

THE WALL STREET JOURNAL.

What's News

Business & Finance

The economy contracted at a record rate last quarter and July setbacks for the jobs market added to signs of a slowing recovery as the U.S. faces a summer surge in coronavirus infections. **A1**

◆ **Amazon.com delivered** soaring quarterly sales and profit, reporting thriving business during the throes of the pandemic. **A1**

◆ **Apple posted** a better-than-expected 11% rise in quarterly sales amid strong demand for apps and work-from-home devices. **B1**

◆ **Google parent Alphabet** reported a decline in quarterly revenue compared with a year earlier, but sales beat expectations. **B1**

◆ **Facebook's revenue** rose thanks to increased engagement from users, but the rate of growth declined significantly. **B4**

◆ **Huawei achieved** its goal of becoming the world's top seller of smartphones, fueled by rapid economic recovery in its home market of China. **A1**

◆ **The Dow and S&P 500** slipped 0.9% and 0.4%, respectively, while the Nasdaq advanced 0.4%. **B11**

◆ **Twitter said** the hackers behind this month's high-profile online break-in talked their way onto the company's network using the telephone. **B1**

◆ **P&G notched** its strongest annual sales gain since 2006 as the pandemic kept consumers at home and vigilant about cleaning. **B1**

◆ **Ford posted** a \$1.9 billion operating loss, the latest global auto maker to report steep losses from factory closures amid the pandemic. **B1**

World-Wide

◆ **School districts** trying to complete reopening plans are struggling to figure out what to do if a coronavirus outbreak hits and how bad it would have to be to cause them to shut schools again. **A1**

◆ **Daily reported deaths** from Covid-19 in the U.S. rose to their highest level in more than a month. **A6**

◆ **Trump floated** the idea of delaying the November presidential election, a notion swiftly dismissed by top Republicans and Democrats in Congress. **A4**

◆ **Congressional leaders** and White House officials failed to strike a deal on coronavirus relief Thursday night, hours before federal jobless benefits were set to expire. **A4**

◆ **A full federal appeals court** will rehear a legal challenge to whether charges against ex-national security adviser Flynn must be dropped. **A4**

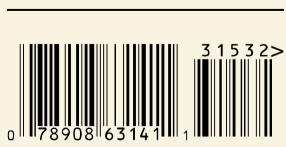
◆ **John Lewis was hailed** by Obama as a founding father at the Atlanta funeral for the late civil-rights icon and congressman. **A7**

◆ **The former Ferguson, Mo.,** police officer who killed Michael Brown won't face charges following a re-examination of the case. **A2**

◆ **Canada's Trudeau,** at a parliamentary hearing, denied preferential treatment in the awarding of a government contract to a charity with financial ties to his family. **A8**

◆ **Died: Herman Cain,** 74, businessman and 2012 presidential hopeful. **A6** ... **Lee Teng-hui,** 97, longtime president of Taiwan. **A16**

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U.S. Economy Sees Record Downturn

GDP drop, rise in new weekly jobless claims suggest pace of recovery is slowing

By HARRIET TORRY

The economy contracted at a record rate last quarter and July setbacks for the jobs market added to signs of a slowing recovery as the country faces a

summer surge in coronavirus infections.

The Commerce Department said U.S. gross domestic product—the value of all goods and services produced across the economy—fell at a seasonally and inflation adjusted 32.9% annual rate in the second quarter, or a 9.5% drop compared with the prior quarter. Thursday's figures were the steepest declines in more than 70 years of record-keeping.

Meanwhile, the Labor Department's latest figures on unemployment benefits suggested the jobs market was faltering. The number of workers applying for initial unemployment benefits rose for the second straight week—by a seasonally adjusted 12,000 to 1.43 million in the week ended July 25—after nearly four months of decreases following a late-March peak. The number of people receiving unemployment benefits

increased by 867,000 to 17 million in the week ended July 18, halting a downward trend that started in mid-May.

“We’re expecting a longer and slower climb from the bottom unfortunately, and here the virus will dictate the terms,” said Beth Ann Bovino, U.S. chief economist at S&P Global Ratings.

Stock markets fell after the figures on output and the labor market provided an updated

picture of the pandemic's damage to the economy.

The second-quarter economic contraction came as states imposed lockdowns in March and April to contain the coronavirus pandemic—triggering a steep drop in output—and then lifted restrictions in May and June—allowing

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Mission to Mars Launches a Search for Ancient Signs of Life



BIG BOOST: A United Launch Alliance Atlas V rocket lifts off from the Cape Canaveral Air Force Station in Florida early Thursday, carrying the Perseverance rover on a 300-million-mile voyage to Mars. It is expected to land in February. **A3**

Schools Wrestle With Virus Guidelines

By LESLIE BRODY AND LEE HAWKINS

School districts across the country trying to complete their reopening plans are struggling to figure out what to do if a coronavirus outbreak hits—and how bad it would have to be to cause them to shut schools again.

So far, schools are getting little consensus from federal

and state officials on how best to plan. The Centers for Disease Control and Prevention recommends considering community infection rates, among other factors, in deciding whether to close a school.

State guidance, meanwhile, is all over the map. California could see school buildings that open in the fall shut down again if multiple clusters of children get sick, or if infection rates in

a school hit 5% within a two-week period, a state plan says. In New York, Gov. Andrew Cuomo has said schools would close if a region's infection rate reaches 9%.

Schools' plans for reopening their buildings include measures like requiring students and staff to wear cloth face coverings and having a small group of children stay in the same classroom with the same chil-

dren all day, including for lunch. Contingency plans for how to deal with an outbreak consider variables such as rate of transmission, size and layout of a school, and local capacity to test quickly for the virus.

In New York City, the nation's largest school district, of

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◆ Daily U.S. death toll is highest in weeks..... A6

Amazon Leads Its Tech Peers In Gains

By SEBASTIAN HERRERA

Amazon.com Inc. delivered soaring quarterly sales and profit, leading a pack of tech giants that reported thriving business during the throes of the coronavirus pandemic and affirming the industry's central place in business and society as scrutiny of its clout grows.

The success of Amazon, Apple Inc. and Facebook Inc. in the face of a pandemic that has caused unprecedented economic disruption and millions of job losses comes as people are living and working more online. The companies showed strength in businesses ranging from gadgets and online retail to cloud computing and digital advertising.

Amazon reported record revenue and profit even as it spent \$4 billion between April and June to stabilize its supply chain and improve worker safety. The Seattle e-commerce pioneer now employs more than 1 million workers, the second-highest in the U.S., behind Walmart Inc. Amazon reported \$88.9 billion in sales as a flood of customers grew

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◆ Google ad revenue declines for the first time..... B1
◆ User engagement lifts Facebook revenue..... B4

Seeds Packets Sow Suspicions



The U.S. Department of Agriculture said people in 22 states and several countries have received the unsolicited seeds in the mail. **A3**

Huawei Takes Top Spot in Global Phone Sales as China Rebounds

By DAN STRUMPF

HONG KONG—Huawei Technologies Co. achieved its goal of becoming the world's top seller of smartphones, fueled by the rapid economic recovery in its home market of China.

A yearslong slump in the global smartphone market—as a lack of innovation leads people to hang on to their old models longer—has thinned the ranks of sellers, and the

coronavirus pandemic has further damped demand. The second quarter was the first time in nine years that neither Apple Inc. nor Samsung Electronics Co. was No. 1, according to research firm Canalys.

Canalys attributed Huawei's success to an unusual combination of factors. The Chinese telecom giant has grown more reliant than ever on its home market since U.S. restrictions curbing its access to Google

software made its phones less appealing to users in Europe and other overseas markets. But that worked in Huawei's favor in the second quarter, as China's economy rebounded after the country aggressively tackled the coronavirus pandemic.

Smartphone makers with

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◆ Apple's software, device sales surge..... B1

NBA's New Test Is Reffing Virtual Fans

R-rated behavior from boosters will bring eject button

By DAVID MARCELIS

When the National Basketball Association restarted its season Thursday evening, 320 fans began joining the action through something akin to a very big videoconference call. Keeping them on their best behavior will be an experiment conducted on live television.

Fans of the designated home team gather in virtual stands visible on giant screens surrounding the court. They face ground rules similar to the ones in a regular arena.

Booing opposing players or taunting referees is fair game, the NBA says. But fans who cross the line into vulgarity or

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Covid Lawsuits Begin To Hit Employers

Claims say companies didn't protect workers; liability question comes amid reopening

By JANET ADAMY

Employers across the country are being sued by the families of workers who contend their loved ones contracted lethal cases of Covid-19 on the job, a new legal front that shows the risks of reopening workplaces.

Walmart Inc., Safeway Inc., Tyson Foods Inc. and some health-care facilities have been sued for gross negligence or wrongful death since the coronavirus pandemic began unfolding in March. Employees' loved ones contend the companies failed to protect workers from the deadly virus and should compensate their family members as a result. Workers who survived the virus also are suing to have medical bills, future

earnings and other damages paid out.

In responding to the lawsuits, employers have said they took steps to combat the virus, including screening workers for signs of illness, requiring they wear masks, sanitizing workspaces and limiting the number of customers inside stores. Some point out that it is impossible to know where or how their workers contracted Covid-19, particularly as it spreads across the country.

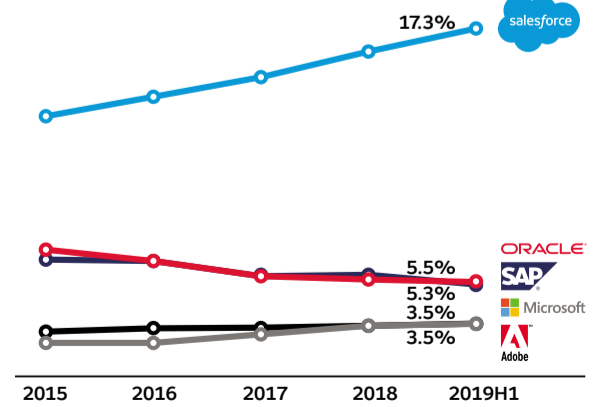
The new coronavirus has created a global health and economic crisis, responsible for the death of more than 150,000 people in the U.S. while straining resources and institutions.

The cases are part of an

Please turn to page A9

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2019H1 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, October 2019.



salesforce.com/number1CRM

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U.S. NEWS

Divided Congress Takes Aim at Big Tech

Parties have criticisms, but their differences suggest any legislation isn't imminent

By RYAN TRACY

WASHINGTON—This week's hearing into Big Tech's market power underscored the deep discontent in Congress toward giant technology companies, but also divisions about what the problems are and how to address them.

In more than five hours of adversarial interrogation before the House Antitrust Subcommittee on Wednesday, the chief executives of Amazon.com Inc., Apple Inc., Facebook, Inc. and Google owner Alphabet Inc. were accused of a range of unfair business practices.

But Democrats focused more on the alleged stifling of competition to preserve their dominance, while Republicans homed in more on the platforms' outside grip on information and public debate.

Members at times dismissed one another's specific concerns and proposed solutions, making it clear that legislative changes

concerning Big Tech aren't imminent.

"We do not need to change our antitrust laws. They have been working just fine," said Rep. James Sensenbrenner (R., Wis.), the subcommittee's top Republican, at Wednesday's hearing. He said law-enforcement agencies should be the ones to decide whether they were wrong in permitting tech companies' growth, allowing: "Maybe they made a mistake."

Still, the near-universal enmity was a sign that Capitol Hill inquiries into the companies will continue no matter who controls Congress next year.

"Yesterday's event was a milestone. It makes clear to everybody that the question is no longer should we, could we do something about the platform monopolists but when exactly are we going to do it, and what exactly are we going to do?" Barry Lynn, executive director of the Open Markets Institute, which advocates for breaking up and imposing new rules on tech platforms, said Thursday.

The tech industry's supporters dismissed the hearing as lacking in substance.

"This hearing isn't about competition, evidence, or con-



'We do not need to change our antitrust laws,' said Rep. James Sensenbrenner (R., Wis.), at Wednesday's hearing.

sumers; it's a piece of political theater," said Carl Szabo, general counsel of NetChoice, a trade group whose members include Google, Facebook and Amazon. "We heard odd arguments about how each of these companies is somehow a monopoly in the same overlapping markets."

For now, the near-term threat to the companies remains continuing investigations by the

agencies that enforce U.S. antitrust laws, including the Justice Department and Federal Trade Commission as well as the states. As did the subcommittee, those agencies have been collecting documents and talking to the companies' competitors during the past year, so evidence cited in the Wednesday hearing may not have surprised them.

Lawmakers sought to put

pressure on the agencies, in part by disclosing dozens of documents, such as internal company emails and strategy discussions.

If the hearing put scrutiny on the record of antitrust enforcers, though, it also offered examples of the arguments they would face in taking one of the tech giants to court.

Lawmakers in both parties said Facebook's strategy to acquire apps such as Instagram and WhatsApp appeared designed to maintain a dominant market position. But courts also would consider the effects of the transaction, as Facebook CEO Mark Zuckerberg implied when he countered that Instagram "has done wildly well largely because not just of the founder's talent, but because we invested heavily."

The criticism of the CEOs came across a range of topics. Mr. Zuckerberg took heat from Rep. David Cicilline, the subcommittee chairman, concerning the spread of misinformation about the coronavirus pandemic, and from Rep. Gregory Steube (R., Fla.) about the ideological diversity of people who monitor Facebook content.

Amazon CEO Jeff Bezos heard concerns about how his

company treats independent retailers from Rep. Kelly Armstrong, a North Dakota Republican, and from Rep. Pramila Jayapal, a Democrat whose district includes the company's headquarters in Seattle.

The House panel is set in the coming weeks to publish a report summarizing its probe into the tech firms and making policy recommendations.

Democrats pushed for a change in laws governing competition, arguing that existing antitrust statutes have failed to curb the technology giants.

Republicans' primary concern at the hearing was perceived censorship of conservative speech by social-media companies. Democrats and the tech companies dispute those allegations, pointing in part to the popularity of conservative content on platforms such as Facebook.

To address that issue, some GOP lawmakers have proposed changes to Section 230, a law that immunizes websites from lawsuits for moderating content. Tech companies oppose those efforts. Democrats generally say they are willing to review Section 230 but are skeptical of the Republican proposals.

Amazon Shines in Tech Profits

Continued from Page One

to rely more than ever on online shopping.

Amazon profit doubled to a record \$5.2 billion, far exceeding analyst expectations.

Apple proved to be another example of the technology industry's strength in the pandemic, reporting a better-than-expected 11% increase in quarterly sales due to strong demand for apps, work-from-home devices and a new, lower-priced iPhone.

Facebook showed the resilience of its social-media business despite a continuing procession of controversies. Sales rose 11% to \$18.7 billion due to increased engagement from users—though growth slowed and the company warned about persistent risks from

the economy and an advertiser boycott.

Google parent Alphabet Inc. was the outlier Thursday, reporting a decline in quarterly revenue compared with a year earlier for the first time in company history. Still, sales beat analyst expectations, and profit, though down 30%, was still more than \$6 billion.

Shares in all four companies, already among the best performers for large corporations across the stock market this year, rose after hours, with Amazon, Apple and Facebook all gaining more than 5%. Alphabet edged up almost 1%. Collectively, those stock moves would add more than \$200 billion to their market value if they hold up in trading Friday. Apple alone gained about \$100 billion, roughly equal to the market value of Citigroup Inc.

The extraordinary display of business resilience amid the sharpest economic contraction in history put a spotlight on Big Tech's unstinting rise only a day after the chief executives of the same four companies were grilled by members

of the House Judiciary Committee investigating antitrust concerns. Lawmakers' questions over more than five hours of testimony reflected bipartisan disquiet with the leverage those companies have gained over a broad range of business and social activity.

The breakout success of the companies came as a surprise

Google parent Alphabet was the outlier, reporting a decline in revenue.

even for investors who had expected them to do well, showing how entrenched technology has become in daily life at a time when people around the world have stayed home from work and school due to the pandemic.

"The internet is the connective glue in Apple devices, Facebook ads, the Amazon shipments," said Jefferies ana-

lyst Brent Thill. "Ultimately, we think there is a more permanent tail wind behind these big tech companies."

Amazon had struggled in March and April as the economic shutdown took hold across the U.S., spending more than \$4 billion on coronavirus-related costs. Amazon hired hundreds of thousands of workers, boosted pay and took dozens of steps to ensure warehouse safety after facing early criticism from some employees.

The e-commerce company's shares have surged more than 60% this year, more than double the increase for other tech giants such as Apple and triple that of retailers that have largely kept stores open such as Home Depot, according to FactSet.

"We don't know when we will recover out of this Covid crisis, but one thing that is certain is that these [shopping] trends are taking hold, and that's why more and more people are hiding in Amazon," said Hari Srinivasan, a portfolio manager at Neuberger Ber-

man Group LLC, which owns

roughly \$1.8 billion of Amazon shares.

In a media call Thursday, Chief Financial Officer Brian Olsavsky said Amazon's profit was helped by sales of more profitable items on its website and that the company was able to ship a greater amount of products than it had expected.

He said the company expects to spend roughly \$2 billion in coronavirus-related costs during the third quarter.

Amazon's earnings came a day after Mr. Bezos made his first appearance before Congress as part of a federal inquiry into the market power of the nation's largest technology companies. Along with other tech leaders, Mr. Bezos faced withering criticism from lawmakers, including several who asked about revelations in a Wall Street Journal article that Amazon employees have used data from sellers to form its private-label products. Mr. Bezos said a company investigation into the Journal article is ongoing.

Business challenges remain for all four corporations.

The most acute difficulties may come for Facebook and Google in advertising. Facebook's revenue growth rate fell and the company warned that growth will be muted due to the economic fallout from the pandemic, an advertiser boycott and reduced efficacy of ad targeting.

The global pandemic dealt a rare losing hand to Google's digital advertising operation, pushing quarterly revenue down compared with a year earlier for the first time in company history. Executives stressed that advertising had steadily improved through the quarter. "We do believe it's premature to say we are out of the woods," said Chief Financial Officer Ruth Porat.

Apple delayed the fall release of its flagship iPhone by a few weeks, the company said, pushing it into October from late September.

—Tripp Mickle, Rob Copeland, Jeff Horwitz and Euirim Choi contributed to this article.

Ex-Officer Won't Be Charged In Killing

By ALEJANDRO LAZO

The former Ferguson, Mo., police officer who shot and killed Michael Brown in 2014 won't face charges following a re-examination of the case evidence, the St. Louis County prosecutor said Thursday.

A grand jury in November 2014 declined to indict Darren Wilson, a white officer, for shooting Mr. Brown, an unarmed Black man, in August of that year.

Mr. Wilson, according to a Justice Department report, confronted Mr. Brown, who was 18 years old, for allegedly stealing a box of cigarillos from a local liquor store, and Mr. Brown walked toward the officer, who had ordered him to stop.

The shooting sparked protests and riots in Ferguson and around the nation, leading to a national discussion about racism and police violence, and helping to galvanize the Black Lives Matter movement.

The Justice Department investigation that led to the report found no grounds to indict Mr. Wilson. The investigation detailed racial bias in the way Ferguson police and courts treated Black people, leading to changes in the St. Louis suburb.

The case got renewed attention in 2018, when Wesley Bell, a Ferguson City Council member, defeated a seven-term incumbent in the Democratic primary and became the first Black prosecuting attorney in St. Louis County.

Mr. Wilson didn't respond to messages left on his voice mail and with his attorney.



CLEANING UP: Streets in Mayagüez, Puerto Rico, were coated in mud Thursday after Tropical Storm Isaias knocked out power and caused flooding on the island. Isaias later strengthened to a hurricane while moving toward the Bahamas and U.S. East Coast.

MICHIGAN

University Sued Over Alleged Sex Abuse

Former University of Michigan students, including more than two dozen football players, filed a lawsuit against the school on Thursday, alleging a prominent team doctor sexually abused them during physical exams while coaches and administrators turned a blind eye.

The 53 plaintiffs allege that Dr. Robert Anderson, who worked at the school for nearly 40 years until 2003, molested them and that the behavior was reported to famed football coach Bo Schembechler and athletic director Don Canham, among others.

A school spokesman said in an email that the university condemns all sexual misconduct. "This type of conduct is reprehensible—and whether it takes place now or took place in the

past, it is unacceptable."

According to the lawsuit, in 1982, a student told Mr. Schembechler about the alleged abuse and Mr. Schembechler advised the student to file a sexual-abuse complaint against Dr. Anderson with Mr. Canham. The student filed a complaint, but neither Mr. Canham nor Mr. Schembechler took any action to stop the alleged abuse, according to the suit. The lawsuit claims Dr. Anderson's behavior was an open secret among coaches.

Mr. Schembechler was head coach of the Michigan football team from 1969 to 1989. He died in 2006. Mr. Canham served as athletic director between 1968 and 1988. He died in 2005.

Dr. Anderson was a team physician at the school between 1968 and 2003. He was director of the university's health service for part of his tenure. He died in 2008.

—Douglas Belkin

WASHINGTON

FBI Says Wiretap Applications Valid

The FBI said Thursday that errors found in the files of dozens of applications to monitor Americans suspected of having links to foreign intelligence or terrorism didn't ultimately undermine those applications.

In March, the Justice Department's inspector general said his office found "apparent errors or inadequately supported facts" in the files meant to provide factual support for the information cited in more than two dozen Federal Bureau of Investigation applications. The requests sought wiretapping authority from a special court under the Foreign Intelligence Surveillance Act, or FISA.

The inspector general had chosen several dozen applications to review as a sample, and found

errors in the files of all of those he sampled, the March report said. Those results had pointed to possible widespread problems at the FBI and they suggested shortcomings previously found in the highly scrutinized requests to surveil former Trump campaign aide Carter Page weren't limited to that case.

The FBI and the Justice Department then reviewed those additional applications identified by Inspector General Michael Horowitz. In a statement issued Thursday, the FBI said the agency told the Foreign Intelligence Surveillance Court in a Wednesday filing that "in its judgment, none of the errors that had been identified...undermined or otherwise impacted the validity" of the court's orders granting the surveillance.

A spokeswoman for the inspector general declined to comment.

—Aruna Viswanatha

CORRECTIONS & AMPLIFICATIONS

Soap maker Dr. Bronner's said in 1999 that it would cap the salary of the CEO at five times the income of its lowest-paid worker. A Style & Fashion article in the Feb. 15 Off Duty section incorrectly gave the year as 2003.

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U.S. NEWS

U.S. Panel Expanded Its Review Of Foreign Deals in '19

BY KATY STECH FEREC

A national-security panel in 2019 increased its review of business deals involving foreign money, the first year after Congress ordered it to scrutinize such transactions more thoroughly, according to a new report released Thursday.

The Committee on Foreign Investment in the U.S. reviewed 325 business transactions that involved foreign money, topping the number of deals the panel has reviewed each year since 2010, its annual report to Congress shows. By comparison, in 2018 the panel reviewed 249 transactions.

The national-security review panel has taken a higher profile in recent years on heightened concerns that China has been trying to acquire U.S. technology. Its work has been in the spotlight recently for its investigation into popular Chinese video-sharing app TikTok.

Cfius, which is part of the Treasury Department, in 2019 reviewed 231 deals submitted as notices and 94 deals submitted through its mandatory declaration process, which expanded the panel's oversight in late 2018. The report didn't identify the investors or other parties behind the evaluated deals.

The report offered a glimpse into how the panel handled the first full year of transaction reviews after a 2018 law ordered it to take a closer look at foreign investment in the U.S. corporate world. That year Congress expanded the scope of national-security reviews of foreign investment deals, including those involving satellites, oil refineries, financial-market systems and drinking-water utilities.

Under the law, several categories of deals, including ones related to Americans' privacy, require mandatory disclosure to federal regulators through a new process that supplemented its traditional intake of notice-based reviews.

Before the new law, investors disclosed their deals voluntarily. Doing so could enable investors to avoid scrutiny later, under federal law.

Treasury Secretary Steven Mnuchin said Wednesday that the panel's review of TikTok would wrap up this week.

U.S. officials say they are concerned that TikTok, owned by Beijing-based ByteDance Ltd., could pass on to China's government data it collects from Americans streaming videos. TikTok said it wouldn't do so.

If the panel can't agree on whether a 2018 acquisition related to TikTok poses a security threat, it can ask President Trump to decide. The president has the authority to declare that the transaction poses a threat.

Such deferrals are rare. In each of the last four years, only one transaction was referred to the president for a decision. All four have been denied.

President Obama blocked a Chinese company's bid for the U.S.-based businesses of German semiconductor maker Aixtron SE. And Mr. Trump blocked two deals: another Chinese company's bid for Lattice Semiconductor Corp. and Broadcom Ltd.'s \$117 billion bid for Qualcomm Inc., which also are semiconductor industry players.

Mysterious Seed Mailings Spread

BY JESSE NEWMAN AND JACOB BUNGE

The case of the mystery seeds showing up in U.S. mailboxes from shippers in China and other countries has gone global.

The U.S. Department of Agriculture said consumers in at least 22 U.S. states and several other countries received unsolicited packages of seeds. Canada, the U.K. and Australia all are investigating the matter.

The USDA, in a recorded radio broadcast released Wednesday night, revealed the worldwide scope of the seed shipments after thousands of people across the U.S. reported receiving seeds in the mail they didn't order. States from Washington to Virginia have warned residents about the unsolicited packages, and the USDA said earlier this week that it was collecting the packages to test the seeds for anything of concern.

Multiple U.S. agencies are now investigating the seeds, from the Federal Bureau of Investigation to the Department of Homeland Security's Customs and Border Protection.

Unsolicited seed packages have been on the USDA's radar since at least early June, according to state agriculture officials. Gary Black, Georgia's commissioner of agriculture,

said his department contacted the USDA after a handful of state residents reported receiving such deliveries around June 2.

Osama El-Lissy, a deputy administrator for the USDA's Animal and Plant Health Inspection Service, said the agency has so far identified 14 species of seeds, from mustard and morning glory to cabbage, rosemary and roses.

As of late Wednesday, there was no indication any of the seeds carry pests or diseases, according to the USDA.

The USDA also reiterated it has no evidence the packages are anything other than a "brushing scam." In such scams, vendors selling through online retailers like Amazon.com pay "brushers" to place orders for their products, and packages with low-value or no contents are shipped to strangers. Brushers then pose as the buyers and post fake customer reviews to boost the vendor's sales.

"These appear to be delayed packages due to Covid-19, not brushing," a spokesperson for Amazon said. The company said it is working with its sellers, customers and government agencies to address concerns about the mailings. The USDA didn't immediately comment.

Washington resident Jenni-

fer Taylor received all the corn, broccoli and cucumber seeds that she had ordered from Amazon in time to plant her garden in the spring. Then last week a small package arrived in the mail, postmarked from China. It contained a packet of small, cream-colored seeds that, she said, made her nervous. Now, she said, "I want to burn them."

In Louisiana, state inspectors are working to collect hundreds

tion Agency this week instructed Canadians who had received such packages not to plant the seeds, while the U.K. government said it has been investigating packages of seeds marked as "ear studs" that citizens there received over the last month. A spokeswoman for Australia's Department of Agriculture, Water and Environment said the agency was looking into whether unsolicited seed mailings had been received in that country.

China's Foreign Ministry earlier this week said mailing labels on the seed packages were forged, and that China had asked the U.S. to send packages for investigation. Chinese government officials had no further comment Thursday.

In the U.S., state and federal officials are asking people who received unsolicited packages not to plant or handle the seeds, to keep them in their original packaging and turn them over to local or U.S. agriculture departments. Planting the seeds can potentially introduce invasive species and spread plant disease, said officials, who also advised against throwing the seeds in the trash for fear they would sprout in landfills.

Some consumers have received seeds in mislabeled packages that weren't what

they ordered. Others have received multiple seed packages after their initial order was delivered. Still others are finding small packets of seeds tucked into packages of other goods they ordered, such as clothing.

In Derbyshire, England, Susan Westerdale two months ago received a small package labeled "ear studs" with Chinese on the address label. Inside was a pack of small, black seeds that looked like those of a cumin plant, she said. Ms. Westerdale had recently ordered seeds on Amazon and eBay, but the description and origin didn't match that on her orders.

Across the U.S., state agriculture departments over the past week have dispatched plant inspectors and other employees to collect seeds from residents for analysis and investigation.

Sid Miller, commissioner of Texas' agriculture department, said he is sharing his personal email address and encouraging seed recipients to contact him. One woman this week sent him a photo of a plant she was raising from some bulbs that had arrived in one such package. "I said, you need to burn that right now," Mr. Miller said.

—Annie Gasparro and Alistair Macdonald contributed to this article.

People in at least 22 states and several other countries got unsolicited packages.

more packages sent from countries including China, Uzbekistan and the Solomon Islands. Other recipients say packages were sent from the United Arab Emirates and Kyrgyzstan.

Minnesota's agriculture department is talking with the U.S. Postal Service about identifying and intercepting the packages—often marked as jewelry, toys and other goods—before they are delivered to homes, said Denise Thiede, head of the agency's seed program.

The Canadian Food Inspec-

NASA Sends Rover on Journey to Mars

BY ROBERT LEE HOTZ

NASA's ambitious Perseverance rover rocketed toward Mars on a mission to find signs of life there that might have existed billions of years ago when the solar system was a cradle of evolution.

A United Launch Alliance Atlas V rocket boosted the \$2.7 billion spacecraft from the Cape Canaveral Air Force Station in Florida early Thursday on a 300-million-mile voyage between the planets. If all goes to schedule, the spacecraft will land on Feb. 18 at a 28-mile-wide basin called Jezero Crater just north of the Martian equator.

Mission scientists believe that between three billion and four billion years ago the crater was a vast lake fed by an ancient river delta that deposited carbonite minerals and clay potentially preserving organic molecules and other potential signs of microbial life. During a two-year mission, the nuclear-powered Perseverance rover will try to detect any such biosignatures, extract them from rocks or soil and pack the samples for eventual return to Earth.

"We expect the instruments onboard will be able to detect biosignatures, but it will be very difficult to confirm that until we get them back to Earth," said NASA planetary science division director Lori Glaze. It will require at least two additional Mars missions to pick up and return those samples, agency officials said.

The NASA Perseverance mission joins two spacecraft already on the way to Mars that were launched by China and the United Arab Emirates earlier this month. It is the first Mars mission for both countries.

The 2,200-pound Perseverance rover is the most complex off-world vehicle NASA has ever launched, agency engineers said. In a cab the size of a compact car, it packs 13 onboard computers, 23 cameras and seven onboard experiments designed to probe rocks and sediments for signs left by microscopic life-forms—if any ever existed on the planet.

Space Race to the Red Planet

NASA launched its most ambitious Mars mission in a half century of interplanetary exploration.

Why now? Earth and Mars orbit around the sun at different speeds and distances, like race cars travelling in separate lanes on an elliptical race track. Depending on where they are in their elliptical orbits, the planets can be up to 250 million miles or so apart.

Sightseeing Mars Key Martian locations and spots where international space missions have landed.

Getting there is just the beginning Today, NASA scientists and private space companies like SpaceX have their eye on the future of Mars

Signs of water Scientists have located 'hydrated minerals,' which might be a sign of where ancient water was. Water-equivalent Hydrogen detected

Mars missions by launch year

KEY: NASA (blue), Russia (USSR) (red), China (pink), European Space Agency (green), UAE (yellow), Unsuccessful (grey)

Mars 2, 3 (1970), Mars 6 (1971), Viking 1, 2 (1976), Mars Polar Lander (1999), Mars Sojourner (1999), Phoenix (2008), Curiosity (2012), Spirit (2003), Opportunity (2004), InSight (2020), Perseverance (2020), Beagle 2 (2003), Schiaparelli (2016), Tianwen-1 (2020), Rosamind Franklin/Kazachok (2020)

Launch Vehicle Major elements of the Atlas V-541 rocket: Atlas V Rocket, Solid Rocket Motors

Protective payload The centaur precisely controls the vehicle's orientation, which is important for managing the direction of thrust while its engine is firing.

The Rover Car-sized, about 10 feet long; weighs less than a compact car. Ingenuity Helicopter will test powered flight on another world for the first time.

Neck and head Cameras on mast give the rover a view from eye level. Robotic arm Reach and collect rock samples for study.

Source: National Aeronautics and Space Administration (NASA); NASA Space Science Data Coordinated Archive (orbits); Jet Propulsion Laboratory (rover, helicopter); U.S. Geological Survey (Mars polar regions); Mars Space Flight Facility, Arizona State University (water-equivalent hydrogen); The Planetary Society (mission landings); Photos: NASA/JPL-Caltech (Perseverance rover)

Dylan Moriarty, Alberto Cervantes, Brian McGill/THE WALL STREET JOURNAL

Mexican Ex-Security Chief's Aides Face Drug Bribe Charges

BY JOSÉ DE CÓRDOBA

MEXICO CITY—Two former senior Mexican police officials, top aides of the man who ran the country's drug war for six years, were indicted Thursday in New York on charges of taking millions of dollars in bribes from the Sinaloa Cartel in exchange for protection and allowing tons of its cocaine to flow through Mexico unhindered.

Luis Cárdenas Palomino and Ramón Pequeño were charged with three counts of cocaine trafficking conspiracy.

"In exchange for multimillion-dollar bribes, the defendants allegedly permitted the Sinaloa Cartel to operate with impunity in Mexico," the U.S. attorney's office for the Eastern District of New York said in a statement. It added that the two are "presently fugitives."

The charges against Messrs. Cárdenas Palomino and Pequeño were added to a superseding indictment against Genaro García Luna, their former boss. Mr. García Luna, who had been living in Florida since leaving government service in 2012, was arrested last year and

is awaiting trial in New York.

The indictments are part of Mexico's largest drug-related corruption scandal since the 1997 arrest of the country's drug czar, Gen. Jesús Gutiérrez Rebollo, who was found guilty of taking bribes from what was at the time Mexico's most powerful cartel and sentenced to 40 years in jail. He died in prison in 2013.

Mexican President Andrés Manuel López Obrador has cited the alleged corruption of Mr. García Luna and others in arguing against what he says was a failed policy to address

a drug war that has left more than 200,000 people dead and 70,000 missing since 2007.

Critics have questioned Mr. López Obrador's policy of "hugs not bullets," and his refusal to take a hard line against the country's cartels.

Mr. García Luna, who for years worked closely with U.S. law enforcement, embodied Mexico's antidrug effort for nearly a decade, first as head of Mexico's version of the Federal Bureau of Investigation, and then as public security minister from 2006 to 2012 under President Felipe Calderón.

The three men were charged after information surfaced in the 2019 New York trial of Joaquín "El Chapo" Guzmán, the former head of the Sinaloa Cartel, implicating Mr. García Luna. During the trial, a witness testified that he had handed Mr. García Luna \$3 million in cartel money in a suitcase, something Mr. García Luna denied.

The superseding indictment said Mr. García Luna facilitated six shipments of cocaine totaling 50,000 kilograms between 2002 and 2007, and twice accepted suitcases with

million-dollar cash payments.

Mr. Pequeño was head of the antinarcotics division of Mexico's Federal Police, a body created by Mr. García Luna who was tasked by Mr. Calderón with creating an honest police force able to take down the country's powerful cartels. Mr. Pequeño was the head of police intelligence when Mr. Guzmán made a prison break in 2015. Mr. Pequeño was fired afterward.

He didn't respond Thursday to a call seeking comment. Mr. Cárdenas Palomino couldn't be reached for comment.

U.S. NEWS

Trump Floats Idea of Delay For Election

BY TARINI PARTI AND ALEX LEARY

WASHINGTON—President Trump floated the idea of delaying the November presidential election for the first time in a tweet Thursday until a time when “people can properly, securely and safely vote,” prompting top Republicans and Democrats in Congress to swiftly dismiss the idea.

A record number of Americans are expected to vote by mail in the November election because of the coronavirus pandemic, but Mr. Trump said Thursday that an election that allowed universal mail-in voting would lead to inaccurate and fraudulent results and would be “a great embarrassment” for the country.

The date of the election can only be changed by Congress, and lawmakers from both parties—including some of the president’s closest allies—said changing the date

wasn’t an option.

“We’ll cope with whatever the situation is and have the election on Nov. 3 as already scheduled,” Senate Majority Leader Mitch McConnell (R., Ky.) said in an interview with WNKY TV in Bowling Green, Ky.

Election Day in the U.S. was fixed as the first Tuesday after Nov. 1 by an act of Congress in 1845 and would require new legislation for it to be delayed. House Speaker Nancy Pelosi (D., Calif.) responded to Mr. Trump’s tweet Thursday with a tweet quoting an excerpt from Article II, Section I of the Constitution stating that the authority to set election dates is held by Congress.

Sens. Ted Cruz (R., Texas) and Lindsey Graham (R., S.C.) also rejected moving the election date.

“Delaying the election probably wouldn’t be a good idea,” Mr. Graham said. “I think we can be able to safely vote in person in November.”



SETH WENIG/ASSOCIATED PRESS

Top lawmakers swiftly dismissed the president’s idea, which would require a vote of Congress. A mail-in ballot at a drop box in New Jersey.

Mr. Trump and other critics of universal mail-in voting have said it raises several election-integrity concerns. But researchers have found no widespread cases of voter fraud in mail voting, and five states—Colorado, Hawaii, Oregon, Washington and Utah—already conduct elections primarily by mail.

Trump campaign spokesman Hogan Gidley said the president was “just raising a question

about the chaos Democrats have created with their insistence on all mail-in voting.”

In a series of tweets hours later, Mr. Trump said that he was glad his question about the election date sparked a public discussion “about the RISKS to our Democracy from dangerous Universal Mail-In-Voting.”

“Must know Election results on the night of the Election, not days, months, or even years later!” he wrote.

Democratic National Committee spokeswoman Lily Adams said Mr. Trump’s comments were “nothing more than a desperate attempt to distract from today’s devastating economic numbers that make it clear his failed response to the coronavirus has tanked the U.S. economy and caused tens of millions of Americans to lose their jobs.”

At a virtual fundraiser, presumptive Democratic presiden-

tial nominee Joe Biden suggested the president’s tweet was intended as a distraction from Rep. John Lewis’s funeral in Atlanta.

In a hearing before the House Judiciary Committee on Tuesday, Attorney General William Barr didn’t give a clear answer when asked if he believed the president could change the date of the election: “I haven’t looked into that question, under the Constitution.”

Relief Bill on Hold as Talks Stalemate

BY KRISTINA PETERSON AND SIOBHAN HUGHES

WASHINGTON—Congressional leaders and White House officials failed to strike a deal on coronavirus relief Thursday night, just hours before federal jobless benefits were set to officially expire Friday.

House Speaker Nancy Pelosi (D., Calif.) and Senate Minority Leader Chuck Schumer (D., N.Y.) rejected a short-term extension of federal unemployment aid, Treasury Secretary Steven Mnuchin said after he and White House chief of staff Mark Meadows left a two-hour meeting.

The Democratic leaders said the White House proposal did not meet the depth of the health and economic crisis. Both sides said they expected to continue the negotiations Friday.

Earlier in the day, lawmakers had shot down competing ef-

forts in the Senate aimed at responding to the coronavirus pandemic.

With no agreement over many issues including funding for schools, legal protections for businesses and aid for state and local governments, lawmakers clashed over whether to try to pass a slimmer bill to extend enhanced federal unemployment insurance.

Senate Majority Leader Mitch McConnell (R., Ky.) took steps to set up votes early next week, but there was no bipartisan agreement in sight for the chamber to approve.

At a press conference, President Trump again called on Congress to quickly pass more unemployment aid, as well as legislation to prevent evictions. “We do not want people who have lost their jobs due to the virus to be evicted from their homes or apartments,” he said.

Mr. Meadows said Mr. Trump hoped to see a short-term deal, given that a more sweeping deal wouldn’t be ready soon. “We’re so far apart on a longer-term deal right now that even if we said yes to a longer-term deal, you could be weeks of negotiation without getting to common ground,” Mr. Meadows said. Democrats have objected to passing legislation that excludes their other priorities, including a moratorium on evictions and increased funding for state and local governments.

Meanwhile, sniping intensified on the Senate floor Thursday as each side blamed the other for the impending lapse of unemployment benefits.

Democrats stopped an effort from GOP Sens. Ron Johnson of Wisconsin and Mike Braun of Indiana to pass narrow legislation extending at a lower level the current \$600 weekly enhanced

unemployment insurance. Under the Johnson-Braun bill, states could either give unemployed workers a flat \$200 weekly sum or an amount of no more than \$500 that, when combined with state benefits, would be equivalent to two-thirds of a person’s lost wages. The expanded benefits would run until the end of the year.

Mr. Schumer said the GOP bill was an effort to distract from their internal divisions that delayed the release of Senate GOP leaders’ broader proposal earlier this week and have complicated the negotiations with the White House.

Republicans later blocked Democrats’ efforts to pass a \$3.5 trillion coronavirus-aid package approved by the Democratic-led House in May. That bill would extend the \$600 supplement to state unemployment benefits through January.

Full Court to Rehear Flynn Case Challenge

BY BYRON TAU

WASHINGTON—A federal appeals court will rehear a legal challenge to whether charges against former Trump administration national security adviser Michael Flynn must be dropped, the latest twist in a yearslong legal drama in the last remaining continuing criminal case from special counsel Robert Mueller’s investigation.

The full U.S. Circuit Court of Appeals in Washington, D.C., will consider whether a lower court judge must dismiss the charges against Mr. Flynn, or whether that judge may proceed with an inquiry into the circumstances that led the Justice Department to withdraw charges against Mr. Flynn even after securing his guilty plea.

A three-judge panel ruled

last month that trial court Judge Emmet Sullivan had no choice but to dismiss the charges against Mr. Flynn and had overstepped his authority when he named a retired judge to argue against the government’s motion.

Judge Sullivan asked for the full D.C. Circuit to rehear that decision. Arguments are set for Aug. 11 before the judges on the full circuit court. Eleven judges sit on the court, but one is recused. Mr. Flynn’s attorney didn’t respond to a request for comment.

Mr. Flynn’s criminal case stems from statements he made in January 2017 about his contacts with Russia’s ambassador to the U.S. in the weeks before President Trump’s inauguration. He was forced out of the administration a month later.

Economy Sees Record Downturn

Continued from Page One

growth to resume. Gains later in the second quarter weren’t enough to offset April’s steep drop, however. Economists expect the third quarter, which began on July 1, to show growth, though the summer rise in infections is likely to temper gains.

“The ball is going to bounce less high than it should” in the third quarter, said James Sweeney, chief economist for Credit Suisse, as with new virus outbreaks, “we know there is an incremental slowing down of economic activity.”

Private high-frequency data show “that the pace of the recovery looks like it has slowed since the cases began that spike in June,” Federal Reserve Chairman Jerome Powell said Wednesday, noting declining measures of debit- and credit-card spending, flattening hotel occupancy rates and fewer restaurant and salon visits.

JPMorgan Chase & Co.’s tracker of credit- and debit-card transactions showed that spending rose in May and early June before stalling. Data by Factiveus, which tracks transactions by 15 million debit and credit card holders, also suggest restaurant spending was increasing in June and has largely flattened since.

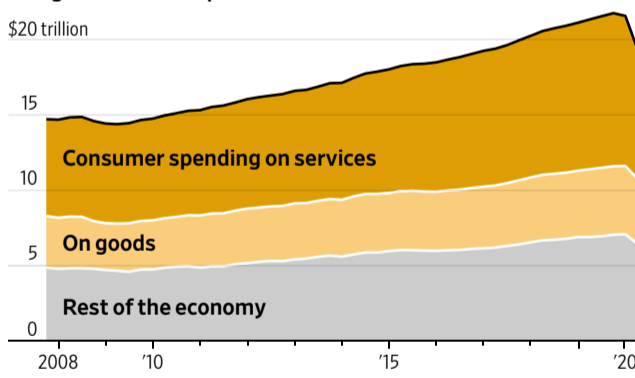
The U.S. Census Bureau said in its latest weekly Household Pulse Survey that 51.1% of households experienced a loss of employment income in the week ended July 21, up from 48.3% four weeks ago.

The decline in GDP in the second quarter reflected the deep hit to consumer and business spending from lockdowns, social distancing and other initiatives aimed at containing the virus. Consumer spending fell at a 34.6% annual rate,

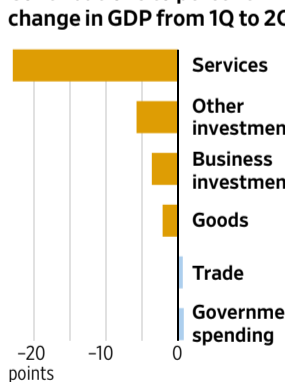
Consumption Shock

The U.S. economy shrank at an annual rate of \$2.15 trillion in the second quarter as consumer spending fell sharply during lockdowns to contain the pandemic.

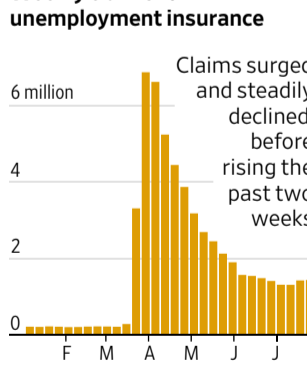
U.S. gross domestic product



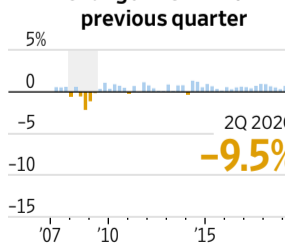
Contributions to percent change in GDP from 1Q to 2Q



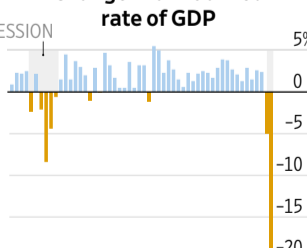
Weekly claims for unemployment insurance



Change in GDP from previous quarter



Change in annualized rate of GDP



amid sharp decreases in spending on services like health care, recreation and food.

