

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

FRIDAY, AUGUST 10, 2018 ~ VOL. CCLXXII NO. 34

WSJ.com

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What's News

Business & Finance

The trust that will control Viacom and CBS when Sumner Redstone dies or is deemed incapacitated places severe restrictions on the trustees' ability to sell the companies. A1
 ♦ Viacom's revenue fell, hurt by lower international sales in its filmed-entertainment division. B2

♦ Economists are raising projections for U.S. economic growth for 2018, but many believe the boom won't last much beyond that. A2

♦ New York City's curbs on Uber, Lyft and Airbnb show how regulation remains an immense risk for tech stars. B1

♦ The Nasdaq notched its eighth straight session of gains, shrugging off declines in other major indexes. B1, B11

♦ Saudi Arabia has pressed independent energy analysts to alter their estimates of its oil production. B1

♦ A U.S. judge authorized the seizure of Citgo Petroleum to satisfy a Venezuelan government debt. B1

♦ Tribune terminated its \$3.9 billion merger deal with Sinclair and sued the rival TV-station owner. B2

♦ Rite Aid investors will look to the firm for a new plan to compete after the Albertsons deal was called off. B3

♦ Third Point is pushing for a sale of Campbell Soup with the help of an heir to the soup company's founder. B2

♦ Samsung's newest flagship device looks much like last year's model, reflecting slowing innovation in smartphones. B4

World-Wide

♦ Newly announced U.S. sanctions—and the potential for a second round of actions in 90 days—roiled Russia's currency and blue-chip stocks as the country braced for further economic pain. A1

♦ Pence laid out a plan to put Trump's stamp on the U.S. armed forces by creating a military command dedicated to space. A1

♦ An intense exchange of fire between Israel's military and militants in Gaza threatens to disrupt efforts to strike a long-term peace deal. A5

♦ Airstrikes on a market in northern Yemen killed dozens, including at least 29 children in a school bus, drawing international condemnation. A5

♦ Puerto Rico acknowledged in a document filed to Congress that the death toll from Hurricane Maria may have exceeded 1,400. A3

♦ The government's case against Manafort neared its end with testimony about loan applications that allegedly contained false information. A4

♦ Prosecutors have sought documents from Trump donor Franklin Haney about his business dealings with Cohen. A4

♦ Japan returned to solid growth in the latest quarter, and economists said growth was likely to continue. A6

♦ Argentina's Senate rejected a bill to legalize elective abortions, an issue that sharply divided the nation. A16

♦ Venezuela accused two opposition lawmakers of being part of an alleged plot to assassinate Maduro. A16

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Someone's having fun

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U.S. NEWS

Economists Boost Near-Term Projections

By JOSH ZUMBRUN

Economists are raising 2018 growth projections after a strong second quarter, but disputes with U.S. trading partners, a fading boost from fiscal stimulus and rising short-term interest rates lead many to believe the boom won't last much beyond that.

The average estimate for economic growth this year increased to 3%, up from projections of 2.9% last month and 2.4% a year ago, according to The Wall Street Journal's monthly survey of private economists. They also see the unemployment rate falling to 3.6% by June, which would be the lowest unemployment rate in nearly 50 years. The jobless rate in July was 3.9%.

Consumer spending and business investment were robust in the spring, thanks in part to tax cuts that put more money in household pockets and gave businesses a higher after-tax return on their investments.

"The tax cuts and jump in federal spending will keep the

Business Inflation Measure Flat in July

A measure of business inflation showed signs of moderating in July.

The producer-price index, a measure of the prices businesses receive for their goods and services, was flat in July from a month earlier, the Labor Department said Thursday.

A core measure of prices, which excludes the volatile food and energy categories, was up 0.1% in July from the prior month.

economy buzzing for another 12 months," said Bernard Baumohl, chief economist of the Economic Outlook Group. "Beyond that, however, I expect to see dark clouds forming that would signal a recession is near."

Mr. Baumohl isn't alone in predicting a slowdown. Businesses that were enthused about the tax relief could hold

Rising oil prices and improved demand from U.S. consumers and businesses have helped push the annual index for overall prices higher over time. Even that measure took a pause at 3.3% in July after clocking in at 3.4% in June.

The producer-price report also specifically tracks intermediate demand prices, or the cost charged for goods and services sold to businesses as inputs in production. This is an indicator of cost pressures building in the pipeline for many businesses, which can be a precursor to broader inflation.

On a monthly basis, prices

for processed goods for intermediate demand were unchanged. That gauge is up nearly 7% from a year earlier, well outpacing prices for final demand, but matching the June rate.

"Since we've seen them ease back a little bit over the past couple of months, I think it's going to be a pretty gradual pickup in the underlying pace of inflation," said Sarah House, senior economist at Wells Fargo.

Still, pipeline price pressures are elevated and could translate into a further pickup in consumer prices if businesses choose to pass along cost increases.

—Sarah Chaney

off hiring and investing in the face of trade uncertainty, several economists said.

"Prospects of trade war are eroding business confidence from the Tax Cuts and Jobs Act," said Kevin Swift, the chief economist of the American Chemistry Council. The chemicals industry is among those facing tariffs on imports.

The average forecast for growth in 2019 was 2.4%, little changed in recent months. By 2020, the average forecaster projects economic growth will slow to 1.8%. That is down from estimates earlier this year of 2%.

Trump administration officials disagree with these projections. The White House has said 3% growth or better can

be sustained. Other government forecasters, including the Federal Reserve, Congressional Budget Office and International Monetary Fund all project a slowdown from the growth rate of 2018. The Fed, for example, sees 2% growth in 2020 and 1.8% growth in the long run.

Maintaining 3% growth or higher could help the economy grow out of looming trillion-dollar budget deficits. Moreover, if the administration's growth forecast is maintained, the economy would double in size over the next 24 years. At the 1.8% rate forecast by economists for the year 2020, it would take 39 years.

At the root of the differing views between the administration and other forecasters is a debate about how tax cuts and regulatory rollbacks will affect growth. The administration has argued tax cuts and deregulation will lead to lasting increases in worker productivity as firms invest more and greater labor-force participation, meaning more workers with greater output.

Many other forecasters, however, think the tax cuts and spending increases recently passed by Congress will amount to only temporary stimulus, with effects fading much like the stimulus spending passed during the first year of the Obama administration, which contributed to a temporary growth spurt before giving way to lackluster growth.

Fed policy is another wild card. Inflation, as measured by the consumer-price index, is forecast to remain above 2% through 2020, a backdrop that will require the Fed to continue raising short-term interest rates in the near term, ending next year with its benchmark federal-funds rate at about 3%. Higher Fed rates, while keeping inflation from moving too much higher, could also help tamp down growth.

The Journal's survey of 57 business, financial and academic economists was conducted Aug. 3-7. Not every forecaster answered every question.

U.S. WATCH

WASHINGTON, D.C.

Judge Halts Removal Of Asylum Seekers

A federal judge stopped the deportations of an asylum-seeking woman and her young daughter who were already aboard a plane to El Salvador, criticizing the Trump administration for trying to remove them while they were in the midst of challenging their cases in court.

U.S. District Judge Emmet G. Sullivan threatened to hold Attorney General Jeff Sessions in contempt of court if U.S. officials didn't immediately return the pair to the U.S. The Department of Homeland Security said it was complying with the order. "Upon arrival in El Salvador, the plaintiffs did not disembark and are currently en route back to the United States," the official said. The woman and her daughter were back in the U.S. Thursday night.

—Sadie Gurman

WHITE HOUSE

Ex-Aide Recorded Trump Conversations

A former West Wing aide recorded conversations with President Trump, creating a fresh issue for a White House already displeased over leaks of internal deliberations, according to two people familiar with the matter.

Omarosa Manigault-Newman, a former contestant on Mr. Trump's reality-TV program, taped high-level administration officials and Mr. Trump during her tenure as an assistant to the president, these people said.

Ms. Manigault-Newman didn't respond to a request for comment.

Ms. Manigault-Newman made appearances on the president's old TV show, "The Apprentice." She joined the White House last year as director of communications for the Office of Public Liaison.

—Peter Nicholas

Kansas GOP Race Tightens

BY ANDREW DUEHREN

Small clerical errors discovered Thursday reduced the size of Kansas Secretary of State Kris Kobach's lead over Gov. Jeff Colyer in the state's Republican gubernatorial primary, which remains too close to call.

Two vote-count discrepancies, one in Thomas County and one in Haskell County, reduced the size of Mr. Kobach's razor-thin lead over Mr. Colyer to 121 votes, down from 191 votes, the Associated Press reported. Provisional ballots have yet to be counted. As secretary of state, Mr. Kobach oversees the election process.

Election officials in Thomas County discovered that Mr. Colyer had won 522 votes there, rather than the 422 originally reported. In Haskell County, election officials reported that Mr. Colyer in fact received 220 votes, not 103, and Mr. Kobach won 257 votes, not 110.

Mr. Kobach, with the support of an endorsement from President Trump, is seeking to unseat an incumbent of his own party.

Smoke Blankets California as Wildfires Continue to Burn



AFTER THE INFERNO: A woman sweeps the stairs leading to the burned-out ruins of a house in Redding, Calif. Firefighters battling the Mendocino Complex Fire, which is the largest in state history, and another major blaze near Yosemite National Park say the wildfires will likely persist through September.

Trust Hampers CBS Sale

Continued from Page One for October.

At a court hearing Wednesday, CBS lawyer Joseph Allerhand said only a handful of people have laid eyes on the trust document.

"We believe there are terms of the trust that are fairly described as bombshells," Mr. Allerhand told the judge, without specifying what the provisions were. He added that the trust has "huge consequences to investors of this company."

He pointed to a specific section of the trust document, but didn't spell out in court its contents. The section deals with the restrictions on selling National Amusements or its assets after Mr. Redstone dies

or is deemed incapacitated, according to the documents the Journal reviewed.

The section also spells out that Mr. Redstone has the "sole and exclusive power" to vote the stock in the trust during his lifetime.

The trust owns 80% of the voting stock of National Amusements, while Shari Redstone, his daughter, owns the remaining 20%. National Amusements, in turn, owns nearly 80% of the voting stock of CBS and Viacom.

National Amusements has said it decides how to vote the holding company's CBS and Viacom controlling stakes through a vote of its seven-member board, on which Mr. Redstone casts a single vote. However, Mr. Redstone has the right to replace all members of the board.

National Amusements' lawyer, Meredith Kotler, said in court Wednesday that CBS's interpretations of the trust provision were incorrect. "If they think that provision would pre-



Redstone's move could complicate merger deals as the industry consolidates.

clude trustees after Mr. Redstone's lifetime from doing something, they're wrong about that, because the trustees can amend it," she said.

Mr. Allerhand was skeptical that National Amusements' concept of modifying the trust

would work. And he linked the issue of the trust and its complications to the legal matter at hand in the Delaware case: CBS's push to dilute National Amusements from a nearly 80% voting stakeholder to about a 20% stake through a special dividend.

"If their supposed fix is not doable, then we may have come across actually the most compelling reason for the special dividend that could ever be articulated," Mr. Allerhand said.

Mr. Redstone, who in recent years has fallen into such ill health that he can no longer speak much beyond grunts, said as recently as 2012 to the Journal that his estate-planning documents barred his trust from selling his family's controlling interest in CBS or Viacom "unless they start doing terribly, which they will not."

Patrick Connor, a trust and estates lawyer at Husch Blackwell, said it is possible to amend a trust after the trust's creator dies through a variety of means, from asking a judge

to amend it to setting up a new trust and putting the old assets into it.

"What used to be irrevocable trusts are much less irrevocable these days and easier to change," he said.

Ms. Redstone, who rose to become the de facto leader of National Amusements in a 2016 power struggle, has pushed for CBS and Viacom to merge as the first step in any reorganization. She says her goal is to give the companies greater scale in hopes of better competing amid a consolidating media industry. She pressed the companies to explore a combination in 2016, and again earlier this year, only to be met with resistance from CBS both times.

CBS has alleged in legal filings that Ms. Redstone resisted potential suitors for CBS. National Amusements has denied the allegations.

The scope of Mr. Redstone's power at National Amusements, and his ability to influence events in his deteriorated state, have become a bigger focus of the legal battle. Delaware Chancery Court Judge Andre Bouchard said Wednesday that the question of "who is calling the shots" at the holding company would have to be addressed in the case.

Mr. Allerhand said that this year, for the first time, National Amusements refused to confirm a provision in CBS's latest quarterly report to the Securities and Exchange Commission saying that National Amusements is controlled by Mr. Redstone. Ms. Kotler said National Amusements was simply trying to avoid being trapped by CBS into broad assertions.

—Peg Brickley
contributed to this article.

CORRECTIONS & AMPLIFICATIONS

A forum that Genentech Inc. drug researchers held with the company's senior leadership eventually allowed for a new molecule to move into later-stage testing. A Management article Thursday about welcoming ideas from employees incorrectly said the forum led to creation of a new molecule.

LPL Financial Holdings Inc. isn't a member of the American Securities Associa-

tion. A Banking & Finance article Wednesday about proposed curbs on stockbroker advice incorrectly said LPL is one of the trade group's members.

Santa Monica, Calif., has issued more than 1,000 tickets to people for various infractions while riding scooters. The Keywords column about the scooter-sharing industry in the Exchange section July 21 incorrectly said the tickets were for riding on sidewalks.

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

THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660)

(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY 10036

Published daily except Sundays and general legal holidays.

Periodicals postage paid at New York, NY, and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicago, MA 60620.

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U.S. NEWS

Puerto Rico Nods To Higher Death Toll

BY ARIAN CAMPO-FLORES

The Puerto Rican government acknowledged in a document filed to Congress on Wednesday that the death toll from Hurricane Maria last year may have exceeded 1,400, though the official count stands at 64.

The administration of Gov. Ricardo Rosselló has faced criticism that it severely undercounted the number of fatalities stemming from the storm. Numerous studies by academic researchers and media organizations have concluded the death toll likely approached or surpassed 1,000 and could have been far higher.

The administration's acknowledgment, reported earlier by the New York Times, appears in a lengthy document posted online Thursday detailing its recovery and reconstruction plan to Congress, with a wish list of projects costing \$139 billion.

"Although the initial death count released by the Puerto Rico Department of Public Safety was 64, the toll appears to be higher," the document states. Based on death registries data released in June, "there were 1,427 more deaths in the four months after the hurricanes than normal (based on the previous four years)."

The document notes the deaths "may or may not be attributable" to Hurricanes Maria and Irma, which struck the island weeks earlier.

Democrats in Congress responded to the latest report on the hurricane death toll by calling for more aid for the islands, though lawmakers didn't say if they would push for Mr. Rosselló's request.

Since Oct. 1, 2017, the Federal Emergency Management Agency has designated more than \$13.7 billion for Puerto Rico.

—Natalie Andrews contributed to this article.

Fish Get Tangled Up in Tariffs

If seafood imports from China get hit with duties, U.S. fishermen could suffer

BY HEATHER HADDON AND JESSE NEWMAN

The next round of U.S. tariffs aimed at Chinese imports could wind up hurting a major trade product that initially comes from America: fish.

A 10% duty proposed by the Trump administration last month on \$200 billion worth of imports from China included dozens of varieties of fish, from tilapia to tuna. The proposed tariffs, which could increase to 25%, are set to be decided in September by trade representatives.

An estimated \$900 million in fish and seafood on that list is first caught in the U.S., sent to China for processing into items like fish sticks and fillets, and then imported by U.S. companies to sell to American consumers.

"The value added is in another country, but essentially it's an American-raised product," Joseph Glauber, former chief economist at the U.S. Department of Agriculture, said of goods like fish sourced in the U.S. but processed overseas and re-imported. He said the proposed tariffs could cut profits or boost prices throughout seafood supply chains.

The practice of sending fish to China to be breaded, seasoned, portioned or packaged has grown in the past two decades, according to U.S. fishing groups. Domestic seafood-processing plants have faced high costs and labor shortages, while cheaper facilities have sprung up in China to support its extensive domestic fish-farming industry.

That has helped make China the top source of seafood for the U.S., with the 1.3 billion pounds sent to the U.S. last year double that of second-ranked India, according to market-research firm Urner Barry.

The exposure of U.S. seafood to tariffs aimed at another country highlights how inter-



An employee works at Boston-based fish company Slade Gorton. Proposed tariffs on Chinese imports include dozens of varieties of fish.

twinced global supply chains have become. Many pink salmon, for example, are caught by commercial fishermen in southeast Alaska. The fish are transported to processing plants in the region to be headed, gutted and frozen, before being loaded into shipping containers bound for China. Once there, they are thawed, deboned, smoked, filleted or turned into salmon burgers for sale world-wide, including in the U.S.

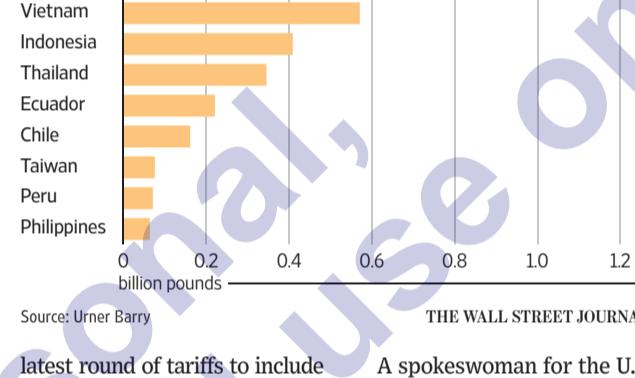
More than half of Alaskan seafood sent to China is processed and then re-exported, said Garrett Evridge, an economist with McDowell Group, an Alaskan research and consulting firm. The percentage can be as high as 95% for fish like sole, he said. The fishing industry, one of the largest private-sector employers in Alaska, provides about 60,000 jobs, he said, and Alaskan seafood makes up 60% of the nation's catch.

Some Gulf Coast seafood producers had lobbied for the

Big Haul

China is the top exporter of seafood to the U.S., with a significant portion of the shipments composed of fish caught in American waters and then processed in China to save costs.

Top seafood imports to the U.S. for 2017, by country



Source: Urner Barry

THE WALL STREET JOURNAL.

latest round of tariffs to include fish. In a letter to the Trump administration in May, the Southern Shrimp Alliance trade group said Chinese-farmed fish tend to be raised with antibiotics, and imports unfairly compete with the group's members.

With supplies of wild-caught U.S. fish unable to meet domestic demand, more than 80% of the seafood Americans eat is imported, according to the National Oceanic and Atmospheric Administration. And the U.S. seafood companies that import fish products back from China are bracing for lost business. Tariffs could translate into lower seafood sales, hitting small, family-run boats, large seafood processors and myriad suppliers.

Because fish sellers are in a low-margin business, they would need to pass on higher prices to restaurant and grocery customers, which in turn would likely raise prices for consumers, companies said.

Seafood already averages higher than other forms of protein. Fish and seafood averaged \$7.22 per package for the 12 months through June, up from \$6.77 a year earlier, according to Nielsen Total View data. Meat averaged \$3.54 a package in the year through June, Nielsen found.

State Sets Rare Hunt for Alligators

BY MAYA SWEEDLER

A handful of hunters will soon be permitted to bag an American alligator, an animal rarely hunted in North Carolina.

The state's Wildlife Resources Commission will allow alligator hunting in Hyde County beginning Sept. 1, marking the first sanctioned hunt in the state in more than 40 years. So far, demand is high, with more than 400 people applying for 20 permits, said Alicia Davis, a conservation biologist at the commission.

The monthlong controlled hunt is intended to decrease the population by up to 20 alligators and will target three regions in the county where there have been "frequent alligator conflicts," according to the county.

Assistant County Manager Kris Noble said the area's alligator problem has gotten so bad in the past five years that residents no longer swim in local ponds. Ms. Noble stopped taking her Labrador retrievers along on fishing trips to the Inner Banks.

Hyde County, in North Carolina's coastal plain, is the state's second-largest by total area but the second-least populous. With zero municipalities and fewer than 6,000 residents as of the last national census in 2010, it has fallen to the county to manage the alligator population.

"A lot of municipalities must deal with downtown traffic and parking, but we deal with resource management and animal control," Ms. Noble said. "It is pretty obvious to anyone that lives and works here that the alligator...interactions are on the rise."

The state hasn't undertaken a large-scale study of its alligator population since the 1970s, so it can't prove more gator-related complaints actually means there are more alligators, Ms. Davis said.

"We've been seeing an increase in the number of calls we get from the public. At least some of that is attri-



Stephen Dinkelacker, left, and Rob Verzone restrain an alligator to take its measurements in Hyde County, N.C. Mr. Dinkelacker, below, has been tracking alligators in the state for almost 20 years.

Where the Wild Things Are

Stephen Dinkelacker, a biology professor at Framingham State University in Massachusetts, created the Coastal NC Alligator Research project to study and track alligators in the state.

In almost two decades, Mr. Dinkelacker has found alligators in some unusual places.

THE OUTER BANKS

Kitty Hawk, a town in the Outer Banks located about 3 miles off the mainland, made headlines when residents reported an alligator in May.

The research team happened to be nearby, so they



managed to tag the 9-foot specimen and release it.

It was the first record of an alligator on the island side of the Outer Banks.

"The idea that saltwater is a barrier or impediment isn't realistic. Alligators can swim," Mr. Dinkelacker said.

said resident Chase Luker, who works at outdoor-adventure company Dare to Hyde.

Mr. Luker, who didn't apply for a permit, said the company leads hunting trips for waterfowl, turkey and the occasional black bear—but it isn't equipped to lead alligator-hunting excursions.

Hyde County, which lies to the south of Alligator River, is one of only 10 in North Carolina that can, with permission

DARE COUNTY BOMBING RANGE

The range serves as a practice facility for U.S. Navy and Air Force flight crews. The noisy airplanes didn't seem to deter the alligator, Mr. Dinkelacker said, as it showed up near a pond in the bombing range just over a week ago.

Tags indicated that the alligator was also seen in 2013 and 2014 in a wildlife refuge and traveled up to 16 miles to the bombing range, according to the research group.

STAND-ALONE POND

Any waterway can hold an alligator. But sometimes, Mr. Dinkelacker said, he finds gators in ponds that aren't connected to a canal or ditch: "You're like, how did you walk here?"

from the Wildlife Resources Commission, reduce its alligator population via hunting. Hyde County was the only county to apply to the commission this year, Ms. Davis said.

The U.S. Department of the Interior has classified the American alligator as a threatened species since 1987 to help protect the similar-looking American crocodile, which is endangered.

Attorneys representing the city, which has a population of about 92,000, argue that

Lawsuit Challenges Election System In Santa Monica

BY ALEJANDRO LAZO

Santa Monica, Calif., with a "well-being index" to gauge the happiness of its residents and a fleet of city buses powered by natural gas, often lives up to its reputation as a wealthy, liberal enclave on California's coast.

But this month, a trial in a Los Angeles courtroom has put the seaside city on the same side as a conservative legal activist who is challenging the state's voting-rights law.

The fight revolves around the city's at-large election system for its seven City Council seats. Instead of winning office by capturing the majority in any particular district, council members are elected citywide.

The city is being sued in state court by Maria Loya, who argues she lost elections for City Council and the Santa Monica College Board of Trustees, which also elects its members citywide, because of the at-large system. Ms. Loya, who is Latina and lives in the city's Pico neighborhood, which is historically Latino, ran for the council in 2004 and the college board in 2014.

"After losing two elections I did a lot of thinking about it and was convinced that the election system in Santa Monica was rigged," said Ms. Loya, whose suit asks the court to order the city to change to a district-election system.

The city's attorneys say Ms. Loya has failed to prove racially polarized voting drives elections in Santa Monica or that Latino votes are diluted by the current system. They note the city has elected Latino candidates including a former mayor, Tony Vazquez, who is one of two Hispanics who now sit on the City Council.

Attorneys representing the city, which has a population of about 92,000, argue that

switching to a district-based system would harm Latinos, because they live throughout the city—and not just one part of town. The city's population is about 65% non-Hispanic white, 16% Hispanic, 10% Asian, 5% mixed race and 4% black, according to U.S. Census data.

"It is a very diverse city and people of different racial backgrounds live throughout the city," said Theodore J. Boutrous Jr., an attorney representing the city. "It is impossible to create a district that would enhance the voting power of Latinos."

Ms. Loya's lawsuit charges that Santa Monica violated California's Voting Rights Act, a 2002 state law pushed by Latino advocates that expanded provisions of the landmark federal Voting Rights Act of 1965.

In 1986, the U.S. Supreme Court laid out conditions that must be met for minorities to prove they have been disenfranchised under the federal law. One of those conditions was that minorities must demonstrate they can draw a district where they are the majority. The California law does away with that requirement, making it easier to sue cities such as Santa Monica, but also making the California law a target of conservative critics, who argue it goes too far.

The Santa Monica trial is unfolding as a separate case backed by the Project on Fair Representation, a nonprofit conservative legal foundation in Arlington, Va., is challenging the constitutionality of the California law in federal court, arguing it makes race too much of a factor in elections.

Edward Blum, the foundation's president, said such laws "diminish competitive elections and contribute to racial and ethnic political polarization."

U.S. NEWS



Paul Manafort in Alexandria, Va., in May. In his trial, prosecutors are close to finishing and the defense will begin as early as Friday.

Manafort Jury Hears of Bank Loans

By ARUNA VISWANATHA
AND DEL QUENTIN WILBER

The government's case against Paul Manafort, the former Trump campaign chairman, neared its end Thursday with testimony from employees of several banks who helped process loan applications in which Mr. Manafort allegedly supplied false information.

Over the past two weeks, special counsel Robert Mueller's prosecutors have presented evidence that they say shows Mr. Manafort made some \$60 million from consulting work in Ukraine, and used millions of dollars of that income to pay for luxury clothing and real estate without reporting it on tax returns.

Mr. Manafort has pleaded not guilty to all the charges of bank and tax fraud. His lawyers have attacked the credibility of Mr. Manafort's ex-business partner Richard Gates, a central witness against him, and blamed him for the wrongdoing, saying it was part of his effort to embezzle money from Mr. Manafort.

Defense attorneys will have a chance to make that case more fully when the defense begins its case as early as Friday.

Prosecutors say Mr. Manafort's consulting business had lost its main clients by 2014, prompting him in 2015 and 2016 to turn to several U.S. banks for loans based on homes he owned in Manhattan and Brooklyn.

One of those institutions, Citizens Bank, approved Mr. Manafort in March 2016 for a \$3.4 million loan against an apartment in the Manhattan neighborhood of SoHo.

Melinda James, a mortgage-loan assistant at the bank, testified Thursday that Mr. Manafort had repeatedly signed loan-application documents saying the SoHo apartment was a secondary residence for Mr. Manafort rather than a rental unit, and that another Brooklyn townhome that Mr. Manafort owned didn't have a mortgage.

Prosecutors have presented evidence, including through a witness from home-sharing service Airbnb Inc. on Thursday morning, that the apartment was available through

Airbnb and was occupied by paying guests in 2015 and 2016.

They have also showed that Mr. Manafort was applying at the same time for a mortgage on the Brooklyn townhome and had obtained that mortgage before closing on the SoHo apartment loan.

On cross-examination, Mr. Manafort's attorney highlighted an email in which Mr. Manafort told Ms. James that the other loan on the Brooklyn property had been "approved."

He said it was Mr. Gates who later sent Ms. James documents inaccurately indicating the property had no mortgage.

In testimony earlier this week, Mr. Gates said he had done so at Mr. Manafort's direction.

U.S. Probes Trump Donor's Cohen Ties

By Rebecca Ballhaus,
Michael Rothfeld
and Joe Palazzolo

The Energy Department declined to comment.

Prosecutors are examining whether Mr. Cohen engaged in unregistered lobbying in connection with his consulting work after Mr. Trump went to the White House, according to people familiar with the probe. Mr. Cohen has never registered as a federal lobbyist, public records show.

Several of Mr. Cohen's corporate clients, including Novartis AG and AT&T Inc., have been contacted by federal prosecutors in New York, the Journal also reported.

On Thursday, a Democratic senator sent a letter to Energy Secretary Rick Perry requesting more information about the agency's loan-approval process, saying the Journal's report "raises disturbing questions about the integrity of the Department of Energy's loan approval process for funding nuclear power plant construction."

Sen. Ed Markey (D., Mass.), a member of the Senate Committee on Environment and Public Works, in the letter to Mr. Perry asked for documents relating to the loan application from Mr. Haney and any evaluations of that application by agency staffers, as well as any communications between Mr. Cohen and agency officials re-

garding the project.

Shortly after Mr. Haney hired Mr. Cohen in April, federal prosecutors raided Mr. Cohen's home, hotel room and office as part of a broader investigation by the Manhattan U.S. attorney's office, according to people familiar with the matter. Mr. Cohen has denied wrongdoing and hasn't been charged with any crimes.

Mr. Haney and his company, Nuclear Development LLC, have been seeking to complete a pair of unfinished nuclear reactors in Alabama known as the Bellefonte Nuclear Power Plant. A lawyer for Mr. Haney has denied that his client or the company entered into a contract with Mr. Cohen for lobbying services.

Candidates Tout Careers In Espionage

By BYRON TAU

SPOTSYLVANIA, Va.—Abigail Spanberger spent years undercover as a CIA case officer managing and recruiting spies. Now she is doing one of the most public things possible: running for Congress.

A Democrat, Ms. Spanberger is challenging Republican Rep. Dave Brat in a GOP-friendly district that stretches from the outskirts of Richmond to the suburbs of Washington. Mr. Brat was an upstart candidate himself not long ago, a Tea Party-backed insurgent who in 2014 defeated former House Majority Leader Eric Cantor in the GOP primary.

"I wasn't enthralled with, interested in or even comfortable with the idea of being in a public place with people publicly knowing who I am and knowing a lot about my background," said Ms. Spanberger, who is making her first run for public office. "It's a tremendous shift."

This year, Ms. Spanberger is one of a crop of House candidates, most of them Democrats, with deep experience in national security who have emerged as a force on the campaign trail, touting backgrounds in espionage, counterterrorism and foreign policy.

Nancy Soderberg, a former top national security official in the Clinton administration, is running in the Aug. 28 Democratic primary for a Daytona Beach, Fla.-area House seat.

In Michigan's Eighth Congressional District, former Central Intelligence Agency analyst Elissa Slotkin won the Democratic nomination this week and will face Republican Rep. Mike Bishop in November.

In Texas, former military intelligence officer Gina Ortiz Jones is running against GOP Rep. Will Hurd. Mr. Hurd, elected to Congress in 2014, is a former CIA operations officer.

"Since I was undercover and I was undercover my entire time in the agency, I never said the three initials out loud. It was so strange basically saying it all the time," Mr. Hurd recalled recently on a CBS News podcast about his first run for office and his transition from spy to congressman.

The national Democratic Party considers Ms. Spanberger, Ms. Ortiz Jones, Ms. Slotkin, Ms. Soderberg and Andy Kim, who is running for a House seat in New Jersey, top-tier candidates in competitive races. All have been in-

cluded in the Democratic Congressional Campaign Committee's "Red to Blue" program that lends resources and support to candidates with a serious chance to win.

The public-affairs data and analytics firm Quorum has identified a handful of the 535 sitting members of Congress who have served intelligence agencies or in top national security jobs. Those include Mr. Hurd and Sen. Dan Sullivan (R., Alaska), who served on the White House National Security Council staff under former President George W. Bush.

A small number of others have shared similar profiles: Former GOP Rep. Porter Goss was in the CIA in the 1960s before running for Congress in



Abigail Spanberger, formerly in the CIA, is now running for a seat in Congress.

1988. He later became CIA director. Former President George H.W. Bush served as CIA director before his time in the White House.

Former members of the military at all ranks have long sought political careers. But politics hasn't been the typical career path for veterans of the spy services or former top national security staff members.

Nicholas Dujmovic, a former CIA analyst who is now a professor of Intelligence Studies at Catholic University, said a public post-agency career, especially in politics, was once considered unthinkable for midlevel officers in the intelligence or national security apparatus. "CIA was really closed-mouthed," he said. "People would not do things that were public-oriented after retirement."

munications satellites used to transmit video, voice and data.

Even more worrisome, they say, are potential attacks by hostile powers on the Pentagon's missile-warning and secure communications systems.

Current U.S. space defenses include nuclear-hardened hardware and reflectors to ward off jamming attempts. But part of the motivation behind the Space Force, according to government and industry officials, is the emerging threats of Beijing and Moscow developing superfast and highly maneuverable missiles and warheads able to evade those safeguards.

Whether the idea of Space Command takes off or not, industry officials see billions of dollars in new weapons development and production contracts flowing from shorter-term acquisition changes that are designed to address some of the same issues.

Shortly after the announcement, Mr. Trump tweeted: "Space Force all the way!"

The Trump campaign immediately touted the prospect of the new force. In an email, Trump campaign manager Brad Parscale asked supporters to pick one of six potential logos for Space Force.

Some House GOP leaders had advocated such a force for years. In March, Mr. Trump suggested that Space Force began as an off-the-cuff idea, but it has proved to be a hit at his rallies.

—Gordon Lubold and Andy Pasztor contributed to this article.

Pence Sets Plans for Space Force

Continued from Page One
will take at least a year if not more, military officials said, as the Pentagon seeks congressional approval.

Among the proposed components of the Space Force would be an elite Space Operations unit of operators akin to the Army's Green Berets and the Navy SEALs, Mr. Pence said. Space Operations forces would begin deploying to Europe and the Asia Pacific by 2019, the report said.

In addition, a Space Command would develop "Space warfighting operations to protect U.S. national interests," according to the Pentagon report.

Defense Secretary Jim Mattis, in an October 2017 letter to the leaders of the House and Senate Armed Services Committee, said he opposed a new military service dedicated to space. He wrote that he didn't want the "additional organizational layers at a time when we are focused on reducing overhead and integrating joint warfighting functions." Other top Air Force leaders have also said they didn't support it.

Mr. Mattis has since refined his position. "We are in complete alignment with the president's concern about protect-



Vice President Pence, center, met Thursday with Deputy Defense Secretary Pat Shanahan, left, and Defense Secretary Jim Mattis.

ing our assets in space," he said this week. Mr. Shanahan said when Mr. Mattis first opposed the idea, it was at a time of budget uncertainty. Today, Mr. Shanahan implied, there is more certainty.

Beyond Congress, the establishment of the first new military branch since the Air Force was created in 1947 faces a number of obstacles. The Space Force would likely require its own headquarters, contractors, recruiters, and civilian support, amounting to thousands of new employees. It would demand its own standards for its troops, housing, basing, and potentially a new ranking system.

A yet-to-be-named assistant secretary of defense for space would report to Mr. Mattis about the development of the branch, Mr. Pence said.

Within the halls of the Pentagon, the announcement was

met with a mix of curiosity and amusement. Some said that a new branch would allow the U.S. military to focus on an often neglected part of national security. Others mocked the prospect of space-inspired uniforms and the creation of ranks like senior spaceman, a modification of the Air Force's senior airman. Above all, many saw the potential for a new layer of bureaucracy.

Several parts of the military deal with the defense of space, led by the Air Force's Air Force Space Command. It remains unclear what would happen to that unit should the Space Force be launched.

The Pentagon report called Russia and China "strategic competitors" in space. In addition to threats to GPS satellites such as jamming of their signals, U.S. space experts worry about potential attacks on fleets of commercial com-

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WORLD NEWS

Israel-Hamas Clashes Dim Truce Chances

Rocket fire from Gaza, airstrikes from Israel complicate Egyptian-led negotiations

By FELICIA SCHWARTZ

An intense exchange of fire between the Israeli military and Palestinian militants in Gaza threatens to disrupt efforts to strike a long-term peace deal between the two and renews concerns of a wider conflict.

Israel extended a wave of overnight airstrikes against targets in Gaza into the early hours of Thursday in response to militants there firing at least 180 rockets and mortars since the previous evening.

Gaza's Health Ministry said that three people were killed in the Israeli strikes, including a pregnant 23-year-old woman and her 18-month-old child, as well as a 30-year-old member of Hamas's military wing. At least seven Israelis were injured by the Palestinian rocket fire, including three in the border town of Sderot, according to Israel's military.

The flare-up comes after Israel and Gaza ruler Hamas reached a fragile calm late last month, halting the most intense bout of fighting since their 2014 war. The pause had

mostly held, allowing for talks on a longer-term truce mediated by the United Nations and Egypt to continue in Cairo.

A series of clashes that began Tuesday has dimmed the prospects of those talks.

"If the current escalation is not contained immediately, the situation can rapidly deteriorate with devastating consequences for all people," Nickolay Mladenov, the U.N.'s special coordinator for the Middle East peace process, said in a statement Thursday.

Mr. Mladenov said the U.N. would continue to press efforts with Egypt to reach a long-term calm, improve the humanitarian situation and reconcile warring Palestinian factions.

Both Israel and Hamas have indicated they want peace but say they are also ready to go to war with each other.

Israel's security cabinet met Thursday evening to discuss the flare-up and directed Israel's military "to continue taking strong action against the terrorist elements."

Yoav Galant, a senior Israeli cabinet member and minister of construction and housing, said Israel is prepared to go to war with Hamas if the rocket fire doesn't stop, but is still willing to continue to negotiate an Egyptian-backed cease-fire.

"We are ready to cooperate



A fireball exploded during Israeli airstrikes on Hamas targets in Gaza City late Wednesday.

with the Egyptians with any issue that is on the table, including what is necessary to achieve a cease-fire, but only after the firing will be stopped. We are ready for peace," said Mr. Galant.

Hamas officials have said the group is also open to discussing international and Egyptian proposals for reconciliation and improving humanitarian conditions. But a Hamas spokesman said the group is prepared for

war if necessary.

The Israeli military and militants in Gaza have repeatedly exchanged fire in recent months, raising concerns of another war. These clashes come as Gazans since March have held weekly demonstrations at the border fence with Israel calling for the right to return to their ancestors' villages and towns in what is now Israel.

Those protests have often turned deadly. Some Palestini-

ans have clashed with Israel's military, with some throwing Molotov cocktails and flying flaming kites to cause fires as they came down in Israeli territory. More than 140 people have been killed at the fence by Israeli live fire, which Israel maintains is necessary to protect its border. Palestinian officials say the protesters were unarmed.

