Democratic senator this cycle.

Mr. Manchin said Monday he remained undecided on how he will vote, but introduced a measure to censure Mr. Trump, saying it would "allow this body to unite across party lines...to formally denounce the president's actions."

While censure was mentioned at times last year by some House Democrats, it hasn't been seriously discussed by Republican or Democratic leadership. Many Senate Republicans said Mr. Trump did nothing wrong, and those who find his actions problematic haven't called for him to be rebuked by Congress.

"Too late. It's too late," said Sen. Roy Blunt (R., Mo.), a member of GOP Senate leadership, about censure.

Mr. Trump is scheduled to give his State of the Union speech Tuesday, in the chamber where the House approved the articles of impeachment against him in December. Some Republicans hoped he would move beyond impeachment in the annual speech.

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. But there wasn't majority support for removing him from office.

—Siobhan Hughes contributed to this article.

A former software engineer is accused of giving secrets to WikiLeaks.

disregard for the rules" governing classified information and said the leaks' "impact on the CIA's intelligence-gathering activities and the national security of the United States was catastrophic."

Opening arguments in the trial are expected as soon as Tuesday.

Mr. Schulte's trial presents a host of thorny legal questions, reflecting the case's roots in the U.S. national-security apparatus.

Bringing leak cases to court is "a tricky thing for the intelligence community," said Larry Pfeiffer, a former CIA chief of staff. "The intel community has to be willing to expose a certain amount of secrecy in order to convict."

Mr. Pfeiffer said he had seen espionage cases fall apart because a court requires security agencies to provide more information than they want to disclose.

"It's bad enough to have the material already exposed," Mr. Pfeiffer said. "The last thing the government wants to do is provide a greater amount of detail...or potentially expose different materials."

Defense lawyers argue that the law is skewed against defendants in such cases because the intelligence community can dictate rules for prosecutors. For example, Mr. Schulte's lawyers have been blocked from doing online research of CIA employees expected to testify as trial witnesses, court filings show.

Former U.S. intelligence officials have described Mr. Schulte's alleged leak as particularly damaging to national security because it exposed specific, targeted hacking tools used against high-level targets abroad. WikiLeaks came under intense criticism, even by some privacy advocates.

—Dustin Volz contributed to this article.

Trump, Bloomberg Super Bowl Spots Divide Viewers

By PATIENCE HAGGIN

Super Bowl commercials from President Trump and Democratic presidential candidate Michael Bloomberg provoked swift and strong reactions on social media, as the two used their airtime to address sensitive social issues.

One analytics firm, Synthesio, found that Mr. Trump's ad touting his record on criminal justice garnered predominantly positive reactions on social media, with roughly twice as many positive mentions of the commercial as negative mentions during Sunday night's game.

Mr. Bloomberg's ad, which tackled gun control, got a more negative response. For

every positive mention that Synthesio detected about Mr. Bloomberg, it detected about three negative mentions.

Synthesio's analysis was based on 4,620 mentions of the political Super Bowl ads across the web as of 10 p.m. Sunday, including in social networks and news coverage. The firm says it has technology to ignore any social posts from bots.

Another firm, Brandwatch, found that reactions to both candidates' ads were more than 60% negative. Brandwatch also found that many of the Bloomberg ad's detractors were Trump supporters and conservative media. Brandwatch didn't exclude bots from its analysis, seeing them

as an important part of the conversation.

Mr. Trump's ad featured Alice Johnson, a woman sentenced to life in prison for a nonviolent drug offense. Mr. Trump commuted her sentence in 2018 after an appeal from reality-TV star Kim Kardashian West. "Thanks to President Trump, people like Alice are getting a second chance," read the text accompanying the ad. "Thousands of families are being reunited."

In December 2018, Mr. Trump signed into law the First Step Act, which passed both houses of Congress with strong bipartisan majorities. Over 3,000 prisoners have been released as a result of the law. Some observers, in-

cluding supporters of Mr. Trump, praised the ad as a shrewd effort to appeal to African-American voters.

Critics said it was ironic Mr. Trump was claiming to have reunited families when they say his immigration border policy was doing the opposite.

Mr. Bloomberg, the billionaire and former New York City mayor who is seeking the Democratic nomination to challenge Mr. Trump, has poured more than \$140 million into advertising for his campaign.

Mr. Bloomberg's 60-second Super Bowl ad featured the mother of Houston shooting victim George Kemp Jr. discussing his death in 2013 at

age 20. Calandrian Kemp praises Mr. Bloomberg's intention to confront the gun lobby.

The ad addressed an issue that often sparks sharp political disagreements, though polls show broad support for certain gun-control measures.

Shortly after Mr. Bloomberg's ad aired, negative online sentiment about Mr. Bloomberg rose, Synthesio said. Some viewers were wary of what they saw as an appeal to African-American voters, pointing to Mr. Bloomberg's support for a "stop-and-frisk" policy during his tenure as mayor.

—Suzanne Vranica, Nat Ives and Chad Day contributed to this article.

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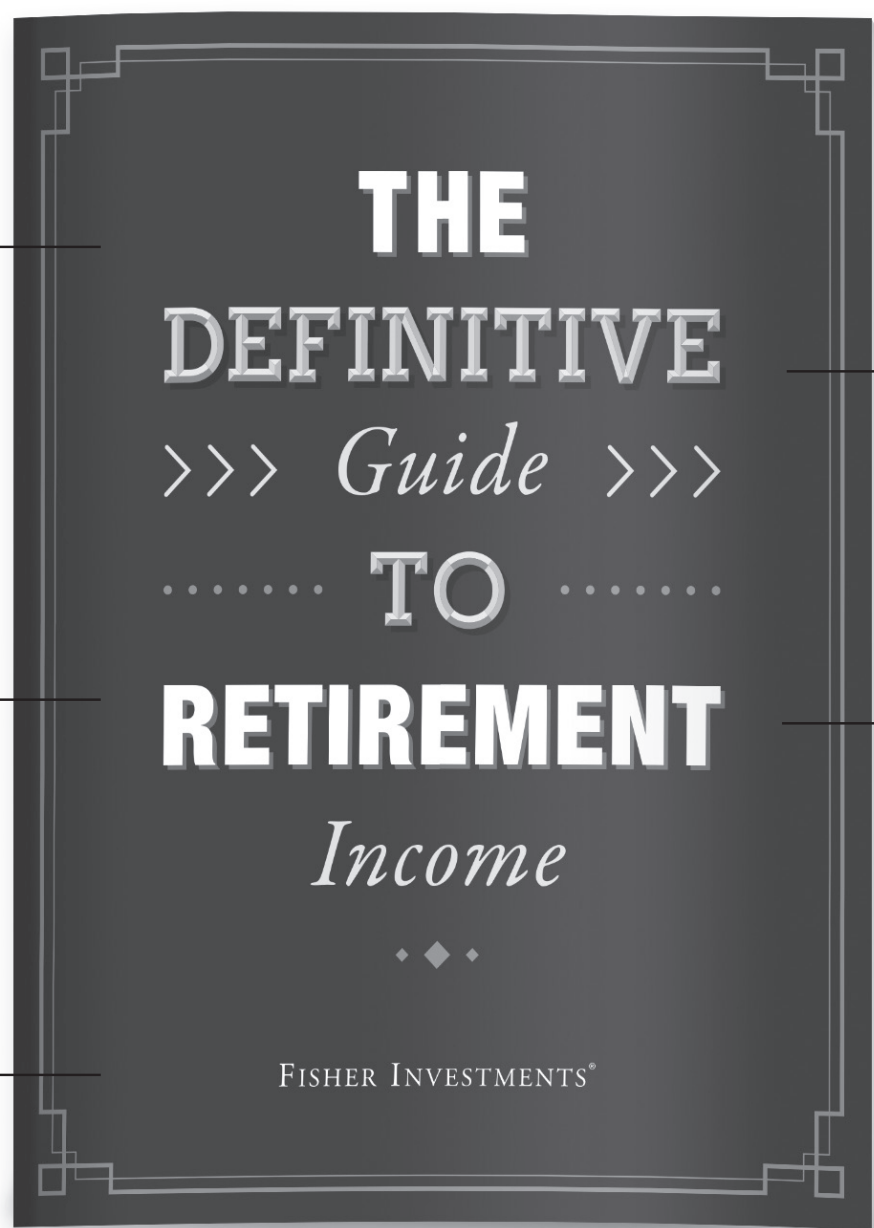
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WORLD NEWS

Xi Calls Outbreak a Test for China

Leader warns officials they could be punished for shirking duty in controlling coronavirus

Chinese leader Xi Jinping described the coronavirus outbreak rampaging central China as a major test of the country's system of governance and vowed consequences for officials who shirk responsibility in tackling the crisis.

By Brianna Abbott, Shan Li and Joyu Wang

Meantime, American health authorities on Monday reported a second case of the coronavirus being passed from one person to another in the U.S., and raised the number of confirmed cases in the country to 11. In addition, casinos in Macau, the world's richest gambling market, will be asked to close for half a month as officials in the southern Chinese territory race to curtail the outbreak.

Macau, which is home to casinos run by Sheldon Adelson's Las Vegas Sands Corp. and Wynn Resorts, has recorded 10 cases of people infected with the viral pneumonia.

"As we are facing a drop in visitors, we hope that activities in the business sector can be relatively reduced as well," Macau Chief Executive Ho Iat Seng said Tuesday.

Mr. Xi's comments, delivered Monday at a special meeting of the Communist Party's ruling Politburo Standing Committee about the government's response to the dangerous new pathogen, came as Hong Kong planned to close more border crossings with the Chinese mainland.

"Anyone who fails to perform their duties will be punished according to discipline and law," Mr. Xi said, according to the official Xinhua News Agency.

Mr. Xi also said he was



Workers on Sunday completed a hospital in Wuhan, the center of the coronavirus outbreak, that was built in 10 days.

closely monitoring the effects of the epidemic on China's economy, according to Xinhua.

Cases of the virus in China reached 17,205 Sunday, the country's National Health Commission reported, more than double the number afflicted world-wide nearly two decades ago by severe acute respiratory syndrome, or SARS.

Deaths in China hit 361, the commission reported, exceeding the 349 the World Health Organization said died in mainland China during the SARS crisis. But SARS, caused by a different strain of coronavirus, killed more people globally—nearly 800 as it spread in 2002 and 2003.

In the U.S., the Centers for Disease Control and Prevention said a California resident was infected by a member of the person's household who became ill after returning from Wuhan, China, the epicenter of the outbreak. The transmission

was the latest between two people in the U.S. after a Chicago woman who had traveled to Wuhan infected her husband following her return to the U.S.

All other infected people in the U.S. had recently traveled to the Wuhan area. No U.S. deaths from the virus have been reported.

The CDC added five confirmed coronavirus cases in the U.S. since its last update Friday.

Four occurred in California and the fifth in Massachusetts, the agency said. CDC officials said Americans remain at low risk of infection.

Federal and local health authorities have investigated 260 people for the virus, the CDC said, with 167 testing negative and the 11 testing positive. Eighty-two cases are pending.

The CDC also said it expected this week to receive approval from the Food and Drug Administration for a test

it developed to diagnose the infection. State and local health officials and health providers then would be able to test directly without sending samples to the CDC.

In China, the outbreak puts immense pressure on Mr. Xi, who in a meeting last week with WHO Director-General Tedros Adhanom Ghebreyesus, took credit for personally directing the country's response. Officials have come under fire, both internationally and at home, for being slow to react, and concerns are mounting that the virus could derail an economy already slowed by a trade war with the U.S.

The rapid construction of a hospital at the center of the outbreak was completed Sunday. Built in 10 days, the hospital is one of two going up to treat virus patients in Wuhan. Roughly 1,400 military medical workers will staff the 1,000-bed hospital, Xinhua said.

Hong Kong Reports Coronavirus Death

HONG KONG—A 39-year-old man infected with the Wuhan coronavirus has died, the first reported fatality in the city, the Hospital Authority said Tuesday.

The man was admitted to a Hong Kong hospital Friday, about a week after coming back from a trip to the mainland, during which he traveled to Wuhan, the epicenter of the outbreak, officials said.

Hong Kong has 15 confirmed cases of the coronavirus that has claimed hundreds of lives in China.

Hong Kong on Tuesday tightened its border with mainland China, closing four more border checkpoints.

—Joyu Wang

Experts Debate Cautious Response

By BRIANNA ABBOTT

Amid the fast-moving coronavirus outbreak, companies, governments and schools are developing policies on the fly to try to halt the spread, creating a global public-health experiment in containment.

In the U.S., some businesses and universities have told people who recently returned from China to stay home for as long as two weeks. The U.S. government on Friday imposed a quarantine of up to 14 days on Americans returning from China's Hubei province, where the outbreak started.

Major airlines said they would stop all flights to mainland China. The State Department issued a "Do Not Travel" alert, its highest warning level, urging citizens not to travel to China.

In the absence of a vaccine, some public-health experts worry that the pathogen might be able to continuously circulate, akin to a seasonal virus.

"We either stop it now or we never stop it," said Lawrence Gostin, the director of the O'Neill Institute for National and Global Health Law at Georgetown University.

Other health experts said some policies could go too far.

Travel bans often discourage international cooperation and have social and economic consequences that some experts say can damage the public-health response, especially if countries become more secretive about their case numbers to avoid travel and trade repercussions.

Public-health experts also expressed concern about unnecessary worry and misinformation circulating in the U.S. The current risk within the country is low, the Centers for Disease Control and Prevention says.

160

110

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WORLD NEWS

A Shipping Bellwether Drops to Record Low

By DAVID HODARI

A bellwether of the global shipping market has hit a low as the spread of the coronavirus weighs on global trade.

The fast-spreading virus and uncertainty around its impact on the world's economy have rocked markets and sent commodities prices to multi-month lows in recent days. That has added pressure to shipping freight rates—the price at which cargo is delivered from one point to another—for the world's largest raw materials ships, known as capesize vessels.

The Baltic Exchange's capesize index, which constitutes part of the Baltic Dry Index—an important proxy for the world's shipping market—extended deeper into negative territory Monday, after slipping below zero for the first time ever on Friday.

“The coronavirus is definitely having an impact,” said one London-based ship broker. “We work in an environment where everything is just in time and it can have a knock-on effect pretty quickly once the wheels of the world stop turning.”

Capesize vessels move products such as iron ore and coal from mines in Latin America and Australia to Europe and China. The index tracking them plunged from

minus 21 points to a record low of minus 102 on Monday, a Baltic Exchange spokesperson said. The broader Baltic Dry Index, which tracks global shipping rates, fell to 466 on Monday, its lowest level in four years.

The recent drop in freight rates also comes as a consequence of a slowdown in China's domestic logistics.

“The coronavirus has complicated matters, reduced workforces at ports, and extended the New Year holiday in some major steel-producing areas,” said Derek Langston, head of research at shipbroker SSY. The outbreak adds to other issues plaguing freight rates of the world's largest ships, with reduced iron-ore flows from Brazil to China after last year's Brumadinho tailings dam disaster pressuring freight demand, Mr. Langston said.

Analysts and brokers also point to regulation changes and weather. “A perfect storm has brewed for the cape market and prices in 2020 so far,” said Shruti Bansal, product manager at cargo-tracking service Kpler.

The first quarter is typically quiet for freight activity, but poor weather, higher-than-normal bunker fuel prices and the coronavirus outbreak have combined to make the situation worse, she added.

Oil Skids Into Bear Market

Continued from Page One

which is the world's biggest oil importer, have rattled financial markets in recent sessions, sparking swings in stocks, bonds and commodities around the world. Many investors remain braced for greater volatility ahead.

The magnitude of the concern is such that Saudi Arabia's push for further production cuts among members of the Organization of the Petroleum Exporting Countries failed to buoy oil prices on Monday.

Though prices briefly ticked higher after The Wall Street Journal reported that Saudi Arabia was advocating a short-term curtailment to combat declining demand related to the outbreak of the virus, they quickly resumed their fall.

Global and U.S. prices finished Monday in bear-market territory, generally defined as a 20% decline from a recent peak. The fall marked a rapid reversal from three weeks ago, when escalating tensions in the Middle East drove international prices above \$70 a barrel.

Brent crude, the main international price, closed 3.8% lower at \$54.45 a barrel after being down more than 6% earlier in the day. West Texas Intermediate, the U.S. price gauge, briefly traded below \$50 a barrel for the first time in more than a year and settled down 2.8% at \$50.11. U.S. oil prices have shed nearly \$11 a barrel to start 2020.

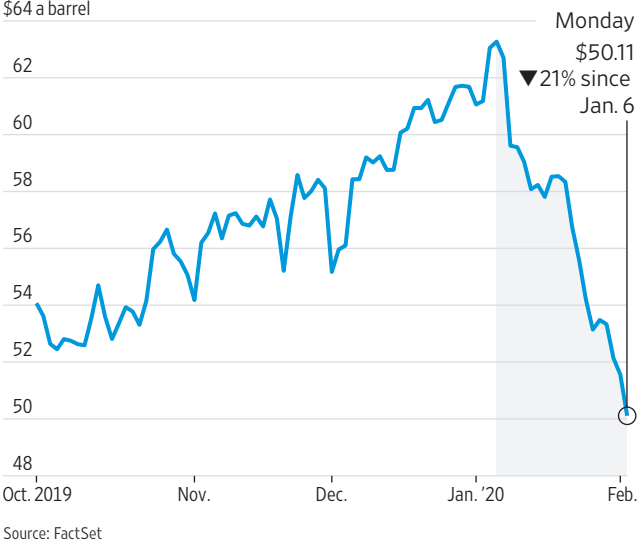
While the decline could give a boost to U.S. motorists, the health crisis is weighing on both stocks and bonds issued by domestic energy companies and straining faraway oil-exporting nations, as reduced refining demand hits the prices they can charge for crude, as well as their revenue.

Representatives of OPEC and its allies are set to meet Tuesday and Wednesday to



Saudi Arabia's push for further production cuts among OPEC members failed to buoy oil prices.

U.S. crude-oil futures



debate possible action following the outbreak that originated in China. The group could then make a decision to reduce output at a possible meeting next week.

Under one scenario, Saudi Arabia would lead a collective reduction of 500,000 barrels a day that would stand until the crisis is over, the OPEC officials said.

That would add to curbs of the same amounts agreed to in December and bring the restrictions to 2.2 million barrels a day.

Another option under consideration would involve a temporary cut of 1 million barrels a day by the Saudis, aimed at creating a shock in oil markets, the officials said.

The kingdom currently produces around 9.7 million barrels a day.

A cut of “500,000 barrels is far from enough but it’s typically good for OPEC to be involved with tactical cuts,” said Bjarne Schieldrop, an analyst at Sweden’s SEB Markets.

“The first numbers out of China show losses to demand of three million barrels a day, and the extent of the virus is still unfolding. We’re nowhere near stabilization.”

Vienna-based energy consulting firm JBC cut its forecasts Monday for China's oil consumption by one million barrels a day in February and March, amid signs refiners in the country have reduced their oil intake.

Prospects of weakening demand contributed to a 15% decline in oil prices in January.

Saudi officials fear that mounting oil revenue losses threaten their efforts to diversify their economy. The kingdom—whose largest oil buyer is China—relies on high oil prices to fund new projects in tourism, real estate or petrochemicals.

While Saudi Arabia's expenditure fell this year by 2.6% to 1.02 trillion riyals (\$272 billion), oil prices significantly above \$60 a barrel are needed for a balanced budget.

In January, the International Monetary Fund downgraded Saudi Arabia's economic growth forecast for 2020 by 0.3 percentage points to 1.9%, amid concerns that OPEC's previously agreed-upon production cuts would have little impact on oil prices.

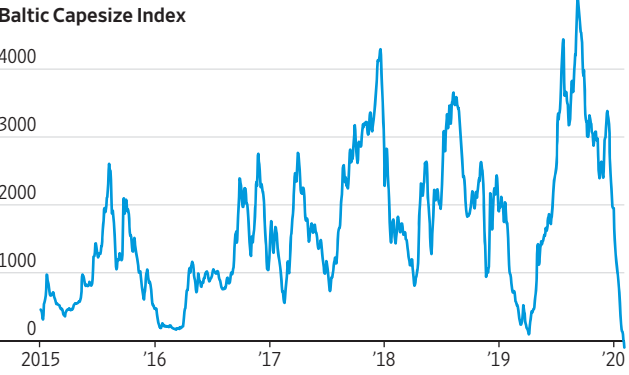
December's initial public offering of state-run Saudi Arabian Oil Co., known as Aramco, was seen by Saudis as the most prominent symbol of attempts to diversify the national economy. Since Jan. 9, however, Aramco's shares have lost 3%.

Iran, which had initially objected to an emergency meeting, is open to a mid-February summit, Iranian Oil Minister Bijan Zanganeh said Monday, according to Iran's state-controlled news agency, IRNA.

—David Hodari and Ryan Dezimmer contributed to this article.

Underwater

Baltic Exchange's index for the largest ships that move bulk commodities has fallen into negative territory.



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James Daunt

CEO
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FROM PAGE ONE

Max on ‘Homeland’ Stays Alive

Continued from Page One
tal breakup call.”

Fellow cast members offered their solace. “Homeland” co-star Mandy Patinkin—who has also managed to escape annihilation as CIA lifer Saul Berenson—told Mr. Sterling his final scene would be memorable.

“Mandy told me, ‘It’s a good death: a Russian GRU agent crushes your throat with his boot,’” Mr. Sterling recalled. “I was like, ‘That’s a terrible death, what are you talking about?’ It’s awful.”

Show star Claire Danes, who plays the brilliant and bipolar CIA agent Carrie Mathison, was also bummed about Max’s demise. Mr. Sterling said she told him it wasn’t fair, since their two characters hadn’t slept together yet—

though she used more colorful language.

“Those are the rules,” Ms. Danes said in an interview, joking about her character’s tendency to get a little too close to the men around her, who then become targets.

As the episode where Max was to get the boot drew closer, a “save Max” campaign began behind the scenes.

“I did start lobbying,” said Lauren White, a producer on “Homeland,” which follows a team of CIA agents and their associates as they battle terrorism around the globe, and the wife of Mr. Gansa. “Max was one of the only straightforward, sympathetic characters the show had.”

Others, including longtime “Homeland” director Lesli Linka Glatter, also felt killing off Max would be a mistake.

Mr. Gansa caved and called Mr. Sterling again.

“He’s like, we can’t do it,” Mr. Sterling said Mr. Gansa told him. “It’s not you. It’s Max. We just can’t kill Max.”

Violent TV shows put everybody on edge—cast members included, whose job secu-

rity is on the line in every episode. Many in the cast of HBO’s “The Sopranos” said they would tear through scripts the minute they got them to see if they made it to the final scene.

“Homeland,” which starts its eighth and final season on Feb. 9, has been unafraid to kill off major characters. In Season 2, Vice President William Walden—a former CIA chief—died from a heart attack when his pacemaker was hacked by terrorists. At a memorial service at CIA headquarters, a bomb wiped out many of the cast.

At the end of Season 3, Nick Brody—an American soldier turned spy played by Damian Lewis—was hanged from a crane in front of a raucous crowd in an Iranian town square. Three seasons later, another prominent character’s run ended when the SUV of Peter Quinn, played by Rupert Friend, was machine-gunned, Sonny Corleone-style.

“Nobody is safe,” said Mr. Sterling. “That’s part of what makes it good.”

If there was anyone on the

show who seemed expendable, it was Max Piotrowski. For the first few seasons he was a milquetoast and Zelig-like character who rarely spoke. Carrie Mathison described him as “creepy” after their first meeting, a line Ms. Danes said was the only one she ever ad-libbed on the show.

“With the huge graveyard that is ‘Homeland,’ it is amazing that he is one of the last ones standing,” said Ms. Linka Glatter.

Mr. Sterling, 48, isn’t a household name, but he has worked consistently for 25 years. When he landed the role of Max, Mr. Sterling wasn’t sure it would last past the pilot.

“You wait by the phone,” he said of his early days on the show. “Phone rings or it doesn’t.”

Although it’s never discussed on the show, Max’s awkwardness in interacting with people comes in part because he is on the autism spectrum, something the writ-

ers decided when creating the character.

“It’s not overt at all. It’s very convincing,” said Ms. Danes of Mr. Sterling’s portrayal. “The fact that he can’t get too close to anybody works to his advantage, it’s one of the reasons he has survived,” she added.

At times, Max served as comic relief in the tension-filled show.

In Season 6, Max, working undercover, is trying to land a job at a company in the business of peddling misinformation online. Asked during the job interview to explain a yearlong gap in his résumé, Max responds he spent that year

“smoking meth and masturbating.”

“Lord knows we’re desperate for a little bit of funny on our show,” Ms. Danes said. “What Maury did was really remarkable. He made a whole lot of something out of not very much.”

As the Max character rose



Survivor

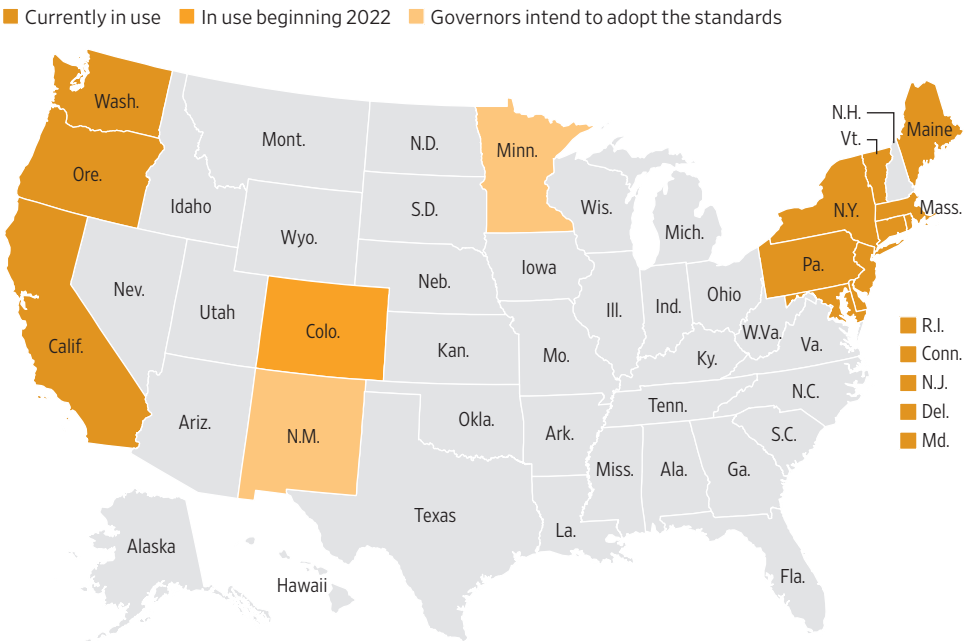


President Trump met with auto executives at the White House in 2017.

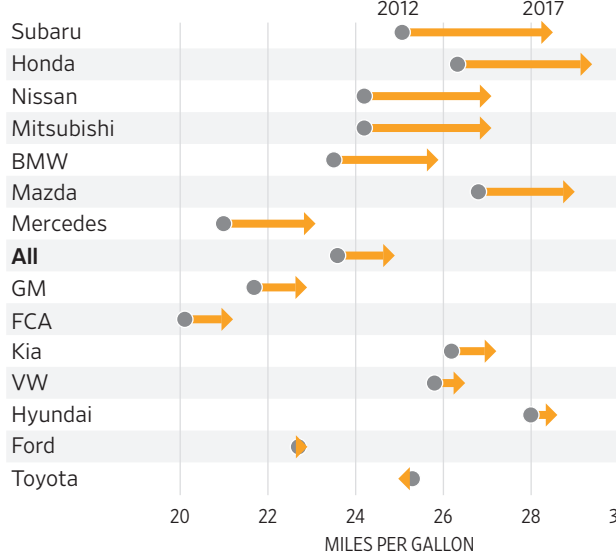
A Market Divided

California and the states aligned with its standards account for more than 40% of U.S. auto sales.

States that follow California’s emissions standards



Estimated real-world fuel Economy



*Cars and light trucks. Standards based on lab-derived results, which are usually higher than real-world results. Technological improvements and electric-vehicle adoption are expected to improve results in all scenarios. †California deal’s projected impact assumes industrywide adoption. Sources: J.D. Power (percentage of autosales); State of California (map); EPA (fuel); Rhodium Climate Service (fleet fuel economy)

to hit. Executives lobbied for more flexibility.

The industry initially saw an ally in Mr. Trump. Days after his inauguration in January 2017, the chief executives of Ford, GM and Fiat Chrysler met with the president at a White House breakfast. They asked him to consider a review of the Obama-era rules, believing them outdated.

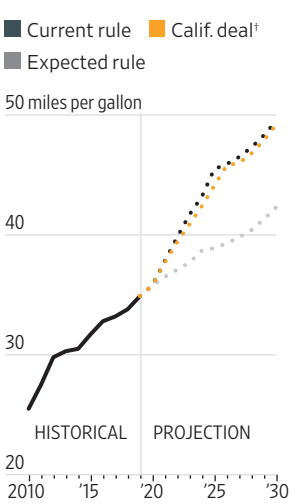
Ford’s then-CEO Mark Fields was outspoken on this point, arguing publicly that the regulations would hurt U.S. manufacturing jobs. Two months later, at a rally in Michigan, Mr. Trump agreed to re-evaluate the rules.

By spring 2018, auto executives were getting nervous. The White House signaled it wasn’t only looking to ease the regulations, but to break with California, which under the Clean Air Act can request waivers to impose stricter pollution controls than those of the federal government.

More than a dozen other states follow California’s rules—covering more than 40% of U.S. vehicle sales.

At the industry’s urging, Mr. Trump asked administration officials to negotiate with California. They were to meet with Mary Nichols, an environmental lawyer who was first ap-

New passenger fleet average fuel economy*



pointed to the state’s powerful air-resources board in 1975. California’s waivers have long afforded its regulators vast influence over setting auto-market standards.

Talks with California didn’t get far before the EPA issued its proposed rule in August 2018, confirming what many auto executives feared: Rather than merely relax the targets, the White House wanted to freeze the requirements altogether at 2020 levels, nixing the 5% annual improvements set under Mr. Obama. That would forgo about one-third of the greenhouse-gas reductions expected when the current

rules were agreed to.

Administration officials said the proposal would boost sales and lower sticker prices, enticing more buyers.

In recent months, the Trump administration has shown a willingness to bend—the final rule is expected to include a 1.5% annual increase in the fuel-economy targets, rather than a wholesale freeze.

Ready for a fight

California and environmental lobbies are still gearing up for a fight. Environmental groups ran an ad in several U.S. newspapers in January focused on GM, Toyota and other auto makers who sided with the Trump administration, saying the companies were “attacking crucial clean-car standards that are helping to address climate change.”

The 62-year-old Mr. Ford considers himself an ardent environmentalist, spending much of his Ford career championing green causes, including the industry’s first hybrid-electric SUV.

By early 2019, he had dispatched a top lieutenant, Joe Hinrichs, to Washington to press the White House to negotiate with California. Mr. Hinrichs, president of Ford’s automotive operations, met more than a half-dozen times over several months with senior White House officials, including Vice President Mike Pence, said people with knowledge of the meetings.

White House officials felt they were getting nowhere with California, believing the state was slow-walking talks in hopes Mr. Trump would lose the election in 2020, according to current and former administration officials.

California, meanwhile, felt the administration was insistent on revoking the state’s waiver and not interested in compromise, Ms. Nichols said.

Around this time, Ford staffers had been quietly talking with California regulators about a fallback plan that eventually evolved into a deal.

After the failed call to Mr. Trump, Mr. Ford convened a meeting with Ford Chief Executive Jim Hackett, Mr. Hinrichs and other executives about dealing directly with California as a way to align the company’s U.S. emissions goals with rules overseas.

Company executives thought the California agreement could be an olive branch, showing state officials were willing to meet Mr. Trump halfway, said Mr. Hinrichs in an interview.

The White House was no longer interested in talking.

Ford’s truck-and-SUV-heavy lineup ranked third-to-last in fuel economy of 13 major auto makers, according to EPA data. But the company has new hybrid and electric vehicles in development that will help improve fuel-efficiency, executives reasoned.

Honda, already a leader in fuel economy, came to terms with California, encouraged by Ford’s move, people familiar with the matter said. Volkswagen, investing billions into electric cars, also signed on, seeing the proposed freeze as out of step with emissions regulations in its two biggest markets, China and Europe, said one company executive. By mid-July, California also had a commitment from BMW.

Other car companies were approached, but GM was pur-

in stature, the temptation to off him also grew. “He was on the chopping block every year,” said Ms. Linka Glatter.

