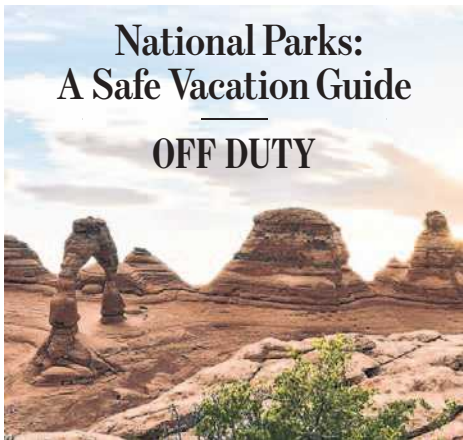


Learning
To Conquer
Life's
Crises
REVIEW

WSJ

THE WALL STREET JOURNAL WEEKEND



DOW JONES | News Corp *****

SATURDAY/SUNDAY, JULY 11 - 12, 2020 ~ VOL. CCLXXVI NO. 9

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What's News

World-Wide

TTrump commuted the sentence of Roger Stone just days before his longtime friend and political adviser was set to report to prison, bringing to a close one of the final remaining cases stemming from the Mueller probe. **A1**

◆ **The president damped** expectations for a phase-two trade pact with China, saying the relationship between the countries has been too badly damaged by the coronavirus pandemic. **A1**

◆ **The number** of new coronavirus cases in the U.S. has surged to daily records this month, but deaths have only begun showing signs of edging higher. **A1**

◆ **Erdogan said** Istanbul's sixth-century Hagia Sophia, long a symbol of secularism in modern Turkey, will reopen as a full-fledged mosque later this month. **A7**

◆ **Singapore's ruling party** kept its hold on power in national elections, but the opposition made gains. **A8**

◆ **Canada's Trudeau** is facing ethics questions over a government contract to a charity that has paid speaking fees to his relatives. **A8**

◆ **A federal judge** in Indiana blocked what would have been the first federal execution in 17 years, citing health concerns of attendees. **A3**

Business & Finance

◆ **American Airlines** has threatened to cancel some of its orders for Boeing's troubled 737 MAX jets, people familiar with the matter said, a sign of deepening financial stress in the aviation industry. **A1**

◆ **Amazon.com reversed** a demand that employees delete the TikTok app from company mobile devices, just hours after issuing the directive. **B1**

◆ **Public pension funds** that have invested in malls and other real estate are grappling with assessing their value in a world transformed by Covid-19. **B1**

◆ **The Dow, S&P 500** and Nasdaq added 1.4%, 1% and 0.7%, respectively, with all three indexes ending the week with gains. **B13**

◆ **Carnival expects** to reduce its fleet by 13 ships, or nearly 9% of its capacity, amid sailing suspensions in the pandemic. **B3**

◆ **AMC has reached** a deal with investors who will pump \$300 million of new money into the company, as the theater chain looks to restart its business. **B3**

◆ **Auto sales in China** rose 10.4% in the second quarter year over year, after a first quarter that was wrecked by the coronavirus. **B3**

OPINION

A Challenger
Of the Woke
'Company Policy' **A11**

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Symbol of Secular Turkey to Reopen as Mosque



WORSHIP: Muslims gather for evening prayers near Istanbul's Hagia Sophia on Friday after a Turkish court paved the way for the sixth-century structure, which was converted into a museum in the 1930s, to return to being used as a mosque. **A7**

President Commutes Sentence Of Longtime Confidant Stone

By CATHERINE LUCEY
AND BYRON TAU

WASHINGTON—President Trump commuted the sentence of Roger Stone Friday, wielding his executive power just days before his longtime friend and political adviser was set to report to prison.

White House Press Secretary Kayleigh McEnany announced the move—which all but ends any legal jeopardy for Mr.

Stone—in a late night statement, declaring that he was a “victim of the Russia Hoax that the Left and its allies in the media perpetuated for years in an attempt to undermine the Trump Presidency.”

Mr. Stone was convicted in federal court in November of making false statements, witness tampering and trying to impede a congressional investigation into Russian election interference. He was set to report

to prison Tuesday to begin serving a 40-month sentence.

Democrats cast the decision as an effort by the president to undercut the rule of law.

“Commuting the sentence of Roger Stone, a crony who lied and obstructed our investigation to protect Trump himself, is among the most offensive to the rule of law and principles of justice,” said Rep. Adam Schiff, (D., Calif.) who led the impeachment effort

against Mr. Trump.

Mr. Trump called Mr. Stone Friday evening to let him know he would be commuting the sentence. The decision came shortly after a federal appeals court denied an emergency request by Mr. Stone to delay the start of his prison term.

Mr. Trump's action brings to a close one of the final remaining cases stemming from *Please turn to page A5*

U.S. Dims Hopes for Next China Trade Deal

By JOSH ZUMBRUN
AND CATHERINE LUCEY

President Trump damped expectations for a promised phase-two trade pact with China on Friday, saying the relationship between the countries has been too badly damaged by the coronavirus pandemic.

“I don't think about it now,” Mr. Trump told reporters aboard Air Force One, where he criticized China's response to the new coronavirus, which continues to spread rapidly throughout the U.S. “They could have stopped the plague, they could have stopped it, they didn't stop it.”

A spokesman for the Chinese Embassy in Washington didn't respond to a request to comment.

When the U.S. and China signed their trade deal in January, the two sides described the pact as a first-phase agreement, to be followed by new negotiations toward a more expansive deal in a second and possibly third phase.

The world's two largest economies never set a timeline for the second phase, however, and trade negotiations were quickly overshadowed as countries around the world grappled with the pandemic.

The economic fallout from the pandemic also made it increasingly unlikely that China would meet its targets for expanded purchases of U.S. goods under the phase-one deal, fueling further doubts *Please turn to page A8*

Breakup Exposes Secret of Britain's Billionaire Barclays

Twins' squabble over inheritance devolved into a spying scandal

By ALISTAIR MACDONALD
AND MAX COLCHESTER

LONDON—Thirty years ago, two of Britain's richest men, billionaire twins David and Frederick Barclay, met aboard a luxury yacht to carve up their empire for the next generation.

Today that deal, agreed on the Lady Beatrice off Monaco, has thrown one of the U.K.'s most secretive and politically influential clans into a highly public legal battle, featuring a spying scandal, a squabble over the sale of London's storied Ritz hotel and the end of the once-inseparable relationship between two brothers who had risen from poverty together.

Frederick Barclay has come to regret the deal, which left his daughter with a minority stake in the family empire, say people familiar with the matter. Frederick now wants David's side to buy his daughter out of the business, one of these people said. David Barclay's family has accused their uncle in court of going rogue in an attempt to influence a business he had stepped back from.

Inflaming the situation, David's family planted a listening device in the Ritz to eavesdrop on Frederick and his daughter as they discussed strategy.

The resulting spat lays bare the age-old pitfalls involved in transferring a fortune from founding entrepreneurs to disparate *Please turn to page A10*

The Real Guitar Hero? Whoever Finds Missing Les Paul Ledger

* * *

Gibson offers \$59,000 reward for return of notebook key to authenticating instrument

By LUKAS I. ALPERT

The 1959 Gibson Les Paul is the world's most expensive guitar. It can also be one of the hardest to authenticate.

Some of the most famous guitar players, including Jimmy Page of Led Zeppelin, Billy Gibbons of ZZ Top and Slash of Guns N' Roses, are avid collectors. Only 643 were produced and they routinely sell for as much as \$500,000, according to dealers and experts.

Buyers and sellers of the guitars have struggled

to confirm their history and authenticity because of a missing piece of crucial information: A ledger in which Gibson listed all manufacturing and original sales details, which mysteriously disappeared about 40 years ago when the company moved from Kalamazoo, Mich., to Nashville.

This has made forgeries easier. Gibson estimates there are as many as 200 bogus models circulating among collectors, leading to at least one lawsuit, in which a major collector *Please turn to page A10*



Virus Deaths Climb As Cases Hit New High

New coronavirus cases in the U.S. have surged to daily records this month, but deaths have only begun showing signs of edging higher.

The average daily death toll

By Allison Prang,
Paul Overberg
and Talal Ansari

rose to 599 in the seven days through July 8, up from 510 deaths a day as of July 4, according to a Wall Street Journal analysis of data from Johns Hopkins University. Public-health officials track the seven-day average because it smooths out irregularities or reporting lags in the data, presenting a clearer picture of trends.

“As these cases increase at a significant rate, it's going to catch up with everyone,” said Thomas Russo, head of infectious disease at Jacobs School of Medicine & Biomedical Sciences at the University of Buffalo. “Even though initially it was mostly young individuals that were infected, it's only a matter of time where they start to infect older individuals that have higher mortality rates.”

Across the nation more than 133,000 people have died since the onset of the pandemic in March. California, Texas and Florida, where cases have been rising, are the states with the highest death tolls since the beginning of July. Arizona, *Please turn to page A6*

EXCHANGE



SHUT DOWN

A West Texas oil boom goes bust, and the whole region feels the pain. **B1**

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U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

Men vs. Women: The Thermostat Battle

 If you and your office mates are locked in battle over whether to set the AC to “arctic blast” or “cool breeze”—a conflict that often seems to divide the genders—you might have wondered: Why are women colder than men?

But according to experts who study thermal comfort, a better question might be: *Are* women colder than men?

Skin temperature is associated with thermal comfort, but there's no significant difference between the skin temperature of men and women. For both, the average is around 92 degrees, according to Boris Kingma, who researches thermophysiology at TNO: the Dutch Institute of Applied Technology and at Copenhagen University.

But studies suggest that women prefer a higher room temperature than men, and there is evidence that more than comfort is at stake.

Last year, researchers at the University of Southern California and the WZB Berlin Social Science Center in Ger-

many documented the effect of room temperature on the performance of 543 university students and found that women accomplished more on math and verbal tasks when the temperature was higher, while men performed better when it was lower.

In the controlled laboratory experiment, participants were asked to add five two-digit numbers together without using a calculator, solving as many problems as possible within five minutes. They were also asked to spell as many words as they could in five minutes using 10 letters.

The testing sessions, including groups of 23 to 25 students, lasted about an hour each. During that time, the room temperature was manipulated from a low of around 61 degrees Fahrenheit to a high of around 91.

In each case, women, who were 41% of the participants, answered more questions, and answered more questions correctly, when the room was warmer, an effect that was statistically signifi-

Some Like It Hot

In a study of 543 university students, women performed better on math and verbal tasks when the room temperature was higher, while men performed better when the temperature was lower.

Average score	
Cool (below 70°F)	Male 33.7
	Female 28.7
Warm (70°F to 80°F)	Male 32.6
	Female 32.7
Hot (above 80°F)	Male 31.3
	Female 33.0

Note: Scores are based on number of correct answers.
Source: PLOS; Tom Y. Chang, USC Marshall School of Business; Agne Kajackaite, WZB Berlin Social Science Center

cant. The effect of temperature on male performance was not.

Because the increase in female performance was larger than the decrease in male performance as the temperature rose, the researchers concluded that in gender-mixed workplaces, setting the thermostat higher than

the current standard might increase productivity.

“What we recommend for summer room temperature is around 23 degrees Celsius to 26 degrees Celsius,” the equivalent of 73.4 degrees Fahrenheit to 78.8 degrees Fahrenheit, said Bjarne Olesen, a past president of ASHRAE, an international professional association that develops standards for indoor climate control. “At least 80% of men and women are satisfied in that range.”

If surpassing that level seems like too much to ask, some places might begin by simply meeting the standard in the first place.

When researchers at the Lawrence Berkeley National Laboratory examined 95 office buildings in 2009, they found that winter temperatures spanned the recommended comfort range. But in the summer, most buildings set the thermostat colder than the guidelines suggest.

The researchers concluded that elevating the temperature to the recommended range could improve health while also saving energy.

Reducing air conditioning

has been a goal in Japan since 2005, when it launched a conservation initiative called “Cool Biz,” followed by a related campaign called “Super Cool Biz” that began after the 2011 Tohoku earthquake and tsunami caused nuclear plants to shut down.

The plans call for setting air conditioners to 28 degrees Celsius, or 82.4 degrees Fahrenheit, while encouraging workers to ditch coats and ties in favor of short-sleeved shirts and other summer wear.

“In this case, it was very clear,” Dr. Kingma said. “There was not enough power. They needed to adapt with clothing.”

As for why men and women seem to perceive temperature differently, researchers offer a host of possibilities.

Among other things, women have a lower metabolic rate, leading to less heat production, and they have a larger ratio of body surface to body mass, allowing for greater heat loss.

“If two people are the same height, weight and age,

if you only change whether it's a male or female, you expect 10% to 20% difference in metabolic rate,” Dr. Kingma said. “If you have a higher body surface area to lose heat relative to the volume available to produce heat, you tend to lose heat more easily and are more sensitive to cold.”

Other factors that might have an effect include age, body composition, fitness and hormones—but of all of the physiological parameters, only metabolic rate is incorporated into the models used to assess thermal comfort.

That doesn't mean men and women can't find a temperature setting that's agreeable to both.

In a 2018 review published in the journal *Temperature* examining how people perceive thermal comfort, men and women agreed on a neutral range of temperature—where individuals neither shiver nor sweat—in about 75% of the cases included in multiple studies, Dr. Kingma said.

Now, if they can only agree on where to set the thermostat.

U.S. WATCH

EARTH
Newly Discovered Comet Burns Bright

A newly discovered comet is streaking past Earth, providing a stunning show after buzzing the sun and expanding its tail.

Comet Neowise—the brightest comet visible from the Northern Hemisphere in a quarter-century—swept within Mercury's orbit a week ago. Its proximity to the sun caused dust and gas to burn off its surface and create an even bigger debris tail. NASA's Neowise infrared space telescope discovered the comet in March. The comet is about 3 miles across. It will be visible across the Northern Hemisphere until mid-August, when it heads back toward the outer solar system.

—Associated Press



MAN VERSUS NATURE: A pedestrian in New York City grappled with tropical storm Fay on Friday. Minor coastal flooding and flash flooding was forecast from New Jersey to Rhode Island.

MINNEAPOLIS
Police Disability Claims Are Soaring

More than 150 Minneapolis police officers are filing work-related disability claims after the death of George Floyd and ensuing unrest, with about three-quarters citing post-traumatic stress disorder as the reason for their planned departures, according to a lawyer representing the officers.

Their duty disability claims, which will take months to process, come as the city is seeing an increase in violent crime and

while city leaders push a proposal to replace the Minneapolis Police Department with a new agency that they say would have a more holistic approach.

While Mr. Floyd's death in May and the unrest that followed aren't the direct cause of many of the disability requests, attorney Ron Meuser said, those events and what he called a lack of support from city leadership were a breaking point for many officers.

—Associated Press

NEW YORK
Epstein Associate Seeks Release

British socialite and longtime Jeffrey Epstein associate Ghislaine Maxwell was made a scapegoat for the disgraced financier since he killed himself last summer while he was facing sex-abuse charges, her lawyers said in court papers filed Friday seeking her release from jail

while she awaits trial.

Ms. Maxwell was arrested last week and is detained at a lockup in Brooklyn. Prosecutors have labeled her an “extreme risk of flight.” Her lawyers are seeking her release on \$5 million bond under strict conditions including home confinement in the New York City area and electronic monitoring.

Mr. Epstein killed himself in a Manhattan jail in August 2019.

—Associated Press

Senate Panel to Vote On Trump’s Fed Picks

By NICK TIMIRAOS

The Senate Banking Committee said it would vote on the nomination of two of President Trump's selections for the Federal Reserve later this month.

Friday's announcement suggests that Republicans, who have a one-vote advantage on the panel, are prepared to advance the candidacy of Judy Shelton, an economic adviser to Mr. Trump during the 2016 campaign whose heterodox policy views led to some resistance from GOP senators at her Feb. 13 confirmation hearing.

If the committee approves of Ms. Shelton and a second nominee, St. Louis Fed economist Christopher Waller, they would await a full Senate vote before joining the central bank's board. The committee vote is slated for July 21.

All 12 of the Democrats on the banking panel signed a letter to the committee's chairman, Sen. Mike Crapo (R., Idaho), asking for a new hearing, given how the coronavirus pandemic has altered the economic outlook since Ms. Shelton's confirmation hearing.

The Fed's seven-member board has played an important role responding to the coronavirus pandemic. The larger Federal Open Market Committee, which includes the governors plus five regional bank presidents, votes on interest-rate decisions. But the board

decides on the emergency-lending programs the Fed has established to extend credit to companies, cities and states since the coronavirus seized up financial markets in March.

Two Republicans on the panel had raised doubts after the February hearing about Ms. Shelton's candidacy, but later said they were prepared to support her nomination.

A third Republican remained undecided. “Nobody wants anybody on the Federal Reserve that has a fatal attraction to nutty ideas,” said Sen. John Kennedy of Louisiana after the hearing. “Now I'm not saying that's the case here, but that was sort of the dialectic going on.” Mr. Kennedy had pressed Ms. Shelton at the hearing to respond to a hypothetical scenario in which the economy slowed and the unemployment rate jumped to 6.5%, from its reading at the time of 3.5%. Ms. Shelton was initially hesitant to provide specifics, prompting Mr. Kennedy to press for a more prescriptive answer.

“First, I would make it clear that there are limits to monetary policy,” she said, adding that she would purchase government bonds and other safe assets to stimulate growth “very reluctantly.”

In their letter Friday, Democrats cited the exchange. “We are now in an economic crisis worse than the one Dr. Shelton was asked about at her confirmation hearing,” they wrote.

FROM PAGE ONE

Boeing Jet Orders in Jeopardy

Continued from Page One

help line up financing for American's MAXs, some of the people said. Under one possible scenario, they said, Boeing's financing arm could purchase the aircraft and lease them to American, eventually selling the planes and the payment stream to leasing companies.

A Boeing spokesman said the plane maker is focused on returning the MAX to commercial service. “It is an unprecedented time for our industry as airlines confront a steep drop in traffic,” he said. “We continue to work closely with our customers to support their operations, while balancing supply and demand with the realities of the market.”

Until recently, American and other Boeing customers had been clamoring for the MAX, which regulators have grounded since March 2019 following two fatal crashes. The plane maker has been trying since then to win regulatory approval, currently expected in September, for the jets to again carry passen-

gers.

Now, the U.S. airline industry is preparing for tens of thousands of job cuts despite receiving billions of dollars in government aid during the pandemic crisis.

For Boeing, losing American Airlines' 737 MAX orders would add to the Chicago aerospace giant's worsening financial woes. After a loss of \$636 million last year, it has announced plans to sharply reduce production and chop 10% of its 160,000-employee workforce.

Recent announcements have pushed the number of MAX orders canceled this year above 400, the majority from big leasing companies such as General Electric Co.'s Gecas arm and Avolon.

In June, Norwegian Air Shuttle ASA became the latest airline to walk away from the 737 MAX, saying it was canceling its orders for 92 of the jets. That followed 313 earlier cancellations by other customers this year. Boeing, which counted 4,232 MAX orders at the end of May, can generally work with customers to reshuffle deliveries and place planes close to rolling off the assembly line with other takers. However, the pandemic and global aviation crisis has made such maneuvering especially difficult.

Boeing has said deals for 320 jets are at risk. Jefferies & Co. analyst Sheila Kahyao-

glu said in a client note that the solid backlog could be close to 3,100 planes.

Carriers are also hammering out new delivery schedules. Southwest Airlines Co., Boeing's biggest MAX customer, has struck a deal to limit MAX deliveries to 48 this year and next, executives told investors in May.

At least some of the 17 jets American was scheduled to receive this year have been built but are parked on Boeing lots, some of the people familiar with the matter said.

They can't be delivered until the Federal Aviation Administration recertifies the aircraft as safe for passenger flight. Boeing and regulators have been hammering out fixes to a faulty flight-control system and related pilot training since the crashes, which took 346 lives.

The prospect of American walking away from some undelivered aircraft threatens to add to a growing number of so-called white tails, planes whose would-be operators have folded or whose buyers canceled their orders.

A 737 MAX 8's list price is about \$120 million, but airlines have typically wound up paying about half that under customary discounts. Airlines typically pay most of an aircraft's purchase price upon delivery.

Rob Morris, head of consulting firm at Ascend by Cir-

ium, an aviation consulting firm, estimates that Boeing has 41 unclaimed planes in its inventory of parked MAXs, or about 10% of the total built but undelivered.

Because Boeing's aircraft-purchase agreements generally allow customers to walk away without financial penalty if deliveries are delayed more than a year, the plane maker could face the possibility of as many as 155 planes without takers by year's end, Mr. Morris said.

Internally, Boeing is concerned about 100 potential such MAX white tails, one of the people familiar with the matter said. The situation could change depending on customers' circumstances and air-travel demand.

American has 24 MAXs in its fleet, with a total of 76 on order in coming years. The carrier hasn't threatened to walk away from its overall orders, some of the people familiar with the matter said.

American isn't the only carrier taking a hard line on deliveries. In March, Scott Kirby, United Airlines CEO, told an investor conference: “We won't be taking delivery of even a single aircraft...unless it is fully financed until the crisis is over.” Delta Air Lines Inc. said it wouldn't take delivery of any new jets this year.

—Alison Sider contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Eskimo Pie's founders trademarked the brand's name. A June 20 Exchange article about owner **Dreyer's Grand Ice Cream's** plans to change the brand's name incorrectly said the name was patented.

The federal-funds rate target of 0.00%-0.25% was given incorrectly as 2.00%-2.25% in the last and week-ago columns of the “Consumer Rates and

Returns to Investor” table within the Markets Digest on Thursday and Friday.

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

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036

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

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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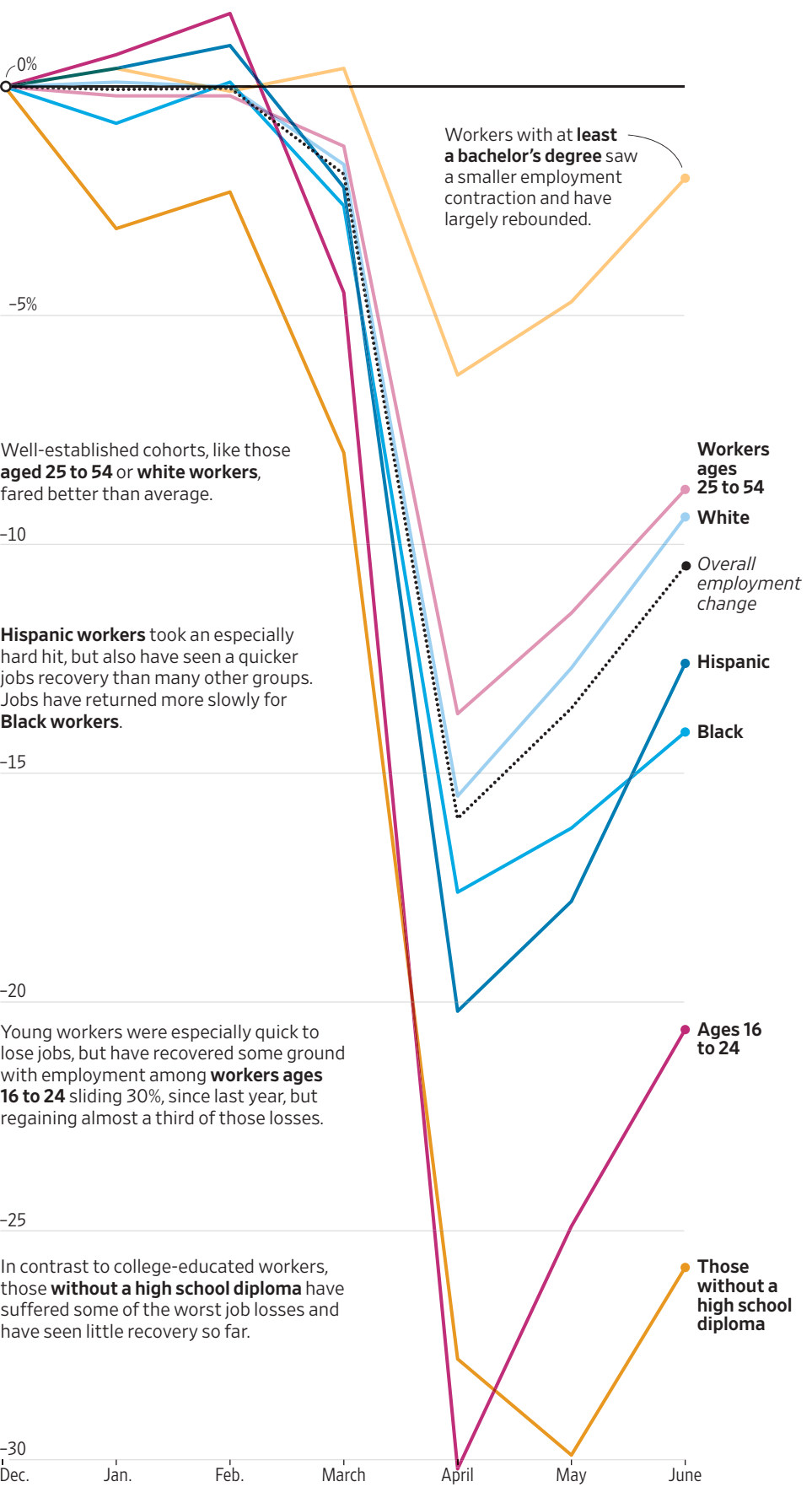
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U.S. NEWS

Pandemic Employment: Winners and Losers

Groups that have usually fared better in the workforce or are more established in their careers weathered closures earlier this year better than those that have traditionally lagged in employment.

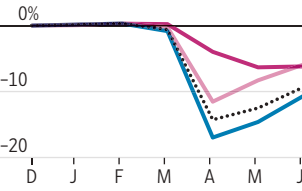
Change in employment since December



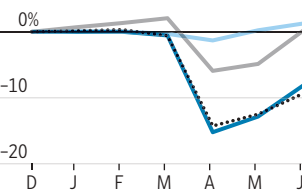
Where in the economy the jobs left

The bulk of jobs lost were in service industries.

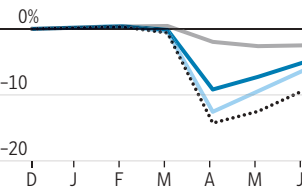
Goods-producing jobs were hit hard early on, but losses in government jobs have overtaken them



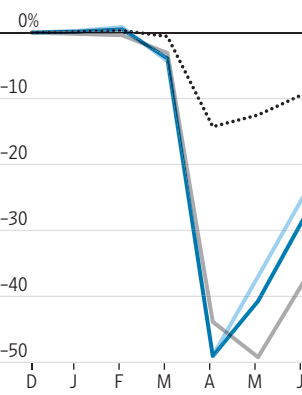
Retail jobs fell quickly, with the exception of grocery stores. Warehouse workers, who in part help deliver goods ordered online, were largely spared.



The health-care sector dipped during the crisis. Job losses were largely outside hospitals. Many doctors' and dentists' offices closed, while hospital job losses were milder.



Hospitality was by far hit the hardest. Bar and restaurant jobs fell quickly but have partly returned. Accommodations, such as hotels and resorts, have rebounded more slowly.



Danny Dougherty and Eric Morath/THE WALL STREET JOURNAL

Federal Judge Halts Execution; Cites Health Fears

By JESS BRAVIN AND SADIE GURMAN

A federal judge in Indiana blocked what would have been the first federal execution in 17 years, scheduled for Monday, citing coronavirus-related health concerns raised by the victims' relatives who were selected to attend.

Friday's order from Chief U.S. District Judge Jane Magnus-Stinson was the latest hurdle for the Trump administration in its push to reactivate the federal death chamber in Terre Haute, Ind. The judge indefinitely delayed the execution.

The Justice Department immediately filed an appeal Friday. Three other federal executions are scheduled in July and August at the same facility. The department said courts had no authority to review the prison's measures to protect witnesses during the pandemic, and that in any event adequate safeguards were in place.

The department also said delaying the execution would disrupt the prison's extensive preparations to put convicted murderer Daniel Lewis Lee to death.

Mr. Lee, 47 years old, had been scheduled to die by lethal injection for the 1996 murders of gun dealer William Mueller, his wife, Nancy, and her 8-year-old daughter, Sarah. Mr. Lee, a white supremacist at the time of the murders, has since said he disavows those beliefs.

Ms. Mueller's mother, sister and niece oppose Mr. Lee's ex-

ecution, but they nonetheless planned to attend.

Their suit alleges that the federal Bureau of Prisons violated federal rule-making procedures by scheduling the execution without providing adequate safeguards during the coronavirus pandemic.

According to court papers the relatives filed, a prison staff member told the niece, Monica Veillette, that "it would be impossible to maintain social distancing at the witness room, in the hallways, in the transport vans, at checkpoints and at other areas in the prison."

Earlene Peterson, 81, who lost her daughter and granddaughter in the attack, and other relatives filed legal papers Tuesday seeking to delay the execution until a treatment or vaccine is available.

"I am now faced with an impossible choice of either not exercising my right to attend the execution, or traveling in dangerous conditions which could cause me to become very sick, or even die," Ms. Peterson said in the filings.

"I hope somehow by attending I can find some peace. Right now I am not at peace," she added.

Judge Magnus-Stinson said the government had discounted the relatives' legal rights to attend the execution and ignored its obligation to safeguard their health.

Officials "produced no evidence to show that their decision to conduct an execution during a pandemic accounted for the victims' family's right to be present," she wrote.

Father and Son Denied Bail in Ghosn Escape

By MARK MAREMONT AND NICK KOSTOV

A federal judge denied bail to two Massachusetts men accused of smuggling Carlos Ghosn out of Japan, ruling that they are flight risks and lack sufficiently strong legal arguments to be released as they battle extradition to Japan.

Michael L. Taylor, 59 years old, and his son Peter M. Taylor, 27, were arrested in May at the request of Japanese authorities. They have been held in a Boston-area county jail while facing extradition under a Japanese statute that makes it illegal to harbor a criminal.

Mr. Ghosn, who was living in a court-monitored Tokyo house while facing financial-crime allegations from his

time running Nissan Motor Co., fled Japan late last year. Mr. Ghosn has denied the allegations of financial wrongdoings in Japan and has said he fled the country because he wouldn't receive a fair trial.

U.S. prosecutors have said the Taylors were key participants in the plot. Michael Taylor is a longtime security operative and former Army Special Forces soldier who has made a career out of arranging complex overseas missions.

The Taylors' lawyers argued that the pair didn't commit a crime in Japan by helping Mr. Ghosn violate his bail conditions and flee the country. Bail-jumping isn't itself a crime in Japan. A Japanese law against harboring criminals didn't apply, they say.

Black Activists in Los Angeles Press to Vote Out District Attorney

By SARA RANDAZZO AND ALICIA A. CALDWELL

LOS ANGELES—At a recent Black Lives Matter rally here, organizers talked about the effects of police violence on minority communities and then asked a question not often heard at such events: "Who are you not going to vote for this November?"

"Jackie Lacey!" the crowd of hundreds roared back, naming the Los Angeles district attorney.

Many Black Lives Matter activists are focused primarily on police budgets and policies. The L.A. chapter is taking the unusual step of also attempting to rally the many new people who have joined its cause since the police killing of George Floyd against a single local politician.

Black Lives Matter leaders criticize Ms. Lacey's record of bringing charges in only one case of a deadly police shooting. According to the D.A.'s office, police in L.A. County have shot and killed 342 people during her tenure.

Ms. Lacey, an African-American who has been in office since 2012, will face fellow Democrat George Gascón, a former San Francisco police chief and district attorney, in the November election. He has called for programs to keep more people out of the criminal-justice system and for holding officers more accountable for the improper use of force.

The surge of support for Black Lives Matter in the past six weeks has raised the profile of Ms. Lacey's critics and cost her endorsements. If the district attorney of America's most populous county, who ran unopposed in 2016, is defeated this year, it would be a major upset fueled in part by



Los Angeles County District Attorney Jackie Lacey, shown in 2019, has recently lost some endorsements for the November election.

the efforts of Black Lives Matter, political experts said.

"That will scare the heck out of the other politicians," said Dermot Givens, a lawyer and political consultant.

If Ms. Lacey wins by a large margin, it will be a blow to activists' three years of work and show the difficulty of voting

She is criticized for bringing charges in only one case of a fatal police shooting.

out a law-and-order incumbent.

Black Lives Matter organizers say they don't endorse candidates. But Ms. Lacey and Mr. Gascón are the only candidates in the race, leaving those who oppose her with only one choice.

Melina Abdullah, a professor at California State University Los Angeles and co-founder of Black Lives Matter in Los Angeles, said she hoped defeating

Ms. Lacey would demonstrate the group's sway. "That's definitely one of the ways in which we take power," she said. "We make sure we remove people who are harmful for Black communities in particular."

A poll released by Mr. Gascón's campaign Thursday showed the two statistically tied, with him at 35% and Ms. Lacey at 32%, a difference that is within the survey's margin of error. Also, 33% of respondents were undecided.

Ms. Lacey said she agrees that police shootings of Black men are a problem, but that her critics aren't considering whether cases are justified or hard to prosecute. "You may not have the evidence, or the law does permit officers to use deadly force if they believe their lives or someone else's is in danger," she said.

Ms. Abdullah said her group began meeting with Ms. Lacey in 2014, in hopes it could find common ground with L.A.'s first Black and female district attorney. But the talks didn't lead to more prosecutions in police shootings and Black

Lives Matter began holding weekly protests outside Ms. Lacey's downtown Los Angeles office in 2017.

During the past month, they have grown in size, regularly bringing out hundreds of supporters. At one last week, Ms. Abdullah called for supporters to start "ushering out the skin folk who ain't the kinfolk."

Among those in attendance was Joe Choi, who said he never previously took an interest in local politics. "I usually leave the local races blank on my ballot," said the 36-year-old, who works in marketing and advertising.

Tensions between Black Lives Matter and Ms. Lacey heightened in the early morning hours of Election Day in March, when Ms. Lacey's husband pointed a gun at Ms. Abdullah and other protesters gathered outside the couple's home. The incident is being reviewed by the California attorney general's office.

Ms. Lacey said the frequent presence of activists has been frightening for her and her family, but she is willing to tolerate it because she believes in her job.

Mr. Ghosn, a Cuban immigrant, said many of his views are aligned with those of Black Lives Matter, including concerns about police violence in minority communities.

"In a post-George Floyd era, people who are more moderate, they have to look at it and say: Do we want to continue to have someone in the D.A. office who doesn't prosecute police misconduct?" Mr. Gascón said.

Ms. Lacey pointed to charges her office has brought against more than 200 law-enforcement officers for on- and off-duty crimes ranging from rape to excessive force.

—Ben Fritz contributed to this article.

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POLITICS



WASHINGTON WIRE

Dispatches from the Nation's Capital

By GABRIEL T. RUBIN

2020 POLITICAL AD SPENDING ESTIMATES BALLOON, with Kantar Media now projecting that \$7 billion will be spent by campaigns and PACs on TV and digital. The new estimate is the second time this cycle Kantar has revised their projection upward: first to \$6.5 billion from \$6 billion in February, to account for the role played by billionaires Michael Bloomberg and Tom Steyer in the Democratic primaries, and now to

\$7 billion based on the astronomical sums raised by presidential and congressional campaigns. An expected dip in fundraising due to the pandemic and the economic crisis has not materialized.

Super PACs are a key driver of spending: Senate Majority PAC, which supports Democratic candidates, has already spent more than \$100 million. The Trump campaign is spreading the map, trying to find dry ground in the midst of a tough stretch in the campaign, with polls showing Joe Biden with leads both nationally and in crucial swing states. Last month, President Trump spent \$14 million on ads in states he won in 2016, including Arizona, Florida, Georgia, Iowa, North Carolina, Ohio, Texas and Wisconsin. Trump has committed to more than \$150 million in ad spending after Labor Day. The Biden campaign, meanwhile, has kept advertising to a small list of battlegrounds.

One key reason for the jump in ad spending: With candidates and voters stuck at home or at least unable to gather, advertisements are the primary way of reaching them, and campaigns are spending less on travel and events.

KRIS KOBACH, the firebrand conservative running for Senate in Kansas, says that Senate Majority Leader Mitch McConnell's allies are funding a group, Plains PAC, running ads against him ahead of the Aug. 4 Republican primary. "They're bending over backward not to disclose who it is, but it's a secret that everybody knows. It's quite clear that McConnell is behind it," Kobach told the Journal's Lindsay Wise. The Senate Leadership Fund, a super PAC run by McConnell allies, declined to comment on whether the group had any relationship to Plains PAC. The National Republican Senatorial Committee, which has said Kobach's bid puts the seat "at risk," didn't respond to requests for comment. Democrats have coalesced around well-funded state Sen. Barbara Bollier, a former Republican.

Plains PAC is spending heavily on ads aimed at preventing Kobach from winning the nomination. "Basically the goal is to remind voters that Kris Kobach is a failed candidate, that he spent his entire career disappointing conservatives who have

put their faith in him," said CJ Grover, Plains PAC's executive director. He declined to say who funds the effort and said the group will make required disclosures to the Federal Election Commission, which aren't due until after the Aug. 4 primary.

EUROPEAN POLICY MAKERS urged the U.S. to re-engage with multilateral institutions in the post-pandemic era, arguing that the crisis had proven the strength of the European project and the need for close EU-U.S. coordination. At a virtual Brookings Institution forum on European security on Wednesday, German Defense Minister Annegret Kramp-Karrenbauer said that long-term challenges like the rise of China requires "like-minded states" to engage with multilateral institutions, especially ones where China is seeking more influence. R. Clarke Cooper, a senior State Department official focused on Europe, blamed Russia and other adversaries for "disinformation" that has led to tensions between the U.S. and European allies. He noted that work continues be-

tween the U.S. and European Commission on the pandemic, including vaccine research.

VOTING ADVOCATES look to make voting by mail as easy as possible. In states where voters must request an absentee ballot in writing, nonpartisan nonprofit Vote.org is planning to build an online tool allowing voters to fill out an online form, and it will take care of printing the form and providing a prepaid, pre-addressed envelope to mail to election authorities after the voter verifies the information and signs it. Vote.org is starting the project in Texas, North Carolina and Nevada, with the goal of eliminating barriers to voting for people who don't have access to a printer or postage during the pandemic. Trump and other Republicans have criticized efforts to expand voting by mail, saying the process presents a fraud risk, though studies show voting fraud is rare.

JUDGE ROY MOORE, the former Alabama Senate candidate who lost to Sen. Doug Jones following allegations of sexual misconduct, scored a preliminary

win in his legal battle against comedian Sacha Baron Cohen. Baron Cohen, of "Borat" fame, interviewed Moore for his "Who Is America" Showtime show in 2018, posing as an Israeli TV host. Moore's \$95 million suit against Baron Cohen hinges on whether the front company set up by Baron Cohen for the caper was a "fictional entity" or not, and whether Moore's consent agreement with it is enforceable. To determine that aspect of the case, a New York federal judge rejected Baron Cohen and Showtime's motion to dismiss and urged the parties to agree on a discovery process.

MINOR MEMOS: Rapper Flavor Flav posts photo with Treasury Secretary Steven Mnuchin, says they talked about "the importance of knowing when your time is up."... Sports betting sites give Kanye West a 1.25%-2.5% chance of winning the presidency, behind Biden, Trump, Hillary Clinton and Mike Pence.... Trump's niece writes in her new book that he bought her a three-pack of underwear for Christmas one year.

In Michigan, Protests Reshape Campaign

Wayne and Macomb counties, separated by 8 Mile Road, show signs of racial healing following civil unrest

By JOSHUA JAMERSON

EASTPOINTE, Mich.—The leaders of this majority-white suburb in the early 1990s ditched the name “East Detroit,” an attempt to get rid of the association with a majority Black city where crime rates had risen. The new name was supposed to evoke the Grosse Pointe communities, some of the most wealthy, and white, enclaves in southeast Michigan.

Today, the city has slightly more Black residents than whites and is led by Monique Owens, its first Black mayor. The surrounding county, Macomb, has gone from more than 90% white in 2000 to less than 80% white in 2018. Wayne County, which includes Detroit, is about 50% white and 40% Black, essentially unchanged from 2000.