Business spending on software, research and development, equipment and structures fell at a 27% annual rate. Both exports and imports plummeted. Spending by the federal government rose as it

paid out fiscal stimulus checks and supplemental unemployment benefits.

More recently, economic activity has picked up. Consumer spending, particularly on big-ticket items such as homes, autos and other long-lasting purchases, increased in June. Employers also added nearly



CHRISTOPHER LEE FOR THE WALL STREET JOURNAL

Spending rose in May and early June before stalling. A shopper at a Houston boutique this month.

4.8 million jobs in the month, though the labor-market recovery appears to be slowing.

“We are still seeing unprecedented kinds of layoffs,” said Heidi Shierholz, economist at the left-leaning Economic Policy Institute. “There really has been this stalling out of the improvement that we were seeing.”

Matt Godden, chief executive of Seattle-based Centerline Logistics, a marine-petroleum transportation operator, said he saw encouraging signs in the shipping industry.

“Looking at July’s volumes, there’s some decent signs of hope,” such as increased shipping traffic and some stabilization in energy markets, he said. “Container customers may have over-cut,” he added.

Still, the pandemic continues to cast a cloud over the economy. On Wednesday, Boeing Co. said it would cut pro-

duction of commercial jets and shrink its workforce further. Companies including Harley-Davidson Inc. and Microsoft Corp.-owned LinkedIn also announced planned job cuts in July.

The Conference Board, a private research group, this week said its index of consumer confidence sank to 92.6 in July from 98.3 in June, as consumers became less optimistic about the short-term outlook for the economy and labor market.

Nadia Montoya lost her job in late March as a pastry chef at a Novato, Calif., restaurant because of the pandemic. She now has a part-time job at an organic supermarket, and is making cakes and desserts at home for friends and neighbors to help cover expenses.

“Things that were relatively normal for us—going on vacation, camping, going out to eat

with the kids—all that changed since we can’t do that anymore, because they are closed and we don’t have the money,” she said.

Businesses also cited continued uncertainty. “Overall, there’s a lot of chaos. People don’t know for sure whether their states are going to shut down tomorrow,” said John Flynn, CEO of Fleet Advantage, a Fort Lauderdale, Fla.-based truck-leasing company. “It is going to be a tough year for everybody.”

“Everyone is very, very cautious,” said Mike Cavanagh, owner of Key Code Media, an audiovisual company in Burbank, Calif. He said he has business in the pipeline but senses his clients remain nervous about the economy. “I guess the best way to put it is I’m muddling through.”

—Sarah Chaney contributed to this article.

BARRON'S

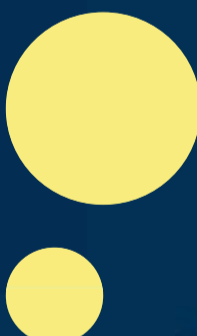
STREETWISE

WITH JACK HOUGH

GET THE LOWDOWN ON HIGH FINANCE

A new weekly podcast by Barron's columnist Jack Hough. Business leaders and trendspotters, insights and absurdities—this is Wall Street like you've never heard before.

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U.S. NEWS

Executive Glimpsed a White House Win

By JOHN McCORMICK

Herman Cain, a former Godfather's Pizza chief executive who sought the 2012 Republican presidential nomination pushing a simplified tax plan he called "9-9-9," has died. He was 74 years old.

OBITUARY
HERMAN CAIN
1945-2020

The businessman died in an Atlanta-area hospital where he had been ill for several weeks after being diagnosed with Covid-19. "A Powerful Voice of Freedom and all that is good, passed away this morning," President Trump tweeted Thursday afternoon. "Herman had an incredible career and was adored by everyone that ever met him, especially me. He was a very special man, an American Patriot, and great friend."

Mr. Cain, who had a deep baritone voice and a comfortable stage presence, had during the course of his career also worked as a computer analyst, broadcaster, author, motivational speaker, and as a deputy chairman and chairman of the Federal Reserve Bank of Kansas City. More recently, he led a group called "Black Voices For Trump."

He was hospitalized July 1 after traveling in June, including to a June 20 rally for Mr. Trump in Tulsa, Okla. He was photographed not wearing a mask at the indoor gathering. After the rally, Mr. Cain pub-



Herman Cain in April 2019 at his office in Stockbridge, Ga. He died of complications from Covid-19.

lished a video on his website in which he said the nation was reaching a better place in its fight with the pandemic.

It isn't known how he came into contact with the virus. Mr. Cain is one of the most prominent Americans to have died of complications related to Covid-19, which has now killed more than 150,000 in the U.S.

Born in Memphis, Tenn., Mr. Cain moved to Atlanta with his working-class parents as a child. He earned a bachelor's degree in mathematics at Morehouse College and later a master's degree in computer

science from Purdue University in Indiana.

Mr. Cain worked for the U.S. Navy and at Coca-Cola Co. After rising up through various food-industry positions at Pillsbury Co., he helped turn around the finances of Godfather's Pizza in the 1980s.

In 1988, Mr. Cain led a buy-out of Godfather's and served as its CEO and president until 1996, when he left to lead the National Restaurant Association in Washington. During his three years at the association, he argued against minimum-wage increases, mandatory health-care benefits, antismoking regula-

tions and the lowering of blood-alcohol limits used to define drunken driving, proposals the organization said threatened to raise costs or lower sales.

In 1994, while still at Godfather's, he made national news challenging President Clinton during a televised town-hall-style meeting over a proposed health-care plan that ultimately failed.

Mr. Cain briefly moved to the front of the Republican presidential pack in late 2011 with strong debate performances and a tax plan that proposed a 9% personal income tax, a 9% federal sales tax, and

a 9% corporate tax.

Some of his fellow Republicans criticized the idea during one of their primary debates. "I thought it was the price of a pizza when I first heard it," former Utah Gov. Jon Huntsman Jr. said.

But some Republican voters said they liked his image as an outsider and his business experience. Mr. Cain withdrew from the race amid allegations that he had sexually harassed several women and conducted an extramarital affair. He denied the claims. After suspending his presidential bid in December 2011, Mr. Cain worked as a paid speaker and political commentator who later offered vocal support of Mr. Trump and his policies.

He was considered by Mr. Trump for a position on the Federal Reserve Board. At the time, he said Mr. Trump was attracted to his business background. Mr. Cain's supporters also pointed to his experience in the early 1990s as a member of the Kansas City Fed's board of directors, a job that carries no vote on monetary policy.

He ended up withdrawing his name from consideration, saying he did so primarily because of the salary, not the Senate opposition he faced.

"I don't quit because of negative criticism," Mr. Cain told The Wall Street Journal in April 2019 before making the decision to exit.

—Paul Kiernan
contributed to this article.

Daily U.S. Death Toll Highest In Weeks

By JENNIFER CALFAS
AND ALLISON PRANG

New coronavirus cases in the U.S. climbed back above 70,000 as daily reported deaths rose to their highest level in more than a month.

As the number of confirmed infections in the U.S. neared 4.5 million, more than 1,400 deaths were reported across the country, bringing the death toll above 151,000, according to data compiled by Johns Hopkins University. State reporting on coronavirus deaths varies, and deaths reported on a particular day may not have occurred over the previous 24 hours.

Deaths haven't surged in the same way that cases have across the U.S. But several weeks into the latest wave of infections, fatalities are starting to tick higher.

Thirty-six states had more deaths in the past week than they had the week prior, according to a Wall Street Journal analysis of data from Johns Hopkins. On 11 of the past 14 days, more than 900 deaths have been reported across the U.S. On seven of those days, more than 1,000 deaths were reported.

That has pushed the seven-day average of deaths in the U.S. to 1,056, according to the Journal's analysis. The seven-day average helps smooth out reporting anomalies from lags behind in reporting.

As cases and deaths continued to rise, President Trump floated the idea of delaying the November presidential election, a change that could only be made by Congress. Several Republicans and Democrats in Congress dismissed the idea.

The approach of Tropical Storm Isaias prompted Florida to close all-state supported testing sites from Friday until next Tuesday, according to the division of emergency management.

The state on Thursday reported a record number of fatalities for the third day in a row. The state's health department reported 253 new coronavirus-related deaths among residents. With more than 461,000 cases, Florida is second only to California among states with the most infections.

California reported 194 new fatalities from the coronavirus Thursday, following a record 197 recorded the day prior. And in Georgia, former Republican presidential candidate Herman Cain died, several weeks after being diagnosed with Covid-19. He was hospitalized July 1 after traveling in June, including to a June 20 rally for President Trump in Tulsa, Okla.

Covid-19 Survivors Must Be Careful, Doctors Say

By SARAH TOY
AND MARGHERITA STANCATI

As the new coronavirus continues to spread, patients who have recovered from Covid-19 still need to be careful, said doctors, scientists and public-health experts, who warn that no one is sure just how long immunity to the disease lasts.

It's a question scientists are still working on, and the answer has significant implications for vaccine development and public-health guidelines. For now, physicians are cautioning patients to continue following social-distancing and mask recommendations even after they have recovered from Covid-19 or even if they have tested positive for antibodies.

"I don't think people should let their guard down," said Daniel Griffin, chief of infectious diseases for ProHealth Care New York, a physician practice. "We still need to treat this virus with respect."

He and others noted that it is fairly common to lose immunity to some viruses after a certain amount of time, pointing to the coronaviruses that cause the common cold. One

recently published study of 191 people in New York City found that being infected once by one of two cold-causing coronaviruses didn't make a person less likely to be infected by the same virus a second time after 34 weeks.

When a person is infected with the new coronavirus or another pathogen, the body mounts an immune response that includes producing antibodies, proteins that bind to the virus and trigger an immune cascade to neutralize it. Antibodies are produced by white blood cells called B cells and are part of the so-called adaptive arm of the immune system that learns to recognize and neutralize specific pathogens. It allows the body to mount a stronger, faster neutralizing response the next time the body is hit by the same pathogen.

Short-lived immunity to a virus could be due to the waning of pathogen-specific antibodies and memory cells in the person's body, according to Marta Galanti, the lead author of the New York study. It could also be chalked up to changes in the genome of the

actual viruses, she said, so that antibodies trained to recognize a previous strain wouldn't be able to recognize a new strain of the same virus.

Some studies have shown declining or undetectable antibodies in Covid-19 patients two or three months after their illness, prompting some to question whether patients are susceptible to reinfection at that point. One study of 65 Covid-19 patients by research-

No one is sure just how long immunity to the disease lasts, health experts warn.

ers at King's College London found that neutralizing antibodies, the kind that would prevent the virus from entering cells and replicating, declined over a 94-day period. Researchers also found that patients with milder Covid-19 had lower levels of neutralizing antibodies than those who had more-severe illness, and that those antibodies became

undetectable after three months.

That doesn't prove that people who have recovered from a mild Covid-19 infection are necessarily susceptible to reinfection because the immune system can rapidly produce more antibodies when needed, cautioned Stuart Neil, a co-author of the study and head of the infectious-diseases department at King's College London. The study hasn't yet been peer-reviewed.

A key question is whether the antibodies drop to a level that doesn't protect one from infection, said Prof. Neil. He added that it is possible that a potential vaccine will require a booster later.

Some physicians think they have seen a handful of cases of patients who were infected twice by the virus.

D. Clay Ackerly, an internal-medicine physician in Washington, D.C., and former assistant chief medical officer at Massachusetts General Hospital, said one of his patients first became sick with a mild cough and sore throat in April, when he tested positive.

The patient, a 50-year-old man, recovered and felt

healthy for nearly six weeks, during which he tested negative twice.

In mid-June, the patient was exposed to a family member with Covid-19 and became sick once more, testing positive again in early July. This time around, the patient's illness was much more severe, according to Dr. Ackerly.

Dr. Ackerly said that there is no evidence so far that a prior infection can guarantee long-term immunity, but he acknowledged that there could be other explanations for these cases. "There's still a lot we don't understand about this virus and the immunology," he said.

While recovered patients should be careful, Sarah Fortune, chair of the department of immunology and infectious diseases at the Harvard T.H. Chan School of Public Health, said the small number of reports of potential reinfection so far is an encouraging sign.

"When you think about how many millions of people around the world have had this viral infection now, these reports of reinfection against that denominator are so far exceptionally rare," she said.

Schools Brace for Outbreaks

Continued from Page One
Officials said Thursday that a school would close temporarily for investigation under a range of scenarios that involve at least two cases of coronavirus.

For example, a school would switch to remote learning if two students in different classrooms got the virus who had some link, such as they used a locker room at the same time. Further, if the virus infected two students in different classrooms who picked it up from circumstances outside school, the school would close during an investigation by contact tracers.

The school might reopen after several days of cleaning, while students and staff in the affected classrooms, and other close contacts, would quarantine for 14 days. If there are one or two linked cases in the same classroom, that classroom would close for 14 days.

Summer school has informed some districts' plans. In Norwalk, Conn., as soon as someone at a summer school program tested positive in July, the building shut for three weekdays of disinfection, plus the weekend. All six people in the infected person's group quarantined for 14 days.

"We determined we should err on the side of caution," said



Bernard Harris Elementary School in Baltimore requires students taking summer classes to get temperature checks before entering the building.

Dr. Frank Costanzo, chief of school operations in Norwalk.

The CDC's most recent guidance, released July 24, says that in most instances, a single case of Covid-19 in a school wouldn't warrant closing the entire building. It says community spread and how much contact the ill person had with others, as well as when such contact took place, need to be considered. It says these variables

should also be factors in determining how long a school, or part of a school, stays closed.

The agency didn't specify a number of cases or a community infection rate that should trigger closures. It stressed schools should work with state and local public health officials in making decisions.

On top of worrying about whether schools will have adequate ventilation, cleaning and

space for students to social distance, many parents have expressed concerns about whether schools will handle virus cases properly, and whether they will alert families immediately if anyone on campus gets infected. New York City's Education Department, which faced criticism from parents in the spring for insufficient transparency, has pledged to notify families promptly.

"All parent leaders are concerned, not just that the DOE has protocols but that schools follow them," said Martha Kessler, who serves on a council of parent representatives of Manhattan high schools. "The system has enormous autonomy for principals."

In Massachusetts, guidance from the state's Department of Elementary and Secondary Education doesn't say how many

students or staff would need to be positive for a campus to shut down, saying local health officials will determine next steps in cases of suspected in-school transmission "beyond one cohort or a small number of cohorts." Responses could include closing the building, or part of it, for an extensive cleaning, for example. Or it might close for a 14-day quarantine.

Michael Simmon, who teaches U.S. history to eighth-graders at IN-Tech Academy in the Bronx, said he would rather stay with distance learning because it would be hard to prevent infections from entering a large school like his, with more than 1,000 students. He said the school should shut down if a single case pops up. He trusts his administration and staff to handle any infections responsibly, but "prevention is better than cure."

Caitlin Rivers, an epidemiologist at Johns Hopkins Center for Health Security who helped develop a school reopening report for the National Academies of Sciences, Engineering, and Medicine, said it didn't specify triggers for closure because so much depends on the context. That includes illness rates, a community's risk tolerance, its ability to test a wide swath of students and staff quickly, and its public health system's capacity.

Districts need to have contingency plans ironed out well before school starts, Ms. Rivers said. "It's important for parent confidence to show these issues have been given due consideration," she said.

U.S. NEWS

Senate May Need To End Filibuster, Obama Suggests

By SIOBHAN HUGHES
AND LINDSAY WISE

Former President Barack Obama threw his weight behind ending the Senate's legislative filibuster if necessary to pursue Democrats' voting-rights agenda, joining an increasing number of his party's lawmakers considering the change in anticipation of possibly winning control of the chamber in the fall.

Mr. Obama made the remarks Thursday while speaking at the funeral of the late Rep. John Lewis (D, Ga.) a civil-rights era icon. Democrats in the House have renewed their push for their voting-rights bill, known as H.R. 4, in the wake of Mr. Lewis's death, and recently renamed it in his honor.

The legislative filibuster is a longstanding Senate rule that requires most bills to meet a three-fifths threshold to pass—or 60 votes out of 100 when there are no vacancies. It often enables the minority party to block bills they oppose.

Mr. Obama mentioned the filibuster as he urged lawmakers to honor Mr. Lewis's memory by passing a list of priorities that include automatic voter registration, adding polling places, expanding early voting and making Election Day a national holiday. He called the filibuster an outdated tool of segregationists.

"And if all this takes eliminating the filibuster, another Jim Crow relic, to secure the God-given rights of every American, then that's what we should do," he said.

The filibuster was used repeatedly last century to block civil-rights bills in the Senate, including anti-lynching bills, prompting the passing of a resolution in 2005 formally apologizing to the victims and their descendants for the "failure of the Senate to enact anti-lynching legislation." The

record for longest talking filibuster by one senator was set by the then-Democratic and later Republican Sen. Strom Thurmond, who spoke for more than 24 hours to hold up the Civil Rights Act of 1957, which eventually passed.

The Lewis bill would restore protections of the Voting Rights Act of 1965, which required some states to seek Washington's approval before changing election practices. That law was last reauthorized by Congress in 2006, but in 2013 the Supreme Court invalidated key parts of it.

The bill passed the House in December almost entirely along party lines. The Senate has declined to take it up, with Republicans arguing that current state elections are run fairly and no longer require federal oversight, and that there was little evidence of voter suppression against minority voters.

Senate Majority Leader Mitch McConnell (R., Ky.) last month warned Democrats against tampering with the filibuster rule. "The important thing for our Democratic friends to remember is that you may not be in total control in the future...and just imagine what might happen when the winds shift," he said.

Lawmakers already have changed the rules for federal judicial and executive-branch nominees, and most recently Supreme Court picks, to require just 51 votes when all senators are present. Members of both parties have resisted throwing out the legislative filibuster, but many Democrats have expressed new interest in the idea.

Senators who want to preserve the legislative filibuster say eliminating it would diminish the central difference between the Senate, where the three-fifths standard can force bipartisan compromise, and the House, where legislation can be passed by a simple majority.



Former President Obama characterized Rep. John Lewis as a founding father in eulogizing him at his funeral Thursday in Atlanta.

Presidents Praise Lewis's Life

By SABRINA SIDDIQUI

WASHINGTON—Former President Obama heralded the late Rep. John Lewis as a founding father whose legacy of activism transformed American democracy, while warning that the nation must remain "vigilant against the darker currents of this country's history."

Paying tribute to Mr. Lewis Thursday along with former Presidents Bush and Clinton at Atlanta's historic Ebenezer Baptist Church, where Dr. Martin Luther King Jr. was a co-pastor, Mr. Obama said Mr. Lewis was perhaps Dr. King's "finest disciple."

"America was built by John Lewises," he said. "When we do form a more perfect union, whether it's years from now or decades, or even if it takes another two centuries, John Lewis will be a founding father of that fuller, fairer, better America."

The funeral service capped a week of events honoring Mr. Lewis, a civil-rights icon and longtime Democratic lawmaker who died July 17 of

pancreatic cancer at age 80. Messrs. Bush, Clinton and other prominent speakers also paid tribute to Mr. Lewis's role in ushering in a landmark voting-rights law and his decades of service in Congress. Mr. Lewis had represented an Atlanta-area district since 1987.

But it was Mr. Obama who issued an explicit call to action

'We live in a better and nobler country today because of John Lewis.'

by urging lawmakers to take up the cause championed by Mr. Lewis in the civil-rights movement of the 1960s—and suggesting Congress amend its rules to do so if necessary.

"You want to honor John? Let's honor him by revitalizing the law that he was willing to die for," Mr. Obama said, referring to the Voting Rights Act of 1965.

Mr. Obama spent the earlier

part of his eulogy recalling how a young Mr. Lewis was beaten and arrested in the pursuit of securing the right to vote. Reflecting on the electoral landscape today, Mr. Obama denounced what he said were voter suppression tactics targeting Black and Hispanic voters, as well as young people.

Speaking on Thursday, Mr. Bush said Mr. Lewis "believed in humanity and he believed in America."

"We live in a better and nobler country today because of John Lewis and his abiding faith in the power of God, in the power of democracy and in the power of love to lift us all to a higher ground," Mr. Bush said.

Remembering Mr. Lewis as "a friend who would walk the stony road that he asked you to walk, that would brave the chastening rods he asked you to be whipped by," Mr. Clinton saluted the late congressman as someone who had an "uncanny ability to heal troubled waters."

"When he could have been angry and determined to can-

cel his adversaries, he tried to get converts instead," Mr. Clinton said. "He thought the opened hand was better than a clenched fist."

Raised in the segregated South, Mr. Lewis was the youngest speaker at the 1963 March on Washington and worked alongside Dr. King at the height of the civil-rights movement in the 1960s.

He delivered a final message to young people in a column written shortly before his death and published by the New York Times on the day of his funeral. In it, Mr. Lewis wrote of being "inspired" in the final days of his life by the nationwide protests for racial justice following the late May killing of George Floyd by Minneapolis police.

"Though I may not be here with you, I urge you to answer the highest calling of your heart and stand up for what you truly believe," Mr. Lewis wrote. "In my life I have done all I can to demonstrate that the way of peace, the way of love and nonviolence is the more excellent way. Now it is your turn to let freedom ring."

FROM PAGE ONE



The Chinese manufacturer's overseas sales dropped, but jumped in its home market; a store in Shanghai.

Huawei Unseats Samsung

Continued from Page One

less exposure to China weren't able to benefit from that recovery. Samsung, which Huawei unseated for the top spot, has a tiny market share in China. Apple is a major player there, but has lost ground to Huawei and other domestic rivals in recent years.

At 55.8 million devices, Huawei's global shipments in the second quarter were actually down 5%, Canalys said—off 27% outside China but up 8% at home. Nearly three-fourths of the Huawei smartphones sold in the second quarter were sold in China, compared with 64% a year earlier. Canalys released its Huawei tally early to highlight its jump to the top, and hasn't yet released shipment figures for the rest of the industry.

"It's very difficult for Huawei to maintain this ranking," Canalys analyst Nicole Peng said. "Even Huawei is very much aware this No. 1 ranking is coming at a very strange time."

Huawei was added to a U.S. export blacklist in May last year, blocking it from American technology, including Google's popular mobile-software bundle. Huawei has launched an alternative software suite, but the limitation on popular apps—among others, the Google Play app store and YouTube—is curbing its sales in Western markets.

But in mainland China, Google is effectively banned anyway, and smartphone users enjoy plentiful alternatives. China's economy is rebounding after lockdowns were eased—Beijing is still responding forcefully to new outbreaks—while the U.S. and many developing countries continue to battle soaring coronavirus cases. China's economy grew 3.2% in the second quarter after a historic contraction in the first quarter.

"Our business has demonstrated exceptional resilience in these difficult times," a Huawei spokesman said.

Samsung, by contrast, has virtually no smartphone presence in mainland China but is popular in markets where Covid-19 continues to take an economic toll, including the U.S. and India. The company was the No. 2 vendor in the quarter, with shipments falling 30%.

Samsung's home country of South Korea has bounced back

from the pandemic, but its major markets in North America and Europe—particularly important for sales of its premium models—remained badly hit, dragging down sales and profits.

Samsung executives on an earnings call Thursday said they intend to aggressively push a new round of flagship models as well as 5G-enabled midtier options to make up for lost ground as lockdowns begin to ease.

Other companies, they said, would likely do the same. "We expect competition to intensify as companies try to make up for the first half," said JongMin Lee, the vice president of the company's mobile division.

Apple, which ranked as the No. 3 phone seller world-wide in the first quarter according to Canalys, said Thursday in its better-than-expected quarterly reports that total sales of iPhones rose 1.7% to \$26.42 billion.

The U.S. continues to step up its campaign to contain Huawei, a leader in 5G networking technology. U.S. officials have long argued that Huawei technology could be used by the Chinese government for espionage, which both the company and Beijing deny.

—Elizabeth Koh in Seoul contributed to this article.

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WORLD NEWS

Germany's Economy Is Hit Hard

Second quarter was worst on record, but there are signs of a V-shaped recovery

By Tom Fairless

FRANKFURT—Germany suffered a record economic contraction in the second quarter as measures to slow the pandemic's spread closed businesses and kept consumers at home, but Europe's powerhouse is nonetheless expected to shrink by less and recover faster than other major economies.

Germany's gross domestic product fell 10.1% compared with the previous quarter, the largest decline since comparable records began in 1970, and roughly double its contraction at the nadir of the global financial crisis in 2009, the federal statistics agency said Thursday.

The economy shrank by 34.7% on an annual basis, roughly matching the 32.9% contraction in the U.S. economy during the same period, according to data published by the Commerce Department on Thursday.

Weakness in Germany is ominous for the rest of Europe, and not just because of the country's size, accounting for about a fifth of the European Union's total GDP. German manufacturers are tightly integrated in the continent. Other European economies including France and Italy are expected to post even deeper contractions when they report second-quarter economic data Friday.

Still, a host of recent indicators suggest that the German economy is staging a sharp V-shaped recovery, bolstered by aggressive state-support plans for workers and businesses.

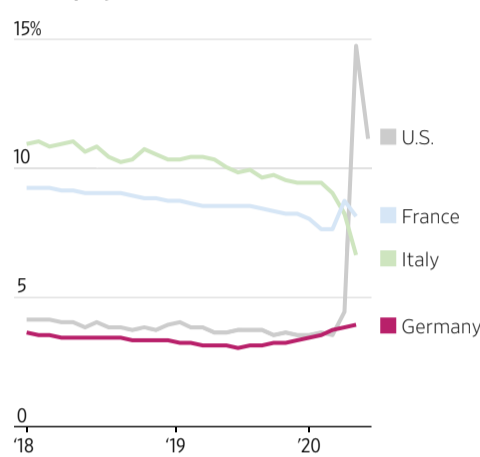
Despite its heavy reliance on global supply chains and foreign demand, Germany has so far managed to limit the coronavirus's economic toll. Its strategy: A relatively light lockdown, strict hygiene measures



Gross domestic product fell 10.1% compared with the prior quarter.

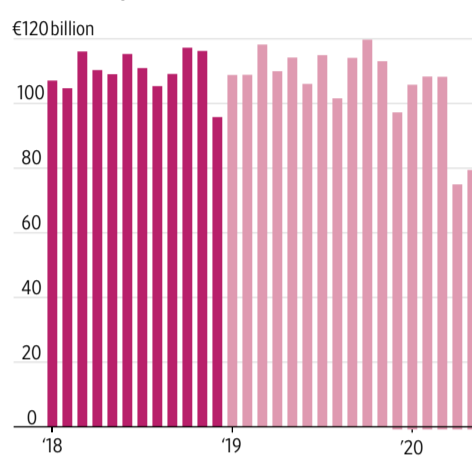
Germany's unemployment rate has remained low, but the economy is heavily reliant on exports, which have fallen.

Unemployment rate



*2019 and 2020 data are provisional. Note: €1 = \$1.18
Sources: OECD (unemployment); Federal Statistical Office of Germany (exports)

German exports*



and testing, and a heavy dose of government spending.

That cocktail of policies likely will help Germany to outperform all other Group of Seven advanced economies, analysts say. The German economy is likely to shrink 4.3% this year and surpass its pre-pandemic size by the end of 2021, according to analysts at JPMorgan. In contrast, the U.S. economy will likely shrink more than 5% this year and still be about 2.5% smaller at the end of 2021 than it was going into

the crisis, the analysts said. "Germany should benefit from more generous fiscal support than elsewhere in the coming months, its low infection rate and strong public-health system, and limited dependence on foreign tourists," said Andrew Kenningham, chief Europe economist at Capital Economics in London.

Germany's exposure to overseas demand via its large exporters makes the nation vulnerable, however, as long as the virus isn't under control

world-wide. An early recovery in China, Germany's largest trading partner, has helped many German auto manufacturers and high-tech engineering businesses to offset weakness in Europe and North America. But the resurgence of infections across the U.S. in particular is creating headaches for German business executives.

"We see a lot of uncertainty. Look at the market situation in Mexico or the U.S., it could be from one day to another that a

car manufacturer will be closed," said Rolf Breidenbach, president and chief executive of Hella GmbH & Co. KGaA, an auto-parts supplier based in northwest Germany.

Hella has said it plans to cut about 900 jobs in Germany in the next three years, joining other German auto manufacturers and suppliers that have unveiled plans to eliminate jobs or trim workers' hours.

While China's economy has stabilized, Europe might be facing a second wave of the virus, which would affect the appetite for cars, Mr. Breidenbach told analysts on a call this week.

"We are quite exposed to whatever goes wrong in the U.S., but also in China and East Asia," said Holger Schmieding, chief economist at Hamburg-based Berenberg Bank.

The impact of the pandemic ricocheted through German industries and sectors in the second quarter, from exports to household consumption, the federal statistics agency said, as measures to contain the virus closed stores, restaurants and venues. Still, German consumers and businesses are increasingly optimistic. Germany has poured billions of euros into incentives to discourage employers from laying off workers, which appears to be helping consumption.

China's Factories Pick Up the Pace

BEIJING—An official gauge of China's factory activity expanded at a faster pace in July, supported by accelerated production and recovering demand.

China's official manufacturing purchasing managers index rose to 51.1 in July from 50.9 in June, the National Bureau of Statistics said Friday.

The reading was also higher than the median forecast of 50.7 expected by economists polled

by The Wall Street Journal.

The result marked the fifth consecutive month that the major gauge of China's manufacturing activity rebounded above the 50 mark that separates expansion of activity from contraction. China's factory production has led the recovery since the second quarter when the economy rebounded to 3.2% growth after a 6.8% contraction in the first three months.

Also on Friday, China's non-manufacturing PMI, which includes service and construction activity, fell slightly to 54.2 in July.

—Grace Zhu

Mexico Reports Sharp Slowdown

By Anthony Harrup

MEXICO CITY—Mexico's economic output suffered its steepest drop on record in the second quarter as shutdowns to slow the spread of the coronavirus brought many factories and services to a standstill.

Gross domestic product, a broad measure of output in goods and services, contracted 17.3% in seasonally adjusted terms from the first quarter, and was down 18.9% from the second quarter of 2019, the National Statistics Institute said.

Mexico closed down activities considered nonessential throughout April and May, causing the loss of millions of jobs. Gradual reopenings began in June, but capacity restrictions have remained in place for most of the country.

Mexico has confirmed 408,449 cases of the new coronavirus, and 45,361 related deaths, figures some say underestimate the true toll.

Industrial production in the April through June period fell 23.6% from the first quarter of the year, and services contracted 14.5%. Agricultural production fell 2.5%.

The decline marked a fifth consecutive quarterly contraction, and was the sharpest on record, putting the economy on track for its deepest recession since the Great Depression of the early 1930s. In the first six months of the year, GDP was down 10.5% from the first half of 2019.

The data suggest the start of a pickup in June, although the recovery is widely expected to be slow given the loss of employment and what many see as an inadequate fiscal response by the government of President Andrés Manuel López Obrador.



Lines formed outside a pension-fund office in Santiago, the capital. Many Chileans are tapping retirement savings to ease the financial crunch from the pandemic.

Struggling Chileans Dip Into Their Pensions

By Kejal Vyas

Chileans rushed on Thursday to tap their retirement savings just days after the government permitted people to raid their pensions to ease the economic pain caused by the coronavirus pandemic.

Under a law approved last week, Chileans can access up to 10% from their mandatory pensions over the next 12 months, either in person or by registering online to have the money wired to their accounts. Within five hours of the new program coming online, nearly two million Chileans logged on to pen-

sion websites, briefly crashing online platforms.

"If I could, I'd like to take out 100% of what I have saved," said graphic designer Cesar Marquez. The 31-year-old said he badly needs the money as he has seen work slow and is struggling to pay off two maxed-out credit cards.

Chile's measure is opposed by President Sebastián Piñera, who said that allowing people to tap their pensions early could seriously damage the financial sector.

With working- and middle-class people losing wages during the pandemic, lawmakers

from Peru to Australia are making it easier for people to gain access to their retirement accounts, which hold trillions of dollars in wealth. In the U.S., people affected by the economic blow caused by the pandemic can now take up to \$100,000 from such accounts without a penalty.

Chile is expected to inject as much as \$20 billion, or 8.3% of gross domestic product, from private pension funds into the pockets of workers. Polls show recipients largely plan to spend it on debt repayment and food, a boost in consumer spending that economists say could

soften the decline this year. J.P. Morgan this week revised its GDP forecast for this year to a contraction of 6.8% from 7.2%.

Manuel Velásquez, a commercial designer in Santiago, said the latest measures will allow him to withdraw about \$300, which he said will help him pay a loan and perhaps buy a pair of pants. "But if I didn't have this, I'd still be out of money by December," the 27-year-old said.

Many in the pro-business governing coalition led by Mr. Piñera have encouraged their countrymen to resist the temptation of raiding pension

programs. They say that the private pension administrators, called AFPs, a symbol of Chile's free market model, would now be severely weakened. Finance Minister Ignacio Briones said the withdrawals would provide "bread for today, hunger for tomorrow."

The private pension system has long been a boon for the country's capital markets and touted as a regional model. By law, as much as 12% of Chilean workers' salaries are diverted to the AFPs, which invest the money, pay themselves management fees and allocate to Chileans once they retire.

Trudeau Denies Charity Got Preferential Treatment

By Paul Vieira

OTTAWA—In a bid to defuse a weeks-long controversy, Canadian Prime Minister Justin Trudeau said Thursday he initially challenged officials when they recommended awarding a lucrative government contract to a charity with financial ties to his family.

In testimony at a parliamentary hearing, Mr. Trudeau said at first he balked when officials recommended in May that WE Charity should manage a student-grant program budgeted at 900 million Canadian dollars (\$670 million). WE Charity stood to receive up to C\$43 million for its work, and the contract was awarded without competition. WE Charity paid the prime minister's mother and brother hundreds of thousands of dollars for appearing at its events.

"My primary concern was to make sure that the public service could fully support its recommendation that without a doubt, WE Charity was the right—indeed only—partner to deliver the program," Mr. Trudeau told lawmakers. "I asked the public service to do further due diligence," he said, "because we knew that the selection of WE Charity would be closely scrutinized."

He said neither he nor his aides directed officials to award WE Charity the contract. He said he should have recused himself from the cabinet deliberations that approved the program and WE Charity's role as administrator. The program aimed at getting money to students struggling to find a job as a result of the pandemic, in exchange for volunteer work in their communities.

The contract was canceled shortly after it was unveiled after criticism about the charity and its ties to Mr. Trudeau. Canada's ethics watchdog has launched an investigation into Mr. Trudeau's role—as well as the finance minister's—in awarding the contract.

Italy's Senate Opens Way for Trial of Opposition Leader

By Eric Sylvers and Raja Abdulrahim

MILAN—Italy's Senate voted to lift the immunity of Matteo Salvini, paving the way for the former interior minister and the leader of the opposition to face a possible trial for refusing to let a ship carrying 150 migrants dock in Italy last year.

The ruling brought the issue of migration to Europe back to the fore as the continent tries to stem the spread of the coronavirus.

Prosecutors in Sicily are seeking to charge Mr. Salvini, who heads the far-right League, with illegally detaining the migrants by forcing them to stay on a ship operated by a Spanish charity. A trial could start later this year in Sicily, where the boat eventually docked after almost three weeks at sea.

While interior minister in 2018 and 2019, Mr. Salvini pursued an anti-immigration policy that drew both criticism and plaudits in a country on

the front lines of the migration crisis from 2014 to 2017, with hundreds of thousands of migrants and refugees arriving by boat from Libya.

While he was interior minister, Mr. Salvini refused docking rights to several ships captained by nongovernmental organizations. He already faces a trial for one of the other ships he declined entry to.

The Senate confirmed his immunity in another case.

Mr. Salvini left the government last year and passed to

the opposition.

The number of migrants arriving by sea on Italy's southern coast has risen in the past few weeks.

So far this year, about 12,500 migrants have arrived in Italy by sea, according to the United Nations' refugee agency, triple the number that arrived last year through July, but below the levels reached during the height of Europe's migrant crisis, when more than 180,000 arrived in Italy in all of 2017.

The Senate voted Thursday

FROM PAGE ONE

NBA Refs Virtual Fans

Continued from Page One

other family unfriendly antics will have their plugs pulled.

"We're not looking to stop any particular fan's language from coming through," said Sara Zuckert, the NBA's head of next gen telecast. "We're really just focused on truly offensive and obscene behavior."

Seeing fans on the sidelines will "help make things seem a little more normal," said Dallas Mavericks center Dwight Powell. Mr. Powell, who is injured, joined his teammates inside the NBA's "bubble" in Walt Disney Co.'s ESPN Wide World of Sports near Orlando, Fla., where 22 teams are sheltering in an effort to finish a season suspended in mid-March. "Fans are such a major component of the competitive atmosphere."

Ms. Zuckert says the NBA is trying to replicate the experience of playing at home, which

is a huge factor in basketball. Toby Moskowitz, a professor of finance at Yale School of Management, said an analysis of all NBA games played since 1947 shows the home team wins 61% of the time—a much larger share than in football, hockey and baseball. The reason, Mr. Moskowitz found, is the home crowd's influence on referees.

The coronavirus changed all that. In Germany's Bundesliga soccer league, fans have been replaced by cardboard cutouts. Some Major League Baseball stadiums are full of computer-generated supporters. A Japanese baseball team filled stands with dancing robots.

"We already know from the German Bundesliga that home-field advantage has disappeared without fans," Mr. Moskowitz said. When it comes to the NBA, he is skeptical that virtual fans will have the same influence as 20,000 flesh-and-blood arena attendees. "I don't know if you're going to have the same effect here," he said. "Maybe they'll hear the 320 screaming fans."

To attend NBA games virtually, fans will need a device equipped with camera and mi-



Virtual fans watched the Milwaukee Bucks scrimmage against the New Orleans Pelicans on Monday.

crophone, along with an invitation from their home team. (Admission is free.) Audio feeds from the virtual fans will be blended, broadcast around the court and incorporated into the telecast.

The designated home teams will get to choose most of the fans who get to plug in. Milwaukee Bucks Chief Marketing Officer Dustin Godsey said his team would invite members of its arena's highest-decibel sec-

tion—known as the Clutch Crew—and sprinkle them around each of its virtual sections so that they all have their share of super-pumped fans.

The chosen few will watch through Microsoft Corp.'s Teams collaboration tool, which will allow them to communicate with others as well as off-camera moderators assigned to each of the 10 sections surrounding the court. It will be up to those moderators to keep

especially rabid fans from getting too R-rated.

The NBA says it doesn't want to keep fans on a leash, and that moderators will only act if someone does or says something truly offensive or obscene.

Moderators will be able to hear what each fan is saying—and if someone crosses the line, they have an "eject" button on their dashboard.

"We hope to never use it,"

said Brian Byrnes, the Oklahoma City Thunder's senior vice president of sales and marketing.

Anyone ejected would be replaced by another fan from a virtual overflow room.

Mr. Byrnes said that other team employees would be in charge of urging fans in their sections to start chants such as "Defense!" and "OKC!" He said those staff members, whom the team calls Storm Chasers, will try to steer fans toward positive, sportsmanlike behavior, and would discourage fans from chants such as "Ref you suck!" that have become a fixture of NBA games and aren't considered over the line by the NBA.

Mr. Byrnes said the use of traditional fan paraphernalia—such as balloon thundersticks and towels that fans often wave to cheer on their team or distract the opposing players—is proving "a bit of a challenge" because Microsoft Teams' background-setting tool often distorts anything around a person's silhouette.

Waving your arms and clapping, he said, "are things we have found to be pretty successful so far in the testing."

Workplace Lawsuits Begin

Continued from Page One

unfolding liability threat facing U.S. companies as many resume operations after having employees work remotely or being shut down altogether for months.

The coronavirus relief bill that Senate Republicans unveiled this week would make it harder for workers to sue their employer if they get sick on the job. The proposed legislation protects companies, schools and churches from being held liable for coronavirus infections beginning in December 2019, unless they acted with willful misconduct or engaged in grossly negligent behavior.

The bill would cap punitive damages, set a clear-and-convincing-evidence burden of proof and raise requirements for personal-injury lawsuits. It would also push such lawsuits to federal courts, which potentially are more favorable to defendants.

The measures face resistance in the Democratic-controlled House, where Speaker Nancy Pelosi opposes the GOP liability plans. She wants lawmakers to instead bolster protections for workers by strengthening Occupational Safety and Health Administration rules.

Legal experts say the GOP proposals would significantly curb, but not eliminate, cases filed on behalf of sickened workers.

"The amount of litigation on the horizon is enormous," said Harold H. Kim, president of the U.S. Chamber Institute for Legal Reform, an arm of the business trade group.

Labor unions and consumer advocates say that few lawsuits have been filed, and that the Senate bill would deny redress to injured workers and their families. About 69 employment and labor cases contending that workers were exposed or potentially exposed to the virus had been filed as of late July, according to a tracker maintained by the law firm Hunton Andrews Kurth.

High legal bar

Employers rarely are found liable for employee deaths tied to the workplace. That's because the legal bar for proving fault is high, and because states often restrict such complaints to their workers' compensation systems, which typically limit payouts to a portion of a worker's salary, coverage of their medical bills and disability compensation.

Legal experts say the coronavirus pandemic could change how such cases play out. Early lawsuits on behalf of sickened workers center on whether employers adhered to state and federal guidelines for reducing the spread of the virus, which evolved rapidly in March and April, especially on mask use, and at times conflicted with each other.

Employers who didn't send sick workers home, enforce social distancing or adhere to mask-wearing guidance could be found liable, legal experts say. Cases that show the em-



Clockwise from top left: Tyson employee Sedika Buljic died in April from complications of Covid-19; Safeway employee Pedro Zuniga, shown with a foster child his family cared for, died in April; Walmart employee Wando Evans died in March; and Tyson employee Reberiano Garcia died in April. Their families are suing their employers.

ployer acted with gross negligence—which aren't precluded by the Senate proposal and sometimes can proceed outside the workers' compensation system—could result in out-of-court settlements or end up before sympathetic juries.

Pedro Zuniga worked for 22 years handling produce in a Safeway distribution center in Tracy, Calif. In mid-March, he and other workers complained to supervisors that the work environment wasn't safe because colleagues were coming in sick, according to Paul Matiasic, an attorney representing the claim by Mr. Zuniga's family. Mr. Matiasic said management threatened to retaliate against workers if they didn't show up as the distribution center expanded its hours to meet increased demands.

On March 20, the grocer posted a "Team Talk" memo in the distribution center titled "Coronavirus Risks: Fact vs. Fiction." The sign, which bears the logo of Safeway parent Albertsons Companies, recommended against wearing a mask in the workplace.

"If you are healthy, a mask will not protect you from the respiratory drops an infected person coughs out," the sign read. "Open areas of the mask can let those drops in."

On April 4, Mr. Zuniga—trembling, coughing and feverish—went to an area hospital after getting a Covid-19 test, which was positive. The next day he was transferred to intensive care, where he was put on a ventilator and placed in a medically induced coma. He died eight days later at age 52.

Norma Zuniga, his widow and the mother of their five children, in May sued Safeway

and Albertsons for gross negligence and wrongful death in Alameda County Superior Court seeking general and punitive damages. The lawsuit contends that the grocer failed to follow March 9 guidance from OSHA aimed at preparing workplaces for Covid-19, which called for isolating sick workers. It said the grocer misled workers when it said that wearing protective equipment wouldn't help prevent the spread of the disease.

"It defies common sense," Mr. Matiasic said of the mask posting, a copy of which is included in Ms. Zuniga's lawsuit.

An Albertsons spokeswoman said the company doesn't comment on pending litigation. In July, Safeway and Albertsons filed a motion to dismiss the complaint on the grounds that it didn't meet the criteria for proceeding outside the workers' compensation system. It also had the case moved to the U.S. District Court for the Northern District of California.

The grocer denied that it failed to take appropriate workplace safety precautions. It said that as of March 20, neither the CDC's nor California's official guidance recommended wearing masks, and that state occupational safety and health interim guidance at the time said masks didn't protect people from airborne infectious disease. It also said that state officials inspected the distribution center on April 15 regarding Covid-19 procedures and found no violations.

The Ebola outbreak of 2014 offers some clues for how sickened workers' lawsuits could play out. Two nurses contracted the deadly virus after treating a Liberian Ebola pa-



In April, Walmart began taking store workers' temperatures and requiring that they wear masks or other face coverings. Walmart also has installed sneeze guards at registers, placed social-distancing decals on floors and limited the number of customers. It announced customers must wear masks in stores in mid-July.

Families file

The families of three employees who worked at Tyson's pork processing plant in Waterloo, Iowa, and died after contracting Covid-19 sued the meat company and nearly 20 of its executives, managers and supervisors in June.

Their complaint, filed in Iowa District Court for Blackhawk County, contends that management was aware that the virus was spreading at the plant by early April, and was urged by local law enforcement and health officials to shut it down. Yet Tyson kept the plant open for days and allowed employees to work crowded elbow-to-elbow while most weren't wearing face coverings, according to the lawsuit.

More than 1,000 Tyson employees were infected with Covid-19 at the Waterloo facility and five have died, according to the lawsuit.

Among them were Sedika Buljic, a 58-year-old Bosnian refugee who worked at Tyson for 18 years before she died April 18 from complications of Covid-19. Reberiano Garcia, a 60-year-old father of 10 whose wife died of cancer last fall, succumbed to the virus on April 23. Jose Luis Ayala, Jr., a 44-year-old maintenance worker known for tinkering with computers, died May 25 from complications of the virus.

The complaint filed by their families says that the company acted with gross negligence because it encouraged sick employees to come to work and failed to implement or convey a range of safety measures to workers, many of whom don't speak English. The families are seeking unspecified economic, noneconomic and punitive damages.

Tyson said on April 22 it was closing the plant because of Covid-19 cases, worker absenteeism and community concerns. It reopened May 7 after testing all returning workers for the virus, opening an on-site health clinic and taking other safety measures.

In a court filing earlier this week, Tyson denied the plaintiffs' allegations and moved the case to a federal court.

