

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

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WSJ.com

★★★★ \$4.00

DJIA 24505.22 ▲ 240.92 1.0% NASDAQ 7076.55 ▲ 0.5% STOXX 600 376.13 ▲ 2.4% 10-YR. TREAS. ▼ 12/32, yield 2.830% OIL \$63.54 ▲ \$0.17 GOLD \$1,324.30 ▼ \$11.50 EURO \$1.2242 YEN 107.38

What's News

Business & Finance

Pershing Square's Ackman is losing investors at a rapid pace and facing a future that would no longer include managing a private hedge fund. **A1**

◆ Many investors are scrambling to profit from the return of market volatility after a period of calm. **A1**

◆ The Dow rose for a third straight day, climbing 240.92 points to 24505.22. **B11**

◆ Although Amazon has drawn Trump's ire, the U.S. government is a top client of the firm's cloud business. **B1**

◆ BlackRock is stripping retailers that sell guns out of some of its ETFs. **B1**

◆ U.S. aluminum prices are falling despite a tariff aimed at boosting domestic output of the metal. **B1**

◆ Samsung said first-quarter operating profit will be its highest ever. **B4**

◆ Dimon offered an optimistic view of JPMorgan's growth prospects in his annual shareholder letter. **B10**

◆ The two largest proxy-advisory firms are recommending that GE fire KPMG as its auditor. **B3**

◆ Delta said a hack of a vendor that ran a chat function on its website exposed customer credit-card data. **B4**

◆ China's HNA is preparing to sell part or all of its stake in the Hilton hotel chain. **B5**

◆ NYSE parent ICE reached a deal to buy the Chicago Stock Exchange. **B10**

◆ Goodyear denied allegations of a defect in tires that are the subject of a federal regulatory probe. **B3**

World-Wide

◆ Trump said he was considering imposing tariffs on another \$100 billion in Chinese imports, threatening a major escalation in trade tensions with Beijing. **A1**

◆ The U.S. trade deficit grew to \$57.6 billion in February, the widest the gap has been since October 2008. **A4**

◆ The Trump administration is set to sanction some of Russia's ruling elite under a law passed in response to Moscow's election meddling. **A4**

◆ Dozens of U.S. diplomats left Russia, hours after Moscow failed to garner support for a joint probe into a nerve-agent attack in the U.K. **A6**

◆ Trump denied knowing about a \$130,000 payment his lawyer made to a former adult-film actress, in his first comment on the issue. **A4**

◆ The president said he continues to have confidence in Pruitt amid controversies tied to the EPA chief. **A2**

◆ Trump said he anticipates sending 2,000 to 4,000 National Guard troops to the border with Mexico. **A5**

◆ A Brazilian judge ordered da Silva jailed for his conviction on charges of corruption and money laundering. **A7**

◆ School shooters mostly used guns from their homes, not bought on their own, a review of shootings found. **A3**

◆ A German court paved the way for the extradition of Catalonia's separatist leader to Spain to stand trial. **A6**

◆ The surgeon general urged people at risk of opioid abuse to keep naloxone on hand. **A3**

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Farewell to Moscow, as U.S. Diplomats Are Sent Packing



CHILLY RIDE: Diplomats and their families boarded buses to leave the U.S. Embassy in Moscow on Thursday. Russia last week ordered 60 Americans to depart in retaliation for the U.S. expelling the same number over the poisoning of a Russian double agent in the U.K. **A6**

Traders See Gains in Market Turmoil

Fear gauge is up 72% since start of the year; 'the new safe haven is now volatility'

spurred one of the most sustained bouts of market volatility in years. Before Thursday, the S&P 500 index had gained or lost at least 1% during eight

By Asjlyn Loder,
Ira Iosebashvili
and Gunjan Banerji

of the previous nine trading sessions.

The return of volatility was on display Wednesday when the Dow Jones Industrial Average swung by 741 points, plunging at the start amid

fears of trade disruptions between the U.S. and China before reversing course with a gain of almost 1% as those fears subsided.

Major stock indexes continued their rebound Thursday, when the S&P 500 advanced 0.7%, while the Dow gained 1%. The tech-heavy Nasdaq Composite Index rose 0.5%. Traders were bracing for another active day of trading Friday, after President Donald Trump late Thursday said he was considering slapping tariffs on an additional \$100 billion in Chi-

nese imports, sending stock-index futures tumbling in after-hours trading.

That turbulence is a sharp reversal from the sustained period of calm that had kept the Cboe Volatility Index, Wall Street's fear gauge, near record lows. The market's steady upward slog made bulls out of even the most bearish bubble spotters. Jeremy Grantham, a Boston money manager famed

Please see STOCKS page A5

◆ James Mackintosh: Put cash in your portfolio again.....B1

TOMORROW



**WSJ.
MAGAZINE**

GISELE
BÜNDCHEN

**Baseball Plus
Passover, It's
Complicated**

* * *
Kosher fans open
the season without
beer and hot dogs

By GABRIEL T. RUBIN

MIAMI—Baseball is a sport of a thousand rules, but it has nothing on Passover.

For kosher baseball fans attending the season's first games during the holiday this week, elaborate preparations are necessary. Hot dogs and beer are off-limits under the especially strict Passover regulations.

"We had just one matzo to share among the seven of us," said Julian Horowitz, the musical director of the Macca-beats, the a cappella group from Yeshiva University that came to Marlins Park here to perform this week. The young men spent hours at the ballpark for the game and show but had forgotten to pack kosher for Passover food.

Passover commemorates the exodus of Hebrews from Egypt

Please see MATZO page A9

Economy's Future Plays Out in Rust Belt

Resurgent RV sales drive a red-hot economy around Elkhart, Ind., where jobs outnumber workers

By BOB DAVIS

ELKHART, Ind.—The self-proclaimed RV capital of the world gives a glimpse of what the American economy looks like when operating at full tilt.

High-school students around here skip college for factory jobs that offer great pay and benefits. For-hire signs sprout like roadside weeds. Workers are so flush that car dealers can't keep new pickups on the lot.

At the same time, the strains are showing. Employers can't hang on to employees, and house prices are zooming. The worker shortage prompted a local Kentucky Fried Chicken restaurant to offer \$150 signing bonuses. A McDonald's failed to open for lunch last fall because

Miracle on Wheels

The rebound in RV production following the 2008 recession...

500 thousand RVs

RV shipments

2006 10 15 20 25 30 35 40 45 50

...helped jump-start employment in Elkhart, Ind., where RV production provides many jobs.

Elkhart, Ind.

U.S.

Recession

2006 10 15 20 25 30 35 40 45 50

Sources: Recreational Vehicle Industry Association (RV shipments); Labor Department (unemployment)

THE WALL STREET JOURNAL.

cause managers couldn't corral enough hands at \$8 an hour to serve the lines waiting at the door.

No place in the U.S. has

seen a labor-market turnaround like this metropolitan region of 110,000 workers, a mix of blue-collar whites, Mexican immigrants and

Amish. "It's like 1955," said Michael Hicks, a Ball State economist. "If you show up and have minimal literacy skills, you can find a job here."

Elkhart has unique economic conditions—it's good fortune is tied to a central role in the revival of the recreational-vehicle market, where neither automation nor foreign competition is a threat. But as the U.S. turns the page on a decade of post-crisis underemployment, the region points to a future of labor shortages and fights over workers.

The jobless rate in the Elkhart region plunged from 20% in March 2009, worst in the U.S., to just over 2% in January, half the national average. The local unemployment rate

Please see JOBS page A9

Investors Flee Star Activist Ackman

By DAVID BENOIT

William Ackman, the famed shareholder activist, is losing investors at a rapid pace and facing a future that would no longer include managing a private hedge fund.

After three years of subpar performance, most investors in his Pershing Square Capital Management LP asked for money back, and pulled about two-thirds of the cash that could be withdrawn at the end of last year, according to people familiar with the matter. Redemptions, which are limited to a portion of total assets, have continued at a similar rate this year, one of the people said.

Longtime backer Blackstone Group LP has been taking cash out, and JPMorgan Chase & Co.'s asset-management group told clients it could no longer recommend the fund, the people said. Many of the redemp-

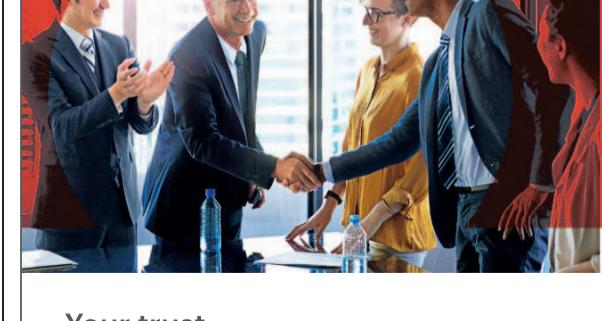
tions are from large institutions that invested in recent years, one of the people said.

Pershing Square isn't the only large hedge fund struggling. Even funds that have had great successes in the past, such as John Paulson's, have had problems recently. Hedge funds in general have underperformed the broader market, and investors have raised questions about paying their high fees when cheap options that mimic the stock market have become more popular. That has led to redemptions from big names across the industry.

Pershing Square's assets are down to \$8.2 billion, a far cry from the \$20 billion Mr. Ackman's empire consisted of in July 2015. That was before a big bet on drugmaker Valeant Pharmaceuticals International Inc. started collapsing, ultimately costing the firm \$4 bil-

Please see FUND page A2

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U.S. NEWS

States Look to Protect Consumers

Virginia, Pennsylvania and others take bigger enforcement roles as CFPB oversight eases

By YUKA HAYASHI

WASHINGTON—States such as Pennsylvania and Virginia are targeting student-loan servicing, payday lending and other financial services, areas where federal consumer regulators are easing oversight under Trump-appointed leadership.

Pennsylvania Attorney General Josh Shapiro set up a consumer financial protection division within his office last year. He hired a former Consumer Financial Protection Bureau enforcement attorney to lead the group, sued student loan servicing company Navient Corp., and now is investigating several

Philadelphia financial institutions suspected of racial discrimination in mortgage lending.

"If the CFPB is not going to pursue these kinds of cases, I am willing to go at it alone," Mr. Shapiro said.

The Navient litigation mirrors a case filed by the CFPB during the Obama administration, alleging the student-loan servicing company created obstacles to tens of thousands of borrowers repaying their debts—allegations the company has denied. Washington and Illinois have also filed suits against Navient.

The Trump administration installed Mick Mulvaney, a long-time critic of the CFPB, as its acting director in November. He has temporarily frozen new regulations and instituted a review of enforcement activities. The CFPB hasn't filed any new enforcement actions since then.

Earlier this week, he released a proposal to Congress that would significantly curtail the CFPB's powers and independence by giving the executive and legislative branches control over the bureau's regulations, leadership and budget.

While Trump officials review whether to continue the federal Navient case, Pennsylvania says it will press ahead.

A Navient spokeswoman said the allegations from the CFPB and states are "completely unfounded," and that "borrowers whose loans we service are 37% less likely to default than those serviced elsewhere."

A CFPB spokesman referred to a February speech by Mr. Mulvaney, in which he said the CFPB would be looking to state officials "for a lot more leadership when it comes to enforcement."

Pennsylvania and Virginia, along with Colorado and New Jersey, have responded along with several reliably Democratic states that have long had active attorneys general on financial enforcement, such as New York, California, Illinois, Massachusetts and Washington.

Mulvaney arrived at the CFPB. "We have worked cooperatively with the CFPB in the past, but unfortunately, he is going in the opposite direction and even dropping cases that were previously approved," Mr. Herring said, referring to Mr. Mulvaney.

Student-loan servicing has drawn a lot of attention from states, as borrowers struggle to repay the debt after they leave college and begin their careers.

In addition to lawsuits, Navient and its competitors face state regulations imposing licensing requirements and detailed standards on servicing and collection of student loans. Four states and the District of Columbia have passed legislation to establish such oversight since 2016.

A dozen others, from New York to Ohio, have proposed similar legislation.

President Says He Supports EPA Chief

By REBECCA BALLHAUS

President Donald Trump said Thursday he continues to have confidence in Environmental Protection Agency chief Scott Pruitt and praised his service, remarks that come as the White House is looking into several controversies swirling around the administrator.

"I think Scott has done a fantastic job. I think he's a fantastic person," Mr. Trump said in comments aboard Air Force One, returning to Washington from an event in West Virginia.

Asked whether he was bothered by the controversies tied to Mr. Pruitt, Mr. Trump said: "I have to look at them. ... I'll make that determination. But he's a good man, he's done a terrific job. But I'll take a look at it." Earlier, asked if he has confidence in Mr. Pruitt, Mr. Trump responded: "Yes."

The White House said this week it was conducting a review of Mr. Pruitt's activities after news reports that he had rented accommodations in Washington at below-market rates from the family of an energy lobbyist. Mr. Pruitt also has faced questions over his travel expenses and had a testy interview with Fox

U.S. WATCH

MINNESOTA

Former Gov. Pawlenty To Seek His Old Job

Former Minnesota Gov. Tim Pawlenty said Thursday that he would run for governor again, ending months of speculation about a return to politics following his short-lived 2012 presidential campaign.

The two-term Republican governor had been inching toward a run for months, quitting his Washington lobbying job and filing a campaign committee so he could begin fundraising. His entry blows up a crowded group of candidates that has struggled to raise money, and may entice spending by national conservative groups eager to win in a left-leaning state.

Mr. Pawlenty's successor, Gov. Mark Dayton, isn't seeking a third term.

Democrats started laying the groundwork for a campaign against Mr. Pawlenty months ago, criticizing his lobbying job and accusing him of saddling the Legislature with a \$6 billion budget deficit.

—Associated Press



GENE BLEVINS/ZUMA PRESS

GEORGIA

No Foul Play in Death Of CDC Employee

An employee for the Centers for Disease Control and Prevention who was reported missing more than seven weeks ago was found drowned in a river not far from his house, with no sign of foul play, authorities

said Thursday.

Timothy Cunningham's body was found Tuesday partially submerged in water and mud on the west bank of the Chattahoochee River in northwest Atlanta, fire-rescue department spokesman Sgt. Cortez Stafford said. He said rescue crews had to use boats and special equipment to reach Mr. Cunningham's body because it was located in difficult terrain in a "remote area not easily accessible."

Mr. Cunningham, 35 years old, was an epidemiologist at the Atlanta-based federal agency. He disappeared Feb. 12. His family reported him missing on Feb. 16 after going to his home and finding his belongings and vehicle there.

—Associated Press

FUND

Continued from Page One

gies, and his lieutenants who left raised billions in funds of their own. He outperformed in the financial crisis and then gained 40% in 2014 when he seemingly couldn't bet wrong.

The cracks emerged in the middle of the next year. Valeant shares tumbled in the summer of 2015 on concerns about its business practices and accounting. Suddenly the rest of his portfolio started turning down as well. He bet against Herbalife Ltd., but its stock shot up. He tried four-hour-long conference calls to boost Valeant and deliver a "death blow" to Herbalife, but each time he talked, the stocks

went in the opposite direction. New big bets didn't generate the kinds of gains needed to offset those losses, which individually would have ruined many a hedge-fund manager.

Pershing Square slumped in each of the past three years, falling more than 30% in total as the S&P 500 returned more than 30%. In the first quarter, its private fund lost about 5% and the public fund, 8.6%.

Mr. Ackman hasn't signaled, even privately to friends, anything but confidence in his portfolio and expects performance will improve, according to people familiar with the matter.

While he has acknowledged mistakes, in a presentation to investors in January, Mr. Ackman said it was a good time to invest in Pershing Square and has told people he has put his biggest problems behind him. He got out of Herbalife and Valeant in the past year and settled a lawsuit that threatened a \$2 billion gain from 2014. He recently finalized a divorce, without impact on his business, putting behind him a personal distraction.

"Experience is making mistakes and learning from them," Pershing Square said in the January presentation. "We are extremely motivated for repu-

MASSACHUSETTS

Judge Lets Museum Sell Rockwell Works

A cash-strapped museum can sell dozens of pieces of art, including works by Norman Rockwell, a judge on the state's highest court ruled Thursday.

Justice David Lowy, of the Supreme Judicial Court, approved an agreement reached by Massachusetts' attorney general and the Berkshire Museum that will allow the museum to sell up to 40 works so it can keep its doors open.

Under the plan given the green light by the judge, Rockwell's "Shuttle's Barbershop" will be sold to another U.S. museum.

The Berkshire Museum says it will sell the rest of the artwork until it reaches \$55 million in proceeds. Officials say they may not have to sell all 39 other pieces, which include Rockwell's "Shaftsbury Blacksmith Shop" and works by Alexander Calder, Albert Bierstadt and George Henry Durie.

—Associated Press

EPA head Scott Pruitt has defended his living arrangements and travel expenses.

News when he was pressed over large pay raises reportedly given to two EPA employees.

White House deputy press secretary Hogan Gidley told reporters Mr. Trump was aware of the controversies.

Mr. Pruitt has defended his living arrangements and said he reversed the pay raises given to two staff members once he found out about them. On the travel costs, the EPA has said that Mr. Pruitt's protective service detail moved him to a higher class due to security protocols.

A White House official said Thursday that Mr. Trump likes Mr. Pruitt personally but believes the controversies surrounding him are "troubling."

Mr. Pruitt has been contrite in his explanations to the White House, but aides were also unhappy about news reports that Mr. Trump made a supportive phone call to Mr. Pruitt on Monday night. News of the call came from the EPA, not the White House, the White House official said.

The New York Times reported late Thursday that Mr. Pruitt had reassigned or demoted several officials who raised concerns about spending and management at the EPA. An EPA spokesman responded to the report by calling the officials "disgruntled employees who have either been dismissed or reassigned."

—Peter Nicholas and Michael C. Bender contributed to this article.

Bad Bets

Pershing Square's portfolio includes investments worth billions that have failed to take off.



*As of Dec. 31, 2017

Sources: WSJ Market Data Index (stocks, index); the company (assets)

tational and economic reasons to create value for our investors."

The firm has touted several smaller investments that paid off in 2017—including a quick \$100 million profit on Nike Inc.—as evidence that Mr. Ackman hasn't lost his touch. But the positions never got large enough to move the needle.

Meanwhile, the publicly traded hedge fund is buying back \$300 million of its stock to signal a belief in the value of the portfolio, with Mr. Ackman and his partners planning to purchase an additional \$300 million.

Pershing Square is moving its headquarters to a newly designed space on the West Side of Manhattan this year, and while it will be smaller, the spread will still include a rooftop tennis court.

Mr. Ackman has positioned the changes he is making as a return to his roots, as a smaller organization, albeit one still able to make big bets. Pershing Square has a history of big gains and losses, a reason Mr. Ackman established the public vehicle in 2014. He closed an earlier fund, Gotham Partners, when liquidity became an issue.

Mr. Ackman's long-term record still includes more gains than losses. If his losses were notable, his gains at Canadian Pacific Railway Ltd., MBIA Inc. and mall developer General Growth Properties Inc. were celebrated, too.

Since its 2004 start through 2017, Pershing Square returned 49%, after fees, more than double the S&P 500's return over the same period.

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CORRECTIONS & AMPLIFICATIONS

The value of 2017 Chinese exports in categories affected by tariffs proposed by the U.S. on April 3 was an estimated \$46.2 billion. The value of 2017 U.S. exports in categories affected by subsequently announced Chinese tariffs was an estimated \$49.8 billion. A graphic with a Page One article on Thursday about the

U.S.-China trade showdown incorrectly reversed the figures.

U.S. soybean exports grew from 30 million metric tons in 2007 to 56 million metric tons to 2017. In some editions Thursday, a chart with a Page One article about the U.S.-China trade showdown incorrectly overstated those

amounts as 42 million metric tons and 88 million metric tons, respectively. A corrected chart is available at WSJ.com/Corrections.

There are only three known female members of Augusta National Golf Club: former Secretary of State Condoleezza Rice, South Carolina

financier Darla Moore and IBM Chief Executive Virginia Rometty. In some editions Thursday, a Sports article about a planned event for women at Augusta National incorrectly said there were only two known female members, omitting Ms. Rometty.

Roger Stone, a longtime in-

formal adviser to President Donald Trump, wrote in an email dated Aug. 4, 2016: "I dined with my new pal Julian Assange last nite." A U.S. News article on Tuesday about special counsel Robert Mueller's investigation incorrectly omitted the words "my new pal" from the quotation and spelled "nite" as night.

U.S. NEWS

Guns at Home: A Problem Lost in Debate

Killers in most mass school shootings used guns owned by family members, not bought

BY TAWNELL D. HOBBS

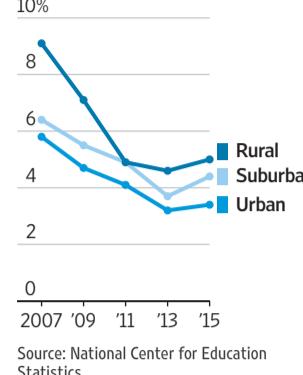
A striking detail stands out in nearly three decades of American mass school shootings: The killers mostly use guns owned by a family member, not purchased on their own.

As Congress, statehouses, school districts, retailers and various groups debate how to prevent a school shooting after a 19-year-old who legally bought guns left 17 dead in Parkland, Fla., much discussion centers on whether to raise the minimum age for gun purchases. But statistics suggest that a lack of gun safety at home also has played a big role in school shootings.

Guns in the home "is a very important element that has been lost in the current debate," said J. Reid Meloy, a forensic psychologist and long-time FBI consultant. He sees the problem in the combination of a troubled adolescent, unsecured firearms, general disorganization at home, and

Arms Control

Percentage of students ages 12-18 who reported having access to a loaded gun without adult permission



Source: National Center for Education Statistics

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"then you increase the risk, of course, of him being able to easily access a weapon."

The Wall Street Journal reviewed all school shootings with at least three victims dead or injured since 1990 and found 32.

Most shooters are white male teenagers. In 25 of the cases, the shooters were teenagers or younger. Of the 20 of those cases where details were available on where the shooter got the gun, 17 were sourced at



AR-15-style guns were displayed at a booth during the Tampa Gun Show in Florida last month.

home, with a few also getting some weapons from relatives.

About 42% of U.S. adults say they live in households with a gun, according to a Pew Research Center survey conducted in 2017.

Retired FBI agent profiler Mary Ellen O'Toole said young shooters tended to be mission oriented and determined to get a gun, making it important for primary caregivers to see warning signs to intervene. Signs include preoccupation

with guns and gun violence, isolation, behavior changes, mental-health issues, drugs and alcohol use, she said.

In the wake of the Feb. 14 shooting at Marjory Stoneman Douglas High School in Parkland, Fla., major retailers, including Walmart and Dick's Sporting Goods, have stopped selling guns to anyone under 21, prompting some lawsuits that allege age discrimination.

Some national and local campaigns promote safe stor-

age of firearms, with a few providing free safe storage devices to gun owners. The National Shooting Sports Foundation's "Project ChildSafe" has distributed millions of free firearm safety kits that include firearm locking devices to gun owners through partnerships with law-enforcement departments across the country.

Demand for gun-safety kits "is at an all-time high right now. Gun safety is on everybody's mind," said Bill Bras-

sard, a spokesman for the National Shooting Sports Foundation.

Students ages 12 to 18 with the most access to loaded guns have demographics similar to those committing a majority of the mass school shootings—who are overwhelmingly white and from rural or suburban areas, the Journal found.

According to the National Center for Education Statistics, 5% of students ages 12 to 18 in rural areas and 4.4% in the suburbs reported having access to loaded guns without adult permission, compared with 3.4% in urban areas, in 2015, the latest year of available data. The data show 5.2% of white students in the age group reported having access, while 3.3% of black students and 2.8% of Hispanic students reported having access.

Under federal law, licensed gun dealers can sell a handgun to someone 21 years old and sell a long gun, such as a rifle and shotgun, to someone who is 18. Private, unlicensed sellers can sell handguns to 18-year-olds and have no minimum age for long-gun sales. States can enact their own laws.

◆ BlackRock strips retailers that sell guns from some ETFs... B1

Democrats Fear Fractured Primary

BY ALEJANDRO LAZO

In the crowded field of Democrats vying to flip a Republican congressional seat in Orange County, Calif., this year, Jay Chen's chances looked promising.

The naval intelligence officer and community-college trustee had garnered the most votes among local Democratic committee and club members in a January caucus, and racked up endorsements from local elected officials.

But a day before the official filing deadline in March, Mr. Chen dropped out. He warned the race had grown so contested that Democrats risked fracturing the vote to the point where none of the party's candidates would survive the June 5 primary, clearing the path for Republicans to win in the general election.

California's unusual primary system sends only the two candidates with the most votes, regardless of party, to a general election.



California's primary sends only the top two candidates, regardless of party, to the general election.

said Rob Pyers, research director at political research firm California Target Book.

The dilemma for Democrats comes as the party has cast California as a critical cog in their plan to retake the House in November. The party's national strategy includes targeting 23 GOP-held House seats in districts that voted for Democratic presidential candidate Hillary Clinton in 2016, as well as open seats in swing districts and seats where they believe

Republican incumbents are vulnerable.

In California, seven GOP-held seats went for Mrs. Clinton, and Democrats are targeting three more. By Mr. Pyers' count, the possibility of Democrats getting shut out could occur in as many as six of those races, as well as two others held by Republicans.

The system was created with the goal of making elections less partisan, and Republicans face the same problem of diluting the returns with too many candidates. In fact, some races have more Republicans than Democrats running.

But the risk is worse for Democrats, experts said, because they are faced with having to flip GOP seats and make inroads among Republican voters.

Andrew Godinich, a spokesman for the Democratic Congressional Campaign Committee, said the group wouldn't rule out throwing their support behind particular Democratic candidates in California races to make certain they survive the primary. "All options are on the table in order to ensure that happens," he said.

California voters approved the state's top-two primary system in 2010 as a ballot initiative backed by then Gov. Arnold Schwarzenegger, a Republican who argued it would create more moderates.

Until now, there has been relatively little history of two candidates from the same party facing off in the general election. This year, that scenario could unfold for Republicans in

two closely watched races they hope to flip: the seats held by GOP Reps. Darrell Issa and Ed Royce, who announced their retirements this year.

Six Democrats will be on the ballot for Mr. Royce's seat. They include a lottery winner, a pediatrician, an insurance executive who lent his campaign \$2 million, a medical-school professor, a civil-rights attorney and the widow of a former congressman.

The Republican side is also crowded, with seven candidates vying for Mr. Royce's seat. That includes three candidates who have held elected office: Young Kim, a former assemblywoman and former aide to Mr. Royce; Bob Huff, a former state Senate minority leader; and Orange County Supervisor Shawn Nelson.

In the race for Mr. Issa's seat, four Democrats have emerged against eight Republican candidates.

"It's sort of like playing Yahtzee, you roll those two dice, any strange combination could come up," said Eric Baumman, chairman of the California Democratic Party. "At least we have some standout candidates who are well-funded, and hopefully will rise above it."

Mr. Chen said he ultimately decided to leave the race because the margin for victory for Democrats was narrow.

"The probability of two Republicans advancing in November, and Democrats squandering a historic opportunity, is real," Mr. Chen said the day he ended his candidacy.

Advisory Recommends Opioid-Reversal Drug

BY STEPHANIE ARMOUR

The U.S. Surgeon General on Thursday urged individuals and families at risk of opioid abuse to keep a medication on hand that reverses the effects of an overdose.

The medication, naloxone, has become increasingly available at pharmacies without a prescription and is widely carried by police and emergency personnel.

The advisory from Surgeon General Jerome Adams—the first surgeon general's public-health advisory in 13 years—reflects growing concern about an epidemic that saw a 21% increase in opioid overdose deaths from 2015 to 2016, according to data released last month by the Centers for Disease Control and Prevention.

"The Surgeon General is now recommending that more individuals, including family, friends and those who are personally at risk for an opioid overdose, also keep the drug on hand," the advisory said.

In an accompanying statement, Dr. Adams added, "It is time to make sure more people have access to this lifesaving medication, because 77% of opioid overdose deaths occur outside of a medical setting and more than half occur at home."

Naloxone rapidly reverses an overdose of drugs such as morphine and heroin but must be given quickly to be effective. CVS Health Corp. and Walgreens Boots Alliance Inc. have said they will stock naloxone in the form of the nasal spray Narcan.

The medication also is sold under the name Evzio.

An estimated 2.1 million people in the U.S. struggle with opioid addiction. Opioids make up a class of drugs that includes medications commonly prescribed to treat pain—such as oxycodone, hydrocodone and methadone—as well as illegal drugs like heroin.

The sharpest increase in deaths has occurred with illicitly made versions of the pain reliever fentanyl and its analogues, the surgeon general's office said. Opioids can kill because they suppress the body's urge to breathe.

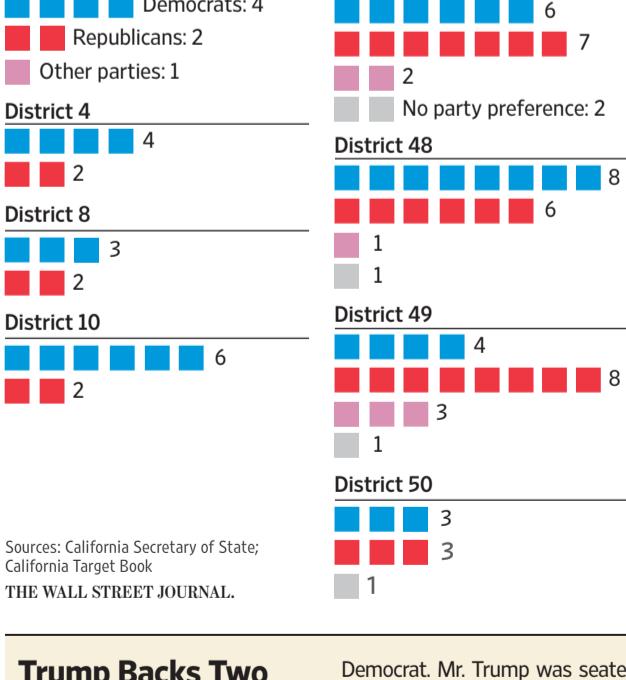
The last surgeon general's advisory, in 2005, warned of the dangers of drinking alcohol during pregnancy.

The Trump administration has been seeking to focus attention on the opioid crisis, and Congress in its latest budget allocated \$6 billion over two years to combat opioids. Other legislative packages targeting opioids are also moving forward.

California's Crowded Primaries

Democrats could be left out of the general election in eight seats held by Republicans because of California's top-two primary.

Number of candidates by party in each race where Democrats face a potential shutout



Sources: California Secretary of State; California Target Book
THE WALL STREET JOURNAL.

Trump Backs Two In West Virginia

President Donald Trump weighed in Thursday on the U.S. Senate Republican primary in West Virginia, inviting two of the GOP candidates to an event to discuss tax policy, but shunning a third, the former coal executive Don Blankenship.

The victor in the primary this fall will face Sen. Joe Manchin, a

Democrat. Mr. Trump was seated Thursday between Rep. Evan Jenkins and state Attorney General Patrick Morrisey. The Republican president talked about a number of issues including immigration, the opioid crisis, coal, trade policy and gang violence.

The White House didn't invite Mr. Blankenship, a former coal executive who served a year in prison on a charge of conspiring to violate mine-safety laws before a 2010 mine disaster, according to a person familiar with

the matter.

Late Thursday, Mr. Blankenship put out a statement thanking the president for visiting the state. He didn't address the snub, but said Messrs. Morrisey and Jenkins are "career politicians willing to say and do anything to get elected and neither is capable of defeating Joe Manchin in November."

Thursday marked the eighth-year anniversary of Massey Energy Co.'s Upper Big Branch Mine explosion that killed 29 people.

Mr. Blankenship was CEO of Massey at the time.

Mr. Trump attacked Mr. Manchin, a former West Virginia governor, for not supporting legislation the White House backed on taxes and immigration. "We're going to get a chance to have a senator that's going to help our program," the president said.

Mr. Manchin issued a statement late Thursday criticizing the president for "political posturing."

—Rebecca Ballhaus and Siobhan Hughes

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U.S. NEWS

White House to Sanction Russian Elite

Punitive measures in response to election meddling will target oligarchs, politicians

BY IAN TALLEY

WASHINGTON—The Trump administration is set to sanction some of Russia's ruling elite on Friday, delivering on long-promised punitive actions mandated by Congress after Moscow's meddling in the 2016 U.S. election.

The "oligarch" sanctions were planned before the nerve-agent attack on a former Russian double agent and his daughter in the U.K. last month, people familiar with the planned Friday announcement said, but the new measures are likely to fuel rising

diplomatic tensions between the West and Moscow.

Treasury Secretary Steven Mnuchin and other top officials have signaled since January the administration would levy new sanctions based on a confidential list—encompassing Russian oligarchs, corrupt politicians and the ruling elite close to President Vladimir Putin—that was drafted earlier this year by U.S. officials.

"This extensive report...is being used to inform future targeted sanctions," Sigal Mandelker, the Treasury's undersecretary for terrorism and financial intelligence, told the Atlantic Council last month.

Sanctions, Mr. Mnuchin assured lawmakers in early March, would be rolled out within weeks.

The 2017 sanctions law was passed as U.S.-Russian rela-

tions soured after U.S. intelligence agencies concluded that Moscow interfered in the 2016 election, as well as over disputes about Ukraine and Syria.

Lawmakers see the administration's use of the new sanctions authority as a test of its willingness to counter Moscow at a time when federal investigators probe Russian election interference and any possible ties between the Trump campaign and Moscow.

President Donald Trump has denied any collusion and Russia has denied interfering in 2016.

The new sanctions follow actions last month targeting the Russian individuals and entities directly linked to the election-meddling efforts by both federal investigators and senior administration officials.

Still, lawmakers criticized the administration when it failed to immediately levy sanctions against those individuals on its oligarch list as part of a broader effort to pressure the Kremlin. The new sanctions will be watched for how closely they target allies of Mr. Putin and for how aggressively the administration details the alleged misdeeds of individuals it is blacklisting.

Analysts say the administration will likely target only a limited number of individuals on the confidential list of Russians it prepared for Congress, reserving the ability to add more in the future, should Moscow continue its election meddling and other actions U.S. officials say threaten American interests.

The prospect of sanctions

rattled Russia's elite, prompting some to move assets out of reach of Western authorities, U.S. and European officials said. While it temporarily spooked investors in Russian markets, economists say it has had little visible effect on Russia's economy so far.

Lawmakers previously had criticized the administration for preparing a separate public list of Russian oligarchs that drew heavily on publicly available data and international press, including Forbes. But lawmakers involved in pushing the 2017 law praised the confidential list as substantive targets that could increase the political pressure on Mr. Putin.

Ms. Mandelker and other senior officials have said the administration will continue

to increase pressure. "We are very focused on pressuring Russia for its continued efforts to destabilize Ukraine, occupy Crimea, meddle in elections, as well as for its endemic corruption and human-rights abuses," she said last month.

Another senior national-security official said the administration is preparing a series of actions to counter Russian aggression, some of which would be publicized, while others would be covert.

"There will be more to come, and we're going to continue to employ our resources to combat malicious Russian activity," the official said.

—Felicia Schwartz contributed to this article.

◆ U.S. diplomats leave Russia as tensions grow..... A6

Trump Denies Knowing of Payment to Actress

BY REBECCA BALLHAUS AND JOE PALAZZOLO

President Donald Trump denied knowing about a \$130,000 payment his lawyer made to Stephanie Clifford, a former adult film star, in the month before the 2016 presidential election, commenting for the first time on a payment that has dogged the White House since first reported by The Wall Street Journal in January.

Asked on Thursday aboard the flight returning from West Virginia whether he had known about the payment at the time to the former actress known as Stormy Daniels, Mr. Trump responded: "No."

Asked why his attorney, Michael Cohen, had made the payment, the president responded: "You'll have to ask Michael Cohen. Michael is my attorney. You'll have to ask Michael."

Ms. Clifford has said the payment was intended to keep quiet allegations of a sexual encounter with the president.

He said he didn't know where the money for the payment had come from. "No, I don't know," Mr. Trump said. He ignored a question on whether he set up a fund that Mr. Cohen could draw from.

The remarks mark the first time Mr. Trump has discussed the payment to Ms. Clifford, who has in recent weeks given interviews about the alleged encounter she had with Mr. Trump more than a decade ago.

Michael Avenatti, Ms. Clifford's lawyer, tweeted: "We very



President Trump was asked on Air Force One about the \$130,000 payment his lawyer made to Stephanie Clifford, or Stormy Daniels.

much look forward to testing the truthfulness of Mr. Trump's feigned lack of knowledge concerning the \$130k payment as stated on Air Force One."

Mr. Cohen has said the Trump campaign and the Trump Organization didn't reimburse him for the payment, but hasn't specifically said the president hadn't done so.

Ms. Clifford last month sued Mr. Cohen for defamation, saying in a court filing that he publicly portrayed her as having lived about an alleged sexual encounter with Mr. Trump. In the lawsuit, Ms. Clifford is seeking to extricate herself from the October 2016 nondisclosure agreement with Mr. Cohen.

Both the White House and

Mr. Cohen have denied a sexual encounter took place.

Mr. Trump's comments could help Ms. Clifford in her effort to break free of the agreement, according to some legal experts.

They say the contract language requires the assent of Mr. Trump, as well as Ms. Clifford and the limited liability company Mr. Cohen used in the

deal. Mr. Trump is identified in the agreement under the pseudonym David Dennison.

Ms. Clifford has alleged in her suit that the contract is invalid because Mr. Trump didn't sign it.

Mr. Cohen has sought to compel the lawsuit into arbitration and said the contract is valid. A lawyer for Mr. Trump has joined the effort.

TRADE

Continued from Page One to back off its hard-line stance to China.

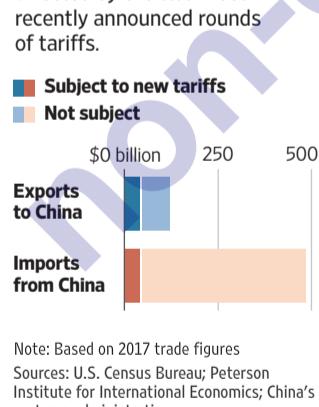
The threat of new tariffs raised the possibility of further retaliation from Beijing, and was almost certain to cause fears of a full-scale trade war among investors, farmers and businesses with ties to the China trade. Thursday's announcement was issued after the close of stock trading, but recent trade tensions with Beijing have already fueled wide price swings in recent trading sessions.

The escalation "increases the likelihood that things will go off the rails and there is a trade war," rather than negotiations, said William Reinsch, a former Clinton administration trade official who is now at the Center for Strategic and International Studies. By tripling the U.S. tariff threat, he said, it could diminish international support and allow China "to say they are the rules keeper and they are playing fair."

Dean Garfield, president of the Information Technology Industry Council, a high-tech trade group, called the Trump move "irresponsible and destabilizing." He said both sides needed "to halt unproductive and escalatory rhetoric, recognizing that these words and actions have global consequences."

The move Thursday caught much of Washington by surprise. Should Beijing choose to match the U.S. tariffs on imports from China, now potentially totaling \$150 billion, with Chinese tariffs on U.S. exports to China of \$150 billion, that would more than cover all U.S. exports to China.

In 2017, the U.S. exported \$130.4 billion in goods to Beijing. China, on the other hand,



Note: Based on 2017 trade figures
Sources: U.S. Census Bureau; Peterson Institute for International Economics; China's customs administration

CHINATOPPIX/ASSOCIATED PRESS



Workers load soybeans at a port in China. The country faces a threat of new tariffs.

U.S. Trade Deficit Widest Since 2008

WASHINGTON—The U.S. trade position worsened in February, raising the stakes in the Trump administration's intensifying effort to narrow the gap between what the nation imports and what it sells abroad.