The humanitarian situation in Gaza has also deteriorated, with residents getting only sev-

MAHMOUD HAMS/AGENCE FRANCE PRESSE/GETTY IMAGES

eral hours of electricity a day and facing severe water shortages.

Israel's military on Thursday said militants from Gaza fired rockets and mortars into Israel through the night and into the day, triggering sirens in towns near the Gaza border. Most of the rockets landed in open areas but Israel's Iron Dome system intercepted 30 launches, the military added.

In response, Israel said it targeted more than 150 Hamas military sites, including a weapons-manufacturing and storage facility, a complex used for Hamas's navy, a military compound used for rocket-launching experiments, and five training camps.

Lt. Col. Jonathan Conricus, an Israeli military spokesman, said the flare-up affects Israel's ability to reach a truce with Hamas.

"When we have rockets fired at our civilians and when we have civilian casualties and the disruption of civilian life in Sderot, in Ashkelon and the areas that surround the Gaza Strip...it will make it very difficult for Hamas to make any gains, any positive gains while they fire at Israeli civilians," he said.

—Abu Bakr Bashir and Dov Lieber contributed to this article.

WORLD WATCH

INDONESIA

Powerful Aftershock Jolts Stricken Lombok

A powerful aftershock sent thousands of residents of the Indonesian island of Lombok running into the streets, and toppled buildings already weakened by Sunday's even stronger quake.

The 6.2-magnitude quake on Thursday hit the northwest coast, where Sunday's 7.0-magnitude tremor had damaged tens of thousands of homes and displaced as many as 270,000 people. Since Sunday, more than 350 aftershocks have kept survivors in a state of anxiety.

Sutopo Purwo Nugroho, spokesman for the national disaster-mitigation agency, put the official death toll Thursday at 259, but other authorities gave figures as high as 381.

Ida Bagus Buwana, a police officer, said he fled his office on the second floor of a station in the provincial capital of Mataram when the aftershock hit.

"The glass panels at the front of the building shattered completely," he said. "People were running everywhere, screaming."

He was told by an officer farther north in the hard-hit town of Tanjung that a bridge there had collapsed in the quake, he added.

The area is home to popular beaches and resorts and next to the low-lying Gili islets, which officials evacuated earlier this week, moving almost 9,000 people, many of them foreign tourists.

—Ben Otto and I Made Sentana contributed to this article.

IRAQ

Recount of Votes Yields Little Change

Iraq's top election body said a manual recount of votes from the May parliamentary election showed almost no difference with the initial tally, clearing the way for political parties to form a government.

Six of 329 legislators lost their seats in the recount, the electoral commission said.

The ballots were recounted after allegations of fraud in an election in which populist anti-U.S. cleric Moqtada al-Sadr was elected in a surprise victory. Those allegations paralyzed Iraq's politics and increased popular anger, and the recount result is unlikely to restore confidence in the democratic process.

At least 55% of Iraqis had boycotted the May vote, reflecting disillusionment with a political class that has reaped billions of dollars from oil revenues but failed to deliver even basic services to large parts of the population since the U.S. toppled Saddam Hussein in 2003.

The results must now be ratified by the court, after which a session of parliament should be held within 15 days. It could be several months before a government is formed.

—Isabel Coles and Ghassan Adnan contributed to this article.

Airstrikes in Northern Yemen Kill Dozens

BY ASA FITCH
AND MOHAMMED AL-KIBSI

Airstrikes on a market in northern Yemen on Thursday killed dozens of people, including at least 29 children in a school bus, drawing international condemnation and putting a spotlight on a U.S.-backed Saudi military coalition accused of carrying out the attack.

The International Committee of the Red Cross said medics in the Yemeni city of Saada, where the attack took place, had received the bodies of the children, all of them under 15 years of age. It also received 48 wounded, including 30 children.

The health ministry controlled by Yemen's Houthi rebels put the death toll higher Thursday evening, at 50 killed and 77 wounded. The Iran-aligned rebels blamed the Saudi coalition for the attack.

A spokesman for the coalition said the group had carried out airstrikes in Saada province on Thursday in a "legitimate military action," targeting militants responsible for a missile attack the day before on southern Saudi Arabia, according to the official Saudi Press Agency.

The spokesman didn't draw an explicit link between the coalition strikes and the school bus death toll, but he accused the Houthis of recruiting child soldiers, putting them on battlefields and using them to cover up terrorist acts.

The Saudi-led military coalition is fighting to remove the Houthis from power in the capital, San'a, and often carries out airstrikes against the rebel



Wednesday's airstrikes on a market in Saada, Yemen, wounded at least 30 children including the boy above, and left dozens dead.

group. The strikes' civilian toll, however, has brought growing rebukes from aid groups and politicians abroad.

The United Nations estimates that Saudi coalition strikes have killed more than 4,000 civilians since the war began more than three years ago. In the U.S., the toll has led to congressional opposition to American support for the coalition, which includes aerial refueling and targeting assistance.

"The U.S. must stop supporting these barbaric attacks," Rep. Ro Khanna (D., Calif.) said Thursday. "Now more than

ever we must end our complicity in this slaughter."

State Department spokeswoman Heather Nauert said the U.S. was concerned about the reports and called on the Saudi-led coalition to carry out a thorough and fair investigation, but called Saudi Arabia "an important strategic partner."

The Houthis' political office condemned the killing of children, while their defense ministry vowed an unspecified response.

"The massacres against children in Yemen by the collation

forces proved that children's rights are a big lie," said Mohammed Abdulsalam, a Houthi spokesman.

The Houthis launched a "Badr 1" missile at an industrial complex near Jizan, Saudi Arabia, on Wednesday evening, according to the rebels' official news agency. Saudi forces intercepted it, but shrapnel from the interception killed one person and injured 11 more, the coalition spokesman said Wednesday.

Jan Egeland, the head of the Norwegian Refugee Council, which provided aid to about

762,000 people in Yemen last year, decried Thursday's attack as "grotesque, shameful" in a tweet.

"Blatant disregard for rules of war when [a] bus carrying innocent school children is fair game for attack," he wrote.

The attack comes as diplomatic efforts to resolve Yemen's protracted war heat up. Martin Griffiths, the U.N. envoy to Yemen, said a week ago he would invite the sides to talks in Geneva on Sept. 6, the first round of talks in two years.

—Dion Nissenbaum contributed to this article.

Saudi Order Uproots Students' Lives in Canada

Saudi Arabia's diplomatic row with Canada has upended the lives of thousands of Saudi students at Canadian universities, forcing them to leave the country less than a month before the fall semester starts.

By Kim Mackrael and Paul Vieira in Ottawa and Donna Abdulaziz in Beirut

When the kingdom expelled Canada's ambassador this week, it also ordered the roughly 7,000 Saudi students and their accompanying family members to leave Canada within a month.

Many of them are in shock, some having lived here for years, amassing student debt and building up credits that might not be recognized elsewhere. They now fear their studies or careers will inevitably be affected—an anxiety that speaks to the human

costs of the kingdom's rapidly escalating feud with Canada.

"We don't have a home back home," lamented a Saudi student in the Vancouver area who has been living in Canada for more than five years. "I have a two-bedroom apartment here, fully furnished," he said. "I was planning to stay for a long time."

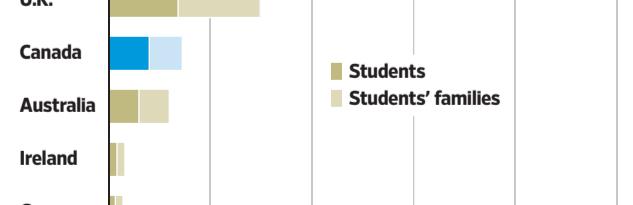
The Saudi student said he is just one credit away from graduating from a four-year program and hopes he can remain in Canada long enough to complete it before eventually returning home.

That may not be possible: The Saudi government said all students must leave Canada within a month.

The diplomatic crisis started Aug. 6, when Saudi Arabia's government downgraded ties after Canada's foreign ministry in a tweet called on the kingdom to immediately release human-rights activists detained in recent months. The Saudi government dismissed the criticism

Study Abroad

Top destinations for Saudi students on government scholarships, 2017



Source: Saudi Arabia's Education Ministry

as unacceptable interference in its internal affairs.

The Saudi government funds a generous scholarship program that covers fees and living expenses for young Saudi men and women to study abroad, mostly in Western universities. The government often also covers the living costs for accompanying family members or depen-

dents.

The Saudi Ministry of Education this week announced it would stop funding scholarships and training programs in Canada. Saudi's ambassador to Canada on Thursday clarified that students without scholarships were free to stay.

The ministry said it would help students transfer elsewhere, either to Saudi Arabia

or abroad. "I want to assure our students in Canada that your government is attentive to your academic future," Saudi Arabia's minister of education, Ahmed al-Eissa, said earlier this week.

Many Saudis worry they will have to redo all of the training and exams in another country to obtain a residency or fellowship. One Saudi medical student at a Canadian university, who wasn't covered by the scholarship program, said he and most of his peers remain in a state of disbelief.

"[There is] nothing but a dark future and a debt I still haven't paid," the student said. "It is a terrible feeling."

Canada has been a popular destination for Saudi medical students, with many of the kingdom's top doctors having graduated from Canadian universities. At Montreal's McGill University, over 10% of its roughly 1,200 post-MD students are from Saudi Arabia, a school spokeswoman said.

The results must now be ratified by the court, after which a session of parliament should be held within 15 days. It could be several months before a government is formed.

—Isabel Coles and Ghassan Adnan contributed to this article.

WORLD NEWS

Japan's Growth Looks Solid

BY MEGUMI FUJIKAWA

TOKYO—Japan returned to solid growth in the April-June quarter, and economists said growth was likely to continue on the back of higher wages and consumer spending unless trade conflicts with the U.S. worsen.

The world's third-largest economy expanded at an annualized pace of 1.9% in the second quarter after a 0.9% contraction in the first quarter, which ended the longest stretch of growth in 28 years.

The new figures confirm that the contraction "was nothing more than a temporary soft patch rather than the sign of a turning point in the business cycle," said Barclays analyst Tetsufumi Yamakawa.

Prime Minister Shinzo Abe has cited the rise in gross domestic product since he took office in December 2012 as one of his top accomplishments. He is expected to win re-election next month as leader of the ruling Liberal Democratic Party, allowing him to remain prime minister.

Analysts said domestic demand was likely to keep the economy on track if there isn't bad news from overseas.

Private consumption, which accounts for nearly 60% of GDP, increased 0.7% in the second quarter as temporary pressures that weighed on



Girls in summer kimonos in a shopping district in Tokyo last month.

spending earlier this year, including higher fresh-food prices and heavy snow, faded.

"A firm uptrend in wages—as summer bonuses increase significantly on the back of solid corporate earnings—is expected to support consumer spending," said Société Générale economist Takuji Aida.

Nominal compensation of employees hit a record in the second quarter, rising 4.3% from a year earlier, and capital spending rose 1.3%.

However, Friday's data

showed increasing labor costs haven't created any price pressures so far. The GDP deflator, a measure of inflation, slowed to 0.1% from 0.5% in the previous three months. That suggests the Bank of Japan remains far from its 2% inflation target.

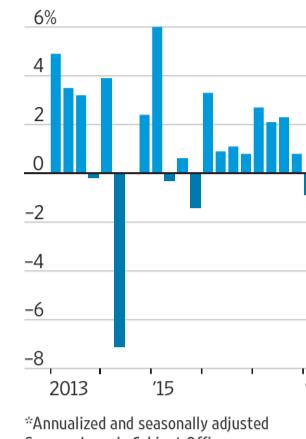
Mizuho Securities economist Toru Suehiro said consumers seem hesitant to spend a lot despite higher wages owing to fears about the future.

Exports rose 0.2% in the April-June period. That is slower than the growth of

Back on Track

Japan's economy returned to growth after a mild contraction.

Quarterly change in GDP*



*Annualized and seasonally adjusted

Source: Japan's Cabinet Office

THE WALL STREET JOURNAL.

around 2% in the last half of 2017, and economists said sluggish exports might keep a lid on growth.

A greater threat comes from the Trump administration, which is studying tariffs of up to 25% on autos and auto parts.

Yoshimasa Maruyama, an economist at SMBC Nikko Securities, said a recent trade truce reached by President Trump with the European Union suggests the U.S. may refrain from tariffs, but "it remains the biggest risk factor" for Japan.

China Takes U.S. Oil Off Tariff List

BY CHUIN-WEI YAP

70% of its energy needs, and the International Energy Agency forecasts that will climb to 80% by 2040.

"China would be shooting itself in the foot if they tax [crude oil] imports," said Shane Oliver, an analyst at AMP Capital Markets.

Though the volume China buys from the U.S. has risen some 200-fold in the past two years, American crude still accounts for only 3% of Chinese imports. China's biggest suppliers are Russia and Saudi Arabia.

Playing against China's interests: The light sweet crude that has become a mainstay U.S. product has sold at a discount to medium sour grades—which China's traditional suppliers tend to produce—for most of the past two years.

In recent years refiners in Asia, including China, have begun to retool their plants to handle the strain of petroleum the U.S. produces; if China drives U.S. crude from its markets, other Asian buyers could easily step in.

"The U.S.'s light crudes aren't going to go away," said Erik Norland, senior economist at CME Group. "If it's not exported to China, it will be exported somewhere else."

Surge—and Salsa—are Mere Memories at Afghan Base

Sparser American presence reflects the ebbs and flows of 17-year war; promoting pomegranates for peace

BY DION NISSENBAUM

KANDAHAR AIR FIELD, Afghanistan—Salsa Night on the Kandahar Air Field Boardwalk is dead. The TGI Friday's on southern Afghanistan's biggest military base is long gone, too. They have been replaced by a lonely coffee shop that sells doughnuts and samosas and a Kebab House selling pizza and Philly cheesesteaks.

But American soldiers are still here, running laps past the small Sept. 11 memorial, playing soccer in the 90-degree summer-evening heat, and checking out the hip-hop dance night at the USO Ice House.

The Boardwalk has always served as a metaphor for the state of the 17-year war in Afghanistan, and in important ways still does.

At the height of President Obama's military surge in 2011, it was a surreal oasis for 30,000 people working to beat back Taliban advances.

Now, it is pretty quiet.

About 3,500 American forces work on the sprawling desert base, where they fly Reaper drones and Warthog warplanes, train Afghan helicopter pilots, and keep trying to execute an exit strategy that sticks.

In Kandahar and around the country, the U.S. is still battling corruption, still trying to build a reliable Afghan military, still trying to prevent ethnic divisions from triggering another civil war, still worrying about Afghan soldiers turning their guns on their American partners, still badgering Pakistan to



The Kandahar Air Field Boardwalk has served as a metaphor for the state of the 17-year war in Afghanistan, and the U.S.'s role in it.

About 3,500 Americans work at Kandahar Air Field, down from 30,000.

2012, a Taliban suicide bomber destroyed one of Kandahar's fledgling pomegranate-juice factories.

In July, Jamie Knapp, a retired Marine Corps colonel

who has spent the past six years working as a specially trained "Afghan Hand"—military men and women specifically trained on the language, culture and politics of the region—hailed a new brand of Kandahar-produced pomegranate juice as a sign that things have changed.

"I can tell you what the solution is—it's not a mystery," Mr. Knapp said after handing out small bottles of juice to visitors. "It's a four-letter-word: J-O-B-S. Offer

these people a form of income and they will reject whatever message the Taliban can offer."

Mr. Knapp knows Afghanistan better than most. Since 2012, he has helped teach Afghan soldiers English, worked in the presidential palace as an adviser to President Ashraf Ghani, and now advises Afghan officials in Kandahar.

"I think many people may be growing tired, thinking, 'When will this thing in Af-

ghanistan end?'" he said. "We are so close with what we are doing. If we can walk with them into the future, then I think we will have a friend in every Afghan that we ever thought we could, and we will have something to look back to the American people and say: 'I know it was hard, and a lot of blood and treasure was invested, but we did it.'

The most important person who needs convincing is the one in the Oval Office. President Trump reluctantly embraced his national security team's advice on Afghanistan. He sent about 6,000 more U.S. forces to Afghanistan with an open-ended pledge to train Afghan security forces until they can protect their country and force the Taliban into peace talks.

But Mr. Trump has little appetite for spending billions of dollars in Afghanistan, and America's military leaders know they could wake up one day to a presidential tweet that upends their plans.

While American airmen take another shot at trying to create an air force for Afghanistan, U.S. pilots based in Kandahar are doing the job.

"We joke that we're trying to put the wings on in the air as we're flying down the runway, and there's probably some truth to that," said Lt. Col. Marcus Jackson, an Air Force officer working to build and train Afghan pilots to fly a small fleet of Black Hawk helicopters.

Heather Conley, a former deputy assistant secretary of state in the Bureau for European and Eurasian Affairs in Republican George W. Bush's administration, characterized the latest move as emblematic of a "broader incoherence" in the U.S. approach to Russia.

Ms. Conley, who serves as senior vice president for Europe, Eurasia, and the Arctic at the Center for Strategic and International Studies, noted the two countries "don't have that much bilateral trade, and what we do have is protected trade." In light of those limitations, she said, the objective of the sanctions is uncertain.

"The interagency process is always tortured, on a good day," she said. "But it's starting to break down to a point where I'm actually very concerned we don't have a coherent process anymore. And if we're confusing ourselves, the signals that we're sending to the Kremlin are very confused, may be misinterpreted, and can also lead to an escalation that we didn't anticipate, either."

Sanctions Hit Ruble And Stocks

Continued from Page One maintains significant discretionary power over the degree of that punishment.

A spokesman for President Vladimir Putin of Russia struck a cautious tone and said Moscow remained committed to building "constructive relations with the U.S." and wouldn't draft countermeasures before learning the full details.

Others in the country expressed alarm and dismay over the U.S. move, which threatened to diminish hopes of improved bilateral ties.

Lawmakers from Russia's ruling party accused U.S. politicians of treating the country like a punching bag in their partisan infighting and in midterm campaigning. On state television, analysts and com-

mentators lamented Mr. Trump's inability to push through a hostile Congress a reset in relations with Russia following a summit with Mr. Putin in Helsinki in July.

The head of the foreign-relations committee of Russia's Senate, Konstantin Kosachev, compared the new sanctions to a "lynching."

"The U.S. is once again behaving like a police state, beating out evidence from suspects by threats and torture," he told Interfax.

The Kremlin, meanwhile, repeated its previous denial of any involvement in the attack on Sergei Skripal and his daughter Yulia in southern England this year, while playing down the importance of the sanctions.

As a volatile day unfolded in Moscow, response from Washington was muted. Mr. Trump made no public comments on the matter, and communications aides referred all questions to the State Department, which said the U.S. still sought improved ties with Moscow.

Department spokeswoman

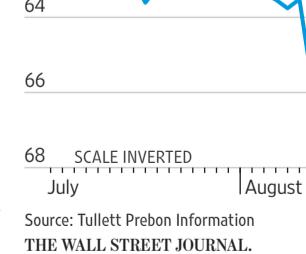
Heather Nauert said the administration had "complied with the law" and would continue to do so, but added: "We'd like to have a better relationship with the Russian government, recognizing that we have a lot of areas of mutual concern."

The measures announced Wednesday constitute the first tranche of sanctions dictated by U.S. law. A second tranche of sanctions would take effect within three months unless the president certifies to Congress that Russia has met three conditions: ceasing the use of chemical and biological weapons; credibly assuring the U.S. that it won't use such weapons in the future; and submitting to inspections by international observers to ensure compliance.

Should Russia fail to meet these criteria, the president has discretion over the severity of the next measures, requiring Mr. Trump to impose at least three of six types of additional sanctions. These include opposing any loans or other assistance to Russia by

Spooked

The ruble fell this week after the U.S. announced sanctions against Russia. Rubles per dollar:



Source: Tullett Prebon Information

THE WALL STREET JOURNAL.

international-development banks; barring U.S. banks from issuing loans or extending credit to the Russian government; prohibiting exports of goods and technology to Russia; restricting imports of Russian goods; downgrading or suspending diplomatic relations with Russia; and suspending the authorization of Russian-owned or controlled air carriers to fly into and out of the U.S.

A spate of Western sanctions against Russia since Mr. Putin's decision to annex Crimea in 2014 have wiped out half of the ruble's value, reduced investment in the energy sector and crippled aluminum giant United Co. Rusal PLC.

The State Department declined on Thursday to provide further details on how the administration planned to tailor the potential second round of sanctions.

The sanctions drew praise from House Foreign Affairs Committee Chairman Ed Royce (R., Calif.), who has urged the administration to respond to the poisoning.

"The administration is rightly acting to uphold international bans on the use of chemical weapons," Mr. Royce said on Wednesday. "The mandatory sanctions that follow this determination are key to increasing pressure on Russia."

But some still questioned the administration's overall policy toward Russia after months of sometimes conflicting statements and actions.

IN DEPTH

Officials Spice Up Road Signs

Continued from Page One

Transportation featured "Hit the road, Jack... Don't text back no more" on digital billboards this summer. Maine went with "Spend money on lobsters, not speeding tickets."

Drivers find it "out of the ordinary for a department of transportation to have a personality," says Lisa Miller, the Utah DOT traveler information manager. That agency "caused quite a stir," she says, with one of its highway messages, "Get your head out of your apps."

Utah now steers toward tamer, locally relevant messages like one this month: "Gambling is illegal in Utah. Buckle up."

In Boston, Dan Berlin was enduring his daily commute to his job as a vice president of a customer-experience research firm in July when he stumbled across an obscure drive-time comedian: the Massachusetts Department of Transportation.

The agency had posted electronic highway messages about construction, telling drivers to expect "Wicked tough travels" and warning, "It's coming. It's bad." A previous DOT sign said, "Use yah blinkah."

"The person writing the MassDOT electronic signs...deserves a raise," Mr. Berlin, 41, wrote in a Twitter post in July. "The messages are short, eye-catching but not distracting, and pretty funny." An agency spokesman said the signs are "collaborative efforts."

The Iowa Department of Transportation helped pioneer highway hilarity five years ago.

At the time, transportation agencies typically used digital



Signs offering advice in Utah.

Mr. Sorenson says, "Let's do Message Mondays."

Early messages were on the gentle side—"Santa's coming. Have you been a good driver?"

Then Mr. Sorenson and his colleague Tracey Bramble, an information specialist, got cheeky with messages like "Have some class. Stay off my bumper" and "Did you run out of blinker fluid?"

Their ideas are pitched to and approved by a subcommittee of engineers and others who make sure the slogan isn't too aggressive—"Deck the halls, not the guy who cut you off" got a lot of debate before approval—or so subtle that no one gets it.

Iowa state traffic engineer Tim Crouch says he's often the committee member who isn't laughing. "I don't always get the ones tied to a Taylor Swift song or other pop culture," he says. "I get lost on those."

Iowa, which doesn't repeat

messages, gives away its slogans to other states. Artist credit gets murky. One well-circulated message is the "Get your head out of your apps" one. "Everybody thinks they came up with it," Mr. Sorenson says. "It was from a 14-year-old in Cedar Rapids. He told his dad contacted me."

It helps that transportation officials tasked with writing the electronic billboard messages have recently started a dedicated "share site" on Facebook to trade ideas, says Sam Cole, the traffic safety communications manager for the Colorado Department of Transportation.

"I'm not really a funny person," Mr. Cole says. He recently borrowed "Who ya gonna call? Nobody—You're driving" from other states.

Highway officials say it's unclear exactly how the memorable missives, part of larger safety efforts, affect distracted driving, speeding and other

problems. In a survey sponsored by the Federal Highway Administration, respondents said roadside safety messages—the study looked at more straightforward messages in four urban areas—would be more likely to change their behavior than messages from other media.

In Virginia, Mr. Taylor, the traffic-operations specialist, says he has received so many good ideas that he now has an online "sign library."

One came from Remington Stein, who is 30, lives outside Fredericksburg, Va., and says he can spend three hours daily commuting. In July, Mr. Stein visited the Virginia Department of Transportation's Facebook page and wrote: "Here's a quote for VDOT to post on 95. You're not a tree, don't stay rooted to the left lane."

"I thought, you know, just maybe they'll use it and put it up there," he says.

Democrats Embrace Gun Limits

Continued from Page One

seats. Of them, 62 support expanded background checks for gun purchases. Only Richard Ojeda, who is running for a West Virginia seat Donald Trump carried by 50 percentage points, opposes them. None of the 63 has NRA support.

The shift has been propelled by new money and organization, as well as an energy among Democratic activists and voters that has pushed candidates into altering their positions, lest they appear out of step with the party's base. "There's a counter-energy now because for a long time, it was pretty one-sided," says Democratic Rep. Tim Ryan of Ohio, whom the NRA once rated at "A" and downgraded to a "D" in 2016; it hasn't graded him yet for 2018. A string of gun massacres, he says, means if you're "not doing anything, you hold that position to your own peril, political peril."

The realignment is part of Democrats' broader shift to the left on a range of issues, accelerated by insurgent energy activated following Mr. Trump's election. Many leading Democrats are campaigning on platforms calling for a single-payer health-care system and reining in the Immigration and Customs Enforcement agency.

That may play well in Democratic strongholds. And the party's transformation on guns could also appeal in the kinds of suburban districts it needs to win to gain control of the House this fall, based on polls and recent elections.

It's less likely to win enough votes to carry rural, Republican-dominated swaths of the country that have a stronger gun culture. The few remaining pro-NRA Democrats warn that the party's full embrace of the gun-control legislative wish list could backfire in their districts.

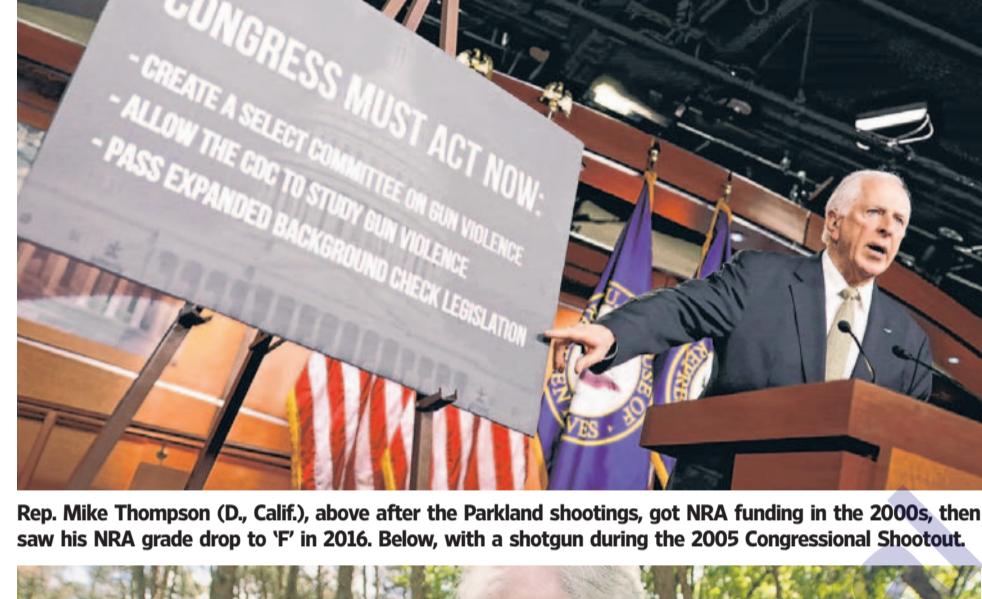
"As a party, we cannot alienate voters by falling to the extremes," says Texas Rep. Henry Cuellar, one of three Democrats to receive NRA contributions this year, "especially as we look ahead towards the upcoming November elections."

Mr. Cuellar says an anti-NRA stance won't help Democratic lawmakers in districts like his, which covers a stretch of Texas from San Antonio to the rural areas along the Mexican border.

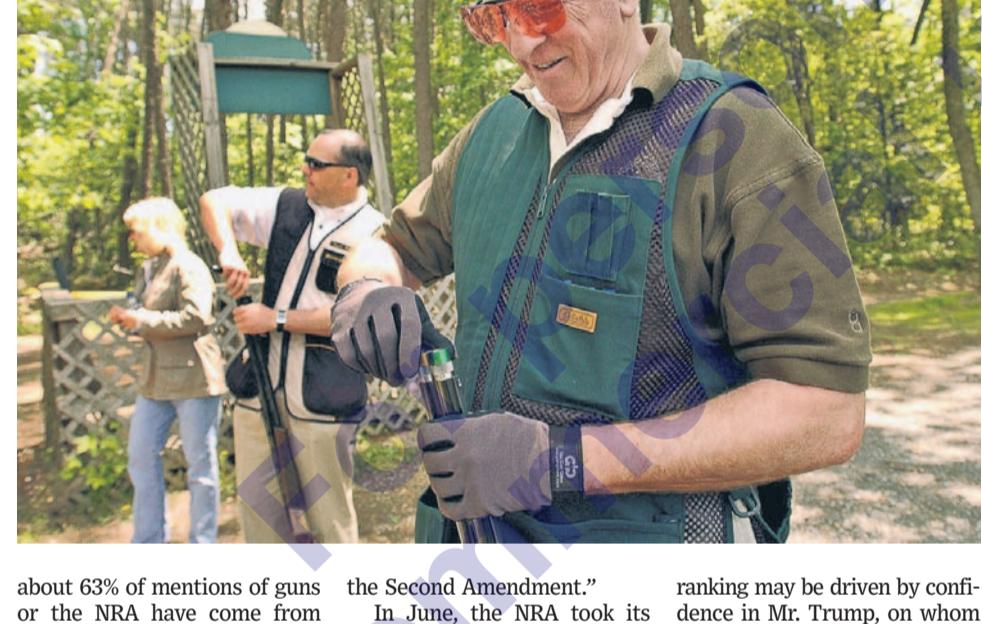
In Tuesday's high-profile House special election in Ohio, Republicans didn't make an issue of Democrat Danny O'Connor's support for universal background checks. Congressional Leadership Fund, the House GOP's super PAC, spent \$3 million attacking Mr. O'Connor but not one of its TV ads invoked his position on gun control. In Washington state, Democrat Kim Schrier appears to have advanced to the general election following a campaign that took aim at the NRA. Mr. O'Connor trails in the vote count. The Associated Press hasn't declared a winner in either contest.

For a generation after the 1994 assault-weapons ban cost scores of Democrats their jobs, party members avoided pushing gun restrictions. This year, voters favoring gun control have become more vocal over congressional inaction following recent high-profile mass shootings in Las Vegas, Parkland, Fla., and Sutherland Springs, Texas.

Democratic candidates are eager to talk about gun control now. In TV ads U.S. House candidates have aired this year,



Rep. Mike Thompson (D, Calif.), above after the Parkland shootings, got NRA funding in the 2000s, then saw his NRA grade drop to 'F' in 2016. Below, with a shotgun during the 2005 Congressional Shootout.



about 63% of mentions of guns or the NRA have come from Democrats, according to ad-tracking firm Kantar Media/C MAG. In 2014, during the last midterm campaign, Democratic candidates accounted for 38% of such references. Many Democratic House candidates who used to brag about their NRA bona fides no longer do, even as Republicans continue to oppose new regulations. The NRA hasn't backed a Democratic Senate candidate since 2012.

The gun-control lobby today has enough money to counter the NRA's war chest, thanks in big part to former New York Mayor Michael Bloomberg. The result is an American political landscape even more polarized than before. Candidates are with the NRA or with gun-control advocates, and the major parties' bases don't allow for much middle ground.

Moms Demand Action, launched following the 2012 killing of 20 first-grade students and six officials at Sandy Hook Elementary School in Newtown, Conn., is now largely funded by Mr. Bloomberg. The gun-control advocacy group has awarded its Gun Sense Candidate distinction to 571 Democrats who have run for Congress this year, and to 19 Republicans.

Six House Democrats voted last year to allow reciprocity for state concealed-carry licenses, an NRA-backed proposal that would allow someone with such a license from one state to carry a weapon nationwide. In 2011, 43 House Democrats backed similar legislation. The Senate hasn't acted on either.

NRA spokeswoman Jennifer Baker says the group's supporters are energized by what she called "attacks on law-abiding citizens' constitutional rights," whereas when it comes to gun-control voters, "no one knows if those people are going to vote—they're not proven voters."

"It's not that we're not supporting Democrats," she adds. "Democrats aren't supporting

the Second Amendment."

In June, the NRA took its candidate-grade archive off the internet after past "A" scores showed up in political attacks against those holding the ratings. Everytown for Gun Safety, the Bloomberg-backed umbrella organization that includes Moms Demand Action, responded by posting its own archive of NRA grades. The NRA's Ms. Baker says its grades change each election cycle and aren't relevant following the cycle.

'F' lapel pins

Some Democratic candidates and Congress members now wear "F" lapel pins to advertise their NRA grades.

The Wall Street Journal/NBC News June poll found Democratic voters rated gun control the second-most-important political issue after health care. Among Republicans, guns rated fifth, trailing the economy, taxes, immigration and support for Mr. Trump. The lower GOP

ranking may be driven by confidence in Mr. Trump, on whom the NRA spent \$30 million to help elect and who is the gun-rights movement's closest White House ally ever.

"2018 could be the first year in which intensity on our side of the issue exceeds intensity on the other side," says Democratic Sen. Chris Murphy of Connecticut, the leading gun-control advocate in Congress.

Democratic candidates are following a path forged by Pennsylvania Rep. Conor Lamb, who won a March special election—in a district Mr. Trump carried by 20 percentage points—after highlighting in a TV ad his support for background checks for gun buyers.

In July, Democrats in the Atlanta suburbs nominated for Congress Lucy McBath, a gun-control activist who works for the Everytown group. Everytown spent \$1.2 million in the primary backing Ms. McBath, a former Delta Air Lines flight attendant who became an activist

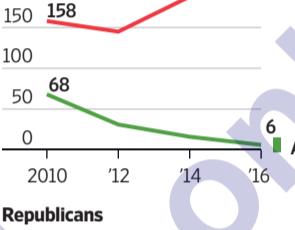


Students in Parkland, Fla., where a gunman killed 17 in February.

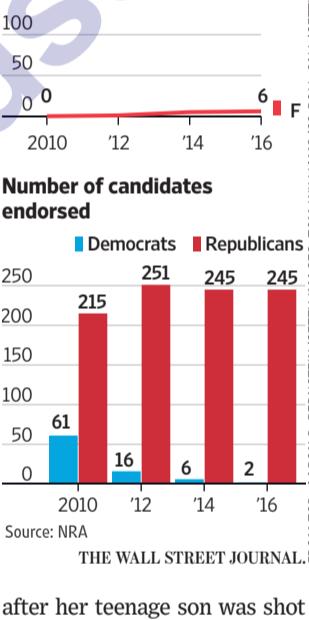
Downgraded

The NRA has sharply lowered its ratings for Democratic House candidates in the general elections.

Number of grades for candidates



Number of candidates endorsed



Source: NRA

In the hours following the Parkland shooting in February, Mr. Bloomberg's group activated its Everytown Survivor Network, which connects 1,500 gun-violence survivors to comfort victims and assist them through the media crush. The network helped turn high-school students into activists with nationwide profiles.

fords was shot. Still, she didn't advertise her new position during 2012 campaigning, when her website noted her "A" NRA rating. "Somebody must have left that up there by accident," she says. In 2014, the NRA gave her a "B."

Ms. Kirkpatrick says her new stance is informed by the intensity of Democratic voters pushing the issue. "I heard a lot more from them than I did from anybody supporting the NRA."

Mr. Ryan of Ohio established a pro-gun-rights record in the state senate and his first six terms in Congress. The NRA, with which the Democrat voted at least 80% of the time, donated to his campaigns every two years and gave him an "A" in 2010 and "A" in 2012.

By 2016, Mr. Ryan and Ms. Kirkpatrick were appearing at a House-floor sit-in for gun-control measures following the shooting that killed 49 at the Pulse nightclub in Orlando, Fla. Both received "D" grades from the NRA that year.

After last October's Las Vegas shooting, Mr. Ryan donated more than \$20,000—equivalent to his past contributions from the NRA—to Mr. Bloomberg's gun-control groups.

Mr. Ryan, who is running for re-election and is weighing both a challenge to House Democratic Leader Nancy Pelosi of California and a 2020 presidential run, says until recently there was little political benefit in backing gun-control proposals. This year, he says, he has seen Moms Demand Action and Giffords volunteers campaigning for candidates across Ohio.

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Parkland's impact

Parkland students Emma González and David Hogg now have more Twitter followers each than the NRA. The two, with funding from Mr. Bloomberg and celebrities including George Clooney, sparked student-led demonstrations calling for gun control. That momentum has led 20 states to enact measures such as expanding background checks and limiting high-capacity magazines, according to Third Way, a centrist Democratic think tank.

In Florida, GOP Gov. Rick Scott, who had an NRA "A+" in 2014, signed legislation increasing the minimum age to buy a handgun to 21 from 18 and imposed a three-day waiting period for a buyer to acquire a gun, among other measures. Mr. Scott told families of the Parkland victims that the new state law "will forever honor the incredible impact their loved ones have had on our state." The NRA hasn't issued Mr. Scott a 2018 grade yet.

If Democrats regain the House majority in November, they are certain to launch the first substantive gun-control debate since the 1994 assault-weapons ban. That law, which lapsed in 2004, helped spark the Republican House takeover.

California Rep. Mike Thompson, who received NRA contributions in three campaigns in the 2000s, is now chairman of the House Democrats' gun-violence-prevention task force. His NRA grade fell from "B+" in 2010 to "F" in 2016.

"When we take the majority in November," he says, "you will see a background-checks bill right away."

She says her position on gun control changed after Ms. Gif-

fers was shot. Still, she didn't advertise her new position during 2012 campaigning, when her website noted her "A" NRA rating. "Somebody must have left that up there by accident," she says. In 2014, the NRA gave her a "B."

Early messages were on the gentle side—"Santa's coming. Have you been a good driver?" Then Mr. Sorenson and his colleague Tracey Bramble, an information specialist, got cheeky with messages like "Have some class. Stay off my bumper" and "Did you run out of blinker fluid?"

