

What's News

Business & Finance

Google, Facebook and Twitter are among U.S. tech firms that have suspended processing user-data requests from Hong Kong law enforcement following China's imposition of a national-security law. **A1**

◆ **Prominent law firms,** wealth managers and politically connected businesses were among the recipients of government loans in a program designed to help small businesses in the pandemic. **A1**

◆ **Over 40 American** business groups called on China to step up purchases of U.S.-made products as part of the "Phase One" trade pact. **A8**

◆ **The Nasdaq jumped** 2.2% in a session that saw the Dow and S&P 500 advance 1.8% and 1.6%, respectively. **B11**

◆ **Uber said** its \$2.65 billion deal for Postmates will help it better compete in restaurant delivery and the market for delivering staples. **B1**

◆ **Samsung Electronics** forecast a 23% rise in second-quarter operating profit, offering guidance that beat analysts' projections. **B1**

◆ **A second Wirecard** executive was arrested and questioned by German prosecutors as part of probes into suspected fraud at the firm. **B3**

◆ **Palantir said** it has confidentially filed paperwork for an IPO, ending a wait that made it one of Silicon Valley's oldest private startups. **B10**

◆ **A judge ordered** the Dakota Access pipeline to shut down by next month because it was improperly granted a key environmental permit. **B2**

World-Wide

◆ **The Supreme Court,** in a unanimous decision, ruled that presidential electors can be required to cast ballots for the candidate who wins their state's popular vote. **A3**

◆ **The high court blocked** the use of robocalls to collect government-backed debt, closing an exception Congress enacted in 2015 to a decades-old ban. **A3**

◆ **Parts of the U.S.** moved tentatively forward with reopening, as other regions continued to struggle to contain the monthslong coronavirus pandemic. **A6**

◆ **Israel reimposed** portions of a strict virus-containment lockdown the government had eased in May. **A7**

◆ **A spate of shootings** in U.S. cities over the holiday weekend resulted in the deaths of a number of children and calls from officials for a halt to the violence. **A3**

◆ **Trump questioned** Nascar's Confederate flag ban, criticized driver Bubba Wallace and blasted sports teams for rethinking names widely seen as racially insensitive terms for Native Americans. **A5**

◆ **Chinese authorities** have detained legal scholar Xu Zhangrun, a critic of Xi's leadership, the professor's friends said. **A8**

◆ **The U.K. government** issued sanctions against dozens of Russian and Saudi nationals for alleged human-rights abuses. **A16**

◆ **Died: Charlie Daniels,** 83, country-rock musician. **A2...****Ennio Morricone,** 91, film-score composer. **A16**

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New York City Toes the Line in Steps to Return to Normal



BACK TO WORK: A customer gets a pedicure behind a plastic shield at a nail salon in Harlem on Monday as New York City began phase three of reopening businesses and easing some restrictions to prevent the spread of the coronavirus. **A6**

Pandemic Loan Recipients Include Well-Heeled Firms

WASHINGTON—Prominent law firms, wealth managers and politically connected businesses were among the recipients of \$521 billion in government loans in a program designed to help small businesses weather the coronavirus pandemic.

By Ryan Tracy, Chad Day and Heather Haddon

A list of some of the borrowers under the Paycheck Protection Program was released by the Trump administration for the first time Monday following pressure by Congress and others to disclose who received the loans. On the list: Boies Schiller Flexner LLP, the law firm headed by high-profile antitrust litigator David Boies;



Newsmax Media Inc., the media company run by Trump donor Christopher Ruddy; and an Indianapolis service provider to charities part-owned by Educa-

tion Secretary Betsy DeVos. P.F. Chang's China Bistro Inc., a restaurant operator with more than 200 U.S. locations, got a loan. So did big real-es-

tate investors and wealth managers. Nonprofits receiving funds included the Girl Scouts of the United States of America, the Sidwell Friends school in Washington whose alumni include children of former presidents, and the foundation that runs the Guggenheim art museum in New York. The 660,000 entities named on Monday got only the largest loans, those of \$150,000 or more, representing about 15% of the more than four million participants in the program but about \$3 of every \$4 distributed. All the borrowers may have the loans forgiven, as long as they spend at least 60% of the funds on payroll and meet other requirements. While specific loan amounts

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Uncertainty Lingers For Shale Companies Despite Oil's Rebound

By AMRITH RAMKUMAR

U.S. crude supply is falling at its quickest pace ever, easing a global oil glut and spurring a swift recovery in fuel prices. Yet oil's push back above \$40 a barrel as drivers return to roads isn't enough for beleaguered shale producers, which until recently were the driving force behind a transformation of the global energy industry. For many of them, prices haven't risen far enough to help ease the strain of debt taken on during boom times. And the need to cut output in the face of pandemic-hit demand means they can't pump their way out of trouble. Weekly U.S. output recently fell to 10.5 million barrels a day, down from a near-record of 13 million barrels a day from late March, government data show. With companies

from Chevron Corp. to Continental Resources Inc. shutting in productive wells in response to the coronavirus, the slide marks the biggest 11-week drop on record in figures going back to 1983. In percentage terms, the decline is the biggest since the 2008 financial crisis, when U.S. oil output was less than half of what it is now. The decline in domestic supply and record output cuts from the Organization of the Petroleum Exporting Countries and partners including Russia are supporting oil prices after they collapsed earlier in the year. Even with the recent rebound, oil prices are still well below where they started 2020, and many investors still expect a wave of bankruptcies

◆ Judge orders shutdown of Dakota Access pipeline..... **B2**

Hospitals Struggle to Block Internal Spread of Covid-19

Likely infections inside the facilities top 5,000, adding to their strains

By RUSSELL GOLD AND MELANIE EVANS

The University of Illinois Hospital in Chicago thought it was ready when the pandemic reached its emergency room in early March. Staff wearing protective gear whisked the first coronavirus patient into isolation, allowing the hospital to stay open for urgent operations. "We have response plans in place to minimize any continued risk to patients, staff or students," the university said in a campus-wide letter.

Those plans were no match for the virus. Within a month and a half, three staff members—two nurses and an operating-room technician—died from Covid-19. By mid-June, more than 260 of the hospital's nurses, clerical staff, custodians and technicians had tested positive for the coronavirus, nearly 7% of workers represented by unions. And then a fourth staff member died

◆ Gerald F. Seib: A rift over 'normal' America... **A4**

Pneumatic Tubes Are Hot Banking Tech

\* \* \*

Customers jam drive-through lanes again

By ORLA MCCAFFREY

Even Brody, a Labrador retriever, is a new fan of the customer drive-through at the local Fifth Third Bancorp branch just north of Cincinnati. After the bank closed its lobbies during the pandemic, Brody's owner, Julie Phillippi-Whitney, switched to the drive-through lane for her public-relations business, putting checks into cylinders that travel via pneumatic tube from the driver's side of her car to a teller inside. The cylinders return with dog treats. "He thinks the drive-through at Fifth Third is a giant Milk-Bone dispensary,"

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INSIDE

OBITUARY

Charlie Daniels, known for hits like 'The Devil Went Down to Georgia,' was 83. **A2**

BUSINESS & FINANCE

Disney signs Kaepernick to produce series on race and social injustice. **B1**



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U.S. NEWS

Services Sector Perks Up, but Faces New Threat

By DAVID HARRISON

U.S. services industries showed signs of recovery in June as businesses took early steps to reopen following the easing of some of the coronavirus-related lockdowns, according to two surveys of purchasing managers released Monday. But analysts warned those gains could be undone in July as a resurgence of cases in some states leads to another shutdown of businesses.

Businesses in both surveys reported last month that de-

mand had started to stabilize and that exports were starting to pick up. The pace of job cuts slowed with some companies starting to hire again. Prices rose, another sign of renewed demand. Survey respondents also said they were increasingly optimistic about the outlook, even though overall business confidence remains subdued.

An index of service activity compiled by data firm IHS Markit registered 47.9 in June, up from 37.5 in May. The reading suggests that while economic activity in the U.S. ser-

vices sector continues to contract, it is doing so at a slower pace. Readings of 50 or above are a sign of expansion while readings below 50 signal contractions.

A separate index compiled by the Institute for Supply Management posted 57.1 in June, the first month-over-month expansion following two straight months of contraction.

The service sector, especially the hospitality and accommodation industry, was hard-hit by the shutdowns this spring. Private service em-

ployers shed 17.4 million jobs in April before clawing back 2.5 million in May and another 4.3 million June, according to the Labor Department.

Services account for roughly two-thirds of the U.S. economy, which means that an improvement in the sector could bode well for growth in the third quarter. Economists surveyed by The Wall Street Journal in June said they expected the economy to grow 14.2% in the third quarter of 2020, following an expected 33.5% decline in the second.

But much will depend on

the path of the virus in the weeks ahead. Authorities in Texas and Florida, which had been among the earliest states to reopen, announced new closures and restrictions on restaurants and bars at the end of June, as cases rose. New York, Michigan and California have also ordered businesses to close again as case counts rise.

“There remains a strong possibility that growth could tail off after the initial rebound,” said Chris Williamson, chief business economist at IHS Markit.

Anthony Nieves, who heads ISM’s services surveys, noted that despite the return to growth in June, activity remains well below pre-pandemic levels.

Real-time indicators tracking restaurant reservations or visits to retailers show that national activity is leveling off as a new wave of cases prompts people to stay home, said Michael Pearce, senior U.S. economist for Capital Economics.

◆ **Heard on the Street: Sector’s stamina in doubt.....** B12

Array of Companies Given Aid

Continued from Page One

weren’t disclosed, many of the best-known recipients took out loans of between \$5 million and \$10 million, the maximum allowed.

The disclosure appeared likely to add to a debate among lawmakers about whether the program, which distributed money at lightning speed, helped well-to-do businesses rather than those most in need. Some in Congress want to tighten requirements for receiving future pandemic aid. “Businesses shouldn’t have been taking loans if they didn’t need the money,” said Sen. Rick Scott (R., Fla.) in an interview.

In general, the borrowers either didn’t comment or said they took the funds because they qualified and used them to support jobs, as the law requires. P.F. Chang’s said that “as a direct result of receiving the PPP loan, we have been able to keep more than 12,000 team members on the job and most of our restaurants open throughout this crisis.”

Some entities connected to members of Congress also got loans. Rep. Kevin Hern (R., Okla.) owns KTAK Corp., an operator of fast-food franchises that received between \$1 mil-

lion and \$2 million. Rep. Mike Kelly (R., Pa.) received a loan for his car dealerships outside Pittsburgh. Staffers of those lawmakers said the loans supported jobs and that the congressmen aren’t involved in day-to-day operations.

The husband of House Speaker Nancy Pelosi (D., Calif.), Paul Pelosi, is an investor in a Northern California firm that received a loan. Mrs. Pelosi’s spokesman said Mr. Pelosi “was not involved in or even aware of this PPP loan.”

A handful of other lawmakers previously disclosed entities that received PPP loans.

An Illinois-based megachurch received the taxpayer money, as did a synagogue frequented by Manhattan elite, part of \$7.3 billion in loans to religious organizations. Kanye West’s Yeezy LLC, a holding company that manages a fashion design business, received a loan of between \$2 million and \$5 million.

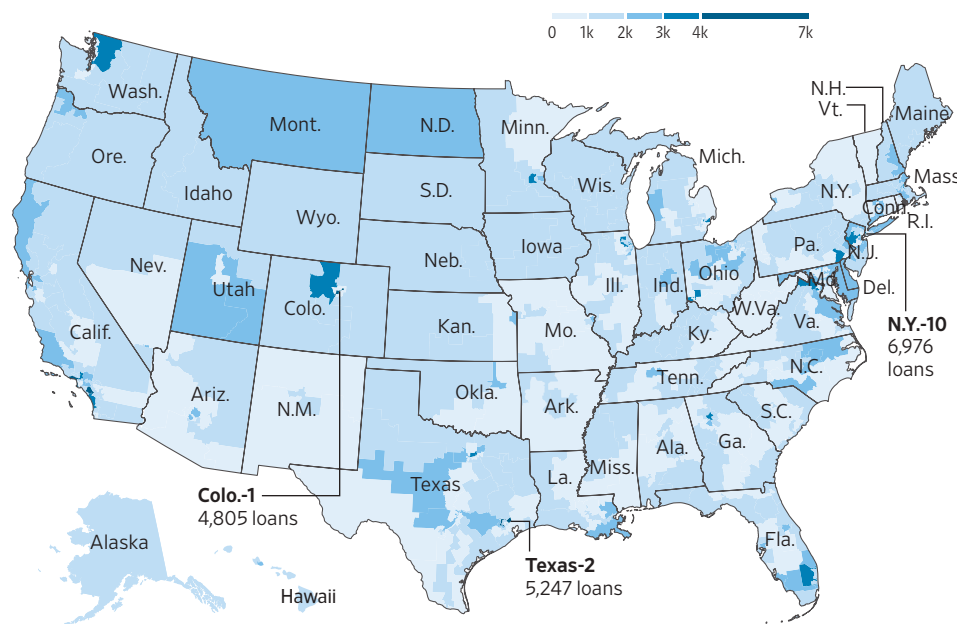
“This critical financial support was paramount to the health of our organization during a time when other revenue streams were disrupted,” the Girl Scouts group said.

A spokesman for the Education Department said Mrs. DeVos has no involvement in her family businesses’ operations while serving as secretary.

The Trump administration published the names alongside a new analysis concluding PPP loans were distributed evenly across the country, with low- to moderate-income areas receiving 27% of loans, on par with the

Over 660,000 small business loans over \$150,000 have gone out since early April. Some of the congressional districts with the most loans are in NYC and the wealthy suburbs in Texas.

Total Paycheck Protection Program loans over \$150,000 by congressional district



Source: Small Business Administration

28% of Americans who live there. “Today’s data shows that small businesses of all types and across all industries benefited from this unprecedented program,” Small Business Administration chief Jovita Carranza said.

The administration cited business confidentiality in declining to disclose specific amounts, and instead grouped borrowers into five categories based on loan size. The top tier—those between \$5 million

and \$10 million—including 343 firms in the restaurant industry, which shed 3.1 million jobs from January to June, or 25% of its precrisis payroll.

It also included 168 physician’s offices, 134 engineering firms and 128 law offices. Those sectors shed 5.3%, 3.5% and 4.6% of precrisis payrolls, respectively.

The PPP program set a \$10 million cap per loan, but the data reveal that some business

owners received dozens of loans through various subsidiaries or limited liability companies.

For example, Vibra Healthcare received two dozen loans through different subsidiaries totaling between \$41.7 million and \$97 million, according to a Wall Street Journal analysis. The Mechanicsburg, Pa., company, which operates private hospitals and rehab centers in several states, said the loans retained about 4,600 jobs. Vibra didn’t re-

spond to a request for comment.

Many companies backed by prominent venture-capital firms received PPP funding, including Getaround Inc., backed by Soft-Bank Group Corp.’s Vision Fund; and Reputation.com, backed by Kleiner Perkins.

Applicants seeking bigger loans were quick out of the gate when the program began in April, the data show. That month, 92% of the 4,840 loans of \$5 million to \$10 million were approved, compared with 59% for all loans.

The program, created by Congress in late March, offered forgivable loans to small businesses, generally defined as those with 500 employees or fewer. In an effort to get the funds out quickly, the government effectively used an honor system: If a company was eligible and said economic uncertainty made the loan necessary, the loan was approved by the bank distributing it.

“Across the board, there are gaping holes and inconsistencies in the information,” said John Arensmeyer, chief executive of Small Business Majority, an advocacy group, in a statement. He said many small businesses appear to have received less than the full amounts they had requested, including more than 1,200 companies that received less than \$100.

—Yuka Hayashi, Cezary Podkul, Inti Pacheco, Natalie Andrews, Anthony DeBarros, Caitlin Ostroff, Rolfe Winkler and Will Parker contributed to this article.

Pneumatic Tubes Hot In Banking

Continued from Page One

said Ms. Phillippi-Whitney, who kept to her car-lane habit even after the bank reopened branch lobbies in June.

Long before ATMs and on-line banking, drive-through lanes were a popular customer convenience by the 1950s. The digital age threatened survival of the mechanical systems, built on 19th-century technology, but Covid-19 has started to reverse their declining fortunes. Banks are reopening decommissioned and unused lanes. Some are installing new ones.

The increased traffic has strained operations, prompting a wave of calls to Jay Hamvas, a 51-year-old service specialist in Asheville, N.C.

Mr. Hamvas has been reconnecting closed-down pneumatic systems and repairing ones still in operation. As more bank customers pull up to the drive-through, getting the lanes up and running has become a priority.

Since the pandemic, he said, the job is “to really try and fix it the first time because banks are so busy.”

Motors powering the air that pushes containers back and forth can die unexpectedly. Cylinders ferrying cash, checks or IDs can get stuck in the tubes that connect teller and customer. Some are run over by careless drivers who drop them.

Mr. Hamvas works for Convergint Technologies, which services many of the largest U.S. banks. Calls to service drive-through equipment jumped 42% in April and May compared with the average of the previous 12 months, the company said. Cylinder sales are up 300% over the same period.

Tiffany Ross, a manager for Fifth Third, estimated that her Cincinnati branch went through 15 such containers in 2½ months in the spring, a



Bank tellers Alex Gonzalez, left, and Gina Griswold assist drive-through customers at a Capital City Bank branch.

surprising number. While waiting for replacements, one of the branch’s private bankers took busted containers home to glue back together.

The systems were once common at big newspapers, connecting copydesks to composing rooms, where articles were laid out on pages. On Wall Street, tubes used to deliver tickets from trading desks to the floor of the New York Stock Exchange.

Hospitals still use pneumatic tubes to move samples to and from laboratories. Some manufacturers transport parts by tube across sprawling factories. Cannabis sellers are using the systems where drive-through sales are legal, according to Hamilton Security, which manufactures such equipment.

Banks, though, have been closing their drive-through lanes for at least a decade, said Andrew Hovet, director at Novantas, a financial-services research firm.

Like much of the U.S. economy, that started to change in March, when banks began curbing branch service to limit the risk of the new coronavirus spreading to customers and employees. Banks temporarily closed some locations and required appointments at others.

BBVA USA closed most of its lobbies, even to appointments. The bank, though, has expanded the range of transactions in the drive-through, including opening an account, Chief Executive Officer Javier Rodríguez Solar said.

U.S. Bancorp, the country’s largest regional bank, expanded drive-through service at about a quarter of its branches in the Portland, Ore., area after closing its lobbies in March. The bank put unused lanes back into the rotation and moved tellers from branch lobbies to drive-through duty.

Citigroup Inc. reactivated about 30 drive-up teller windows after city and state authorities started telling people to stay home. JPMorgan Chase & Co., Wells Fargo & Co. and Fifth Third also have added drive-through capacity.

Mrs. Ross, of Fifth Third in Cincinnati, said closing the bank lobby was tough on customers who prefer to do business with a teller. “We have 50

regulars that just come in every day and chat with us,” she said.

Mr. Hovet, of the financial-services firm Novantas, said, “There is still this segment of branch-centric customers who want to go to a teller. And the only one available is at the drive-through.”

Skye Hirsch, who prefers the gender-neutral pronoun they, is one of the customers accustomed to walking into bank branches and conducting transactions in person. Like many customers, they switched to the drive-through, which at least has a person at the other end of the tube.

They learned the pneumatic systems don’t guard against every mishap.

In May, the customer was in line for 40 minutes at the drive-through of a Michigan credit union when the car started to die.

“I just sat there until eventually all of my car’s functions started to turn off,” they said.

A man in a pickup truck offered to jump-start the black Saturn Outlook XR, but Skye Hirsch didn’t think the problem was a dead battery.

With the Saturn immobile, they called a tow truck and had their grandmother drive them back later that day to cash their \$1,200 stimulus check.

“I spent half the stimulus check on a new alternator,” they said.

Musician Helped Blend Country, Rock in ’70s

By NEIL SHAH

Charlie Daniels, a pioneering country and Southern rock musician known for “The Devil Went Down to Georgia,” died Monday at the age of 83.

OBITUARY CHARLIE DANIELS 1936-2020

The Country Music Hall of Fame and Grand Ole Opry member died at Summit Medical Center in Hermitage, Tenn., according to his publicist. The cause of death was a hemorrhagic stroke, doctors said.

A fiddler, singer and guitarist, Mr. Daniels became a genre-blurring star in the 1970s who helped connect rock and country. His playing spanned musical styles, including jazz fusion, funk, gospel and blues.

In his final decades, Mr. Daniels’s outspoken conservative views began to eclipse his musical gifts.

Born in North Carolina on Oct. 28, 1936, Mr. Daniels built his career gradually, playing early on with the instrumental group the Jaguars. His break came when he became a popular fiddle player in Nashville. Work as a session musician expanded his versatility and planted the seeds for years of stardom. In 1972, he formed

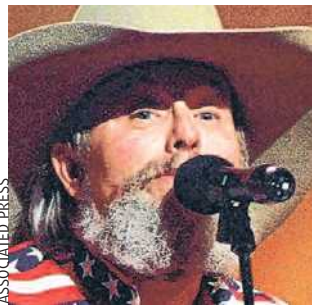
the five-piece Charlie Daniels Band.

During that decade, Mr. Daniels’s band, along with acts like the Allman Brothers Band and the Marshall Tucker Band, popularized what became known as Southern rock, blending various genres into an improvisational mix. Mr. Daniels and his band defended the South when it was frequently mocked in other parts of the country.

In 1979, “The Devil Went Down to Georgia” crossed over into the pop world and made Mr. Daniels a national superstar.

Over time, his politics made him a polarizing figure for new generations of music fans in the South and elsewhere.

Yet Mr. Daniels’s legacy as a bridge between country and rock genres continues to loom large.



CORRECTIONS & AMPLIFICATIONS

**Marcus Goodwin** is a candidate for District Council in Washington who has pushed to remove or alter the Emancipation Memorial, which depicts Abraham Lincoln and a kneeling Black man. A U.S. News article Monday about issues surrounding the memorial omitted Mr. Goodwin’s first name.

**A caption** with a World News photo Monday incorrectly referred to Roh Chol Min, a former North Korean soldier who defected to South

Korea in 2017, as Mr. Kim.

**The town** of Sparkill, N.Y., was misspelled as Sparkhill in a photo caption with a Mansion article Friday about mansard-style homes.

Notice to readers

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U.S. NEWS

High Court Extends Robocall Blocking

By Jess Bravin

WASHINGTON—The Supreme Court blocked the use of robocalls to collect government-backed debt, closing an exception Congress enacted in 2015 to a decades-old ban on unwanted and intrusive automated cellphone-dialing campaigns.

“Americans passionately disagree about many things. But they are largely united in their disdain for robocalls,” Justice Brett Kavanaugh wrote for the court’s plurality.

That unity didn’t extend to the justices in the rationale for invalidating the debt-collecting exception. While seven justices ultimately agreed to strike it down, they divided over the best way to resolve a constitutional challenge to the robocall law.

Congress banned most robocalls in 1991, but in 2015 added the exception for debt collectors working on government-backed loans. The American Association of Political Consultants seized on that exception to mount a First Amendment challenge. It argued the government impermissibly was favoring a single type of its own speech, and therefore the ban on all robocalls was unconstitutional.

A federal appeals court in Richmond, Va., agreed last year that it was unconstitutional to favor government debt-collection above all other forms of unwanted speech. Its remedy, however, was to cross out the 2015 exception, not the result the political consultants wanted.

They appealed to the Supreme Court, as did the Justice Department, seeking to reinstate the debt-collection exception. Justice Kavanaugh wrote that Congress couldn’t be assumed to have lost interest in consumer privacy simply because it decided to give government a new tool to collect debt.

“That is a false dichotomy,” he wrote, joined by Chief Justice John Roberts and Justices Clarence Thomas and Samuel Alito. “The answer to this either/or question is ‘both.’ Congress is interested both in collecting government debt and in protecting consumer privacy.”

But while “collecting government debt is no doubt a worthy goal,” the plurality concluded it was unconstitutional to favor speech of that kind over others.

In dissent, Justice Neil Gorsuch, joined in part by Justice Thomas, said the correct remedy was to create another exception for political robocalls, however unwelcome consumers might find it.

“A constitutional right would hardly be needed to protect popular speakers; the First Amendment does its real work in giving voice to those a majority would silence,” he explained.

In a separate opinion, Justice Stephen Breyer, joined by Justices Ruth Bader Ginsburg and Elena Kagan, wrote that the real victims of unequal treatment were collectors of private debt and that the constitutional question was whether favoring government debt-collection efforts could be justified.

The answer was yes, he wrote.

But because there was a plurality on Justice Kavanaugh’s side, the three liberals went along with the result, since it was preferable to striking down the robocall ban altogether. Justice Sonia Sotomayor, in a separate opinion, also joined the outcome.

By Brent Kendall  
And Jess Bravin

WASHINGTON—A unanimous Supreme Court ruled Monday that presidential electors can be required to cast ballots for the candidate who wins their state’s popular vote, reducing any Electoral College uncertainty as the U.S. heads toward a contentious election in November.

The court, in an opinion by Justice Elena Kagan, said that states stand on firm constitutional and historical ground in requiring that presidential electors stick with the state’s voter-chosen candidate.

In the 2016 presidential contest, several Democratic electors attempted a last-minute maneuver to try to deny Donald Trump the victory. Ten out of the 538 electors attempted to cast ballots for a presidential candidate other than the one selected by their state’s voters, hoping enough Republican electors would follow suit that the outcome would be thrown to the House of Representatives, where a compromise candidate might prevail.

In one of the cases, three of 12 electors from Washington state challenged the \$1,000 fines they received for voting for retired Gen. Colin Powell instead of Hillary Clinton, the

Democratic presidential nominee who won the state’s popular vote.

The second case came from Colorado, where the state removed one elector when he voted for former Ohio Republican Gov. John Kasich instead of Mrs. Clinton.

The electors argued the Constitution empowered them to exercise discretion in casting votes, and lower courts split on the argument.

Justice Kagan said that constitutional provisions giving states power to select electors also allowed them to limit their role to casting proxy votes on behalf of the majority of the people.

“That direction accords with the Constitution—as well as with the trust of a Nation that here, We the People rule,” Justice Kagan wrote.

By longstanding custom, electors have nearly always voted in accord with their states. In 32 states and the District of Columbia, they are legally required to do so; Monday’s decision upheld laws in nearly half those states, which apply sanctions to electors who stray.

The case presented the justices with a rare chance to divine rules for the Electoral College, which, as Justice Kagan described, was the “eleventh-hour compromise” ad-



Justice Elena Kagan wrote the Supreme Court’s unanimous ruling.

opted by the framers for choosing a president. “It was not exempt from a degree of the hurrying influence produced by fatigue and impatience,” James Madison wrote

The justices got a rare chance to divine rules for the Electoral College.

to a friend, the court observed.

The political parties generally control the selection of potential electors in each state. The overwhelming ma-

jority of electors vote for the candidate chosen by their state’s voters, but rogue votes have been cast throughout U.S. history.

None of those votes has come close to tipping an election, but such a scenario has loomed as a possibility in the tightest of contests. Monday’s ruling makes a chaotic vote unlikely.

The decision didn’t say that states must prohibit faithless electors, only that they were free to do so. That means states still have latitude to set rules—within limits.

The court, for example, suggested the states couldn’t bind electors to vote for a candidate who died after Election Day.

Colorado Secretary of State Jena Griswold said the ruling averted a potential “democracy Doomsday.”

Not only did it ensure the voters’ will would be translated through the Electoral College, it also addressed “our emerging concerns about the corruptibility of electors,” she said.

“Russia and other countries continue to try to undermine our democracy, either by direct attacks on our election systems, ransomware attacks or disinformation campaigns,” Ms. Griswold said. America’s enemies could attempt to undo the November result by targeting the Electoral College. “It’s a lot harder to have to trick lots of people, millions of people, hundreds of people, than one or two electors.”

Lawrence Lessig, a Harvard law professor who represented the faithless electors, accepted the decision.

“When we launched these cases, we did it because regardless of the outcome, it was critical to resolve this question before it created a constitutional crisis,” Mr. Lessig said. “Obviously, we don’t believe the court has interpreted the Constitution correctly. But we are happy that we have achieved our primary objective—this uncertainty has been removed.”



Officers investigate the scene of a shooting where a 7-year-old girl died in Chicago on Sunday. The city had 17 gun fatalities from Thursday to Sunday.

Gun Violence Plagued Holiday Weekend

By Jennifer Calfas  
And Ben Chapman

A spate of shootings in cities across the U.S. over the holiday weekend resulted in the deaths of a number of children and calls from officials for a halt to the violence.

Police departments in cities including Chicago and New York reported a higher number of incidents and fatalities compared with the same period last year. Children were shot and killed in Atlanta, Chicago and Philadelphia, and a young boy was killed after a shooter opened fire at an Alabama mall.

Between Friday and Sunday in Atlanta, there were 11 different shootings and 31 victims, five of whom were killed, a spokesman for the Atlanta Police Department said. More than 75 shootings have occurred in Atlanta over the last several weeks, Mayor Keisha

Lance Bottoms said.

Georgia Gov. Brian Kemp issued an executive order Monday declaring a state of emergency and deploying up to 1,000 members of the state National Guard to protect state property in Atlanta and assist law enforcement.

“Innocent Georgians are being targeted, shot, and left for dead,” said Mr. Kemp, a Republican. “This lawlessness must be stopped and order restored in our capital city.”

Forty-seven shootings occurred in Chicago from Thursday evening through Sunday, police said Monday, with 87 victims and 17 fatalities. Over the same holiday weekend in 2019, there were 42 shootings, 66 shooting victims and six deaths, the Chicago Police Department said. Chicago Police Superintendent David Brown said Monday 13 of the 87 shooting victims were young

people. A 7-year-old girl and 14-year-old boy were killed over the weekend, Mr. Brown said.

The 7-year-old girl, who was celebrating July 4 with family, was shot on a sidewalk in Chicago’s Austin neighborhood when a number of people got out of a vehicle and fired in her direction. Chicago police said officers were questioning a person of interest.

An additional 1,200 officers were on duty over the holiday weekend, Mr. Brown said, about 300 fewer than the same time last year because of canceled Fourth of July events. He said the department would likely assign more officers to the city’s west and south sides in the short term because of violence in those neighborhoods, but he warned that policing wouldn’t address poverty and a lack of job opportunities and mental health services.

“That is not going to be a

substitute for blight and poverty. But it’s all we have now because Chicago police officers are the only people at this podium,” he said.

John DeCarlo, a former police chief and director of the Master’s Program in Criminal Justice at the University of New Haven, said the increase in shootings comes at a historic time with the coronavirus pandemic disrupting everyday life and nationwide unrest sparked by the killing of George Floyd in Minneapolis bringing attention to police brutality.

“We’ve experienced a rapid amount of unprecedented change,” Mr. DeCarlo said.

Mr. DeCarlo said general disapproval of police departments could lead more officers to retire when they are eligible and make others more reluctant to work with communities “in fear that they might be targeted as doing a bad job.”

“All these factors, just like any other profession, I think would cause some reduction in the effectiveness of police service,” he said.

In Atlanta, 8-year-old Secoricia Turner was among those killed Saturday. The girl was riding in a vehicle with her mother and an adult friend when a group of armed people approached them as they attempted to enter a parking lot, the Atlanta Police Department said. A person shot at the vehicle multiple times, hitting the girl.

In a news briefing with Secoricia’s family Sunday, Ms. Bottoms called for an end to violence. “If you want people to take us seriously, and you don’t want us to lose this movement, then we can’t lose each other in this,” she said, referring to Black Lives Matter protests. “Enough is enough,” she added.

U.S. Restricts Some College Learning as Schools Lay Out Plans

By Melissa Korn

International students can’t take all their classes online if their college offers a mix of on-campus and remote classes, according to new guidelines from Immigration and Customs Enforcement, as Harvard University and others laid out their plans for the fall.

The guidance issued Monday by ICE’s Student and Exchange Visitor Program varies depending on whether a school is offering classes entirely online, in person or a mix of the two. The

eagerly awaited plans include a host of different instructions that will allow some students on campus, keep others learning remotely and make it impossible for still others to return to the U.S.

Harvard and Princeton said Monday they will bring some students back to campus this fall, but offer most instruction online even for those who return in person. Harvard will have first-year students and some others on campus, up to 40% of the total undergraduate population. If the pandemic re-

mains a threat and the school wants to keep density low in the spring, seniors will get priority. Princeton is inviting first-year students and juniors to campus in the fall and sophomores and seniors in the spring.

Other schools have laid out plans for the fall term, from telling students to just stay home and take their classes online to laying out expectations that everyone who can should come back to campus for at least some in-person courses.

U.S. colleges have been rac-

ing to figure out options for keeping international students enrolled even if they can’t make it to campus, as many are held up by visa processing delays and travel restrictions. At some schools, upward of 15% of the population hails from overseas, and those students often account for an even higher share of tuition revenue.

ICE won’t allow students to enter the country if they are attending a school that is teaching courses only online, but they may take the full load of online classes from their home

country.

If students are already in the U.S. and classes are being taught completely online, they can transfer to another school with face-to-face instruction or leave the country.

When schools are offering a hybrid option, with large lectures online and seminars still meeting face-to-face, foreign students on visas must be on-site at the U.S. campus to take a full course load. Foreign students can’t take all their classes online from afar if hybrid instruction is available.

That requirement for in-person attendance at schools offering such instruction could be problematic for many students. U.S. consulates around the world have paused nearly all routine visa processing, meaning those who were accepted into programs in the spring haven’t been able to schedule the required in-person interviews to be issued their visas. Typically, a student can’t enter the U.S. on a valid visa after a program’s start date.

—Michelle Hackman contributed to this article.