The trade deficit in goods and services grew to \$57.6 billion in February, the Commerce Department said Thursday, the sixth straight monthly increase and the widest the gap has been since October 2008, when it was \$60.2 billion and the U.S. was deep in a recession.

Even before Mr. Trump's announcement Thursday, key lawmakers from the president's party were criticizing the confrontation with China. Sen. Pat Roberts (R., Kan.) on Thursday called the standoff with Beijing a "minefield" during remarks criticizing the administration's policies at a commodity futures conference in Kansas.

Sen. Pat Toomey (R., Pa.) said Chinese practices, like allegedly stealing intellectual property, were problematic but that the Trump adminis-

tration had instead trained its attention on trade deficits.

"The administration is focused on the wrong problem and it is using the wrong tools to try to address it," Mr. Toomey said in an interview before the announcement.

The Trump administration has said it acted only after a

careful analysis of the facts but that China's retaliation was without a similar analytical basis. China has also started an action in the World Trade Organization against the U.S. threatened retaliation.

U.S. Trade Representative Robert Lighthizer said Mr. Trump's threatened action was

an "appropriate response" to China's actions. Mr. Lighthizer said U.S. industry would have time to comment on any additional tariff moves. The U.S. then has at least six months to levy the penalties.

—Siobhan Hughes and William Mauldin contributed to this article.

WASHINGTON WIRE

HIGHWAY ADMINISTRATION

Deputy Is Chosen To Head NHTSA

President Donald Trump intends to nominate Heidi King to lead the National Highway Traffic Safety Administration, selecting the agency's acting chief to grapple with driverless-car technologies and a massive recall of potentially exploding air bags.

The White House announced Mr. Trump's plans late Thursday. Ms. King has been the Transportation Department agency's deputy administrator since late fall. The NHTSA has been without a permanent administrator since Mark Rosekind departed just before Mr. Trump's inauguration in January 2017. Ms. King's appointment would be subject to Senate confirmation.

Ms. King, a former General Electric Co. executive and House Energy and Commerce Committee economist, would take the reins at an agency scrambling to respond to rapidly emerging self-driving car systems and traditional vehicle defects that have spawned record industrywide recalls in recent years.

Ms. King told a House panel in February that the greatest challenge facing NHTSA officials is an urgent recall that Ford Motor Co. issued instructing tens of thousands of truck owners to stop driving older vehicles with potentially lethal air bags.

—Mike Spector

CONSUMER PROTECTION

Agency Head Boosts Pay for Deputies

President Donald Trump's appointee to oversee the Consumer Financial Protection Bureau has given big pay raises to the deputies he hired to help him run the bureau, documents obtained by the Associated Press show.

Mick Mulvaney has hired at least eight political appointees since he took over the bureau. Four of them make \$259,500 a year, and one makes \$239,595. The figures amount to more than the salaries of members of Congress and cabinet secretaries.

Kirsten Mork, the agency's chief of staff, makes \$259,500 a year, compared with the \$167,300 she made as a congressional staffer. Brian Johnson makes \$239,595 as a senior adviser to Mr. Mulvaney; he made \$164,600 in Congress. Two other appointees making \$259,500 a year worked in other parts of the government, making \$153,730 and \$179,700, respectively.

—Associated Press

INTERIOR DEPARTMENT

Federal Judge Blocks Methane Regulation

An effort to restrict harmful methane emissions on federal lands is off again.

A federal judge in Wyoming has halted the clean-air rule indefinitely, saying it "makes little sense" to force oil and gas companies to comply with the Obama-era rule when the Trump administration has moved to roll back the 2016 regulation.

The Interior Department is accepting comments on its proposed rewrite and expects to issue a final rule this summer.

In the meantime, Judge Scott Skavdahl said enforcing the earlier rule would provide "minimal public benefit" while imposing potentially significant costs on industry.

—Associated Press

U.S. NEWS

Border Troops Could Hit 4,000

BY ALICIA A. CALDWELL

President Donald Trump anticipates sending 2,000 to 4,000 National Guard troops to the border with Mexico.

The president described the plan to reporters aboard Air Force One after an event Thursday in West Virginia. He said administration officials are still reviewing the costs of the plan.

"We'll probably keep them or a large portion of them" until a border wall is built, Mr. Trump said of the planned deployment.

Earlier in the day, Homeland Security Secretary Kirstjen Nielsen said she is working with the governors of Texas, New Mexico, Arizona and California on the deployment plan to "start the negotiations." The Republican governors of Texas, Arizona and New Mexico have expressed support for the move.

In California, Gov. Jerry Brown, a Democrat, has referred questions to the state's National Guard Bureau, where an official said they are waiting for details from the federal government. The state has fought the Trump administration's immigration-enforcement policies in court several times. Last year, it passed a law that limits when and how local law enforcement can cooperate with federal immigration authorities.

Also Thursday, the Border Patrol said about 37,000 people were caught crossing the Mexican border into the U.S. illegally last month. Nearly 13,000 others were taken into custody at legal crossing points along the border. During March 2018, about 12,000 people were arrested crossing the border illegally. Illegal border crossings plummeted in the first months of Mr. Trump's administration and have risen steadily since then, the Border Patrol said.



Migrants packed their belongings on Thursday as they prepared to leave a sport complex where they have been staying in the southern Mexican town of Matías Romero.

VICTORIA RAZO/AGENCE FRANCE PRESSE/GETTY IMAGES

Caravan Trump Criticized Splits Up

BY JUAN MONTES

MATIAS ROMERO, Mexico—The caravan of Central American migrants that raised the ire of U.S. President Donald Trump was slowly breaking up early Thursday and organizers said there were no longer plans to make it to the U.S. border, defusing a growing bilateral crisis between the U.S. and Mexico.

Mexican immigration officials have offered the migrants either a 30-day humanitarian visa to seek asylum in Mexico, which if granted would allow them to stay and work in the country, or a 20-day permit to leave the country. In both cases, the immigrants can't be detained or deported by Mexican authorities during that time and can move more freely.

Mr. Trump praised Mexico. "The Caravan is largely broken up thanks to the strong immigration laws of Mexico and

their willingness to use them so as not to cause a giant scene at our border," he wrote on Twitter early Thursday.

Scores of migrants on the caravan, which had been stuck at a public sports complex in this town in southern Mexico since late Saturday, began boarding buses heading to the Mexican cities of Puebla and Mexico City.

"The caravan is getting smaller by the hour," said Rodrigo Abeja, an activist who works with the nonprofit People Without Borders, which organized the caravan. He estimated about 800 people remain in the sports center, compared with the 1,500 people who started with the caravan in Tapachula, Chiapas, on March 25.

Organizers say the smaller caravan will continue its way to Mexico City, where it is expected to disband completely early next week. Plans to get to

the border have been scrapped.

"Our mission has been accomplished as Mexican authorities have given papers to most immigrants," said Ireneo Mujica, one of the leaders of the caravan. "Mexico City is the last stop."

The crisis escalated earlier this week after media reports that a large caravan of migrants from Central America was making its way to the U.S. border. Mr. Trump repeatedly blasted Mexico for allowing the caravan to pass through its territory, and even threatened to tear up the North American Free Trade Agreement, which is currently being renegotiated.

Mr. Trump's anger tied in closely with his frustration with Congress over funding his southwest border wall, after a recent spending bill funded only a slice of the project. Mr. Trump announced Wednesday he would deploy

the National Guard to assist with border security.

Mexican officials, initially taken by surprise at the size of the caravan, didn't stop the migrants. But as Mr. Trump's criticisms escalated, Mexican immigration officials showed up in Matías Romero.

Gildardo Rodríguez, a Guatemalan immigrant with the caravan, got a 30-day permit to apply for an asylum visa in Mexico. "This is of great help to us," he said, waving the piece of paper.

Mr. Rodriguez said he plans to continue with the caravan to Mexico City and then go to Tijuana, which borders California, on his own. He said he plans to work in Tijuana to support his wife and two girls who stayed in Guatemala City.

"I won't cross the U.S. border. There is too much control now," Mr. Rodriguez said.

It isn't clear how many mi-

grants still plan to head to the U.S. border on their own. Organizers said about 70% are willing to stay in Mexico, while others said they would still try to claim asylum in the U.S.

Mr. Trump made a crackdown on illegal immigration one of his top priorities on the campaign and in his first year as president. On Thursday, he took credit for a greatly diminished flow of migrants crossing the U.S. border.

"Because of the Trump Administration's actions, Border crossings are at a still UNACCEPTABLE 46 year low. Stop drugs!" he wrote.

The number of migrants illegally crossing the border has been falling for years, mostly due to slower population growth in Mexico and improved job prospects in the country.

—Laura Meckler
and José de Córdoba
contributed to this article.

STOCKS

Continued from Page One
for predicting past market peaks, declared in January that U.S. stocks would "melt up" another 50% over the next six months to two years. So far, at least, he was wrong.

Now that stocks, bonds and other assets are moving in strange ways, many investors view continued volatility as one of the year's most dependable bets. The Cboe index, known as the VIX, is up 72% since the start of the year.

"The new safe haven is now volatility," said Christopher Stanton, chief investment officer at Sunrise Capital LLC. "It's the one thing that's pretty much guaranteed."

Mr. Stanton is among those who are buying futures contracts pegged to the VIX, a profitable bet if volatility continues to rise. In the past two weeks, both hedge funds and asset managers have been doing the same, according to data from the Commodity Futures Trading Commission.

The VIX uses S&P 500 options to measure traders' short-term expectations for market swings. The gauge typically rises when stocks fall, making VIX derivatives an attractive form of protection against sudden downturns. One exchange-traded product that tracks VIX futures has gained 68% so far this year, according to FactSet.

"A small amount of this stuff can be a very potent hedge," Mr. Stanton said.

Some investors are buying stock options that make more money amid violent market swings, regardless of whether stocks rise or fall, said Pravit Chintawongvanich, head of derivatives strategy for Macro Risk Advisors.

"There's definitely been a change in market psychology," he said. "This is the first time in years when volatility has jumped and remained high."

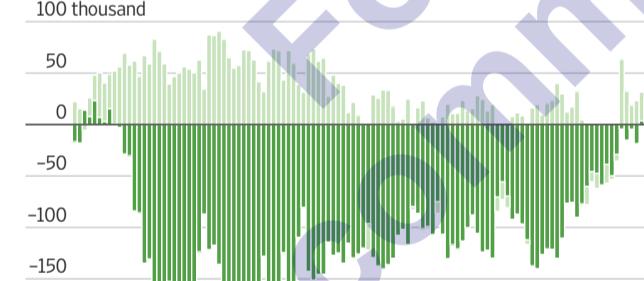
Big banks including Goldman Sachs and Société Générale are urging clients to protect their portfolios from looming threats such as trade disruptions and higher interest rates by using strategies that benefit from increased turbulence.

"Hedge what you fear,"

Buying Into Turbulence

Hedge funds and asset managers are betting that volatility will keep rising.

Net long and short wagers on VIX futures



Source: FactSet

Goldman Sachs wrote in a report Monday. "A shift towards risk reduction and expectation of higher volatility is likely to change the trading dynamics in 2018 and increase the value of time spent on hedging."

Buying this insurance against wild price swings had fallen out of favor in the years since the financial crisis, especially in 2017, when stock-market volatility fell to its lowest level since the index was launched in 1993. The VIX's calmest year prompted some investors to ditch costly portfolio insurance.

Many investors view continued volatility as one of the year's most dependable bets.

A single share of the iPath S&P 500 VIX Short-Term Futures ETN, which profits when VIX futures rise, bought at its 2009 launch was worth \$107,090 then, after adjusting for splits, according to FactSet. It closed at \$46.96 Thursday.

Instead, many investors juiced returns by selling insurance. Betting against volatility was one of the most popular and profitable trades in recent years as central banks flooded the markets with cash and lulled investors with record-low interest rates.

But that strategy imploded on Feb. 5 when stocks plunged and VIX futures rose almost

113%, their biggest one-day gain since the contracts started trading in 2004. Exchange-traded funds that bet against the VIX lost more than 80% of their assets, and two popular products were closed. Since the start of February, asset managers have slashed wagers on falling VIX futures by 83% while hedge funds cut 41%, according to the CFTC.

Despite the renewed interest in betting on more volatility, profiting from it isn't all that easy. Investors must time the bets with precision, and be equally adept at cashing out at the right moment, analysts say—a difficult task.

A group of hedge funds—known as tail-risk funds—that claim to protect investors from sudden declines have struggled to make gains from the surge in market turbulence. The Cboe Eurekahedge Hedge Fund Index of tail-risk funds fell 0.3% in February and eked out a gain of 0.2% in March, even though volatility surged.

Stocks may yet rocket higher, as predicted in January by Mr. Grantham, the chief investment strategist at Grantham Mayo Van Otterloo & Co.

Still, history shows that buying volatility can prove expensive, even when turbulence is elevated, said Salil Aggarwal, equity derivatives strategist at Deutsche Bank.

"It's very hard to make money being systematically long volatility," Mr. Aggarwal said. "Over time you're going to bleed away money."



WORLD NEWS

Tensions Grow Between Moscow and West

U.S. diplomats leave as Russia is barred from joining probe into nerve-agent attack

By THOMAS GROVE

MOSCOW—Dozens of U.S. diplomats departed Russia on Thursday hours after the Kremlin failed to garner support for a joint investigation into the use of a Soviet-era nerve agent in the U.K., moves that underscore the deepening divisions between Russia and the West.

The poisoning of Sergei Skripal and his daughter has plunged ties between Russia and the West to their worst levels since the end of the Cold War. Russia, which denies it is responsible for the attack, announced the expulsion of 60 U.S. diplomats and others last week in response to decisions by North American and European countries to kick out 130 Russian diplomats.

On Thursday, buses and cars entered a U.S. diplomatic compound in Moscow, exiting more than two hours later in the direction of the airport, according to Russian news agencies.

The expulsions have complicated embassy and consulate activities. They have at times targeted couples employed at diplomatic missions, expelling one member of a family, but not the other, those with knowledge of the situation say.

The U.S. State Department called Russia's decision unwarranted. It wouldn't disclose who was expelled.

In the U.K., Yulia Skripal, the 33-year-old daughter of Mr. Skripal made her first statement since regaining con-



A bus carrying U.S. diplomats and their families left the embassy compound in Moscow on Thursday. Sixty Americans were expelled, splitting some families.

siousness after the attack. A week ago, the Salisbury District Hospital said Ms. Skripal was improving rapidly and was no longer in critical condition.

"I am grateful for the interest in me and for the many messages of goodwill that I have received," she said.

"I am sure you will appreciate that the entire episode is somewhat disorientating, and I hope that you'll respect my privacy and that of my family

during the period of my convalescence."

At an executive meeting of the Organization for the Prohibition of Chemical Weapons watchdog on Wednesday called by Moscow, Russia failed to attract the support it needed to open a joint investigation that would have allowed its participation.

The OPCW's executive council has 41 members and generally needs two-thirds of votes to act on important mat-

ters. The countries that supported Russia's proposal included mostly former Soviet states as well as Syria and Iran.

John Foggo, the U.K.'s acting envoy to the OPCW, said the weight of evidence against Russia excluded its participation.

"There is no requirement in the Chemical Weapons Convention for a victim to engage the likely perpetrator in a joint investigation. To do so

would be perverse," he said in a statement.

Russia blames the U.K. for keeping secret information that it says could help Moscow aid the investigation. The European Union however says Moscow hasn't done enough to counter suspicions Russia was behind the attack.

Results from the OPCW's investigation, which experts say is being conducted in at least four laboratories in the Netherlands, are expected to be released next week, possibly giving U.K. authorities independent confirmation of their own findings.

Those results won't say who was behind the attack, but they will give certain clues such as the exact chemical composition of the agent and when it was produced, said Jean Pascal Zanders, an independent chemical-weapons researcher and consultant.

—Jenny Gross in London contributed to this article.

Catalan Separatist Faces Extradition

A German court ruled to allow Catalan separatist leader Carles Puigdemont free on bail, paving the way for his extradition to Spain to stand trial for his role in last autumn's independence drive.

But the German court said

By Jeannette Neumann
in Madrid and Bojan
Pancevski in Berlin

Thursday that it would permit Mr. Puigdemont's extradition only on the lesser charges of misuse of public funds and not for Spain's more serious charge of rebellion against the state.

The court will decide within days over extradition on the lesser charge. His lawyers have said they will appeal any ex-

tradition order.

The court in the German region of Schleswig-Holstein—where Mr. Puigdemont was detained last month after a Spanish court issued an international arrest warrant—ruled against an earlier recommendation by German prosecutors that Mr. Puigdemont be extradited to Spain on all of the charges brought by a Spanish court.

The government of Prime Minister Mariano Rajoy didn't immediately react to the ruling. While it would welcome the extradition of a separatist leader who Madrid says violated Spain's constitution, the German court's refusal to consider extradition on the rebellion charge will be a blow to the central government as well as judicial authorities.

It also suggests that Mr. Puigdemont will face lesser charges than other former members of his government, who are set to stand trial in Spain for allegedly rebelling against the Spanish state for their unauthorized independence referendum. Weeks after the vote, the separatists declared the wealthy Spanish region whose capital city is Barcelona independent. Madrid responded by imposing direct rule over Catalonia.

Many separatists had hoped Mr. Puigdemont would avoid extradition altogether and be able to continue trying to drum up international support for the Catalan separatist movement abroad. The German court's dismissal of the rebellion charge could jolt the

Catalan separatist movement with some momentum. It is unlikely, however, to attempt another unilateral declaration of independence in the medium term.

Spanish courts had withdrawn an earlier international arrest warrant for Mr. Puigdemont when he was in Belgium precisely to avoid the contradiction of Mr. Puigdemont facing charges for misuse of public funds—which carries a prison sentence of up to eight years—and some of his former colleagues facing charges of rebellion, which carries a prison sentence of up to 30 years. Spanish prosecutors also argue Mr. Puigdemont and other separatist leaders used public funds to pay for the unlawful independence referendum.



Pro-separatists rallied on Thursday in Figueres, Spain.

Italy's First Bid to Form Government Fails

By DEBORAH BALL

ROME—A first round of consultations to form a new Italian government failed Thursday, as the main parties remained at loggerheads, meaning more negotiations will be necessary next week.

Italian President Sergio Mattarella said that after two days of meeting with the leaders of Italy's political parties, no party or coalition had the necessary support to command a parliamentary majority. He said that he agreed with the parties to take "a few days" to reflect on how to proceed before convening a second round of consultations.

National elections on March 4 returned a hung Parliament, with the electorate roughly divided into three camps. A center-right coalition, led by the anti-immigration League and which includes Silvio Berlusconi's Forza Italia, emerged as the largest coalition with around 37% of the popular vote. The antiestablishment 5 Star Movement followed with 32%, making it the largest single party. The center-left Democratic Party trailed both.

The parliamentary math has set off a flurry of talks among the party leaders in the past month to determine whether they can find enough common ground to strike an alliance that could win a parliamentary majority.

Speculation has risen that

the League, a far-right group that won 18% of the popular vote with its fierce opposition to immigration and a law-and-order platform, could abandon its alliance with Mr. Berlusconi and strike a deal with 5 Star.

Last month, 5 Star and the League made a deal to elect the speakers of Italy's two parliamentary chambers, stirring expectations of a pact between the two.

A 5 Star-League alliance would give birth to a populist government deeply skeptical of the European Union and multilateral institutions such as the North Atlantic Treaty Organi-

zation—an outcome that could spook investors and disquiet Italy's European partners.

Such an alliance so far has proved elusive. One obstacle has been disagreements over which party would have the right to claim the premiership. Moreover, the League has resisted scrapping its alliance with Mr. Berlusconi—an important demand from 5 Star.

"If everyone digs in their heels and sticks with their personal whims...a new government won't be born," said League leader Matteo Salvini after meeting Mr. Mattarella.

Some expect that Mr. Mat-

tarella may ask the center-right coalition to attempt to form a new government since that alliance piled up the largest number of votes. However, it is unlikely that the coalition is able to attract enough outside votes to form a new government.

In that case, the League then may abandon Mr. Berlusconi and strike a deal with 5 Star. Given the complexity of the talks, however, it could take weeks or even months before a new government is seated.

—Giovanni Legorano contributed to this article.

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President Sergio Mattarella said the parties will take a few days' pause before meeting again.

EMILIO MORENATI/ASSOCIATED PRESS

ALESSANDRA TARANTINO/ASSOCIATED PRESS

WORLD NEWS

President Takes Oath In Sierra Leone

BY NICHOLAS BARIYO

A former military junta leader educated in the U.S. was sworn in as Sierra Leone's new president after a narrow election victory, and now faces the task of rebuilding a resource-rich economy racked by a global slump in commodity prices and the Ebola epidemic.

Opposition leader Julius Maada Bio, who briefly ruled Sierra Leone in 1996, won 52% of ballots in a hotly contested runoff against the ruling party candidate, the country's electoral commission said late Wednesday. The 53-year-old was immediately sworn in as head of state in the seaside capital of Freetown to prevent a power vacuum, in line with the constitution.

Dressed in traditional white robes, Mr. Bio said his victory represented "the dawn of a new era."

His primary test will be delivering on his central campaign pledge: kick-starting Sierra Leone's moribund economy.

For years, Sierra Leone was rated one of Africa's most dynamic economies but it has slowed sharply since 2014, weighed down by the Ebola outbreak and a global decline in commodity prices.

Though marred by sporadic clashes and a dispute among candidates over vote counting, the election was largely peaceful, international observers said—a boon for a country still bearing the scars of civil war in the 1990s.

Mr. Bio, a retired general, ruled the country for three months after a coup before emigrating to the U.S., where he lived and studied for a decade. He earned a master's degree from American University in Washington before returning to Sierra Leone.

Judge Orders Brazil's Lula to Jail

Ex-president convicted of corruption, money laundering faces 12 years behind bars

BY SAMANTHA PEARSON AND LUCIANA MAGALHÃES

SÃO PAULO—A Brazilian judge ordered former President Luiz Inácio Lula da Silva to be jailed for his conviction last year on charges of corruption and money laundering, in a political saga that has deeply divided this nation.

Sergio Moro, a leading judge in Brazil's sprawling Car Wash corruption investigation, gave Mr. da Silva, long considered the front-runner in this year's elections, until 5 p.m. Friday to turn himself in to police in the southern city of Curitiba or face arrest.

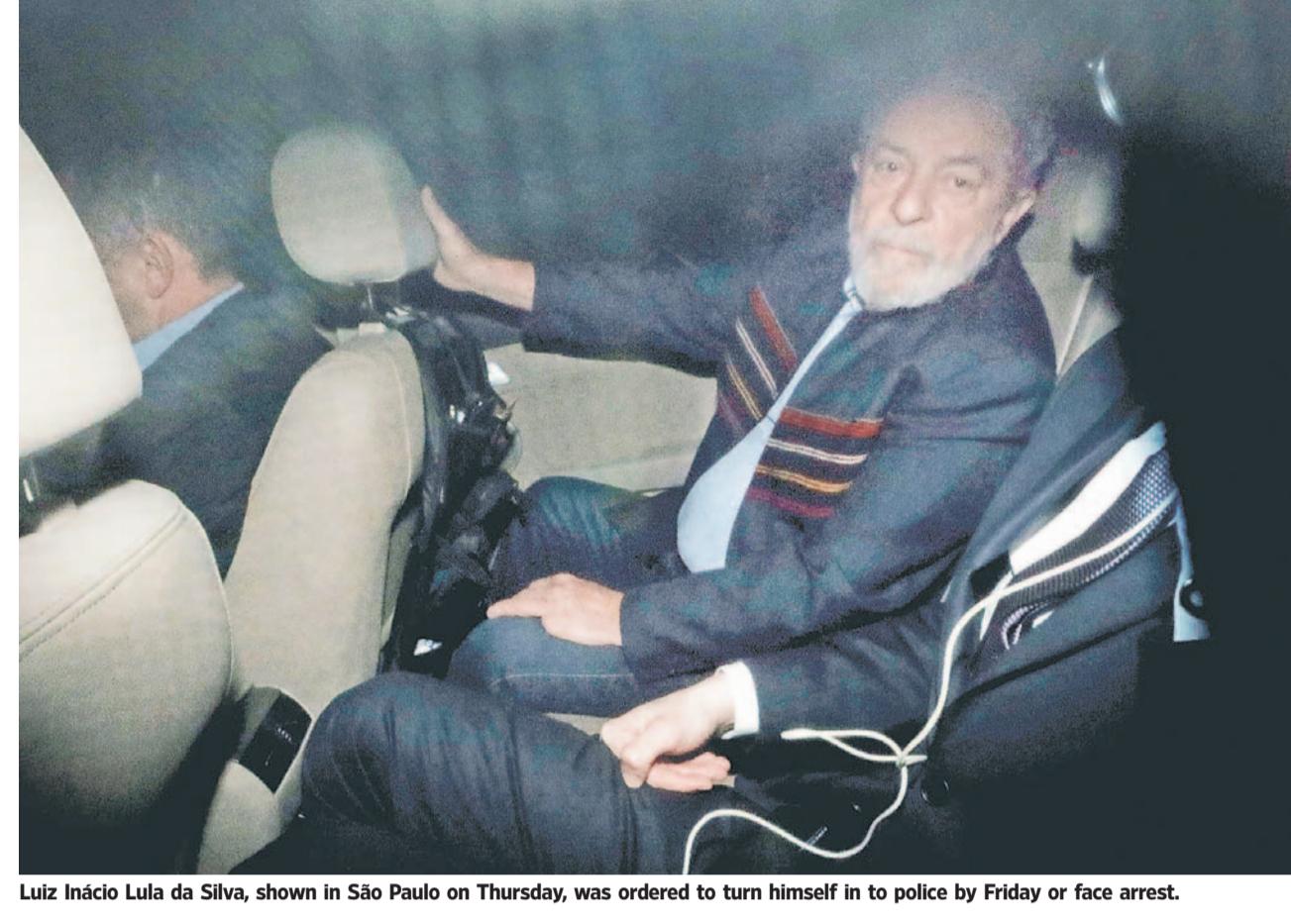
The 72-year-old was found guilty last year of accepting a penthouse apartment from a construction firm in exchange for favors, landing him a 12-year prison sentence. He has denied the charges and vowed to fight to overturn the conviction.

The move marked a dramatic downfall for the former shoeshine boy who left office seven years ago as a popular politician credited with lifting millions out of poverty in Latin America's biggest nation.

Judge Moro's decision, which was met with fireworks as the former president's detractors celebrated across Brazil's largest city São Paulo, came after the Supreme Court turned down Mr. da Silva's request early Thursday morning to remain out of prison while exhausting all possible appeals against his conviction.

"This is historic," said Fernando de Freitas, 30 years old, who lives and works in São Paulo. "Lula is a symbol of Brazil's political culture.... You might think that he's untouchable, above the law, but this shows that things are changing in this country."

Mr. da Silva's lawyers said he should have been given the



Luiz Inácio Lula da Silva, shown in São Paulo on Thursday, was ordered to turn himself in to police by Friday or face arrest.

option to file more appeals, and so the judge didn't follow proper procedures.

The judge requested that Mr. da Silva be locked up in an isolated part of the police headquarters in Curitiba to ensure his safety and privacy.

Brazil's Workers' Party has until now pledged to keep Mr. da Silva, its founder, out of jail and in the running for October's presidential race. Party President Gleisi Hoffmann said earlier Thursday that the imprisonment of Mr. da Silva would turn Latin America's largest country into a "banana republic."

Latin America's political left has rallied around the man universally known as Lula, who rose from union activist to become a model for other leftist leaders in the region. Former U.S. President Barack Obama once called him "the most pop-

ular politician on Earth."

"The oligarchy is not interested in democracy, nor justice," Bolivian President Evo Morales wrote on his Twitter account. President Nicolás Maduro in Venezuela called the court ruling an injustice that "pains the soul."

A popular politician, Lula was credited with lifting millions out of poverty.

trading Thursday, as investors breathed a sigh of relief that the spendthrift populist whom they blame for much of the country's fiscal woes now has little chance of re-election.

Rival candidates began to position themselves, hoping to inherit at least some of the 50 million or so potential voters who had been expected to support the leader.

The power vacuum will attract even more candidates, fragmenting Brazilian politics further and making October's race one of the most unpredictable in the nation's short democracy.

Flávio Rocha, CEO of one of Brazil's largest clothing chains, who plans to run for the conservative Brazilian Republican Party, is one of the hopefuls. "I also represent the promise of prosperity as the country's 15th largest employer," he said

in an interview.

Other contenders for the presidency are likely to include environmentalist Marina Silva, former Supreme Court Justice Joaquim Barbosa, Finance Minister Henrique Meirelles, São Paulo Gov. Geraldo Alckmin, and Jair Bolsonaro, an ex-army captain.

Mr. Bolsonaro, who has been in second place in the polls behind Mr. da Silva, applauded the Supreme Court's decision, calling it a "goal against impunity." He will automatically take the top spot in the polls in Mr. da Silva's absence, but his rival's exit may prove to be a poisoned chalice.

Seen as one of the few candidates capable of beating the leftist icon, Mr. Bolsonaro may now lose some of his appeal, political analysts said.

—Jeffrey T. Lewis contributed to this article.

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WORLD NEWS

Sumo Wrestles With Gender Roles

BY PETER LANDERS
AND MIHO INADA

TOKYO—The Japan Sumo Association apologized after an official ordered women to leave a sumo-wrestling ring where they were giving first aid to a man who had suffered a brain hemorrhage.

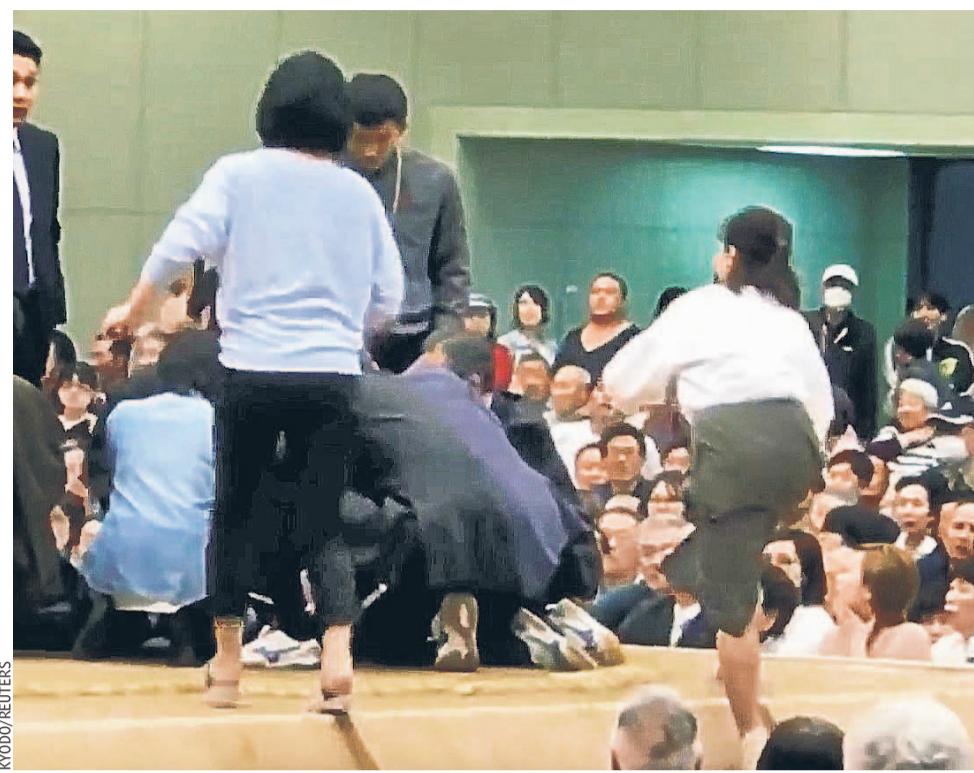
The incident, in which Japan's national sport sought to enforce its ban on women in the wrestling ring, called attention to the unequal status of women in some of Japan's traditional cultural fields such as sumo and Kabuki theater, discrimination that reflects broader inequality.

Japan ranked 114th in the World Economic Forum's global gender gap index last year. Prime Minister Shinzo Abe has said making it easier for women to work and be active in society is a "matter of the greatest urgency."

The centuries-old sport of sumo has held at least since the early 20th century that women must not enter the ring, a policy some historians associate with rituals in Japan's native Shinto religion that view women as unclean.

The ban was put to the test in the city of Maizuru on the Sea of Japan coast Wednesday, where an exhibition tournament was taking place.

Maizuru Mayor Ryozo Tatami, 67, was giving a speech



Women climbed into the sumo ring Wednesday to treat a man who suffered a brain hemorrhage.

in the ring when he suddenly collapsed from what doctors later diagnosed as bleeding in the brain.

Videos of the scene showed that a woman in the audience rushed up to the ring and started performing cardiopulmonary resuscitation on Mr. Tatami as he lay on his back. Several other women entered

the ring to help.

At that point, a sumo official announced over the public-address system: "Women, please come down from the ring. Men, please go up."

The videos showed that the women then left the ring. By the time Mr. Tatami was carried off in a stretcher, only men remained.

A spokeswoman for the mayor said he was in stable condition at a hospital.

Sumo association head Nobuyoshi Hakkaku apologized, saying the official who made the announcement was flustered. "This was an inappropriate response in a situation where human life was at stake," Mr. Hakkaku said.

Philippines Closes Polluted but Popular Beach

BY JAKE MAXWELL WATTS

The damage from tens of millions of tourists flooding Southeast Asia's once-idyllic islands is forcing shutdowns of some of the world's most popular paradise beaches.

The Philippines took the drastic step Thursday of announcing the closure for up to six months of its top tourist island, Boracay—a "cesspool," in the words of President Rodrigo Duterte, after decades of unrestrained development.

Tourist traffic to the white-

sand tropical beaches and coral reefs of Southeast Asia is growing unsustainably fast, officials said, with a boom in Chinese visitors adding to the strain they were already under from throngs of visitors from Europe, Australia, the Americas and the rest of Asia.

Successive Philippine governments have tried and failed for decades to clean up Boracay, until Mr. Duterte declared this month that he saw closure as the only option. A high concentration of human feces makes the water around the

island hazardous to health. "It really smells bad," Mr. Duterte said. "The water is really contaminated."

He is fighting strong economic incentives. Closure "is unfair to the good resort owners who are in compliance with environmental safeguards," said Risa Hontiveros, an opposition senator. "Tens of thousands of jobs will be affected across the industry."

Other countries in the region are taking similar action. Last week, Thailand said it would close Maya Bay on Phi

Phi Leh—famously the setting of the Leonardo DiCaprio movie "The Beach"—for four months a year to allow it to recover.

In Bali, Indonesia, authorities in December declared a "garbage emergency" and deployed hundreds of volunteers to cart tons of plastic trash off beaches.

Reachable from most of the world on cheap flights, Southeast Asia draws millions of visitors every year to its beaches. The result: Many paradise islands have become pollution catchments.

Malaysia Suspends Opposition Party Ahead of Elections

BY YANTOULTRA NGUI

KUALA LUMPUR, Malaysia—A Malaysian government agency suspended opposition leader Mahathir Mohamad's party as the government is preparing to call national elections, potentially bolstering the ruling party's chances of success in the vote.

The Registrar of Societies, a department of the Interior Ministry responsible for registering political parties, said Thursday that the party of the long-serving former prime minister didn't provide enough documents to be properly registered and has been ordered to suspend activities for 30 days.

"It can't use its name or logo, limiting its ability to compete with Prime Minister Najib Razak's United Malays National Organization. Elections must be held by August, but many political commentators say Mr. Najib is on the brink of calling elections and could dissolve Parliament as early as this week.

If Dr. Mahathir's party submits the documents required by the Registrar of Societies within 30 days, it would be allowed to resume operations. If it doesn't, the party risks being dissolved. The documents include financial statements and minutes of administrative meetings such as annual general meetings.

Opposition politicians said members of Dr. Mahathir's Parti Pribumi Bersatu Malaysia, or PPBM, could contest seats under the banners of other parties in the opposition alliance, which is known as Pakatan Harapan and includes a variety of voices. Dr. Mahathir and other members of his party could also run as independents. Opposition parties had agreed to campaign under a single banner.



Mahathir Mohamad

"The deregistration order is an abuse of power by a regime that is desperate to stay in office," said Wan Saiful Wan Jan, a member of the PPBM's Supreme Council. The ruling party "is clearly scared, and they are doing everything they can to stop the rise of PPBM. We will continue to fight this abusive regime."

Dr. Mahathir, who led Malaysia for 22 years and is 92 years old, launched his party in 2017 after he quit the United Malays National Organization, the lead party in the National Front that has ruled Malaysia since independence from Britain in 1957.

Dr. Mahathir said he left in protest against what he said was Mr. Najib's involvement in a financial scandal involving state investment fund 1Malaysia Development Bhd., or 1MDB.

The fund is being investigated by authorities in several countries, including the U.S., on allegations including money laundering and misappropriation of funds involving billions of dollars.

Both 1MDB and Mr. Najib have denied wrongdoing and said they would cooperate with any lawful international investigation.



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IN DEPTH

JOBS

Continued from Page One
is actually closer to zero: some 9,500 jobs have no takers. Each day, about 25,000 workers commute into Elkhart city, population 50,000. A county economic development agency is hunting for job candidates across Appalachia and as far as Puerto Rico.

The local jobs rebound is the largest among 403 metro areas analyzed for The Wall Street Journal by Moody's Analytics. As the national unemployment rate drops toward 4%, the Elkhart region has been at that level or below for 34 consecutive months. The rest of the U.S. might never match Elkhart's sizzling pace, but the region could point to what lies ahead.

Average weekly wages overall were up 6.3% in the third quarter of 2017 from a year earlier, the Labor Department said, compared with a 0.6% decline nationally over the same period. In Elkhart's RV industry, which employs 12% of local workers, average annual salaries in 2016 rose 17% to \$68,000. Pay is still rising.

Some job perks seem more Silicon Valley than Rust Belt. LCI industries, an RV parts maker, employs four "dream managers," who help workers plan vacations or handle family problems. "We want people to have a deeper purpose," said one manager, John Ferguson, a former minister.

Another company, which makes shelves, advertises a free health clinic to lure new hires.

Chasing scarce workers has fueled inflation elsewhere. Median home prices have risen about 6.5% annually over the past two years, said Gary Decker, former president of Elkhart County's board of Realtors, about twice as fast as in past recoveries.

Elkhart city, located at the junction of the St. Joseph and Elkhart rivers, is booming in a conservative Midwestern way, said Arvis Dawson, a former Elkhart city council member: "People here make enough money to buy a Cadillac, but they buy Chevys."

Not at Zeigler Ford. The dealership usually stocks a half-dozen Ford Expeditions, which sell for as much as \$85,000, and Lincoln Navigators that top out at \$95,000. In February, the pricey SUVs were sold out. The Ford dealer,



Jayco's RV manufacturing plant in Elkhart, Ind. A rebound in RV demand has reduced unemployment in the region to just above 2%.

which usually stocks 20 to 30 top-end F-150 pickups, had three on the lot.

"All the high-line series have taken off," said Mike Simmons, a sales manager. The tight labor market has created problems in his own office, which is short a full-time worker. The dealership is making do with three part-timers.