Their ideas are pitched to and approved by a subcommittee of engineers and others who make sure the slogan isn't too aggressive—"Deck the halls, not the guy who cut you off" got a lot of debate before approval—or so subtle that no one gets it.

Iowa state traffic engineer Tim Crouch says he's often the committee member who isn't laughing. "I don't always get the ones tied to a Taylor Swift song or other pop culture," he says. "I get lost on those."

Iowa, which doesn't repeat

GREATER NEW YORK

Former MTA Official Accused of Larceny

Prosecutors say chief procurement officer resold iPhones bought with taxpayer money

BY CORINNE RAMEY

A former Metropolitan Transportation Authority official was indicted Thursday on accusations he bought nearly \$60,000 worth of iPhones with taxpayer funds then resold them and kept the money.

The Manhattan district attorney's office charged Angel Barbosa, the MTA's former chief procurement officer, with grand larceny. He was separately accused of filing fake documents from a previous job to get a higher salary at the MTA.

"Angel Barbosa first cheated New Yorkers out of tens of thousands of dollars in the form of his falsely inflated salary, and then stole nearly \$60,000 from taxpayers in a smartphone procurement-and-resale scheme," Manhattan District Attorney Cyrus Vance Jr. said in a statement.

On Thursday, Mr. Barbosa pleaded not guilty. Jeremy Saland, a lawyer for Mr. Barbosa, said his client voluntarily arranged to appear in court and face the accusations.

"A valued employee of the MTA during his tenure, my client looks forward to reviewing the evidence as we move forward through his case," Mr. Saland said.

In 2016, prosecutors said, Mr. Barbosa ordered an MTA

employee to buy more than 60 iPhones from an agency vendor. The purchase wasn't approved by the MTA and didn't follow proper procurement procedures, prosecutors said.

The 63 iPhones, which cost \$58,153.57, were shipped directly to Mr. Barbosa, according to prosecutors, and weren't used by MTA employees. Then, they said, Mr. Barbosa gave the phones to an associate to sell.

Prosecutors separately charged Mr. Barbosa with lying to inflate his MTA salary. They said Mr. Barbosa claimed he made \$30,000 more than he actually did when working as a procurement manager at New York University. To support this, prosecutors said, he forged two earnings statements from NYU and altered

paycheck amounts. Because of this, the MTA gave him a higher starting salary than he would have otherwise received.

While working at the MTA, Mr. Barbosa also recruited a friend to work in the MTA's procurement department. He coached her to lie about her prior salary and alter pay stubs from her previous employer, according to the Manhattan district attorney's office.

In 2017, Mr. Barbosa's last year with the MTA, his annual salary was \$194,201, records show. An MTA spokesman said the agency fired Mr. Barbosa "as soon as we became aware of allegations of impropriety."

Mr. Barbosa, of Manalapan, N.J., served as the MTA's chief procurement officer from 2013 through 2017.



The ex-official used nearly \$60,000 in public funds to purchase 63 iPhones, the Manhattan district attorney's office said.

MARCO JOSE SANCHEZ/ASSOCIATED PRESS

First Lady Melania Trump's Parents Become U.S. Citizens in New York Ceremony

First lady Melania Trump's parents were sworn in as U.S. citizens on Thursday, completing a legal path to citizenship that their son-in-law has suggested eliminating.

Viktor and Amalija Knavs, both in their 70s, took the citizenship oath at a private ceremony in New York City. The Slovenian immigrants, had been living in the U.S. as permanent residents.

The Knavses slipped in and out of a side entrance at a Manhattan federal building flanked by Department of Homeland Security police. The couple said little, other than Mr. Knavs telling a reporter "thank you" when asked how they felt about becoming Americans.

The Knavses' lawyer, Michael Wildes, right, said the Knavses applied for citizenship on their own and didn't get special treatment. He confirmed that Mrs. Trump sponsored their green cards. Her husband, President Trump, has proposed ending most family-based immigration, which he refers to as "chain migration." Mr. Trump hasn't commented on his in-laws' newfound citizenship.

—Associated Press



Industry-Backed Group Fights Foam Ban

BY GERALD PORTER JR.
AND CORINNE RAMEY

An industry-backed group called the Restaurant Action Alliance is continuing to fight New York City's impending ban on foam containers, despite restaurant owners saying they are largely unconcerned or no longer use such packaging.

On its website the group says it represents "thousands of small-business owners throughout the five boroughs of New York." The Alliance has close ties to a major foam manufacturer, Dart Container Corp., according to people formerly involved with the group.

The latest salvo in the Alliance's multiyear attempt to fight the ban is an appeal, filed last month, of a judge's ruling that cleared the way for city officials to prohibit foam takeout containers, cups and packing peanuts. Expanded polystyrene foam—commonly, although incorrectly, called Styrofoam—has been the subject of a protracted battle between New York City officials and large industry players, particularly Dart.

Under the ban, which takes effect in January, restaurants, stores and manufacturers aren't allowed to have or use



A food-cart owner says switching won't significantly affect costs.

foam. Businesses with annual revenue of less than \$500,000 can apply for exemptions, city officials said.

Foam containers generally are cheaper than alternatives such as aluminum or plastic. One foam clamshell container costs about 10 cents, while alternatives can run double that.

A spokeswoman who represents the Alliance and Dart said the group "was created to advocate for small and ethnic restaurants that didn't necessarily

have a voice or representation." Dart has argued that foam is recyclable and shouldn't be banned.

The fight about foam began in 2013 with a proposal by then-Mayor Michael Bloomberg. In 2015, the Alliance and other plaintiffs—11 restaurant owners, foam manufacturers and recyclers—sued the city, saying they would "be irreparably harmed if this ban goes into effect." This June, state Supreme Court Justice Margaret Chan cleared the

Supporters Spend Big to Lobby City

The Restaurant Action Alliance, the first plaintiff listed on legal documents in a lawsuit against a New York City ban on foam containers, first appears in city records in 2013.

The group was managed by Mercury Public Affairs LLC, a lobbying and communications firm, according to two people familiar with the group. From 2013 through 2016, Dart paid Mercury \$267,500 to lobby New York City officials about the ban, records show.

From 2013 through this year,

Dart spent a total of \$1.8 million lobbying in the city, records show. The American Chemistry Council, an industry group, has spent \$2.6 million lobbying local officials about foam, and, in 2013, contributed \$824,500 to the Alliance. That year the restaurant group's contact on city records was an American Chemistry Council lobbyist.

Frank Liesman, Dart's general counsel, said in a statement that the company "is legally participating in the legislative process, trying to protect our business and the businesses of our customers."

The American Chemistry Council and Mercury declined to comment.

rant Association.

Arguments on appeal revolve around whether foam can be recycled. Industry players say foam is recyclable, and have offered to pay for a New York City foam recycling program. Experts unconnected to the industry disagree.

Deepak Rajagopal, an assistant professor at the University of California, Los Angeles, said recycling foam would be difficult and expensive. "[Foam] doesn't degrade," he said.

NYPD Arrests 22 In Queens Drug Bust

BY GERALD PORTER JR.

Twenty-two suspects connected to an alleged drug operation at the Queensbridge housing development were arrested Wednesday, police said.

The Queens narcotics unit recovered crack cocaine, heroin, marijuana and four firearms after executing nine search warrants, said New York Police Department Deputy Inspector Donald Boller.

The arrests were part of an 11-month investigation the NYPD called "Operation the Bridge Is Over," he said during a Thursday news conference.

The suspects were selling a "large quantity" of drugs out of apartments in the public-housing development located in the Long Island City neighborhood of Queens, Mr. Boller said.

He didn't specify the amount of drugs recovered or their street value. But he noted that there was "high traffic" going in and out of the apartments where officers made the arrests.

NYPD Chief of Detectives William Aubry called the bust a "crucial takedown."

The suspects were selling drugs out of public housing apartments, police say.

"While crime is at its lowest levels, we are still using precision policing to focus on violence," Chief Aubry said.

The suspects were charged with criminal sale of a controlled substance and criminal possession of a firearm, police said. Four of the suspects are affiliated with the Bloods gang or its subsets, Mr. Boller said.

The investigation began after a spike in violence that began in January, he said. There have been five shootings at Queensbridge this year, one of which was fatal.

"We focused specifically on the Queensbridge housing development due to the violence in and around the development," Mr. Boller said.

Pursuing the arrests became a priority after violence intensified at the housing complex during the past two months, police said.



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GREATER NEW YORK

Simple Summer Indulgences

A road trip leads to dining gems that offer old-school burgers and ice cream served in a no-frills fashion

BY CHARLES PASSY

Like most New Yorkers, I enjoy a good burger. And if I can follow it with a good ice cream cone, I am doubly satisfied.

But in gourmet-crazed New York, circa 2018, the simple pleasures in life are...not so simple. These days, I am confronted with burgers in which the meat blend must be discussed ad infinitum. And my beloved frozen dessert? The latest "it" version in the city is vegan ice "cream."

All of which has left me seeking the kind of dining spot that serves these treats in no-frills fashion. And that meant only one thing: It was time to head upstate.

Specifically, it was time to head to the Hudson Valley and the Albany/Saratoga Springs area, where old-school, seasonal burger-and-ice cream stands continue to thrive—the real Shake Shacks, if you will.

Their existence defies industry trends: Independent restaurants—aka mom-and-pops—have been on the decline nationally, with their overall count dropping 6% during the last four years to 352,815, according to the NPD Group/ReCount restaurant census, an industry survey. Meanwhile, chain restaurants have grown by 5% during that same period to 307,940.

These upstate stands are a very particular type of mom-and-pop, however: Think places going back at least 30 years that are typically defined by what they lack—not indoor seating, no waiter service and no trying to be all things to all customers.

In other words, don't come if you're watching your waistline and have a long list of dietary demands. Do come if you appreciate a sunny



King Kone, a fixture in the Westchester County town of Somers for more than 60 years, offers more traditional soft-serve options. Below, at Joe's Dairy Bar & Grill in Dutchess County, the Unicorn Freak Shake brightens the menu, and Peter Bolettieri picks up his order.

summer's day indulgence.

When I set out on my caloric journey, it was a rainy Wednesday in July. No matter: At Joe's Dairy Bar & Grill in the Dutchess County hamlet of Hopewell Junction, I felt everything was right with the world. The humble spot, adorned with a cartoonish fabricated cone on the roof, seems to draw a steady stream of customers.

I quickly discovered why when I took a bite of my cheeseburger, a generously proportioned affair that was a cut above fast food. Even better were the crinkle-cut fries—crispy and salted to just the right degree. And better yet may have been the ice cream: I went with the bubble-gum soft serve, a flavor of the day that tasted *exactly* like the beloved Bubble Yum of my childhood.

At King Kone, a fixture in the Westchester County



KEVIN HAGEN/THE WALL STREET JOURNAL

town of Somers since 1953, it was very much about the cone. The soft-serve options here are more traditional, so I opted for the basic twist with chocolate and vanilla. But the real twist was the size—a kid's cone was a towering affair that easily provided an afternoon's diversion of licking away.

Then, I saw a guy walking off with the namesake "king" cone and wondered if it would take him through the evening, if not the next morning.

One final stop: the Dairy Haus in Saratoga Springs where I ready to enjoy my dip cone—black raspberry soft-serve taken to the next

level with a crackly, coconut-flavored shell.

It wasn't the fancy fare I could find in the city. But as the ice cream dribbled past the cone and onto my hand and I looked in vain for another napkin, I found myself sated and sticky all at once. What more could you want on a summer's day?

GREATER NEW YORK WATCH

NEW YORK CITY

Police Say Coach Hit Man Who Later Died

A rising star in college basketball's coaching ranks threw a punch that led to the death of a New York City tourist who apparently mistook him for an Uber driver, police said Thursday.

Wake Forest assistant coach Jamill Jones attacked Sandor Szabo around 1:15 a.m. Sunday in Queens, causing him to fall and hit his head on the sidewalk, police said. Mr. Szabo, visiting from Boca Raton, Fla., made contact with the window of Mr. Jones's SUV while looking for his ride after a wedding, police said.

The coach got out, followed Mr. Szabo to the sidewalk, hit him and sped off, police said. Mr. Szabo, 35 years old, never regained consciousness and was taken off life support Tuesday.

Mr. Jones, also 35, turned himself in to police Thursday. He is awaiting arraignment on a misdemeanor assault charge. His lawyer couldn't immediately be reached. Wake Forest said it would comment further once it gathers more information.

—Associated Press

CONNECTICUT

Native American Fort Remains Discovered

The remnants of a centuries-old Native American fort and several thousand artifacts have been found at a railroad bridge construction site in Connecticut.

State Department of Transportation officials on Thursday announced the fort and artifacts, some believed to be more than 3,000 years old, were discovered in Norwalk around the 122-year-old Walk Bridge, a commuter rail span scheduled to be replaced.

Experts believe the fort was used for trade between Native Americans and Dutch settlers sometime between 1615 and 1640. They say the fort is on top of a 3,000-year-old Native American site.

—Associated Press

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CHEVROLET



LIFE & ARTS



FOCUS FEATURES (2)

FILM REVIEW | By Joe Morgenstern

'BlacKkKlansman': Running on Fury

SPIKE LEE doesn't mince words in "BlacKkKlansman." He ignites them, revels in their combustibility and illustrates them with inflammatory images. This free-wheeling account of an African-American cop who infiltrated the Ku Klux Klan in the early 1970s is problematic as narrative drama, but stunning as provocation. It's a furious, in-your-white-face outcry against racial hatred in America's past and turbulent present, with repeated references to President Trump.

That's how the film will be remembered, and I'll get to its most controversial content shortly. First, though, a sense of the story, which is a pretext for spectacular polemics as well as a fascinating, largely factual piece of cultural history.

Ron Stallworth (John David Washington), the first black detective on the Colorado Springs police force, finds a classified ad in a local newspaper offering information on the Klan—screwy but true—and decides to answer it,

representing himself as white and a committed hater of blacks and Jews. This impulsive approach is all well and good until someone calls and suggests a meeting. That's when Ron, being indelibly black, needs an actual strategy. His solution is partnering with a white cop, Flip Zimmerman (Adam Driver), who is, not insignificantly, Jewish. Ron remains Ron on the phone—in another true-life twist he uses his real name by mistake during his first conversation with a Klansman—while Flip pretends to be Ron in person, seeking out and ingratiating himself with a grotesque assortment of bigots. (The screenplay was adapted from Mr. Stallworth's memoir by Charlie Wachtel, David Rabinowitz, Kevin Willmott and Mr. Lee.)

The grotesqueness would be over the top if the director cared about a top. Most of the local Klansmen, plus one Klanswoman—the group's dim-bulb bomb carrier—is the wife of its most obviously psychotic member—are played for

laughs. And for shock; the N-word and other racial epithets are repeated so often, both by the cops and their quarries, that they become an anodyne mantra. Some of the results are hilarious: A terrific gag involves a Polaroid camera and Ron at the center of a group shot. But the downside of the mockery is glibness; if only the racists and terrorists of the world came as clearly labeled as this flagrantly wacko crew.

The conventional part of the film—relatively conventional, given the exuberant zigs and sermonizing zags within the narrative—varies sharply in tone. Mr. Washington grounds Ron in emotional reality; it's a fine performance, by turns earnest, rueful and rapier-smart. (At certain points in his telephone persona,



Ron sounds eerily like Richard Pryor doing one of his riffs on a white man's voice.) Mr. Driver is much less successful in making Flip convincing to his would-be colleagues in the Klan, let alone to us. Like others in the cast—most notably Laura Harrier as Patrice Dumas, a black activist with whom

Adam Driver as Flip Zimmerman and John David Washington as Ron Stallworth, left; Topher Grace as David Duke, below

Ron strikes up a friendship verging on romance—he seems to have needed more help than he could get from Mr. Lee's permissive direction and the slapdash script, whose plot inventions are clumsy, whether or not they were meant to be absurd.

Topher Grace's David Duke, the Klan's Grand Wizard, is another story—because the actor has chosen to dispense with the real Mr. Duke's sincere affect, portraying him as a malignity both reedy and hollow; and because the Duke on screen serves as a bridge to another story element. He is integral to the saga of Ron, who gets to talk to him on the phone, and who later serves, in an official police capacity, as his bodyguard. But Duke is also an instrument of Mr. Lee's larger scheme. "America first!" he cries, just as the real-life David Duke has often done in his public diatribes; the onscreen Duke talks about what's needed "for America to achieve its greatness again."

This is, of course, an indirect evocation of Donald Trump in a movie that doesn't have much truck with indirection. "BlacKkKlansman" means to make us angry with its incendiary take on American history, sometimes using images that Mr. Lee has used before, though not as effectively. The first scene is an excerpt from "Gone With the Wind" in which Vivien Leigh's Scarlett O'Hara, visibly stirred, walks through hundreds of injured Confederate troops lying on the streets of the Atlanta. That's succeeded by a black-and-white sequence with Alec Baldwin as a fictional midcentury hatemonger, Dr. Kennebrew Beauregard, undone by the camera and continually flubbing his vile lines—a witty actor playing a bad actor who is also a bad actor. While Beauregard struggles, a projector covers his face with fragments of D.W. Griffith's "Birth of a Nation," the wildly racist 1915 epic in which southern whites organize the Ku Klux Klan to defend civilization against marauding blacks.

We may have seen these images before, but they have never been so horrific as in this context, and context is everything here. In a scattershot style that's short on cohesion but long on passion, Mr. Lee and his colleagues—Chayse Irvin was the cinematographer and Terence Blanchard did the score—insist on connecting what has happened in this nation with what's happening now. That means cutting loose from the 1970s and fitting "BlacKkKlansman" with a coda calculated to infuriate every member of its audience, albeit for differing reasons—video footage of the white nationalist rally that took place one year ago in Charlottesville, Va., and President Trump's remarks about it. Never has a contemporary film shattered the dramatic unities with such force.

TELEVISION REVIEW | By Dorothy Rabinowitz

'ORDEAL BY INNOCENCE': A SUSPECT IN THE FAMILY

AS THIS VERSION of Agatha Christie's "Ordeal by Innocence" begins, the members of the Argyll household are making grim preparations for a wedding. It has been 18 months since the flamboyant and manipulative Rachel (Anna Chancellor)—adoptive mother of five—was found bludgeoned to death. Her widowed husband, Leo (Bill Nighy), the only Argyll who sees anything to celebrate in the occasion, is about to marry his repellently smug sex kitten of a secretary, Gwenda (Alice Eve). The family has been further reduced by the death of one son, the spirited and rebellious Jack (Anthony Boyle), hauled off to prison as the instant suspect in his mother's murder, and killed there by another inmate.

Or so the police claim. The air is thick with suspicion and resentments of the most envenomed kind at Sunny Point—the wonderfully named estate that's home to the Argyls and that serves as the setting for this relentlessly dark, occasionally exhausting and altogether gripping adaptation of Christie's 1958 novel.

The exhaustion—the inevitable effect of an avalanche of flashbacks incomprehensible in their mystery—disappears soon enough as



the characters stand revealed. Of these none is more magnetic than the murdered and unknowable Rachel, an heiress celebrated as a philanthropist who had chosen to adopt five orphans and raise them in her own special way—a kind that bred fear in them and, finally, hate. By the time Rachel is killed everyone in the family can be said to have had a good reason for wanting to see her dead.

And no presence is more moving or complex—a rarity as Christie's

characters go—than Arthur Calgary (Luke Treadaway), a shabby figure who arrives at Sunny Point with the urgent news that Jack could not have been guilty of killing Rachel. He has proof—he had given Jack a lift in his car and was riding with him at the time the murder was committed.

Calgary's information elicits no gratitude from family members, more than one of whom exhibit a suspicious eagerness to get rid of him and his alibi for Jack, which

they dismiss as a fraud. True, their visitor looks unhinged as well as shabby, but no rebuff, however threatening, no orders to stay away, will deter Calgary—a haunting portrayal by Mr. Treadaway. He's more than just a man determined to do justice—he's a man obsessed by the need to do good to expiate the horror of past deeds.

This version of Christie's tale, set in the mid-1950s, has, to put it mildly, undergone serious alteration at the hands of adapter Sarah Phelps whose sights were clearly set on evoking the postwar atmosphere, the terrors of nuclear war. Here, then, is the anguished Dr. Calgary, who—unlike the Calgary in the novel—is deranged by grief over his wartime role working on the atomic bomb.

At the center of the action, presiding over all with unfailing calm, is Leo, head of the family, a character oozing a fine blend of grace and

diffidence, seasoned with hints of corruption—an exquisite performance by Bill Nighy, all of whose scenes are the show's most reliable pleasures. Visiting his son in prison, Leo is at his silken ease delivering the barest murmur of regret over Jack's arrest for his mother's murder, and noting that his crime was, of course, not surprising, given his delinquent nature.

This adaptation of "Ordeal by Innocence" has, thanks to its many departures from the original, distressed many Christie devotees, but no change has caused more outrage than the one most vital to a mystery—the answer to the question, who is the murderer? In the adapted version, the real killer turns out to be someone other than the one Christie named. Confronted with criticism over such an alteration in a writer's work, adapter Ms. Phelps has offered assurances of her indifference. "Oh purists," she told an interviewer. "Anything that's purist is deeply problematic to me."

Even so the series is richly rewarding, unfailingly suspenseful drama, the new identity of the real murderer notwithstanding.

Ordeal by Innocence

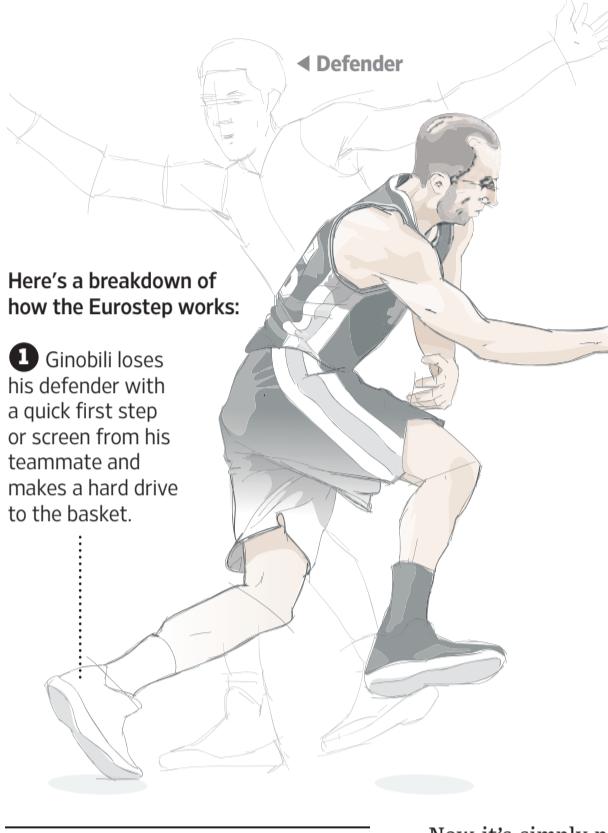
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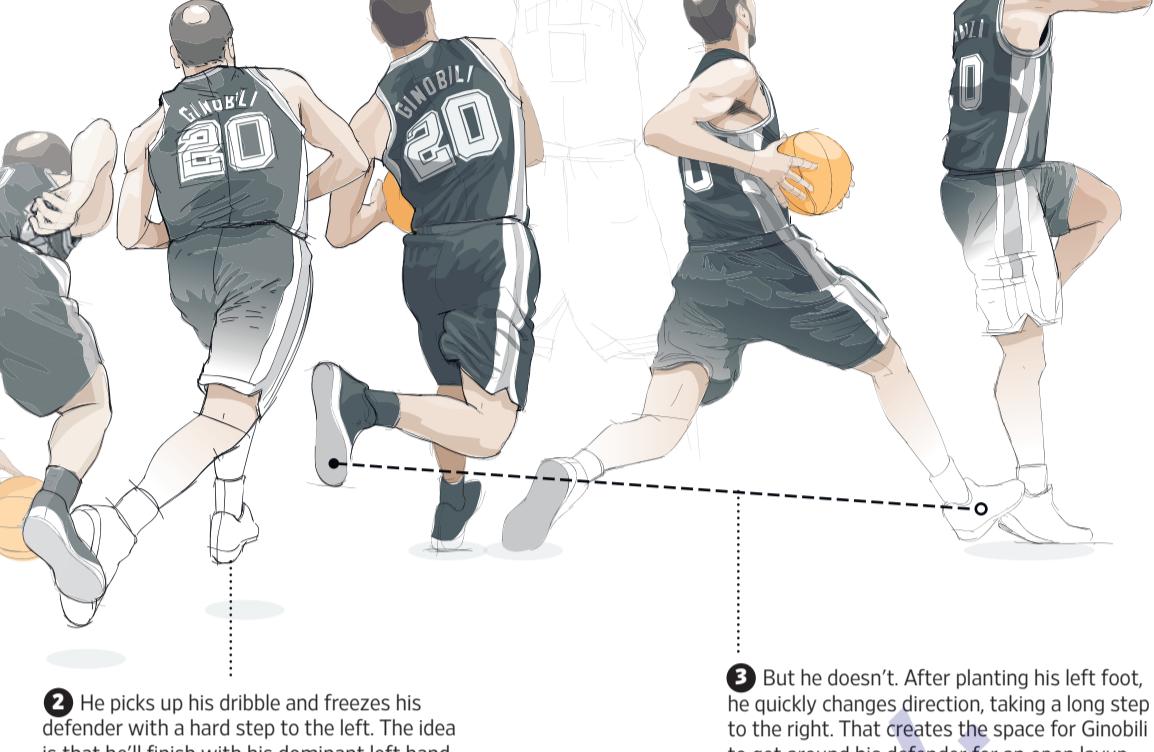
How America's Kids Honed the Eurostep

He wasn't the first NBA player to use the 'Eurostep,' but San Antonio Spurs guard Manu Ginobili was the one who helped usher the exotic move into the mainstream.



Here's a breakdown of how the Eurostep works:

- 1 Ginobili loses his defender with a quick first step or screen from his teammate and makes a hard drive to the basket.



- 2 He picks up his dribble and freezes his defender with a hard step to the left. The idea is that he'll finish with his dominant left hand.

- 3 But he doesn't. After planting his left foot, he quickly changes direction, taking a long step to the right. That creates the space for Ginobili to get around his defender for an open layup.

Mike Sudal/THE WALL STREET JOURNAL.

BY BEN COHEN

ASHLYN ZHANG is a 14-year-old rising ninth-grader from California who is awesome at basketball.

As the star of her team at the Jr. NBA World Championship this week, Zhang is one of those players with the skills required to bring her imagination to life. Let's say she's dribbling on the left side of a 2-on-1 fast break, for example, and her defender sticks to the middle without committing to either player. Zhang knows exactly what she would do.

"Eurostep to the middle," she said. "Fake them out, step the other way, finish with my right hand."

Excuse-moi?

That would have been a perfectly appropriate reaction to an American teenager discussing the intricacies of Eurosteps not too long ago. But not anymore. The Eurostep is as European as french fries are French.

This crafty move was considered exotic when it came to the NBA two decades ago. It looked downright foreign to see a player do what Zhang described: plant one way, take one long step at full speed the other way, avoid contact and sneak around the defender for an easy layup.

Now it's simply part of the game for today's generation of youth players. Manu Ginobili has been in the league as long as they've been alive. It's as natural to kids as shooting unfathomably long 3-pointers.

The slow normalization of the Eurostep is obvious anytime you watch an NBA game. The last two league MVPs, James Harden and Russell Westbrook, are masters of the Eurostep. LeBron James flashing his Eurostep on the fast break turns defenders into foie gras. But the most revealing sign of the Eurostep invasion once appeared on his Instagram from someone who happens to share his name: LeBron James Jr., better known as Bronny, had the basketball world admiring his own beautiful Eurostep. He was in fifth grade.

It was only the latest reminder that this deceptive maneuver has trickled from the NBA, where very tall human beings exploit their long strides and explosive lower body strength to make this move unstoppable, all the way down to high school, middle school and elementary school.

"Every single trainer teaches the Eurostep," said Josh Burr, the founder of The Skill Factory in Atlanta, where a variety of players from Harden to boys on the Southeast team have trained. "Every one of those kids can do it."

The players and coaches at the first Jr. NBA World Championship this week say it's almost a prerequisite for playing these days. Something that didn't exist not so long ago has stitched itself into the fabric of the game to the point that it's becoming impossible to envision basketball without it.

"In a year or two, it'll be as popular as the triple threat," said Walt Webb, the coach of the Mid-Atlantic boys team. "This is some-

'Every single trainer teaches the Eurostep,' Burr said. 'Every one of those kids can do it.'

thing that you have to do in order to play the game of basketball moving forward."

It wasn't that way when the Lithuanian guard Sarunas Marciulionis helped import the Eurostep to the NBA in 1989. His nifty way of avoiding contact around the basket was partially inspired by the legendary Croatian player Drazen Petrovic, he said, but it didn't stick right away in part because Marciulionis was an unlikely source of innovation. At his own Hall of Fame induction, Marciulio-

nis called himself a "strange duck."

NBA players weren't in the business of copying strange ducks, and the Eurostep could have easily disappeared when he retired in 1997. But it didn't. And that's because two years later the San Antonio Spurs drafted a second-tier Italian club's top prospect named Manu Ginobili. Marciulionis, a lefty like Ginobili, Harden and Ashlyn Zhang, soon got a call from someone telling him that a player from Argentina was bringing the Eurostep back.

It seeped into the public consciousness as it spread throughout the NBA, but the widespread adoption of the Eurostep is such a recent development that young elite players today are being trained by coaches in their 30s and 40s who say they went their entire careers without attempting a single one.

But one unexpected benefit of NBA players oversharing on Instagram is that it's easy for anyone in the world to copy what they're doing. A boy like Phoenix Johnson can steal Kyrie Irving's moves, including his Eurostep, by studying him on YouTube and Instagram.

"He's 10! We're talking about a 10-year-old!" said his father, Sam Johnson, the coach of the Central region girls team this week. "I didn't teach my son any of this. He teaches himself."

The odd thing about the Euro-

step is that it's more American than European at this point. Nihad Musovic, the founder of a New York basketball academy representing the Northeast this week, played for both Fordham University and Montenegro's junior national team, where he became personally familiar with the power of the Eurostep.

Montenegro played Greece at the under-20 European championships in 2013, and Musovic faced a promising young Greek player with a name that was hard to pronounce and a Eurostep that was harder to defend. He left that tournament with the sense that Giannis Antetokounmpo might have a future in the NBA.

Marciulionis understands from his own experience how tricky it can be to pass along the Eurostep to the next generation. He's teaching his 16-year-old son Augustas how to pull off the move that he created. It's still a work in progress.

"We'll see," Marciulionis said. "One thing is to teach. Other thing is to implement in the game. Let's talk in two years."

Ashlyn Zhang is already confident in her own Eurostep. The move feels so intuitive to this California teen she's not even sure why it's called a Eurostep.

"Actually," she said, "I've never really thought about that."

SOCCER

PREMIER LEAGUE HAS A MANCHESTER CITY PROBLEM

BY JOSHUA ROBINSON AND JONATHAN CLEGG

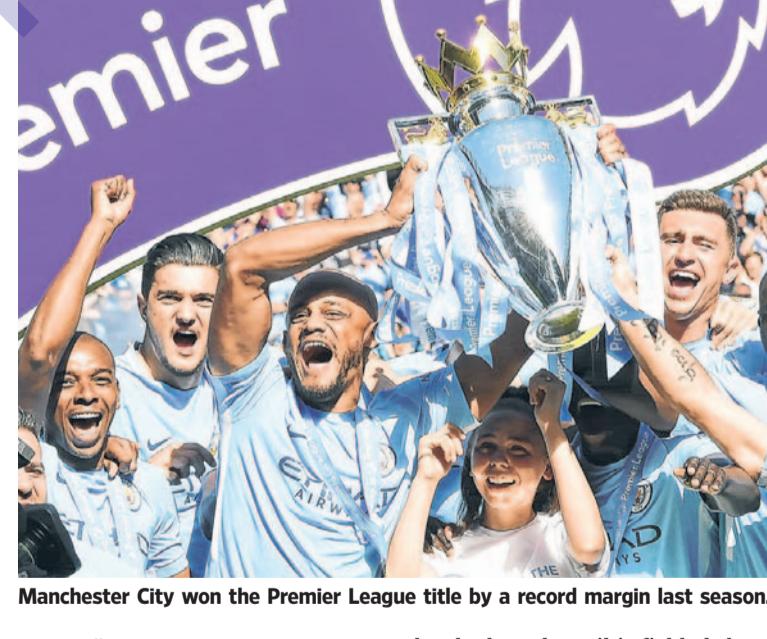
London

During last season's historic run to the title, Manchester City set a new standard for the English Premier League. Over the course of 10 grueling months, the club proved that uncompromisingly beautiful possession soccer could conquer the most physical league in the world.

City made that point so emphatically that it finished the year holding the trophy, with a slew of new records to its name, becoming the first team to reach 100 points and scoring a record 106 goals in the process. Week after week, City made for irresistible viewing wherever the Premier League was broadcast across the globe.

But what should have stood as undeniable evidence of the Premier League's strength is beginning to look more sinister. With City fully rearmed to defend its title as the season starts Friday, English soccer's competitive balance is in danger and the club's dominance is a major problem for the most popular league on the planet.

"Every single club I've ever met would like to win the league, by a street, every season," Premier League Chief Executive Richard Scudamore said. "That's what they're strategically trying to achieve. We run a league. The worst thing that could ever happen to a league is that the same team wins it by a street, every



Manchester City won the Premier League title by a record margin last season.

season."

The Premier League has suffered dominant teams before. But the gulf between the alpha dogs and the pack seemingly has never been this wide. In a season of super-managers running free-spending clubs, City managed to post the largest winning margin since the Premier League was founded in 1992, blowing away Manchester United by 19 points.

That's because in the decade since Manchester's second most famous club was taken over by a member of the royal family of Abu Dhabi, City has paired ambition with means like no other club in the league's history. When it needed to spend money, it spent it

by the barrel, until it fielded the most expensive team in soccer history. When it needed style, it went for the top of the line, hiring the most decorated manager in Europe in Pep Guardiola.

And even after running roughshod over the competition last season, City strengthened its already record-breaking forward line by adding one of the most dangerous attackers in English soccer, the \$77 million winger Riyad Mahrez from Leicester City.

City's challengers, meanwhile, are at loss on how to give chase. Chelsea has been unusually restrained in the transfer market after taking most of the summer to sort out its managerial situation.

New boss Maurizio Sarri arrived barely three weeks before the campaign kicks off.

Manchester United is consumed by internal turmoil over transfers, while Tottenham has yet to spend a dime this summer.

The only team that seems to be gearing up for a fight is Liverpool, which has shelled out \$210 million on new players. But the Reds have a large gap to bridge in the standings—they were 25 points worse off than City last season.

"We have not bought a team whilst the others have sold theirs, it is not like this," Liverpool manager Jürgen Klopp told the BBC.

It's not only City's rivals who appear to have been shaken by the club's strength. The league itself might not be prepared for its burgeoning dynasty.

Though it had just five different title-winners in its first 20 years of existence, the Premier League has marketed itself as the most competitive championship in soccer.

Leicester City's underdog triumph in 2016 against 5,000-to-1 odds served to reinforce that illusion of parity amid a decade of champions failing to retain their titles. So did the rise of five genuine contenders since then—Manchester City, Chelsea, Liverpool, Tottenham and Manchester United.

But before a ball has been kicked, those contenders already look to be in a fight for second place. Which has left people inside the game pondering an alarming question: What if the next few Premier League seasons all turn into preludes to Manchester City open-

top bus parades?

"From my point of view, the players don't have to be worried," Guardiola said. "I am ready to fight again."

For the Premier League, the specter of City's dominance comes at a delicate moment. Only last spring, the league brokered an uneasy peace between the so-called Big Six teams and the other 14 over the sharing of its foreign television revenue, worth roughly \$1 billion a year. But people familiar with the matter say that the Big Six have had preliminary talks—which are no longer active—to break away from the current structure, potentially to ally with other European clubs in a super league.

They wouldn't be guaranteed titles there either, but they believe the TV rights payments and global attention would be somehow greater than what they receive today.

There has also been talk this year of expanding the Champions League, the prestigious pan-European tournament, into the sport's main event with matches played on weekends and domestic games shunted into midweek. For now, the Premier League has refused to entertain that possibility even remotely. But if a Manchester City dynasty watered down the product, it would be harder and harder to keep the powerful clubs in City's wake from pushing for a shake-up.

"There is the natural tension," Scudamore said. "Even the biggest clubs realize that what they're striving to achieve might be bad for them."

OPINION

They Won't Sink Zinke



POTOMAC WATCH
By Kimberley A. Strassel

To serve in the Trump administration is to deserve hazard pay, and lately that's especially true of Interior Secretary Ryan Zinke.

The green-industrial complex claimed Scott Pruitt's scalp last month, ginning up a storm of ethics allegations that forced his resignation as administrator of the Environmental Protection Agency. Now it has shifted focus to Mr. Zinke. But it's hitting walls. Mr. Zinke isn't giving his detractors easy opportunities. He has aides who know and follow the rules, and backing in the White House and in Congress.

Not that the incoming is pleasant. Few movements are better funded and coordinated or more messianic than the environmental left. They despise a Trump team that is correcting decades of backward energy and environmental schemes and are working furiously to bring down the reformers. Unlike green groups of 20 years ago, which focused on policy, today's effort is focused almost entirely on personal destruction.

Mr. Zinke's antagonists include the usual big-dollar organizations, like the Natural Resources Defense Council, many of which are now staffed or run by former Obama officials; self-described watchdog

Office of Special Counsel (a permanent government body that monitors federal personnel issues) in May said Mr. Zinke had done everything legally. Every "scandal" is of this type; lots of smoke, but never any fire.

Mr. Zinke's foes more recently claimed he has misused his office to promote a land development in Whitefish. But the story involves a foundation from which Mr. Zinke resigned upon becoming secretary, and a project that has been on the table for ages.

