

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*\*

FRIDAY, JANUARY 12, 2018 ~ VOL. CCLXXI NO. 10

WSJ.com

★★★★ \$4.00

DJIA 25574.73 ▲ 205.60 0.8% NASDAQ 7211.78 ▲ 0.8% STOXX 600 397.25 ▼ 0.3% 10-YR. TREAS. ▲ 6/32, yield 2.531% OIL \$63.80 ▲ \$0.23 GOLD \$1,320.60 ▲ \$3.20 EURO \$1.2034 YEN 111.26

## What's News

### Business & Finance

**Wal-Mart** will raise its starting pay to \$11 an hour and distribute one-time bonuses to workers in the wake of the tax overhaul. **A1**

◆ **The Justice Department** is focusing on the TV market in preparing for its antitrust fight over AT&T's takeover of Time Warner. **A1**

◆ **Facebook** is overhauling the way it presents news and information on its platform, as the firm struggles to address criticisms about content. **B1**

◆ **The ECB** indicated it might move sooner than investors had expected to phase out its bond-buying program. **A16**

◆ **The Trump administration** plans to revise banking rules that mandate lending to low-income borrowers. **B1**

◆ **South Korea's** government is preparing a bill to ban the trading of cryptocurrencies on exchanges. **B12**

◆ **Dropbox** filed confidentially to go public, in what stands to be one of the largest tech IPOs in years. **B4**

◆ **Energy shares** surged, lifting stock indexes to records. The Dow advanced 205.60 points to 25574.73. **B11**

◆ **Intel** is advising some customers to hold off installing patches that address new security flaws, citing glitches. **B4**

◆ **Fiat Chrysler** said it would invest \$1 billion to move production of profitable trucks from Mexico to Michigan. **B3**

◆ **Auto makers** missed a U.S. emissions target for the first time, the EPA said. **B2**

◆ **Chinese passenger-car sales** grew at their slowest pace in at least 15 years. **B3**

### World-Wide

◆ **Trump** said in an interview that he believes he has developed a positive relationship with North Korea's leader, suggesting he is open to diplomacy after months of escalating tensions. **A1**

◆ **An FBI agent** once involved in Mueller's Russia probe committed "treason," the president said. **A5**

◆ **Trump, in a meeting** with lawmakers, questioned why the U.S. would admit people from "shithole countries," roiling immigration talks. **A4**

◆ **The president** has decided to extend sanctions relief to Iran, keeping the nuclear accord intact for at least another several months. **A6**

◆ **The Pentagon** plans to beef up the U.S. military role in Afghanistan, sending in about 1,000 new advisers. **A6**

◆ **The House** approved the extension of a foreign surveillance law, in a setback for civil libertarians. **A2**

◆ **The administration** released guidelines for states seeking to impose Medicaid work requirements. **A4**

◆ **The Treasury** updated its rules for tax withholding and said most workers will see bigger paychecks. **A3**

◆ **Lebanon's leader** called for his country to be left out of the clash between Saudi Arabia and Iran. **A7**

◆ **The search** for missing people continued after deadly California mudslides. **A3**

◆ **Myanmar's military** said it was involved in the killings of 10 Muslims found in a mass grave last month. **A16**

**CONTENTS** Opinion A13-15  
Business News B3-6 Sports A12  
Crossword A11 Streetwise B1  
Head on Street B12 Technology B4  
Life & Arts A10-11 U.S. News A2-5  
Mansion M1-10 Weather A11  
Markets B11-12 World News A6-7,16

0 253 0>  
0 78908 63141 1

© Copyright 2018 Dow Jones & Company. All Rights Reserved

FRIDAY, JANUARY 12, 2018 ~ VOL. CCLXXI NO. 10

WSJ.com

★★★★ \$4.00

## Trump Hints at Pyongyang Outreach

In interview, president sees 'good relationship' with Kim and says Bannon betrayed him

relationship with Kim Jong Un," Mr. Trump said in an interview Thursday with The Wall Street Journal. "I have relationships with people. I think you people are surprised."

Asked if he has spoken with Mr. Kim, Mr. Trump said: "I don't want to comment on it. I'm not saying I have or haven't. I just don't want to comment."

Mr. Trump's remarks on North Korea, with which the U.S. has no formal diplomatic relations, came in a wide-ranging, 45-minute interview in the Oval Office about the first year of his presidency.

"I probably have a very good

By Michael C. Bender,  
Louise Radnofsky,  
Peter Nicholas and  
Rebecca Ballhaus

As with North Korea, Mr. Trump offered optimistic words about his efforts to remake the North American Free Trade Agreement with Mexico and Canada.

"We've made a lot of headway. We're moving along nicely," Mr. Trump said of the Nafta negotiations. That was a more positive portrayal than has previously been offered by

his chief trade negotiator, who has regularly criticized the other countries for responding to U.S. demands with what he considers intransigence.

While negotiators have officially set a March deadline to rewrite the U.S.-Canada-Mexico pact, Mr. Trump said he didn't have any timetable and was "a little flexible," taking into account Mexico's July 1 presidential and legislative elections.

Mr. Trump did repeat, in the interview, his longstanding threat to pull out of the pact if he wasn't happy with the results of the talks, saying: "If

we don't make the right deal, I will terminate Nafta, OK."

And after repeatedly calling for Mexico to pay for a border wall, Mr. Trump said for the first time that the Nafta talks might yield, in effect, the funding for construction of the wall.

"They can pay for it indirectly through Nafta," he said. "We make a good deal on Nafta, and, say, I'm going to take a

Please see TRUMP page A5

◆ **Trump's use of vulgarity rolls talks on DACA deal..... A4**  
◆ **President accuses FBI agent of 'treason'** ..... A5

## Mudslide Cleanup Begins, as Search Continues for the Missing



**MIRED EFFORTS:** People searched for salvageable items in a family member's home in Montecito, Calif., on Thursday, following mudslides that left at least 17 people dead and damaged hundreds of houses. Officials said as many as 43 people may be missing. **A3**

## TV Takes Star Turn in AT&T Case

By DREW FITZGERALD AND BRENT KENDALL

The government is focusing on the TV market in preparing for its antitrust fight over AT&T Inc.'s \$85 billion takeover of Time Warner Inc., and much of its evidence is coming from the companies' video rivals.

Those competitors argue that the telecom company will use Time Warner's entertainment assets against them, according to documents reviewed by The Wall Street Journal.

Dish Network Corp., Show-

time owner CBS Corp., 21st Century Fox Inc., Netflix Inc. and Starz Inc. are among companies that have provided information the Justice Department could use in court to bolster its case that the megadeal would hinder competition in the pay-TV market, according to people familiar with the matter.

Government lawyers have subpoenaed roughly 30 third parties for information in the case, Justice Department attorney Craig Conrath told federal judge Richard Leon at a pretrial hearing last Friday.

Such requests are typical in high-profile antitrust cases.

AT&T is also gearing up for the trial, scheduled to start March 19. The company has drawn up a wish list of 22 potential witnesses, while the government has requested up to 35, AT&T lead attorney Daniel Petrocelli said.

The Justice Department surprised many observers in November when it sued to block the combination, arguing that melding the country's largest pay-TV distributor with one of its biggest media

companies would put too much power in the hands of a single entity.

AT&T Chief Executive Randall Stephenson said the government's case "defies logic" and vowed to defend the deal in court. The company, which would own Warner Bros. as well as cable channels including HBO, TNT and CNN, has argued that the television ecosystem is awash in content

Please see AT&T page A4

◆ **Altice founder's spinoff plan marks latest quick pivot..... B6**

Please see WAGES page A2

## The Spark Behind Iran's Unrest: Defrauded Investors

Collapse of financial firms has spurred the sharpest challenge to regime since 2009

By FARNAZ FASSIHI AND ASA FITCH

The call to protest came through a group channel on the smartphone app Telegram. Younes, a 42-year-old accountant at a saffron-importing company, like most of the group's thousand or so members, had lost his savings when a financial firm promising huge returns went bankrupt amid bad investments and corruption.

Younes, who lives in Iran's northeastern city of Mashhad, had used all his funds and borrowed from his employer to invest about \$20,000. The firm was offering returns of up to 27%, up to 15 percentage points higher than banks were offering. Younes said he has recovered only about 20% of his investment.

"We lost all our fortune and no one cares," said Younes, who didn't want The

Wall Street Journal to use his last name out of fear of government retribution. He said the firms appeared to have the backing of the country's central bank. "Why wouldn't we invest our money in a firm approved and licensed by the government offering more return?" he said.

Protests over losses at loosely regulated credit institutions, which have hit millions of Iranians, smoldered through 2017. The resentment exploded at the Dec. 28 event, which Younes attended, and others like it, and provided the spark that set off the most sustained unrest in Iran in almost a decade.

The complaints over financial fraud quickly morphed

Please see IRAN page A9

◆ **Trump to keep Iran deal, sanctions relief..... A6**

◆ **Yaroslav Trofimov: Sunni rift clouds focus on Iran..... A7**

NEW FACES ON BILLIONAIRES ROW

MANSION, MI

BUSINESS & FINANCE, B1

## INSIDE



FACEBOOK'S CONTENT OVERHAUL

LIFE & ARTS, A10

BUSINESS & FINANCE, B1

Come to Our Stores—They're Absolutely Not in a Mall

Landlords nix four-letter word in favor of Crossings, Promenades

By ESTHER FUNG AND KHADEEJA SAFDAR

At Ballston Quarter in Virginia, shoppers will soon be able to find everything from Adidas sneakers to zinc lozenges amid 360,000 square feet of retail space spread over three levels. One thing they won't find is the word "mall."

The former Ballston Common Mall recently scrubbed the four-letter word from its name, part of a makeover designed to obscure that it is,



This way to The Shops

well, in fact, a mall.

"The mall needed to demall," said Jean Komendera, president of marketing firm Gold Dog Communications Inc., who worked on rebranding the property. Also off the

list was any word that sounded like a mall, such as pavilion and galleria.

Landlords are expunging the m-word from shopping-center entrances, Facebook pages and corporate materials. Of the 90 regional malls that have undergone renovations since 2014, 17 have removed "mall" from their names, according to property consultancy JLL.

Parmatown Mall in Parma, Ohio, is now The Shoppes at

Please see MALL page A9

## U.S. NEWS

# House Clears Surveillance-Law Extension

**Vote represents setback for privacy advocates; debate shifts to the Senate**

By BYRON TAU

**WASHINGTON**—The House approved the extension of a surveillance law Thursday while rejecting an effort by civil libertarians to add privacy and legal protections for Americans caught up in U.S. overseas spying.

Section 702 of the Foreign Intelligence Surveillance Act authorizes surveillance of foreigners outside the U.S., and it

has long been described by officials of both parties as critical to national security.

The law will expire in late January absent congressional action, which would eventually cause a wind-down of a swath of electronic spying by the U.S.

The House by a 256-164 vote approved extending the FISA Amendments Act through 2023. More than 60 Democrats joined with nearly 200 Republicans to pass the bill. The vote represents a setback for civil libertarians from both parties on Capitol Hill, who have been pushing for changes to U.S. surveillance laws in recent years.

The debate over the law

now moves to the Senate, where a bipartisan coalition wants to amend it to include stronger protections for Americans. The House voted down an amendment Thursday that would have included similar changes.

Sens. Ron Wyden (D., Ore.) and Rand Paul (R., Ky.) have vowed to slow or block consideration of the measure. It isn't clear whether Senate leaders have the votes to overcome any delay. The Senate could vote late next week on the measure if congressional leaders can get 60 votes.

The House vote was nearly derailed by contradictory messages from President Donald

Trump about where he stands on the measure. One tweet from the president appeared to attack the law that serves as the bedrock for U.S. surveillance in terrorism and espionage matters.

A second tweet from Mr. Trump expressed support for the measure being considered by the House—a position more in line with his administration's longstanding desire to renew the law.

Mr. Trump's tweets raised concern within his own administration and on Capitol Hill, where officials feared his criticism could derail a vote.

Director of National Intelligence Dan Coats raised the is-

sue with Mr. Trump when he was at the White House on Thursday morning, impressing upon him the need to pass the FISA bill being considered by the House, according to people familiar with the matter.

House Speaker Paul Ryan (R., Wis.) also called Mr. Trump after the first tweet, according to a person familiar with the matter.

Mr. Trump then drafted the second tweet emphasizing the importance of the law's passage.

"We don't think that there was a conflict at all," said White House press secretary Sarah Huckabee Sanders. "The president fully supports the

702 and was happy to see that it passed the House today, but he does have some overall concern with the FISA program more generally."

Rep. Chris Stewart (R., Utah), a member of the House Intelligence Committee, said the president's tweets put a "little drama" into the morning ahead of the vote because it overshadowed conversations he had with members and caused Democrats to call for delaying the vote over uncertainty about whether the measure had enough support.

The drama wasn't entirely caused by the tweet, Mr. Stewart said, "but the tweet certainly didn't help."

## In Survey, President Seen as Tailwind

BY BEN LEUBSDORF

Economists surveyed by The Wall Street Journal say President Donald Trump has had generally positive effects on U.S. economic growth, hiring and the performance of the stock market during his first year in office.

The professional forecasters also predicted 2018 would see solid growth and a continued decline in the jobless rate. One factor: the tax cuts signed into law by Mr. Trump in December, which most economists say will boost the economy for several years at least.

More broadly, most forecasters surveyed by the Journal suggested Mr. Trump's election deserves at least some credit for the economy's recent strength.

Asked to rate Mr. Trump's policies and actions to date, a majority of economists said he had been somewhat or strongly positive on net for job creation, gross domestic product growth and the stock market. Most also said he had been either neutral or positive for the country's long-term growth trajectory, while his in-

fluence on financial stability was seen as largely neutral.

"There is definitely a sense in the business community that the president's actions on taxes and regulations have led to a more pro-growth environment for them to operate," said Chad Moutray, chief economist at the National Association of Manufacturers.

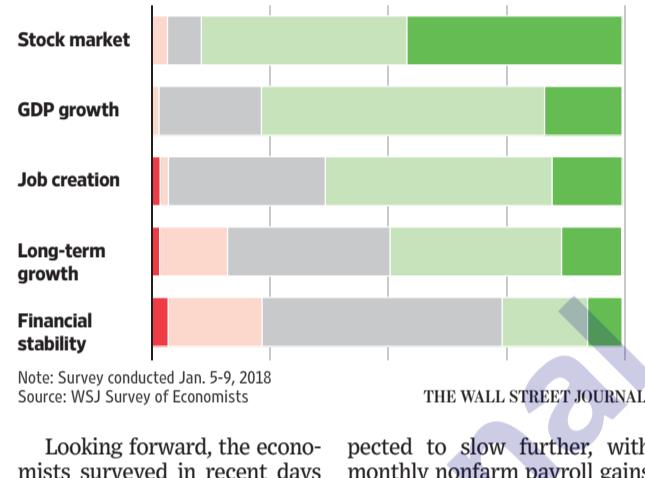
Still, it is early yet to evaluate Mr. Trump's performance. He inherited an economy that had already experienced years of falling unemployment and durable if slow growth.

"We have to be cautious about giving Trump too much credit for the economy's strength," said Bernard Baumohl of the Economic Outlook Group. "Job creation and business capital spending were on the rise prior to his presidency."

A year ago, President Barack Obama got mixed grades as he prepared to leave office. Most economists surveyed by the Journal in January 2017 saw his policies as positive for financial stability, positive or neutral for job creation, negative or neutral for GDP growth and negative for long-term potential growth.

### Trump's Economy, Year 1

On balance, how would you rate President Donald Trump's policies and actions to date for:



Looking forward, the economists surveyed in recent days had high hopes for 2018.

On average, the forecasters predicted GDP would expand 2.7% this year. They saw the unemployment rate, which was 4.1% in December, falling to 3.9% by midyear and 3.8% in December. The pace of hiring was ex-

pected to slow further, with monthly nonfarm payroll gains set to average 165,000 in 2018.

More than 90% of economists said the tax cuts would increase GDP growth over the next two years, similar to their thinking in earlier months when the details of the legislation were still in flux.

## U.S. WATCH

### ECONOMY

#### Producer Prices Signal Modest Inflation

U.S. producer prices fell in December for the first time in more than a year, a sign inflation pressures remain modest even though the economy appeared to pick up steam last year.

The producer-price index, a measure of the prices businesses fetched for their goods and services, fell 0.1% in December from a month earlier, the Labor Department said Thursday. The decline was the first since August 2016.

Excluding the volatile food and energy categories, core prices also fell 0.1%.

Economists track producer prices for early signs of where consumer prices—the main gauge of inflation—are headed.

Some economists said they believed December's decline reflected temporary factors, such as retailers offering discounts during the holiday season, and that underlying trends continue to point to firmer inflation.

—Josh Mitchell

### AIRLINES

#### Jet Has Close Call In San Francisco

An Aeromexico passenger jet was ordered to abort a landing at San Francisco International Airport as it descended toward a runway occupied by another commercial jet, the third close call at the busy airport in six months, officials said Thursday.

Aeromexico Flight 668 from Mexico City had been cleared to land Tuesday and it was about a mile from the airport when controllers saw the aircraft was lined up for a runway occupied by a Virgin America Airbus A320 jet waiting to take off from Kona, Hawaii, Ian Gregor, Federal Aviation Administration spokesman, said in an email.

The tower ordered the Aeromexico Boeing 737 jet to circle around.

The 11:45 a.m. event happened after the Aeromexico jet was cleared on Runway 28R the airport, which is parallel to Runway 28L. The R stands for right and the L stands for left, Mr. Gregor said.

The plane later safely landed, Mr. Gregor said. He said the FAA has opened an investigation.

—Associated Press

### TEXAS

#### DOE: State Violated Special-Education Law

The U.S. Department of Education said Thursday that Texas violated federal law for more than a decade by denying thousands of students with disabilities access to special-education services.

"Far too many students in Texas had been precluded from receiving supports and services" under the Disabilities Education Act, U.S. Secretary of Education Betsy DeVos said in a statement.

A series of 2016 stories in the Houston Chronicle said Texas in 2004 quietly instituted an 8.5% enrollment cap on the number of students eligible for special-education instruction.

Texas' education agency, known as the TEA, has denied using a cap on the number of students eligible for special-education services.

Republican Gov. Greg Abbott demanded an immediate overhaul of special-education policies. He gave the TEA a week to produce "an initial corrective action plan draft" and sought an outline of longer-term changes that state lawmakers can consider when the Legislature next convenes, in 2019.

—Associated Press

### GUANTANAMO

#### Detainees Challenge Halt to Releases

Eleven prisoners held at the Guantanamo Bay detention center are challenging an apparent policy of no releases under President Donald Trump.

A legal challenge filed in federal court in Washington says such a policy amounts to "perpetual detention" that violates the Constitution and acts of Congress establishing the rights of the men held at the U.S. base in Cuba.

The filing notes that President George W. Bush and President Barack Obama together released nearly 750 men by making case-by-case determinations on individual detainees. Mr. Trump hasn't formally released a Guantanamo policy but has allowed no releases.

The legal challenge filed Thursday comes on the 16th anniversary of the opening of the prison, which now holds 41 men.

There was no comment from the Department of Justice or the Pentagon.

—Associated Press

## CORRECTIONS & AMPLIFICATIONS

**The first name** of Jay Batcha, Optimal Capital's chief investment officer, was incorrectly given as Ray in an article on exchange-traded funds in Monday's Investing in Funds & ETFs report.

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto: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., Chichester, MA 01020.

All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY, 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor: Fax: 212-416-2891; email: [wsj.letters@wsj.com](mailto:wsj.letters@wsj.com)

### NEED ASSISTANCE WITH YOUR SUBSCRIPTION?

By web: [customercenter.wsj.com](http://customercenter.wsj.com); By email: [wsjsupport@wsj.com](mailto:wsjsupport@wsj.com)

By phone: 1-800-JOURNAL (1-800-568-7625); Or by live chat at [wsj.com/livechat](http://wsj.com/livechat)

### REPRINTS & LICENSING

By email: [customreprints@dowjones.com](mailto:customreprints@dowjones.com); By phone: 1-800-843-0008

### GOT A TIP FOR US? SUBMIT IT AT [WSJ.COM/TIPS](http://WSJ.COM/TIPS)

## WAGES

Continued from Page One

tax overhaul.

The monthly U.S. unemployment rate has held at a 17-year low since October. Retail trade workers in the U.S. earned an average hourly wage of \$15.51 in December, up about 11% from five years ago, according to the Bureau of Labor Statistics. For Wal-Mart, it is the third increase in its minimum wage since 2015.

"The labor market is tight and getting tighter," said Mark Zandi, chief economist at Moody's Analytics. Moody's estimates unemployment will fall to 3.5% by the end of this year in the wake of tax cuts, down from the 3.9% the firm predicted without the cuts. Tighter immigration enforcement will also pressure retailers, who hire the same types of workers that other industries losing undocumented workers will now seek, he said.

The higher wage will add about \$300 million in annual expenses for Wal-Mart while the bonuses will result in a \$400 million hit to the current quarter's profit, the company said. But the payout is just a sliver of what Wal-Mart, which had nearly \$500 billion in revenue last year, stands to gain from the tax overhaul.

The \$300 million of incremental labor expenses in 2018 only represents about 15% of the potential cash windfall we estimate that [Wal-Mart]

Average wages for some hourly workers at selected retailers.

Costco	\$14.11
Gap	\$10.01
Macy's	\$9.90
Target	\$9.89
Wal-Mart	\$9.74
Kroger	\$8.96
Dollar General	\$8.23

Note: Based on salary reports for cashiers, sales associates and customer service reps as of Jan. 11, 2018.  
Source: Glassdoor

shelves for items that are out of stock. Last year, Wal-Mart had around 15% fewer workers per square foot of store than a decade ago, according to an analysis by The Wall Street Journal.

When Wal-Mart increased wages and boosted training through 2015 and 2016, the moves cost the retailer \$2.7 billion, an expense that pressured the company's stock price. This increase will cost less because Wal-Mart already has a "sizable" group of stores paying employees at least \$11 an hour and already had plans to increase wages in some stores during its coming fiscal year, which starts Feb. 1, said spokesman Kory Lundberg.

Wal-Mart's average hourly wage for full-time U.S. store employees is expected to rise to around \$14.50 an hour after the latest change, up from \$13.85 an hour currently, said Mr. Lundberg. Wal-Mart has been criticized for not paying workers enough or not giving them enough hours to earn a steady wage.

The federal minimum wage has remained at \$7.25 an hour since 2009, but dozens of states and municipalities have implemented higher mandates in recent years. An \$11 hourly wage is the minimum required in Massachusetts and Washington state.



## U.S. NEWS

# Trump Vulgarity Roils DACA Deal

Consensus among bipartisan group of senators runs into White House storm

BY LAURA MECKLER  
AND SIOBHAN HUGHES

**WASHINGTON**—President Donald Trump questioned why the U.S. would admit people from “shithole countries” in a meeting with lawmakers Thursday, roiling discussions over a bipartisan Senate deal to protect young undocumented immigrants.

Mr. Trump made the comments at a private White House immigration meeting that included a bipartisan group of lawmakers, asking why the U.S. would want to admit people from Africa, the source of many diversity lottery applicants, according to two people briefed on the meeting.

“Why do we want all these people from these shithole countries here? We should have people from places like Norway,” the president said, according to these two people. Mr. Trump also expressed dismay with granting a legal status, in particular, to people from Haiti. One person said he asked, “What do we want Haitians for?”

White House spokesman Raj Shah didn’t confirm or deny those comments, which were reported earlier by the Washington Post. “Certain Washington politicians choose to fight for foreign countries, but President Trump will always fight for the American people,” he said. “President Trump is fighting for permanent solutions that make our country stronger by welcoming those who can contribute to our society, grow our economy and assimilate into our great nation.”

The back-and-forth came as a bipartisan group of senators reached an agreement to give a path to citizenship for the so-called Dreamers and make other immigration policy changes. They presented their plan at the White House, but it



A Haitian migrant who was seeking asylum in the U.S. waited in the Mexican border city of Tijuana in October 2016.

was met with opposition from conservative lawmakers who also attended the meeting. And Marc Short, the White House legislative-affairs director, said more work was needed. “There’s a long way to go,” he told reporters.

The White House and lawmakers in both parties say they want to reach an agreement, but many conservative Republicans are demanding a long list of immigration-policy changes that Democrats oppose. It was unclear whether Mr. Trump would be willing to sign something into law over their objections.

Democrats have some leverage as their votes are needed to keep the government running past next Friday. It was unclear whether they would be willing to force a partial shutdown over the immigration dispute.

The agreement reached in the Senate gives Mr. Trump much but not all of what he has requested, according to Senate aides. It allocates \$1.6 billion to

ward a border fence, which he called for in his budget request. It ends the diversity lottery that he has slammed. And it imposes some modest new limits on the ability of citizens and green-card holders to sponsor relatives.

It also gives Dreamers a 10-to-12-year path to citizenship, gives their parents three-year work permits and gives green cards to people who have been living in the U.S. for years under Temporary Protected Status programs that Mr. Trump is ending. One of those TPS program benefits Haitians, which is what prompted Mr. Trump’s comment about Haiti.

Mr. Trump’s optimism about reaching an agreement and flexibility about what should be in it has drawn fire from immigration hard-liners. They fear he is too willing to sign legislation aiding the young people who had been protected by the Obama-era Deferred Action for Childhood Arrivals program that he ended in September.

Conservative talk show host Laura Ingraham voiced the views of many of them on Wednesday when she said, “I don’t want to use the word ‘betrayal’ yet, because we haven’t reached the end of the line here.... But I am extremely concerned.”

On Thursday, Mr. Trump told The Wall Street Journal he isn’t worried about the pressure, saying, “my base is with me.” He also said he is motivated by desire to help the affected young people, not politics.

“I’m doing it from the standpoint of heart, I’m doing it from the standpoint of common sense,” he said. He added that the Dreamers were hard workers with jobs. “We need workers in this country.”

He also said that he would pursue payment for his border wall from Mexico, as he promised, but as part of broader negotiations over the future of the North American Free Trade Agreement. Mexico has said it

won’t pay for the project.

DACA offers safe harbor from deportation and work permits for some 690,000 young people. Mr. Trump announced in September he was ending the Obama-era program, and protections for young immigrants start to expire in large numbers in March.