Mr. Gansa, the co-creator and showrunner, said whenever the writers were challenged with how to end an episode with a dramatic moment, getting rid of Max was often discussed. At the end of Season 4, which took place in Pakistan, Max for a time was going to be killed when the embassy was under fire from terrorists.

Overall, Mr. Gansa said he probably has called Mr. Sterling at least three times during the show’s run to tell him Max was being killed off, only to call him again, “like a governor calling with a stay of execution at 11:59 p.m.”

“I put Maury through the emotional wringer, which I think helped his performance over the years,” Mr. Gansa said. “It kept him on his toes.”

As “Homeland” enters its final season, Mr. Sterling is keeping mum on Max’s fate, but he said the character does have his biggest story line to date.

posely left out. The group worried the company was meeting with the administration and would try to derail their effort, Ms. Nichols said.

When the pact was publicly revealed July 25, the president was frustrated, telling advisers he felt betrayed by the companies, according to White House officials. Mr. Trump believed he had given them what they had asked for and couldn’t understand why they were siding with California. He later tweeted that company founder Henry Ford—Mr. Ford’s great-grandfather—would be “rolling over.”

GM executives were irritated, too, having been excluded from discussions, according to people familiar with their thinking.

In September, the Justice Department dropped another bombshell: It had opened an antitrust investigation into whether Ford, Honda, Volkswagen and BMW had violated federal law in forging their pacts with California.

The probe blindsided Ford executives and some felt it was politically motivated, according to two people with knowledge of the reaction. A company spokeswoman said Ford is cooperating with the Justice Department.

A White House spokesman referred questions to the Justice Department, which declined to comment on the accusations. At the time the probe became public, a person familiar with the investigation said the Justice Department’s antitrust division is acting on its own accord and without direction from or coordination with the White House.

The shock of a federal in-

Ford miscalculated the White House’s appetite for a California deal.

vestigation had a chilling effect on the ongoing talks between the four auto makers and California, as well as the state’s efforts to recruit others.

BMW, Volkswagen and Honda all said they planned to adhere to the California deal regardless of other companies joining, but declined to comment further.

White House officials began calling car companies not aligned with California to muster support for the administration’s efforts to remove the state’s waiver, according to people at those companies and administration officials.

GM was initially reluctant to take a stance, and other auto makers, including Toyota, didn’t want to intervene without GM, the U.S.’s largest auto maker by sales, making the first move. A weekend call in October from a senior White House adviser persuaded GM executives to publicly back the administration, the people said.

The following Monday, GM, Toyota, Fiat Chrysler and two other car companies said they sided with the Trump administration. More auto makers joined the group shortly after. Ford executives said they would stick to their agreement with California, even if most competitors haven’t followed. “We believe we’re on the right side of this debate for the long term,” Mr. Hinrichs said.

GREATER NEW YORK

‘West Side Story’ Revival Takes Flight

By CHARLES PASSY

More than 60 years after it opened on Broadway, “West Side Story” is a hit once again. A revival of the acclaimed musical at the Broadway Theatre, currently running in previews, is showing strength at the box office. The production officially opens Feb. 20. For the week that ended this past Sunday, the show played to sold-out audiences across seven performances, according to the Broadway League, the industry trade group. It also grossed \$1.4 million, which put it behind only two other Broadway shows, “Hamilton” (\$2.7 million) and “Moulin Rouge!” (\$1.6 million), for the same weekly period. “West Side Story” has had similarly solid numbers in previous weeks, playing to capacity crowds and grossing as much as \$1.8 million for an eight-performance week. The revival started previews in December. The show is the latest from

veteran Broadway producer Scott Rudin, who has been behind a number of financially successful shows in recent seasons, including a revival of “Hello, Dolly!” that starred Bette Midler. For “West Side Story,” Mr. Rudin, who is producing the musical in partnership with entertainment-industry titans Barry Diller and David Geffen, isn’t relying on big-name talent. The cast includes more than 30 performers making their debuts. If anything, the revival’s selling point may be its stark, contemporary staging. Tony Award-winning director Ivo van Hove, known for his cutting-edge work, created the new version. The revival breaks from tradition in another key regard, with all-new choreography from modern-dance specialist Anne Teresa De Keersmaeker in place of Jerome Robbins’s original dances. Mr. Rudin said the revival’s appeal ultimately rests with



JULIETA CERVANTES

For the week that ended Sunday, ‘West Side Story’ played to sold-out audiences across seven performances, the Broadway League says.

the show itself, a set-in-New York, “Romeo and Juliet”-inspired tale with a score by Leonard Bernstein and lyrics by Stephen Sondheim. It first ran on Broadway from 1957 to 1959 and was adapted into an Oscar-winning film in 1961. “West Side Story” is a musical that “cuts across every

tranche of audience demographics,” Mr. Rudin said. It also likely helps that “West Side Story” hasn’t been seen on Broadway since a 2009 revival. This is a musical people “need to see every time it appears,” Mr. Rudin added. A person familiar with the revival said it was produced

on a \$15 million budget. That puts it within the standard range for Broadway musicals, which typically cost at least \$10 million but can run well beyond \$20 million for shows with lavish stage designs or special effects. “West Side Story” will nevertheless face plenty of com-

petition in coming months. Many high-profile shows have yet to open, including “Mrs. Doubtfire,” based on the 1993 movie, and “Diana,” about the life of Princess Diana. In addition, two revivals of musicals, “Company” and “Caroline, or Change,” also are planned for later this season.

Proposal to Ban Some Pet Sales Advances

By JIMMY VIELKIND

ALBANY—The sale of dogs, cats and rabbits at retail stores would be banned under a proposal that advanced in the New York state Senate on Monday. Members of the chamber’s Domestic Animal Welfare committee approved the measure, which would affect 80 pet stores around the state. The bill’s sponsors said it would reduce the demand for so-called puppy mills—a term for commercial breeders that raise animals in unsanitary and inhumane conditions. “The question is whether we should be treating our animals like commodities, as something you pick up off the store shelf at a supermarket,” said Deputy Senate Majority Leader Mike Gianaris, a Democrat from Queens. “That is not the way we should be treating living beings that end up being a loving part of people’s families.” The bill sponsors said they hope New Yorkers seeking pets would instead adopt them from animal shelters.



JIMMY VIELKIND/THE WALL STREET JOURNAL

David Barton Jacoby, owner of Citipups in Chelsea.

The legislation would still allow people to buy dogs or cats directly from breeders, or, say, family members. Animal-rights groups who support the bill say a majority of the animals sold in retail stores in the state were bred at out-of-state facilities. These groups say passing a law cracking down on puppy mills in New York alone wouldn’t solve the problem. California and Maryland

have adopted similar laws, according to the Humane Society of the United States, an animal-rights advocacy group that supports the New York legislation. About 80 pet stores in the state would have to stop selling dogs, cats and rabbits, including Citipups, which has two retail locations in Manhattan. Business owner David Barton Jacoby said his stores sell around 900 dogs a year, and that there are about 35 dogs in each location at any given time. He said he works with 14 breeders, mostly in the Midwest, and that animals he sells are healthy and well-cared for. Selling dogs accounts for 80% of his business, and he said the proposal would force him to close. “Here goes another bricks-and-mortar store out of business to satisfy activists,” Mr. Jacoby said in an interview at the Capitol on Monday. PetSmart, a pet supply retailer that operates 62 stores in New York, said it wouldn’t be affected by the legislation. Rather than selling animals, it

partners with local governments and animal shelters to hold adoption events in its stores, a spokeswoman said. “We believe that enhanced regulations on breeders to ensure that all animals are raised in humane environments are more effective than measures that restrict pet parents’ choices,” the company said. The legislation cleared the Senate committee by a vote of six to zero. A representative for Senate Majority Leader Andrea Stewart-Cousins, a Democrat from Yonkers, said senators hadn’t yet discussed whether to take up the issue in a floor vote. A spokeswoman for Assembly Speaker Carl Heastie, a Democrat from the Bronx, didn’t respond to a request for comment. Gov. Andrew Cuomo this weekend responded to a question about the bill by agreeing that it sounds “silly,” but his spokesman said the governor would analyze the measure “in consultation with the state’s top kibble and chew toy advocate”: his dog Captain, a Northern Inuit.

GREATER NEW YORK WATCH

TRANSPORTATION

Gov. Cuomo Signs Limo-Safety Bills

New York’s governor signed a package of limousine-safety bills Monday that was prompted by deadly crashes in 2015 and 2018. One of the measures would require that motor vehicles converted into stretch limousines by January 2021 have at least two safety belts for the front seat and one safety belt in the rear for each passenger. The bill would require all stretch limousines to be retrofitted to include those seat belts by January 2023. Another measure would require limo drivers carrying nine or more passengers to have a passenger-endorsed commercial driver’s license. “These far-reaching reforms deliver much-needed protections that will help keep dangerous vehicles off our roadways, crack down on businesses that do not prioritize safety and will give New Yorkers peace of mind when they enter a limo,” said Gov. Andrew Cuomo. Lawmakers and the governor disagreed last year on several other bills that in part addressed the oversight of stretch limousines and their operators. The governor had proposed banning stretch limos but later dropped the idea. Monday’s bill signings come several months after the National Transportation Safety Board recommended tighter safety-belt and passenger-seat standards for new vehicles that are stretched into limousines. The federal agency recommended lap-shoulder belts in all seating positions and urged that limousine-seating systems meet minimum crash safety performance standards. —Associated Press

NEW YORK

Trial Date Set for Giuliani Associates

An October trial date was set Monday for two associates of Rudy Giuliani who are charged with making illegal campaign contributions. Lev Parnas was the only defendant among four men facing trial to be at a Manhattan courthouse when U.S. District Judge J. Paul Oetken set the Oct. 5 trial date. If the trial begins on time, it would occur a month before the Nov. 3 presidential election. Mr. Parnas was smiling and wearing an American-flag pin. Outside court, he declined to say if he was cooperating with prosecutors. Mr. Parnas and fellow defendant Igor Fruman had worked with Mr. Giuliani to try to convince Ukraine to announce an investigation of former Vice President Joe Biden. Mr. Parnas and Mr. Fruman have pleaded not guilty to charges alleging they made illegal campaign contributions to further their business interests and political goals, including the campaign to get the U.S. to replace Ambassador Marie Yovanovitch in Ukraine. Mr. Parnas recently provided congressional investigators with a recording of an April 2018 dinner meeting in which Mr. Trump demanded her removal. She was subsequently ousted and she retired last week. Mr. Parnas attended the small dinner at the president’s Washington hotel. The recording seemed to contradict Mr. Trump’s statements that he didn’t know Mr. Parnas. —Associated Press

NJ TRANSIT

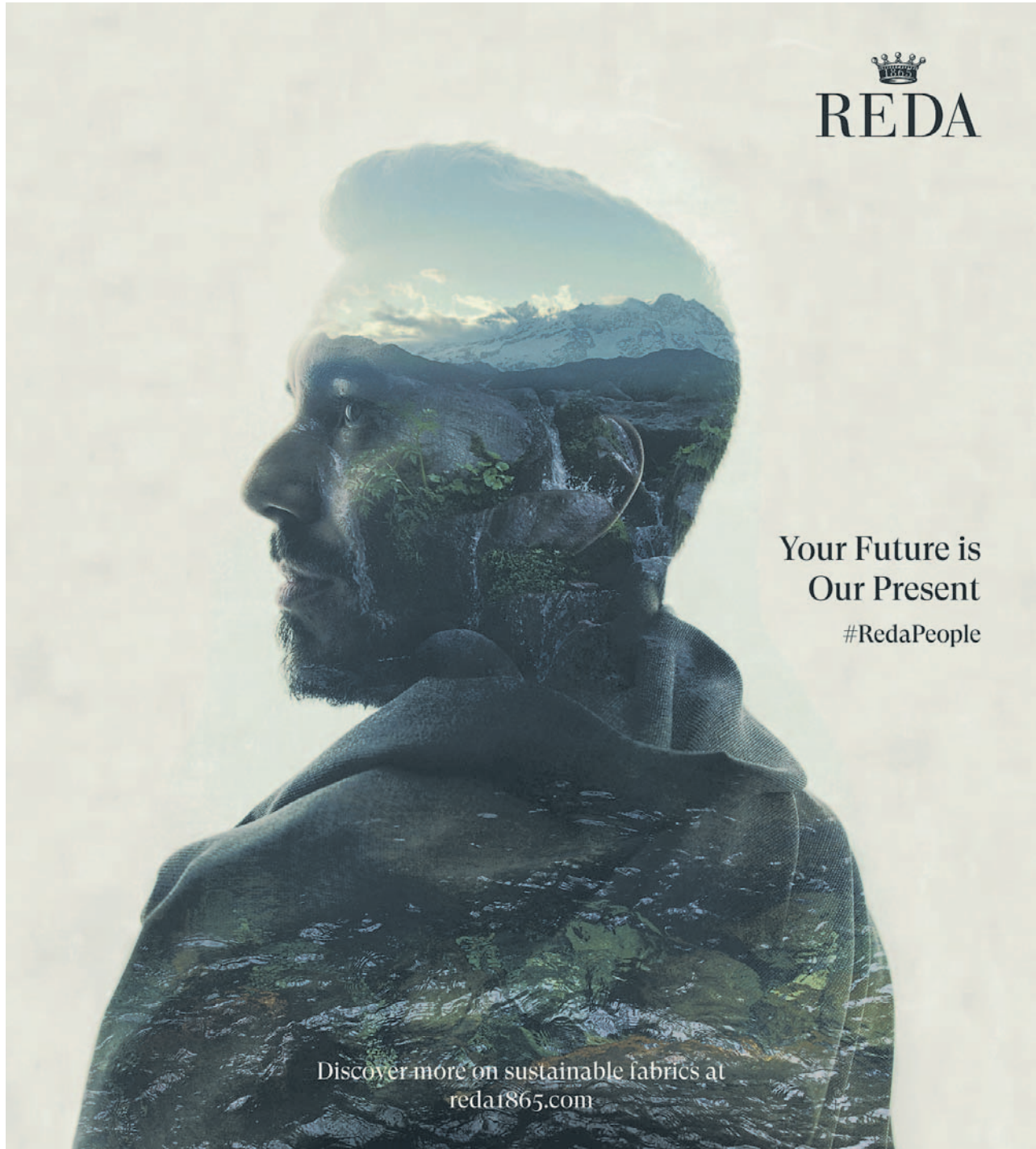
Penn Station Outage Holds Up Commute


Thousands of rail commuters suffered delays Monday after power problems snarled the evening rush hour at Penn Station in New York. Frustrated riders posted photos and videos to social media of overcrowded platforms and train cars. Many passengers were forced to find alternate routes home to New Jersey via the PATH rail system and buses. An Amtrak spokeswoman said that the railroad, which owns Penn Station, lost power to tracks in an area used by NJ Transit trains at about 4:30 p.m. That power loss led to a cascade of delays. Initially, NJ Transit told riders that one of its trains had become stuck and there would be delays of up to one hour. After it became clear that the issue was caused by Amtrak’s loss of power, NJ Transit warned of delays stretching up to two hours. Many services were canceled or diverted to Hoboken, N.J. By 8:30 p.m. the Amtrak spokeswoman said power had been restored but services were operating with delays. She added that the cause of the outage was being investigated. —Paul Berger

NEW JERSEY

Wrong-Way Crash Leaves 3 in Hospital

A driver traveling the wrong way on a New Jersey highway caused a head-on crash Monday involving three vehicles that left all the drivers hospitalized, authorities said. The crash on Route 70 in Brick occurred around 5:30 a.m., police said. A car driven by Mark Ferrell, 35 years old, of Toms River, was traveling westbound in the east-bound lanes when it collided head-on with an SUV driven by Mark Valle, 28, of Brick. The impact caused Mr. Valle’s vehicle to rotate and collide with another SUV driven by Patrick McElroy, 56, of Toms River. Emergency responders had to extricate Mr. Ferrell from his car. He and the two other drivers were treated at hospitals for injuries that aren’t considered life-threatening. The accident forced authorities to close a stretch of the highway for several hours. No charges had been filed, but the accident remained under investigation. —Associated Press





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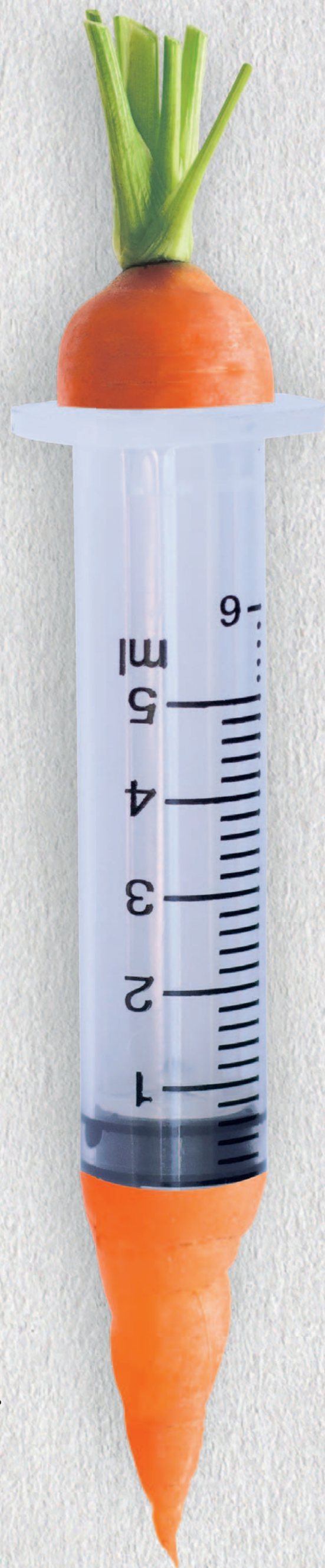
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LIFE & ARTS

YOUR HEALTH | SUMATHI REDDY

Flu Hits Children Hard This Season

Coronavirus grabs attention, but flu is more widespread and is infecting kids at unusually high rates

Every day for the past few months, children have appeared in Ari Brown's pediatric office in Austin, Texas, and tested positive for influenza.

"About 10% of the patients we're seeing every day have the flu," says Dr. Brown. "We've had five this morning."

Public attention is fixated on the coronavirus. But the far more widespread flu virus is infecting people across the country—and hitting children particularly hard.

More than half of the positive influenza test results from public health laboratories this flu season have been in children and adults under the age of 25, according to the Centers for Disease Control and Prevention's most recent weekly influenza report. That's a higher portion than in the past few years, when less than half the cases were in kids and young adults.

The reason: The predominant strain circulating early this season was influenza B, which causes more significant illness in children than in adults.

"We've seen something this year that we haven't seen in probably 27 years, which is a noticeable increase in the number of influenza B infections early in the season," says Andi L. Shane, chief of pediatric infectious diseases at Emory University School of Medicine and Children's Healthcare of Atlanta.

In recent weeks there has also been a growing number of influenza A infections caused by the H1N1 strain. (Coronavirus is an entirely different category of viruses than influenza.)

During the 2019-20 flu season, there have already been 68 reported pediatric deaths in the U.S., according to the CDC; 45 were caused by the influenza B strain. Typically the flu season peaks between December and February and can go as late as May. There were 143 reported pediatric deaths last flu season and 188 in 2017-18.

Overall, there have been at least 19 million U.S. cases of the flu this season, 180,000 hospitalizations, and 10,000 deaths, according to preliminary estimates from the CDC. There were 61,000 flu-related deaths in 2017-18 and 34,200 deaths in 2018-19. Public-health experts say the levels of hospitalization are similar to recent seasons, but deaths are lower than usual and outpatient reports of influenza-like illness remain elevated.



Schools have felt the impact. Schools in states from Alabama to Tennessee to Oklahoma announced they were closing last week for several days to help prevent outbreaks of the flu after large numbers of students and staff were absent. Knox County in Tennessee closed all 88 of its schools for three days after more than 5,000 students out of about 60,000 were absent on Jan. 28, a spokeswoman says.

There are three main types of the flu virus—A, B and C; humans are infected mainly by the A and B viruses. Generally, the A viruses are considered more serious, particularly H3N2.

But Dr. Brown, the Austin pediatrician, says that while influenza B has historically been considered a milder version of the flu, this year's strain seems more virulent. "I think there was a concern that this was more of a novel strain that kids haven't seen so they are getting sicker," says Dr. Brown.

The current influenza B strain

hasn't appeared much in recent years, so children haven't been exposed to it, says Lynnette Brammer, head of the CDC's influenza domestic surveillance team. "The older adults have been exposed to it more, so they've got just more existing antibodies that will protect them," she says.

The last influenza season where a B strain was predominant was in 1992-93, Ms. Brammer says. This flu season, influenza B has been linked to 58% of reported flu cases in children under 4, and to 72% of cases in patients ages 5 to 24.

In adults 25 to 64 years old, influenza B represents about 43% of cases so far, and only about 23% of cases in the 65 and over group.

Public-health officials do have some relief that the predominant strain of the flu circulating is not the H3N2 strain, which has dominated in recent years and tends to cause the most deaths and hospitalizations, particularly in the elderly.

"Any time we can not have a

H3N2 season, it's a good thing," says Ms. Brammer. "H3N2 tends to be very hard on the elderly—that's who is most likely to be hospitalized and most likely to die."

It's unclear if this year's flu vaccine was a good match for the Victoria B virus circulating. The CDC expects to have its vaccine effectiveness report out in late February.

Scientists predict months ahead of time which strains will circulate the following flu season, choosing two A and two B strains to include in the virus.

The vaccine included the B Victoria but some experts speculate that it may be a different version. Ms. Brammer says though the vaccine B strain is genetically different than the one circulating, it's 60% antigenically similar, meaning the molecular structures on the surface of the virus are similar. "The match isn't bad," Ms. Brammer says.

Experts say that even if the vaccine doesn't exactly match the circulating strains, it's still far better

to get a flu shot than to skip it. The vaccine helps lessen the duration and severity of the illness for people who do get sick. And most importantly, vaccination helps prevent the spread of flu to others, including infants 6 months and under, who can't get a flu shot.

Heather Felton, a Louisville, Ky., pediatrician, says she's seeing three to four children a day test positive for influenza B. Those who have been symptomatic for under 48 hours can take an antiviral medication, which can reduce the duration of influenza.

Dr. Brown, the Austin pediatrician, says she is starting to see more influenza A now, mostly among children who weren't vaccinated. She says children and adults who get the flu despite getting vaccinated will often have a shorter and milder course of illness.

"Some protection is better than none, and it's not too late to get the vaccine, because we will be in our flu season for some time," she says.

What a Father Learned After Losing His Sons to Drug Overdoses

By CLARE ANSBERRY

STEVE GRANT lost both of his children to drug overdoses, his older son at 21 years old and his younger one, five years later, at 24.

"I used to be known as the insurance guy or the baseball coach at St. Joseph's. Now I am known as the guy who lost both of his sons to drug overdoses," says Mr. Grant, 61, a managing director for MassMutual in South Carolina.

More than 67,000 people died from drug overdoses in the U.S. in 2018, down 4% from 2017, but 84% more than a decade earlier. Overdose deaths for those between the ages of 15 and 24 reached 5,455 in 2017, the latest year that breakdown is available, which is 54% more than in 2007, according to the National Institute on Drug Abuse.

In his recently released book, "Don't Forget Me: A Lifeline of Hope for Those Touched by Substance Abuse and Addiction," Mr. Grant describes his sons' drug use and treatments, what he wished he knew when they were alive and what he has learned since.

"I want my legacy to be that I did everything I could to help adolescents and young adults who struggle with addiction, substance abuse and mental illness," says Mr. Grant, who created the Chris and Kelly's Hope Foundation to provide financial support to teens and young adults with substance abuse and addiction problems.

In an edited interview, Mr. Grant

talks about the challenges facing parents and the love that endures in the face of addiction. The book's title comes from a photo of Chris taken when he was about 15 and playing soccer. On the back of it, Chris wrote, "Don't forget me."

Why write this book now, 15 years after the death of your first son and 10 years after the death of your second?

I had never met a single person who had lost a child to an overdose when Christopher died in 2005. Now close to 70,000 people die a year. It was time. I wanted to explain how my family got to the point that it did because I think that's instructional and will hopefully help others out.

How were the boys and their addictions different?

My first son, Christopher, was a talented athlete, who began with alcohol and marijuana when he was 14. He was addicted to drugs and alcohol for seven years and went into five rehab centers. I spent hundreds of thousands of dollars trying to save him. He died of an overdose of cocaine and methadone when he was 21.

My second son, Kelly, did well in school. He wasn't athletic but he tried very hard and was a talented drummer. I later found out he and his brother drank and used marijuana together but it never affected Kelly's school habits or his behavior. He was in Charleston, S.C., when someone introduced him to heroin. Eight months later he died at the age of 24 of a heroin overdose.



Steve Grant with his boys in 2001 when Chris, left, was 17, and Kelly was 15.

How did this affect your marriage?

I read about the things that could happen to parents when their kids were addicted. Divorce, financial problems. I was always thinking, "No way will that happen to me." Well, it did. My wife and I divorced 30 days before Christopher died.

How did drugs affect your boys' behavior?

At one point, I didn't know who Christopher was anymore. This sweet, generous, compassionate child that I loved had changed. He had become angry, selfish and dishonest. You don't stop loving your child just because they are sick. You might be angry, frustrated and hurt at times but you love them nonetheless.

Is there anything you would do differently?

With Christopher, I was convinced

Low self-esteem and low self-worth is a common thread of everyone who falls hard into drugs.

You have a strong faith. Did you ever get angry with God?

I never got mad at God. I have people who are much stronger Christians than me tell me: "Unfortunately you were chosen, Steve. You're the person who is going to try to help other people, through your pain and your suffering." That is what gets me through this. I find comfort in the hope that I will be with my sons again.

What do you think we don't understand about drug addiction and the opioid epidemic?

I don't think we understand the strength of it. The general feeling seems to be, this is not going to happen to me and it won't happen to my kids. The fastest growing opioid users over last 10 years are upper-middle-class children. They have access to it and the money to get it.

Marijuana is a topic that a lot of parents are talking about. Christopher would say, "It's just a little bit of weed, Dad." I would look at him and say, "You're probably right. I did a little bit of weed in college. Everyone used it." But for Christopher, it was a gateway drug. That's not the case for everyone, but it was for him, and parents have to be very diligent.

How did you deal with your grief?

When I was in the worst of my grief, I ached and hurt so deeply that I felt there would never be anything except sadness. I have healed a great deal since that time. Helping people keeps me invigorated. I think of my kids daily. I don't cry a whole lot, but once a week at least, I go someplace alone and have a good cry when I'm reminded of something.

LIFE & ARTS



by the Council of Fashion Designers of America. Expectations are building for the show at the American Museum of Natural History by the vivacious designer, who is also a judge on Bravo’s “Project Runway” reboot.

With prominent names such as Mr. Ford bowing out of this New York Fashion Week, the pressure is on for the 35-year-old designer to shine.

THE WOW FACTOR: Designers are amping up the entertainment in their runway shows and presentations to attract attention on Instagram and keep audiences engaged. Numerous houses in September had musicians perform during their shows. Some, such as Deveau, featured not only singers but also dancing models and a drumline.

Upscale contemporary label rag & bone continues to experiment with how it presents collections. For this week, the house promised an “audiovisual, immersive experience that brings together elements of design, innovation, disruptive technology and entertainment.” As models walk in rag & bone clothes, a big screen will display AI-generated content while DJ Kris Bones supplies music.

CALENDAR CLASH: The Academy Awards ceremony at the Dolby Theatre in Los Angeles will compete for attention with New York Fashion Week. Parties and hoopla surrounding the Oscars are likely to siphon some A-list celebrities to the West Coast. In New York, when the paparazzi’s cameras click alongside runways, some viewers are more likely to wonder “Who is *she*?” than exclaim “Look, it’s Margot Robbie!”

THEY’LL TAKE MANHATTAN: The recent trend of holding shows in Brooklyn appears to have petered out. Almost no significant presentations on the calendar are slated to take place in the borough. Indie avant-garde label Eckhaus Latta will show in Manhattan after several seasons in Brooklyn venues. Tory Burch and Mr. Maxwell also are returning to Manhattan after detours to Brooklyn. A sustainability silver lining? Editors and guests will save on commute time and car and subway fare—and may contain their carbon footprint by not venturing across the East River.

Fashion Week Fights for Attention

By Ray A. Smith

NEW YORK FASHION Week kicks off this week, amid a lineup notable for some high-profile absences and renewed questions about its relevance.

The most recent New York Fashion Week, in September, made a case for the twice-yearly frenzy of runway shows and events. Designers Jason Wu, Pyer Moss and other labels that had refrained from staging shows in New York in recent years returned to the city. Established houses like Ralph Lauren tried to generate excitement with entertainers such as Janelle Monae.

This time around, New York Fashion Week faces the challenge of sustaining that energy after several top designers decided to exit. The shows are also competing with the Academy Awards this year, after the Hollywood show was moved to Feb. 9, weeks earlier than usual. Fashion events begin on Thursday, with the official launch on Friday. Here is a cheat sheet for what to watch:

NO-SHOWS: The show will have to go on without some big names this time around. Mr. Ford, who in June took the helm at the Council of Fashion Designers of America, will show his collection in Los Angeles instead of New York. Speaking with Women’s Wear Daily, Mr. Ford cited the Academy Awards, “which will be televised Sunday and “the excitement in L.A. on that particular weekend” as a factor in his decision.

The move caught many fashion



professionals off-guard, with one calling it a “slap in the face” to New York Fashion Week. In a statement to the Business of Fashion site, Mr. Ford said: “Someone asked me the other day how I could justify showing in L.A. as I am now the Chairman of the CFDA, and I reminded them that CFDA stood for the Council of Fashion Designers of America and not the Council of Fashion Designers of New York.”

Steven Kolb, the president and chief executive of the CFDA, told Women’s Wear Daily the organization supported Mr. Ford’s choice to

promote American fashion “on this important weekend in February,” and added it would not impact the fashion week schedule.

Jeremy Scott, a perennial crowd-pleaser, also is skipping New York. In a statement, his label said “Jeremy Scott will no longer be showing his fall-winter 2020 collection during New York Fashion Week. In a move to pay homage to the city that launched his design career, Jeremy Scott will show his upcoming collection in Paris in July.” Tommy Hilfiger will show in London, not New York. Rising-star labels Telfar and Pyer

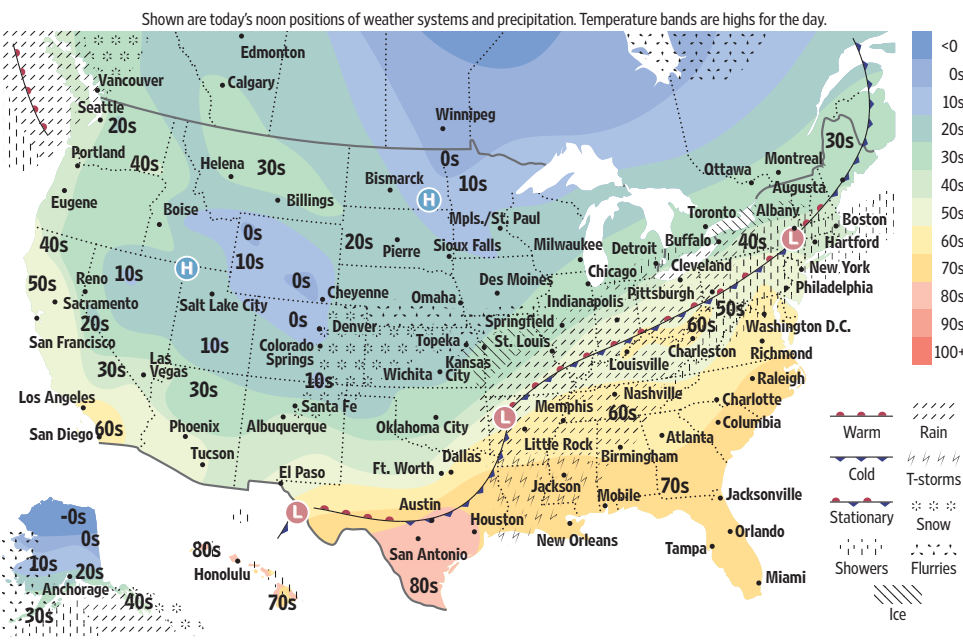
Brandon Maxwell, above left, with Lady Gaga, has one of the New York Fashion Week shows to watch. Tom Ford, center left, plans to present his collection in Los Angeles, not New York. Janelle Monae, top right, performed during Ralph Lauren’s elaborate presentation in September. Kate Hudson and Nicole Kidman, below, at Michael Kors’s show at Fashion Week in September.



