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## What's News

### Business & Finance

**T**encent Music Entertainment, China's largest music-streaming company, is preparing an IPO after the successful debut of its European counterpart, Spotify Technology. A1

◆ **GE retirees** who invested heavily in their employer's stock have been hit hard by the slide in the value of the shares. A1

◆ **Amazon's disclosure** of its median pay has highlighted its dissimilarity to technology firms with which it is often compared. B1

◆ **Wells Fargo** will seek an extended deadline to comply with a consent order on anti-money-laundering controls. B1

◆ **Electric-vehicle** start-ups are luring seasoned auto executives to help them make sense of the capital-intensive business. B2

◆ **Korean Air Lines'** chief said his two daughters resigned as carrier executives. They were accused of abusing subordinates. B3

◆ **HNA reduced its stake** in Deutsche Bank to 7.9% from 8.8% as the Chinese conglomerate continued to unload its holdings in overseas companies. B6

### World-Wide

◆ **Trump will urge** North Korea to quickly dismantle its nuclear arsenal when he meets Kim, amid hopes for the release of Americans held by Pyongyang. A1, A10

◆ **The suspect** in the killings at a Waffle House in Tennessee was arrested last year after crossing a White House security barrier. A3

◆ **Treasury Secretary** Steven Mnuchin said he was considering visiting Beijing for trade talks as Xi outlined a revised vision for China as an internet and tech power. A6

◆ **Merkel and Macron** will travel to Washington this week with strains apparent in U.S.-European economic relations. A2

◆ **Israel declined** to comment on what Hamas said was its role in the killing in Malaysia of Palestinian engineer Fadi al-Batsh. A7

◆ **A suspected** Islamic State suicide bomber killed at least 52 people outside a voter-registration center in the Afghan capital. A7

◆ **An international** inspection team entered Douma, Syria, to investigate a suspected chemical weapons attack there. A10

### Journal Report

In Defense of the Not-so-Busy Retirement Encore, R1-10

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## Authorities Search for Restaurant Gunman After Four Are Killed



**TRAGIC DAY:** A gunman fled after killing three customers and an employee early Sunday at a Waffle House restaurant near Nashville, Tenn. The suspect, Travis Reinking, had been arrested last summer after crossing a security barrier at the White House. A3

## Tencent Music Readies Big IPO

By MAUREEN FARRELL AND JULIE STEINBERG

Tencent Music Entertainment Group, China's largest music-streaming company, is preparing what would be one of the biggest technology IPOs ever following the successful debut of its European counterpart, Spotify Technology SA. The digital-music business of Chinese internet giant Tencent Holdings Ltd. plans to in-

terview potential underwriting banks over roughly the next month, according to people familiar with the matter.

The initial public offering, potentially coming in the second half of 2018, would be one of the largest deals of the year and is expected to raise billions in proceeds, some of the people said. Tencent Music is expected to list in the U.S. but is unlikely to make a final venue decision for sev-

eral months, they added.

Tencent Music's move toward going public is the latest sign that the IPO market is gaining steam.

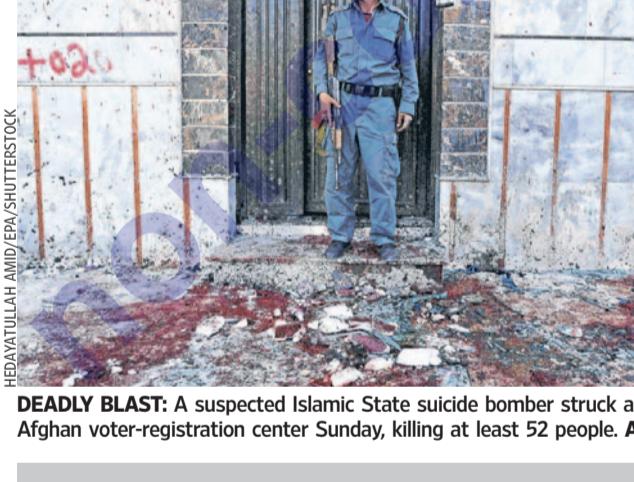
Tencent Music's offering could value the business at over \$25 billion, some of the people said. This was the company's value in recent private transactions, The Wall Street Journal reported last month. That was up sharply from its \$12.5 billion valuation in late

2017 when Spotify, the music-streaming giant based in Sweden, took a 9% stake in the company in a share swap.

Should investors give it that valuation in its IPO pricing, it would be the fourth-biggest U.S.-listed tech IPO on record after Alibaba Group Holding Ltd., Facebook Inc. and JD.com Inc., measured by valuation at the time of the offering, according to Dealogic.

Please see IPO page A2

## Kabul Voter Registration Targeted



**DEADLY BLAST:** A suspected Islamic State suicide bomber struck an Afghan voter-registration center Sunday, killing at least 52 people. A7

## Investors Find It Harder To Both Buy and Sell

By GUNJAN BANERJI AND SAM GOLDFARB

Investors are having a tougher time trading in a number of financial markets, weakening their ability to raise cash or protect against big stock declines.

The capacity to get in or out of an investment, known as liquidity, was rarely tested during the long stretch when stocks and bonds rallied with little volatility. Now as inflation concerns, global trade anxiety and tensions in Syria roil markets, investors notice it is getting harder to trade as easily.

Chris Retzler, who manages the Needham Small Cap Growth Fund, tried to buy a small-cap tech stock in February, only to find that trading was thin and prices unattractive. Rather than paying up, he decided to wait for a couple of weeks until he found someone offering the stock at a reasonable price.

"There is very little you can do at that point other than be patient and not overpay," Mr. Retzler said.

The liquidity problem has

Please see STOCKS page A4

◆ Earnings are strong, but rewards scarce ..... B10

Awful Traffic?  
Wheel Out  
The RoboCop

\* \* \* \* \*  
Tin men try to  
keep control, but  
chaos often wins

By GABRIELE STEINHAUSER

KINSHASA, Congo—Traffic in this African city is a daily death-defying battle between humans and robots. Sometimes the robots lose.

Kinshasa and other cities in Congo rolled out traffic robots in recent years to try to manage some of the world's most chaotic intersections. Equipped with red-and-green lights and movable arms to direct vehicles, this small brigade of tin men watches over thoroughfares with six or more lanes, where cars, trucks and motorcycles skirmish for right of way.

But the 7-foot-tall human-

## Retired From GE, Now Pinching Pennies

Among victims of company's fall are former employees who loaded up on its stock

By THOMAS GRYTA

Gary Zabroski started working for General Electric Co. in 1976, at an aviation factory in his hometown of Lynn, Mass. The job paid well, came with benefits and, for Mr. Zabroski, provided a career ladder for a man with a high-school education who started out cleaning toilets.

"You had a job for life if you had gotten in there," said Mr. Zabroski, 61 years old. He rose to punch-press operator and retired in 2016 after working 40 years at the century-old plant, which roared to life during World War II and still churns out engines for jets and helicopters. He left GE with an annual pension of \$85,000 and company stock valued at

more than \$280,000.

Retirement looked pretty good until GE's stock collapsed. His shares are now worth about \$110,000, prompting a late-life job hunt. "I never planned on retiring and having to go back to work," said Mr. Zabroski, who has monthly mortgage payments and supports a partially disabled wife. "It's kind of scary."

The rapid unraveling of GE has wiped out roughly \$140 billion in stock-market wealth in the past year, not just at big Wall Street firms but among small investors. The industrial giant is one of the most widely held U.S. stocks.

The stock value lost by GE in the past 12 months is

Please see GE page A12

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## U.S. NEWS

THE OUTLOOK | By Sarah Chaney

## Jobless Funds Notch Uneven Rebound

In 2009, mired in the depths of recession, Ohio's unemployment trust fund went broke, prompting the state to borrow \$2.6 billion from the federal government so it could keep sending checks to unemployed workers.

Now, with the state unemployment rate down to 4.4%, the debt has been repaid and the trust fund has started to rebuild, but not enough to leave Ohio with sufficient funds to manage another economic downturn.

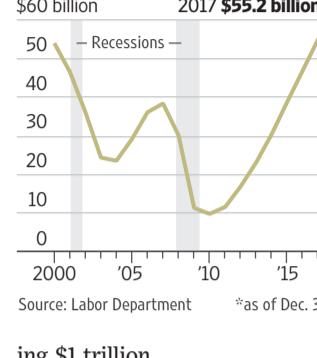
That challenge exists across the country. Low unemployment has led to a recovery in state unemployment funds, but the recovery is mixed and incomplete. State unemployment trust fund reserves hit \$55.2 billion last year, up substantially from \$9.5 billion in 2010. Despite the rebound, more than half of U.S. states lack enough unemployment funding to be prepared for another recession, Labor Department data show.

Economists and policy experts say many states—including powerhouses like New York, California and Texas—are missing an opportunity to rebuild their funding during good economic times. Complicating their outlook, the federal government may not be in a strong position to help the next time the U.S. economy goes south, because federal budget deficits are approach-

## Replenishing Reserves

Unemployment insurance reserves are up nearly \$46 billion in the U.S. since they bottomed out in 2010.

**Total U.S. unemployment insurance trust fund reserves\***



Source: Labor Department \*as of Dec. 31 of that year

**Number of years of unemployment benefits in reserve for a recession<sup>†</sup>**

Highest ranked states	Lowest ranked states
Wyo.	0.37 years
Ore.	0.33
Vt.	0.28
Miss.	0.26
Utah	0.25
S.D.	0.23
Neb.	0.22
Okl.	0.19
Alaska	0
Idaho	0

†as of Jan. 1

ing \$1 trillion.

"Given how robust the recovery has been, this is a high number of states to not be meeting the recommended federal solvency measure," said George Wentworth, senior counsel at National Employment Law Project, a group that advocates for the unemployed.

For a trust fund to be recession-ready, it must have enough in reserve to pay out benefits at a recession level for a year. As of the beginning of 2018, 24 states and jurisdictions including Washington, D.C., and Puerto Rico exceeded this standard, while 29 states and territories including the Virgin Islands fell below it, according to a Labor Department report.

By comparison, in 2000, when the national unemploy-

ment rate matched today's 4.1%, 30 states met the solvency standard.

In the majority of states, trust fund money derives from taxes on employers, with a few states requiring employee contributions. If states run out of funds, the federal government typically provides a backstop.

State trust funds owed \$47 billion to the federal government in 2011, according to a Century Foundation paper by Andrew Stettner. By the end of 2017 their debt had been reduced to about \$1 billion.

To pay back the federal government and recover funding, states have pursued different strategies. Nine states reduced the duration of benefits to fewer than the traditional 26 weeks.

North Carolina is among

those nine. The cuts might have helped to encourage individuals to find work. In the second quarter of 2017, the percentage of workers claiming unemployment benefits was lower in North Carolina than in any other state. The average weekly benefit was \$252, 46th in the nation.

The state's fund is now big enough to make payouts through a recession, but some policy experts say cutting benefits will come with costs. During a recession, the duration of benefits and average payment could prove insufficient to cover a wide swath of unemployed workers.

States figuring out how to address low funding levels are faced with limited options that often boil down to how much to cut worker benefits or raise employer taxes.

That debate is still playing out in Ohio.

For Steve Bruns, president of Ohio-based Bruns General Contracting, part of the legislative solution lies in limiting the length of worker benefits. He hopes the state can bring the fund back to solvency, as taxation scars from the last recession still linger.

Mr. Bruns's construction company was paying nearly three times as much in taxes per employee to the state in the wake of the recession, as Ohio paid off federal debt. The firm cut costs on energy, employee perks and building operations as a result of recessionary pressures exacerbated by the extra taxation, he said.

"We were scrambling trying to figure out how to make ends meet," Mr. Bruns said.

**W**ith others arguing the employer tax is minimal and necessary to save worker benefits, Ohio's newest legislation proposal—House Bill 382—continues to stall.

"Everyone recognized the system was not adequately funded but kept kicking the can down the road because no one wanted to do the heavy lifting to actually fix the problem," said Don Boyd, director of labor and legal affairs at the Ohio Chamber of Commerce. A spokesman for the Ohio Department of Job and Family Services declined to comment.

## ECONOMIC CALENDAR

**THURSDAY:** The Commerce Department releases March data on **orders for long-lasting U.S. factory goods**. In February, orders rose at the best pace in eight months, in part because of an uptick in business investment, which hit the highest level since 2014.

Signs of a slowdown in the eurozone economy likely will play a central part in the **European Central Bank's** discussions ahead of its policy announcement Thursday. Officials pay close attention to IHS Markit's composite **Purchasing Managers Index** as a timely measure of activity, and economists expect that to point to a further easing of momentum in April when the report is released Monday. The measure is seen falling to 54.8 from 55.2 in March.

**FRIDAY:** The Bureau of Economic Analysis releases first-quarter economic growth data for the U.S. Last year's fourth-quarter **gross domestic product** rose at a 2.9% annual rate, exceeding economists' expectations at the time of the third revision. Growth in this year's first quarter is expected to come in weaker after months of soft consumer spending.

The **Bank of Japan** releases a policy statement and quarterly outlook report, as economists and investors have been focusing on when the central bank might scale back its aggressive easing policy. In early March, the central bank left its policy unchanged, but earlier in the year, Gov. Haruhiko Kuroda said for the first time the central bank would consider tightening in the year starting in April 2019.

## Earth Day Gains Ground in Front of the Capitol



TAKING ROOT: Hundreds of plants took the shape of a tree in an installation Sunday on the National Mall in Washington to promote the day.

## Merkel, Macron to Visit at Tense Time

German Chancellor Angela Merkel and French President Emmanuel Macron visit Washington this week with strains hanging over European economic relations with the U.S.

By Josh Zumbrun,  
Tom Fairless  
and Ian Talley

The strains—over trade, sanctions and other matters—were evident during semianual meetings of the International Monetary Fund and World Bank this in Washington this weekend.

European capitals find

themselves facing blowback from U.S. confrontations with China, Russia and Iran, including the threat of steel and aluminum tariffs, the prospect of the U.S. pulling out of the nuclear deal with Iran that the U.K., France and Germany helped negotiate; and proposed sanctions on Russia.

"We are allies," French Finance Minister Bruno Le Maire said Friday in a news conference. "We can't live with a Sword of Damocles hanging over our heads."

He indicated that until the U.S. removes the threat of tariffs on European steel and alu-

minum, the bloc wouldn't join in Washington's campaign to pressure Beijing. "If we want to discuss China we must first get rid of that threat," he said. "This can't just be bilateral work."

At a press conference Saturday, Treasury Secretary Steven Mnuchin was asked if the U.S. had been successful recruiting or persuading allies to its efforts against China.

Companies and governments targeted by Goldman winners have said they use sound environmental practices.

—Jim Carlton

CALIFORNIA

## Three People Found Dead Inside Home

Homicide detectives are investigating the deaths of three people, including two young

not unique" to the U.S.

Mario Centeno, the Portuguese finance minister, said, in reference to trade, that "Europe is of course not happy with this dimension of the global debate, we made it very clear to the U.S."

Many European policy makers have sympathy for U.S. frustration with China's trade practices. European Union financial-services chief Valdis Dombrovskis, said the EU was eager to work with the U.S. "in a multilateral way" on China's trade practices.

—Stephen Fidler

contributed to this article.

## FROM PAGE ONE

## IPO

*Continued from Page One*  
That doesn't include Spotify, which didn't raise capital in its public offering but was valued at about \$29.5 billion at its first trade.

Still, there is no guarantee the company will proceed with a share sale in New York or elsewhere, and pre-IPO valuations can fluctuate until a company prices its shares.

Investors are excited about Tencent Music because of its connection to Tencent Holdings, which has a stake of more than 50% in Tencent Music, as well as its position in the marketplace: Tencent Music, which operates the popular music app known as QQ Music and others, recently had 700 million monthly active users across personal computer and mobile platforms largely in China, according to the company.

Investors have also been hungry for big technology IPOs since they typically offer potential for significant growth.

Tencent Music was created in mid-2016 after Tencent Holdings bought a controlling stake in China Music Corp. and combined it with Tencent's existing streaming business. Last month, Tencent Holdings President Martin Lau said Tencent Music could be a candidate for a future spinoff.

The possible Tencent Music offering could come as the IPO market has come surging back, particularly among technology companies listing on U.S. exchanges. After the worst year for IPOs in more than a decade, IPO activity jumped in 2017 and has continued to increase in volume and number of companies seeking public offerings on U.S. exchanges this year.

Based on their pipeline, underwriters have said they expect activity in the second half of 2018 to be busier than this

year's already elevated levels.

Still, shares of other Tencent-backed companies that have listed in New York have traded down since their IPOs on weaker-than-expected performance. Shares of Chinese search engine Sogou Inc. are down 35% since November, while shares of Singapore-based gaming and e-commerce company Sea Ltd. are down more than 20% since October.

Tencent Holdings itself, which is listed in Hong Kong, is up sharply from a year earlier even after its share price dropped over the last few weeks.

Spotify went public on the New York Stock Exchange in early April in an unusual offering in which it didn't raise money. Late last year, when Tencent Music and Spotify swapped stakes in each other's companies, the deal valued Tencent Music at \$12.5 billion based on Spotify's 9% stake. Tencent Music's nearly 10% of Spotify valued it at nearly \$20 billion.

Unlike Spotify, Tencent is expected to go with a traditional IPO.

As a public stock, Spotify's shares have so far traded largely above its private-market prices, which had already more than doubled from its pre-IPO share price a year ago. That could bode well for investors in Tencent Music when the stock hits the public markets.

—Wayne Ma contributed to this article.

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## ENVIRONMENT

## Flint Activist Among Seven Prize Winners

A mother of four who helped draw national attention to the drinking water crisis in Flint, Mich., is among this year's recipients of the Goldman Environmental Prize, the green world's equivalent of an Oscar.

The mother, LeeAnne Walters, is one of seven activists from six countries being honored at a ceremony in San Francisco on Monday by the Goldman Environmental Foundation, which was started to honor grass-roots environmental activists world-wide.

In addition to awards of

\$175,000 each, the Goldman winners get global attention focused on causes which this year range from a fight over gold mining in Colombia to proposed expansion by the nuclear industry in South Africa.

Companies and governments targeted by Goldman winners have said they use sound environmental practices.

—Jim Carlton

CALIFORNIA

## Three People Found Dead Inside Home

Homicide detectives are investigating the deaths of three people, including two young

children, whose bodies were found early Sunday inside a home in Modesto, authorities said.

It is unclear how the three died and there are no suspects, according to Heather Graves, spokeswoman for the Modesto Police Department.

Investigators are treating the case as an "isolated incident," she said.

The bodies, including those of two boys, ages 4 and 6, were discovered in a neighborhood on the south side of the city of about 200,000 residents.

Ms. Graves didn't immediately have any information on the third deceased person.

## U.S. NEWS

# Man With Rifle Kills Four at Restaurant

Patron grabs gun when shooter reloads; suspect arrested in '17 at the White House

BY SHIBANI MAHTANI

A gunman who killed four people Sunday at a Waffle House near Nashville was arrested last summer after he crossed a security barrier at the White House, police said.

The suspect, Travis Reinking, 29 years old, of Morton, Ill., opened fire around 3:25 a.m. local time at the restaurant in Antioch, Tenn., a community in the Nashville metro area, killing three customers and one employee and wounding four others, authorities said. He was armed with an AR-15 assault style rifle.

As of Sunday afternoon, police still had not found Mr. Reinking, who they believe had moved to the Nashville area last fall. SWAT teams with police dogs had searched his apartment close to the Waffle House in Antioch and

the dogs briefly picked up his scent, said Don Aaron, a spokesman with the Nashville Metropolitan Police Department.

Mr. Reinking, whom police describe as a white male with short hair, wore only a green jacket during the shooting and later shed the jacket, which carried additional AR-15 magazines, police said. He returned to his nearby apartment and put on a black pair of pants, but was believed to be barefoot and shirtless. Police have drafted murder charges against him.

Another Waffle House customer, 29-year-old James Shaw Jr., wrestled over the firearm with Mr. Reinking. When the gunman was reloading, Mr. Shaw grabbed the gun from him and threw it over the counter.

"He clearly came armed," and was "intending to create devastation across the South Nashville area," said Mr. Aaron, the police spokesman.

Police said that a man believed to be Mr. Reinking was last seen in a wooded area

near an apartment complex not far from the Waffle House.

Federal and local law-enforcement agents said that Mr. Reinking was arrested near the White House grounds on July 7, 2017, after entering a restricted area in hopes of getting an appointment with the president. After he refused to leave, he was arrested, a Secret Service official said.

**Travis Reinking, 29 years old, is the suspect in a shooting at a Waffle House near Nashville.**

He was deemed by law enforcement in Illinois last year as unfit to carry firearms, which were then surrendered to his father. At some point, police said, his father returned his firearms to him.

Mr. Reinking's parents couldn't be reached for comment.

Of the four fatalities, three died at the scene and one at

the Vanderbilt University Medical Center. All the fatalities were in their 20s, including three patrons and one employee of the Waffle House. Two wounded victims were still undergoing treatment at the hospital, police said.

Witnesses and police said Mr. Reinking arrived at the Waffle House restaurant in a pickup truck, and started firing at three people who were standing outside. He then went inside the restaurant and more shots were fired.

Nashville Mayor David Briley said it was a "tragic day" for the city. "If we can all just come together, for this and the greater good, we can take these weapons of war off the streets of our country," he said.

Walt Ehmer, CEO of Waffle House, which operates more than 2,000 locations in 25 states, said it was a "very sad day for the Waffle House family."

"All of our attention right now is focused on the victims and their families," he said. "We are here to support them in any way we possibly can."

## Customer Acted To Disarm Shooter

James Shaw was hiding behind a swinging door in a Nashville, Tenn., area Waffle House early Sunday morning when he had to make a choice. A gunman, who would eventually kill four people, fired through the door, grazing Mr. Shaw's arm.

Since the door didn't lock, the 29-year-old Nashville native and AT&T employee had to either act or be killed.

"If it was going to come down to it, he was going to have to work to kill me," he said in an emotional press conference Sunday afternoon.

During a pause in the shooting, he hit the shooter with the door and wrestled the gun away from him.

He is being hailed as a hero, but Mr. Nash said he was only thinking about surviving.

"I'm not a hero. I'm just a regular person," he said. "Any-



James Shaw, right, and Waffle House CEO Walt Ehmer

body could do what I did if they were pushed. You have to react or you're going to fold. I chose to react because I didn't see any other way to be living."

Mr. Nash suffered minor injuries during the shooting and scuffle. He attended church Sunday morning after being released from the hospital, though he said he isn't especially religious. "I went to church to get past it," he said.

—Joe Barrett

FROM LEFT: METRO NASHVILLE POLICE DEPARTMENT/ZUMA PRESS; WADE PAYNE/THE TENNESSEAN/ASSOCIATED PRESS

# Supreme Court to Hear Travel Ban Case

BY JESS BRAVIN AND BRENT KENDALL

WASHINGTON—The Supreme Court on Wednesday will consider whether President Donald Trump can legally restrict entry to the U.S. for travelers from several Muslim-majority countries, tackling a central issue of his presidency.

The case traces back to a defining moment in Mr. Trump's campaign, when he called for "a total and complete shutdown of Muslims entering the United States." That idea evolved through three travel bans of varying character and severity, the latest issued in September 2017.

The ban has become more measured in some respects, as the White House has sought to withstand legal scrutiny, though the current travel prohibitions have no expiration date, a contrast from the temporary nature of the earlier bans.

To prevail, the government may have to persuade the justices that the current order is untainted by religious bias, contrary to the findings of some lower courts. The administration also will contend that the ban would help prevent terrorist attacks.

Clarifying the scope of the president's power over immigration and national-security policy is a momentous task in itself. But in a matter so closely tied to Mr. Trump's own instincts and style, the case amounts to something of a personal test for the president, as well as a legal one.



Protesters gathered at Washington's Dulles airport in 2017 after the Trump administration imposed travel restrictions on some nations.

While the dispute involves a number of familiar legal questions involving the interpretation of statutes and constitutional provisions, Mr. Trump's habit of regularly tweeting and otherwise declaring his opinions has added additional dimensions.

"One is the question of when the executive can free itself from the taint of earlier remarks or earlier actions, because if you pretend there

were no campaign promises of a Muslim ban and there was no Version 1.0 of a travel ban, the administration's position looks a lot better," said Kermit Roosevelt, a law professor at the University of Pennsylvania.

The Supreme Court has tread carefully when considering a handful of preliminary matters involving the travel ban and other disputed Trump administration policies, suggesting the

justices may be reluctant to pare back Mr. Trump's authority in ways that could curtail the powers of future presidents.

In lower-court litigation, Justice Department lawyers have had to defend the immigration policy not only from opposing counsel but also from Mr. Trump's own tweets and comments, which judges have suggested undercut official arguments that the ban is aimed

at protecting national security, not discriminating against Muslims.

Solicitor General Noel Francisco is likely to face similar questions Wednesday.

In legal filings, Mr. Francisco argues the courts have no business examining the travel ban at all. "Congress has granted the president sweeping power to suspend or restrict entry of aliens abroad," he writes.

# Defense Looks for Witness in Cosby Case

BY KRIS MAHER

Bill Cosby's defense lawyers are struggling to locate a witness they say will help the entertainer discredit his main accuser in a sexual-assault trial that is speeding to conclusion.

Judge Steven O'Neill gave defense attorneys until Monday to find a woman who had been a friend of the accuser, Andrea Constand, when she said Mr. Cosby drugged and assaulted her at his home in a Philadelphia suburb in January 2004.

"I was weak. I was limp, and I just could not fight him off," Ms. Constand, the former director of operations of Temple University's women's basketball team, told the jury last week.

Defense lawyers have said the witness, Sheri Williams, would testify that Ms. Constand was fully aware of Mr. Cosby's romantic interest in her and "could not have been the unwitting victim" prosecutors claim she was.

On Thursday, defense lawyers filed an affidavit from a private investigator who said he tried to serve a subpoena on Ms. Williams or contact her a total of eight times in recent weeks, according to defense attorneys. Ms. Williams couldn't be reached for comment.

# Schools Take Zero-Tolerance Approach

BY TAWNELL D. HOBBS

Gina Gobert's 12-year-old daughter was detained overnight at a police station in Oakdale, La., after allegedly talking to schoolmates about a social-media post she said she received that threatened violence against the school.

The supposed threat came at a highly sensitive time—six days after a high-school shooting in Parkland, Fla., that left 17 dead.

School officials interviewed the Oakdale sixth-grader and deemed the story false and that she received no threat. They turned the matter over to local police, who charged the girl with felony "terrorizing." Her mother said she would fight the charge on the grounds that the allegation is unfounded and "based on hearsay." She is awaiting a court date.

After the Parkland shooting, schools around the country are taking a zero-tolerance stance on threats and involving law enforcement more frequently for matters that they used to handle on their own.

Mrs. Gobert's daughter is among at least 350 students in U.S. schools who have been arrested, charged or both in threat cases since Feb. 14, the day of the Parkland shooting, according to a Wall Street Journal review of incidents as reported by school districts, police departments and in news stories.

School administrators, prosecutors and law-enforce-

## Threats Were Up After Shooting

The Educator's School Safety Network, an Ohio nonprofit that focuses on safety training for teachers and school staff, found an increase of more than 300% in threats and incidents against schools in the 30 days after a shooting at a high school in Parkland, Fla., on February 14, with an average of 59 each school day compared with 13 previously.

ment officials say they have seen a big uptick in school threats since the Parkland shooting, possibly due to copycats and an increased awareness by students encouraged to report them.

The officials are warning parents and students in memos, community meetings and school assemblies that language perceived as threatening, even done in jest, could land younger students in juvenile detention centers and older ones in jail.

"You can't joke about this stuff. It's just unacceptable behavior in today's world," said Sheriff Craig DuMond in Delaware County in New York where an 8-year-old was arrested in March on a felony charge of terroristic threat for allegedly

Amy Klinger, founder and director of programs for the safety network, said the numbers are declining but aren't back to where they were before the Parkland shooting that left 17 dead.

"There are kids being arrested today that would have not gotten arrested for the same thing in January," Ms. Klinger said.

"We have come to some sort of place where people realize you can't say that stuff, and if you do, we're going to take you at your word," she added.

threatening to burn down his school in Davenport, N.Y.

The offenses range from misdemeanors to felonies, with many still winding their way through the legal process. Even before that happens, the students often are expelled.

Some of the threats had the potential to end in tragedy. In northern Virginia, an 18-year-old student last month was charged with threatening to harm people on school property after he allegedly threatened violence via social media, according to the Associated Press. Police said they found 200 rounds of ammunition during a search of his home.

Some officials cite the warnings to local law enforcement and the Federal Bureau of Investigation about Nikolas

Cruz, the accused Parkland killer, as a reason to take all threats seriously.

"If you threaten a school, you are going to be charged," said Eric Smith, a prosecutor in Macomb County in Michigan, where 54 students have been charged in school-threat cases in the two months since Parkland, up from 17 in all of last year. "We get a lot of kids saying they were just joking, wanted attention, were acting out against bullies. Law enforcement doesn't know if it's real or not."

In the case involving Mrs. Gobert's daughter, Principal Jarrett Granger at Oakdale Middle School, from which the girl was expelled, didn't return calls for comment. But in a statement to a local news station, he said that on Feb. 20 the girl told other students she had received a threat through social media about harm coming to all three of the town's schools the next day. He said an interview with the girl found the information false.

"Considering the recent events at schools across the nation, I did not feel that any information should be ignored," Mr. Granger told KPLC channel 7 in Lake Charles, La.

Oakdale Police Chief Joseph Lockett Sr. said the incident is under investigation.

Mrs. Gobert said she believes girls who were bullying her daughter played a role in the incident. Her daughter now attends an alternative school.

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# WORLD NEWS

## Mnuchin Signals China Trade Trip

Beijing welcomes Treasury chief's interest in visit to discuss dispute

Treasury Secretary Steven Mnuchin says he may be heading to Beijing for trade negotiations, suggesting an easing of U.S.-China tensions that have widened to include big-name companies in both countries.

*By Lingling Wei in Beijing and Bob Davis in Washington*

Mr. Mnuchin said Saturday he is considering the China trip, and on Sunday, China's Commerce Ministry said in a terse statement that "the Chinese side welcomes this."

The display of good will, following weeks of harsh words from both sides, gives rise to hope of a thaw in a trade stalemate that has seen both countries slap tariffs on some goods and threaten to impose them on a lengthening list of products.

"It's very likely" that Mr. Mnuchin will make the trip, said a Chinese official with knowledge of Beijing's decision-making process. Mr. Mnuchin, who declined to comment on the timing of the visit, said he is "cautiously optimistic" about an agreement with Beijing that could defuse the bilateral trade conflict, which has rattled world markets in recent weeks.

Mr. Mnuchin told reporters Saturday that he met with Yi Gang, China's central-bank governor, at the spring meeting of the International Monetary Fund. Mr. Yi passed along Mr. Mnuchin's message about his interest in going to Beijing, according to people familiar with the matter.

U.S. officials say Mr. Mnuchin might be accompanied by other U.S. officials, including U.S. Trade Representative Robert Lighthizer. The



U.S. Treasury Secretary Steven Mnuchin said that a trip to China was under consideration.

Commission said the U.S. action against ZTE would have a crippling impact on a wide swath of the state-owned sector, including China's three large telecom carriers and their suppliers.

"Against the backdrop of a trade war, this incident has triggered a lot of anxiety," wrote Wang Jiang, author of the report, which was reviewed by The Wall Street Journal.

The U.S. Commerce Department took the action after concluding that ZTE had broken a year-old settlement to resolve alleged violations involving sales to Iran and other countries.

On Friday, the Commerce Department said it was willing to consider new information from ZTE, which, in a filing with the Hong Kong stock exchange Sunday said it was "making active communications with relevant parties and seeking a solution."

Still, the U.S. action threatens to cut off ZTE's supply chain and disrupt those of other Chinese companies such as the China Aerospace Science and Industry Corp., the main contractor for the Chinese space program, Mr. Wang wrote in the report. He said ZTE couldn't find substitutes for most of the chips and other products it purchased from its American suppliers.

While calling ZTE's actions "extremely stupid," Mr. Wang suggested the government put in place plans to protect other Chinese companies that could be targeted by the U.S.

President Donald Trump on April 5 threatened to hit another \$100 billion in Chinese imports with tariffs in a separate dispute over intellectual property. U.S. business groups with ties to the administration said a list of items to be targeted has largely been completed.

◆ U.S.-China trade clash thwarts Google..... B4

## Xi Outlines Vision for Future as Tech Power

By JOSH CHIN

BEIJING—President Xi Jinping outlined an updated vision for China's future as an internet and technology power, pledging more state support for sectors caught up in a trade fight with the U.S.

Speaking at a conclave on cyberspace that ended Saturday, Mr. Xi called on officials, enterprises and researchers to redouble efforts to achieve breakthroughs in "core technologies" like semiconductors—an area where China lags behind the U.S.

The development of new information technologies "presents the Chinese people with an opportunity you rarely see in a thousand years," Mr. Xi said, according to an account of his speech published by the official Xinhua News Agency. "We must keenly seize the historic opportunity."

Mr. Xi's speech echoes themes in a landmark address in 2016 in which he set out a blueprint for China to become an "internet superpower."

In this week's speech, Mr. Xi added a call to create a fair market environment, improve protections of intellectual property and guard against monopolies, taking aim at factors Chinese companies have said are barriers to innovation and to attracting foreign investment.

Mr. Xi also pushed hard for Chinese companies to collaborate with the military in pursuing new technologies. So-called civil-military fusion has taken on increasing importance in the party's plans for developing artificial intelligence, quantum communications and other advanced fields.

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## WORLD NEWS

# Israel, Hamas Trade Barbs Over Malaysia Killing

KUALA LUMPUR, Malaysia—Palestinian electrical engineer Fadi al-Batsh was on his way to a mosque outside Malaysia's capital for dawn prayers when he was shot dead by an attacker who fled on a motorcycle.

By Jake Maxwell Watts And Rory Jones

Hamas, the Palestinian militant and political organization that governs the Gaza Strip, blamed Israel for Mr. Batsh's death on Saturday. Hamas leader Ismail Haniyeh said Mr. Batsh was a member of the group, with "an honorable reputation in science." Mr. Batsh's father said his son wasn't a member of the group.

An Israeli government spokesman declined to comment on the allegations. Israel's defense minister, Avigdor Lieberman, on Sunday told Israeli radio Mr. Batsh was "no saint" and that he likely had been killed in "a settling of scores among terrorist organizations." Israel and the U.S. have officially labeled Hamas a

terrorist group.

Mr. Batsh, 35 years old, was a senior lecturer at the University of Kuala Lumpur and did research on power management in a variety of areas, from batteries and solar systems to electrical grids.

He was the co-author of a paper published in 2014 on the Institute of Physics' online platform IOPscience that focused on the challenges of providing a stable power supply for unmanned aerial vehicles to make them more reliable.

The use of drones by Israel's adversaries, for surveillance and as weapons, has become an increasing concern for Israel's armed forces. Last year, an Israeli warplane shot down a drone the government said was launched by Hamas in Gaza and was nearing Israeli airspace.

Malaysia's deputy prime minister, Ahmad Zahid Hamidi, said Mr. Batsh might have been viewed as a threat by a country "in conflict with the Palestinians." Malaysian state media quoted Mr. Ahmad Zahid as saying Mr. Batsh was an expert on "rockets." He



Fadi Al-Batsh's students in Kuala Lumpur learn of his death. Hamas blamed Israel for the killing of the Palestinian engineer Saturday.

said the killers were believed to be Europeans linked to a foreign intelligence agency.

Police said they are investigating the shooting. They said the gunman fired 10 shots at Mr. Batsh before escaping with the driver of the motorcycle.

In Gaza on Sunday, members of Mr. Batsh's family and others gathered in a tent below a sign reading: "Qassam Brigades mourns its martyred leader. The engineer Fadi Mohammed al-Batsh." The Izz al-Din al-Qassam Brigades is Hamas's military wing. Armed members of the group attended.

Mr. Batsh's father, who was in the tent on Sunday, denied

his son was a part of Hamas and said his son didn't work on drones or rockets. He blamed Israel's Mossad intelligence agency for his son's death. "Its main goal is to assassinate every Arab and Muslim brain, especially the Palestinian ones."

As Israel has improved its defenses against rocket attacks and improved its ability to detect and destroy tunnels used by Hamas militants to enter Israel to conduct guerrilla attacks, Hamas has sought new weapons, Israeli defense analysts say.

"Since Israel has successfully developed defense sys-

tems against the rockets and the missiles and...new technological regarding terror tunnels, Hamas was left almost with nothing," said Kobi Michael, research fellow at the Tel Aviv-based Institute for National Security Studies.

He said drones armed with explosives present a more serious threat than rockets and missiles because they can fly low and evade antimissile systems.

In addition to the drone downed last year, Israel has said it intercepted a drone off Gaza's coast in 2015. The year before, Israel shot down an alleged Hamas drone above the Israeli port of Ashdod.

In December 2016, Hamas accused Israeli secret-service agents of shooting dead Mohammed al-Zouari in Tunisia. He was a member of Hamas and supervised the group's drone program,

Israel has long suspected Hamas officials have trained and developed new technologies in Muslim-majority Malaysia.

Hamas denied training personnel in Malaysia. Malaysia has said it doesn't have a military relationship with Hamas or any other group in the Palestinian territories.

—Dov Lieber and Yantoultra Ngui contributed to this article.

## Suicide Bombing in Kabul Kills at Least 52

KABUL—A suspected Islamic State suicide bomber struck a voter-registration center in the Afghan capital on Sunday, kill-

ing at least 52 people in an attack aimed at inciting sectarian strife and undermining long-delayed parliamentary elections.

The attacker detonated his explosive belt among a crowd of Afghans who had lined up

outside the center, a government-rented building, in the mainly Shiite Muslim district of Dashte Barchi in western Kabul to obtain the identification cards they needed to cast their ballots in the elections, scheduled for Oct. 20.

Islamic State said it was behind the bombing and identified the bomber as a Pakistani man, assertions that couldn't be independently verified.

A statement by the Sunni extremist group's Amaq news agency said the man had targeted an election gathering of

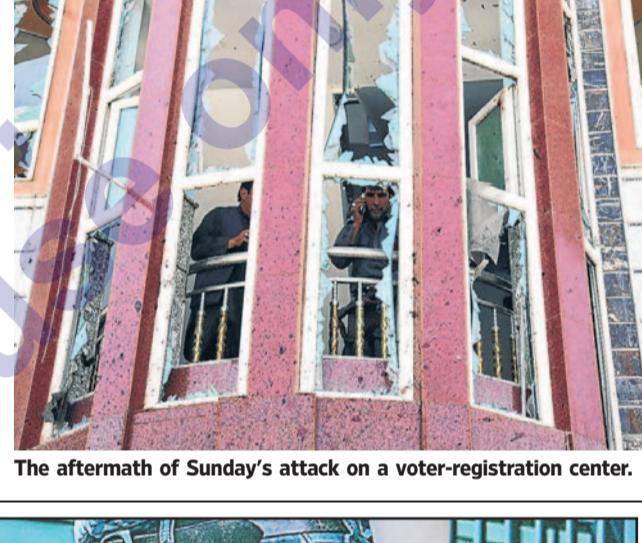
Shiites, whom it referred to pejoratively as "polytheists."

Sunday's attack was at least the fourth such assault on a voter-registration site since the enrollment drive for the elections began eight days ago.

In the bedlam following the bombing, volunteers, their clothes covered in blood, shuttled away the wounded to nearby hospitals, while the covered bodies of the dead lay across the pavement at the entrance of the building, amid the strewn photos and other identification documents that the as-

piring voters were clutching in their hands when the blast went off. "Where is my son?" sobbed an elderly woman as she searched among the debris and shrouded human remains for any sign of his fate. "Does anybody know?"

Among the dead were 21 women and five children, the Afghan Health Ministry said, adding that more than 112 other people were wounded. Afghanistan's legislative elections, originally scheduled for 2015, have repeatedly been postponed.



The aftermath of Sunday's attack on a voter-registration center.

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## WORLD NEWS

## Nicaragua Reverses Plan Amid Protests

By JOSÉ DE CÓRDOBA

Nicaraguan President Daniel Ortega canceled an unpopular package of measures to overhaul the country's social security system, seeking to contain rising unrest after five days of violent street protests that left as many as 26 people dead in this poor Central American nation.

In a televised speech on Sunday, Mr. Ortega said he revoked legislation to increase payroll taxes and cut pension benefits to shore up the country's threadbare social-security fund.

"We are revoking, canceling, putting to the side the resolution," Mr. Ortega said. A new solution to the social security system will have to be hammered out in negotiations with workers and employers, he added.

The president said he was also inviting Nicaragua's Cardinal Leopoldo José Brenes and the country's bishops to take part in a dialogue with the government and the country's leading business organization to end the unrest.

It wasn't clear whether Mr. Ortega's decision to rescind the social-security law would be enough to stop the protests.

"The social-security law was the trigger but discontent with government policies, including censorship and excessive force in dealing with the protests, is much broader," said Michael Shifter, the president of the Inter-American Dialogue think tank in Washington. "It won't be easy for Ortega to regain control of the streets. The chaos of the past few days has revealed a desire for change in Nicaragua."

On Sunday, looting broke out in the capital Managua, according to social media and local broadcasters.

## Farmer Banks on Cryptocurrency

By THOMAS GROVE

KOLIONOVO, Russia—Farmer Mikhail Shlyapnikov says the best way to revive the ailing economy in this remote village is cutting financial ties to Moscow.

Mr. Shlyapnikov has launched a cryptocurrency, the kolion, named after his hamlet some 80 miles southeast of Moscow, buoyed by an initial investment of a half-million dollars from investors in Russia and abroad.

Since its launch last year, the currency is slowly becoming a tender of choice here and in surrounding towns for transactions, from milk to tractors.

"You don't see many rubles around here," Mr. Shlyapnikov said outside his log home one recent day. "We have our own country here, our own currency. We do pretty well for ourselves."