Hand made

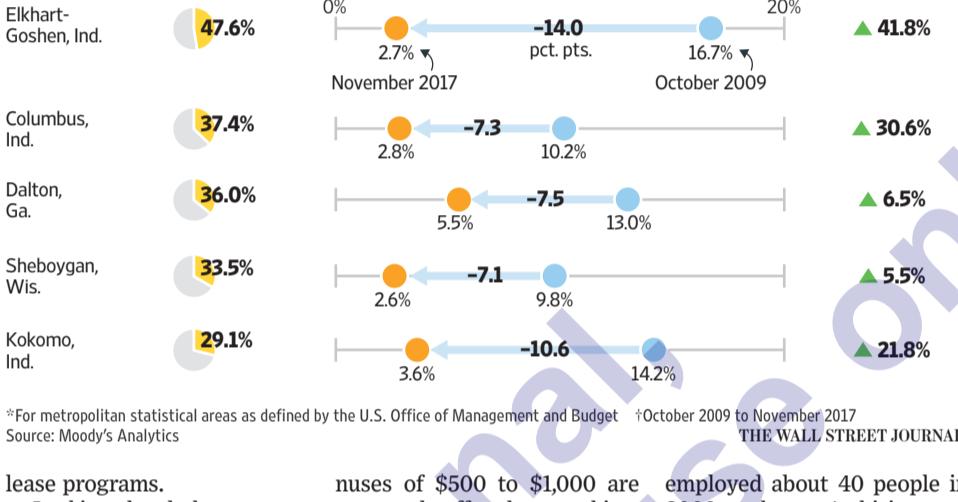
Jayco Factory 44 looks like a giant woodworking shop, punctuated with the rat-tat-tat of staple guns firing and the buzz of electric saws. The site, which produces \$475,000 Entegra motor homes, belongs to Thor Industries Inc.

Thor buys steel chassis, and Jayco workers build the RV housing. Workers push the 45-foot-long motor homes by hand along a rail system. The vehicles move from station to station, where specialists assemble various parts by hand: cabinets, wiring, walls and roofs.

Amish ride their bicycles for the 5 a.m. start of the workday and head home to farms by 1 p.m. Thor, the region's largest employer, takes extraordinary steps to locate workers. The company seeks prospects in Youngstown, Ohio, and other Midwestern cities with higher unemployment. It also hires county jail inmates in work-re-

Making It to No. 1

Employment gains by the top five U.S. manufacturing regions* since 2009.



*For metropolitan statistical areas as defined by the U.S. Office of Management and Budget

Source: Moody's Analytics

Decker, the real-estate broker.

When President Barack Obama put together an \$800 billion stimulus plan in 2009, he traveled twice to Elkhart to illustrate the recession's despair. "We were the worst in the country," said Jason Lipper, chief executive of LCI Industries.

Slowly at first, Elkhart's economy improved. The stimulus plan helped, although some projects flopped. Three companies set up shop, got pledges of more than \$50 million in government funding and produced just two working electric vehicles before folding.

Starting around 2012, the RV industry—and, by extension, Elkhart—started to rebound sharply, largely because of the improved U.S. economy, say economists and RV industry executives. RV shipments last year tripled to 500,000 motor homes and trailers from 2009, the Recreational Vehicle Industry Association said.

Shelley Moore, an Elkhart urban planner, said the city has been in a "race against the clock" to build a more diverse and sustainable economy. The pursuit is complicated by the RV industry's success.

Jobs are so easy to get that fewer in the region are enrolling in college, a risky bet against another downturn. Elkhart ranks 335th of 380 metro areas in percentage residents with a college degree, the Brookings Institution found.

Enrollment in the Elkhart branch of Ivy Tech Community College has fallen by nearly half since the recession. "We're up against a great economy," said Kyle Hannon, executive director of the local campus. "It's kind of weird."

But even in good times, memories of the last recession—and fears about the next one—shape business and personal decisions in Elkhart.

Residents squirrel away money, not sure whether to trust the boom. That makes sense, according to Mr. Hicks, the Ball State economist. In the next recession, he said, "they will be clobbered."

Few RV makers want to invest in factory automation, given the industry's past peaks and valleys. Without large capital spending, "we are highly variable," said Robert Martin, Thor's CEO. "We can ramp down if things get really bad."

There are almost no places to rent in and around Elkhart, but few builders will risk erecting homes or apartments that will sit empty in what has been a boom-and-bust economy.

"There are a lot of people with the money here to put up housing," said Mr. Lipper, the RV parts maker. But with nine years of economic recovery, he said, many say, "What if it ends next year?"

Matt Stump, who builds RVs at Jayco, said he returned to Elkhart in January after living with his family in Peoria, Ill., for 15 years where he worked at Caterpillar. He couldn't find a rental to house his family, so he stays at a bed-and-breakfast and, on weekends, makes the 4½-hour drive to Peoria.

The housing shortage has sparked "something we haven't seen in our careers here," said Mr. Decker, the real-estate broker. "Multiple offers."

No place in the U.S. has seen a labor-market turnaround like Elkhart, Ind.

especially those from Mexico, whose population had grown from just 2% of the Elkhart City's population in 1990 to 24% by 2010.

José Chiquito, a Goshen College sophomore, said his father and five of his siblings had moved to Elkhart over the years from the Mexican state of Aguascalientes for RV jobs. During the recession, three returned home.

Many who stayed in Elkhart lost their homes. More than a third of home sales in 2010 were foreclosures, said Mr.

Post-Recession Rebound

Average weekly manufacturing wage, change since 2006



Source: Labor Department

MATZO

Continued from Page One
and forbids observant Jews from eating leavened bread—and other items with yeast such as beer. Many American Jews this week are also celebrating Passover's twin holiday: the start of baseball season, another harbinger of renewal and hope for a more secular but no less fervent kind of believer.

Nearly half of Major League stadiums have special concession stands that serve kosher offerings for most of the season, but the items don't pass muster during Passover. Ballparks are lenient about allowing in outside food—meaning the observant can pack matzo sandwiches or Seder dinner leftovers—but alcohol is strictly limited to what vendors are selling.

Before a Mets game that Rabbi Eliezer Zalmanov of Munster, Ind., attended with relatives in 2016, he poured kosher for Passover wine into seltzer bottles, wrapped them in towels and stashed them at the bottom of a backpack. The ploy got the goods past security guards, allowing the Zalmanovs to toast a Mets win over the Cincinnati Reds with

religiously certified libations. "We were just there to enjoy stress-free baseball," he said. "And some contraband kosher wine."

Zachary Silver, who lives just a few blocks from Wrigley Field in Chicago's Lakeview neighborhood, said during Passover he likes to bring Seder leftovers of brisket, horseradish and charoset—an apple and nut chutney that symbolizes the mortar used by Hebrew slaves in Ancient Egyptian construction projects.

He said he gets fewer glances from fans than during regular-season games, when he brings his own freshly grilled kosher hot dogs from home, skipping the concession stands. He said he likes his own better. They are the "Where did you get that?" kind of looks," said Mr. Silver, a teacher and administrator at a Jewish high school.

Concession stands that serve kosher food during the regular season become unkosher this week, when utensils or other items that have ever come in contact with leavened products aren't allowed. Kosher ballpark vendors usually opt to close during the eighth day holiday rather than undertake the amount of work necessary to make stands kosher for Passover.

Given that the season opener and Passover coincide every few years, that can present scheduling headaches for vendors. This year, opening day fell the night before Passover began, leaving the popular kosher stand at Camden Yards in Baltimore to operate for just one game before shutting down for the week, according to stadium general manager Michael Geczi. Passover ends this year on Saturday night.

Even during the regular season, keeping concessions kosher is a challenge. During a game last year, the rabbi overseeing the Baltimore operation thought he saw something nonkosher unintentionally touch the grill. He closed the stand and spent the next hour "kashering" the grill on maximum heat to burn off any contagion.

"It was during the game, and the entire stand looked like it was going up in flames," Mr. Geczi said. "Other than that it was business as usual."

Marlins Park in Miami is an exception to the Passover famine. Since 2015, the Marlins have teamed up with Miami Chabad, an Orthodox group, to host "Passover at the Park," a pregame festival that this year featured the Yeshiva University singing group. It had a catered



Kosher for Passover food at Marlins Park event this week.

spread that included bunless hot dogs, turkey legs and chicken wings.

"It's the only place you can see the Maccabeats and the Marlins," said David Dalva, who came to the Tuesday game with his wife, his mother and his two children after seeing a flier at his synagogue in Boca Raton.

Aaron Wallenstein, a visitor from New York, enjoyed the game, but had a bone to pick. "The food is pretty good, but it's pricey," he grumbled—although the Passover hot dog and a dog from the regular concession stand were both \$6.

"It's better than cream cheese on matzo," Liz Wallenstein, Aaron's sister, replied.

His sister-in-law Lauren Wallenstein, attending the game along with several family members, said they wouldn't even be here if not for the food.

Manischewitz, the kosher food and beverage conglomerate, started sponsoring the Miami event this year, which attracted 3,000 people out of the total game attendance of 15,000.

In an interview after he threw out the first pitch, Manischewitz Chief Executive David Sugarman said he was eager to expand Passover offerings at various ballparks, using creative promotions. "We should be giving out gefilte fish to the first 10,000 fans," he said.

Of all American sports, baseball is by far the most intertwined with American Jewish identity. There have been dozens of Jewish Major Leaguers, including Hall of Famers Sandy Koufax and Hank Greenberg. In cities that settled large populations of Jewish immigrants during the first half of the 20th century, the local baseball team was a fruitful avenue for Jews to express their love of American culture.

"I totally associate the Brooklyn Dodgers with the Jewish community of Brooklyn in the 1940s and '50s," said

Jon Daniels, the general manager of the Texas Rangers. He and his brother Ryan, a rabbi, co-wrote the foreword to "The Baseball Haggadah," a themed version of the book used by Jews during the Seder to tell the Exodus story.

There's even a picture book, "Matzah Ball," that walks kosher children through the experience of bringing Passover food to the ballpark while friends get peanuts and Cracker Jack. Turns out non-Jews like matzo and macaroons too, according to the author, and the Prophet Elijah might even help the pious catch a home run hit by Orioles legend Cal Ripken Jr.

Nearly a century ago, teams were already using food as a way to attract their growing Jewish fan base. New York Giants manager John McGraw signed Jewish second baseman Andy Cohen in 1926, and vendors at the Giants' Polo Grounds stadium sold "Ice Cream Cohens" to entice Jewish fans to come to games.

Most observant Jews readily admit they would love to ditch their matzo for a hot dog bun as soon as they can.

"You don't want to be the one guy in a section of thousands of people eating a piece of cardboard," said Cubs fan Adam David Miller.

GREATER NEW YORK

State to Probe NYPD Shooting

Video, 911 calls depict man who was shot waving object in hand in Crown Heights

BY ZOLAN KANNO-YOUNGS

New York Attorney General Eric Schneiderman opened an investigation Thursday into the New York Police Department's fatal shooting of a mentally ill black man who allegedly pointed a metal pipe at officers.

Police said the man who was shot, Saheed Vassell, 34 years old, had more than a dozen prior arrests and was previously classified by the NYPD as an "emotionally disturbed person."

The shooting in Brooklyn's Crown Heights neighborhood, where Mr. Vassell lived, comes as new scrutiny has fallen on police shootings in the U.S.

It also echoed the NYPD's response to some incidents involving the mentally ill. In February, an NYPD sergeant was acquitted of all charges in the fatal shooting of a paranoid schizophrenic 66-year-old woman. Relatives and friends said Mr. Vassell suffered from bipolar disorder.

Demonstrations in Crown Heights, scene of 1991 riots that captured national attention, took place Wednesday evening, and continued Thursday evening.

On Wednesday, officers were responding to reports of a gunman threatening people along Utica Avenue. Surveillance footage released by the NYPD showed Mr. Vassell approaching people pointing an object at them.

It is unclear whether the officers who responded to the incident had previously encountered Mr. Vassell.

When the officers came upon him, Mr. Vassell took "a two-handed shooting stance and pointed" an object at five officers, according to Chief of Department Terence Monahan.



Protesters demonstrated Thursday near the site in Crown Heights, Brooklyn, where Saheed Vassell was shot by police a day earlier.

Four of those officers, three in plain clothes and one in uniform, fired a combined 10 shots at Mr. Vassell, the chief said. They later discovered he was holding the metal pipe.

The city's medical examiner said Thursday that Mr. Vassell was struck at least seven times by the 10 shots and suffered wounds to the head, chest, abdomen and "lower extremities."

Police said they were investigating whether the officers who fired their weapons had said anything to Mr. Vassell before the shooting. Officers gave the wounded Mr. Vassell aid and moved him to a local hospital, where he was declared dead, Chief Monahan said.

The police Thursday also released transcripts of three 911 calls in which people reported that a man was pointing an object that looked like a gun at people.

"He has a gun ma'am? He has a gun?" the dispatcher

asked one caller, according to one transcript.

"Yes," the caller answered.

Another caller said Mr. Vassell looked "crazy."

"He's pointing something at people that looks like a gun and he's like popping it as if like if he's pulling the trigger," the caller said, according to

Saheed Vassell had been classified as an 'emotionally disturbed person.'

the transcript.

At an unrelated news conference Thursday, New York Mayor Bill de Blasio called the shooting "not a garden variety situation." Judging from the publicly available images, said Mr. De Blasio, a Democrat, "people in the community thought he had a weapon and

was aiming it at residents."

The attorney general's office has authority to investigate and prosecute cases in which a question arises whether a civilian killed by police was armed and dangerous, under a 2015 executive order by Democratic Gov. Andrew Cuomo.

"We're committed to conducting an independent, comprehensive, and fair investigation," a spokeswoman for Mr. Schneiderman, a Democrat, said in a statement.

Jason Williams, 28, said he was on Utica Avenue at the time of the incident and saw Mr. Vassell walking toward a barbershop at the intersection when the police cars converged.

"They approached him but he didn't stop, he kept on walking," he said. "He was on the corner of Utica and Montgomery crossing the street. Before he got a chance to do all that, the shots started going off."

Neighbors, friends and relatives described Mr. Vassell as a friendly man who occasionally asked for spare change or could be seen having a beer outside with other members of the community. Mr. Vassell often collected items from the trash and would walk throughout the neighborhood pointing them as a joke at those he knew, they said.

"He was a great person, a loving father," said Mr. Vassell's sister, Vern Mathurin. She said Mr. Vassell had a 16-year-old son.

Blanca Martinez, the superintendent of Mr. Vassell's apartment building, said he had a routine of collecting items from the trash and storing them on the roof. He regularly pointed some of the objects at people, she said, but most in the neighborhood didn't take him seriously.

"He was a nice person," Ms. Martinez said. "He doesn't bother you, he doesn't bother nobody."

Victim Is Remembered

BY ZOLAN KANNO-YOUNGS

The NYPD later discovered the object was a metal pipe.

Marcus Vassell, Mr. Vassell's brother, said shortly before the shooting, Mr. Vassell asked him for a pair of socks. "I just want justice for my brother," he said. "I love you, bro."

Mr. Vassell was a familiar face in the community. Friends said he was known to be mentally ill and regularly was seen strolling Utica Avenue.

"This is why we need more community policing," said Akel Williams, a 31-year-old Crown Heights resident. If officers "responded who knew who the guy was, they would've probably approached him in a whole different manner."

At the Thursday evening demonstration, people held signs reading "R.I.P. Saheed." Relatives of others shot by NYPD officers spoke, and a pastor led the crowd in prayer. Participants released white balloons into the sky before marching to

the 71st police precinct.

Outside the precinct, hundreds of people lined barricades, chanting, "Saheed!" One man shouted, "Why would you kill my brother like that?"

Dozens of officers stood inside the barricades. One officer told a protester: "It's a sad thing, sir. It's a sad thing."

The demonstrations in this Caribbean neighborhood were held just blocks from the site of the infamous 1991 Crown Heights riots.

Mayor Bill de Blasio said Thursday he didn't believe the 911 callers alerted police to the fact that the man "might be someone with emotional distress or mental-health problems."

"One piece of this human tragedy, besides all the other issues we have to sort out, is the mental-health element," he said.

The NYPD touts a neighborhood-policing strategy focused on solving low-level crimes to build ties with local communities.

ties. Some on Thursday wondered how well the initiative is working in light of the killing of Mr. Vassell.

Mr. Vassell had more than a dozen arrests, according to law-enforcement officials, and was classified as an "emotionally disturbed person." It isn't clear if the officers who responded to Wednesday's incident had encountered him previously.

Those who knew Mr. Vassell

described him as a loving father of a 16-year-old son. They recalled him walking along Utica Avenue, sometimes having a beer with a friend, occasionally helping people with their bags.

Kevin James, 29, of Crown Heights, said he had a drink with Mr. Vassell just a day before the shooting. "He'd do anything for me, you know?" Mr. James said. "Unjustified killing, man. Wrong, man. Harmless person."

The plan calls for the hiring of around 2,500 workers to boost repairs and maintenance of subway tracks, signals, stations and trains.

An MTA spokesman said that since the plan launched, the agency has hired 950 workers. Mr. Lhota said that if the city had funded the plan earlier, he could have hired up to 900 more.

With city funding, Mr. Lhota said the MTA can also double its rate of repair and maintenance work.

He also warned that the MTA will need substantial funds, in particular to upgrade subway signal systems, in its next five-year capital spending plan, which begins in 2020. He called on the city to contribute its "fair share."

In addition to the subway, the MTA runs city buses and two commuter railroads and operates nine bridges and tunnels. The city pledged \$2.5 billion toward the most recent capital plan. The state contributed \$8.6 billion.

Mr. Phillips, the mayor's spokesman, said: "Instead of constantly asking New Yorkers for more money, the state and MTA should learn to do their jobs within their budget and finally seek a sustainable revenue source so riders aren't continually victimized by their blame game."

The state budget included a surcharge on taxis and for-hire vehicles in the most congested parts of Manhattan, which is expected to raise more than \$400 million annually for the MTA.

N.J. Moves Toward Free Community College

BY KATE KING

New Jersey Gov. Phil Murphy is gearing up to make the state's community colleges tuition-free with \$45 million in grants for low-income students that will start in the second semester of the coming school year.

The grants would fully cover tuition costs for an estimated 15,000 full- and part-time students who are already receiving some financial aid and whose families earn an average annual income below \$45,000, the governor's office said.

Mr. Murphy, a Democrat who took office in January, said he believed making community college more accessible to New Jersey residents would help the state generate the talent needed to attract technology and startup companies. The governor estimated that it would cost up to \$200 million



New Jersey Gov. Phil Murphy says it would cost up to \$200 million to make community college free for everyone by 2021.

in total to make community college free for all students by 2021.

"Community college is a

linchpin opportunity for us," the governor said Thursday at an event at Mercer County Community College in West Windsor.

"What we shouldn't do, is force overtaxed families to pick up the tab for Governor Murphy's spending-spree," Mr. Kean said in a statement.

Mr. Murphy's budget proposal also includes \$5 million to help defray the additional costs New Jersey's 19 community colleges would face due to increased enrollment.

"We believe we can achieve the ultimate objective of free

community college for everybody, irrespective of your circumstances, within three years," he said.

New Jersey would join a handful of other states, including New York, Rhode Island, Tennessee and Oregon, in making community college free.

In New York, a program signed into law a year ago by Gov. Andrew Cuomo provides free tuition to many students at two- and four-year state colleges but requires them to stay in the state for several years after graduation or pay the money back.

More than 75,000 students applied for the scholarship last year. The state had budgeted for 23,000 students at an expected cost of \$87 million. State officials said last year that some of the applicants likely wouldn't be eligible for the scholarship and they didn't expect a funding shortfall.

Gov. Cuomo Trumpets Subway Funding

BY PAUL BERGER

New York Gov. Andrew Cuomo on Thursday celebrated his securing of funding from New York City for subway improvements by attacking Mayor Bill de Blasio.

"We lost eight months before the plan could become fully operational, which was a terrible loss and waste of time," Mr. Cuomo said at an event in lower Manhattan.

The Metropolitan Transportation Authority, which runs the city's subway, last summer launched the plan to fast-track repairs and maintenance, saying the state and city should equally fund the \$836 million project. Mr. Cuomo controls the MTA, and he had agreed, but Mr. de Blasio refused.

Eric Phillips, a spokesman for Mr. de Blasio, said Thursday: "Eight months ago, New York City's money would have gone into the same hole of mismanagement that caused the subway crisis."

The state budget, which was completed last weekend, forced Mr. de Blasio to pay his share of the rescue plan by empowering the state to withhold funds bound for the city and direct them to the MTA. After the budget passed, the mayor agreed to fund the plan.

The MTA launched the subway-rescue plan amid mounting anger from riders following a string of rush-hour delays and equipment failures, including a derailment that injured dozens of riders.

The subway's sputtering performance continues to be a weak spot for Mr. Cuomo. The actress Cynthia Nixon, who is challenging him in this year's Democratic gubernatorial primary, has made it a key campaign issue.

\$836M

Cost of the subway repair and maintenance project

MTA Chairman Joe Lhota, who spoke after Mr. Cuomo at Thursday's event organized by the nonprofit Association for a Better New York, said the rescue plan has been successful so far, leading to a 31% decrease in major subway disruptions since June. But he said that it hasn't reached full fruition because of the lack of city funding.

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GREATER NEW YORK

Show Pulls Out All Stops for Deaf Theatergoers

BY CHARLES PASSY

Since its Broadway premiere in 1980, Mark Medoff's "Children of a Lesser God"—a play that explores the divide between those who hear and those who don't—has become a cultural touchstone for the deaf community.

Now, the producers behind a Broadway revival, currently in previews and set to open Wednesday, aim to make a statement that goes beyond the play itself. They say they are making theirs the most accessible show for the deaf and hard-of-hearing in Broadway history.

They are offering theatergoers three different options to follow the play including using supertitles to project the script, a rarity on Broadway. Moreover, they are providing a follow-the-dialogue option via GalaPro, a relatively new mobile app that is becoming more widely used in theaters. And sign-language interpreters will be working at a number of performances.

Having multiple options is important, say deaf and hard-of-hearing theatergoers, because it means they don't have to constantly focus on one spot to pick up on the dialogue. "We were afforded the opportunity to shift our gaze and take in the whole gestalt," said Liza Offreda, a regular theatergoer.

For the producers of the revival, all this is adding to the show's \$4 million-plus budget. The subtitles cost \$40,000 alone, says lead producer Hal Luftig. And hiring sign-language interpreters adds about \$2,000 to each performance.

The producers believe the effort could have a payoff, pointing to the significant number of individuals with some form of hearing loss and the market they constitute. A 2011 study from researchers at

Johns Hopkins Medicine found that 48 million Americans have hearing loss in at least one ear.

Still, Mr. Luftig says the bottom line isn't necessarily about the bottom line, given the play's message about bridging the communication gap. "I feel passionate about this," he said of the show's accessibility efforts.

Those efforts come at a time when Broadway as a whole is taking a closer look at accommodating theatergoers with a range of disabilities.

The producers and cast of "Children" believe their efforts may benefit theatergoers beyond the hearing-impaired community. Lauren Ridloff, the deaf actress who plays the female lead, notes the supertitles, which are proving popular with audiences. "Even people with perfect hearing might miss something," she said.



'Children of a Lesser God' producers are using supertitles to project the script above the Broadway stage for the hearing impaired.

MATTHEW MURPHY

Actor's 30-Year Journey to Broadway Debut

BY CHARLES PASSY

At age 55, Anthony Edwards is far older than most actors making their Broadway debut, but he hasn't exactly kept a low profile up until now.

Mr. Edwards is appearing in the revival of "Children of a Lesser God," now running in previews. While the production marks his first time on a Broadway stage, the California-born actor is well known for playing Dr. Mark Greene on the NBC drama "ER" from 1994 to 2002, where his castmates included George Clooney and Julianna Margulies. He also has had his share of roles in movies, most notably in the 1980s, with credits ranging from "Top Gun" to "Revenge of the Nerds."

In "Children," Mr. Edwards



STEVE REMICH FOR THE WALL STREET JOURNAL

takes on a supporting role as Mr. Franklin, a supervising teacher, with a cocksure and condescending approach, at a school for the deaf. The play, a 1980 Tony Award winner, addresses the conflicts between

the deaf and hearing communities.

The Wall Street Journal spoke with Mr. Edwards backstage before a recent performance. Here are edited excerpts of the conversation:

WSJ: How and why did it take you so long to get on Broadway?

Mr. Edwards: I moved to New York in 2001-02 and I really stopped everything. I just was a stay-at-home dad for 10 years. (He has four children.) And then in the last five or six years, I've been going to back to work. And theater was always what I wanted to do.

WSJ: What's the difference for you between acting on stage and acting in film and television?

Mr. Edwards: You adapt for any kind of medium. That's

what we're trained to do. But in the pure, satisfying sense, there's nothing better than having completion every day. And that's the thing you never get in film and television. You end up at a screening six months or whatever later.

WSJ: Describe the character you portray in "Children."

Mr. Edwards: He's a big fish in a little pond. And he likes his pond a certain way. He has a very strong sense of what is right and wrong, and if you follow these rules, that's how you succeed. It all makes sense for him.

WSJ: Why did "ER" work as well as it did? Was it the cast?

Mr. Edwards: We're only as good as the writing we get. The level of reality they were trying to recreate on "ER" kept us at our best game. And

luck and timing [played a role]. NBC was the last in the ratings so they took a risk.

WSJ: You kind of hide in plain sight in New York City. Do people realize you're here?

Mr. Edwards: The city itself is bigger than anybody. I ride the subway and people recognize me, but they recognize me and say, like, "Hi, how are you?" We're all in this together. For me, the problem with living in Los Angeles is that it's like living in Hershey, Pa. It's just a one-business town.

WSJ: Now that you're on Broadway, what will you do for an encore?

Mr. Edwards: Every great thing that has happened in my life has been a surprise. Hopefully, there will be more plays to come.

NYPD Settles Muslim Groups' Suit

BY CORINNE RAMEY

The New York Police Department has reached a settlement with New Jersey Muslim groups who accused officers of illegal surveillance of mosques, student groups and businesses after the terrorist attacks of Sept. 11, 2001, according to court documents filed on Thursday.

New York City agreed to pay the plaintiffs a total of \$75,000 in damages and \$950,000 for their legal fees.

Under the settlement, which still has to be approved by a judge, the NYPD is required to follow existing guidelines for how police conduct surveil-

lance of political groups in New Jersey. In New York City, the department is already required to follow these guidelines, which changed last year due to the settlement of two federal lawsuits making similar claims of unconstitutional surveillance.

In the New Jersey settlement, as in the New York ones, the department didn't admit misconduct or wrongdoing.

"The resolution of this case affirms and enhances the NYPD's commitment to conducting effective investigations to prevent crime and terrorism," Police Commissioner James O'Neill said in a statement.

The suit was filed after the New Jersey attorney general's office concluded that the NYPD's intelligence program was legal.

On Thursday, Mr. Hassan said: "We are proud that we stood up to the most powerful police force in the country and against the suspicion and ignorance that guided their discriminatory practices."

In the new settlement, the NYPD also agreed to attend a public meeting with Muslim community members in New Jersey.



Farhaj Hassan, left, was one of the plaintiffs in the lawsuit.

CHARLES MOSTOLER/REUTERS

NEW YORK CITY
Conor McGregor Turns Self in After Melee

UFC star Conor McGregor has turned himself into police in the wake of a backstage melee he instigated after a news conference for one of UFC's biggest cards of the year.

Video footage appears to show the promotion's most bankable star throwing a hand truck at a bus full of fighters, injuring at least one scheduled to compete Saturday. Mr. McGregor was being processed, and no charges had been filed as of Thursday night.

Video showed Mr. McGregor with a group of people causing chaos Thursday as they took an

elevator to the loading dock at Barclays Center in Brooklyn. He can be seen tossing trash cans and being prevented from throwing a barricade at a bus.

—Associated Press

NEW JERSEY
Lawmakers Advance Nuclear Plants Bailout

New Jersey lawmakers advanced legislation to give the state's nuclear-power industry a \$300 million annual rate-payer-financed rescue package.

Democratic-led Assembly and Senate committees approved the legislation on Thursday. It was the lawmakers' latest attempt to advance the legislation pushed for by the state's biggest

utility, PSEG. The utility says its two nuclear power facilities in southern New Jersey are within two years of financial insolvency. That prompted the company to seek a bailout.

—Associated Press

CONNECTICUT
Committee Approves Recreational Pot Bill

A bill that would help Connecticut prepare for the possibility of legalized recreational marijuana has cleared a legislative hurdle.

The General Assembly's Appropriations Committee voted 27-24 in favor of the legislation, which now awaits further action by the House of Representatives.

—Associated Press

GREATER NEW YORK WATCH

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LIFE & ARTS

TELEVISION REVIEW

By Dorothy Rabinowitz

A Classic Brought Fully to Life

IT WOULDN'T BE SURPRISING if the arrival of a television series based on "Howards End," E.M. Forster's enduringly irresistible masterwork set in Victorian London, raised some apprehension in its countless devotees. No need for concern. This four-part adaptation by Kenneth Lonergan ("Manchester by the Sea," "Gangs of New York") is—notwithstanding efforts at updating—astonishingly faithful to Forster's great wit-drenched drama of class war, love and family, and the lives of its two most distinguished characters, the Schlegel sisters. Forster describes Margaret Schlegel, the book's heroine, with perfect clarity—she's not beautiful, not supremely brilliant, but there are other qualities. To watch the film's Margaret (a sublime Hayley Atwell), is to see in full detail, the character Forster envisioned.



Hayley Atwell as Margaret Schlegel

She's the eldest of the Schlegel sisters—in her late 20s, an intellectual, devotee of the arts and head of her similarly inclined family consisting of Helen (Philippa Coulthard), her impulsive and somewhat more seductive sister, and younger brother, Tibby, (Alex Lawther). The music-loving Schlegels haunt concert halls and hold soirees at their home for their politically concerned friends, who discuss the women's suffrage movement and what to do about the poor. They live on an inherited income, enough to be comfortable but far from rich. The peaceful progress of their lives will come to an end thanks to two chance encounters.

The first, a meeting in Europe that brings the Schlegels into a passing friendship with the wealthy Wilcox family. Its forceful head—a hard-boiled conservative, proud of his unyielding pragmatism—Henry Wilcox (an impressive portrayal by Matthew Macfadyen), is proud of his athletically inclined family, all of whom are indifferent to art and books and prone to heap scorn on ideas like votes for women and similar progressive notions. He's especially proud of his wife, Ruth (Julie Ormond), whose great passion in life is Howards End, the house in which she was born.

Among the many interpretations of

Please turn to the next page



FILM REVIEW | By Joe Morgenstern

'Chappaquiddick': Tragedy Without Clarity

'CHAPPAQUIDDICK,' a peculiar amalgam of the known and the unknowable, revisits a pivotal event in American politics that took a young woman's life and brought the Kennedy era to a shattering end.

It's the nighttime moment in July 1969, when Sen. Edward Kennedy drove his Oldsmobile sedan off a wooden bridge on Chappaquiddick Island, a tiny speck of land connected to Martha's Vineyard, and into the dark waters of a tidal pond. He extricated himself but his passenger, a Senate aide named Mary Jo Kopechne, remained trapped in the car and died. Most of this docudrama is devoted to the tragedy's aftermath, and the frantic efforts of Kennedy and his loyalists to concoct a story that would explain why he waited 10 hours to report the accident. Those cover-up scenes, framed as a political thriller, generate plenty of excitement. Yet many of the characters are cut from recycled cardboard, while Kennedy himself, played by Jason Clarke, remains a cipher. (Mary Jo is played by Kate Mara.) The movie makes a point of not judging him, but that only highlights the impossibility, after all these years, of penetrating the mystery of his behavior.

The accident occurs early in the film,

though not before a wider context is established. It's been a year since Ted's brother Sen. Robert F. Kennedy was assassinated while campaigning for president. Now, at the same time Ted is sailing and relaxing on the Vineyard with old friends, the nation is celebrating the successful launch of Apollo 11, the first manned rocket to the moon and the culmination of a program put in motion by his other fallen brother, President John F. Kennedy. Two horrific twists of fate have made Ted the family's last hope for heroic deeds on a national stage, a hope he intends to fulfill by running for president in the 1972 election. Then he leaves a party in the company of Mary Jo, who had worked on Bobby's campaign.

What happens next is left intentionally but unsatisfyingly vague by the director, John Curran, and the writers, Taylor Allen and Andrew Logan, both in their feature debuts. Was Ted drunk? Suggested but not stated. Was this a sexual relationship? Neither stated nor suggested. Ambiguity is the order of the night, as well as the mode of subsequent flashbacks to the accident—it's up to us to decide whether we're watching the truth, Ted's deluded version of the truth or a pack of lies



Jason Clarke as Ted Kennedy, left; Mr. Clarke with Kate Mara as Mary Jo Kopechne, above

meant to preserve his bid for the presidency.

Ambiguity also appears to have been the goal in Mr. Clarke's portrayal, which makes Ted blandly charmless at the beginning, childlike and passive in the accident's wake, and contemptibly though also pitifully pliable in the hands of his advisers, an emergency convocation of aging New Frontiersmen that includes Clancy Brown's Robert McNamara and Taylor Nichols as Ted Sorensen. (Ed Helms plays Ted's cousin, Joe Gargan, the only one of the bunch with a steady moral compass.) Mr. Clarke is a fine actor but he gives, of necessity, a vague performance in a poorly written role. This is not to discount vagueness or ambiguity as aesthetic strategies, but "Chappaquiddick" isn't "Rashomon." There's a sense that the filmmakers are beyond their depth, even when passages play out with relative clarity.

That's the case with the movie's worst moments—mawkish encounters between Ted and his father, Joseph P. Kennedy Sr. (Bruce Dern), who is gravely ill and paralyzed by a stroke. And that's equally the case with the most effective sequence, which also happens to be the most meretricious. It's the one in which McNamara, Sorensen et al. hatch the plot that's supposed to get Ted off the hook, and it has a ring of falsity from beginning to end.

"Well, Bob," someone says to McNamara on his arrival, "you handled the Cuban crisis. Let's see what you can do with this one." Really? That's how those people talked? And McNamara actually said "We need to parse the facts of the case to make sure there are no unknowns hiding in the trees"? And Teddy, a Washington insider if ever there was one, told the group that he'd just run into "a New York Times reporter named James Reston," the man everyone else in town called Scotty?

These are small lapses, to be sure. And they're in a section of the film where dramatic liberties have been taken, a section that, paradoxically, will ring true to many moviegoers because it bespeaks larger truths—that powerful people in positions of trust tell lies to preserve their power; that Kennedy's account of his actions following the accident raised more questions than it answered.

These are small lapses, together with the confusions and glib evasions of a production that is neither fact nor fiction, raise the larger question of what the film is, and ultimately becomes. It isn't a hatchet job, though the protagonist and his cohorts are more dislikable than not. And it certainly isn't hero worship; absolutely nothing in this portrait of Ted Kennedy at the nadir of his life suggests an ability to climb back, as he did, to become the so-called "Lion of the Senate," respected by his colleagues and mourned at his death. What "Chappaquiddick" becomes is a highly-charged tale with factual roots and speculative offshoots that's noncommittal about the man at its center.

TELEVISION REVIEW

By Dorothy Rabinowitz

FALL OF AN IDOL

"PATRONO" IS SET in the fall of 2011, during the two week period following charges against former assistant coach Jerry Sandusky, for sexual crimes committed against young boys. Sandusky would be tried and sentenced to 30 to 60 years.

This film by Barry Levinson, however, the subject is Coach Joe Paterno, as he faces more and more questions about what he knew about Sandusky's molestation of boys.

Al Pacino's Paterno is so

convincing, and eerily life-like it becomes necessary

from time to time, to remember that this isn't the actual coach—an idolized figure on a campus that

also boasted a statue of Paterno. The coach is shown

early on mumbling to his

lawyer son Scott (an entirely persuasive Greg

Grunberg) about his lack of

concern with what the

grand jury was doing and

that furthermore he had

football games to worry

about—an indifference that enrages Scott.

The film not surprisingly

avoids judgments about the

justice of the accusations

that Coach Paterno knew more than he let on, that he had learned of accusations and had evaded taking action. We're shown, instead, a man grasping for understanding of what had happened—a man who asks at one point, what sodomy is. It's a highly suggestive reading of character—one that opens the way to several possibilities including deception and pretense.

The film may offer no verdict about the



Al Pacino as Joe Paterno

that Paterno knew more than he had admitted about reports of Sandusky's victimization of boys, Paterno was fired—an event that set off a night of wildly destructive violence from Paterno's devotees. An event that said a good deal about the prevailing culture on campuses where football is king.

Paterno

Saturday, 8 p.m., HBO

The WSJ Daily Crossword

Edited by Mike Shenk



THREE-PART HARMONY

By Marie Kelly

The answer to this week's contest crossword is a rock band with a single Top 20 hit.

Across

- 1 Fresh
- 5 1960s teammate of Mantle and Berra
- 10 Wine list section
- 14 Traditional tales
- 15 Suggest
- 16 Perry Square setting
- 17 Graffiti signatures
- 18 Steel pan, perhaps?
- 20 Empty talk
- 22 Kama Sutra depictions
- 23 No ifs, ands or —
- 25 Site of some 1960s tours
- 26 Exhibits anger
- 30 Crushes
- 35 Cockroach in Don Marquis stories
- 36 Kin of finishing nails
- 37 Biblical verb ending
- 38 Food with an edible shell
- 39 Beam raiser

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, April 8. A solver selected at random will win a WSJ mug. Last week's winner: Ed Mehling, Phoenix, AZ. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

- | | |
|-------------------------------|--|
| 60 It has a motor and a meter | 29 Horton heard one |
| 62 Proton's place | 31 Impassioned speech |
| 63 Not to be done | 32 "A Fistful of Dollars" director |
| 64 With = Watteau | 33 Old anesthetic |
| 65 Curiosity operator | 34 Bar belts |
| 66 Tell tale item | 35 Onetime capital of British India |
| 67 "Darn it!" | 36 Cracker spread |
| Down | 37 Ondine |
| 1 Mtn. figure | 38 Onehitwonder |
| 2 Noted boatwright | 39 Honshu honorific |
| 3 Consequently | 40 Creator of Lilliput |
| 4 Pioneer heading | 41 Carnaby Street types |
| 5 Mathematician with a strip | 42 Bronchial woe |
| 6 Left in the Navy | 43 Grant |
| 7 Kia compact | 44 Exuberant cry |
| 8 Signs | 45 Custard dessert |
| 9 Court from a courtyard | 46 Dove who was the U.S. poet laureate |
| 10 Overhaul | 47 Hollywood giants? |
| 11 Padres baseman Hosmer | 48 Untrustworthy sort |
| 12 Legislative body | 49 Lovefest from a critic |
| 13 Emulates Ross | 50 Bountiful site |
| 19 End-of-semester ordeals | 51 Indianapolis |
| 21 With skill | 52 Lovefest from a critic |
| 24 DNA makeup | 53 Untrustworthy sort |
| 26 Fills completely | 54 Lovefest from a critic |
| 27 Swimmer's problem | 55 Custard dessert |
| 28 Come about | 56 Lovefest from a critic |

Previous Puzzle's Solution

DART	RAIREST	APT
ODOR	OLIVIA	WOE
GOBI	PLATES	WATER
PLATES	VICKY	KRILL
SAMOAN	TERESA	OFFERS
KRILL	INDIAN	MILLY
OFFERS	WEARILY	ACT
INDIAN	CHARLES	DRE
MILLY	SEOMELL	PICARD
ACT	PIERRE	AREED
DRE	DELANO	TRENDY
PICARD	AVERT	ACCESS
AREED	BITT	THEBUTTERFLAPS
TRENDY	ADORE	SEXYS
ACCESS	BLU	TOYBOX
THEBUTTERFLAPS	ASP	SEXY

LIFE & ARTS

Noah Jupe, Millicent Simmonds and John Krasinski in 'A Quiet Place'

PARAMOUNT PICTURES

MOST MOVIES are longer, not to mention louder, than they need to be—so much so that I've become a running-time bigot. When I learn that a film I'm about to see will run its course in 90 minutes or thereabouts, I assume it to be a masterpiece unless proved otherwise. "A Quiet Place" is exactly 90 minutes long, or short. It may not make the masterpiece cut, but this taut horror thriller is enormously entertaining, because it's organized around a terrific idea—the necessity of absolute silence.