Moss, whose shows have become must-sees, don’t plan to participate in this New York Fashion Week. Telfar, which opted to show in Europe, presented its fall 2020 collection in Florence last month. Pyer Moss plans to reveal collections on the label’s own timetable.

THE SHOW TO WATCH: Many observers are betting on Lady Gaga’s onetime stylist, Brandon Maxwell, to be the U.S. fashion industry’s next big thing. The Texas-born creator, who opened his line in 2015, was crowned Womenswear Designer of the Year in 2019

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	26	21	c	28	26	sn
Atlanta	67	60	sh	70	59	r
Austin	81	39	pc	47	31	c
Baltimore	62	47	sh	50	35	r
Boise	37	24	s	37	35	sn
Boston	46	36	c	42	31	c
Burlington	37	24	c	26	14	s
Charlotte	66	59	pc	70	61	sh
Chicago	35	26	sn	31	26	c
Cleveland	50	29	r	33	29	c
Dallas	61	30	r	37	28	r
Denver	18	0	sn	30	17	s
Detroit	37	25	c	31	25	c
Honolulu	83	66	s	81	66	pc
Houston	80	58	t	60	37	r
Indianapolis	51	29	r	35	27	c
Kansas City	30	22	sn	29	18	sn
Las Vegas	49	31	s	54	36	pc
Little Rock	67	44	r	44	34	r
Los Angeles	61	40	s	64	44	s
Miami	78	65	pc	81	72	pc
Milwaukee	33	22	c	30	25	c
Minneapolis	22	6	c	25	10	c
Nashville	65	52	r	57	48	r
New Orleans	76	67	t	75	59	r
New York City	56	40	sh	42	35	r
Oklahoma City	38	22	c	35	18	sn

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	44	36	r	46	37	pc
Athens	63	54	pc	59	41	r
Baghdad	64	41	pc	70	47	s
Bangkok	91	77	pc	92	76	pc
Beijing	38	14	pc	32	17	c
Berlin	42	33	r	40	35	pc
Brussels	43	36	r	45	34	pc
Buenos Aires	90	77	s	86	77	pc
Dubai	75	58	s	75	59	pc
Dublin	47	33	pc	46	37	pc
Edinburgh	48	34	pc	46	35	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	43	34	r	46	31	pc
Geneva	47	33	r	45	26	c
Havana	85	64	pc	87	68	pc
Hong Kong	69	63	sh	70	62	pc
Istanbul	58	53	c	58	36	r
Jakarta	86	77	t	87	76	t
Jerusalem	54	43	pc	60	48	s
Johannesburg	86	63	pc	82	62	pc
London	49	35	pc	47	35	pc
Madrid	65	38	pc	58	38	s
Manila	86	73	pc	87	75	pc
Melbourne	68	52	s	72	56	s
Mexico City	72	53	pc	71	52	pc
Milan	59	37	pc	58	29	s
Moscow	29	22	c	24	13	c
Mumbai	85	66	pc	87	64	pc
Paris	47	38	sh	47	32	c
Rio de Janeiro	85	77	sh	84	76	c
Riyadh	70	54	pc	73	58	pc
Rome	65	40	s	57	36	pc
San Juan	86	74	pc	85	75	sh
Seoul	42	11	sn	26	11	s
Shanghai	54	39	pc	49	39	pc
Singapore	90	77	pc	89	78	pc
Sydney	71	66	pc	76	69	c
Taipei City	73	61	r	65	61	c
Tokyo	52	41	pc	57	33	s
Toronto	36	18	c	28	21	pc
Vancouver	39	34	r	45	38	r
Warsaw	43	25	r	37	29	s
Zurich	43	34	r	40	24	sn

The WSJ Daily Crossword | Edited by Mike Shenk

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63					64					65		

INSTRUMENT PANEL | By Paul Coulter

Across		24	Pledge drive featuring Clarence Clemons wailing on his instrument?	45	Relaxed Baja boy
1	Put out			47	Military band director's order to hand over an instrument?
5	Gothic architecture feature	26	Blender sound	52	Put out
10	Like many signers	27	Casual eatery	53	Secret affair
14	Diva's song	28	Russian Revolution leader	54	Party pick
15	Korean or Cambodian, say	30	Wild party	56	Break in the action
16	Porterhouse order	33	Retired plane	57	Aisle a church musician follows to her instrument?
17	Pics of Yo-Yo Ma's instrument?	34	Tiny instrument from India?	60	Adjective in some "shoppe" names
19	Folklore fiend	37	Dungeons & Dragons game co.	61	Launch
20	Artsy type	40	Tries to locate	62	Hard to look at
21	Like shoes	41	Humdingers	63	Basic idea
22	Plus on a balance sheet				

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

Previous Puzzle’s Solution

ELIP	SICK	SALEM
LEIT	OISHA	AMPERE
MARKSMAN	TYRANT	
SKREW	RYDER	SIE
CATTLE	ANCHER	
IRONORE	UTAH	
HID	ROSS	AWOL
OPERATIC	SOPRANO	
PESO	HOPE	YAP
TOISS	WENDONS	
EXIE	CUIT	WEICH
MAX	TRAIL	ALLOE
ONTAPE	ALPINIST	
TARTUP	LMAO	FLO
EXALT	SEWN	EON

Bob Marley’s Enduring Mysteries

He would have turned 75 this week; his music still resonates thanks to its multilayered meanings

By Will Friedwald

REGGAE LEGEND Bob Marley, who would have turned 75 Thursday had he not died at age 36, wrote some of the most memorable songs in all of music.

Early in the 1984 documentary “Bob Marley and the Wailers: The Bob Marley Story,” a friend of Marley’s known as Sticko points to the house where Marley grew up in the rural Nine Mile parish of Jamaica. “Bob was very different from most of the musicians, because Bob had the country in his life. Most musicians living in the town don’t know about nature.” A little later, we meet a neighbor of Marley’s, identified as Chinaman, who notes that Marley was also different from most everyone he knew because of his father, Norval Marley. “He was an Englishman, a white man,” he says of the father, as if this were all we need to know.

This overlaying of perspectives and racial identities is a big part of Marley’s music, where every number seems to be at least two things at once. His most compassionate love song, “No Woman, No Cry,” is also a protest song; it seems to imply that love is all the more sweet when it blossoms in a veritable urban war zone like Trenchtown in Jamaica’s capital, Kingston, where Marley spent the latter part of his youth. “Redemption Song” starts as a narrative about pirates and sailing, but quickly morphs into a prayer for deliverance and freedom. “Three Little Birds” is a simple song with profound spiritual ramifications, an optimistic hymn in which birds deliver the message that “every little thing is gonna be alright.”

Perhaps the most exceptional aspect of Marley’s music is that it never seems, unlike so much pop, a guilty pleasure: He helped perfect the irresistible beat of reggae, a blend of North American-style rhythm-and-blues with more established Caribbean styles like mento, ska and calypso. But while the beat insists that you dance—in a firm yet gentle way—the lyrics never let you forget both the suffering and the salvation of the world. Songs like “Them Belly Full (But We Hungry)” lament wealth disparity, while at the same time telling us to party. “A hungry mob is a angry mob,” he tells us, even as we’re “chucking” to the music. Dance music, protest music, and something else too. Marley’s songs are



Bob Marley performing at the Crystal Palace Bowl in London on June 7, 1980

never less than completely erotic—with slow, sexy rhythms abetted, in his own recordings, by the crooner’s rough-yet-smooth voice.

And that all may explain why his compositions continue to spread into genres far from their home territory. “I Shot the Sheriff”—originally his conception of a cowboy song—became an international rock hit thanks to Eric Clapton. “Could You Be Loved?” was taken up by R&B singers like Patti Austin as well as rock bands like Toto, and remains the Marley song you’re most likely to hear at a wedding. Johnny Cash and Joe Strummer gave “Redemption Song” a country flavor, and “Waiting in Vain” was cooed by

In the reggae legend’s music, every song seems to be at least two things at once.

jazz singer Dianne Reeves as a soul jazz ballad—both without any hint of a Jamaican beat. Kingston-born piano giant Monty Alexander has consistently and brilliantly shown how Marley’s music can serve as a foundation for jazz interpretation and improvisation.

It’s not as if some Marley songs are happy and some are sad; they seem, instead, to embrace all the complexities of life: the grim realities of war contrasted with the warm embrace of God’s love. Marley brilliantly conceptualized a city in “Concrete Jungle,” and cited the Old Testament Jews as a spiritual inspiration for present-day Jamaicans in “Exodus.”

Marley, who had already survived an assassination attempt in 1976—despite having been shot in the chest and arm, he performed at a concert two nights later, as a means of uniting warring factions in his home country—died of melanoma in 1981. A friend remembered that, on the way to the funeral, the hearse carrying Marley’s coffin broke down and a spontaneous party and jam session erupted right where they stood. Even from beyond the grave, Marley was telling us that we shouldn’t worry ’bout a thing.

Mr. Friedwald writes about music and popular culture for the Journal.

MUSIC REVIEW

Eileen Farrell Could Sing It All

By David Mermelstein

AMONG THE GREAT American singers of the second half of the 20th century, the inimitable Eileen Farrell is especially cherished. A child of vaudevillians, she established herself as a radio star long before she ventured onto the concert stage, back when such things could happen. She didn’t sing fully staged opera until 1956, though by late 1960 she was rightly at the Metropolitan in New York. Her sound was both silver and gold—bright and warm—with enough force behind it to impress even the most discerning critics.

Feb. 13 marks the centenary of her birth, and to honor the occasion Sony Classical has just released “Eileen Farrell: The Complete Columbia Album Collection,” with 16 CDs featuring the singer in an extraordinary assortment of material—everything from Verdi and Puccini arias to Gershwin, Kern and Ellington standards to art songs by Schubert and Poulenc to a Christmas album. Incredibly, nearly all of it was recorded between 1958 and 1962.

The disc “Arias in the Great Tradition,” conducted by Max Rudolf, opens with two Beethoven works by which big soprano voices used to be judged: the concert aria “Ah, perfido!” and the perfervid operatic aria “Abscheulicher!” from “Fidelio.” Farrell provides the expected heft, but also, more gratifyingly, supple phrasing and dynamic flexibility.

Her album of Puccini arias, also with Rudolf, offers not the most meticulously characterized accounts of chestnuts from “Bohème,” “Butterfly” and “Tosca,” but rather performances of unrivaled vocal



plushness. And in the two arias from “Turandot,” she provides an atypical take on the opera’s eponymous princess, one less blood-thirsty but more flesh-and-blood than we usually hear.

Two Verdi records—one of arias (yet again with the stalwart Rudolf), the other of duets with the beloved tenor Richard Tucker—find Farrell in refulgent voice. The competition in this era was stiff (think Leontyne Price and Zinka Milanov, to name just two), but Farrell was never more in her element, unleashing a precisely modulated yet torrential sound in familiar excerpts from “Aida,” “Un Ballo in Maschera” and “Otello.”

One needs little exposure to Farrell to realize that hers was a voice born for Wagner. Yet she never assumed any of his roles in the opera house. Instead, she sang his music in the concert hall and very occasionally on record. This set’s one example features benchmark accounts of Brünnhilde’s Immolation Scene from “Götterdämmerung” and the orchestral version of the “Wesendonck” Lieder, both performed with the New York Philharmonic led by Leonard Bernstein.

Farrell wasn’t much of a new-music paragon on stage or record.

But by assuming the role of Marie in what became the premiere recording of Alban Berg’s seminal, atonal opera “Wozzeck,” she cinched a major claim to fame in that arena. Captured live at Carnegie Hall in 1951, with the incomparable Dimitri Mitropoulos conducting, the recording set a new bar for just how far major labels might go in embracing contemporary music.

But Farrell wasn’t just an operatic powerhouse, and the release, in 1960, of the aptly titled “I’ve Got a Right to Sing the Blues!” proved it. Supported by a crack orchestra led by the gifted arranger Lester Henderson, this album of standards like Harold Arlen’s “Blues in the Night” and Kurt Weill’s “September Song” revealed Farrell as a nuanced vocal stylist who could look any pop singer in the eye. Take her novel *Sprechstimme* account of the Rodgers and Hart gem “Glad to Be Unhappy,” with her native New England twang undampened. No example better demonstrates that opera singers can triumph in other genres when they jettison stuffy mannerisms. (Dismayingly, the disc is filled out with the “Marines’ Hymn” followed by eight sentimental ballads she recorded with Charles Lichter in 1946.)

A year later, Farrell and Henderson followed their success with the album “Here I Go Again,” and a year after that she partnered with Percy Faith in a similar vein. The last of her Columbia pop albums paired her with André Previn at the piano and conducting. Given her abilities in such material and the breadth of the American songbook, it’s hard to know why Columbia stopped making records like this. But Farrell was unde-



Eileen Farrell at the Met, above; fellow soprano Beverly Sills with Farrell, left

tered and continued laying down tracks of similar material elsewhere well into the 1990s.

Only two things disappoint in this welcome tribute. Instead of including her complete “Messiah” with the Philadelphia Orchestra and Eugene Ormandy, portions of it are used to pad the disc containing her short Christmas album. And it would have been nice to find Farrell’s recordings for RCA in this set, as they now belong to

Sony Classical.

Farrell, who died in 2002, made worthy records both before and after those contained in this box, but this set provides a marvelous compendium of the soprano at the height of her powers and in a wide and distinctly American range of styles.

Mr. Mermelstein writes for the Journal on classical music and film.

FROM LEFT: JACK MITCHELL/GETTY IMAGES; PETER STACKPOLE/LIFE MAGAZINE/THE LIFE PICTURE COLLECTION/GETTY IMAGES

SPORTS

The Mahomes Era of Football

Patrick Mahomes led another Chiefs comeback, won Super Bowl MVP and is at the forefront of a new age of offenses

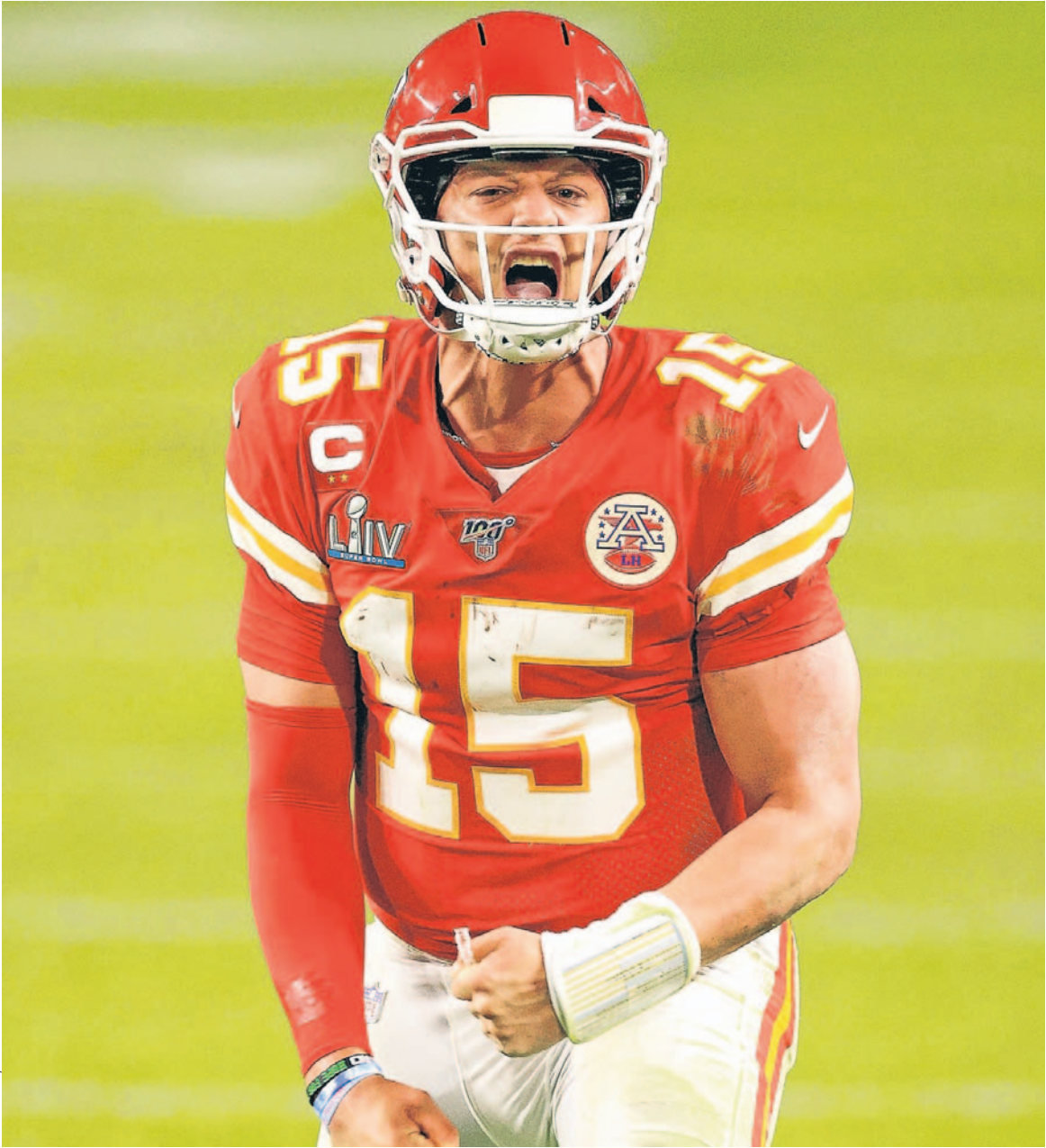
By Andrew Beaton

Miami Gardens, Fla.
FOR YEARS, most NFL teams had no idea what to do with a generation of college quarterbacks who played nothing like their professional counterparts. But where the rest of league saw a problem, the Kansas City Chiefs saw an inefficiency. If someone could routinely put up obscene point totals in college, the Chiefs decided, they should probably get that guy and let him play the same way in the pros.

Just three years later, Patrick Mahomes led the Chiefs back from a 10-point, fourth-quarter deficit to win a Super Bowl, beating the San Francisco 49ers 31-20 here on Sunday—and there was nothing strange about it. Mahomes had done something similar in the AFC Championship, when he rallied the Chiefs from a 10-point deficit against the Tennessee Titans. He did something even wilder the week before that when Kansas City trailed the Houston Texans 24-0 only to win 51-31. More than the last month, though, he had been doing this all his life.

The influence of Mahomes—who became the NFL's youngest MVP last season at 23 and is now the sport's youngest Super Bowl MVP at 24—goes far beyond a run of marvelous comebacks.

He is at the forefront of a generation of quarterbacks who know nothing else. They've been scoring easily their entire lives. Now, an entire sport is changing in his image because Kansas City and coach Andy Reid placed this phenomenal young player inside the same type of offense that had always allowed him to play so phenomenally.



The influence of Super Bowl MVP Patrick Mahomes goes far beyond a run of marvelous comebacks in the playoffs.

"If you watched his film when he played at Texas Tech, that happened all the time," said Eric Bieniemy, the Chiefs offensive coordinator.

More and more, these pass-heavy and new-age systems evolved from fringe heresy to modern football orthodoxy, while every young quarterback—from high-school fields in Texas to college football championships—grew up believing that there's nothing especially bizarre about making the final score look like a basketball score.

From Mahomes and the Houston Texans' Deshaun Watson to the players about to join them, this has become the fundamental mind-set of the players at the most important position in the sport. Joe Bur-

row, the likely No. 1 pick in the next NFL Draft, led LSU to the national championship averaging more than 48 points per game after the Tigers finally embraced the spread offenses they had so long eschewed. Tua Tagovailoa, the Alabama quarterback who could follow him shortly afterward in the draft, thrived the same way.

So when the Chiefs scored so much in short order in the Super Bowl, it was a crowning moment for how Mahomes and the quarterbacks like him have played for years: get the ball, throw it repeatedly and put it in the end zone.

"Anytime he has the ball in his hands," said Chiefs safety Daniel Sorensen, "he's got the ability to score."

The Chiefs traded up to the No. 10 pick in the 2017 draft to take Mahomes because of their belief he could do just that. It was a bold bet: an Air Raid quarterback had never become an NFL star. But in the three years since that selection, the question has shifted to how there ever could have been nine players selected ahead of him. The tides changed so much that Mahomes's college coach, Kliff Kingsbury, went from leading an offense viewed as goofy to becoming the coach of the Arizona Cardinals because they wanted him to install that precise offense.

Which is why anyone who watched Mahomes play at Texas Tech might have been the least surprised by what happened Sun-

day. Even before he threw 50 touchdowns in his first season as an NFL starter, Mahomes regularly achieved extraordinary heights. There was the time he threw for 734 yards—and ran for 85 more—in a game against Oklahoma, and he actually lost that one to some quarterback named Baker Mayfield. On at least four occasions in college, he produced three touchdowns in under six minutes. Once, against Baylor, he did it twice in the same game. "He's done that his whole career," said Chiefs coach Mike Kafka.

"But in the NFL," Kafka added, "those things are few and far between."

This was Mahomes's greatest feat: his ability to replicate all of it in the NFL. In the fourth quarter, it didn't matter that the 49ers' menacing defense had forced him into two interceptions and two fumbles already, or that his offense had scored just 10 points so far.

To Mahomes, scoring in the amount of time that was still left in the Super Bowl was something he had done plenty of times before. Eight-and-a-half minutes is an eternity to him, so losing didn't seem particularly reasonable to the one person who had the most control over it.

"I never have that mind-set," Mahomes said.

First, he marshaled a 10-play, 83-yard drive that was keyed by a 44-yard pass to Tyreek Hill on third-and-15. Importantly, the entire thing took only 2:40 off the clock. Soon after, the Chiefs defense forced a three-and-out—yes, the Chiefs have a defense, too—and quickly Mahomes had the ball again, now down only 20-17. The next touchdown drive, highlighted by a 38-yard strike to Sammy Watkins, took even less time. In just a few minutes of game time, the score went from 20-10 49ers to 24-20 Chiefs.

After the 49ers got stopped on an ensuing fourth-down attempt, running back Damien Williams capped it all off with a 38-yard run to seal the win.

In rapid succession, with one comeback, the Chiefs ended 50 years of misery. It looked easy, too. They were the team that believed in Patrick Mahomes—and the future he represents.

"You know that anything is possible," said Chiefs tackle Mitchell Schwartz. "I don't know if there is anything that he has not done on the football field that we thought a person can do on the football field."

◆ Super Bowl drew 102 million viewers, up slightly from 2019..... B2



49ers defensive tackle DeForest Buckner, left, and defensive end Nick Bosa react during the fourth quarter.

The 49ers seemed like one of the few NFL teams with a chance of shutting the Chiefs down. San Francisco boasted perhaps the most fearsome defensive line in the league this season along with savvy veteran cornerback Richard Sherman. The combination held offenses to the second-fewest yards in the league behind the New England Patriots. The 49ers had held opponents to single-digit points totals three times—in addition to shutting out Washington, 9-0.

As the game unfolded Sunday, San Francisco's defense got its licks in. The 49ers sacked Mahomes four times and roughed him up a few others. Buckner had one sack and shared another with Earl Mitchell. Safety Jaquiski Tartt and defensive end Nick Bosa made the others.

They had reason to think it could close the game out.

"I think the momentum was going our way," 49ers defensive end Arik Armstead said. "You know, when we got that second interception the momentum had shifted and, uh..."

He sighed.

"Then they made some plays and got back in the game. You're right there, your biggest dream in your football career—you know, your dream of winning a Super Bowl. To be right there and not be able to get it done definitely hurts."

San Francisco's offense had its chance to put the game away, too. With that precious 20-10 lead midway through the fourth, it had the ball back thanks to Moore's interception. But after 49ers quarterback Jimmy Garoppolo found tight end George Kittle for a 12-yard gain, the drive fizzled: 1-yard run, incomplete pass, false-start pen-

alty, 3-yard quarterback scramble, punt.

As Mahomes went to work and the Chiefs' comeback gathered strength, the 49ers seemed to shrink. San Francisco went three-and-out on its next drive. Garoppolo was sacked at the 49ers' 42-yard line to end the following drive. The 49ers' last drive, with about a minute left, ended on the second play with an interception.

Meanwhile, Kansas City was determined to repeat the heroics that have become its trademark. Chiefs defensive end Frank Clark, giddy in victory, said he noticed the 49ers celebrating as they nursed their lead.

"That's the worst I felt in the game," Clark said. "We were down 10 points and it's 15 minutes to go and then guys start celebrating football like they about to win the Super Bowl. I went out there next drive and said, 'Y'all's ass going home too, like the rest of them.' Excuse my French."

The 49ers built their team by amassing powerful pass rushers and turning them loose. They won their divisional playoff round by sacking Minnesota Vikings quarterback Kirk Cousins six times. They reached the Super Bowl by confounding Green Bay quarterback Aaron Rodgers, a two-time NFL MVP.

The 49ers might take solace in the fact that on Sunday, it took a transcendent talent to beat them. Mahomes, at 24 years and 138 days old, became the youngest quarterback to be named Super Bowl MVP.

"We know our identity," 49ers defensive lineman Dee Ford said. "We dominated most of the season, if not all of the season, I feel like, in my opinion. A few games we just came up short. We didn't make enough plays. And that's what great games come down to."

6:17
The time remaining in the fourth quarter of Super Bowl LIV, when the 49ers led 20-10. The Chiefs rallied to win 31-20.

The 49ers' Vaunted Defense Left Stunned by Comeback

By Rachel Bachman

Miami Gardens, Fla.
FOR 3½ QUARTERS of the Super Bowl on Sunday, the San Francisco 49ers proved that defense can still win championships.

The Niners led Kansas City and its magician quarterback Patrick Mahomes, 20-10, early in the fourth quarter. They already had intercepted Mahomes once. When 49ers defensive back Tarvarius Moore snatched another interception after the ball skittered through the arms of a Chiefs receiver, San Francisco appeared to be suffocating the league's most explosive offense.

But San Francisco sputtered on its next drive. Mahomes stopped struggling and turned back into the signal-calling superhero he is. And the 49ers' defense gave up 21 points in the last 6½ minutes of the game as San Francisco lost, 31-20.

"That team, that's kind of how they've been all year," 49ers coach Kyle Shanahan said of the Chiefs. "They get a little bit hot and cold. They can score very fast."

Indeed, Kansas City trailed by 24 against the Houston Texans just three weeks earlier in a divisional-round playoff game, then blasted past them, 51-31, behind Mahomes' five touchdown passes. A week af-

ter that, the Chiefs had come from 10 points down against Tennessee to advance to the Super Bowl.

On Sunday the Chiefs set a record, becoming the first team in NFL history to win three games after trailing by 10 or more points in a single postseason. They have all but patented the practice of crushing hopeful souls. On Sunday, those trampled spirits belonged to San Francisco.

"It sucks, you know what I mean?" 49ers defensive tackle DeForest Buckner said. "We knew that we needed to make a play and we didn't. To be so close and coming up short...it is one of the worst feelings in the world."

OPINION

Tuesday Night Trump



MAIN STREET
By William McGurn

question that has kept the president and his supporters on defense: Is Donald Trump so unfit for office that Congress needs to remove him?

This all changes Tuesday night. That evening in the House, speaking from American democracy’s most dramatic stage, President Trump will deliver what the White House says will be a “relentlessly optimistic” State of the Union address. There’s a hint here for the president’s Democratic critics, though they seem disinclined to take it.

We don’t have to guess much of what the president will say. Though the Beltway *cognoscenti* look down on his popular rallies as vulgar side-shows, they offer a lesson in talking to supporters without talking down to them. And it should come as no surprise that the president has used his recent rallies to hone his message on his economic accomplishments: a booming stock market, new trade deals, historically low African-American unemployment, a “blue-collar boom” in which the lowest-paid earners are reaping the fastest gains, and so on.

But as in 2016, the Trump argument is not primarily

about numbers. “The Republican Party,” he now likes to say, “is the party of the American worker, the American family and the American dream.”

In other words, whether you prefer “make America great again” or “keep America great,” Mr. Trump is again selling greatness. The Democrats’ challenge is to produce an equally optimistic counterargument that doesn’t sound as though they are as sour about American greatness as they are about the American in the White House.

One irony here is that so identified has MAGA become with Mr. Trump that Americans forget he didn’t invent it. It comes from Ronald Reagan’s acceptance speech at the 1980 Republican convention where he spoke about putting America back to work:

“For those without skills,” he said, “we’ll find a way to help them get new skills. For those without job opportunities, we’ll stimulate new opportunities, particularly in the inner cities where they live. For those who’ve abandoned hope, we’ll restore hope and we’ll welcome them into a great national crusade to make America great again.”

Certainly Mr. Trump echoes Reaganesque themes when he’s extolling the American worker or waxing poetic about the brighter future ahead. But Mr. Trump is no Reagan, and their brands of optimism differ as much as their personalities. The big difference is that Mr. Trump’s optimism is punctuated by personal jabs of the sort it’s difficult to imagine

ever coming from the Gipper, whether it’s a crack at Michael Bloomberg’s height, nicknaming Elizabeth Warren “Pocahontas,” or suggesting that Mrs. Pelosi’s teeth may be in danger of falling out.

Indeed, Mr. Trump’s penchant for personal attack may help explain why a president with so many genuine economic achievements doesn’t enjoy a much higher public approval rating. The challenge for Demo-

In between personal insults, a ‘relentlessly optimistic’ State of the Union.

crats is to attack the president’s personal excesses without indicting either his supporters or American greatness. But three years into the Trump administration, Democrats show few signs they are remotely capable of so doing.

Start with the most obvious: MAGA. Its genius is its straightforwardness and simplicity. Especially in 2016, the phrase was aspirational, reflecting both a belief that the U.S. is a force for good in the world and a parallel unwillingness to accept that America’s best days were past.

Mr. Trump’s political foes, by contrast, cannot seem to regard MAGA—and especially the hat—as anything less than the sign of an evil soul. “The new white hood,” actress Alyssa Milano called it. Mrs. Pelosi said MAGA really means

“make America white again.” Meanwhile, across America, ordinary people who go out in public with a MAGA hat can find themselves assaulted, harassed, spit on, kicked out of bars, and so forth.

For all their indictments of Mr. Trump, moreover, the Democratic candidates prove to be a pretty close-minded bunch themselves. Take Pete Buttigieg, who says Democrats must “galvanize and not polarize” to win. But when CNN’s Jake Tapper asked him if he had any regrets about suggesting that the 63 million Americans who voted for Mr. Trump were “at best looking the other way on racism,” the former mayor of South Bend, Ind., answered, “No.”

Add to this the tone of the Democratic debates. In a recent column for Reason, libertarian Nick Gillespie, no fan of Mr. Trump, summed up what he heard this way: “Listening to the candidates last night, I mostly didn’t recognize the country they were describing. They live in a world where dark, shadowy forces—billionaires, corporations, Russian operatives especially—conspire with near-perfect success to make us all poorer and sadder, dumber and sicker, more alienated and hopeless.”

Jeane Kirkpatrick once said, “Americans need to face the truth about themselves, no matter how pleasant it is.” Mr. Trump will happily deliver such a message Tuesday night. Any Democrat hoping to defeat him in November might want to start doing the same.

Write to mcgurn@wsj.com.



GLOBAL VIEW
By Walter Russell Mead

epidemic and restart their economy, a world that has grown accustomed to contemplating China’s inexorable rise was reminded that nothing, not even Beijing’s power, can be taken for granted.

We do not know how dangerous the new coronavirus will be. There are signs that Chinese authorities are still trying to conceal the true scale of the problem, but at this point the virus appears to be more contagious but considerably less deadly than the pathogens behind diseases such as Ebola or SARS—though some experts say SARS and coronavirus are about equally contagious.

China’s initial response to the crisis was less than impressive. The Wuhan government was secretive and self-serving; national authorities responded vigorously but, it currently appears, ineffectively. China’s cities and factories are shutting down; the virus continues to spread. We can hope that authorities succeed in containing the epidemic and treating its victims, but the performance to date has shaken confidence in the Chinese Communist Party at home and abroad. Complaints

in Beijing about the U.S. refusing entry to noncitizens who recently spent time in China cannot hide the reality that the decisions that allowed the epidemic to spread as far and as fast as it did were all made in Wuhan and Beijing.

The likeliest economic consequence of the coronavirus epidemic, forecasters expect, will be a short and sharp fall in Chinese economic growth rates during the first quarter, recovering as the disease fades. The most important longer-term outcome would appear to be a strengthening of a trend for global companies to “de-Sinicize” their supply chains. Add the continuing public health worries to the threat of new trade wars, and supply-chain diversification begins to look prudent.