Russia, like many other countries, is weighing whether to embrace or ban cryptocurrencies as President Vladimir Putin orders up rules for the unregulated industry by the summer. As part of their efforts, officials are monitoring Mr. Shlyapnikov's experiment to understand how cryptocurrencies work.

Stepping into this regulatory breach is Mr. Shlyapnikov, a self-described agro-anarchist, who is making a unique test of self-sufficiency in the rural region he says has long been neglected by Moscow.

His efforts highlight the divide in Russia between more-prosperous cities and isolated rural communities. As money from gas and oil sales poured into Russia over the past two decades, a middle class emerged in urban centers that uses imported technology and takes holidays abroad. But in small villages, poverty reigns amid crumbling infrastructure, dwindling populations, and poor government services.

Mr. Shlyapnikov, a portly man with a gray beard who is known locally as Uncle Misha, wants to expand the use of the



Mikhail Shlyapnikov stands next to the logo for his kolion cryptocurrency, which has made inroads in his village southeast of Moscow.

kolion so that residents of Kolionovo and other nearby villages can pay each other for municipal services like snow and trash removal, which are already largely performed by residents themselves.

For now, he says he has gotten almost 100 others to use his currency, mostly selling and buying vegetables and dairy products.

He has expanded the use of kolion in the local economy through a loan system where he provides aspiring farmers with an incubator and 50 chicks. The chicks grow into chickens and start laying eggs. The farmer gives half the eggs back to Mr. Shlyapnikov and can sell the other half as they see fit.

There is only one condition: the transactions should be

made in kolions.

"Banks don't want to lend to small farmers," said Mr. Shlyapnikov. "So we created our own currency." He said he wasn't personally profiting,

and Russia's postal service opened a bank in 2016, hoping to fill the gap. But interest rates at most retail banks are often high at more than 10%.

Financial instability after the 1991 fall of the Soviet Union fueled flirtations with a variety of alternatives to traditional financial instruments that ended badly.

Cryptocurrencies have sparked new interest in the possibilities of working outside the Russian financial system and the volatile ruble, which lost half of its value in 2014 amid a drop in oil prices.

"Uncle Misha seized his moment," said Ioann Voronin, a cryptocurrency expert and founder of trading platform Tradisys. "When he launched the kolion there was huge interest from investors in cryptocurrencies and he's working to make it part of a real economy."

Cryptocurrencies have become a popular alternative currency both for investment and in the real economy. Online vendors are increasingly launching their own cryptocurrencies that can be used for the goods and services they provide.

Since its launch, kolion's value has largely followed the same rollercoaster trajectory as Bitcoin, the first decentralized worldwide digital currency, but Mr. Shlyapnikov isn't deterred.

"There are ups and downs in trading, but at the end of the day, in Kolionovo you will always be able to buy milk with it, you can buy meat with it," Mr. Shlyapnikov said.

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## WORLD NEWS

# China Students Clamor: '#MeToo'

Old allegations spark new movements at universities, prompting government backlash

BY TE-PING CHEN

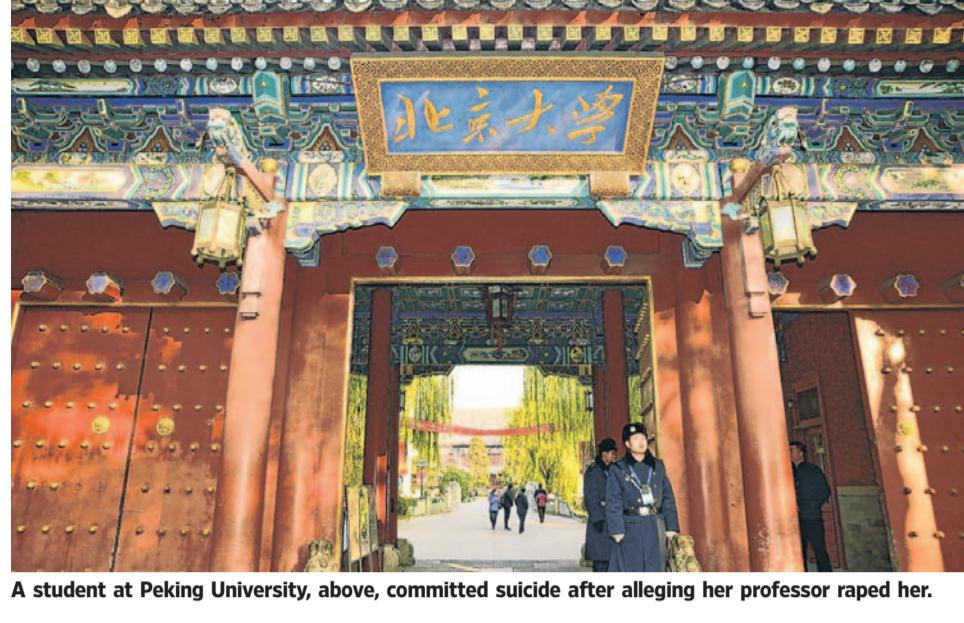
BEIJING—A decades-old case of alleged rape and suicide at a prestigious university is giving China a #MeToo moment—and showing the constraints confronted by social movements in the authoritarian-ruled country.

Since the rape allegation against a professor resurfaced this month, a wave of calls for action has followed, with three professors at another university in Beijing being accused of sexual harassment and a teaching assistant at a third Beijing university being accused of rape.

The proliferating student action is an indication of the simmering interest—and pent-up anger—surrounding sexual harassment in China.

Government officials—and students say university officials—have reacted swiftly to tamp down #MeToo discussions, with censors deleting posts by those seeking to share their experiences. Students say those who have publicly called for more information about the decades-old case say they have been summoned into meetings with teachers, quizzed about their associates and told to stop speaking out.

So far, the #MeToo debate appears to be limited to universities. In recent months, hundreds of students and alumni from dozens of schools have signed letters petitioning universities to address sexual harassment. According to a 2016 survey by the nonprofit China



A student at Peking University, above, committed suicide after alleging her professor raped her.

Spurring China's #MeToo moment is renewed interest in the 1998 death of Peking University student Gao Yan, who was allegedly raped by one of her professors and then committed suicide. In an interview this month, the then-dean of the university's Chinese studies department said the incident wasn't openly discussed.

Two years later, as China observed a traditional holiday for remembering the dead, friends began sharing Ms. Gao's tale online. In one widely circulated essay, a former classmate of Ms. Gao's described herself as having been inspired by people in the U.S. and elsewhere who have reported similar cases.

The story quickly went viral, with many readers indignant over the school's handling of the case, including—as the university later confirmed—that the professor involved received only a disciplinary warning.

Peking University didn't respond to a request for comment. Addressing Ms. Gao's case, the university said on April 8 that it would reflect on "the lessons of historical experience" and promised to do more to protect students. It said the university had issued the disciplinary warning against the professor after police determined in 1998 that he had behaved improperly toward Ms. Gao.

Nanjing University in eastern China, where the accused professor was working this year, terminated his employment this month, citing the Gao incident. The professor didn't respond to a request for comment. This month, Chinese media reports said the professor denied the charges as "malicious slander."

—Xiao Xiao  
and Zhang Chunying  
contributed to this article.

sored online, the government isn't necessarily opposed to efforts to fight harassment. In 2015, for example, even as Beijing censored a popular online documentary about pollution to control public outrage, it was also pushing ambitious plans to fight smog.

*No similar movement has taken hold in business, the media or other fields here.*

In 2014, the Education Ministry called for more efforts to strengthen teacher morality in classrooms, and specifically forbade sexual harassment or improper relations with students. This year, the ministry said it had zero tolerance for such behavior and that it was

working on long-term mechanisms to combat it.

Last week, in a rare instance of public protest in Beijing, scores of Renmin University students gathered outside a classroom where a professor—accused of sexual harassment by a former student—was teaching, demanding that the school and professor respond.

After Renmin University released a statement saying it would investigate the reports of misconduct, the 70-odd students dispersed. The school later published rules on its website that prohibit sexual harassment and teachers from having "improper relations" with students. The school declined a request for comment.

"It's very rare, what's happening at all these university campuses," Ms. Hong Fincher said. "It's pretty astonishing."

The government is quick to clamp down on any signs of collective mobilization.

## Hopes Rise For Freeing Of Korean Detainees

BY JONATHAN CHENG

SEOUL—North Korean reassurances about the fate of three Americans detained in the country have raised hopes for their possible release ahead of a summit between President Donald Trump and North Korean leader Kim Jong Un.

"I'm a lot more hopeful now," said Sol Kim, the 27-year-old son of Tony Kim, a Korean-American accounting professor North Korea detained a year ago.

During Central Intelligence Agency Director Mike Pompeo's trip to Pyongyang over Easter weekend, the North Korean leader offered assurances that a summit with Mr. Trump could be paired with the release of the three U.S. citizens, people briefed on the meeting said.

Mr. Trump said separately last week that his team was "fighting very diligently to get the three Americans back."

In addition to Tony Kim, North Korea is also holding Kim Hak-song and Kim Dong-chul. The three men aren't related.

Only one of the men, Kim Dong-chul, has been charged. Two years ago this week, he was sentenced to 10 years of hard labor on charges of spying and stealing state secrets.

Tony Kim and Kim Hak-song were affiliated with Pyongyang University of Science and Technology, a university in the North Korean capital supported by donations from overseas Christian organizations and founded by a Korean-American businessman.

ficials described a three-phase process. The first phase would involve a freeze of the North's nuclear activities to be followed by a stage in which the Pyongyang's nuclear programs would be disabled. In the final stage, they would be dismantled.

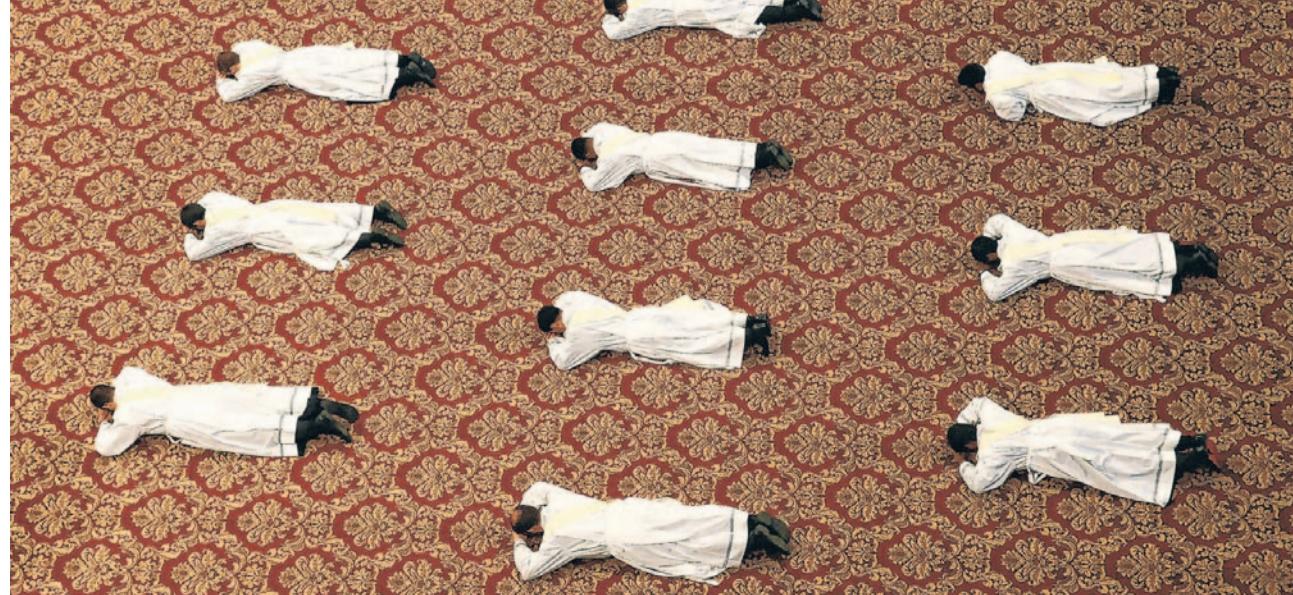
Under the North Korean approach, the U.S. would take reciprocal economic, diplomatic and security steps during each phase. The two sides would spell out the ultimate objectives in a declaration that would be drafted at the start of the process.

While a moratorium on missile and nuclear tests would have some security benefits, the administration is seeking a more far-reaching agreement. "They are not going to get the sort of relief from economic sanctions I am sure they are looking for in the absence of dramatic progress in dismantling their programs," the senior administration official said.

Mr. Pompeo's visit to Pyongyang was meant to gauge North Korea's willingness to abandon its nuclear weapons. Messrs. Pompeo and Kim also discussed the possible release of three U.S. citizens detained in North Korea and the location options for a possible summit of the two leaders, according to people familiar with the trip.

Mr. Pompeo's trip lasted just a day, and he didn't stay overnight in the city, these people said.

## WORLD WATCH



SHOW OF FAITH: Newly ordained priests lay on the floor as Pope Francis led a Mass in Saint Peter's Basilica at the Vatican on Sunday.

## SYRIA

### Inspectors Enter Site Of Alleged Attack

An international team of inspectors entered Douma to investigate a suspected chemical-weapons attack that killed dozens of people this month and resulted in a retaliatory U.S.-led missile strike.

The fact-finding mission for the Organization for the Prohibition of Chemical Weapons has had trouble securing permission from the Syrian government and Russian military forces to enter the area.

But on Saturday, the inspectors collected samples, the group said.

The inspections could help determine whether chemical weapons were used, even though the regime of President Bashar al-Assad had agreed several years ago to give them up.

U.S. officials have said they suspect chlorine and possibly a nerve agent were used on the formerly rebel-held area, killing at

least 43 and injuring dozens in the April 7 attack. Photographs showed victims foaming at the mouth. —Julian E. Barnes

## FRANCE

### Lawmakers Move to Tighten Immigration

The National Assembly approved legislation that would tighten immigration and asylum laws, but a group of lawmakers from President Emmanuel Macron's party abstained from voting.

The legislation would double the time migrants can be detained, speed their deportation and strengthen police powers to search illegal immigrants.

But the vote exposed unusual opposition from within Mr. Macron's large centrist majority, some of whose members have criticized the proposal as being too harsh on migrants.

The measure will now be sent to the Senate for consideration.

—Sam Schechner

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## IN DEPTH

## GE

*Continued from Page One*  
twice the amount that vanished when Enron Corp. collapsed in 2001—and more than the combined market capitalization erased by the bankruptcies of Lehman Brothers and General Motors during the financial crisis. Longer term, GE's market cap has fallen more than \$460 billion since its 2000 peak.

GE's recent losses haven't been caused by scandal, catastrophic economic conditions or a market meltdown. They have arisen from badly timed investments, troubles in key markets and overly rosy financial projections that together have triggered a restructuring that could break apart the company.

GE executives have said that most of the company's businesses were doing well, despite problems of the past year, and that the company has enough cash to fund operations and the dividend. "I am keenly aware of the pain our stock performance and dividend cut have caused with investors, retirees and their families," said John Flannery, GE's chief executive. The company is focused on improving its performance and earning back trust, he said.

"This is a show-me moment," Mr. Flannery said, "and the most impactful thing we can do is continue to make GE simpler and stronger. We will not let up until the job is done."

On Friday, GE reported its latest quarterly results, which included rising profits in its aviation and health-care units and continued woes in its power unit. Mr. Flannery backed his 2018 profit targets and said the company was making progress on its turnaround efforts.

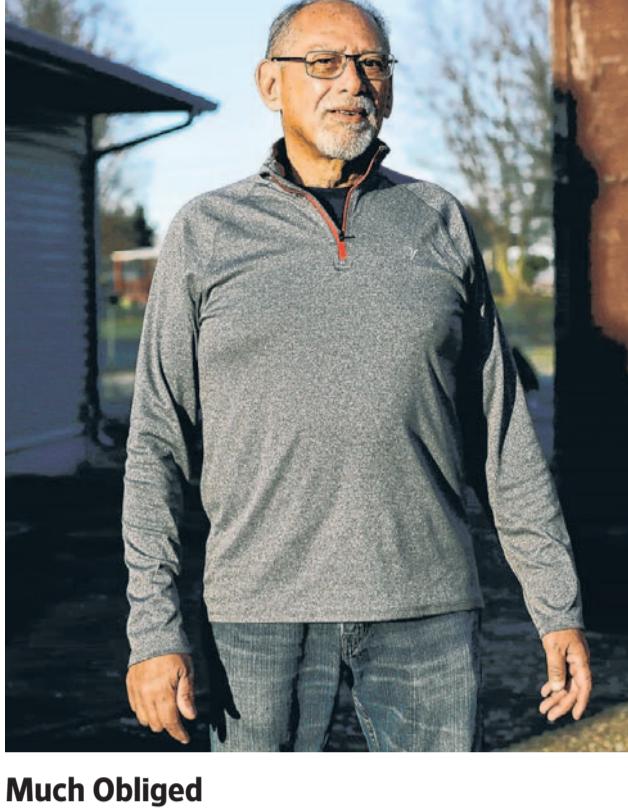
About 43% of GE shareholders are retail investors, people who own stock in their personal accounts, according to S&P Global Market Intelligence. That compares with 32% at Johnson & Johnson and 21% at Boeing Co.

## Stock purchase plan

Among those hard hit by GE stock losses have been company retirees, including former factory workers who took advantage of a stock-ownership plan to build their savings. For decades, the company has had a program that encourages employees to buy GE shares by offering to match 50% of worker contributions, which were taken directly from paychecks.

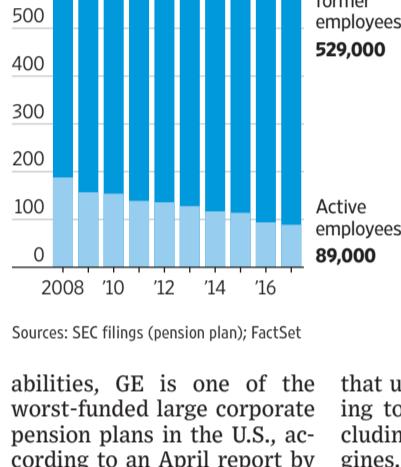
The fall in GE stock prices has put more of the financial burden of retirement on pensions. More than 600,000 people have pensions from GE, which is one of many employers struggling with those obligations. Pension plans sponsored by S&P Composite 1500 companies have an average funding level of 87% and a combined unfunded liability of \$286 billion, according to Mercer. In the public sector, state and local governments have an aggregate unfunded liability of \$1.4 trillion, according to Pew Charitable Trusts.

With 71.4% of assets needed to cover its pension li-



## Much Obligated

GE has one of the largest numbers of retirees in a private U.S. pension plan...



Sources: SEC filings (pension plan); FactSet

abilities, GE is one of the worst-funded large corporate pension plans in the U.S., according to an April report by consulting firm Milliman Inc. GE's pension obligations, nearly \$100 billion at the end of 2017, are underfunded by almost \$30 billion.

GE expects to borrow \$6 billion this year to contribute to the plan. Rising interest rates, which increase the expected returns on plan assets, also will reduce the shortfall.

In 2015, GE stopped supplemental health-care plans for many retirees and substituted a subsidy for private coverage.

That change, plus a reduction in retiree life insurance, cut obligations by \$3.3 billion.

Investors, many of them GE retirees, will gather Wednesday for the annual shareholder meeting. It will be held inside one of GE's newest facilities, a design center near Pittsburgh

that uses a form of 3-D printing to make metal parts, including ones for GE jet engines.

The annual gatherings give investors a chance to air complaints, from CEO pay to environmental pollution. This year, retirees are expected to ask whether the company can make good on its promises.

"We never thought GE would do this to us," said John Phelps, who worked more than 40 years at GE's silicone plant in Waterford, N.Y., which was sold in 2006. "We believed they would do their best to take care of us."

## Pension stress

Mr. Phelps, a former union man who runs an advocacy group for GE retirees, said many fear for their pensions and other benefits.

The ability of the company to meet all of its financial obligations has been strained in recent years; its annual dividend payment of more than \$8 billion was unsustainable because the industrial divisions didn't grow enough to offset the loss of the financial-services business that for years helped earnings.

Companies from all kinds of industries have long tapped GE for executives because of its reputation for excellence.

For workers, a job at GE was a job for life. That changed in the 1980s when the company cut layers of its workforce during a period of austerity that earned former chief executive Jack Welch the nickname "Neutron Jack."

For years Mr. Marruffo didn't pay much attention to

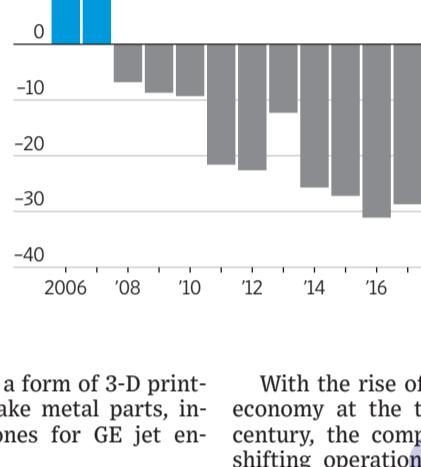


Ben Marruffo bought stock via a GE plan and saw its value fall. He holds his old ID card, above, and a photo of his trainee class.



JOSHUA LOTT FOR THE WALL STREET JOURNAL

...though the company plan has been underfunded...



...and many company retirees who bought GE stock during their working years have suffered significant losses.



THE WALL STREET JOURNAL.

With the rise of the global economy at the turn of the century, the company began shifting operations and jobs overseas. By the end of 2017, about a third of GE's 313,000 employees were based in the U.S., compared with 60% two decades ago.

Ben Marruffo worked at GE's Morrison, Ill., appliance controls plant for 42 years until his 2008 retirement. The facility, about 130 miles west of Chicago, opened in the late 1940s and closed in 2010. GE sold its home-appliance business to Chinese company Haier Group in 2016 for \$5.6 billion.

Mr. Marruffo grew up a few miles from the plant and never moved far. He was one of eight children, and five of his brothers also worked at the GE plant. His father worked at a steel mill for 40 years, and Mr. Marruffo said he remembered his father coming home with holes burned in his clothes from the molten metal.

Mr. Marruffo, 71, started with GE as an apprentice, working in different engineering and manufacturing areas. Just like many business experts, he respected GE's management. Mr. Marruffo accumulated GE stock through the company's Savings and Security Plan. He figured the company was just about invincible, which made the fall in its stock price devastating.

He sold some last year but still owns about 6,000 shares. He now regrets he didn't sell more.

For years Mr. Marruffo didn't pay much attention to

the stock price, he said, but after watching half of his money evaporate, he checks every day. "I look at the stock market at the end of the day and wonder if it has hit its bottom," he said, "and how long it will take to recover what it has lost."



KAYANA SZYMczAK/THE WALL STREET JOURNAL

"I never planned on retiring and having to go back to work," said Gary Zabroski.

He remains optimistic that Mr. Flannery can turn around GE's fortunes. "You kind of hold your breath and hope there isn't another shoe to drop," he said.

GE stock has long been seen as a safe investment, with the good fortune of the 125-year-old company a reflection of the strength of the U.S. economy. Many people unconnected to GE kept the stock in their investment portfolios.

Jack Ennis, a retired New Jersey schoolteacher who is

63, began buying GE stock in 1980 when he started investing for his mother after his father died. He compared GE's decline with such long-gone companies as RCA, Union Carbide and Allied Signal.

Mr. Ennis said he has seen GE go from "America's trusted consumer lightbulb and appliance provider" to a "convoluted conglomerate heavily focused on finance and communications." He blamed former chief executive Jeff Immelt, who retired last summer after 16 years at the helm, and the GE board. Including dividends, GE stock gained 8% over the Immelt years, while the S&P 500 rose 214%.

"Sadly, investor confidence is a difficult thing to win back once it's lost," Mr. Ennis said.

Jack Feigh, 69, traveled for different jobs at the company—California, Kansas City, Louisville—before retiring in 2007 from the appliance division in Salt Lake City.

His parents were bakers who owned a cake shop, and Mr. Feigh recalled how self-employment left them with little more than Social Security after they retired. He was determined to do better for his wife and three children, contributing the maximum amount from his weekly paycheck to buy GE stock. He was encouraged by co-workers doing the same. Older workers retired with plenty of savings.

## Buying more shares

While he was working, Mr. Feigh would use his dividends to buy more GE shares. "At the time, I didn't think you could beat that," he said.

Mr. Feigh retired after more than 30 years at GE. When the company's share price tumbled in the financial crisis, he lost almost \$300,000 in value.

"Employees need to think very carefully about investing their own money beyond 10% in company stock," said Corey Rosen, founder of the National Center for Employee Ownership, a nonprofit that works with companies. "If you are looking at retirement, then diversification is a good thing."

In hindsight, Mr. Feigh agrees. But at the time of the financial crisis, he thought most stocks were getting battered so he might as well stick with GE. At the start of 2017, he had about \$190,000 in GE stock, which is now worth about \$70,000.

He consulted with a financial planner about selling what was left, but was advised to hold the stock. It was bound to go up, he said the planner told him. Mr. Feigh now doubts that it will, at least in his lifetime.

"I thought I was doing it right, but apparently I wasn't," he said. He hasn't talked to his family much about the losses, he said, other than to vent that his "once-proud retirement was going up in smoke."

Mr. Feigh depends on his pension and Social Security checks. He uses the GE dividend to pay his car insurance. He and his wife have put planned vacations on hold, including dreams of a cruise in Europe and a trip to Australia.

"The way GE's stock is going," he said, "we might lose it all."

—Heather Gillers contributed to this article.

## Deep Dive

GE's market losses over the past 12 months surpass some past landmark tumbles.

## Market value loss, in billions



Note: GE measures last 12 months. Valeant reflects loss since peak on Aug. 5, 2015. Others reflect losses from peak value to bankruptcy.

Source: FactSet

THE WALL STREET JOURNAL.

## ROBOTS

*Continued from Page One*  
oids, which backers say are more intuitive than traffic lights, aren't invincible.

One, whom its builders call Thamuk, sustained injuries to his legs and chest when a car rammed into his concrete pedestal. The bespectacled robot was awaiting repairs at the lab of his creator, Thérèse Izay-Kirongozi. Thamuk's torso had been disconnected from his lower extremities and was resting on two Coke crates, ready to be rewired to his waist.

Down the hall, also sliced in two, sat Didier, one of Mrs. Izay-Kirongozi's earliest specimens, awaiting a new deployment near Kinshasa's airport. "He had the worst accident we've ever seen. It was really bad," the engineer said. "He was 4 years old."

Mrs. Izay-Kirongozi's 10 designers and engineers nurse the metal creatures back to health when they fall victim to a hit-and-run. "They're super easy to understand," she said. "When he's pointing his arms your way, you know you can

go. When he's pointing the other way, you have to stop."

A few glitches still need to be worked out. The robots are solar-powered and can't always operate on cloudy days. They also don't work at night.

Some are equipped with speakers to shout commands. Roaring motors and blasting horns often drown them out.

Still, motorists are pleased the machines have at least partly taken over the job of humans. "They don't want money," said Moïse Ntumba, leaning out of his minibus taxi.

Traffic is infamous in this sprawling capital of 12 million on the Congo River. Minibus taxis—known as "Spirits of Life" or "Spirits of Death" depending on their road-worthiness—chase each other on potholed streets that downpours turn into grimy rivulets. Cars jump curbs and roll over sidewalks to get ahead. The few regular traffic lights are often disabled by power cuts.

The World Health Organization estimates the rate of annual road deaths in the vast, conflict-torn nation is world's fourth highest, behind Thailand, Malawi and Liberia, and more than three times that of the U.S.

The robots are a "perfect metaphor for contemporary Congo," where few citizens have access to basic government services, said Bruno Verbergt, an official of the Royal Africa Museum in Belgium. "This kind of workaround is how people survive."

The museum bought a female-looking robot called Moseka—"girl" in the Lingala language—for its collection.

So far, Mrs. Izay-Kirongozi has sold 18 traffic robots for \$15,000 to \$25,000 apiece to municipalities in Congo. She still pays for their maintenance out of her own pocket at her lab, tucked behind a rundown amusement park owned by her family on the outskirts of Kinshasa.

Cadet Mbambi, the lab's design chief, tries to give each robot a different expression and accessories and believes their human shape lends them more authority over unruly drivers. "We are changing the faces, because we are also not all the same," he said.

The first version of Moseka—sporting black braids, hoop earrings and, in contrast to her shimmering brothers, a red metal skirt—conducts traffic at Kinshasa's Nelson Man-

dela roundabout, a four-way

intersection framed by supermarket billboards, construction fences and the skeleton of an unfinished building.

"Her light is very bright, so even when you're far away you can see her," said Raymond Mawete, sitting in a dilapidated sedan on the side of the road.

Mr. Mawete said he couldn't comment on how the robots compare to regular traffic lights. "I've never been to the United States," he said,

"so I don't know these traffic lights you're talking about."

Mrs. Izay-Kirongozi said she was inspired to build the traffic robots after repeatedly witnessing grisly accidents on her way to work. Merely re-fashioning regular traffic lights seemed too simple. "For us, the robots are an innovation," she said. She added she isn't restricting them to human figures: "Why not build a dog at some point?"

# GREATER NEW YORK

## Westchester Race Will Help Nudge Control of Senate



Democrat Shelley Mayer, above, and Republican Julie Kilian.

BY KATE KING  
AND MIKE VILENSKY

A special election Tuesday in Westchester County is attracting an unusual amount of attention because the vote to fill a vacant state Senate seat holds significant sway over the power dynamic in Albany.

A Democratic victory in the election would set up a new fight in the legislature's upper chamber as the party would then likely hold a one-member numerical majority over Republicans. With Democrats already in control of the state Assembly and governor's office, a victory in Westchester could give the party the coveted trifecta of power over state government.

The Senate seat, in New York's 37th District, was vacated by George Latimer, a Democrat, who was elected executive of Westchester County in November. The election pits Democrat Shelley Mayer, a state assemblywoman backed by labor groups, against Republican Julie Kilian, a former Rye City councilwoman.

Republicans and political

fundraising groups that support real-estate development and charter schools have poured money into the race to block Democrats from gaining full control in Albany. State Democrats and labor groups are doing the same to support Ms. Mayer. In total, more than \$2 million has been raised for the race, according to the state Board of Elections.

All 63 seats in the Senate are up for grabs in the November election, giving both parties a new chance to attain a majority.

Democrats outnumber Republicans by about 30,000 registered voters in the Westchester district, which includes Yonkers, Rye, Mamaroneck, Port Chester and Bedford. The district is one of two New York Senate seats holding special elections Tuesday. The other race, in Bronx County, is expected to be an easy win for Democrats.

Even if Ms. Mayer wins in Westchester, Democrats wouldn't yet have a political majority. A lone wolf, Democratic Sen. Simcha Felder of Brooklyn, sits with Republicans in Albany and counts himself among their ranks. Should Ms. Mayer win, Mr. Felder would effectively decide which party has a majority.

Eight other Democrats had been allied with Republicans, but they returned to the fold earlier this month.

Mr. Felder has said he will make a decision about his affiliation after the special election.

"I'm not a loyal Democrat or Republican," Mr. Felder said. "Most of my constituents don't care at all about the parties."

Ms. Mayer, 65 years old, has represented Yonkers in the Assembly since a 2012 special election. An attorney, she previously served as chief counsel for the state Senate Democrats, but her handling of sexual harassment complaints while in that position has recently come under scrutiny.

Earlier this month, two female Senate staffers told the New York Daily News that Ms. Mayer and other Senate Democratic officials failed to act on sexual-harassment complaints they made against their male

Please see RACE page A12B

## Cocktail Show Puts New York in the Mix

BY CHARLES PASSY

The company behind a prominent European bar and cocktail trade event is bringing a spinoff show to New York.

Reed Exhibitions, which produces Bar Convent Berlin, a convention that draws around 13,000 industry professionals to the German city annually, will host Bar Convent Brooklyn at the Brooklyn Expo Center on June 12-13.

For its inaugural edition, the New York show will be smaller in scale than the Berlin one. It is expected to attract 4,500 professionals, especially bartenders from the metropolitan area if not the broader U.S., according to organizers.

About 125 exhibitors, such as spirits companies, will be on hand to showcase their products.

Paula November, a Reed Exhibitions vice president, said the company decided to launch the show in New York because it felt there was nothing of its kind in the city. And they saw the omission as all the more glaring given the city's global pre-eminence in the bar world. "It's where innovation starts," she said of the bar scene.

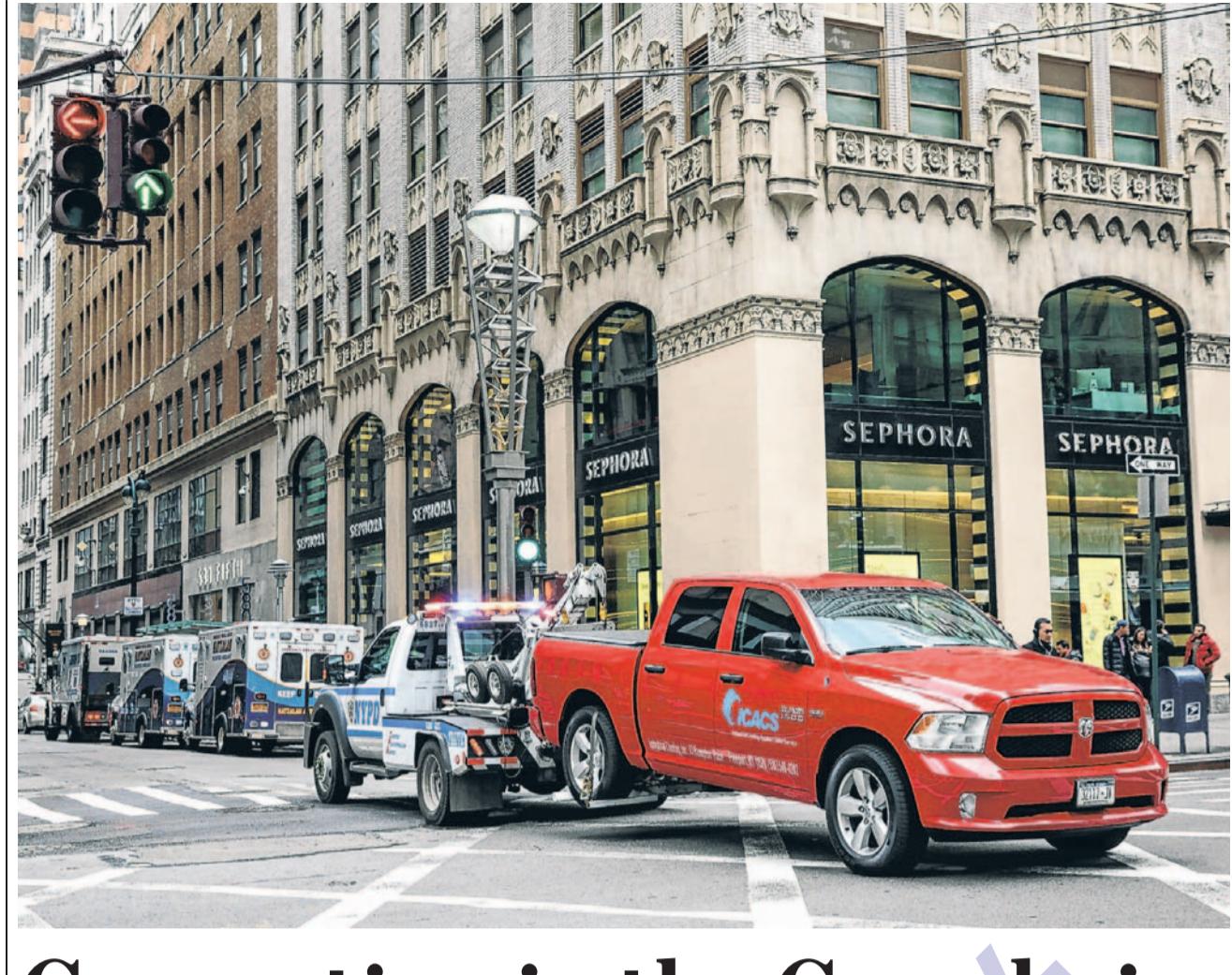
Industry insiders note that New York has been without a large-scale cocktail event, for the trade or public, since the Manhattan Cocktail Classic shut down. An attempt last year to relaunch the Classic failed.

"New York definitely needs a good show," said Adam Levy, founder of International Beverage Competitions, a company that produces wine, beers and spirits contests throughout the world.

## Spring Sighted in Brooklyn



LATE ARRIVAL: Prospect Park was in bloom on Sunday as temperatures hit the 60s. More mild days are forecast this week.



SARAH BLESENER FOR THE WALL STREET JOURNAL (2)

## Congestion in the Crosshairs

New Midtown curbs on parking and loading that aim to clear lanes rile drivers, businesses

BY PAUL BERGER

Parking in Manhattan is difficult enough for limousine, truck and delivery drivers. Now they face an additional obstacle—new traffic restrictions in the heart of Midtown.

Parking and loading is prohibited on both sides of most blocks between Sixth and Madison avenues from 45th to 50th streets during morning and evening rush hours, according to a new regulation that took effect April 16. The six-month pilot program, called Clear Curbs, is one of several initiatives launched by the city to combat congestion.

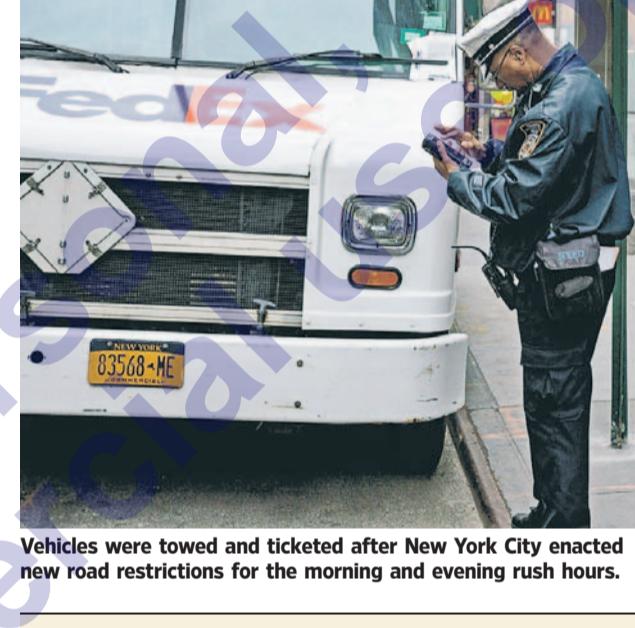
In the first three days of the program, officers issued 3,000 tickets and towed 36 vehicles in the area, according to the New York Police Department.

Among the biggest casualties of the blitz were companies whose drivers had to leave their vehicle to make deliveries. Parcel carriers reported calling in extra staff to stay with trucks or having to park outside the enforcement zone and haul packages for several blocks along crowded sidewalks.

In principle, the regulations were meant to keep lanes clear. In practice, when officers moved a line of cars, they were replaced minutes later by new vehicles or by the same vehicles that simply circled the block.

"It's very unpredictable from day to day," said Axel Carrion, director of public affairs for United Parcel Service Inc.

"It sucks," said Edward Montano, a food delivery driver whose truck was booted on West 44th Street



Vehicles were towed and ticketed after New York City enacted new road restrictions for the morning and evening rush hours.

### City Is Still Taking Measure of Program

New York City Transportation Commissioner Polly Trottenberg said the Clear Curbs pilot program is in its early phase and can be tweaked.

The city wants to see whether it can improve traffic speeds and reliability on key streets, while causing minimal disruption to businesses, Ms. Trottenberg said.

The city would like some businesses to switch to off-

hour deliveries.

"It definitely is inconvenient and it can require changing time-honored models," Ms. Trottenberg said. "But I do think as a city we need to think more about it."

The city also wants to see whether the new regulations are sustainable for the police department, which has deployed additional officers to the targeted areas, she added.

A New York Police Department spokesman declined to say how many additional vehicles and officers were being used.

before 8:30 a.m. on Friday. The restrictions are in place weekdays from 7 a.m. to 10 a.m. and from 4 p.m. to 7 p.m.

As Mr. Montano waited by his vehicle, hoping to get it released so he could finish his deliveries, an NYPD tow truck passed by hauling a FedEx parcel truck. He said it is impossible for him to make his deliveries outside the new time window. "Every day I have to deliver food in the

morning," Mr. Montano said.

Since New York Gov. Andrew Cuomo failed to meaningfully advance congestion pricing in this year's state budget, the focus has shifted to New York City Mayor Bill de Blasio, who has his own proposals for reducing gridlock in the city.

The city attributes the congestion to myriad factors including a growing population and increases in tourism and

construction. It also points to the rise of ride-hailing services such as Uber, which led to a quadrupling of for-hire trips since 2015 to more than 400,000 a day in 2017.

Last fall, Mr. de Blasio unveiled a raft of traffic-easing measures to be rolled out this year. They include beefing up enforcement of block-the-box rules at dozens of busy intersections and the creation of continuous empty curbside lanes across key Midtown cross streets.

The new rush-hour parking regulation initiative was introduced during the second half of March in heavily congested sections of Flatbush Avenue in Brooklyn and Roosevelt Avenue in Queens.

So far, the police department says, it has issued more than 2,500 summonses and towed more than 230 vehicles in those boroughs as a result of the initiative. The dollar amount of the summonses: \$115.

Merchants and their suppliers say they are feeling the pain. New York City Councilman Mark Gjonaj, who chairs the committee on small business, said some mom-and-pop firms have seen a drop in business of up to 20% because customers can't park.

"If some of the businesses can survive six months with their bottom line impacted so dramatically, I would be surprised," he said.

On Thursday evening, Kevin Calle, a driver with The Junk-luggers, watched from the passenger seat of his truck as officers shut down two lanes on Madison Avenue to tow a vehicle.

Mr. Calle, who was parked in a no-standing zone on 48th Street, said the threat of a parking ticket didn't deter him. A customer had paid for furniture to be removed. "Either way, this is going to have to get done today," he said.

## Stringer: Homeless Students Need Help

BY CORINNE RAMÉY

New York City Comptroller Scott Stringer called for policies to increase school attendance of homeless children, following an audit that found more than half of students in shelters were chronically absent from public schools.

Some 33,000 children who were enrolled in public schools lived in shelters during the 2015-2016 school year, with 58% chronically absent, according to the comptroller's office. The Department of Education defines chronically absent as an attendance rate of less than 90%.