U.S. NEWS

Campaigns Show Rift Over ‘Normal’ America



CAPITAL JOURNAL  
By Gerald F. Seib

What is normal?  
In the age of coronavirus there is a lot of talk of a “new normal” emerging. Yet in the presidential campaign of 2020, both President Trump and former Vice President Joe Biden actually are promising a return to an old normal—albeit in dramatically different, almost diametrically opposed, ways.  
Mr. Biden’s promise is that after a wearying four years of Donald Trump, when new controversies have piled in one atop the other almost daily, and



Washington has become the drama capital of the world, he will bring back a more normal form of governance and national life.  
In this new/old version of normal, government institutions wouldn’t be under constant attack, scientists would be heard and respected, Democrats and Republicans would actually negotiate compromises and traditional international alliances would be respected again.  
In the Biden version of normality, the country still would make significant changes in racial justice during this George Floyd moment, but would do so within a system that has made such changes before. In a Philadelphia speech last month that offered his most comprehensive response to the killing of Mr. Floyd in police custody in Minneapolis, Mr. Biden harked back to the passage of the 13th, 14th and 15th constitutional amendments after the Civil War, the Civil Rights Act of 1964 and the Voting Rights Act of 1965 as examples of the kinds of changes that can be made now, using the traditional levers of government and society.  
“The history of this nation teaches us that in some of our darkest moments of despair, we’ve made some of our greatest progress,” he said. He called on the U.S. to still be “the America of FDR and Eisenhower, of Rosa Parks and Martin Luther King Jr., of Jonas Salk and Neil Armstrong.”  
By contrast, he argued, Mr. Trump has been “sweeping away all the guardrails, the law that protected our democracy, guardrails that have helped make possible this nation’s path to more perfect union, a union that constantly requires reform and rededication.”  
Mr. Biden’s message is that he respects those traditional guardrails on democracy, and that change is possible within them.  
In two hard-edged speeches over the Fourth of

July weekend, Mr. Trump made clear that he is proposing a much different kind of return to normal. He promised a return to the times when the nation’s Founding Fathers were honored as visionaries rather than villains—and certainly a normality that existed before statues of Christopher Columbus and Confederate heroes were being torn down and blocks of Seattle taken over by protesters.  
“Our nation is witnessing a merciless campaign to wipe out our history, defame our heroes, erase our values, and indoctrinate our children,” he declared in a speech at Mount Rushmore. “Angry mobs are trying to tear down statues of our Founders, deface our most sacred memorials, and unleash a wave of violent crime in our cities. Many of these people have no idea why they are doing this, but some know exactly what they are doing.” He didn’t mention George Floyd.  
The idea of a return to

Mr. Biden, by contrast, is arguing that a normal economy returns only with sustained government action to contain the virus: campaigns to encourage mask-wearing, significantly more testing, a program to help small businesses buy the materials they need to make their locations more safe for customers to return.  
One top Biden adviser talks of providing stickers businesses could display to show consumers they are complying with government coronavirus safety standards, an idea harking back to the blue eagle decals businesses displayed during the New Deal to show they were supporting the National Recovery Act.  
The two presidential contenders seem to be recognizing that Americans, trapped in a period of disconcerting turmoil, want to believe that a measure of some old normal is still possible. It’s hard to imagine, though, two more different visions of what that normal should be.

Fed Official Warns About Racism’s Economic Toll

By Nick Timiraos

Raphael Bostic, the Federal Reserve Bank of Atlanta’s president, is shining a light on how economic and social upheaval have changed how the central bank talks and thinks about racial and economic inequality.  
Mr. Bostic, an economist whose work has focused on racial disparities in access to capital, has helped lead those public discussions as the first Black president to lead one of the 12 regional reserve banks in the system’s 106-year history.  
In an essay published after two intense weeks of national unrest following the killing of George Floyd while in police custody, Mr. Bostic framed injustice in moral and economic terms. “Systemic racism is a yoke that drags on the American economy,” he wrote.  
In an interview, Mr. Bostic said many of these themes getting attention now have been the subject of long-running but mostly private discussions inside the Fed.  
“What changed is that a lot of the issues underlying those conversations have been laid starkly before us in a way that really makes it difficult to not talk about them,” he said. “We are a different Fed in a lot of ways.”  
Mr. Bostic said writing the essay felt risky and that he was gratified by the response. “The Fed doesn’t usually step out like that,” he said.  
The essay was “powerful and courageous,” said Jonathan Reckford, chief executive of Habitat for Humanity International and a director of the Atlanta Fed. “Almost everyone, if they’re honest, would admit it’s



Atlanta Fed President Raphael Bostic, shown in February, has emphasized hurdles facing the poor.

uncomfortable to talk about these things.”  
The pandemic’s economic and health toll has hit Black Americans and other minority groups hardest.  
It has coincided with a rethink inside the Fed of how it should evaluate the impacts of its policy decisions on those at the margins instead of focusing on broad aggregates, said current and former Fed economists, including Mr. Bostic.  
Lessons of the past five years are also weighing heavily on the Fed now, as it considers how to support the economy from what could be a long and difficult series of shocks. The Fed delayed and ultimately curtailed interest-rate increases after a presumed pickup in in-

flation never materialized, even though unemployment fell to low levels that officials associated with firmer price pressures.  
The Fed grew more sensitive to employment conditions than it had been “because the expansion went on long enough that the less educated and minorities started to come back” to the labor force, said Claudia Sahm, a former Fed economist.  
In three years at the Atlanta Fed, Mr. Bostic has put particular emphasis on economic resilience and the hurdles poor Americans face in becoming upwardly mobile because of high housing costs in the nation’s most prosperous cities.  
“Those issues being fought over in our streets right now

pretty clear minority communities don’t have that access,” said Mr. Bostic.  
He joined the Fed in 1995 as an economist after completing his economics Ph.D. at Stanford University. First as a researcher and later as a policy maker, he has shaped how federal agencies interpret two major pieces of legislation—the Fair Housing Act of 1968 and the Community Reinvestment Act of 1977.  
Mr. Bostic initially declined to be considered by the Obama administration when officials approached him about being nominated to the Fed’s seven-member board. At the time, he had already been commuting between Washington and his home outside Los Angeles, where he lived with his long-time partner and now husband.  
In 2016, now-Fed Chairman Jerome Powell was a Fed governor who served as the central bank’s liaison with the reserve banks. He and Fed Chairwoman Janet Yellen had pressed the committee searching for the Atlanta Fed’s next president to find minority candidates for the top job, according to people familiar with the search.  
The Fed was under pressure from Congress to diversify its senior ranks, and Mr. Powell and Ms. Yellen believed the lack of diversity reflected poorly on the Fed, these people said.  
“What really impressed the committee with Raphael is his ability to translate the theoretical in very practical terms,” said Mr. Reckford, who declined to discuss details related to the search.  
He said Mr. Bostic carries an “unfair burden” by being the first Black president of a Fed bank. “You are going to speak for African-Americans and the LGBTQ community, and that’s not fair,” he said. “But it is also true that he has a credibility to speak from his personal experience.”  
Mr. Bostic said his position doesn’t insulate him from the racial profiling one encounters as a Black man in America, including being stopped by the police while minding his own business.  
“I don’t think there’s an African-American male in the country who would answer no to that question,” he said. “If I

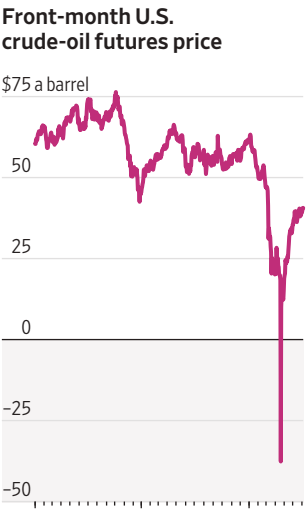
A rethink inside the Fed of how it should evaluate the impacts of its policy moves.

was going to dwell on that, I wouldn’t have time to dwell on anything else because it’s there, all the time.”  
Fed officials have said they are working hard to address a lack of diversity in their ranks, including perceived hostility to minorities and women in the economics profession more broadly. A staff and leadership that better reflects the nation will limit the potential for blind spots in any of the Fed’s assessments, they say.  
As an example, Mr. Bostic pointed to studies of the impact of stress on decision-making. Because poor people are stressed more often than others, “it shouldn’t be surprising that their decision-making suffers,” said Mr. Bostic.

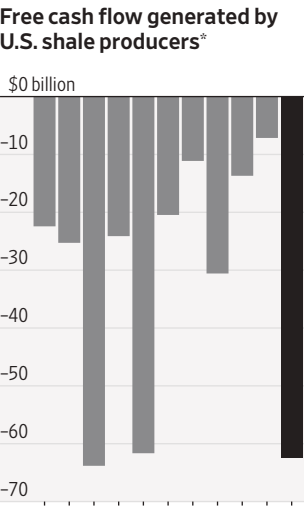
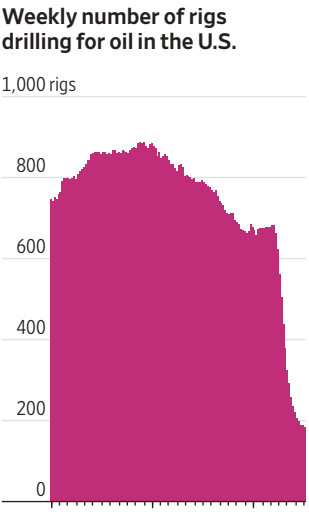
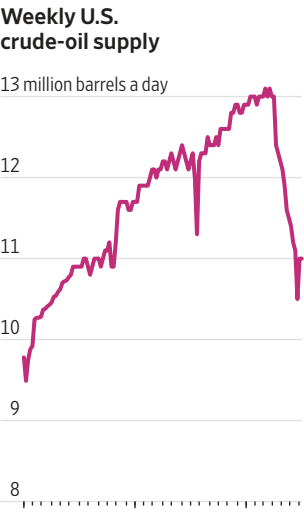
Unease Over Shale Remains

Continued from Page One  
and industry deals that overhauls the U.S. energy sector.  
“I don’t think that \$40 oil is enough to turn around the shale industry,” said Andy Lipow, president of Houston-based consulting firm Lipow Oil Associates. “This price is still not enough to cover all the debt and costs that have been incurred during the boom.”  
Domestic crude output has since risen back to 11 million barrels a day, but some analysts expect supply declines to persist moving forward.  
As a result, U.S. crude closed on Friday at \$40.65 a barrel—

its highest level since early March. Prices inched down to \$40.63 Monday but in recent weeks have pared some of their 2020 decline after starting the year above \$60. Prices briefly turned negative in late April due to a global glut.  
The rebound remains tenuous because coronavirus cases continue to climb in many large fuel-consuming states including Texas, California and Florida. Adding to the energy industry’s woes: Prices for natural gas recently hit a roughly 25-year low, with the pandemic sapping demand for the power-generation fuel.  
The turmoil is rippling through the sector. A recent Deloitte LLP analysis found that shale companies, such as Occidental Petroleum Corp. and Concho Resources Inc., could have to impair or write down the value of their assets by as much as \$300 billion. The industry burned through billions of dollars annually in recent years to increase production, and many companies took on hefty amounts of debt.  
Analysts are now debating which companies with lower costs will make it through the crisis. Many expect a bifurcation between that group and firms with too much debt to survive.  
“I would call it a transformation,” said Rebecca Babin, senior energy trader at CIBC Private Wealth Management. “You will continue to see



\*Covers upstream companies more tied to oil and gas exploration and production; 2020 figure is an estimate  
Sources: FactSet (price); Energy Information Administration (supply); Baker Hughes (rigs); Capital IQ via Deloitte (cash flow)



bankruptcy and continue to see consolidation.”  
North American oil-and-gas producers, pipeline operators and oil-field-service companies have more than \$240 billion in debt maturing over the next five years, according to Moody’s Investors Service.  
Denver-based Whiting Petroleum Corp. became the first major shale bankruptcy of the pandemic earlier this year. Industry pioneer Chesapeake Energy Corp. filed for bankruptcy protection on June 28, and analysts said more producers likely will follow.  
The oil-price rebound “has maybe given a little bit of timing breathing room but ultimately hasn’t really changed

the economics of some of these assets,” said Scott Sanderson, a principal in Deloitte’s oil-and-gas strategy and operations practice.  
Shares of S&P 500 energy producers have fallen 38% this year, though they remain up solidly from a low hit in March.  
Some companies including ConocoPhillips, Parsley Energy Inc. and EOG Resources Inc. already have laid out plans to begin increasing supply in response to higher oil prices and traders have said it is inevitable that producers would respond if the rally continues.  
But even with those increases from existing wells, many investors expect a

plunge in new drilling activity to damp U.S. crude output moving forward. The number of wells drilling for oil in the U.S. has fallen to 185, its lowest level in more than a decade and a fraction of the total from the start of the year, figures from Baker Hughes show.  
“We expect [exploration-and-production companies] in general to remain capital disciplined and focused on the balance sheet,” Continental Resources Chief Executive William Berry said at a recent JP Morgan Chase virtual industry conference. Continental has been substantially curtailing its oil production lately.  
In addition to U.S. output, traders are closely monitoring

supply from OPEC and its partners to see if global producers also are responding to the price rebound.  
Many OPEC members such as Saudi Arabia need much higher oil prices to balance their budgets, according to International Monetary Fund data, and the cartel recently has indicated a willingness to continue curbing output given the continuing uncertainty caused by the pandemic.  
“The shale industry knows that OPEC+ still has shut in a significant amount of oil production that could easily return to the market,” Mr. Lipow said. “That’s one of the reasons for them remaining cautious.”

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U.S. NEWS

# Trump Questions Nascar Flag Ban, Team Renamings

By Catherine Lucey  
And Andrew Beaton

President Trump questioned Nascar’s Confederate flag ban; criticized Bubba Wallace, the sport’s sole prominent Black driver; and blasted sports teams that are rethinking names widely seen as racially insensitive terms for Native Americans.

Mr. Trump’s comments, in a series of tweets Monday, underscored his emphasis on diving into cultural flashpoints in the U.S. as he runs for reelection. They came after a weekend in which the Republican president gave a series of speeches focused on defending statues and monuments, and attacking Democrats and anti-racism protesters as part of a “far-left” movement.

Businesses such as Nascar and several states have distanced themselves from the Confederate flag amid a nationwide debate and protests over race relations since the killing of George Floyd in Minneapolis police custody on May 25. The White House avoided taking a position on the flag Monday. Mr. Trump has opposed changing the names of military bases that honor the Confederacy.

Early Monday, Mr. Trump tweeted that Mr. Wallace should apologize in the wake of an episode in which a noose was found in his team’s stall at Talladega Superspeedway in Alabama. Mr. Trump also criticized Nascar’s decision to ban Confederate flags at races.

“Has @BubbaWallace apologized to all of those great NASCAR drivers & officials who came to his aid, stood by his side, & were willing to sacrifice everything for him, only to find out that the whole thing was just another HOAX? That & Flag decision has caused lowest ratings EVER!”

Mr. Trump said. Mr. Wallace offered a response on Twitter, concluding: “always deal with the hate being thrown at you with LOVE! Love over hate every day. Love should come naturally as people are TAUGHT to hate.” He added: “Even when it’s hate from the POTUS.”

Last month, a crew member for Mr. Wallace found a noose hanging in his car’s stall at Talladega. When the race took place the following day, crews and drivers all walked out onto the racetrack with Mr. Wallace and his car in a dramatic show of support for him.

An investigation revealed that the noose had been in the garage stall randomly assigned to Mr. Wallace since at least October.

Nascar and the Federal Bureau of Investigation have said that the rope was a noose, but investigators concluded that it wasn’t a hate crime because it didn’t appear to be targeting Mr. Wallace.

In a statement on Monday, Nascar said: “We are proud to have Bubba Wallace in the NASCAR family and we commend his courage and leadership. NASCAR continues to stand tall with Bubba, our competitors and everyone who makes our sport welcoming and inclusive for all racing fans.”

Fox Sports Executive Vice President Michael Mulvihill tweeted Monday that “NASCAR viewership on Fox networks is up +8% since returning from its pandemic hiatus on May 17.”

Later in the day, Mr. Trump weighed in on sports teams considering name changes amid sustained criticism that they are named for racist depictions of Native Americans.

The Washington Redskins and Cleveland Indians franchises declined to comment.

U.S. WATCH



TOUGH WORK: Firefighting hand crews climbed rugged terrain Monday to help contain a blaze that erupted on Sunday near Agua Dulce, Calif.

UTAH

## Cox Beats Huntsman For GOP Nomination

Utah Lt. Gov. Spencer Cox won the Republican nomination for governor, according to an Associated Press projection, putting him on course to win in the fall in the deeply red state.

Mr. Cox, 44 years old, beat former Gov. Jon Huntsman Jr., 60, who was running for the position again after serving from 2005 to 2009.

With 90% of precincts reporting when AP made the call, Mr. Cox had 36.4% of the vote, while Mr. Huntsman had 34.6%.

Though Mr. Huntsman won some of the more populous counties, Mr. Cox won several rural counties and then performed well enough in urban areas to win the race. The voting concluded last Tuesday but the race remained uncalled until Monday as more votes were tallied.

In the general election in November Mr. Cox will face Democrat Chris Peterson, a law professor at the University of Utah. —Natalie Andrews

NEW YORK

## Maxwell Transferred To Brooklyn Jail

Jeffrey Epstein’s longtime confidante Ghislaine Maxwell was transferred Monday to New York to face charges that she recruited women and girls, one as young as 14 years old, for him to sexually abuse, the Bureau of Prisons confirmed.

Prosecutors asked a judge to schedule a Friday court appearance in Manhattan federal court for Ms. Maxwell, 58, who was arrested last week at a \$1 million estate she had purchased in New Hampshire.

Ms. Maxwell, the daughter of the late British publishing magnate Robert Maxwell, was the former girlfriend and longtime close associate of Mr. Epstein, who killed himself in a Manhattan jail in August 2019 while he awaited trial on federal sex-trafficking charges.

Ms. Maxwell has been indicted on multiple charges, including that she conspired to entice girls as young as 14 to engage in illegal sex acts with

Mr. Epstein from 1994 through 1997.

Several of Mr. Epstein’s victims have described Ms. Maxwell as his chief enabler, recruiting and grooming young girls for abuse. She has denied wrongdoing and called claims against her “absolute rubbish.” —Associated Press

PUBLISHING

## Release Sped Up for Trump Niece’s Book

Simon & Schuster is moving up the publication date of a tell-all book by President Trump’s niece to July 14, days after a New York appellate judge overturned a temporary restraining order against the publisher.

Mary L. Trump’s book, “Too Much and Never Enough: How My Family Created the World’s Most Dangerous Man,” had originally been scheduled for publication on July 28.

Mr. Trump’s younger brother, Robert S. Trump, has fought the publication of the book in court, arguing details included about the Trump family violate

a nondisclosure agreement Ms. Trump agreed to as part of a decades-old legal settlement stemming from an inheritance dispute.

On Wednesday, a New York appellate judge overturned a temporary restraining order against Simon & Schuster, ruling that the publisher wasn’t acting as an agent of Ms. Trump.

The court hasn’t yet ruled on whether Ms. Trump breached the settlement agreement. Attorneys for Ms. Trump said they would appeal the outstanding injunction.

On Monday, a spokesman for Ms. Trump said, “The act by a sitting president to muzzle a private citizen is just the latest in a series of disturbing behaviors which have already destabilized a fractured nation in the face of a global pandemic.”

Charles J. Harder, an attorney for Robert S. Trump, didn’t respond to a request to comment. He has previously called the actions of Ms. Trump and Simon & Schuster “truly reprehensible.”

The White House declined to comment.

—Jeffrey A. Trachtenberg

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U.S. NEWS

# Reopening Proceeds Unevenly As a Surge Grips Some States

BY ALLISON PRANG  
AND DAVID HALL

Parts of the country moved tentatively forward with re-opening Monday, as other regions continued to struggle to contain the monthslong coronavirus pandemic.

California and Florida accounted for nearly 45% of the more than 49,000 new cases reported Sunday, according to a Wall Street Journal analysis of data from Johns Hopkins University. Cases in the U.S. account for about one-quarter of the global total of more than 11.5 million infections.

In Florida, which on Sunday passed the 200,000-case mark, Gov. Ron DeSantis attributed the rising number of infections to more testing and to asymptomatic spread among younger people. The Republican governor said the state would like to

get the rate of positive tests, which climbed to about 15% in mid-June, back down to 3%-4%. In some counties, such as Miami-Dade, the rate of positive tests was as high as 20%.

Amid the surge of infections, particularly among 18- to 34-year-olds, Miami-Dade County Mayor Carlos Giménez rolled back the area's reopening. He ordered gyms to close and restaurants to limit service to takeout and delivery, starting Wednesday. "I am counting on you, our 2.8 million residents, to stop the spread so that we can get back to opening our economy," Mr. Gimenez said.

Ahead of Disney World's planned reopening this week, Mr. DeSantis said he had no doubt the Florida theme parks would be able to open safely.

"You can have society function in a way that keeps people safe," he said.

California added six counties—including San Diego County—to its watch list. The list, which now includes 23 counties, monitors counties that have "concerning" levels of hospitalization, transmission or insufficient testing.

Gov. Gavin Newsom, a Democrat, said California had 5,699 new cases Sunday and that the state's seven-day average of new cases had increased to 7,876. The rate of positive tests over a two-week span also ticked up, to 6.8% from 4.9% two weeks ago.

Hard-hit Los Angeles County reported that almost 50% of new cases were among residents between the ages of 18 and 40. Hospitalizations for people in that age range have increased from 10% of hospitalized cases in April to about 25% in July, according to the Los Angeles County Department of

Public Health.

New York City entered Phase 3 of its reopening plan, allowing nail salons, spas and massage therapists to resume operations and easing restrictions on park activities such as basketball, volleyball and handball. Last week, the city said it wouldn't move forward with indoor dining.

In New Jersey, summer camps and in-person graduations were set to resume this week. Gov. Phil Murphy, a Democrat, said the number of coronavirus hospitalizations, patients in intensive care, and patients on ventilators were all decreasing in the Garden State. But the rate of transmission, which reflects how many people a sick person goes on to infect, has risen to 1.03 from 0.7 in the middle of June. "That's an early warning sign that we need to do some work," he said.

# Covid-19 Drug Moves To Later-Stage Studies

BY JOSEPH WALKER

**Regeneron Pharmaceuticals Inc.** said it is starting later-stage studies of its experimental Covid-19 drug, a quick move into testing that could establish whether the drug can be used for treatment and prevention.

Regeneron's drug, REGN-COV2, is among the most advanced in a class of medicines known as monoclonal antibodies being developed to treat Covid-19. Eli Lilly & Co. was the first company to start human safety studies of two separate antibody drugs, followed by Regeneron.

Regeneron began experiments to design antibodies for Covid-19 in early February, and started initial human studies four months later, in June.

The drug combines an antibody derived from mice with genetically engineered immune systems and an antibody

taken from a patient who recovered from Covid-19.

Regeneron said its drug's performance in a safety study of 30 hospitalized and nonhospitalized Covid-19 patients received a positive review from an independent data-monitoring committee.

The company is now beginning larger trials of the drug as a treatment for infected patients and to provide temporary protection against new infections.

The treatment studies, combining the final two stages, or phases 2 and 3, of testing, will evaluate REGN-COV2 in hospitalized and nonhospitalized patients.

In addition, Regeneron and the National Institute of Allergy and Infectious Diseases are starting a phase 3 study of REGN-COV2 to provide temporary protection against new infections in people who have had close exposure to Covid-19 patients, such as housemates.



## Virus Can Spread in Hospitals

Continued from Page One of Covid-19.

It's impossible to know how most of the people got infected. But it is likely the virus spread inside the nearly 500-bed hospital, Susan Bleasdale, its head of infection control, said in an interview. She said the hospital investigated staff deaths but declined to discuss the findings, citing privacy.

In the fight against the coronavirus, the nation's hospitals are a refuge for the sickest. Yet hospitals also are a place where the virus sometimes spreads.

Nationwide, hospitals have identified 5,142 coronavirus infections apparently acquired inside hospitals from May 14 to June 21, according to figures provided to The Wall Street Journal by the Centers for Disease Control and Prevention. It could be higher; the reporting is voluntary.

Those are just cases in patients. The CDC hasn't publicly reported in-house infection of the staffs of hospitals.

University of Illinois Hospital declined to say how many patient infections it thinks were transmitted internally.

### Hurdle to reopening

Although a small fraction of all cases, coronavirus infections spread inside hospitals pose an obstacle to the institutions' ability to fully reopen and persuade people they're safe—a step eventually needed both for public health and for hospitals' finances.

Hospitals try to prevent the spread of disease inside their walls on several fronts. They have protocols to isolate infected patients, buildings engineered to reduce viral spread, teams to monitor for outbreaks and multiple grades of protective gear. The virus has exploited weaknesses in each defense, according to interviews with doctors, nurses, respiratory therapists and infection-prevention specialists at two dozen hospitals around the country.

Buildings with limited space for isolation force hospitals to re-engineer on the fly. Monitoring is frustrated by the virus's ability to incubate for up to two weeks and pass silently from infected people who have no symptoms. Limited and inaccurate tests meant hospitals were at times unable to iden-

tify contagious patients.

All these gaps have left hospitals heavily reliant on personal protective equipment, which for months wasn't available in sufficient quantity and is still sometimes rationed.

At many medical centers, including University of Illinois Hospital, the strategy from the pandemic's outset was to cleave into two parts, one for Covid-19 patients and one for everyone else. The CDC recommended physical separation and also having a dedicated coronavirus staff. That has proved harder to do.

University of Illinois Hospital, while separating Covid-19 patients from others, allows physicians, nurses, technicians and custodial staff to float in and out of Covid-care zones, employees said. Nurses from both sections of the hospital change in shared locker rooms before and after shifts. A spokeswoman for the hospital said it tried to have a dedicated staff for Covid units but didn't dispute that some personnel floated from a Covid unit to a non-Covid one.

Dr. Bleasdale told others as early as the end of March that the virus seemed to be spreading inside University of Illinois Hospital. In an email to other infection-control doctors, she wrote: "We have gone to universal masking and not due to pressure but due to nosocomial transmission"—meaning spread inside a hospital.

The hospital's small infection-control staff, whose job is to learn the route of disease transmission and trace contacts, was overwhelmed by the number of employees who got sick. Although the CDC said hospitals stretched thin should forgo this task, Dr. Bleasdale added temporary staff members to do contract tracing.

The need to scan paper case records into computers hobbled the effort. The push to trace viral exposure in employees didn't fully get going until around April 20, according to employees. By then, several staff members were infected with the coronavirus and potentially spreading it inside the facility.

One was Joyce Pacubas-Le Blanc, a 53-year-old nurse on the night shift in the sixth-floor neurosurgical unit.

Also on the sixth floor, the hospital converted a medical-surgical unit to Covid-19 care.

People who worked with the Covid unit's patients got some of the hospital's limited supply of N95 respirator masks. Across the floor, neurosurgery staff members wore less-protective surgical masks.

Ms. Pacubas-Le Blanc died on April 23.



University of Illinois Hospital technician Juan Martinez Sr., upper left, died of Covid-19. So did nurse Maria Lopez. Above are her daughters Carina Rodriguez, left, and Maria Lopez, right, with baby Areli Sandoval. In the middle is granddaughter Anahi Ramirez.

"Everyone has asked, 'How could this have happened?'" said Bhumika Puklin, a nurse who worked with her. "We are the clean unit. She didn't float to the Covid unit."

Ms. Puklin, like others on the staff, said she didn't hear about infected and hospitalized coworkers from hospital administration. Word passed on social media and the work floor, they said.

The hospital's Dr. Bleasdale said when officials become aware of an employee testing positive, they notify those who work with the person if needed. Co-workers are notified if they are "in contact with the COVID-positive individual while they were symptomatic," she wrote. She said that practice began with the hospital's first Covid-19 case.

Ms. Pacubas-Le Blanc could have been infected outside of the hospital. In any case, she could have spread it at work before developing symptoms.

Four days after her death, Juan Martinez died. He was an operating-room technician on the third floor, preparing trays of surgical tools.

Mr. Martinez, 60, often ate lunch with Maria Lopez, a nurse who worked in the third-floor operating unit.

Ms. Lopez had returned to work in early April after knee surgery, and came home upset that she was mingling with nurses from emergency-room and intensive-care units who treated coronavirus patients.

"She was still in the same areas, breathing the same air. She was pretty pissed off about that," said her daughter, also named Maria Lopez.

A little more than a week after returning, the 63-year-old developed a slight cough and a raspy voice. She went to work, then to the occupational-health department for a test; it came back positive.

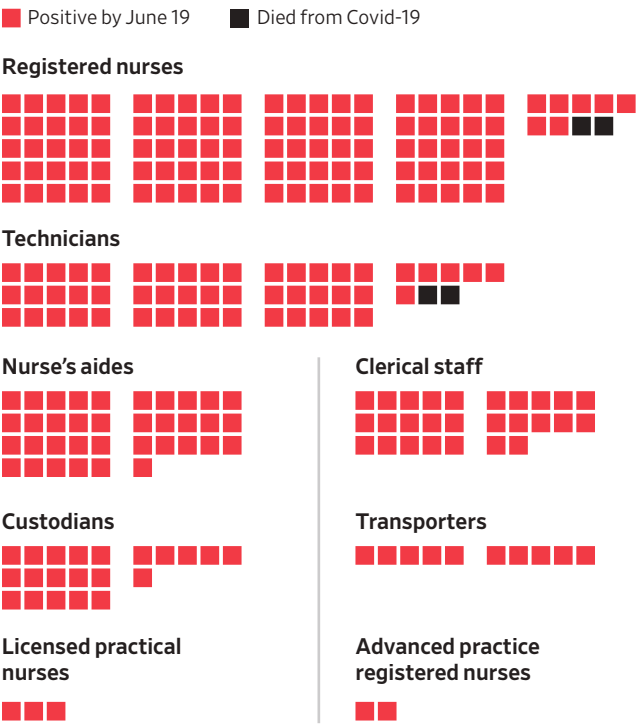
Her symptoms quickly worsened. She died of Covid-19 on May 4, seven days after her friend Mr. Martinez.

The younger Ms. Lopez said her mother was vigilant about hand washing, wore a mask when buying groceries and stayed home as much as possible.

Six weeks after this cluster

### Staff Infections

Workers at University of Illinois Hospital in Chicago who have tested positive for the coronavirus



Source: University of Illinois Hospital via Illinois Nurses Association and Service Employees International Union

of deaths, another hospital employee died of Covid-19: Phlebotomist Edward Starling, age 61, on June 17.

Some hospitals have made extensive efforts to trace viral exposure among their employees. Others say infections are so widespread it doesn't make sense to commit the resources.

"Contact tracing is pretty

### Hospitals identified 5,000+ coronavirus cases likely spread inside the facilities.

difficult because there are so many people with Covid," said Michele Saysana, chief quality and safety officer of Indiana University Health in Indianapolis, at which she said about 460 of 35,000 employees have tested positive. The hospital is increasing its testing capacity.

In Los Angeles, a doctor at Ronald Reagan UCLA Medical

Center told leaders of UCLA Health, of which it is a part, that an intern working with heart patients tested positive and other workers reported symptoms not long after. "Infection control did not get involved at all in identifying contacts, undermining faith in the system," said the doctor's email.

UCLA Health didn't comment on whether the infection-control team was involved in tracing. It said there was no evidence the virus spread, and staffers in close contact with the intern ultimately tested negative. UCLA declined to say how many employees tested positive or how many patients had apparent in-house infections, if any.

Pinning down hospital-acquired infections is difficult because of the time the virus can incubate before symptoms appear. To be certain an infection occurred in a hospital, the federal government asks hospitals to report only infections appearing in patients who had been hospitalized for two

weeks or more.

Such a standard means "you're going to miss a vast majority of hospital-acquired infections," said Ashish Jha, director of the Harvard Global Health Institute.

One hospital system, Legacy Health in Portland, Ore., investigates infections in patients who have been there only four days, said an official of the hospital system. It said it hadn't identified any patients infected in the hospital. It said three of its employees became ill after exposure on the job.

### Negative pressure

Hospitals typically have at least one room outfitted with ventilation that pulls in air, known as negative pressure, to keep germs from wafting into hallways. With Covid-19 patients, the CDC recommended negative-pressure rooms for those needing procedures that aerosolize the virus, such as intubation.

Some hospitals raced to add more negative-pressure space, using plywood, duct tape, temporary walls and portable fans and filters. Others reconfigured ventilation on certain hospital floors, or re-engineered whole buildings.

Researchers at University of Nebraska Medical Center found the coronavirus in hallway air outside negative-pressure Covid-19 rooms. The Omaha hospital revamped its ventilation system to protect people in hallways by creating negative air flow there, too. It has identified four employees and one patient who likely became infected in the hospital.

In recent weeks, many hospitals have moved to resume procedures they postponed in March and April, launching advertising campaigns to let patients know the hospitals are open and safe.

Hospitals are creating Covid-designated clinics to isolate infected patients. They are screening anyone entering buildings and have stepped up cleaning efforts.

Said Dr. Richard Fogel, chief clinical officer of hospital system Ascension: "We need to be in a heightened state of readiness."

TAYLOR GLASCOCK FOR THE WALL STREET JOURNAL (2)



# WORLD NEWS

## Parts of Europe Control Virus Amid U.S. Surge

Success in stemming spread allows earlier openings, offers clues to harder-hit nations

By Jason Douglas

Some European nations are closing in on a milestone that to the U.S. seems distant: virtually stopping the new coronavirus from spreading within their territories.

Echoing the achievement of Asia-Pacific countries including New Zealand, Vietnam and Taiwan, a handful of places in Europe are reporting only a smattering of new daily infections. Their success in containing the pandemic has allowed them to reopen their economies earlier, at a faster clip and with greater confidence than the stop-start efforts of U.S. states and hard-hit neighbors such as the U.K.

Their experiences offer lessons at what public-health and disease experts say is a critical juncture in the pandemic, when the virus is still testing many countries even as their economies reopen, and the path to finally defeating it is uncertain.

Estonia has detected only 12 infections in the past two weeks; Iceland, 40. Norway has reported 187; Ireland, 148. The latter two are each comparable in population to South Carolina, which over the same period reported almost 17,000 new cases.

Aside from restrictions covering large gatherings, Estonia has lifted almost all the measures it put in place to suppress transmission since declaring a nationwide emergency in early March, said Maris Jesse, Estonia's deputy secretary-general for health. Estonians like to joke that they are looking forward to the day when they no longer need to observe a 2-meter distance from each other in public places. "We can go back to our usual 5 meters," she said.

The coronavirus pandemic triggered a range of public-health responses. At one end of the spectrum, Sweden chose to let the virus spread through its population, while shielding the most-vulnerable groups.

At the other, New Zealand shut its borders and locked down tightly with the goal of stopping internal transmission of the pathogen altogether.



The coronavirus has flared up in Melbourne—where a man peers from an apartment window—after Australia looked close to containing it.

Other countries have been somewhere in between, with big differences in the timing and severity of economically costly measures to slow the virus's spread while scientists hunt for a vaccine.

The patchwork approach has meant big differences in rates of infection and death. The World Health Organization has recorded more than 11 million infections and at least 500,000 deaths from Covid-19, the disease the coronavirus causes.

Public-health experts and epidemiologists say the current stage of the pandemic is one of the trickiest to navigate. Governments are in a bind:

Move toward a more open society and hope to stay on top of new flare-ups? Or keep the pressure up to push case numbers as close to zero as possible? For some public-health experts, the question is a no-brainer.

"The human toll is too great. The countries that can and have the capacity and the resources should eliminate it," said Devi Sridhar, professor of global public health at the University of Edinburgh in Scotland, who advocates countries maintain social distancing and other restrictions until internal transmission of the virus is effectively halted.

Countries can then switch their focus to screening travelers and quarantining them if necessary to ensure they don't seed new outbreaks, she said. That is a better strategy economically than easing curbs too soon because, as some U.S. states have seen, an uptick in cases might lead to lockdowns being reimposed, she said.

In Asia, Taiwan has reported just three cases in the past two weeks, all people from overseas. Vietnam's government says it hasn't had a case of local transmission for 78 days.

A zero-transmission strategy isn't foolproof: New Zealand declared the virus elimi-

nated within its territory as early as May, but has since had new cases carried in by returning citizens, prompting the government to tighten quarantine measures.

Australia had appeared close to shutting internal transmission, but cases have flared in Melbourne, its second-most-populous city.