Events like the coronavirus epidemic, and its predecessors—such as SARS, Ebola and MERS—test our systems and force us to think about the unthinkable. If there were a disease as deadly as Ebola and as fast-spreading as coronavirus, how should the U.S. respond? What national and international systems need to be in place to minimize the chance of catastrophe on this scale?

Epidemics also lead us to think about geopolitical and economic hypotheticals. We have seen financial markets shudder and commodity prices fall in the face of what hopefully will be a short-lived disturbance in China’s economic growth. What would happen if—perhaps in response to an epidemic, but more likely following a massive financial collapse—China’s

economy were to suffer a long period of even slower growth? What would be the impact of such developments on China’s political stability, on its attitude toward the rest of the world, and to the global balance of power?

China’s financial markets are probably more dangerous in the long run than China’s wildlife markets. Given the accumulated costs of decades of state-driven lending, massive malfeasance by local officials in cahoots with local banks, a towering property bubble, and vast industrial overcapacity,

Its financial markets may be even more dangerous than its wildlife markets.

China is as ripe as a country can be for a massive economic correction. Even a small initial shock could lead to a massive bonfire of the vanities as all the false values, inflated expectations and misallocated assets implode. If that comes, it is far from clear that China’s regulators and decision makers have the technical skills or the political authority to minimize the damage—especially since that would involve enormous losses to the wealth of the politically connected.

We cannot know when or even if a catastrophe of this scale will take place, but students of geopolitics and international affairs—not to mention business leaders and

investors—need to bear in mind that China’s power, impressive as it is, remains brittle. A deadlier virus or a financial-market contagion could transform China’s economic and political outlook at any time.

Many now fear the coronavirus will become a global pandemic. The consequences of a Chinese economic meltdown would travel with the same sweeping inexorability. Commodity prices around the world would slump, supply chains would break down, and few financial institutions anywhere could escape the knock-on consequences. Recovery in China and elsewhere could be slow, and the social and political effects could be dramatic.

If Beijing’s geopolitical footprint shrank as a result, the global consequences might also be surprising. Some would expect a return of unipolarity if the only possible great-power rival to the U.S. were to withdraw from the game. Yet in the world of American politics, isolation rather than engagement might surge to the fore. If the China challenge fades, many Americans are likely to assume that the U.S. can safely reduce its global commitments.

So far, the 21st century has been an age of black swans. From 9/11 to President Trump’s election and Brexit, low-probability, high-impact events have reshaped the world order. That age isn’t over, and of the black swans still to arrive, the coronavirus epidemic is unlikely to be the last to materialize in China.

BOOKSHELF | By Marc Levinson

Clicking the ‘Disrupt’ Button

Billion Dollar Brand Club

By Lawrence Ingrassia
(Holt, 256 pages, \$30)

The video, lasting all of 93 seconds, was filmed in a warehouse near Los Angeles International Airport and posted online in 2012. Short on information and long on irreverence, it employed a toddler, a tennis racket, a forklift, and an actor in a bear costume to persuade viewers that they were spending far too much on razor blades. For a dollar a month, the video promised, DollarShaveClub.com would deliver razors to the customer’s door. Never mind that the company owned no factory, had no research department, and possessed zero expertise in manufacturing razor blades. Thanks in part to the video’s memorable tag line—“Shave time. Shave money.”—Dollar Shave Club muscled its way into the tonsorial big leagues. By 2016, four years after the video’s posting, razor giant Gillette had lost 13 percentage points of its market share.

In “Billion Dollar Brand Club,” Lawrence Ingrassia explores how startup companies with new ideas about marketing are upending many segments of the consumer-products industry. The book is far more than a journalistic take on unorthodox online retailers like Dollar Shave Club. In describing these upstarts, Mr. Ingrassia, a former editor at this newspaper, offers an insightful description of how entrepreneurs armed with little more than an idea have undermined powerful incumbents in industries that once enjoyed tantalizing profit margins.

In Mr. Ingrassia’s telling, three factors have contributed to this disruption. First, international supply chains have made it possible to buy almost anything on the open market.

“In times past, the biggest bazaars had hundreds of physical stalls offering their wares,” Mr. Ingrassia writes. “Today’s global bazaar has hundreds of thousands of digital stalls that entrepreneurs can visit online.” If you want to sell brassieres, as Heidi Zak and David Spector hoped to do when they quit their jobs in 2012 and put up \$100,000 to start ThirdLove, it’s not essential to know much about how brassieres are made, and owning a garment plant is unnecessary. The essential skills are marketing the product and raising capital. Everything else is optional.

Second, marketing is much cheaper than it used to be. Six-figure newspaper ad campaigns and slick television commercials are no longer the best ways to introduce a product. Now Instagram posts by “influencers” and brassy entertainments such as Dollar Shave Club’s video, which has been watched on YouTube 26 million times, offer an inexpensive way to build “buzz” quickly. “In the new world of digital-first brands, an online demand experiment can be run for next to nothing,” Mr. Ingrassia observes. “You create a simple website, explain the idea for your product . . . and ask visitors to provide their email addresses.” Algorithm-wielding consultants stand ready to arrange ads on Facebook and Google that target very specific audiences, and testing messages to determine which draws more customers is painless.

The third factor encouraging disruption is that, for many years, branded products yielded obscenely high profit margins. Once those margins are built into share prices, incumbents face a dilemma: They can’t cut prices without alarming shareholders, embrace online sales without antagonizing retailers, or emphasize new sales strategies without upsetting staffers whose status and compensation are tied to the current order. These constraints make it hard for established players to respond to innovative challengers. When Gillette answered Dollar Shave Club by introducing “Our Shave Club” in 2014, Mr. Ingrassia points out, it required customers to sign up with a retailer rather than directly with Gillette—a move that kept retailers happy but made Our Shave Club a failure.

How startup companies with new ideas about marketing are upending many segments of the consumer-products industry.

At the heart of each would-be disrupter’s strategy is a warm and welcoming foundation myth, displayed on the website under “About Us.” Four Wharton School grad students supposedly founded Warby Parker, which sells eyewear, after one of them lost his glasses on a backpacking trip (or, according to an alternative story, after a different founder left his glasses in an airplane seat pocket). Mattress website Tuft & Needle supposedly began when co-founder JT Marino, a programmer, suffered the hassles of mattress shopping and decided to create a better way. Raphael Michel, an engineer with an M.B.A., started tinkering with hearing aids “as an evening and weekend project, like a fun distraction,” he tells Mr. Ingrassia, before raising capital to start Eargo, which sells hearing aids online. “People shouldn’t feel that they need a hearing aid,” the company’s website insists. “They should feel that they want one.”

Unorthodox as they are, these companies may pose less of a threat to the makers and sellers of consumer goods than Mr. Ingrassia suggests. Precisely because they are founded by entrepreneurs looking to make a killing rather than a livelihood, selling out is at the core of their business plans. Dollar Shave Club ended up in the hands of consumer-products giant Unilever, while Harry’s, which also peddles razors to subscribers over the internet, has been pursued by Edgewell Personal Care, which owns the Schick and Wilkinson Sword brands. Tuft & Needle briefly flourished as an alternative to the mattress oligopoly before its lack of proprietary technology made it vulnerable to other disrupters, like Casper, that had access to the same products from the same manufacturers; it became part of that oligopoly when it merged with Serta Simmons, probably the world’s largest mattress manufacturer, after only six years in business.

Indeed, as Mr. Ingrassia admits, the disruption he describes may be but a passing phase. Advertising rates on social-media platforms have skyrocketed, so bringing in new customers can be costly. Many shoppers still want to see the product, forcing online retailers to open brick-and-mortar stores with fixed costs attached. Rising shipping costs pose a serious threat to online retailing. And at the end of the day, nimble incumbents with piles of cash and modest debt loads still have the edge over start-ups funded by impatient venture capitalists. Disrupting an industry is easy. Doing so profitably is a different matter.

Mr. Levinson’s book “The Great A&P and the Struggle for Small Business in America” was recently published in a second edition.

A Walk With Homer Is an Earbud Odyssey

By Meghan Cox Gurdon

Walking in the forest, I had to stop and mop my eyes. People were approaching, so I pretended to be preoccupied. Once they’d passed, I tapped the Audible app on my iPhone and went straight back to Erebus, where Odysseus had shocked me into tears with his own shock at meeting his mother.

When the master mariner and soldier, as Homer calls him, sailed from Ithaca to join the armies at Troy, he couldn’t know that he’d be away for 20 years. Like many of us who are adults and also children, Odysseus was busy with the present and the future, not with the past or his parents. Visiting the underworld, he discovers that while he was off fighting Trojans, his mother had dwindled to a ghost. Now he sees her, but cannot touch her:

“I bit my lip, rising perplexed, with longing to embrace

her, and tried three times, putting my arms around her, but she went sifting through my hands, impalpable as shadows are, and wavering like a dream.”

In agony, Odysseus cries out, “O my mother!”

That was the bit that undid me. Listening to the scene read in my language, as the Greeks would have heard it 2½

Nothing compares to hearing an epic text read by a great actor.

millennia ago in theirs, made the encounter so intimate that I grieved as if I’d known them both.

Such is the enthrallment of oral storytelling. Reading a text takes work, but listening to one is simplicity itself. That’s how Homer made his way into Western civilization

in the first place: through the voice. In classical Greece men called rhapsodes memorized and recited “The Iliad” and “The Odyssey.” My own rhapsode is the English actor Dan Stevens, whom fans of “Downton Abbey” will know as Matthew Crawley. He’s been performing the Robert Fitzgerald translation, and no Hellenic could do it better.

I first heard Homer read by my high school English teacher, Mr. Weatherwax, whose Southern accent stood out in Maine like a magnolia on a ski slope. I liked “The Odyssey,” but I didn’t feel any kinship with the characters. They seemed remote and outlandish to my adolescent mind.

Over the years, I enjoyed reading adaptations of the epics to my children. But now, in midlife, hearing the full texts delivered as they were intended to be—out loud—I’m jolted by their immediacy and vitality. Achilles, Hector, An-

dromache, Diomedes, Telemachus, Penelope, even the awful cyclops, Polyphemus—they come through the air as words and take shape in the mind as vivid, three-dimensional personalities. In the forest, I’ve been so carried away that I’ve blurted out commentary like an old lady at the movies: “Watch out!” or just “Ugh,” when some poor Achaean gets it in the kidneys.

All of life is in these books: beauty, wit, pride, faith, caprice, sorrow, regret, tenderness. The storytelling is crisp and perceptive, unclogged by politics or euphemism. Homer is a tonic for the modern age. If you’re going for a walk, consider taking him along.

Bring tissues.

Ms. Gurdon reviews children’s books for the Journal and is author of “The Enchanted Hour: The Miraculous Power of Reading Aloud in the Age of Distraction.”

OPINION

REVIEW & OUTLOOK

China’s Economic Contagion

Some of President Trump’s advisers may want to wall off the U.S. and China into separate spheres of influence, but the novel coronavirus is showing the futility of economic quarantines. Like it or not, the Chinese and world economies snuffle and cough together.

Commodities prices sank on Monday amid news that the coronavirus and resulting economic contagion are spreading. U.S. crude oil prices have fallen 20% over the last three weeks as Chinese oil demand is expected to fall by two million barrels a day and global economic growth forecasts have plunged. Copper is down 13%, and iron and steel prices have tumbled.

More than 20,000 coronavirus cases have been confirmed worldwide—an eight-fold increase over the last week—and experts say hundreds of thousands may not yet have been diagnosed. Two dozen or so countries have reported cases, and many have restricted travel from China to limit the contagion. Companies are evacuating employees from China.

Most businesses in Wuhan where the virus originated have shut down as China has quarantined 56 million or so people in the province of Hubei. Businesses across the mainland are extending the Lunar New Year holiday or directing employees to work from home. Apple, McDonald’s, Levi Strauss and Starbucks have temporarily closed stores.

U.S. manufacturers such as Ford, Apple and Tesla have temporarily halted production. One-sixth of Apple sales and nearly half of chip-maker Qualcomm’s revenues come from China. So do 80% of active ingredients used by drug-makers to produce finished medicines. Because China is the world’s largest manufacturer and an enormous consumer market, the economic freeze will disrupt supply chains and reduce corporate earnings.

China’s GDP growth was already almost certainly lower than the official figure of 6%, and

The world will pay a growth price for the Wuhan coronavirus.

it is likely to fall by a third or more. On Monday its central bank lowered interest rates and injected a net new inflow of 150 billion yuan (\$21 billion) to soften the blow. Damage to the global economy is harder to forecast. It may be relatively muted if the virus can be contained quickly and normal business activity resumes.

But the virus’s rapid spread across China suggests it is more infectious than SARS, which took eight months to contain in 2003. China is also now far more important to the world economy, accounting for about 15% of global GDP compared to 4% in 2003.

The virus shock is hitting just when business investment was expected to rebound after a successful Brexit and a truce in Mr. Trump’s trade wars. Now CEOs will probably wait more months to see how the contagion plays out. The yield on the 10-year Treasury has fallen by about 30 basis points this past month to 1.53%, causing the yield curve to invert again. The 2019 U.S. GDP growth rate of 2.3% may be the best we can hope for if the first quarter is weak.

The Federal Reserve will be watchful, but with rates already low there’s no reason now for panic rate-cutting or new quantitative easing. U.S. stocks recovered somewhat on Monday as investors bet that the American economy is less vulnerable to external shocks than is most of the world. Saudi Arabia wants the Organization of the Petroleum Exporting Countries to slash crude production to bolster prices, a useful step that could help U.S. shale producers.

It’s probably too much to ask Mr. Trump to lift his tariffs on Chinese exports, though it would help. At the very least he could give Beijing more latitude to meet its promise to buy \$200 billion more in U.S. products over the next two years. The last thing the President should want when campaigning for re-election is an economic pandemic.

The Ghost of Richard Cordray

Sometimes it feels as if Richard Cordray is commanding his former minions at the Consumer Financial Protection Bureau from exile like Lord Voldemort in Harry Potter. Witness the bureau’s lawsuit last week against Citizens Bank for transgressions it long ago disclosed and rectified.

The bureau claims that Citizens violated the Truth in Lending Act from 2010 to 2015 by failing to refund charges that customers said were erroneous. According to the lawsuit, Citizens made customers sign fraud affidavits under threat of perjury that the customers did not authorized the charges they had complained about.

CFPB also grouches that the bank directed customers with overdue bills who called for credit counseling to a debt collection department, while customers in good standing were directed to a general customer service line. Citizens says the lapses affected a mere 2% of its 1.2 million credit card customers. It also says it rectified and disclosed the issues to the CFPB soon after discovering them. “The bank did not receive a single customer complaint during or after the remediation,” Citizens says.

The CFPB sues Citizens Bank five years after lapses were fixed.

Five years later the bureau is pouncing even though the one-year statute of limitations that governs its legal claims has expired. The lawsuit recalls Mr. Cordray’s drive-byes against businesses during the Obama Administration. But President Trump’s appointee Kathy Kraninger has promised to focus on preventing consumer harm and to encourage self-reporting by financial institutions.

So what’s going on? We noticed that the four CFPB attorneys who signed the lawsuit are holdovers from Mr. Cordray’s tenure. Perhaps the bureaucracy is too unwieldy for Ms. Kraninger to manage, which would be ironic given how much power the Dodd-Frank Act gives the director.

The Supreme Court next month will consider whether the bureau’s structure violates the Constitution’s separation of powers by vesting power in a single director who supposedly can’t be removed at will by the President and whose budget isn’t subject to Congressional appropriations. The Citizens lawsuit is evidence that this structural lack of accountability cedes too much power to an unelected bureaucracy.

Trump’s Medicaid Benefit

Democrats are rolling out their old health-scare playbook to attack the Trump Administration’s Medicaid block-grant proposal last week that would give states more flexibility in exchange for limits on federal funds. Irony alert: The biggest beneficiaries could be Democratic states and low-income Americans.

The Centers for Medicare & Medicaid Services in a letter last week invited state Medicaid directors to apply for block grants under Section 1115 of the Social Security Act. That law allows the Secretary of Health and Human Services to approve state “demonstration projects” to experiment with plan designs, payment models and delivery.

Most Medicaid programs are already operating under some form of waiver. Notably, the Obama Administration enticed several Republican states into expanding eligibility under the Affordable Care Act by giving them waivers to require cost-sharing by beneficiaries and provide premium assistance for private plans, among other things.

The Trump Administration is going further by allowing states more flexibility to manage their ObamaCare expansion populations in return for a cap on federal funds in the form of a per-capita limit or lump-sum payment. If they spend less than the cap, they could keep a share of the federal government’s savings.

The goal is to give states an incentive to control ballooning costs for able-bodied adults who gained coverage under ObamaCare. The federal government pays between 50% and 76% of the cost for the disabled, children, pregnant women and elderly. But the feds pick up 90% of the tab for individuals earning up to 138% of the poverty line. Spend \$1, get \$9 free.

No surprise, states spend more liberally on these people. According to CMS, Medicaid on average spends about 16% more per capita on ObamaCare expansion beneficiaries than other

eligible adults. As the federal cost-share has declined to 90% from 100% in the early ObamaCare years for these new beneficiaries, state fiscs are being squeezed.

Block-grant waivers would allow states more flexibility to control costs. Specifically, CMS says it will allow states to require cost-sharing by ObamaCare beneficiaries as long as copays and premiums combined don’t exceed 5% of a person’s income. States could also change their benefit plans as long as they align with ObamaCare guidelines.

States would also be allowed to create “closed formularies” that restrict which drugs are covered. Since states currently must pay for all medically necessary drugs, the waiver would give them more leverage to negotiate discounts with drug makers. This should appeal to Democratic governors who grouse about out-of-control drug prices.

The Trump Administration plan would only apply to able-bodied adults and unlike Congress’s 2017 attempt at block grants it would be optional for states. Nonetheless liberals are howling and threatening lawsuits. Presidential candidate Pete Buttigieg says the reform “breaks America’s promise to those in need,” which it clearly does not.

HHS has broad discretion under Section 1115, and both Rhode Island and Vermont received block-grant waivers during the Bush years. A 2011 audit of Rhode Island’s waiver by the economic consulting firm Lewin Group concluded it was “highly effective in controlling Medicaid costs” and “improved access to physician services” for Medicaid patients with asthma, diabetes, heart problems and mental disorders.

Block grants would help realign ObamaCare’s perverse incentives that encourage states to spend more on healthy folks and less on those who need care. Do Democrats loathe President Trump more than they want to help their citizens?

LETTERS TO THE EDITOR

Genetic Scoring Presents Opportunity, Peril

As researchers with expertise in polygenic scores, we write to express concern that Charles Murray’s attempt to explain how “Genetics Will Revolutionize Social Science” (op-ed, Jan. 28) will likely invite confusion about the nature and potential of polygenic scores.

It is true that one’s genome is fixed at conception and generally doesn’t change regardless of environmental stimulus. However, polygenic scores only reflect the particular group of people studied in a particular time and place in which they lived. This means that polygenic scores can and do reflect racism, sexism or other prejudices, as well as more benign environmental factors.

For example, in a society where people of color are denied access to childhood enrichment programs or adequate nutrition, a polygenic score for IQ might reflect genetic variants associated with skin pigmentation. This polygenic score would indeed moderately predict the IQ of people on average, but much of that predictive power would simply reflect social choices, not innate biology. For this reason, the notion of “genetic potential” is deeply problematic and misleading.

None of this is to say that polygenic scores are useless or scientifically invalid. Carefully interpreted, they can help shed light on the nature of envi-

ronmental influences and the effectiveness of environmental inventions. However, something as historically fraught as using genetics to predict human outcomes deserves to be communicated with exquisite care. Genes influence countless (indeed, virtually all) human traits and outcomes, but that doesn’t mean that those outcomes are “biological,” determined at birth, or immutable, as too many think.

MICHELLE N. MEYER, PH.D., JD
Geisinger Health System
Danville, Pa.

PATRICK TURLEY, PH.D.
Massachusetts General Hospital
Boston

I hope Charles Murray’s “optimistic” prognosis for IQ polygenic scoring as a potential mechanism for progressive social policy is correct, but doesn’t the categorization of people into IQ castes on the basis of irrefutable science have the potential for something far worse?

You don’t have to be a social scientist to discern the risks that could arise from the misuse of such data. For the sake of our common humanity, this line of scientific inquiry must be done with eyes wide open.

The flight path for polygenic scoring is perilous and must be navigated with extreme caution.

EDWARD GRIMES
Springfield, Va.

Rational Labor Rules Help Jobs and Growth

Acting White House Chief of Staff Mick Mulvaney and Secretary of Labor Eugene Scalia tout the Labor Department’s “joint employer” rule as the latest in a long list of deregulatory wins for the Trump administration (“Making Labor Rules Rational Again,” op-ed, Jan. 13). The new rule codifies standards for determining a company’s joint-employer status with regard to contract workers, thereby clarifying the point at which the contracting company becomes an employer and is responsible for ensuring workers receive the minimum wage and overtime pay. Substantial compliance costs also are absorbed by the contracting company when it is deemed a joint employer.

A same-day review by Edward Glaeser of Dietrich Vollrath’s book “Fully Grown” (Bookshelf) provides a helpful backdrop to the deregulation celebration by Messrs. Mulva-

ney and Scalia. Mr. Vollrath’s book addresses why U.S. GDP growth decelerated in the 21st century, as the economy moved more into the service sector with lower productivity growth and the population grew older.

Lower taxes, deregulation and incentives for geographic mobility all help ameliorate the 21st-century drag on economic growth. It is good news that a recent dip in GDP growth to a 2% level is seen by the media as a sign of Trump-administration policy failure, when three years ago 2% growth under the Obama administration was reported by the media as the new normal. There are signs that GDP growth now is poised to accelerate in our “fully grown” but still vibrant economy, and deregulation may not yet be a fully exhausted accelerator.

ROB SHIPLEY
Orlando, Fla.

Private Practice Is Solution for M.D. Burnout

As I read the letters from physicians regarding “Why So Many Mid-career Doctors Burn Out” (Letters, Jan. 27), it is apparent that many of the physicians haven’t considered taking a fundamental step that saved my own career and my patients from an early retirement from primary-care internal medicine. The list of problems generated in doctors’ practices from the government (Medicare, Medicaid) and from insurance companies is endless, and no one physician can possibly battle such an overwhelming armada of forces that routinely creates roadblocks for decent care. As the primary-care-doctor shortage worsens every year, this has become a critical matter for the health care of our country.

Preparing to retire early after only 25 years of practice, I had an inspiration that allowed the continu-

ation of my practice for decades more. I very simply announced to all my patients, and to all the government/insurance entities, that I was quitting all relationships with all third-party payment systems, and requested my patients to simply pay a small and manageable annual fee. Virtually every patient who received this invitation joined this “new” practice.

From that day on, I returned to an enjoyable and productive practice of medicine that allowed me to care for patients in the manner that was taught at the UCLA School of Medicine so long ago and that has been the standard of patient care since the time of Hippocrates.

ROGER C. DUNHAM, M.D.
Santa Barbara, Calif.

CORRECTION

Ishtar was one of several important goddesses in Babylon. A Jan. 6 review of the exhibition “A Wonder To Behold: Craftsmanship and the Creation of Babylon’s Ishtar Gate” mischaracterized the role of the goddess in the city. A statue of Ashurbanipal depicts that king with a basket of clay on his head; the review misidentified the object. A mud-brick panel in the exhibition has an impression of the reed matting that was incorporated into the original wall. The review also misstated how the impression was created.

Pepper ... And Salt

THE WALL STREET JOURNAL



“He wants to know if his paintings have increased in value.”

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OPINION

Shut Up, They Advised

Democrats Are Lying About My Argument

By Alan M. Dershowitz

Democrats tried to put me on trial in the Senate last week, denouncing what they called “the Dershowitz doctrine.” Rep. Adam Schiff claimed I advocated a “lawless” variation on Richard Nixon’s view that “when the president does it, that means that it is not illegal.” Senate Minority Leader Chuck Schumer said that under my “doctrine” Nixon didn’t commit any impeachable offense—never mind his numerous crimes and my explicit statement that I supported Nixon’s impeachment. Pundits went further: Joe Lockhart, former press secretary to President Clinton, said: “This is what you hear from Stalin . . . from Hitler, from all the authoritarian people who rationalized, in some cases, genocide.”

Their false narrative of impeachment could set a dangerous precedent.

What did I say to warrant such demonization? I was asked whether it matters “if there was a quid pro quo.” I answered that it would depend on “if the quo were in some way unlawful.” If the politician’s motive was “corrupt”—for example, if he sought a kickback—that would be an impeachable crime. But if his entirely lawful act had “mixed motives,” including re-election, that would not turn a lawful act into a crime or impeachable offense.

I observed that all politicians act out of mixed motives: They seek to further the public interest with an eye toward the ballot box. A desire to be re-elected is not necessarily a “corrupt” motive. I also said that if the politician sought anything—a “quo”—that was “in some way illegal,” that would “make a quid pro quo unlawful.”

The main thrust of my hourlong opening presentation was that a president *could* be impeached if he committed crimes or criminal-like behavior, regardless of whether his claimed motive was the public interest. I made this self-evident point in response to arguments by House impeachment managers that mixed motives could turn innocent conduct into a crime, and that a motive to help one’s re-election could be corrupt. I never suggested that if a politician believed that his re-election was in the public interest, that would excuse criminal or impeachable conduct.

Why the mendacious distortions? Because my arguments resonated with some senators. I could see their reactions while I was speaking. Several came to me at the end of the session to express agreement. Sen. James Inhofe of Oklahoma said publicly: “I agree with Alan Dershowitz—a liberal Democrat—who explained so well that more witnesses won’t change the fact that President Trump did not commit a crime or an impeachable offense.”

The distortion of my view into a justification for any and all presidential actions could create a dangerous precedent. The Senate vote to acquit may be taken as a confirmation that a president can do whatever he wants in pursuit of re-election—even commit serious crimes—if he thinks it’s in the public interest. That’s a nonsensical view, and it isn’t what I said or believe. Nor is it the precedent the senators who vote for acquittal intend to establish.

If it happens, don’t blame me. I don’t believe in the “doctrine” as dishonestly distorted by Democratic leaders.

Mr. Dershowitz is a professor emeritus at Harvard Law School and author of “Guilt by Accusation: The Challenge of Proving Innocence in the Age of #MeToo.”

By David B. Rivkin Jr.
And Andrew M. Grossman

At a time the First Amendment rights of free speech and association are under assault, it’s disheartening to see the judiciary getting in on the act. At issue are the judge-made rules governing judges themselves. A draft advisory opinion circulated last month by the Committee on Codes of Conduct of the U.S. Judicial Conference recommends new restrictions on the First Amendment rights of federal judges as well as their law clerks and staff attorneys. The opinion is unconstitutional, and a sloppy bit of judging to boot.

The committee, made up of 15 jurists, proposes to bar judges and their staffers from membership in the Federalist Society and the liberal American Constitution Society. The opinion reasons that a judge’s impartiality and independence could reasonably be called into question if he belongs to what the committee deems ideological “advocacy groups.” But the committee provides no clear guidance as to which other groups are forbidden. It says only that judges remain free to join the American Bar Association but must avoid the Federalist Society and the ACS.

Federal judges aren’t stripped of their constitutional rights before donning their robes. Yet the opinion takes no account of the First Amendment at all. If it did, its authors would have been obliged to subject their ruling to “heightened scrutiny”—which means, among other things, that the government may impose limits only to achieve a compelling interest. Safeguarding public confidence in the fairness and integrity of the judiciary qualifies—but that’s not the end of the test.

Inconsistent restrictions, as the Supreme Court has put it, invariably raise “doubts about whether the government is in fact pursuing the interest it invokes, rather than disfavoring a particular speaker or viewpoint.” And inconsistency abounds in the draft opinion.

The Committee gives a pass to the ABA even though it advocates positions that line up consistently



CHAD CROWNE

with those of the Democratic Party through its official resolutions, lobbying, grass-roots advocacy and friend-of-the-court briefs.

The basis for that approval appears to be that the ABA has a “judicial division,” whose members, its bylaws assert, “will not be deemed to endorse” the association’s “positions and policies.” Perhaps the Federalist Society or ACS could overcome the ban by creating a similar

A committee on judicial standards ignores the Constitution to rule against the Federalist Society.

judicial division—though the committee doesn’t say. But that would be meaningless for the Federalist Society, which doesn’t lobby or take positions on policy or political candidates. Its purpose is to facilitate open debate, allowing voices and perspectives often shut out of legal academia to be heard. For the society to adopt a special disclaimer for judicial members would be tantamount to confessing falsely that it has been misrepresenting its true purpose.

The committee also asserts that the ABA “is concerned with the im-

provement of the law in general and advocacy for the legal profession as a whole,” while the Federalist Society and ACS are not. Such favoritism should raise a red flag. Decades of case law condemn viewpoint-based discrimination by the government that favors one group over others.

The Supreme Court stated the rule plainly in *Rosenberger v. University of Virginia* (1995): “When the government targets not subject matter but particular views taken by speakers on a subject, the violation of the First Amendment is all the more blatant. Viewpoint discrimination is thus an egregious form of content discrimination. The government must abstain from regulating speech when the specific motivating ideology or the opinion or perspective of the speaker is the rationale for the restriction.”

The rule’s application here is clear: The committee may not play favorites, approving organizations because it thinks their views foster “improvement.” To avoid viewpoint discrimination while banning the Federalist Society and ACS, the committee would have to paint with a much broader brush, proscribing not only the ABA but also state bar associations (membership in which is often mandatory for those practicing law), affinity bars like the National Association of Women Law-

we were discouraged from rejecting anyone under the public-charge provision of the law.

- The new restrictions don’t apply to immigrants who already have green cards, or to refugees and asylum seekers. Only applicants who have relied on welfare programs for an aggregate period of at least 12 months in the most recent three-year period will be considered potential public charges. Use of programs before the introduction of the new rules on Oct. 15, 2019, won’t count. There are also exemptions for children, pregnant women, those serving in the U.S. military and those who obtained Medicaid while treating a medical emergency.

- The public-charge rules don’t apply only to immigrants, but also to those seeking to extend nonimmigrant visas, such as tourists and students.

- Homeland Security and State Department officials don’t have access to databases that would allow them to check if an applicant has secured food stamps or other benefits, so only applicants honest enough to self-report welfare use will be affected.

- The new regulations specifically state that aliens won’t be declared public charges based on a single strike against them—such as having received food stamps in the past—but rather “on the totality of the

circumstances presented in an applicant’s case,” which could include mitigating factors, such as an applicant’s new job or improved financial situation.

The risk that legal aliens will become public charges is real. Most immigrants come to the U.S. based on “family preference” immigrant visas and are required to have sponsors, who are, in theory, supposed to

Trump’s regulation is a response to a real problem, and it’s nowhere near as draconian as critics say.

ensure their foreign relatives don’t become public charges. In my experience, the income requirements for sponsorship are remarkably lenient. A naturalized citizen with a household income of only \$21,137 can sponsor another immigrant.

Despite those modest income requirements, most of the thousands of sponsors I encountered didn’t make enough to qualify (or at least didn’t report enough income on their taxes). In these cases, applicants are allowed to secure a co-sponsor—anyone willing to sign an affidavit of support that is rarely if ever enforced.

The Road That Led to Rosa Parks

By Thomas M. Boyd

Saluda, Va.
You’ve heard of Rosa Parks, but you probably don’t know the name Irene Morgan. On July 16, 1944, Mrs. Morgan, 27, boarded a Greyhound bus at Hayes Store in Gloucester County, Va. She had been visiting her mother and was returning to Baltimore. The bus had few passengers when she got on, but 25 miles later, when it arrived in Saluda, a long line of people were waiting to board. As they filled seats, the driver asked Morgan to relinquish hers to a white passenger.

She refused, and the sheriff was summoned. “He put his hand on me to arrest me,” she recalled later, “so I took my foot and kicked him. He was blue and purple and turned all colors. I started to bite him but he looked dirty, so I couldn’t bite him. So all I could do was claw and tear his clothes.”

She was arrested, jailed and charged with resisting arrest and refusing to obey a Virginia law that required racially segregated seating on public transportation. When she appeared in the Middlesex County

courthouse in Saluda, she paid the \$100 fine for resisting arrest but refused to pay the \$10 fine for refusing to give up her seat.