The six senators in the bipartisan group said they had reached an agreement after four months of effort. But their work came under immediate fire from more conservative members of Congress.

Two people familiar with the day’s events said that Sens. Dick Durbin (D., Ill.) and Lindsey Graham (R., S.C.) had expected they would be the only lawmakers meeting with the president and were surprised to see several other more hawkish lawmakers in the room.

—Natalie Andrews and Louise Radnofsky contributed to this article.

## WASHINGTON WIRE

### TREASURY

#### U.S. Ran \$23 Billion Deficit in December

The federal deficit for December narrowed from a year ago amid flat government spending and higher tax receipts, the Treasury Department said Thursday.

Federal spending exceeded revenue by \$23 billion last month, compared with a \$27 billion budget gap in December 2016. Through the first three months of the fiscal year, which began Oct. 1, the deficit was about 7% wider than it was the period a year earlier, the Treasury said.

The Congressional Budget Office said this week that anticipation of a sweeping GOP tax bill may have affected corporate and individual tax receipts in the final months of 2017, as some businesses and individuals delayed payments. Federal spending in the first three months of the fiscal year outpaced tax collections, due in part to higher interest costs on the public debt as a result of rising inflation.

—Kate Davidson

### INSPECTOR GENERAL

#### Watchdog Finds Tax Analysis Was Proper

Career Treasury Department staff members were “fully engaged” in the process of analyzing a Republican tax bill last year and they denied that political appointees had taken over the process, according to a government watchdog inquiry.

The department’s inspector general launched the probe last year into whether top political officials interfered with or mischaracterized the work of Treasury’s tax-policy analysts as the administration sought to garner support for a rewrite of the tax code.

“We found nothing to indicate that the process employed by Treasury this past year was contrary to law, an abuse of authority or otherwise improper,” Treasury Inspector General Eric Thorson said in a letter to lawmakers this week summarizing the findings.

—Kate Davidson

# States Can Impose Medicaid Work Requirements

BY LOUISE RADNOFSKY  
AND STEPHANIE ARMOUR

**WASHINGTON**—The Trump administration released guidelines Thursday for states seeking to impose the first-ever work requirements on Medicaid recipients, marking an initial salvo in a long-sought Republican effort to fundamentally revamp the program.

About a dozen states could get approval to require many adults to find work or training to get Medicaid coverage. The move would be a first step in

seeking to redefine Medicaid benefits as conditional rather than guaranteed assistance.

Critics and supporters say that could end the basic contract underpinning the 1965 health program for the poor, and the courts may ultimately decide whether the change is legally permissible.

“It’s the beginning to a much broader shift in how Medicaid is viewed,” said Diane Rowland, executive vice president of the Kaiser Family Foundation. “This is really trying to push Medicaid out of being considered health

insurance and part of the Affordable Care Act framework back to welfare.”

Under the new Medicaid guidance, states will need to provide exemptions from work requirements for people who are medically frail or have a substance-abuse disorder, and the work-related mandates won’t apply to the elderly or those classified as disabled.

“This is an important first step, to get the guidance out,” Seema Verma, administrator of the Centers for Medicare and Medicaid Services, said Wednes-

day. She said approvals of waivers for states seeking work requirements are expected “in short order.”

States seeking such waivers include Arizona, Arkansas, Indiana, Kansas, Kentucky, Maine, New Hampshire, North Carolina, Utah and Wisconsin.

That approach contrasts with an announcement the administration made earlier in the week that confirmed it had extended waivers allowing food-stamp recipients to avoid work requirements in 33 states for this year.

The U.S. Department of Agri-

culture said Tuesday on its website that it was letting five states and parts of 28 others extend waivers they received during the Obama years. That allows the states to exempt adult food-stamp recipients for an additional year from a requirement that they must work, train or attend school.

Officials at the USDA’s Food and Nutrition Service said they believed they were required under regulations to approve waiver requests that satisfied existing criteria, but they intend to change those rules.

Conservatives applauded the administration’s openness to Medicaid work requirements as a way to encourage beneficiaries to join the labor force and potentially get employer coverage.

Democrats and consumer-advocacy groups said the shift embraced a punitive approach that would hurt beneficiaries. Almost nine in 10 adults on Medicaid who aren’t considered formally disabled and don’t work say it is because they have an illness, disability, or functional limitation, according to a Kaiser foundation analysis.

## AT&T

Continued from Page One  
and its deal won’t deter the industry transformation that is taking place.

AT&T and Time Warner were encouraged to see a witness list they considered narrow in scope, suggesting not all rivals’ grievances will influence the trial, according to people familiar with their thinking.

People familiar with the matter say it appears unlikely the two sides will find a way to settle their differences and avoid the court battle. AT&T unveiled the deal in October 2016 and has been fighting for government approvals ever since.

As the government’s investigation has progressed, rivals of both AT&T and Time Warner have shared information with the Justice Department—much of it confidential—that offers a window into how entertainment companies and distributors play hardball during negotiations.

Starz, which competes with Time Warner’s HBO, told the Justice Department in May that AT&T had already wielded its hefty subscriber base against the premium TV channel, according to a person familiar with the talks.

A Starz document reviewed by the Journal accused AT&T management of telling call-center workers at DirecTV, which AT&T owns, to stop pitching Starz channels as add-ons to TV bundles during

a contract dispute between the TV channel and the satellite service. The move caused Starz monthly sign-ups through DirecTV to drop from the hundreds of thousands to fewer than 100, according to the document.

Starz also told the Justice Department the company can’t avoid AT&T by selling its service directly to consumers because online TV distributors haven’t yet developed a broad reach. Several startups and incumbents have launched such services, including Dish’s SlingTV, Alphabet Inc.’s YouTube TV and Sony Corp.’s PlayStation Vue.

Starz also said it can’t quickly add subscribers to its direct-to-consumer app because its contract with AT&T keeps it from charging a cheaper price, according to the document.

Perhaps most central to the case is how the AT&T-Time Warner deal would affect rival video distributors.

AT&T has argued that the emergence of newer platforms like Netflix and the entry of tech giants like Amazon.com Inc. into video content means new viewers will still have an ample range of choices regardless of what the telecom company does with Time Warner.

The Justice Department sees things differently, arguing that a postmerger AT&T could force rival TV providers to pay

more for Time Warner content like Cartoon Network and TNT, which broadcasts many NBA games.

The government also argues that AT&T’s control of Time Warner could hinder innovation in online TV packages, which increasingly attract consumers looking to drop traditional cable or satellite service.

The department continues to examine whether the deal might harm the development of emerging alternatives to cable and satellite, a key prong of its lawsuit. It has issued subpoenas to online distributors asking how changes in Time Warner carriage fees would affect their business, according to a person familiar with the request.

AT&T late last year said it would offer all TV distributors terms that would allow them to submit disputes with Time Warner’s Turner unit to arbitration, a move designed to undercut the government’s argument that the telecom company would use Turner’s TV shows to squeeze the competition.

The government likely will poll rival TV distributors in search of signs that AT&T’s proposed fix isn’t airtight, according to antitrust lawyer Kevin Arquit, a partner at Weil, Gotshal & Manges LLP who isn’t connected to the current AT&T-Time Warner case.

The solution has to cover all the government’s allegations to work in court, Mr. Arquit said, though he added the government still faces the bigger challenge of meeting its burden of proof in the case.

JAN THOMAS/EVERETT COLLECTION

Corbin Bernsen, left, and Ian McShane in Starz’s ‘American Gods.’ Starz is a rival of Time Warner’s HBO.

Continue to stay informed with the latest news. Log on to WSJ.com or download the WSJ app on your tablet or smartphone.

Download at [WSJ.com/mobile](http://WSJ.com/mobile)

To contact customer service, please visit [WSJ.com/customerservice](http://WSJ.com/customerservice)

THE WALL STREET JOURNAL.

Read ambitiously

© 2018 Dow Jones & Co., Inc. All rights reserved. 2DJ6100

## U.S. NEWS



President Donald Trump on Thursday accused a former top investigator looking into Russia's alleged interference in the 2016 election of committing 'treason.'

## President Accuses FBI Agent of 'Treason'

BY REBECCA BALLHAUS

**WASHINGTON**—President Donald Trump said that an FBI agent once involved in the special counsel's Russia probe committed "treason," and he called for Republican investigators in Congress to conclude their probes swiftly.

In an interview with The Wall Street Journal on Thursday, Mr. Trump, unprompted, labeled as "treason" a text message written by Peter Strzok, an agent at the Federal Bureau of Investigation who was removed in July as a top investigator on the special counsel's team investigating whether Russia colluded with associates of Mr. Trump to influence the 2016 presidential election.

"A man is tweeting to his lover that if [Democrat Hillary Clinton] loses, we'll essentially do the insurance policy. We'll go to phase two and we'll get this guy out of office," said Mr. Trump, giving his interpretation of Mr. Strzok's text message.

"This is the FBI we're talking about—that is treason," the president said. "That is a treasonous act. What he tweeted to his lover is a treasonous act."

Aitan Goelman, an attorney for Mr. Strzok, said: "It is beyond reckless for the president of the United States to accuse Pete Strzok, a man who has de-

### Bannon 'Betrayed' Trump With Book

President Donald Trump said he feels "betrayed" by his former chief strategist and campaign adviser, Steve Bannon, depicting him as a self-promoter who inflated his importance in the president's election victory.

In an interview with The Wall Street Journal on Thursday, Mr. Trump said that any number of his campaign aides contributed more to the 2016 election result than Mr. Bannon.

"Steve's greatest asset is that he was able to convince a corrupt media that he was responsible for my win," he said.

Mr. Trump faulted Mr. Bannon for participating in a book chronicling dysfunction and drama in the Trump presidency.

"I feel betrayed because

voted his entire adult life to defending this country, of treason. It should surprise no one that the president has both the facts and the law wrong."

The crime of treason is defined in the Constitution as aiding enemies of the U.S. or "levying war" against the nation. A spokesman for the FBI declined to comment.

In an August 2016 text, Mr.

you're not supposed to do that," Mr. Trump said.

Asked if the split with Mr. Bannon was permanent, he said: "We'll see what happens."

Mr. Bannon didn't respond to a request to comment. On Sunday, Mr. Bannon put out a statement saying his support for Mr. Trump was "unwavering" and described Donald Trump Jr. as "both a patriot and a good man." He had been quoted in the book as saying a meeting Donald Trump Jr. and other campaign aides had with a Russian lawyer was "treacherous."

Mr. Trump reiterated in the interview that he would like to toughen the nation's libel laws, though he voiced doubts Congress "has the guts to do that."

He said "when somebody makes false statements and libelous statements—whether it's in a book or a newspaper or anything else—when they have phony sources, when the

Strzok wrote: "I want to believe the path you threw out for consideration...that there's no way he gets elected—but I'm afraid we can't take that risk. It's like an insurance policy in the unlikely event you die before you're 40."

The Journal reported last month that, according to people familiar with Mr. Strzok's account, the "insurance policy"

sources don't exist, yeah, I think they should have liability."

The president said he "never met once" with the book's author, Michael Wolff, in the White House. Mr. Wolff said in an email Thursday: "I have spent approximately three hours talking one-on-one to Donald Trump at different points during the campaign, the transition, and in the White House."

On Mr. Bannon's departure from the White House, the president gave an account that differed from what the White House said at the time.

When he exited in August, a White House statement said Mr. Bannon and chief of staff John Kelly "mutually agreed" that Mr. Bannon would leave.

In the interview, Mr. Trump said he "fired" Mr. Bannon and that his aide had become a "lightning rod" that made him "very ineffective."

—Peter Nicholas

served as secretary of state. Special counsel Robert Mueller removed Mr. Strzok from his team after learning that he sent texts critical of Mr. Trump.

In Thursday's interview, Mr. Trump also said the U.S. is taking steps to ensure that Russia and any other countries don't try to influence future elections.

"We're going to be very, very careful about Russia and about anybody else, by the way," Mr. Trump said.

The president declined to detail specific actions under way to protect the electoral system, beyond saying that his administration is "working on different solutions" and "all sorts of fail-safes."

Mr. Trump, a Republican, has previously expressed skepticism about a 2017 U.S. intelligence report that said Russia sought to interfere in the 2016 election, an allegation Moscow has denied.

The president, in the interview, also forcefully defended himself against allegations of collusion.

—Del Quentin Wilber contributed to this article.

### MORE ONLINE

WSJ  
.COM

Read a transcript of Thursday's interview at [on.wsj.com/trumptranscript](http://on.wsj.com/trumptranscript)

### Trump Speaks Out In Oval Office Chat

President Donald Trump sat down with Wall Street Journal reporters for an interview on Thursday. Here are some highlights.

On whether terminating the North American Free Trade Agreement would roil financial markets:

"I can tell you I'm not sure about world markets, but I can tell you I think the American market would go up if I terminated Nafta and renegotiated a new deal....If we don't make the right deal, I will terminate Nafta. OK? Now, do I want to? No, I'd rather leave it, but I feel that if that if—you know, the United States has been treated very, very badly. [T]here's no rush, but I will say that if we don't make a fair deal for this country, a Trump deal...I will terminate. With that being said, I would rather be able to negotiate."

On the decision to not hold military exercises in the Korean Peninsula region during the Winter Olympic Games:

"I think it's inappropriate to have the Olympics, have millions of people going to the Olympics hopefully, have North Korea going to the Olympics, and we're having exercises on the beach. No, I think that it doesn't—I think it sends a good message to North Korea, not a bad message. I think it would be totally inappropriate to do that during the Olympics."

On his relationship with North Korea's Kim Jong Un:

"President Xi [Jinping of China] has been extremely generous with what he's said, I like him a lot. I have a great relationship with him, as you know I have a great relationship with Prime Minister [Shinzo] Abe of Japan and I probably have a very good relationship with Kim Jong Un of North Korea. I have relationships with people, I think you people are surprised."

On former aide Steve Bannon's comments in Michael Wolff's book:

"I feel betrayed because you're not supposed to do that, but I have many people that work for me who were far more important than Steve....I always liked Steve, but Steve became very ineffective because he was such a lightning rod. And Steve, in the end, I fired Steve."

On the chances for comprehensive immigration reform:

"I am always open to discussing everything but that doesn't mean we're going to get anywhere close to getting it done. I'd love to get something done if it's appropriate."

## TRUMP

*Continued from Page One*  
small percentage of that money and it's going toward the wall. Guess what? Mexico's paying."

Mr. Trump also accused former White House chief strategist Steve Bannon of betrayal after Mr. Bannon's extensive contributions to "Fire and Fury," Michael Wolff's new book that paints an unflattering picture of Mr. Trump. He declined to say whether his relationship with Mr. Bannon is broken beyond repair, however: "I don't know what the word permanent means," he said.

Mr. Wolff's book, which focuses on the early months of the administration, offers a harsh view of Mr. Trump's family and of a White House riven with infighting. Mr. Bannon saw his relationship with Mr. Trump unravel last week because of his quotes in the book, including questioning daughter Ivanka Trump's intelligence and calling a 2016 meeting held by son Donald Trump Jr. with Russian officials "treacherous."

On legislative priorities following last month's passage of the Republican tax overhaul, Mr. Trump identified plans for new infrastructure spending as the top item on the White House's legislative to-do list. He said finding a federal government investment of \$200 billion to jump-start spending on new roads and bridges should be easy, but declined to elaborate on specific sources.

Mr. Trump claimed that his

firing last year of then-Federal Bureau of Investigation Director James Comey should have elicited grateful applause from across Washington. His dismissal of Mr. Comey prompted the appointment of special counsel Robert Mueller, who has been investigating alleged Russian meddling in the 2016 U.S. presidential election and any collusion by the Trump team with Russia. Mr. Trump denies any collusion and Russia has denied meddling.

Mr. Trump also said that messages traded between a pair of FBI employees who had been involved in the Mueller investigation amounted to treason. Agent Peter Strzok was removed from his post by Mr. Mueller last year after the disclosure that Mr. Strzok had sent text messages in the summer of 2016 critical of Mr. Trump to FBI lawyer Lisa Page, who also worked temporarily for the special counsel. The texts surfaced as part of an internal Justice Department investigation. The department didn't respond to a request for comment.

Mr. Trump offered an unsolicited rebuttal to "Fire and Fury," saying it showed the need for new libel laws. But he acknowledged that was unlikely to happen, saying the Republican-controlled Congress doesn't have the "guts" for that debate.

Libel claims are a matter of state rather than federal law, buttressed by constitutional protections.

On North Korea, Mr. Trump

has called the nation's leader a "maniac," a "bad dude," mocked him as "short and fat," and re-

flected to him repeatedly as "rocket man." For his part, Mr. Kim has warned that he would "tame the mentally deranged U.S. dotard with fire," referring to Mr. Trump.

Mr. Trump framed his own

comments as part of a broader

strategy. "You'll see that a lot with me," he said about his combative tweets, "and then all of the sudden somebody's my best friend. I could give you 20 examples. You could give me 30. I'm a very flexible person."

It has been a decade since the U.S. engaged in formal talks with North Korea. Those "six-party talks" over Pyongyang's nuclear ambitions, which in-

cluded South Korea, Japan,

China and Russia, stalled in 2009 over disputes about North Korea's nuclear and missile activities.

Since then, diplomats say, there have been messages transmitted back and forth through unofficial channels.

But those talks don't amount

to official diplomatic communica-

tions. In October, Secretary of State Rex Tillerson said, without elaborating, that "we have lines of communication to Pyongyang—we're not in a dark situation."

Mr. Trump has vacillated be-

tween seeming open to—and even eager for—diplomacy with North Korea, and dismissing the need or value for it. He said in a Bloomberg News interview last May that he would be "honored" to meet with Mr. Kim. One top former U.S. official said afterward that Mr. Trump's statement came in response to pleas from China that he open the door to diplomacy with the young North Korean leader.

But since then, Mr. Trump has also seemed to dismiss the value of direct talks with North Korea and its leader.

In October, he appeared to undercut Mr. Tillerson when the secretary referred to lines of communication to North Korea and said the administration was "probing" for diplomatic openings. In response, Mr. Trump said on Twitter that Mr. Tillerson is "wasting his time trying to negotiate with Little Rocket Man."

Some U.S. and allied offi-

cials have feared that the recent North Korean opening to

talks with South Korea, and the

resulting talks that began this

week, were designed to drive a

wedge between the U.S. and

South Korea.

Asked if he thinks North Ko-

rea is trying to drive a wedge

between him and President

Moon Jae-in of South Korea,

Mr. Trump acknowledged

Pyongyang might be trying to

separate Washington and

Seoul. "If I were them, I would

try," he said. "The difference is

I'm president, other people

aren't," he said. "And I know

more about wedges than any

human being that's lived."

*The president says he is being 'a little bit flexible' about Nafta until Mexico's election.*

cluded South Korea, Japan,

China and Russia, stalled in

2009 over disputes about

North Korea's nuclear and mis-

sile activities.

Since then, diplomats say, there

have been messages transmis-

sed back and forth through

unofficial channels.

But those talks don't amount

to official diplomatic communica-

tions. In October, Secretary of State Rex Tillerson said, without elaborating, that "we have lines of communication to Pyong-

yang—we're not in a dark situa-

tion."

Mr. Trump has vacillated be-

tween seeming open to—and even eager for—diplomacy with

North Korea, and dismissing the

need or value for it. He said in a

Bloomberg News interview last

May that he would be "honored"

to meet with Mr. Kim. One top former U.S. official said

afterward that Mr. Trump's

statement came in response to

pleas from China that he open

the door to diplomacy with the

young North Korean leader.

But since then, Mr. Trump has

also seemed to dismiss the

value of direct talks with North

Korea and its leader.

In October, he appeared to

## WORLD NEWS

## U.S. Plans to Beef Up Afghanistan Role

Pentagon to reallocate drones and hardware, send in around 1,000 more combat advisers

By NANCY A. YOUSSEF  
AND GORDON LUBOLD

**WASHINGTON**—The Pentagon is planning to bolster the Trump administration's new approach in Afghanistan by reallocating drones and other hardware while sending in around 1,000 new combat advisers, U.S. and military officials said.

The idea is to bulk up the U.S. military presence in Afghanistan by the time the traditional fighting season begins in the spring. The military will send a larger number of drones, both armed and unarmed, to Afghanistan for air support as well as for intelligence, surveillance and reconnaissance.

The Pentagon also plans to bolster capabilities such as helicopters, ground vehicles, artillery and related materiel, U.S. officials said, moves made possible by a reduction of combat operations in Syria and Iraq against the Islamic State extremist group.

Adding to the U.S. military presence in Afghanistan, the administration will deploy as soon as February members of an Army security-force assistance brigade from Fort Benning, Ga., to work as combat advisers to Afghan National Security Forces, expanding the U.S. training commitment, the officials said.

These moves all accelerate President Donald Trump's decision in August to approve some 4,000 additional troops in Afghanistan, bringing the number of American personnel to about 14,000. The additional security-force assistance units could push that number higher, although other forces could be withdrawn at the



A U.S. Marine stood with Afghan National Army soldiers during a training exercise at the Shorab Military Camp in Lashkar Gah in August.

same time.

The emphasis on Afghanistan is part of a broader shift that ultimately is expected to shrink America's military footprint in the Middle East as it refocuses its capabilities in East Asia.

That shift grew out of a request by Defense Secretary Jim Mattis that Army Gen. Joseph Votel, chief of the U.S. Central Command, which is responsible for the wars in Iraq, Syria and Afghanistan, recommend ways to rethink the military capabilities those countries will require over time.

Mr. Mattis, in a video teleconference late last year, asked Gen. Votel to consider how to use military resources for Afghanistan and to counter

Iran, while also giving up military capabilities in other parts of the world, particularly in Asia, where the U.S. faces North Korean hostility and Chinese assertiveness.

The collapse of territory controlled by Islamic State in Iraq and Syria led to calls to shift some of the resources dedicated to that war. But past lessons loom large, and U.S. military planners have said they don't want to remove troops helping to fight Islamic State and risk allowing an insurgency.

One military official described the dilemma by noting how the Pentagon expends massive resources to eliminate tactical threats—say two suspected terrorists riding a motorcycle inside Iraq or Syria—while lagging in some aspects of competition with China.

Mr. Mattis didn't put a deadline on drawing down resources from Central Command, the military official said.

His direction was premised on the need to allocate resources elsewhere around the globe, including the Pacific Rim.

The Pentagon is preparing to release a national defense strategy Jan. 19, building on the White House's own national security strategy released last month.

Top military leaders publicly hinted at the shift toward Afghanistan late last year. "As assets free up from Iraq and Syria and the successful fight

against [Islamic State] in that theater, we expect to see more assets come to Afghanistan," Army Gen. John Nicholson, the top commander in Afghanistan, told reporters on Nov. 28.

U.S. military planners hope to reduce the number of ground troops in Iraq and Syria over the next year, as local forces take the lead, U.S. military and defense officials said.

The remaining U.S. forces would focus on counterterrorism operations and security for diplomats and contractors, another U.S. military official said. There now are more than 5,000 American troops in Iraq and Syria, the Pentagon said.

U.S. Central Command has enjoyed a wealth of Pentagon

## Shifting Focus

Some recent U.S. strategic moves in the Afghan conflict

**May 2011** U.S. military officers draw up preliminary proposals to withdraw as many as 10,000 troops by year's end.

**March 2012** President Obama for the first time affirmed U.S. plans to shift the military to a support role in 2013.

**August 2017** The White House says it will send in as many as 4,000 more troops to fight militants in Afghanistan, and to pressure Pakistan to take action against insurgents.

**December** The Iraqi government declares victory over Islamic State.

**January 2018** U.S. officials say the Pentagon plans to reallocate drones and other hardware, while sending in around 1,000 new combat advisers. There could be as many as 16,000 American troops in Afghanistan by the spring.

resources as it has fought wars in Iraq, Syria and Afghanistan, but officials there recognize many of those resources may need to go elsewhere.

Mr. Mattis's Pentagon is aware that drastic troop reductions in Iraq and Syria could allow militants to return.

"The real caution, the thing that's being discussed, is that we cannot make the mistake of taking our eye off ISIS too quickly," a military official said, using an acronym for Islamic State. "We don't want to make the same mistake we've made before, we don't want to allow that to happen."

—Julian E. Barnes  
in Brussels  
contributed to this article.

## WORLD WATCH

## UNITED KINGDOM

## Trump Calls Off Trip to London

President Donald Trump said he is canceling a planned trip to the United Kingdom in February.

Mr. Trump confirmed the visit would not take place in a Twitter message, hours after British newspapers reported the change in plans and attributed the move to the U.S. leader's desire to avoid protests.

He had been set to attend the official opening of the new U.S. Embassy in London, but controversy has swirled around the plans since Mr. Trump sparred with Prime Minister Theresa May after she criticized him in late November after he retweeted far-right messages. The mayor of London, Sadiq Khan, has suggested Mr. Trump is wasn't welcome.

Mr. Trump, in his tweet, gave a different explanation, saying that he was angry that the administration of his predecessor Barack Obama had opted to move the American embassy from its Grosvenor Square location. However, the decision to move the U.S. Embassy was made on 2008 during the administration of George W. Bush.

—Louise Radnofsky  
and Felicia Schwartz

## GERMANY

## Accused Iran Cleric Is Allowed to Leave

A senior Iranian cleric who was visiting Germany for medical treatment left the country despite critics' calls for his arrest for crimes against humanity.

Germany's top federal prosecutor's office earlier said it saw no grounds to detain Mahmoud Hashemi Shahroudi, the former head of Iran's judiciary. Mr. Shahroudi was being treated in Hanover since December but left Germany on Thursday on a plane to Tehran, according to a spokeswoman for the police in Hamburg, where the plane took off.

Late Wednesday, the prosecutor's office said it was investigating Mr. Shahroudi after a former German lawmaker filed a criminal complaint against him. The complaint, and others filed by human-rights groups, blamed him for the arrest, torture and murder of activists, lawyers and journalists.

—Andrea Thomas

## Trump to Keep Iran Deal, Sanctions Relief

By FELICIA SCHWARTZ

**WASHINGTON**—President Donald Trump has decided to extend sanctions relief to Iran, following the advice of top advisers and keeping the Iran nuclear agreement intact for at least another several months, people familiar with the discussions said.