Keith Neal, emeritus professor of epidemiology at the University of Nottingham in England, said rigorous testing and tracing the contacts of infected people alongside local lockdowns are the "only realistic options" for controlling the virus in the short term.

## Outbreak Prompts Israel, in Reversal, to Reimpose Lockdowns

By Felicia Schwartz and Dov Lieber

TEL AVIV—After early success countering the new coronavirus, Israel faces a significant new outbreak that health experts warn could spiral out of control as the government scrambles to shut swaths of the economy it had reopened.

On Monday, Israel's cabinet approved closing all gyms, bars, banquet halls, public pools and

cultural events, reimposing portions of a strict lockdown the government had eased in May. The cabinet also moved to limit the number of people who could sit inside restaurants to 20; outside restaurants to 30; and indoor prayer services to 19. The government ordered 30% of public workers to work from home, after restrictions were relaxed since mid-May.

Speaking to his cabinet, Prime Minister Benjamin Ne-

tanyahu said the number of severely ill patients is doubling every four days, and warned the number of severely ill patients could paralyze the health system. He said his government would strictly regulate indoor activities where experts say the virus is rapidly spreading.

After cases peaked in late March and early April at around several hundred a day, Israel's coronavirus cases were reduced to low double digits

for most of May. Many of the country's hospitals closed their coronavirus wards.

But over the past week, new infections in Israel have approached or exceeded 1,000 a day, with nearly 800 new infections recorded Monday. The country has reported a record number of active cases, more than 11,800. It has reported a total of 30,162 cases, with 332 people dying of the disease known as Covid-19, according

to Israel's health ministry.

The Palestinian Authority, which controls Palestinian areas of the West Bank, ordered a lockdown on Friday amid an uptick in cases there. There are 4,101 active cases in the West Bank and Gaza, which is controlled by Hamas, and there have been 4,768 cases since the beginning of the outbreak. Twenty-one people have died.

The surge comes as Mr. Netanyahu had been focused on a

campaign pledge to annex parts of the occupied West Bank. The annexation push is currently on hold as Israeli and American officials negotiate over what actions Washington would support.

Benny Gantz, the prime minister's former rival who joined him in a unity government, has lobbied Mr. Netanyahu to focus on the virus and the economic fallout before any other policy priorities.



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WORLD NEWS

# U.S. Business Groups Press China on Trade

More than 40 associations call on Beijing to buy more manufactured goods

By LINGLING WEI AND BOB DAVIS

NEW YORK—As senior U.S. and Chinese economic officials plan to discuss China’s compliance with a trade deal signed early this year, more than 40 American business groups called on Beijing to step up purchases of U.S. manufactured goods, as well as energy and other products as part of the agreement.

In a letter sent Monday to Treasury Secretary Steven Mnuchin, U.S. Trade Representative Robert Lighthizer and Chinese Vice Premier Liu He,

the business associations, led by the U.S. Chamber of Commerce, voiced strong support for the “Phase One” trade pact but pressed both sides—especially China—to “redouble efforts to implement all aspects of the Agreement.”

The letter also was signed by the Business Roundtable, the U.S.-China Business Council and other trade groups covering a swath of industries including aerospace, autos, semiconductors and pharmaceuticals. The groups expressed their concerns that China is falling short of the overall purchase targets laid out in the trade deal despite progress it has made to ward buying U.S. farm products.

Beijing has focused on agricultural purchases, which President Trump made the core of

his demands during two years of negotiations. Chinese officials believe that if they keep ramping up such purchases, that will help keep the deal alive, according to people with knowledge of Beijing’s thinking.

“The business community wants to prevent this deal from becoming a casualty of the rising tensions in the bilateral relationship,” said Myron Brilliant, executive vice president and head of international affairs at the U.S. Chamber.

Messrs. Lighthizer and Mnuchin didn’t respond to requests to comment.

Washington and Beijing signed the purchase-centric trade deal in January following a nearly two-year tariff war that had hurt both economies and battered global mar-

kets. While it didn’t cover thornier economic changes sought by the Trump administration, such as China’s industrial subsidies and reform of its vast state sector, the agreement at the time helped put a floor under a deteriorating bilateral relationship.

Since the signing of the deal, however, relations between the two world powers have strained further. The Trump administration is challenging the Chinese leadership under President Xi Jinping over a host of issues, ranging from its handling of the coronavirus pandemic to Beijing’s tighter rule over Hong Kong.

For now, the trade deal, however limited, is emerging as one of the few channels through which both sides are

engaging with each other. U.S. and Chinese negotiators led by Messrs. Lighthizer and Liu plan to have a phone conversation in mid-August to assess the deal’s implementation, according to people familiar with the matter.

Although the trade associations sought to bolster the White House’s efforts to get China to carry out the deal, some in the administration worry that the president could read the letter to mean the opposite—that the business community is souring on the agreement because China isn’t complying. That could add to conservative pressure on Mr. Trump to scrap the accord.

Clete Willems, a former Trump White House trade negotiator, says the trade deal is crucial to keeping pressure on

Beijing. “If you don’t have an agreement you have no way to fix problems,” he said. “There’s no way to leverage additional purchases; there’s no way to fix biotechnology issues.”

With the U.S. presidential election approaching, Mr. Trump has said the trade pact is on track even though some administration officials have suggested otherwise. In Beijing, hard-line sentiment against the U.S. is rising and senior officials have warned Washington against meddling too much in issues.

Now, as China is lagging behind its commitment under the trade deal, U.S. business leaders worry that the deepening animosity between the two nations could further undermine commercial relations.



Indian Prime Minister Modi, center, greets soldiers in a region bordering China where the nations have been facing off for nearly two months.

## Beijing, Bhutan Spar Over Border

By SHA HUA AND RAJESH ROY

HONG KONG—China and India began pulling back troops from the site of a deadly border clash, as Beijing opened another front in the region’s territorial disputes with a new claim in nearby Bhutan.

Chinese and Indian troops both started to withdraw from some friction points in disputed areas along the two countries’ Himalayan border, Indian security officials said Monday, following talks between senior diplomats and military commanders to calm tensions.

The troop movements came two days after an Indian newspaper reported a brewing conflict between Beijing and Bhutan over a wildlife sanctuary involving what the Bhutanese government and experts said is a new territorial claim.

Indian national security adviser Ajit Doval and Chinese Foreign Minister Wang Yi had a “frank and in-depth exchange of views” over the phone Sunday ahead of the troop withdrawals, according to statements. Messrs. Doval

After a clash with India over the Galwan Valley, China is disputing a Bhutan wildlife sanctuary that borders Indian territory claimed by Beijing.



and Wang agreed to de-escalate the China-India border situation as quickly as possible and to continue the communication between diplomatic and military officials to ensure the implementation of the agreement, both statements said.

Chinese leader Xi Jinping has been pursuing an increas-

ingly aggressive approach to asserting territorial claims along the country’s periphery.

China’s latest dispute with Bhutan, an ally of India, suggests Beijing wants to keep pressure on New Delhi.

The conflict arose in early June, when China opposed a grant for a wildlife sanctuary

in Sakteng, in eastern Bhutan, during a meeting of the Global Environment Facility, an international financial organization that funds environmental projects. Beijing said the wildlife sanctuary is located in disputed areas that are “on the agenda of China-Bhutan boundary talks,” the minutes of the meeting show. Bhutan rebutted China’s claim to Sakteng, stating that “at no point during the boundary discussions between Bhutan and China has it featured as a disputed area.”

While China and Bhutan have long disagreed about boundaries along central and western stretches of their mutual border, experts said, the eastern stretch has been free of dispute. China’s Foreign Ministry said disagreements had existed in all three sectors for a long time and that “there are no new disputed areas,” in a statement to the *Hindustan Times*.

The Bhutan Embassy in India didn’t address the sanctuary issue specifically in responding to a request for comment. The Chinese and Indian foreign ministries didn’t respond to requests for comments.

## Chinese Authorities Hold Legal Scholar Who Criticized Xi

By CHUN HAN WONG

HONG KONG—Chinese authorities have detained a legal scholar known as one of the few prominent voices in China still willing to openly criticize President Xi Jinping’s leadership, the professor’s friends say.

Xu Zhangrun, a law professor at Beijing’s prestigious Tsinghua University, was taken by police from his suburban home in the Chinese capital on Monday morning, according to his friends, who cited a housekeeper and a neighbor who witnessed the process.

Friends say Mr. Xu might have been detained over his recent criticism of Mr. Xi’s leadership, particularly a series of trenchant essays this year that criticized the Communist Party’s initial mishandling of the coronavirus pandemic, demanded accountability for those missteps and called for political reform to allow freedom of expression in China. Some cited the recent publication of an anthology of Mr. Xu’s essays by a New York publisher as a possible factor.

“They are settling accounts after the autumn harvest,” said a former official who knows Mr. Xu, using a Chinese idiom for getting revenge at an opportune time.

One friend said Mr. Xu’s wife received a phone call purportedly made by police from the southwestern province of Sichuan, who said the professor had been detained on allegations that he solicited prostitution. Chinese police have in the past cited prostitution-related offenses in detaining government critics. The friend condemned the allegation as scurrilous.

Mr. Xu’s mobile phone was offline, and the 57-year-old professor didn’t respond to a message sent via the WeChat social-media platform. His wife couldn’t be reached for comment.

Beijing police didn’t imme-

diately respond to a request for comment.

Mr. Xu appears to be the most recent target in the Communist Party’s widening campaign against dissent, particularly from critics of the government’s response to the Covid-19 pandemic.

A number of self-styled citizen journalists disappeared in February after posting online videos to document conditions in the central Chinese city of Wuhan, where the coronavirus was first detected. In April, party and government investigators announced a probe into allegations of wrongdoing by Ren Zhiqiang, a retired businessman and a well-connected party member, who friends say had written a scathing essay criticizing Mr. Xi’s handling of the pandemic.

China’s enforcement of official narratives has extended over the past week into Hong Kong, where a new national-security law imposed by Beijing has prompted local officials to tighten speech controls by banning a popular protest slogan and pulling books by local pro-democracy figures from public libraries pending reviews of their legality.

Mr. Xu, a prizewinning legal scholar, came to prominence as a critic of Mr. Xi in the summer of 2018, when he wrote a lengthy essay—laced with literary and historical references—accusing the Chinese leader of reviving Mao Zedong’s dictatorial style and cult of personality, most notably through the repealing of presidential term limits earlier that year.

Censors responded by expunging much of Mr. Xu’s presence on the Chinese internet, though he continued to publish critical writings, including on the website of the Unirule Institute of Economics, an independent think tank in Beijing, where Mr. Xu was a research fellow.

## Hong Kong Is Denied User Data

Continued from Page One

the law took effect last week. Snap Inc., owner of Snapchat, declined to comment.

The national-security legislation includes a provision mandating local authorities to take measures to supervise and regulate the city’s previously unfettered internet.

Rules for implementing the new law made public by Hong Kong’s government late Monday and set to take legal effect on Tuesday say if police suspect an “electronic message” may endanger “national security,” authorities may ask the publisher, platform, host or network service provider to remove or restrict access to it. Those who publish messages and don’t comply face a hefty fine and imprisonment for one year, according to the rules.

Facebook, WhatsApp and its Instagram service, along with Twitter and Google unit YouTube, have long operated freely in Hong Kong without restrictions from China’s fire-

wall that applies to mainland internet users.

Citizens in the city have long been accustomed to using them to express political opinions and show support for protests against China’s increasing influence, but in recent days some users and activists have scrubbed or deleted their social-media accounts for fear of falling afoul of the new law.

Foreign businesses frequently cite the free flow of information in Hong Kong as one of the most important factors for being located in the financial hub. The city’s citizens are among the most connected in the world: Some 91% of the population uses the internet, according to consulting firm We Are Social, and 98% of internet users between the ages of 16 and 64 communicate by means of social media or messaging apps.

Dubai-based Telegram Group Inc. said it doesn’t intend to process “any data requests related to its Hong Kong users until an international consensus is reached in relation to the ongoing political changes in the city.” A representative for the messaging service said the company “has never shared any data with the Hong Kong authorities in the past.”

Hong Kong’s government and police force didn’t re-



People held up blank paper during a demonstration on Monday against Hong Kong’s new security law.

spond to requests to comment.

Some activists and advocates for internet privacy welcomed the tech firms’ moves. “I think it’s a good sign. They are upholding freedom of speech and user privacy,” said Francis Fong, honorary president of the Hong Kong Information Technology Federation trade association. Mr. Fong is also a member of the standing committee on technological developments for Hong Kong’s office of the privacy commissioner for personal data.

WhatsApp is popular in Hong Kong among members of the

general public, Mr. Fong said, but to discuss more sensitive matters people often use services such as Telegram or Signal, another messaging service.

Hong Kong police in May said they arrested a 28-year-old man who according to evidence they displayed publicly was the owner of a Telegram channel, or group, of demonstrators. He was accused of “conspiring or soliciting to commit murder” and “incitement to commit criminal damage.” A police superintendent said at the time police believed the man posted messages to about 22,000 fol-

lowers including material such as tutorials on making gasoline bombs and instructions for how to murder police officers.

Tech companies regularly receive requests from government entities world-wide to provide user data, for uses including law enforcement or preventing serious injury or death. Facebook in the last six months of 2019 received 241 government requests for data on users in Hong Kong, according to a company report. It produced data for 46% of the requests.

To be sure, tech companies must follow local laws in the

countries where they operate, whether that is Vietnam, Singapore, Saudi Arabia or the U.S. The volume of requests Facebook received from Hong Kong authorities is also much smaller than the more than 51,000 obtained from U.S. authorities between July and December of last year. Facebook said it produced some information on 88% of requests from U.S. authorities.

“WhatsApp believes in the right for people to have a private conversation online,” the company’s spokeswoman said. It isn’t known how many users it has in the city of 7.5 million.

The implementation of the new law means U.S. tech companies in the city now face a delicate balancing act, some analysts said. If authorities here ask them to remove user accounts or their content, they risk alienating their user bases. If they refuse, they may face criminal action and punishment.

That action could include Hong Kong authorities arresting company employees who work locally or taking control of servers, said Greg Pilarowski, an attorney and founder of the boutique law firm Piller Legal in San Francisco and Shanghai.

“What will happen is essentially a chess game,” he said.

—Liza Lin contributed to this article.



# GREATER NEW YORK

## NYPD Warns of a Crime Wave

By BEN CHAPMAN

New York City could see a jump in crime this summer driven by bail-overhaul laws, the release of incarcerated people from city jails amid the new coronavirus pandemic and rising antipolice sentiment, according to New York Police Department officials on Monday.

The officials made the warning at a news conference after saying the city recorded a spate of shootings over the Fourth of July holiday weekend, with 10 people killed and 53 people injured in 44 separate incidents.

The number of shootings in the city increased by 130% in June to 205, compared with 89 during the same time a year earlier, the officials said. The number of murders in the city

also rose 30% in June, according to the officials.

Police Commissioner Dermot Shea said in a TV interview Monday that the surge in violence was the result of a “perfect storm” of factors, including the pandemic, which hit New York City far worse than any other U.S. city. The pandemic prompted the closure of criminal courts and delayed the prosecution of scores of criminal cases.

State bail-reform laws that took effect at the beginning of the year have also played a role in the increase in crime, police officials said. The laws bar judges from holding defendants on bail for most misdemeanors and nonviolent felonies.

Some of those defendants, as well as some people released from city jails because

of the pandemic, have driven the crime increase, the NYPD officials said.

NYPD Chief of Department Terence Monahan said at the news conference: “We need to

**A spate of shootings over the holiday weekend left 10 dead and 53 injured.**

turn this around.”

At a separate press conference, Mayor Bill de Blasio said the recent spate of shootings had to do with the pandemic, which has devastated the city’s economy and led to a lockdown.

“The fact that the court

system is not working, the economy’s not working, people have been pent up for months and months, so many issues underlying this challenge,” said Mr. de Blasio, a Democrat.

The surge in crime comes after weeks of large-scale demonstrations over police brutality and racism. The protests were spurred by the death of George Floyd, a Black man killed by a white Minneapolis policeman. Protests across the nation have demanded overhauls to policing.

In response, New York Gov. Andrew Cuomo signed a law that criminalizes the use of a chokehold by a police officer. The New York City Council recently passed similar legislation that Mr. de Blasio is expected to sign into law. Last week, the mayor and the City

Council also approved a budget that shifts nearly \$1 billion in funding from the NYPD to other agencies.

The chokehold legislation has had a chilling effect on enforcement, NYPD officials said. “It is crippling police officers,” Mr. Shea said. “Police officers should not have to worry more about getting arrested than the person with the gun that they’re rolling around on the street with.”

Councilman Rory Lancman, a Queens Democrat who wrote the city legislation, said Mr. Shea should be removed from his job. “The commissioner thinks that he cannot keep New Yorkers safe without his officers having ability to choke people,” Mr. Lancman said.

—Jimmy Vielkind contributed to this article.

## Spread Tied To Infected Nursing Home Staff

By MELANIE GRAYCE WEST

The novel coronavirus was introduced into New York nursing homes by infected staff, and infections among nursing-home workers correlate with the timing of peak resident deaths, according to a new study by New York state health officials.

The findings and data, released in a report Monday, run counter to accusations by nursing-home executives, families of patients and advocates who have said a March 25 directive from the state led to infections and deaths at facilities across New York. The directive required nursing homes to accept, or readmit, Covid-19-positive patients from hospitals.

After mounting criticism, the state in mid-May reversed the directive.

The most recent data from the state shows that nearly 6,500 nursing-home residents died, or are presumed to have died, from Covid-19. There are 613 nursing-home facilities statewide with some 100,000 residents, according to the state. In all, nearly 25,000 New Yorkers have died from Covid-19.

The report found that infections among nursing-home workers align with the infection rates in highly impacted areas, and that the quality of a nursing home wasn’t a factor in fatalities. Self-reported data from the homes shows that a quarter of the roughly 158,000 nursing-home workers in the state were infected with the virus between March and early June 2020, according to the state’s report.

New York State Health Commissioner Howard Zucker said that there isn’t a reason to place blame for the spread of the virus on nursing-home and health-care workers.

“If you’re going to place blame, I would blame the coronavirus, Covid-19,” he said.

Gov. Andrew Cuomo said Monday that the report disproved a claim that the state’s March 25 order was responsible for the deaths.

“You had this political conspiracy theory that the deaths in nursing homes were preventable,” said Mr. Cuomo, a Democrat. “That has no basis in fact. It was pure politics and it was ugly politics, and now the report has the facts.”

George Gresham, president of 1199SEIU, which represents 60,000 unionized nursing-home workers in New York, said caregivers did everything they could to support residents “at great physical and emotional cost, in many cases without adequate personal protective equipment and while being denied needed paid sick time.”

Stephen B. Hanse, president and chief executive of the New York State Health Facilities Association, a trade group representing nursing homes, said that during the onset of the crisis, policy makers focused on hospitals and increasing hospital capacity, not on nursing homes and assisted-living facilities.

## Nail Salons, Tattoo Parlors Open Their Doors

By STEPHANIE YANG

New York City entered the third phase of reopening its economy on Monday, allowing some personal-care services such as nail salons and tattoo parlors to open at limited capacity.

Indoor dining at restaurants also was slated to be part of phase three, but city and state officials last week indefinitely postponed those plans because of rising cases of the new coronavirus in other states and a lack of social distancing in the city.

The reopening rules for the third phase mandate that businesses only allow 50% capacity of both workers and customers, and require face masks and social distancing. The latest reopening phase also allows the resumption of low-contact youth sports.

Some reopened nail salons are limiting customers to appointments. Sergey Isakov, owner of Choo Choo Cuts in Brooklyn Heights, restarted hair-care services in June, but added a manicurist back to the staff this week. He was mildly surprised to see two customers had made appointments for Tuesday morning.

“When I opened up the barbershop, it was like a first-time opening. I didn’t know what to expect,” Mr. Isakov said. “Same thing for the nail services.”

Jackie Chalif, 30 years old, was walking through her neighborhood on Monday when she saw the nail salon Dashing Diva had opened. Its workers were outfitted with face masks and face shields. Ms. Chalif said she used to get a manicure about once a week before the pandemic.

“This is like the first thing I’ve done” since businesses started reopening, she said, perusing bottles of nail polish in the Brooklyn Heights salon. “I feel happy about it. Definitely cautious, but happy.”

A phased reopening of the city began on June 8 after more than two months of lockdown during the pandemic. Under phase one, construction, agriculture, manufacturing and wholesale trade sites were allowed to resume. Retail stores also could offer curbside pickup.



**A customer got some ink done in a Brooklyn tattoo parlor Monday. Low-contact youth sports also were able to resume under the third phase of New York City’s reopening.**

her birthday on Wednesday. They had the tattoos—two puzzle pieces with a lock and a key—picked out six months ago.

Mr. Foreman said the pair had started going outside more in the past week or so, though they had refrained from dining outside at restaurants. Indoor dining was rightfully delayed, he said. “It’s a little concerning when we see numbers in other states spiking,” Ms. Thomas added.

Nathaniel Rodriguez, manager at tattoo parlor Distinction Ink in Downtown Brooklyn, said he is limiting his shop to one customer at a time, though he plans to install room dividers to increase that number to three.

While business dropped off at the start of the pandemic, Mr. Rodriguez is optimistic customers will return. “I believe that everything should go back to the way it was, or it should be a little better right now with everyone receiving unemployment,” he said.

The second phase started June 22, with office workers returning to their jobs, restaurants offering outdoor dining and retailers permitting indoor shopping at limited capacity.

Luis Gomez, director of organizing with the New York Nail Salon Workers Association, said the majority of the group’s members returned to

work on Monday, though many remained worried about transmission risks.

Some nail-salon employees were concerned about a lack of protective equipment at their jobs, Mr. Gomez said. But many are immigrants who don’t have access to unemployment benefits, so they felt compelled to return to work, he said. “That’s

really forced their hand to go back to work without necessarily being ready to.”

Customers also returned to tattoo parlors on Monday. Tiniika Thomas, 45, and her fiancé, Andre Foreman, 44, waited at tattoo and piercing shop Harlem Hype in Downtown Brooklyn to get a set of corresponding tattoos ahead of

## Cities Feel Budget Crunch as Pandemic Squeezes Funding

By JIMMY VIELKIND

Officials in Buffalo, the second-largest city in New York, were already preparing to borrow \$18 million to keep them in the black after the novel coronavirus caused municipal revenues—from parking meters to sales tax—to shrivel.

But when word came from Gov. Andrew Cuomo’s administration that a \$98.4 million state grant due on June 25 would be about \$20 million short, the city raised its borrowing plans by 50%.

States and municipalities around the country are grappling with fiscal pain related to the virus, but in New York, the Democratic governor has pushed some of the state’s problems down the funding food chain. Buffalo’s grant was part of roughly \$4 billion in payments to localities and social-service providers that have been tied up since April as the state deals with a projected \$13 billion revenue shortfall.

On July 1, the state sent a

notice that it would hold back some funding support for mental-health services. The Civil Service Employees Association said on June 27 that the governor’s office would continue to defer, until Oct. 1, higher wage rates that were set to take effect at the start of April.

The union said it has filed a formal grievance over the delay and is pushing for retroactive payment, “but we also recognize the dire financial position the state is in and have no desire to see members laid off or furloughed.”

Mr. Cuomo and Robert Mujica, the state budget director, said in May that the state could reduce outlays by 20% if a package of aid from the federal government doesn’t come through. The state budget enacted in April gives the governor power to do so unilaterally, but any permanent changes to the budget are subject to review by the state Assembly and Senate.

So far, Messrs. Cuomo and Mujica say the payment reductions are simply deferrals, not

permanent cuts. New York also borrowed \$4.5 billion to help improve its cash position after the Internal Revenue Service pushed the federal—and state—income-tax filing deadline from April 15 to July 15.

“We have no choice but to hold back 20% of all payments,” said Freeman Klopott, a spokesman for Mr. Cuomo’s Division of the Budget. “These are responsible budgeting actions required to maintain fiscal integrity, and we encourage local governments—which have many tools at their disposal—to also budget responsibly in these difficult times.”

Mr. Cuomo has called upon Congress to appropriate money to help states cope with revenue they have lost as a result of the pandemic. The Democratic-controlled House passed a roughly \$3.5 trillion relief bill last month that was seen as a starting line for negotiations. It included \$1 trillion in additional aid for state and local governments, including \$35 billion for New York.

Republicans who control the Senate say they are wary of sending more money to state and local governments without additional accountability. Negotiations over a new federal spending bill began in earnest later this month.

In the interim, local governments are taking action to re-

# \$13B

New York state’s projected revenue shortfall

duce expenses and services. Buffalo has frozen the salaries of nonunionized employees, reduced spending on capital projects and realized savings by letting employees continue to work from home.

Leaders in Westchester County last week offered a retirement incentive as they seek to offset revenue losses

of up to \$250 million. The mayor of Albany announced in May that she would give up her salary for the rest of 2020.

“It’s the same story everywhere,” said Peter Baynes, executive director of the New York Conference of Mayors, which represents cities and villages. “The problem is, they just don’t know how temporary the fill needs to be for the hole. Temporary is a relative term, because it could go on indefinitely and it could ultimately be a cut.”

Some of the state’s biggest local-assistance payments are aid to school districts that are scheduled for later this summer, according to E.J. McMahon, research director for the Empire Center, a fiscally conservative think tank.

Mr. McMahon said Mr. Cuomo should permanently freeze public-sector wages rather than pushing the state’s cash problems to local governments and nonprofits.

“Basically, he’s transferring his cash flow problem to people who are much less able to

shoulder it,” Mr. McMahon said. “It seems to be a fairly transparent way to get them to help put pressure on Congress to get more aid.”

Even if more money arrives, municipalities will face longer-term issues. Sales-tax collections, which are split between state and local governments, were 32.3% lower in May than the preceding year, according to state Comptroller Tom DiNapoli.

In March, April and May, local governments received \$824 million less in sales-tax revenue than during the same period in 2019, his office said. Buffalo’s fiscal year began July 1, and its adopted budget assumes an \$18.5 million drop in sales-tax collections. It also assumed lower payments from the state, but about \$65 million in federal stimulus.

“The situation is fluid,” said Betsey Ball, chief of staff to Mayor Byron Brown. “We firmly stand by the fact that in order for all of us to fully recover, we need disaster-relief funding from the federal government.”



GREATER NEW YORK

# Commercial Property Sales Plummet

Pandemic triggered plunge that will have dire consequences for NYC tax collections

By PETER GRANT

The volume of commercial property sales in New York City cratered in the second quarter because of the coronavirus pandemic, a trend that likely will accelerate in the last half of the year with painful consequences for city tax collections.

Investors purchased only 170 properties valued at \$3.6 billion between April 1 and the end of June, the lowest number of transactions for a three-month period since the second quarter of 2009, according to B6 Real Estate Advisors. There were 523 deals valued at \$7.6 billion in the second quarter of 2019, said the firm, which specializes in New York commercial property sales.

The decline in the number of sales occurred at a much faster pace than in the latest recession, when there was a more gradual quarter-to-quarter fall, said Adrian Mercado, B6 Real Estate chief informa-



Deals that closed in the second quarter included a 49.5% stake in One Madison Avenue for \$492.2 million.

tion officer. “Here you see a cliff,” he said. “It’s a threat that commercial real estate has never really faced before in this city.”

The nosedive in sales volume will cause a sharp reduction in collections of the city’s 2.65% real-estate transfer tax, which totaled \$893.3 million in 2019, according to B6 Real Estate. The firm is projecting collections will fall to \$500.3

million in 2020.

The upheaval in commercial real estate could be even more painful to the city budget when it comes to property-tax collections because assessed values of office buildings, stores, hotels and other properties are expected to plummet, said Paul Massey, founder and chief executive of B6 Real Estate.

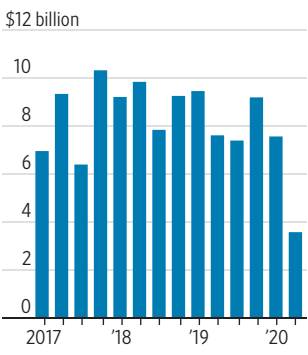
“The decline in value is the

bigger issue for the city to face,” said Mr. Massey, who ran for mayor in 2017. “We could be talking about billions of dollars in unanticipated shortfall.”

The great majority of the deals that took place in the second quarter of this year already were well along in mid-March when the coronavirus hit. In many cases, the deals were able to close because

New York City commercial property sales fell sharply in the second quarter.

Quarterly sales volume



buyers had put down nonrefundable deposits or buyers and sellers renegotiated lower prices, according to real-estate brokers and investors.

Volume in the last two quarters of 2020 likely will be even lower than in the second quarter because very few new transactions have gotten started since the pandemic, Mr. Mercado said. Values continue to be a mystery with huge unresolved questions hanging over the reopening of Broadway, the return to office space and other vital drivers

of the commercial property industry. Last week, the Broadway League, a theater industry trade association, said performances won’t resume until early 2021.

“A lot of people are not going to go into the market,” Mr. Mercado said of commercial real estate. While many investors have capital, some are using it to shore up their existing properties, he said. Others “are going to wait to see what happens,” he said.

The deals that closed in the second quarter included the purchase of a 49.5% stake in Manhattan’s One Madison Avenue by a venture of the National Pension Service of Korea and Houston-based **Hines Interests LP**. The venture paid \$492.2 million for the stake in the office tower, which is slated to be redeveloped and expanded in a development valued at \$2.3 billion.

The seller of the stake in One Madison, **SL Green Realty Corp.**, has been selling some assets to shore up its balance sheet after a deal to sell the former New York Daily News headquarters for \$815 million fell through in late March. SL Green will retain a majority stake in One Madison.

## Amy Cooper Faces Criminal Charges

By DEANNA PAUL

Amy Cooper, the white woman who falsely accused a Black bird-watcher of threatening her life in Central Park, faces misdemeanor charges for filing a false report, the Manhattan district attorney’s office said Monday.

The Memorial Day encounter was filmed by Christian Cooper, who has described himself as an avid bird-watcher. Mr. Cooper, no relation, had asked that Ms. Cooper leash her dog, as required by park regulations. The 41-year-old woman responded by informing him that she planned to call the police, according to video foot-

age taken by Mr. Cooper.

“I’m going to tell them there’s an African-American man threatening my life,” she told him, then pulled out her cellphone and dialed 911.

Ms. Cooper told the emergency operator that she was “being threatened by a man in the Ramble,” a section of the New York City park, and described Mr. Cooper as African-American. “Please send the cops immediately,” she said, according to the video.

The incident sparked outrage online, with some people noting that it was the latest instance of a white person calling the police on a Black person engaged in an everyday

activity after a similar thing happened to others who were sitting at a Starbucks, renting an Airbnb, and sleeping on a dormitory couch.

Ms. Cooper’s false allegation, they said, could have led to a violent, or even deadly, police encounter. Later that day, a video of a white Minneapolis police officer kneeling on the neck of George Floyd, a handcuffed Black man, went viral. Mr. Floyd was killed.

“I reacted emotionally and made false assumptions about his intentions when, in fact, I was the one who was acting inappropriately by not having my dog on a leash,” Ms. Cooper said in an apology issued

the following day. “I assumed we were being threatened when all he had intended to do was record our encounter on his phone.”

Her employer, the investment firm Franklin Templeton, fired her May 26.

“Today our office initiated a prosecution of Amy Cooper for falsely reporting an incident in the third degree,” said Manhattan District Attorney Cyrus R. Vance. “We are strongly committed to holding perpetrators of this conduct accountable.”

Ms. Cooper is scheduled to be arraigned Oct. 14 at Manhattan Criminal Court on the false-reporting charge. If convicted, she faces up to a year in jail.



On May 25, Amy Cooper falsely told police she was threatened by Christian Cooper, a Black bird-watcher, in Central Park.



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LIFE & ARTS

Escape...to the Great Depression?

Stories and characters from the 1930s reflect a harder, tougher America in new TV series, books and movies

By Tobias Grey

As a barrage of economic forecasts veer between overnight recovery and meltdown, several coming novels, TV series, films and video-games are offering escape by holding up a mirror to the financial trauma of the early 1930s.

The Great Depression underpins HBO’s “Perry Mason” reboot and, more indirectly, a new series adaptation of Aldous Huxley’s classic science-fiction novel “Brave New World” premiering on NBCUniversal’s Peacock streaming platform on July 15.

Huxley wrote his novel in 1931 during the height of the Depression in the U.K., where he became disillusioned by mass unemployment and street rioting. The new TV version, starring Alden Ehrenreich and Demi Moore, bills itself as a show about “a utopian society that has achieved peace and stability through the prohibition of monogamy, privacy, money, family and history itself.”

Oscar-winning director Guillermo del Toro’s new movie “Nightmare Alley” also has the Depression as a backdrop. The thriller suspended filming in March because of the coronavirus pandemic but plans to resume shooting in the fall.

Contemporary novelists are digging into the Depression: Christina Schwarz’s “Bonnie,” out on July 7, looks at the life of notorious bank robber Bonnie Parker, who made headline news during the 1930s with her accomplice and lover, Clyde Barrow. Meanwhile Kristin Hannah’s new novel “The Four Winds,” out next February, will focus on the 1930s drought that devastated the Great Plains.

Finally, the popular videogame Mafia, set during the Depression, is being remade and will launch this August as Mafia: Definitive Edition.

In “Bonnie,” life begins promisingly enough for young Bonnie Parker, growing up in the 1920s with her widowed mother in the former town of Cement City, in West Dallas. “It seems that she may have been a straight-A student before she dropped out of school to marry at the age of 15,” Ms. Schwarz said. “We know that she won a big Dallas spelling bee and spent a lot of time writing poetry.”

When the Depression hits, her marriage collapses and the cafe where she works as a waitress goes out of business. Into this vacuum steps Clyde Barrow, who promises to transform her drab existence. “Everything was shutting down and Bonnie really wanted more life and more liveliness,” Ms.



Demi Moore, above, stars in the new TV version of ‘Brave New World’; Matthew Rhys plays a tormented Perry Mason in a 1930s reboot of the classic series.

Schwarz said. “So indirectly, the Depression encouraged her to look somewhere else for a different kind of life.”

Ms. Schwarz fondly recalls going to the cinema to watch Arthur Penn’s film “Bonnie and Clyde,” starring Faye Dunaway and Warren Beatty, when it came out in 1967. She said she was careful not to re-watch it while working on her novel, because its sense of glamour and its stylish tics were far from the kind of world she wanted to project. “I like gritty details generally,” she said, “so I think the idea of showing something more psychologically and emotionally real, and in terms of the setting, was part of what I was trying to do with my novel.”

Instead of a string of impressive bank heists, most of the robberies in “Bonnie” are holdups of mom-and-pop groceries and service stations. “This was something I was very surprised to discover when I did my research,” Ms. Schwarz said. “At the most extreme end of their poverty, Bonnie and Clyde literally broke into gumball machines for the pennies.”

Showrunners Rolin Jones and Ron Fitzgerald sought a similar degree of Depression-era veracity for their “Perry Mason” reboot.



The eight-part series, which drew 1.7 million HBO viewers for its first episode when it premiered last month, depicts a less-ethical, more-tortured Perry Mason, as played by Matthew Rhys, than the TV series starring Raymond Burr that ran from 1957 to 1966.