The groups have also tried to go after him on spending, including three chartered flights. But the inspector

general found Mr. Zinke had followed "relevant law, policy, rules and regulations." It also found all the trips were "reasonable," save one—and Mr. Zinke's staff wasn't to blame since it received prior approval from ethics officials for every flight. Then there has been the attempt to claim he violated the Hatch Act by attending political events while out on official duties. The U.S.

Environmentalists will find the interior secretary a harder target than Pruitt.

One claim was that he secretly arranged a Puerto Rico contract for an energy firm from Whitefish, Mont., his hometown. The Interior Department's Office of Inspector General tells me it never opened an investigation, and even Democrats have dropped it in embarrassment.

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One final point in Mr. Zinke's favor: He has support within the administration. One recently departed White House official tells me this is in large part because the interior secretary (unlike Mr. Pruitt) is the "consummate team player," constantly engaged in dialogue with White House staff, and in particular willing to take direction on how to handle questions and situations.

And there is respect—internally, in Congress, and at the state level—for his reform program, which has been sweeping. The department has been leading the way on swifter, smarter timelines for environmental analyses and permitting. It is tackling the failed Endangered Species Act, jump-starting oil and gas development on federal lands, making sure public lands are once again for "public use" by all, and working to cut an enormous maintenance backlog in the national parks.

All of this is why he will continue as the environmental left's top target—they despise any plan that envisions our public lands for "the benefit and enjoyment of the people" (Teddy Roosevelt's words at Yellowstone). Expect to see more headlines suggesting Mr. Zinke is corrupt. But know that those headlines don't come via fact or reason or policy debate. They come out of a known take-down strategy from the left—and one to which Mr. Zinke and his team are on guard.

Write to kim@wsj.com.

China's Campaign Against Muslim Minorities

HOUSES OF WORSHIP By Marco Rubio

The phrase "re-education camp" invokes Mao's Cultural Revolution or

Vietnam after the communist

takeover. But this form of repression is alive and well in Xi Jinping's China. His government is imposing a "political re-education" campaign in the Xinjiang Uyghur Autonomous Region, targeting the Uyghur Muslim population, Kazakhs and other ethnic Muslim minorities.

Xinjiang today is "a police state to rival North Korea, with a formalized racism on the order of South African apartheid," wrote one expert. Its residents make up only 1.5% of China's population—but accounted for 21% of arrests in 2017. This massive increase over the previous year doesn't include detainees in re-education centers.

China has detained as many as one million people in camps. While Chinese authorities deny that such camps exist, satellite images show the recent construction of massive structures in Xinjiang. Research from China scholar Adrian Zenz details Chinese government procurement and construction bids for new re-education facilities and "upgrades and enlargements" to existing ones.

Security personnel subject camp detainees in Xinjiang to torture, medical neglect, solitary confinement, sleep deprivation and other deadly forms of abuse. They also force detainees to submit to daily brainwashing sessions and

hours of exposure to Communist Party propaganda. The prisoners' overseers require recitation of party slogans before eating.

Outside the camps, Chinese authorities aggressively suppress expressions of religious identity. Xinjiang residents face daily intrusions in their home life, including "home stays" where Communist Party officials live with local families.

Chinese authorities prohibit "abnormal" beards and veils in public, as well as some Islamic names. Standard religious practices—abstaining from alcohol, tobacco and pork, or fasting during Ramadan—provoke the authorities' suspicions.

The government has embraced tools Mao only could have dreamed of: big data, iris and body scanners, voice-pattern analyzers, DNA sequencers (including some sold by an American company) and facial-recognition cameras. Authorities use hand-held devices to search smartphones for encrypted messaging apps and require residents to install monitoring software in their smartphones.

Radio Free Asia leads in reporting on this crisis. In retaliation, Chinese authorities have detained dozens of family members related to Uyghur journalists working for RFA in the U.S.

In recent testimony before the Congressional-Executive Commission on China, RFA journalist Gulchehra Hoja lamented, "It's a cruel irony that we as journalists can find out so much about what's happening inside China's Northwest, yet so little about our own families and

loved ones. We are afraid to ask our friends and others there, because any contact and communication could endanger them as well." China also has used Uyghurs living in the country as leverage to gather information about exiled Uyghurs' activities—or to compel some to return to China.

China largely has avoided consequences for this reprehensible behavior. It no longer should.

The suppression of the Uyghurs deserves the world's attention.

The U.S. should apply Global Magnitsky Act sanctions against Xinjiang Communist Party Secretary Chen Quanguo. A Politburo member, he first gained experience with repression in Tibet. His tenure as party chief in Xinjiang has coincided with the proliferation of re-education camps, and he is seen as an innovator in his dark craft.

All government officials and business entities assisting the mass detentions and surveillance in Xinjiang should face sanctions too. The Commerce and State departments should add Chinese state security agencies to a restricted end-user list to ensure that American companies don't aid Chinese human-rights abuses.

Consistent with the administration's commitment to "reciprocity" in relations with China, the U.S. should deny visas to executives and administrative staff of Chinese

state-run media companies operating on American soil until all family members of RFA journalists are released.

Secretary of State Mike Pompeo raised the plight of RFA reporters and their families in July. Vice President Mike Pence has discussed the crisis publicly too. But words must be followed by action. State should work with like-minded governments to increase public pressure against China at the United Nations and other multilateral institutions. The Organization of Islamic Cooperation and many Muslim-majority nations have remained virtually silent, perhaps for fear of upsetting China. If the U.S. takes a bolder stance, other nations shouldn't be afraid to follow.

Stability in Xinjiang is crucial to Mr. Xi's Belt and Road Initiative. Public condemnation of China's human-rights record, including its treatment of religious and ethnic minorities in Xinjiang, would be most unwelcome.

Despite its efforts to project a benevolent image around the globe, the Chinese Communist Party remains repressive, brutal and utterly intolerant.

Consider what one official reportedly said about the "political re-education" campaign in Xinjiang: "You can't uproot all the weeds hidden among the crops in the field one by one—you need to spray chemicals to kill them all." American leaders must find the political will to confront this evil.

Mr. Rubio, a Republican, is a U.S. senator from Florida.

NASA's New Probe Sails Into the Solar Wind

By Angela V. Olinto

The astrophysicist Eugene Parker found only doubt 60 years ago when he proposed that a type of "wind" flows from the sun. Now NASA is sending up a spacecraft named in his honor. The Parker Solar Probe, set to launch Saturday, will fly closer to the sun than any previous mission. It will investigate why the sun's atmosphere is hotter than the sun itself, how to protect earthly electric grids from space weather, and more.

I came to know Eugene Parker in the 1990s as a fellow astrophysicist at the University of Chicago. By that time he was a legend who had built a completely new field. No one had expected that when he first proposed the concept of solar wind in 1958.

Back then, scientists tended to believe that the space between our sun and

the planets was empty. Mr. Parker suggested instead that it contained a wind of the sun's particles and magnetic fields. When he submitted his paper to the *Astrophysical Journal*, it was rejected. The paper saw the light of day

Its namesake, Eugene Parker, is a living legend of astrophysics.

only because the journal's editor, future Nobel laureate Subrahmanyan Chandrasekhar, agreed to publish it over the reviewers' objections.

But Mr. Parker never wavered, and no one could find a problem with his physics or math. He was vindicated four years later, when NASA's Mariner 2 probe confirmed the existence of solar wind.

For this breakthrough and

his work since, Mr. Parker is regarded as the father of modern heliophysics. As NASA scientists tell it, the decision to name the new probe after him—the first time that honor has been bestowed on a living person—was easy.

Great advances in science often stem from a willingness to challenge convention. Galileo was convicted of heresy in 1633 after he insisted that the sun was the center of the solar system. Everyone scoffed at the 19th-century physician Ignaz Semmelweis when he argued that doctors ought to wash their hands between patients. The science of plate tectonics, proposed by Alfred Wegener in 1912, didn't become widely accepted until the 1970s.

Scientists can be narrow-minded like anyone else. But the scientific method overcomes this failing, as new theories and ideas are constantly

tested against data. Science demands a willingness to challenge and be challenged.

At 91, Mr. Parker still loves the unexpected. Discussing the solar probe recently, he said that "we have to be prepared for some surprises—things that we never thought of, or things that we thought of but were not correct."

The launch of the Parker Solar Probe vindicates not only Eugene Parker's ideas but also his vision of science as an arena for both uncommon daring and humility. It's never clear where the next great advance will come from, or how it may challenge today's assumptions. To forge new paths, scientists must be brave enough to try new ideas—and confident enough to risk being proven wrong.

Ms. Olinto is dean of the Division of the Physical Sciences at the University of Chicago.

BOOKSHELF | By Daniel Akst

Station Wagon Memories

Don't Make Me Pull Over!

By Richard Ratay
(Scribner, 272 pages, \$27)

Contemplating a family road trip, it behooves us all to ask, in the spirit of those wartime posters: "Is this journey really necessary?" Have we forgotten Pascal's observation that "all of humanity's problems stem from man's inability to sit quietly in a room alone?"

For many sensible people, the idea of packing the family into a car and driving halfway across creation has all the appeal of a root canal without anesthetic. But for Richard Ratay, a Wisconsin advertising man, the family road trip is a source of nostalgia rather than trauma. His long-distance childhood adventures in his family's giant land cruisers are at the center of "Don't Make Me Pull Over!," a breezy and warm-hearted "informal history" of the great American family road trip.

Baby boomers and Gen Xers will thrill to recall driving without seat belts (young Richard was fond of stargazing through the rear window from the shelf atop the back seats), listening to music from an eight-track player, eating at Howard Johnson's, drawing with Magic Slate pads and navigating with paper maps. Although the Ratays eventually got a CB radio—anybody remember those?—readers will be astonished to learn that the family made it every year from the Upper Midwest to the Gulf Coast without benefit of smartphones or GPS, no doubt in much the same mysterious way as ancient Polynesian seafarers traversed the South Pacific.

Despite energy shortages and stagflation, road trips were a mainstay of family vacations in Mr. Ratay's youth, spurred by the Interstate Highway System and the blossoming of a motoring middle class. "During the 1970s alone, Americans logged 14.4 trillion highway miles—enough to travel from Earth to Pluto and back 2,500 times," he reports, adding: "My family alone was responsible for approximately 1 trillion."

Why all the driving? Most people simply couldn't afford commercial air travel, which was artificially expensive as a result of federal regulation. "As late as 1975," Mr. Ratay notes, "four in five Americans had never traveled by plane." The cost was especially prohibitive for the larger families more prevalent back then, and you'd probably need a car when you landed anyway.

OK, so family road trips. But how do you get a whole book out of the subject? Mr. Ratay is not the type to subject us to edgy interrogations of "Lolita" or the "National Lampoon's Vacation" movies, and, unlike so many other accounts of family life, this one is blissfully free of addiction, abuse or cruelty. For better or worse, the patriarchy sails the interstates unindicted in these pages, down highways seemingly paved with the iconic candies, videogames and paneled station wagons of the 1970s.

And therein lies the answer: Mr. Ratay simply fills out his account of the many hours his family spent on the road with thumbnail histories of practically everything they saw, ate, rode in or rolled along: "Turnpike" evidently comes from colonial toll roads that required a keeper to rotate a spiked gate, or pike, to grant entry.

Road trips were once a mainstay of family vacations: navigating with paper maps, eating at Howard Johnson's, driving without seat belts.

Take those internal-combustion dinosaurs with the faux-wood panels running along the sides. "The first station wagons were standard automobiles retrofitted with wagon bodies" for use around train stations, the author tells us, and in the 1930s and 1940s Detroit produced classy-looking wood-bodied vehicles for affluent customers who aspired to the landed gentry. After the war, steel-bodied station wagons caught on with the masses, but in a nod to the vehicle's aristocratic origins, many still sported "wood-grain panel decals."

Since Mr. Ratay's family enjoyed staying in Ramada Inns, we learn that the company was named for the *ramas*—Spanish for "branches"—with which southwestern farm workers used to build little shelters for shade. They called the shelters themselves "ramadas," the author reports. You'll also learn the origins of the Fuzzbuster (the first radar detector), and the history of cruise control.

Not to worry, it all goes down like a cold lemonade on a hot summer's day. Mr. Ratay is a charming raconteur who always seems to know just when it's time to get us all back into the car with his big, quintessentially middle-class family, which seems to be riding off into the sunset even as you read about it. Of the two adults and four kids, Mr. Ratay's colorful father, a golf-obsessed salesman, is the book's unrivaled star. His penny-pinching, his nerve-racking insistence that there's still gas in the tank when the gauge shows "E," and perhaps most of all his portable executive cocktail kit from Sears make him a memorable figure—and never mind the time he fell asleep at the wheel trying to save on a motel.

Sadly, if you miss this sort of Americana, the family road trip is no longer what it was. Seat belts prevent the kids from roaming freely or stretching out, and each passenger can now lose himself in a world of private entertainment instead of playing license-plate games with everyone else. Meanwhile, the federal price fixing that kept the cost of air travel sky high was abolished, at last, in the Carter administration, undone by the rise of bigger, faster jetliners, the need of airlines to stake out new routes, and the belief of liberals like Ralph Nader that competition rather than regulation was the best thing for consumers.

Flying became so cheap that eventually even the elder Mr. Ratay springs for a vacation by air. And while the family enjoys the extra time that flying gains them in Washington, D.C., the author is sensitive to what has been lost. "We'd taken a trip but we'd made no journey," he laments. "And somehow it felt as though we hadn't earned the right to enjoy our final destination."

Mr. Akst writes the Journal's weekly news quiz.

Coming in BOOKS this weekend

The tangled tree of life • Breaking the sky's glass ceiling • John Tyndall's science at the summit • Wayne Kramer's hard-rock confessional • An insider's view of art and money • Sam Sacks on the best new fiction • & much more

OPINION

REVIEW & OUTLOOK

Corruption and Double Standards

Democrats and their media friends have found what they think will be a killer political theme this fall: Corruption in Washington. Yet this sudden passion for political virtue could use some context, not least a mention of Bob Hugin's campaign against disgraced Democratic Senator Bob Menendez in New Jersey.

"The Chris Collins indictment ensures ethics will be a major issue in the midterms," declared a headline in the Washington Post on Tuesday. Mr. Collins, a GOP Congressman from upstate New York, was indicted Thursday for insider trading. The Congressman is accused of leaking news to his son Cameron about a failed clinical trial for a drug made by Innate Immunotherapeutics Ltd. The indictment says Cameron Collins then sold shares to avoid substantial losses.

Mr. Collins promptly declared his innocence and isn't resigning his seat, though House Speaker Paul Ryan removed him from the Energy and Commerce Committee. The indictment is compelling, but insider-trading cases brought by the U.S. Attorney for the Southern District have a mixed trial record.

Democrats aren't waiting for trial. "The charges against Congressman Collins show the rampant culture of corruption and self-enrichment among Republicans in Washington today," declared House Democratic leader Nancy Pelosi. Look for columns in the Post and other media amplifying the theme.

Yet political corruption is hardly partisan, and in recent years as many Democrats have been rung up as Republicans. There's Florida ethicist Corrine Brown, who served in Congress from 1993 to January 2017 but is now serving five years in federal prison for defrauding a charity. She's appealing her conviction and still getting her congressional pension.

Or recall Chaka Fattah, an 11-term Member from Pennsylvania, who was convicted in 2016 for racketeering, money laundering and fraud. He's serving a 10-year sentence.

And if candidates running for re-election this year are the issue, the poster politician for corruption is surely Robert Menendez. Prosecutors dropped corruption charges against the Senator this year only after a jury couldn't reach a unanimous verdict.

Maduro Rounds Up More Non-Suspects

Venezuelan dictator Nicolás Maduro is at least predictable. After a drone carrying explosives blew up over a military parade where he was speaking on Saturday, his critics said he would use the incident to unleash a crackdown on opposition politicians. Cue the security police.

According to press reports, a group calling itself Soldiers in T-shirts has claimed responsibility for the drone attack. That's an apt name because the soldiers were inept if they planned Saturday's fiasco. But on Tuesday Mr. Maduro gave a two-hour speech in which he alleged that some of the first six detained suspects had laid the blame for the dumb drone on two democratically elected members of the National Assembly.

Mr. Maduro shuttered that legislative body last year because it was controlled by the opposition. He replaced it with a pro-government legislature. But some opposition members have stubbornly continued to practice politics in the public square, and they have a following due to the dire circumstances of everyday Venezuelan life. This irritates Mr. Maduro, his fellow

The charges included favors Mr. Menendez did for a campaign contributor and friend, Salomon Melgen, who has been convicted of Medicare fraud, in return for perks like three nights at a five-star Paris hotel. The Senator lobbied regulators to change Medicare rules to help Melgen's company and he helped the doctor's girlfriends get visas to stay in the U.S.

Mr. Menendez barely escaped conviction thanks to the higher quid-pro-quo corruption standard established by the Supreme Court in *McDonnell v. U.S.* in 2016. He might be in jail now if the Obama Administration had agreed to change Medicare for his buddy. And in April the Senate Ethics Committee more or less made that point when it examined the charges and "severely admonished" Mr. Menendez for abusing his office.

"The Committee has found that over a six-year period you knowingly and repeatedly accepted gifts of significant value from Dr. Melgen without obtaining required Committee approval, and that you failed to publicly disclose certain gifts as required by Senate Rule and federal law," the committee said in a letter to Mr. Menendez, adding:

"Additionally, while accepting these gifts, you used your position as a Member of the Senate to advance Dr. Melgen's personal and business interests. The Committee has determined that this conduct violated Senate Rules, federal law, and applicable standards of conduct."

Is this also part of the "rampant culture of corruption," Mrs. Pelosi?

Republican Bob Hugin, a former biotech CEO, is running against Mr. Menendez this year. Mr. Hugin is largely self-financing his campaign, which Democrats claim to like for reducing the risks of corruption. Mr. Hugin has moderate views on taxes, health care and social issues that fit the New Jersey electorate.

If their ethics and corruption campaign had a scintilla of sincerity, liberal columnists would be writing in favor of Mr. Hugin the way conservatives supported Democrat Doug Jones against Roy Moore's Senate campaign in Alabama last year. But Democrats and their media echoes aren't really worried about corruption. Their pose is a tactic to regain power. Meet the new swamp creatures, same as the old.

OPINION

The Myth of American Inequality

By Phil Gramm
And John F. Early

America is the world's most prosperous large country, but critics often attempt to tarnish that title by claiming income is distributed less equally in the U.S. than in other developed countries. These critics point to data from the Organization for Economic Cooperation and Development, which ranks the U.S. as the least equal of the seven largest developed countries. American progressives often weaponize statistics like these to urge greater redistribution.

Taxes and transfers in the U.S. put its income distribution in line with its large developed peers.

But the OECD income-distribution comparison is biased because the U.S. underreports its income transfers in comparison to other nations. When the data are adjusted to account for all government programs that transfer income, the U.S. is shown to have an income distribution that aligns closely with its peers.

The OECD measures inequality by determining a country's "Gini coefficient," or the proportion of all income that would have to be redistributed to achieve perfect equality. A nation's Gini coefficient would be 0 if every household had the same

amount of disposable income, and it would approach 1 if a single household had all of the disposable income. The current OECD comparison, portrayed by the blue bars in the nearby chart, shows Gini coefficients for the world's most-developed large countries, ranging from 0.29 in Germany to 0.39 in the U.S.

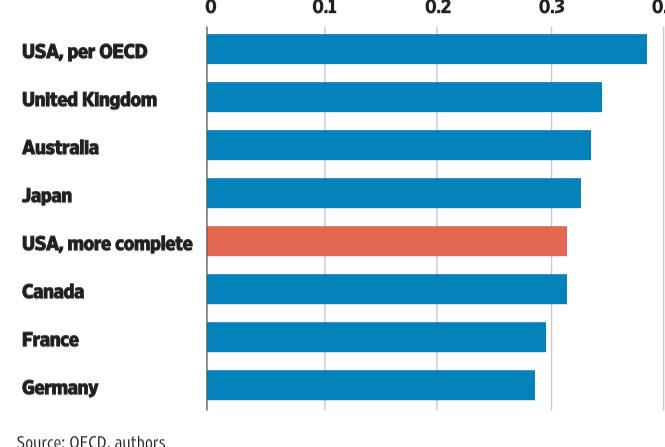
But there are variations in how each nation reports income. The U.S. deviates significantly from the norm by excluding several large government transfers to low-income households.

Inexplicably, the Census Bureau excludes Medicare and Medicaid, which redistribute more than \$760 billion a year to the bottom 40% of American households. The data also exclude 93 other federal redistribution programs that annually transfer some \$520 billion to low-income households. These include the Children's Health Insurance Program, Temporary Assistance for Needy Families and the Special Supplemental Nutrition Program for Women, Infants and Children. States and localities directly fund another \$310 billion in redistribution programs also excluded from the Census Bureau's submission.

This means current OECD comparisons omit about \$1.6 trillion in

How Unequal?

Gini Coefficient, adjusted disposable income

Source: OECD, authors
THE WALL STREET JOURNAL.

annual redistributions to low-income Americans—close to 80% of their total redistribution receipts. This significantly skews the U.S. Gini coefficient. The correct Gini should be 0.32—not 0.39. That puts the U.S. income distribution in the middle of the seven largest developed nations—the red bar on the chart.

Gini scores for other countries in the OECD ranking also might shift with better data: The OECD doesn't publish transfers by income level for other countries. But the change in income distribution for other countries would likely be less drastic. The poorest fifth of U.S. households receive 84.2% of their disposable income

from taxpayer-funded transfers, and the second quintile gets 57.8%. U.S. transfer payments constitute 28.5% of Americans' disposable income—almost double the 15% reported by the Census Bureau. That's a bigger share than in all large developed countries other than France, which redistributes 33.1% of its disposable income.

The U.S. also has the most progressive income taxes of its peer group. The top 10% of U.S. households earn about 33.5% of all income, but they pay 45.1%

of income taxes, including Social Security and Medicare taxes. Their share of all income-related taxes is 1.35 times as large as their share of income. In Germany, the top 10% pay 1.07 times their share of earnings. The top 10% of French pay 1.1 times their share.

If the top earners pay smaller shares of income taxes in other countries, everybody else pays more. The bottom 90% of German earners pay a share of their nation's taxes on income 77% larger than that paid by the bottom 90% of Americans. The bottom 90% in France pay nearly double the share their American counterparts pay. Even in Sweden—the supposed progressive utopia—

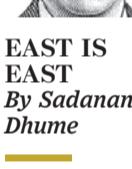
the top 10% of earners pay only 5.9% of gross domestic product in income-related taxes, 22% less than their American peers. The bottom 90% of Swedes pay 16.3% of GDP in taxes on income, 77% more than in the U.S.

Even these numbers underestimate how progressive the total tax burden is in America. The U.S. has no value-added tax and collects only 35.8% of all tax revenues from non-income-tax sources, the smallest share of any OECD country. Most developed countries have large VATs and collect a far larger share of their state revenue through regressive levies.

When all transfer payments and taxes are counted, the U.S. redistributes a larger share of its disposable income than any country other than France. Relative to the share of income they earn, the share of income taxes paid by America's high earners is greater than the share of income taxes paid by their peers in any other OECD country. The progressive dream of an America with massive income redistribution and a highly progressive tax system has already come true. To make America even more like Europe, these dreamers will have to redefine middle-income Americans as "rich" and then double their taxes.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. Early served twice as assistant commissioner at the Bureau of Labor Statistics and is president of Vital Few LLC.

WhatsApp Gets a Bum Rap for an Indian Murder Epidemic



Is WhatsApp responsible for dozens of murders in India this year? Critics of the popular Facebook-owned messaging service blame it for a spate of lynchings, often sparked by lurid rumors of child-abduction gangs.

Stung by bad publicity and a public rebuke by the Indian government, WhatsApp has rushed to put the brakes on viral content, educate the Indian public about rumors, and understand the country's fake-news problem. All good, but it obscures a larger point. This is a complex problem that spans education, law enforcement and public order. The problem is not WhatsApp. It's India.

The rumors leading up to a lynching can take several forms. It could be a video of grainy security-camera footage that purportedly shows two kidnappers on a motorbike whisking away a small boy. Or it could be a photo of

two unidentified women labeled as child traffickers. In a charged environment, word that strangers offered children chocolates can be enough to gin up a murderous crowd. Since April, mobs have bludgeoned to death at least 28 people in 11 Indian states.

In July villagers killed five itinerant tribal men they mistakenly suspected of child abduction in the western state of Maharashtra. The Indian government took notice—of WhatsApp. In a statement, the Ministry of Electronics and Information Technology expressed "deep disapproval" of "irresponsible messages" circulated on the service and "conveyed in no uncertain terms that WhatsApp must take immediate action to end this menace."

With at least 200 million users, India is WhatsApp's biggest market. Since the end of June the company has rolled out measures to put a clamp on viral rumors and tamp down criticism that it's insensitive to the deaths.

In India, users will no longer see a button designed to make it easy to

forward photos or videos. An Indian user can now forward a message to only five groups or individuals, down from more than 100. Forwarded messages now carry a label to signal that they may not be reliable. And WhatsApp has armed group administrators with the power to stop some members from posting.

Blaming a tech company for a complex domestic problem makes no sense.

The company is running full-page ads in 10 Indian languages warning people to "check information that seems unbelievable" and "be thoughtful about what you share." A radio and video campaign covers similar terrain. WhatsApp has earmarked \$1 million for academic grants of up to \$50,000 to study misinformation on the platform. It says it plans to work with Indian law enforcement officials

and fact-checking sites to curb the problem.

"We want to help," says WhatsApp spokesman Carl Woog. "But it's something for government and civil society to do as well."

The desire to help is understandable. The \$19 billion purchase of WhatsApp in 2014 is Facebook's largest acquisition. With 270 million users, India is also Facebook's largest market. Critics blame Facebook for failing to curb inflammatory material they say has led to violence against Muslims in neighboring Myanmar and Sri Lanka.

Yet while India's blaming a foreign technology company for a complex domestic problem plays well to the gallery at home, it makes no sense. Some 1.5 billion people in 180 countries use WhatsApp—tens of millions in countries such as Brazil, Indonesia and Mexico. But only in India do WhatsApp messages seem to gin up murderous mobs with regularity.

The government's focus on technology reflects a peculiar Indian tendency

to seek silver-bullet solutions for complex problems. In 2010 the federal government sought to boost education through a quixotic bid to mass-produce inexpensive tablets for students. Never mind that teachers in government schools often do not show up to teach. Police departments have experimented unsuccessfully with special apps for women as a quick fix to the deeper problem of violence against them.

Company executives may be too politic to say this, but there's a reason WhatsApp must worry about lynch mobs in India and not in Brazil, Mexico and Spain. It has to do with literacy rates, respect for law enforcement and familiarity with the Internet, among other things. There's little reason to believe things would be very different if 200 million Indians—many of whom are getting online for the first time—used Viber or Facebook Messenger instead of WhatsApp. Blaming WhatsApp for violence is simply a case of shooting the messenger.

Cold, Windy Bliss on a Salmon Fishing Trip

By Melanie Kirkpatrick

Every August I post a "Gone Fishin'" note in my email's autoreply and head out to Haida Gwaii for four glorious days of salmon fishing. Literally "the islands of the Haida people," Haida Gwaii is the native name Canada assigned in 2010 to the archipelago formerly known as the Queen Charlotte Islands. The Charlottes, as they still are commonly called, are about 50 miles west of mainland British Columbia and 500 miles north of Vancouver. We fish off Langara, the northernmost island in the chain.

Spending the hours between dawn and dusk aboard a 25-foot boat in the Pacific is not my usual idea of entertainment. When my husband first invited me to join him and his son on their annual fishing trip, any romantic notions I had about fishing were swiftly dispelled. In Haida Gwaii at midsummer, the sun seldom shines and temperatures rarely exceed 55 degrees. The words "survival gear"—printed on the crimson life jackets and black overalls that our lodge requires every guest to wear—do not inspire confidence.

But Langara's natural beauty and abundant wildlife are beguiling. The magic begins during the journey to the lodge. After a charter flight from Vancouver to the village of Masset

British Columbia's coastal islands offer big catches and natural beauty.

(population 793), we board a helicopter for the 20-minute trip to Langara, flying right above the treetops and low over the water. I once spied a pair of sandhill cranes gliding parallel to the chopper. The lodge consists of two barges connected by a network of floating docks, including one that operates as a helipad. We don't touch land again until the return trip to Masset.

Aboard our fishing boat, we can hear the high-pitched whistles of bald eagles and watch them dive for fish. Pigeon guillemots and rhinoceros auklets ride the waves nearby, and once in a while we catch sight of a puffin. Pods of orcas and humpback whales are common sights.

The salmon, too, are beautiful. There are five major species of Pacific salmon: coho, Chinook, chum, pink and sockeye. We fish for the first two varieties. Cohos also are known as silvers. Chinook is an Indian name for the species. Canadians also call spring salmon and Americans refer to as kings. A Chinook that weighs more than 30 pounds is called a tyee. The word comes from the language of the Nuu-chah-nulth people of coastal British Columbia and means "chief" or "great leader." The proudest moment of my fishing career came when I caught my first and only tyee.

When you have a coho on the end of your line, it's exhilarating to watch its acrobatic leaps over the surface of the water. The Chinook are powerful fighters. Just when you think you've landed one, it will dive deep and

force you to keep the battle going—but be careful lest it snap the line and escape before it's ready for the net.

The lodge encourages fishermen to release salmon above 40 pounds, in the hope that they will propagate more supersize salmon.

Sea lions are the bane of Langara fishermen's existence. This wasn't always so. As recently as a decade ago, man and beast coexisted peacefully.

Salmon swim faster than sea lions and they aren't part of the mammals' usual diet. But the sea lions in Langara's waters developed a taste for salmon after figuring out that the fishermen could catch their lunch for them. A hooked salmon moves slowly enough for a sea lion to catch. If you spot a sea lion, chances are it will grab your fish before you can get it into the boat. It might even roar up alongside and snatch your salmon as

you are about to net it—a close encounter with nature that provides its own special thrill.

Our trip to Langara this summer was marked by 25-mile-an-hour westerly winds, adding a rock-'n'-roll beat to the rhythm of our fishing boat. Landing a salmon is never easy, and trying to do so in a pitching boat adds to the challenge. But the weather shifted on our last morning, and we were rewarded with a triple-header: Each of us had a coho on the line. It was raining, but no matter. It was a perfect day to be out on the water. The wind had died down, the ocean was calm, and there wasn't a sea lion in sight.

Ms. Kirkpatrick, a former deputy editor of the Journal's editorial page, is a senior fellow at the Hudson Institute.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Executive Chairman, News Corp

Matt Murray

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EDITORIAL AND CORPORATE HEADQUARTERS: 1211 Avenue of the Americas, New York, N.Y., 10036

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Better Data for a Better Economy

By Erica L. Groshen
And Robert M. Groves

The U.S. economy runs on objective, credible and timely data. For this we depend largely on three professional government agencies: the Bureau of Labor Statistics, the Bureau of Economic Analysis and the Census Bureau. Yet for decades the work of these agencies has been hampered by laws and regulations constraining their performance.

The agencies aren't allowed to share data with each other to produce statistics, so they release information that is often inconsistent, and they cannot improve it by combining forces. Each must survey the same businesses. Each builds and maintains a costly information infrastructure uniquely designed to conduct its computational and privacy-protecting work.

Most other countries have organized their statistical work to produce more harmony and integration. Over many decades, expert panel after expert panel, convened

by Congress or the president, has recommended that these agencies be permitted to cooperate. Little has happened.

President Trump's new reorganization plan proposes a solution that merits serious bipartisan consideration. It would move the Bureau of Labor Statistics—the source of statistics on jobs, wages, working conditions, productivity and prices—from the Labor Department to the Commerce Department. There, it would become a sister agency to the Bureau of Economic Analysis, which tracks gross domestic product, personal income, international transactions and corporate profits.

WORLD NEWS

European Officials Brandish the Crucifix

Some religious leaders object to the mixing of Christian symbols and politics: 'Hands off!'

BY FRANCIS X. ROCCA
AND DREW HINSHAW

ROME—Lawmakers in Italy's new parliamentary majority want a crucifix to hang in every government building as a "permanent reminder" of the country's Christian identity.

Across Europe, nationalists and upstart politicians are promoting the use of Christian imagery as they seek to change the Continent's established politics and define Europe as Christian in reaction to recent Muslim immigration.

Christian symbols have long been a visible part of public life in much of Europe, but the new efforts reflect a more emphatic embrace of Christianity as central to Europe's identity.

The moves are stoking disagreement among Christian leaders and drawing criticism from allies of Pope Francis, who says that Christianity mandates generosity toward immigrants.

"The cross is a sign of protest against sin, violence, injustice and death," the Rev. Antonio Spadaro, a close adviser to the pope and editor of a Vatican-vetted magazine, *La Civiltà Cattolica* (Catholic Civilization), said on Twitter last month, in response to the legislative proposal by lawmakers with the League, an anti-immigration party. He called the use of the crucifix for political purposes "blasphemous." And he warned: "Hands off!"

Many antiestablishment parties, a rising force in European politics, say preserving their countries' Christian identity requires sealing Europe off to Muslim immigrants. They are pulling voters from mainstream parties that favor a more secular style of politics.

For decades after World War II, parties that identified as "Christian Democrats" were a mainstay of center-right politics in Italy, Germany and the Netherlands. But the decline of that tradition has opened up an opportunity for nationalists and far-right parties to claim the cross as theirs.

"The Christian Democratic parties saw Christian identity as a way to unite their nations, not divide them," said



Church leaders in Poland supported a mass prayer in October called 'Rosaries at the Border.' Below, Matteo Salvini, leader of the anti-immigration League in Italy, holds a rosary last month, left; Hungary's Bishop Miklós Beer, in front of the cathedral in Vác last year, center; and Germany's leading Catholic prelate, Cardinal Reinhard Marx of Munich, in Münster, Germany, in May, right.



LUCIANO BRUNO/ASSOCIATED PRESS



LASZLO BALOGH/REUTERS



WOJTEK RADWANSKI/AGENCE FRANCE PRESSE/GTY IMAGES

Rocco Buttiglione, a former Italian cabinet minister and lawmaker with a series of such parties. "But they weren't strong enough in defending that identity. They watered it down in order to attract votes on the left, and that left an enormous void."

In Eastern Europe, Catholic leaders have responded more favorably than in Western Europe to efforts by politicians to link Christian identity to nationalist ideas.

In Poland, where government offices are frequently decorated with 2-foot-tall crucifixes, many Catholic bishops openly sympathize with the ruling nationalist party's restrictive policies on refugees. In October, church

leaders supported a mass prayer called "Rosaries at the Border" that implicitly opposed Muslim immigration.

Few Hungarian bishops have objected as Prime Minister Viktor Orbán recasts Hungary as an explicitly Christian country, closed to non-Europeans and battling what he calls "Muslim invaders."

Mr. Orbán uses the term "Christian democracy" in a new sense: to describe the "illiberal" governance he is ushering in—a model he has said was inspired by more autocratic nations like Russia and Turkey.

Many church leaders express support for Mr. Orbán's priorities, including the anti-immigration fence Mr. Orbán had

built along Hungary's southern border in 2015.

"I'm in total agreement with the prime minister," Hungarian Bishop Laszlo Kiss-Rigo said at the height of Europe's migration crisis in 2015, saying the pope "doesn't know the situation....They're not refugees. This is an invasion."

Mr. Orbán, a Protestant, showers the Catholic Church and other denominations with millions of dollars in direct subsidies, and ends many speeches with the Latin expression "soli Deo Gloria" ("to God alone the glory").

"It is not good, not healthy, and dangerous," said Bishop Miklós Beer of Vác, one of the few Hungarian bishops to op-

pose Mr. Orbán's adoption of Christian language for nationalist ends. "Separation of church and state is a very important basic principle."

The picture is different in Western Europe. The leader of the southern German state of Bavaria recently mandated that all state buildings display a cross. Markus Söder, the Bavarian premier and a member of the Christian Social Union, said on Twitter in April that the requirement shows a "clear commitment to our Bavarian identity and Christian values."

The move hasn't reversed the CSU's slide in opinion polls ahead of regional elections in October, or dented support for the far-right Alternative for

Germany. But it has drawn fire from Germany's leading Catholic prelate, Cardinal Reinhard Marx of Munich, another of Pope Francis' top advisers, who accused the CSU of "expropriating the cross."

"You don't understand the cross if you only see it as a cultural symbol," Cardinal Marx said.

In Italy, the idea of defining Christianity as a part of the national identity drew support from much of Italian society not so long ago. In 2009, the European Court of Human Rights ruled that crucifixes in Italian classrooms, where they have hung under legislation dating back to the 19th century, violated the "right of parents to educate their children according to their convictions."

The ruling drew protests from the Vatican and from politicians across the spectrum who said the crucifix exemplified universal values such as human rights. The court reversed its decision two years later, reasoning that the Italian policy didn't amount to a "process of indoctrination," since a "crucifix on a wall is an essentially passive symbol."

Mixing church and state has become more divisive in Italy as antiimmigration politicians advance and clash with Pope Francis.

Several of Italy's high-profile church leaders have criticized Interior Minister Matteo Salvini, the leader of the anti-immigration League, for brandishing the Bible and a rosary at political events.

The bill that would mandate the display of crucifixes in Italian government buildings was introduced by lawmakers from the League in March. It would cover "all offices of public administration," including polling places, prisons, hospitals and airports, though it isn't specific about where in the buildings the crucifix would need to be displayed.

The League's embrace of Christian symbols is opportunistic, said the Rev. Rocco D'Ambrosio, a professor of political philosophy at Rome's Pontifical Gregorian University. "It's a kind of attempt to defend itself, to say 'we are Christians, we want the crucifix in all public spaces, so you can't accuse us of not being Christians.'

—Anita Komives contributed to this article.

Argentine Senate Rejects Abortion Bill

BY RYAN DUBE

BUENOS AIRES—Argentina's Senate rejected a bill to legalize elective abortions, delivering a setback to activists in Latin America who hoped the vote would be a major step forward in loosening the region's strict antiabortion laws.