Mr. Trump is expected to couple that decision with a package of new sanctions, including some aimed at confronting human-rights abuses in Iran, that aren't technically related to the nuclear agreement.

Mr. Trump reached the decision Thursday, after an afternoon Oval Office meeting with his national-security team, a U.S. official said, and the White House planned to announce it Friday if the decision stands.

Officials have been urging Mr. Trump to keep the deal in place at least for now while they work to address some of his concerns with it, which he has said gives Iran too much in sanctions relief for too little in the way of restrictions on its nuclear program.

Under the 2015 nuclear agreement, the U.S. agreed to waive sanctions against Iran that are contained in a series



Secretary of State Rex Tillerson has been meeting with President Donald Trump on the Iran pact.

of U.S. laws.

The waivers for each law must be renewed periodically to extend the sanctions relief. Mr. Trump beginning this week was facing a series of waiver deadlines and needed to approve them to keep the U.S. commitments in place under the nuclear accord.

They were the first such deadlines since Mr. Trump declined in October to certify to Congress that Iran was complying with the terms of the accord. He said at that time

that he would leave the accord if European allies and U.S. lawmakers failed to take steps to fix the deal but didn't set a deadline.

Since then, there has been some progress in negotiations between the White House and Sens. Bob Corker (R., Tenn.), Tom Cotton (R., Ark.) and Ben Cardin (D., Md.) on an amendment to 2015 legislation that allows for congressional oversight over the deal. The amendment would address some of Mr. Trump's concerns

about the deal, including limits on nuclear behavior that expire over time.

Mr. Trump next faces a decision on waiving sanctions in May.

Antigovernment protests in Iran this month added additional uncertainty to Mr. Trump's deliberations this time around, particularly after more than 20 people died and the government arrested over 4,000 people.

Mr. Trump began hashing out the decision with his ad-

visers, including Secretary of State Rex Tillerson and Defense Secretary Jim Mattis, over the weekend during meetings at the presidential retreat at Camp David, Md. Mr. Tillerson also has been at the White House most days this week, advising the president on the matter, said those familiar with the discussions.

Trump administration officials consulted with their European allies Thursday after the foreign ministers of France, Germany and the U.K., as well as European Union foreign-policy chief Federica Mogherini met with Iranian Foreign Minister Javad Zarif and urged Washington not to scrap the accord.

"I don't think anybody has so far produced a better alternative" to the agreement, said British Foreign Secretary Boris Johnson, adding that it is "incumbent on those who oppose the JCPOA to come up with that better solution, because we have not seen it so far." The Iran deal is formally known as the Joint Comprehensive Plan of Action.

In a phone call with Mr. Trump on Thursday, France's president, Emmanuel Macron, said France wants to see the deal strictly enforced, according to Mr. Macron's office.

## FBI Renews Hunt for Suspects in Deadly 1986 Hijacking

BY BRETT FORREST

The Federal Bureau of Investigation released age-progressed images of four men accused in the 1986 hijacking of Pan Am Flight 73 in Karachi, Pakistan, renewing an effort to apprehend them for a siege that left 20 people dead, including two Americans.

The four suspects, who are subjects of a 1991 federal indictment, are Muhammad Ahmed al-Munawar, Muhammad Abdullah Khalil Hussain ar-Rahayyal, Jamal Saeed Abdul Rahim, and Wadoud Muhammed Hafiz al-Turki.

A fifth Pan Am 73 hijacker, Zaid Hassan Abd Latif Safarini, was convicted on U.S. federal charges in 2004 for his role.

The four wanted men were last seen in Pakistan in 2008.

"Our goal is that these

aged-progressed photographs will generate actionable information that will aid the location and conviction of these alleged terrorists," said Andrew W. Vale, assistant director in charge of the FBI's Washington Field Office.

The agency is offering a \$5 million reward for information leading to the capture of the

men.

The men were members of a Palestinian terror group, the Abu Nidal Organization. They planned to take the jet to Cyprus, then to Israel, to free fellow Abu Nidal members.

When the aircraft's power supply ran out, leaving it

stranded, the hijackers fired at hostages crowded in the galley. Of the 379 passengers and crew on board, 20 were killed and more than 100 hurt. Pakistani commandos stormed the jet and caught the hijackers.

In 1988, a Pakistani court

condemned them to death. Pakistan subsequently commuted those sentences. A District of Columbia federal grand jury indicted the men in 1991.

In 2001, Pakistan released

Mr. Safarini, the lead hijacker; the FBI captured him shortly thereafter in Bangkok. Mr. Safarini pleaded guilty and was sentenced to 160 years in federal prison.



The suspects today, in FBI renderings: Wadoud Muhammed Hafiz al-Turki; Muhammad Abdullah Khalil Hussain ar-Rahayyal; Muhammad Ahmed al-Munawar; and Jamal Saeed Abdul Rahim.

and flight engineer, alerted to the hijacking by its initial salvos, had escaped the aircraft through a hatch. Airport officials failed to produce new pilots, and the hijackers executed an American passenger, Rajesh Kumar, dumping his body onto the tarmac.

When the aircraft's power supply ran out, leaving it

stranded, the hijackers fired at hostages crowded in the galley. Of the 379 passengers and crew on board, 20 were killed and more than 100 hurt. Pakistani commandos stormed the jet and caught the hijackers.

In 1988, a Pakistani court

condemned them to death. Pakistan subsequently commuted those sentences. A District of Columbia federal grand jury indicted the men in 1991.

In 2001, Pakistan released

Mr. Safarini, the lead hijacker; the FBI captured him shortly thereafter in Bangkok. Mr. Safarini pleaded guilty and was sentenced to 160 years in federal prison.

—Andrea Thomas

## WORLD NEWS

# Hariri Open to Hezbollah Role

By YAROSLAV TROFIMOV

BEIRUT—Lebanese Prime Minister Saad Hariri called for Lebanon to be left out of the regional clash between Saudi Arabia and Iran, and praised the Iranian-backed Hezbollah militia for doing its part to de-escalate the tensions.

In his first interview with a U.S. news organization since withdrawing the resignation he made under Saudi pressure in November, Mr. Hariri also told The Wall Street Journal that he was open to Hezbollah continuing to participate in the government following elections slated for May.

"Hezbollah has been a member of this government. This is an inclusive government that has all the big political parties, and that brings political stability to the country," Mr. Hariri said. "My main goal is to preserve this political stability for the unity of the country."

By taking a conciliatory approach to Hezbollah, which the U.S. and Saudi Arabia designate as a terrorist organization, Mr. Hariri—the leader of Lebanon's main Sunni Muslim bloc—seemed to be defying pressure from Riyadh to confront the Shiite militia.

Instead of taking the Saudi line, as leaders of Lebanon's Sunni community have traditionally done, Mr. Hariri outlined a vision under which multi-confessional Lebanon—which has served as a battlefield for Middle East proxy conflicts since the 1970s—will finally focus on its own affairs and reject foreign meddling.

"We cannot accept interference from anyone in Lebanese politics," Mr. Hariri said in Wednesday's interview in his fortresslike residence in central Beirut. "Our relationship with Iran—or with the Gulf—has to be the best relationship, but one that serves the national interests of Lebanon."

Staying out of the Middle East's sectarian strife and

maintaining stability is key to reviving Lebanon's sluggish economy and allowing the country to achieve annual growth of between 4% and 6%, compared with between 1% and 2% today, Mr. Hariri said.

As leader of the dominant Sunni bloc, Mr. Hariri is widely expected to remain prime minister after the May elections. Under Lebanon's sectarian system, the prime minister is always a Sunni while the president is a Christian.

Shiite Hezbollah is the only Lebanese political party to maintain a large armed force—a force that is currently deployed in Syria and, on a much smaller scale, in Iraq and Yemen.

Hezbollah also possesses tens of thousands of missiles aimed at Israel, and exercises de facto control over many of Lebanon's strategic decisions.

Mr. Hariri became prime minister in late 2016 under a deal that allowed a Hezbollah-backed candidate to become Lebanon's president, ending

**Lebanese leader Saad Hariri wants the country to be kept out of the Saudi-Iranian conflict.**

more than two years of political deadlock.

Mr. Hariri declined to discuss the details of his stay in Saudi Arabia, saying only that "Saudi Arabia never interfered directly in Lebanese politics" and that he hopes Riyadh will restart economic aid to Lebanon.

However, he brushed off the idea of a clash with Hezbollah. Instead, Mr. Hariri highlighted the group's willingness to comply with a policy of "disassociating" Lebanon from the Saudi-Iranian rivalry, especially by halting its propaganda against Saudi Arabia and other Gulf monarchies.

# Sunni Rift Clouds Focus on Iran

## MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

BEIRUT—When protests against Iran's theocratic Shi'ite regime erupted late last month, the reaction from the region's two main Sunni powers couldn't have been more different.

Saudi Arabia, which is the custodian of Islam's holy cities of Mecca and Medina and aspires to lead the entire Sunni world, quietly gloated over the unexpected troubles of its Iranian nemesis.

Saudi-run pan-Arab media brimmed with enthusiastic coverage of demonstrators who called for an end to the Islamic Republic and who challenged Iran's involvement in Syria and Iraq.

Turkey, which—in Ottoman Empire times—controlled Mecca and Medina for much longer than the House of Saud, and which is unwilling to subordinate its interests to Riyadh's, has taken the opposite side.

President Recep Tayyip Erdogan quickly called Iran's President Hassan Rouhani to express Ankara's support for Tehran's handling of the protests. Pro-government media in Turkey went out of its way to depict Iranian demonstrations as an American and Israeli conspiracy—a theory later endorsed by Mr. Erdogan himself.

To many in the Middle East, this divergence once again highlighted the reality that any notion of a "Sunni bloc," let alone one led by Riyadh, to counter Iran's



Iranian President Hassan Rouhani and Turkish President Recep Tayyip Erdogan at a summit in December.

might in the region is fanciful at best.

While President Donald Trump seemed to endorse Saudi claims to regional leadership on his trip to Riyadh last year, the fact is that—among significant Sunni regional powers—only the United Arab Emirates is firmly aligning itself with Saudi policies.

The others—Turkey, Egypt and, of course, Saudi Arabia's maverick neighbor, Qatar—are increasingly engaged in a complicated and multidimensional power struggle that has little to do with the Middle East's sectarian divide.

Qatar, targeted by the U.A.E. and Saudi Arabia over its support for the Muslim Brotherhood last year, has turned to Iran for help in response. That coincided with a general warming of ties between Tehran and Qatar's main Sunni ally, Turkey—where Mr. Erdogan is increasingly infuriated by the U.S. trial of his senior associates who are accused of using Turkey to

circumvent American sanctions on Iran.

Despite generous Saudi aid, Egypt also isn't eager to jump on the anti-Iranian bandwagon. Egypt's President Abdel Fattah Al Sisi, who ousted a Muslim Brotherhood government in a 2013 coup, is far more hostile to Mr. Erdogan—a vocal backer of Brotherhood causes—than to Iranian leaders.

"Ultimately, it's the geopolitical interests that dictate the actions of states in the region, not sectarian identities, even though these states may instrumentalize sectarian discourse," said Bassel Salloukh, a professor of political science at the Lebanese American University in Beirut. "As for Turkey, it doesn't want to see a Saudi leadership of the Sunni world because Turkey has its own aspirations for that."

There is even less common ground between Turkey and the U.A.E., a strident opponent of the Muslim Brotherhood. It's also a country that competes with Turkey throughout the region. It

doesn't help that many of Mr. Erdogan's aides suspect the U.A.E. of involvement in the failed 2016 coup attempt against the Turkish president—something denied by Emirati officials.

**H**istorical claims—and especially the legacy of the Ottoman Empire—help fuel this rivalry. One of the most unusual recent spats was between Mr. Erdogan and the foreign minister of the U.A.E., Abdullah bin Zayed.

The Emirati minister last month retweeted a post that accused Ottoman forces led by Fakhreddin Pasha of looting the holy city of Medina and abducting its Arab residents in 1916, during World War I—a widespread Arab view that clashes with Mr. Erdogan's efforts to glorify the Ottoman age.

In response, Mr. Erdogan blasted "miserable people" making such "delirious" allegations. Then, he had the street on which the U.A.E. Embassy is located in Ankara renamed after Fakhreddin Pasha.

# THE PLEDGE



If you are ever trapped under a ton of rubble, I promise to sniff you out.

I promise to be worth every cent of the \$10,000

that it took to train me.

I promise to ignore all other more fascinating smells and concentrate on the scent of live humans.

I promise to go about my work with a wagging tail, even if my paws get sore.

I promise never to give up.

NATIONAL DISASTER SEARCH DOG FOUNDATION®

Strengthening disaster response in America by teaming the most highly trained dogs with firefighters to save lives.

To donate, call (888) 459-4376 or visit [www.SearchDogFoundation.org](http://www.SearchDogFoundation.org)

BE PART OF THE SEARCH®

HEARTLAND QUALITY  
OMAHA STEAKS®  
SINCE 1917

Home. Cooked.  
**GOODNESS.**

The taste of togetherness.



## The Family Gourmet Buffet

- 2 (5 oz.) Filet Mignons
- 2 (5 oz.) Top Sirloins
- 2 (4 oz.) Boneless Pork Chops
- 4 Boneless Chicken Breasts (1 lb. pkg.)
- 4 (3 oz.) Kielbasa Sausages
- 4 (4 oz.) Omaha Steaks Burgers
- 4 (3 oz.) Potatoes au Gratin
- 4 (4 oz.) Caramel Apple Tartlets
- Omaha Steaks Seasoning Packet (.33 oz.)

51689WNN | \$199.90\* separately

Combo Price **\$49.99**

ORDER NOW &  
**SAVE 75%**



Plus get 4 more Burgers  
& 4 more Kielbasa  
**FREE**



1-800-811-7832 ask for 51689WNN  
[www.OmahaSteaks.com/goodness35](http://www.OmahaSteaks.com/goodness35)

\*Savings shown over aggregated single item base price. Limit 2 Family Gourmet Buffet packages. Your 4 free burgers and 4 free kielbasa will be sent to each shipping address that includes (51689). Standard S&H will be added per address. Flat rate shipping and reward cards and codes cannot be used with this offer. Not valid with other offers. All purchases acknowledge acceptance of Omaha Steaks, Inc. Terms of Use and Privacy Policy. Visit [omahasteaks.com/terms-of-use](http://omahasteaks.com/terms-of-use) and [omahasteaks.com/info/privacy-policy](http://omahasteaks.com/info/privacy-policy) or call 1-800-228-9872 for a copy. ©2018 OCG Omaha Steaks, Inc. SRC0677

Clubfoot affects one out of every 800 children worldwide, often leading to a lifetime of poverty, stigma, and abuse. But you can help set clubfoot straight at [miraclefeet.org/donate](http://miraclefeet.org/donate).

**miraclefeet**

treating clubfoot - transforming lives

For personal, non-commercial use only.  
this little piggy scrounged for scraps  
this little piggy tore his family apart  
this little piggy had no home  
and this little piggy cried and cried and cried

the  
piggy  
slept  
in the  
market

## IN DEPTH

## IRAN

*Continued from Page One*  
into a wider protest over an economy that hasn't performed to expectations, especially following a landmark nuclear deal in 2015 that eased Western sanctions but didn't do much to improve living standards.

Many Iranians took to the streets to protest rising prices and the economic policies of centrist President Hassan Rouhani. Very quickly protests shifted into demonstrations against Iran's regime, and marchers called for the downfall of Supreme Leader Ayatollah Ali Khamenei. The government deployed security forces to crack down on protesters and arrested over 4,000 people. More than 20 people have died in the protests and three in detention centers.

Mr. Khamenei blamed the upheaval on Iran's enemies, including the U.S., Israel and Iranian dissidents abroad. On Tuesday, he acknowledged for the first time that some protesters had legitimate concerns and called upon the government to address them, shifting responsibility to Mr. Rouhani.

The unrest, shaking the foundations of the regime, is the most sustained bout Iranian authorities have faced in almost a decade, since millions of protesters in 2009 claimed the presidential election results were rigged to crush the reformist candidate.

Protests have ebbed in recent days. But the working-class grievances that gave rise to the protests remain, including double-digit inflation, a 12% unemployment rate and the perception that systemic corruption is robbing the country's wealth from the majority.

Iran's economy, strained under international sanctions, structural mismanagement and the diversion of funds to battlefields in Syria, Iraq and Yemen, has been in disarray for years. The nuclear deal boosted economic growth—the International Monetary Fund expects 3.8% growth this year—but that hasn't solved underlying problems.

Over the past year, workers have staged strikes at industrial and energy facilities, including at the country's giant South Pars field, as well as at sugar, cement and tire factories. They complain they haven't been paid wages or pensions for months.

Mr. Rouhani caused a stir in early December when he revealed the details of his proposed government budget to the public, showing millions of dollars allocated to religious foundations and clerical offices outside the government's control. The Islamic Revolutionary Guard Corps received around \$8 billion. At the same time, he warned that cash handouts for the poor would be slashed and some fuel prices could rise 50%.

The biggest outcry has surrounded the investment issue, which encapsulates some of the country's deepest problems.

The business of financial firms boomed under Mr. Rouhani's predecessor, Mahmoud Ahmadinejad, when he legalized private and semiprivate ownership of credit unions in the mid-2000s. Working-class and middle-class Iranians, whose purchasing power was diminishing from inflation and the devaluation of the currency, flocked to them, eager

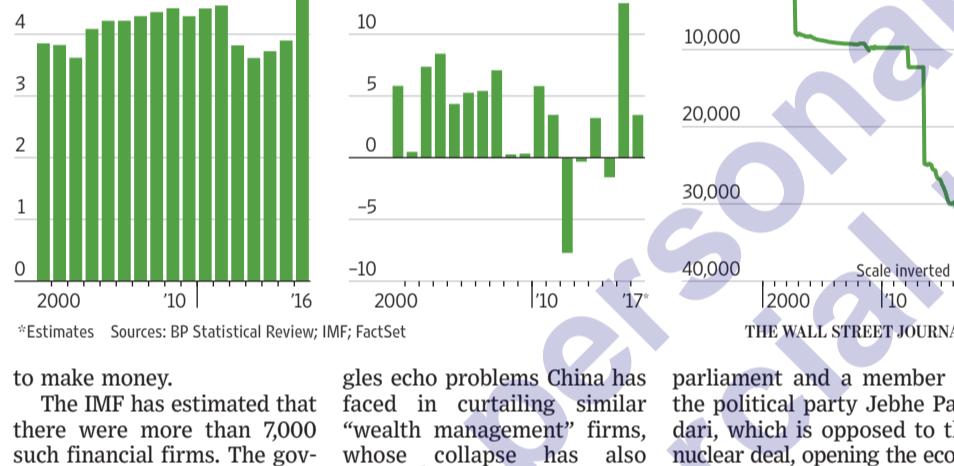


ANADOLU AGENCY/GETTY IMAGES

**Iranians have struggled amid double-digit inflation, a 12% unemployment rate and systemic corruption. Economic protests quickly became political demonstrations. Above, Tehran on Dec. 30.**

## Faltering Economy

The 2015 nuclear deal boosted oil production and GDP but didn't solve underlying problems in Iran's economy.



\*Estimates Sources: BP Statistical Review; IMF; FactSet

to make money.

The IMF has estimated that there were more than 7,000 such financial firms. The government's official account states that until last year they controlled 25% of the country's cash flow.

In August, Mr. Rouhani ordered the central bank to impose strict structure to the firms and to limit the interest rates they were offering to 15%.

Iranian analysts and economists say the firms were doomed to fail. They were owned and managed not by financial experts but by people with close links to religious institutions, the judiciary and the Revolutionary Guards.

Much of their capital was invested in real-estate development ventures that weren't profitable enough to pay investors promised rates of return. A lack of regulation, accountability or transparency and a culture of corruption sped the collapse of many.

The IMF has praised Iranian authorities in recent years for addressing problems with the firms by forcing mergers, asset-transfers to healthier institutions and conversions to licensed banks, but the moves haven't led to reimbursement for all depositors. Iran's strug-

gles echo problems China has faced in curtailing similar "wealth management" firms, whose collapse has also sparked unrest.

People who lost money have met with elected officials, staged rallies in Tehran in front of the parliament and held demonstrations in Izeh, Khorramshahr, Dorood, Toosarakan, Abhar and Qom. In the past two weeks, those cities have seen some of the largest and most violent protests against the regime.

Protesters chanted "Death to Khamenei" and "Clerics get lost." Unverified video shared on social media showed young men tearing up and burning

Mr. Khamenei's pictures and spraying graffiti against his images. Peaceful demonstrations turned into violent riots as crowds vandalized police outposts, burned a seminary and a mosque and stormed the governor's headquarters in Arak.

The Telegram group that publicized the Dec. 28 protest, which has since been deleted, was named "Invitation to Protest" and was administered by Hamed Movahedi, the nephew of hard-line politician Javad Karimi Ghodousi. Mr. Ghodousi is Mashhad's representative to

parliament and a member of the political party Jebhe Paydar, which is opposed to the nuclear deal, opening the economy or improving ties with the West.

Mr. Ghodousi couldn't be reached for comment.

Hard-line opponents of Mr. Rouhani have used the financial losses to inveigh against the president's economic policies, accusing him of letting institutions get away with fraud. But Mr. Movahedi and his hard-line allies underestimated the combustible nature of the protests, analysts say.

"It was a match in a big pile

of tinder that was waiting to catch fire," said Marie Donovan, a senior analyst at the American Enterprise Institute in Washington. "The reality is that the hard-liners were weaponizing the people's economic discontent and Rouhani's economic track record long before the protests."

The financial firms have

their roots in government-controlled finance institutions called "taavon" that flourished in the years after the 1979 revolution. Later, then-President Ahmadinejad privatized them, and the central bank gave them permits to operate.

Before privatization, the firms functioned largely as retirement funds for government employees. The general public, by contrast, distrustful of banks and government institutions, bought dollars or gold coins as investments.

After privatization, the firms began luring depositors with better rates than banks offered. Inflation had spiked to about 40% under Mr. Ahmadinejad, which eroded the purchasing power of people's savings, making these high returns more attractive.

Many firms were attached to religious foundations or were thought to have the backing of the judiciary or the Revolutionary Guards, which bolstered confidence in their stability. The firms were loosely supervised and began to engage in lending and other banking services for which they weren't licensed, according to the IMF.

The institutions put much of investors' money into real estate and other illiquid assets, while using new deposits to manage cash flows. By 2013, financial losses piled up as real-estate prices went down; others were hit with allegations of corruption and mismanagement. When depositors demanded their money back, the cash wasn't there.

Mizan Credit and Financial Institution, closely associated with the Iranian judiciary, was among the first and largest to fail, in 2013. It had given large loans to Padideh Shandiz, a construction outfit that itself drew in millions of dollars of Iranians' money before becoming the target of a corruption probe in 2015 and declaring bankruptcy.

Fereshtegan, a credit firm in the northeastern Khorasan Razavi province, went bankrupt about four years ago and was merged along with several other ailing firms to form the Caspian Credit Institution. It had about 450,000 depositors and about half a billion dollars in assets, a central bank official said last May. The bank said those who lost money would be gradually reimbursed, with priority given to smaller depositors.

Iran's central bank has stepped in to save other falter-

ing companies, either by arranging mergers and asset transfers to healthy banks, or by converting them into authorized financial institutions. Mizan, for example, had its assets transferred to Bank Saderat, Iran's largest lender.

Many who lost money accuse managers of pocketing funds or blame authorities for failing to regulate them. Few have faced legal consequences. A judicial official last month said defendants in cases against the Samen al-Hujaj firm had been released on bail. He noted there were about \$2.7 billion of assets at stake, although a large part of the money had been returned, according to the semiofficial Tasnim news agency.

Sara, a 29-year-old housewife who asked that her last name not be used, put about \$1,500 into Samen al-Hujaj, the same firm Younes invested in, based on recommendations from friends and a promise of annual interest payments of 20%. After the institution failed and talks began over a merger with a healthier bank, she said, she and other depositors had to wait in long lines each week to get regular inter-

*'I don't think anything—even national protests—would bring our money back.'*

est payments. She said she eventually recovered all her funds but that others, including her brother, are still waiting to be repaid.

"I don't think these protests will solve the problem," she said. "My brother doesn't think so. He even took part in these protests, but now he is not really hopeful. Nothing will change."

Parvaneh Ranjbar, an administrative worker at a law office in Tehran, saw television ads about four years ago for the construction firm Padideh Shandiz. They were alluring enough for her to sell some of her jewelry to raise money for an investment. Her sister sold her share in a piece of land, and together they put in about \$10,000.

The firm declared bankruptcy three years ago. Neither Ms. Ranjbar nor her sister recovered their money—even the interest due. Padideh Shandiz investors have protested government inaction regularly in recent months, including on Oct. 30. Ms. Ranjbar said she has become despondent.

"I don't even follow it up even though every penny counts for us," she said. "I consider it a loss. I am so hopeless and I don't think anything—even national protests—would bring our money back."



ABEDIN TAHERKAREREH/EPA/SHUTTERSTOCK

ington, Minn., The Mall at Short Hills in New Jersey and The Mall at Millenia, in Orlando, Fla., rank among the best quality malls in the U.S., according to Green Street Advisors, a real-estate research firm.

"To change the name of The Mall at Short Hills would undo years of brand recognition and value for little return," said Bill Taubman, chief operating officer at Taubman Centers Inc., which owns the New Jersey mall.

Old-fashioned words and British spellings are trendy. Minnesota's Knollwood Mall is now the Shoppes at Knollwood. In Florida, Tallahassee Mall is now Centre of Tallahassee.

"I think they're trying too hard," said Corey Halls, who frequents the Shoppes at Knollwood once a week, mainly for the TJ Maxx there.

The 48-year-old teacher, who lives in St. Louis Park, Minn., said she calls the place "Knollwood" and finds the spelling of "shoppes" a bit weird. "Is it somehow European?"

Many well-known shopping centers still carry the name. The Mall of America in Bloom-

## MALL

*Continued from Page One*

Parma. The Granite Run Mall in Media, Pa., now goes by Promenade at Granite Run. Hanover Mall in Hanover, Mass., has been rechristened Hanover Crossing.