"As a city, we are defined by how we support our most vulnerable children," Mr. Stringer, a Democrat, said. "Homeless children need to be a priority—they can't be invisible to the bureaucracy. But right now, the [city] Depart-

ment of Education] is fundamentally failing to give them a fair shot."

In a letter sent to the city Department of Education's chancellor last week, Mr. Stringer suggested the department hire more social workers to work with homeless students and families at schools and in shelters.

He also recommended the department adopt policies to avoid placing late-enrolling students, who he said are often transient or homeless, at low-performing schools.

A spokesman said the Department of Education would review the recommendations. The department has started new programs such as counseling sessions, busing to admissions fairs, and phone calls and door knocking that are designed to help students in temporary housing, he added.

Last month, New York Mayor Bill de Blasio said in a radio interview that the city had invested in helping homeless students but needs to do more.

"We're reorienting the whole shelter system to begin with to localize it more, get people to be-

58%

Portion of public-school pupils in shelters who are chronically absent

in their home borough or hopefully in their home communities so children can go to school in their own neighborhood and not be moved all over the city," said Mr. de Blasio, a Democrat.

The city, he said, had taken steps to help homeless stu-

dents with transportation issues by providing MetroCards and bus service.

As of April 19, nearly 60,000 people were in New York City homeless shelters, according to city data. More families are living in homeless shelters than in the past, the mayor said, attributing the rise to high housing costs and "the economic reality of the city."

Last month, Mr. Stringer's office released an audit finding the Department of Education hadn't followed rules regarding outreach and follow-up with homeless students who are absent from school.

As part of the audit, the comptroller's office reviewed the records of 73 students who lived in homeless shelters and were chronically absent. The students were absent an average of 41.6 days during the 178-day school year, the audit found.

## GREATER NEW YORK

# Empty Stores? One Firm Is All In

By KEIKO MORRIS

The stretch of Manhattan's Bleecker Street between Bank and Christopher streets is pockmarked with "for lease" signs, a casualty of the collision of the retail industry's upheaval and skyrocketing rents.

But for Brookfield Property Partners LP, this is the land of opportunity. The

**PROPERTY** global real-estate developer and investor closed a deal to acquire four retail properties with seven storefronts on Bleecker Street.

"There's a lot of vacancy, and we love that," said Michael Goldban, head of retail leasing for Brookfield Properties, the operating arm of Brookfield Property Partners. "We want this to be a testing ground."

Brookfield Property Partners has taken a contrarian stance toward retail real estate at a time when retailers have been closing stores to adjust to online shopping growth, vacancies have risen in many well-known shopping districts and rents have been falling. But as investors are questioning the long-term prospects of retail real estate, Brookfield is placing its bet on these investments, snapping retail properties up at discounted rates.

Last month, Brookfield reached a deal to buy the remaining 66% of shares of GGP Inc. it doesn't already own for \$23.50 a share in cash or stock—below the \$24 price many investors and analysts thought the company would fetch.

The company bought the Bleecker Street retail properties—about 24,000 square feet—for about \$31.5 million from New York REIT Inc., according to a person familiar with the deal. New York REIT purchased the properties, which include 350, 367-369 and 382-384 and 387 Bleecker St., for almost \$45 million between 2010 and 2012, according to financial filings.

While the acquisition is small compared with the company's typical investments, the



Brookfield, which bought four properties on Bleecker Street, sees opportunities in vacant retail space.



properties—three retail condominiums and a long-term leasehold in a cooperative—give the company enough of a presence to stimulate the area, Mr. Goldban said.

In addition to reinvigorating the strip, Brookfield intends to create an incubator where emerging online brands or new retail concepts can use the storefronts to test the market and experiment in the brick-and-mortar realm.

The company also plans to reach out to other owners on the street to come up with a vision for revitalizing the street,

as well as bring cultural events and art installations to its Bleecker Street retail spaces through its Arts Brookfield team.

And those retail brands that show promise, could have opportunities to grow in other retail properties Brookfield owns, Mr. Goldban said.

"We have the comfort to experiment because we're getting an attractive price," Mr. Goldban said.

Before that strip of Bleecker Street became a destination for national and international luxury designer brands, it was a

quaint shopping district in an affluent area with independent, small businesses, including clothing and accessory stores, a book store, bodegas and antique shops, brokers said.

That changed starting in the late 1990s and early 2000s, when an influx of upscale brands like Marc Jacobs, Ralph Lauren, Burberry and Michael Kors established a presence on the street. Magnolia Bakery's appearance on the television show "Sex and the City" in the early 2000s helped catapult the street and still draws tourists to the area to this day.

Rents made sense at \$100 to \$150 a square foot, said Richard Hodos, vice chairman at real estate services firm CBRE Group Inc., but then they started climbing, peaking around \$500 to \$600 a square foot a few years ago. Rents are now in the

\$300 to \$600 a square foot range with many landlords who bought at the height of the market and need rents at the upper levels, Mr. Hodos said.

"If you looked at actual sales, the sales didn't justify the rents," Mr. Hodos said, referring to Bleecker Street.

## RACE

*Continued from page A12A*  
supervisors in 2010.

Ms. Mayer said she referred the complaints to the secretary of the Senate as required by policy.

Her opponent in Tuesday's election dismissed her answer as being inadequate and called on her to drop out of the race.

"She is running an entire campaign on being a champion of women," Ms. Killian said. "It's pretty clear when she had the opportunity to do the right thing and champion women, she has failed numerous times."

Ms. Mayer said she shared the women's frustrations and anger and would work to change the Senate's sexual-harassment policy if elected. "I certainly wish we could have achieved a better result for them," she said.

Meanwhile, Ms. Killian was forced to disavow and return campaign contributions from a supporter who had hosted a fundraiser for the Republican. On Twitter, the supporter disparaged one of the survivors of the February mass shooting at a high school in Parkland, Fla.

"I have many times publicly and privately expressed my admiration for the kids in Parkland and the kids they've inspired across the country," Ms. Killian said. "The comments in no way reflect how I feel about that situation."

Ms. Killian, 57 years old, served on the Rye City Council for almost six years and is chairwoman of Rye Action for Children and Teens, a drug- and alcohol-prevention organization.

All 63 seats in the New York Senate are up for grabs in the November election.

If elected, she said, she would work to secure more state funding for Westchester schools and look for other ways to minimize the area's property taxes.

Ms. Mayer said she would work to pass stronger laws aimed at preventing climate change, protecting abortion rights and minimizing the impact of outside special interests in state elections.

## GREATER NEW YORK WATCH

### SYRACUSE

#### Two Men Shot Dead In Separate Incidents

Syracuse police say a complaint about a loud party led them to the victim of a deadly shooting. It was the second in two days in the city in central New York.

A crowd was leaving the area around a Cortland Avenue home when police arrived around 3:45 a.m. Sunday. Officers found a man in his 20s had been shot in the head.

Police also are investigating a fatal shooting at about 1:30 a.m. Saturday on Hoefer Street. Officers found 24-year-old Lawrence Moore on a front porch, shot in the chest.

Another shooting Saturday night on Kenmore Avenue wounded a 36-year-old man.

—Associated Press

### CONNECTICUT

#### Controlled Burn Planned in Forest

The Department of Energy and Environmental Protection plans to intentionally burn 18 acres of field inside the Tunxis State Forest.

Depending on the weather, the agency has scheduled the controlled burn for Monday, during the late morning or midday. The field is located near Route 20 in West Hartland.

DEEP officials say the burn is needed to maintain native "warm-season" grasses by killing competition from woody stems that are beginning to encroach on the field. The grasses are considered a critical habitat for a number of wildlife species, especially migratory birds such as the Meadowlark, Bobolink and Savannah Sparrow.

—Associated Press

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# LIFE & ARTS

TRAVEL

## Boomers Embrace the Luxury Van Life

Empty nesters and retirees abandon RVs for the freedom and mobility of converted high-end vans

BY ANNE MARIE CHAKER

**THE LATEST LUXURY** getaway: a van trip.

Attracted by Instagram images of a free-spirited, simpler way to travel, older consumers are turning to vans for their trips, while adding the high-end spin they can afford. Forget the beat-up Volkswagen bus: These travelers are shelling out for custom-fitted Mercedes-Benz or Ram ProMaster vans for their life on the road.

"The thing I like so much about van life is the simplicity," says 55-year-old John Kennedy, now on his first big road trip, to California, in his \$75,000 revamped Ram ProMaster. Mr. Kennedy, owner of a window-cleaning business in Aspen, Colo., bought the van last summer and two months ago picked it up from a conversion specialist, now outfitted with a double bed, stove and custom maple cabinets. The one thing his van doesn't have: a bathroom, which means using public facilities.

That is a small price to pay for freedom, he says. "It's being able to go down a road, stop and pull over to sleep, and start again when you're ready."

The van life—or #vanlife—phenomenon began on social media several years ago with photos of twentysomethings peering out at beach and mountain vistas from vans decorated with flowing drapes and colorful quilts. The images took off on the internet and caught the attention of older consumers who not only can afford luxury setups, but are also at a point in life when they can take extended, if not permanent, time off.

Owners of van conversion shops say business is booming, thanks in

large part to empty nesters and semi-retirees who can afford a custom van that, all included, can cost \$100,000 and up. Blue Ridge Adventure Vehicles in Asheville, N.C., says its business has increased each year in the last three years. More than half of the customers at Vanlife Customs in Denver, are retired or semi-retired, says owner Dave Walsh.

"They're getting rid of their giant motorhomes and doing this," says Erik Ekman, owner of Outside Van in Portland, Ore. His business has doubled from a year ago, he says, thanks largely to consumers in their 50s and 60s. "That's when you have the freedom, the mobility and the money," he says.

For that freedom, van travelers give up amenities that other vacationers would see as a deal breaker. The spaces are tiny, especially for two people, and life with a portable toilet isn't for everyone. And while Vanlifers bypass travel expenses including lodging and restaurants, gas prices this summer are expected to be the highest in years.

Retirement experts say the van life reflects a new way that people want to retire. Rather than work straight through until a certain age, more people are spreading out their leisure time, whether it's between jobs or working a few hours a week as they travel. "Boomers are reinventing re-



Above, John Kennedy in Moab, Utah, earlier this year; below, Melody Shapiro's Mercedes-Benz Sprinter van.



tirement and saying 'I get to live my life the way I want,'" says Jaye Smith, the 63-year-old co-founder of Reboot Partners, a consulting firm that specializes in retirement and career breaks.

For some people, sleeping in the van at night can take some getting used to. "As soon as the sun sets, I get petrified," says Lauren Costantini, a 48-year-old former chief executive of a medical-device company who is semi-retired. "I put the window coverings up and I feel better." She recently returned home to Boulder, Colo., after a successful four-month trip across the country on her own.

Edward Lawlor two years ago bought a custom remodeled Mercedes-Benz Sprinter van from Outside Van for \$130,000, which he takes out on the road with his wife Betsy for three to five weeks every few months. The former dean at Washington University in St. Louis is semi-retired and teaches on a flexible schedule. The couple has traveled in the van through New England and Nova Scotia in the summer and to New Orleans and along the Gulf Coast in the winter.

The idea for the van came in the

summer of 2012, when the couple rented an RV. The vehicle's size and battery-power limitations meant the Lawlors would take it to campgrounds at night to plug into electricity for air conditioning and the microwave. "We hated it," says Mr. Lawlor, 63. The campsites were typically crowded and noisy. On the road, they had met couples who converted cargo vans into smaller, more nimble setups. "I decided this would be our ticket," he says.

The Lawlors' van conversion includes three 12-volt batteries that power the living amenities when the van is parked and turned off. (The batteries recharge by way of an auxiliary power system while the van is running and can last for four days without another charge). The van has a separate heating system, a roof vent with rain sensor that can shut automatically, an induction cook top, refrigerator and microwave oven. A 20-gallon tank supplies water to the kitchen and the shower. Thetford Corp.'s Curve Porta Potti serves in lieu of a built-in bathroom. An aluminum-framed bed sits three feet over the floor, allowing for storage beneath.

"It's close quarters," Mr. Lawlor says. "But you learn little tricks to stay out of each other's way." One tip: Don't try to pass by when someone is cooking.

Like many Vanlifers, the Lawlors like that they can park most anywhere overnight with their van, which is about 19 feet long and 8 feet wide and fits snugly into most parking spaces and roadside nooks. He uses a cellphone app called All-stays that provides information on camping and parking restrictions, and hasn't yet had a problem with overnight stays.

"We aim to do all the active things that Vanlifers do," says Mr. Lawlor. "It's not for young people alone."

Melody Shapiro, a 74-year-old retired psychotherapist in Hood River, Ore., says her Sprinter van, purchased six years ago, offers a private retreat wherever she needs it, whether it's a mile away by the river or at her son's house in Monterey, Calif. "I just park it at the house. I can sleep in it, have my coffee in the morning and I don't wake everybody up."

### Is Van Life for You?

**Try it first:** Before forking over the cash for a revamped van, it's worth considering trying one. Converted vans can be rented by the day from sites such as Outdoorsy.com.

**Sizing it up:** Popular models for Vanlifers include the Mercedes-Benz Sprinter, Ram ProMaster and Ford Transit. Cargo area—or the living space behind the front seats—typically ranges from 10 to 16 feet long by 4 to 6 feet wide. Ceilings are often just over 6 feet high.

**Find a specialist:** Car companies recommend that consumers use conversion specialists who are familiar with weight and structural limits. "If someone is building a space inside, it's important that they're not overloading a vehicle," says Dave Sowers, head of Ram commercial marketing.

**Stay safe:** Use common sense, experts say: Keep the doors locked, and keep food stowed away from hungry animals. Make sure you add the vehicle to your insurance policy and consider signing up for a roadside assistance program.

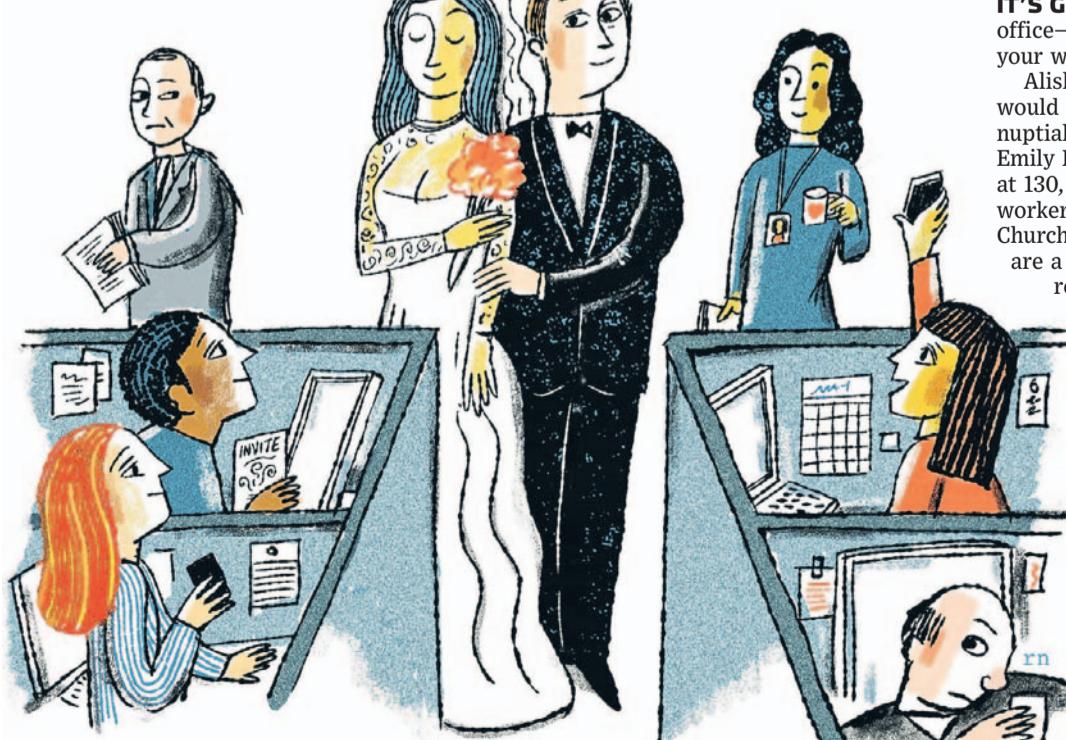
**Camp smart:** Popular places for Vanlifers to park include public lands under the federal Bureau of Land Management. People can park or camp in most locations for up to 14 days, says Larry Ridderhour, an outdoor recreation planner with the agency.

**Park smart:** When it comes to parking lots, check on the rules. Some welcome van travelers: "We allow them in our parking lots," says Walmart spokesman Charles Crowson, though individual store managers have the final say. "If they need provisions, it's right there at the store."

Still, things can go wrong. In the first two weeks of Ms. Costantini's cross-country trip, a leak developed in the ceiling while it was raining in California. "That was the most stressful time. I pulled out my pots and pans and was filling them," she recalls. At a service station in Las Vegas, a \$140 repair involving silicone caulking did the job.

WORK &amp; FAMILY | By Sue Shellenbarger

## WHICH CO-WORKERS GET THE WEDDING INVITE?



**IT'S GREAT** to have lots of friends at the office—unless you're making a guest list for your wedding.

Alishan Vazir enjoys his colleagues and would like to invite all 18 of them to his nuptials in November. But he and fiancée, Emily Freeman, have capped their guest list at 130, leaving room for only three of his co-workers. Mr. Vazir, a 26-year-old Falls Church, Va., account manager, senses some are a little hurt. But "just because you're really cool with and close to a friend at work doesn't mean you're going to be cool and close in your personal life," he says.

Socializing with colleagues can be tricky anytime, but planning a wedding thrusts those tensions into the spotlight. Couples agonize over which co-workers to include and how to cushion the hurt among those they leave out. Balancing your needs without damaging relationships requires nuance.

Being left out of a colleague's wedding can evoke childhood memories of being excluded from a sleepover by a playmate who says, "I don't like you that way." Everyone involved feels awkward when

the image the bride or groom projects at work, as a caring friend and ally, suddenly seems inconsistent with reality, says Melissa Dahl, author of "Cringeworthy," a book on uncomfortable situations.

Portia Williams Edwards and her husband, Rickey, have numerous friends among their co-workers at Dallas/Fort Worth International Airport, where she's a staff trainer and Mr. Edwards is an inspector. They kept quiet at work about plans for their 2016 wedding and invited only 30 colleagues. "When I got back to work, people came out of the woodwork" complaining about being left out, she says. When one co-worker refused to speak to her, Ms. Edwards smoothed her hurt feelings by promising to invite her to a housewarming party.

Wedding trends are squeezing guest lists, which fell last year to an average of 136 from 149 in 2009, according to a survey of 13,000 couples by The Knot, an online wedding-planning marketplace. More couples are choosing smaller, less formal venues like historic mansions or barns, forcing them to cap guest lists at lower levels than allowed by banquet halls or hotels. "Couples are really sticking to friends and family, the people they feel are going to be with them."

Please see INVITE page A15

## LIFE &amp; ARTS

WHAT'S YOUR WORKOUT? | By Jen Murphy

# Kickboxing Her Way to Better Tennis

A 75-year-old finds the combat sport builds upper-body strength while helping her think about how to win one-on-one battles

**WHEN VERA KONIG** asked a tennis pro how to improve her game, he told her to swap her racket for boxing gloves. "If anyone else had suggested kickboxing, I would have laughed," she says. She's been hooked on the combat sport for 20 years. Now, at 75, she credits twice-weekly sessions for keeping her competitive on the court.

Ms. Konig, a retired college professor based in New York City, describes herself as a lifelong athlete. She grew up skiing, running, swimming and hiking. In her 40s, she started working with a tennis pro. She caught on quickly, but kickboxing elevated her game. "When I added the kickboxing, I saw great improvement to my upper-body strength, balance and agility," she says.

Seven years ago Ms. Konig started competing in National Senior Women's Tennis Association-sanctioned tournaments. Last year she found a partner her age and she now competes in singles and doubles. "It's not easy to find someone my age who wants to make that commitment and who will work to develop a partnership," she says.

The pair meet with a tennis pro once a week, but Ms. Konig hasn't convinced her partner, Jo Shepoiser, to try kickboxing yet. In March, they placed third in their age group at the Barbara Cooper Cup tournament in Winter Park, Fla. Ms. Konig won her singles age category. They are training for the USTA National Women's Grass Court Championships July 9 to 15 in Forest Hills, N.Y.

#### The Workout

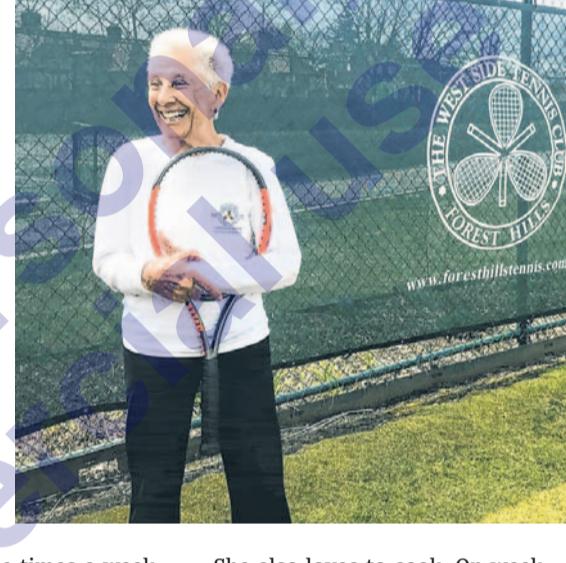
On Mondays and Thursdays Ms. Konig meets with her kickboxing trainer, Jimmy Fusaro. Their hour-long workout starts with a warm-up on the punching bags. He then holds up mitts as targets and calls punches—jabs, hooks, uppercuts—for her to throw. She might do squats on a balance board to work

her core and legs and push-ups on a balance board to work her shoulders and core. She does upper-body work, like a dumbbell fly, on a stability ball for an added balance challenge. She then might hold the handles of a TheraBand and mimic the twisting trunk motion used in tennis to activate her core.

Ms. Konig meets her tennis pro once a week for a 90-minute or two-hour session. "We focus on techniques, like hitting ground strokes deep, as well as game tac-



Vera Konig trains with Jimmy Fusaro, above, at Aerospace High Performance Center in New York City. She says kickboxing has improved her upper-body strength, balance and agility while preparing her to play tennis.



tics and strategy," she says. "I like that he is always challenging me. It's the only way I'll get better."

She and Ms. Shepoiser meet a pro for a two-hour doubles clinic once a week.

Ms. Konig had both of her knees replaced in 2015. "I promised my pro I'd be back in eight weeks, and I was," she says. "The rehab made me rethink my approach to stretching, something I now do every morning to help my mobility." Her doctor prescribed the recumbent bike, which she rides 30 min-

utes twice or three times a week. She also does lower-body exercises like the leg press machine.

#### The Diet

Ms. Konig's breakfast ritual involves a fruit smoothie, coffee, toast with butter and peanut butter and the newspaper. "I only eat fresh bread," she says. "No Wonder Bread or packaged stuff." Lunch might be a BLT, grilled Swiss and bacon or a salami sandwich. She often snacks on raw vegetables. "I love fennel," she says.

She also loves to cook. On weekends she makes pasta from scratch. "My husband and I like to share a bottle of wine over a good meal," she says. "We wake up and discuss what to have for dinner."

Go-to dishes are steak with raspberry sauce or pasta with shrimp and clams. If she's craving something sweet, she'll have a ginger ale.

#### The Gear & Cost

Dues at West Side Tennis Club in Forest Hills are \$6,000 a year.

#### Before You Serve, Punch Something

If you love tennis, throwing a punch may help put more zip on your forehand. Tennis and combat sports have a lot in common, says Rex Miller, a Thai boxing and tennis coach based in Durham, N.C. Both are meditative and repetitive but extremely physical, he says.

"Boxing emphasizes the same skill sets that a tennis player needs: quickness, agility, proper footwork, power—but with agility—and a heavy dose of stamina," he says.



That's not the only parallel, he says. "Balance, turning your hips, finishing or following through, then recovering to the ready position for the next challenge occur in both sports," Mr. Miller says. Tennis and combat sports require players to play both offense and defense. Strategy is also similar.

"You have to know what kind of player you are, how you can best win points," he says. Boxing can also help tennis players learn how to react to stress and stay focused.

"One of the biggest obstacles to tennis success is not letting go of a bad outcome, whether it be a poorly played point or a distraction on the sidelines," he says. "When you make a mistake in tennis, you have the time until the next point to dwell on it. In kickboxing, when you make a mistake and get popped, you are forced to move on immediately because there is another strike coming in one second."

Tennis greats, including Caroline Wozniacki and Maria Sharapova, have been known to mix fight-based training into their workouts.

ADRIENNE GRUNWALD FOR THE WALL STREET JOURNAL (3); FRANCOISE BROWN (TENNIS)

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## LIFE &amp; ARTS



PAUL GETTY TRUST (2)



The Roman sculpture gallery, left, at the Getty Villa, above

## CULTURAL COMMENTARY

## Art History, Refreshed

BY ERIC GIBSON

**Los Angeles** **THE PARADOX** of the classical world is that it is ever-present, pervading so many aspects of daily life, and at the same remote to the concerns of that life. So when Timothy Potts, director of the J. Paul Getty Museum, decided to reinstall its collection of antiquities in its Villa, he faced a high bar: how to make that material more accessible and engaging to a 21st-century audience. The context didn't make the job any easier: Los Angeles, city of the continually new, where surface is all. But he has cleared that bar spectacularly.

The Getty Villa is the original J. Paul Getty Museum, a structure—modeled after the ancient Roman

Villa dei Papiri in Herculaneum—that was built by Getty himself and that opened in 1974, two years before his death. Previously the collection had been arranged thematically. But Mr. Potts has now reverted to the more traditional chronological approach, with the result that we can now track the history of the ancient world from its beginnings in 6000 B.C. to the late Roman Empire in A.D. 600. The objects include sculpture, pottery, paintings, glass and jewelry.

It makes for an extraordinary visual progression. The collection divides naturally into two, with Greece on the first floor and Rome on the second. On the first floor we move from Cycladic figure sculptures, so modern-looking in their simplicity and reductiveness, to "The Victorious Youth," aka the

Getty Bronze, a Hellenistic statue of an athlete so lifelike that he seems caught mid-motion. Taken as a whole, the installation movingly tells the story of man's growing understanding of himself and his place in the world.

Highlights of the second floor include a gallery of Roman portrait busts and another for glass, this last filled with works of such aesthetic and technical refinement as to make one question one's reflexive sense of 21st-century cultural superiority. Throughout, thanks to the deft use of placement, lighting and wall color, Mr. Potts, working with Senior Designer Amanda Ramirez, has endowed the objects with such presence that they virtually speak for themselves without needing wall texts.

Much else is new here, including

works pulled from storage and separate galleries devoted to Etruscan art, the real Villa dei Papiri, and J. Paul Getty's collecting habits.

In addition, Mr. Potts has introduced "The Classical World in Context," a first-floor gallery that will house long-term displays of works from cultures, such as Egypt, that interacted with ancient Greece and Rome. The inaugural show is "Palmyra: Loss and Remembrance," a selection of funerary portrait sculptures from Copenhagen's Ny Carlsberg Glyptotek. Combining stylization and keenly observed naturalism, they are powerful presences. Be prepared to be bewitched by "The Beauty of Palmyra"—and to once again seethe over the desecrations of Islamic State.

In short, the reinstallation has created a vibrant, multifaceted view of the ancient world that pulls you in and leaves you wanting more.

Unfortunately it has stumbled in one area: "Plato in L.A.: Contemporary Artists' Visions," featuring work by 11 artists such as Jeff Koons, Mike Kelly and Adrian Piper, explores the role of the philosopher in modern life. Give the Getty credit for standing up for classicism's continuing relevance at a time when more and more colleges and universities consider it political Kryptonite. But this show, organized by independent curator Donatien Grau, is not the way to proceed.

It's asking a lot of a general audience that it be conversant

enough with Plato's ideas to be able to parse an artist's riffs, especially when those interpretations are couched in the hermetic language of today's Conceptual Art. The average visitor will be hard-pressed to discern any link between ancient philosophy and Paul Chan's "Le Baigneur 1," which consists in the main of a sort of black body stocking attached to a fan so it flaps and billows like those enormous inflatable tube men that retailers use. And they'll get no help from the catalog, a textbook example of the obscurantist artspeak that passes for criticism today.

Then there are the selections. Mr. Grau never makes clear why he chose these artists, so there's a random, arbitrary feel to the exhibition. But in a category all its own is the Koons, a monumental, multi-colored replica of a pile of children's modeling compound titled "Play-Doh"—get it? Its inclusion seems driven by the desire for a marquee name—even to the point of torpedoing the intellectual respectability of the entire effort.

As the Villa reinstallation indicates, the Getty has long been a model of transparency, of tailoring its displays and written materials to make the most remote, recondite subjects accessible to a lay public. If future forays into contemporary art are to meet with success, they will need to meet that exacting standard.

Mr. Gibson is the Journal's Arts in Review editor.



Sam and Julia Mynhier of Nashville, Tenn., held down spending on her wedding gown and flowers last year so they could invite nearly all of their co-workers at the time to attend.

## INVITE

*Continued from page A13* down the road" when deciding whom to invite, says Kristen Maxwell Cooper, The Knot's editor in chief.

It can be hard to keep quiet about wedding plans at work. Nearly nine of 10 couples posted engagement photos on social media, according to a recent survey of 17,862 newlyweds by WeddingWire, an online marketplace.

Nicole Anzio and her husband, Thomas, invited only two of her colleagues at the hospital where she works as a nurse to their 2017 wedding. She was concerned when another co-worker started talking up the event, saying, "I'm really excited. I want to come to your wedding," says Ms. Anzio, of Pittsburgh. She explained their decision as gently as she could, saying, "I'm really sorry, but we have kind of a strict guest list. I hope there are no hard feelings." The co-worker seemed to take the news in stride, and congratulated her warmly after seeing their wedding photos on Facebook.

If you work on a small team, it may be best to invite everyone rather than leaving out one or two, Ms.

Dahl says. Julia Mynhier, 24, a senior project manager at a Nashville, Tenn., ad agency, posted an invitation to her wedding last year on the office fridge for all 15 of her co-workers, she says. To hold down costs, "I didn't have extravagant flowers or a top-of-the-line dress. For us, it mattered more to have there the people we wanted,

Be extra careful when considering whether to invite your boss.

and to have a good time."

It's also important to look ahead at how guest-list decisions might affect you and your career. "Think about how awkward it will make your everyday life at work if you don't invite" a particular co-worker, says Davia Lee, a Buellton, Calif., wedding planner. Anne Chertoff, a trend expert with WeddingWire, says that if you're inviting most of your co-workers on a small team, it's probably best to invite them all.

Whether to include your boss raises other thorny questions. It makes sense if

you and your boss share details about your everyday life outside work, Ms. Lee says. Did you tell the boss you were engaged right after it happened? Does he know your dogs' names? Does she get your holiday card?

Taylor Christopherson decided to invite her boss, who heads the dental practice where she works as a hygienist, to her wedding in September, as a gesture of respect. Although he's not a close friend, "I enjoy him and I thought it would be wonderful to have him there to see that part of my life," says Ms. Christopherson, 24, of West Chester, Ohio.

Her fiancé, Vinny Benedetti, 28, who is a dentist at a different practice, is inviting his boss too, but not the several hygienists he oversees. "I didn't want to invite a couple of co-workers and not others and make them feel bad," he says.

Consider before inviting higher-ups how they might react to your celebration, says Janean Wadley, a Cedar Hill, Texas, wedding planner. If senior executives are button-down conservatives and your relatives love to party, "you might not want the VP of your company to see your cousin acting a little crazy," Ms. Wadley says.

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## SPORTS

NFL | By Jason Gay

## Trying to Love the NFL Draft

**The NFL Draft arrives this week—blasting off Thursday night from Jerry Jones's intergalactic space biscuit in Arlington, Texas. As always, I like to offer at least five alternatives more exciting than watching the NFL Draft:**

- Ironing tiny cat outfits.
- Eating a hard-boiled egg on the bus.
- Trying to find that pen that fell under the couch last month.
- Spell-checking a will.
- Turtle fight!

OK, you are right: I need to stop being such a crank, and get with the program. The NFL Draft may be strange theater, but it's really popular—the most popular non-sporting sporting event in America, besides golf. It's so big, the league now takes it on the road, like a monster truck show, or a podcast, schlepping it from New York to Chicago to Philly, and now, JerryWorld. (I've heard rumors—lobster claws crossed—it may go next year to Boothbay Harbor, Maine.)

For 2018, Fox is joining the TV coverage, squeezing itself onto the bus with ESPN and the NFL Network. The Sporting News reported that the NFL is even more ambitious about its coverage plans:

*Some league executives envision the draft potentially becoming the sports equivalent of a U.S. presidential election—a sports event televised simultaneously across most or all of the national broadcast networks.*

Yes! But let's not stop there. Let's get C-Span and Comedy Central on the case, too. Nickelodeon. Food Network. Netflix. Public access. Or Bill Belichick's favorite digital media outlets, "SnapFace" and "Instant-Chat."

This is a wild shift from the early days, when the NFL asked ESPN why anyone would bother watching an event that is basically a series of workplace phone calls. ("Timmy, you're a Dolphin. Congratulations.") Today there's a giant, year-round economy built up around the draft, to the point that "draft guru" is a legitimate profession, and lunatics start publishing "mock drafts" the nanosecond the previous draft ends.

Have you ever talked to someone about their mock draft? Think about the time someone at work told you about their NFL fantasy team. Now imagine something 100 times less interesting.

I promise I'll stop whining. It's just...is there anything in sports with so much conjecture masquerading as insight? Over time, radical thinking evolves into conventional wisdom—and then, abruptly reverts to radical thinking. Teams talk themselves in and out of prospects, rejecting players for the sort of arcane imperfections they used to la-

**Solomon Thomas, left, greets NFL commissioner Roger Goodell during last year's NFL Draft,**



ment on "Seinfeld."

*We'd take that guy, but we hear he's a bad breaker-upper...He's a close-talker...Did you see that: he double-dipped a chip!*

The best "controversy" of this year's draft is the question of whether or not UCLA quarterback Josh Rosen is "too smart" for the NFL. It's been proposed that Rosen's millennial mind may be too advanced for the mundanity of football life, as if the 21-year-old will drift back into the pocket during the fourth quarter, and suddenly find himself mentally distracted by unexplained questions of the universe:

*What is dark matter?*

*Did Shakespeare write all his own plays?*

*Why haven't I ever seen a baby pigeon?*

*How did the Blazers get swept by New Orleans?*

I like Josh Rosen. He's shown self-awareness and depth in his public comments, particularly on the exploitative economy of college sports. The worry over his intellect shows that the NFL is still not a garden of free thinking. For all the veneration of "maverick" coaches, teams seem to prefer players happy to spoon oatmeal while staring at a blank wall.

The top pick at this draft again belongs to the Cleveland Browns, who are 1-31 over the last two seasons, which, not to be overly critical, is disappointing. The Browns also possess the fourth pick, and my for-

mer Journal colleague, Kevin Clark, now at The Ringer, reported that the Browns have given thought to the idea of drafting two quarterbacks—the idea being that taking two would give them an improved chance to land a franchise-altering one. Of course, the Browns are the Browns, and there's also the chance Cleveland would just wind up picking two crummy quarterbacks, and be right back there in 2019, picking 11 more.

There is quality QB talent in this year's draft, though not a consensus standout. Besides Rosen—who, rumor had it, was sliding down the depth chart last week—there's the much-liked Wyoming big man Josh Allen, the Southern California talent Sam Darnold, the 2017 Heisman winner Baker Mayfield of Oklahoma, and the 2016 Heisman winner Lamar Jackson of Louisville. From a pure electricity standpoint, the most exciting player in the draft is probably Penn State running back Saquon Barkley. The Patriots have two picks in the first round, and there's some thought they could use one to pick a new apprentice for 91-year-old signal caller Tom Brady, or perhaps, a lobster boat repairman for Belichick.

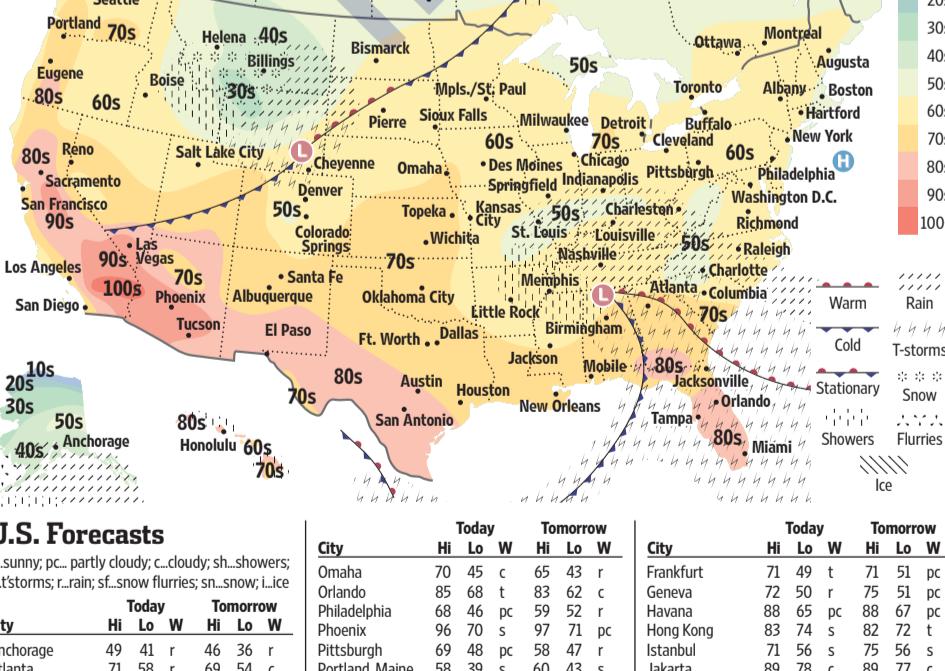
Who will get the first hug on Thursday from the NFL Commissioner and Draft Night Hug Machine Roger Goodell? You'll have to tune into the circus from JerryWorld to see. I'll stop my groaning and try to watch. In 2018, I like anything on television that isn't cable news.

## Draft Day

A look at Jason Gay's mock draft:

PICK/TEAM	ADVICE
1. Cleveland Browns	Run for your life!
2. New York Giants	PHEWW! You're not a Brown.
3. New York Jets	Consider baseball.
4. Cleveland Browns	Consider retirement.
5. Denver Broncos	Yes! It's legal there.
6. Indianapolis Colts	See if Andrew Luck is at practice.
7. Tampa Bay Buccaneers	You were almost in Chicago cold.
8. Chicago Bears	You were almost in Tampa warmth.
9. San Francisco 49ers	Learn to spell "Garoppolo."
10. Oakland Raiders	Vegas!
11. Miami Dolphins	Do you like losing to New England?
12. Buffalo Bills	Do you like losing to New England?
13. Washington Redskins	Go Caps!
14. Green Bay Packers	Cheese is a vegetable.
15. Arizona Cardinals	You're going to get so good at golf.
16. Baltimore Ravens	I can't say anything snarky. My in-laws read this.
17. Los Angeles Chargers	My car is bigger than your stadium.
18. Seattle Seahawks	Pete Carroll buys everyone ice cream.
19. Dallas Cowboys	Jerry wanted someone else.
20. Detroit Lions	You have that new Pats coach with the hat.
21. Cincinnati Bengals	No pressure to win playoff game.
22. Buffalo Bills	You'll get ripped shoveling snow.
23. New England Patriots	Belichick loves jokes. And pranks.
24. Carolina Panthers	Buy the team! It's for sale.
25. Tennessee Titans	Go Preds!
26. Atlanta Falcons	Don't talk about the Super Bowl.
27. New Orleans Saints	Not really a party town.
28. Pittsburgh Steelers	Not really a football town.
29. Jacksonville Jaguars	No Bortles jokes.
30. Minnesota Vikings	Buy a snowmobile.
31. New England Patriots	Gronk may ask you to do Jäger shots.
32. Philadelphia Eagles	If they don't repeat, it's your fault.

