

THE WALL STREET JOURNAL.

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DJIA 20662.95 ▲ 14.80 0.1% NASDAQ 5878.95 ▲ 0.25% STOXX 600 380.77 ▲ 0.2% 10-YR. TREAS. ▲ 3/32, yield 2.343% OIL \$51.70 ▲ \$0.55 GOLD \$1,250.30 ▲ \$4.90 EURO \$1.0645 YEN 110.81

What's News

Business & Finance

Spotify is considering a direct stock-exchange listing of its shares when the music-streaming service goes public this year. **A1**

◆ **Unilever** said it would shed its margarine business as a part of a broader restructuring at the Anglo-Dutch conglomerate. **A1**

◆ **Wall Street firms**, including J.P. Morgan and Goldman, are balking at the NYSE's bid to assert more control over market data. **B1**

◆ **Ford** said it would start building electric cars in China to tap into a state-sponsored boom in green-energy vehicles. **B1**

◆ **Cohn** said he could support legislation breaking up the largest U.S. banks, a boost for efforts to reinstate the Glass-Steagall law. **A2**

◆ **U.S. stocks rose** as energy shares and oil prices climbed. The Dow edged up 14.80 points to 20662.95. **B1**

◆ **Comcast** is entering the wireless market with a plan for customers who buy another of its services. **B2**

◆ **The Justice Department** is examining alleged price collusion in its probe of the shipping industry. **B3**

◆ **Amazon** plans to create 30,000 part-time jobs in the U.S. over the next year, nearly doubling the total. **B3**

◆ **YouTube** said channels must have over 10,000 total views before it will place ads on their videos. **B5**

◆ **The FDA cleared** 23andMe to offer direct-to-consumer genetic testing for the risk of contracting 10 diseases. **B3**

World-Wide

◆ **The U.S. launched** Tomahawk missiles against a Syrian air base Friday, targeting the Assad regime after a suspected chemical-weapons attack this week. **A1**

◆ **The alleged use** of the deadly nerve agent sarin has raised questions about whether the regime hid precursor chemicals. **A6**

◆ **Senate Republicans** cleared the way for Gorsuch's confirmation by ending the filibuster of high-court nominations. **A1**

◆ **Nunes is stepping aside** from the House intelligence panel's probe of Russian election interference, citing an ethics inquiry. **A1**

◆ **GOP House leaders** unveiled an amendment aimed at reducing insurance premiums in a bid to win support for their health-care plan. **A4**

◆ **Republicans raised** over \$53 million in the first quarter, suggesting Trump's small-dollar supporters continue to flock to the party. **A5**

◆ **A U.S. appeals court** blocked Ohio from using its lethal-injection protocol to execute three inmates. **A3**

◆ **Philippine leader Duterte** told his troops to occupy and fortify disputed islands in the South China Sea. **A8**

◆ **Venezuela's opposition** held its biggest rally since October, defying a crackdown by the government. **A9**

◆ **Amtrak apologized** for a derailment at New York Penn Station and promised to improve maintenance. **A3**

◆ **Died: Don Rickles**, 90, caustic comedian. **A12**

CONTENTS Opinion A15-17
Business News B3 Sports A14
Crossword A12 Streetwise B1
Heard on Street B12 Technology B4-5
Life & Arts A12-13 U.S. News A2-5
Mansion M1-14 Weather A13
Markets B11-12 World News A6-9

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DESIGNS OF A MASTER ARTIST

WSJ MAGAZINE

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U.S. Launches Strikes on Syria

President's order throws new administration into center of complex, treacherous conflict

By GORDON LUBOLD
AND DION NISSENBAUM

WASHINGTON—The U.S. military launched nearly 60 Tomahawk cruise missiles against a Syrian air base Friday, responding to mounting calls for a display of force in the wake of this week's suspected chemical-weapons attack in Syria.

The strikes represented the first time a U.S. military operation deliberately targeted the regime of President Bashar al-Assad and came a day after U.S. President Donald Trump said the chemical attack in Idlib province on Tuesday had changed his thinking on Syria and Mr. Assad.

Speaking inside his Mar-a-Lago resort, President Trump said he ordered targeted missile strikes at a Syrian airfield as a response to the "barbaric" chemical-weapons attack. The Assad regime, Mr. Trump said, "chocked out the lives of helpless" people in Syria.

"It is in the vital national security interest of the United States to prevent and deter the spread and use of deadly chemical weapons," Mr. Trump said. "There can be no dispute that Syria used banned chemical weapons."

The strike represented a limited operation and was intended in part to signal that the chemical attack wasn't ac-



The USS Ross fires a tomahawk land attack missile toward a Syrian airfield as part of a strike ordered by President Trump on Thursday.

ceptable. But it also thrust Mr. Trump, his still-forming administration and the American military more deeply into a complex and treacherous conflict that has defied resolution for more than six years.

Now at war with Mr. Assad, the Trump administration must decide how much further to go and how to contend with possible reaction and retaliation from the Syrian regime

and its many allies, including Russia, Iran and the militant groups Hezbollah and Hamas.

The U.S. strikes targeted the Shayrat Airfield near Homs, Syria, and were meant to cripple the base's aircraft, aircraft shelters, ammunition bunkers and air defense and radar systems, officials said. The strikes began about 4:40 a.m. Friday in Syria and only lasted approximately five minutes.

The base was directly tied to the April 4 attack at a civilian hospital, according to the U.S. military.

Russia, which had troops on the air base, was warned in advance of the U.S. strike and the military took pains to target only those parts where the Russians weren't located, a military official said.

"There are Russians at the

Please see SYRIA page A6

Trump Starts China Summit

President Trump said he thinks President Xi will help rein in North Korea but expected tough talk on trade in their Florida meetings, A5

Nunes Steps Away From Russia Probe

By BYRON TAU
AND PAUL SONNE

WASHINGTON—House Intelligence Committee Chairman Devin Nunes is stepping aside from the panel's probe of possible Russian interference in the 2016 campaign, citing the need to confront a congressional ethics inquiry into allegations that he improperly disclosed classified information to the public.

At issue in the ethics investigation, which Mr. Nunes said Thursday was based on "entirely false and politically motivated" accusations, appear to

be remarks the California Republican made to the press last month after viewing classified documents at the White House. House rules and federal law strictly limit what members of Congress with access to certain intelligence documents can say about them publicly.

The ethics investigation into Mr. Nunes is the latest episode in a burgeoning battle between Republicans and Democrats over the politicization of intelligence.

Please see NUNES page A4

◆ Successor to lead probe has long résumé..... A4

Senate Changes Rules for Supreme Court Nominees

By BYRON TAU
AND SIOBHAN HUGHES

WASHINGTON—Senate Republicans voted to end the filibuster of Supreme Court nominations Thursday, setting the stage for the rapid elevation of Judge Neil Gorsuch to the Supreme Court and removing a key pillar of the minority party's power to exert influence in the chamber.

Judge Gorsuch's confirmation by the Senate, expected Friday, would return the Supreme Court to full strength

for the first time in 14 months, since the death of Justice Antonin Scalia in February of last year. It means Judge Gorsuch could be a key vote on coming cases, including the high court's possible consideration of President Donald Trump's latest executive order on immigration and visas.

The confirmation would also give the president a much-needed win, after setbacks in recent weeks on a health-care bill and the immigration order, as well as shake-ups and dissension among the White

House staff. It would allow Mr. Trump to quickly put his stamp on the high court, replacing one conservative justice with another and keeping a promise to conservative activists that he made during the presidential campaign.

The battle's aftermath appears less positive for the Senate, where it became unusually personal.

Both sides decried the increasing partisanship as Democrats mounted a filibuster to block a vote on Judge Gorsuch

Please see COURT page A4

Spotify's Debut May Not Be Music to Bankers' Ears

By MAUREEN FARRELL
AND TELIS DEMOS

Spotify AB, the music-streaming service, is preparing to go public this year. But it may not create the payday Wall Street is used to.

The Swedish company, last valued at \$8.5 billion, is seriously considering not holding a public sale of shares. Instead it is exploring simply listing its shares on an exchange in what is known as a direct listing, ac-

cording to people familiar with the matter. It wouldn't raise money—the hallmark of an IPO—or use underwriters to sell the stock.

The approach has advantages for Spotify and its existing investors. It could enable the firm to save tens of millions of dollars in underwriting fees, prevent its existing holders from having their stakes diluted, and enable executives to publicly tout the company ahead of its listing, unlike a strictly regu-

lated IPO, the people said.

But it spells bad news for Wall Street, where underwriting is big business. Tech titans such as Uber Technologies Inc. are already shirking the constraints of public markets, choosing instead to raise money in the flush private arena. And when they have held IPOs, some have chosen unconventional paths.

Snap Inc., for example, negotiated a big cut in the fees it paid and also withheld the right to

Please see IPO page A2

◆ Successor to lead probe has long résumé..... A4

TOMORROW



WSJ MAGAZINE

DESIGNS OF A
MASTER ARTIST

Green Jacket Winners Include Pro Golfers and a Lawyer Named Keith

* * *

Masters hosts don't like blazers leaving the club, but you can win one at auction

By BRIAN COSTA

For a day, Keith Millhouse was a revered figure in golf. At a professional tournament outside Los Angeles several years ago, spectators gawked at him. Players did double-takes as they walked past, he said, and Tiger Woods smiled at him.

No one recognized Mr. Millhouse, a 55-year-old environmental attorney. They did recog-

nize his garb: a green jacket from Augusta National Golf Club, one of the rarest and most prestigious garments in sports.

Officially, only the winner of the Masters tournament, which began Thursday, and the club's roughly 300 members receive the jackets. Mr. Millhouse doesn't play much golf. He has never set foot inside the club's gates. All he

Please see GREEN page A5

The green jacket

The Rise of the Giant Company

Americans, in a generational reversal, are now more likely to work for a large employer than a small one. That shift is rippling through the economy as the biggest companies extend their dominance.

A story in 19 charts. A10 and A11

Cumulative change in employment, by employer size



Source: Census Bureau

THE WALL STREET JOURNAL.

Unilever Joins Race to Shed Food Businesses

By DENISE ROLAND
AND ANNIE GASPARRO

LONDON—Unilever PLC added a big dollop of margarine to the pile of packaged-food businesses up for sale around the world, as the industry grapples with fast-changing consumer tastes and slowing sales.

The Anglo-Dutch conglomerate said Thursday it would divest itself of its margarine and spreads business—a unit that analysts say could fetch in the range of \$7.5 billion to \$8.5 billion. The move is part of a

broader restructuring, including cost-cutting, a dividend boost and a share buyback, that aims to bolster returns after Unilever walked away in February from a \$143 billion takeover offer from Kraft Heinz Co.

The decision to part ways with margarine, a 145-year-old business for Unilever, comes as packaged-food and beverage companies around the world are struggling to appeal to

Please see FOOD page A8

◆ Heard on the Street: New look suggests deals to come.... B12

U.S. NEWS

Cities Hit Pause on Minimum Wage Hikes

BY SCOTT CALVERT
AND ERIC MORATH

BALTIMORE—Cities and counties from Portland, Maine, to Los Angeles have successfully passed local minimum-wage increases, but recent resistance in seemingly friendly territory suggests a momentum shift.

The newly elected Baltimore mayor last month vetoed an increase of the local wage floor to \$15 an hour by 2022, despite favoring the policy as a candidate. Earlier this year, the top elected official in Montgomery County, Md., outside Washington blocked a similar measure despite the county previously being at the forefront of local minimum-wage increases.

"I want people to earn better wages," Baltimore Mayor Catherine Pugh, a Democrat, said in an interview. "But I also want my city to survive."

Proponents view increases as a way to ensure low-wage workers earn incomes above the poverty line, and to narrow the disparity between rich and

poor Americans. Opponents say raising the minimum wage discourages hiring and encourages employers to invest in automation or move jobs to lower-wage states or countries.

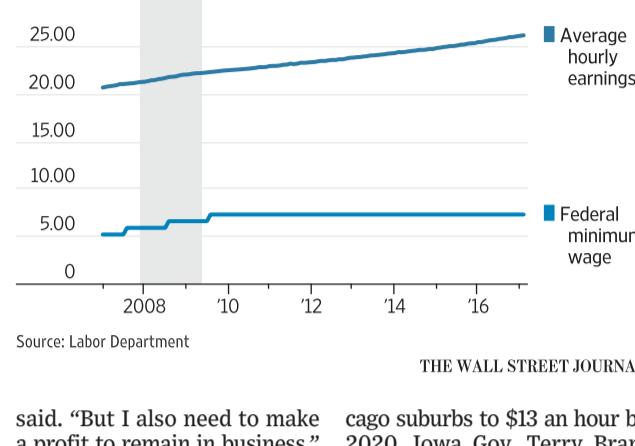
The federal minimum wage of \$7.25 an hour is set by Congress. It hasn't increased since 2009. The average hourly wage of U.S. workers has increased by almost \$4 an hour, or 18%, since the last federal increase, according to the Labor Department.

Emily Bruno, founder of Silver Spring, Md.-based **Denizens Brewing Co.**, said a minimum-wage increase would disproportionately hurt the local businesses that Montgomery County officials often tout, because small firms have less ability to absorb large cost increases than national chains do. An increase to \$15 an hour would raise her labor costs by \$300,000 a year, nearly equal to the brewery's annual profit, she said.

"My employees are like family, I want to pay them as much as I can," Ms. Bruno

Wage Differential

Seasonally adjusted average hourly earnings for all U.S. private sector employees and the federal minimum wage



Source: Labor Department

THE WALL STREET JOURNAL

said. "But I also need to make a profit to remain in business."

Lawmakers in several other states also are pushing back against local minimum-wage increases. At least four municipalities in Cook County, Ill., have opted out of the county government's move to raise the minimum wage in the Chi-

cago suburbs to \$13 an hour by 2020. Iowa Gov. Terry Branstad, a Republican, approved legislation in March to roll back higher minimum wages already approved in four counties. In Flagstaff, Ariz., council members just amended a minimum-wage increase approved by voters in November to slow

the pace of increases.

Those rejections could reinvoke business groups that have been pushing back on a national wave of minimum-wage increases that included California and New York establishing an eventual \$15 level.

Mike Whatley, director of state and local government affairs at the National Restaurant Association, said Democratic opposition to minimum-wage increases is helpful to groups like his. "It shows their peers around the country that they are willing to push pause and spend a little more time considering what it will mean for their community," he said.

Others say people shouldn't read too much into a few losses. Last year, 18 cities and counties and seven states approved minimum-wage increases, according to the National Employment Law Project, an organization that advocates for low-wage workers.

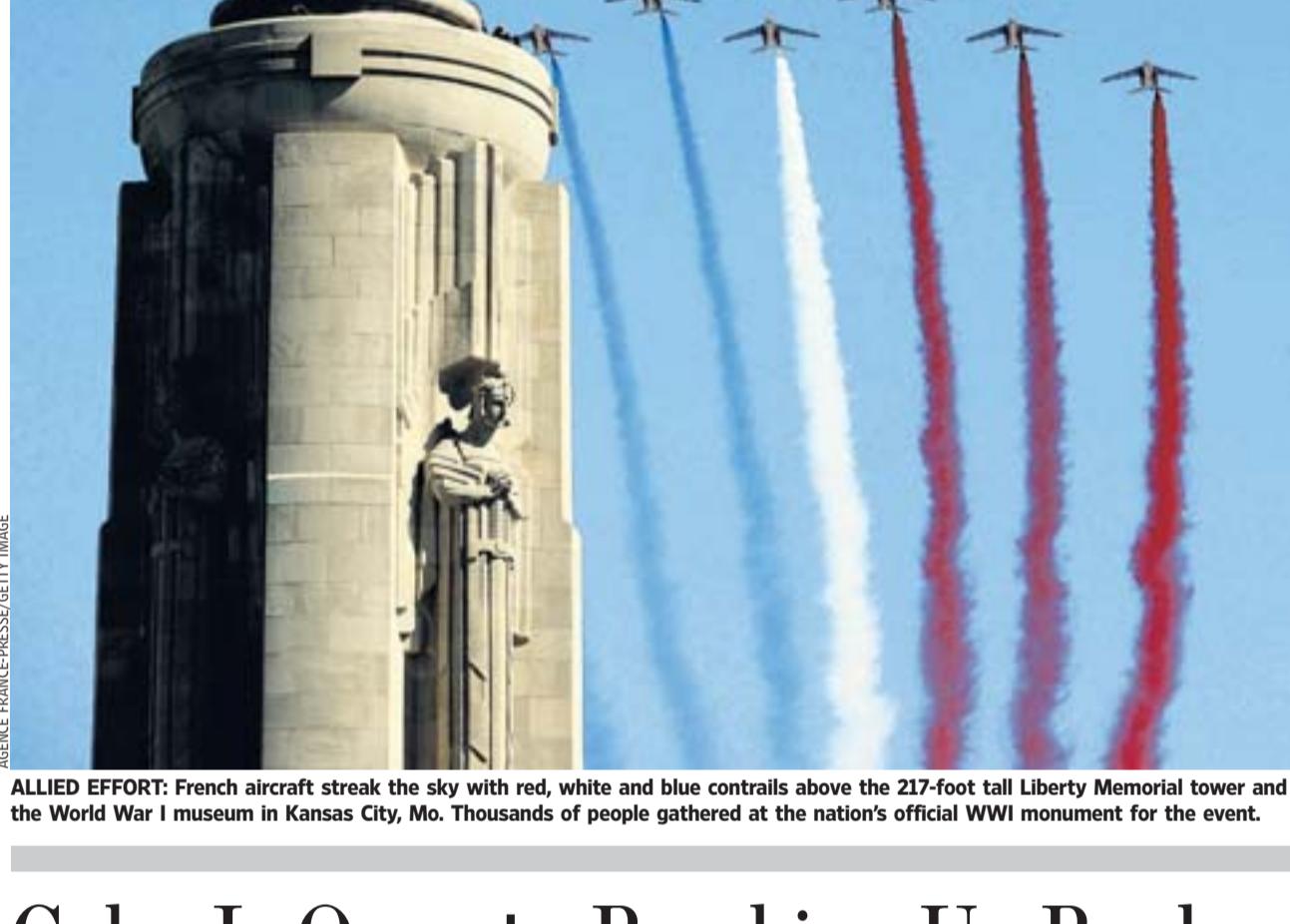
"The two vetoes are the anomaly," said NELP attorney Tsehay Gebreselassie.

In Baltimore, supporters of the bill say the mayor broke her promise by rejecting legislation that the City Council approved in an 11-3 vote. Efforts by council members to override the veto came up short. As a result, the city will continue to follow Maryland's statewide minimum wage, which is set to rise to \$9.25 in July and to \$10.10 next year.

"This was blatant, clear-cut betrayal by an elected official," said Mark McLaurin, political director at the Service Employees International Union, Local 500. The union, which represents workers in Maryland, campaigned for Ms. Pugh.

The mayor said she worried the wage hike would drive private-sector jobs out of the city, where the 6.6% unemployment rate is far higher than in surrounding counties. In addition, city analysts estimated the bill would have raised municipal payroll costs by \$115 million over four years, as the higher minimum wage was phased in.

Centennial of U.S. Entry Into World War I Commemorated



ALLIED EFFORT: French aircraft streak the sky with red, white and blue contrails above the 217-foot tall Liberty Memorial tower and the World War I museum in Kansas City, Mo. Thousands of people gathered at the nation's official WWI monument for the event.

Cohn Is Open to Breaking Up Banks

BY RYAN TRACY

The former **Goldman Sachs Group** Inc. executive who is the top White House economic adviser told lawmakers he could back legislation breaking up the largest U.S. banks, people familiar with the matter said, in a boost for congressional efforts to reinstate the Depression-era Glass-Steagall law.

The comments by Gary Cohn, director of the White House National Economic Council, came in a private

meeting with lawmakers on the Senate Banking Committee Wednesday, these people said. His remarks were reported earlier by Bloomberg News.

Mr. Cohn was asked by Sen. Elizabeth Warren (D., Mass.) whether the administration planned to carry out a promise included in the Republican 2016 platform—and made by the Trump campaign—to restore the law separating traditional commercial banking from investment banking. The law was repealed in 1999.

Mr. Cohn expressed an

openness to working with Ms. Warren on the issue and said he could support a simple policy completely separating the two businesses, these people said. There are various ideas for restoring some form of Glass-Steagall, from splitting apart firms completely to separating their operations under an umbrella company.

A White House spokeswoman said Mr. Cohn "was simply discussing the president's previously stated position," adding, "The president spoke to the need for a simplification

of the banking system on the campaign trail, what he called a '21st-century Glass-Steagall,' to make it easier for businesses to grow and create jobs in their communities."

It isn't clear how much support there is among Republicans more broadly. Ms. Warren on Thursday reintroduced a bill called the 21st Century Glass-Steagall Act. Three senators joined her, including one Republican, Sen. John McCain of Arizona. In the last Congress, Mr. McCain was the only Republican to sponsor the bill.

There are risks to this approach, whose consideration by Spotify was earlier reported by *Mergermarket*. With market forces determining the share price from the outset, the company's public debut could be more volatile and unpredictable. Also missing would be the large blocks of stock underwriters typically allocate to investors they believe will hold the shares for the long term and promote trading stability.

Spotify, which recently hired banks to advise on the process, could still choose to move forward with a more-traditional IPO script.

In a typical IPO, new investors buy shares from the company or its early investors, or both, the night before they start trading. The initial price is set by underwriters following extensive private meetings with potential new investors. In a direct listing, investors purchase shares in the open market after they are listed. The price is set

organically based on supply and demand. Currently, Spotify's shares are in the hands of the company's founders, employees and investors.

In direct listings, early investors would be subject to less stringent lockups governing the sale of insiders' shares and the company could avoid the first-day trading pop that characterizes many IPOs shepherded by underwriters. They are good for some investors but also indicate a company potentially left money on the table. Having a public stock would also give Spotify's investors and employees the opportunity to cash in their shares.

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Spotify, which recently hired banks to advise on the process, could still choose to move forward with a more-traditional

IPO, one person said.

Several IPO watchers said they could think of few examples of major companies going public in the U.S. in this way. Direct listings have mostly been used by small companies that don't anticipate much trading in their stock, including those that have just emerged from bankruptcy. But some sizable companies have used them over the years. Freddie Mac, for example, in 1989 became a public company by listing its existing stock in a similar fashion.

But Spotify's consideration of a direct listing has a broader context. The number of public companies in the U.S. has declined dramatically as private

funding sources multiply and officials weigh the cost of increased scrutiny from investors and regulators. When companies go public, they are increasingly doing so in ways that insulate them from such forces, like handing founders outsize voting control, as in Snap's IPO.

All that is bad news for Wall Street.

Last year, investment banks generated the smallest amount of revenue from share sales in more than 20 years, according to Dealogic. IPO activity and traditional stock sales by companies that are already public have been anemic. Spotify's advisers would get much smaller fees than IPO underwriters typi-

cally receive, the people familiar with the matter said. In the case of the \$4 billion Snap debut, underwriters shared about \$100 million—one of the smallest fees on record on a percentage basis.

Spotify wouldn't be the first company to try to diminish the role of Wall Street. Google, now part of Alphabet Inc., employed a so-called Dutch auction in its 2004 IPO in an effort to put more shares in the hands of small investors and avoid a first-day pop. In a Dutch auction, the highest bidders are sold the most shares at the IPO price.

But in a sign of the difficulty of bucking the traditional ap-

proach, Google's IPO was priced at \$85 a share, below the \$108 to \$135 the company targeted, as investors struggled to pinpoint its value. The shares soon started climbing and now change hands for about \$850 apiece.

Spotify last year issued a \$1 billion convertible bond to parties including TPG and Dragoneer Investment Group. The interest rate of 5% increases 1 percentage point every six months until the company goes public. If it lists directly, Spotify would likely need to renegotiate terms of the facility, one of the people said.

—Matt Jarzemsky contributed to this article.

CORRECTIONS & AMPLIFICATIONS

In some editions Thursday, a Page One analysis about President Donald Trump's foreign-policy team incorrectly gave acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton's title as acting assistant secretary for eastern

and pacific affairs.

General Electric Co. sold an appliance factory in Louisville, Ky., to **Haier Group** last year. A Page One article on Thursday about GE's lighting business incorrectly said the appliance plant was in Lexington.

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

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U.S. NEWS

Fishermen Reel Over New Quota

Limits on popular East Coast summer flounder, known as fluke, spark outrage

By KATE KING

New Jersey is fighting for its summer flounder, the flat fish long baited by East Coast fishermen.

In February, the Atlantic States Marine Fisheries Commission voted to reduce the recreational fishing quota for the East Coast summer flounder by 30% this year, following a 10% quota cut last year. The new quotas sparked outrage in New Jersey, whose representatives on the commission, an interstate agency that regulates fishing in state waters, filed a formal appeal last month.

The state's environmental protection commissioner, Bob Martin, said the stricter quota would cost jobs and hurt summer tourism at the New Jersey shore, where recreational fishing is a \$1.5 billion industry. "New Jersey has always been very respectful of not overfishing our marine fisheries," Mr. Martin said. "This is the one time that we can't take this anymore."

Several states opposed the commission's decision to restrict flounder fishing this year, but New Jersey was "the most vocal" and the only member to file a formal appeal, said Michael Luisi, who represents Maryland on the commission.

"Between New Jersey and New York, those two states together harvest most of the flounder on the East Coast," Mr. Luisi said.

Mario Osabro, manager of Down Deep Sportfishing in Keyport, N.J., said about half of the customers on his recre-

ational charter fishing trips are angling for flounder. He said the new regulations are "going to have an economic impact on everything."

"Not only us, but also the local tackle shops, the local diners and delis," he said.

Republican Gov. Chris Christie's administration and the state's entire congressional delegation have asked the federal government to block the new restrictions. A 30% quota cut to commercial fishing of summer flounder went into effect Jan. 1.

Summer flounder, also known as fluke, are wild-caught from Maine to North Carolina and considered one of the East Coast's most important fisheries. But federal data indicates the stock declined an estimated 22% between 2010 and 2015.

John Bullard, regional administrator for the National Oceanic and Atmospheric Administration Fisheries, a federal agency that works with the interstate commission, said summer flounder are being fished at a rate that is too high for the population to sustain itself. He said the quota cuts are necessary to prevent summer flounder from becoming "overfished," which is when a fishery's estimated total biomass is half of the target level set by marine officials.

Dave Monti, captain of No Fluke Charter Fishing & Tours in Wickford, R.I., said he has been catching summer flounder for 25 years and believes, based on both science and experience, that the stock is "stressed." Mr. Monti said that rebuilding the stock is worth the cost of reduced harvest quotas.

"I think the science tells us that it has been overfished for six years," said Mr. Monti. "We should manage the resource for



Fishermen gathered in Point Pleasant Beach, N.J., in January to protest limits on fluke. Below, a state record fluke caught in 2014.



the benefit of the fish."

Until recently, summer flounder was seen as a success story, having rebounded after overfishing brought the stock to a low point in 1989. Federal officials said fluke's recent decline is likely caused by flounder either not reproducing or young flounder dying before

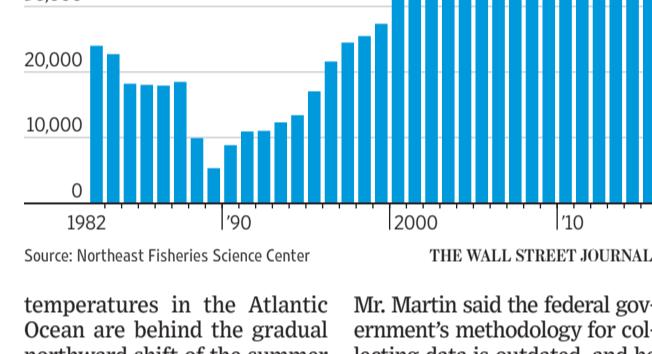
they grow into adults, rather than overzealous fishing.

The problem is possibly caused by climate change and has persisted for the past six years, said Michael Pentony, NOAA Fisheries' assistant regional administrator for sustainable fisheries. Some scientists believe warming

Smaller Bite

East Coast's estimated summer flounder, measured by total weight of fish in the population that are large enough to spawn

50,000 metric tons



Source: Northeast Fisheries Science Center

THE WALL STREET JOURNAL.

temperatures in the Atlantic Ocean are behind the gradual northward shift of the summer flounder stock, previously centered in North Carolina waters.

New Jersey environmental officials, however, said their surveys show the summer flounder stock has remained stable over the past 25 years.

Mr. Martin said the federal government's methodology for collecting data is outdated, and he has asked regulators to hold off on implementing the new restrictions until new data is collected. "All we want is current data," he said. "New Jersey is willing to live on the consequences of what that data says."

Federal Appeals Court Blocks Ohio Execution Protocol

By JOE PALAZZOLO

A federal appeals court blocked Ohio from using its lethal-injection protocol to execute three inmates, buoying a constitutional challenge to a drug used in at least five states.

Thursday's ruling by the Sixth U.S. Circuit Court of Appeals in Cincinnati pauses the state's application of the protocol while death-row inmates Ronald Phillips, Raymond Tibbets and Gary Otte mount their challenge in a federal trial court.

A lower federal court blocked Ohio's protocol in January, ruling that the inmates were likely to succeed in showing that the use of midazolam—the first of three drugs—to render them unconscious could cause them to suffer, in violation of the Eighth Amendment. If the drug doesn't work, they would be awake for the second, paralytic drug, and the third, which stops the heart.

The state appealed. Judge Karen Nelson Moore, writing for the 2-1 majority of the Sixth Circuit, said the lower court hadn't

clearly erred in the January ruling. She credited the testimony of experts for the inmates who said midazolam is used to sedate patients but that it can't produce a state of general anesthesia or unconsciousness.

Ohio's experts said midazolam is sufficient to render a person unconscious at high enough doses. Lawyers for the three inmates didn't respond to requests to comment. A spokeswoman for Ohio Attorney General Mike DeWine said the office is reviewing the decision.

The case could loom large in last-ditch efforts by lawyers for eight death-row inmates scheduled to be executed this month in Arkansas, which also uses midazolam in its protocol. Alabama, Oklahoma and Virginia also use the drug, but Arizona and Florida recently announced that they were abandoning it, said Megan McCracken, a lawyer for the Death Penalty Clinic at U.C. Berkeley School of Law.

Midazolam has faced increasing scrutiny after the 2014 execution of Clayton Lockett,

who initially appeared to lose consciousness after receiving a 100-milligram injection of the drug but then began to writhe and moan. He died 40 minutes later of a heart attack, after officials had halted the procedure.

Witnesses described similar events at the 2014 execution of Dennis McGuire in Ohio and in two more-recent executions in Alabama, even though Alabama used higher doses of midazolam.

The U.S. Supreme Court declined to invalidate Oklahoma's lethal-injection procedures,

which are similar to Ohio's, in a 2015 case, ruling that challenges to methods of execution must show they present a high risk of causing serious pain and suffering compared with a "known and available alternative."

Judge Raymond Kethledge, writing in dissent in the Ohio case, highlighted the crimes of the three inmates. Mr. Phillips raped and beat to death a 3-year-old girl, while Mr. Otte robbed and murdered a man and a woman, and Mr. Tibbets killed an elderly man and his caretaker.

Amtrak Apologizes for Train Problems

By KATE KING

Amtrak is coming under fire for its stewardship of the busy Northeast corridor after the railroad said Thursday that weakened crossties on a track at New York Penn Station resulted in a derailment Monday.

Amtrak Chief Executive Charles "Wick" Moorman apologized Thursday and promised to work with federal agencies and independent experts to improve maintenance at Penn Station, which the railroad owns and maintains. More than 300,000 commuters use the station each day.

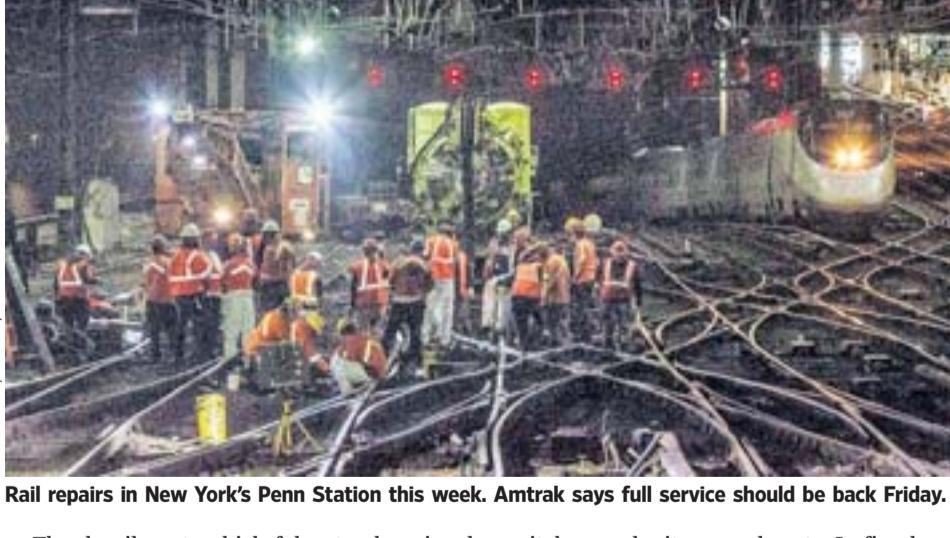
Amtrak officials, which inspect Penn Station's rails every few days, had noted that the railroad ties—the rectangular wooden supports beneath the tracks—were weakened but didn't expect an "imminent" derailment, Mr. Moorman said.

"Clearly that was something that we got wrong."

On Monday, those railway ties allowed the gauge of the track to widen and wheels of an NJ Transit train to slip inside the track, causing a slow-speed derailment.

The incident put eight of Penn Station's 21 tracks out of service and caused severe delays for commuters in the New York area, underscoring the precarious condition of infrastructure all along the Northeast rail corridor. Regular service to Penn Station was expected to be restored by 4 a.m. Friday.

CHUCK GOMZIA/ASSOCIATED PRESS



Rail repairs in New York's Penn Station this week. Amtrak says full service should be back Friday.

The derailment, which followed a similar incident on March 24, caused minor injuries but has drawn the ire of New York's commuter rail services, which pay Amtrak to use Penn Station New York. Both NJ Transit and the Metropolitan Transportation Authority of New York have called on Amtrak to do a better job maintaining its tracks.

New Jersey Gov. Chris Christie ordered NJ Transit to halt its multimillion-dollar monthly payments to Amtrak "until there has been a thorough and independent examination of the

tracks, signals, switches and other equipment maintained by Amtrak," according to a letter sent to Amtrak Chairman Anthony Coscia. Mr. Christie, a Republican, on Thursday also encouraged members of New Jersey's congressional delegation to hold hearings on Amtrak in Washington.

Founded in 1971, Amtrak provides intercity passenger railroad service across the U.S. and operates a nationwide rail network. While it is operated as a for-profit corporation, the railroad relies on about \$1.4 billion in federal funds to cover

its annual costs. In fiscal-year 2016, Amtrak had a \$1.1 billion gap between revenue and operating and capital expenses.

Jed Dodd, general chairman of Amtrak's track-maintenance union, said the railroad has been underfunded for decades across the entire region.

"Congress needs to decide if they actually want a functioning railroad on the Northeast corridor, and then they have to actually fund it so the infrastructure can be properly repaired," he said.

—Joseph De Avila contributed to this article.

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U.S. NEWS

GOP Leaders Add a Carrot to Health Bill

Provision to reduce premiums is unveiled in an effort to get more Republican backing

BY MICHELLE HACKMAN
AND NATALIE ANDREWS

WASHINGTON—With their plan to dismantle the Affordable Care Act stalled, Republican House leaders on Thursday unveiled an amendment aimed at lowering premiums, a move to gain more support for their health-care effort before a two-week recess.

The new provision would

create a fund of \$15 billion over the next decade to reimburse insurers for patients with costly pre-existing conditions. House leaders had planned to add it to legislation to replace the ACA, which they pulled just hours before a planned vote last month due to a lack of support.

House Speaker Paul Ryan (R., Wis.) said it was one of many ideas Republicans are considering to bring Republican lawmakers “closer toward consensus” on how to overhaul the 2010 health law.

The amendment’s co-sponsor, Rep. David Schweikert (R., Ariz.), believes it can pull in

“every member who was concerned that we weren’t seeing enough premium efficiency.” It was unclear whether the provision persuaded any Republicans who opposed the overhaul plan to change their minds.

Rep. Frank Pallone Jr. (D., N.J.) called the amendment a “desperate charade for Republicans to show progress in their failed efforts to repeal the Affordable Care Act.”

The amendment is modeled after a program, called an invisible high-risk pool, that Maine introduced in 2011 to address that state’s spiraling health insurance costs. Under the program, individuals with

pre-existing conditions bought policies in the state’s individual insurance market, and the government took over the cost of medical claims from insurers after a certain threshold.

“That’s a big piece of what we want,” said Rep. Dave Brat (R., Va.) of the amendment. A member of the House Freedom Caucus, a group of the chamber’s most conservative members that helped block the health bill last month, Mr. Brat added, “from Maine, the evidence is significant price reductions, premium reductions, so that’s a great piece.”

He opposed the health bill last month and declined to say

whether the new provision changed his mind.

Maine’s approach differs from a traditional high-risk pool in that it keeps the sickest enrollees on private market plans, rather than moving them to a separate, publicly funded option. But it serves the same essential purpose of removing the costs of those patients from the larger insurance pool, allowing insurers to reduce premiums for healthier customers.

Proponents of the state’s program say it lowered premiums for young, healthy customers by as much as \$5,000 a year.

Consumer-advocacy groups

are skeptical of the amendment to the GOP health plan. The high-risk pool in Maine was implemented concurrently with other state-based measures, including one allowing insurers to charge older customers up to three times as much as younger ones—which also likely affected the cost of premiums.

“I don’t know that it had the rousing success that proponents claimed it did,” said Emily Brostek, executive director of the Maine-based Consumers for Affordable Healthcare, an advocacy group. Independent analyses of the program haven’t been conducted, she said.

New Head Of Probe Has Long Résumé

BY BYRON TAU

As a regulator, Mike Conaway played a role in punishing the accountant for scandal-hit energy firm Enron Corp. As a member of Congress, he was part of investigations that disciplined a long-serving House member. A former accountant, he helped uncover financial fraud in the House Republican campaign arm.

On Thursday, Mr. Conaway, a Republican congressman from Texas, found himself in the midst of another politically sensitive investigation, leading the House Intelligence Committee’s probe into alleged Russian interference in the 2016 election.

Mr. Conaway took the position after the panel’s chairman, Devin Nunes (R., Calif.), temporarily recused himself from matters concerning the probe, citing an ethics committee investigation into some of his actions.

“He’s a workhorse,” said Jeff Burton, who helped elect Mr. Conaway, 68 years old, to Congress, serving as his campaign manager and then as his first chief of staff.

Mr. Conaway, who didn’t respond to a request for comment through a spokeswoman, grew up in Odessa, Texas, a city in the district he now represents. He arrived in Congress in 2005. Two years later, he helped uncover a financial scandal at the National Republican Congressional Committee, which backs GOP congressional candidates.

Mr. Conaway has also served on the House ethics committee where he participated in the investigation of Charlie Rangel, the long-serving Democratic New York congressman. Mr. Conaway was part of the committee that recommended discipline against Mr. Rangel, who was later censured by the full House.

Democrats hope Mr. Conaway’s leadership will offer a new beginning for a probe hit by accusations of partisanship. On Twitter, Rep. Adam Schiff, the top Democrat on the intelligence panel, called Mr. Conaway a “great colleague” and said his new role would give the investigation a “fresh [and] important new start.”



Rep. Devin Nunes after releasing a statement saying he is recusing himself from an investigation of alleged Russian campaign interference.

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

THURSDAY

◆ **Syria:** The U.S. military is crafting options for President Donald Trump to strike Syrian President Bashar al-Assad’s regime as the White House continued weighing its response to this week’s suspected chemical weapons attack in Syria, Pentagon officials said.

◆ **Supreme Court:** Senate Republicans eliminated the filibuster on Supreme Court nominees, thwarting Democratic opposition to Judge Neil Gorsuch’s confirmation to the high court and removing a key pillar

Wis.) said he fully supported Mr. Nunes’s decision, adding he didn’t believe Mr. Nunes had mishandled classified information or made mistakes.

Mr. Trump said Thursday of Mr. Nunes: “He is a very honorable guy. I think he did that maybe for his own reason.”

The House Russia probe will now be led by Rep. Mike Conaway (R., Texas), with assistance from Reps. Trey Gowdy (R., S.C.) and Tom Rooney (R., Fla.). Mr. Nunes will remain chairman of the intelligence committee and participate in the panel’s other activities.

Majority Leader Mitch McConnell (R., Ky.) said he was trying to return the Senate to an era when judicial nominees were routinely confirmed without becoming entangled in filibusters. He said that if Democrats wanted to avert a rules change, they should have dropped their filibuster.

“This is the latest escalation in the left’s never-ending judicial war—the most audacious yet—and it cannot stand,” Mr. McConnell said.

It is too early to tell exactly how the rule change will play out. Mr. Trump could find it easier to put conservative nominees on the court if more vacancies emerge while he is in office. But if the 2020 election brings a Democratic president and Senate, the change could benefit Democrats.

In a showdown on the Senate floor that unfolded over 2½ hours Thursday, Republicans fell five votes short in their efforts to end the Democratic filibuster, which would have required 60 votes.

of the minority’s power to exert influence in the chamber.

◆ **Russia probe:** Rep. Devin Nunes, a California Republican and chairman of the House Intelligence Committee, is stepping aside from the panel’s probe of alleged Russian interference in the 2016 election, citing the need to confront a congressional ethics inquiry into allegations that he improperly disclosed classified information to the public. He called the allegations false.

◆ **Banks:** Gary Cohn, a former Goldman Sachs Group Inc. executive who is the top White House economic adviser, told lawmakers he could support legislation breaking up the largest U.S. banks, according to people familiar with the matter.

Mr. Conaway chairs the House Agriculture Committee and has carved out portfolios on the Armed Services and Intelligence committees. Mr. Gowdy, a former prosecutor, led the special investigation into the 2012 terrorist attacks in Benghazi, Libya, a probe many Democrats alleged was aimed at damaging Mrs. Clinton.

The furor surrounding Mr. Nunes began March 22, when he held news conferences on Capitol Hill and at the White House, a day after viewing classified information on the White House grounds. Mr. Nunes told the press that day he had reviewed

WHAT'S AHEAD

◆ President Trump is scheduled Friday to continue his talks with President Xi Jinping of China at Mr. Trump’s Mar-a-Lago estate in Florida.

QUOTES

“This is the latest escalation in the left’s never-ending judicial war, the most audacious yet, and it cannot stand.”

—Sen. Mitch McConnell of Kentucky, Republican leader, on the filibuster of Judge Gorsuch

“We will sadly point to [Thursday] as a turning point in the history of the Senate and the Supreme Court.”

—Sen. Chuck Schumer of New York, Democratic leader, on the rules change

material gathered under the Foreign Intelligence Surveillance Act. Mr. Nunes said the materials confirmed U.S. intelligence officials had “incidentally” collected information about Trump transition aides while spying on foreign officials and improperly disseminated details about the Americans.

FISA strictly regulates the collection and dissemination of intelligence; it is a violation of procedures covering the handling of classified information to disclose the existence of a FISA action. In addition, House rules require members with access to classi-

fied information to swear not to disclose it without authorization.

Two Washington-based liberal legal groups, Democracy 21 and Citizens for Responsibility and Ethics in Washington, have asked Congress for an investigation into the congressman’s statements to the press.

It is unclear whether the House Ethics Committee inquiry was prompted by reports from its staff, members of Congress, or the nonpartisan Office of Congressional Ethics, which fields public complaints such as the ones the groups submitted.

The Ethics committee, a panel made up of five Republicans and five Democrats, can recommend disciplinary action against members for violations of House rules or federal, state and local law to the full House of Representatives. The committee also can report evidence of criminal activity to law enforcement.

The House committee also is looking into accusations by Mr. Trump and his aides that the Obama administration spied on him and his campaign. Mr. Nunes and other Republicans have accused the Obama administration of improperly “unmasking” and leaking to the press the names of Trump associates caught up in surveillance of foreign agents. Members of Mr. Obama’s administration have steadfastly denied conducting improper surveillance of Mr. Trump and his team.

—Kristina Peterson,

Siobhan Hughes

and Carol E. Lee

contributed to this article.

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Senate Majority Leader Mitch McConnell (R-Ky.) cheered the vote.

McConnell’s motion. The bitterness over the Supreme Court vacancy started long before Thursday’s maneuvering. After the death of Justice Scalia, President Barack Obama nominated Judge Merrick Garland to fill the seat in March of last year. Mr. McConnell declined to consider the nomination during the last year of the president’s term, saying voters should

have input with their selection of the next president. The Democrats’ anger over that pervaded the debate on Mr. Gorsuch, who sits on the 10th U.S. Circuit Court of Appeals in Denver.

Republicans say it was Democrats who set the Senate on its current path when then-Majority Leader Harry Reid (D., Nev.) in 2013 eliminated the filibuster for executive branch appointments and lower-court nominees.

Democrats at the time were frustrated that GOP leaders were blocking many of Mr. Obama’s appointees.

“Everybody took the easy way out,” said Sen. Joe Manchin (D., W.Va.). “Harry Reid took it in 2013. Mitch McConnell took it in 2017.”

Some senators suggested comity wasn’t dead in the chamber. A small group, led by Republican Susan Collins of Maine and Democrat Chris Coons of Delaware, had mounted a failed effort to broker a compromise, and Mr. Coons noted Thursday that several groups of senators

from both parties were expected to visit countries overseas during the coming congressional recess.

“You travel together enough, and it begins to rebuild the connective tissue that has so badly frayed here,” he said.

There is no indication so far that the filibuster for legislation, rather than nominees, would come to an end. But both leaders bemoaned its demise for presidential appointments. Mr. McConnell pleaded with Democrats not to trigger such a move. Democrats said Republicans were responsible because they insisted on an extreme nominee.

“The 60-vote threshold in the Senate is the guardrail of our democracy,” Mr. Schumer said. “When our politics veer too far to the right or to the left, the answer is not to dismantle the guardrails and go over the cliff, but to turn the wheel back to the middle.”

—Natalie Andrews
and Kristina Peterson
contributed to this article.

U.S. NEWS

Trump, RNC Get Flood of Donations

BY REBECCA BALLHAUS

The Republican National Committee, together with President Donald Trump's re-election campaign, raised more than \$53 million in the first quarter of 2017, according to party and campaign officials, fueled by the same class of online donors who flocked to Mr. Trump last year.

Of that, the RNC raised \$41.3 million in the first three months of the year—more than double what its Democratic counterpart raised in the quarter after former President Barack Obama was elected in 2008—while Mr. Trump's campaign raised \$3.3 million and a joint committee between the two raised more than \$9 million.

Some \$12 million of the party's haul came in March alone, up from \$9.5 million in February but down from a whopping \$20 million in January—the month Mr. Trump was sworn into office.

Republicans' fundraising success suggests Mr. Trump's small-dollar supporters are continuing to flock to the party, even as several of the president's initiatives have stalled and as his approval rating has slid below 40%—an unusually low figure so early into a presidency.

Frequent fundraising emails bearing Mr. Trump's name brought in about 250,000 new online donors to the RNC, the campaign and their joint committees, according to an RNC official. That marks a 398% increase over the number of new donors the RNC won in 2016—an election year.

The comparison with past GOP fundraising hauls in the years following an election is stark. In the first quarter of 2001, when former Republican President George W. Bush had been elected to his first term, the party raised \$17.2 million.

Campaigns and party committees aren't required to report fundraising totals to the Federal Election Commission until later this month.

For a Republican candidate, Mr. Trump had unusual appeal among small donors, who typically give online. Donors giving \$200 or less accounted for 65% of his total donations during the 2016 campaign, compared with 26% of the total donations to GOP nominee Mitt Romney in the 2012 cycle.

Republicans' continued success among those donors is also in large part because of a steady stream of often provocative emails bearing Mr. Trump's name that the campaign and party send to supporters on a roughly a daily basis.

President Starts Summit With China

President Donald Trump said Thursday he expects to secure a commitment from China to pressure North Korea to curb the nation's nuclear ambitions, outlining a key objective of his two-day summit with President Xi Jinping of China.

By Peter Nicholas,
Carol E. Lee
and Bob Davis

"I think China will be stepping up" in curtailing North Korea's aggressive acts, Mr. Trump said aboard Air Force One as he headed to Mar-a-Lago, his estate in Palm Beach, Fla., where the leaders of the world's two biggest economies were to have their first face-to-face meeting.

Turning to trade, he said: "We have been treated unfairly and have made terrible trade deals with China for many, many years. That's one of the things we are going to be talking about."

Messrs. Trump and Xi had dinner Thursday evening, to be followed Friday by a round of meetings devoted to trade, the world economy and security.

At the dinner Thursday, Mr. Trump commented on the opening hours of the summit.

"We had a long discussion already," he said, adding, "So far, I have gotten nothing. Absolutely nothing. But we have developed a friendship. I can see that. I think, long term, we are going to have a very, very great relationship and I look very much forward to it."

The summit took an unexpected turn after the dinner, with the U.S. launching cruise-missile strikes to punish Syrian leader Bashar al-Assad for a chemical-weapons attack.

Mr. Trump came out late in



President Donald Trump with Chinese President Xi Jinping on Thursday as their summit got under way at his resort in Palm Beach, Fla.

the evening to make a statement about the American attack on a Syrian airfield.

This is the second Mar-a-Lago summit meeting interrupted by crisis. Mr. Trump was hosting Japanese Prime Minister Shinzo Abe at Mar-a-Lago in February when North Korea launched a missile, prompting the two leaders to hastily confer with their secu-

rity advisers and make a late-night joint statement.

White House aides said the two-day summit will mostly be a forum to improve ties between two skeptical nations, though the Trump administration hopes to win concessions from China on North Korea and trade.

As Mr. Trump and his top aides and cabinet secretaries

traveled to Florida, U.S. officials played down expectations that China might agree to meaningful moves in accordance with Mr. Trump's wishes. The purpose of the summit, one senior administration official said, is to "set the tone for four years."

In one sense, Mr. Trump wants more out of the summit than China does. Mr. Trump

campaigned hard on the theme that unfair Chinese trade practices have wiped out U.S. jobs and added to the trade deficits. Mr. Trump also needs China's cooperation in scaling back North Korea's bid to develop nuclear missiles capable of striking the U.S. and its allies.

—Eli Stokols

contributed to this article.

Leaders' Visits Over the Decades

1972

Richard Nixon becomes the first U.S. president to visit mainland China, paving the way for the normalization of bilateral ties seven years later. (Top, Mr. Nixon with Chinese leader Mao Zedong)

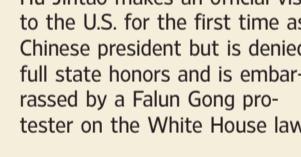


1979

China's paramount leader Deng Xiaoping visits the U.S. following the establishment of full diplomatic relations and dons a cowboy hat at a Texas rodeo.