Interviews with dozens of Michiganders in the two counties—separated by 8 Mile Road, known locally as the dividing line between Black and white communities—found the views of many residents converging on national events, in particular as they expressed support for the recent protests against police brutality and racial injustice led by the Black Lives Matter movement. Some voters said recent events were causing them to rethink their political choices.

“Eastpointe has been a place for so long that has been an all-white community that didn’t want certain groups in this community,” Ms. Owens, a former police officer who attended a Black Lives Matter rally in early June, said in an interview. Ms. Owens said she has noticed her white neighbors in Macomb evolving—slowly—on issues of race. “They had to relearn, had to re-educate themselves, and had to go back and figure out why they were taught a certain way. I think everyone, nationally, is now doing that.”

On the other side of 8 Mile, in Wayne County, Antawn Burnett, an automotive line worker from Detroit, said he had a political awakening after the killing of Ahmaud Arbery in Georgia went viral online in May. “That got my attention because that wasn’t cops. That was just two white men,” said Mr. Burnett, who is Black. Then came the killing of George Floyd in police custody in Minneapolis, after which Mr. Burnett, 37 years old, attended his first Black Lives Matter rally.

Wayne County has long voted for Democrats, while Macomb went to President Trump by more than 10 percentage points in 2016 after twice backing former President Obama. Mr. Trump won the state overall by fewer than 11,000 votes out of roughly 4.8 million cast. Macomb moved left in 2018, when Democratic Gov. Gretchen Whitmer won there by about 3 percentage points. The party is counting on a stronger performance in suburbs and higher turnout in Detroit to outweigh Mr. Trump's dominance in rural counties, some of which he won by margins greater than 40 or 50 percentage points.



Red Rose Florist owners Deborah Nelson and Stan Nelson, above left. Mr. Nelson noticed more white people on the streets with demonstrators than in past protests against racial injustice. Police Sgt. Gayle Johnson Brown, pictured with her husband, Andrew Brown, said civil unrest was the top political issue on her mind because she felt the pain of George Floyd's killing, but said calls to defund police departments went too far.



Presumptive nominee Joe Biden did well among Black and suburban Democratic voters in the primaries, including Michigan's. Mr. Trump's aides say Republican voters will turn out in higher numbers when he is on the ballot.

Many people interviewed in both counties recently said their support for protests against police was the top political issue on their minds.

The recent protests were widespread in Detroit, where race riots in the late 1960s are still a painful memory for many. Stan Nelson, the co-owner of Red Rose Florist in the city, said many of the retail chains near his flower shop boarded up during recent protests. Mr. Nelson and other Black residents said they noticed more white people on the streets with demonstrators than in past protests against racial injustice here. “Other races have gotten fed up,” he said.

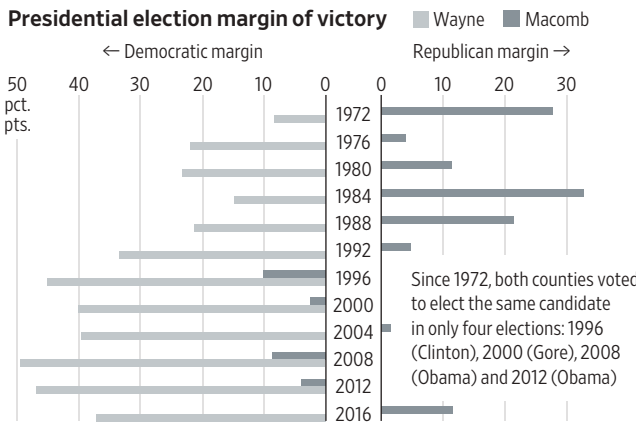
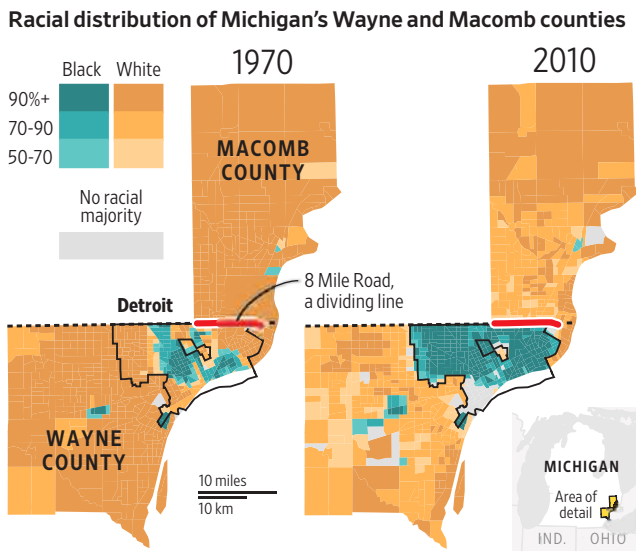
Mr. Nelson said he thought the president's self-described “law and order” rhetoric didn't fully acknowledge the pain of many of the protesters. “I think the president is using politics, or poli-tricks, rather,” he said.

Big, diverse groups also marched in Macomb County, surprising some residents.

Sterling Heights Mayor Michael Taylor, a Republican who is white, marched last month in his majority-white suburb. He said he expected a few hundred people to join. Instead, he marched with thousands.

“Macomb County is pretty socially conservative...and so to see those kinds of numbers was really overwhelming,” he said. “I guarantee you there were people in that protest who voted for Trump and will not do it again. I was one of them.”

Larry Parker, the lead pastor at Life Church of Warren—a largely white, working-class hub in Macomb County that is home to a few manufacturing plants and a large General Motors tech center—spoke about the unrest from the pulpit on June 14, the



Sources: Dave Leip's Atlas of U.S. Elections; Spatial Structures in the Social Sciences, Brown University (county demographics)

Sunday the church reopened following the peak of the coronavirus pandemic.

“Let me say this: love must be sincere, and Black lives matter,” said Mr. Parker, who is white. “They matter. They matter.” He got choked up as many in his congregation clapped and said amen. Afterward, in an interview, he said he cried because he didn't know how his largely white congregation would respond to the message.

Others in Macomb said they had noticed the changes in the county but didn't agree with the Black Lives Matter movement.

“I would've expected to see it in Detroit, not in the suburbs,” Barb VanSyckel, a retired human-resources worker from Sterling Heights, said of

the protests there. She didn't attend because, while she said she thought police needed to be held accountable for Mr. Floyd's killing, she didn't think there was systemic racism in America.

Ms. VanSyckel, a member of a local GOP group, plans to vote for Mr. Trump this fall and thinks it is possible he can win here. Republicans in Macomb County have also criticized Democrats for Ms. Whitmer's handling of the coronavirus, which included some of the country's strictest economic restrictions.

But Ms. VanSyckel, who is white, acknowledged changing sentiment among other Macomb County residents could make it more difficult for the president.

Meanwhile, despite the na-

tional attention on political views among white suburbanites, some Democrats are sounding alarms within the party about its outreach to younger Black men, saying it wasn't doing enough to appeal to these voters even before the protests amplified the discontent many Black Americans feel toward their political leaders. Voter turnout in Detroit dropped roughly 14% from 2012 to 2016, according to election data.

Mr. Biden has proposed more transparency on police records, body cameras and \$300 million for community policing, but he hasn't backed a push by many protesters to defund police departments and divert money to social programs, frustrating some activists.

Mr. Trump's campaign has sought to use the disagreement on whether to defund police departments to its advantage, trying to tie Mr. Biden to the effort, even though the former vice president has said he doesn't support it. Mr. Trump's campaign also has made a more concerted push for the Black vote than it did in 2016, and Katrina Pierson, one of his most prominent Black surrogates, in a statement emphasized that Mr. Trump signed into law criminal justice reform legislation that passed Congress with strong bipartisan majorities.

Gayle Johnson Brown, a sergeant with the Detroit Police Department, said that she planned to vote for Mr. Biden and that the civil unrest was the top political issue on her mind because she felt the pain of Mr. Floyd's killing. But Ms. Johnson Brown, who is Black, said she thought calls to defund police departments went too far.

“They can't judge us all,” Ms. Johnson Brown—who was sitting on a recent day with her husband in the grass on Belle Isle, the city's island park along the Detroit River—said of advocates for defunding police. “It's good cops and bad cops, it's good lawyers and bad ones, good news reporters and bad ones.”

Virus Is Back to Campaign Forefront

By GERALD F. SEIB

The shape the Trump campaign wanted voters focused on at this point in the summer was a bright, giant “V” not the spiky, biological likeness of the coronavirus. But that isn't how things have worked out in recent days.

That V was to represent the shape of the economic recovery from the coronavirus shock. And for a time this summer, it has appeared that V-shaped recovery was taking shape. Indeed, Thursday brought a bit of additional good news: a government report showing new applications for jobless benefits edged down last week.

But the coronavirus, this time surging across Republican-friendly states of the South and West, now has returned as a potential economic spoiler and the biggest factor in the political equation, campaign aides on both sides agree. The number of U.S. cases, which took 43 days to reach two million, passed three million this week after just 28 days.

President Trump has complained that the number of confirmed cases has risen so rapidly because the U.S. is testing extensively for the virus, and therefore finding more cases. And the U.S. does lead the world in the number of Covid-19 tests, according to Johns Hopkins University's Coronavirus Resource Center. But on a per capita basis, U.S. testing is below such countries as Australia and Singapore. More troubling are data showing a rise in the share of those who test positive in newly besieged states. By week's end, 34 states averaged above the recommended 5% positive rate over the previous seven days.

Aside from the public-health implications, early signs indicate the rise in infections may be slowing economic recovery. Data from Homebase, a firm that provides support for small businesses, show the number of small businesses that are closed ticked up to 21.9% on Tuesday from 20.6% on June 30, after a stretch in which the share of firms open for business had been rising.

Mr. Trump has responded by continuing to present himself as the leader who won't let the country be paralyzed by the pandemic. He pushed anew for states and companies to continue reopening, and began a new round of pressure on schools to reopen in the fall. For his part, presumptive Democratic nominee Joe Biden unveiled a \$700 billion plan to pull the American economy out of the coronavirus slump. It included some Trump-like provisions to encourage buying American goods and using government power to ramp up American manufacturing.

U.S. NEWS

Trump’s N.H. Rally Postponed In Storm

By Andrew Restuccia

WASHINGTON—President Trump postponed a political rally scheduled to take place in New Hampshire on Saturday as a tropical storm was due to hit the East Coast.

Trump campaign communications director Tim Murtaugh said the rally was being postponed for safety reasons because of Tropical Storm Fay, adding it would be rescheduled soon.

The rally was set to take place in an airport hangar at the Portsmouth International Airport, leaving the event partially exposed to the elements.

Tropical storm warnings were in effect for parts of Delaware, New York, New Jersey and Rhode Island, according to the National Hurricane Center.

The rally was designed to shore up support in a state Mr. Trump narrowly lost to Hillary Clinton four years ago. Polls show him trailing former Vice President Joe Biden, the presumptive Democratic presidential candidate, amid an uncertain economy and unrelenting coronavirus pandemic.

Earlier this week, White House and campaign officials said the president had no reservations about holding the event despite the pandemic and a smaller-than-expected turnout at a June rally in Tulsa, Okla. A Tulsa health official said Wednesday that the rally and the resulting protest in the city likely contributed to an increase in Covid-19 cases there.

“We can’t operate in a spirit of fear,” White House chief of staff Mark Meadows told reporters this week when asked about the president’s campaign events.

Staffers at the New Hampshire event were planning to hand out masks and provide hand sanitizer.

President Casts a Wide TV-Ad Net

By John McCormick
And Catherine Lucey

President Trump’s re-election campaign is advertising in three states he easily won in 2016, as well as two others that appear tougher for him to capture, as polls suggest he may have a narrower path to the White House than four years ago.

Ad dollars are flowing into Iowa, Ohio and Georgia—states he won by 5 percentage points or more—as Mr. Trump trails presumptive Democratic nominee Joe Biden in most battleground-state and national polling and navigates a pandemic and race-relations debate.

Trump campaign aides said they remain optimistic, but privately acknowledge they are dealing with a tougher path to re-election than they anticipated six months ago, as some states they knew would be battlegrounds, such as Michigan, appear hard to hold, and others, like Iowa, are more competitive than expected.

Still, an incumbent president spending in states he easily won isn’t a new strategy—President Obama did the same in 2012. A campaign official said the advertising moves shouldn’t be viewed as signs of weakness, saying the Trump team has ample resources to make all the ad buys needed and isn’t taking states for granted.

The official also highlighted nationwide cable and network-TV buys, as well as spending “on Joe Biden’s turf.”

The campaign is also spending in Nevada and Minnesota, both states narrowly won by Democrat Hillary Clinton in 2016. Nevada is classified in the presidential race as “likely Democrat” and Minnesota as “lean Democrat” by the nonpartisan Cook Political Report.

“We have enough money and will continue to defend the states the president won the last time and the states where he was close,” the Trump campaign official said.

Mr. Trump and the top super political-action committee backing him spent an estimated



President Trump at a January campaign rally in Toledo, Ohio, a state currently flooded with ads.

\$31.5 million on broadcast TV ads nationally in June, while Mr. Biden’s campaign and the top super PAC backing him spent a combined \$8.8 million, data from ad-tracking company Kantar/CMAG shows.

The Phoenix TV market received the most advertising from the Trump campaign during that month, seeing roughly 1 in 15 spots aired nationwide. Mr. Trump won Arizona by 3.5 percentage points in 2016, but Democrats are aggressively competing there in hopes of winning a state that hasn’t backed a Democrat for president since 1996.

Mr. Trump is trailing Mr. Biden in most polls in the states where both sides are paying the closest attention: Arizona, Florida, Michigan, North Carolina, Pennsylvania and Wisconsin. All are considered able to swing toward either candidate and are rich in Electoral College votes.

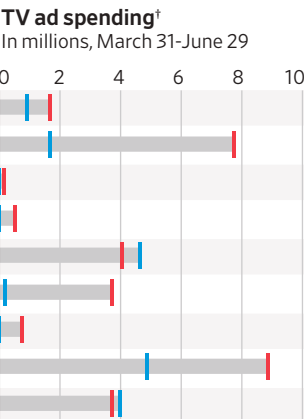
“Frantically defending states he comfortably won four years ago isn’t a sign of strength for Donald Trump, it’s the result of a campaign that is only speaking to its base, isn’t expanding their support and continues to hemorrhage votes,” Biden spokesman T.J. Ducklo said. “The Biden campaign is on offense. We’re running ads in six

Joe Biden leads Donald Trump in most battleground-state polling even though the incumbent and top super PAC backing him spent more on broadcast TV ads during Q2 than their Democratic counterparts.

RCP polling state averages*
Through July 10

	Biden	Trump
Ariz.	47.5%	44.0%
Fla.	48.0	43.0
Ga.	44.7	49.0
Iowa	44.5	46.0
Mich.	48.0	40.5
N.C.	47.5	44.2
Ohio	44.7	44.7
Pa.	48.5	42.0
Wis.	48.5	42.0

*States were included only if the most recent survey there was taken in June or July. †Democratic totals include Biden campaign and Priorities USA. Republican totals include spending by Trump campaign and America First Action PAC.
Sources: RealClearPolitics (polling), Kantar/CMAG (spending)



states that went red in 2016.”

Although Mr. Trump won Iowa by 9.4 percentage points in 2016, the Des Moines area ranked in the top half for the number of spots aired among the 43 markets where his campaign spent on broadcast TV in June, the Kantar/CMAG data shows.

Mr. Trump registered a lead in Iowa of just 1 percentage point in a June survey conducted by the state’s top pollster. Republican Sen. Joni Ernst, who has closely aligned herself with the president, trailed Democratic challenger Theresa Greenfield by 3 percentage points in that poll, published by the Des Moines Register.

While large national Democratic groups haven’t advertised in the presidential race in Iowa for the general election, a competitive Senate race

there may give them more incentive to do so.

Longtime Iowa Republican operative Doug Gross said he thinks the incumbent is the favorite there, but predicted it would be close.

“I think you’d have to say he’s favored in Iowa given that he won it by a bigger margin than he won Texas last time. But it’s much more competitive than it was last time,” Mr. Gross said. “I think the president is spending money because he knows he needs to hold it.”

A campaign official projected optimism that Mr. Trump would win Iowa but acknowledged more work was under way in the state than was expected earlier this year.

A recent Fox News poll in Georgia, which hasn’t backed a Democrat for president since Bill Clinton’s first win in 1992, had Mr. Biden with a 2-percentage-point advantage in a state Mr. Trump won by 5.1 points. The Cook Political Report this week moved Georgia from “lean Republican” to “toss up” in its battleground-state categorization.

In Ohio—which Mr. Trump won by 8.1 percentage points, the widest margin there for a Republican nominee in three decades—a Quinnipiac University survey during the second half of June had Mr. Biden up by 1 percentage point.

So far, neither Mr. Biden’s campaign nor the top super PAC backing him, Priorities USA, has run general-election broadcast TV ads in Iowa, Georgia or Ohio.

“These are places where Democrats haven’t really spent anything,” said Guy Cecil, chairman of Priorities USA. “They [the Republicans] are being forced to defend a lot more territory than Joe Biden will.”

For most of the election cycle, Iowa has been on the watch list for Priorities USA, which has a \$200 million budget planned for the election.

“We look at how these states look, one compared to another,” Mr. Cecil said. “Iowa has pretty consistently been that next state, after the six states that get the most attention.”

Trump Commutes Sentence

Continued from Page One

former special counsel Robert Mueller’s investigation into Russian interference in the 2016 presidential race and whether anyone in the Trump campaign was involved.

A commutation doesn’t expunge the underlying crime for Mr. Stone, but lessens the punishment.

Reached at his Fort Lauderdale home by telephone, Mr. Stone described his conversation with the president to The Wall Street Journal. “It was a short conversation. He said he decided to use the extraordinary powers of clemency vested in him.” Mr. Stone said he wasn’t worried he would go to prison, adding that he intended to see his court appeal through. “The president said ‘I think you’ve got a great chance of exoneration.’”

“I know Donald Trump is a believer in fairness,” Mr. Stone said. “I could tell from his tweets and his public comments. He said he was following the case closely and he clearly knew I did not get a fair trial. The fundamental problem is if I’m sent to a prison with Covid-19, I won’t live long enough to see my appeal.”

Ms. McEnany said that “Mr. Stone, like every American, deserves a fair trial and every opportunity to vindicate himself before the courts. The President does not wish to interfere with his efforts to do so.”

A spokesman for presumptive Democratic presidential nominee Joe Biden criticized the move. “President Trump has once again abused his power, releasing this commutation on a Friday night, hoping to yet again avoid scrutiny as he lays waste to the norms and the values that make our country a shining beacon to the rest of the world,” said Bill Russo.

Mr. Trump has issued high-profile pardons and at least one controversial commutation, but his grant of clemency to Mr. Stone marks the first time he



Roger Stone, a friend of President Trump, was to start serving a prison term on Tuesday for making false statements and trying to impede a congressional probe into Russian interference in the 2016 election.

has used his authority to help one of his close associates. His former campaign manager Paul Manafort and former national security adviser Michael Flynn were also charged in connection with the Mueller investigation; neither has had their sentences commuted or received a pardon.

The jury found that Mr. Stone had misled lawmakers about his efforts to contact WikiLeaks, which had published Democratic emails stolen by Russia. He also was convicted of tampering with a witness—a friend and New York comedian who had evidence to contradict Mr. Stone.

A career prosecutor said he was told there was pressure to ‘cut Stone a break.’

Lawyers for Mr. Stone had asked the court to allow him to delay reporting until September, citing fears that Mr. Stone, 67 years old, could contract Covid-19, the disease caused by the new coronavirus. That request was opposed by the Justice Department and rebuffed by the judge who oversaw his case.

Career prosecutors initially recommended that he serve the standard sentence for his crimes—more than seven years behind bars. A day later, the Justice Department asked for

less time, an unusual move that prompted the resignation of at least one prosecutor.

Aaron Zelinsky, one of the prosecutors in the case, testified before Congress last month that supervisors in the federal prosecutors office in Washington told him Mr. Stone would receive special treatment “because of his relationship with the president.” Mr. Zelinsky said the U.S. Attorney in Washington was “receiving heavy pressure from the highest levels” of the department to “cut Stone a break.”

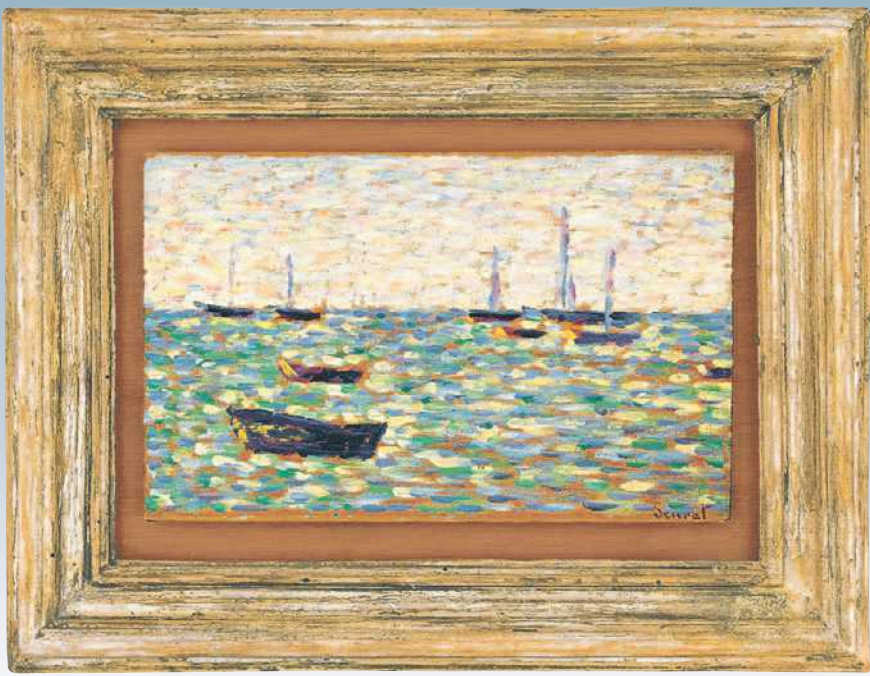
The day of Mr. Zelinsky’s testimony, a Justice Department spokeswoman defended the agency’s decision regarding Mr. Stone’s sentence as appropriate and not driven by requests for leniency from the president.

High-profile advocates pressed publicly and privately for Mr. Trump to intervene in the case.

“Roger Stone should not disproportionately shoulder the burden of a corrupt investigation,” Rep. Matt Gaetz (R, Fla.), an ally of Mr. Trump, said in an interview Friday. “Roger is no saint. He says and does things all the time that I don’t agree with, but I don’t believe in putting people in jail because of their politics.”

Mr. Stone has been a Republican operative for decade. He served on the Trump 2016 campaign when it started but severed ties in the summer of 2015.

—Alex Leary and Shelby Holliday contributed to this article.



CONNECT THE DOTS

GEORGES SEURAT

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This tranquil seascape is the work of Georges Seurat, one of the most important and innovative artists of all time. A key work in the founding of the Neo-Impressionist movement, it was among the very first in which Seurat explored his revolutionary new technique known as Pointillism. Colorful and avant-garde, it is a testament to the artistic freedom he enjoyed at this moment in his career, the result of which was his greatest masterpiece, *A Sunday Afternoon on La Grande Jatte* (Art Institute of Chicago). Circa 1885. Signed (lower right).

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U.S. NEWS

Biotech Is Upbeat on Vaccine

By BOJAN PANCEVSKI

BERLIN—The German biotech firm that has a partnership with Pfizer Inc. to develop a coronavirus vaccine is confident it will be ready to seek regulatory approval by the end of the year, according to its chief executive.

Several hundred million doses could be produced even before approval, and over 1 billion by the end of 2021, said **BioNTech** SE co-founder and CEO Dr. Ugur Sahin.

BioNTech, originally a cancer-treatment biotech company, is one of 17 firms worldwide that have started human trials on a vaccine against Covid-19. The company, based in the city of Mainz and listed on the Nasdaq stock exchange, was founded in 2008 by Dr. Sahin and his wife, Dr. Özlem Türeci, both the children of Turkish immigrants.

The vaccine BioNTech is developing uses experimental technology known as messenger RNA, or mRNA. Pending approval by authorities, BioNTech expects to begin the final

stage of the testing process, known as phase 3 trials, at the end of July. These would see 30,000 people take part in a randomized study of the vaccine that is expected to be completed by the end of the year, when the company would seek market approval from regulators across the globe.

The final stage of clinical trials is designed to test the efficacy of a vaccine in protecting from infection after the drug has been found to be safe in humans. Approval times could vary across jurisdictions, but BioNTech would begin vaccine production while awaiting such approvals.

BioNTech's partnership with Pfizer in the U.S., as well as other partnerships with international companies such as China's **Shanghai Fosun Pharmaceutical Co. Ltd.**, would then enable the company to quickly produce vast amounts of vaccine doses for the global market.

But even as BioNTech and its partners are already scaling up production capacities in anticipation of approval, the cor-

onavirus has become so widespread—over 13 million people around the world had tested positive by Friday—that it would take about 10 years before humanity achieved sufficient immunity to the disease, even if several companies launch a vaccine at the same time, according to Dr. Sahin.

CEO says firm could be ready to seek approval for its vaccine by year-end.

"I assume that we will only be done with this virus when more than 90% of the global population will get immunity, either through infection or through a vaccine," he said.

BioNTech's mRNA approach uses a genetic mechanism to induce the human body to produce certain proteins that generate antibodies and cellular immunity against the novel coronavirus.

If successful, these and comparable vaccines would be easier and cheaper to manufacture than traditional vaccines based on inactivated or partial virus cells. But no such vaccine has yet been approved for use outside clinical studies.

Pfizer owns about 1% of BioNTech and collaborates in developing the new vaccine, but all rights belong to the German company, which is doing the bulk of the research.

BioNTech is majority-owned by the twin German investors Thomas and Andreas Strüngmann. Other shareholders include the Bill and Melinda Gates Foundation, Sanofi SA and Genentech, a unit of Roche Holding AG.

Other companies already conducting human trials include Moderna Inc., which is also starting its advanced-stage trial this month. In August another vaccine co-developed by the University of Oxford and AstraZeneca PLC will also enter phase 3 trials, followed by a product developed by Johnson & Johnson in September.

U.S. Security Panel Reviewing Chinese Deal for Drug Firm

By KATE O'KEEFE

WASHINGTON—U.S. national-security officials are reviewing the 2017 acquisition of a South Carolina pharmaceutical company by Chinese investors after learning the firm was in talks to participate in a Pentagon project to develop injection devices for a coronavirus vaccine, according to people familiar with the matter.

The inquiry into **Ritedose** Corp. of Columbia, S.C. by the Committee on Foreign Investment in the U.S. was also referenced in a statement by the Pentagon's Defense Logistics Agency, which earlier granted Ritedose a five-year contract to support daily pharmaceutical purchases for the government.

"At the time of award, Ritedose certified that the drug it offered was manufactured in Columbia, South Carolina," a DLA spokesman said, adding the certification met DLA's compliance criterion for the award. "DLA is currently reviewing the contract given the Cfius inquiries," he said.

The spokesman added later that he didn't intend the reference to serve as further confirmation of the panel's inquiry.

Ritedose was acquired by Hong Kong-based private-equity fund **AGIC Capital** and Chinese pharmaceutical company **Humanwell Healthcare (Group)** Co. three years ago.

Ritedose Chief Executive Jody Chastain said in statements to The Wall Street Journal he wasn't aware of any Cfius inquiries. AGIC and Humanwell didn't respond to requests to comment.

A spokeswoman for the Treasury, which leads the panel, declined to comment.

The deal, valued at \$605 million, was never submitted to U.S. authorities for a security review, according to people familiar with the matter. The Cfius panel is now looking back at such acquisitions—including those involving pharmaceutical and biotech companies, firms that work with large consumer data sets, and real-estate transactions—amid concerns that the deals might give Chinese interests too much control over sensitive assets, the people said.

In July 2017, a month after the Chinese investors announced their deal for Ritedose, the Defense Logistics Agency, which manages the global supply chain for the U.S. military and other federal agencies, granted Ritedose the five-year pharmaceutical contract.

Mr. Chastain said Ritedose "has always complied with requirements set forth in any Ritedose-awarded DLA contract."

While Cfius has the ability to scuttle foreign acquisitions it believes could threaten national security, it has no authority to review procurement contracts, an area U.S. officials and private-sector lawyers say

is a black hole for risk.

Overburdened procurement officers might not have a clear picture of the risks associated with bidders and have limited recourse to reject them, they said. Even when officers contract with a well-known firm that company's supply chain could involve problematic actors nestled several layers in who are unknown to the contractor itself, they said.

"There is a disconnect between the federal government identifying China as a serious national security concern and certain procurement people seeking the lowest bidder," said Ivan Schlager, a partner at law firm Kirkland & Ellis LLP who specializes in Cfius matters.

In May of this year, the Pentagon and the Health and Human Services Department said they had awarded a \$138 million contract to Stamford, Conn.-based ApiJect Systems America to expand U.S. production capacity for domestically manufactured, medical-grade injection devices for an eventual coronavirus vaccine.

A Pentagon spokesman said at the time the project would "help significantly decrease the United States' dependence on offshore supply chains."

Some U.S. national security officials grew concerned after learning of Ritedose's potential participation in the project, according to the people familiar with the matter.

CNN later reported on the ApiJect contract, quoting Mr. Chastain saying that Ritedose was "pleased to be" one of the firms ApiJect had contacted to potentially assist on the contract. An ApiJect spokesman said, "We don't discuss business discussions until and unless any agreement is reached."

HHS didn't respond to requests to comment.

Ritedose, a contract development manufacturer focused on inhalation and ophthalmic products, specializes in blow-fill-seal technology, a manufacturing process for liquid-filled containers that lessens the likelihood of accidental contamination. Chinese media in 2017 had touted the Ritedose acquisition as an attempt to fill a technology gap in the country's 13th Five-Year Plan.

The U.S. federal procurement process does take some national-security concerns into account. For example, if there were a defense contract involving top-secret information, only companies and individuals with appropriate clearances could participate in the bidding process, said Steve Sorrett, a senior counsel at law firm Kutak Rock LLP specializing in public contract law.

There are also specific treaties and statutes such as the Berry Amendment, which prohibits the purchase of certain products from foreign companies.

—Julie Steinberg contributed to this article.



Tents at the Azraq camp for displaced Syrians near the town of Maaret Misrin in Syria's northwestern Idlib province on Friday.

Covid Threatens Syrian Rebel Area

By ISABEL COLES AND NAZIH OSSEIRAN

BEIRUT—The novel coronavirus has crept into the last opposition-held territory in Syria, as Russia and China move to restrict an aid corridor that humanitarian groups warn could hamper attempts to contain an outbreak in the besieged area.

A doctor at a hospital in northwestern Idlib province contracted the Covid-19 disease caused by the virus, according to aid groups, the first confirmed case in the area. The hospital has been placed under lockdown, but the doctor may

have come into contact with as many as 300 people before he isolated himself, a medical student there said Friday.

"The anxiety is beginning to spread," said the student. He added that the hospital was being disinfected and people inside tested.

Idlib and surrounding areas are home to more than three million people, many of whom have been displaced from elsewhere in Syria. Much of the population is crammed in camps and informal settlements with poor sanitation, sparking warnings from aid groups of a potential rapid, devastating spread of the disease.

"We don't have gloves or face masks or anything," said aid-worker Said Abd al-Malak Qasim. His Sahim Charity runs a camp hosting around 300 refugees in 60 tents spread across 3,000-square-meters (0.75 acre) of a field.

Forces loyal to President Bashar al-Assad, backed by Russia and Iran, launched a campaign last year to retake Idlib province as his regime reasserts control over the entire country after nearly nine years of war. A battle for Idlib is likely to be the final major government offensive in the multi-sided war, in which foreign powers have fought for com-

peting interests on Syrian turf.

The province is meant to be protected by a cease-fire agreement between Russia and Turkey, which back opposite sides of the conflict. The United Nations has warned an all-out military offensive there would cause a catastrophe.

Aid groups say the humanitarian situation is further threatened by Russian and Chinese vetoes earlier this week of a U.N. Security Council resolution that would allow aid agencies to continue delivering assistance to the area via two border crossings with Turkey.

—Ann M. Simmons contributed to this article.

U.S. Virus Death Toll Edging Up

Continued from Page One

South Carolina and Alaska joined Texas as the states with the biggest percentage increases in deaths, with fatalities rising more than 20% in each state since the beginning of the month.

Deaths haven't surged in the same way that infections have. A record 63,000 new infections were reported Thursday, the sixth time since July 1 that more than 50,000 cases have been reported in a single day. A month ago, the U.S. was reporting roughly 20,000 new cases daily. More than 3.14 million cases have been reported across the country.

Soaring case counts are partly attributable to expanded testing that is detecting asymptomatic or less-severe cases, often among younger people. Treatments have also improved and health-care systems are better equipped to deal with some of the sickest patients, said Dr. Russo.

Health experts say cases, together with the percentage of

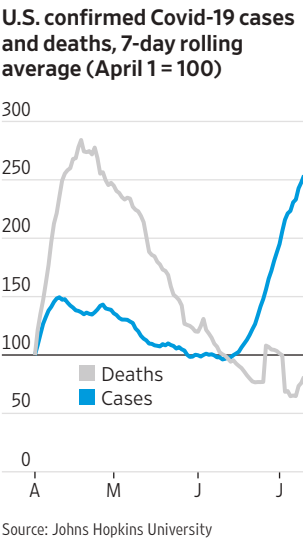
positive tests, hospitalizations and deaths create a sense of how the virus is spreading. But epidemiologists caution that deaths typically lag behind other indicators, as the disease often progresses over the course of weeks in the most severe cases.

California, which has recorded more than 770 deaths since July 1, has seen coronavirus hospitalizations increase 44% over the past two weeks, Gov. Gavin Newsom said Thursday. More than 7.3% of Californians screened last week tested positive. That figure was higher in Los Angeles County, where officials warned Thursday of increased spread and "substantially higher" virus-related hospitalizations.

In South Carolina, where infections climbed more than 25% over the past week, the state said that about three-fourths of its hospital beds are currently in use. Coronavirus patients accounted for 17% of the more than 8,000 occupied beds.

Dr. Cassandra Salgado, director of the infectious diseases division at the Medical University of South Carolina, said that in the Charleston area, the proportion of people entering hospitals for the virus are younger and typically had better outcomes than older, more vulnerable people.

Dr. Salgado also said she is



waiting to see how the July Fourth weekend impacts the state's numbers.

South Carolina and Nevada joined the growing list of states that have imposed restrictions on bars as infections have spread among young people. South Carolina Gov. Henry McMaster on Friday prohibited bars and restaurants from selling alcohol after 11 p.m.

Texas Gov. Greg Abbott also recently moved to shut down bars and ordered most Texans to wear face masks in public. Thursday he barred elective surgeries in dozens of counties, saying the state was "freeing up more resources to address



Health-care workers administering coronavirus tests at a drive-through testing site in Las Vegas, Nev., on Friday.

upticks in Covid-19-related cases." Texas had 9,689 coronavirus hospitalizations as of Thursday.

The state reported 105 deaths Thursday, the most it has recorded daily so far during the pandemic. Dr. Luis Ostrosky, a professor of infectious diseases at McGovern Medical School at UTHealth, said he applauded Mr. Abbott's recent moves and thinks the more unified public-health messaging would help.

"I think we're going to be in for a couple of rough weeks or months," Dr. Ostrosky said.

On Thursday, Arizona Gov. Doug Ducey ordered restau-

rants with indoor seating to operate at less than 50% capacity. Daily new cases there have declined since hitting a high of more than 5,000 on June 29. But the rate of people testing positive for Covid-19 was 11.7% on Friday, according to health department data. Roughly 89% of the state's intensive-care beds are in use, according to the data.

"You are safer at home at this time in Arizona," Mr. Ducey said Thursday.

In Florida, Gov. Ron DeSantis said Friday that the state is "working hard to minimize" deaths from the virus and that he would have an update Satur-

day on next steps. New York Gov. Andrew Cuomo said Friday his state was sending Florida a shipment of remdesivir, a treatment used for the virus, that could treat up to 280 patients.

Florida, which reported more than 11,300 new cases Thursday, has sought to protect its elderly population by opening centers to house patients who have tested positive for Covid-19. Florida also put restrictions on bars as the virus became more prevalent among younger residents, and as the percentage of people testing positive for it hit around 15%.

Authorities' emphasis on restricting access to bars and restaurants comes as the World Health Organization issued updated guidance on how the new coronavirus spreads. It said people who are talking or singing might expel the virus through tiny airborne particles that float through cramped and unventilated spaces such as restaurants or nightclubs. The WHO also said that nearly half of all coronavirus transmissions might come from people who have yet to show symptoms and don't know they are sick.

Both changes mark a shift from previous versions of the organization's guidelines, which had said the disease was spread by larger droplets and principally by people who already feel ill.

WORLD NEWS

Hagia Sophia Reverts to Mosque

Turkish court rules the museum must go back to being a full-fledged place of worship

By David Gauthier-Villars

ISTANBUL—President Recep Tayyip Erdogan said Friday that the city’s sixth-century Hagia Sophia, which became a symbol of secularism in modern Turkey when it was converted into a museum in the 1930s, would reopen to Muslim prayer as a full-fledged mosque later this month, a shift opposed by the U.S. and others.

The structure, with its huge dome and towering minarets, has long played a pivotal role in the culture of the city and in Turkey at large. It was built as a Christian temple by the Byzantine empire, then became a mosque after the Ottomans conquered Constantinople, as Istanbul was previously known, in the mid-15th century.

In 1934, Mustafa Kemal Atatürk, the father of modern Turkey, had Hagia Sophia made into a museum as part of his efforts to modernize the country and encourage it to compete with European powers.

On Friday, however, the Council of State, Turkey’s highest administrative court, said the edict that converted the structure into a museum was illegal, effectively turning Hagia Sophia back into an Islamic place of worship, Turkish law experts said, and delivering Mr. Erdogan a victory he has long pursued.

Minutes after the ruling, Mr. Erdogan signed a decree transferring the management of Hagia Sophia from the Ministry of Culture to the Directorate of Religious Affairs.

In a televised speech later Friday, he said it was important to restore the building’s status as it had been defined by Fatih Sultan Mehmet upon his conquest of Constantinople, in 1453.