Tyson spokesman Gary Mickelson declined to comment on the lawsuit. He said the meat company started educating workers about the virus in multiple languages in January and told employees to stay home if they didn't feel well. Mr. Mickelson said that the county health department for weeks declined to share information about Tyson workers with Covid-19, and that once it provided the company with a list of names and case information, the company decided to idle production at the plant.

"We're saddened by the loss of any Tyson team member and sympathize with their families. Our top priority is the health and safety of our workers," Mr. Mickelson said. He said Tyson is aware of a small number of active Covid-19 cases involving workers at its Waterloo plant.

Liability questions are facing U.S. companies as many resume operations.

tional and U.S. safety guidelines, he said.

In general, cases may come down to a simple question: "What was negligent as opposed to just an unfortunate outcome?" Mr. Walker said.

Health-care employer groups say that facilities faced an unprecedented workplace safety threat when the pandemic unfolded and shouldn't be held responsible if they took reasonable precautions to protect employees.

"Many of our institutions were overwhelmed with people with the symptoms and had to react accordingly and were not getting the best guidance from

the government," said Tom Nickels, executive vice president at the American Hospital Association. "To come back and second guess and pick apart actions that people took under a very stressful situation, we think, is incredibly unfair."

Wando Evans worked the overnight shift stocking shelves and performing maintenance at a Walmart in the Chicago suburb of Evergreen Park. In late March, he told store management he had symptoms consistent with Covid-19, said Tony S. Kalogerakos, an attorney representing Mr. Evans' family. "They just put him back to work," Mr. Kalogerakos said, citing information from Mr. Evans' colleagues.

On March 23, after his symptoms worsened, he again notified store management and was sent home. Two days later he was found dead in his home at age 51.

Mr. Evans' family in April filed a wrongful-death lawsuit in Cook County Circuit Court against Walmart seeking unspecified damages. It contends the retailer didn't initially follow CDC or OSHA recommendations, which put workers and the public at risk.

Walmart filed a motion to dismiss the case in June on the grounds that the claims cannot be brought in a civil lawsuit because they should be handled exclusively by the Illinois Workers' Compensation Commission.

Walmart spokesman Randy Hargrove declined to answer specific questions on Mr. Evans' lawsuit. He said that, while it may be impossible to determine where or how someone contracts the virus, the retailer is taking steps to protect workers and customers.

GREATER NEW YORK

Dying Mom Gave Son a Lifelong Lesson

A medical student says he won't forget what it feels like to be a patient's loved one

By LEE HAWKINS

During the coronavirus pandemic, most patients admitted to intensive-care units in New York City are required to fight the illness alone. Sandra Santos-Vizcaino was one of the few patients who had a family member at her side.

When she struggled to breathe in late March, her son Victor Vizcaino, a 28-year-old fourth-year medical student, grew concerned about her low oxygen levels. Mr. Vizcaino, who did his rotations in the Brooklyn Hospital Center, shared the numbers with an emergency physician he worked with, and his colleague told him to bring in his mother.

"When we got there, we even took a picture in the hospital," he said. "We didn't think it was going to be anything crazy. Just: 'Oh, my mom's a little sick.'"

During the next few days, as he watched his colleagues care for his 54-year-old mother, Mr. Vizcaino got a deeply personal look at what it feels like to be on the other side of the ICU experience. He said it would forever influence his interactions with families as they consider end-of-life decisions at the bedside of sick patients.

In the days before Ms. San-

tos-Vizcaino's hospitalization, the 25-year teaching veteran stayed busy, remotely instructing her students who attend P.S. 9 in the Prospect Heights neighborhood. "It wasn't rare to find her FaceTiming the parent of one of her students, or on a phone call because they need some extra help with homework," said her 22-year-old daughter Viviana, who works in city development and urban planning.

Ms. Santos-Vizcaino's breathing difficulties developed after she returned home from planning the school's shift to remote learning, on March 19.

Though Mr. Vizcaino had worked at the hospital for four years, he said being in the ICU with his mother made him second-guess his dream of becoming an emergency physician. "I imagined having to deal with this every single day, thinking, 'I don't know if this is for me anymore,'" he said.

He fell back on the sensitivity and kind words of even the most stoic of his colleagues, all of whom seemed committed to saving his mother and keeping her spirits high.

"While she was there, everyone would have beautiful things to say to her about me and their memories of me working with them," he said. "She would always smile. She was happy in those moments, whether she was scared or not."

Every day, they made FaceTime calls to his sister and his father, 58-year-old Felix, who didn't test positive for the virus.

"I could see on her face



Victor Vizcaino fought alongside colleagues at a Brooklyn hospital to save the life of his mother, Sandra Santos-Vizcaino.

that she was fighting," Ms. Santos-Vizcaino's son said.

But on the second day, she declined quickly. His colleagues presented him with a troubling revelation that made the experience even more stressful: His mother needed to be placed on a ventilator.

Mr. Vizcaino called to inform his father and sister and then returned to the room teary-eyed.

"I was looking at it from the medical-student perspective. You learned that there's Step A, Step B and Step C, and then one of the last steps is

intubation," he said. "Once you've gone there, there's not much you can do after. So, I was just sad about that."

Mr. Vizcaino spent the time in between visits to his mother's room studying and waiting for daily assessments of her condition.

"I appreciated it, because I know that many people would kill for the opportunity to be with their loved one at that time," he said. "Because it was also rough, because I was seeing every midnight test, and I knew my mom wasn't getting better."

As his mother's health deteriorated, Mr. Vizcaino vacillated between his roles as a medical student and as a son, and confronted the tension caused by his devout belief in science and the hope that his mother would somehow defy the worsening medical outlook. "As a science person, I don't believe in miracles, I believe in probability. Even if something is one in a million, it's one in a million," he said. "But on that day, I said, 'We need a miracle at this point. Whether they exist or not, we need one.'"

Because of his three years of emergency-room experience, Mr. Vizcaino reflected on his understanding of the challenges that face families with relatives at the end of their lives, as well as the need for medical workers to compartmentalize their emotions.

Eventually, Mr. Vizcaino said, a mentor pulled him aside and told him that his

mother's situation was critical. Later, she needed to be resuscitated, Mr. Vizcaino said.

Despite trusting his colleagues, Mr. Vizcaino wanted to do more.

"There was a point where they said, 'Who's next on [chest] compressions?'" he said. "I'm next. I'll go. I don't care, what do you need?" he said he told them.

His colleagues gently dissuaded him. "Looking back, I get that, because you cannot possibly be clear-minded," Mr. Vizcaino said. "Your decision-making can't be the best when it's your own mom."

He thought back to the loyalty and support his mother gave him from boyhood, and asked his colleagues to continue their resuscitation efforts, thinking: "My mom has not given up on me for anything."

They tried again, but Mr. Vizcaino finally realized it was time to stop. "I definitely did try to give her every chance," he said.

Ms. Santos-Vizcaino died on March 31 of complications of the new coronavirus.

After he graduates from Grenada's St. George's University School of Medicine in January, Mr. Vizcaino will pursue his earlier commitment to saving ICU patients.

"My mentality has actually changed to, 'This is what I have to do,'" he said. "I, more than anyone, won't lose sight of the fact that this is someone's mother, someone's father, or someone's sister, because I've been in that situation myself."

City Lays Out Triggers for School Closures Over Virus

By LESLIE BRODY

New York City officials announced the conditions Thursday that will force the temporary closure of a school building this fall, such as finding two or more cases of coronavirus among students or staff.

Shutdowns could affect a whole school for a few days, or a single classroom for two weeks—or more, according to the officials.

Under guidance laid out by the city Department of Education, a school will have to switch to remote learning if

two students in different classrooms who get the virus have some link, like using a locker room at the same time.

Further, if the virus infects two students in different classrooms who picked it up from circumstances outside school, the school building will be closed while contact tracers investigate to see how widespread infections have become. The school might be able to reopen after several days of cleaning, while students and staff in the affected classrooms, and other close contacts, quarantine at home for 14 days.

In a situation where one or two linked cases are found among students or staff in the same classroom, that classroom will close for 14 days. A school will be shut down for 14 days if contact tracers can't determine a link between several cases.

"We are doing everything in our power to keep kids healthy while ensuring they are getting the education they deserve," Mayor Bill de Blasio said in a statement. "These rigorous test and trace protocols will keep our students and staff safe as we start off this new school year."

Families and educators nationwide have sought answers to what would trigger reclosure of schools that open for in-person instruction. Education officials said the plan was developed in partnership with the city Department of Health and Mental Hygiene and labor unions.

All school staff members citywide will be asked to take Covid-19 tests in the days before the first day of school, with tests provided free of charge and expedited results, officials said.

Students and their families will also have access to this

testing at city-run sites. Schools will rely on families and staff to report if they have the virus, officials said: The schools won't conduct universal testing.

A single positive confirmed case will trigger an investigation by the NYC Test & Trace Corps and health department to determine close contacts, education officials said. They said schools will notify all families at a school any time a case is confirmed by a laboratory, without naming the sick person, to protect privacy.

Many families and teachers have still not decided whether

to attend in-person instruction.

The city released a preliminary reopening plan in July that calls for a mix of in-person and online classes for most students. Some principals, teachers and parents have questioned whether city schools will be able to provide enough cleaning, ventilation and social distancing to make in-person classes safe. The mayor has said he will work with the state to make a final decision on reopening, and that decision may come right before school is expected to start.



Police patrol near Brik Astoria, one of nearly 40 New York City establishments cited for not complying with pandemic regulations.

Bars Penalized for Violating Rules

By JOSEPH DE AVILA

New York City bars and restaurants continued to rack up violations for failing to comply with coronavirus-related regulations, while New Jersey was facing pockets of viral outbreaks among young people.

Authorities cited nearly 40 establishments in New York City on Wednesday, half of which occurred at bars and restaurants in Manhattan, Gov. Andrew Cuomo said Thursday.

The New York State Police and State Liquor Authority have observed violations at nearly 100 locations since last week, mainly in the five boroughs, according to state officials. Authorities have suspended about a dozen liquor licenses for infractions such as serving food and liquor indoors and allowing patrons to gather

and drink past the city's 11 p.m. curfew for outside service.

Young people frequenting crowded bars and restaurants during the pandemic isn't unique to New York, Mr. Cuomo said. "It is an international phenomenon," he said. "The World Health Organization has warned about it. States all across the country are dealing with it."

The violations come following an ad campaign launched last week in New York state warning young people about the dangers of the virus.

On Thursday, New York state reported 777 positive Covid-19 tests from the prior day out of about 73,500, for a positivity rate of 1.06%, Mr. Cuomo said. New York's numbers have remained relatively stable in recent days. The state also recorded 13 deaths, he said.

The state, the governor

said, is giving \$30 million to local counties to beef up contact-tracing efforts and for flu prevention. He said he wants counties to have flu tests and flu vaccines ready for the fall.

Like New York, New Jersey was hit hard by the pandemic during the spring but has since seen a drop in the number of new cases and hospitalizations. New Jersey, however, has seen an uptick in cases in recent days stemming from infections among young people.

A house party in Middletown, N.J., last week has been linked to 50 positive Covid-19 cases, Gov. Phil Murphy said. The partygoers ranged in age from 15 to 19, he noted.

Police officers also broke up a house party with about 700 attendees in Jackson Township, N.J., over the weekend, Mr. Murphy said.

"We get it. We've all had our routines turned upside down for the past four months, and we want to blow off steam with friends," he said. "But folks, we simply cannot continue to have crowded house parties. They are not safe, period...They put the hard work we've all undertaken together, the millions of us since March, at risk of being undone."

New Jersey recorded 261 new Covid-19 cases on Thursday from the prior day and 16 deaths.

New Jersey's virus reproduction rate—the average number of people infected by each person with the virus—has climbed above 1.0 in recent days. Health experts say the virus spreads more rapidly the higher it goes beyond 1.0. New Jersey's rate peaked at about 5.3 in the spring.

Il Mulino Locations File for Bankruptcy

By AISHA AL-MUSLIM

The owner of Il Mulino, a legendary Italian eatery in Greenwich Village, has placed seven of its restaurants outside New York City into bankruptcy protection amid fallout from the coronavirus pandemic and a dispute with the chain's lender.

K.G. LM LLC, the restaurants' manager, sought chapter 11 protection late Tuesday in the U.S. Bankruptcy Court in Manhattan. The bankruptcy filing involves two locations on Long Island, two in Atlantic City, and one each in Las Vegas, Miami Beach, Fla., and Puerto Rico.

The company operates 16 locations across the U.S., including five in New York City. The Greenwich Village location opened in 1981 and the restaurant brand began expanding in 2004.

Long popular with celebrities, Il Mulino has hosted Jimmy Fallon, Bethenny Frankel, Leonardo DiCaprio, George Clooney and Bill Murray over the years. Former President Clinton had lunch with then-President Obama at the Village location in 2009. The rapper Drake even gave a shoutout to Il Mulino in his song "Pound Cake."

Excluded from the bankruptcy are the Village flagship and four other locations in Manhattan, as well as two restaurants in Florida—in Orlando and Boca Raton—one in Nashville, Tenn., and one in the Poconos.

The bankruptcy filing prevents the restaurant's lenders from trying to take over the seven locations outside the city. Il Mulino, which defaulted on a loan in June, has accused one of its lenders, New York-based asset-management firm Benefit Street Partners LLC, of

using the pandemic as a pretext to wipe out all stakeholders in a "debt-to-equity conversion play."

Representatives for BSP didn't respond to requests for comment. The restaurants' operator owes the lender, a subsidiary of money manager Franklin Templeton, about \$36.3 million.

The decision to file for bankruptcy comes after Il Mulino locations across the country were forced to close temporarily due to stay-at-home orders issued in mid-March in response to the Covid-19 pandemic, said Gerald Katzoff, Il Mulino's co-owner, in a declaration filed with the court.

He said the lender is using the default "to exploit the unavoidable consequences of the Covid-19 pandemic and its im-

The move involves seven of the Italian eatery's restaurants outside NYC.

pact on restaurants like Il Mulino" in an effort to take control of the business.

In May, Il Mulino received about \$2.3 million in federal Paycheck Protection Program funds, loans that can be forgiven if they are used mainly for payroll expenses, preventing layoffs.

After Il Mulino secured the funds, BSP allegedly began to implement plans to exercise control over the company, according to Il Mulino. The restaurant manager says it intends to use the PPP funds to help finance operations during the bankruptcy process, protect the brand and get through the pandemic.

GREATER NEW YORK WATCH

NEW JERSEY

Lawmakers Approve Racial-Justice Bills

New Jersey lawmakers passed two measures Thursday aimed at addressing racial injustice, one making Juneteenth a state holiday and another abolishing the county-level title of freeholder, which sponsors say alludes to a time when Black people and women were excluded from government.

The bills passed the Democratic-led Legislature and head to Democratic Gov. Phil Murphy, who earlier indicated he supports both measures.

Juneteenth marks June 19, 1865, when word reached enslaved African-Americans in Galveston, Texas, that the Civil War had ended and they were free.

New Jersey is the only state in the country to use the title freeholder for county government officials. Under the bill, they will be referred to as county commissioners.

—Associated Press

BRONX

Zoo Apologizes for 1906 Exhibit of Man

The organization that runs New York's Bronx Zoo is apologizing for racism in the zoo's past, including putting a central African man on display in the Monkey House in 1906.

Officials with the Wildlife Conservation Society cited two instances of "unconscionable racial intolerance," including the treatment of Ota Benga, a young man from the Mbuti peo-

ple of what is now the Democratic Republic of Congo, who was put on display for several days in 1906.

He went from the zoo to an orphanage in Brooklyn and then to Lynchburg, Va., where he worked in a tobacco factory. He died by suicide in 1916.

The conservation society officials also condemned the "eugenics-based, pseudoscientific racism" promoted by two of its founders, Madison Grant and Henry Fairfield Osborn Sr.

Eugenics, a movement promoting selective human breeding to weed out characteristics seen as undesirable, had many adherents in the early decades of the 20th century.

—Associated Press

CONNECTICUT

Local Officials Get Flexibility on Schools

Connecticut plans to give local school officials the flexibility to decide the mix of in-school learning and online learning and whether any changes should be made if there is an uptick in Covid-19 cases in their particular county, Gov. Ned Lamont said.

"It will be guided metrics, the county-based metrics," the Democrat said.

Mr. Lamont has avoided instituting rules by regions of Connecticut during the pandemic and initially required all school districts to come up with plans for in-school learning, online learning and a hybrid model. But he said Thursday that many superintendents have been asking for more flexibility.

—Associated Press

GREATER NEW YORK



The number of yellow and green cabs on New York City roads dropped from 11,435 in January to 2,193 in April, data show.

Taxi Drivers Face More Strain

By KATIE HONAN

Taxi and for-hire vehicle rides plummeted across New York City as the city shut down due to Covid-19 this spring, new data show, putting a further strain on the struggling industry.

And the city's dire finances from the pandemic means a bailout for taxi drivers isn't likely, Mayor Bill de Blasio said Thursday.

By early April, a few weeks into the citywide shutdown, taxi and for-hire vehicle trips, which includes app-based rides like Uber and Lyft, decreased by 84% compared with the month before, according to a Taxi and Limousine Commission report released Wednesday. By then, only 26% of drivers were still picking up fares, data show.

All of the drivers in the taxi and for-hire vehicle industry saw major decreases in the spring, with rides reaching

their lowest point in April. Trips are beginning to rise again, although for-hire vehicles saw a bigger increase.

In January, there were 11,435 yellow and green cabs on the roads, which dropped to 2,193 in April. That number increased a bit in June, when there were 2,965 drivers on the road.

There were 79,289 for-hire vehicles driving in January, which dropped to 22,527 in April and hit more than 30,000 in June.

By June, there were 251,696 daily rides for for-hire vehicles, while yellow and green taxis—which use mostly street hails to pick up passengers—had 20,428 trips a day.

The industry was in crisis before the coronavirus, caused by an influx of tens of thousands of ride-hail vehicles into the city. This pushed down the earnings for most drivers and hastened a crash of overblown taxi medallion values.

A report issued in January

by the City Council recommended the city, state, and federal government could support taxicab drivers, including the creation of a public-private fund to help pay medallion loans.

Aloysee Heredia Jarmoszuk, who was appointed commissioner of the TLC earlier this

The industry was in crisis before the coronavirus pandemic hit.

year, said there was merit to a bailout fund.

But Mr. de Blasio said Thursday that any financial relief for drivers could come from the federal government.

"Before this pandemic we were dealing with a really profound problem for yellow cabdrivers, green cabdrivers, for-

hire vehicles, everyone had gone through so much," he said. "Everything got stopped because of the coronavirus and obviously we, the city of New York, do not have resources for any kind of direct bailout."

To help drivers, the TLC enlisted them to deliver food to thousands of New Yorkers struggling financially due to the coronavirus, or were homebound for health and other reasons.

More than 23,000 drivers have signed up for the program since March 24, delivering more than 53 million meals. Kathryn Garcia, the city's sanitation commissioner who was appointed its "food czar" to coordinate providing meals during the coronavirus, said earlier this month that the program would continue as long as it is needed.

Drivers have been paid more than \$29.5 million since the program began.



BACK ON THE FIELD: People played soccer Thursday in New York City. Low-risk outdoor activities were allowed to resume earlier this month under Phase 4 of the reopening from the coronavirus lockdown.

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100

JODI, heart attack and stroke survivor.

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ARTS IN REVIEW

FILM REVIEW | JOE MORGENSTERN

'Paradise': A Lost Town Finds Itself

Rebuilding Paradise," a fine National Geographic documentary by Ron Howard, investigates what happened to a quiet town in the Sierra Nevada foothills of Northern California when there was suddenly no town left. (In select theaters and on digital platforms Friday. Information can be found at [films.nationalgeographic.com](https://www.nationalgeographic.com).)

The calamity was a wildfire—the most destructive in the state's history—that burst forth on the morning of Nov. 8, 2018, consuming the ironically but not inaccurately named Paradise in less than three hours and leaving 85 of its residents dead. The causes of the so-called Camp Fire were complex, and the documentary neglects none of them: Mr. Howard was the director who wove high drama together with an extraordinary amount of information in "Apollo 13." But why, you may wonder, would anyone want to watch a film about a local tragedy, however notable, at a time when our national life is being torn asunder by a global pandemic? Because the film's larger subject is community—the ties that transcend brick and mortar—and a rise from real ashes.

The drama of the inferno has been reconstructed from archival sources, especially videos shot by Paradise residents in frantic flight: Dante never imagined having to drive through flames under a black midday sky with fears of his engine exploding. There's a lot to be said for Hollywood expertise turned to the task of depicting real-life horror. (The editors were M. Watanabe Milmore and Gladys Mae Murphy. The director of photography was Lincoln Else.) Of all the footage recorded on the first day of the conflagration, the most hallucinatory comes from the dashcam of a police car driven by a Paradise cop, Matt Gates. An open spirit and a hugger of bereft friends and neighbors, he cruises around town three months later and stares in wonderment at the still unrelieved expanses of debris—the hospital gone, most of the schools destroyed, almost all of the homes incinerated. "I know it's a cliché," he says wryly, "but the doughnut shop was right back there."

In some respects the Paradise we see, before and after, is a world apart from the turbulence and polarization of America in the time of Covid-19. A town whose history goes back to the Gold Rush days, it was a sweet haven favored by na-



FROM TOP: MOAH BERGER; SARAH SOQUEL MORHAM/NATIONAL GEOGRAPHIC

ture, and beloved, it would seem, by those who lived there. Not a lot of diversity in the mostly white populace, but not a town to be written off as irrelevant to our current distress. The majority of its 26,000 or so citizens were and are working-class, struggling to make a living under the best of circumstances—people of good will, by the evidence of Mr. Howard's camera, who get short shrift in the media in the best of times.

One of them, Steve "Woody" Culleton, is a former mayor of Paradise; before that, he notes cheerfully, he was the town drunk. Like others who lost their homes and decided to rebuild, he encountered a seemingly endless succession of bureaucratic snarls—from the local government, which was broke; from FEMA, which imposed daunting conditions on prompt help. But Mr. Culleton finally got a building permit, the third one issued by the town. Nine months after the fire he expresses hope that he'll have his house built soon, even though it won't be the first one to go up. "But it was never about that," he says. "It was always just wanting to come home."



A home burns as the Camp Fire rages through Paradise, Calif., above; Steve 'Woody' Culleton outside his newly rebuilt house, left.

Paradise is, once again, a community of homes, modest for the most part but the expression of a collective will to reclaim a way of life that seemed lost forever. As inspiring as its story is, though, the film makes room for debate over whether reclamation is a wise decision.

The proximate cause of the

town's agony was judged to be a spark from Pacific Gas & Electric power lines, some of whose components dated back to 1921. Long before that, traditional logging practices had left the whole region vulnerable to wildfire. And climate change took its toll with an unprecedented five-year drought. "We can't really vegetation-manage our

TELEVISION REVIEW | JOHN ANDERSON

Enforcing the Border, No Holds Barred

It will take virtually no time at all for a viewer to understand why certain U.S. agencies reportedly didn't want the public to see "Immigration Nation," the Netflix documentary survey of our border crisis and the enforcement of Trump-era "zero-tolerance" policies. The agents interviewed don't mount a rational defense of what they're doing. They resort to constitutionally questionable means to do it. The dismay, even embarrassment, that a viewer might feel while watching and listening will be aggravated by a general sense of puzzlement: Who in the government thought cooperating with this film crew was a good idea?

The answer, in part, is that when filmmakers Shaul Schwarz

and Christina Clusiau began negotiating with the Department of Homeland Security to embed with Immigration and Customs Enforcement and Customs and Border Protection, it was early 2017. The agencies' mission and tactics as they now exist had not been fully formulated. And as Ms. Clusiau explains in a press statement, the ICE spokesmen with whom they dealt, and whom they knew well, "appreciated that the story would be told through an objective lens." It's hard to argue that it hasn't been. It's also clear in the way the directors have constructed their series that they anticipated challenges to their methodology. And adjusted accordingly.

Chasing their story from New

York to Las Vegas to Houston to Guatemala, the filmmakers have unprecedented access to ICE operations and CBP detention facilities, interviewing not only spokesmen and agents but incarcerated detainees, their families and deported veterans, some of whom are eligible for arrest. ("I'm OK to die for the country, but not live in it," says one.) The agents are sometimes quite candid, although when ID'd on screen their last names are blacked out, as if in a redacted document. In episode 1, an ICE officer named Brian explains to the filmmakers that when he goes to a home, he doesn't make "collateral" arrests—meaning he picks up only his target, not anyone else in the dwelling who might be in violation of Trump immigration policy. Just then, on his radio, a supervisor tells him that from his next stop, he has to bring in at least two people.

"He knew you were with me, right?" Brian asks the filmmakers. "Cause that's a pretty f—ing stu-



pid thing to say."

It's hardly the only time someone says something clumsy, or potentially illegal, but there are also genuine horror stories contained in "Immigration Nation," one of them concerning an asylum seeker named Carlos Perez. As a police officer in El Salvador, he gave New York police long-distance assistance with gang investigations; shot in shadows, an undercover NYPD investigator attests to Mr. Perez's value to the department, and that he had to flee his country because of it. Although Mr. Perez's asylum request is verified, an ICE supervisor named Christian simply responds "do it" to a query about the case—meaning send Mr. Perez to a detention center and proceed with his deportation. Christian will later express "not joy, but satisfaction" at the work that ICE is doing. The filmmakers also interview children who have been separated from their parents.

As if anticipating arguments that they've taken agent statements out of context, or edited footage to fit a political agenda, the directors generally allow a subject to talk until he or she is finished and has walked away, or at least left enough dead air to suggest the completion of a thought. There is quite often insufficient explanation in the series about what exactly is wrong

about what's happening—ICE agents identifying themselves as "police," for instance, when they are not; claiming to have a bona-fide warrant when they do not; and gaining access to homes under false and/or illegal pretenses. It's a strictly observational series, so there are no explanatory titles or voiceovers. But the filmmakers do know how to juxtapose their material in ways that

make unmistakable points: An ICE officer, boasting about the deterrent effect of taking children from their parents at the border, for instance, is immediately followed by a scene at a White House press briefing, during which then-Secretary of Homeland Security Kirstjen Nielsen denies vehemently that deterrence is the basis for the Trump detention policy. Because if it were, it could be illegal.

Six episodes of an often dispiriting series will seem like a lot, and "Immigration Nation" often seems to wander around its various venues in search of a mooring point. Episode 3, for instance, addresses fugitive veterans, the ramifications of Clinton-era immigration law, and a sheriff's race in Mecklenburg County, N.C., that hinges on severing relations between local law enforcement and ICE. But it also addresses privately owned detention facilities and the profit motive behind immigrant detention: During a phone conversation between ICE's regional spokesman, Bryan Cox, and a supervisor named Bob, they discuss retaliation against Mecklenburg County and also the thousands of beds at ICE's disposal. "We're going to fill our beds," Bob says. "We're going to do everything we can." The safety of the American public doesn't come up.

Immigration Nation Monday, Netflix

NETFLIX (2)



Stefania Arteaga, co-founder of Comunidad Colectiva, at a protest, above; ICE detains a suspected illegal immigrant, top.

ARTS IN REVIEW



THEATER REVIEW
TERRY TEACHOUT

'Laughter' Brings Joy To Our Time

PBS has telecast dozens of plays and musicals on its "Great Performances" anthology series since the long-running program made its debut in 1972. Now the network is endeavoring to lift spirits crushed by the coronavirus pandemic by pulling some of those fondly remembered performances off the shelf and rebroadcasting them on Fridays on TV, and for a limited time via free streaming video. This week's offering is a bedazzling gem, a live performance of the 2016 Broadway revival of "Present Laughter," Noël Coward's best play, starring Kevin Kline. Rarely have I laughed so hard as I did when I saw it on stage four years ago, and I am very happy to report that it comes across on the small screen with near-identical comic vitality.

Written in 1939, "Present Laughter" is a three-act, four-door farce in which Coward portrayed himself with unexpectedly self-aware candor as an aging but still charismatic stage star who is in private life a monster of vanity, one whose long-suffering secretary (played here by Kristine Nielsen) has got his number all the way to the tenth decimal point: "Everybody worships me, it's nauseating." "There's hell to pay if they don't." The play doesn't get done as much as it should because it calls for a cast of 11 and an expensive-looking duplex set (designed for this production by David Zinn with over-the-top décor and all the trimmings).

Above all, "Present Laughter" cannot be made to take flight without an actor oozing with star quality sufficient to take on the showy leading role that Coward originally wrote for himself and which has since been essayed on Broadway by Clifton Webb, George C. Scott and Frank Langella, a list that gives you a pretty clear idea of what an actor needs to come up to scratch as Garry Essendine, Coward's barely fictionalized alter ego. The brilliance of Mr. Kline's performance lies in the fact that he plays Essendine not as a grossly inflated caricature but for truth, which—of course—makes him even funnier.

Ms. Nielsen, Kate Burton (who plays Essendine's ex-wife) and the rest of the cast all meet Mr. Kline's challenge with apparent effortless-

ness. As for the director, Moritz von Stuelpnagel, he is one of the most prodigally talented directors of stage comedy to come along in the past decade, and under his precise guidance Mr. Kline and his colleagues come together in a boundlessly funny production that is the best "Present Laughter" I've ever seen on stage. It happens that I was in the theater for the 2017 performance of "Present Laughter" that was taped for telecast. I suspected at the time



Kevin Kline and Kate Burton, above, and Cobie Smulders and Mr. Kline, top, in Moritz von Stuelpnagel's staging of Noël Coward's 'Present Laughter'

that the actors, knowing the show was being recorded for posterity, gave it a little extra zing, but even so, it was fascinating to see how the production had evolved since I'd first seen it in previews nearly three months earlier. Nothing drastically different occurred on stage—the changes were all a matter of subtle detail—but it was plain to see that the cast had settled into their performances, something that hasn't yet happened when I attend the press previews of the plays that I review for the Journal. Everyone was clearly having a good time—not in the sloppy, over-obvious way that can corrupt a long-running play, but in the joyously relaxed manner that speaks of the heightened self-assurance that only comes of repetition. The audible presence of a Broadway audience is one of the most gratifying aspects of this telecast. I rarely laugh out loud at a show I'm seeing alone at home, and one of the things I've been missing since the pandemic shut down America's theaters is the experience of sitting in the midst of a happy audience whooping with collective delight at a first-class comedy. Well, I laughed loudly and repeatedly at Mr. Von Stuelpnagel's staging of "Present Laughter," a play that I've seen a half-dozen times in the theater but whose comic brilliance proves to be undiminished by solo viewing. It was lovely—and heartening—not to have to laugh alone.

Present Laughter

PBS Great Performances (airs Friday, 9 p.m., on PBS, then available online through Aug. 28, free). To watch, go to <https://www.pbs.org/wnet/gperfl/blog/summer-streaming-lineup/>

Mr. Teachout, the Journal's drama critic, is the author of "Satchmo at the Waldorf." Write to him at tteachout@wsj.com.

FILM REVIEW | JOE MORGENSTERN

Pulled Between Past And Present

It doesn't bode well when fragments of flashback are more affecting than what's going on in the present. That's the case with "Summerland," a debut feature by Jessica Swale with the always superb Gemma Arterton in the starring role of Alice, a writer living a solitary life in rural England during World War II.

In one sense the imbalance is intentional; it's built into the narrative's substance. Alice yearns for the woman she loved and lost

the countryside.

A guileless child at a tender age, Frank is open to the arrangement, but Alice will have none of it. For a while the plot could be mistaken for a riff on "About a Boy," a wonderfully eccentric film in which Hugh Grant's lonely womanizer fights off the love of a misfit latchkey kid played by Nicholas Hoult. But "Summerland," whose title refers to a pagan vision of heaven that figures in Alice's writing, is less a succession of surprises than a dramatic scheme. It's perfectly clear why Alice has shut down, yet clarity can't compensate for screenwriting that makes her misanthropic for much too long in the face of Frank's endearing vulnerability.



She opens up eventually, of course, and Ms. Arterton gets to play a few scenes worthy of her art before the film turns into a milking machine designed to wring feelings from a link between past and present that, once again, amounts to a construct. If you want to see what the actress can do with first-rate material, watch or rewatch "Their Finest," a 2016 film set in London during the Blitz. Her character in that one is whip smart and ardent, and her performance is a wonder.

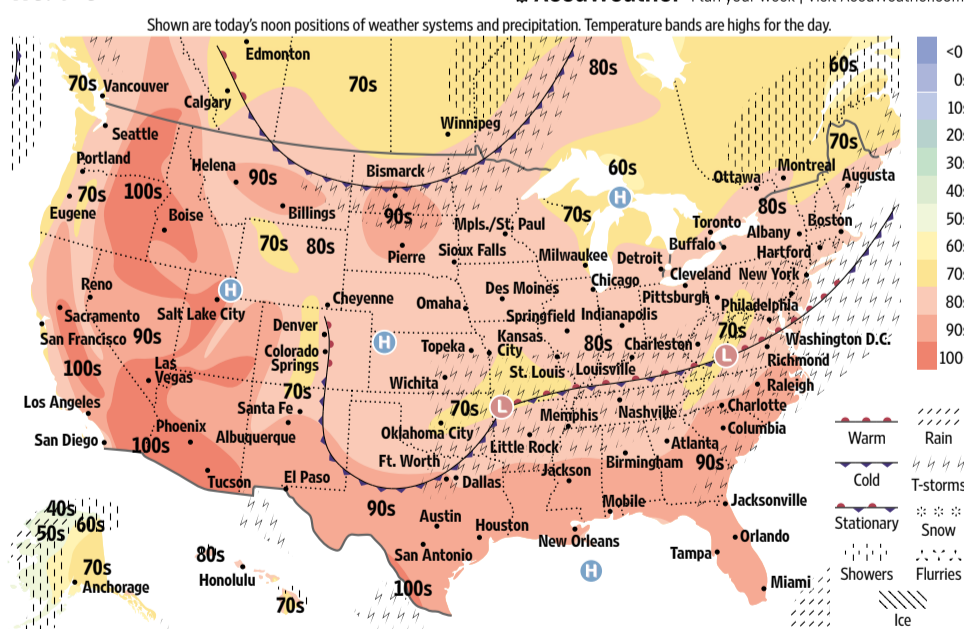
long ago. Her name is Vera, she's played dazzlingly by Gugu Mbatha-Raw, and their between-the-wars encounters are as enchanting as they are fleeting. But Alice as the bereft and hostile village hermit seems a contrivance, Ms. Arterton's efforts notwithstanding, even when a new life enters her cottage in the person of a charming schoolboy, Frank (Lucas Bond). He's been evacuated from London, besieged by the Blitz, and assigned to a foster home in the safety of



Lucas Bond and Gemma Arterton, above, and Ms. Arterton and Gugu Mbatha-Raw, top, in Jessica Swale's 'Summerland'

Weather

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U.S. Forecasts

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major cities across the US with their forecasted weather conditions.

International

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major cities internationally with their forecasted weather conditions.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers indicating the starting positions of words. The grid is 13 columns wide and 69 rows high.

TORMENTED ARTISTS | By Matt Gaffney

- List of 17 crossword clues related to artists and their works. Includes clues like 'The answer to this week's contest crossword is a food often painted by artists.' and 'Horrific'.

PUZZLE CONTEST

- List of 66 crossword clues for a contest. Includes clues like 'Here's how I see it,' to texters' and 'More of a bore'.

A grid titled 'Previous Puzzle's Solution' containing the answers to the crossword puzzle from the previous issue.

SPORTS



Dodgers pitcher Joe Kelly yells at the Astros' Carlos Correa.

JASON GAY

A Bizarre and Fragile Start for Baseball

MLB gets through its opening week, but not without controversy—and a whole team on ice



It's official: Major League Baseball has put a week in the books for its months-delayed, miniature 2020 season. I have thoughts.

I really want to get to Joe Kelly, the wiry Dodgers relief pitcher who mocked the remorseless trash-can Houston Astros the other night, and is apparently now the new Mayor of Los Angeles.

But first, we should be clear that baseball still feels like a supermarket cart with a busted wheel, steaming down the upper deck stairs of one of its empty stadia. At the moment, it has an entire franchise (the Miami Marlins) quarantined because of an outbreak of coronavirus. At least 18 players and team personnel have received positive tests, so the Marlins are currently being held in a separate tank as the rest of the sport rumbles on, gamely but perhaps preposterously. By Thursday morning, word arrived that two staff members from the Philadelphia Phillies, Miami's opening weekend opponent—one a coach, the other a home clubhouse worker—had received positive tests.

Ugh. Correlation? It's unclear at the moment. What's clear about baseball's plan—which is a regional format, with players traveling, not a marooned-in-one-place deal like the NBA bubble—is that it requires both protocols but also a not-zero amount of magical thinking. It isn't hard to imagine that 30 teams in planes, buses and hotels has the opportunity to put more at risk, and not just players—all the people in the various cities who wait on and serve them as well. Remember, an entire country—Canada—looked at baseball and the U.S. and said: *uh, yeah, thanks, but no thanks, we're*

watching hockey. The Blue Jays now belong to Buffalo! Baseball may be back, but it feels fragile.

So this could be my final baseball column of the 2020 season. I hope not, because I appreciate baseball, especially Joe Kelly sticking a pouty lip at the Astros. I might have to write cycling columns through October. I'm just kidding. I'll do cocktail recipes. And cycling columns.

With an entire team in quarantine, is it OK to talk about non-Covid baseball stuff, or is it irresponsibly credulous? The Ringer's Bryan Curtis had a good story about this conundrum, which applies to all sports—whether it's all right to get excited about scores and stats, or if it's somehow being an accessory to madness. Personally, I think it's OK to do both. We are large! We contain multitudes! And this issue isn't to be confused with the bad-faith, trolling opinion that asking legit questions about protocols and player and staff safety is to somehow be rooting against the sport's success—an opinion which is so vacant and incomprehensible (what sports reporter doesn't want sports back?) that anyone who makes it should be forced to run stairs carrying a 60-pound backpack of kettlebells and cold hot dogs.

Believe me: We all want sports back, ASAP, but as safely as possible for everyone involved.

OK, so baseball. Can we talk about how we all feel about the no-fans-in-the-ballpark aesthetic? Is there any other answer than *it's really weird?* Because it *is* really weird, watching meaningful action played in empty parks, and I know there are easy jokes to make about teams already accustomed to empty parks (the Marlins, ironically) but

you know what I mean.

These fan-deprived stadiums aren't just empty—they're eerie and sterile, to the point that I would like the TV networks to turn down the fake, ambient crowd noise, not because of any ethical reasons (ethics have been designated for assignment this year) but so we can lean into the eeriness and sterility. Honestly, it's spooky, and when you add the cardboard cutouts of fans and the sad mascots without actual human beings to high-five, the whole thing takes on a creepy, Hitchcockian vibe that I honestly kind of...enjoy? We thought it would be comforting to have baseball back, but these games are amusingly edgy.

I am fine with the other big her-

We thought it would be comforting to have baseball back, but these games are edgy.

esy in this season: the installation of a runner on second base at the beginning of extra innings. There is, predictably, the opinion that this is unnatural and bad for the game, because a team doesn't have to earn that runner. But there is also the opinion that I would like to go to bed before midnight.

Alright, so Joe Kelly. There's no need to go into the whole scandal of what the Astros did, or why the rest of the league is furious with them, especially the Dodgers, who fell in a seven-game World Series to Houston in 2017, when the Astros had a habit of thumping trash cans to alert teammates of incoming

pitches. Before coronavirus, 2020 was going to be a scarlet letter season for Houston, traveling from city to city as the most despised franchise in sports, developing tinnitus from all the ceaseless booing. So it's hard to not feel that the Astros are getting a bit of a break with this abbreviated, silent season.

Enter Kelly. The other night, he appeared to take matters into his own hands. He threw pitches which buzzed near the heads of Astros' Alex Bregman and Carlos Correa, taunting his opponents in what eventually led to a bench-clearing standoff.

"My accuracy isn't the best," Kelly said later.

I want to be careful here, because I've grown to despise the veneration of pitchers throwing purposefully at players—it's dangerous, and all that old-school baseball talk about frontier justice feels like, well, old-school baseball talk about frontier justice.

Still, there's little question that what Kelly did—and it's completely comical that he *wasn't even part of the Dodgers in 2017*—was cathartic to Dodger Nation. ("Thank you, Joe Kelly," the L.A. Times's Bill Plaschke wrote.)

Then MLB turned around and gave Kelly an eight-game suspension for his actions, which is eight games more than the Astros players cumulatively served for their shenanigans. *This* is exactly the kind of head-scratching inexplicableness that baseball is famous for, and it felt oddly comforting.

An entire team is in quarantine, there are cardboard cutouts behind home plate, and finishing a season will require all kinds of luck, but, for one rowdy minute, it resembled the beloved, old pastime.

FIFA Chief Is Under Investigation

By JOSHUA ROBINSON

A SPECIAL PROSECUTOR IN Switzerland has opened criminal proceedings against the president of soccer's world governing body, Gianni Infantino, for alleged collusion with the country's attorney general Michael Lauber during a Swiss federal investigation into FIFA.

The proceedings, announced by authorities on Thursday, allege that Infantino and Lauber held secret meetings in 2017 while Lauber was looking into possible corruption at the highest levels of soccer. The special prosecutor, Stefan Keller, deemed that the meetings constituted "abuse of public office," "breach of official secrecy," and "assisting offenders."

The special prosecutor is also requesting that the Swiss government lift Lauber's immunity so that criminal proceedings may be opened against him as well. Lauber, who announced last week that he would be stepping down as attorney general at the end of August, and Infantino have both denied wrongdoing.

"To meet with the Attorney General of Switzerland is perfectly legitimate and it's perfectly legal. It's no violation of anything," Infantino said in a statement. "On the contrary, it is also part of the fiduciary duties of the President of FIFA."

The investigation is the heaviest blow to Infantino since he first rose to the FIFA presidency in 2016, as the first elected successor to Sepp Blatter. Blatter had resigned in December 2015 following the revelation by the U.S. Department of Justice of widespread criminal activity at FIFA.

"Nobody talks about crisis at FIFA any more or rebuilding it from scratch," Infantino said in his 2019 acceptance speech, after running unopposed for FIFA president. "Nobody talks about scandals or corruption, we talk about football."

But by then, Infantino had allegedly met with Lauber at least twice while the Swiss state was looking into alleged corruption surrounding FIFA's awarding of World Cup hosting rights, among other issues.

The special prosecutor is also looking into a third individual, Rinaldo Arnold, who had served as chief prosecutor of the Haut-Valais region and is a childhood friend of Infantino. He is suspected of facilitating the meetings between Infantino and Lauber. He has previously denied wrongdoing in this case.



A special Swiss prosecutor is investigating Gianni Infantino.

FROM TOP: DAVID J. PHILLIP/ASSOCIATED PRESS; ROBIN VAN LONKHUIJSE/EPH/SHUTTERSTOCK

Restrictions Hamper Grand Plans for Tennis

By JOSHUA ROBINSON AND LOUISE RADNOFSKY

Paris

RAFAEL NADAL HAS SPENT

most of the global pandemic holed up on the island of Mallorca, off the Eastern coast of Spain. By the time he would need to leave for a tournament again, he hoped the virus would be under control.

But as the tennis season attempts to restart, the situation is more complicated than Nadal ever anticipated. A redrawn schedule with Grand Slam events on two continents in a span of six weeks has left the international tennis tour sketching out seasons based not on which tournaments they would prefer to play, but which countries players believe they can get into.

Europeans can cross the Atlantic for the U.S. Open, courtesy of a U.S. executive order throwing the border open to athletes. But under current European Union rules, Americans probably cannot go in the other direction to play the clay-court season that culminates with the French Open. Even Europeans aren't certain that they

would be able to return from the U.S. without a mandatory quarantine. And for nationals of other countries, the situation is in constant flux.

In other words, the fate of the season could hang on whether or not players are confident that airport border agents are fully updated on the rules—whatever they may be at the time.

"It's not realistic to play anything right now," ATP Tour veteran Viktor Troicki told Serbian radio this month. "Today, no one is sure of anything."

Immigration headaches are already taking their toll on the abbreviated hard-court season. The Citi Open in Washington, D.C., was supposed to start on Aug. 13, but chairman Mark Ein pulled the plug. He cited potential 14-day quarantine requirements hampering players' ability to come to the U.S., and the difficulty of securing waivers to then avoid similar restrictions on their way back to Europe for other events.

"The unresolved travel restrictions on both sides of the Atlantic were the biggest issues we faced," Ein said. "Because of the number



Rafael Nadal has indicated that he will stick to clay-court events in Europe.

of governments involved, the uncertainty on how long it was going to take to get resolution was a very significant factor."

Chad Wolf, Acting Secretary of Homeland Security, signed an order in May that exempted foreign professional athletes and essential staff from entry bans to the U.S. He argued that it was in the national interest to let in competitors for events organized by the Association of Tennis Professionals and the Women's Tennis Association, along with other major American sports organizations. In total, 1,703 exemptions had been granted for athletes and personnel for sports as of late June.

But there is a question that no

one in sports has been able to answer definitively: What happens when those athletes who flew to the U.S. try to go anywhere else?

With free movement, the pandemic tennis calendar would theoretically have allowed for players to complete a short hard-court swing in the U.S. before jumping to a clay-court stretch in Europe, with tournaments in Madrid, Rome and Paris. But tennis officials in the U.S., France, Italy and Spain are now scrambling to get government guarantees that the players they invite can actually show up.

Specifically, they are wondering whether there is room to let them into their countries if they undergo some form of quarantine.

And if so, could spending several weeks in the U.S. Open's bubble count as quarantine before trying to fly to Europe? Matters are complicated by the slight rebound in coronavirus cases in Southern Europe and France this month.

With the U.S. Open starting on Aug. 31 and Roland Garros beginning on Sept. 27—and both tournaments preceded by tune-up events—it looks increasingly as if players will have to pick one or the other.