What a concept, a film that pulls its audience in with the absence of sound. All films did that during the silent era, but this one, directed by John Krasinski from a script he wrote with Bryan Woods and Scott Beck, is very much a soundie, if seldom a talkie. The distinction lies in the nature of the horror. In a rural corner of a post-apocalyptic world, a husband and his pregnant wife, played by Mr. Krasinski and his real-life wife, Emily Blunt, are trying desperately to protect their three children from a newly evolved and highly specialized evil—a ghastly plague of blind monsters who listen for the slightest sound, then devour the hapless human who made it.

If this sounds—oops, sorry—like an arbitrary



FILM REVIEW | By Joe Morgenstern

'Quiet': Something to Shout About

premise, it's one that becomes eerily plausible in early scenes of elegant simplicity and relentless suspense. (The film was shot by the excellent cinematographer Charlotte Bruus Christensen.) The practical results of the family's plight are many. Wherever they go, indoors or out, they walk barefoot, on tiptoe, with bated breath. They play music, or listen for any messages from the outside world, only through earphones. Among themselves they may whisper if a loud natural sound like a waterfall is available to mask their words. Mostly, though, they communicate in sign language, which they use exclusively when the conversation includes the oldest child, Regan, who is deaf. (She's played by Millicent Simmonds, who is deaf, and whose performance evokes eloquently the isolation in the hearing world that deafness can impose.) It's a new vision of pioneer life in

which the abiding principle, as the kids are frequently reminded, is "stay silent, stay alive."

This is Mr. Krasinski's third tour of duty as a feature director, and the polar opposite of his previous effort, "The Hollars," a family dramedy with an uneven script. The writing here is smart, spare and shrewd, as well as enjoyably shameless in its use of several venerable suspense tropes. And the script gets the direction it deserves—so strong and confident that you hardly notice, at least while those 90 minutes are hurtling by, a few logical glitches and lapses of narrative precision. (One of them concerns a possible weapon against the ravenous creatures.) Mr. Krasinski is affecting in his portrayal of a father fearing the worst for his children: "Who are we," he asks, "if we can't protect them?" Ms. Blunt, superb throughout, gives new meaning to her performance to the pain of childbirth.

There's reason to be grateful any time a genre movie transcends the genre's limits while still respecting its conventions. But this is a special case, a small, sharp production that addresses the sensory overload disorder that afflicts today's moviegoers. As mainstream movies struggle to keep their place in an ever more crowded and com-

petitive media world, they all but nuke us with sights and sounds—screens full of dense imagery, speakers pumping out decibels up to, or beyond, the threshold of pain. It's a formula for passivity, a dulling of perception in the realm of recoiling senses. By contrast, the most formidable weapon brought to bear by "A Quiet Place" is sensory overload. The film invites, and rewards, emotional acuity. It keeps you listening, not just watching, whets your dramatic appetite by tickling your tympanic membrane. And it's a movie, in the classical sense of the term, a story perfectly unsuited to long-form TV. No need for extended binging here; the binge is brief, and fulfilling.

The miniseries stays remarkably faithful to E.M. Forster's masterly novel

The Schlegel family's other fateful encounter takes place at a concert hall where they meet Leonard Bast, a bank clerk of extremely modest means who dreams of the far larger life that might be his by immersing himself in art and culture. His entry to the world of the Schlegels begins when Helen, seated next to him, leaves after Beethoven's Fifth and accidentally takes his umbrella. Bast—a powerfully haunting performance by Joseph Quinn—is one of Forster's great characters and, unlike Mrs. Wilcox, one whose every thought and pretense, every feeling, every yearning, is laid bare. His creator knew him well.

In four episodes of sterling drama, "Howards End" has been brought fully to life on the television screen. That is no small achievement.

Howards End
Begins Sunday, 8 p.m., STARZ

SWANN
AUCTION GALLERIES

The American CRISIS.

NUMBER I.

By the Author of COMMON SENSE.

THESE are the times that try men's souls: The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of his country; but he that stands it now, deserves the love and thanks of man and woman. Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the conflict, the more glorious the triumph. What we obtain too cheap, we esteem too lightly:—"Tis dearness only that gives every thing its value. Heaven knows how to set a proper price upon its goods; and it would be strange indeed, if so celestial an article as FREEDOM should not be highly rated. Britain, with an army to enforce her tyranny, has declared, that she has a right (not only to TAX) but "to BIND us in ALL CASES WHATSOEVER," and if being bound in that manner is not slavery, then is there not such a thing as slavery upon earth. Even the expression is impious, for so high a power can belong only to GOD.

We quote it wth the Independence of the Continent was declared, or delayed too long; I will not now enter into the argument; my own simple opinion is, that had it passed at t^{he} months earlier, it would have been much better up to t^{he} id not make a proper use of last winter, neither

We t^{he}, if it were one, was all our own; we have none

but ourselves*. But no great deal is lost yet, all

that Howe has been doing for this month past i^t rather a

ravage than a conquest, which the spirit of the Jeries a year

ago would have quickly repulsed, and which time and t^{he} little resolution will soon recover.

The American Crisis, Thomas Paine, parts I & II, first separate edition, first state, Philadelphia, 1776 & 1777.

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SPORTS

NFL

Bob McNair Recalculates Apology

The Texans owner's 'inmates' remark stirred controversy. But he says he's not fully understood.

BY ANDREW BEATON

Houston

LAST FALL, Houston Texans owner Bob McNair found himself at the center of an unexpected storm. As the league struggled with its response to players kneeling in protest during the national anthem, McNair was quoted telling fellow owners, "We can't have the inmates running the prison." He retreated immediately, issuing an apology.

Months later, McNair would like those words back. Not the inflammatory quote. The apology.

"The main thing I regret is apologizing," McNair says now. He insists the "inmates" he was referring to were not NFL players, but rather league executives who he felt had more control over major decisions than the owners. "I really didn't have anything to apologize for."

The 80-year-old McNair has been a blunt, sometimes divisive figure on the frontlines during a historically tense period for NFL owners. His "inmates" remark made him a lightning rod for public reaction to the anthem protests. He was also one of six owners on the league's compensation committee that waged a nasty battle with Dallas owner Jerry Jones.

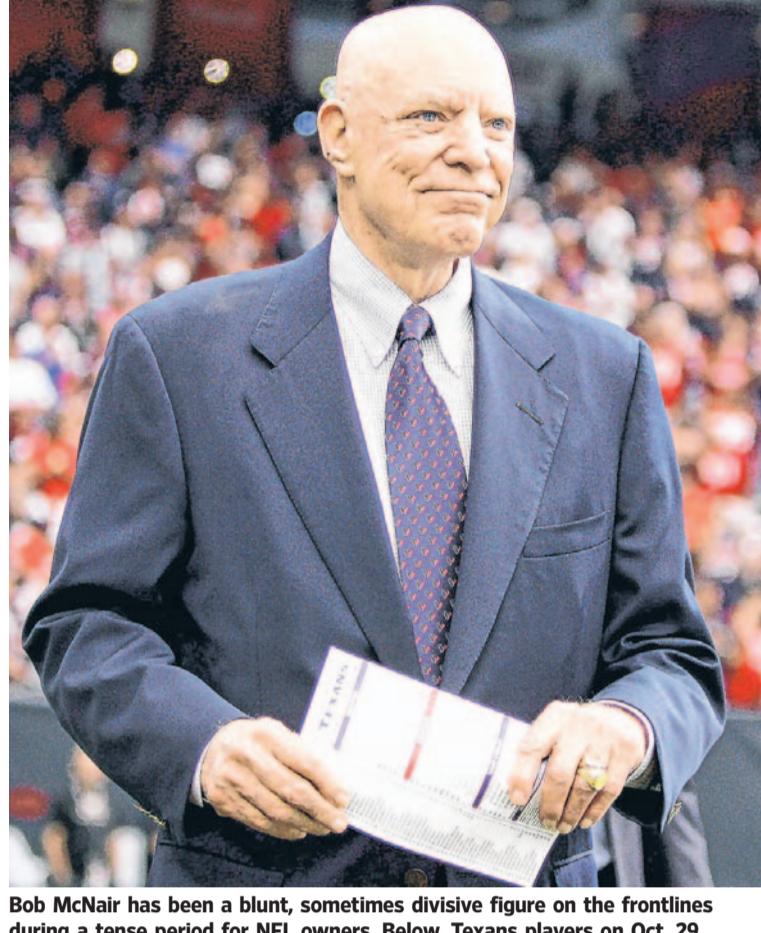
In an interview with The Wall Street Journal, McNair said the picture that has emerged of him is incomplete. He concedes that he has a hard-line view that the league's national anthem policy needs change, and had sharp words for a former Texans tackle, Duane Brown, who spoke out against him this season.

But he also said he has quietly done community work that undercuts the public perception of him. In one instance, he paid, without public disclosure, for the funerals of the victims of the 2015 Charleston shooting in which a white gunman killed nine black worshippers at the historic Emanuel African Methodist Episcopal Church.

McNair said he did that because he was distraught by the incident, and also recently made a \$1 million donation for a memorial in the victims' honor. In all, a spokesman says McNair and his family have made about \$500 million in contributions to philanthropic efforts.

"I do what I think is right," he says. "Sometimes, people disagree with you."

McNair says he first got in-



Bob McNair has been a blunt, sometimes divisive figure on the frontlines during a tense period for NFL owners. Below, Texans players on Oct. 29.



volved in football "as a civic matter." He paid a then-record \$700 million for the expansion Texans in 1999. He says he did it for Houston, the city where he became a billionaire in the energy business after arriving decades earlier close to bankruptcy thanks to a misadventure in the trucking business.

In the wake of President Donald Trump's criticisms of the anthem protests in September, and a subsequent surge in the player demonstrations, owners and players met to discuss the issues at hand in October. Then, in a meeting with other owners and league executives, McNair made the contro-

versial "inmates" remark.

"We were talking about a number of things, but we were also washing some of our dirty laundry, which you do internally. You don't do that publicly. That's what I was addressing: The relationship of owners and the league office," McNair said. "In business, it's a common expression. But the general public doesn't understand it, perhaps."

After it was reported by ESPN, the Texans were thrown into tumult. Two players left practice. Most of the team took a knee during the anthem that Sunday to rebuke McNair. Tackle Duane Brown,

McNair denies that. He says the Texans would "sign any player that can help our team." He says that the prior offseason, the team looked at free-agent quarterback Colin Kaepernick but the coaches "didn't like the way he threw the ball."

McNair was recently deposed in Kaepernick's grievance against the league and all 32 teams that alleges they colluded to keep him unsigned because of his political views.

McNair noted that until a change a decade ago, players remained in the locker room for the anthem. "If they're going to be out there, we need to respect the anthem and our flag," he says. "If folks don't want to do that, well, stay in the locker room."

He rejected freedom of speech arguments in relation to the anthem protests. "As employers, we set conditions for all of our employees," he said. "We don't allow political meetings or statements or that sort of thing during working hours. You wouldn't let somebody working at McDonald's, when somebody pulls through, give them a hamburger and say, 'I don't know why you're eating that beef, why aren't you a vegetarian?' You don't allow that. Well, that's freedom of expression."

He added: "We need to stay out of politics. That's been my message."

Riders on the cobblestones during the Paris-Roubaix in 2017.

are like giant space rocks, thrown drunkenly into hot fudge. Pedaling over them is a relentless, physical pounding. At the end of the race, every rider looks like he's been stuck in a coal mine for a decade.

I think the one-day races like Paris-Roubaix are where it's at in cycling. These are anxious times for the grand tours like the Tour de France and Giro d'Italia. The world's best grand tour rider, Chris Froome, is under a rain cloud after a drug test found elevated levels of an asthma drug. Froome's team, Sky, is so deep and dominant they've sucked the energy out of the big stage races.

But the one-days are wackier.

And the current crop of riders is deep. There's the eccentric, once-in-generation rider, the Slovak Peter Sagan—the winner of the last three world championships. There's rugged competition like defending Paris-Roubaix champ Greg Van Avermaet, and his fellow Belgian, Sep Vanmarcke. These are not the tiny water bugs who float up Alpine climbs in July. These are thick-legged bulldogs who can tow a Citroën for 50 miles.

And then there's Quick-Step.

After whining about Team Sky's dominance, I guess it's odd to talk about Quick-Step, because the Belgian team has been thoroughly crushing the classics season, including a victory last Sunday by Quick-Step rider Niki Terpstra in the prestigious Tour of Flanders.

Besides Terpstra, Quick-Step can

send out three other riders capable of winning a big one-day race—Philippe Gilbert, Zdenek Stybar, and Yves Lampaert. Since most teams line up with one or two riders capable of winning, Quick-Step is basi-



THE MASTERS

WOODS'S EVENTFUL ROUND

BY BRIAN COSTA

Augusta, Ga. AGAIN AND AGAIN, the marshals on the right side of the 11th fairway at Augusta National had asked patrons to step back several feet. But still none of them could see the shot Tiger Woods was imagining: off the pine straws where his tee shot had landed, low and wide right, curling back into the fairway before rolling up to the area just short of the green.

"Guys, my start line is right here!" Woods said, walking and pointing toward the people still in his intended shot path.

His father once talked about Woods as the kind of figure who could part the seas. But on Thursday, his first major championship round since 2015 was damped by his inability to part the crowd.

Woods shot a 1-over-par 73 in the opening round of the Masters, a fine day considering the back injuries he overcame to get back here. But it could have been better—and should have been, in his mind, had his second shot on No. 11 not been stopped dead by a patron's chair.

The result was a bogey, which Woods followed by hitting his tee shot on No. 12 into Rae's Creek, which led to another bogey.

As he had been in other recent tournaments, Woods was erratic off the tee. But his deftness with his irons and sheer creativity have long made him a master of the recovery shot. The one he planned on No. 11 might have been one of his best.

The consolation for Woods was that he managed to recover. He birdied the 14th and 16th holes, keeping alive his chances of getting into contention over the weekend.

"I could have easily let it slip away," Woods said. "I fought hard to get back in there, and I'm back in this championship. There's a lot of holes to be played."

(TOP-BOTTOM) LUCY NICHOLSON/REUTERS; ERIK WILLEMS/ZUMA PRESS; OTTO GREULE/LIGE/GETTY IMAGES; BERNARD PAPON/AP/GETTY IMAGES



CYCLING | By Jason Gay



I know what you're going to watch Sunday—like pretty much everyone else, you'll be parked on the couch, sipping a tall Arnold Palmer, maybe an Arnold Palmer with a splash of something, listening to Jim Nantz pants rhapsody from Augusta at the Masters.

That's cool.

Me? I'm excited to watch hell. Specifically, Paris-Roubaix, aka the Hell of the North.

I'm going to guess you're not a Paris-Roubaix lunatic—but I'm go-

ing to make you one. It's simply the biggest, baddest, hardest, cruelest cycling race of them all. Stretching for 260 kilometers—that's 161 miles, I googled it all by myself—from that dusty backwater, Paris, to a velodrome in northern France, finishing the race takes a little less than 6 hours.

Six hours! You can fly from Miami to Los Angeles in 6 hours. You can watch almost four innings of a baseball game.

That's just the half of fun. What makes Paris-Roubaix such a wild race—a one-day classic, or a "mon-

ument," as its known in the trade—is the terrain. This isn't a course designed to accommodate a large-scale bike race. It is designed to take a cow to a fair, 200 years ago. Paris-Roubaix is mostly flat, but it is endlessly narrow, dirty, dusty and full of rocks—this year, there are 29 stretches of cobblestones in the race.

And do not get the wrong idea. These are not the cute, smooth cobblestones you find on that old street downtown, or that time you got ice cream on Nantucket. The cobbles of Paris-Roubaix cobbles

cally the Golden State Warriors of cycling.

I spoke the other day to their team manager, Patrick Lefevre, and he waved off the "unbeatable" talk around his team.

"We are beatable," Lefevre said.

That stacked roster (they call themselves "The Wolfpack") makes Quick-Step a handful. But chemistry matters. It isn't easy to make cyclists capable of winning sacrifice themselves to ride in support of a teammate.

"If someone refuses to work with someone else, he doesn't belong on our team," Lefevre said.

So who's going to win Sunday? (The race is streamable on NBC Sports Gold, and then replayed on NBCSN on Monday at 6 p.m. ET.)

The fashionable prediction is to say: "Somebody from Quick-Step." Sagan is another popular choice. But here's where the Hell comes in.

Paris-Roubaix is fiendishly unpredictable. It's torture on riders, teams, tires, frames, equipment. Things go sideways at the worst possible times—American cycling fans will recall the U.S. rider George Hincapie suddenly losing his handlebars (oof) due to a busted steerer tube at Paris-Roubaix in 2006.

The only certainty of Paris-Roubaix is chaos. "There's still an opportunity for drama, and unpredictability," the Velonews editor Fred Dreier told me, while acknowledging Quick-Step's impressive depth.

So if you want to enjoy the golf, enjoy the golf. It's adorable, especially when they give the winner that green blazer in the tiny cabin.

You know what you win when you win Paris-Roubaix? A freakin' rock. I'm not kidding.

So now you know where I stand. The Masters is nice. But Paris-Roubaix...rocks.

OPINION

What Is the FBI Hiding?



POTOMAC WATCH
By Kimberley A. Strassel

Bit by bit, congressional investigators have wrested important truths from a recalcitrant Federal Bureau of Investigation about its suspect 2016 election

dealings. But there's one secret the G-men jealously guard: how central that Steele dossier was from the start.

House Intelligence Chairman Devin Nunes on Wednesday sent another letter to Deputy Attorney General Rod Rosenstein and FBI Director Christopher Wray to demand yet again that they comply with an August 2017 subpoena and hand over, among other things, the electronic communication—"EC" in investigative jargon—that officially kicked off the counterintelligence investigation into alleged Trump-Russia collusion.

That EC has taken on a central importance thanks to the FBI's own leaks. The bureau exploded it on the country at the end of last year after the news broke that Hillary Clinton and the Democratic National Committee had paid for the infamous dossier. The public still doesn't know how much the FBI used it. Critics started asking: Was it part of the application for a surveillance warrant against Carter Page? Could it even have launched the investigation?

Thus the FBI's scramble to minimize the dossier. And sure enough, the New York

Times in December ran what became the "origin" story, titled "How the Russia Inquiry Began." The story asserted definitively that the cause of the investigation "was not, as Mr. Trump and other politicians have alleged, a dossier compiled by a former British spy hired by a rival campaign." It was rather information from an Australian diplomat claiming to have heard a drunk Trump junior aide, George Papadopoulos, talking about Russian dirt on Hillary Clinton.

Yet despite that claim being out there, the FBI and Justice Department have refused to verify it. The Nunes letter says the FBI has provided only a "heavily redacted" version of the EC and indicated on March 23 that it would "refuse to further unredact" the document.

The only plausible reason the FBI might have for denying House Intelligence access to an unredacted EC is that it contains intelligence from foreign sources. Intelligence-sharing agreements between allies sometimes include restrictions on dissemination. But it was precisely that intelligence that was already leaked to the press. We know the Papadopoulos story came via Australia, and we know what was said.

The media only recently reported that Attorney General Jeff Sessions was fed up with the FBI's spurning Congress and ordered it to be more cooperative. Yet here it is again inviting a contempt citation, and that says something about

how badly the FBI wants this EC kept out of sight.

So what's in it that matters so much? One possibility is that the EC also contains a reference to the dossier. A better theory is that the EC gets to the heart of the legitimacy—or illegitimacy—of the Papadopoulos investigation. The FBI would have needed solid intelligence to justify a full-blown counterintelligence

spurred the FBI to act, though the bureau chose to put Mr. Papadopoulos on the official paper. What matters more is what direction the investigation ultimately went—which thread the FBI chose to pull. Because while Mr. Papadopoulos might have served as a justification, it is clear he didn't prove a subsequent preoccupation. After all, the agency didn't bother to get a surveillance warrant on him. It didn't even bother to interview him until late January 2017.

What it did was tug at that other strand—the dossier—which even the Times story acknowledges was in the mix by the summer of 2016. The FBI nurtured its relationship with Mr. Steele, dispatched agents to meet him, and debriefed him. The allegations in the dossier against Carter Page served as the basis for the significant task of obtaining a FISA court eavesdropping warrant and three subsequent renewals. The FBI's every action in recent months has appeared designed to fuzz up that reality—from planting the "origin" story to denying Congress any access to the eavesdropping documents for months to continuing to limit severely the number of people who can look at them.

These are all important questions, as they go to a piece of the FBI's action. They also divert from the bigger story, in which it is important to keep the EC in perspective. The FBI always needs something on which to hang an investigation. As that Times story put it, it was the combination of "many strands coming in" that

probe—especially of a presidential candidate. Yet the Papadopoulos intelligence was thin gruel—a random comment by a drunk guy making a vague claim. So by what precise means, and via whom, did the details make their way to the FBI? Did it come from actual intelligence sources? Were Obama or Clinton friends or political operatives involved? Did the FBI play a role in plumping up the evidence to transform a political product into official intel?

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here's what has become very clear: The FBI relied significantly on a Clinton opposition-research document in pursuing its Trump investigation. No amount of diversionary talk over other evidence can now change that.

Write to kim@wsj.com.

Dr. King's Radical Biblical Vision

HOUSES OF WORSHIP
By Cornel West and Robert P. George

In his own time Martin Luther King Jr. was regarded by some as a rabble rouser and even a communist sympathizer, and by others as an Uncle Tom and a "house Negro." In demanding an immediate end to segregation and Jim Crow, he was too radical for some. In eschewing violence and hatred of anyone—including even the defenders of racial injustice—he was too "tame" and forgiving for others.

Fifty years after his death, he is almost universally revered. Though he did not fit perfectly into any ideological camp during his lifetime, he is claimed today by people across the political spectrum. His words are often invoked in demanding an immediate end to segregation and Jim Crow, he was too radical for some. In eschewing violence and hatred of anyone—including even the defenders of racial injustice—he was too "tame" and forgiving for others.

We both believe King would demand more be done to fight poverty. But no one can say for sure how he would design and apportion the roles of government, at the national or state levels, and civil-society institutions in the effort. Nor would he claim that whatever policies he happened to favor were infallibly correct. In engaging with each other as fellow citizens, neither should we.

At the same time, reasonable difference must never be an excuse for complacency or inaction in the face of evils such as poverty and injustice.

Still, in judging and acting, we must avoid sinning against King's legacy by facilely claiming him for whatever policies we favor. A more fitting attitude, one consistent with what was truly radical about King, is to imagine him as a critic: "If Martin Luther King would be

we continue to listen to and engage each other. This has deepened our understanding of King's principles—especially his focus on the equal dignity and sanctity inherent to every human life.

One of us invokes "the radical King" in criticizing empire, capitalism, and white supremacy. The other recalls King's principles in defending the unborn, Down syndrome and other disabled people, the frail elderly, and every life.

We both believe King would demand more be done to fight poverty. But no one can say for sure how he would design and apportion the roles of government, at the national or state levels, and civil-society institutions in the effort. Nor would he claim that whatever policies he happened to favor were infallibly correct. In engaging with each other as fellow citizens, neither should we.

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on the other side of where I happen to be on this question—why?"

This self-critical stance honors King by recognizing the centrality of his Christian faith to his work and witness.

Today we treat King as a saint, but he recognized himself as a sinner. He struggled to live uprightly but often failed and stood in need of forgiveness.

and with conviction, for what one believes is right; but he equally insisted on seeing others as precious brothers and sisters, even if one judges them to be gravely in error.

King chose nonviolence not

simply because he thought it

was an effective strategy. This

commitment reflected his belief in the sanctity of the human person, the principle that all men and women, as children of God, were brothers and sisters. King saw himself as the leader of a love-inspired movement, not a tribe or "identity group," and that is because his radical love ethic refused to divide people into tribes and identity groups.

It was no mere ideology, but

rather this biblically based radi-

cal love ethic that enabled Mar-

tin Luther King Jr. to embrace,

fully and without reservation,

the idea of America as a nation

"conceived in liberty and dedi-

cated to the proposition that all

men are created equal."

And it was radical love that drove him to risk—and give—his life in the cause of calling his fellow citi-

zens finally and fully to live up

to our national ideal of "liberty

and justice for all."

King was taught by the tradition of African-American Christianity, which shaped him in every dimension of his being, that all human beings are fallen. But he was also taught that all are fashioned in the image and likeness of God and are therefore worthy of being loved and treated justly—justice being what love looks like in public.

King was truly radical in his

literal reading of Jesus' com-

mand that we love others un-

conditionally, selflessly and

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OPINION

REVIEW & OUTLOOK

Trump's Pruitt Test

Donald Trump demands loyalty up the chain of command, but loyalty down has been another matter. The latest test of loyalty down will be whether Mr. Trump stands behind Scott Pruitt as Washington's green political machine tries to oust the Environmental Protection Agency Administrator for supposedly grave ethics offenses.

Mr. Pruitt's real sin is that he is one of Mr. Trump's most aggressive reformers, taking on green idols that others would bow before. In a year he has rescinded the waters of the U.S. rule that sought to regulate every pond in America; proposed to repeal the Clean Power Plan rule that sought to put coal out of business; urged the President to withdraw from the Paris climate pact; made a priority of cleaning up genuine pollution problems like Superfund sites; and this week began revising the destructive Obama-era fuel-economy standards.

If there has been a more consequential cabinet official, we haven't seen him.

All of this has made Mr. Pruitt a target of the ruling iron triangle of bureaucrats, interest groups and the press. They're creating smoke about his spending and ethics to get him fired because he is a political liability, as if they care about Mr. Trump's liabilities.

Mr. Pruitt's mistake has been to underestimate the animus against him. He should have protected himself better against even minor claims of misbehavior. But when you examine the charges, minor is the right word.

Take the flap over Mr. Pruitt's first-class air flights, as well as \$120,000 for him and his security detail to visit Italy last summer for a G-7 meeting and \$40,000 for a trip to Morocco. Apparently it's a scandal now to tour the Vatican in spare hours on a business trip. The costs are due in part to security precautions after threats against Mr. Pruitt. Some \$30,000 of that Italy bill went to security.

Yet his predecessors took similar trips and racked up even more expenses. According to the EPA, Lisa Jackson, the Administrator from 2009 to 2013, spent more than \$332,000 on four international trips; one trip to China cost \$155,000.

The Vanishing 'Caravan'

President Trump can't seem to decide if his border-control plan is a success or an imminent national crisis.

Not long ago he was touting fewer apprehensions at the Southwest border. Then he jumped on the story, from BuzzFeed and Fox News, that an immigrant "caravan" was heading from Central America through Mexico for the Rio Grande. He treated this like a Russian invasion, first saying he'd send "the military" to the border and then signing an order to deploy the National Guard.

There was no need. By Thursday the invading horde had largely dispersed before it reached even Mexico City. It isn't clear most were even heading to the U.S. Mr. Trump conceded on Twitter that "The Caravan is largely broken up" and he credited Mexico's "strong immigration laws," which he usually derides.

Cuomo's de Blasio Budget

Hard to remember, but New York Gov. Andrew Cuomo once fashioned himself as a Democratic reformer. But what he calls his new "progressive" budget agreement teeing up his re-election campaign is brimming with pork, new taxes and labor gifts. Maybe he should ask New York City Mayor Bill de Blasio to be his running mate.

During his first term, Mr. Cuomo capped property tax levies, cut corporate taxes and scaled back pensions for new public workers. But after winning re-election in 2014, he moved notably to the left, including a ban on natural-gas fracking, a \$15 minimum wage and 50% renewable-energy standard. The result?

All but two counties in New York (Ontario and Saratoga) have experienced a net outflow of residents excluding foreign immigrants over the last seven years, and three have lost more than 5% of their population. While Mr. Cuomo has pumped billions of dollars into reviving upstate, the GDP of Binghamton and Rochester has declined 1% and 0.5%, respectively. Meanwhile, he's neglected New York City's subway, which is constantly breaking down and needs tens of billions in repairs.

Mr. Cuomo's response? Raise taxes. The budget imposes a \$2.50 tax on taxis and \$2.75 on Uber rides in Manhattan below Harlem to finance subway repairs, on top of a dozen or so current mass-transit taxes. Politicians who have mismanaged the subways will also now be entrusted with administering new state-sponsored Individual Retirement Accounts for workers in the private economy.

Mr. Cuomo's budget also includes a prescription opioid surcharge, as if overtaxed New Yorkers needed to feel more pain. New York City's 12.7% top income-tax rate is second highest in the country after California. The state's property taxes also top the nation and have increased population flight. Mr. Cuomo has warned that the GOP tax reform's limit on the state-and-local deduction could drive away more people and damage the state fisc. But his budget includes

Her successor, Gina McCarthy, went on 10 international sojourns, spending \$630,000. One trip was to Italy, where Ms. McCarthy received—a tour of the Vatican.

Then there's the non-scandal that from February to July last year Mr. Pruitt rented a small condo for \$50 a night from casual friends. The place is co-owned by Vicki Hart, a

health-care lobbyist with no business in front of the EPA, but her husband, J. Steven Hart, owns a lobbying firm that represents industries including energy.

Mr. Hart has no share in the condo, and he has stated that he had no lobbying contact with the EPA in 2017 or 2018. The EPA's principal deputy general counsel Kevin Minoli released a memo explaining that EPA career ethics officials had reviewed the lease and found that Mr. Pruitt paid a "reasonable market value" (\$1,500 a month). A second Minoli memo this week offered a more detailed analysis, which some in the press mischaracterized but which Mr. Minoli described as "reaffirming the original decision" that the lease did "not constitute a prohibited gift."

None of this is close to disqualifying, and unless there's some new bombshell the uproar amounts to using ethical traps to expel anyone who threatens the power of the administrative state. If you can't beat someone on the policies, trip him up on a foot fault. The next EPA Administrator, or new Cabinet official, will get the message and stick to the status quo.

For all of his supposed disdain for the media, Mr. Trump sure cares what they think. This includes taking seriously the bad press a cabinet official receives, whether or not it's deserved. He seems to believe the worst that's written about his subordinates when he'd dismiss such a story if it were about him.

The large turnover in Mr. Trump's cabinet and White House has been unusual, and the way many have been treated (Tom Price at Health and Human Services, H.R. McMaster as national security adviser) makes anyone with talent reluctant to serve. If Mr. Trump throws Mr. Pruitt over the side, good luck finding someone as brave to replace him.

He was also back to touting his border-control success: "Because of the Trump Administrations [sic] actions, Border crossings are at a still UNACCEPTABLE 46 year low."

Apprehensions were down in fiscal 2017 to 310,531, the lowest since at least 2000. But they were up year over year in February and March, and our guess is that's due to the strong U.S. economy pulling in more migrants coming for work.

This underscores the contradiction in Mr. Trump's economic agenda. Faster growth from tax reform and deregulation means a tighter labor market that attracts more migrants. Mr. Trump would be wise to trade border security for reform that allows more legal immigration to meet the economy's needs. Then he wouldn't have to pull stunts like hyping a band of poor migrants as an invading army.

only Potemkin tax reforms.

Employers could adopt a voluntary 5% payroll tax that they could deduct from federal taxes. Since employers would likely cut worker pay, employees would receive an offsetting income tax credit. The optional tax would be hugely complicated to administer and wouldn't shield investment income.

New Yorkers could also donate to state "charitable" trusts and deduct the contribution on their federal taxes. They would then receive an 85% matching state tax credit. Because the match isn't dollar for dollar, the state could squeeze more revenues out of high earners. The IRS probably won't allow this trick in any case because charitable contributions aren't supposed to benefit taxpayers.

Democrats also tried to end-run a forthcoming Supreme Court ruling in *Janus v. AFSCME* that might strike down union fee requirements for non-union workers. The budget lets unions circulate "membership cards" that allow workers to opt out only during narrow periods of time. A New York State United Teachers membership card requires teachers to promise continuing to pay dues "regardless of whether I am or remain a member of the union," so employees can join, but never leave.

Despite having to close a \$4 billion budget deficit, Democrats packed in billions of new spending including \$118 million for free in-state public college tuition and \$250 million for the New York City Housing Authority's slumlords. Upstate gets \$600 million for a new public health lab; \$62.5 million for the 1980 Winter Olympic Games facilities; \$30 million for a Photonics Attraction Fund; and \$2 million for an industrial hemp seed certification and breeding program.

Mr. Cuomo is trying to buy votes around the state because he faces a primary challenge from "Sex and the City" star and de Blasio ally Cynthia Nixon. Ms. Nixon has attacked his subway stewardship, publicity-driven politics and corporate welfare. The budget gives her plenty of new ammunition.

The President needs to show some loyalty to his leading reformer.

OPINION

Judges Can Check the Administrative State

By Peter J. Wallison

President Trump has been nominating judges with an eye toward restraining the growth of the federal administrative agencies that have grown so numerous and powerful that they are commonly called the administrative state. Critics will call this "judicial activism," but it's really the opposite—a return to the judiciary's proper constitutional role.

The Constitution sought to protect the liberties of the American people by separating the government's powers: A legislative branch to make the laws; an executive, controlled by the president, to carry them out; and a judiciary to interpret their scope.

Courts are too deferential when unelected officials supplant Congress's role and write the law.

The Constitution says less about the judicial branch than the others, but that belies its importance. In Federalist 78, Hamilton called the judiciary the "guardian of the Constitution" because its task was to police the boundaries between the elected branches.

The original design worked well for more than 150 years. But during the New Deal era, Congress began empowering many new administrative agencies to regulate or otherwise control major areas of the U.S. economy.

Although these bureaucracies are theoretically part of the executive branch, presidents cannot effectively

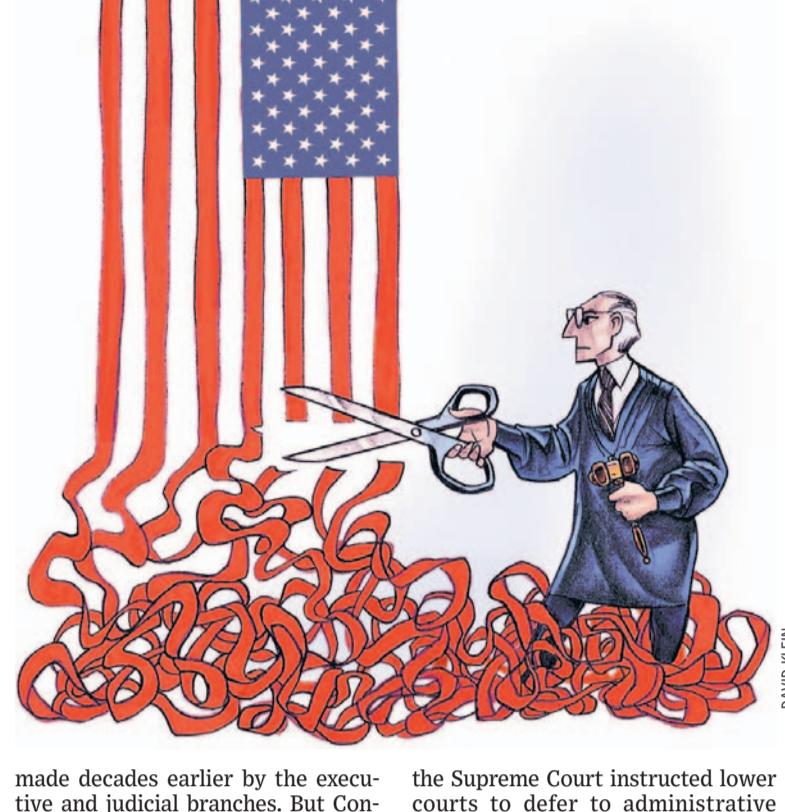
control them. In the George W. Bush and Obama administrations, federal agencies issued more than 3,000 rules and regulations each year, so many that the White House could not possibly review them all for consistency with administration policy.

Congress also seems powerless to control their growth. Although administrative agencies act only with authority granted by statute, legislative language is often imprecise enough to allow agencies considerable discretion. Too often this is by design: Lawmakers take credit for "solving" a problem by passing a law, then blame the agencies for making the unpopular decisions Congress evaded.

Since the New Deal, the judiciary has also shied away from asserting its role as the guardian of the Constitution's separation of powers. Judges have allowed unelected administrative bodies, rather than Congress, to become de facto lawmakers.

In 1971, for example, the Supreme Court upheld a decision of the Equal Employment Opportunity Commission that racial discrimination under the Civil Rights Act of 1964 could be shown without an actual finding of intent to discriminate. It was enough that a job requirement could have a "disparate impact" on minorities. Although this decision went well beyond anything Congress had said in the language of the Civil Rights Act, Chief Justice Warren Burger justified it by declaring: "The administrative interpretation of the Act by the enforcing agency is entitled to great deference."

Congress eventually codified the disparate-impact test for employment in the Civil Rights Act of 1991, reaffirming its diminished lawmaking power by rubber-stamping decisions



department to say what the law is." That means the courts can review and determine in each case whether a particular administrative rule was based on specific authority from Congress or—like disparate impact in 1971—sprang from an agency's preferences.

This does not mean that the courts will make judgments about the *policies* an agency is pursuing—that would be judicial activism—but only about whether Congress had actually authorized the agency to issue a particular rule, a matter of statutory interpretation and upholding the power of Congress.

The stakes are high. Administrative agencies have enormous power over Americans' lives. Leaving that power in the hands of unelected officials is likely to become increasingly unacceptable to the American people, diminishing the government's legitimacy. In a democratic society, laws lack moral authority if lawmakers are not accountable to the people.

That principle is the basis on which Americans rebelled against Britain in 1776—and on which Brexit supporters rebelled against the European Union in 2016, when most of the rules they were required to obey were made by a bureaucracy in Brussels rather than their own Parliament.

The Trump administration's efforts to return the U.S. government to the structure designed by the Framers—with the courts determining "what the law is"—could end up saving the American experiment.

Mr. Wallison is a senior fellow at the American Enterprise Institute. His next book, on reining in the administrative state, will be published by Encounter this year.

made decades earlier by the executive and judicial branches. But Congress put no boundaries on the disparate-impact concept. Administrative agencies and judges have employed disparate-impact analysis in other areas of law without congressional authorization. In a 2015 case, the high court applied it to the Fair Housing Act even though it is absent from the statute. Justice Clarence Thomas observed in a dissent that the decision "presents the triumph of an agency's preferences over Congress' enactment."

The key decision that marks this trend is *Chevron v. Natural Resources Defense Council* (1984), when

the Supreme Court instructed lower courts to defer to administrative interpretations of the law if the statute is ambiguous and the agency's interpretation is "reasonable." This significantly increased agencies' discretion to expand their powers.

Nevertheless, the judiciary has the authority to control the administrative state, and the Trump administration is seeking this control in a way the framers would have approved—by choosing judges who agree with Chief Justice John Marshall's observation, in *Marbury v. Madison*, that "it is emphatically the province and duty of the judicial

India's Government



Can India overcome fake news when the ruling Bharatiya Janata Party is often complicit in peddling it? The question arises from the latest skirmishes between the Narendra Modi government and the media. On Monday the Ministry of Information and Broadcasting in Delhi announced guidelines that would allow it to suspend the official accreditation of print and broadcast journalists for creating or propagating "fake news in various mediums."

Faced with an outcry from journalists, the government withdrew the guidelines the next day.

The abortive clampdown comes amid a heightened media focus on politically well-connected fake-news sites. Last week police in the southern state of Karnataka arrested Mahesh Vikram Hegde, a co-founder of Postcard News. Mr. Hegde's arrest was sparked by a tweet that showed a picture of a visibly bruised Jain monk with a caption claiming that the holy man was "attacked by Muslim youth."

Those familiar with the site would not have been surprised. Postcard News once falsely—some would say laughably—suggested that prominent television journalist Barkha Dutt hitched a ride to an assignment on a Kashmiri terrorist's motorcycle.