1997

President Jiang Zemin pays a state visit to the U.S. at the invitation of President Bill Clinton, formalizing a thaw in ties eight years after the 1989 Tiananmen Square crackdown. (Bottom left, Messrs. Jiang and Clinton)



2002

President George W. Bush visits China and then hosts President Jiang at the Bush ranch in Crawford, Texas, as the U.S. is looking for support for its war on terror.

2006

Hu Jintao makes an official visit to the U.S. for the first time as Chinese president but is denied full state honors and is embarrassed by a Falun Gong protester on the White House lawn.

2011

After meeting with President Hu in Beijing early in his presidency, Barack Obama receives Mr. Hu

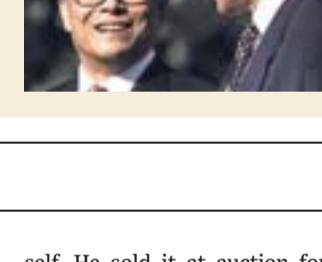
at the White House with full state-visit honors even as tensions mount in bilateral ties.

2013

Xi Jinping visits the U.S. months after taking office as president, strolling in shirt sleeves with Mr. Obama at the Sunnylands estate in California in an informal meeting aimed at building personal rapport. (Bottom right, Messrs. Xi and Obama)

2015

Mr. Xi pays a state visit to the U.S., meeting with tech executives in Seattle before a summit with Mr. Obama in Washington



amid mounting bilateral discord over cybersecurity, trade and the South China Sea.

2016

Mr. Obama meets Mr. Xi for bilateral talks on the sidelines of a Group of 20 summit in Hangzhou, China chides Western media for suggesting an airport snafu that forced Mr. Obama to



make an unusual arrival through his aircraft's seldom-used lower exit was a deliberate attempt to humiliate him.

2017

President Donald Trump hosts Mr. Xi at his club in Florida, Mar-a-Lago.

—Compiled by Chun Han Wong

GREEN

Continued from Page One
had to do was pay \$11,000 for it at an auction.

"Some people were kind of looking at me like, 'Is he a weirdo?'" he said. "I don't know if they appreciated what it was that they were looking at."

Augusta National prohibits those who receive green jackets from taking them off the premises. An exception: A Masters winner may take it home and return it the next year.

In recent years, a small number of jackets have found their way onto the market. Ryan Carey, co-founder of a golf-memorabilia company, Green Jacket Auctions, said he and his partner have sold around a dozen since 2006. Jackets owned by former club members, typically go for around \$20,000.

Those that belonged to Masters champions are rarer. Mr. Carey's company in 2013 sold the jacket awarded to Horton Smith for his 1934 Masters victory, the tournament's first year, for \$682,000.

"Are you serious?" said Jack Nicklaus, a six-time Masters champion and Augusta National member, who said he had no idea jackets were being auctioned.

The green jackets are "very sacred," he said, but if an original owner is short on money and "if that's what they need to do, then that's OK." Looking

down at his own green jacket, Mr. Nicklaus quipped: "I wonder what I could get for this?"

An Augusta National spokesman declined to comment on the wayward jackets.

Members started wearing green jackets at the 1937 Masters to make themselves more identifiable to spectators. The club began awarding them to winners in 1949, including to prior champions.

Most auctioned jackets date to when the club was less strict about their being taken off-premises and are consigned by the recipients' heirs. "These are items that for the most part have been hanging in closets for decades," Mr. Carey said. "Families say, 'Wait a minute, this should probably be sold.'"

Because jackets can usually be traced to the original owners' families, auctioneers say, authentication isn't difficult. Mr. Carey said people sometimes approach with replicas, but the jackets are difficult to forge.

Most have the name of the member or champion stitched inside. A manufacturing number is inside the right breast pocket. Most were made by Ohio-based Hamilton Tailoring Co.

The brass buttons featuring Augusta National's logo are made by Connecticut-based Waterbury Button Co. The color is particular: Pantone 342.

"It's a very rare jacket," said Eddie Alexander, 58, a Nashville hospital development executive who paid \$20,000 for one in 2015. "That was the one piece of

Augusta National that I could own that would be difficult to get." He keeps it in his bedroom closet, removing it only to show visitors. It is too big to fit him comfortably.

The jacket Mr. Millhouse bought in 2009 belonged to W. Ron Alexander, a Scottish businessman and Augusta National member who died in 2006. Mr. Millhouse had it tailored to size 40 from 42 so he could wear it around Masters time every spring.

His jacket became a recurring sight at local government pro-

cessions near his Southern California home. One year, he wore it to a session of the Ventura County Transportation Commission, which he chaired.

"In Keith walks in this green jacket and everyone is looking at it going, 'Where the heck did you get that?'" said Darren Kettle, the commission's executive director. "We go through roll call and he says, 'I'm here today because I didn't make the cut.'"

Mr. Millhouse wouldn't eat or drink wearing it. In 2015, it was time to let it go—keeping it longer, he said, would be akin to keeping the Mona Lisa for him-

self. He sold it at auction for around \$17,000.

The buyer, private-equity executive Christopher O'Brien, 58, keeps it on a mannequin in a two-story sports-memorabilia display inside his Greenwich, Conn., home.

"My perception was that the jackets couldn't be sold because they couldn't get out of the locker room," Mr. O'Brien said.

There is only one known instance of the club's trying to take a jacket off the block. In 2013, it sued a Dallas auction house offering the jacket Art Wall Jr. won at the 1959 Masters, which Mr. Wall's family said disappeared years earlier. The matter was settled out of court, and the jacket returned to the club, said a person familiar with the case.

In 2015, heirs of a late Augusta National member left a jacket among clothes it donated to the Guild Shop, a Houston thrift store. After a volunteer recognized it, said Claire Hughes, the shop's comptroller, the store sold it to a Pennsylvania car dealer last year for around \$20,000.

Players who haven't won a green jacket can only dream of what it would be like standing alongside the world's greatest golfers while wearing one. Or they could ask Mr. Millhouse what it's like.

"I was going to offer a player who hadn't won the Masters an opportunity to wear it," Mr. Millhouse said, "but I didn't want to be too obnoxious."

Most green jackets have the name of the member or champion stitched inside.

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WORLD NEWS

Trump Shows He Can Act Forcefully, Quickly

BY CAROL E. LEE
AND LOUISE RADNOFSKY

WEST PALM BEACH, Fla.—President Donald Trump's decision to order military strikes in Syria sets his presidency on a new and unpredictable course that is likely to shape his time in office.

Faced with his first major foreign-policy test—a moment that confronts every new president—Mr. Trump demonstrated a comfort with military action

ANALYSIS and a flexibility in approach that saw him change course not only on comments he made in the campaign but also on his policy toward Syria in just 48 hours after seeing gruesome photographic evidence from the Assad regime's chemical-weapons attack Tuesday.

His decision drew support from Republican and Democratic lawmakers who have long called for stronger U.S. action in Syria.

But with his message delivered both in missiles and in a presidential address from behind a podium at his private resort in Florida, Mr. Trump faces the difficult choice his predecessor and



ALEX BRANDON/ASSOCIATED PRESS

President Donald Trump's decision drew support from Republicans and Democrats in Congress.

other world leaders have grappled with for years: Now what? It's the question that repeatedly led President Barack Obama to decide against deeper military involvement in Syria.

Just three months into his presidency Mr. Trump will

have to find his own answer. He has to confront a litany of risky unknowns.

It is unclear how the Assad regime, or its allies Russia and Iran, will react. It is unclear whether Mr. Trump intends to move the U.S. more forcefully into the

Syrian conflict—committing the U.S. military to greater engagement in the Middle East—or whether he plans to hold back beyond sending a signal that the use of chemical weapons won't be tolerated by the White House.

One message was clear:

Mr. Trump is willing to use force and to make decisions swiftly when he is moved to act.

"Assad choked out the lives of helpless men, women and children. It was a slow, brutal death for so many," Mr. Trump said in a national address. "No child of God should ever suffer such horror."

It is a dramatic shift from Mr. Obama, who deliberated at length over military decisions and resisted years of calls for a deeper U.S. military involvement in Syria to help bring the conflict to an end. During his own election campaign, Mr. Trump suggested the U.S. should leave conflicts such as the one in Syria for other nations to resolve, including Russia.

The missile strikes mark an early turning point in Mr. Trump's presidency. It is his first major military order as commander in chief. But it is also the first military decision of consequence that Americans and the world have seen him make after otherwise fitful first weeks as president, which have been marred by controversy and infighting

in his own party.

Mr. Trump had in many ways compelled himself to act by vowing on Wednesday to retaliate for the gas attack. He had limited other options given Mr. Obama had cut a deal with the Assad regime, brokered by Russia, to remove its chemical-weapons stockpile instead of launching military action.

On Thursday, Secretary of State Rex Tillerson denounced Russia, saying it had failed to deliver on commitments in that deal to locate, secure and destroy the weapons.

"Either Russia has been complicit or Russia has been simply incompetent in its ability to deliver on its end of that agreement," said Mr. Tillerson, also in West Palm Beach for the visit of Chinese President Xi Jinping, at a summit that hours earlier had been expected to revolve around North Korea and trade issues.

Mr. Tillerson said that Mr. Trump had reflected on the prior responses and "lack of responses" to Syria and concluded that the U.S. "could not, yet again, turn away" for fear of normalizing the use of chemical weapons.

SYRIA

Continued from Page One
base, and we took extraordinary precautions to not target the area where the Russians are," Pentagon spokesman Capt. Jeff Davis said at a briefing late Thursday.

The 59 Tomahawk missiles were launched from two American destroyers, the USS Porter and the USS Ross, both in the Mediterranean Sea, the Pentagon said. The cruise missiles struck aircraft, a runway, fuel pumps and other infrastructure.

The attacks came as Mr. Trump was hosting Chinese President Xi Jinping at his Florida resort, and planned a full day of meetings Friday with Chinese official focusing on economics, trade and security issues including North Korea's nuclear program.

It appeared that for now the strikes on the base, described by Pentagon officials as a "proportionate" response to the chemical attack, would be the extent of the U.S. response. As long as the Assad regime didn't conduct further chemical attacks, there would be no reason for the U.S. to strike any more regime targets, Capt. Davis said.

"It will be the regime's

Airfield Strike

Dozens of Tomahawk missiles were fired from two U.S. destroyers in the eastern Mediterranean sea at a Syrian airfield thought to be a base for planes that carried out a suspected chemical-weapons attack.



Source: the Pentagon

Gas Attack Takes 24 Lives From One Syrian Family

A text message from Syria delivered the news to Turki Alyousef, a 22-year-old refugee living in Wiesbaden, Germany: A large number of his relatives had been killed in a gas attack.

"We were bombed with chemical weapons. I, your father and siblings are OK," read the message from his mother.

By day's end, he knew the full toll: 24 cousins, nephews, nieces and aunts, ranging from 6 months to 50 years. It was more than a quarter of all those

who perished in Tuesday's attack on Khan Sheikhoun.

A native of the northwestern Syrian town, Mr. Alyousef had studied to become an architect before leaving for Europe with his girlfriend in 2015. He left behind a brother, two sisters and his parents.

One cousin he has been in contact with since, Abdulhamed Alyousef, survived. Abdulhamed, whose father is a cousin of Turki's father, recounted by phone with him how the day unfolded.

Soon after an explosion struck that morning, Abdulhamed rushed to the site, a bakery, thinking it was a regular bomb and wanting to help out. Abdulhamed told his wife, Dalal

Ahmad Alsah, leave the house with their twins, Aya and Ahmad.

As he neared the bakery, he told Turki, he sensed a strange smell. He lost consciousness and was reawakened a few hours later after being treated by paramedics. He rushed home, only to discover his wife and the twins lying lifeless on the floor of a neighboring house where they had sought shelter. Three of his brothers and their wives and children were also dead.

Turki said the survivors in his family are heartbroken but determined to stay put: "They do not want to leave their country. They do not want humiliation. They are steadfast in the face of this aggression." —Valentina Pop

choice," he said.

The plan to target the base came together quickly Thursday, according to a U.S. official. Mr. Trump and other officials knew early Thursday the U.S. would conduct a mission, but the plan didn't take full form until about midmorning, the official said.

Defense Secretary Jim Mattis, meeting with Mr. Trump at his West Palm Beach, Fla., estate, made recommendations to the president earlier Thursday. He was briefed by senior leaders back at the Pentagon,

who met earlier Thursday in the Pentagon's basement in what is known as the National Military Command Center to discuss specific targeting.

The Pentagon's assumptions about targeting have changed since 2013, when the U.S. military last considered striking Assad regime targets. Now, there are as many as 1,000 American forces, made up of special forces and Marines, inside Syria, as well as thousands of U.S.-backed Kurdish and Arab forces.

"There are a lot of things

you have to consider," the official said.

U.S. lawmakers had urged Mr. Trump to strike the Assad regime. There is a growing consensus that the regime used banned chemical weapons in the attack, which killed at least 85 people, including 27 children, and injured about 550.

The strike drew praise from lawmakers, who drew a contrast to former President Barack Obama's decision to cancel a planned airstrike in 2013 in response to a similar chemical attack. That strike was called off

after the U.S. and Russia agreed on a deal to dismantle Syria's chemical weapons program.

"Unlike the previous administration, President Trump confronted a pivotal moment in Syria and took action," Sens. John McCain (R., Ariz.) and Lindsey Graham (R., S.C.) said in a joint statement.

The United Nations Security Council on Thursday evening canceled a planned vote on a resolution backed by the U.S. and European allies condemning the attack and calling for a full U.N. investigation. Diplo-

mats said the U.S. and Russia exchanged heated words with neither side compromising on their views of what occurred on Tuesday in Syria.

Pentagon officials said that radar imagery showed Syrian bombers carrying out a strike on the village of Khan Sheikhoun in northwestern Syria, and added that the victims were killed by chemical weapons.

Syria's Foreign Minister Walid al-Moallem reiterated his government's claim that the Syrian army has never used chemical weapons in the country.

Alleged Sarin Attack Defies Chemical-Weapons Deal

BY JULIAN E. BARNES
AND MARIA ABI-HABIB

The 2013 international agreement that averted a campaign of U.S. airstrikes on Syria was supposed to have stripped the government of President Bashar al-Assad of its declared stockpiles of chemical weapons.

But the alleged use this week of the deadly nerve agent sarin against civilians in rebel-held territory has invited new questions about whether Mr. Assad's regime hid precursor chemicals from inspectors or managed to re-create some of its chemical stocks since then.

There was also consternation Thursday over what motivated the Syrian government's suspected choice to use such an extreme measure now—whether to eliminate a rebel stronghold or to test the mettle of the Trump administration.

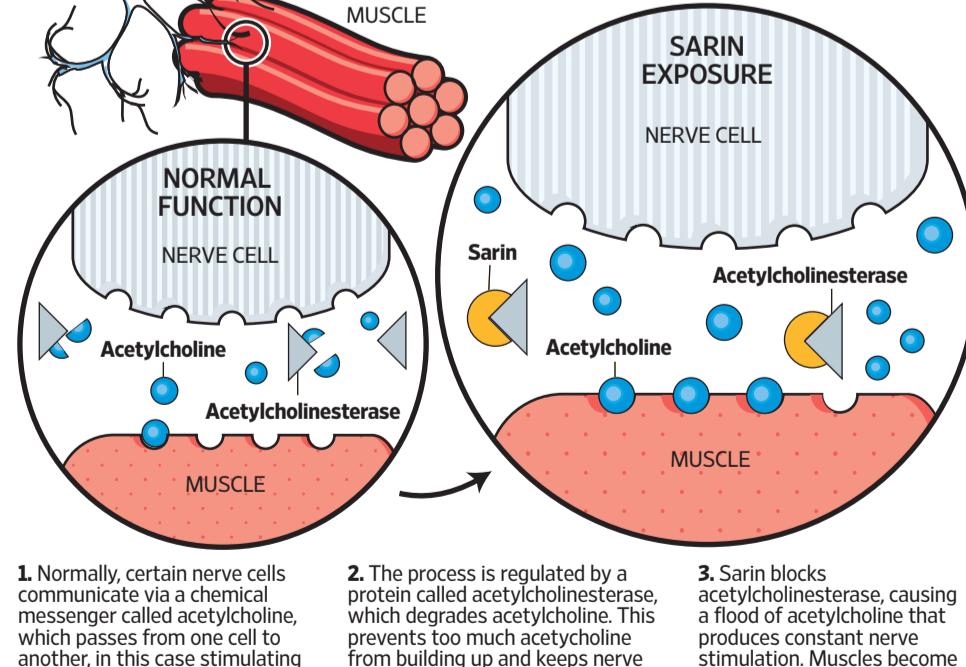
On Thursday, the Organization for the Prohibition of Chemical Weapons noted that while its team removed all the chemical weapons declared by the Syrian government under the September 2013 agreement, member states have "raised questions with regards to the completeness and correctness of Syria's declaration."

Since 2014, a group within the OPCW, an international body based in The Hague, has been tasked with trying to independently ensure the Syrian government reported its entire chemical-weapons stocks and program. Though the OPCW said Thursday it was actively engaged with Syrian authorities in addressing any gaps, incon-

Deadly Agent

Sarin has been linked to Tuesday's attack that killed at least 85 people in Syria.

A look at its toxicity, effects on the body, and previous examples of its use:



Sources: U.S. Centers for Disease Control and Prevention; Organization for the Prohibition of Chemical Weapons

sistencies and discrepancies, analysts and former officials say the organization's warnings have grown more urgent in recent months.

Chemical-weapons experts said Mr. Assad's government appeared to be using the deadly

agents, which settle in low-lying areas, to try to root out rebels sheltering from conventional munitions in bunkers and basements. Given the psychological impact created by a deadly gas, they said, the weapons may also have been de-

ployed with the specific intention to terrorize opponents of the regime.

Strategically, however, the use of gas appears to have been a colossal blunder, hardening the West's resolve against Mr. Assad just as it showed signs of

TOXICITY VS. OTHER AGENTS

Sarin isn't as deadly as VX, which is thought to have killed Kim Jong Nam, the half brother of North Korea's dictator

Estimated dose at which 50% of affected population will die through skin exposure, in mg per person

VX	10
Soman	300
Sarin	1,700
Tabun	4,000

SOME SARIN GAS ATTACKS

- March 1988 Saddam Hussein ordered bombs containing sarin dropped on the Iraqi Kurdish city of Halabja, killing an estimated 50,000 people.
- March 1995 Aum Shinrikyo, in coordinated attacks, released sarin in the Tokyo subway, killing 12 people and injuring more than 5,000.
- May 2004 Iraqi insurgents detonated a bomb containing chemical precursors for sarin near a U.S. convoy. Two U.S. soldiers treated for exposure.
- August 2013 Syrian regime forces fired rockets containing sarin into the rebel-held region of Ghouta. Between 280 and more than 1,400 people were estimated killed.

THE WALL STREET JOURNAL.

that he is testing the Trump administration in terms of response," Mr. Zanders said.

A Western diplomat said the aerial attack's timing was puzzling, coming days after the Trump administration signaled it might pursue a Syria policy more favorable to Damascus, a stance U.S. Secretary of State Rex Tillerson abandoned Thursday.

"It seems the regime feels shell-shocked," a European diplomat said.

Chemical-weapons experts said it would be difficult to immediately determine if any sarin used was from stocks of precursor chemicals the regime created years ago and hid from inspectors.

In 2015, U.S. intelligence agencies concluded that despite the OPCW's efforts, Mr. Assad hadn't given up his chemical weapons, U.S. officials said, adding that the ground rules under which the OPCW operated allowed the regime to control what inspectors could see.

Those views hardened as Mr. Assad developed a new kind of chlorine gas and then used it on rebels. Chlorine gas isn't banned under international law, but its use as a weapon is.

The apparent use of sarin gas is a clear step beyond.

Re-sorting to that nerve agent—used in August 2013 attacks that killed 1,429 people—is what triggered international intervention and led the Assad regime to agree to give up its chemical-weapons stocks.

—Nathan Hodge
and Raja Abdurrahim
contributed to this article.

PAID ADVERTISEMENT



Chinese President Xi Jinping addresses the annual high-level general debate of the 70th session of the United Nations General Assembly at the UN headquarters in New York, the United States, Sept. 28, 2015. PANG XINGLEI / XINHUA

GLOBAL GOVERNANCE DEFICIT CALLS FOR BROADER CHINESE ENGAGEMENT

Germaine Colette Menyeng does not have to worry anymore. With the arrival of solar-powered lights, the 51-year-old headmaster of a primary school in Ngang village, western Cameroon, no longer needs to grade her students' homework by dusky oil lamps, which had seriously harmed her eyesight.

Rural areas like Ngang in the western African nation used to be without electricity because of the high cost of connecting to the national power grid. A solar panel plant, sponsored by Chinese telecommunications giant Huawei, has not only ended the dark days there, but also brought fundamental changes to the day-to-day life of the local population.

PUBLIC GOODS PROVIDER

Huawei's efforts to boost sustainable development in Africa find its roots in China's Belt and Road Initiative, which pursues global cooperation by building or improving infrastructure to raise living standards in the countries along its routes.

A new report released by the Asian Development Bank in late February shows that Asia alone needs some 26 trillion U.S. dollars between 2016 and 2030 to meet its infrastructure needs, not to mention the huge funding gap for the rest of the world.

Coupled with the establishment of the Asia Infrastructure Investment Bank (AIIB) to make up for the financing, China's modern-day land and maritime Silk Road Initiative, first proposed by Chinese President Xi Jinping in 2013, has now become one of China's most important public goods offered to the world, and a key vehicle for Beijing to improve global governance.

So far, China has invested more than 50 billion U.S. dollars into the program. It has won support from over 100 countries and international bodies, and more than 40 of them have signed cooperation agreements with China.

Chinese Foreign Minister Wang Yi recently told the China Development Forum in Beijing that unbalanced development is the root cause of many of the world's major problems, adding that Beijing proposes that all nations should pursue their interests through common development.

Pieter P. Bottelier, a China scholar at Johns Hopkins University, said the initiative illustrates China's vision of collaborating with countries

not only in its own neighborhood, but also in Europe, Latin America and Africa in a way that bolsters the global economy and meets China's long-term interests.

GUARDIAN OF PEACE

For Bai Shuo, a young Chinese sailor, her job to steer the giant navy ship Honghu, a new 23,000-ton offshore supply ship, in an expansive and rough sea is challenging. Yet she knows that her mission represents China's steadfast commitment to helping shape a more peaceful world.

The 24-year-old helmswoman, along with more than 700 comrade-in-arms, belongs to the 25th convoy fleet of the Chinese navy. They have been carrying out escort missions in the Gulf of Aden to protect passing ships against pirate attacks and maintain the freedom of navigation along the waterway, through which nearly 30 percent of the world's crude oil and 12 percent of global maritime trade passes.

China initiated such missions in 2008 and has escorted about 6,300 ships through this vital searoute. Because of China's joint efforts with some 20 international partners, the passage of goods through the Gulf of Aden is more secure.

Meanwhile, China is an important peacekeeping force within the United Nations (UN). China began to participate in the UN peacekeeping missions in 1990. It is now the largest contributor to the peacekeeping force, deploying more than 2,600 of the total 88,000 "blue berets" in 10 peacekeeping missions in countries such as South Sudan, Lebanon and Liberia.

China also uses multilateral platforms such as the Xiangshan Forum and the Shangri-La Dialogue to discuss security and defense cooperation with Asia-Pacific members and others.

In his January speech at the UN Office in Geneva, Switzerland, Xi said China remains committed to upholding world peace.

"We Chinese firmly believe that peace and stability is the only way to development and prosperity," he said, adding that "China will never waver in its pursuit of peaceful development."

A PIONEERING REFORMER

To have a better global governance system, reforming current institutions is a must.

The current global governing bodies, including the UN, the World Bank and the



Military engineers soldier Nie Yongbo (R) and lieutenant Wang Jian attend the UN Peace Medal award ceremony of Chinese peacekeepers in Bukavu, Democratic Republic of the Congo, Nov. 11, 2014. WANG BO / XINHUA

International Monetary Fund (IMF), were largely formed in the post-war period.

For many years, China has called for changes to these bodies, especially regarding the quota reforms within the World Bank and the IMF, to better reflect the growing needs of the developing world. It also insists that the AIIB and the New Development Bank are set up as a supplement, not a replacement, for global financial institutions.

Beijing has also sought to tackle many of world's most pressing challenges, such as supporting free trade and globalization, combating climate change, reducing poverty and boosting common development, by offering its proposals and solutions via such important international gatherings as the APEC meetings and the G20 summits.

The notion of building a community for a shared future for all humankind, which was first put forward in late 2012, epitomizes the direction in which the Chinese government believes global governance should head.

This March, the UN Security Council for the first time incorporated this concept into its resolution on promoting security and stability in Afghanistan and the surrounding region, showing that the proposal has won growing recognition worldwide.

Kerry Brown, a professor of China studies

at King's College in London, said China is now "exposed in ways it was not before, and it has a prominence it did not have. It is going to have to take a pretty big leadership position."

But Joseph Nye, a Harvard professor and prominent U.S. foreign policy expert, warned in a recently published article that the world needs to acknowledge what he calls "the Kindleberger Trap," by which he worries that China could fail to provide global public goods while the global system could sink into "depression, genocide and world war."

In fact, what Beijing has done over the years has proved Nye's worry largely unfounded.

Looking back, China's stunning economic and social development over the past four decades has benefited greatly from an open and increasingly interdependent global system. It is in the vital interests of China and the world to jointly patch up the gap in global governance.

Serbian President Tomislav Nikolic told Xinhua recently that China "does not use hard power, does not use weapons, but uses projects, and positively helps others to live better through economic integration."

"China has moved all countries in the world to forge ahead. This is a chance for humankind to have a much better future," he said.



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WORLD NEWS

Duterte Stakes Claim on Islands

In a move apparently aimed at Beijing, Philippine troops set to fortify disputed isles

BY JAKE MAXWELL WATTS

MANILA—Philippine President Rodrigo Duterte said he would stake his country's claim to disputed islands in the South China Sea by ordering troops to occupy and fortify all ocean features controlled by Manila, a remark that appeared to be aimed at China.

The president, speaking Thursday during a visit to a west Philippines island, struck a more assertive tone than he has in the past, one that risks upsetting his newfound closeness with Beijing.

"It looks like there's a race to grab islands," Mr. Duterte said. "What is ours now, we should get and make a strong point that it is ours."

Mr. Duterte said he had ordered the military to place the national flag on all of the islands controlled by the Philippines, which he said numbered about nine or 10. "I must build bunkers there or houses and provisions for



EUROPEAN PRESSPHOTO AGENCY

Philippine naval personnel saluted as the BRP Andres Bonifacio FF17 docked at a Manila port on Thursday.

habitation," he said.

The president said he might also visit one of the islands, Pag-asa, to mark independence day in the Philippines on June 12.

The Philippines is one of several claimants to islands and features in the South China Sea. Its claims compete with those of Beijing, which main-

tains that China has historical rights to almost the entire sea.

While Mr. Duterte didn't make clear who specifically he was referring to when he spoke of a race to claim territory, late last month Beijing sought to quell alarm in Manila after a Chinese mayor raised the prospect of building on the disputed Scarborough Shoal.

In 2012, China seized control of the Scarborough Shoal from the Philippines and blocked access to Filipino fishermen. The island, known as Huangyan in Chinese, is about 120 nautical miles from the Philippines' northwestern coast and sits near valuable fishing grounds.

China's foreign ministry didn't respond to a request to

comment on Thursday.

Chinese island-building over the past three years has raised fears in the U.S. and among its Asian allies including the Philippines that Beijing plans to use its expanding military power to enforce its territorial claims in the South China Sea and to take control of a shipping route that carries more than \$5 trillion of world trade annually.

Since taking office at the end of June, Mr. Duterte has sought to bring the Philippines closer to Beijing, winning billions of dollars in investment commitments from China. His welcoming stance is in contrast with previous administrations that had been wary of Beijing's increasingly assertive territorial claims.

Mr. Duterte made little of a ruling in favor of the Philippines last year by the Permanent Court of Arbitration in The Hague, which said Beijing's historic claims to most of the South China Sea have no legal basis. In recent weeks, however, he has faced increasing pressure at home to assert his country's claims.

"We tried to be friends with everybody but we have to maintain our jurisdiction now, at least the areas under our control," Mr. Duterte said Thursday.

Cautious India Keeps Rate Unchanged

BY DEBIPRASAD NAYAK AND CORINNE ABRAMS

MUMBAI—India's central bank left its main lending rate unchanged as it waited for further proof that inflation is under control.

The Reserve Bank of India's monetary-policy committee kept its repurchase rate at 6.25% on Thursday, as predicted by all 10 of the economists polled by The Wall Street Journal.

It was the third meeting in a row that the RBI hasn't moved the rate, leaving it at the lowest it has been in 6½ years.

Late in the fiscal year that started this month, inflation could be "challenged" and needs to be "closely and continuously monitored," RBI Gov. Urjit Patel said.

The central bank showed it was increasingly concerned about inflation. It nudged up its forecast range for inflation and raised the reverse repo rate—the interest rate the central bank offers to commercial banks for surplus cash deposits—0.25 percentage point to 6%. The rate was last raised a year ago, but was cut in October.

The central bank said it expects consumer inflation to average around 4.5% in the first half of this financial year and then rise to 5% in the second half.

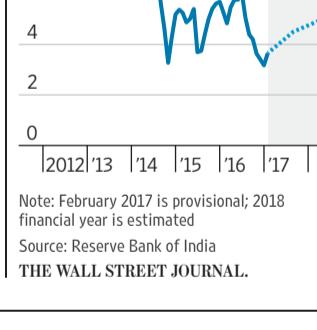
This is higher than the 3.65% consumer inflation recorded in February and at the high end of the target range it has set for the year ending in March 2018.

While India's inflation rate seems largely in check in recent years—the country that has struggled with chronic price problems for decades—economists warn it could rebound again on pressures from volatile food and oil prices, rising government employee wages and a nationwide rollout of a new goods and services tax regime.

"While inflation has ticked up in its latest reading, its path through 2017-18 appears uneven and challenged by upside risks and unfavorable base effects toward the second half of the year," the RBI said in its policy statement.

Inflation Trajectory

India's inflation has moderated, but is projected to tick up again.



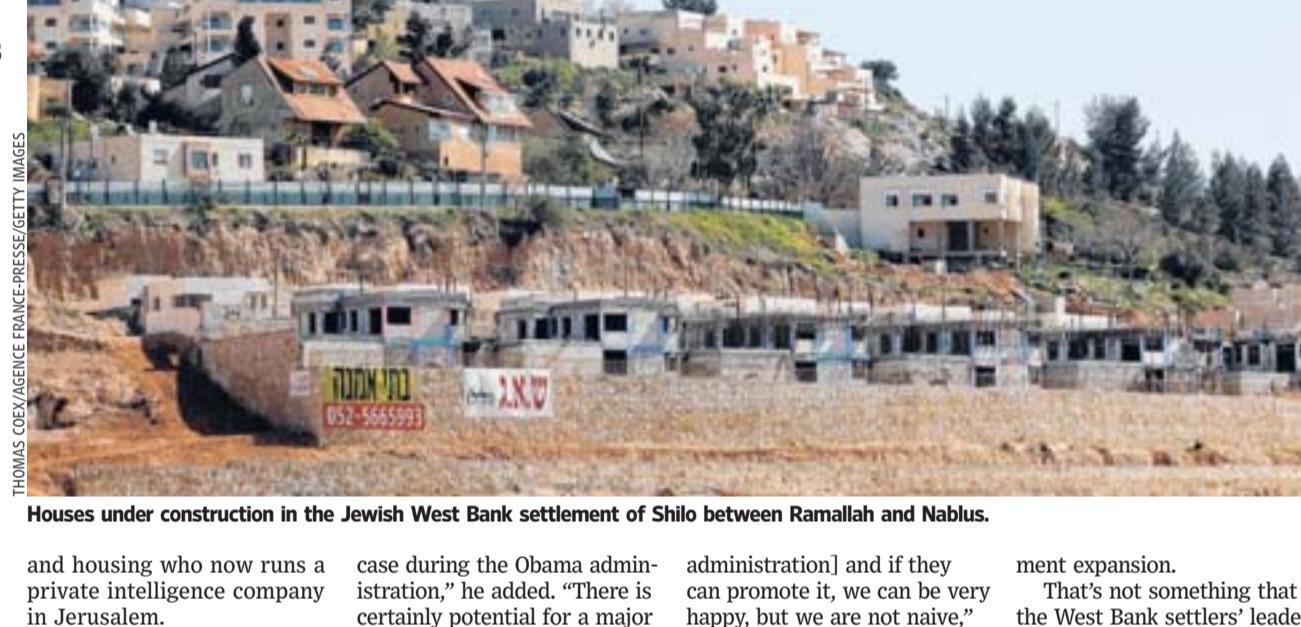
Note: February 2017 is provisional; 2018 financial year is estimated
Source: Reserve Bank of India

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U.S. Push for Middle East Deal Perplexes Israeli Right



MIDDLE EAST CROSSROADS
YAROSLAV TROFIMOV



Houses under construction in the Jewish West Bank settlement of Shilo between Ramallah and Nablus.

and housing who now runs a private intelligence company in Jerusalem.

case during the Obama administration," he added. "There is certainly potential for a major disagreement later on."

In a March phone conversation with Palestinian Authority President Mahmoud Abbas, Mr. Trump "emphasized his personal belief that peace is possible and that the time has come to make a deal," according to a White House readout.

Mr. Abbas later told a U.S. special envoy that such a "historic deal" is indeed achievable "under President Trump's leadership."

"They've been surprised. They're a bit uneasy," said Daniel Shapiro, who served as U.S. ambassador to Israel until January and is now a visiting fellow at the Institute for National Security Studies in Tel Aviv.

He sentiment in the Israeli government is different. Gilad Erdan, Israel's minister of public security and strategic affairs and a senior member of Mr. Netanyahu's Likud party, said he didn't expect the Trump administration to achieve a breakthrough soon.

"They have to be concerned that there will be additional pressure, even if it's not as public as it was sometimes the

"We respect [the Trump

administration] and if they can promote it, we can be very happy, but we are not naive," Mr. Erdan said. "In the immediate future, I don't see a solution that can be viable."

White House moves to seek a Middle East peace deal began shortly after Mr. Netanyahu visited Mr. Trump in February.

"Trump has really put his family name, his brand on this issue. They are serious about getting something done," said Tamara Cofman Wittes, a senior fellow at the Brookings Institution and former deputy assistant Secretary of State for Near Eastern affairs. Mr. Trump has tapped his son-in-law Jared Kushner to oversee the Israeli-Palestinian effort, among other tasks.

Mr. Netanyahu's cabinet-seeking to accommodate American requests—has already imposed modest new limits on West Bank settle-

ment expansion.

That's not something that the West Bank settlers' leaders had expected from a Trump White House. Oded Revivi, head of foreign affairs at the settlement movement's umbrella group, the Yesha Council, said it was disappointing that Washington still wanted to halt settlement growth instead of looking for new "out of the box" solutions.

Unlike the Obama administration, Mr. Trump's Middle East team includes senior officials with a deep personal connection to these West Bank settlements. Settler leaders say they still hope these connections will influence U.S. policy.

Lawmaker Ayman Odeh, the head of the Arab parties' alliance in the Israeli parliament, wasn't so sure.

"To be honest," he said, "nobody knows what will happen with Trump tomorrow."

FOOD

Continued from Page One
shoppers now favoring fresher food. Smaller brands, meanwhile, are stealing shelf space.

And food prices in many markets have been falling, making it hard to compensate for lower volumes.

Unilever's move adds to the array of food assets already up for sale as rivals pivot toward faster-growing personal-care and home products or focus on building up certain food lines. Reckitt Benckiser Group PLC earlier this week put its food unit, which includes French's, the best-selling mustard in the U.S., on the block. Reckitt agreed to buy baby-formula maker Mead Johnson Nutrition Co. for \$16.6 billion. France's Danone SA last week put its Stonyfield organic yogurt unit up for sale, seeking to clear antitrust hurdles to Danone's \$10.4 billion acquisition of WhiteWave Foods Co.

ConAgra Brands Inc.—the

owner of Slim Jim jerky and Chef Boyardee canned pasta—spun off its frozen-potato business and sold its private-label division in 2016. It is considering shedding other brands.

On Thursday, Unilever said various new initiatives—including combining its food and refreshment units, more efficient marketing spending and supply-chain savings—mean it can increase its cost-savings projection through 2020 to €6 billion from €4 billion (\$4.26 billion). The company said it expects to improve operating profit margins by at least eight-tenths of a percentage point this year from 16.4% in 2016. The company is aiming for 20% operating margins, a measure that excludes restructuring costs, by 2020.

Unilever Chief Executive Paul Polman said the competitive landscape is changing fast and "we must ourselves continue to change so that we can continue to compete with our model but do so harder and faster." The company's biggest move was the decision to shed

its margarine and spreads business. At Unilever's spreads business, which includes brands such as Country Crock and I Can't Believe It's Not Butter, sales have declined steadily for years in developed markets such as Europe and the U.S. That is despite attempts to restructure the business, launch new products and buoy sales through marketing campaigns. Still, Mr. Polman had previously said he would consider selling the unit only if

he found someone willing to pay the right price. That changed after the Kraft bid.

"We need to accelerate our plans to unlock further value, faster," Mr. Polman told reporters Thursday. He said the Kraft offer "raised expectations" among investors.

Margarine is no ordinary business for Unilever. The world's second biggest consumer-goods company behind Procter & Gamble Co., Unilever was founded in 1929 through

the combination of a British soap company and a Dutch margarine maker, which in turn dates back to 1872. Unilever is the largest margarine seller in the world.

Unilever could have a tough time selling the unit—with sales of \$3.2 billion a year—on its own, given Americans have chosen real butter over spreads and margarine, reversing a decades-long pattern.

Consumers' preference for fresh food has also hurt Nestlé

SA, the world's largest packaged-food company by sales and an industry bellwether. In February, Nestlé abandoned its long-running target for sales growth amid sluggish food revenue.

Last year, its prepared-food division, which includes brands like Stouffer's and Lean Cuisine, grew just 2.7% excluding currency changes and acquisitions. In 2016, the company as a whole posted its weakest organic sales growth—a measure that strips out currency moves, acquisitions and divestments—in at least two decades.

Last year "wasn't easy," said Nestlé CEO Ulf Mark Schneider at the company's annual meeting Thursday.

Nestlé and other consumer-goods conglomerates, such as P&G and General Mills Inc., have shed underperforming brands in recent years as a quick way to boost profitability and focus on those with more growth potential.

—Brian Blackstone in Zurich contributed to this article.

Restocking the Shelves



Asahi in 2016 agreed to buy brewing assets for €7.3B, including Pilsner Urquell. Pepsi signed a deal in 2016 to acquire KeVita, a maker of kombucha beverages. Reckitt Benckiser said this week it is reviewing its food business, including French's Mustard.

Source: staff reports Photos: Bloomberg News (Pilsner Urquell, Weetabix); Patrick T. Fallon for The Wall Street Journal (Kombucha); Zuma Press (French's); Associated Press (Stonyfield);

Danone last week agreed to divest its Stonyfield Yogurt. Weetabix cereal is being shopped around by China's state-owned Bright Food Group.

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WORLD NEWS

Mayor Sets Tone For Right's Bid To Govern France

BY WILLIAM HOROBIN

FRÉJUS, France—Since taking office three years ago, the 29-year-old mayor of this seaside Mediterranean resort has taken down European Union flags and flies only the French tricolor. He has celebrated the town's Christian heritage, sought to shut down the local mosque and tried to ban Muslim swimwear known as burkinis.

Now the far-right National Front is trumpeting Mayor David Rachline's record running this town of 53,000 as evidence it is ready to govern France. Polls show party chief Marine Le Pen among the leading contenders for the French presidency, and Mr. Rachline is running her campaign.

The mayor has stressed security—more video surveillance, expanding the municipal police force by 10% and equipping it with new cars and bulletproof vests. A staff of 11 now monitors images from more than 100 cameras around town.

Mr. Rachline has also sought to prove his competence as an administrator by bringing down the town's crippling debt, cutting costs, and

keeping a lid on taxation, in part by selling town assets.

"When French people get to know us and see we are reasonable—and certainly not extremists—things go very well," Mr. Rachline said.

But there has been plenty of contention. Last week a crowd jammed into the town hall for a municipal council meeting erupted in jeers and whistles when discussion turned to the mosque's fate.

Mr. Rachline said he would use tax money to fund a court battle aimed at razing the Muslim house of worship in a neighborhood largely populated by North African immigrants and their descendants.

"Fréjus just wants to enforce the law of the Republic," Mr. Rachline said.

Opponents accused him of turning a dispute over the mosque's building permits into a costly legal campaign to boost the prospects of Ms. Le Pen, who is running on promises to defend France's national identity.

Polls show Ms. Le Pen on track to capture about 25% of the vote in the first round of this year's presidential con-



Residents of the Mediterranean town of Fréjus protesting municipal land sales by National Front Mayor David Rachline last week.

test, set for April 23, putting her ahead of pro-EU upstart Emmanuel Macron and conservative François Fillon.

A victory for Ms. Le Pen in the May 7 second-round runoff, however, could be difficult. Surveys show voters are likely to unite behind Ms. Le Pen's opponent to block her.

Winning Fréjus—the largest

of a dozen towns now governed by the National Front—was part of a strategy outlined by Ms. Le Pen in 2011 to build a network of local elected officials who could serve as a foundation for national races. Six years later, the party has won more than 1,800 seats in local and regional assemblies.

Outside last week's town

hall meeting, around 30 protesters brandished placards calling for an end to land sales along Fréjus' seafront. Among them was Jean-Paul Radigois, who got a letter from the mayor's office in February saying the neighborhood association he heads was being evicted from its headquarters to make way for a National

Front official's offices and a school that teaches boules, a locally popular type of lawn bowling on gravel.

Mr. Radigois says the building belongs to his 90-year-old association and the town has no right to expel him. "You can't debate with the National Front. You are either for or against them," he said.

Ecuador's President Touts Left's Resilience

BY RYAN DUBE

QUITO, Ecuador—President Rafael Correa has watched one after another of his leftist Latin American allies get impeached, beaten at the polls or excoriated as antidemocratic, as his own government faced growing disenchantment amid an economic downturn.

This week, he hailed a reversal in that trend as Ecuadoreans elected his preferred successor, former Vice President Lenin Moreno, in a tight race against a conservative rival. The outcome, he said, highlighted the left's resilience at a moment when analysts see the region's politics moving to the right.

"I think it marks an end to that change," Mr. Correa said in an interview late Wednesday at the presidential palace.

"We've won in very adverse conditions."

"There are going to be a lot more triumphs for the left," he added, saying a rejection of U.S. President Donald Trump's policies could help future left-wing candidates in Latin America.

Mr. Moreno's narrow victory over rival Guillermo Lasso, a former banker, high-

lights the opposition's failure to capitalize on Ecuadoreans' desire for change and Mr. Correa's continued influence, said Michael Shifter, president of the Inter-American Dialogue think tank.

The election followed a contentious campaign that focused in large part on the legacy of the often-combative Mr. Correa. Mr. Moreno promises to be more conciliatory than his predecessor, who is stepping down on May 24.

"There is clearly going to be a change in style," said Mr. Correa, admitting to a temper. "I think it will be good for the country."

Mr. Correa took power in 2007 with a leftist agenda and ushered in a period of rare political stability in the country.

Critics say he also undermined the independence of state institutions.

Mr. Correa has been accused of muzzling freedom of expression, according to the New York-based Committee to Protect Journalists. Mr. Correa, who was legally prevented from running for re-election, denies curbing press freedom and says he will hand over "a vibrant democracy" to his successor.

Venezuelans Defy Regime in Mass Rally

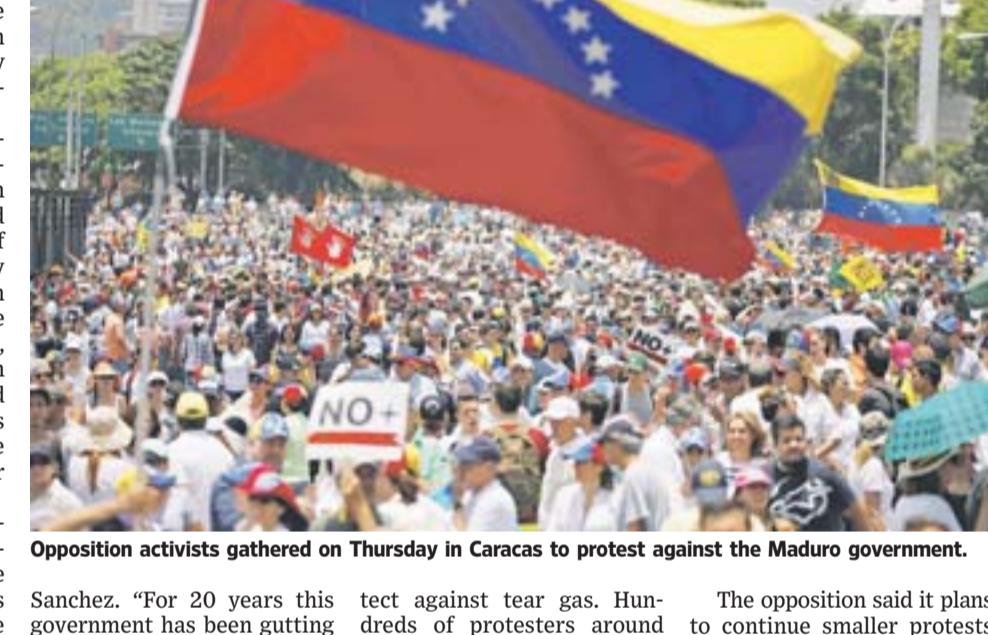
BY ANATOLY KURMANAEV

CARACAS, Venezuela—The country's invigorated opposition held its biggest rally since October, defying a crackdown by the government riven by internal divisions and international pressure.

According to opposition estimates, around 100,000 protesters blocked Caracas's main highway Thursday to demand general elections. Tens of thousands of people, led by more than a dozen opposition lawmakers, were still on the streets late in the afternoon, building barricades from stones and tree branches amid a hail of tear-gas canisters from police. Thousands more people demonstrated in major cities around the country.

The turnout is the latest setback for President Nicolás Maduro, who is battling one of the biggest political crises of his four-year rule. An attempt late last month by judges appointed by the president to dissolve the opposition-controlled congress triggered condemnation from neighboring countries, has divided the ruling party and has energized a demoralized, fractious opposition.

"We just can't bear this any longer," said pensioner Maite



Opposition activists gathered on Thursday in Caracas to protest against the Maduro government.

Sanchez. "For 20 years this government has been gutting this country and they have got to go."

"Maduro will have to stop paying foreign debt if he wants to buy enough tear gas to repress us, because we are not going anywhere," said 46-year-old opposition lawmaker Rafael Guzmán, his face covered with toothpaste to pro-

tect against tear gas. Hundreds of protesters around him fought back by throwing stones and pitched tear-gas canisters into a nearby river to neutralize them.

Rising political tensions have led to a weeklong sell-off in Venezuelan bonds, as the government scrambles to shore up funds to make a \$2.1 billion debt payment due Wednesday.

The opposition said it plans to continue smaller protests through the coming Easter holiday, when most Venezuelans head for the beach.

"We have to keep the pressure on Maduro," said opposition lawmaker Stalin González.

Mr. Maduro has declared all of next week a public-sector holiday, in an attempt to cool the protests.

WORLD WATCH

ARGENTINA

Protesting Austerity, Labor Unions Strike

Labor unions launched a nationwide strike in Argentina, shutting down schools, banks and public transportation to protest austerity measures that have taken a toll on consumption and sharply increased the price of public services.

Thursday's strike, the first against President Mauricio Macri's 16-month-old government, comes as unions demand higher wages to compensate for

high inflation, which has pushed an estimated 1.5 million people into poverty.

—Taos Turner

BRAZIL

Temer Gets Cautious On Pension Reform

Brazilian President Michel Temer signaled that he might scale back a proposed overhaul to the social-security system, as opposition from legislators threatened to pluck the linchpin from his plan to revive the economy.

The pension reform, which seeks to establish a minimum retirement age of 65 years and

reduce generous payouts and perks, would fail to pass Congress if a vote were held now, a survey of legislators by newspaper Estadão found on Wednesday.

Only 94 of 513 legislators in the lower House support Mr. Temer's proposal, while 256 oppose it. The bill would need 60% approval to move on to the Senate.

—Paul Kiernan
and Paulo Trevisani

EUROPEAN UNION

Tensions With U.S. Rise Over Visas

Tensions between the U.S. and European Union escalated over the prospect of limiting visa-free travel for EU citizens amid U.S. security concerns.

Testifying before the Senate on Wednesday, U.S. Homeland Security Secretary John Kelly suggested the program allowing citizens from nearly all EU countries to travel to the U.S. without a visa could be reconsidered because of the potential risk that terrorists with EU passports could enter the U.S. unchecked.

European Migration and Home Affairs Commissioner Dimitris Avramopoulos reacted with surprise on Thursday.

"The overwhelming majority of EU citizens do not pose a threat to the United States. This also works vice versa for U.S. citizens coming to Europe," he said.

—Valentina Pop



HANDS DOWN: Clockmaker Petr Skala checks Prague's Old Town astronomical clock at the beginning of an 18-month restoration.

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GREATER NEW YORK

Safety Worries Plague East Harlem

Businesses complain of bad behavior, loitering, but city officials cite progress in the area

By MELANIE GRAYCE WEST

The change in season isn't just bringing warmer weather to East Harlem, it is exacerbating persistent quality-of-life problems that alarm residents and decimate businesses in much of the neighborhood.

Folasade Sade Tyler has run a small business for about a year selling skin-care products and cosmetics at the intersection of Lexington Avenue and 125th Street, a block from planned commercial and residential developments.

She said men who live in a shelter on nearby Randall's Island regularly ride the M35 bus and congregate outside her glass storefront, smoking, fighting and sometimes exposing themselves to passersby.

"It's the most dangerous block I've ever been on, especially for a business," said Ms. Tyler, who has operated stores in different parts of Harlem, where she has lived for nearly 25 years. "There's no one that seems to care what's going on."

Barbara Askins, president and CEO of the 125th Street Business Improvement District, said no business owners have expressed interest in expanding the district east of Fifth Avenue. Manhattan Community Board 11, which includes the area around the Metro-North station at 125th Street and Park Avenue, says it doesn't have data on the status of area commerce.

Diane Collier, who chairs the board, said it is difficult to attract businesses to the corridor, as evidenced by the number of vacant storefronts.

Decades ago when she was growing up, Ms. Collier said, there were a variety of thriving small businesses in the area. "It can be a deterrent, the situation that we have around Metro-North," she noted.

Ran-De Rogers is a co-owner of Sisters Caribbean Cuisine at 124th Street and Park Avenue. The 27-year-old said a recent study by a local small-business association, New Harlem East Merchants Association, showed that retail vacancies in the immediate area hovered around 50%. He attributed that to a combination of high rents and the negative quality-of-life issues around the 125th Street-Lexington Avenue subway station.

At his restaurant, he said, people walk in off the street to panhandle and recently a rock was thrown through the window. He said he is sympathetic to the people in the neighborhood who need help, particularly those at nearby drug-treatment facilities, but he added: "There's an appearance of an unsafe community with a lot of drug addicts on the street."