“Nightmare Alley,” which stars Bradley Cooper and Cate Blanchett as scheming grifters, is also a reboot. The original novel by William Lindsay Gresham came out in 1946 and was made into a film noir starring Tyrone Power a year later.

The original versions of “Nightmare Alley” and “Perry Mason” were respectively subject to the Motion Picture Production Code and the Television Code, which sought to enforce moral standards.

HBO’s Perry Mason might give viewers who knew the older TV character a bit of a jolt.

“Maybe our take on ‘Perry Mason’ comes across as more hardcore and angry because we have associations with movies and shows that were done when those codes were in place,” Mr. Jones said.

Messrs. Jones and Fitzgerald revisited Erle Stanley Gardner’s early “Perry Mason” novels from the 1930s to excavate an origins story tracing Mason’s unconventional journey from private investigator to attorney-at-law.

“The America he described was one where wages were quite low and a lot of people were scraping by,” Mr. Jones said. “Overall our portrait is of a harder, tougher American character. Men and women of the time were tougher people back then because on a daily basis they had to suck it up.”

Set in Los-Angeles, the series uses a murder investigation to explore such themes as institutional racism, police malfeasance, closeted homosexuality, media manipulation and the right to demonstrate.

“Those sorts of things were all whitewashed for a more tenderfooted audience, but if you read any crime reports from the time you’d be like: ‘Well, there you go,’” Mr. Jones said.

“Sadly not a whole lot has changed in the 90 years between when we set this series and today,” Mr. Fitzgerald said. “For us it was an opportunity to write about what we’re seeing outside our windows, but also tell a story that takes place in 1932.”

**AT THE HEIGHT** of the new-wave movement in the early 1980s, Talking Heads added funk to their art-rock sound. The result was the group’s first Top 10 hit—“Burning Down the House.”

Released in July 1983, the single reached No. 9 on the Billboard pop chart while their album, “Speaking in Tongues,” climbed to No. 15.

Recently, former Talking Heads’ vocalist-guitarist David Byrne, drummer Chris Frantz, bassist Tina Weymouth and guitarist-keyboardist Jerry Harrison recalled the song’s evolution. Mr. Frantz’s memoir, “Remain in Love” (St. Martin’s), is due July 21. Mr. Byrne is founder of Reasons to Be Cheerful, an online magazine. A filmed version of his “American Utopia” theatrical concert, directed by Spike Lee, will appear on HBO this fall. Edited from interviews.

**David Byrne:** “Burning Down the House” wasn’t a song about arson. When I wrote the lyrics in 1982, the title phrase was a metaphor for destroying something safe that entrapped you. I envisioned the song as an expression of liberation, to break free from whatever was holding you back.

As for the rest of the lyrics, there are no hidden meanings. There’s no logical, linear connection. They aren’t telling a story or signifying anything. I simply combined aphorisms and nonsequiturs that had an emotional connection.

**Chris Frantz:** The music’s inspiration began when Tina and I went to Madison Square Garden in February 1979 to see Parliament, Funkadelic, Bootsy Collins and the Brides of Funkenstein.

As the Talking Heads’ bassist and drummer, Tina and I were responsible for the band’s groove.

We loved all kinds of music, especially funk.

Before Parliament came on that night, the audience chanted things like, “Goddamn, get off your ass and jam” and “Burn down the house! Burn down the house!” That last one stuck with me.

**Tina Weymouth:** I first met Chris in 1971 at the Rhode Island School

of Design. By 1973, we were dating. I met David Byrne that fall.

The two of them came over to my place to make a three-minute soundtrack for a friend’s short film. That’s when they decided to form a band—the Artistics.

After Chris and I graduated in ’74, we moved to New York. In November, I joined him and David as a novice bassist. We called our trio Talking Heads.

A friend found the phrase in a TV Guide. It was a film term to describe a head-and-shoulders shot that delivers content, not action. That was about right, since our name wouldn’t conjure any music style, which was freeing.

We signed an album deal with Sire Records on November 1, 1976. That day, Chris and I became en-



Talking Heads—from left, David Byrne, Jerry Harrison, Tina Weymouth and Chris Frantz—in 1983, the year of their hit ‘Burning Down the House.’

gaged. We married in ’77, in the middle of touring and making our first Talking Heads album.

Jerry Harrison joined the group in January ’77.

**Mr. Frantz:** In late ’81, David and Jerry came over to our loft in Long Island City, Queens, to jam and write songs for our upcoming fifth album—“Speaking in Tongues.”

**Ms. Weymouth:** At our earliest writing session, Chris and I started this funky groove. David added rhythm guitar and Jerry bounced between rhythm guitar and keyboards. To get their creative juices going, Chris shouted enthusiastically, “Burn down the house! Burn down the house!” as he played.

**Mr. Byrne:** Whenever we got something going that gelled at the loft, I’d press “record” on our cassette player. At first, all we had was a loping, galloping beat and a guitar part. The music was stripped down, fractured and very Talking Heads, not a full-on funky groove.

**Jerry Harrison:** After recording our previous album, “Remain in Light,” it became

clear that a lack of chord changes made it challenging to write interesting melodies. So for “Burning Down the House,” we wrote out a chord structure.

**Ms. Weymouth:** I used a four-track recorder to capture takes of David singing what initially were experimental, nonsensical vocals. As he sang, I took notes and played back the bits that I thought had the most potential for a melody.

**Mr. Byrne:** At home, I also identified jams on the tapes that could be A, B and C sections of the song. Then I identified the ones that sounded interesting and would fit together. There were no lyrics or vocals yet, just a possible song structure.

**Ms. Weymouth:** In May ’83, the song still needed words to match the phrasing of the song. I suggested David rent a car and drive around to clear his mind.

**Mr. Byrne:** A car is a good place to write lyrics. Driving occupies one part of your brain, freeing up the other. As I drove, I scatted the melody and recorded every random phrase I could think of that fit the song’s groove.

Many of the phrases may have been inspired by lines in P-Funk songs. I had seen them in concert at a club and had their albums. These lines were like little verbal Zen poems. They helped me come up with aphorisms like, “Time for jumpin’ overboard” and “Watch out, you might get what you’re after.”

Later, I wrote down in my tiny handwriting as many phrases from the tape that fit on one sheet. Seeing all of them at a single glance let me identify the ones that worked together. There was no logical or linear connection between them.

**Ms. Weymouth:** David is a great rhythm guitarist, so the words he wrote were perfect for his stabbing, lurching guitar chords:

“Hold tight, wait till the party’s over / Hold tight, we’re in for nasty weather / There has got to be a way / Burning down the house.”

“All wet! Hey you might need a raincoat / Shakedown! Dreams walking in broad daylight / 365 degrees / Burning down the house.”

**Mr. Byrne:** When I recorded my lead vocal, I had a sheet with optional lyrics. I often did this when recording to try out other lines. I’d sing an alternate line here or a different one there. The deciding factor was how they sounded, not whether they made literal sense.



LIFE & ARTS



work, using free online classes to become an advanced Excel user and to learn R, a programming language for statistical computing. Using his knowledge of tire design and a statistical model, he came up with a way to predict when excess rubber stuck inside a mold would lead to a defective tire.

Even before the pandemic, he says, he was seeing an influx of clients who had impressive data-science knowledge but didn't know how to sell themselves to hiring managers. He advises clients to start conversations with people at the companies where they want to work and explain how their skills can be an asset. "Ultimately, you want to learn from them and convince them you can also help them solve those problems," he says.

Workers now have access to an enormous array of online classes and credentials.

Individuals on the threshold of their careers are building flexibility into their job searches. Richard Ahn, who is job-hunting after graduating in May from the University of Texas at Austin, is focused more on the location than the company. Mr. Ahn, who is 21 and majored in supply-chain management, had been looking for work in Los Angeles, Chicago and San Francisco. When interviews for a position in Chicago with United Airlines stalled because of the pandemic, he decided to cast a wider net. He had been hoping to find work in procurement but broadened that to any job in supply-chain management.

He is now also applying for openings in Houston, San Diego, Austin and Seattle—a list he developed by researching growing industries and companies with headquarters in each city. "I'm more picky about the city than the company," Mr. Ahn says, "but I do really want to work for an industry-leading company."

Maggie Blanchard worked as an assistant to a motivational speaker and author, traveling the country from her home in Nashville, Tenn., to conferences where her boss appeared. She was laid off when the live-events business cratered during the pandemic. Ms. Blanchard, 26, began driving for Postmates, and, through a benefit the delivery company offers its independent contractors, began taking a philosophy class called "Justice" through the online education platform EdX. The class is honing skills such as analysis, critical thinking and resilience, she says.

"I held a position that no longer exists," Ms. Blanchard says. "No one is operating as an executive assistant in a live-events business in the capacity I was. So what is transferable? What can I bring to the table? The more I break it down, I think it boils down to: I'm the only thing that's transferable."

# Workers Retool After Jobs Vanish

Amid pandemic, hiring managers seek candidates whose résumés reflect adaptability and flexibility; a former assistant brushes up online, pondering: 'What can I bring to the table?'

By KATHRYN DILL AND LAUREN WEBER

**SOME U.S. WORKERS**, buffeted by a pandemic that has ravaged the labor market and reconfigured the work place, are questioning whether to stick with their occupation or start an entirely new career.

Many are bolstering existing skills or resetting priorities such as which industry they work in, where they work or their job title. Others are taking classes to add new expertise and reinventing themselves in completely different fields. Experts advise individuals in both camps—whether staying put or starting over—that potential employers are likely to prize flexibility and adaptability when deciding on new hires.

Layoffs are driving some of these professional pivots; others have been inspired by a wish to stay in demand in a changing economy. The labor market has about 15 million fewer jobs than in February, the month before pandemic-related job losses in the U.S. piled up. Firms that lay off workers during a crisis often don't hire them back when business improves, economists say, and many workers appear to understand this. Enrollments at community colleges typically increase during recessions,

says Paul Osterman, an economist at the Massachusetts Institute of Technology who is studying how workers acquire skills. And workers now have access to an enormous array of online classes and credentials with costs ranging from free to thousands of dollars.

Paul Barnes had already been looking for a new post when he lost his job as a product developer at women's apparel brand Natori Co. in December. Once the coronavirus pandemic hit, he saw the leads he had cultivated disappear. "I realized, if I haven't found a job yet before Covid, then the likelihood of me finding a job now is lower than it was before, so I really need to figure something out," he says.

Despite having completed a degree at the Fashion Institute of Technology just a year earlier, he cast about for new skills to pick up and learned about the online coding school Springboard. Software engineering didn't appeal to Mr. Barnes, who is 33 years old, but he gravitated to a field known as UX Design, shorthand for user experience. UX Design's focus on coming up with a concept and going through trials to make it better reminded Mr. Barnes of his



Paul Barnes is finishing a six-month program in UX Design and is 'pretty optimistic' about finding a position.

previous work.

He is on track to complete the six-month program early, at the end of August, and hopes to find a full-time UX Design job. "I feel pretty optimistic," he says. "Working remote, with the potential to do freelance or contract work or to pivot into a field where I don't

have to go into work every single day and get paid quite a bit more than what the fashion industry was offering—that sounds kind of appealing."

With the economy in flux, trying to guess what skills will be most valuable is more difficult than ever, says Brad Hershebin, senior economist at the W.E. Upjohn Institute for Employment Research.

"The best advice I can give is don't try to predict what skill is going to be most in demand, but have a mindset where you demonstrate that you can learn and adapt," he says. "Businesses always want someone who can adapt to different circumstances. If you can demonstrate that in your work or education history, that's marketable and is probably the most resilient skill set you can have."

Michael Green is a data-science and analytics consultant at Data Coach, part of analytics firm Tesselation. He helps people looking to launch careers in data science. Mr. Green made such a leap himself, after starting out in mechanical engineering in 2014 as a tire designer at Michelin. Over time, he became interested in how data science could improve his team's



Richard Ahn, left, has expanded his search for a job in supply-chain management since graduating from college in May. Michael Green, above, helps people looking to launch careers in data science.





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New Canaan



By PAUL JACOBS

**DURING THESE** anxious times, the music of George Frideric Handel offers consolation and hope. While many of us are familiar with his oratorio “Messiah” and the “Water Music,” he was an astonishingly prolific composer, bequeathing to posterity some of the most moving music ever written. Here is a chance to experience—online—the full splendor of Handel’s genius.

Handel was born in 1685, the same year as Johann Sebastian Bach. Both were German and both became supreme organists. Bach wanted to meet Handel, whose music he highly esteemed, but a visit between these two titans of the Baroque never materialized. Handel’s impact on later composers cannot be overestimated, either. No less a figure than Beethoven declared, “Handel is the greatest composer that ever lived...I would uncover my head and kneel down on his tomb.”

A look at the composer’s genius as a creator of organ works

Bach gives us the most rigorous counterpoint and the densest fugues. But Handel seems more eager to let in the light, luring us with a sheen of elegant simplicity, almost concealing its exalted level of sophistication.

An ideal point of entry is to be found in Handel’s organ concertos, which were wildly popular during his lifetime. A beloved example is his Concerto in F, No. 13, known as “The Cuckoo and the Nightingale.” Cast in four contrasting movements (slow-fast-slow-fast), the work begins with Handel’s trademark melodiousness, presenting the organ and orchestra in seamless dialogue. The second movement is brilliantly virtuosic for the soloist, who also introduces recognizable bird-calls using high-pitched organ stops. In the third movement, the organ and orchestra echo pensively back and forth, until the radiant final movement disperses every gray cloud, requiring from the soloist the most fluid phrasing and nimble fingers. One of the most vivacious readings from the organist can be heard on YouTube, played by Johann Aratore.

In his early 20s, Handel traveled to Italy, spending several years absorbing its musical culture. This period in the sunny Mediterranean environment had an enduring influence on his style

of composition, infusing it with a degree of warm lyricism and dramatic power that few would equal. In 1712, at age 27, he headed for England, where he was to spend the rest of his life, becoming a British subject in 1727. An engaging overview of Handel’s life there can be found in “Handel, The Conquering Hero,” part of the BBC TV documentary series “The Birth of British Music,” uploaded to YouTube. The host, Charles Hazlewood, explores such central questions as “How did a foreign

composer become such a celebrity here? And what is it about his music that still captivates and fascinates us today?”

In England, his larger-than-life persona (and girth) attracted countless admirers, but also jealous adversaries. An intriguing depiction of the composer is given in the 1994 film “Farinelli” (available on Amazon Prime), which portrays contentious interactions between Farinelli, the flamboyant castrato singer, and Handel, the upholder of pure artistic ideals. A particularly

striking scene, shared on YouTube, is Farinelli’s eavesdropping on the great composer, who is practicing the organ late at night in the theater. Handel, an obsessive workaholic, was the true servant of music, not merely a sensational spectacle for the public like his rival Farinelli, who recognized Handel’s pre-eminence.

It was in London, in 1735, that Handel began composing organ concertos for the newly built Covent Garden Theatre (now the Royal Opera House), continuing to create

and perform them until blindness overtook him in 1751.

The organs of 18th-century England were considerably more modest than many of their counterparts in cities like Hamburg, where Handel had lived. These glorious instruments, which can still be experienced today on the website of Organ City Hamburg (a tourist site dedicated to the city’s musical history), included as many as four manuals (keyboards), a full pedalboard, and thousands of pipes. English organs, by contrast, had only one or two keyboards, no pedalboard, and far fewer pipes. In the Covent Garden Theatre, where Handel regularly performed his organ concertos, he fully exploited the limited resources of the compact chamber organ. Musicologist John Butt offers an insightful introduction to “Handel’s organ” on YouTube.

But these concertos, being the malleable masterpieces that they are, lend themselves to a wide array of interpretations. The German organist Karl Richter, utilizing a large, modern organ, recorded six of the concertos with the Munich Bach Orchestra in 1972, which can be heard on YouTube. Serving as soloist and conducting the ensemble from the organ bench, Richter was no purist. He was known for his intense, soul-searching interpretations, playing with palpable conviction.

These luminous concertos don’t necessarily need a symphony orchestra. Although already challenged by employing all four limbs in performance, a number of organists have decided to assume the dual role of both orchestra and soloist. Among the countless examples available on YouTube is the American virtuoso Carlo Curley performing the Allegro from Handel’s Fourth Concerto, Op. 4. He plays the pedals in his stocking feet after wittily advising that some of the action is so vigorous it will “void the warranty” on the organ.

Handel’s music continues to offer insight into a panoply of human emotions. And it does so with naturalness and ease. His work

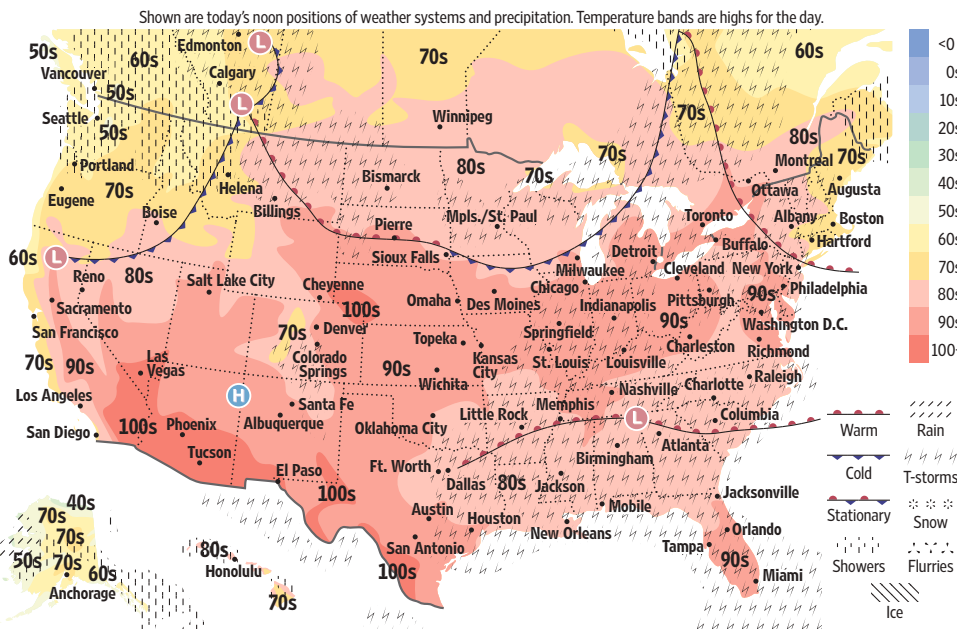
has a miraculous ability to soften our hearts and to transform our spirits. In the words of the composer, “I should be very sorry if I only entertained them; I wished to make them better.”

*Mr. Jacobs is a Grammy Award-winning organist who regularly performs with major symphony orchestras and is chairman of the organ department at the Juilliard School. In 2000, he performed an 18-hour concert of the complete organ works of J.S. Bach.*



A 1727 portrait of German composer George Frideric Handel, attributed to Balthasar Denners

Weather



U.S. Forecasts

s., sunny; pc., partly cloudy; c., cloudy; sh., showers; t., t-storms; r., rain; sf., snow flurries; sn., snow; i., ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	68	56	c	62	55	r
Atlanta	80	71	t	86	72	t
Austin	95	77	t	97	77	pc
Baltimore	91	74	s	91	74	pc
Boise	82	53	pc	83	57	s
Boston	75	67	pc	81	70	pc
Burlington	88	70	pc	87	66	t
Charlotte	80	71	t	86	71	t
Chicago	93	76	pc	94	77	s
Cleveland	92	70	s	91	71	pc
Dallas	87	74	pc	93	75	pc
Denver	96	61	pc	97	58	c
Detroit	95	72	pc	94	73	pc
Honolulu	87	74	pc	87	75	sh
Houston	91	79	t	95	78	pc
Indianapolis	92	74	pc	92	73	pc
Kansas City	91	73	pc	92	75	s
Las Vegas	106	78	s	105	77	s
Little Rock	89	73	pc	88	74	pc
Los Angeles	87	65	s	84	63	pc
Miami	94	79	t	94	79	t
Minneapolis	90	75	pc	91	75	pc
Nashville	85	74	c	92	72	s
New Orleans	91	74	pc	90	74	pc
New York City	88	78	t	89	77	t
Oakland	84	74	t	88	74	pc
Oklahoma City	90	70	pc	94	75	s

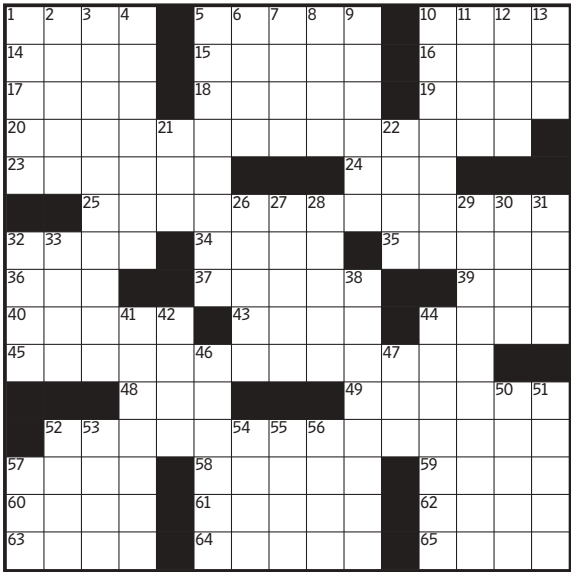
City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	93	74	s	94	71	pc
Orlando	91	76	t	92	77	t
Philadelphia	90	74	s	91	75	pc
Phoenix	110	88	s	110	86	s
Pittsburgh	94	69	pc	90	70	pc
Portland, Maine	73	64	pc	78	66	pc
Portland, Ore.	71	58	c	76	55	c
Sacramento	92	58	c	94	58	s
St. Louis	93	75	pc	94	76	s
Salt Lake City	92	62	s	90	65	s
San Francisco	72	55	pc	69	55	pc
Santa Fe	94	60	s	94	60	s
Seattle	67	55	c	71	56	c
Sioux Falls	89	77	pc	92	70	t
Wash., D.C.	93	77	s	91	76	pc

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	64	56	pc	65	55	sh
Athens	86	76	s	88	71	pc
Baghdad	118	89	pc	118	88	pc
Bangkok	92	79	sh	92	79	t
Beijing	91	68	s	91	70	pc
Berlin	68	53	pc	65	51	sh
Brussels	69	56	pc	66	58	sh
Buenos Aires	51	44	pc	54	42	c
Dubai	105	89	pc	110	91	s
Dublin	60	51	r	60	52	t
Edinburgh	62	49	sh	61	49	c

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	73	55	pc	68	58	sh
Geneva	77	55	s	84	60	s
Havana	91	76	c	91	74	t
Hong Kong	92	83	sh	91	84	t
Istanbul	88	72	pc	78	70	pc
Jakarta	89	78	c	90	76	t
Jerusalem	85	65	s	85	66	s
Johannesburg	71	42	pc	61	43	s
London	71	59	c	71	58	sh
Madrid	102	68	s	97	69	pc
Manila	96	78	t	95	80	t
Melbourne	58	43	pc	60	47	s
Mexico City	74	56	t	74	55	c
Milan	79	60	s	84	64	s
Moscow	86	67	t	76	56	t
Mumbai	86	81	r	87	80	sh
Paris	75	55	pc	78	61	s
Rio de Janeiro	78	67	pc	83	70	s
Riyadh	115	87	pc	114	87	pc
Rome	87	65	s	86	67	s
San Juan	90	80	sh	91	79	t
Seoul	82	68	pc	85	68	pc
Shanghai	91	74	t	86	76	t
Singapore	87	78	t	86	77	t
Sydney	63	51	pc	62	46	pc
Taipei City	97	82	pc	99	83	t
Tokyo	84	75	c	81	73	t
Toronto	93	72	s	92	71	s
Vancouver	65	54	sh	67	56	c
Warsaw	67	50	pc	64	52	sh
Zurich	75	50	s	79	57	s

The WSJ Daily Crossword | Edited by Mike Shenk



VOICE PARTS | By Amanda Rafkin & Ross Trudeau

Across			Down		
1	Capital where Pizarro died	25	Screeners at LAX	45	Hero of the Battle of Trafalgar
5	Long-eared runners	32	Borscht ingredient	48	Self-serve coffee dispenser
10	Balmy	34	Fashion designer Tahari	49	Spongy mushrooms
14	Somewhat	35	Catcher of snaky fish	52	Narrator in your head, and a feature of 20-, 25- and 45-Across
15	Practical	36	One of two in a typical musical	57	Casual conversation
16	Water, to Juanita	37	Place	58	Like many a wine cask
17	One-named Brazilian soccer legend	39	Awareness-raising spot, for short	59	Pork portion
18	Designer's asset	40	"___ Dreams" (Heart hit)	60	Ready to come out of the oven
19	Canceled, like some missions	43	Sharpen	61	Semolina source
20	French and Italian, for two	44	Mayor's domain	62	Falls behind
23	Clarke of "Game of Thrones"				

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

63	Train in the ring	30	Dry run
64	Move laterally	31	Letter between Whiskey and Yankee
65	Play to ___ (draw)	32	Shower alternative
1	Inattentive goof	33	One making a comeback?
2	Girder with dual flanges	38	Brand with a Veggiefull line
3	Thickness of a credit card, roughly	41	Walk at a leisurely pace
4	Pigged out	42	French 101 verb
5	Thrilling matches?	44	Toyota model named for a flower part
6	Miles away	46	How corn is planted
7	Tricky tactic	47	It rises over España
8	Ballpark figs.	50	Mario's brother in video games
9	Handles	51	Good judgment
10	Aspiring sort	52	Chain offering breakfast all day
11	On the edge of one's seat	53	Mama's mama
12	Runners in halls, e.g.	54	Doubled, a Hawaiian food fish
13	World leader in Warhol portraits	55	Greenlighted
21	NE or SW, e.g.	56	Patricia who won an Oscar for "Hud"
22	"Woe ___!"	57	S&L offerings
26	While, briefly		
27	Rest atop, as a bed		
28	"The Family Circus" cartoonist		
29	Breed known for its good milking ability		

Previous Puzzle's Solution

ALLS	ARCS	SPARK
SEAT	FETA	ALLEY
SCHOOL	PRINCIPAL	THROB
DOOR	HEAT	NOME
ROBERT	MITCHUM	
JURY	ZEE	ESAY
ADO	MORALLY	EPAP
MENSA	TEA	MILK
ROUGH	ESTIMATE	
NEED	SCAT	
AIDS	LIED	STRIP
FRIENDS	TOTHE	END
TIONTO	OTIS	RAGA
ANGST	NATE	SPAS



SPORTS

JASON GAY

# Hail to The Sadness Machine!

Washington’s NFL team is finally exploring a name change. Here’s a suggestion.



“The Washington Sadness Machine.”

I don’t want to brag, but it’s the perfect replacement. This column has been deploying it for years as a stand-in name for Washington’s NFL club, and it remains delightfully apt.

Time to make it official. Let’s do this.

*The Washington Sadness Machine.*

Come on. It works. You smiled. The dog smiled. The dog hasn’t smiled in days! (You try being a dog around the Fourth of July. All that Ka-BOOM? It’s a nightmare.)

Don’t you want a Washington Sadness Machine T-shirt, maybe with the sleeves removed to show off your bulging quarantine muscles? What about one of those chip & dip helmets—fill it up with pretzels, Cheetos or dried crickets, and put it right there proudly in the TV room?

*Hey, pass me the Washington Sadness Machine helmet bowl, wouldja? Mmmm, crickets.*

The full name is “Dan Snyder’s Washington Sadness Machine,” a homage to this weebegone football club’s owner, who has presided over two playoff wins since purchasing it 21 years ago—a dismal stretch for a

formerly title-hoarding franchise.

But “Dan Snyder’s Washington Sadness Machine” is a mouthful. I imagine most folks will shorten it to “the Sadness Machine.”

*Hey, the Sadness Machine has a big game coming up against Dallas! Can you believe the Sadness Machine has been eliminated from the playoffs? It’s August! I’ll give you two Sadness Machine tickets for that tuna sandwich. OK, four tickets for half of a tuna sandwich.*

You know the reason for the change. The old name for the Washington football team is presumed to be on its way out, because it’s terrible. It’s been terrible forever, but this forlorn franchise has held on to it, hiding behind tradition and stubbornness in declining to do the right thing.

Now the right thing is coming for them, whether they like it or not.

The ground is shifting, fast—that old name looks awfully backward at a time when racism, privilege and power are getting bluntly examined in American life. In the past, the name was defended as a harmless relic, with polls testifying to its alleged inoffensiveness, but really, all the rationalizing was ridiculous.

It’s got to go. The NFL knows

this. My old friends who grew up with Sundays at RFK; who learned the “Hail” fight song before “Happy Birthday”; who pray to the Cathedral of Riggo; who are grieving the recent death of “Hogs” mastermind Joe Bugel; who *still* send each other clips of Darrell Green chase-down tackles—they, too, know it’s got to go.

FedEx was likely the hammer. When FedEx—the team’s lucrative stadium sponsor—agreed the name needed to change, that was that. Pepsi said they’re on board. Bank of America, too. Now the Washington Post is reporting that Snyder’s minority partners, who own 40% of the club, are looking to sell.

The money’s talking, and if you follow the NFL, you know that more than anything else, the NFL is about the money.

The team says it is giving the current name a “thorough review,” but what on earth is there to review? The NFL is standing at the club’s bedside, holding its hand. The Journal’s ace football writer Andrew Beaton, citing two sources close to the situation, reports that the change will likely be made before the 2020 season.

Sure, there will be agitation. There always is. There will be the usual huffing about political correctness and “virtue signaling” and the end of the world as we know it, but this isn’t politics, or “virtue signaling,” or the end of the world as we know it. This isn’t a “both sides” debate; this isn’t some cynical argument about the freedom of

expression.

This is acknowledging the obvious. It’s got to go. It should have been gone a long time ago.

Besides, a new name will be smart business. It won’t matter if the team decides to rebrand as the “Washington Red Tails” (a tribute to the iconic Tuskegee airmen) or the “Washington Warriors” or the “Washington Filibusters” or the “Washington Congresspeople Being Evasive on Sunday Morning Talk

## Who wouldn’t want a Washington Sadness Machine winter hat with a pom-pom on top?

Shows You Always Pay Half Attention to While You Are Eating Pancakes and Looking at Your Phone.” Any change will mean a fresh logo and a lot of new gear (umbrellas! pajamas!) for fans to buy.

By all means, keep the burgundy and gold.

If a consensus can’t be reached, feel free to borrow The Washington Sadness Machine (itself a mild nod to the late D.C. sportscaster George Michael and his fabulous Sports Machine highlight show.) We’ve got a handsome helmet design for you right here. Maybe Sadness Machine can be a placeholder for a season,

until they figure out a permanent name.

If you think calling the team the “Sadness Machine” is a little too harsh, ask yourself this: Have you talked to a Washington, D.C., football fan at any point over the last two decades?

It’s been a tough run, especially if they remember the glory days. On Sundays, they usually just stare into the distance and moan.

Why not capitalize on that ineptitude? Who wouldn’t want a Washington Sadness Machine winter hat with a pom-pom on top? A Sadness Machine beach towel? A Sadness Machine cupholder? A bumper sticker that reads: THIS CAR PULLS OVER EVERY SEVEN MILES TO SOB UNCONTROLLABLY ABOUT THE STATE OF THE WASHINGTON SADNESS MACHINE.

Here’s the bottom line: Teams change names. Sometimes for trivial reasons, sometimes for big reasons. And usually what happens is that a bunch of people get upset, say they are never going to watch their favorite club again, maybe even cancel their tickets or throw a jersey over a grill, and then, about two years later, everyone but a few holdouts with grilled jerseys have completely forgotten about it, and the rest of the planet has moved on.

And that’s what will happen here. Embrace the Sadness Machine! The time has come.



A view of fans in the stands during a Washington home game in 2019. FedEx—the team’s stadium sponsor—called for the franchise to change its name.

# Baseball Veterans’ Pandemic Role: Keeping the Kids in Line

By JARED DIAMOND

**SAYING THAT** winning baseball teams need clubhouse leadership is a trope so tired that it’s become a cliché. But in this pandemic-shortened season, where one bad choice could spark an outbreak of the novel coronavirus across the sport, it’s never been more true.

Major League Baseball’s 2020 operations manual controls virtually every aspect of players’ lives at the ballpark. None of it matters, however, without 100% compliance in an area the document doesn’t regulate: what happens when the players aren’t at work.

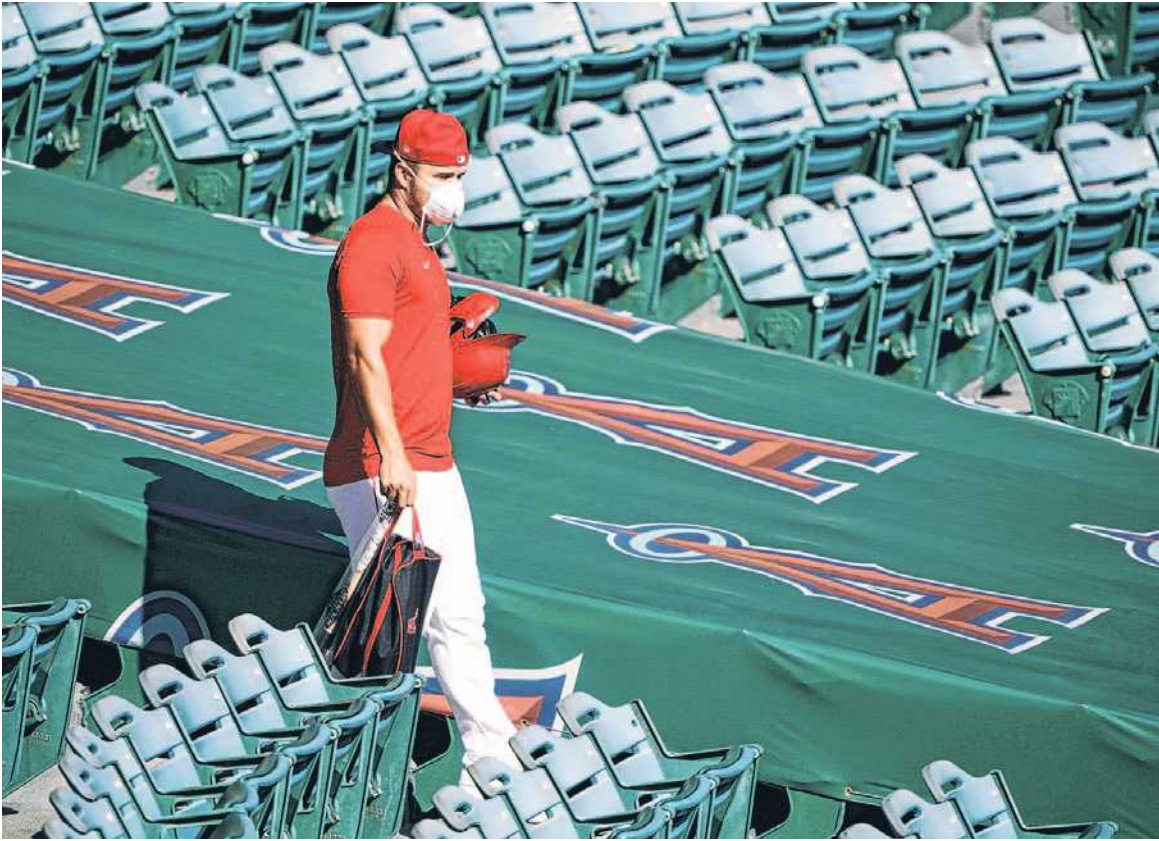
With the health of thousands of people in the industry and billions of dollars at stake, all that’s standing in the way of a disastrous outcome is a demographic group not known for discipline, sound judgment and risk aversion: young men. A player choosing to visit a bar, go grocery shopping without a mask, or fire up Tinder on the road could set off a chain reaction of infections and lead to the entire season crumbling down.