Postcard News also published a florid fictional account of a businessman who supposedly surrendered 60 billion rupees (about \$900 million) to authorities in response to Mr. Modi's 2016 decision to scrap overnight nearly 90% of India's currency by value. The site also fabricated a story about Delhi's most prominent mosque, the Jama Masjid, losing its electricity connection over unpaid bills, a canard that found its way to television news.

In many countries, someone like Mr. Hegde would be cordoned off from polite society while he duped unsuspecting rubes on the internet. In India, several BJP ministers have shared Postcard News stories on Twitter, and Mr. Hegde's account is one of fewer than 2,000 Mr. Modi himself follows. After Mr. Hegde's arrest, those on Twitter who demanded

his release included BJP ministers and a slew of social-media influencers widely viewed as supportive of the party.

In many ways, Postcard News highlights the difficulty of cracking down on fake news in India. While no ideology or party has a monopoly on the phenomenon, a clutch of fake-news

Federal ministers took to Twitter to share a story from a dubious 'fact checking' website.

sites in both English and Hindi promote an agenda in sync with both hard-line Hindu nationalists and the BJP government.

That means any genuine effort to clamp down on fake news would likely end up hurting the BJP disproportionately. Companies such as Facebook—India's more than 240 million users are its biggest market—will have to tread much more gently in India than in many other countries. In the West, the primary threat from

fake news often comes from foreign governments—for instance, Russian bots allegedly trying to sway American or French voters. In India it comes from friends of the ruling party.

In a maneuver American readers will find familiar, BJP leaders have begun to describe any news that embarrasses the government as fake. Earlier this week at least 13 federal ministers took to Twitter to bust what they called "fake news" by sharing a story from a self-styled fact-checking website.

The only problem: Much of what the website, and by implication the ministers, deemed false was plainly true. This included a newspaper report on a government directive to officials to stay away from events marking the 60th anniversary of the Dalai Lama's exile in India. (A government minister and senior BJP leader later attended a Tibetan function in Dharamsala in an apparent effort not to lose face over kowtowing to Beijing.)

Technology amplifies the problem. In the U.S., Facebook and Twitter play a primary role in spreading false news, says Soroush Vosoughi, a data scientist at the Massachusetts Institute of Technology who has studied

the subject closely. In India the main culprit is WhatsApp, which reaches at least 200 million Indians and has become a primary source of news.

According to Jency Jacob, managing editor of the Mumbai-based fact-checking site BOOM, anonymity makes fake news on WhatsApp harder to trace and refute. Last summer, mobs in India lynched seven people after viral WhatsApp messages falsely reported that gangs were abducting children.

The problem is exacerbated in India by the mismatch between fact checkers and its burgeoning fake-news factories. The country's three most prominent fake news busters—Alt News, BOOM and SM Hoax Slayer—count fewer than a dozen fact checkers among them, and these include unpaid freelancers who contribute out of a passion for the job.

According to Mr. Vosoughi, the MIT researcher, falsehoods continue to travel faster than the truth. "If a baby is born and I write a story saying it has two heads, it makes it more interesting," he says. "More people will share it. If you're writing false things, you have more leeway than if you're writing the truth."

The Public Has a Right to Know, but There Are Limits

By Michael Richter

Talib W. Abdur-Rashid and Samir Hashmi read news reports alleging the New York City Police Department had engaged in a domestic spying operation targeting Muslims after 9/11. Mr. Abdur-Rashid, a Manhattan imam, and Mr. Hashmi, a former Rutgers student, wanted to know if they'd been spied on simply for being Muslims. So in 2012 they submitted requests under New York's public-disclosure law.

The NYPD refused their requests, writing that it could "neither confirm nor deny" the existence of such records. In a 4-3 decision, the New York State Court of Appeals, the state's highest court, ruled last week that the police response was justified. Ruling any other way, the court

noted, could trigger a flood of requests. If the NYPD got into the habit of confirming when someone wasn't the subject of an investigation, then refusing to respond to other similar requests would be akin to acknowledging that someone had been or was being investigated.

This wasn't merely hypothetical. In an affidavit filed in response to the lawsuit, the NYPD's chief of intelligence claimed that the Asian American Legal Defense and Education Fund has been spearheading a mass campaign of similar requests. If the courts force the NYPD to respond substantively to those requests, the responses could be aggregated to analyze the NYPD's counterterrorism operations.

This decision brings renewed attention to the democratic trade-offs

between privacy and security. The U.S. Supreme Court, in *National Archives and Records Administration v. Fawcett* (2004), noted that public-disclosure laws are a means for citizens to know "what [their] government is up to" and define "a structural necessity in a real democracy." But there are also times when the exigencies of law enforcement and national security are in obvious conflict with the spirit behind sunshine laws.

In certain circumstances government secrecy is essential. In 1968 a Soviet nuclear submarine sank northeast of Hawaii. According to a court decision citing press sources, the sub almost certainly contained codes and communication gear of intense interest to the Central Intelligence Agency. After the agency developed a \$300 million plan to raise the sunken

sub—the most complex salvage operation in history—it concocted a cover story with the aid of billionaire recluse Howard Hughes. The claim was that his new ship, the Hughes Glomar Explorer, was seeking to recover manganese nodules from the seabed.

New York's highest court affirms the police's need for secrecy in terrorism investigations.

But after a mysterious burglary at Hughes's offices, the press got wind of the story, filed a records request with the CIA, and was met, for the first time, with the words "we can neither confirm nor deny." In 1976 the U.S. Circuit Court of Appeals for the District of Columbia affirmed the CIA's right to keep its work secret. Neither confirming nor denying has been at the heart of the "Glomar doctrine" ever since.

The NYPD's intelligence and counterterrorism operations clearly require secrecy. Acknowledging that a person is or isn't an investigation target would substantially hamper, if not eliminate, the NYPD's ability to identify and disrupt terrorist plots. This risk was clearly on the state court's mind when it recognized that New York City "remains a prime target in the wake of the World Trade Center attacks" and "government confidentiality may be at its zenith when a law enforcement agency is undertaking a covert investigation." The dissent merely acknowledged that compelling the NYPD to identify the targets of its investigations

"may have concerning implications," which the majority called a "model of understatement." Indeed.

A necessary but potentially dangerous legal doctrine, Glomar should be applied sparingly and carefully. Federal intelligence agencies have invoked it in recent years to ignore records requests related to government intercepts of attorney-client communications with Guantanamo detainees, employment records of a CIA operative, targeted drone killings and more. The Securities and Exchange Commission, the Internal Revenue Service and even the U.S. Postal Service have invoked the Glomar doctrine.

Glomar presents a clear opportunity for official abuse, and its expansion to a municipal agency like the NYPD could trigger a new passion for secrecy among state and local governments. Police forces around the country could soon begin issuing Glomars anytime a legitimate records request is made. Glomar fever could even spread to other municipal agencies. New York's high court recognized the concern, noting that each case will have to be judged on its merits and that a bright-line rule couldn't work given the competing interests.

But there is also a practical reality in this case. If the NYPD were compelled to acknowledge the existence of an undercover operation, then would-be wrongdoers would have a new and powerful tool to detect and evade surveillance. Undercover operations can't succeed in that environment. The court got it right.

Mr. Richter is an attorney in New York. He formerly served as an intelligence officer with the Defense Intelligence Agency and the Office of the Director of National Intelligence.

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WORLD NEWS

Saudis Court a Broader Array of Firms

By MARGHERITA STANCATI
AND BEN FRITZ

LOS ANGELES—Saudi Crown Prince Mohammed bin Salman has courted American tech and entertainment heavyweights to bring everything from data centers to cinemas to Saudi Arabia, part of his push to transform the country into a more open and dynamic society.

Over the past week, he has met top business executives—from Amazon.com Inc.'s Jeff Bezos and Microsoft Corp.'s Satya Nadella to Walt Disney Co.'s Robert Iger.

In the midst of a nearly three-week tour of the U.S., he is on a mission to reshape a Saudi-U.S. business relationship that was long based on oil sales and military contracts. The prince wants to win foreign investment to build a new Saudi Arabia, one less dependent on oil, with a more vibrant, open economy.

"Our focus in the past was only on oil and gas and commercial activities" in sectors like defense, said Ahmed Khatib, a senior Saudi official in charge of deals in both the defense and entertainment sectors. "But now we have expanded the relationship and started to talk about social change—culture, entertainment and tourism."

Prince Mohammed even aims to bring Disney to an Arab kingdom that is home to Islam's holiest sites and best known for its austere religious practices. The outfits of Disney princesses wouldn't be permitted on the streets of Riyadh, where women are required to wear head-to-toe gowns known as abayas.

"Entertainment is the new oil for Saudi Arabia," Faisal Bafarat, chief executive at Saudi Arabia's entertainment authority, said on Wednesday, as the kingdom announced a



Saudi Crown Prince Mohammed bin Salman, center, ordered coffee with former New York Mayor Michael Bloomberg last week.

series of new partnerships with U.S. companies.

Among them: AMC Entertainment Holdings Inc. said it would open Saudi Arabia's first movie theater in over three decades this month.

Prince Mohammed, who is Saudi Arabia's day-to-day leader, has sought to project a softer image of the kingdom. He has become a patron of Saudi artists, whose work is being exhibited during his tour. He has appeared in public wearing suits with no ties, and stopped for coffee with former New York Mayor Michael Bloomberg.

But the kingdom remains one of the world's most conservative countries, and the opaque nature of a far-reaching corruption probe last year

spooked the corporate world. The old image of Saudi Arabia is hard to overcome.

When President Donald Trump last month used colorful cardboard posters to illustrate the billions of dollars of military equipment the Saudis are buying from the U.S., Prince Mohammed, who sat next to him, looked visibly uncomfortable.

"It's peanuts for you," Mr. Trump told the prince, who shook his head and smiled.

Privately, many Saudis seethed over the president's comments, which they felt blunted the kingdom's message. "They think we are only about oil, military and camels," said a Saudi close to the official delegation.

Nonetheless, the bulk of

Saudi business with the U.S. remains oil and weapons. Over the weekend, Saudi Arabia signed a \$450 million joint venture with Boeing Co. to maintain and repair military aircraft in the kingdom, part of a broader plan to create over 40,000 domestic defense jobs by 2030.

Broadening Saudi Arabia's commercial ties with the West has become a priority in the past two years since Prince Mohammed unveiled a plan to diversify its economy away from the oil reserves that built its wealth. The kingdom is planning to publicly list its state oil giant, known as Aramco, to raise capital for investments in other sectors.

—Benoit Facon contributed to this article.

BANDAR AL-JALOUD/SAUDI ROYAL PALACE/AGENCE FRANCE PRESSE/GETTY IMAGES

Entertainment, Tech in Demand

The Saudi delegation now touring the U.S. is negotiating a stake in the world's largest talent agency, Endeavor LLC, and working on deals to build data centers with Amazon and Google's parent company Alphabet Inc. Saudi Arabia's sovereign-wealth fund has taken big stakes in tech companies like Uber Technologies Inc.

On Tuesday, Saudi officials showed up at Disney's offices with a once-unthinkable idea: establishing a Disney presence in Saudi Arabia. They want Disney to be a part of several entertainment hubs being planned in the kingdom, according to people with knowledge of the matter.

Saudi Arabia "is keen on building a strategic partnership with these companies that include theme parks, resorts, live shows and everything in between," said a spokesman for Saudi Arabia's General Entertainment Authority, singling out Disney, Warner Bros. and Universal.

Disney has given no indication it would support the Saudi pitch.

"Like so many places in the world, they are interested in exploring the idea of having a Disney park," a Disney spokeswoman said before Tuesday's meeting.

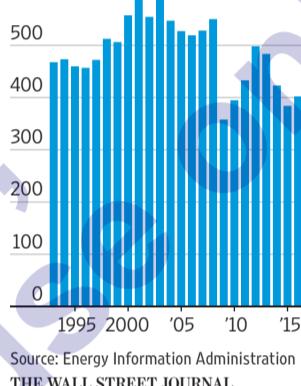
"They will be presenting some concepts and we will respectfully hear them out."

Saudi officials have also discussed film and television partnerships with top executives from Netflix Inc., Time Warner Inc.'s Warner Bros. and Comcast Corp.'s NBCUniversal.

Less Reliant

U.S. crude-oil imports from Saudi Arabia

700 million barrels



Source: Energy Information Administration
THE WALL STREET JOURNAL.

Kenya Runs a Rhino ID Program



RANGER DUTY: A wildlife-services officer tries to cover the eyes of Elia, a southern white rhinoceros, to calm her after she was tranquilized as part of a tallying exercise in Meru National Park.

WORLD WATCH

VIETNAM

U.S. Criticizes Prison Terms for Dissidents

The U.S. government strongly criticized Vietnam's sentencing of six prominent dissidents to lengthy prison terms following a one-day trial in Hanoi, the latest in the communist-run state's intensifying crackdown on its critics.

But the State Department's Thursday dressing down is unlikely to upset relations between the two countries, political analysts and diplomats say. The U.S. increasingly regards Vietnam as a useful ally in countering China's expanding influence.

The best-known of the defendants convicted Thursday is human-rights lawyer Nguyen Van Dai, who received a 15-year prison sentence. He and the five others—who were handed terms of seven to 12 years each—were convicted for allegedly attempting to overthrow the government and replace it with a multiparty democracy, according to prosecutors. They have all denied the charges.

—James Hookway

Ali Khan, Sonali Bendre, Neelam Kothari and Tabu, who goes by one name—were also charged for the offense. All were acquitted by the court on Thursday.

"There was adequate evidence against him," Mahipal Bishnoi, a public prosecutor in the case, told reporters outside the court, referring to Mr. Khan. "He spotted a herd of blackbucks, shot at and killed two of them."

Wildlife-protection law prohibits hunting of rare animals. Blackbucks, also called Indian antelopes, are protected under the act.

—Vibhuti Agarwal

CANADA

Deficit in Trade Widened in February

Canada's trade deficit widened in February as imports of energy products reached their highest level in more than three years. Exports edged up.

Canada posted a trade deficit in February of 2.69 billion Canadian dollars (US\$2.10 billion), Statistics Canada said Thursday. That was larger than the C\$2.1 billion deficit economists expected, according to Royal Bank of Canada.

January's trade data were revised to show a deficit of C\$1.94 billion, larger than the previous C\$1.91 billion estimate.

Imports to Canada advanced 1.9% to C\$48.63 billion in February, retracing some of the 4.3% drop in the previous month. Imports of energy products rose 15.4%. Exports rose 0.4% to reach C\$45.94 billion in February.

—Kim Mackrael

Russia, Turkey Forge a Tactical Bond



By Yaroslav Trofimov

How quickly things change in the Middle East.

Just two years ago, Turkey and Russia were at each other's throats. Turkey had downed a Russian warplane near its border. Moscow had responded with sweeping trade sanctions. A prominent

Russian politician proposed in a parliamentary speech to blow up a nuclear device in the

Bosphorus, sinking Istanbul in an artificial tsunami. In December 2016, Russia's ambassador was gunned down by an off-duty Turkish policeman.

All of that is swept aside as Russia's President Vladimir Putin is feted this week in Ankara, his first foreign trip since his March 18 reelection. A tactical bond between a resurgent Russia and America's ostensible North Atlantic Treaty Organization ally has become a reality, fueled by rising anti-American sentiment in Moscow and Ankara alike.

Turkey's authoritarian President Recep Tayyip Erdogan turned to Russia largely because Mr. Putin could give him what American presidents—be it Barack Obama or, so far at least, Donald Trump—have refused to deliver: help in crushing the autonomy aspirations of Syrian Kurds. Those are the aspirations that Ankara views as an existential threat to the survival of the Turkish state itself.

The main Syrian Kurdish group, YPG, is also America's principal partner in the nearly four-year campaign against Islamic State in Syria. YPG, however, maintains close links with the Kurdistan Workers' Party, or PKK—a group considered terrorist by Washington and Ankara alike that has been waging a sepa-

ratist guerrilla war in Kurdish-populated areas of southeastern Turkey since 1984.

The U.S. in recent months deployed troops to prevent a Turkish attack on the YPG-held town of Manbij in northern Syria. By contrast, overt Russian backing allowed Turkey's military to seize the bigger Kurdish enclave of Afrin further west, ousting YPG forces.

In facilitating the Turkish invasion of Afrin, Russia disregarded complaints from the Syrian regime and from its main regional partner Iran. After all, in Moscow's strategic calculations, prying Turkey away from the West takes precedence over the balance of power inside Syria.

The initiatives touted during Mr. Putin's visit to Turkey—such as the plan to supply the Russian-made S-400 air defense system and to build the Akkuyu nuclear reactor on the Mediterranean coast—are sure to further irritate Western nations.

"Putin wants Turkey to be angry with the West and the West to be angry with Ankara," said Soner Cagaptay, head of the Turkish program at the Washington Institute for Near East Policy think tank and author of a recent biography of Mr. Erdogan. "Putin's goal is to dilute NATO, and what better way is there to weaken the alliance?

ance than making sure the country with NATO's second-largest army becomes an angry, unwilling and foot-dragging member?"

While some of that Russian flirting with Turkey happens at Iran's expense, Tehran appears acquiescent so far—especially because the resulting dilution of American power in the region also serves its long-term interests.

"The Iranians are willing to begrudgingly bear some of Turkey's operations in

major player in the Syrian conflict. In their joint statement Wednesday, Russia, Turkey and Iran condemned "attempts to create new realities on the ground under the pretext of combating terrorism"—a reference to America's military presence and its partnership with YPG.

YPG and allied Syrian groups currently control a huge swath of eastern Syria—areas they have liberated with American help from Islamic State. Without American protection, YPG wouldn't stand a chance against Turkey—and would likely turn over these areas to Iran and the Syrian regime. That's a nightmare scenario for Israel, Saudi Arabia and other regional powers that hope for a more muscular American approach to Iran.

"If Trump really withdraws troops from Syria it will be a disaster and the end of any serious U.S. policy on Iran," said Mark Dubowitz, chief executive of the Foundation for Defense of Democracies, a Washington think tank. "You've now got this Turkey-Russia-Iran alliance, which ultimately means that America's most dangerous adversaries are aligning against American interests at the time when they all perceive that Trump may be a paper tiger who's rhetorically tough but actually operationally impotent."



With Russia's backing, the Turkish military seized the Kurdish enclave of Afrin, above, in Syria.

hopes of Erdogan's buy-in down the line for a political settlement molded in a way that preserves Iran's strategic influence in Syria," said Ellie Geranmayeh, Iran specialist at the European Council on Foreign Relations.

Iran's President Hassan Rouhani joined Mr. Putin and Mr. Erdogan in Ankara on Wednesday for discussions on how to coordinate their interests in Syria.

All three leaders stand to benefit if President Donald Trump goes ahead with his stated desire to withdraw American troops—an-

INDIA

Film Star Sentenced For Killing Antelopes

A court sentenced Bollywood superstar Salman Khan to five years in prison for killing two rare antelopes nearly two decades ago.

The court in Jodhpur found Mr. Khan guilty of hunting two blackbucks while working on a film in the state of Rajasthan in 1998.

His co-stars in the movie—Saif

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday, April 6, 2018 | B1

YouTube Policies Stir Bitterness

Video creators, while condemning shooting, complain of how they are treated

BY DOUGLAS MACMILLAN

Nasim Najafi Aghdam, the woman who attacked YouTube's headquarters, was part of a sprawling ecosystem of "creators"—the hundreds of thousands of independent producers who upload material to the world's largest video site.

Police have said her bitterness over the company's policies

appeared to have motivated Tuesday's shooting that left three YouTube employees wounded. She then killed herself. Aghdam in January had posted a video accusing YouTube of limiting viewer traffic to some of her videos and suggested on her personal website that the site paid her a lower amount of ad revenue than she deserved.

Many fellow creators, while condemning Aghdam's actions, say that there are underlying problems with how YouTube treats the people who make its videos. Thousands of independent video makers rely on the site and

the ad revenue it generates for their income. Their concerns, broadcast regularly through videos, Instagram posts and tweets, highlight the challenge YouTube faces as it expands its business and finds the demands of its advertisers in conflict with the wishes of its video creators.

A number of YouTube creators posted videos denouncing Aghdam after the shooting. Casey Neistat, one of the site's most popular creators who had previously criticized YouTube policies in a video Aghdam posted on her website, shared a new video Wednesday calling her a

"monster."

A YouTube spokeswoman declined to comment on Aghdam's complaints and how they were handled.

The company has previously said its policies are designed to curtail bad actors on the video site and ensure a stable source of revenue for everyone else.

YouTube, a unit of Alphabet Inc.'s Google, relies on hundreds of thousands of people to upload short films and build audiences of regular viewers. In return, the company pays them 55% of the ad revenue generated by many of the videos on the site. That

revenue share has been unchanged for years.

As the number of creators has grown and uploaded a wider range of videos, advertisers have grown more skittish about putting their messages next to what they deem objectionable content.

Top brands including Procter & Gamble Co. pulled spending from the site last year after discovering YouTube running their ads before extremist, racist and hateful videos.

In response, YouTube last year began requiring video producers to have more than

Please see VIDEO page B4

Amazon's Growing Client: Washington

BY TED MANN AND BRODY MULLINS

Amazon.com Inc. is best known for transforming the U.S. retail industry, a feat that President Donald Trump has recently attacked. But the company has quietly been cultivating a major customer in his own backyard: the federal government.

In the past several years, the Seattle-based company has won much of the business to help the U.S. government shift its computing services from legacy mainframes onto the cloud, a lucrative service in which Amazon is the world leader.

This transformation has included the provision of cloud services across Washington's bureaucracy, from the Department of Homeland Security to the Smithsonian Institution. It has made the U.S. government a top Amazon customer.

An even bigger prize looms: Amazon is seeking a 10-year contract with the Defense Department that could be worth \$10 billion.

The company doesn't release specifics, but research firm GBH Insights predicts that Amazon's government business will grow to \$2.8 billion in 2018 and \$4.6 billion in 2019, from less than \$300 million in 2015. Other analysts say those projections are optimistic, but not implausible.

Mr. Trump's attacks on Amazon, in which he suggests the company doesn't pay its fair share of taxes and has damaged the U.S. Postal Service, haven't mentioned Amazon's federal government business.

"Amazon is just not on an even playing field," Mr. Trump said on Thursday. "They have a tremendous lobbying effort, in addition to having the Washington Post... What they have is a very uneven playing field. Look at the sales tax situation."

The Post is owned by Amazon founder Jeff Bezos as a personal investment.

Analysts say they don't see a reason to doubt Amazon will continue to rise as a major federal contractor, though the president's criticisms have whipsawed its stock price and injected uncertainty into the equation.

"The overriding question is whether there is risk to Amazon because Trump seems to have it in for the company," said Tom Forte, an analyst at

Please see AMAZON page B2

To Buy a Car in China, Hit the Vending Machine



GO FOR A SPIN: Chinese e-commerce giant Alibaba opened a car vending center in Guangzhou where interested buyers can book a test drive online, bypassing traditional dealerships. Attendants are available to explain a car's basic features and to answer questions. In the first two days, Ford received 450 orders to test-drive a vehicle. Above, a customer uses a touch screen to request a particular car. B2

BlackRock Funds Take a Stand on Firearms

BY SARAH KROUSE

The world's largest money manager is stripping retailers that sell guns out of some current and planned exchange-traded funds, the latest sign that weapons sellers are facing the same scrutiny from investors as producers.

Walmart Inc., Dick's Sporting Goods Inc. and Kroger Co. are among the retailers that will be ruled out of new environmental, social and governance-focused funds Black-

Rock Inc. is planning, a spokeswoman for the world's largest asset manager said Thursday. The retailers were among those who said they would no longer sell guns to anyone under 21 in the wake of the school shooting in Parkland, Fla.

A notice of the decision was posted on BlackRock's website on Thursday.

After the Parkland shooting, the New York firm went public with questions it is asking gun manufacturers and

distributors and businesses. Investors and businesses alike have put renewed pressure on gun makers and sellers, spurred in part by student advocacy efforts nationwide.

BlackRock plans to strip all gun sellers and retailers including Kroger from its current lineup of seven so-called ESG funds, which have some \$2.2 billion in assets. Those products had minimal exposure to such firms.

It also is planning to offer new ETFs and pooled funds to

401(k) retirement savings plans that exclude gun makers and retailers.

One of those ETFs will track the performance of a new bond index that is similar to the Bloomberg Barclays US Aggregate Bond Index, but excludes issuers that make 5% or more or \$20 million in revenue from gun-related products.

A spokesman for Dick's declined to comment. A spokesman for Walmart said the firm doesn't comment on individual

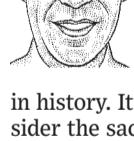
or group decisions to buy or sell shares.

A spokeswoman for Kroger said its Fred Meyer division is "quickly working to responsibly phase out sales of firearms and ammunition," a decision announced last month. Such products were only sold at Fred Meyer stores in Alaska, Idaho, Oregon and Washington, she added, "and represented \$7 million in annual revenue—about 0.006% of Kroger's annual sales."

Please see GUNS page B2

STREETWISE | By James Mackintosh

Cash Should Be in Your Portfolio Again



Holding cash is investment heresy after a decade of the lowest interest rates

in history. It is time to consider the sacrilegious and add cash back into portfolios.

The value of cash was demonstrated in the first quarter: Both stocks and bonds lost money—the first quarter that has happened since the aftermath of Lehman's failure in 2008. Cash turned out to be the safe asset.

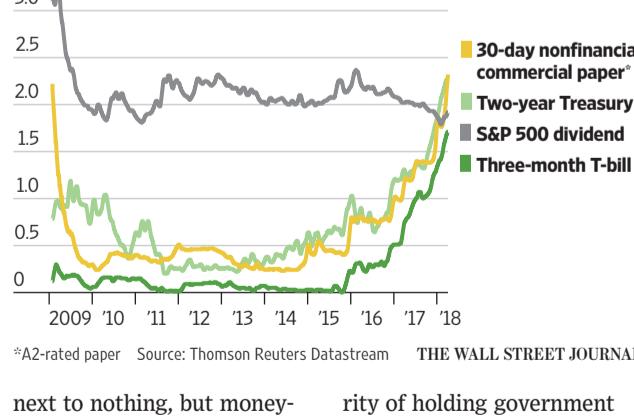
The past three months highlighted the lack of risk, at least in nominal terms, of holding cash. But cash and near-cash products have three properties that ought to be appealing at the moment: a yield above inflation, a guaranteed value to cushion a portfolio and the firepower to buy back in after a dip.

The combination of the Federal Reserve's rate rises and the Trump administration's fiscal profligacy has pushed up the yield on cash and cashlike instruments to the highest level since October 2008.

A bank deposit still pays

Yields on some U.S. cash and cashlike instruments are above stocks' dividend yield.

Twenty-day moving averages



next to nothing, but money-market funds are offering as much as 1.75%. Lend to high-quality companies for 30 days in the commercial-paper market, and the yield of 2.4% is above inflation and more than the 1.95% dividend yield from the S&P 500. Locking money up for 10 years in a Treasury bond offers less than 0.5 percentage point more, the smallest premium since just after Lehman collapsed.

Those who want the secu-

rity of holding government paper have to lock up their money for just a year to beat the dividend yield on stocks, with the one-year Treasury bill yielding 2%. Again, if you can get 2% for a year, is it worth locking up money for 10 years in a Treasury bond for an extra 0.8 percentage point a year?

This is where the security of cash comes in. For 25 years, bonds acted as a form of insurance for investors, with their value usually ris-

ing—so yield falling—when share prices dropped. Even better, over multiyear periods, both bonds and equities rose in value, meaning the insurance provided by bonds was almost free. Over two decades, the 30-year Treasury has returned an annualized 5.7% and the S&P 500 6.4%, with coupons and dividends reinvested.

There are good reasons to worry that both the short-term cushion provided by bonds when equities drop and the longer-run gains from falling yields could be coming to an end. If they do, cash will be a better way to shield a portfolio against stock-price falls than bonds.

The inverse bond-equity link has been so strong for so long that investors tend to take it for granted. Yet until the late 1990s, the relationship was the other way around: Higher bond yields typically coincided with falling share prices.

When investors are sensitive to inflation, stocks and bonds tend to rise and fall together.

Please see STREET page B2

Despite Earlier Fears, Aluminum Prices Fall

BY BOB TITA

U.S. aluminum prices are falling despite a tariff aimed at boosting domestic production of the metal.

That's good news for manufacturers of products such as beer cans and car hoods, which are paying 4% less for aluminum than they were before the Trump administration announced the tariff on March 1.

These manufacturers said at the

time that the 10% tariff on foreign aluminum could push up prices and cause a domestic aluminum shortage just as their orders pick up in a strong economy.

And while a delivery premium applied to aluminum in the U.S. rose over 40% in the weeks before the tariff order went into effect March 23, that surcharge has fallen recently in anticipation of adequate supplies.

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STREET

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gather, as inflation is bad for both—at least in the short run. When inflation is thought to be under control, as it has been since the 1990s, the real economy is more likely to drive prices. And in the real economy, what is good for stocks is bad for bonds, and vice versa.

At the same time, falling real interest rates since the early 1980s have helped both stocks and bonds gain over the long run.

Thus, confidence that inflation was a problem of the past meant stocks and bonds could move in opposite directions on a day-to-day basis, while both made money over years.

There is also the standard flight-to-safety effect: In the short run, bad news prompts investors to sell stocks and shelter in government bonds, and there was frequent bad news from 2008 to 2013 or so.

With inflation and interest rates picking up and post-Lehman fears gone, stocks and bonds might sell off in tandem more frequently, making bonds less useful in a

portfolio.

Finally, a cash cushion gives investors the freedom to take advantage of sell-offs. Last year this optionality was worthless, as the market went up almost in a straight line.

With the return of volatility, the firepower a cash pile gives to enter the market after a sell-off is valuable again—at least for those brave enough to buy when everyone else wants to sell.

History is against the holder of cash. Since 1900, stocks returned 6.5% annualized after inflation, bonds 2% and cash—using T-bills as a proxy—just 0.8%, according to London Business School academics Elroy Dimson, Paul Marsh and Mike Staunton in research for Credit Suisse.

But cash has beaten both bonds and stocks over a decade several times, most recently in the stagflationary 10 years up to 1982.

It is fatuous to compare today's inflation to the 1970s, as it is picking up from exceptionally low levels. And only the most bearish investors think cash will beat stocks over the next decade.

But one need only think there is a bit of inflation coming to think cash is a better ballast in a portfolio than bonds at the moment.

AMAZON

Continued from the prior page
D.A. Davidson & Co.

Mr. Forte added that it would be hard for the administration to shift the government's business elsewhere because of the small number of competitors and the scale of Amazon's cloud network—data-storage centers around the country and globe that provide greater computing power and redundancy in case of emergency.

White House press secretary Sarah Sanders said Wednesday that Mr. Trump is "not involved in the process" of awarding the Defense Department contract.

Amazon's competitors have seized the moment to try to slow the company's march into government business. Over dinner with Mr. Trump on Tuesday at the White House, Oracle Corp.'s co-CEO, Safra Catz, complained that the Pentagon's process gives Amazon an advantage.

Amazon's growing government business coincides with a rapid rise of its presence in Washington. In 2010, the company employed eight lobbyists and spent \$2.1 million lobbying federal officials, according to data compiled by the nonpartisan Center for Responsive Politics. Last year, Amazon spent \$13 million and employed 95

lobbyists. Only six other companies spent more on lobbying in 2017.

Amazon has also mounted an aggressive effort to hire former government officials and executives from the company's competitors to help it navigate government procurement rules. In 2010, it hired Teresa Carlson, who led federal sales at Microsoft Corp. Scott Renda joined Amazon in 2014 from the Obama administration, where he oversaw cloud computing moves.

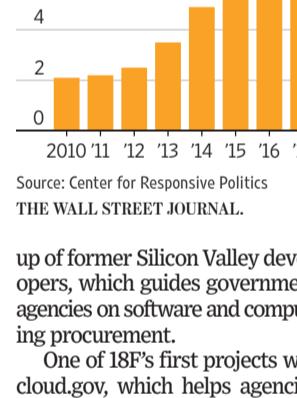
Amazon's most important early win was in 2013 with a contract to house data for intelligence agencies, including the Central Intelligence Agency. Amazon fought off a challenge from International Business Machines Corp. to retain the contract.

The intelligence community's willingness to entrust its closely held data to Amazon was a vital signal to other government agencies. Amid a general enthusiasm for using cloud computing to improve effectiveness, the CIA imprimatur suggested that Amazon Web Services, the cloud-computing division known as AWS, was a safe choice, these observers said. Later that year, the Interior Department awarded a \$10 billion contract to 10 vendors, half of whom partnered with Amazon.

In 2014, Amazon benefited from an Obama-era computing initiative: 18F, a consultancy made

Prime Influence

Amazon's federal lobbying expenditures



Source: Center for Responsive Politics

THE WALL STREET JOURNAL.

up of former Silicon Valley developers, which guides government agencies on software and computing procurement.

One of 18F's first projects was cloud.gov, which helps agencies such as the Federal Election Commission move some data to the cloud. The government chose to run Cloud.gov on AWS' GovCloud service, making it easier for agencies to purchase other Amazon services.

Over time, Amazon has built up other security approvals from the government that allow it to store increasingly sensitive categories

of data. Amazon is the only cloud company that has received approval for the government's most sensitive information. Those security approvals have enabled Amazon to lock in an advantage over the competition, analysts say.

In January, for instance, the U.S. Transportation Command, which manages transportation for the Pentagon, said it was prepared to award AWS a contract without a competitive bid.

Amazon worked with 2,300

government entities in the U.S. and overseas in 2017, up from roughly 100 in 2011, according to data the company provided at a conference for Wall Street analysts.

Government sales have helped propel AWS to become Amazon's biggest profit source.

Last year, the company's cloud computing business had \$4.3 billion in operating income on \$17 billion in sales, compared with operating income of \$2.8 billion on sales of \$106 billion at its North American retail business.

Analysts estimate that 10% of the cloud-computing revenue comes from government contracts. The next big break could come with the Pentagon's planned \$10 billion, 10-year move to the cloud. The proposed contract, called JEDI, would require a cloud infrastructure that could handle unclassified material as well as data classified as secret or top secret, defense department documents said.

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BUSINESS NEWS

Cereal Makers Return to a Sugary Past

'Taste is king' again after turn to healthier versions failed to break sales decline

BY ANNIE GASPARRO

To get consumers to eat cereal, big food companies are doubling down on sugary goodness.

Lucky Charms Frosted Flakes from General Mills Inc. and Chocolate Frosted Flakes from Kellogg Co. are among the industry's latest answers to the long slump in cereal sales.

For years, the big brands tried to go healthy to win back consumers who had defected to Greek-style yogurt, protein bars and other breakfast items with more protein and fewer carbohydrates than cereal. General Mills in 2014 came out with a higher-protein version of Cheerios and removed any genetically modified ingredients from original Cheerios. In 2013, Post Holdings Inc. introduced Honey Bunches of Oats Morning Energy, which highlighted higher protein and fiber content. And in 2011, Kellogg started selling a variety of Frosted Flakes with 25% less sugar and three times the fiber.

That didn't work. Overall cereal sales in the U.S. have declined 11% over the past five years to around \$9 billion in 2017, according to Mintel, a consumer research firm. Post CEO Robert Vitale said cereal has lost one-tenth of its shelf space as a result.

Now, many food manufacturers are going back to basics. Consumers of cereal—children and adults alike—care less about nutrition and more about fun flavors, range of colors, and



Cereal dispensers at Kellogg's NYC Cafe in New York draw attention. The company has discontinued its lower-sugar Frosted Flakes.

sweet taste, according to market research firms and food company executives. And many aren't necessarily eating it for breakfast, and instead are treating it as a snack or even dessert, they said.

"Taste is king," said Dana McNabb, General Mills' president of cereal. Ms. McNabb, who oversaw the company's latest creations—Chocolate Peanut Butter Cheerios, Lucky Charms Frosted Flakes and Cinnamon Toast Crunch shredded wheat—said those new products are selling better than the company's healthier twists on their so-called fun brands. "What we realized is that trying to do the same thing across all of our cereals doesn't work."

General Mills revived its dis-

continued artificially colored-and-flavored Trix cereal last year after consumers complained about the dull look and different taste of the all-natural ingredients the company had used as substitutes. "Trix is the best example of what happens when you do something the consumer doesn't like: They let us know," Ms. McNabb said.

Sales of children's cereal, which includes many indulgent varieties with cartoon mascots, fell about 1% last year. Adult cereal sales sank 7%, according to market research firm Nielsen.

Big food makers say they are under no illusion that sales of cereal—and other processed foods—will return to the growth rates of 1980s. Consumers are moving toward options

they think are fresher and less processed. Kellogg, General Mills and Post are diversifying their businesses by buying smaller brands that make other foods.

The cereal business, however, is still important, making up a significant portion of their sales. The companies also stressed that they aren't abandoning healthier cereals like Special K or Grape-Nuts.

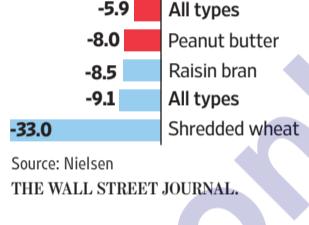
"Cereal is big, and it is profitable. We recognize that we have to stabilize it," said Kellogg's new chief executive, Steve Cahillane.

Emphasizing taste and getting Americans to eat cereal at times other than breakfast are the industry's best shot at recovering from what has been

Sweeter Results

Sales of children's cereal have fared better than adult brands, which are marketed as healthier.

Change in cereal sales, 2014-2017



Source: Nielsen

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indulgence that seems not as bad as eating a traditional dessert," he said.

Dan Goubert, a college student from Grand Rapids, Mich., said he eats cereal late at night while playing videogames. "I'm not trying to be healthy. It's a midnight snack kind of thing for me now. It doesn't fill you up in the morning."

Marissa Kopp, who lives in Naperville, Ill., with her husband and their two young sons, said that although she is careful to feed her children unsweetened oatmeal and whole-wheat pasta with added fiber, she occasionally has cereal for dinner. "I am so much more into reading food labels for my kids than my husband and I. Sometimes I'll just have Golden Grahams," she said.

General Mills, the maker of Golden Grahams, in March reported that retail sales of its cereal rose 2% in the latest quarter, thanks to Peanut Butter Chocolate Cheerios and Lucky Charms Frosted Flakes.

Post recently brought back Oreo Os cereal, discontinued in 2007. And it stopped selling its newer Morning Energy variety of Honey Bunches of Oats. Kellogg discontinued its lower-sugar Frosted Flakes and came out with chocolate and cinnamon varieties.

After working for years to remove the synthetic dyes in Lucky Charms' marshmallows, General Mills has abandoned that goal and instead has come out with a unicorn-shaped marshmallow to boost sales. The unicorn has gotten a lot more attention from consumers than Ancient Grain Cheerios ever did, Ms. McNabb said. "Unicorns are popular. But unicorns and Lucky Charms are magical."



The company said it is 'fully cooperating' with federal regulators.

Goodyear Denies Allegations of Defect In Tires Facing Probe

BY CHESTER DAWSON
AND MIKE SPECTOR

Goodyear Tire & Rubber Co. on Thursday denied allegations of a defect in tires that are the subject of a federal regulatory probe and possibly linked to 95 deaths or injuries.

The National Highway Traffic Safety Administration is looking into claims certain Goodyear tires used on recreational vehicles allegedly were prone to failures causing the loss of vehicle control and crashes over a two-decade period, according to a letter it sent to the company this week.

NHTSA said it is aware of claims made as recently as 2015 of death or injury potentially because of alleged defects in an estimated 40,000 of the Goodyear G159 tires, which were manufactured between 1996 and 2003.

Goodyear said it is "fully cooperating" with regulators and that it followed industry standards for the 160,000 G159 tires it made, some of which were used on Class A motor homes. "We continue to believe that there is no safety defect," the company said in a written statement.