The NAACP took up her case, and *Morgan v. Virginia* made its way to the Supreme Court, where Thurgood Marshall represented her. On June 3, 1946, the justices ruled 7-1 in her favor. “It seems to us,” Justice Stanley

Irene Morgan, 27, kept her seat on a Greyhound bus in 1944. She went all the way to the Supreme Court.

Reed wrote, “that seating arrangements for the different races in interstate motor travel require a single, uniform rule to promote and protect national travel.” The older rationale had been that if Congress was silent on the issue, as it had been, the 10th Amendment left the question to the states. It was another decade before the court held, in *Browder v. Gayle*, that segregated intrastate buses violate the 14th

ymers and the Hispanic National Bar Association, and perhaps even churches—all of which take positions on issues that come before federal judges.

That would be foolish as well as unconstitutional. The Judicial Code of Conduct recognizes that “a judge should not become isolated from the society in which the judge lives” and that blocking judges from participation in civil society “is neither possible nor wise,” given their “unique position to contribute to the law, the legal system, and the administration of justice.” A viewpoint-neutral ban would run afoul of First Amendment tailoring requirements, which demand that a restriction’s scope be the minimum required to fulfill the government’s stated interest. Requiring judges to be monks is a step too far.

The Committee’s speech- and association-censoring approach simply cannot be reconciled with the First Amendment. So why not stick with the status quo, which focuses on impartiality? Its virtues include neutrality, familiarity, and appropriate deference to a federal judiciary that has proven its integrity and good sense through its conduct and the esteem in which it is held.

Federalist Society members have served as federal judges and law clerks for nearly 40 years without a serious suggestion of ethical impropriety. During that period nothing has changed about the organization’s activities or its purpose. What has changed is that it now faces regular attacks from political actors seeking to achieve their own ends by spreading falsehoods about a public-spirited organization. It is dismaying enough to see a committee of federal judges accept those falsehoods. Their willingness to disregard basic constitutional principles in the process is a dereliction.

Messrs. Rivkin and Grossman practice appellate and constitutional law in Washington. They are members of the Federalist Society, and Mr. Grossman serves on its Free Speech and Election Law Executive Committee.

Many of the immigrants I interviewed were poorly prepared, with little English and without the skills and experience American employers would require. Many do find work, but it tends to be low-paying and without benefits. The Migration Policy Institute, which opposes the new rules, estimates “that a majority of future applicants from Latin America and Africa could be denied under the new test.” If this is true, it is a powerful case for a merit-based immigration system.

Under the new rule, immigration officials will retain the ability to look at many factors in assessing immigrants’ qualifications. Very few of those who enforce U.S. immigration laws want to prevent migrants from coming to the country. I certainly didn’t. But the desire to let people in needs to be balanced against an obligation to uphold the law and protect the interests of taxpayers. According to the Census Bureau, about 1 in 8 Americans lives below the poverty line. Until Congress enacts a merit-based immigration system, the tougher public-charge rules are the best tool for ensuring that immigration makes America richer rather than poorer.

Mr. Seminara is a former diplomat and author of “Breakfast with Polygamists: Dispatches from the Margins of the Americas.”

WORLD NEWS

Turkey Hits Assad's Forces in Syria

Strikes in response to deaths of Turkish troops test Ankara's pact with Russia

Turkey launched ground and air attacks on Syrian troops after eight of its military personnel were killed in Syrian shelling in the north of the war-torn country, jeopardizing Turkish President Recep Tayyip Erdogan's fragile security pact with Damascus's main ally, Russia.

By David Gauthier-Villars in Istanbul and Raja Abdulrahim in Beirut

"Those who test the determination of Turkey with such cowardly attacks will understand they are making a grave mistake," Mr. Erdogan told Turkish television in Istanbul before leaving on a scheduled visit to Ukraine.

Turkish authorities said five soldiers and three civilian military personnel were killed Monday in shelling by the Syrian army in Idlib province, where Ankara has stationed troops at 12 observation posts. Mr. Erdogan said Turkey returned fire with artillery and air strikes, killing dozens of Syrian troops.

Syria didn't comment on the accusations but denied its forces suffered any casualties.

Mr. Erdogan's government forged a cease-fire agreement with Russia in September 2018 in a bid to prevent a military offensive that could send more than three million civilians there streaming across the border to Turkey.

Turkey already hosts millions of Syrian refugees and the government is trying to send many of them back.

But the deal, known as the Sochi pact, has gradually fallen apart as government forces resumed attacks on the rebel-held towns and villages near the Turkish border, backed by Russian airstrikes.

Russia has complained that Turkey has failed to push extremists out of a designated area in Idlib, including some



Smoke rose in northwest Syria on Monday during a bombardment by Syrian government forces; a Turkish military convoy on Sunday in Idlib province, where eight Turkish troops were killed Monday.

cross-border offensive in northeastern Syria in October to seize control of territories held by Kurdish militias that Ankara regards as a terrorist threat. Mr. Erdogan vowed to continue operations "to ensure the safety of our country, our nation, and our brothers in Idlib."

Although Syrian authorities said they hadn't suffered any casualties, the incident could test the limits of Turkey's strategy of working with Russia while at the same time supporting rebels fighting against Syrian President Bashar al-Assad.

Russia's foreign minister, Sergei Lavrov, and his Turkish counterpart, Mevlut Cavusoglu, spoke on Monday about the situation, with Russia emphasizing the need to get rid of "terrorist elements," the Russian Foreign Ministry said, in reference to the agreement between the two countries in 2018.

Beyond Idlib, Russia has pledged to help Turkey push Syrian Kurdish militias, whom Ankara regards as a terrorist threat, away from the border in northeastern Syria.

In an attempt to force the Assad regime to ease off its campaign in Idlib province, rebel forces last week began attacks on the city of Aleppo, which has been under government control since late 2016.

The strategy risks opening a new front, however. Turkish-backed rebels control the area north of Aleppo and until now have been protected by a de facto no-fly zone.

Government strikes there could cause residents to flee toward the Turkish border, adding to the roughly 400,000 people who have already been displaced in Idlib over the past two months.

Already there have been numerous attempts to cross into Turkey, despite intensive border patrols on the Turkish side of the border.

Syrian activists on Sunday launched a campaign they dubbed "From Idlib to Berlin," calling for a wave of migrants to make their way into Europe to seek asylum.

—Thomas Grove in Moscow contributed to this article.

FROM TOP: OMAR HAJ KADOUR/AGENCE FRANCE-PRESSE/GETTY IMAGES; AAREF WATAAD/AGENCE FRANCE-PRESSE/GETTY IMAGES

WORLD WATCH

KENYA
Ex-President Moi Dies at 95 Years Old

Daniel arap Moi, a former schoolteacher who became Kenya's longest-serving president and presided over years of repression and economic turmoil fueled by runaway corruption, has died. He was 95 years old.

Mr. Moi's death was announced by President Uhuru Kenyatta in a statement on the state broadcaster on Tuesday.

Mr. Moi, who ruled Kenya for 24 years, had been in hospital for over a month.

Despite being called a dictator by critics, Mr. Moi enjoyed strong support from many Kenyans and was seen as a unifying figure when he took power after founding President Jomo Kenyatta died in office in 1978.

—Associated Press

UNITED KINGDOM
Terror Convicts' Early Release to Be Curbed

The British government said it would introduce emergency legislation to prevent the automatic early release of people convicted of terror offenses, a day after police shot and killed a man recently freed from jail who wounded two people in a knife attack.

Sudesh Amman, 20 years old, had recently been released from prison after serving part of his sentence for distributing terrorism-related material. He was wearing a fake suicide vest while carrying out the attack, London's Metropolitan Police said.

He was the second such offender on early release to carry out a knife attack in London in just over two months.

Justice Secretary Robert Buckland told the House of Commons

that emergency legislation would be introduced "to ensure an end to terrorist offenders getting released automatically having served half of their sentence with no check or review." The new law would also apply to people currently serving their sentences.

All terrorist offenders would have to serve at least two-thirds of their sentences, and any early release would need to be agreed to by the parole board, which would be strengthened so it could deal more effectively with the risks convicted terrorists posed to public safety, he said.

Mr. Amman had been sentenced in December 2018 to three years and four months in prison for distributing terrorist information, after having already served part of the sentence, and was released early. Armed police were able to respond quickly because they were trailing him.

—Stephen Fidler

HONG KONG
Government Reports Economy in Recession

Hong Kong's economy contracted by 1.2% last year, official estimates showed, as global trade turbulence and months of anti-government protests pushed the city into its first annual recession since the depths of the global financial crisis in 2009.

Hotel occupancy has sharply declined. Restaurants are struggling to attract diners. Conferences and holiday celebrations have been canceled. The government said real, or inflation-adjusted, gross domestic product shrank 2.9% year-over-year in the final quarter of last year, accelerating from a 2.8% decline in the preceding quarter. Hong Kong depends on mainland China, where growth has slowed.

—Chuin-Wei Yap

YEMEN
Medical Relief Flight Leaves Capital

A U.N. medical relief flight carried patients out of Yemen's rebel-held capital for the first time in more than three years.

Saudi Arabia controls Yemen's airspace and has prevented any flights from leaving the capital, Sana'a, since August 2016.

Eight patients and their families were flown to Egypt and Jordan to receive lifesaving care not available in Yemen, according to the U.N. health organization.

Sana'a has been controlled by Iran-backed Houthi rebels since 2014. A coalition of Gulf Arab countries, led by Saudi Arabia and the United Arab Emirates, began a campaign the following year in support of Yemen's internationally recognized government.

—Associated Press



PUSHING FOR RIGHTS: Several hundred migrants held at the Moria refugee camp on the Greek island of Lesbos, where many migrant boats arrive, clashed with riot police on Monday to protest severe overcrowding in the facility and delays in processing asylum requests. No arrests or injuries were reported in the clashes.

Iran Had Early Clue On Ukraine Jet Crash

An Iranian pilot told air-traffic control in Tehran that he saw what appeared to be a missile launch, according to an audio recording that shows the tower frantically tried to reach an ill-fated Ukrainian jet as it fell off radar screens.

By Sune Engel Rasmussen in London and Ann M. Simmons in Moscow

The clip—broadcast by Ukrainian media on Sunday—indicates that civil aviation authorities in Tehran had an early clue that Iranian missiles brought down Ukraine International Airlines Flight 752 on Jan. 8. Iranian authorities denied any knowledge of that immediately after the passenger jet's crash killed all 176 people on board.

The Iran Aseman Airlines pilot is heard on the clip telling the control tower that he can see lights flashing in the sky and suggesting that it is a missile fire. The pilot suggests that the fire is coming from a cargo airport in Payam, some 35 miles from the international airport in Tehran.

An officer in the control tower is heard to say that nothing has been reported to him and the plane can proceed without problems. The officer is also heard trying to contact the Ukrainian jet repeatedly.

The release of the audio recording seemed designed by Ukraine to pressure Iran to disclose more information about the crash. In response, Tehran on Monday accused Kyiv of leaking confidential information and said it would no longer share evidence with Ukrainian investigators.

Kyiv didn't respond to Tehran's allegation.

The Ukrainian airliner crashed hours after Iran launched missiles targeting U.S. positions in Iraq in retaliation for the targeted killing of a top Iranian military commander. Iran's military, which was on high alert for a U.S. response to the strikes, initially denied Western allegations an Iranian missile hit the plane. Tehran later acknowledged it.

When that admission sparked protests at home, senior officials sought to shift the blame for the downing, pointing to a junior officer for mistakenly shooting down the jet. That reflected the pressure on a leadership already struggling to cope with unrest over an collapsing economy.

The airliner tragedy has exacerbated internal rivalries inside Iran's establishment, exposing cracks that have broken into the open as it faces greater pressure than at any point since the Islamic Revolution in 1979.

After withdrawing the U.S. from the 2015 multilateral nuclear deal in 2018, the Trump administration has imposed harsh sanctions on Iran in a bid to coerce its leadership to renegotiate the pact and curb its forays in the Middle East.

The alleged audio leak comes after weeks of demands from Kyiv that Tehran send the plane's flight-data recorders back home for analysis. Tehran has declined to do so. Ukrainian, Canadian and other Western leaders have demanded a transparent investigation. Foreigners, predominantly Canadian citizens, lost their lives in the crash alongside dozens of Iranians.

A senior Iranian aviation official said he was surprised by the leak of the recording and called it unprofessional. He said the recording was part of the evidence that was shared with Ukrainian experts jointly investigating the crash along with the Iranian team.

The audio clip was published Sunday on TSN, a daily news program broadcast on the Ukrainian television station 1 + 1. On its website, the program stated that the recording was "received from intelligence agencies." It didn't say which country's intelligence services provided the audio or how it was acquired.

Ukrainian President Volodymyr Zelensky told the news show Sunday that the recording proved that Iran knew from the very beginning that the Ukrainian aircraft had been shot down by a missile.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 3248.92 ▲ 0.73% S&P 500 3248.92 ▲ 0.73% S&P 500 3248.92 ▲ 0.73% DJ TRANS ▲ 0.23% WSJ IDX ▲ 0.42% LIBOR 3M 1.741 NIKKEI (Midday) 22995.01 ▲ 0.10% See more at WSJ.com/Markets

Google Lifts Veil on YouTube, Cloud Units

Parent Alphabet's stock falls after hours as company reports weak results in core business

By ROB COPELAND

Google pulled back the curtain on several of its important businesses, but not everyone loved what was revealed. In a surprise move Monday, Google's parent, **Alphabet Inc.**,

provided financial information on some of its operations, for the first time disclosing revenue results in areas like YouTube and cloud computing. The new data didn't distract from disappointing results in its core online-advertising operation. Operating income, a measure of Alphabet's profit from central bets like search, was \$9.3 billion, much lower than the consensus projection of \$9.9 billion.

This marks the ninth time in 10 quarters that the company missed on that metric, according to FactSet. Revenue of \$46.1 billion for the fourth quarter also fell short of analyst expectations of \$46.9 billion. Alphabet shares dropped 4.7% in after-hours trading. At the close Monday, the shares were up 11% this year. The results punctuate 21-year-old Google's stop-and-go efforts to mature from Silicon

Valley adolescence into adulthood. For years, it managed to cram ever more advertising into its established search and maps platforms, among others. It is still doing that, but the company's growth increasingly depends on newer areas like digital video powerhouse YouTube and bets in less flashy areas like cloud storage. The new disclosures, meanwhile, reflect a shift in strategy in the C-suite. Analysts and investors have

howled for years for more details on Alphabet's operations, with little success. Chief Financial Officer Ruth Porat said that the new data were intended "to provide further insight into our business and the opportunities ahead." The earnings report was Alphabet's first since Sundar Pichai was promoted to chief executive in December, succeeding Google co-founders Sergey Brin and Larry Page. Messrs. Brin and Page are still

on Alphabet's board—Mr. Page is chairman of the executive committee—and hold a supermajority of voting shares, giving them effective control of decision making at Google that remains unchanged. Mr. Pichai was formerly CEO of Google since 2015. Alphabet said YouTube exceeded \$15 billion in annual *Please turn to page B4*

◆ Heard on Street: More data can't hide ad slowdown B12

High-Frequency Trading Pioneer Runs Into Slump

By ALEXANDER OSIPOVICH

An early high-frequency trader that helped invent the business of buying and selling stocks in milliseconds now faces falling profits and an employee exodus. Dave Cummings, an engineer and former pit trader at the Kansas City Board of Trade, founded **Tradebot Systems Inc.** in the spare bedroom of his house in 1999 and gained wealth and notoriety from ultrafast trading. In its heyday, Tradebot made millions of small trades daily, accounting at times for more than 5% of U.S. stock-trading volume. But lately the firm has suffered from a shift in market dynamics that has made it harder to profit from tiny speed advantages. Last year, Kansas City, Mo.-based Tradebot made about \$30 million in trading profits, down from more than \$140 million in 2009, according to a person familiar with the firm's performance. *Please turn to page B10*

Tradebot enjoyed a nearly 14-year winning streak in which it made a profit every trading day—more than 3,400 consecutive sessions—but that ended in 2017, people familiar with the situation said. More recently, daily performance has swung between profits and losses, they said. Mr. Cummings—Tradebot's chief executive, chairman and sole owner—declined to discuss the firm's profitability. But he acknowledged the business had gotten tougher. "High-frequency trading is always an extremely competitive business," he told The Wall Street Journal by email. "Every year the markets get more efficient. Every year computers get more powerful. Every year your competitors get smarter. It's always innovate or die." Last year also was difficult due to low volatility, Mr. Cummings added. High-frequency traders tend to make more money when markets are swinging around, which cre-

Companies Rethink the Optimal Tenure for a CEO



LONG TERM: Shareholders walk past a drawing of Warren Buffett, in Omaha, Neb., ahead of Berkshire Hathaway's annual shareholders meeting. Mr. Buffett has guided the conglomerate since 1970, one of the few executives who has stayed in power for decades. B5

CVS Pushes Out Player in Aetna Deal

By ANNA WILDE MATHEWS

CVS Health Corp.'s announcement Monday that former Aetna Inc. Chief Executive Mark Bertolini will leave the CVS board exposed tensions underlying one of the biggest U.S. health-care mergers. Mr. Bertolini joined the board after the pharmacy operator paid nearly \$70 billion to buy the health insurer in 2018. The two companies promised an ambitious health-care transformation, melding their varied businesses of filling

prescriptions, managing drug benefits and providing health insurance to reduce costs and improve customer experience. Before the deal closed, Mr. Bertolini was a key voice in selling the idea that the combined company could bring major changes to health care. But afterward, Mr. Bertolini didn't retain an executive role, instead joining a board dominated by CVS directors, with the company led by CVS Chief Executive Larry Merlo. Now, Mr. Bertolini says he is being pushed out, with the integration of the two compa-

nies still not complete. CVS said he would be leaving "following the successful integration of the Aetna business." "I was willing to continue to serve on the board of directors in support of the most transformative effort in health care for our nation. However, the board thought otherwise," Mr. Bertolini said in an interview. He said he would be departing when CVS was still digesting Aetna's insurance business. "Integration is far from over," he said. Asked about his relation-

ship with Mr. Merlo, he said, "There's always going to be a natural tension between the current CEO and the former CEO in any discussions regarding how you move the strategy forward. He's the guy in the seat, I'm not." Mr. Bertolini made the comments shortly after CVS announced that he and two other directors won't stand for reelection. The company said it was reducing the size of its board following corporate-governance best practices. CVS Chairman David Dor- *Please turn to page B2*

Regulators Challenge Razor Makers' Tie-Up

By BRENT KENDALL AND SHARON TERLEP

WASHINGTON—The Federal Trade Commission sued to block a \$1.37 billion deal in which the maker of Schick razors sought to buy upstart rival **Harry's Inc.** The FTC alleged on Monday that **Edgewell Personal Care Co.**'s planned acquisition of Harry's would eliminate one of the most important competitive forces in a shaving industry that has long been controlled by two entrenched companies. Harry's "has forced its rivals to offer lower prices, and more options, to consumers across the country," Daniel Francis, deputy director of the FTC's bureau of competition, said. All of the FTC's commissioners, three Republicans and two Democrats, voted in favor of the lawsuit, the latest signal that antitrust enforcers across the ideological spectrum remain willing to challenge deals that they believe could lead to higher prices for consumer staples. Despite the setback for the

deal, Edgewell's share price jumped on the news, rising 13% Monday. Investors were wary of the deal due to the high multiple Edgewell agreed to pay for Harry's, which was growing quickly but losing money. The complaint alleges that Harry's, launched in 2013, has shaken up a "comfortable duopoly" between Edgewell and **Procter & Gamble**, which sell their respective Schick and Gillette brands of men's razors, and Intuition/Hydro Silk and Venus brands of women's razors. Procter & Gamble's Gillette brand is the dominant industry leader. Edgewell had positioned itself as a lower-priced alternative, but its market position was eroding amid the rise of online shave clubs, as well as renewed efforts by Gillette to compete with the new online entrants. Edgewell and Harry's announced their deal last May. The companies said they were evaluating their options. "We continue to believe the combination of our two companies would bring together com- *Please turn to page B2*

New Coffee Creamers Add Rich Sales Boost

By ANNIE GASPARRO

Food makers are taking a fresh look at coffee creamers, eager to benefit from rising demand for products that hadn't changed much for decades. **Nestlé SA** and **Danone SA** long dominated sales of oil-based creamers in classic flavors such as French vanilla. Now younger coffee drinkers with an affinity for indulgent, customized drinks are stoking demand for new flavors and variety. Smaller companies are satisfying that demand with creamers made from dairy alternatives including oats and soy. Meanwhile, the biggest brands, Nestlé's Coffee-Mate and Danone's International Delight, are generating higher sales with new flavors, such as Funfetti cake and Peeps candy. Sales of liquid coffee creamers rose about 9% last year, according to market-research firm Nielsen, compared with 2% growth across the food industry overall. Creamer sales have risen at a faster pace than total food sales for the past four years, Nielsen said. Food makers say they are finding fans among younger consumers reared on sweeter coffee drinks such as Starbucks Corp.'s Frappuccinos.



Sweet new flavors include Peeps candy, Funfetti cake and amaretto, aimed at younger consumers.

The younger generation uses creamer products a lot more than their parents did, said Daniel Jhung, president of Nestlé's beverage division. "They don't like black coffee. They like coffee milkshakes." Suzy Perez, who works for a construction company near Orlando, Fla., said she recently bought a creamer brand called Kitu Super Creamer that contains no sugar but includes

added protein and MCT oil, which is said to boost energy. "I'm trying to be more health-conscious and stay away from that extra sugar," she said. Competition for customers like Ms. Perez is tougher than ever. "Other brands across the food sector are noticing the growth," said Olivia Sanchez, vice president of marketing

for Danone's creamer division. The company added Hershey's, Peeps and Reese's flavors to its International Delight brand to appeal to younger customers craving sweeter drinks. "They are in it for the flavor, not necessarily for the coffee," Ms. Sanchez said. Most of Danone's and Nestlé's creamers are made primarily of vegetable oil and *Please turn to page B2*

INSIDE

A group of people are cheering and raising their arms in the air, likely at a Super Bowl event. They are wearing casual clothing, and the atmosphere is festive.

BUSINESS
The Super Bowl scored slightly more TV viewers than last year. **B2**

A black and white portrait of a man with a beard and mustache, wearing a suit and tie. He is looking directly at the camera.

OBITUARY
WorldCom chief went to prison for more than 13 years for his role in accounting fraud. **B5**

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Creamers Add Rich Sales Boost

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sugar. Sales of fresh-milk creamers and plant-based alternatives are growing even faster. Sales of plant-based creamers rose 30% last year to 8% of the creamer market, according to Nielsen.

Anita Jackson, a mother of two boys in Minneapolis, said she recently switched to plant-based creamers because she believes they are healthier. “I still look forward to my light-and-sweet cup of coffee,” she said.

Califia Farms, a maker of plant-based milk substitutes, is adding an oat-based creamer and other products this year. Chief Executive Greg Steltenpohl said grocers are allocating more space to these new creamers as sales in the category grow. “Just plain half-and-half won’t cut it anymore,” he said.

Some dairy companies are adding higher-end creamers, too. Fairlife, a filtered milk

brand that **Coca-Cola** Co. took over this month, said its creamer has 40% less sugar than leading brands.

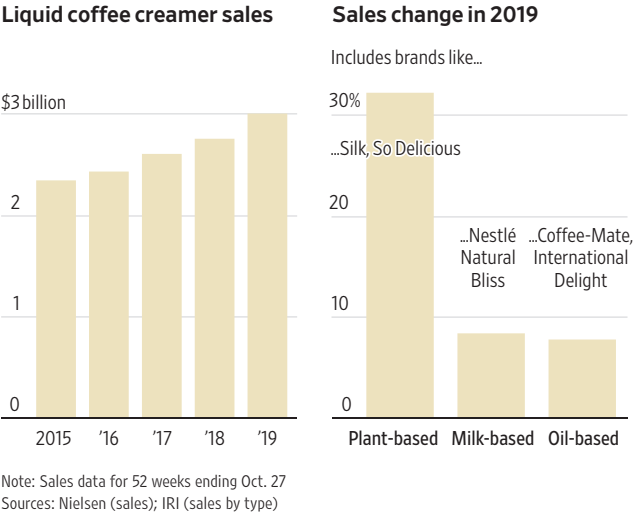
“We are capitalizing on the trends of more natural and less ingredients,” Fairlife Chief Executive Tim Doelman said.

Chobani LLC, maker of Greek yogurt, has added milk-based creamers to its product line. The company has been looking for new areas of growth as the yogurt aisle has grown more crowded.

“We want to disrupt creamers like we did yogurt 12 years ago,” Chobani’s President Peter McGuinness said.

Nestlé and Danone are adding creamers that some consumers consider more healthful because of the narrower list of natural ingredients they contain. Nestlé created a brand called Natural Bliss that includes milk-based and plant-based creamers. Danone recently introduced an oat-milk creamer under its dairy-free Silk line and a craft-coffee creamer that is high in protein and low in sugar.

“Consumers want everything,” Danone’s Ms. Sanchez said. “They want flavor. But other times they want to do better from a health standpoint.”



BUSINESS & FINANCE



The broadcast of the game on Fox as well as other platforms drew 102 million viewers, Nielsen said. Fans watch at a Los Angeles bar.

Super Bowl Scored Slightly More Viewers Than Last Year

By JOE FLINT

The Kansas City Chiefs’ dramatic comeback win over the San Francisco 49ers Sunday in Super Bowl LIV attracted 102 million viewers on the Fox network as well as digital platforms and its Spanish-language channel, according to Nielsen.

The Fox network audience for the game was 99.9 million viewers.

That is up slightly compared with last year’s rather dull Super Bowl in which the New England Patriots defeated the Los Angeles Rams 13-3 on CBS, which had 100.7 million across broadcast, digital and Spanish-language platforms. The broadcast audience for CBS last year was 98.2 million viewers.

This marks the second year in a row the flagship broadcast of the game didn’t crack 100 million viewers, an indication that more viewers are migrating to alternative online platforms even for the biggest of events.

The most-watched Super Bowl ever was in 2015 when the Patriots narrowly held off the Seattle Seahawks 28-24 in a game that went down to the wire. The NBC telecast was seen by 114.4 million viewers.

The Super Bowl is typically the biggest TV event annually in the U.S. The game rotates between ViacomCBS Inc.’s CBS, Comcast Corp.’s NBC and Fox Corp.’s Fox, the three broadcast networks that hold rights deals with the National Football League. Fox Corp. and

Wall Street Journal parent News Corp share common ownership.

The NFL is coming off a strong season, with average television viewership up 5% to 16.5 million a game compared with the 2018-19 season.

That average is composed of Sunday games on NBC, CBS and Fox, Monday night games on Walt Disney Co.’s ESPN and Thursday and Saturday games on Fox and the NFL’s own NFL Network.

The emergence of new stars such as Chiefs quarterback Patrick Mahomes and Baltimore Ravens quarterback Lamar Jackson has provided an energy boost to the league.

Ratings for the playoffs were also up slightly from

last season.

With audiences shrinking for broadcast and cable networks as more viewers opt for streaming platforms for entertainment, the importance of sports to attract big audiences and advertising revenue is growing.

Commercials for Sunday’s Super Bowl went for as much as \$5.6 million for a 30-second spot.

The NFL’s current TV rights deals with Fox, CBS and NBC expire after the 2022 season. ESPN’s “Monday Night Football” pact is up after the 2021 season.

Fox’s postgame broadcast of the third-season premiere of the game show “The Masked Singer” averaged 23.7 million viewers on Sunday, its biggest audience ever.

CVS Health Pushes Out A Director

Continued from page B1

man said in a statement issued by the company that the remaining board members strongly back management and its direction.

“The integration has been a success and the board has the utmost confidence in the current management team and the progress the combined company has shown to date,” a CVS spokesman said.

In 2017, the leadership of the two companies forged an unlikely alliance. Mr. Merlo, a former pharmacist who has led CVS since 2011, had overseen the company’s pharmacy-benefit manager, Caremark, but didn’t have a strong background in the health-insurance business.

Mr. Bertolini, a longtime managed-care executive who had been CEO of Aetna since 2010, was a high-profile corporate leader who had long spoken about his own experiences with the health-care system. And even after relinquishing his chief executive title, he kept up his public activity, including publishing and promoting a book on leadership.



There was only room for one CEO, Mark Bertolini wrote in his book.

The CVS-Aetna deal was always seen as a huge operational challenge, as the companies would have to pull together vastly different businesses, ranging from corner drugstores to Aetna’s Medicare and Medicaid coverage.

In his book published last year, Mr. Bertolini said the merger would entail monitoring many details, requiring a “maniac with the focus, the tenacity, and the urgency to resolve them all.”

But, he wrote, “There was only room for one CEO, and Larry Merlo was it. He had the

bigger balance sheet, and his is the acquiring company; so he deserves to lead the new organization.”

Investors had mixed reactions to the CVS-Aetna deal, partly due to concerns about the obstacles to integrating the various businesses.

CVS shares fell sharply a year ago after the company issued a downbeat earnings projection. Shares have since risen as the company delivered stronger-than-expected results in subsequent quarters.

—Connie Diebush contributed to this article.

Regulators Challenge Razor Deal

Continued from page B1

plementary capabilities for the benefit of all stakeholders, including customers,” said Rod Little, Edgewell president and CEO.

Harry’s in recent years expanded from its online operations into bricks-and-mortar stores, making the company even more of a threat to traditional razor sales. It started selling in Target Corp. stores in 2016 and recently began selling razors and other men’s care products in Walmart Inc.

Harry’s chose a sale to Edgewell over going public or staying independent as a way to readily access capital markets.

The FTC signaled it would follow a two-tiered process to challenge the deal. It filed a complaint in its own administrative court system, and said it separately would go to federal court to seek a preliminary injunction to prevent the deal from closing for now.

The case is the latest in a flurry of merger challenges from the FTC, which in recent weeks has derailed deals that would have combined cereal makers and biotech companies.

—Chris Wack contributed to this article.

Adviser Hired for Fannie, Freddie Privatization

By ANDREW ACKERMAN

WASHINGTON—A federal regulator has hired an adviser to help recapitalize **Fannie Mae** and **Freddie Mac**, the mortgage-finance giants at the heart of the 2008 financial crisis.

The Federal Housing Finance Agency said Monday it tapped investment bank **Houlihan Lokey** Inc. as it moves toward returning the mortgage companies to private ownership after their \$190 billion government bailout.

The contract for the Los Angeles-based firm, which does a lot of restructuring and

merger work in the mortgage industry, is valued at up to \$45 million over about five years, according to the FHFA. The firm declined to comment.

The announcement underscores the commitment of the independent FHFA and the Trump administration to put Fannie and Freddie on a sound financial footing and release them from government control.

How policy makers and the companies balance the competing demands of protecting taxpayers, delivering a return to shareholders and ensuring access to home loans will help determine who gets mortgages in the U.S., and on what terms.

The companies back about half of the \$11 trillion mortgage market and are central to the widespread availability of the popular 30-year, fixed-rate mortgage.

Monday’s move allows Fannie and Freddie to hire their own advisers. Some of the largest U.S. banks, including **Bank of America** Corp. and **Morgan Stanley**, were laying the groundwork to compete for a lucrative contract to underwrite a public offering of shares, The Wall Street Journal reported in October.

Fannie and Freddie ran into trouble before the crisis by taking on more risk without having to hold more capital.

They amassed huge investment portfolios to profit from the difference between their low cost of capital—a benefit of an implied federal guarantee—and the rates they could earn on mortgages.

The government seized the companies through a process known as conservatorship in 2008, during the George W. Bush administration, and injected vast sums to support some \$5 trillion in debt securities issued by the companies.

“Hiring a financial adviser is a significant milestone toward ending the conservatorships of the enterprises,” FHFA Director Mark Calabria said in a statement.

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Drones Edge Closer to Delivery Approval

FAA plan for safety standards marks regulatory win for Amazon and others

By ANDY PASZTOR

U.S. aviation regulators plan to craft new safety standards for specific unmanned-aircraft models, the biggest step yet toward eventually authorizing widespread delivery of packages by drones.

The Federal Aviation Administration’s proposal, disclosed on Monday in a Federal Register filing, is couched in dry bureaucratic language but amounts to a major policy and regulatory win for **Amazon.com** Inc. and other companies seeking to gain approval for various types of drones for small-package delivery fleets.

The FAA for the first time formally laid out a policy intended to vet the design and reliability of drones, similar to how it determines the safety of gliders and other light air-



The move gives the aircraft some of the regulatory certainty that jets, copters and private planes enjoy.

craft.