Some mall owners have in the past tried using the term "lifestyle center," defined by the International Council of Shopping Centers as an "upscale multipurpose leisure-time consumer destination." Malls with apartments could be called "retail-dential" space, suggested Michael Brown, a retail partner at consulting firm A.T. Kearney.

Owners of upscale multipurpose leisure-time consumer destinations say a name change is in order, since they have ripped off roofs, planted trees and otherwise reimaged their properties. The centers no longer are rectangular boxes of windowless stores surrounded by rectangles of parking. They now boast gyms, office space and

restaurants as well as street lamps, apartments and hotels.

The Ballston property in Arlington, Va., is also getting apartments, a food hall and outdoor event space, though it still has mall staples—Macy's, for instance, has remained open during its renovation period.

"Retail, especially in the context of mixed-use projects,

is as much about place, experience, entertainment, wellness and community as it is about shopping, and the word 'mall' doesn't fully embody those qualities," said Will Voegele, senior vice president of development at Forest City, which owns Ballston Quarter. He hopes his property will carry the positive connotation of dis-

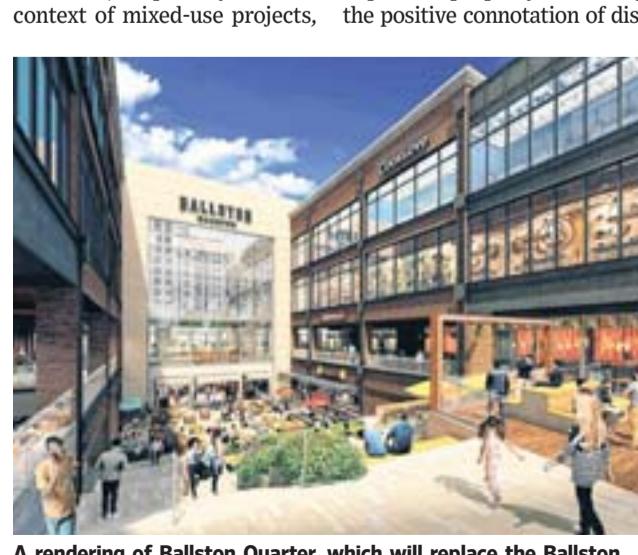
tricts like the French Quarter in New Orleans.

Hilltop Mall, a shopping center in Richmond, Calif., still has staples such as Macy's and Sears within the confines of an indoor space. It is now called The Shops at Hilltop. It was renamed by LBG Real Estate Cos., which bought the two-story enclosed mall in July and plans to add apartments and offices.

Melissa Evans, a 64-year-old retiree who said she shops at Hilltop weekly, thinks the new name is silly. "I still say to my friend, Christine—let's go to the mall," she said.

Doug Beiswenger, managing partner at LBG, maintains that "rebranding is critical." His firm wants to change the sign on Interstate 80 that has been there for years. Unless his petition goes through, the freeway exit will still read "Hilltop Mall."

Marketing a mall isn't an easy task in 2018. The days when gaggles of teens would get dropped off after school to roam food courts are over. U.S. mall development peaked in the 1970s and has declined since.



A rendering of Ballston Quarter, which will replace the Ballston Common Mall in Arlington, Va.

Landlords are better off focusing on making properties better than getting caught up in semantics, said Joe Coradino, CEO of Pennsylvania Real Estate Investment Trust, a landlord that has kept the word "mall" at 18 of 21 of its properties. "I don't think 'malls' is a curse word."

Many well-known shopping centers still carry the name. The Mall of America in Bloom-

# GREATER NEW YORK

## Councilmen Arrested at Protest

NYPD criticized for response to protesters after immigrant-rights leader is detained

BY ZOLAN KANNO-YOUNGS AND MARA GAY

New York City Council Speaker Corey Johnson criticized federal agents and city police on Thursday for what he called an overly aggressive response to a protest sparked by the detention of an immigrant-rights leader.

Mr. Johnson was one of scores to rush to Federal Plaza in lower Manhattan after Ravi Ragbir, the executive director of the New Sanctuary Coalition of New York City, was detained for possible deportation during a scheduled check-in at the U.S. Immigration and Customs Enforcement field office. Mr. Ragbir fainted when he was told he was being detained and was brought to an ambulance, according to his attorney, Alina Das.

The protest outside the building grew as the crowds spread to nearby Broadway, just outside City Hall. Some protesters tried to block the ambulance by standing in the street, according to police and state Sen. Gustavo Rivera, who was present.

At a news conference at City Hall, the council speaker called the behavior of some law enforcement "completely and totally unacceptable."



**Police said 18 people were arrested. Council Speaker Gustavo Rivera called the behavior of some officers 'totally unacceptable.'**

"There were [ICE] agents and members of the NYPD who were violently shoving people to the ground who were not blocking the ambulance," he said, and "who were not obstructing officers from being able to stay safe and keep the crowd safe."

Police said 18 people were arrested, including city council members Ydanis Rodriguez

and Jumaane Williams. At one point, a police officer grabbed Mr. Rodriguez by the head as three other officers restrained him. An NYPD deputy commissioner, Stephen Davis, said police were reviewing video of the protest.

"Numerous times the police cleared them, and then numerous times the people just went back and sat right in front of

the ambulance," he said. "The police had to clear the path of the ambulance."

An ICE spokeswoman said the agency's officers weren't outside with protesters.

Mr. Johnson's remarks about the NYPD—which came just a week after his election as speaker and after he sat alongside police commissioner James O'Neill, and praised the

department for a reduction in crime—were unusually sharp for a high-profile city official.

Mr. Johnson, a 35-year-old Manhattan Democrat, said he was shoved without provocation by a police officer who refused to give him his name and badge number. "I was not obstructing anyone. I was not resisting anyone. I was not resisting in any way," he said.

## Influential Senate Democrat Faces Primary

BY MIKE VILENSKY AND MELANIE GRAYCE WEST

Former Cuomo administration attorney Alessandra Biaggi says she is helping the Democratic Party after its 2016 losses by campaigning to oust her local Democratic senator.

The senator, incumbent Jeff Klein, 57 years old, is a Democrat like Ms. Biaggi. But he leads a powerful faction of Democrats who have co-led the Senate in partnership with Republicans since 2012, even when Democrats have had more members than Republicans.

"I realized I did not have a real Democrat representing me," said Ms. Biaggi, a 31-year-old first-time candidate and former Hillary Clinton campaign aide. "Jeff Klein is stopping progress when it has never been more important."

Klein spokeswoman Candice Giove pointed to the senator's work raising the minimum wage and easing penalties against criminal defendants under 18. Ms. Giove has previously said Democrats should focus on working together on policy solutions rather than run primaries.

Ms. Biaggi is hoping to ride

a swell of renewed liberal activism to oust a leader key to the state's bipartisan arrangement.

Another Democrat, Bronx attorney Lewis Kaminski, 33, has also registered with the state board of elections to run against Mr. Klein.

Democrats control New York's governorship and Assembly. Because of the bipartisan governing group, Republicans have hung on to bastion of state power in the Senate.

Along with Gov. Andrew Cuomo and the state Assembly Speaker, Mr. Klein and GOP Leader John Flanagan negotiate the state's \$140 billion budget and hold sway over state laws.

The rising intraparty tensions among Democrats come amid a report in the Huffington Post this week in which a former Klein aide accused the senator of forcibly kissing her outside an Albany bar in 2015.

Mr. Klein has denied the kiss and sent out a memo from his attorneys saying they investigated the matter.

Mr. Cuomo called for an independent investigation. But on Thursday Mr. Klein's governing partner, Mr. Flanagan, said the Senate wouldn't investigate the issue, calling Mr.



**Alessandra Biaggi plans to challenge New York state Sen. Jeff Klein.**

Klein a "decent person who treats others with respect."

Ms. Biaggi officially declared her campaign this week, running partly on the new scandal. "The women of New York deserve better," she wrote on social media. Mr. Kaminski also released a statement saying "this conduct is wrong."

Mr. Klein's spokeswoman pointed to the senator's work passing paid-family-leave laws that could benefit new moms and his support for codifying abortion laws in New York.

In 2014, Mr. Klein handily defeated a primary challenger,

but Ms. Biaggi's name recognition as the granddaughter of a late Bronx congressman could boost her chances, analysts said.

While her grandfather, Democratic Rep. Mario Biaggi, lost his congressional seat amid a corruption scandal, "he was a legend in the Bronx," said Michael Benjamin, a former Bronx Assemblyman.

Still, Mr. Benjamin cautioned that Mr. Klein's chances of re-election are strong: "For the voters, it's mostly about bringing home the proverbial bacon and coming to their events," he said.

### Challenges Could Affect Unity Deal

Primaries against state Sen. Jeff Klein and other members of his Independent Democratic Conference could complicate a tenuous deal for Democratic unity.

The state Democratic Party in November said it would challenge Mr. Klein and his members in a primary unless they agreed to rejoin the fold. Member of the Independent Democratic conference subsequently agreed to back Democratic leadership of the Senate.

Despite the unity agreement, several independent Democrats are facing heated primaries.

Former Manhattan Councilman Robert Jackson, a Democrat, in a statement on Thursday criticized Harlem Sen. Marisol Alcantara, the independent Democrat he is running against this year, for her support for Mr. Klein despite the sexual-misconduct allegation.

Sen. Alcantara's spokesman pointed to a statement saying she believed Mr. Klein.

## University President Resigns Following Uproar

BY MELISSA KORN

Joel Seligman resigned as president of the University of Rochester as the school continues to grapple with fallout from complaints that it bungled its response to allegations of sexual harassment by a professor.

Mr. Seligman, who sat at the helm of the university for 12 years, said in a letter to the school community Thursday, "It is clear to me that the best interests of the University are best served with new leadership, and a fresh perspective to focus on healing our campus and moving us forward in a spirit of cooperation and unity." The resignation is effective at the end of February.

He told his plans to the Rochester board Thursday morning, before he or trustees saw the results of a months-long independent investigation into the allegations and the school's response.

In a series of Equal Employment Opportunity Commission complaints made public in September, current and former faculty and graduate students alleged that psycholinguistics professor T. Florian Jaeger created a "hostile environment" over the course of a decade.

The complaints accused the school of protecting Dr. Jaeger and retaliating against those who complained. The school's own faculty senate had criticized what it saw as inaction by the administration.

The report, released early Thursday afternoon, found that Dr. Jaeger inappropriately blurred the lines between his professional and private lives early in his career, and the university made "missteps" when looking into allegations against him.

But it determined the school didn't foster a hostile workplace, generally complied with its policies when investigating the professor and

*The report noted the school did make some missteps, including promoting Dr. Jaeger.*

didn't retaliate against those who complained.

Dr. Jaeger didn't immediately respond to a request for comment.

Several colleagues complained to the university about Dr. Jaeger's behavior in 2016, saying he made sexual advances and acted inappropriately.

The university determined he hadn't violated any policies at the time of the conduct. He was placed on administrative leave this fall, after the EEOC complaints became public.

Mary Jo White, a former U.S. attorney and chairman of the Securities and Exchange Commission, now at law firm Debevoise & Plimpton LLP, compiled the 207-page report for a special university committee.

Dr. Jaeger had intimate relationships with multiple students early in his career and "engaged in behavior that was inappropriate, unprofessional and offensive," according to the report. Consensual relationships between faculty and students were discouraged, but not barred, at the time. The investigators said they had "disproven" some claims made in the EEOC complaint and found others were "embellished or distorted."

They found no evidence of a hostile work or academic environment for any female graduate student since at least 2014 in the Brain and Cognitive Sciences department and determined that the university didn't retaliate against those who complained about Dr. Jaeger's behavior.

Still, the report noted, the school did make some mistakes, including promoting Dr. Jaeger before the appeals stage of his investigation.

## Moody's Raises Newark's Credit Outlook to Positive

BY KATE KING

Moody's Investors Service has raised its rating outlook for Newark to positive from negative, citing ongoing development projects and improving financial management in New Jersey's largest city.

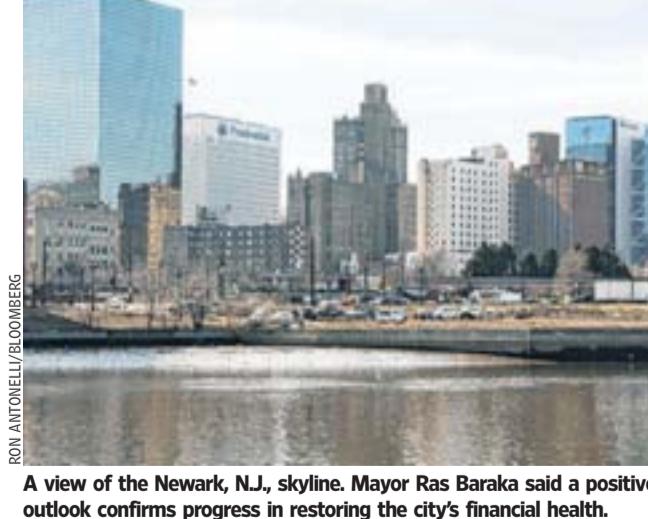
Newark Mayor Ras Baraka said the change marked the first time in eight years that the city received a positive credit-rating outlook.

Newark's credit rating for its general-obligation bonds remains unchanged at Baa 3, Moody's lowest investment grade rating, although the positive outlook indicates an upgrade is possible in one to two years.

The city has been downgraded four notches by Moody's since June 2010, when its credit rating was A2 with a negative outlook.

The city's finances and economy are still in a "challenged state" with poverty, crime and budget strains continuing to pose problems, Moody's said in a report published Thursday.

Newark, with a population of more than 280,000, has long

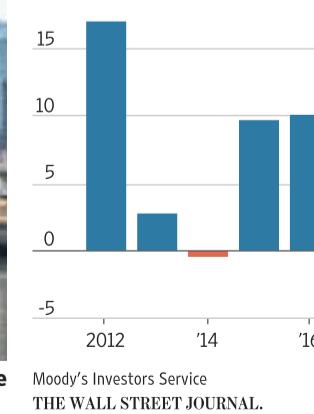


**A view of the Newark, N.J., skyline. Mayor Ras Baraka said a positive outlook confirms progress in restoring the city's financial health.**

relied on state aid to stay afloat. But recent interest by developers seeking to capitalize on ample vacant land and easy access to New York City has helped the city's tax base, which expanded for two consecutive years for the first time since the recession and reached \$16 billion in 2017, according to Moody's.

### On the Mend

Newark's cash balance as a percentage of revenues



"That was key to us, seeing the economic growth translate into tax base growth," said Orlie Prince, vice president and senior credit officer at Moody's. "There was no need to rely on short-term borrowing to get through the fiscal year, which for us was a telling sign that things were on the mend."

Newark's liquidity has im-

proved from 2014, when it had a cash deficit by Moody's calculations. The city ended 2016 with \$64.8 million in operating cash, representing 9.8% of revenues, Moody's said. The ratings firm said it would watch for continued improvements in budget management and sustained economic development in considering whether to upgrade the city's credit rating.

Separately Thursday, New Jersey Gov. Chris Christie signed legislation authorizing a multibillion-dollar tax-incentive package for Amazon if it builds its second headquarters in New Jersey. Mr. Christie has proposed Newark as the ideal location, and the city has offered up to \$2 billion in tax abatements and wage-tax waivers to lure the online retailer.

The state, through its Economic Development Authority, has offered up to \$5 billion in tax incentives over 20 years if Amazon creates 50,000 new jobs.

Mr. Christie, a Republican, will leave office Tuesday after eight years in Trenton. He will be replaced by Gov.-elect Phil Murphy, a Democrat.

## GREATER NEW YORK

# MS-13 Is Targeted In Murder Arrests

BY JOSEPH DE AVILA

More than a dozen alleged members of a Central American gang were charged with a range of crimes—including murder, conspiracy and drug trafficking—following an investigation that spanned five states and El Salvador.

In an indictment unsealed Thursday, the Nassau County District Attorney's office on Long Island accused the alleged members of the MS-13 gang of killing and mutilating a 15-year-old boy with a machete in July 2017 in a wooded area of Roosevelt, N.Y., and then covering his body with cement to hide it. Prosecutors also alleged the defendants conspired to kill three other people—in Nassau, in Elizabeth, N.J., and in Prince George's County, Maryland.

"This massive multiagency investigation laid bare the global size, complexity and brutality of MS-13," said Nassau County District Attorney Madeline Singas.

The 17 defendants all face 25 years to life in prison if convicted on their most serious charges.

A string of homicides committed since 2016 across Long Island that law-enforcement officials attribute to MS-13 have shocked residents. The murders also have drawn the attention of the Trump administration, which has provided additional resources to prosecute the gang.

Nassau County's seven-month investigation, involving 22 agencies across the U.S., began in May 2017 as a narcotics

trafficking case, law-enforcement officials said. The defendants allegedly bought and sold heroin and cocaine in Long Island, the Bronx, Baltimore, New Jersey and Texas to support the gang and sent money from those deals to MS-13 leaders in El Salvador.

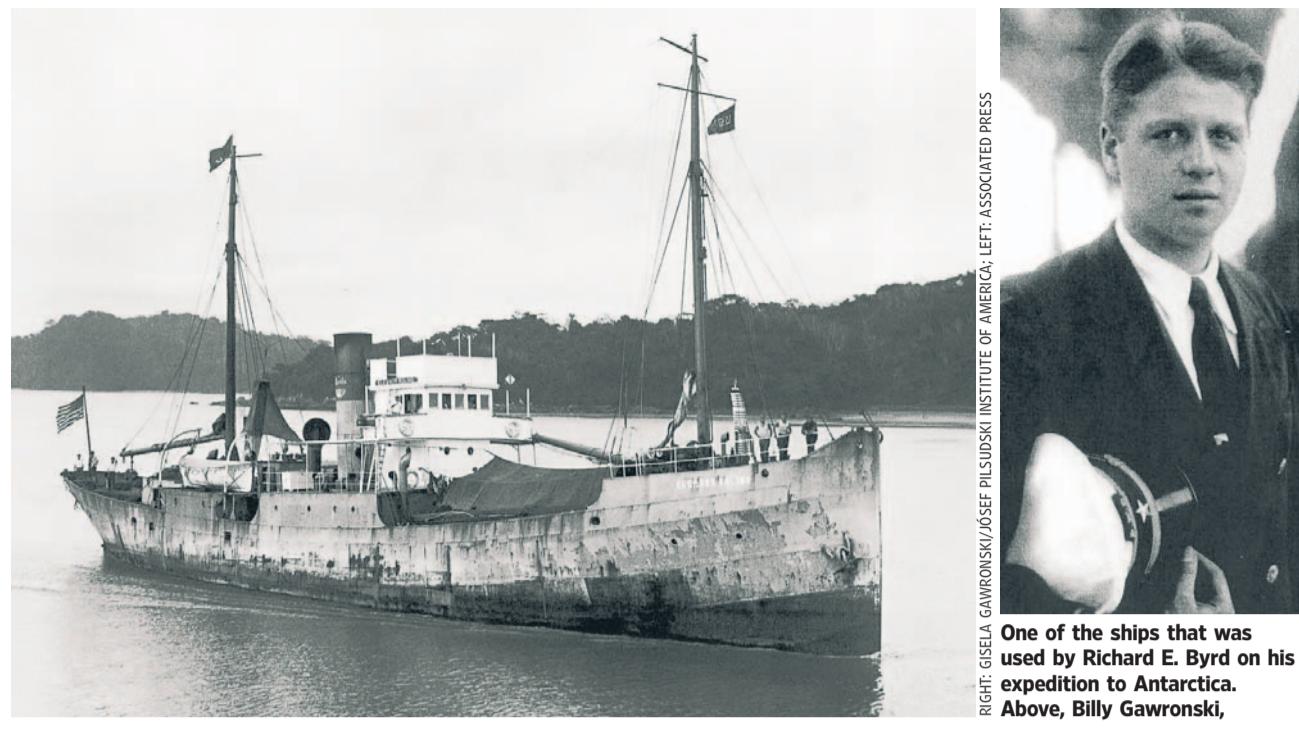
Those leaders in El Salvador directed the heads of gang subgroups known as "Hollywood" and "Sailors" that operate in the Long Island communities of Hempstead, Freeport, Roosevelt, Uniondale, Glen Cove, Greenport and Central Islip, according to prosecutors.

Reputed gang members David Sosa Guevara and Victor Lopez were accused of killing the 15-year-old boy in Roosevelt. His buried remains were discovered three months later.

Karl C. Serman, an attorney for Mr. Sosa Guevara, said his client is innocent and denies being a member of MS-13. An attorney for Mr. Lopez couldn't be identified.

Defendants Kevin Cuevas Del Cid and Augustine Benitez, known by nicknames "Creeper" and "Olvidado," respectively, allegedly conspired in July 2017 to lure a victim into the woods in the Roosevelt and Freeport area promising marijuana but with the intent to kill, according to the indictment. That plan was foiled after Mr. Cuevas Del Cid was arrested, prosecutors said.

An attorney for Mr. Cuevas Del Cid couldn't be reached for comment. An attorney for Mr. Benitez said his client pleaded not guilty and maintains his innocence.



RIGHT: GREGORY GAWRONSKI/JOSEF PILSUDSKI INSTITUTE OF AMERICA; LEFT: ASSOCIATED PRESS



One of the ships that was used by Richard E. Byrd on his expedition to Antarctica. Above, Billy Gawronski.

Above, Billy Gawronski.

## An Antarctic Adventure

**Book recounts tale of boy's stowaway trip to the unexplored continent in 1928-1930**

BY CHARLES PASSY

It reads like a story of pure fiction: A scrappy teenage boy finds his way to Antarctica by sneaking aboard a famed explorer's ship.

**FOOD & CULTURE** That is the true tale of Billy Gawronski, a New York and Polish-American folk hero who was dubbed "the stowaway" for his role in Richard E. Byrd's expedition to the largely unexplored continent in 1928-1930.

During the trek, Billy was the subject of countless newspaper articles. He was also honored upon the expedition's return, participating in a New York City ticker-tape parade with Mr. Byrd and the rest of the team.

Over the years, Billy's tale had been all but forgotten. That is, until New York journalist, author and documentary filmmaker Laurie Gwen Shapiro stumbled upon it in 2013 while doing research for an unrelated article about New York's Polish community.

"I knew this was a story," said Ms. Shapiro.

And so it is: Ms. Shapiro's "The Stowaway" (Simon & Schuster, \$26) arrives next Tuesday. The book has already garnered buzz, being named to the Indie Next List, a monthly publishing-trade honor recognizing titles worthy of attention. Publishers Weekly, an industry journal, also praised it as "nonfiction storytelling at its finest."

Ms. Shapiro sees Billy and his journey as symbolic of the derring-do era in which he came of age. Adventurers such as Mr. Byrd and Charles Lindbergh were widely admired and boys dreamed of following in their path.

Billy's immigrant parents, who raised their son in the Polish enclaves of Manhattan's Lower East Side and later Queens' Bayside neighborhood, had no use for such fantasies. They had planned for their son to work alongside his father in the family interior-decorating business.

So, Billy felt he had no choice but to stow away on the Byrd expedition. As Ms. Shapiro recounts in the book, it was an odyssey that bordered on the comedic—the unwanted passenger was quickly discovered and sent back home, only to

make two follow-up attempts. Eventually, he succeeded in securing passage, with both Mr. Byrd's and his father's approval.

Ms. Shapiro's research into Billy and his world took her to sources near and far, from the Józef Pilsudski Institute of America, a New York-based organization that is a repository of Polish history, to Ohio State University, which houses Mr. Byrd's papers.

*During the trek, Billy Gawronski was the subject of countless newspaper articles.*

The author even traveled to Antarctica, so she could capture some of Billy's sense of awe as he finally arrived on the frozen continent.

The 51-year-old Ms. Shapiro, whose previous books have all been works of fiction, often with a New York setting and Jewish subtext, admits she is no great adventurer herself. She is keenly aware that, on the surface, she isn't the most suitable writer to tackle the subject.

"How many books about

Antarctic exploration have been written by middle-age moms?" she said with a laugh.

But she feels her background as a native New Yorker with a passion for the city's history made her qualified. She notes that she grew up and still lives on the Lower East Side—not far from where Billy got his start.

As to why Billy faded from public view within just a few years after returning home, Ms. Shapiro and others offer different theories. Part of it may have been Billy's own modesty: As Ms. Shapiro notes, he didn't seek fame so much as the opportunity for exploration itself, which translated into his later career as a captain of a U.S. Merchant Marine ship.

But in the longer run, stories like Billy's have lost relevance in a new and different age of exploration, said James Sanders, an architect and author who has written on New York history. "The idea of a stowaway doesn't exist in our time," he said. "You can't stow away on a NASA mission."

Still, Mr. Sanders believes Billy's story speaks volumes about a certain time when a spunky kid who dreamed of traveling to one of the coldest parts of the planet could capture the city's imagination. "It's a very New York story," he said.

## GREATER NEW YORK WATCH

## CRIME

### Ex-University Official Accused of Aid Scam

A former official at Columbia University's Teachers College pocketed at least \$350,000 by carrying out a decadeslong scheme that dished out hundreds of thousands of dollars in financial aid in exchange for kickbacks from three students, authorities said Thursday.

Melanie Williams-Bethea, director of financial aid at Teachers College until last May, was charged with running the scam since 2008. She was released on \$50,000 bail. Her attorney declined to comment.

A federal criminal complaint said the 47-year-old Queens resident earned at least \$350,000 illegally as she socialized with the women, including vacationing with one student in the Dominican Republic, Hawaii, New

Orleans and Anguilla. Williams-Bethea faces charges of conspiracy, bribery and fraud. The students also were arrested.

U.S. Attorney Geoffrey S. Berman said the defendants falsified documents that allowed the students to get inflated financial aid payouts.

The complaint said one student received nearly \$1 million in stipends, scholarships and loans over a period of years.

—Associated Press

## EDUCATION

### Free Testing Boosts Students Taking SAT

A record number of juniors in New York City's public high schools took the SAT exam last year for college admission, thanks to the city's offer of free testing for 11th graders during one school day last spring, city officials said Thursday.