The letter from regulators asked for more information on what Goodyear knew about performance issues involving the tires, and when it became aware of them.

An Arizona judge on Wednesday unsealed court documents in a case settled last year involving the allegedly flawed tires. The judge vacated a protection order for confidential treatment

after a request by the Center for Auto Safety, a watchdog that has accused the company of covering up what it knew about the alleged defect.

Jalopnik, an automotive blog owned by a unit of Univision Communications Inc., reported earlier on the court documents.

In December, NHTSA opened an investigation into complaints the G159 tires were "not designed for extended use at highway speeds as would be experienced during motor home operation." The government said it was aware of 10 consumer complaints alleging failures of tires used on recreational vehicles and that Goodyear itself has reported nine other incidents involving one death and 13 injuries linked to the tires.

The regulator also said it has "a large volume of information produced by Goodyear" stemming from a personal-injury case involving the tires that was sealed before the court order on Wednesday. That information includes allegations that defects in the tires possibly caused 95 deaths or injuries, NHTSA said.

NHTSA said an earlier Arizona Superior Court ruling allowed it to access those records, which include data indicating failures of G159 tires "causing deaths or personal injuries."

Goodyear said Thursday it has been involved in about 40 lawsuits involving the tire as a defendant or co-defendant with auto makers, and that the most recent claim it has received for the tire was a property-damage claim in 2015.

GE Is Urged to Drop Auditor KPMG

BY THOMAS GRYTA
AND JOANN S. LUBLIN

The two largest proxy-advisory firms are recommending that General Electric Co. fire KPMG LLP as its auditor after 109 years, in light of accounting issues at the industrial giant.

Institutional Shareholder Services made the unusual move Thursday, saying shareholders should vote against keeping KPMG because of "the apparent extent of GE's previously undisclosed liabilities and accounting issues." Glass Lewis & Co. published a similar recommendation on Tuesday.

Earlier this year, GE disclosed massive charges related to insurance operations, including a need to put \$15 billion into reserves over seven years,

and said the Securities and Exchange Commission is investigating some of its accounting practices.

Glass Lewis said it generally supports a company's choice of auditors "except when we believe the auditor's independence or audit integrity has been compromised."

KPMG and its predecessor firms have audited GE's books since 1909, one of the longest auditor-client relationships in the U.S. KPMG has hundreds of staffers that work on the account, which generated \$142.9 million in fees last year.

"It's extremely rare for ISS to recommend against management auditor ratification proposals" when fees aren't an issue, said Subodh Mishra, executive director at ISS. Just

one such resolution over the past decade has failed to pass, according to ISS Analytics.

GE declined to comment beyond its proxy filing. KPMG didn't respond to requests for comment.

Despite the unusual rebuke, KPMG is unlikely to lose the GE account. Investors rarely reject an outside auditor recommended by a corporate board, according to Charles Elson, head of the Weinberg Center for Corporate Governance at University of Delaware.

"I don't recall shareholders ever voting out an auditor" for a large public company, Mr. Elson said. But "a strong vote against KPMG would prompt the reconstituted board to consider replacing them next year," he said.

BUSINESS WATCH

MEDIA

Atlantic Cuts Ties With Conservative

The Atlantic has severed ties with a conservative commentator after he was criticized on social media for caustic antiabortion comments he made in 2014.

The magazine parted ways with Kevin Williamson, a former writer for National Review, after Editor in Chief Jeffrey Goldberg learned of new information, Mr. Goldberg said in a memo. The Atlantic declined to comment beyond the memo.

Mr. Williamson disputed Mr. Goldberg's account of the events. "It is not the case that 'we parted ways,' as Jeff Goldberg put it. It is the case that he fired me," Mr. Williamson said.

Mr. Williamson's hiring last month drew scrutiny from the liberal watchdog group Media Matters, which pointed to a 2014 tweet in which he said abortion should be "treated like any other premeditated homicide," adding that he viewed hanging as a potential punishment.

Wednesday, Media Matters highlighted a podcast interview that suggested his tweet wasn't an isolated comment.

Benjamin Mullin



The storied maker of guitars has struggled with debt it took on to finance acquisitions.

GIBSON BRANDS

Guitar Maker Ends Talks With KKR

Gibson Brands Inc. said it ended talks with KKR Credit Advisors last week over a deal to hand over control of the company to KKR and other bondholders.

Gibson's owners, Henry Juszkiewicz and David Berryman, and its bondholders had "significantly divergent" views about the value of the storied guitar maker, the company said late Wednesday. Mr. Juszkiewicz and Mr. Berryman argued the company is worth between \$642 million and \$695 million, the

company said.

Gibson has struggled with debt it took on to finance acquisitions of home-entertainment and audio-equipment makers years ago. Last year, the Nashville, Tenn., company turned to GSO Capital Partners, the lending arm of private-equity firm Blackstone Group, for a \$130 million loan and is now trying to refinance a \$375 million bond maturing on Aug. 1.

Gibson is reaching out to outside investors who may be willing to refinance that note, the company said. In a recent interview, Mr. Juszkiewicz acknowledged that Gibson may have to file for bankruptcy protection.

—Soma Biswas

TARGET

Pact Reached in Civil-Rights Suit

Target Corp. has agreed to pay more than \$3.7 million and overhaul job-screening guidelines for hourly workers to resolve a civil-rights class-action complaint that alleged its policies regarding criminal-background checks were too broad and discriminated against African-Americans and Latinos.

Under the proposed settlement, filed in Manhattan federal court, the retailer is to give priority hiring rights to African-Americans and Latinos who applied for jobs starting around May 11, 2006.

—Maria Armenta

TECHNOLOGY

AT&T Readies IPO for Latin American Entertainment Business

FERNANDO LAVOZ/NURPHOTO/GETTY IMAGES

the initial offering.

Underwriters have an option to purchase roughly 4.5 million additional shares, which could raise an added \$98 million at the high end of the marketed range.

Vrio is a holding corporation for AT&T's Latin American enter-

tainment services including DirecTV Latin America and Sky Brasil.

AT&T spent months unsuccessfully searching for a buyer for the business, The Wall Street Journal reported earlier this year. AT&T in February filed documents to undertake the IPO.

Proceeds from the offering will be used to pay down debt owed to AT&T, with anything remaining being distributed to AT&T.

The shares are expected to trade on the New York Stock Exchange under the symbol VRIO.

—Cara Lombardo

PERSONAL TECHNOLOGY | By Katherine Bindley

Facebook Quitters Hit Technical Hurdles

As frustrations with Facebook Inc. reach a fever pitch following the Cambridge Analytica scandal, some users are having trouble deleting their accounts.

The Wall Street Journal has been in touch with more than a dozen Facebook users from across the U.S. and Europe who all encountered the same issue. Specifically, at the confirmation screen that appears after clicking "Delete My Account," the system tells them their passwords are incorrect.

Users have reported entering the verified correct password over and over again without success. Often, it is the password they used only moments before, to log into their accounts. Users have experienced the issue across different browsers, operating systems and devices. (Many didn't even use password managers or their browsers' auto-fill-form fea-

ture, which could potentially trip up this system.)

"This was my boycott," says Jo Ann Hall, 56 years old, of Madison, Miss. "They don't make it easy."

Most people who have tried to delete their accounts haven't voiced any concerns. Facebook looked into this issue and wasn't able to see any problems with the product. A Facebook spokeswoman reiterated the option: "People can delete their accounts any time by selecting the delete account option in the help center and entering their password."

Ms. Hall tried to delete her account from her iPhone several times and kept getting the message, "Incorrect Email/Password Combination." She turned to her computer, but that made no difference. "I'm not the techiest person in the world, but I realized after two times it wasn't me and that's when my frustration was building," she says.

Ms. Hall posted about the issue on Twitter and got a reply from someone who told her to change her password and try again. That worked, and it has been a solution for many others, but not for everyone.

Some fed-up users go to delete their accounts and find a glitchy password form.

Deleting a Facebook account is different from deactivating it (which has, in itself, been a source of confusion). To delete, users visit a page within Facebook's help center. After clicking "let us know," a new page appears with a button that says "Delete My Account." Clicking that prompts another box that asks users to enter a pass-

word in one field and solve a captcha puzzle—to prove they are not a robot—in another. That is where people are getting stuck.

"I must have tried over 20 times or so," says Mark Rappatz, 36, who works in communications for the computer-science department of the University of Minnesota. After trying both Safari and Chrome, he found the password-change advice on an old message board, and was able to delete his account.

User-posted complaints about this issue on Facebook's Help Community go back several years: One woman posted a question about the issue three years ago and by Facebook's tally, it has been seen by nearly 8,900 people. Another user had trouble deleting his wife's account, even with a new password, but it eventually worked.

The lesson is this: If at first you don't succeed, change your password, then try, try again.

Delta Card Data Exposed in Hack

By DOUG CAMERON

Delta Air Lines Inc. on Thursday said hundreds of thousands of customers could have had their credit-card information compromised in a cyberattack on a vendor that ran a chat function on the carrier's website.

Delta said [24]/7.ai Inc. informed the airline on March 28 of a malware attack that exposed credit-card data last fall. The chat provider also informed retailer Sears Holdings Inc. of a similar attack that occurred around the same time. San Jose, Calif.-based [24]/7.ai Inc. didn't respond to a request for comment.

The nation's No. 2 airline carrier by traffic said it had identified hundreds of thousands of customer transactions that might have been compromised between Sept. 26 and Oct. 12, 2017.

Atlanta-based Delta, which carried almost 184 million passengers last year, has been an industry leader in migrating its bookings to its own portal and cutting ties with some online travel operators to gain more control of how it prices and sells flights and services.

Delta said the breach was restricted to transactions on

its website, and didn't affect bookings made via its app or mobile platform. Only credit-card information was affected, with no exposure of identity data such as passport numbers. Delta has dropped the chat function from its website.

In line with actions taken by other companies exposed to hacks, Delta said it would cover any unauthorized transactions resulting from the breach and is contacting customers who may have been affected. It also has set up a help line and a dedicated website to address customer concerns.

Sears, which also uses [24]/7.ai's chat facility, said fewer than 100,000 customer credit cards were potentially affected by the breach.

The retailer said it was informed of the hack last month, promptly notified credit-card companies to prevent fraud and began a probe with federal authorities, its banking partners and IT security firms. Customers using Sears-branded credit cards weren't affected, with no evidence payment systems in its stores were breached or that any internal systems were accessed by unauthorized parties.

—Suzanne Kapner contributed to this article.

Samsung Expects To Beat Estimates

By TIMOTHY W. MARTIN

SEOUL—Samsung Electronics Co. said first-quarter operating profit will be its highest ever, topping analyst estimates and continuing its string of record results.

The world's largest smartphone and semiconductor maker said Friday it expected an operating profit of 15.6 trillion South Korean won (\$14.7 billion) for the quarter, up 58% from 9.9 trillion won a year earlier. Samsung expects revenue will rise to 60 trillion won from 50.55 trillion won.

Analysts polled by S&P Global Market Intelligence expect the company to post an operating profit of 14.5 trillion won on revenue of 61.5 trillion won. Samsung will report final results later this month.

The better-than-expected profit forecast was aided by the early release of Samsung's latest flagship device, the Galaxy S9. The handset's initial sales—when demand is traditionally the strongest—started

in March, placing it in the first quarter. Last year's version, the Galaxy S8, didn't hit shelves until April, a release delayed due to the costly global recall of Galaxy Note 7 devices.

Investors will monitor the Galaxy S9 sales closely when Samsung reports full results. Consumers have been less eager to upgrade, unimpressed by new features and balked at prices approaching \$1,000.

One sign of the smartphone conundrum: Samsung priced the Galaxy S9 similarly to last year's models. But the Galaxy S9+, with 64 gigabytes of memory and a larger screen, costs \$43 more to make than the Galaxy S8+, driven predominantly by pricier semiconductors, according to IHS Markit, a market researcher.

Samsung's record results recently have been fueled by sales of memory chips, as the company capitalized on rising chip prices due to strong demand from the makers of internet-connected devices and data servers.

Moviefone, MoviePass Join

BY BEN FRITZ

purchase over five years of up to 2.55 million Helios shares.

After Helios bought MoviePass in August, the service launched a plan letting subscribers see one film a day for \$9.95 a month—which proved popular among consumers but divisive in the industry.

Some in the industry, including theater giant AMC Entertainment Holdings Inc., have criticized MoviePass, saying it is financially unsustainable.

Because it pays the full price of tickets for movies its subscribers attend, MoviePass loses money on people who go to the cinema multiple times a month—or in the case of expensive markets, even once.

VIDEO

Continued from page B1
10,000 views from their combined videos before they can start making any money from ads. The company also hired more human reviewers to vet videos, removing clips or entire accounts they see as violating their terms of service.

YouTube prohibits nudity, violence, and other categories of content it deems potentially harmful or dangerous. Its terms also restrict copyrighted content and personal information uploaded without consent.

Earlier this year, YouTube raised the bar even more for its video creators that want to carry ads. Rather than 10,000 views, YouTube channels must now have accumulated at least 4,000 hours of watch time in the past 12 months and 1,000 subscribers. YouTube said a "significant" number of channels would be affected but declined to provide more details.

The company said nearly all affected channels make less than \$100 a year in ad revenue. The changes had little impact on YouTube's most popular stars, some of whom make more than \$100,000 on a single video, including sponsorships, according to Evan Asano, chief executive of Mediakix, a marketing agency for YouTube creators. But the new policies cut tens of thousands of smaller video makers off from getting paid, Mr. Asano said.

Some of them, like Chris Thompson, said the company has gone too far in removing



YouTube raised the bar for video makers seeking to carry ads. A panel discussion last year for creators.

content without being clear about what rules it violates. Mr. Thompson, a 36-year-old Los Angeles resident who shares videos about his life and social issues under the name SupDaily, stopped uploading videos regularly to YouTube after he said too many of his videos were being unfairly flagged as inappropriate.

"Any video that is deemed controversial whatsoever—which is very subjective—gets demonetized," said Mr. Thompson, who moved to

Amazon.com Inc.'s video site Twitch last year, where he said he makes three times as much a month. Twitch and

Facebook Inc. have tried to court video creators from YouTube by making it easy to

upload videos and generate revenue.

Aghdam had written on her website that "close-minded" employees at the company had set age restrictions on one of her videos depicting an ab workout routine. She said she had contacted the company's support team about the issue, and that she was told her video contained inappropriate content, without clarifying what was inappropriate about it.

YouTube has an appeals process for reviewing videos that may have been erroneously blocked. It is unclear whether Aghdam submitted a formal appeal.

Aghdam, who shared videos about veganism, graphic depictions of animal cru-

elty and videotapes of herself dancing and impersonating celebrities like Justin Bieber, had amassed an audience of more than 60,000 followers across two Instagram accounts. At least two YouTube accounts belonging to Aghdam have been "terminated due to multiple or severe violations of YouTube's policy against spam, deceptive practices, and misleading content or other Terms of Service violations," the website says.

She posted a screenshot showing her analytics dashboard on YouTube in which she alleged she made just 10 cents for some 300,000 video views.

—Zusha Elinson contributed to this article.

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NOTICE IS HEREBY GIVEN that a combined annual and special court-ordered meeting of Shareholders of The Banner Mining and Milling Company, an Idaho corporation ("Company") a/k/a the Banner Mining & Milling Company, will be held at Father O'Neill Hall, 616 W. Seminary Avenue, Lethbridge, MD 21093, on May 29, 2018 at 1:00 p.m. Eastern Daylight Time ("Meeting"), for the purposes of (1) ratifying the previous appointment of, and re-electing, the current members of the Company's Board of Directors, (2) electing the Company's officers, and (3) considering and voting on the proposal by the Board of Directors to dissolve and liquidate the Company pursuant to the Plan of Dissolution and Complete Dissolution of The Banner Mining and Milling Company ("Dissolution Plan"), including sale of the Company's patented mining claims located in Owyhee County, Idaho, to Integra Holdings U.S. Inc. Copies of the Proxy Statement, Proxy, Dissolution Plan and Integra Agreement may be obtained by contacting the Company's President, Pamela H. Sliwski, by email to pamsliwoski@comcast.net or by phone (443) 414-5502.

NOTICE IS HEREBY GIVEN that a combined annual and special court-ordered meeting of Shareholders of The Banner Mining and Milling Company, an Idaho corporation ("Company") a/k/a the Banner Mining & Milling Company, will be held at Father O'Neill Hall, 616 W. Seminary Avenue, Lethbridge, MD 21093, on May 29, 2018 at 1:00 p.m. Eastern Daylight Time ("Meeting"), for the purposes of (1) ratifying the previous appointment of, and re-electing, the current members of the Company's Board of Directors, (2) electing the Company's officers, and (3) considering and voting on the proposal by the Board of Directors to dissolve and liquidate the Company pursuant to the Plan of Dissolution and Complete Dissolution of The Banner Mining and Milling Company ("Dissolution Plan"), including sale of the Company's patented mining claims located in Owyhee County, Idaho, to Integra Holdings U.S. Inc. Copies of the Proxy Statement, Proxy, Dissolution Plan and Integra Agreement may be obtained by contacting the Company's President, Pamela H. Sliwski, by email to pamsliwoski@comcast.net or by phone (443) 414-5502.

BUSINESS NEWS

Business Ties to Iran Put at Risk

U.S. firms exempt from trade limits face uncertainty as Trump criticizes nuclear deal

Abdolreza Kamyab, a Plano, Texas-based exporter of food supplements for livestock, got a beat on competitors years ago by doing business with a

*By Benoit Faucon
in London
and Asa Fitch in Dubai*

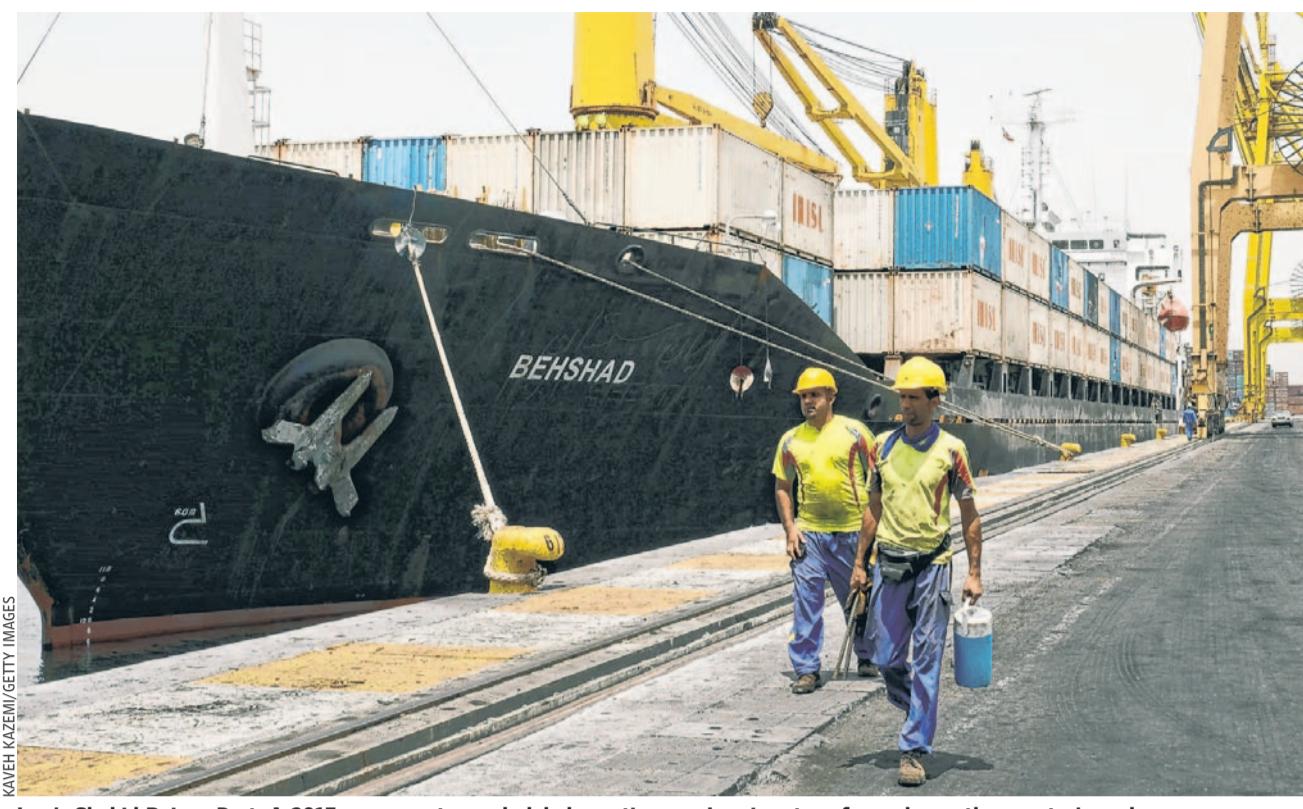
country many shunned: Iran. Now, he is worried about his company as the Trump administration threatens to scrap Tehran's nuclear deal and impose new sanctions.

"We didn't expect it, because Trump is in business, and it was my understanding that business was going to expand," said Mr. Kamyab, who moved to the U.S. permanently from his native Iran in 2001 and started exporting to there three years later.

Like dozens of other small- and medium-size American companies, Mr. Kamyab made his bet on the Iranian market thanks to exceptions granted by the Treasury Department to the economic sanctions in place at the time, for food and medicine on humanitarian grounds. The nutritional supplements Mr. Kamyab was sending over help livestock grow faster and stay healthier. They weren't available in Iran, leaving an enticing gap he sought to fill.

The bet looked poised to pay off handsomely after the 2015 Iran nuclear deal, which brought the Islamic Republic relief from international sanctions in exchange for curbs on its nuclear program, allowing more companies to enter the market and making it easier for all kinds of goods to be sold. Mr. Kamyab hoped to scale up his business.

The Trump administration has brought the possibility of a reversal. In January, President Donald Trump, a critic of



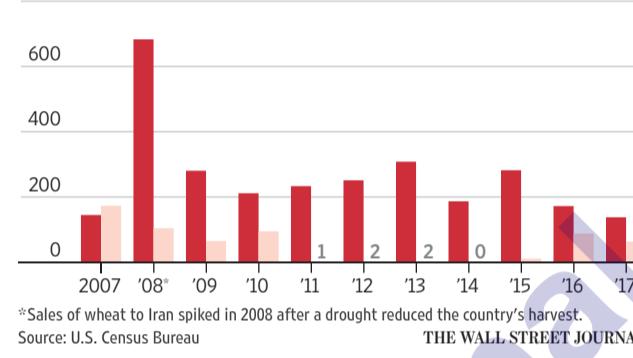
Iran's Shahid Rajaee Port. A 2015 agreement eased global sanctions on Iran in return for curbs on the country's nuclear program.

KAVEH KAZEMI/GETTY IMAGES

Nuclear Reactions

U.S. companies doing business in Iran have hoped that trade would take off under the now-endangered 2015 nuclear agreement.

■ Exports to Iran ■ Imports from Iran



*Sales of wheat to Iran spiked in 2008 after a drought reduced the country's harvest.

Source: U.S. Census Bureau

THE WALL STREET JOURNAL.

sanctions make the cost of doing business prohibitive. Mr. Kamyab is looking to start selling products in Africa.

Richard White, chief executive of **Sportika Export** Inc. of Berlin, Conn., said he would lobby his congressional representatives to keep the exemp-

tions in place if they come under threat.

"Anytime a market is at risk of going away, companies get concerned," Mr. White said. Sportika has been exporting to Iran for about 15 years.

Others have already calcu-

lated that the risks are too high. San Francisco-based financial-tech company **Paymentwall** Inc. made an initial move into the Iranian market amid the post-nuclear-deal exuberance of 2016, but quickly withdrew after warnings about the risks of doing business in Iran from anti-Iran lobbying groups such as United Against Nuclear Iran.

"I think there's good potential there, and I think the risks are too high," said Honor Gunday, Paymentwall's CEO. "I don't want to go to jail. I don't want our company to suffer."

Businesses already face myriad challenges in dealing with Iran. Shipping insurance costs have been rising amid concerns that U.S. moves could disrupt trade, as well as a limited number of shipping companies willing to call at Iranian ports and a weakening Iranian currency that has made their exports more expensive for their customers.

Chinese Firm to Sell Stake In Hilton

BY JULIE STEINBERG

HNA Group Co. is preparing to sell part or all of its stake in the Hilton hotel chain, a marquee investment the Chinese conglomerate made a year ago, as it continues to unload its overseas holdings.

The company could sell all of its roughly one-quarter stake in **Hilton Worldwide Holdings** Inc., according to a Hilton securities filing Thursday. The investment is currently valued at \$6.3 billion, and HNA stands to make a nearly \$2 billion profit before accounting for leverage, which would further boost its return.

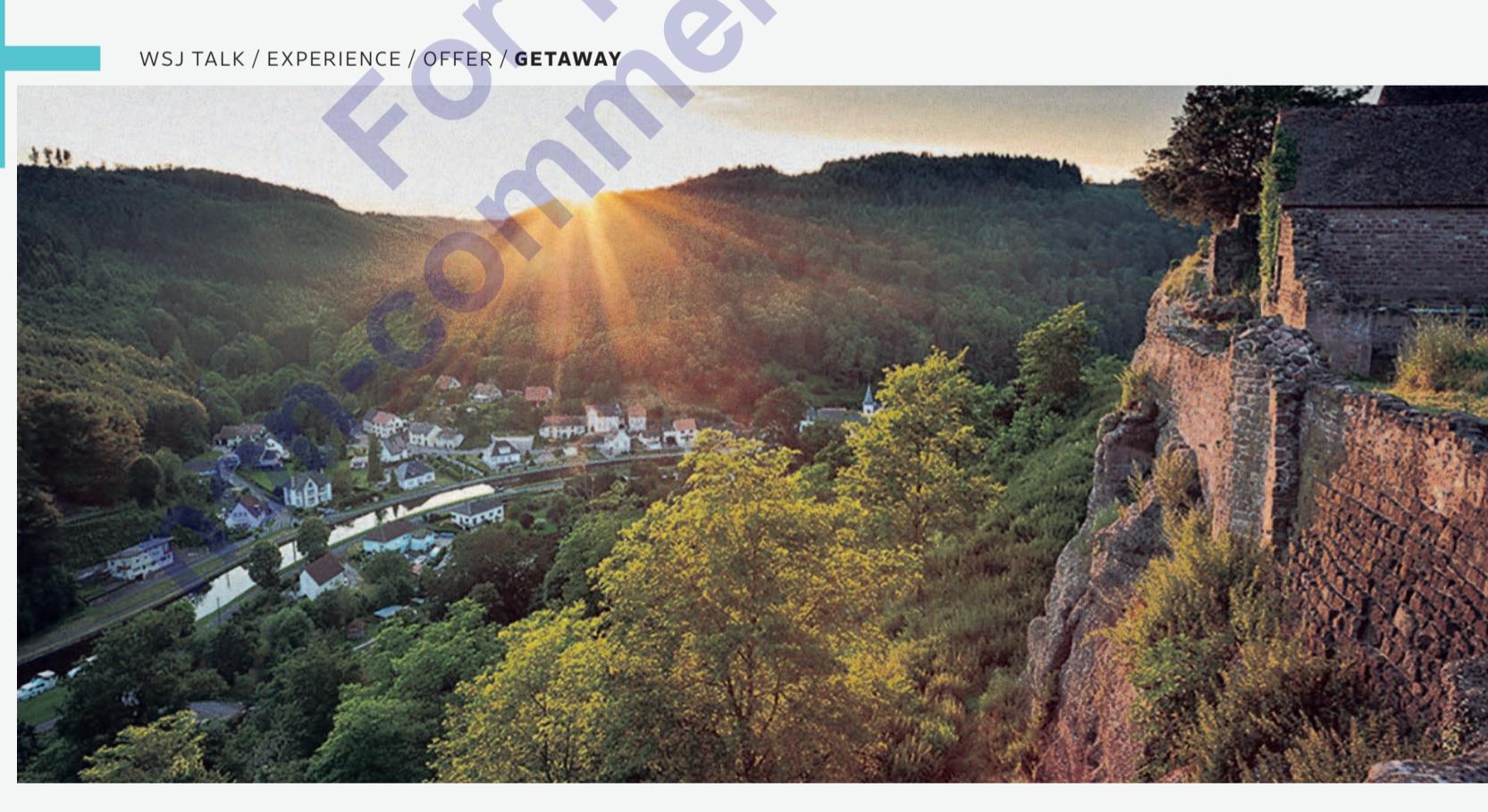
The share sales would be done through one or more public stock offerings whose timing would depend on market conditions and other factors, the filing said.

HNA, an airlines-to-hotels conglomerate that until recently was one of China's most-acquisitive private companies, agreed in the fall of 2016 to buy a 25% stake in Hilton Worldwide from private-equity firm Blackstone Group LP for \$6.5 billion. Hilton Worldwide then split itself up into three publicly listed companies, giving HNA a quarter stake in all three companies.

Last month, HNA sold its stakes in two of the companies: Park Hotels & Resorts Inc., a New York-listed real-estate investment trust that owns Hilton resorts and other properties; and Hilton Grand Vacations Inc., Hilton's timeshare business.

HNA hasn't sold any Hilton Worldwide shares yet, and its stake is now 26.1% because of share buybacks that cut the total number of shares outstanding.

HNA has been shedding assets in recent months as it pares debt and aligns itself with Chinese government policies on acceptable overseas investments.



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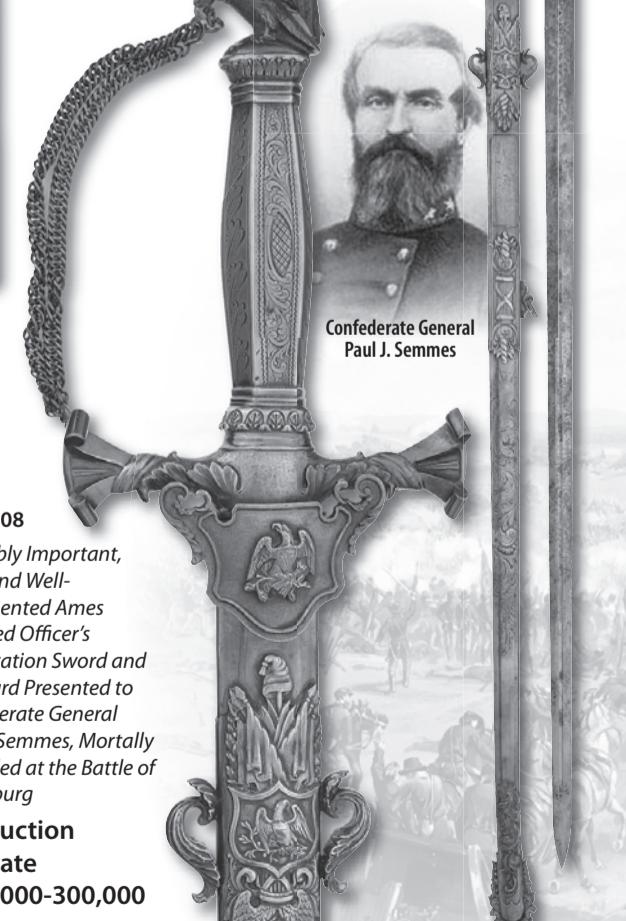
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2662.84 ▲ 18.15, or 0.69%
High, low, open and close for each trading day of the past three months.



Jan. Feb. Mar.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Nasdaq Composite Index

7076.55 ▲ 34.44, or 0.49%
High, low, open and close for each trading day of the past three months.



Jan. Feb. Mar.

Major U.S. Stock-Market Indexes

	Latest		Net chg	% chg	52-Week		YTD	% chg
	High	Low			High	Low		
Dow Jones								
Industrial Average	24622.26	24313.91	24505.22	240.92	0.99%	26616.71	20404.49	18.6 -0.9 11.3
Transportation Avg	10486.54	10335.42	10453.66	65.63	0.63%	11373.38	8783.74	14.4 -1.5 6.7
Utility Average	698.40	683.27	696.43	5.78	0.84%	774.47	647.90	-0.9 -3.7 5.7
Total Stock Market	27689.32	27468.48	27601.04	190.87	0.70%	29630.47	24125.20	13.0 -0.3 8.3
Barron's 400	718.00	712.72	716.30	5.40	0.76%	757.37	610.89	15.6 0.8 7.9
Nasdaq Stock Market								
Nasdaq Composite	7112.38	7036.62	7076.55	34.44	0.49%	7588.32	5805.15	20.4 2.5 13.1
Nasdaq 100	6632.21	6550.28	6594.84	34.78	0.53%	7131.12	5353.59	21.7 3.1 15.2
S&P								
500 Index	2672.08	2649.58	2662.84	18.15	0.69%	2872.87	2328.95	13.0 -0.4 8.8
MidCap 400	1895.89	1879.00	1891.32	14.54	0.77%	1995.23	1681.04	10.7 -0.5 7.5
SmallCap 600	952.22	943.01	951.47	9.41	1.00%	979.57	815.62	14.9 1.6 9.7
Other Indexes								
Russell 2000	1545.28	1532.95	1542.93	11.26	0.74%	1610.71	1345.24	13.1 0.5 7.1
NYSE Composite	12605.08	12509.91	12571.94	105.49	0.85%	13637.02	11324.53	9.7 -1.8 4.7
Value Line	553.28	547.17	552.36	5.19	0.95%	589.69	503.24	7.2 -1.8 2.5
NYSE Arca Biotech	4464.81	4387.37	4397.54	-42.83	-0.96%	4939.86	3452.82	27.2 4.2 3.8
NYSE Arca Pharma	533.41	529.80	530.56	-0.47	-0.09%	593.12	498.46	4.6 -2.6 -2.3
KWB Bank	108.67	107.55	107.99	0.71	0.67%	116.52	88.02	18.2 1.2 14.2
PHLX® Gold/Silver	81.53	80.16	81.47	0.62	0.77%	93.26	76.42	-5.6 -4.5 6.2
PHLX® Oil Service	141.07	135.36	139.41	4.61	3.42%	171.55	117.79	-18.3 -6.8 -10.5
PHLX® Semiconductor	1329.34	1296.56	1305.24	-13.78	-1.04%	1445.90	960.01	31.2 4.2 23.7
Cboe Volatility	20.21	18.57	18.94	-1.12	-5.58%	37.32	9.14	52.9 71.6 8.9

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
Caesars Entertainment	CZR	33,492.6	11.55	0.05	0.43	11.55	11.31	
iShares Gold Trust	IAU	10,259.9	12.70	-0.04	-0.31	12.74	12.70	
SPDR S&P 500 Value	SPYV	5,741.1	29.68	...	unch.	29.68	29.66	
iShares India 50 ETF	INDY	4,837.8	35.71	0.01	0.02	35.71	35.71	
SPDR S&P 500	SPY	4,753.9	265.65	0.01	0.004	266.30	265.00	
SPDR Bloomberg Conv Secs	CWB	3,355.1	51.37	-0.01	-0.02	51.37	51.34	
iSh MSCI Singapore	EWS	2,730.7	26.34	0.06	0.21	26.34	26.28	
Cnsmr Staples Sel Sector	XLP	2,638.1	53.03	0.07	0.13	53.06	52.89	

Percentage gainers...

Pilgrim's Pride	PPC	147.5	24.00	0.52	2.21	24.29	23.47	
Novavax	NVAX	347.2	2.10	0.04	1.94	2.11	2.05	
Maxim Integrated Products	MIMX	1,435.9	58.91	1.05	1.81	58.91	57.86	
Azul ADR	AZUL	82.4	33.79	0.51	1.52	33.79	33.28	
HD Supply Holdings	HDS	303.7	39.29	0.54	1.39	39.29	38.63	
...And losers								
Navient Corp.	NAVI	57.4	13.14	-0.52	-3.81	13.75	13.14	
Micron Technology	MU	2,290.5	48.84	-1.00	-2.01	50.35	48.52	
SailPoint Technologies	SAIL	56.2	20.50	-0.39	-1.87	20.89	20.50	
GameStop Cl A	GME	59.2	13.31	-0.25	-1.84	13.66	13.31	
Urban Outfitters	URBN	55.8	38.00	-0.55	-1.43	38.56	37.99	

Trading Diary

Volume, Advancers, Decliners

NYSE NYSE Amer.

Total volume* 752,300,151 8,940,677

Adv. volume* 591,546,996 6,159,734

Decl. volume* 151,167,658 2,515,014

Issues traded 3,068 328

Advances 2,148 187

Declines 790 114

Unchanged 130 27

New highs 51 4

New lows 25 8

Closing tick 226 4

Closing Arms* 0.67 1.04

Block trades* 5,973 108

Nasdaq NYSE Arca

Total volume* 2,06

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
Copper-High (CMX)	-25,000 lbs.; \$ per lb.							
April	3.0510	3.0710	3.0440	3.0695	0.0625	1,784		
May	3.0285	3.0880	3.0135	3.0745	0.0640	137,777		
Gold (CMX)	-100 troy oz.; \$ per troy oz.							
April	133.50	133.70	132.60	132.40	-11.50	1,707		
June	133.710	133.80	132.60	132.50	-11.70	376,877		
Aug	134.260	134.40	132.30	134.70	-11.60	53,107		
Oct	134.90	134.90	133.50	134.80	-11.60	6,868		
Dec	135.690	135.60	134.00	134.70	-11.50	47,690		
Feb'19	135.720	135.50	133.50	135.70	-11.50	2,551		
Palladium (NYM)	-50 troy oz.; \$ per troy oz.							
June	923.70	925.65	896.30	900.10	-17.80	20,995		
Sept	917.65	918.95	892.85	896.60	-17.45	2,099		
Platinum (NYM)	-50 troy oz.; \$ per troy oz.							
April	908.70	908.70	906.50	909.80	-2.30	25		
July	921.60	922.50	910.50	915.30	-2.80	72,727		
Silver (CMX)	-5,000 troy oz.; \$ per troy oz.							
April	16.200	16.305	16.190	16.320	0.111	337		
May	16.290	16.395	16.150	16.355	0.101	152,557		
Crude Oil, Light Sweet (NYM)	-1,000 bbls.; \$ per bbl.							
May	63.61	64.12	63.07	63.54	0.17	452,022		
June	63.57	64.10	63.06	63.54	0.21	374,550		
July	63.36	63.87	62.85	63.34	0.24	171,805		
Sept	62.60	63.00	62.01	62.56	0.34	184,772		
Dec	61.06	61.61	60.67	61.29	0.42	261,843		
Dec'19	56.86	57.27	56.60	57.13	0.40	140,129		
NY Harbor ULSD (NYM)	-42,000 gal.; \$ per gal.							
May	1.9858	1.9895	1.9597	1.9765	-0.008	134,834		
June	1.9830	1.9863	1.9578	1.9742	...	86,212		
Gasoline-NY RBOB (NYM)	-42,000 gal.; \$ per gal.							
May	1.9861	1.9913	1.9632	1.9816	0.0048	142,688		
June	1.9901	1.9941	1.9672	1.9857	0.0058	82,679		
Natural Gas (NYM)	-10,000 MMBtu's; \$ per MMBtu.							
May	2.712	2.715	2.651	2.675	-0.43	385,748		
June	2.762	2.764	2.702	2.729	-0.37	113,653		
July	2.820	2.820	2.758	2.791	-0.032	167,945		
Sept	2.825	2.825	2.774	2.803	-0.028	113,826		
Oct	2.839	2.839	2.780	2.817	-0.027	128,430		
Jan'19	3.081	3.087	3.049	3.075	-0.020	73,434		

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
Agriculture Futures								
Corn (CBT) -5,000 bu.; cents per bu.								