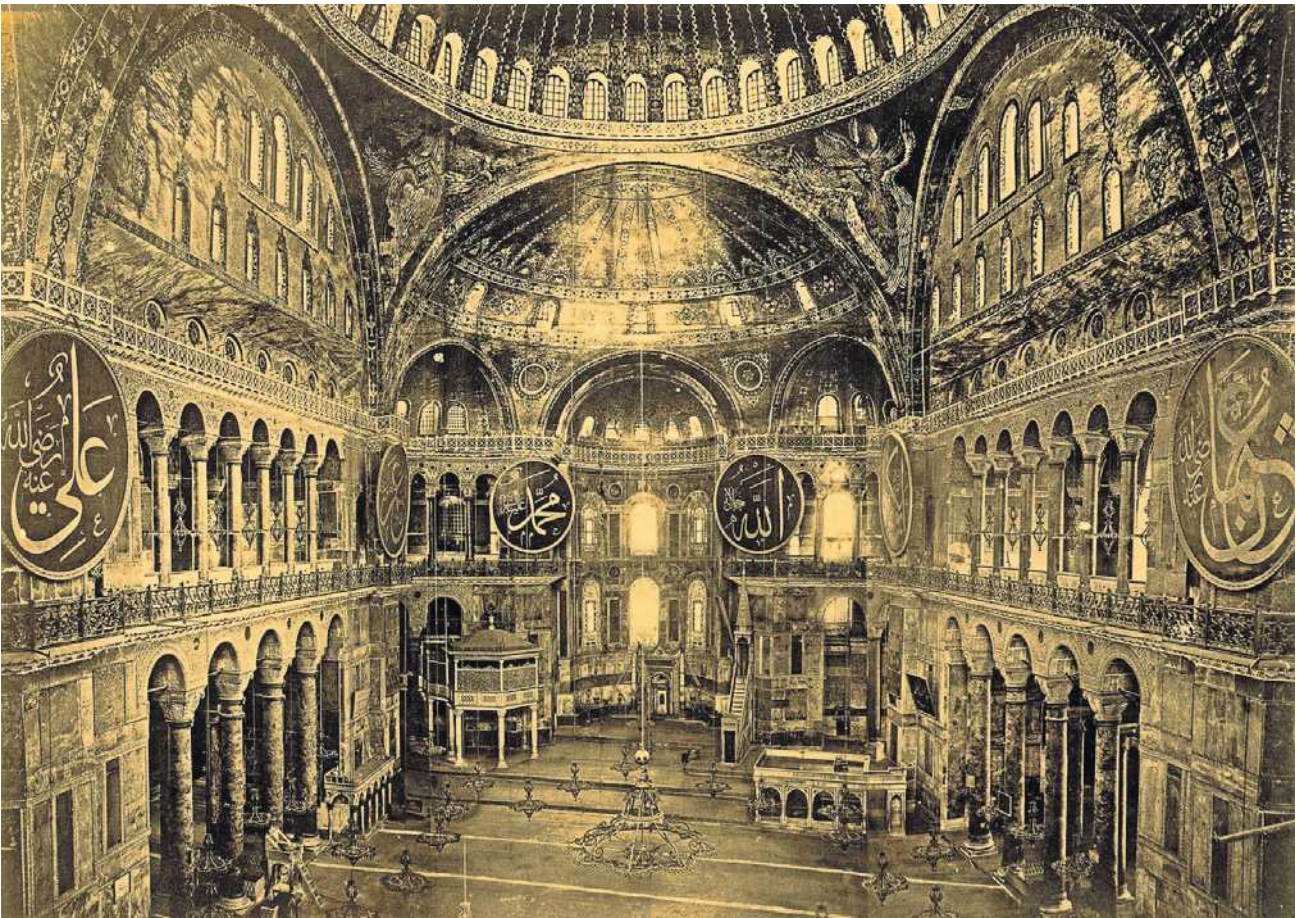
“Turkish people have no less right to Hagia Sophia than those who built it first 1,500 years ago,” the president said.

The first prayer service will be held on July 24 and the building would remain accessible to non-Muslims, Mr. Erdogan said, without elaborating.

By restoring Hagia Sophia’s status as a mosque, Mr. Erdogan has advanced his project to provide more room for Islam inside the secular republic, while demonstrating that he can still influence what happens in Istanbul, despite his ruling party suffering a stinging defeat in last year’s local elections.

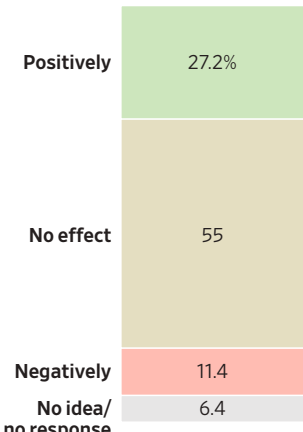
“It’s all about domestic politics, in order to keep together the eroding voter base,” said Murat Yetkin, a political analyst.

Hagia Sophia’s conversion



Interior of Ayasofya Mosque between 1888 and 1910. Below, People celebrated outside the Hagia Sophia museum on Friday.

Voters who say returning Hagia Sophia to an active mosque would change their view of Erdogan's party.



Note: Total positive responses include 'very positively' and 'positively.' Total negative responses include 'very negatively' and 'negatively.'

Source: MetroPOLL telephone poll of 1,330 voters conducted June 24-27; with a margin of error of +/- 2.69 percentage points

might not have the rallying effect the president is looking for.

Opinion polls suggest many Turkish voters are more concerned with the economic aftershocks of the pandemic, and have little interest in how the building is used.

Opposition leaders largely have sidestepped the Hagia Sophia issue, saying they would rather focus on repairing the economy.

Still, the campaign to turn Hagia Sophia back into a mosque has allowed Mr. Erdogan—who has been at the helm of Turkey for 18 years—to cast himself as a resolute leader, impervious to a torrent



of criticism from Washington to Moscow and Athens, where both political and religious leaders have warned the Turkish president about damaging a unique emblem of Istanbul’s Christian and Muslim traditions.

Earlier this month, U.S. Secretary of State Mike Pompeo said Washington would view a change in Hagia Sophia’s status as “diminishing the legacy of this remarkable building and its unsurpassed ability...to serve humanity as a much-needed bridge between those of differing faith traditions and cultures.”

The Turkish Foreign Ministry said it was “shocked” by Mr. Pompeo’s remarks, adding that “Hagia Sophia, situated on our land, is the property of Turkey, like all our cultural assets.”

When Greece protested the planned change last month, urging Turkey to act as a neutral custodian of a site that once was the seat of the Orthodox patriarch of Constantinople and “belongs to all of humanity,” Mr. Erdogan snapped back. “Are you governing Turkey?”

After the ruling was announced, the Russian Orthodox Church expressed dismay, saying through a spokesman that “the concern of millions of Christians were not heard,” according to Russian news agency Interfax.

The controversy is likely to rumble on.

Following Mr. Erdogan’s announcement, Unesco, which lists the building as a World Heritage site, said it deeply regretted a decision “taken without prior dialogue.”

The United Nations cultural agency said Turkey has a responsibility to preserve both the Christian and Muslim influences that went into creating the Hagia Sophia as it appears today, and the way it has brought the two communities together in having a say in its future.

“Its status as a museum reflects the universal nature of its heritage, and makes it a powerful symbol for dialogue,” said Audrey Azoulay, Unesco’s director general.

The Turkish presidential spokesman, Ibrahim Kalin, said opening Hagia Sophia to worship won’t prevent tourists from visiting the site.

“A loss from the world’s heritage is not in question,” he told Anadolu, the Turkish state news agency.

Decision Dismays Christians, Neighbors

By David Gauthier-Villars

ISTANBUL—With its vast dome and towering minarets, Hagia Sophia is to humanity what the Grand Canyon is to geology: An open-air book that concentrates nearly one and a half millennia of history as the successive heart of Orthodox Christian and Muslim empires, punctuated by ransacking, fires and earthquakes.

But by deciding to transform back into a full-fledged mosque a building that has been a museum since the 1930s and has become a powerful symbol of ecumenical relations, Turkish President Recep Tayyip Erdogan sent a triple tremor, historians say.

The decision has caused dismay among the Orthodox, who worry about new tensions with Sunni Turks, among Turkey’s neighbors alarmed by Mr. Erdogan’s neo-Ottoman rhetoric, as well as among the community of curators and historians who worry about the fate of Hagia Sophia’s unique medieval mosaics.

“Whether they use it as a mosque or not is frankly none of my business,” said Michael Talbot, a lecturer of history at the University of Greenwich. “But it’s what happens to the historical artifacts inside that is concerning, because that’s not just the property of the Turkish republic, that’s a heritage for the world.”

Stunning visitors with its massive size when it was completed as a Christian temple in A.D. 537 in the peninsula of what was then Constantinople, Hagia Sophia is an architectural marvel that influenced building design over centuries.

Used by the Byzantines to crown their emperors, the building suffered extensive damages in 1204 when Roman Catholic crusaders ransacked Constantinople. When the Ottomans led by Fatih Sultan Mehmet conquered the city, which they called the Red Apple, in 1453, they fulfilled “an ardent Islamic desire that stretched back 800 years, almost to the Prophet himself, and was hedged about with legend, predictions and apocryphal sayings,” according to Roger Crowley’s book “The Last Great Siege.”

The loss of Constantinople and Hagia Sophia created a trauma for generations of Orthodox followers that, to this day, hasn’t gone away, said Mr. Talbot, explaining why Orthodox leaders from Greece to Russia criticized Friday’s decision. “It’s like if Saint Peter’s had been turned into a mosque,” he said.

Seoul Mayor Leaves Behind Legacy Layered in Mystery

By Timothy W. Martin and Eun-Young Jeong

SEOUL—For decades, Park Won-soon operated with little ambiguity.

As a lawyer, he helped win what reportedly is South Korea’s first sexual-harassment case in the early 1990s. He was a founding member of a prominent civil-rights group of progressive lawyers. And he shocked South Korea’s political establishment in 2011 by winning the Seoul mayorship, widely viewed as the country’s second-most powerful political post, as an outsider with no political experience.

The 64-year-old won three terms as leader of South Korea’s capital, a city of 10 million people, by defying the opaque calculation often associated with the country’s typical political leaders. He spoke freely, and openly, about backing same-sex marriage and feminism. But now, Mr. Park, who was found dead Friday, has left a legacy layered in mystery.

A female former secretary of Mr. Park’s recently had gone to the police, accusing Mr. Park of sexual misconduct, South Korea’s semiofficial Yonhap News Agency reported, citing unnamed law-enforcement sources. Seoul police have confirmed a formal complaint had



The capital city plans to hold a five-day funeral for Park Won-soon.

been filed, though haven’t elaborated. No clear link between Mr. Park’s death and the reported allegation has surfaced.

The unknowns extend to the circumstances surrounding his abrupt death. On Thursday, Mr. Park had gone missing until police dogs found his body in the forestry hills in northern Seoul. Authorities don’t suspect foul play. The death is being investigated as a potential suicide, police said.

In a handwritten note, Mr. Park gave a broad apology, thanked those who had been in his life and requested his ashes be spread on his parents’ grave. “I’m sorry to my family for giving you nothing but pain,” the ink-smudged note read. “Goodbye everyone.”

The Seoul city government plans to hold a five-day mayoral funeral for Mr. Park.

A by-election to replace Mr. Park is set for April. Until then, Seo Jeong-hyup, who had been vice mayor for administrative affairs, will serve as Seoul acting mayor.

Mr. Park, who had about two years left in his four-year term, was the first sitting Seoul leader to die while in office, officials said.

Under South Korean law, any criminal probe against Mr. Park would be dropped. Legal action still could occur through a civil suit, in which case the court would examine the authenticity of the sexual-misconduct allegations, South Korean legal experts said.

North Korea Casts Doubt On Future of Nuclear Talks

By Dasl Yoon

SEOUL—Another nuclear summit between North Korea and the U.S. would be “unprofitable” unless Washington changes its negotiating stance, said Kim Yo Jong, sister of the regime’s leader, in her latest display of public politicking.

In a lengthy statement published Friday by North Korean state media, Ms. Kim said she doubts a summit between the two countries would happen “this year and beyond,” calling another high-profile meeting between Kim Jong Un and President Trump unnecessary.

Ms. Kim’s remarks, which mentioned but didn’t directly criticize Mr. Trump, underlined the country’s message to the U.S. this year: Drop hostilities toward the North and bring a new approach to talks. Until then, diplomacy is all but done.

President Trump said Tuesday in an interview with Gray Television that he would meet with North Korea again “if I thought it was going to be helpful.” The U.S. envoy to North Korea, on a visit to Seoul, reiterated openness to restarting talks. On Thursday, Secretary of State Mike Pompeo signaled that Washington is hopeful about continuing dialogue.



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WORLD NEWS

Singapore’s Ruling Party Retains Power

By FELIZ SOLOMON

SINGAPORE—Singapore’s ruling party kept its hold on power in national elections Friday, but the opposition made significant gains, capturing the highest number of seats it ever has in the tightly controlled city-state that now faces a recession stemming from the pandemic.

Prime Minister Lee Hsien Loong, whose party has been in power since independence in 1965, campaigned on steering Singapore through the health and economic crises. The nation of 5.6 million people is highly dependent on international commerce, and has suffered from a monthslong lockdown designed to fight the virus and disruptions to global supply chains.

The People’s Action Party won 83 of 93 parliamentary seats to maintain its supermajority for another five-year term. The main opposition Workers’ Party took 10 seats, surpassing its previous highest tally of six in the last two elections and signaling discontent

over issues such as income inequality and the cost of living. The results could complicate Mr. Lee’s succession plan. The prime minister, who has held the office since 2004, is expected to retire in the coming

The opposition made big gains, winning the highest number of seats it ever has.

years, though he said recently he would see the coronavirus crisis through before stepping down. Deputy Prime Minister Heng Swee Keat, who also is the finance minister, is expected to succeed him as party chief.

“This shows that Singaporeans are more receptive to the idea that there can be, and there should be, other voices in the government,” said Chong Ja Ian, political scientist and visiting scholar at the Harvard-Yenching Institute, which promotes research in

Asian studies. “It’s about not giving the PAP a blank check.”

The government’s response to the pandemic has drawn mixed reviews. Aggressive testing and contact-tracing kept infections low at the start of the outbreak, and its health-care system was never overwhelmed.

By early April, however, infections climbed after outbreaks emerged in crowded dormitories home to more than 300,000 migrant workers. Workers-rights advocates said infections were inevitable in the spaces—where rooms are often shared by 12 to 20 people—and that authorities failed to pay attention to the vulnerable population.

More than 45,000 cases of Covid-19 have been reported in Singapore, the highest number per capita in Southeast Asia, in part because of extensive testing. Free, high-quality medical treatment has contributed to the city-state’s low fatality rate. Singapore has reported 26 deaths from the virus.

The pandemic featured prominently in the nine-day election campaign in which



Singapore Prime Minister Lee Hsien Loong, in white, arriving at a PAP office after the party’s win.

Mr. Lee’s party asked voters to put a priority on stability and experience during turbulent times. In a speech last month, Mr. Lee also pointed to “external uncertainties,” such as U.S.-China tensions and the American presidential elections this year. He has urged the two powers to avoid a confrontational path that, he has said, would pressure other countries in Asia to pick sides.

On Friday, voters wore masks at polling booths and scanned bar codes as part of a

digital check-in system to enable contract-tracing required at most venues across Singapore, including restaurants and shopping malls. Poll workers sat at desks spaced at least about 3 feet apart wearing masks, face shields and gloves, and stations were cleaned every 30 minutes. In-person rallies weren’t allowed in the run-up to the vote.

“This election was less dynamic in the sense that you didn’t get to see the candidates up close and personal,” said

Kelvin Kong, after casting his vote. “It just feels different.”

Public dissent is muted in Singapore, and opposition parties say nonestablishment views are tough to promote. U.S.-based nonprofit Freedom House rated the country as “partly free” in its annual Freedom in the World index. The group said Singapore’s political structure “constrains the growth of credible opposition parties and limits freedoms of expression, assembly, and association.”

WORLD WATCH



WAR’S TOLL: Mourners pray next to the coffins of nine newly found men and boys killed in the 1995 Srebrenica, Bosnia, massacre of more than 8,000 Bosnian Muslims when Bosnian Serbs overran the city. The attack was the worst mass killing in Europe since World War II.

U.S. Warns of Tariffs On Cosmetics, Bags

FRANCE

The Trump administration said it would put tariffs on \$1.3 billion of French imports if Paris doesn’t back down from plans to impose a new digital-services tax that would fall heavily on U.S. technology companies.

The Office of the U.S. Trade Representative said the proposed tariffs on certain cosmetics and handbags wouldn’t take effect until Jan. 6, 2021, which gives time for both sides to negotiate a settlement.

The USTR said in a filing Friday that the tariffs would be set at a rate of 25%. The administration previously had considered a wider range of goods for the tariffs, including wines and cheeses, that were left off the final list announced Friday. The administration had also said the

tariffs could be as high as 100%.

The tariffs are being imposed after a USTR investigation concluded that France’s digital-services tax was designed to discriminate against U.S. digital companies.

The French Embassy in Washington didn’t return a request for comment Friday night.

—Josh Zumbrun

Almost 1 Million Jobs Were Added in June

CANADA

Canada posted a blockbuster jobs gain in June, adding to evidence of an economic rebound as government restrictions to slow the spread of the new coronavirus are eased.

The Canadian economy added a net 952,900 jobs in June on a seasonally adjusted basis, Statistics Canada said Friday, building on a surprise gain of 289,600 in

the previous month.

Despite the strong advances of the past two months, the level of employment in Canada is still about 9% below what it was in February, the data agency said.

The Canadian economy lost roughly three million jobs between February and April as businesses and schools were closed to comply with virus-related restrictions on activity.

—Kim Mackrael

Pandemic Makes Regional Resurgence

BALKANS

Coronavirus infections are surging in southeastern Europe and some other regions that had initially managed to curb the pandemic, with some governments facing protests as they restore confinement measures.

On Tuesday, thousands of

protesters attempted to storm the Serbian parliament after the government said the country would go into lockdown again this weekend. Since then, protests have multiplied across Serbia, prompting authorities to focus on local measures instead.

Balkan nations such as Croatia, Serbia and Greece moved early in the spring to introduce social-distancing and hygiene measures. But after they lifted restrictions on the tourism industry and allowed large sporting events or political rallies in recent months, Covid-19 infections increased.

Serbia had imposed one of Europe’s toughest lockdowns, including a curfew in some areas, but all restrictions were lifted at once ahead of the June 21 parliamentary elections, with the government allowing for events such as soccer matches and election rallies that in some cases drew tens of thousands of people.

—Bojan Pancevski

Trump Cools on China Deal

Continued from Page One

about prospects for new talks.

“It’s not feasible to expect phase two to start until phase one is implemented and the overall environment of the U.S.-China relationship improves,” said Myron Brilliant, executive vice president and head of international affairs at the U.S. Chamber of Commerce.

In Beijing, officials were always cool to the idea of a phase-two deal—believing they had little to gain from U.S. demands that China cut government subsidies to domestic companies, downsize state-owned firms and ease the government’s grip on the economy.

Chinese leaders believe the state-directed model is responsible for the nation’s rise from poverty, and will be important going forward as it moves toward developing its own technology industry and cutting its dependence on the U.S.

The U.S. had a \$308 billion trade deficit in goods and services with China in 2019, due to the U.S. importing far more goods than it exports. That deficit is little changed since 2016, when Mr. Trump took office, but is down from a peak imbalance of nearly \$380 billion that was reached in 2018.

The president’s announcement that phase-two talks are on the back burner also means that U.S. tariffs on imports from China are unlikely to be removed soon. The U.S. has imposed tariffs on about \$360 billion a year worth of goods from China. As part of the deal struck in January, the administration cut the rate to 7.5% from 15% on about \$110 billion

worth of goods, while leaving tariffs on the rest at 25%.

The tariffs must be directly paid by U.S. importers, who often pass the cost to consumers. Many of these businesses have opposed the tariffs on the grounds that they do more to hurt U.S. companies than to pressure China to change its

The delay in talks means some U.S. tariffs on Chinese imports will remain.

policies, and are dismayed that the tariffs will remain in effect.

“We’re strongly disappointed that the administration doesn’t want to solve the high tariffs paid by U.S. businesses and consumers and doesn’t want to solve the high barriers to trade that some of

our exporting industries face as well,” said David French, senior vice president of government relations at the National Retail Federation.

Mr. Trump made ending the trade imbalance a centerpiece of his 2016 presidential campaign, and began imposing a series of tariffs on Chinese goods starting in 2018 to pressure Beijing for concessions.

Talks initially focused on a comprehensive deal, but fell apart in May 2019, resulting in an escalation of tariffs. The U.S. accused the Chinese negotiators of backtracking in the talks. When negotiators revived talks in the fall, they focused on a narrower set of issues.

A centerpiece of the phase-one deal was a Chinese commitment to boost its purchasing of U.S. exports. But as coronavirus lockdowns shuttered first the Chinese economy, then the U.S. economy, trade between the countries—and trade globally—fell sharply.

The agreement called on China to hit specific dollar targets for agricultural goods, energy products, manufactured goods and services in 2020, and an even higher target in 2021.

In April and May, China began to step up its purchases of U.S. exports, but with six months of 2020 gone, it is nowhere near the pace necessary to hit the goals by year’s end.

Meanwhile, the trade in services between the U.S. and China, which includes tourism and higher education, remains severely hampered by travel restrictions. China has made more progress in implementing other aspects of the deal, such as improving its intellectual property protections.

After completing the phase-one deal, the U.S. had said it would wait for future phases to negotiate on some of the most difficult issues—such as Beijing’s pressure on U.S. businesses to share technology with Chinese partners, and

China’s heavy subsidization of many of its domestic companies. Those issues weren’t part of the deal signed in January.

At the time, Mr. Trump said that the U.S. and China would begin negotiating phase two “right away.” But he signaled then that a deal might not happen this year.

In addition to falling short of the purchase totals, U.S.-China relations have been severely strained by a host of issues not directly related to trade.

The U.S. has repeatedly blamed China for being the source of the coronavirus pandemic, opposed China’s measures to limit Hong Kong’s autonomy, and become increasingly critical of human-rights abuses toward Uighur Muslims in China’s Xinjiang region. China has said U.S. criticism on these issues could put phase one of the agreement in jeopardy.

—Lingling Wei contributed to this article.

Trudeau Faces Ethics Scrutiny Over Charity

By KIM MACKRAEL

OTTAWA—Canadian Prime Minister Justin Trudeau is facing ethics questions about his government’s decision to grant a contract worth hundreds of millions of dollars to a charity whose events his relatives have been paid to speak at.

WE Charity said this week that Mr. Trudeau’s mother and brother were paid a total of about 282,000 Canadian dollars (US\$207,000) for dozens of speaking engagements at the charity’s events in the years since Mr. Trudeau became prime minister in November 2015.

Most of the payments were made by ME to WE, a for-profit organization that is affiliated with WE Charity.

Details about the payments are putting renewed attention on the government’s decision last month to award a contract to WE Charity to administer a C\$900 million grant program for student volunteers across the country. In late June, Mr. Trudeau said the organization was the only one with the capacity to administer the program, which is meant to provide one-time grants of up to C\$5,000 for students who volunteer in their communities.

The contract was canceled last week amid controversy about Mr. Trudeau’s proximity to the charity. The prime minister and his wife, Sophie Grégoire Trudeau, have both participated in WE Charity events, and Ms. Grégoire Trudeau is listed as an ambassador for the group.

On Thursday, WE Charity confirmed that Mr. Trudeau’s mother, Margaret Trudeau, was paid roughly C\$250,000 between 2016 and 2020 for about 28 speaking engagements at WE Charity events. The prime minister’s brother, Alexandre Trudeau, was paid about C\$32,000 in speaking fees for eight events in 2017 and 2018. Speakers’ Spotlight,

a Canadian speakers bureau that represents the Trudeau, was paid an additional C\$70,000 in commissions.

In addition, the charity said Ms. Grégoire Trudeau received a one-time speaking honorarium of C\$1,400 in 2012, before Mr. Trudeau became prime minister. Mr. Trudeau had never been paid to speak at the organization’s events, it said.

Margaret Trudeau is a high-profile author and mental-health advocate who was married for a number of years to Canadian Prime Minister Pierre Trudeau, who died in 2000 and was Justin Trudeau’s father. Alexandre Trudeau is an author and documentary filmmaker, and the son of Pierre Trudeau. Neither could be reached to comment.

A spokesman from the Prime Minister’s Office declined to comment on Ms. Grégoire Trudeau’s behalf.

News of the payments was earlier reported by Canadian news organizations Canada-



Canadian Prime Minister Justin Trudeau’s mother and brother were paid for work.

OBITUARIES

WILLIAM DEMENT
1928 — 2020

Professor Made Sleep a Science

By JAMES R. HAGERTY

William Dement, a medical professor at Stanford University, spent his career trying to wake Americans up to the dangers of not getting enough sleep.

In 1970, Dr. Dement opened what he called the world's first sleep-disorders clinic at Stanford. He established the treatment of those disorders as a board-certified medical specialty, lectured across the nation and taught a hugely popular undergraduate course called Sleep and Dreams. Typing with two fingers, he wrote books and more than 500 scientific articles.

Dr. Dement, who died of heart failure June 17 at the age of 91, kept his message simple for laypeople. On Johnny Carson's "To-

In a 2007 speech, Dr. Dement said that America is ‘not a sleep-aware society.’

night Show" in 1974, he told the late-night audience that "sleepiness is a signal to go to bed."

Even so, in a 2007 speech, he said too few people were seeking or being offered medical treatment for insomnia, sleep apnea and other ailments that deprived them of adequate sleep. Failing to treat those ailments increases the risks of falling asleep at the wheel and can lead to a weakened immune system and heart disease, among other health issues.

"We are not a sleep-aware society," Dr. Dement said. "The challenge today is education."

As a sleep doctor, he was always on duty. On a commercial flight, he once noticed a man snoring. Later, spotting the same man in an airport restroom, Dr. Dement warned him of the risks of sleep apnea. The snorer stalked

off without thanking Dr. Dement for his advice.

Rafael Pelayo, a Stanford professor of sleep medicine, said many others did heed his messages, and countless lives were saved as a result.

William Charles Dement was born July 29, 1928, and grew up in Walla Walla, Wash., where his father was a bookkeeper. Stationed by the Army in Japan after World War II, he edited a regimental newspaper.

While studying basic medical science at the University of Washington, he lived on a houseboat and played the string bass in jazz bands.

He wanted to become a psychoanalyst and enrolled in graduate school at the University of Chicago. There he met a physiologist, Nathaniel Kleitman, and a graduate student, Eugene Aserinsky, and worked with them on research illuminating what became known as rapid eye movement, or REM, sleep, the phase most associated with dreams. Dr. Dement earned a medical degree in 1955 and Ph.D. in neurophysiology two years later.

As a research fellow at Mount Sinai Hospital in New York, he conducted sleep research in his own Manhattan apartment. To find people willing to be monitored while sleeping, he advertised in a newspaper and attracted members of the Radio City Rockettes dance troupe.

His studies included electroencephalography, or EEG, tests in which electrodes were attached to the scalp to chart brain activity. Aside from the Rockettes, he ran tests on his wife, the former Eleanor "Pat" Weber, and himself.

During his Sleep and Dreams courses at Stanford, he sometimes used a squirt gun to rouse those who nodded off.

One mystery he couldn't solve was the purpose of dreams. "It's very puzzling," he once said. "What can it be for? Can it be some kind of cosmic joke?"

ANTHONY TERLATO
1934 — 2020

Wine Marketer Sold America on Pinot Grigio

By JAMES R. HAGERTY

Anthony Terlato, a Chicago-based wine importer, had a mission when he visited Italy in 1979: to track down an Italian white wine that, unlike Soave or Orvieto, could command a premium price.

In Milan, he asked a maître d'hôtel for "an absolutely spectacular white wine." He was served a Pinot Grigio, a wine then almost unknown in the U.S. For Mr. Terlato, it was "love at first taste," according to his 2008 memoir, "Taste: A Life in Wine."

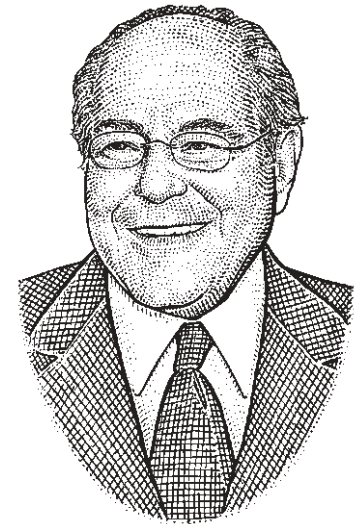
Conducting further research at another restaurant, he astonished a waiter by ordering all 18 Pinot Grigios listed on the menu. After tasting each of them, he concluded that Santa Margherita, made with grapes from the Alto Adige region of northern Italy, was the best. All that remained was to visit the winery and negotiate a long-term contract to import and market the wine in the U.S.

Advertised on "The Tonight Show" and promoted heavily coast-to-coast, it became a blockbuster, eventually selling more than 600,000 cases a year, and established Pinot Grigio as one of the most popular wines in the U.S.

Mr. Terlato, who died June 29 at the age of 86, evolved from one of the nation's leading marketers of fine wine into a producer as well. In the mid-1990s, he began acquiring and operating wineries, first in California and later in Italy.

When he got his start in the wine industry, in 1955, a bottle of Château Lafite could be bought for less than \$4, but Americans typically preferred coffee or tea with their meals.

Still, Mr. Terlato sensed potential. Working at his father's Leading Liquor Marts store in Chicago, he gravitated toward the wine aisle and began offering tastings. He read wine books, learned the



lingo and, during his honeymoon in California, met Robert Mondavi.

His hunch that millions of Americans could be persuaded to take wine seriously was the beginning of a business that became the Chicago-based Terlato Wine Group, now headed by his sons, Bill and John Terlato.

Anthony John "Tony" Terlato, an only child, was born May 11, 1934, and grew up in Brooklyn. His father, Salvatore Terlato, born in Italy, sold insurance and real estate.

As a boy, he delivered newspapers and groceries. After high school, he attended St. Francis College in Brooklyn to study business but dropped out during his second year and found work at a savings bank. Soon, he decided that "working at a bank was not for me, unless I owned it," as he wrote in his memoir.

After moving to Miami Beach, he worked as a bellboy and later as a doorman and swimming teacher at the Fontainebleau Hotel. Generous tipsters, he discovered, "walk, talk and look a certain way." He concentrated his attention on them.

Partly to lure the young man back into the family fold, his father moved to Chicago and opened Leading Liquor Marts. Tony Terlato agreed to help his father get started and soon discovered an interest in fine wine. He met Josephine "JoJo" Paterno, a daughter of Anthony Paterno, a family friend. They married in 1956.

Mr. Terlato joined Mr. Paterno's company, a bottler of cheap wine that arrived at the plant in railroad tank cars. Mr. Terlato's job was to sell that wine to liquor stores and restaurants. Many restaurant owners, he found, had only one question: How much does it cost per ounce?

As he searched for distinctive wines to distribute, Mr. Terlato squabbled with his father-in-law, who preferred focusing on lower-priced wines. "I threatened to leave often, and one time I actually did—for two months," he wrote. In the end, he prevailed and was promoted to president of the company in 1963 at age 29.

Mr. Terlato found some restaurants were reluctant to change their wine offerings because it meant reprinting menus. He bought a small printing press and began offering free wine-list reprints.

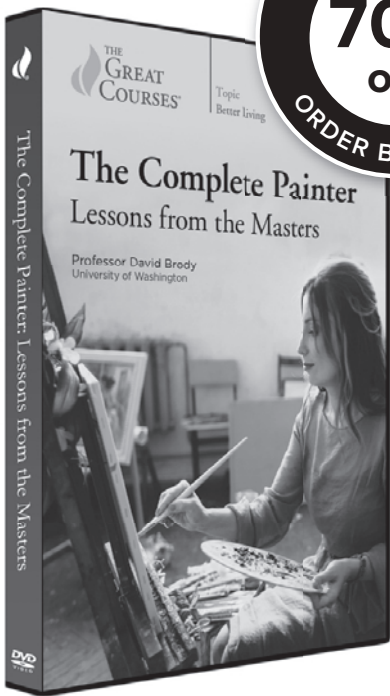
Eager to entertain customers in a more personal style, he learned to cook. Lunch guests at the company's private dining room included Philippine de Rothschild, Lee Iacocca and Julia Child. The company moved its headquarters to a castle-like mansion in Lake Bluff, Ill., to provide an Old World setting for its marathon feasts.

Mr. Terlato shunned wines sold mainly on affordability. "We never lower the price," he told the San Francisco Chronicle in 2005. "Instead, we make the quality better and let the other brands chase us."

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FROM PAGE ONE

Gibson Seeks Old Ledger

Continued from Page One
accused a prominent dealer of selling bogus guitars.

“About half of the ones I see are fake,” said Eric Ernest, a vintage guitar broker and authenticator who specializes in 1950s Gibsons.

To settle the confusion, Gibson wants its ledger back. The company next week plans to offer a \$59,000 reward for the ledger, which lists information about Les Pauls made between July 1958 and early 1960.

Gibson said that ledger was the only one to be lost during the move from Michigan to Tennessee.

“It does not seem a coincidence that that’s the only one to disappear,” said Cesar Gueikian, Gibson’s chief merchant officer. He said he thinks the book was probably stolen. The company didn’t notice the book had gone missing for



Joe Bonamassa playing his 1959 Gibson Les Paul.

several years, he said. At the time, the guitars sold for a few thousand dollars, so the significance of their loss wasn’t immediately felt. That changed as prices shot up.

Among aficionados, the missing ledger became a particularly vexing issue and eventually took on a kind of totemic status. The subject often comes up on Les Paul fan chat boards, where some posit that the book was destroyed in a fire, while others say it was stolen. Some collectors have even

offered their own, smaller, rewards in the hopes of better authenticating their instruments. Gibson has launched periodic efforts to find the book, although Mr. Gueikian described them as “half-hearted.”

The company plans to circulate pictures of its ledgers from other years to show what the missing one looked like.

Because of the difficulty in authenticating real 1959 Les Pauls, most sales are done privately, which only exacerbates the problem.

Even major collectors have gotten burned. In 2007, Melvyn Franks, whose \$17 million collection included nearly a dozen 1959 Les Pauls, sued Phil Winfield, a well-known seller of vintage guitars, claiming he had been sold several fakes. The case was later settled out of court. Mr. Franks declined to comment, while Mr. Winfield didn’t respond to messages seeking comment.

Blues guitarist Joe Bonamassa, who owns 18 of the 1959 model, said he isn’t concerned any in his collection are fake. He said he had encountered a few fakes and they had been obvious. “The quality of these guitars is very consistent, so any flaw or questionable part stands out,” he said.

The model—named after jazz legend and electric-guitar pioneer Les Paul, who consulted on its design—hit the market in 1951. In mid-1958, the guitar was redesigned, with the most notable change being to its color, which featured a “sunburst” finish, fading from light to dark around the edges with flame stippling in the grain.

The sunburst guitars began production in mid-1958 and continued through 1960 with

some minor production changes throughout. The 1959 versions are most desirable because the necks for those instruments are a thickness often preferred by players.

The original price tag of \$450 with a case—approximately \$4,000 today when adjusted for inflation—proved too dear for most. As rock ‘n’ roll exploded, younger musicians gravitated to cheaper and lighter Fender Stratocasters and Telecasters. By 1961, Gibson ceased producing the traditional Les Paul, changing its main model to a double cutaway version that would later be called the SG.

The Les Paul in its original design returned in 1968, by which time the older model had seen a resurgence in popularity, with legends like Eric Clapton and Jerry Garcia playing it.

“By 1967-68, the word was out: this was the ultimate blues-rock guitar,” Mr. Bonamassa said. “Growing up listening to British blues or Southern rock bands like ZZ Top or the Allman Brothers, there was just this common tone and it was always this guitar.”

Rick Nielsen of the band Cheap Trick, a guitar collector

who has owned a dozen 1959s over the years said, “If you are a player, this is definitely one of the ones you want to own.”

His most recent acquisition—a 1959 that had once been owned by Rush’s Geddy Lee—cost him over \$200,000 at auction this year, he said.

“That’s the most I’ve ever paid for a guitar,” he said.

Some notable 1959s have sold for far more. One that had been owned by Fleetwood Mac co-founder Peter Green and later Thin Lizzy’s Gary Moore sold for \$2 million to a private collector, according to reports of the deal. It is now owned by Metallica’s Kirk Hammett.

Mr. Gueikian, Gibson’s chief merchant officer, said Gibson believes the \$59,000 reward is high enough to bring whoever has the ledger forward.

“My realistic expectation is that we have a 50-50 chance of finding it—if it still exists,” he said.

Mr. Bonamassa said he isn’t convinced the book is still around. “They threw a lot of stuff in the dumpster back then. It wasn’t like these were kept in a fire-proof gun safe. They were just laying on shelves.”

Billionaire British Twins Split

Continued from Page One
family members with competing interests.

Until this year the 85-year-old Barclay brothers were best known for their ownership of the Ritz and the Daily Telegraph, an influential conservative newspaper where U.K. Prime Minister Boris Johnson worked. Their wealth, estimated by The Sunday Times Rich List, an annual compendium of Britain’s richest, at a combined net worth of about \$8.8 billion, was rivaled by their desire to stay out of the public eye.

The simmering divisions between the brothers’ families were thrust into the public eye when Frederick and his daughter Amanda sued three of David’s children, one of his grandchildren and two family business executives for alleged misuse of private information, breach of confidence and violations of U.K. data-protection laws.

‘Betrayal’

Frederick “had placed great trust in two of his nephews to run the business empire that he had built with his brother,” his lawyer, Hefin Rees, said in court. “He is a man who is now left to contemplate his nephews’ betrayal and a father who has witnessed the prejudicial treatment of his daughter by her cousins,” he said.

In a defense filing in the suit, submitted in June, David’s sons Aidan, Howard and Alistair, and other defendants, publicly acknowledged the bugging. They admitted breach of confidence and misuse of private information but deny all other allegations, and maintain they didn’t cause the plaintiffs any economic loss.

The defense filing said Frederick hasn’t been directly involved in the family business for the better part of 30 years but had been holding conversations about sensitive commercial matters that were potentially damaging to it.

On Jan. 13, Alistair, 30 years old, entered the glass-roofed conservatory of the Ritz, according to CCTV footage provided to the court by Frederick’s lawyers. The room was a favorite haunt of Frederick, who often smoked cigars there.

Dressed in a Harvard University hoodie and sweatpants, the younger Barclay appeared to replace the digital memory card of a listening device that had been put inside an adapter plug fitted to a socket.

For two months, the bug had been picking up sensitive commercial and private conversations between Frederick and Amanda, according to legal documents that were part of Frederick’s lawsuit.

The recordings, which Alistair and his older brother Aidan, referred to as “podcasts” in private WhatsApp messages, captured over 1,000 separate conversations in over 94 hours of audio recordings, according to Frederick’s legal suit.

Alistair, a former race-car



Frederick and David Barclay outside Buckingham Palace after receiving their knighthoods from the Queen in 2000.

driver, stored copies of some recordings on his laptops, the defense documents say. He later destroyed one laptop, giving it to his housekeeper, who disposed of it and the recording device in a trash bin, according to the defense documents.

David and Frederick were born in West London, into a family of nine, to a father who sold bakery goods.

The twins were evacuated to live outside of London ahead of German bombing raids, an experience they hated, according to a person familiar with the matter. Their father died when they were young, of complications related to being gassed while fighting in World War I. As adults, David and Frederick would talk of accompanying their mother to collect wages from their father at the bakery where he worked.

Leaving school at 16, they set up together as house painters in postwar London’s blitz-scarred streets before branching out to buy low-rent boardinghouses, which they turned into hotels.

They began purchasing hotels and diversifying farther afield, starting a decadeslong business of buying and selling a portfolio of assets. Several businessmen who dealt with the Barclays remember the pair as hardball negotiators, who often played off one another. Brian Basham, a public relations consultant, described the brothers negotiating a proposed fee for his advice in the 1980s as a “Tweedledum and Tweedledee cross-talk act.”

Fort Brecqhou

In 1993, they bought the lease on Brecqhou, a 74-acre island that is part of an archipelago of self-governing British territories in the English Channel. The twins built a huge castle, complete with spires and towers, and called it Fort Brecqhou. They brought over the gates of the bakery where their father worked long ago.

They bought the Ritz in 1995, a move that pulled them from relative obscurity into the top tiers of British society, and in 2000 they were knighted by the Queen.



The planned sale of the Ritz hotel, shown in London on March 5, 2020, was central to the fight.

The family then turned to newspapers, buying a string of them. In 2004, they bought the Daily Telegraph, popular among British Tories.

The two shared tastes and politics, idolizing the free-markets individualism of Margaret Thatcher, the former prime minister who died at the Ritz while a guest of the brothers.

But the cigar aficionados also pursued different interests: Frederick enjoys ballroom dancing, while his brother, who is devoutly religious, likes to talk about theology, according to people familiar with the family.

They and their offspring met for joint holidays on Brecqhou and at family homes in Switzerland, London and Monaco, according to these people.

In 2004, Paul Armorgie, a businessman and politician from the nearby island of Sark, was part of a group that visited Brecqhou.

Dressed in blazers and ties, David and Frederick showed the Sark group into a large room with pillars. Waiters with bow ties and white jackets served coffee and water in crockery monogrammed “DF.”

“It was like you were speaking to a two-headed creature, one would start a conversation, and the other would finish,” Mr. Armorgie said. “They were very much in harmony.”

While guarding their privacy in the U.K., behind the

scenes their prominence opened doors to senior British politicians, such as Michael Howard, then-leader of the Conservative Party.

Their public spat “is a great surprise,” says Mr. Howard. “As far as I was aware they were extremely close.”

Frederick had always regretted the way he agreed to divide the family fortune with David, according to people familiar with the matter.