By announcing the initiative and seeking public comment, the agency started down the path to certify drones as a special class of aircraft—essentially seeking to give them

some of the regulatory certainty that airliners, business jets, helicopters and small private planes enjoy.

Routine drone deliveries to consumers are years away, and the FAA didn’t spell out a time-

line. Monday’s announcement emphasized that the FAA has extensive work to do on a range of operational issues. The agency, for instance, needs to complete rules for remote identification of more than

400,000 drones registered for commercial operations.

Amazon and other champions of commercial drones have long argued that certifying particular drone models is essential to promote rapid growth of package-delivery options. An Amazon spokesman declined to comment.

The FAA said in Monday’s policy statement that its goal is to promote full integration of an array of drones and autonomous airborne taxis into U.S. airspace, but for now the vehicles “affected by this policy will include those used for package delivery.”

Until now, the FAA’s drone office largely has relied on—and sometimes offered waivers from—existing regulations written for traditional aircraft flown by pilots on board. But typically, such solutions strictly limit the type of drones companies can use, spell out precisely where they can fly and detail other operating restrictions.

In one fell swoop, the FAA now has decided to craft an

entirely new regulatory scheme that would certify the safety of specific types of drones and give operators significantly greater latitude to determine how they are flown. Once a specific model is certified, theoretically it would be able to operate throughout the U.S., as long as the FAA approved related procedures for maintenance, pilot training and other requirements.

United Parcel Service Inc. received FAA approval last March to set up a fleet of drones for delivery of medical supplies and other small packages within certain closely circumscribed areas, such as hospital campuses. But that decision didn’t explicitly certify the safety of any specific drones. UPS was required to seek agency approval for each location it intends to serve.

The UPS approval followed a decision by the FAA granting **Alphabet** Inc.’s Wing Aviation unit initial authorization for a more limited program delivering consumer goods in a rural area around Blacksburg, Va.

Disney Strategy for Former Fox Assets Comes Into Focus

By JOE FLINT

Walt Disney Co. is drawing up a new script for the entertainment assets it acquired from **21st Century Fox**.

Last week, the heads of the Hulu streaming platform and the Twentieth Century movie studio departed as Disney’s strategy for both units and their role within the rest of the company became clearer.

At Hulu, the video-streaming service with 28.5 million subscribers, the resignation of Randy Freer as chief executive is a continuation of the consolidation of the creative and business operations there.

At Twentieth Century Studios, it was a similar story for its president, Emma Watts. Intellectual property that had been under her auspices was taken away and the overall

role of the studio is shifting as it is incorporated with Disney’s vast movie machine.


Ms. Watts declined to comment through a spokeswoman. Mr. Freer didn’t respond to requests for comment. The departures of Ms. Watts and Mr. Freer were of their own accord, people close to both said. The pair were facing reduced roles if they had stayed, and opted to leave instead.

Disney didn’t respond to a request for comment.

In the case of Mr. Freer, who had led Hulu since late 2017, it was clear that the service would lose the autonomy it enjoyed when it was a venture of three companies: Disney, Fox and **Comcast** Corp. Disney had already moved Hulu’s original-programming unit away from Mr. Freer and put it under Disney’s larger

television operations. Now Disney will incorporate ad sales, distribution, legal and other operations as well.

In a written statement last week, Mr. Freer said he is “confident Hulu will thrive inside Disney.”



Twentieth Century studio head Emma Watts, facing a reduced role, left after its sale.

In an email to staff, Mr. Mayer said “these steps will enable Hulu to more fully leverage the power of The Walt Disney Company portfolio.” He added that the moves would strengthen Disney’s direct-to-consumer business.

Had Mr. Freer remained in his position, he would no longer have been as involved in strategy and would have few direct reports, according to people familiar with the matter. Disney isn’t expected to name a successor to Mr. Freer.

The goal of the recent moves is to reduce the number of corporate fiefs and make the organization more efficient, said a senior Disney executive familiar with the company’s strategy.

The circumstances surrounding Ms. Watts’s decision to resign are similar. The Marvel

properties that had been owned by Fox, including the “X-Men” and “Deadpool” series, were put under Kevin Feige, the head of Disney’s Marvel Studios.

A box-office slump soon after Disney closed on the Fox deal last year didn’t help. Disney CEO Robert Iger said in August that the Fox studio’s record “was well below where it had been, and well below where we hoped it would be when we made the acquisition.” Disappointing titles included “Dark Phoenix” and the comedy “Stubber.”

In addition, many of the movies that Twentieth Century makes are aimed at adult audiences and aren’t in line with Disney’s movie strategy, which is heavily reliant on franchises and animation. Fox’s Searchlight studio is now seen as the home for artsy and

adult movies at Disney.

There wasn’t a lot of space for Ms. Watts to have her own area, people close to the executive said. In a written statement last week, Ms. Watts said: “Over the past many months, it has been my top priority to continue to foster great filmmaking while leading this team successfully through the integration period with Disney.” She closed by saying it was “now time for me to pursue new opportunities.”

Disney said it expects to name a successor to Ms. Watts soon.

To be sure, not all executives who came from Fox are leaving Disney.

That is most apparent on the television side, where a purge of top Disney executives occurred in favor of the incoming leadership from Fox.

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The company faces an array of competitive threats.

Alphabet Earnings Disappoint

Continued from page B1

revenue in 2019. That would be on the lower end of projections for the business, which has been the subject of educated guesses for years, and suggests that YouTube pulls in less than \$8 a year from each of its 2 billion users. On a call with analysts, Mr. Pichai said he believes there is “significantly more room” to make money off YouTube’s users.

Cloud, on the other hand, is on track for \$10 billion in revenue this year, Alphabet said, representing better-than-expected figures for a business that operates in the long shadow of competitors Amazon.com Inc. and Microsoft Corp. By comparison, Google’s search unit pulled in \$27.2 billion in the last quarter alone.

The company didn’t disclose profits or losses for either of those businesses, but some analysts were jubilant at any new data. Heather Bellini of Goldman Sachs said “thank you” four times during the question-and-answer session of the company’s earnings call. “I think this is the best Alphabet call I’ve been on,” she said.

Alphabet’s move toward greater transparency is notable in part because analysts and in-

vestors are watching closely to see whether Mr. Pichai will make meaningful changes at the company. Mr. Pichai hinted Monday that he expected some of what Alphabet calls “other bets,” which include self-driving cars, to take on outside investors soon.

Despite any slowdown in overall growth, the conglomerate holds an enviable competitive position. In a sign of its heft, Alphabet last month became only the third U.S. company to close above \$1 trillion in market value.

Alphabet’s results were an outlier in Silicon Valley, where fourth-quarter earnings have been strong from Facebook Inc., Apple Inc. and Amazon.

Google faces a fierce array of threats this year. Competitors including Amazon are chipping at its online-advertising business, while state and federal regulators are beginning investigations of purported anticompetitive behavior. Google has said it would cooperate with the inquiries.

In November, federal health regulators opened an inquiry into Google’s access to personal patient data from the giant health system Ascension, after The Wall Street Journal reported on a partnership dubbed “Project Nightingale.”

Mr. Pichai, who has seldom discussed Google Health publicly, defended such arrangements near the start of his prepared remarks. He said patient data are “much more secure” with Google “than in paper records or on premises.”

Tribune CEO Exits After Year In Top Job

By DAVE SEBASTIAN

Tribune Publishing Co. said it has named Finance Chief Terry Jimenez as its chief executive, succeeding Timothy P. Knight, who has stepped down from the board and will leave the company at the end of the month after a year in the top job.

The move comes after hedge fund **Alden Global Capital** LLC in November became the largest shareholder of the newspaper publisher.

The company, which owns newspapers such as the Chicago Tribune, New York Daily News and the Orlando Sentinel, tapped Controller and Chief Accounting Officer Mike Lavey as its interim finance chief.

Tribune also named Philip G. Franklin, the chairman of the Tribune board’s audit committee, as its nonexecutive chairman. He succeeds David Dreier, who will remain on the board, the company said.

“These changes are a natural transition as Tribune Publishing works to reduce its corporate and back-office costs and streamline its real estate footprint,” said Mr. Dreier.

Mr. Jimenez became executive vice president and finance chief in 2016, joining the company from International Business Machines Corp.’s global business services, where he served as a partner from 2012.

Before that, Mr. Jimenez was the president of Newsday Media Group, a subsidiary of Cablevision Systems Corp.; the operating and finance chief of Newsday LLC; and the publisher of amNewYork. Mr. Jimenez was also previously the finance chief of Newsday Inc. and a controller for the Chicago Tribune Group.

Mr. Franklin has been a company director since August 2014. He was the finance chief of Littelfuse Inc., where he worked for 17 years until 2016.

BUSINESS NEWS

CEO Was Imprisoned for One of Biggest U.S. Frauds

By Sarah Krouse

Bernard Ebbers, the former WorldCom Inc. chief executive who spent more than 13 years in prison for participating in one of the largest accounting frauds in U.S. history, died Sunday at 78, according to his family.

In December, Mr. Ebbers was granted early release from prison because of his deteriorating health.

In a statement sent by an attorney confirming Mr. Ebbers' death, his family again defended his early release, saying keeping him in prison, "especially in his unexplained and undiagnosed deteriorated condition, would not bring back anyone's investments."

Mr. Ebbers, who built WorldCom from scratch through dozens of takeovers, was once dubbed the "telecom cowboy" for his purchase of larger rival MCI Communications Corp. At its peak in 1999, WorldCom had a market capitalization of about \$180 billion. Within a few years of that peak, the fraud came to light and the company collapsed into bankruptcy.

The ex-CEO was found guilty in 2005 on nine counts including securities fraud and conspiracy to commit fraud by falsifying WorldCom's financial results, and received a 25-year sentence. He and other executives improperly boosted profit by booking operating expenses as capital spending, which can be deducted from earnings in small chunks over time.

The telecom giant was forced to restate its earnings after an internal auditor exposed the fraud to regulators; the company filed for bankruptcy protection in 2002 and laid off thousands of employees. With assets valued at \$107 billion, it was at the time the largest bankruptcy filing in U.S. corporate history.



Bernard Ebbers in 1997

Mr. Ebbers's conduct "caused literally tens of thousands or more of innocent shareholders to suffer billions of dollars in losses," federal prosecutor David Anders wrote in a sentencing memo to the judge during the trial.

Known for his white hair, blue eyes and penchant for cowboy boots and turquoise jewelry, Mr. Ebbers had pleaded not guilty to the charges. He claimed he didn't know the company's finances were being manipulated.

Born on Aug. 27, 1941, in Edmonton, Alberta, Mr. Ebbers was the second of five children.

Early in his professional life Mr. Ebbers worked in a garment factory in Brookhaven, Miss., and later began assembling a portfolio of motels. He bought his first motel in Columbia, Miss., in 1974.

The telecommunications industry was on the cusp of a change that would redefine the companies that dominated it. A judge in 1983 ordered the breakup of AT&T's Bell System, which spurred some investors and entrepreneurs to seek profits from reselling long-distance service.

Mr. Ebbers and a handful of investors backed a company called Long Distance Discount Service, or LDDS. Mr. Ebbers became chief executive of the money-losing company in 1985 and helped it gain scale

through rapid acquisitions.

He often took on debt to complete those purchases. As the company grew and his personal wealth accumulated, Mr. Ebbers would use increasingly burdensome debt to fuel acquisitions. The company was renamed WorldCom in 1995. He led the company through dozens of deals, some worth billions of dollars, while continuing to invest in a personal real-estate collection.

Properties he owned included a sprawling ranch in British Columbia, a timberland tract and shipyard in Savannah, Ga., and a large home in Brookhaven, Miss.

Mr. Ebbers began to borrow money from WorldCom in the late 1990s, using the loan in part to buy more company stock.

Meanwhile, his deal ambitions grew. WorldCom in 1998 bought MCI, the No. 2 long-distance provider, for \$37 billion, and put Mr. Ebbers at the helm of the combined company. The following year, he tried an even bigger deal, making a \$115 billion bid for Sprint, the No. 3 long-distance provider and a wireless carrier. The deal was called off in 2000 after U.S. and European regulators moved to block it.

WorldCom began to show signs of stress in 2000 when its share price declined as the dot-com stock market bubble popped, leading to a shakeout of internet and telecom companies. At the time, the company guaranteed and then assumed Mr. Ebbers's borrowings.

He was fired as CEO in April 2002 partly because he owed WorldCom more than \$400 million, including money the company lent him to cover margin calls on loans secured by company stock. The scale of what Mr. Ebbers had borrowed from the company helped spur a Securities and Exchange Commission inquiry.

Mr. Ebbers's scheduled release date had been July 4, 2028.



Leslie Wexner, CEO of L Brands for 57 years, is in talks to step aside as the company's leader.

Longer Now Seen as Better For Bosses' Time in Power

By Chip Cutter

If Leslie Wexner, the 82-year-old billionaire behind Victoria's Secret, steps aside as the company's leader, it won't only be a big moment for the retailer. It will also end the tenure of the longest-serving CEO in the S&P 500.

Replacing him atop that list would be Warren Buffett, whose time on the job is just behind, at a half-century.

Mr. Wexner has served as CEO of L Brands Inc., the retail giant he founded, for 57 years. He is now in talks to hand over the job, The Wall Street Journal reported last week. Mr. Buffett, 89, has guided Berkshire Hathaway Inc. since 1970.

Their longevity in the roles makes them rarities among corporate leaders. Few executives manage to stay in power for decades, although the tenure of S&P 500 chief executive officers has gradually risen since the financial crisis, and the founders of some of the hottest tech companies have established voting control that could help them remain at the helm indefinitely.

Some corporate boards are increasingly seeing merit in longer CEO tenures, said James Citrin, head of the North Ameri-

can CEO practice for Spencer Stuart, a leadership advisory and executive recruiting firm. "The mind-set about CEO tenure is at the beginning of a potential change," he said.

Over the past decade, the tenure of S&P 500 CEOs has risen, said Matteo Tonello, managing director of the Conference Board, a research group. The average S&P 500 CEO tenure as of 2018 was 10.2

years on the job, up from an average tenure of 7.2 years in 2009. CEO tenure statistics can vary from year to year and across analytical methods.

In a stable economy with a booming stock market, many corporate boards are reluctant to make executive changes if a company is delivering solid results, Mr. Tonello said. New research from Spencer Stuart suggests that when top executives stay for more than a decade, they often deliver some

of their best years of performance. The executive-search firm analyzed the annual financial results of about 750 S&P 500 CEOs during their tenures and interviewed dozens of leaders in a report published in Harvard Business Review last year. It showed that CEOs had some of their best value-creating periods in years 11 to 15 on the job.

In these "golden years" of CEO tenure, as the report describes them, executives benefit from strong institutional knowledge and the experience of guiding a company through multiple crises. "In many cases, longer is in fact better," said Mr. Citrin, a lead author of the report, who has presented its findings to many corporate board members.

How long a corporate chief lasts in the corner office can depend on multiple factors, including the CEO's financial stake in a company. Founders may be able to lead a company for extended periods due to large ownership positions or special voting powers that cement their position. Such powers are common among some of today's best-known technology companies. Facebook Inc., Snap Inc. and Lyft Inc. all have supervoting structures.

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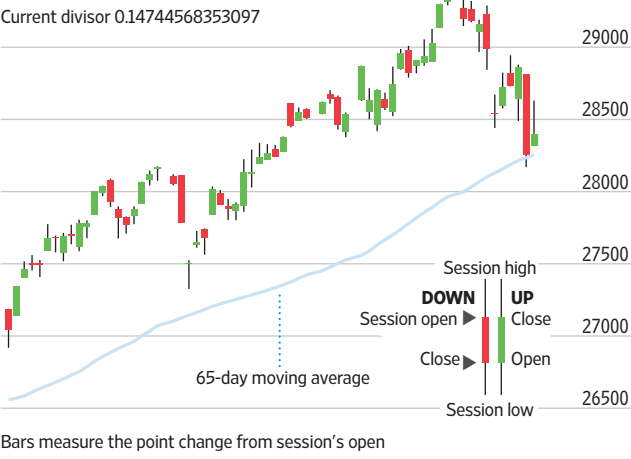
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Industrial Average	28630.39	28319.65	28399.81	143.78	0.51	29348.10	24815.04	-0.5	12.3
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Utility Average	942.38	937.77	940.67	2.10	0.22	943.03	726.30	7.0	12.4
Total Stock Market	33403.55	33085.15	33227.70	270.18	0.82	34035.89	27963.32	0.6	11.6
Barron's 400	717.56	711.62	713.09	5.14	0.73	746.64	638.79	-2.6	5.1

Nasdaq Stock Market									
Nasdaq Composite	9299.85	9188.55	9273.40	122.47	1.34	9402.48	7288.35	3.4	17.8
Nasdaq 100	9148.50	9031.07	9126.23	134.72	1.50	9216.98	6904.98	4.5	20.9

S&P									
500 Index	3268.44	3235.66	3248.92	23.40	0.73	3329.62	2706.05	0.6	12.2
MidCap 400	2038.51	2014.84	2028.61	21.39	1.07	2100.34	1810.50	-1.7	5.9
SmallCap 600	993.59	983.45	988.83	8.99	0.92	1041.03	888.72	-3.2	5.5

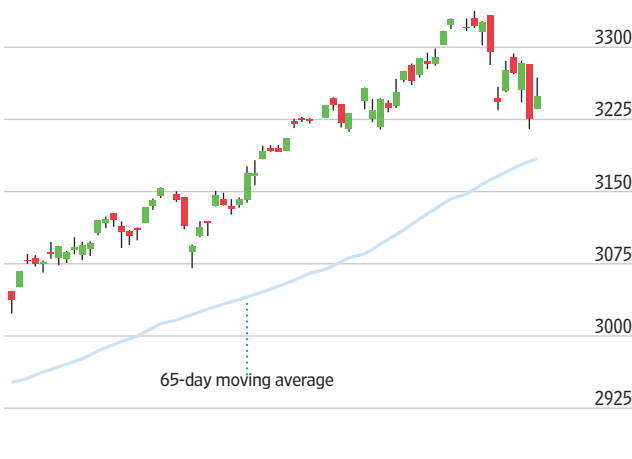
Other Indexes									
Russell 2000	1636.88	1618.80	1632.21	18.14	1.12	1705.22	1456.04	-2.2	5.8
NYSE Composite	13765.33	13655.89	13677.92	63.82	0.47	14183.20	12264.49	-1.7	6.5
Value Line	536.17	529.72	533.33	3.61	0.68	562.05	490.20	-3.4	1.0
NYSE Arca Biotech	4912.44	4857.37	4894.39	64.12	1.33	5261.79	4098.37	-0.4	14.0
NYSE Arca Pharma	655.40	649.17	651.19	4.55	0.70	670.32	564.11	-0.4	10.3
KBW Bank	106.76	105.45	105.69	0.94	0.90	114.12	89.30	-6.8	4.3
PHLX ^S Gold/Silver	103.74	102.20	102.96	-0.98	-0.95	107.17	66.14	-3.7	3.5
PHLX ^S Oil Service	63.50	62.21	63.11	0.45	0.72	102.39	59.66	-19.4	-29.9
PHLX ^S Semiconductor	1814.94	1794.30	1812.18	22.25	1.24	1945.37	1293.88	-40.1	-2.0
Cboe Volatility	18.88	17.10	17.97	-0.87	-4.62	24.59	11.54	30.4	17.9

^SNasdaq PHLX Sources: FactSet; Dow Jones Market Data

S&P 500 Index

3248.92 ▲23.40, or 0.73%
High, low, open and close for each trading day of the past three months.

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	



Nasdaq Composite Index

9273.40 ▲122.47, or 1.34%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio **	27.96	22.01
P/E estimate **	23.82	18.89
Dividend yield **	0.94	1.09
All-time high	9402.48, 01/23/20	



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Liberty Property Trust	LPT	10,124.1	61.88	-0.07	-0.11	62.66	61.79
Darling Ingredients	DAR	9,838.0	27.14	...	unch.	27.14	27.14
SPDR S&P 500	SPY	6,989.4	323.43	-0.69	-0.21	324.21	323.07
VanEck Vectors Jr Gold	GDJX	4,850.3	40.79	0.07	0.17	40.79	40.71
Bristol-Myers	BMJ	4,821.9	63.50	-0.08	-0.13	63.80	63.39
Ford Motor	F	3,662.6	9.00	0.02	0.22	9.00	8.95
Prologis	PLD	3,043.0	91.76	-0.11	-0.12	91.90	91.37
Invesco QQQ Trust I	QQQ	2,740.7	221.08	-1.30	-0.58	222.80	220.93

Percentage gainers...

Boingo Wireless	WIFI	208.5	11.97	0.41	3.55	11.97	11.56
VS 2x VIX Short Term	TVIX	124.9	54.20	1.46	2.77	54.70	52.70
Skechers USA CIA	SKX	71.5	38.88	0.97	2.56	38.88	37.90
CommScope Holding	COMM	96.3	12.50	0.28	2.29	12.50	12.22
PG&E	PCG	983.4	17.65	0.38	2.20	17.90	16.25

...And losers

Rockwell Medical	RMTI	83.3	2.42	-0.36	-12.95	2.78	2.37
Alphabet CIA	GOOGL	738.4	1416.65	-65.95	-4.45	1525.00	1397.94
Alphabet CI C	GOOG	628.9	1420.00	-65.94	-4.44	1525.00	1399.77
Leggett Platt	LEG	184.9	45.00	-1.96	-4.17	46.96	43.00
NanoViricides	NNVC	108.7	10.50	-0.32	-2.96	10.98	10.26

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	973,963,308	17,907,430
Adv. volume*	604,303,672	9,009,090
Decl. volume*	356,899,380	8,845,646
Issues traded	3,022	288
Advances	1,906	134
Declines	1,024	144
Unchanged	92	10
New highs	141	15
New lows	85	8
Closing Arms*	1.11	0.91
Block trades*	5,634	165

	Nasdaq	NYSE Arca
Total volume*	2,441,478,768	297,463,388
Adv. volume*	1,615,179,301	163,394,105
Decl. volume*	807,630,589	123,980,486

Issues traded	3,332	1,593
Advances	2,052	1,069
Declines	1,163	502
Unchanged	117	22
New highs	78	28
New lows	86	68
Closing Arms*	0.88	1.63
Block trades*	10,328	1,570

* Primary market NYSE, NYSE American NYSE Arca only. (†TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	3163.69	2.83	0.09	-2.7
	DJ Global Index	429.39	1.11	0.26	-1.1
	DJ Global ex U.S.	255.42	-0.99	-0.39	-3.1
	DJ Americas	764.94	5.95	0.78	0.5
Brazil	Sao Paulo Bovespa	114629.21	868.64	0.76	-0.9
Canada	S&P/TSX Comp	17379.76	61.27	0.35	1.9
Mexico	S&P/BMV IPC	44108.31	...	Closed	1.3
Chile	Santiago IPSA	3262.25	5.27	0.16	-2.2
EMEA	Stoxx Europe 600	411.72	1.01	0.25	-1.0
	Euro Stoxx	398.99	2.34	0.59	-1.2
	Bel-20	3929.27	21.65	0.55	-0.7
	OMX Copenhagen 20	1176.74	1.98	0.17	3.6
	CAC 40	5832.51	26.17	0.45	-2.4
	DAX	13045.19	63.22	0.49	-1.5
	Tel Aviv	1663.17	20.54	1.25	-1.2
	FTSE MIB	23460.01	222.98	0.96	-0.2
	AEX	592.36	2.86	0.49	-2.0
	RTS Index	1521.16	4.09	0.27	-1.8
	FTSE/JSE All-Share	55828.49	-251.05	-0.45	-2.2
	IBEX 35	9404.70	36.78	0.39	-1.5
	OMX Stockholm	688.72	-0.34	-0.05	1.2
	Swiss Market	10664.95	37.07	0.35	0.5
	BIST 100	119242.80	102.72	0.09	4.2
	FTSE 100	7326.31	40.30	0.55	-2.9
	FTSE 250	21160.85	17.36	0.08	-3.3
Asia-Pacific	S&P/ASX 200	6923.30	-93.92	-1.34	3.6
	Shanghai Composite	2746.61	-229.92	-7.72	-10.0
	Hang Seng	26356.98	44.35	0.17	-6.5
	S&P BSE Sensex	39872.31	136.78	0.34	-3.3
	Nikkei Stock Avg	22971.94	-233.24	-1.01	-2.9
	Straits Times	3116.31	-37.42	-1.19	-3.3
	Kospi	2118.88	-0.13	-0.01	-3.6
	TAIEX	11354.92	-140.18	-1.22	-5.4
	SET	1496.06	-18.08	-1.19	-5.3

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
GulfResources	GURE	4.25	1.40	49.12	7.40	2.25	-27.4
Insmed	INSM	28.88	8.34	40.60	33.13	15.33	18.3
Artelo Biosciences	ARTL	2.75	0.72	35.47	12.00	1.55	-68.5
Acer Therapeutics	ACER	4.59	0.79	20.66	28.25	1.87	-80.7
Tesla	TSLA	780.00	129.43	19.89	786.14	176.99	149.3
Fuwei Films	FFHL	3.32	0.54	19.42	7.37	1.77	50.9
Navios Maritime Holdings	NM	3.42	0.48	16.33	8.10	1.69	34.1
Pier 1 Imports	PIR	3.65	0.51	16.24	31.00	3.00	-77.2
CNFinance Holdings ADR	CNF	4.95	0.69	16.20	7.00	3.93	-11.6
Surface Oncology	SURF	3.18	0.43	15.64	5.89	1.15	-42.7
Sutro Biopharma	STRO	11.83	1.59	15.53	12.75	7.69	10.3
Arcutis Biotherapeutics	ARQT	25.13	3.33	15.28	25.82	19.32	...
Zoom Video Communications	ZM	87.66	11.36	14.89	107.34	59.94	...
Anavex Life Sciences	AVXL	3.28	0.42	14.69	4.09	1.96	56.2
Pieris Pharmaceuticals	PIRS	4.24	0.54	14.59	6.04	2.70	42.8

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Vaxart	VXRT	78,465	2367.4	1.60	28.00	5.00	0.25
NIO ADR	NIO	73,787	9.0	4.06	7.41	10.64	1.19
Ford Motor	F	71,376	78.4	8.98	1.81	10.56	8.16
iShares MSCI Emg Markets	EEM	71,307	12.6	42.58	1.12	46.32	38.72
SPDR S&P 500	SPY	68,841	15.1	324.12	0.74	332.95	267.83
Chesapeake Energy	CHK	55,394	-33.8	0.51	-0.76	3.57	0.51
General Electric	GE	50,328	-17.8	12.26	-1.53	13.00	7.65
Bank of America	BAC	48,479	7.6	32.97	0.43	35.72	26.21
Advanced Micro Devices	AMD	46,914	-16.4	48.02	2.17	52.81	21.04
Tesla	TSLA	46,907	280.7	780.00	19.89	786.14	176.99

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hilo	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Feb	2.5230	2.5230	▼	2.5085	2.5130	-0.0070 2,389
March	2.4900	2.5635	▼	2.4875	2.5070	-0.0100 136,406
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Feb	1592.90	1593.30	▼	1568.20	1577.20	-5.70 4,979
April	1597.80	1598.50	▼	1573.20	1582.40	-5.50 505,547
June	1603.60	1603.90	▼	1579.10	1588.30	-5.50 85,272
Aug	1605.90	1605.90	▼	1585.00	1593.80	-5.60 31,627
Oct	1610.40	1610.40	▼	1596.70	1599.00	-5.50 8,416
Dec	1618.80	1619.60	▼	1595.00	1604.00	-5.40 30,188
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Feb	...	...	...	2255.40	...	8.80 ...
March	2216.00	2244.70	▼	2190.30	2233.50	8.80 16,199
April	2223.10	2223.10	▲	2223.10	2221.90	8.80 n.a.
June	2223.10	2223.60	▼	2186.90	2229.80	8.80 5,633
Sept	2188.70	2180.00	▼	2182.00	2215.60	8.20 1,129
Dec	2180.00	2180.00	▼	2165.20	2200.80	9.80 428
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Feb	...	...	...	968.00	...	8.80 15
April	962.70	976.20	▼	954.30	970.70	8.80 96,456
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Feb	17.795	17.800	▼	17.600	17.640	-0.332 121
March	18.100	18.125	▼	17.580	17.670	-0.342 158,526
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
March	51.01	51.97	▼	49.80	50.11	-1.45 474,837
April	51.15	52.05	▼	49.98	50.28	-1.40 168,696
May	51.40	52.10	▼	50.17	50.45	-1.32 162,052
June	51.25	52.12	▼	50.31	50.58	-1.22 211,303
July	51.24	52.08	▼	50.34	50.60	-1.14 123,033
Oct	50.24	51.22	▼	49.87	50.08	-0.72 267,785
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
March	1.6188	1.6273	▼	1.5707	1.5779	-0.505 134,988
April	1.6231	1.6306	▼	1.5747	1.5816	-0.494 60,847
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
March	1.4900	1.5135	▼	1.4620	1.4737	-0.304 145,703
April	1.6481	1.6747	▼	1.6238	1.6348	-0.307 63,793
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
March	1.852	1.880	▼	1.814	1.819	-0.022 595,718
April	1.895	1.924	▼	1.857	1.862	-0.024 198,751
May	1.954	1.981	▼	1.913	1.918	-0.028 157,131
June	2.021	2.049	▼	1.978	1.984	-0.031 66,020
July	2.092	2.117	▼	2.050	2.057	-0.029 71,591
Oct	2.151	2.172	▼	2.111	2.120	-0.022 89,369
Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
March	380.50	382.00	▼	376.50	378.75	-2.50 630,791
July	390.50	391.75	▼	386.75	389.50	-1.50 269,680
Oats (CBT) -5,000 bu.; cents per bu.						
March	302.75	310.00	▼	297.50	300.25	-3.50 3,708
May	297.00	303.00	▼	289.75	295.25	-3.00 1,196
Soybeans (CBT) -5,000 bu.; cents per bu.						
March	870.75	878.75	▼	868.75	877.00	4.50 340,996
May	885.00	892.50	▼	883.00	890.75	4.00 171,291
Soybean Meal (CBT) -100 tons; \$ per ton.						
March	290.90	291.40	▼	287.10	289.80	-1.20 208,396
May	296.20	296.70	▼	292.90	295.20	-1.10 120,676
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
March	29.94	30.42	▼	29.81	30.29	.35 185,872
May	30.30	30.77	▼	30.16	30.65	.35 132,581
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
March	1357.50	1366.50	▼	1349.50	1356.50	-4.50 10,265
May	1380.00	1381.50	▼	1366.00	1374.50	-2.50 1,367
Wheat (CBT) -5,000 bu.; cents per bu.						
March	551.25	558.00	▼	546.50	555.50	1.75 208,575
July	550.25	555.75	▼	546.50	553.50	1.00 106,375
Wheat (K0) -5,000 bu.; cents per bu.						
March	464.00	468.75	▼	458.50	466.75	1.25 133,988
May	470.00	475.50	▼	465.75	473.50	1.00 65,145

Cash Prices | WSJ.com/commodities

Monday, February 3, 2020

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Monday				Monday				Monday			
Energy				Fibers and Textiles				Food			
Coal,C Aplc,12500Btu,1.25O2-r,w			59.150	Platinum,Engelhard fabricated				Wheat,No.2 soft red,St.Louis-bp,u			6.2000
Coal,PwdrRvrBsn,8800Btu,0.85O2-r,w			11.700	Palladium,Engelhard industrial			2309.0	Wheat - Hard - KC (USDA) \$ per bu-u			4.6925
Metals				Aluminum,LME, \$ per metric ton			*1709.5	Wheat,No.1soft white,Portld,OR-u			6.2750
Gold, per troy oz				Copper,Comex spot			2.5130	Grains and Feeds			
Engelhard industrial			1580.00	Iron Ore,62% Fe CFR China-s			79.8	Barley,top-quality Mnpls-u			n.a.
Engelhard fabricated			n.a.	Shredded Scrap, US FOB West-m			301	Bran,wheat middlings, KC-u			98
Handy & Harman base			1574.75	Steel,HRC USA, FOB Midwest Mill-s			596	Corn,No.2 yellow,Cent IL-lbpu			3.7450
Handy & Harman fabricated			1747.97	Fats and Oils				Corn gluten feed,Midwest-u,w			123.1
LBMA Gold Price AM			*1580.85	Call money				Cottonseed meal,u,w			255
LBMA Gold Price PM			*1584.20	Federal funds				Hominy feed,Cent IL-l,u,w			112
Kruggerand,wholesale-e			1641.02	Effective rate		1.6100	1.5600	Meat-bonemell,50% pro Mnpls-u,w			165
Maple Leaf-e			1656.80	High		1.6500	1.6500	Oats,No.2 milling,Mnpls-u			3.3825
American Eagle-e			1656.80	Low		1.4500	1.4500	Rice, Long Grain Milled, No. 2 AR-u,w			7.4163
Mexican peso-e			1910.47	Bid		1.5700	1.5200	SoybeanMeal,Cent IL,rail,ton48-u			290.80
Austria crown-e			1549.66	Other short-term rates				Soybeans,No.1 yllw IL-bp,u			8.5950
Austria phil-e			1656.80	Commercial paper (AA financial)				Wheat,Spring14%-pro Mnpls-u			6.8300
Silver, troy oz.				Libor				Notes on data:			
Engelhard industrial			17.8300	One month		1.66775	1.64925	U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective October 31, 2019.			
Engelhard fabricated			n.a.	Three month		1.74100	1.77450	Discount rate is effective October 31, 2019.			
Handy & Harman base			17.6720	Six month		1.71700	1.78350	DTCC GCF Repo Index			
Handy & Harman fabricated			22.0900	One year		1.76900	1.83725	U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective October 31, 2019.			
LBMA spot price			*13.6200	DTCC GCF Repo Index				Discount rate is effective October 31, 2019.			
(U.S.\$ equivalent)			*17.8850	Libor				DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			
Coins,wholesale \$1,000 face-a			12923	One month		1.66775	1.64925	DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			
Other metals				Three month		1.74100	1.77450	DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			
LBMA Platinum Price PM			*959.0	Six month		1.71700	1.78350	DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			
Platinum,Engelhard industrial			969.0	One year		1.76900	1.83725	DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=American Commodities Brokerage Co; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Ottokow Limited; U=USDA; W=weekly; Z=not quoted. *Data as of 2/2

Source: WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

February 3, 2020

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation				U.S. government rates			
Dec. index level	Chg From (%) Nov. '19	Dec '18		Discount			
U.S. consumer price index				2.25	2.25	3.00	2.25
All items	256.974	-0.09	2.3	Federal funds			
Core	264.935	-0.07	2.3	Effective rate	1.6100	1.5600	2.4800 1.4700
International rates				High	1.6500	1.6500	3.0000 1.5200
				Low	1.4500	1.4500	2.4400 0.5000
				Bid	1.5700	1.5200	2.4400 1.4000
Prime rates				TIPS			
U.S.	4.75	4.75	5.50 4.75	5-year	-0.18	-0.09	0.84 -0.18
Canada	3.95	3.95	3.95 3.95	7-year	-0.13	-0.04	0.85 -0.13
Japan	1.475	1.475	1.475 1.475	10-year	-0.05	0.04	0.87 -0.06
Policy Rates				20-year	0.15	0.25	1.03 0.12
Euro zone	0.00	0.00	0.00 0.00	Long-term avg	0.28	0.39	1.11 0.28

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Week Ended — 52-Week —					Week Ended — 52-Week —				
Jan 31 Jan 24 High Low					Jan 31 Jan 24 High Low				
Federal funds (effective)					6-month	1.57	1.56	2.53	1.56
					1-year	1.50	1.55	2.58	1.50
1.55 1.55 2.44 1.54					2-year	1.41	1.52	2.53	1.41
					3-year	1.38	1.51	2.51	1.38
Commercial paper					5-year	1.41	1.55	2.51	1.38
Nonfinancial					7-year	1.50	1.66	2.60	1.45
1-month	1.56	1.55	2.46	1.55	10-year	1.59	1.75	2.70	1.50
2-month	1.56	1.55	2.48	1.55	20-year	1.89	2.05	2.91	1.79
3-month	1.57	1.56	2.52	1.56					
Financial					Treasury yields (secondary market)				
1-month	1.58	1.56	2.47	1.55	1-month	1.52	1.50	2.43	1.48
2-month	1.73	1.60	2.53	1.55	3-month	1.53	1.52	2.41	1.51
3-month	1.63	1.63	2.56	1.63	6-month	1.53	1.52	2.46	1.52
Discount window primary credit					TIPS				
2.25 2.25 3.00 2.25					5-year	-0.18	-0.09	0.84	-0.18
					7-year	-0.13	-0.04	0.85	-0.13
Treasury yields at constant maturities					10-year	-0.05	0.04	0.87	-0.06
1-month	1.55	1.53	2.48	1.51	20-year	0.15	0.25	1.03	0.12
3-month	1.56	1.55	2.47	1.54	Long-term avg	0.28	0.39	1.11	0.28

BIGGEST 1,000 STOCKS

Footnotes:

i-New 52-week high.
I-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards.

q-Temporary exemption from Nasdaq requirements.

t-NYSE bankruptcy
v-Trading halted on primary market.
vi-In bankruptcy or receivership or

in bankruptcy, or receivership, or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

site regular trading as of 4 p.m. and 4 p.m. the previous day.