The Department of Education

said 61,800 juniors took the SAT last year, up 51% from the previous year. Officials said the gap in participation rates narrowed between students of different backgrounds. About 74% of Hispanic juniors, 75% of black juniors, 83% of white juniors and 89% of Asian juniors took the SAT last year.

Students nationwide typically take the SAT on weekends and pay \$46 to \$60 per test.

—Leslie Brody

## NEW JERSEY

### Sexual Misconduct Policy Set for Review

New Jersey's Democratic-led Legislature says it's planning to review its nearly decade-old sexual misconduct policy. Senate Majority Leader Loretta Weinberg and Assembly Speaker Craig Coughlin say they are looking to update the policy.

—Associated Press

## The Story is Just the Start with WSJ+

We've taken what you love to read in the Journal and brought it to life. Activate your complimentary WSJ+ membership today for exclusive offers, events and experiences.

Discover more at [wsjplus.com](http://wsjplus.com)

WSJ+



Deer Valley: Brand New – Spectacular View – Ski In/Ski Out

8 Bedrooms – 12 Bathrooms

11,003 Square Feet

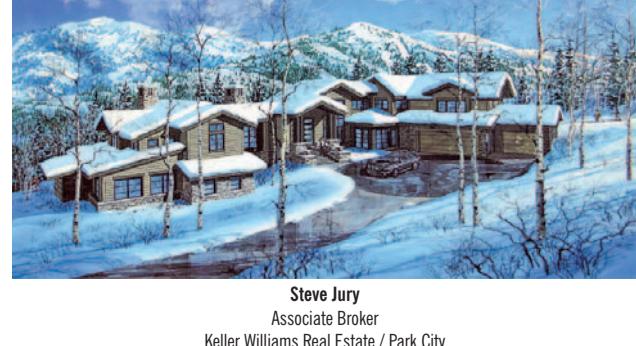
Contemporary Design

In the most private, prestigious neighborhood in Park City:

Red Cloud

\$12.9M

Website: <http://12RedCloud.com/eblast/eblast.html>



Steve Jury

Associate Broker

Keller Williams Real Estate / Park City

435.602.5555 • [SteveJury@cox.net](mailto:SteveJury@cox.net)

# LIFE & ARTS

**TELEVISION REVIEW**

By Dorothy Rabinowitz

## 'Versace': A Focus On The Manhunt



Edgar Ramirez as Gianni Versace

**THE VERSACE FAMILY** was not pleased, to put it mildly, with "The Assassination of Gianni Versace" and has, in advance of the air date, issued a statement describing the FX series as a fiction, and inaccurate, which it may well be here and there and perhaps everywhere. Another kind of fiction suggests itself early in the series when it becomes evident—despite the title, and the extravagant publicity displays of Versace images—just how little, comparatively speaking, this tale has to do with the 1997 murder of the designer (portrayed by Edgar Ramirez), or with the Versace family, represented by Gianni's sister Donatella (a lethally hysterical Penelope Cruz).

Based on Maureen Orth's "Vulgar Favors," the central drama here—notwithstanding deadly intermittent efforts to drag things back to the Versaces—concerns serial killer Andrew Cunanan (Darren Criss), who murdered five men in a three-month period, four of them gay, and two of them wealthy and accomplished men of advanced age. Versace was the fifth and last victim, shot in front of his Miami residence. The narrative focus on Cunanan—he's the story—is what holds this 10-part saga together, and it does so compellingly throughout.

It does so despite the periodic returns to the Versaces—scenes that look back on the young Gianni's dreams of a career in designing, or on Gianni and Donatella arguing about whether publicity was more valuable to a designer than the artistic merit of his clothes. Gianni holds out staunchly for the superior value of art, it will come as no surprise. In another exchange Gianni and Donatella share their views on the meaning of creativity. There's good reason, in short, for the sense of relief that comes flooding in each time we depart the precincts of art and culture represented by the Versace household of this film to return to the world of a serial killer.

That world is evoked in elaborate detail, telling in its observation, unsparing in its brutality. Mr. Criss is never less than persuasive as the well-educated, well-read and attractive charmer who murdered two of his former lovers when—according to the film's version of his life—they rejected his lies about his fabulous background and achieve-

Please see VERSACE page A11



WARNER BROS. (2)

**FILM REVIEW** | By Joe Morgenstern

## 'Paddington 2': Paws That Refresh and Delight

In a rousing sequel, the children's-book bear is falsely accused of stealing a priceless treasure



**PADDINGTON 2** is "The Godfather Part II" of Peruvian bear movies, a sequel that surpasses the superb original. When the little guy with the floppy red hat and a fondness for orange marmalade first appeared on the feature screen three years ago this month, he seemed like a gift from the movie gods in a traditionally lean season. Now he and his creators have outdone themselves. (The creator of the beloved children's books, Michael Bond, died last June.) One beguiling sequence finds Paddington inside the London of an antique pop-up book, but beguiling sequences keep popping up with remarkable frequency. Some films struggle to fill their running time. This one fairly revels in its joyous inventions.

The thread that holds the set pieces together is slender but strong. Enchanted with the pop-up book, Paddington—who is voiced by Ben Whishaw—wants to earn enough money so he can buy it as a gift for his Aunt Lucy's 100th birthday. Instead, he's accused of stealing the one-of-a-kind treasure and goes to prison for a crime he didn't commit. (Like most settings in the film, the prison—a Victorian-era antique in its own right—is dazzling for its design and colors; the dominant hues in Paddington's cell block are periwinkle and flaked terra cotta.) That plot thread barely hints, however, at the delicious fun of subsequent events and the

quality of the cast, which amounts to a who's who—and who's that?—of contemporary English and Irish actors.

Paddington's adoptive family includes, as in the original, Hugh Bonneville as Mr. Brown and Sally Hawkins as Mrs. Brown. (By a twist of Paddington's fate, Ms. Hawkins gets to save him from drowning in a beautiful scene that could have been lifted from "The Shape of Water.") Jim Broadbent deploys a Mitteleuropa accent as Mr. Gruber, an antique-shop owner. Brendan Gleeson is Knuckles McGinty, a fire-breathing cook with a Popeye voice who serves unswallowable swill to his fellow prisoners.

(One moment of mess-hall transfiguration is worthy of "Ratatouille.") Hugh Grant steals every frame of every scene he's in as Phoenix Buchanan, a washed-up star of the West End turned loony and larcenous TV pitchman for canned dog food. Some of Mr. Grant's comic turns and pirouettes are close to sublime, and he doesn't stop topping himself until the last frame of the film.

Lest all of this praise seem too lavish to be credible, let's stipulate that "Paddington 2" falls short of perfection about 1%—though it could be as much as 1.25%—of the time. For the rest, though, it's a marvel of animation technology married to impeccable live-action showmanship; there's a sense of cast and crew working at the top of their games. Like the original, this sequel was produced by David Heyman and directed by Paul King, who wrote the exceedingly witty script with Simon Farnaby. The returning cinematographer and production designer were, respectively, Erik Wilson and Gary Williamson. Thanks to their collaboration, and Mr. King's confident sense of pacing, the film is never rushed yet consistently intense, with visual energy that feels endlessly renewable.

**THEATER REVIEW** | By Terry Teachout

## JUMPING OFF THE PAGE

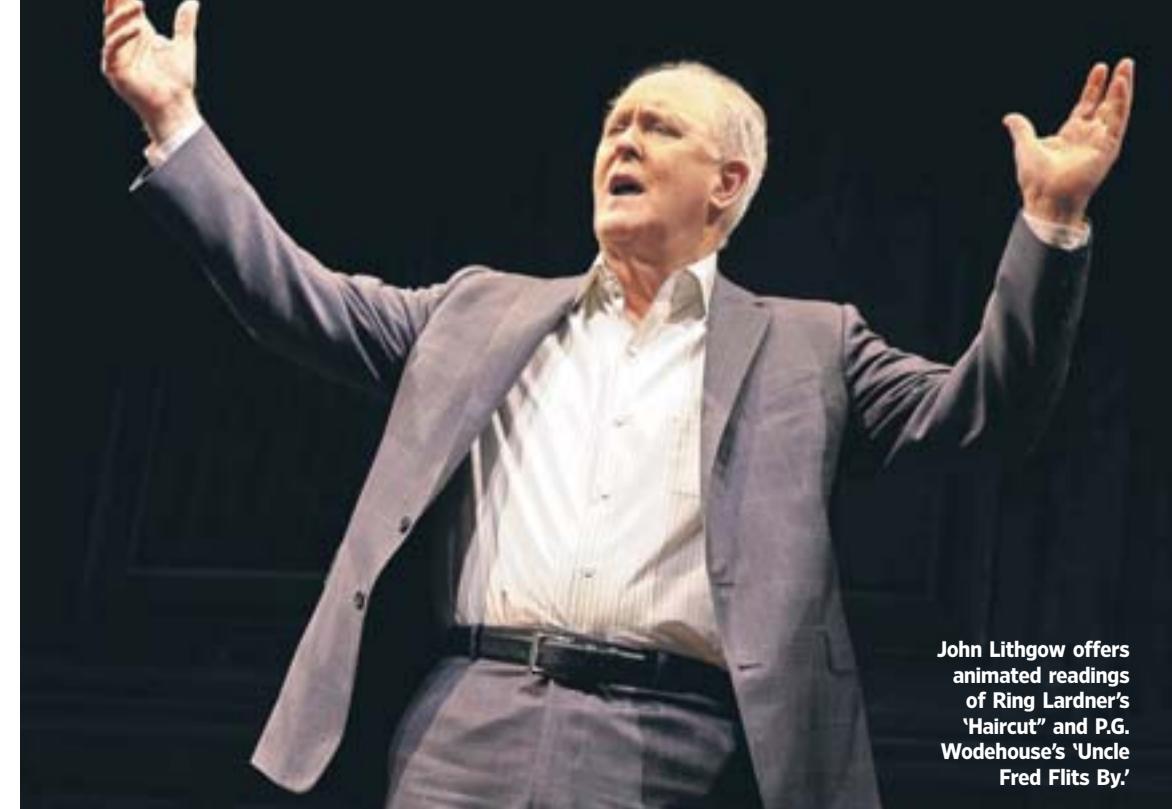
**New York**  
**THE SOLO SHOW** is one of Broadway's best-established genres, but it's also energetically unvaried. Far too many of the one-person shows that open there are cliché-en-crusted exercises in theatrical taxidermy in which a famous actor pretends to be a famous historical figure. While the best such shows can be spectacularly effective vehicles for a great performer, most of them leave you sneaking peeks at your watch and muttering, "Is he ever going to die?" Not so "Stories by Heart," in which John Lithgow, following in the hallowed footsteps of Charles Laughton, reads two of his favorite short stories out loud and tells us how he came to know them. That's all there is to "Stories by Heart," and it's more than enough. Rarely have I spent so entertaining a night at the theater—or witnessed so touching a tribute to a departed parent.

Therein lies the secret ingredient of "Stories by Heart," which is both a one-man show and an act of filial piety. Arthur Lithgow, Mr. Lithgow's late father, spent much of his life founding summer Shakespeare festivals at a time when such enterprises were rare. He was, as Mr. Lithgow gently hints in

"Stories by Heart," a bit of a ne'er-do-well, but one whose passion for theater usually kept his head above water. It was his longstanding custom of reading short stories out loud to his four children that inspired his now-famous son to put together this show, most of which is given over to "readings" of Ring Lardner's "Haircut" and P.G. Wodehouse's "Uncle Fred Flits By," two of the family's favorite tales.

I put the word "readings" in scare quotes because Mr. Lithgow doesn't really read either story: He acts them, quickly disposing of his only prop, the very same battered copy of "Tellers of Tales," the anthology of short stories edited by Somerset Maugham, from which his father read to the Lithgow children once upon a time. What's more, he acts them to the hilt, turning "Haircut" into a dramatic monologue with a head-turning reveal and "Uncle Fred Flits By" into a one-disaster-after-another farce from which the only thing missing is pratfalls. He even supplies his own sound effects, and it turns out that he is both a master of onomatopoeia and a virtuoso mime to boot (it's almost worth the price of admission just to see him play

Please see THEATER page A11



John Lithgow offers animated readings of Ring Lardner's "Haircut" and P.G. Wodehouse's "Uncle Fred Flits By."

JOAN MARCUS

## LIFE &amp; ARTS



FILM REVIEW | By Joe Morgenstern

## 'The Commuter': Drama Stuck at the Station

Vera Farmiga as Joanna and Liam Neeson as Michael in Jaume Collet-Serra's movie.

**THE MOST** obvious thing to say about "The Commuter" is that it's a train wreck; many will say that, and they'll be right. What's less obvious at first, though increasingly clear as this thrill-free thriller chugs on, is that the plot is entirely unnecessary—not just another Hitchcock rip-off with logical lapses, but absurd from start to finish. There's no reason why someone else couldn't have done, with much less fuss, what Liam Neeson's insurance salesman is forced to do in the course of heading home from Grand Central Terminal aboard a Metro-North train. (The line is called Hudson North in the movie, which also refers, oddly, to the train's cars as carriages.) Yet the nonsense content, being pure, is liberating, and allows us to savor all the machinery as machinery: the train, the plot,

the pitch-imperfect dialogue, the huffing-puffing fights, the ridiculous stunts and, yes, the climactic train wreck. Here's how filmmakers can fill screens when they don't have a film to make.

This is the fourth collaboration between Mr. Neeson and the director, Jaume Collet-Serra; their most successful film, "Unknown," was released in 2011. "The Commuter" starts brightly by riffing on the cliché of starting a movie with an alarm clock going off. A whole string of alarm clocks go off in a quick succession of early mornings in a clever preface that establishes the daily routine of Michael MacCauley, the commuter of the title. On the day of the action, though, Michael's routine is shattered by unexpected news at his Manhattan office, then by an encounter with a myster-

ious woman on the train that's taking him back to his wife and family.

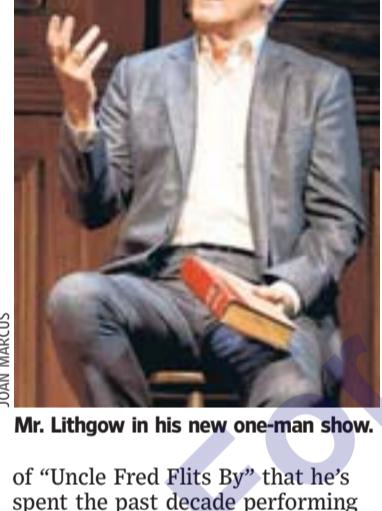
She calls herself Joanna, she's played by Vera Farmiga, and she confronts our hero with an offer he dare not refuse—lots of money for finding and fingering a passenger who doesn't seem to belong on the train, even though Michael's detective work could result in someone's death. Does that sound vague? The whole movie is vague, a sketchy morality tale coupled with a shadowy—and, again, dispensable—conspiracy of such bogus intricacy that several scenes are required toward the end to explain what happened on and off screen. Mr. Neeson looks grim throughout, as well he might, while the literal train wreck is wildly, almost comically, out of scale. No need to say more, except keep an eye out for a left-handed guitar.

results are so pleasurable.

Roughly a third of "Stories by Heart" is reminiscence, but you won't begrudge Mr. Lithgow for spending so much time talking about his father. I almost wish he'd told us even more, since he clearly has complicated feelings about the "sweet, crazy man" who towed his family all over America in search of applause, usually "just one step ahead of ruination." The predominant sentiment in "Stories by Heart," however, is love, and I'll say nothing about the story that Mr. Lithgow tells about his aged parents at the top of the second act other than this: Make sure you tuck a clean handkerchief in your pocket before you go to the American Airlines Theatre. You'll need it.

**John Lithgow: Stories by Heart**  
Roundabout Theatre Company, American Airlines Theatre, 227 W. 42nd St. (\$39-\$139), closes March 4, 212-719-1300

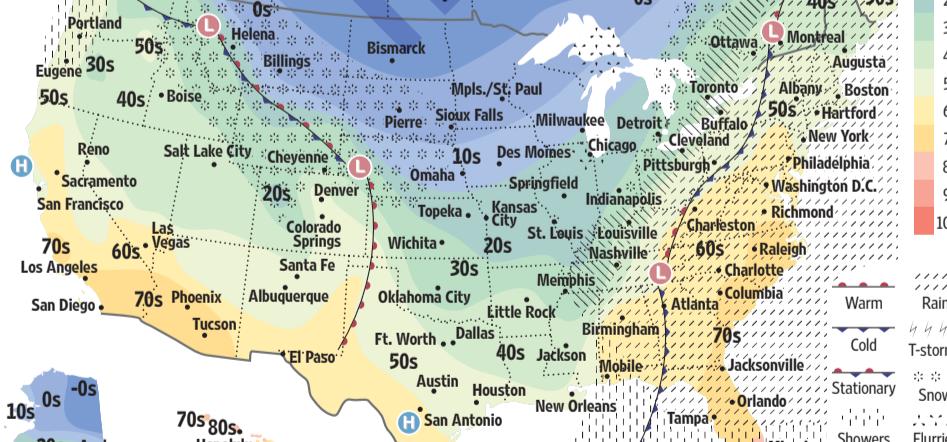
**Mr. Teachout is the Journal's drama critic. "Satchmo at the Waldorf," his first play, opens at Houston's Alley Theatre on Feb. 24. Write to him at [tteachout@wsj.com](mailto:tteachout@wsj.com)**

JOAN MARCUS  
Mr. Lithgow in his new one-man show.

of "Uncle Fred Flits By" that he's spent the past decade performing and polishing "Stories by Heart," and I rather wish that Daniel Sullivan, the director, had suggested that he tone down the comic effects a notch or three. On the other hand, Mr. Lithgow is so naturally funny that he gets his laughs anyway, and it's not hard to forgive a fair amount of overacting when the

weather

## Weather



## U.S. Forecasts

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

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage Seattle Portland Eugene Billings Helena Boise Salt Lake City Cheyenne Denver Wyoming Las Vegas Phoenix Tucson El Paso San Antonio New Mexico Albuquerque Santa Fe Santa Fe Santa Fe Sioux Falls</p

## SPORTS

NFL | By Jason Gay

## New England Is 'Garoppoloid'

**C** Tom Brady is going to live forever. Of this, we are almost certain.

The handsome man is 40 years old, coming off his fifth Super Bowl title, and just submitted another MVP season in leading the New England Patriots to the AFC's No. 1 seed. Brady has poreless skin, an Olympian's body fat, and a beautiful family which looks like the families in the photos that come with a new wallet. He remains the best quarterback in the NFL, even though he is older than Alan Alda was when Alan Alda scrubbed in on "M\*A\*S\*H."

Brady says he wants to play at least until age 45, and there is no reason to doubt his determination. He is defying age so well, he wrote a bible ("The TB12 Method") about defying age. Besides, have you seen the quarterback play in the NFL? Brady asleep in a beanbag chair is better than 90% of the quarterbacks in the league.

Not that Brady would ever sleep in a beanbag chair. He would be stretching. And drinking electrolytes. He'd be avoiding poisons like soda and candy bars. If you open a candy bar within two miles of Brady, black helicopters descend, and you get dropped in a chocolate river alongside Augustus Gloop.

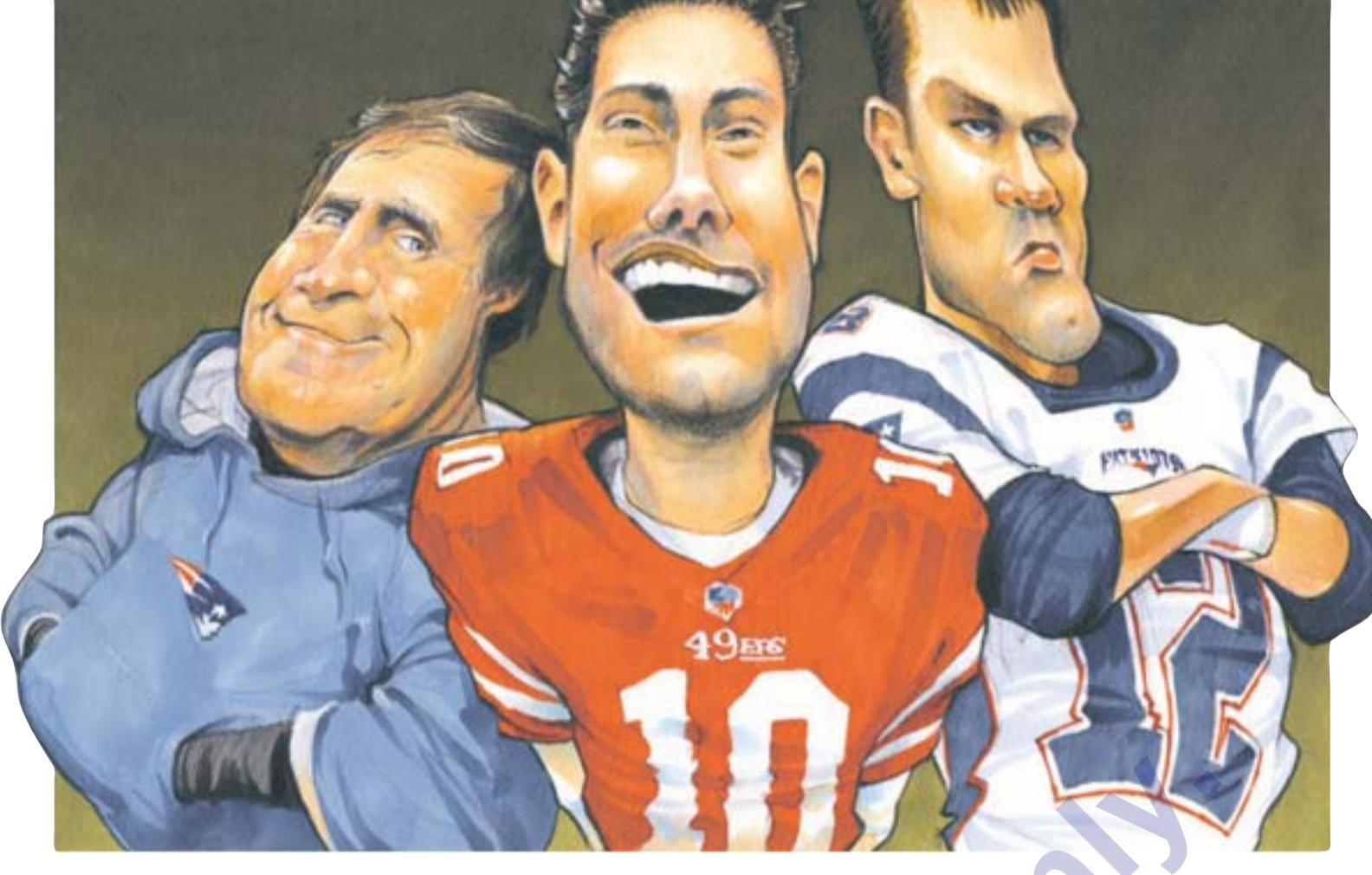
Despite Brady's commitment to eternal life, there is unrest in New England. My beloved homeland, which is never much for introspection, or how entitled they sound to the rest of the country, is currently gripped with a throbbing case of an insidious, Brady-related anxiety disorder: *Garoppolonia*.

*Garoppolonia*—if you don't have a dictionary nearby—is the intractable, sinking feeling that, while you have a superstar like Tom Brady on your team, you may have acted rashly, and prematurely dumped the *next* Tom Brady.

As in what the Patriots did this season in (perhaps hastily) trading away their back-up quarterback, Jimmy Garoppolo, to the San Francisco 49ers.

*Garoppolonia* is the daffiest story in the NFL at the moment. New England went 13-3 this season, holds AFC home field, and is the odds-on favorite to return to the Super Bowl. And yet the championship-gorged region is afire with panic about its future.

The most recent spark was a well-reported ESPN story which chronicled dissension between the



BRUCE MACPHERSON

three pillars of the Patriots dynasty: Brady, team owner Robert Kraft, and Grumpy Lobster Boat Captain Bill Belichick. The main takeaways of the story were:

1. Brady resented Garoppolo's looming shadow, and was also irked that Belichick booted the quarterback's body shaman, Alex Guerrero, from the Patriots' facilities.

2. Kraft, eager to placate the franchise's greatest player, urged the Grumpy Lobster Boat Captain to move Garoppolo in a trade.

3. Belichick made the deal, but not without irritation that he'd ruined a brilliant QB succession plan for the franchise.

There was even something in there about Grumpy Lobster Boat Captain repairing his relationship with NFL commissioner Roger Goodell, a Patriots pariah who suspended Brady for the first four games of the 2016 season and previously zinged Belichick for the "Spygate" scandal.

It was like finding out the cat

has been having sleepovers with the dog.

Since the ESPN story (by Seth Wickersham) came out, Patriots fans have taken turns parsing every paragraph, or batting it away without reading a single word. Belichick, Brady and Kraft have all stepped forward to deny a rift, but it hasn't stopped breathless speculation: that the dynasty is crumbling; that Brady is truthfully slipping, and his selfishness cost the Patriots an ideal transition; or even that the Grumpy Lobster Boat Captain might be so grumpy, he'll putter his lobster boat to fairer waters. (New York is gleefully goosing Belichick-to-Giants rumors.)

Successions like this are seldom pretty. It wasn't pretty when Joe Montana yielded to Steve Young, or Brett Favre to Aaron Rodgers, or Peyton Manning to Andrew Luck. It was probably bound to get ugly with Brady as well.

It didn't help that Garoppolo looked like the NFL's fifth or sixth-

best quarterback in closing out previously putrid San Francisco's season with five straight victories. Jimmy G. is undefeated as an NFL starter, and regardless of why the trade happened, the Niners executed a heist. The Patriots are being mocked by their own fans for getting a mere second-round pick for what now looks like a top-tier QB, even though Garoppolo's contract is expiring, and New England would have likely needed the franchise tag or some financial razzle-dazzle to keep him.

For Patriots fans, it's enough to make you crazy to the point *Garoppolonia* is a bigger deal than New England's playoff game against the Titans this Saturday. It's enough to make you forget...YOU HAVE A QUARTERBACK WHO IS GOING TO WIN THE LEAGUE MVP AND PERHAPS A SIXTH SUPER BOWL RING THREE OR SO WEEKS FROM NOW.