Instead of a simple 50-50 split, these people said, a trust apportions a 25% share of the economic interest in the bulk

‘It was like you were speaking to a two-headed creature,’ said a castle visitor.

of the family business to three of David’s four sons, Aidan, 64, Howard, 60 and Alistair; and to Frederick’s daughter Amanda, 42.

David felt the 75/25 split should reflect his larger family and the fact that Aidan was already taking over the operations of the business, according to two people who knew the family. Amanda Barclay was around 11 when the negotiations happened.

Frederick agreed to the unorthodox deal, at a time when

he had sympathy for his brother because David was ill, according to one person familiar with Frederick. In 2012, Frederick described his brother, in a supporting witness statement to litigation related to ownership of London hotels, as having been “seriously ill for some time with angina.”

Around four years ago, the family feud over the trust reignited, when David’s family began to talk of again reslicing ownership of the business pie, according to people familiar with the matter. Frederick and Amanda, meanwhile, had become increasingly concerned by declining profitability at several of the family businesses, according to people familiar with the matter.

Over the past few years some of the Barclay family businesses have been buffeted, according to company filings. At an online retail business, Shop Direct, profits were sliding. A spokesman for Shop Direct said more recent results show the business has been “resilient” during the coronavirus pandemic.

Meanwhile, the family’s logistics and parcel-delivery company, Yodel, recorded a loss of £117 million (\$145 million) in 2018. It received a £115 million equity injection from another Barclay family company to cope with what it said was a challenging retail environment and a fire at a depot.

Like most newspaper businesses, the Daily Telegraph has seen profits suffer. The paper’s holding company posted profits of £700,000 in 2018, the latest year in which figures are available, down from £39 million in 2015. The company didn’t reply to emails seeking comment.

One of the most consistently profitable Barclays assets was the Ritz, the grand dame of British hotels. The hotel was opened in 1906 and quickly became a gathering place for the country’s political leaders and stars of the day, like Charlie Chaplin and Noel Coward.

In a rare public statement in February, Frederick talked of his pride in the hotel. According to people familiar with the matter, he often slept in his favorite suite on the third floor.

Frederick had become increasingly concerned about what would happen to Amanda after he died, according to people familiar with the matter, and sought to get her involved more in the family business.

Amanda felt she had been kept out of it by David’s side of the family and had a poor relationship with Aidan, according to two people familiar with the matter.

Aidan had long been viewed by people who worked for the family as a competent manager who had become the point person as the patriarchs stepped back.

In June 2019, Amanda was made a director at several companies connected to the Ritz.

On the block

When the Ritz was put up for sale last year, Frederick regretted the move and wanted to get involved in the process, according to people familiar with the matter. He has said he received attractive offers from prospective bidders.

David’s side called Frederick’s negotiations meddling. “He has for some time been conducting uninformed conversations with a range of third parties about sensitive commercial matters relating to the Group,” Ellerman, the holding company for the family’s business, said in a written statement.

Frederick suspected he was being listened in on, and he approached the hotel’s security department, which authorized the installation of CCTV cameras, according to a person familiar with the matter. The Ritz didn’t respond to requests for comment.

Among the conversations picked up by the bug: talk about bids for the Ritz, according to legal documents filed by Frederick’s lawyers as part of his suit. Frederick has said publicly that he passed on these bids to his nephews, who he says ignored them.

In March, as the coronavirus pandemic began shutting hotels around the world, the family holding company said it had sold the Ritz. The buyer and the price weren’t disclosed. A person familiar with the matter said it was bought for around £800 million by Qatari businessman Abdulhadi Mana Al-Hajri, brother-in-law of the emir of the Gulf state. Mr. Al-Hajri couldn’t be reached for comment and the Ritz didn’t respond to requests for comment.

OPINION

THE WEEKEND INTERVIEW with Glenn Loury | By Tunku Varadarajan

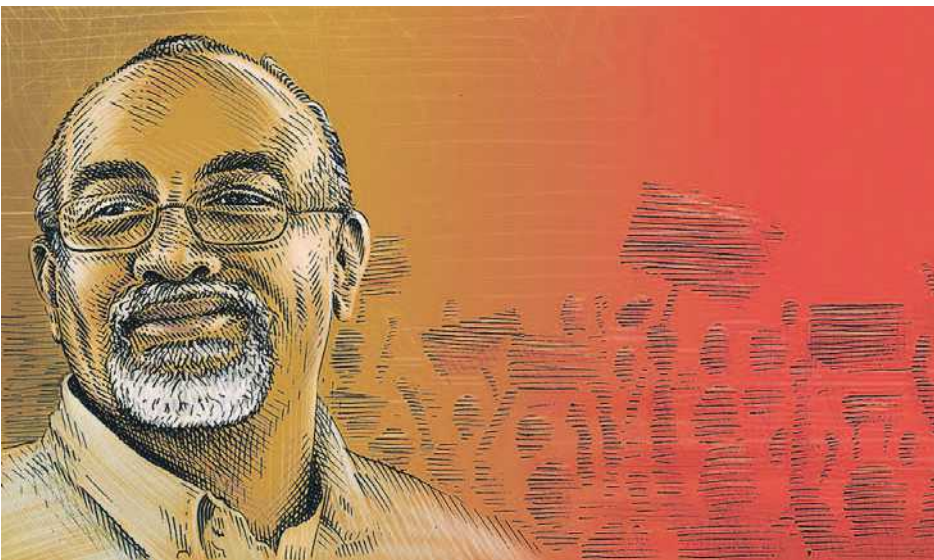
A Challenger of the Woke ‘Company Policy’

Next spring Glenn Loury will teach a new course on freedom of expression to students at Brown University, where he’s a professor of economics. “We’ll read Plato, Socrates, Milton, John Stuart Mill, George Orwell and Allan Bloom,” he says, stressing that Bloom’s best-known work, “The Closing of the American Mind: How Higher Education Has Failed Democracy and Impoverished the Souls of Today’s Students,” is as relevant as it was when published in 1987. Mr. Loury is thinking about adding “the Paxson letter” to his syllabus, so that his students might critique it. That June 1 missive to “the Brown Community” from Christina H. Paxson, Brown’s president, asserted that “oppression, as well as prejudice, outright bigotry and hate, directly and personally affect the lives of millions of people in this nation every minute and every hour.” It committed the university to “programming, courses, and research opportunities” that promote “equity and justice.”

The Brown economist on his winding journey from South Side Chicago to Reagan Republican, to the left and back to the right.

Mr. Loury scorns the letter as Ms. Paxson’s “company policy” and “the Black Lives Matter view of the world reflected from the Brown University college president’s office.” On June 5, he published a rebuttal in City Journal. Ms. Paxson’s letter was signed “by everybody,” from deans to the general counsel and even the investment manager for Brown’s \$4.2 billion endowment, Mr. Loury tells me by Zoom from his home in Providence, R.I. “That made it an official policy,” he says. “I don’t think universities should have official policies about contentious political issues.” If they do—“if we foreclose debate over contentious issues by declaring that there’s only one way for a decent person at this university to think about them”—“how can we fulfill our mission of teaching our students to think critically?” Scholarly inquiry ought to consist of an exploration of the evidence, the “moral commitments,” the political issues and the historical context. The Paxson letter makes these “hard questions” more perilous to ask. “I’m 71,” he says. “I have tenure. I have a chair. That doesn’t mean that I’m McCarthyism can’t get me, but I’m as secure as anybody is ever going to be.” What if he were 32, an untenured assistant professor of English or history?

“Dare I even mumble a contrary word once this kind of thing has been put out into the air? Universities shouldn’t be handing down a party-line document.” Few have dared dissent: Of his “500 professorial colleagues here at Brown,” he says, only three responded to his rebuttal by saying “good job.” He refers to McCarthyism advisedly, to “evoke a sense of witch hunt, of a moral consensus that tramples over people who dissent: I hunt back through the yearbooks to find out what you said when you were in high school, and say, ‘You see, you’re a racist.’ ” The “self-righteous, smug tyranny” is familiar: “It used to be, ‘You don’t think like me, you must be Communist.’ Now remove ‘Communist’ and put in ‘racist.’ ” Mr. Loury says he “politely declined” an invitation to sign “A Letter on Justice and Open Debate” published by Harper’s on Tuesday. Endorsed by some 150 liberal academics and writers, it denounces President Trump as “a real threat to democracy” before criticizing leftist repression. “I declined for two reasons,” Mr. Loury says. “First, I’m not ‘on the left’ and felt no need to signal solidarity with the left before criticizing cancel culture. And second, I don’t view Trump as the greatest threat to democracy in this country.” The truth, he adds, is “quite the opposite. It has been the refusal of the left to accept the democratic outcome of 2016 which precipitated the intolerance about which [the signatories] were complaining. So I did not sign.” Mr. Loury is a hard man to pigeonhole. He belongs to no party and says he isn’t “partisan in the electoral process,” so “ ‘on the right’ doesn’t quite suit me.” Yet on the issues that he cares about most—race, inequality and social justice in America—he is, he says, “right of center for sure, and considerably right of the center of opinion amongst African-Americans.” Parsing the politics of black America, he says that the prevailing orthodoxy requires him to support the payment of reparations to descendants of slaves, to assert that “voter suppression” today is comparable to Jim Crow, that the overrepresentation of blacks in prisons is “ipso facto an expression of white supremacy and structural racism,” and that preferential treatment is “entirely appropriate, and indeed imperative, as a matter of racial justice.” A black person who takes issue with these premises is largely ostracized. Here, an impassioned Mr. Loury delivers a small speech without pausing for breath: “If you



BARBARA KELLEY

don’t think that systemic racism accounts for the high rate of out-side-marriage births amongst African-American women, if you don’t think the school-to-prison pipeline cultivates the incarceration of black youngsters, if you have doubts about affirmative action, if you think self-reliance is important, if you think the coherence of the family is an elemental aspect of any social group’s being able to function adequately in the world, if you’re religious, and if you think that blacks’ obeisance to the Democratic Party is unhealthy for their long-term political interests—you’ll be dismissed as being on the right. And that’s where I find myself.” Mr. Loury’s trajectory has been complex and mercurial. He grew up in Chicago in the 1950s and ’60s, “a typical young man from the South Side, left of center, emphasizing blackness and our African heritage.” His mother was a secretary and his father managed 5,000 employees at an Internal Revenue Service office. His parents divorced when Glenn was 5, and he was raised by his mother’s extended family in “a small apartment upstairs, in the back of a grand house that my mother’s sister owned.” That aunt’s husband was a prosperous barber, master of the house, and his nephew’s role model. Another uncle, his mother’s brother, was a steelworker who fathered 22 children. “He lived as a polygamist,” Mr. Loury says, “with multiple wives and families.” Mr. Loury earned a bachelor’s in mathematics from Northwestern, then a doctorate in economics from the Massachusetts Institute of Technology. He read Hayek alongside “moderate economics” at MIT, and was attracted to the ideas of Milton Friedman. In 1982, at 33, he became Harvard’s youngest ever tenured black economics professor. By the mid-1980s, he says, “I’m a Reagan Republican.

I’m closeted—I’m voting for Reagan, but I won’t tell anybody that I am.” His family would have been aghast—and soon enough was. Mr. Loury acquired a national profile as a notable opponent of racial preferences. His uncle—the father of 22—took him aside and said: “‘We could only send the one [to college]. We sent you. I don’t see us in anything you do.’ ” Mr. Loury calls it “a terrible reprimand. He says, ‘You’ve betrayed your people.’ I was making white people feel good about their views of black people instead of working for the struggle on behalf of blacks.” In 1987 Mr. Loury was to be nominated as an undersecretary of education, but the offer was withdrawn owing to a personal crisis involving an extramarital affair and a sexual-assault charge (which was quickly dropped after he pleaded not guilty). Mr. Loury capsizeed into cocaine addiction, which ended when he experienced a Christian awakening. He remained in the conservative fold until 1995. But eventually “my Christian faith caused me to back away from my laissez-faire posture and to ask about social justice in a different kind of way.” Disillusioned by what he saw as some racially inflammatory writings—in particular, Dinesh D’Souza’s “The End of Racism” (1995) and Charles Murray and Richard Herrnstein’s “The Bell Curve” (1994)—he drifted leftward. He recalls reviewing critically “America in Black and White” (1997) by Stephan and Abigail Thernstrom, “because I thought the conservative line on race didn’t have enough compassion.” He “equivocated on some of the issues,” he says. “Affirmative action was one. I wasn’t necessarily in favor of every affirmative-action program, but I was against being against every affirmative-action program.” Criminal justice was another: “I was fuming 15 to 20 years ago. I’m looking at the statistics, the overrepresentation of

blacks. Even though crime rates have been falling from the early ’90s, incarceration rates continued to rise throughout Bill Clinton’s presidency.” That trend “radicalized” Mr. Loury. Looking back, Mr. Loury also attributes his break with conservatism to “a desire to rehabilitate myself with the conventional African-American intellectual leadership”—and with his own family. He wanted “to be invited back into the fold. I wasn’t at home on the right anymore.” As a result, “I was able to go home to Chicago and show myself to my family, those who were still living, and feel that I had something that I could be proud of.” He supported Barack Obama in 2008 and 2012. “Oh my God!” he remembers thinking, “we have a black president. What a wonderful thing it is.” But he began to drift back in Mr. Obama’s second term: “I kind of soured on him, soured on the cult of personality I saw, especially among African-Americans.” Black Lives Matter also contributed to his rift with the left. “I became disillusioned,” he says, “with a lot of the rhetoric. I came to think that the incarceration issue is vastly more complicated than I’d come to regard it.” Black people in cities needed protection from the criminals in their midst. Individuals had to be held accountable for their lawbreaking. “The left’s deterministic argument—‘Well, there’s poverty, so of course there’s going to be crime’—left out human agency, and it left out morality.” As the center of America’s racial politics moved left, says Mr. Loury, “and as wokeness came into being,” he was reminded of why he had been on the right in the first place. “I began to repair back to some of my earlier positions in reaction against the excesses of the racial liberals.” There are, Mr. Loury stresses, many aspects of American life “in which race will assert itself. And I want not to seem to be failing to acknowledge that.” There is certainly some discrimination in policing and the courts, he says. “But it can explain maybe 15% or 20% of the gap between black and white incarceration rates, not the whole thing.” Most of the difference, he insists, turns on the behavior of people. “If you want to call that racism, then you’re calling everything racism.” Mr. Varadarajan is executive editor at Stanford University’s Hoover Institution.

California Wants a Federal Bailout? Tax Reform Must Come First



CROSS COUNTRY
By Gerald L. Parsky

Los Angeles California is facing a \$54 billion budget deficit—equivalent to 37% of the total budget. To help address the shortfall, Gov. Gavin Newsom wants billions of federal dollars. Not so fast. Any bailout should come with strings attached. Washington should tie assistance to tax reform, putting the Golden State’s finances on stable footing while also stimulating investment and growth. California’s economy has taken a beating from Covid-19. The unemployment rate is officially 16.3%, but Mr. Newsom has projected it will rise as high as 24.5%. Further, his administration projects personal income to decline by about 9% this year. Mr. Newsom has also warned that the downturn will lead to a \$41 billion decline in revenue, which will be a devastating blow to the state’s finances. But even if the pandemic hadn’t happened, California would have accumulated a large deficit once the next recession hit. During the 2007-09 recession, the state budget deficit reached \$40 billion. That is because California’s finances are too dependent on the personal income tax, which is the most volatile form of taxation. California’s revenues from personal income taxes amount to about 67% of all state revenues (up from 11% in 1950). Moreover, less than 1% of taxpayers contribute more than 50% of the tax revenue. The result is that when the economy softens and people earn less—or move out of the state—tax revenue plunges. It is no mystery why people leave. With housing costs at about 2.5

times the national average and a costly regulatory environment for businesses, living and working in California loses its luster. For decades, it had robust population growth rates, and in the 1960s it surpassed New York to become the most populous state in the country. But last year, California’s population grew by only 0.2%, the lowest annual rate since 1900. A survey of California residents showed that 53% of them are considering leaving. All these developments underscore the need for dramatic tax reform. In 2009, Gov. Arnold Schwarzenegger and the California Legislature created a bipartisan com-

Washington can help fill Sacramento’s budget hole, but the money should come with strings attached.

mission, which I chaired, focused on improving the state’s tax code. The goal was to propose changes that would lead to more reliable and stable revenues, encourage growth and job creation, and improve the state’s ability to compete in the new economy. The commission emphasized that California’s economy had changed dramatically from manufacturing and agriculture to services, but the basic tax system hadn’t responded and had become increasingly dependent on a small percentage of high-income earners. The commission recommended that California reduce its dependence on the personal income tax by lowering rates and broadening the tax base. Specifically we called for dropping the top rate from 9.3% to

6.5% and reducing or eliminating many deductions. The commission also recommended eliminating the corporate and sales-and-use taxes, replacing them with a broad new “business net receipts tax.” As an alternative to this new tax, the sales-and-use tax could be retained and extended to services, with exemptions for things like medical services. Our recommendations were very detailed and contained proposed legislation as well. A few years later, Gov. Jerry Brown and state policy makers did the opposite of what we recommended. Instead of lowering the personal income-tax rate, they put forward a statewide initiative that raised the top marginal rate to 13.3%, thus making state revenues even more dependent on a volatile tax and California’s income-tax rate the highest in the nation. I recognize the difficulty in getting tax reform passed. With Mr. Newsom requesting federal funding to balance his state’s books, however, there is an opportunity for the Trump administration to link any federal assistance to an overhaul of the way California taxes its residents. There is a precedent. In 1975, New York City sought federal assistance to prevent bankruptcy. While the episode is often associated with a memorable newspaper headline—“Ford to City: Drop Dead”—it’s mostly forgotten that the Ford administration approved a financing facility that enabled New York to receive federal aid. Importantly, Washington tied the lending to a requirement that, among other things, New York balance its budget in three years. As an assistant Treasury secretary, I worked on the development of that financing facility. I saw how

New York benefited from having fiscal discipline imposed on it. “Ford was good for New York, because he made us clean up our act,” Henry J. Stern, a former parks commissioner and city councilman, later admitted. The Trump administration should do the same for California. The Golden State has been a beacon of opportunity for decades, and I have been proud to live here for the past 40 years. While Covid-19 poses a massive and immediate economic challenge, there are deeper long-term issues that threaten the state’s finances and its desirability as a place to live and do business. As the nonpartisan Legislative Analyst’s Of-

fice in Sacramento noted recently, “Even if new, flexible federal aid materializes, significant budget problems likely would reemerge in a few years.” Comprehensive tax reform would be a powerful antidote to those budget problems. It would put the state’s finances on stronger footing and make California a more attractive destination for investment and entrepreneurship. Mr. Parsky is chairman of Aurora Capital Partners. He chaired California’s Commission on the 21st Century Economy in 2009 and was assistant secretary of the Treasury, 1974-77.

Notable & Quotable: Cancel

From “A More Specific Letter on Justice and Open Debate,” published by the Objective at Substack.com July 10:

On Tuesday, 153 of the most prominent journalists, authors, and writers . . . published an open call for civility in Harper’s Magazine. They write, in the pages of a prominent magazine that’s infamous for being anti-union, not paying its interns, and firing editors over editorial disagreements with the publisher: “The free exchange of information and ideas, the lifeblood of a liberal society, is daily becoming more constricted.” The signatories, many of them white, wealthy, and endowed with massive platforms, argue that they are afraid of being silenced, that so-called cancel culture is out of control, and that they fear for their jobs and free exchange of ideas, even as they speak from one of the most prestigious magazines in the country. . .

The writers of the letter use seductive but nebulous concepts and coded language to obscure the actual meaning behind their words, in what seems like an attempt to control and derail the ongoing debate about who gets to have a platform. They are afforded the type of cultural capital from social media that institutions like Harper’s have traditionally conferred to mostly white, cisgender people. Their words reflect a stubbornness to let go of the elitism that still pervades the media industry, an unwillingness to dismantle systems that keep people like them in and the rest of us out. The Harper’s letter cites six non-specific examples. . . . The instances they reference are not part of a new trend at all, as we explain below. . . . Many signatories on our list noted their institutional affiliation but not their name, fearful of professional retaliation. It is a sad fact, and in part why we wrote the letter.

OPINION

REVIEW & OUTLOOK

Pardon Michael Flynn

The prosecution of former National Security Adviser Michael Flynn has already exposed the bad faith of the FBI and Justice Department in pursuing him even when they knew there was no basis for an investigation. Now federal Judge Emmet Sullivan is continuing the legal torture by appealing an order from a panel of the D.C. Circuit Court of Appeals to drop the charges. President Trump should step in now and end this farce by pardoning Mr. Flynn.

In an honest process, Judge Sullivan would have signed off on dropping charges once prosecutors and the defense agreed there is no case to adjudicate. He refused. Mr. Flynn then sought a writ of mandamus from the D.C. Circuit, and he prevailed in a 2-1 opinion that ordered Judge Sullivan to dismiss the case.

Judge Sullivan is now refusing again by requesting this week an en banc review of the writ by the full D.C. Circuit. Though we don't know whether the full court will take the appeal, remember that Senate Democrats and Barack Obama packed the D.C. Circuit with liberal judges after ending the judicial filibuster on a partisan Senate vote in 2013.

Judge Sullivan knows that once the court takes the case en banc, the panel opinion is immediately vacated under D.C. Circuit rules. That means the writ ordering him to dismiss vanishes, and the eventual en banc ruling would control. Mr. Flynn's legal agony would continue for months and perhaps until a Biden Administration takes office.

This is outrageous and continues the politicized nature of this sorry prosecution. The review of the Flynn case ordered by Attorney General Bill Barr found the FBI and Justice Department withheld exculpatory evidence, revised the bureau's 302 interview forms, and did an end run around normal White House procedures to sandbag Mr. Flynn. All of this has tarnished two powerful executive branch institutions, and Judge Sullivan's behavior threatens to do the same for the judicial branch.

Start with the court appearance when Judge Sullivan from out of left field accused Mr. Flynn of "treason." This is a man who served in the 82nd Airborne and had top intelligence jobs in

Iraq and Afghanistan. Judge Sullivan has suggested he might call career officials to explain how Justice decided to drop the charges against Mr. Flynn, an intrusion into executive authority.

He also appointed a former judge, who had already made his bias clear in a Washington Post op-ed, to present arguments against the government's motion to dismiss. Judge Sullivan has even suggested he might charge Mr. Flynn with perjury for changing his plea after the discovery of new evidence.

Cases like this are precisely when a President's pardon power is most appropriate. Mr. Flynn's defenders have let the legal process play out in hopes he might be fully vindicated with the case's dismissal. But because of Judge Sullivan's gamesmanship, which seriously impinges on powers the Constitution reserves for the executive branch, the process no longer serves justice.

Mr. Flynn has been vindicated twice—first by a Justice Department motion to dismiss, and then the writ of mandamus by the D.C. Circuit panel. Mr. Trump should act while the panel decision by Judge Neomi Rao joined by Judge Karen Henderson still controls and offers a solid legal rationale.

By ordering Judge Sullivan to drop the charges but stopping short of removing him from the case, the panel treated the judge with far more respect than he is treating the panel's opinion. If the Flynn case weren't so political, there is no chance that the full court would hear an en banc appeal of a panel's writ of mandamus ruling.

Mr. Trump's pardon statement would be most persuasive if it sticks to the facts and the law rather than assailing his own political enemies. He could rightly emphasize the general's innocence, the dishonesty of the prosecution, and the transparent bias of a partisan judge.

By pardoning Mr. Flynn now, President Trump would spare a man who served his country for decades from further tribulation. He would also rescue the courts from discrediting themselves as much as the FBI and Justice have already done.

Seattle's Tax on Job Creation

Between the pandemic and civic unrest, Seattle's economy isn't in the best shape. Yet now the City Council has decided this is the perfect moment to slap businesses with a large new tax on employment. In a misnomer for the ages, they're calling it the "JumpStart Seattle" tax.

Recall that in 2018 Seattle passed a \$47 million annual "head tax," only to repeal it after a furious public realized it penalized job creation. No matter, the socialists who dominate the City Council passed a new iteration this week that's more than four times bigger and punishes employers for paying good wages.

Beginning next year, some 800 businesses with a payroll over \$7 million will pay a tax of between 0.7% and 2.4% on all salaries over \$150,000. Government jobs are of course exempt, and the City Council already has plans to spend the estimated \$200 million or more in annual revenue on affordable housing, Green

New Deal projects, and other progressive dreams.

Councilwoman Teresa Mosqueda says the tax will create a "more robust and resilient economy," but how taxing job creation accomplishes that is a mystery. The tax will stifle economic upward mobility, since employers will have an incentive not to raise pay above \$150,000. Even before Mayor Jenny Durkan tolerated the recent weeks-long experiment in anarchy in downtown Seattle, it was clear the city's business climate had grown increasingly hostile.

Ms. Durkan has "significant concerns" about how the tax will affect "the city's ability to rebuild an economy," her spokesman, Ernesto Apreza, told the Seattle Times. But the new tax has veto-proof support on the City Council, which passed it 7-2 Monday. The next time someone says "socialism" is merely a conservative talking point, mention Seattle.

The Tempting of Neil Gorsuch

In case you missed it, the Supreme Court on Thursday established an Indian reservation on three million acres of land in eastern Oklahoma. Wild. The 5-4 decision in *McGirt v. Oklahoma* could significantly affect Sooners, and it is also worth noting because it shows how Justice Neil Gorsuch's textualist jurisprudence is careening in some odd directions.

In 1997, Jimcy McGirt was convicted by the state of Oklahoma for molesting, raping and sodomizing his wife's four-year-old granddaughter. He later challenged his state conviction under the 1885 Major Crimes Act, which holds that "[a]ny Indian who commits" certain crimes within "the Indian country" must be tried in federal courts.

Mr. McGirt claimed he was a member of the Seminole Nation and committed the crime on land Congress reserved as a "permanent home to the whole Creek Nation" in an 1833 treaty. Since Congress never enacted a law explicitly reneging on the treaty, he said the land belongs to the Creeks. Justice Gorsuch and the four liberals agreed.

"Mustering the broad social consensus required to pass new legislation is a deliberately hard business under our Constitution," Justice Gorsuch writes for the majority. "Faced with this daunting task, Congress sometimes might wish an inconvenient reservation would simply disappear . . . But wishes don't make for laws, and saving the political branches the embarrassment of disestablishing a reservation is not one of our constitutionally assigned prerogatives."

But as Chief Justice John Roberts explains in a dissent joined by the other three conservatives, Congress disestablished the Creek reservation through a series of laws. For the past century, the Court has determined whether an Indian reservation persists by examining Congress's acts and "all the [surrounding] circumstances."

Context is important. Lo, the Creeks and other tribes in the southeastern U.S. held 8,000 slaves

and allied with the Confederacy. After the Civil War, the U.S. signed new treaties with the tribes declaring they had "unsettled the [existing] treaty relations," thereby rendering themselves "liable to forfeit" all "benefits and advantages enjoyed by them" including lands.

Congress in subsequent decades leading up to Oklahoma's statehood dismantled the tribal governments and courts, stripped tribes of taxing authorities, extinguished the Creek Nation's title to the land and made members U.S. citizens. "The congressional Acts detailed above do not evince any unease about extinguishing the Creek domain, or any shortage of 'will,'" the Chief writes.

In the century before the *McGirt* case, the Creek Nation never contended in court that a reservation existed on the sprawling land. Yet now they and other tribes by virtue of the Court's reasoning may hold title to the entire eastern half of Oklahoma including the city of Tulsa—home to 1.8 million people.

Past convictions for crimes committed on the land may now be thrown out, the Chief points out, and the decision creates "significant uncertainty for the State's continuing authority over any area that touches Indian affairs, ranging from zoning and taxation to family and environmental law."

Justice Gorsuch sweeps aside these precedents and reliance interests because Congress has never expressly written a single law that disestablished the reservation. This sounds a lot like his misapplication of textualism in his *Bostock* opinion redefining biological "sex" in the 1964 Civil Rights Act to encompass gender identity and sexual orientation. Textualism looks like a tool to get the judgment he wants.

The Chief Justice doesn't put it this way, but it's clear he thinks that Justice Gorsuch in *McGirt* has turned textualism into an idiosyncratic vanity project. The Court's liberals are making the most of it, and good luck with the consequences, Oklahoma.

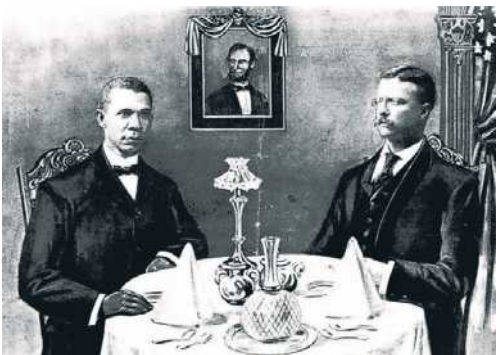
LETTERS TO THE EDITOR

Hard to Have Honest Conversations on Race

I was quite encouraged after I read Lance Morrow's "An Honest Conversation About Race?" (op-ed July 3). I share his sense that the silent majority is waiting until November to express its own views in opposition to the current daily temper tantrum being thrown by uber progressives. However, I don't agree with his theory that the cause of the silent majority's silence is attributable to fear of being labeled "racist." The inappropriate and profligate overuse of that accusation by the "woke" crowd has destroyed its power to affect reasonable people in any significant way. When everyone is a racist, no one is a racist. The mob driving this current hullabaloo has gone so very, very far to the extreme left with their hypersensitivities, demands and intolerant meanness, not only about racism but about the entire spectrum of their so-called social-justice agenda, that it's reasonable to assume that many people see no point in even attempting honest dialogue with so irrational and intolerant a group. The silent crowd's patient response will become very clear on Nov. 3.

MICHAEL GENEST
Niota, Tenn.

Lance Morrow describes today's dialogue about racial injustice as more of a one-sided lecture in which any disagreement with the tactics and goals of social-justice warriors gets one labeled a hater. Civility was an early casualty in our uncivil war because it is now considered a luxury of



Booker T. Washington and Teddy Roosevelt converse.

privileged and hypocritical bigots, not a matter of decency and respect for the views of others.

If the national anthem must go because Francis Scott Key owned slaves, the Declaration of Independence and U.S. Constitution need to go as well. The tragedy is that most Americans realize that racism is a problem, and they are open to changes that create opportunities for more Black Americans to have better lives. But as long as it is deemed ignorant and biased to say that every single life in America matters, it is best to stay silent and perplexed.

MARK ADAMS
Atlanta

The issue isn't race, it's the abandonment of the adult world charged with the responsibilities of private and public guidance and supervision. Perhaps, and let us hope it is so, Mr. Morrow's sense that a backlash is building is on the mark. If not, we may be in for serious trouble.

FREDERIC WILE
New York

Why KIPP Has Retired 'Work Hard. Be Nice'

Regarding your editorial "KIPP Wokes Up" (July 7): KIPP's decision to retire our slogan "Work hard. Be nice." has nothing to do with abandoning our standards and everything to do with meeting our community's needs 25 years later. Last year, we gathered 6,000 students, alumni, families, teachers and school leaders to update our mission. In their stories, we heard a common theme: working hard and being nice did not sufficiently reflect the reality of their lives. Simply put, we all want a slogan that does.

Too many of our students work incredibly hard and get into the college of their dreams—only to face a massive tuition bill, the need to work multiple jobs and a lack of paid internships in most career tracks. And once they enter the workforce, they will still earn significantly less than their white peers, be twice as likely to

be killed by police and, now, be disproportionately hospitalized or die from Covid-19. In a world where our students confront anti-blackness and systemic racism at every turn, KIPP's slogan needs to reflect the importance of identity, excellence and the boldness needed to create a more just world.

Hard work is essential. Character matters. But neither is enough. We should not be afraid to tell our children that it takes more. It takes community, access and systemic change. And it takes a belief that we must be a part of this change.

Ideally, working hard and being nice is all any student needs, but our country isn't there yet. Retiring our slogan is a step toward both recognizing that fact and working to change it.

DAVE LEVIN
Co-founder, KIPP Public Schools
New York

Wall Street Has a Bad Record on Inclusivity

"Wall Street Falls Short on Race Despite Pledges" (Page One, July 3) should be required reading for every executive, no matter how junior. I vividly recall an episode of "Nightline" discussing the paucity of non-white and nonmale executives in the boardroom. The message from executives then was that "the pipeline" of qualified women and minorities made it impossible to achieve true diversity and that "it will just take time." How fascinating then to learn that, more than a quarter-century later, the appropriately diverse executive-talent pool still doesn't exist. Make no mistake, executives past and present bear continued responsibility for failing to mount fair and just recruiting, hiring, training, mentoring and promotion practices that lead to truly merit-based outcomes for a diverse workforce serving diverse markets.

It's time accountability is added to

this responsibility. My more than 30 years in business has proved to me that business acumen and an action-oriented sense of fairness aren't mutually exclusive among executives.

ROBERT BARTHOLOMEW
Columbus, Ohio

Here we go again, whining about diversity track records. How to grow and manage other's incomes takes many hours of education and experience in the techniques of money management. You must study, work, supervise and then practice managing before you become the decision maker.

It has been said that it takes 10,000 hours to be an expert in one's field, approximately five years, doing the same tasks and routines. My 30 years of teaching business math and statistics courses yields this observation of student learning: The reason many students fail is that they don't put in the effort and time to understand the material; doing the minimum is the norm for some. A student's race has nothing to do with effort. The effort put in yields the reward that comes out. We need to stay away from racial measuring as a means of claiming equality.

HOWARD WEISSENBORN
Menomonee Falls, Wis.

Pepper ... And Salt

THE WALL STREET JOURNAL



"No fair, brother Han gets a fidget."

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

OPINION

Will Democrats Accept Another Trump Victory?

By Barton Swaim

Joe Biden, asked recently if he had considered the possibility that President Trump may refuse to concede defeat in the election, answered that he had. But he was “absolutely convinced,” the former vice president said reassuringly, that if such a thing happens, military personnel will “escort him from the White House with great dispatch.” What a relief!

The exchange brings to mind the 2016 campaign, when media personalities speculated that Mr. Trump would refuse to concede to Hillary Clinton. The hypothesis was never tested, Mr. Trump having had the bad manners to win, but it turned

Every time they’ve lost since 1968, they’ve called it illegitimate—except for the 49-state landslides.

out to be *they* who refused to concede defeat—not by contesting the election results but by persuading themselves and half the country that Mr. Trump had won by illegal means and generally behaving like spoiled children for the next four years.

I suspect Mr. Trump would have conceded the night of the election (which Mrs. Clinton did not do), for the simple reason that he neither expected nor particularly wanted to win. In the event that Mr. Trump fails to win re-election, he will depart willingly. Not graciously, perhaps, but willingly and at the appointed time.

The more interesting question is: What will Democrats do if Mr. Biden loses? What idiotic conspiracy theory

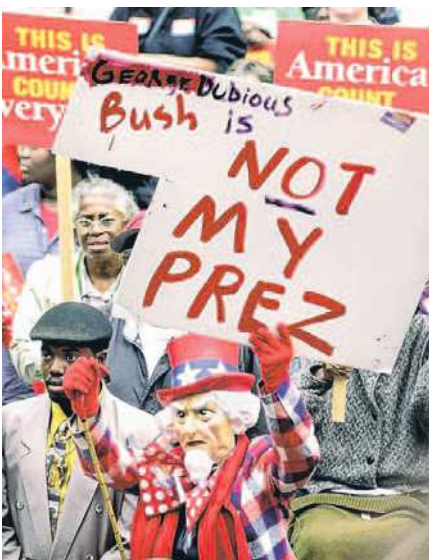
will they concoct to explain their defeat?

I mean no disrespect to my liberal friends when I say, to borrow Mr. Biden’s phrase, that I am absolutely convinced that Democrats won’t accept the result if the Republican wins. I say this because, with only two exceptions, liberals have considered every GOP presidential victory in the last half-century more or less illegitimate. The two exceptions were Richard Nixon’s defeat of George McGovern in 1972 and Ronald Reagan’s defeat of Walter Mondale in 1984. Both were so lopsided as to make allegations of dirty-trickery a waste of effort. (Nixon’s re-election was tainted by crimes, but they didn’t contribute to his victory in any meaningful way.)

After every other Republican presidential victory from 1968 forward, however, Democrats invented cockamamie theories that the GOP had won by illegitimate means.

Liberals have long believed that Nixon beat Hubert Humphrey in 1968 by secretly telling the South Vietnamese not to participate in the Paris peace talks, thus depriving the outgoing Johnson administration of the diplomatic triumph it deserved. Older liberals still cling tightly to this theory, but it’s hokey. Saigon had already decided not to participate in the Paris talks because Hanoi was demanding unconditional U.S. withdrawal. In any case, the disgrace was Lyndon Johnson’s, not Nixon’s. The outgoing administration knew the talks didn’t stand a chance but wanted the appearance of a diplomatic win to boost Vice President Humphrey’s chances.

Incredible as it seems, liberal commentators still attribute Reagan’s 1980 victory to his use of the term



Protesters in Tallahassee, Fla., Dec. 13, 2000.

“states’ rights” in an August speech to the Neshoba County Fair in Philadelphia, Miss. “I still believe the answer to any problem lies with the people,” Reagan said. “I believe in states’ rights.” That supposedly signaled to racist Democrats across the South that Reagan was on their side and they could safely vote Republican. (Reagan carried Mississippi by less than 1.5 points.)

If that one doesn’t convince you, there’s the “October surprise” theory. Reagan surrogates purportedly negotiated with the Iranian government—“colluded” would be another way to put it—to delay the release of 52 American hostages until after the election. There was never much evidence for this allegation—two congressional investigations came up with nothing—but liberal pundits and politicians obsessed over it for years.

George H.W. Bush defeated Massachusetts Gov. Michael Dukakis in

1988 by seven million popular votes and carried 40 states, but in the minds of liberals Bush won because a political-action committee that supported his campaign ran a “racially charged” television ad portraying Mr. Dukakis as soft on crime.

The ad was accurate and fair. In 1976 Mr. Dukakis vetoed a bill that would have banned prison furloughs for first-degree murderers. Ten years later Willie Horton—who with two accomplices had fatally stabbed a 17-year-old gas-station attendant 19 times after he handed over the contents of the cash register—was let out on weekend furlough and didn’t return. Ten months after that, he pistol-whipped, knifed and tied up a man and raped his fiancée in Maryland. The ad recounted the facts straightforwardly and included a photo of Mr. Horton, who is black. Liberal authors and documentary filmmakers routinely imply that the ad was both racist and decisive in the election’s outcome. It was neither.

The next Republican to win a presidential election was George W. Bush in 2000. He won, in the imagination of Democrats then and since, by stealing Florida. Official recounts proved Mr. Bush narrowly won Florida, and so did unofficial ones conducted later by the media. That didn’t stop Democrats from treating his election as the illegitimate result of a partisan Supreme Court decision.

In 2004 Mr. Bush outpolled Sen. John Kerry by more than three million votes nationwide and 100,000 in the pivotal state, Ohio. Even so, some prominent Democrats loudly insisted that the Ohio vote had been rigged to swing the election to President Bush. Sen. Barbara Boxer of California

lodged a formal challenge when Congress counted the electoral votes in January 2005.

In 2016 Mr. Trump was accused of “colluding” with Vladimir Putin to steal the election from Mrs. Clinton. How exactly Messrs. Trump and Putin achieved this amazing result, and why Mr. Trump has since failed to exhibit such diabolical cunning, remains a mystery. Robert Mueller’s two-year investigation found no evidence of collusion, and Mr. Trump’s despisers speak little of it now. But Democratic orthodoxy regards the Trump presidency as illegitimate anyway.

Unless Mr. Trump wins an improbable landslide, Democrats will claim he stole another election. He’s illegitimate now, in their eyes, but he’ll be even more illegitimate if he wins again. The only question is what conspiracy they will invent to explain it. The election is four months away and already several theories have emerged. Franklin Foer published a long essay in the Atlantic’s June issue enumerating ways in which Vladimir Putin used disinformation and cyberattacks to disrupt the 2016 election and is poised to do so again.