Leading into the U.S. Open is the Western & Southern Open, transplanted from Cincinnati to the USTA Billie Jean King National Tennis Center in Queens, meaning that players could be in the New York bubble for nearly a month. Turning around to clay-court tournaments across the Atlantic, however, is a challenge.

Nadal has already indicated that he will stick to Europe by accepting an invitation to the clay-court Madrid Open, which kicks off the day after the U.S. Open final. He could potentially follow that with a trip to a clay-court tournament in Rome as final preparation for Roland Garros.

The contingent prioritizing the U.S. Open, meanwhile, is led by Serena Williams, who has already committed to chasing her 24th Grand Slam singles titles in Queens. She didn't say whether she would also attempt to navigate EU law to play in France.

JEAN-FRANÇOIS BAUDAS/ASSOCIATED PRESS

OPINION

The GOP's 'D'oh!' Moment



POTOMAC WATCH
By Kimberley A. Strassel

Senate Republicans experienced their "D'oh!" moment this week, and better late than never. If even Homer Simpson can experience moments of clarity, maybe the GOP can yet do a virus economy—and itself—some good.

As Congress spent another tortuous week nonnegotiating a fifth virus-relief bill, it finally dawned on Republicans that they are being played for fools. Democrats don't want a bill; they want to win an election. House Speaker Nancy Pelosi—who may go down as one of Washington's greatest cynics—knew exactly what she was doing in May, when she cooked up the \$3 trillion monstrosity known as the Heroes Act. If the GOP said no to her outlandish demands, Democrats would brand them as uncaring, unable to lead, unworthy of controlling Washington. If instead she bludgeoned them into swallowing her spendathon, Democrats would wave the win as proof they should control Washington. Heads Democrats win; tails Republicans lose.

The GOP did its mightiest to aid this strategy, by having no alternative of its own. By May, Congress had spent nearly \$3 trillion on the virus, and Republicans had plenty to pack into a message: The bills provided generous aid to the unemployed, small businesses,

families, vital industry, schools, states, renters and health providers. The goals were to stave off economic collapse, provide a lifeline during a national shutdown, lay the groundwork for reopening. All that was accomplished—not that you hear Republicans noting it. The bills, moreover, provided a cushion to deal with lingering needs; as Wisconsin Sen. Ron Johnson recently noted, more than \$1 trillion of those original packages has yet to be spent or obligated.

Instead of making these points, Majority Leader Mitch McConnell signaled the GOP was open to tacking Democratic demands on to the Republican priority of liability protection for businesses and organizations. The White House rolled out Treasury Secretary Steven Mnuchin, who invited Mrs. Pelosi to dictate the GOP bill. Instead of putting together a plan focused on pro-growth economic policies, the Senate GOP cobbled together a hodgepodge of its own spending demands—money for schools, aid for farmers and, yes, \$1.75 billion for a new FBI building. Cue a revolt by fiscal conservatives and party infighting—and two weeks of headlines about Republican "chaos."

All the while, Democrats have broadcast—in plain English—that they have no intention of letting legislation succeed. Mrs. Pelosi this week described the two bills as a "giraffe" and a "flamingo" and said they were "not mate-

able." Senate Minority Leader Chuck Schumer won't even try, refusing to engage in regular order—to bring a bill to the floor, to hold amendments and votes, and to send a rival product to a House-Senate conference. Democrats have a plan—blame Republicans for the bill's failure and, by laughable extension, the nation's economic woes.

Republicans have a chance—and a need—to create an election-year contrast.

And so it was encouraging to see Mr. McConnell acknowledge reality and move to put the GOP back on offense. Stepping back from talks on a big bill, the Senate GOP tackled the most pressing deadline—the Friday expiration of federal enhanced unemployment benefits. Sen. Johnson proposed renewing these benefits at about two-thirds of lost wages, or roughly \$200 a week. This would allow the federal government to continue providing some aid, though not the current, crazy \$600 a week that is discouraging so many from returning to work. Senate Republicans asked for unanimous consent on that plan, and Democrats blocked it. That means Democrats own the expiration.

Not that the press will put it that way, which is why it is also encouraging that Mr.

McConnell now intends to put a legislative version of that unemployment extension on the floor next week and put Democrats on record voting it down. The only way to expose Democratic cynicism and intransigence is to beat the public over the head with proof—something the GOP failed to do with policing reform. A GOP vote would force Democrats to explain why two-thirds of regular pay is not enough—especially given prior Democratic proposals that set virus sick leave and family medical leave at two-thirds regular pay. When Democrats vote it down, Mr. McConnell needs to bring it up again. And again.

The GOP meantime also has an opportunity to rethink and put together proposals sharply tailored to economic growth. Then bring them up again, and again. Hammer home that Democrats are blocking economic revival. (You can bet that is what Mr. Schumer would be doing to Republicans right now, were the situation reversed.)

If Republicans allow this election to become a contest over which party can spend more taxpayer dollars, they will lose. Better to treat it as an opportunity to present true competing visions—between a GOP that has a plan for a bigger and better economy, and a Democratic Party that wants a vastly larger entitlement state. Yet making that contrast first requires Republicans to get there themselves. Get a plan, make the case.

Write to kim@wsj.com.

BOOKSHELF | By Tom Nolan

An Untouchable Second Act

Eliot Ness and the Mad Butcher

By Max Allan Collins and A. Brad Schwartz
(Morrow, 558 pages, \$29.99)

Moviefogers of a certain age will remember Eliot Ness—the upright law-enforcement figure who battled corruption and organized crime from the 1920s to the '40s—as portrayed by a tough-talking Kevin Costner in Brian De Palma's 1987 movie "The Untouchables." Television viewers from an even earlier era will recall Ness depicted by the stern-faced Robert Stack in the ABC series (1959-63) of the same name. But the real-life Ness, as revealed in Max Allan Collins and A. Brad Schwartz's "Eliot Ness and the Mad Butcher," was less the hard-boiled hero of popular culture than a humane and forward-thinking lawman as interested in preventing crime as in punishing it.

The Chicago-born Ness (1903-57) came to prominence as a Prohibition agent in the Windy City, doing battle with Al Capone and other bootleggers as head of his own hand-picked squad of agents. His men were dubbed the "Untouchables" for their refusal to accept payoffs or gratuities. As a friend observed of the incorruptible lawman: "Honesty amounted to almost a fetish."

The government put Capone behind bars in 1932 via the prosecution of a tax-evasion case, but the work of Ness and his men was central to establishing the extent of the mobster's criminal activities. With Capone out of the picture, the Untouchables were disbanded, and Prohibition ended soon after. Ness, a nationally known figure (his physical and professional image

inspired Chester Gould's comic-strip police hero Dick Tracy), looked beyond Chicago for new opportunity. He found it in Cleveland, the site of his next significant successes—but also of the disturbing case that gives Messrs. Collins and Schwartz's book its title.

Ness was named Cleveland's director of public safety in 1935 and was put in charge of the city's police and fire departments. He found the cops to be sloppy, uncooperative and demoralized. Once more he formed his own discrete unit of Untouchables to weed out incompetent and corrupt officers and hire smart new ones. "Intelligence," he counseled, "must supplant brutality."

But even Ness was stumped trying to apprehend the "torso murderer" responsible for a series of ghoulish killings, in which parts of dismembered and beheaded corpses were strewn about the woods and dumpsites of Kingsbury Run, one of the city's poorest areas. "The mystery of the headless dead" drew national and international attention. In Germany, the Nazi press mocked America's inability to apprehend the "Mad Butcher of Kingsbury Run." With no witnesses and sometimes no way even to identify victims—and with advanced forensics techniques far in the future—police were stymied.

By 1938, the authors write, "the Butcher had become the subject of the largest manhunt in Cleveland's history." Thousands of citizens wrote and called the cops with worthless tips. "The investigators, after years of fruitless searching, grew desperate, pursuing ever more eccentric lines of inquiry." At last a few tantalizing leads brought an alcoholic and mentally disturbed doctor named Francis Sweeney to the attention of the detectives.

After helping to put Al Capone behind bars, lawman Eliot Ness came to Cleveland, where he did battle with a vicious killer.

Ness and his crew subjected the 44-year-old Sweeney—who had shown signs of psychosis and had been verbally and physically cruel—to judicially inadmissible polygraph examinations that convinced all present of his guilt. Still, despite an abundance of circumstantial indicators, Ness had no hard evidence. Complicating matters was the man's being a cousin of a local congressman, a vocal Ness critic. Prosecution was not an option. Ness handled the matter privately, helping to arrange Sweeney's commitment to a mental hospital. Sweeney, who was institutionalized for much of the rest of his life, sent a series of bizarre and taunting postcards to Ness through the mid-1950s.

Though Ness was sure that the killer had been caught and dealt with, he couldn't officially close the case and so swore himself and his men to secrecy. The public was left with the impression that the culprit might still be at large. The case of the Mad Butcher, with its unsatisfying non-finale, fits a bit awkwardly into Messrs. Collins and Schwartz's wider narrative. In the latter stages of their book, the authors ably follow Ness through an unsuccessful foray into city politics and a disappointing business career. But given this work's title and its subtitle—"Hunting America's Deadliest Unidentified Serial Killer at the Dawn of Modern Criminology"—one sometimes gets the feeling of two different books uneasily hitched.

That said, the authors have done Ness justice. It's discouraging to learn that a man who refused a fortune in bribes died \$9,000 in debt. Shortly before his fatal heart attack at the age of 54, he finished work on the memoir that would revive and romanticize his reputation and bring his third wife and their adopted son a modicum of income.

Messrs. Collins and Schwartz, in this, their second deeply researched book about Ness, don't gloss over their subject's failings and blind spots, but they do show that he tried harder than many to leave the world a better place. His "signature achievements in Cleveland—fighting juvenile delinquency, reorganizing the police department, promoting traffic safety—stemmed from a deep well of humanity and compassion," they write. Now more than ever, the authors conclude, Ness's name "should remind us of the rigorous standards he brought to law enforcement—professionalism, competence, honor, and decency—and a determination to make everyone safer by addressing the systemic root causes of crime."

Mr. Nolan reviews crime fiction for the Journal.

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Freedom Beats Aid for Religious Schools

HOUSES OF WORSHIP
By Avi Schick

The last week of the recent Supreme Court term brought two important decisions for supporters of religious liberty in education. As is often the case in school, the more popular one isn't necessarily the most likely to succeed.

Espinoza v. Montana was the long-awaited Blaine Amendment case. It held that a state constitutional provision excluding religious schools from programs that fund private schools runs afoul of the First Amendment's Free Exercise Clause. As Chief Justice John Roberts explained, "A State need not subsidize private education. But once a State decides to do so, it cannot disqualify some private schools solely because they are religious."

Our Lady of Guadalupe School v. Morrissey-Berru involved the "ministerial exception" to employment laws, which insulates religious institutions from some labor lawsuits. Writing for a seven-justice majority, Justice Samuel Alito explained that courts couldn't intervene in employment disputes involving religious schoolteachers because it "would undermine the independence of religious institutions in a way that the First Amendment does not tolerate."

Espinoza was described by Education Secretary Betsy DeVos as a "historic victory," while American Federation of

Teachers President Randi Weingarten decried it as "a seismic shock that threatens both public education and religious liberty." Although *Our Lady of Guadalupe* generated less passion, it is likely to prove much more meaningful to religious schools.

Espinoza is doctrinally important, and it rightly permits states to support religious schools alongside other private schools. But there is no reason to think that states will now step up spending. Budget and political constraints have more influence than legal concerns over private education funding. Even before *Espinoza*, states with the political will to fund private schools found legal ways to do so. As the ruling acknowledged, most "states with no-aid provisions allow religious options in publicly funded scholarship programs, and almost all allow religious options in tax credit programs."

The demographics of religious schools also suggest a limited effect for *Espinoza*. Consider Jewish schools. In 1945, there were fewer than 7,000 students spread across 30 Jewish schools in the U.S. All but a handful were in New York. Today, there are more than 900 Jewish schools in 38 states educating nearly 300,000 students. But 80% of Jewish school students are still in New York, New Jersey and California—blue states that will not jump to increase funding for private schools after *Espinoza*.

Enrollment at other private schools also skews blue. A week after *Espinoza* was decided, a handful of states and cities filed a federal lawsuit challenging a Trump administration rule requiring school districts to distribute a proportionate share of their federal Covid-19 education aid to private schools. The governments pursuing that claim represent more than a third of Catholic and other private school students in the country.

A Supreme Court ruling on employment law is more important than one on subsidies.

Our Lady of Guadalupe, on the other hand, provides religious schools with something vital. In an era when the gulf between society's values and those promoted by religious schools is getting wider while tolerance for differences is getting narrower, the ruling ensures that religious schools can pursue their mission free from government interference.

The premise of the decision is an acknowledgment that the "religious education and formation of students is the very reason for the existence of most religious schools." Therefore "the selection and supervision of the teachers upon whom the schools rely to do this work lie at the core

of their mission."

If that seems obvious, it isn't to those running things in New York. For several years the state has been trying to impose regulations that would dictate what private schools must teach and would subject their teachers to evaluations by bureaucrats. The Council of American Private Education declared last year that "the proposed regulations would constitute an unprecedented level of state interference with the independence of private schools."

Our Lady of Guadalupe prohibits precisely this. The court found that the government has no license to get between religious schools and their faculty, even those who teach secular topics like math and science. Even they are expected "to model, teach and promote behavior in conformity" with religious values. As Justice Alito put it, educators are "expected to guide their students, by word and deed, toward the goal of living their lives in accordance with the faith."

Religious schools teach students that the most important things in life can't be bought. By recognizing that *Our Lady of Guadalupe's* guarantee of religious liberty is more valuable than *Espinoza's* promise of increased funding, religious schools would practice what they preach.

Mr. Schick is a partner at Troutman Pepper and president of the Rabbi Jacob Joseph School.

Free Markets and Meaning in Life

By Clay Routledge
And John Bitzan

A growing body of behavioral-science research indicates that believing life has meaning helps individuals thrive. People who view their decisions as existentially weighty cope better with stress and tragedy. They also live longer and healthier lives. Disbelief in meaning is a major risk factor for depression, substance abuse and suicide. But the idea that our actions are consequential has effects beyond psychology. Our research has found that a sense of life's meaningfulness is tightly tied to positive views of capitalism and entrepreneurship.

As part of a new institute at our university—the Sheila and Robert Challey Institute for Global Innovation and Growth—we conducted a survey to investigate how the need for meaning relates to Americans' beliefs about economic freedom and their entre-

preneurial ambitions. We were interested in a specific motivational dimension of meaning, what we refer to as existential agency: the extent to which people believe they are capable of finding and maintaining meaning in life.

'Existential agency' is correlated with belief in capitalism and entrepreneurship.

In our study, 1,269 American adults 18 to 88 completed questionnaires that assessed psychological characteristics (including existential agency), their general views on economic freedom, and the extent to which they believe capitalism can help solve large-scale challenges such as climate change, automation and poverty. They also responded to items assessing

how much they believe entrepreneurship benefits society, as well as their own entrepreneurial motivation.

We found that existential agency is strongly associated with views about capitalism. The more people believe in their ability to live a meaningful life, the more they view capitalism and entrepreneurship as good for society. Among those who plan to start a business, existential agency strongly predicts how motivated they are to pursue their entrepreneurial goals.

Even accounting for income and employment status as well as other correlates of economic beliefs such as age and political ideology, the effects of existential agency remain statistically significant and strong. Existential agency has a unique effect on views about capitalism and entrepreneurship, as well as entrepreneurial motivation.

We believe these results make sense in light of previous

experimental studies demonstrating that when people focus their attention on what gives them meaning, they feel more agentic, driven to pursue their goals, and optimistic about the future.

Champions of free markets regularly point out that capitalism has made life easier, safer and longer. This is true and worthy of celebration. But humanity is an existential species: People want more than safe and comfortable lives; they want their struggles to matter. The more Americans believe they can achieve a life of meaning, the more they will push for economic freedom and be inspired by the entrepreneurial spirit that has helped our nation flourish.

Mr. Routledge is a professor of management at North Dakota State University and Mr. Bitzan is the director of the Sheila and Robert Challey Institute for Global Innovation and Growth.

OPINION

REVIEW & OUTLOOK

The Lockdown's Destruction

Democrats and their media allies have trapped themselves in a contradiction. They are deploring Thursday's grim second-quarter GDP report even as they demand a repeat of the lockdown that caused the economic catastrophe. What do they expect when government orders Americans to sit in their homes for weeks?

That's the main message from the 32.9% decline in GDP, the worst ever recorded. The damage extended across the private economy—from business investment to manufacturing and housing. But the greatest harm was from the collapse of consumer spending as the shutdown crushed the service economy.

Consumer spending fell 34.6% and accounted for some 25 percentage points of the GDP decline. The fall in transportation, recreation, food services and hotels was brutal. But the biggest surprise was the plunge in health-care spending during a health-care crisis. Health care represents about 12% of the U.S. economy and its collapse subtracted 9.5 percentage points from GDP.

How does that happen in a pandemic? The answer, as our friend Don Luskin points out, is that politicians panicked in March and waited for a surge of Covid-19 patients that the pandemic modelers told them would arrive. Blessedly, the modelers were wrong, and far fewer hospital and intensive-care beds were needed. But the economic harm from stopping all elective surgeries and barring visits to doctors was severe and unnecessary.

It was also a terrible *public-health* blunder. That harm will play out for years as Americans discover cancer, heart-disease and other diagnoses that were missed or delayed.

Notably, Congress's nearly \$3 trillion in appropriations couldn't stop the economic collapse. Government grew 2.7% in the second quarter, led by a nearly 40% increase in nondefense federal outlays. The feds offset a \$795 billion decline in employee compensation with a \$2.4 trillion increase in transfer payments. But the GDP decline shows that \$1,200 cash payments and jobless benefits can't replace a dynamic private economy.

Personal disposable income increased \$1.5 trillion (42.1%) while the savings rate rose to 25.7% from 7.3% in last year's fourth quarter. People haven't been dining out or traveling, so they are stockpiling cash. The more uncer-

tainty caused by threats of second lockdowns, the less likely Americans will be to spend.

These transfer payments are fiscally unsustainable, and the second quarter offers a window on what an economy run by politicians looks like. More transfer payments will delay and slow the recovery by causing more workers to stay on the

sidelines.

The Labor Department's weekly unemployment claims report Thursday showed a small uptick in new and continuing claims, which was to be expected after some states shut down businesses again. But the continuing claims rate was highest in states like New York (16.3%) and California (15.5%) that have been slow to reopen; Nevada (22%) and Hawaii (21%) that rely on tourism; and Louisiana (16.6%) and Georgia (16%) that offer among the most generous unemployment benefits for low-wage workers. Arizona (7.9%), Florida (8.6%) and Texas (10.1%) haven't experienced a spike in claims.

* * *

Hard to believe, but some on the left are stumping for a second nationwide lockdown to control the virus. Shut the U.S. down again until October when the scourge will be gone for good. Do they want another 33% decline in GDP and 40 million more unemployed?

Without a vaccine, the virus was always likely to spread through most of the country, as the Centers for Disease Control and Prevention predicted in March. The lockdown-as-miracle-cure is a fantasy, as the World Health Organization has now acknowledged. The economic and public-health harm is too great and the virus is too easily transmissible.

The public is smarter than the media and can adjust its behavior when flare-ups occur. Hospitalizations and cases in hot spots in the South and West are trending down. They've fallen by a third in Arizona from a peak two weeks ago and are down 8% in Texas. Deaths have increased, but the rate is far below those on the East Coast in the spring.

At least the worst economic news is over, or it should be without a second lockdown. Orders for motor vehicles and capital goods are rising, and housing is strong. The service economy will take longer to come back, but it will do so when the public feels confident enough to venture out. What no one needs is another catastrophe like the second-quarter lockdown.

A Space Race for the 21st Century

Thanks to an uneventful launch Thursday, in about six months NASA will parachute a Ford Pinto, roughly speaking, onto the surface of Mars. The Perseverance rover is 10 feet long, 7 feet tall and 2,260 pounds, and it'll poke around a dried-up river delta, looking for signs of old microbial life. It carries a four-pound helicopter for testing Mars flight.

This is the third mission this summer aimed at the fourth rock from the Sun. Last week China sent up a Mars golf cart, more or less, weighing around 530 pounds, and also scheduled to arrive early next year. If successful, China would become only the third country to land intact on the planet. A Soviet probe made it in 1971 but quickly lost contact. The Europeans have tried twice and failed.

India sent a Mars orbiter in 2013, and the United Arab Emirates launched one last week, which in February will complete its journey of millions of miles. But spinning wheels in Mars dirt is another feat altogether. Not even the Soviet Union managed to successfully drive a rover on the red planet. If China pulls it off, it will be

in rarefied air, in both senses of the term.

Control of Earth orbit, meantime, looks as contested as ever. Last year India shot down one of its own satellites, joining the orbital power players. Russia put up a satellite referred to as Cosmos 2542. It proceeded to launch a smaller comrade, Cosmos 2543, which this summer moved near another Russian

satellite and "injected a new object into orbit," the U.S. said, interpreting this as an attack test.

Military strategists have extolled the high ground since Sun Tzu, several centuries B.C. Today the highest ground is in space. Peaceful exploration is worthwhile for its own sake. But it's hard to deny that those with the most experience operating in the heavens will be best equipped to control or defend it.

Over three glorious years, 1969-72, America put bootprints on the moon, and then for decades it lost interest. Today the U.S., China, Russia and Japan are all considering some kind of manned mission to the moon in the next decade or so. Maybe a little competition up there will be a useful kick in the space pants.

China aims to land a Mars rover, something the EU hasn't managed.

Delay the Election???

President Trump nearly always ends his tweets with a series of exclamation points.

His Wednesday tweet about the November election uncharacteristically ended with three question marks: "Delay the Election until people can properly, securely and safely vote???"

Mr. Trump's defenders are correct that he was merely raising the issue. But delaying the Nov. 3 elections is a dreadful idea. Only an act of Congress can change the date, established in 1845, and there is no chance it will do so now. Lincoln ran for re-election amid the destruction and displacement of the Civil War.

Mr. Trump's opponents—from the media to Joe Biden—have planted the thought that he won't accept the results or would try to put off the vote. How he helps himself by keeping such disruption narratives in the public's mind remains a mystery.

Still, a question: Why are Democrats and the press so unconcerned about whether state election authorities are prepared to conduct a credible election amid the pandemic? The conventional wisdom, inserted in every story on this subject, is that there is no evidence of significant fraud in mail-in elections, that many states have used mailed ballots for years without serious incident.

Yet it strikes us as bordering on the fantastic for a media that has reported the extraordinary dislocations of the pandemic—lockdowns, death, virus spikes—to blandly say voting in a major election using the U.S. Postal Service is

Trump can't change the date, but voting by mail needs to be cleaned up.

no problem. Paterson, N.J., recently disqualified 20% of its mailed ballots.

New York Democrats are immersed in bitter intra-party litigation over the June 23 12th Congressional district primary. At issue are the details of counting mail-in ballots. Incumbent Rep. Carolyn Maloney's opponent, progressive Suraj Patel, has charged "voter suppression." He and other Democratic plaintiffs have filed a federal lawsuit that the election's mail-related problems could "disenfranchise a massive number of voters."

This is not to suggest that the November election will be "rigged," as Mr. Trump asserts. If he believes that, he should reconsider his participation and let someone run who isn't looking for an excuse to blame for defeat.

But Democrats and their allies are doing a disservice to the integrity of this election by being willfully blind to the challenges posed by the pandemic. If the presidential result is close in one or more states amid the kind of problems displayed in New York, either candidate surely will sue, making the Florida "hanging-chads" recount in 2000 look like a kindergarten exercise. Similar challenges are likely to emerge in Senate, House and state elections.

Delaying the elections during the pandemic would only put off a potential fiasco. But with time short, the responsible course is for governors and members of both parties to ensure deadlines for mail-in ballots are early enough so that the counting stops and the results are clear on Election Day.

LETTERS TO THE EDITOR

Is Ranked Voting the Best Election Answer?

I am disappointed to see Mark Begich and Sean Parnell respond negatively to ranked-choice voting (RCV) being part of an Alaskan reform package ("Alaska's Election Initiative Is Rank," op-ed, July 24). It is, sadly, all too common for some politicians to resist change.

Under Alaska's current system, a candidate can become a governor or U.S. senator with less than 30% of the vote. Instructively, Mr. Begich won his 2008 Senate seat and Mr. Parnell his 2010 gubernatorial primary even though more than half of the voters backed their opponents. That's not representative democracy.

Ranked-choice voting is expanding rapidly. The number of cities adopting it has doubled in recent years to more than 20. This year, Democrats used RCV in five presidential primaries, while Republicans used it in recent state conventions in Indiana and Utah and congressional primaries in Maine and Virginia. Consistently, voter turnout has exceeded expectations, and voters of all ages and backgrounds have displayed an easy ability to rank multiple candidates. More broadly, candidates now can run without fear of their election being "spoiled," and are directly rewarded for engaging with as many voters as possible rather than focusing only on their base.

A growing number of our leaders, including some initial skeptics, are embracing ranked-choice voting as a chance to achieve a more perfect union.

ROB RICHIE
President and CEO, FairVote
Takoma Park, Md.

Messrs. Begich and Parnell are correct that ranked-choice voting is an opaque, confusing new election system with many underdiscussed issues. The fairness argument for RCV is that the system guarantees the winner has majority support, but it's a manufactured majority that gives equal weight to second- and first-place votes.

The experience of the Maine second congressional district race in 2018 is instructive. Incumbent Rep. Bruce Poliquin got the most first-place votes, but he only got 46.3% of the total vote, so the RCV system was applied. The two lowest vote getters were eliminated, and their second-place votes were examined. Of the ballots that entered this second round, over one-third were dis-

qualified—or "exhausted," to use the RCV euphemism. Almost all of those were because the voter didn't make a second choice.

These properly cast but eliminated ballots followed the rules; second choices weren't required. But only these ballots without second choices were disqualified. Of the ballots that had Jared Golden or Rep. Poliquin as their first choice, 51% didn't list a second choice. However, those ballots weren't disqualified. Is that "fair?" Rep. Golden won the election with 50.6% of the vote based on second-place votes, but without the selective disqualification he would not have reached a majority.

With each round of candidate elimination, the denominator for determining the winner will shrink to create this false majority. We hear constantly that every vote is sacred and must be counted. The RCV system dismisses that dictum.

FRED VAN BENNEKOM
Bolton, Mass.

Ranked-choice voting would give third-party candidates a legitimate shot at winning office every once in a while, something Republicans and Democrats cannot allow, and something both parties fight tooth and nail every year to prevent in the form of ballot-access restrictions, debate rigging, etc. Instead, this unnatural duopoly must propagate the false choice of two parties that differ only superficially and with which very few Americans are truly happy. Let's hope the voters of Alaska see through this nakedly self-serving argument and embrace choice.

RYAN POSLY
Chicago

In 2016 the Democratic primary for mayor in Democratic-controlled Wilmington, Del., was won by a candidate from the wealthiest area of the city who had persuaded 1,200 Republicans and independents to re-register as Democrats. He won the primary with fewer than 3,000 votes, 23.59% of the entire vote, with seven other candidates splitting the rest. It's an example of how "trickery" works under the current "one with the most votes wins" system. It is quite likely that with RCV, another candidate would have won—by a majority.

DAVID MCCORQUODALE
Wilmington, Del.

Don't Assume There Will Be Debates in 2020

I think Karl Rove has it completely wrong in "2020 Gives New Meaning to 'Viral Campaign'" (op-ed, July 16). President Donald Trump won't score points on Joe Biden in the 2020 presidential debates because there will be no debates. After Vice President Biden finally gets officially nominated on August 20 and President Trump gets renominated on August 27, there will still be over a month before the first scheduled debate on September 29. During that time, one or more progressive "grass roots" groups will urge Joe Biden not to debate Donald Trump. They will exclaim, "Don't debate hate!" and pressure Mr. Biden not to debate the president.

After loudly proclaiming his desire to go toe-to-toe with the president, the former vice president will reluctantly agree to their demands. The debates will be canceled and President Trump will lose the biggest chance he has to turn his currently disastrous campaign around.

I would love to watch both candidates verbally duke it out before all America, but I'm quite certain I'll be

watching Netflix on those evenings—as will Joe Biden, safely ensconced in his bunker.

DAVE ROSSOW
Boylston, Mass.

The importance of the 2020 presidential debates might be blunted by early voting. According to Vote.org and NCSL.org, nine states provide early voting before the first presidential debate, and in at least 33 states early voting begins before the last debate. It may be that the election is decided long before we've had a chance to see and hear the candidates.

CARLOS MARTINEZ
Morgan Hill, Calif.

Douglass Praised the Now-Unfashionable Mrs. Stowe

Michael R. Chevront's July 23 letter mentions that: "In 1851 Harriet Beecher Stowe became the most influential writer about the plight of black slaves." It is worth pointing out that a contemporary of Stowe's, the most famous former black slave, Frederick Douglass, did not think Stowe to be "unworthy": "In the midst of these fugitive slave troubles came the book known as Uncle Tom's Cabin, a work of marvelous depth and power. Nothing could have better suited the moral and humane requirements of the hour. Its effect was amazing, instantaneous, and universal."

HOWARD DELONG
West Hartford, Conn.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Yes! A follower."

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.

RICK MILLER
Wallingford, Pa.

ANDREW BLEKE
Atlanta

OPINION

The Biden-Sanders Manifesto

By Phil Gramm

When unemployment and poverty rates hit record lows in late 2019, while retirement accounts and average household incomes surged to record highs, Joe Biden understood that general-election voters would never go for Bernie Sanders's tax-and-spend socialism or Elizabeth Warren's command-and-control version. Mr. Biden also bet, taking longer odds, that the Democratic establishment and ultimately the Democratic primary voter, desperately wanting to retake power, would reject his primary rivals as well. So Mr. Biden offered a nicer version of the status quo. "Nobody has to be punished," he told donors in June 2019. "No one's standard of living will change, nothing would fundamentally change."

Voters should examine how far left the former vice president has moved since winning the primaries.

Despite Mr. Biden's shaky start, he surged in South Carolina once Democrats faced the reality that the alternative was Mr. Sanders, a self-identified socialist who was on record saying positive things about Venezuela, Cuba and the Soviet Union. The establishment swung behind Mr. Biden and the primaries were over.

Yet after he won the nomination as the only "moderate" in the race, the new world of the coronavirus shutdown revealed a new candidate who wants "not just to rebuild the economy, but to transform it," as Mr. Biden said in a May address. In rapid succession he adopted the Sanders platform, the cornerstone of the Warren candidacy, and the most

radical racial agenda in recent U.S. history.

Mr. Biden's dramatic political transformation has exposed what many have always suspected: Moderate Democrats aren't socialists unless they think they can adopt socialist policies and survive politically.

The Biden-Sanders "Unity" manifesto envisions the socialism of an all-encompassing welfare state, with virtually every need a right, and every right guaranteed by taxpayer funding. Housing becomes a right, and "no one should have to pay more than 30 percent of their income for housing." Public colleges will be "tuition-free" for "roughly 80 percent of the American people." Student loans are expunged, payments are capped and eventually forgiven. School lunches, along with breakfast and supper, will be universally free.

On health care, Mr. Biden bought Mr. Sanders's "Medicare for All" scheme—though on an installment plan. First health care becomes a right where "no one pays more than 8.5 percent of their income." Mr. Biden's planned public option is heavily subsidized, with no deductibles and low copayments. Like current Medicare, this "Medicare option" would further inflate the cost of private plans by making them pay more to compensate for government's underpayment to hospitals and doctors. The inevitable result would be that the Medicare option would quickly "compete" private plans out of business. Commercial banking would be similarly threatened by new publicly backed post-office banks along with the Federal Reserve, which Mr. Biden wants to grant permanent authority to lend to businesses.

A President Biden would implement a version of the Sanders Green New Deal, only in 15 years instead of 10. Mr. Biden's plan uses mandates and subsidies to dictate what kind of energy is produced, remaking the world's most efficient energy indus-



Joe Biden and Bernie Sanders at a primary debate in Washington, March 15.

try in the image of Solyndra.

In all things, the government would direct, regulate and mandate with armies of the "best and brightest," organized as a caring corps of subsidized health-, child- and elder-care workers, plus a climate corps of environmental regulators. Government employees would enjoy the "highest labor standards" for pay and benefits. A new right to strike for all workers would include secondary strikes like those that recently paralyzed France.

With government for, of and by government, all public servants would benefit, except the police. Police are to be more closely tracked and exposed, and federal law-enforcement would be hampered with a New York-style arrest-and-release program. Disorder awaits. Since Mr. Biden believes "substance use disorders are diseases, not crimes" and "no one should be in prison solely because they use drugs," American neighborhoods may soon resemble the streets of San Francisco.

After picking up Mr. Sanders's positions, Mr. Biden has absorbed Ms. Warren's rhetoric. This month

he pledged to end the "era of shareholder capitalism." That era began with the Great Economic Awakening that followed the Enlightenment. By rejecting shareholder capitalism and making private wealth subject to public demands, the Biden administration would take America back to the medieval world, where labor and capital were forced to pay fealty to the crown, guild, church and village, which leached the lifeblood out of the incentives to work and save. Today's critics of shareholder capitalism want to hand business over to "stakeholders" such as government, environmentalists, unions and communities.

As the new stakeholders extract their unearned share, the equity value of businesses would plummet. Since 70% of all U.S. stocks are owned by 401(k)s, individual retirement accounts, private retirement plans or insurance companies to fund annuities and death benefits, Americans would see their nest eggs shattered. Resources would be redistributed not by taxing and spending but simply by forcing private companies and their employees to share

the fruits of their labor and thrift. Unlike Mr. Sanders's socialism, in which government assumes control and therefore the blame when the system fails, Ms. Warren's style of socialism means it's always possible to blame business.

The final pillar of the Biden program is racial justice. Ironically, the vice president to the first black president believes that America is systematically racist. His "Unity" program declares that virtually every significant gap—in wealth, health care, housing, policing, education—can be blamed on racism. The cure is a massive transformation of every aspect of American life, using a reparations commission, wealth transfers, subsidies, employment and promotion preferences, quotas, and even a new mandate to the Federal Reserve to seek racial equity. Every action that displaces merit with preference will reduce American efficiency and competitiveness. Tilting the system in the name of correcting old injustices will create new ones.

Four months into the pandemic crisis, with the nation's cities ablaze, the moderate Mr. Biden seemed likely to run away with the election. But moved by a dual crisis too big to waste, and pushed by the base of his party, he has now adopted Sanders-Warren socialism and a radical plan to remake American society on the basis of race.

Before Mr. Biden's transformation, the question facing voters was "Do you support Donald Trump?" The question now is, "Are you willing to endanger the economy and your freedom to end the Trump presidency?" For discontented Republicans and independents, and the many Americans who found refuge from socialism in this country, those questions are very different. There is a big difference between being unhappy and being suicidal.

Mr. Gramm is a former chairman of the Senate Banking Committee.

Europe Turns America Into a Bad Example on Fiscal Policy



POLITICAL ECONOMICS
By Joseph C. Sternberg

such as Italy.

Those fans should be wrier of getting what they've wished for. A similar aid package is proving controversial in the U.S.—the fiscal union where Europeans mistakenly believe this sort of thing is easy.

Europeans have long looked across the Atlantic with envy. America boasts a single currency and also the ability to redistribute tax money and borrowed cash from prosperous zones of its continental economy to those that are less well-off. True believers in the EU argue their bloc requires the same to function economically and politically.

The Covid-19 pandemic has provided an opportunity for European integrationists to go for broke (figuratively and in time perhaps literally)

The European Union's fondest fans are more or less thrilled with last week's major coronavirus spending spree. Leaders of EU member states agreed to pour €750 billion into fiscally strapped members

in emulating what they think is the U.S. model. The European Commission will issue bonds backed jointly by all EU members, and then apportion the proceeds to governments partly as grants and partly as loans based on national need.

There's only one problem. America's fiscal system works nothing like the way the Europeans seem to think it does.

It's true that Americans are at least somewhat willing to let the federal government spend a lot of money in a crisis—a trillion dollars here and a trillion there in a pandemic. This mostly takes the form of the sort of "stabilizers" that discerning European economists desire for their continent, meaning the suite of social-welfare benefits and federally funded public-works projects intended to smooth out consumption during a recession.

Yet while this money may be laundered through block grants to state governments, it amounts to a form of aid from U.S. taxpayers to individual fellow Americans in need. Even then Americans rarely agree on the dollar amounts and specific forms of aid, and that sort of haggling is what we pay Congress to do.

This isn't what the EU will do under its fiscal plan. The EU lacks the political consent to create and the bureaucratic ability to administer its own continentwide spending programs. It must instead assess the need for each member state to stabilize its own economy and then weigh that government's capacity to fund itself. Those governments found most wanting will receive the most aid.

EU officials look with envy on the unified U.S. system. But it doesn't work the way they imagine it does.

This is the type of fiscal union the U.S. conspicuously avoids. A member country's "capacity" to fund itself is always a function of local political decisions. Germany two decades ago undertook difficult economic reforms and then made a concerted effort to pay down its national debt; now Berlin enjoys the fiscal room to pay for a large pandemic spending spree. Italian voters and politicians did

not of those hard things, and now don't have any of their own or anyone else's money to spare on virus relief.

The EU plan amounts to a subsidy for bad decisions made by someone else's government. Americans almost never do this.

New York City's bailout in the 1970s is the exception and came with the sort of strict policy conditions that annoy indebted European governments. Stockton and San Bernardino, Calif., in 2012 and Detroit in 2013 didn't receive bailouts in the wake of the 2008 financial panic and filed for bankruptcy, as have more than 600 municipalities since the Great Depression.

This model has worked well for the U.S. Most important, America avoids the fiscal food fights that have addled Europe since it began bailing out its economic laggards a decade ago. Those bailouts always come with meddlesome policy conditions (sometimes wise, often not) designed to mollify donor taxpayers. Utah's governor should be grateful not to have to micromanage New Jersey's public-employee pensions in the way Germany's Angela Merkel set conditions on Greek spending. Why New

York Gov. Andrew Cuomo would welcome the sort of fiscal scrutiny once visited on Spain is a political mystery, although New York taxpayers might benefit.

Even now, a proposal by blue-state Democrats in Congress to bail out their state-level conferees is proving controversial. Democrats would love to slip such a bailout into the newest coronavirus spending spree as a sop to the public-sector unions whose bloated salaries and pensions have caused blue-state fiscal dysfunctions. Republicans are resisting.

Europeans and Americans have lessons to teach each other here. America's long history of federalism, properly understood, could serve as a model if the European Union ever decided to create the political institutions to match its fiscal ambitions.

Europe's more recent miserable and acrimonious fiscal debates, meanwhile, offer a timely reminder to Washington of the dangers of subsidizing bad local decision making. U.S. progressives say they want to emulate Europe's political economy. In this regard, with apologies to H.L. Mencken, they should take care lest they get what they want good and hard.

Trump Helps the Environment by Enraging Environmentalists

By Richard A. Epstein

The Trump administration recently published the first comprehensive revision of federal regulations under the National Environmental Policy Act of 1970. Environmental groups predictably denounced the initiative. Among its many detractors, the Wilderness Society insists that these regulations will "essentially gut" NEPA by putting "polluters in charge of environmental protection." This objection wholly overlooks NEPA's deeply dysfunctional features.

From its inception in 1970, NEPA

had two basic objectives: first, to require all new projects to receive a thorough and transparent vetting of potential environmental risks; second, to expand democratic participation in the review process via public hearings.

Five decades later, it is clear that NEPA has achieved neither. The most obvious sign of institutional distress is the long time—4.5 years on average—to complete the elaborate environmental impact statement before work can commence. Today's NEPA behemoth is far from its 1970 origins, which is why the Trump administration's update is overdue.

Environmentalists critics work on the flawed assumption that the longer the review period, the greater the environmental protection. But that's untrue for the large majority of important projects. As I detail in a report for ConservAmerica, these new projects typically replace older, more dangerous projects and use superior technologies unavailable generations ago. When NEPA review delays a state-of-the-art pipeline, for instance, that requires greater shipment of fossil fuels by rail and truck, which is far more likely to cause major spills with extensive collateral damage.

As drafted, NEPA requires the government agency in charge of a review to consider "every significant aspect of environmental impact," a clear impossibility for complex multibillion-dollar projects. Typically the truncation of that open-ended inquiry leads officials to become preoccupied with small defects and overlook the major improvements in both consumer welfare and environmental safety that new roads, bridges, airports and other projects promise.

Ostensibly, the report released in July by the Trump administration is concerned only with NEPA's extensive procedural provisions. It contains many useful proposals on how to coordinate and streamline a cumbersome process often divided haphazardly among multiple agencies. One set of needed changes is strict timelines and page limits on environmental impact statements to speed up and focus the review process.

But by far the most important proposal is to soften the devastating consequences that flow from any asserted NEPA violation. Courts have wrongly created a strong presumption that any deviation from NEPA's exacting requirements, however trivial, requires that the permit be denied. The endless rounds of NEPA reviews led to the abandonment of the Atlantic Coast Pipeline this month before construction could begin, and to shutting down for the flimsiest of reasons the Dakota Access Pipeline after three years of successful operation.

His plan to reform NEPA would speed replacement of old, dirty projects with cleaner new ones.

NEPA rules also deviate from sound judicial practice. An injunction is appropriate only when a plaintiff can show irreparable harm, which can't be demonstrated solely by showing that the project developer does not yet have in place a perfect plan for containing oil spills that are unlikely to occur in the first place. Ironically, NEPA's laborious process undercuts the statutory objective of making informed public decisions. Trying to decide everything at the initial stage of review requires speculation and invites errors in judgment. A far more sensible process would allow work to be-

gin while these details are ironed out through project upgrades, backed by public and private inspections, strong liability protections and extensive insurance policies. These sensible precautions would sharply cut down both the frequency and severity of adverse environmental impacts.

As drafted, NEPA was intended to invite all segments of the public to submit comments to improve decision making. But in 1971, in *Calvert Cliffs' Coordinating Committee v. U.S. Atomic Energy Commission*, the U.S. Circuit Court of Appeals for the District of Columbia invited a flood of new litigation by holding that any disappointed party may challenge an agency approval in federal court. Even if the bulk of informed opinion supports a new project, an extreme outlier can sue to stop it. NEPA includes no provision establishing a private right of action, but the practice has become so ingrained that it can't be undone by regulation.

Congress should act to stop the hijacking of the permit process to block the use of fossil fuels throughout the economy. Informed, democratic decision making requires consistent environmental regulation, not a patchwork of dubious judicial decisions that turn NEPA into a legal swamp that now must be drained.

Mr. Epstein is a law professor at New York University, a senior fellow at the Hoover Institution and a senior lecturer at the University of Chicago.

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WORLD NEWS

Putin Faces Rare Unrest in Russia's Far East

Protesters, outraged by governor's arrest, accuse the Kremlin of being heavy-handed

By ANN M. SIMMONS

KHABAROVSK, Russia—In this remote city, thousands of miles east of Moscow, Russian President Vladimir Putin is facing a challenge to his rule from a place that has rarely protested before.

It is coming from the likes of Ivan Rubanov, a 64-year-old grandfather, who has joined tens of thousands of people demonstrating against the arrest of a popular opposition party governor earlier this month.

But like many others, his anger extends further than the arrest. Mr. Rubanov, a retired factory foreman, says he is angry with Mr. Putin for paying little heed to the struggle of ordinary people in Russia's Far East, a resource-rich but long-neglected region that during the Stalin years was a place to send political prisoners.

"My children and grandchildren have no future, no prospects under this type of rule," Mr. Rubanov said at a recent protest. "My hands are shaking with anger."

The arrest of Sergei Furgal, the deposed governor of the broader Khabarovsk region, on allegations that he was involved in organizing two murders and an attempted homicide 15 years ago, has spurred the largest eruption of popular anger at Mr. Putin in the Far East in years. Mr. Furgal has denied wrongdoing.

Protesters have poured into the streets, arguing that Mr. Furgal's arrest was trumped up and was a warning from Moscow not to defy the Kremlin.

Protests like the recent ones in Khabarovsk—which sits 16 miles from the border with China and is an important economic and political outpost for the Kremlin—are rare in the Far East of Russia. They follow a referendum earlier this month on constitutional changes that included a provision to allow Mr. Putin to potentially stay in power until 2036.



A demonstration earlier this month in Khabarovsk. Protesters have taken to the streets, arguing that the arrest of Sergei Furgal, a popular governor, was trumped up.

Moscow Court Convicts American

MOSCOW—A U.S. student detained in Russia was convicted of assaulting two police officers and sentenced to nine years in prison, in a case his family and supporters believe is politically motivated.

A Moscow court found Trevor Reed, a 29-year-old student at the University of North

Texas and a former Marine who has been detained for nearly year, guilty of using violence against government officials, according to the Russian Legal Information Agency. He was ordered to pay each officer 100,000 rubles (US\$1,378), the agency reported.

Calls to the Golovinsky District Court were unanswered. His lawyer couldn't be reached to comment.

"This is completely a political case," Mr. Reed told report-

ers after the verdict. "I will be asking my government for political support."

U.S. Ambassador to Russia John Sullivan said that he "will not rest until Trevor is freed and returns home."

Mr. Reed said that after he was arrested he wasn't asked about fighting with the police. Instead, investigators questioned him about his military service and his deployments, he said.

—Ann M. Simmons

Some 78% of Russians endorsed the changes. But the Khabarovsk region, which has the same name as the city and is one of the 11 regions that comprise Russia's Far East federal district, recorded one of the lowest levels of support in the referendum, with 62% voting in favor. Turnout was among the lowest in the country at around 44%, compared with 68% nationwide.

Mr. Furgal, a sandy-haired 50-year-old, is a charismatic figure with a loyal following among local residents. He de-

feated the candidate of the ruling United Russia party in a 2018 election win that analysts said was largely the result of a protest vote against the Kremlin over an unpopular pension reform earlier that year that raised the retirement age.