Close	Net Chg	Stock	Sym	Close	Net Chg
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44.96	0.20	CH Robinson	CHRW	72.01	-0.2
30.06	0.11	CME Group	CME	214.57	-2.5
225.27	1.93	CMS Energy	CMS	68.48	-0.0
75.60	0.34	CNA Fin	CNA	45.46	0.8

18.05	4.95	CNH IND	CNHI	9.47	0.00
18.15	-4.71	CNOOC ENQ	ENQ	19495	-1.55
18.25	2.19	CRX CRH	CRH	3810	0.55
18.35	-0.19	CSX CSX	CSX	7730	0.77
18.45	0.19	CYS Health CVS	CVS	69.93	-0.48
18.50	2.40	CableOne CABO	CABO	17837	54.55
18.55	1.64	CabotCorp COG	COG	14.16	0.00
18.60	0.77	CalendCesign CNS	CNS	72.83	0.77
18.65	-0.44	CAES CAE	CAE	29.85	0.11
18.70	-0.44	CaersEnt CZR	CZR	13.82	0.11
18.75	2.35	CardanoProperty CPY	CPY	111.60	-0.88
18.80	0.73	CampbellSoup CPB	CPB	46.87	0.44
18.85	0.73	Canalys CAN	CAN	12.05	0.00
18.90	0.19	CanalRtlyInc CN	CN	92.05	-0.55
18.95	0.19	CanNatursRes CN	CN	28.08	0.55
19.00	0.19	CanPaCtryInc CP	CP	26.48	0.23
19.05	-0.22	Canon CAJ	CAJ	26.42	0.22
19.10	-0.36	CapitalGrowth CGF	CGF	22.11	-0.40
19.15	0.36	CardinalHealth CAH	CAH	51.26	0.00
19.20	-0.90	Carlisle CSL	CSL	158.12	1.88
19.25	-0.90	Carlyle CG	CG	32.20	-0.22
19.30	0.19	CarMax KMX	KMX	95.06	-1.99
19.35	6.93	Carminv CSJ	CSJ	42.75	-0.77
19.40	1.97	CasneyStores CUS	CUS	10.65	-0.44
19.45	0.19	Cassidy's CAT	CAT	63.12	2.35
19.50	0.14	Catalytic CTLT	CTLT	12.07	0.14
19.55	0.14	Caterpillar CT	CT	129.77	-1.55
19.60	0.43	Celance CE	CE	104.72	1.12
19.65	0.19	CeleneX CX	CX	4.22	0.11
19.70	0.98	GenovusEnergy CVE	CVE	8.63	-0.00
19.75	0.00	Centene CN	CN	62.88	0.00
19.80	0.00	CenterPointEnt CP	CP	26.34	-0.11
19.85	0.19	CentraisBrazE EBR	EBR	9.11	0.00
19.90	-0.64	CenturyLink CTL	CTL	13.60	-0.00
19.95	-0.27	CeridianHCM DAY	DAY	75.05	-0.77
20.00	-0.27	Cerner CERN	CERN	73.17	1.33
20.05	0.00	CharlesSchwab CS	CS	155.07	0.77
20.10	-0.24	CharterComms CH	CH	22.05	-0.44
20.15	-0.24	Chemical CHP	CHP	17.17	-0.22
20.20	0.00	Chemco CE	CE	47.14	0.44
20.25	0.19	CheniereEnergy LNG	LNG	58.74	0.55
20.30	0.19	CheniereEnergy CP	CP	38.58	0.00
20.35	0.19	Chewy CHW	CHW	10.28	0.19
20.40	0.19	Cheyron CV	CV	26.20	0.19
20.45	0.19	ChinaLifeline CL	CL	11.95	0.00
20.50	-0.72	ChinaMobile CH	CH	41.96	0.11
20.55	-0.72	ChinaPetrol SNP	SNP	51.86	-0.55
20.60	0.19	ChinaUnicom CH	CH	8.40	0.00
20.65	0.19	Chiptote CMG	CMG	86.73	0.55
20.70	0.19	Chubb CB	CB	153.23	1.25
20.75	0.19	ChurchWdwg CHD	CHD	35.70	0.00
20.80	0.19	ChurchWdwg CHD	CHD	1.81	0.88
20.85	0.19	Ciena CN	CN	14.55	0.19
20.90	0.19	Ciena CN	CN	41.81	0.19
20.95	0.19	Cigna CI	CI	191.77	-0.66
21.00	0.19	CincinnatiFin CIN	CIN	206.01	1.33
21.05	0.19	Cintas CTAS	CTAS	118.31	0.19
21.10	0.19	CiscoSystems CSCO	CSCO	46.53	0.55
21.15	-0.18	Citigroup CI	CI	75.13	-0.77
21.20	0.19	CitizensFin CFG	CFG	37.68	0.44
21.25	0.19	CitrixSystems CTXS	CTXS	122.67	1.44
21.30	0.19	Clarivate CLC	CLC	20.56	0.44
21.35	0.19	Clorox CLX	CLX	155.94	1.44
21.40	0.19	Coca-Cola CC	CC	35.58	0.11
21.45	0.19	Coca-Cola Euro CE	CE	12.05	0.19
21.50	0.19	Comcast CMG	CMG	52.03	1.00
21.55	0.19	ComcastTech CTI	CTI	62.61	1
21.60	0.19	Cognizant PCL	CL	74.93	1.11
21.65	0.19	ComcastSortsw CSCO	CSCO	94.00	0.00
21.70	0.19	Colony A CMCSA	CMCSA	42.66	-0.55
21.75	0.19	Comerica CMA	CMA	62.88	0.00
21.80	0.19	CommerchCSB CBH	CBH	68.00	1.88
21.85	0.19	SABESP SBS	SBS	14.58	0.44
21.90	0.19	CanadaBrands CBA	CBA	32.94	0.00
21.95	0.19	ConchoRSCX CXO	CXO	59.62	-0.11
22.00	0.19	ConocoPhillips COP	COP	75.18	0.11
22.05	0.19	Constellation SC	SC	133.85	-0.55
22.10	0.19	Constellation BZ	BZ	133.85	-0.55
22.15	0.19	Constellation BZ	BZ	133.85	-0.55
22.20	0.19	ContinentalRSCLR	CLR	26.66	0.55
22.25	0.19	Conner CO	CO	36.24	0.22

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Net Chg	Stock	Sym	Close	Chg
55.00	SareptaThera	SRPT	115.32	0.20
29.08	1 Sasso	SSS	15.69	-0.01
27.20	6 Schlumberger	SLB	33.46	-0.08
0.99	9 Schwab	SCW	45.68	-0.05
60.19	1 Sealed Air	SGA	123.86	1.31
1.34	1 Sealed Air	SGA	123.86	1.31
25.06	2 Seagate	STX	57.95	0.06
75.14	1 SeattGen	SENG	108.68	0.00
91.17	1 Seregnia	SRE	161.06	0.00
42.07	5 Seatech	ST	47.41	0.00
34.13	1 ServiceCorp	SC	48.39	0.00
15.40	1 ServiceNow	SNOW	343.20	4.00
35.86	3 Schwan B	BSJ	19.43	-0.01
13.19	1 SherwinWilliams	SHW	574.91	1.77
2.14	1 ShinhanFin	SF	32.82	0.00
0.99	1 Shopify	SHOP	147.00	0.00
1.34	1 SignaStar	SSBL	10.11	0.00
12.23	1 SignatureBank	SBNK	143.62	0.00
51.26	1 SimorProperty	SPG	132.80	0.00
0.20	1 SiriusXM	SIRI	71.77	0.00
0.82	1 SkechersUSA	SKX	37.91	0.00
3.17	1 Skyworks	SKW	115.03	0.15
28.03	1 SlackTech	WORK	20.98	0.00
9.52	1 SmithAuto	ASO	42.28	-0.02
2.52	1 SmithNephew	SNH	47.83	-0.02
0.16	1 Smucker	SMK	14.17	0.00
0.49	1 Snap	SNAP	18.23	-0.03
0.57	1 SnapOn	SNAP	161.82	0.22
0.39	1 SolarWinds	SWI	20.28	0.00
1.47	1 SonocoProducts	SON	57.80	0.00
0.93	1 Sony	SNE	70.48	0.00
0.09	1 Southern	SO	70.70	0.00
0.04	1 SoCopper	SCCO	38.20	0.00
51.27	1 SouthwestAir	LUV	55.22	0.00
0.30	1 Sprint	SPR	63.93	-0.01
7.40	1 Splunk	SPK	199.15	0.00
0.49	1 SPOT	SPOT	144.00	0.00
0.19	1 Spt	SPT	4.28	-0.02
0.55	1 Square	SQ	78.80	0.55
57.24	3 StanleyBlack	SLB	160.87	0.17
52.13	3 Starbucks	SBUX	86.01	0.11
0.23	1 SunCom	TSG	24.00	0.00
58.79	1 StarwoodPro	STW	25.70	0.00
9.12	1 StateStreet	ST	76.09	0.00
7.82	1 SteelDynamics	STLD	30.01	0.00
0.21	1 Steris	STE	31.00	0.00
0.16	1 TMicroelec	SLM	28.60	0.00
0.12	1 SMC	STC	21.66	0.00
4.88	1 Strkyer	SYN	21.14	0.00
4.88	1 SunitomoMits	SMI	7.11	0.00
3.18	1 SunComms	SUN	161.24	0.00
50.44	1 SunLifeInAsia	FL	47.04	0.00
51.05	1 SonocoEnergy	SO	30.11	-0.02
3.23	1 Suzano	SUZ	9.30	0.00
18.42	1 SynchroFin	SYF	32.42	0.00
56.20	1 SymeoHealth	SYNH	61.86	0.00
0.20	1 Synnex	SNX	140.56	0.22
0.53	1 Syspssy	SYSP	14.00	0.00
1.16	1 Sysco	SY	76.68	-0.55
1.16	1 Sysco	SY	76.68	-0.55
T Education TSL 552.9 5.5				
23.31	1 TCI Energy	TE	37.00	0.00
1.84	1 TFC Financial	FTC	43.08	0.00
26.02	1 TD Ameritrade	AMTD	47.65	0.00
0.53	1 TFC Financial	FTC	43.08	0.00
27.07	1 Telus	TU	39.97	-0.02
99.22	1 TFS Fin	TFSL	20.68	0.00
9.12	1 TMS	TSU	20.06	0.00
12.38	1 TTX	JT	60.24	0.12
8.86	1 T-MobileUS	TMUS	79.45	0.00
7.82	1 TruFlowEnergy	TRU	134.62	0.00
1.82	1 TaiwanSecm	TSN	54.77	0.00
0.53	1 TakedaPharm	TKD	128.46	0.00
0.78	1 TakedaPharm	TKD	128.46	0.00
0.79	1 Tapestry	TRP	26.03	0.00
4.17	1 Target	TGT	112.51	0.14
76.25	2 Targets	TGT	112.51	0.14
6.1.06	1 Target	TGT	112.51	0.14
4.17	1 TechnipFMC	FTI	16.99	0.00
2.20	1 TechResCS	TECK	12.95	0.00
55.55	1 TeladocHealth	TDOC	101.99	0.00
2.90	1 TeleTypeTech	TTT	369.34	0.00</

[illegible]Exchange-Traded Portfolios | WSJ.com/ETFresearchExchange Traded Portfolios | Woburn, MA Research

Largest 100 exchange-traded funds, latest session																								
Monday, February 3, 2020					ETF					ETF					ETF					ETF				
ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)
CnsmrDiscSelSector	XLV	126.21	0.71	0.6	iSHCoreMSCITotInt	IXUS	60.00	0.12	-3.1	iSHSP500Growth	IVW	200.12	1.06	3.3	SPDRDJIA Tr	DIA	283.98	0.55	-0.4	VangdHiDiv	HYM	91.65	0.32	-2.2
CnsStapleSelSector	XLP	63.28	...	0.3	iSHCoreS&P500	IYV	325.56	0.72	0.7	iSHS&P500Value	IVE	127.06	0.36	-2.3	SPDRSPMDmCpTr	MDY	369.62	1.14	-1.5	VangdIntermBd	BIV	89.10	-0.12	-2.1
EnSelSectorSPDR	XLE	52.74	-1.31	-12.2	iSHCoreS&P Mid	IJH	202.68	1.13	-1.5	iSHShortCoBd	IGSB	53.98	0.00	0.7	SPDR S&P 500	SPY	324.12	0.74	0.7	VangdIntCorpBd	VCIT	93.01	-0.80	1.1
FinSelSectorSPDR	XLF	30.17	0.70	-2.0	iSHCoreS&PStkMkt	ITOT	73.23	0.88	0.7	iSHShortTreBd	SHV	110.47	0.00	0.0	SPDR S&P Div	SDY	105.17	0.67	-2.2	VangdLC	VW	149.46	0.13	1.8
FT ValDivF	FVD	36.03	0.47	...	iSHCoreUSAggBd	AGG	114.37	-0.03	1.8	iSHMSCIEAFE SCZ	SCZ	59.79	-0.20	-4.0	TechSelectSector	XLK	96.59	1.32	5.4	VangdMCM	VO	179.16	0.80	0.6
HealthCareSelSec	XLI	100.04	0.91	-1.8	iSHSelectDividend	DVY	104.20	0.42	-1.4	iSHMSCIEAFE Mkts	EEM	42.58	1.12	-5.1	UtilitiesSelSector	XLU	69.20	3.32	7.1	VangdMCMal V	VOE	118.00	0.68	-1.0
IndSelSectorSPDR	XLI	81.08	-0.04	-0.5	iSHEdgeMSCIEmf	EFAF	74.41	0.15	-0.2	iSHMSCJCapan	EWJ	58.19	0.76	-1.8	VangdGldMiner	GDX	28.56	-1.48	-2.5	VangdMGMStk	VMBS	53.82	0.01	0.5
InvscQQQ	QQQ	222.38	1.51	4.6	iSHEdgeMSCIMinUSA	USMV	67.50	0.54	2.9	iSHNatliMiniBd	IWS	115.62	0.03	1.5	VangdInfoTech	VGX	257.37	1.26	5.1	VangdRealEst	VNQ	94.24	0.33	1.6
InvscS&P500Ew	RSP	114.30	0.67	-1.2	iSHEdgeMSCIUSA	USM	101.31	1.00	0.3	iSHPfdIncm	PFF	38.00	0.01	1.1	VangdSC Val	VBR	133.58	-0.85	-2.5	VangdS&P500ETF	VOO	297.84	0.73	0.7
InvscS&P500LowVol	SPVL	60.18	0.35	3.2	iSHFleetingRateBd	FLAT	51.00	0.05	0.2	iSHRussell1000Gwth	IWF	182.05	1.20	3.5	VangdSC Growth	VGS	200.12	1.03	0.7	VangdST Bond	BSV	81.16	-0.02	0.7
ISh3-YTTrSector	IS3Y	112.72	-0.10	1.6	iSHGoldTr	IAU	15.36	0.67	3.2	iSHRussell1000	IWB	180.11	0.82	0.9	VangdSC Vch	VIG	126.16	0.63	1.2	VangdSTCPbd	VCSH	81.55	-0.04	0.6
iSHCoreDivGrowth	IGRO	64.67	0.56	-1.0	iSHBox35HnGrCPbd	LQD	130.65	-0.08	2.1	iSHRussell1000val	IWN	134.16	-0.45	-1.7	VangdDivAop	VIA	126.16	0.63	1.2	VangdSC	VG	163.74	0.89	-1.1
iSHCoreMSCIEAFE	IEFA	63.54	0.14	-2.6	iSHBox35SHYCPbd	HYG	87.15	-0.02	-0.9	SPDR BlmBarcHYB	JNK	108.62	0.04	-0.8	VangdFTSEDevMk	VEA	42.89	0.35	-2.7	VangdTotalBd	BND	85.26	-0.09	1.7
iSHCoreMSCIEmgMk	IEMG	51.06	0.93	-5.0	iSHJPMUSDEmgBd	EMB	115.54	-0.03	0.9	iSHRussell2000Gwth	IWSH	146.22	-0.60	-1.6	VangdFTSEM E	VWV	42.31	0.71	-4.9	VangdTotalBd	BNDX	85.26	-0.09	1.7
									iSHRussell2000Val	IWSV	122.97	0.92	-0.4	VangdFTSE Europe	VGE	56.81	0.04	-3.1	VangdTotalStk	VTSX	53.90	0.19	-3.2	
									iSHRussell3000	IWR	189.88	0.86	0.7	VangdFTSEA WxUs	VUW	52.16	-0.46	-3.0	VangdTotalStk	VTT	164.86	0.88	0.8	
									iSHRussellMidCap	IWSM	59.62	0.85	...	VangdGTEAW	VUG	120.94	1.31	4.5	VangdTotlWrld	VW	80.17	0.55	-1.0	
									iSHRussellMValue	IWSV	93.57	0.69	-1.3	VangdHlthCr	VHT	188.70	0.94	-1.6	VangdValue	VTV	117.27	0.36	-2.2	

New Highs and Lows | [WSJ.com/newhighs](https://www.wsj.com/newhighs)

Stock Exchange, NYSE Arca, NYSE
hit a new 52-week intraday high or low
change from the previous trading session.

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Mutual Funds

a-Preferred share classes by net assets. **b**-Footnotes x and s apply. **c**-Footnotes e and g apply. **d**-Data. **e**-Distribution costs apply, 12b-1. **f**-Dividend. **g**-Footnotes p and r apply. **h**-Footnote d applies. **i**-Not available due to incompleteness of Lipper; data under review. **j**-Fund

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BANKING & FINANCE

Starboard Invests in Prepaid Debit-Card Firm

Activist hedge fund has built a 9% position in Green Dot valued at just under \$150 million

By Corrie Driebusch

Activist investor **Starboard Value LP** is investing in **Green Dot Corp.**, a financial firm known for issuing prepaid

debit cards. The New York-based hedge fund has built a roughly 9% position in the company, according to a Securities and Exchange Commission filing made public Monday afternoon. Shares of Green Dot rose 5.8% to \$31.82. Green Dot's shares have been under pressure. In August, the stock fell more than 42% in one day after the com-

pany scaled back its revenue and profit outlook for the rest of the year, citing competition from financial-technology startups. Starboard, run by Jeff Smith, owns a stake in Green Dot valued at just under \$150 million. The hedge fund typically seeks operational or corporate-governance changes at the firms it targets. It isn't the first time Green

Dot has been challenged by a shareholder. In 2016, Harvest Capital Strategies LLC wrote a letter to the Green Dot board seeking leadership and board changes, including the removal of Steven Streit as the CEO. Harvest nominated three directors to Green Dot, two of whom were elected, according to FactSet. The fund mostly sold its position in Green Dot in 2017. Mr. Streit continued as CEO

of Green Dot until stepping down in December 2019 after a tough year for the company's stock. Its market value dropped to around \$1.2 billion at the end of 2019 from as much as \$4.2 billion a year prior, according to FactSet. Its market cap was roughly \$1.6 billion earlier Monday. Starboard, which replaced the entire board at the parent company of Olive Garden in

2014, is a well-known activist investor, and its presence in a stock typically causes a company to take notice. In November, The Wall Street Journal reported Starboard had taken a stake in CVS Health Corp. and held talks with the drugstore-and-insurance company's management, according to people familiar with the matter. The firm also holds a 7.5% position in Box Inc.

Energy Bonds Face Coronavirus Worries

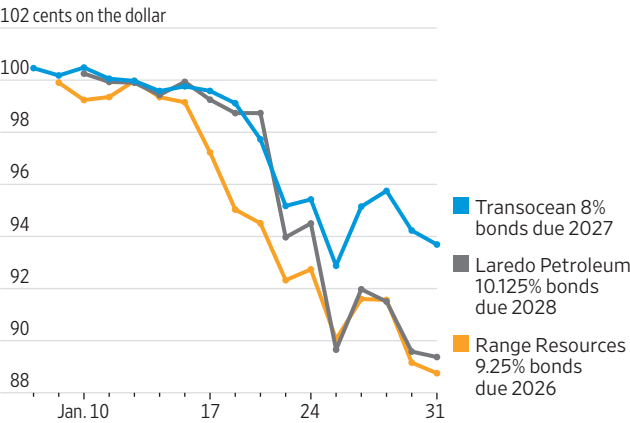
By Sam Goldfarb and Alexander Gladstone

The economic threat posed by the coronavirus is helping erode demand for energy-company debt just weeks after bond issuance in the sector surged, highlighting the virus's far-reaching effects on companies and financial markets. Last month, a surprise rally in the debt of energy companies allowed oil and gas businesses to issue the largest amount of speculative-grade bonds in one week since just before oil prices crashed in the fall of 2014. No sooner had companies issued the bonds, however, than fears that the coronavirus will slow global growth sapped appetite for riskier debt—underscoring the good timing of the businesses that were able to push out looming debt payments but heightening the challenges for those that still need financing. On Jan. 10, shale company **Laredo Petroleum Inc.** sold \$400 million of 2028 unsecured bonds at par with a 10.125% interest rate, at the high end of what typically makes economic sense for companies. On Monday, those bonds were trading at around 89 cents on the dollar, implying Laredo would have had to pay an interest rate of more than 12% if it had waited to issue the debt, according to MarketAxess. Overall, the average price of speculative-grade energy-company bonds fell to 89.67 cents on the dollar as of Friday from

Rough Start

Investors have sold bonds of energy companies in recent weeks, pushing their yields higher, as the coronavirus's threat to global growth has weighed on commodities prices.

Price of recently issued energy-company bonds

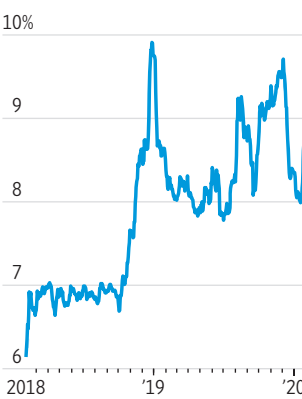


Note: Data are through Friday. Sources: MarketAxess (bonds); Bloomberg Barclays (average yield)

a recent high of 92.54 cents on Jan. 16, pushing yields to 8.96% from 7.99%, according to Bloomberg Barclays data. The yield had dropped from 9.71% in early December. Energy-company bonds have tracked oil and gas prices. The bonds rallied in December and early January when oil prices and a swath of lower-rated corporate bonds were also rising—buoyed by easing U.S.-China trade tensions and signals from the Federal Reserve that it wouldn't raise rates for an extended period. The bonds, however, took a blow in mid-January when a shift in weather forecasts toward warmer temperatures triggered a drop in prices for

natural gas, which many homeowners use for heating. Soon after, a Chinese health official confirmed the coronavirus had spread between humans, which also hit oil and gas prices and sparked broad selling of stocks and low-rated corporate bonds as investors reassessed the economic outlook. Though relatively modest by the standards of recent years, the downturn in energy bonds is significant because even small margins matter for businesses when oil and gas prices remain under pressure due to a glut of the commodities. Low oil and gas prices have long been considered good for the U.S. economy because they reduce prices at the gas pump

Average yield of speculative-grade energy-company bonds



for consumers as well as costs for businesses that rely on oil. But that has become more complicated after the U.S. shale boom made energy production a larger share of the economy. U.S. crude settled at \$50.11 a barrel Monday, pushing it into a bear market given its more than 20% decline from its recent peak of \$63.27 on Jan. 6, when companies began their rush to sell bonds. U.S. natural-gas futures settled at \$1.819 per million British thermal units, its lowest level since 2016. "The market has changed a lot in the last couple weeks," said Dane Gregoris, vice president at analytics firm RS Energy Group. Many U.S. shale

companies, he added, can be profitable at \$60 oil but not necessarily at \$55. Before its bond sale last month, which also included \$600 million of 2025 notes, Laredo faced \$800 million of bond principal payments in 2022 and 2023. Now, it has effectively pushed back its first maturity until 2025, making a near-term liquidity crunch much less likely. Similarly, **Range Resources Corp.** on Jan. 10 sold \$550 million of six-year bonds at par with a 9.25% coupon to help pay back bonds due in 2021 and 2022. On Monday, the new bonds traded at 87.938 cents on the dollar for a 12.139% yield, according to MarketAxess. But the move left other companies in a more difficult position. Last month, **Whiting Petroleum Corp.** was among those that analysts thought could be next in line to issue unsecured debt. From early December to early January, the yield on Whiting's existing bonds due in 2026 fell from 19.4% to as low as 12.5%. Now, those bonds are back to yielding roughly 19%, narrowing the company's options as it faces roughly \$1 billion of bond maturities over the next 13 months. Some energy bonds issued last month have weathered the turbulence. **WPX Energy Inc.**'s new 4.5% notes due in 2030 traded Monday at 100.75 cents on the dollar. The company is under a review for credit-rating upgrades pending its acquisition of Felix Energy LLC.

Citigroup Suspends Trader for Food Theft

By Simon Clark

Citigroup Inc. suspended a junk-bond trader in London for repeatedly failing to pay for food taken from the bank's cafeteria. Paras Shah, the head of Citigroup's high-yield bond trading for Europe, the Middle East and Africa was suspended last month, according to a person familiar with the matter. Mr. Shah earned about £1 million (\$1.32 million) annually, including a bonus. He didn't respond to a request for comment. Mr. Shah joined Citigroup in 2017 after working as a trader for more than six years at HSBC Holdings PLC, according to his LinkedIn profile. He also accumulated work experience at Goldman Sachs Group Inc. The Financial Times reported his suspension on Monday. It isn't the first time a worker in London's finance industry has paid a price for alleged misconduct away from a core job function. In 2014, the U.K.'s Financial Conduct Authority banned BlackRock Inc. fund manager Jonathan Burrows for life for repeatedly evading the correct fare on his train journey to work. The train company said Mr. Burrows had evaded £43,000 in fares, while the fund manager said the amount owed was significantly less. The FCA said it expected finance workers to act with honesty and integrity at all times. "Any act which calls someone's honesty into question is likely to get them into serious trouble with their employer and quite likely with the regulator as well," said Ed O'Bree, a partner at Bovill, a London consulting firm that advises on regulation. High-yield or junk-bond traders buy and sell the debt of companies considered to be more risky. Citigroup's revenue from all fixed-income trading soared 49% to \$2.9 billion in the fourth quarter of 2019 from a year earlier.

Worldline Strikes \$8.6 Billion Deal for Rival Payments Giant

By Ben Dummett

Fintech company **Worldline SA** agreed Monday to acquire rival **Ingenico Group SA** for €7.8 billion (\$8.6 billion), creating a giant in the fast-consolidating European payments sector. The all-French deal comes as consumers are using their mobile phones and payment cards more to make purchases and manage their finances. As demand grows, payments-processing businesses are under pressure to keep costs low, add customers and

fund investments in new technology, at the same time as ensuring security amid greater regulatory scrutiny. Last month, Visa Inc. struck a \$5.3 billion deal to acquire Plaid Inc., a provider of software that gives financial-services apps access to financial accounts. So far this year, overall global mergers and acquisitions are down 57% to \$157.8 billion from a year earlier, according to Dealogic, amid worries of an economic slowdown as the world contends with the fast-spreading coronavirus. Based outside of Paris,

But the payments sector has bucked that weakness, signaling that it could be a key driver in global deal making this year. At \$8.6 billion, Monday's deal ranks as the biggest so far this year, ahead of aerospace suppliers Woodward Inc. and Hexcel Corp.'s \$764 billion merger, according to Dealogic. It is also one of two payments deals, along with the Visa-Plaid transaction, that are among the five biggest global transactions so far this year, according to the data provider. Based outside of Paris,

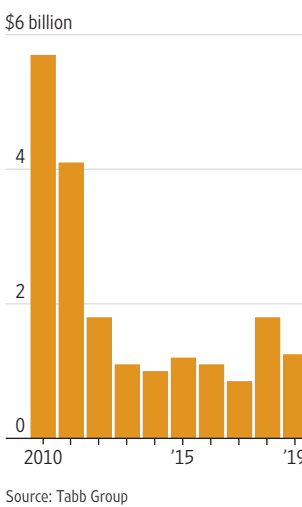
Worldline provides payment-processing services across the retail, financial services, telecom and transportation sectors. It offers payment terminals and tools that merchants use to allow customers to pay for goods digitally. By acquiring crosstown rival Ingenico, Worldline is aiming to consolidate its position in Europe, gaining access to the more than 550,000 merchants that Ingenico services. Worldline said that the combined company would generate annual revenue of about €5.3 billion, making it the fourth-large

est payment-services company world-wide based on 2018 revenue. The biggest is Fiserv Inc., which agreed last year to acquire First Data Corp. for \$22 billion. In 2018, the combined entity generated \$15.3 billion in revenue. Under the deal, Ingenico shareholders will receive 11 Worldline shares and €160.50 in cash for seven Ingenico shares, valuing each Ingenico share at €123.10. Worldline shareholders will own 65% of the combined company, with Ingenico investors owning the remainder.