The president now seems likely to lose. But if he wins, may I suggest an alternative theory? A Trump victory in November will have nothing to do with the Russians or the Chinese or the coronavirus or “voter suppression.” It will have everything to do with Democrats’ foul behavior over the previous four years, born of the conviction that they can’t possibly lose an election fair and square.

Mr. Swaim is an editorial page writer at the Journal.

Peggy Noonan is away.

Political Neutrality Is What Made American Newspapers Great

By John Steele Gordon

Many of America’s great newspapers have moved away from even the pretense of political neutrality. That tradition dates to 1835, when a Scottish immigrant named James Gordon Bennett founded the New York Herald. He had \$500 in capital, an office in a dank cellar, and only himself as staff.

With a dozen other papers in the city, no one thought the Herald would amount to much. But by the time Bennett died in 1872, the Herald had the largest circulation in the world, its advertising revenue was second only to the Times of London, and his power to shape public opinion was immense, as was the fortune he had earned.

The Herald was something new under the journalistic sun. Newspapers had previously dealt either with narrow subjects, such as shipping or financial news, or were openly partisan, sometimes even subsidized by a political party.

Newspapers were also expensive. They usually cost 6 cents when an unskilled workman might expect to make 75 cents a day, so they were mostly read in taverns and coffee houses.

With the flatbed press, which had been in use since Gutenberg, only about 125 copies of a four-page paper could be printed in an hour. But by the early 1840s, when the steam engine was combined with the newly invented rotary press, 4,000 copies an hour became possible. The price of a newspaper soon dropped to a penny, and readership greatly increased.

Bennett was always on the lookout for new ideas. At the Charleston (S.C.) Courier, where he’d worked in the 1820s, he learned how the paper scooped the competition with news of the end of the War of 1812. The editors sent a boat out beyond the bar at Charleston Harbor to pick up the news from a passing ship. At the New York Enquirer, the editor admired Bennett’s talents but didn’t like his abrasive personality. Bennett offered to go to the nation’s capital and report from there, thus becoming

ing the world’s first Washington correspondent.

He noted that Benjamin Day’s New York Sun—the most popular daily in the city, with a circulation of 15,000—was a general-interest newspaper, covering many subjects. But it also appealed to the lowest rung of literate society. The Sun was filled with gossip, lurid crimes and dubious tales of strange occurrences. It was much more like a modern supermarket tabloid than a newspaper.

Bennett anticipated the rising middle class that would dominate the Victorian Age. He wanted to move upmarket from the Sun and produce a mass newspaper that carried serious news about the real world for an upwardly mobile readership.

The Herald got off to a shaky start. Three months after the first issue appeared, Bennett’s printer was destroyed by a fire. But he hit his stride in 1836 thanks to one of the most famous murder cases of the 19th century. Ellen Jewett, a prostitute, had been murdered in her room at an upscale brothel. The madam quickly blamed Richard Robinson, who was young, wealthy and

handsome, and whom Jewett had frequently entertained.

Respectable newspapers weren’t supposed to cover such scandalous material, but Bennett, with an unsurpassed nose for news, knew the story was irresistible, with its illicit sex, bloodshed, violence and wealth.

The New York Herald pioneered impartial coverage, whose value is underappreciated today.

He gave all the details, visited the scene, observed the body, and interviewed the madam, the first time a witness interview—which quickly became a standard journalistic technique—appeared in a newspaper story. The Herald’s circulation skyrocketed, and the other respectable papers had no choice but to cover the story as well. At the height of the affair, the Herald was selling 15,000 copies a day, matching the Sun.

Bennett was responsible for an enormous number of journalistic in-

novations. The Herald was the first general-interest newspaper to include a weather report, provide sports coverage and include a daily stock table. It was the first to include an illustration in a story.

In a trip to Europe a few years later, Bennett signed up the world’s first foreign correspondents. He became the first journalist to interview a president who was still in office when he nabbed an exclusive with Martin Van Buren in 1839. He immediately exploited the telegraph and set up a pony express to get news of the Mexican War to the nearest city on the telegraph net. He even coined the word “leak” in the journalistic sense.

By the 1850s Bennett’s innovations had utterly transformed American journalism. The Herald had the largest circulation in the country. “No American journal at the present time can compare with it in the point of circulation, advertising, or influence,” admitted the thoroughly respectable Harper’s Weekly.

Newspapers had also become big business. Bennett had started with only \$500. The New York Times, founded 16 years later, had needed \$70,000 to get started. “The daily

newspaper,” the North American Review wrote in 1866, “is one of those things which are rooted in the necessities of modern civilization. . . . The newspaper is that which connects each individual with the general life of mankind.”

The penetration of newspapers into American life made public opinion a powerful force in politics for the first time. But much of the press’s power to influence public opinion came from what was, perhaps, Bennett’s greatest journalistic idea of all: He made the Herald politically neutral, printing opinion columns only on the editorial page. In his news pages he printed what he thought the readers would want to know, not what he wanted to tell them. Bennett realized that a newspaper that was the mouthpiece of one party would be read only by that party’s adherents. He wanted everyone to read the Herald.

The idea spread quickly through the journalism industry, greatly enhancing its influence and prestige. Its abandonment may have the opposite effect.

Mr. Gordon is the author of “An Empire of Wealth.”



BUSINESS WORLD
By Holman W. Jenkins, Jr.

porate America and its political virtue signaling right now. What’s more, if you support the Black Lives Matter policy agenda (whatever it is), you would be wrong to think corporate America is being co-opted by the money it feels obligated to donate. The co-opting will work the other way as Black Lives Matter-related groups get used to

having corporate money.

In the meantime, the single best thing you can do for any child in the U.S. is get him or her out of a high-crime, high-poverty neighborhoods. *Any child.* For a host of reasons, those most in need of this help in America are disproportionately African-American.

This is the place, not race, problem I wrote about previously. A rock-bottom housing market, by definition, is always going to exist for people without credit, resources, opportunities or credentials. By now a large literature has established that living in such a place, where everyday survival is a often challenge, is not conducive to acquiring the habits for success in the larger society. And nowhere is this more dramatically heralded than in the homicide rate. With the recent upsurge in Chicago, the New York Times summarized: “A low rate in solving murders—it hovers around 20 percent—and the lack of protection for witnesses both play into the continued high murder rate, criminologists said. Murderers don’t expect to get caught and witnesses feel intimidated, they said.”

The dynamic here, research has shown, is older than even the formal collection of crime statistics. It was dramatized in the 1975 movie “Farewell, My Lovely,” about 1940 Los Angeles, in which detectives frankly acknowledge that black murders go uninvestigated. Forty years later it was the subject of 2015’s nonfiction book “Ghetto-side,” by Los Angeles Times reporter Jill Leovy.

The murder rate among black Americans is out of all proportion even to other violent crimes. Why? Because rapes don’t lead to rapes, armed robberies don’t lead to armed robberies, but they do lead to homi-

cides in unpoliced communities. Another way of looking at it: Murders in 99% of America’s ZIP Codes are one-offs: One killing does not lead to others. That’s because most neighborhoods don’t lack “effective law” and the guarantee of “personal safety” that comes with it, to borrow the words of Ms. Leovy.

A black person is 2.5 times as likely as a white person to be killed by police. Alas, this much-cited statistic correlates with every other sociological indicator related to poverty, educa-

The single best thing for young families is leaving a high-crime, high-poverty neighborhood.

tion and the likelihood of being involved in crime as either victim or perp. It doesn’t tell us much. The grossly disproportionate homicide rate is the sign we should be paying attention to. A black person is six or seven times as likely to be murdered as a white person. Let’s be realistic, in certain neighborhoods it’s closer to 20 times or 50 times.

These islands of concentrated poverty were first created by residential housing segregation, then by public housing subsidies, then by welfare that tends to fix people at their current addresses. About 20% of black children (compared with 1% of white children) grow up in such places. A dissenting segment of the poverty lobby has long argued for getting people out rather than pouring resources in (though the latter is the preference of our place-oriented political class). A case study was the

Gautreaux housing experiment in Chicago starting in the late 1970s. Dozens of families were randomly relocated from urban public housing to suburban apartments with magnificent results for employment and educational outcomes. Also shown by acres of research: The disabling stereotype of black males as dangerous potential felons, among police and the public at large, is rooted in the dramatic (and frequently, by Hollywood, dramatized) chaos that rules in a tiny percentage of America’s neighborhoods.

By the way, let’s have a thought experiment. What would happen in a few hundred census-tract-sized neighborhoods if they were no longer peopled exclusively by those who would leave if they could?

We know what would happen. Others would move in because they see opportunity, first to refurbish the housing stock, then to create businesses and amenities to serve those attracted by the refurbished housing stock. The job market would improve. The schools would improve. This is the horror of gentrification that you hear about. Except the horror is not the normalizing of a neighborhood by making it a place where people actually choose to live. The horror was the self-reinforcing trap the neighborhood previously was for people stuck without a choice.

The opportunity to do good here has been America’s low-hanging fruit for two generations. On a good day, all of us are capable of caring about groups defined by historic disadvantages and oppression. We are not having a good day right now as many rush to be seen affirming “anti-racist” talking points simply as a matter of personal self-protection.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Executive Chairman, News Corp

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SPORTS



The Star of English Soccer’s Restart

Chelsea’s Christian Pulisic is leading a class of young talents breaking out since the Premier League resumed in June

By JOSHUA ROBINSON

CHRISTIAN PULISIC, the 21-year-old star of American soccer, spent lockdown doing exactly what you’d expect a 21-year-old to do when there’s no place to go. He played videogames. He joined TikTok. He ordered dozens of burritos.

It’s what he did after lockdown ended that no one saw coming: Pulisic started tearing up the English Premier League. In fact, with most U.S. sports still shut down, he might be the most exciting American athlete playing anywhere in the world right now.

This is the moment that he and Chelsea have been waiting for since the club spent \$73 million to sign him. That price tag made him one of the most expensive players in Chelsea history, more than tripled the highest fee ever paid for a player from the U.S., and raised plenty of eyebrows in England. But Pulisic’s three goals in six games since the season resumed have proven that he isn’t just good. He’s good enough to make English soccer forget that he’s American.

“He looks sharp and hungry and his quality is there for everyone to see at the moment,” Chelsea manager Frank Lampard said this month. “Christian is taking re-

sponsibility to change games.”

Which isn’t the kind of praise a lot of managers can lavish on 21-year-olds in the Premier League. Players of Pulisic’s age aren’t normally given the chance to carry a top-three team. But as every empty soccer stadium and mask-wearing manager reminds us, these aren’t normal times. And so, Pulisic isn’t alone.

Young talent taking control has been the story of the Premier League this summer. The sheer volume of games English clubs are playing these days, combined with the lockdown hangover, means that there’s no time for careful rotation or load management. Whoever is fit and fresh goes straight in the lineup. Under the circumstances, it helps to be more or less a teenager.

At Manchester City, 20-year-old Phil Foden is growing into one of the most challenging jobs in soccer: the creative force of a team managed by Pep Guardiola. His four goals in June and July—one every 72 minutes—have already doubled his career tally in the Premier League.

Across town, Manchester United is paying no attention to Foden thanks to its own virtuoso, Mason Greenwood. The 18-year-old spent

the entire break bulking up and has muscled his way to four goals post-lockdown, bringing his total for the season to nine. He is the only player 21 or younger with more goals than Pulisic’s eight this season.

The list goes on. Arsenal has uncovered Bukay Saka, an 18-year-old so gifted that his own manager still doesn’t know the best position for him—he has been deployed in defense, midfield, and up front in the past two weeks alone. And Liverpool’s most incisive creator might be Trent Alexander Arnold, who leads the league in passes and crosses into the box. Though he is a better-known quantity than the others, it’s jarring to remember he is not yet 22.

There’s a simple reason why Pulisic has found a spot in that class, unlike any American player before him: when it comes to soccer education, he is effectively European.

Had Pulisic stayed in Hershey, Pa., instead of moving to Germany at 15, he might have gone on to a college scholarship and probably entered the ranks of Major League Soccer some time in the past year or two. Instead, he has been a full-fledged professional for years at two top European clubs for years. He has played against grown men

instead of other kids. He has scars.

“Christian handles the pressure very well,” Chelsea defender Antonio Rudiger said. “You can see that when he is fit, he’s such an important player for us.”

But the amazing thing about Pulisic’s summer isn’t that he caught fire despite all the burritos—he was donating them to front-line workers back home—it’s his transformation from the player he was at the beginning of the season.

When he arrived in London last year, he struggled to fit in with a group of attackers who were all just like him: fast, tidy, and tricky. Mason Mount, four months younger than Pulisic, seemed closer to the finished product. (And he didn’t cost \$70 million, said fans skeptical about being sold a highly touted American.)

There were flashes of promise, like his hat trick against Burnley. But mostly, there was frustration. The switch to the more physically demanding Premier League seemed to catch him off guard and English soccer tends not to be gentle with high-priced players who stand just 5-foot-8.

Pulisic slipped in and out of the lineup until an injury in January cut his season short. When lockdown came in mid-March, he sud-

denly had a chance to reboot. The surest sign of his success now is that the English soccer hype machine is thrumming all around him. Pulisic has made all of 21 Chelsea appearances. His manager is already being asked to compare him to one of the club’s all-time greats, Eden Hazard.

“Christian is possibly more direct,” said Lampard, who also played with Hazard. “He has a real ability to break a line and run forward which is a great trait in the modern game.”

The comparison is premature, but Pulisic is showing he shares at least one of Hazard’s special gifts: He’s incredibly good at getting kicked. For dribblers who love to run straight at their rivals, a sharp clip around the ankles and the referees whistle are the surest sign they’re doing something right.

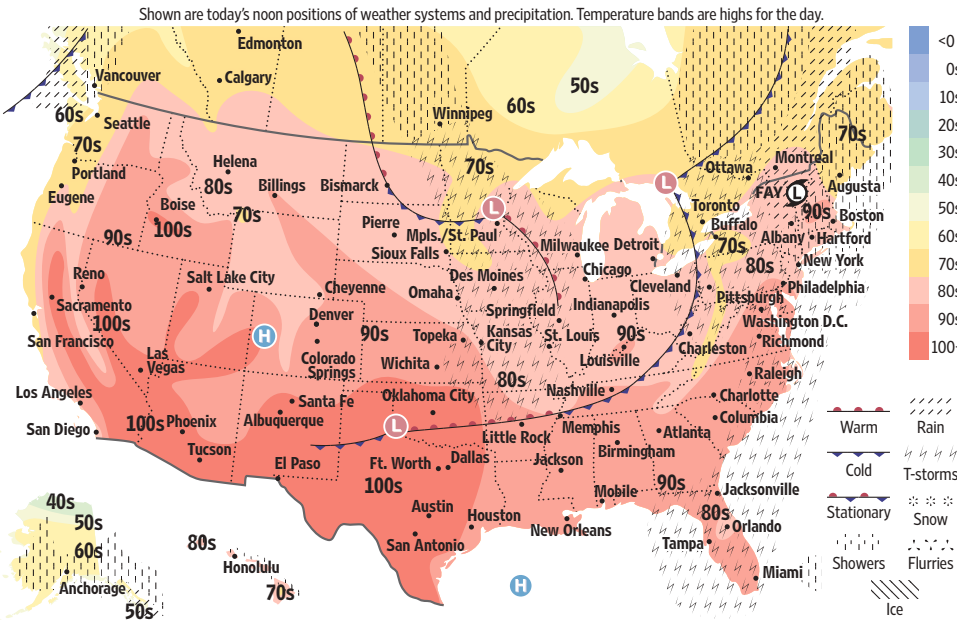
“When people don’t touch me, that means I’m not doing well, I’m no good,” Hazard had said during his Chelsea days.

By that metric, Pulisic is doing incredibly well. He’s not just getting clobbered—he’s getting clobbered where it counts. Pulisic is the only player since the restart to win his team two penalty kicks.

“Now,” Lampard said, “he has moved his game on another level.”

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	65	55	sh	63	53	r
Atlanta	92	72	s	93	72	s
Austin	101	77	s	106	78	pc
Baltimore	92	70	pc	93	72	s
Boise	100	61	s	87	56	s
Boston	85	73	t	87	71	pc
Burlington	86	69	r	86	67	t
Charlotte	93	70	s	93	70	pc
Chicago	88	70	s	80	64	pc
Cleveland	83	65	t	80	63	t
Dallas	102	81	s	101	82	pc
Denver	93	67	s	97	64	pc
Detroit	85	65	c	80	63	t
Honolulu	88	73	pc	87	74	sh
Houston	99	81	s	101	82	pc
Indianapolis	87	66	pc	81	60	t
Kansas City	86	63	t	87	65	s
Las Vegas	112	90	pc	114	91	s
Little Rock	93	74	t	93	72	pc
Los Angeles	91	68	s	93	69	s
Miami	92	80	pc	93	78	t
Milwaukee	85	69	s	79	65	pc
Minneapolis	80	62	pc	82	65	pc
Nashville	94	70	pc	90	69	pc
New Orleans	98	82	s	96	80	c
New York City	88	74	t	90	75	pc
Oklahoma City	102	73	s	94	72	pc

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	65	50	pc	68	52	pc
Athens	89	72	s	93	73	s
Baghdad	116	86	pc	115	84	pc
Bangkok	96	81	c	96	80	t
Beijing	83	71	t	79	69	t
Berlin	67	50	pc	68	52	pc
Brussels	67	48	pc	71	51	pc
Buenos Aires	57	45	pc	56	41	pc
Dubai	109	91	pc	111	93	pc
Dublin	63	49	pc	66	56	pc
Edinburgh	63	47	pc	66	55	c

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	73	50	pc	75	52	pc
Geneva	76	55	t	78	56	s
Havana	89	73	t	90	73	t
Hong Kong	92	82	c	91	83	pc
Istanbul	86	73	s	86	71	s
Jakarta	91	76	t	92	76	sh
Jerusalem	84	68	s	84	68	s
Johannesburg	51	30	pc	59	36	pc
London	69	50	pc	75	54	pc
Madrid	98	70	s	94	66	pc
Manila	94	80	t	93	81	pc
Melbourne	54	49	sh	54	47	r
Mexico City	76	54	t	76	54	t
Milan	86	65	t	83	65	s
Moscow	80	64	pc	75	60	pc
Mumbai	87	80	sh	88	79	sh
Paris	76	53	pc	79	56	pc
Rio de Janeiro	82	70	pc	85	71	pc
Riyadh	114	87	pc	113	87	pc
Rome	85	66	s	87	67	s
San Juan	90	79	s	90	80	t
Seoul	87	67	pc	84	67	pc
Shanghai	83	78	t	96	80	pc
Singapore	87	77	sh	85	78	t
Sydney	69	51	sh	66	50	sh
Taipei City	97	82	c	97	82	pc
Tokyo	84	75	pc	85	72	t
Toronto	79	67	t	82	63	c
Vancouver	66	55	r	67	53	pc
Warsaw	61	51	r	68	50	pc
Zurich	70	50	t	75	50	s

Pac-12 Cuts Non-Conference Games

By LAINE HIGGINS AND RACHEL BACHMAN

The Pacific-12 Conference will not play non-conference athletic events including football this fall, joining the Big Ten Conference in overhauling its football schedule due to coronavirus-related concerns.

“Based upon the trends and indicators over the past days, it has become clear that we need to provide ourselves with maximum flexibility to schedule, and to delay any movement to the next phase of return-to-play activities,” said commissioner Larry Scott in a release Friday.

The announcement took on added weight later Friday, when the conference announced that Scott himself had tested positive for Covid-19 after experiencing mild flulike symptoms. Scott is self-quarantining and continuing to work, according to a Pac-12 statement.

Lost games from the Pac-12 schedule include USC against Alabama at AT&T Stadium in Arlington, Texas, along with the Trojans’ annual game against Notre Dame. Stanford also won’t travel to play at Notre Dame, Utah won’t host BYU and Colorado won’t play at Texas A&M.

The moves by the Big Ten and Pac-12 are rapidly reshaping a college football season that could fall apart entirely. Big football programs were initially bullish about return-



ing to the field this fall when the pandemic began in March, but the continuing surge in new cases is casting an increasingly long shadow over hopes to play a season.

Scheduling has been a topic of discussion among Pac-12 officials since the beginning of the pandemic-induced college sports shut down.

It wasn’t until the Big Ten’s announcement on Thursday, however, that hypothetical scenarios turned into concrete decisions.

Friday’s announcement effectively renders the conference’s current slate of games moot, as officials plan to craft

the schedule anew in the coming weeks. The Pac-12 is exploring a variety of models, including delaying the start of fall athletic competitions, and will unveil its plan no later than July 31.

The Pac-12 also conceded that the fate of the season may be out of its hands should state and local health protocols limit large gatherings.

Eight of the league’s universities are in California, Oregon and Washington, states that have enforced stringent shelter-in-place orders and have been slower to reopen than places like Texas and Florida.



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THE WALL STREET JOURNAL.

Saturday/Sunday, July 11 - 12, 2020 | **B1**

DJIA 26075.30 ▲ 369.21 1.4% **NASDAQ** 10617.44 ▲ 0.7% **STOXX 600** 366.83 ▲ 0.9% **10-YR. TREAS.** ▼ 9/32, yield 0.633% **OIL** \$40.55 ▲ \$0.93 **GOLD** \$1,798.20 ▼ \$1.00 **EURO** \$1.1301 **YEN** 106.92

125

Rigs now drilling for oil in the Permian Basin, compared with 437 a year ago



22%

Approximate decline in global oil demand this spring

Fortunes Change Fast As Oil Boom Turns to Bust

A year ago, this West Texas region was one of America's hottest labor markets, fueled by a fracking gold rush. Today, the oil field has all but shut down, and everyone is feeling the pain, from restaurant owners to landlords to barbers.

By REBECCA ELLIOTT AND CHRISTOPHER M. MATTHEWS | PHOTOGRAPHS BY CENGIZ YAR FOR THE WALL STREET JOURNAL

When an oil bust takes hold in West Texas, no one is spared: Drilling rigs collect dust, barber chairs sit empty, students drop out of school and lines swell at the food bank.

The collapse in the wake of the new coronavirus has been historically brutal. In a matter of weeks, global demand for oil shriveled by more than 20% this spring, as people hunkered indoors and stopped flying and driving. Oil prices crashed. A fracking industry that had pushed American production to a world-leading 13

million barrels a day went into full retreat. And the nation's hottest oil field, the Permian Basin, all but shut down overnight.

Last year, The Wall Street Journal chronicled the boom in the Permian region, then one of the hottest labor markets in the country. At the time, construction

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1. Drilling equipment stacked in Odessa, Texas. **2.** 'Within weeks, it was a whole new industry,' says Matt Elliott, CEO of an oil-equipment rental company. **3.** The director of The West Texas Food Bank says that 74% of families collecting food in April had never been to the food bank before. **4.** 'Almost like a ghost town, getting pretty close,' says Steve Warren, an electrician who works on oil rigs, of the RV park where he stays two weeks out of the month.



13.4%

Unemployment in the Permian Basin in May, compared with 2.1% a year earlier



Nearly 900,000

Pounds of food distributed by the West Texas Food Bank per month since March

Amazon Reverses Order To Delete TikTok App

By SARAH E. NEEDLEMAN

Amazon.com Inc. reversed a demand Friday that employees delete the TikTok app from company mobile devices, a turnabout from a dictate that just hours before had stoked concern about the app's security and ties to China.

The initial email directive to employees appeared to buttress recent scrutiny of TikTok security issues from governments in the U.S. and India. A spokesman called the email an error, backing away from what briefly appeared to be a major policy change.

It was a rare instance in which such a shift played out in public for one of the world's most valuable and closely watched companies. What remained unclear was how many people within Amazon, if anyone, harbor concern about TikTok to such a degree that would have prompted the memo in the first place.

The now-retracted email was sent as an alert to thousands of Amazon employees early in the business day in Seattle: "Due to security risks, the TikTok app is no longer permitted on mobile devices that access Amazon email. If you have TikTok on your device, you must remove it by 10-Jul to retain mobile access to Amazon email. At this time, using TikTok from your Amazon laptop browser is allowed."

News of the decision broke and quickly went viral after it was reported by The Information tech news site and within hours two U.S. senators responded enthusiastically.

"Now the whole federal government should follow suit," Sen. Josh Hawley (R., Mo.) said in a tweet.

By midafternoon in the West Coast, Amazon had reversed itself. "This morning's email to some of our employees was sent in error," an Amazon spokesman said late Friday. "There is no change to our policies right now with regard to TikTok."

The Amazon spokesman declined to comment further.

Earlier this week, Wells Fargo & Co. also asked employees to delete TikTok from their company devices. A spokeswoman for TikTok said the company has not been contacted by Wells Fargo but is open to discussing its data security measures with the bank.

TikTok has faced some setbacks recently. Earlier this week its owner, Beijing-based **ByteDance Ltd.**, said it would pull TikTok out of Hong Kong amid concerns about a new national security law. That was its second market exit after India last week banned the app and others from Chinese companies.

ByteDance in May hired a top Walt Disney Co. executive, Kevin Mayer, to be TikTok's new CEO and navigate its global expansion.

Meanwhile, President Trump has said his administration is considering limiting U.S. users' access to TikTok. In Washington, some lawmakers have called for an outright ban, saying data in the smartphone app would be available to Beijing, a claim that TikTok has denied.

TikTok's security has come under scrutiny in recent months. In March, security researchers found that TikTok was one of several dozen iPhone apps that was silently accessing data copied into the phone's clipboard

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SEBASTIEN THIEBAULT

For Rent: The American Dream

How one mega landlord blanketed the U.S. with homes for lease

By RYAN DEZEMBER

In the depths of the last housing crisis, self-storage billionaire B. Wayne Hughes flew to Las Vegas and Phoenix to lay the groundwork for a new bet. His plan: Buy foreclosed homes, spruce them up and rent them out. He tested his ideas on three houses in each market and then dispatched deputies to buy tens of thousands more

across the U.S.

Nine years later the land grab is paying off as an economic downturn, the rising unaffordability of homeownership and a global pandemic push a new generation to suburban home rentals. Home offices, yards and space between neighbors are becoming must haves. Investors who spent the last decade gobbling up these types of houses

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Real-Estate Valuations Vex Pension Funds

By HEATHER GILLERS AND DAWN LIM

Public pension funds invested in malls, apartments and offices over the last decade in search of higher returns. Now they are grappling with how much those real-estate investments are worth in a world transformed by Covid-19.

Pension giant California Public Employees' Retirement System is projecting malls will lose some of their value in the second quarter, according to an internal estimate. The Arizona State Retirement System predicts the value of distribution centers for e-commerce will rise as more people shop online.

The investment chief of the Chicago Teachers' Pension Fund is expecting the worth of student housing to drop.

"If you talk to anyone who says that they know exactly where the market is going and that they have all of the answers, they really don't know," said Chicago Teachers' investment chief Angela Miller-May.

Since April, she has been speaking monthly with managers of the fund's more than \$900 million in real-estate investments instead of her usual quarterly check-ins.

How assets are valued has major

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◆ Outlet-mall owner sticks to his belief in physical stores..... B8

THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

UBER TECHNOLOGIES INC.

▲

UBER

6%

Uber finally found a dinner date. It reached a \$2.65 billion deal to buy meal-delivery rival Postmates Inc. that will help it better compete in the market for delivering restaurant meals, groceries and other staples. 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. 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 price. Uber shares **rose 6% Monday**.

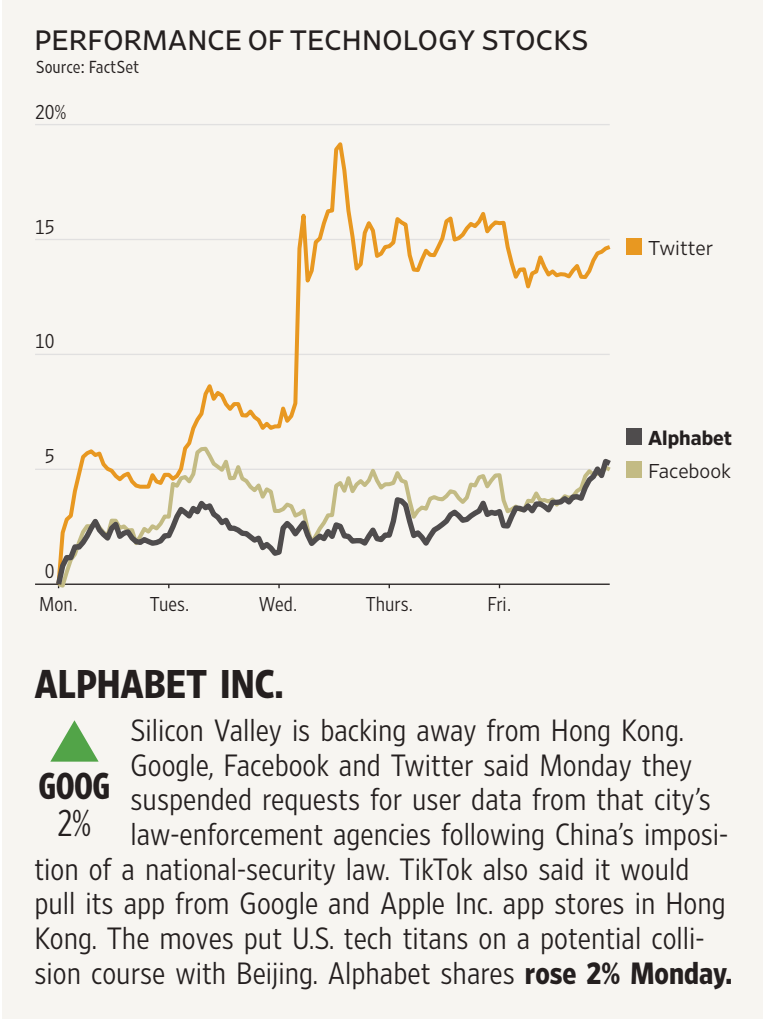
NOVAVAX INC.

▲

NVAX

32%

The drugmaker received a new injection from Uncle Sam. The federal government will supply \$1.6 billion to pay for clinical studies of Novavax's experimental coronavirus vaccine and establish large-scale manufacturing of doses. Novavax said Tuesday the funding would allow it to deliver 100 million doses of its vaccine for use in the U.S.—possibly by the end of the year. Regeneron Pharmaceuticals Inc. also said it received a \$450 million federal contract to manufacture thousands of doses of its experimental Covid-19 treatment. Novavax shares **surged 32% Tuesday**.



UNITED AIRLINES HOLDINGS INC.

▼

UAL

0.6%

The turbulence of Covid-19 is roiling United, which said Wednesday it could be forced to shed almost half its U.S. workforce. The carrier told 36,000 employees they could be furloughed as soon as Oct. 1 because of the pandemic-driven slump in passenger demand. The news followed an earlier warning from United that a surge in U.S. coronavirus cases and new government restrictions are keeping travelers from flying. Chicago-based United is the first major U.S. carrier to detail possible mass furloughs despite receiving billions of dollars in federal aid. United shares **dropped 0.6% Wednesday**.

BERKSHIRE HATHAWAY INC.

▲

BRK.B

2.2%

Warren Buffett found something worth buying during the Covid-19 contraction. Berkshire Hathaway's energy company agreed to acquire pipeline and storage assets from Dominion Energy Inc. It already operates a \$100 billion portfolio of utility, transmission and generation businesses providing natural gas and electricity to more than 12 million customers. The Dominion acquisition, announced Sunday, adds 7,700 miles of natural-gas storage and transmission pipelines and about 900 billion cubic feet of gas storage to its holdings. Berkshire shares **rose 2.2% Monday**.

WALGREENS BOOTS ALLIANCE INC.

▼

WBA

7.8%

The pharmacy chain swallowed a \$1.7 billion loss in its latest quarter due to fewer prescriptions in the U.S. and the proliferation of homebound consumers. It also said Thursday that it plans to cut about 4,000 jobs in the U.K. and suspend stock buybacks. The Covid-19 pandemic has been challenging for drugstores, as patients put off visiting doctors and other health providers. Walgreens separately said it will attach doctors' offices to hundreds of drugstores as the pharmacy chain seeks to remodel itself as a health-care provider. Walgreen shares **dropped 7.8% Thursday**.

HARLEY-DAVIDSON INC.

▲

HOG

0.6%

Harley-Davidson is losing some of its horsepower. The Milwaukee motorcycle maker said Thursday it would cut about 700 jobs, or 13% of its workforce, as part of an overhaul. Sales in its core U.S. market have been falling for years, and the company replaced CEO Matt Levatich earlier this year with Jochen Zeitz. The company reopened its factories after closures related to the pandemic some weeks ago at lower production levels, reflecting pressures including lower demand for motorcycles. Harley-Davidson's shares **rose 0.6% Thursday**.
—Dan Fitzpatrick

KEYWORDS | CHRISTOPHER MIMS

The New Data That’s Directing Hollywood

America's studios, creators and marketers are relying, more than ever, on digital platforms that allow them to gauge what audiences like—and would like to see more of. Ever since George Lucas ushered in the era of endless sequels, Hollywood executives have tried to capitalize on the success of the Last Big Thing by churning out more of it. But content budgets are increasing far faster than established franchises can keep up. Netflix Inc. is projected to spend more on new and acquired content in 2020—\$17 billion—than Apple Inc. spent on research and development in 2019. With stakes that high, minimizing risk when creating new content “at scale” means treating it like any other mass-market product. Executives, producers, writers, directors

tors took note of the crowd's laughs and gasps. The shift to home entertainment reduced the opportunity to catch John Q. Public out on the street, and Covid-19 has all but finished the job. Until recently, fears of piracy held back some in the industry from using at-home panels, where people stream content online and provide real-time feedback, says Sumithra Barry, NBC Entertainment's senior vice president of consumer and market intelligence. But those concerns have been resolved by new technology that blocks screen recording and allows studios to watermark and trace content when it does get out. The shift from in-person to online market testing has revealed some fundamental flaws with the earlier methods. The first was small sample sizes, due to the expense and trouble of gathering peo-

viewer response to movies, concepts, shows, pilots, trailers and the like, uses one tool that measures subjects' facial expressions in real time throughout a stream via the cameras on their laptops. (Only volunteers are watched by this tech.) These biometric measurements show how people reacted moment by moment. Music, especially, can be important, says Ben Carlson, MarketCast's senior vice president in charge of streaming and platforms. By watching viewers' faces, the system can help creatives identify which soundtrack works best in a movie trailer, for instance. Whether you're a Black female professional in New York who loves dramas, a white male superhero fan in suburban Wisconsin, or someone else entirely, there's a whirring feedback loop of recommendation algorithms, viewing-habit trackers

ASI, which conducts surveys and focus groups for major U.S. film studios, streaming services and broadcast and cable networks. Things that might have gotten a pass even a few months or years ago—jokes that could be insensitive, stereotypes that offend, and the like—are now flagged by audiences and removed by creators. The process often starts before anyone writes a script. For example, says Mr. Carlson, one Hollywood studio asked MarketCast to look into an old and dormant piece of intellectual property he thought no one would be interested in. (He can't say which.) By analyzing social-media trends and scouring the web, his team discovered a substantial fan base—complete with fan art. The studio is now developing a feature film from something that otherwise might have remained at the internet's fringe. During the writing stage, data gathering can continue. Screen Engine/ASI, for example, records actors reading aloud in-progress scripts, then streams the production to panels. This method of pre-screening a script often leads to changes. And it's only become more popular in the age of Covid-19, since so many pilots weren't shot as a result of the pandemic, but actors can read scripts from their homes, says Mr. Goetz. Once a pilot has been shot, a service like Pilotly can simulate a video-on-demand service or social-media platform, to allow paid panelists to experience the show in a familiar way.

For example, producers of the show “Don't Look Deeper”—which features Don Cheadle and recently made its debut on the short-form streaming service Quibi—used Pilotly to test rough cuts of its first two episodes. First, Pilotly gathered an online panel of subjects at Quibi's core: people already primarily consuming content on mobile devices. After screening each episode, the firm gave them a survey to determine how they felt about key creative aspects of the episode. Data from the study informed subsequent edits, all in the name of helping the episodes hit metrics like pacing, character likability and the likelihood viewers would come back for more. One obvious pitfall of reducing art to surveys and data is that it gives producers and executives too much leverage over the creatives they rely on to generate hits. And the biggest hits often gain popularity because they head off in a new and unexpected direction, representing the vision of a single person or small creative team. They might not benefit from these modern-day focus groups. Plus, many of the most-watched shows on streaming services aren't even originals. Just think of the enduring power of “Friends” and “The Office.” Much of the most impactful programming appearing on our devices today was created in the focus-group Dark Ages all this technology was meant to replace. And even makers of niche content must be careful. “I think the creative vision still takes precedence,” says NBC's Ms. Barry. “An authentic vision comes across much more favorably than something that feels manufactured.”



and marketers need to be able to consistently craft programs that are more likely than not to find their target audiences. “There's only so many ‘Game of Thrones,’” says James Norman, co-founder and chief executive of audience-research software developer Pilotly. But there's still plenty of room for a show to be a success among its target audience without becoming a global phenomenon, he said. “To make sure shows can hit the mark, you need to understand that audience.” Pilotly is part of a new breed of film-industry tech companies, a Silicon Valley startup that offers a streaming, analytics and audience-survey platform used by creatives, producers and executives to shape content for giants including NBC-Universal, ViacomCBS and even the Valley's homegrown content king, Netflix. For decades, TV shows were screened to focus groups made up of supposedly representative Americans, plucked from shopping malls and casinos. Movies were test-screened in theaters while evalua-

ple together. The second, more problematic, flaw was the assumption that shows that tested well would reach enormous and relatively homogenous audiences. In a world of seemingly endless quantities of streaming content from a mushrooming number of services, success is less about scoring megahits and more about earning the loyalty of particular audiences. This trend began with cable, but has become even more important now that audiences are more diverse, more international, and more accustomed to wending their way down rabbit holes on YouTube, TikTok and Instagram. It's easy and relatively inexpensive for audience-research firms like Pilotly to stream to people in their own homes. This increases the size of the available test audience, as well as the granularity of questions that creatives and marketers can ask, says Bryon Schafer, senior vice president of research at Vevo, a music-video distributor. Other systems can gather data passively, as audience members watch. MarketCast, which analyzes

and studio production teams busy trying to feed you an endless flood of content to keep you watching. The loop is a combination of data to keep things reliable and human creativity to keep things fresh. The trick is replicating those loops across a diverse array of audiences, says Mr. Norman. This is one area where his company, Pilotly, has an advantage, he says. Mr. Norman, who is Black, says he deliberately built a team with as wide an array of backgrounds, nationalities and language fluencies as possible. Mr. Norman likens today's video content to the ads appearing in our very different Instagram feeds. “Stories used to be told so broadly to such a large audience,” says Mr. Norman. “Things have become more targeted.” These systems also help studios and streaming platforms become more sensitive to the tastes of their audiences, avoiding cultural faux pas that can sink a TV show or movie on social media. Tastes are changing quickly, says Kevin Goetz, founder and chief executive of Screen Engine/

Amazon Backtracks On TikTok

Continued from page B1 without authorization. The clipboard is software that stores data in the phone's memory whenever someone copies and pastes information using the iPhone. The security issue could give TikTok a way of accessing any sensitive information that might have been copied, such as passwords or email messages or banking information, said Tommy Mysk, one of the researchers who discovered the clipboard issue. After his research into TikTok's clipboard was published in March, Mr. Mysk and a colleague took another look at TikTok and discovered that it was sending videos without using a standard internet encryption protocol—a design decision that could give hackers a way of spoofing TikTok videos from legitimate users. TikTok has since fixed this issue, Mr. Mysk said. Last month, TikTok said the data access was part of an anti-spam feature and that no such information left users' devices, adding that it had removed that tool. A TikTok spokeswoman on Friday said it is currently reviewing a number of claims made in recent weeks about its security practices and that it has already determined that many are inaccurate or outdated. TikTok is known for its often lighthearted user-made videos featuring pranks, dancing and cats. For much of its history, the company aggressively curated its content to avoid topics that were controversial, though in recent months it has become more permissive and begun featuring more political videos. In the U.S., the app was second in downloads to Zoom Video Communications Inc.'s namesake video-chat app in the first half of 2020, according to market-research firm Sensor Tower, which said TikTok has racked up 184.7 million U.S. downloads to date across the App Store and Google Play. The U.S. was TikTok's third-largest market in new users in the first half of the year, after India and Brazil. A new survey of 2,200 U.S. adults found that Americans were divided over whether TikTok should be barred from operating in the U.S., with 29% saying yes, 33% saying no and 38% unsure. Among the youngest of respondents, considered the most common users of the app, 25% said they'd be more likely to use TikTok if they learned the U.S. was looking to ban the app. Just 9% said they'd be less likely to use it, according to the survey's creator, data-intelligence company Morning Consult. TikTok is currently under a national security review by Washington through the Committee on Foreign Investment in the U.S. after lawmakers raised concerns that the app was censoring content to comply with Chinese government requests. TikTok has denied these allegations. —Robert McMillan and Dana Mattioli contributed to this article.