## Weather



## U.S. Forecasts

S=sunny; pc=partly cloudy; c=cloudy; sh=showers; t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 49 41 r 46 36 r

Atlanta 71 58 r 69 54 c

Austin 62 53 s 87 56 s

Baltimore 67 47 pc 58 51 r

Boise 67 44 pc 72 46 s

Boston 57 42 s 61 46 pc

Burlington 64 43 s 67 47 s

Charlotte 59 56 r 70 49 r

Chicago 60 45 s 58 41 pc

Cleveland 69 49 pc 57 44 r

Dallas 77 55 pc 83 59 s

Denver 69 30 t 46 25 c

Detroit 69 48 pc 56 44 c

Honolulu 83 72 s 83 72 sh

Houston 79 57 pc 85 60 s

Indianapolis 60 50 r 61 49 r

Kansas City 69 47 c 70 47 c

Las Vegas 93 68 s 70 50 c

Little Rock 67 52 c 75 52 s

Los Angeles 79 55 pc 76 55 s

Miami 85 73 t 85 70 pc

Milwaukee 53 42 s 54 38 c

Minneapolis 67 44 pc 59 37 c

Nashville 69 54 t 66 52 sh

New Orleans 75 59 c 78 59 s

New York City 63 44 s 58 52 c

Oklahoma City 72 48 s 73 47 s

## International

Today Hi Lo W Tomorrow Hi Lo W

City Amsterdam 58 49 pc 56 49 sh

Athens 77 57 pc 81 61 c

Bahrain 81 60 s 87 62 s

Bangkok 97 82 s 98 81 pc

Beijing 64 48 c 73 49 s

Berlin 69 48 t 64 50 sh

Brussels 64 46 pc 62 52 sh

Buenos Aires 76 64 r 72 64 t

Dubai 98 83 s 97 81 s

Dublin 56 45 r 54 42 sh

Edinburgh 55 43 r 55 41 sh

## The WSJ Daily Crossword | Edited by Mike Shenk



TUNING IN | By Roger & Kathy Wienberg

Across	Down
1 Hit for Harry Belafonte	30 Nevada city
5 "The Blacklist" org.	31 Bit of smoke
8 Eagle's attack	32 Way off
13 USMC no-show	33 Drug smuggler's unit
14 Become fuzzy	34 You can run it up and pick it up
15 Bamboo-munching mammal	35 Fashionably dated
16 Bob Seger song heard in Chevy truck ads	38 Modern marketplace
17 Confiscated	39 Sung by a group
18 Praise enthusiastically	40 Point a finger at
19 Pint in a pub	41 Submit, as payment
20 Pessimistic pal of Winnie-the-Pooh	42 Ranch crew
21 Fairly shared	43 High-level execs
22 Hit for the Spinners later covered by Hall & Oates	44 Ranch
23 Fiddler on the Roof"	45 Open slightly
24 Points for a field goal	46 Corn
25 X-ray units	47 Gronk may ask you to do Jäger shots.
26 Miniature racer	48 Water, in Paris
27 "Fiddle on the Roof"	49 High-level execs
28 Give free tickets to	50 Make blank
29 "I need ___" (tired comment)	51 Less common
30 "Fiddle on the Roof"	52 On the double
31 "Fiddle on the Roof"	53 Foot part
32 "Fiddle on the Roof"	54 Open slightly
33 "Fiddle on the Roof"	55 A quantity of
34 "Fiddle on the Roof"	56 What many campaigners sling
35 "Fiddle on the Roof"	57 Gronk may ask you to do Jäger shots.
36 Song sung by Tevye in "Fiddler on the Roof"	58 Water, in Paris
37 "Fiddle on the Roof"	59 High-level execs
38 "Fiddle on the Roof"	60 Make blank
39 "Fiddle on the Roof"	61 Less common
40 "Fiddle on the Roof"	62 On the double
41 "Fiddle on the Roof"	63 Foot part
42 "Fiddle on the Roof"	64 Open slightly
43 "Fiddle on the Roof"	65 A quantity of
44 "Fiddle on the Roof"	66 What many campaigners sling
45 "Fiddle on the Roof"	67 Gronk may ask you to do Jäger shots.
46 "Fiddle on the Roof"	68 Water, in Paris
47 "Fiddle on the Roof"	69 High-level execs
48 "Fiddle on the Roof"	70 Make blank
49 "Fiddle on the Roof"	71 Less common
50 "Fiddle on the Roof"	72 On the double
51 "Fiddle on the Roof"	73 Foot part
52 "Fiddle on the Roof"	74 Open slightly
53 "Fiddle on the Roof"	75 A quantity of
54 "Fiddle on the Roof"	76 What many campaigners sling
55 "Fiddle on the Roof"	77 Gronk may ask you to do Jäger shots.
56 "Fiddle on the Roof"	78 Water, in Paris
57 "Fiddle on the Roof"	79 High-level execs
58 "Fiddle on the Roof"	80 Make blank
59 "Fiddle on the Roof"	81 Less common
60 "Fiddle on the Roof"	82 On the double
61 "Fiddle on the Roof"	83 Foot part
62 "Fiddle on the Roof"	84 Open slightly
63 "Fiddle on the Roof"	85 A quantity of
64 "Fiddle on the Roof"	86 What many campaigners sling
65 "Fiddle on the Roof"	87 Gronk may ask you to do Jäger shots.
66 "Fiddle on the Roof"	88 Water, in Paris

Previous Puzzle's Solution

SCAR ADODE

ERLE TM



## OPINION

## REVIEW &amp; OUTLOOK

## The Job Corps Failure

**T**he U.S. economy is desperately short of skilled workers, and the federal government claims it wants to help. Alas, a new report from the Labor Department's inspector general shows that the \$1.7 billion federal Job Corps training program is a flop.

Launched in 1964, Job Corps works with 16- to 24-year-olds who grew up homeless or poor, passed through foster care, or suffered other hardships. The goal is to equip these young adults with skills for careers in advanced manufacturing, the building trades, health care, information technology, business and more.

Nearly 50,000 people enrolled in 2017, and 87% lived in Job Corps dorms. In addition to training and housing, the Job Corps provides meals, medical care, books, clothing and supplies, as well as an allowance for child care and living expenses. Such comprehensive support doesn't come cheap—the taxpayer cost per student last year was \$33,990—and the IG suggests that the investment often doesn't pay off.

Job Corps' record-keeping is a hot mess, but in 27 of 50 cases where full employment data existed, graduates were working the same sort of low-wage, low-skill jobs they held before training. One participant completed 347 days of Job Corps carpentry training but five years later worked as a convenience-store clerk for \$11,000 a year. Job Corps called this as a successful outcome, so what do failures look like?

In 2011 the IG found the program matched more than 1,500 students with "jobs that required little or no previous work-related skills, knowledge, or experience, such as fast food cooks and dishwashers that potentially could have been obtained without Job Corps training." The audit also found Job Corps had placed nearly one in five graduates in jobs that "did not relate or poorly related to the students' training."

The new report suggests that Job Corps' big-

### Taxpayers spend billions on a training program that doesn't deliver.

gest beneficiaries may be government contractors, not rookie job seekers. Job Corps spent more than \$100 million between 2010 and 2011 on transition-service specialists to place students in a job after training.

But among 324 sampled Job Corps alumni, the IG found evidence that contractors had helped a mere 18 find work. The contractors often claimed credit for success even though they provided no referrals or résumé and interview help. Overall, the IG estimates that Job Corps paid contractors some \$70.7 million for transition services they failed to adequately perform.

For a decade the IG has also raised alarms about Job Corps' dismal safety record. The worst incident happened in 2015 at the now-shuttered Homestead Job Corps Center in Florida. Five students allegedly murdered 17-year-old classmate Jose Amaya Guardado with a machete, hitting him "until the victim's face caved in," a detective recounted.

Job Corps can't be judged on one incident. But Deputy Inspector General Larry Turner told Congress last summer that numerous Job Corps centers had "failed to report 40% of potentially serious criminal misconduct incidents" to the police. Some unreported incidents included "physical assault, weapons possession, narcotics possession or sales, and other events that indicates a student was a danger to himself or others."

The stronger economy means that businesses are clamoring for workers, and providing workers an opportunity to get the skills to match the openings is crucial. But too many government training programs show poor results, and those shouldn't have a permanent claim on taxpayer dollars.

Congress and the Trump Administration should take a hard look at the Job Corps and see if it's worth the money or merely tricking too many young people with false hope.

## Killing an ObamaCare Alternative

**T**he Trump Administration has been looking for lifeboats for Americans trapped in ObamaCare exchanges, and one project is to expand "association health plans," or AHPs, that let employers team up to offer coverage. But the fine print in the proposed Labor Department rule is causing concern and needs to be cleaned up.

The issue is whether the Trump rule will let association health plans set prices based on risk, which is how insurance is supposed to work. The point of the rule is to let businesses enjoy the flexibility that large employers have under a law known as Erisa. Under the Affordable Care Act bigger businesses have fared much better than those stuck in the small group market, which is heavily regulated.

Labor proposed the rule earlier this year, and the problem comes in the finer points of its "nondiscrimination" details. Some commenters say the language would block plans from pricing based on health status or past claims data. This is not about turning down individual workers with cancer. No one is talking about firing the guy with multiple sclerosis to save money, which is illegal.

The question concerns groups of employees. The health-privacy (Hipaa) law and the Affordable Care Act let large employers "rate" groups of employees based on, say, health questionnaires, provided these people are grouped in

### The draft Labor rule on association health plans needs a rewrite.

ways that aren't about health status. For instance: A large company with a packing facility in Nevada can price that group differently from a call center on the East Coast. The plans won't work without this rational pricing that reflects underlying reality. Yet the proposed Labor rule appears to preclude this.

The Affordable Care Act also barred this kind of pricing in the small business market but added a subsidy to make up for the resulting disruption. The health benefits company TriNet said in comments to Labor: The rule "not only puts AHPs at a disadvantage over large businesses as stated earlier, but it also puts AHPs at a disadvantage over the current ACA-mandated small group market."

The draft rule could also damage existing group plans. The Wisconsin Medical Society runs one such plan that covers small practice physicians and their families, among others. The society wrote to Labor that the rule's "nondiscrimination provisions threaten the financial stability of existing AHPs and create structural issues that could lead to future insolvency."

The point of the rule is to create a vibrant market, and the criticism hits the mark. Labor is reviewing comments on the rule, and it needs to fix the nondiscrimination provisions. President Trump has made association plans a priority, and a bad outcome would make health markets worse.

## Cuba Gets a Castro Convertible

**E**ighty-six-year-old Raúl Castro grabbed headlines last week when he ceded the title of president to 58-year-old civilian Miguel Diáz-Canel. Too bad this change at the top is nominal when it comes to freedom for the Cuban people.

Mr. Diáz-Canel is well-known for his rapid rise through the Communist Party to become the youngest member of the Politburo in 2003. He didn't do it as an independent thinker. Cubans have every reason to believe him when he says, as he did in his acceptance speech, that he is committed to preserving a police state. If Mr. Diáz-Canel wants to keep his job and privileges, human rights won't be on his agenda.

Raúl still leads the Communist Party and has kept the two most powerful regime positions under his control. Col. Alejandro Castro Espín, his son, runs counterintelligence for the Interior Ministry that controls the secret police. Gen. Luis Alberto Rodríguez López-Callejas, Raúl's former son-in-law, is top dog at GAESA, the military's holding company that owns the tourism industry, the shipping company, the airline, construction companies, auto imports and sales, the real-estate business, the banks and control of container traffic at the Port of Mariel. Ramiro Valdés, a regime enforcer, still sits on the Council of State, Cuba's highest government body.

Last week's public show of Mr. Diáz-Canel reminds us when Fidel Castro showed up at The Wall Street Journal in New York in 1995 wearing a suit and tie. Having lost Soviet backing, Fidel needed money and was trying to convince the world to invest on his island slave plantation.

### A prize for the Ladies in White is bigger news than Diáz-Canel.

When Hugo Chávez took power in Venezuela a few years later, the Castros got a new source of financing. It was back to military fatigues.

Now Havana's crime family has again run out of other peoples' money. Its largest sources of hard currency are the doctors and nurses who live in poverty while Cuba "rents" them to countries around the world. Yet even this multibillion-dollar human trafficking isn't enough to support the broken Cuban economy.

President Trump has reined in some of Barack Obama's executive orders that made it easier for Americans to travel to Cuba. But the regime's bigger problem is that investors who kick the tires on the Castro jalopy increasingly walk away. There are plenty of opportunities in emerging markets these days, and the smart money doesn't want gangsters for partners.

Promises of greater economic freedom for Cubans have never materialized. Small businesses can operate as long as they are subsistence operations. But they can't hire and the regime has again cracked down on permitting lest it lose control. Cuba's poverty suggests something has to change. But liberalization is not in the interests of the Castro family or the military. And they're still in charge.

In better Cuban news, the Cato Institute has awarded its annual Milton Friedman Prize for Advancing Liberty to Cuba's Ladies in White. These are the women who gather each Sunday to attend Catholic Mass at churches around the country and then march to bring attention to political prisoners. They deserve more media recognition in the U.S. than does the phony transfer of power to Mr. Diáz-Canel.

## REVIEW &amp; OUTLOOK

## LETTERS TO THE EDITOR

## China-U.S. Trade on a Tilted Playing Field

Regarding Robert J. Barro's "Trump and China Share a Bad Idea on Trade" (op-ed, April 11): Technology is the basis of wealth creation. I think technology transfer is the real issue with China. All of this is a big experiment. Never in the history of human civilization has one civilization purposely divested itself of its technology. The second half of my career was largely devoted to offshoring technology from U.S. suppliers to primarily Asian suppliers. This included giving them all drawings, specifications, tooling and production fixtures, test equipment, quality-control criteria and training.

It is clear to me this is a failed experiment for the U.S., resulting in a transfer of wealth to those on the receiving end of our technology. Asian suppliers are smart and eager to acquire our technology and know how. They also aren't very grateful. America was on top during the 1960s when the U.S. owned the technology, but now we're at a big disadvantage for the next Cold War and for the future.

LARRY LILE  
Boulder, Colo.

In "Both Sides Would Lose a U.S.-China Trade War" (op-ed, April 12), Jack Ma fails to realize is that the people in this country are more concerned about the outright theft of intellectual property, technologies that took decades and billions of dollars to develop. This egregious behavior is encouraged, condoned and bankrolled by the Chinese state. Mr. Ma's own company, Alibaba, is a clone of Amazon, Baidu is a clone of Google and WeChat, Renren and Weibo are all Facebook wannabes.

The Chinese government lures the best and the brightest of U.S. companies to set up R&D labs and hire Chinese workers to transfer our hard-earned knowledge. Apple, Google, Cisco, Facebook, Lucent, Qualcomm and Boeing are examples. The Chinese regulatory agencies encourage the birth of companies like Huawei, ZTE and Xiaomi, which are now global companies, selling our stolen technology to our former customers.

The Clinton administration fought for China's admission to the WTO in 2001. In turn China has blatantly and repeatedly refused to comply with the WTO's rules and 17 years later still claims it is a "developing nation" entitled to special waivers. It isn't a level playing field and this administration is finally making the right decisions to fight for our rights. It's only a matter of time before Germany, the U.K. and the EU join the fight.

LINDA GALASSO  
Holmdel, N.J.

China continues to undermine American innovation, technology and brands through its disregard for intellectual property (including counterfeit goods sold through Mr. Ma's own company), its forced transfer of advanced technology as a condition for access to labor and markets and state-sponsored cyberespionage.

This isn't a symbiotic relationship, but a three-pronged attack.

JOHN ANDREWS  
Bethesda, Md.

Mr. Ma notes the burgeoning middle class in China provides millions of consumers with products and services created as the result of "American ingenuity, innovation, technology and brand." We also need to recognize that the Chinese middle class consists largely of urban workers whose jobs were and continue to be exported from the U.S. Trade tariffs are simply not efficient or effective in protecting the American workforce. The preservation of our middle class must come from significantly increasing our focus on the education and training of present and future American workers; otherwise, as China's middle class continues to expand, it will be at the expense of substantial portions of the American middle class.

RONALD L. LEIBOW  
La Jolla, Calif.

We should enact a similar prohibition to the Foreign Corrupt Practices Act on the transfer of intellectual property. We'd want to coordinate with the EU, Japan, Canada, Australia, India and other allies so no country's companies would be at a competitive disadvantage relative to others. A united front could put a halt to this blatant thievery.

JONATHAN ROTHENBERG  
Scarsdale, N.Y.

Peter Navarro's "China's Faux Comparative Advantage" (op-ed, April 16) is reminiscent of my experience with U.S. officials in the early '80s who held that a U.S. military buildup was no use and that the Soviets would win the Cold War because they were a "command economy."

There is a flip side to viewing communist regimes as monolithic and inevitable. There are huge economic contractions inherent in these systems. The veneer of a market- and trade-based entity is thin, and the regime behaviors managing the economy are symptomatic. As with the Soviets, there will be a time when the music stops.

ANTHONY ACOSTA  
Redondo Beach, Calif.

## In Praise of Curated News Printed on Paper

Regarding Barton Swaim's "In Praise of the News on Paper" (op-ed, April 16): Like Mr. Swaim, there are certain things that I miss—a handwritten note instead of an email, a call from an old friend instead of a text. But I cannot say that ink on wood pulp is one of them.

The newspaper is costly to print, deliver and recycle, and very difficult to read in a crowded commuter railcar—not to mention the ink stains that seemed to find their way onto almost everything.

My eyes aren't what they used to be, and I routinely adjust font sizes on my iPad. I delight in the high-definition photos that are embedded in many articles, the links that allow me to easily round out the reading experience and the ability to electronically "clip" certain articles and store them on my hard drive for future reference.

As for remembering the pulp-and-ink version of the news more clearly than the digital version—I'm sorry, what was I saying?

VIC BROWN  
Paoli, Pa.

In the 24-hour news cycle even the reputable online outlets have to constantly create new stories and headlines, which leads directly to the always reading, never-informed

cycle Mr. Swaim describes. A hard paper is the distilling of that chaos in which the facts as they are, and sometimes informed opinions about those facts, can be digested in a sitting. I suspect consuming news this way also limits the propensity toward outrage and contention that following constantly "breaking news" online seems to engender.

That is a thinking individual's way to consume news, rather than a reactionary's method. Whether "the news on paper" will persevere, depends entirely on whether we thinking individuals do so.

VINCE SKOLNY  
Los Angeles

I'm a high-school student. Flipping through each page of the paper exposes me to articles on a variety of topics. In contrast, scrolling through digital news triggers an onslaught of algorithms catered to personal preferences. Follow the trails of "You may also like" and soon all the information on the webpage aligns with one's individual views.

A broad understanding of current affairs is best gained from reading the news in print and will help prevent the "echo chamber" and "confirmation bias" that afflict our society.

MELISSA LEE  
Sugar Land, Texas

## Please, Spare Us Another Costly Success Like This One

Regarding Karl Zinsmeister's "15 Years Later, Iraq Is a Modest Success" (op-ed, April 9): There is no "global democratic revolution." Those Beltway elites who believe in it have serious problems with reality.

Caring for our maimed Iraq veterans will ultimately cost \$1 trillion.

God spare us another "success" like this.

PETER NELSON  
Colbert, Wash.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to [wsj.ltrs@wsj.com](mailto:wsj.ltrs@wsj.com). Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"No, it's not a religion or a cult. It's a fashion statement."

## OPINION

# A Warning To My Fellow Liberals

By Annafi Wahed

**I**t was an unseasonably cold night, but I made the trek from Harlem to a meetup in Brooklyn. The organizers promised a night of big ideas and freethinking; the group thread included a quote from David Bohm about the virtue of free dialogue. But as with many such meetups in New York, I was quickly disappointed.

Instead of open minds and lively debate, I found dogmatic progressive ideology and groupthink. One attendee told me that I, a former Hillary Clinton campaign staffer, am "no better than Roger Ailes" because my company aggregates both liberal and conservative commentaries and thereby is "pushing a right-wing agenda." Someone else said: "Trump supporters are so stupid . . . they think the tax bill was a good deal because they got back—what, a few thousand a year?"

I don't claim to have the answers. I am, after all, a card-carrying member of the liberal elite. I went to high school on the Upper East Side, graduated from Bryn Mawr, and once made a six-figure salary at a Big Four accounting firm.

**Burying our heads in the sand and hoping everyone we disagree with goes away is not an effective solution.**

Still, I know that burying our heads in the sand and hoping everyone we disagree with goes away is not an effective solution. TheFlipSide.io has received lots of positive and constructive feedback from liberals and conservatives. But the most unconstructive criticism we've received comes from the left:

- "We need to convince the Trump supporters they've been duped."
- "Trump supporters are not the norm; they are an aberration."
- "You're a traitor to the cause."
- "Some ideas do not need to be engaged with, they need to be ridiculed."

I am a bleeding-heart liberal, a patriot and an optimist. I refuse to believe that 63 million of my fellow Americans were "duped," that exposing people to different viewpoints is betraying "the cause," or that liberals have all the answers.

For all our smugness, we liberals have little to show. Republicans control the White House, Congress, and 32 state legislatures. Yes, polling data suggests we may be in for a "blue wave" this November, but we've gotten overconfident about polling numbers before.

Let's assume the pollsters are right this time, and Democrats win the majority in 2018. Then what? Follow Mr. Trump's example and undo everything from the last two years? What happens the next time Republicans regain control? Unless we hatch a plan to stay in power forever, we're going to need bipartisan support for our policies so they can survive the pendulum swings. How is that possible if the left refuses to engage with viewpoints from the right?

When I launched TheFlipSide, I had no idea it would provoke such strong reactions. I never thought I'd have to explain to people why understanding the other side is vital for a functioning democracy, or that someday I would feel alienated in a roomful of fellow New York liberals.

We were once the party of hope and change, the party of tolerance and inclusivity. From one liberal to another: Can we stop the ideological purity tests and admit that there are more ways than one of solving a problem? Can we please stop being such jerks?

*Ms. Wahed is founder of TheFlipSide.io, a daily digest of liberal and conservative commentary.*

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# How to Stop Putin's Mafia

By Mikhail Khodorkovsky

**A**fter Donald Trump's victory in 2016, I predicted that Russia's stance toward the U.S. would become more antagonistic. Vladimir Putin always needs a foreign enemy to rally his nation around him and divert attention from the poor Russian economy. Mr. Putin's aggression has indeed managed to raise tension between the U.S. and Russia. But instead of reinforcing Mr. Putin's narrative by punishing Russia as a whole, the U.S. should target its response toward Mr. Putin and his inner circle.

Mr. Putin's conflicts with the U.S. are clearly intended to improve his reputation among the Russian people. Through his policy and rhetoric, Mr. Putin has spread the notion that the U.S. is a cunning enemy trying to undermine Russia and is responsible for Russia's every problem at home and abroad.

Kremlin propaganda makes clear that Russia's fights in eastern Ukraine and in Syria are aimed specifically at opposing the U.S. Mr. Putin sees the rest of the West—with the exception of the United Kingdom—as nothing but feeble U.S. puppets. And even the U.K. is a weak but crafty opponent.

But to sustain his illusion of strength at home, Mr. Putin must be seen scoring victories over the entire U.S. alliance. This is why he has targeted the internal cohesion of Western nations. The Kremlin has funded fringe movements in France and Germany, provoked conflict in Catalonia, attempted to influence elections in the U.S., and brutally punished Russian defectors in the U.K. and Austria.

While the Kremlin sees its target in clear focus, the West has often failed to identify its enemy correctly. It is only in recent statements by British Prime Minister Theresa May and Foreign Secretary Boris Johnson, following the Kremlin's poisoning of a Russian defector to the U.K., that a gradual awareness has begun to appear. The enemy is not Russia, a country of nearly 150 million people like you. It is not even the Russian

- "We need to convince the Trump supporters they've been duped."
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- "You're a traitor to the cause."
- "Some ideas do not need to be engaged with, they need to be ridiculed."

Most of these people began their careers in the criminal underworld of St. Petersburg. Despite having now taken control of the presidency, the group retains every aspect of the criminal ilk from which they came. They are even conscious that they are a band of criminals whose goal is to steal money and avoid accountability by holding on to power. Their methods include buying people off, blackmail, murder and phony elections. But now they can operate worldwide, not merely in one city.



government as a whole, which is composed of nearly three million civil servants, most of whom receive a modest salary and work for the benefit of society as best they can.

The West's real enemy—and the enemy of the Russian people too—is a group of about 100 key beneficiaries of the Putin regime, and several thousand of their accomplices, many of whom hold posts in the Federal Security Service and the presidential administration.

## The real enemy is a group of about 100 beneficiaries of the regime and several thousand accomplices.

Most of these people began their careers in the criminal underworld of St. Petersburg. Despite having now taken control of the presidency, the group retains every aspect of the criminal ilk from which they came. They are even conscious that they are a band of criminals whose goal is to steal money and avoid accountability by holding on to power. Their methods include buying people off, blackmail, murder and phony elections. But now they can operate worldwide, not merely in one city.

## Unappointed 'Judges' Shouldn't Be Trying Cases

By David B. Rivkin Jr.  
And Andrew M. Grossman

**P**resident Trump promised to nominate judges in the mold of Antonin Scalia, and that thought was no doubt foremost in his mind when he chose Neil Gorsuch to fill Scalia's vacant seat. On Monday Justice Gorsuch and his colleagues will consider whether the hiring of adjudicators deciding cases within federal agencies will also be subject to the kind of accountability that making an appointment entails.

So-called administrative law judges are not "principal officers," so they are not subject to Senate confirmation under the Constitution's Appointments Clause. The question in *Lucia v. Securities and Exchange Commission* is whether they are "inferior officers." In that case, the clause requires them to be appointed by principal officers, such as commissioners acting collectively or a cabinet secretary, themselves appointed by the president. The alternative is that they are mere employees, who can be hired by lower-level managers with no presidential responsibility.

The dividing line, the Supreme Court has explained, is whether the position entails the exercise of "significant authority." There shouldn't be much doubt on which side of that line the SEC's judges fall.

In this case, the commission's Enforcement Division decided to bring fraud charges against investment adviser Raymond Lucia in its own administrative court instead of a judicial court. The SEC alleged that Mr. Lucia misled participants in his "Buckets of Money" seminars when he used slides showing hypothetical

returns based in part, rather than in whole, on historical data (as the slides themselves disclosed). The SEC assigned the case to an administrative law judge, Cameron Elliot. According to the record, Mr. Elliot sided with the SEC's Enforcement Division in every one of his first 50 cases.

Who hired Mr. Elliot? The SEC initially stated that he was selected by its chief administrative law judge from a list of qualified candidates provided by the Office of Personnel Management. But Mr. Elliot himself said he transferred from the Social Security Administration and that someone in the SEC's human-resources department presumably "signed off" on his hiring. It is clear that he wasn't appointed according to the Appointments Clause—that is, neither the president nor the commission appointed him.

Nonetheless, Mr. Elliot presided over a full-blown trial. The parties examined and cross-examined witnesses, introduced evidence, and made objections, upon which Mr. Elliot ruled. SEC judges oversee discovery, decide motions, impose sanctions for misconduct, decide what evidence will be allowed in the official record, and make determinations of fact and law. They ultimately issue an "initial decision" that stands unless the commission intercedes. These decisions can carry serious penalties, ranging from fines to banishment from the securities industry.

Those were, in fact, among the

Acknowledging the mafia origins of Vladimir Putin's entourage will allow the U.S. and its allies better to understand and resist the group's actions. Mr. Putin's strategy is often incomprehensible from a normal political perspective, but the background of his circle indicates his aims and vulnerabilities.

They are unconcerned about people—to them ordinary Russians are mere cattle and rabble. They are unconcerned about the country's long-term future—for them Russia is something to be plundered and, at the same time, serves as a means of protection.

Mr. Putin's cronies don't mind being known as ruthless and unconscionable brutes, so long as their critics pose no challenge to their interests. They don't rely on the law, so only power matters to them; they want to be feared in the international arena.

On the other hand, these people are very sensitive to exposure—to having their activities become public knowledge—because they are used to hiding from society. They also place a high value on money and luxury; losing wealth and comfort is painful to them.

This is a mafia, after all. But it is a mafia with access to the finest lobbying firms, corrupt politicians, and lawyers (who have forgotten that they are also accountable to the law).

They also boast the support of the politically obedient Russian mass media.

The effective method of fighting mafia groups is already well established. It isn't diplomacy, though negotiations are necessary. It isn't broad economic sanctions, which hit ordinary people but are ineffective against the mafiosi.

The best method of targeting Mr. Putin's circle is to identify its individual members, along with their accomplices and the politicians they have paid off. Then, the U.S. and its allies could act to cut them off from the mechanisms of their influence—loot—the people, money, and corporations they control in the West.

The Magnitsky Act, passed by Congress in 2012 to punish murderous Russian officials, shook the sense of impunity among Mr. Putin's allies. A recent Spanish probe uncovered one of their criminal groups—with connections to the very top.

Resisting Mr. Putin's regime will require this type of action. Identifying the group's members, cutting them off from their overseas resources, and making their crimes public—that is the recipe for success in the confrontation with one of the most dangerous mafia gangs of the century.

*Mr. Khodorkovsky is founder of Open Russia.*

the many more who consider appeals of benefit denials. But there is only one statute that creates the office of "administrative law judge" across all agencies, so there's no legal basis to declare some of them officers and others employees. Additionally, the law allows any ALJ to be detailed to any other agency, so that every ALJ may end up presiding over adversarial hearings.

There's no reason to fear disruption if the justices rule in Mr. Lucia's favor. Every agency employing ALJs already has the legal authority to leave their appointment to the top officer, as the Constitution requires. And in only a handful of pending cases has the appointments issue been raised. If necessary, the high court could clarify that its decision applies only prospectively—just as it did when it held that bankruptcy courts lacked authority to decide certain kinds of claims.

What it should not do is permit agencies to shirk what Justice James Wilson identified as the principle underlying the Appointments Clause: "The person who nominates or makes appointments to offices, should be known. His own office, his own character, his own fortune should be responsible."

*Messrs. Rivkin and Grossman practice appellate and constitutional law in Washington. Mr. Rivkin served at the Justice Department and the White House Counsel's Office. Mr. Grossman is an adjunct scholar at the Cato Institute.*

## Jordan Peterson's Economics Lessons

By Quinn Connelly

**J**ordan Peterson's "12 Rules for Life: An Antidote to Chaos" has become a cultural phenomenon. But one aspect of his work is underappreciated—economics.

Most of us hate making difficult decisions, but as Mr. Peterson sternly reminds us, life is full of tough trade-offs. Everyone has options, and making the most of those options is the essence of economics. Mr. Peterson shows how the right set of rules can guide our thinking, clarify our values and encourage us to take prudent action. Here are five of his economics lessons:

- **Signaling.** Mr. Peterson's Rule No. 1 is "Stand up straight with your shoulders back." That illustrates the economic concept of "signaling," which stresses the importance of credibly conveying information—in this case, confidence and competence—to others.

- **Short-termism.** John Maynard Keynes was correct when he observed

"Moral hazard." Rule No. 2 is "Treat yourself like someone you are responsible for helping." Moral hazard occurs when people behave irresponsibly because they don't bear the consequences of their actions. Mr. Peterson notes we often take better care of others than of ourselves because we feel responsible for them.

- **Asymmetric information.** Rule No. 9 is "Assume that the person you are listening to might know something you don't." Asymmetric information refers to a knowledge imbalance between two parties. Almost all economic transactions involve asymmetric information, because buyers and sellers often differ dramatically in terms of expertise. This principle applies to all kinds of professionals as well, including lawyers, physicians and engineers, who know much more than their clients, patients and customers.

- **Future Value.** Mr. Peterson instructs readers in Rule No. 7: "Pursue what is meaningful, not what is expedient." He defines expedience as "the following of blind impulse." Pursuing what is "meaningful" in this sense requires time and patience. While he doesn't mention it explicitly, Mr. Peterson hints at a powerful economic concept: compound interest. You can let go of something valuable in the present for a greater reward in the future.

As Mr. Peterson puts it: "It's the discovery of the future itself. It's the most profound discovery of humankind."

*Mr. Connelly is a 2018 M.B.A. candidate at Vanderbilt University.*

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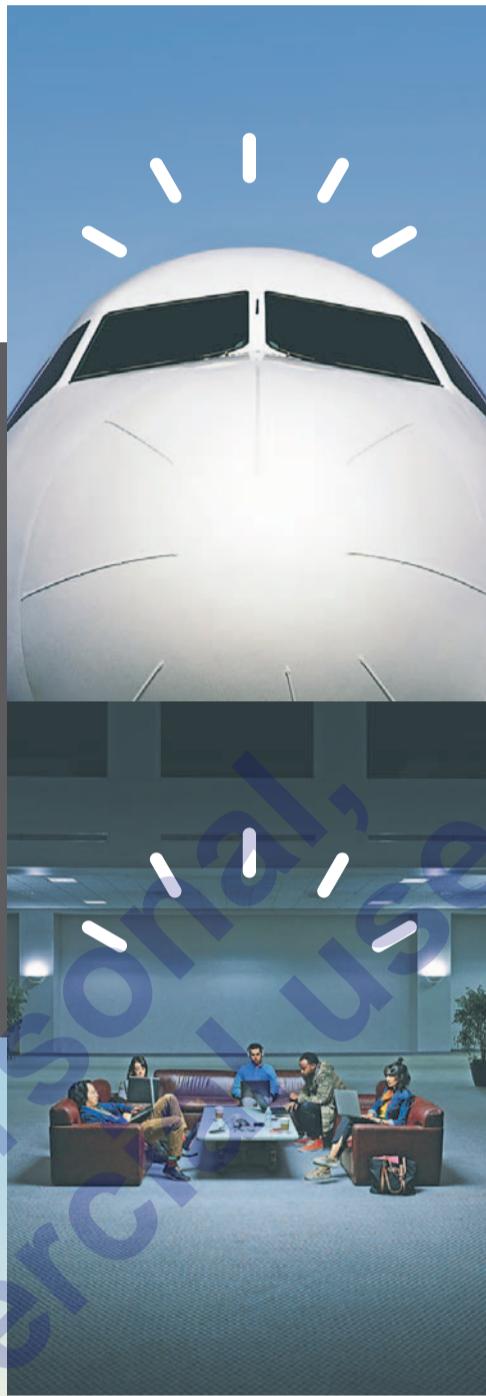
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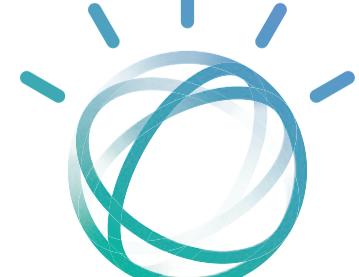
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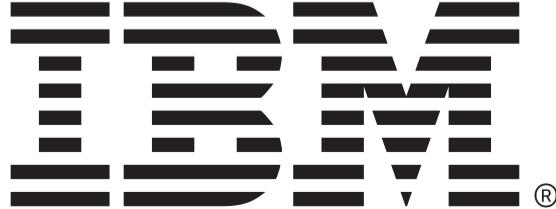
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# BUSINESS & FINANCE

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Monday, April 23, 2018 | B1

Last Week: S&P 2670.14 ▲ 0.52% S&P FIN ▲ 1.60% S&P IT ▼ 0.21% DJ TRANS ▲ 2.02% WSJ\$IDX ▲ 0.67% LIBOR 3M 2.359 NIKKEI 22162.24 ▲ 1.76% See more at [WSJMarkets.com](http://WSJMarkets.com)

## Distrust Clouds Stock Fear Gauge

Unusual movement in the VIX arouses worry over the soundness of the trading linked to it

By GUNJAN BANERJI

Investors are starting to wonder if Wall Street's fear gauge is broken.

The Cboe Volatility Index tracks how much investors pay for options they often use as

insurance against future stock-market declines. Known as the VIX, it typically rises as stocks fall or vice versa, reflecting shifting demand for options used to hedge investments. Playing the VIX has become a cottage industry in recent years, with billions of dollars flowing into investment products aimed at hedging or exploiting volatility trends.

This past Wednesday morning, futures contracts that track the VIX spiked despite

little movement in U.S. stock futures. The 12% rise within 30 minutes set off alarm bells on trading floors—it was the biggest such move going back to 2010, according to data from Macro Risk Advisors, a derivatives brokerage.

Wednesday's trading, which many traders said was triggered by large orders for S&P 500 put options expiring in one month, is now adding to concerns about the soundness of the entire ecosystem of VIX-

linked trading.

"The VIX has grown enormously and my sense is that it's been showing some growing pains lately," said Sandy Rattray, who helped make the VIX tradable through the creation of futures contracts on it while at Goldman Sachs Group Inc. in 2004.

Exchange-traded products tied to the VIX came to the forefront of investor attention during a market rout in February. The episode raised ques-

tions about whether the world of volatility trading is morphing and if some products aren't doing what they advertise to do—measure market anxiety.

VIX futures are dependent on what some say is an outdated auction that is subject to problems such as thin trading and potentially manipulation.

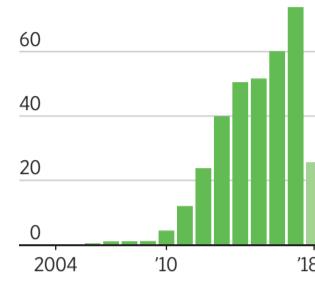
Chris Concannon, Cboe's president and chief operating officer, acknowledged that re-

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### Trading Surge

Annual VIX futures volume has boomed since the financial crisis.

80 million contracts



\*Through April 18

Source: Cboe Global Markets

THE WALL STREET JOURNAL.

## Amazon Pay Shows Warehouse Workforce

When Amazon.com Inc. disclosed its workers' median annual salary of \$28,446 last week, the predominantly blue-collar nature of its workforce became clear.

By Georgia Wells,  
Rachel Feintzeig  
and Theo Francis

The figure puts Amazon on par with chocolate manufacturer Hershey Co., slightly above retailer Home Depot Inc.—and miles below the \$240,430 median annual compensation at Facebook Inc., according to the companies' latest proxy statements.

Amazon is compared with Silicon Valley tech giants like Facebook, Apple Inc. and Alphabet Inc.'s Google, but a vast logistical apparatus separates it from its tech peers.

Most of the roughly half-million employees at Amazon don't make six figures while

Please see PAY page B2

## U.S. Oil Prices Take Aim at \$70, but Impact on Growth Is Worry



Source: WSJ Market Data Group (U.S. crude); Energy Information Administration (exports, production, gas price)

**GREASED LIGHTNING:** Higher energy prices push inflation higher and increase pressure on the Fed to raise interest rates. B9

## Regulator Deadline Has Wells Scurrying

By EMILY GLAZER

Wells Fargo & Co. is facing more challenges with one of its regulators.

The bank late last week agreed to a \$1 billion settlement with the Office of the Comptroller of the Currency and Consumer Financial Protection Bureau related to its risk management in consumer-lending businesses. Meanwhile, it is planning to ask the OCC for an extension of a deadline to satisfy an enforcement action related to anti-money-laundering controls, according to people familiar with the matter.

Wells Fargo's wholesale business, which works with

Wells Fargo plans to ask the OCC for more time to satisfy an enforcement action.

KEYWORDS | By Christopher Mims

## Google's Practices Threaten Privacy, Too



The company keeps track of users' browsing and search history.

Recent controversy over Facebook's hunger for personal data has surfaced the notion that the online advertising industry could be hazardous to our privacy and well-being.

As justifiable as the focus on Facebook has been, though, it isn't the full picture. If the concern is that companies might be collecting some personal data without our knowledge or explicit consent, Alphabet's Google is a far bigger threat by many measures: the volume of information it gathers, the reach of its tracking

and the time people spend on its sites and apps.

New regulations, particularly in Europe, are driving Google and others to dis-

close more and seek more permissions from users. And given the choice, many people might even be fine with the trade-off of personal

data for services. Still, to date few of us realize the extent to which our data is being collected and used.

"There is a systemic problem and it's not limited to Facebook," says Arvind Narayanan, a computer scientist and assistant professor at Princeton University.

The larger problem, he argues, is that the very business model of these companies is geared to privacy violation. We need to understand Google's role in this.

Google allows everyone, whether they have a Google account or not, to opt out of its ad targeting. Yet, like Facebook, it continues to

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### INSIDE

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#### KOREAN AIR'S HEIRS RESIGN AFTER INCIDENT

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larger corporate customers, has been having problems for months satisfying a November 2015 consent order from the OCC. The issues relate to processes involving new and existing corporate customers, such as how the bank ensures there are proper identification documents and that it has the ability to see client activities across a common database, the people familiar with the matter said.

If Wells Fargo misses a June 30 deadline from the OCC to satisfy that order's requirements, it could result in another enforcement action against the bank, these people said. The bank in recent months has been discussing

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◆ Heard: Fed tests weigh on bank stocks ..... B10

## Midcap companies know how to carpe diem.

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Source: Morningstar as of 12/31/17. Based on funds in the Morningstar Mid-Cap Blend Category (oldest share class). Rankings are based on returns after taxes that are net of all fees, maximum federal tax rate (39.6%) and applicable sales loads. Universe: 110 funds for 10 years, 134 funds for 5 years, and 148 funds for 3 years. MDY's 1-year peer group percentile is 37% (64 of 175 funds). Past performance is no guarantee of future results.

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## PAY

Continued from the prior page spending their workdays writing code. They unload trucks, drive forklifts and walk miles collecting products to fill orders—all for around the same pay as workers in other companies' warehouses.

One researcher likened Amazon to the child produced by a three-way merger between Google, United Parcel Service Inc. and Walmart Inc.

"At Amazon, you've got this whole group of foot soldiers out there that are working on fulfillment centers that aren't part of the picture for the other names in internet land," said Michael Olson, senior research analyst at Piper Jaffray. "It

today, Amazon uses software to run everything it does, whether that is shuttling packages around the world, streaming movies on the web, storing companies' digital files on its servers or recommending products to customers. It has spent years honing its machine-learning and artificial-intelligence technology to the point that it can forecast demand, identify fraud and recommend products to customers.

But with more than 175 operating and fulfillment centers, where workers pick, pack and ship orders, and more than 35 sorting centers globally, most members of Amazon's workforce are a contrast to the 45,000-plus largely white-collar workers at its Seattle campus offices and elsewhere.

The median salary data was disclosed under new rules mandating the information for public companies. Companies have some leeway in how they report the figure, which is intended to identify the worker who is paid at the midpoint for all employees.

Median pay of \$28,446 works out to about \$13.68 an hour—around what the typical U.S. front-line warehouse worker makes, experts say. The median pay includes Amazon's workers from more than 50 countries and spans the entire Amazon workforce, including full- and part-time workers in every area of the company.

"These roles range from associates working in our fulfillment centers to customer-service representatives to software engineers and product managers," an Amazon spokeswoman said. Amazon pays its full-time fulfillment-center workers in the U.S. an average hourly wage of more than \$15, including cash, stock and incentive bonuses, the spokeswoman said.

Amazon started as a retailer, but it always had tech-

nology at its core. When Chief Executive Jeff Bezos founded Amazon in 1994, it was a bookseller, but it took advantage of the nascent internet to connect faraway customers.

Today, Amazon uses software to run everything it does, whether that is shuttling packages around the world, streaming movies on the web, storing companies' digital files on its servers or recommending products to customers. It has spent years honing its machine-learning and artificial-intelligence technology to the point that it can forecast demand, identify fraud and recommend products to customers.

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## Deviating Prices

There have been large differences between VIX futures prices at 9 a.m. and the final price at 9:30—after a monthly auction.

Difference between futures prices at 9 a.m. and 9:30



Source: Macro Risk Advisors

## BUSINESS & FINANCE

# Ford Takes Steps to Rein In Costs

BY CHRISTINA ROGERS

**Ford Motor** Co. Chief Executive Jim Hackett spent his first year in the job hammering away on the need to cut costs, aiming to slash \$14 billion by 2020 and prodding its 200,000 employees

to get more financially "fit."