Speed Trader Slumps

Continued from page B1
ates more opportunities for them to capture profits from brief price dislocations. Many of Tradebot's rivals also have struggled since the postcrisis years, when volatility and surging volumes created a bonanza for speedy traders. Research firm Tabb Group estimates that high-frequency traders made \$1.25 billion from U.S. equities trading last year, down from \$5.7 billion in 2010. Adding to Tradebot's difficulties, the firm lost more than a dozen traders and technologists in 2018 and 2019, according to the people familiar with the matter. Most quit, but some were fired after friction with Mr. Cummings, the people said. "Tradebot is fun. Grumpy people were asked to leave," Mr. Cummings said. He said the firm employs fewer than 50 people today, down from a peak of 76 a decade ago. In August, Tradebot sued seven former employees who had left for a firm now owned by **Jump Trading**, a Chicago high-speed-trading giant. Tradebot accused them of stealing trade secrets and violating noncompete agree-

Estimated high-frequency trading revenues from U.S. equities



Source: Tabb Group
ments. The former employees have asked a Missouri federal judge to dismiss the suit, arguing that Tradebot has failed to show evidence of theft and calling the noncompete agreements unenforceable. Tradebot and Jump declined to comment on the suit. Lawyers for the former employees didn't respond to requests for comment. Mr. Cummings was among the first high-frequency traders to speak publicly about the secretive industry. Defying critics who accuse ultrafast traders of exploiting ordinary investors, he has argued that electronic trading benefited investors and made markets fairer. The 50-year-old Mr. Cummings is perhaps best known for starting Bats Global Markets. The venture, founded in

2005, grew into the third-biggest U.S. stock-exchange operator after the New York Stock Exchange and Nasdaq Inc. Mr. Cummings promoted Bats by sending wooden baseball bats with the company's logo to trading firms. Besides the wordplay, the bats symbolized Mr. Cummings's readiness to take swings at what he considered a NYSE-Nasdaq duopoly. He stepped down as CEO of Bats in 2007. **Cboe Global Markets Inc.** acquired Bats for \$3.4 billion in 2017. Although Mr. Cummings wasn't involved with Bats by then, the deal added to his fortune, which his associates estimate is in the hundreds of millions of dollars. Mr. Cummings declined to comment on his net worth. One source of friction within Tradebot has been Mr. Cummings's insistence on sticking to U.S. stocks, even as some employees wanted to expand into other markets such as Europe, the people familiar with the matter said. Tradebot's biggest competitors, such as **Virtu Financial Inc.** and **Citadel Securities**, are active in dozens of countries and multiple asset classes such as options, futures and Treasuries. In 2016, Tradebot shuttered its only international effort, in Canadian stocks. Mr. Cummings said he has concentrated on the U.S. stock market because it is his passion. "Other people can pursue other markets, but I have no regrets working in America," he said.

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MARKETS

Yields Stabilize As China Stimulates

By Sam Goldfarb

A weekslong rally in U.S. government bonds paused after China's central bank took stimulus measures to mitigate the economic impact of the coronavirus and data showed a rebound in U.S. manufacturing activity.

The yield on the benchmark 10-year U.S. Treasury note settled at 1.520%, according to Tradeweb, compared with 1.521% Friday.

Yields, which rise when bond prices fall, initially climbed after China's central bank said Sunday it would inject 1.2 trillion yuan (\$173 billion) into the financial system in response to the continued spread of the coronavirus, which has threatened to disrupt the global economy.

CREDIT MARKETS

Yields got another boost after the Institute for Supply Management said its U.S. manufacturing index rose to 50.9 in January from 47.2 in December, indicating the first monthly expansion in the sector since July.

Demand for bonds, though, quickly picked up again, reflecting the continued appeal of safer assets amid ongoing concerns about the coronavirus.

Investors this year had been hopeful that the global economy could rebound from 2019—when it grew at its slowest pace since the financial crisis—thanks in part to a de-escalation of the U.S.-China tariff battle and promises of support from Federal Reserve officials.

The coronavirus has damped that optimism as governments around the world have sought to block visitors from China, suggesting the virus is already becoming a drag on economic activity even as public-health experts continue to study how contagious it is.

Underscoring the concerns about the economic outlook, the yield on the 10-year note closed below the yield of the three-month Treasury bill on Monday for the third consecutive session.

Investors closely watch the dispersion of Treasury yields because recessions have often followed times when long-term yields have dropped below short-term yields, a phenomenon known as an inverted yield curve. An inversion of the 10-year and three-month yields is seen as a particularly reliable signal of a coming economic contraction.

The dollar strengthened, with the WSJ Dollar Index—which measures the currency against 16 others—up 0.42% to 90.93. The increase was the index's largest point and percentage gain since late September and snaps a two-session losing streak.

The dollar fell 0.3% against the euro but gained against the British pound and the Japanese yen.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS			
	13-Week	26-Week	
Applications	\$116,267,989,000	\$108,470,487,500	
Accepted bids	\$45,654,461,500	\$39,566,689,500	
* noncomp	\$1,940,589,500	\$839,696,200	
* foreign noncomp	\$300,000,000	\$500,000,000	
Auction price (rate)	99.608194 (1.550%)	99.231556 (1.520%)	
Coupon equivalent	1.582%	1.557%	
Bids at clearing yield accepted	29.49%	92.84%	
Cusip number	912796T16	912796WZ8	

Both issues are dated Feb. 6, 2020. The 13-week bills mature on May 7, 2020; the 26-week bills mature on Aug. 6, 2020.

Goldman's Trader-Coder Star Is Set to Leave Firm

By Liz Hoffman

Goldman Sachs Group Inc.'s "straders," the hybrid trader-coders whose star has been on the rise inside the Wall Street firm, are losing their ringleader.

Adam Korn, who represented a new kind of Wall Street trader—one reared on computer code, not instinct—is leaving the firm, people familiar with the matter said. His departure follows that of Martin Chavez, a technolo-

By ALEXANDER OSIPOVICH
AND ANNA ISAAC

Stocks rebounded after last week's decline, though oil prices continued to slide on concerns that China's coronavirus outbreak will reduce energy consumption.

The Dow Jones Industrial Average rose 143.78 points, or 0.5%, to 28399.81. The S&P 500 gained 23.40, or 0.7%, to 3248.92. The Nasdaq Composite climbed 122.47, or 1.3%, to 9273.40.

MONDAY'S MARKETS

The S&P 500 is back in positive territory for the year. A big drop Friday—the worst day for the broad-based index since August—had briefly wiped out its year-to-date gains for 2020.

Oil prices fell on worries that the virus will continue to disrupt the world's second-largest economy. U.S. crude oil futures fell \$1.45, or 2.8%, to settle at \$50.11 a barrel. They are down more than 20% from a recent peak in early January.

Futures on Brent crude, the global oil benchmark, fell \$2.17, or 3.8%, to \$54.45 a barrel, their lowest settlement in more than a year and more than 20% below where they were in September.

Saudi Arabia is pushing for significant oil-production cuts to prop up prices, according to OPEC officials. Representatives of the Organization of the Pe-

troleum Exporting Countries and its allies are set to meet Tuesday and Wednesday to discuss next steps.

U.S. stock investors may have seen Friday's selloff as a buying opportunity, said Michael Mullaney, director of global markets research at Boston Partners.

He noted that with past outbreaks, such as severe acute respiratory syndrome, or SARS, stocks have tended to drop initially, only to bounce back once the rate of new infections slows.

"Once you see a slowdown in the uptick of new cases, historically the market has generally done quite well after that," Mr. Mullaney said.

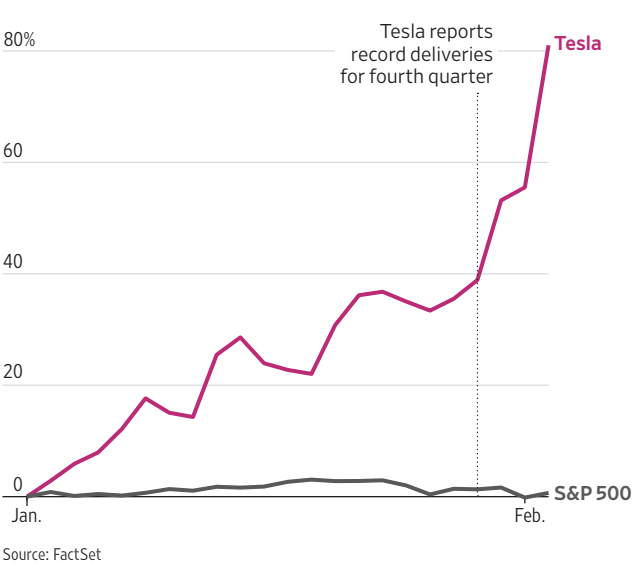
Chinese authorities have quarantined millions of people to contain the virus. Major global airlines have suspended flights to mainland China.

Chinese markets tumbled sharply Monday, the first day of trading following the extended Lunar New Year break. The Shanghai Composite Index closed 7.7% lower in its steepest drop since August 2015, with many stocks dropping by the maximum 10% that is allowed.

The move had been expected because Chinese markets closed just as the outbreak was beginning to draw widespread attention.

In addition, investors were also watching Monday's presi-

Share-price and index performance, year-to-date



dential caucuses in Iowa for insights into whether a candidate who supports a bigger role for government may beat out rival Democratic contenders. The state is expected to play a role in winnowing down the field of Democratic candidates as the party chooses who will take on President Trump in November.

"Markets have previously reacted quite strongly when left-wing, populist Democratic candidates have performed well," said Oliver Jones, market economist at Capital Economics.

In an upbeat sign for the U.S. economy, the U.S. factory sector improved in January, moving into expansionary ter-

ritory for the first time since July.

The Institute for Supply Management said that its manufacturing index rose to 50.9 in January from 47.2 in December.

Readings above 50 indicate activity is expanding across the manufacturing sector, while those below 50 signal contraction.

Manufacturing has been a weak spot for the economy, which has continued growing over the past year largely on the strength of consumer spending.

In corporate news, **Tesla** shares jumped \$129.43, or 20%, to a record close of \$780 after

Shanghai Index Sinks After Holiday

Chinese markets dropped on the first day of trading after the extended Lunar New Year break, because of anxiety over the fast-spreading coronavirus and uncertainty about its impact on the global economy.

By Steven Russolillo, Xie Yu and Stella Yifan Xie

The benchmark Shanghai Composite Index fell 7.7% on Monday, shedding about 2.6 trillion yuan (\$375 billion) in market value in its steepest one-day decline since August 2015. The Shenzhen Composite dropped 8.4%. Stocks settled down early Tuesday, with the Shanghai index down 0.1% and the Shenzhen index up 1.1%.

The drops Monday reflected how China was catching up with the rest of the world's declines last week. Some exchange-traded funds that hold mainland-listed stocks fell 8% last week, foreshadowing the declines in Shanghai and Shenzhen.

Other markets in Asia were mixed, with benchmarks in India and Hong Kong rising, while South Korean and Japanese gauges fell less than 1% each.

The offshore yuan weakened to 7.0141 to the dollar.

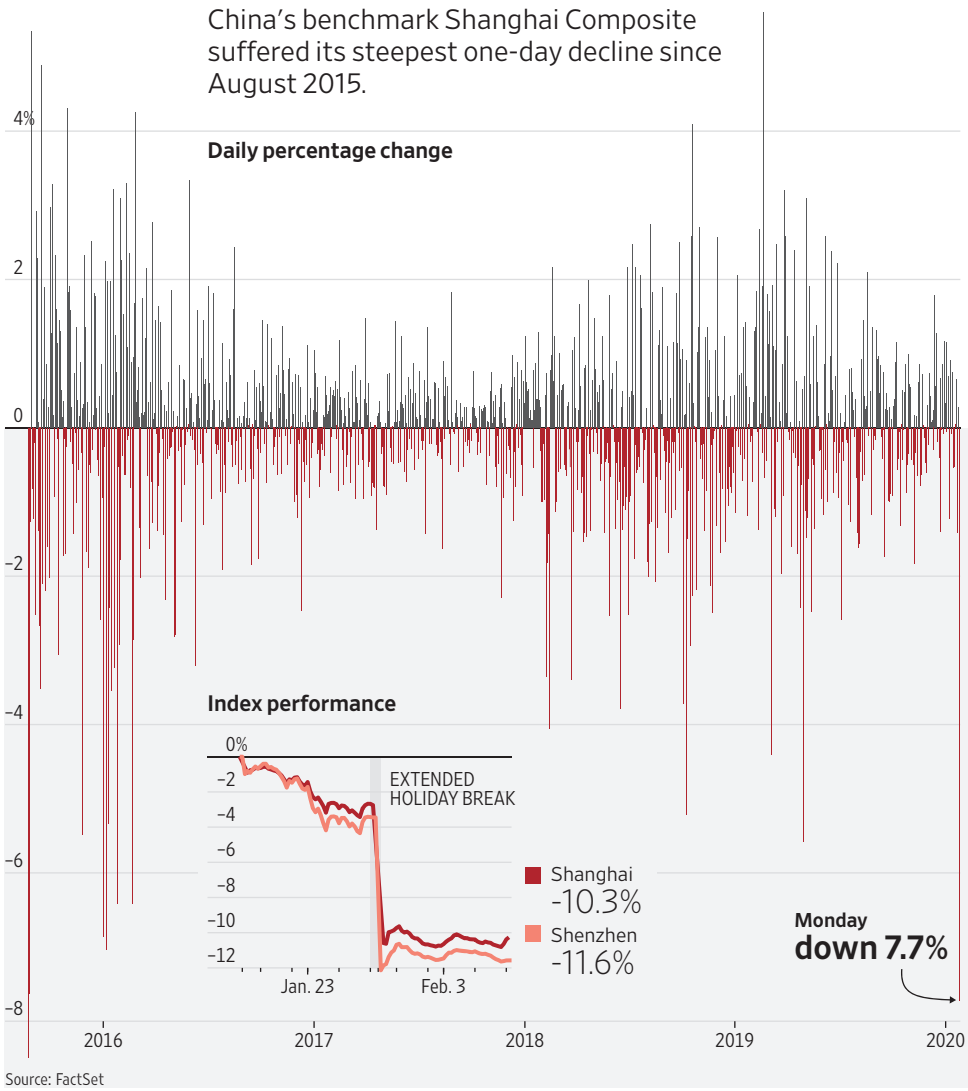
The selloff came even as authorities unleashed overt and less-publicized measures aimed at calming investors. China's central bank said on Sunday that it would inject 1.2 trillion yuan (\$173 billion) into the financial system.

The securities regulator last week urged investors to view the coronavirus "rationally and objectively."

In addition, brokers were told by the regulator to suspend securities-lending businesses, meaning clients can't borrow shares, according to two mainland-based hedge-fund investors.

Such a measure means investors can't bet on market falls by short selling, or selling borrowed stock with the aim of buying it back later at a lower price.

One brokerage described the halt in short selling as part of the "political task" of



stabilizing the market, according to a screen shot of a memo that investors said originated from Orient Securities Co.

An Orient spokeswoman declined to comment.

Authorities have sometimes resorted to such discreet interventions to counter volatility, especially since China's stock market suffered a near-\$5 trillion rout in 2015.

In addition, China's top economic planner said the virus's impact would be temporary and wouldn't alter the positive long-run outlook.

In a front-page editorial, the state-owned China Securities Journal urged investors to maintain hope, saying authorities had acted swiftly to offset pressure on the economy.

Financial bloggers were encouraged not to add to the

gloom. Hou Anyang, chairman of Shenzhen-based FrontSea Asset Management and a popular financial commentator, posted a message he received from Weibo on Monday that urged him to "watch out for comments and avoid spreading negative information and mood" during this "special time." Weibo is a Twitterlike platform popular in China.

"So, the market only fell slightly today?" Mr. Hou wrote to his 857,000 followers on Weibo in response.

Shares in the consumer, transportation and financial sectors in China were among the many stocks that fell by the maximum 10% daily limit. These included liquor distiller **Wuliangye Yibin Co.**, beer maker **Tsingtao Brewery Co.**, and brokerages such

as **Citic Securities**, **Haitong Securities** and **Huatai Securities**.

Hainan Airlines Holding and **China Eastern Airlines** Corp. also shed 10% each. Transportation and tourism stocks have been among the hardest hit globally.

Already, a number of airlines have canceled flights to and from China, domestic travel and business activity have dropped, and conferences have been postponed. The fear of infection is keeping many people home.

"I would be surprised if we are back to any kind of normalcy by April even in a best-case scenario," said Bill Bishop, a China watcher, over the weekend in his Sinocism newsletter on Chinese current events.

analysts at Argus Research and ARK Invest raised their price targets for the electric-car maker.

Gilead Sciences climbed \$3.16, or 5%, to \$66.36. The drugmaker on Friday said it had provided doses of an experimental antiviral drug to doctors for the emergency treatment of a small number of patients infected by the coronavirus.

Exxon Mobil shares slid \$1.39, or 2.2%, to \$60.73 after analysts at Goldman Sachs cut their rating to sell from neutral. Slumping oil prices also weighed on Exxon, making it the second-worst performer in the Dow.

The British pound fell 1.6% against the dollar, reflecting concerns about trade talks between the European Union and the U.K., said Jordan Rochester, a foreign-exchange strategist at Nomura Holdings.

The U.K. formally exited from the EU Friday and entered into a transition period. Both sides fired opening salvos on Monday as they begin the negotiations that will determine the terms of their future relationship.

The pan-European Stoxx Europe 600 gained 0.2%.

"We expect a tough talk in the opening rounds of the Brexit talks," Mr. Rochester said.

—Steven Russolillo contributed to this article.

Tesla Shares Rally at Fastest Pace Since 2013

By Akane Otani

Tesla Inc. shares are rallying at their fastest pace in years, testing the resolve of short sellers who have made the electric-car maker one of the most bet-against companies in financial markets.

At the beginning of the year, Tesla shares behaved much like any other stock in the market—they headed higher. But as a wave of selling spurred by worries about the coronavirus outbreak wiped out the broader market's gains, Tesla shares did something unexpected: They kept rising at breakneck pace.

The ascent has been so rapid that Tesla shares, which jumped 20% to a closing record on Monday, are now up 86% for the year—outperforming every single stock in the S&P 500, as well as bitcoin and gold. Tesla's rise over the past five trading days marked its best five-day stretch since a rally in May 2013, when the company posted its first-ever quarterly profit.

What has driven the company to this point? The rally got a boost last week when Tesla reported making record deliveries in the fourth quarter and said it planned to deliver more cars globally in 2020. A flurry of analysts have helped fuel the stock's rise, with Argus Research bumping up its share-price target to \$808 from \$556 Monday.

The gains are proving to be a thorn in skeptics' side. The value of short positions on Tesla dropped by a record \$5.8 billion in January, according to financial analytics firm S3 Partners. Short sellers borrow stocks and sell them, profiting if they are able to repurchase the shares at lower prices. S3 Partners estimates the number of Tesla shares that are shorted dropped by 1.4 million over the past 30 days.

"The million dollar question is when will the next wave of serious short covering occur and whether it will be a continuous trickle or a tsunami?" said Ihor Dusaniwsky, managing director at S3 Partners.

Despite some short covering over the past few weeks, there is still some \$14 billion in short interest against Tesla, making it the most shorted U.S.-traded company, according to S3 Partners. **Apple** Inc. and **Microsoft** Corp. follow in second and third place.

While analysts have bumped up their price targets for the stock, Tesla is trading above where many think it should be. As of Monday, Tesla was roughly 64% above analysts' average price target for the stock, according to Bespoke Investment Group.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Hard Global Tax-Reform Decisions Loom

Washington and Brussels have stepped back from the trans-Atlantic battle over corporate rules, but it is only a break in the action

Global tax reform has taken a small step forward—but only by delaying tough conversations. Another wave of political brinkmanship over the thorny question of how Silicon Valley’s technology giants are taxed is all too possible.

On Friday, the Organization for Economic Cooperation and Development announced a deal to move ahead with a single framework for reallocating corporate taxation rights—there were previously three rival proposals—and plans for a minimum tax. Officials from 137 nations now aim to agree on an approach by July and a solution by December.

The timing is very ambitious and there are still a number of critical differences to be worked out. Presi-

dent Trump’s threats of a trans-Atlantic trade war loom large. Politicians around the world will need to make difficult compromises if the project is to succeed.

Failure to reach an agreement will end the truce agreed by the president and his French peer Emmanuel Macron in January. France will start charging big companies 3% on their digital revenues, and the U.S. is likely to follow through on its threat to hit French luxuries with a 100% tariff. A couple of dozen more countries are working on their own taxes on digital revenue and might end up hit with retaliatory U.S. tariffs, too.

That would be a grand mess for global companies. They wouldn’t get the tax certainty they crave,

could pay some double taxes on earnings and may even bear some of the cost of tariffs.

The political tussle started because many countries, particularly in Europe, lost patience with what they see as multinational companies shifting international profits to avoid taxes. Technology companies are a particular focus because they can provide services and earn revenue in countries where they have few physical assets. The likes of **Apple**, **Alphabet** and **Facebook** have booked a tax rate of less than 10% on their overseas profits.

A U.S. proposal reinvigorated long-stalled negotiations and formed the basis for the latest OECD draft framework. The talks are contentious as changes to the

status quo will likely move tax revenue between countries and lift companies’ costs. But politicians and executives would prefer a global compromise to a patchwork of new digital levies and a trade war.

The project almost stalled again in December 2019 when, after public consultations, the U.S. sought to add a so-called safe-harbor clause to the new rules. This would allow U.S. companies to choose between the new or old tax regimes should Washington have trouble passing new tax legislation—a precaution likely to undermine the reform.

In a bid to keep negotiations alive, the OECD has put the safe-harbor request to one side as an implementation issue. It is a fudge, but it just might work. Safe harbor

remains a threat that Washington can use as a bargaining chip in negotiations. Parking it frees up negotiators to work on the more technical issues of the new tax framework. Other contentious issues that arise might be parked alongside it.

The compromises required on these issues will need to be made by top politicians from a number of nations. The threat of a trans-Atlantic trade war helped clear some roadblocks in last week’s talks and is keeping the pressure high, but finding an agreement will still require tough decisions. The second half of 2020, just as the U.S. political cycle reaches fever pitch, could well bring more tax drama.

—Rochelle Toplensky



Ryanair, which pioneered the practice of dividing a product into different payable segments, beat earnings expectations.

It Doesn’t Always Pay to Listen

Airline customers say they hate extra fees, but their wallets tell different tale

“Just raise my ticket price instead of loading me up with extra charges, and I’ll pay.” Evidence from the airline industry suggests this is something people say but don’t do.

The trend of “unbundling”—dividing a product up into different payable segments—has picked up pace again among carriers. It was pioneered by the likes of **Southwest Airlines** and European budget leader **Ryanair**, but full-service brands including **Delta Air Lines**, **United Airlines** and **British Airways** eventually followed suit with “basic economy” fares. Now, **Lufthansa** and **Emirates**—which focuses more than most on the luxury market—are testing the waters of unbundling in business class.

The key question is how much this alienates fliers. Passengers are often quite vocal about the inconveniences of traveling with low-cost carriers. Complaints are aimed at shrinking legroom and baggage restrictions as well as the corollary that fliers have to pay for every extra comfort. In the past, findings by researchers have suggested that unbundling angers customers.

But airlines can sometimes be ill-advised to listen to customers, be-

cause their wallets say something different. The profits of European budget leader Ryanair over the past year point in this direction. On Monday, the Irish company reported earnings and sales for the period between October and December ahead of what investors were expecting. The shares rose more than 5%.

Ancillary revenue was up 28% year over year and now accounts for more than 30% of the total, compared with 22% five years ago. This was due to a change in baggage policy, implemented in November 2018, that restricts nonpriority travelers to one small cabin bag. In exchange, the carrier lowered the fee for checking in the smaller wheeled cases that passengers often take as hand luggage.

The changes were introduced in part to avoid a mounting problem: Narrow-body jets such as the Boeing 737—used by Ryanair—and the Airbus A320 don’t have enough cabin space to accommodate everyone’s luggage, even if those bags fit the required size. This ends up causing delays as bags need to go into the hold.

Yet the move was a U-turn for a company that was trying hard to clean up its reputation for aggravat-

ing passengers with a stream of hidden charges. Ryanair softened its policies in 2013, allowing passengers to take two bags on board free.

Undoing this work only five years later was no small risk. It created a social-media backlash, and it seemed plausible that vexed fliers would move to other companies, or simply travel with less. Ryanair ranks as the most hated airline in U.K. consumer surveys.

Instead, this past year’s results show that passengers paid up for priority boarding or extra check-in fees. And given that scheduled revenues, which mostly come from tickets, rose 16% in a tough period for European carriers, it doesn’t seem like Ryanair lost customers. Fears that carriers’ unbundling strategies are going too far may be misplaced.

Of course, the experience of budget airlines can’t be directly applied to legacy ones, particularly their business customers, who are more focused on ease of service than cost.

But there is still an important lesson here for companies and their investors: What customers want and what they say they want isn’t always the same thing.

—Jon Sindreu

Google’s Cloud Can’t Cover Up a Slowdown In Core Advertising

Google’s cloud keeps rising even as its advertising business floats back to Earth. The problem is that one weighs a whole lot more than the other.

The difference was made extra clear by fourth-quarter results on Monday afternoon from parent company **Alphabet Inc.**

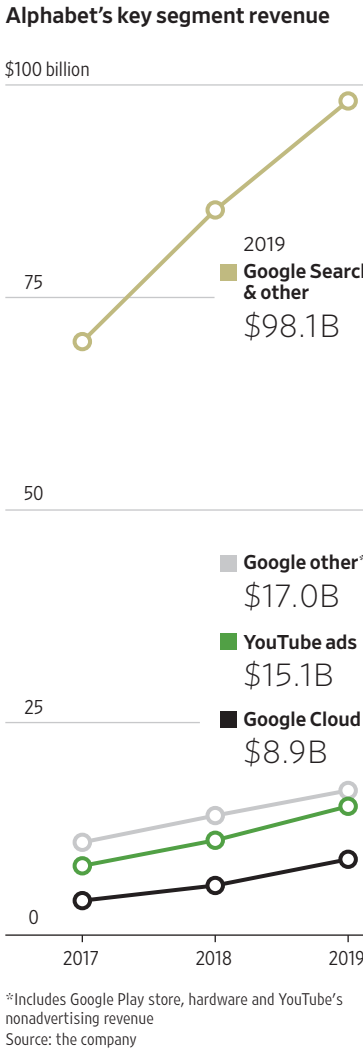
Those results included the company’s first direct disclosures of its Google Cloud revenue as well as that derived from YouTube ads. The latter was particularly overdue given that it comes nearly 14 years after Google bought the video-streaming company for \$1.65 billion. YouTube ads generated a little over \$15 billion in revenue in 2019, which would put the operation in the top half of the Fortune 500 all by itself.

But YouTube also is a part of Google’s core advertising business, which is still more than 15 times the size of its cloud operations. That ad business has been decelerating lately. Total advertising revenue came in at \$37.9 billion, which was up 17% year over year but still fell shy of Wall Street’s forecasts. Ad revenue for the full year rose nearly 16% to \$134.8 billion—a notable slowdown from the 22% growth logged in 2018. Google still accounts for nearly one-third of the world’s digital ad market, according to eMarketer, but it faces growing competition from the likes of **Facebook**, **Amazon.com** and others. Alphabet shares fell after hours following the report.

Investors should welcome the new transparency, which is an encouraging development just two months into the tenure of Alphabet’s new leadership. Google Cloud remains the company’s best shot at diversifying away from its longstanding advertising dependence. Monday’s report does show the cloud is picking up steam, with revenue there growing 53% in 2019 compared with 44% the year before.

But it also makes clear that diversification is a long-term project at Google. The bills, meanwhile, are growing today, with Google’s core operating margin slipping to 26% in 2019 compared with 29% two years ago. The company also hired a record 20,000 employees during the year. At least now investors have a slightly better idea of what all those new hands are up to.

—Dan Gallagher



A Risky Pause for Chinese Developers

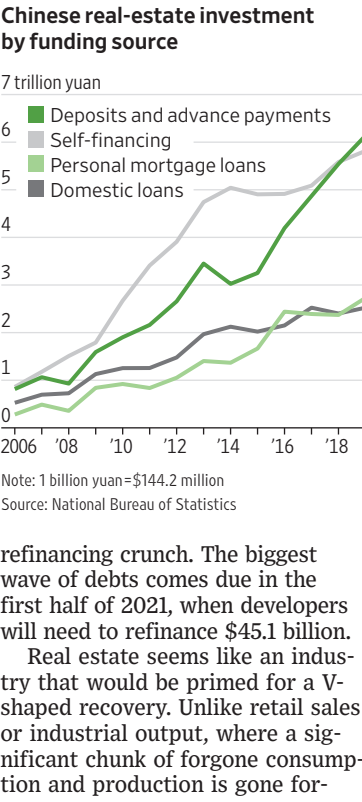
China’s major real-estate companies have shut sales centers across several cities as the number of reported coronavirus cases grows. Disruption to travel and work will slow property sales nationally, halting them fully in the most heavily affected areas.

Exactly how big an impact that will have on developers remains to be seen, but a prolonged freeze will hit a funding mechanism that has become vital.

Deposits and advance payments now make up the greatest portion of financing for real-estate developers, with almost all sales made before construction is finished.

The inability to build or sell properties at a normal pace will eventually strain this risky funding model. A 20% decline in advance payments to developers this year—an extreme scenario based on about 10 weeks of lost activity—would reduce the sector’s funding by about 1.2 trillion yuan (\$173.04 billion)—about 7% of the total payments received last year.

Developers may struggle to meet obligations in the offshore bond market. There isn’t an immediate



ever, someone seeking to buy a house in December will still want one in May.


Unfortunately, developers have business models that rely on growing at a far faster pace than the wider economy. Any knock to general economic activity could be deleterious, especially if it isn’t followed by the sort of no-holds-barred stimulus that sent the sector roaring back to life in 2016.

Companies with particular exposure to virus-affected areas bear watching a little more closely.

Sino-Ocean and **Longfor** have larger-than-average land banks in Wuhan, and saw year-over-year sales declines of 28% and 33%, respectively, during January, according to Nomura.

Likewise, the most heavily indebted firms should be on any credit investor’s radar. **China Evergrande** and **Sunac** have the largest offshore repayment schedules this year.

—Mike Bird



OVERHEARD

If the stock market ends lower this year, you might lay the blame on the coronavirus outbreak, the Federal Reserve, Donald Trump or Bernie Sanders. Or you could point the finger at Patrick Mahomes.

The quarterback’s stunning, come-from-behind drive sealed victory in the Super Bowl for the Kansas City Chiefs but, if past patterns hold, it may have sealed the market’s fate, too.

Far stickier than the Super Bowl indicator that has superstitious traders rooting for a victory for a team from the pre-merger National Football League as opposed to the less-auspicious American Football League, analysts at Bespoke Investment Group point out that a 49ers win has been fantastic for stocks.

Throughout the remainder of the year, the S&P 500 has rallied by 20.2% on average and rose all five times the 49ers were champs.

The Chiefs won only once previously, in 1970, and the market fell slightly over the remainder of the year.

They also lost once, after which the market rallied by 14.1%.

Correlation isn’t causation, of course, but there are plenty of unique risks that could spoil markets’ party and fulfill the prophecy.

As even the president might agree, we’re not in Kansas anymore.

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