Less than two years ago, the city cracked down on the blocks around the Metro-North station by expanding police presence with a dedicated task force and a push to provide services to the street homeless.

With the warmer weather coming, many say, persistent problems multiply: drug use, public intoxication, loitering, prostitution and a constant homeless population. Those activities hurt businesses and detract from new developments.

Adam Heller, president and chief executive of the Heller Organization, handles the least-



A view of 125th Street in Harlem, above, near the Metro-North train station. Below, a scene on 124th Street.



ing and marketing for the retail space at the Corn Exchange Building, which sits to the west of the Metro-North station. Loitering outside the train station spills over to the sidewalk outside his property, he said.

"The private sector and businesses are doing all they can to create commerce and vibrancy on 125th Street," Mr. Heller said, "but the city could certainly be doing more."

Officials for the New York Police Department, the city's Department of Homeless Services and the Metropolitan Transportation Authority say progress has been made in improving quality-of-life issues in the East Harlem neighborhood. Since October 2015, the NYPD has stationed a mobile unit in the area and assigned a task force to patrol the streets outside the station, particularly during commuting hours.

Capt. Kathleen Walsh, commanding officer of the 25th Precinct, said that drug use and dealing in the area is down. Yet, there are a number of services in the neighborhood that cater to the homeless population "and that tends to keep them in the area," she said.

"If they're not committing any crime or violation, we really don't have the right to go and say, 'Hey, move along, you

can't stand here,'" she said.

There are 10 homeless shelters in the immediate area and two cluster sites, apartments rented by the city for the homeless, according to Isaac McGinn, a spokesman for the city's Department of Homeless Services.

The Metro-North station has a sheltered waiting room and a public restroom, which attracts loitering, officials said. The MTA Police Department patrols the train station,

platforms, tracks and trains, but not the area.

City Council Speaker Melissa Mark-Viverito, who represents the area, in a statement issued through a spokeswoman, said progress has been made in addressing quality-of-life concerns. In 2013, Ms. Mark-Viverito convened a task force to improve conditions. "This task force continues to take steps to promote safety, fairness and innovation in the area," she said.

In legal filings, attorneys for Mr. Rahimi, an Afghanistan-born U.S. citizen, said 90% of Manhattan respondents to a survey were aware of the case. "A very high number of individuals" who were prospective jurors were in the Chelsea neighborhood on Sept. 17. One device detonated and injured more than 30 people

and caused millions of dollars in property damage, they said.

Mr. Rahimi, who pleaded not guilty, also faces charges in state and federal courts in New Jersey in connection with bombs planted there and a shootout with police. His New York trial is scheduled to begin on Oct. 2.

In legal filings, attorneys for Mr. Rahimi, an Afghanistan-born U.S. citizen, said 90% of Manhattan respondents to a survey were aware of the case. "A very high number of individuals" who were prospective jurors were in the Chelsea neighborhood on Sept. 17. One device detonated and injured more than 30 people

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Mr. Rahimi's lawyers suggested the trial be held in Burlington, Vt., because they say the case received much less media coverage there and survey data show residents were less likely to be personally affected. They also suggested Washington, D.C., as an option.

Changes of venue rarely are granted in federal court, said J.C. Lore, director of trial advocacy at Rutgers Law School. "It's a resource-intensive process to transfer a trial to another venue for prejudice because it requires you to move all the witnesses and frequently a lot of the lawyers for months," he said.

Budget Deadline Looms for Schools

By MIKE VILENSKY

ALBANY—Public-school officials are expressing concern about their spending plans for the next school year amid uncertainty about how much money they will get from the state.

Now nearly a week late, New York state's roughly \$160 billion spending plan would dole out billions annually to New York's public school districts. On average, school districts get 40% of their funding from the state; most of the rest comes from local property taxes. School districts must finalize their own budgets by April 21, under state law, and make them public.

When New York Gov. Andrew Cuomo and state lawmakers blew their April 1 deadline on a new state budget for the fiscal year, it threw school district budgets into flux. "Not knowing a significant portion of that revenue makes it difficult to figure out what to budget," said Larry Spring, superintendent of the Schenectady School District in upstate New York.

New York state is operating on a temporary emergency budget through May 31.

Schools have a basic expectation of what they will receive even without a new budget. At a news conference Wednesday, Mr. Cuomo said to use his executive budget plan as a guideline.

Earlier this year he proposed boosting public-school aid by some \$950 million to a total of about \$25 billion. Legislators have proposed larger increases, and with negotiations in flux, the final number isn't clear. "It's a situation where I can't really bank on what state officials are saying," Mr. Spring said.

Michael Borges, director of the New York State Association of School Business Officials, an advocacy and budget-advisory group for public schools, said schools likely will budget conservatively if no deal is in place by their deadlines. He noted that Mr. Cuomo has said that part of his concern about passing the state budget is not knowing enough about the federal budget.

Budget negotiations were ongoing Thursday and it is still possible that the spending plan will pass in the next few days. Thursday afternoon, lawmakers were expressing hope that they at least could announce a deal had been reached and begin voting next week, but the situation remained fluid.

Assembly Speaker Carl Heastie, a Democrat, has said a budget needs to pass soon to provide school districts with clarity. But Mr. Cuomo has said there is "no rush" to get the budget done before May 31.

Poor Pupils Miss Mark

By LESLIE BRODY

New York City's recruiting efforts succeeded in getting more children in low-income districts in the Bronx and Brooklyn to take the city's admissions test for kindergarten gifted-and-talented programs, but that didn't increase the number eligible for the coveted classrooms in the fall.

The city Education Department released data Thursday showing that in the Bronx, for example, at least 1,838 tested for kindergarten programs in January for the fall of 2017, about 200 more than the year before. But the number getting a score high enough to be eligible for a seat fell to 218 from 223 last year.

The data showed the challenge of bringing more low-income children into gifted programs. Some critics argue that gifted tests don't capture students' creativity and talent, and the system gives advantages to wealthy families who can hire coaches.

Will Mantell, spokesman for the city Education Department, said: "We continue to review ways to ensure the G&T tests are equitable."

Accused Chelsea Bomber Seeks Vermont Trial

By CORINNE RAMEY

The man accused of planting bombs in New York and New Jersey last year wants to move his federal trial to Vermont, saying his case couldn't be considered fairly in Manhattan.

Ahmad Khan Rahimi is charged with using a weapon of mass destruction, bombing a place of public use and other crimes. Federal prosecutors in Manhattan say Mr. Rahimi, of Elizabeth, N.J., planted two pressure-cooker bombs in the Chelsea neighborhood on Sept. 17. One device detonated and injured more than 30 people

and caused millions of dollars in property damage, they said.

Mr. Rahimi, who pleaded not guilty, also faces charges in state and federal courts in New Jersey in connection with bombs planted there and a shootout with police. His New York trial is scheduled to begin on Oct. 2.

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MEL EVANS/ASSOCIATED PRESS

Ahmad Khan Rahimi

GREATER NEW YORK WATCH

NEW YORK CITY

Court Declines to Toss Verdict in Patz Trial

A Manhattan Supreme Court justice Thursday denied a request to toss out a guilty verdict in the case of a man convicted of killing 6-year-old Etan Patz in 1979.

Justice Max Wiley announced his decision during a hearing and set a sentencing date of April 18 for Pedro Hernandez.

Defense attorneys had sought to convince the judge that Mr. Hernandez's murder trial was tainted by jury contamination.

They maintained that jurors may have been affected by the presence in the courtroom of former jurors from a previous trial.

Mr. Hernandez faces a possible sentence of life in prison after being found guilty in February of murdering Etan, a first-grader who went missing on his way to school on May 25, 1979.

"We are very pleased that the judge is going to go forward with sentencing on April 18," said Stan Patz, father of Etan. "I think it's finally going to be over for our family."

—Thomas MacMillan

NEW YORK STATE

Oct. 30 Trial Date Set For Corruption Case

A federal judge on Thursday set a date Oct. 30 for the corruption trial of former top aide to New York Gov. Andrew Cuomo and seven other defendants.

Mr. Cuomo, a Democrat, isn't charged in the case and hasn't

been accused of wrongdoing. Taking center stage at the trial likely will be Mr. Cuomo's longtime aide and friend, Joseph Percoco.

Mr. Percoco and the seven others, including Alain Kaloyeros, a Cuomo ally who was president of a state university, were indicted late last year on federal public-corruption charges that involved some of the governor's signature economic-development programs. All of the indicted defendants have pleaded not guilty.

—Erica Orden
and Mike Vilensky

BROOKLYN

Police Search Home, Nab a Small Gator

The execution of a search warrant at a Midwood home turned up a loaded .380 semiautomatic handgun, crack cocaine—and a small alligator in a tank in the living room, authorities said.

Habakkuk Tracey, 41 years old of Brooklyn, was arrested at the scene at East 21st Street. He was charged with criminal possession of a controlled substance, a firearm and a violation of the city's health code for housing a prohibited wild animal.

A lawyer for Mr. Tracey couldn't be reached for comment.

Police officers released the alligator to Animal Care Centers of NYC on Wednesday. Stephanie Feliciano, a client-care representative, said the officers who turned over the 11-month alligator named him "Tom."

—Zolan Kanno-Youngs



The alligator discovered during the execution of a search warrant.



Erin Treacy, one of two artists with a QCA ArtHotel Residency, is based at the Paper Factory Hotel. She specializes in abstract work.

Hotels Give Artists Room to Work

Residency program at Queens establishments offers guests a cultural close-up

BY CHARLES PASSY

MANY NEW YORK HOTELS offer the traditional array of amenities, from gyms to mini bars.

But two establishments in western Queens are going one step beyond: They have an artist-in-residence.

It is all part of a program started by the Queens Council on the Arts (QCA) in partnership with the Paper Factory Hotel and the Z NYC Hotel, both in Long Island City.

Dubbed the QCA ArtHotel Residency, the program, which kicks off this month, provides two Queens artists, Erin Treacy and Jennifer Williams, with studio space in the establishments through June. They will receive a stipend of \$3,000 each.

The project is funded by the New York City Department of Cultural Affairs.

The artists, selected from a field of 68 applicants, won't actually live in the hotels, which are contributing the studio space at no charge,

but will work there on a regular basis during the three-month residency.

Hotel guests and members of the community will be invited into the studios to see the creative process unfold.

"It's great to get out" in the community, said Ms. Treacy, 34 years old, who specializes in abstract drawing and painting inspired by nature. She will be based at the Paper Factory Hotel.

Ms. Williams, who creates photo collages, said she is

mindful that working in a hotel isn't the same as working in a private studio. "I can't be super messy," said the 45-year-old, who will work at the Z NYC Hotel.

The idea, say QCA officials, is to give the general public a better understanding of how an artist works and to show Queens visitors that culture thrives in the borough.

The Queens hotels aren't the first such establishments to offer residencies. Since 2014, the Ace Hotel New York in west Midtown has invited artists to stay free at the property, typically for a night at a time, and create work.

The QCA program is designed to call attention to the fact that as Queens becomes more developed, with luxury buildings rising up in former industrial areas, artists are

finding it difficult to find affordable studio space.

The hotel-residency initiative isn't big enough to solve the problem, said QCA Grants and Resource Director Lynn Lobell. "But it brings to light that there is a problem."

The hotels, both boutique properties with fewer than 130 rooms, say they were eager to join with the QCA when approached by the group through the Queens Tourism Council. The hotel owners believe the residences will give them a unique opportunity to tap into the artsy vibe they are trying to cultivate.

"We always wanted to establish this hotel as a mecca for artists, musicians and actors," said Jeigh Hall, creative director for the Paper Factory.

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David Einhorn

Greenlight Capital, Inc.

Debra Fine

Fine Capital Partners, L.P.

Brad Gerstner

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Jeffrey Gundlach

DoubleLine Capital LP

Keith Meister

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Social Capital LP

Josh Resnick

Jericho Capital Asset Management L.P.

Clifton S. Robbins

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IN DEPTH

Why You Work for a Giant Company

Americans, in a generational reversal, are now more likely to work for a large employer than a small one.

Journal reporter Theo Francis shows how the shift is rippling through the economy.

GRAPHICS BY ANGELA CALDERON

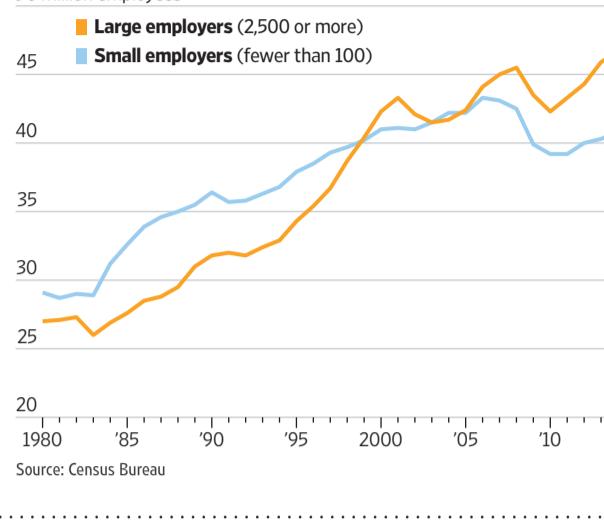
THE U.S. has long held itself out as a nation driven by entrepreneurs and small businesses. Presidents and politicians still invoke that image, and for generations, it was largely accurate.

Today, the U.S. has become a nation of employees working for large firms, often very large ones.

In the late 1970s, an American employee was more likely to work at a firm with fewer than a hundred workers than one with 2,500 or more. Now, Americans are more likely to work for larger ones.

More than a quarter of all U.S. employees worked at firms employing at least 10,000 people in 2014, the most recent year for which the Census Bureau has released comprehensive data...

Employment by employer size



Source: Census Bureau

...HUGE COMPANIES dominate American economic life well beyond employment. They ring up an outsized share of sales for goods and services.

Scale alone isn't bad. It can bring substantial efficiencies. At the same time, scale begets scale as big companies reinforce one another. Big retailers prefer big distributors. Big manufacturers need big suppliers.

Over time, economists say, nimble new companies should form to challenge sprawling incumbents. That isn't happening as much these days. Young firms often fail or are absorbed by existing giants. The problem now is that business formation has slowed...

Percentage of all firms that are less than a year old



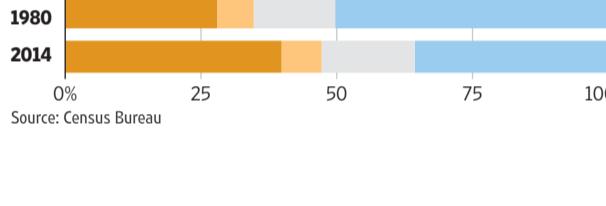
Source: Census Bureau

...IT'S ALMOST LIKE trying to run up a mountain—the farther you go and the bigger you get, the fresher the air is and the easier it is to move," says Jimmy Edgerton, whose four-year-old snack company, Watusee Foods, had to piggyback on much larger operations to get the attention of distributors supplying large supermarket chains. "Everything gets simpler."

Says Ian Hathaway, a former Federal Reserve economist now at the Brookings Institution: "Companies are getting big because they're winning."

The shift, while broad-based, is starker in some corners of the economy than others. Through 1980, most retail employees worked at companies with fewer than 100 workers. The rise of big-box stores changed that, with big companies growing to account for nearly half of all retail jobs...

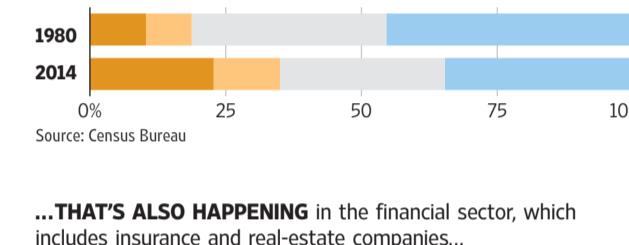
Share of retail employment, by employer size



Source: Census Bureau

...EVEN IN THE service sector, where restaurants and other small outfits still predominate, large firms are rapidly gaining ground...

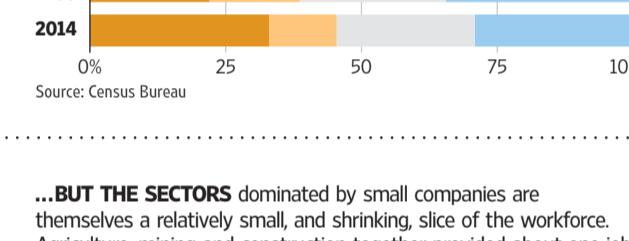
Share of service-sector employment, by employer size



Source: Census Bureau

...THAT'S ALSO HAPPENING in the financial sector, which includes insurance and real-estate companies...

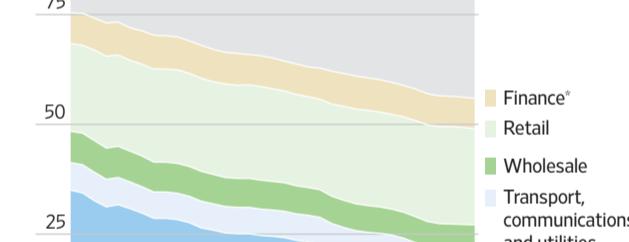
Share of finance-sector employment, by employer size



Source: Census Bureau

...BUT THE SECTORS dominated by small companies are themselves a relatively small, and shrinking, slice of the workforce. Agriculture, mining and construction together provided about one job of every 20 in 2014. Manufacturing provides not quite one in nine...

Share of employment by reported sector

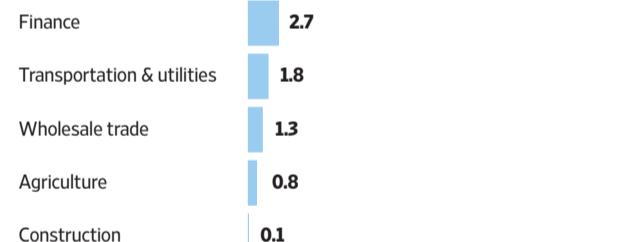


*includes insurance, real estate †includes forestry, fishing

Source: Census Bureau

...WHERE THERE HAVE been significant gains in U.S. jobs, big companies are gaining the most ground...

Net change in jobs, 1980-2014

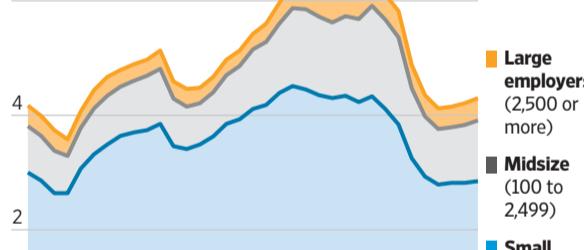


Source: Census Bureau

...IN CONSTRUCTION, the smallest employers continue to employ the most workers, despite the industry's sharp contraction after the housing bust...

Construction employment

8 million employees



Source: Census Bureau

...THAT HAS IMPLICATIONS for American incomes. For generations, employees of big firms made more than workers in similar jobs at smaller firms, thanks to what economists call the size premium.

That still is true, but not to the same degree. One factor: Within smaller firms—those with between 100 and 1,000 employees—pay has risen at similar rates for most workers, according to researchers who have analyzed Social Security pay records. At the biggest firms, employing 10,000 or more, the highest-paid workers have seen far bigger pay increases than other employees. Even workers in the middle of the pack—those at the median—have seen pay increases stall, the researchers found...

...TOGETHER, THE TOP FOUR firms rang up \$7 of every \$10 spent at drugstores in 2012, the most recent year for which the Census has measured market share. The next 46 biggest firms together took in only 44 cents for every \$10...

Share of drugstore sales going to the biggest chains

Top four chains Next 46 chains Others



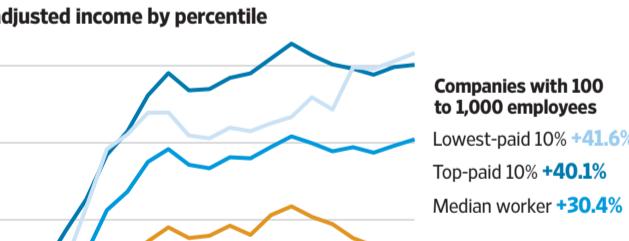
Source: Census Bureau

...WHEN BONNIE CHIH GRADUATED from Washington State University's pharmacy school in Spokane last spring, she and her classmates entered a job market dominated by the national brands. "I don't think I could ever work at a chain," she says. Most of her classmates did.

Just nine went to work at independent, hospital or clinic pharmacies, according to data collected around graduation. Fifty-two went to chain stores, most of them run by the giants. (About two dozen graduates continued their training)...

Washington State University pharmacy school job placement*

Chain stores Independent stores Others Clinics Hospitals



*excluding residencies

Source: Washington State University

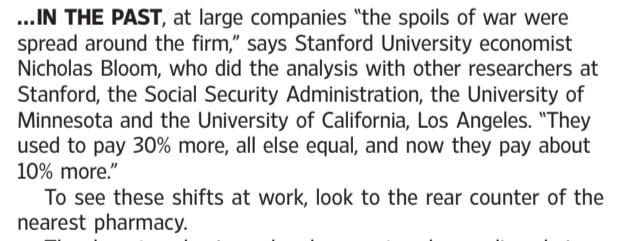
...IN THE PAST, at large companies "the spoils of war were spread around the firm," says Stanford University economist Nicholas Bloom, who did the analysis with other researchers at Stanford, the Social Security Administration, the University of Minnesota and the University of California, Los Angeles. "They used to pay 30% more, all else equal, and now they pay about 10% more."

To see these shifts at work, look to the rear counter of the nearest pharmacy.

The drugstore business has long nurtured sprawling chains, but in recent decades their reach has grown longer still...

Share of drugstores run by the biggest chains

Top four chains Next 46 chains Others



Source: Census Bureau

...STAND-ALONE DRUGSTORES

chain and nonchain, are facing increased competition from pharmacies inside grocery and other stores, including Wal-Mart Stores Inc., the National Association of Chain Drug Stores said.

Still, prescription sales growth at chain drugstores has matched or outstripped those competitors between 1997 and 2015, data from the association show...

Prescription sales

1997 2015

Chains \$34.9 million

\$133.8 million

Independents 23.9

57.0

Food stores 9.8

36.2

Mass merchants 9.2

27.9

Source: National Association of Chain Drug Stores

IN DEPTH

...REPRESENTATIVES OF THE BIGGEST drugstore chains declined to comment or referred questions to the industry association, which called the sector highly competitive and dynamic.

Drugstore pharmacists averaged \$120,050 in compensation last year, according to Bureau of Labor Statistics figures. That is up by a third from a decade earlier, roughly mirroring the rise in average wages for all jobs during that period.

Other pharmacists fared better...

Pharmacist wage growth by industry, 2005-16

	2016 avg. salary
Physician offices	\$131,460
Outpatient centers	\$130,790
Teaching institutions	\$114,700
General merchandise stores	\$124,600
Online & mail order	\$117,250
Specialty hospitals	\$120,090
General hospitals	\$121,210
Drugstore wholesalers	\$120,980
Department stores	\$118,760
Groceries	\$118,860
Home-health services	\$117,700
Drugstores	\$120,050
Management	\$119,400

Source: Labor Department

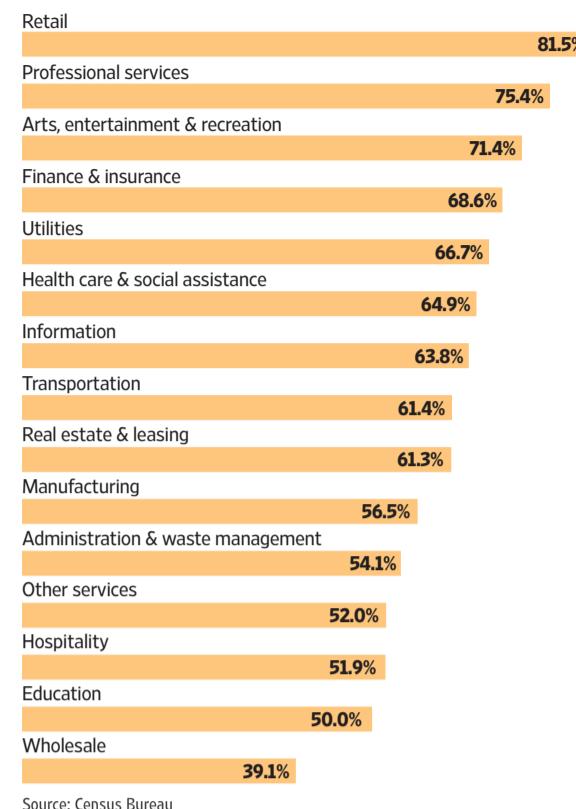
...“RETAIL PHARMACISTS ARE in massive chains,” Prof. Bloom says. “They’re kind of mid-skill employees. As we’d expect, their pay really has not done well.”

Drugstore association spokesman Chris Krese says rising ranks of pharmacy-school graduates have depressed wages more than market concentration has.

In industry after industry, the biggest players are taking in a higher share of revenues than they did at the start of the century, a Wall Street Journal analysis of the most recent Census data show. Census data break economic activity down into more than 1,400 categories representing different groups of industries. In most of those categories, the eight largest firms collected a bigger share of total sales in 2012 than in 2002...

Market-share gains between 2002 and 2012, by sector

Percentage of industry categories in which the top eight companies increased their proportion of total sales



Source: Census Bureau

...IN SOME CASES, market share for the top four firms jumped 15 percentage points or more...

Share of all revenue collected by the four largest companies in select industries, 2002 vs. 2012



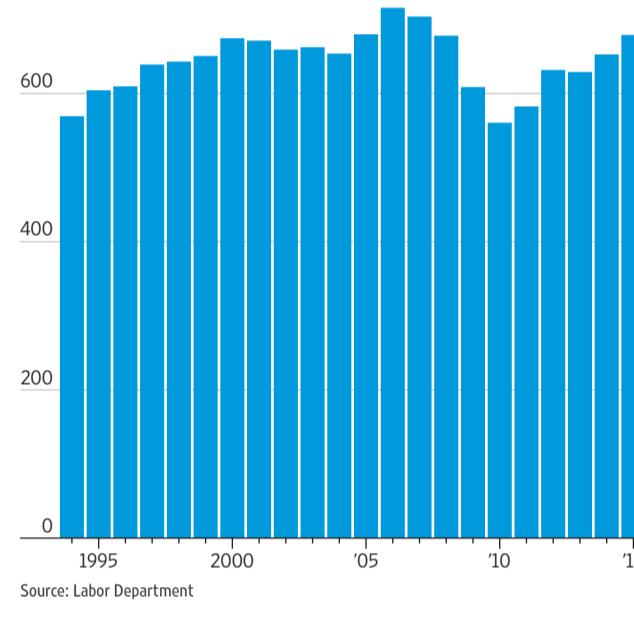
Source: Census Bureau

...TWO SECTORS DIDN'T see a broad rise in market concentration: for-profit education, where roughly equal numbers of industry categories became more and less concentrated, and wholesale trade, where about 60% have become less concentrated, including distributors of tires, linens, glass and lawn furniture.

New firms aren't springing up in the same numbers to challenge existing firms or, as has typically happened, generate significant numbers of new jobs. Indeed, the net number of new business locations opening each year has remained fairly steady, even as the number of jobs they generate has declined...

Establishments less than a year old

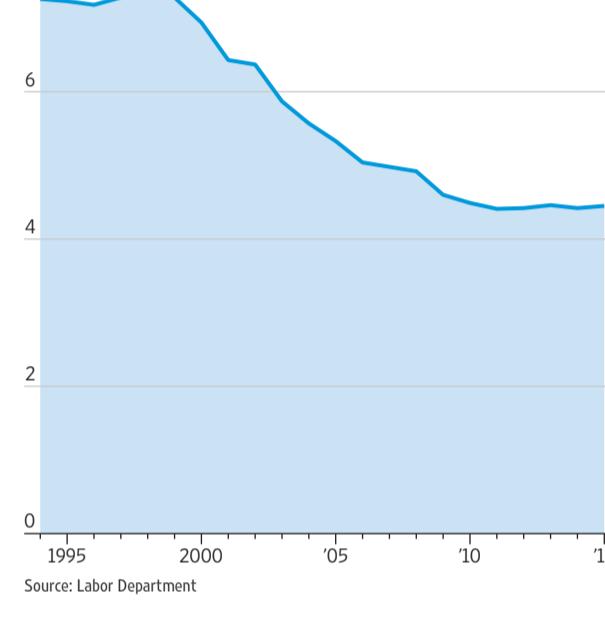
800 thousand



Source: Labor Department

Average employment at establishments less than a year old

8 jobs



Source: Labor Department

...THE COMBINATION, says Mr. Hathaway, the economist, could prove worrisome in the long run. Big firms alone aren't bad. But a concentration of sales and profits, if it discourages or prevents competition, could be.

"I am more concerned about the fact that profits are soaring," Mr. Hathaway says. "That, to me, means that maybe these businesses have created a safe moat at this point, and they feel protected."

THE WALL STREET JOURNAL.

WOMEN IN / FINANCE

April 18, 2017 New York City

Join Wall Street Journal Global Management Editor Nikki Waller at the WSJ Women in Finance dinner on Tuesday, April 18th in New York City.

Leaders in finance—featuring Geraldine Buckingham of BlackRock, Lisa Carnoy of US Trust, Bank of America Private Wealth Management and Carla Harris of Morgan Stanley—will discuss how companies and individuals have driven change to advance women on Wall Street.

Some of the issues to be explored include the outlook for women in finance today, what companies are doing to push high-potential executives up through the pipeline and the approaches individuals can take to promote themselves.

To request an invitation email, WomenIn@wsj.com.

To learn more about the program, please visit WomenIn.wsj.com.



Geraldine Buckingham

Senior Managing Director and Global Head of Corporate Strategy, BlackRock



Lisa Carnoy

Division Executive for the Northeast, U.S. Trust, Bank of America Private Wealth Management



Carla Harris

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LIFE & ARTS

OBITUARY | Don Rickles 1926 - 2017

'MR. WARMTH' TURNED INSULTS INTO ART FORM

BY DON STEINBERG

STAND-UP COMEDIAN and actor Don Rickles, who died Thursday at age 90, worked in rapid-fire insults the way Monet worked in oils, pioneering a caustic form of comedy that influenced generations of later comics.

Beginning his career in the 1950s, Mr. Rickles became beloved by being abrasive. He managed to win over audiences by insulting them and brought crowds together in laughter even as he included otherwise divisive ethnic stereotypes. He called people "dummy" or the dirty-sounding epithet "hockey puck," though he could work "clean" as well as anyone.

"Don has never lost his disdain for sensitivity," Clint Eastwood said about the comedian in a 2007 documentary about him, "Mr. Warmth: The Don Rickles Project."

Mr. Rickles made a living speaking zingers to power. In 1976, Mr. Rickles walked out of the TV studio wings of "The Tonight Show" to surprise his pal Frank Sinatra who was chatting with Johnny Carson live. Mr. Rickles kissed Mr. Sinatra on the lips and teased him with Mafia jokes. (Mr. Rickles was an honorary member of the "rat pack," a chummy fraternity of entertainers whose core included Mr. Sinatra, Dean Martin and Sammy Davis Jr.)

He entertained Ronald and Nancy Reagan during festivities for the president's second inauguration in 1985. "It's a big treat for me to fly all the way here from California to be here for this kind of money," he joked, and dropped the microphone. Later, turning to the President after a series of quips, he said: "Is this too fast, Ronnie?"

"He was called The Merchant of Venom, but in truth, he was one of the kindest, car-



Don Rickles, here in 1968, performed well into his 80s.

ing and most sensitive human beings we have ever known," said his longtime friends Bob and Ginnie Newhart in a statement. "We are devastated and our world will never be the same."

Rickles died at his home in Los Angeles from kidney failure, according to his publicist. He brought his manic energy to the

stand-up stage well into his eighties. "If there's a pure white light of comic energy, that's it," Jerry Seinfeld said about Mr. Rickles after seeing him perform at New York's Town Hall at age 82.

Mr. Rickles had already recorded the voice of Mr. Potato Head, for "Toy Story 4," slated for release in 2019, after voicing the

character for the animated franchise's three prior films. "It's a fun thing to do. Because there's no makeup. You sit in a booth like a moron," he said in a 2013 interview about the voice role.

Born in Queens, N.Y., in 1926, Mr. Rickles studied drama before trying stand-up comedy in New York, Miami, Los Angeles, and later Las Vegas. "I couldn't tell a joke, that's why I started talking to the audience," he explained. Few comics were talking to the audience—or heckling the crowd—as he did, and he never knew quite how a performance would turn out. "It's not something you rehearse. It's all personality. But I've never been mean-spirited," he said.

Mr. Rickles appeared in dozens of TV sitcoms, including his own, "CPO Sharkey," from 1976 to 1978. He was a staple of late-night talk shows and televised roasts. His film work included comedy and dramatic roles. He co-starred with Mr. Eastwood, Donald Sutherland, and Telly Savalas in the offbeat war movie "Kelly's Heroes" in 1970.

He played a casino manager in Martin Scorsese's "Casino" in 1995. In his 2013 interview for the television series "Inside Comedy," Mr. Rickles said he told Mr. Scorsese he was going to walk away from the film during shooting because star Robert De Niro kept mumbling his lines. "Great actor, but, you know, got a problem," Mr. Rickles told interviewer David Steinberg.

Mr. Seinfeld described going with fellow comedian Chris Rock to see Mr. Rickles at his 2008 Town Hall performance. After the show, Mr. Seinfeld said in the same "Inside Comedy" interview, they went backstage and waited 40 minutes for Mr. Rickles to come out and chat, staring at an empty chair. Finally, "he sits down—and he just insulted us all for another 20 minutes," Mr. Seinfeld recalled.

evolution of the propaganda film, which is one of those based-on-a-true-story projects about twin sisters who borrow their father's fragile little boat to cross the Channel and help evacuate British troops from Dunkirk. ("Authenticity and optimism" is what the Ministry of Information keeps insisting it wants.) The newspaper account of their exploits turns out to be almost completely untrue, but that doesn't faze Catrin or Tom. Instead, it gives them the freedom to fabricate their own verities, and gives the film outside the film a good game to play with its audience. Little by little, the thickly varnished truths of the sisters' saga grow less absurd—though they remain stylized and pretty silly—until we begin to think, yes, in that desperate time and beleaguered place, the snippets of silly scenes we see on the screen might well stir moviegoers' souls.

Along the way, "Their Finest" plays a related game of what's real and what isn't. It's not as tricky, or dazzling, as "The Stunt Man" or "F/X," two classics of visual sleight-of-hand, but the reality of war keeps intruding on both layers of make-believe. The first time that happens is when Catrin, making her way through the rubble of a bombed-out neighborhood, comes upon body parts that turn out to be pieces of a shop-window mannequin (though there's more to the scene than that). Much later, in an event of surpassing randomness, another kind of reality crashes in to shattering effect.

The power of storytelling is the movie's main subject, manipulation is its main game. The book that spawned it was a comedy of manners, and Ms. Scherfig runs her show with brisk precision, though she still allows her characters to reveal themselves at their own pace. (At one of many revelatory moments, the hitherto ridiculous Hungarian producer of the propaganda film gives us a glimpse of his soul with a five-word comment on the outwardly foolish American war hero who is blighting his life: "He is a brave boy.") In one of the most affecting passages, Catrin and Tom quarrel passionately, and at length, beneath what he calls "a bomber's moon."

So how does it feel to be on the receiving end of all this manipulativeness? Absolutely fine for me from start to finish—fine to have my perceptions turned upside down, to be spun around into taking comic characters seriously; to find myself hoping fervently that Catrin and Tom realize how right they are for one another. There's a scene toward the end in which Catrin watches the movie she has written in a theater with a regular audience, sees how it moves those around her and understands the significance of what she's done. I was moved by her and her creation, by the whole unlikely panoply of joking and loving and striving in a nested pair of movies. That's the power of two stories artfully told.

FILM REVIEW | Joe Morgenstern

'Their Finest': Storytelling Victorious

This scintillating British comedy turns on the making of a dubiously inspirational propaganda film during the Blitz

'THEIR FINEST' is one of the smartest, funniest and most surprising movies I've seen in years. The slightly opaque title refers to "their finest hour," the culminating phrase of an inspirational speech Winston Churchill gave in 1940, during the darkest days of World War II. But it's also taken from the title of the movie's source, a superb comic novel by Lissa Evans—"Their Finest Hour and a Half." That's a cheeky reference to a movie within the movie, a woefully unpromising propaganda melodrama that Britain's Ministry of Information is developing, in 1940, to provide some inspiration for the home front during the Blitz. If this, too, sounds slightly opaque, the movie is anything but, and Gemma Arterton is sublime as Catrin Cole, a Welshwoman who applies for what she thinks is a secretarial job but gets hired to write the

film's "slops"—a pungent term of the period for women's dialogue. (Ms. Arterton was the glamorous heroine with the unchained id in "Tamara Drewe.") There's a strong feminist thrust to Gaby Chiappe's screenplay, stronger than in the book but no less deft. It's thrilling to see Catrin grow from a sidekick who's asked to tidy up the office to a virtuosic storyteller and the brains of the operation—or, rather, the co-brain, since her clever, cynical partner in cinematic crime, Tom Buckley, is supposed to be the melodrama's head writer. He's played by Sam Claflin with such verve that the two performers, and their characters, duel and riff like jazz musicians who are fully worthy of one another. (A romance between Catrin and Tom deepens as their dueling intensifies.)

The director, Lone Scherfig, has

done such distinctive comedies as "Italian for Beginners," and the international hit "An Education," for which Nick Hornby wrote an exemplary screenplay. She has never worked with such a scintillating script, though, or such a marvelous cast, which includes the definitively droll Bill Nighy as Ambrose Hilliard, an actor whose moment has long passed; Eddie Marsan as Sammy Smith, Ambrose's grubby émigré agent; Helen McCrory as Sammy's no-nonsense sister, Sophie; Jack Huston as Ellis Cole, an English perpetrator of depressing propaganda paintings whom Catrin has loved foolishly and all too faithfully; Jeremy Irons as Britain's unnamed secretary of war, who decides the movie needs an American hero in its cast to help inspire the U.S. to join the war; and Jake Lacy as Carl Lundbeck, handsomely American but hopeless in front of the camera.

One result of all this talent is a bountiful supply of bon mots. ("Lose half," Tom says of a scene Catrin has just written. "Which half?" she asks. "The half you don't need.") Another is a succession of lapidary sequences, scenes, moments or, in the case of Ambrose's final exit, tiny delights. (No, he doesn't die, he just walks out the door as only Mr. Nighy can.) Still another result is a textbook illustration of the director's craft. What a director does is like the weather; you may not be able to see it but you can feel it. Here, in a production of flowing rhythms and sharply tuned performances, the direction is close to perfection; it would have been closer if the clunky Yank hero hadn't been played quite so broadly. (The cinematographer was Sebastian Blenkov. Rachel Portman composed the score. The film was edited by Lucia Zucchetto.)

Some of the fun flows from the

THEATER REVIEW | Terry Teachout

A Musical That Fails The Who-Cares Test

New York "WAR PAINT" isn't so much a musical as a pitch. It's easy enough to imagine it: "I know—let's do a musical about the Helena Rubinstein-Elizabeth Arden feud! Two tough-as-industrial-sandpaper businesswomen who make cosmetics and hate each other's guts! We'll get Patti LuPone and Christine Ebersole to be the stars, and we'll get the 'Grey Gardens' guys to write the show. What's not to like?" And up to a point, the goods get delivered: The stars are starry, the sets are glossy, and the book is full of snappy one-liners. In the end, though, "War Paint" fails to keep its costly promises. Yes, it's entertaining enough, but nothing like the deckle-edged hit it wants so desperately to be, and the reasons why it fails to come off are worth a close look.

Unusually for a commercial musical, "War Paint" is not directly based on a pre-existing play or movie. I suspect that's part of the problem, because it isn't very dramatic. For openers, the plot of the show fails to pass the who-cares test: Neither Rubinstein nor Arden



Christine Ebersole (above) and Patti LuPone (right)

is portrayed in a sympathetic way, and since all they care about is getting rich, there's no special reason to root for either one of them. It's possible that "War Paint" might have worked better had one of the two women been turned into a secondary character, but they are given exactly equal time on stage (it feels almost as if Doug Wright had written the book in collaboration with his stars' lawyers). The result is a musical that is structurally rigid, dramaturgically overcrowded and emotionally tepid.

Ms. LuPone and Ms. Ebersole both do their very best to turn their characters into something more than stick figures, and Michael Ko-



JOAN MARCUS (2)

rie's well-honed lyrics give them something to work with ("I, too, am called a nouveau riche pretender / The Jew whose application/Gets returned to sender"). Alas, Scott Frankel's music is harmonically rich but melodically inert, and Michael Greif, the director, has made the mistake of having Ms. LuPone sing in a heavy Polish accent. While the punch lines in her dialogue scenes come through clearly, the accent

turns many of Mr. Korie's pointed lyrics into half-intelligible mush.

It should also be noted that "War Paint" is a show about two extremely strong businesswomen that has been written, composed, directed, choreographed and mostly designed by men (the costumes and makeup are by women, Angelina Avallone and Catherine Zuber). This doesn't make the show bad by definition—anybody can write well

about anything—but I wonder whether the failure of the two principal characters to fully engage the audience's sympathy has something to do with the absence of female voices from the creative team of "War Paint." It certainly didn't escape my notice that "Dinosaurs," the best song in the show, is sung and danced by Douglas Sills and John Dossett, who play Harry Fleming and Tommy Lewis, the dissatisfied business partners of Rubinstein and Arden (to whom Lewis was also married). In truth, Fleming and Lewis are more interesting characters than their bosses, and "War Paint" does more than merely suggest that they were the brains behind both companies. Might it have been a more compelling musical had they been the stars?

Whatever the reasons, "War Paint" is the kind of show that sends you home talking about all the wrong things. Ms. LuPone and Ms. Ebersole are as good as you'd expect, Mr. Greif's staging and Christopher Gattelli's choreography are smooth and polished, and David Korins's sets are suitably lavish. In short, it looks like a winner—but as anyone in the cosmetics business can tell you, appearances are deceiving.

War Paint

Nederlander Theatre,
208 W. 41st St. (\$79-\$169),
877-250-2929, closes Sept. 3

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

TELEVISION REVIEW | Dorothy Rabinowitz

THE IRON LADY GOES TO WAR

THE HISTORY of this work would be reason enough to be drawn to the fascinations of "The Falklands Play." The project had been mothballed by the BBC, the agency that had commissioned it in 1983, largely because the work's central character had emerged as a genuinely heroic figure—a fact wholly unbearable to the management of the BBC, given that the character in question was Prime Minister Margaret Thatcher.

The play, about Thatcher's response to Argentina's 1982 invasion of the Falklands Islands—a British territory in the south Atlantic—offended BBC One executives who apparently found, in its portrait of Thatcher—so unshakable in her resolve that Britain live up to its history of standing against dictators, so magnificently filled with loathing of the Argentine regime as "a government of terror, torture, and executions not unlike the Gestapo"—something discomfiting and also, as one let it be known, jingoistic. When the show's writer, Ian Curteis, continued to refuse BBC requests for script changes that would cast a more dubious light on the chief characters—among them a suggestion

that there be a scene showing members of Thatcher's cabinet weighing the political advantages of going to war—the project was quietly shelved.

When it re-emerged in 2002 on BBC Four it was a film shorter than the original play but with its guts intact. It's difficult to imagine a Margaret Thatcher more towering, fearless, or likely to offend BBC sensibilities of the kind that quashed the original Curteis play than the one who shows up in "The Falklands Play" now available on Acorn TV, 15 years after its British television debut. Patricia Hodge's Thatcher is so breathtakingly good that it becomes difficult, often, to tear oneself away from this performance—whose every tone, every look in the eye, summons the presence of the Thatcher we remember—to focus on the action at hand. Of which there is plenty in an unceasing flow. For, in addition to all else it is, the film is the story of a war, both the political and military kind, and utterly gripping from start to finish.

For Thatcher and her cabinet—masterly miniportraits delivered by a stellar cast—the most crucial of the political wars concerned re-

lations with the U.S., whose president at the time of the Falklands crisis was Ronald Reagan (Bob Sherman) and whose secretary of state, a major actor in the intense diplomatic struggle that would ensue, was Al Haig (Colin Stanton). Thatcher had, she thought, every reason to count on the immediate support of the Americans when she set about ensuring that the forces of Argentine dictator Leopoldo Galtieri wouldn't succeed in their effort to take possession of the Falklands, home to 2,000 British subjects.

In this she was mistaken. There was nothing in the dithering response of the State Department—whose initial response was to suggest, delicately, that the U.S. preferred an evenhanded diplomatic approach, since it cherished good relations with both Argentina and England—that looked like sure support. That would come later. In its depiction of the military war, an enterprise undertaken in terrifying weather conditions, the film manages to produce something of the feelings of preparations for the D-Day landings. The Argentines have invaded the Falklands, their flag now flies over



Patricia Hodge stars as Margaret Thatcher.

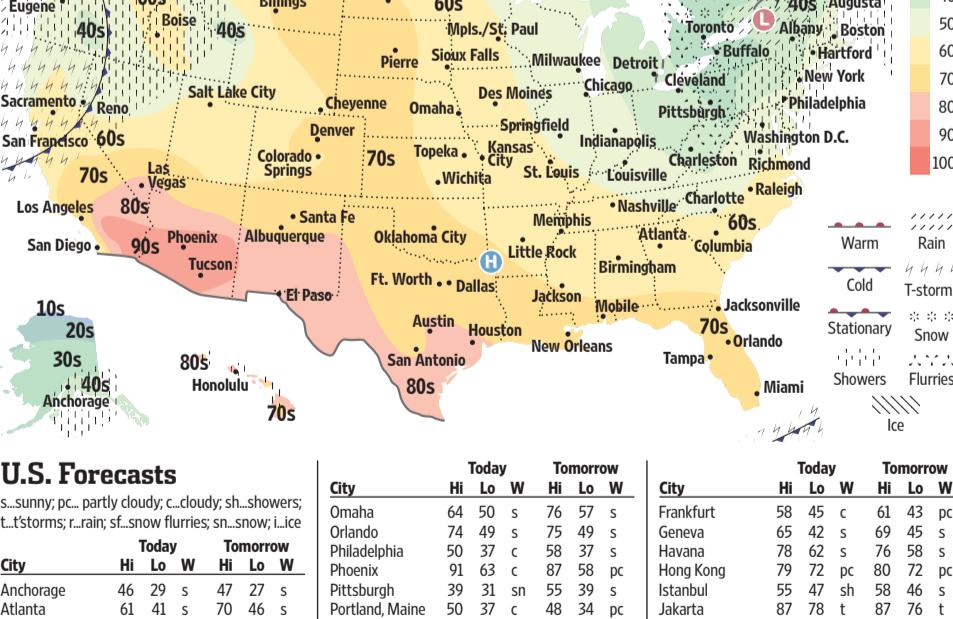
Government House. Thatcher has called on Adm. Henry Leach (Shaughan Seymour) to oversee the deployment of ships setting out to repel the invaders. Choices must be made, the kind that could result in many deaths. All of this Thatcher confronts, aware of the responsibility she will bear. The Thatcher of the film is grief-stricken over the likely cost in lives, as, indeed, the real Thatcher was during the Falklands War. But the Thatcher that endures over all is the one who knew the importance of choices, and whose spirit this film so thoroughly captures. The one who snaps at Haig, who's

been murmuring suggestions about negotiating with Galtieri: "You see this table? This was where Neville Chamberlain sat in 1938 when he spoke on the wireless about the Czechs as a faraway people about whom we know nothing, with whom we have so little in common. Munich!" She knew that the Falklands threat was not Czechoslovakia, 1940. But she knew, no less, what willingness to appease dictators meant, where it led, and that it was not to be borne.

The Falklands Play

Now streaming on Acorn TV

Weather



U.S. Forecasts

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Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 46 29 s 47 27 s

Atlanta 61 41 s 70 46 s

Austin 80 58 pc 84 66 pc

Baltimore 51 36 c 60 38 s

Boise 65 43 r 63 44 r

Boston 53 39 c 49 35 pc

Burlington 49 34 r 43 32 sf

Charlotte 59 36 pc 67 41 s

Chicago 56 37 s 68 55 s

Cleveland 44 34 c 57 46 s

Dallas 79 59 pc 85 65 s

Denver 73 46 pc 74 40 pc

Detroit 49 31 pc 60 46 s

Honolulu 85 73 pc 85 71 pc

Houston 80 56 pc 83 64 s

Indianapolis 52 33 pc 64 51 s

Kansas City 62 50 s 75 65 s

Las Vegas 82 63 pc 75 52 pc

Little Rock 68 45 s 77 58 s

Los Angeles 72 57 c 68 49 pc

Miami 78 58 s 77 65 s

Milwaukee 52 39 s 61 52 s

Minneapolis 61 46 s 73 55 s

Nashville 62 35 s 50 50 s

New Orleans 73 53 s 75 56 s

New York City 50 38 sh 55 40 pc

Oklahoma City 71 54 pc 80 64 s

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Bahrain 87 58 s 84 61 s

Bangkok 92 78 t 93 80 t

Beijing 70 56 pc 64 42 c

Berlin 53 46 sh 56 43 c

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Jerusalem 64 47 s 68 50 s

Johannesburg 74 54 pc 74 53 c

London 60 43 pc 66 46 s

Madrid 73 42 s 73 44 s

Manila 93 79 pc 94 79 s

Melbourne 79 63 pc 79 54 sh

Mexico City 80 54 pc 80 52 pc

Milan 70 48 pc 60 50 s

Mumbai 91 75 pc 93 77 pc

Paris 63 42 s 67 44 s

Rio de Janeiro 87 75 r 87 75 sh

Riyadh 97 75 s 97 71 s

Rome 65 46 pc 67 47 pc

San Juan 86 73 s 86 74 pc

Seoul 68 46 pc 64 50 pc

Singapore 90 79 c 90 78 t

Sydney 73 61 pc 75 62 pc

Taipei 82 70 sh 85 71 pc

Tokyo 66 60 r 67 60 r

Vancouver 59 28 sh 53 36 pc

Warsaw 55 43 sh 51 40 r

Zurich 68 39 sh 59 44 c

62 37 s 65 40 s

The WSJ Daily Crossword | Edited by Mike Shenk



TAKEN IN | By Marie Kelly

The answer to this week's contest crossword is a four-letter word.

Across

- 1 "Get Yer ___ Out!" (*Rolling Stones* album)
- 2 Like some noisy cats
- 3 Packs away
- 4 Mission that's a World Heritage Site
- 5 Arlington House honoree
- 6 Artful
- 7 Clarify
- 8 Canaries' owner
- 9 Fan's destination
- 10 Wedding registry category
- 11 United in purpose
- 12 Useful skill
- 13 Common survey question
- 14 Catering container
- 15 Shore activity
- 16 Raid target
- 17 To be safe
- 18 Violet's cousin
- 19 "Il ___ tesoro" (*"Don Giovanni"* aria)
- 20 First odd prime
- 21 Held in contempt
- 22 React to a sour note
- 23 Improvises syllables
- 24 Showy accessory
- 25 To be safe
- 26 Dryer stuff
- 27 Like some noisy cats
- 28 Shaggy ruminant
- 29 Beat, but barely
- 30 Chart model
- 31 Held in contempt
- 32 Public outburst
- 33 Antlered animal
- 34 Wooden joint projection
- 35 Held in contempt
- 36 Oscar winner for "Cocoon"
- 37 Dorothy's mom on "The Golden Girls"
- 38 First odd prime
- 39 Home of minor league baseball's Drillers
<

SPORTS

Patrons wait for the gates to open for the first round of the 2017 Masters.