BUSINESS & FINANCE NEWS

Facebook Bug Leads To Outage For Apps

By PARMY OLSON
AND SARAH E. NEEDLEMAN

A number of popular apps such as **Spotify** and **Tinder** experienced outages for several hours on Friday because of what **Facebook** Inc. said was a bug in its software for iPhone users.

The issue relates to Facebook’s software development kit, or SDK, which many developers embed in their apps to allow people to log into apps through their Facebook accounts.

“Earlier today, a code change triggered crashes for some iOS apps using the Facebook SDK,” Facebook said on its developer website Friday. “We identified the issue quickly and resolved. We apologize for any inconvenience.”

Complaints from app users about the problem appeared to begin surfacing on Twitter around 3 a.m. Eastern time, suggesting the outage lasted for several hours. A Facebook spokesman said the company is working to determine exactly when the outages began.

The bug didn’t affect users of Android phones or web users of those applications.

On social media, users of other apps including Pinterest also complained of their services crashing as soon as they opened them on their iPhones via Facebook.

This isn’t the first time third-party apps have experienced technical issues because of Facebook. In May, a number of high-profile apps including Spotify, TikTok and Pinterest crashed upon opening. The Facebook spokesman said Friday’s problem was related to an update with its SDK for apps on **Apple** Inc.’s mobile-operating system, but the company doesn’t yet know if the exact cause.

“We’re aware of some issues right now and are checking them out!” Spotify’s support team tweeted Friday morning. A few hours later, the team tweeted again saying: “Everything’s now back in tune!”

App makers rely on developer kits to integrate their

The issue relates to embeds that allow people to log into apps via Facebook.

apps with others, enabling people, for example, to log in with their Facebook, Google mail or other credentials. Facebook’s kit is among the most widely used by app developers for this purpose.

Facebook’s SDK helps apps with user onboarding and retention, said Adam Blacker, vice president of insights at Apptopia, an app-analytics firm.

People using an app for the first time don’t need to come up with a new username or password if they sign up with their Facebook credentials, he said, and logging back into an app is just as quick.

App makers see risks, such as outages, in using Facebook’s SDK as worth taking, Mr. Blacker said. Outages are infrequent and when they happen typically many app makers are affected, he said.

“You’re sinking and rising along with your competitors,” he said. “You don’t look any worse than” they do.

Software-development kits for apps have presented other problems for users. A 2019 investigation by The Wall Street Journal found that apps sometimes shared phone users’ personal information with Facebook even if a Facebook account wasn’t used to log into the app and the user wasn’t a Facebook member.

Those apps sent data without any prominent or specific disclosure, a finding that alarmed some privacy experts who reviewed the Journal’s testing. At the time, Facebook said some of the data sharing uncovered by the report appeared to violate its business terms. The company also said it told apps flagged by the Journal to stop sending information its users might regard as sensitive.

Carnival to Shrink Fleet by 13 Ships

By DAVE SEBASTIAN

Carnival Corp. said it expects to reduce its fleet by 13 ships, or nearly 9% of its capacity, a move that will downsize the world’s largest cruise company’s operations as it continues to burn cash amid sailing suspensions caused by the Covid-19 pandemic.

“[We’re] reorganizing the company to emerge stronger, leaner and more efficient,” Carnival President and Chief Executive Arnold Donald said on a conference call Friday. “Even when we return to full-scale operations, we don’t expect to return to the same staffing requirements, as we are addressing our work streams to work in a more efficient manner.”

Major cruise lines are still months away from resuming sailings that were halted by the pandemic. In the U.S., the Centers for Disease Control and Prevention’s no-sail order expires July 24, though cruise lines have agreed to extend their sailing pause to the U.S. until mid-September.

As they prepare to sail again, the companies are overhauling safety protocols as they try to win back consumers’ trust. The cruise industry was among those that took an early hit in the pandemic, with deadly outbreaks hitting several ships and grinding the industry to a halt ahead of the normally lucrative summer months.

Royal Caribbean Cruises Ltd. and Norwegian Cruise Line Holdings Ltd., normally rivals, said they have put together a panel co-chaired by former Food and Drug Administration Commissioner Scott Gottlieb and Michael Leavitt, a former Utah governor and Environmental Protection Agency administrator, to deliver protocol recommendations by the end of August.

Carnival is co-hosting panels



The Carnival Panorama cruise ship sat docked and empty of passengers in April in Long Beach, Calif., put out of service by the pandemic.

that will touch on virus transmission, screening and testing, and mitigation of risk.

In Europe, a small cruise operator has already hit a stumbling block, highlighting the challenges facing the large cruise lines. A day cruise from Finland to Estonia in late June was marred when a passenger fell ill and later tested positive for the virus. Some who were aboard the small operator’s ship are being quarantined in Finland.

The Silja Europa had followed strict guidance from the Finnish and Estonian authorities, according to Tallink Grupp AS, the Estonian company that operates the ship. Before boarding the vessel, about 1,000 passengers signed a declaration form stating they

weren’t encountering symptoms of illness, and capacity was capped at 30%. Passengers’ temperatures weren’t screened, Tallink said, because health authorities didn’t require it.

“This is a dangerous time to be sailing again,” said Ali Nouri, the president of the Federation of American Scientists.

To provide a more accurate sense of passengers’ health, cruise lines should check passengers’ temperature a few days into the journey to account for the latent period, Dr. Nouri said. Even then, such screening measures could provide a false sense of comfort, as the virus also spreads through asymptomatic people, he added.

The outbreak in February on Carnival’s Diamond Princess

ship could have been caused by airborne transmission through its ventilation system during the quarantine period, according to a study by Bournemouth University researchers that hasn’t been peer-reviewed.

Sailings in Europe are set to restart earlier, with Carnival’s AIDA Cruises resuming three cruises from Germany in August. But some cruises in Europe depend on U.S. tourists, who are currently banned from visiting the European Union as coronavirus cases increase in some U.S. states, said Jason Guggenheim, managing director and senior partner at Boston Consulting Group.

Carnival’s Mr. Donald on Friday said the company’s brands have been able to source passengers mostly from local mar-

kets, and pointed to pent-up demand. The company said nearly 60% of 2021 bookings during the first three weeks of June were new bookings, as opposed to guests using their cruise credits Carnival had given as a refund for canceled cruises.

Carnival on Friday reported a loss of more than \$4 billion in its latest fiscal quarter, its largest-ever quarterly loss, confirming preliminary figures reported last month. It also said it expects to burn about \$650 million a month for the rest of the year and warned that it could breach a loan agreement in a prolonged sailing pause.

◆ Heard on the Street: Cruise fans yearn to ship out.....B14

Cinema Chain AMC Reaches Financing Deal

By ALEXANDER GLADSTONE
AND R.T. WATSON

AMC Entertainment Holdings Inc. has reached a deal with investors who will pump \$300 million of new money into the company, as the nation’s largest theater chain looks to restart its business and fill seats with moviegoers still wary of the coronavirus pandemic.

Under the terms of the deal, AMC’s junior bondholders, who are owed \$1.6 billion, will swap their debt at a discount—about 73 cents on the dollar—for new debt. Some of those investors will lend AMC \$200 million, the company said in a regulatory filing Friday.

Meanwhile, private-equity firm Silver Lake Group LLC, which has a representative on the company’s board and holds \$600 million of its convertible

bonds, would swap its holdings into first-lien debt. Silver Lake has also agreed to provide a \$100 million senior loan.

AMC has already entered into written agreements with Silver Lake as well as investors holding roughly \$1.6 billion, or 70%, of the company’s \$2.3 billion of junior bonds. The company will aim to get investors who hold the remaining 30% of junior bonds to participate in the deal as well.

The agreement will slash as much as \$630 million in debt from AMC’s books as the chain moves to reopen its theaters and to recuperate from the coronavirus pandemic. The Wall Street Journal reported Tuesday that AMC was nearing a deal supported by bondholders and Silver Lake.

Before reaching the agreement with the bondholders and Silver Lake, AMC had reviewed



AMC hopes to begin opening its U.S. theaters at the end of July.

a counterproposal made by senior lenders including Apollo Global Management Inc., Davidson Kempner Capital Management LP and Ares Management Corp. However, both Silver Lake and the bondholder group

rejected the senior lender group’s proposal, according to people familiar with the matter.

AMC has been a potential bankruptcy candidate ever since the pandemic caused the company to shut its theaters,

numbering more than 1,000 world-wide, and furlough workers. Already heavily leveraged before the pandemic, the chain has been without revenue for months. It hired law firm Weil, Gotshal & Manges LLP, a bankruptcy powerhouse, and financial adviser Moelis & Co. for advice on weathering the outbreak.

Movie theaters have largely stayed shut even as states loosen social-distancing rules at restaurants and other venues because of the challenges of packing large numbers of people into indoor auditoriums. The three biggest chains—AMC, Cineworld Group PLC’s Regal Entertainment Group and Cinemark Holdings Inc.—have decided to stay closed until they have new movies to show.

AMC hopes to begin opening its U.S. theaters at the end of this month.

China Auto Sales Improve After Pandemic Slump

By TREFOR MOSS

SHANGHAI—Auto sales in China increased 10.4% in the second quarter year over year, as dealers and auto makers began to repair the damage from a first quarter wrecked by the coronavirus.

The government-backed China Association of Automobile Manufacturers said Friday that the industry had bounced back more strongly than expected, posting its first quarterly gain in two years. June sales of 2.3 million, up 11.6% year over year, were a record for the month, according to the association.

Sales were down 16.9% year over year in the first six months of 2020, however, setting the China market on course for its third straight year of declines despite the recent rally. This year’s auto sales will be 10% to 20% down compared with 2019’s 25.8 million vehicles, the association forecasts, with the pandemic limiting the sector’s comeback.

“The uncertainty of the international epidemic still exists,” said Chen Shihua, the association’s deputy secretary-general. “This will affect consumption.”

With car markets still in a state of collapse in the U.S. and Europe, China has

EV Startup Rivian Raises \$2.5 Billion

Rivian Automotive LLC, an electric pickup-truck startup backed in part by **Ford Motor** Co. and **Amazon.com** Inc., said Friday it had secured another \$2.5 billion in funding from private investors, providing it with extra cash to help navigate growing economic uncertainty and release new vehicles.

Asset-management firm **T. Rowe Price Group** Inc. led the investment round, which in addition to raising more money from existing investors also attracted new backers, including the **Soros Fund Management**

LLC and **Fidelity Investments**, Rivian said.

Amazon and **BlackRock** Inc. also added to their earlier investments, the company said.

The new funding round illustrates that the auto industry’s push to electric vehicles is still generating interest from investors, even as the economic fallout of the Covid-19 pandemic has dented buyer demand for vehicles and forced many auto makers to draw down on their credit lines to shore up cash.

Rivian plans to launch three new models in 2021, including commercial delivery vans for Amazon’s fleet and a fully electric pickup.

Rivian’s first two models,

This situation should flip in the third quarter, most analysts predict: The wholesale business looks set to fall again, with dealerships having already rebuilt their inventories, but retail sales should gather pace as consumers are coaxed back into the marketplace by generous discounts.

That is likely to squeeze margins as the industry tries to drum up business by whatever means necessary. “The risk of a price war is rising as market shares and volume targets are prioritized over prof-

the R1T electric pickup and R1S SUV, were expected later this year but have been delayed due to pandemic-related supply-chain disruptions. The vehicles are now expected to go on sale early next year, each priced around \$70,000 before electric-vehicle tax credits.

The company plans to sell directly to consumers instead of relying on the traditional dealership model.

In 2017, Rivian acquired a former Mitsubishi plant in Normal, Ill., to build its vehicles.

The latest funding adds to the more than \$2.8 billion it raised last year from investors including Ford and cable-conglomerate Cox Enterprises Inc.

—Ben Foldy

itability,” said Jing Yang, director of corporate research at Fitch Ratings.

Ford Motor Co. said its second-quarter sales increased 3% to 158,589—the first increase for the company in China in three years. **General Motors** Co.’s quarterly China sales declined 5.3% year over year to 713,600.

Toyota Motor Corp. said its China sales increased 23% year over year in June. A surge in second-quarter sales left the Japanese auto maker down only 2.2% year over year

in the first half, despite the coronavirus slump. In contrast, Ford and GM were down 10% and 25% in the first half, respectively.

After several months of deep discounting designed to get the market moving again, car dealers expect the rest of 2020 to be a grind, even if volumes improve.

Meanwhile, the slump in electric-vehicle sales in China continued through the second quarter: EV sales fell 37% year over year in the first half of 2020 to 393,000, after also declining in 2019. EV sales will fall to around one million this year, according to the China Automotive Technology and Research Center, a government agency, down from 1.2 million last year.

But the center expects the country’s EV ambitions to get back on track with 1.6 million sales next year, as global auto makers launch more electric models.

While most of China’s EV makers are struggling, **Tesla** Inc. sold over 46,000 locally built Model 3 sedans in the first six months of the year, according to the passenger-car association, making the Model 3 China’s bestselling EV this year by a substantial margin.

—Raffaele Huang
and Yin Yijun
contributed to this article.

EXCHANGE

ON BUSINESS | JOHN D. STOLL

Stitching Together a Survival Plan That Is Designed to Last

How is Rent the Runway still in business? Founder made deep cuts quickly.

Rent the Runway co-founder Jenn Hyman is one of those chief executives who believes her company will come out of the pandemic stronger for experiencing it.

She repositioned her popular rental and subscription service for clothes to capitalize on her belief that post-lockdown consumers will demand sustainable and affordable clothing options.

There is a glitch. America’s coronavirus case count doesn’t seem to be going anywhere but up, and governors from coast to coast are slowing the pace of reopening. Closed offices, restaurants, clubs and banquet halls are bad news for a company that caters to women who want to repeatedly refresh their wardrobes.

“It’s been a painful last few months,” Ms. Hyman told me at the beginning of a recent hourlong interview.

Ms. Hyman started restructuring her business model in early March. As America locked down, Rent the Runway’s revenue dried up.

“I really saw Covid as being a threat to not just what our numbers would be in 2020, but a threat to over a decade of pioneering a new economy,” she said. Ms. Hyman, a mother of two, sees Rent the Runway as her firstborn. She views its purpose in life to lay groundwork for the so-called circular economy where companies that offer services that encourage recycling, reuse or resale are winners.

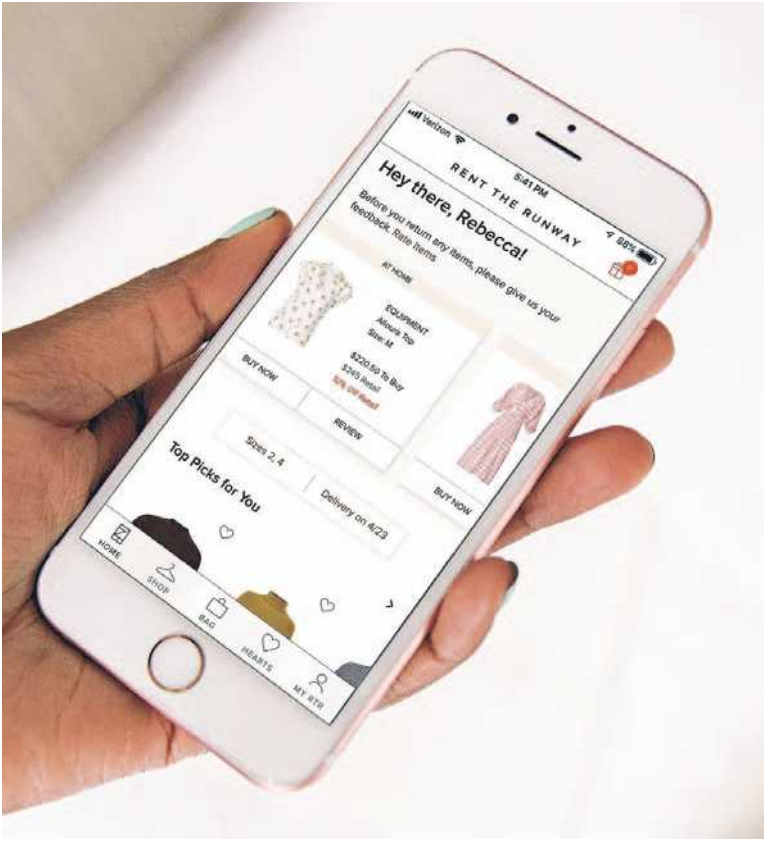
She had girded the company for economic recession and other disruptions, but the coronavirus’s impact on the fashion industry is what a tornado is to a mobile home. “I could not have imagined a period of time where people were locked into their homes for three months,” she said.

The 39-year-old entrepreneur confronted a choice many CEOs faced: Should her moves be drastic and swift to weather a storm with no foreseeable end, or urgent yet measured to ride out a squall that would pass in a month or so?

Choices we make in our darkest days have long-lasting consequences. Option A—fast and deep—



Jenn Hyman, above, sliced costs by 51% and laid off or furloughed half her staff. Now the company is rolling out new app services, right.



RENT THE RUNWAY (2)

came with the risk of being caught flat-footed should the economy immediately snap back; Option B—slow and steady—came with the risk of needing to implement round after round of restructuring, subjecting the company to a potential death by a thousand cuts.

Ms. Hyman decided to slice as close to the bone as possible without inflicting a fatal wound. She slashed the company’s costs by 51%, and furloughed or laid off half the workforce. She raised new financing and rewrote terms with suppliers to pivot to a revenue-sharing consignment model from the old wholesale model that requires big capital outlays with no guaranteed payback.

Browse this week’s business

headlines to see what happened to other leaders who chose Option B. CEOs from various industries are issuing version 2.0 of their survival plans four months into the crisis.

Levi Strauss & Co. on Tuesday said it would let go 15% of its salaried ranks after a brutal financial performance in the last quarter. United Airlines Holdings Inc. on Wednesday said it is considering shedding nearly half of its U.S.

workforce, months after it warned of more modest layoffs. On the same day, Brooks Brothers filed for chapter 11. The next day, we learned Harley-Davidson Inc. is laying off another 700 employees.

To be fair, not every CEO walks in Ms. Hyman’s designer shoes. She has a relatively flexible cost structure, low exposure to the conventional retail industry, and doesn’t answer to public share-

Renting Out The American Dream Home

Continued from page B1
are emerging as beneficiaries of the Covid-19 era.

Few firms are better situated to benefit from this shift than Mr. Hughes’s **American Homes 4 Rent**, which has about 53,000 suburban houses in 22 states and collects about \$1 billion in annual rent from tenants who are typically pet-owning parents in their late 30s with six-figure incomes. In May, its showings to prospective tenants were up 22% year over year and more than 2,400 leases were signed, the most in a month since 2015. The Agoura Hills, Calif., company is racing to add even more houses amid the current economic upheaval, including building thousands expressly to rent.

It wasn’t the first time the 86-year-old Mr. Hughes—the son of an Oklahoma sharecropper who migrated to California during the Great Depression—turned a hyperlocal transaction into a national empire. Five decades ago he noticed that Americans were accumulating more stuff than their houses could hold, and that many of them would rather rent space in which to stow it than part with grandma’s old sofa or whatever else they were hoarding.

He and a partner pooled \$50,000 and in 1972 opened a storage facility in El Cajon, Calif. Today his Public Storage has thousands of locations marked by the company’s bright orange signs, some 170 million square feet of rentable space and a stock market value of about \$34 billion.

The idea that suburban houses could be owned and rented out on a national scale, like apartment complexes or office buildings, took shape following the 2007 housing bust. Mr. Hughes believed he could do for rental homes what he had done for the then scattershot and loosely managed storage business. Consolidate ownership, centralize operations, use computers to do the jobs of people whenever possible and establish more aggressive market rates.

The first house that Mr. Hughes bought in Las Vegas had three bedrooms, a nice yard and rented for \$1,050, the going rate for such properties. It was a steal. Apartments nearby with only two bedrooms were renting for \$1,400 a month. That was all the evidence he needed that rents could be pushed higher.

Mr. Hughes and his lieutenants had bought about a hundred



DUSTIN CHAMBER FOR THE WALL STREET JOURNAL

American Homes 4 Rent leases about 53,000 suburban houses in 22 states and is building more. One, above, is going up in Loganville, Ga.

houses and were tinkering with their business model when a man from Alaska’s state oil fund called their offices in Southern California. The oil fund’s managers were looking for a way to play the housing crash and wanted to know what Mr. Hughes had planned.

He told them he was approaching landlording backward. He considered the type of tenants he wanted and then sought houses to suit them.

Families with school-age children were the prize. They were likely to stay in houses longer than singles, willing to swallow annual rent increases if it meant not uprooting their children from schools and neighborhood friends.

“Some of you have had children, I’m sure,” Mr. Hughes told the fund’s trustees during a 2014 meeting in Juneau, according to audio recordings. “They don’t ever want to move.”

Landlording is an ancient business, but leasing thousands of far-flung suburban houses had never been done before. The foreclosure crisis gave investors the chance to gain critical mass on the cheap while a leap in cloud computing and mobile technology enabled them to orchestrate thousands of purchases and efficiently manage the properties thereafter.

The benefits for suburban renters are that they can live in a well-maintained, family-sized suburban home and send their children to good public schools without committing to decades of mortgage payments, tying up their savings in down payments, or risking entrapment in another market collapse. There is a big potential cost, though. By renting, they forsake the method by which most Americans build wealth.

Homeownership allowed the U.S. middle class to cling to its share of the country’s overall wealth in the decades following World War II,

despite losing major ground to the wealthiest Americans in terms of income, according to a 2018 paper by University of Bonn researchers Moritz Kuhn, Moritz Schularick and Ulrike I. Steins.

The wealth of the bottom half of wage earners doubled between 1971 and 2007 despite incomes that were stagnant once adjusted for inflation, they found. Most Americans weren’t really making any more money at work. They were richer because they owned homes that rose in value.

The housing crash wiped away a lot of wealth, though. People born in the 1970s were hit especially hard. They started out owning homes at much higher rates than their predecessors but once the dust had settled from the housing collapse, they had fallen way behind. Their homeownership rate at age 38 was 52%, according to a 2016 study by John Burns Real Estate Consulting, lower than the 61% rate for Americans born in the 1950s and 63% among those born in the 1960s.

It has been difficult for many to regain their economic footing. The median-earning household—\$63,179 in 2018—can’t afford the median-priced home in many American cities.

The situation is even more bleak for people born in the 1980s. Nearly one in five lives below the poverty line, the highest percentage for any cohort since the generation born during the Great Depression in the 1930s.

Mustering a down payment to buy a house is nearly impossible for many of these younger adults, who are buried in student debt and are not generally wedded to the notion of ownership.

Investors realized that there would be a lot of people who would have to rent the suburban lifestyle to which they were accustomed; they started showing up at foreclosure auctions in the early part of the

last decade. A Who’s Who of real-estate investors including hotelier Barry Sternlicht, Donald Trump confidant Tom Barrack and Stephen Schwarzman’s Blackstone Group Inc. sent buyers to auctions with duffel bags of cashier’s checks. At one point, Blackstone’s Invitation Homes was buying \$150 million worth of foreclosed houses a week.

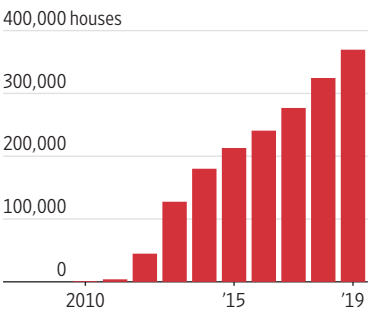
I had become a landlord around the same time, reluctantly. My house plunged way below what I owed the bank. I needed to move but couldn’t sell. I lost a lot of money and sleep landlording from afar. So it was surprising to see the zeal with which major investors were piling in.

Investors circled the first Tuesday of each month on their calendars and booked flights to be in Atlanta. That is the day when every county in Georgia held foreclosure auctions. American Homes 4 Rent’s bidders would gather at a Sheraton Hotel along the interstate north of the city the evening before and divvy up \$20 million or so of cashier’s checks. Then they’d fan out to different counties to buy houses.

Home Shopping Spree

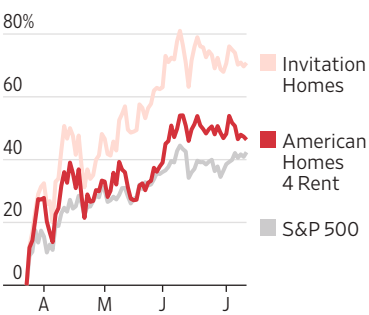
During the last housing crash big investors including public companies, pensions, insurers and private-equity funds began gobbling up suburban homes to rent out.

Cumulative number of single-family homes bought by institutional investors*



Rental-home shares have outperformed the broader market since the stocks bottomed in March.

Share-price and index performance



*Estimates based on public sales records. Actual totals may be higher. Sources: Amherst (institutional investors); FactSet (performance)

holders. But none of that makes being the bad guy any easier.

Dan Rosensweig, the chief executive of the online education publisher Chegg Inc., helped oversee Rent the Runway’s overhaul as a member of its board. “The challenge is balancing the existential challenge that is if you don’t make the hard decisions within 15 days everything could go away and the recognition of if you do them right, or mostly right—which Jenn and the team have done—coming out of this the company will actually be bigger and stronger.”

Supportive directors couldn’t shield Ms. Hyman from criticism she took for cutting so deep (the company laid off every retail employee at its stores). She got an earful from “super angry” fashion labels and clothing suppliers who felt her moves were overly premature.

“They didn’t want to hear it for the first two to three weeks,” she said. Rent the Runway’s analysis says the majority of the brands that the company has worked with are now facing some degree of financial trouble, she said.

Companies that act fast are often the ones standing in the end, and Ms. Hyman is ready to pounce. Her furloughed employees returned to their jobs this week, a reflection that fashion lovers are slowly and steadily reactivating their subscriptions. The company, now nearly a dozen years old, has rolled out new programs to try to meet the times.

“We need to give people a more measured way to rejoin us, and perhaps for some of them, having unlimited outfits on unlimited rotation doesn’t make sense with a more modified life.”

Rent the Runway has always offered customers the option to buy items they rent, but the company is expanding this service. Next week the company will make it easier for subscribers to buy lightly used clothes through its app and website.

“We repositioned the company financially and structurally to benefit coming out of the pandemic,” Ms. Hyman said. Now she just needs the world to meet her halfway.

“We don’t need people to go back to work,” she said. “We just need people to leave their home.”

Their instructions were strict. Nothing older than 20 years or so. Nothing too rural. Nothing smaller than three bedrooms and two baths. Nothing without a garage. Nothing that cost less than \$100,000. Nothing that would rent for less than \$1,000 a month. Decent schools were a must.

The financiers view their spree as a stabilizing force for a housing market that had spiraled out of control. “One of the main things that was a benefit to society of us getting in and buying homes is that we basically created a floor for falling home prices,” said David Singelyn, who accompanied Mr. Hughes when he bought his first rentals and is chief executive of American Homes.

Companies like Invitation and American Homes proved so profitable that they kept buying even after the foreclosures dried up. To find the best properties on the market before other buyers, they deployed house-hunting computers programmed to think like Mr. Hughes, who retired from the American Homes board last year. He declined to comment through a spokeswoman.

The computers all loved Spring Hill, Tenn., a suburb at the southern edge of metro Nashville that boasts the cheapest houses in one of the best school districts in the state.

The local General Motors Co. plant had ramped up production and the housing market was red hot in April 2017 when a three-bedroom, two-bathroom home was listed for sale there. The sales agent hardly had time to pound a sign into the yard before he started fielding offers.

The sellers had four to weigh within hours. The high bid of \$208,000 came from a couple with a child looking for their first house. American Homes matched, all cash.

Unlike the family, American Homes didn’t need to borrow a penny to buy the house. Its offer was without contingencies. The company wouldn’t fuss over scuffed floors or ugly paint since it would be renovating the house, using the same colors, flooring, and appliances as those in its hundreds of other houses around town.

About a month later, the house was back on the market. This time for rent, for \$1,575 a month.

The family whom American Homes beat out was precisely the type of tenant that the company hoped would rent it.

Adapted from “Underwater: How Our American Dream of Homeownership Became a Nightmare,” by Wall Street Journal reporter Ryan Deezember. The book will be published by Thomas Dunne Books, an imprint of St. Martin’s Press, on July 14.

WEEKEND INVESTOR

TAX REPORT | LAURA SAUNDERS

You Can't Ignore Uncle Sam

It's been a tough year, but everyone needs to file taxes—even if they can't pay



No matter how stressed or financially stretched you are this year, file tax forms with the Internal Revenue Service by July 15. Not doing so will only make your bad situation worse.

The deadly coronavirus pandemic has upended the lives and finances of millions of Americans, leaving the U.S. with about 15 million fewer jobs than in February. In response, the IRS issued a historic emergency declaration easing a host of requirements. For the first time, it delayed the traditional April 15 filing deadline by three months.

Now the July 15 deadline to file 2019 taxes is days away, while many Americans' lives are still in disarray. Some, feeling over-

whelmed, may be tempted to ignore their taxes.

That would be a huge mistake: If you owe Uncle Sam, blowing off tax filings has immediate consequences that compound and are almost impossible to escape, because the IRS is the most powerful creditor in the nation.

"To get its money, the IRS can file a lien on your property that wrecks your credit, seize your bank account, and take your wages. It can even get money from your IRA or 401(k) savings account, and you'll owe tax on the withdrawal," says Bryan Skarlatos, a criminal tax attorney with Kosteianetz & Fink in New York.

However, taxpayers can take steps to minimize the damage if they can't pay in full or at all. With tax debts, small moves can mean big differences.

Here's an example: Two of the IRS's most potent penalties are for failure to file a return and failure to pay tax. If someone doesn't file or pay \$1,000 of tax for a year, then the failure-to-file penalty adds \$435 to the bill and the failure-to-pay penalty adds \$60. The \$495 total is often far higher than credit-card interest on a similar amount.

Interest is also due on unpaid taxes and penalties. It compounds daily, currently at an annual rate of 3%. In this case it adds another \$45 after a year. Smaller penalties may apply as well.

The IRS isn't known for its mercy, but it has programs and other measures for taxpayers who can't pay what they owe. Here are steps to take and pitfalls to avoid in this extraordinary tax year.

- **File something by July 15.** As the example above shows, the failure-

to-file penalty is immediate and large. So if you can't pay, you should still file.

You should try to send in an accurate return by July 15. If that's impossible, file IRS Form 4868 by then to get an automatic three-month extension to prepare the form until Oct. 15.

There's no extension to pay your tax, so interest on what you owe starts accruing on July 15 even though you have an extension to send in the return and may not know exactly what you owe yet.

If you miss these deadlines, file as soon as possible.

- **Know which excuses work.** The IRS abates penalties for "reasonable cause," with the pandemic as a possible cause this year.

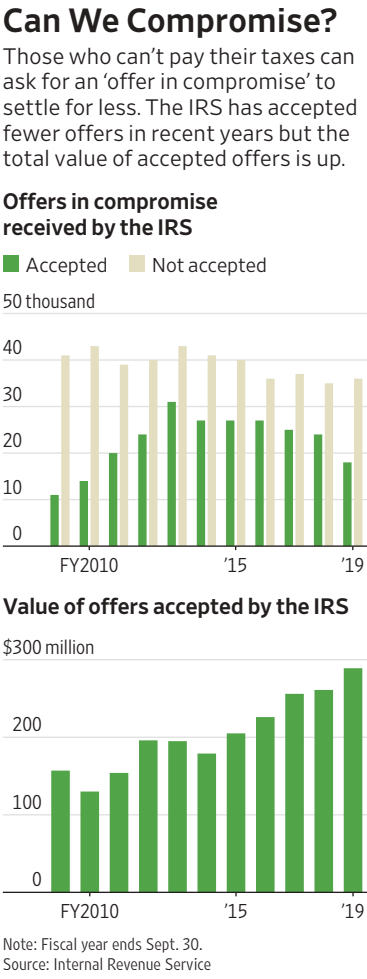
Still, the reasonable-cause defense has limits. For example, a family death or serious illness three years ago probably won't count as an excuse to be late in filing or paying 2019 taxes.

Taxpayers with a clean record until their lapse can often receive a "first-time abatement" because of prior good behavior.

- **Understand the IRS's payment plans.** It can be fairly simple to pay back taxes to the IRS. To qualify for a short-term payment agreement, you must owe \$100,000 or less in taxes, penalties and interest and be able to pay within 120 days. Taxpayers who need longer than 120 days and owe less than \$50,000 can opt for an installment agreement. Both can be set up quickly online at IRS.gov.
- **Consider how to raise funds.** Mr. Skarlatos warns that penalties and interest continue to compound on unpaid taxes if you use an IRS payment plan. So he recommends borrowing the funds from a bank, a 401(k), a relative or even a credit card, if possible. Congress eased terms for 401(k) loans due to the pandemic.
- **Beware of sales pitches promising miracles.** For taxpayers who can't pay the IRS in full, a program known as Offers in Compromise may accept a lower amount in settlement. Some firms promising to secure these offers advertise on radio or TV.

The IRS typically accepts less than 40% of offers it receives. Fees to firms that advertise them can be high and include recurring charges while the IRS considers a proposal over many months.

IRS Commissioner Chuck Rettig urges taxpayers seeking an offer in



compromise to check with the IRS first.

"To hear some of these ads, struggling taxpayers can think their tax debts will magically disappear. Many people can avoid unnecessary disappointments and fees by quickly reviewing the program or asking an IRS representative," he adds.

- **If all else fails...** The IRS won't pursue tax debtors if that leaves them without living expenses. In this case, the account is designated as "currently not collectible" and the IRS pauses collections, usually for up to a year. Penalties and interest continue to accrue.

To qualify for this status, says Szu-Ju Chang, an attorney in Las Vegas who has worked extensively with low-income taxpayers, a person will need to provide detailed information about income, expenses and assets for the IRS to assess.

For more information, contact the Taxpayer Advocate Service or a low-income taxpayer clinic.

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When a Texas Oil Boom Busts

Continued from page B1
there was soaring, hotels were charging rates rivaling those of New York City, barbers were earning up to \$180,000 a year, and schools were scrambling to cope with housing costs that were surging along with oil output.

By the end of last year, that frenzy was slowing as investors withdrew from the oil patch after years of disappointing returns.

Now, everyone from restaurant owners to ranchers is struggling to survive as oil companies pull back on drilling new wells and turn off existing ones that are uneconomical at current prices. By early July, there were just 125 rigs drilling for oil in the Permian, roughly one-third of the number at the end of last year, according to Baker Hughes Co.

This is what it looks like when an oil boom busts.

Food Bank Lines And Empty BBQ Joints

Abe Guerrero has been picking up food from the West Texas Food Bank since he was furloughed from his job two months ago as a safety manager for an oil field trucking company.

The company laid off all but 20 of its roughly 200 drivers. Overall, in the Permian Basin, unemployment soared to 13.4% in May, from 2.1% a year earlier, according to the Texas Workforce Commission.

The RV park where Mr. Guerrero lives with a friend cut rent from \$580 a month to \$480 after it lost 80% of its residents, but he says he still counts on the food bank.

"It's a different way of life these days," says Mr. Guerrero, 57, who recently waited in line to receive food in Odessa. "It's like a Third World country."

The West Texas Food Bank has distributed nearly 900,000 pounds of food per month since March, up from about 550,000 pounds last year, according to Executive Director Libby Campbell. She says 74% of the households collecting food in April had never been to the food bank before.

"We know how to deal with hurricanes, fires, floods," Ms. Campbell says. "With this, there's no handbook. It's going to be a long road, and we are nowhere near being done."

Pody's BBQ, a Pecos restaurant that was a mainstay for roughnecks when oil was booming, has lost 30% of its sales. It began shedding customers well before the bust, owner Israel Campos says. Drilling activity was already slowing last year as an oversupply of crude started to form.

"You could see it coming," Mr. Campos says. "Then the pandemic hit and that was even worse."

Mr. Campos says many of his customers can no longer afford more expensive offerings such as brisket. Pody's has shifted its menu to Mexican cuisine and burgers, less expensive fare.

Mothballing Rigs

Matt Elliott realized U.S. oil production was about to fall early this year when he started to see drilling



► Workers cap off an oil well on the outskirts of Pecos, Texas, top; Abe Guerrero in the trailer he shares with a friend, above; equipment for oil rigs at Monahans Nipple Up Services in Monahans, right.

rigs sitting idle around Pecos. Then Saudi Arabia and Russia started a price war over market share in March, making the coronavirus oil crash worse.

"Within a matter of weeks, it was a whole new industry," says Mr. Elliott, 32, the chief executive of White Shark Energy LLC, a service and equipment rental company.

Work in the oil field all but dried up, so he and his employees busied themselves with equipment maintenance. He expects his company's revenue to be 50% to 70% below

last year's.

If there's a silver lining, it's that the crash may give towns such as Pecos time to build the infrastructure needed to support the influx of new residents and transient workers that the oil boom attracted, says Mr. Elliott, a Pecos native.

Pecos's population has soared nearly 20% since 2010 to about 10,000, according to the U.S. Census Bureau, and construction is under way on a new \$115 million hospital and a \$17 million recreation center.

"It provides our community time to regain our footing and make the changes that are needed," he says.

Vacant Barber Chairs

Last year, barbers working for Pete McGarity could make \$180,000 a year cutting hair near oil drilling sites across the Permian. Now, Mr. McGarity works the oil patch alone and sees a fraction of the customers.

"It's definitely a panic, man, there's a lot of people living off oil around here," he says.

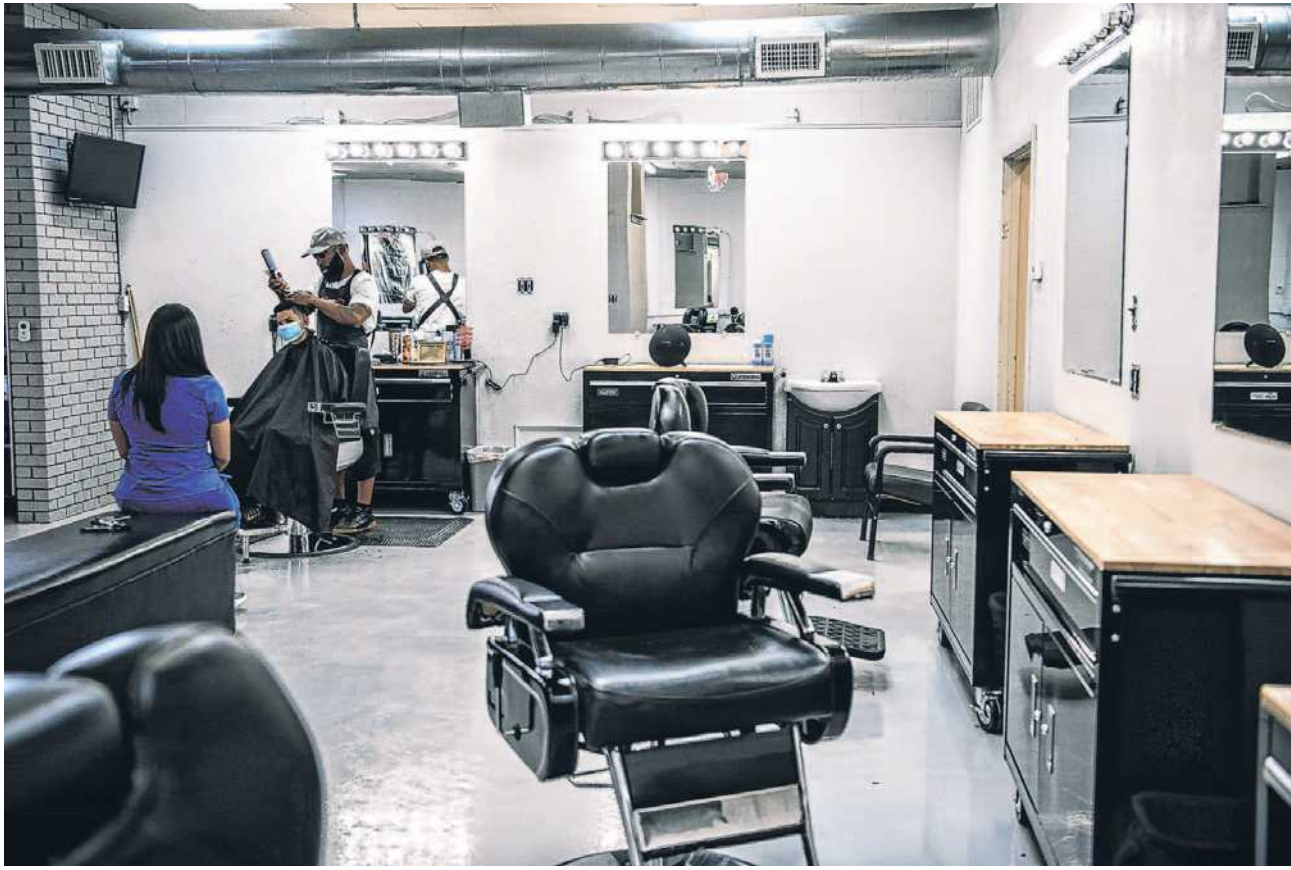
Mr. McGarity and a team of three or four barbers used to work around the clock in his custom-built, mobile barbershop during the oil boom. Now, the roughnecks that would line up outside his trailer have all but disappeared, he says.