**THE WEEK AHEAD**

When Mr. Hackett took the post in May, he sought to jump-start Ford's response to a rapidly changing business in which auto makers are increasingly focusing on electric cars and autonomous vehicles. To find the money to finance such projects, the new CEO had to look for savings. Analysts are expecting to see more details on cost cuts when the No. 2 U.S. auto maker reports quarterly results Wednesday after the closing bell.

Mr. Hackett is running a company with an operating margin below that of both General Motors Co. and the smaller Fiat Chrysler Automobiles NV in the fourth quarter. Ford's annual 5% operating margin trails GM's 9%, and is lower than its internal long-term target of 8%.

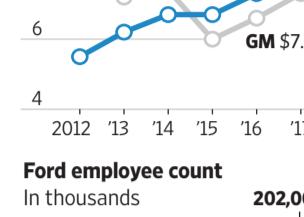
First-quarter earnings highlight a shift in the Motor City. Ford emerged from the financial crisis as the healthiest U.S. auto maker and held that crown for several years. Today, however, Ford's market value of \$43.2 billion is closer to Fiat Chrysler's valuation than GM's, a trend that has sharply accelerated since Mr. Hackett took the helm.

Mr. Hackett needs to address Ford's spending habits. In the critical area of engineering, research and development,

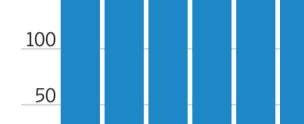
## Spending Habits

R&D spending at Ford has outpaced GM, and its overall head count increased in 2017.

### Engineering, research & development spending



### Ford employee count



Source: the companies

THE WALL STREET JOURNAL.



CEO Jim Hackett aims to focus on more profitable vehicles.

ings are expected to increase.

Mr. Lache, who expects Mr. Hackett to elaborate on his restructuring plan during the earnings call this week, said GM and Fiat Chrysler have been far more decisive in exiting money-losing parts of the business, such as unprofitable car lines or geographic markets that return little or no profit. "Ford really never went through this," Mr. Lache said. "That's ultimately come home to roost."

Sinking more money into engineering cars with pricier materials, engines and features has helped Ford better meet fuel-economy targets and boost transaction prices of profitable trucks. But the Lincoln lineup and certain passenger-car lines can require steep discounts that erode or erase margins.

Mr. Lache estimates 60% of the volume delivered in the U.S. was sold at a price below the industry average.

"The entire company is intensely focused on improving

the operational fitness of the business to deliver profitable growth with improved returns, while building toward our vision of the future," Ford said.

Mr. Hackett plans to shift about \$7 billion in spending away from small cars and sedans and move it toward development of more profitable trucks and sport-utility vehicles. He also is increasing investment in electric, autonomous and internet-connected cars. If he succeeds, Mr. Hackett could polish Ford's image and brighten the investment case. The road ahead, however, will be bumpy.

Ford's own outlook for 2018 calls for a third consecutive year of earnings decline. Operations in South America and India are losing money, and sales in China slid 19% in the first quarter, a decline that could further pressure earnings. "There won't be much to get excited about with the Ford story until 2019, or perhaps 2020," Brian Johnson, a Barclays analyst, wrote in a recent research note.

## Electric-Car Startups Lure Big Talent

BY MIKE COLIAS

Deep-pocketed investors looking to create the next **Tesla** are turning to seasoned automotive executives for help making sense of the complicated and capital-intensive car business.

A little-known Los Angeles electric-vehicle startup, **EVeloCity**, is the latest firm to lure big-name talent. The company, attracting commitments for \$1 billion in funding since December, has hired Karl-Thomas Neumann, the former head of **General Motors** Co.'s European division, along with several former **BMW AG** executives.

Like many of the EV startups cropping up in California in recent years, EVeloCity has Chinese backers to thank for its large war chest. While investors from China have helped along several battery-powered vehicle companies—including **Wanxiang Group**'s rescue of the high-publicity Fisker project—other ventures have struggled to get off the ground because of lofty goals or insufficient capital.

EVeloCity declined to disclose its investors, saying they are from Germany and Taiwan besides China. Mr. Neumann, 57 years old, said in an interview he believes conventional auto makers aren't entirely committed to a wholesale transition for the industry because battery power will siphon sales from the high-margin fossil-fuel-powered cars they have sold for over a century. "It's very hard to disrupt yourselves," he said.

Mr. Neumann's former employer, GM, and other auto makers say they are committed to electrics, with more than \$70 billion pledged toward development of new electric models industrywide since early 2017.

GM, Peugeot and most other multinational car com-



A Faraday Future production model. The firm recently obtained a \$1.5 billion investor commitment.

panies have projects under way aimed at developing EVs, driverless cars and shared-transportation programs designed to challenge Tesla Inc., **Alphabet** Inc.'s Waymo and **Uber Technologies** Inc.

**Former GM executive Karl-Thomas Neumann has joined electric-vehicle startup EVeloCity.**

Newcomer companies that lure veterans in attempts to replicate Tesla Chief Executive Elon Musk's success face a long list of challenges.

Mr. Musk has struggled to launch vehicles on time, meet price targets and maintain quality levels.

**Faraday Future**, started

four years ago by Chinese billionaire Jia Yueting, attracted veterans including product chief Peter Savagian, who spent nearly 20 years at GM, mainly working on electrics and hybrid vehicles. Dag Reckhorn, with a background at automotive suppliers, oversees manufacturing. Faraday Future recently obtained a \$1.5 billion investor commitment and aims to produce a car by year-end, a spokesman said.

EVeloCity wants to make more affordable electrics that will be used for ride-sharing, commuting and commercial delivery in big cities. Stefan Krause, a former chief financial officer at Deutsche Bank and BMW, recruited Mr. Neumann to EVeloCity. The firm also includes engineer Ulrich Kranz and designer Richard Kim, who helped develop BMW's i3 and i8.

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## BUSINESS NEWS

# Head of Korean Air Says Daughters Quit Posts Amid Uproar

By EUN-YOUNG JEONG

**SEOUL**—The head of **Korean Air Lines** Co. said Sunday that his two daughters had resigned from their positions at the company after an uproar over allegations that they had abused their subordinates.

The move by Cho Yang-ho, chairman of **Hanjin Group** and of Korean Air, is an example of one of South Korea's sprawling family-run conglomerates responding to growing public anger.

On Sunday Mr. Cho, the father of Cho Hyun-min, known as Emily, issued an apology for his daughter's "immature conduct."

Cho Hyun-min was an executive at South Korea's flagship carrier. Another daughter and former executive, Cho Hyun-ah, known as Heather, also stepped down. They have resigned from all posts at the Hanjin conglomerate, effective immediately, Mr. Cho said. Hanjin Group is one of the country's biggest conglomerates and controls Korean Air.

Mr. Cho's apology comes days after Emily Cho, a vice president at Korean Air, was accused of throwing water in the face of an advertising-agency employee during a meeting, sparking a furor. South Korean police have launched a formal investigation into the matter.

Allegations against the family have since snowballed. On Saturday, the Korea Customs Service raided Korean Air headquarters and Mr. Cho's family residence, seeking evidence that the Cho family used their fleet of planes to bring luxury goods into South Korea without paying taxes.

As part of his apology Sunday, Mr. Cho said Korean Air would create a new vice chairman position to be filled by a nonfamily member and would strengthen the board's role in company operations.

South Korea's family-run

conglomerates, known as *chaebols*, have faced increasing public scrutiny amid concerns about poor corporate governance and allegations of bad behavior by the third-generation heirs, many of whom have assumed senior roles at the companies.

The country's largest conglomerate, Samsung, has responded to public anger by increasing its dividends and streamlining its ownership structure. Third-generation heir Lee Jae-yong was convicted of bribery last year, though he was freed from prison upon appeal. The case is expected to reach South Korea's highest court.

In the case of Korean Air, Emily Cho, 34 years old, started at her father's company in 2007 and rose to become vice president at Korean Air within a decade. She held six other positions at the airline's affiliate companies.

Her older sister, Heather Cho, earned international notoriety in 2014 after she ordered a commercial flight with about 250 passengers to return to the gate at New York's John F. Kennedy International Airport after berating a flight attendant for serving her macadamia nuts in an unopened bag, instead of on a plate. The incident became known as "nut rage."

The elder Ms. Cho was convicted in a South Korean court and sentenced to one year in jail for violating aviation laws. Ten months later, an appeals court acquitted her of one of the charges and released her on a suspended sentence. She returned to work as president of the airline's hotel-operations affiliate last month.

The Hanjin Group chairman also has one son, Cho Wontae, who was reported to have assaulted an elderly woman in 2005 after she chastised him for his driving. After an investigation, he was not charged. He was promoted to president at Korean Air last year.



A New York Starbucks. The chain is dealing with fallout from the arrests of two nonpaying black customers at a Philadelphia store.

# Starbucks Policy Is Murky

A lack of direction on handling nonpaying guests is viewed as contributing to arrests

By JULIE JARGON

The arrests of two nonpaying guests at a **Starbucks** Corp. cafe earlier this month have raised questions among some employees about how to handle such situations.

Starbucks Chief Executive Kevin Johnson said it was wrong that a Philadelphia manager called the police about two black men who asked to use the bathroom without purchasing anything and then allegedly refused to leave when asked.

Interviews with current and former Starbucks managers and baristas across the country suggest that the company's guidelines on how to treat lingering nonpaying guests in general are vague at best—if they exist at all.

The people interviewed said they were unaware of a written policy on how long guests are allowed to stay in a Starbucks cafe without buying anything.

Contributing to the lack of clarity, employees said, is that Starbucks and its business model foster the idea of its shops as the "third place" in customers' lives, a place to hang out that isn't home or work.

The people interviewed said training hasn't taught employees—Starbucks calls them partners—to deal with lingering guests, instead focusing on what to do in the event of a theft or armed robbery. They said their understanding is decisions about whether and when to ask nonpaying guests to leave and whether to bar bathroom access are left to

## Philly Location Had No Clear Guideline

Starbucks's own explanation of its guidelines for employees in the Philadelphia store appears contradictory.

"In this particular store the guidelines were that partners must ask unpaid customers to leave the store, and police were to be called if they refused. Of course there are circumstances where the police should be called, for example when there's a major disruption or dangerously aggressive behavior, but that was not the case in this situation. The police should never have been called," a company spokes-

the discretion of individual store managers.

"It's been a gray area at Starbucks for a long time," said a Starbucks executive who used to manage stores.

A spokeswoman for Starbucks said because it has 28,000 stores world-wide, "different regions, circumstances and cultural norms necessitate different guidelines" for each.

Sarah Madden, a former Starbucks barista in New York City who now works at another restaurant, said, "There was no policy at my store—we did what we wanted, we were in a high-volume store, so we didn't really care if people hung out."

"If a company has a policy and doesn't support a store when it enforces that policy, it seems very hypocritical," said Ms. Madden, who while at Starbucks was involved in some unsuccessful efforts at unionizing.

A current Starbucks employee said within the com-

woman said in a written statement.

The spokeswoman said all of the company-owned Starbucks in the Philadelphia area have signs informing people that the bathrooms and the lobby are for paying customers only.

The Philadelphia store manager who called the police hasn't been identified. Starbucks said she has left the company as part of a mutual decision.

An attorney representing the two men, who appeared on television-news programs on Thursday, didn't return calls seeking comment.

Philadelphia Police Commissioner Richard Ross apologized to the two men who were ar-

rested.

The police commissioner told reporters at a Thursday news conference that he assumed Starbucks didn't allow nonpaying guests to linger in its stores, and he believes the officers who made the arrests thought so, too.

Starbucks said it is working with outside experts and community leaders to review its training and practices.

The company plans to close all of its more than 8,000 company-owned U.S. stores for an afternoon in May for antibias education sessions for its employees.

An additional 5,000-plus stores operated by licensees will receive the antibias training materials later.

Joelle Emerson, founder and chief executive of Paradigm, a consulting firm that advises companies on inclusion and diversity.

Jamie-Lynn Riffenberg, who worked at Starbucks stores in Colorado and North Carolina on and off for five years, said it was hard to know where to draw the line with nonpaying guests, who often included homeless people coming in to warm up or to get a free cup of water.

"If you're too welcoming, they want to come more and more, and stay longer, and it can snowball," said Ms. Riffenberg.

Ms. Riffenberg and others said people have different ideas about how long is too long to stay without buying something.

"To some people, that might mean hanging around for 30 minutes without paying, but to someone else it might mean two hours," she said. "There's too much room for variance."



Cho Hyun-min and her sister were accused of abusing subordinates.

# Overseas Markets Beckon U.S. Hospitals

By MELANIE EVANS

## Buying Abroad

U.S. health-services corporations snapped up international assets in more than 100 deals since 1995. Owners of hospitals and clinics were the biggest acquirers.

### Number of deals

14 deals

12

10

8

6

4

2

0

1995 2000 '05 '10 '15 '17

\*Includes health-services subsectors

Source: Dealogic

### Deals by U.S. acquirer

Other\* Hospitals/ Clinics

Outpatient/ Home care

Practice management

Nursing homes

Professional services/ Misc.

111 total deals 1995-2017

THE WALL STREET JOURNAL

pany executive said. Other U.S. hospital corporations have struck deals in the U.K., Colombia and France in recent years.

The efforts have gained momentum with a health-care overhaul in China, where rising rates of chronic disease and an aging population have increased health spending. China in recent years has said it would allow foreign ownership of some hospitals as part of the overhaul.

"The sheer demand is just massive" in China, attracting investment from insurance companies, entrepreneurs and public and private infrastructure developers, said Axel Baur, a senior partner for McKinsey & Co. who is based in Hong Kong. Developers in China are looking to U.S. hospitals for brand recognition and expertise training staff and setting medical protocols, Dr. Baur said.

Boston-based **Brigham Health** and **Massachusetts General Hospital** are helping Chinese partners open new hospitals, while Ohio's **Cleveland Clinic** disclosed to investors last year that it would consult for a Chinese developer. "The project is in the very early stages," said Cleveland Clinic spokeswoman Angela Kiska.

**Dealogic** data show overseas acquisitions by U.S. hospital and health-service corporations are on the rise, though the numbers remain small compared with the consumer-product, tech and pharmaceutical sectors.

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# U.S.-China Trade Clash Thwarts Google

Android growth at risk as phone maker ZTE loses access to deals with American firms

BY DOUGLAS MACMILLAN  
AND LIZA LIN

In February, a Google executive appeared at a tech conference in Barcelona touting a new, low-cost smartphone outfitted with a custom version of the company's popular mobile operating system.

Less than two months later, that phone's future is in doubt. The U.S. has barred the device's manufacturer, ZTE Corp. of China, from working with American companies, meaning the specially made Android software that powers the phone is off-limits.



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## BUSINESS &amp; FINANCE

# HNA Cuts Deutsche Stake

By JENNY STRASBURG

**HNA Group** Inc. has cut its stake in **Deutsche Bank** AG to 7.9% from 8.8%, the Chinese conglomerate disclosed Saturday, as it continues to unload its overseas holdings.

This comes after HNA spent billions of dollars in financing and complex derivatives in 2017 to build its stake in the struggling German lender, becoming Deutsche Bank's biggest shareholder, with a holding of just under 10%.

Since that position was disclosed almost a year ago, Deutsche Bank shares have declined more than 30%.

An HNA spokesman said Saturday the company "decided not to renew a part of the financing structure for our stake in Deutsche Bank," citing "the current market environment." The stake cut was disclosed in a regulatory filing.

HNA is still committed to remaining "a major investor in Deutsche Bank," the spokesman said. The conglomerate had

previously said it didn't have plans to reduce its Deutsche Bank stake.

A Deutsche Bank spokesman declined to comment.

The Chinese company has been selling off billions of dollars worth of real estate and other assets after a global acquisition spree left it cash-strapped and pressured by banks to reduce financing.

Deutsche Bank has been dogged by consecutive full-year losses and questions about its investment-banking strategy.

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## CLASS ACTIONS

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

In re LENDINGCLUB SECURITIES LITIGATION ) Case No. 3:16-cv-02627-WHA  
This Document Relates To: ) CLASS ACTION  
ALL ACTIONS. ) SUMMARY NOTICE

IF YOU PURCHASED OR ACQUIRED LENDINGCLUB CORPORATION ("LENDINGCLUB") COMMON STOCK FROM DECEMBER 10, 2014, THROUGH MAY 6, 2016, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY A PROPOSED SETTLEMENT IN LAWSUITS PENDING IN FEDERAL AND STATE COURTS (THE "LITIGATIONS"). PLEASE READ CAREFULLY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on July 19, 2018, at 8:00 a.m. before the Honorable William Alsup, United States District Judge, at the United States District Court for the Northern District of California (the "Court"), 450 Golden Gate Avenue, San Francisco, California, for the purpose of determining: (1) whether the proposed settlement in the Stipulation of Settlement, dated February 21, 2018 ("Stipulation"), of the Litigations for \$125,000,000 in cash (the "Settlement Amount") should be approved by the Court as fair, reasonable, and adequate; (2) whether a Judgment should be entered by the Court; (3) whether the Plan of Allocation is fair, reasonable, and adequate and should be approved; and (4) whether the applications by Federal and State Lead Counsel for attorneys' fees and expenses should be approved.

The Litigations have been certified as class actions on behalf of all investors (individuals and entities) who purchased or acquired LendingClub common stock from December 11, 2014 through May 6, 2016, for claims under the Securities Exchange Act of 1934 ("Exchange Act"), and those who purchased or acquired LendingClub common stock during the period from December 10, 2014 through June 8, 2015, for claims under the Securities Act of 1933 (the "1933 Act"), and were damaged thereby ("Class Members").<sup>1</sup> A detailed description of the Litigations, including the parties, the claims and defenses, and other important information about your rights and options are in the detailed Notice of Pending and Proposed Settlement of Class Action ("Notice").

At the Settlement Hearing, Federal Lead Counsel and State Lead Counsel will request that the Court award aggregate attorneys' fees for all counsel in both Litigations, according to the terms of the retainer agreement between Federal Lead Plaintiff and Federal Lead Counsel. These attorneys' fees are estimated to amount to a combined \$16,265,000 (\$13,337,300 for Federal Lead Counsel, and \$2,927,200 for all State Counsel), or approximately 13% of the Settlement Amount. Class Members are not personally liable for any such fees or any other expenses (estimated to be \$650,000 for litigation expenses, and \$1,250,000 for Notice and Administration Expenses). The net recovery for Class members (also referred to as the "Net Settlement Fund") is estimated to be \$106,835,000 (\$125,000,000 minus all of the foregoing fees and expenses).

Federal Lead Counsel states that it has litigated this case on behalf of Federal Lead Plaintiff and the Class for over 20 months against 20 Defendants represented by four different firms. On behalf of Federal Lead Plaintiff, Federal Lead Counsel defeated four motions to dismiss the Complaint; prevailed against six law firms to obtain class certification; succeeded in eliminating 115 of Defendants' combined 154 affirmative defenses; litigated multiple discovery motions, leading to over 1 million pages of additional evidence for the Class, and, in lieu of still more documents, obtained an order allowing Federal Lead Counsel to argue at trial that the Underwriter Defendants could have waived the attorney-client privilege as to thousands of withheld documents but chose not to, and that parts of the story concealed under these privilege claims would have been unfavorable to the Underwriter Defendants. Federal Lead Counsel obtained and analyzed over 3.2 million pages of documents from Defendants and over 500,000 pages of documents from third parties. Additionally, Federal Lead Counsel oversaw Federal Lead Plaintiff's production to Defendants of over 240,000 pages of documents, and defended Federal Lead Plaintiff's representative's deposition. Federal Lead Counsel deposed two defendants (Gerald Walters of Wells Fargo Securities, LLC, and James Hoak of William Blair & Co., L.L.C.) and, at the time this settlement was reached, had scheduled, formed teams to prepare, and was preparing to take 20 additional fact witness depositions (e.g., February 22, 2018 for third-party Colchis Capital; March 14, 2018 for defendant Carrie Dolan; April 13, 2018 for third-party Deloitte & Touche). Pursuant to Federal Lead Plaintiff's retainer agreement with Federal Lead Counsel, which the Court reviewed prior to appointing Federal Lead Counsel, Federal Lead Counsel will not receive any compensation for any of its time, and no reimbursement for any of its expenses, absent a recovery for Federal Lead Plaintiff and the Class.

State Lead Counsel states that it has also conducted extensive work on behalf of those Class members with claims under the 1933 Act over the last two years. This work has included, among other things, conducting a pre-suit investigation; filing the initial complaint against all 20 Defendants on February 26, 2016 (in the State Court); defeating Defendants' motion to stay the State Action in its entirety; conducting extensive discovery of Defendants and ultimately obtaining (and subsequently reviewing) over 700,000 pages of documents pursuant to those requests and related discovery negotiations and Court-supervised discovery conferences; defeating five separate demurrers (motions to dismiss) to State Plaintiffs' complaints; successfully obtaining class certification from the State Court, over Defendants' opposition, of a class (consisting of all Class members with 1933 Act claims) in June 2017; and participated in numerous case management conferences, discovery conferences, and ex parte hearings before the State Court. State Lead Counsel also participated (with Federal Lead Counsel) in the depositions of multiple Underwriter Defendants and, at the time this settlement was reached, had also prepared to depose various third party witnesses as well as "persons most qualified" representatives of LendingClub on topics that State Lead Counsel had designated pursuant to Cal. Civ. Pro 2520.230. State Lead Counsel also managed the three State Class Representatives' responses to Defendants' discovery requests, and defended each of their depositions. State Lead Counsel were also full participants in the Settlement Conferences and mediation process with Judge Sprenz that resulted in the proposed settlement, and thereafter represented (in consultation with their damages expert) the interests of Class members with 1933 Act claims in connection with formulating the proposed Plan of Allocation. Like Federal Lead Counsel, State Lead Counsel's ability to recover any attorneys' fees or reimbursement of its expenses has at all times been fully contingent upon a successful recovery on behalf of the Class.

To obtain the Notice or a copy of the Proof of Claim and Release form ("Proof of Claim and Release"), visit the settlement website at [www.LendingClubSecuritiesClassAction.com](http://www.LendingClubSecuritiesClassAction.com) or write to LendingClub Securities Litigation, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 404041, Louisville, KY 40233-4041.

To get a payment from the Net Settlement Fund, you must submit a Proof of Claim and Release by mail **postmarked no later than June 25, 2018**, or electronically **no later than June 25, 2018**, establishing that you are entitled to recovery. Failure to submit your Proof of Claim and Release by June 25, 2018, will subject your claim to possible rejection and may preclude you from receiving any payment from the settlement. If you are a Class Member and do not exclude yourself by the deadline, you will be bound by the settlement and any judgment entered in the Litigations, whether or not you submit a Proof of Claim and Release.

To be excluded from the settlement, you must submit a written request for exclusion in accordance with all the instructions in the Notice such that it is received no later than June 25, 2018. All Class Members who do not timely exclude themselves will be bound by the settlement (assuming it is approved by the Court) even if they do not submit a timely Proof of Claim and Release.

To object to any aspect of the settlement, including the Plan of Allocation, or the application for attorneys' fees and expenses, you must submit a written objection in accordance with all the instructions set forth in the Notice no later than June 25, 2018. If you object, but also want to be eligible for a payment from the settlement, you must still submit a timely Proof of Claim and Release.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.** If you have any questions about the settlement, you may contact Federal and State Lead Counsel at the following addresses:

Lead Counsel in the Federal Litigation:

ROBBINS GELLER RUDMAN & DOWD LLP  
Theodore J. Pintar  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
TedP@rgrlaw.com

Lead Counsel in the State Litigation:

SCOTT+SCOTT, ATTORNEYS AT LAW,  
LLP  
William C. Fredericks  
230 Park Avenue, 17th Floor  
New York, NY 10169  
or  
COTCHETT, PITRE & McCARTHY, LLP  
Mark C. Molunphy  
San Francisco Airport Office Center  
840 Malcolm Road, Suite 200  
Burlingame, CA 94010BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DATED: March 26, 2018

1 All capitalized terms used herein that are not otherwise defined shall have the meanings provided in the Stipulation, which is available on the settlement website, [www.LendingClubSecuritiesClassAction.com](http://www.LendingClubSecuritiesClassAction.com).

## CLASS ACTIONS

## IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

## SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS AND DERIVATIVE ACTION AND SETTLEMENT HEARING

TO: ALL HOLDERS OF THE SECURITIES OF PULSE ELECTRONICS CORPORATION ("PULSE") BETWEEN SEPTEMBER 25, 2014 AND APRIL 13, 2015, THE DATE OF THE CONSUMMATION OF PULSE'S GOING-PRIVATE TRANSACTION (THE "MERGER") IN APRIL 2015 (THE "CLASS"). A SHAREHOLDER CLASS ACTION COMPLAINT CONCERNING THE MERGER SETTLED. YOU MAY BE ENTITLED TO COMPENSATION AS A RESULT OF THE SETTLEMENT IN THE ACTION CAPTIONED:

*Ondotiski v. Vazales, et al.* Lead Case No. 37-2015-00009254-CU-SL-CTL

YOU ARE HEREBY NOTIFIED, pursuant to California Code of Civil Procedure Section 382 and an Order of the Court, that the above-captioned action has been provisionally certified as a class action and that a settlement for \$825,000 has been proposed. Under the proposed settlement, the settlement amount, minus any Court-approved attorneys' fees, incentive awards, expenses (not to exceed \$310,000.00), and administrative costs (approximately \$50,000.00), will be distributed on a per share basis to Class Members who owned shares of Pulse common stock immediately prior to the time the Merger became effective, other than one shareholder that previously released its claims. A hearing will be held before the Honorable Richard E. L. Strauss in the San Diego County Superior Court, department 75, at 330 West Broadway, San Diego, CA 92101, at 9:00 AM on July 27, 2018 to determine whether the proposed settlement should be approved by the Court as fair, reasonable, and adequate, and to consider the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses and incentive awards for the named Plaintiffs.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM PURSUING THE RELEASED CLAIMS. You may obtain copies of the Proposed Settlement of Class and Derivative Action, a detailed Notice of Proposed Settlement (the "Notice"), and instructions concerning your right to appear and object to the proposed settlement or award of attorneys' fees by visiting the website <http://www.choosegg.com/cases-info/pul/> or contacting Plaintiffs' Counsel.

Brodsky & Smith, LLC  
Attn: Evan J. Smith  
9595 Wilshire Boulevard, Suite 900  
Beverly Hills, CA 90212  
877-534-2590  
esmith@brodskysmith.com

As described more fully in the Notice, you need not file a written objection in order to object and may appear personally to make an oral objection. In the event there is a written objection it shall be filed with the Court and served upon Plaintiff's Counsel *ten court days prior to July 27, 2018, or no later than July 13, 2018*. Further information may be obtained by contacting the Plaintiffs' Counsel listed above. PLEASE DO NOT CALL THE COURT.

By Order of the Court

## THE WALL STREET JOURNAL.

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Nimble labor markets and an emphasis on high-value exports have buoyed the Swiss economy.

## Strong Franc Fails to Sink Resilient Swiss Economy

By BRIAN BLACKSTONE

AND PATRICIA MINCZESKI

ZURICH—The euro briefly

exceeded 1.20 Swiss francs Thursday and again early Friday, a level it hasn't reached in over three years, marking a milestone for Switzerland's economy that was battered, but not broken, by its strong currency.

Switzerland's ability to survive, and even thrive, is a counterpoint to recent comments by policy makers around the world who seemed to signal a preference for weaker currencies to juice exports or inflation.

It is a contradiction that has bedeviled Switzerland for years. The Swiss economy was considered stable and safe by global investors, driving up the franc's value, which in turn put the foundation of its export-led growth at risk.

The Swiss lesson, analysts said, is that nimble labor markets, productivity and an emphasis on high-value exports that aren't super sensitive to prices are just as important to a country's competitiveness as the exchange rate. A strong currency raises purchasing power for households and businesses.

"In 2015, when [the Swiss National Bank] gave up the euro-franc floor and you had

this sharp appreciation, people thought the economy would cave in but it didn't. It looks like the Swiss economy was resilient to the strong franc," said Stefan Gerlach, chief economist at EFG Bank and former deputy governor of Ireland's central bank.

The franc is by no means weak, and it is still considerably stronger than the 1.40-to-1.50 rate to the euro before Europe's debt crisis began in 2010.

The Swiss currency is up 3% against the dollar in the past year.

The Swiss have tried to devalue the franc on and off for several years. In September 2011, the SNB said that it wouldn't allow the euro-franc rate to fall below 1.20 and that it would intervene in currency markets if needed to enforce that floor.

They held the line for more than three years.

But by early 2015 the peg became too costly to maintain and exposed the Swiss central bank to financial risks given the vast sums of foreign stocks and bonds it accumulated through years of currency intervention.

Without warning, the SNB abandoned the euro-franc floor on Jan. 15, 2015. That sent the franc soaring as much as 30% against the euro in a

single day even though the SNB also cut its deposit rate to minus-0.75%.

In the blink of an eye, one euro went from buying 1.2 francs to buying less than one franc.

That made Swiss products from watches to machine tools and ski vacations a lot more expensive in other countries. And it made foreign goods cheap, pushing consumer prices into negative territory.

The worry was that this combination—coupled with negative interest rates—would plunge the wealthy but export-dependent economy into recession.

While sectors like tourism suffered, the overall economy avoided recession and, in recent months, has been growing at around a 2% annual rate.

The unemployment rate is below 3%. After years of deflation, annual inflation is positive, but low, at 0.8%. The trade surplus was 35 billion francs (\$36.2 billion) last year, roughly 5% of Swiss GDP, led by its large surplus with the U.S.

"If you're Switzerland and you have fine-tuned manufacturing that's hard to replicate, you can survive currency fluctuations," said Peter Rosenstreich, head of market strategy at Swissquote Bank.

## New Settlement For \$1 Billion Makes Dent in Wells Profit

Wells Fargo &amp; Co. still has a hangover.

Long after other major banks moved beyond big regulatory settlements, Wells Fargo is still coping with them. The latest, a \$1 billion pact unveiled Friday involving allegations of improper charges to consumers in the bank's mortgage and auto-lending businesses, cut into the bank's already-reported first-quarter earnings.

Wells Fargo said its \$1 billion settlement with the Consumer Financial Protection Bureau and the Office of the Comptroller of the Currency was prompting it to revise its first-quarter profit downward by \$800 million.

Wells Fargo indicated that regulators had offered to resolve the matter for the \$1 billion amount. The bank on Friday didn't elaborate on why it cut earnings by \$800 million when the settlement was for \$1 billion, and a spokesman for the bank declined to comment.

One possible explanation is that Wells Fargo previously set aside reserves to cover \$200 million of the amount. That could suggest the \$1 billion fine may have been higher than the bank had been expecting before regulators made their offer.

Barclays analyst Jason Goldberg noted, however, that a bank can reserve for a legal settlement only if it is probable and estimable. Wells Fargo "didn't have enough evidence" a week ago to take the charge, he said.

Instead, Wells Fargo had cautioned in its initial announcement of first-quarter results that it might later have to modify them if a settlement was reached.

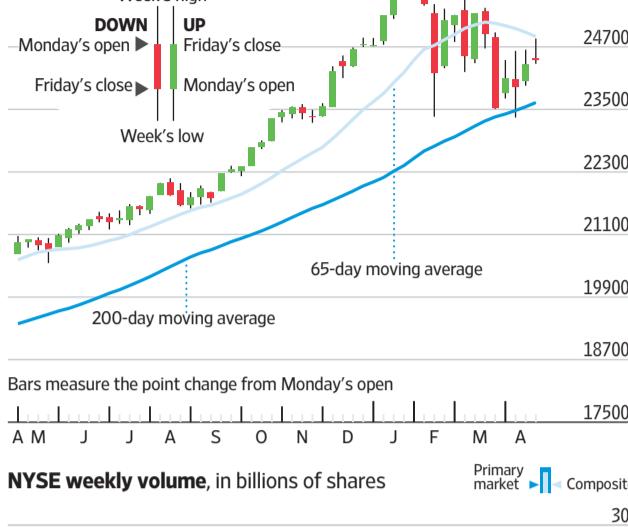
—Michael Rapoport

## MARKETS DIGEST

## Dow Jones Industrial Average

**24462.94** ▲102.80, or 0.42% last week  
High, low, open and close for each of the past 52 weeks

Trailing P/E ratio 25.31 20.57  
P/E estimate \* 16.45 17.60  
Dividend yield 2.18 2.40  
All-time high 26616.71, 01/26/18



Bars measure the point change from Monday's open

A M J J A S O N D J F M A 17500

NYSE weekly volume, in billions of shares Primary market ► Composite



\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

## S&amp;P 500 Index

**2670.14** ▲13.84, or 0.52% last week  
High, low, open and close for each of the past 52 weeks

Trailing P/E ratio \* 24.98 24.39  
P/E estimate \* 17.02 18.24  
Dividend yield 1.95 1.98  
All-time high 2872.87, 01/26/18



## Financial Flashback

The Wall Street Journal, April 23, 2004

Internet-search pioneer Google Inc. was expected within days to announce that it would push forward with an initial public offering.

## New to the Market

## Public Offerings of Stock IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Pricing range(\$)	Shares (mil.)	Low/High	Bookrunner(s)
4/25	3/26	Ceridian HCM Holding Inc	<b>CDAY</b> 21.0	19.00/ GS, JPM, Credit Suisse	N	21.00	DB, Barclays, Citi, Jefferies, CIBC, WFS
4/26	3/28	DocuSign Inc	<b>DOCU</b> 21.7	24.00/ MS, JPM, Citi, BofA ML, DB	Nq	26.00	
4/26	4/2	Goosehead Insurance Inc	<b>GSHD</b> 8.5	14.00/ JPM, BofA ML	Nq	16.00	
4/26	3/30	nLight Corp	<b>LASR</b> 5.4	13.00/ Stifel, RJ & Associates	Nq	15.00	Needham, Canaccord Genuity
4/26	3/26	Smartsheet Inc	<b>SMAR</b> 11.6	10.00/ MS, JPM, Jefferies, RBC Cptl Mkts	N	12.00	

## Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Offer symbol	Offer price(\$)	amt (\$ mil.)	Through Friday (%)	Lockup provision
April 23	Oct. 25, '17	National Vision Holdings	<b>EYE</b>	22.00	399.7	<b>43.7</b>	180 days
April 24	Oct. 26, '17	ForeScout Technologies	<b>FSTC</b>	22.00	133.6	<b>64.1</b>	180 days
	Oct. 26, '17	Merchants Bancorp	<b>MBIN</b>	16.00	115.0	<b>29.6</b>	180 days
	Oct. 26, '17	Nexa Resources SA	<b>NEXA</b>	16.00	570.4	<b>11.8</b>	180 days
April 29	Oct. 31, '17	Altair Engineering	<b>ALTR</b>	13.00	179.4	<b>129.4</b>	180 days
	Oct. 31, '17	Loma Negra CIASA	<b>LOMA</b>	19.00	1096.9	<b>12.0</b>	180 days

Sources: Dealogic; WSJ Market Data Group

## IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	% Chg From Offer	1st-day close	Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	% Chg From Offer	1st-day close
Level One Bancorp	<b>LEVL</b>	April 20/\$28.00	29.26	4.5	...	Zuora	<b>ZUO</b>	April 12/\$14.00	19.72	40.9	-1.4
Pivotal Software	<b>SPOT</b>	April 20/\$15.00	15.73	4.9	...	Spotify	<b>SPOT</b>	April 3/\$132.00	158.45	20.0	6.3
GrafTech Intl	<b>EAF</b>	April 19/\$15.00	15.50	3.3	7.3	Genpex	<b>GNPX</b>	March 29/\$5.00	4.28	-14.4	-8.9
Surface Oncology	<b>SURF</b>	April 19/\$15.00	13.81	-7.9	3.6	iQIYI	<b>IQIY</b>	March 29/\$18.00	17.81	-1.1	14.5
Pure Acquisition	<b>PACQU</b>	April 13/\$10.00	10.15	1.5	0.3	Unum Therapeutics	<b>UMRX</b>	March 29/\$12.00	11.98	-0.2	7.8

\*Direct listing. Sources: WSJ Market Data Group; FactSet Research Systems

## Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Symbol/Primary Issuer/Business	Expected	Offering amount	Offer price (\$)	Friday's price (\$)	Bookrunner(s)
Mereo Biopharma Group plc	<b>MREO</b>	68.8	n.a.	Cowen & Company LLC, BMO Cptl Mkts, RBC Cptl Mkts	
Valeritas Holdings Inc	<b>VLRX</b>	23.7	3.12	Oppenheimer Inc, Fortress Biotech Inc	
Taiwan Liposome Co Ltd	<b>TLC</b>	35.0	n.a.	Cantor Fitzgerald & Co	

## Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/Registration date	Deal value (\$ mil.)	Registration (mil.)	Bookrunner(s)
Clovis Oncology	April 16 Healthcare	\$300.0	...	JPM, BofA ML
Clovis Oncology	April 16 Jan. 3, '17 Healthcare	\$100.0	...	JPM, BofA ML

## Public and Private Borrowing Treasurys

Monday, April 23	Wednesday, April 25
Auction of 13 week bill;	Auction of 2 year FRN;
announced on April 19; settles on April 26	announced on April 19; settles on April 30
Auction of 26 week bill;	Auction of 5 year note;
announced on April 19; settles on April 26	announced on April 19; settles on April 30
Tuesday, April 24	Thursday, April 26
Auction of 4 week bill;	Auction of 7 year note;
announced on April 23; settles on April 26	announced on April 19; settles on April 30
Auction of 52 week bill;	
announced on April 19; settles on April 26	
Auction of 2 year note;	
announced on April 19; settles on April 30	

## Public and Municipal Finance

Deals of \$150 million or more expected this week

Sale	Final maturity	Issuer	Total (\$ mil.)	Fitch Rating	S&P Rating	Bookrunner/Bond Counsel(s)
April 23	Nov. 1, 2024	Dallas & Fort Worth Cities-Texas	302.4	N.R.	N.R.	BoA Merrill/Bracewell LLP
April 24	May 1, 2034	Massachusetts	500.0	N.R.	N.R.	Preliminary/Mintz Levin Cohn Ferris
April 24	prelim.	Portland City-Oregon	189.1	N.R.	N.R.	Preliminary/Hawkins Delafeld & Wood
April 25	May 1, 2028	Illinois	500.0	N.R.	N.R.	Preliminary/Chapman and Cutler LLP/Pugh Jones Johnson
April 26	prelim.	North Carolina Turnpike Authority	150.1	N.R.	N.R.	Preliminary/Hunton & Williams
April 27	prelim.	New York Transportation Dev	1,400.0	N.R.	N.R.	N.R. Citi/-
April 27	prelim.	San Antonio City-Texas	208.2	N.R.	N.R.	J.P. Morgan Securities LLC/-
April 27	prelim.	Texas Water Development Board	906.9	N.R.	N.R.	J.P. Morgan Securities LLC/-
April 27	prelim.	Univ. of Virginia Rector & Visitors	200.0	N.R.	N.R.	J.P. Morgan Securities LLC/-

Source: Thomson Reuters/Ipro

Closed-End Funds | [WSJ.com/funds](http://WSJ.com/funds)

Fund (SYM)	NAV Close	Prem	Ttl	Ret
Royce Value Trust <b>RVT</b>	17.49	16.07	-8.1	19.6
Source Capital <b>SOR</b>	44.93	40.22	-10.5	10.0
Tri-Continental <b>TY</b>	29.98	26.72	-10.9	19.2
<b>Selected Equity Funds</b> </td				

# CLOSED-END FUNDS

[wsj.com/funds](http://wsj.com/funds)

Continued from Page B7

Fund (SYM)	NAV	Prem	52 wk Close	52 wk Disc	Ttl Ret	Fund (SYM)	NAV	Prem	52 wk Close	52 wk Disc	Ttl Ret	Fund (SYM)	NAV	Prem	52 wk Close	52 wk Disc	Ttl Ret	
CLSelng Prem Tech Grd Fd <b>STK</b>	21.36	21.82	+2.2	13.9		NuvS&P 500 Dyn Overwrite <b>SPXZ</b>	NA	18.16	NA	28.2		Allianz Gl Conv & Incm II <b>NCZ</b>	5.67	5.95	+4.9	9.7		
Duff & Phelps <b>DNP</b>	8.89	10.67	+2.0	5.5		Nuveen S&P 500 Buy-Write <b>BXMX</b>	13.76	13.67	-0.7	6.8		Allianz Gl Equity & Conv <b>NIE</b>	23.25	21.00	-9.7	15.8		
Duff&PhelpsGblUtilitFnd <b>DPG</b>	15.93	14.01	-12.1	-8.3		Reeves Utility Fund <b>UTG</b>	30.73	28.10	-8.6	-12.2		Calamos Conv Hlco Fd <b>CHY</b>	11.66	11.98	+2.7	16.1		
Eaton Vance Eqty Inco Fd <b>EOI</b>	14.93	14.70	-1.5	20.3		Tekla Hlthcr Investors <b>HQH</b>	23.13	21.10	-8.8	-5.2		Calamos <b>CHI</b>	11.05	11.35	+2.7	13.3		
Eaton Vance Eqty Inco II <b>EOS</b>	16.20	16.29	+0.6	26.1		Tekla Life Sciences <b>HQL</b>	18.28	16.42	-10.2	2.1		Alpine Tot Dyn Div <b>AOD</b>	10.09	8.98	-11.0	16.1		
EtnVncRskMngd <b>ETJ</b>	9.69	9.17	-5.4	10.2		Tekla World Hlthcr Fd <b>THW</b>	13.90	12.78	-8.1	-0.6		Calamos Gbl Dyn Inc <b>CHV</b>	9.06	9.22	+1.8	27.4		
Etn Vnc Tax Mgt Buy-Wrt <b>ETV</b>	15.47	14.94	+2.5	6.1		Tortoise Energy <b>TYG</b>	25.46	27.27	+7.1	-12.2		Cdn Gen Inv <b>CGI</b>	33.41	23.31	-30.8	14.6		
Eaton Vance Buy-Write <b>ETW</b>	15.50	15.69	+1.2	3.6		China Fund <b>CHN</b>	24.53	21.32	-13.1	2.1		Voya Gl Equity Div <b>IDG</b>	7.87	7.28	-7.5	9.8		
Eaton Vance Tax-Mngd Inv <b>ETY</b>	12.06	11.92	-1.2	16.8		Clough Global Oppd Fd <b>GLO</b>	NA	10.75	NA	14.9		Clough Global Oppd Fd <b>GLO</b>	NA	10.75	NA	14.9		
Eaton Vance Tax-Mngd Opp <b>ETZ</b>	11.28	11.65	+3.3	16.1		EtnVncTxAdvGblDivInv <b>ETG</b>	18.22	16.88	-7.4	-13.4		EtnVncTxAdvGblDivInv <b>ETG</b>	18.22	16.88	-7.4	13.4		
EtnVncTxMngdGblDiv <b>EXG</b>	9.22	9.08	-1.5	16.4		Eaton Vance Tx Invoprt <b>ETO</b>	24.31	25.41	+4.5	1.9		First Trust Dynamic Eur <b>FDEU</b>	19.06	17.88	-6.2	12.7		
Fiduciary/Clymr Opp Fd <b>FMO</b>	11.72	11.48	-2.0	-15.4		First Trust Dynamic Fund <b>FDF</b>	20.40	17.82	-12.6	-0.6		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
FT Energy & Growth <b>FEN</b>	21.83	22.11	+1.1	-12.5		GDL Fund <b>GDL</b>	11.26	9.36	-16.9	0.0		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
First Tr EnhCtncIncm Fd <b>FFA</b>	16.13	15.09	-6.4	11.8		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
First Tr Engy Infr Fd <b>FIF</b>	16.44	15.63	-4.9	-12.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
First Tr Mpl & Engy Incm <b>FEI</b>	12.84	12.72	-0.9	-14.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
Gabelli Hlthcr & Well <b>GRX</b>	11.32	9.52	-15.9	-1.3		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
Gabelli Utility Tr <b>GUT</b>	4.86	5.82	+19.8	-2.8		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
GAMCO/Gbl Natl Rsrcs <sup>o</sup> <b>GNM</b>	5.21	5.05	-3.1	2.6		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
Goldman Sachs MLP Inv Cpy <b>GMZ</b>	8.94	8.55	-4.4	-9.7		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
Goldman Sachs MLP Inv Cpy <b>GER</b>	6.05	6.23	+3.0	-12.3		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>GH</b>	18.34	17.47	-4.7	1.0		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP II</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP III</b>	18.34	17.47	-4.7	1.0		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP IV</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP V</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP VI</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP VII</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP VIII</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP IX</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP X</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP XI</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP XII</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP XIII</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP XIV</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP XV</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd Inv Cpy <b>HP XVI</b>	20.55	19.64	-4.4	-0.1		Flaherty & Crumine Dyn <b>DFP</b>	25.13	23.78	-5.4	2.1		Gabelli Gbl Multimedia <b>GGT</b>	8.98	9.36	+4.2	23.6		
John Hancock Pfd																		

## MARKETS

Demand has remained strong even as oil and gasoline prices have been rising. The Rumaila oil field in Basra, Iraq.  
ESSAM AL-SUDANI/REUTERS

# Russia Needs to Find New Buyer for Aluminum Supply

By DAVID HODARI

**Aluminum from United Co. Rusal**, the recently sanctioned Russian mining company, is looking for a new home. But nobody knows where that is.