THE MASTERS | Jason Gay

Fifteen Well-Kept Secrets of the Masters

The Masters are here—the annual tournament held at Augusta National, the hallowed cathedral of golf located just around the corner from a Hooters. Pretty much everyone wants to go to a Masters at least once. It's an all-time bucket list item, like climbing Machu Picchu, or attending the NHL Draft.

If you go, be forewarned: Augusta National is a rules-y place. Really rules-y. Augusta National has more rules than golf itself, and goodness knows golf is rules-y.

Some rules at Augusta are well known. For example, you can't bring a cell phone onto the course. This is strictly enforced—if you are caught with an iPhone in Amen Corner, a pair of stern men in green blazers will throw you in the trunk of a Buick and drive you to the Georgia state line. There's also a rule against running. Not kidding; you're really not allowed to run on the grounds at Augusta National. I confess this always has made me wish a reanimated Tyrannosaurus Rex would crash through the gates and charge up the back nine, just to see terrified Masters fans politely speed-walking up to the clubhouse.

Oh, that's another thing: They're not "fans"

at Augusta. They're "patrons." And it's not the "back nine," it's the "second nine," I can see you rolling your eyes from here. But if you're going, you need to know this stuff. You don't want to wind up in the trunk of a Buick.

As a service, I've written down a few of the other unwritten rules and secrets at Augusta, which I learned in several years of attending the event and illegally taking pictures with my cell phone. Take with a grain of salt, because it's possible they're not real:

1. Get to Augusta National early! Every morning, Jack Nicklaus himself preps, blends and serves free kale smoothies to all Masters patrons from 4 a.m. until sun-up. Just hop over the fence, walk up to any club member in a green blazer and loudly ask them where Jack Nicklaus is doing the free kale smoothie breakfast.

2. Because you do not have access to your cell phone, the Augusta green blazers also serve as Google valets for the entire event. Walk up to them and ask any question—they are there to answer! *Who won the most Masters in tournament history?* (Nicklaus, with six.) *What is the longest hole on the course?* (No. 2, at 575 yards). *How many miles is it to Cincinnati?* (536.) *Why do I*

have belly fat? (ice cream sandwiches.) *Do animals cry?* (Elephants reportedly can.)

3. After his kale smoothie breakfast, Nicklaus goes to the kitchen and makes 18,000 pimento cheese sandwiches. There's a reason the man is a legend.

4. Pro tip: Every Masters sandwich wrapper contains an application to join Augusta National. It costs \$9 to join, \$30 for a family.

5. Everyone makes a big deal about the great food prices at the Masters, like the \$1.50 pimento cheeses and the \$4 domestic beers, but I have it on good authority that at the food hut near the 15th, you can get a bottle of 1869 Chateau Lafite for \$230,000, which is pretty much a steal.

6. If there's a rain delay, they show "Caddyshack" on the leaderboard. If "Caddyshack" is not available, they show a horror film, like Greg Norman's final round in 1996.

7. It's very frowned upon to yell things like "GET IN THE HOLE!" at Augusta. This is not the Waste Management Phoenix Open! However, when a player is lining up a putt, it's perfectly OK to shout out how your Berkshire Hathaway stock is performing.

8. Every night during the tournament, Jim Nantz drives around town in a hay

truck, picking up patrons and telling them Fred Couples stories.

9. There's an underground disco right next to the tee box on the 7th.

10. Tiger Woods is not at the Masters this year, which means only 50% of the media coverage will be devoted to his every move, down significantly from the usual 98%.

11. There's a reason Masters coverage on TV doesn't start until the afternoon. That's because for the first couple of hours at Augusta, all play is pants-optimal.

12. Between groups, patrons play ultimate frisbee on the fairway at No 1.

13. If you get tired, it's totally fine to walk into Butler cabin, kick back on the couch, and take a long nap. Don't even take off your shoes.

14. They dealt with the boa constrictor invasion a few years ago, but Augusta National is still teeming with tarantulas. Teeming! This is why cargo shorts are discouraged—a tarantula likes nothing more than curling up in a stinky, sweaty side pocket of a pair of cargo shorts.

15. If you find a tarantula in your cargo shorts, walk to the nearest Augusta National first aid station. REMEMBER: DO NOT RUN.

HOFFMAN TAKES EARLY LEAD AFTER JOHNSON WITHDRAWS

BY BRIAN COSTA

AUGUSTA, Ga.—As he approached the first tee on Thursday afternoon, Dustin Johnson was at the high point of his professional life: 32 years old, the No. 1 golfer in the world, winner of his last three tournaments and a favorite to win the Masters. But his best chance yet to earn his first green jacket ended before it could even begin.

Moments before he was due to tee off in the first round, Johnson withdrew from the Masters with a back injury, the result of what he called "a freak accident" the day before. More than any shot hit on a blustery day at Augusta National Golf Club, it immediately altered the complexion of the tournament.

"I just don't think there's any chance I'll be able to compete," he said.

Johnson became the second high-profile player to withdraw with a back issue, following Tiger Woods. But Woods, frail at 41 years old and stretching the definition of an active player, would have been a long shot to contend regardless. Johnson was the picture of vitality, dominant and fearsome. Until Wednesday.

Because the traditional par-3 contest was cut short by heavy rain, Johnson was at his rented home nearby Wednesday afternoon instead of at the course. He said his 2-year-

old son, Tatum, was on his way home from day care, so he wanted to move his car.

Johnson said he was wearing socks when he slipped on a set of three stairs, landing hard on his back and elbow. "It would have been better if it was a full set of stairs, because I would've slid all the way down, but it was only three, so I hit the bottom," he said.

The news of his injury late Wednesday left unanswered the question of whether he would be able to play. The question lingered right up until Johnson's scheduled tee time, 2:03 p.m., in the last group of the day.

A little more than an hour before then, Johnson went out to the practice range and took some light swings with his wedges. He looked uncomfortable and took a break. Minutes later, he re-emerged with an iron in hand. His swing coach, Butch Harmon, stood beside him. When Johnson finally attempted to swing with his driver, he had his brother and caddie, Austin, bend over to tee the ball for him.

Still, Johnson wasn't ready to concede anything. "I want to play," he said. "I'm playing probably the best golf of my career, and this is one of my favorite tournaments."

Only after taking a couple of practice swings near the first tee area did he accept what his body was telling him: This wasn't going to work. Johnson made the short walk back toward the clubhouse, stopped briefly



Dustin Johnson, right, tests his swing on Thursday afternoon before pulling out of the Masters.

to chat with reporters and left.

"I just can't swing the club," he said.

Even without Johnson to contend with, the rest of the field had its own issues to deal with. Strong winds shook the trees lining the course, strewing leaves across fairways and vexing players as they eyed the greens. The elusiveness of precision in the wind was evident throughout the day.

Some of the highest-ranked players remaining in the field will have to work to

make the cut Friday.

Jordan Spieth shot a 3-over-par 75, inflating his score with a quadruple bogey on the 15th hole. Jason Day finished at 2 over and Henrik Stenson finished at 5 over.

The lone player who broke away from the pack was Charley Hoffman, who shot a 7-under 65 to take the early lead. Hoffman, 40 years old, is playing in just his fourth Masters. His highest finish to date was a tie for ninth place in 2015.

THE COUNT THE MYSTERIOUS MAGIC OF MOLINA

The Cardinals shocked many baseball observers by handing longtime catcher Yadier Molina \$60 million over three years on the eve of the 2017 season. In a era of home-run-happy baseball, the contact-first Molina has generated only 12 homers in 275 games since 2015. But Molina's value is not what he does when he's standing at the plate, it's what he does when he's squatting behind it.

When it comes to calling a game, Molina's in a league of his own. The ERA of pitchers when he's catching (3.34) for St. Louis is nearly a run lower than when someone else is doing it (4.18). That's the best differential in baseball among backstops with at least 200 games since 2015, according to Stats, LLC. And it's



Catch Him If You Can

Catchers who have caught 200 games from 2015-2017 with the biggest difference between ERA of their teams when they catch versus the ERA when others catch.*

CATCHER/TEAM	ERA WITH THEM	ERA WITH OTHERS	DIFF.
Yadier Molina STL	3.34	4.18	-0.84
Stephen Vogt OAK	4.03	4.81	-0.78
Buster Posey SF	3.56	4.08	-0.52
Wilson Ramos WAS**	3.44	3.93	-0.49
Jason Castro HOU-MIN	3.85	4.32	-0.47

*Through Wednesday

**on 60-DL with TB

nearly four times the average of the game's other qualifying catchers measured this way.

So while Molina has only knocked in 119 runs in the period with his bat, this statistic

says he's saved an astounding 223 runs (in 2,386 catcher innings).

Molina's importance to his pitchers is so pronounced that on Tuesday the veteran of the

staff, Adam Wainwright, decided to fire a pitch straight into the ground rather than risk injury to his catcher when he sensed Molina was looking for a different pitch. He now owns one of the worst pitches of all-time but no matter: "I didn't want to hit him in the collarbone or something and knock Yadier out," he said.

To be sure, defensive stats remain baseball's biggest mystery and there's no concrete way to quantify his impact. It also appears the Molina Effect is unrelated to baseball's new obsession with framing pitches, as his rate of having non-swings called strikes versus balls (32.8%) is just sixth best among the 15 qualifying catchers.

There may be more art than science at work. Molina's value to the pitching staff isn't fooling umpires into thinking balls are strikes as much as it's knowing hitters' weaknesses, sensing how they are guessing and divining what's working best in his pitcher's arsenal that day. Plus, as he begins his 14th season, Molina's pitchers may be more confident and relaxed with him taking charge of their games—for good reason.

—Michael Salfino

OPINION

The Conflicts of J. Edgar Comey



POTOMAC WATCH
By Kimberley A. Strassel

We interrupt the Russia-scandal program to ask two simple questions of one of the nation's top law-enforcement officers: What exactly is FBI Director Jim

Comey doing about the only crime that has so far been revealed in this Russia probe? And is he too conflicted even to be doing it?

That crime is of course the leaking that toppled Donald Trump's first national security adviser, Michael Flynn. The media and Democrats have done their best to avoid covering this, for the simple reason that some of them were complicit. Yet in the entire speculative drama over Russian interference in American elections, so far this is the only crime that is beyond any doubt.

It's a serious crime, too. Someone in the U.S. government obtained highly classified information about a conversation between an incoming presidential adviser and a foreign official. Someone then leaked Mr. Flynn's name and the contents of that conversation to the press, resulting in his resignation. As even Mr. Comey recently confirmed, the leaking of such material is an "extraordinarily unusual event." It is also a felony, punishable by up to 10 years in federal prison.

The process is then straightforward: March the unmasker to the FBI and require that official—under oath—to confess if he or she passed Mr. Flynn's name to the media. If not, demand to know to whom that person gave the information. Track down the leakers. Ask a grand jury to indict.

Why? Because such leaks expose American intelligence sources and methods, putting national security at risk. Moreover, leaking the names of private citizens under surveillance (with the express intent to cause harm) is among the grossest violations of civil liberties. It is what police states do.

The Washington Post story about Mr. Flynn's conversation cited as its sources "nine current and former officials" who "had access to reports from U.S. intelligence and law enforcement agencies." That means at least nine current or former Obama administration officials or bureaucrats should be looking at criminal charges.

Which brings us to Mr. Comey. Leaks are in the FBI's purview, and this case ought to be a slam dunk. Unlike in some leak investigations, Mr. Comey has a trail of bread loaves to follow. Someone in the U.S. government had to take the first step of "unmasking"—requesting the identity of—Mr. Flynn. There are records of such requests, easily accessible by the FBI.

The process is then straightforward: March the unmasker to the FBI and require that official—under oath—to confess if he or she passed Mr. Flynn's name to the media. If not, demand to know to whom that person gave the information. Track down the leakers. Ask a grand jury to indict.

This is enormously problematic, since Mr. Comey has glaring conflicts of interest here. After all, it is possible Mr. Comey's staff are among the leakers. He has an interest in avoiding an agency scandal.

If the FBI director won't open up, maybe it's time for a Justice Department attorney with the appropriate jurisdiction to start an investigation. Because no matter how much Mr. Comey acts the boy scout, he is not above supervision.

Mr. Comey is, in fact, obstructing oversight of his own agency. It is Congress's duty to investigate failings in the intelligence system. It is Congress that authorizes surveillance programs in the first place. And one of its main jobs is to assure itself and the public that intelligence and law-enforcement agencies aren't abusing surveillance, violating citizens' privacy. Can anyone say J. Edgar Hoover? Mr. Comey should not have the power to stymie an outside investigation into his own agency's practices.

The obvious answer here is for Mr. Comey to start being transparent to congressional oversight. You'd think his fellow heads of intelligence agencies would be pressuring him to get straight, given the grave risk he's posing to their own organizations. Section 702 of the Foreign Intelligence Surveillance Act, one the government's most vital snooping tools, expires at the end of this year. I'm told that—given the appalling leak mess, and the Obama administration's likely abuse of its spying authority—not a single Republican is yet committed to reauthorization.

If the FBI director won't open up, maybe it's time for a Justice Department attorney with the appropriate jurisdiction to start an investigation. Because no matter how much Mr. Comey acts the boy scout, he is not above supervision.

Write to kim@wsj.com.

An Anti-Catholic Pol's 21st-Century Legacy

HOUSES OF WORSHIP
By Michael A. Helfand

ear oral arguments in

Trinity Lutheran v. Comer, a case about how far government can go to keep church and state separate. The high court will consider how to determine whether a law is discriminatory against religious minorities. It will also weigh whether government can withhold funding for the safety and security of religious institutions. Most important, this case presents a rare opportunity to undo a legacy of antireligious bigotry in many state constitutions.

The plaintiff, Trinity Lutheran Church of Columbia, Mo., operates a preschool with a playground on its premises. In 2012 the church applied for a state grant that provides funds to make play areas safer for children. It qualified for the grant but was denied the money because the Missouri Constitution prohibits public funds from being given to a religious institution.

In 2013 the church sued the Missouri Department of Natural Resources, arguing that this exclusion constituted a prohibited form of religious discrimination. Both parties, as well as the Eighth U.S. Circuit Court of Appeals, apparently agree that it is permissible under the U.S. Constitution for Missouri to award the grant to Trinity Lutheran Church. As the appeals

court noted, the First Amendment allows states to award funds to religious institutions on neutral grounds for secular purposes.

Where the parties differ is whether Missouri is allowed to demand further separation of church and state than the U.S. Constitution requires. In 2015 the appeals court said yes, pointing to a lack of Supreme Court precedent to overturn a 150-year-old state law. And now the case is headed to the highest court. (Along with Nathan Diamant, I submitted an amicus brief in this case on behalf of the Union of Orthodox Jewish Congregations of America.)

The Supreme Court addressed a similar issue in 2004 when it upheld Washington state's ban on theology students' participation in a state-sponsored scholarship. According to the high court's ruling in *Locke v. Davey*, states have a "substantial interest" in "not funding the pursuit of devotional degrees."

But *Trinity Lutheran* is about more than withholding state funds from those pursuing the ministry. Missouri's law is as unyielding as it is expansive. It demands that "no money shall ever be taken" from the state and granted "directly or indirectly" to any religious institution. If, for example, Missouri provided financial support to institutions affected by a natural disaster, it would have to exclude religious ones.

This provision has roots in the 19th century. Former U.S.

House Speaker James Blaine promoted a federal constitutional amendment in the 1870s that would have banned government funds from being spent on religious education. When that initiative failed, states took it up, inserting similar laws into their constitutions. Missouri was only one of them.

Missouri's Blaine Amendment is about to be put to the test at the Supreme Court.

As Justice Clarence Thomas noted in *Mitchell v. Helms* (2000), Blaine's advocacy was motivated by anti-Catholic sentiment. And it's not much of a leap to conclude that the states that took up the cause after Blaine's failed attempts were channeling the same discriminatory agenda.

Missouri contests these points. It claims that states have the right to exclude religious institutions from funding, even if it means denying children safe playgrounds. The state also argues that there is not enough evidence to prove a connection between James Blaine's advocacy and the law enacted by Missouri. But this is willful ignorance.

The separation of church and state is an important principle in American civic life, but it should not be in-

voked to exclude religious institutions from government programs that protect the safety and security of citizens. That is especially true in an environment where religious institutions desperately need to join with the government to fend off mounting threats. It's scandalous that laws exposing religious institutions to danger and violence—laws born out of animus and bigotry against religious minorities—have been allowed to persist this long.

Most disheartening is the rejoinder that there isn't enough evidence that these laws are tied to the discriminatory statements of Blaine and his supporters. This kind of second-guessing of expressly discriminatory intentions has become all too familiar in recent months, as the current administration has argued to preserve its travel ban.

But a law's drafters should be taken seriously. Obscuring a law's roots, whether in the 19th century or the 21st, shouldn't protect the legislation from its legal infirmities.

Trinity Lutheran v. Comer is ultimately about letting religious citizens be exposed to 21st-century dangers simply because of 19th-century bigotry. This month the Supreme Court will have an opportunity to make clear this won't stand any longer. Here's hoping the justices don't miss their chance.

Mr. Helfand is an associate professor at Pepperdine University School of Law.

You Can Say That Again. But Why?

By Elliot Kaufman

Stanford University offered admission to only 4.65% of applicants this year, but that may not be low enough.

Every year, Stanford asks its applicants an excellent question: "What matters to you, and why?" Ziad Ahmed of Princeton, N.J., summed up his answer in three words. His essay consisted of the hashtag "#BlackLivesMatter" repeated 100 times. He got in.

Mr. Ahmed rejected the premise that he should explain his views. "The insistence on an explanation is inherently dehumanizing," he told the website Mic. Mr. Ahmed, who is not black, considers himself a BLM ally. As anyone on a college campus today knows, the role of an "ally" is not to ask questions, or to answer them.

That's how identity politics works. Men are shamed out of their positions on abortion

(except one position) because who are men to tell women what to do? White people cannot have positions on racism (again, except for the correct one) because who are the privileged to tell the oppressed how things are? Truly public discourse becomes offensive and impossible.

Perseveration pays off for a high-school student hoping to get into Stanford.

So Mr. Ahmed got his point across: The teenager evidently finds the Black Lives Matter movement worthy and important. But saying it once would have made that clear. The endless repetition seems designed not just to pre-empt but also to prevent any argument in response.

Substantive seems crazy. It eliminates the possibility of conversation.

Yet no one questions Mr. Ahmed's mental health. On the contrary, adult society celebrates him at every turn. Princeton and Yale have accepted him too. Mic reports that he was previously invited to the Obama White House and "recognized as a Muslim-American change-maker."

It is no longer madmen who merely repeat obvious truths. Now the success stories do it too. The society in Kierkegaard's parable immediately recognized that mindlessly repeating the truth was a sign of something wrong. Our society applauds it. That is the chilling part of this story. The young man or the society—it is no longer clear who has escaped from the asylum.

Mr. Kaufman is a junior at Stanford.

BOOKSHELF | By Robert H. Scales

What Happens After Victory

War and the Art of Governance

By Nadia Schadlow

(Georgetown University Press, 321 pages, \$32.95)

During the 2003 invasion of Iraq, Gen. David Petraeus, then commander of the 101st Airborne Division, turned to Pulitzer Prize-winning writer Rick Atkinson and said: "Tell me how this ends." Mr. Atkinson, who was covering the division for the Washington Post, offered no reply. Nadia Schadlow offers one now, perhaps 14 years too late. "War and the Art of Governance" consists of a collection of case studies, beginning with the Mexican-American War and ending in Iraq. Each examines how the U.S. attempted, too often with only limited success, to translate battlefield victory into a lasting and beneficial political outcome.

At first glance, it seems odd that a book on war and governance would stretch so far across the historical landscape. Yet the approach makes a lot of sense. While technology has changed the art of war radically from muskets in Mexico to fighter jets over Iraq, the task of postconflict governance is primarily a humanitarian and political enterprise whose variables have not changed for millennia.

Ms. Schadlow's case studies tell an often doleful story of America allowing victories to fall apart, leaving behind a suffering populace that should have been rewarded with a better peace. She asserts convincingly that postconflict governance can only be done well by soldiers. As battle lines move forward, only the Army retains the authority and the resources to keep the enemy from re-entering conquered spaces. Generals control the means of feeding and sheltering civilians who have been left suffering in the wake of war.

Even so, American political leaders have been historically reluctant to give over the governance of conquered lands to the military, and the Army has all too often been less than enthused by the prosaic task of civil governance. Soldiers believe that their obligation is to fight and win battles. So it should come as no surprise that, from the Mexican War to Iraq, senior military leaders have neglected to plan properly and train Army units sufficiently to administer the transition from war to peace. Ms. Schadlow terms this mutual civilian-military abrogation of authority the "denial syndrome."

Ms. Schadlow argues that the denial syndrome was less of a burden in earlier conflicts. Gen. Winfield Scott's plan to govern conquered territories after the Mexican-American War was ad hoc and amateur, but at least his Army succeeded in keeping the peace and offering the Mexican people a political model far better than the despotic regime that they had dispatched in battle. By contrast, the refusal of the occupying U.S. Army to replace the existing German

Soldiers believe that their job is to fight and win battles. So it should come as no surprise that military leaders aren't adept at forging peace.

bureaucracy in the Rhineland after World War I left in place a cadre of resentful and domineering German authorities who would fall victim to the myth that the Germany military did not lose the war but was "stabbed in the back" by elements in the civilian population.

During and after World War II, the denial syndrome created the usual institutional friction between civilian and military leaders. Franklin Roosevelt delegated the task of reconstruction and governance to the military reluctantly, and the generals accepted the task with a notable lack of enthusiasm. But in spite of reservations and a halting start, the military administrations of Gens. Lucius Clay and Douglas MacArthur managed to mobilize the Army's occupation forces, keep the peace, and feed starving Germans and Japanese. Both generals exploited their terms of governance to demonstrate the virtues of a democratic state, the legacy of which can be seen to this day. Ms. Schadlow attributes the success of the reconstruction after World War II in part to the fear that American failure would push our former enemies into the arms of the Soviet Union.

And then came Iraq. At no time in our history was the denial syndrome more evident than after the Army occupied Baghdad in 2003. Defense Secretary Donald Rumsfeld's parsimonious war plan left too few soldiers to govern the conquered spaces. Shiite insurgents under the influence of Iran quickly occupied them. The Bush administration rushed to replace military authority with a civilian Provisional Authority, but it failed to establish order. Conditions deteriorated even more when Paul Bremer, the CPA's head, made the disastrous decision to disband the Iraqi army.

In spite of our failure to govern wisely in Iraq and the unceasing consequences of that failure, American soldiers and policy makers continue to ignore the dangers of the denial syndrome. The Army's Civil Affairs units are the only government entities capable of administering conquered territories, yet Civil Affairs units remain the Army's neglected stepchildren. They have been underfunded and shoved into the reserves. Ms. Schadlow shows persuasively that the disparate civilian, governmental, military and non-governmental agencies responsible for civil administration cannot function without "unity of command." Yet in Iraq and Afghanistan the best that the Bush and Obama administrations could offer was a wasteful "unity of effort," with political and military fiefdoms competing for authority.

It is clear from "War and the Art of Governance" that the nation must never go to war again until it can definitively answer Gen. Petraeus's question about "how this ends." It ends only when the U.S. Army assumes the mantle of leadership and commits itself to remaining on the field until the lives of the population can be protected, the damage repaired and a political future guaranteed.

Maj. Gen. Scales is the author, most recently, of "Scales on War: The Future of America's Military at Risk."

Coming in BOOKS this weekend

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OPINION

REVIEW & OUTLOOK

Trump's Syria Opportunity

President Trump inherited the Syrian catastrophe from Barack Obama, and his initial instincts were to accept the awful status quo. But Bashar Assad's latest chemical attack has galvanized his Administration to think anew, and Mr. Trump's decision Thursday to launch a retaliatory missile strike is an important first step to save lives, enforce global order, and improve the strategic outlook for the U.S. and its allies.

Mr. Trump starts with the reality that Mr. Obama's long abdication has left the U.S. with far less leverage than it had when the civil war began in 2011. Iran has become Mr. Assad's protector on the ground via arms supplies and Hezbollah, and Russia has moved in as a military patron and patroller of the skies. The Muslim opposition the U.S. has been feebly trying to train and arm has been degraded while Mr. Assad and the Russians leave Islamic State to the Kurds and the U.S.-led coalition.

As recently as last week Mr. Trump seemed willing to surrender to this circumstance and do nothing beyond defeating ISIS in Syria's east. This was reflected in Secretary of State Rex Tillerson's comments last week that Mr. Assad was here to stay and the future of Syria would be "decided by the Syrian people." That's John Kerry-speak for capitulation, and it may have led Mr. Assad to believe he could unleash more chemical hell.

Mr. Trump also seemed to be courting an accommodation with Russia in Syria, but that road leads to more strategic retreat. Vladimir Putin's price for restraining Mr. Assad would be steep: U.S. recognition of his conquests in Ukraine and the end of sanctions. This would erode the U.S.-Europe alliance and make Mr. Putin look like a hero back home. Iran might not cooperate in any case, and its goal is an arc of Shiite power from Tehran through Iraq and Syria to the Mediterranean.

The alternative to this surrender is to reassert U.S. influence with diplomacy and military force, and Mr. Assad's chemical attack is the opening. Mr. Trump may understand this as he ordered an attack on the air base from which the chemical attack was launched, and Mr. Tillerson said Thursday that Mr. Assad has no future in Syria.

The quickest way to punish Mr. Assad for his aerial chemical attacks, and to ensure they won't happen again, is to destroy his air power. This is the plan that Mr. Obama flinched at in 2013 when he let Mr. Assad cross his "red line." He has now crossed that line again—this time after having promised to destroy his chemical stockpiles.

On Thursday the U.S. struck only a single airfield, though Mr. Assad has six active airfields used in the war. The U.S. used cruise missiles from outside Syrian air space, which avoided engagement

with Russian-manned air defenses. The Pentagon provided the firepower, though we wish Arabs and Europeans could have been included to show the international rejection of Mr. Assad's war crimes.

Mr. Putin could escalate and engage U.S. forces. But Mr. Obama used that excuse to talk himself into doing nothing, and our guess is that Mr. Putin would shrink from fighting the U.S. lest he risk the humiliation of major losses. As for Russians on the ground, a U.S. source told the press they were forewarned about the attack to avoid casualties.

A stronger attack would have destroyed Syria's entire air force, and another good step would be for the U.S. and its allies to create "safe zones" inside Syria that Mr. Trump promised during the campaign. This would be enforced by U.S. and allied air sorties plus renewed military supplies for the opposition. The humanitarian effort would show the U.S. purpose includes protecting the Syrian people. An international force could provide support for havens in multiple locations near the Turkish and Jordanian borders.

* * *

Every military operation carries risks but this one could also have major political and strategic benefits if Mr. Trump follows the air strike with some forceful diplomacy. The demonstration of renewed U.S. purpose in the region could have an electrifying impact across the Middle East. The Saudis, the Gulf Sunnis states and Turkey would begin to rethink their accommodation to the Russia-Assad-Iran axis of dominance that none of them wants.

Mr. Trump also needs to make Russia and Iran begin to pay a price for their support for Mr. Assad's depredations. They have had no incentive to negotiate an end to the civil war because they see themselves on the road to a relatively cost-free victory. That calculus may change if it looks like the costs of intervening are rising and Mr. Assad is no longer a sure winner.

The Trump Administration has to think about the kind of long-term solution it would like in Syria—perhaps a partition into ethnic enclaves—but the chances of getting there are better if the opposition has safe zones and Mr. Assad can't maraud with impunity.

The larger point for Mr. Trump to recognize is that he is being tested. The world—friend and foe—is watching to see how he responds to Mr. Assad's war crime. His quick air strike on the evening he was having dinner with Chinese President Xi Jinping makes clear that the Obama era is over. If he now follows with action to protect Syrian civilians and construct an anti-Assad coalition, he may find that new strategic possibilities open up to enhance U.S. interests and make the Middle East more stable.

The Nunes Takedown

Democrats successfully pressured House Intelligence Chairman Devin Nunes on Thursday to recuse himself from that committee's Russia probe. This is how today's Washington thanks Members who do their jobs.

Officially, Mr. Nunes stepped aside after the House Committee on Ethics said he was under investigation for accusations that he disclosed classified information. This followed complaints filed by progressive groups to the separate Office of Congressional Ethics (a Nancy Pelosi creation) claiming Mr. Nunes broke the law when he announced he'd seen reports proving the Obama White House received intelligence about Trump transition officials and unmasked at least one identity.

Mr. Nunes's real offense is believing he should investigate both sides of the Russia story—whether the Trump team colluded with the Russians, and the equally important question of whether Obama officials were snooping on their political opponents. Mr. Nunes had

brought the role of Mr. Obama's former National Security Adviser Susan Rice into the light.

It is ironic that Mr. Nunes's carefully worded press briefing was done in part to root out the real scandal of who in the Obama Administration gave the media the unmasked name and classified conversations of Donald Trump's first National Security Adviser, Michael Flynn.

The House Ethics Committee will make the final call on whether Mr. Nunes inappropriately discussed classified information. Democrats failed in their primary goal of stripping Mr. Nunes of his chairmanship. While he retains the rest of his Intelligence Committee duties, the Russia probe is now taken over by Michael Conaway (Texas), Trey Gowdy (South Carolina) and Tom Rooney (Florida).

This trio has a duty to finish what Mr. Nunes started. That means getting to the bottom of both internal snooping on U.S. citizens and any Trump-Russia ties.

Mitch McConnell's Finest Hour

The high drama of Thursday's Senate

vote to end filibusters of Supreme Court nominees was preceded by the low comedy of Minority Leader Chuck

Schumer's floor speech, which ended with this fantastic reverie: "Today we moved irreversibly from the Founders' principles of bipartisanship and moderation."

The Founders' bipartisanship? Someone send the Senator a ticket to "Hamilton."

The word "filibuster" exists nowhere in the Constitution. Since it first appeared in the Senate in 1837, it has been bent and revised numerous times until it fell into the hands of its undertaker—Senator Harry Reid.

Mr. Reid decided as Majority Leader in 2013 to kill filibusters for government appointees and appeals-court nominees. After that decision, the only relevant question was whether Mitch McConnell or Mr. Schumer would get the first chance to nuke the filibuster for the High Court. That choice was made in 2016 by the voters. The Republicans won. Judge Neil Gorsuch is now headed to the Supreme Court on a majority vote Friday in the Senate.

Democrats are trying to cover up this embarrassing loss with fig leafs, such as the idea that the filibuster is a sacred totem or that Mr. McConnell grievously sinned by withholding a

He holds the GOP together against a Gorsuch filibuster.

Sotomayor.

It must have been a shock when Mr. McConnell took that bet and waited for the results of the 2016 election to decide the future direction of the Supreme Court. He won. Mr. McConnell deserves great credit both for holding his ground then and for holding his caucus together on breaking the filibuster Thursday in the face of a cynical Democratic narrative about their "stolen" Supreme Court seat.

Mr. Schumer is right on one score—that the politicizing of Supreme Court nominees goes back a long way. We recall the exact moment: the 1987 nomination of Robert Bork. Like Judge Gorsuch, Bork's legal qualifications were unimpeachable. So the Democratic left created the then-new strategy of taking down Bork on politics alone. This week's episode upholds the principle that the Senate should be able to exercise its "advice and consent" role with a majority vote—in elections and the Senate.

but not if Republicans first have to etch in stone revenue and tax distribution levels that Democrats regard as perfect and untouchable.

TOM WALTERS
Fairfax, Va.

One must keep in mind that the border-adjusted tax (BAT) is a cousin of a value-added tax, where price increases due to VAT introduction is slightly compensated by a small reduction in income tax. VAT was introduced in more than 150 countries without any large movements in the currency, shifts in asset prices or trade wars. The World Trade Organization even encouraged countries to implement VAT. Since VAT and BAT are in principle the same (BAT is just a less burdensome and bureaucratic approach), nobody who accepts VAT's conformity with GATT can question BAT. There were more than 150 VAT implementations, and they should offer enough empirical data.

The U.S. dollar is different than other currencies because it assumes international payment and reserve functions which further offset or make the connection between domestic and foreign prices and foreign exchange rates murkier. BAT, being almost the same as VAT, is an economically superior concept. Should the U.S. implement BAT, many countries might follow.

WALTER OCHYNSKI, PH.D. (ECONOMICS)
Naples, Fla.

President Trump Has No Monopoly on Hubris

Joseph Epstein provides the fair assessment that an outsider with no political experience doesn't understand a lot about politics and governing—only about making money ("Trump and the Plutocrat's Hubris," op-ed, April 3).

It is also a fair assessment to say most lifelong politicians and government attorneys don't understand much about business and the economy. There is a reason the stock market has surged and workers' enthusiasm is high since President Trump was elected. Politicians don't understand the basic economics of the law of supply and demand, don't have to manage a payroll and budget as if their livelihood depended on them, and their performance at solving complex problems and achieving results isn't constantly being measured.

President Trump was primarily elected because he understands the economy and business. As a businessman, he understands that with more people working there is less strain on the safety net, less time for mischief by young men and more revenue to the system to support all the other government programs. We tried it one way the last eight years. Why not explore a new way of doing things as a businessman would? From a business perspective, the worst response to change is: This is the way we have always done it.

CONNIE GAZAWAY
San Jose, Calif.

ous state capitols. As most politicians are trained as lawyers, to them every social issue deserves legislation. Rather than considering market-based incentives or working with consumers, the insurance industry and health providers, the politicians gave us ObamaCare, which they either hadn't read (Nancy Pelosi) or about which they deceived us (President Obama). I'm willing to give President Trump a chance to apply his obvious decision-making skills to his new job. He's a refreshing change from decades of lawyerly or professorial lectures from previous inhabitants of the Oval Office, most of whom couldn't do a monthly closing or manage a cash cycle if their lives depended on it.

MIKE BAILEY
San Jose, Calif.

Mr. Epstein is criticizing the move in the eye of an individual while ignoring the beam in the eye of government. Politicians have increased our national debt to nearly \$20 trillion, incurred an almost unfathomable obligation to entitlement and pension programs, failed to accomplish progress in reducing poverty and violence in poor urban neighborhoods, failed to improve education, created a health-insurance crisis, divided our population and caused a feeling of hopelessness, all in the last couple of decades.

KENNETH L. AMYLON
Bristol, R.I.

Teachers Are Often the Last Hope of Students in Need

Ron Ezell's reference to his teachers not caring about personal problems or self-esteem would be most appropriate when discussing students of intact homes with role models of responsible adults ("Thomas Sowell and Preventing Future Poverty," Letters, March 25). Abraham Maslow described the hierarchy of needs—it is considerably more challenging to focus on the future when you are struggling to survive your present neglect and/or abuse. Secondary schools have transformed into community centers. Those of us who teach emotionally scarred, traumatized teens aren't trying to keep our jobs, but keep our students alive. Is Mr. Ezell honestly oblivious to the thousands who credit a teacher (or others) for restoring hope and allowing them to believe that they have the right to a future?

VALERIE OKOROCHA
Pasadena, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Now that I have a prefrontal cortex, I worry about everything."

LETTERS TO THE EDITOR

The Best of All Possible Tax Worlds Forever?

Regarding Jason Furman's "How to Make Tax Reform Bipartisan" (op-ed, April 3): An implicit assumption in the proposed fealty to revenue and distributional neutrality is that what is on the books now is as good as it gets in fairness and is optimal for economic growth. During Mr. Furman's 2013-2017 tenure as chairman of the White House Council of Economic Advisers, economic growth was tepid and aggregate federal revenues trailed federal spending by trillions of dollars.

Mr. Furman, in effect, is asking Republicans to endorse the ideal tax-burden distribution that Democrats sculpted in the past decade. Nearly half of U.S. tax filers pay no federal income taxes, and the top 20% of income earners pay 84% of the nation's total tax bill. For the past few decades, when Democrats had control of the White House and Congress, the time was ripe for tax reform that was in no way revenue or distributional neutral. Instead, tax burdens were shifted upward, the revenue base shrank and deficits grew when promised revenue growth was slower than spending growth. Whenever Republicans control Washington, however, Democrats scream bloody partisan murder if the GOP attempts to reduce or shift the tax burden in ways that are intended to boost economic growth. Mr. Furman's other four proposed steps to make tax reform bipartisan may be worth considering,

Joseph Epstein provides the fair assessment that an outsider with no political experience doesn't understand a lot about politics and governing—only about making money ("Trump and the Plutocrat's Hubris," op-ed, April 3).

It is also a fair assessment to say most lifelong politicians and government attorneys don't understand much about business and the economy. There is a reason the stock market has surged and workers' enthusiasm is high since President Trump was elected. Politicians don't understand the basic economics of the law of supply and demand, don't have to manage a payroll and budget as if their livelihood depended on them, and their performance at solving complex problems and achieving results isn't constantly being measured.

President Trump was primarily elected because he understands the economy and business. As a businessman, he understands that with more people working there is less strain on the safety net, less time for mischief by young men and more revenue to the system to support all the other government programs. We tried it one way the last eight years. Why not explore a new way of doing things as a businessman would? From a business perspective, the worst response to change is: This is the way we have always done it.

CONNIE GAZAWAY
San Jose, Calif.

Although I hail from a blue county in a blue state, many of us out here in the Bay Area understand what Mr. Trump's primary qualification is for the presidency, which is exactly why we voted for him.

"Everything is a nail to a hammer" comes to mind as those of us out here in the real world watch the gyrations in Washington, D.C., and in the vari-

An Idiotic Consequence of a Badly Thought-Through Act

Regarding Nigel Green's "A Corporate-Welfare Bonanza for Tax-Compliance Firms" (op-ed, April 3): For several years after the Foreign Account Tax Compliance Act was enacted, the IRS held that holding a World Bank pension was a foreign asset. It insisted on knowing the total value of the entire yearslong pension payments, an actuarial calculation of life expectancy. The World Bank headquarters is located on Pennsylvania Ave. in Washington, D.C., just down the street from the White House, and is hardly foreign. The yearly report had to be sent to some office in Detroit and not with your tax return.

As I remember, Sen. (then Rep.) Chris Van Hollen's office was instrumental in getting this idiotic rule changed. He had lots of World Bank retirees in his district. This brings up a clear issue. He had voted for the law, but it was the implementation of the regulation by the bureaucracy that caused the problem. This happens all the time and is one of the issues that got President Trump elected.

ROBERT YOUNKER

Rockville, Md.

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OPINION

An Anti-Koch Meltdown at Wake Forest

By Naomi Schaefer Riley

Denizens of the ivory tower are rarely nuanced in their statements about Charles and David Koch. But the professorial ruminations published last month at Wake Forest University break new ground by showing that disdain for conservatives weighs more heavily on faculty minds than academic freedom.

About two years ago, Wake Forest professor James Otteson came to the administration with an idea: a new center devoted to the study of happiness. Such programs are all the rage in psychology departments, but Mr. Otteson, a scholar of classical philosophy who has writ-

Professors are attacking the billionaires and undermining academic freedom.

ten books on Adam Smith, offered a unique interdisciplinary approach. Planning began for a center that draws scholars from across the university to study the political, economic, moral and cultural institutions that encourage human happiness. It was named the Eudaimonia Institute, after Aristotle's term for flourishing.

None of this elicited objections from the faculty until last September, when the university announced it had accepted \$3.7 million from the Charles Koch Foundation to support the institute over five years. The faculty senate then formed two committees to investigate Eudaimonia: one to report on the institute itself and another to study Wake Forest's policies related to Koch Foundation funding.

Citing the New Yorker magazine writer Jane Mayer's investigations into the Koch family, both committees concluded that Eudaimonia is really a way of sneaking capitalist ideas into the university. Never mind the ample evidence that the Koch brothers, who are open about their own ideas, are interested in exploring other points of view.

The first committee, in a report published last month, urged Wake Forest to "SEVER ALL CONNECTIONS TO THE CHARLES KOCH FOUNDATION." The original text, which went on at some length, was also in boldface and underlined. Where, one wonders, were the exclamation points and angry emojis?

The other committee concluded that the foundation's "parasitical" behavior threatened Wake Forest's "academic integrity, financial autonomy, and institutional governance." The faculty worrying about the Kochs' fortune seem to have forgotten that their campus exists in large part thanks to donations from the family behind R.J. Reynolds Tobacco Co.

The situation was deemed so grave that the latter committee recommended canceling the Eudaimonia Institute's April conference, freezing all hiring, and requiring that its publications and presentations be reviewed by another group of faculty ahead of time. Earlier this year the faculty announced they would not give credit to students taking a business class taught by Mr. Otteson—even though the course had nothing to do with Eudaimonia or the Koch Foundation. According to Daniel Hammond, a Wake Forest economics professor, the course would have earned students credit only if they remained business majors. If they changed their major, it would not count for graduation. Under pressure, the business school dropped the class as a prerequisite for majors.

Since it joined the World Trade Organization 16 years ago, China has experienced vast economic growth and become the second-largest economy in the world. Unfortunately, this merely created a wealthy class of Communist ruling elites, who continue to maintain their grip on power through ruthless violence, oppression and censorship.

The authorities round up human-rights lawyers with impunity, and reports of torture are rampant. Labor activists and women's-rights advocates are arbitrarily detained. Confessions are coerced and televised. Christians, Tibetan Buddhists, Uighur Muslims and Falun Gong practitioners who desire to worship and live out their faith peacefully are subjected to immense suspicion and repression.

Beijing forcibly repatriates North Korean refugees, despite knowing they will likely be imprisoned, tortured or murdered by the regime of Kim Jong Un, whose horrific abuses of his own people are crimes against humanity. The Chinese internet is controlled by a



ISTOCK/GETTY IMAGES

The report even includes links to a public forum held by the Charles Koch Institute with guests from liberal organizations such as the Brookings Institution.

The controversies over Koch cash—stoked in many cases by the George Soros-funded campus organization UnKoch My Campus—are not new. Faculty at the Catholic University of America complained last year that a \$10 million donation from the Charles Koch Foundation would undermine the school's religious teachings. The United Negro College Fund was roundly criticized after it took \$25 million of Koch money in 2014.

But the professors at Wake Forest have hit a new low. On March 15 the faculty senate passed a non-binding resolution against the Koch funding by a vote of 17-9. The provost offered only a lukewarm defense of Eudaimonia. "I have faith," he wrote to me, "in our faculty and

administrative practices that protect faculty research, creative work and teaching from any improper influence."

Eudaimonia already has safeguards in place to ensure intellectual freedom. Even before the Koch money was pledged, it had published a "Declaration of Research Independence," which states that the institute "maintains sole control over the selection of researchers, the composition of research teams, or the research design, methodology, analysis, or findings of EI research projects, as well as the content of EI-sponsored educational programs."

Ana Iltis, a Wake Forest bioethicist and faculty adviser to Eudaimonia, told me this week that she was surprised by her colleagues' "unwillingness to look at the work we're doing and take it seriously." She noted that the institute's board includes people from a variety of

religious, political, racial and academic backgrounds. Bill Leonard—another board member and a former dean of the Divinity School—led the fight for gays and lesbians to be admitted to the Baptist graduate school.

The controversy is even more ridiculous when considering the differences between the Eudaimonia Institute and other Wake Forest centers. Take the Pro Humanitate Institute, whose executive director, Melissa Harris-Perry, made a name for herself as a progressive activist on MSNBC. That institute does not pretend to ask life's big, open-ended questions. Rather, its mission statement declares that its purpose is "connected to clear practices with meaningful social justice outcomes."

No matter what these institutes focus on, the idea that other faculty might want to censor their work is worrying. Even more troubling is the notion that professors from one department could determine that courses taught in another department are not worthy of credit toward graduation.

Professors opposed to this madness are finally speaking up. A new petition has been circulating among the faculty objecting to the proposed censorship. Citing the recent statement regarding "truth-seeking" by Robert P. George and Cornel West, the signers note, "We stand in support of diversity and inclusion of all opinions and ideologies at Wake Forest University and celebrate such diversity as the character of our community."

But if the faculty senate is representative, professors who want to restrict their colleagues' intellectual pursuits are in the majority. "In the name of defending academic freedom," Ms. Iltis told me, "they're going to undermine it."

Ms. Riley is a senior fellow at the Independent Women's Forum.

Trump Shouldn't Let China Off the Hook for Human Rights

By Marco Rubio

No relationship is more important to the fate of the 21st century than that between the U.S. and China. As President Trump meets this week for the first time with Chinese President Xi Jinping, it is important to strike the right tone.

In recent days Secretary of State Rex Tillerson and other officials have rightly pressed China—North Korea's neighbor and main economic partner—to do more to halt Pyongyang's growing nuclear and missile threats. Mr. Trump has also focused on America's trade deficit with China and the real concerns of workers, particularly in manufacturing, whose livelihoods have suffered since Washington granted Permanent Normal Trade Relations status to Beijing in 2000.

These issues are important. But it would be a mistake for the U.S. to view its relationship with China only through the lenses of economics or security.

Proponents of normalized trade relations argued that China's economic growth would lead to greater political liberalization, improvements

in human rights, and increased respect for the rule of law. But that isn't what happened.

Since it joined the World Trade Organization 16 years ago, China has experienced vast economic growth and become the second-largest economy in the world. Unfortunately, this merely created a wealthy class of Communist ruling elites, who continue to maintain their grip on power through ruthless violence, oppression and censorship.

The authorities round up human-rights lawyers with impunity, and reports of torture are rampant. Labor activists and women's-rights advocates are arbitrarily detained. Confessions are coerced and televised. Christians, Tibetan Buddhists, Uighur Muslims and Falun Gong practitioners who desire to worship and live out their faith peacefully are subjected to immense suspicion and repression.

Beijing forcibly repatriates North Korean refugees, despite knowing they will likely be imprisoned, tortured or murdered by the regime of Kim Jong Un, whose horrific abuses of his own people are crimes against humanity. The Chinese internet is controlled by a

vast army of censors who maintain the "Great Firewall," which blocks websites such as Facebook and Twitter.

As the National Endowment for Democracy recently reported, China is taking unprecedented steps to control information by

History teaches that when a government tramples its people, it won't be a responsible global citizen.

"shaping international news media, guiding the evolution of the global Internet, and influencing global culture through Hollywood." Emboldened in its extraterritorial reach, Beijing is chipping away at Hong Kong's long-cherished and supposedly guaranteed autonomy, while conspiring with other authoritarian states to stifle independent civil society.

China is unfortunately starting to treat its neighbors in a similar way. It has increased economic and diplomatic pressure on Taiwan, a democratic ally of the U.S. under

the Taiwan Relations Act. China's illegitimate actions in the South China Sea, including flagrant violations of international norms, threaten the region's security and the free flow of American and international commerce. Sanctions against China for continuing these aggressions should be on the table if Beijing does not show restraint in these disputes and abide by international rulings.

China's authoritarianism, its disregard for the rule of law, and its growing desire to upend rather than support the rules-based international order should give the Trump administration pause about cutting any deals with Beijing. The long-term concerns regarding China's rise cannot be addressed through short-term concessions. America's strategy must instead be grounded in a comprehensive approach that addresses China's actions.

This week the Congressional-Executive Commission on China, of which I am chairman, is highlighting individual prisoners of conscience with the hashtag #FreeChinasHeroes. These people are not statistics. They are booksellers, pastors, writers, Nobel laureates, lawyers and

human-rights defenders. Their "offenses" vary but their plight is shared. They are the people who suffer as a result of President Xi's crackdown on dissent.

These cases and others should feature prominently in President Trump's discussions at Mar-a-Lago. Prioritizing human rights in our bilateral engagement with China is not only a moral imperative but also a strategic one.

History teaches that when a government fears its own citizens and tramples daily on their fundamental human rights, it is unlikely to become a responsible global stakeholder, abide by its international commitments, or be trustworthy in trade agreements or efforts to tackle common challenges.

This is why it is important that President Trump stand up to President Xi on these issues, rather than parroting Chinese Communist Party talking points, which purposefully mask the very real differences we have with Beijing and undermine American allies' confidence in our intentions. Anything less would be shortsighted.

Mr. Rubio, a Republican, is a U.S. senator from Florida.

How to Stop Worrying and Learn to Love the Nuclear Option

By John Yoo

And Sai Prakash

The Senate has gone nuclear again. After Democrats voted to "filibuster" the Supreme Court nomination of Judge Neil Gorsuch, which would have required 60 senators to agree to bring the appointment to a vote, Republicans effectively changed the rules to allow a simple majority to confirm Supreme Court justices. From this partisan clash, democracy will emerge the winner.

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somewhat a "bigger mistake" than the one the Democrats had made in 2013. Delaware's Sen. Chris Coons called it a "tragic" choice. Only three Democrats dissented from Mr. Reid's effort in 2013—and neither Mr. Schumer nor Mr. Coons was among them. The shoe always pinches when it is on the other foot.

But Republicans had more than revenge on their side; they have the Constitution. Article II, Section 2 creates no special vote threshold for nominees. By contrast, it explicitly requires "two thirds of the Senators present concur" to approve treaties. The Founders never constitutionalized the filibuster; the first one occurred in 1837. Congress managed to

reach fundamental decisions—the creation of the first departments, the proposing of the Bill of Rights, the establishment of Hamilton's national bank—without it. No filibuster was necessary then to secure a senatorial consensus. Nor, as the Gorsuch conflict demonstrates, can a filibuster today heal partisan polarization.

A Senate minority can still filibuster legislation, though there has been talk of reforming that rule too. As senators consider future steps, they shouldn't pay much heed to concerns about the filibuster's protection of the minority. The Senate's very structure is minoritarian, giving small states a disproportionate share of legislative power. The least populous 25 states have less than one-sixth of the U.S. population but

account for half the Senate's members.

Senators also should keep in mind that the filibuster has strayed far from its roots in promoting deliberation. As in the 1939 film "Mr. Smith Goes to Washington," senators had to filibuster by physically delivering speeches to prevent the

For decades the Senate filibuster has served as a means of avoiding debate, not extending it.

majority from calling for a vote. Sen. Strom Thurmond, then a Democrat from South Carolina, set the record by speaking for 24 hours against the 1957 Civil Rights Act.

But in 1917, senators adopted a procedure called "cloture" under which a two-thirds vote would end debate and bring a measure to a vote. That threshold was reduced to 60 votes in 1975—but five years earlier Majority Leader Mike Mansfield had introduced the "two track" system: If cloture couldn't be achieved, senators simply accepted that a filibuster would continue and turned to other business, without requiring anyone to keep speaking.

What had once been a rare showstopper that ground the Senate to a halt has become a cheap and easy way to increase the effective vote

threshold for Senate action to 60 votes. Senators "extend" debate by shrinking from it. Little wonder that filibusters are as common as broken campaign promises.