May	382.00	389.50	380.75	389.50	8.50	545,707
July	390.75	398.25	389.75	398.25	8.50	542,277
Oats (CBT) -5,000 bu.; cents per bu.						
May	230.00	233.75	228.50	232.75	2.75	4,215
July	238.00	241.75	236.50	240.50	2.75	2,093

Soybeans (CBT) -5,000 bu.; cents per bu.						
May	1015.50	1034.00	1011.75	1031.25	16.00	314,977
July	1026.50	1044.25	1023.00	1042.00	15.50	275,356
Soybean Meal (CBT) -100 tons; \$ per ton.						
May	382.00	384.90	379.00	383.60	1.80	171,738

Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
May	31.78	31.82	31.52	31.78	.10	204,022
July	32.04	32.09	31.80	32.05	.09	150,509
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
May	1238.50	1239.50	1232.00	1239.00	-3.00	5,233

Wheat (CBT) -5,000 bu.; cents per bu.						
May	458.00	466.00	456.50	464.75	9.00	208,605
July	475.50	482.50	473.75	481.25	8.25	145,789
Wheat (KC) -5,000 bu.; cents per bu.						
May	488.50	499.25	487.50	498.50	12.50	102,901

Wheat (MPLS) -5,000 bu.; cents per bu.						
May	578.50	591.25	578.50	589.75	13.00	30,552
July	588.75	603.00	588.75	601.25	14.00	16,323
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
April	135,025	138,375	134,800	137,475	2.975	8,138

Cattle-Live (CME) -40,000 lbs.; cents per lb.						
April	113,700	114,450	113,300	114,300	1.275	30,158
June	103,200	105,175	102,825	105,050	2.725	161,035
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
 i-New 52-week high.
 d-Indicates loss in the most recent four quarters.
 f-FIRST day of trading.
 h-Does not meet continued listing standards.
 l-Late filing.
 q-Temporary exemption from Nasdaq requirements.
 t-NYSE bankruptcy.
 v-Trading halted on primary market.
 w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, April 5, 2018

Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg
A B C		AmerExpress	AXP 94.20 0.09	BancoSantander	SAN 6.00 0.14	CRL	CRH 34.29 0.33
ABB	ABB 22.69 0.41	BankCommerce	AFG 11.70 -0.04	BankofAmerica	BAC 30.32 0.44	Ecopetrol	EC 19.68 -0.08
ADT	ADT 8.81 0.96	BankMontreal	BMO 7.14 1.01	EdisonInt	EIX 63.66 0.57	JBHunt	JBHT 113.30 -1.58
AECOM	ACM 36.02 0.09	BankNY Mellon	BK 51.73 0.25	EdwardsLife	ELF 140.91 2.15	Huntingtnglans	HIL 260.99 1.08
AES	AES 11.50 0.11	BankWest	BK 10.21 0.03	CabotOil	COG 23.94 0.23	ElectronicsCts	EA 121.23 1.12
Aflac	AFL 43.70 -0.54	BankWest	BK 10.21 0.03	CadenceDesign	CDDN 36.98 0.30	EmersonElec	EMR 68.41 0.28
AGNC Inv	AGNC 18.80 -0.09	BankWest	BK 10.21 0.03	CaeasEnt	CZR 11.50 0.45	Enbridge	ENB 31.49 0.60
ANGI Homesvcs	ANGI 13.62 0.11	BankWest	BK 10.21 0.03	CamdenProperty	CPT 80.03 0.15	HyattHotels	H 77.16 0.32
Ansys	ANSS 157.79 -0.13	BankWest	BK 10.21 0.03	CampbellSoup	CPS 43.48 0.25	IAC/InterActive	IAC 153.36 1.38
ASML	ASML 198.64 0.42	BankWest	BK 10.21 0.03	CarbOil	CMI 88.57 1.03	ICICI Bank	IBN 8.55 0.23
AT&T	T 31.46 0.26	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	IDXX 180.88 0.05
AbbottLabs	ABT 59.80 0.40	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AbbVie	ABBV 92.21 -0.73	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
Albomed	ABMD 292.13 3.60	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
Accenture	ACN 151.57 1.60	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
ActivisionBlz	ATVI 66.53 0.26	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
Adient	ADNT 44.28 1.33	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AdobeSystems	ADBE 223.54 -1.51	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AdvanceAuto	AAP 116.39 1.91	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
AdvMicrco Devices	ADM 10.02 0.25	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AdvSemiEngg	ASX 7.11 -0.03	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
Aegon	AEG 6.77 0.11	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
AerCap	AER 54.28 0.76	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
Aetna	AET 170.71 0.32	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AffiliatedMtrs	AMG 182.01 -1.92	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
AgilentTechs	AIV 65.68 0.23	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AgnicoEagle	AGM 42.00 0.37	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AirProducts	APD 164.11 1.98	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
AlkamalTech	AKAM 72.28 1.88	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AlaskaAir	ALK 62.11 0.89	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
Albermarle	ALB 95.77 4.17	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
Alcoa	AAL 47.61 0.69	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AlexandriaRst	AR 123.17 -1.26	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AlexionPharm	ALXN 190.31 -2.20	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
Alibaba	BABA 172.57 0.50	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AlignTech	ALGN 255.35 6.42	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
Alkermes	ALKS 42.69 -1.47	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
AffiliatedMtrs	AMG 182.01 -1.92	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
Alcrite	ALR 39.54 0.22	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
Allegion	ALLE 85.94 0.20	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
Allergan	AGN 165.13 -1.34	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AllianceData	ADS 209.93 2.46	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AlliantEnergy	LNT 41.33 0.41	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
Allstate	ALL 97.13 0.60	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AlvarezDennison	AVY 106.07 -0.14	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AlvarezDennison	AVY 106.07 -0.14	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	ICICI Bank	IBN 8.55 0.23
AlvarezDennison	AVY 106.07 -0.14	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	HyattHotels	H 77.16 0.32
AlvarezDennison	AVY 106.07 -0.14	BankWest	BK 10.21 0.03	CanEnrgy	CEA 11.12 0.47	IAC/InterActive	IAC 153.36 1.38
AlvarezDennison	AVY 106.07 -0.14	BankWest	BK 10.21 0.03				

BANKING & FINANCE

At JPMorgan, an Upbeat Outlook

CEO Dimon offers up encouraging prospects for bank's growth in letter to shareholders

BY EMILY GLAZER

JPMorgan Chase & Co. chief James Dimon shared an optimistic view of the bank's growth prospects in his annual shareholder letter.

Mr. Dimon, chairman and chief executive of the largest U.S. bank by assets, focused on potential boosts in JPMorgan's businesses ranging from fixed-income trading to new-country expansion to opportunities in wealth management.

That represents a more positive tone than letters in recent years that emphasized U.S. regulatory shortcomings, a defense of the bank's size and the threat of Silicon Valley upstarts.

Mr. Dimon spent a good chunk of his 47-page letter, released Thursday, focused on things that could be better and things that worry him, from "poor public policy" to cybersecurity gaps, and the risks that come from interest-rate policy changes and proliferation of exchange-traded funds.

Still, Mr. Dimon cast a generally optimistic message about the bank's outlook, as he stressed that recent U.S. tax changes and a "more constructive regulatory environment" should allow the bank to expand into new markets, broaden businesses and support employees. He reiterated that the bank should be able to keep its return on tangible equity at about 17%, a relatively high level compared with recent postcrisis years.

Mr. Dimon also reiterated his position on changing public policy, including overhauls in education, infrastructure and immigration.

Most notably, he shed



A 'more constructive regulatory environment' should let the bank expand into new markets, he says.

From Fed to Brexit, According to Dimon

Here is where James Dimon stands on some top issues. (The first six quotes are from his annual shareholder letter. The last one is from a Yahoo Finance interview Thursday.)

Fed and rates: "Many people underestimate the possibility of higher inflation and wages, which means they might be underestimating the chance that the Federal Reserve may have to raise rates faster than we all think."

JPMorgan's growth pros-

pects:

"We have good market share in most businesses, but we see organic growth opportunities almost everywhere."

Cybersecurity: "I cannot overemphasize the importance of cybersecurity in America.... It is an arms race, and we need to do whatever we can to protect the United States."

Brexit: "It's complex and hard to figure out, and the long-term impact to the United Kingdom is still uncertain."

U.S. health-care system: "We need to form a bipartisan group of experts whose direct

charge is to fix our healthcare system.... The United States has some of the best healthcare in the world, including our doctors, nurses, hospitals and clinical research. However, we also have some of the worst—in terms of some outcomes and costs."

Regulatory environment: "Regulators now have begun to simplify, coordinate and reduce overlapping regulations."

Trump, taxes and trade: "Tax reform and regulatory reform are good for the economy and the markets. Trade can go either way depending on how that's worked out."

CHX Holdings' unit will become part of an empire that includes the New York Stock Exchange.

it has some of the worst "outcomes and costs."

He added: "We need to form a bipartisan group of experts whose direct charge

been largely kept under wraps."

Mr. Dimon said that while the U.S. has "some of the best healthcare in the world"

it has some of the worst "outcomes and costs."

He added: "We need to form a bipartisan group of experts whose direct charge

is to fix our healthcare system."

Mr. Dimon said the healthcare initiative among the three industry giants will start small and use big data, virtual technology and other methods to address areas needing improvement.

Those include aligning incentives; studying the amount spent on administration and fraud; empowering employees to own their health-care data; and studying the use of specialized medicine and pharmaceuticals.

While Mr. Dimon didn't go into detail on most geopolitical issues, he did write that the bank will "be prepared for Brexit" even though "it's complex and hard to figure out."

Mr. Dimon wrote that the bank will move 300 to 400 jobs around Europe in the short term and change some of its legal entities to conduct business the day after Brexit.

Mr. Dimon also wrote of growth opportunities in fixed income, currencies and commodities trading as capital markets expand.

He also said the bank's high-net-worth and affluent wealth-management businesses should be able to double their respective market shares over the next 10 years.

One risk he is watching for is the possibility that the reversal of quantitative easing by the world's central banks may be different from what people expect.

"We have to deal with the possibility that at one point, the Federal Reserve and other central banks may have to take more drastic action than they currently anticipate—reacting to the markets, not guiding the markets," he wrote. "A simple scenario under which this could happen is if inflation and wages grow more than people expect."

Wells Fargo To Step Up Bank Unit Overhaul

BY EMILY GLAZER

Wells Fargo & Co. is planning to further integrate its corporate and investment bank in an effort to reduce costs and better serve its clients, people familiar with the matter said.

The bank's plans, which could lead to layoffs, will affect some industry coverage groups, advisory teams, equity and debt capital markets origination, and certain corporate-banking relationship managers, some of the people said.

Elsewhere within the wholesale division that houses the corporate bank and investment bank, Wells Fargo Securities told staff of several dozen layoffs as recently as Wednesday in its markets division, people familiar with the changes said.

Those layoffs, affecting senior and junior employees across areas including credit sales and trading, are based on a review of the business and staffing level adjustments, one of the people said.

The person added that the layoffs aren't directly tied to the coming integration of Wells Fargo's corporate bank and investment bank.

Bank executives, including wholesale-unit head Perry Petros, hope the coming integration will encourage investment bankers to be more focused on giving clients advice and corporate bankers to better leverage Wells Fargo's big balance sheet to support clients, some of the people said.

Wells Fargo's business restructuring, though not a full merger of the two, is more akin to peer banks' setup.

JPMorgan Chase & Co.'s corporate and investment bank have been combined for years.

Deutsche's Markets Chief Discussed Exit

BY JENNY STRASBURG

Deutsche Bank AG's global markets chief and co-head of investment banking, Garth Ritchie, has had discussions about potentially leaving the bank as soon as this year, according to people familiar with the matter.

The prospect has led to internal speculation about who will oversee the German lender's massive but struggling trading unit. The busi-

ness is under review and could end up being scaled back, The Wall Street Journal reported last week.

Mr. Ritchie, 49 years old, has worked at Deutsche Bank since 1996. He has served on the management board since January 2016, after he was named in late 2015 to run the global markets business. His management-board term expires at the end of this year.

The South African, longtime equities-trading executive has had multiple conversations with Deutsche Bank's chairman, Paul Achleitner, and others about leaving the lender, the people said.

The discussions are continuing and no decisions have

been made by Mr. Ritchie or Deutsche Bank about his role or potential departure, some of the people familiar with the matter said.

A Deutsche Bank spokes-

woman declined to comment on behalf of Messrs. Ritchie and Achleitner.

Mr. Ritchie and his invest-

ment-banking co-head, Marcus Schenck, told their employees in an internal memo Thursday not to be distracted by "speculation," referring to the Journal's report about Mr. Ritchie, according to someone who saw the memo.

People close to the bank say internal candidates who have been discussed as possible successors to Mr. Ritchie include fixed-income chief Ram Nayak and credit-trading executive John Pilipis. Both men declined to comment through a spokeswoman.

In German corporate govern-

ance, companies have dual

boards, with the supervisory

board hiring, overseeing and

dismissing senior executives

serving on the management

board. Mr. Ritchie is one of 12

management-board members

and co-head of what is by far

its biggest division by revenue.

However, the investment

bank's challenges in stemming

market-share losses in trading

and deal advising have weighed

heavily on Deutsche Bank.

Executives have been ex-

ploring whether to make sig-

nificant cuts in the investment

bank, according to people fa-

miliar with the matter.

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ICE to Buy Chicago Stock Exchange

BY AUSTEN HUFFORD
AND ALEXANDER OSIPOVICH

The owner of the New York Stock Exchange reached a deal to buy the struggling Chicago Stock Exchange, after a two-year acquisition effort from a Chinese-led investor group failed.

Intercontinental Exchange Inc., known as ICE, didn't disclose terms of the transaction.

Last month, the Chicago exchange ended an effort to sell itself to the investor group for around \$20 million after the Securities and Exchange Commission blocked the deal.

The proposed takeover of the 136-year-old Chicago exchange by investors including

Chongqing Casin Enterprise Group Co., a Chinese conglomerate, sparked a political outcry as lawmakers warned that the deal could make the U.S. financial system vulnerable to Chinese hackers.

CHX Holdings Inc., the Chicago exchange's parent company, and Casin Group dismissed such concerns as unfounded.

Now, instead of becoming a

listings venue for Chinese

companies seeking access to

U.S. capital markets, the Chi-

cago exchange is poised to be-

come part of ICE's global ex-

change empire.

The Wall Street Journal last

week reported the parties were

in talks about a deal and that the NYSE discussed pay-

ing about \$70 million for the

Chicago exchange, according to

people familiar with the situa-

tion. That would be more than

three times the price agreed on

with the Chinese-led group. Repre-

sentatives of ICE and CHX de-

clined to comment.

The acquisition by the

NYSE's owner would end the

independence of the last U.S.

regional stock exchange, which

handles less than 1% of U.S.

stock-trading volume. Over the

past few decades, markets

such as the Philadelphia Stock

Exchange, the Boston Stock

Exchange and the Pacific Ex-

change have been folded into

big conglomerates.

Analysts say the Chicago ex-

change's most valuable asset is

its license to run a national se-

curities exchange. Applying for

a new exchange license from

the SEC can take years.



The CHX Holdings' unit will become part of an empire that includes the New York Stock Exchange.

For a big market operator like the NYSE, acquiring an extra license can provide the opportunity to experiment with new pricing strategies and other ways of targeting specific types of investors and traders.

The transaction, which requires SEC approval, is expected to close in the second quarter, ICE said. The Atlanta-based exchange operator will keep the exchange open and plans to keep CHX's key electronic systems based in Chicago, ICE said.

All other U.S. stock-exchange operators keep their main systems in New Jersey.

Keeping CHX's systems in Chicago could allow it to continue benefiting from the activity of high-speed trading firms that seek to profit from tiny differences between futures markets for stock-market indexes—which are traded on exchanges whose systems are housed in the Chicago area—and exchange-traded funds linked to the same indexes.

CHX said in a statement that the deal was in the best interest of the company's shareholders.

ICE said the financial impact of the deal won't be material to the company.

—Dave Michaels contributed to this article.

Carlyle Group Uncorks \$771.5 Million Acquisition of Accolade Wines

BY MIKE CHERNEY
AND

MARKETS



Shares of Boeing and other manufacturing giants led the Dow higher, a sign that investors were less wary of an all-out trade war.

Treasurys Decline As Worries Ease

By AKANE OTANI

Investors sold U.S. government bonds as global stocks rallied, lifted by bets that the U.S. and China would be able to negotiate to soften the blow of announced trade tariffs.

The yield on the 10-year Treasury note settled at 2.830%, compared with 2.788%

Wednesday. The yield, which rises as bond prices fall, has gained

for three straight days amid wagers among investors that pressure from lawmakers, corporate lobbyists and company officials could push the White House to ease its stance on trade with China.

Expectations that the White House could avert the worst-case scenario—a package of tariffs that stands to affect \$50 billion of U.S. goods, ranging from soybeans to airplanes—helped U.S. stocks rebound after steep initial declines.

"Net, net, we're becoming more sanguine that these tariffs being thrown around from various countries are not going to be [an] impediment to economic growth going forward this year," said Chris Rupkey, chief financial economist at MUFG Union Bank, in an email.

"Increasingly, it really looks like these 25% tariffs [were] done to try and bring about a better advantage in the terms of trade and get a better deal."

Yet many analysts caution that the trade situation remains highly uncertain, subject to change over the course of prolonged negotiations between the U.S. and China. Any signs of the talks breaking down could send investors back into the safety of Treasurys, they added.

Investors are likely to remain cautious ahead of Friday's monthly employment report, which they expect to show the unemployment rate falling but the pace of hiring cooling from the prior month.

Economists surveyed by The Wall Street Journal expect nonfarm payrolls to rise by a seasonally adjusted 178,000 in March, down from 313,000 in February, which marked the

largest monthly gain since July 2016. They also project the data will show average hourly wages for private-sector workers rose 0.2% from the previous month.

A faster-than-expected pickup in wages could spur fresh bets among investors that inflation is accelerating, putting selling pressure on bonds. Inflation is considered a threat to government bonds because it chips away at the value of their fixed payments, making them less attractive for investors to hold.

Treasury Plans Sales Of \$154 Billion in Debt

The Treasury Department will auction \$154 billion in securities next week, comprising \$30 billion in new debt and \$124 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Monday:** \$48 billion in 13-week bills, a reopening of an issue first sold on Jan. 11, 2018, maturing July 12, 2018. Cusip number: 912796PQ6.

Also, \$42 billion in 26-week bills, a reopening of an issue first sold on Oct. 12, 2017, maturing Oct. 11, 2018. Cusip number: 912796NZ8.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders by 11:30 a.m.

◆ **Tuesday:** \$30 billion in three-year notes, dated April 16, 2018, maturing April 15, 2021. Cusip number: 9128284G2. Noncompetitive tenders must be received by noon Tuesday; competitive tenders, by 1 p.m.

◆ **Wednesday:** \$21 billion in nine-year, 10-month 2.75% notes, a reopening of an issue first sold on Feb. 15, 2018, maturing Feb. 15, 2028. Cusip number: 9128283W8. Noncompetitive tenders must be received by noon Wednesday; competitive tenders, by 1 p.m.

◆ **Thursday:** \$13 billion in 29-year, 10-month 3% bonds, a reopening of an issue first sold on Feb. 15, 2018, maturing Feb. 15, 2048. Cusip number: 912810SA7. Noncompetitive tenders must be received by noon Thursday; competitive tenders, by 1 p.m.

Dow Regains Some Footing

Blue chips mark third consecutive rise as traders pick up shares that had struggled

By MICHAEL WURSTHORN AND MIKE BIRD

The Dow Jones Industrial Average rose a third consecutive day Thursday, a first for the blue-chip index in more than a month, as some investors temporarily put aside concerns about trade and bought shares of stocks that have been struggling.

Shares of Boeing and other manufacturing giants led the Dow higher, a sign that investors were less wary of an all-out trade war after the U.S. signaled a willingness to reach a trade compromise with China. Shares of chemical and mining companies, some of which have stumbled since the steel and aluminum tariffs were first unveiled, also rose.

Despite the recent gains, some money managers say the market hasn't stabilized.

Again on Thursday, the Dow traded in a broad range after swinging 741 points a day earlier. The blue-chip index rose as much as 358 points in morn-

Whirl Week

CBOE Volatility Index, or VIX, has swung up and down this week, as escalating tensions around trade have weighed on investors.



ing trading and gave up most of those gains before resuming its climb.

"The stock market is in a bit of a tug of war," said Allen Bond, portfolio manager of Jensen Quality Growth Fund, which manages \$6 billion in assets. "There are concerns about tariffs, trade wars and the potential for higher inflation—and the [Federal Reserve's] response to that."

On the other end, Mr. Bond added, are expectations that stock prices will move higher—after a punishing first quarter that saw the S&P 500 and the

Dow end lower—once companies begin reporting quarterly earnings this month.

Companies in the S&P 500 are projected to increase first-quarter earnings by 17% from the year-earlier period, according to FactSet. Also the bottom-up earnings-per-share estimate for S&P 500 firms, an aggregation of all the average EPS estimates for stocks in the index, jumped by its widest margin since FactSet began tracking such data in 2002.

The Dow Jones Industrial Average rose 240.92 points, or 1%, to 24505.22, its first three-

session winning stretch since Feb. 26. The S&P 500 climbed 18.15 points, or 0.7%, to 2662.84, while the Nasdaq Composite added 34.44 points, or 0.5%, to 7076.55.

Shares of Boeing, which said Wednesday that it would engage in talks with the U.S. and China, rose \$8.96, or 2.7%, to \$336.40, adding about 62 points to the Dow. Caterpillar gained 2.95, or 2%, to 148.13.

Meanwhile, hard-hit tech stocks also fared better.

Amazon.com rose 41.18, or 2.9%, to 1,451.75, to recoup the online retailer's losses for the week. Amazon's stock has struggled since President Donald Trump suggested the company doesn't pay its fair share of taxes.

Facebook also climbed, adding 4.24, or 2.7%, to 159.34. The company said Wednesday afternoon that it made a "huge mistake" in not focusing more on potential abuse of users' personal information, and it expanded the pool of potential users whose data were improperly shared with a third-party consulting firm tied to the 2016 Trump campaign to 87 million.

Most Asian stocks opened the trading day Friday down after the latest trade salvo by President Donald Trump. Early Friday, Japan's Nikkei was down 0.3%, while Hong Kong's Hang Seng Index was down 1%.

Coin Offerings Exit March Like a Lamb

By PAUL VIGNA

The recent cooling in the once-hot market for initial coin offerings hasn't been as significant as feared, data from industry tracker Token Report shows.

The March tally for the offerings tied to bitcoin and other virtual currencies came in at \$1.2 billion, 24% below the total in February, said Galen Moore, founder of Token Report. In an initial coin offering, a company creates a virtual coin or token and offers it for public sale to raise funds.

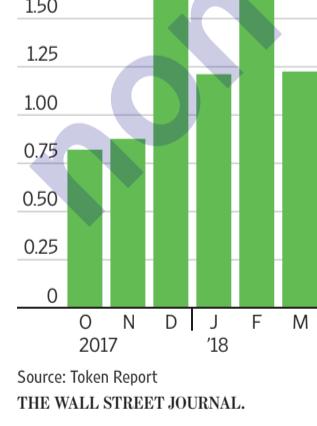
That decline followed expanded Securities and Exchange Commission scrutiny of whether investors are being taken advantage of in the highly speculative deals. But the fall wasn't as sharp as the data provider expected in mid-March, when it projected a 45% decline in proceeds for the month.

The resilience of initial coin offerings, or ICOs, in the face of regulatory crackdowns is one notable part of the wider growth in private capital markets.

The first quarter's \$4.04

Big Bucks

Amount raised in initial coin offerings



Source: Token Report

THE WALL STREET JOURNAL

billion raised in the token offerings was more than half of the record of about \$6.5 billion raised in ICOs for all of 2017.

The money has kept flowing in despite analyses like this one from advisory firm Satis Group, which recently concluded that about 90% of ICO projects could be classified as "scams" or "failures."

According to prosecutors,

Coinnest CEO Kim Ik-hwan and the other three executives transferred tens of millions of dollars of customers' assets to their private bank accounts.

In a statement published on its website Thursday, Coinnest apologized "for causing grave concern," adding that it had removed the relevant managers from overseeing company affairs.

A spokesman for Coinnest declined to comment further, and Mr. Kim wasn't available to comment.

—Eun-Young Jeong

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MARKETS

Emerging Markets Hang on Fate of Tech

Rising importance of sector's stocks and their elevated prices change the equation

By MIKE BIRD

Technology shares now dominate emerging markets like commodities once did, leaving those indexes even more exposed than U.S. benchmarks to selloffs in the sector.

But some analysts ask whether indiscriminate selling is punishing Asian technology companies for what are mainly U.S. problems.

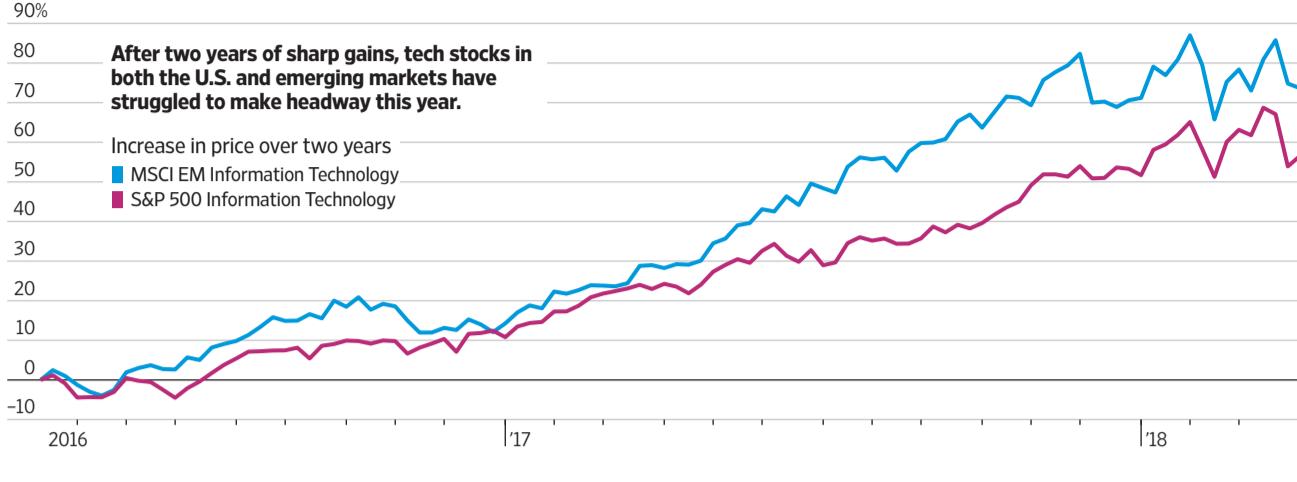
The recent tech selloff has knocked 8.4% off the MSCI Emerging Markets Index since it peaked on Jan. 26, while the S&P 500 has lost 7.3% over that period. Investors are concerned about high valuations, increased regulation of American tech giants and a potential trade war between the U.S. and China.

Investors note the highest valuations are in the U.S. and ask why the threat of increased regulation at Facebook Inc. and Alphabet Inc.'s Google should hurt their Asian peers.

If they are right, Asian technology companies—and thus regional indexes—could recover faster. Either way, the rising importance of tech stocks in emerging markets has changed the equation for investors.

"If the tech call changes, the EM call changes, there's no doubt there," said Bhanu Baweja, deputy head of global macro strategy at UBS.

Technology shares make up more than one-quarter of the MSCI EM index, up from 10% a decade ago, a greater share than in the S&P 500. The four largest stocks in the EM index—Tencent Holdings Ltd., Alibaba Group Holding Ltd., Samsung Electronics Co. and Taiwan Semiconductor Manufacturing Co.—have a com-



Technology now makes up a huge share of emerging markets as an asset class.

Information-technology sector's share of overall index



Sources: FactSet (information-technology sectors); MSCI (tech stocks); WSJ Market Data Group (Facebook)

bined market capitalization just shy of \$1.5 trillion.

The MSCI Emerging Markets Information Technology Index has risen almost 74% in price over the past two years, versus a gain of about 56% for S&P 500 technology stocks. Those subindexes are down roughly 10% and 4.9%, respectively, since the January peak.

The selloff will hit some

emerging-market countries harder than others. The tech sector makes up more than 40% of the MSCI Korea and China indexes, against 16% in India and just 1.3% in Latin America.

The elevated valuations of Silicon Valley's tech giants are often cited by analysts as a reason for selling them. The S&P 500 tech sector's forward price/earnings ratio recently rose

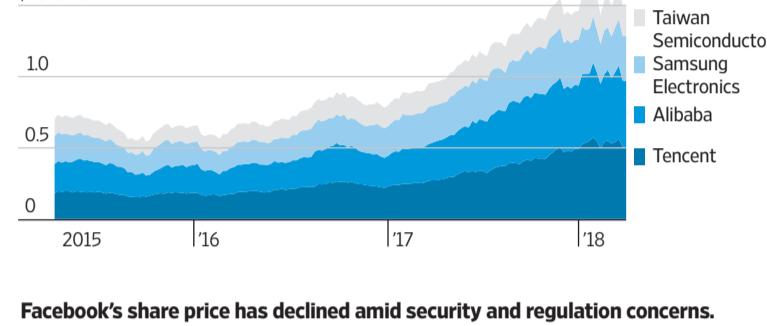
above 20 times, a postcrisis high. The MSCI EM tech sector's forward P/E ratio is around 13.8.

Still, some analysts believe the gap in valuations doesn't necessarily make emerging-market tech companies a more promising bet. "The kind of tech we have going in developed markets is less cyclical than what we have in emerging markets," said UBS's Mr. Baweja.

Almost half of emerging-market tech stocks are made up of more cyclical electronic equipment, hardware and semiconductor companies, according to UBS. Such companies are more sensitive to the strength of the global economy and typically command lower valuations. "So perhaps they're not as attractive as their P/E ratios suggest," Mr. Baweja added.

Four tech companies are now the largest stocks in the MSCI EM index.

Market capitalization



Facebook's share price has declined amid security and regulation concerns.

\$200



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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

OVERHEARD

Smucker's Deal Goes Down Easy

Not all pet-food acquisitions are the same. **J.M. Smucker** Co.'s \$1.7 billion deal for **Ainsworth Pet Nutrition** looks like a winner.

Like other packaged-food brands, the maker of jams and peanut butter is eager to diversify its product suite. The rapidly growing premium pet food market is attractive. In February, **General Mills** agreed to acquire **Blue Buffalo Pet Products** for \$8 billion.

That deal wasn't well-received by investors. General Mills shares fell by 6.4% the following two trading sessions on fears the company was overpaying and would have few synergies with the newly acquired business.

That isn't the case with Ainsworth. Smucker already has a large pet-food business. This makes it easier to reap cost savings. Smucker said they would come to \$25 million in the first year, rising to an annual \$55 million in three years.

After taking into account those cost savings, Smucker said it is paying approximately 12 times earnings before interest, taxes, depreciation and amortization. That compares with the 22 times, including synergies, that General Mills paid for Blue Buffalo.

Smucker also said it is considering selling its U.S. baking business. Consumers are shying away from carbohydrate-heavy products so this makes sense, though it may be a challenge to fetch a good price.

Smucker's shares rose slightly on Thursday, a far better reaction than what General Mills received after its pet-food deal. The lesson for packaged-food makers eyeing deals is that valuation still matters. —Aaron Back

The CBS-Viacom Fight Is Fixed

Converging Fortunes

Share-price performance



Source: FactSet

international business and is largely responsible for the company's turnaround. That the CBS board sidelined him suggests that Ms. Redstone's concerns about independence of the board are warranted.

A changed board will likely be far more amenable to a deal with Viacom. Mr. Moonves would then be left with two options: to accept a merger and a successor in the form of Mr. Bakish, or quit.

There is some risk here for Ms. Redstone: Investors, who have favored Mr. Moonves's stewardship, could send the stock down if he walks. The question is how much of a loss she is willing to take to get a deal done.

For Mr. Moonves, who owns \$80.7 million in CBS stock, according to FactSet, the question is whether he prefers to see his wealth deflated by joining CBS with the weaker Viacom, or by his own departure. Either way, it looks like an inglorious exit.

—Elizabeth Winkler

Outside of tech and cryptocurrencies, the next best place to earn overnight riches these days may be America's booming energy patch.

One company that hopes to make it big by developing a liquefied natural gas terminal along the Gulf Coast, **Delfin Midstream**, acquired a piece of dot-com history to make future financing easier.

According to a securities filing, a little over 70% of the shares in Theglobe.com, which trades for pennies over the counter, were sold to the developer.

Theglobe.com made headlines 20 years ago when it soared 600% on the day of its initial public offering, a record at the time and one of the signature moments of the dot-com boom.

The company was virtually worthless just years later, but such corporate shells can be used in a reverse-merger as a shortcut to a stock-market listing.

Delfin had better hope for more staying power the second time around.

Inflation Is the Biggest Risk of a U.S.-China Trade Spat

Wearing It Well

Cumulative change in U.S. clothing prices excluding footwear



Source: Federal Reserve Bank of St. Louis

Over the past two decades, China has, for the most part, exerted a giant deflationary force on prices in the U.S. and elsewhere. It is one reason why a shopping

cart of clothes, for instance, costs less for U.S. consumers than 20 years ago.

While tariffs are still a threat, not a reality, disruptions to trade could ultimately prove inflationary, as they represent a shock to the supply side of the economy. That would add to the inflation worry that is already weighing on bond investors. It would be piled on top of other forces that suggest inflationary pressures should build, such as U.S. tax and spending policy and low unemployment, which suggest strong demand, including for imports.

U.S. import inflation picked up to 3.5% in February,

having dipped close to 1% in 2017. Prices of Chinese imports are up just 0.3% over the past year. A trade spat could give them room to rise further.

These forces already have helped push measures of future inflation, like the gap between 10-year Treasurys and inflation-protected securities, back above 2 percentage points.

Last year, the gap narrowed as President Donald Trump's policies appeared not to gain traction; this year his actions are reawakening the idea that U.S. policy choices are inflationary and the gap could widen further. It is still notable that

long-dated Treasury yields have only fallen modestly in response to large price swings in equities; at 2.82%, the 10-year yield is still up 0.4 percentage point this year.

Ultimately, there may be renewed fears of disinflation if the trade picture deteriorates sufficiently for investors to start questioning the global growth outlook. But equally, a threat to the process of globalization could raise big questions for central banks and markets that have grown so accustomed to the idea that this has contributed to low and stable inflation in developed economies.

—Richard Barley



MANSION



HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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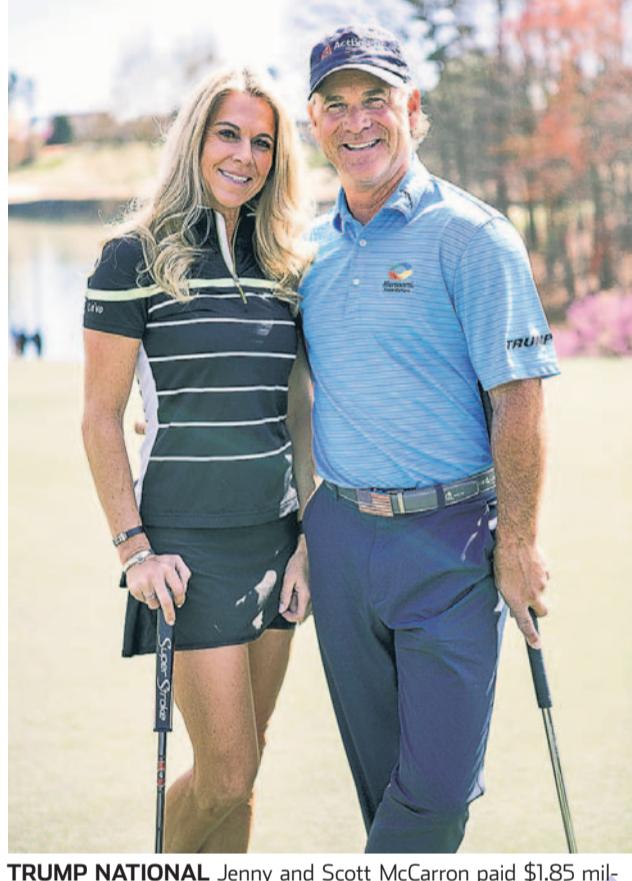
Friday, April 6, 2018 | M1

PETER GREENWOOD

GOLF GETAWAYS

Golfers Leave the Gated Life Behind

In Charlotte, golf enthusiasts increasingly snub residential developments built around courses and embrace a thriving urban core—with plenty of places to play.



TRUMP NATIONAL Jenny and Scott McCarron paid \$1.85 million for a house at the club, down from the \$2.2 million list price. Mr. McCarron, a golf pro, said course improvements were crucial.

CARMEL COUNTRY CLUB Suzie and Nick Trivisonno bought a \$1 million teardown in SouthPark near Carmel's golf course. About a year ago they moved into the new home they built.

CLUB AT LONGVIEW Frank and Jessica Kuperman, with daughter Hayden, gut-renovated a house in Longview they bought in 2017 for \$1.57 million, down from its \$1.899 million asking price.

BY CANDACE TAYLOR

"I'VE NEVER NOT OWNED a house on a golf course," says Rob Sappenfield Jr.

The son of a golf pro, Mr. Sappenfield, 51 years old, was a prime candidate to purchase a home in one of the many golf-course communities on the outskirts of his native Charlotte, N.C. He and his wife, Kristie, 50, lived for years in Ballantyne Country Club, a suburban development where high-end houses circle a course.

But 10 years ago, the couple left the planned-community life behind and moved to popular Myers Park, an urban neighborhood close to Charlotte's booming city center. Recently, they finished building a French manor-

CHARLOTTE-AREA GOLF HOMES

Number of listings

227

Median price

\$416,000

Days on the market

63

SOURCE: REALTOR.COM

style home on the site of their former house for about \$2.25 million. They remain a short walk from the local country club but are now closer to work and their children's schools, and are living in what Mr. Sappenfield describes as "the neighborhood to be in."

In Charlotte, as in the rest of the country, many golf enthusiasts are leaving behind resort communities for urban landscapes. The draw in Charlotte is a thriving downtown (known locally as Uptown) and the rapidly transforming neighborhoods surrounding it, such as the hip NoDa arts district. In Dilworth, young families drawn to the bars and restaurants on Montford Drive are buying 1930s bungalows to renovate. In booming SouthPark, modest ranches make way for large new

Please turn to page M6

HOUSE CALL | JACK NICKLAUS

THE GOLDEN BEAR AS A CUB

Once an aspiring pharmacist, the golf legend took up the game with his dad, playing at a country club near his suburban Ohio home.



JIM MANDEVILLE/THE NICKLAUS COMPANIES

Over the next year, my dad had three operations on his ankle. When they finally fused the bones, his doctor said, "Charlie, you need to take up a sport that forces you to walk."

My dad asked about golf. He hadn't played in about 15 years. His doctor approved. Soon, my dad began to play again and took me with him to carry his bag.

I was born in Columbus, Ohio. We lived in a four-bedroom house near my dad's pharmacy on the corner of

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DRIVER Jack Nicklaus in North Palm Beach, Fla., in 2015.

INSIDE

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Marrakesh offers picturesque golf and grand villas M3

BUDGET BUSTER

Rising interest rates bump up house payments M4



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MANSION



PRIVATE PROPERTIES

Matt Lauer Asks \$7.35 Million

Matt Lauer has put his Manhattan apartment on the market for \$7.35 million, four months after he was fired from NBC's "Today" show amid allegations of sexual misconduct.

Mr. Lauer bought the four-bedroom, 4½-bathroom co-op for \$5.882 million in 2004, according to property records.

Located on East 64th Street, less than three blocks from Central Park, the sprawling apartment features a long living room with three large windows, custom bookshelves and a fireplace, according to the listing.