Rusal produced 3.7 million tons of aluminum last year. But U.S. sanctions mean that almost no Western buyer will touch the metal not already on exchanges before Rusal-branded products were banned, and neither will Washington's allies, like Japan, analysts say.

China has more than enough of its own aluminum. Other countries unlikely to follow U.S. sanctions against Rusal aren't big enough to mop up its metal.

That leaves Russia, which has bailed out the world's second-largest aluminum producer before, as the most likely buyer. But that also threatens a stockpile of unused metal hanging over the market.

"It looks like that unsold aluminum is piling up in warehouses, and at this juncture it doesn't seem likely to find any buyers," said Harry Tchilinguirian, global head of commodity markets strategy at BNP Paribas.

On April 6, the U.S. sanctioned Oleg Deripaska, who controls Rusal, and other Russian individuals and entities.

Following the sanctions, major commodities firms, including Glencore PLC and Rio Tinto PLC have invoked force majeure, defaulting trading contracts with the mining company, while traders elsewhere are scrambling to plug the gap left by the Russian company—which is responsible for 13% of the world's non-Chinese supply.

The London Metal Exchange banned deliveries of Rusal metal to its warehouses.

All this has prompted a flurry of activity. LME inventories leapt to more than 150,000 tons as nonrecycled aluminum flooded into its warehouses between April 6 and April 17 while traders withdrew metal not linked to

Rusal to plug the supply gap.

"The U.S. is completely ruled out, European multinationals won't touch it and neither will the banks who'd otherwise finance the material," said Oliver Nugent, commodities strategist at ING.

Typically, 45% to 55% of Rusal's aluminum goes to European customers and about 15% to 20% goes to the U.S., according to Mark Bodner, a former sales director at Rusal. Much of the rest goes to Japan and South Korea, two U.S. allies, he said.

China, so far a minor customer, is seen as one major economy that would buy the metal despite U.S. sanctions.

Bloomberg News reported that Rusal officials met Chinese companies and traders this past week to discuss the possibility of buying alumina and selling aluminum in the Asian country.

Rusal declined to comment on that report. "The Company is analyzing the latest situation with its legal advisers," it said in an emailed statement.

One factor preventing Chinese traders from simply buying Rusal aluminum cheaply and selling their own product abroad is that Beijing charges punitive tariffs on both the import and export of the industrial metal.

China also may not want to antagonize the U.S. amid currently fraught trade relations.

"It's not that easy for China to take that material," given that markets are still "tied up with trade-war fears," said Xiao Fu, head of commodities research at BOCI Global Commodities.

ING's Mr. Nugent said Turkey and Thailand are potential customers, but combined they only take 1.5 million tons of aluminum.

Russia has already bailed Rusal out once. At the height of the financial crisis, Rusal received a \$4.5 billion loan from state-owned Vneshekonombank whose chairman at the time was Vladimir Putin.

—Biman Mukherjee contributed to this article.

# Oil Prices Flirt With \$70

Current range could benefit global economy, but further rise threatens growth

By STEPHANIE YANG AND ALISON SIDER

Oil prices are headed toward \$70 a barrel, a weight on the U.S. economy that is bearable for now but could pose trouble if prices keep climbing.

The last time U.S. oil prices were at \$70, in 2014, they were in the middle of a steep collapse. Many investors believed then that prices would soon stabilize, or even recover. Instead, they continued to plunge, eventually hitting a bottom in 2016 at \$26. That tumble caused acute pain for oil producers, whose troubles rippled out into stocks, bonds and the broader economy.

This year's rally is a sign of how much has changed in a few years. Global growth has picked up, while U.S. unemployment has fallen. A gambit by the world's largest oil producers to cut production has been succeeding in eliminating a massive glut, with help from soaring demand.

Oil prices have climbed more than 60% since last summer's lows, and U.S. producers are exporting more crude than ever.

For now, some investors say oil prices are lodged in a range that could benefit the U.S. economy by bolstering the recovering energy industry without curtailing demand.

Yet even with the economy chugging along, rising oil prices dredge up fresh concerns. If crude continues to move higher, it could begin to stifle economic growth. Higher consumer prices for gasoline and other energy products act like a tax, while pushing inflation higher and increasing pressure on the Federal Reserve to raise interest rates more aggressively.

That, in turn, could slow growth and weigh on the stock market, which has already been knocked around by trade tensions, rising bond yields and recent bouts of volatility. Inflation concerns pushed the yield on the 10-year Treasury note to the highest since 2014 on Friday, while major U.S. stock indexes closed lower, wiping out much of the recent gains after a string of upbeat earnings.

"Nothing can suck cash flow out of the economy faster than rising oil prices," said Joseph LaVorgna, chief economist for the Americas at Natixis.

When oil prices fell below \$40 a barrel, financial distress from the energy sector started to spread, said Jason Thomas, director of research at Carlyle Group.

But if oil prices continue rising, they could boost infla-

*'Nothing can suck cash flow out of the economy faster than rising oil prices.'*

tion expectations, which would raise bond yields and the cost of financing.

"We're starting to move out of that Goldilocks zone," Mr. Thomas said. "Certainly \$10 to \$15 a barrel more there starts to be this drag."

President Donald Trump tweeted Friday that oil prices are "artificially Very High"—a sentiment that would have been unthinkable even a few months ago. Oil prices tum-

bled after his comment but recovered to settle at \$68.38 a barrel Friday.

A major force behind rising oil prices has been a policy reversal from the Organization of the Petroleum Exporting Countries. In 2014, the group opted to continue pumping oil at high rates in an effort to protect its market share against encroaching U.S. shale producers. Two years later, OPEC reversed course, enlisting other major producers such as Russia in a coordinated production cut that has helped to nearly eliminate a supply overhang.

"The conversation is changing," said Antoine Halff, senior research scholar at Columbia University's Center on Global Energy Policy. "A year ago the conversation was 'lower for longer' and the 'age of abundance' for oil, he said. Now, "the idea of cheap oil forever is being challenged."

A booming global economy has also been key, keeping demand high as excess oil and fuel gets soaked up by consumers around the world. The first quarter was likely the strongest for global oil demand growth, year over year, since the fourth quarter of 2010, Goldman Sachs said.

# Bank Trading Desks Are on a Roll

By ALLISON PRANG

Trading desks at the largest banks have started off the year on a high note.

The five U.S. banks with large trading desks finished reporting their first-quarter financial results last week, and one of the star performers was

JPMorgan Chase & Co. rose 26%.

In fixed-income divisions, which are typically larger than equities businesses, trading performance was mixed.

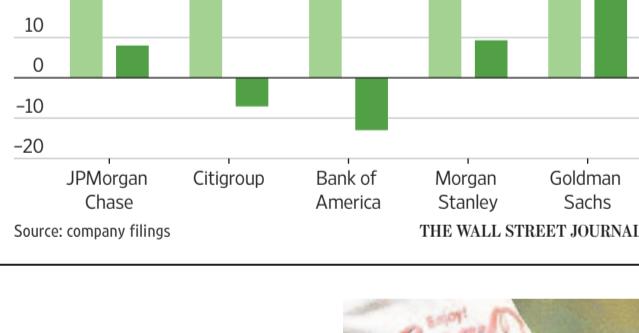
At Goldman Sachs, fixed income, currencies and commodities trading revenue rose 23% off a disappointing 2017 first quarter result. At Morgan Stanley, fixed-income trading climbed 9% and at JPMorgan, it rose 8%. Trading fell 13% at Bank of America and 7% at Citigroup.

In a numerical stroke of serendipity for the banks, equities trading revenue rose 38% at

## Winning With Trades

Increased market volatility helped boost large U.S. banks' trading desks in the first quarter.

### Percent change in 1Q revenue from a year ago



Source: company filings

## Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US\$	YTD chg per US\$	(%)	Country/currency	Fri in US\$	YTD chg per US\$	(%)
<b>Americas</b>				<b>Europe</b>			
Argentina peso	.0495	20.1905	8.5	Czech Rep. koruna	.04846	20.638	-3.0
Brazil real	.2930	3.4126	3.0	Denmark krone	.1650	6.0607	-2.3
Canada dollar	.7832	1.2768	1.6	Euro area euro	1.2289	.8138	-2.3
Chile peso	.001677	596.30	-3.1	Hungary forint	.003953	252.96	-2.3
Ecuador US dollar	1	1 unch	3.7	Iceland króna	.009971	100.29	-3.1
Mexico peso	.0540	18.5310	-5.8	Norway krone	.1278	7.8236	-4.7
Uruguay peso	.03535	28.2900	-1.8	Poland złoty	.2945	3.3960	-2.4
Venezuela b. fuerte	.00001759425.0001	57450.1	3.7	Russia ruble	.01629	61.386	6.4
<b>Asia-Pacific</b>				Sweden krona	.1184	8.4454	3.2
Australian dollar	.7671	1.3036	1.8	Switzerland franc	1.0256	.9750	0.1
China yuan	.1588	6.2965	-3.2	Turkey lira	.2453	4.0766	7.4
Hong Kong dollar	.1275	7.8436	0.4	Ukraine hryvnia	.0381	26.2324	-6.8
India rupee	.01510	66.207	3.7	UK pound	1.3999	.7143	-3.5
Indonesia rupiah	.0000721	13870	2.9				
Japan yen	.009289	107.65	-4.5				
Kazakhstan tenge	.003063	326.44	-1.9				
Macau patata	.1237	8.0824	0.5				
Malaysia ringgit	.2565	3.8985	-4.0				
New Zealand dollar	.7209	1.3872	-1.6				
Pakistan rupee	.00864	115.775	4.6				
Philippines peso	.0191	52.227	4.5				
Singapore dollar	.7596	1.3164	-1.6				
South Korea won	.0009336	1071.10	0.4				
Sri Lanka rupee	.0063963	156.34	1.9				
Taiwan dollar	.03394	29.468	-0.7				
Thailand baht	.03191	31.340	-3.8				
Vietnam dong	.0004391	22772	0.3				

Close Net Chg % Chg YTD Chg

WSJ Dollar Index 84.36 0.38 0.46 -1.88

Sources: Tullett Prebon, WSJ Market Data Group

THE TICKER | Market events coming this week

### Monday

#### Existing-home sales

Feb., previous 5.54 mil. March, expected 5.55 mil.

#### Earnings expected\*

Estimate/Year Ago(\$)

Alphabet 9.28/7.73

Ameriprise 3.46/2.70

FirstEnergy 0.63/0.78

Halliburton 0.40/0.04

Kimberly-Clark 1.69/1.57

TD Ameritrade 0.74/0.40

#### PayPal Visa

0.54/0.44 1.01/0.86

#### 4th qtr., final 1st qtr. adv. est.

up 2.3% up 2.2%

### Thursday

#### Initial jobless claims

Previous 232,000

Expected 228,000

#### Employment cost index

## MARKETS

## Earnings Are Strong, but Rewards Are Scarce

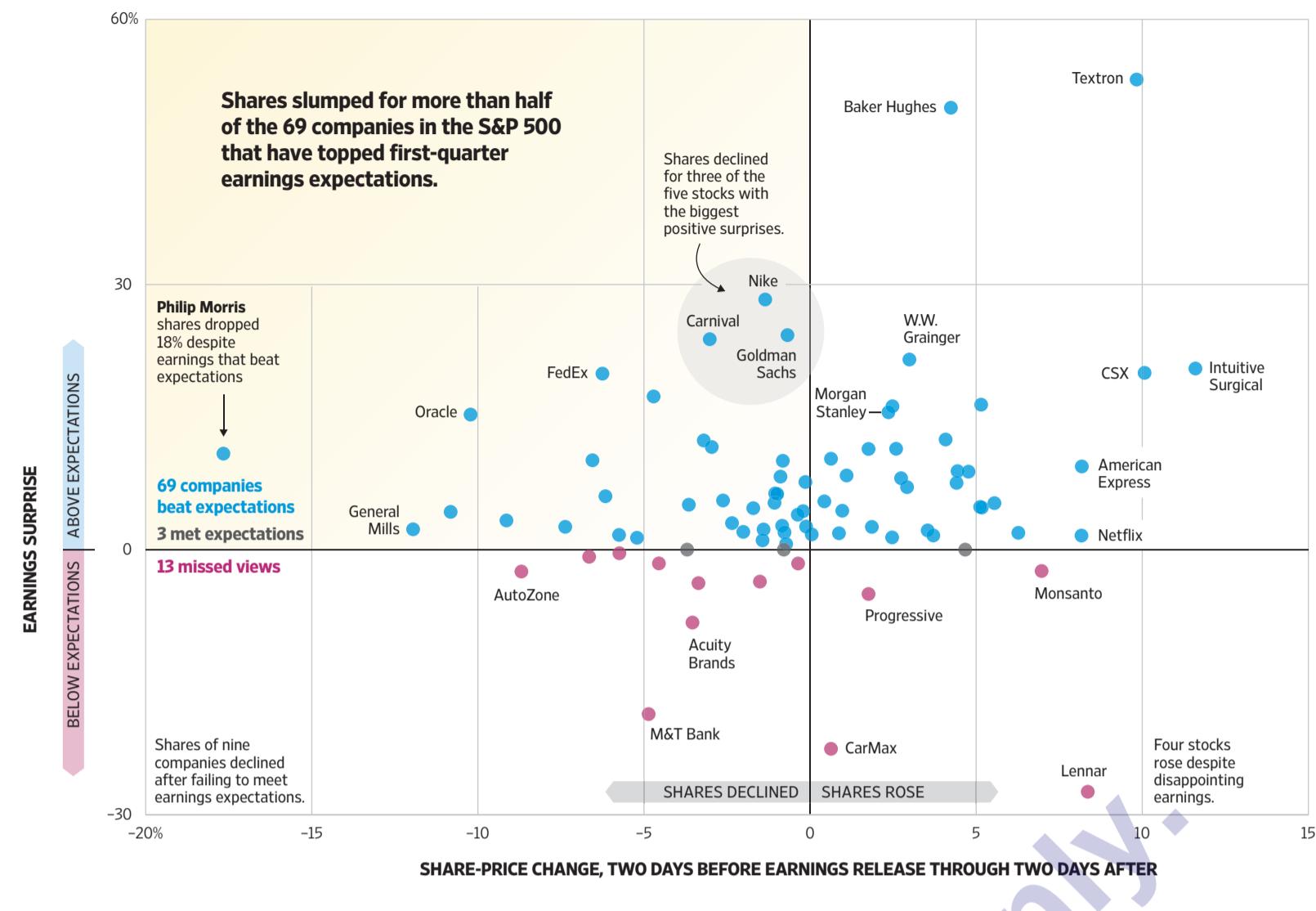
Earnings season is in full swing, with 17% of the companies in the S&P 500 having reported quarterly results through Friday and the majority of the firms in the index on deck over the next two weeks. In all, the companies are expected to report an 18% jump in earnings for the quarter, according to FactSet, which would mark the highest growth rate since the first quarter of 2011. Analysts have been steadily raising that estimate in recent months as companies have touted the benefits of a lower tax rate, a healthy consumer and higher oil prices.

Of the companies that have reported so far, 80% have posted per-share earnings that beat the expectations of Wall Street analysts, with the companies on average topping estimates by 5.9%. Both of those metrics are ahead of five-year averages. At the sector level, health-care, energy and real-estate companies in the index have delivered the highest percentage of earnings beats, while materials and consumer discretionary firms are underperforming the other sectors.

Market moves, meanwhile, have been muted. Companies that reported stronger-than-expected earnings have seen their shares on average rise by 0.1% two days before the earnings release through two days after, well below the five-year average increase of 1.1%. And the companies that disappointed by posting weaker-than-expected numbers have seen their shares slide 0.9% over the same period, much smaller than the five-year average decline of 2.4%.

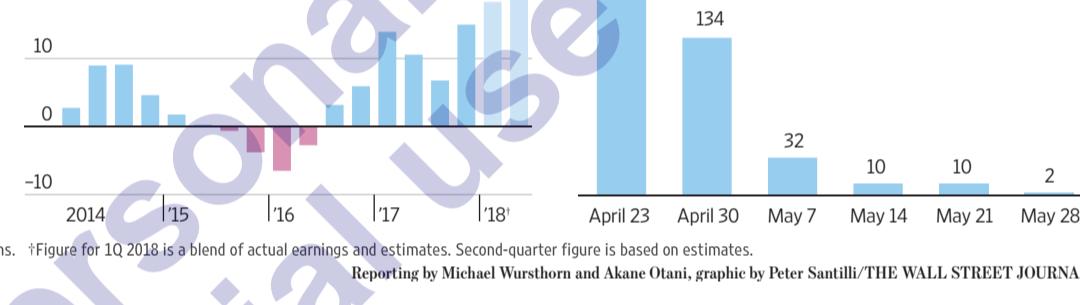
\*Earnings growth for April 20 includes results of 86 S&P 500 companies that reported so far and estimates for the remaining firms.

Source: FactSet



Companies in the S&P 500 have been generating some of their strongest earnings growth in years in recent quarters.

The week of April 23 will be the busiest of the first-quarter reporting season.



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FINANCIAL ANALYSIS & COMMENTARY

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## HEARD ON THE STREET

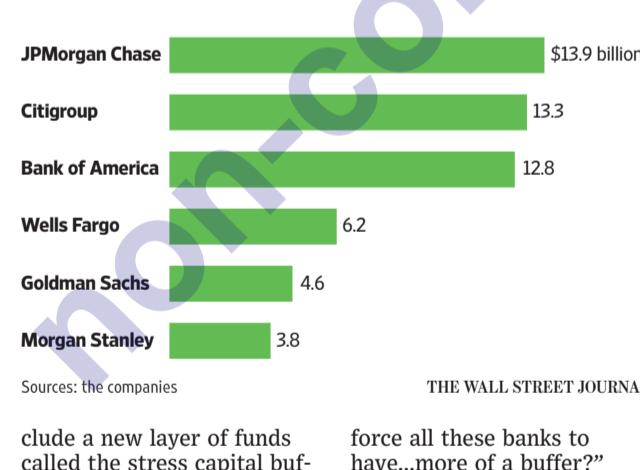
Bank profits are doing great; bank stocks, not so much. One big reason is uncertainty over future dividends and buybacks.

This is in the hands of the Federal Reserve. The central bank determines how much large banks are allowed to pay out to shareholders—from July through the following June every year—through its annual stress tests. This year, bankers are warning that the tests will be particularly tough.

As in previous years, the Fed assumes in its “severely adverse” scenario that the unemployment rate spikes to 10% over seven quarters. With unemployment at 4.1% this year, compared with 4.7% last year, the jump would be bigger.

“You need some very severe shocks to hit 10%,” Morgan Stanley Chief Executive James Gorman said on a call with analysts. “We are prepared for a range of outcomes this year.”

Future stress tests will introduce even more uncertainty. The Fed’s proposed new capital requirements in-



clude a new layer of funds called the stress capital buffer, which can change each year depending on how banks fare in the stress tests.

Analysts estimate Morgan Stanley and Goldman Sachs will be hardest hit by the change, but every bank undergoing the tests may face increased variability in their capital requirements from year to year.

“The question is: Is that going to introduce uncertainty? And is that going to

force all these banks to have...more of a buffer?” asked Bank of America Chief Financial Officer Paul Donofrio on a conference call.

The rules may yet change.

JPMorgan Chief Financial Officer Marianne Lake said she hopes “there will be some sort of mechanism considered to accommodate, smooth or otherwise allow for things not to be whipsawed around.”

Bankers measure their words carefully when talking

about their most powerful regulator. These comments suggest they aren’t happy. There is a case to be made that some banks shouldn’t be prioritizing share buybacks right now anyway, given high valuations. In late 2016, JPMorgan Chief Executive James Dimon said buybacks weren’t a great use of capital when valuations get high. Since then the bank’s valuation has risen from 1.66 times tangible book value to 2.09 times.

And when shareholders don’t get their buybacks they get frustrated. That was made clear this past week when Goldman Sachs said it doesn’t expect to do any buybacks during the second quarter because of an earlier tax charge. Its shares promptly fell 1.6%, despite excellent earnings.

To keep shareholders happy, banks likely need to buy back as many shares as the Fed will let them. The problem right now is that neither the banks nor their shareholders have a clear idea how much that will be.

—Aaron Back

## OVERHEARD

Actively managed mutual funds have been on the retreat thanks to the onslaught of cheaper index funds. Goldman Sachs Group, however, has come to the maligned active managers’ defense, arguing they are good stock pickers.

Analysts at the bank said in a report that two important factors have concealed this: They have to keep a certain percentage of their assets in cash so that they can honor redemptions and mutual-fund returns include fees averaging around one percentage point a year since 1990.

Excluding only fees, Goldman said mutual funds would have outperformed the S&P 500 by 0.22 percentage point a year since 1990.

But here comes the problem: Investors don’t really care if fund managers are good stock pickers if they don’t get to share the benefits.

The good news is that fees are falling. If the trend continues, mutual-fund investors may soon be able to get a fair return.

## China Banks In Another Funding Jam

You can say this for Chinese banks—they are pretty creative when it comes to raising funds.

Pressure from regulators means it has been getting harder for banks in China to get enough money. Wealth-management products, short-term investments which have offered customers generous returns, have fallen from favor. Now Beijing is worried that these often highly leveraged, off-balance-sheet products have been juicing asset markets and creating risks for the banks.

The wholesale markets have become tricky and expensive. Customer deposits have been lackluster too, rising by 8.7% in March—slow by historic standards.

The latest products stepping into the breach are structured deposits, according to Rhodium Group. Though they have been around for a decade or so, their usage rose by a net 1.4 trillion yuan (\$223 billion) in the first two months of 2018.

Take the 367-day structured deposit, cited by Rhodium, that is being offered by China Merchants Bank. It will pay customers a generous 4.35% return unless gold prices move up or down by \$550 during the product’s lifetime. In that highly unlikely event the rate would drop to just 1.75%.

In other words, China Merchants is prepared to pay a high return unless something very unusual happens. That looks like a pretty good deal for the bank’s customers but not for its investors.

The more banks are forced to pay for funds, the lower their profits, and likely their stock prices, will go.

—Andrew People

## Flattening Yield Curve Is Problem for More Than Just Fed

## Falling Short

Change in eurozone consumer prices from a year earlier



ing, the curve could invert later this year or early in 2019.

In addition, swaps measuring U.S. interest-rate expectations for 2021 have

edged below those for 2020, notes Deutsche Bank, showing investors are thinking about the Fed cutting rates, not just raising them.

The timing matters because the ECB has locked itself into a very gradual path from exit. It isn’t expected to finally wind down its bond purchases until the end of the year.

Rates are likely to rise only slowly after that. By 2020, the ECB might only just have exited its negative-interest-rate policy.

It is, of course, easier to tighten policy when the growth outlook is good. If the yield curve continues to

flatten, however, and markets grow nervous about a hit to U.S. growth, that might at least complicate the ECB’s task in exiting ultra-loose policy. A U.S. downturn would undoubtedly affect Europe.

And if a real downturn were to emerge in the U.S.—Société Générale is forecasting a mild recession in 2019–2020—and spill over elsewhere, then a debate would start about what tools central banks have left.

While the Fed now has some room to cut rates again, the ECB might be grappling with inventing new ways to provide stimulus.

True, there is plenty of debate over what message the U.S. curve is actually sending and how flat it is. UBS argues global quantitative easing has distorted long-term bond yields by reducing the term premium, or the extra yield investors demand for uncertainty about monetary policy.

But if investors fear a U.S. slowdown or recession and pull back from taking risk, that will tighten financial conditions.

The ECB is trying very hard not to spook investors. Reaching the exit may be the bigger challenge.

—Richard Barley

# ENCORE

THE WALL STREET JOURNAL.

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Monday, April 23, 2018 | R1

## In Defense of the Not-So-Busy Retirement



RYAN ETTER

BY DAVID EKERDT

**I**N THE 1980S, I interviewed men about their transitions from work to retirement. I didn't need to talk to them very long before many told me how busy they were. "I'm busier than ever." "I'm so busy now that I don't know how I found the time to work." Thirty years later, I see no letup in this emphasis on busy retirements. If anything, it has gotten more pronounced, especially as the baby boomers start to leave behind careers in pursuit of their next acts. For today's retirees, busy boasting is the new status symbol—the idea that there is no time to rest when there are so many places to see, causes to champion, classes to take, languages to learn and businesses to start.

I am all for people pursuing their dreams. But based on decades of studying retirement and retirees, I am convinced that something else is happening here. Too many people may be bending their dreams to the expectations of others. They're following the paths that cultural norms, peer pressure and commercial interests are mapping out for them, bypassing alternatives for more control and contentment in retirement.

A busy retirement is absolutely fine. But so is a not-so-busy retirement.

### Blame the culture

How did we get to this place, where busy is seen as the default pace of life? Blame much of

**Dr. Ekerdt is professor of sociology and gerontology at the University of Kansas in Lawrence. He can be reached at [reports@wsj.com](mailto:reports@wsj.com).**

it on the cultural value we place on hard work, and the ennobling status that it confers. A full life in retirement provides moral continuity with what went before. How many times do we hear—and laud—the executive who never takes vacation, or answers email at all hours? If this is something to be applauded, why would we expect that to change suddenly, just because a career ends?

You can trace this back to the 1950s, when, thanks to increasing wealth and longer

lifespans, retirement began to be seen as a new stage of life. Experts at the time expressed wariness about the new leisure and worried that its apparent emptiness, its purposelessness, would harm health. It was viewed as a "roleless role."

Writing in the British Medical Journal in 1950, J.H. Sheldon said that "a busy rather than an aimless life is an ideal prescription for old age, and the proof lies in the well-known sight of the man who retires from a busy occupation to die in a year or two of boredom."

In subsequent years there has been no lack of proposals for the admirable, purpose-driven retirement. All to fill in the roleless role.

Another factor behind the busy ethic is the consistent medical advice about physical activity and health maintenance. Fit and strenuous lifestyles have therapeutic benefits and testify as well to the quality of one's will and character.

Then there is the encouragement that comes from other, less obvious quarters. Specifically:

Many companies and institutions have targeted retirees as consumers and collaborators, and

they've come to rely on them for their growth.

Their marketing serves to reinforce the belief that the commitment of time and money makes retirement more admirable.

Retirement's blank canvas, after all, can be filled in by products and services that occupy that time: leisure and tourism experiences, hobby materials, home projects, arts and performances, health regimens, sports, and attractions that indulge grandchildren. Colleges offer arrays of learning opportunities to older adults.

Churches and service agencies hunger for more volunteers willing to give back to their communities. Political activism beckons retirees ready to take up new causes.

Little wonder, then, that while there are many ways to fill a calendar, there is one main way to be a poor

retiree, which is to be idle—usually spoken of with pejorative, sedentary metaphors such as the rocking chair, the couch, sitting around, staying home. I still interview people about retirement, and the passive retiree endures as a negative model. As one woman told me: "I don't want to get into that, where I sit there and watch reruns for the next 100 years. There's got to be some discipline." Another woman worried about her husband's indolence in the early months of retirement. His flaw? Lying on the sofa and reading paperbacks (which seemed to me like a great way to ease into the rest of one's life).

### When busy turns oppressive

All of which leads to a question: What's wrong with extolling the value of an energetic, active life?

One obvious downside of the busy standard is that we are creating demands that many retirees simply can't fulfill. For reasons of health,

Please turn to the next page

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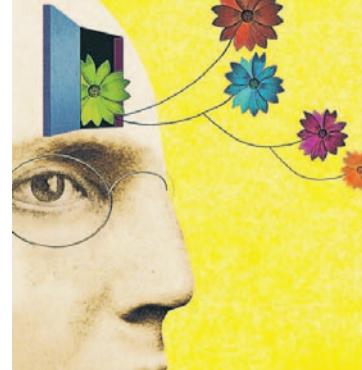
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## JOURNAL REPORT | ENCORE

ASK ENCORE | GLENN RUFFENACH

# So, You Want to Start a Travel Business

Lots of retirees do, and many enjoy it. But just make sure you know what to expect.

I'm thinking about starting a travel business in retirement. Have you talked with people who have done this? Any insights?

This is a popular topic. For retirees with an entrepreneurial bent, a travel company seems like a great idea. After all, such work holds the promise of seeing the world and getting paid to do so.

Yes, we have talked with retirees who have taken this path—as travel agents, writers, tour guides, cruise planners. Many seem to enjoy their new careers, but, as with any small business, there are drawbacks.

A retired middle manager for General Electric, who started a travel company that offers private excursions to Europe and elsewhere, told us the work “sounds glamorous.” But she quickly listed some of the challenges involved: changes in clients’ plans; a never-ending series of questions about restaurants, nightlife, logistics and dozens of related issues; and unexpected events (one she recalled vividly: a suddenly active volcano) that invariably require rebooking customers and rescheduling activities.

Her best advice (and a suggestion we have heard frequently): find a niche and excel at it. “You can’t succeed with general travel; everyone’s selling regular travel,” she says. “A niche can be a specialty activity—like food, wine, cooking, spas, diving—or destination specialization. And it takes time to become an expert.”

If you’re thinking about starting a business in retirement, travel or otherwise, start with the basics: The Small Business Administration has a number of valuable resources (see: [sba.gov/tools](http://sba.gov/tools)), as does the Ewing Marion Kauffman Foundation ([fastrac.org](http://fastrac.org)) AARP ([aarp.org/work/small-business](http://aarp.org/work/small-business)), and SCORE ([score.org](http://score.org)).

For travel in particular, the Travel Institute, based in Framingham, Mass., offers a good list of industry associations and publications where you can begin to educate yourself about travel jobs. (Go to [thetravelinstitute.com](http://thetravelinstitute.com), highlight “Start a Career” and click on: Travel Industry Resources.)

Interestingly, many of the retirees we have talked to about this topic haven’t started their own business; rather, they work for groups or in settings that allow them to travel for little or no cost. (And in some instances, they get paid.) Among them:

CoolWorks ([coolworks.com](http://coolworks.com)) says it helps

**Mr. Ruffenach** is a former reporter and editor for The Wall Street Journal. His column examines financial issues for those thinking about, planning and living their retirement. Send questions and comments to [askencore@wsj.com](mailto:askencore@wsj.com).



SONIA PULDO

## New Entrepreneurs

Among those individuals who started a business in 2016, about 1 in 4 were ages 55 to 64, compared with about 1 in 7 a decade earlier:

	20-34	35-44	45-54	55-64
1996	34%	27%	24%	15%
2016	24%	24%	26%	26%

Note: Sample included too few entrepreneurs younger than 20 and older than 64 to produce meaningful results for those ages.

Source: Kauffman Foundation THE WALL STREET JOURNAL.

people find jobs in “national parks, ski resorts, dude ranches, retreat centers and everything in between.” (In particular, under “Resources,” see the site’s “Older and Bolder” page.) Modern-Day Nomads ([moderndaynomads.com](http://moderndaynomads.com)) is for “creative professionals” who want to travel the world. Transitions Abroad ([transitionsabroad.com](http://transitionsabroad.com)) helps connect job seekers with opportunities overseas. And Workamper News ([workamper.com](http://workamper.com)) advertises job openings, primarily for “RVers,” in recreation, travel and tourism.

\* \* \*

**If I am over 70½ years old, may I transfer my required minimum distribution to my Schwab Charitable Fund, which is a donor-advised charitable fund, without having to include the distribution as taxable income?**

I’m afraid you can’t do this.

This question refers to “qualified charitable distributions,” a topic that is generating a lot of mail from readers. As we discussed in my March 5 column, the new tax law will make QCDs more attractive for some taxpayers.

The rules: Individuals over age 70½ can transfer as much as \$100,000 annually from their individual retirement account directly to most types of charities. That transfer is excluded from your income and, if done correctly, counts toward the IRA owner’s required minimum distribution for the year.

The key word in the preceding paragraph is “directly.” The transfer “must be a direct gift to the charitable organization, and not to another supporting organization that makes the gift,” notes Ed Slott, an IRA expert in Rockville Centre, N.Y. In this case, Schwab would be considered a “supporting organization.” Thus, your strategy won’t work.

\* \* \*

**I am 56 years old and divorced. My former husband and I were married for more than 10 years. He died in 2017. My question is about my Social Security benefits. Can I begin collecting a survivor’s benefit and, at some point in the future, switch to my own benefit?**

Yes, you can do this, but you need to be very (very) careful.

To start, a “surviving divorced spouse” (in the language of the Social Security Adminis-

tration) can begin collecting a survivor’s benefit at age 60. Then, at 62—or later, if you wish—you can switch to your retirement benefit, the one based on your earnings history. This assumes, of course, that your retirement benefit is larger than your survivor’s benefit. (The reverse option is also available: You can apply, first, for a retirement benefit at 62, and later switch to a survivor benefit.)

This “switching” strategy can make a big difference for a divorced spouse and her or his retirement finances. (The rules apply equally for divorced women and men.) For instance, say you claim a survivor’s benefit at age 60, and put off claiming your own retirement benefit until age 70, the maximum allowed. Once you make the switch, the delayed retirement benefit will have increased significantly (about 7% annually between ages 62 and 70).

But this is also an area where mistakes can be expensive.

A study published in February by the Social Security Administration’s inspector general found that some agency staffers have failed to inform widows and widowers about their options regarding benefits. As such, some applicants are making an error in how they claim Social Security—an error that, first, effectively eliminates the possibility of switching benefits in the future, and, second, is costing survivors many thousands of dollars.

To be specific—and this gets a bit technical, unfortunately—some survivors, unknowingly, are claiming both benefits, survivor and retirement, at the same time. If you wish to keep the option of switching benefits in the future, you must apply for just one benefit at the outset, either a survivor benefit or a retirement benefit.

How costly can this mistake be? The inspector general estimates that approximately 9,200 beneficiaries age 70 and older have been underpaid about \$132 million and that, going forward, about 1,900 beneficiaries under 70 will be underpaid about \$9.8 million annually.

So, the lesson here is clear: If you are a survivor—a widow, widower or surviving divorced spouse—who’s about to file for any kind of benefit from Social Security, you should first ask the agency employee who is helping you to explain all of the rules and options. And to be safe, I would tell the employee that you are planning (if, in fact, you are) to switch benefits at some point in the future—and that you want to be sure that you aren’t unintentionally or mistakenly eliminating that option.

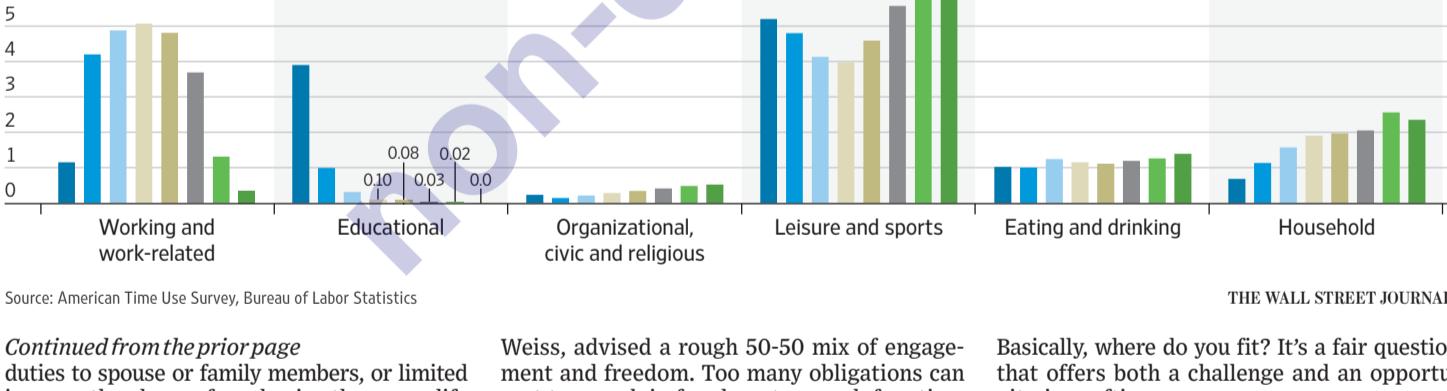
I also would urge all survivors who plan to apply for Social Security benefits to read the inspector general’s report. Go to [oig.ssa.gov](http://oig.ssa.gov) and search for: Higher Benefits for Dually Entitled Widow(er)s.

# In Defense of the Not-So-Busy Retirement

## How We Spend Our Time

Average hours spent each day in different activities according to age group, 2016 annual averages

■ Ages 15-19 ■ 20-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55-64 ■ 65-74 ■ 75 and over



Source: American Time Use Survey, Bureau of Labor Statistics

**Continued from the prior page**  
duties to spouse or family members, or limited income, the chance for a busier-than-ever life is sometimes beyond reach. It hardly seems fair that retirees, released from the obligations of work, should be expected to turn around and face burdensome work-like obligations as the path to virtue.

In general, though, there is nothing wrong with placing expectations on retirees, especially if this advice motivates positive practices such as physical activity or social connection. Expectations edge toward oppressiveness when the fulfillment of idealized retirements depends on the consumption of costly leisure goods and experiences, or on the self-conscious selection of activities for their status value. This replicates in retirement some of the same social hierarchies and competitiveness of the working years and from which work withdrawal promised an escape. Meet the new boss, same as the old boss.

Instead, I believe that the mantra should be: Let retirement be retirement. Studies of people who pass from work to retirement consistently find that they prize sovereignty over time—freedom—as the great gift of their new stage of life. This should include the freedom to shrug off any pressure to conform to a busy standard. Our society has a sufficient number of retirees who feel driven to pass their later years believing that they must drag an energetic middle age as far into the future as they can. Let them chatter on about their bucket lists.

But let others feel comfortable not having any bucket list at all. Anyone’s retirement can be purpose-driven as long as it is one’s own purpose at one’s own pace. One of the wisest books about life after work, “The Experience of Retirement,” written by my good friend Robert

Weiss, advised a rough 50-50 mix of engagement and freedom. Too many obligations can cost too much in freedom; too much free time can foster feelings of marginality. “Keep time for yourself, yes, but not to the exclusion of continuing to play a role in the world.” Bob also endorsed the satisfactions of “puttering.”

Easier said than done, of course. For retirees who want to pursue the not-so-busy life, nudges to do otherwise are constant. They find themselves being asked about their lives nowadays: *So what are you up to? What are you doing with yourself? Are you keeping busy?*

How can they ever feel comfortable answering, *not much?*

It helps to remember that such questions are only partially about routines and the use of time. They are likewise a request to understand the role of a person who is now excused from work in a society that is all about work.

Basically, where do you fit? It’s a fair question that offers both a challenge and an opportunity in crafting an answer.

### The slow retirement

If not using the b-word, this is the moment to speak honestly about your grappling with time. *“My retirement? Well, I’m taking some time to figure it out, pausing to reflect. I’ve been exploring my options. I’m taking it as it comes.”*

Retirees who present themselves as seekers as well as doers are actually aligning their retirements with the “slow movement,” the cultural philosophy that encourages lifestyles that are more considered and deliberate. This kind of downshifting has found applications in many areas, such as travel, the enjoyment of food and religious practices. Slow retirement? It’s not as redundant as it sounds. What I am

suggesting are mindful retirements that would not mean withdrawal from relationships, commitments and adventure but rather entering them deeply and at a comfortable speed.