These days Mr. McGarity drives the shop alone to forgotten towns

"We know how to deal with hurricanes, fires, floods. With this, there's no handbook... and we are nowhere near being done."



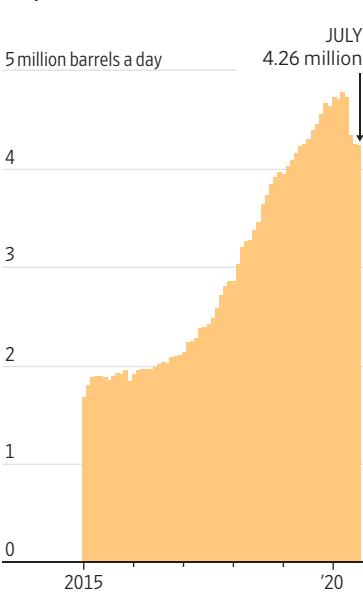
▼ Michael Davis cuts hair at the newly reopened Headlines Barbershop in Odessa.



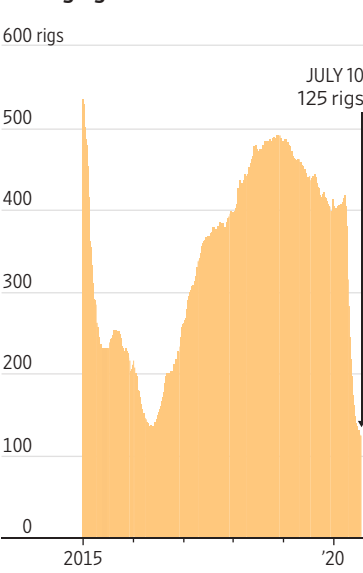
Falling Off

In the Permian Basin region, oil production and active drilling rigs have dropped as demand for oil has plummeted in the wake of the pandemic.

Oil production in the Permian Basin

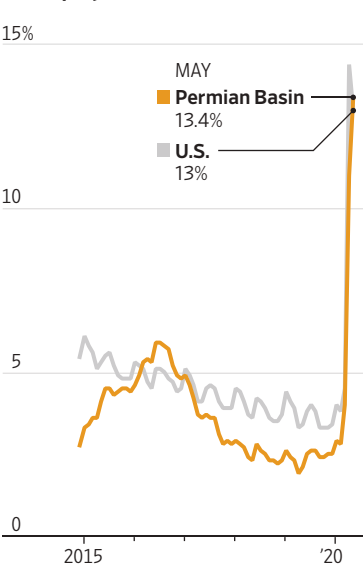


Drilling rigs in the Permian Basin

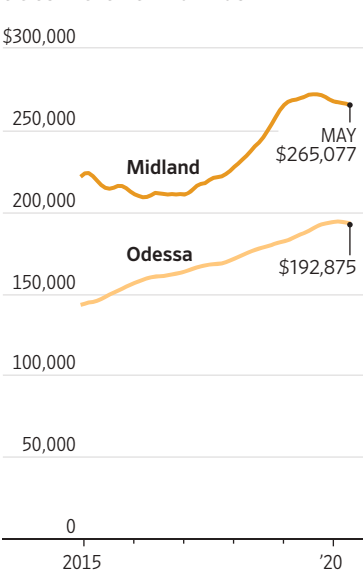


Now, unemployment is rising fast in the region, which recently was one of the country's hottest labor markets. Home prices and hotel occupancy rates have fallen.

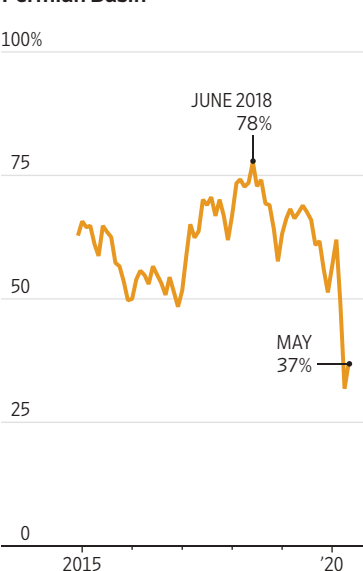
Unemployment rate*



Typical home value in select Texas cities in the Permian Basin†



Hotel occupancy in the Permian Basin



*Not seasonally adjusted. †Weighted average price of the middle third of homes. Sources: Energy Department (production); Baker Hughes (rigs); Zillow (home value); STR (hotel occupancy); Texas Workforce Commission (unemployment)

▼ A camera records a livestream feed of a graduation ceremony at Fort Stockton High School; new houses under construction in Fort Stockton.



is less than 1% in the district.

Fort Stockton administrators figure some of those students have moved away permanently, in some cases because their parents lost oil field jobs.

"Whatever our school year looks like next year, it's going to be a catching up," says Robyn Derington, who until recently was Fort Stockton's curriculum director.

Meanwhile, the school district still hopes the rental housing that it's building for teachers will help lure prospective hires to the far-flung town. Homes in West Texas can be difficult to afford on a teacher's salary and rentals scarce.

Despite the bust, home prices haven't yet declined significantly. The typical home price in Midland was about \$265,000 in May, according to Zillow Group Inc.

"People are asking about it, so I think that's a good thing," says Fort Stockton school superintendent Ralph Traynham, adding that he expects the first units to be available this summer.

A Landlord Fears 'Disaster'

The boom spurred an explosion of temporary housing catering to oil field workers, many of whom don't live locally. In Pecos, more than a dozen new hotels opened in the last decade, says Kurt Schlunegger, whose family owns two area hotels.

That construction surge made this spring's oil crash all the more painful. Hotel occupancy across the Permian plunged to 32% in April, less than half of year-ago levels and the lowest rate on record, according to hotel data tracker STR.

"People were building and opening right up until this Covid thing," says Mr. Schlunegger, who saw occupancy at his properties fall below 20% over Memorial Day weekend.

He is optimistic about being able to recover, in part because neither of his hotels is mortgaged. But some competitors have already closed, he says.

About half an hour east, in the Monahans area, the apartments, trailers and RV parks that Henry Cutbirth and his brother own were still about 60% full in late June. But Mr. Cutbirth, 68, worries that demand could erode after federal assistance programs such as the



▲ Paul Weatherby at home; his family has collected royalties on oil production on their Fort Stockton-area ranch for nearly a century. Now, the Weatherby family has a new source of income: solar power.

"If you look at history, oil will be back up. What concerns me is how long it will take."

Mailbox Money Goes Green

Paul Weatherby's family has collected royalties on oil production on their Fort Stockton-area ranch for nearly a century.

Those checks have shrunk as large producers, including Exxon Mobil Corp. and Diamondback Energy Inc., have pulled drilling rigs from Mr. Weatherby's ranch. The 1,760-acre ranch has 11 producing wells. Exxon and Diamondback had planned to drill at least six additional wells between them, Mr. Weatherby says, but halted those plans for now.

"We love getting the mailbox money," Mr. Weatherby says. "Everybody's royalty checks have been minimal or nonexistent for a month or two, that's just the way it is."

But the Weatherby family, which collectively relies on the royalty payments to get by, has a new source of income: solar power. Mr. Weatherby signed a 30-year lease in 2018 for 600 of the ranch's acres with 7X Energy, which is building the largest solar field in Texas, a 602 megawatt project across 2,000 acres. Around 300 workers show up at the ranch every day to build the project.

Mr. Weatherby, a retired rancher and sheriff, says his family's long-term bet is on solar. While the initial returns aren't as lucrative as an oil well, a 30-year solar lease is more dependable than what he sees as an oversaturated oil industry.


"We're not engineers, but from a redneck standpoint, it seems like they have too much competition," Mr. Weatherby says of oil companies. "Whenever you have a rig sitting there drilling well after well and Tom, Dick and Harry are drilling the same thing, you get nervous."

EXCHANGE

THE CAPTAIN CLASS | SAM WALKER

An Outlet King’s Bold Bet on Business as Usual

Steven Tanger insisted that shoppers would always prefer to buy clothes in person. When the pandemic hit, he didn’t flinch.

 To formulate his strategy for surviving the pandemic, Steven Tanger, the 71-year-old chief executive of Tanger Factory Outlet Centers, focused on an unusual set of metrics: boredom and restlessness.

He figured millions of people were desperate to go shopping. It’s a bet Mr. Tanger has been making for years, even as online retail threatens to flatten every shopping center in America. Wall Street has taken the other side of that bet, sucking his company’s share price steadily downward since 2016. Mr. Tanger’s rebuttal is that human beings will always prefer to buy some merchandise in person. Maybe not diapers or dog food, but definitely fashionable clothing. And because his company’s 39 outlet centers, spread across the U.S. and Canada, specialize in discounted apparel, Tanger is well-positioned to take whatever the economy dishes out. “In good times, people like a bargain,” he often said. “In tough times, they need a bargain.” Then, starting in late March, lockdown orders forced 99% of Tanger’s stores to close. The only place shoppers could go to find anything, bargains included, was online.

This was a grim development for a real-estate business that doesn’t actually sell merchandise. Tanger makes money leasing space to retailers like Nike, Gap and Ralph Lauren. Its biggest problem was the absence of rent. In April, Tanger collected only 12% of it. In the first quarter, the company lost \$27 million while its already torpid share price dropped by more than half.

To keep the company afloat, Mr. Tanger and his team broke several longstanding precedents. They cashed out \$600 million in previously undrawn credit lines and suspended the company’s cash dividend for the first time in nearly three decades.

When faced with a crisis of this magnitude, most business leaders either cut costs, hoard cash and hope to survive by curling into a ball, or swing for the fences by embracing fundamental change. Mr. Tanger did neither. He made an aggressive bet on business as usual.

“We are not trying to reposition, shrink, or alter our business model or use the pandemic as an excuse to do it,” he told me.

The first “factory outlets” were literally at the factory: to move excess inventory at a markdown, retailers opened stores on premises. Mr. Tanger’s late father, Stanley, noticed that people drove long dis-



Tanger Factory Outlet Centers CEO Steven Tanger, right, is trying to prove that desperate times don’t necessarily call for desperate measures.

tances to visit these places and figured they might drive further, and spend more money, if they could visit several at once. In 1981, he opened his first outlet shopping center in Burlington, N.C.

Steven Tanger held several executive roles at the company’s Greensboro, N.C., headquarters before taking over in 2009. For seven years, Tanger’s share price rose, hitting a peak of \$42 in 2016. It’s been sinking ever since.

Mr. Tanger is modest, reserved and unfailingly polite. But when doomsayers challenge him publicly, he never gives an inch. He tells them that his company is profitable and has never ended a year at less than 95% occupancy. Amazon, he once said, is a just a “convenient scapegoat” for traditional retailers who neglect their businesses.

For Mr. Tanger, the pandemic was a moment of reckoning. If he believed his own talking points, he needed to prepare for shoppers to come storming back. And that’s what he did. “We’re not going to zig and zag depending on today’s news cycle,” he says. “People believe in our consistency.”

As of June 14, the company reported that 72% of its stores had reopened. It released figures that

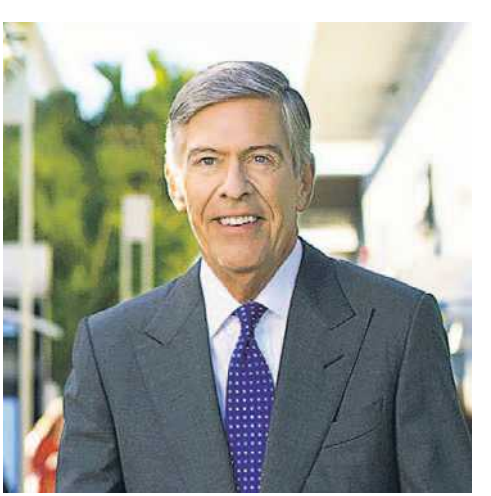
show Mr. Tanger’s gamble may be paying off. Weekly foot traffic at its centers had exceeded 85% of last year’s levels.

Mr. Tanger’s pandemic strategy points to three basic principles that many leaders might find helpful in a crisis. The first is the importance of understanding what your company really sells.

Tanger began as a magnet for bargain chasers, but realized that shoppers were more likely to come back if they felt entertained. To give its shopping centers a theme-park vibe, the company built many of them near popular resort areas and added playgrounds, fire pits and even miniature golf courses.

During the lockdowns, Mr. Tanger suspected that his home-bound customers were craving more than just shoe deals. “I don’t know many people who spend life alone in front of a computer screen,” he says.

Most CEOs prefer to make bold moves in good times and proceed cautiously in bad. Wall Street tends to reward this behavior. Instead of leveraging up and expanding quickly in good times, however, Mr. Tanger took the slow road: maintaining liquidity and avoiding debt. Tanger could have used its \$600



million credit cushion to tread water for months. Instead, it continued paying its employees, even as some competitors announced furloughs. This kept Tanger poised to rebound fast. To help its retail tenants get back on their feet, the company said the tenants could defer two months of rent until after the Christmas season.

In the darkest hours of the lockdown, Mr. Tanger leaned on a favorite saying: “A crisis doesn’t build character, it reveals it.”

Giving rent breaks to his retail partners was a business move, but it was also a noble thing to do, and a long-term investment in goodwill. He applied the same thinking to retaining employees.

In cutting executive pay, Mr. Tanger gave his team 25% reductions but took a 50% cut for himself. “Leaders need to show by their

actions, not their words, how they feel,” he says.

During the pandemic, lots of companies suspended their dividends. Doing so would help Tanger free up millions to pay down debt. But the company’s streak of 112 consecutive dividend payments was a point of pride, and continuing to pay it could prop up its share price. In the end, Mr. Tanger chose principle over pride. Suspending the dividend helped Tanger pay back \$100 million to its creditors.

Mr. Tanger’s pandemic response isn’t complete, of course. His company can recover only if its tenants do, and since May, J.Crew and Brooks Brothers have filed for chapter 11 bankruptcy protection.

If it works, however, Mr. Tanger may finally succeed in debunking one of management’s oldest clichés: the idea that desperate times call for desperate measures.

In a crisis, he says, “I think most folks want senior leadership to be calm, thoughtful, transparent and consistent.”

Mr. Walker, a former reporter and editor at The Wall Street Journal, is the author of “The Captain Class: A New Theory of Leadership” (Random House).

PERSONAL BOARD OF DIRECTORS

The trusted advisers of top business leaders

Lisa W. Wardell

CEO, Adtalem Global Education Inc.



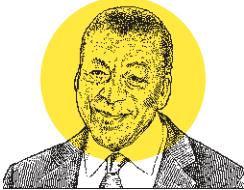
It is especially lonely at the top for Lisa W. Wardell. She’s the only Black woman in charge of a publicly traded U.S. company.

Ms. Wardell runs Adtalem Global Education Inc., a provider of degrees, certificates and continuing education. The global pandemic complicated her command of an empire that operates in 21 countries. The chief executive closed Adtalem’s 26 campuses and swelled its ranks of online students by 60%. A few campuses soon reopen for limited purposes, such as lab work.

The daughter of an airport baggage handler and nurse said influential acquaintances enable her to tackle tough situations and grow as a leader. “I have greater confidence to take on something that’s uncomfortable or different, thanks to encouragement from personal board members who have done it before,” the 50-year-old executive said.


Ms. Wardell took a strong stance following the killing of George Floyd, for example. “I carry the heavy burden of knowing—from first-hand experience—that the only truly remarkable thing about this tragedy is how commonplace it is,” she said in a companywide message. The CEO urged Adtalem employees to lift their voices “against racial equality and for social justice.”

—Joann S. Lublin



Robert “Bob” Johnson


Founder and chairman of RLJ Cos.

 Mr. Johnson hired Ms. Wardell in 2004 as executive vice president of his private holding company, RLJ. “You are just as capable as everybody else,” the Black billionaire reminded her. In 2016, she accepted the top job at Adtalem, then called DeVry Education Group, partly because Mr. Johnson noted that “so few Black people get the [CEO] opportunity.” As the coronavirus drastically disrupted U.S. businesses in March, Mr. Johnson suggested Ms. Wardell communicate with staff more often. She quickly inaugurated a taped video initially distributed companywide every week.



Thomas F. “Mack” McLarty


McLarty Cos. chair, President Clinton’s chief of staff

 Mr. McLarty met Ms. Wardell during 2007 negotiations that created a partnership between Mr. McLarty’s fourth-generation family business and Mr. Johnson’s private holding company. She said she learned from the former White House chief of staff about “the power of relationships.” She accepted Mr. McLarty’s recommendation that she order personalized stationery and send handwritten notes to her key contacts. She has expanded this practice during the pandemic. Her recent notes frequently thank Adtalem professionals and middle managers for their hard work.



Richelle Parham


A managing director of WestRiver Group

 A different RLJ connection led Ms. Wardell to Richelle Parham, another Black executive. In 2014, RLJ was weighing an investment pitch from Sam Jones, owner of an airline parts supplier. Ms. Parham, then chief marketing officer of eBay Inc., is married to Mr. Jones. “He kept saying, ‘You need to meet my better half,’” Ms. Wardell recollected. The women bonded over strategies for managing their careers. Ms. Parham described the useful career advice she gets from her personal board of directors—and persuaded Ms. Wardell to establish her own.



Michael Malafronte

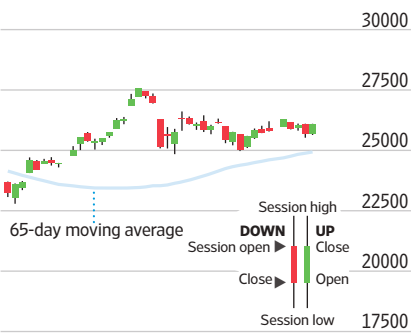
Managing partner of International Value Advisers LLC and Adtalem director

 At the outset of Ms. Wardell’s CEO tenure, Mr. Malafronte was threatening a proxy battle over her employer’s depressed stock price. Ms. Wardell and fellow directors avoided the fight by giving Mr. Malafronte a board seat. He soon became a valuable guide, repeatedly urging the chief executive to also think like an owner. Before her earnings call in May, for instance, Mr. Malafronte coached Ms. Wardell about emphasizing Adtalem’s potential opportunities from the likely shake-up of the education industry following the pandemic.

MARKETS DIGEST

Dow Jones Industrial Average

26075.30	Last	Year ago
▲ 369.21	Trailing P/E ratio	22.16 18.79
or 1.44%	P/E estimate *	23.78 16.87
All-time high	Dividend yield	2.50 2.17
29551.42, 02/12/20	Current divisor	0.14579812049809



Bars measure the point change from session's open

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. * Based on Nasdaq-100 Index

S&P 500 Index

3185.04	Last	Year ago
▲ 32.99	Trailing P/E ratio *	27.95 23.30
or 1.05%	P/E estimate *	25.14 18.05
All-time high	Dividend yield *	1.94 1.88
3386.15, 02/19/20		



Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. * Based on Nasdaq-100 Index

Nasdaq Composite Index

10617.44	Last	Year ago
▲ 69.69	Trailing P/E ratio **	34.05 25.25
or 0.66%	P/E estimate **	31.55 21.99
All-time high:	Dividend yield **	0.82 1.02
10617.44, 07/10/20		



Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Stock index	Currency, vs. U.S. dollar	Commodity, traded in U.S.*	Exchange-traded fund
		Wheat	9.34%
		Shanghai Composite	7.31
		Comex copper	5.62
		S&P 500 Consumer Discr	4.83
		Nasdaq 100	4.78
		S&P 500 Telecom Svcs	4.69
		Nymex natural gas	4.09
		Comex silver	4.05
		Nasdaq Composite	4.01
		Sao Paulo Bovespa	3.38
		Lean hogs	2.79
		S&P 500 Information Tech	2.70
		S&P 500 Consumer Staples	2.47
		S&P 500 Financials	2.15
		Nymex RBOB gasoline	1.90
		S&P 500	1.76
		iSh 20+ Treasury	1.67
		S&P BSE Sensex	1.59
		Bloomberg Commodity Index	1.53
		South African rand	1.43
		Hang Seng	1.40
		UK pound	1.11
		Russian ruble	1.02
		Dow Jones Industrial Average	0.96
		Chinese yuan	0.92
		DAX	0.84
		Dow Jones Transportation Average	0.83
		Nymex USLD	0.82
		Mexico peso	0.80
		Comex gold	0.80
		S&P 500 Materials	0.77
		S&P/TSX Comp	0.75
		iShiBoxx\$InvGrdCp	0.61
		Japanese yen	0.55
		Indonesian rupiah	0.52
		Swiss franc	0.47
		Norwegian krone	0.47
		Euro area euro	0.46
		iShiBoxx\$HYCp	0.44
		Stoxx Europe 600	0.38
		VangdTotIntlBd	0.28
		VangdTotalBd	0.23
		FTSE MIB	0.21
		iSh TIPS Bond	0.19
		Euro Stoxx	0.19
		iSh 7-10 Treasury	0.14
		iShNatlMuniBd	0.13
		Australian dollar	0.10
		iShPMUSEmgBd	0.04
		iSh 1-3 Treasury	-0.02
		Nikkei 225	-0.07
		Kospi Composite	-0.10
		South Korean won	-0.10
		Soybeans	-0.11
		S&P 500 Utilities	-0.18
		Nymex crude	-0.25
		S&P MidCap 400	-0.34
		Canada dollar	-0.35
		WSJ Dollar Index	-0.46
		Corn	-0.58
		Indian rupee	-0.64
		Russell 2000	-0.64
		CAC-40	-0.73
		S&P SmallCap 600	-0.80
		S&P 500 Health Care	-0.88
		FTSE 100	-1.01
		IBEX 35	-1.11
		S&P 500 Industrials	-1.39
		S&P 500 Real Estate	-1.76
		S&P/ASX 200	-2.29
		IPC All-Share	-3.91
		S&P 500 Energy	-4.63

*Continuous front-month contracts
Sources: FactSet (stock indexes, bond ETFs, commodities), Tullett Prebon (currencies).

THE WALL STREET JOURNAL

See an expanded daily list of selected global stock indexes, bond ETFs, currencies and commodities at [WSJ.com/TrackTheMarkets](#)

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	26101.32	25637.50	26075.30	369.21	1.44	29551.42	18591.93	-4.6	-8.6	6.8
Transportation Avg	9340.75	9135.95	9312.48	172.05	1.88	11304.97	6703.63	-12.5	-14.6	-1.3
Utility Average	793.17	773.96	791.35	17.12	2.21	960.89	610.89	-4.0	-10.0	4.1
Total Stock Market	32423.38	31902.58	32408.34	350.31	1.09	34631.28	22462.76	4.7	-1.9	8.8
Barron's 400	668.64	658.11	668.46	7.80	1.18	746.64	455.11	-3.8	-8.7	1.2
Nasdaq Stock Market										
Nasdaq Composite	10622.35	10447.01	10617.44	69.69	0.66	10617.44	6860.67	28.8	18.3	19.8
Nasdaq 100	10842.78	10639.48	10836.33	81.74	0.76	10836.33	6994.29	36.4	24.1	23.9
S&P										
500 Index	3186.82	3136.22	3185.04	32.99	1.05	3386.15	2237.40	5.7	-1.4	9.5
MidCap 400	1773.14	1746.17	1772.98	24.37	1.39	2106.12	1218.55	-9.6	-14.1	0.6
SmallCap 600	817.55	799.25	817.37	17.51	2.19	1041.03	595.67	-14.2	-20.0	-1.3

Other Indexes										
Russell 2000	1422.71	1395.65	1422.68	23.76	1.70	1705.22	991.16	-9.4	-14.7	0.3
NYSE Composite	12079.11	11906.21	12075.58	146.95	1.23	14183.20	8777.38	-8.8	-13.2	0.9
Value Line	439.19	430.53	439.16	8.01	1.86	562.05	305.71	-18.4	-20.5	-5.5
NYSE Arca Biotech	5960.05	5877.12	5905.41	-40.44	-0.68	5954.23	3855.67	27.5	16.5	15.4
NYSE Arca Pharma	643.77	637.80	640.35	-2.61	-0.41	670.32	494.36	10.2	-2.0	6.5
KBW Bank	73.35	69.82	73.33	3.68	5.29	114.12	56.19	-26.3	-35.3	-8.9
PHLX ^S Gold/Silver	137.73	134.65	135.90	-0.65	-0.48	136.58	70.12	58.4	27.1	19.4
PHLX ^S Oil Service	32.12	30.96	32.10	0.87	2.80	81.38	21.47	-60.6	-59.0	-37.1
PHLX ^S Semiconductor	2083.28	2049.65	2069.79	-6.93	-0.33	2076.72	1286.84	37.6	11.9	24.7
Cboe Volatility	30.91	27.13	27.29	-1.97	-6.73	82.69	11.54	120.3	98.0	34.9

^SNasdaq PHLX Sources: FactSet; Dow Jones Market Data

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	2891.48	27.58	0.96	-11.1
	DJ Global Index	412.26	2.12	0.52	-5.0
	DJ Global ex U.S.	239.54	-0.41	-0.17	-9.1
Americas	DJ Americas	740.31	7.73	1.06	-2.7
Brazil	Sao Paulo Bovespa	100031.83	871.50	0.88	-13.5
Canada	S&P/TSX Comp	15713.82	145.18	0.93	-7.9
Mexico	S&P/BMV IPC	36465.46	-330.49	-0.90	-16.3
Chile	Santiago IPSA	2779.17	-1.90	-0.07	-16.7
EMEA	Stoxx Europe 600	366.83	3.19	0.88	-11.8
Eurozone	Euro Stoxx	359.87	3.48	0.98	-10.9
Belgium	Bel-20	3442.06	48.45	1.43	-13.0
Denmark	OMX Copenhagen 20	1287.26	1.85	0.14	13.3
France	CAC 40	4970.48	49.47	1.01	-16.9
Germany	DAX	12633.71	144.25	1.15	-4.6
Israel	Tel Aviv	1361.24	...	Closed	-19.1
Italy	FTSE MIB	19767.60	261.65	1.34	-15.9
Netherlands	AEX	570.52	3.14	0.55	-5.6
Russia	RTS Index	1245.65	11.23	0.91	-19.6
South Africa	FTSE/JSE All-Share	55417.89	-370.01	-0.66	-2.9
Spain	IBEX 35	7321.10	84.20	1.16	-23.3
Sweden	OMX Stockholm	668.09	4.79	0.72	-1.9
Switzerland	Swiss Market	10229.97	86.59	0.85	-3.6
Turkey	BIST 100	114808.56	-985.03	-0.85	0.3
U.K.	FTSE 100	6095.41	45.79	0.76	-19.2
U.K.	FTSE 250	17179.97	194.84	1.15	-21.5

Asia-Pacific					
Australia	S&P/ASX 200	5919.20	-36.26	-0.61	-11.4
China	Shanghai Composite	3383.32	-67.27	-1.95	10.9
Hong Kong	Hang Seng	25727.41	-482.75	-1.84	-8.7
India	S&P BSE Sensex	36594.33	-143.36	-0.39	-11.3
Japan	Nikkei Stock Avg	22292.81	-238.48	-1.06	-5.8
Singapore	Straits Times	2652.65	...	Closed	-17.7
South Korea	Kospi	2150.25	-17.65	-0.81	-2.2
Taiwan	TAIEX	12073.68	-119.01	-0.98	0.6
Thailand	SET	1350.50	-15.31	-1.12	-14.5

Sources: FactSet; Dow Jones Market Data

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Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
WiMi Hologram Cloud ADR	WIMI	14.63	10.79	280.99	15.20	3.20	...
Nkarta	NKTX	47.90	29.90	166.11	58.69	18.00	...
Wah Fu Education Group	WAFU	7.18	2.18	43.60	15.39	1.17	124.4
Inspired Entertainment	INSE	3.28	0.85	34.98	9.49	1.87	-62.6
Matson Inc.	MATX	36.49	9.13	33.37	42.16	23.75	-3.2
Everi Holdings	EVRI	5.98	1.32	28.33	14.88	1.55	-51.8
Misonix	MSON	14.04	3.09	28.22	25.80	6.71	-41.0
Quhuo ADR	QH	12.77	2.77	27.70	22.99	10.00	...
Osmotica Pharmaceuticals	OSMT	8.77	1.77	25.29	9.67	2.70	142.9
Lion Group Holding ADR	LGLH	3.20	0.63	24.51	4.50	1.75	...

Qumu	QUMU	5.28	1.00	23.36	5.34	1.25	22.8
China Liberal Educ Hldgs	CLEU	4.74	0.89	23.11	6.50	3.40	...
CIM Commercial Trust	CMCT	12.15	2.23	22.48	69.31	6.27	-79.8
Sphere 3D	ANY	3.61	0.66	22.37	3.85	0.33	133.2
Neonode	NEON	10.86	1.91	21.34	11.37	1.09	267.5

Percentage Losers

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Golden Bull	DNJR	1.82	-0.59	-24.32	3.46	0.28	-40.9
Centogene	CNTG	13.30	-3.77	-22.09	28.71	7.80	...
NuZee	NUZE	14.61	-3.29	-18.38	39.00	5.05	-62.5
Seres Therapeutics	MCRB	4.51	-0.99	-18.00	6.75	2.15	56.1
Patriot National Bancorp	PNBK	6.03	-1.28	-17.51	15.45	3.83	-59.1
Micro US Big Banks 3X Inv	BNKD	13.47	-2.29	-14.51	97.12	9.00	-67.6
36Kr Holdings ADR	KRKR	3.53	-0.54	-13.27	14.50	3.26	...
Beam Therapeutics	BEAM	26.73	-3.84	-12.56	31.80	13.00	...
Corvus Pharmaceuticals	CRVS	4.40	-0.62	-12.35	6.88	1.01	-21.6
Hall of Fame Resort Ent	HOFV	6.45	-0.90	-12.24	12.31	5.85	...
Biofrontera ADR	BFRA	5.85	-0.81	-12.16	16.70	5.41	-66.1
Phio Pharmaceuticals	PHIO	2.29	-0.31	-11.92	23.10	1.60	-89.2
China Rapid Finance ADR	XRF	3.01	-0.40	-11.73	8.80	0.51	-25.8
ADITx Therapeutics	ADTX	3.20	-0.42	-11.60	7.08	3.20	...
VivoPower International	VVPR	1.91	-0.24	-10.96	3.04	0.59	13.7

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
NIO ADR	NIO	316,232	287.3	14.98	2.81	15.73	1.19
Hermitage Offshore Svcs	PSV	172,424	64757.6	1.88	285.25	3.05	0.31
WiMi Hologram Cloud ADR	WIMI	147,873	152834.9	14.63	280.99	15.20	3.20
TOP Ships	TOPS	111,410	15.0	0.11	0.45	11.20	0.07
Finl Select Sector SPDR	XLF	94,168	22.2	23.46	3.44	31.38	17.49

MARKET DATA

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hi Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
July	2.8360	2.8875	2.8305			
Sept	2.8425	2.9060	2.8225	2.8870	0.0590	3,644
Gold (CMX) -100 troy oz.; \$ per troy oz.						
July	1805.50	1805.50 ▲	1797.70	1798.20	-1.00	748
Aug	1808.40	1817.00	1796.50	1801.90	-1.90	345,131
Oct	1821.20	1830.40	1810.60	1815.60	-2.00	39,503
Dec	1837.00	1846.30	1825.50	1831.30	-2.20	139,818
Feb/21	1844.10	1854.70	1836.00	1840.80	-2.40	23,428
June	1856.80	1863.50	1846.50	1849.60	-2.10	6,443
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
July ▲	...	1972.90	31.20	...
Sept	1963.80	1999.10	1953.80	1994.40	31.20	7,328
Dec	1956.20	1986.00	1956.20	1991.40	31.80	420
March/21	1957.20	1973.00	1956.30	1990.30	31.80	1
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
July	844.50	845.00	840.60	836.60	...	790
Oct	852.30	863.00	840.20	845.90	-1.00	46,303
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
July	19.030	19.030	19.005	19.883	0.101	2,857
Sept	19.025	19.195	18.910	19.053	0.091	138,557
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Aug	39.58	40.77	38.54	40.55	0.93	194,651
Sept	39.83	40.92	38.77	40.76	0.93	353,180
Oct	40.02	41.07	39.00	40.94	0.92	174,246
Dec	40.37	41.34	39.46	41.25	0.86	260,959
June/21	41.41	42.19	40.71	42.13	0.72	137,831
Dec	41.97	42.86	41.56	42.80	0.63	149,251
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Aug	1.2239	1.2436	1.1994	1.2412	.0173	66,156
Sept	1.2360	1.2541	1.2116	1.2523	.0161	54,187
Gasoline-NY RB0B (NYM) -42,000 gal.; \$ per gal.						
Aug	1.2484	1.2911	1.2245	1.2831	.0326	81,097
Sept	1.2291	1.2652	1.2038	1.2590	.0276	80,460
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Aug	1.776	1.835	1.737	1.805	.026	220,325
Sept	1.822	1.874	1.787	1.847	.026	229,158
Oct	1.923	1.967	1.891	1.943	.021	118,299
Nov	2.347	2.372	2.320	2.355	.011	78,427
Jan/21	2.864	2.882	2.844	2.869	.004	113,078
March	2.733	2.750	2.709	2.737	.006	80,923

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.						
July	350.25	352.00	340.00	340.50	-10.75	965
Sept	348.75	351.50	336.25	337.25	-11.50	580,686
Oats (CBT) -5,000 bu.; cents per bu.						
July	345.00	345.00	345.00	339.25	-1.75	1
Dec	280.00	281.25	277.00	277.25	-3.00	3,541
Soybeans (CBT) -5,000 bu.; cents per bu.						
July	898.50	900.75	888.75	891.50	-6.75	49
Nov	901.50	904.75	887.50	890.75	-10.75	338,896
Soybean Meal (CBT) -100 tons; \$ per ton.						
July	294.30	295.10	290.70	290.80	-4.30	416
Dec	306.00	306.70	299.50	300.10	-5.30	158,258
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
July	28.78	28.28	28.04	28.11	-0.08	69
Dec	28.85	29.16	28.66	28.84	-0.08	165,574
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Sept	11.97	12.05	11.84	11.94	-0.16	8,409
Nov	11.78	11.86	11.68	11.80	-0.07	1,580
Wheat (CBT) -5,000 bu.; cents per bu.						
July	536.75	543.00	529.00	535.75	9.50	23
Sept	524.00	539.00	520.50	534.00	9.00	204,378
Wheat (K0) -5,000 bu.; cents per bu.						
July	452.00	454.75	450.00	447.25	-4.75	10
Sept	456.00	459.50	446.75	452.00	-4.75	155,195
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Aug	134.850	136.050	134.425	135.750	1.225	14,677
Sept	136.590	137.550	135.975	137.325	1.150	8,324
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Aug	99.525	100.225	99.175	100.000	.750	87,256
Oct	104.100	104.725	103.725	104.575	.650	83,613
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
July	46.000	46.500	45.825	45.975	.125	12,065

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session									
Friday, July 10, 2020									
ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)
CommSvsSPDR	XLC	57.70	1.73	7.6	iShEdgeMSCIMinUSA	USMV	61.21	0.77	-6.7
CnsmrDiscSelSector	XLK	133.31	1.19	6.3	iShEdgeMSCIUSAMom	MTUM	139.50	0.63	11.1
CnsStapleSelSector	XLP	60.29	1.84	-4.3	iShEdgeMSCIUSAQual	QUAL	98.08	1.02	-2.9
EnSelectSectorSPDR	XLE	35.54	3.19	-40.8	iShGoldTrf	IAU	17.18	-0.35	18.5
FinSelectSectorSPDR	XLF	23.46	3.44	-23.8	iShiBox\$HYCpBd	LOD	135.87	-0.18	6.2
FT DJ Internet	FDN	184.06	0.20	32.3	iShiBox\$HYCpBd	HYG	82.49	0.34	-6.2
HealthCareSelSect	XLV	100.71	-0.24	-1.1	iShiJPMUSDEmgBd	IGIB	60.50	-0.05	4.3
InvscQQQ	QQQ	263.97	0.68	24.2	iShIMBSETF	EMB	109.76	-0.01	-4.2
InvscS&P500EW	RSP	102.07	1.68	-11.8	iShMSCIACWI	IGIB	60.50	-0.05	4.3
iSh3-7YTreasuryBd	IEI	133.55	-0.08	6.2	iShMSCIEAFE	ACWI	76.43	0.80	-3.6
iShCoreDivGrowth	DGRO	37.97	1.63	-9.7	iShMSCIEngMarkets	EFA	62.33	1.07	-10.2
iShCoreMSCIEAFE	IEFA	58.52	1.04	-10.3	iShMSCIJapan	EEM	45.24	-0.64	-3.6
iShCoreMSCIEM	IEMG	51.46	-0.54	-4.3	EWJ	53.79	1.31	-5.8	
iShCoreMSCITotInt	IUXS	56.59	-0.52	-8.6	iShiNasdaqBiotech	IBB	139.21	-0.97	15.5
iShCoreS&P500	IVV	318.90	1.01	-1.3	iShiNatlMuniBd	MUB	115.61	0.07	1.5
iShCoreS&P MC	IJH	176.80	1.36	-14.1	iShPfdIncm	PFF	34.89	0.29	-7.2
iShCoreS&P SC	UR	67.15	2.22	-19.9	iShRussell1000Gwth	IWF	202.41	0.29	15.1
iShS&PTotUSStkMkt	ITOT	71.42	1.05	-1.7	iShRussell1000	IWB	177.01	1.02	-0.8
iShCoreUSAggBd	AGG	118.49	-0.12	5.4	iShRussell1000Val	IWD	113.32	1.84	-17.0
iShSelectDividend	DVY	79.94	3.24	-24.3	iShRussell2000	IWM	141.31	1.61	-14.7
iShEdgeMSCIMinEAFE	EFAV	66.83	0.63	-10.3	iShRussell3000	IWW	185.13	1.06	-1.8
					iShRussellMid-Cap	IWR	54.12	1.08	-9.2

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation				
May index	Chg	From (%)		
level	April '20	May '19		
U.S. consumer price index				
All items	256.394	0.002	0.1	
Core	265.799	-0.11	1.2	
International rates				
	Week	52-Week		
	Latest	ago	High	Low
Switzerland	0.00	0.00	0.50	0.00
Britain	0.10	0.10	0.75	0.10
Australia	0.25	0.25	1.00	0.25
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	2.016	2.152	3.424	2.016
60 days	2.100	2.225	3.434	2.100
Notes on data:				
U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 16, 2020.				
Other prime rates are not directly comparable; lending practices vary widely by location. Complete Money Rates table appears Monday through Friday.				
Sources: Bureau of Labor Statistics; FactSet				