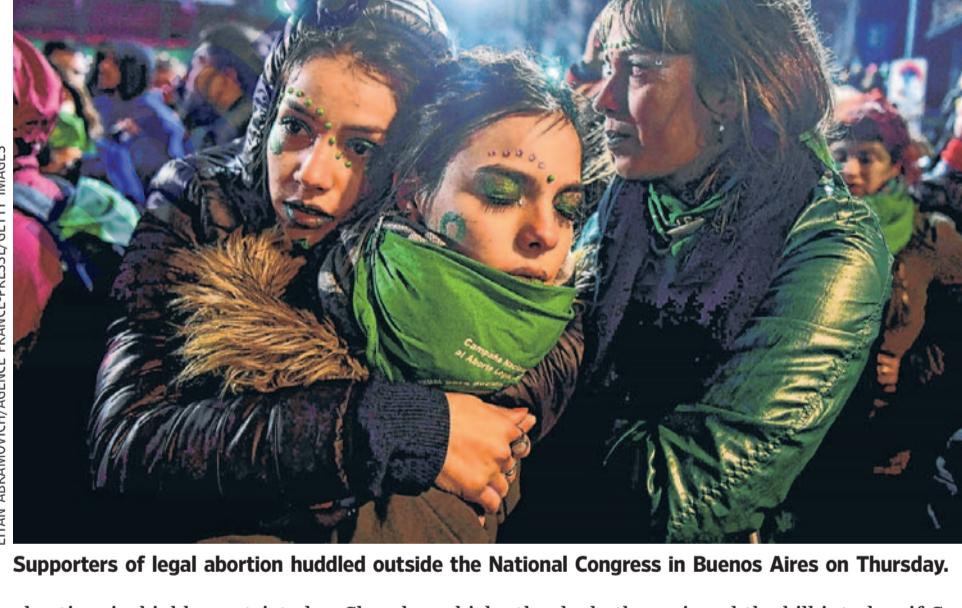
"It definitely was a missed opportunity towards decriminalizing abortion," said Tamara Taraciuk, senior Americas researcher at New York-based Human Rights Watch, which supported the bill.

After hours of debate, the Senate voted 38 to 31 against allowing legal abortions during the first 14 weeks of pregnancy, an issue that sharply divided the nation. Opponents of the bill celebrated the decision on the streets outside Congress with fireworks as they waved Argentine flags.

"We're convinced this isn't the right path," said Inés Brizuela, a ruling-party senator who opposed the bill. "We can't implement as a public-health policy a practice that everyone agrees is not good. It is harmful because it ends the life of another being."

The vote in Argentina was being closely watched throughout the region and as far away as New York, as approval would have made the country of 44 million the most populous Latin American nation to ease its strict antiabortion law. Argentina would have also become part of a broader global trend that has seen several countries loosen abortion restrictions. Since 2000, 27 of 28 countries that have changed their abortion laws have done so to expand legal access to the procedure, according to the Guttmacher Institute, a U.S. research group that supports legal abortion.

In Latin America, 97% of women live in countries where



ETIENNE ABRAHAMOVICH/AGENCE FRANCE PRESSE/GTY IMAGES

abortion is highly restricted, Guttmacher said. Elective abortions are legal in Uruguay, Cuba and Mexico City. There is an outright ban on abortions in El Salvador, Honduras, Nicaragua and the Dominican Republic.

Argentina's current law allows abortions only in cases when a pregnancy results from rape or when a woman's health is at risk.

Supporters and opponents of legal abortion believed approval of the bill would have galvanized activists elsewhere in the region to pressure their governments to expand access to procedures to end a pregnancy.

In Argentina, supporters of the bill said they would continue a campaign to pressure authorities to legalize abortion.

"I thought the senators were going to listen to the people," said Sol Haro, a 19-year-old student. "We are going to keep on fighting for its approval."

The vote was celebrated by members of the Catholic

Church, which thanked the Senate for "taking a stand in defense of life." In Argentina, the home country of Pope Francis, the church had increased its campaign against the abortion law after it was narrowly approved in June by lawmakers in the lower house.

Proponents of legal abortion vow to present legislation again next year.

Evangelicals also rallied against the bill.

"In my opinion, life starts from conception," said Fernando Bertolani, a psychiatrist in Buenos Aires who opposed the law. "We have to protect it."

Despite personally opposing abortion, President Mauricio Macri had said he would have

signed the bill into law if Congress approved it.

In Argentina, the decades-old campaign for legal abortion gained strength following a massive 2015 protest calling for the end of violence against women. The protest, which was sparked by the murder of a 14-year-old pregnant girl, raised the profile of feminist issues and attracted young people to demonstrate. Backed by a new generation of feminists, it eventually led to increased support for legal abortion.

Health officials and rights organizations estimate there are some 500,000 illegal abortions in Argentina each year.

Politicians in favor of legal abortion said they would present legislation again next year to change the country's abortion law.

"Women have never had their rights given to them," said opposition senator María Magdalena Odarda, who supported the bill. "The fight will continue."

Venezuela Accuses

Two Congressmen After Drone Attack

BY KEJAL VYAS

BOGOTÁ, Colombia—Two prominent Venezuelan lawmakers face treason and terrorism charges as President Nicolás Maduro broadens a crackdown on political rivals he has accused of organizing an assassination plot.

Authorities handed down arrest orders as Venezuelans tried to make sense of the details surrounding the blasts, caused by a pair of drones mounted with explosives that purportedly targeted Mr. Maduro on Saturday as he addressed a military parade.

Venezuela's government has pointed its finger at opposition politicians for the attack that injured seven soldiers, but speculation has swirled.

Adding to the confusion, a former police chief living in self-imposed exile said he was part of a loosely formed dissident group known as the "resistance" that plotted the attack, though his assertion couldn't be independently verified.

A web of opposition and resistance groups has sprung up to take on the authoritarian government, but they often operate in secret, with cross-purposes and there is no clear leadership.

"It's really hard to know what's going on right now," said Hans Wuerich, a former student activist. "But what we can see is that the government is using the attack to increase its repression."

On Wednesday, the government lifted the immunity from prosecution usually granted to lawmakers to try Julio Borges, who has been

key in lobbying foreign governments to put sanctions on the Maduro administration. Mr. Borges, who is in exile in neighboring Colombia, denied allegations he was involved in the plot.

The move came after a 29-year-old congressman, Juan Requesens, was detained by several armed officers of the Bolivarian Intelligence Service, according to his family and political party. Security footage from his apartment building showed officers tackling him before taking him away. Minutes later, Mr. Maduro in a televised address linked him to the alleged conspiracy.

"No one in the country or the world believes this farce of an attack," Mr. Borges said in a Twitter message addressed to Mr. Maduro. "We all know it's a setup to persecute and condemn those who oppose your dictatorship."

Venezuela's government has accused the two congressmen of being part of a network of at least 19 conspirators. More than seven people, including Mr. Requesens, have been arrested.

But Salvatore Lucchese, the former municipal police chief and government detractor, said in an interview in Bogotá that none of those arrested were part of the loose coalition of retired and active military officials, as well as student activists, he says orchestrated the attack.

Mr. Lucchese, who says he is a member, added he wasn't personally responsible, but said he knew of the plan.

Mr. Maduro said he would include Mr. Lucchese in the investigation.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 2853.58 ▼ 0.14%**S&P FIN** ▼ 0.56%**S&P IT** ▼ 0.05%**DJ TRANS** ▼ 0.30%**WSJ \$IDX** ▲ 0.58%**LIBOR 3M** 2.338**NIKKEI (Midday)** 22494.33 ▼ 0.46%See more at WSJMarkets.com

Tech Hits New York Speed Bumps

Local measures would cap licenses for Uber and Lyft, force Airbnb to disclose hosts

BY GREG BENSINGER

For **Uber Technologies Inc.** and **Airbnb Inc.**, New York City has been a cradle of growth, with its 8.5 million residents and burgeoning tech startup scene.

But the highflying tech firms are also finding that their biggest U.S. market is

generating its own obstacles.

This week, New York has passed legislation that could hamper the Silicon Valley heavyweights at a crucial moment as they prep for potential initial public offerings expected as early as next year. Some investors and executives of the companies have privately expressed concern that New York's restrictions could spur other cities to follow suit.

Wednesday, despite weeks of lobbying by Uber, rival **Lyft Inc.** and others, the New York City Council passed a bill to freeze new issuances of ride-

hailing licenses, a measure Mayor Bill de Blasio embraced.

And on Monday, Mr. de Blasio signed legislation that would require Airbnb to disclose to the city detailed information about its hosts, which could wipe out a share of listings by cracking down on illegal rentals and spooking other hosts.

For now, the hold on new ride-hailing licenses might not be a crushing blow: The freeze is for one year. And New York is unusual in that it requires licenses, unlike other cities that let drivers simply get approved by Uber.

But New York's measures show how regulation remains an immense risk to tech stars' financial health. Roughly a decade after these companies were founded, cities around the world are still wrestling with how to manage their impact.

"These companies have tried to pre-empt a lot of regulation by reaching deals with states, but this move by New York really could empower cities and local governments across the country to find new ways to regulate them," said Veena Dubal, an associate professor at University of California's

Hastings College of the Law.

The San Francisco companies have long fought regulation, especially early on as they barreled into new cities, flouted local laws and sparred with taxi and hotel lobbies. They have overcome some of the regulatory onslaught—Uber is now in nearly 80 countries and took in more than \$7 billion in revenue last year, while Airbnb is in about 190 countries and brought in \$2.6 billion in sales.

Investors have valued Uber at around \$70 billion on the promise its app will become the

Please turn to page B2

Nasdaq Extends Winning Streak

BY MICHAEL WURSTHORN

The Nasdaq Composite Index notched its eighth straight session of gains Thursday, shrugging off declines in the other major U.S. stock indexes in the latest sign that investors are retaining their faith in major technology firms.

The 3.46-point gain took the Nasdaq to 7891.78, just 41 points shy of its record set last month. In part, investors have been seeking out shares of technology companies as a haven from the continuing trade tensions between the U.S. and China and other major trade partners.

In addition, valuations across the market have come down following another strong quarterly earnings season, though price/earnings ratios in general remain in a range that has been seen only rarely in previous market cycles. (Please see related article on B12.)

With 82% of S&P 500 tech companies having reported results, second-quarter earnings have risen 32% from the same period a year earlier—a growth rate that is nearly on par with the first quarter.

"As long as the economy can keep growing and spending on technology and software is buoyant, I'd expect the tech sector to sustain these levels," said Dan Morgan, a portfolio manager with Synovus Trust.

The Nasdaq index became synonymous with pricey tech stocks during the internet boom of the late 1990s, but its advance to dozens of records in recent years has been fueled by a handful of companies generating significant recurring growth in profits and revenue—and, in many cases, exerting a strong competitive hold on lucrative industries such as media and retail.

Many investors are banking that further gains in the Nasdaq will be driven in part by the mettle of firms such as **Apple Inc.**, which this month became the first U.S. company to sport a \$1 trillion market value, and **Amazon.com Inc.**, which accounts for nearly half of U.S. online sales.

Not all of those companies have kept moving up in lock-step: Both social-media company **Facebook Inc.** and streaming-video provider **Netflix Inc.** suffered double-digit share-price declines in the past month following earnings that were deemed disappointing by Wall Street.

Saudi Oil-Production Data Sow Confusion

Saudi Arabia has pressed independent energy analysts to alter their estimates of its oil production, people familiar with the matter said, a move that could put it in conflict with other members of the fractious

By Summer Said
in Cairo
and Benoit Faucon
in London

Organization of the Petroleum Exporting Countries.

The world's largest oil exporter has told OPEC it cut output in July, according to delegates, but estimates from the U.S. government and independent agencies say it lifted production—amounting to a huge difference of as much as half a million barrels a day.

The data showing differing trends between official and independent estimates of Saudi output is set to be published Monday in the cartel's monthly report, potentially causing confusion in trading markets about how much oil is reaching consumers.

"The Saudis have been giving the impression they know what they are doing...They could lose credibility," said John Hall, chairman of U.K. consultancy Alfa Energy. "It could increase volatility" in prices, he said.

The kingdom has called some agencies over the past week, asking that analysts change their estimates, according to people familiar with the discussions. Some agencies rebuffed the request but others bowed to the pressure, they said.

There is no specific requirement that Saudi Arabia accurately report its production, but the discrepancy is highly unusual and adds to tensions within OPEC over whether to boost output.

Saudi officials told OPEC delegates last weekend that the kingdom's production had fallen by 200,000 barrels to 10.29 million barrels a day in July, according to energy ministry offi-

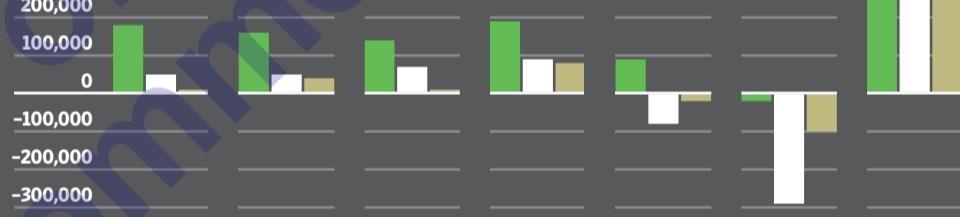


Saudi Arabia told OPEC it cut oil output in July, but estimates from the U.S. and independent analysts indicate an increase instead.

Out of Tune

Saudi Arabia and independent experts disagree on how much oil the world's largest exporter is pumping.

Sources: Energy Information Administration (EIA); JBC; Platts; Organization of the Petroleum Exporting Countries (Saudi estimate)
Photo: Ahmed Jadallah/REUTERS



cials. Oil prices rose 1.6% in New York Monday.

But according to S&P Global Platts, a provider of energy information, Saudi production rose to about 10.6 million barrels a day last month. The Energy Information Administration, a branch of the U.S. Department of Energy, reached the same estimate.

The number, which Platts said it was standing by, would

represent Saudi's highest level of production since mid-2016 and would exceed an agreement it made that year with other oil-producing nations to cut production in order to stabilize prices.

The agencies use contacts in governments, storage information and ship-tracking data to provide what tends to be reliable data on the kingdom. With their data, "there is no agenda,

there is no ulterior motive," Mr. Hall said.

The lack of consensus extends to the kingdom itself. A Saudi oil official and an adviser said they were told privately the country's production is higher than the official figures. Saudi Arabia's energy ministry didn't return a request for comment.

But Saudi officials say discrepancies over the kingdom's

production reflect dueling political pressures from the U.S. and Iran.

The U.S., concerned about rising fuel prices, wants Saudi Arabia to replace Iranian oil because it is about to ban Tehran's crude exports under revived sanctions.

Iran has criticized Saudi Arabia for increasing output, alleging it is a way to respond to U.S. pressure rather than market needs.

Court Clears Seizure Of Venezuela's Citgo

BY ANDREW SCURRIA
AND JULIE WERNAU

A U.S. federal judge authorized the seizure of **Citgo Petroleum Corp.** to satisfy a Venezuelan government debt, a ruling that could set off a scramble among Venezuela's many unpaid creditors to wrest control of its only obviously seizable U.S. asset.

Judge Leonard P. Stark of the U.S. District Court in Wilmington, Del., issued the ruling Thursday. However, his full opinion, which could include conditions or impose further legal hurdles, was sealed. A redacted version is expected to be available at a later date.

The court order raises the likelihood that Venezuela's state oil company, **Petróleos de Venezuela SA**, will lose control of a valuable external asset amid the country's deepening economic and political crisis. The decision could still be appealed to a higher, federal court.

Attorneys for PdVSA weren't available for comment. Citgo declined to comment.

Crystalex International Corp., a defunct Canadian gold miner that filed the legal action, is trying to collect on a judgment over lost mining rights involving Venezuela's government. It has targeted Citgo, an oil refiner, because this is the largest U.S. asset of the cash-strapped and crisis-riven country.

Many other creditors of Venezuela also are circling Citgo, but Crystalex is the first to win a judgment authorizing its seizure. Crystalex had argued that Citgo was ultimately owned by PdVSA, which is an "alter ego" of Venezuela that is liable for the South American country's debts. The judge's decision in favor of Crystalex allows it to take control of shares of Citgo's U.S.-based parent company, the first step toward a sale of the company.

Venezuela and its various state-controlled entities together have \$62 billion of unsecured bonds outstanding, with approximately \$5 billion so far in unpaid interest and principal. Analysts estimate that the government has ap-

INSIDE



ADIDAS IS WORLD CUP WINNER

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STREETWISE | By James Mackintosh

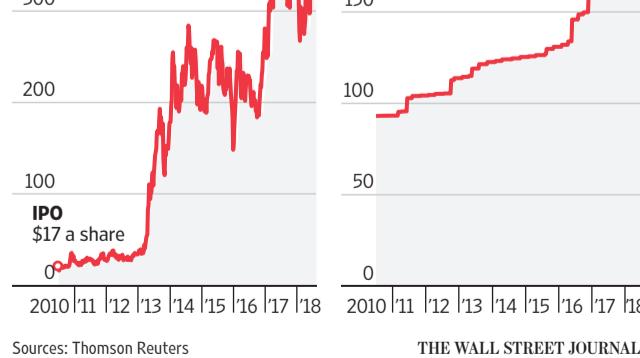
Musk's Slight to Shareholders

Higher Shares, and More of Them

Tesla stock has soared even as the share count almost doubled.

Share price

\$400



Sources: Thomson Reuters

company, their loyal shareholders and wider society.

The trouble is that none of this applies to Tesla.

It is hard to think of a company that cares less about sucking up to Wall Street than Tesla. Mr. Musk earlier this year rejected "boring bonehead questions" from analysts on his quar-

terly earnings call, the company offers no guidance on quarterly earnings, and it

has frequently and unapologetically reported losses far worse than expected (only twice has it made a quarterly profit, both times a surprise).

Tesla is also part of a se-

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Activist, Campbell Heir Push Soup Maker to Sell

BY MICAH MAIDENBERG AND ANNIE GASPARRO

Activist investor **Third Point** LLC is pushing for a sale of **Campbell Soup** Co. with the help of an heir to the soup company's founder.

Third Point said in a filing on Thursday that it had spent more than \$686 million since mid-June, acquiring a 5.65% stake in Campbell.

The investment firm run by Daniel Loeb said that "given the significant obstacles" facing Campbell, a sale to another food maker is "the only justifiable outcome."

Campbell's shares rose 0.7% to \$42.28, making Third Point's stake worth about \$716 million.

Third Point complained of "years of abysmal oversight" at the soup and snack company. Campbell's soup sales have declined over the past year while its attempts to make more fresh food have backfired.

Campbell Chief Executive Denise Morrison stepped down in May, and the company said it would conduct a strategic review.

Third Point said its push has the backing of George Strawbridge Jr., the grandson of the inventor of Campbell condensed soup, who reported his own 2.8% stake in the company in a separate filing.

In his filing, Mr. Strawbridge said he raised concerns with Campbell's board of di-

rectors months ago. He said board members told him in March that they disagreed. "Since then, the board members have refused to engage in meaningful conversations," the filing states.

Mr. Strawbridge is a former Campbell's board member. Two of his cousins, Bennett Dorrance and Mary Alice Malone, remain on Campbell's board. All three opposed a call to sell Campbell in 1990.

Campbell said on Thursday that its board is examining "all potential paths forward." The company said executives will share details from that review when Campbell reports quarterly earnings on Aug. 30.

Third Point and Mr. Strawbridge didn't immediately respond to requests for comment. The Wall Street Journal reported on July 31 that Third Point had built a stake of more than \$300 million in Campbell.

The packaged food industry overall has seen the departure of many chief executives lately. For example, **PepsiCo** Inc. CEO said Monday that Indra Nooyi is stepping down. Consumers are buying foods perceived as healthier and less processed, accelerating consolidation and change at big food makers.

Campbell's interim CEO Keith McLoughlin told employees following Ms. Morrison's departure that as a public company Campbell is always for sale, but that the board was aiming not to sell the company.

Cord-cutting has hit how-

The Last Knight" and "Ghost in the Shell."

Viacom has been working to turn around its operations as it has dealt with consumers moving away from cable TV subscriptions and lackluster film releases.

Bolstered by the box office performances of films such as "A Quiet Place" and "Book Club," the filmed entertainment segment's adjusted operating profit rose to \$44 million in the latest quarter from \$9 million a year earlier.

Viacom is also pointing to early successes from its blockbuster "Mission: Impossible – Fallout," which made its debut in the current period. In its first two weeks, Paramount's "Fallout" grossed almost \$330 million, the largest opening among the six films in the Mission Impossible series, Viacom said.

Cord-cutting has hit how-

much money Viacom generates from advertising sales and fees from distributors for its programming.

Domestic advertising at Viacom fell again in the third quarter, dropping 3% to \$922 million. However, the company said the metric improved from the prior quarter, helped by higher prices. Viacom has said it expects domestic ad revenue to return to growth in its fourth quarter.

Domestic affiliate revenue fell 3% to \$978 million, while International affiliate revenue fell 2% to \$175 million.

However, Viacom executives predicted that domestic affiliate revenue would return to growth in the September quarter for the first time in more than a year, driven by rate increases and the growth of streaming pay-TV bundles.

They also expect domestic affiliate growth would continue

into 2019.

"The decline in the Viacom stock price, as I look at the charts over the last two years, was fundamentally tied to negative news in affiliate," said Viacom Chief Executive Bob Bakish on a call with analysts.

"And what you're seeing here is us coming up the other side of that, through strategy, through relationships, through product."

Viacom shares rose 6% on Thursday.

Viacom's profit fell 24% to \$522 million, or \$1.29 a share. On an adjusted basis, the company reported earnings from continuing operations of \$1.18 a share, up from \$1.17 a share a year ago. Analysts were expecting adjusted earnings of \$1.07 a share.

The company's year-ago quarterly profit included \$285 million from a gain on the sale of Epix, a pay-TV network.

Tech Faces Hurdles in New York

Continued from the prior page one-stop shop for urban transportation, driving down fares and pickup times enough to persuade people to ditch their cars and hail rides—or rent bikes and electric scooters. There are now about 80,000 ride-hailing vehicles licensed by New York, up from 25,000 three years ago.

But the city argues that a lack of regulation for ride-hailing, compared with the fixed supply of yellow taxi medallions, has allowed a proliferation of vehicles to clog streets. It capped new ride-hail license issuances for at least a year to study traffic patterns; if it becomes permanent, Uber and Lyft couldn't bring more drivers on to meet demand.

In addition to the yearlong

lower-income residents. In New York, the issue revolves around a state law making it illegal in most city buildings to rent an apartment for less than 30 days unless the tenant is present. To help enforce the law, the city is requiring Airbnb to disclose the names and addresses of hosts to an agency that can fine the company \$1,500 for any listing that isn't accurately disclosed.

It is a blow to Airbnb in one of the world's most tourist-heavy cities, where it counts some 50,000 rental listings.

In San Francisco, as a law took effect early this year requiring hosts to register, nearly half of the startup's 11,000 listings disappeared.

"Many responsible homeowners are currently facing aggressive, unchecked policing, and are fearful of what will happen under this new legislation," said Josh Meltzer, Airbnb's Northeast policy chief, in a statement after the New York bill's passage. The company declined to comment further.

Lyft declined to comment. Airbnb, for its part, has built a business valued by investors at \$31 billion by enabling people to rent out rooms or entire homes. But its popularity has a downside for cities: People are buying up property to offer short-term rentals, sometimes illegally, straining the housing supply and driving up prices for

sues. Lyft declined to comment.

For Venezuela, losing control of Citgo could jeopardize one of its only remaining sources of oil revenue, the U.S.

At the same time, investors in Venezuela's defaulted debt—as well as at least 43 companies pursuing legal claims against the government—risk losing

Seizure of Citgo Is Authorized

Continued from the prior page approximately \$150 billion total in debt outstanding to creditors around the world.

Venezuela and its state-controlled entities including PdVSA began missing bond payments last year and have since spiraled into a widespread default. U.S. sanctions bar creditors from engaging the Venezuelan government in any kind of restructuring or buying new debt.

For Venezuela, losing control of Citgo could jeopardize one of its only remaining sources of oil revenue, the U.S.

Without ownership of Citgo, investors worry PdVSA would have little incentive to continue to pay on the debt.

Any sale of Citgo stock would require U.S. Treasury Department approval, and Crystalex needs to clear other legal hurdles before the shares could be sold.

In trying to lay claim to Citgo, creditors are following a familiar playbook. Hedge funds led by **Elliott Management Corp.** did something similar when they went after Argentine assets following that country's 2001 default, the largest sovereign default at the time, on more than \$80 billion in sovereign debt.

At the same time, investors in Venezuela's defaulted debt—as well as at least 43 companies pursuing legal claims against the government—risk losing

one of the few obvious assets in the U.S. that can be seized for repayment.

The only payment made this year by Venezuela was \$107 million on its PdVSA bonds, due 2020, for which Citgo is pledged as collateral. That was a clear move by Caracas to protect that asset, analysts have said.

Continued from the prior page approximately \$150 billion total in debt outstanding to creditors around the world.

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In trying to lay claim to Citgo, creditors are following a familiar playbook. Hedge funds led by **Elliott Management Corp.** did something similar when they went after Argentine assets following that country's 2001 default, the largest sovereign default at the time, on more than \$80 billion in sovereign debt.

For Venezuela, losing control of Citgo could jeopardize one of its only remaining sources of oil revenue, the U.S.

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one of the few obvious assets in the U.S. that can be seized for repayment.

The only payment made this year by Venezuela was \$107 million on its PdVSA bonds, due 2020, for which Citgo is pledged as collateral. That was a clear move by Caracas to protect that asset, analysts have said.

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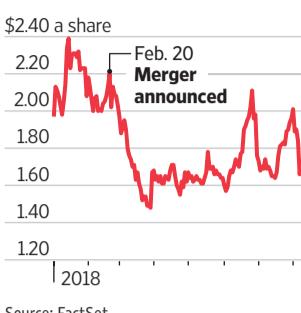
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BUSINESS NEWS

Adidas Enjoys World Cup Bounce

Tough to Swallow
Rite Aid's share price has dropped since its merger with Albertsons was announced.



Soccer tournament helps sports-apparel company post higher revenue and profit

By WILLIAM BOSTON

BERLIN—**Adidas AG's** second-quarter profit more than doubled as demand for merchandise from the soccer World Cup boosted sales growth in North America and China.

The better-than-expected earnings, reported Thursday, drove the sporting goods company's stock up more than 7%. The results came as Adidas faces a fresh challenge on its home turf from U.S. rival **Nike Inc.**, which is establishing a German headquarters in Berlin to tap the city's trendsetting youth scene.

Adidas' net income rose to €396 million (\$460 million) in the June-ended quarter, up from €158 million in the comparable period last year. Profit growth outpaced that of sales revenue, which rose 4.4% to €5.26 billion.

The company was among the sponsors of the hugely popular World Cup soccer tournament that took place this summer in Russia. It benefited from high sales of its World Cup-branded merchandise, Adidas CEO Kasper Rorsted said.

"We remain firmly on track to achieve our set targets for the full year," he added.

Adidas said double-digit revenue growth in its namesake brand offset a decline in revenue from its Reebok brand. Sales of Adidas-branded products rose 12% on the back of strong demand for training, running and soccer merchandise. Online channels have been particularly strong, the company said.

In North America, where Adidas contends with Nike's dominance in popular sports such as running and basket-



The German company's name was on all World Cup match balls and some team uniforms, though rival Nike also held some rights.

ball, the company generated revenue of €1.08 billion, up 16% in currency-neutral terms. Adidas's revenue in Asia rose nearly 19% to €1.73 billion.

Adidas has been playing catch-up with Nike for years. Although the German challenger has made some big gains and is posting strong growth in Nike's backyard, the U.S. sporting goods maker is still much larger.

In its May-ended fiscal fourth quarter, Nike generated profit of \$1.1 billion, an increase of 13%, on global revenue of \$9.8 billion, up 8% on a currency-neutral basis comparable with Adidas's reporting.

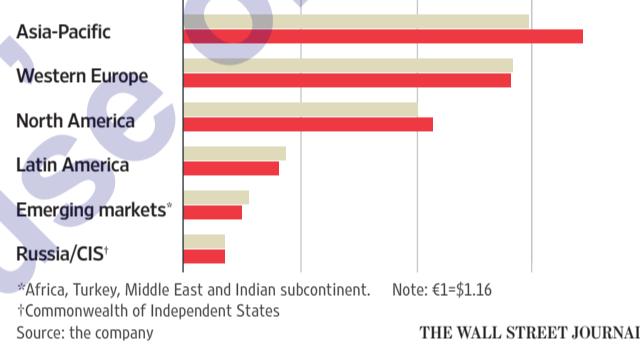
Nike has lifetime deals with some of the best-known names in professional sports, such as soccer star Cristiano Ronaldo and basketball greats LeBron James and Michael Jordan. Nike hosts the NBA legend's "Air Jordan" brand.

The Nike-Adidas rivalry was on full display at the World Cup. Adidas had the exclusive rights to put its name on the match balls and sponsored more teams than any other brands. But it was Nike's swoosh that adorned the jersey of the winning French team.

—Anthony Shevlin contributed to this article.

Power Play

Adidas posted strong revenue gains in North America and Asia.



THE WALL STREET JOURNAL.

News Corp's Quarterly Revenue Climbs 29%

By LUKAS I. ALPERT

The consolidation of Australian television assets helped **News Corp** boost revenue substantially in the June quarter, but also led to a write-off that weighed on the company's bottom line.

News Corp in April completed the merger of Foxtel and Fox Sports Australia, and wound up with a controlling stake in the resulting entity, which is now one of the largest pay-TV, sports and entertainment outlets in Australia.

The deal helped propel a 29% increase in year-over-year

revenue to \$2.69 billion. Adjusted revenue, which factors out the effects of the Foxtel transaction, rose 5.2%.

The results also were boosted by strong sales and profit growth at the company's book-publishing and digital-real-estate divisions.

At the company's news and information-services business, the largest unit that houses publications such as The Wall Street Journal, Times of London and New York Post, revenue increased 1% compared with the year-earlier quarter.

"News Corp is now a more substantial company after the Foxtel transaction, with a

much higher percentage of recurring, subscription-based revenues, which should help offset a volatile advertising environment," said News Corp Chief Executive Robert Thomson in a written statement.

Charges related to the Foxtel transaction contributed to a net loss of \$372 million, compared with a loss of \$430 million in the year-earlier quarter.

Earnings before interest, taxes, depreciation and amortization rose 45% to \$312 million.

When leaving out the merger-related charges, the company reported adjusted

earnings per share of 8 cents. Analysts polled by Thomson Reuters had forecast revenue of \$2.65 billion and earnings per share of 6 cents.

In the news unit, circulation revenue gains were boosted by a 9% increase at Dow Jones, the Journal's publisher. The Journal added 100,000 digital subscribers in the quarter. In the June quarter, the Journal averaged 1.59 million digital subscribers.

Advertising revenue for the entire news unit declined 2%, while circulation and subscription revenue increased 5%.

Earnings before interest, taxes, depreciation and amor-

tization declined 9% in the news unit. That was because of higher costs at Dow Jones and lower revenue at News Corp's papers in Australia.

The digital-real-estate business posted a 19% increase in revenue to \$299 million. Ebitda rose 14% in the division.

Revenue in News Corp's book-publishing segment rose 20% to \$490 million, boosted by strong sales of "Magnolia Table," by Joanna Gaines, "I'll Be Gone in the Dark," by Michelle McNamara and "Girl Wash Your Face," by Rachel Hollis. Ebitda for the unit rose 82%.

Condé Nast Weighs Layoffs As It Sets Profitability Goal

By JEFFREY A. TRACHTENBERG

Condé Nast Chief Executive Bob Sauerberg outlined a plan to return the publisher to profitability in two years and revive growth, by diversifying its revenue away from advertising and shedding certain magazine titles.

Mr. Sauerberg presented the strategy to staffers on Wednesday. He said Condé Nast, owner of magazines including Vogue, Vanity Fair and the New Yorker, aims to boost revenue by \$600 million by the end of 2022.

In an interview, Mr. Sauerberg said he is focusing on such

key areas as video, data, business-to-business marketing and consulting services, and business-to-consumer services such as GQ Recommends, which provides advice on men's fashion and other products and generates affiliate commissions.

Condé Nast is owned by closely held **Advance Publications Inc.**, and it doesn't report its financial results. Mr. Sauerberg said he expects revenue will decline in 2018, and that the business won't be profitable. He said Condé Nast will return to profitability in 2020.

"We've invested in creating a data platform, an events busi-

ness, and scaling our digital business," Mr. Sauerberg said.

Mr. Sauerberg said developing nonadvertising sources of revenue is critical as print advertising continues to decline and tech giants dominate the digital advertising landscape.

By the end of 2022, he said,

Condé Nast intends for advertising to account for half of total revenue; it is currently 70%.

"At a time when Google and Facebook are taking so much ad money out of the marketplace, I'm investing in a more diversified future," he said. There could be painful layoffs ahead, he added, as cost-cutting at Condé Nast continues. "We're going to manage our costs as we continue to invest," he said.

Condé Nast has put the titles Brides, W and Golf Digest on the market. Mr. Sauerberg said he hopes to have signed agreements for the three titles by year's end. Condé could retain an interest in the golf business, depending on its future owner.

Steve Newhouse, chairman of Advance.net, the digital arm of Advance Publications, said Condé Nast's board supported the plan. "We believe Condé Nast has a future based on the value of the brands that can be increased over time," he said. "We're prepared to go through a difficult transition because we see value being created."



CEO Bob Sauerberg said he expects revenue will decline in 2018.

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TECHNOLOGY

WSJ.com/Tech

WeWork Raises \$1 Billion

New funding from SoftBank comes as shared-office company continues rapid growth

BY YOREE KOH

WeWork Cos. on Thursday disclosed it raised another \$1 billion in funding from **SoftBank Group Corp.**, as the shared-office company continues its rapid growth by doubling revenue but piling up losses, according to newly released financial information.

The New York-based company said Thursday its loss in the first half of the year more than tripled to \$723 million from the year-ago period as it accelerates opening new spaces and spends more to market them. Revenue for the

first half of this year more than doubled to \$763.8 million.

As a private company, WeWork isn't required to publicly disclose its financial numbers, but it released the figures to the media in tandem with a periodic update to bond investors.

WeWork, one of the world's most valuable startups with a valuation of about \$20 billion, said the new funding from its investor SoftBank came in the form of a subordinated convertible note that is structured to give the Japanese company an edge in the next fundraising round. SoftBank already invested \$4.4 billion in equity funding in WeWork last August.

If SoftBank leads an equity round of at least \$1 billion, the notes will convert into preferred shares at whatever valuation the investor sets. If another investor leads a funding

round of \$1 billion or more, SoftBank will automatically get shares that value the company at \$42 billion—twice the previous valuation—or more if the shares are priced higher.

The note, which accrues interest of 2.8% a year starting next September, gives WeWork more financial power to lease and acquire new buildings while modernizing the offices with glass walls and upscale furnishings. The eight-year-old company typically has raised money through direct investments, collecting more than \$6 billion, but earlier this year it raised \$702 million in its first bond sale.

"There is no investor closer to us than SoftBank and it was an opportunistic financing that we were able to do," WeWork Financial Chief Artie Minson said in an interview.

Bond investors appeared to react favorably to Thursday's financial update. After the numbers came out, WeWork's 7.785% bonds due 2025 traded up to 100.75 cents on the dollar from 99 cents on Wednesday, according to MarketAxess.

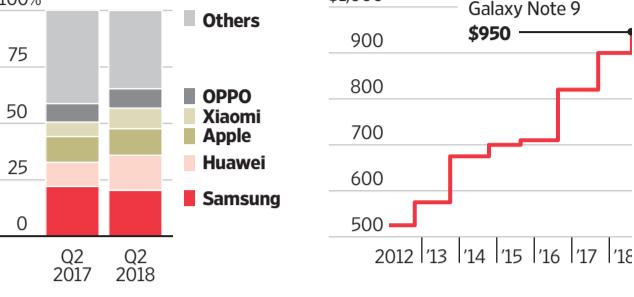
WeWork has roughly doubled its revenue each year, and it did so again in the second quarter to \$421.6 million. WeWork draws most of its revenue from monthly rental payments it calls memberships, though a growing share comes from services. But the costs are piling up. WeWork logged a net loss of \$933 million last year, and it is on pace to surpass that figure this year. Mr. Minson said that is because the company is adding more desks and buildings at a faster pace.

—Sam Goldfarb contributed to this article.

Losing Ground

Samsung has lost some market share over the past year, while its prices have steadily risen since its origin.

Smartphone market share



Note: Base memory variant; these are "Wholesale price for retailers." Consumers often pay \$50 to \$100 more than these wholesale prices, but it varies among carriers and retailers.

Sources: Strategy Analytics (market share);

BayStreet Research LLC (prices)

THE WALL STREET JOURNAL.

Samsung Plays It Safe With New Note Smartphone

BY TIMOTHY W. MARTIN

NEW YORK—**Samsung Electronics** Co.'s newest flagship device unveiled Thursday looks much like last year's model, reflecting slowing innovation in smartphones that has contributed to a historic dip in industry sales.

The world's biggest smartphone maker introduced the Galaxy Note 9 at Brooklyn's Barclays Center about two weeks earlier in the year than its predecessor was revealed in 2017—a bid to bolster plummeting phone sales before rival **Apple Inc.**'s expected release of fresh iPhones next month.

But the South Korean giant did little to dim a perception that its releases this year aren't pushing the envelope enough to keep pace with rivals.

Samsung's mobile chief, D.J. Koh, said the company had taken a more cautious approach to radical new technologies in the aftermath of the global recall two years ago of Galaxy Note 7 devices due to overheating batteries. He said he had strongly emphasized quality to employees along with innovation.

"At the time, I thought that was the right decision, the right direction," he said. But now, he said, he believes the company should have moved "more vigorously."

In prior years, the Galaxy Note series won fans by pushing the limit on new features, some of which were later offered by Apple. Seven years ago, the Galaxy Note was the first mainstream plus-size phone, and a variant of 2014's Galaxy Note 4 was the first to have a curved screen. Two years ago, Samsung added an iris scanner to unlock the phone.