Democrats should check their rage against President Trump and consider the long game. The more enlightened elements of their party have long opposed the filibuster. It is no coincidence that the Senate first adopted cloture during the presidency of Woodrow Wilson, or that it reduced the threshold to 60 votes just after the Watergate class of 1974 took their seats. When Democrats regain the Senate and the White House, they will be able to cite this week's reform as a precedent for wholesale elimination of the filibuster—if Republicans haven't gotten there first.

Neither Republicans nor Democrats should fear institutional change. Arcane and opaque rules have allowed a minority to paralyze the Senate and prevent consideration of nominees, treaties and legislation. Democracy is too important to permit winks, nods and obstruction to be the order of the day. Senators should stop worrying and learn to love the nuclear option.

Mr. Yoo is a law professor at the University of California, Berkeley, and a visiting scholar at

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Friday, April 7, 2017 | B1

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Banks Clash With NYSE Over Data

Rift over who owns lucrative information about trading activity divides Wall Street

By ALEXANDER OSIPOVICH

Some of Wall Street's biggest firms are balking at an attempt by the New York Stock Exchange to assert greater control over market data—a behind-the-scenes spat that highlights the growing importance of Big Data in today's financial markets.

J.P. Morgan Chase & Co., Citigroup Inc., Goldman Sachs

Group Inc. and electronic traders Virtu Financial Inc. and KCG Holdings Inc. are among the firms concerned about the exchange's move, people familiar with the situation said. Virtu confirmed its opposition to NYSE's move, while none of the others would speak on the record.

The dispute centers on a new contract, called the NYSE Master User Agreement, which the exchange operator is requiring firms to sign to keep trading on its markets.

At the heart of the dispute is legal language about who owns the data that brokers submit to the exchange when they buy

and sell stocks. The contract implies that NYSE owns the data. Brokers and trading firms say the data are rightfully theirs.

Exchanges aggregate such data and sell it in the form of high-speed feeds—often to the same firms whose trading activity generated the data in the first place. Such data feeds have become a growing source of revenue for exchanges in recent years, prompting complaints from Wall Street firms that they are being overcharged.

"This dispute demonstrates the fundamental point market participants have been making about the exchange's unchecked control over market data and its

pricing," Virtu Chief Executive Doug Cifu said in an email.

"You'd be hard pressed to find another industry where a government-licensed entity can take your intellectual property and sell it back to you at an arbitrarily high markup," Mr. Cifu said.

The Master User Agreement, a seven-page document available on NYSE's website, differs from similar contracts from the Big Board's competitors, lawyers say.

"It appears that NYSE could be going further than other exchanges," said David Fransasiak, a lawyer who reviewed the agreement for The Wall Street

Journal. Mr. Fransasiak is a principal at Williams & Jensen PLLC, a law and lobbying firm that has worked for brokerage firms, but he isn't involved in the dispute.

Dozens of other firms have already signed the agreement, a person close to NYSE said.

The clash began early this year when NYSE released an update to the contract, replacing a previous version that brokers had found acceptable and surprising them with the new language, according to one of the people familiar with the dispute.

Upset brokers reached out to Please see DATA page B2

Ford Plans Electric Vehicles In China

By TREFOR MOSS

SHANGHAI—Ford Motor Co. said it would start building electric cars in China to tap into a state-sponsored boom in green-energy vehicles.

In doing so, the Detroit-based company signaled that it had swallowed industry concerns about bringing proprietary electric-car technology to China, despite misgivings among foreign auto makers about intellectual-property protection in the world's largest auto market.

"It's manifest destiny" for foreign car makers to get past those fears and start building electric cars in China, said Bill Russo, managing director of Gao Feng Advisory, a Shanghai consulting firm.

Mass uptake of electric vehicles is set to happen in China first, he said, "and none of those companies can afford not to be relevant to the future of their industry."

Ford's local joint venture, Changan Ford Automobile Co., will start building the Mondeo Energi plug-in hybrid vehicle in China next year, with a new all-electric sport-utility vehicle set to follow within five years, the company said Thursday.

Electric powertrains will be manufactured in China by 2020, and by 2025 all of Changan Ford's vehicles will come in electrified versions, it said.

"The time is right for Ford to expand our EV lineup and investments in China," said Ford Chief Executive Mark Fields.

China is already the world's largest market for electric vehicles, with over half a million electric or hybrid cars sold there last year, according to the China Association of Automobile Manufacturers.

The government is encouraging them by heavily subsidizing electric cars.

Local authorities have also set ambitious targets for electrifying bus and taxi fleets over the next few years, and for the rollout of electric-vehicle charging facilities.

There could be as many as 32 million new-energy vehicles in China by 2025, according to Gao Feng Advisory, a total that is likely to be a substantial share of the global fleet, with the increase in electric vehicles in the U.S. and Europe happening more slowly.

While most gasoline-powered cars sold in China are built by foreign auto makers operating through joint ventures, almost all of the electric cars sold in China last year were made by Chinese companies operating without foreign involvement.

Inside a Quant 'Alpha Factory'

Igor Tulchinsky's company is part of a renaissance in quantitative investing

By BRADLEY HOPE

As a 20-something computer engineer looking for a job in the 1990s, Igor Tulchinsky hit on an idea: Mail thousands of flattering letters to chief executives of companies in the belief that one of them would land on the right desk. The tactic paid off when he scored a job as a trading strategist that set him on track to a successful career on Wall Street.

At WorldQuant LLC, a quantitative investment firm Mr. Tulchinsky founded in 2007, the same formula is at the core of the firm's DNA. In searching for patterns in torrents of data coming out of an increasingly connected world, WorldQuant aims to get the maximum number of minds working on problems at any moment. The firm is part of the forefront of a quantitative renaissance in investing, in which the ability to make sense of billions of bits of data in real time is more sought after than old-school financial analysis.

"Brilliance is very equally distributed across the world, but opportunity is not," said Mr. Tulchinsky, a 50-year-old Belarusian. "We provide the opportunity."

To do this, WorldQuant developed a model in which it employs hundreds of scientists, including 125 Ph.D.s, around the world and hundreds more part-time workers to scour the noise of the economy and markets for hidden patterns. This is the heart of the firm. Mr. Tulchinsky calls it the "Alpha Factory."

That is why his Old Greenwich, Conn., firm built a web of international offices unlike any other investment firm. Apart from five offices in the U.S., WorldQuant has 15 foreign outposts in places such as Moscow; Sofia, Bulgaria; Bangkok; Beijing; Mumbai;

Please see QUANT page B2

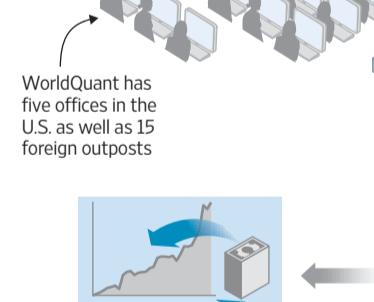


Igor Tulchinsky says his business 'comes down to turning data into ideas into investments.'

Seeking Alpha

How WorldQuant scours global markets for hidden patterns

Researchers around the world analyze the data, coming up with 'alphas'

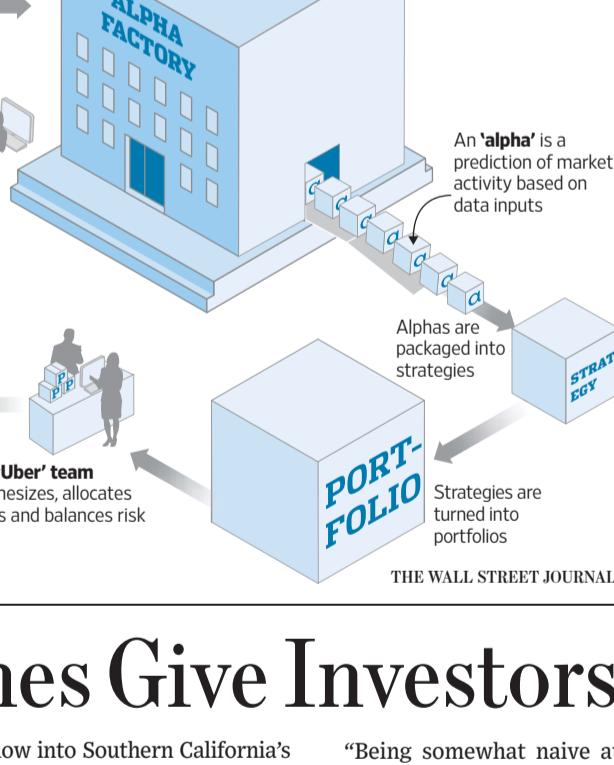


WorldQuant has five offices in the U.S. as well as 15 foreign outposts

Trade is executed

The 'Uber' team synthesizes, allocates funds and balances risk

Sources: WSJ analysis; company interviews



THE WALL STREET JOURNAL.

INSIDE



COMCAST LEAPS INTO WIRELESS

MOBILE, B2



ENERGY FUELS GAINS FOR STOCKS

MARKETS, B11

Power Lines Give Investors a Charge

By RUSSELL GOLD

What if the wind sweeping down the plains of Wyoming could be harnessed to generate enough electricity to power the city of Los Angeles?

It soon could, thanks to a \$9 billion wind farm and electricity superhighway backed by billionaire Philip Anschutz—one of a series of transmission-line projects that private investors are bankrolling to bring renewable energy from America's hinterlands to its urban centers.

Near Rawlins, in rural Wyoming, crews are prepping land near the state line with Colorado so they can build a 3,000-megawatt wind farm, which could be the largest ever constructed in the U.S.

Crucial for moving all that renewable power to market: Mr. Anschutz's proposed 730-mile transmission line—a giant extension cord of sorts that will deliver the electricity to a point near Las Vegas. From there, the power can easily

flow into Southern California's grid. Mr. Anschutz isn't the only wealthy investor pumping money into power-line projects in an effort to bring green energy to big cities. The Ziff family, whose fortune harks back to the glory days of magazine publishing, also is partly funding a green-power project between Oklahoma and Tennessee.

Altogether, these and other merchant-transmission projects could cost upward of \$17 billion, plus at least a further \$20 billion in wind, solar and hydro projects to fill these lines. Despite deep pockets and state mandates for more renewable energy, fortifying the grid to move green power from the middle of the country where it is reliable and cheap to produce to metroplexes where it is needed has proved problematic, said Bill Miller, who is spearheading the Anschutz Corp. project.

Other investors and financial partners may later help finance the transmission line.

"Being somewhat naive at the time, I thought that even a project as complex as this could have been done in five years," he said. Eight-and-a-half years and counting, the project is still being developed. The multistate transmission line finally received a key federal permit in December. Mr.

HELEN H. RICHARDSON/THE DENVER POST/GETTY IMAGES



Billionaire Philip Anschutz is backing a transmission-line project.

The rash of initial public

Please see STREET page B10

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Founders Fund.....B3
Aetna.....A2	General Electric.....A2
Affirm.....B4	General Mills.....A8
Alibaba Group Holding.....B3	General Motors.....B3
Alphabet.....B5	Goldman Sachs Group.....A2,B1
Amazon.com.....B3	Haier Group.....A2
Anbaric.....B2	HNA Group.....B11
Andreessen Horowitz.....B3	IEX Group.....B2
Anschutz.....B1	Intercontinental Exchange.....B2
Apple.....B10,B12	J.P. Morgan Chase.....B1
AT&T.....B2	Kraft Heinz.....A1,B12
AXA.....B10	KCG Holdings.....B1
Baidu.....B10	KPMG.....B10
Barclays.....B10	Lyft.....B3
Bluescape Energy Partners.....B2	Macromedia.....B10
Broadcom.....B12	Mead Johnson Nutrition.....A8
Changan Ford Automobile.....B1	MetLife.....B11
Charles Schwab.....B11	Munich Re.....B10
Chesapeake Energy.....B11	Nasdaq.....B2
Citigroup.....B1	National Grid.....B2
Clean Line Energy Partners.....B2	Navient.....B11
Comcast.....B2	Newfield Exploration.....B11
Conagra Brands.....A8	
D - F	
Danone.....A8	
Denizens Brewing.....A2	
Deutsche Bank.....B11	
Devon Energy.....B11	
Ford Motor.....B1,B12	

INDEX TO PEOPLE

A	Kwan, Gordon.....B11
Anschutz, Philip.....B1	Lapthorne, Andrew.....B1
Arcuri, Tim.....B12	LaVorgna, Joseph.....B11
Arnopolin, Yacov.....B12	Lee Jae-yong.....B4
B	Leinweber, David.....B2
Burke, Jenny.....B3	Levchin, Max.....B4
C	Mark Fields.....B12
Contogoulas, Stylianos.....B10	McGilligan, Gene.....B11
F	Miller, Bill.....B1
Franasiak, David.....B1	Norman, James.....B11
H	O'Sullivan, Jim.....B11
Hazelip, Will.....B2	Pai, Ajit.....B2
J	Pugh, Tom.....B11
Jiao Ke.....B4	Rear, Andy.....B10
K	Ritchie, Ryan Michael.....B10
L	Schneider, Ulf Mark.....A8
M	Schutte, Brent.....B11
N	Skelly, Michael.....B2
O	Snyder, Ed.....B12
P	Stevenson, Hillary.....B11
R	Tulchinsky, Igor.....B1
S	Walchek, Scott.....B10

QUANT

Continued from the prior page
Hanoi; Seoul; and Ramat Gan, Israel, where researchers develop code to trade the markets.

It manages more than \$5 billion and has more than 500 employees. By comparison, its competitor, Two Sigma Investments LLC, manages more than \$45 billion and has more than 1,100 employees.

Quantitative hedge funds have been around for decades but are becoming dominant players in the markets for their ability to parse massive datasets and trade rapidly. Amid huge outflows, traditional hedge funds are bringing aboard chief data scientists and trying to mimic quant techniques to keep up, fund executives say.

Some critics of quants believe their strategies are over-hyped and are highly susceptible to finding false patterns in the noise of data. David

WorldQuant founder Igor Tulchinsky is aiming for 100 million 'alphas.'

Leinweber, a data scientist, famously found that the dataset with the highest correlation with the S&P 500 over a 10-year period in the 1990s was butter production in Bangladesh.

WorldQuant has stayed below the radar, because it has always exclusively managed money for one client, Israel Englander's \$34.6 billion hedge fund, Millennium Management LLC. It has never published performance numbers, but people briefed on the matter said the firm has never had a down year.

Global outposts are just one part of the operation. WorldQuant also draws in amateur quantitative traders through a platform called WebSim, which gives people access to data and a system to test ideas. From there, it found more than 450 paid consultants to WorldQuant whose algorithms are added into the company's central database and often used in trading. That approach lets engineers, computer scientists and mathematicians working in any field work on quantitative investing on the side.

The "Alpha Factory" breaks up the process of investing into a quantitative-trading assembly line. The inputs are data acquired by a special group that scours the globe

for interesting and new datasets, including everything from detailed market-pricing data to shipping statistics to footfall in stores captured by apps on smartphones.

Researchers around the world attack the data with computing power and mathematical techniques to find patterns. They write algorithms that purport to predict similar patterns in the future, test them extensively and then add them into a central repository.

Mr. Tulchinsky said the company has four million "alphas" to date and is aiming for 100 million. Each alpha at WorldQuant is an algorithm that seeks to profit by predicting some future change in the price of a stock, futures contract or other asset.

Other groups combine alphas into strategies and strategies into bigger portfolios. The "Uber" team then works on perhaps the most crucial system of allocating funds among them and balancing the whole company's trading to weigh risk and avoid strategies cannibalizing each other. WorldQuant largely focuses on stocks.

"It comes down to turning data into ideas into investments," Mr. Tulchinsky said. "When we started out with very few alphas, we were concerned with secrecy, but now that we have millions, no one alpha is important. Our edge is putting things together, it's the implementation."

The idea is that with so many "alphas," even weak signals can be useful. If counting cars in parking lots next to big box retailers has only a tiny predictive power for those retailers' stock prices, it can still be used to enhance a bigger prediction if combined with other weak signals.

For instance, an uptick in cars at Wal-Mart parking lots—a relatively weak signal—could combine with similar trends captured by mobile-phone apps and credit-card receipts harvested by companies that scan emails to create a more reliable prediction.

To help keep such a global operation in sync, WorldQuant brought in the consulting company of former Gen. Stanley McChrystal for ideas. Now, every two weeks the entire firm logs in to a companywide videoconference called the "Keystone Forum" in which research is discussed among the entire research staff.

"We're like a combination between a university, the military and a trading organization," Mr. Tulchinsky said.

—James Hookway contributed to this article.

BUSINESS & FINANCE

Comcast Enters Wireless

BY SHALINI RAMACHANDRAN AND RYAN KNUTSON

Comcast Corp. is entering the fiercely competitive wireless phone market, just as big carriers such as AT&T Inc. and Verizon Communications Inc. are pushing unlimited data plans and jockeying for a piece of Comcast's television turf.

The largest U.S. cable-television company by subscribers unveiled Thursday details of a service, dubbed Xfinity Mobile, that it has been preparing to launch for years. The service will be available to customers only in combination with at least the company's home internet service.

Comcast will offer unlimited calling, texting and data plans that cost either \$45 or \$65 a month per line, depending on how many other Comcast services are bundled together. Comcast also has a unique offer: the chance to pay just \$12 a gigabyte. That means some customers who don't use a lot of data can opt for a plan that is much cheaper than what major carriers offer.

Comcast's \$65-per-line option is \$15 less than what Verizon charges for a single unlimited line and undercuts AT&T by \$25. Customers can get the \$45 option only if they have one of Comcast's high-end internet and cable bundles, which start at \$150 a month.

Comcast hopes that by offering a "quad play"—cable TV, home internet, home phone and wireless service—customers will be more likely to stick with Comcast and less likely to cut the cord. While AT&T and Verizon have the ability to bundle all four services in some markets, neither firm has done so aggressively.

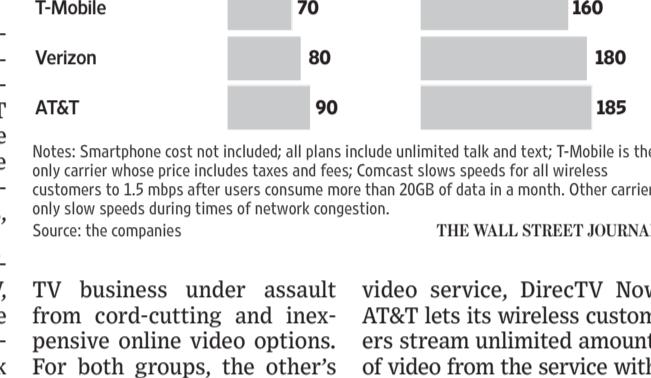
Wireless carriers are contending with slowed growth and a cutthroat price war for mobile customers, while cable companies such as Comcast are navigating a saturated pay-



Cable-TV giant Comcast, which already provides Wi-Fi hot spots, says it would begin offering wireless phone service nationwide.

Is Comcast Wireless a Good Deal?

Comcast's new cellphone plans, which run over Verizon's network, are only available to customers who also buy one of its other services, such as home internet or cable TV.



Notes: Smartphone cost not included; all plans include unlimited talk and text; T-Mobile is the only carrier whose price includes taxes and fees; Comcast slows speeds for all wireless customers to 1.5 mbps after users consume more than 20GB of data in a month. Other carriers only slow speeds during times of network congestion.

Source: the companies

THE WALL STREET JOURNAL.

TV business under assault from cord-cutting and inexpensive online video options. For both groups, the other's turf looks ripe for disruption.

"The view is completely different if you're an incumbent versus if you're a challenger," said MoffettNathanson analyst Craig Moffett. "For a challenger, all you can see is green grass and wide open spaces."

AT&T, which bought DirecTV in 2015, has aggressively gone after cable. In November, it started selling a streaming-

video service, DirecTV Now. AT&T lets its wireless customers stream unlimited amounts of video from the service without counting against data caps.

Verizon is also laying the groundwork for a similar streaming-video service that could compete with cable-TV bundles, people familiar with the matter said. It has also touted plans to build ultra-high-speed wireless connections, known as 5G, that could one day compete with home broadband services.

DATA

Continued from the prior page

one another and held conference calls, including as recently as March 30, people briefed on the discussions said. One person said NYSE was set to take part in the call last week but backed out. The person close to NYSE said the exchange has been engaged in dialogue with the firms.

Another call involved the Securities and Exchange Commission, which is monitoring the situation and remaining neutral, a person familiar with the matter said.

Controversy over the cost of market data has been brewing for years. Brokers complain that exchanges like NYSE, which was a nonprofit until 2006, have become more aggressive about raising data fees since they turned into for-profit corporations.

NYSE's owner, Intercontinental Exchange Inc., has beefed up its data business since completing its acquisition of the Big Board in 2013. Last year, 44% of ICE's net revenue came from market-data sales and related fees, up from 9% in 2011. Much of that increase is due to acquisitions of data companies, but some is attributable to price increases and new data

products, according to the company's SEC filings.

ICE has said in the past that its data fees are reasonable, and exchanges reject claims that they are abusing their market power.

In many of the user agreements for U.S. exchanges, firms give up some rights to market data to be allowed to trade on the exchange. There is typically a provision in which users grant the exchange a license to take their raw trading data and resell it in the form of aggregated data products, provided that the identities of the people or firms behind the trades aren't revealed.

NYSE competitors Nasdaq

FCC Shift On Net Neutrality Is Readied

BY JOHN D. MCKINNON

Federal Communications Commission Chairman Ajit Pai laid out preliminary plans to roll back the agency's net neutrality rules in a meeting this week with trade associations, according to several people familiar with the matter.

The conversation shows that the FCC chairman is inching closer to making his plans public, possibly as soon as this month. The plans appear aimed at preserving the basic principles of net neutrality but shifting responsibility for enforcement to the Federal Trade Commission, while undoing what Republican critics regard as the regulatory overreach of the FCC's rules.

FCC officials didn't respond to requests for comment.

The FCC created the rules during the Obama administration, requiring internet service providers to treat all traffic the same. The regulations have been criticized by telecommunications companies, as well as Mr. Pai and other Republicans, who say the rules could discourage broadband investment.

Broadband providers have challenged the FCC rules in court, so far unsuccessfully. A federal appeals court panel upheld the rules last year, but further appeals continue.

It remains unclear when the FCC could move forward with the planned rollback, which is sure to spark an outcry from consumer groups and some congressional Democrats. They view strong net neutrality rules as crucial to maintaining competition on the internet.

Some details of the meeting were earlier reported by Politico Pro.

Inc., Bats and IEX Group Inc. all have such clauses in their user agreements. They also contain boilerplate language stating that the user "retains all ownership and other rights" to the data they submit to the exchange.

But the NYSE Master User Agreement contains no such provision. Instead, it states that market data on the exchange is the property of NYSE.

It also lacks a licensing provision in which users grant the exchange the right to use their data—even though past NYSE user agreements have contained such language.

—Dave Michaels contributed to this article.

POWER

Continued from the prior page

Several renewable-energy lobbying groups, including the American Wind Energy Association, asked Congress in March to make sure transmission upgrades were included in any proposed infrastructure bill. Transmission lines have some of the same issues as pipelines—they move long distances, across many jurisdictions and require rights of way that can spur contentious land disputes. The projects have encountered some local opposition, mainly from groups that oppose overhead power lines.

Environmental groups generally support the renewable-energy focus of these projects. Unlike big transmission projects of the past, these lines aren't proposed or paid for by utilities that can pass along the cost to customers and take a guaranteed profit.

New power plants are privately financed, similar to oil and gas pipelines. The projects are driven by "competitive energy markets and demand for clean energy," said Will Hazelip, vice president of U.S. business development for National Grid PLC. The company is developing two transmission lines, in Maine and Vermont to bring more wind and hydro power to New England.

National Grid also is backing a giant transmission line proposed between western Oklahoma and Memphis, Tenn. Preliminary work has started on a 4,000-megawatt wind farm to feed power into it, which would eclipse the Wyoming wind farm.

For instance, an uptick in cars at Wal-Mart parking lots—a relatively weak signal—could combine with similar trends captured by mobile-phone apps and credit-card receipts harvested by companies that scan emails to create a more reliable prediction.

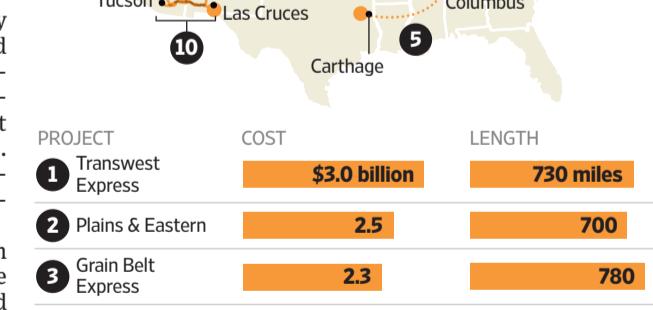
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"We're like a combination between a university, the military and a trading organization," Mr. Tulchinsky said.

—James Hookway contributed to this article.

Electron Superhighways

Several privately funded, high-voltage transmission lines are under development to move renewable energy to large cities.



BUSINESS NEWS

U.S. Shipping Probe Heats Up

BY COSTAS PARIS
AND PAUL PAGE

The U.S. Department of Justice's investigation of the world's top shipping companies is examining alleged price collusion against tugboat operators and other service providers, people familiar with the matter said, a probe that could complicate their plans to move cargo to the U.S. as part of three global alliances.

Federal investigators raided a March meeting of the world's 18 largest container shipping operators—known as the Box Club—in San Francisco and subpoenaed top executives at several companies as part of a probe.

The inquiry is looking into alleged price collusion against service providers.

The investigators asked for documents ranging from the activities of the Box Club to how capacity is shared within the alliances and how pricing is set for world-wide trades, said one person familiar with the matter. "It's one of the most wide-ranging inquiries regarding competition and compliance in the maritime industry," this person said.

The carriers have said they are cooperating with the U.S. investigators.

The alliances, made up of European and Asian carriers, kicked off operations this week and move around 90% of all cargo across major trade routes. The goal is to share port calls and vessels in an effort to save billions of dollars in annual operating costs.

The three groupings have been given the green light to operate in U.S. waters by the Federal Maritime Commission,

the country's marine watchdog. The antitrust immunity granted by the FMC allows the carriers to move containers on each other's ships as long as they don't trade information on shipping prices.

The probe, which could involve testimonies by the chief executives of the carriers, was likely sparked by language in the alliance applications to the FMC that sought permission to negotiate as a group with tug boat operators, fuel suppliers and other service providers, said another person familiar with the matter.

"Some of the international ocean carriers are attempting to gain limited antitrust immunity to collectively negotiate contracts with U.S. domestic suppliers and service providers such as tugs, barges and equipment lessors," said William Doyle, an FMC commissioner. "It's simply unfair to the domestic service providers, and an overreach by the carriers."

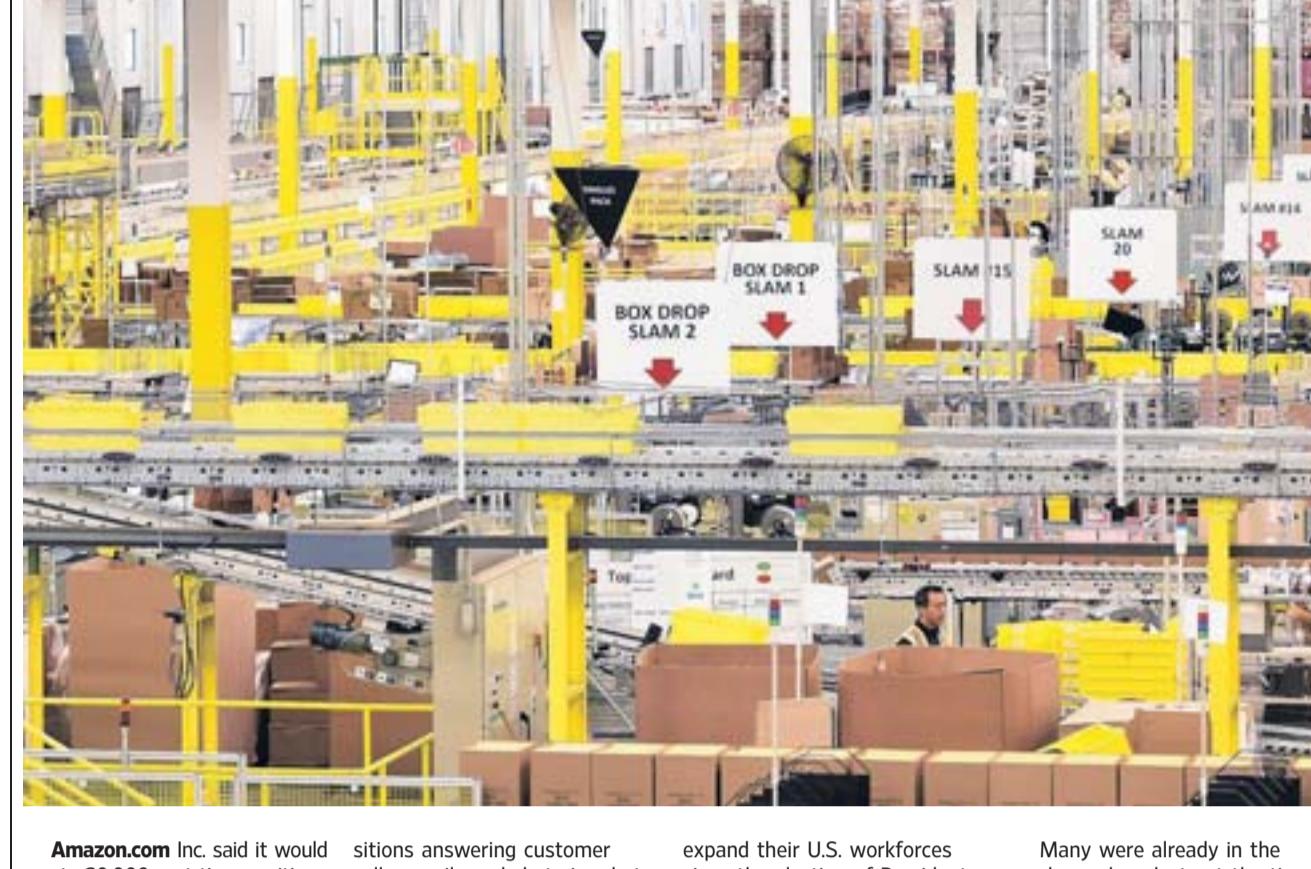
Lawmakers at a congressional hearing on April 4 sharply attacked the alliances.

"There is no one in the industry who thinks these people aren't getting together in the room and colluding over pricing and who's going to control what harbors, what marine facilities," said Rep. Pete DeFazio (D., Ore.).

Mr. DeFazio said the alliances "controlled substantially by foreign interests" raise national security and competitiveness concerns for the U.S., and Congress "should visit the antitrust immunity that's been granted under law, limited as it may be."

The people involved in the matter said some members of Congress may consider legislation that could largely remove the alliances' antitrust immunity, making it difficult for the container operators to sail as part of groups in U.S. waters under their current regulatory structure.

Amazon to Boost Part-Time Staffing



NOAH BERGER/REUTERS

Amazon.com Inc. said it would create 30,000 part-time positions in the U.S. over the next year, nearly doubling the total as its customer base and sprawling warehouse network expand.

Of the jobs, 25,000 will be warehouse positions and the remaining 5,000, home-based po-

sitions answering customer calls, emails and chats in what the online retailer calls its virtual customer-service department. An Amazon Fulfillment Center in California is shown.

Companies from **Ford Motor Co.** to **Charter Communications Inc.** have been touting plans to

expand their U.S. workforces since the election of President Donald Trump, who emphasized job creation during the campaign and has chastised companies for sending jobs abroad.

Amazon said in January that it would create 100,000 full-time positions over 18 months.

Many were already in the works, and analysts at the time said the announcement was part of an effort to patch up the company's contentious relationship with Mr. Trump.

Amazon hasn't previously disclosed its part-time hiring plans.

—Laura Stevens

Consumer Gene Test for Disease Gains

BY THOMAS M. BURTON

The Food and Drug Administration approved the first-ever direct-to-consumer genetic testing of personal risk of contracting 10 serious conditions including late-onset Alzheimer's, Parkinson's disease, celiac disease and a hereditary blood-clot condition called thrombophilia.

The product is offered by the closely held genetics-testing company **23andMe Inc.**, which was initially stymied by the FDA in 2013 when it sought to sell such saliva-anal-

ysis tests to the general public. By 2015, it had gained FDA approval to offer consumers a test of whether they carried a genetic variant for any one of 36 diseases that could be inherited by their children.

Those hereditary tests assessed the likelihood of transmission for conditions like cystic fibrosis, sickle cell anemia and a disease known as Bloom syndrome.

To date, about two million people have bought a test from 23andMe, whose products include an ancestry test for \$99 and a combined health and

ancestry test for \$199. With the FDA's latest approval, customers will soon be able to get information about their risk for the 10 diseases included in that \$199 package.

The company's executives, in an interview, said information about four of those diseases—including a gene variant known as AAT deficiency that can lead to lung or liver disease—will be available by the end of this month, and others will be rolled out later.

The Mountain View, Calif., company stressed that, in all cases, the test "does not de-

scribe a person's overall risk" of developing the disease in question, which can be affected by environmental factors and a person's lifestyle.

"This is a very significant development," said Jeffrey N. Gibbs, a medical-device attorney with the Washington firm of Hyman, Phelps & McNamara who specializes in FDA matters. Future tests of a person's genetic risk can go through an FDA process that simply requires a company to demonstrate its product is substantially equivalent to one already on the market.

Twitter Sues Over Summons

BY JOE PALAZZOLO

Twitter Inc. sued the U.S. Department of Homeland Security in federal court on Thursday, alleging the agency sent an unlawful summons to the company demanding records that would expose the identity of a Trump administration critic.

The lawsuit, filed in federal district court in San Francisco, said U.S. Customs and Border Protection, a unit of DHS, faxed an administrative summons to Twitter on March 14 requiring the company to provide information associated with the account @ALT_USCIS.

The user or users behind @ALT_USCIS, one of several

"alternative" accounts that purport to represent the dissenting views of officials within federal agencies, has produced nearly 9,000 tweets in the two months since its inception, many of them critical of the Trump administration officials and immigration policies. The account has nearly 46,000 followers.

"How much are we taxpayers paying Mar-A-Chester for this setup? but meals on wheels." @ALT_USCIS wrote on its Twitter account Thursday, to photos of place settings at U.S. President Donald Trump's Mar-a-Lago club for Thursday's meeting between him and Chinese President Xi Jinping.

The lawsuit requests that a

federal judge declare the CPB summons unlawful and unenforceable under federal law and the First Amendment.

Permitting CPB to pierce the pseudonym of the @ALT_USCIS account would have a grave chilling effect on the speech of that account in particular and on the many other 'alternative agency' accounts that have been created to voice dissent to government policies," Mark Flanagan, a lawyer for Twitter, wrote in the complaint.

A spokeswoman for Twitter declined to comment.

Jenny Burke, a spokeswoman for the Department of Homeland Security, said the agency doesn't comment on pending litigation.

"It was like sunshine just poured into my house!"

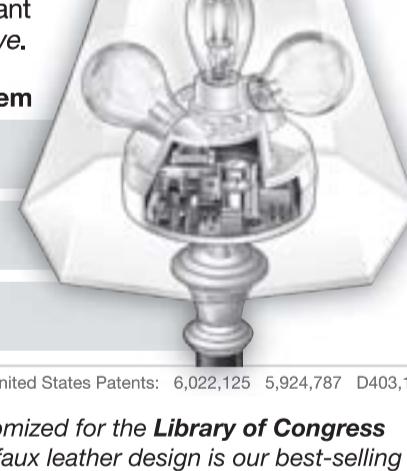
— Peter W., Welches, OR

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"This is like reading in sunlight!"

— Susan A., Long Valley, NJ

SUSAN MONToya BRYAN/ASSOCIATED PRESS

Lyft's signature mustache on a car in Albuquerque, N.M. Lyft is finishing a \$500 million funding round.

Lyft's Valuation Hits \$7.5 Billion

BY ROLFE WINKLER
AND GREG BENINGER

Ride-hailing company **Lyft Inc.** is completing a new \$500 million funding round that sharply increases its valuation at a time when larger rival **Uber Technologies Inc.** is reeling from scandals.

Lyft's new round puts its valuation at about \$7.5 billion including the funds raised, up from a previous valuation of \$5.5 billion early last year, according to a person familiar with the matter. The company

disclosed the new funding in a corporate filing, according to Equidate Inc., a stock market for private companies.

The San Francisco company, which bills itself as a kind of anti-Uber, had been discussing with investors a valuation of between \$6 billion and \$7 billion. The Wall Street Journal reported last month. As measured by share price, the company boosted its value by 20% from the prior round, according to corporate filings.

It isn't clear who invested in the new round. Lyft's inves-

tors include companies such as **Alibaba Group Holding Ltd.** and **General Motors Co.**, and venture firms such as **Andreessen Horowitz** and Peter Thiel's **Founders Fund**.

Uber, which operates around the world, is valued roughly 10 times higher by investors at nearly \$70 billion.

But Uber has lately been buffeted by bad headlines. The company is investigating allegations that it tolerates sexual harassment and sexism and is dealing with several executive departures.

TECHNOLOGY

WSJ.com/Tech

Artificial Intelligence Is Monitoring, And Evaluating, Potential Borrowers

To judge potential borrowers, lending app Yongqianbao collects more than 1,200 data points, from the usual credit information like a bank-card number to what phone a person uses and how many calls go unanswered.

Financial-technology upstarts like Yongqianbao are on the leading edge of credit scoring, using artificial intelligence to analyze swells of data. "While banks only focus on the tip of the iceberg above the sea, we build algorithms to make sense of the vast amount of data under the sea," says Jiao Ke, founder and chief executive of Yongqianbao, a product of Beijing Smarter Finance Information Technology.

China is an ideal laboratory. The country lacks reliable credit-history systems for individuals, while data-privacy expectations are minimal and smartphones are used by young Chinese for nearly everything—including personal finance.

Some 160 million Chinese went online to take out loans worth 1.2 trillion yuan (\$173.9 billion) in 2016, according to research firm iResearch. That puts China way ahead of any other country, including the U.S., where online lenders provided more than \$36 billion of loans in 2015, according to KPMG. And iResearch forecasts China's total will grow at an annual rate of about 50% for the next three years.

In the U.S., credit reports include bill-payment and loan histories, current debt, even criminal records. In China, mortgages were barely available before 2000. Americans average 2.6 credit cards each; Chinese, a third



Young Chinese rely heavily on smartphones. Startups are analyzing mobile data to assess credit risk.

of a card. Plus, many Chinese are still paid in cash.

Fintech in China is grappling with fraud and defaults, a result in part of fast growth and spotty regulation. The iResearch report says overdue rates over the past four years ranged from 10% to 20%—the “main factor that prevents online lending from becoming a mainstream channel in China’s financial industry.”

Fintech champions say artificial intelligence is bringing default rates down by finding correlations between smartphone behavior and risk and using them to create tools that can analyze creditworthiness.

Yongqianbao crunches its 1,200 data points to generate more than 100,000 risk scenarios in a few seconds. The result: a loan whose terms are tailor-made.

Fintech startups elsewhere are also using alternative data such as mobile usage and online-shopping records to assess credit risk.

But China’s scale—695 million smartphone users and huge amounts of online lending—allows AI programs to get better faster, say people in both the internet and finance industries.

Affirm, the San Francisco-based online lender led by PayPal co-founder Max Levchin, last fall projected its 2016 loan volume would hit \$300 million. Yongqian-

China’s scale—695 million smartphone users—helps AI get better faster.

bao, by comparison, approved 1.2 million loans worth 1.8 billion yuan (\$270 million) in February alone.

Yongqianbao, whose name means “use-money pal,” mostly issues short-term “payday” loans of 500 yuan to 5,000 yuan (\$72.50 to

\$725). About 80% of its borrowers are younger than 30. Loans past the 60-day due date stood at 2.8% in February, according to Mr. Jiao.

A competing platform, Dumiao, averages 30,000 personal-loan applications a day. It makes cash loans of 1,000 yuan to 50,000 yuan, mostly to people under 35. As of January, 1.4% of loans were 30 to 89 days past due.

Among the two startups’ findings: People who don’t answer calls or whose outgoing calls go unanswered represent a higher default and fraud risk. Other red flags: making many changes when filling in the application, letting batteries run down and changing phones frequently. Multiple applications from a single Wi-Fi hot spot is a danger sign. And users who borrow in one city but spend in another are poorer risks.

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Samsung Expects Higher Profit

By TIMOTHY W. MARTIN

SEOUL—Samsung Electronics Co.’s thriving components business is keeping it financially prosperous, prompting the company to forecast strong first-quarter earnings growth despite political turmoil ensnaring the South Korean conglomerate.

The technology company Friday said it expects first-quarter operating profit of 9.9 trillion won (\$8.8 billion), a 48% increase from 6.7 trillion won a year earlier.

Samsung estimates revenue

will remain flat at around 50 trillion won.

Final earnings results will be released later this month.

The world’s largest smartphone maker has survived a global slowdown in handset sales—and its costly recall last year of Galaxy Note 7 devices—by profiting from its strong positions in memory chips and flexible displays.

Those two businesses accounted for about 68% of Samsung’s overall operating profit during the final three months of 2016, a reversal from previous years when smartphones

were the largest contributor.

The stable flow of components profit comes as Samsung’s de facto leader, Lee Jay-yong, stands trial beginning Friday over his alleged role in a bribery scandal roiling South Korea. Mr. Lee has denied wrongdoing.

Demand for Samsung’s essential components has remained robust during the explosion of internet-connected devices, which need memory chips to operate or store content, and a growing consumer preference for sleeker smartphones.

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TECHNOLOGY

YouTube Blocks Ads on Small Channels

Move to require views of more than 10,000 follows complaints about some content

BY JACK NICAS

YouTube said Thursday that video channels on its site must now have more than 10,000 total views before the company will place ads on their videos, a major shift in policy the company said is designed to punish rule breakers.

The move by YouTube, owned by Alphabet Inc.'s Google, comes amid a backlash from advertisers over the company's placement of ads on objectionable videos. The change is likely to reassure some advertisers, though it could also upset many of its millions of creators.

YouTube wouldn't specify how many accounts would be affected by the change. Internet-data firm Pex estimates that 164.5 million, or 88% of all YouTube channels, have cumulative views each under 10,000. But those channels represent

just 5% of the 13.2 trillion views on YouTube all time.

YouTube said the policy has been in the works since November and is designed to block channels that steal others' content for revenue.

The company has long allowed all video creators to apply to run ads on their videos, and many typically were approved.

The open policy enabled advertisers to reach users on little-visited corners of the internet, while amateur video creators could earn a few dol-

lars by posting their projects on YouTube. In some cases, YouTube has also given rise to full-fledged stars who can earn seven-figure salaries each year.

But that system also caused

some ads to appear alongside objectionable material, such as videos supporting terrorists or touting racist messages. After news outlets highlighted such cases in recent weeks, some big advertisers reduced or pulled their spending from YouTube and the company promised changes to better police content and give marketers

more transparency and control.

By focusing on accounts with more than 10,000 total views, YouTube said it can better vet accounts to see if they are appropriate for advertising.

"This new threshold gives us enough information to determine the validity of a channel," the company said in a blog post. "It also allows us to confirm if a channel is following our community guidelines and advertiser policies."

The new limit "will help ensure revenue only flows to creators who are playing by

the rules."

YouTube said once an account surpasses 10,000 views, the company would review the account's content to determine if it qualifies for advertising.

YouTube said the move is designed to crack down on so-called impersonators that re-upload videos posted by others.

"I think it's a very genius move by YouTube," said Pex Chief Executive Rasty Turek. "They'll cut off 88% of the channels, which mean maybe 88% of the problems, but only 5% of the traffic."

Apple's Clips App Is Lots of Fun, if You Can Figure It All Out

Hang gliding over the Swiss Alps, or just cleaning your dryer's lint tray? Either way, the titans of tech want you to record a snippet of it, slap on some emojis and text and share it with the world.

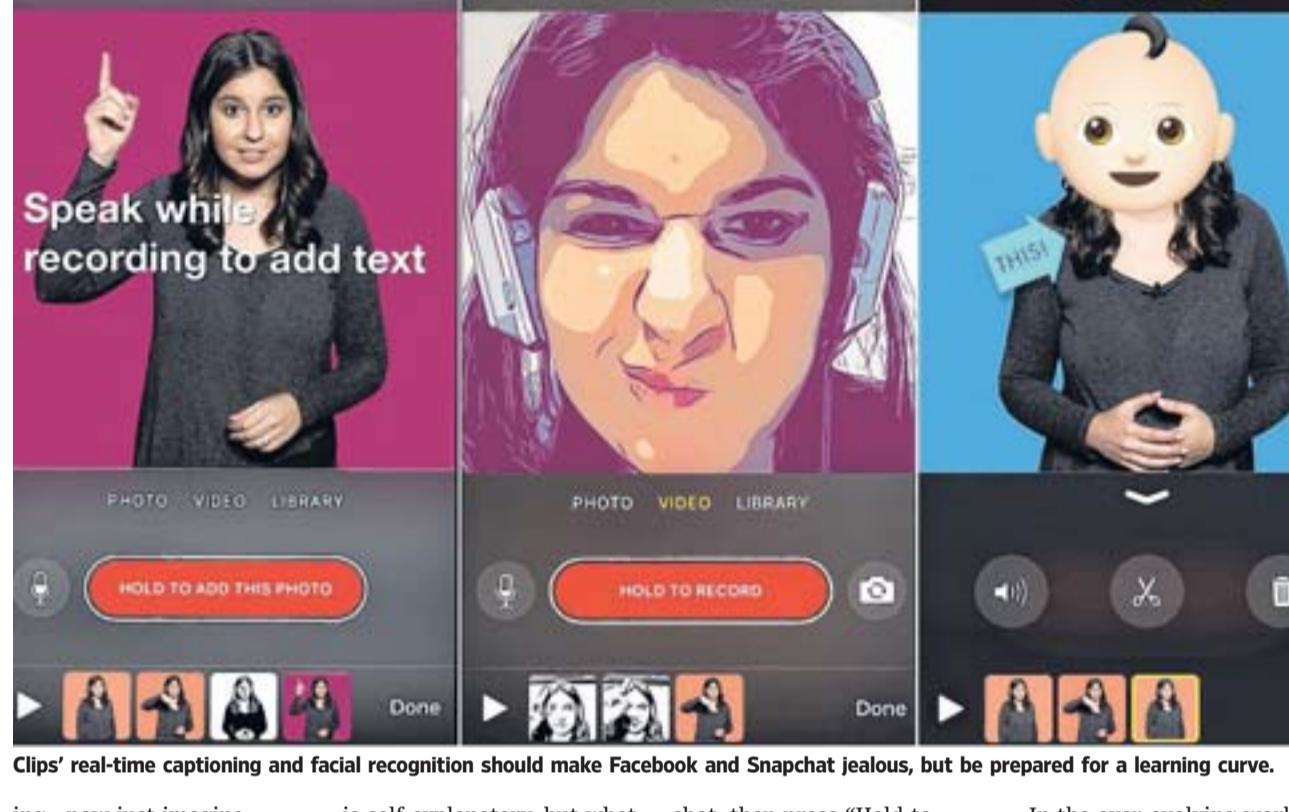
Snapchat started it. Instagram copied it. Facebook really copied it. Even Microsoft's doing it. And now...Apple. With Apple's Clips app, available

Thursday for the iPhone and iPad, you can shoot, edit and share mobile-friendly minimovies. If you have iOS 10.3 (the latest version), you can download it from the App Store.

I've had Clips on my phone for a week, and while it's similar to other snippet-fueled apps, I'm not writing it off as a me-too product, let alone Apple's next Ping. (What's Ping? Exactly.)

Apple may not have Facebook's 1.86 billion users, but it controls a popular private social network: iMessage. Clips' real-time captioning and facial recognition should make Facebook and Snapchat jealous.

Plus, it's fun. It's like Disney World for video edit-



Clips' real-time captioning and facial recognition should make Facebook and Snapchat jealous, but be prepared for a learning curve.

ing—now just imagine Splash Mountain is hidden behind a brick wall. Many of the app's biggest features are so unintuitive, it took me nearly 45 minutes to make my first 10-second video.

Record. "Hold to record"

is self-explanatory, but what if you don't want to keep holding? Slide left to lock recording; tap to stop. When you're done, your clip is added to a video timeline.

If you'd like to add a photo to your movie, snap a

shot, then press "Hold to add this photo" for as long as you want the photo to appear. You can simultaneously record background noise, so narrate using your best Morgan Freeman. To mute it, tap the speaker button.

In the ever-evolving world of video shapes and sizes, Apple chose square over vertical or horizontal because it doesn't matter how you hold the phone. The shape limits what you can fit in the frame, but you can pinch to

zoom while recording.

Caption. Automatic captioning, or "Live Titles," is the coolest part of Clips. Tap the chat bubble icon, and select a font and style. When you press record, the app will try to transcribe your speech to text. You can tap the bubble button to add text later. But even in a quiet studio, there were transcription errors. The good news? You can edit the text later. Select the clip from the timeline, play it, pause when the problem text appears and tap to edit. (A help section in the app will explain features like this.)

Decorate. The rest of the fun lives behind the other hieroglyphic icons along the top. Add a filter to your video or photo by tapping the overlapping circle icon. If you want a title screen, tap the T icon. When you've written it, hold down on the record button to add it to your video.

Soundtrack. Tap the music-note icon at upper right to select from your own collection or Apple's royalty-free songs.

Share. Tap the share icon in the bottom right to save the video to your phone, or send it straight to Facebook or Instagram.

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Photography © Nathan Yamniak

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AMERICA'S MIDSIZE COMPANIES

MAY 2, 2017 | WASHINGTON, D.C.

This spring, The Wall Street Journal will bring together leading figures in business, finance and government to discuss the opportunities and risks shaping the future of America's middle market—the engine of U.S. growth, job creation and competitiveness. The Journal's senior editors will lead dynamic discussions with experts on top business issues, and explore how the legislative, regulatory and trade policies of the new administration and Congress will impact the sector.