Listening to Patriots lunatics moan about losing a back-up QB while they still have Tom Brady is

like listening to someone complain about the shaky Wi-Fi in their Martha's Vineyard summer house. It's like listening to a GE executive complain about his *other* private jet.

And yet, this is football. That's what drives the anxiety here, and anxiety is football's resting state. Brady can eat the right vegetables, and shun the wrong carbs, and he can be determined to revolutionize what it means to be an athlete in his 40s, but ultimately, this isn't his call.

It's football's.

No one retires from football; football retires you. It is a punishing and sometimes permanently damaging game, and even if you've been lucky your whole career, your luck can give out at any moment. Football proves that again and again and again. Tom Brady may be the best quarterback to ever play the sport, he's played sublimely at age 40 and it's possible he will indeed live forever. But football is merciless.

It's enough to make anyone a little *Garoppoloid*.

## NFL

## HOW THE JAGS' RUN PLAYS IN LONDON

BY JOSHUA ROBINSON  
AND ANDREW BEATON

*London*

**NICKY GALLOWAY** had loved the Jacksonville Jaguars from afar for five years without them ever coming close to a winning season. She'd stay up on Sunday night, only for the Jags to disappoint her almost all of the time.

So when Jacksonville made the NFL playoffs this season, watching on TV wasn't going to be enough. Galloway just had to be there. She scrambled to secure time off from her civil service job, bought plane tickets with her husband, and hopped a 10-hour flight. Once they got to EverBank Field, it didn't take long for their accents to betray they'd come from London.

"People were like, 'Really?'" she said.

Who flies across the Atlantic to watch one of the historically crummiest teams in the NFL? People like the Galloways, it turns out: football fans from England who gravitated to the Jags once they began treating London as their second home.

The Jags have played in London five times, once a season every season since 2013. This is not a coincidence. The team's owner, Shahid Khan, also acquired the Fulham soccer team in the summer of 2013 after volunteering Jacksonville as the NFL's test balloon in the U.K. market.

"I consider myself as a very fortunate fan," said Alex Agius, who heads up the U.K. and Ireland chapter of the Bold City Brigade fan club, which has about 65 members. "I live in the U.K. and I get to see my team every single year."

After Jacksonville's 10-3 wild-card win over the Bills, British fans like Agius are tasting success for the first time. Many had never

heard of Jacksonville the last time they were in the playoffs, in 2007.

To be clear: Despite their annual trips to London, the Jaguars aren't the most popular team here. For U.K. fans of a certain generation, the romance with the NFL began in the 1980s, when NFL games first appeared on British terrestrial television—before Jacksonville even had a franchise.

Those fans immediately gravitated to the teams that were good—the Los Angeles Raiders, the San

Jacksonville isn't quite the Grimsby Town of the NFL, but hardly

Manchester United.

Francisco 49ers and later the Miami Dolphins—blissfully unaware that none of those three teams would win another Super Bowl after 1995. A 2013 analysis by The Wall Street Journal found that the most popular jerseys at NFL games in London belonged to the New England Patriots, Green Bay Packers and New York Giants.

And then there were the Jags, the team that won fans over here because they just kept showing up.

"It wasn't about glory," Galloway said. "I could have been a Pats fan if I wanted that kind of thing."

Here's the thing about British sports fans: They get along just fine if their team stinks. American fans are conditioned to thinking their favorite team will be at the top of the standings at some point. (OK, maybe not Browns fans.) But many people here happily root for soccer teams that will never win the Premier League, like Plymouth Argyle and Grimsby Town.



Jaguars players exit the tunnel prior to a game against the Ravens at London's Wembley Stadium on Sept. 24, 2017.

MATT DUNHAM/ASSOCIATED PRESS

Which brings us to Jacksonville, not quite the Grimsby Town of the NFL, but hardly Manchester United either. The Jaguars' last playoff berth before this season was in 2007. They have never reached a Super Bowl. From 2011 to 2016, they went 22-74—the worst record in the NFL for that period.

In 2013, the Jaguars became the only franchise to give up a home game every year to travel overseas and play in London. What they lacked in prosperity they looked to make up for with proximity.

"What the Jaguars are doing is building a fandom based on sustainability, not pure performance," said Mark Waller, the NFL's executive vice president of international.

That's what attracted James Barnes. As a Gillingham soccer fan, he already knew plenty about losing—the Gills sit in 16th place of the third tier. "I'd rather root for one of the small boys and hope they surprise us like they have this

season," he said.

For all the excitement among a devoted few, London doesn't have the most public case of Jacksonville fever. This is, after all, a city with five Premier League soccer teams drowning out pretty much anything else. The team's official fan club in England, the Union Jax, organized a pub viewing party for the Wild Card game. And only 10 people RSVPed that they were attending on Facebook.

That goes to show that America's most popular sport is still fighting for a seat at the pub here. A YouGov survey of 1,616 Britons found that 59% called American football "very" or "quite boring." It ranked as the second most boring sport, behind only golf.

Still, the clues of Jacksonville's rise are there. Last week, the Jags and their mascot—an 8-foot yellow jaguar named Jaxson de Ville—handed out 5,000 T-shirts at Liverpool Street Station, one of Lon-

don's busiest commuter hubs. Quarterback Blake Bortles had the ninth best-selling jersey in the U.K. in the year ending March 31, 2017, ahead of Carolina Panthers star Cam Newton. And London's mayor Sadiq Khan tweeted his support for the Jaguars before the playoffs.

The league says viewership on British cable-broadcaster Sky for the Jags' game against the Bills showed approximately a 50% audience increase over the same time slot last year.

But for some Londoners, the bond will always run deeper. Galloway and her husband planned their entire November 2016 wedding around the team's schedule. They exchanged vows one weekend in Jacksonville and watched their team play the Houston Texans the next.

Jacksonville then reminded the Galloways exactly what kind of lifelong commitment they'd signed up for. The Jaguars lost.

## OPINION

## The Dossier Rehab Campaign



POTOMAC WATCH  
By Kimberley A. Strassel

There's no such thing as a coincidence in Washington, so why the sudden, furious effort by Democrats and the media to give cover to the Steele dossier?

As in, the sudden, furious effort that happens to coincide with congressional investigators' finally being given access to FBI records about the Trump-Russia probe.

This scandal's pivotal day was Jan. 3. That's the deadline House Intelligence Chairman Devin Nunes gave the Federal Bureau of Investigation to turn over documents it had been holding for months. Speaker Paul Ryan backed Mr. Nunes's threat to cite officials for contempt of Congress. Everyone who played a part in encouraging the FBI's colonoscopy of the Trump campaign—congressional Democrats, FBI and Justice Department senior career staff, the Hillary Clinton and Barack Obama political mobs, dossier commissioner Fusion GPS, the press corps—knew about the deadline and clearly had been tipped to the likelihood that the FBI would have to comply. Thus the dossier rehabilitation campaign.

Weeks before, the same crew had taken a desperate shot at running away from the dossier, with a New York Times special that attempted

to play down its significance in the FBI probe. You can see why. In the year since Buzzfeed published the salacious dossier, we've discovered it was a work product of the Clinton campaign, commissioned by an oppo-research firm (Fusion), compiled by a British ex-spook on the basis of anonymous sources, and rolled out to the media in the runup to the election. Oh, and it appears to continue to be almost entirely false. When the best you've got is that a campaign orbiter made a public trip to Russia, you haven't got much.

But with Congress about to obtain documents that show the dossier did matter, it was time for a new line. And so the day before the Nunes deadline, Fusion co-founders Glenn Simpson and Peter Fritsch broke their public silence to explain in a New York Times op-ed that what really matters was their noble intention—to highlight Donald Trump's misdeeds. The duo took credit for alerting the "national security community" to a Russian "attack."

Meanwhile, Dianne Feinstein, ranking Democrat on the Senate Judiciary Committee, decided it was suddenly a matter of urgency that the nation see Mr. Simpson's testimony, which he gave back in August. That move provided the cable news channels with more than 300 pages of self-serving material. Mr. Simpson extols his journalistic chops, praises the integrity of dossier author Christopher Steele. Grassley and Graham found

(a "Boy Scout"), professes his love of country and his distaste for Russians (other than those paying him), and lades on more disinformation about Mr. Trump. Democrats and the media have spun this into a new contention: What mattered were the motives and credentials of the dossier's creators, which were sufficient to give the FBI good cause to run with the document.

came only at this late stage, after the bureau reluctantly made key documents available to lawmakers. The implication is that the FBI and Justice Department knew they had a problem and were concealing it from investigators.

The risk for anti-Trumpers—especially those doubling down on the dossier—is that the black-and-white documents will blow their latest narrative to oblivion. It isn't as if there is much in the record to date to support it. If Mr. Steele was such a professional, why was he out spreading national-security "intelligence" through the media? If Mr. Simpson was so worried for his country, why did he spend months dodging congressional requests for testimony, and refuse to name his client? If Mr. Steele was confident enough in his document to spool it to the FBI, why has he ducked every congressional request that he explain his work? And that's before Mr. Grassley's claim to have credible evidence that Mr. Steele lied to the government.

You can bet that the dossier spin is going to get even crazier, which is why it is so urgent that Congress move quickly to declassify core documents and release them to the public. So long as those documents remain secret, dossier proponents can concoct whatever story they choose. It's time to end the season of silly spin and begin one of accountability.

*Write to kim@wsj.com.*

### Congress should work quickly to declassify documents and let the public decide.

Which you have to admit sounds a lot better than "Hillary Clinton's Campaign Conjured Up an Opposition-Research Document That Was Fed to the Obama FBI, Which Then Used It to Spy on the Trump Campaign." Even if that's a more accurate headline.

We don't know exactly what Congress has seen, but it's a safe bet it's hot. The media and Democrats are trashing Sens. Chuck Grassley and Lindsey Graham for their criminal referral of Mr. Steele to the Justice Department. But neither man would make such a move without good—and documented—cause. If anything, the referral is suggestive of FBI misbehavior. Evidently whatever Messrs. Grassley and Graham found

BOOKSHELF | By Matthew Hutson

## The Tangled Web We Weave

### The Elephant in the Brain

By Kevin Simler and Robin Hanson  
(Oxford, 397 pages, \$34.95)

Donald Trump's press secretary is every one of us. When the president needs a positive spin on his policies and antics, he has a designated representative face the media. Similarly, inside each of us is a voice that helps justify our actions and rationalize our decisions. What we hear in our head and consider to be our self is not the commander in chief of our mind; it is an out-of-the-loop schlub trying to smooth-talk the press corps.

The metaphor of the press secretary, coined in 1978 by the philosopher Daniel Dennett, makes a showing in "The Elephant in the Brain," a book about unconscious motives. (The titular pachyderm refers not to the Republican Party but to a metaphor used in 2006 by the social psychologist Jonathan Haidt, in which reason is the rider on the elephant of emotion.) To the authors—Kevin Simler, a software engineer, and Robin Hanson, an economist—the press secretary's cluelessness is not a bug but a feature. The less that is known about the machinations behind a policy, the easier it is to market. The book builds on centuries of

writing about self-deception, most directly that of Robert Trivers, the evolutionary theorist who proposed in 1976 that self-deception mainly serves the purpose of deceiving others. I can't say that the book covers new ground, but it is a smart synthesis and offers several original metaphors.

People self-deceive about lots of things. We overestimate our ability to drive. We conveniently forget who started an argument. We believe our children to be

supreme gifts to humanity. A common explanation is that we think wishfully in order to feel better, particularly about ourselves. But if feeling good is the goal, a brain needs only a supercharged self-satisfaction module. An internal unreliable narrator is useful, for instance, when we promote ourselves as potential mates or allies; it lets us puff out our chests and fluff our feathers without flinching.

If you doubt our ability to fabricate and fall for a personal version of history, consider choice blindness: You sample two jams, ginger from jar A and lime from jar B, and state your favorite. You then resample your favorite—say, from jar A—but through some sleight of hand it now contains lime. "Hold on," you say, "something's up." Actually, you don't. If you are like most people, you will think that your choice is consistent and spin a narrative when asked to explain your preference—until you are told about the switch.

"The Elephant in the Brain" focuses on the false narrative of hiding selfish motives. Much of what we do, including our most generous behavior, the authors say, is not meant to be helpful. We are, like many other members of the animal kingdom, competitively altruistic—helpful in large part to earn status. That may be obvious when billionaires jockey for naming rights to buildings, but it plays out in more subtle ways.

### Collective self-deception helps mask the selfish behavior we see running rampant in art, charity, education, medicine, religion and politics.

Casual conversations, for instance, often trade in random information. But the point is not to trade facts for facts; what you are actually doing, the book argues, is showing off so people can evaluate your intellectual versatility. By sharing information, you are not merely being helpful or entertaining, you are advertising yourself.

The authors take particular interest in large-scale social issues and institutions, showing how systems of collective self-deception help explain the odd behavior we see in art, charity, education, medicine, religion and politics. Why do people vote? Not to strengthen the republic, the authors say. A single vote rarely matters, and we rarely even seek objective information on the candidates. Instead, we cheer for our team and participate as a signal of loyalty, hoping for the benefits of inclusion. In education, as many economists have argued, learning is ancillary to accreditation and status. A degree signals that one has the intelligence and stamina to enter and survive a degree program.

The authors call medicine "conspicuous caring." In many areas of medicine, they note, increased care does not improve outcomes. People offer it to broadcast helpfulness, or demand it to demonstrate how much support they have from others. The case for medicine as a hidden act of selfishness may have some truth, but it also has holes. For example, the book does not address why medical spending is so much higher in the U.S. than elsewhere—do Americans care more than others about health care as a status symbol?

"The Elephant in the Brain" is refreshingly frank and penetrating, leaving no stone of presumed human virtue unturned. The authors do not even spare themselves, describing their book as a vanity project that is probably too long. (It does lose the plot sometimes, but it did not lose my attention.) It is accessibly erudite, deftly deploying essential technical concepts such as "costly signaling."

Still, the authors urge hope. Our institutions may be hugely wasteful due to hidden elephants. "But," they write, "it's actually great news": Once we become aware of them, there are ways to leverage our hidden motives in the pursuit of our ideals. The authors offer a few suggestions. Spread the gospel of "effective altruism" so that people gain status for practical rather than flashy charity. Retain academic credentials but teach something useful in schools, such as personal finance. Make promises to be good; you are more likely to follow through for fear of appearing hypocritical, and through such a commitment you may also gain the status of being considered trustworthy. Unfortunately, the book devotes only a few pages to such solutions.

"The Elephant in the Brain" does not judge us for hiding selfish motives from ourselves. And to my mind, given that we will always have selfish motives, keeping them concealed might even provide a buffer against naked strife. Press officers may obfuscate, misdirect and even aggravate, but do you really want a chief executive with unfiltered access to Twitter?

*Mr. Hutson is the author of "The 7 Laws of Magical Thinking: How Irrational Beliefs Keep Us Happy, Healthy, and Sane."*

### Coming in BOOKS this weekend

Good government doesn't come from the top • Learning from child prodigies • The man who invented the pie chart • Hitching a ride to Antarctica • The architect, the beauty and the madman • Denis Johnson's finale • & more

## Finding Faith at Folsom Prison

### HOUSES OF WORSHIP

By Gregory Alan Thornbury and David L. Tubbs

J o h n y Cash recorded "At Folsom Prison" 50 years ago, on Jan. 13, 1968. The live album transcended the usual categories of popular music and ultimately sold more than three million copies. Cash's willingness to play for a crowd of convicts fit with his outlaw image, but the venue choice reveals something crucial about his Christian beliefs.

Raised in Dyess, Ark., Cash became a Christian in 1944, when he was 12. Throughout his life, he showed an ardent desire to live according to the Gospels. But Cash was no paragon of Christian virtue. Stardom and the demands of his profession, especially the relentless travel, presented him with countless temptations. He could not resist many of them.

Cash's struggle became particularly acute in the 1960s. He dealt with drug addiction and marital breakdown, and several brushes with the law only made his situation worse.

While this drama hurt his career, it also gave Cash an acute sense of his vulnerabilities and enabled him to empathize with the prisoners in Folsom, Calif. As Robert Hilburn noted in his 2013 biography, "Cash knew what it was like to be in jail, to stand

before his loved ones in handcuffs, and to walk through the seedy parts of town in search of drugs."

Cash saw the Folsom concert as an opportunity to redeem himself. In fall 1967, he vowed to give up drugs and went through rehab. He struggled for years to keep his word—and he later admitted taking a huge number of pills the morning of the concert—but the vow was necessary to prevent June Carter from leaving him. Carter, who became his second wife in March 1968, labored heroically to keep him off amphetamines.

Cash agreed to perform two shows at Folsom, one in the morning and one in the early afternoon. He carefully chose the songs in the set lists. On the eve of the concert Cash met with his friend, the Rev. Floyd Gressett, who ministered for state prisoners. Gressett gave Cash a tape of "Greystone Chapel," a song written and recorded by Folsom prisoner Glen Sherley. Cash listened to the tape and agreed to perform the song the next day.

The lyrics and Sherley's life story inspired hope. Arrested for armed robbery, he was serving a sentence of five years to life. His song described the Folsom chapel as a refuge and the locus of salvation for some prisoners through divine grace. "Inside the walls of prison my body

may be, but my Lord has set my soul free."

Cash concluded both shows with "Greystone Chapel" and made sure to credit Sherley for the tune. He was so captivated by Sherley's transformation and his songwriting ability that he later began to make requests to public officials to grant him parole. Cash arranged for a small record company to make a recording

of Sherley's own prison concert in January 1971. This made it easier for officials to believe Cash when he promised that he would give Sherley a job if paroled. And after Sherley's release in March 1971, Cash invited him on a tour.

Sherley behaved erratically during the tour. At one point he threatened bassist Marshall Grant, a key member of Cash's band. When Cash found out, he fired Sherley, who returned to California and fell into drug abuse. On May 11, 1978, Sherley committed suicide. The news hit Cash hard. Friends faulted him for poor judgment, while rumors spread that Sherley

did not even write "Greystone Chapel."

Cash's Christian beliefs had led him to take a chance on Sherley. Grace and forgiveness are commands in the Gospels, not suggestions. Cash knew he was a sinner and a recipient of grace and mercy, from God and his patient wife, June. In light of these realities, taking a chance on Sherley was not mere kindness, it was a practical outworking of his faith.

Cash got involved politically—testifying before the U.S. Senate on criminal-justice issues—but he also made the issue personal. Cash might have been naive to think that he alone could oversee Sherley's reform into a law-abiding citizen. Clearly the man needed more tools. Still, a great music legend was willing to take a major risk on a man behind bars.

Cash battled his demons until he went to the grave. His sins were magnified by the media, but not even the press could ignore his faith. The Man in Black was no phony, and those men at Folsom Prison knew it as soon as he stepped onstage and announced, "Hello, I'm Johnny Cash."

*Mr. Thornbury is chancellor of the King's College. Mr. Tubbs, a visiting fellow in the James Madison Program at Princeton University, teaches politics at King's.*

## Hahahaha, That's Not Funny at All

### By Peter Funt

I have a friend who replies to my texts with her own humorless Ha Code.

A single "ha" conveys zero jooviality. It's basically a put-down. I write: "You really gobbed up that second dessert," and she replies, "ha." A double ha—"haha"—makes it seem as if she's at least mildly amused, but she's not. I write: "There are three Starbucks within seven blocks of my office, and they're all busy all the time." She replies, "haha," but she means, "So what?"

When she gets to triples and quads—"Hahahaha"—we're into heavy sarcasm. I write, "Do you think Trump assumes Black Friday is a holiday celebrated by African-Americans?" She hits me with a string of ha's reminiscent of the late Jackie Gleason's response to jokes at his expense: "Har-har-har-har-har!"

"Haha" and its keyboard counterparts shouldn't be mistaken as substitutes for actual laughter. Ha Code is as empty of humor as "LOL"—which is

the last thing you would say or write if you actually found yourself laughing out loud.

And what about ":"? That's at least a smile, right? Not really. It functions as a plea for sympathetic understanding of what might be an overly harsh communiqué. Pre-digital, my sister used to say the meanest

When someone texts 'LOL,' you know nobody's laughing.

things to me, preceded by the phrase, "No offense, but . . ." Now, she just puts her thoughts in an email with :) at the end.

Genuine laughter can't really be written out, just as you can't spell the sound of a sneeze, which is why writers settle for "achoo." You could try "ah, ha," but that's an announcement of discovery, best delivered emphatically: "Aha!"

There's a sly dramatic laugh usually written "heh heh, heh" but it fell from favor long

before texting was invented.

When I told a friend of my concern about our dependence on symbols masquerading as laughter, he asked, "Then what should one write to convey sincere amusement via text?"

Aha! That depends on whether you're actually laughing or merely acknowledging the sender's attempt at humor. The latter is polite; the former is cathartic, and there is no appropriate symbol for it.

Is our current lifestyle slowly sapping our sense of humor? Or at least our likelihood of having a hearty, endorphin-releasing belly laugh? I picture sad souls typing "haha" or "LOL" while sitting alone in office cubicles, or in dreary dorm rooms, or surrounded by solemn strangers on the subway.

Life comes with its own laugh track. All you have to do is tap into it rather than type into it.

Laughter is contagious, which is why smart promoters hire a few good laughers to sit in the audience to get things rolling. It's why TV producers

use laugh tracks—"sweetening," as it's known—signaling viewers to stop texting long enough to laugh.

I don't have research to back me up, but I'm convinced that the millions of people now streaming movies at home are laughing a lot less than folks in theaters.

I used to think the only people incapable of laughing out loud were TV network executives. Many times I'd sit in a room with them as they screened what I believed to be my funniest material, and they would not so much as grin. I took it personally until I came to understand that it's a quirk of the profession.

The best you'll get from a TV exec when the lights come up is a vacant expression, an almost imperceptible elevating of one eyebrow, and the words, delivered in a monotone, "That's funny. That's really funny."

Are we all becoming TV execs? :

*Mr. Funt is a writer and host of "Candid Camera."*

## OPINION

## REVIEW &amp; OUTLOOK

## Climate of Unaccountability

**W**ith President Trump putting economic growth above climate alarms, green activists are turning to progressive states to press their regulatory agenda. Governors from 15 states have formed the U.S. Climate Alliance, for example, to enforce the Paris Climate Agreement despite Mr. Trump's withdrawal. Fair enough if it's all above board, but records we've obtained suggest that foundations are steering policy behind the scenes without transparency or clear public accountability.

\* \* \*

A leading example is Washington Governor Jay Inslee's office, which seems to have subcontracted some of its work and budget to two foundations pushing an activist climate agenda. An environmental nonprofit, the World Resources Institute, actually hired Washington's state government as a contractor last July.

Under this remarkable arrangement, the state agreed to perform a "scope of work" for the nonprofit that includes "activities and deliverables" to advance a green agenda. The special-interest tail is officially wagging the democratic dog, given that the contract provides the job framework for Mr. Inslee's senior policy adviser for climate and sustainability, Reed Schuler.

According to Mr. Schuler's official job description, his duties include working to "identify policy ideas," "draft policy proposals and briefs for communication to Policy Director and Governor's executive team," and "prepare letters, executive orders, and other directives for the Governor's signature." Beyond the executive branch, Mr. Schuler is also involved in "monitoring progress of clean energy legislation" and representing Washington "among multi-state and international efforts."

In other words, he holds an influential policy position. And it's funded through a grant from the World Resources Institute, which reimburses Washington for Mr. Schuler's salary, benefits and expenses. Under its contract, Washington State sends progress reports alongside its \$33,210 quarterly invoices to the nonprofit.

Tara Lee, the Governor's spokeswoman, says Mr. Schuler is "a Washington state employee with the same scope of work, review process and accountability as any other state employee. The only difference is the funding source." She adds the World Resources Institute's largesse amounts to "general support for expanding the Inslee Administration's work to combat climate exchange," but that "they do not decide or dictate the details of this work, nor do they have input on any employee's work plan." And she says such arrangements are "not unusual."

## A Washington Mudslide

**O**nce you hit bottom, there's nowhere to go but up, and on Thursday the language of politics hit bottom.

When the possibility of admitting immigrants from Haiti and Africa came up at a meeting with Senators at the White House, President Trump reportedly mused about why we'd want to admit people into the U.S. from "s—hole countries."

About that time, Rep. Nancy Pelosi, the former Speaker of the House, offered her thoughts on colleagues who are negotiating an immigration bill with the White House: "The five white guys I call them, you know. Are they going to

## Anti-Terror Victory in Congress

**T**he House voted 256-164 on Thursday to reauthorize a surveillance law critical to America's security for another six years. If the Senate follows up, this will mark a victory for sensible antiterror policy over exaggerated fears on the right and left.

Section 702 of the Foreign Intelligence Surveillance Act (FISA) authorizes intelligence agencies to surveil non-U.S. persons who are "reasonably believed" to be located outside the United States. Foreigners don't enjoy U.S. constitutional protections, and as we have learned the hard way some of them may be plotting attacks on Americans at home or abroad.

Surveillance is an essential U.S. weapon to prevent such attacks, as officials across Democratic and Republican administrations have averred. The House Intelligence Committee notes the law "has been instrumental in preventing numerous acts of terrorism," including by top Islamic State terrorist Haji Imam.

In 2009 FBI agents in Denver arrested Naibullah Zazi, who was planning to bomb the New York City subway. The Privacy and Civil Liberties Oversight Board, an independent agency within the executive branch, has said that without Section 702 Zazi's "subway bombing plot might have succeeded."

The success of tools like 702 has made the terror threat seem less urgent, but it is as dangerous as ever as Islamic State jihadists disperse after their defeat in Syria and Iraq. In October 29-year-old Uzbek immigrant Sayfullo Saipov mowed down eight pedestrians with a truck in Manhattan. ISIS admirer Akayed Ullah tried to blow himself up in a New York subway tunnel in December.

There is no evidence that officials have abused Section 702, and there is multilayered oversight that includes top intelligence officials, Congress and the FISA judges. But the danger is that a left-right coalition in Congress will re-erect barriers between intelligence agencies and law enforcement that led to the

## Are foundations running state energy policy without transparency?

World Resources Institute spokesman Michael Oko says that "public-private partnerships enable governments to hire experts to advise them on policies that benefit their constituents," adding that they are "common across the political spectrum." Oh?