This year, the Galaxy Note 9's biggest technological leap may be the S Pen stylus. It is now Bluetooth-enabled, mean-

ing users can execute certain commands while standing as far as 30 feet from their phones. The stylus, when inserted into the phone, fully recharges within 40 seconds.

Samsung has revved up the horsepower of the flagship phone: Battery life and power are 20% greater, storage memory in base models has been doubled, and the device's edge-to-edge Infinity display has been slightly enlarged to 6.4 inches from 6.3 inches.

The smartphone industry has fallen into an unprecedented sales slide, as consumers hold on to devices longer and many buyers bristle at prices approaching \$1,000.

Samsung has been deeply affected. Its smartphone shipments plummeted to 71.5 million units for the quarter ended in June, a 10% drop from the prior year, according to Strategy Analytics. Meanwhile, Chinese rivals like **Huawei Technologies Co.** and **Xiaomi Corp.** recorded big boosts in unit sales, and Apple has proved resilient in the high-end market.

A big driver of the drop was weak sales of Samsung's primary Galaxy S9 phone, which analysts say could see a sales drop-off of 20% or more from the previous year's model.

Mr. Koh said the Galaxy S9's performance was rebounding, boosted by sales to businesses and large employers. Business-to-business sales make up 10% to 15% of overall shipments and Mr. Koh hopes to double those figures by 2020.

The Galaxy Note 9 will be a tough sell to consumers, especially those who aren't already using an older version of the phone, said Wayne Lam, a principal analyst at IHS Markit.

Samsung said the base model of the Galaxy Note 9, with 128 gigabytes of memory, would be priced at \$999.99 in the U.S., and a 512-gigabyte version would cost \$1,249.99.



Xerox has said it can adapt if the companies' technology pact ends, but Fujifilm's president said the Japanese firm would suffer less.

Fujifilm Lobs Barb at Partner Xerox

BY MAYUMI NEGISHI

TOKYO—**Fujifilm Holdings Corp.** said **Xerox Corp.**'s plan to scrap the two companies' 56-year-old technology partnership in office equipment would hurt Xerox more than it would hurt the Japanese company.

The spat between the two partners—whose merger plans broke down earlier this year—has become increasingly bitter. Xerox's new chief executive, John Visentin, said last month he didn't plan to renew the

two companies' technology agreement when it expires in 2021.

Under the technology agreement, a joint venture that is 75%-owned by Fujifilm and 25%-owned by Xerox manufactures most of the copiers and printers sold by Xerox in the U.S. and Europe under the Xerox brand.

Mr. Visentin said on an earnings call last month that Xerox could prepare for the end of the agreement and change its supply chain to become more competitive.

At an earnings news conference on Thursday, Fujifilm executives said they believed it would be tough for Xerox to find another supplier. They said Fujifilm could keep up the manufacturing and find a new brand under which to sell the products.

"It would not hurt us very much," Fujifilm President Kenji Sukeno said. "I think Xerox will suffer greater damage."

Fujifilm agreed in January to buy a majority stake in Xerox, but the U.S. company backed out of the deal follow-

ing opposition from its biggest shareholders, Carl Icahn and Darwin Deason.

Fujifilm is suing to revive the agreement.

"But we can't spend so much time on this," Mr. Sukeno said. "We have other businesses to take care of."

Fujifilm said it would buy back up to ¥100 billion (\$901 million) worth of its shares, or about 7.4% of outstanding shares, by April 2019, as part of a plan to buy back a total of ¥200 billion worth of shares by April 2020.

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TECHNOLOGY

Yelp's Advertising Strategy Buys Results

BY AISHA AL-MUSLIM

Yelp Inc. shares soared on Thursday after the online review company reported strong advertising results for its latest quarter.

San Francisco-based Yelp said late Wednesday that a 21% rise in second-quarter ad revenue to \$226 million was driven by a bigger sales force and ending a requirement for business customers to commit to a fixed time period for ad spending.

Paying-advertising accounts, which reflects businesses that have paid for ads on Yelp over a three-month period, rose by 17,000 from the first quarter to 194,000.

The consensus forecast was for growth of 8,000, according to MKM Partners.

Yelp, founded in 2004, was designed to connect people with local businesses. In the latest period, the company said it averaged 32 million monthly unique visitors on its app and 72 million visitors through its mobile webpage.

Operating Chief Joseph Nachman told analysts on a Wednesday conference call that Yelp has been testing the non-term-contract ad model in some markets for about two years to see how it affected customers' ad-buying decisions.

"It's clear that opening up the sales funnel is bringing in a lot of new customers," fi-

nance chief Charles Baker said on the call. However, he said executives will be cautious in estimating the long-term impact the move has on account

retention.

MKM Partners analyst Rob Sanderson said in a note that the shift to nonterm advertising was a "clear positive" and that his firm isn't as con-

cerned with transition issues or higher levels of churn.

Yelp's shares rose 27% to \$48.33 on Thursday, hoisting the stock into positive territory for 2018.

"We thought investors were too negative," Mr. Sanderson said.

Yelp's revenue and profit exceeded analysts' expectations for the second quarter. Revenue rose 12% to \$235 million; analysts polled by Thomson Reuters were expecting \$232 million.

Net income rose to \$10.7 million, or 12 cents a share, from \$7.9 million, or 9 cents a share, a year earlier. Analysts had expected a penny-a-share profit.

Booking Holdings Slides on Outlook Cut

BY AISHA AL-MUSLIM

Shares of **Booking Holdings Inc.** fell Thursday after the travel company delayed the release of second-quarter results by half a day and provided a lower-than-expected outlook for the current quarter.

The online travel company—with brands such as Booking.com, priceline.com, Rentalcars.com and OpenTable—said it expects adjusted earnings per share of \$36.70 to \$37.70 in the third quarter, compared with estimates of

\$39.79 a share among analysts polled by Thomson Reuters. It also guided for year-over-year revenue growth of 6% to 9%.

The company posted second-quarter earnings growth Thursday morning after delaying the release from Wednesday afternoon. Shortly after the market closed Wednesday, the company said that though its results were finalized, it was "confirming certain business metrics" that are reported quarterly. Shares of Booking fell 5% Thursday.

Booking Holdings adopted a

new revenue accounting standard in January. The switch changed the time the company recognizes revenue from check-out to check-in. The company also no longer presents cost of revenues or gross profit.

The Norwalk, Conn.-based company said revenue for the second quarter rose 20% to \$3.5 billion, ahead of the consensus forecast of \$3.44 billion. Under the new accounting standard, the year-over-year growth rates for 2018 compare total revenue in 2018 to gross profit of \$3 billion in 2017.

The company estimates that total revenues recognized at check-in will be about 1% lower in the third quarter and about 5% higher in the fourth quarter, when compared with the same quarters if revenues were recognized at check-out.

Net bookings for the second quarter equaled \$23.9 billion, a 15% increase, and on par with analysts' expectations.

Second-quarter net income was \$977.4 million, or \$20.13 a share, compared with \$720.2 million, or \$14.39 a share, for the

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BUSINESS NEWS

Labor Unrest Hits Mining Firms

Alcoa facilities face walkout in Australia; Glencore, BHP discord also disrupts markets

BY RHIANNON HOYLE

SYDNEY—Already grappling with challenges including U.S. tariffs and rising costs, global mining companies must now confront worker walkouts.

In Australia, roughly 1,500 employees at alumina refineries and bauxite mines owned by **Alcoa Corp.**, the largest U.S. aluminum maker, are striking over pay and working conditions. That follows labor unrest at mines run by Glencore PLC in South Africa and BHP Billiton in Chile.

Strikes stoke volatility in global commodity markets, affecting the prices of products as diverse as guitar strings and semiconductors. Copper is especially prone to wild swings, given that supply is typically in line with global demand. Loss of production from a megapit such as Escondida in Chile or Grasberg in Indonesia, both hit by long walkouts last year, can swing a tight market into a shortfall.

Rising labor costs also threaten mining giants' profits, which are recovering from a deep downturn. Moody's Investors Service said if workers strike again at Escondida—they voted in favor of a walkout this month—it could lead to a material decline in the BHP-led venture's production and margins.

For the aluminum industry, the strikes in Australia are happening at an especially



A miner cast his ballot on July 31 about whether to strike at BHP's Escondida mine in Chile. Workers there voted in favor of a walkout.

sensitive time.

Producers and buyers were early casualties of the Trump administration's aggressive trade policy, as the U.S. imposed a 10% tariff on imported aluminum earlier in the year. Alcoa, which cited tariffs in reducing its outlook for earnings last month, on Monday asked for an exemption from tariffs on aluminum imported from Canada.

The market has also been jolted this year by U.S. sanctions against Oleg Deripaska and his Rusal aluminum empire, and by higher electricity

costs—aluminum production is energy-intensive—as oil and coal prices rise.

Alumina, produced from bauxite, is smelted to make aluminum. Alcoa's three refineries in Western Australia account for roughly 7% of global alumina supply, so the strike ultimately risks driving up prices of products such as cans and beer cans that contain aluminum.

It is "a sufficiently large supply shock" to rattle the market, Macquarie said. Aluminum rose 3.3% on the London Metal Exchange on

Wednesday to US\$2,106 a metric ton. It surged as high as US\$2,146 a ton intraday in Asia Thursday, its highest in more than a month.

In a written statement, Alcoa said its operations in Western Australia, which employ about 3,750 people, are continuing to run as normal, and that it doesn't forecast reduced output.

"Our sites have contingency plans to ensure they can continue to operate during industrial action," Alcoa said. Still, it said the 1,500 union members are expected to remain

on strike until Aug. 17 and vote on a new agreement later in the month. The two sides have been in wage talks for 18 months.

Alumina's price was already high before the strike, having risen about 35% in 2018, said Morgan Stanley analyst Susan Bates. The increase linked to earlier cuts at refineries in Brazil and China.

"Since alumina accounts for 40% of aluminum-smelter cash costs, a price spike would be likely to put upward pressure on aluminum's price," Ms. Bates said.

Casino Company Sues to Protect Views of Sydney

BY MIKE CHERNEY

SYDNEY—An Australian casino company is suing the government to protect a valuable asset: views of the Sydney Opera House and Harbour Bridge.

The fight comes as worry grows about a slump in one of the world's most expensive real-estate markets.

Crown Resorts Ltd. is suing because it is concerned planned buildings near its casino-and-resort complex, which itself is currently under construction and expected to be some 75 stories tall, could obscure the expansive views that are a big selling point for multimillion-dollar apartments in Crown's building.

Australia's multiyear property boom could be coming to an end. Research firm CoreLogic said Australian dwelling values fell for the ninth consecutive month in June amid tighter lending standards and a slowdown in property investment. CoreLogic said declines were more severe in the most expensive quarter of the market.

Another research firm, Capital Economics, said red lights are flashing in Australia, and that it ranked among the most vulnerable to house-price declines. The list also included Canada, New Zealand, Sweden and Hong Kong.

"It has been a strong run for Sydney and Melbourne, and it

was inevitable that it would slow at some point," said Leigh Warner, national director and head of residential research at real-estate-services firm JLL. "It is slowing quite significantly at the moment."

Crown says a government agency, called the Barangaroo Delivery Authority, had previously agreed to negotiate in good faith with Crown to ensure that views of the Harbour Bridge and Sydney Opera House were retained. The authority plans to build a mixed-use development near Crown's building that the casino company fears could obstruct the views.

But the authority says it has been discussing the matter with Crown for more than two years.

"At all times, the authority has acted in good faith and in accordance with its contractual obligations," a spokesman said. "The authority will defend its position in court."

Crown's casino complex is due to be completed in the first half of 2021. The building—which is expected to cost 2.2 billion Australian dollars (US\$1.63 billion)—will feature 350 hotel rooms, roughly 80 apartments and a casino that caters to high-rollers known as VIPs. Restaurants, bars, shops and pool and spa facilities will be part of the complex as well.

An apartment with a harbor view could be some 20% more

expensive than a similar apartment without one, said Bill Fatouros, national director of residential at JLL.

Given recent sales in the area, the premium alone could be worth millions of dollars. In 2016, Australian media reported that a penthouse in a new building alongside Sydney Harbour—called Opera Residences—sold for A\$27 million.

"In Australia, we're very focused and very obsessed with property matters," said Mr. Fatouros. "Everyone wants to

protect their views because they understand what impact it has on the value of their property."

Crown investors, however, were unconcerned about the matter for now. Shares rose 6.7% Thursday after the company released annual financial results—investors were focused on a rebound in Crown's VIP business and the renewal of a share buyback. The VIP business had taken a hit after some Crown employees were detained in 2016 and then

charged with gambling-related crimes in China, which had been a lucrative source of high-spending customers.

Analysts didn't ask specifically about the Sydney Harbour views on a call with management. Crown executives said the first stage of the apartment sales were complete, but declined to say how many of the residences were sold. The company said the apartments have attracted interest from both domestic and international buyers.

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Activist investor **Starboard Value LP**, which owns 7.3% of Perrigo shares, pushed the company last year to undergo a strategic review of its businesses. It also put five directors on Perrigo's board, including Starboard CEO Jeffrey Smith.

Starboard said it wanted the company to focus on its core business of over-the-counter drugs.

The company's former CEO, John Hendrickson, announced his retirement in June 2017 after 14 months in the role.

Shares of Perrigo fell 11% to \$70.03 Thursday as the company also lowered its full-year

earnings target. The company now expects per-share earnings of \$2.11 to \$2.31, compared with previous guidance of \$2.90 to \$3.30.

Perrigo's net income rose to \$36 million in the second quarter, compared with a net loss of \$69.6 million a year ago. The year-ago period had a more than \$135 million loss tied to the early retirement of debt.

Adjusted per-share earnings were \$1.22, unchanged from last year, beating analyst expectations of \$1.20. Revenue fell 4.2% to \$1.19 billion. Analysts polled by Thomson Reuters had expected \$1.19 a share in adjusted profit and \$1.23 billion in revenue.

Shares of Perrigo are down 20% this year.



Crown Resorts is constructing a complex expected to be some 75 stories tall with expansive views.

The drugmaker wants to focus on expanding its consumer business.

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Trucking Shortage Squeezes Businesses

BY JENNIFER SMITH

Empty trucks are so hard to come by right now that **Dean Foods Co.**, one of North America's largest milk suppliers, cut its full-year earnings outlook in part because it can't move its goods for anything close to what it expected to pay this year.

"Industry capacity for truck drivers remains extremely tight. This is driving third-party hauling rates to record levels, up 26% versus prior year," Chief Executive Ralph Scizzafava said in a Tuesday call with investors.

The warning from the Dallas-based dairy processor puts Dean in a growing line of U.S. businesses struggling with the tightest freight market in recent memory. Distribution channels that carry goods to retailers, factories and consumers are struggling to keep up with the fast-growing U.S. economy as more companies caution that the strains in the transport sector are holding back their ability to grow.

With shipping costs rising and freight volumes outpacing the supply of available trucks, many companies are resetting their supply chains for what some say is a new, more costly era in freight transport.

July is typically a slow month for shipping. But last month rates on the spot market, where shippers buy last-minute truck transportation, rose 29% for the most common type of big rig compared with July 2017, extending a stretch of year-over-year gains to 17 straight months. It is the longest sustained period of pricing growth for truckers since the industry was deregulated in 1980, according to online freight marketplace DAT Solutions LLC.

As rising transportation costs and scarce trucking ca-

Kraft Heinz and Coca-Cola are raising prices to offset higher freight costs.

Capacity threaten to crimp growth, businesses including heavy-equipment maker Caterpillar Inc. and Hershey Corp. are reshaping their supply chains to adjust to a changed market. Some, including Kraft Heinz Co. and Coca-Cola Co., are raising prices to offset higher freight expenses and rising costs for raw materials.

"Nobody has a crystal ball, but if I had to place a bet I would say this is structural, not cyclical" change, said Lee Clair, managing partner at Transportation and Logistics Advisors LLC, a supply-chain-strategy consulting firm.

The trucking squeeze has hit the food industry particularly hard, adding complications and costs to businesses already adjusting to changing competition and shifting consumer tastes. Food distributor US Foods Holding Corp., cereal maker Kellogg Co. and Fresh Del Monte Produce Inc. all said higher transportation and logistics costs weighed on earnings in the most recent quarter.

Tyson Foods Inc. expects "freight to be about \$270 million more this year compared to last year," the company said in an earnings call on Monday.

Rising Truck Rates

Higher freight-transport costs are holding down corporate profits as demand outweighs truck availability.

Monthly average cost per mile to book a truck in the U.S. spot market



Source: DAT Solutions

THE WALL STREET JOURNAL.

Perrigo Plans to Shed Its Prescription-Drug Unit

BY NISHANT MOHAN

Perrigo Co. plans to shed its prescription pharmaceutical unit, which accounts for about one-fifth of total revenue, following a strategic review of its portfolio.

Perrigo, which makes private-label products such as cold medicines and infant formula, said Thursday its board believes the separation would create shareholder value and allow the company to focus on expanding its consumer business.

The board will consider a tax-free spinoff of the unit, a sale or a merger. Perrigo said it plans to complete the separation in the second half of 2019.

Sales of Ireland-based Per-



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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25509.23 ▼74.52, or 0.29%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.03 20.05
P/E estimate * 16.47 18.61
Dividend yield 2.08 2.34
All-time high 26616.71, 01/26/18



Bars measure the point change from session's open

May June July Aug. 23000 2550

*Weekly P/E data based on as-reported earnings from Binyi Associates Inc.

S&P 500 Index

2853.58 ▼4.12, or 0.14%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.74 23.90
P/E estimate * 17.62 18.95
Dividend yield 1.82 1.97
All-time high 2872.87, 01/26/18



May June July Aug. 2600 2550

Nasdaq Composite Index

7891.78 ▲3.46, or 0.04%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.01 25.73
P/E estimate * 21.15 21.43
Dividend yield 0.96 1.10
All-time high: 7932.24, 07/25/18



May June July Aug. 7025 6850

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
	Dow Jones	25613.31	25492.69	25509.23	-74.52	-0.29	26616.71	21674.51	16.8	3.2
Industrial Average	25613.31	25492.69	25509.23	-74.52	-0.29	26616.71	21674.51	16.8	3.2	13.7
Transportation Avg	11226.55	11136.66	11141.11	-33.81	-0.30	11373.38	9021.12	22.2	5.0	10.5
Utility Average	728.05	721.70	727.45	2.56	0.35	774.47	647.90	-1.0	0.6	7.2
Total Stock Market	29736.01	29622.25	29638.53	-26.86	-0.09	29681.71	25030.26	17.8	7.1	11.0
Barron's 400	771.41	767.54	768.19	0.18	0.02	768.27	629.56	21.2	8.1	11.4

Nasdaq Stock Market

Nasdaq Composite	7923.35	7881.06	7891.78	3.46	0.04	7932.24	6213.13	26.9	14.3	16.1
Nasdaq 100	7498.37	7458.57	7466.96	-2.58	-0.03	7508.59	5786.54	29.0	16.7	18.2

S&P

500 Index	2862.48	2851.98	2853.58	-4.12	-0.14	2872.87	2425.55	17.0	6.7	11.2
MidCap 400	2017.52	2006.79	2007.83	-2.14	-0.11	2015.15	1691.67	17.6	5.6	10.5
SmallCap 600	1067.38	1061.61	1063.10	0.88	0.08	1063.10	817.25	27.9	13.5	14.9

Other Indexes

Russell 2000	1696.75	1686.43	1690.89	4.01	0.24	1706.99	1356.90	23.2	10.1	11.9
NYSE Composite	13001.67	12949.91	12956.66	-31.25	-0.24	13637.02	11699.83	10.1	1.2	6.4
Value Line	585.75	582.89	583.32	0.34	0.06	589.69	503.24	14.3	3.7	6.5
NYSE Arca Biotech	5203.13	5106.02	5143.54	6.16	0.12	5177.87	3787.17	35.8	21.8	8.2
NYSE Arca Pharma	571.86	568.84	569.36	-2.54	-0.44	593.12	514.66	9.8	4.5	-1.4
KBW Bank	111.18	110.31	110.41	-0.84	-0.75	116.52	89.71	17.0	3.5	12.2
PHLX® Gold/Silver	75.58	74.42	74.46	0.07	0.09	93.26	74.16	-11.4	-12.7	17.7
PHLX® Oil Service	148.12	144.88	145.29	-2.94	-1.98	170.18	117.79	17.6	-2.8	-6.5
PHLX® Semiconductor	1397.92	1388.95	1389.06	-14.71	-1.05	1449.90	1060.02	31.0	10.9	29.7
Cboe Volatility	11.31	10.17	11.27	0.42	3.87	37.32	9.14	-29.7	2.1	-5.6

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

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	After Hours % chg	High	Low
Dropbox	DBX	4,138.4	31.10	-3.33	-9.67	37.12	30.45
SPDR S&P 500	SPY	3,538.1	284.82	-0.25	-0.09	285.67	284.76
Ambev ADR	ABEV	2,970.0	5.06	0.01	0.20	5.07	5.04
Industrial Select Sector	XLI	2,513.5	75.74	...	unch.	75.76	75.70
Technology Sel Sector	XLK	2,080.8	73.62	...	unch.	73.77	73.49
Invesco QQQ Trust I	QQQ	1,804.3	181.72	-0.19	-0.10	182.53	181.67
Progenics Pharmaceuticals	PGNX	1,797.3	8.07	...	unch.	8.31	8.07
Energy Transfer Equity	ETE	1,794.8	18.28	...	unch.	18.28	18.11

Percentage gainers...

Avalon Holdings	AWX	245.7	3.95	1.05	36.21	4.39	2.91
Trade Desk Cl A	TTD	440.9	111.40	18.11	19.41	112.00	91.30
Puma Biotechnology	PBYI	383.3	57.45	8.80	18.09	58.84	48.30
Overstock.com	OSTK	1,208.7	44.90	6.30	16.32	49.20	38.00
Universal Display	OLED	192.9	109.90	8.75	8.65	113.80	101.00

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
	Open	High	hilo	Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.								
Aug 2.7980	2.7980	2.7540	2.7555	0.0150	973			
Sept 2.7555	2.8180	2.7505	2.7655	0.0145	137,639			
Gold (CMX) -100 troy oz.; \$ per troy oz.								
Aug 1214.50	1215.30	1211.60	1211.90	-0.70	862			
Sept 1214.30	1218.20	1212.00	1213.00	-1.20	2,261			
Oct 1217.10	1220.50	1213.60	1215.10	-1.10	54,801			
Dec 1222.00	1225.60	1218.40	1219.90	-1.10	349,848			
Feb'19 1226.70	1231.00	1224.50	1225.50	-1.10	31,295			
June	1237.30	1237.30	-1.00	7,280			
Palladium (NYM) -50 troy oz.; \$ per troy oz.								
Sept 894.30	901.00	885.30	898.40	12.00	17,266			
Dec 893.20	898.40	884.40	896.00	12.00	6,275			
Platinum (NYM) -50 troy oz.; \$ per troy oz.								
Sept 832.30	832.30	832.30	832.10	4.60	26			
Oct 832.90	842.30	827.50	834.10	4.60	73,456			
Silver (CMX) -5,000 troy oz.; \$ per troy oz.								
Aug 15,440	15,525	15,380	15,462	0.030	150,463			
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.								
Sept 66.78	67.41	66.49	66.81	-0.13	285,802			
Oct 66.10	66.75	65.87	66.14	-0.11	286,884			
Dec 65.36	66.05	65.24	65.48	-0.06	292,738			
Jan'19 65.29	65.80	65.04	65.27	-0.03	170,125			
June 63.74	64.42	63.65	63.97	0.11	167,442			
Dec 62.22	62.82	62.08	62.41	0.19	210,706			
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.								
Sept 2.1147	2.1319	2.1044	2.1119	-0.038	102,146			
Oct 2.1169	2.1369	2.1104	2.1165	-0.042	67,199			
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.								
Sept 2.0189	2.0224	1.9945	1.9999	-0.016	122,948			
Oct 1.9074	1.9148	1.8884	1.8926	-0.0154	112,746			
Natural Gas (NYM) -10,000 MMBtu's; \$ per MMBtu								
Sept 2.949	2.959	2.930	2.955	.006	211,835			
Oct 2.955	2.964	2.937	2.959	.004	184,983			
Nov 2.990	2.999	2.973	2.992	.005	159,289			
Jan'19 3.163	3.170	3.147	3.162	-.001	178,623			
March 3.021	3.025	3.007	3.022	.003	156,774			

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
	Open	High	hilo	Low	Settle	Chg	Open interest	
April	2,691	2,699	2,684	2,698	.007	134,271		

Agriculture Futures

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
	Open	High	hilo	Low	Settle	Chg	Open interest	
Corn (CBT) -5,000 bu.; cents per bu.								
Sept 371.00	372.75	366.50	369.25	-2.00	427,757			
Dec 384.75	386.50	380.25	382.75	-2.25	815,241			
Oats (CBT) -5,000 bu.; cents per bu.								
Sept 263.75	269.00	259.00	261.50	-2.25	1,199			
Dec 273.00	278.75	268.25	270.75	-2.25	3,167			
Soybeans (CBT) -5,000 bu.; cents per bu.								
Aug 890.50	890.50	887.50	887.75	-6.00	930			
Nov 910.50	914.50	902.25	904.00	-6.50	422,184			
Soybean Meal (CBT) -100 tons; \$ per ton.								
Aug 337.50	337.50	334.00	334.00	-3.10	1,056			
Dec 337.40	338.50	334.40	334.90	-2.50	201,256			
Soybean Oil (CBT) -60,000 lbs.; cents per lb.								
Aug 28.44	28.46	28.40	28.42	-.03	642			
Dec 28.91	29.07	28.78	28.88	-.03	250,036			
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.								
Sept 1064.00	1075.00	1048.00	1074.00	9.00	5,915			
Nov 1078.50	1088.00	1066.50	1087.50	5.00	2,170			
Wheat (CBT) -5,000 bu.; cents per bu.								
Sept 570.50	573.75	561.75	564.50	-5.50	137,871			
Dec 592.00	594.50	582.00	586.50	-4.75	185,081			
Wheat (KCO) -5,000 bu.; cents per bu.								
Sept 584.25	587.50	574.25	578.50	-5.75	88,137			
Dec 611.75	614.00	601.25	604.25	-6.50	117,488			
Wheat (MPLS) -5,000 bu.; cents per bu.								
Sept 630.75	635.00	623.25	629.75	-3.00	24,630			
Dec 647.75	652.25	640.00	647.00	-1.75	27,709			
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.								
Aug 150.77	150.925	148.400	149.350	-1.30	3,569			
Sept 150.00	150.175	147.925	149.025	-.725	13,967			
Cattle-Live (CME) -40,000 lbs.; cents per lb.								
Aug 109.77	109.775	107.975	108.250	-.1575	15,807			
Oct 111.00	111.000	108.625	109.050	-.1950	131,376			
Hogs-Lean (CME) -40,000 lbs.; cents per lb.								
Aug 54.450	55.800	54.275	54.975	.175	10,691			
Oct 47.850	51.400	47.825	51.400	3.00	119,175			
Lumber (CME) -110,000 bd ft.; \$ per 1,000 bd.								
Sept 406.50	422.70	404.00	410.70	-.70	3,168			

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
	Open	High	hilo	Low	Settle	Chg	Open interest	

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BIGGEST 1,000 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:
 f-New 52-week high.
 l-New 52-week low.
 d-dicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards.
lf-Late filing.
q-Temporary exemption from Nasdaq requirements.
v-NYSE bankruptcy.
v-Trading halted on primary market.
vj-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, August 9, 2018

Net Stock Sym Close Chg

A B C

ABB ABB 22.90 -0.26

ADT ADT **8.47 -1.01**

AES AES 13.74 -0.21

Aflac AFL 46.76 -0.11

AGNC Inv AGNC 18.98 -0.10

AMC Hovsews AMCI **19.19 -2.23**

Ansys ANSS 172.01 -0.86

ASML ASML 209.17 -3.83

AT&T T 32.49 0.13

AbbottLabs ABT 64.64 -0.20

AbbVie ABVV 95.47 1.74

Abiomed ABMD 380.75 4.74

Accenture ACN 160.64 -0.50

ActivisionBlz ATVI 70.50 0.49

AdobeSystems ADBE 258.00 -0.03

Advance Auto AUTO 147.79 1.38

AdvMircroDevz AMD 19.10 -0.48

Aegon AEG 6.32 -0.04

AerCap AER 57.75 -0.16

Aetna AET 193.78 0.15

AffiliatedMtrs AMG 151.19 -0.52

AigTechs AIG 66.69 -0.69

AgnicoEagle AEM 40.41 0.28

AirProducts APP 16.40 -0.17

AlakamTech AKAM 76.84 0.22

AlaskaAir ALK 63.75 -0.40

Albermarle ALB 100.76 1.99

Alcoa AA 42.99 -0.71

AlexandriaREst ALRE 126.47 -0.37

AlexionPharm ALXN 120.14 -0.20

Alibaba BABA 177.19 -0.33

AlignTech ALGN 366.87 0.66

Alkermes ALKS 44.79 -0.17

Alleghany Y 627.81 6.34

Allegion ALLE 8.25 0.04

Allergan AGN 184.00 -0.55

AllianceData AD 23.61 0.10

AlliantEnergy LNT 42.78 0.31

AllisonTransm ALSN 46.32 -0.60

Allstate ALL 99.48 0.27

AllyFinancial ALLY 27.71 0.32

AlnylamPharm ALNY 94.25 1.28

Alphabet GOOGL 1624.66 3.13

Alphabt C GOOG 1249.10 3.49

Altaba AABA 70.49 -0.50

AlticeUSA ATUS 17.58 0.55

Altria MO 59.22 0.61

AlumofChina ACH 11.18 0.51

Amazon.com AMZN 18952.02 12.00

Ambev AIV 5.05 -0.05

Amdocs DOX 45.88 0.09

Amherst UHL 364.26 15.75

Amer AEE 62.83 0.23

AmericaMovil A AMOV 16.96 -0.56

AmericaMovil AMX 17.02 -0.53

AmerAirlines AAL 37.92 -0.46

AEP AEP 70.97 0.67

AmerExpress AXP 102.99 0.21

AmericanFin AGF 111.60 -0.02

AmHomes4Rent AMH 22.64 0.17

AIG AIG 52.00 -0.44

AmerTowerReit AMT 150.5 1.25

AmstelBldngs BBL 112.79 1.78

AmwestWks AWK 88.22 0.55

Amprise RIM 13.66 -1.80

AmsericeBrnng ABC 83.24 0.58

Amtek AME 76.66 -0.51

Amgen AMGN 193.79 -0.23

Amphenol API 93.42 -0.14

AnadarkoPetrol API 66.06 0.91

AnalogDevices ADI 97.61 -1.37

Andeavor T 37.43 0.22

AndeavorLog ANDX 49.40 0.60

ANB InRev BUD 99.71 0.18

AnaltyCap NLY 10.46 -0.06

AnterResources AR 18.71 -0.07

Anthem ANTM 261.13 0.59

Aon AON 142.98 -0.24

Apache APPL **43.29 -2.84**

ApartmtInv APG 43.22 0.10

ApplGlobMgmt APO 35.06 -0.50

Appi APLP 208.88 1.63

AppiMaterials AMAT 49.16 -1.02

AptarGroup ATPE 103.90 0.94

APTIV APTV 69.67 -1.37

AquaAmerica WTR 37.43 0.22

Aramark ARMK 39.21 -0.97

ArcelorMittal MT 31.88 -0.89

ArchCapital ACGL 30.34 0.04

ArcherDaniels ADM 50.24 0.27

Arconic ARNC 20.77 -0.14

AristaNetworks ANET 269.34 4.78

ArrowElec ARW 7.18 1.14

AspenTech ASEN 105.70 2.99

AstraZeneca AZN 39.61 0.81

AthenaHealth ATHN 147.19 0.15

Athene ATH 49.31 0.25

Atmel ATME 49.31 0.12

Auttlu ATTU 19.28 4.11

Avantor AVTO 10.23 2.81

CyberOne CONE 34.77 0.21

CanNaturalRes CNQ 34.77 0.21

Capita CPT 92.83 0.07

CarMax CMX 91.76 0.07

Carvana CVNA 51.11 0.07

Carlyle CG 28.55 0.18

CardinalHealth CAH 49.37 0.41

Carlisle CSL 125.67 -0.71

CarMax CMX 73.20 0.07

Cartier CG 23.80 0.22

CastrolBldngs CBG 17.25 0.13

Caterpillar CAT 185.52 -1.19

Catamaran CTRH 13.75 0.07

Cavdar CAVD 45.21 0.07

BANKING & FINANCE

JPMorgan's Shift On ETFs Bears Fruit

By ASJYLYN LODER

JPMorgan Chase & Co.'s exchange-traded funds raked in \$2.5 billion in July, a record haul for the bank that signals a turnaround for the lagging four-year-old business.

The New York bank's asset-management division launched its first ETF in June 2014, but it took more than two years for its funds to crack \$1 billion in assets. It was a slow start, especially compared with **Goldman Sachs Group Inc.**, which debuted its first ETF a year after JPMorgan but raised \$3 billion in just 18 months.

Part of the problem was packaging. Goldman made a splash by pricing its first U.S. equity ETF at just \$9 a year for every \$10,000 invested, offering the glamour of the Goldman Sachs name at the same price as **State Street Corp.'s** S&P 500 index fund.

By contrast, JPMorgan started with sophisticated proprietary strategies that cost as much as \$43 a year for every \$10,000 invested, making it hard to compete with ultra-low-cost index ETFs sold by **BlackRock Inc.** and **Vanguard Group**.

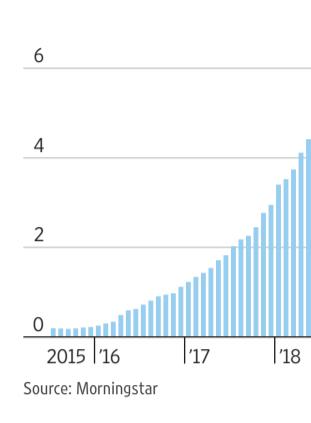
"We have a product that can't really be described in two words," Bob Deutscher, then-head of JPMorgan's U.S. ETF business, said at an industry conference in January 2017. "Crafting that story has been a little more difficult than we thought

Liftoff

JPMorgan's ETF business has taken off after a slow start.

ETF assets

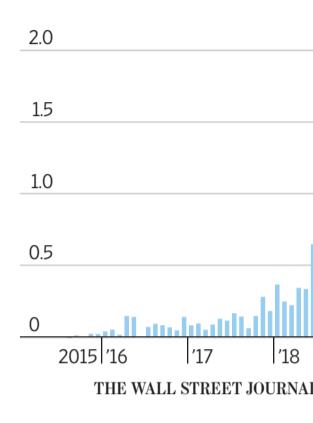
\$8 billion



Source: Morningstar

Net ETF flows

\$2.5 billion



THE WALL STREET JOURNAL.

it would be," added Mr. Deutscher, who retired last year.

JPMorgan's big-bank rivals have expanded in asset management, which provides steady revenue that offsets volatile earnings in trading and investment banking. ETFs are part of that effort.

But they remain a tiny slice of JPMorgan. The revenue from JPMorgan's asset-and-wealth-management business accounted for less than 13% of the bank's revenue in the second quarter. Still, getting walloped by Goldman stung, analysts say.

Last year, JPMorgan changed tack on fees. In May 2017, the firm launched a short-term debt fund, capitalizing on its reputation for eking out returns on cash. The JPMorgan Ultra-Short Income ETF cost just \$18 a year for every \$10,000 invested—its cheapest fund yet. Six months later, the firm introduced five ETFs that pick stocks based on factors such as value, dividend payouts and price momentum. Price: \$12.

And last month, the firm debuted its new lower-priced BetaBuilders brand of index ETFs.

The cheapest, which buys European stocks, costs just \$9 a year for every \$10,000 invested. Two new BetaBuilders ETFs launched this week.

"I don't know if it's a phi-



"We're always evaluating our product lineup," says Jillian DelSignore, head of ETF distribution.

MICHAEL BUCHER/THE WALL STREET JOURNAL

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losophy change, but over the course of time we're always evaluating our product lineup," said Jillian DelSignore, JPMorgan's head of ETF distribution.

JPMorgan also expanded its sales force. It has 16 specialists selling ETFs, up from two in 2015, Ms. DelSignore said.

The changes have worked. ETF assets surged to \$7.6 billion at the end of July, triple where it was a year ago. The cheapest funds are some of the biggest winners, with 60% of the assets in ETFs that cost less than \$20 a year for every \$10,000 invested, according to FactSet.

The portfolio manager for

the short-term debt ETF traveled to 24 cities in the first half of 2018 to pitch the fund to investors, raising \$1.6 billion in assets. And one of the pricier legacy funds from 2014, an international-stock ETF, has grown to \$1.5 billion.

The JPMorgan BetaBuilders Japan ETF has been its swiftest success, garnering almost \$1.8 billion since launching in June. In that same period, BlackRock's iShares MSCI Japan ETF has had almost \$2 billion in outflows, according to FactSet.

JPMorgan was the biggest investor in the iShares fund, which raises questions about

whether JPMorgan is buying its own ETFs. It is a common strategy in the industry, and Vanguard, BlackRock and **Charles Schwab Corp.** all use their own ETFs to build investment portfolios for clients or for other strategies. JPMorgan's new Japanese equity ETF is cheaper than the iShares fund and owns many of the same stocks, which could make it a better deal for JPMorgan's investors.

Ms. DelSignore declined to comment on whether JPMorgan was buying its ETFs for its investing customers, saying only that her sales team treats other divisions of the bank as it would any other client.

Investors Are Piling Into China Debt

BY SHEN HONG

Still Rising

Foreign holdings of Chinese bonds hit another record, despite a falling yuan and a narrowing gap with U.S. interest rates.

Foreigners' Chinese bond holdings

1.4 trillion yuan



Note: 1 trillion yuan=\$146 billion Source: Wind Info

How many yuan \$1 dollar buys

6.2 yuan



Scale inverted to show weakening yuan THE WALL STREET JOURNAL.