SPEAKERS



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CONGRESSIONAL CAUCUS FOR MIDDLE
MARKET GROWTH



KYRSTEN SINEMA

U.S. REPRESENTATIVE (D., ARIZ.);
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EQUITIES

Dow Jones Industrial Average



* P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index



Nasdaq Composite Index



Major U.S. Stock-Market Indexes

	Latest			52-Week			YTD		
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.
Dow Jones									
Industrial Average	20746.46	20612.17	20662.95	14.80	0.07	21115.55	17140.24	17.8	4.6 8.0
Transportation Avg	9165.18	9076.45	9134.17	38.19	0.42	9593.95	7093.40	19.4	1.0 6.5
Utility Average	703.63	699.99	703.03	-1.14	-0.16	720.45	625.44	7.1	6.6 9.8
Total Stock Market	24479.96	24307.10	24421.22	74.42	0.31	24868.78	20583.16	16.4	4.9 7.6
Barron's 400	620.35	613.47	619.76	5.64	0.92	635.07	491.89	21.8	3.0 6.3
Nasdaq Stock Market									
Nasdaq Composite	5889.58	5856.22	5878.95	14.47	0.25	5914.34	4594.44	21.3	9.2 12.5
Nasdaq 100	5435.06	5407.87	5420.88	2.36	0.04	5440.41	4201.05	21.1	11.5 15.3
Standard & Poor's									
500 Index	2364.16	2348.90	2357.49	4.54	0.19	2395.96	2000.54	15.5	5.3 8.1
MidCap 400	1710.71	1691.18	1708.05	13.26	0.78	1758.27	1416.66	20.4	2.9 7.7
SmallCap 600	828.10	818.08	827.87	8.38	1.02	862.21	668.72	23.8	-1.2 7.7
Other Indexes									
Russell 2000	1364.52	1349.34	1364.43	12.28	0.91	1413.64	1089.65	24.9	0.5 5.8
NYSE Composite	11485.38	11410.45	11457.29	33.93	0.30	11661.22	9973.54	14.1	3.6 2.9
Value Line	516.12	511.52	515.49	3.91	0.76	529.13	435.06	16.4	1.8 1.6
NYSE Arca Biotech	3467.20	3429.28	3458.32	8.71	0.25	3642.30	2818.70	8.9	12.5 11.4
NYSE Arca Pharma	509.38	506.82	507.41	-0.55	-0.11	554.66	463.78	-0.7	5.4 0.8
KBW Bank	91.71	89.90	91.35	0.71	0.79	99.33	60.27	47.2	-0.5 8.4
PHLX® Gold/Silver	86.48	85.53	86.28	-0.07	-0.08	112.86	71.09	21.4	9.4 -2.6
PHLX® Oil Service	171.17	169.08	170.65	2.16	1.28	192.66	148.37	13.7	-7.2 -16.3
PHLX® Semiconductor	997.07	984.94	994.69	1.16	0.12	1012.29	630.77	49.0	9.7 19.8
CBOE Volatility	13.22	11.70	12.39	-0.50	-3.88	25.76	10.58	-23.3	-11.8 -3.9

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE MKT and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	7,492.2	235.48	0.04	0.02	235.54	235.17
iShares Russell 2000 ETF	IWM	3,521.3	135.58	...	unch.	135.84	134.86
Finl Select Sector SPDR	XLF	3,436.6	23.59	-0.03	-0.13	23.64	23.56
Energy Select Sector SPDR	XLE	3,378.4	70.63	...	unch.	70.68	70.53
Synchrony Financial	SYF	2,257.1	33.23	...	unch.	33.27	33.22
VISA CIA	V	1,931.9	89.06	-0.03	-0.03	89.09	88.92
Van Eck Vectors Gold Miner	GDX	1,738.4	23.48	-0.03	-0.13	23.51	23.45
Manulife Financial	MFC	1,508.3	17.43	...	unch.	17.43	17.40

Percentage gainers...

HTG Molecular Diagnostics	HTGM	954.3	8.41	1.17	16.16	9.34	7.21
Aurinia Pharmaceuticals	AUPH	590.7	7.36	0.77	11.68	7.49	6.56
CompanhiaSBEDP ADR	SBS	14.1	11.04	0.54	5.14	11.04	10.50
Oclaro Inc	OCLR	184.2	9.25	0.30	3.35	9.60	8.93
Neurocrine Biosciences	NBIX	78.2	41.49	1.25	3.11	41.49	39.89

...And losers

C&J Energy Services	CJ	6.2	32.89	-4.60	-12.27	36.79	32.55
NQ Mobile ADR	NQ	25.9	3.75	-0.32	-7.86	4.07	3.70
Ruby Tuesday	RT	29.7	2.60	-0.20	-7.14	2.80	2.55
NeoPhotonics	NPTN	7.8	8.00	-0.54	-6.32	8.54	8.00
BeiGene ADR	BGNE	5.4	35.50	-1.53	-4.13	37.03	35.50

Trading Diary

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Settle	Chg	Open interest
	Open	High hilo	Low		
Copper-High (CMX) -25,000 lbs.; \$ per lb.					
April	2.6585	2.6820	2.6480	2.6555 -0.0200	1,533
May	2.6760	2.6890	2.6485	2.6580 -0.0220	120,142
Gold (CMX) -100 troy oz.; \$ per troy oz.					
April	1256.10	1257.50	1249.00	1250.30 4.90	2,141
June	1257.60	1260.90	1251.30	1253.30 4.80	306,347
Aug	1261.30	1263.60	1254.50	1256.60 4.80	41,210
Oct	1264.50	1266.80	1258.40	1259.90 4.90	5,845
Dec	1270.20	1270.20	1261.60	1263.20 4.90	44,069
Feb'18	1270.60	1270.60	1266.20	1266.40 4.90	7,372
Palladium (NYM) -50 troy oz.; \$ per troy oz.					
April	806.30	806.95	806.30	803.95 -3.80	5
May	808.20	808.20	800.00	803.95 -3.80	3
June	808.00	812.35	796.00	804.10 -3.65	33,307
Sept	810.00	810.00	797.10	804.45 -3.60	1,054
Platinum (NYM) -50 troy oz.; \$ per troy oz.					
April	953.90	953.90	953.10	955.70 -0.70	176
July	964.50	966.00	958.30	958.90 -0.70	59,396
Silver (CMX) -5,000 troy oz.; \$ per troy oz.					
April	18.70	18.70	18.170	18.225 0.059	246
May	18.295	18.355	18.165	18.246 0.059	154,962
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.					
May	50.80	51.82	50.77	51.70 0.55	511,207
June	51.30	52.25	51.23	52.13 0.53	341,544
July	51.62	52.59	51.59	52.47 0.52	151,943
Sept	52.14	53.00	52.14	52.90 0.48	175,434
Dec	52.44	53.27	52.43	53.18 0.42	260,715
Dec'18	52.20	52.79	52.12	52.72 0.35	123,554
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.					
May	1.5960	1.6175	1.5946	1.6129 .0094	116,605
June	1.6030	1.6244	1.6019	1.6199 .0094	81,054
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.					
May	1.7144	1.7320	1.7087	1.7296 .0143	126,330
June	1.7150	1.7284	1.7071	1.7264 .0120	75,768
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.					
May	3.269	3.337	3.235	3.331 .065	301,698
June	3.344	3.408	3.314	3.401 .057	130,565
July	3.416	3.477	3.386	3.470 .054	156,738
Sept	3.421	3.480	3.395	3.475 .050	105,679

Cash Prices | WSJ.com/commodities

Thursday, April 06, 2017

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.

Thursday		Thursday		Thursday	
Energy					
Propane,tet,Mont Belvieu-g	0.6342				
Butane,normal,Mont Belvieu-g	0.7622				
NaturalGas,HenryHub-i	3.230				
NaturalGas,TranscoZone3-i	3.170				
NaturalGas,TranscoZone6NY-i	3.200				
NaturalGas,PanhandleEast-i	2.900				
NaturalGas,Opal-i	2.840				
NaturalGas,MarcellusNE PA-i	3.000				
NaturalGas,HaynesvilleLA-i	3.130				
Coal,CA,PLC,1,250,000Btu,1,250,02-r,w	51.750				
Coal,PwdrRvrBsn,880,000Btu,0.8502-r,w	11.500				
Metals					
Gold, per troy oz					
Engelhard industrial	1255.58				
Engelhard fabricated	1349.75				
Handy & Harman base	1252.50				
Handy & Harman fabricated	1390.27				
LBMA Gold Price AM	*1252.50				
LBMA Gold Price PM	*1245.80				
Kruegerand,wholesale-e	1301.72				
Maple Leaf-e	1314.23				
American Eagle-e	1314.23				
Mexican peso-e	1517.11				
Austria crown-e	1229.87				
Austria phil-e	1314.23				
Silver, troy oz.					
Engelhard industrial	18,2000				
Engelhard fabricated	21,8000				
Handy & Harman base	18,2450				
Handy & Harman fabricated	22,8060				
LBMA spot price	£14,6275				
(U.S.\$ equivalent)	18,2200				
Metals					
Gold, per troy oz					
Engelhard industrial	1255.58				
Engelhard fabricated	1349.75				
Handy & Harman base	1252.50				
Handy & Harman fabricated	1390.27				
LBMA Gold Price AM	*1252.50				
LBMA Gold Price PM	*1245.80				
Kruegerand,wholesale-e	1301.72				
Maple Leaf-e	1314.23				
American Eagle-e	1314.23				
Mexican peso-e	1517.11				
Austria crown-e	1229.87				
Austria phil-e	1314.23				
Fibers and Textiles					
Burlap,10-oz,40-inch NY yd-n,w	0.6200				
Cotton,1/16 std lbd-w/MdPhs-u	0.7201				
Cotlook' A' Index-t	*85.60				
Hides,hydr native steers piece fob-u	n.a.				
Wool,64s,stable,Terr del-u,w	4.45				
Grains and Feeds					
Barley,top-quality Mnpls-u	n.a.				
Bran,wheat middlings,KC-u	65				
Corn,No.2 yellow,Cent IL-bp,u	3.3750				
Corn gluten feed,Midwest-u,w	83.3				
Corn gluten meal,Midwest-u,w	504.8				
Cottonseed meal,u,w	200				
Hominy feed,Cent IL-u,w	92				
Meat-bonemeal,50% pro Mnpls-u	2.6555				
Rice,5% Broken White,Thailand-l,w	350.00				
Rice, Long Grain Milled, No. 2 AR-u	6.7550				
Sorghum,(Milo) No.2 Gulf-u	6.7550				
Soybean Meal,Cent IL,rail,ton48%-u	302.20				
Fats and Oils					
Corn oil,crude wet/dry mill-u,w	38.2500				
Grease,choice white,Chicago-u	0.2750				
Lard,Chicago-u	n.a.				
Pork bellies,12-14 lb MidUS-u	1.3135				
Pork loins,13-19 lb MidUS-u	0.9215				
Steers,Tex-Oklahoma,Choice-u	n.a.				
Steers,feeder,City,u,w	154.66				
Lumber (CME) -110,000 bd ft.,\$ per 1,000 bd ft.					
May	384.30	389.60	383.70	389.60	10.00
July	391.60	398.50	391.40	398.50	10.00
					1,729

Exchange-Traded Portfolios | WSJ.com/ETFresearch

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBSE, National Stock Exchange, ISE and BATS. This list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, April 6, 2017	Net	Stock	Sym	Close	Net	Stock	Sym	Close	Net			
	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock			
NYSE												
ABB	AABB	AB	23.31	0.24	Energia	ENIA	10.60	0.05	US Foods	USFD	27.58	0.01
AECOM	ACM	ACM	35.39	0.38	EnelAmerica	ENIA	10.60	0.05	Wyndham	WYN	85.17	0.82
AES	AES	AES	11.16	Potash	POT	16.82	-0.03	XcelEnergy	XEL	44.59	-0.23
Aflac	AFL	AFL	72.97	0.59	Praxair	PRX	119.37	1.24	Under Armour	UAA	20.27	0.65
AT&T	T	T	40.60	-0.42	Principals	PFG	62.73	0.57	KimberlyClark	KMB	131.11	-0.59
AXIS Capital	AXIS	AXIS	66.70	0.03	Progressive	PGR	39.25	KinderMorgan	KMI	21.75	0.28
Abbott Labs	ABT	ABT	43.67	-0.13	Prologis	PLD	53.04	0.39	KinrossGold	KGC	3.57	-0.03
AbbVie	ABBV	ABBV	65.06	0.12	Prudential	FIN	106.29	0.81	KoninklijkePhil	PHG	31.78	0.01
Accenture	ACN	ACN	116.81	-0.32	PublicService	PEG	44.89	0.47	Kroger	KR	29.51	0.20
AlityBrands	AVI	AVI	17.25	2.17	Storage	PSA	222.64	0.35	Kyocera	KYO	54.88	-0.67
Adient	ADNT	ADNT	66.62	0.07	PulteGroup	PGL	23.36	0.07	L Brands	LB	47.85	4.75
AdvanceAuto	AAAP	AAAP	142.56	-0.18	Quintiles	MS	79.33	1.10	LG Display	LPL	13.17	-0.15
AdvSemEgg	ADS	ADS	6.44	-0.05	RELEX Solutions	RELX	19.76	-0.01	LINE	LN	162.90	0.49
Aegon	AEG	AEG	5.04	0.04	Relx	RELX	19.76	-0.01	L3 Tech	L3	162.20	0.49
AerCap	AER	AER	44.16	-1.30	Renaissance	RNF	107.07	0.31	LabCorpAm	LH	144.02	0.21
Aetna	AET	AET	128.85	1.56	RealtyHome	RHC	61.07	0.42	Lauren	LN	50.91	0.21
AffiliatedMgs	AMG	AMG	160.63	1.43	RegencyCtrs	REG	66.03	-0.10	LeggettPlatt	LGI	59.45	0.44
AgileTechs	A	A	53.15	0.44	RegionsFins	RF	145.3	0.16	Ledios	LDS	50.05	0.10
AgnicoEagle	AEM	AEM	44.92	0.28	RelianceSt	RS	78.75	0.33	Lennar	LNN	90.21	0.32
Agrum	AGU	AGU	93.93	-0.09	RelianceTech	RTE	150.75	0.80	LennarB	LNB	42.39	0.28
AirProducts	APD	APD	135.19	-0.05	RealtyInnCo	RHC	60.90	0.25	Lease	LEA	134.32	1.21
AlaskaAir	AAL	AAL	89.43	-0.62	Regulations	RNF	145.99	1.09	Leisure	LSI	165.25	0.76
Albemarle	ALB	ALB	106.03	0.32	Reserve	RNF	123.60	0.30	LockheedMartin	LMT	267.11	0.13
Alcoa	AA	AA	33.65	-0.20	Rexnord	RNF	104.00	0.19	Loyalty	LYX	58.17	0.57
AlexiaRealEst	ARE	ARE	112.18	2.12	Rheinland	RHF	145.73	0.05	Luxottica	LUX	54.15	0.17
Alibaba	BABA	BABA	108.04	0.60	Riley	RHF	145.73	0.05	Magnalnt	MAG	39.84	0.05
Allegany	Y	Y	61.16	-0.57	RileyCo	RHF	145.73	0.05	Manpower	MAN	98.42	0.36
Allegion	ALLE	ALLE	74.74	0.57	RileyTech	RHF	145.73	0.05	MasterCard	MCD	112.43	0.36
Allergan	AGN	AGN	238.43	-0.62	RileyTech	RHF	145.73	0.05	MarinCorps	MCR	16.46	-0.05
AlliedData	ADP	ADP	253.36	3.10	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AllianBernstein	AB	AB	22.85	0.40	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AllianEnergy	LEN	LEN	39.87	-0.11	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AllisonTrans	ALSN	ALSN	35.50	-0.11	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Allstate	ALL	ALL	81.44	0.02	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AllyFinancial	ALLY	ALLY	19.60	0.52	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Altria	MO	MO	71.42	-0.51	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AlumofChina	ACH	ACH	12.85	0.37	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Ambev	ABEV	ABEV	5.65	-0.07	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Ameren	AEE	AEE	54.71	-0.34	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmericaMovil	AMX	AMX	14.05	-0.16	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmericaMovilA	AMX	AMX	14.02	-0.18	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmCampus	ACC	ACC	48.10	1.26	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AEP	AEP	AEP	67.22	-0.21	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmericanExpress	AXP	AXP	77.92	0.12	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmericanFin	AFIN	AFIN	94.72	0.47	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmericorpHr	AMC	AMC	23.62	0.22	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Amertek	ATE	ATE	54.21	0.52	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Amphenol	APH	APH	69.93	0.36	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AnadarkoPetrol	ADP	ADP	62.89	0.04	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
APIB	BUD	BUD	110.49	0.91	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AnnalyCap	NYL	NYL	11.31	-1.11	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AnteroMidstream	AMR	AMR	33.82	0.26	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AnteroResour	AR	AR	23.07	0.32	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AntithemReit	ATR	ATR	169.59	1.17	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
ApriantNetworks	AN	AN	134.40	0.40	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
Apprentiv	ATW	ATW	185.83	0.74	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
ArcherDaniels	ADM	ADM	45.25	-0.01	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AristaNetworks	ANET	ANET	24.00	0.40	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
ArrowElec	ARW	ARW	71.10	0.15	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AshlandGlobal	ASH	ASH	124.94	0.43	RileyTech	RHF	145.73	0.05	MarinCoast	MCS	15.40	0.05
AmericorpHr	ACB	ACB	87.64	0.46	RileyTech	RHF						

MARKETS

FINANCE WATCH

Fintech Firm Finds Funds To Expand

Startup Trov offers on-demand property-casualty insurance for personal items

BY PETER RUDEGEAIR

Trov Inc., a financial-technology startup aiming to bring on-demand services to property-casualty insurance, said it raised \$45 million to expand to markets such as the U.S. and Japan.

New entrants targeting the insurance sector are in vogue among technology investors. Global venture-capital investment into these lucrative but sometimes lumbering firms totaled \$1.19 billion last year, roughly double what it was in 2015, according to accounting firm KPMG.

Trov, which began offering its service in the U.K. and Australia last year, provides a novel type of coverage for individual items of personal property that can be turned on and off with the swipe of a smartphone. The Danville, Ca-

lif.-based company offers products that, unlike traditional homeowners' or renters' policies that provide blanket coverage, tailor premiums to the single items being insured.

"From binding a policy to making a claim, the consumer doesn't have to speak to anybody," said Chief Executive Scott Walchek, formerly an executive at software-maker Macromedia Inc. and an early investor in Chinese internet company Baidu Inc. He likened Trov's vision of unbundling insurance to the way Apple Inc. unbundled music albums with iTunes.

Founded in 2012, Trov insures only consumer electronics and photography equipment but expects to eventually cover jewelry, sporting goods and other property that can be priced reliably, Mr. Walchek said.

Munich Re AG is leading the latest fundraising round, which is expected to be announced through its HSB Ventures unit. The German reinsurer will empower Trov to use its licenses and capital to



Trov, under CEO Scott Walchek, above, is preparing to expand into the U.S. and Japanese markets.

roll out its services in the U.S. later this year, said Andy Rear, head of digital partnerships at Munich Re.

Japanese insurer **Sompo Holdings Inc.** joined the latest investment round and will provide a similar function to bring Trov to Japan. Trov's 2016 launch in the U.K. and Australia used partnerships with French insurer AXA SA and Australian insurer **Suncorp Group Ltd.**, respectively.

While startups such as **Uber Technologies Inc.** popularized the idea of delivering services to consumers on demand and adjusting prices frequently based on market dynamics, bringing similar concepts to insurance is a high hurdle because the business is closely regulated.

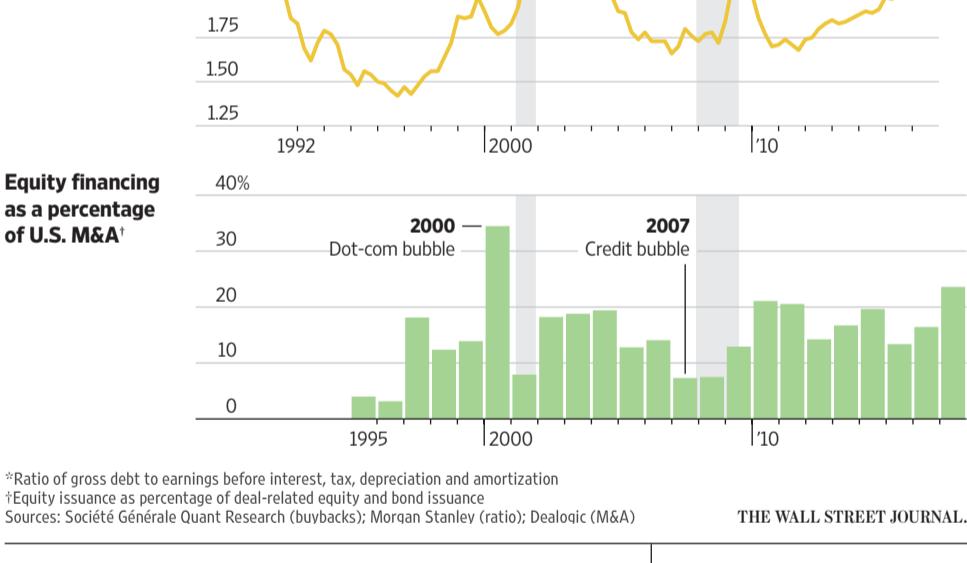
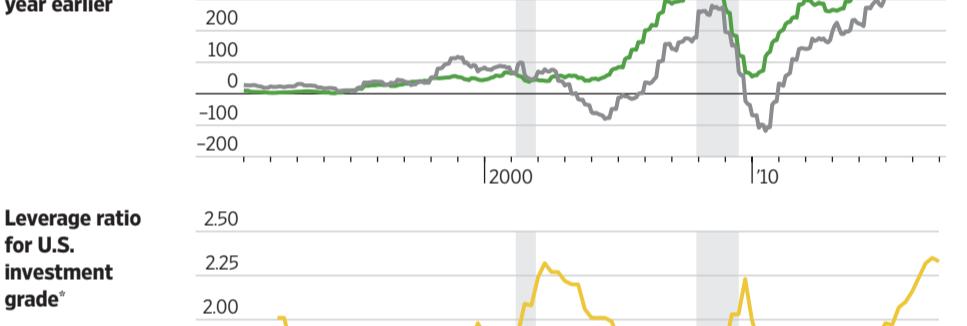
For instance, ride-hailing companies can enact surge pricing on the fly, but in insurance, adjustments to premi-

ums typically need to be approved by regulators, which in the U.S. differ from state to state. Trov has the technology to determine the replacement value of goods by tapping into databases that track pricing changes on thousands of items, but it needs permission before using that information to change premiums.

With the new investment, Trov has raised more than \$85 million in equity.

Corporate Borrowing Boom

Cheap debt has pushed companies to borrow to buy back shares, adding record leverage. But shares are also expensive, attracting increased issuance by companies to pay for takeovers.



*Ratio of gross debt to earnings before interest, tax, depreciation and amortization

†Equity issuance as percentage of deal-related equity and bond issuance

Sources: Société Générale Quant Research (buybacks); Morgan Stanley (ratio); Dealogic (M&A)

STREET

Continued from page B1 offerings was a natural supply response to the demand for shares, and established companies took advantage, too, financing takeovers far more than usual with new equity. The bust that followed was painful, but share prices bore the brunt of the adjustment and the recession was so shallow it barely shows up in economic data.

Tesla is in some ways a repeat of the dot-com era. A sky-high valuation is justified by the hope that an untested product—mass-market electric cars—will generate big profits.

In 2007, debt was cheap compared with equity, so companies chose to issue debt to buy back shares and to finance the takeover boom with loans. Worse, the finance bubble boosted earnings to unsustainable levels and left the banks vulnerable. When the bust came, the assumption that earnings growth was sustainable proved wrong, and the sudden focus on the balance sheet forced companies to replace debt with equity.

Ford was doubly caught out by the 2008 crash, with

earnings plunging and debt too high (although unlike rivals General Motors and Chrysler, it didn't go bankrupt). Ford has learned a lesson, with more cash than debt on its automotive balance sheet today, although its finance arm, a separate source of trouble amid the banking collapse, is big again.

Today's market is different from both 2000 and 2007. Equities are expensive, but still look relatively cheaper compared with debt on widely used models that compare bond yields to the "earnings yield," forecast earnings as a percentage of share price. Finance chiefs like to issue whatever investors will pay the most for, and at the moment that is debt.

If and when there is a nasty surprise from the economy or the Fed, highly valued shares in companies with a lot of debt and a mistaken assumption of solid earnings will be the most vulnerable.

The market isn't yet repeating the 2000 equity bubble or the 2007 debt bubble, but it has some of the worst features of both. If investors turn out to be mistaken in thinking the economic cycle won't turn down for years yet, it is going to hurt.

CURRENCIES

Czechs Abandon Koruna-Euro Peg

The Czech central bank dropped its target for the koruna's exchange rate against the euro, a fresh sign that Europe has put the threat of deflation behind it and is looking toward a more-normal monetary policy.

The move set the central bank on a path to be one of the first in Europe to follow the Federal Reserve in raising its key interest rate. The Fed first raised its short-term rates at the end of 2015 and followed up with similar moves in December and March. But no European central bank has yet followed suit.

The Czech National Bank on Thursday became the second non-euro central bank to abandon a euro peg in a little over two years.

But unlike the Swiss National Bank's decision in January 2015 to drop a franc ceiling without warning—which caused the euro to collapse as much as 30% intraday against the franc and the Swiss stock market to plunge nearly 9% the day it occurred—the Czech move had been telegraphed for months. The Czech currency rose just slightly after the announcement and Czech stocks hardly moved.

The central bank adopted the target of around 27 koruna to the euro in November 2013 as a way of boosting inflation by ensuring the koruna didn't strengthen against the euro, which would have lowered the prices of imported goods and services.

—Paul Hannon



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INTERNATIONAL NOTICES

ADVERTISEMENT OF SCHEME MEETING 2017 No. 122 OS THE HIGH COURT OF IRELAND COMMERCIAL

IN THE MATTER OF THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND

AND IN THE MATTER OF THE COMPANIES ACT 2014

AND IN THE MATTER OF A PROPOSAL FOR A SCHEME OF ARRANGEMENT PURSUANT TO PART 9, CHAPTER 1 OF THE COMPANIES ACT 2014

NOTICE is hereby given that, by Order dated 3 April 2017 in the above matters, the High Court of Ireland (the "Court") has directed that a meeting (the "Scheme Meeting") of holders of Scheme Stock, as defined in a proposed scheme of arrangement (the "Scheme") between the Governor and Company of the Bank of Ireland (the "Bank") and the holders of the Scheme Stock pursuant to Chapter 1 of Part 9 of the Companies Act 2014 (the "Act"), convened at 2:00 p.m. (Irish time) on 28 April 2017 at the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme. All holders of the said stock as at 6:00 p.m. (Irish time) on 26 April 2017 (the "Entitlement to Vote Record Time") are invited to attend the Scheme Meeting at the place and time set out above.

In addition to the approvals to be sought at the Scheme Meeting, the Scheme will require the passing of certain resolutions at a separate Extraordinary General Court of the Bank to be convened at the same location on 28 April 2017 at 2:15 p.m. (Irish time) or, if later, as soon thereafter as the Scheme Meeting shall have been concluded or adjourned and at which place and time all stockholders of record as of the Entitlement to Vote Record Time are invited to attend.

Copies of the Scheme and the scheme circular prepared pursuant to Section 452 of the Act are available online at www.bankofireland.com/investor or can be obtained from the registered office of the Bank at 40 Mespl Road, Dublin D04 C2N4, Ireland.

7 April 2017
ARTHUR COX
Solicitors for the Bank
Ten Earlsfort Terrace
Dublin 2
D02 T380
Ireland

CLASS ACTIONS

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF SANTA CLARA

IN RE FIREEYE, INC. SECURITIES LITIGATION

Lead Case No.: 1-14-cv-26866 (Consolidated with Case No. 1-14-CV-268110)

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED SHARES OF COMMON STOCK ISSUED BY FIREEYE INC. ("FIREEYE") IN FIREEYE'S MARCH 6, 2014 SECONDARY PUBLIC OFFERING (THE "SECONDARY OFFERING"), AND WHO WERE DAMAGED THEREBY (THE "CLASS"). THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on August 4, 2017 at 9:00 a.m., before the Honorable Peter H. Kirwan, Superior Court of California, County of Santa Clara, at the Santa Clara County Courthouse, Department 19, 191 North First Street, San Jose, CA, 95113, to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned action ("Action") for \$10,250,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) the Final Judgment as provided under the Stipulation and Agreement of Settlement ("Stipulation") should be entered, dismissing the Amended Class Action Complaint filed in the Action on the merits and with prejudice; (3) the release by the Class of the Released Claims, as set forth in the Stipulation, should be provided to the Released Defendants' Parties; (4) to award Plaintiff's Counsel attorneys' fees and expenses out of the Settlement Fund as defined in the Notice of Proposed Settlement of Class Action (the "Notice," referenced below); (5) to grant Lead Plaintiff's Counsel attorneys' fees and expenses out of the Settlement Fund; and (6) the Plaintiff's request for an incentive or service award in connection with its role in prosecuting this action on behalf of the Class out of the Settlement Fund; and (7) to approve the Settlement.

IF YOU PURCHASED OR ACQUIRED SHARES OF FIREEYE COMMON STOCK (ticker symbol: "FEYE") IN THE MARCH 6, 2014 SECONDARY OFFERING, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS ACTION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim to the address below that is postmarked on or before July 8, 2017. Your failure to submit your Proof of Claim by July 8, 2017 will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Action. If you are a Member of the Class and do not request exclusion therefrom, you will be bound by the Settlement and any judgment and release entered in the Action, including, but not limited to, the Final Judgment as provided under the Stipulation and Agreement of Settlement ("Stipulation").

If you have not received a copy of the Notice, which more fully describes the Settlement and your rights thereunder (including your right to object to the Settlement), or a Proof of Claim form, you may obtain these documents (as well as a copy of the Stipulation, which contains the complete terms of the Settlement and the definitions of all capitalized terms used in the Notice) online at www.FireEyeSecuritiesLitigation.com, or by writing to:

FireEye Securities Litigation Settlement
c/o KCC Class Action Services
P.O. Box 43040-3034
Providence, RI 02940-3034
Phone: (844) 330-1118
www.FireEyeSecuritiesLitigation.com

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court. Inquiries, other than requests for a copy of the Notice or Proof of Claim form, may be made to Plaintiff's Counsel:

SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
William C. Fredericks
The Helmsley Building
230 Park Avenue, 17th Floor
New York, NY 10169-1820
Telephone: (212) 223-6444
Facsimile: (212) 223-6334

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION BY JULY 14, 2017, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL MEMBERS OF THE CLASS WHO DO NOT PROPERLY REQUEST EXCLUSION FROM THE CLASS WILL BE BOUND BY THE SETTLEMENT ENTERED IN THE ACTION EVEN IF THEY DO NOT FILE A TIMELY PROOF OF CLAIM.

Dated: March 10, 2017

HON. PETER H. KIRWAN
SUPERIOR COURT JUDGE
SANTA CLARA COUNTY, CA

MARKETS

Stocks Buoyed by Energy Sector

Rosy jobs figures and corporate earnings also provide support; investors still cautious

BY AKANE OTANI
AND GEORGI KANTCHEV

U.S. stock indexes climbed as shares of energy companies rose with oil prices.

Stocks traded in a tight range, fluctuating between small losses and gains before ending higher. Reports pointing to strength in the U.S. economy have supported shares recently, even as investors have weighed the possibility that policies such as tax cuts might not be imminent.

The Dow Jones Industrial Average rose 14.80 points, or less than 0.1%, to 20662.95. The S&P 500 gained 4.54 points, or 0.2%, to 2357.49, and the Nasdaq Composite added 14.47, or 0.2%, to 5878.95.

"The economy is getting fundamentally better, even absent any tax reform," said Brent Schutte, chief investment strategist at Northwestern Mutual Wealth Management Co. "There's been a lot of skeptics out there throughout the recovery, but in general, the U.S. consumer is in a much more comfortable place."

Data released Thursday showed that the number of Americans applying for new unemployment benefits fell sharply last week, according to the Labor Department. Also, corporate earnings have picked up, with analysts expecting companies in the S&P 500 to post their best quarterly results since 2011, according to FactSet.

Still, many investors say



Pumps linked to a tangle of pipes at a Chesapeake Energy facility. The company's shares rose 2.8%.

they remain cautious. The S&P 500 is up 10% since Election Day. Stocks trading at higher-than-average valuations could be vulnerable to a pullback, especially after an extended postelection rally, they say.

"People are calling into question the administration's ability to get all these things done that would justify the higher valuations we're at," said James Norman, president of QS Investors.

The S&P 500 and Nasdaq Composite were heading toward weekly losses, while the Dow industrials were little changed from last Friday.

Shares of energy companies led gains in the S&P 500 on Thursday, rising 0.8%. **Devon Energy** added \$1.36, or 3.3%, to \$42.88. **Chesapeake Energy** rose

17 cents, or 2.8%, to 6.28 and **Newfield Exploration** advanced 62 cents, or 1.7%, to 36.79.

U.S. crude oil for May delivery gained 1.1% to \$51.70 a barrel, notching its third consecutive sessions of gains, after data released Wednesday gave some traders hope that the growing crude inventories in the U.S. might begin falling.

Shares of financial companies added to major indexes' gains, rising 0.6% in the S&P 500 after pulling back for four consecutive sessions. **MetLife** added 77 cents, or 1.5%, to 52.67. **Charles Schwab** gained 58 cents, or 1.5%, to 40.06 and **Navient** rose 19 cents, or 1.3%, to 14.62.

U.S. government-bond prices edged higher, with the yield on the benchmark 10-year Treasury note falling to 2.343%, from 2.352% on Wednesday. Yields fall as bond prices rise.

Elsewhere, European Central Bank President Mario Draghi warned that it was too early to reduce the central bank's huge monetary stimulus. Mr. Draghi also pushed back against suggestions that the ECB might raise interest rates soon.

The Stoxx Europe 600 bounced between small losses and gains and ended up 0.2%. The euro fell 0.2% to \$1.0645 against the U.S. dollar.

Japan's Nikkei Stock Average, which fell 1.4% Thursday to its lowest close since December, was initially up early Friday but turned down following a U.S. missile strike on Syria and at midday was down 0.1%.

Treasury Will Sell \$128 Billion in Debt

The U.S. Treasury Department will auction \$128 billion in securities next week, comprising \$24 billion in new debt and \$104 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Monday:** \$39 billion in 13-week bills, a reopening of an issue first sold on Jan. 12, 2017, maturing July 13, 2017. Cusip number: 912796LK3.

Also, \$33 billion in 26-week bills, a reopening of an issue first sold on Oct. 13, 2016, maturing Oct. 12, 2017. Cusip number: 912796KR9.

Also, \$24 billion in three-year notes, dated April 17, 2017, maturing April 15, 2020. Cusip number: 912828X21.

Noncompetitive tenders for both bill issues must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m. Noncompetitive tenders for the notes must be received by noon EDT Monday and competitive tenders, by 1 p.m.

◆ **Tuesday:** \$20 billion in nine-year, 10-month 2.25% notes, a reopening of an issue first sold on Feb. 15, 2017, maturing Feb. 15, 2027. Cusip number: 912828V98.

Noncompetitive tenders must be received by noon EDT Tuesday; competitive tenders, by 1 p.m.

◆ **Wednesday:** \$12 billion in 29-year, 10-month 3% bonds, a reopening of an issue first sold on Feb. 15, 2017, maturing Feb. 15, 2047. Cusip: 912810RV2. Noncompetitive tenders must be received by noon EDT Wednesday; competitive tenders, by 1 p.m.

Rebounding

Nymex crude-oil price



Source: WSJ Market Data Group
THE WALL STREET JOURNAL.

Crude Oil Rises on Hopes for Supply Cut

By TIMOTHY PUOKO

Oil prices rose to a one-month high after U.S. data gave hope that the country's growing crude stocks would soon reverse direction and begin falling.

Refinery activity rose well beyond what analysts had expected, hitting 90.8% of capacity compared with just 89.3% a week ago, the U.S. Energy Information Administration said Wednesday. Traders focused more on that Thursday than other data in the report that showed a surprise increase in crude supplies last week, analysts said.

Light, sweet crude for May settled up 55 cents, or 1.1%, at \$51.70 a barrel on the New York Mercantile Exchange, its seventh gain in eight sessions. Brent crude, the global benchmark, gained 53 cents, or 1%, to \$54.89 a barrel on ICE Futures Europe. Both reached their highest settlement since March 7.

"We're beginning to see signs demand is stronger than it was at the beginning of the year," said Gene McGillian, research manager at Tradition Energy.

EIA estimates of gasoline demand have risen strongly in recent weeks, calming fears from the winter when government demand estimates and private data on pump sales both plummeted. The amount of crude that refineries are processing should hit about 17 million barrels—up almost 4% from today's levels—by the summer and stay there for three months, according to estimates from data provider Genscape Inc.

"This next few months of refinery utilization could help," said Hillary Stevenson, oil markets analyst at Genscape Inc.

The data showed U.S. production has risen for seven straight weeks to a 14-month high of 9.2 million barrels a day. U.S. production is seen as the biggest threat to a continuing effort by the Organization of the Petroleum Exporting Countries and other producers including Russia to reduce large global inventories by cutting output for the first half of 2017. Even though most analysts expect the group to extend the time frame of the cuts, rising U.S. output stands to snuff out price rallies.

OPEC is due to meet May 25 to review whether the cuts have achieved their aim. Prices could be stuck in a range of \$47 to \$55 a barrel until then, but at least for now it is clear that prices are rising because traders are more convinced OPEC will extend the cuts, Mr. McGillian said.

"The next big move will probably depend on what OPEC does in May," said Tom Pugh, commodities analyst at Capital Economics, adding that he expected the deal would be extended for at least three months.

Analysts were optimistic about oil demand, with signs of healthy growth so far this year. Independent refineries in China, the world's second-biggest crude importer, are expected to boost demand as they come back online after annual maintenance. U.S. Census Bureau data showed China became the dominant buyer of U.S. crude in February, surpassing Canada, amid OPEC's supply cuts, said Gordon Kwan, the head of Asia gas and oil research at Nomura.

—Sarah McFarlane and Jenny W. Hsu contributed to this article.

AHEAD OF THE TAPE | Steven Russolillo

March Jobs Data Could Be Under the Weather

When in doubt, blame the weather.

The March jobs report hasn't even been released yet and economists are already making meteorological excuses for it. But this time, those concerns look justified.

Winter storm Stella last month blanketed much of the Northeast and Midwest during the Labor Department's survey week—when it polls businesses and government to calculate its monthly employment data. That is expected to have dented the headline numbers, set to be released Friday.

Economists polled by The Wall Street Journal estimate a net 175,000 jobs were added in March. That would represent a slight slowdown from strong gains in the first two months of the year, but still healthy job growth overall. The unemployment rate is expected to have held steady at 4.7%.

Beyond the headlines, one indicator to watch is the weather-related impact in the population survey. The Labor Department counts how many people have a job but weren't at work due to bad weather. In March over the past 10 years, this has impacted less than 0.5% of the labor force. But any spike could have a material impact on the overall results.

Jim O'Sullivan, chief U.S. economist at High Frequency Economics, is calling for just 125,000 nonfarm payrolls added in March, almost half of



Winter storm Stella, shown hitting New York in March, is expected to dent jobs figures on Friday.

the prior two monthly gains. "The expected slowdown is not because the trend has suddenly slowed," he said. "It is entirely because of the weather."

What could skew the data even more is the fact that the previous month was so conducive to certain types of employment. It was the second-warmest February on record, according to the National Oceanic and Atmospheric Administration. It was also the least impacted by weather-related

disruptions of any February in at least the past decade, according to the Labor Department. And industries that benefit from warm weather

benefited the most, with construction workers in February logging their highest monthly job gains in a decade.

But weekly jobless claims were elevated for two weeks in March before falling sharply in the most recent week ended April 1, resuming its regular trend. And even after the

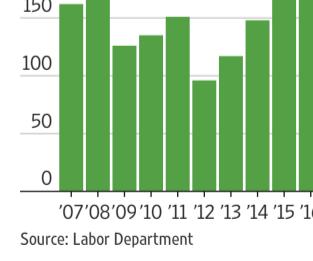
strong ADP report on private-sector hiring on Wednesday, few economists lifted employment forecasts.

"If, indeed, Friday's employment report disappoints, market participants should look past it," says Joseph LaVorgna, chief U.S. economist at Deutsche Bank Research. "A strong snapback in jobs and hours should be expected in the April data."

The sun really will come out tomorrow.

Snowed In

People who missed work in March each year because of bad weather



Source: Labor Department

Deutsche Bank Is Poised to Firm Up Its Finances

By JENNY STRASBURG

Deutsche Bank AG closed in on a successful \$8.5 billion share sale Thursday, the final day for investors to opt in to a capital-raising long seen as necessary to put the German lender on firm financial footing, according to people familiar with the matter.

The bank and its advisers were prepared to receive pledges for close to 100% of the shares available in the rights offer, in a preliminary tally that will be finalized Friday, the people said.

In at least one way, the capital-raising has diversified elements of Deutsche Bank's shareholder base. Overall, U.S.

investors have participated in the share sale in greater proportion than they were represented as shareholders in the past, some of the people said.

Many of the bank's European investors have been burned by two other Deutsche Bank share sales since early 2013 and were more cautious about buying in this time around, according to people familiar with feedback the bank and its advisers received in recent weeks.

Investors and analysts were generally positive about the capital increase when it was announced March 5. However, some say they still have questions about Deutsche Bank's ability to meet cost-cutting

and profit targets while managing a second investment-bank restructuring in just 18 months.

Executives are also contending with challenges related to employee morale and banker departures following steep bonus cuts, according to people inside and outside the bank. Deutsche Bank has said it is purposely cutting jobs as part of its strategy and has played down other employee exits.

Top shareholders—including members of the Qatari royal family and Chinese conglomerate **HNA Group**—participated in the capital increase, people close to the matter said. HNA increased its

stake to about 4.8%, up from 3% in mid-February, according to March regulatory disclosures, and has discussed boosting that amount a bit further, according to people briefed on discussions about the investor. The Qataris own a stake just under 10% through two investment vehicles.

A bank spokeswoman declined to comment on the capital-increase participation or individual shareholders. Representatives of the shareholders couldn't be reached or declined to comment.

Deutsche Bank's shares rose 0.2%, to €15.68 (\$16.72), Thursday, and during the share sale have traded well above the steeply discounted

€11.65 subscription price for the 687.5 million new shares issued.

The capital increase was led by Credit Suisse Group AG, along with Barclays PLC and Goldman Sachs Group Inc., initially with a total of eight underwriting banks. That number was later expanded to 30 banks, Deutsche Bank said March 19.

Deutsche Bank executives including Chief Executive John Cryan sought to avoid a share sale for much of last year but were forced to consider the option in part because they gave up plans to sell the lender's Postbank retail-banking business in Germany.

—Sarah McFarlane and Jenny W. Hsu contributed to this article.

MARKETS

Debt Sales Boom for Emerging Markets

Strong investor demand combined with low rates propel offers at a record clip

By CAROLYN CUI

Emerging-market countries are selling dollar-denominated debt at a record pace, taking advantage of rising investor demand to issue bonds at some of the lowest rates in years.

Governments and companies in the developing world have sold \$179 billion in dollar-denominated debt this year through March 31. That is the most dollar debt ever raised in the first quarter and more than double the amount raised during the same period last year, according to data provider Dealogic.

Kuwait, Argentina, Indonesia and Paraguay have already tapped the market this year, while Nigeria, Egypt and big energy companies such as Saudi Arabian Oil Co. and Russia's PAO Gazprom are preparing debt offerings.

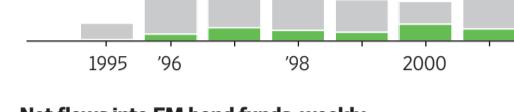
With bond yields in most of the developed world still near historic lows, global investors have been pouring money into emerging-market debt. Emerging-market bond funds took in \$2.7 billion during the week of March 22, the largest weekly inflow since July 2016, according to data provider EPFR Global.

Soaring bond issuance is part of a broader emerging-market comeback, which has also boosted stocks and currencies. Few expected this kind of rally after President Donald Trump's victory, when investors feared he would upend global trade policy in ways that could harm developing economies heavily reliant on exports.

Yet the Trump administration appears to have soft-

Borrowing Spree

Governments and companies in the developing world issued a record \$179 billion of dollar debt in the first quarter, attracting global investors with higher yields than in the developed world. But some analysts worry that if the dollar rallies, it could pressure these borrowers and lead to more defaults.



Net flows into EM bond funds, weekly



Yields, daily

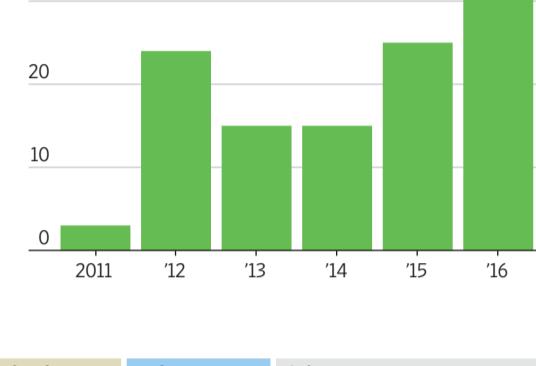


Emerging-market debt issuance

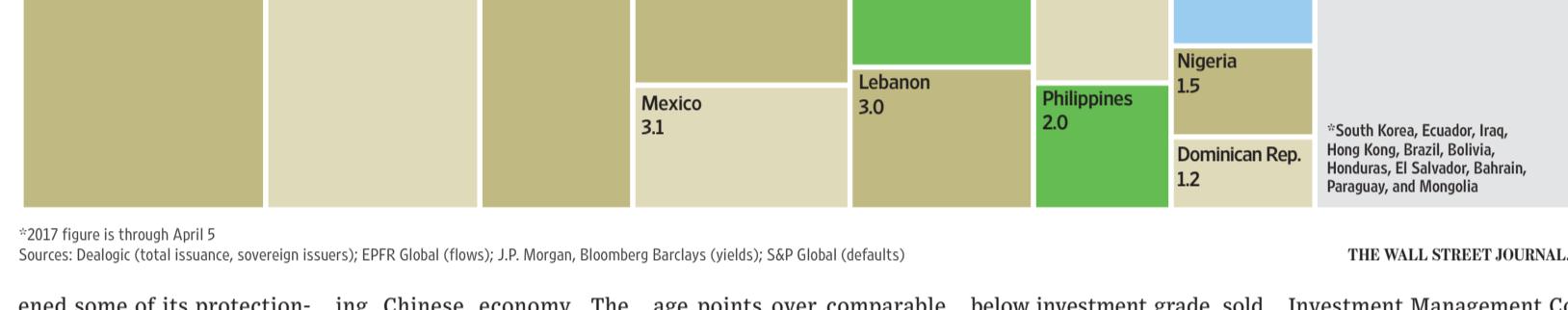
April through December*
First quarter

Global financial crisis

EM issuer defaults, annual



EM sovereign-debt issuers by total value, 2017



*South Korea, Ecuador, Iraq, Hong Kong, Brazil, Bolivia, Honduras, El Salvador, Bahrain, Paraguay, and Mongolia

*2017 figure is through April 5

Sources: Dealogic (total issuance, sovereign issuers); EPFR Global (flows); J.P. Morgan, Bloomberg Barclays (yields); S&P Global (defaults)

ended some of its protectionist talk, while the Federal Reserve has indicated it may raise interest rates at a slower pace than expected. Higher U.S. rates can lift the dollar and make it more expensive for foreign borrowers to pay back dollar debt.

Economic fundamentals for these countries have also improved with higher commodity prices and a stabiliz-

ing Chinese economy. The aggregate manufacturing purchasing managers index in emerging markets shot up to a 32-month high in March, according to data provider Markit.

In the bond market, borrowing rates have tumbled for developing countries as yields come down. In early March, emerging-market bonds yielded 2.99 percent-

age points over comparable Treasurys, according to the J.P. Morgan Emerging Markets Bond Index, the lowest level since September 2014.

Spreads for emerging-market corporate bonds are hovering around their lowest level in more than five years.

The widespread investor interest has led to favorable terms for several issuers.

Paraguay, which is rated

below investment grade, sold \$500 million of 10-year debt last month with a yield of 4.7%. It was six times oversubscribed, according to investors who looked at the deal.

"People are just trying to lock in low overall yields and get ahead of any potential further increases in interest rates," said Yacov Arnonopolin, an emerging-market portfolio manager at Pacific

Investment Management Co.

But the recent borrowing spree is also making some investors nervous. They worry it will aggravate an already heavy debt load in emerging markets that has increased to its highest level since the financial crisis. Piling on more debt could lead to a rise in nonperforming loans and even defaults, some analysts warn.

HEARD ON THE STREET

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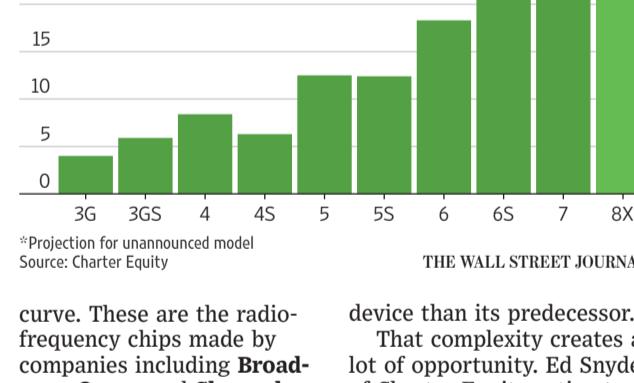
FINANCIAL ANALYSIS & COMMENTARY

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Not All Chip Makers Need iPhone

Calling Card

Apple's radio-frequency chip spending per iPhone unit



*Projection for unannounced model

Source: Charter Equity

curve. These are the radio-frequency chips made by companies including **Broadcom**, **Qorvo** and **Skyworks Solutions** and used for tasks such as filtering signal interference and boosting data speeds. Today's smartphones need to send messages, surf the web, process videos and backup data over the air, all at once—while working across different cell networks. That makes each new generation a more complex

device than its predecessor. That complexity creates a lot of opportunity. Ed Snyder of Charter Equity estimates that Apple's current iPhone 7 has a little over \$24 in RF chips per device, which is up more than 33% compared with the iPhone 6 just two years ago. He expects Apple to spend more than \$30 per iPhone on RF chips by next year. Broadcom, in its most recent earnings call last month, confirmed that the

Samsung Galaxy S8 contains a greater number of the company's chips than its predecessor.

And it isn't just high-end phones. Chinese smartphone manufacturers targeting middle and lower tiers are taking up a greater share of global smartphone sales, and their customers also have similar demands for performance. Tim Arcuri of Cowen estimates that RF spending per device has doubled in lower-end phones designed for the Chinese market over the past two years.

All three stocks have already made strong gains since the start of the year. That puts Broadcom and Skyworks around 15 times forward earnings, with Qorvo around 13 times. But while that is slightly above their three-year averages, the multiples are in line with chip peers, and each company still has good growth prospects beyond this year's smartphone cycle. There is still enough time for investors to tune in.

—Dan Gallagher

OVERHEARD

"Conversations about poop will never be the same." So says **Synergy Pharmaceuticals** in launching its Poop Troop cast of emoji characters depicting an array of 14 different bowel movements.

That a drug company focused on gastrointestinal disorders could even come up with that many emojis is kind of like the old claim that Eskimos have 50 words for snow. Synergy says the Poop Troop will "allow people to better express the physical and emotional impact of chronic idiopathic constipation."

The Poop Troop features characters like a distraught Clogged Chris, an angry Plugged-Up Paulie and a gleeful Mr. Smooth.

Synergy has reasons beyond potty humor to get people talking about their bathroom habits. The Food and Drug Administration approved the company's new constipation drug Trulance in January.

Synergy shareholders could certainly use a push; the stock is down more than 30% so far this year.

Ford Takes a Chance on China Plan

When demand for cars starts fading, auto makers turn to the world's largest car market for growth. That reflexive move is unlikely to work so well for **Ford Motor**.

On Thursday, it announced its China-focused electric-car strategy, including new vehicles. Ford Chief Executive Mark Fields said the "time is right" for his company to beef up in China. It is playing catch-up, though.