So baseball’s veterans are preparing to do what they’ve always done: Keep the rookies in line.

“It’s three months that you’ve got to do this,” Texas Rangers third baseman Todd Frazier said. “I think we can handle it. People have done stuff like this a lot longer than we have. This is for everybody, so let’s show everybody how it’s supposed to be done.”

That’s the message the 34-year-old Frazier delivered to his teammates in a Zoom meeting last week, as players around the sport gathered to resume training camp. If this experiment is going to succeed, it’s the message all veteran leaders will have to deliver, all season long, to emphasize the importance of making smart decisions every second of every day, no exceptions.

The league won’t formally re-



Mike Trout walked through empty stands before practice on July 4. Trout has expressed discomfort about playing.

strict players’ activities away from the stadium. Instead, the operations manual offers an ominous warning: “The careless actions of a single individual places the entire team [and their families] at risk.” Unlike the NBA, which is sequestering personnel at the Walt Disney World campus in Florida, baseball teams will play in home stadiums and travel from city to city. That increases the possibility of somebody going somewhere insecure.

Baseball faces several challenges in actually executing all of this. The first is that some veteran leaders might wind up not playing at all. Several players in their mid-30s have said that they wouldn’t participate in the season over concerns

related to Covid-19, including David Price of the Los Angeles Dodgers, Ryan Zimmerman of the Washington Nationals and Félix Hernández of the Atlanta Braves.

The opt-outs could continue before opening day, especially if the problems from this past weekend continue. MLB’s workplace protocols got off to a rocky start, with the Washington Nationals and Houston Astros both canceling their workouts Monday because they hadn’t received the results of coronavirus tests from last week. Several other teams reported delays as well. The turnaround is supposed to be 24 hours.

In a statement Monday, Nationals general manager Mike Rizzo called

upon MLB to “work quickly to resolve issues with their process and their lab.” Otherwise, he said, the rest of training camp and the 2020 season “are at risk.”

All of this comes days after Los Angeles Angels outfielder Mike Trout, the best player in the sport, expressed discomfort about playing because he and his wife are expecting their first child later this summer. “It’s going to take a group effort, and one guy can mess this up,” Trout told reporters.

For Frazier, hammering that point home is personal. His grandmother, Palma Frazier, died in April after contracting Covid-19. When he spoke to his teammates, he explained what he had experienced

while locked down with his family in New Jersey and implored them not to “do anything crazy,” even when nobody’s watching.

“I wanted to explain, ‘Listen, not only is this year the most unprecedented year you’re going to have, but you’ve got to think about others as well,’” Frazier said.

Many players haven’t been affected by the coronavirus in their own lives. American baseball players tend to hail from smaller, politically conservative communities that were largely spared by the initial brunt of the pandemic.

Baseball players are also of an age group—20s and early 30s—that is less likely to become seriously ill when infected by the virus. Managers, coaches and umpires are in greater danger.

Already, players and officials from several teams say they’ve had frank conversations with teammates who were discovered to have partaken in risky behavior that could carry grave consequences nonetheless.

“We’ve had to have a few of those, unfortunately,” Rangers manager Chris Woodward said. “We’ve done it all to get guys to understand that going out is not an option right now.”

Teams plan to appeal to players’ ferocious competitive natures. Anybody who tests positive for Covid-19, whether or not they’re symptomatic, must isolate until they have two negative tests spaced 24 hours apart, complete an antibody test, and potentially undergo a cardiac examination. Anyone who had come in contact with that player must also isolate until testing negative.

“Even if you were to contract it and not have a single symptom, you’re going to be missing time away from baseball and jeopardizing the team in the win-loss column,” Nationals ace pitcher Max Scherzer said. “That might wake up people more than even the health reasons.”

FROM TOP: PHOTO ILLUSTRATION BY JOSH RUBIN; PATRICK MODERNOTT/GETTY IMAGES

ASHLEY LANDIS/ASSOCIATED PRESS



OPINION

What Now for Pro-Lifers?



MAIN STREET  
By William McGurn

As Yogi Berra once put it, it's déjà vu all over again. The pro-life movement knows what he meant. In 1992, the Supreme Court looked to have the votes to overturn *Roe v. Wade*, the landmark 1973 ruling that unearthed a constitutional right to abortion somehow never mentioned in the Constitution. But Justice Anthony Kennedy went south and joined two other justices in writing a plurality opinion that threw out most everything in *Roe*—except for its conclusion. Now pro-lifers feel betrayed again, this time by Chief Justice John Roberts. In *June Medical Services v. Russo*, he cast the deciding vote rejecting a modest Louisiana law requiring abortionists to have admitting privileges at nearby hospitals. The arguments were based less on abortion than on dubious interpretations of principles such as stare decisis and third-party standing. As Justice Neil Gorsuch wrote in dissent, it wasn't *Roe* that was in question in *June Medical*. It was the court's own integrity—its “willingness to follow the traditional constraints of the judicial process when a case touching on abortion enters the courtroom.” The court's disrespect for those constraints once again

has pro-lifers crying foul. This time, however, the chief justice's defection to the liberal camp is leading some to question the whole conservative project of working to appoint jurists who will follow the Constitution and the law. Some seem simply to want Republican-appointed judges to do for conservative causes what Democratic-appointed judges do for liberal ones: Deliver the preferred outcome and cook up whatever justification is needed to get there. These critics have a legitimate point, which cuts to the heart of a self-governing society. If pro-lifers are going to do the hard work of democracy—electing politicians and passing legislation—only for the Supreme Court to throw it out on some pretext, what alternative does that leave them? Dissenting in *Casey*, Justice Antonin Scalia predicted as much. His argument was about how corrupting it has been, for democracy as well as the law, for justices to substitute their own opinions for those of the American people acting through their elected representatives. “By banishing the issue from the political forum,” it deprives the losers of “the satisfaction of a fair hearing and an honest fight.” Something for the chief justice to consider next time he ponders threats to the “legitimacy” of the Roberts court. Sen. Josh Hawley (R., Mo.), a former clerk to Chief Justice Roberts, hasn't been specific

about the new vetting process he calls for. Some appear to favor one requiring nominees to be explicit about the results they would deliver. Scalia weighed in on this too: “How upsetting it is that so many of our citizens (good people, not lawless ones, on both sides of this abortion issue, and on various sides of

Betrayed by John Roberts, some despair of getting justices who will follow the law.

other issues as well) think that we Justices should properly take into account their views, as though we were engaged not in ascertaining an objective law but in determining some kind of social consensus.” Justices, he argued, were inviting political pressure: “If, indeed, the ‘liberties’ protected by the Constitution are, as the Court says, undefined and unbounded, then the people *should* demonstrate, to protest that we do not implement *their* values instead of *ours*.” Confirmation hearings “*should* deteriorate into question-and-answer sessions in which Senators go through a list of their constituents’ most favored and most disfavored alleged constitutional rights, and seek the nominee's commitment to support or op-

pose them. Value judgments, after all, should be voted on, not dictated.” Some of those embittered by Chief Justice Roberts now seem to be taking Scalia's advice. But Scalia was issuing a warning, not an endorsement. So where does this leave pro-lifers? As disappointing as Chief Justice Roberts has been, it's ridiculous to conclude that his defections from the constitutional principles advanced by the Federalist Society and Leonard Leo, one of President Trump's key advisers on judicial nominations, discredit either these principles or the people working hard to advance them. It's also a bracing reminder that no one can predict how someone with a lifetime appointment will rule. On the practical side, it's worth noting that without the support from pro-choice Sen. Susan Collins (R., Maine), Justice Brett Kavanaugh would probably not be on the Supreme Court. Does anyone think that forcing, say, Amy Coney Barrett to declare herself on *Roe* or abortion would make it more likely for her to be confirmed? If pro-lifers trust the American people, as we say we do, we don't need pro-life judges to prevail. What we need is judges who will do what John Roberts promised in his confirmation hearing: call balls and strikes. That ideal hasn't changed, even if the chief justice has failed to live up to it. Write to mcgurn@wsj.com.

The Sun Ever Sets on the British Empire



GLOBAL VIEW  
By Walter Russell Mead

Sometimes life throws you a metaphor. As my neighbors and I stood, masked and socially distanced, to watch Washington's fireworks Saturday, a thick plume of smoke spread from the staging area to obscure part of the display. Similarly, the doom and gloom hanging over American life this year clouded but didn't quite kill the joy of the most glorious day in our civic calendar. Even in a bad year, independence is good. Nothing is more American than Independence Day, yet from a broader perspective, the Fourth of July is merely our local version of the world's most widespread political festival. Think of it as British Leaving Day, a holiday celebrated from Ireland to Brunei. In some places it celebrates the happy day when the Brits, civil and well-intentioned though they may be, finally packed it in and went home. In Trinidad, Tonga and Tanzania it's one of the highlights of the year. In other places, as in the U.S., it isn't the day they hauled down the Union Jack and sailed away. For us, and for the Irish (who celebrate the 1916 Easter Rising), it's the day when the colonial rulers got served an eviction notice that, after some unpleasantness and delay, they eventually obeyed. Our forebears were so glad to see the backs of the British

that some localities had British Leaving Days of their own. Boston and New York held Evacuation Day celebrations into the 20th century on the dates the British fleet left their harbors, March 17 and Nov. 25, respectively. Before the Civil War, New Orleans celebrated the anniversary of Andrew Jackson's defeat of the British invaders on Jan. 8, 1815. World-wide, British Leaving Day is never out of season. From Jan. 4 (Burma) to Dec. 16 (Bahrain), it occurs somewhere in every month of the year. In Kenya, British Leaving Day falls on Dec. 12. It's Aug. 6 in Jamaica. In Belize, Sept. 21 is the climax of 10 days of national celebration and carnival. The British Raj in India came to an end at midnight on Aug. 15, 1947; Pakistan celebrates a day earlier. It's Oct. 10 in Fiji. The British were efficient and benign, as imperialists go, and their departure didn't always lead to improvements. In many cases, the governments that followed the British were ineffective or worse. Naive new rulers obsessed by crackpot (often socialist) economic theories wasted scarce resources in poorly designed, poorly administered development schemes. In some countries, corruption became a way of life. In others, the parliamentary systems the British left behind succumbed to military rule. In some, tribal, ethnic and religious rivalries led to civil wars and dictatorships. Yet for all the incompetence and corruption, nobody rejoined the British Empire. Hong Kong people may be feeling

more than a little nostalgic this week, but independent peoples have managed to keep their longing for restored colonial rule well in check. Incorruptible British civil servants and impeccably educated British technocrats are all very well, but people seem to like ruling themselves even if they don't do it in the British way.

Like the U.S., nations from Afghanistan to Zimbabwe celebrate ‘British Leaving Day.’

There is a lesson here for those who assume that bad experiences with populism must sooner or later lead voters back to the elites. Populism, whether from the left or from the right, and anticolonialism are strikingly similar. Overwhelming majorities of people all over the world would rather be indifferently or even badly governed by people who speak their language, understand their cultural traditions, and share their religious beliefs than by alien overlords, even if they are well-behaved, incorruptible technocrats from the finest schools. British Leaving Day isn't only a time to celebrate. It is also a time to think. People often want to govern themselves more than they want to be well-governed, but without good government no people can thrive for long. The rise of populism in so many countries today high-

lights an alienation between leaders and led that's comparable in some ways to the gap that once existed between the British and the peoples they ruled. The enduring global popularity of British Leaving Day suggests that the gap won't be closed by a chastened, forelock-tugging populace begging its erstwhile rulers to forgive its temerity and restore their benevolent guidance. Americans were lucky. The leaders of our Brits Out movement were statesmen, not demagogues. In these days of panic and pandering from political, corporate, intellectual and media leaders, it is tempting to despair that our luck has run out. But the Fourth of July is still worth celebrating. America's mix of democratic self-governance, religious and social tolerance, and economic freedom has built the wealthiest and most powerful country in world history. Though Americans are arguing today, as we have throughout our history, about the meaning of our system and how to preserve it, a large majority wants to improve the American system rather than burn it down. In America, British Leaving Day isn't only about sending the Redcoats home; it is about celebrating what we accomplished after they left. There is much still to be done to fulfill the ideals Thomas Jefferson's Declaration expressed; may each succeeding Fourth find us that much closer to realizing the American Dream. Independence is a great and good thing whether or not we have the sense to use it well.

BOOKSHELF | By John J. Miller

A Planetary Attraction

The Sirens of Mars

By Sarah Stewart Johnson  
(Crown, 266 pages, \$28.99)

Sarah Stewart Johnson knows exactly when she found her calling as a planetary scientist. She was a sophomore in college, on a class trip to Mauna Kea, a dormant volcano in Hawaii. Kicking a black rock, she exposed a tiny fern, “its defiant green tendrils trembling in the air.” The little plant, amid such barrenness, inspired her, because “it was just so impossibly triumphant.” It also led to a vocation: “It was then, on that trip, that the idea of looking for life in the universe began to make sense to me.” Today Ms. Johnson is an expert looker-for-life as an assistant professor at Georgetown University and as a veteran of three NASA missions to Mars. In 2013, she published an essay that made the cut for the following year's edition of “The Best American Science and Nature Writing.” Her subject was Antarctica, and she had gone there to examine how microbes might survive in a brutal, Mars-like landscape. Now she has written her first book, “The Sirens of Mars,” an account of the search for Martian life that blends memoir with history and science. The title is peculiar, evoking the monsters of Greek mythology who drew sailors to their doom as well as “The Sirens of Titan,” a comic novel by Kurt Vonnegut that lampoons human enterprise. For Ms. Johnson, a siren seems simply to lure, without danger, and Mars is her lodestar. In snatches of autobiography, Ms. Johnson describes her upbringing in eastern Kentucky, where she played with a special-needs sister and taught herself trigonometry. When she was 11, she handled a 141-year-old toenail, exhumed from the grave of Zachary Taylor. Ms. Johnson's father was a lab technician who helped conclude that poison had not killed the 12th president. Instead of pursuing the study of death, Ms. Johnson took up the quest for extraterrestrial life, in a field sometimes called “exobiology.” Her ambitious goal is to find evidence of life on Mars and solve “the enigma of a neighboring world.” As she displays the love of discovery that drives so much scientific inquiry, it's easy to cheer her on. The cruel irony for exobiologists, however, is that for all of their pluck and determination, they still haven't found what they're looking for on the solar system's second-smallest planet—and they probably won't. There are no little green ferns on Mars, let alone little green men. Millions of bacteria can thrive in a pinch of Earth's soil, but it's starting to appear as if not a single one inhabits Mars. “The Sirens of Mars” is an elegy, though its author may be too hopeful to realize it. Ms. Johnson acknowledges that the fourth rock from the sun is a “cold, hard, desolate world.” You wouldn't want to live there, and it isn't even a nice place to visit. Dry as a desert and drenched in radiation, it's a harsh and hostile place that thwarts orbiters and landers. “Half the missions to Mars have failed,” she writes.

Her book describes the planet's progression in the human mind from a rosy twinkle in the night sky to a mysterious world watched through telescopes. Some of its early observers dreamed up canal-building civilizations. They powered the imaginations of early science-fiction writers, such as H.G. Wells and Edgar Rice Burroughs. Percival Lowell—a pioneering turn-of-the-century astronomer and the namesake of the Lowell Observatory in Arizona—theorized about a society led by “a group of benevolent oligarchs.” In 1924, reports Ms. Johnson, the astronomer David Peck Todd persuaded the U.S. military to cease all radio communication for two days so that he could listen for Martian transmissions. He heard nothing. Since then, the hunt has slipped into a cycle of diminishing returns. As the absence of intelligent life became obvious, the speculators demoted Mars to a “vegetated world” of plants. The truth hit hard when Mariner 4 flew by Mars in 1965 and snapped the first close-up photos of its sterile surface: “Exobiologists [were] as stunned as the rest of the world,” Ms. Johnson writes. “Suddenly it seemed like they might be wasting their time.” Yet they kept probing. In 1996, they touted a “nano-bacteria fossil” found in a Martian meteorite, a rock formed on Mars but ejected into space and hurled to Earth after a violent impact. President Clinton hailed it as potentially “one of the most stunning insights into our universe that science has ever uncovered.” Scientists soon rejected the idea, making this too a time-wasting tease. By the 21st century, the exobiologists had suffered through a long slog of disappointment. When the Curiosity rover found organic molecules in Martian clay a few years ago, it marked an important development—these are the building blocks of life, after all—but also an example of how an invigorating exploration for actual life had been downgraded into a humdrum search for the merest hints of it. Ms. Johnson remains upbeat: Life, she writes, is “stunningly resilient.” Maybe it lies buried beneath the Martian soil, where we haven't found it yet. Conceivably it could arise from “an entirely different molecular foundation.” She likens this notion to “trying to imagine a color we've never seen”—and when she does, her yearning for signs of life starts to feel more like fantasy than science. What might be a cautionary tale becomes for her an opportunity to wax lyrical about “an almost existential endeavor to confront our own limitations, to learn what life really is, and ultimately to defy our own isolation in the universe.” Great advances can spring from apparent defeat, of course. Perhaps the Mars Perseverance rover, scheduled to launch from Cape Canaveral in a few weeks, will enjoy better luck. At some point, however, we may want to admit that the red planet is a dead planet—and that the search for life on Mars is a siren song.

Early observers dreamed up canal-building civilizations on Mars, inspiring science-fiction writers. The search for life there goes on.

Mr. Miller is director of the Dow Journalism Program at Hillsdale College and the author of “Reading Around: Journalism on Authors, Artists, and Ideas.”

A Mob’s Monumental Failure to Understand

By Melik Kaylan

My elegant old hometown of Bristol, England, made world headlines when it kicked off the statue-bashing craze that swept many Western cities. Amid the uproar of argument, the central consideration remains overlooked: No country or culture's historical record is spotless. The vital question is whether, at each stage of evolution, the balance of good over bad was sufficiently decisive to build a civilization that advances humanity generally. Choose among the regions you would prefer to inhabit. Russia, China, the Middle East? Or the West? Each can lay claim to having built a civilization. Yet the choice is clear. Ask yourself how you make your decision. For such a calculus the yardstick must be both exacting and realistic, based on real-world standards, not an abstract and unattainable ideal. That's why my family sent me, age 10,

from Turkey to boarding school in Bristol. The statue toppled on June 7 depicted Edward Colston (1636-1721), Bristol's slave-trading philanthropist. That may seem an easy moral win for iconoclasts. By the same criterion, however, one should also destroy copies of the Magna Carta for guaranteeing the rights and property of English barons against royal encroachment while they owned entire villages, including the people in them. Yet the pact King John signed (reluctantly) in 1215 launched the long march toward parliamentary democracy and the rule of law. It took six or seven centuries, during which abominations aplenty occurred. Some cultures learn from their wrongs and painstakingly evolve toward enlighten-

ment. Even as a youngster in Bristol during the 1970s, when nobody dreamed of obliterating Colston's likeness, I understood that he was celebrated not for trading slaves but because he had come to illustrate a moment among myriad moments of laborious progress when, on balance, good had prevailed enough to push the dialectic in the right direction. Statues like Colston's deserve to endure because they celebrate the right kind of historical process, one that consistently delivers a present broadly better than the past. Where I came from, the absence of such consistency has choked the region's hopes. As it does almost everywhere except in those countries where statues are now being toppled—where the monument-defacing mobs can count on the state's law-bound moderation. When that moderation is flouted repeatedly, as in cases of police brutality, we are lucky enough to inherit a sys-

tem in which reforming the laws via democratic means is a genuine option. The mobs don't seem to understand how hard it is to get to this point, or how the monuments embody an arc of achievement. In Russia or China, when citizens look back on past monuments, they generally see symbols of disruption and tyranny like Stalin or Mao or more-benign figures who failed to establish enduring institutions. Any historical character in the West whose statue is under threat doesn't fall into those categories. Even Confederate leaders in the U.S. advanced civilization by losing. Whether it be Colston, Cecil Rhodes, Churchill or Jefferson, each overtopped his flaws with sufficient idealism or altruism to make our present better—not only for us in the West but for everyone who can aspire to replicate our standards. Mr. Kaylan is a journalist in New York.



OPINION

REVIEW & OUTLOOK

Joe Biden’s First Energy Casualty

Joe Biden is currently cruising to the White House, and this weekend we saw an early economic consequence when Dominion Energy and Duke Energy pulled the plug on the Atlantic Coast Pipeline (ACP). The companies blamed legal and regulatory uncertainty, and the winners are America’s energy competitors weakened by the U.S. shale boom that is now under political threat.

Hydraulic shale fracturing has unleashed a surge of natural gas and oil and made the U.S. the world’s leading producer. At the same time U.S. carbon emissions have fallen as utilities replace coal with cleaner-burning natural gas. Liberals once supported natural gas but now want to exorcise all fossil fuels.

One obstacle: voters. The left has failed to stop fossil fuel production via the political process, so their strategy has been to strangle oil and gas projects with legal challenges that raise capital costs and create so much uncertainty that companies give up. This happened with the ACP and may soon to other projects.

Natural gas production in Appalachia has exploded eight-fold since 2011, but prices have been depressed because there are too few pipelines to carry the supply glut to market. Duke and Dominion devised the 600-mile ACP in 2014 to transport natural gas from West Virginia through Virginia and North Carolina, but were waylaid in court. A 7-2 Supreme Court majority cleared one roadblock last month, but Dominion and Duke say a nationwide injunction in April by federal Judge Brian Morris in Montana against the Keystone XL pipeline has created new headaches.

Didn’t President Trump finally deliver Keystone from Barack Obama’s regulatory purgatory? He did. But green groups threw up a last-ditch lawsuit by challenging a nationwide permit the U.S. Army Corps of Engineers issued in 2017. The Clean Water Act authorizes the Corps to issue five-year general nationwide permits for de minimis discharges into waterways caused by the construction of pipelines and transmission lines.

Yet Judge Morris declared that the Corps unlawfully issued the permit without first consulting other agencies about its endangered species impact. Numerous federal reviews have found Keystone doesn’t threaten any endangered species. In other words, the judge called an erroneous foot fault on match point. The kicker is that the judge enjoined the nationwide permit only as it applies to oil and natural gas pipelines, so

other utility construction like transmission lines carrying wind power can proceed.

The American Petroleum Institute estimates the judge’s injunction will affect 75 pipelines. The Justice Department has asked the Supreme Court to stay Judge Morris’s nationwide injunction as the Ninth Circuit Court of Appeals reviews the case, but Dominion and Duke concluded that their odds of completing the steeple-chase are lousy. They didn’t mention Mr. Biden, but you can bet his big lead in the polls was on their mind.

“Unfortunately, the inability to predict with confidence the outcome of the project’s permits and the potential for additional incremental delays associated with continued legal challenges, means that committing millions of dollars of additional investment for tree-felling and subsequent ramp up for full construction is no longer a prudent use of shareholder capital,” Dominion and Duke said.

They add: “These lawsuits and decisions have sought to dramatically rewrite decades of permitting and legal precedent including as implemented by presidential administrations of both political parties,” raising the cost to \$8 billion from an original estimate of \$4.5-\$5 billion and causing at least a “nearly three-and-a-half-year delay with uncertainty remaining.”

Federal Judge James Boasberg on Monday created more risk by ordering the Dakota Access pipeline, which has been transporting oil for three years, to shut down until the government completes another detailed environmental review by which time Mr. Biden could be President and will probably pull the plug. Mr. Biden has promised to revoke Keystone’s permit and is hostile to shale drilling generally.

Twenty or so U.S. oil and gas companies have filed for bankruptcy this year as the pandemic has reduced energy demand. The carnage is elating liberals as well as Vladimir Putin and Middle Eastern emirs eager to replace U.S. gas in global markets. Russia and Iran are the world’s leading natural gas producers after the U.S.

Tens of thousands of jobs are at risk in fossil-fuel production and gas-using industries like steel and chemicals. Americans would also pay more for energy. Virginia’s Corporation Commission in 2018 estimated that Dominion’s offshore wind farm would cost 11.5 times more than a new natural gas plant and 26 times more than energy on the open market. The left’s climate obsession is already misallocating capital and damaging growth, and ACP is the portent of uncreative destruction to come.

Kipp Wokes Up

The greatest barrier to minority advancement in America is the K-12 education system, so it was dismaying last week to read that Kipp charter schools has decided to abandon its motto “Work hard. Be nice.”

Kipp adopted the motto when it was founded in 1994 as a way to motivate students and teachers to excel in an encouraging environment, but no more.

In a tweet Wednesday, Kipp put it this way: “We are retiring ‘Work hard. Be nice.’ as Kipp’s national slogan; it diminishes the significant effort to dismantle systemic racism, places value on being compliant and submissive, supports the illusion of meritocracy, and does not align with our vision of students being free to create the future they want.”

This is woke nonsense. Today the Kipp network educates 100,000 students in 242 college-prep, public charter schools. More than 95% of its students are black or Latino. Kipp has succeeded when so many traditional pub-

lic schools fail precisely because it has high expectations for students.

We hope Kipp isn’t abandoning its rigorous instruction or standards, though the line about “the illusion of meritocracy” sounds a lot like what George W. Bush called the “soft bigotry of low expectations.”

The surest way to guarantee failure is to tell students that their effort and behavior don’t matter.

A good contrast with Kipp was the statement last week by Eva Moskowitz, the founder and CEO of Success Academy charter schools in New York. Ms. Moskowitz announced measures to address concerns about racial diversity and prejudice, but she also reaffirmed the schools’ mission and values.

“We seek to reverse racial inequity and upend power dynamics by equipping children of color with a world-class education,” she wrote. The worst result for children would be for charters to abandon the high achievement goals that spur success in school and life.

States and the Electoral College

There is no shortage of surprises that could rock the November election, but an Electoral College revolt is unlikely to be one of them. That’s one result of the Supreme Court’s welcome decision Monday in *Chiafalo v. Washington* that states can compel electors to vote for whoever won the most votes in their state.

Some readers recall when the Hillary Clinton campaign, after losing in November 2016, wanted members of the Electoral College briefed on Donald Trump in an effort to undo the election outcome. That was based on the premise that electors were free agents. Yet 32 states require that each elector vote for the candidate he or she has pledged to, and 15 states impose a penalty if an elector breaks that pledge. In *Chiafalo* the Court reviewed the case of three Democratic electors in Washington State who voted for Colin Powell instead of Mrs. Clinton in an effort to rally Republican electors against Mr. Trump.

Washington imposed a \$1,000 fine against the “faithless electors.” The electors claimed this is unconstitutional because the Framers wanted electors to exercise independent judgment. The Justices unanimously disagreed. Whatever the Framers thought, Justice Elena Kagan wrote for the Court, they “did not reduce their thoughts about electors’ discretion to the printed page.” The Constitution’s Article II gives states authority to appoint electors “in

such Manner as the Legislature thereof may direct,” and that implies the power to require binding pledges.

Justice Clarence Thomas, joined by Justice Neil Gorsuch, wrote separately to challenge the seven-Justice majority’s rationale. He argued that states do not have power to discipline electors under Article II. But because the Constitution is “silent” on the issue, they do have the authority under the Tenth Amendment.

This decision doesn’t address the most controversial question about the Electoral College, which is whether the U.S. should have one at all. A growing number of Democratic states are signing on to an anti-Electoral College initiative under which they would grant their electors to the winner of the nationwide popular vote. Because the *Chiafalo* decision affirms the authority of states to apportion electors, it doesn’t invalidate that effort.

Yet as Justice Thomas notes, the Constitution also contains “a brief list of powers removed from the States.” Among those is the ability to enter into interstate compacts without the consent of Congress. If the national-popular vote initiative gets enough signatories to do an end-run around the Electoral College, expect the interstate compact clause to be front and center in a challenge before the Supreme Court. And unlike *Chiafalo*, don’t expect that decision to be unanimous.

LETTERS TO THE EDITOR

Lincoln and the Emancipated-Slave Statue

Allen C. Guelzo and James Hankins describe the poignant origins of the Emancipation Memorial in Washington, paid for by the donations of newly freed slaves (“A Monument to Our Shared Purpose,” Life & Arts, June 30). The story of the memorial’s design is equally poignant.

The scene depicted actually happened. Admiral David Dixon Porter accompanied President Lincoln to Richmond to accept the surrender of the Confederacy, and recounted the story in his 1885 memoir.

Lincoln was recognized by hundreds of newly freed slaves who crowded him, crying “glory hallelujah!” When one fell to the ground to kiss Lincoln’s feet, Lincoln was embarrassed. Lincoln said: “Don’t kneel to me. That is not right. You must kneel to God only, and thank him for the liberty you will hereafter enjoy. . . . Liberty is your birthright. God gave it to you as he gave it to others, and it is a sin that you have been deprived of it for so many years.”

Admiral Porter wrote of that moment, commenting that in his mind he imagined shackles lying on the ground, shackles that Lincoln had broken when he issued the Emancipation Proclamation. It was undoubtedly Admiral Porter’s story that in-

spired the statue’s design. That day in Richmond demonstrated both Lincoln’s humility and the newly freed slaves’ gratitude. Little more than a week later, Lincoln was dead.

JOSEPH WEIN  
Chicago

If the image shows a clear hierarchy of power, as it does in this case—Abraham Lincoln with elegant clothes dominating Archer Alexander wearing only a piece of cloth—there is nothing in this sculpture that shows any kind of mutual assistance toward a common goal. Dear authors, no back story, facts or prestigious titles you wave in our faces will convince people to see “emancipation” there. If the authors are so sure about a depiction of “shared purpose,” do the switch test: Would the monument embody emancipation if Lincoln was crouching half naked and Alexander was towering above in a tailored suit? What might have been questionably allowed in 1892 isn’t acceptable now. Time is a relevant component to the human condition. Times have changed and so have we, therefore it is time to change this monument.

SYLVI HERRICK  
St. Augustine, Fla.

Of Course Teachers Want Schools to Reopen

Daniel DiSalvo asks: “Will Unions Let Schools Reopen?” (op-ed, June 30). Of course! The AFT published our school reopening plan in April. We said it isn’t a question of whether to reopen, but how to do it safely. We need the infrastructure and investment to physically distance, stagger classes, provide personal protective equipment and test, trace and isolate new cases. The real question is whether the Trump administration will pay for this, but, knowing money is an issue, Mr. DiSalvo raises the red herring of teacher pensions to try to pit teachers against parents.

The only time pensions have been mentioned during reopening is in the context of senior teachers being offered retirement incentives, because they may be at risk if they return prematurely. We agreed it was a good idea to explore. But to suggest a Covid-19-induced state funding shortfall should be solved on the backs of teachers by denying them

retirement security—their own deferred wages—makes an already bad economic situation even worse.

Public pensions play a vital role in stabilizing the economy. They provide access to capital during times of uncertainty, support millions of American jobs, and in 2018 alone contributed \$1.7 trillion to output and added \$341 billion to state and local tax revenue. Every dollar of state and local pensions generates \$8.48 in economic output nationally.

Teachers have played a Herculean role throughout this pandemic; ask any parent whose kids were engaged on a laptop screen for three months. We should stop trying to hurt them and focus on the need to return safely to classrooms. For the economy to reopen, schools must too, but that’s going to require more investment, not less.

RANDI WEINGARTEN  
President  
American Federation of Teachers  
Washington

John Roberts and Supreme Court Precedents

Regarding your editorial “One Man’s Supreme Court” (June 30): If Chief Justice John Roberts was so concerned with legal precedent, why didn’t he rely upon *Roe v. Wade* and its trimester framework? Under *Roe*, Louisiana’s law would have been clearly constitutional, at least regarding the last two trimesters. It appears some precedents are more equal than others.

JAMES LOVELY  
Lakeland, Fla.

You decry Justice Roberts’s concurrence in *June Medical Services v. Russo*, arguing, in part, that his reliance on precedent is misplaced. You claim he ignored precedents “that a plaintiff have an injury due to the law or regulation at hand,” noting the abortion clinics who brought the case don’t have standing to do so “because there is no constitutional

right to perform an abortion.” You don’t note that Louisiana was so eager to wage this battle in the courts, it waived any questions on standing and pleaded with the district court to remove “any cloud upon the validity of its law.” Louisiana certainly felt it would ultimately win.

The Supreme Court deciding *June Medical Services* isn’t what will “further draw the Court into politics and do even more long-term harm to the judiciary.” It is policy makers who expect the Supreme Court to fight these battles for them.

ANTHONY MARCUM  
R Street Institute  
Washington

Lots of Credit for U.S.S.R.’s Fall, Mostly Due to Reagan

Lon Bouknight agrees with author Archie Brown that Mikhail Gorbachev deserves “the lion’s share of the credit” for ending the Cold War peaceably (“Give Gorbachev Due Credit For U.S.S.R.’s Peaceful End,” Letters, July 1). The revisionist history constantly put forward by the left is designed to ensure Ronald Reagan never gets full credit for his accomplishments. Giving Mr. Gorbachev the lion’s share of the credit is akin to giving Robert E. Lee the majority of the credit for ending the Civil War. Both Lee and Mr. Gorbachev should only get credit for having the good sense to know when they were defeated.

TOM CHALMERS  
Old Bridge, N.J.

Pepper ... And Salt

THE WALL STREET JOURNAL



“I know more about epidemiology than I ever wanted to know.”

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WORLD NEWS

# U.S.-Russia Rift Kills Afghan Goal

By Alan Cullison

For years after the Sept. 11 attacks, the U.S. and Russia shared a goal of deposing the Taliban government and hunting down its remnants in the countryside.

But that common purpose crumbled in recent years amid mutual suspicion and U.S. plans to leave Afghanistan with the Taliban undefeated. Today, amid a furor in Washington about intelligence assessments that Russia allegedly paid bounties to the Taliban to attack U.S. soldiers, it may have seen an epitaph.

In Moscow, officials have vehemently denied any bounty program existed. Russia also has denied involvement in a spate of political assassinations in Europe in recent years that U.S. officials have said were the work of Russian security services.

The Trump administration has likewise cast doubts on the existence of a bounty program, saying intelligence about it was unverified and leaked for political purposes. President Trump has called reports of the intelligence a hoax.

Democrats on Capitol Hill have signaled that the alleged bounty program will be an issue going into presidential elections, when Mr. Trump is expected to be attacked for his friendly relationship with Russian President Vladimir Putin.