There's also a corner library, a powder room with midnight blue Venetian plaster walls, a dining room and an entire bedroom wing. The master bedroom has two large dressing rooms, two marble master bathrooms and a sitting room, according to the listing.

Real-estate agents Alexa Lambert, Julie Soffen and Marc Achilles of Stribbling & Associates are representing Mr. Lauer. They declined to comment on the listing, which appears on real estate listings website StreetEasy.

A representative for Mr. Lauer

was not immediately available for comment.

Mr. Lauer, 60, co-anchored "Today" for more than 20 years. In November, he released a statement apologizing for the alleged sexual misconduct but disputed some accounts of his behavior.

Mr. Lauer also recently cut the price of his 25-acre Hamptons estate in Sag Harbor, N.Y., to \$12.75 million, down from its original asking price of \$18 million, according to the website of the Corcoran Group, the listing brokerage.

—Katherine Clarke

DENNIS QUAID SELLS AUSTIN HOME FOR NEARLY \$3.5 MILLION

The actor Dennis Quaid has sold his Austin, Texas, home for close to its asking price of \$3.5 million, according to real-estate agent Eric Copper of Austin Portfolio Real Estate.

Mr. Quaid bought the home with his then-wife Kimberly in February 2016 for roughly \$3 million, according to people with knowledge of the transaction. They announced their plans to divorce a few months later.

Mr. Quaid, who grew up in the Houston area, is now spending more of his time in Los Angeles, Mr. Copper said. He said the actor now only comes to Austin to visit his mother and half-brother, Buddy Quaid, a real-estate agent who had the listing along with Mr. Copper. From now on, "he'll just stay with me," Buddy Quaid said of his famous brother.



Located in the Marina Club development, the home overlooks Lake Austin and measures about 5,000 square feet, with three bedrooms plus a bonus room, Mr. Copper said. Built in 2004, it has views of Austin's iconic Pennybacker Bridge, plus an elevator and outdoor fireplace. The actor upgraded the home's AV system, Mr. Copper said. Mr. Quaid, 63, has appeared in more than 70 films, including "The Big Easy" and "The Parent Trap." His latest film is "I Can Only Imagine," and he stars in the TV series "Fortitude."

—Candace Taylor



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DONALD AND IVANA TRUMP'S ONETIME MANSION LISTS FOR \$45 MILLION

A Connecticut mansion where President Donald Trump and his then-wife Ivana lived early in their marriage is relisting for \$45 million.

The nearly 6-acre Greenwich property, with sweeping views of the Long Island Sound, was purchased by the Trumps in the early 1980s for \$4 million, according to listing agent Tamar Lurie of Coldwell Banker. The current owners, financier Robert Steinberg and his wife, Suzanne, previously listed the Georgian-style home for \$54 million, then reduced it to \$45 million before taking it off market.

Now they're relisting, but Ms. Lurie said the timing has nothing to do with Mr. Trump's move to the White House. Instead, she said they're building a new home elsewhere and are now more serious about selling. Moreover, she said the high-end Greenwich market is emerging from a "really quiet period." In the past few months, "Greenwich has started moving better," she said.



When Mr. Trump and Ivana divorced in the early 1990s, Ms. Trump kept the house. She sold it to the Steinbergs for \$15 million in 1998, Ms. Lurie said.

The Steinbergs renovated the roughly 20,000-square-foot house, removing the gold-leaf décor favored by the Trumps, Ms. Lurie said. "When Donald and Ivana had it, they had it decorated very lavishly," she said. The Steinbergs "did away with that," she said.

"It's much more livable and relaxed and quite elegant."

Located on a peninsula on Long Island Sound, the house was originally built around 1939, Ms. Lurie said. Inside are eight bedrooms, plus a lower level with a movie theater and gym. The Steinbergs added a tennis court and built a guesthouse with an indoor lap pool, she said. The estate also has an outdoor swimming pool, a private dock and a putting green.

—Candace Taylor



WIFE OF HEDGE-FUND TITAN BUYS \$60 MILLION APARTMENT

Carly Englander, the wife of billionaire hedge-fund titan Israel Englander, is the buyer of a \$60.083 million apartment at 432 Park Avenue, the world's tallest residential tower, according to two sources familiar with the deal. The deal was one of the priciest to close in Manhattan last year, public records show.

Ms. Englander, 64, purchased the

apartment in a trust. She closed on the transaction in late December, property records show.

The sprawling apartment is a combination of two units on the upper floors of the building, according to listings website StreetEasy. Together, the units comprise about 8,200 square feet. They have views of Central Park and the city skyline. Resi-

dents also have access to amenities including a private restaurant, a 75-foot indoor swimming pool, a fitness center and a screening room.

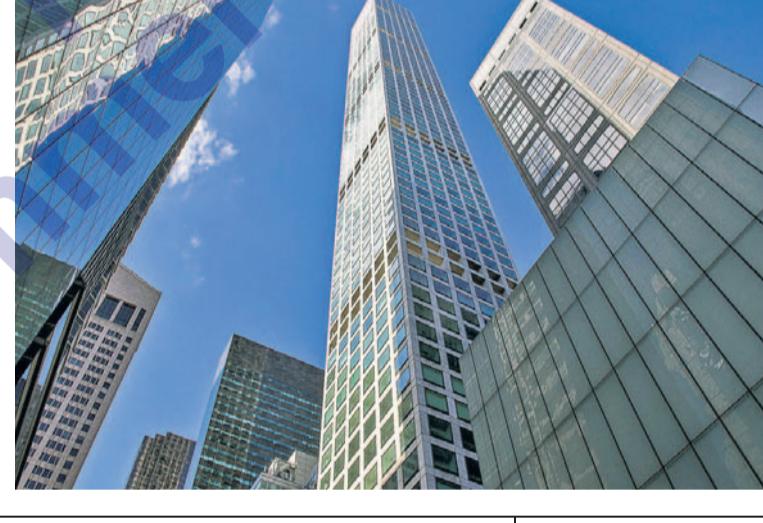
Other buyers at the building including actress-singer Jennifer Lopez and former Yankee slugger Alex Rodriguez. Saudi retail magnate Fawaz Al Hokair bought the 8,255-square-foot, full-floor penthouse.

Shari Scharfer-Rollins, Richard Steinberg, Sabrina Saltiel and Roger Erickson of Douglas Elliman represented the developers, Macklowe Properties and CIM Group.

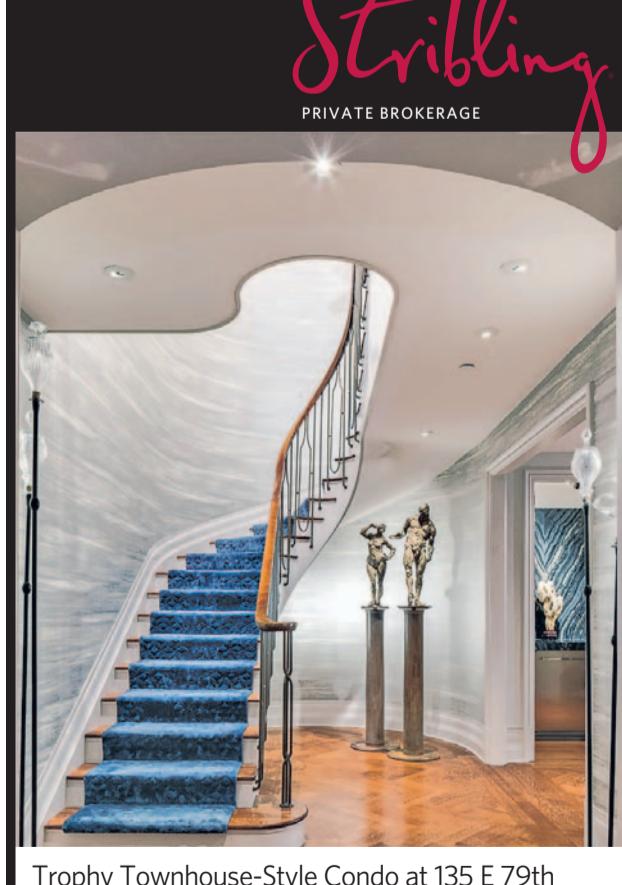
The deal comes three years after Mr. Englander set a price record for a Manhattan co-op when he purchased a duplex at the storied 740 Park Avenue for \$71.3 million, records show. Mr. Englander is the founder of Millennium Management, one of the world's largest hedge funds. Ms. Englander's attorney declined to comment.

—Katherine Clarke

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BY RUTH BLOOMFIELD

IT IS FAMOUS for its souks and its palaces, but the ancient Moroccan city of Marrakesh is starting to develop a reputation as the golfing capital of North Africa.

When Medhi Amar arrived in Marrakech in 2000, there were just three golf clubs. Today, about 15 18-hole clubs encircle the city. And while the idea of playing golf in the shadow of the Atlas Mountains might seem novel, Mr. Amar, director of Barnes International Realty, believes Morocco has something to offer golfers which Europe lacks: almost year-round sunshine. The average daily temperature in January is 66 degrees.

And it doesn't hurt that the clubs are within easy striking distance of Marrakech, a Unesco World Heritage site. Real-estate prices are also attractive. At the exclusive 27-hole Golf Amelkis, a Cabell B. Robinson-designed course that opened in 1995, buyers can still pick up a three-bedroom villa for as low as \$500,000, according to Alex Peto, a director at Kensington Luxury Properties, a Christie's International Real Estate's affiliate in Morocco. At the top end, a 20,000- to 30,000-square-foot home facing the course would cost around \$25 million, he estimated.

Players like its challenging course dotted with palm trees and the mountain views. Located just 4 miles east of the city, Golf Amelkis, which plans an expansion to 36 holes, also includes a children's club and tennis courts.

Currently listed with Barnes International Realty is a four-bedroom villa on the course priced at \$3.45 million. The 12,917-square-foot villa has a contemporary décor and a clay-brick terrace overlooking its swimming pool.

It is not only golf homes that are comparatively affordable in Marrakesh. Actually playing is also a bargain. It will cost you about \$500 to play a round at Valderrama Royal Club in Spain, said Mr. Peto. "Admittedly that is a fa-



THE MARKET | MOROCCO

Mad About Golf in Marrakesh

Europeans are increasingly flocking to the lush links and luxury villas



STAY AND PLAY A sunken relaxation area, top, at the Al Maaden Golf Resort clubhouse. Above, a three-bedroom villa at Al Maaden listed for \$660,000. Right, the clubhouse at Amelkis Golf.



mous championship course," he noted, but few courses in Marrakesh cost more than \$123 a round, and the norm is more like \$74.

Mr. Peto said Marrakech embraced golf for both emotional and practical reasons. King Hassan II of Morocco, who ruled from 1961 until 1999, was an avid player who did much to encourage its

development. He founded the Hassan II Golf Trophy, now an official event on the European Tour that will be played in Rabat this month.

The oldest club is Royal Golf of Marrakech, a private club that opened in 1927. One of the newest is the 27-hole Tony Jacklin Marrakech, an Argan Golf Resort, that opened in 2016.

The great golf experiment

has not been entirely a hole-in-one for developers, and some courses have struggled to find home buyers. Instability caused by both the recession, which began to bite in

2007, and the subsequent

Arab Spring have hurt Marrakesh's high-end market overall. Maude Fajas, director at Emile Garcin Properties, estimates that the prices of golf villas—almost exclusively sold to overseas buyers—have fallen by around 30% since 2008, only stabilizing over the past two years.

She also believes that the city is now saturated by golf. "We are in a desert, and golf courses need a lot of water," she said. If Ms. Fajas is proved correct, a lack of new supply should help prop prices up in future, although right now construction continues on established courses like Amelkis, where the peace of the fairways is still being disrupted by the sounds of workmen welding power tools as new homes are built.

Mr. Amar says some courses are responding to water shortages by planting cactuses instead of trees. He expresses some skepticism that a lack of water will stop more golf clubs coming, although he does agree that the golf boom is slowing down. "I don't think we need 10 more golf clubs," he said.

In the meantime, buyers investing in golf properties are led by those from France, where the common language makes Morocco a popular choice for a second home.

Philippe Chazot, a consultant at Barnes International Realty, said most of his overseas clients have a budget of between \$740,000 and \$1.23 million, seeking a home with a view of the course and an aesthetic that's contemporary, with a Moroccan twist.

Currently listed with Barnes International Realty is a 3,057-square-foot, three-

bedroom villa at Al Maaden Golf, a resort that features a Park Hyatt hotel, tennis courts and several restaurants. The \$660,000 property has a neutral, simple décor designed to appeal to Western buyers, and a spectacular roof terrace for

them to enjoy the sun.

"People like the fact that these are lock up and leave properties," said Mr. Peto. "A lot of retired people love the fact that it is an easy, comfortable place to be, and often retired people do play golf."



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A four-bedroom villa at Golf Amelkis listed for \$3.45 million.

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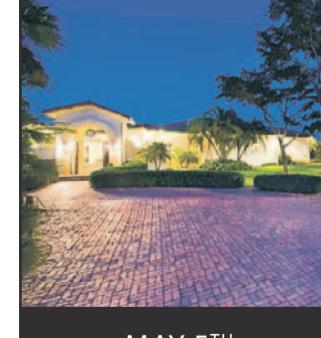


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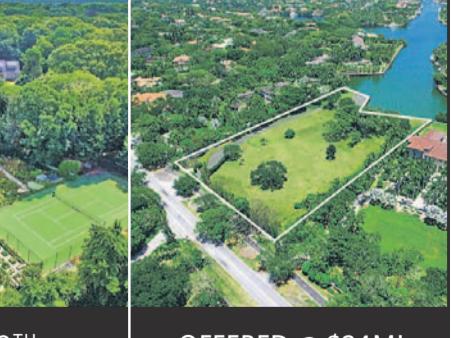
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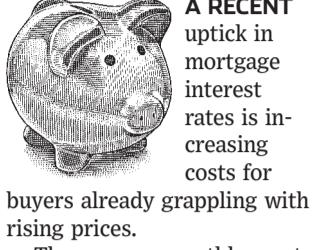
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MANSION

JUMBO JUNGLE | ROBYN A. FRIEDMAN

RISING RATES BITE BORROWERS' BUDGETS

High-end homeowners are shelling out \$241 more per month, on average, toward their mortgage payments, up 13% from 2017



A RECENT uptick in mortgage interest rates is increasing costs for buyers already grappling with rising prices.

The average monthly mortgage payment is up nearly 13% nationally over the past year, according to an analysis released by Realtor.com last month. That's an increase of \$168 per month, according to the analysis. For luxury homes—the top 10% of the market—owners are paying an average of \$241 more per month. (News Corp., owner of The Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.)

Mortgage interest rates are about a half-percentage point higher than they were at the beginning of the year. According to the Mortgage Bankers Association, the average rate on a 30-year, fixed-rate conforming mortgage (\$453,100 or less) was 4.69% in the week ending March 23. The average rate for a 30-year, fixed-rate jumbo was 4.6%.

With Federal Reserve officials signaling last month that they want to cool economic growth, the pace of rate increases may pick up. An increase of just a quarter of a percentage point on a \$1 million, 30-year, fixed-rate jumbo loan would increase the payment by \$151 a month, assuming a starting interest rate of 4.6%.

Rising rates are affecting mortgage originations, at least for refinances. According to industry research

group Inside Mortgage Finance, originations for refinances were down 35.6% by dollar volume in 2017 compared with 2016. The volume of purchase originations, however, increased 10.7% during the same period.

"I don't think there's any question that mortgage originations are going to drop in 2018—it's really just a question of how much," says Guy Cecala, publisher of Inside Mortgage Finance.

Refinances are generally deemed to be more discretionary than mortgages used for purchases. Homeowners opt to refinance when they can reap a financial benefit by dropping their interest rate. But those who purchase typically make that decision due to lifestyle considerations—a new job, having children or a divorce, for instance—so they are less likely to postpone that decision based solely on interest rates.

"The refinance market is extremely sensitive to interest-rate changes," said Daren Blomquist, senior vice president at ATTOM Data Solutions, a real-estate data firm.

Sensitivity to mortgage-rate fluctuations could also vary by generation. Millennials came of age when interest rates were at historic lows, so even a minor upswing may seem significant. But older borrowers may recall the days when rates reached double digits—as high as 18.45% in October 1981, according to Freddie Mac—so they may perceive rates as low even if they rise by a percentage point or two.

"It's really a psychological adjustment," Mr. Cecala said. "If you grew up with rates



between 3.5% and 4%, it's a big shock to see 4.5% or 5%."

Here are some things to consider if you're thinking of refinancing or purchasing a home.

- **Refinance sooner rather than later.** Rates are forecast to increase through at least the end of the year, so there's no time like the present. "There is an urgency in the market," said Pete Boomer, executive vice president at PNC Bank in Downers Grove, Ill. If you've been considering refinancing, look into it now. If you have an adjustable-rate mortgage that's about to reset in a year or two, it might make sense to lock into a fixed-rate mortgage.

- **For purchases, watch rates and consider waiting.** Home purchasers usually consider factors other than interest rates.

"It's less about timing the market and interest rates than about your specific life circumstances," Mr.

Blomquist said. But with experts forecasting continued slowing in many housing markets—particularly in the luxury market—home prices may fall. "I think we'll see the housing market shift back toward the advantage of buyers in 2018," Mr. Blomquist says. "I would urge patience on the buyer side."

- **It's time to reconsider ARMs.** Most borrowers have eschewed adjustable-rate mortgages over the past year because rates on fixed-rate loans have been so low. But it's time to reconsider a 5/1 or 7/1 ARM, where the initial rate is fixed for five or seven years, particularly if you plan to only be in your home for a limited period of time.

Get Out the Checkbook

Most home buyers with jumbo loans face higher monthly house payments in 2018 compared with the year before. Here's how rising rates affected luxury homeowners.

METRO AREA	Interest rate	Median sale price	Monthly payment, Feb. 2018	Increase from 2017
San Francisco-Oakland	4.38%	\$1,753,031	\$9,270	\$1,024
Seattle-Tacoma-Bellevue, Wash.	4.41	961,020	5,087	684
Los Angeles-Long Beach	4.38	1,391,040	7,356	460
San Diego-Carlsbad	4.38	1,143,356	6,046	454
New York-Newark	4.46	1,021,680	6,530	418
Washington, D.C.	4.39	815,958	4,168	387

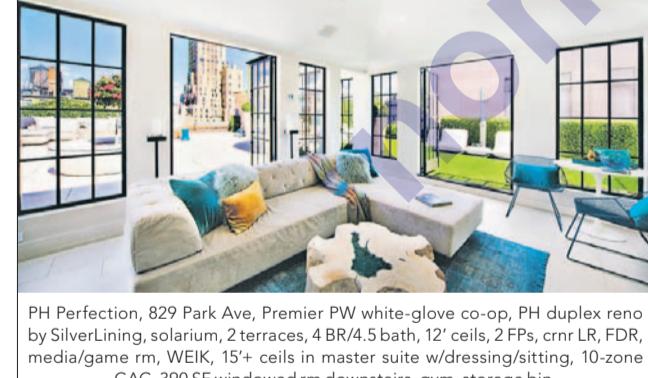
Note: Median sale price reflects the top 10% of the local market in February; average interest rates from February. Source: Realtor.com



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PH Perfection, 829 Park Ave, Premier PW white-glove co-op, PH duplex reno by SilverLining, solarium, 2 terraces, 4 BR/4.5 bath, 12' ceilings, 2 FP, cnr LR, FDR, media/game rm, WEIK, 15'-4" ceilings in master suite w/dressing/sitting, 10-zone CAC, 390 SF windowed rm downstairs, gym, storage bin. \$15.995M | WEB# 5194107 | Co-Exclusive



Historic Treadwell Farms 1875 Townhouse, 215 East 61st St Brand new state-of-the-art renovation, 5 stories plus a finished basement, 5BR/6.5 bath, 5 WBFPs, huge EIK, elevator, 35 ft garden, terrace off master BR, multi-zone Central AC, finished rooftop terrace. \$14.79M | WEB# 5127227 | Co-Exclusive



Sun-Flooded Carnegie Hill Home, 15 East 91st Street, Apartment 7B Premier white-glove co-op on "The Grandest Block", 4 BR/4 bath, LR with southeast adjacent library, WEIK, FDR, herringbone floors, oversized windows, 17 closets, storage bin, gym. \$3.575M | WEB# 5416211



Panoramic Triple Mint Duplex, 230 West 56th St, 50/51F High floor | cnr condo, 4 BR/3.5 bath, 2,954 SF, CP, river & open city views, cnr DR, LR, WEIK, cnr MBR w/ dressing, oversized windows, CAC, gym, lounge, garage. \$6.795M | WEB# 5243994 | Rent for \$20,000/month



Central Park Views | 1136 Fifth Avenue, 2A Premier prewar white-glove co-op with 4 rooms facing the park, palatial Classic 8, 3 BR/3 bath, 2 staff rooms, WBFP, high ceilings. \$4.45M | WEB# 5131217



Full Floor Flatiron Loft, 15 West 24th Street, 5th FL. Prewar co-op off Madison Square Park, 3-4 BR/3.5 bath, 11 ft ceilings, grand south facing living rm, dining, media rm, EIK, CAC, key-locked elevator. \$4.495M | WEB# 5230228 | Rent for \$16,500/month



Luxurious High Floor Residence on Park Avenue, 815 Park Avenue, Apartment 12B, Premier prewar white-glove co-op, 3 BR/3 bath, LR with wood-burning fireplace, WEIK, FDR, corner master suite, high ceilings, prewar architectural details, storage bin, gym, recreation room. \$3.15M | WEB# 5372903

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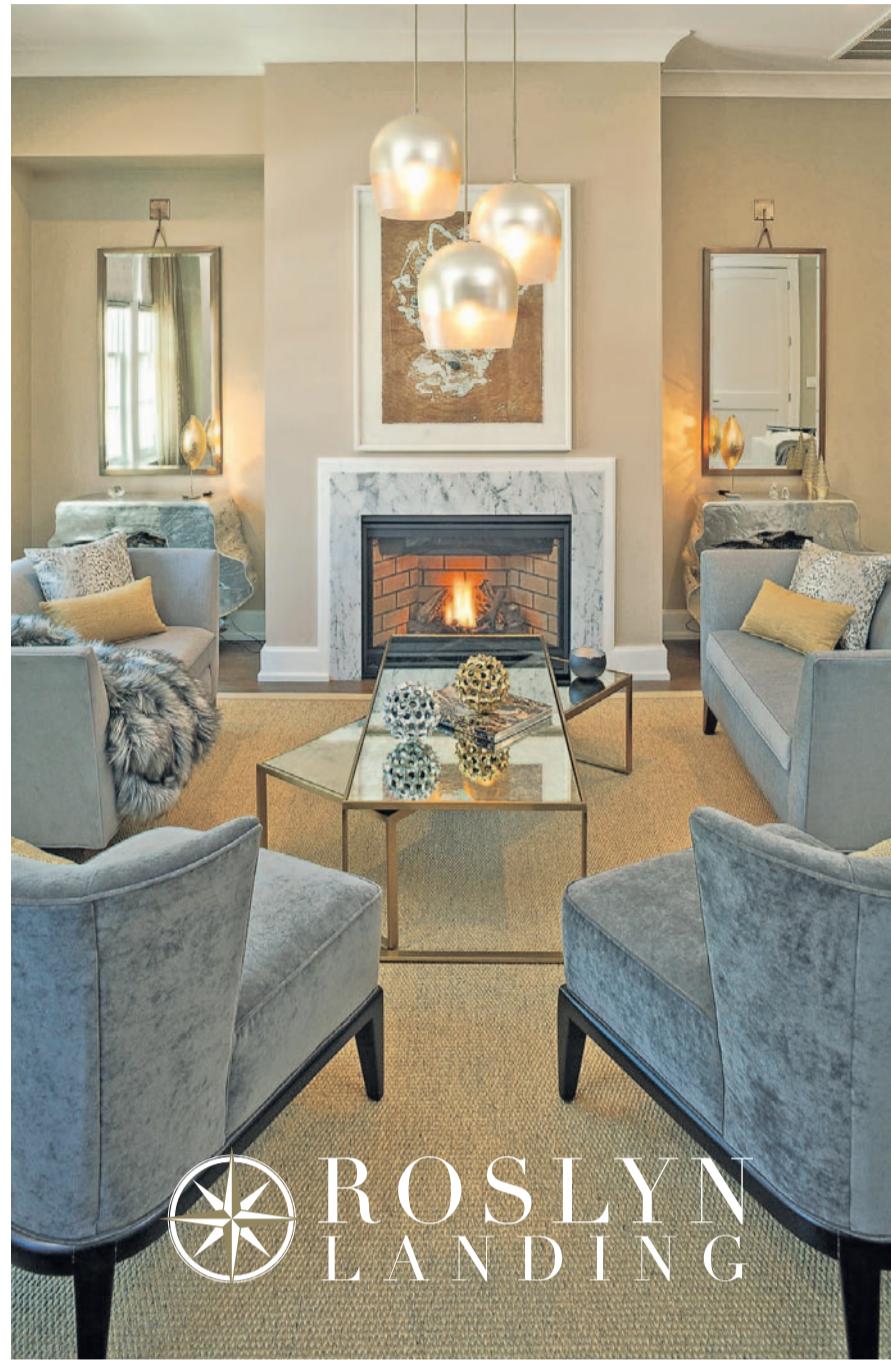
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SD #18. MLS# 3016811. \$2,495,000.
Fortune Heaney, 516.248.6655, c.516.521.9772
Lisa Heaney, 516.248.6655, c.516.376.3470
Patricia Costello, 516.248.6655, c.516.317.7279



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Huntington SD #3. MLS# 2990193. \$1,119,000.
Barbara Bentley-Nash, 631.692.6770 ext.211
c.516.697.1277



Lattingtown, NY
SD #3. MLS# 3009714. \$2,995,000.
Suzi Chase, 516.759.4800 ext.107, c.516.606.5151



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SD #6. MLS# 3016819. \$2,299,000.
Annie Holdreith, 516.627.4440 ext.372, c.516.509.4082
Nouzha Zouak, 516.627.4440 ext.387, c.917.392.7401



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MANSION

ANNOTATED ROOM

This Bar Serves Children and Grown-ups

A Manhattan couple commissions a \$65,000 bar where they can make cocktails for themselves and milkshakes for their three kids; metalwork inspired by Giacometti's sculptures

THE BAR IN THIS Manhattan duplex penthouse does double duty: It's a milkshake station for the children and a place to pour the stronger stuff for their parents.

The homeowners—one works in a family real-estate development business and the other is an administrator at Co-

lumbia University—wanted to create a space in their living room where they could relax at the end of a long day without trips to the kitchen to replenish their drinks. The couple turned to Fox-Nahem Associates, a New York interior-design firm, to create a bar that would work for them as well as

their three children, ages 9 to 11. Joe Nahem at Fox-Nahem estimates that the bar project cost \$65,000 and took just under three months to build. Here are some of the components with estimated prices.

—Karen Bruno

**1. REFLECTIONS**

At night the mirrored bar comes to life. Strips of colored LED light frame a vintage Murano glass mirror set into a panel. The display is turned on when the family entertains.

Price: \$12,000 for 1940s Murano mirror. The LED lighting strip and labor cost \$3,100.

2. ON DISPLAY

The upper shelving behind the bar is made from cast-bronze supports with 3/4-inch glass shelves. Antiqued mirrors make the shelving glimmer.

Price: \$18,000 to \$20,000 for shelving and antiqued mirrors

3. BELLY UP

The leather panels on the bar front were hand-stitched and attached to bronze supports inspired by Alberto Giacometti's sculptures. Behind the bar are a sink, wine cooler and dishwasher.

Price: About \$22,500 for the bar structure, custom-built by Plant Construction, appliances and fittings

4. ILLUMINATING

The pendants are French, also from the '40s, purchased from the website 1st Dibs.

Price: \$3,400 each

5. FLORAL TOUCH

The two vases are Italian by Marcello Fantoni from the 1960s. They are similar to Venetian glass.

Price: \$1,250 to \$1,800 for the pair



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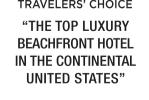
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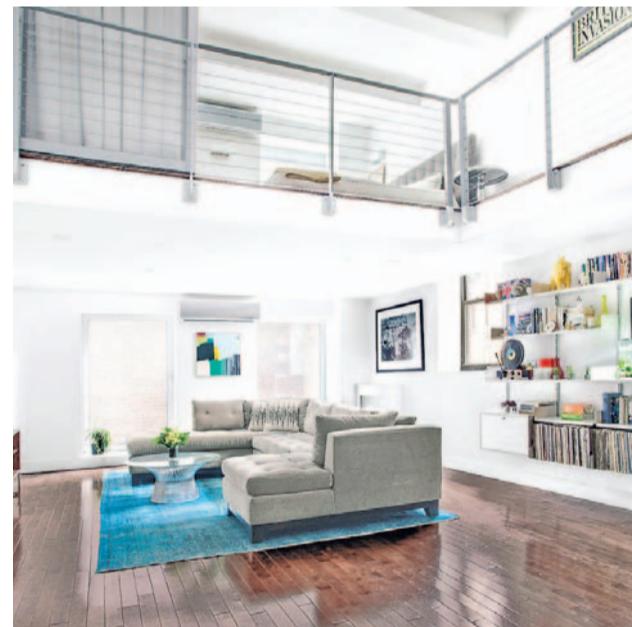
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GOLF GETAWAYS



DO-OVER Frank Kuperman, who works in the auto-racing industry, bought a 6,700-square-foot home at the Club at Longview that he and his wife, Jessica, renovated.

After the changes, the couple decided to build a four-bedroom home on the second hole at a total cost of \$1.5 million, including lot.

Frank Kuperman Jr., 38, who works in the auto-racing industry, is gut-renovating a Longview house he and his wife, Jessica, bought in June for \$1.57 million, down from its \$1.899 million list price. "Longview homes tend to sit longer," he said.

General Manager Jim Sutton acknowledged Longview has a smaller buyer pool. "You have to be interested in that lifestyle," he said. "It's a bit of a unique product."

Real-estate agent Hanes

Walker added that many high-end sellers are reluctant to make needed price cuts.

Jason Becker is a founder of Golf Life Navigators, a company that matches consumers with golf clubs across the country. He said more of his clients—about 40%—now say they would rather be nonresidential members of a country club than live in a golf-course community.

Still, plenty of buyers are seeking gated golf communities, not only for the golf but for the manicured look of the grounds and amenities, such as pools and children's programs. "If you invest in the club, it directly affects your

real-estate value," Mr. Becker said.

A few months ago, professional golfer Scott McCarron, 52, and his wife, Jenny, 48, paid \$1.85 million for a house at Trump National Golf Club Charlotte. Built around 2002, the lakefront home had been listed for \$2.2 million.

Mr. McCarron, a PGA Tour Champions player, said Trump National made the course more difficult after buying it, lengthening holes and redoing sand traps. That was crucial for Mr. McCarron. "We loved the area," he said, "but if the golf course wasn't in good shape, we wouldn't have moved there."

THE REAL TRENDS FIVE HUNDRED

PRESENTS THE 2018 TOP 25 RESIDENTIAL REAL ESTATE BROKERAGES

We are pleased to present the 25 largest residential real estate brokerage firms in the United States from our survey of more than 1,750 of the nation's leading firms. These elite firms are ranked by total closed residential transaction sides in the calendar year 2017, accompanied by respective closed sales volume.

COMPANY	HEADQUARTERS	SIDES	VOLUME
1. NRT LLC	Madison, NJ	346,942	\$178,153,264,000
2. HomeServices of America, Inc.	Minneapolis, MN	328,355	\$125,423,556,020
3. Hanna Holdings	Pittsburgh, PA	90,468	\$17,429,795,589
4. Keller Williams Realty, GO Management Offices	Arlington, TX	34,077	\$9,326,489,252
5. HomeSmart	Scottsdale, AZ	33,601	\$10,369,070,559
6. Crye-Leike Realtors	Memphis, TN	28,699	\$5,847,518,110
7. eXp World Holdings, Inc.	Bellingham, WA	24,655	\$5,896,993,794
8. Real Estate One	Southfield, MI	24,589	\$5,642,076,676
9. RE/MAX Results	Eden Prairie, MN	24,397	\$6,487,583,060
10. Allen Tate Companies	Charlotte, NC	22,273	\$5,672,150,547
11. Douglas Elliman Real Estate	New York, NY	22,272	\$26,115,055,090
12. REALHOME Services and Solutions Inc.	Atlanta, GA	21,862	\$3,067,856,201
13. Keller Williams Realty Pinnacle Partners Group	Lawrenceville, GA	21,211	\$5,120,894,657
14. William Raveis Real Estate, Mortgage, and Insurance	Shelton, CT	20,871	\$10,189,632,883
15. West USA Realty, Inc.	Phoenix, AZ	20,762	\$3,338,554,334
16. CENTURY 21 Affiliated	Madison, WI	20,039	\$3,693,417,387
17. Ebby Halliday Real Estate, Inc.	Dallas, TX	18,835	\$8,039,214,848
18. @properties	Chicago, IL	18,670	\$9,056,208,681
19. RE/MAX Alliance/Equity Group	Arvada, CO	17,695	\$7,302,719,674
20. Coldwell Banker The Real Estate Group	Shorewood, IL	17,534	\$3,205,779,545
21. Baird & Warner	Chicago, IL	17,450	\$5,758,357,420
22. John L. Scott	Bellevue, WA	16,743	\$7,412,156,880
23. Watson Realty Corp.	Jacksonville, FL	15,934	\$3,445,980,681
24. Latter & Blum ERA Powered	New Orleans, LA	15,892	\$3,743,075,870
25. Coldwell Banker Sea Coast Advantage	Wilmington, NC	15,367	\$3,401,607,965

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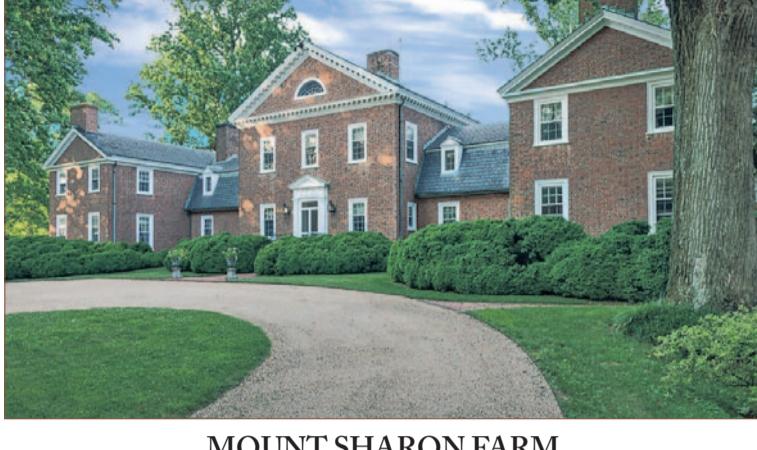
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NORTH PALM BEACH, FL | \$3,900,000
WEB ID: IAJW4
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STRESA, IT | €3,900,000
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Agent: Wendy Marks Pine, Auberge Beach Residences and Spa

**\$11.75 million**

Indian Wells, Calif.

Five bedrooms, five full bathrooms, two half-baths

This 10,792-square-foot home has a golf simulator in the house and a 21-hole golf course in the community. The 1-acre lot in the gated Reserve Club community includes a three-bedroom, three-bath guesthouse with a kitchen and laundry room. The main home has an exercise room, pool and views of Coachella Valley.

Agent: Deirdre Coit, Berkshire Hathaway Home Services

**\$32 million**

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This 5,161-square-foot penthouse, with 26-foot ceilings and floor-to-ceiling windows, is in the Hudson Yards neighborhood of Manhattan. The building has 40,000 square feet of amenities, including a pool, spa and golf simulator—the Pro Series with 84 courses. The property has a rooftop entertaining space.

Agent: Sherry Tobak, Related Companies

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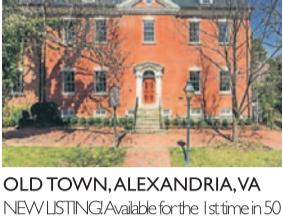
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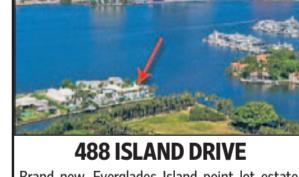
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GOLF GETAWAYS

HOW NICKLAUS GOT HIS GAME



Continued from page M1

Chittenden Avenue and North High Street.

Not long after my dad broke his ankle in 1946, the region's first shopping center opened in suburban Upper Arlington. The developer convinced my dad to open a second pharmacy there. So we moved to Upper Arlington in 1949. My parents bought a four-bedroom English Tudor on the corner of Colingwood and Coventry.

My dad joined the Scioto Country Club, which was just 15 minutes away. As he rested after each hole, I would chip and putt. When I was 10, my dad asked me if I wanted to learn the game. I did. Jack Grout had become Scioto's pro, and he taught me the fundamentals. Then he became my teacher for life.

That same year, the PGA Championship was held at Scioto. Jack introduced me to Sam Snead, Lloyd Mangrum and a lot of the competing greats. I was thrilled.

My dad taught me most sports on an empty lot next to our house. My mother, Helen, never had to complain about sports pulling me away from my schoolwork. I was a good student. And my younger sister, Marilyn, was wonderful. She never had a problem with my father and me spending so much time together.

Starting when I was 11, I'd get up early each morning, put a golf bag on my shoulder, walk through a park, slip between two houses and wind up at Scioto's fourth tee. I'd play the fourth hole and the ninth and then go to the driving range and hit a few balls. I was a

quick learner. At 13, in 1953, I broke 70 for the first time.

That year, I came down with flu-like symptoms that lasted two weeks. I lost about 20 pounds. One day after I recovered, my father came to the golf course to tell me that he and my mom had taken Marilyn to the hospital. "She has polio," he said.

They tested me, too. Luckily, I had only the flu-like symptoms. My sister had some paralysis.

I loved several sports, but by high school, I had a decision to make: keep playing all sports or dedicate more time to golf. I was recruited by Ohio State to play basketball, but once I was there, golf became my game. With golf, I was on my own and I liked that I could see the results of my efforts.

Still, I never dreamed of pro



(CLOCKWISE FROM TOP LEFT) ED VEBELL/GETTY IMAGES; DAVID CANNON/GETTY IMAGES; NICKLAUS FAMILY; ASSOCIATED PRESS

sports as a career. I majored in pre-pharmacy. I wanted to be what my dad was.

At the start of my freshman year in 1957, I was dating a gal named Mary. During orientation week, we were talking on campus when she introduced me to her friend, Barbara Bash. Then Mary had to take off. I asked Barbara



LINKED IN
Jack Nicklaus, above, in the Par 3 Contest before the 2016 Masters Tournament in Augusta, Ga. Left, at age 10 at his Upper Arlington, Ohio, home. Far left with his wife, Barbara, after winning the British Open in 1970. Top, a drawing of his swing.

where she was heading. She had an on-campus job. I said I'd walk her. Keep in mind Mary and I had agreed we could date around.

That night, I called Barbara for a date. She couldn't work me in for about two weeks. Meanwhile, she fixed me up with a couple of girls who she knew I wouldn't like.

Then Barbara and I dated. After Christmas, we began seeing each other exclusively. We were married in July 1960. In the fall of '61, I turned pro.

Today, Barbara and I live in North Palm Beach, Fla., at a golf

and oceanfront community called Lost Tree. We've lived in the same house since 1970. We originally built a 6,100-square-foot home but with five kids and now 22 grandkids, we expanded it over the years to 9,500 square feet.

We face Lake Worth. I love the peacefulness of the water. My family's boats are out there, and I've got three grass tennis courts. Home is my sanctuary.

My dad died in 1970 of pancreatic cancer at age 56. It was way too soon to lose my best friend. I still talk to him every single night.



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