Short-Term Rates Hit Three-Year Lows

Interest rates on short-term loans between Chinese banks have sunk to three-year lows, as Beijing attempts to stimulate the economy by ensuring lenders have plenty of cheap funding.

A measure of short-term bank lending rates, Shihor, fell to 1.42% Wednesday, its lowest since 2015. The gauge, known in full as the Shanghai interbank offered rate, rose to 1.62% Thursday, but remains nearly a percentage point lower than it was in mid-July.

Credit growth had slowed as China pursued a campaign

to rein in runaway corporate debt, but concerns about financial risk have recently been overtaken by the desire to counteract a possible slowdown and escalating trade tensions with the U.S.

"The monetary setting has now almost entirely reversed the financial crackdown that began in 2017," wrote Marko Papic, chief geopolitical strategist at BCA Research.

The shift appears to have been engineered by the People's Bank of China, which lent a particularly large 502 billion yuan (\$73.44 billion) to commercial banks in late July, through a medium-term lending facility. The PBOC would typically then mop up some excess funds in the bond market, but

fixed-income analyst at Guotai Junan Securities.

In March, Bloomberg LP said it would add Chinese bonds to the flagship Bloomberg Barclays Global Aggregate Index over 20 months from April 2019. It will be the first global benchmark to include domestic Chinese debt, which will make up nearly 5.5% of the \$53.7 trillion index once fully added.

Other index providers such as JPMorgan Chase & Co. have

yet to follow suit. Goldman Sachs Group Inc. analysts last year estimated that eventual inclusion could in time attract up to \$250 billion into China's bond market.

Beijing has made the market more accessible, first in 2016 by opening it up to foreign investors with trading accounts in mainland China. Last year it launched a trading link with Hong Kong, allowing trading by investors with accounts in the city.

hasn't since July 19.

"They've just been sitting back," said Iris Pang, greater China economist at ING.

The PBOC may also have offered banks cheap funding through other longer-term facilities, according to Julian Evans-Pritchard, senior China economist at Capital Economics. For those, only monthly data is released, making it difficult to tell what was happening daily.

Last week, the Politburo, the decision-making body of China's ruling Communist Party, called for pro-growth fiscal measures as well as "reasonable and adequate" liquidity conditions, interpreted as code for easier credit.

—Mike Bird and Saumya Vaishampayan

These factors also appear to have outweighed concerns about the rising appeal of U.S. Treasuries compared with Chinese bonds. The yield premium on benchmark 10-year Chinese government bonds, compared with their U.S. counterparts, has shrunk from 1.48 percentage points at the end of 2017 to 0.56 percentage point. A major reason is that U.S. Treasury bonds have tumbled in price, lifting their yields.

Musk's Flawed Tesla Plan

Continued from page B1

lect group of listed companies whose shareholders are strongly supportive of long-term investment.

Tesla shares have jumped from an initial public offering price of \$17 in 2010 to \$370 on Wednesday, even as Mr. Musk repeatedly sold new stock and diluted investors by paying staff partly in shares. Short-term thinking isn't compatible with being a Tesla stockholder. It is hard to imagine many private-equity or venture-capital groups would have stuck with Tesla for years as it went through so much cash.

Short-term pressure on management can come through three routes: board members worried about the share price, proxy votes by activists or unwanted bids. Yet the board appears to be entirely made up of Musk fans. Activists have paid no attention to Tesla, partly because its shareholders are so supportive, but also because any switch in strategy would involve ejecting Mr. Musk and surely crush the stock.

The only constraint Mr. Musk faces is finding enough cash to keep the business going, and the supposedly short-termist markets have been falling over themselves to help out.

Mr. Musk makes three other claims in his email to staff about the take-private idea, one misleading, one unlikely and one simply daft.

The misleading suggestion is that what he calls "wild swings" in the stock price distract staff, who are shareholders. Going private would change this only by hiding the volatility: Instead of being able to buy or sell every

day, they could do so only twice a year. The true value of the company would still swing around wildly, but no one would know.

The unlikely idea is that short sellers are damaging the business. Mr. Musk said Tesla is the most-shorted company in history, and everyone betting on a share price fall has an incentive to attack it.

Short sellers spreading false rumors or actively trying to find and publicize problems with the cars could in principle damage Tesla. But its big problems haven't been secret: highly public manufacturing difficulties, poor production quality and a constant need for new cash. Mr. Musk also hasn't helped, posting an April Fools' joke on Twitter that the company was bankrupt.

His daft idea was that Tesla go private with the same shareholders as today. Now, shareholders can sell whenever they want and, to Mr. Musk's chagrin, lend shares to short sellers for a fee. Restricting the option to sell to twice a year might be good for Mr. Musk's war on shorts, but it should make the stock much less appealing to current shareholders. Selling in Mr. Musk's offer looks more attractive still.

There is one possible reason for going private that might make sense, but that Mr. Musk can't mention. The private markets are awash in cash, allowing startups to stay private far longer than before by raising a lot of money at high valuations.

Tesla isn't the right company to appeal to ordinary private-equity groups, which prefer steady profits. But the unicorns of Silicon Valley have proven attractive to sovereign-wealth funds and a handful of private funds that search for growth. The trouble is, Mr. Musk's charms may not work the same magic on them as on the public markets.

Off the Mark

Analyst forecasts often vary greatly from Tesla's earnings per share.



Source: FactSet

THE WALL STREET JOURNAL.

Fund Backed by Industry Leaders Closes

BY RACHAEL LEVY AND GREGORY ZUCKERMAN

A hedge fund backed by some of the industry's biggest names, **Cerrano Capital LLC**, is closing less than a year after it got off the ground, the latest sign of the difficulties new funds are having raising money.

Michael Weinberger's \$230 million hedge fund was launched last year, hoping to raise as much as \$1 billion. The fund's early investors included

up over 5% last year. In the 11 months the firm existed, the fund was up slightly. Mr. Weinberger became frustrated with the time he needed to devote to market the fund, the people say, and decided to return capital and manage his own money.

The decision underscores the difficulties many hedge funds are having making money and raising capital, as investors rethink the value of such funds.

Hedge funds have generally

performed worse than broader stock market indexes for much of the past several years, making it hard for them to justify high fees. More recently, a widely followed hedge-fund index maintained by data research company HFR declined by 0.46% in June, pulling down the industry's gains for the first half of 2018. The index rose 0.81% in the first two quarters, which is lower than the 2.65% return on the S&P 500, including dividends, over the same period.

THE WALL STREET JOURNAL.

MARKETS

One S&P Market Gauge Nears High

By MICHAEL WURSTHORN

The S&P 500 has already hit a new record—when including dividends.

The benchmark's Total Return Index, which includes dividends in the returns of the S&P 500, has moved higher at a faster pace in recent sessions to again surpass its January highs.

That is an encouraging sign for the more well-known S&P index, which has repeatedly flirted with record levels but remains about half a percentage point below its all-time high set Jan. 26. Thursday, the S&P 500 fell about 0.1%, slightly more than the total-return index.

The broad stock-market index, which doesn't include dividends, is up 6.7% in 2018, just shy of the 8.1% advance for the total return index, the Wall Street Journal's Markets newsletter noted.

In comparison, the technology-heavy Nasdaq Composite has hit repeated highs in the past two months, but the Dow Jones Industrial Average, which is more sensitive to trade tensions, is still down 4.2% from its January high.

The total return index actually briefly breached its January record once before on July 25, but a slump in tech stocks following disappointing earnings reports from Facebook Inc. and Netflix Inc. pulled it back down. It has been steadily climbing again since the beginning of the month.

A run-up in the index's smaller-cap stocks and continued strong performance among high-growth-oriented companies in the consumer-discretionary and tech sectors has played a big part in pushing the total-return benchmark higher over the past several months, said Bespoke Investment Group, which highlighted the outperformance of the total return index in a research note this week.

Earnings have also helped, as companies in the S&P 500 wrap up their third consecutive quarter of year-over-year double-digit profit growth.

The S&P total return index has gained 6.4% in the past three months alone, accounting for much of its gain for the year.

Those factors have helped to tamp down volatility, giving indexes a clearer path to move meaningfully higher.

Escalating trade tensions and concerns over the Federal Reserve's pace of interest-rate increases continue to occasionally spook the stock market, but the impact hasn't been as detrimental as it was earlier this year when major indexes plunged into correction territory amid fears of a pickup in inflation.

Wall Street's well-known fear gauge, the CBOE Volatility Index, or VIX, has been steadily falling to levels that haven't been seen since early January.

Thursday, the index traded near 11, down from above 30 earlier this year.

Earnings Steady Wobbly Market

By MICHAEL WURSTHORN

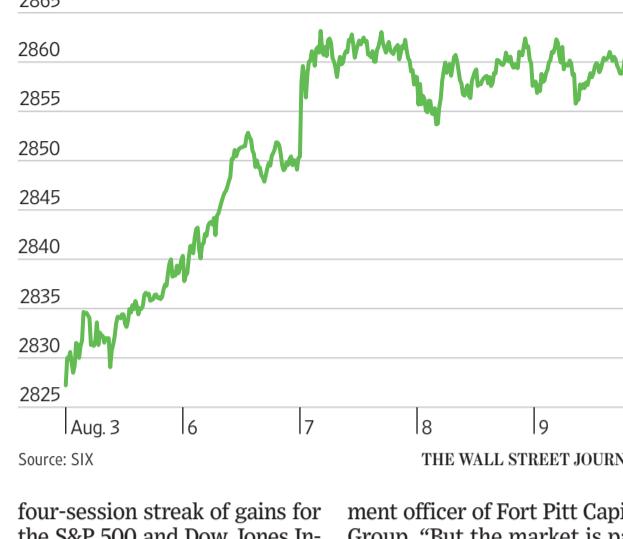
The S&P 500 edged lower as the latest round of corporate-earnings reports offered some support to a stock market reckoning with yet another trade volley.

The broad index struggled to gain traction, even after shares of several companies, including THURSDAY'S MARKETS telecommunications firm CenturyLink and energy-drink maker Monster Beverage, rose following upbeat earnings results. After wobbling most of the day, the S&P 500 fell for a second consecutive session.

Investors said renewed trade tensions sapped some of the market's enthusiasm after China threatened Wednesday to slap new tariffs on various chemicals and medical equipment, among other goods. Beijing released the list of items as part of its promise to keep pace with the U.S.'s trade threats, which caused stocks to sputter Wednesday, snapping a

Struggling

Renewed trade tensions have slowed the S&P 500's recent climb.



four-session streak of gains for the S&P 500 and Dow Jones Industrial Average.

"We're trying to deal with tariffs, but who knows what [President] Trump could do tomorrow, and we don't know which of our companies are going to be hurt by trade issues," said Charlie Smith, chief invest-

ment officer of Fort Pitt Capital Group. "But the market is paying attention to whether tariffs are getting ramped up to the point it's hurting S&P earnings."

The trade sparring between Washington and Beijing has weighed on the stock market for much of the year so far, and several investors, including Mr.

Smith, said the tit-for-tat responses are diluting the benefits of the corporate tax cut Republicans passed last year.

On Thursday, the S&P 500 fell 4.12 points, or 0.1%, to 2853.58, while the Nasdaq Composite added 3.46, or less than 0.1%, to 7891.78. The Dow industrials declined 74.52, or 0.3%, to 25509.23.

Still, corporate earnings for the second quarter appeared strong. With 90% of the companies in the S&P 500 having reported results, the firms have posted 25% growth in profits from a year earlier, according to FactSet. Even though some of those profits have come from the tax overhaul passed last year, the higher profits have helped the S&P 500 move within striking distance of its last record—set Jan. 26.

CenturyLink rose \$2.43, or 13%, to \$20.97, putting it among the S&P 500's top performers, after it reported earnings above expectations and raised its 2018 guidance.

Elsewhere, the Stoxx Europe 600 added 0.1%. In Asian trading early Friday, the Shanghai

Composite Index gained 0.22% and Hong Kong's Hang Seng was flat. Japan's Nikkei was off 0.48%.

—Ben St. Clair contributed to this article.

Treasury Auctions

The Treasury Department will auction \$122 billion in securities next week. Details (all with minimum denominations of \$100):

◆ Monday: \$51 billion in 13-week bills, a reopening of an issue first sold on May 17, 2018, maturing Nov. 15, 2018. Cusip number: 912796QJ1.

Also, \$45 billion in 26-week bills, dated Aug. 16, 2018, maturing Feb. 14, 2019. Cusip number: 912796QXO.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m.

◆ Tuesday: \$26 billion in 52-week bills, dated Aug. 16, 2018, maturing Aug. 15, 2019. Cusip number: 912796QV4. Noncompetitive tenders must be received by 11 a.m. Tuesday; competitive tenders, by 11:30 a.m.

Dollar Advances as Investors Seek Safety

By JESSICA FLEETHAM

The dollar's persistent strength continues to reverberate around global markets, with a range of currencies taking a hit Thursday.

The geopolitical tensions that have pushed investors to havens such as the dollar were again on display as the ruble and

CURRENCIES Turkish lira took tumbles. More broadly, concerns over global trade have helped boost the currency.

That sort of risk aversion is expected to continue, promising further strength for the dollar, analysts say. The WSJ Dollar Index, which measures the greenback against a basket of other currencies, was up 0.6% Thursday, reaching a new 14-month high.

The dollar index has gained 8% since hitting its 2018 low Feb. 15, during a period that has seen the U.S., China and European Union place tariffs on goods ranging from soybeans to Harley-Davidson motorcycles.

"The U.S. dollar is going to be a really crucial barometer of how strong or stressed trade relationships will be," said Paul Markham, a senior portfolio manager at Newton Investment Management.

Russia's Ruble: The Russian currency fell to a two-year low against the dollar Thursday, declining by almost 2% at one stage, following U.S. sanctions in response to a nerve-agent attack in the U.K. The ruble was 1.6% lower against the dollar in late New York trading.

Turkey's Lira: Turkey's currency tumbled 4.7% Thursday, after high-level talks between the U.S. and Turkey on Wednesday failed to secure the release of a U.S. pastor who Washington says is being held for political reasons.

The lira is down nearly 32% so far this year on concerns that President Recep Tayyip Erdogan's tightening grip on monetary policy is crimping efforts to tackle high inflation.

Emerging markets tend to suffer from a stronger dollar, not least as greenback-denominated debt becomes more expensive to service and pay off. But investor's broader concerns over the potential for a full trade war have sparked a broader move out of riskier investments, such as emerging markets.

Still, some developed-world currencies have also taken a hit recently.

The U.K. Pound: Sterling hit its lowest point against the dollar in nearly a year, falling 0.5% to \$1.2824 in late New York trading.



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Recent pressure is expected to continue amid concern that the U.K. will crash out of the European Union without a trade deal with its biggest trading partner.

"We're questioning whether any currency is truly safe," ING said in a research note.

"With the U.S. and China going back and forth on tariffs...U.S. sanctions on Russia and Turkey, rising tensions in the Middle East and Europe masked by Brexit and Italian political risks—there is no getting away from the summer of geopolitical angst," the bank said.

—Orla McCaffrey and Christopher Whittall contributed to this article.

Surging

WSJ Dollar Index, year to date



Oil Prices Firm After Sharp Fall

By SARAH MCFARLANE

Oil prices steadied Thursday after falling sharply on expectations that crude would be drawn

COMMODITIES into the U.S.-China trade dispute, along with downward pressure from bearish U.S. stockpiles data.

Light, sweet crude for September delivery closed down 0.2% at \$66.81 a barrel on the New York Mercantile Exchange, reversing gains from earlier in the session. Brent, the global benchmark, fell 0.3% to \$72.07.

China published a fresh list of tariffs on U.S. goods Wednesday as trade tensions escalated. While crude was left off the list of targeted products, analysts and traders see its inclusion as inevitable. On Wednesday, Brent oil prices

closed more than 3% lower.

"I think the question is not if, but when. Sinopec is already cutting its purchases of U.S. crude oil, so even though crude oil is not on the list, it is as good as if it was," said Olivier Jakob, head of energy consultancy Petromatrix. State-owned China Petrochemical is known as Sinopec.

The weakening demand for U.S. crude in China will mean more of it ends up in the Atlantic Basin, which is likely to pressure the North Sea benchmark Brent price lower, Mr. Jakob added.

The U.S. Energy Information Administration data published Wednesday showed U.S. crude stocks declined by 1.4 million barrels—less than expected—in the week ended Aug. 3.

Meanwhile, total stockpiles of crude and fuels such as gasoline rose to the highest levels since early January.

"Disappointing weekly oil-market statistics showing more ample than expected supplies added to the price slide," said Norbert Rücker, head of macro and commodity research at Julius Baer.

Further downside for prices is expected to be limited by the impending reinstatement of oil-related sanctions against Iran, due in November. Already, many buyers of Iranian crude have looked to alternative suppliers.

The worst-case scenario could see between 1.5 million and 2 million barrels a day of Iranian crude removed from the market, said Tamas Varga, who is an analyst at brokerage PVM.

Gasoline futures declined 1% to \$1.9999 a gallon and diesel futures fell 0.2% to \$2.1119 a gallon.

—Stephanie Yang contributed to this article.

Treasurys Jump on Inflation Data

By DANIEL KRUGER

U.S. government bonds gained Thursday after the Labor Department said producer prices remained flat in July, falling short of economist forecasts for them to rise.

The yield on the benchmark 10-year Treasury note fell for a second consecutive day to 2.935% from 2.969% Wednesday. Yields fall as bond prices rise.

Yields fell Thursday after the Labor Department said the producer-price index was flat in July, and that prices excluding the often-volatile food and energy categories rose 0.1%. Economists surveyed by The Wall Street Journal had expected a 0.2% increase in overall prices, and a 0.2% rise for prices excluding food and energy.

The index tracks cost pressures building in the pipeline for many businesses, which can be a precursor to broader inflation. Inflation poses a threat to the value of a bond's future interest and principal payments.

The report on producer prices did little to change broad expectations for the pace of future Federal Reserve rate increases. Fed-funds futures, which investors use to bet on the path of central-bank policy, show the bulk of investors' bets remain in favor of two more interest-rate increases before the end of the year. The futures market was pricing in a 70% probability of that outcome late Thursday, down from 71% Wednesday.

The softer-than-expected inflation data is "driving the market," said Subadra Rajappa, head of U.S. interest-rate strategy at Société Générale.

The Treasury sold \$18 billion of 30-year bonds Thursday afternoon, the last of three note and bond auctions this week. The government auctioned \$26 billion of 10-year notes Wednesday, with investors buying a larger-than-average proportion of the sale. The 10-year Treasury yield reached 3% last week for the first time since June.

"Any time you see yields heading for that level, you tend to see a decent amount of demand," Ms. Rajappa said.

AUCTION RESULTS

Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

30-YEAR BONDS	
Applications	\$43,351,623,300
Accepted bids	\$20,419,916,800
"noncompeting"	\$8,316,900
"foreign noncompetitively"	\$0
Auction price (rate)	98.248216 (3.09%)
Interest rate	3.00%
Bids at clearing yield accepted	57,33%
Cusip number	9128105D1
The bonds, dated Aug. 15, 2018, mature on Aug. 15, 2048.	

MARKETS

Valuations Slip as Stocks Near Records

By MICHAEL WURSTHORN

Stock-market valuations are lower now than they have been for a while, but that doesn't mean shares are cheap.

Despite another robust corporate earnings season, the S&P 500 has inched up less than 1.5% over the past three weeks as simmering trade tensions and signs of slowing growth at big technology companies sapped investor confidence.

Those issues have helped drive stock valuations down near their lowest levels of the year, even with the broad stock-market index hovering just 0.7% shy of its January high.

The S&P 500 trades at 18.8 times earnings over the past 12 months, a basement valuation that is lower than the market's February trough, when the index's valuation was around 19 times earnings, according to FactSet. At the S&P 500's peak in January, the index traded at nearly 22 times earnings.

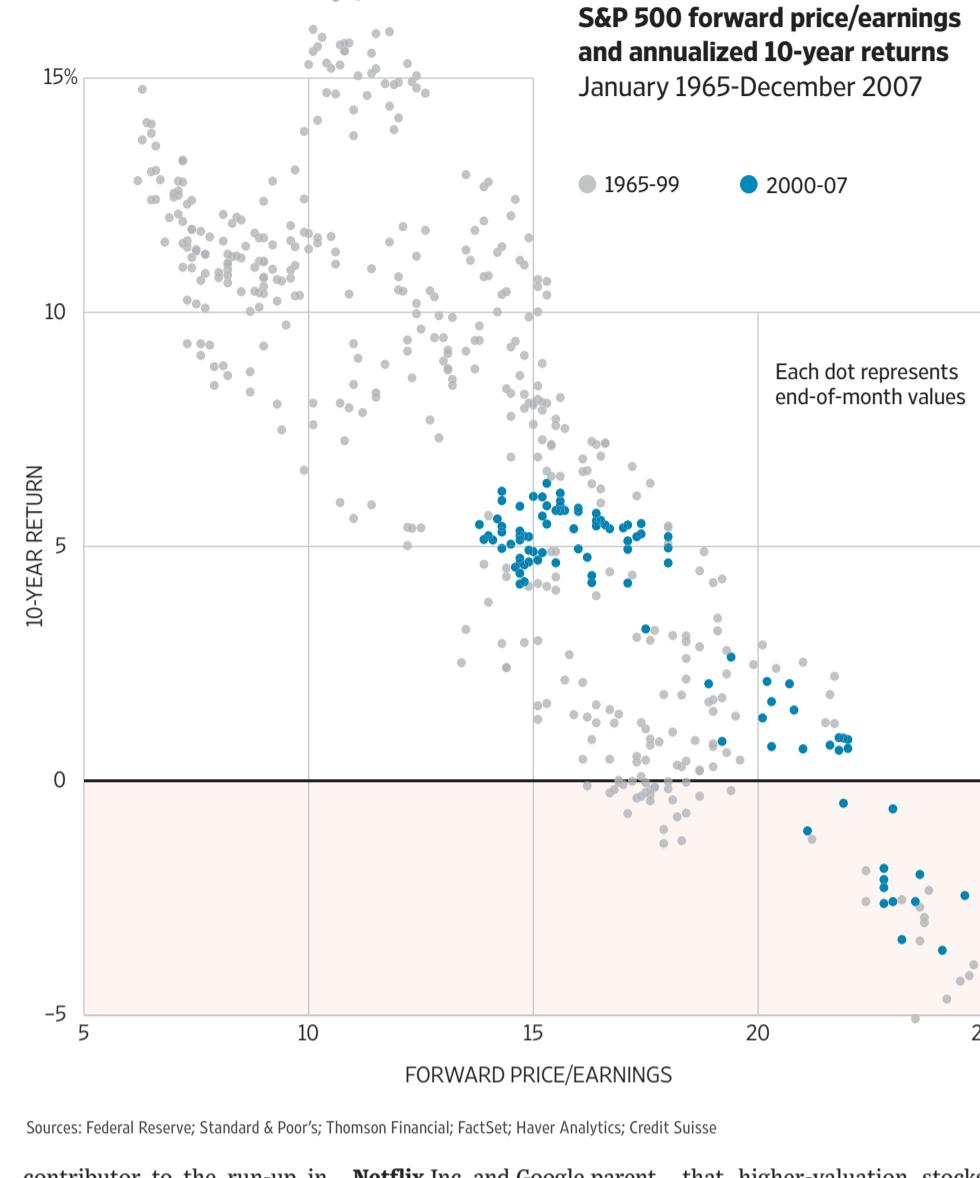
Strong corporate earnings are making stocks look less pricey than they did before. Companies in the S&P 500 have posted double-digit profit growth for the past three quarters to help earnings catch up with the S&P 500's 6.7% advance this year.

For the latest quarter, profits are on track to register a rise of 25% from a year earlier, one of the fastest rates of earnings growth since 2010, according to FactSet.

But by other measures, stocks still look expensive: The S&P 500 is currently trading in the 88th percentile of historical valuation, Goldman Sachs said in a recent report, while the median stock is at the 97th percentile.

Stock prices are steep, in part, because of the surge in shares of technology companies.

The popular corner of the market, which has been a big



Sources: Federal Reserve; Standard & Poor's; Thomson Financial; FactSet; Haver Analytics; Credit Suisse

S&P 500 forward price/earnings and annualized 10-year returns January 1965–December 2007

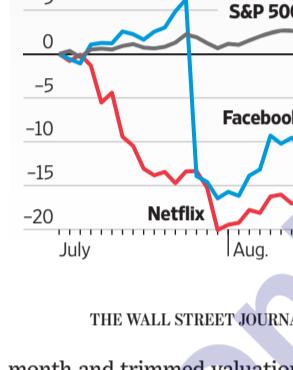
● 1965-99 ● 2000-07

Each dot represents end-of-month values

Price/earnings ratio over the past 12 months, by sector

Energy	25.3 times
Consumer discretionary	24.2
Technology	21.0
Consumer staples	19.2
Industrials	19.0
S&P 500	18.8
Materials	17.9
Real estate	17.8
Health care	17.2
Utilities	17.1
Financials	15.0
Telecom	11.1

Performance over the past month



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second quarter.

"Investors are now asking how long can growth stocks really continue to outperform," said Matt Forester, chief investment officer at BNY Mellon's Lockwood Advisors. "It's reasonable to question whether some of those expectations had been too high."

Some money managers are using the weakness among tech companies to urge clients to trim tech-heavy portfolios and put that money into the market's cheaper corners. Wells Fargo Investment Institute, for example, cut its view of tech stocks to "neutral" for the second half of the year and is favoring shares of financial companies.

Inflows into tech-focused funds have slowed this year, so much so that some funds, such as the iShares U.S. Technology exchange-traded fund has lost \$350 million this year, according to FactSet.

Some investors have been plowing that money into other assets, such as short-term government bonds, whose yields have jumped to their widest margin against the S&P 500's dividend yield in years, while others have opted for more-defensive footing among equities, such as shares of financial firms, utilities and health-care companies, where valuations are more attractive.

The shifting landscape has led to a rare break in leadership for tech stocks. The health-care and the financial sectors of the S&P 500, corners of the market that had been out of favor, are outpacing the tech sector's 6% gain so far this quarter, while industrial stocks aren't far off.

Facebook's earnings spooked investors enough to "begin shifting assets to the more value-oriented areas" of the market, said Robert Pavlik, a senior portfolio manager at SlateStone Wealth, in a recent note to investors. "We believe this is just the beginning foray into these groups."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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Adidas Is in Better Shape Than Nike

The U.S. is the spiritual home of the global sporting-goods boom. But the more fit of the two sportswear giants feeding its consumers now is European.

Adidas grew sales by 10% year over year in the quarter through June, the company said Thursday. That included 16% growth in North America and 27% growth in China. Nike's recent return to growth in the U.S. doesn't seem to be tripping up its German rival.

Investors were worried that Adidas would slow after constant-currency growth of 18% in 2016 and 17% in 2017. But the slowdown hasn't been as dramatic as some feared. The stock leapt more than 9%.

Arguably even better news was that Adidas isn't cutting prices. Despite the dollar's strength, which pushes up sourcing costs, the company's gross margin rose to 52.3% from 50.1% a year before.

The key to such margin gains is selling shoes at full price. This should continue, given the company's tight inventory position. Despite double-digit sales growth, the value of inventories ended the quarter 2% lower than a year before at constant currencies.

It is hard to justify why Adidas shares trade at a discount to Nike's, which have risen as evidence of a U.S. turnaround has emerged. Adidas is growing sales and profits faster than Nike, yet the German stock trades at 23 times prospective earnings, compared with 29 times for Nike.

It is getting harder to find discount Adidas sneakers. Bargain hunters should consider its stock instead.

—Stephen Wilmot

Rite Aid's Escape Cuts Both Ways

Rite Aid investors might have to get used to the single life.

The drugstore chain and grocer **Albertsons** announced Wednesday evening that they terminated their planned merger. That marks the second Rite Aid deal in about a year to fall through: **Walgreens Boots Alliance** had planned to buy Rite Aid last summer before regulatory concerns forced a much less ambitious asset sale.

The latest scuttled deal is no tragedy for most shareholders. Indeed, both leading proxy-advisory firms had opposed the deal. Institutional Shareholder Services had warned Rite Aid shareholders would own too small a share of the combined company. "We have heard the views expressed by our stockholders," CEO John Standley said in a news release. Mr. Standley also added that Rite Aid is "executing our strategic plan as a stand-alone company."

Investors, who have been focused on the sale of Fox's assets to **Disney**, need to start looking ahead to what the company is calling New Fox.

On Wednesday, the company released fourth-quarter earnings that exceeded expectations. It reported earnings of 57 cents a share, beating estimates of 54 cents a share, and revenue of \$7.94 billion, exceeding estimates of \$7.56 billion.

In a call with analysts, management began gesturing toward the new entity: Stripped of Fox's film and TV studios, the smaller New Fox will be focused on news and sports, including the Fox

Netflix Inc. and Google parent **Alphabet Inc.**

Tech companies in the S&P 500 are trading at 21 times their earnings over the past 12 months, well above the broader index and most other sectors.

That is partly because investors have sought safety among shares of technology companies, which have contributed to much of the long-running rally, at any sign of trouble in the market this year.

But some analysts warn

that higher-valuation stocks tend to struggle over the long term. An analysis of price/earnings ratios found that stocks with richer valuations led to weaker returns over a 10-year stretch, according to Credit Suisse Group AG.

Wall Street's infatuation with technology stocks briefly stalled last month after Facebook and Netflix reported financial results below investors' expectations. Those stocks have stumbled 11% and 17%, respectively, over the past

month and trimmed valuations of S&P 500 tech companies slightly.

Investors are questioning whether those companies and others in the tech sector can continue their heady growth paths unabated. New regulations in Europe and the prospect for tougher oversight in the U.S. have dented performance. Facebook, for example, said its European user base took a hit after a tough new European privacy law went into effect in the

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OVERHEARD

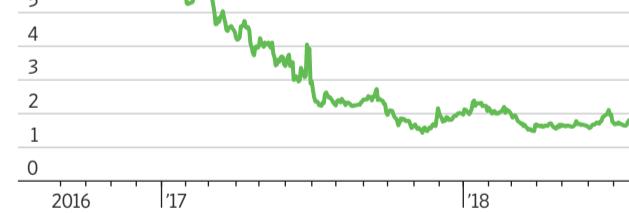
If you are going to plot a coup, make sure your secret texting software actually keeps its secrets. In a lawsuit with Shakespearean overtones, **National Amusements**, which controls **CBS**, claims a top executive at the broadcast network used a self-destructing-message app to encourage board members to seize power from its parent, which is run by **Shari Redstone**.

Those texts from Chief Operating Officer **Joseph Ianniello** have been recovered. CBS has asked that they be redacted, claiming they are "business confidential." National Amusements says they show Mr. Ianniello's ambition to get the top job at CBS, which Ms. Redstone opposed.

Media outlets have requested that they be unsealed. Perhaps Mr. Ianniello will understand what Macbeth grasped: life is "a tale told by an idiot, full of sound and fury, signifying nothing."

Infirmary

Rite Aid share price



Source: SIX

THE WALL STREET JOURNAL.

Amazon looms large after the retailing behemoth bought online pharmacy **PillPack** earlier this summer.

Rite Aid's biggest handicaps are lack of scale and too much debt. The heavily concentrated market for generic-drug buyers makes it hard for smaller players to get a good deal on pricing. Just Monday, Rite Aid announced

its net loss this fiscal year will be \$125 million to \$170 million because it is getting squeezed on drug prices. And a smaller retail presence makes it easier for health plans to exclude Rite Aid from preferred pharmacy networks, according to analysts at RBC Capital Markets.

Going it alone might not be desirable, but Rite Aid might not have many other options. Total debt amounts to nearly five times the current fiscal year's projected earnings before interest, taxes, depreciation and amortization. That would make a deal by a private equity buyer less compelling.

Selling to a larger pharmacy chain doesn't seem practical in light of those regulatory issues.

The busted deal with Albertsons was never great for Rite Aid shareholders. Now it is up to Rite Aid executives to deliver something better to investors.

—Charley Grant

Investors' Guessing Game: What Is the 'New Fox' Worth

21st Century Fox is soon to become a very different entity.

Investors, who have been focused on the sale of Fox's assets to **Disney**, need to start looking ahead to what the company is calling New Fox.

On Wednesday, the company released fourth-quarter earnings that exceeded expectations. It reported earnings of 57 cents a share, beating estimates of 54 cents a share, and revenue of \$7.94 billion, exceeding estimates of \$7.56 billion.

In a call with analysts, management began gesturing toward the new entity: Stripped of Fox's film and TV studios, the smaller New Fox will be focused on news and sports, including the Fox

Out With the Old

21st Century Fox share price



Source: FactSet

THE WALL STREET JOURNAL.

Netflix and **Amazon.com**, traditional pay-TV has suffered.

But news and sports are insulated from the disruption, to some degree. There is still an interest in viewing that content live.

As management boasted on the call, Fox News has dominated Nielsen ratings as the most-watched cable-news network in America.

They might have added that the show's close alignment with Donald Trump has further raised its profile.

So should investors stay with Fox after the Disney deal closes?

Analysts are starting to grapple with the valuation of what would be a roughly \$13 billion media company.

Fox shares are up 62% in

the past year, and hit a record high in June as Disney and **Comcast** fought over the assets.

Dionne Warwick on
battling bullies in
East Orange, N.J.



M5

MANSION

*If flowers want to grow right out of
the concrete sidewalk cracks, I'm
going to bend down to smell them.*

—David Ignatow

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THE WALL STREET JOURNAL.

Friday, August 10, 2018 | M1



RICKY RHODES FOR THE WALL STREET JOURNAL; STOCK CONSTRUCTION (CONS)

Concrete's Sexy Side

BY AMY GAMERMAN

STEP INSIDE Sudnya Shroff's cast-concrete home in Los Altos Hills, Calif., and you will find glossy kitchen countertops, also made of concrete, sculptural bathroom sinks and staircases—concrete—and floors with fossils and tiny semiprecious stones embedded in, yes, concrete.

"There's a very strong emotional draw for me toward concrete—it's the one material that accepts imperfections," said Ms. Shroff, a 44-year-old painter and fashion designer whose 7,000-square-foot home, completed in 2013, cost over \$5 million to create. Her husband, Nickhil Jakatdar, a 46-year-old Silicon Valley entrepreneur, had his doubts during the 4½ years it took to design and build the house. "He said, 'Is it going to look like one of those homes in India, where they run out of money and don't paint?'" she recalled.

Unfazed by associations with cellblocks and parking garages, more homeowners are discovering that concrete is the chameleon of construction. It can take on the texture of wood or glass, an artist's palette of color beyond drab gray and, with the addition of structural fibers and plasticizers, is

Rock-solid houses can withstand fires and floods, plus they're energy efficient. But homeowners quickly note that the look is stylish, too.

less prone to cracking.

"It's pretty much the standard concrete that's always been used, but upgraded with new additives," said Fu-Tung Cheng, whose Berkeley, Calif.-based firm Cheng Design created Ms. Shroff's home. "Most people's immediate response about concrete is to think of freeways and parking lots—but if you use it properly, it's like stone was in the old days, sculptural with a real feeling of timelessness."

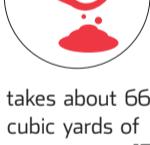
Concrete has been around since ancient times, when Roman builders mixed lime, sand and rubble with volcanic ash to create the Pantheon dome. Modern concrete swaps out the volcanic ash for portland cement. Concrete homes can be poured in place into forms made of plywood or steel plate and lined with everything from pine boards to mirror-smooth plastic laminate. Or they can be erected using precast concrete walls or blocks. The sturdiest concrete homes are reinforced with steel, making them strong enough to withstand fires, floods and hurricanes.

For the Shroff-Jakatdar home, Mr. Cheng created a cantilevered staircase with concrete treads that seem to float in midair; each tread

Please turn to page M6



Modern concrete is mixed with portland cement, a material produced by firing clay and limestone. It is named after stone quarried on England's Isle of Portland.



It takes about 66.5 cubic yards of concrete—over 134 tons—to build a 1,500-square-foot, single-story house with concrete walls.

Above, Tod Greenfield spent over \$2 million to build a 5,000-square-foot concrete house on Long Island's North Shore.

LIVING HISTORY

HE PAINTED 'THE SCREAM' AND THIS COZY SCENE

An Oslo home with a living room depicted by artist Edvard Munch goes on the market for \$2.2 million.

BY J.S. MARCUS

IN THE SPRING OF 1881, a fledgling Norwegian artist got a crucial bit of encouragement when his cousins hired him to paint an interior scene of their home—a cozy, two-story clapboard house outside the center of what is now Oslo. That artist was Edvard Munch, painter and printmaker of iconic works such as "The Scream."

His first commission, "The Living-Room of the Misses Munch in Pilestredet 61," is in the permanent collection of Oslo's Munch Museum, and the 2,500-square-foot house, set back from a street in the buzzing inner Oslo neighborhood of Bislett, is now on the market for 18 million Norwegian kroner, or about \$2.2 million.

The five-bedroom, three-bathroom house, which dates to at least the early 19th century, sits on a one-eighth acre lot, presided over by an old pear tree.

In Munch's time, it was the home of his father's cousins, sisters Caroline and Henriette Munch, who lived there until 1911. Later, it was



THE MUNCH MUSEUM

FAMILY AFFAIR Munch's cousins hired him to do a painting of the interior of their home—his first commission.

split into two apartments. Two notable Norwegian women resided in the house over the following decades. In the mid-1970s, the ground floor apartment was used by a World War II heroine, Oslo lawyer Asvor Ottesen, who, under the code name "Lilly Jensen," worked with a group of Norwegian saboteurs fighting the country's Nazi occupation.