After an intelligence briefing, House Speaker Nancy Pelosi and Senate Democratic Leader Chuck Schumer jointly said last week that “these reports are coming to light in the context of the President being soft on Vladimir Putin when it comes to NATO, the G-7, Crimea, Ukraine and the ongoing undermining of the integrity of our elections.”

Though Russia has often paid lip service to cooperation with the U.S. in conflict zones, Russian military forces have shown a taste for brinkmanship and leveraging dangerous situations, creating headaches for U.S. commanders in the field, experts say. There are no documented killings of Ameri-



The wreckage of a Soviet-era tank alongside a road on the outskirts of Kabul in November 2019.

can servicemen by Russians in the conflict zones, although the U.S. killed numerous Russian alleged mercenaries in an airstrike in Syria in 2018 in response to what the U.S. called an unprovoked attack.

Kremlin watchers say it makes scant political sense for the Russian government to offer bounties to the Taliban for the lives of Americans in Afghanistan. Moscow has a record of killing its enemies abroad, but they have been perceived traitors and former rebels from Chechnya, not outsiders, said Mark Galeotti, a senior associate fellow at the British-based Royal United Services Institute.

Mr. Galeotti said the Russians, because of their long war experience in Afghanistan during which they were frequently double-crossed by locals, would have known such a bounty program would be leaked to the U.S. sooner or later.

“It is still hard to understand any reason for the Kremlin to take such a dangerous step,” Mr. Galeotti said. “To target Americans would seem to be a major escalation, inviting retaliation.”

How reports of such alleged attacks could become plausible

is clearer in the 20-year arc of Mr. Putin’s presidency. It started in an era when Russia called the U.S. an ally in the war on terror, to today, when relations have fallen to such a low point that both sides view each other as potential adversaries in Afghanistan, as well as Syria and Iraq.

After the Sept. 11, 2001, terrorist attacks, Mr. Putin was the first world leader to call

## Moscow had practical reasons for supporting the U.S. in Afghanistan.

President George W. Bush to offer condolences. Mr. Putin was already directing a bloody war against Islamist rebels in Chechnya, and the carnage threatened to make Mr. Putin a pariah among Western leaders.

Mr. Putin welcomed the U.S. invasion of Afghanistan in 2001, and ordered Russia’s military establishment to provide Soviet-era maps and intelligence to U.S. forces to aid them in routing al Qaeda mili-

itants. For years after the invasion, Moscow also gave vital logistical support to U.S.-led forces, allowing them to funnel supplies into the country over Russian railways when shorter supply routes through Pakistan came under attack.

Moscow had practical reasons for wishing the U.S. success in Afghanistan. Before Sept. 11, Taliban fighters were encroaching into Russian neighbors in Central Asia, and Moscow believed they were giving support to Islamist rebels in Russia itself. Moscow had threatened to bomb Islamist camps in Afghanistan the year before the attacks on New York and Washington—and was ridiculed for doing so—and was relieved when the U.S. did it instead.

But Moscow’s military class remained suspicious of U.S. intentions, experts said. Memories were still fresh of U.S. funding of Islamist rebels in Afghanistan who had pushed Soviet troops out in the 1980s.

Russian ambivalence about the U.S. presence grew as the U.S., instead of fully defeating the Taliban, diverted the bulk of its combat effort to Iraq, a war the Kremlin opposed, experts said.

Moscow was further worried by signals during the Obama administration that the U.S. could withdraw from Afghanistan even though the Taliban remained undefeated, said Ivan Safranchuk, a senior fellow at the Moscow State Institute of International Relations. The Kremlin believed, he said, that a 2009 surge in troops ordered by President Obama was a precursor to withdrawal and embarked on an effort to engage with regional powers such as India, China and even Pakistan, a traditional rival, to prepare.

Mr. Safranchuk said Moscow also began reaching out to political factions and power groups inside the country. The mission took on more urgency in 2014, he said, after Russia invaded Ukraine and the U.S. and Europe responded by placing economic sanctions on the Kremlin.

The Kremlin had considered Afghanistan to be a rare field of cooperation where U.S. and Russian interests coincided, Mr. Safranchuk said, but as relations turned hostile officials began to worry that Afghanistan “could become like Syria or Ukraine, where Americans and Russians were making problems for each other.”

# Egypt Boosts Pressure on Ethiopia Over Dam

By Jared Malsin

Egypt is attempting to raise international pressure on Ethiopia to strike a deal on the use of water from the Nile, which sustains life for tens of millions of people, as Addis Ababa prepares to begin filling a massive hydroelectric dam on a branch of the river this month.

A dispute between the two U.S. allies over the Grand Ethiopian Renaissance Dam has prompted threats of war and concerns about a future conflict concerning water resources under pressure because of climate change.

After Ethiopian leaders in June said the country planned to start filling the \$4.8 billion dam in July, Egypt appealed to the United Nations Security Council, as well as the Arab League and other African, Middle Eastern and European states to urgently intervene.

“A threat of potentially existential proportions has emerged that could encroach on the single source of livelihood of over 100 million Egyptians,” Egyptian Foreign Minister Sameh Shoukry told the Security Council in June.

During the meeting, a senior U.N. official and the U.S. ambassador to the U.N., Kelly Craft, urged Egypt and Ethiopia to come to an agreement.

Ethiopia says it needs the



A May satellite image shows the Grand Ethiopian Renaissance Dam on the Blue Nile river in Ethiopia.

dam to improve the lives of its citizens. The project eventually would bring electricity to 65 million people in rural Ethiopia, its government says.

“Going to the Security Council is almost a nuclear option from the Egyptian perspective,” said Riccardo Fabiani, director of the North Africa Project at International Crisis Group. “It’s

part of this policy of maximum pressure and diplomatic isolation that Egypt has been pursuing vis-à-vis Ethiopia.”

Increased diplomatic pressure, however, has limits, some analysts said, and military action by Egypt is unrealistic and unlikely. “Ultimately, the question comes down to who blinks first,” said Hafsa

Halawa, an analyst and non-resident fellow at the Middle East Institute.

Talks between the neighbors resumed Friday, mediated by the African Union, according to Sudan’s government, another downstream country that is involved in the dispute.

The Nile flows from south to north through eastern Af-

rica, with more than 85% of the river’s waters originating in the Blue Nile in Ethiopia’s highlands. The Blue Nile flows into Sudan where it merges with the White Nile, the other major Nile tributary, before entering Egypt. It eventually ends in a large delta and flows into the Mediterranean Sea.

Several rounds of negotiations in recent years have yielded consensus on some 90% of the issues among the three countries, officials say, including a seven-year timeline for filling the dam. But disagreements remain on measures to address droughts, resolve disputes, and whether the deal would be legally binding.

Egypt wants a binding accord, while Ethiopia seeks more flexibility.

After talks in February, Ethiopia declined to sign a draft agreement accepted by Egypt, arguing it would have to drain too much water from the dam in the event of a drought.

The dispute has touched a nerve in countries along the Nile, with Ethiopia challenging Egypt’s historic claims to a dominant role in managing the river’s water.

While Egypt has pointed to past treaties that grant it and Sudan rights to most of the river’s water, Ethiopia has rejected those treaties as a legacy of British colonialism.

## WORLD WATCH

### CHINA

#### Human-Rights Probe Sought for Uighurs

Overseas representatives of China’s Uighur ethnic group said Monday they filed evidence to the International Criminal Court in a novel effort to spark a formal investigation of China and its top leaders for alleged human-rights violations.

Uighurs, who are mostly Muslim, claim a long history of mistreatment in Xinjiang province in far-western China. The hundreds of pages of filings to the international court in The Hague include claims that Chinese-run “political re-education” camps used torture and other methods to strip Uighurs of their religion and culture, allegations that have been largely confirmed by international media and widely condemned by Western governments.

### FRANCE

#### President Macron Shuffles Cabinet

French President Emmanuel Macron shuffled his government on Monday, injecting new life into his administration as France is navigating the economic fallout of the coronavirus pandemic.

The new cabinet illustrates the challenge Mr. Macron faces in finding a balance between left- and right-leaning members as he tries to heal the internal divisions that are tearing at the seams of his centrist party. Mr. Macron is also under pressure to take decisive steps to tackle climate change after his political party took a drubbing at the

### ITALY

#### Italian Composer Ennio Morricone, 91

Italian composer Ennio Morricone, who created the coyote-howl theme for the iconic spaghetti Western “The Good, the Bad and the Ugly” and the soundtracks for Hollywood movies such as “The Untouchables,” has died. He was 91.

Mr. Morricone’s longtime lawyer, Giorgio Assumma, said he died early Monday in a Rome hospital from complications following a fall, in which he broke a leg.

During a career that spanned decades, he produced more than 400 original scores for feature films. He collaborated with some

### OBITUARY

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# U.K. Hits Saudis, Russians On Abuses

By Max Colchester and Stephen Kalin

LONDON—The U.K. government issued sanctions against dozens of Russian and Saudi nationals for alleged human-rights abuses, extending British legislation along the lines of the U.S.’s Global Magnitsky program targeting corrupt actors and human-rights offenders.

British Foreign Secretary Dominic Raab said Monday that 49 individuals and organizations would face travel bans and asset freezes, under a new sanctions system Britain is putting in place post-Brexit. Previously, the U.K. followed European Union and United Nations sanctions regimens.

Sanctioned entities include 25 Russian nationals that the British government says were involved in the death of tax auditor Sergei Magnitsky in 2009 and 20 Saudi nationals allegedly linked to the killing in Turkey of journalist Jamal Khashoggi. It was the first time the U.K. has sanctioned people from longtime ally Saudi Arabia for human-rights abuses. Also targeted were two Myanmar generals involved in violence against the Rohingya people and two organizations that operate in North Korea.

“You won’t be able to launder your blood money in this country,” Mr. Raab said in the House of Commons on Monday.

The Saudis on the list were sanctioned for alleged involvement in the 2018 killing of Mr. Khashoggi, a Saudi journalist working for the Washington Post who was critical of Crown Prince Mohammed bin Salman’s policies, inside the kingdom’s Istanbul Consulate. Saudi Arabia didn’t immediately respond to the sanctions.

Among them are Saud al-Qahtani and Ahmed Asiri, top advisers to the crown prince alleged to have directed the operation, the Saudi consul-general in Istanbul, and the 15-man team that flew to Turkey to conduct the killing. Most of them were sanctioned previously by the U.S. Treasury and State departments, and have been charged by Turkey in court proceedings that began in absentia last week.

Prince Mohammed, who the CIA and many Western governments have concluded ordered the killing, wasn’t sanctioned. The crown prince has cast the killing as a rogue operation and denied involvement.

The British government also announced sanctions against 25 Russians it alleged were involved in the death of Mr. Magnitsky, who died at 37 years old in a Moscow jail after investigating tax corruption among Russian officials.

Mr. Magnitsky had been imprisoned on charges of tax evasion linked to a case against Hermitage Capital, a hedge fund founded by William Browder, a U.S. investment manager who had become an outspoken Kremlin critic. Mr. Magnitsky and Hermitage denied the charges, saying Mr. Magnitsky was imprisoned because he had uncovered corruption.

The Russian Embassy in the U.K. tweeted that for foreign investigators, prosecutors and judges, the threat of U.K. sanctions was “an assault on judicial independence.”

The U.K. sanctioned Aleksey Vasilyevich Anichin, who led a probe against Mr. Magnitsky and, the U.K. said, contributed significantly to his death.

—Associated Press



S&P	3179.72	▲ 1.59%	S&P FIN	▲ 1.95%	S&P IT	▲ 1.80%	DJ TRANS	▲ 1.64%	WSJ \$IDX	▼ 0.34%	LIBOR 3M	0.277	NIKKEI (Midday)	22587.73	▼ 0.56%	See more at WSJ.com/Markets
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# Uber Buys Food-Delivery Rival

Firm’s \$2.65 billion deal for Postmates expands reach in market, fuels hope of ride-share gain

By Heather Haddon

**Uber Technologies** Inc. said its \$2.65 billion deal for rival **Postmates** Inc. will help it better compete in restaurant delivery and the market for delivering groceries and other staples, a signal of the ride-hailing company’s ambitions to provide a wider range of items to consumer doorsteps.

With its all-stock purchase of Postmates, Uber would become the second-largest restaurant delivery service in the U.S. by market share, following **DoorDash** Inc., according to research firm Edison Trends. **Grubhub** Inc. ranks third.

San Francisco-based Uber said it was attracted to Postmates both for its large delivery presence in several U.S. cities and partnerships with companies including **Walgreens Boots Alliance** Inc. and **Seven & i Holdings** Co.’s 7-Eleven.

But Uber executives said the deal also presents an opportunity to bring more customers to its ride-share business, which has been rocked as the coronavirus pandemic has hurt demand across its markets for months.

“These every day, frequent interactions create habits with customers,” Chief Executive Dara Khosrowshahi said in an investor call Monday.

Uber shares rose 6% Monday. Rival Grubhub closed 4.4% higher, a sign that investors welcome consolidation in the delivery sector.

Competition in food delivery has grown rampant across the globe, fueling deals to help companies reach profitability. Uber sought to buy Grubhub

earlier this year to shore up its position in the U.S., but the deal fell apart under regulatory concerns and disagreements over a price. Dutch food-delivery giant Just Eat Takeaway.com NV and Grubhub last month agreed to a deal for more than \$7 billion.

The pandemic, though, has provided an opportunity for Uber and its rivals in food delivery.

Grubhub’s orders grew 28% in April and May compared with the previous year as diners turned more to delivery during the pandemic, according to an investor presentation.

Uber said Monday that bookings for its Eats division in its second quarter more than doubled from the previous year. Postmates said its gross orders grew 50% in its second quarter from the previous one, with the majority of those transactions coming from restaurants.

Online grocery delivery has also boomed during the pandemic, with online service Instacart Inc. reporting a surge in orders from supermarkets.

A number of restaurant delivery players have tried to get a cut of the grocery market. DoorDash does grocery delivery for Walmart Inc., and Uber took a majority stake in grocery-delivery company Cornershop.

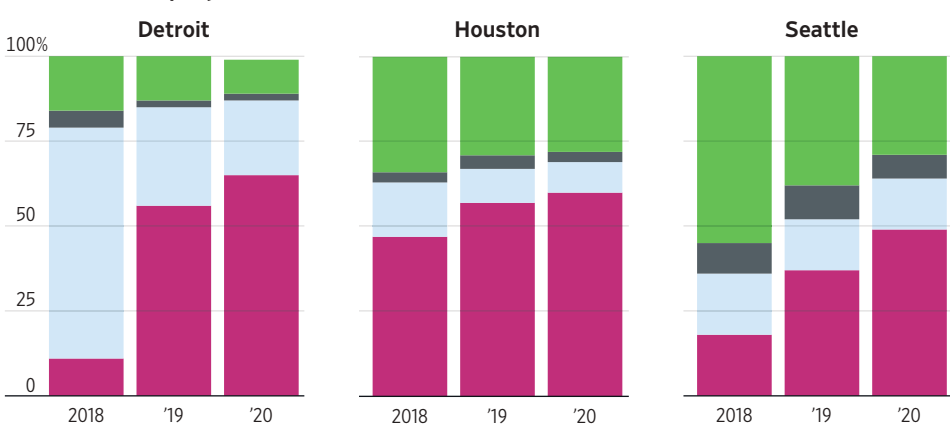
Mr. Khosrowshahi said he expects competition to last in restaurant delivery in the U.S. for years, fueling the company’s interest to get into other to-go services even if that means bumping up against Amazon.com Inc. and Walmart.

“The category and markets are going to start overlapping with a lot of other players,” he said.

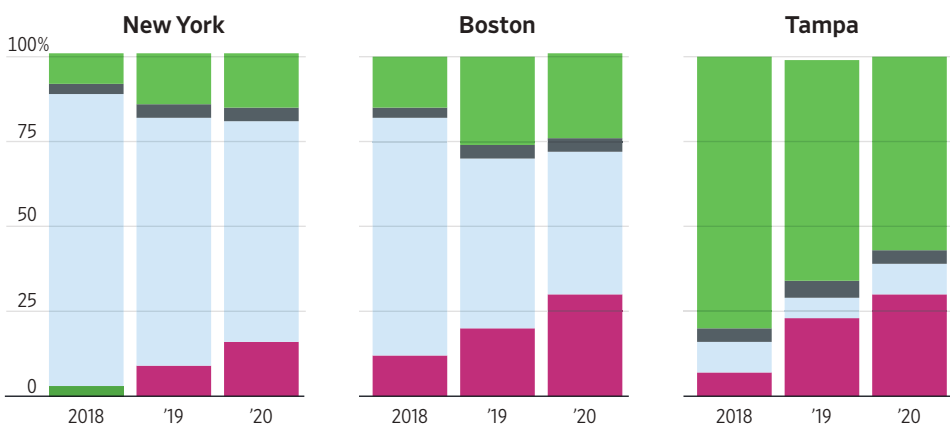
The deal will translate into continuing discounts as rivals

*Please turn to page B2*

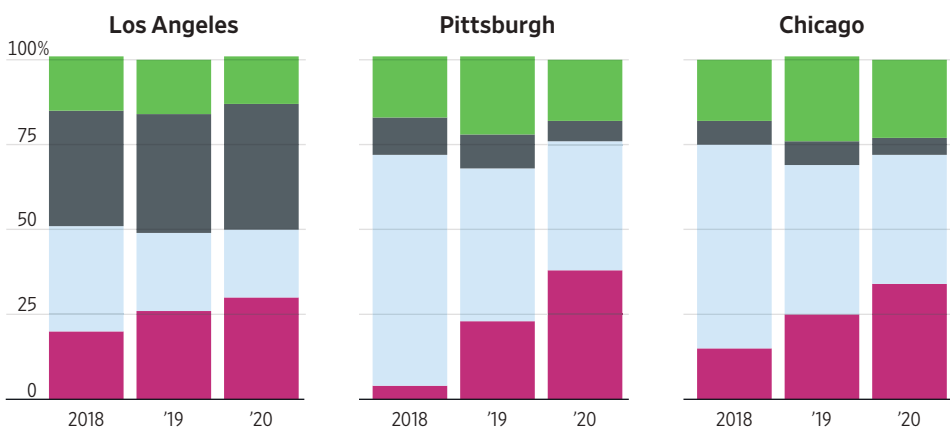
DoorDash has rapidly taken over as the leader in some markets.



While Grubhub has held onto its dominance in New York and Boston, Uber Eats continues to be the most popular service in Tampa.



In some cities—like L.A., where Postmates has the largest market share but is in no way dominant—there remains no clear leader.



Note: May not equal 100% because of rounding  
Source: Second Measure

Katherine Riley/THE WALL STREET JOURNAL

# Disney Signs Kaepernick for Series on Race

By Andrew Beaton

Colin Kaepernick and **Walt Disney** Co. reached a deal that brings together the activist quarterback and the entertainment giant to produce content about the racial and social topics Mr. Kaepernick has championed.

The new venture brings together Disney, one of the NFL’s biggest financial partners via its ESPN networks, and Mr. Kaepernick, an outspoken critic of the league. Mr. Kaepernick has gone unemployed as a football player for three years after launching player protests during the national anthem against police brutality and systemic racism.

The Disney-Kaepernick partnership will include “scripted and unscripted stories that explore race, social injustice and the quest for equality,” the parties said in a release, and will “showcase the work of Black and Brown directors and producers.” The content will be available on



‘I look forward to sharing the docuseries on my life story,’ Colin Kaepernick, the activist football player, said about the Disney deal.

outlets including ESPN, Hulu and The Undeclared, the ESPN platform that covers racial and cultural issues.

The deal’s first project is a

docuseries chronicling Mr. Kaepernick’s last five years, when his demonstrations rocked the country’s most popular sports league. Mr. Kaepernick, who has been virtually silent in public about his clashes with the league, will tell his story from his perspective in the series.

“I look forward to sharing the docuseries on my life story, in addition to many other culturally impactful projects we are developing,” Mr. Kaepernick said.

Disney Executive Chairman Robert Iger positioned the deal as part of Disney’s continuing commitment to promoting diverse content. Last week, Disney said a new visual album from Beyoncé titled “Black Is King” will come out in July on Disney+ in a project that celebrates Black resilience and culture.

The deal adds to Mr. Kaepernick’s growing portfolio of business endeavors at a time when the country has been immersed in protests against police brutality and systemic racism since George Floyd’s killing.

Those are the same issues Mr. Kaepernick called attention to when he protested during the national anthem.

Last week, Netflix announced a scripted series with Mr. Kaepernick and filmmaker Ava DuVernay, covering his high-school years. Earlier in June, Mr. Kaepernick joined the board of Medium, which teamed up with Mr. Kaepernick’s publishing arm to “create feature content focused on race and civil rights in America.”

Mr. Kaepernick was a quarterback for the San Francisco

*Please turn to page B2*

# CEO Who Stabilized Lloyds To Retire

By Simon Clark

LONDON—**Lloyds Banking Group** PLC Chief Executive António Horta-Osório will step down next year after a decade at the British lender during which he oversaw an overhaul and returned the bank to private ownership after a £20.3 billion (\$25.36 billion) crisis-era bailout.

The Portuguese banker, who will step down in June, is credited with stabilizing the U.K.’s third-biggest bank by assets in the wake of the 2008 crisis, during which the government became its largest shareholder.

At the start of this year, Lloyds’s share price was around the same level as when Mr. Horta-Osório took over in March 2011. Since then, the coronavirus pandemic has caused the stock price to almost halve.

“Antonio’s legacy includes a significant de-risking of the group, notably a complete withdrawal from the Republic of Ireland and a very substantial reduction in exposure to U.K. commercial real estate,” Investec analyst Ian Gordon said. “For these reasons alone, we expect credit losses during the forthcoming ‘lockdown recession’ to be a fraction of the carnage [of the global financial crisis].”

Lloyds announced Mr. Horta-Osório’s planned retirement Monday in a statement which also said investment banker Robin Budenberg would succeed Norman Blackwell as chairman early next year.

“This planned leadership succession will allow a new chief executive to work with the new chair in the next stage of the group’s development,” Lloyds said.

Mr. Horta-Osório, 56 years old, overhauled many of Lloyds operations and improved its digital banking services. The bank’s cost to income ratio fell to 48.5% last year from 56.8% in 2012.

Mr. Budenberg will step down as chairman of U.S. investment bank Centerview Partners’s U.K. unit before taking up his new role at Lloyds. In 2008, Mr. Budenberg advised the U.K. government on its bailout of banks including Lloyds.

The government has since sold its shares in Lloyds, more than recouping its bailout investment in the bank. By contrast, the U.K. still owns 61.93% of **Royal Bank of Scotland Group** PLC, which it also bailed out in the financial crisis.

Just a few months after he took over in 2011, Mr. Horta-Osório generated headlines by taking a leave of absence for extreme fatigue. Among the challenges he dealt with was a massive misselling of insurance for mortgage payments. Lloyds has paid out £22 billion to affected customers.

# Samsung Estimates 23% Rise In Quarterly Operating Profit

By Elizabeth Koh

**Samsung Electronics** Co. Tuesday forecast a 23% rise in second-quarter operating profit, as some components manufacturers ride out the coronavirus pandemic by servicing a boom in internet use fueled by remote working.

The world’s largest smartphone and memory-chip maker estimates operating profit of 8.1 trillion South Korean won (about \$6.78 billion) for the quarter ended June 30, up from the prior year’s 6.6 trillion won.

The estimate, the company said, included a one-time gain related to its display business, though it didn’t specify the amount. Samsung is the main supplier for flexible screens

used in Apple Inc.’s iPhones.

Samsung also said it expects revenue to decline from the prior-year quarter by more than 7%, falling to 52 trillion won.

The guidance, which precedes Samsung’s full report, expected at the end of the month, beat analysts’ forecasts of about 6.3 trillion won in operating profit and 50.25 trillion won in revenue, according to estimates gathered by S&P Global Market Intelligence.

The numbers suggest that the global increase in computing demand will, at least for now, provide the Suwon, South Korea, company with a partial life raft through the immediate economic consequences of the Covid-19 pandemic. The other main profit driver for

Samsung, its smartphones business, has a murkier path ahead, analysts said. During the first three months of 2020, global smartphone shipments slid 17% from the prior year, according to market-research firm Strategy Analytics. Samsung saw declines of 19%, while Apple’s shipments fell 9%, Strategy Analytics said.

The latter half of the year will pose another test for Samsung as it unveils its new flagship Galaxy Note 20 phone in early August against the backdrop of weaker consumer demand.

Analysts and industry experts expect semiconductor demand to continue into the second half of the year, though the coronavirus still poses some uncertainty.

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ENERGY

Judge orders Dakota Access pipeline shut, citing faulty environment permit. **B2**

ENTERTAINMENT

Pandemic frustrates China’s dream of becoming biggest movie market. **B3**

# Nokia Trails in 5G Race After an Early Misstep

By Stu Woo

In the global race for 5G supremacy, **Nokia** Corp. bet big on the wrong computer chip.

The Finnish giant invested in a costly processor to power the hardware it has been selling to wireless carriers, which are now building out 5G networks around the world. Customers, though, preferred a cheaper, less energy-intensive version offered by rivals **Huawei Technologies** Co. and **Ericsson** AB.

Now, with a new chief executive taking over next month, Nokia is scrambling to make up market share lost to those competitors in the wake of the chip mistake. After realizing its blunder in 2018, Nokia replaced the head of its wireless-equip-

ment business with Tommi Uitto, who started a two-year restructuring program that Nokia says is now starting to pay off.

He has doubled the research-and-development staff focused on making cheaper chips. “We simply didn’t have enough people,” Mr. Uitto said. He also diversified from one chip supplier to three: “We got into this trouble by relying on only one.”

The restructuring comes after a tumultuous few years for Nokia, punctuated by the planned departure of CEO Rajeev Suri, who next month will be succeeded by Pekka Lundmark. The former chief of a Finnish clean-energy firm, Mr. Lundmark worked at Nokia 20

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The company said that bookings for its Eats division in its second quarter more than doubled from the previous year.

Uber Gains In Food Delivery

Continued from page B1

try to compete for customers and restaurants, said Robert Mollins, of market-research firm Gordon Haskett. “The promotional environment won’t be slowing down anytime soon,” Mr. Mollins wrote in a note.

Uber Eats has a larger international footprint than its other U.S.-based food-delivery competitors. The ride-share company said Monday that Eats has a top position in dozens of global cities, including London, Paris and Mexico City.

Postmates, founded in 2011 and based in San Francisco, is the smallest among the major U.S. food-delivery companies. The company had raised more

than \$900 million in funding, according to PitchBook.

Postmates held discussions with other possible buyers since at least last year, and had evaluated pursuing an initial public offering.

The deal will boost Uber’s food footprint in Los Angeles, Las Vegas, Phoenix and other cities in the South and West that remain Postmates strongholds.

Postmates had \$643 million in gross bookings in its first quarter this year, translating into \$107 million in revenue, according to a presentation.

Uber said it would keep the Postmates app running separately after the deal’s closing, expected in the first quarter of 2021. It will provide bridge financing to Postmates until the deal’s close, Uber said.

The companies anticipate the transaction could yield \$200 million in cost savings, mostly due to reductions in sales, marketing and other administrative costs.

—Dave Sebastian contributed to this article.

Kaepernick And Disney Plan Series

Continued from page B1

49ers until 2016, the season he started player protests during the national anthem against social injustices.

He has gone unsigned since that season, and alleged in a since-settled grievance that the NFL and its 32 teams coluded to keep him unsigned over his outspoken political views. The settlement was for less than \$10 million, The Wall Street Journal previously reported.

Those protests transformed the NFL into a lightning rod. Politicians such as President Trump assailed the movement as unpatriotic, while others praised the

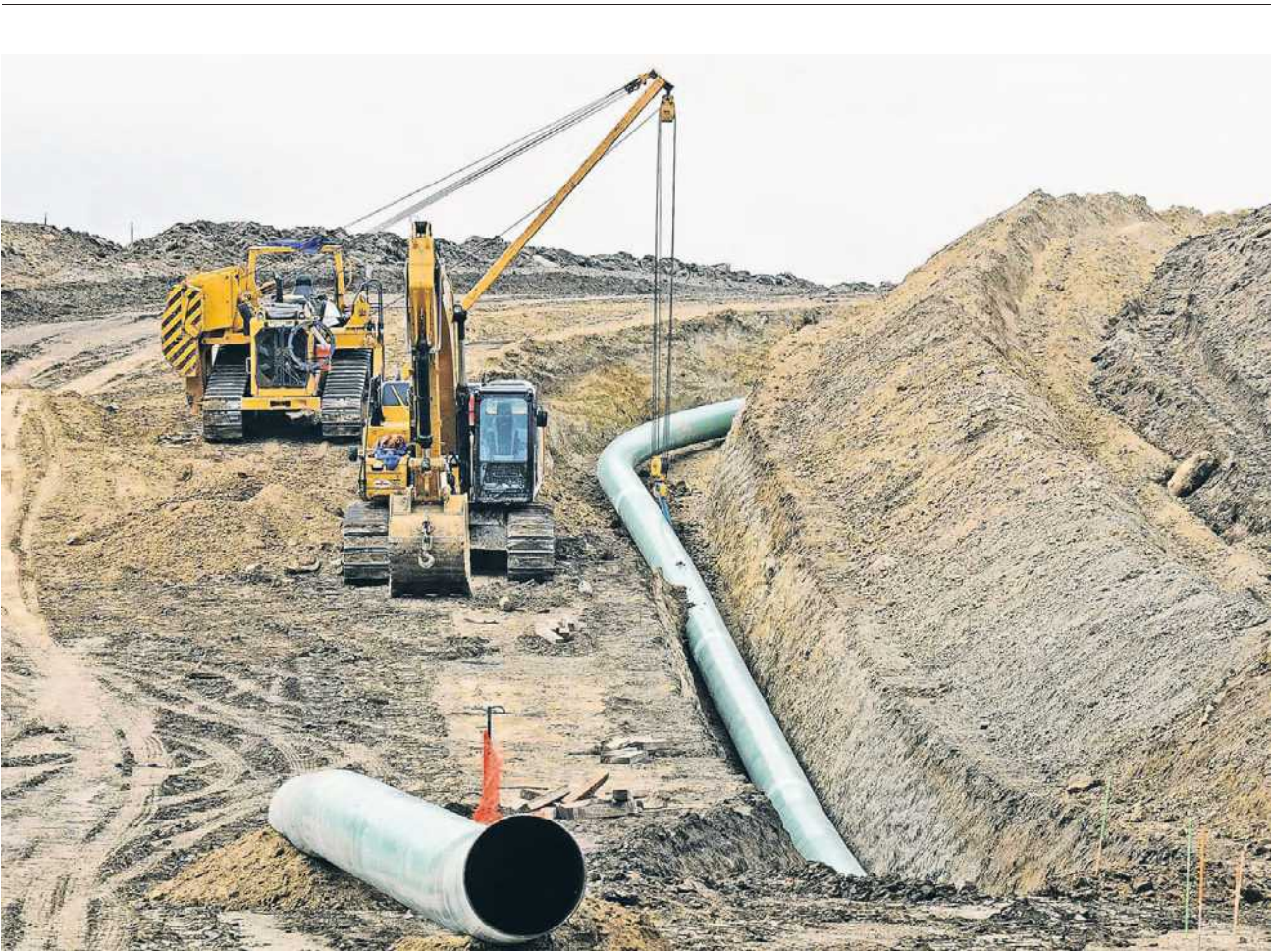
peaceful protest.

It thrust the league into years of controversy that was re-energized after Mr. Floyd’s killing, when the symbolism of Mr. Kaepernick’s protest was salient in the public eye. Mr. Kaepernick took a knee to protest police brutality; Mr. Floyd was killed after a police officer placed a knee on Mr. Floyd’s neck.

This isn’t the first time Mr. Kaepernick has paired with a company that does major business with the NFL. In 2018, Nike Inc. made Mr. Kaepernick the face of a major advertising campaign, and the parties’ triangular relationship has at times been thorny—including when Nike was caught in the middle of a failed workout the NFL tried to set up for Mr. Kaepernick in 2019.

Disney and the NFL have a substantial relationship that most notably includes the rights to air Monday Night Football. In a 2011 deal that

BUSINESS & FINANCE



Sections of the Dakota Access pipeline are buried in North Dakota. A court ruling dealt a blow to the shale-drilling industry.

Judge Orders Pipeline Shut Down, Citing Faulty Environment Permit

By COLLIN EATON AND CHRISTOPHER M. MATTHEWS

A federal judge ordered the Dakota Access pipeline to shut down by next month because it was improperly granted a key environmental permit, a major setback for operator Energy Transfer LP and the American shale-drilling industry.

U.S. District Judge James Boasberg in Washington ruled Monday that the pipeline, which has been carrying oil since 2017, should be turned off until the U.S. Army Corps of Engineers completes a new environmental-impact statement. That process is expected to take 13 months.

The ruling, which comes a day after the builders of the \$8 billion Atlantic Coast Pipeline pulled the plug on that project, is the latest example of how difficult it has become for companies to get fossil-fuel conduits approved in the U.S. amid stiff opposition from environmentalists, landowners and Native American tribes.

It comes as the Trump administration’s efforts to fast-track pipelines and other energy infrastructure projects have faltered amid legal challenges. The ruling threatens to further create hardship for American shale drillers operating in the Bakken Shale region of North Dakota, which have been rocked this year by falling demand for oil due to the coronavirus pandemic.

“The Court does not reach its decision with blithe disregard for the lives it will affect. It readily acknowledges that, even with the currently low demand for oil, shutting down the pipeline will cause significant disruption to DAPL, the North Dakota oil industry, and potentially other states,” Judge Boasberg wrote.

Energy Transfer shares fell 12% Monday to \$6.17 as U.S. stocks rose. The company said it planned to pursue all available legal and administrative remedies to stop the pipeline from being shut down.

“We believe that Judge Boasberg has exceeded his au-

thority in ordering the shutdown of the Dakota Access pipeline, which has been safely operating for more than three years,” spokeswoman Vicki Granado said.

The Standing Rock Sioux Tribe and environmental activists waged a fight for years to stop Dakota Access, which crosses the Missouri River near the tribe’s land as it carries oil nearly 1,200 miles to Illinois, and have continued to contest its approval in court.

“This pipeline should have never been built here,” said Mike Faith, the tribe’s chairman. “We told them that from the beginning.”

A Justice Department spokeswoman declined to comment.

Environmentalists hailed the ruling as evidence of momentum in their campaign to oppose oil and gas pipelines as they aim to keep fossil fuels in the ground due to concerns about climate change.

“What we’re really seeing is years of activism paying off, years of people standing up to big oil companies and the idea that we need this destructive infrastructure to have a healthy economy,” said Janet Redman, director of Greenpeace USA’s climate campaign.

U.S. Energy Secretary Dan Brouillette blamed a “well-funded environmental lobby” for shutting down a pipeline system that he said had created about 10,000 jobs. The shutdown would also cut millions in tax dollars that bolster schools, hospitals and other community services in North and South Dakota, Iowa and Illinois, he said.

“The environmental lobby continues to litigate their way into controlling and shuttering this economic growth,” he said. “The Trump administration will continue fighting for the expansion of American energy infrastructure, well-paying jobs for the American people, and the strengthening of our energy security and reliability.”