Rich in diamonds, timber and coal reserves, the Far East is only a little smaller than China in terms of landmass but has a population of less than 7 million. It is significantly less developed than the rest of Russia, held back by crumbling transport links and

endemic corruption, and with fewer social and cultural opportunities.

Seven time zones and almost 4,000 miles from Moscow, Khabarovsk feels detached from Russia's capital.

Many residents viewed Mr. Furgal's arrest as emblematic of Moscow's heavy-handedness and disregard for the region. The Kremlin's decision to replace him with an outsider who has never lived in the area before compounded the resentment, some residents say. Vladimir Lepeshkin believes

Russia's political elite are growing rich off regular Russians, and Moscow's disregard for the people's choice of leader in Khabarovsk spurred him to join the protests. "I am not satisfied with the obvious theft. There are no prospects," said the 38-year-old dancer.

Others suggest Mr. Furgal was an ineffective leader whose social-media profile was more impressive than his ability to deliver. As Mr. Rubanov held his sign at the recent protest, a woman screamed at him, saying Mr. Furgal had done little to help the region.

The Kremlin has said that, based on evidence from the federal investigative committee, authorities were justified in arresting Mr. Furgal for his alleged participation in the murders of two businessmen in 2004 and 2005.

Moscow wants to keep a tight hold on the area, politically and economically. The Far East is Russia's gateway to China, and the two countries are more closely aligned now than for decades.

The region also provides easy access to other Pacific

markets and key trade routes. Mr. Putin has laid out plans for the region, including a \$600 million project to develop the port at Zvezda to expand exports to Asia, and a new site for space launches at Vostochny in the Far East Amur region.

Shortly after Mr. Furgal's arrest, the government announced plans to allocate some \$28 billion to finance the development of the Far East through 2024.

Mr. Putin has focused on coaxing Russians from other parts of the country to head east to reverse the brain drain that has depopulated the region in recent decades. His homesteading program promises a total of nearly to 494 million acres to anyone willing to make the move.

There have been few takers. Moscow's planners aim to make the area more attractive for newcomers with new infrastructure spending, but until then, resentment appears likely to continue.

—Valentina Ochirova in Khabarovsk contributed to this article.

Middle East Toughens Virus Rules as Eid Begins

By STEPHEN KALIN

RIYADH—As the Middle East prepares to celebrate Eid al-Adha, governments are tightening coronavirus-related restrictions and urging people to stay home to prevent a resurgence of infections during one of Islam's most important festivals.

The United Arab Emirates is closing mosques for Eid prayers and barring gatherings at home, while Iraq and Lebanon have announced full lockdowns for up to two weeks. Oman, one of the most popular destinations in the region during Eid holidays, has reimposed a nighttime curfew and curbs on domestic travel.

Saudi Arabia this week dramatically scaled down the hajj pilgrimage, which precedes the Eid celebration starting Friday, to avoid seeding fresh outbreaks. Authorities have urged people to pray at home

and reiterated rules against gatherings of more than 50 people and fines for not wearing face masks in public.

Religious events have emerged as major spreaders of the disease across the world. Many countries, including Saudi Arabia, reported a big jump in cases following the Eid al-Fitr festival in May after restrictions were eased during the holy month of Ramadan, when Muslims gather to break daylong fasts.

The patchwork of responses across the Middle East this time reflects how countries are finding different equilibriums between curbing the spread of the disease and protecting their economies, especially as fatigue sets in and people seek a return to normalcy. Sacrificing tradition to combat the virus amid a succession of annual religious festivals has strained social norms that usually involve congregational

prayers at mosques, large communal meals and visiting family and friends.

Governments "understand the psychology of people, the urge to celebrate," said Hanan Balkhy, assistant director general for antimicrobial resistance at the World Health Organization. "This is not going to end soon and there's no way that we can keep people locked up."

As a result of the pandemic and depressed oil prices, the International Monetary Fund expects the region's economies to contract 4.7% this year. Many countries have rushed to ease lockdowns in an attempt to revive economic activity. Consumption usually jumps during festivals such as Eid.

In Iran, which has suffered more from the pandemic than any other country in the Middle East, the government has been reluctant to reimpose lockdowns despite a recent surge in infections.



Muslims pray in the Namira Mosque near Mecca, Saudi Arabia, during the annual hajj pilgrimage.

Neighboring countries that have doubled down on testing remain cautious. The U.A.E., where new daily infections have slowed to a few hundred, is closing mosques for Eid prayers and barring gatherings at home, even as international flights have resumed and Dubai is welcoming back tourists.

Iraq and Lebanon announced full lockdowns after reporting some of their highest daily case loads this week. Iraqi health officials blame the rise on weak adherence to guidelines such as social distancing and wearing masks in public, combined with improved testing capacity.

"Citizens must not go out unless absolutely necessary," the health ministry said.

Lebanon, which is struggling amid a financial crisis just to keep the electricity on at its main Covid-19 hospital, has closed places of worship, markets, bars, nightclubs, movie theaters and sporting events.

WORLD WATCH

SAUDI ARABIA

King Leaves Hospital A Week After Surgery

Saudi Arabia's King Salman left a Riyadh hospital on Thursday after a 10-day stay that included an operation to remove his gallbladder, quieting speculation that his son Crown Prince Mohammed bin Salman might soon accede to the throne.

The 84-year-old monarch walked out of King Faisal Specialist Hospital with the help of his usual cane but otherwise under his own power, a video published by state news agency SPA showed.

The Royal Court provided no new details about the king's condition after saying a week ago that he would stay in the hospital for an unspecified period following the surgery. He left the hospital a day ahead of Eid al-Adha, one of Islam's most im-

portant festivals.

King Salman's health and the politics of succession in Saudi Arabia, the world's top oil exporter and the largest economy in the Middle East, are monitored closely. The kingdom hosts thousands of U.S. troops and is a key partner in Washington's efforts to confront Iran and fight terrorism.

—Stephen Kalin

BELARUS

Dozens of Russians Held on Plot Charges

Belarus opened a criminal case against dozens of Russians it said are mercenaries who were plotting to incite riots in the country ahead of next month's presidential election, raising the stakes as relations between the two longtime allies deteriorate.

The state investigation agency said Thursday that 33 Russian nationals it described as belong-

ing to Wagner Group, a Russian company with ties to the Russian government, were being held as a preventive measure while the agency tries to identify who might have been involved in planning any disturbances.

Andrey Ravkov, Belarus's Security Council secretary, said the Russians were among some 200 people known to have arrived in Belarus with the intention of carrying out terrorist attacks to destabilize the country.

The accusations come at a delicate time for relations between the two countries, which until now have been strong allies. The nations are bound by a defense pact, a customs union and a common language, culture and religion. Both were part of the Soviet Union.

But the relationship has frayed, particularly over Russia's proposals to absorb Belarus as part of an enlarged Russian state.

—Ann M. Simmons

TAIWAN

Longtime President Lee Teng-hui Dies

Lee Teng-hui, who as Taiwan's first native-born president steered the island's transition to democracy, became its first popularly elected leader and championed a sense of Taiwanese identity separate from mainland China, died on Thursday. He was 97 years old.

Mr. Lee died at Taipei Veterans General Hospital, where he had been receiving treatment since February after choking on milk, a hospital spokesman said. The cause of death was septic shock and multiple organ failure.

As Taiwan's president from 1988 to 2000, Mr. Lee dismantled the authoritarian regime that his Nationalist Party—which once governed mainland China—imposed on the island after World War II. He put in place re-

forms to allow people to directly elect their leaders, paving the way to a multiparty democracy.

Mr. Lee redefined relations with Beijing, which claims Taiwan as its territory.

Setting aside decades of hostilities, he opened dialogue with China's Communist Party in the early 1990s to facilitate economic and other links that eventually turned the mainland into Taiwan's largest trading partner—a dependence Beijing has subsequently tried to exploit in an effort to assimilate the island of nearly 24 million people.

—Chun Han Wong

HONG KONG

Twelve Opposition Candidates Barred

Officials banned 12 opposition candidates from running in planned legislative elections, as they moved to dismantle a pro-

democracy movement that challenges China's rule in the city.

Candidates across the democratic spectrum—including more moderate incumbent lawmakers, grass-roots activists and internationally known advocates—were informed Thursday that their candidacies for the citywide vote planned for Sept. 6 were invalid.

The scale of disqualifications and reasoning provided was widely condemned by the opposition as political censorship.

Among reasons Hong Kong election officials cited were statements that the candidates had made about opposing government policies in the legislature and doubts over their allegiance to the city and its mini-constitution, known as the Basic Law. Joshua Wong, a prominent activist, and members of the pro-democracy Civic Party were among the disqualified candidates.

—Natasha Khan

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Apple's Software, Device Sales Surge

By TRIPP MICKLE

Apple Inc. showed the technology industry's resilience amid the pandemic, reporting a better-than-expected 11% increase in quarterly sales from a year earlier as it benefited from strong demand for apps and work-from-home devices and avoided a downturn in its iPhone business.

The tech giant posted revenue for its fiscal third quarter of \$59.69 billion, even as a new wave of coronavirus outbreaks across the U.S. led the company to again close stores. Profit rose 12% to \$11.25 billion, or \$2.58 a share.

The results exceeded analysts' expectations of \$52.24 billion in revenue for the three months ended June 27. Apple and its tech peers have outperformed other industries up-

ended by the pandemic because of their roles providing the goods and services people have turned to as they work remotely and spend less time venturing outside the home.

Apple officials said demand across all of the company's products exceeded expectations in May and June. Chief Executive Tim Cook credited the showing to a strong launch of the iPhone SE in April, eco-

nomics stimulus measures from countries world-wide and the lifting of stay-at-home curbs.

"There were a lot of things going in the right direction," Mr. Cook said.

Apple will delay its annual fall update to its iPhone lineup by a few weeks, finance chief Luca Maestri said, pushing the release into October from late September. The company has faced manufacturing challenges

stemming from plant closures and travel restrictions to China that have delayed a ramp-up in iPhone production.

Apple also said its board approved a 4-for-1 stock split, aiming to make the stock more accessible to a wider investor base. On Thursday, before the financial report, shares closed at \$384.76.

Shares rose more than 6% in *Please turn to page B4*

Google Ad Revenue Declines In a First

By ROB COPELAND

The global pandemic dealt a rare losing hand to Google's venerable digital advertising operation, pushing quarterly revenue down compared with a year earlier for the first time in company history.

The search-engine giant posted a \$2.6 billion, or 8%, drop in advertising for the second quarter from a year earlier, as some of Google's biggest advertisers, including travel companies and consumer brands, cut back on spending amid economic uncertainty.

In all, Google's parent, Alphabet Inc., reported advertising revenue of \$29.9 billion for the three months through June. That metric, which includes ads on Google's own properties as well as those placed on other websites, fell short of the \$32.5 billion haul a year earlier. The weakness appeared to have been driven mostly by Google's traditional venues such as search; the YouTube video unit, for instance, posted a modest rise in revenue. Google's ad- *Please turn to page B4*



Supply of the crop has withered since Beijing ended a subsidy in 2016, and now rising prices are expected to increase purchases from U.S. farms. A grower in Sichuan province.

China's Corn Appetite Seen Boosting U.S.

By LUCY CRAYMER

Corn prices in China have soared, which could be good news for American farmers.

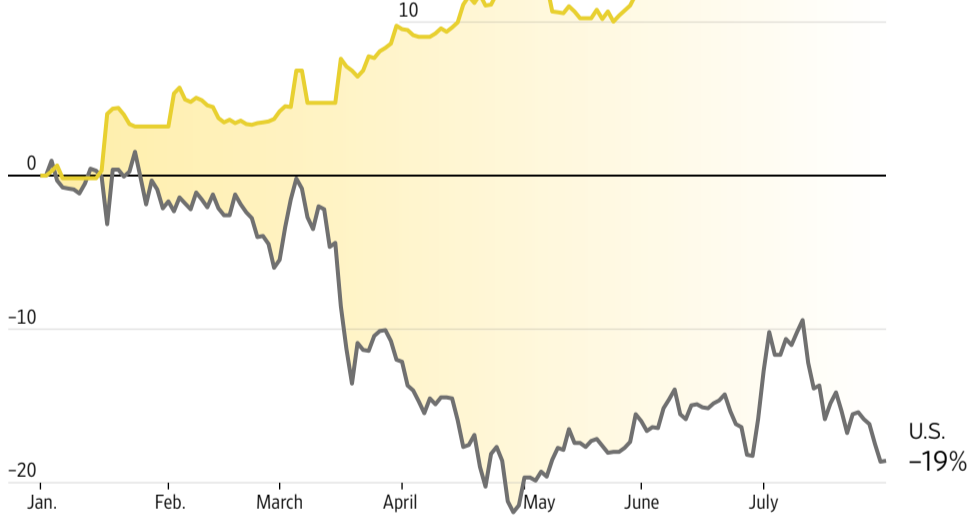
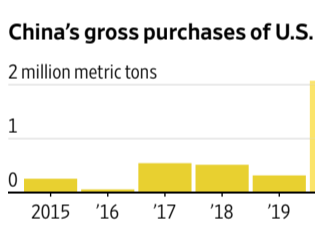
As China's formerly bloated stockpiles shrink, prices have climbed to a five-year high. Since January, front-month corn futures on the Dalian Commodity Exchange have risen 27% to about 2,306 yuan (\$329) a metric ton, a level last seen in the summer of 2015.

Back in 2016, the Chinese government ended a long-running price-guarantee program for corn farmers that had led to the accumulation of massive amounts of the grain. Withdrawing the supports caused Chinese corn prices to plunge. Low prices and the lingering oversupply led farmers to cut back production.

China uses corn primarily for animal feed, but low domestic prices over the past four years caused it to find other uses as well, such as for cooking starch. Still, it has taken years to significantly reduce stockpiles and allow prices to recover.

But with prices now soaring, industry analysts say they expect China to step up imports of corn and other grains,

such as sorghum and barley, to help meet demand.



*Through July 16 †Front-month contract Sources: U.S. Department of Agriculture (China's gross purchases of U.S. corn); FactSet (performance)

That would benefit U.S. grain farmers, who are suffering from falling prices this

year. The coronavirus pandemic has damped sales, and the market is further depressed by expectations of a larger corn crop later this

year, thanks to farmers' increasing the amount they planted. The U.S. harvest typically begins in September. China has already stepped

up purchases of American farm goods this year, looking to hit purchasing targets laid out in the first phase of the U.S.-China trade deal signed in January.

"China is going to have to buy more grains, and the trade deal with the U.S. shoehorns that demand toward the U.S.," said Tobin Gorey, agri-strategy director at Commonwealth Bank of Australia. That is providing some support to U.S. prices, he added, though not enough to overcome the effect of the looming large new crop.

China bought 2.1 million metric tons of corn through July 16, up from 315 thousand metric tons in the same period last year, according to the U.S. Department of Agriculture. The world's most populous nation and No. 2 economy is also the second-largest producer and consumer of corn after the U.S.

On July 10, China's Ministry of Agriculture and Rural Affairs said it expected to import six million metric tons of corn in the 12 months ending this September. That was 50% higher than its earlier forecasts and would represent the highest total ever.

Chinese authorities said the *Please turn to page B2*

P&G Sales Boast the Best Gain Since '06

By SHARON TERLEP

Procter & Gamble Co., maker of household staples from Tide detergent to Charmin toilet paper, reported its strongest annual sales gain since 2006 as the pandemic kept consumers at home and vigilant about cleaning.

Demand in the U.S. for cleaning and paper products continued to surge through the spring and early summer, while the reopening of China, P&G's second-biggest market, drove sales there.

P&G executives said the company's efforts in recent years to overhaul itself by shedding weaker brands and streamlining what they described as an often suffocating bureaucracy are paying off at a time of crisis.

The Cincinnati company's organic sales—a closely watched metric that strips out currency moves, acquisitions and divestments—were up 6% for the fiscal year ended June 30. For the latest quarter, organic sales also rose 6%.

P&G predicted more modest *Please turn to page B2*

Ford Reports Big Loss But It Expected Worse

By MIKE COLIAS AND RUTH BENDER

Ford Motor Co. posted a \$1.9 billion operating loss in the second quarter, the latest global auto maker to report steep losses from factory closures as the pandemic's financial fallout on the car business comes into focus.

Still, global auto makers this week said they expect profits to return in coming months—barring further factory disruptions related to Covid-19—as the restart of production has mostly gone smoothly and buyer demand has been stronger than analysts expected when the health crisis hit.

Ford's second-quarter result was far better than the \$5 billion operating loss the company signaled in April, when its U.S. factories were idled

amid Covid-19 lockdowns. Ford's loss of 35 cents per share on a pretax basis, adjusted for one-time items, beat the average analyst forecast of a \$1.17 loss.

The auto maker lost money in each major region in which it operates, including the normally lucrative North American market, where it lost nearly \$1 billion in the April-to-June period.

Resilient sales of expensive Ford F-150 pickup trucks helped offset several weeks of lost production in April and May, the company said.

The company posted net income of \$1.1 billion for the second quarter, after factoring in a \$3.5 billion gain related to Volkswagen AG's June investment in the company's driverless-car startup Argo AI. *Please turn to page B2*

INSIDE



BUSINESS Coca-Cola to push into alcoholic beverages with a hard seltzer drink. **B2**

ENERGY Shell posts loss of \$18.4 billion as pandemic devastates oil demand. **B3**

Twitter Says Hackers Used Phone-Based System Attack

By ROBERT MCMILLAN

The hackers behind the high-profile online break-in at Twitter Inc. this month talked their way onto the company's network using the telephone, the company said.

"This attack relied on a significant and concerted attempt to mislead certain employees and exploit human vulnerabilities to gain access to our internal systems," Twitter said Thursday on its platform. Twitter didn't spell out how exactly the voice phishing attack was carried out or how its employees were fooled. The company previously said the hackers used "social engineering" to gain access to its tools. Once the hackers tricked employees into giving them access to Twitter's systems they learned more details of how the company

worked and used that information to target other employees, Twitter said in its latest disclosure on the event.

During the July 15 attack, hackers targeted 130 Twitter accounts. They tweeted from 45, accessed the direct messages of 36 users and downloaded the Twitter data of seven customers, the San Francisco-based company said.

The hackers tweeted from accounts of such high-profile users as former Vice President Joe Biden and Tesla Inc. Chief Executive Elon Musk, to perpetrate a cryptocurrency scam. Among the users whose message they accessed was Dutch anti-Islam politician Geert Wilders.

The relatively mundane mechanics revived concerns about Twitter's approach to data security. The incident was the third

major security issue linked to insider access to Twitter systems since the company entered into a 2011 consent decree with the Federal Trade Commission over weaknesses in its security practices.

The hack has raised pressure on Twitter over how it runs the platform. Republican Sen. Josh Hawley of Missouri wrote Twitter Chief Executive Jack Dorsey asking for further information about the hack, including whether the company in the past had considered more stringent measures.

Twitter said, "We're accelerating several of our pre-existing security workstreams and improvements to our tools. We are also improving our methods for detecting and preventing inappropriate access to our internal systems and prioritizing security work across many of our teams."

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Ford Posts A Loss of \$1.9 Billion

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The coronavirus has plunged automobile makers around the world into one of the deepest crises in recent years and added to struggles the industry was already facing before the pandemic, with softening demand for cars and soaring costs for technology.

Ford's second-quarter operating result was worse than that of rival General Motors Co., which posted a \$536 million pretax loss and breezed past Wall Street's forecasts.

The gap with GM was partly explained by the geographic footprint of the two companies: GM's largest market is China, which recovered from Covid-19 shutdowns in the quarter. Ford has a much smaller presence in China and, unlike GM, produces cars in Europe, which was hit by pandemic disruptions during the period.

Ford expects third-quarter operating profit to rebound to between \$500 million and \$1.5 billion.

GM on Wednesday said it expects pretax earnings of more than \$2 billion in each of the next two quarters.

Volkswagen slashed its proposed dividend Thursday after swinging to a net loss in the second quarter, but the world's biggest car maker by sales also said there were signs a recovery was under way in markets from Western Europe to the

U.S. Volkswagen, which also makes the Audi and Porsche brands, posted a net loss of €1.61 billion (\$1.9 billion) in the second quarter ended June 30, compared with a net profit of €3.96 billion in the same period a year earlier.

Revenue fell 37% to €41.08 billion from €65.19 billion as sales slipped across the world because of economic shutdowns aimed at containing the pandemic.

"The first half of 2020 was one of the most challenging in the history of our company due to the Covid-19 pandemic," said Chief Finance Officer Frank Witter.

Renault SA on Thursday posted a net loss of €7.29 billion for the first half of the year as the French auto giant reeled from the effects of the pandemic as well as the woes of its alliance partner Nissan Motor Co.

The plunge was more than twice the loss Renault posted for all of 2009 during the financial crisis.

It also outstripped analysts' forecast of a €4.49 billion loss. Shares fell more than 9% in trading in Paris.

Volkswagen said that because of the heft of the impact from the pandemic and difficulty in predicting the future, the company will propose to shareholders to lower its dividend for 2019 to €4.8 per ordinary share from a previous proposal of €6.5 per ordinary share, and €4.86 per preferred share instead of €6.56.

The German auto maker sounded a more optimistic note for the second half of the year.

—Nick Kostov in Paris contributed to this article.



Volkswagen cut its proposed dividend while recording a net loss of \$1.9 billion in the quarter. The car maker saw signs of sales recovery.

BUSINESS & FINANCE

Coca-Cola Ventures Into Alcohol, Planning to Add a Hard Seltzer

By JENNIFER MALONEY

Coca-Cola Co. said it plans to launch a boozy version of its Topo Chico sparkling water in the U.S. next year, plunging the soda giant into the market for alcoholic beverages.

With the move, the company joins the fray of beverage giants vying for market share as consumers flock to hard seltzer for its minimal calories and lower alcohol level.

Americans spent \$3 billion on hard seltzer in U.S. retail stores in the 52 weeks ended July 11, up 241% from a year earlier, according to Bump Williams Consulting Co.

The market is dominated by

White Claw, owned by Mike's Hard Lemonade Co. Boston Beer Co. makes Truly, the No. 2 brand. Anheuser Busch InBev NV and other big brewers have also introduced hard seltzer brands, including Bud Light Seltzer and Corona Hard Seltzer.

It has been decades since Coke sold booze in the U.S. The company previously owned a wine business that it sold in 1983. In 2018, Coke introduced a fizzy, lemon-flavored alcoholic drink in Japan called Lemon-Do.

Coke "is committed to exploring new products in dynamic beverage categories, including hard seltzer," the

company said in a statement posted on its website. "Topo Chico Hard Seltzer is an experimental drink inspired by Topo Chico sparkling mineral water, which has been popular with many mixologists."

Coke will pilot the alcoholic Topo Chico drink in Latin America later this year, the company said. News of the new product was reported earlier by Beverage Digest, an industry publication.

Alcohol distribution is tightly regulated in the U.S. A Coke spokeswoman said the company hasn't finalized how it will distribute hard seltzer, which falls under the same regulatory category as beer.

Some Coke distributors already hold licenses to carry beer.

Under James Quincey, who became chief executive in 2017, Coke has expanded beyond its core soft-drink franchises. It has launched coffee-infused sodas and an energy-drink version of its namesake cola, despite objections from its partner Monster Beverage Corp. It is also pruning some niche products, such as its Odwalla smoothies and juices.

During the pandemic, the company's biggest soda brands—including Coke, Coke Zero Sugar and Sprite—have sold well in grocery stores but have taken a hit from a steep drop-off in soda fountain sales.

Fintech Startup Affirm Explores an IPO

Affirm Inc. is laying the groundwork for an initial public offering that could value the financial-technology startup at as much as \$10 billion, according to people familiar with the matter.

By Cara Lombardo, Telis Demos and Corrie Driebusch

The point-of-sale lender is working with Goldman Sachs Group Inc. on a potential listing, the people said. The preparations are at an early stage and the company may not move forward with one. Affirm could also sell itself, potentially to a so-called blank-check company, they said.

Affirm offers online shoppers the ability to pay for goods in installments through short-term loans. The option to finance purchases with Affirm appears on the websites of

thousands of merchants ranging from Walmart Inc. to Expedia Group Inc. Earlier this month Affirm said it was joining with Shopify Inc. to make the function available to the fast-growing e-commerce platform's merchants, expanding its reach further.

Affirm was valued at \$2.9 billion in April 2019, according to PitchBook, but its target has risen since then—to more than \$5 billion and possibly as high as \$10 billion, some of the people said. Depending on market conditions and how quickly the company decides to move, its shares could begin trading this year.

Affirm began in 2012. Its founder is Chief Executive Max Levchin, who earlier hit it big when he co-founded the company that is now PayPal Holdings Inc. with Peter Thiel. Affirm's investors include venture-capital firms Founders Fund and Lightspeed Venture Partners as



CEO Max Levchin co-founded the company that is now PayPal.

well as mutual-fund giant Fidelity Investments.

Investor interest in the fintech industry, which digitizes functions such as payments and lending, has exploded as consumers increasingly shop and manage their finances online—a trend that has only been hastened by the coronavirus pandemic. Recent splashy IPOs include Lemonade Inc., which sells insurance policies online and through a mobile app.

Some of the largest merger deals of the year also involve fintech startups, including Visa Inc.'s purchase of Plaid Inc. and Intuit Inc.'s acquisition of Credit Karma Inc.

Some past offerings of upstart digital lenders haven't lived up to lofty expectations, however. Firms have struggled with challenges such as brutal competition, higher-than-anticipated defaults and spikes in funding costs. On Deck Capital Inc. went public in a high-profile 2014 listing that valued it at well over \$1 billion. The small-business lender announced a deal this month to be acquired for just \$90 million.

More recently, another online buy-now-pay-later company, Australia-based Afterpay Ltd., has soared in value this year. It became the country's largest listed tech company by market value on the back of a pandemic-sparked shift to online shopping there.



China stepped up purchases of American farm goods after a trade deal agreed to early this year. Corn is gleaned from a field in Iowa.

China Fuels Hope for U.S. Corn

Continued from page B1

jump partly reflects efforts to fulfill trade-deal commitments.

But analysts say imports

will also help relieve corn shortages emerging in parts of the country and hold down prices for users such as ethanol producers, struggling to make a profit.

And demand for feed is rising as farms expand hog herds that were decimated by last year's epidemic of African swine fever.

China's own corn production is expected to rise slightly but isn't enough to meet the country's needs.

Corn shortages are emerging in places, and demand for hog feed is rising.

Planting was hampered partly by a rise in costs—notably labor, pesticides and fertilizers—as Covid-19 broke out earlier in the year.

Another reason China is buying more corn from abroad, said Michael Underhill, chief investment officer at Wisconsin-based asset manager Capital Innovations, whose investments include agricultural businesses: It is a bargain.

Import corn prices are currently around 600 yuan (\$86) a metric ton lower than domestic corn prices in China.

—Zhou Wei contributed to this article.

P&G Sales Rise Most Since 2006

Continued from page B1

growth of 2% to 4% for the current fiscal year, citing high uncertainty around the global economy, especially in developing countries, and fallout from the new coronavirus.

"On the whole, with health, hygiene and cleaning, consumers' needs have changed forever," Chief Financial Officer Jon Moeller said. "Maybe not to the degree that's happened recently. But it's hard to imagine we'll snap back to the old world."

The strongest growth was in P&G's fabric and home-care unit, which posted a 14% sales gain, its highest ever. The

unit's brands include Tide along with Mr. Clean, Dawn dish soap and Cascade dishwasher detergent.

China sales recovered in recent months after sliding at the start of the year, when the country shut down in an effort to contain the virus. Closed factories, roads and stores stymied production and kept Chinese consumers from buying.

Organic sales in China rose 14% in the quarter and 8% for the full year.

P&G has yet to show signs of being negatively affected by the recession, as consumers remain willing to pay higher prices for its products. A question facing the company, given that its products are generally more expensive than rival brands, is whether it would fare better in an economic downturn than it did during the last recession, when sales growth plunged to anemic levels and took a decade to recover.

The company has worked in

recent years to improve offerings for more budget-conscious consumers.

"We expect that if this gets longer and deeper, people will have to make choices," P&G Chief Executive David Taylor said. "The good news is that, unlike last time, we have a broader portfolio."

Price increases continued to help drive sales gains in the most recent quarter, with sales volumes also growing stronger in recent months. Before the pandemic, consumers proved willing to buy without discounts the more-expensive products it has developed. Those price increases continued through the most recent quarter and helped offset losses due to currency moves.

P&G and its consumer-staple rivals such as Kimberly-Clark Corp. and Clorox Co. have cut back on deals and discounts as so many of their products—paper towels, disinfectants, sanitizing wipes—are

in such high demand that consumers buy whatever they can find.

P&G is wading more into cleaning products, both by chance and because of the pandemic. In February, it launched a household-cleaning line, Microban 24, that the company says can be used against the new coronavirus. It also offers 24-hour protection against bacteria, though not any viruses.

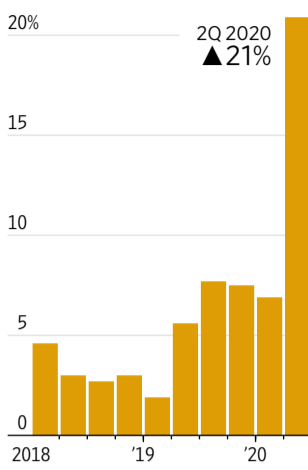
In recent weeks the company also quietly rolled out a hand sanitizer to a limited number of U.S. retailers. P&G had been making Safeguard hand sanitizer for use by its workforce and by the government, health-care entities and relief organizations.

Mr. Taylor said the company is working to ramp up capacity of both products.

P&G entered the fiscal year predicting organic sales growth of 3% to 4%, slower than the 6% it delivered.

BUSINESS NEWS

UPS average daily shipping volume, change from previous year



Surging Volume Lifts Profit For UPS

By PAUL ZIOBRO

United Parcel Service Inc. rode a pandemic-fueled surge in e-commerce to higher profits and a 13% jump in revenue during the June quarter, and its new boss said the delivery giant has room to raise rates on retailers relying on its network.

UPS said its average daily shipping volume rose 21% in the quarter, faster than the company has ever recorded, with a 65% increase in shipments to homes. The magnitude of the jump was a surprise to UPS, which had been planning for demand to pull back from the high levels in the early days of the pandemic.

"At the beginning of the second quarter, we assumed demand would slow," Chief Executive Carol Tomé said on Thursday's earnings call. "Instead, we saw just the opposite."

UPS shares shot up 14% in Thursday trading.

UPS has benefited from handling packages for Amazon.com Inc. after FedEx cut ties with the e-commerce giant last year. It also said it had an increase in Covid-19 related health-care shipments and an increase in outbound packages from Asia.

The sudden growth comes at a cost, though, as the carriers incur greater expenses from more miles driven and fewer packages delivered per stop as they deliver more to homes instead of businesses.

UPS's average revenue per package in the U.S. dropped 4.4% from a year ago, as shipments using one of UPS's lower-priced services nearly doubled.

UPS reported a profit of \$1.8 billion, or \$2.03 a share, up from \$1.7 billion, or \$1.94 a share, a year earlier. Revenue hit \$20.5 billion.

Tyson Adds Medical Post In Covid Era

By DAVE SEBASTIAN

Tyson Foods Inc. said it has created a chief medical officer position and plans to hire nearly 200 nurses and administrative personnel as part of its Covid-19 monitoring program.

The meatpacking giant on Thursday said its program involves screening employees daily as they arrive at work and testing for Covid-19, including those without symptoms. An algorithm-based process will select a number of employees each week to be tested based on factors such as the number of positive cases involving plant workers as well as the surrounding community, it said.

The company said less than 1% of its workforce of 120,000 has tested positive for Covid-19. Tyson has tested a third of its workforce and plans to test thousands of workers every week, it said.

Plant shutdowns to curb the spread of the coronavirus reduced U.S. beef and pork production by more than a third in late April. In response, meatpackers spent hundreds of millions of dollars on safety equipment such as personal protective gear, thermal scanners and workplace partitions.

Shell Posts Loss of \$18.4 Billion

By SARAH MCFARLANE

Royal Dutch Shell PLC swung to a heavy loss in the second quarter and warned that the outlook for oil-and-gas demand continued to be uncertain, illustrating the scale of damage Covid-19 is wreaking on the industry.

The pandemic has crushed demand for oil, hitting prices hard. When around two-thirds of the world's population was in lockdown in early April, global oil demand fell by a third, according to the International Energy Agency.

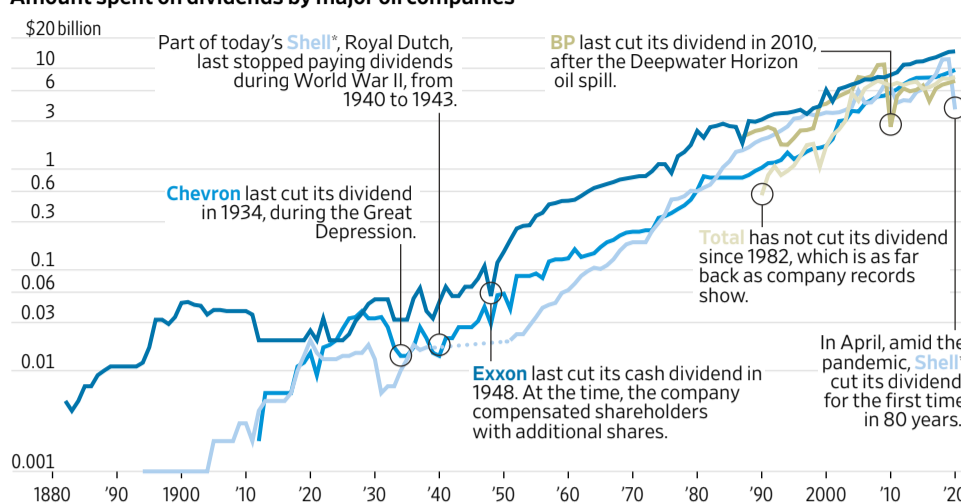
That led Shell on Thursday to report a second-quarter loss on a net current-cost-of-supplies basis—a figure similar to the net income that U.S. oil companies report—of \$18.4 billion. That compares to a profit of \$3 billion in the same period last year and is the company's first loss since the third quarter of 2015.

The Anglo-Dutch company's performance was partly hit by it writing down the value of its assets by \$22 billion before tax, as flagged in June, reflecting expectations of lower energy prices.

About half the charge was attributed to its gas business—mainly its Australian liquefied natural gas projects. It also wrote down the value of two shale assets in North America and offshore assets in Brazil, Europe, Nigeria and the Gulf of Mexico.

The world's big five oil companies typically pay reliable dividends, other than in rare times of crisis.

Amount spent on dividends by major oil companies



Values measured in British pounds, not U.S. dollars. Note: Charted on logarithmic scale to emphasize rate of change. Total dividend payouts can change depending on number of shares in issue. Specific data unavailable for Shell between 1939 and 1950. Source: Bernstein (dividend spend); the companies (dividend cut dates)

Katherine Riley/THE WALL STREET JOURNAL

Shell warned that the uncertain outlook for oil and gas demand could curtail its production in the third quarter, as well as activity at its refineries and chemicals plants. It also said its LNG business would suffer a greater impact from lower oil prices in the third quarter because of the time lag for price moves reaching oil-linked LNG contracts.

Benchmark Brent oil prices averaged \$29.60 a barrel between April and June, down 57% from the comparable year-earlier period. Brent traded at \$43.78 a barrel Thursday.

"There remains continued

significant uncertainty in terms of how the pandemic will play out; we're seeing a lot of starting and stopping around the world, that impacts our assets, our supply chains," said Jessica Uhl, Shell's chief financial officer.

The company is restructuring to become simpler, leaner and more focused, Ms. Uhl said, without elaborating on whether this could result in Shell selling any businesses. Efforts to reduce costs include a voluntary redundancy program, although the company didn't say how many roles could be cut. Shell employs

around 83,000 people.

"A major overhaul is required, working out what's core and noncore, in the context of whether they want to be in all markets or exit some businesses," said Christyan Malek, an analyst at JP Morgan.

French energy company Total SA also reported a quarterly loss Thursday, but said it would maintain its dividend. Its earnings came a day after it wrote down the value of its assets by \$8.1 billion because of lower oil price expectations. Still, Total said that while its European gas stations saw a 30% fall in demand for petro-

leum products in the quarter, by June it had rebounded to 90% of precrisis levels.

Both Shell and Total noted the strength of their trading activities, which can make money even when energy prices are lower by taking advantage of price volatility. Ms. Uhl said it was one of Shell's best trading performances on record.

U.S. giants Exxon Mobil Corp. and Chevron Corp. are expected to report quarterly losses Friday, with Exxon warning recently that it faced steep losses in its refining and production businesses.

Oil companies have taken swift action to shore up their finances since coronavirus struck, including cutting costs and reducing staff. Shell has been among the most aggressive, deciding in April to cut its dividend for the first time since World War II to avoid having to borrow to fund it.

Shell said Thursday its gearing level—net debt as a percentage of total capital—rose to around 33%, above its target of 25%. Higher gearing can raise the cost of borrowing for a company. Both Exxon and Chevron have said they are committed to not cutting dividends, but have taken on more debt this year. Analysts expect BP PLC to cut its payout when it reports earnings Tuesday.

—Christopher M. Matthews contributed to this article.

Airbus Expects to Hold Down Airplane Production Until 2022



AGENCE FRANCE-PRESSE-GETTY IMAGES

Airbus SE, reeling from the fallout from the coronavirus pandemic, said it doesn't expect to start increasing aircraft production again until around 2022 as the crisis hitting the aviation sector deepens.

The European plane maker, which cut its production rates by a third in April, said Thursday it would again reduce the output of its A350 wide-body from six aircraft a month to five. It also reported a net loss of €1.9 billion

(\$2.24 billion) in the first half, compared with a profit of €1.2 billion a year earlier.

Chief Executive Guillaume Faury said he expects production rates for the popular single aisle A320neo, the rival to Boeing Co.'s 737 MAX, to recover first, helped by an expected recovery in short-haul and domestic travel.

Work on bigger aircraft, used on longer international routes, is set to remain depressed for longer, he said.

The outlook for the industry has deteriorated in the past three months, he said, with the industry on a "long and slow recovery" path.

Airbus said it was trying to hold on to cash in the second half of the year after burning through €4.4 billion in each of the first two quarters. Including its settlement of bribery and corruption allegations in January, the company posted a negative free cash flow of €12.4

billion in the half.

Cash has been crimped by order deferrals, leaving Airbus with about 145 aircraft parked and awaiting delivery. Airbus has handed over 196 jets as of the end of June, about half of the number delivered at the same point last year.

Airbus' earnings and production outlook comes a day after Boeing laid out plans to navigate through the pandemic with additional cuts to production, includ-

ing delaying its production plans for the MAX and further reducing the output of its 787 and 777 wide-bodies.

Mr. Faury said Airbus was keeping a close eye on its 3,200 suppliers, establishing "watchtowers" to monitor the weakest. So far, the supply chain is coping, but he warned that a "big second wave" of infections in winter would make the situation more critical.

—Benjamin Katz

Kraft Heinz Write-Downs Weigh on Earnings

By ANNIE GASPARRO

Kraft Heinz Co. wrote down the value of Oscar Mayer, Maxwell House and several other of its well-known brands, reflecting the challenges for the food maker despite strong sales in recent months amid the pandemic.

Kraft Heinz on Thursday recorded \$2.9 billion in impairment charges, which resulted in the company swinging to a loss in the second quarter. The hit comes after Kraft Heinz last year reduced the value of its assets by nearly \$17 billion. It said at the time that consumers had gravitated toward niche brands often viewed as fresher, healthier or more innovative.

Kraft Heinz Chief Executive Miguel Patricio said he thinks Oscar Mayer hot dogs and cold cuts have potential for sales growth. But he expects lower profit margins due to investments in the brand and competitive pricing, leading to \$626 million in write-downs

that affect comparability. Its shares fell \$1.18, or 3.32%, on Thursday to \$34.39.

The company said comparable sales—which strip out the effects of currency fluctuations, acquisitions and divestitures—rose 7.4% in the second quarter. "This is not to say that we captured 100% of the opportunity. There are some categories where we have lost share, and we are working hard to fix that," Mr. Patricio said.

Kellogg Co. also posted better-than-expected earnings Thursday, with comparable sales up 9% in the second quarter. "People just aren't on the go as much. They're eating more at home. We have to make that stick," Kellogg Chief Executive Steve Cahillane said.

Kellogg's North America retail sales increased more than 15% in cereal after tepid sales for years, and 26% for its Eggo frozen breakfast items. Food makers initially saw an unprecedented surge in sales in March and April when consum-

ers filled up their pantries and refrigerators amid lockdowns to curtail the spread of the virus. Lately, consumers aren't stocking up as much, but they are still grocery shopping more than usual, food makers said.

Kraft Heinz and Kellogg said they have increased production capacity and continue to sell essentially everything they can make.

Snack maker Mondelez International Inc. earlier this week reported strong sales growth in North America, saying its biggest brands such as Oreo cookies have gained market share.

"Consumers have been going back to the brands they know and trust," Mondelez CEO Dirk Van de Put said.

Nestlé SA said Thursday that sales slowed recently, though the maker of Lean Cuisine and DiGiorno pizza reported comparable sales were up 1.3% in the second quarter.

Kraft Heinz and Kellogg said they are increasing advertising

for the rest of the year in hopes of keeping their sales momentum going beyond the pandemic.

"We have been investing a lot of time in understanding who these new consumers are and what they like," Kraft Heinz's Mr. Patricio said.

Kellogg said it is spending more on smaller brands that didn't get much investment before, such as Corn Pops and Corn Flakes cereal in the U.S.

Overall for the quarter, Kraft Heinz reported a second-quarter loss of \$1.65 billion, compared with a profit of \$449 million a year earlier. Excluding the impairment charges and other items, its adjusted profit rose to 80 cents a share. Revenue rose 3.8% to \$6.65 billion.

Kellogg reported earnings of \$351 million, up from \$286 million a year earlier. Sales were roughly flat at \$3.47 billion compared with last year.

◆ Heard on the Street: Kraft Heinz is squeezed again....B12

TECHNOLOGY

Facebook's Users Increase Engagement

Revenue manages to grow but rate of increase declines and is expected to stay low

By JEFF HORWITZ

Facebook Inc. powered through the throes of the pandemic, as the social-media giant's revenue rose in the second quarter thanks to increased engagement from users.

The company, nonetheless, posted a significant decline in its revenue growth rate and warned that growth will remain muted amid continued economic fallout from the pandemic, an advertiser boycott and reduced efficacy of ad targeting.

Facebook generated \$18.7 billion in revenue, up from \$16.9 billion a year earlier and beating analyst expectations of \$17.34 billion, according to data from FactSet. The 11% growth is a deceleration from the average gain of nearly 25% for the preceding four quarters.

Earnings for the second quarter nearly doubled to \$5.18 billion, or \$1.80 a share, well above analysts' expectations. Facebook shares gained more than 6% in after-hours trading.

The results again show the resilience of Facebook's business even as it is buffeted by one controversy after another. Chief Executive Mark Zuckerberg was one of four major tech CEOs to testify before Congress on Wednesday about whether their companies have



Nonadvertising businesses, such as the company's Oculus virtual-reality division, showed strong sales in the second quarter.

accumulated too much power.

Mr. Zuckerberg used the company's second-quarter earnings call to make a different case: that Facebook is a vital social good and that overly broad regulatory efforts to hobble it would be self-defeating. The spiking usage of its products over the last several months show how it has helped society weather the coronavirus pandemic, he said, adding that he believes the U.S. government has failed to manage the pandemic response well.

Mr. Zuckerberg said efforts to significantly restrict how Facebook collects and deploys data about its users could be harmful, calling the company's personalized advertising a "lifeline" for small businesses struggling to survive social-distancing mandates. If ad targeting was significantly restricted, he said, "this would reduce opportunity for small businesses so much that it would probably be felt at a macroeconomic level. Is that really what policy makers want?"

The recent quarter was the first to reflect the full weight of the coronavirus pandemic in the U.S.—which upended normal economic activity but fueled usage of Facebook's products. Average monthly users of the Facebook platform rose to 2.7 billion from 2.6 billion in the first quarter. More than three billion people use at least one of Facebook's products monthly.

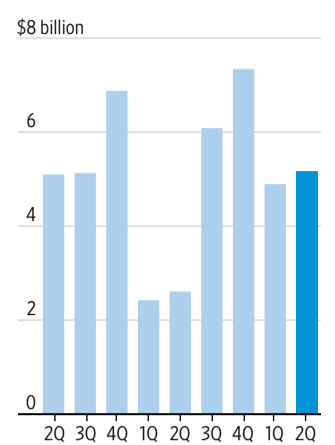
Facebook had joined other social-media companies in predicting that pandemic fallout would damp its near-term

prospects. On Thursday, it said that in the first weeks of the current quarter revenue grew at a 10% clip year over year, a rate it predicted would hold through September.

Facebook, which traditionally hasn't offered such guidance, said the forecast reflected uncertainty about the economy, the current ad boycott and limitations on Facebook's ad-targeting business applied by California's data-privacy law as of the start of this month.

The ad boycott, which was

Facebook's quarterly profit



Note: Facebook paid \$5 billion in fines and legal expenses relating to the Cambridge Analytica scandal in the first half of 2019. Source: the company

rooted in frustrations from civil-rights groups about how Facebook handles hate speech, began in July and thus didn't affect second-quarter results. The month-long boycott is scheduled to end Friday though some advertisers may continue to limit spending on Facebook's platforms.

Facebook's nonadvertising business, which includes virtual-reality division Oculus, as well as Portal, its home video calling device, was an exception to the slower growth, with sales rising 40% from a year earlier.