As examples of this, retirees with spare time can re-enter two kinds of relationships, human and material. For the first, think of those dear people who have mattered personally over the years—great friends from childhood, school, former jobs, old neighborhoods—but who in the press of middle age have become once-a-year contacts on a holiday card. Awaken these dormant ties and renew them. With so many ways now to correspond, there is no excuse not to check in. Visit them, stage a reunion, compare memories of the way it was, and hash over the way it’s all turned out. Reanimate your affection and, indeed, love for them.

The other thing to tend to is possessions. A home contains uncountable thousands and thousands of objects. Many of them were put aside for later, and now is the season to explore them and enjoy the possibilities that they hold. If not now, when? Work through those cookbooks, play that recorded music, use those tools to make something, burrow into that box of family history. Go rest idly on that garden bench that you have ignored for years. Fish or cut bait on the clothes that you kept to wear again or someday fit into. In revisiting these belongings, what will come into focus is the person you were, are, and yet want to be.

Lifestyle choices, wrote the sociologist Anthony Giddens, are decisions “not only about how to act but who to be.” Becoming someone is exactly the task in the open-endedness of retirement when there is more daily time but also an awareness that the length of the future is unknown.

Who will I be? That is the real do-it-yourself project of retirement. And it may have nothing to do with being busy.



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- ◆ “Why Women Fear They Will Run Out of Money,” by Maddy Dychtwald, author and co-founder of the Age Wave think tank and consultancy.
- ◆ “The Best Account to Tap for an Annuity Purchase,” by David Blanchett, head of retirement research for Morningstar Investment Management.
- ◆ “The Epidemic of Loneliness—and How to Combat It,” by Paul Irving, chairman of the Center for the Future of Aging at the Milken Institute.

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## JOURNAL REPORT | ENCORE

# How to Plan for a Down Market

Don't sell stocks at depressed prices. The key is preparation.

BY MICHAEL A. POLLOCK

**MARKET CORRECTIONS** are a worry for all investors, but they can pose a particularly big problem for people who have just retired and are starting to dip into savings.

Each time retirees sell stock, it digs a hole out of which their portfolio must climb to keep producing the same amount of income over time. The more they sell—and the earlier—the deeper the hole.

Selling during a correction, when stock prices may have fallen to a fraction of their recent market value, could cause a retiree to run low on resources sooner than expected.

"If you get off course at the beginning, it could be very difficult to recover," says Dan Keady, chief financial planning strategist at financial services firm TIAA.

Despite recurring volatility, most retirees must hold some stocks to keep pace with inflation. For those investors in particular, it's important to have a Plan B to cover ongoing financial needs so that if stocks crater, the retiree can avoid being forced to sell shares at depressed levels.

Here are some suggestions on how to minimize the risk:

## 1. First, do the math

A good place to start is to estimate how much of your monthly budget would not be covered by fixed sources of income. Most people mistakenly think this involves the tedious process of adding up a year's worth of receipts, says Joe Lucey, who heads Secured Retirement Advisors LLC in St. Louis Park, Minn. The much easier method, Mr. Lucey says, is to tally all the money taken from bank accounts in 12 months that hasn't been stashed away somewhere else. Next, calculate the income expected regularly from Social Security, pensions or other sources.

Once you know what the gap between expenses and income will be, set aside a cash reserve or other fixed-income asset big enough to spin off cash to cover that gap until the market recovers. This provides a buffer, says Jim Barnash, an adviser at SGL Financial, Buffalo Grove, Ill. A retiree's regular flow of income often covers as much as two-thirds of their total spending. But it's that uncovered

## Who Has How Much?

Average IRA/401(k) balance for median working households in 55-to-64 age group by income quintile, as of 2016

Income range	Average balance
Less than \$39,000	\$13,000
\$39,000-\$60,999	\$53,000
\$61,000-\$90,999	\$100,000
\$91,000-\$137,999	\$132,000
\$138,000+	\$452,000

Sources: Center for Retirement Research at Boston College; U.S. Board of Governors of the Federal Reserve System

THE WALL STREET JOURNAL.

third that represents how much a person has to withdraw from savings to maintain a certain level of spending.

There is no way of knowing how long a downturn will last, and thus how big that reserve needs to be exactly. But most corrections, Mr. Barnash says, last three to nine months.

## 2. Balance with safer stuff

The non-equities part of a portfolio should be a mix of cash and bank certificates of deposit or highly rated short-term bonds, experts say.

Money-market yields have been rising as the Federal Reserve raises short-term interest rates. Some federally insured money-market accounts now pay 1.75% to 2% a year.

Because certificates of deposit and bonds with slightly longer maturities offer better rates than cash, advisers often create a basket of CDs or individual bonds with sequential annual maturities—a so-called ladder—to ensure a steady replenishment of cash in a portfolio.

Buying individual bonds can be challenging for nonprofessionals, but investors could also consider an ETF that invests in short-term government bonds, says Nikolaas Schuurmans, founder of advisory firm Pure Portfolios in Portland, Ore.

While the share price will fluctuate with shifts in market sentiment, such ETFs pose relatively little risk, he says. Mr. Schuurmans uses Schwab Short-Term U.S. Treasury (SCHO),

which charges 0.06% annually in expenses. A similar option, Vanguard Short-Term Treasury ETF (VGSH), has an expense ratio of 0.07%.

**3. Watch the equity allocation** After years of rising markets, many people may own more stocks than they think. Some also may be out of the habit of rebalancing a portfolio periodically and staying well-diversified, says Spuds Powell, managing director of the advisory firm Kayne Anderson Rudnick.

One thing to do right away: If the equity allocation has surged much above 60%—a common benchmark for how much to keep in stocks—consider paring it back, advisers say.

## 4. Plan to tighten the belt

Many people believe they will spend less in retirement than when they were working. Actually, the opposite can be true, at least in the first few years. New retirees have more time to spend money and may indulge in expensive luxuries.

Retirees often don't react well to suggestions that they spend less, but "realistically, you might have to cut spending some if there is a market downturn," says Mr. Keady of TIAA. One way he suggests is to keep annual withdrawals from savings at a constant rate, which might be around 4% a year.

Advisers also sometimes suggest that people delay taking Social Security for a few years, because that can mean getting larger future Social Security payments.

## 5. Be wary of borrowing

Many people have substantial equity tied up in a home. A retiree could create a contingency reserve by taking out a home-equity loan or a line of credit, if necessary.

But in most cases, advisers caution against that. The strategy could backfire if a correction proved much deeper or longer than usual, leaving a borrower with a hefty debt burden.

"For people who have retired, whether they are taking regular withdrawals from savings or not, borrowing usually doesn't make sense because it tends to increase risk," says Mr. Powell.

*Mr. Pollock is a writer in New Jersey. Email: reports@wsj.com.*

## SECOND ACTS

# A PASSION FOR STEM



ROBYN TWOMEY

BY JULIE HALPERT

## Cynthia Barnett

**Age:** 74

**Hometown:** Norwalk, Conn.

**Primary career:** Public-school teacher and administrator

**Current path:** Founder of Amazing Girls Science, a nonprofit program that teaches and inspires girls about science, technology, engineering and math

**Why this path:** "It's all about providing an opportunity the girls might not have realized they had."

nology, engineering and math] area as a possible career."

The following year, with help from Norwalk Community College, she launched Amazing Girls Science, a program that attempts to encourage enthusiasm for STEM subjects and to bolster girls' confidence and self-esteem. Roughly six part-time employees and 20 volunteers work for the nonprofit, which gets funding from several foundations and corporate donations.

"The joy I get from helping girls ignite a spark for STEM is indescribable," says Ms. Barnett.

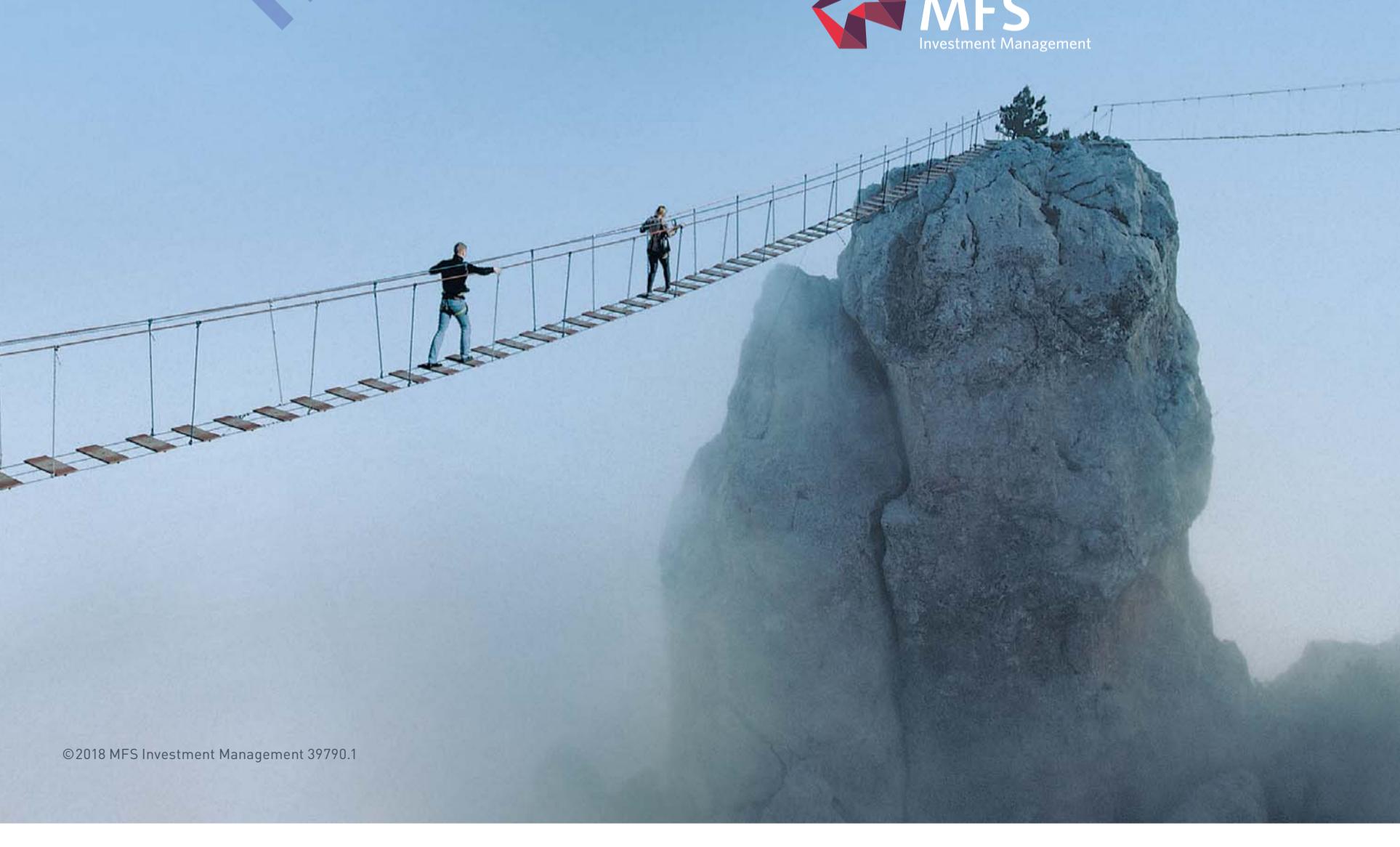
**Second Acts** looks at the varied paths people are taking in their 50s and beyond. The profiles are by Julie Halpert, a writer in Michigan. Reach her, and let us know how you're starting over, at [reports@wsj.com](mailto:reports@wsj.com).

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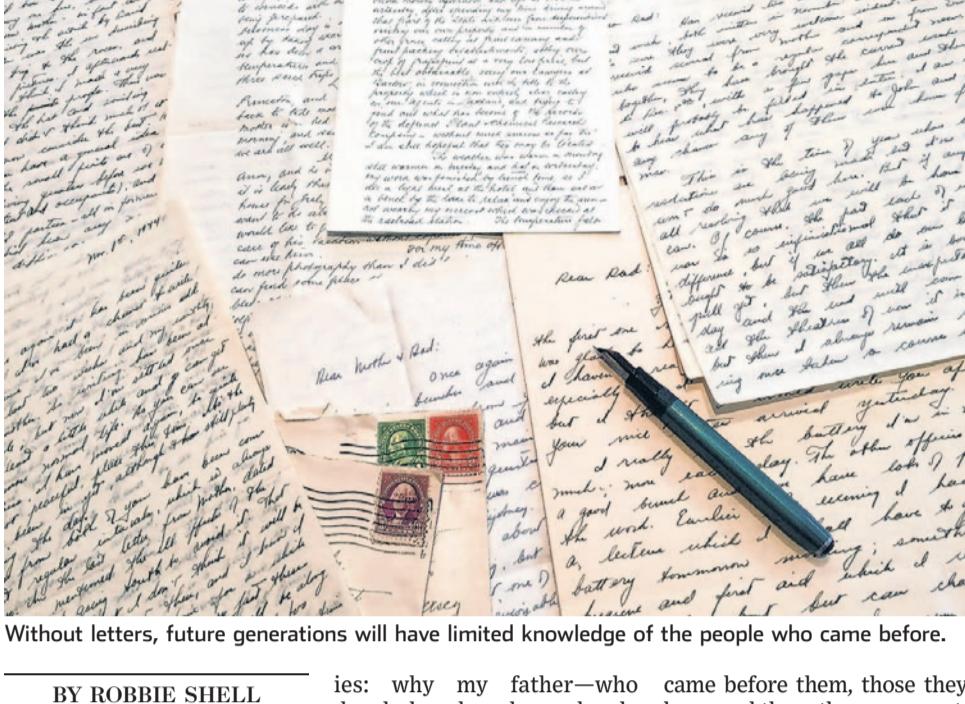
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## JOURNAL REPORT | ENCORE

# Letters My Father Wrote

A cardboard box found in my basement offered clues to one of the mysteries of my life



Without letters, future generations will have limited knowledge of the people who came before.

BY ROBBIE SHELL

TWO MONTHS AGO, in a remote corner of my basement, I found an old cardboard box containing 60 letters my grandfather had written to my father while he was away at college. Another box, inside the first, contained approximately 200 letters my father had sent to his parents during World War II when he was an Army intelligence officer stationed in the Southwest Pacific.

Finding these letters—written in pen on parchment-thin white paper—was like discovering a trove of ancient relics from an era when letter-writing was how people shared information. More important, the letters offered clues to one of my life's enduring myster-

ies: why my father—who deeply loved, and was deeply loved in return by his father—would choose in midlife to abandon his wife and children, home and career to set out on his own, breaking up into six disparate parts what had once been a close-knit family.

At their best, letters are personal, discursive, emotive. They are material for biographies, for memoirs, for children and grandchildren. They can shed light on complicated family relationships, leaving a trail for other family members to follow, like the breadcrumbs Hansel drops in the forest to help him and Gretel find their way home.

These days, few of us write letters, which means future generations will have limited knowledge of the people who

came before them, those they knew and those they never met.

**Father and son**

My grandfather was a Scottish-born insurance executive in Hartford, Conn., who died before I was born. Through his letters, I learned that he read widely and was curious about many things. In giving advice to my father away at college, he quoted Edmund Spenser's "Faerie Queen," Polonius's words to Laertes in "Hamlet," Alfred Lord Tennyson's poem "Ulysses," and Robert Louis Stevenson's "A Christmas Sermon," as well as Francis Bacon, Michel de Montaigne, Ralph Waldo Emerson and the Bible.

He shared long discourses on capitalism, dictators, labor strikes, Franklin Roosevelt, friendship and loyalty, the

Golden Gate Bridge, the price of gold, the pleasure of simple things and the importance of teamwork, to name just a few of the topics he wrote about.

His love for my father was a constant refrain that began and ended many of the letters. "Losing a son for the greater part of four years creates a feeling of loneliness that will be with [me] for a long time," he wrote in one. In another: "I am bound up in you, my son, and always concerned about your well-being and your well doing.... There is no moment in my life when you are in danger of being forgotten."

I learned also from his letters that my grandfather placed enormous pressure on his oldest son to be successful, to carry on the honor of the family name. "You are the representative of all that has gone into the making of you—body and mind and character. You are the outward visible sign of your training in family and school. Your parents will be judged by you," he wrote in one letter. In another: "We expect much from you because you are capable of giving much." And in a third: "The family name stands well and I confidently expect that you will add something worthwhile to the record."

**Private frustration**

These letters, and the thick bundle of World War II correspondence, opened my eyes to a new understanding of the intensely private man who was my father. In letters home, he spoke often of his gratitude for the care packages sent overseas by his parents, his frustration at being constantly moved without explanation from one outpost to another, and his disbelief at the ineptness of the Army's postal service. Letters written in 1944 and 1945 expressed his anxiety over losing his place in the professional world after what

would be five years in the military. He complained repeatedly about the Army's delay in finalizing his discharge.

Most of all, he wrote about missing his father. "Am still dreaming of the day we shall meet again and hope it won't be too far off," he said in 1944. "Be sure to keep yourself fit so we can do all the things together that we have missed for so long."

That reunion never happened: My grandfather died of cancer in June 1945, several months before my father's fi-

two decades of alcoholism. The four children he had left years earlier were by then scattered in cities hundreds of miles away.

**Digital skeletons**

Unlike letters, the internet doesn't foster a culture of connection except in the most superficial ways. We send texts and write emails, long on logistics and short on substance, shoot videos and take pictures on our smartphones, compiling a prodigious online record of our activities that offers very little about ourselves. We will be passed down as digital skeletons, lacking weight and substance.

I don't have an easy fix. Should I now start writing letters? I doubt anyone would write back. Should I keep a handwritten journal for others to find, or try to approach emails in a way that serves the purpose letters once did? A friend in Nova Scotia sends me long emails in poetic form that convey feelings about her state of mind, her battle to give up smoking, her moments of happiness and of regret, the beautiful Canadian winter. She inspires me to email back in similar ways. I think of her as a closet letter writer.

Perhaps we should consider coming out of that closet, finding whatever ways we can to leave behind important clues about ourselves for others to discover. Letters may not always provide the answers we look for, but they are an intentional invitation into another person's heart and mind at a particular moment in their lives.

I will consider this my first letter to my sons and most of all to my father, who it seemed was never able to find his way home.

*Ms. Shell is a writer in Philadelphia. Email her at [reports@wsj.com](mailto:reports@wsj.com).*

## Where Retirees Underestimate Spending

Guessing wrong can be costly, so it's key to know the common pitfalls

BY NEAL TEMPLIN

the funds they can draw upon for other purposes.

**◆ BIG-TICKET PERIODIC ITEMS.**

Would-be retirees often meticulously estimate day-to-day expenses, but forget to factor in more periodic, and mostly predictable, expenses like a new car or a new roof.

And those big-ticket items inevitably blow holes in their budgets.

Dana Anspach, a financial planner in Scottsdale, Ariz., recommends that clients set aside 3% of the value of their house each year for maintenance—as well as plan on setting aside money for the periodic new car.

One caveat: Beware of taking big chunks of money out of

financial adviser in West Columbia, S.C. Instead of working five or six days a week and playing one, it can be the opposite. "You've got five or six days to play," Mr. Brown says.

Americans age 65 to 74 spent an average \$5,832 on entertainment in 2015, according to a study from the Employment Benefit Research Institute, based in Washington, D.C. Entertainment spending declines with age; people 85 and over in the study spent \$2,232 on average.

**◆ HEALTH CARE.**

Even Medicare recipients are frequently shocked by the cost of health care, says Joan Cox, a financial planner in Covington, La. Ms. Cox says a married couple in

Medicare. Couples whose modified adjusted gross income exceeds \$170,000 a year must pay higher premiums. To lessen those expenses, a couple might try shifting income to one year so that they will avoid higher Medicare premiums in other years, says Mr. Armes.

**◆ LONG-TERM CARE.**

The need for long-term care is perhaps the most costly unexpected expense in retirement.

About 15% of retirees will spend more than \$250,000 on such care, according to a research report to be released this spring by Vanguard Group. The problem is it is impossible to know who will be part of that 15%. Some 50% of retirees won't spend anything at all, and 25% will spend less than \$100,000, the Vanguard report says.

"It's hard to plan for," says Colleen Jaconetti, a senior investment analyst with Vanguard.

For years, financial planners urged people to buy long-term care insurance. But that market has shrunk dramatically in recent years after insurers underestimated costs and were forced to jack up premiums or withdraw from new sales. Some insurers now offer hybrid policies that combine life insurance and long-term-care insurance. These policies allow consumers to tap their death benefits early to pay for costs such as help with feeding, bathing and other personal needs.

**◆ LIVING A LONG LIFE.**

One of the biggest mistakes people make in estimating retirement expenses is underestimating how long they will live.

The average 65-year-old in the U.S., for example, is likely to live an additional 19.4 years, according to data from the National Center for Health Statistics.

Obviously, the longer the life, the more the spending. It can be a good problem to have—but one that surprises too many people.

"Everybody worries about dying young," says Prof. David Littell of the American College of Financial Services. "People should be more worried about living too long."

*Mr. Templin is a writer in New Jersey. He can be reached at [reports@wsj.com](mailto:reports@wsj.com).*

## SECOND ACTS

## A DREAM OF BEING A GUIDE ON THE RIVER



ERICA BIGGERT

**Daniel Stillman**

Age: 52

Hometown: Asheville, N.C.

Primary career: Physical therapist

Current path: Guide for multiday white-water rafting trips

**Why this path:** Mr. Stillman loves being outdoors, listening to the guests' stories around the campfire and sleeping under the stars.

..... as much as 15 miles a day, depending on the river.

It requires great skill to navigate the rapids as well. "The difficulty lies in reading the current, anticipating when to turn and how much to angle the boat," Mr. Stillman says. "We look out for rocks, which can pin a boat, and big waves, which can flip a boat."

He plans to return to the job in June, having spent the off-season as a part-time physical therapist in Asheville, N.C., where he and his wife still live. Mr. Stillman has worked as a physical therapist in the area since 1988.

Mr. Stillman's first experience in white-water rafting was in 1991 in Asheville, when he and his wife went on a guided trip with another couple. The water was very high, the raft flipped and his wife's friend couldn't swim. The guide had to rescue them from the water.

Mr. Stillman says he was invigorated. "I thought, 'This looks really cool. How do you become a guide?'"

He began working as a guide in Asheville on the weekend a few years later. Though he longed to spend more time at it, he wasn't financially ready to leave his full-time physical-therapy job at the time, he says.

Now his children are grown and he has fewer expenses. So, two years ago he started looking for a job as a white-water-raft guide for multiday trips out West.

He got plenty of rejections at first, because of his age. He ultimately found a job with Northwest Rafting Co. in Hood River, Ore. He gave notice at his physical-therapy job last April, and six weeks later he headed to Oregon.

His wife is considering retiring from her job as a nurse so she can spend her summers in the West, too, he says.

"When I wasn't working, I was lonely," says Mr. Stillman.

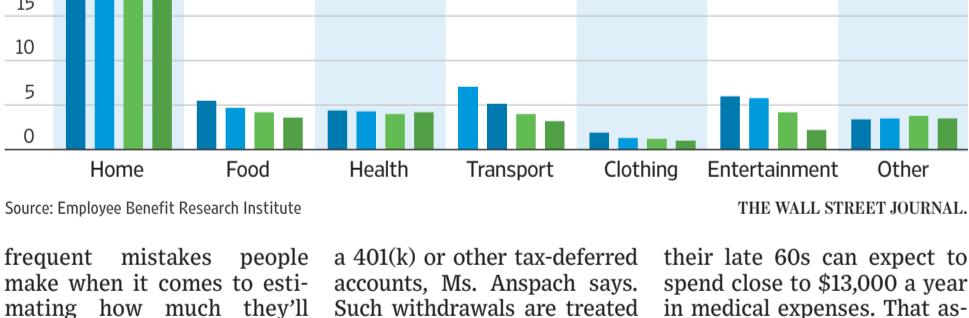
He hopes to keep working as a guide, perhaps until he's 70, he says. "As long as my body will let me."

—Julie Halpert

## Where the Money Goes

A breakdown of 2015 mean household spending in major budget categories, by age group

**Ages 50-64**   **65-74**   **75-84**   **85 and over**



Source: Employee Benefit Research Institute

frequent mistakes people make when it comes to estimating how much they'll spend in retirement.

◆ **HELPING FAMILY.** You may be willing to slash your own expenses in retirement if times get tough. What will you do if your children, or grandchildren, get in a bind? Saying no is much harder.

But saying yes can imperil your own retirement. A number of parents who guaranteed their children's school loans have seen their own finances ruined when the child defaulted on the loan.

Mark McCarron, a financial planner in Charlottesville, Va., is working with a retired couple who paid for the wedding of one daughter, and expect to pay shortly for the wedding of their other daughter as well.

They have the cash, says Mr. McCarron. The rub is that they just hadn't planned on paying for weddings when they retired, and it reduces

a 401(k) or other tax-deferred accounts, Ms. Anspach says. Such withdrawals are treated as taxable income and can push retirees into a higher tax bracket. A better approach is to withdraw the money gradually over a two- or three-year period for an expected expense.

Belinda Ellison of Greenville, S.C., who recently retired as a lawyer, sets aside money for unforeseen landscaping expenses. So she was ready when she had to spend \$10,000 recently to remove a huge tree on her property. Ms. Ellison owns a 100-year-old home, and has another fund set up for renovation expenses.

It's not so with everybody she knows. "I have friends who have trouble when they need a new set of tires," Ms. Ellison says.

◆ **ENTERTAINMENT.** Many retirees are surprised at how much their entertainment costs rise when they stop working, says Neil A. Brown, a

surprise retiree, says David Armes, a financial planner in Long Beach, Calif., who specializes in helping clients evaluate Medicare options. "Many of these cost drivers cannot be accurately predicted when you're in your 60s," he says. "There's no way for 65-year-olds to know, for instance, whether they will need to take expensive brand-name drugs when they reach their 80s."

For affluent retirees, there can be another surprise with

# Change Your Personality In Later Life? Yes, It's Possible

Three experts talk about the resilience of people as they age, and how radical change can be achieved

BY GLENN RUFFENACH

THERE ARE DOZENS of questions that people can and should ask themselves as they approach and enter later life—about finances, relationships, new paths, etc. Such lists, though, typically overlook something more fundamental: Are you (pick a word) satisfied, happy, content with the person you see in the mirror? Or...if you could, would you change one or more aspects of yourself?

Those questions go to the heart of new research and attitudes about people's personalities. That research, says Gary Small, a professor of psychiatry at the Semel Institute and director of the Longevity Center at the University of California, Los Angeles, suggests that people, despite long-held beliefs to the contrary, can change fundamental character traits for the better. And the process can begin at almost any age.

"It's never too late to change our personalities in order to live happier lives," Dr. Small says.

To learn more about the possibility of such changes, and the challenges, we started a conversation by email with Dr. Small and two additional specialists in psychiatric issues: Gigi Vorgan, co-author with Dr. Small of "Snap: Change Your Personality in 30 Days," and Marc Agronin, a geriatric psychiatrist at Miami Jewish Health and author of a new book titled "The End of Old Age: Living a Longer, More Purposeful Life."

Here's an edited transcript of the conversation.

**WSJ:** Dr. Small and Ms. Vorgan,

you write in your book that new research has turned personality science "upside down." What has changed, and why is it important?

**DR. SMALL:** Most mental-health professionals have been trained to assume that true core personality traits are fundamentally set during childhood and remain constant throughout life. But new research has challenged this belief.

When researchers focused on "personality improvement" as an outcome of therapy, based on results from more than 200 well-controlled studies, they came to a remarkable conclusion: Positive improvements in personality traits resulted from treatments with mental-health professionals and from self-help, and occurred within the first month.

These results confirmed that we can change our personalities if we choose to, and meaningful change can be achieved as quickly as 30 days. And because a variety of self-help therapies work, personality gains don't necessarily require the help of a trained professional.

**Traits and individuality**  
**WSJ:** What "traits" are we talking about? What parts of our personalities can be changed that can help improve our lives?

**MS. VORGAN:** There are five major groups: extraversion, openness, emotional stability, agreeableness and conscientiousness. Our individuality is determined by where we fall on the spectrum within each of these personality categories.

**WSJ:** Can you give an example of how changing one or

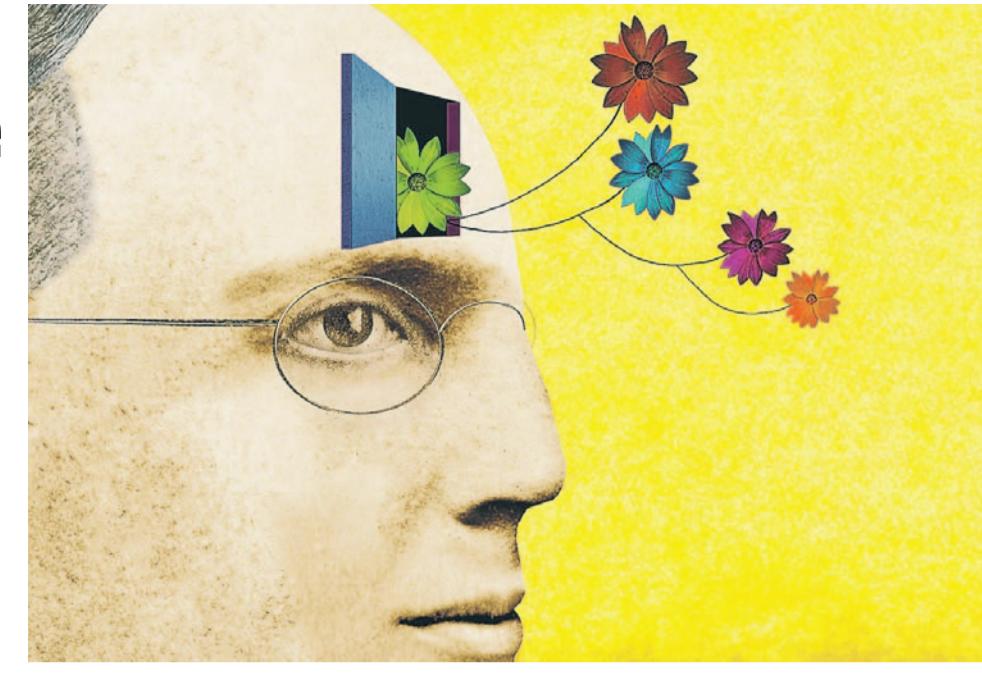
more of these traits could improve a person's life?

**DR. SMALL:** Take relationships. As people age, they may lose their connection with friends and family through moving, divorce and death. These losses can be tremendously stressful and may call for adjustments in life goals and personality.

An older divorcee or widow may find herself in a situation where getting out and meeting new people becomes an important goal. For these people, increasing extraversion and emotional stability may be important. Even individuals who remain married for decades may face late-life challenges. Some couples have trouble adjusting to their empty nest when their children move out; for such couples, improving agreeableness, openness and conscientiousness may be important.

**DR. AGRONIN:** As we age, we hit transition points—I call them "age points"—in which our previous abilities might seem to fail: retirement, parenthood, major illness, widowhood and others. When the time comes to reckon with gaps in our abilities, we can find ways to accept them and try to change, or we can retreat into more rigid, vulnerable and often isolated circumstances.

A good example is someone who never developed any interests, hobbies or significant relationships outside of work, and upon retirement becomes quite bored, isolated and dependent on singular relationships, such as a spouse. If they lose their spouse or develop financial or physical limitations, they might find themselves with few psychological or social



MICHAEL MORGENTHORN

resources to help them move forward.

## The process

**WSJ:** How, exactly, does a person increase extraversion, or improve openness?

**MS. VORGAN:** We see this as involving four steps: considering, planning, acting and sustaining new traits and habits. In our book, we have an example of a couple in their early 60s, Howard and Audrey, who are considering a move to the West Coast from the East Coast. Audrey has always been a person who relishes new experiences. Howard, though, is at the opposite end of the "openness" scale; he's comfortable with his routine and anxious about changing it.

He must first "consider" whether this trait—a relatively closed personality—is something he wants to change. If so, he can begin "planning," experimenting with strategies that can help him become more open.

These strategies might include improving his listening skills (is he really hearing what Audrey is saying?) or stepping out of his routine (something as simple as trying a new restaurant). He then begins "acting" on one or more of these strategies,

adopting new behaviors and giving up old ones.

Ideally, with time, these improved behaviors and thinking patterns will transition into new habits, allowing Howard to "sustain" the progress he's made.

## Age vs. baseline

**WSJ:** Can people—older adults, in particular—really do this on their own?

**DR. SMALL:** In general, an individual's baseline personality has a greater impact on their likelihood of changing than their age.

Someone who is particularly closed off and afraid of new experiences might be a poor candidate for change regardless of age.

Of course, with age, most of us become more conscientious and less anxious, which can make it easier to explore new options and make changes. The greater wisdom and perspective that comes with age is an asset as well.

One of my patients told me that when he turned 65 he began thinking more about what was currently meaningful in his life rather than what he needed to achieve in the future.

That insight transformed his life and made his later years more enjoyable. It also

helped him to change his personality and become more emotionally stable.

## Power of resilience

**WSJ:** What would you tell an older adult who has doubts about their ability to change their personality?

**DR. AGRONIN:** I think a clear message that aging individuals need to hear is the power of their resilience.

We all tend to realize that our bodies are less physically resilient, and so we are more vulnerable to disease and injury. However, we also have the benefit of years of learning coping mechanisms in the face of adversity, and this can make us psychologically more resilient.

This resilience is a powerful tool in later life, enabling our minds to lead us through important changes, including to our personalities.

But we have to believe in the possibility of that change in the first place, and the message of Gary and Gigi, underscored by scientific research, is that such change is possible. Ultimately, it's a message of hope.

**Mr. Ruffenach** is a retired Wall Street Journal reporter and editor. He can be reached at [reports@wsj.com](mailto:reports@wsj.com).

## An Eco-Friendly Retirement

Developments lure boomers with green features



Mirabella, a 55-plus community in Bradenton, Fla., focuses on LEED certifications.

BY JULIE HALPERT

TENNIS, GOLF and an attractive clubhouse have long been staples in the universe of 55-plus communities selling an active lifestyle to retirees.

But a growing number of such communities are trying a different message directly geared toward baby boomers: highlighting the eco-friendly features of their developments.

As boomers downsize, or look for new homes that better fit their current needs, more 55-plus communities are competing based on features like solar panels, water reclamation, energy-efficient appliances, and windows with low-reflective glass, says Samantha Reid, spokeswoman for 55places.com, an online resource for information on active-adult communities.

Houses with eco-friendly designs may cost more than similar homes without them. But developers of 55-plus communities say many baby boomers are willing to pay the price.

Jeff McQueen, president of Scottsdale, Ariz.-based Shea Homes Active Lifestyle Communities, a division of privately held **Shea Homes**, says his company makes a considerable effort to design and build energy-efficient homes, based on an internal study of boomers that indicated 50% desired en-

ergy-efficient and sustainable features in their homes.

Mary Anne Graf, age 70, and her husband, Paul, 71, bought a home in a Shea Homes Trilogy-branded 55-plus community in Denver, N.C., last August for \$515,000. The Grabs paid more than they would have in slightly less-expensive active-adult communities, in part because of a \$29,000 solar-energy package. But they chose their home partly because of the solar option.

"We've been very satisfied and love the solar," says Ms. Graf. The Grabs' average electric bill is \$36 a month for their 1,850-square-foot home. "We're saving money and benefiting the environment."

Environmentally friendly designs have become necessary to compete, says Marshall Gobuty, developer and majority owner of Mirabella, a 55-plus community under construction in Bradenton, Fla. To that end, Mr. Gobuty and other developers are increasingly pursuing so-called LEED certification, an official stamp of approval from the U.S. Green Building Council that says a building or development meets the council's Leadership in Energy and Environmental Design standards.

Certification requires meeting a list of conditions including proximity to transportation, water efficiency, energy usage

and sustainable materials.

Mirabella has received LEED certification for all of the 90 villas it has built so far (out of a total 160 to be built.) Energy-efficient features in the villas include LED lighting, double-pane vinyl windows and extensive insulation. For the last 25 homes to be built, there also will be a community charging station for electric vehicles and solar panels.

Mahesh Ramanujam, president and chief executive of the U.S. Green Building Council, says he has seen a steady uptick in 55-plus communities seeking LEED certification in recent years. Last year, 24 developments received LEED certification, and 16 are already in the process so far this year, he says. Mr. Ramanujam says his group expects that the number of projects being certified will double each year over the next five years. LEED-certified projects see an average 25% reduction in energy costs, says Mr. Ramanujam.

At Mirabella, Mr. Gobuty says LEED certification has added 12% to 14% to each certified home's cost. But, again, in the company's view, that extra cost pays for itself. All but 22 of the project's planned 160 villas have been sold.

**Ms. Halpert** is a writer in Michigan. Email her at [reports@wsj.com](mailto:reports@wsj.com).

THE WALL STREET JOURNAL.

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## JOURNAL REPORT | ENCORE

# Many in Middle Age Have Arthritis, but Don't Know It

If more people were diagnosed, doctors might be able to help relieve their symptoms

BY LAURA LANDRO

IT MAY START as a stiff knee, soreness in the hips, or swelling in the fingers that makes it hard to hold a coffee cup.

The joint disease arthritis is on the rise in the U.S., driven largely by the aging of the baby-boom generation and the obesity epidemic. But while the Centers for Disease Control and Prevention estimates 54 million adults have been told by a doctor they have the condition, new research suggests a much higher prevalence—especially in the 45-64 age group—totaling more than 91 million adults.

A study published in February in *Arthritis & Rheumatology* says relying on data about doctor-diagnosed arthritis alone may miss almost half of cases in a younger population who may see doctors less often or ignore occasional joint symptoms. Factoring in other data, including adults who report chronic joint symptoms lasting longer than three months but don't get a diagnosis, "it became clear that this is a more prevalent disease and more commonly disabling than we thought before," says study co-author Dr. David Felson, a rheumatologist at Boston University.

Charles Helmick, scientific lead for CDC's arthritis program, declines to comment on the study, but says CDC stands by its surveillance methods,

which project 78.4 million adults with arthritis by 2040. Joint pain could be a symptom of something else, he says, and a doctor's diagnosis is "a better measure of true arthritis."

What experts agree on is a dire need for better care for arthritis, a leading cause of disability and joint-replacement surgery. "People minimize the impact of arthritis because it is not a killer disease, but it has major effects on the quality of life and the ability to work and do the things you want to do," Dr. Helmick says.

### Exercise and diet

New CDC data shows arthritis prevalence ranges widely among states, from about 17% of adults in Hawaii to about a third in West Virginia. CDC is funding programs for those most in need, including initiatives to get doctors to steer patients to exercise and weight-loss programs.

In a continuing 25-year study of non-Hispanic white and African-American adults in Johnston County, North Carolina, researchers found a higher rate of arthritis than previously thought in African-Americans. Due to a growing Hispanic population in the county, they will be included in the study going forward.

"Any level of symptoms where it is impacting activity or function should be brought to a doctor's attention because there is something they can do



Leigh Callahan, at right, walking with arthritis patient Dianne Rosenbluth, is studying possible community-based arthritis help.

arthritis include powerful biologic medications sold under brand names Humira and Enbrel, which act on the immune system to slow the disease.

The majority of cases are osteoarthritis, which means degeneration of joint cartilage that leaves bones rubbing together. It can be caused by normal wear and tear, or trauma such as sports injuries. Hereditary factors are at play, as is weight gain; two-thirds of obese adults will develop knee osteoarthritis.

Over-the-counter anti-inflammatory medications such as ibuprofen can help with arthritis pain, and doctors may prescribe a related drug, celecoxib, which has been shown to have fewer intestinal side effects.

### Don't just sit there

Research has shown that a rigorously monitored program combining exercise and weight loss of 10% of body weight can improve arthritis symptoms. The problem, Dr. Callahan says, is that most doctors with arthritis patients have no practical means to provide such programs. She is now co-leading a study with more than 800 overweight or obese arthritis patients over 50 years of age in three North Carolina counties to test whether a community-based, intensive 18-month diet and exercise program can serve as a blueprint for urban and rural communities to improve outcomes for arthritis patients.

Dianne and Lennie Rosenbluth, who both suffer from arthritis, agreed to serve as honorary co-chairs of the Os-

teoarthritis Action Alliance to spread the message through regular blog posts about how to live with arthritis. Both say their joints cause them pain and fatigue, but regular exercise has become a vital part of their regimen.

Mr. Rosenbluth, 85, is a 1957 UNC college basketball champion, and later played professionally and coached the sport. Years of pounding on the basketball court took a toll on his knees, he says; he now gets regular cortisone injections and has avoided the need for knee-replacement surgery.

### 'We do our thing'

Though climbing stairs and standing for a long time can be hard, he and his wife walk with their dog, go to the gym, and travel frequently to games and to visit grandchildren.

"We go out and we do our thing, we just go a little slower," he says.

Mrs. Rosenbluth, 75, says her parents both had osteoarthritis, and she was diagnosed in her early 60s. She had two hip-replacement surgeries, three years apart.

In addition to the gym and dog-walking regimen, she takes two ibuprofens in the morning to help her get moving.

"Arthritis starts in your joints, but it is also in your head," Mrs. Rosenbluth says. "You have to make the decision that you are going to get up in the morning and move, and not be defeated by it."

**Ms. Landro is a former Wall Street Journal assistant managing editor. Email her at [reports@wsj.com](mailto:reports@wsj.com).**

## SECOND ACTS

## TRAVELING THE WORLD, RENT-FREE



Living on a limited income, Faith Coates and her husband, Alan Hogan, have spent the past two years dividing their time among homes in Tipperary, Ireland; Sonning, England; Palomares, Spain; and Paphos, Cyprus.

The homes aren't their own. Nor are they rentals.

The couple, formerly of London, Ontario, are international housesitters.