If this is common practice, Washingtonians deserve more details about which outside groups fund Mr. Inslee's policy team. Substitute the Koch brothers for the World Resources Institute, and the outrage would be predictable. This setup creates real concerns about accountability and interest-peddling. Mr. Schuler knows who pays him, and it's not Washington taxpayers.

The money trail also extends to the Hewlett Foundation, which pledged in December to devote \$600 million to climate advocacy in the U.S. and abroad between 2018 and 2023. Hewlett calls this its "single largest commitment to date in any area of its philanthropic work," and it is overseen by Jonathan Pershing, Mr. Schuler's former colleague at Barack Obama's State Department.

In one of many emails obtained by the Competitive Enterprise Institute's Chris Horner, Mr. Inslee's Morocco-based climate adviser, Chris Davis, called Mr. Schuler "our refugee from Kerry's office at State" and said that "Pershing at Hewlett is paying him to work in our shop for 12 months." In another email, Mr. Davis said that Mr. Schuler is "here through support from the Hewlett Foundation."

The Governor's office claims it's transparent, but our records request about Mr. Schuler's hiring and employment documents yielded no mention of Hewlett. When we inquired about the foundation's role, spokeswoman Tara Lee copied the executive director of policy, Keith Phillips, and answered: "I have confirmed that Hewlett Foundation made a grant to WRI. No direct relationship to WA."

But the same Mr. Phillips sent out a July 18 email that internally announced Mr. Schuler's hiring. He explicitly stated, "Reed's position is being supported by the Hewlett Foundation and the World Resources Institute." Hewlett spokeswoman Vidya Krishnamurthy told us that while "we didn't have the capacity to be the state's partner," it made the World Resources grant "so that WRI could provide support to Washington state to hire an expert analyst to help the state achieve its climate goals."

The implications of all this extend beyond Washington. Mr. Inslee is working with New York's Andrew Cuomo and California's Jerry Brown on the U.S. Climate Alliance, a multistate effort. Where else are such special interest groups paying to influence policy?

open a hamburger stand next or what?"

Maybe at some future date, Mr. Trump and Mrs. Pelosi can co-host a talk show on ESPN. For now, this verbal mudslide from two of the nation's highest officials is, in a word, unedifying.

The House's number two Democrat, Steny Hoyer, no doubt terrified that his party could become linked to Ms. Pelosi's use of language from the fringe of identity politics, said, "That comment is offensive." Republicans, who might worry that Mr. Trump's barstool belch has lost the African-American vote forever, should do the same.

failure to detect the 9/11 plot.

Michigan Republican Justin Amash and California Democrat Zoe Lofgren offered an amendment to force agencies to show probable cause to get an order even to query the Section 702 database. They worry the intelligence agencies are using 702 to conduct "backdoor spying" on Americans whose data is incidentally collected through Section 702 surveillance of a foreign suspect.

There's no evidence this is happening, and requiring probable cause might dissuade the FBI from making a Section 702 query—the opposite of what the post-9/11 laws are meant to encourage. When the intelligence agencies make an American the target of an investigation, they are obliged to get a court order. The Amash-Lofgren effort lost, 233-183.

President Trump didn't help House leaders on Thursday morning when he muddled Section 702 with the controversy over FISA warrants in the FBI's investigation of Russia-Trump ties in the 2016 election. Mr. Trump tweeted that the FISA Act "may have been used," along with the Fusion GPS dossier, to "so badly surveil and abuse the Trump Campaign by the previous administration and others?"

His advisers and House leaders scrambled to educate the Commander in Chief, who later tweeted "I have personally directed the fix to the unmasking process since taking office and today's vote is about foreign surveillance of foreign bad guys on foreign land. We need it! Get smart!" Mr. Trump should take that last bit of his own advice before he tweets.

The Section 702 debate now moves to the Senate, where it will face a similar left-right crossfire from Kentucky Republican Rand Paul and Oregon Democrat Ron Wyden. Mr. Paul is threatening a filibuster, which means the bill will need 60 votes. Senate leaders appear to have those votes, unless Mr. Trump decides to tweet something else that he doesn't understand over the weekend.

## LETTERS TO THE EDITOR

## Should Congress Make Marijuana Legal?

Congratulations to the Journal for providing facts on the consequences of legalization of marijuana in the states of Colorado, Alaska, Oregon and Washington ("Jeff Sessions's Marijuana Cendor," Review & Outlook, Jan. 6). Attorney General Sessions took an oath of office to uphold the law and to support the Constitution of the U.S. His memo on marijuana does just that. Legalization of marijuana has led to dramatic increases in teenage drug use, increased crime, more (not less) illegal drug-cartel sales of marijuana and double the number of highway fatalities due to drivers using marijuana. Too often elected officials do what they think will get them votes rather than what is right for the country, their state, our children and public health and safety.

PETER BENSINGER

Chicago

*Mr. Bensinger was the administrator of the U.S. Drug Enforcement Administration from 1976-1981.*

I was diagnosed with Parkinson's disease at age 48 and forced to accept a medical retirement from the defense industry at age 50. The first five years after diagnosis was a living pharmaceutical nightmare. I took massive prescribed dosages of Azilect, Sinemet, Mirapex and Amantadine, along with sleep medications and anti-depressants. The side effects were ruining my life. I gave up hope and felt my choices were either to play out the string with the lousy cards I had been dealt or try alternative approaches. I obtained a medical-marijuana card in 2008 and the improvements to the quality of my life have been profound.

My first reaction to Mr. Sessions's action was one of extreme anger. With all on his plate, hasn't he better things to put his attention to than making criminals out of good American citizens for using an herb that has no business on schedule I? I ask myself why I'm a target, but Hillary Clinton isn't?

The myth about marijuana being a gateway drug comes from studies with poor methodology. In the almost 10 years I have been, to use the term flat-earth types call "high," I have not once had a craving for something bigger and better, and my alcohol consumption has been drastically reduced. And sorry, Big Pharma, I don't need you.

This is a life and death issue for me. However, I am one of the millions of forgotten California conservatives who voted for Donald Trump, but if I need Sen. Kamala Harris to run point for me, despite my disagreeing with almost everything she stands for, I am going to support her on this issue.

Yes, we need to protect children, but let's get some courage in Congress and put marijuana in its proper place in society and the law.

MARK R. CAVANAGH

Buellton, Calif.

The list of unintended conse-

quences of marijuana use includes: it's a causal factor in fatal auto accidents, adverse pregnancy outcomes, rise in emergency-room traffic, decrease in job or school performance, increase in memory loss, anxiety, depression or a potential gateway for other harmful drugs including nicotine.

Please place this in the file for review in early January 2028.

MARK BOCHÉ  
St. Francis, Wis.

The new Justice Department guidance is good news for public health and very bad news for pot-industry investors. This new guidance isn't a green light to go after individual marijuana users, nor should it be interpreted as such. Rather, the guidance could dry up institutional funding for the marijuana industry.

Today's stronger marijuana is very harmful to the developing brain and is directly tied to psychosis and schizophrenia. We hope today is the beginning of the end for this new "Big Tobacco" industry. It took the U.S. almost a century to try to right the wrongs of Big Tobacco. Let's not go through that again.

KEVIN A. SABET, PH.D.  
New York

*Mr. Sabet served as a White House drug policy adviser 2000, 2002-2003, 2009-2011.*

The spineless Congress ought to act to decriminalize marijuana and get the topic out of the way.

GERALD STANEWICK  
Leland, N.C.

The U.S. has spent over \$1 trillion on the Nixon/Rockefeller/Reagan-inspired war on drugs, but the results have been abysmal. America leads the world in the size of its prison population, and marijuana is just as available today as it was in 1980. Too many Americans have had their lives destroyed because of criminal charges related to marijuana use.

The feds should focus on what actually killed most of the 64,000 Americans who died of drug overdoses in 2016: opioids, many of them produced by large, domestic pharmaceutical companies. This has to stop. We need to treat the opioid epidemic for what it is—a huge medical problem. Users need treatment, not jail. Law enforcement can interdict shipments from China, Mexico and unregulated domestic clinics. Let's shift our priorities to what the real problem is.

DAVE MORROW  
Waco, Texas

Opponents of marijuana legalization find themselves badly outspent by pot promoters—by a 5-1 margin in Colorado in 2012, and by 11-1 in California in 2016. As a result of the huge financial disparity, legalization opponents in initiative campaigns are at a monumental electoral disadvantage.

JIM HARTMAN  
Genoa, Nev.

## Marquette Responds to Criticism About Firing

Your editorial "A Jesuit School Gets Dogmatic" (Jan. 8) describes Associate Professor John McAdams's interaction with one of our former graduate students as "normal give and take of debate." That couldn't be further from the truth. Mr. McAdams inflicted a public and personal internet attack on our student. Instead of expressing his concerns through established internal channels, he chose to blog about our graduate student—publicly shaming her, questioning her values and including a link to her contact information. Through those actions, he exposed her to a flood of violent threats and hateful messages.

In January 2016, Marquette's faculty hearing committee unanimously concluded in a 123-page report that Mr. McAdams violated his core obligations as a tenured professor when he used his blog needlessly and recklessly to harm our student. In May 2017, a Milwaukee County judge issued a 33-page decision dismissing all claims against Marquette University.

The judge's decision states: "academic freedom does not mean that a faculty member can harass, threaten, intimidate, ridicule, or impose his or her views on students."

John McAdams has the right to talk about controversial topics on his blog and to disagree with and debate Marquette-related positions freely. But he crossed the line when he launched a personal, demeaning internet attack on a Marquette student, choosing to publicly shame her to advance his narrative and draw attention to himself and his blog. Tenure and the freedoms that come with it also have obligations and responsibilities. These disturbing, harassing ac-

tions will never have a place on our campus. Just as they have no place in any work environment.

MICHAEL R. LOVELL  
President, Marquette University  
Milwaukee

I have been involved and effective at raising millions of dollars for Marquette University. Recently I observed the law of unintended consequences working when a fellow dental alum rescinded his six-figure donation because of President Lovell's action.

PAUL A. GRUBER, DDS  
Sheboygan, Wis.

Prof. McAdams's indefinite suspension ignores "Ex Corde Ecclesiae" (1990), an apostolic exhortation in which Pope John Paul II admonishes Catholic colleges to be faithful to church teaching. Marquette's action silencing opposition to gay marriage is un-American and not Catholic.

THE REV. MICHAEL P. ORSI  
Naples, Fla.

Pepper ...  
And Salt

THE WALL STREET JOURNAL



"Eddie, I'm taking you out of boring bonds and putting you into chew toys and rawhide bones."

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

## OPINION

# Tax Reform Has Released the Bulls

By Donald L. Luskin

**A**s markets around the world surge to all-time highs, everyone is wondering anxiously whether stocks are overvalued. That's a pretty good sign they're not. Stocks are overvalued when hardly anybody is worrying.

By traditional measures of value, stocks do seem expensive right now. But those metrics have flaws, the worst of which is a tendency to look at the past rather than the future. Markets, by their nature, do the opposite.

**P/E ratios may seem high, but policy changes augur much better earnings in the coming years.**

Consider the venerable price/earnings ratio. The typical P/E ratio shows today's stock price as a multiple of the company's earnings over the past year. Yes, an investor wants to understand how much he is paying for earnings. But what counts isn't last year's earnings, it's next year's—and all the years to come.

The most flagrant offender here is Yale economist Robert Shiller's widely followed cycle-adjusted price/earnings ratio, or CAPE. In a misguided attempt not to be fooled by short-term fluctuations, the CAPE ratio is based on average earnings over the entire previous decade. At the moment, using

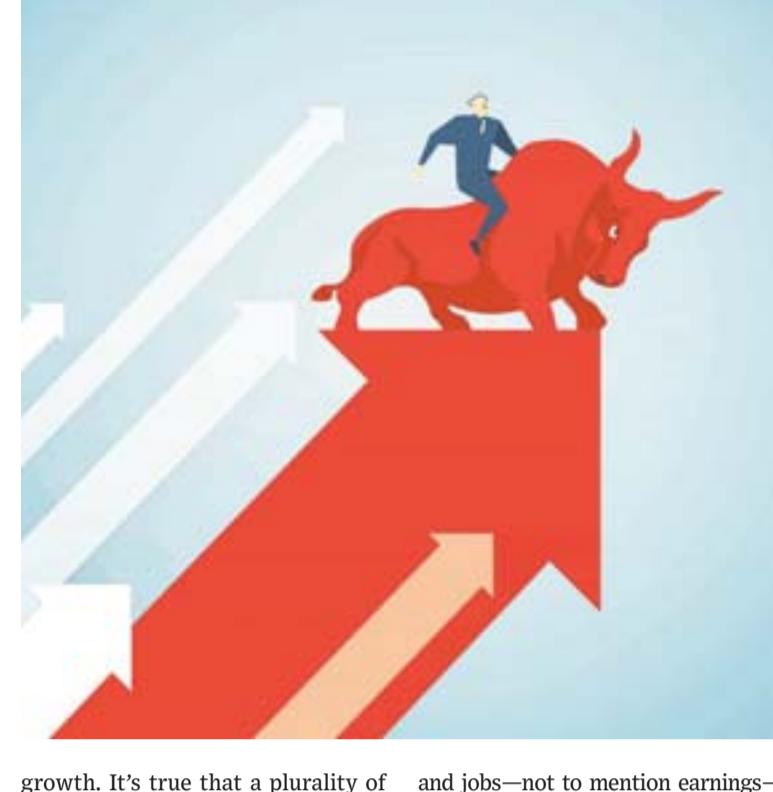
earnings from 2007-17, the CAPE shows stocks to be valued like they were in 1929, right before the market crashed. But that's only because the past decade of earnings includes the catastrophe of 2008-09. This makes earnings look artificially low, even though it has little relevance for today.

One way to solve this problem is to use earnings estimates for the year ahead in the calculation. By that measure, today's P/E ratio is a bit above average, but nothing scary. It's well below the figures for 1999 and 2000, during the tech bubble, and generally consistent with the levels that obtained from the late 1950s to the early 1970s.

Even this more forward-looking approach, though, doesn't necessarily capture the full reality of the current historical moment. The U.S. could be at an inflection point where far higher corporate earnings become the new normal. When President Trump signed tax reform on Dec. 22, he effectively increased after-tax earnings for American companies. At a corporate tax rate of 35%, a dollar of earnings turns into 65 cents after Washington takes its cut. At the new 21% rate, the same dollar becomes 79 cents. That's earnings growth of 21.5% with the stroke of Mr. Trump's pen.

Only 15 market days have passed since the Senate passed the tax bill, ensuring it would become law, and Wall Street analysts have already upgraded their consensus forward earnings for the S&P 500 by an unprecedented 4.6%. Is it any wonder that stocks have rallied?

Moreover, this is probably just a down payment on future earnings



ISTOCK/GETTY IMAGES

growth. It's true that a plurality of earnings across the whole S&P 500 comes from business conducted outside the U.S., which won't be affected by the tax cuts. But my rough-and-ready estimate is that the lower corporate rates ought to raise after-tax earnings on business already being conducted by about 10% overall.

That figure actually may be low, because it leaves aside activities that the previous 35% tax rate had made unprofitable. No one can predict what new businesses, factories

and jobs—not to mention earnings—will be created now that companies bear a tax cost of only 21%.

My estimate also doesn't consider business migration. Some American companies with operations in low-tax jurisdictions may bring these activities home. Some foreign companies may decide to forward-deploy their facilities into the U.S. market. All of this again will create new businesses, factories, jobs and earnings.

Finally, my estimate doesn't factor in the competitive global

response to American tax reform. Nations afraid to be left behind may cut their own taxes in what could turn into a world-wide competition. That would be the delightful opposite of protectionism. Instead of trying to punish each other with reciprocal tariffs, nations could engage in a race to the top to see who can more completely liberate their productive sector from the deadweight costs of corporate taxation. Again: new businesses, factories, jobs and earnings.

Put it all together, and before you know it, that "E" in the time-honored P/E ratio will have grown so much that today's stock valuations won't look out of line at all.

Truth be told, valuation metrics are always oblivious to our dynamic world. The stock market was a great buy at the bottom, in March 2009, but not because stocks were undervalued. They only seem so in hindsight because the global economy pulled out of an existential financial crisis. If the central banks hadn't saved the world, those seemingly undervalued stocks could have gone to zero.

There's no crisis today, thankfully. But as in 2009, the economy is facing a fundamental turning point driven by profound changes in economic policy. Once again, it's policy, not valuations, that is determining stock prices. If Mr. Trump's corporate tax cuts turn out to be as powerful as I think they will be, expect a new bull market, no matter what the P/E ratios say.

*Mr. Luskin is chief investment officer at Trend Macrolytics LLC.*

## When Trump Tweets, Pakistan's Generals May Listen



Can Donald Trump do what his two immediate predecessors failed to achieve—wean Pakistan off its habit of supporting terrorist groups that kill American troops in Afghanistan and destabilize the region?

The president's first tweet of 2018 summed up the problem: "The United States has foolishly given Pakistan more than \$3 billion dollars in aid over the last 15 years, and they have given us nothing but lies & deceit, thinking of our leaders as fools. They give safe haven to the terrorists we hunt in Afghanistan, with little help. No more!"

Since then the administration has suspended security assistance to Pakistan, including coalition-support funding, the term for reimbursements for counterterrorism operations that account for nearly half of U.S. aid disbursed to the country since 2002.

Among a section of Pakistan experts, Mr. Trump's tweet has invoked hand-wringing. Richard Olson, a former U.S. ambassador to Islamabad, described the administration's approach as an example of

"how not to engage with Pakistan." Mr. Olson recommends forceful private diplomacy instead.

It's too soon to say if Mr. Trump will manage to curb the Pakistani army's support for the Haqqani network and the Afghan Taliban, responsible between them for most of the roughly 2,300 U.S. troops killed in Afghanistan since 2001. But although skepticism may be warranted, outright dismissal is not. By introducing an element of unpredictability to U.S. policy, Mr. Trump could force the generals who effectively run Pakistan to recalculate the costs of thwarting the world's most powerful nation.

At this point, U.S. frustration with Pakistan's so-called double game—accepting aid from Washington to fight some terrorists while surreptitiously aiding others—is hardly new. In 2011, Adm. Mike Mullen, then chairman of the Joint Chiefs of Staff, famously called the Haqqani network "a veritable arm of Pakistan's Inter-Services Intelligence agency." A few months earlier, U.S. Navy SEALs killed Osama bin Laden in a safe house a stone's throw away from Pakistan's equivalent of West Point.

The idea of Pakistan's two-timing army has even entered popular culture. Fans of the television show

"Homeland" will recall Central Intelligence Agency agent Carrie Mathison battling the duplicitous ISI in season four.

Nonetheless, beyond public admonitions and the periodic suspension of some aid, the U.S. has found itself unable to do much. Those who oppose rocking the Pakistan boat constantly remind us

Sure, the president is unpredictable. Could that help him succeed where his predecessors fell short?

that Islamabad controls the most viable supply routes for U.S. troops in Afghanistan, and that the rise of China, Pakistan's so-called iron brother, gives Islamabad an alternative to the U.S.

Some pundits warn that if the U.S. pushes too far, Pakistan's nuclear weapons could fall into the hands of Islamic extremists, that Islamabad could resume proliferating to countries such as Iran, and that too much pressure could tip the nation of over 200 million Muslims deeper into instability.

These arguments are not entirely

unreasonable. But for the most part they are either exaggerated or misguided.

With the shrinking of the U.S. military presence in Afghanistan to roughly 11,000 troops—from a peak of 100,000 in 2011—Pakistan's chokehold on supply routes has lost much of its bite.

Nor should we exaggerate China's importance. By pouring billions of dollars into the China-Pakistan Economic Corridor, an ambitious sprawl of infrastructure and energy projects, Beijing may indeed modernize its ally's highways and power plants. But it cannot substitute for U.S. influence over international financial institutions like the International Monetary Fund and the World Bank, or over the global financial system more broadly.

Nor are the children of Pakistan's elites lining up to study at Peking University rather than Harvard. China may have mastered pouring asphalt, but when it comes to modernizing minds, Pakistan, like much of the world, still turns to America.

Moreover, as Andrew Small, an expert on China-Pakistan relations at the German Marshall Fund, pointed out on Twitter, "Pakistan's value to China is partly as a

counterbalance to India." A Pakistan irreparably at odds with the U.S. is less valuable to Beijing.

To his credit, Mr. Trump appears not to buy Pakistan's strategy of negotiating with a gun to its own head. As long as Pakistan's generals believe that the U.S. is more worried than they are about Pakistan's stability, they have license to act irresponsibly.

Under Mr. Trump, serious U.S. pressure—sanctions against key ISI officers, expanding drone strikes from the Pakistan border with Afghanistan to the rest of the country, nudging the IMF to take a less lenient view of Pakistani loan repayments—suddenly appears plausible, even likely.

The president's penchant for Twitter means that Pakistan risks allowing the idea that it is a foe of America to seep even deeper into the public consciousness. According to a 2016 Gallup poll, 7 in 10 Americans already had an unfavorable view of Pakistan.

For the U.S., then, Mr. Trump's unconventional manner may be an asset. "The trick is for the Pakistanis to think the president is crazy," says Daniel Markey, a professor of international relations at Johns Hopkins University. "As long as he's not actually crazy."

## Split Up the Ninth Circuit—but Not Because It's Liberal

By Mark Brnovich and Ilya Shapiro

**P**resident Trump's frustration with federal judges, particularly on immigration issues, has led him to join calls to "break up" the sprawling Ninth U.S. Circuit Court of Appeals, based in San Francisco. "It just shows how broken and unfair our Court System is," the president tweeted this week after an unfavorable ruling from a district judge, "when the opposing side in a case (such as DACA) always runs to the 9th Circuit and almost always wins before being reversed by higher courts."

Splitting up the court would be the right decision, but not for the

political reasons Republicans often invoke.

The Ninth Circuit has been a boogeyman for conservatives for decades. The only federal appellate court that already had a majority of Democrat-appointed judges when Barack Obama took office, it epitomizes the progressive legal vanguard on environmental regulation, same-sex marriage, gun control, immigration and almost everything else.

But splitting the court wouldn't necessarily push jurisprudence in a conservative direction. The Ninth Circuit's ideological tilt is a function not of geography but history. To reflect the growing population of Western states, and thus the case-load, Congress added 10 judgeships

to the Ninth Circuit in 1978, nearly doubling its size. Jimmy Carter filled those seats.

Later, most semiretired judges on the Ninth Circuit timed their taking of senior status to coincide with Democratic presidencies. The result is a political skew that would take a long run of Republican presidents to flip.

There are other reasons, however, for breaking up the Ninth Circuit. One is its sheer size. The court covers territory running from Arizona to Alaska and Montana to Hawaii. That's 40% of the nation's land mass and 20% of its population. As a result, it decides an extraordinary number of appeals—more than 11,000 a year, half again as many as the second-busiest circuit and nearly triple the average.

The Ninth Circuit has an astonishing backlog, accounting for nearly a third of all pending federal appeals. It takes an average of 13 months to decide a case, the longest of any circuit and almost five months more than the national median. Judge Richard Tallman, a Clinton appointee on the Ninth Circuit who favors a split, told the Senate last summer that a legal brief in a pending appeal "is frequently years old and contains stale case law, by the time we can get to it."

A second problem is the court's unpredictability. Federal appeals courts hear cases in three-judge panels. But the Ninth Circuit has 29 judgeships, meaning there are more than 3,600 combinations of three. Judges can go years before hearing cases with some of their colleagues.

That's before including senior judges and visiting judges, which the Ninth Circuit uses more than any other court. These visitors do yeoman's work managing the case-load, but they can hardly be expected to be familiar with local precedents, given that the Ninth Circuit generates more than 550 published opinions a year.

**The court has too many judges, leading to backlog and inconsistency in applying the law.**

"Such a system affords hardly enough time for Ninth Circuit judges even to stay informed about developments in our law, let alone to ensure consistency," Judge Diarmuid O'Scannlain, a Reagan appointee, wrote in testimony to the Senate this year. In 1999, Justice John Paul Stevens said the Ninth Circuit was "so large that even the most conscientious judge probably cannot keep abreast of her own court's output."

Even more striking is the court's peculiar "en banc" process. In every other circuit, all the judges on the court sit together to hear an en banc appeal from a panel decision. But because of its size, the Ninth Circuit uses a randomly selected 11-judge panel instead. That means that a six-judge majority can set precedent that binds 23 others. The Ninth Circuit does have a provision for a full-court "super" en banc, but it's so unwieldy that it has never been used.

Proponents of the status quo have emphasized the "economies of scale" from a large circuit. But if bigger were inherently better, then why not dispense with regional circuits altogether and just employ one gargantuan nationwide court of appeals? Smaller circuits encourage substantive knowledge of local law and collegiality among the judges.

A common idea for splitting the court is to hive off California, Hawaii and the Pacific islands (and possibly Oregon) into new circuit. Skeptics complain the resulting court would be unbalanced given California's size. But in many circuits one state dwarfs the others: New York generates nearly 90% of cases in the Second Circuit, Texas 60% in the Fifth, Illinois 64% in the Seventh, and Florida 62% in the 11th (which was split from Fifth in 1981).

Because the Supreme Court reviews so few cases, the legal buck generally stops in the circuit courts. The quality of justice is harmed, therefore, when circuit rulings are slow, inconsistent and made by judges unfamiliar with local law.

At an appropriations hearing in 2007, Justices Anthony Kennedy and Clarence Thomas testified that there was a consensus on the Supreme Court that the Ninth Circuit should be broken up. That would require an act of Congress. Lawmakers should give Mr. Trump what he wants, even if for a completely different reason.