The court had previously found the Army Corps in viola-

tion of the National Environmental Policy Act when it granted approval to build and operate part of the pipeline that runs under Lake Oahe, a reservoir on the Missouri River, which straddles North and South Dakota.

It said the Army Corps failed to produce a required environmental review.

Owners of Dakota Access had told the court that they could lose as much as \$643 million in the second half of 2020 and \$1.4 billion next year if the pipeline is shut down.

“There is no viable pipeline alternative for transporting the 570,000 barrels of Bakken crude that DAPL is capable of carrying each day,” the pipe-

line’s owners have said.

Judge Boasberg acknowledged his decision will have substantial impacts for the oil industry in North Dakota, which has been struggling this year with low prices due to the drop in demand caused by the virus.

“Yet, given the seriousness of the Corps’ NEPA error, the impossibility of a simple fix, the fact that Dakota Access did assume much of its economic risk knowingly, and the potential harm each day the pipeline operates, the Court is forced to conclude that the flow of oil must cease,” he wrote.

—Katherine Blunt contributed to this article.

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BUSINESS NEWS

Second Wirecard Executive Arrested

By Paul J. Davies

A second **Wirecard** AG executive was arrested and questioned by German prosecutors Monday as part of their investigations into suspected fraud at the insolvent, one-time star of the European tech sector. Prosecutors didn't name the executive, but said they had questioned the managing director of **Cardsystems Middle East FZ** LLC, and that he was arrested after returning to Germany and handing himself in to authorities.

In a prospectus for Wirecard's first bond issue last year, Oliver Bellenhaus was named as the managing director of Cardsystems Middle East, which is one of two Dubai-based Wirecard businesses.

People who have worked with him say Mr. Bellenhaus ran Cardsystems.

Mr. Bellenhaus couldn't be reached for comment.

The arrest warrant was based on "the urgent suspicion of conspiracy to commit fraud," among other things, the prosecutors said in a statement.

The Wirecard scandal exploded after the company revealed a \$2 billion hole in its balance sheet in mid-June. Former Chief Executive Markus Braun was arrested after stepping down from the company the following week. His lawyer said he is cooperating with prosecutors, but declined to comment further.

Jan Marsalek, Wirecard's former chief operating officer and Mr. Braun's longtime right-hand man, is missing. His lawyer has declined to comment.

The company and several of its subsidiaries have gone into insolvency and their administrator already is attempting to sell some of the businesses.

Its market value has crumbled from more than \$14 billion the day before it revealed the accounting hole to \$360 million.

A judge in Munich, the southern German city where Wirecard is based, ordered that the executive arrested Monday should be detained because he is a flight risk and there is a risk of evidence tampering, according to prosecutors.

Cardsystems Middle East is one of the Wirecard units that managed the group's relationships with third-party acquirers, companies that Wirecard said processed payments on its behalf in countries where it didn't have licenses.

Three of the third parties are at the center of the scandal because it was revenue from their business that was supposed to be the source of the missing funds.

These three third parties provided about half of Wirecard's revenue and the lion's share of group profits in the three full years before 2019, according to a special audit carried out by KPMG, which was published in April.

Virus Foils China's Movie Dream

Country was on track to be No. 1 box office in the world but now is stunted by closures

By Erich Schwartzel

This was supposed to be the year China's theatrical box office became No. 1 in the world. Instead it is setting a different record: the world's longest closure of movie theaters.

China's tens of thousands of cinemas closed Jan. 23, months before the novel coronavirus forced similar closures around the world. They have, with limited exceptions, remained shut. The shutdown arrived just ahead of the usually lucrative Lunar New Year moviegoing season, and uncertainty over when they will reopen has complicated planning on both sides of the Pacific.

Without a clear road map, executives in China and the U.S. have looked for guidance from Chinese leader Xi Jinping. Chinese officials have offered limited financial relief to the country's movie theaters, but an industry trade group recently projected more than two-fifths of the nation's cinemas could shut down permanently.

The pandemic and its economic fallout appear to be leading to a plot twist for China's film industry. In the past decade, the country has gone from an afterthought in the global entertainment industry to the world's second-largest film market behind only North America, topping \$9 billion in annual grosses. The country was on track to have 80,000 screens this year, showing a mix of Hollywood imports and domestic productions that have generated a growing share of ticket sales in recent years. Analysts at PricewaterhouseCoopers predicted 2020 was the year China's box office would overtake the U.S.'s.

Conditions are so dire that the China Film Association, a state-backed industry guild, released a "Movie Theater Survival Status Survey Report" in late May that found 47% of cinemas would run short on cash, and 42% could face permanent closure. A fifth of cinemas surveyed laid off employees in the



A survey in late May found 42% of theaters in China could be shut permanently. A theater in Shenyang, China, was disinfected in March.

first two months of the shutdown to cut costs.

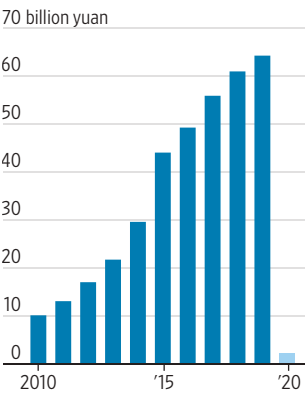
That is more dramatic than in the U.S., where there hasn't been as thorough a study but theater executives privately expect that about 20% of domestic locations could permanently close, particularly independent operations that were already struggling.

The closures complicate Hollywood's plans. Major studios have rescheduled movies multiple times as theater reopenings are postponed, but for releases expected to do significant business in that country, like **Walt Disney** Co.'s "Mulan," opening without the Chinese market makes little sense.

The government initially approved theaters' reopening in mid-March, but only about 500 cinemas—or 5% of China's total—did so. They collectively sold a paltry \$5,800 of tickets on one weekend day, March 22, according to movie-ticketing platform Maoyan Entertainment. After a week of reopening, the government's film bureau shut theaters again without explanation.

Mr. Xi didn't help movie-theater operators when he encouraged people to stay at home.

Box-office revenue in China



Notes: 2020 as of July 2. 10 yuan=\$1.42. Sources: National Bureau of Statistics; China Film Administration; Maoyan (2020)

During a late-March visit to Hangzhou, a city about two hours from Shanghai, Mr. Xi said it was still too early for mass gatherings if China wanted to keep the virus at bay. "If you want to see movies, just go watch them online!" he said.

In a country where local bureaucrats follow Mr. Xi's words, the remark led to an environment of caution, where lower-ranking officials were unwilling to open theaters too early, industry executives say. Even after China's State Council said

theaters could reopen with caution in May, no operator did. When Covid-19 cases began resurfacing in Beijing a month later, city authorities again ordered the cinemas to remain closed.

In the U.S., two of the biggest studios, Disney and **Comcast** Corp.'s Universal Pictures, have used the cinema shutdown to experiment with novel approaches to online distribution, some of which are expected to stay in place after theaters reopen.

China's government has taken more strides in trying to protect exhibitors than the U.S., where small theater operators have been able to apply for loans under the same stimulus measures as other businesses but haven't seen any industry-specific legislation introduced.

The Chinese government allocated more money from a development fund to subsidize struggling operators. After theaters closed, Chinese studio Huanxi Media decided to pursue a digital distribution strategy for "Lost in Russia," which had been expected to perform well at the box office during its planned late-January release. Cinema owners responded with

a letter to the national film bureau asking it to stop the online release. The letter didn't end up stopping "Lost in Russia" from making a debut online, but Chinese government officials indicated they may step in with new rules that protect exhibitors against similar moves in the future.

Before the pandemic, Hollywood studios were negotiating with Chinese authorities about changing a system set in place in 2012 that limits the number of imported films to 34 a year, with only 25% of ticket sales flowing back to studio coffers, versus 50% or more in the U.S.

The deal came up for renegotiation in 2017, but tensions between the two countries amid the U.S.-China trade war stalled talks. Studio chiefs are eager to raise the limit on film imports and get a bigger piece of Chinese ticket sales in the new agreement.

"The share is low compared to other international markets," but given the size of the market, the revenue is still attractive, said Xin Zhang, senior analyst of London-based research firm Omdia.

—Yin Yijun contributed to this article.

Bankrupt Pier 1 Gets \$20 Million Bid for Assets

By Aisha Al-Muslim

Home-goods retailer **Pier 1 Imports** Inc. has found a potential buyer offering more than \$20 million for the bankrupt company's intellectual property and e-commerce business as its bricks-and-mortar retail operations wind down.

The Fort Worth, Texas, retailer has tapped **Retail Ecommerce Ventures** LLC to serve as the lead bidder, or stalking horse, to acquire Pier 1's intellectual property, data and other assets related to the e-commerce business.

The proposed buyer last year purchased the brand assets of Dressbarn and its e-commerce business from Asena Retail Group Inc., the parent company of Ann Taylor

and Lane Bryant.

Pier 1 plans to hold a bankruptcy auction Wednesday after receiving offers from other bidders, according to a securities filing. A hearing to approve the sale to the best bidder is scheduled for July 30 in the U.S. Bankruptcy Court in Richmond, Va.

The proceeds from a potential sale will go to Pier 1's senior lenders and the estate won't be required to pay any costs associated with the transaction, said Erika Morabito, a lawyer at Foley & Lardner LLP representing the committee for Pier 1's unsecured creditors.

"From the [committee's] perspective, we want as much money as possible to flow through the waterfall to be paid to those who are able to

participate in such recovery," Ms. Morabito said.

Pier 1, which had about 940 stores at the beginning of the year, said in early January that it planned to close nearly half of them. The company filed for chapter 11 bankruptcy in February.

In March, it temporarily closed all its stores due to the coronavirus pandemic. By May, Pier 1 said it was permanently closing and liquidating inventory in its roughly 540 retail stores after nearly 60 years of selling home décor and accessories.

The company abandoned its efforts to emerge from bankruptcy as a viable business after lenders that had explored taking it over backed away, leaving Pier 1 with no choice but to shut down.

Retail Ecommerce Ventures is owned by serial entrepreneurs Taino "Tai" Lopez and Alex Mehr, who have created an acquisition vehicle, San Francisco-based Pier 1 Imports Online Inc., to purchase the Pier 1 assets.

Mr. Lopez is an investor, business adviser and social-media influencer with millions of followers on Instagram, Facebook, YouTube and Twitter. He is the co-founder of book-shipping club Mentor-Box LLC and the president of Tai Lopez Capital Group, which invests in distressed assets.

Mr. Mehr, the chief executive and co-founder of Mentor-Box, is a former National Aeronautics and Space Administration scientist who has launched more than 30 prod-

ucts and who last year sold online-dating platform Zoosk in a deal valued at about \$258 million.

Mr. Mehr told The Wall Street Journal on Monday that Retail Ecommerce Ventures plans to make Pier 1 an online-only business.

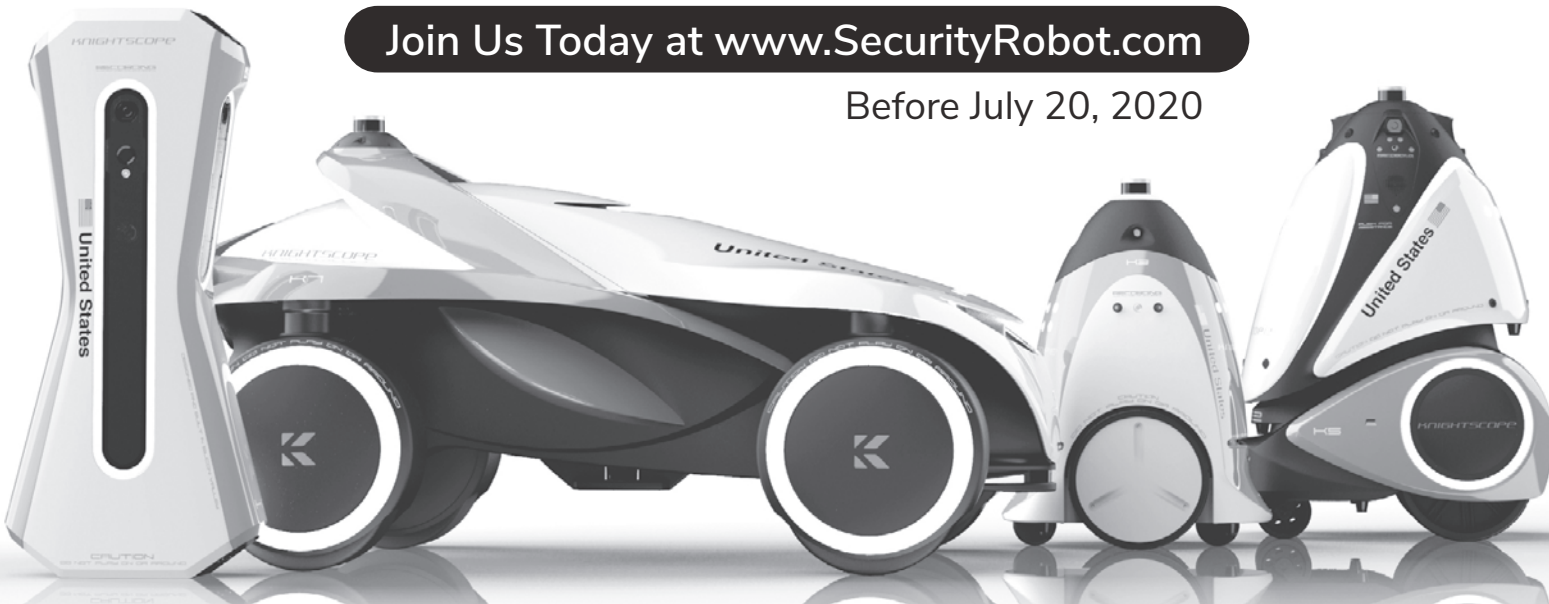
Under the deal, Pier 1 will provide bid protections to the purchaser, including \$100,000 to cover expenses and a breakup fee of \$400,000 if the transaction falls through, according to documents filed Monday with the U.S. Securities and Exchange Commission.

The business of stripping out valuable brands from dying bricks-and-mortar retailers is growing as more of them end up in bankruptcy and often liquidate.

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# Japan CEOs Face Online Test

Annual shareholder meetings go virtual, giving foreign investors chance for more input

By SURYATAPA BHATTACHARYA

TOKYO—Annual shareholder meetings here were once hosted in large conference halls, with gift bags at the door and lavish lunch buffets. The pandemic cut short the party, but it has nudged Japan’s tradition-bound corporate custom into some changes that could benefit foreign shareholders, who have been playing a growing role in governance.

This year, for the first time, hundreds of Japanese companies including many blue chips offered ways to watch online, sometimes with simultaneous English interpretation. A few allowed shareholders to ask questions from their homes or even vote on resolutions.

While a far cry from the U.S., where online questions and voting are now common, the shift marked a significant opening in Tokyo, which has the biggest stock exchange outside the U.S. as measured by the market value of its companies. Foreign shareholders who once had to fly to Tokyo to participate in the annual ritual now can do so from their desks at home, at least on occasion.

“I think the move to online [annual meetings] has been positive, not only as a response to Covid-19, but also as a way for companies to provide a broader group of investors with access to information and management presentations,” said Chris Vilburn, head of Asia stewardship at Goldman Sachs Asset Management.

Each year, listed Japanese companies stuff their annual meetings into a short period before the end of June. For most companies the fiscal year ends in March, and they have to hold the meeting within three months of the fiscal year-end.

While regulators allowed delays this year because of the



Chief Executive Masayoshi Son spoke at the bank’s annual meeting on June 25, held online.

coronavirus, most companies opted to go ahead as scheduled after a national state of emergency was lifted in May.

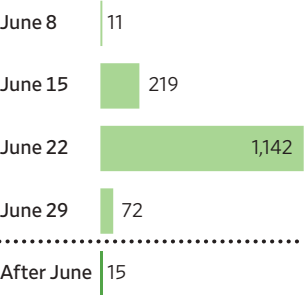
Most often, online access was a one-way street: Shareholders could simply watch and listen. In cases in which companies limited in-person participation to prevent virus spread, one downside, according to some investors, was a lack of give-and-take to hold management’s feet to the fire.

**Mitsubishi Motors Corp.**, which recorded a loss for its fiscal year and suspended its dividend, got through its shareholder meeting on June 18 in just under 31 minutes, compared with hours in past years. Chief Executive Takao Kato, handling questions submitted in advance, apologized over the dividend suspension, but didn’t face the kind of lengthy questioning that often accompanies poor results.

Many companies felt they weren’t ready for more online participation, including any legal liability that might result from problems with online voting.

“I think they just don’t want the embarrassment of a technical glitch, especially the old-school senior managers,” said Zuhair Khan, managing director and fund manager

## Number of shareholder meetings by week in Japan



Note: For companies listed on Tokyo Stock Exchange first section with fiscal year ending in March.  
Source: Tokyo Stock Exchange

with Union Bancaire Privée in Tokyo.

Shareholders often weren’t ready either. Videogame maker **Capcom Co.** limited online viewing to shareholders who registered in advance. It said 53 shareholders attended the June 17 meeting in person and 80 attended via computer, a total that was slightly down from last year when the meeting was in-person only. Nonetheless, Capcom said it found the online offering valuable.

Among the companies that took the full plunge into online meetings was SoftBank Corp., the separately listed Japanese mobile-phone unit of **SoftBank**

**Group Corp.** Shareholders were able to vote online by selecting the “approve” button on their screens, with results announced in seconds.

Ken Miyauchi, chief executive of the mobile company, took 19 questions from shareholders, including one asking about the legitimacy of an online annual meeting. “We believe that this is legal,” he said. “This is a new arrangement and we know that some shareholders may be unhappy or uncomfortable, but we will make it better and better going forward.”

**Z Holdings Corp.**, the parent of popular web portal Yahoo Japan, had a similar policy and, adding stick to carrot, warned anyone trying to show up in person that they wouldn’t score a Yahoo Japan mug or T-shirt. “There will be no small gift for shareholders,” Z Holdings said.

Even with greater access, some foreign investors say they don’t see much governance role for annual meetings, which often serve as an outlet for small shareholders’ pet peeves. At car maker **Subaru Corp.**’s annual meeting, two shareholders who came by train used their question time to complain they had trouble finding the hotel venue.

# Square Stock Surges On Digital Payments

By ALEXANDER OSIPOVICH

**Square** Inc.’s stock has jumped 15% over the past week to close at a record on Monday, as the coronavirus pandemic has prompted consumers sheltering at home to make greater use of the payments company’s tools.

Class A shares of San Francisco-based Square closed at \$118.97, rising 4.9% for the day. Their price has more than tripled from the low on March 20.

Some analysts have grown more bullish on Square, buying into the arguments of Jack Dorsey, its chief executive and chairman, that the company will disrupt traditional banking and payments businesses.

As the stock market has rebounded, investors have rewarded companies—from technology giants to grocers and makers of recreational vehicles—that can benefit from pandemic-driven shifts in consumer behavior.

It wasn’t immediately clear that Square would be one of them. Its stock dropped more than 55% from February to March, as lockdowns led fewer people to visit small merchants that use Square’s popular credit-card reader for smartphones.

But Square has benefited from burgeoning activity in other parts of its business, particularly its rapidly growing Cash App, a peer-to-peer payments tool that lets users send

and spend funds and invest in stocks and bitcoin. The app’s direct-deposit volumes roughly tripled from March to April as many customers used the app to receive government stimulus payments, Square says.

Other players in the payments business have benefited from the same trends. During the past week, shares of **PayPal Holdings Inc.**, maker of the rival Venmo app, have gained 4.7%. The S&P 500 has risen 4.1% over the same period.

Last week, analysts at Rosenblatt Securities upgraded Square to “buy” from “neutral,” predicting that revenue from Cash App, excluding bitcoin, would more than triple over the next five years.

“As Square develops, rolls out, and monetizes many services across the payments and financials ecosystems, it will lay the groundwork to make the company a need-to-own name for years to come,” Rosenblatt’s analysts wrote.

Square’s skeptics have said it is overvalued—and that was even before the recent run-up in its stock price. Based on its closing price from Thursday, Square has an eye-popping trailing price/earnings ratio of 186, compared with 112 for PayPal and 22.5 for stocks in the S&P 500.

Mr. Dorsey also has been criticized by some investors for splitting his time between two roles, as CEO of both Square and social-media giant Twitter Inc.



Lockdowns led to reduced use of Square’s reader for smartphones.

# Taser Maker Seeks to Overhaul Policing by Upgrading Product

By INTI PACHECO

Rick Smith, the man who pioneered Taser stun guns, says he wants to manufacture a next-generation Taser that is so effective police officers won’t have to use their pistols anymore. But he says it will take 10 years.

“Lethal force, even today, is still the most effective way to stop a threat,” Mr. Smith, chief executive and founder of **Axon Enterprise Inc.**, said in

an interview. “If we had really elevated weapons that can do the job and not kill someone, then the rationale for killing people goes away.”

The 50-year-old entrepreneur has been on a quest to change policing since 1993 when he started his company, formerly called Taser International. But as the recent police killings of George Floyd and Rayshard Brooks show, widespread use of Taser devices and body-worn cameras hasn’t

solved the problem.

“You shouldn’t be looking at technology as the fix,” said Robert Haas, a former police commissioner of Cambridge, Mass., who serves on a number of public-safety committees. Change will require rethinking policing, he said.

Axon’s electronic stun guns are used by roughly 70% of U.S. law-enforcement patrol officers, the company says. Police agencies pay monthly fees of \$40 to \$60 per device to use its Taser 7 model. Tasers generated about half of the company’s \$531 million in revenue last year. The rest comes from body-worn cameras and related cloud-based storage.

The company’s stock has surged more than 30% this year amid the social unrest over police killings. In June, the shares crossed \$100 to reach records, pushing the Scottsdale, Ariz., company’s market value near \$6 billion.

Investors like that the company has few competitors. Axon has the weaponry, cameras and analytics to help police departments make informed decisions, Imperial Capital analyst Jeff Kessler said. “This is the only company out there that can do all this,” he said.

Axon’s 10-year plan to replace police pistols is split in three stages. First, creating a new Taser that has more shots, can better penetrate clothing and is more accurate. Second, proving its effectiveness to skeptics. Then, changing the ways officers are trained. The company is also developing ways to pull data from the videos recorded by its cameras to identify use of force and other tactics.

Calls for defunding the police haven’t deterred Axon’s plans. Mr. Smith said any police budget cuts would mainly result in staff reductions like he saw in 2008, during the financial crisis. “They actually became more dependent on the technology to try to do more with less staff, and they invested in productivity tools,” he said.

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# Nokia Trails Rivals After 5G Misstep

Continued from page B1  
years ago.

Mr. Suri assembled a company that focuses on selling the entire spectrum of equipment that wireless carriers and land-line cable-and-internet providers need to build 5G networks. Such networks promise super-fast speeds and the ability to connect a new universe of devices to the internet. Mr. Suri bet that by offering the same breadth of products as Huawei, Nokia could make inroads into the Chinese company's leading market share.

Nokia was also poised to benefit from a yearslong assault by the Trump administration against Huawei. Washington accuses it of being beholden to Beijing. U.S. officials have sought to limit Huawei sales around the world, warning that China could order Huawei to use its gear to spy on networks, a charge that Huawei and China deny.

But by betting on the wrong chip in the early stages of its 5G product development, Nokia has fallen even further behind. Last year, Huawei increased its global share of the telecom

gear market to 28.3%, from 27.5% in 2018, according to telecom-research firm Dell'Oro Group. In the relatively low-margin industry, where every bit of market share counts, Ericsson boosted its share to 13.9% from 13.7%. Nokia, meanwhile, fell to 16.2%, from 16.9%.

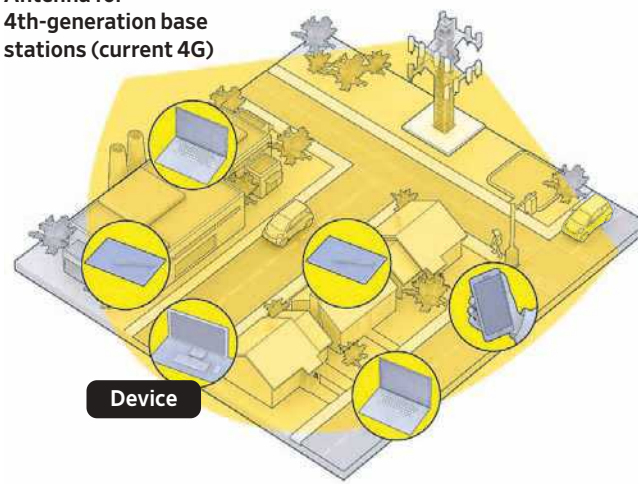
With no major American player in the industry, U.S. officials have looked on with dismay, worried that both Nokia and Ericsson won't be able to compete with Huawei in the long run. They have toyed with shoring up both European players, through tax breaks and ex-

port-bank financing. The Wall Street Journal has previously reported. They have also prodded **Cisco Systems Inc.** and private-equity firms to consider a buyout, the Journal reported.

Nokia's chip mistake came as it and its rivals were racing to master the contours of 5G even as the technology's technical specifications hadn't been fully worked out.

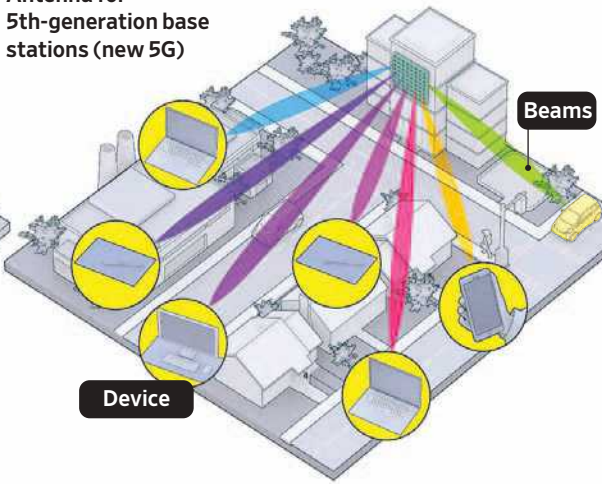
Many of today's 4G antennas send wireless signals in a wide cone, like a floodlight. But in 5G, some antennas concentrate those signals like spotlights.

Antenna for 4th-generation base stations (current 4G)



Source: OpenSignal, Kevin Hand/THE WALL STREET JOURNAL

Antenna for 5th-generation base stations (new 5G)



Each antenna can concentrate multiple spotlights on one device, or simultaneously on several different devices, such as a cellphone, a driverless car or a factory component. This innovation should allow 5G antennas to transmit data 100 times faster than 4G networks.

To make this happen, an antenna and its related circuitry need computer chips inside, perhaps five or more. The chips are so crucial to making the system work that Washington, in one of its more recent attempts to weaken Huawei, restricted semiconductor makers

from supplying the Chinese company with them.

Nokia selected the type of chip it thought would work best before an important technical debate had been settled, Mr. Uitto said. A telecom-industry consortium that included Nokia hadn't finalized the standards for how cellular antennas should communicate with phones and other devices.

Nokia had two options. One is called a "system-on-chip," or SoC. Advantage: It is power-efficient and cheap to make. Disadvantage: Once the chip is made, it is difficult to repro-

gram. If Nokia ordered a supply of SoC chips and then 5G standards didn't support them, the company would have a bunch of useless chips.

The other option was the so-called field-programmable gate array, or FPGA, chip. Its advantage was flexibility. An FPGA can be reprogrammed after it goes into an antenna. Nokia could start making antennas with the chips, and wireless carriers could reprogram them to suit whatever 5G standards would be adopted later.

Nokia focused on the more expensive FPGA. When the development of 5G accelerated, and standards crystallized sooner than expected, around 2018, Nokia realized it had too many FPGA chips and not enough of the cheaper ones that Huawei and Ericsson had bet on.

The FPGA was like "buying a car with a lot of features that you don't use," said Sandro Tavares, Nokia's head of mobile marketing. The SoC, meanwhile, "has exactly what you need, so you're not spending that much money there."

One European telecom executive said the price tag for certain Nokia equipment was double that of products by Huawei and Ericsson using the SoC chips. Nokia executives say the price difference for high-volume products was typically between 5% to 15%. Nokia products using the FPGA chip also used more energy.

# Companies Favor Furloughs Instead Of Permanent Cuts

By TATYANA SHUMSKY  
AND KRISTIN BROUGHTON

When meat orders from restaurants, hotels and other food-service clients dried up at two of **Hormel Foods Corp.**'s plants in April, finance chief Jim Sheehan chose to furlough roughly 350 workers, but didn't lay them off. These furloughed employees didn't receive pay but got benefits such as health care.

It was a careful calculus. After years of effort to secure talent in a tight labor market, many finance chiefs responding to the shock of the coronavirus pandemic have so far preferred to furlough workers instead of severing ties completely, even if it means spending a little more. "Our employees are long-term investments for us and they're a precious resource, so we needed to do what we could," Mr. Sheehan said.

Other finance chiefs made a similar choice as the pandemic shut down businesses across the country. Of the 87 firms in the S&P 500 to announce staff reductions from early March through the end of June, 65 chose to furlough workers, according to an analysis of securities filings by MyLogIQ.

In June, 10.6 million workers were temporarily laid off, meaning they expected to be recalled to their jobs, down from a peak of 18.1 million in April, according to the U.S. Labor Department. The jobless rate fell to 11.1% from 13.3% a month earlier.

"Think about the uncertainty that was hitting everybody. Unemployment was going through the roof," Mr. Sheehan said. He wouldn't give exact figures, but said Hormel spent a significant amount of money to continue benefits for furloughed employees and to move production to different locations so that the company could prevent additional furloughs. Roughly 300 of Hormel's furloughed employees have since returned to work.

Even though a furlough is a continuing expense, the costs of one-time layoffs can add up quickly, outweighing the intended benefit, said Richard Cardillo, principal for the Hackett Group, a consulting firm. A lay-off takes time to execute and typically involves some lump-sum severance payment. And if the company has to rehire staff a few months later, those recruiting and training expenses add to the cost of the layoff, Mr. Cardillo said. In such instances, a furlough is more cost-effective, he said. "A furlough basically says hit the pause button," Mr. Cardillo said. "And I don't have rehiring costs, I just have the cost of paying benefits."

Furloughs are also treated differently under U.S. labor laws. A furlough is considered a temporary action and can be executed with little delay. By contrast, federal and state laws require companies to give workers 60 days of notice or more before a layoff under certain circumstances.

# Sirius Nears Deal for Scripps Podcast Unit

By ANNE STEELE

**Sirius XM Holdings Inc.** is near a deal to buy **E.W. Scripps Co.**'s **Stitcher Inc.** podcasting unit for around \$300 million, according to people familiar with the matter. The satellite-radio firm is working to expand into the rapidly growing podcasting industry, following similar moves by media and tech companies including Spotify Technology SA and iHeartMedia Inc.

Stitcher runs a free podcast listening app and a premium \$4.99 monthly service that lets subscribers listen to podcasts without ads.

It also owns podcast networks including Earwolf and Stitcher Podcasts, with 50 shows including "Conan O'Brien Needs a Friend" and "Freakonomics Radio."

In partnership with outside networks and shows, Stitcher distributes and sells advertising for more than 250 podcasts—including "My Favorite Murder," "WTF With Mark Maron" and "Oprah's SuperSoul

Conversations"—through its Midroll Media advertising unit.

Sirius generates most of its revenue from subscriptions to its satellite radio service but in 2018 agreed to buy internet-radio streaming company Pandora Media Inc. for \$3 billion—adding a business more reliant on advertising and with podcast aspirations of its own to its lineup.

Last year Sirius signaled its intent to expand its podcast business with a deal in which Walt Disney Co.'s Marvel Entertainment is creating exclusive podcasts for the company's satellite radio and streaming services.

U.S. ad revenue from podcasts rose an estimated 42% to \$678.7 million last year, according to the Interactive Advertising Bureau, and is projected to rise to \$863.4 million this year and exceed \$1 billion by 2021.

Scripps bought Stitcher in 2016 for \$4.5 million and then combined it with Midroll Media, the podcast-advertising company it had acquired the year before for \$50 million.

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**UCC Public Sale Notice**

Please take notice that Jones Lang LaSalle, on behalf of OREI VI Investments LLC (the "Secured Party"), offers for sale at public auction to be held virtually on July 24, 2020 at 11 a.m. Eastern Time, in connection with a Uniform Commercial Code sale of 100% of the limited liability company membership interests (the "Interests") in D2 Mark Sub LLC (the "Mortgage Borrower"). The Mortgage Borrower is the indirect owner of leasehold estates in the property commonly known as "The Mark Hotel" located at 25 East 77<sup>th</sup> Street, New York, New York (the "Property"). The Interests are owned by D2 Mark LLC (the "Mezzanine Borrower").

The Secured Party holds a loan (the "Mezzanine Loan") to the Mezzanine Borrower secured by a first priority lien on the Interests. The Secured Party is offering the Interests for sale in connection with the foreclosure on the pledge of such Interests. The Mezzanine Loan is subordinate to a mortgage loan on the Property in the original principal amount of \$230 million.

The Interests are being offered as a single lot, "as-is, where-is", with no express or implied warranties, representations, statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party, without any recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party. The winning bidder shall be responsible for the payment of all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Interests.

The Secured Party reserves the right to credit bid, set a minimum reserve price, reject any or all bids (including without limitation any bid that it deems to have been made by a bidder that is unable to satisfy the requirements imposed by the Secured Party upon prospective bidders in connection with the sale or to whom in the Secured Party's sole judgment a sale may not lawfully be made) and to terminate the sale to another time, without further notice. The Secured Party further reserves the right to restrict prospective bidders to those who will represent that they are purchasing the Interests for their own account for investment not with a view to the distribution or resale of such Interests, to verify that the certificate for the Interests to be sold bears a legend substantially to the effect that such interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be disposed of in violation of the provisions of the Securities Act and to impose such other limitations or conditions in connection with the sale of the Interests as the Secured Party deems advisable in order to comply with the Securities Act or any other applicable law.