Meanwhile, Ford is having trouble at home, where its vehicle sales fell 7% in March. But in China, its retail-car sales fell more than 30% in the first two months of this year and total vehicle sales were down more than 20%. Chinese consumers' preference for Ford cars over the next 12 months is also lower, according to a survey by UBS Group. To entice customers, Ford's credit arm has become more aggressive. But at its joint venture in China, margins are shrinking as price pressures rise. With no new launches expected this year, navigating the Chinese market will be challenging.

So Ford is betting on an "ambitious electrification strategy" in the world's largest electric-vehicle market and has committed to bringing cutting-edge technology to its Chinese joint venture, a sharp reversal from foreign car makers' wariness around sharing intellectual property with their local partners. It is also capitulating to Beijing's electric-vehicle production targets to draw in foreign car makers.

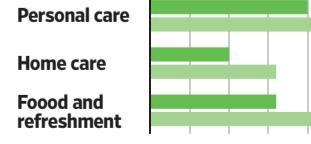
The trouble is, all this comes as electric-vehicle sales in China have slowed and Beijing withdraws subsidies. An aggressive strategy in China, timed incorrectly, could prove to be a bumpy ride.

—Anjani Trivedi

Unilever's New Look Suggests It Has More Deals to Come

Margarine Is Toast

Operating margin by Unilever division*



cludes the underperforming margarine business, with its faster-growing "refreshment" unit, which makes Lipton tea and Ben & Jerry's ice cream. Yet the company is also hoping to wring about €2 billion (\$2.13 billion) a year out of the advertising and supply-chain budgets. For example, management thinks it can run ads for longer and so cut their number by 30% without damaging its brands.

Yet investors already expected this kind of thing. The same goes for the €5 billion (\$5.3 billion) of share buybacks and 12% dividend increase—easy, if superficial, ways to placate shareholders that conveniently also make

Unilever more indebted and thus costlier to acquire. The sale of the margarine business, too, was widely telegraphed.

A more surprising development was Unilever's decision to review its "dual-headed" legal structure, whereby the company is domiciled and listed in both London and Amsterdam. The dual listing is a major barrier both to demergers and to major acquisitions.

If it can't get a good price now for the margarine business, for example, management could float it off and sell down gradually. But this is complicated by the dual listing. More speculatively, if

it wanted to acquire U.S. company Colgate-Palmolive to create a world leader in personal care, as financiers have long dreamed, it would like to have a single class of Unilever shares to offer Colgate's shareholders.

Long considered boring but reliable investments, consumer-goods multinationals are being disrupted, not just by activist-style cost-cutters like Kraft Heinz, but also by local competition.

Unilever has shown greater understanding of the new landscape than some of its peers. Merging its shareholder registers is a logical preparation for rockier times.

—Stephen Wilmot

The Anglo-Dutch consumer group has set itself a new operating-margin target of 20% by 2020. That would bring its cost structure slightly more in line with that of **Kraft Heinz**, the U.S. food giant whose \$143 billion offer in February prompted the review. Unilever now expects to make a 21% underlying margin in its food business in 2020, up from 16%

MANSION

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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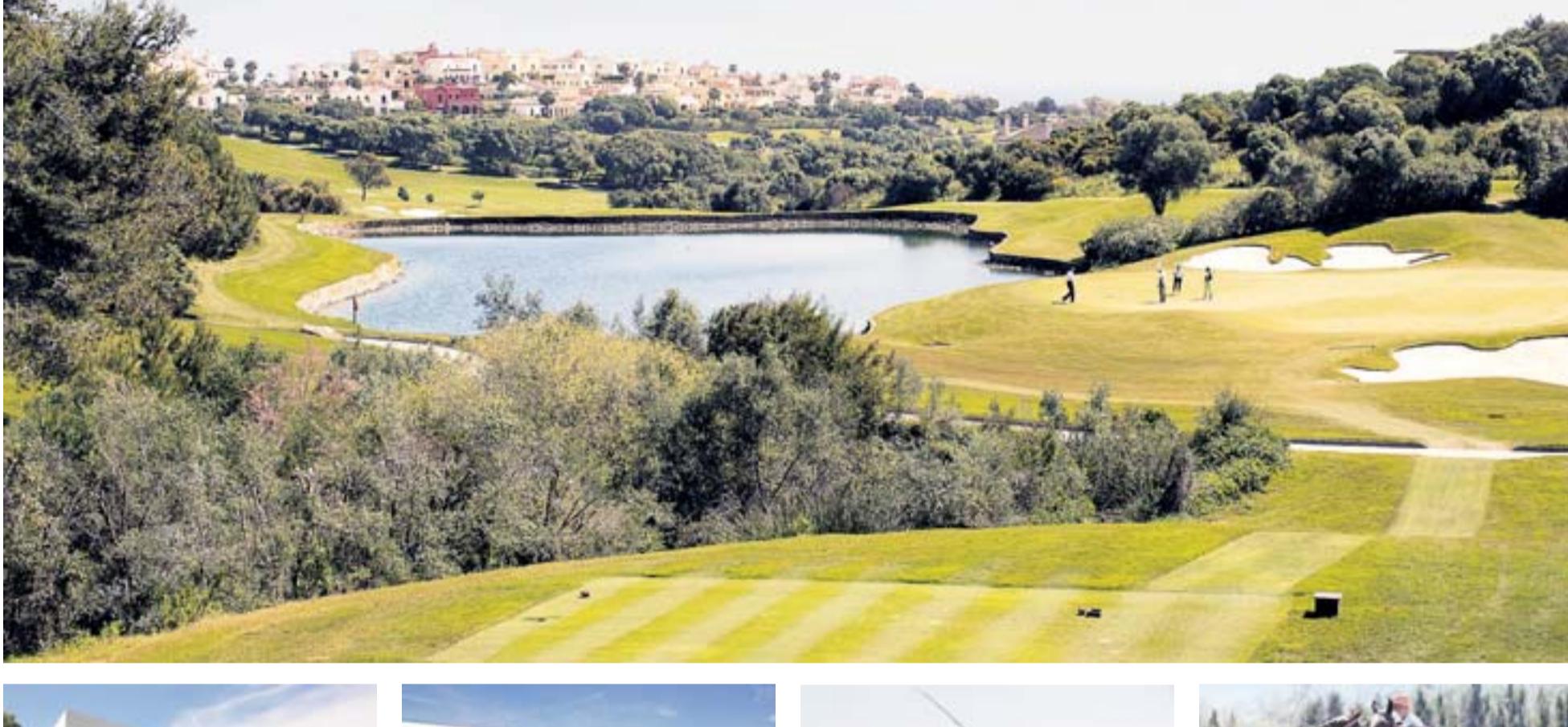
THE WALL STREET JOURNAL.

Friday, April 7, 2017 | M1

Golf & Getaways

Southern Spain's Sweet Spot

The luxury resort community of Sotogrande is attracting a new wave of international buyers—including some who come for the sun, not the golf.



DYLAN THOMAS FOR THE WALL STREET JOURNAL (5)



SWING STATE Players tee off on the 17th hole of La Reserva golf course, top, in the Sotogrande resort community. From left, the 8,000-square-foot, \$3.3 million vacation villa near the golf course built by Jacques Mosseri-Marlio; the home's saltwater pool; a fisherman on a nearby beach, with the Rock of Gibraltar in the background; a game of polo at the Santa María polo club.

BY J.S. MARCUS

FROM THE EDGE OF HIS INFINITY POOL in Sotogrande in southern Spain, Jacques Mosseri-Marlio has great views of some of continental Europe's finest golf courses, not to mention the Rock of Gibraltar and the North African coast.

Sotogrande, a privately owned resort community, takes up 7.7 square miles between Marbella and Gibraltar. First developed in the mid-1960s, it soon became a golf destination and a getaway for Madrid's professional elite. Now, amid a surge in

investment, the area is experiencing a new wave of international buyers seeking a steady supply of sunshine—including some who aren't that interested in golf.

Between 2008 and 2013, Mr. Mosseri-Marlio, a retired investment banker based in the U.K., bought several prime lots totaling nearly 3 acres in Sotogrande's La Reserva area, at a cost of about \$2.5 million. He built his own 8,000-square-foot, three-level villa on half an acre, spending about \$3.3 million on the home, which he shares with his wife and their combined family of five grown children.

Mr. Mosseri-Marlio, a French national who first spent summers in Sotogrande as a child, says the community is a refreshing change from "the glitz of Marbella," a half-hour drive away. The children, between the ages of 19 and 29, "are either keen golfers or they just chill by the pool."

Sotogrande land prices reached a low-point in 2014, during the fallout from Spain's economic crisis. Since then, prices have rebounded, thanks in part to a sizable infusion of cash. In 2014, Cerberus Capital Management, an American private-equity firm, and Orion Capital Managers, based

Please turn to page M2

A CLIFFHANGER IN CANNES

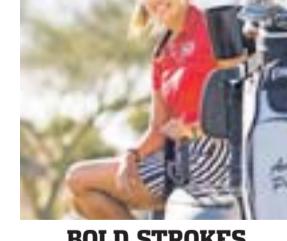
The French city best known for its glitzy film festival is attempting a comeback in luxury real-estate. Some house hunters like the potential for rental income, but will the country's hefty taxes drive them away?

INSIDE



\$45 MILLION

Austin party pad hits the market M2



BOLD STROKES

Annie Park on moving for the sport M5



PEACE AND QUIET

A Yoga room inspired by a Birkin bag M7

CANNES CLOSE-UP The streets of Cannes, seen from the old town, Le Suquet. Prices of luxury properties are below their 2007 peak but are creeping upward.

BY RUTH BLOOMFIELD

ON THE FRENCH RIVIERA, Cannes is most famous for the glamorous film festival held every May. Its real-estate market, meanwhile, has been in the grips of another kind of drama.

After a decade of recess-

sion, the eurozone debt crisis and French austerity policies, the sale price of prime properties stands 30% below the peak levels of 2007, estimates Fred Lilloe, managing director of Knight Frank in Cannes. The fact that prices fell around 1% last year is being treated as good news—or better news, at least, than

the annual 5% drops that Mr. Lilloe has grown accustomed to. "The curve is flattening out," he said.

There is certainly evidence of some big deals being struck. In August, Mr. Lilloe says an Indian-American family paid \$39.4 million for an apartment in the upscale California neighborhood. And ear-

lier this year, he sold a modern eight-bedroom villa on the city's fringes to a Norwegian family for \$30.3 million.

Olivier Maugery-Pons, head of Savills's real-estate office in Cannes, agrees that demand is returning to balmy Cannes with its beaches, bars, restaurants, high-end shops and sophisticated nightlife.

But the market is still a long way from the heady days of 2007.

"Then, people said, 'I love it,' and bought it," he says. "Now a deal that would have taken two months takes six months. They go home, they think about it, they research the market because they

Please turn to page M4

MANSION



JANE FONDA BUYS LOS ANGELES TOWNHOME FOR \$5.45 MILLION

Actress Jane Fonda has paid \$5.45 million for a four-bedroom townhome in Los Angeles, according to listing agent Susan Smith of Hilton & Hyland.

The Oscar-winning actress purchased one of a group of 10 newly constructed townhouses in a guard-gated community in the Century City neighborhood, Ms. Smith said.

Ms. Fonda's unit has four bedrooms and measures about

5,700 square feet, Ms. Smith said. The Mediterranean-style home has balconies and a private courtyard on the ground floor. The unit also has its own elevator and parking garage.

Ms. Fonda was represented in the transaction by Valerie



Fitzgerald of Coldwell Banker. Ms. Fitzgerald is also the co-listing agent with Jade Mills on Ms. Fonda's house in Beverly Hills, which is on the market for \$11.495 million.

They put the house on the market in January for

\$12,995 million.

Ms. Fonda shared the home with her ex-boyfriend, music producer Richard Perry; the two recently split but the breakup is amicable, Mr. Perry said.

Ms. Fonda, 79, sold her New Mexico ranch in 2015. The property had been listed at \$19.5 million. She is currently starring in the Netflix series "Grace and Frankie."

—Candace Taylor

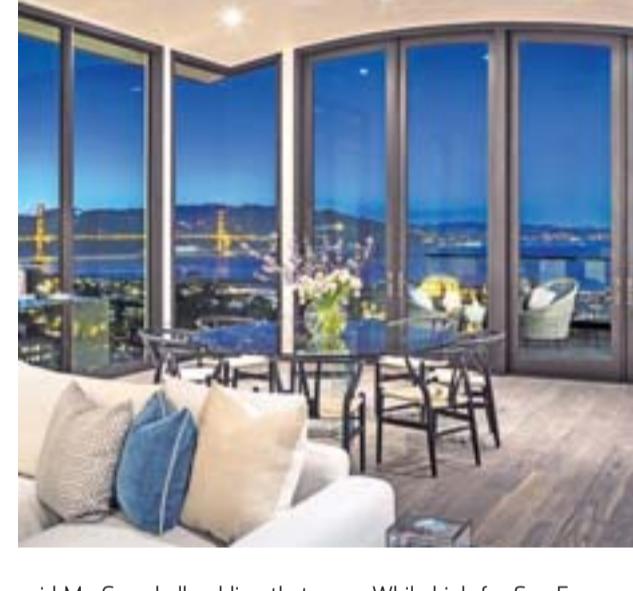
SAN FRANCISCO SPEC HOUSE SEEKS \$40 MILLION

A newly built house in the ritziest section of San Francisco's Pacific Heights neighborhood is seeking \$40 million, according to listing agents Val Steele of Pacific Union International and Tom Biss of Sotheby's International Realty.

With views stretching from the Golden Gate Bridge to Marin to the Oakland Hills, the home sits on a street known as the city's Gold Coast, where nearby neighbors include Oracle billionaire Larry Ellison, Apple Chief Design Officer Jony Ive and philanthropists Ann and Gordon Getty.

The 11,400-square-foot

limestone home has seven bedrooms, eight bathrooms and four half-baths, according to developer Bill Campbell of Marble Management. The blackened steel doors in the two wine rooms were handmade in Colorado. There is an outdoor kitchen on the top-



floor terrace, as well as an elevator, theater and gym. Mr. Campbell said he chose anti-reflective glass on the north side of the house. "At night you can have the lights on and still see outside," he said.

There is a solar hot-water system, and three underground water tanks gather run-off from the roof and driveway to irrigate the terraced garden,

said Mr. Campbell, adding that they are in the process of applying for LEED platinum certification.

According to public records, Mr. Campbell and his partners paid \$7.8 million for the property in 2009. They tore down the 19th-century clapboard house, and construction of the new home took almost four years, he said.

While high for San Francisco, the asking price isn't unheard of for the Gold Coast, where an older house sold in 2013 for \$35 million. "It's been a long time since there's been an equivalent house like this for sale. The tippy top market has not been tested recently," said Annie Williams of Hill & Co., who isn't associated with the listing. —Sarah Tilton

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THE POINT IS... Anything but par for the course.



JACK NICKLAUS SIGNATURE GOLF

AT SAILFISH POINT Hutchinson Island, Florida

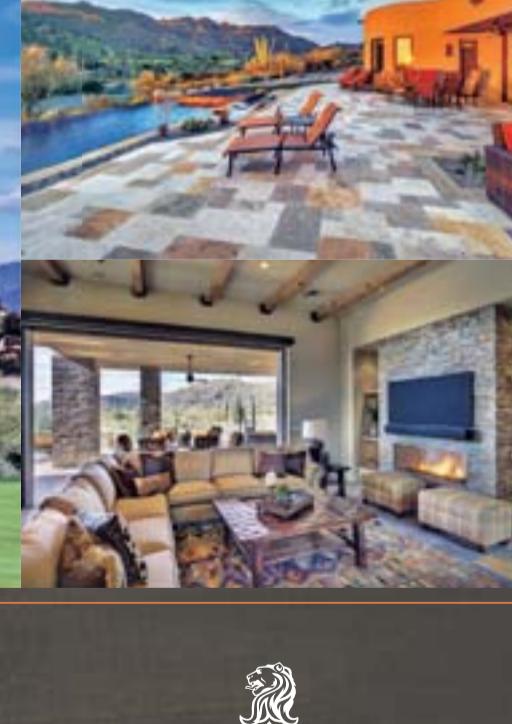
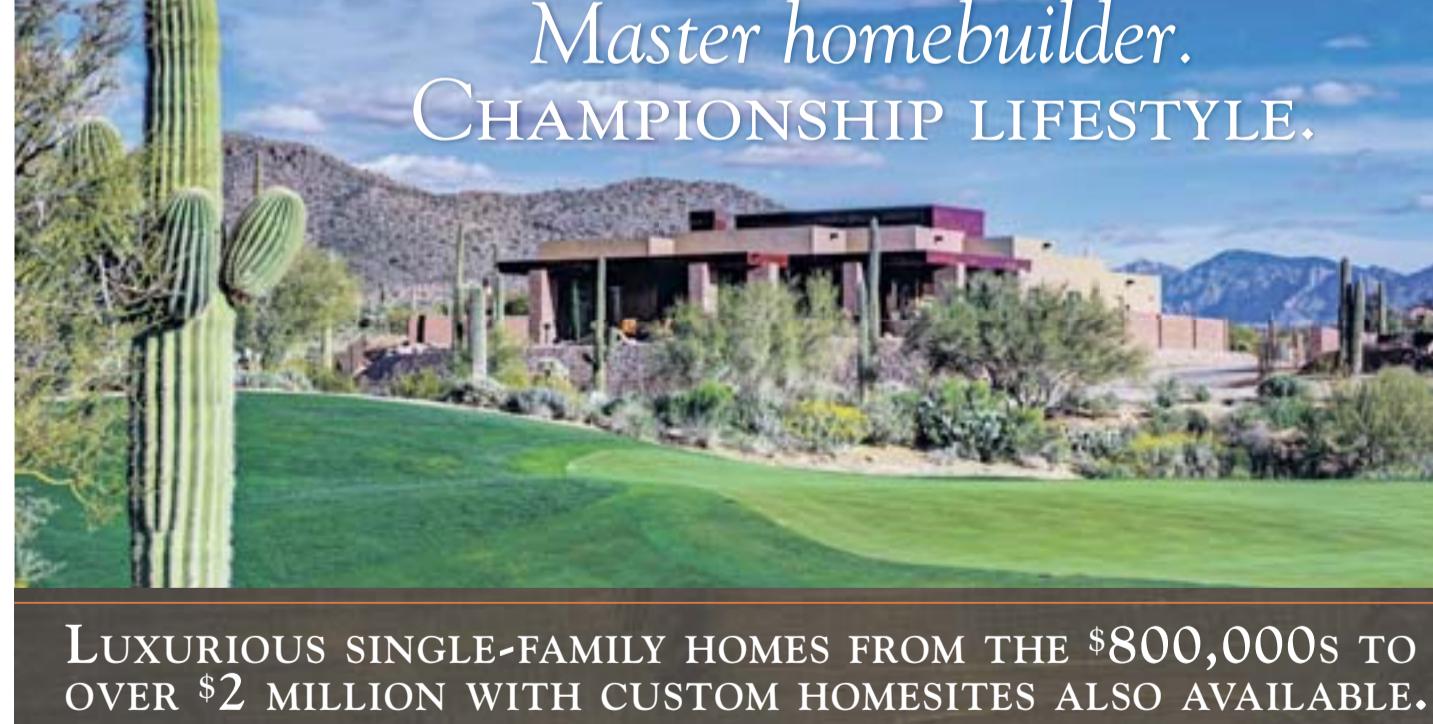
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GOLF & GETAWAYS



SUNNY SIDE In Californie, Villa L'Abri is listed for \$21.3 million. The 11-bedroom, eight-bathroom home measures around 8,000 square feet.



FROM TOP: SAVILLS (2); GÉOFFROY MATHEU FOR THE WALL STREET JOURNAL; KNIGHT FRANK (2)

A REAL-ESTATE CLIFFHANGER IN CANNES

Continued from page M1

don't want to pay too much, they consider where else they might buy, and then they buy it."

Mr. Maugery-Pons's clients are more concerned about buying costs and taxes than in the past. These costs include estate agent fees of around 7%, and payments to the notary who draws up the deeds of sale add a further 7%. In all, a buyer of a €1 million, or \$1.07 million, resale property can expect to pay around \$150,000 in taxes and fees.

On the up side, buyers are often relieved to learn that French home sellers often deliberately overprice their properties in listings—20% is typical—to give them some wiggle room to negotiate.

The homes that sell best are turnkey, and many buyers plan to earn a little income by renting them out from time to time, Mr. Lilloe says. By his estimates, someone with a two-bedroom apartment with a sea view on La Croisette, Cannes' most expensive street, would earn at least \$10,000 during the 11-day film festival. "The most you could get? Up to €25,000 [\$26,600] for a good apartment."

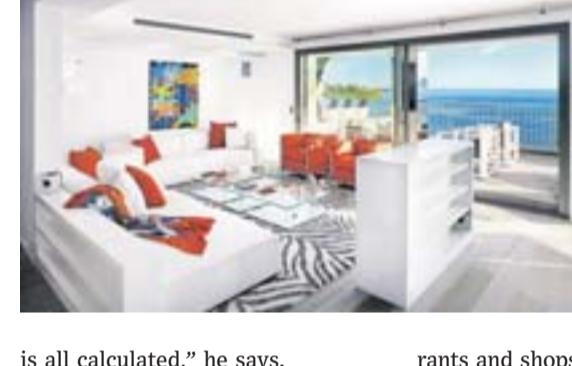
Earning an income from a Cannes home is useful because property owners face several taxes. These include land and habitation taxes to the local council, costing around \$2,000 to \$6,400 each year.

There is also wealth tax paid by those whose assets in France total more than \$1.4 million, at rates starting at 0.5%. When it comes time to sell, overseas owners pay capital-gains taxes up to a maximum 19%. Confusion surrounds a second selling tax, the 15% "social tax" on properties owned for less than 30 years, because the European Union is currently challenging its legality.

Throw in the specter of inheritance taxes, and Mr. Maugery-Pons suspects some buyers simply decide French property is too much trouble. "Even the people at the tax office don't understand how it



ON THE RIVIERA Apartments with sea views command premium prices. Below left, the living room of a four-bedroom penthouse on La Croisette Boulevard listed for \$15.5 million. Below right, the terrace of the 2,443-square-foot apartment.



is all calculated," he says.

Buyers willing to get their heads around France's unique tax system tend to have two Cannes addresses in mind. The first is La Croisette, the location of the Palais des Festivals et des Congrès convention center, the main venue of the Cannes Film Festival.

Apartments in the somewhat drab 1970s buildings that line this seafront boulevard are the most expensive in town, said William Bouzat, sales negotiator with Engel & Völkers real-estate agents. "You have got the fantastic sea views, and all the facilities like restaur-

rants and shops," he explained. "Everything is in walking distance."

Prices along La Croisette range from around \$2,500 to \$5,000 per square foot, with homes in the stretch between two of its fanciest hotels—Le Majestic and the Martinez—commanding higher prices. Prices rise on higher floors because most buyers want water views.

Knight Frank is listing a four-bedroom, four-bathroom penthouse apartment for \$15.5 million in a postwar building on La Croisette. The 2,443-square-foot contemporary property comes

with parking and a self-contained studio apartment for staff.

Buyers who prefer a more suburban vibe look to the steep, winding, palm-tree-lined streets of Californie, a five-minute drive inland. The buildings here are also mostly of postwar vintage, but are set within meticulously landscaped grounds. Californie's best buildings have security staff and concierge services, swimming pools and tennis courts.

Even with these amenities, prices in Californie are considerably lower than on La Croisette. Typical apartments range from \$800 to \$1,400 per square foot, Mr. Bouzat esti-

mates. Villas with sea views start at around \$5.3 million.

Mr. Bouzat says that around a quarter of Californie's buyers are French; the rest are mainly European. While high-profile Russian and Middle Eastern buyers prefer La Croisette, buyers from Belgium, Switzerland and Luxembourg, as well as Scandinavian nations like low-key Californie.

Currently on the market for \$4.2 million is a Provencal-style villa perched on the Californie hillside. The 3,229-square-foot property has four bedrooms and four bathrooms. A large backyard has terraces overlooking the sea, a swimming pool, and a pétanque court for games of the boules-like sport, according to Knight Frank.

Also on the market is Villa L'Abri, built circa 1910. Listed for \$21.3 million, this 11-bedroom, eight-bathroom home measures around 8,000 square feet and includes a heated infinity-edge pool and a terrace that can accommodate up to 400 guests, according to Savills, the listing agency.

This kind of party palace would be ideal for enjoying the 70th annual Cannes Film Festival, but preparations for this year's event are currently overshadowed by a more political sort of contest.

French voters go to the polls on April 23 for the nation's presidential elections, with a runoff on May 7 just days before the festival opens. With a campaign already riven by allegations of fraud and financial impropriety it is hard to call who will succeed President François Hollande.

Mr. Lilloe believes, however, that the magic of Cannes has the power to transcend mere presidents.

"Beyond the beach and the restaurants and the museums and the culture, you have the golf and the tennis and the polo and the hiking in the back country. You can be at a ski resort in 1½ hours in winter, and you have Provence with all its vineyards close by, or you can go to Monaco for the day."

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GOLF & GETAWAYS

HOUSE CALL | ANNIE PARK

Golf Edged Out Korean Dance

The LPGA pro found her passion in her immigrant mother's hobby

People think I'm shy. And I am—at first. But with my friends, I'm embarrassingly outgoing. Once I'm comfortable, it's hard to hide my emotions, except on the golf course. Something changes out there and I get really focused. It's about dedication and determination.

I was born in the College Point section of Queens, N.Y. Two years later, in 1997, my family moved to nearby Levittown. My parents had saved enough to purchase their first home since immigrating to the States from South Korea in 1983.

When my mother, Ann, and father, Bruce, first arrived in the U.S., they lived in New Orleans, where they had family and friends. A few months later they decided to move to the Flushing section of Queens, where there was a sizable Korean community.

As a child, hearing my parents' stories about leaving Korea and finding their way here was inspiring. They arrived with very little money and almost no English. They didn't have family or a network of friends in Queens to help them.

In Flushing, they opened a nail salon and soon established a nail-salon franchise, which allowed them to buy the white, two-story Colonial-style house in Levittown. They became U.S. citizens when I was in middle school.

My older sisters, Bora and Bo, and I each had our own room. Bora is 14 years older than me, and when she left for college, Bo and I used her room as communal play space.

Levittown didn't have much of a Korean community, so my mother

wanted to be sure I grew up with a sense of my cultural identity. We spoke Korean at home and my mom, a great cook, made a lot of Korean dishes. In kindergarten, she also enrolled me in a Korean cultural dance class after school.

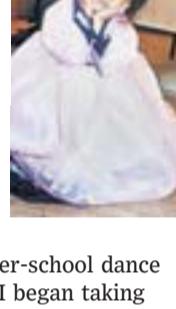
But fitting in was tough in Levittown. I was the only Korean student in my middle school, and as a first-generation American, I was different from most of my friends whose families had been here for a long time.

As far back as I can remember, my mom played golf at the public Bethpage state golf course. All of her friends played the sport and she loved playing on her days off from work. She was very competitive. One day when I was 8, I went with her to the driving range in nearby New Hyde Park and watched her hit balls.

At some point, she turned to me and said, "Why don't you hit a few?" I was a natural from my first swing, and my mom saw my potential. From that point forward, she took me along every time



JILL RICHARDS FOR THE WALL STREET JOURNAL (PORTRAIT); ANNIE PARK (2, HISTORICAL)



FIRM GRIP Annie Park, above, playing in the Founders Cup at the JW Marriott Phoenix Desert Ridge resort; far left, with her mother, Ann, at Disney World in Florida in 2000, and, left, dressed for a pageant parade.

for both.

It didn't take long for me to become competitive. When I was 10, I moved with my mom to Howie-in-the-Hills, Fla., to train year-round at a golf academy, where I also went to school.

Two years later, we moved to Lake Mary, Fla. While playing there, I met golf instructor Sean Foley, before he began working with Tiger Woods. Sean saw something in me and took me on. He revolutionized my swing, and I

still train with him today.

I returned to New York when I was 14. In high school, balancing homework, golf and being a teenager was tough. I loved golf and was motivated to make it all work.

In school, classmates called me "the golfer." At the time, I didn't understand why. I thought they were making fun of me or it was bad to be a golfer. Now, I realize it was simply who I was.

Throughout high school, I played in amateur golf tournaments. There was a lot of pressure to keep my grades up. I'd be lying if I didn't say there were some setbacks. When I applied to colleges, USC offered me a full golf scholarship. I moved to California in 2013 and immediately found myself homesick. But after a few months, I made friends and adapted.

I majored in communications because I wanted to understand how the media worked. I also knew that the skills I learned would come in handy during on-camera interviews. In my freshman year, I helped USC win the NCAA Women's Golf Team title and I won the individual title. In my junior year, I earned my LPGA Tour Card, which was a dream come true. My family was so proud of me. My mom still accompanies me on tours and sometimes caddies for me.

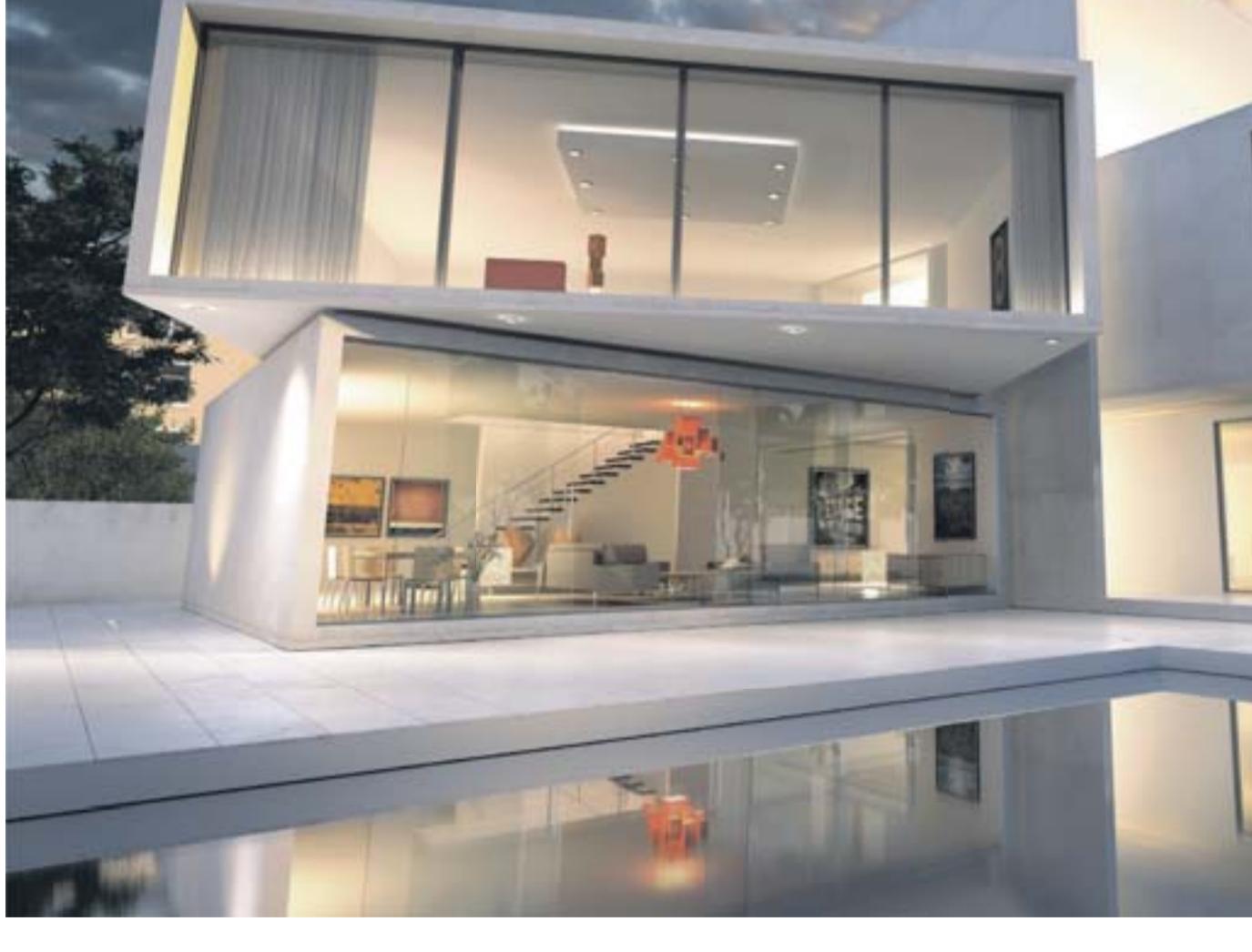
Today I live in Orlando, Fla. I moved here after graduation last December to train year-round. Once again, I'm on my own. I leased an apartment for the first year to see how I like living here. My apartment is really just space to crash, since I'm either on the course or touring.

I miss New York and seeing my mom all the time. At home, I used to have my nails done weekly at my mom's salon. Now I have to find time to have them done at a salon here. Believe it or not, I can't paint my own nails.

—As told to Marc Myers

Annie Park, 21, is a professional golfer who joined the LPGA tour last year. In 2013, while at USC, she was the NCAA individual national champion, and in 2015 she won both the LPGA's Symetra Player of the Year and the Gaelle Truet Rookie of the Year.

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WHEN THE BUYER GETS COLD FEET

The art of backing out of the deal: Craft contract language carefully, hone your negotiating skills and be prepared to pay the broker

The offer was accepted. The mortgage was approved. What happens when the buyer gets cold feet and wants to back out of the deal?

Jason Michael faced this issue about 18 months ago when he listed his three-bedroom home in St. Louis. Mr. Michael, a 36-year-old public-relations executive, asked \$130,000 for his home and accepted an offer for \$127,000. The buyers posted a \$1,000 deposit of "earnest money," completed inspections, negotiated repairs and were approved for a mortgage.

Then they told Mr. Michael that they had found another house and didn't want to move ahead with the purchase.

While the contract allowed Mr. Michael to pocket the deposit if the buyers defaulted, they refused to authorize their agent to release it. Only after Mr. Michael threatened to sue did they surrender the \$1,000.

"My agent had said that people don't back out of house purchases—that this won't happen," Mr. Michael says. "But now I approach it as if the buyer can back out until the very last minute." He ultimately decided to rent out the house.

According to an online survey of 2,241 adults conducted for finance website Nerdwallet.com in January, homebuyer's remorse isn't uncommon. Nearly half (49%) of homeowners who responded said they would do something differently if they had to go



CHRIS GASH

through the process again. Broken down by age group, 61% of Generation Xers (the mid-1960s through the 1970s) and 57% of millennial homeowners (born in the early 1980s through about 2004) indicated they had regrets. Many wished they had bought a bigger home or saved more money before buying.

Standard real-estate contracts contain inspection and mortgage contingencies that allow buyers a limited time to back out of the contract and receive a refund of their deposit. They also spell out the terms of the deposit and where the money is held in escrow—with the buyers' agent, the title company, an

attorney or the developer. But once all contingencies are satisfied, the contract "goes hard" and the buyers are locked in.

"The real turning point in any real-estate deal is the buyers' removal of their contingencies," says Zachary D. Schorr, a real-estate attorney in Los Angeles. "This is a point of no return."

Kenneth Haber, executive vice president and general counsel of Douglas Elliman Real Estate in New York, says that in New York it isn't uncommon for buyers to back out. But, he says, it is more likely that the buyer would negotiate and attempt to reach an amicable settle-

ment with the seller for less than the entire deposit.

The amount of the deposit can determine what leverage the buyer or seller has in the transaction. A buyer who makes a \$1,000 deposit might be willing to forego it. But substantial deposits tend to lock in the deal. For example, Fernbook Florida, the developer of Sabbia Beach condominiums in Pompano Beach, requires a 35% deposit on purchases. Prices there start in the \$900,000s, so buyers stand to lose a substantial sum if they unilaterally decide not to proceed.

Here are a few things to consider if you might want

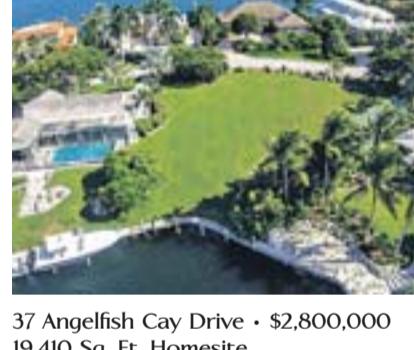
to back out of your real-estate contract. Buyers and sellers should consult a qualified real-estate attorney for advice.

• **Craft carefully.** Rather than having a mortgage contingency allowing you to obtain a mortgage "at prevailing rates," specify that the mortgage rate can be no more than 4%, for example. Or, consider making the contract contingent on the mortgage actually being funded by the lender. "This extends the contingency all the way to the closing," says David Reiss, a Brooklyn Law School professor who specializes in real estate.

• **Sharpen your negotia-**

tion skills. Even if you can't back out legally, try to negotiate a reduction or return of the deposit with the seller. In a market where prices are rising and the homeowner can get a higher price for their home, there might be a chance to come to terms.

• **Remember the broker.** Even if the seller lets the buyer off the hook, he may still be liable to the broker for the commission. Contracts state that the commission is due when the broker finds a ready, willing and able buyer. Many brokers will work with the seller in this situation, Mr. Haber says, but it is an issue that needs to be addressed.



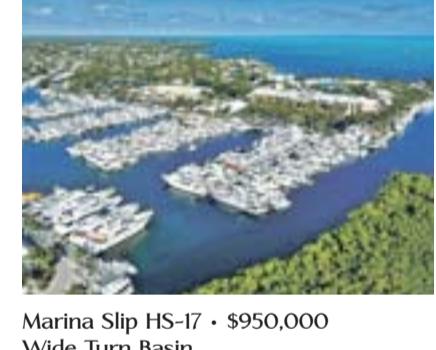
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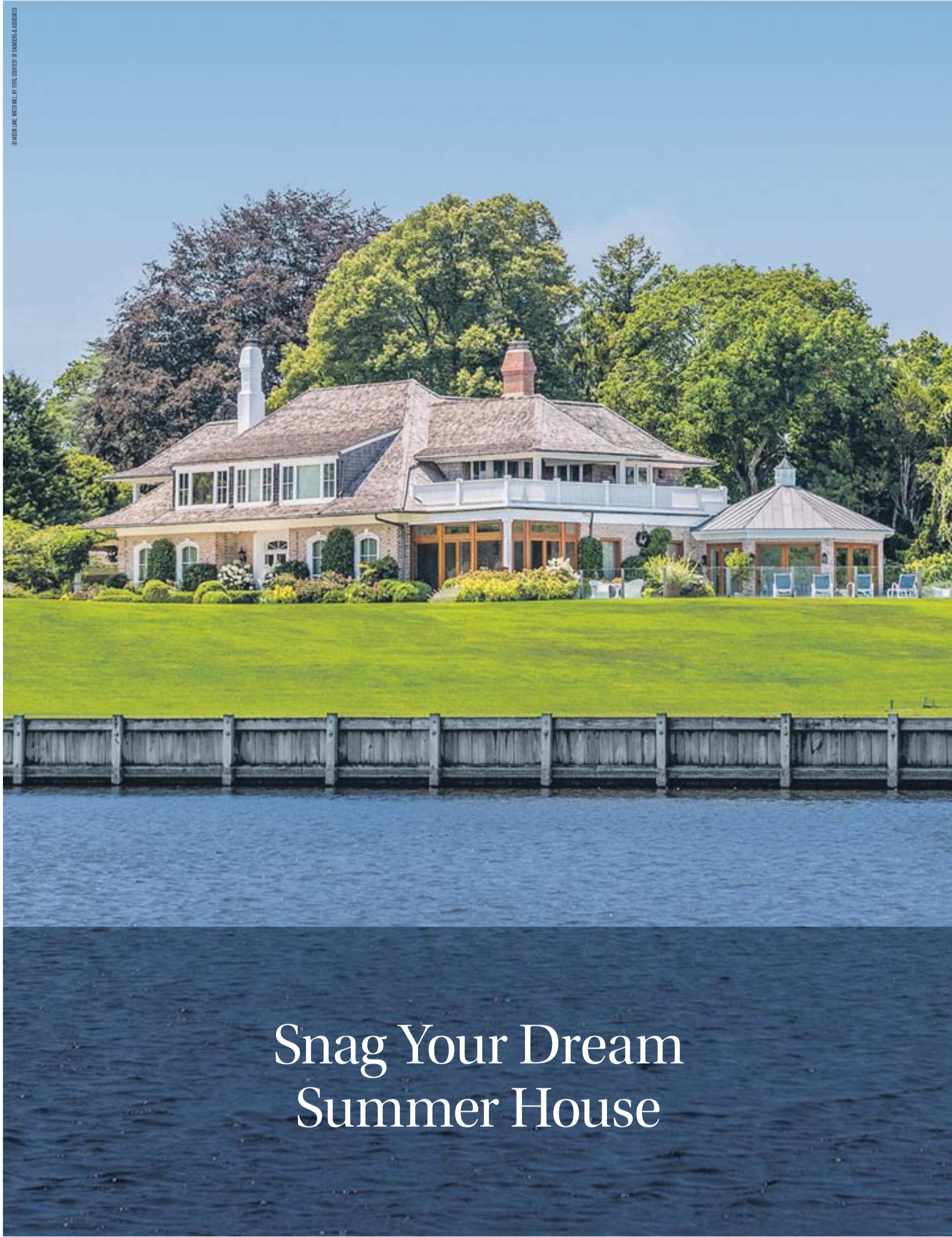
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HAMPTONS, NORTH FORK & EAST END PROPERTIES



Oceanfront properties don't come up for sale often—and they make a splash when they do.

Agents Predict Strong East End Market

THE HIGHER THE PRICE, THE STRONGER THE SALES

By Joseph Dobrian

Following a year of indecision and doubt—and consequent slow sales—the market for luxury homes on the East End of Long Island should be lively in 2017. Sellers appear more motivated, and buyers more optimistic. Homes that may have languished on the market last year could be snapped up quickly this spring, in the Hamptons and on the North Fork. Renters are joining the hunt earlier than they did last year, and agents are expecting keen competition for prime rental properties.

The good news for sellers is that a sensibly priced home in good condition will attract plenty of attention this year. The good news for buyers is that there seems to be plenty of product available—for now. But most agents on the East End agree that this situation won't last.

"The last quarter of 2016 was the weakest market I've ever seen: crickets," says Judi Desiderio, CEO of Town & Country Real Estate in East Hampton. "Last year was challenging at best, because of uncertainty about the Presidential election. Then, starting in January, people started saying, 'Okay, at least now we know what's what.' This was the biggest January I've seen since 2007 or 2008: we actually had bidding wars.

Villages, where prices can climb into the \$25-\$50 million range, have been the vacation destination for the ultra-rich and famous since the horse-and-buggy days, and still attract what Ms. Desiderio calls "the outer crust of the cream of the baked Alaska."

"Some of the high-end clients want the privacy, to be tucked away and not seen, behind gates and long, winding driveways," she says, "and some want to be closer to the action, but they all want outdoor living rooms and kitchens. They want a little bit of Europe in the East End. The traditional shingle-style Hamptons home is still the most popular, but there's definite demand for modern styling. The bold, all-glass modern look is picking up steam, and so is the big barn look with the very modern interior."

"A finished basement is a very important selling point. It's the least expensive space you can build, but it has to be done right—and if buyers see an unfinished basement they feel like they're missing out."

PROPERTY SURGE

James Petrie, salesperson for Compass in East Hampton, agrees that business is starting to surge, especially for properties under \$4 million, and a few ultra-expensive properties are attracting attention as well.

"We have an incredible oceanfront property on Further Lane in East Hampton asking \$69 million with a 10,000-square-foot Francis Fleetwood house on six acres," he reports. "We have another oceanfront on Surfside Drive in Bridgehampton:

"THE GOOD NEWS FOR BUYERS IS THAT THERE SEEMS TO BE PLENTY OF PRODUCT AVAILABLE—FOR NOW."

"Our markets are more emotional than they've ever been. One important trend I'm noticing is that people who are nearing retirement want to buy locally, to be near family, so the middle market—between \$1 million and \$3.5 million—should be strong, and if we had more inventory, we'd sell more. The highest end of the market—over \$10 million—is going to get a little 'bump' since a lot of money has been made in the stock market lately. As the year moves on, the numbers will get progressively better."

STRONG ACTIVITY

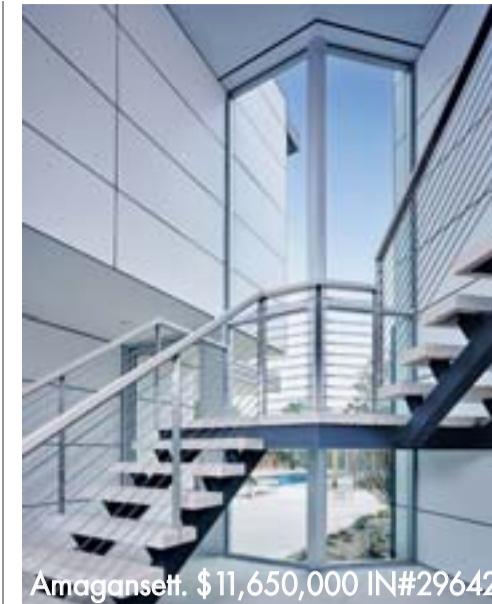
Ms. Desiderio expects strong activity in Westhampton Beach, which she calls the "gateway Hampton." It offers the easiest access to New York, and the best prices. The "estate sections," such as East Hampton and Southampton

an interesting house, on five different levels, listed for \$21.5 million. It's one of the highest houses in the street, with sweeping views of the ocean. We have another oceanfront property on Old Montauk highway, designed by architect John Pawson, a minimalist, for \$32 million. It sits high on the bluff with spectacular views of the ocean. It's a very private 5,000-square-foot house built into the topography, and only visible from the ocean side. It's a modern beauty that blends in.

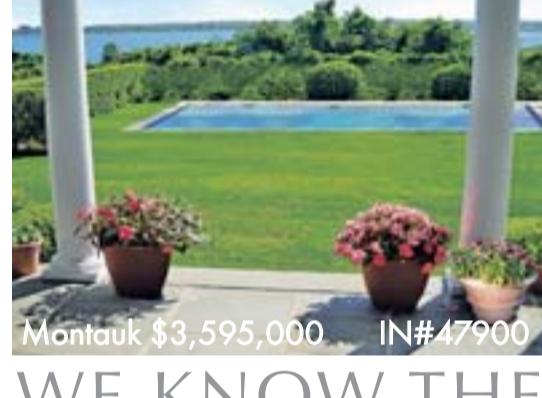
"Oceanfront properties don't come up for sale often, so when they do, they make quite a splash," he says.

Both rentals and sales are moving fast, Mr. Petrie concludes. Buyers and renters are looking earlier than they did last year.

"There's general optimism in New York," he says. "This will be an excellent season."



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Special Advertising Feature

HAMPTONS, NORTH FORK
& EAST END PROPERTIES

Brokerage Is Still a Relationship Business

CHOOSING YOUR
AGENT WITH CARE
PAYS DIVIDENDS

By Joseph Dobrian

On Long Island's East End, as in any luxury market, neither buyer nor seller should underestimate the importance of finding the right agent to work with. Most brokerages will have their strong and weak players: the agent who makes the most deals might not make the best deals; the company with the most impressive Web site might not have much more than that.

Technology is gaining importance in the brokerage business. The agent who can command the latest and best in communications and information technology will be able to serve buyers and sellers most efficiently. A few years ago, a sophisticated website often provided the initial hook. Today, information available on a mobile app is gaining importance.

It goes without saying that strong knowledge of the market is a must for any agent, but buying and selling homes is a relationship business—and thus it's important to find an agent with whom you can develop a strong rapport, and whom you can trust to look out for your interests.

"Trust is critical," insists Marie Beninati, broker at Beninati Associates in Southold, N.Y. "You must feel a connection. Whether you're buying or selling, be open with your broker. Often a buyer or seller might have an urgent need



A strong knowledge of the market is a must for any real estate agent.

TECHNOLOGY IS GAINING IMPORTANCE IN THE BROKERAGE BUSINESS.

to get the deal done, but they feel they have to finesse, not give the impression that they're desperate. The more the agent knows, though, the better the result will be."

Sales are moving faster, she says, because of pent-up demand following a year of pre-election uncertainty.

"So many people have been wanting to put their homes on the market, but they wanted to wait till spring. Now is a good time to sell, because buyers want to close the deal and be in the

home in time for summer. If you price your home right, and it's in good condition, it will sell, and quickly.

"As for the process of choosing an agent, I've seen a study that said 80% of sellers sign on with the first agent they speak to. That doesn't necessarily work to their benefit. You should interview more than one agent, and check references."

NORTH FORK PRICES

Ms. Beninati operates mainly on the North Fork, where prices average about a third less than on the South Fork and homes might be a little more spread out, so finding just the right home for the right buyer can take some

Continued on following page

FLYING HIGH

CHRISTOPHER J. BURNSIDE HAS BEEN THE TOP PRODUCER IN THE BRIDGEHAMPTON BROKERAGE OFFICE IN BOTH SALES AND RENTALS EVERY YEAR SINCE 2000.



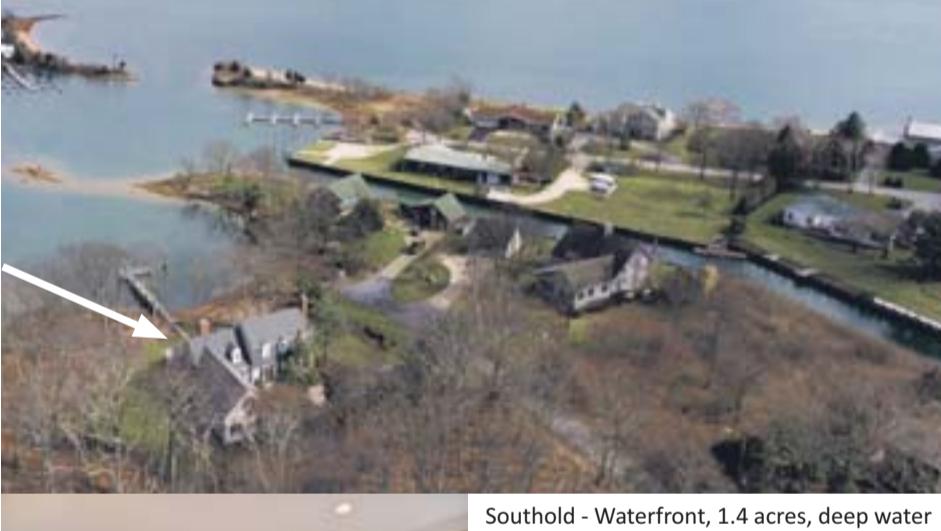
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Having partnered as a real estate agent over the years with a variety of top Hamptons high-end residential builders, and with his own experience buying, developing and selling his own homes, Chris has become one of the most trusted and knowledgeable resources in the industry. With a natural eye for design, high-end materials and finishes, a vast knowledge of the zoning and building process and a keen ability to identify opportunities for investment, he is uniquely positioned to bring to his clientele the very best in brokerage services for the Hamptons.

Chris pursues many interests including waterskiing, sailing, mountain biking, tennis and fishing, with his main interest being airplanes and flying. He is a pilot, flying his own single engine Cessna, as well as a boat captain, often showing properties by air and from the water.