Advertising still accounts for 98% of Facebook's revenue.

The company's 32% gross margin for the period compared with 31% for the first quarter and 27% in last year's second quarter.

Electronic Arts Rides the Videogame Boom

By SARAH E. NEEDLEMAN

Electronic Arts Inc. reported the strongest June quarter sales in the videogame company's 38-year history on Thursday, as pandemic lockdowns resulted in fewer options for people to stay entertained and connect with friends.

Net bookings, an industry sales metric that excludes deferred revenue, shot up 87% from a year earlier to \$1.39 billion for the publisher of blockbuster franchises such as Madden NFL and Apex Legends. Net income fell 74% in its fiscal first quarter due to a nonrepeating tax benefit, but adjusted profit more than quintupled to \$1.42 a share.

"The quarter was so wildly beyond our expectations," Electronic Arts' finance chief Blake Jorgensen said in an interview. "Normally it's one of our quietest quarters."

The health crisis has been a boon across the \$149 billion global games industry, bringing back lapsed players, attracting newcomers and driving already heavy gamers to play more often, industry executives and analysts say.

Electronic Arts' peers, Activision Blizzard Inc. and Take-Two Interactive Software Inc., are forecast to also post strong financial results for the period when they report earnings next week. Analysts say the publicly traded publishers should have all benefited from players spending more money on virtual perks such as digital costumes for characters. Collectively, the companies are projected to



The crisis has helped the industry. Images from Electronic Arts' 'Star Wars Jedi: Fallen Order.'

more than double their adjusted earnings from the year-earlier quarter, according to analysts polled by FactSet.

Electronic Arts and Take-Two also likely got a lift from delayed starts for professional sports, said KeyBanc Capital Markets analyst Tyler Parker. The companies make the sports-simulation franchises "FIFA" and "NBA 2K," respectively, and broadcasters such as ESPN showed people competing at them. Such games are "probably the closest substitute right now and people are probably playing more," Mr. Parker said.

Investors have been bullish on the companies' prospects, with the share prices of all three

industry giants rising an average of 27% over the past three months through Thursday. That compares with a more than 11% rise in the S&P 500 index. "They're all going to have an amazing quarter," said Wedbush Securities analyst Michael Pachter.

Other large games companies have also reported significant growth in recent weeks. Microsoft Corp. had a 65% increase in Xbox content and services revenue in its most recent quarter. Ubisoft Entertainment SA—the Paris-based company behind blockbusters such as "Assassin's Creed"—last week said it had record quarterly net bookings, crediting a boost in sales from

stay-at-home orders worldwide.

A surge in users for Roblox Corp., maker of a platform with millions of free games, has put the company's third-party developers on track to more than double their earnings this year from 2019, the closely held company said Tuesday.

The pandemic hasn't been the only driving force behind game companies' growth. In recent years many publishers have shifted away from selling console and computer games for a one-time upfront fee to making those games free, with the option for players to repeatedly purchase low-cost digital goods and services. Other companies have opted for a blended model,

charging an upfront fee while enabling in-game purchases. That has helped publishers generate more revenue from older games because people tend to plunk down more cash on digital add-ons the longer they play.

Electronic Arts' "Apex Legends" and Activision Blizzard's "Call of Duty: Warzone" are free to play, while Take-Two's "Grand Theft Auto Online" is free with the purchase of "Grand Theft Auto V." All three blockbuster games sell digital goods, also commonly referred to as microtransactions. The companies have been adding more free-to-play mobile games to their portfolios as well, an effort to capitalize on the fastest-growing segment of the videogame market.

Mark Rossi of Westbury, N.Y., said he has been playing games more often since March because the pandemic has prevented him from being able to enjoy his other pastimes with friends, such as going to the movies, playing hockey and seeing Broadway shows. He said he joined Microsoft's videogame subscription service called Xbox Game Pass for \$4.99 a month and estimates he has been spending triple the amount of money he normally spends on digital goods inside games such as "Valorant" and "Sea of Thieves."

"I've been trying to stay in, and my interactions with friends have been mostly through games," said Mr. Rossi, a 33-year-old sales professional. "It's a way for us to do something together without putting anyone's health at risk."

Apple's Sales Increase

Continued from page B1

after-hours trading. The company's stock price has gained more than 31% since the start of the year, adding more than \$350 billion in market value.

For the second time this year, Apple declined to project sales for the current quarter, as economic uncertainty continues to make the future hard to predict. Mr. Maestri said Apple expects continued momentum in its services business and strong back-to-school sales of Macs and iPads in the current quarter. Analysts project sales of \$61.59 billion, according to FactSet.

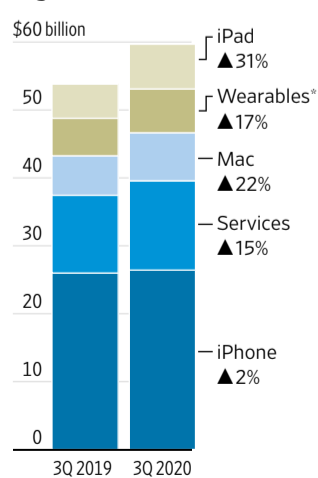
The iPhone business posted quarterly sales of \$26.42 billion, up nearly 2%. The \$399

iPhone SE encouraged customers with older devices to upgrade even as many iPhone owners waited for the fall release of the first 5G models, analysts say.

Apple's growing services business helped the company set a new June quarter sales record, demonstrating the value of the company's strategic shift in recent years from selling more devices to selling more software and services across those devices. Services revenue—which includes the App Store, Apple Music and AppleCare among other businesses—jumped 15% to \$13.16 billion.

The services business has come under assault from regulators, lawmakers and developers over the past year because Apple takes a 30% cut of App Store sales. In June, European regulators opened probes into the App Store and Apple's mobile-payments service. On Wednesday, Mr. Cook faced questions from Congress about whether Apple offered favor-

Apple's fiscal third quarter segment revenue



*Includes Home and Accessories Source: the company

able terms to larger companies or sought to boost its own services over offerings from rivals.

"We treat every developer the same," Mr. Cook told the House Judiciary antitrust subcommittee. "It's a rigorous [approval] process because we

care about privacy and quality."

The company's Mac and iPad businesses benefited from the well-timed release of product upgrades. Sales of Macs rose 21% to \$7.08 billion after Apple released a series of laptop updates in the period that featured a traditional keyboard instead of the flawed, butterfly keyboard adopted in 2015. In mid-March, the company released a new iPad Pro and complementary keyboard that helped lift quarterly sales of that business by 31% to \$6.58 billion. Mr. Cook said supply constraints on iPads and Macs capped sales.

"On almost every front of their business, they're participating in things people need in this environment," said Stephen Lee, a principal at Logan Capital Management, a Newtown Square, Pa., firm with \$3 billion in assets under management. "Laptop demand in general is getting boosted as families consider the impact of staying home. Apple's customer base, which is slightly more af-

fluent, seems to be willing to spend."

Sales in China rose slightly to \$9.33 billion as the country's economy rebounded in the quarter after being the world's first to shut down this year as Wuhan became the virus epicenter. Following the shutdown, Apple encouraged demand for iPhones by offering discounts on its iPhone 11 models, which combined with the release of the iPhone SE, helped boost unit sales by 32% during the quarter, according to Counterpoint Research.

Growth in the Chinese smartphone market has slowed in recent years, though smartphone makers are hoping that the transition to 5G technology will encourage customers to upgrade to new devices. Smartphones with 5G accounted for one in three devices sold in the country during the three months ended in June, according to Counterpoint, an uptick that underscores the importance of Apple's delivery of its first 5G devices later this year.

Google Ad Revenue Declines

Continued from page B1

tising revenue had risen every quarter of the company's 22-year history, so the reversal is notable. Analysts polled by FactSet had expected the drop in advertising revenue, and investors were mostly undisturbed. Alphabet shares rose about 1% in after-hours trading.

Alphabet Chief Executive Sundar Pichai blamed the macroeconomic environment caused by the coronavirus pandemic, and said he saw early signs of potential stabilization. The conglomerate reported total profit of \$6.4 billion, a 30% drop from a year earlier. Alphabet's margin was crimped as well, falling to 17%, from 24% a year earlier.

The malaise ate into Alphabet's enviable cash hoard. Alphabet has modestly drawn down what was an \$18.5 billion cash position in January. It now stands at \$17.7 billion.

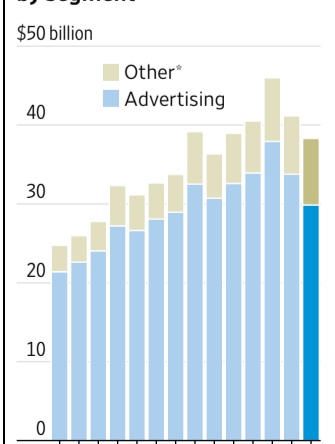
The pandemic seems to have landed harder at Google than at some of its Big Tech peers.

A few minutes before Google disclosed its figures, Amazon.com Inc. said its sales and profit soared in the quarter. Facebook Inc. posted lower growth for the second quarter, but its stock surged as revenue came in higher than expected.

Google, based in Mountain View, Calif., faces multiple antitrust investigations into whether its dominant business harms consumers. The company broadly denies that.

Mr. Pichai was among executives to testify remotely before Congress on Wednesday, where he faced questions about whether the search platform had cut off traffic to potential competitors. "The scrutiny is going to be here for a while," he said Thursday.

Google's quarterly revenue, by segment



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



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Topics Include

Big Revival for Big Food? | How the pandemic has changed consumer habits and what the post-Covid-19 future looks like for big brands.

Building a More Resilient Food System | The food supply chain and how the current disruption will shape practices in the future.

Grocery Shopping Will Never Be The Same
How the pandemic has permanently shifted consumer grocery shopping behavior—and what that shift looks like.

Food and Agri-foodtech Investing | Where investors see special opportunity to accelerate improvements in the food system through investment in technology.

From Health Crisis to Economic Crisis to Food Emergency | The food crises developing across vulnerable regions as the global economy goes through contraction, trade and supply chains are disrupted, and incomes and local production of food fall.

U.S.-China Trade | Will the U.S. fully reclaim its status as a top food supplier to the world's second-largest economy?

Speakers Include



Steven A. Cahillane
Chairman and CEO
Kellogg Company



Ann M. Veneman
Executive Director, UNICEF
(2005-10)
U.S. Secretary of Agriculture
(2001-05)



Andre Nogueira
President and CEO
JBS USA



Jacqueline Pieters
Global Head Banking for Food
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Coronavirus Hit To NBCUniversal Weighs on Comcast

By LILLIAN RIZZO

Comcast Corp.'s second-quarter revenue fell 12% from a year earlier, as the impact of the coronavirus on its NBCUniversal unit—which includes theme parks, a movie studio and advertising-dependent TV networks—more than offset the cable giant's continued success in signing up broadband customers.

The Philadelphia-based company said revenue for the quarter ended June 30 was \$23.72 billion, down from \$26.86 billion a year earlier. Net profit was nearly \$3 billion, or 65 cents a share, down about 4% from \$3.12 billion, or 68 cents. Comcast shares closed down 23 cents, or 0.52%, at \$43.67 Thursday.

NBCUniversal was hit hard by the pandemic. The unit's revenue fell 25% to \$6.1 billion due to the closure of theme parks, halted theatrical releases and a sharp decline in advertising. The theme-park business suffered a 94% drop in revenue. While its Orlando and Japan theme parks have been open since June, the Hollywood location has yet to reopen. Ad revenue at NBCU's cable networks and broadcast-television units fell 27% and 28%, respectively.

Comcast's broadband business, on the other hand, had its best second quarter on record with 323,000 new sub-

scribers, a 54% increase from last year's second quarter. The tally didn't include more than 600,000 broadband customers that either signed up free or weren't disconnected due to relief pledges put in place by the Federal Communications Commission.

The company continued to lose cable-TV customers, with 477,000 people cutting the cord in the second quarter, compared with 224,000 a year earlier. This marked the 13th consecutive quarter of pay-TV customer losses.

Pay-TV customers of Comcast and its peers continue to migrate to streaming services such as Netflix Inc. and Walt Disney Co.'s Disney+.

Earlier this month, NBCUniversal launched Peacock, which has so far signed up 10 million streaming customers. AT&T said last week HBO Max's total activations since its May launch topped 4 million. Disney+ said in April it had more than 50 million global subscribers, five months after launch.

Comcast cable-TV and internet customers receive Peacock's premium ad-supported tier free, and make up some of the 10 million number.

Comcast Cable, which comprises the company's broadband, pay-TV, landline and mobile businesses, had about \$14.4 billion in revenue, slightly down from last year's second quarter.

ViacomCBS Adds to Streaming Service

ViacomCBS Inc. is beefing up the content of its CBS All Access direct-to-consumer streaming platform, adding more than 3,500 episodes of television shows as well as a new original children's offering that is a spinoff of Nickelodeon hit "SpongeBob SquarePants."

The move is part of a broader overhaul of CBS All Access, which launched in 2014, initially as an online extension of the CBS network along with a handful of original shows. Since Viacom and CBS closed on their merger last December, expanding the programming offerings of CBS All Access has been a priority, Chief Executive Bob Bakish has said.

ViacomCBS hasn't disclosed how many subscribers CBS All Access has; people familiar with the matter say it is more than six million. By adding content from ViacomCBS outlets including Nickelodeon and BET, the company is betting the service can attract more customers.

"It's the first big step to transform All Access into a super service," said Marc DeBevoise, president and chief executive of ViacomCBS Digital. Besides programming from ViacomCBS's cable networks, All Access is increasing the number of movies from sister movie studio Paramount Pictures and documentaries from the Smithsonian Channel. Shows now available on All Access include comedian Dave Chappelle's Comedy Central hit "Chappelle's Show."

—Joe Flint

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COMMERCIAL REAL ESTATE

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Please take notice that Jones Lang LaSalle ("JLL"), on behalf of PARTNERS CAPITAL PHOENIX FUND II LTD - DIVERSIFIED INCOME FUND (the "Secured Party") offers for sale at public auction on Thursday, August 6, 2020, at 11:00 a.m. (Eastern Time), via audio/video teleconference, in connection with a Uniform Commercial Code sale: (i) 100% of the limited liability company membership interests in ASHFORD FOSHAY GP LLC, a Delaware limited liability company (the "General Partner of Mortgage Borrower"), which represents a 0.5% ownership interest in ASHFORD FOSHAY LP (the "Mortgage Borrower"), which is the owner of the property commonly known as the W Hotel in Minneapolis, Minnesota (the "Property"); (ii) 100% of the limited partnership interests in Mortgage Borrower, which represents a 99.5% of the ownership interest in the Mortgage Borrower; and (iii) 100% of the limited liability company membership interests in ASHFORD TRS FOSHAY LLC, a Delaware limited liability company, which represents 100% of the ownership interest in ASHFORD TRS FOSHAY LLC (the "Master Tenant"), the tenant pursuant to a certain operating lease entered into between Mortgage Borrower and Master Tenant at the Property (the "Interests"). The Secured Party is offering the Interests for sale in connection with the foreclosure on the pledge of such Interests. The Mezzanine Loan is subordinate to (i) a mortgage loan to Mortgage Borrower (the "Mortgage Loan"); and (ii) other obligations and liabilities of the Mortgage Borrower that are otherwise affecting the Property.

The Secured Party, as lender, made a loan (the "Mezzanine Loan") to the Mezzanine Borrower. In connection with the Mezzanine Loan, the Mezzanine Borrower granted to the Secured Party a first priority lien on the Interests pursuant to that certain (i) Pledge and Security Agreement (the "Pledge Agreement 1"), dated as of November 10, 2015, between Mezzanine Borrower and the Secured Party, and (ii) Pledge and Security Agreement (the "Pledge Agreement 2", together with Pledge Agreement 1, the "Pledge Agreement"), dated as of November 10, 2015, between ASHFORD TRS FOSHAY MEZZ LLC ("Pledgor") and Secured Party. The Secured Party is offering the Interests for sale in connection with the foreclosure on the pledge of such Interests. The Mezzanine Loan is subordinate to (i) a mortgage loan to Mortgage Borrower (the "Mortgage Loan"); and (ii) other obligations and liabilities of the Mortgage Borrower that are otherwise affecting the Property.

The sale of the Interests will be subject to all applicable third-party consents and regulatory approvals, if any. Without limitation to the foregoing, please take notice that there are specific requirements for any potential successful bidder in connection with (i) obtaining information and (ii) bidding on the Interests, including but not limited to: (1) that each bidder must be a "Qualified Transferee" as that term is defined in that certain Intercreditor Agreement, dated May 3, 2013 (the "Intercreditor Agreement"), entered into by and among the Secured Party, the holder of the Mortgage Loan, and the holder of the Mezzanine Loan, as well as complying with any and all other requirements thereunder; (2) that the successful bidder must satisfy all of the applicable requirements of the Intercreditor Agreement, including but not limited to Section 6 thereof; and (3) that each bidder must deliver such documents and pay such amounts as required by the Intercreditor and the applicable governing documents relating to the Interests. Please note, meeting any requirements of the Intercreditor Agreement shall be at the sole risk, cost, and expense of a prospective bidder.

The Interests are being offered as a single lot, "as-is, where-is", with no express or implied warranties, representations, statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party, without any recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party and each bidder must make its own inquiry regarding the Interests. The winning bidder shall be responsible for the payment of all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Interests.

Secured Party reserves the right to credit bid, set a minimum reserve price, reject all bids (including, without limitation, any bid that it deems to have been made by a bidder that is unable to satisfy the requirements imposed by Secured Party upon prospective bidders in connection with the sale or to whom in Secured Party's sole judgment a sale may not lawfully be made), terminate or adjourn the sale to another time, without further notice, and to sell the Interests at a subsequent public or private sale and to impose any other commercially reasonable conditions upon the sale of the Interests as Secured Party may deem proper. Secured Party further reserves the right to determine the qualifications of any bidder, including its ability to close the transaction on the terms and conditions referenced herein and to modify these terms of sale. Secured Party further reserves the right to verify that each certificate for the Interests to be sold bears a legend substantially to the effect that such Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and to impose such other limitations or conditions in connection with the sale of the Interests as the Secured Party deems necessary or advisable in order to comply with the Securities Act or any other applicable law.

All bids (other than credit bids of the Secured Party) must be for cash, and the successful bidder must be prepared to deliver immediately available good funds within forty-eight (48) hours after the sale and otherwise comply with the bidding requirements. Further information concerning the Interests, the requirements for obtaining information, the requirements for bidding on the Interests, and the Terms of Sale can be found at <http://www.wminneapolisuccforeclosure.com/> or by contacting JLL using the contact information below.

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BUSINESS NEWS



The company said global revenue fell 18% on an organic basis, compared with a year earlier. Its Corona beer in Skopje, North Macedonia.

Budweiser Brewer Takes Big Charge in Africa for Covid-19

By SAABIRA CHAUDHURI

Anheuser-Busch InBev NV reported a sharp drop in second-quarter sales as beer consumption across much of the world dropped and took a \$2.5 billion write-down on its business in South Africa, where alcohol sales have been banned during the pandemic.

Still, revenue topped analyst estimates, and AB InBev—which makes one out of every four beers sold globally—said its performance was improving rapidly. Though volumes fell 32% in April and 21% in May, they rose 0.7% from a year earlier in June.

The company's shares rose 2.4% in New York.

The Budweiser brewer said global revenue dropped 18% on an organic basis, compared with the year-earlier quarter. That strips out currency changes and acquisitions and beat analysts'

forecasts for a 23% decline.

"We got a bit shaken like everybody else," Chief Executive Carlos Brito said in an interview. "When people are allowed to go back to some normalcy, beer volumes come back."

Covid-19 propelled many countries to institute lockdowns that required consumers to stay at home and bars and restaurants to shut. In the U.S., brewers have been hit less badly than elsewhere because the majority of beer is sold through supermarkets, which have remained open.

AB InBev said its U.S. revenue dropped 5.9%, a stronger performance than in most other regions, helped by the gradual reopening of bars in many states. Bud and Bud Light continued to lose market share, although those declines were offset by gains for Michelob Ultra, helping the company retain its overall position, Mr. Brito said.

Rival Molson Coors Brewing

Co. on Thursday also flagged a difficult environment, reporting a 15% drop in second-quarter net sales. North American sales declined 8.3%, while sales in Europe, where a bigger slice of beer is drunk at bars, plunged 45%. The owner of Coors Light and Miller Lite also said its share of the U.S. beer market had been hurt by a shortage of aluminum cans.

Mr. Brito said AB InBev was largely shielded from the can shortage. "We have been preparing for a can uptick for quite some time," he said.

Elsewhere, in South Africa—one of AB InBev's biggest markets—the company took a \$2.5 billion write-down reflecting the recent decline in sales and uncertain economic outlook.

AB InBev made a big bet on Africa a few years ago when it bought SABMiller in a \$100 billion-plus deal. South Africa, in

particular, has emerged as one of the hardest-hit countries by the pandemic. The country has twice banned alcohol sales to curb pressure on the nation's health service. On Thursday, AB InBev said volumes in South Africa dropped over 60% in the quarter.

In Brazil—AB InBev's second-biggest market, behind the U.S.—volumes dropped 4.1%. In China, which was hit by the virus first and has led the world in largely restarting swaths of its economy, volumes fell 0.4%. In June, AB InBev posted its highest beer monthly volumes in China, with most restaurants and bars reopened there.

Overall, AB InBev's net profit for the three months ended June 30 plunged to \$351 million from \$2.48 billion a year earlier, despite a \$1.9 billion one-time gain tied to the sale of its Australia business. Revenue fell to \$10.3 billion from \$13.6 billion.

EARNINGS WATCH

NESTLÉ Sales Growth Slows, Pet Food Excels

Nestlé SA said sales slowed in recent months from the blistering pace set earlier this year, when shoppers stripped shelves bare during coronavirus lockdowns.

Still, the world's biggest packaged-food company said Thursday that second-quarter organic sales grew by 13% from the previous year, bolstered by pet food—which has remained a hot seller in the pandemic era.

Nestlé, along with rivals such as Kraft Heinz Co. and Campbell Soup Co., benefited from consumers stockpiling familiar comfort foods from big brands as the pandemic took hold. That drove a 4.3% rise in Nestlé's first-quarter sales, but the company said some consumers have held back adding to already full pantries in the past few months. Lower sales of products sold outside of the home, like water, also weighed on the most recent quarter, it added.

Overall, the maker of Nescafé coffee and DiGiorno pizza said first-half sales rose 2.8% on an organic basis—which strips out acquisitions and currency impacts—beating analyst estimates for growth of 2.3%. Revenue dropped 9.5% to 41.15 billion Swiss francs (\$44.94 billion) in the first six months of the year, while net profit rose 18% to 5.9 billion francs boosted by one-time items such as the sale of its U.S. ice cream business.

—Saabira Chaudhuri

MGM RESORTS Revenue Falls 91%, Limited by Pandemic

MGM Resorts International posted a 91% decline in quarterly revenue, the latest casino operator to reveal the continuing financial blow of pandemic shutdowns and curtailed global travel on the gambling industry.

On Thursday, the Las Vegas-based company reported revenue of \$290 million for the three months ended June 30, compared with \$3.2 billion a year earlier. MGM Resorts had an operating loss of \$1 billion compared with operating income of



MGM Resorts had an operating loss of \$1 billion, compared with operating income of \$371 million last year.

\$371 million a year earlier.

"The near-term operating environment will remain challenging and unpredictable as Covid-19 case trends, health and safety protocols, and travel restrictions continue to heavily impact our business," said Chief Executive Bill Hornbuckle.

On the Las Vegas Strip, MGM Resorts' Bellagio, MGM Grand, New York-New York, Excalibur and Luxor casinos reopened in June, while other company properties remained closed as of June 30. Nevada regulators have limited casino floors to 50% capacity as part of social-distancing mandates. Fewer visitors are flying into Las Vegas, leaving the Strip to rely on locals and drive-in tourists from California and other nearby states.

MGM Resorts reported estimates for how Strip resorts performed while reopened in June. Net revenue was down 50% compared with a year earlier for the time periods open, the company said. Hotel-room occupancy was 43% compared with 95% a year earlier. In the gambling hub of Macau, casinos have been open but travel restrictions from China have damped visitation. MGM Resorts reported a 95% decline in net revenue in Macau: \$33 million compared with \$706 million a year earlier.

—Katherine Sayre

MASTERCARD Transaction Volume Weighed on Results

Mastercard Inc.'s revenue in the second quarter tumbled nearly 20% as the Covid-19 pandemic continued to weigh on business.

Mastercard's revenue was \$3.34 billion, down 19% from a year earlier. The company's top line beat the consensus estimate from Wall Street of \$3.25 billion, according to FactSet.

The revenue drop was due in part to a slump in gross-dollar volume, or the value of card transactions, which fell 10% on a local currency basis. Also leading to the revenue decline was a drop in cross-border volume, which fell 45% on a local-currency basis, and switched transactions, which fell 10%. Switched-transaction revenue comes from the company authorizing, settling or clearing transactions.

The company reported earnings for the quarter that ended in June of \$1.42 billion, or \$1.41 a share. Those earnings declined from a year earlier's \$2.05 billion, or \$2 a share.

Adjusted earnings were \$1.36 a share. According to FactSet, Wall Street expected \$1.16 a share.

—Allison Prang

GILEAD SCIENCES Big Boost Expected From Remdesivir

Gilead Sciences Inc. expects sales of its Covid-19 drug remdesivir to help lift its full-year revenue by as much as \$2.8 billion in 2020, offsetting the negative impact of the pandemic on some of its other medicines.

The biopharmaceutical company began selling remdesivir, an antiviral drug shown to help speed recovery times in hospitalized Covid-19 patients, in July. It said Thursday it expects to sell one million to 1.5 million treatment courses in the second half of the year.

Chief Commercial Officer Johanna Mercier said a supply squeeze because of disruptions to global supply chains was beginning to ease.

By early October, "we should be in a place where global supply meets global demand," Ms. Mercier said on a call with analysts after the company reported second-quarter financial results.

Overall, Gilead reported a loss of \$3.34 billion, or \$2.66 a share, compared with a year-earlier profit of \$1.88 billion, or \$1.47 a share. On an adjusted basis, profit fell to \$1.11 a share. Revenue fell 10% to \$5.14 billion.

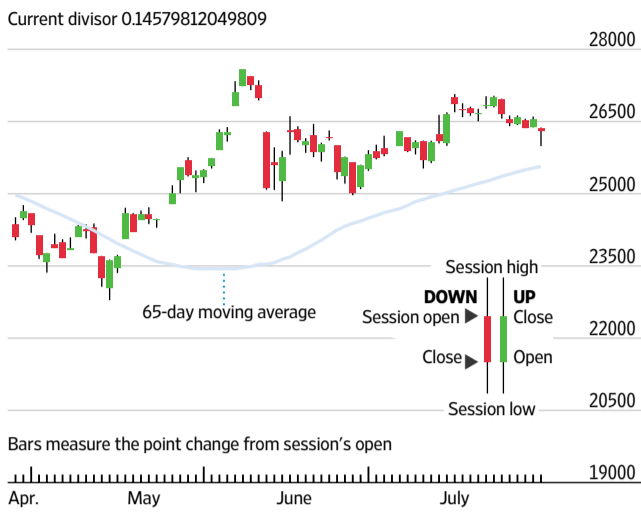
—Joseph Walker

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

26313.65 ▼225.92, or 0.85%
Trailing P/E ratio 24.06 19.15
P/E estimate * 24.00 17.14
High, low, open and close for each trading day of the past three months.



S&P 500 Index

3246.22 ▼12.22, or 0.37%
Trailing P/E ratio * 30.59 23.15
P/E estimate * 25.47 18.15
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

10587.81 ▲44.87, or 0.43%
Trailing P/E ratio * 32.92 25.06
P/E estimate * 30.84 22.12
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Stock Market, S&P, and International Stock Indexes with columns for High, Low, Close, Net chg, % chg, 52-Week High/Low, and % chg YTD.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, advancers, and decliners for NYSE and NYSE Arca, including Total volume, Adv. volume, Decl. volume, and Issues traded.

International Stock Indexes

Table of international stock indexes by region/country, including World, Americas, EMEA, Asia-Pacific, and others.

Percentage Gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Percentage Losers

Table of percentage losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

Volume Movers

Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Section containing U.S. consumer rates (30-year mortgage, 10-year Treasury), Selected rates (Bankrate.com avg, Astra Bank, etc.), and a chart showing 30-year fixed-rate mortgage yield from 2019 to 2020.

Treasury yield curve

Section containing Treasury yield curve chart showing yield to maturity of current bills, notes and bonds, and a chart showing the Yen, Euro vs. dollar, and major U.S. trading partners.

Forex Race

Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns for Bond total return index, U.S. Treasury Barclays, U.S. Treasury Long, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates in late New York trading, listing various countries/currencies and their rates.

Commodities

Table of commodity prices with columns for Commodity, Close, Thursday Net chg, % Chg, 52-Week High/Low, % Chg, and YTD % chg.

COMMODITIES

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High/low	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Aug	2.9230	2.9230	2.8740	2.9045	-0.0050	3,216
Sept	2.9340	2.9360	2.8765	2.9140	-0.0050	118,420
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Aug	1963.40	1965.10	1930.00	1942.30	-11.10	60,568
Oct	1974.30	1976.00	1941.70	1955.20	-10.10	67,100
Dec	1986.40	1987.30	1952.30	1966.80	-9.90	406,819
Feb/21	1995.50	1995.50	1962.20	1976.30	-9.80	33,303
April	2003.60	2003.60	1972.00	1985.20	-9.60	9,055
June	2008.40	2010.40	1980.30	1992.10	-10.10	7,287
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Aug	2114.90	-126.30	...
Sept	2239.70	2243.60	2079.00	2134.90	-126.30	7,921
Dec	2125.10	2150.60	2087.40	2143.20	-120.00	2,216
March/21	2128.70	2128.70	2128.70	2136.30	-120.40	45
June	2130.70	2130.70	2120.60	2130.70	-120.60	7
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Aug	963.50	965.00	894.30	912.60	-45.90	50,739
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Aug	24.260	24.260	23.115	23.340	-0.960	820
Sept	24.580	24.580	23.000	23.362	-0.959	129,983
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Sept	41.32	41.39	38.72	39.92	-1.35	439,683
Oct	41.59	41.64	39.00	40.24	-1.30	204,830
Nov	41.85	41.90	39.33	40.60	-1.21	122,662
Dec	42.07	42.12	39.63	40.92	-1.12	238,129
June/21	43.21	43.23	41.00	42.26	-0.90	150,042
Dec	43.89	43.90	41.90	43.08	-0.80	165,587
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Aug	1.2578	1.2598	1.1649	1.2119	-0.0414	7,721
Sept	1.2625	1.2676	1.1724	1.2203	-0.0415	94,594
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Aug	1.2428	1.2428	1.1603	1.2204	-0.0211	12,614
Sept	1.2139	1.2179	1.1342	1.1908	-0.0224	113,553
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.						
Sept	1.921	1.928	1.818	1.829	-0.101	348,866
Oct	2.079	2.079	1.977	1.991	-0.088	154,303
Nov	2.530	2.541	2.459	2.465	-0.073	102,630
Dec	2.890	2.904	2.821	2.826	-0.070	89,282
Jan/21	3.001	3.018	2.939	2.944	-0.066	131,933

	Open	Contract High/low	Low	Settle	Chg	Open interest
April	2.602	2.621	2.563	2.568	-0.041	78,436
Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
Sept	315.50	319.25	315.25	315.75	.25	555,042
Dec	326.25	329.50	326.00	326.75	.50	666,295
Oats (CBT) -5,000 bu.; cents per bu.						
Sept	283.50	283.50	277.00	278.00	-4.00	788
Dec	273.00	273.50	269.00	271.50	-1.00	3,557
Soybeans (CBT) -5,000 bu.; cents per bu.						
Aug	891.00	893.50	884.25	891.25	.25	11,947
Nov	885.00	890.00	880.75	888.75	3.00	363,335
Soybean Meal (CBT) -100 tons; \$ per ton.						
Aug	286.90	290.60	285.50	289.80	2.90	9,920
Dec	295.50	299.10	293.90	298.00	2.20	155,503
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
Aug	29.82	30.23	29.59	29.98	.31	6,858
Dec	30.20	30.41	29.83	30.16	-0.10	168,247
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Sept	11.36	11.90	11.35	11.54	.15	7,282
Nov	11.44	11.90	11.42	11.58	.15	2,603
Wheat (CBT) -5,000 bu.; cents per bu.						
Sept	531.75	534.50	525.00	529.50	-3.25	186,779
Dec	537.25	540.00	531.00	536.00	-2.50	102,626
Wheat (KC) -5,000 bu.; cents per bu.						
Sept	445.50	447.00	438.25	440.00	-5.75	150,329
Dec	456.00	457.00	448.50	450.50	-1.50	74,603
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Aug	141.775	143.500	141.425	143.025	1.050	6,841
Sept	142.425	144.675	142.125	144.425	1.850	13,803
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Aug	101.725	102.175	101.000	101.725	.775	35,087
Oct	106.125	106.950	105.775	106.750	2.00	122,584
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Aug	53.050	53.125	51.025	51.425	-1.650	28,541
Oct	49.525	49.975	48.025	48.325	-1.500	102,020
Lumber (CME) -100,000 bd ft.; \$ per 1,000 bd ft.						
Sept	588.80	589.30	567.00	580.40	-4.60	2,627
Nov	531.10	531.50	509.50	523.40	-5.10	942
Milk (CME) -200,000 lbs.; cents per lb.						
July	24.51	24.54	24.49	24.54	0.12	6,974
Aug	20.83	21.02	20.13	20.80	-3.6	6,196
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
Sept	2,329	2,394	2,329	2,344	3	80,053

Cash Prices

wsj.com/market-data/commodities

Thursday, July 30, 2020

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Energy	Thursday	Aluminum, LME, \$ per metric ton	Thursday	Wheat, No. 1 soft white, Portld, OR-u	Thursday
Coal, C. Aplc., 12500Btu, 1.2502-r,w	50.750	*1687.0			5.7250
Coal, PwRdrVrBsn, 8800Btu, 0.8502-r,w	12.000	2.9045			
Food					
Beef, carcass equiv. index					
choice 1-3, 600-900 lbs.-u					
170.43					
select 1-3, 600-900 lbs.-u					
159.12					
Broilers, National comp wtd. avg.-u/w					
1.6075					
Butter, AA Chicago					
236.00					
Cheddar cheese, bbl, Chicago					
229.50					
Milk, Nonfat dry, Chicago lb.					
99.00					
Coffee, Brazilian, Comp					
1.0550					
Coffee, Colombian, NY					
1.6159					
Eggs, large white, Chicago-u					
0.6150					
Flour, hard winter KC					
14.10					
Hams, 17-20 lbs, Mid-US fob-u					
0.43					
Hogs, Iowa-So. Minnesota-u					
53.58					
Pork bellies, 12-14 lb Mid-US-u					
n.a.					
Pork loins, 13-19 lb Mid-US-u					
0.7792					
Steers, Tex.-Okla. Choice-u					
96.91					
Steers, feeder, Okla. City-u/w					
154.63					
Fats and Oils					
Corn oil, crude wet/dry mill wtd. avg.-u/w					
45.3800					
Grease, choice white, Chicago-h					
0.2100					
Lard, Chicago-u					
n.a.					
Soybean oil, crude, Cent'l IL-u					
0.2987					
Tallow, bleach, Chicago-h					
0.2625					
Tallow, edible, Chicago-u					
n.a.					

KEY TO CODES: A=ask; B=bid; BP=quotation elevator bids to producers; C=corrected; E=Manfra, Tordella & Brooks; G=ICE; H=American Commodities Brokerage Co.; M=monthly; N=nominal; n.a.=not quoted or not available; R=SMI, Energy; S=Platts-TSI; T=Cooklook Limited; U=USDA; W=weekly; Z=not quoted. *Data as of 7/29

Source: Dow Jones Market Data

Exchange-Traded Portfolios

WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session						
Thursday, July 30, 2020						
ETF	Symbol	Closing Price	Chg	YTD (%)	Chg (%)	YTD (%)
CommSvsSPDR	XLC	57.33	0.28	6.9	-1.27	-2.9
CnsmrDiscSelSector	XLY	136.29	-0.08	8.7	-0.59	-5.9
CnsStapleSelSector	XLP	62.76	...	-0.3	0.29	13.7
EnSelectSectorSPDR	XLE	36.20	-3.93	-39.7	36.06	-0.14
FinSelectSectorSPDR	XLF	24.02	-1.80	-22.0	203.65	0.26
FT DJ Internet	FND	180.69	0.60	29.9	180.68	-0.35
HealthCareSelSector	XLV	106.14	-0.69	4.2	117.51	-1.01
InvsQQQ	QQQ	261.13	0.52	22.8	148.76	-0.40
InvsC&SP500EW	RSP	106.89	-0.79	-6.6	189.37	-0.31
ISH3-7Y TreasuryBd	IEI	134.01	0.09	6.6	56.77	-0.40
ISHCoreDivGrowth	DGRO	39.20	-0.73	-6.5	80.30	-0.83
ISHCoreMSCIEAFE	IEFA	59.67	-1.31	-8.1	218.92	0.13
ISHCoreMSCIEMG	IEMG	52.04	-1.18	-3.2	112.54	-1.10
ISHCoreMSCITotInt	IUSX	57.76	-1.13	-6.7	55.00	0.02
ISHCoreS&P500	IUV	325.26	-0.34	0.6	110.73	...
ISHCoreS&P MC	IHH	187.30	-0.66	-0.9	125.49	0.10
ISHCoreS&P SC	IUR	71.67	-0.62	-14.5	86.62	0.03
ISHS&POTUSStkMkt	ITOT	73.09	-0.33	-0.6	122.77	0.13
ISHSelectDividend	AGG	119.51	0.08	6.4	171.11	0.66
ISHSmallCap	DVY	83.31	-1.29	-21.2	170.17	0.47
ISHEdgeMSCIinEAFE	EFAV	67.77	-0.99	-9.1	28.27	0.18
ISHEdgeMSCIinUSA	USMV	63.31	-0.41	-3.5	50.85	0.04
ISHEdgeMSCIUSAom	MNUM	139.53	...	11.1	101.85	0.02
ISHEdgeMSCIUSAQual	QUAL	99.95	-0.46	-1.0	105.95	0.30
ISHGoldTr	IAU	18.66	-0.80	28.7	91.53	-0.01
ISHiBoxx\$InvrCpBd	LQD	138.16	-0.11	8.0	183.76	-0.74
ISHiBoxx\$HYCPBd	HYG	85.23	0.21	-3.1	31.06	-1.30
ISHIntermCorpBd	IGIB	61.34	0.02	5.8	77.24	-0.32
ISHJPMUSDEmgBd	EMB	112.83	-0.03	-1.5	54.66	-0.05
ISHMBSETF	MBB	110.70	-0.04	-2.4	77.90	-0.36
ISHMSCIACWI	ACWI	77.90	-0.65	-1.7	107.82	0.09
ISHMSCIEAFE	EFA	63.40	-1.48	-8.7	68.59	-0.39

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

July 30, 2020

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation				Federal funds				Libor							
June index	Chg From (%)	Week level	52-Week High/Low	Effective rate	0.1000	0.0900	2.3600	0.0600	One month	0.15563	0.17163	2.24413	0.15563		
U.S. consumer price index	257.797	0.55	0.6	High	0.1100	0.1100	3.0000	0.1000	Three month	0.25100	0.24450	2.28675	0.24450		
All items	257.797	0.55	0.6	Low	0.0500	0.0300	2.0500	0.0100	Six month	0.31488	0.32513	2.22688	0.31488		
Core	266.302	0.19	1.2	Bid	0.0800	0.0800	2.1400	0.0100	One year	0.45650	0.46213	2.23550	0.45650		
International rates				Treasury bill auction				Euro Libor							
Latest	Week ago	52-Week High/Low	Latest	Week ago	52-Week High/Low	Latest	Week ago	52-Week High/Low	One month	-0.502	-0.501	-0.360	-0.621		
Prime rates	U.S.	3.25	3.25	5.25	3.25	4 weeks	0.090	0.080	2.080	0.000	Three month	-0.441	-0.437	-0.142	-0.539
Canada	2.45	2.45	3.95	2.45	13 weeks	0.105	0.120	2.070	0.000	Six month	-0.430</				

BANKING & FINANCE

Fannie, Freddie Post Earnings Rebound

Mortgage packagers' income rises as fewer borrowers ask for break on payments

By PAUL KIERNAN

Government-controlled mortgage giants **Fannie Mae** and **Freddie Mac** said their earnings improved in the second quarter, adding to evidence of a rebound in the U.S. housing market.

Fannie Mae, the larger of the two companies, said 5.7% of the single-family loans it guarantees—representing about 972,000 mortgages—had suspended payments as of June 30, down from the 7% it reported May 1, when it re-

leased first-quarter earnings.

"We believe that some of the borrowers entered into forbearance prematurely—in case of economic hardship," Chief Financial Officer Celeste Mellet Brown said in a call with reporters.

The improvement came amid a decline in unemployment as parts of the economy reopened. More recent government data on unemployment claims, however, suggest that the labor market's recovery may be stalling amid a resurgence in coronavirus cases.

Fannie Mae said on Thursday that its net income rose to \$2.55 billion in the second quarter from \$461 million in the previous three months. Net income in the second quarter of last year was

\$3.43 billion.

Fannie's latest results were buoyed by a decline in credit-related expenses, which had ballooned in the first quarter as the company braced for a wave of homeowners requesting a break on their mortgage payments because of the pandemic.

A surge in refinancing activity to a 17-year high due to record-low interest rates also helped the company's bottom line.

Sales of previously owned homes rose 20.7% in June over the prior month to a seasonally adjusted annual rate of 4.72 million, according to data from the National Association of Realtors released last week, the biggest monthly increase on record

going back to 1968.

As a result of the improved economic outlook, Fannie trimmed its estimate for the percentage of single-family borrowers that could be forced into forbearance by the pandemic to 12.5% from 15%.

In March and April, with swaths of the economy shut down to contain the spread of the coronavirus, mortgage bankers worried that a significant percentage of homeowners might take advantage of a law allowing them to suspend payments on their mortgages. That hasn't happened.

"Housing has been one of the only bright spots in the economy," said Isaac Boltansky, director of policy research at investment bank Compass Point Research &

Trading LLC. "It's clear that the pandemic has hit certain segments of the economy harder. It's impacted folks who are less likely to be homeowners."

He said government relief measures such as enhanced unemployment benefits and direct payments to households are also helping many homeowners remain current on their mortgages.

Fannie's smaller sister company, Freddie Mac, reported a net income of \$1.78 billion, compared with \$173 million in the first quarter of this year and \$1.51 billion a year earlier.

Fannie and Freddie run the plumbing meant to make U.S. mortgages more readily available and affordable.

The 30-year, fixed-rate mortgage, by far the most popular in the U.S., might not exist without them.

The companies don't make mortgages but buy them from lenders and package them into securities to sell to investors, and they provide guarantees to investors in case the mortgages go bad. The two companies guarantee nearly half of the \$11 trillion U.S. mortgage market.

The two companies were taken over by the government after they came close to collapse during the financial crisis of 2008.

The Trump administration is planning to return them to private ownership.

—Andrew Ackerman contributed to this article.



Lloyds reported a loss of \$598 million. Unlike many rivals, its business is U.K.-focused and more exposed to pandemic conditions there.

British Banks Hurt by Loan Losses

By SIMON CLARK

The coronavirus pandemic pummeled British banks in the second quarter as many companies struggled to reopen and individuals reduced spending and deferred payments on loans. The industry is also grappling with Brexit and the increasing likelihood of negative interest rates.

Lloyds Banking Group PLC shares fell 7.6% Thursday after the London-based lender said it swung to a £461 million (\$598 million) loss in the second quarter because of the impact of the pandemic. Lloyds, **Barclays PLC** and the U.K. unit of **Banco Santander SA** increased loan-loss charges in the three months ended June, compared with a year ago.

The U.K. has been hit hard by the coronavirus, with the highest number of reported deaths in Europe.

It was slower to end lockdowns and its economy has had less time to regain its footing than countries such as France and Germany.

The challenging economic conditions add to uncertainty facing British banks as politicians try to reach a trade agreement with the European Union. The European Banking Authority this week reminded

lenders that the transition period for Britain's EU exit expires at the end of the year. The U.K. and EU have yet to strike an agreement on their future trade relationship.

Coutts, a unit of state-controlled **NatWest Group PLC** which provides banking services to wealthy people including Queen Elizabeth II, told clients on Monday that it would stop lending to EU residents because of the lack of a trade agreement.

Another complication facing U.K. banks: The Bank of England has shifted its tone in recent months toward possibly using negative interest rates, which can squeeze bank profitability.

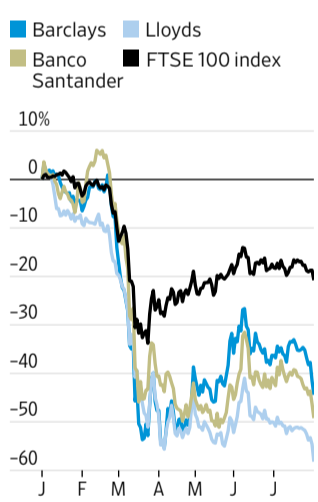
In anticipation of such a move, a swath of U.K. government bond yields are already in negative territory, while the benchmark 10-year gilt yields just 0.08%.

"There is a highly uncertain environment out there," Lloyds Chief Executive António Horta-Osório told journalists.

Unlike rivals such as Barclays and HSBC Holdings PLC, which have large overseas operations, Lloyds's business is concentrated in the U.K. and is most vulnerable to conditions there.

The bank set aside £2.39

Share-price and index performance



Source: FactSet

billion for bad loans in the second quarter, more than seven times the same period last year, adding to £1.43 billion set aside in the first quarter. Lloyds expects to set aside as much as £5.5 billion this year.