Ms. Coates and Mr. Hogan book long-term stays in homes free of charge in

return for looking after the property, and often pets. Over the past 18 months, they have lived in the village where George and Amal Clooney and British Prime Minister Theresa May have houses, they have enjoyed views of rural Ireland and the Mediterranean, and they have cared for 25 dogs, eight cats, four tortoises and two horses.

"I never thought I would have the money to do this much travel," says Ms. Coates, who is 58. "We've gotten to see places we never would have had the opportunity to in a million years."

The couple dreamed about living abroad for years. They got the push they needed when Mr. Hogan, now 59, retired from his job as a letter carrier in 2014. Ms. Coates followed suit the next year, retiring from a long career in marketing and business consulting.

Next, the couple sold their house and all their major belongings and moved to Chelem, Mexico, where, in a rented house on the Gulf Coast, they set to work planning their new lives—as international house- and pet-sitters.

They found their first few gigs on websites where homeowners and pet owners post listings looking for long-term sitters. For June and July of 2016, they found themselves back in Ontario, taking care of a shepherd mix named Oliver in Toronto. But after that they headed to Tipperary, where for two months they lived in a home with views of the Irish countryside while they looked after seven rough collies.

Ms. Coates and her husband live rent-free with no mortgage or utility costs. Mr. Hogan has his Canada Post pension, and Ms. Coates earns money from advertising on her blog, [xyandbeyond.com](http://xyandbeyond.com), freelance writing and consulting, marketing and Web-services work.

The couple expect to stay on the move for the foreseeable future, even if they decide later to set down roots.

After two weeks in Donegal, Ireland, she says, she and Mr. Hogan decided they would like to eventually end up there permanently.

"It's stunningly beautiful," Ms. Coates says.

—Julie Halpert

### Faith Coates

**Age:** 58

**Hometown:** No permanent address

**Primary career:** Marketing and business consulting

**Current path:** International house- and pet-sitter, blogging and consulting

**Why this path:** "The freedom from consumerism is so liberating. I haven't bought a decorative item in years."

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## Weight Training for Thinning Bones

The common advice for those with osteoporosis could be all wrong

BY LAURA JOHANNES

CLARE TUKE never considered herself athletic. But when thinning bones from osteoporosis led to a series of vertebral fractures, she searched the Web for a remedy—and found a local scientist-run clinic proposing a regimen of strenuous weight training.

At first the idea of lifting heavy barbells was "absolutely terrifying" given her fragile bones, says Mrs. Tuke, a 54-year-old nurse from Brisbane, Australia. But a year after beginning a twice-a-week routine, Mrs. Tuke says a recent scan shows her bone density is "going in the right direction," and she loves how much stronger she feels in daily tasks, such as opening jars.

The Bone Clinic in Brisbane, where Mrs. Tuke trains, is at the forefront of a growing movement that promotes high-intensity lifts—such as dead lifts and squats—for women with thinning bones. A study of 101 postmenopausal women at the clinic, co-published with researchers at nearby Griffith University, found high-intensity weight training and jumping increased lumbar-spine bone-mineral density nearly 3% over eight months, compared with a loss of 1.2% for a control group of women who did low-intensity workouts.

### Benefits debated

The study participants, of which 44% had osteoporosis and the others thinning bones, suffered only one injury—a minor back strain, according to the study, published in the *Journal of Bone and Mineral Research* in February. The results have caused both excitement and controversy in the medical community, where enthusiasm for the bone-building benefits of pumping iron has long been tempered by safety concerns.

The latest data, some scientists say, call into question common advice to women with osteoporosis to avoid anything that could stress fragile bones—even lifting a heavy grocery bag.

"This study and others will create movement in the direction of more high-intensity training," says Felicia Cosman, professor of medicine at the Columbia University College of Physician and Surgeons in New York.

A decade ago, it was common to suggest medications, which prevent bone loss and

help build mass, for healthy women with osteopenia, in which bones are thinning but not enough to be classified as osteoporosis, says Dr. Cosman, a paid consultant to companies that sell the medications. Exercise and weight lifting is now the "gold standard" for those women, she says.

Medication may still be necessary in some cases. Guidelines published in 2016 by the American Association of Clinical Endocrinologists "strongly recommend" medications for women at high risk for fractures, or who have already had them. Half of all women and one-quarter of all men over 50 will have a fracture caused by osteoporosis over their lifetimes, according to the National Osteoporosis Foundation.

It's long been known that stressing bones through exercise can help stimulate their growth. But many physicians have shied away from recommending weight training to women with fragile bones, in part due to safety concerns.

Over the past decade, however, the medical establishment has become more bullish on weight lifting for women who have osteopenia, though not full-blown osteoporosis. The Australian study showed unusually good results in women with both osteopenia and osteoporosis—which scientists say was likely because the workouts were particularly intense.

Not everyone is able or willing to lift at that level. But Dr. Cosman and other specialists agree there typically are benefits from less-intense lifting as well, even in cases where, as often happens, the result is mainly to stave off decline.

"The real win is to maintain current bone-mineral density in the face of the losses that typically happen with aging," says exercise physiologist Robyn Stuhrl, vice president of the American College of Sports Medicine's Exercise Is Medicine initiative.

Scientists say the Australian findings—particularly the surprisingly good safety record—need to be replicated by other scientists before being put into practice. The safety record is due to a supervised program emphasizing good form, says study co-author Belinda Beck, a professor at Griffith and co-owner of the Bone Clinic, which is licensing its program to physical therapists.

In addition to the back strain during the study, there have been two fractures in



Sharon Schneeberger, 74, has seen improvement with lifting.

7,000 training sessions at the clinic, Dr. Beck says. One participant entered the workout space before the trainer arrived, fell and broke her wrist. Another, sharing a barbell with a stronger woman, lifted too heavy for her own ability and broke a vertebra, she adds.

### Safe practices

To be safe at the gym, it's best to build core strength, balance and flexibility with basic exercises before attempting more difficult lifts, says Jason Cruickshank, an athletic trainer and certified strength and conditioning specialist at Cleveland Clinic Sports Health in Ohio. People with osteoporosis also need to be careful with twisting—making sure to hold weights close to their body, and avoid bending forward with a rounded spine, he adds.

Bone building happens specifically at the areas of the bone you stress during your workout, says Pamela S. Hinton, associate professor of nutrition and exercise physiology at the University of Missouri in Columbia.

Bone building happens specifically at the areas of the bone you stress during your workout, says Pamela S. Hinton, associate professor of nutrition and exercise physiology at the University of Missouri in Columbia.

For this reason, a dead lift is one of the best exercises because it "uses big muscles around the hips and hamstrings," causing the muscle to pull on the bone. It also recruits the muscles around the lumbar and thoracic spine to

stabilize the body during the lift, says Polly de Mille, exercise physiologist at the Women's Sports Medicine Center at the Hospital for Special Surgery in New York. Proper form is critical to safety, she adds.

Sharon Schneeberger, a 74-year-old retired college professor, started lifting about seven years ago at Optimus The Center for Health in Columbia, Mo., after a scan showed thinning bones.

After a couple of years of lifting, plus taking low-dose estrogen in a patch, her bone scan showed a slight improvement, she says. Her last scan, about two years ago, found her bones about the same.

Staying motivated can be difficult. Louise Miller, 68, a nursing professor who has improved her spine bone density over the past eight years with a combination of regular lifting and the osteoporosis drug raloxifene, co-founded a group at Optimus called Older Women on Weights, which adds a social aspect to the workout. "It's hard to motivate yourself when you're 68 and you're stiff in the morning," Dr. Miller says, "but you get up and go, and you know your friends are expecting you."

**Miss Johannes is a writer based in Boston. Email her at [reports@wsj.com](mailto:reports@wsj.com).**

## JOURNAL REPORT | ENCORE



BY ANN MAUZE

LOTS OF PEOPLE want to retire to a beach. My husband, George, and I gave up the Jersey Shore for the Mexican interior 12 years ago, and we haven't looked back.

When friends asked us why we were moving to San Miguel de Allende, high on a desert mountain plain three hours north of Mexico City, it was easy to summarize: perfect weather, lots of cultural offerings, outstanding restaurants and a comfortable, gracious lifestyle. The lower cost of living was also part of our decision, though some of those savings are offset by inflation.

But perhaps the biggest reason was that after each of the three winters that we rented here temporarily to see how we liked it, we spent the balance of those years yearning to return. And the magnetic pull was stronger every time.

This hilly city of Spanish colonial masterpieces and cobblestone streets is recognized as a Unesco World Heritage site for its beautiful architecture and its history. Known as a colony for art, it is also where Mexico's war of independence from Spain began, an event the city celebrates each September with breathtaking fervor. Fiestas are frequent throughout the year here, accompanied by music, dancing, parades and volleys of fireworks.

Among San Miguel's first U.S. expatriates were veterans of World War II who used the GI Bill to study art here and ended up staying. There are several schools for the arts today, and dozens of galleries and small museums for exploring the history and culture of Mexico as well.

Roughly 160,000 people live in San Miguel and its surrounding patchwork of villages and country houses. There are gated communities outside the city, including two that offer golf, and smaller ones in the city itself. Nice houses in town, if not in the central historic district, range from \$250,000

# Goodbye, Jersey Shore. Hello, Mexico

A couple spent three winters living in San Miguel de Allende. But it wasn't enough.



Architectural treasures like the Parroquia de San Miguel Arcangel, a parish church, fill the town center of San Miguel, top. At right, a toy theater reflects the spirit of local annual Day of the Dead celebrations.

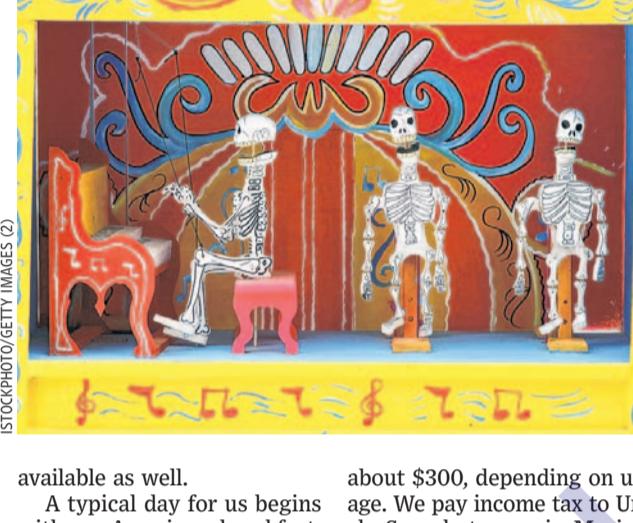
to \$650,000 for a two-bedroom home. More spacious and elegant properties, both in the heart of town and the outskirts, can cost over \$3 million.

George and I live in a 15-year-old, eight-room house built around a courtyard on a steep hill. It's a brief walk to the town square. Our neighbors are a mix of American, Canadian and European expatriates, retirees from Mexico City and descendants of the first local landowner.

Our home has a water-purification system, but no central heat or air-conditioning. In colder months, we may light a fireplace in the room we're occupying. From June until mid-September, there are cooling showers most afternoons.

## Market days

On Saturdays, I go to an organic farmers market for herbs, vegetables and fruits. Every Tuesday there is a giant open-air market with everything from prepared foods, fresh fish and electronics to yarn, cosmetics and appliance parts. Three supermarkets have greatly expanded the goods



available as well.

A typical day for us begins with an American breakfast, news on cable and reading U.S. newspapers online. George then often goes to the gym, or to the croquet club where he gives clinics. He also often has meetings for community organizations in which he is active. As for myself, I might play nine holes of golf or paint in my studio at home, followed by luncheons, Mah Jongg with friends, or reading and needlepoint. We enjoy entertaining, and having household help readily available makes it easy.

Our expenses fluctuate with the exchange rate, but groceries and household goods average about \$1,000 a month; utilities, telephone and internet,

about \$300, depending on usage. We pay income tax to Uncle Sam, but none in Mexico, though we do pay local property tax, which, at less than \$1,000, pales compared with what we paid in New Jersey.

While many expats choose not to have a car, we have a small SUV. We also have a small all-terrain vehicle that George uses to get around on days that I drive to the supermarket, dry cleaner, or the big-box stores in nearby cities.

## Visas with benefits

As registered residents permanentes, we have a visa that permits us to travel in and out of Mexico anytime, as well as a capital-gains tax advantage when selling property.

## Festival Life

A sampling of the city's cultural treasures

### EL GRITO

SEPT. 15-30, 2018

A two-week party that begins in the town square with the shout for independence. Parades, bullfight, music and fireworks.

### DAY OF THE DEAD

OCT. 31-NOV. 2, 2018

Families joyfully honor their departed loved ones and share memories with flowers, food, gifts and music in the cemeteries.

### LAS POSADAS

DEC. 16-24, 2018

Candlelight mini-parades through the city celebrate Christmas, usually ending with a fiesta in someone's home.

### CANDELARIA

FEB. 2, 2019

Growers fill Benito Juarez Park with flowers, plants and trees for sale.

### WRITERS CONFERENCE AND LITERARY FESTIVAL

FEB. 13-17, 2019

Authors present their works and give keynote speeches, workshops. Tickets required.

### SEMANA SANTA

EASTER, APRIL 2019

Religious parades and colorful but solemn pageantry are part of celebrations before, during and after Easter Sunday.

THE WALL STREET JOURNAL.

fortunate to have talented actors in English-speaking theater productions, musicians, vocalists, dancers and published authors who lead workshops and seminars.

Traffic in recent years has become an overwhelming problem due to an increase in tourism and a building boom. Also, I am not yet fluent in Spanish, so conversation is sometimes difficult. Nevertheless, many Mexican nationals speak enough English for us to communicate effectively using a mix of both languages.

## Service to others

Life here is fulfilling also thanks to the service one can give to others. There are more than 100 nonprofits with missions that include education, water purification and health care for the poor. For as long as we have lived here, we have been involved with a children's health-care agency that provides free and low-cost medical and dental care to more than 12,000 youngsters annually.

As for our own health-care needs, they are evolving. We have evacuation insurance and full coverage with a provider in Houston. But we have no coverage in Mexico for private medical care. So if we need care here, we pay for it out of our own pocket.

A year and a half ago, George had chest pains when exercising. San Miguel has a growing roster of physicians, three hospitals and a patient-advocacy service. After a battery of tests, a local cardiologist was adamant that George couldn't make the trip to Houston, so within 48 hours he underwent a stent implant in a hospital in Queretaro, an hour's drive from here.

The entire cost was close to \$18,000. Not only was the medical care superb, but the hospital provided me with a bed in George's room.

Living here has given us an appreciation for the creativity and diligence of so many hard-working Mexicans. These people have enriched our lives and we are grateful to be a small part of theirs.

**Ms. Mauze is a writer in San Miguel de Allende, Mexico. Email: reports@wsj.com.**

## SECOND ACTS

### CHOCOLATE—AND A MISSION



ANDREW KORNBLAT FOR THE WALL STREET JOURNAL

#### Dan Friedman

Age: 65

Hometown: Chapel Hill, N.C.

Primary career: Business and investing

Current path: Owner of Special Treats, a chocolate shop employing disabled workers

Why this path: "Customers are very supportive. There's a lot of hugging and saying 'God bless you.'"

When Dan Friedman opened an upscale chocolate shop, he had more than profits in mind. He wanted to employ people with disabilities, including his son.

Mr. Friedman, who is 65, divorced, and lives in Chapel Hill, N.C., has always been a high-energy entrepreneur. He launched his own music-publishing company in 1980 while touring with a band, and later started his own investment firm, which he juggled with part-time jobs in manufacturing and at a software startup in Los Angeles.

He also has a habit of mixing business with social goals. Besides the primary goal of making money for investors, his investment company had a secondary mission of trying to revitalize communities going through difficult times. The company, for example, purchased run-down properties and lots and put them in the hands of people who wanted to fix them up, he says.

Mr. Friedman began winding down the business and selling off its assets last summer. But he wasn't getting ready to retire.

His next business venture would be shaped by his experience raising his autistic son, Alex, who is now 27.

Alex has a form of autism called hyperlexia. Children with hyperlexia have an advanced reading ability at the expense of their spoken-language skills. The Friedmans moved to Chicago for Alex to get help at a specialized clinic. Alex's communication skills improved, Mr. Friedman says, but he still struggled with conversational language.

So, last summer, inspired by others who employ people with autism, Mr. Friedman decided to open an upscale chocolate shop.

"It was a combination of creating a job for other people

like my son," he says.

The demographics of the neighborhood he chose suggested that a modest luxury item like premium chocolate would be in demand, and the nearest competitor was miles away.

But most important, he says, was that it would create a positive environment for his son and other disabled workers.

"People who come in to buy chocolate are in a good mood," he says.

Special Treats opened in Chapel Hill in August. Mr. Friedman and Alex worked together in the store. But within a few weeks, Mr. Friedman learned that his former wife, who is Alex's guardian, would be moving to Idaho where she has family, and that she would be taking Alex with her.

"I was crushed," Mr. Friedman says. Still, he felt strongly about providing opportunities for other disabled workers and has kept the business going. In addition to selling chocolate, the shop has become a job-training site and internship opportunity for local special-education students. Mr. Friedman hopes to start selling gift items made by wounded military veterans as well.

He expects to continue working full time at the shop for at least the next two years, and may open other stores in nearby locations. And when he's ready to step back, he hopes to hand over managing responsibilities to someone young and enthusiastic who will continue to advance the store's mission.

Meanwhile, father and son remain close. In January, they met at a dude ranch near Tucson, Ariz., where they rode horses, something Alex has enjoyed since childhood. This summer, Mr. Friedman says they plan to do some riding and hiking in the Canadian Rockies.

—Julie Halpert

## Research Finds Volunteering Can Be Good for Your Health

### BY DEMETRIA GALLEGOS

IF IT IS MONDAY, you'll find Phil Diamond in New York teaching photography to seniors.

On Tuesdays he's coaching small-business owners through a nonprofit.

Other days, he helps in a photography class, mentors teens, visits homebound seniors and volunteers at a Harlem jazz museum.

Mr. Diamond, 73, worked

six days a week in the bridal-gown business before retiring in 2009.

He sees the 15 to 20 hours he now volunteers each week as necessary.

"You have to interact with people," he says, "or your brain really dries up."

His attitude tracks with emerging science about the health impacts of volunteering.

A recent study of 2,705 volunteers age 18 and older from UnitedHealthcare and VolunteerMatch found that 75% of those who volunteered in the past 12 months said volunteering made them feel physically healthier.

### Slowing decline

A much larger study—one involving more than 64,000 subjects age 60 and older from 1998 to 2010—has found results suggesting that volunteering slows the cognitive decline of aging.

The author of that study,

Sumedha Gupta, an assistant

economics professor at Indiana University-Purdue University Indianapolis, used data

from the long-running University of Michigan Health and Retirement Study to reach her conclusions.

After dividing respondents into three categories—volunteers, nonvolunteers and individuals who switched back and forth—who

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# Intergenerational Living, Lifelong Learning for Today's Retirees

## NEW LIFE-PLAN COMMUNITY DEVELOPMENTS AIM TO INSPIRE SENIORS

By **Tonie Auer**

**R**etirement living today vastly differs from that of past generations, when it often meant a move south to Florida for golf and shuffleboard. Today, seniors and active adults (the current term for the 55+ crowd) desire more experiential living. To meet that demand, non-profit developers University Realty and Pacific Retirement Services partnered with Arizona State University to build the 20-story Mirabella at ASU senior-living facility.

### STUDENTS AND SENIORS

The concept: link the university community to the residents of the Mirabella life-care facility. Scheduled for a 2020 opening, the high-rise will include 252 independent-living apartments and 52 health-care units, as well as an indoor pool, theater, art museum, spa, dog park and four restaurants. The project will link the university community to the residents, who'll be able to take classes, have access to the library and cultural and sports events.

"Senior living is so different today versus years ago," says Paul Riepma, senior vice president of sales and marketing for Medford, Oregon-based Pacific Retirement Services. "What we're really seeing now is the front edge of the Baby Boomers who think differently about what the next

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The Mirabella at ASU will be a 20-story life-care facility offering independent living and health care to seniors.

chapters of life really are. They're looking for intergenerational living and lifelong learning."

**"WE WANT AN OPPORTUNITY TO BE ENGAGED AND PRODUCTIVE, AND TO BE AROUND HAPPY, POSITIVE PEOPLE."**

Today's seniors have greater expectations for what life can be, Mr. Riepma says. "Our residents want to continue working, even though financially that's not a requirement. They want to be contributing to society while in retirement. In the past, most retirees were more self-absorbed;

that's not what we see today. Seniors want to continue to be engaged in life. They want to be in an environment where they can continue to challenge themselves intellectually. We didn't see that 10 years ago," he says.

### WELL RESPECTED

University-Based Retirement Communities (UBRCs) are a relatively new concept, with the term created in 2006 by Andrew Carle, founder of George Mason University's program in senior housing administration. The list of UBRCs isn't terribly long, but the universities they're affiliated with are well respected, from Kendal at Hanover at Dartmouth College to Holy Cross Village at Notre Dame and Oak Hammock at the University of Florida.

Mr. Riepma says one of the aspects of the ASU project that makes it unique is that the

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living and skilled nursing care.

"Baby Boomers hate the CCRC term, because they are healthy, active adults who don't want to burden their children as they age, but they are choosing to move to Life Plan communities because they're making a life-plan decision to handle their own affairs," Mr. Riepma says.

### PURPOSEFUL LIFE

Retired microbiologist David Patino, 73, and his 77-year-old wife, Mary, a retired university educator, are among the first to sign up at Mirabella at ASU. Mrs. Patino says they "want a life that is filled with purpose, engagement and productivity, as well as one that satisfies the need for art and culture, sports and lifelong learning opportunities.

"We want opportunities for intergenerational conversations and engagement with others who have traveled and lived full lives. We want a multicultural environment near an urban/town center to be a part of a larger community; an opportunity to be engaged and productive; and to be around happy, positive people. Plus... one never knows when you might need a little help now and then as you age. And if more serious illness occurs, familiar, skilled caregivers are there to assist you," she adds.

Mr. Riepma says the "secret sauce that separates the Mirabella at ASU project from others is the whole university connection."

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# Active Adults Like Resort Lifestyle for Variety

By **Tonie Auer**

**W**hen it comes to housing options for active adults—meaning the 55-plus crowd—they may be in pre-retirement or ready to start planning for the next stage of their lives. It's a discerning group, its members looking for the kind of amenities to which they're accustomed.

"What it all boils down to is choice," says Kira Sterling, Toll Brothers Active Living chief marketing officer. "There isn't just one way that someone approaching retirement wants to live."

"We see active adults looking for options for the different stages of the home-buying life cycle. Some people want warmer climates, some want to stay near their families or physicians, while others want the hustle and bustle of big-city life, with high-rise apartments and 24-hour food delivery."

Ms. Sterling says many active adults are looking for a resort atmosphere, to enjoy the fruits of their labors. "We like to think of it as 'camp for adults,' where something fun is going on all the time," she says. "That makes us, as developers and builders, a lot like camp counselors."

## "THERE ISN'T JUST ONE WAY SOMEONE APPROACHING RETIREMENT WANTS TO LIVE."

Toll Brothers Active Living, like several other builder/operators, creates neighborhoods that cater to these active-adult buyers who seek community for the social aspects, activities and amenities.

"For many 55-plus communities, that resort atmosphere allows them access to a variety of amenities, including a clubhouse

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TOLL BROTHERS



Toll Brothers Active Living builds communities.

with a fitness center," says Beth Mickey, senior client service director at Creating Results in Woodbridge, Va. "Paramount for active adult communities is offering a variety of choices."

Ms. Sterling says the Toll Brothers Active Living communities feature a central clubhouse, typically with multiple restaurants, fitness instruction, cooking classes, and sports like tennis or golf, among many other activities.

"Another feature in demand in active-adult communities and senior living is access to WiFi, as well as locations near universities where they can take continuing education classes. Being near a vibrant downtown [with] access to culture, entertainment and dining is almost an extension to the community in which they live. They don't want to be an island unto their own; they want opportunities to live and live well," Ms. Mickey says.

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# Is It Walkable? When Location Is Everything

By **Tonie Auer**

**M**any things go into selecting an active-adult or senior-living community, but it all comes down to one key factor: location. "Our residents want to live in the center of it all," says Allyson Katoski, media marketing manager for GL Homes, the developer of active adult Valencia Communities across Florida. "Our homeowners are socializing both within and outside of their own community; they're visiting friends for lunch or attending sporting events or the theater. These are on-the-go people who want access to a ton of amenity options within the community, while [also] being within a 10-minute drive depending upon the location."

## "SENIORS ARE LOOKING FOR LIVING ARRANGEMENTS THAT OFFER ACTIVITIES OUTSIDE THEIR DOOR."

The Valencia Bonita on the Gulf Coast of Southwest Florida is minutes from beaches, nature preserves, chic shops and fine dining, Ms. Katoski says, as well as daily conveniences like banks, grocery stores and medical facilities.

"Everything is conveniently located near our communities. We offer so much within the community as well, with clubs and activities just a quick golf-cart ride or walk from homes to the central clubhouse. Residents can socialize over a cocktail or a cup of coffee around the resort-style pool, or enjoy one of major events hosted year-round at the grand ballroom," she adds.



Vi properties are designed for local activity.

"Seniors are looking for living arrangements that offer activities outside their door, as well as easy-access to the best their local area has to offer," says Bill Sciortino, chief operating officer for Chicago-based Vi. "A typical day at Vi at Silverstone in North Scottsdale, Ariz., might include a round of golf, painting instruction, yoga classes, book discussions or a planned trip to the [local] performing arts center."

While not all of the Vi properties are situated within planned communities, they are all intentionally designed for residents to easily take advantage of the offerings of the greater area, Mr. Sciortino says.

"We frequently hear from our prospects and residents that being a part of a master-planned community is/was critical in their decision-making process, to ensure they aren't secluded or resigned to commuting long distances," he says.

Residents of the Vi at Silverstone often walk or take a golf cart to the public library across the street, and can shop, bank, dine and buy groceries less than 0.2 miles away, Mr. Sciortino says.

*Tonie Auer is a freelance writer specializing in real estate.*

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# Making A Residence A Community

**DEMAND IS GROWING FOR SENIOR-HOUSING UNITS, GIVING A BOOST TO CONSTRUCTION**By **Tonie Auer**

**W**ith more than 10,000 people turning 65 every day in the United States, and living longer, healthier lives, there's a growing demand for housing options for seniors. The statistics are staggering: the number of U.S. residents age 65 and older grew to 49.2 million in 2016, from 35 million in 2000. Baby Boomers began turning 65 in 2011 and today they make up 15.2% of the total population, according to 2017 data from the U.S. Census Bureau.

**AGING IN PLACE**

Many of these newly minted seniors will explore Life Care Communities, where they can age in place starting with independent living and progressing to assisted living and skilled nursing care, if needed.

"There is a fair amount of new [senior-living] supply, with 79,000 new senior housing units added over the last three years across the largest 99 metropolitan areas. That's a 9.4% increase," says Beth Mace, National Investment Center for Seniors Housing and Care chief economist. "Some of that reflects the age of existing stock; 68% is [more] than 17 years old, so there is a need for new fresh options."

Inventory in the life-plan communities segment grew 2,000 units during the past year; the slowest annual growth since 2011, according to NIC MAP® data cited in the Marcus & Millichap

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National Seniors Housing Group national report for the first half of 2018. However, demand for independent-living units within these communities has lifted the construction pipeline over the past four years, with 8,700 units under construction at the start of 2018.

Independent-living stock grew nearly 12,000 rooms during 2017, well above the 10-year annual average of 7,350 units. The construction pipeline remains full, with approximately 22,350 units underway at the end of last year, down from nearly 23,900 at the end of 2016, which will keep deliveries above the long-term average, according to the National Seniors Housing Group national report.

Ms. Mace says much of the new construction includes luxury rentals with a focus on the quality of the user experience: "As the

residents get older, they want to be 'purpose-full.' She calls them the Boomerang Boomers; seniors who want continuing education, volunteerism and active living into their 80s.

## "PROSPECTIVE RESIDENTS COME TO US SEEKING A FULL SPECTRUM OF SERVICES FOR ADULTS 55 AND OVER."

Life Plan Communities are gearing more toward hospitality and experience, too, Ms. Mace says. For instance, Willow Valley Communities, near Lancaster,

Penn., features an 80,000-square-foot Cultural Center with a day spa, art gallery, education room and 500-seat performing-arts theater, which offers multiple opportunities for residents to pursue their passions, says Brian T. Rutter, chief marketing officer for Willow Valley Living, the management and development company for Willow Valley Communities.

**RESIDENTS LIKE CHOICE**

"We're proud to say that our residents live in communities or residences, not facilities," Mr. Rutter says. "To further address their desire for choice, we offer some 80 floor plans to choose from. Our future residents can make their home, as well as their community, a perfect reflection of themselves. We also offer a complimentary interior-design service to customize everything

from cabinets to counter tops, flooring, and more.

"People who consider making us their home are looking for an innovative, engaged culture that is full of possibilities. We see our residents and prospective residents coming to us seeking a full spectrum of services for adults 55 and over, from a variety of independent-living options, including award-winning lifestyle amenities, to personal and memory care, and skilled nursing. And because we are a Life Care Community, residents and their families enjoy the security of knowing that their fees will remain the same even if their needs change. It is important to them," Mr. Rutter says.

**QUALITY OF LIFE**

Ms. Mace says whether it is a Life Plan Community or another kind of senior housing, what residents want is a better quality of life with more experiential amenities, like a variety of dining options so they're not eating the same food in the same space all the time. Mr. Rutter agrees. Residents want an active, vibrant lifestyle and family-like atmosphere with a robust menu of activities and programs. Willow Valley Communities' resort-like amenities include 11 culinary options, and a variety of fitness and aquatics programs, as well as cultural and volunteer opportunities.

"We see their desire for more choices, more individualization, more customization—a greater desire to make their residence their home," Mr. Rutter says.

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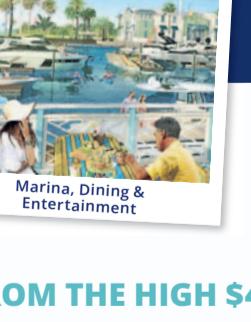
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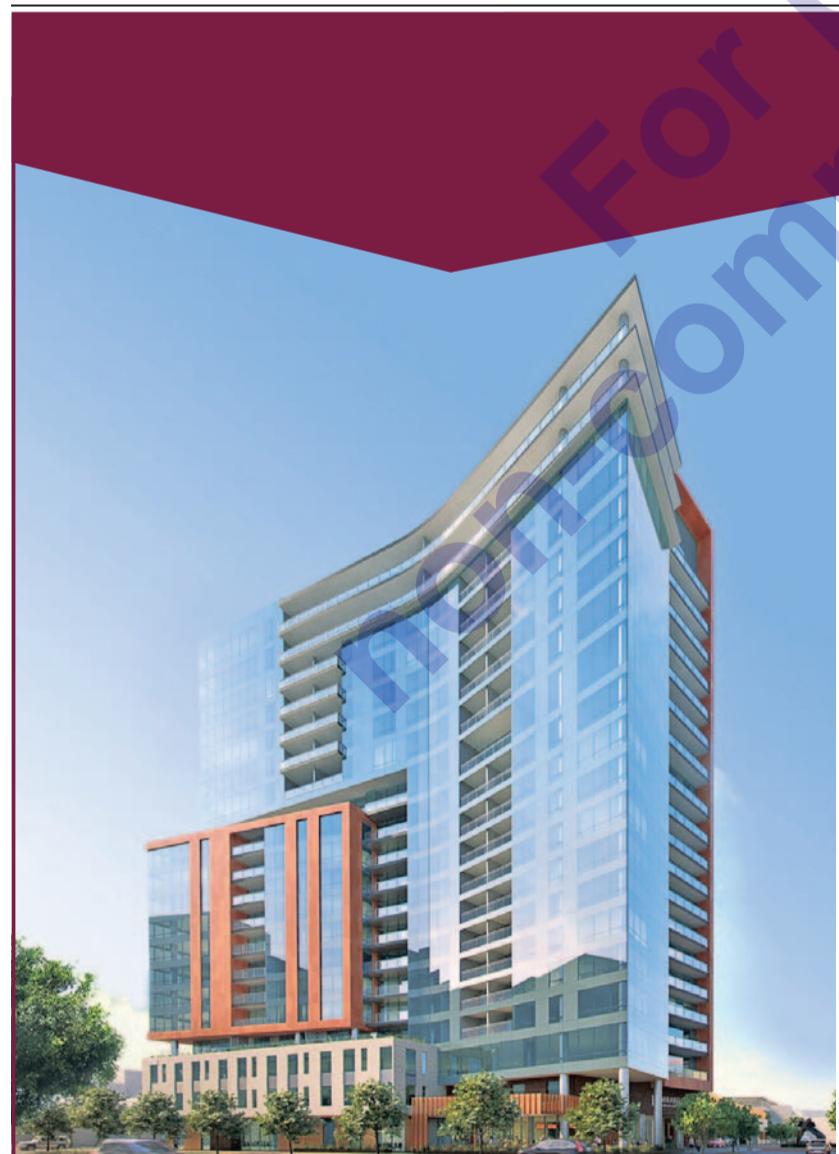
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## JOURNAL REPORT | ENCORE

# I Want to Downsize. But I Hate to Get Rid of My Stuff.

A couple moving after 27 years finds it's hard to let go of things they'll probably never use again

BY KATHLEEN A. HUGHES

"WHAT ARE YOU doing?" my husband asked after finding me at the kitchen island staring sadly at a massive collection of baking tools, shortly before Christmas.

I had spread out three muffin pans, two mini muffin pans, five pie tins in both metal and glass, and one Teflon-coated Bundt pan.

"I don't know why I can't get rid of these," I said. "I know I am *never* going to make a Bundt cake."

It's a unique kind of personal reckoning: Moving out of your home after almost three decades can force you to confront every bad buying decision you ever made, your lack of organization, along with your bizarre outfit choices as you attempt to pack.

But I'm also in the process of finding that moving and downsizing can feel like one of the best decisions ever made, because it's a chance to redefine yourself after years of feeling stuck and isolated in the suburban wilderness.

## Stop talking

When my husband's job recently took an unexpected turn, at age 64, we suddenly had a choice: If we stayed put, we could remain in the 4,080-square-foot ranch house in Rolling Hills, Calif., the one we built from the ground up, agonizing over every last design detail. But then he would have a long commute.

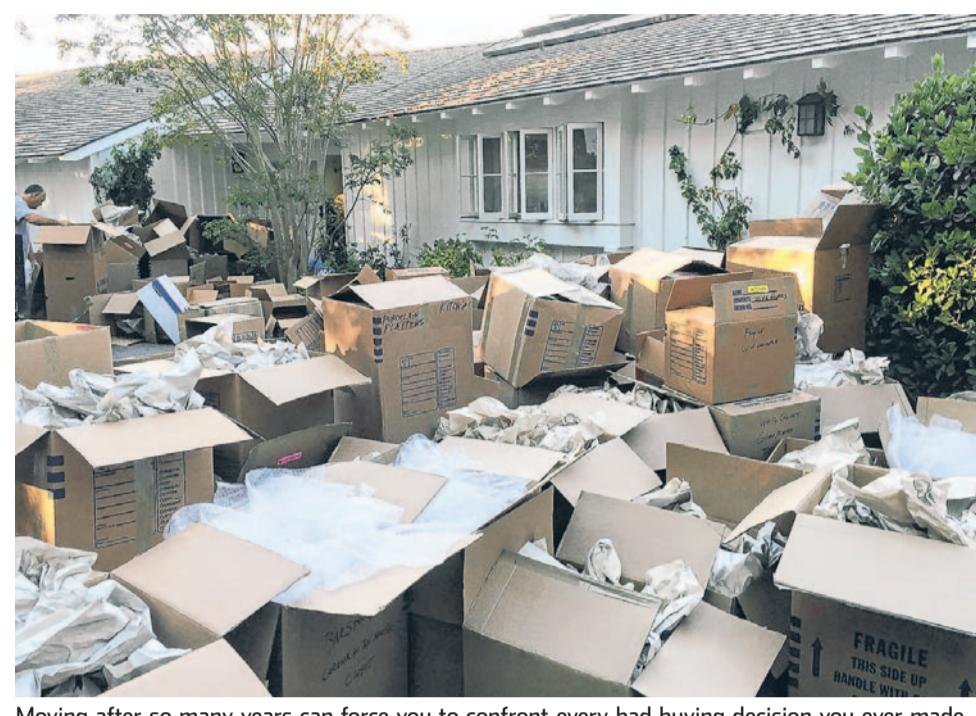
We were hesitating.

"Stop talking about changing your life and just do it," said my 24-year-old daughter, Isabel, with typical practicality. "You *can't* keep talking about this."

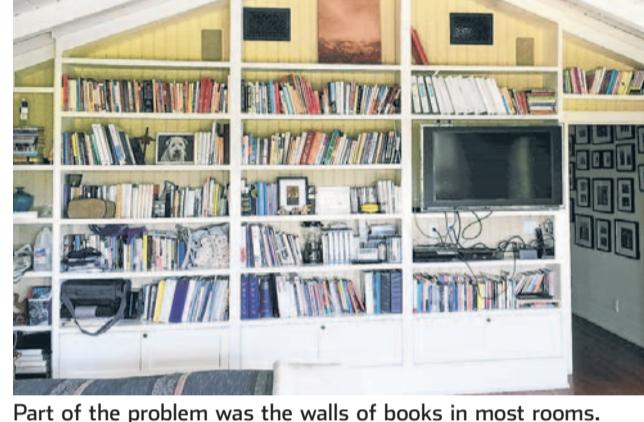
◆ See a video of the family downsizing in the online story at [WSJ.com/retirementreport](http://WSJ.com/retirementreport).

Most of our fellow empty-nesters have already left our area, and our social life without children had disappeared. So spurred into action, we toured homes in Seal Beach, a much shorter work commute, and loved the first house we found. It seemed to be a mini version of our house—less than half the size—in a lively beach community. And the rent was way below our monthly mortgage payment.

My husband, exhausted by his commute, and perhaps my state of mind, quickly decided we should sign the lease and sell our house as soon as possible. "It's more like us," he said of Seal Beach. "It's our people. It's dress down and



Moving after so many years can force you to confront every bad buying decision you ever made.



Part of the problem was the walls of books in most rooms.

walk to the coffee shop. We're interested in ideas, not things."

But for two people who don't consider themselves interested in things, the sheer act of packing—and tossing things—was now surprisingly daunting. The lease started in early January, but our progress was so slow that the rental sat empty, adding pressure.

Part of the problem was admittedly the walls of books in most rooms. I have hung on to my college books even though the pages long ago turned yellow. I have shelves of Fodor's

travel books, some for countries that now have different names. If I was finally going to reread "The Denial of Death," I would get it on Kindle.

All closets, drawers and file cabinets seemed stuffed to capacity.

Instead of tossing out-of-date clothes, I had moved massive amounts of clothing into empty children-room closets, migrating the loads each season without wearing any of it. I was totally prepared for an office life I no longer have, completely ready to host par-

ties I don't host and attend parties I never get invited to.

We finally just gave up—and moved, sort of. I hired movers and stuck brightly colored Post-it Notes on the few pieces of furniture I thought would fit in the rental. Then we packed up the few items of clothing we actually wear, the plates and cookware we actually use, a few rugs and our dog's beds.

## Just like new!

We love our new Seal Beach home. The smaller house with fewer things feels cozier. Instead of an empty-nester mom in the suburbs, I am now, well, an empty-nester mom near the beach. But it feels entirely different. Everything is new. We're meeting neighbors and walking to new restaurants.

But, of course, there's a problem: A massive amount of stuff is still at the house we are planning to sell. I keep going back and forth, a 50-minute drive, but it's always a deflating confrontation with the leftover things in the house.

While I started by giving carloads of clothes, cookware and toiletries to local charities, I thought it might make

the decision-making easier if I could sell some of the things on eBay. But in describing item after item, I kept writing, "Never worn!" and "Used only once!" while wondering if anyone out there would detect the embarrassing pattern.

I sold about 60 items for more than \$1,500, including 380 pounds of Olympic weight plates for \$102.50, a never-worn pair of Not Your Daughter's Jeans Lift Tuck for \$26.25, and a turkey fryer, used once, for \$59.99, local pickup only.

My husband, meanwhile, seemed to be making rapid progress in packing books to donate to the library—but then I discovered he was simply packing *my* cookbooks. The detritus from all of his hobbies—the conga drum, the guitars, the model planes, the electronic chessboard—and all his books remain untouched.

"In my mind, I'm still going to read them," he said defensively of the books.

My biggest problem is the family memorabilia. While I chronicled my efforts to scan my entire life in this newspaper a few years ago, I still haven't been able to part with

the originals—the boxes and boxes of family letters and photographs.

It was mildly comforting to discover that most of our friends seemed to be muddling through the same process and were also short on practical solutions. "Here's what you should do," said a friend at the gym. "Hire packers, put everything in storage and if you haven't gone to get anything in three years, throw it out."

That initially sounded like a terrible idea, but I'm starting to wonder.

After watching us struggle, a colleague of my husband gave us "Goodbye, Things" by Fumio Sasaki, subtitled "The New Japanese Minimalism." At first, I felt too busy downsizing to read it. Plus, it's hard not to notice that many of these advice givers seem to be young, single guys. Of course they have just a few items in their closets.

But after scanning the book's "55 tips to help you say goodbye to your things," I'm trying to apply No. 34: "If you lost it, would you buy it again?"

That answer is so often no, and I never should have bought it in the first place. And it would be a resounding no to the very large painting of a big yellow chicken leaving Cuba, purchased impulsively in Havana.

Moving forward here really means moving backward. My daughter just moved out of her tiny rental in Brooklyn. "Everything I own fits in a cargo van," she said. "You get older and you add stuff. My husband just bought us a voice-activated garbage can."

"Tell it to open," he said proudly.

"Open!" I said. Nothing.

"Open can," he suggested.

That worked. Now we just need to learn to put more in it.

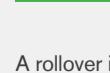
**Ms. Hughes is a writer living in California and New York. Email [reports@wsj.com](mailto:reports@wsj.com).**



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