In April 1986, Norwegian actress Rut Tellefson, a grande dame of the Oslo stage, bought the same apartment, which came with a basement studio. At the time, she was acting in George Bernard Shaw's "Pygmalion" at Oslo's National Theater. A cast member told her his mother was selling the flat. "I biked down and saw two fruit

Please turn to page M4

INSIDE



\$36 MILLION
Colorado ranch touts a Western saloon M2



BRONTE COUNTRY
Home sales up in the moors of England M3

VANESSA GERBERIAN FOR THE WALL STREET JOURNAL

MANSION

PRIVATE PROPERTIES

NBC's McFadden Asks \$6 Million

It took five years, but TV journalist Cynthia McFadden is finally listening to her real-estate agent: She is listing her Manhattan townhouse for \$5.995 million, with plans to move into an apartment building with a doorman.

"You don't know how much you miss a doorman until you don't have one!" laughed Ms. McFadden, 62, an NBC News correspondent. Her real-estate agent, Corcoran's Sharon Baum, had told Ms. McFadden that she is too busy, and travels too often, to live in a single-family residence.

The Upper East Side brownstone also badly needed an overhaul when Ms. McFadden bought it for \$5 million in 2013. "No one, including Sharon Baum, thought I should buy it," she recalled. But the house "appealed to the underdog in me," she said, and she relished the months-long renovation, spending about \$600,000 on upgrades like a central air conditioning and a new heating system, while restoring the hardwood floors and other original details. "I am one of the few New Yorkers who will tell you that I loved every second of our renovation," she said.

The four-bedroom home is roughly 3,500 square feet. A second-floor library with built-in bookshelves opens to a terrace, where Ms. McFadden said she likes to read the newspaper in the morning while drinking coffee. There is also a back garden, which Ms. McFadden also revamped.

In the library is a black-and-white photograph of Elia Kazan, a previous occupant of the home. The Oscar-winning filmmaker



bought the townhouse in 1986, according to public records.

He died in 2003 at age 94, and his widow, Frances, sold the property three years later for \$4.6 million, according to public records. Ms. McFadden said she would leave the photo for the home's next owner.

With her son now heading off to college, Ms. McFadden said she's ready for a new project; she said she's been thinking about "something with a view." But she said she doesn't regret a moment in the townhouse. "I really do love this place," she said.

The property is being listed by Ms. Baum and colleagues John Gasdaska and Jonathan Conlon.

—Candace Taylor

COLORADO RANCH WITH WESTERN SALOON LISTS FOR \$36 MILLION

A sprawling Colorado sporting ranch with its own 7,900-square-foot saloon is coming on the market for \$36 million.

Named Elk Island Ranch, the property is roughly 6,343 acres and is located near the mountain town of Kremmling, about 55 miles from the ski resorts of Steamboat and Breckenridge. The approximately 16,000-square-foot, five-bedroom lodge has a three-story log staircase. The separate saloon comes with a custom bar, a kitchen, a dance floor, gaming tables plus a showroom for historic ranch vehicles, according to the listing. Other structures include a chalet designed as a base for sporting ac-



tivities and a storage building.

Elk, mule deer and pronghorn can be seen on the property, and a local rancher is allowed to graze his cattle. There is also a creek, a blue-ribbon tailwater trout stream

and large reservoirs for boating and fishing. Snowmobiles can carry skiers to the top of the ski slopes, and there is also horseback riding, mountain biking and motor sports. The property comes with access to the amenities of the Grand River Ranch community, which include an equestrian center and a sporting clays course

The seller is Charlie Gallagher, a private-equity executive. He paid roughly \$24.3 million for a larger swath of land, and in 1999 developed one area into a high-end ranch community, which he then sold as 16 individual ranches, said Brian Smith of Hall and Hall, one of the listing agents.

Mr. Smith said Mr. Gallagher is



selling because he's doing some estate planning, and wants to hand over the reins to someone else. The ranch was shopped around for \$38.9 million in 2016, but it didn't sell. Mr. Gallagher declined to be interviewed.

Mr. Smith shares the listing with colleague Cody Lujan.

—Katherine Clarke

Maui home with its own light-house lists for \$49 million **M10**

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ACTORS REEDUS AND KRUGER BUY A MANHATTAN TOWNHOUSE

Actors Diane Kruger and Norman Reedus have paid \$11.75 million for a Manhattan townhouse, according to sources with knowledge of the transaction.

The off-market deal closed in late July, public records show. The four-story, Federal-style townhouse in the West Village was built in the 1800s and measures about 3,800 square feet, according to a previous listing.

The couple's new townhouse is significantly larger than Ms. Kruger's two-bedroom, roughly 2,000-square-foot Tribeca loft, which she listed with Douglas Elliman Real Estate for \$4.7 million in March, about a year after buying it for \$4.2 million, according to public records. That home has since been taken off the market. Around the same time she bought the Tribeca home, Ms. Kruger, 42, sold her East Village co-op for \$1.12 million, according to public records.

Mr. Reedus, 49, who stars in "The Walking Dead," owns a Little Italy penthouse he bought in 2013 for \$3.8 million, according to public records.

To buy the new townhouse, Mr. Reedus used a limited-liability company EyeintheDark, ostensibly named after his cat, "Eye in the Dark," who posed with the actor in a 2013 People Magazine photo shoot.

The sellers were Peter A. Bordes Jr., executive chairman of the software company oneQube, and his wife, Kyung. The family bought the house in 2005 for \$5.744 million, according to public records. They declined to comment.

Ms. Kruger, who starred in the 2017 German-language thriller "In the Fade," is currently filming "The Operative."

—Candace Taylor

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MANSION

THE MARKET

Live the Life of 'Wuthering Heights'

Young families return to the moors of northern England, where 'a real status house' starts at \$3.25 million

BY RUTH BLOOMFIELD

THE WILD, windswept moors of northern England, where the Brontë sisters lived and set their novels, holds a fabled place in literary history.

And new research suggests that the manor houses, farmhouses and ancient cottages of "Wuthering Heights country" are proving themselves as enduring as the sisters' greatest works.

The north of England—of which Yorkshire's four counties make up the largest expanse—has enjoyed 3% price growth over the past year, according to real-estate brokerage Knight Frank's latest prime country-house index, which charts sales of high-end country property. That compares with a nominal 0.7% rise in sales prices in Britain overall.

Driving this modest recovery are Yorkshire's prodigal sons—and daughters—returning to their roots, having made their fortunes in London or beyond, said Ben Pridden, head of residential sales at Savills in York. These equity-rich buyers tend to have young families and want to return to the area to give their children a wholesome country childhood while remaining in touch with the British capital.

"What most people don't realize is that you can hop on a train in York and be in London in less than two hours," added Mr. Pridden.

"A lot of prime buyers are commuting to a greater or lesser extent. And the internet has made a huge difference. You can easily buy a lovely house up here and work from home."

Edward Hartshorne, managing director of Blenkin & Co. estate agents, noted that buyers are also drawn to the area's offerings.

For \$3.2 million to \$6.5 million, "you can buy a real status house, a party house," he said. "Yorkshire has some of the best shooting in Britain and people come at weekends to shoot grouse or pheasant and invite their friends."

Another massive draw is Ampleforth College, Britain's leading Catholic boarding school, located 26 miles north of York, a historic city set between Yorkshire's two main national parks, the North Yorkshire Moors and the Yorkshire Dales. "Downton Abbey" writer Ju-



Harrogate. Buyers favor this area because they can live in the sticks but still within reach of a vibrant selection of cafes, shops, restaurants and bars.

Harrogate is 25 miles from the village of Haworth, where the Brontë family lived, and both are within easy reach of both the moors and the dales.

These beautiful, windswept landscapes cover more than 1,000 square miles, and the moors were

RELIGIOUS CONVERSION In Harrogate, a former Wesleyan Methodist Chapel that has been transformed into a six-bedroom, six-bathroom house, is listed for \$1.94 million. The home measures 7,851 square feet.

lian Fellowes, actor Rupert Everett and sculptor Antony Gormley were educated there, and parents often buy real estate close to the school so students can easily spend weekends with the family.

Currently on the market is High Warren Farm, a traditional Georgian farmhouse that's less than 5 miles' drive from Ampleforth College. The property sits on 8 acres and has three bedrooms and one

bathroom, plus a self-contained one-bedroom, one-bathroom cottage, and plenty of outbuildings. Blenkin & Co. estate agents is listing the 3,102-square-foot property for offers over \$1.295 million.

Yorkshire's other key rural hot spot is the affluent tourist town of



STRUTT & PARKER



BLENNIK & CO. MAP BY JASON LEE

RETREAT High Warren Farm in Gilling East is asking \$1.29 million.

the lonely setting for Emily Brontë's "Wuthering Heights," published in 1847, which charted the doomed romance between Catherine Earnshaw and her "adopted" brother Heathcliff.

Buyers who dream of a remote moorland farmhouse could consider Hill Top Farm, a picturesque property 3 miles outside of Harrogate, listed with Carter Jonas with a guide price of \$4.2 million. The farm, which sits on 10 acres, has five bedrooms and five bathrooms. Its contemporary décor is a world away from Heathcliff's ramshackle smallholding, and includes luxuries like a swimming pool.

In Harrogate itself buyers could opt for a stylishly renovated former Wesleyan Methodist Chapel (built in 1896), which has been converted into a six-bedroom, six-bathroom house measuring 7,851 square feet.

The Italianate-styled property has stained-glass windows and a carved portico above the columned entrance. The living room, once the main chapel, has a 50-foot tall ceiling, while the old church pews have been used to build the kitchen cabinetry. It is listed with Strutt & Parker with a guide price of \$1.94 million.

Compared with London's com-

On the Market



JACKSON-STOPS

\$2.98 million

Park House, Ravensworth

Five bedrooms, two bathrooms, plus guest houses

This 4,952-square-foot Georgian manor is set on about 11 acres of woodland and paddocks. The grounds have a lake and several paddocks as well as formal flower gardens. Agent: Jackson-Stops



FINE & COUNTRY

\$583,000

Tickhill, South Yorkshire

Five bedrooms, two bathrooms

A historic watermill has been converted into a family home but contains the mill's original waterwheels. The 2,225-square-foot waterside property features exposed beams and stonework. It also has a small, paved backyard. Agent: Fine & Country

muter counties like Surrey and Kent, Yorkshire real estate offers more house for money. And despite the gains of the past year, prices in Yorkshire remain below peak levels of 2007-08, Mr. Pridden added.

But it is not only the affordability of trophy homes, convenient train links, and family ties that drive people to Yorkshire.

"It is just a particularly beautiful part of the world," said Mr. Hartshorne. "The moors are rugged and can be quite daunting in the winter, but at this time of year they are covered in heather and they really are very special."



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MANSION



THE REAL DEAL The living room made famous by Edvard Munch, below, in his 1881 painting is now part of the home of Norwegian actress Rut Tellefsen.

Munch Painted Here

Continued from page M1

trees—the pear and the apple—and I made up my mind to live here,” she recalls. Only after buying did she learn of the Munch connection. The apple tree was damaged in a storm, but the pear tree still sets the tone in the garden.

She paid about \$107,000 for the flat, and later made the basement studio into a guest apartment. In 2016, she bought the upstairs apartment for about \$774,000. She hosted many parties in her bucolic backyard. One frequent visitor was her friend the Norwegian actress and director Liv Ullmann.

Ms. Tellefsen, 87, and her 62-year-old daughter, Pia, have decided to sell, following a recent operation of the mother and her decision to move into a west Oslo apartment.

The sitting room made famous by Munch now holds mementos from the actress’s long career. A painting



of her in character hangs where the Munch sisters—whom the young artist referred to affectionately as his aunts—hung what apparently were a few family portraits.

Munch, 17 years old when he painted the living room, was largely self-taught at the time, says Jon-Ove Steihaug, director of exhibitions and collections at the Munch Museum. It was just in the previous year, says Mr. Steihaug, that Munch resolved to be a painter. He gave up engineering studies, buying his first set of paints and brushes just months before the sisters hired him.

Munch was traumatized by the deaths of his mother and favorite sister. He rendered the grief and alienation in his art, with an expressive fervor that influenced generations. But his account of painting his cousins’ living room is marked by graciousness—even joie de vivre.

“Yesterday I completed the painting for the Munch aunts,” he wrote in his diary on May 5, 1881. “To mark the occasion, they served me a large cup of chocolate, and then gave me quite a beautiful



MODERN FAMILY Rut Tellefsen, above left, with her daughter, Pia. Left, an upper-floor sitting room.



sketchbook as a remembrance.”

Asvor Ottesen used a small bedroom during her years in the house, says Pia Tellefsen. At the time, her wartime activities were largely unsung, says Oslo historian Lars Borgersrud.

Ms. Ottesen (1911–2003) was associated with the Osvald Group, part of the Norwegian resistance, says Mr. Borgersrud. She planted a bomb in a German officers’ recreational facility, he says, and helped plan what he calls one of the most

important acts of sabotage in the war. In August 1942, the group attacked the Oslo headquarters of the Statspolitiet, a police force made up of Norwegian collaborators. The successful attack “showed the Norwegian resistance what was possible,” he says.

Ms. Ottesen was “incredibly brave,” says the historian, who interviewed her in 1990.

Today, Rut Tellefsen’s house is a pre-modern outpost in Norway’s capital, which is one of Europe’s fastest-growing cities. The Bislett neighborhood may not have changed much between 1911, when the house passed out of the Munch family, and the 1980s, when the Tellefsen clan arrived, but it has undergone a sea change in the past decade, says Pia Tellefsen, as shops and restaurants give the area a new liveliness.

The house remains quaint, she adds, noting that it has protected status, meaning it can’t be torn down.

Knut Rickoff Christensen of Eie Eiendom is handling the sale.



TREE HOUSE The second-floor kitchen of the two-story home, left. Below left, the Tellefsens under the pear tree that first attracted Rut Tellefsen to the property. Below right, the actress enters the house from her garden.



MANSION

HOUSE CALL | DIONNE WARWICK

She Was Raised Never To Just Walk on By

The singer, who once battled bullies as a teen and stood up to songwriters, today harmonizes to friends' CDs

When I was little, my mother wasn't surprised by my singing voice. It was expected. Everyone on her side of the family sang. Mom said I came out singing when I was born.

I grew up in East Orange, N.J., on Sterling Street. Our first house had two stories and a large porch. We lived on the second floor and rented out the first to the Stewards.

I was very close to my younger sister, Dee Dee, and our baby brother, Mancel Jr. The three of us did everything together and stuck up for each other. That's how we were brought up. Parents up and down Sterling Street knew each other and wouldn't hesitate to call your mother if you did something wrong.

At school, I was tough and did a lot of fighting to protect my brother and sister from bullies. No one was going to intimidate them or me.

In our neighborhood, kids played stoop ball, hopscotch and stickball, with a broomstick. There was an empty lot behind a friend's house. We played baseball there. No one had a softball, so we used a basketball.

My mother, Lee, worked for a lightbulb manufacturer, and she managed the family gospel group, the Drinkard Singers. Before mom left for work each day, she had breakfast with us at 7 a.m. She always had the radio set to WNEW-AM. The station played records by pop and jazz singers. It was mom's

favorite. Each day, we got a full dose of great music.

Mom left each morning at 8 and was home at 5 p.m. She was never too busy to hear what we had to say or tell us what we had to do. She was mommy.

My father, Mancel, was a Pullman porter. He worked long runs on trains and met a lot of important people. He worked on the Eisenhower presidential campaign train in 1952.

One day, a wealthy man on the train gave my father an expensive watch. The watch worked, but the glass covering was cracked. Daddy gave it to me when I was 13.

I began singing at St. Luke AME in nearby Newark when I was 6.

My grandfather was the minister, and I sang in the church's different choirs.

After I graduated from East Orange High School in 1959, I attended the Hartt School for performing arts at the University of Hartford, Connecticut. Tuition was paid for by a partial church scholarship and from my background singing at New York recording studios.

I had been taking piano lessons from the time I was 7, so I could already read music. At Hartt, I majored in piano and majored in mu-

sic education. I often accompanied voice and opera students.

One afternoon, I was in a practice room playing and singing gospel. Hartt's voice instructor, Mrs. Hubbard, opened the door. She asked, "Was that you singing?" I said, "Yeah. Something wrong?"

She said, "No. Are you in my voice class?" I said, "No."

She said, "Don't ever take my class." I said, "Wow, did I sound that bad?" She said, "Not at all. Don't ever alter the sound of your voice."

So I never studied voice. I made the transition from gospel to pop during high school. By college I was doing a lot of demo and background-vocal work for Brill Building composers and producers.

When the Drifters recorded Burt Bacharach and Bob Hilliard's "Mexican Divorce" in 1962, I sang background. When we finished, Burt came up to me in the studio. I thought I must have been singing too loud.

Instead, he loved my voice and wanted to hire me to record demos for him and his new writing partner, Hal David. I said, "Well, I'll tell you what. Talk to my mother about that."

My mom didn't want anything to interfere with my education at Hartt. Fortunately, we found a way to make it work by moving all of my classes into the early part of the week.

In 1962, when I agreed to record a demo of Hal and Burt's "Make It Easy on Yourself," they promised me the song. Instead, they gave it to Jerry Butler to record. I felt duped and wasn't pleased.

In no uncertain terms, I told Hal



FOR SURE
Dionne Warwick, above, in a 2014 portrait. Left, singing and dancing with songwriter Burt Bacharach during a recording session at London's Pye Studios in 1964. Far left, in 1946 at her family home in East Orange, N.J.



and Burt that they couldn't make me over. Hal liked how that line sounded and used it to write a lyric. "Don't Make Me Over" became my first hit in '63.

Today, I live in South Orange, N.J., in a comfortable two-story house. It has four bedrooms and is large enough that when my boys and grandkids converge on me, there's a place for everybody.

I love my bedroom. When I get up in the morning, I watch MTV. It's positive and funny. I start with "Leave It to Beaver" and then watch "Perry Mason" and "Matlock."

I never sing in the shower, but I do in my car. I sing along with

friends' CDs. The only time I sing my hits by Hal and Burt is when someone else has recorded them. I love singing harmony.

I still have the watch my father gave me. I had the glass repaired, and it keeps great time. When that watch is in my palm, I feel as if I'm holding my daddy's hand.

—As told to Marc Myers

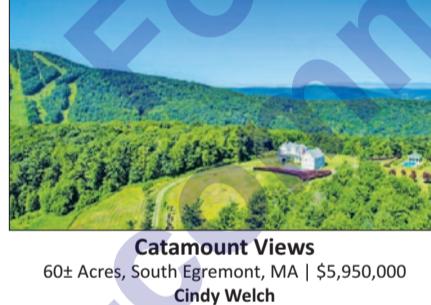
Dionne Warwick, 77, is a five-time Grammy winner whose 60 hits include "Walk on By," "Déjà Vu" and "That's What Friends Are For." PBS will broadcast the documentary "Dionne Warwick: Then Came You (My Music)," starting Aug. 4.

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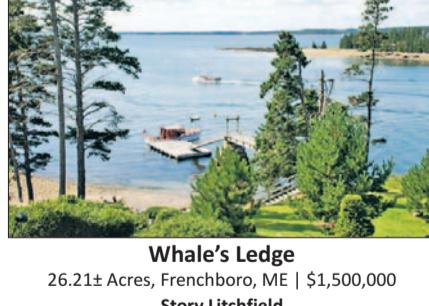
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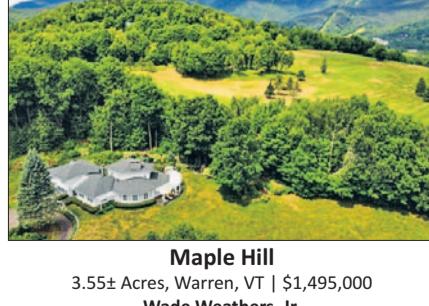
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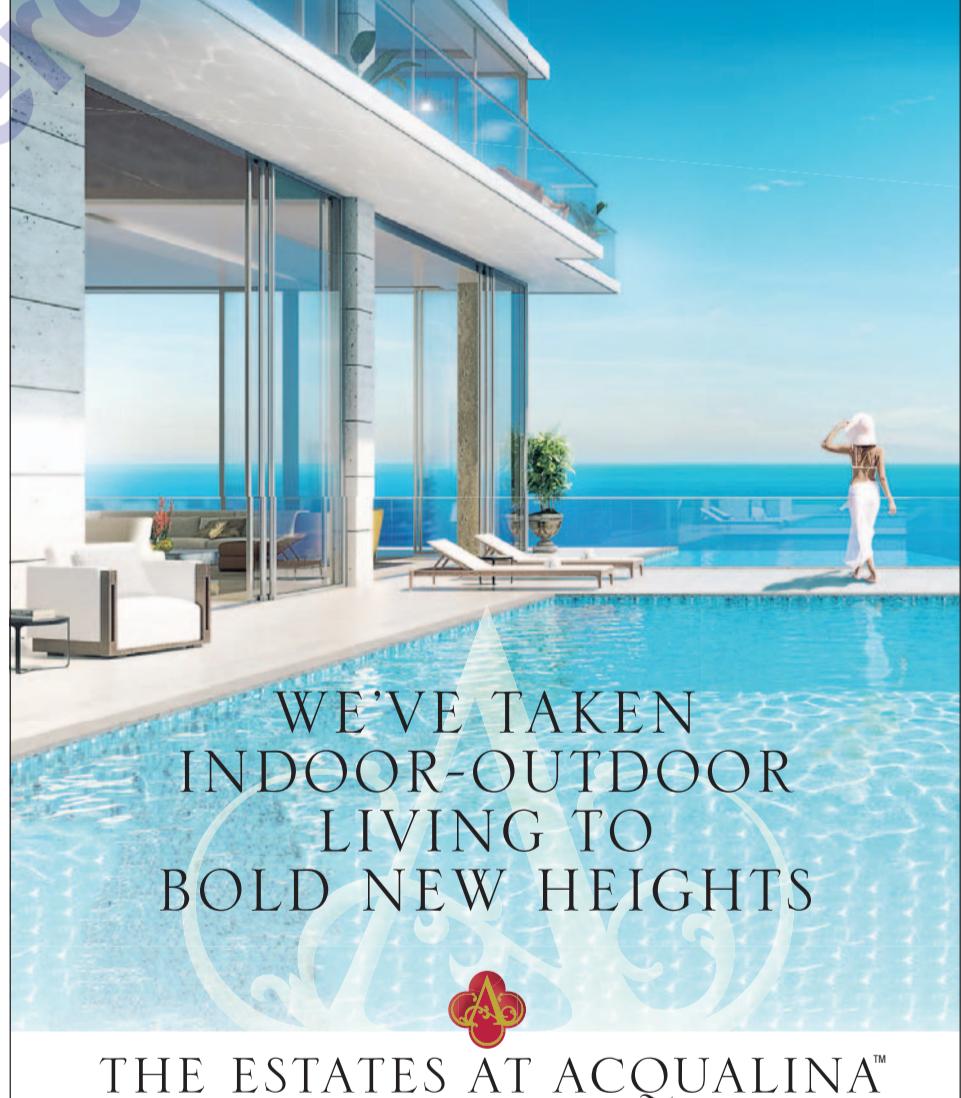


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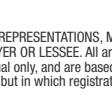
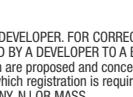
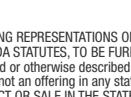
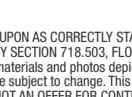
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MANSION



SOLID FOUNDATION Sudnya Shroff and Nickhil Jakatdar's Los Altos Hills, Calif., concrete home, which measures 7,000 square feet and cost over \$5 million to build in 2013.

Concrete's Sexy Side



Continued from page M1
can support over 900 pounds. Elliptical circular "cutouts" throughout the house bring in natural light. The concrete floor of Ms. Shroff's studio was stamped with traditional Indian and Chinese blocks used for textile printing. And her deep-red kitchen counter, tinted with powdered iron oxide, was poured in place and then buffed to a high polish to resemble terrazzo.

Concrete homes are typically more expensive to build than conventional homes, but they're less expensive to maintain and more durable over time. Concrete affects the bottom line in other ways, lowering heating and cooling costs and even insurance premiums.

Poured and precast
concrete is most popular in
luxury markets, accounting
for 4.1% of high-end
homes built last year.

"Reinforced-concrete building systems are more disaster resistant, more insect resistant, more mold resistant—also one of the most energy-efficient systems available," said Ed Hudson, director of marketing research for Home Innovation Research Labs, a subsidiary of the National Association of Home Builders, a trade group.

According to Home Innovation surveys, poured and precast concrete is most popular in the luxury sector—accounting for 4.1% of high-end homes built last year. That marks a steady increase in the demand for luxury concrete since the recession low in 2012, when such homes accounted for just 1.9% of new construction.

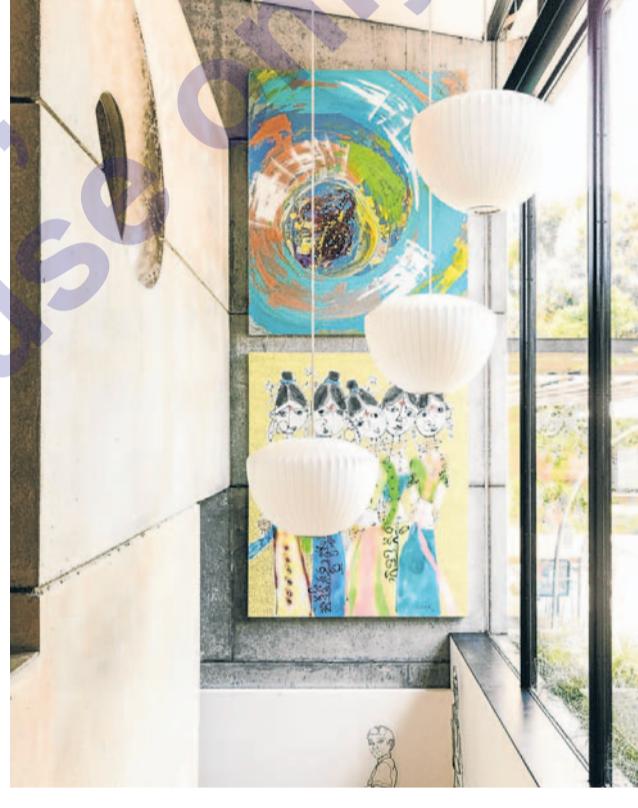
Investing in concrete construction with high-end finishes may pay off in resale value.

"If the home is luxurious with lots of windows, we can sell those easily," said Gwen Banta, a real-estate agent with Sotheby's International Realty in Los Angeles. "Polished concrete floors are a very popular design element. Concrete, when imprinted with a pattern, can be a dramatic design element."

In New York, Tod Greenfield spent over \$2 million to build a 5,000-square-foot concrete house that was poured in place on his family's 3 1/4-acre property on the North Shore of Long Island in 2013.

"We didn't want to use Sheetrock, we didn't want to use paint—because every few years you have to repaint," said Mr. Greenfield, who is 58 and the co-owner of Martin Greenfield Clothiers, a custom-suit manufacturer.

"Concrete has a natural appeal



BOLD HUES A kitchen concrete countertop, above left, was tinted with powdered iron oxide to achieve a deep-red hue. Above right, an open-plan living and dining area. Below, the entryway has concrete walls and floors. Elsewhere, floors were stamped with Indian and Chinese textile-printing blocks.



MANSION



Once it leaves the truck, concrete mix has about 90 minutes before it begins to set, becoming unusable.



GOING UP Tod and Bonnie Greenfield's daughters, Sofia and Rachel, climb an exterior staircase, left, that leads from the courtyard to the backyard of their home on Long Island's North Shore. Above, the kitchen.

to us. It's interesting to look at." Custom wooden forms were created to cast the concrete walls, floors and ceilings. Pine boards were used to give the concrete walls a wood-grain finish, which harmonize with the home's black-locust siding (milled from trees on the property felled during Hurricane Irene).

The smooth concrete ceilings were created with fine-planed plywood forms. Large windows and translucent polycarbonate wall panels bring in plenty of light.

The exposed concrete ceilings posed a challenge: Where to hide some of the home's wiring and other elements. Narofsky Architecture, which designed the house, created a series of wood-framed "clouds" that float just below the ceiling, to house cove lights, speakers, air-conditioning vents and venting for the kitchen cooktop. Each cloud is lined with a sound panel made of polypropylene material, "to balance out the echo and soften the audio feel of the house," said principal Stuart Narofsky.

The concrete roof is strong enough to support a 150-square-foot rooftop vegetable garden in raised beds planted with a foot of soil, and a 1,000-square-foot green roof of alpine plants.

"Structurally, the house is super solid," said Mr. Greenfield, who rode out superstorm Sandy there in 2012, when work was nearly complete. "I saw this giant oak tree keel over and hit the corner of the roof—it just snapped. House: 1, Tree: 0."

But not all concrete is built to last. In the Los Altos Hills, Calif., home, Mr. Cheng designed a wall that has been engineered to partially erode over time; the concrete, which was mixed with soil and organic matter to encourage the growth of lichen and moss, is also embedded with hidden objects, such as stones, machine parts and a doll belonging to Ms. Shroff.

"Some are starting to show up now," she said. "Some of the things won't show up even in my lifetime."



NATURAL MATERIALS Above, from left to right, the Greenfield home has black-locust siding milled from trees felled during Hurricane Irene; concrete in the dining room has warm tones; smooth ceilings in the living room and elsewhere in the house were created with fine-planed plywood forms. Below, daughter Sofia hangs out in the living room, which has large windows for natural light.



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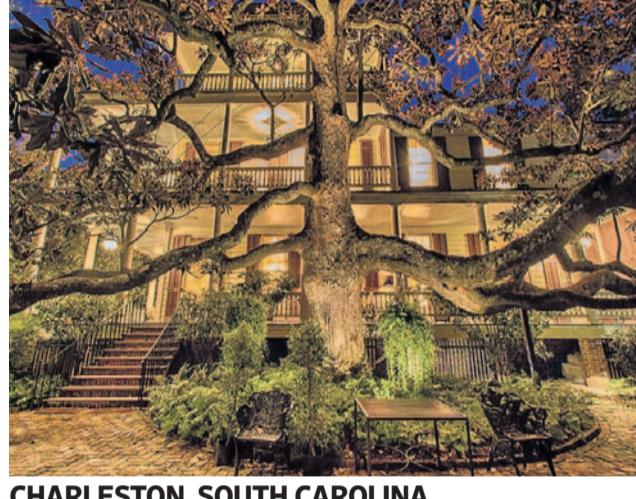
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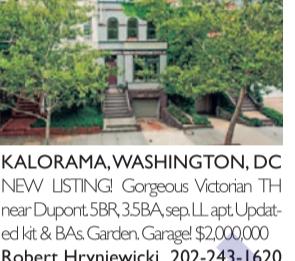
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\$49 Million—With A Small Lighthouse

On the Hawaiian island of Maui, a sprawling oceanfront property with its own small lighthouse is asking \$49 million.

If it sells for that price, it would be the biggest deal ever for a single-family home on the island. The record is currently held by the sale of a \$41.8 million home in 2015, according to the Maui Association of Realtors.

Located in the Kapalua resort community, the property is 10 acres, the majority of which are private and some of which are subject to a public easement, meaning the public can traverse the land to get to nearby rock formations. The public acreage, which was formerly owned by the U.S. Coast Guard, is also home to a small, solar-powered operational lighthouse.

The seller is Craig Ramsey, a longtime employee of Oracle who founded cloud software company Vlocity and formerly served on the board of Salesforce. He said he

purchased the property for about \$14 million in 2000, after falling in love with Hawaii during a sailing trip.

Mr. Ramsey said the interior square footage of the home is hard to calculate. Recently renovated, the eight-bedroom home has ceilings in the great room that are almost 20 feet. The home also has a gym.

Five years ago, Mr. Ramsey was awakened in the middle of the night by a loud noise. "I got up with a flashlight and went toward the water and for the next hour witnessed a mother whale giving birth," he said. "For the next two weeks, they never ventured more than 400 or 500 yards from the cove while the calf was learning to swim."

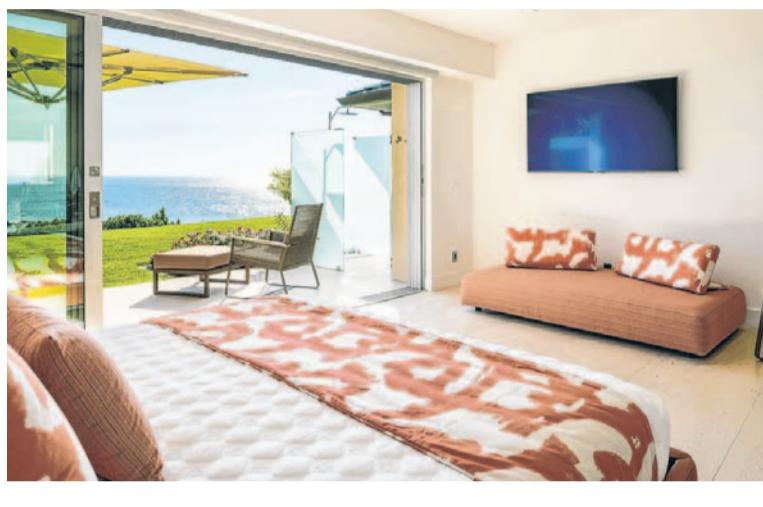
Mr. Ramsey said he originally thought the home would stay in his family for generations, until he recently discovered another home he wanted to buy in Cabo, Mexico.



Having a vacation house in Cabo would make more sense, he said, since it is a three-hour flight from California and would be easier for his grown-up children to get to. "I was going to keep them both, but you can only be so many places," he said. Mr. Ramsey said he also has homes in San Francisco, Los Angeles and Lake Tahoe.

Courtney M. Brown and Rob Shelton of Island Sotheby's International Realty have the listing.

▶ See more photos of notable homes at WSJ.com/Mansion. Email: privateproperties@wsj.com



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FROM MY PERSPECTIVE

How Tech Makes a House a Home

How much do you know about augmented reality? AR, as it is often known, is a revolutionary technology that allows you to create an environment whereby real things and spaces are augmented — overlaid, in a sense — by computer-generated imagery, usually when viewed through a device. It is used in everything from video games to medicine, city planning to architecture design.

And now real estate. Sotheby's International Realty® has introduced Curate, the first real estate AR app for digitally furnishing a potential home to your liking. It works whether the home you're considering is empty or furnished. You just scan the floor of a room with the camera in your phone or tablet and the fun begins. The furnishings within the app — in styles from modern to traditional to rustic — come from a variety of retailers. You can move your chosen furniture around or change it entirely. Think a bedroom might be better as an office? Change the furniture. Would that dining room be a better den? Furnish it and see. You can even take screenshots of the rooms to save or share. It's amazing. Even better, once you purchase a home you've furnished using Curate, you can buy any or all of the furniture easily, right through the app. It's available on Google Play and through the Apple app store: Just look for Curate by Sotheby's International Realty. There is nothing else like it in the real estate market.

In an article called A Manager's Guide to Augmented Reality, by the Harvard Business Review, it is said that AR experiences allow consumers to form more-accurate expectations, which increases confidence in purchasing decisions and even shortens the sales cycle.

The Curate app is a significant differentiator for the clients and agents of Briggs Freeman Sotheby's International Realty. Augmented reality unites fresh innovation with our longstanding commitment to exceptional service. For prospective homebuyers, Curate allows them to envision a house as their own, as they explore it with one of our agents. For our agents, Curate gives them an even more meaningful role in helping a client imagine a house as a *home*.

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\$2,300,000 US Jonathan.Morris@SIR.com

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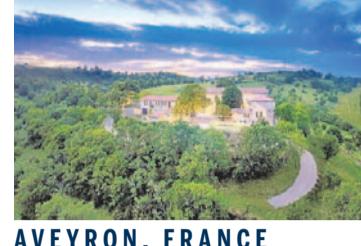


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\$11,500,000 CA Ross.Halloran@SIR.com

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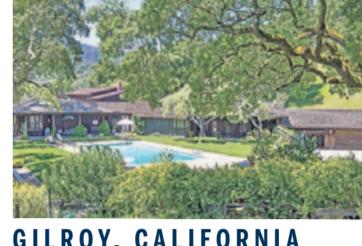


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\$15,000,000 Michael Dreyfus.

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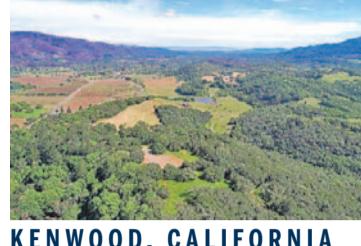


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Ranch retreat with complete privacy, 22 acres of award-winning Cabernet, Cabernet Franc and Grenache vineyards. 45 minutes south of Palo Alto. William Wurster-designed main house, 3 bedroom, 3 bath guest house with pool and tennis court.

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Sonoma County world-class 76 acre ranch, rich in history. 2 distinctive homes, expansive building site with 360° views, Cabernet Sauvignon vineyard. Jack London's wine country 1+ hour north of San Francisco. **\$15,600,000**. Tina Shone.

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MILL VALLEY, CALIFORNIA
This classic contemporary estate rests atop a private knoll with 360° panoramic views of the San Francisco skyline, San Francisco Bay, Alcatraz, the Bay Bridge, Marin Headlands and Mt. Tamalpais. **\$12,750,000**. Lydia Sarkissian, Magda Sarkissian, Bill Bullock.

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Listed by Laurie McClain; Auction Info: Brittany Hahn.

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\$24,995,000 Corinne St. John.

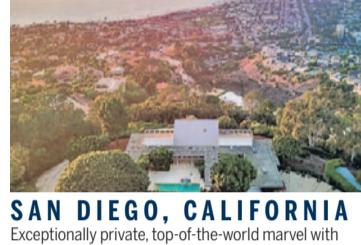
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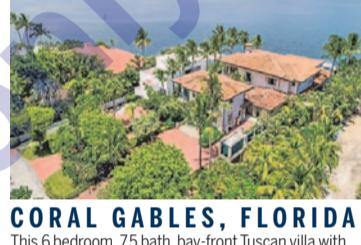
SAN DIEGO, CALIFORNIA
Sitting on 3.69 acres behind gated grounds, this equestrian estate offers luxury and privacy with traditional timeless architecture, refined interiors, gorgeous landscaping, 70 ft. pool, spa, tennis and detached guest house. **\$6,595,000**. Brett Dickinson.

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\$1,850,000 Tammy Ruda.

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