

# THE WALL STREET JOURNAL.

**DOW JONES**

News Corp \*\*\*\*\* FRIDAY, JULY 26, 2013 - VOL. CCLXII NO. 22 WSJ.com \*\*\*\*\* \$2.00

DJIA 15555.61 ▲ 13.37 0.1% NASDAQ 3605.19 ▲ 0.7% NIKKEI 14562.93 ▼ 1.1% STOXX 600 299.63 ▼ 0.5% 10-YR. TREAS. ▼ 5/32, yield 2.609% OIL \$105.49 ▲ \$0.10 GOLD \$1,329.00 ▲ \$9.30 EURO \$1.3277 YEN 99.29

## What's News—

### Business & Finance

**F**ederal prosecutors charged a cadre of Eastern European hackers with stealing credit-card information and other personal data from companies including Nasdaq OMX, J.C. Penney and 7-Eleven in a computer crime spree that ran for over half a decade and netted hundreds of millions of dollars. **B1**

■ **SAC was accused** by U.S. prosecutors of acting as a criminal enterprise where executives including founder Steven A. Cohen encouraged insider trading. **A1, A6, C1**

■ **Fed officials** at a meeting next week will debate changes to the way they describe plans for their bond-buying program and short-term rates. **A2**

■ **Senate Democrats** are circulating a letter urging the president to appoint Janet Yellen to succeed Ben Bernanke as Fed chairman. **A2**

■ **Samsung** said its quarterly net profit climbed 50% on solid smartphone sales, but earnings momentum showed signs of slowing. **B3**

■ **Amazon.com** reported a surprise second-quarter loss, and the company's famously razor-thin operating margins are narrowing. **B4**

■ **Stocks edged higher**, with trading dominated by a surge in Facebook. The Dow industrials gained 13.37

### World-Wide

■ **Holder announced** a new election-oversight strategy. The move follows a Supreme Court ruling that invalidated part of the 1965 Voting Rights Act. It is directed initially at Texas but other states, including South Carolina, North Carolina and Alaska, are expected to come under scrutiny. The attorney general said the Justice Department would invoke a little-used section of the voting law to replace the measure the justices struck down. **A1**

*The new approach, which will likely lead to court fights, drew immediate condemnation from Texas Gov. Perry.*

■ **Manning was bent** on harming the U.S. by leaking sensitive documents to WikiLeaks, prosecutors said in closing arguments at the soldier's trial. **A3**

■ **Obama accused** House Republicans of undermining his proposals aimed at helping the middle class, as he positioned himself for budget fights. **A4**

■ **A secularist politician** was shot and killed in Tunisia, sparking antigovernment protests and threatening to further instability. **A8**

■ **China's news agency** unveiled an indictment carrying relatively narrow corruption charges against former Communist official Bo Xilai. **A14**

■ **A rail-crash probe** in Spain is looking at excessive speed

## SAC Hit With Criminal Case

*Prosecutor Calls Hedge Fund 'Magnet for Market Cheaters'; Firm Denies Wrongdoing*

By JENNY STRASBURG AND JAMES STERNGLD

U.S. prosecutors accused SAC Capital Advisors LP, one of the country's largest hedge-fund firms, of acting as a criminal enterprise where executives including founder Steven A. Cohen encouraged insider trading on a "scale without known precedent."

The government charged that SAC, which has about \$14 billion under management, repeatedly

took inside information related to public companies and turned it into trading profits. Prosecutors said the firm encouraged the use of illegal tips and hired traders even after they "implied" their performance was based on the use of inside information.

U.S. Attorney Preet Bharara, at a news conference Thursday, called the company a "magnet for market cheaters."

An SAC spokesman said Thursday the firm "never encouraged, promoted or tolerated

insider trading and takes its compliance and management obligations seriously."

The Wall Street Journal previously reported that the government was planning criminal charges against SAC, but the scope of the action and the language used by prosecutors caught many lawyers and financial executives by surprise. The government's bold move comes after prosecutors determined they didn't have sufficient evidence to personally charge

Mr. Cohen, according to people familiar with the matter.

Mr. Cohen has denied wrongdoing for years and has the financial resources to marshal a vigorous defense of his name-sake firm.

In a civil action filed alongside the criminal charges, the

*Please turn to page A6*

◆ **Fifth insider turns on firm**..... A6  
◆ **Uncertainty for 1,000 staff**... A6  
◆ **The Intelligent Investor: Plenty of blame to go around**..... C1

## Assassination Roils Birthplace of Arab Spring



## U.S. Aims To Reassert Federal Voting Oversight

By DEVLIN BARRETT

The Obama administration moved to retain some oversight of the way states conduct elections after the Supreme Court invalidated part of the landmark 1965 Voting Rights Act, setting up a new fight with Republican governors.

The legal strategy, announced by Attorney General Eric Holder Thursday, is directed initially at

**Outlet:** The Wall Street Journal

**Circulation:** 2,378,827

**Date:** Friday, July 26, 2013

**Impressions:** 9,515,308

**Page:** A19

**HEARD & SCENE**

## Taking Bites Out of the Batali Cookbook

**By MICHAEL MERCHANT**




Designer Katie Gallagher, Rosario Dawson and DJ Cory Kennedy.

### New Bar Makes a Mark On the Waterfront

**By MIKE VILESNEY**

**It's chill vibes,"** said Cory Kennedy. "It's chill, classic vibes."

Ms. Kennedy, the Internet-personality-turned-DJ, was selecting the soundtrack Wednesday evening for the latest Manhattan bar opening: Watermark, an establishment atop a pier near South Street Seaport.

Even before guests took a bite of a Watermark's sliders, they were inclined to like the place if only for its fortunate, waterfront location.

"I think it's gorgeous," Ms. Kennedy said. "If you could only get this space with this weather all of the time."

She selected "California Dreamin'" from a playlist, in her capacity as DJ, as if to underscore her point.

The bar and restaurant that bubbled up this year by the South Street Seaport did so with buzz. Locals wondered: Would the glass structures on the pier become another upscale burger joint or a swanky after-hours hangout?

Watermark, during its opening party, appeared to be perhaps both.

It is a relatively rare waterfront eat-and-drink spot that aims to cater to Lower Man-

hattan locals, rather than the out-of-towners the area tends to draw, and the opening event sought to mark (and market) the bar's entry into the crowded world of New York City dining.

"The Seaport was maybe a bit touristy in the past," said Abraham Merchant, a restaurateur and co-owner of the space. "We wanted to give this beautiful architecture to locals." (Mr. Merchant is a Battery Park resident himself.)

Not all of those locals were invited past the velvet ropes and red carpet and into the restaurant for the space's opening party, but actress Rosario Dawson and designer Katie Gallagher breezed through. Mr. Merchant said Ms. Dawson is a friend of a friend.

Nonetheless Ms. Kennedy had a point: amid lobster rolls and rosé, the party did indeed have "chill vibes." Magazine editors and 20-somethings turned up to gossip while gazing at the view of Brooklyn and beyond on the outdoor pavilion.

Telly Hayzigeorgiou, another co-owner, compared the evening to night life in his native Greece.

Manhattan, after all, is a "beautiful, beautiful island," he said.