Santander on Wednesday reported a massive €12.6 billion (\$14.8 billion) charge for lowering valuations of some previous acquisitions in the wake of the pandemic.

About half of the charge came from its U.K. business, which is exposed to mortgage

lending, where margins are being squeezed.

Barclays said Wednesday that its U.K. unit lost £123 million in the second quarter, down from a profit of £328 million in the same quarter last year.

A better performance from Barclays's corporate and investment bank enabled the lender to report a small overall profit for the quarter.

Barclays Chief Executive Jes Staley said his strategy of maintaining a diversified business with international exposure was working.

He has been under pressure from activist investor Edward Bramson, whose firm Sherborne Investors has said it wants Barclays to shrink its investment bank and become a more narrowly focused consumer bank.

"The reason that we have been able to support the economy as extensively as we have and remain financially resilient is because of our diversified universal banking model," Mr. Staley said Wednesday.

Standard Chartered PLC, which is based in London but does most of its business in the faster growing economies of Asia, said Thursday it made a \$549 million net profit in the second quarter.

Buyout Firm Apollo Lifted by Stock Rally And Credit Business

By MIRIAM GOTTFRIED AND DAVE SEBASTIAN

Apollo Global Management Inc.'s second-quarter earnings rose as the value of the private-equity firm's investments climbed with the broader market.

The New York company posted net income of \$446.3 million, or \$1.84 a share, compared with a profit of \$164.8 million, or 75 cents, during the same period last year, it said Thursday. The results marked a significant recovery over the first quarter, when Apollo and its peers posted sizable losses due to the coronavirus-related market plunge.

The value of Apollo's private-equity holdings climbed 11.7% in the second quarter. That compares with a 20% gain for the S&P 500—the index's biggest percentage jump in more than two decades. Apollo's private-equity portfolio had depreciated by 21.6% in the first quarter.

Apollo's credit business—its largest by assets—also posted strong results. The value of the firm's corporate-credit portfolio climbed 7.7%, while its structured-credit and direct-origination holdings appreciated by 8.9% and 2.7%, respectively.

Apollo's assets under management climbed to \$413.6 billion, exceeding the \$400 billion mark for the first time. Helping to drive that increase was the April closure of European insurance affiliate Athora Holding Ltd.'s deal to purchase Vivat NV from Anbang Group Holdings Co., which added \$45 billion in assets to Apollo's credit business. Athene Holding Ltd., another insurance affiliate, also closed a reinsurance deal with Jackson National Life Insurance Co. during the quarter, adding another \$28 billion to Apollo's assets under management.

Closely watched distributable earnings, or cash that can be given back to shareholders, totaled \$205.2 million, or 46 cents a share, down from \$230.8 million, or 56 cents, a year earlier even as fee-related earnings rose to \$259.2 million from \$238.5 million. The firm said it would pay a dividend of 49 cents a share,

down from 50 cents a share a year earlier.

Shares of Apollo fell 3.5% in trading Thursday.

On a call with analysts, Apollo Chief Executive Leon Black said co-founder Marc Rowan, who oversees its insurance business, would take a step back from his day-to-day responsibilities and embark on a "semi-sabbatical." Mr. Black said Mr. Rowan would continue to help guide Apollo's strategic direction and remain on the boards of Apollo, Athene and Athora.

Apollo co-President Scott Kleinman will assume day-to-day responsibility for leading the firm's financial institutions and insurance activities. Jim Zelter, the firm's other co-president, will continue to focus on asset management and credit investing for insurance clients.

Apollo isn't the only buyout firm experiencing change in its uppermost ranks as the pandemic roils its business. **Carlyle Group Inc.** said this month that co-Chief Executive Glenn Youngkin would retire and that Kewsong Lee, his co-CEO since 2018, would be the firm's sole CEO.

Carlyle, which also reported second-quarter results Thursday, said the fair value of its private-equity funds climbed by 13% during the period, boosting performance-related fee revenue. The firm posted lower net income than in the year-earlier period due to higher performance-related compensation costs, but increased its target for full-year fee-related revenue to between \$440 million and \$475 million from a previous range of \$400 million to \$450 million.



CEO Leon Black

Credit Suisse Shakes Up Trading and Investment Banking

By MARGOT PATRICK

Credit Suisse Group AG's chief executive unveiled a plan to combine most of the Swiss lender's fragmented trading and investment-banking businesses, his first strategic move since he took the helm six months ago.

Thomas Gottstein, who was appointed CEO after Tidjane Thiam was ousted following a spying scandal, said the move is aimed at freeing up cash to invest across Credit Suisse's businesses but doesn't mark a fundamental shift in the bank's ambitions.

"We don't want to shrink to greatness, we want to invest and grow," Mr. Gottstein said in an interview. "There are certain structural elements that could be improved and fragmentation that needed to be addressed."

Credit Suisse, one of the

world's largest managers of rich people's money, competes with larger rivals such as JP Morgan Chase & Co., Goldman Sachs Group Inc. and Morgan Stanley in investment banking, though it drastically shrank the size of the unit in a restructuring under Mr. Thiam between 2015 and 2018.

The new investment-banking arm will comprise the divisions previously known as investment banking and capital markets, global markets and the Asia-Pacific markets business, which had operated separately before. Separate investment-banking arms will continue to be housed in Credit Suisse's Asia-Pacific division and Swiss bank.

Mr. Gottstein said Credit Suisse would continue allocating around two-thirds of its capital to wealth management and one-third to the investment bank, a mix that began

under Mr. Thiam to move the bank away from a reliance on more volatile markets-trading revenue and focus on its wealthy clients. The new CEO said the bank will look to save around 400 million Swiss francs (\$438 million) a year from 2022 to reinvest in Asia and elsewhere, in part by shedding jobs.

Mr. Gottstein declined to give an overall figure regarding job cuts but said some duplicated roles would go. He noted that the bank's head count has risen this year because of a lack of attrition during the pandemic and may need to come down to keep the bank on track to meet its financial targets.

The restructuring was announced as Credit Suisse posted a 24% rise in second-quarter net profit, driven by higher revenue in investment banking and capital markets,

which benefited from a surge in companies issuing stock and bonds in the period.

Like rival UBS Group AG, Credit Suisse has performed better than many European and global banks in navigating the pandemic, largely because of its focus on lending to

Net profit rose 24%, driven by a surge in companies issuing stock in the period.

households and companies in Switzerland, which lifted restrictions faster than other countries, and the world's wealthy.

Net profit rose to 1.16 billion francs from 937 million francs in the second quarter of 2019.

The bank took 296 million francs in loan-loss provisions, less than the 568 million francs taken in the first quarter in anticipation of soured loans.

Revenue in Credit Suisse's investment-banking and capital-markets unit rose 61%, driven by sharp rises in equity and debt underwriting. Its global markets business also posted a revenue rise and reported a 71% gain in pretax profit.

Pretax profit rose 26% in its Asia business, which includes markets and investment banking in the region, and rose 5% in its Swiss bank. International wealth-management profit fell 22%, reflecting higher credit charges.

Chief Financial Officer David Mathers said the bank is well positioned for economic stress from the pandemic, with more than half of its loan book in Switzerland, which has been

relatively cushioned during the global economic downturn. The flip side, Mr. Gottstein said, is that the Swiss franc has been a haven for investors and strengthened against other currencies. That affects reported revenue in the wealth-management unit, since many customer accounts are in dollars, euros or the Brazilian real.

The restructuring will cost around 300 million to 400 million Swiss francs, Credit Suisse said, and the bank expects the move will help it reduce costs by around 400 million francs a year from 2022.

Mr. Gottstein said the bank's return on tangible equity was 12% in the first half, higher than its 10% target, "confirming the resilience of our integrated business model as a leading wealth manager with strong global investment banking capabilities."

MARKETS

Treasury Yields Decline Further

By Paul J. Davies

Government bond yields dropped in the U.S. and Europe after fresh data on Thursday showed the worst quarterly economic contractions on record for the U.S. and Germany in the second quarter.

Advance gross domestic product estimates for the U.S. showed the economy shrank by 32.9% versus the previous quarter, although that was better than the 34.7% contraction that had been forecast. On Wednesday, the Federal Reserve highlighted the long-term problems the economy faces when it kept interest rates unchanged. Investors noted that economic momentum has slowed recently as the U.S. struggles to control the coronavirus pandemic.

Data also showed the German economy shrank 10.1% in the second quarter. The quarterly contraction was the largest since official records began in 1970 and likely the biggest since World War II, according to Joerg Zeuner, chief economist at Union Investment.

The yield on the 10-year U.S. Treasury note settled at 0.540%, compared with 0.578% Wednesday. It was the lowest close except for one extremely volatile day in early March when the yield settled at 0.501%.

In Europe, German 10-year yields dropped to minus 0.544% from minus 0.500% on Wednesday, while yields also slid on government bonds from the U.K. to Italy. Yields fall when bond prices rise.

Analysts at Goldman Sachs expect European growth to outperform the U.S. this year because of the region's better control of the virus, stronger recent economic data and a more favorable set of monetary and fiscal policies.

The sharp U.S. second-quarter decline in GDP masked some better economic data during June, such as improving employment trends. However, there had already been evidence of a loss in that momentum in the economy from high-frequency data on transport use and short-term restaurant bookings, according to David Riley, chief investment strategist at BlueBay Asset Management. More social distancing, concerns about job security and higher savings rates would all hurt economic activity and depress U.S. yields, he said.

"There is evidence to suggest that the rebound in the U.S. has been hindered by an inability to contain the virus," Mr. Riley said. "Europe has been containing the virus better and U.S. growth exceptionalism is no longer looking so reliable."

But there is a tension between the weak outlook and the weight of issuance of fresh Treasury bills in the U.S. that is limiting the decline in yields at shorter maturities, according to Alison Nathan, senior macro strategist at Goldman Sachs.

Fed Chairman Jerome Powell called for greater government spending to support the economy, which will entail a need for more Treasury issuance. Goldman expects net issuance of \$4.8 trillion in 2020—meaning that total debt outstanding will grow by that amount—and \$3 trillion of that will come in short-term bills.

"Based on our expectation for increased bill issuance, we no longer anticipate material downward pressure on front-end yields," Ms. Nathan wrote in a note.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Table with 2 columns: Bid type and Amount. Includes rows for Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, and Cusip number.

EIGHT-WEEK BILLS

Table with 2 columns: Bid type and Amount. Includes rows for Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, and Cusip number.

Economic Weakness Sinks Stocks

By Michael Wursthorn and Anna Hirtenstein

Stocks fell on one of the busiest days of the corporate earnings season, while new data laid bare the extent of the economic damage wrought by the coronavirus pandemic.

Major indexes opened sharply lower, and the Dow Jones Industrial Average fell nearly 550 points before paring its losses to close down 225.92 points, or 0.9%, to 26313.65. Shares of technology giants, many of which reported quarterly results after Thursday's close, led the turnaround and helped lift the Nasdaq Composite Index back into positive territory on the day.

Still, the broader stock market struggled after data showed the U.S. economy saw its biggest-ever quarterly plunge in activity and an uptick in weekly unemployment claims, suggesting the recovery in the labor market may be faltering.

Investors largely expected poor economic figures, and the extent of the second quarter's decline in gross domestic product—nearly 33% on an annualized basis—was slightly smaller than economists' projections. Still, the Commerce Department data confirmed the extent of the pandemic's damage, showing few corners of the U.S. economy were spared.

"When you see that number in print, it becomes a reality," said Bill Northey, a senior investment director at U.S. Bank Wealth Management. "It solidifies the amount of economic damage we have already sustained."

Meanwhile, a tweet from President Trump didn't help matters ahead of Thursday's opening bell. The president suggested delaying the November election until people can safely vote in person, further pressuring stock futures. Although some investors



Apple shares rose 6.2% in after-hours trading after the company reported higher-than-expected sales growth. An Apple store in China.

wrote off the comment, Mr. Northey said it highlighted how the election remains a major factor that can sway markets.

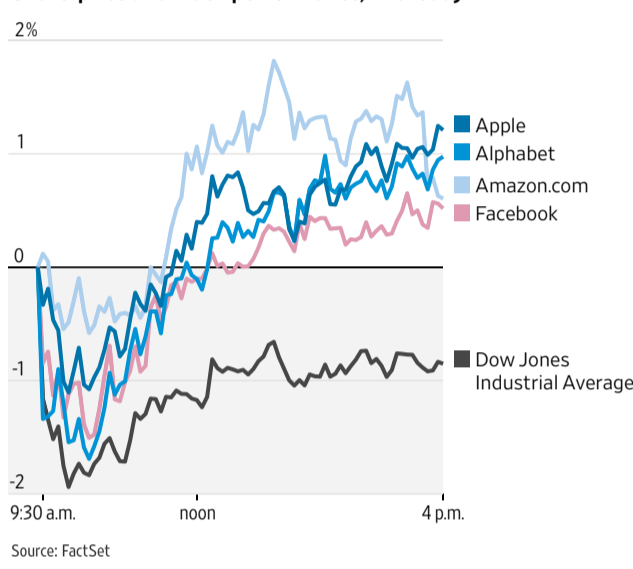
The S&P 500 declined 12.22 points, or 0.4%, to 3246.22. The Nasdaq Composite gained 44.87 points, or 0.4%, to 10587.81.

Investors appeared to swap stocks for bonds, pushing Treasury prices higher. That sent the yield on benchmark 10-year bonds down to 0.540%, the lowest level since March.

Some stocks bucked the broader market's decline following upbeat earnings reports.

Shares of United Parcel Service, for example, surged \$17.78, or 14%, to \$141.46 after the company reported a record jump in daily shipping volumes. PayPal shares advanced \$7.91, or 4.3%, to \$192.51 after the company reported that its revenue and profit beat expectations due to a boom in on-line shopping and digital payments.

Share-price and index performance, Thursday



Source: FactSet

Apple, Alphabet, Amazon.com and Facebook also notched modest gains as investors pushed those stocks higher ahead of their quarterly earnings reports.

Investors weren't disappointed. Apple, Amazon and Facebook topped analysts' earnings expectations, sending those stocks up during after-hours trading. Shares of Alphabet were little changed after the report. The Google parent beat Wall Street's projections, but reported a drop in advertising revenue from a year earlier, its first-ever such drop.

"One overriding factor benefiting tech names is that the digitization of society has been pulled forward by at least a couple of years due to the lockdowns," said Raj Shant, a portfolio specialist at an affiliate of PGIM Group.

Stocks didn't fare much better overseas, with most indexes falling. The pan-continental Stoxx Europe 600 slipped 2.2% after companies like Volkswagen and Lloyds Banking Group reported weak earnings.

At midday in Tokyo Friday, the Nikkei 225 Stock Average and Australia's S&P/ASX 200 were each down 1.9%.

Turkey Runs Low On Measures to Curb Lira's Fall

By Caitlin Ostroff and Anna Isaac

Investors are worried Turkey is running low on options to curb volatility in its currency after the lira hit its weakest level against the dollar in two months.

After months of staying relatively stable because of the central bank's intervention, the lira has fallen sharply this week. Since Monday, the currency has fallen by about 2% to trade at about 6.99 lira to the dollar, its weakest level since May 12 and approaching its record low, despite the dollar weakening against other major currencies.

The lira has dropped 3% against the euro so far this week, its biggest weekly decline in over three months.

The sharp drop is raising fresh alarms. Political pressure to keep borrowing costs low means analysts don't expect the central bank to raise interest rates. That eliminates one key tool that countries have conventionally used to bolster their currencies. The central bank has instead used up much of its foreign-exchange reserves to prop up the currency.

That has left President Recep Tayyip Erdoğan's administration with little room to maneuver. The coronavirus pandemic has caused a drop in the nation's revenue from tourism and exports, while the lira's slide has driven up the cost of imported goods and its foreign debt.

Analysts and investors are concerned that Turkey may now look to impose partial capital control—measures to restrict or even prohibit the flow of money out of the country—to try to stabilize the market.

"They're really stuck in a very delicate situation," said Nikolay Markov, a senior economist at Pictet Asset Management. "Now they're even more vulnerable than they have been in the past, and obviously the pandemic situation isn't helping."

Asked whether it was considering capital controls, the Turkish Finance Ministry referred to repeated dismissals by Finance Minister Berat Albayrak.

"Turkey has never, even in times of crisis, deviated from free market practices," the minister said on July 5. "Any measure to be taken in the future will be fully in line with this principle."

The country had been grappling with soaring unemployment, high inflation and piles of foreign debt even before the pandemic struck. Mr. Erdoğan's efforts to bolster the economy through credit growth has driven up demand for imported goods, increasing the funding gap between imports and exports and widening what is known as the current-account deficit.

The central bank acted to limit the lira's decline by selling foreign currencies, from its own reserves and dollars borrowed from domestic banks, to buy the lira. It owes more foreign currency to the banks than it currently has in its coffers. Adding to the pressure, the central bank has recently had to resort to using borrowed currencies to also fund the growing gap between its imports and exports.

"The central bank is coming to a realization that the policy isn't really working anymore. That they don't have the firepower to keep intervening in the same way that they have been," said Maya Senussi, a senior economist at Oxford Economics.

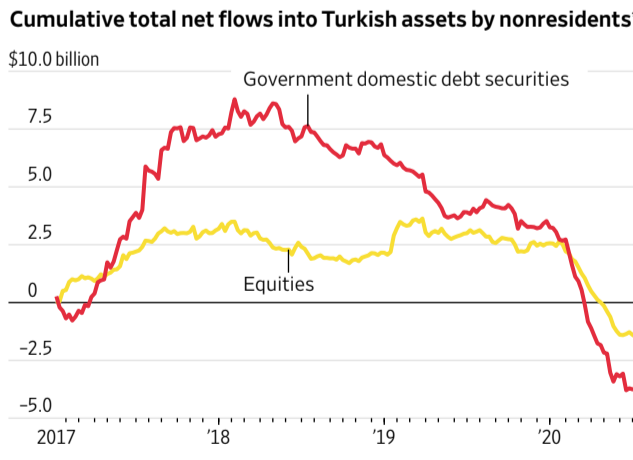
The central bank has sufficient foreign-currency reserves, Gov. Murat Uysal said on Wednesday.

In the spring, Turkish authorities turned to various foreign governments, including the U.S., with requests for access to short-term lending facilities known as swap lines to help stabilize the lira. Only Qatar assisted in a significant way, increasing its swap agreement to \$15 billion in May,



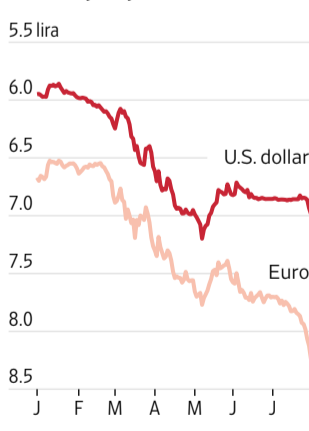
Since Monday, the currency has fallen by about 2% to trade at about 6.99 lira to the dollar.

Capital control fears and a weak currency are driving investors out of Turkish assets.



*Negative figures mean sales exceed purchases. †Scale inverted to show changes in the strength of the lira. Source: Turkey's central bank (net flows); Tullett Prebon (currency)

How many Turkish lira each currency buys



\$5 billion. Concerns about the nation's growing reliance on borrowed foreign currencies, combined with interest rates that have dropped below the inflation level, has spooked investors.

Figures from Turkey's central bank show investors have withdrawn \$4.3 billion from Turkish equities since the start of the year, and \$7.3 billion from lira-denominated bonds.

The central bank had spent more than \$60 billion to curtail the lira's fall this year through July 17, according to an estimate from Goldman Sachs Group. It may now be allowing the currency to weaken to a more manageable level, analysts speculated.

"Is it just a simple error or is it part of a new strategy? Do they want to try to weaken the

currency to a cheaper level that is easier to defend?" said Timothy Ash, senior sovereign strategist covering emerging markets at BlueBay Asset Management.

Turkey has limited access to its market for some participants in recent months. Following the currency hitting a record low against the dollar in May, the country blocked three international banks from trading its currency, though the ban was lifted within days. Earlier this month, it banned six foreign banks from short selling stocks, which allows investors to bet on a share price declining.

The renewed volatility has investors worried that Turkey could go further, and follow the example of countries such as Morocco or South Africa by

limiting the amount of money individuals or households can move out of the country, also known as capital controls.

In 2018, a weakening in the lira prompted many individuals to transfer savings deposits out of the currency and into dollars, exacerbating the sell-off. Putting constraints now on the flow of money out of Turkey could lead to a recurrence, some cautioned.

Economists said any restrictions to capital flows would also jeopardize Turkey's efforts to rekindle exports, notably to the European Union. "Turkey would shoot itself in the foot," said Ugur Gurses, a Turkish finance commentator and a former central bank official.

—David Gauthier-Villars contributed to this article.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY



For over five hours, lawmakers had sharp questions on anticompetitive behavior, user privacy and misinformation.

Big Tech Flashes Wealth

Embarrassment of riches comes amid heightened scrutiny

Perhaps this wasn't the best time for Big Tech to flex its financial muscles.

Amazon.com, Apple and Facebook all reported strong results for the June quarter on Thursday afternoon. Amazon in particular blew away most of Wall Street's forecasts, including an 89% surge in operating income compared with the 60% drop analysts had expected. Results from Google-parent **Alphabet** were a bit less pristine, showing its first-ever decline in advertising revenue year over year. But the internet search giant had some other positives, including revenue from its cloud-computing segment coming in well above analysts' estimates.

The results drove all four stocks higher in after-hours trading, building on strong gains for the year. Awkwardly, they also came just a day after the chief executives of all four companies were grilled by Congress over the market power they have amassed. For more than five hours over socially-distant video links, lawmakers had sharp questions on topics such as anticompetitive behavior, user privacy and misinformation.

Investors have taken to dismissing such events as political theater. Indeed, lawmakers and regulators have rattled sabers at Big

Tech for a couple of years now with little to show for it. Wednesday's hearing also featured plenty of diversions, including several questions on the still-unfounded notion that tech giants somehow stack the deck against one political persuasion. And Big Tech's big bosses didn't always present a united front; Amazon CEO Jeff Bezos memorably described social networks as a "nuance destruction machine."

But the hearings actually contained more substance than past occasions, with many lawmakers zeroing in on alleged anticompetitive behavior in areas such as Amazon's third-party marketplace, Apple's App Store, Google's propensity to drive traffic to its own properties and Facebook's knack for acquiring companies that could threaten its place as world's preeminent social network. Getting any substantive legislation through a sharply divided Congress in a presidential election season would be a major hurdle, but more lawmakers are asking the right questions. Following the hearing, normally bullish tech analyst Gene Munster of Loup Ventures wrote that "Regulating Big Tech appears to have bipartisan support."

Yet this comes at a time investors have become even more dis-

missive of such risks. Before Thursday's results, shares of Amazon and Apple had surged 65% and 31% this year, respectively. Even Alphabet and Facebook's more moderate 14%-15% gains vastly exceeded the S&P 500's flat performance for 2020.

Averaged together, 83% of analysts' recommendations for the four stocks are buy. Despite its massive run this year, only one analyst carries a sell rating on Amazon, according to FactSet.

Thursday's strong results will no doubt add to that momentum. They reinforce the image of companies so powerful that even a global health crisis can't stop them.

Apple even managed to increase its iPhone sales for the quarter, despite the pandemic's impact on the company's manufacturing base in China.

Meanwhile, Amazon posted a record jump in revenue from third-party services, showing a growing reliance on a business receiving criticism over reports that the company misuses data from its selling partners.

Big Tech's growing strength will draw cheers from investors, but not everyone who takes notice of Thursday's results is a fanboy.

—Dan Gallagher

GDP Hole Dug Mainly by Consumers

Stimulus checks and unemployment blunted drop but much of the money was saved and not spent

The U.S. economy registered its worst decline on record last quarter. If not for the stimulus the government provided in response to the Covid crisis, it would have been worse.

The Commerce Department on Thursday reported that gross domestic product fell an annualized 32.9% in the second quarter from the previous quarter after dropping 5% in the first. That annualized figure shows how much the economy would shrink if the second quarter's pace of contraction lasted a year, which thankfully won't happen. But with the level of GDP down 10.6% from the fourth quarter in actual terms, the economy is in a hole more than twice as deep as it was following the financial crisis.

The U.S. economy is driven by consumer spending, and its retreat accounted for more than three-quarters of the GDP decline. Spending on services, the biggest expenditure category, fell an annualized 43.5%, reflecting how spending money on many services categories, such as going to the dentist or eating in a restaurant, was simply impossible for many Americans. Spending on nondurable goods, which includes clothing and gro-

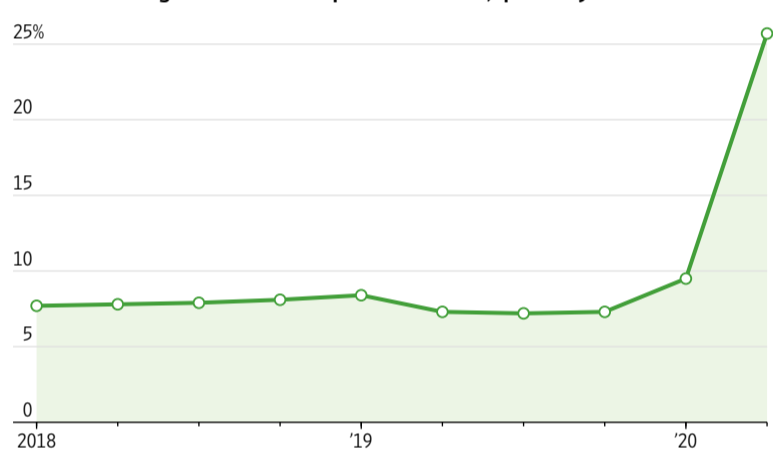
cery items, fell by a smaller 15.9%.

By contrast, spending on durable goods—long-lasting items such as cars and washing machines—fell by only 1.4%. That muted decline probably came about because when people decided to spend the stimulus checks they got from the government, they bought bigger-ticket items that they might have been planning on eventually buying. Absent stimulus they would have been far less apt to make those purchases. Meanwhile, the \$600 a week in emergency benefits unemployed Americans have been getting supported spending of all types.

Plenty of stimulus didn't get spent, though. The personal saving rate—saving as a share of after-tax income—swelled to 25.7% in the second quarter. That should support spending in the current quarter, but the combination of Covid concerns and worries over the economy will continue to limit people's willingness to part with that cash. And for the millions of unemployed, many of whom already spent all of their stimulus checks, and whose emergency unemployment benefits are set to expire Friday, both spending and saving will suffer.

—Justin Lahart

Personal saving as a share of disposable income, quarterly



Source: Commerce Department

Kraft Heinz Is Back To Getting Squeezed

Kraft Heinz, like its packaged-food peers, got a big sales bump from Covid-19. But its fundamental challenges remain unresolved.

This was underscored Thursday as the company reported strong underlying numbers but took yet another multibillion-dollar write-down of its brands and other intangible assets, resulting in a \$1.65 billion net loss for the three months ended June 27. Kraft Heinz shares, which were up about 11% this year before the announcement, fell by more than 3% in trading Thursday.

The stock is a sharply debated one on Wall Street. Bulls will focus on the quarter's 7.4% organic sales growth, which strips out the impact of mergers and currency effects, powered by both strong volumes and price increases. Bears will point to the \$2.9 billion of impairment charges in the quarter, including write-downs of Oscar Mayer, Maxwell House and seven other brands. These charges echo Kraft Heinz's massive \$15.4 billion of write-downs in February of last year, which also included Oscar Mayer.

In truth, both sets of numbers are largely beside the point. The real issue for the stock, as JPMorgan analyst Ken Goldman puts it, is that Kraft Heinz "has yet to prove it can thrive in a non-Covid-19 world."

Americans are eating more at home and putting less emphasis on healthy diets, naturally leading to higher consumption of products like boxed macaroni and cheese. Once things return to a more normal state, Kraft Heinz will still be left with the task it had before the pandemic: updating its aging brands to retain their appeal to consumers. Oscar Mayer and Maxwell House are clear examples of this, but there are many more in the company's stable, from Jell-O to Capri Sun.

Here there remains cause for concern. In 2019, the last period for which detailed data was avail-

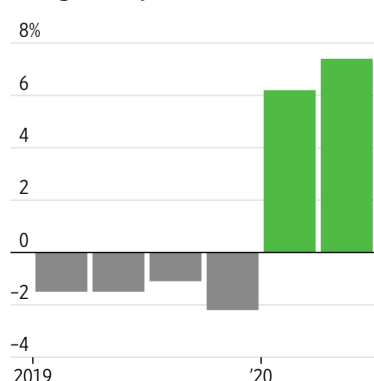
able, Kraft Heinz spent only 0.4% of sales on research and development, compared with around 1% at peer companies, according to calculations by Bernstein analyst Alexia Howard. Similarly it spent just 2% of sales on advertising compared with 4% at its rivals, Ms. Howard notes.

The hope is that the coronavirus windfall gives Kraft Heinz ammunition to make the necessary investments. But this is also true of its competitors. Company executives said Thursday that they plan a 40% bump in media spending in the second half of the year, but added that this would be offset with marketing cuts elsewhere. Even if it wasn't being offset, the increase wouldn't be enough to close the gap with rivals.

And while margins have risen during the pandemic, Chief Financial Officer Paulo Basilio warned on a conference call Thursday that they would likely return to around year-ago levels in the current fiscal quarter, driven by higher commodity prices and other cost pressures. Mr. Basilio stressed that Kraft Heinz remains "in the first year of a multiyear turnaround." Investors should keep that in mind before bidding up the stock any further.

—Aaron Back

Kraft Heinz organic net sales, change from year earlier



Note: 1Q and 2Q 2019 data were reported jointly as first half 2019. Source: the company

OVERHEARD



weiser also contains none.

Sure, Budweiser Zero does have just 50 calories, barely one-third of the original, but then poorly selling Budweiser Select 55, which its brewer touted as "the lightest beer in the world" when launched, has just five more.

Key to squeezing out those last five was removing all of the alcohol, which is Budweiser Zero's real selling point. Mr. Wade calls it "a game changer by letting athletes enjoy the taste of a refreshing beer without impacting their mental and physical game."

It also is late to the alcohol-free beer game. Maybe star power and a healthy aura can still win it the crown.

BUDWEISER

Samsung Looks Well Placed for After Pandemic

Samsung Electronics has weathered Covid-19 well so far, but its near-term outlook still hinges on a global recovery. Over the longer run, its technology leadership and strong balance sheet means it will continue to excel.

The Korean technology giant's operating profit last quarter grew 26% from a quarter earlier, the second consecutive quarter of growth despite the pandemic. The company got a one-off boost—likely from **Apple**—in its display division. Apple had to make a payment to Samsung since the iPhone maker purchased fewer OLED screens—used in premium iPhones—than previously agreed. Credit Suisse estimated that payment at 1.1 trillion won (\$924 million).

Beyond that, memory chips remain Samsung's major profit driver. Demand from data centers has jumped as many people work from home. Operating profit at the company's semiconductor division—80% of its sales are from memory chips—grew 36% last quarter from the previous quarter. Samsung is the world's largest

manufacturer of memory chips.

While Samsung has done well so far, a prolonged pandemic may still hurt the company. The boost from servers may not last, especially since many customers may have stored up inventories last quarter already. Damped consumer sentiment also hurts Samsung directly through weaker sales of smartphones, and indirectly through demand for its chips and displays. According to market researcher Canalys, Samsung sold 30% fewer smartphones last quarter than a year earlier, putting it behind China's Huawei for the first time.

But longer-term prospects still look bright. **Intel** said last week that it may consider outsourcing part of its chip manufacturing after warning of another delay in the development of its advanced chips. The news has sent shares of Asian foundries—which make chips for others—higher: Samsung's shares have gained 8.9% this week, while those of Taiwan Semiconductor Manufacturing have risen 12%.

Foundry business is only a small part of Samsung's sales and the market may have overestimated the size of potential orders from Intel. But Samsung possesses the technology to capture growth outside of memory chips. Bernstein estimates that Intel is more than two years behind Samsung and **TSMC** in technology, especially considering their ability to ramp up production and improve yields.

Samsung's 5G business may also get a boost as the U.S. presses allies to drop telecom equipment from Chinese makers such as **Huawei** and **ZTE**. Samsung's \$81 billion of net cash could be used to make strategic acquisitions to strengthen its position in these new areas.

Although the talk in Washington is about reshoring, the center of global chipmaking gravity continues to shift to Asia. With top-notch technology and deep pocketbooks to take advantage of shifting supply chain trends, Samsung looks well positioned to keep outperforming.

—Jacky Wong



\$180 Million
Adirondack
'Great Camp'
spanning 36,000
acres lists. **M8**

MANSION

\$7.99 Million
J-Lo and A-Rod
put their Malibu
home up for sale.
M10



HOMES | MARKETS | PEOPLE | REDOS | SALES

THE WALL STREET JOURNAL.

Friday, July 31, 2020 | **M1**

**2011 purchase price:
about \$40 million**



JOHN HEINRICKSON (ADIRONDACK GREAT CAMP)

The Greenes' main home is just one of six homes on their 55-acre property.



**Tennis coach:
\$8,000/season**

Camp Takajo tennis coach Steve Olivas gives lessons at the Greene family's at-home camp.

DOROTHY HONG FOR THE WALL STREET JOURNAL (6); ISTOCK (CAMP SIGN)



Jeff Greene and his wife, Mei Sze, their sons, Brandon, Malcolm and Cameron, and their dog Cole.

Welcome to

CAMP BACKYARD

When their kids' camps were canceled,
these Hamptons families decided to create
their own high-end alternative



The cabana and private beach at the Greene home in North Haven. Below, the Greene boys head to the pool.



By BETH LANDMAN

When Camp Takajo, the famed Maine sleep-away camp, announced it wouldn't open this summer due to Covid concerns, many parents panicked at the thought of having their children remain at home after months of lockdown. But real-estate developer Jeff Greene, who has three young sons, jumped into action. He decided to turn his 55-acre North Haven, N.Y., compound, which includes a main house and five smaller buildings, into a private outpost of the summer camp.

His first order of business was to call Takajo's owner and arrange to hire his top staff, including the nature and wilderness counselor, arts and crafts specialist, tennis coach, and since Mr. Greene's property sits on 3,000 feet of Sag Harbor Bay, the waterfront director.

Mr. Greene and his wife, Mei Sze, have, like most parents, enjoyed the leisure time that comes when off-



**Waterfront director:
\$600/week**

Malcolm Greene, Brandon Greene, Carson Stevens, waterfront director, and Cameron Greene kayak on Sag Harbor Bay, which borders the Greenes' North Haven property.

spring are securely tucked away at summer camp. Now, with so many camps closed, the Greenes and some other Hamptons families have transformed their homes into makeshift camps. Whether grouped with friends and neighbors or going it alone, these families have created activity schedules that will give their children structure, exercise and entertainment—and parents some downtime.

"Even though I am running a business, managing a lot of projects under construction in three states and overseeing a nonprofit institute, I don't have the skill set to teach sports to boys who are 6, 8 and 10 and need attention from when they wake up until they fall asleep," said Mr. Greene, who added a small sailboat and a peddle kayak to his private marina, and set up a soccer field in his yard.

The property feels more rustic and camp-like than most houses on Long Island's East End. It has a long driveway that winds through wooded areas, past a 3,000-square-foot, three-bedroom, three-bathroom main house

Please turn to page M6

Buildings for the Covid Era

Developers are future-proofing their projects against infectious disease, incorporating pandemic responses into architecture and design



CHIARA VERCESI

By KATY McLAUGHLIN

SOMEDAY, YEARS FROM now, a resident will wake up in their luxury condominium at developer Gregg Covin's The Cedars Lodge & Spa in Hendersonville, N.C. They'll make breakfast on the island in their big kitchen and sit on their heated balcony. They'll walk out of their private entrance and use an elevator that serves only three other units. They'll work out in a series of small exercise rooms and gather with friends at a restaurant in a glass atrium.

Hopefully, Covid-19 will be a distant memory. But every aspect of these homes will have been shaped by the pandemic.

Mr. Covin tore up his original plan for a part-hotel, part-condo project with small kitchens, few balconies and large amenity spaces, and began redrawing the

concept in March. "For sure, there are going to be long-term changes in behavior because of this," said Mr. Covin, who still aims to break ground this year.

One of the trickiest parts of a luxury real-estate developer's job is divining what buyers and renters will value—and pay top dollar for—in the three, four or even five years it takes to go from design to completion. Covid-19 has made that more complex, as developers try to tease out which parts of the pandemic experience will fade away and which will remain as part of the culture.

Some costs can be passed on to the renters or buyers who want the changes enough to pay more for them. Mr. Covin, for example, was originally planning units in the \$300,000 to \$500,000 range, but now thinks buyers will pay \$350,000 to \$750,000 for larger

Please turn to page M4

20%
The increase in number of NYC renters seeking outdoor space compared with prepandemic

PRIVATE PROPERTIES

Fully Loaded: Dubai Mansion Comes With Ferrari and Rolls-Royce

By KATHERINE CLARKE

An amenity-laden mansion on the Palm Jumeirah, a palm tree-shaped archipelago in Dubai, is slated to come on the market for \$32.67 million.

With three kitchens and three home cinemas, the mansion spans roughly 14,000 square feet. Its amenities include a Champagne vault, a vodka bar and a giant candy wall, according to listing agent Leigh Borg of Gulf Sotheby's International Realty. The buyer of the five-bedroom house will also get a Rolls-Royce, a Ferrari and a custom-made Harley-Davidson motorcycle, as well as an unusual art collection that includes a life-size figure from the movie "Transformers" and a chrome crocodile by the sculptor Richard Orlinski. A custom gorilla sculpture is positioned at the home's entrance.

"I wanted to blow people's minds when they visit me," said the owner, Michael Alibhai, who runs a company that designs and manufactures clothes for European fashion brands such as Zara. Mr. Alibhai, 43, is from Sweden but moved to the United Arab Emirates roughly 20 years ago for business reasons.

While he originally planned to live in the Palm Jumeirah property himself, Mr. Alibhai said the Covid-19 pandemic changed his mind and he intends to move back to Sweden to be closer to his mother, brother and grandparents. "I have been forced to reconsider my life due to the Covid-19," he said. "I have been missing out on valuable moments in life with family."

The Palm Jumeirah was built in the Persian Gulf in the 2000s using reclaimed land. Developer Nakheel built high-rise condos and hotels there, but also sold plots of land that could be developed for custom homes. Mr. Borg said home prices on the Palm top out at around \$50 million.

Mr. Alibhai bought this beachfront property in 2011, he said, but wouldn't disclose how much he paid for it. He spent roughly six years on design, permitting and construction of the house, continuously tweaking it as he



FOR SALE
\$32.67
MILLION
14,000 sq. ft.,
3 theaters, vodka bar,
candy wall,
Champagne vault

Mr. Alibhai said the cost of building the house was roughly the same as the listing price.



The Palm Jumeirah archipelago was built in the 2000s.



The marble throughout the house was handpicked by Mr. Alibhai.

went and taking inspiration from elaborate mansions in affluent U.S. enclaves such as Beverly Hills and Bel-Air. In particular, the house bears similarities to a Bel-Air megamansion built by the handbag entrepreneur Bruce Ma-

kowsky, which sold last year for \$94 million. Mr. Alibhai said he saw images of the Makowsky property before his house was completed, and borrowed some ideas on final design details. "I spared no expense building

this home," Mr. Alibhai. "I simply splashed out millions on things that can sometimes even not be noticed. Every single marble is hand-picked by myself." He said the cost of building the house was roughly the same as the listing price.

The property has three home theaters, including an outdoor pop-up theater on hydraulics, an indoor theater and a rooftop cinema. Filled with custom Italian furniture from designers like Fendi, Bentley and Minotti, the house also has a spa, a fitness center, a glass-tile infinity pool and a rooftop Jacuzzi.

The Harley-Davidson included with the home was customized with hydraulics and LEDs "to make it into an art piece," Mr. Alibhai said.

He is selling into an uncertain

market. Sellers on the Palm have faced headwinds in recent years due to low oil prices, weaker currencies in nearby countries and political turmoil in the Middle East. A glut of high-end housing has also put downward pressure on prices. A report by local real-estate firm Asteco showed that prices for Dubai villas were down by about 11% year over year in the second quarter of 2020.

But Mr. Borg said the pandemic has begun to give the market on the Palm a boost, as wealthy locals re-evaluate their lifestyles and search for more space.

As for Mr. Alibhai, he said he plans to build a new home in Europe. "I do intend to make a similar villa back home in Sweden instead, using all my knowledge acquired and talent," he said.

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MANSION



Original arched windows

Upper level reading area

Master bedroom

BALANCE SHEET

Luxe London Loft Living

A riverside apartment went through a second renovation to become a perfect pied-à-terre for a British couple

By RUTH BLOOMFIELD

A raw and industrial warehouse apartment is all very well when you are young and hip. But as you grow up, you are likely to want a few more home comforts.

Nicky Cherry and her husband Ian, both 57, have owned a London crash pad for 15 years. But, tiring of sleeping “platforms” and a tiny kitchen, they decided the apartment needed to grow up.

“We took it back to its shell and started again,” said Mrs. Cherry. “It was about moving things, just a little bit, to make it work better.”

In the early 2000s, the couple had moved out of London to Hampshire, in the country, to bring up their three children, who are now 24, 27, and 29. But Mr. Cherry, a lawyer, rapidly discovered that a tough day’s work followed by a long commute home was a recipe for exhaustion.

“I was doing early starts and late finishes, and the commuting was awful,” he said. The couple, who now have a main home in the county of Wiltshire, 110 miles west of London, decided that the solution was to buy a London pied-à-terre for Mr. Cherry to use during the week. They honed in on Bankside, a historic but (at the time) run-down neighborhood on the south bank of the River Thames.

They particularly admired a building which had been converted from a former Victorian cocoa warehouse to apartments in 1998. In 2005, they paid \$591,320 for a two-bedroom, one-bathroom apartment with a dramatic open-plan living space lit by

three monumental arched windows overlooking the Tate Modern art gallery, which is housed in a former power station.

Mr. and Mrs. Cherry bought their London base from a young architect who purchased it as a shell from the developer and fitted it out herself.

“The bedrooms were actually these strange sleeping platforms above the main living space, with narrow wooden steps up and pull-down blinds. They were fun, but not very practical,” said Mrs. Cherry.

The couple was mindful that the layout was not going to work as they got older.

In 2019, the couple commissioned Simon Graham, director of Yard Architects, to reconfigure the high-ceilinged, 980-square-foot apartment. The couple wanted a more practical bedroom, more storage, a larger kitchen, and a “bedroom” for their dog, Ruby, a miniature schnauzer who likes her own space, all without sacrificing its light, open-plan feeling.

His solution was to move the master bedroom to the ground floor, installing it below the old sleeping platforms, and separating it from the kitchen and living room using stylish metal and glass sliding doors, with a bathroom next door.

He moved the kitchen to the back of the main room, creating a sense of symmetry and balance. The space now has three distinct zones, for cooking, dining, and relaxing. Some of the finishes were preserved, notably reclaimed floorboards and iron radiators installed by the previous owner, and the original structural concrete pillars.

The hated sleeping platforms have been replaced by a smaller upper level, reached by a narrow, but



The living space is zoned into eating, dining and relaxing areas. A yellow staircase leads to the apartment’s upper level.



very solid, staircase, with a guest bedroom fitted with electronic blinds and a narrow open gallery which is used as a library and reading space. Ruby also has a bedroom in a cupboard.

The technical requirements of the project were complex. Due to the building manager’s rules, they couldn’t drill into the side walls of the apartment, which means that the entire interior structure is free-standing, supported by timber struts and steelwork. Storage is inserted ev-

erywhere. There are drawers beneath each stair tread, cupboards built into both bedrooms, a wall of wardrobes in the master bedroom, and drawers beneath the beds.

Space is tight—in the master bedroom, the steel bedside tables are bolted to the timber struts, with lights recessed into the wall behind the bed.

The bathroom is small, but luxurious, with walls clad in tadelakt plaster. This traditional Moroccan finish is similar to polished

plaster, but it is waterproof. Mr. and Mrs. Cherry chose a dramatic almost-black finish, which sets off the brass taps and shower head.

The kitchen is by deVOL, a British brand. The worktops are off-white Silestone, a stone composite, while the cabinets have been painted a deep anthracite with brass handles.

Not everything in the apartment is designer, however. The large pendant lights in the main living space were from IKEA, and have been painted a similar

shade of dark grey.

The apartment is now far more than a crash pad. It is a workable home for the couple to spend time in, for friends and family needing somewhere to stay in London, and for their children, who have hosted dinner parties in the stylish space.

For Mrs. Cherry, the best thing about the reimaged apartment is now the view. “I can sit up in bed and look out at the Tate Modern,” she said. “Before, we were higher up and couldn’t see it.”

COSTS

Planning and demo
\$41,900

Structure
\$18,300

Labor
\$27,500

Windows and doors
\$6,300



Bathroom fittings
\$7,225

Electrical
\$21,000

Carpentry
\$52,300

Redecoration
\$13,575

Fittings
\$24,345

Tadelakt plasterwork
\$5,320

Bathroom brassware
\$8,330

Kitchen
\$30,850

TOTAL
\$336,780

(incl. tax and prof. fees)

\$928,105
Total cost of purchase and renovation

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Metal doors create some privacy in the master bedroom.

MANSION

Covid-Era Designs

Continued from page M1
units that can be used as second homes.

Rental developers also are betting the postcrisis market will reward them for adding or installing specialized furniture that can make a small space seem larger so residents can work from home more comfortably. Other changes aimed at improving air quality or enabling distancing from other residents—such as re-engineering ventilation systems, adding elevator banks, or reconfiguring common areas—may help lower resistance to high-rise living, a lifestyle that has taken a beating in this crisis.