All bids (other than credit bids of the Secured Party) must be for cash, and the successful bidder must be prepared to deliver immediately available good funds within 5 business days after the sale (unless otherwise agreed by Secured Party) and otherwise comply with the bidding requirements. Further information concerning the Interests, the requirements for obtaining information and bidding on the interests and the Terms of Sale can be found at [www.themarkhoteluccforeclosure.com](http://www.themarkhoteluccforeclosure.com).  
Brett Rosenberg +1 212-812-5926;  
[brett.rosenberg@amjll.com](mailto:brett.rosenberg@amjll.com)

IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

Chapter 11

In re: WHITING PETROLEUM CORPORATION, et al.,<sup>1</sup> Case No. 20-32021 (DRJ) Debtors. (Jointly Administrated)

**NOTICE OF HEARING TO CONSIDER CONFIRMATION OF THE CHAPTER 11 PLAN FILED BY THE DEBTORS AND RELATED VOTING AND OBJECTION DEADLINES**

**PLEASE TAKE NOTICE THAT** on July 1, 2020, the United States Bankruptcy Court for the Southern District of Texas (the "Court") entered an order [Docket No. 576] (the "Disclosure Statement Order") that, among other things: (a) approved the Disclosure Statement Relating to the Joint Chapter 11 Plan of Reorganization of Whiting Petroleum Corporation and Its Debtor Affiliates [Docket No. 649] (as may be amended, supplemented, or otherwise modified from time to time, the "Disclosure Statement") as containing "adequate information" pursuant to section 1125(a) of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"); and (b) authorized the above-captioned debtors and debtors in possession (the "Debtors") to solicit acceptances for the Joint Chapter 11 Plan of Reorganization of Whiting Petroleum Corporation and Its Debtor Affiliates [Docket No. 648] (as may be amended, supplemented, or otherwise modified from time to time, the "Plan").<sup>2</sup>

**PLEASE BE ADVISED, THE CONFIRMATION HEARING MAY BE CONTINUED FROM TIME TO TIME BY THE COURT OR THE DEBTORS WITHOUT FURTHER NOTICE OTHER THAN BY SUCH ADJOURNMENT BEING ANNOUNCED IN OPEN COURT OR BY A NOTICE OF ADJOURNMENT FILED WITH THE COURT AND SERVED ON ALL PARTIES ENTITLED TO NOTICE.**

**CRITICAL INFORMATION REGARDING VOTING ON THE PLAN**

**Voting Record Date.** The voting record date is **June 23, 2020**, which is the date for determining which holders of Claims and Interests in Classes 3, 5, 8, and 9 are entitled to vote on the Plan.

**Voting Deadline.** The deadline for voting on the Plan is **July 30, 2020, at 11:59 p.m.**, prevailing Central Time (the "Voting Deadline"). If you received a Solicitation Package, including a Ballot, and intend to vote on the Plan you **must:** (a) follow the instructions carefully; (b) complete **all** of the required information on the Ballot; and (c) execute and return your completed Ballot according to and as set forth in detail in the voting instructions so that it is **actually** received by the Debtors' solicitation agent, Stretto (the "Solicitation Agent") on or before the Voting Deadline. **A failure to follow such instructions may disqualify your vote.**

**Confirmation Objection Deadline.** The deadline for filing objections to the Plan, including with regard to the treatment of Executory Contracts and Unexpired Leases thereunder, is **July 30, 2020, at 5:00 p.m.**, prevailing Central Time (the "Confirmation Objection Deadline"). Any objection to the relief sought at the Confirmation Hearing **must:** (a) be in writing; (b) comply with the Federal Rules of Bankruptcy Procedure and the Bankruptcy Local Rules for the Southern District of Texas; (c) state, with particularity, the name and address of the objecting party, the basis and nature of any objection to the Plan, and, if practicable, a proposed modification to the Plan that would resolve such objection; and (d) be filed with the Court on or before the **Confirmation Objection Deadline**.

**CRITICAL INFORMATION REGARDING OBJECTING TO THE PLAN**

**ARTICLE VIII OF THE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AND ARTICLE VIII.C CONTAINS A THIRD-PARTY RELEASE. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.**

Please be advised that Article VIII of the Plan contains the following release, excuplation, and injunction provisions:

**RELEASES BY THE DEBTORS.** Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, on behalf of the Debtors, individually and collectively, do hereby conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, through, for, or because of the foregoing Entities, from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right, whether individually or collectively, on or behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the Debtors' capital structure, management, ownership, or operation thereof, including any draws under the RBL Credit Agreement), the assertion or enforcement of rights and remedies against the Debtors, the Debtors' in- or out-of-court restructuring efforts, any avoidance actions, intercompany transactions between or among a Debtor or an affiliate of a Debtor and another Debtor or affiliate of a Debtor, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Restructuring Support Agreement, the Disclosure Statement, the Plan (including, for the avoidance of doubt, the Plan, the supplement), or any aspect of the Restructuring, including any contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Disclosure Statement, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to any of the foregoing.

Notwithstanding anything contained herein to the contrary, the foregoing releases shall not release or obligate any party to the Plan, the Plan, or any document, instrument, or agreement executed to implement the Plan. Notwithstanding anything contained herein to the contrary, the foregoing release does not release (i) any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan, (ii) the rights of any current employees of the Debtors under any employment contract, or (iii) the rights of the Debtors with respect to any confidentiality provisions or covenants restricting competition in favor of the Debtors under any employment agreement with a current or former employee of the Debtors, or (iv) the rights of Holders of Allowed Claims or Interests to receive distributions under the Plan.

**RELEASES EXPRESSLY SET FORTH IN THE PLAN OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, EACH RELEASED PARTY IS, AND IS DEEMED TO BE, HEREBY CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER, RELEASED AND DISCHARGED BY EACH RELEASING PARTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT, OR OTHERWISE, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTORS, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS (INCLUDING THE DEBTORS' CAPITAL STRUCTURE, MANAGEMENT, OWNERSHIP, OR OPERATION THEREOF, INCLUDING ANY DRAWS UNDER THE RBL CREDIT AGREEMENT), THE DEBTORS' IN- OR OUT OF COURT RESTRUCTURING EFFORTS, INTERCOMPANY TRANSACTIONS BETWEEN OR AMONG A DEBTOR OR AN AFFILIATE OF A DEBTOR AND ANOTHER DEBTOR OR AFFILIATE OF A DEBTOR, THE CHAPTER 11 CASES, THE FORMULATION, PREPARATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE RESTRUCTURING SUPPORT AGREEMENT, THE DISCLOSURE STATEMENT, THE PLAN (INCLUDING, FOR THE AVOIDANCE OF DOUBT, THE PLAN, THE SUPPLEMENT), OR ANY ASPECT OF THE RESTRUCTURING, INCLUDING ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE RESTRUCTURING SUPPORT AGREEMENT, THE DISCLOSURE STATEMENT, OR THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION, THE PURSUIT OF CONSUMMATION, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, INCLUDING THE ISSUANCE OR DISTRIBUTION OF SECURITIES PURSUANT TO THE PLAN, OR THE DISTRIBUTION OF PROPERTY UNDER THE PLAN OR ANY OTHER RELATED AGREEMENT, OR UPON ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATED OR RELATING TO ANY OF THE FOREGOING.**

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, THE FOREGOING RELEASE DOES NOT RELEASE (I) ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN OR ANY DOCUMENT, INSTRUMENT, OR AGREEMENT EXECUTED TO IMPLEMENT THE PLAN, (II) ANY CLAIMS RELATED TO ANY ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED A VIOLATION OF THE BANKRUPTCY CODE, OR ACTUAL FRAUD, (III) THE RIGHTS OF ANY CURRENT EMPLOYEE OF THE DEBTORS

BANKRUPTCIES

UNDER ANY EMPLOYMENT AGREEMENT OR PLAN, (IV) THE RIGHTS OF THE DEBTORS WITH RESPECT TO ANY CONFIDENTIALITY PROVISIONS OR COVENANTS RESTRICTING COMPETITION IN FAVOR OF THE DEBTORS UNDER ANY EMPLOYMENT AGREEMENT WITH A CURRENT OR FORMER EMPLOYEE OF THE DEBTORS, OR (V) THE RIGHTS OF HOLDERS OF ALLOWED CLAIMS OR INTERESTS TO RECEIVE DISTRIBUTIONS UNDER THE PLAN.

UNDER THE PLAN, "RELEASED PARTIES" MEANS, COLLECTIVELY, AND IN EACH CASE IN ITS CAPACITY AS SUCH: (A) THE HOLDERS OF RBL CLAIMS; (B) THE RBL AGENT; (C) THE CONSENTING CREDITORS; (D) THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE; (E) THE EXIT FACILITY LENDERS; (F) THE EXIT FACILITY AGENT AND THE EXIT FACILITY ARRANGER; (G) THE TREASURY MANAGEMENT SERVICE PROVIDERS; (H) ANY ISSUING BANK; (I) ANY HEDGE COUNTERPARTY; (J) ALL RELEASING PARTIES; (K) EACH CURRENT AND FORMER AFFILIATE OF EACH ENTITY IN CLAUSE (A) THROUGH (J); AND (L) EACH RELATED PARTY OF EACH DEBTOR, EACH REORGANIZED PARTY OF EACH ENTITY IN CLAUSE (A) THROUGH (J), PROVIDED THAT ANY HOLDER OF A CLAIM OR INTEREST THAT (I) VALIDLY OPTS OUT OF THE RELEASES CONTAINED IN THE PLAN OR (V) FILES AN OBJECTION TO THE RELEASES CONTAINED IN THE PLAN SHALL NOT BE A "RELEASED PARTY."

UNDER THE PLAN, "RELEASING PARTIES" MEANS, COLLECTIVELY, AND IN EACH CASE IN ITS CAPACITY AS SUCH: (A) THE HOLDERS OF RBL CLAIMS; (B) THE RBL AGENT; (C) THE CONSENTING CREDITORS; (D) THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE; (E) THE EXIT FACILITY LENDERS; (F) THE EXIT FACILITY AGENT AND THE EXIT FACILITY ARRANGER; (G) THE TREASURY MANAGEMENT SERVICE PROVIDERS; (H) ANY ISSUING BANK; (I) ANY HEDGE COUNTERPARTY; (J) ALL HOLDERS OF CLAIMS OR INTERESTS THAT (I) VALIDLY OPTS OUT OF THE RELEASES IN THE PLAN, OR (Z) ARE DEEMED TO REJECT THE PLAN AND WHO DO NOT OPT OUT OF THE RELEASES IN THE PLAN; (L) EACH CURRENT AND FORMER AFFILIATE OF EACH ENTITY IN CLAUSE (A) THROUGH (K); AND (M) EACH RELATED PARTY OF EACH DEBTOR, EACH REORGANIZED DEBTOR, AND EACH ENTITY IN CLAUSE (A) THROUGH (L); PROVIDED THAT ANY HOLDER OF A CLAIM OR INTEREST THAT (X) VALIDLY OPTS OUT OF THE RELEASES CONTAINED IN THE PLAN OR (Y) FILES AN OBJECTION TO THE RELEASES CONTAINED IN THE PLAN SHALL NOT BE A "RELEASING PARTY"; PROVIDED, FURTHER, THAT FOR THE AVOIDANCE OF DOUBT, NO HOLDER OF A CLAIM THAT IS PARTY TO OR HAS OTHERWISE SIGNED THE RESTRUCTURING SUPPORT AGREEMENT MAY OPT OUT OF THE RELEASES.

**EXCULPATION.** Except as otherwise specifically provided in the Plan, no Excuplated Party shall have or incur liability for, and each Excuplated Party is hereby released and excuplated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Restructuring Support Agreement and related prepetition transactions (including any draws under the RBL Credit Agreement), the Disclosure Statement, the Plan, the plan supplement, or any transaction related to the Restructuring, any contract, instrument, release or other agreement or document created or entered into before or during the Chapter 11 Cases, or any preference, fraudulent transfer, or other avoidance claim arising pursuant to chapter 5 of the Bankruptcy Code or other applicable law, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of securities pursuant to the Plan, or any other related agreement, or upon any other act or omission that is determined in a Final Order to have constituted actual fraud, gross negligence or willful misconduct, but in all respects such Excuplated Parties shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan.

**INJUNCTION.** Except as otherwise expressly provided in the Plan or for obligations or distributions issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Interests that have been released pursuant to the Plan, discharged pursuant to the Plan, or are subject to excuplation pursuant to the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Released Parties or the Excuplated Parties: (i) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (ii) enforcing, attaching, collecting, or recovering by any manner or means any claim, demand, or order, or any right or interest in any property, in connection with or with respect to any such Claims or Interests; (iii) creating, perfecting, or enforcing any lien or encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (iv) asserting any right of setoff, subrogation, or reimbursement of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Entity has timely asserted such setoff right in a document Filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a claim or interest or otherwise that such Entity asserts, has, or intends to assert, a right of setoff pursuant to applicable law; (v) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

**ADDITIONAL INFORMATION**

**Obtaining Solicitation Materials.** The materials in the Solicitation Package are intended to be self-explanatory. If you should have any questions or if you would like to obtain a copy of the Disclosure Statement Order, Disclosure Statement, the Plan, the Plan Supplement, or related documents, you may: (a) access the Debtors' restructuring website at [cases.stretto.com/whitingpetroleum](http://cases.stretto.com/whitingpetroleum); (b) write to Whiting Petroleum Corporation, Ballot Processing Center c/o Stretto, 410 Exchange, Suite 100, Irvine, CA 92602; (c) call (800) 330-2531 (toll free) and request to speak with a member of the Solicitation Group; or (d) email [TeamWhiting@stretto.com](mailto:TeamWhiting@stretto.com) and reference "Whiting" in the subject line. You may also obtain copies of any pleadings filed in the Chapter 11 Cases for a fee via PACER at: <http://www.uscourts.gov>. Please be advised that the Solicitation Agent is authorized to answer questions about, and provide additional copies of, solicitation materials of such Entities on account of as to whether you should vote to accept or reject the Plan or provide legal advice.

**The Plan Supplement.** The Debtors will file the Plan Supplement (as defined in the Plan) on or before **July 18, 2020 at 11:59 p.m. (prevailing Central Time)**, and will serve notice on parties in interest, which will: (a) inform parties that the Debtors have filed the Plan Supplement; (b) explain the material changes contained in the Plan Supplement; and (c) explain how parties may obtain copies of the Plan Supplement.

**BINDING NATURE OF THE PLAN.** IF CONFIRMED, THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AND INTERESTS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. ANY APPLICABLE LAW THAT PROVIDES THAT A PARTY WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, HAS FILED A PROOF OF CLAIM IN THE CHAPTER 11 CASES, OR FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Whiting Canadian Holding Company Unlimited Liability Corporation (3662); Whiting Petroleum Corporation (8515); Whiting US Holding Company (2900); Whiting Oil and Gas Corporation (8829); and Whiting Resources Corporation (1218). The location of the debtors' service address is: 1700 Lincoln Street, Suite 4700, Denver, Colorado 80203.

<sup>2</sup> Capitalized terms not otherwise defined herein have the same meanings as set forth in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

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BUSINESS & FINANCE

# Virus Tests Protections for Farmworkers

Mounting Covid-19 cases in one county in Washington state highlight the difficulty

By **JESSE NEWMAN**

A surge in coronavirus cases in one of the country’s top regions for apples and sweet cherries is challenging agricultural operations already limited by rules aimed at preventing such outbreaks, underscoring the difficulty of keeping farmworkers safe.

Recent emergency regulations issued by Washington state to curb outbreaks of coronavirus among farmworkers living in temporary housing are slowing fieldwork in Yakima Valley, but the virus is still spreading, according to agricultural employers and the Yakima Health District. On farms that produce \$1 billion of apples, sweet cherries and other crops each year, employers are hiring fewer guest workers and delaying their arrival.

Covid-19 cases have surged in Yakima County. The county has a population one-ninth the size of King County, home of Seattle, but it has only 30% fewer cases than its neighbor, with 7,349 coronavirus cases as of June 30. Roughly one-fifth of the cases in Yakima are among agricultural workers, according to the Yakima Health District.

In April, cases involving agricultural workers appeared in Yakima’s large fruit warehouses, where hundreds of people pack apples and other produce into boxes. Recently, the virus has spread through employer-provided housing, the health district said. Tens of thousands of seasonal workers from elsewhere in the U.S. and countries like Mexico live in dormitory-style housing, converted motels and military-style tents during Washington’s harvest season.

The difficulty of keeping workers healthy in Yakima indicates how hard it has become to safeguard agriculture’s workforce, intensifying questions



Some employers are hiring fewer guest workers and delaying their arrival to curb the spread of the virus. An apple orchard in Yakima, Wash.

about how best to prevent outbreaks in labor-intensive workplaces. Growing outbreaks among farmworkers nationwide come as most employers are looking to reduce the threat of outbreaks among their workers and the coronavirus continues to sicken workers at U.S. meat-packing plants.

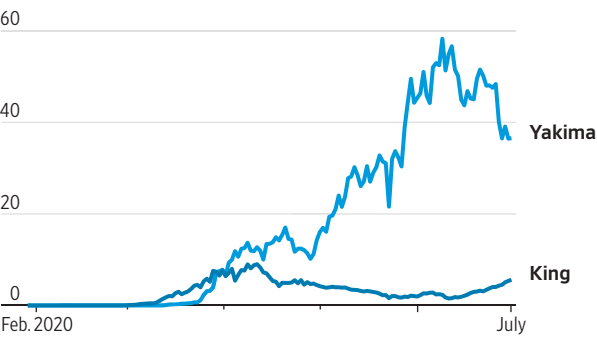
Some states are trying to protect themselves as farmworkers travel north for the season from Florida and other places where infections are rising. In North Carolina, officials are supporting efforts to provide testing on farms and in migrant camps as well as planning to help install modems or hot spots in camps to boost access to virtual medical care for workers. A California growers’ association is housing in motel rooms virus-infected and exposed workers with nowhere to safely isolate.

In Yakima, outbreaks involving more than 70 workers have occurred in temporary housing facilities on three farms since mid-May, said Lilian Bravo, a spokeswoman for the county’s health district. She said there likely have been more such outbreaks than the health district knows and that it is preparing

### Spiking

Yakima County, a key agricultural region in Washington, has been worse-hit than King County, home of Seattle.

New cases per 100,000, 7-day running average



Source: Johns Hopkins University via Associated Press

to launch a targeted outreach program for workers in temporary housing to try to contain the virus’s spread.

“In congregate living facilities, there’s really not a lot you can do, which is why it’s so important to keep it out of there in the first place,” Ms. Bravo said.

The rules Washington state officials issued in May were aimed at reducing the spread of coronavirus in temporary farmworker housing. They require employers to space beds 6 feet

apart or separate them using floor-to-ceiling barriers and in some cases to use only the bottom bunk on bunk beds.

The rules also require farms to isolate workers who are suspected or confirmed to have contracted the virus. Workers in temporary housing must be screened daily for Covid-19 symptoms, including fever, and in some cases farms must quarantine or test all workers who are sheltering together if a worker develops symptoms of the virus.

Yakima Health District’s Ms. Bravo said large outbreaks in the region’s fruit warehouses have declined as employers provided workers with protective gear, but that cases are now spreading throughout the county, including on farms and orchards.

“The carnage is skyrocketing,” said Erik Nicholson, national vice president for United Farm Workers union. He said he has filed more than two dozen complaints with the state saying farms aren’t complying with new regulations that require employers to provide workers with masks and enable social distancing in fields. On some farms he visited, hand-washing facilities were out of soap, Mr. Nicholson said.

Earlier in the season, workers for multiple Washington fruit companies held strikes to demand better protections in warehouses and protested the Covid-related death of a fruit-packing worker.

Brian Lane, vice president of operations for Domex Superfresh Growers, a major Washington fruit producer, said the company has set aside separate housing facilities for Covid-positive and symptomatic workers,

reducing by 20% the number of workers it can bring to the U.S. on seasonal guest-worker visas, and slowing work in its orchards. Seven orchard workers have contracted the virus, he said, though none who live in the company’s housing facilities.

Sean Gilbert, president of Gilbert Orchards, said he has brought 150 guest workers from Mexico to harvest cherries and tend to the company’s apple orchards, but that he has postponed the arrival of another 150 until August while he determines whether he can house them in compliance with the rules.

Mr. Gilbert said a spring frost that cut this season’s cherry harvest has cushioned the blow of the labor shortage, but that work is running two weeks behind in his apple orchards. If his honey crisp apples aren’t thinned soon, they will start pushing each other off the trees.

“Apples will be falling on the ground because we didn’t get to them in time,” he said.

No workers in Gilbert’s temporary housing have tested positive for the virus, he said, though 26 workers were infected in an April outbreak at the company’s packing facility, and 10 orchard workers have contracted the virus.

Many farms are trying to minimize contact between workers in temporary housing and the broader public, said Jon DeVaney, president of the Washington State Tree Fruit Association. Some have scheduled times for farmworkers to shop alone at supermarkets, designated a few shoppers for a larger group or arranged for online grocery deliveries.

Kristin Snapp, director of corporate affairs for Domex, said the company is trying to limit resident farmworkers’ outings while responding to their desires to leave the farm, including on days off.

“It’s the existential crisis of the moment,” Ms. Snapp said. “There isn’t really any precedent for how to farm in a pandemic.”

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BANKING & FINANCE

Apollo Dives Into Lending

By Miriam Gottfried

Apollo Global Management Inc. is launching a big new credit operation as the buyout giant expands deeper into the rapidly growing pool of direct lending.

The New York firm is creating a \$12 billion platform focused on providing companies with loans of around \$1 billion, Apollo officials said. Abu Dhabi state fund Mubadala Investment Co. is the lead backer of the venture, whose firepower Apollo plans to augment with additional capital from other investors.

In direct lending, an alternative credit provider makes a loan and keeps it on its books rather than syndicating it out to investors. Direct lending has expanded greatly since the financial crisis as new regulations and a desire to avoid the mistakes of the past push banks to eschew riskier businesses. That has left a void for private capital to fill, creating a market Apollo and others estimate at roughly \$800 billion—up from around \$100 billion a decade ago.

The continuing quest for yield by pensions, sovereign-wealth funds and other insti-



Apollo Co-President James Zelter heads the credit business.

tutions during a period of historically low interest rates has driven the flood of money into direct lending.

Apollo, which already had \$24.5 billion dedicated to direct lending as of March, has taken full advantage. But so far its direct-lending business has primarily focused on making smaller loans to midsize companies.

Indeed, most direct lenders target such companies—most of them private-equity

backed—with loans of around \$100 million to \$300 million.

Apollo is also a big investor in corporate bonds and loans, with an overall credit business totaling \$210 billion.

“This is the great white space between our big corporate-credit business and our middle-market sponsor business,” Apollo Co-President James Zelter, who heads the firm’s credit business, said of the new lending platform.

Many of the biggest bor-

rowers still turn to banks, which divvy up loans and sell the pieces to investors. But a small group of direct lenders, among them Ares Management Corp., Golub Capital and Antares Capital LP, have branched into making larger loans, typically dividing them among a limited number of peers.

Apollo, which has made larger loans to companies like energy-infrastructure provider New Fortress Energy LLP and trucking firm YRC Worldwide Inc., believes that the less-crowded upper end of the market will continue to grow. By launching a dedicated business that will be able to hold most of the loans it makes, Apollo hopes to more aggressively target larger borrowers—both private-equity backed and those that aren’t—that can’t get the financing they need from a bank.

For example, a fast-growing company’s current cash flow might make it look too highly indebted for a bank to provide credit, but a private lender could get comfortable with its trajectory. Apollo’s new platform won’t carry leverage, which would provide some protection if cash-flow projections don’t pan out.

Individual Investors Propel Chinese Shares

By Xie Yu

Chinese shares jumped, with the flagship Shanghai Composite Index hitting its highest since early 2018, as small investors bet that a recovering economy and easier financial conditions would fuel a boom in corporate profits.

Analysts and investors said it was hard to pinpoint a single clear driver for Monday’s surge. But some pointed to a front-page editorial in a major state-owned financial newspaper. Official encouragement helped stoke China’s last major rally, in 2014-15, before that boom went bust.

The Shanghai Composite gained 5.7% to 3332.9, its biggest one-day gain since 2015. Brokerages, banks, miners, aviation companies and developers led the rally. Citic Securities, a leading brokerage firm, rose 10%—the daily maximum in China. Industrial and Commercial Bank of China, the country’s biggest commercial bank, soared 8.5%.

The CSI 300, which includes large companies listed in both Shanghai and Shenzhen, also gained about 5.7%, hitting its highest since 2015. It has now gained 14% this year.

Khiem Do, head of Greater China investments at Barings in Hong Kong, said the dynamic

was similar to that seen in the U.S., where stuck-at-home individuals have flocked to the stock market in hopes of profit.

“We feel great passion from individual investors, a bit like what fueled the bull run in the year of 2015,” he said.

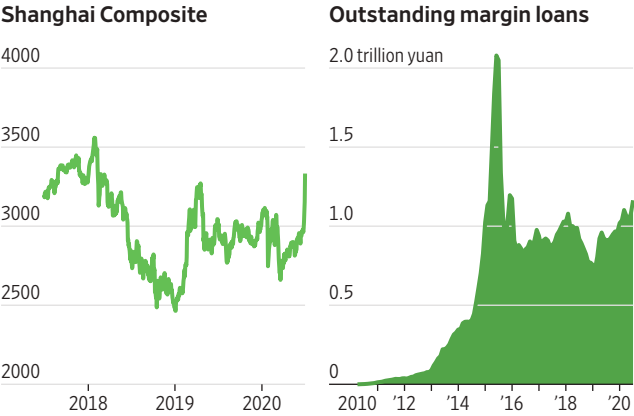
Turnover across the Shanghai and Shenzhen markets topped 1.57 trillion yuan (\$222 billion), more than double May’s daily average of 625 billion yuan, the latest available monthly data.

A front-page editorial in China Securities Journal said fostering a “healthy bull market” is important given China’s increasingly complicated international relations, intense financial and technological competition, and the challenge of controlling internal financial risks.

Steven Leung, executive director of institutional sales at UOB Kay Hian in Hong Kong, said the editorial had bolstered investor confidence. He said some mainland investors were also buying shares anticipating that coming changes, such as an overhaul of the Shanghai Composite, would attract more global investment.

Some said momentum was part of the explanation. The Shanghai Composite finished strong last week, rising more than 2% on both Thursday and Friday.

China’s flagship stock index has jumped to levels last seen in 2018, and borrowing to fund stock investment is rising—although still way below the peak reached in 2015.



Note: 1 trillion yuan=\$142 billion  
Sources: FactSet (index); Wind (loans)

Sixteen-Year-Old Startup Files for IPO

By Rob Copeland

Palantir Technologies Inc. said it has confidentially filed paperwork with the Securities and Exchange Commission for an initial public offering, ending an extended wait that made the data-analytics company one of Silicon Valley’s oldest private startups.

Palantir had teased plans to go public for at least half a decade. Co-founded in 2004 by investor Peter Thiel, it sells software to aggregate big data for governments and corporations world-wide.

The Palo Alto, Calif., company’s analytics were credited with helping the U.S. govern-

ment capture Osama bin Laden.

The road to an offering, however, has been rocky.

Palantir has repeatedly missed promises to investors to turn a profit, and employees have agitated for a chance to sell their private shares in the open market.

Palantir has yet to turn an annual profit.

This year, concerns grew that the company’s IPO plan could be hurt by the coronavirus pandemic as corporate customers pare back spending. Palantir’s announcement Monday contained few details. The company said it had submitted draft registration papers with the SEC.

The statement didn’t lay out financial information or indicate what valuation executives hope to achieve.

Palantir has been valued privately at as much as \$20 billion.

Under traditional accounting principles, Palantir’s revenue last year was under \$750 million, two investors have said.

Earlier this year, Palantir’s chief executive, Alex Karp, told staff the company was “cash-flow positive,” said people familiar with the matter.

Palantir is weighing a direct listing, a cheaper option that allows the company to save on investment banking fees, peo-

ple familiar with the matter said.

Other tech companies including music-streaming giant Spotify Technology SA, Stockholm, and workplace-collaboration software provider Slack Technologies Inc., Vancouver, British Columbia, also opted to bypass a traditional initial public offering.

Timing of the IPO, Palantir said, would depend on the SEC completing its reviews, as well as market conditions and other factors.

A company spokeswoman didn’t respond to a request for comment.

—Corrie Driebusch contributed to this article.

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MARKETS

# Stocks Soar as Amazon Tops \$1.5 Trillion

By Anna Isaac  
and Akane Otani

Stocks jumped, lifted by shares of everything from medical-technology companies to banks.

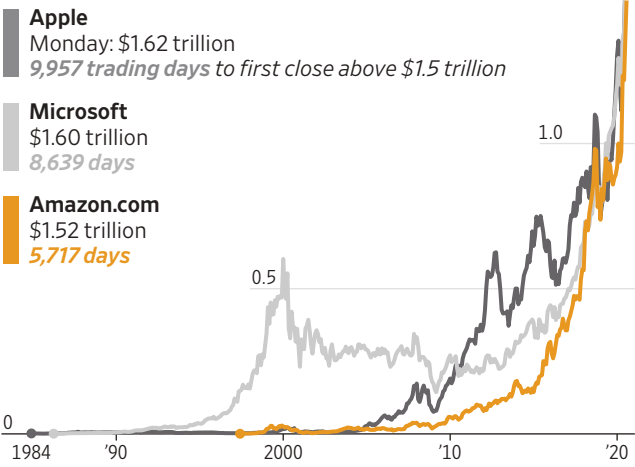
Global stocks rallied, with the Shanghai Composite Index soaring 5.7% to its highest level since early 2018. The Chinese benchmark rose an additional 1% early Tuesday.

That was even as data continued to point to a rise in coronavirus cases in the U.S., which some investors have worried might force officials to further delay reopening plans across the country.

At least part of stocks' recent gains appear to stem from bets the U.S. will be able to avoid having to reinstate widespread restrictions on business.

"Very few people think that there will be as draconian lockdowns again," said James Athey, a senior investment

Market value since IPO



Note: Data are monthly  
Source: FactSet

manager at Aberdeen Standard Investments. Mr. Athey added that investors are also pinning hopes on news related to vaccine and treatment developments.

The Dow Jones Industrial Average climbed 459.67 points, or 1.8%, to 26287.03. The S&P 500 added 49.71 points, or 1.6%, to 3179.72 and the Nasdaq Composite advanced 226.02 points, or 2.2%, to 10433.65.

Shares of **Becton Dickinson** rose \$5.44, or 2.2%, to \$250.47 after the company said it was launching a rapid diagnostic test for the new coronavirus.

Technology shares also rallied, with **Amazon.com** rising \$166.74, or 5.8%, to \$3,057.04, bringing its market capitaliza-

tion above \$1.5 trillion for the first time. Amazon is one of just three U.S. companies, alongside Apple and Microsoft, to have closed with a valuation of that size.

Meanwhile, **Uber Technologies** added \$1.84, or 6%, to \$32.52 after it said that it would buy Postmates for \$2.65 billion in an all-stock transaction.

Bank shares also rose, with **Bank of America** up 37 cents, or 1.6%, to \$23.66, and **Goldman Sachs** up \$9.96, or 5%, to \$207.36. Many bank stocks are down substantially for the year, hurt by prospects of a drop in lending and consumer activity due to the pandemic.

Some analysts cautioned



Shares of the e-retailer rose 5.8%. It is one of three U.S. companies with market caps above \$1.5 trillion.

that the market's recent surge could run out of momentum in the coming months, given the potential for economic data to disappoint at a time stocks look expensive relative to expected earnings. Although reports have shown swaths of the economy rebounding, many measures of consumer spending remain far below prepandemic levels.

"Quite frankly, we're not that optimistic about markets for the second half of the year," said John Vail, chief global strategist at Nikko Asset Management, who added that the firm expects middling returns for U.S. stocks for the year.

Elsewhere, the Stoxx Europe 600 rose 1.6% after data showed German factory orders re-

bounded 10.4% in May after falling sharply during the lockdown in April.

The increase was driven by both domestic and foreign orders, as economies around the world began to reopen. Data also showed eurozone retail sales were stronger than expected in May.

Signs that economic activity is rebounding from coronavirus-related lockdowns have helped lift global markets, analysts say.

"In recent weeks, the data has looked very positive from China," said Seema Shah, chief strategist at Principal Global Investors. "Its economy is back in motion, and that should lift global equities a bit."

China market analysts said it

was hard to pinpoint a single clear driver for Monday's surge, though some pointed to a front-page editorial in state-owned China Securities Journal. It said fostering a "healthy bull market" was important, given China's increasingly complicated international relations, intense financial and technological competition and the challenge of controlling internal financial risks.

At midday Tuesday in Tokyo, the Nikkei 225 Stock Average was down 0.6%, Hong Kong's Hang Seng Index was down 0.3% and South Korea's Kospi was down 0.4%. U.S. stock futures were also down.

—Xie Yu  
contributed to this article.

## Treasury Yield Gap Widens in Sign of Economic Growth

By Paul J. Davies

Treasury yields rose as signs of an economic bounce from the Covid-19 pandemic encouraged investors to move money into riskier assets.

The yield on 10-year Treasuries was 0.013 percentage point higher Monday than last week at 0.683%, while the two-year yield was 0.004 point higher at 0.159%, according to

Tradeweb. That put the gap between the two yields at its largest level since June 17.

A widening gap between 10-year Treasury yields and those on two-year Treasuries is a sign that investors expect faster growth and higher interest rates in the future. This is known as a steepening of the yield curve. Investors often sell Treasuries, which are considered super safe, when they want to put more money into

riskier corporate debt or stocks. Bond yields rise as prices fall.

While there has been a sharp increase in U.S. Covid-19 cases in recent weeks, many investors believe there won't be a return to the type of economic lockdowns imposed in March and April.

A quick rebound in spending among consumers, especially in the U.S., has been one cause for optimism, according to Anna Stupnytska, head of global

macro at Fidelity International.

U.S. retail sales jumped 17.7% in May after dropping 14.7% in April, even though the economy has only partly reopened. Other data have also improved, with U.S. purchasing managers' survey numbers for manufacturing moving back into expansionary territory last week.

Others worry that bond investors are getting too optimistic, according to Ralf Preusser, global head of rates research at

Bank of America Merrill Lynch.

"A recovery needs a sufficient response on the monetary policy, fiscal policy and public health front," he said. Failure on any of these could threaten the rebound as a whole, he added.

Fiscal policy, encompassing spending by governments to support economies, is the main looming threat, analysts and investors say. Some fear European governments aren't doing

enough, while the U.K. and U.S. are both due to cut back support programs from next month, which Mr. Preusser called "worrying fiscal cliffs."

Ten-year yields have been climbing slowly but steadily since June 26, when they closed at their lowest levels since mid-May. German 10-year yields were also marginally higher on Monday at minus 0.432%, while other European yields were marginally lower.

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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Etsy Shows Its Agility With Face Masks

Demand for personalized coverings during the pandemic reintroduces the craft site to customers and investors alike

Under normal circumstances, a \$13 billion market value for an e-commerce company catering to crafters might look tremendously overvalued. Amid a pandemic, it could be a deal.

**Etsy**, which sells everything from gemstones to garden gnomes, has morphed into the ultimate pandemic play. It is taking advantage of the growing e-commerce trend in retail, but also has adapted to become a top seller of today's most important accessory: the face mask. That product has helped catapult Etsy's sales to new highs, which could be sustained much longer than Wall Street has forecast. It also could be an attractive customer acquisition tool to sell consumers millions of items they didn't even know they needed until they happened upon them.

In early April, the Centers for Disease Control and Prevention changed its guidelines to recommend Americans wear face masks in public, leading to an influx of consumers on Etsy's site looking for personalized versions. Etsy rallied its troops, mobilizing 20,000 sellers within days of the new guidelines and 60,000 mask sellers in April as a whole, according to the company.

That agility has proven to be a key advantage over competitors hamstrung by supply-chain constraints, warehouse closures and manufacturing and shipping delays. The company said it sold 12 million masks in April—17% of total gross market sales for the month—even as the broader retail market sank. Analysis from KeyBanc shows Etsy now has a stronghold on the mask market among retailers, offering nearly a million mask selections