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Living On The East End

Showcase your breathtaking property in the next installment of The Wall Street Journal's **Hamptons, East End, and North Fork Special Advertising Feature**. We will continue to explore market trends, community features, unique homes, and top sellers throughout the region to highlight where to visit, rent, and buy this summer.

Issue Date: 6/9 | Close Date: 4/28 | Section: Greater New York

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Special Advertising Feature

**HAMPTONS, NORTH FORK
& EAST END PROPERTIES**

**Brokerage
Is Still a
Relationship
Business**

Continued from previous page

time. The North Fork, she says, appeals mainly to the buyer who prefers a restful environment, rather than the nightlife that attracts people to the Hamptons.

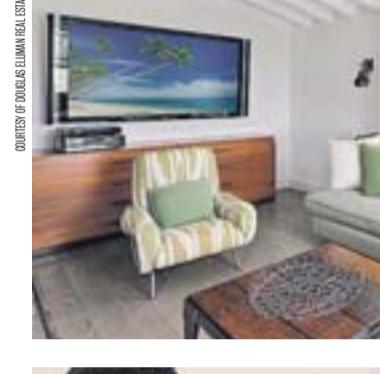
"We offer a slower-paced, outdoor life," she says. "Last year, Southampton and East Hampton saw declines in unit sales and average price, while we continued to show increases. We are not, however, replacing sales with the same number of homes to sell. Inventory is going down, down, down, so prices will go up even more."

GOOD BROKERS

Paul Brennan, Bridgehampton-based broker at Douglas Elliman, points out that the East End has plenty of real estate agents, but only a few good ones. They're "the ones who show up on a daily basis," he says. "That means they have experience in the community, and [know] who does what in the community; they know who's selling and who's buying," he explains. "They know where we are in the market cycle. Listings rule. If you have the listings, people seek you, and if you have a reputation for being involved and available 24/7, that will build momentum and you'll sell houses."

"Right now, there's quite a lot available at the high end. Even though the stock market is booming, that hasn't translated to big sales. That has to turn around, though. There's money on the sidelines now, and people will feel better about committing."

He is especially enthusiastic



The best brokers are the ones that show up and know the community.

about a \$19 million beach house that offers an ocean view on one side and a view of Wainscott pond on the other. "It's very much 'the way it was,'" he says.

James Petrie, salesperson for Compass in East Hampton, notes that rentals and sales are both getting busy, with customers starting the search process earlier than last year—and he reports more traffic coming into his mobile app than his Web site. That, he says, tells him where the industry is headed.

"If you have a smart in-house team building your technology," he says, "people are going to use it more and more, and you'll get more business."

"At the highest end, brokerage is still a personal relationship business. But in the middle of the market and at the lower end, your business will be driven by your Internet presence, your ability to advertise yourself, and the tools that your company gives you that allow you to display your knowledge."

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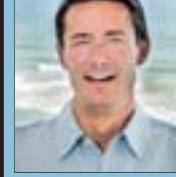
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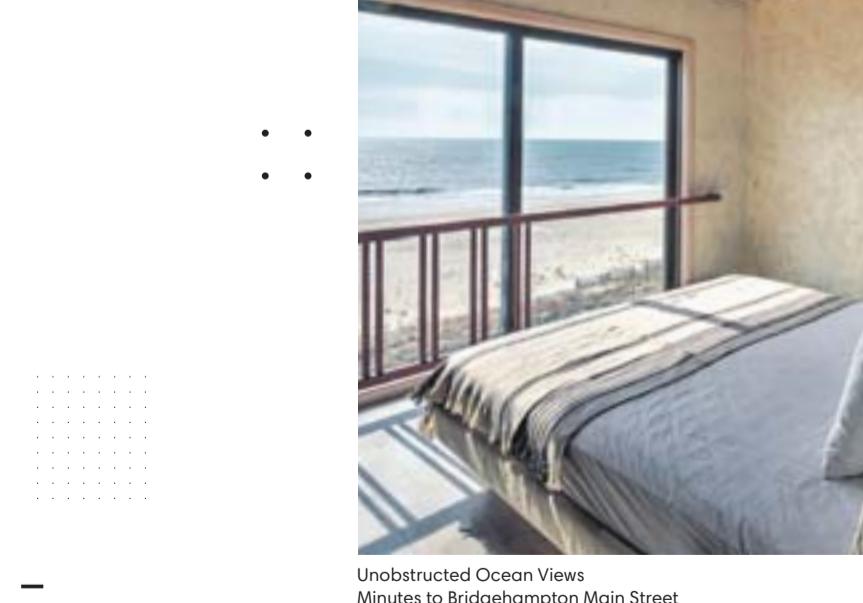
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Special Advertising Feature

HAMPTONS, NORTH FORK
& EAST END PROPERTIES

Buyers Seek Turnkey Solutions

IT PAYS TO ACT FAST ON TODAY'S DESIRABLE MODERN PROPERTIES

By Joseph Dobrian

What are some of the most sought-after features of a luxury home, these days, specifically in the East End? Are certain home technologies currently more or less fashionable than they used to be? Are certain activities and pastimes gaining importance for the luxury home buyer?

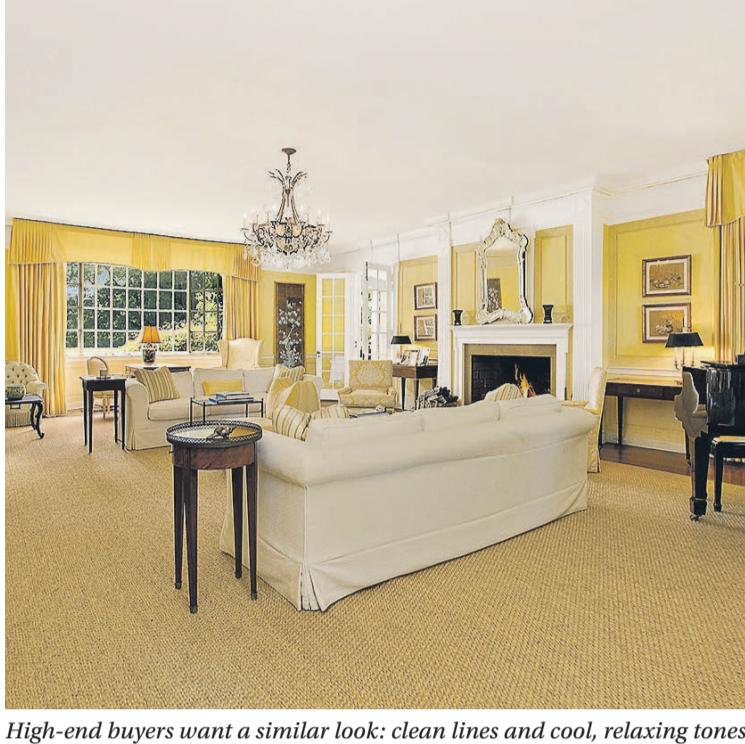
Mainly, it seems, people want new product. Older homes tend to sit on the market longer. The buyer of a decade or two ago, who dreamed of the ideal fixer-upper, has nearly disappeared from Long Island. Today's buyers want the latest modern interior detailing; especially, it seems, they want elaborate basements.

"The biggest change, in terms of what people are looking for today, is that the turnkey home is very important," reports Donielle Cardinale, associate broker at

BUILDING UNDERGROUND IS A WAY TO INCREASE YOUR SQUARE FOOTAGE WITHIN ZONING REGULATIONS."

Daniel Gale Sotheby's (Mattituck). "The more hectic people's lifestyles are, the more important it is for them to come to that home and relax. They don't want a project. They want

COURTESY OF DOUGLAS ELLIMAN REAL ESTATE



High-end buyers want a similar look: clean lines and cool, relaxing tones.

clean lines; they don't want a lot of color; they want cool, relaxing tones. They all want a similar look: white, cream, grey, and soft grey-blue tones.

"People used to take a more laid-back attitude toward these weekend homes, and not care about a little beach sand on the floor. But now they want these homes to be as nice as, or nicer than, their weekday homes. They have higher standards, and buyers will pay a premium to meet them."

A few buyers still want a home they can renovate, but they're rare nowadays, Ms. Cardinale says. She's more likely to hear, "I don't want to do anything; I want to move into a house that's already been done." Another major

change in the market, she says, is that these homes are more likely to be used as year-round weekend homes, rather than summer homes. A family might keep a pied à terre in the city, and regard the Long Island property as their regular home.

COUNTRY HOME

"They want a weekend country home, not a beach house," she says. "Our buyers used to be older; we see younger couples now. They're living their lives on the North Fork, while functioning in the city. Sometimes they're foodies—we have so many restaurants and vineyards now—and sometimes it's water and boating that attracts them.

COURTESY OF DOUGLAS ELLIMAN REAL ESTATE



Above: luxury East End properties in Middle Lane (top) and Beach Lane.

Some people want to be in the village of Greenport, where they can walk anywhere and there's lots to do. Others want to get lost in the woods and have complete privacy. I'll ask a buyer the basic questions to start, and then listen. You have to read between the lines a bit, because sometimes they say they want something but they really want something different."

Special Advertising Feature

HAMPTONS, NORTH FORK
& EAST END PROPERTIESBuyers Seek
Turnkey
Solutions*Continued from previous page*

down, and builders are making remarkable innovations with gyms, theatres, recreation rooms.

You and I would never have thought that basements would become such a thing, but they will wow you, some of them."

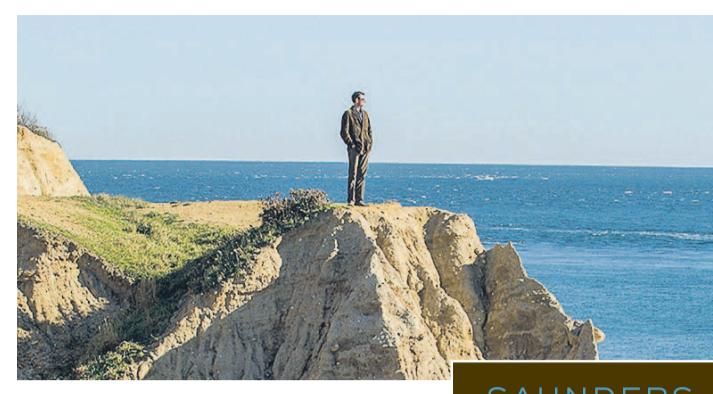
Broker Chris Burnside, in the Bridgehampton office of Brown Harris Stevens, notes that construction costs are continuing to rise. He advises buyers looking for a newly constructed home not to waste time on bidding. New construction commands a premium and generally sells fast.

"There are hardly any new homes listed below \$3 million," he says, "\$4-6 million is more the range. Buyers are gravitating toward modern designs. They're focusing on quality of construction instead of a 7,000-square-foot house with nine bedrooms and 10 baths."

Sellers are sleeping at the wheel if they think they're holding the cards here. There's been a shift: the market has picked up. "What's also selling now has been sitting on the market and has already had its price reduced. New listings are coming on at higher price points that make older inventory look like a bargain. If you see something on the water that you like for \$12 million, buy it, because there's no inventory around here."

"Don't look for deals here," reiterates Mr. Burnside. "Prime properties are going pretty quickly."

Joseph Dobrian is a freelance writer specializing in real estate.



A FRESH PERSPECTIVE

SAUNDERS
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Ed joins Saunders & Associates as a top producing agent. With 14 years' experience in luxury real estate, land acquisitions and rental properties he has a keen eye for waterfront, new-construction and smart real estate investments.

His clients and customers appreciate his fresh perspective, friendly demeanor and local connections, which make him an indispensable asset in calmly and expertly closing real estate transactions in the Hamptons.

Originally from California, Ed has a Bachelor of Science degree from the California Polytechnic University. In 1998, he and his wife, Mariah, moved to New York City, where he worked for Morgan Stanley. They relocated to the East End in 2002 and are raising their two daughters in East Hampton.

Want to hear a fresh perspective on the Hamptons Real Estate Market, ask for a property evaluation, or get this week's email of the favorite few investment ideas? Call or email any time.

Ed Bruehl - Licensed Associate Real Estate Broker
EBruel@Saunders.com | Cell: (646) 752-1233

The North Fork has certainly come into its own," commented Marie Beninati, Principal Broker of Beninati Associates, a family-owned real estate firm that she founded with her husband, Lee Beninati. They came to the North Fork with diverse

NORTH FORK TOP SELLERS



careers – Lee was a chef/ restaurateur and Marie was a management consultant, advising brick and mortar businesses transitioning to marketing on the internet. They fell in love with the peace and tranquility of the North Fork, the bountiful vineyards and farms, the easy access to creeks, bays and the sound. Certainly a different lifestyle from the hustle and bustle of Manhattan. "Living on the North Fork is the next best thing to heaven," says Lee. Marie & Lee quickly turned their marketing, finance, sales and service skills into a thriving real estate firm with a close-knit team of agents. After almost twenty years, they have been consistent top producers with a proven track record of innovative marketing focused on high-end waterfront properties. "As a boutique realtor our flexibility and agility allows us to respond to the quickly changing market that we are facing today. We don't believe in hard sell, we believe in supportive selling with informed and honest information, trust and support." The results speak for themselves!



Marie Beninati - Licensed Real Estate Broker
marie@beninatiassociates.com
Cell: (631) 235-8980



Lee Beninati - Licensed Real Estate Broker
lee@beninatiassociates.com
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COMPASS



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The Petrie Team brings together three leading Hamptons real estate experts to create a synergy greater than the sum of its parts. Armed with extensive insider knowledge of the local marketplace and steeped in diverse experience in real estate, sustainable design, advertising and fashion, The Petrie Team is indispensable in any Hamptons home search.

Ed is an admired name in New York real estate found on lists of best agents in the industry. He has 30 years of experience in the field. As a lifelong resident of East Hampton, Ed is a local expert, top producer, mentor and trusted advisor. Raised in East Hampton and guided by his experienced father, James is innately at home in the Hamptons real estate market. Julie has been immersed in Hamptons real estate for years as a resident, investor and real estate agent. Together, Ed, James and Julie are the consummate Hamptons real estate team, guiding buyers, sellers, renters and investors to the best possible results.

The Petrie Team | petrieteam@compass.com | 516-885-9365



THE ATLANTIC TEAM

James Keogh

phone: 631.267.7341
james.keogh@elliman.com

Justin Agnello

phone: 631.267.7334
justin.agnello@elliman.com

Hara Kang

phone: 631.267.7335
hara.kang@elliman.com

time prices to sell a home or in finding an investor with the best deal to fit clients' needs. The Atlantic Team has set record sales prices all throughout the Hamptons. The team also has found inventory for investments on all levels. Negotiating the deal is the ultimate end game and something the team has proven to be one of their greatest aptitudes. The team's record number of Hamptons transactions for the biggest brokerage in New York speak volumes to the effectiveness of this locally loved and globally respected team.

The team offers a definitive edge by incorporating a massive Internet presence, targeted social media and traditional print campaigns in their marketing of some of the most coveted properties in the Hamptons. The combination of Douglas Elliman's global reach and unparalleled resource base partnered with the Atlantic Team's innovative, obsessively planned marketing strategies serve to give sellers the broadest "net" available to find the perfect buyer for their property. By perceiving and responding to the emerging needs of the continuously evolving real estate industry, our sellers and buyers have a clear cut advantage and will never be caught missing the boat on a buyer or a deal.

The Atlantic team has ranked as one of the top producing teams for Douglas Elliman from its inception in 2006 right on through to a record breaking 2016. Adding new agents and territories as they go, they are now stronger than ever, having set an all-time record for the most transactions in the history of Hamptons real estate during 2015/2016. 2017 will be another banner year for The Atlantic Team, as they currently hold the largest all-time market share in Hamptons real estate history!

11 Years strong, the Hamptons original and only equal partner team can help any buyer, seller or renter looking for real estate in the Hamptons.

#1 Team in the Hamptons in Transactions 2015-2017

#1 Team in East Hampton 2010- 2017

The Atlantic Team of Douglas Elliman Real Estate, Justin Agnello, Hara Kang, and James Keogh represent the new generation of real estate professionals whose innovative marketing and sales strategies have helped fuel their extraordinary success. In today's competitive and increasingly complex marketplace, having a team of partners working collectively sets a higher industry standard to service clientele. Structured as an equal partnership, the team is known for its impeccable work ethic, unwavering determination, and aptitude for executing deals. Having three well-rounded and educated opinions proves beneficial in setting real



Christopher Stewart
Lic. R.E. Salesperson
Douglas Elliman Real Estate
phone: 917.744.2450
christopher.stewart@elliman.com

Christopher has been selling real estate on the East End for over a decade. His fierce dedication and calm demeanor have garnered kudos from customers, clients and industry peers alike. As a real estate investor himself, Christopher understands the emotions as well as the finances involved in a transaction. His ability to apply this knowledge along with strategic analytical thinking ensures that both customers and clients receive the highest level of service possible. "It is imperative to employ a comprehensive skill set at all times, not just to close deals, but to foster trust and build lasting relationships," he says. Consistently a top producer, Christopher has invaluable insight into the intricacies of the luxury real estate market in the Hamptons. Christopher strives to employ this same philosophy of honesty, integrity and hard work while taking an active role in the community through fundraising and volunteer work. He has been serving as the director of the East Hampton Youth Lacrosse Foundation since 2011. #1 Agent East Hampton 2014,15,16, #3 in total transactions Hamptons 2015.

Douglas Elliman EST. 1911
REAL ESTATE



Lynda Packard
Douglas Elliman
Lic. R.E. Salesperson MBA/MA
phone: 631.204.2747
lynda.packard@elliman.com

from Westhampton to Montauk and frequently partners with colleagues throughout the global Douglas Elliman network, especially in New York City. Confidentiality, a background in international marketing with a focus in luxury goods, as well as working with international clients has been a common theme throughout Lynda's career. Lynda has resided in London, Sydney, Montego Bay, New York City, Dallas and Southampton. She has a love for international travel and culture and has visited over 30 countries around the world. Lynda feels strongly about giving back to the local community and helping others. She is actively involved in many international NGOs including being on the Executive Board of a Foundation that runs 4 schools in Jamaica. In addition to her two Master Degrees, she has her BA from Colgate University and is a Hotchkiss School graduate. An avid golfer and overall sports enthusiast, Lynda enjoys all that the Hamptons environment has to offer.



Growing up in a family of builders in Westchester, Vincent Frezzo received an early education in real estate that turned into a lifelong passion. Later on, he took what he had first learned in the family business and applied it with great success to the beauty and publishing industries in Manhattan.

Vince's talent and expertise in sales and marketing led to increasingly senior level positions in luxury goods and global beauty. At Coty, he earned the title of Executive Director of Global Media & Digital Marketing and at L'Oréal Paris as VP Media & Integrated Marketing Communications. He also served as Executive Director of Beauty & Fashion for INTERVIEW Magazine.

While he was climbing the corporate ladder, Vince continued to pursue his passion for real estate—applying his impeccable style and construction expertise to building a number of homes and development projects. All of his professional and personal experiences up until now have uniquely prepared him for his current position on The Brendan Skislock TEAM at Douglas Elliman Real Estate.

Vince is a true advocate for LGBT rights and he volunteers his mentoring skills and branding expertise to a number of charities.



William Pitt
Julia B Fee

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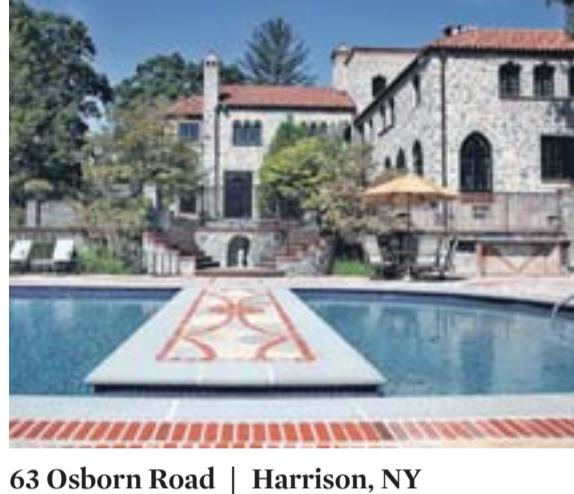
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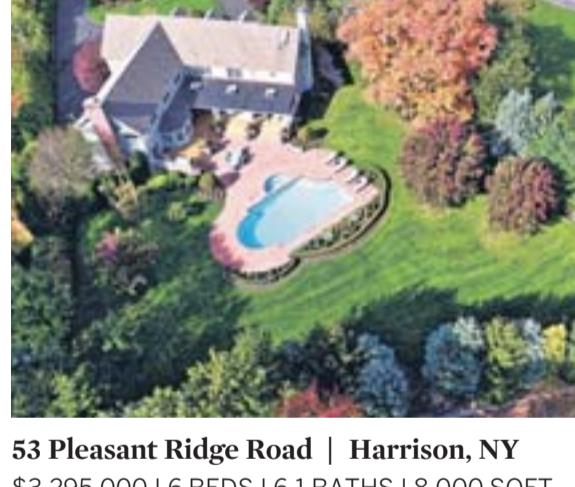
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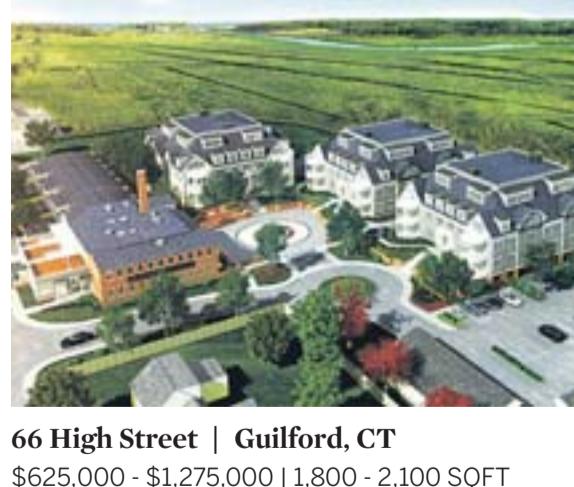
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MANSION

ANNOTATED ROOM

A Place for Peace of Mind

An Hermès bag inspires the design of a \$39,000 yoga room in a South Florida home

BEFORE REDECORATING, homeowners often show their interior designer a painting or sculpture for inspiration. John and Diane Goodman showed him an Hermès Birkin bag in Covert blue.

The purse's teal hue appears throughout their 3,700-square-foot condominium at the Palazzo Del Sol development on Miami's Fisher Island, including in the 132-square-foot third bedroom the couple designed as a yoga and

meditation space for Mrs. Goodman.

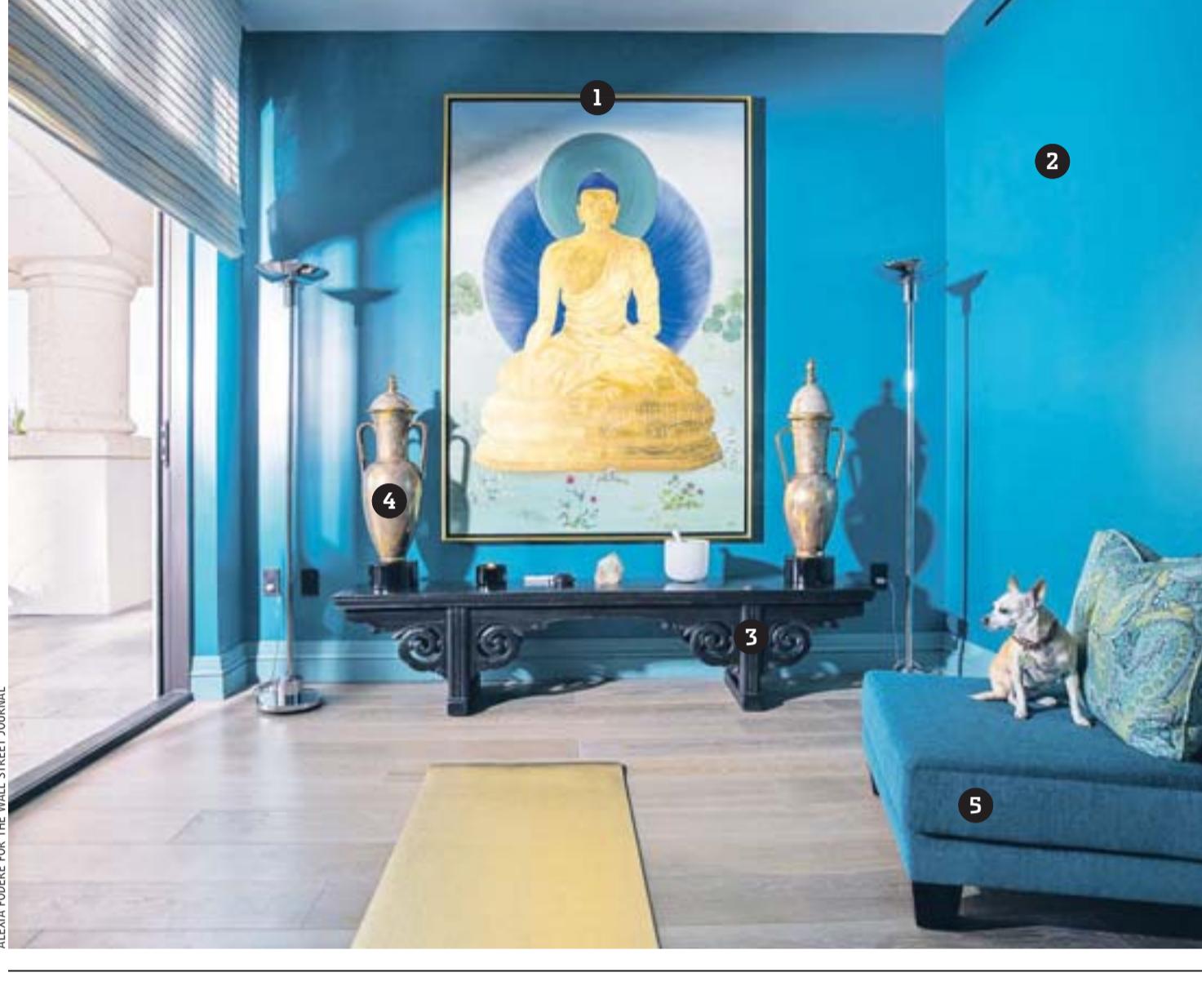
"She wanted a place in the house that could be more serene and comforting," said Mr. Goodman, 64, founder of the Core Group, a national food-service sales and marketing agency. Mrs. Goodman, 56, is the director of CoreCares, the company's philanthropic arm.

The Goodmans purchased the apartment in April and moved there in November. The \$39,000 yoga room—which

has minimal furniture, a ballet barre and a treetop view—was part of a nine-month decorating project. They hired James Lumsden, the owner of an eponymous Los Angeles-based design firm who has also done their homes in Los Angeles, New York City and Hawaii.

"When you walk in the room," Mr. Lumsden said, "it's very enveloping but also very calming."

—Leigh Kamping-Carder



1. The focal point is a roughly 6½-by-4½-foot **Buddha painting** by artist Kaveri Singh—one of two works she planned for a peace ceremony while studying at a monastery. Though she ran out of time to complete the work before the ceremony, the Goodmans called soon after requesting a gold Buddha painting. "These things have a strange way of working out," Ms. Singh said. The work incorporates 24-karat gold and lapis lazuli, a deep-blue semi-precious stone.

Price: \$15,000 as part of a larger commission

2. The walls are painted in "**Hypnotic Sea**" from PPG Pittsburgh Paints. It's a brighter version of the Birkin-inspired blues in the rest of the apartment.

Price: \$500 for the room

3. Mr. Lumsden said he found the **Chinese altar table** at a Los Angeles antiques store. He restored the finish and shortened the legs so it would fit under the painting.

Price: \$2,920, including restoration

4. Mr. Goodman said that he purchased the **ceramic urns**—custom-made by artist Anna Silver—about 25 years ago. They have traveled with the couple ever since.

Price: \$4,000 for the pair

5. Mr. Lumsden designed about 90% of the furniture in the home, including **this room's single chair**. The low-slung shape allows Mrs. Goodman to meditate while sitting cross-legged.

Prices: \$1,800 for the chair; \$400 for the pillow



Ballerina (Seated) — Jeff Koons

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GOLF & GETAWAYS

SOUTHERN SPAIN'S SWEET SPOT



LOS ALTOS DE VALDERRAMA The exterior, living room and pool of the villa owned by Hans Dieter Neumann, 75, in Los Altos de Valderrama, a gated residential area within the Sotogrande resort. He is selling his 10,800-square-foot home, completed in 1999, for \$4.3 million.

Continued from page M1
in London, purchased Sotogrande's development company, including undeveloped property, hotels, the local water concession and golf courses, for \$237 million. The new management team is planning infrastructure and amenities investments of about \$54 million, says Marc Topiol, CEO of the real-estate company, Sotogrande SA, the original developer.

Sotogrande—with a summer population of about 40,000 and about 8,000 year-round residents—is anchored by two acclaimed golf courses, both planned by Robert Trent Jones Sr., the prominent American golf architect.

Real Club de Golf Sotogrande, opened in 1964, is known for its wide fairways. It has a lively atmosphere, with frequent competitions for its nearly 2,000 members.

The club spills into the development's so-called Kings and Queens residential neighborhood, where the streets, named after Spanish monarchs, are lined with tra-

ditional Andalusian-style mansions and some newer contemporary homes.

A seven-bedroom, eight-bathroom villa at Real, with views of the course's 18th hole, has an asking price of \$5.7 million.

Royal Valderrama Club, which opened in 1974, has an initiation fee of about \$129,000—nearly twice that of Real Sotogrande. Valderrama's narrow fairways lined with cork trees have hosted a number of major tournaments, including the 1997 Ryder Cup. The club has about one-quarter the membership of Real.

Stanley Fosbury, 81, founder of a design and wholesale-clothing company in the U.K., is overseeing the sale of his family's 8,826-square-foot villa at Valderrama, listed for \$3 million. The five-bedroom, five-bathroom house is on a lot of just under an acre. The property includes a richly landscaped garden and is largely hidden from view, like other homes on the course.

Mr. Fosbury bought the



SUN AND SHADE The sixth hole of the Real Sotogrande golf course, above, known for its wide fairways. Below, the dining room and exterior of the Fosbury family's 8,826-square-foot Valderrama vacation villa, on the market for \$3 million.



Valderrama property in 2006 at the peak of the market. He sees the family breaking even with a sale at the asking price, due to the recent fall of the pound. He said he and his wife, Anne, plan to spend more time in their U.K. home, and the family no longer needs such a large property. They live in Henley-on-Thames, west of London, and also have a vacation home near Cannes, France.

Like many of the vacation-home owners who golf, Mr. Fosbury and his wife belong to both Real Sotogrande and Valderrama, as well as La Reserva, a newer private club not far from Mr. Mossi-Mario's villa, known for its sea views.

The couple typically spends the fall in Sotogrande, which, along with spring, is prime golfing season.

Professional golfer Nick Faldo calls Sotogrande autumns "perfect golfing weather." He played on the winning European team in the Ryder Cup at Valderrama in September 1997.

But increasingly, Sotogrande is attracting buyers with little interest in golf. They are part of a wider trend of nongolfers seeking the "security and protected views" of a golf-course setting, says Mark Harvey, head of European sales at Knight Frank.

"The biggest news there," Mr. Harvey says, is "the wall of money that has been coming in."

Sotogrande SA is planning to add new luxury villas in the resort's La Reserva area. A European buyer recently paid \$9.7 million for a planned 20,230-square-foot villa in La Reserva on just under 1½ acres of land.

Other companies are investing. Last year, the owners of La Zagaleta, a gated community in the mountains above Marbella, invested \$43 million in the area, including buying land containing the Valderrama course, plus 544 acres just outside of Sotogrande proper, where they plan to build a new course and develop a gated community of high-end homes.

And a 15-minute drive up

the coast from Sotogrande, exclusive golf villas are going up at the Finca Cortesin resort, containing the area's most prestigious hotel.

A 13,665-square-foot villa, bordering the resort's new golf course, recently sold for \$7.7 million. Currently under construction, the eight-bedroom villa has 12½ bathrooms and 1,722 square feet of terraces.

Los Altos de Valderrama, a gated area with 24-hour security, vies with the Kings and Queens area for Sotogrande's highest prices per square foot.

Retired German business consultant Hans Dieter Neumann is selling his 10,800-square-foot villa high above the Valderrama course for \$4.3 million. He says he is selling because he spends more time at home in Berlin, where his children and grandchildren live, while his family has less time to visit.

Mr. Neumann, 75, says he has invested about \$3.2 million in his property, including building the home and upgrading his lot, bought in 1996 and later expanded.

"I built before the boom started," he says.

Sotogrande Homes for Sale



\$16 million

Los Altos de Valderrama

10 bedrooms, 10 bathrooms

Located in the gated community and near the fifth hole of the Royal Valderrama course, the owners have turned their garden into a private park of more than 5½ acres. The property has a 19,547-square-foot mansion and a 1,991-square-foot pool pavilion. Agent: James Stewart, James Stewart/Savills



\$4.8 million

Kings and Queens

Six bedrooms, 6½ bathrooms

The 1.2-acre lot of this contemporary mansion includes an Asian-style pond and a modern swimming pool. The interior features marble floors and cream-colored Spanish stone walls. Ceilings are double-height. The home has electronic safety shutters. Agent: Susana Fontechia, Kassa Sotogrande

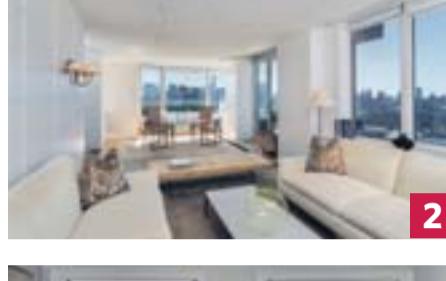
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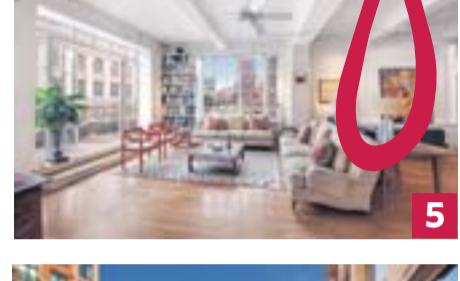
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EAST SIDE

Mint 5B, 5.5 Bth Park Ave Dpx Condo. New 5702 sf full flrs, 50' Park Ave frontage, balsc. CAC. FS condo. \$17995M. Web 16029263. Patricia Shiah 212.585.4566

Hi Flr 10 Rm Park Ave Dpx. 4-5BR, 4.5 bth prewar FS co-op w 4 fpcls, library, EIK & Indry area. \$8.625M. Web 16245540. Merrill Curtis 917.412.7602/Megan Scott

CP Views At The Pierre on 5th Ave. Renov 2BR co-op w hotel services, grand rms, hi celis, 2 bths & 3 expos. \$5.995M. Web 16250471. Inez Wade 212.452.4439

2 Triple Mint Designer 2BR, 2 Bth at East 85th. CP, Reservoir & skyline views, wrap terrace, 3 expos. FS condo. \$5.7M. Web 16449306. Alexa Lambert 212.452.4408

Gut Renovated 3BR Co-op on East 69th. MBR suite, EIK, DR, den, office. LR w WBFP. Open views, W/D, CAC. \$5.025M. Web 16464947. Rema Parachini 212.434.7081

17th Flr Crmr Park Ave 3BR, 3.5 Bth. Planted terr, views. FDR, paneled libr. FS co-op. \$4.995M. Web 16335458. Cindy Kurtin 212.452.4406/Jill Bernard 212.585.4543

Renov 3BR, 2 Bth on E 85th. Mrbl fyr, LR w WBFP, FDR, chef's EIK, den. W/D. FS prwr co-op. 50% fin. \$4.375M. Web 16307939. Eleanor Frommer 212.452.4389

Museum Mile Prewar 7. 14th flr 3BR, 3 bth. LR w WBFP, skyline views. DR. FS 5th Ave co-op. 40% fin. \$4.295M. Web 16123592. Richard B. Brown III 212.434.7079

NEW: Hi Flr 8 Rm on Park Ave. Sunny 3BR, 2.5 bath, staff rm + full bath, WBFP, EIK, 3 exposures. Prewar FS co-op. \$4.25M. Web 16440995. Lib Goss 212.570.2717

3 Designer Cmr 3BR, 3.5 Bth on E 80th. LR w WBFP, FDR, EIK, maid's S vus. W/D. FS co-op. \$4.25M. Web 16429016. Cindy Kurtin 212.452.4406/Jill Bernard 212.585.4543

Carnegie Hill 8 Rm, 4BR, 3 Bth. Move in ready. MBR suite, LR w Frdr, DR, libr. EIK. FS co-op. 60% fin. \$4.195M. Web 16212946. Rema Parachini 212.434.7081

Triple Mint Prewar Philip House 3BR. LR w WBFP, DR, chef's EIK, MBR suite. W/D, CAC. E 88th FS condo. \$3.95M. Web 16346667. Zafir Uddin 212.613.2745

Pristine Park Ave 3BR, 3 Bth. LR w Park Ave vus & WBFP, FDR, grmt EIK, W/D, CAC. White glove co-op. \$3.395M. Web 16396276. Linda Basilice-Hoerner 212.452.4435

Designer Madison Ave/82nd St Condo. Stunning & mint renovated 2BR unit w/13' celis, balsc. CAC. Boutique FS condo. \$3.28M. Web 16449397. Bahar Tavakolian 212.434.7062

Gracious Prwr 7 Steps off Park Ave. LR w WBFP, FDR, 3BRs, windowed kit, W/D, maid's rm. E 63rd FS co-op. \$3.2M. Web 15787912. Alexis McAndrew 212.585.4562

Manhattan House 1965 SF 2BR. Corner 33' great rm, open kit. FS condo. \$2.995M. Web 16277270. Loraine Dauber 212.452.4378/Christine Collins 917.597.0610

Designer Renov Sutton 3BR, 3 Bth. LR & DR w fpcls, kit w new appls, MBR w Bridge views. W/D. FS prwr co-op. 75% fin. \$2.725M. Web 16029155. Linda Maloney 212.585.4527

Big Price Reduction - 1140 Fifth Ave Prewar 6 with Direct Park Views. Full service co-op bldg. WBFP. Now \$2.695M. Web 15452784. Louise Wallace 212.452.4442

Classic Prewar 7 on E 90th. Spacious LR, DR 3BRs, 2 wndwd baths, wndwd kit. 9' beamed cells, W/D. FS co-op. \$2.35M. Web 16362757. Nancy Tela 212.434.7075

Major Reduction 5 Room on East 79th & Mad. Mint, hi flr 2BR, 2 mbrl bth, FDR. Near CP. EIK. FS co-op, gym. \$2.275M. Web 15466967. Phyllis Mack 917.940.1942

2BR, 2 Bath Condo with Views: East 50s. 3 exposures; 10 foot ceilings, balcony; W/D; gas fireplace; gym; roof deck. \$2.2M. Web 16075930. Julie Perlin 917.414.7653

3BR w Stellar Views & 2 Balcs. 31st flr. 2.5 bths, o-sized wndws, Indry on every flr. Lux E 59th FS co-op. \$2.095M. Web 16423196. Linda Basilice-Hoerner 212.452.4435

Prime E 70s Ultra-Chic 1BR. Arch designed. Dbl height LR, MBR suite, din fyr. \$1.975M. Web 16361093. Alexa Lambert 917.403.8819/Merrill Curtis 917.412.7602

Sundrenched 3BR, 2 Bth w 2 Terraces, Prime UES. Open vus, CAC, SS kit w din area. Centrally wired. FS co-op. \$1.95M. Web 16362948. Catherine Macdonald 212.434.7064

Flr-thru 2BR, 2 Bth at The New Yorker. Open vus, o-sized wndws, hi flr, custom EIK & bths, W/D. FS condo. \$1.81M. Web 16245569. Jennifer Callahan 212.434.7063

Gut Renov 1BR w 2 Terrs on E 57th. 1000 sf terrace w Nanawall, open SS kit LR/DR. 1.5 bth, W/D. FS co-op. \$1,699.995. Web 16403469. Zafir Uddin 212.613.2745

Elegant 2BR: Beekman Townhouse Perfection. East 50th, move-in ready triplex. \$1.695M. Web 16347193. Iris Klatsky 212.452.4407/Laurie Stolowitz 212.434.7094

Fully Renov Midtown East Oversized 1BR w Terrace. Move-in ready. New open kit & bth. White glove condo. \$985K. Web 16362812. Eyal Zabari 212.613.2720

Mint Corner, 1BR on E 96th. Wrap windows w city, CP & river views. Windowed kit, dining alcove, W/D. FS condop. \$895K. Web 16335354. Nancy Tela 212.434.7075

Spacious Top Flr 1BR on E 85th. Open city view, lrg LR/DR. FS co-op 2 blocks fr 2nd Ave subway. Pied-a-terres ok. \$575K. Web 16170081. Stacey Bradie 212.585.4545

Chelsea 2B, 2.5 Bath Ph w 460 SF Terr. Open views, walls of glass. LR, din area, cust kit. Hi celis, CAC. FS condo. \$5.5M. Web 16207528. John Barbato 917.254.7630

Lower 5th Triple Mint Cmr 3BR, 2.5 Bth w Views. Open LR/DR/chef's kit. Hi celis, CAC, pets ok. FS co-op. \$4.9M. Web 16289926. Cornelia Van Amburg 212.613.2683

Stylish Chelsea Prewar Loft Condominium. 2BRs, 2 bths, high ceilings, CAC. Add'l stor. Appx 2160 sf. \$3.575M. Web 16436010. Shannon Helms Wisniewski 646.613.2604

Mint Chelsea 2BR, 2 Bth. Terr, city views, 10+ celis, flr-to-ceil wndws. LR/DR, open grmt kit. W/D. FS condo, prkg spot. \$3.3M. Web 16282902. C.B. Whyte 212.452.4446

Village 3BR, 2 Bath Mais at Devonshire Hse. Pvt entr. 20' LR/DR, custom kit. W/D. FS condo. Co-excl. Reduced \$3.295M. Web 16272281. Shelton Smith 917.750.3047

Mint Village 2BR, Wash Sq Prkvus. 3 expos, PW dts, WBFP, LR, FDR, lrg kit, ofc. Boutique co-op. Lo mt. CAC. \$2.65M. Web 15639280. Mary Ellen Cashman 917.710.2655

Village 3BR, 2 Bath Mais at Devonshire Hse. Pvt entr. 20' LR/DR, custom kit. W/D. FS condo. Co-excl. Reduced \$3.295M. Web 16272281. Shelton Smith 917.750.3047

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W 36th 2500 SF Co-op Loft. Walls of windows, hi celis, artist studio, 2-3BRs, 2 baths. \$2.55M. Web 16442082. Peter Browne 347.234.8709/Jeffrey Rowe 646.327.8792

Designer Soho 1BR, 1.5 Bth Loft. Move-in ready! Open top-of-line kit, custom home office, MBR. W/D. FS condo. \$2.125M. Web 16315090. Susan Wires 646.613.2653

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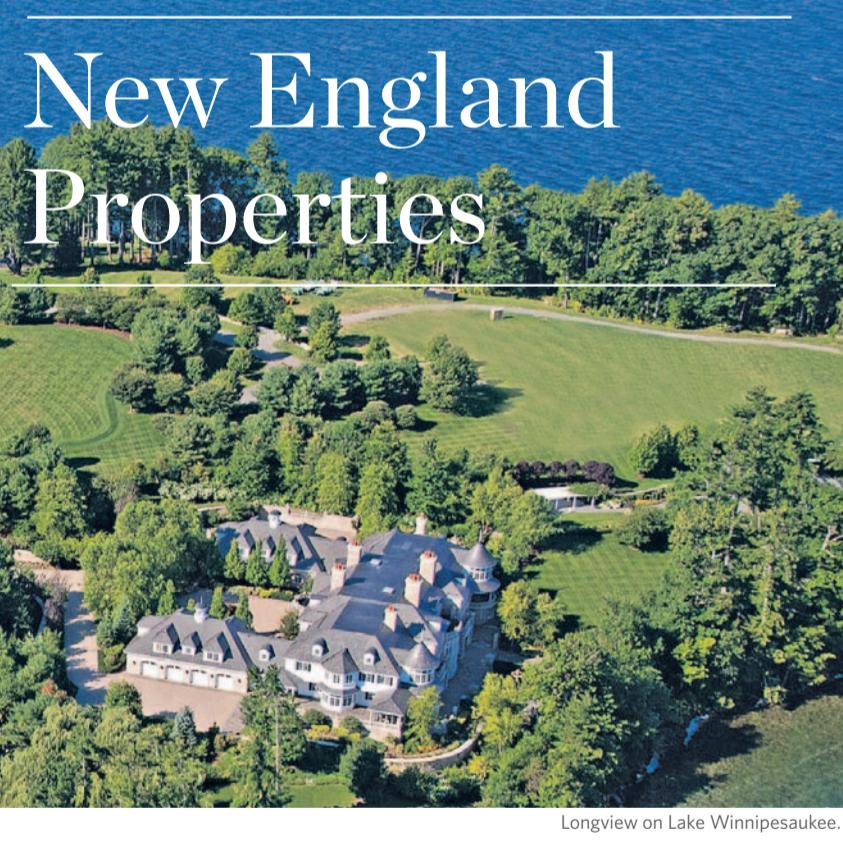
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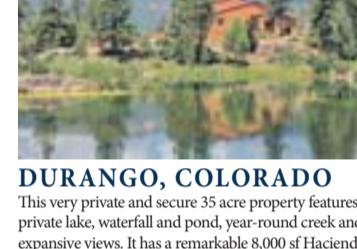
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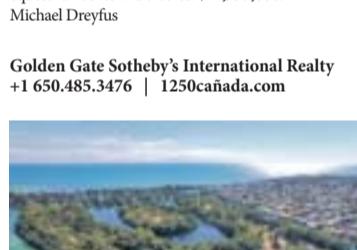
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KEY LARGO, FLORIDA
Charming home in the exclusive community of Ocean Reef offering 3 BR, 3.5 baths. The open floorplan features an abundance of natural lighting from the wall of glass doors and windows opening to the lanai with a gas fireplace. \$2,370,000. Russell.Post@sothebysrealty.com

Russell Post Sotheby's International Realty
+1 305.367.2027 | RussellPostSIR.com



PALM BEACH, FLORIDA
Trophy Ranch 3,640 ± acres. Full amenity hunting ranch, farm, corporate retreat or development opportunity. 5 BR lodge with pool. Private lake, dock and landing strip for the ultimate in convenience. Outbuildings. Price upon request. Wally.Turner@Sothebyshomes.com

Gibson Sotheby's International Realty
+1 617.901.7600 | GibsonSothebysRealty.com



PUMPKIN KEY, FLORIDA
Florida Keys private island just 3 minutes by boat to shore accommodations in the Ocean Reef community. Self-sufficient with water and electric in place from shore to 12 large bay front lots. Featuring 1 main home, 2 caretaker's cottages and 20-slip marina. \$95,000,000. Russell.post@sothebysrealty.com

Russell Post Sotheby's International Realty
+1 305.367.2027 | RussellPostSIR.com



SARASOTA, FLORIDA
Situated on 1.5 acres on a private, gated, peninsula, Hidden Harbor is a waterfront Italian villa minutes to Sarasota, #1 ranked Siesta Key Beach, and top rated private school. Large boats accommodated, putting green, 60' pool. \$11,900,000. Tamara Currey

Premier Sotheby's International Realty
+1 941.587.1776 | viewsarasotahomes.com



CHICAGO, ILLINOIS
Unprecedented urban estate. 25,000 sf masterpiece on Chicago's finest street. Sited on more than 8 city lots. Manicured grounds with multiple fountains, reflecting pool & antique garden pavilion transport you to another world. \$50,000,000. Matt Leutheuser and Tim Salm. tsalm@jamesonsir.com

Jameson Sotheby's International Realty
+1 312.929.1562 | jamesonsir.com



ANNAPOLIS, MARYLAND
Historic Holly Beach Farm with its 1908 Georgian mansion, exquisitely renovated by acclaimed Arlene Critzos and Warnock Studios, is magnificently sited on a 26 acre oasis with 3/4 of a mile of waterfront and private beach. \$14,500,000. Michael L. Carucci.

TTR Sotheby's International Realty
+1 240.235.0181 | ttsir.com



BOSTON, MASSACHUSETTS
This 4,400+ sf parlor and garden duplex is located on the desirable first block of Commonwealth Avenue. Corner residence with magnificent gardens, two garage parking spaces and direct elevator access. \$8,995,000. Michael L. Carucci.

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EAST DENNIS, MASSACHUSETTS
Custom built home on .85 acres in coveted Quivet Neck. Sub-zero refrigerators, granite counters, master suites on both living levels. Private heated pool surrounded by picturesque landscaping. Close to 3 terrific Bay beaches. \$1,699,000. Jack D. Bohman.

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+1 508.237.5039 | oldcape.com



EAST DENNIS, MASSACHUSETTS
Sesuit Neck - 1/10 mile to beach, marina and yacht club. 4 BR, 4 baths with 1st and 2nd floor masters. Attached studio apartment. Professional landscaping, attached studio apartment, gas heat, A/C, security, generator, outdoor shower. \$1,499,000. Daneen Law.

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+1 508.237.0977 | oldcape.com



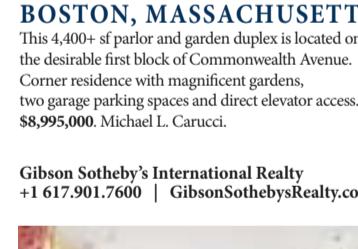
DARBY, MONTANA
11,000+ sf log retreat sitting on 16.75 river front acres. 4 BR, 5 baths, exquisitely finished. Featuring a Chicago style cherry bar, indoor firing range, 2,000 bottle wine cellar and theater area. Prime fishing and hunting. \$4,200,000. Dawn Maddux.

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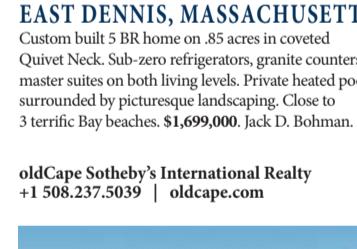
FLATHEAD LAKE, MONTANA
22+ private island acres in the middle of Flathead Lake. This 5 BR, 8 bath estate is a luxurious 22,000 sf with over 4,800' of private, lakefront access. Includes guest/bathhouse, exquisite finishes. \$29,000,000. Dawn Maddux.

Glacier Sotheby's International Realty
+1 406.550.4131 | glaciersir.com



NEW YORK, NEW YORK
6,500 sf Victorian home offers 12' ceilings, walnut inlaid hardwood floors and 4 fireplaces. Just minutes to area beaches, the property is situated on five private acres with an in-ground saltwater pool. \$1,790,000.

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+1 212.606.7611 | sothebyshomes.com/nyc/00111381



NEW YORK, NEW YORK
This residence at The Mandarin Oriental Hotel offers 2,219 sf of luxurious living space and views facing Central Park. \$12,995,000. E. L. Sample, B. Powers. elizabeth.sample@sothebyshomes.com
brenda.powers@sothebyshomes.com</p