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.											
e -Ex-distribution. f -Previous day's quotation. g -Footnotes x and s apply. j -Footnotes e and s apply. k -Recalculated by Lipper, using updated data. p -Distribution costs apply. 12b-1 r -Redemption charge may apply. s -Stock split or dividend. t -Footnotes p and r apply. v -Footnotes x and e apply. x -Ex-dividend. z -Footnote x, e and s apply. NA -Not available due to incomplete price, performance or cost data. NE -Not released by Lipper; data under review. IN -Fund not tracked. NS -Fund didn't exist at start of period.											
Friday, July 10, 2020											
Fund	NAV	Net YTD Chg %Ret	Fund	NAV	Net YTD Chg %Ret	Fund	NAV	Net YTD Chg %Ret	Fund	NAV	Net YTD Chg %Ret
American Century Inv											
Ultra	63.92	-0.41	22.5	AggBdInst	11.85	-0.01	7.0	EmgMktVa	24.35	-0.11	-14.6
American Funds CI A											
AmcpA p	34.73	+0.23	5.3	CorBdInst	12.14	-0.02	6.4	EmMktCorEq	19.86	-0.07	-7.9
AmMutA p	40.10	+0.43	6.8	HiYBk	7.25	...	-3.9	IntiCoreEq	11.92	+0.10	-12.8
BalA p	28.25	-0.17	0.4	BlackRock Funds A	19.67	...	2.4	IntSmCo	16.11	+0.07	-14.6
BoiaA p	57.95	+0.37	-6.8	BlackRock Funds Inst	10.43	...	-2.6	IntSmVa	15.37	+0.06	-20.4
CapWGrA	50.69	+0.41	-2.1	MultiAssetIncome	10.93	...	0.9	LgCo	24.43	+0.25	-0.4
EupaA p	55.57	+0.35	-0.2	Bridge Builder Trust	9.92	US CoreEq1	24.13	+0.31	-6.0
FdlInvA p	58.93	+0.51	-3.0	CoreBond	10.97	-0.01	6.8	US CoreEq2	21.64	-0.29	-7.8
GwthA p	57.93	+0.67	13.3	CorePlusBond	10.62	-0.01	6.1	US Sml	28.52	+0.60	-18.1
HI TRA p	9.33	-0.01	-4.4	Intl Eq	11.24	-0.06	6.3	US SmlPval	24.88	+0.77	-27.4
ICAA p	38.79	+0.45	-0.7	LargeCapGrowth	17.82	+0.08	12.6	USLgVa	30.40	+0.70	-20.3
IncoA p	21.26	+0.17	-7.0	LargeCapValue	11.84	+0.22	-12.7	Dodge & Cox			
N PerA p	50.49	+0.50	6.8	ClearBridge				Balanced	90.74	+1.21	-8.4
NECoA p	49.84	+0.13	9.0	LargeCapGrowth	NA	...	NA	Income	14.63	-0.02	6.0
NwWrldA	71.71	+0.17	-1.4	Columbia Class I	22.25	-0.20	-7.9	Intl Skk	36.35	+0.37	-16.6
SmlPwA p	62.02	+0.13	5.4	Dimensional Fds	5.11	...	1.1	Stock	161.30	+3.25	-14.7
TxEkA p	13.40	-0.02	-1.8	5GlbFxdInc	10.85	...	1.1	DoubleLine Funds			
WshA p	43.88	+0.46	-7.9					CoreFxdIncml	NA	...	NA
Baird Funds											
								TrtRetBdl	NA	...	NA
								Edgewood Growth Instituti			
								EdgewoodGrInst	46.28	+0.05	20.1
						</					

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose prices changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
 +New 52-week high.
 -New 52-week low.
 dd-Indicates loss in the most recent four quarters.
 FD-First day of trading.
 h-Does not meet continued listing standards.
 IF-Late filing.
 q-Temporary exemption from Nasdaq requirements.
 t-NYSE bankruptcy.
 v-Trading halted on primary market.
 vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, July 10, 2020					YTD 52-Week					Yld					Net Chg									
YTD	52-Week				% Chg	Hi	Lo	Stock	Sym	% PE	Last	Net			% Chg	Hi	Lo	Stock	Sym	% PE	Last	Net		
			A B C																					
1.66	25.30	14.71	ABBA	ABB	2.8	41	24.9	0.25	ACAD	2.8	41	24.9	0.25	ADT	1.8	6.0	0.20	AECC	1.8	6.0	0.20	AECC	1.8	6.0
29.62	58.22	21.56	AcadiaPharm	ACB	-2.4	-	-	-	ACB	-2.4	-	-	-	ACB	-2.4	-	-	-	ACB	-2.4	-	-	-	-
-4.16	9.71	3.40	ADAI	ADA	1.8	6.0	0.20	0.20	ADT	1.8	6.0	0.20	0.20	ADT	1.8	6.0	0.20	0.20	ADT	1.8	6.0	0.20	0.20	0.20
-13.49	5.70	3.17	AECS	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	0.07
-27.84	21.23	8.11	AEOM	AES	4.0	33	14.36	0.44	AES	4.0	33	14.36	0.44	AES	4.0	33	14.36	0.44	AES	4.0	33	14.36	0.44	0.44
-30.48	57.18	23.07	AFGL	AFGL	3.2	9	34.87	0.90	AFGL	3.2	9	34.87	0.90	AFGL	3.2	9	34.87	0.90	AFGL	3.2	9	34.87	0.90	0.90
-28.11	19.65	6.25	AGNCInvnt	AGNC	11.3	62	12.71	0.04	AGNC	11.3	62	12.71	0.04	AGNC	11.3	62	12.71	0.04	AGNC	11.3	62	12.71	0.04	0.04
9.256	16.30	4.10	ANGI Homesvcs	ANGI	-	-	-	-	ANGI	-	-	-	-	ANGI	-	-	-	-	ANGI	-	-	-	-	-
17.19	30.07	10.86	ANSI	ANSI	-	-	-	-	ANSI	-	-	-	-	ANSI	-	-	-	-	ANSI	-	-	-	-	-
13.49	5.70	3.17	AECS	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	0.07
37.73	399.19	119.25	ASML	ASML	0.6	57	395.85	1.32	ASML	0.6	57	395.85	1.32	ASML	0.6	57	395.85	1.32	ASML	0.6	57	395.85	1.32	1.32
-22.90	39.70	26.08	AT&T	T	6.9	15	0.13	0.59	T	6.9	15	0.13	0.59	T	6.9	15	0.13	0.59	T	6.9	15	0.13	0.59	0.59
7.111	10.0	61.61	AbbottLabs	ABB	1.5	49	0.90	-0.63	ABB	1.5	49	0.90	-0.63	ABB	1.5	49	0.90	-0.63	ABB	1.5	49	0.90	-0.63	-0.63
9.36	100.69	62.55	ABV	ABV	4.9	17	96.83	-1.11	ABV	4.9	17	96.83	-1.11	ABV	4.9	17	96.83	-1.11	ABV	4.9	17	96.83	-1.11	-1.11
55.06	205.77	119.01	Abomed	ABMD	-	-	-	-	ABMD	-	-	-	-	ABMD	-	-	-	-	ABMD	-	-	-	-	-
13.49	5.70	3.17	AECS	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	AES	4.2	13.5	0.07	0.07	0.07
4.60	220.76	173.15	Accurate	ACM	1.5	29	20.26	0.95	ACM	1.5	29	20.26	0.95	ACM	1.5	29	20.26	0.95	ACM	1.5	29	20.26	0.95	0.95
36.77	81.53	44.81	Actavis	ADVT	0.5	40	81.27	0.63	ADVT	0.5	40	81.27	0.63	ADVT	0.5	40	81.27	0.63	ADVT	0.5	40	81.27	0.63	0.63
53.51	55.12	15.9	AdaptiveBiotech	ADPT	-	-	-	-	ADPT	-	-	-	-	ADPT	-	-	-	-	ADPT	-	-	-	-	-
41.15	41.47	25.53	Adobe	ADBE	-	-	-	-	ADBE	-	-	-	-	ADBE	-	-	-	-	ADBE	-	-	-	-	-
-16.05	173.67	113.3	AdvantAuto	APC	0.7	24	134.6	0.70	APC	0.7	24	134.6	0.70	APC	0.7	24	134.6	0.70	APC	0.7	24	134.6	0.70	0.70
21.85	59.27	27.43	AdvMicroDevs	AMD	-	-	-	-	AMD	-	-	-	-	AMD	-	-	-	-	AMD	-	-	-	-	-
-31.57	5.38	1.80	AEAG	AEG	4.5	3	3.10	-1.11	AEG	4.5	3	3.10	-1.11	AEG	4.5	3	3.10	-1.11	AEG	4.5	3	3.10	-1.11	-1.11
4.82	93.04	61.13	AgilentTechs	A	0.8	41	89.42	-0.50	A	0.8	41	89.42	-0.50	A	0.8	41	89.42	-0.50	A	0.8	41	89.42	-0.50	-0.50
5.45	69.66	31	AgnicoAgres	AEM	1.2	38	64.97	-1.19	AEM	1.2	38	64.97	-1.19	AEM	1.2	38	64.97	-1.19	AEM	1.2	38	64.97	-1.19	-1.19
16.26	76.68	16.73	AirProducts	APD	2.0	31	273.19	1.59	APD	2.0	31	273.19	1.59	APD	2.0	31	273.19	1.59	APD	2.0	31	273.19	1.59	1.59
32.28	116.39	73.18	AKamaiTech	AKM	-	-	-	-	AKM	-	-	-	-	AKM	-	-	-	-	AKM	-	-	-	-	-
8.01	19.61	10.01	Alkermes	ALX	2.0	11	78.05	0.18	ALX	2.0	11	78.05	0.18	ALX	2.0	11	78.05	0.18	ALX	2.0	11	78.05	0.18	0.18
16	15.00	14.11	Albertainst	ACI	3	1	16.40	-0.15	ACI	3	1	16.40	-0.15	ACI	3	1	16.40	-0.15	ACI	3	1	16.40	-0.15	-0.15
0.57	65.37	39.37	Alcon	ALC	-	-	-	-	ALC	-	-	-	-	ALC	-	-	-	-	ALC	-	-	-	-	-
-40.18	175.74	109.22	AlexandriaREIT	ALEX	2.6	76	160.81	-1.44	ALEX	2.6	76	160.81	-1.44	ALEX	2.6	76	160.81	-1.44	ALEX	2.6	76	160.81	-1.44	-1.44
0.62	125.52	72.67	AlexionPharm	BAXN	-	-	-	-	BAXN	-	-	-	-	BAXN	-	-	-	-	BAXN	-	-	-	-	-
23.06	68.28	151.85	Alibaba	ALBA	-	-	-	-	ALBA	-	-	-	-	ALBA	-	-	-	-	ALBA	-	-	-	-	-
-2.06	65.55	37.88	Allogene	ALGN	1.2	12	73.82	0.57	ALGN	1.2	12	73.82	0.57	ALGN	1.2	12	73.82	0.57	ALGN	1.2	12	73.82	0.57	0.57
-38.95	48.77	46.42	Allegheny	ALG	0.01	138.14	16.95	-0.81	ALG	0.01	138.14	16.95	-0.81	ALG	0.01	138.14	16.95	-0.81	ALG	0.01	138.14	16.95	-0.81	-0.81
-14.89	139.24	77.37	Allegiant	ALG	1.3	30	101.51	0.19	ALG	1.3	30	101.51	0.19	ALG	1.3	30	101.51	0.19	ALG	1.3	30	101.51	0.19	0.19
-10.38	60.28	37.68	AllogeneTherap	LNT	3.1	20	49.04	0.79	LNT	3.1	20	49.04	0.79	LNT	3.1	20	49.04	0.79	LNT	3.1	20	49.04	0.79	0.79
64.82	95	17.43	AllogeneTherap	LNT	-	-	-	-	LNT	-	-	-	-	LNT	-	-	-	-	LNT	-	-	-	-	-
-22.66	125.52	64.13	Ally	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	-1.51
24.67	23.44	64.13	Ally	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	-1.51
40.88	149.94	69.11	ArlanPharm	ALNY	-	-	-	-	ALNY	-	-	-	-	ALNY	-	-	-	-	ALNY	-	-	-	-	-
1	14.90	1541.34	100.87	AlphabetA	GOOG	-	-	-	GOOG	-	-	-	-	GOOG	-	-	-	-	GOOG	-	-	-	-	-
1	15.31	1543.83	101.53	AlphabetA	GOOG	-	-	-	GOOG	-	-	-	-	GOOG	-	-	-	-	GOOG	-	-	-	-	-
17.90	185.75	75.17	AlticeUS	ATX	-	-	-	-	ATX	-	-	-	-	ATX	-	-	-	-	ATX	-	-	-	-	-
-13.97	51.18	15.96	AlticeUS	ATX	-	-	-	-	ATX	-	-	-	-	ATX	-	-	-	-	ATX	-	-	-	-	-
-19.01	51.18	15.96	AlticeUS	ATX	-	-	-	-	ATX	-	-	-	-	ATX	-	-	-	-	ATX	-	-	-	-	-
-10.21	12.45	30.95	Aluma	ALU	8.3	60	40.27	0.67	ALU	8.3	60	40.27	0.67	ALU	8.3	60	40.27	0.67	ALU	8.3	60	40.27	0.67	0.67
71.318	125.03	66.7	AlumaChina	ALU	8.3	60	40.27	0.67	ALU	8.3	60	40.27	0.67	ALU	8.3	60	40.27	0.67	ALU	8.3	60	40.27	0.67	0.67
1	73.18	125.03	Amazoncom	AMZN	-	-	-	-	AMZN	-	-	-	-	AMZN	-	-	-	-	AMZN	-	-	-	-	-
-39.27	5.45	1.90	Ambev	ABEV	-	-	-	-	ABEV	-	-	-	-	ABEV	-	-	-	-	ABEV	-	-	-	-	-
-3.04	11.41	5.88	Amcor	AMCR	4.4	34	10.51	0.14	AMCR	4.4	34	10.51	0.14	AMCR	4.4	34	10.51	0.14	AMCR	4.4	34	10.51	0.14	0.14
-18.27	77.27	44.05	Amendocs	AMD	2.2	16	59.9	1.24	AMD	2.2	16	59.9	1.24	AMD	2.2	16	59.9	1.24	AMD	2.2	16	59.9	1.24	1.24
24.67	23.44	64.13	Ally	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	-1.51
24.67	23.44	64.13	Ally	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	ALTY	2.5	7	86.12	-1.51	-1.51
-29.44	58.76	58.74	Ameren	AEE	2.8	24	74.54	0.89	AEE	2.8	24	74.54	0.89	AEE	2.8	24	74.54	0.89	AEE	2.8	24	74.54	0.89	0.89
-22.44	18.40	10.12	AmericaMover	AMM	4.5	39	12.41	0.11	AMM	4.5	39	12.41	0.11	AMM	4.5	39	12.41	0.11	AMM	4.5	39	12.41	0.11	0.11
-23.37	17.94	10.41	AmericaMover	AMM	4.5	39	12.41	0.11	AMM	4.5	39	12.41	0.11	AMM	4.5	39	12.41	0.11	AMM	4.5	39	12.41	0.11	0.11
-58.37	34.99	8.25	AmeriAirlines	AA	3.3	23	84.15	0.23	AA	3.3	23	84.15	0.23	AA	3.3	23	84.15	0.23	AA	3.3	23	84.15	0.23	0.23
-10.96	104.97	65.14	AELE	AELE	-	-	-	-	AELE	-	-	-	-	AELE	-	-	-	-	AELE	-	-	-	-	-
-21.11	46.67	26.7	AmeriExpress	AMEX	1.8	16	6.13	-0.47	AMEX	1.8	16	6.13	-0.47	AMEX	1.8	16	6.13	-0.47	AMEX	1.8	16	6.13	-0.47	-0.47
1.34	29.89	17.50	AmHomeResA	AMH	0.8	89	26.56	-0.18	AMH	0.8	89	26.56	-0.18	AMH	0.8	89	26.56	-0.18	AMH	0.8	89	26.56	-0	

BUSINESS & FINANCE

SoFi Makes a Second Try At Starting Its Own Bank

Fintech startup says license would simplify its business model, reduce funding costs

By PETER RUDEGEAR

Financial-technology startup **Social Finance** Inc. is taking another shot at the banking business.

The San Francisco-based company run by former Twitter Inc. executive Anthony Noto filed an application with regulators this week to create SoFi Bank, a Utah-based bank of which it would be the sole owner.

SoFi Bank would offer student loan refinancings, mortgages, credit cards and checking accounts to consumers nationwide through its website and mobile apps.

The effort comes nearly three years after SoFi abandoned a similar attempt to start a bank following the departure of its founding chief executive, Mike Cagney.

Since then, regulators have warmed to the idea of Silicon Valley startups and tech com-

panies starting their own banks. In March, Square Inc. got the green light to open its own bank in Utah.

One factor complicating SoFi's banking bid is its biggest shareholder, **SoftBank Group** Corp. An investor that has significant ownership of a bank faces stricter regulatory scrutiny, and SoFi has held discussions with SoftBank about how to restructure that stake in ways that would bring it be-



Anthony Noto, CEO of SoFi, at a WSJ tech conference in 2018.

low the threshold for more oversight, according to people familiar with the matter.

SoFi said in its application that it was seeking to reduce complexity in its business model and bring down its funding costs. The company has extended more than \$50 billion in student loans, mortgages and personal loans since 2012, but because it isn't a bank it has to navigate a patchwork of lending rules that vary state to state. It also lacks a base of deposits it could use to fund loans and instead has to sell them off to outside money managers at attractive yields.

"A bank charter is a logical next step in [SoFi's] evolution," the company said in its banking application.

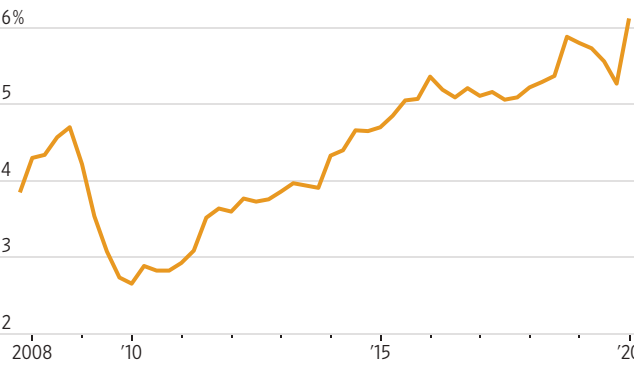
Paul Mayer, a former executive at Sallie Mae, would be president of SoFi Bank.

SoFi plans to operate some of its fast-growing businesses outside of its bank. Those include SoFi Invest, a stock-trading platform, and Galileo Financial Technologies LLC, a digital-payments provider it agreed to buy in April for \$1.2 billion in cash and stock.

Going Private

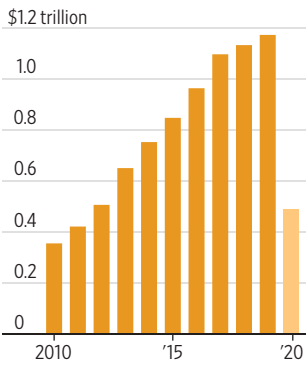
Public pensions have flocked to private assets in hopes they will produce the ambitious investment returns needed to cover promised pension benefits.

Average allocation to real estate by U.S. public pension funds



*Amounts raised by global private-equity, debt, real-estate, infrastructure and natural-resources funds that finished fundraising in respective years; 2020 data is as of June. Sources: Wilshire Trust Universe Comparison Service (allocation); Preqin (money raised)

Money raised annually by private funds*



Real-Estate Valuations Pose a Risk

Continued from page B1

consequences for the nation's pensions. Any reduction could lower returns and add to funding shortfalls, increasing retirement costs for states and cities while the pandemic is draining pension funds and crushing municipal budgets.

U.S. pensions were already

facing major funding gaps. Pensions are \$4.9 trillion short of what they have promised retirees as of the first quarter, according to the Federal Reserve. The shortfall stems from years of over-optimistic investment assumptions and government decisions to skip on annual retirement-fund contributions.

Over the past two decades, pension funds poured state and local government workers' retirement money into real estate and other private assets in an effort to cover shortfalls and meet return targets.

Real-estate holdings have climbed to 6.1% of U.S. public-pension portfolios in the first quarter from 3.8% in 2007, according to Wilshire Trust Universe Comparison Service. That share equates to more than \$240 billion of the total \$4 trillion in state and local government pension holdings reported by the Federal Reserve.

Figuring out what privately held assets are worth has always been harder than with publicly traded stocks and bonds. Specialists come up with opinions on value by looking at how similar assets trade and forecasting how much cash these investments can generate.

The pandemic has made that process a lot more complicated. Deal making has slowed dramatically, giving investors fewer templates to price assets. Widespread uncertainty about how people will work, travel and shop has made it more difficult to calculate how much cash properties will generate.

Predicting how much rent a landlord might collect is difficult when you don't know when a commercial building will be allowed to reopen or when a residential landlord will be allowed to evict a non-paying resident.

Appraisers have sometimes resorted to researching different government's social-distancing policies and the proposed terms of failed deals, pension advisers said.

It is unclear how certain real-estate markets will be affected by people moving during the pandemic.

"Some who work in cities may have moved to the suburbs, and people in the suburbs may relocate to the exurbs. And that's something we need to understand," said Jonathan Grabel, chief investment officer of the Los Angeles County Employees Retirement Association, which owns more than 100 properties across the U.S.

The pension fund plans to re-examine those holdings in September as part of a special Covid-19-prompted review of all its assets.

The scarcity of traditional data points means estimated values may not price in the

true impact of the pandemic, said Christy Fields, a managing principal with consultant Meketa Investment Group.

"It is a real guessing game," Ms. Fields said.

Investors are debating the right way to price in risk when central-bank interventions have propped up a swath of markets and shielded investors from losses—even as the economy faces significant threats. Appraisers are also having to make tough choices about whether to mark assets against the distressed prices some investments are trading at or use theoretical models.

"In normal times, appraisers fall into a pretty narrow band," said Karl Polen, chief investment officer of the roughly \$40 billion Arizona State Retirement System, which owns stakes in over 100 U.S. real-estate properties through managed accounts.

"Because there's so much uncertainty about how the recovery is going to happen, you see a wider band of how individual appraisers are looking at valuations."

At Calpers, the nation's largest pension fund, staffers are thinking about both the short- and long-term impact of Covid-19 on asset values.

Real-estate holdings account for 6.1% of U.S. public-pension portfolios.

They have questioned investment managers on how they are pricing investments in the wake of the pandemic. When looking at how one fund was valuing holdings, Calpers expressed a more bearish view on Brazil's ability to weather the pandemic than that of an appraiser, a person familiar with the matter said.

Last year, Calpers' pension staff also scrutinized the valuations of billions of dollars in property, infrastructure and timberland investments after a new investment boss took charge. The new chief, Ben Meng, encouraged staff to take a closer look at how investments were valued.

The pension fund asked for more information on some managers' methodologies and pressed some to rein in overly optimistic assumptions, said people familiar with the matter. Amid the intensifying scrutiny, one of Calpers's managers reduced the valuation of an investment in a developer of solar-energy projects in Africa and Asia by about 30% in 2019, the people said.

In hindsight, staffers are relieved they dealt with such valuation issues across the portfolio before the pandemic hit, one of the people said.

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A proposed settlement of a class action entitled *Peterson v. Apria Healthcare Group Inc.*, 6:19-cv-856-ORL-31LRH, has been reached in United States District Court for the Middle District of Florida. Plaintiff claims, among other things, that Apria and its vendors placed calls and sent text messages to cellular telephones in violation of federal law. Apria denies any wrongdoing and has asserted defenses. In agreeing to settle, Apria does not admit any wrongdoing.

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Under the proposed settlement, Apria will provide payments to certain members of the proposed class. For details regarding those payments, please visit www.noncustomercallsettlement.com.

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If you remain a Class Member, you may object to the settlement by filing an objection with the Court, copying

the Settlement Administrator, Defendant's Counsel and Class Counsel no later than **September 18, 2020**. Full details on how to object or exclude yourself can be found at www.noncustomercallsettlement.com.

SETTLEMENT HEARING

The Court will hold a hearing on **October 30, 2020, at 9:00 a.m.**, to consider whether to approve the settlement and award attorneys' fees and expenses as requested.

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NOTICE IS HEREBY GIVEN that SFIV SS-1, LLC ("Secured Party") will offer for sale at public auction the following property:

(a) The Class B Equity Interests owned by Coastal Development, LLC ("Debtor") in STOF Revenue Stream Holdco LLC, which the Secured Party understands and believes (but makes no representation or warranty as to the accuracy or completeness) constitute all gains and losses relating to payments that are commonly referred to as the "Franchise B Payments" paid indirectly to the Debtor relating to certain non-gaming revenue generated by certain casinos located in the United States, from and by Power Plant Entertainment, LLC.

(b) all Proceeds in respect of the foregoing.

(c) all General Intangibles in respect of the foregoing.

For purposes of the foregoing, "Equity Interests" means shares of stock, partnership interests, interests in joint ventures, limited liability company interests and all other equity interests in a Person, whether or not such stock or interests are classified as Investment Property or General Intangibles under the UCC, and all other capitalized terms not defined shall have the meanings set forth in the Uniform Commercial Code as enacted in New York.

The public auction will take place on July 23, 2020 starting at 2:00 p.m. Eastern Daylight Time (New York) at Secured Party's offices at 2 Grand Central Tower, 140 East 45th Street, Suite 22-C, New York, NY 10017. In the event of a continuance of the mandate to avoid public assemblies due to the presence of the novel coronavirus COVID-19, the public auction will also take place virtually via a teleconference. The Secured Party may cancel the public auction or cause the sale to be adjourned from time to time, without prior written notice or further publication, by announcement to anyone indicating an intent to participate in the sale. Prior to the date of the public auction, all interested bidders wishing to participate in the public auction (virtually or otherwise) shall contact counsel for the Secured Party to obtain instructions for virtual participation. Counsel may be contacted as follows:

REED SMITH LLP
Attn: Scott M. Esterbrook, Esquire
Three Logan Square
1717 Arch Street, Suite 3100
Philadelphia, Pennsylvania 19103
Telephone: 215-851-8146
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MARKETS

Yields
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By Caitlin Ostroff
and Sam Goldfarb

Long-term Treasury yields finished the day higher Friday but not before dipping to fresh multimonth lows earlier in the session, the latest sign of how rising coronavirus cases are driving demand for ultrasafe government bonds.

The yield on the benchmark 10-year U.S. Treasury note traded as low as 0.571%, its

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lowest intraday level since April 21, before recovering to close at 0.633%, according to Tradeweb, compared with 0.605% on Thursday.

The yield on the 30-year Treasury bond touched its lowest intraday level since early May, falling as low as 1.249% before settling at 1.326%.

Ultralow long-term yields indicate investors expect short-term interest rates to remain near zero for a prolonged period.

Yields, which move in the opposite direction of bond prices, had climbed in early June when investors were more optimistic about the economy emerging from coronavirus lockdowns.

Investors are monitoring rising coronavirus cases and the likelihood of further lockdowns curtailing the recent economic recovery. New coronavirus cases in the U.S. rose by more than 63,000 Thursday, another single-day record, as hospitals in Texas, California and other states strained to accommodate a surge of new patients.

“You have increased uncertainty globally, and you have more savings, so investors are looking to put money to work in a more conservative way,” said Andrey Kuznetsov, senior credit portfolio manager at Federated Hermes. “As a result this drives demand” for bonds, he said.

Bond yields have edged lower even as governments have issued more debt to fund relief efforts to combat the economic impact of the coronavirus. In the U.K., the yield on the five-year gilt, as British government bonds are known, hit a record low Friday of minus 0.092%. Investors there anticipate that the Bank of England will implement negative policy rates in the future.

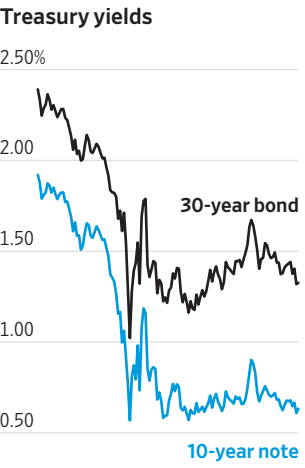
Despite continued demand for safe assets, volatility in U.S. bond markets has fallen to levels near those seen before the coronavirus pandemic.

The MOVE Index, a measure of Treasury yield volatility implied by options prices, fell to 50 on Friday after surpassing 150 at the height of the March selloff.

The drop is in large part due to measures taken by the Federal Reserve and other central banks to backstop credit and funding markets, Mr. Kuznetsov said.

In stock markets, by contrast, a popular measure of future volatility known as the Cboe Volatility Index, or the VIX, has remained elevated. Stock-market investors worry that markets could return to their dramatic swings from earlier in the year.

Further lockdowns to stem the spread of the coronavirus could rattle fragile investor confidence, driving demand for safer assets, analysts and investors said.



Equities Tally Modest Weekly Gains

Financial stocks climb; European shares are up despite a selloff in Asian markets

By Avantika Chilkoti
and Alexander Osipovich

U.S. stocks climbed Friday, ending the week with gains, as investors brushed off worries about a fresh wave of coronavirus infections and its impact on the economic recovery.

The Dow Jones Industrial Average advanced 369.21 points, or 1.4%, to 26075.30.

The blue-chip index got off to a wobbly start, briefly turning negative after the opening bell, before rebounding and rallying into the close.

The S&P 500 rose 32.99 points, or 1%, to 3185.04. The Nasdaq Composite climbed 69.69 points, or 0.7%, to 10617.44, a fresh record for the technology-heavy index.

All three indexes were posi-

tive for the second consecutive week, even as new coronavirus cases in the U.S. repeatedly hit records.

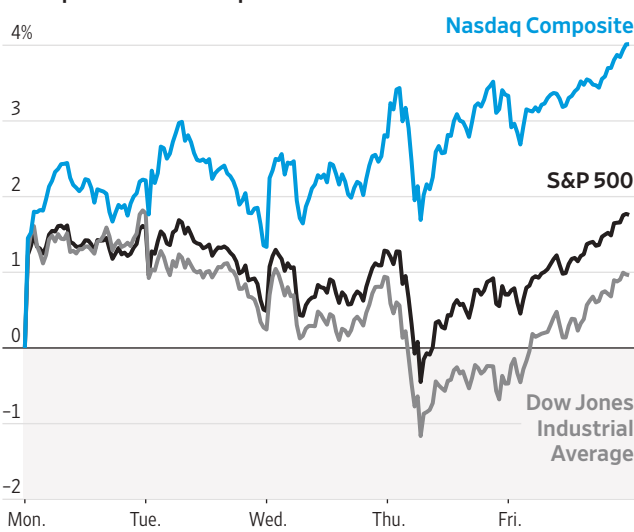
Still, there are signs investors remain jittery. Asian stocks sold off, briefly sending investors rushing to seek shelter in government bonds.

The yield on the benchmark 10-year U.S. Treasury note fell as low as 0.571%, its lowest level in more than two months. It bounced back after the U.S. stock market opened and settled at 0.633%, up from 0.605% on Thursday. Bond yields move in the opposite direction from prices.

“At some stage you accept the reality that Covid hasn’t gone away, that it’s going to have an impact on all economies in terms of social distancing until we have a vaccine,” said Brian O’Reilly, head of market strategy for Mediolanum International Funds.

Markets have been resilient in part because investors expect further support from the U.S. Federal Reserve if the pandemic begins to slow the econ-

Index performance this past week



omy again, said Scott Martin, chief investment officer of Kingsview Wealth Management. “The market is still largely addicted to stimulus,” Mr. Martin said. “Markets are able to take the coronavirus news in stride because of this backstop.”

Financials were the S&P

500’s best performers Friday, rising 3.5% in a sign that risk-seeking investors were snapping up economically sensitive stocks. Among the largest banks, Citigroup rallied most, with its share price jumping \$3.20, or 6.5%, to \$52.65.

Energy stocks outperformed,

boosted by an uptick in oil prices. U.S. crude futures rose 2.3% to settle at \$40.55 a barrel.

Technology and health-care stocks in the S&P 500, which have performed strongly this year, were the only sectors to close in negative territory.

Shares of Carnival rallied \$1.58, or 11%, to \$16.16 after the cruise operator said it would reduce its fleet to conserve cash. United Airlines Holdings, another stock that has been beaten down by the pandemic, jumped \$2.50, or 8.3%, to \$32.67.

BioNTech, a German biotech firm that has joined with Pfizer to develop a coronavirus vaccine, rallied after its chief executive told The Wall Street Journal that early data for its vaccine was promising and it could seek regulatory approval by the end of the year. American depositary receipts of BioNTech climbed \$4.75, or 7.2%, to \$70.36.

European stocks posted gains, with the Stoxx Europe 600 index rising 0.9%. Asian markets were mostly lower as China’s recent rally lost steam.

Ample Grain Supplies Run Into Weak Demand

By Kirk Maltais

U.S. farmers are expected to grow large corn and soybean crops this year—but it is still unclear if an economy recovering from the coronavirus pandemic will be strong enough to consume an ample harvest.

In a report Friday, the U.S. Department of Agriculture cut its production estimates for U.S. corn by nearly one billion bushels, bringing the total to 15 billion bushels. U.S. soybean production is expected to rise to 4.14 billion bushels, up slightly from last month’s estimates.

Some grains traders were expecting to see bigger reductions to grain supplies after the USDA last month cut its estimates for how much corn farmers have planted this year—reducing its estimate for planted corn acres by 5 million acres to 92 million acres. At the close of trading Friday, most-active corn futures finished down 3.4% and soybeans finished 1.2% lower.

The focus for traders now is on how dry this summer in the Midwest is. Grain futures trading on the Chicago Board of Trade have been trending higher recently amid hopes that hot weather in the U.S. Corn Belt will shrink otherwise-ample U.S. crop supplies.

In the past two weeks, most-active corn futures have risen over 8%, while soybean futures have gained over 4%.

But it may take more than above-normal temperatures to meaningfully shift the current supply and demand situation, said Brian Hoops, president of Springfield, Miss.-based agricultural brokerage Midwest Market Solutions Inc.

“Unless we have some large



The USDA trimmed its production estimates for U.S. corn. Above, corn at the Centerra Co-op grain facility in Mansfield, Ohio, in June.

drought in the Midwest, it will be high supply and uncertain demand,” Mr. Hoops said.

As of the USDA’s most recent crop progress report, 71% of the U.S. corn crop is in either good or excellent condition. That is up from 57% at this point last year, when record rainfalls complicated planting and sprouting of crops.

Temperatures in the Corn Belt are expected to stay hot over the next 6 to 10 days, according to agricultural weather firm DTN. However, isolated rainfall is expected, which may

mitigate the heat’s effect on crops planted in April and May.

“Corn is most vulnerable at pollination, which means that the next couple of weeks are critical for determining its yield potential,” said Arlan Suderman, chief commodities economist at StoneX, in a note Friday. In Friday’s report, the USDA maintained its outlook for corn yields at 178.5 bushels per acre—up from 167.4 bushels per acre last year.

Whether or not weather diminishes farmers’ harvests later this year, it remains unclear

when and if grain demand will recover enough from pandemic shutdowns for U.S. farmers to sell their crop. “Demand is certainly the question mark,” said John Newton, chief economist with the American Farm Bureau Federation.

Coronavirus cases in the U.S. have surged in recent weeks. Stay-at-home orders and business closures this spring took a bite out of grain demand, with ethanol production, livestock feed, and food products using less grain amid reduced consumer demand.

In its report Friday, the USDA said that it expects consumption of corn by the U.S. ethanol industry to fall by an additional 50 million bushels. That brings the projection for total domestic corn consumption to 12.5 billion bushels, which is down from last month’s forecast.

Production of ethanol in the U.S. plummeted to 537,000 barrels a day in late April, the lowest figure since the U.S. Energy Information Administration started keeping the data set in 2010.

IEA Forecasts the Recovery For Oil-Markets to Be Slow

By David Hodari

LONDON—The worst effects of the coronavirus on global oil demand have passed but will continue to echo as the market slowly recovers in the second half of 2020, the International Energy Agency said Friday.

In its closely read monthly report, the IEA said global oil demand in the first half of 2020 plunged by 10.75 million barrels a day, down roughly 11% from last year.

It forecast that oil demand would be down by 5.1 million barrels a day in the second half of the year.

Economic and transport activity is recovering following the lifting of some of the most stringent lockdown measures—two-thirds of the global population was under lockdown in April. However, “the strong growth of new Covid-19 cases that has seen the reimposition of lockdowns in some regions, including North and Latin America, is casting a shadow over the outlook,” the IEA said.

Oil prices have traded in a

narrow range in recent weeks, held back by worries over upticks in Covid-19 cases. The Paris-based agency has cut its third-quarter demand forecast, citing increasing infections in Brazil, Russia, and particularly in the U.S.

Brent crude oil ended the day up 2.1% at \$43.24 a barrel on Friday, and West Texas Intermediate futures, the U.S. benchmark, added 2.3% to \$40.55 a barrel, supported by broad market optimism about coronavirus vaccine development that could aid the economic recovery.

Crude prices have received some support from sharp declines in supply.

IEA data show that global output in June was 13.7 million barrels a day lower than it was in April, when the Organization of the Petroleum Exporting Countries and its allies agreed to end a damaging price war and constrict some 13% of global supply.

The IEA estimated that compliance with the deal was at 108%, with Saudi Arabia cutting production by an additional one million barrels a day. That puts OPEC’s output at its lowest in three decades.

Supply reductions in the U.S. have also contributed to the tighter market, with the IEA estimating declines in May and June at 1.3 million barrels and 0.5 million barrels a day, respectively.

But producers’ strict adherence to reduced supply may start to wane, the IEA said, forecasting that U.S. production will bottom out in the second half of the year before starting to grow.

OPEC and its allies are set to relax their cuts by two million barrels a day from August, and Libyan production may rise by almost a million barrels between now and the end of the year, the agency added.

Supply cuts and second-quarter demand destruction that wasn’t quite as bad as the IEA had initially forecast mean the oil market is slowly tightening, with oil being stored at sea on tankers falling by 35 million barrels to 176 million barrels in June from a record in May.

Whether the market will balance soon remains uncertain, though.

The world is still swimming in excess oil.

SEC Plan Will Slash Funds’ Quarterly Filings

By Corrie Driebusch
and Juliet Chung

The Securities and Exchange Commission proposed sharply raising the size threshold of funds required to report their U.S. stockholdings quarterly, a move that would end such disclosures for nearly 90% of current filers, including many hedge funds and mutual-fund firms.

The proposal would mean investment managers with less than \$3.5 billion in such holdings—including securities bought with leverage—no longer need to reveal the details of their portfolios. Those details include the number of shares held in a company and the value of those holdings at quarter’s end. The current threshold, unchanged since its 1975 introduction, is \$100 million.

While many of the biggest-name investment managers—including Warren Buffett’s Berkshire Hathaway Inc., BlackRock Inc. and Citadel LLC—would continue to file, the majority of filers wouldn’t need to. The move would affect about 4,500 of the roughly 5,000 current filers, the SEC said.

The proposal is published in the Federal Register and subject to a 60-day comment period before potential SEC approval.

The SEC described the proposed change as a way to provide cost relief to smaller managers while still capturing nearly all the data the filers previously had. The regulator said the new threshold would retain data “on over 90% of the dollar value of the securities currently reported.”

The SEC said a new \$3.5 billion threshold would reflect “proportionally the same market value of U.S. equities that \$100 million represented in 1975.”

Some investors said the potential removal of so many of such filings would make it harder to thoroughly vet smaller managers. They say the filings can help investors assess a manager’s portfolio and whether the firm invests the way it purports to.

The quarterly reports, known as 13Fs, are widely followed in the investing community, but they are far from comprehensive. They are revealed at a lag—due 45 days after the quarter ends—and a fund can ask the SEC for confidential treatment if it is in the middle of building a new position. Funds also don’t need to reveal short bets against companies, currency positions or fixed-income stakes.