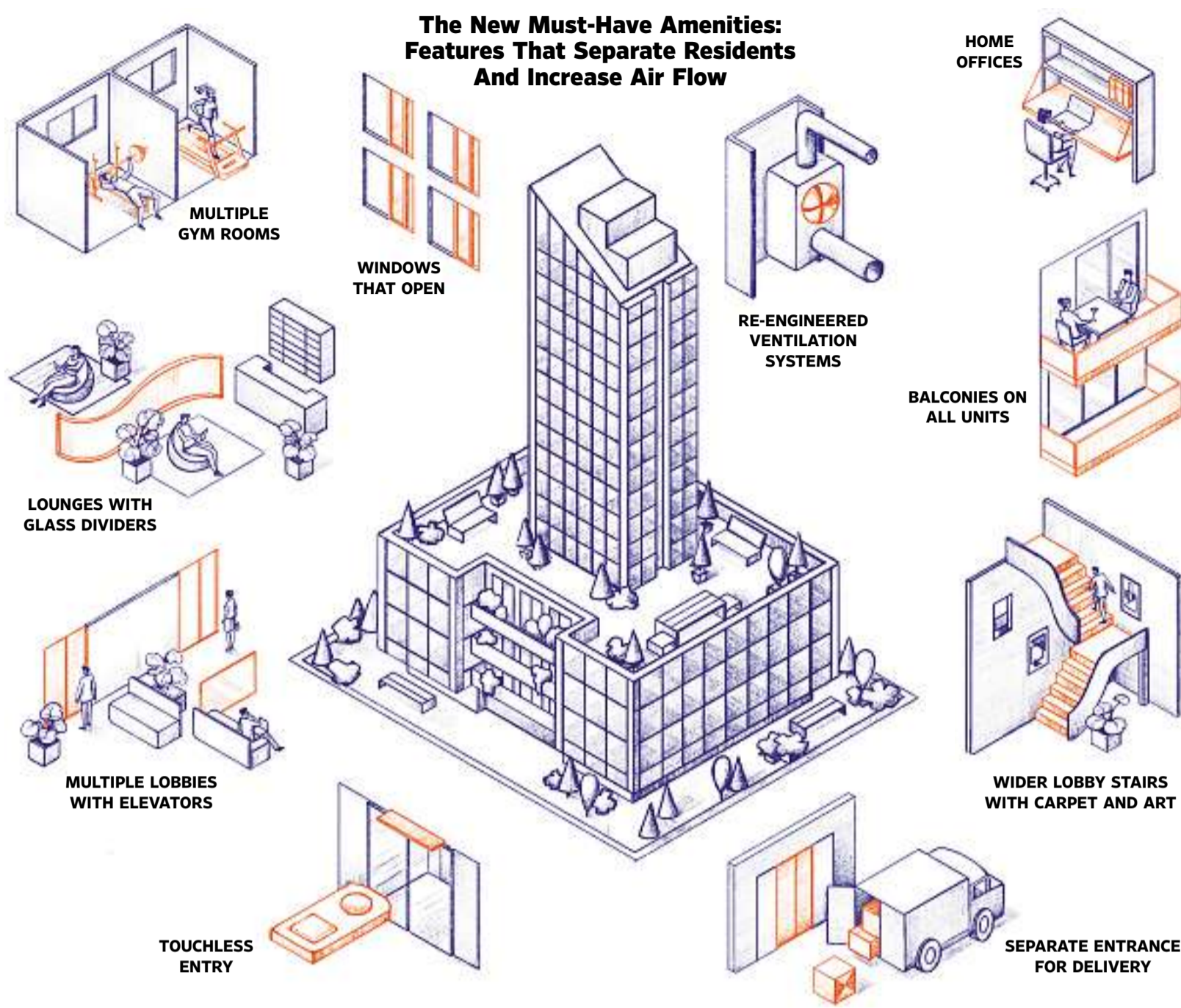
There is evidence already that the amenities and elements valued by the rental market have changed since the pandemic hit. Luke, a conversation-friendly real-estate chatbot that texts listings to apartment hunters in New York City, analyzed 30,000 messages from potential renters between December and February and compared them with those between March and May.

The New York-based company found that requests for home offices rose from 0.5% of messages pre-pandemic to 3% once the pandemic hit. Private outdoor space requests jumped by 20%, while requests for in-unit laundry (a rarity in New York City) went up 17%. Interest in gyms plummeted. Requests fell by 10% for in-building gyms and by 50% for gyms nearby.

In San Francisco, 30 Van Ness, a 47-story multiuse building with 333 condos located a block from Twitter's headquarters, is slated for completion in late 2023, said Arden Hearing, executive general manager, West Coast, for Lendlease. Even with that distant time horizon, the pandemic prompted numerous design changes.

"Because of Covid, we've thought a lot more about stairs," he said. To encourage residents to use them, and decrease elevator density, the project will now have stairs that are wider and carpeted, with art and natural light, he said.

Until March 15, the amenity plan also featured an open, 12,000-square-foot space for co-working by day and lounging by night. New blueprints, Mr. Hearing said, divide that space to include a music studio, a fitness area, art space, a



More of the 454 units will have furniture by Ori, of Boston, that transforms or repositions beds in a small living space.

cooking-and-dining area and a screening lounge.

Some sections will have glass partitions, to give a sense of togetherness while creating physical separation. Many will exit to an outdoor area. The building also will include horizontal ventilation, with each residential unit having its own system, as opposed to the traditional vertical system that filters air throughout a tower, he said.

The HVAC upgrades alone will add several million dollars to the project, Mr. Hearing said. The investment is

expected to differentiate the project from older buildings and help with marketability, he added.

In New York, MaryAnne Gilmartin, founder and chief executive of MAG Partners, plans to begin construction later this year on 241 West 28th Street, a 480-unit rental building in Manhattan's Chelsea neighborhood.

She said much of the original plan should play well in the postcrisis era, citing its two towers connected by a garden, allowing for shorter and less-crowded elevator rides than with a single tower, and more outdoor space. Still, the crisis has inspired her to upgrade air filters, create a separate entry for deliveries, and add touchless elements that let residents use their phones to call elevators and open doors.

At Echelon, a 14-unit project in the design phase in Delray Beach, Fla., developer John Farina had planned four elevators. In

early April, he changed to eight elevators, so that no resident would have to share an elevator with more than two other units.

Mr. Farina, president and chief executive of U.S. Construction, said he made the change in light of how successful another Delray Beach project, called Ocean Delray, has been. The 19

units, priced from \$5 million to \$9 million and slated for completion in early 2021, are half sold, he said. Each unit will have a private air-conditioned garage, and four will have private elevators.

The pandemic has made some developers re-evaluate the economics underpinning their projects. Mr.

Covin said that after a long career developing luxury projects in downtown Miami, he is switching to North Carolina, because he believes there will be heavy demand for second homes at the midpoint of the East Coast—and less interest in dense city living.

Scott Brennan sees a strong market for luxury single-family homes in Florida. He developed an 8,000-square-foot house on the market for \$14.5 million in Boca Raton. He had an additional piece of land on which he planned four townhouses with a common pool and green space.

Now, because the pandemic has reduced interest in shared amenities, he plans to build just two homes, with private yards and space for home gyms and offices.

"The original house suits the Covid discussion perfectly," said Mr. Brennan,



The 47-story building will feature roomy, decorated staircases and partitioned common areas.



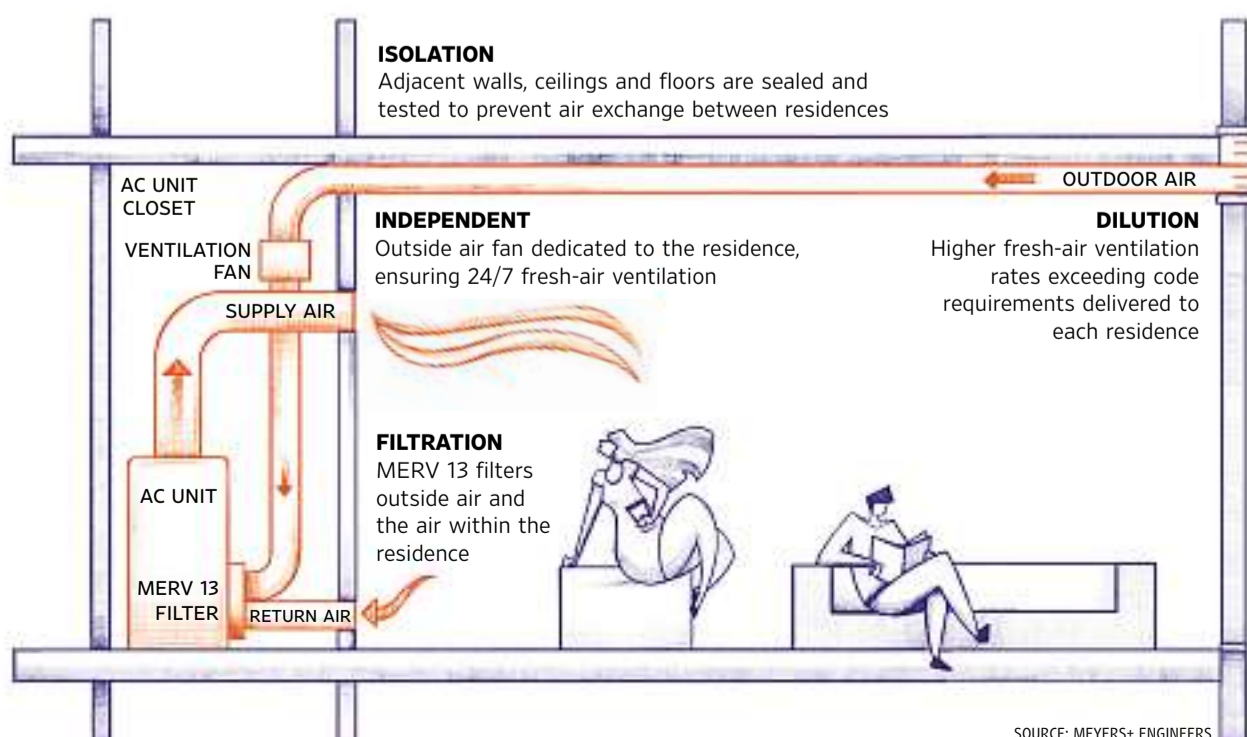
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CHIARA VERGES (ILLUSTRATION, 2)

MANSION

Natiivo Miami, Miami



The 51-story Miami complex will have retractable glass walls that open to the outside.

Ocean Delray, Delray Beach, Fla.



Each of the project's 19 units will have air-conditioned garages; four will have private elevators.

who happened to have opted for expanses of retractable glass doors that give the home plenty of flexible indoor-outdoor space. The new homes will be similarly designed, he said.

Colin Behring, chief executive of Behring Co., based in San Ramon, Calif., already has 1900 Broadway in Oakland under construction, but he has planned alterations.

He said working from home will be increasingly important, but it isn't financially viable to make the apartments larger. Instead, more units—25% rather than 5%—will have furniture by a Boston-based startup called Ori. Designs include beds that drop from the ceiling to the floor at the push of a button, or that retract into a home-office module. The 39-story building is set to be completed in late 2022.

Among the most common design changes made by developers is adding outdoor space or increasing access to those spaces.

In a rental project in Quincy, Mass., now in the permit phase, developer LBC Boston is adding balconies to about a quarter of the units, said Margarita Kvacheva, senior vice president. "We are strategically

HOME IS WHERE THE STETHOSCOPE IS

Several Florida developers are linking projects to the medical industry, giving buyers technology, service and access to special care.

Buy a House, Get a Year of Telemedicine

Miami-based developer CC Homes, which builds about 500 single-family homes a year, will provide buyers at its Canarias in Downtown Doral development with a year subscription to Baptist Health Care on Demand, said chief executive Jim Carr, who is also chairman of the board at Baptist Health South Florida. Buy-

ers of the \$500,000 to \$2 million houses will receive a home-exam kit with stethoscope, tongue depressor, otoscope for ear exams and a thermometer that feeds information to telemedicine providers at Baptist. The year's subscription costs about \$1,000 per family, Mr. Carr said.

Someone Hot Just Entered the Building

2000 Ocean, a 64-unit condo building in Hallandale Beach, Fla., will have infrared cameras in the lobby to detect when

someone walks in with an elevated temperature, said developer Shahab Karmely, of KAR Properties. Buyers of units, opening in May 2021 at \$2.7 million to \$12 million, will also receive an iPad and home medical kit. The developer said he won't dictate how the fever information will be used, nor will he link the iPad to a telemedicine service. "We are supplying the technology," he said. "How it will be used is up to the homeowners themselves."

Neighbors in Scrubs

Developer Daniel Kodsí is

negotiating with a medical center to occupy the 100,000-square-foot building abutting his 55-story Legacy Hotel & Residences in Miami World Center. The project, due in 2023, was originally meant to capitalize on the booming medical-tourism industry. Now that coronavirus is upon us, Mr. Kodsí believes it will be viewed as a benefit to buyers of the \$300,000 to \$2 million condos. "Imagine a shelter-in-place situation, and having doctors, nurses and a pharmacy right downstairs," Mr. Kodsí said. "Health is the new wealth," reads the website for the project.

placing the balconies on the south side, because those get the daylight and that's where people can go out and get vitamin D," she said.

At Natiivo Miami, a 51-story multiuse building in the Florida city slated to break ground this year and to be completed by late 2022, developer Keith Menin is planning retractable glass walls. Though expensive, he said they would be valuable in linking common areas—such as a gym and a walkway to the pool—to outdoor spaces.

"This could be the new norm," Mr. Menin said.

Touchless systems, already a luxury amenity, are becoming necessities, developers said.

Ric Campo, chairman and chief executive of Camden Property Trust, began rolling out Chirp, a virtual leasing platform, in the company's 164 rental buildings last year.

The system lets prospective renters set up an appointment, be guided by a map from a parking space to the unit, gain entry via a code, tour the unit alone, and sign the lease online.

Residents can use fobs or their phones instead of keys, Mr. Campo said.

241 West 28th Street, Manhattan



Renters will call elevators and open doors with their phones.

Quincy, Mass.



The rental complex is adding balconies for air and sunlight.

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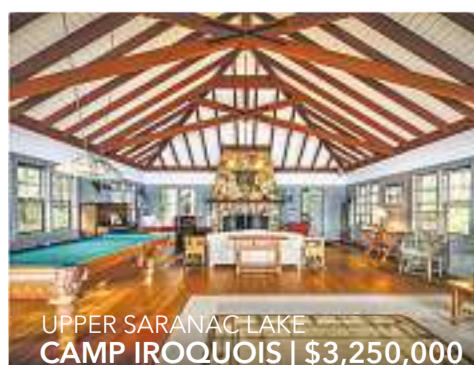
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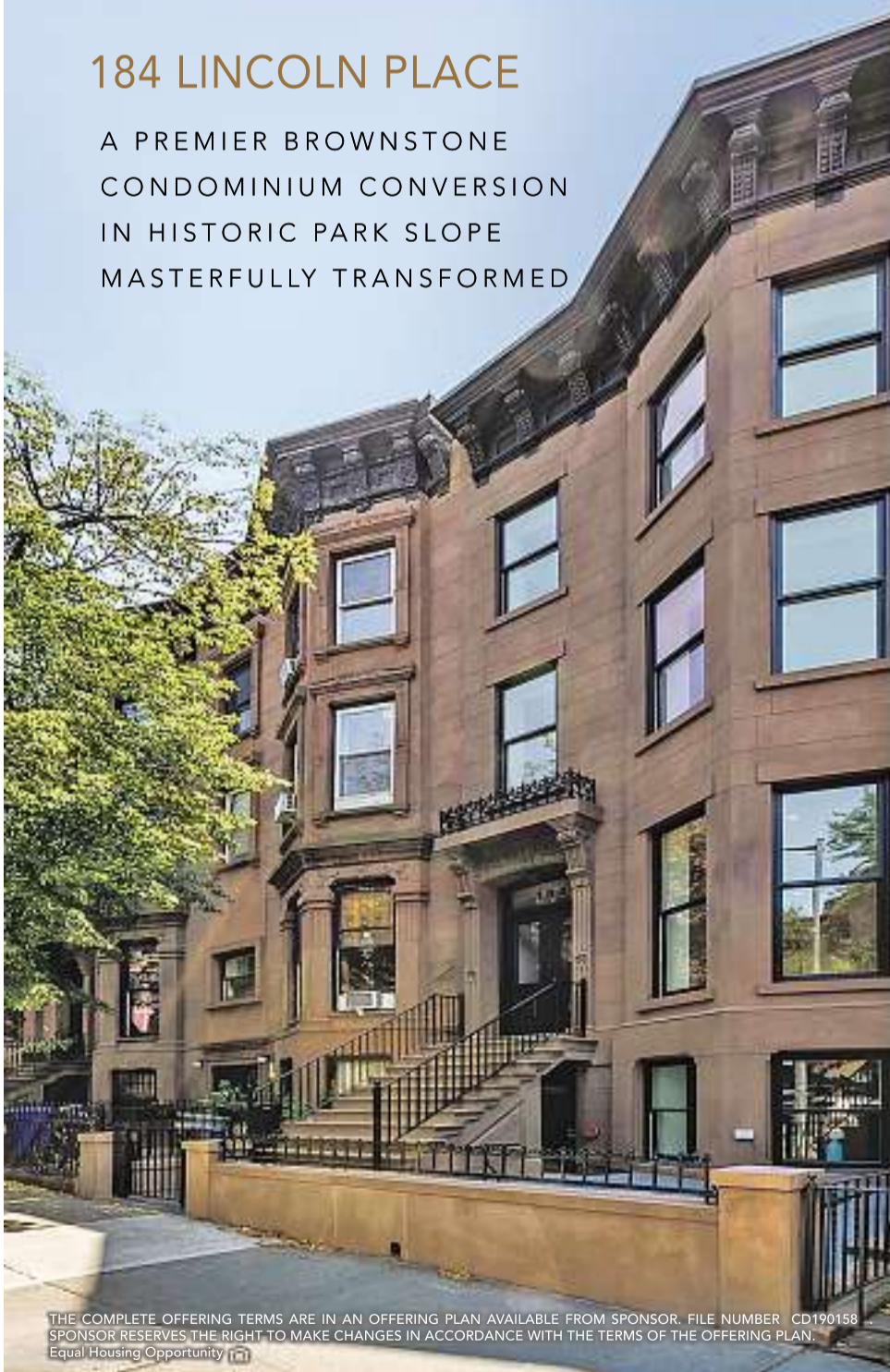
A MULTIFAMILY PROPERTY EXPERTLY RENOVATED INTO A BOUTIQUE THREE-UNIT HIGH END CONDOMINIUM DEVELOPMENT



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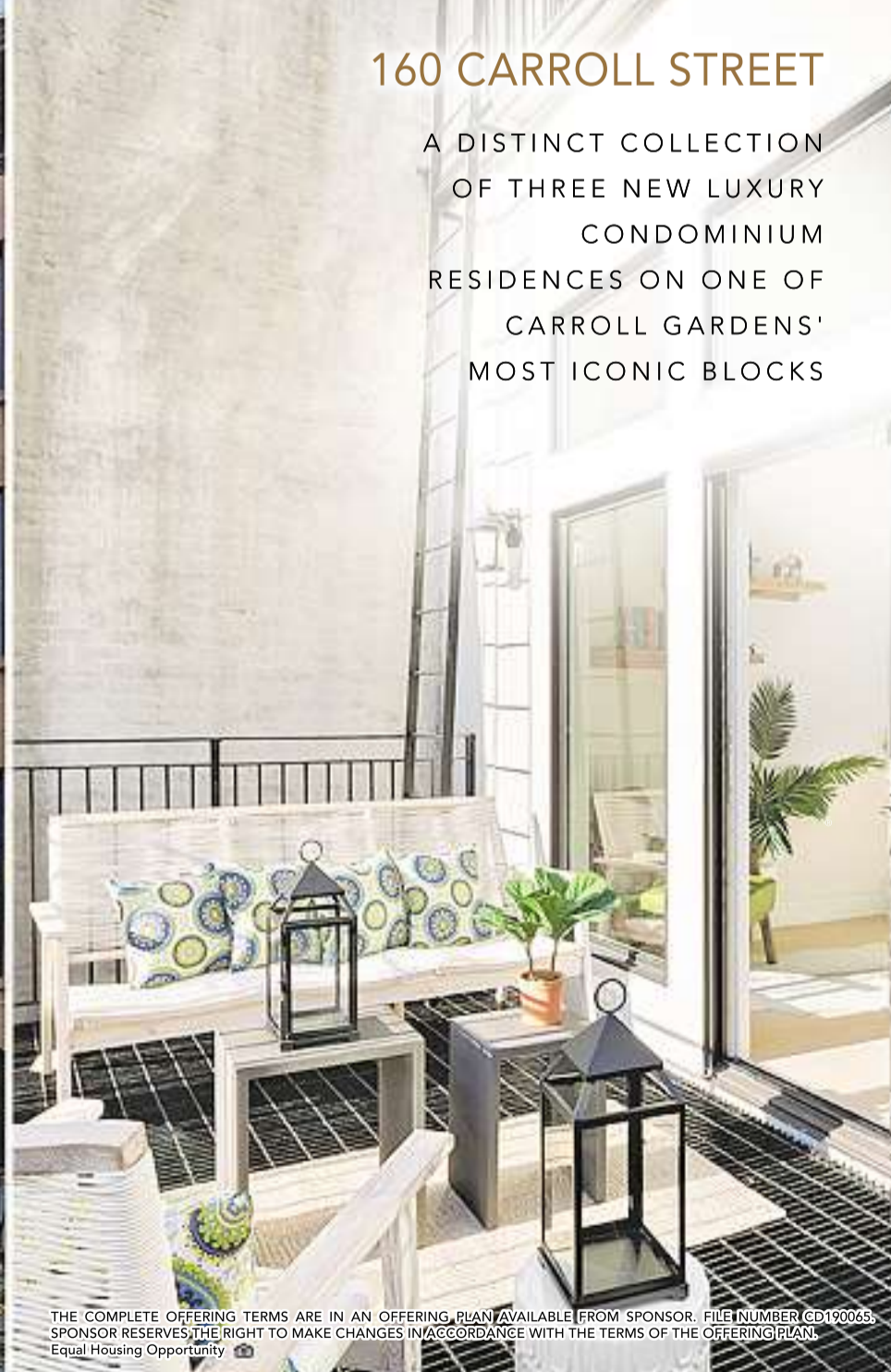
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MANSION

Camp Backyard

Continued from page M1 and five smaller residences. Mr. Greene, who purchased the compound in 2011 for just under \$40 million, plans to replace his main house with a \$20 million, 24,000-square-foot home, but the current layout works well right now.

"This is much more conducive to making a camp for my kids than the single mansions owned by some of my friends," he said. "I grew up in a lower-middle-class Massachusetts home in the shadow of the Kennedys and I always wanted a compound."

Mr. Greene is housing the counselors on the property, and though they are supervising just three boys, he is paying them at least what they made at the Maine camp.

"Takajo has been my summer job for the last six years and my wife and I count on it," said Steve Olivas, the camp's tennis head. "Jeff asked what my salary was there, I told him \$8,000 for the season and he matched it." Carson Stevens, who was waterfront director at Takajo, and who has kayaks, canoes, a 43-foot fishing boat and Jet Skis at his disposal, is earning \$600 a week. "It's more than I made at camp," he said.

On a rainy July afternoon, the boys are inside a playroom, where a new \$2,000 kiln stands ready for arts and crafts projects like making creative clay figures.

"My wife was very relieved when the counselors arrived," said Mr. Greene. "She smiled, handed the boys over and asked, 'when is visiting day?'"

At the home of Howard Sobel, a postmodern, 5,000-square-foot, five-bedroom,



2014 purchase price: \$975,000

Campers Regina Kolmrogrova Wiesenberg, Juliana Medina, counselor Matt Scheff and camper Mary-Kate Labrozzi roast marshmallows at the Raff family's backyard, two-week camp. Above, campers, counselors and the Raff family, enjoy the pool.



Cost per child: \$200



Counselor: \$15/hour

Counselor Julia Labrozzi, above right, teaches soccer to Mary-Kate, Juliana and Ainsley Davidson. Haleigh and Glenn Raff, below with their children, Parker and Lainey, at their home.

a basketball coach and out front, in a more shaded area, a group of seven women, including Dr. Sobel's wife, Brittney Sobel, are bouncing infants on their laps while Nick Levy from Little Maestros sings songs and blows bubbles on the group, to the babies' delight.

Rather than paying \$8,000 for their daughter's day camp and \$16,000 for their son's stay at Racquet Lake in the Adirondacks, the couple has created their own at-home camp for themselves and a few invited friends. There were five campers on a recent July afternoon. The Sobels are footing the \$100 an hour for a dance instructor and \$150 an hour for a basketball coach, and each mother pays \$40 a child for Mommy and Me sessions.

"The outside of the house works well because we have so many separate areas, as well as a pool and basketball court, so a lot of activities can go on at once," said Dr. Sobel.

Dr. Sobel has a Boston Whaler docked outside his home, so he built boat trips into the program. "We tool around and look at other people's homes and I wonder why I'm not in finance," he laughed.

Despite all the effort, a certain summer camp magic seems elusive. "This is fun but at normal camp we zip line across the lake and go on waterslides," said 6-year-old Caroline Smith, whose parents live a mile from the Sobels, as she raced off to cycle with her 8-year-old sister and Sienna. The trio were then scheduled to cool



5½-bathroom estate, which he built for \$2.5 million in 2000 after purchasing the land in Water Mill, N.Y., for \$700,000, summer routine has also been disrupted. Usually, the cosmetic dermatologist's sprawling lawn, which borders Mecox Bay, hosts events like a dinner party with guests such as Katie Couric and Douglas Elliman CEO Dottie Her-

man. But this year, the soiree has been canceled and the lawn has been co-opted by more diminutive visitors.

A trio of girls, Dr. Sobel's 8-year-old daughter Sienna and two neighborhood friends, are gyrating their hips and hopping about as a dance instructor calls out cues. Just past a fence, Dr. Sobel's son, 11-year-old Jake, is in a training session with



2017 price: \$1.15 million
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Surfing instructors: \$175/hour for first child, \$99/each additional child

Nina Ruiz, Frankie Davis, and Charlie Davis learn to surf on the sand as part of the Davis family's at-home camp. Above, Charlie Davis, Jaz Dellaert, and Avery Briand practice yoga in the Davises' backyard while the boys practice soccer skills nearby.



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MANSION



Sienna Sobel, left, and Lexi Salomon, right, take movement inspiration from dance instructor Krystal Lamiroult, center, who charges \$100 an hour. Basketball coach Devon Young, James Kaye, Jake Sobel and Blake Levenson practice dribbling on the basketball court. Dr. Sobel and his children Jake and Sienna, far right.



DOROTHY HONG FOR THE WALL STREET JOURNAL ©



off in the pool and await the Good Humor truck, set to arrive at 3 p.m.

Jake, who is perfecting his basketball moves, agreed. "This is very cool, but I miss the water sports," he said.

The same can't be said for the 10 children who assemble at the home of Danny Davis, a New York real-estate agent. It's a four-bedroom, 2,650-square-foot saltbox in Montauk, blocks from Ditch Plains beach. He and his wife Lisa Verkuyl Davis purchased it in 2017 for \$1.15 million and then renovated. The Davises have five children aged 7 to 17. With a couple of neighbors, they organized a schedule that includes instruction from Lars Mersburg of Imagine Swimming, whose hourly rate is \$180 per person, and lessons from surfing gurus Leif and Ariel Engstrom, who charge \$175 an hour for the first child and \$99 for each additional child.

"We were uncomfortable sending our children to camp, but we trust a core group of families that have all been out here since mid-March," said Mr. Davis. "It was organic for us to do this together and we all pitch in."

On a sunny Wednesday, four boys played soccer within feet of six girls practicing yoga, with instructor, Kat Ruiz. But the highlight

of the day was surfing.

"This is 110% better than camp because we are in the water and with our friends," said Michael Gath, 13.

"In regular camp we do boring stuff like make bracelets, but here we are surfing!" said 10-year-old Simon Dellaert.

Glenn Raff had launched a children's fitness business called Hoplite Club in January for home visits, and studio and streaming classes. Mr. Raff decided to operate a small camp at his Shelter Island home instead once Covid struck. He added a \$1,000 fire pit for s'mores to the ranch home he and his wife Haleigh Raff purchased in 2014 for \$975,000, and spent another \$1,000 on pool supplies including a basketball net. The large backyard worked well for games and relay races, and they set up a beading station for making jewelry.

"We used everything we had in our toolbox," said Mr. Raff, who enlisted the family dog to act as a one-animal petting zoo. For staff, the Raffs brought on Matt Scheff, former director of operations and programming at Camp Laurel in Maine, and hired a local college student, Julia Labrozzi, at \$15 an hour, to assist and make sure children were appropriately distanced. They had an average of eight children at a time during their two-week camp this June, and charged \$200 for each participant.

"These children had been separated from others for months, so they were worried and socialization was more difficult," said Mrs. Raff. "They kept asking when they needed masks and when they were allowed to take them off. One was afraid to go into the house to use the bathroom. It was great to see kids being kids again, but it was a lot to do well and make sure everyone was safe."

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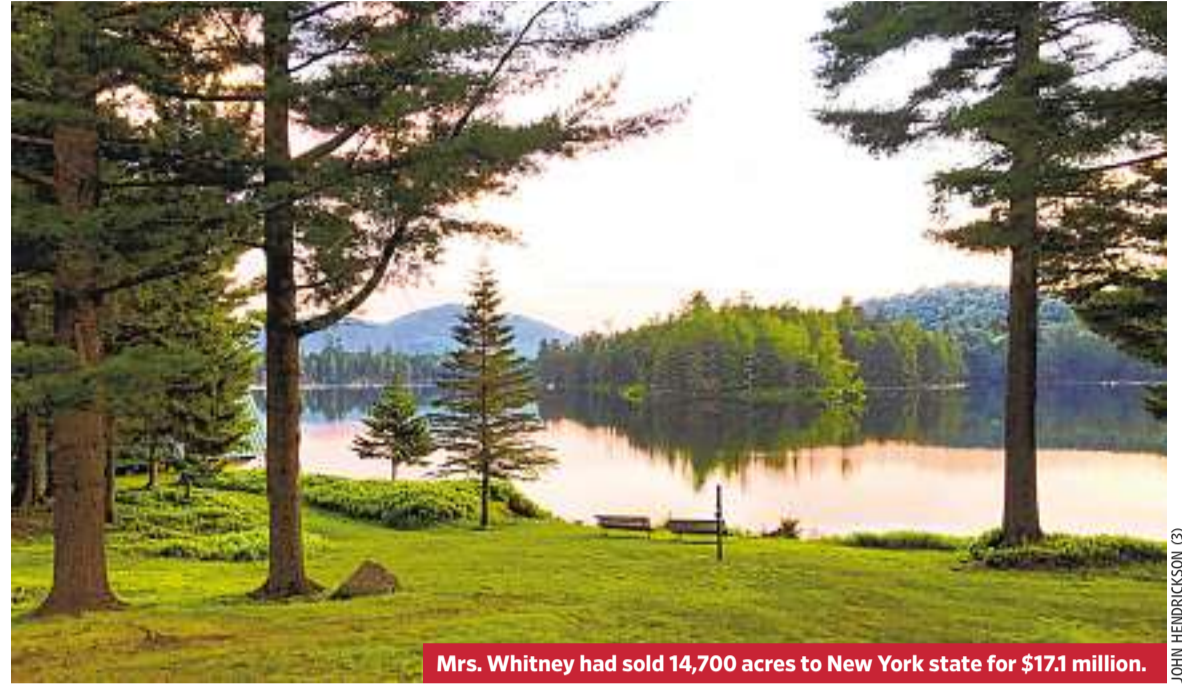
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PRIVATE PROPERTIES

For Sale By Owner: An Adirondacks ‘Great Camp’ Spanning Two Area Codes



Whitney Park, a 36,000-acre property in the Adirondacks that has belonged to the prominent Whitney family for more than a century, is hitting the market for \$180 million.

Located near Long Lake, N.Y., the property was the longtime home of the socialite and horse racing enthusiast Marylou Whitney, who died in 2019 at age 93. The seller is her husband, John Hendrickson, who inherited the estate from his wife.

“We’ve been very good stewards of the land and we want the next owner to be the same,” said Mr. Hendrickson, 55.

The main house on the prop-

erty, Deerlands, dates back to the 1890s, when financier William C. Whitney started buying property in the area, then a popular summer getaway location for wealthy New York families. Deerlands sits at the end of an 8-mile drive from the gatehouse. “It’s a different area code from the gatehouse to the main house,” said Mr. Hendrickson. Deerlands includes 17 bedrooms and 11 bathrooms spread across the main house, the guesthouse,

FOR SALE
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36,000 acres,
17 bedrooms,
22 lakes, 80 miles of roads

the office and the staff quarters. The house overlooks Little Forked Lake, where there is a two-story boathouse with knotty pine walls and antler chandeliers. “That’s where we have our square dance parties,” said Mr. Hendrickson. “It’s like you stepped back a hundred years.”

A collection of Adirondack guide boats from the 1800s and

25 canoes are being sold with the property, he said.

In addition to Deerlands, Whitney Park includes a timber operation, a trapper’s cabin from the 1800s, and 22 lakes for fishing, said Mr. Hendrickson, who is forgoing a listing agent and plans to market the property himself. The land is home to bear, deer, moose and bald eagles, he said. Over the years, the couple improved access to the property by upgrading the approximately 80 miles of roads.

In 1997, Mrs. Whitney sold 14,700 acres of the estate to New York state for \$17.1 million to create the William C. Whitney Wilderness Area. She had inherited Whitney Park in 1992 upon the death of her previous husband, Cornelius Vanderbilt Whitney, heir to two family fortunes and son of Gertrude Vanderbilt Whitney, founder of New York City’s Whitney Museum of American Art.

Mr. Hendrickson said he and his wife, who were married in 1997, used the house year-round

early on in their relationship, and then more often in the summer. Mrs. Whitney liked the quiet, he recalled. “She’d always say, ‘Do you hear that?’ and I’d say ‘What?’ and she’d say, ‘Exactly.’ ”

Mr. Hendrickson said his wife enjoyed hiking and camping on the property, sleeping in lean-tos at night and shooting away the bears if necessary. “She was an outdoorswoman,” he said.

Mr. Hendrickson said his decision to sell is bittersweet, but the property is “too overwhelming for one man and I don’t really want to be an owner of a country. You can fit 70 Monacos in there.” Plus, “it’s lonely without Marylou.”

He said he plans to keep a guesthouse on Little Tupper Lake.

As for determining how to price the property, he said, “I think \$5,000 an acre is a bargain.”

—Sarah Tilton

Mrs. Whitney had sold 14,700 acres to New York state for \$17.1 million.

JOHN HENDRICKSON ©



J-Lo and A-Rod List Malibu Home for \$799 Million. **M10**

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PRIVATE PROPERTIES

J-Lo and A-Rod List Malibu Home

Celebrity couple Jennifer Lopez and Alex Rodriguez are listing their beachfront home in Malibu, Calif., for \$7.99 million.

The retired Yankees star and Ms. Lopez, an actress and singer, bought the five-bedroom house just last year for \$6.6 million from "Entourage" actor Jeremy Piven. Around that time, Ms. Lopez called the home a "fixer-upper

next to the water" in an interview on "The Ellen DeGeneres Show." She said as a surprise for their second anniversary, Mr. Rodriguez had enlisted Joanna Gaines, one of the stars of HGTV's "Fixer Upper," to help them redesign it. Ms. Lopez said she was a major fan of the show.

A spokeswoman for Ms. Lopez declined to comment on the list-



ing. A spokesman for Mr. Rodriguez didn't respond to requests for comment.

According to the listing with Carl Gambino of Compass, the property has walls of glass and numerous terraces.

When Ms. Lopez and Mr. Rodri-

guez bought it, the roughly 4,400-square-foot house had a gated garden courtyard, a deck with a hot tub and a lower-level entertainment area with a built-in bar, according to a previous listing.

The couple own pricey homes across the country. Ms. Lopez

owns a mansion in Los Angeles's Bel-Air area, which she bought for \$28 million in 2016. Her penthouse on New York's Madison Square Park is on the market for \$24.99 million. The two also own homes in the Hamptons and in Coral Gables, Fla.

They recently made headlines as rumored bidders for the New York Mets.

—Katherine Clarke

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The couple paid \$6.6 million for the house last year.

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MANSION | THE WALL STREET JOURNAL.

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How would you like some wild news? High-end homes in North Texas are selling very well. Our agents are, thankfully, as busy at the closing end of things as they are at the listing end. You can feel the optimism in the air. And, this news gets more interesting: Here, during a global pandemic, we have had at least 35 homes sell recently in five days or less. Of those homes, 15 sold for the listing price or *more* than the listing price — making the average listing price of these homes a healthy \$1,270,000.

I couldn't have predicted that in April or May, when sales were much slower. I want to share some anecdotes with you from these fast sales. One was a Transitional-style beauty in Highland Park. It was recently renovated by a Dallas designer who *Architectural Digest* has called one of the top 100 in the world. It has garage space for 11 cars — a collector's dream. It was listed for \$4,995,000, and it sold before our agent could even put it onto the multiple listing service here.

A sleek Contemporary home in Preston Hollow just sold in 48 hours. The listed price was \$3,250,000, but it sold for more. "Every person who saw it made an offer," says the agent.

In Plano, we had a two-story Traditional house last one day on the market. "We sold it sight-unseen," says our agent who had the \$799,000 listing. The buyer lives in California and still hasn't seen their new home in person. It was sold purely off the photographs on briggsfreeman.com.

We've had homes sell fast in Fort Worth, in Southlake, you name it. We had a house that had 10 showings in the first day; a home that sold before the yard sign could go up; and a home that went into the MLS at 2 p.m., had a showing at 4 p.m. and a contract on it by 9 p.m.

You can't make this stuff up. But I want us all to remember that not everyone has a home. I've written before about New Story, a nonprofit that wants to end global homelessness. New Story is building modest homes — traditionally and via 3D printing — for people who live in tents, shacks or worse. These homes are hope, safety and a future. Sotheby's International Realty® is a partner with New Story and I can tell you that these homes are game changers. Check them out at newstorycharity.org.

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FROM MY PERSPECTIVE

Going somewhere, fast



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MANSION

HOUSE CALL | SAM TRAMMELL

Serial Moves Led to an Acting Career

To fit into new surroundings, the 'Reckoning' star dropped his drawl and took on local accents

One day in 1975, after seeing "Jaws" with my parents, I spotted a bunch of friends sitting on the curb of our street in New Orleans. I was 6 and sat down with them. I loved recounting movies, especially if younger kids were there. They hung on every word.

On the curb, I didn't act out parts. I brought my friends into the drama of a scene and built on it. I enjoyed holding an audience.

My family moved around a lot when I was little. My father, Willis, was on the path to becoming a general surgeon, which demanded stints at different hospitals. My mother, Betsy, was a homemaker and an artist.

A year after I was born in New Orleans, we moved to Irving, Texas, for a year, followed by two years on an Indian reservation in Belcourt, N.D. Then we moved back to New Orleans when I was 6. We lived in a small house on a cul-de-sac.

My father was always at the hospital operating. He worked 72-hour shifts. When he came home, he slept and then returned to work.

I spent a lot of time on the streets with friends. We played kick the can, biked around or were in our neighbor's pool. I also spent a lot of time with my brother, Paul, who is a year and a half younger. My sister, Elizabeth, wasn't born yet. We had a lot of fun.

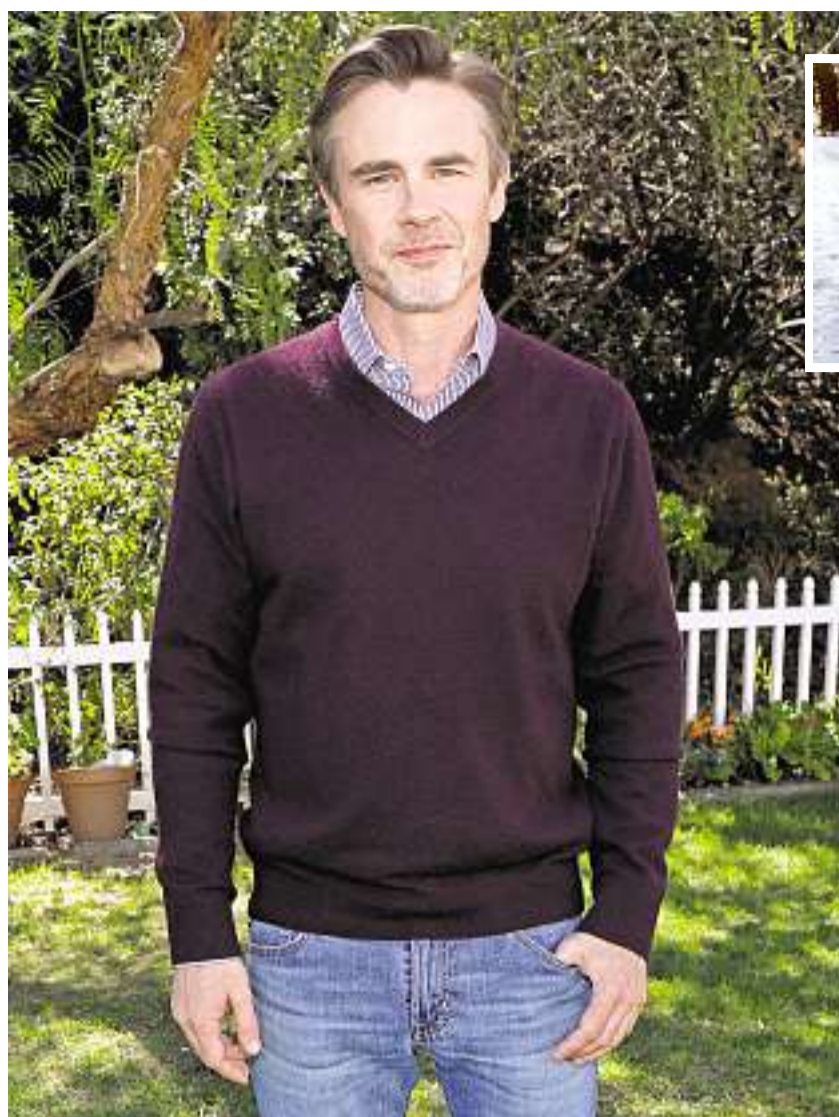
The following year, we moved to Alexandria, La., and lived in the house where my mother grew up. It was on a bayou filled with snakes and animals.

Finally, when I was 10, we moved into a brick house in Charleston, W.Va. Initially, I was teased about my Southern drawl, so I assimilated to a local accent.

I've always been able to do that. My mother said when I was 5, I'd imitate people after they left the room. I had an ear for it. I had to. We relocated virtually every year.

Moving so often wasn't unsettling. I didn't know anything else. The only time it was sad was when we left for Charleston right after I played in an all-star baseball game. I cried in the car.

When I was in seventh grade in



Sam Trammell, above, in Universal City, Calif., in March 2019 and, above right, with his parents, Willis and Betsy, and younger brother, Paul, on Turtle Mountain Indian Reservation, Belcourt, N.D., in 1973.

Charleston, we moved into a two-story house my parents built on a hill next to a cemetery. The house looked like a two-story barn.

I wanted the cemetery to be creepy, but it was serene and beautiful. There were never any new plots. There wasn't any room. Nobody came to visit. Their ancestors were all gone.

My mother was a pal. She was always painting and drawing, but she was up for whatever I wanted to do. She also was demanding when it came to education, reading and using correct grammar. She started me on that path.

Then music became a passion. Dad bought me a guitar, but my

best friend was a guitarist so I took up the bass and played in rock bands from seventh grade to college. I loved performing.

In high school, I studied hard and got good grades. In ninth grade, I asked my dad if he could afford to send me to a really good college. He said yes. That became a goal. I was self-motivated.

I attended Brown University. I began as a physics major but switched to semiotics—the study of communication forms. I had taken a class and was blown away.

During my senior year, an actor-friend urged me to audition for a grad-student production of "Stupid Kids," a parody of "Rebel Without

a Cause." At age 22, I was in my first play.

That's when I realized acting demanded enormous thought until you're on stage. Then you let it all go as you assume a character.

I moved to New York in 1991 to study with acting teachers. My first break was playing the lead in "Ah, Wilderness!" at Lincoln Center in 1998. After being nominated for a Tony, more opportunities followed.

My career slowed until 2007, when I was cast in HBO's "True Blood." It ran for seven seasons. That's the way acting works—lots of downs and ups.

Today, I live with my twin boys in Encino, Calif. We have a sizable house with a sprawling yard where we play catch and they can swim and run around.

In 1999, I hiked 100 miles of the Appalachian Trail with my dad and his best friend, Jeff. We started in Maine. I had a monologue memorized for an audition. One night, I performed it for them. My dad's reaction was remarkable. He appreciated the skill and art of acting.

At the end of the hike, I wound up with blisters. Dad lanced them. Acting takes you only so far in the wilderness.

—As told to Marc Myers

Sam Trammell, 51, is an actor who has appeared in TV's "True Blood," "The Fault in Our Stars" and "Homeland." He stars in the Netflix series "Reckoning."

SAM ON NICK NOLTE

Who was your neighbor in Charleston?

Actor Nick Nolte. ▶ He prized privacy and anonymity.

When did you meet?

While home on a break from Brown.

First impression?

Nick came over in hospital scrubs. He was a hilarious mess.

Why? Nick wanted to learn to play golf. He came along with me and my dad.

Best Nick Nolte acting tip?

Be the part.



FROM LEFT: ARNALD/URU/GARCIA/GAMMA-RAPHO/GETTY IMAGES; PAUL ARCHUETA/GETTY IMAGES; SAM TRAMMELL



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