*Mr. Brnovich is attorney general of Arizona. Mr. Shapiro is a senior fellow in constitutional studies at the Cato Institute.*

## THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES &amp; COMPANY

Rupert Murdoch  
Executive Chairman, News CorpGerard Baker  
Editor in ChiefMatthew J. Murray Karen Miller Pensiero  
Executive Editor Managing Editor

Jason Anders, Chief News Editor; Thorold Barker, Europe; Elena Cherney, Coverage Planning;

Andrew Dowell, Asia; Neal Lipschutz, Standards;

Meg Marco, Digital Content Strategist; Alex Martin, Writing; Mike Miller, Features &amp; Weekend;

Christopher Moran, Video; Shazna Nessa, Visuals;

Rajiv Pant, Technology; Ann Podd, News Production; Matthew Rose, Enterprise;

Michael Sconolli, Investigations; Nikki Waller, Live Journalism; Stephen Wisniewski, Professional News; Carla Zanini, Audited &amp; Analytics

Paul A. Gigot, Editor of the Editorial Page;

Daniel Henninger, Deputy Editor, Editorial Page

WALL STREET JOURNAL MANAGEMENT:

Suzi Watford, Marketing and Circulation;

Joseph B. Vincent, Operations;

Larry L. Hoffman, Production

Robert Thomson  
Chief Executive Officer, News CorpWilliam Lewis  
Chief Executive Officer and PublisherDOW JONES MANAGEMENT:  
Mark Musgrave, Chief People Officer;

Edward Roussel, Innovation &amp; Communications;

Anna Sedgley, Chief Operating Officer;

Katie Vanecek-Smith, President

OPERATING EXECUTIVES:  
Ramin Beheshti, Product & Technology;

Jason P. Conti, General Counsel;

Frank Filippo, Print Products &amp; Services;

Steve Grycuk, Customer Service;

Kristin Heitmann, Transformation;

Nancy McNeill, Advertising &amp; Corporate Sales;

Christina Van Tassel, Chief Financial Officer;

Jonathan Wright, International

DJ Media Group;

Almar Latour, Publisher;

Kenneth Breen, Commercial

Professional Information Business;

Christopher Lloyd, Head;

Ingrid Verschuren, Deputy Head

DOW JONES  
News Corp

EDITORIAL AND CORPORATE HEADQUARTERS:

1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

## WORLD NEWS

# Europe Showdown Looms Over Refugees

EU faces divisions—and a June deadline—to decide how to share the migrant burden

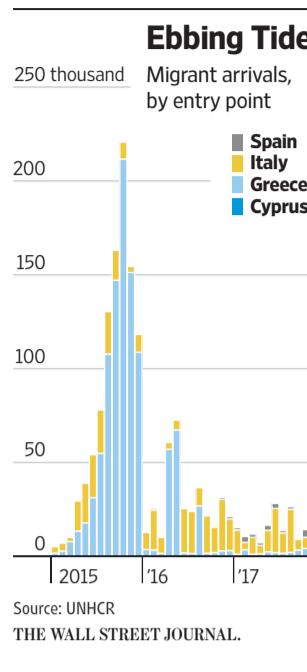
By VALENTINA POP

BRUSSELS—After a year of quiet, European leaders are back on a collision course over how to handle refugees.

The European Union, which had delayed overhauling its contentious system for dealing with the hundreds of thousands of people seeking asylum, has now set itself a June deadline for a compromise. In the meantime, positions have hardened.

Anti-immigrant parties have gained strength in Germany and Austria. President Donald Trump's statements and policies have emboldened European migration opponents. Hungarian Prime Minister Viktor Orban—an early opponent of a welcoming approach—recently compared EU leaders' discussions on the issue to "close combat."

How Europe addresses the problem will determine not just the fate of asylum seekers, thousands of whom are stuck in squalid camps in Greece and Italy. A growing gap among bloc members has the potential to complicate other diffi-



cult decisions as less-powerful countries grow increasingly resentful of Brussels.

The divisions emerged in 2015, when nearly one million migrants arrived in Europe's southeast, mainly from Syria and Iraq. Richer countries from the west and north advocated distributing the refugees across the bloc, but several ex-communist members have refused to accept displaced Muslims. The result has been stalemate.

That rift was papered over



SIEGFRIED MODLA/REUTERS

Migrants entering France from Italy last month. Positions are hardening over how to handle migration.

in the wake of the U.K.'s vote to leave the bloc, one largely driven by concerns over migration from poorer EU states. But amid growing impatience from France and Germany, European Council President Donald Tusk in December set the new deadline and put the issue back on the front burner.

A 2016 deal with Turkey to prevent large flows of migrants has helped reduce the numbers, but how to distribute refugees who have already made it to the EU remains a

major stumbling block. European leaders are also grappling with improving conditions in camps, providing schooling for migrant children and sending back migrants who don't qualify for asylum.

The debate is crystallizing anger among some countries over the power of the EU's executive, the European Commission.

EU rules put the onus on the first country of arrival to handle asylum seekers, no matter how large the number.

As refugees overwhelmed Italy and Greece, the commission drew up national quotas. EU ministers overruled objections and approved redistributing roughly 100,000 asylum seekers from the frontline states.

Hungary, Poland and the Czech Republic refused to comply and sued the commission. The bloc's top court ruled against them but the countries remain undeterred. They are now opposing a new proposal to activate such quotas in case of another crisis.

Richer members of the EU—the destination for most migrants—are suggesting that if easterners remain recalcitrant, they will get less money in the next EU budget.

Günther Oettinger, the bloc's top official overseeing budget negotiations that start in May, warned on Monday against such retribution. Supporting migration through cuts in EU funds for eastern members "will split the European family," he said. "And we already have enough divisions among us."

EU elections are coming in May 2019, bringing in a new commission and Parliament, so if they don't get new legislation proposed by June, there won't be enough time to get it debated and ratified. If no compromise emerges by then, the decision will be taken by a majority vote—which eastern holdouts will likely lose again. The widening split has the potential to spill over into other EU debates.

Largely lost in the debate are the migrants themselves. Rome and Athens are trying to return some to countries deemed safe, including Turkey, but the number of deportations is far lower than that of arrivals. Meanwhile, camps are spilling over, leaving some refugees living in flimsy tents, exposed to winter weather and violence.

## Post-Draghi Era Bargaining Begins

By TODD BUELL

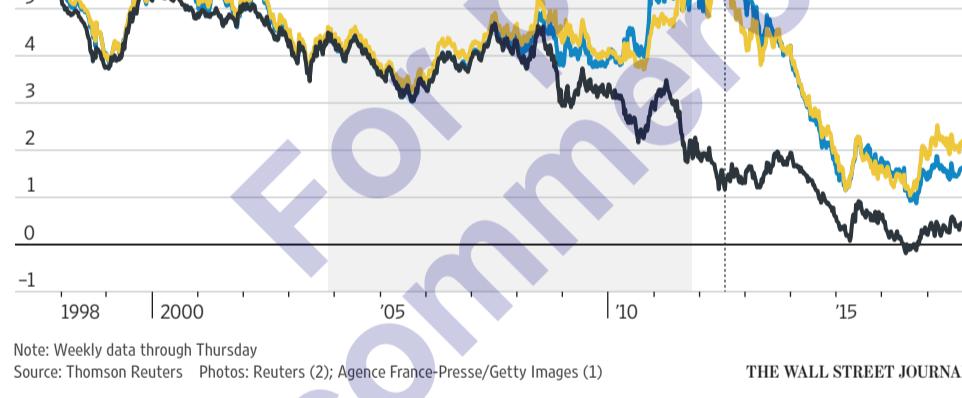
### Magic Words

The head of the ECB can move markets in seconds, as Mr. Draghi did in a July 2012 speech.

#### ECB presidents



#### Yields on 10-year government bonds



THE WALL STREET JOURNAL.

FRANKFURT—This year has only begun, but many in the European Union's capital city of Brussels are already contemplating big changes for next year, including Brexit and European Parliament elections. Perhaps the most significant transition of 2019, however, will happen in Frankfurt when European Central Bank President Mario Draghi leaves his post.

Many credit Mr. Draghi with saving Europe's economy in July 2012, when he pledged to do "whatever it takes to preserve the euro." His intervention set Southern European bond yields plummeting, thus demonstrating that the ECB president's words can influence international financial markets far faster and more profoundly than those of any EU official in Brussels.

The ECB head's sway explains why jockeying to succeed Mr. Draghi has already begun.

When eurozone finance ministers meet this month, they are likely to call for candidates to succeed ECB Vice President Vitor Constâncio. The 74-year-old Portuguese economist departs at the end of May, when his nonrenewable, eight-year term as the bank's sole vice president expires.

Spain is eager for the post. "Spain deserves this position," Spanish Finance Minister Luis de Guindos said in November. Madrid lost a spot on the bank's six-member board in 2012 when José Manuel González-Páramo's term ended. Mr. de Guindos himself is a probable nominee, although he has declined to comment on his potential nomination. A Finance Ministry spokeswoman on Wednesday declined to comment further.

The decision ultimately lies in the hands of European na-

tional leaders, and analysts expect a bargaining process that will feed into Mr. Draghi's succession. Germany, many speculate, might support a Spanish candidate for the deputy position with the understanding that Spain would later support Bundesbank President Jens Weidmann for the top ECB job.

Germans have waited for the top ECB post since the bank's creation two decades ago. Berlin in recent years has watched helplessly, though hardly silently, as the Italian Mr. Draghi pushed through policies anathema to Germany's devotion to saving and sensitivities about inflation, such as buying government bonds and pushing interest rates below zero.

Germany has a strong claim to choose the next ECB Presi-

dent. Mr. Draghi's predecessors, Wim Duisenberg and Jean-Claude Trichet, came from the Netherlands and France, respectively, two top-tier eurozone economies. Many believe Germany's turn is next. But it is hardly a done deal.

Putting a German atop the ECB—an institution already based in Germany and largely built on the model of Germany's Bundesbank—might be seen as granting the country outsized influence. That is an especially sensitive point given that its economy has grown steadily over the past decade, while some of its eurozone peers suffered under austerity packages that Germany aggressively pushed.

Even if Mr. Weidmann gets the nod, analysts warn not to overestimate the chances of a policy change.

"I don't expect a complete change of course," said Marcel Fratzscher, head of Germany's DIW think tank. "I would see that as unlikely to happen, no matter who the president is."

—Jeannette Neumann in Madrid contributed to this article.

## ECB Minutes Signal A Pivot on Stimulus

By TOM FAIRLESS

FRANKFURT—The European Central Bank indicated that it might move sooner than investors had expected to phase out its giant bond-buying program, giving a jolt to eurozone markets.

The ECB's change of course comes amid a sharp rebound across the 19-nation eurozone economy, which has sparked a public dispute among top ECB officials over whether their stimulus policies have become too aggressive.

The minutes of the bank's December policy meeting, published Thursday, show that officials considered a move "early in the coming year" to further reduce the stimulus, assuming economic growth remains strong.

Specifically, the ECB might soften its pledge to continue its €2.5 trillion bond-buying program, known as quantitative easing, until inflation reaches its target of just below 2%.

The news came as a surprise to investors because ECB President Mario Draghi gave no indication after the bank's December meeting that its policy might soon change.

The euro jumped 0.8% against the dollar to \$1.2042 after the minutes were published, while the yield on 10-year German government bonds surged above 0.5%.

The change had been anticipated by analysts but it came "sooner than we would have assumed," said Jennifer McKeown, an economist with Capital Economics in London.

The release of the minutes comes amid signs the eurozone economy is in its best shape in more than a decade. Consumer sentiment is at its highest since the turn of the

century, unemployment is close to a nine-year low, and industrial production is booming, rising 1% on the month in November, according to data published Thursday by the European Union's statistics agency.

In a nod to those developments, the ECB pledged to extend QE through September but at a reduced pace of €30 billion (\$36 billion) a month from €60 billion.

That reduction wasn't enough for some ECB officials. The governors of the Dutch and German central banks complained that the ECB wasn't moving decisively enough to end its crisis-era policies. Members of the bank's six-member executive board voiced similar concerns.

### German GDP Grew By 2.2% Last Year

BERLIN—Germany's economy grew at the fastest annual pace in six years in 2017, according to data released Thursday, adding further weight to a pickup in growth across the eurozone.

The German statistics office said gross domestic product grew 2.2% last year, after economists polled by The Wall Street Journal expected growth of 2.3%. Still, it was the fastest recorded growth since 2011.

The office also said it expects the economy to have grown 0.5% quarter-to-quarter in the final three months of the year. Economists expect Germany's positive growth momentum to continue in the current year.

—Todd Buell

## Myanmar Forces Admit Involvement in Killing of 10 Muslims

By BEN OTTO

Myanmar's military said it was involved in the killings of 10 Muslims found in a mass grave last month in restive Rakhine state, its first admission of wrongdoing in a conflict that the U.S. has labeled ethnic cleansing and has displaced hundreds of thousands of people.

A statement posted Wednesday on the Facebook page of military commander Sr. Gen. Min Aung Hlaing described the 10 men as armed Bengali terrorists who had been arrested when about 200 armed attackers tried to assault security forces in early September.

Members of security forces and Buddhist villagers confessed to killing the men instead of turning them over to

police partly as a reprisal for past intimidation and the killing of a local by other people, the statement said. It said actions would be taken against those people, as well as against officers who failed to report the incident.

The term Bengali is often used in Myanmar to describe illegal immigrants from Bangladesh. It is frequently directed at the more than one million ethnic Rohingya Muslims who live in Buddhist-majority Myanmar before a military crackdown against the group that began in August.

Rohingya, many of whom have lived in Myanmar for generations, are denied citizenship and rape by Myanmar military forces. In November, the U.S. described the military's clearance of Rohingya villages as "ethnic cleansing," echoing language used by some other governments and the United Nations.

The military had previously denied wrongdoing in the conflict. It exonerated itself of accusations of atrocities, including rape and killings, in an internal investigation in November.

Amnesty International

called the military's admission of wrongdoing "the tip of the iceberg," saying it warrants serious independent investigation into what other atrocities were committed.

A spokesman for Aung San Suu Kyi, Myanmar's civilian leader, didn't reply to a request to comment.

The military crackdown last year was sparked by attacks by a militant group known as the Arakan Rohingya Salvation Army. ARSA has been largely quiet in recent months, but last week it ambushed a military truck in Rakhine, injuring five people. In a statement after that attack, ARSA commander-in-chief Ata Ullah said the group was "left with no other option to but combat Burmese state-sponsored terrorism" against the Rohingya population.

## Japan Chides China Over Naval Forays

By CHIEKO TSUNEOKA

TOKYO—Japan summoned China's ambassador on Thursday after it said it detected a submarine and a frigate in waters near islands held by Japan and claimed by China.

Japan said a Chinese Jiangkai II class frigate entered a contiguous zone around the Japanese-held Senkaku islands—which China calls Diaoyu—on Thursday. It said a submarine went in and out of the contiguous zone on Thursday.

Statements from China's defense and foreign ministries didn't mention the presence of the submarine.



ALLISON JOYE/GETTY IMAGES

Rohingya refugees in Balukhali camp in Cox's Bazar, Bangladesh.

and rape by Myanmar military forces. In November, the U.S. described the military's clearance of Rohingya villages as "ethnic cleansing," echoing language used by some other governments and the United Nations.

# BUSINESS & FINANCE

© 2018 Dow Jones &amp; Company. All Rights Reserved.

\*\*\*\*\*

THE WALL STREET JOURNAL.

Friday, January 12, 2018 | B1

S&amp;P 2767.56 ▲ 0.70%

S&amp;P FIN ▲ 0.47%

S&amp;P IT ▲ 0.48%

DJ TRANS ▲ 2.30%

WSJ \$IDX ▼ 0.41%

LIBOR 3M 1.720

NIKKEI (Midday) 23697.46 ▼ 0.05%

See more at [WSJMarkets.com](http://WSJMarkets.com)

## Facebook to Overhaul News Feed

**Facebook** Inc. is broadly overhauling the way it presents news and information on its platform, as it struggles to address criticism from users

By Deepa Seetharaman, Lukas I. Alpert and Benjamin Mullin

and others about the quality of the content shared there and its effect on society.

Under planned changes announced Thursday, Facebook will favor posts, photos and videos in the news feed that

are shared and discussed among users and their friends over those posted by businesses and news organizations—a likely blow to companies that rely on Facebook to reach customers. The company also is weighing another major change that could eventually elevate media outlets deemed more trustworthy compared with publishers considered less credible, people familiar with the matter said.

Chief Executive Mark Zuckerberg on Thursday called the initial move “a major change in how we build Facebook” that

would decrease how much time users spend on the platform and hurt publisher traffic, but ultimately make users happier and boost Facebook’s business.

The other potential change would involve ranking news outlets based on some measures of credibility, such as public polling about news outlets, and whether readers are willing to pay for news from particular publishers, the people familiar with the matter said. Such variables would inform the Facebook algorithms that determine which publishers’ posts are pushed higher in

the feed, one of the people said.

Such a move would thrust Facebook into an even more active role in deciding what content is acceptable on its site—a role that makes some publishers uneasy. The company hasn’t decided whether to proceed with that shift, and it may choose not to do so.

This potential change, as well as the steps outlined Thursday, illustrate Mr. Zuckerberg’s willingness to make big changes and consider ideas he previously resisted to address the growing risks looming over the company that he

co-founded 14 years ago and that is now used by more than two billion people.

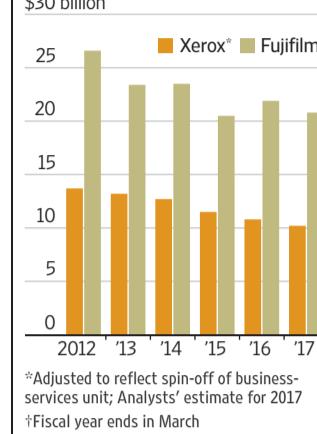
Thursday’s announcement follows criticism, including from some former Facebook executives and employees, that Facebook is designed to foster dependence on its platform. Facebook addressed those concerns in a blog post last month that said “passive” social-media use could be harmful to users’ mental health.

Mr. Zuckerberg said Thursday that the results of Facebook’s internal research and

Please see NEWS page B2

### Unequal Partners

Annual revenue for Xerox and Fujifilm.



\*Adjusted to reflect spin-off of business-services unit; Analysts' estimate for 2017

†Fiscal year ends in March

Sources: S&P Capital IQ; Thomson Reuters

THE WALL STREET JOURNAL.

## In Talks, Fujifilm Outshines Xerox

By MAYUMI NEGISHI AND DAVID BENOIT

TOKYO—When **Fujifilm Holdings** Corp. first started a joint venture in photocopiers with **Xerox** Corp. more than 55 years ago, the Japanese company was in the shadow of its famous U.S. partner.

Now, the positions are reversed. Fujifilm has reinvented itself after the demise of what had been its core product and is in good health, while a decline in office printing has left Xerox languishing.

That is the backdrop for deal talks between the two companies that The Wall Street Journal reported could include a change of control at Xerox.

The idea animating the discussions, according to people familiar with the matter, is that their existing partnership could facilitate an integration that has the potential to yield major cost savings.

Xerox investors cheered the possibility Thursday, pushing the stock up 5% to \$31.86 and its market capitalization to \$8 billion. Shares of Fujifilm, which has a market cap of \$22 billion, fell 1.8% on the news.

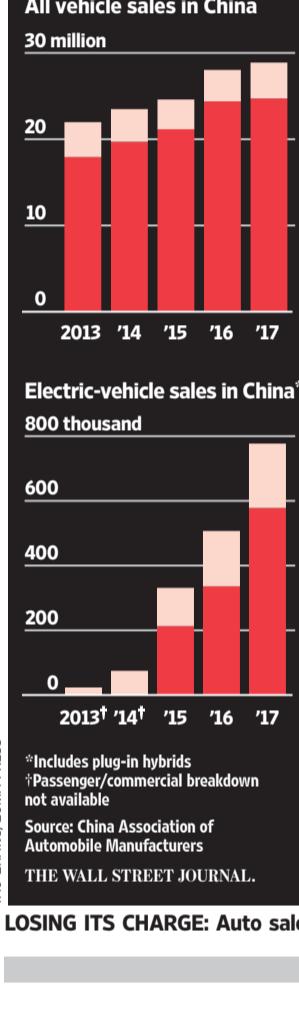
Fujifilm has been an active deal maker for years, and said in August it planned to spend more than \$4 billion over the next three years for acquisitions.

Once known mainly for photographic film and its global battle against **Eastman Kodak** Co. for consumer sales, Fujifilm today generates most of its more than \$20 billion in annual revenue from products other than the one incorporated.

Please see XEROX page B2

◆ Heard on the Street: Xerox should copy Fujifilm tack... B12

## Despite Jump in Electric Vehicles, China's Car Market Cooled in 2017



LOSING ITS CHARGE: Auto sales in China last year grew at their slowest pace since 2011, although EV sales rose 72%. An electric car in the Chinese city of Harbin. B3

## ETF Tug of War Sparks Allegations of Theft

By ASJLYN LODER

The alleged theft of a \$1.4 billion exchange-traded fund business raises questions about who owns an ETF.

In the spotlight is a fund that invests in cybersecurity stocks. Best known by its ticker HACK, the fund was launched days before the 2014 breach of Sony Pictures Entertainment, and the publicity helped the fund raise \$1 billion in just seven months. Andrew Chanin, the then-30-year-old co-founder and chief executive of **PureFunds**, was lauded as the whiz kid behind HACK’s

success.

Last summer, according to two lawsuits, his PureFunds ETFs were stolen.

HACK is mired in a bitter legal battle that is being closely followed in the \$3.2 trillion ETF industry. At stake is control of the former PureFunds ETFs as well as the considerable profit, more than \$300,000 a month for HACK alone, according to estimates Nasdaq Inc. provided to the court.

“The fund was so successful, and so many people watched its ascent,” said Christian Magoon, an ETF in-

dustry veteran who shared in HACK’s profits before it wound up in court. “Now it’s like a car accident, and you can’t look away.”

Mr. Chanin and **Nasdaq**, which last year bought the firm that financed Mr. Chanin’s startup in return for a share of the profits, allege in separate lawsuits that the funds were swiped by Sam Masucci, head of a New Jersey company that helps would-be ETF providers run the day-to-day operations of their funds.

The company “fabricated frivolous legal claims that they used to terminate their agree-

ments with Nasdaq and PureFunds in an attempt to unlawfully steal the PureFunds ETF,” Nasdaq said in its lawsuit, filed in October in the U.S. District Court for the Southern District of New York.

Mr. Masucci said there has been no theft because the ETFs never belonged to PureFunds or Nasdaq.

Investors still own their shares, which trade as before. The ETF assets, such as the cybersecurity stocks HACK invests in, remain with a bank custodian.

The dispute highlights the complex behind-the-scenes

mechanics of the ETF industry. ETFs are often billed as the simplest of investment products. By buying just one ETF share, investors can gain exposure to hundreds of stocks or bonds.

Beneath that seeming simplicity is a sprawling industry with different companies specializing in everything from printing prospectuses to safeguarding assets. While big firms like BlackRock Inc. or Vanguard Group manage many of these jobs in-house, smaller companies like Mr. Chanin’s rely on outside contractors.

Please see ETFS page B2

STREETWISE | By James Mackintosh

## Stocks Are Expensive But Better Than Bonds

Bond yields are on the rise again, and it is making shareholders jittery. They are right to worry, as low yields are the main support for historically high stock valuations, but bonds aren’t creating serious trouble for the equity market yet.

Bonds matter to shareholders in many ways, with the most obvious being that they are the main alternative investment, along with cash. Shares are very expensive compared with their own history on almost every measure, but compared with locking in a paltry 2.5% for 10 years they don’t look so bad. Analyst estimates of forward-looking operating earnings are 5.4% of the price of the S&P 500 and forecast to keep rising in future years. Why settle for

2.5% from bonds when the earnings yield on stocks is double that?

The question comes down to one of reward for risk. Earnings are uncertain, so shareholders should get an extra reward for the risk of holding stocks compared with the certainty offered by Treasuries. That reward, known as the equity risk premium, shrinks if bond yields rise faster than the outlook for profit.

Working out this equity risk premium is contentious. The principle is to estimate how much companies will generate for shareholders in the future and compare it with bonds, but there is little agreement on how to do that. We care about the future, and we want something long term, so typically the focus is on estimates for operating earnings, stripping out one-offs. Unfortunately,

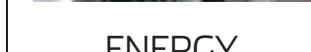
Please see STREETWISE page B10

INTERNET CAN’T KILL AD CIRCULARS

MARKETING, B3

ENERGY REFUELS STOCK RALLY

THURSDAY’S MARKETS, B11



## U.S. Is Poised to Refashion Rules on Lending to the Poor

By RACHEL LOUISE ENSIGN AND RYAN TRACY

The Trump administration plans to unveil a major revision to decades-old banking rules that mandate lending to low-income borrowers.

Changes to the regulations of the Community Reinvestment Act—a law first enacted in 1977—could potentially transform the way banks make billions of dollars in loans, investments and donations to customers in low- and moderate-income areas.

In all, any changes could make it easier for banks to meet certain lending requirements and lower penalties for compliance problems.

In recent years, the law has become a source of conflict between community groups that want the rules to be enforced more strongly and bankers who argue regulations are too bureaucratic, that they haven’t kept up with technological

changes, don’t recognize some forms of lending and penalize activities that aren’t directly tied to the act.

Community groups don’t like the way CRA is today, the banks don’t like the way CRA is today, and regulators don’t

like it,” said Comptroller of the Currency Joseph Otting, whose agency is also planning changes to the way it regulates banks’ compliance with the law. “I have a very strong viewpoint of how to fix this.”

Some changes have already gone into effect; last year the OCC made it harder for banks to be penalized under CRA for reasons not directly tied to lending under it. In early 2018, the Treasury Department is planning to unveil broader recommendations to revamp the government’s enforcement of the law, according to a Treasury spokeswoman.

The CRA was originally passed to stop “redlining”—a practice predominant in the 1960s and 1970s where banks wouldn’t lend money in certain poor neighborhoods, often hurting black and minority residents. Community groups that support the law fear that any rollback could mean low-

Please see LOANS page B10

Please see XEROX page B2

## INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	F	NXP Semiconductors..B4
Advanced Micro Devices .....	Facebook.....B1,B2	PebblePost.....B3
Alaska Air Group.....B12	FAW Group.....B3	PricewaterhouseCoopers .....
Allergan.....B6	Fereshtegan.....A9	B6,B12
Altice.....B6	Fiat Chrysler Automobiles.....B2,B3	PureFunds .....
Altice USA .....	Ford Motor .....B2,B3,B6	Qualcomm .....
Amazon.com .....	FujiFilm Holdings B1,B12	Ripple .....
American Airlines Group .....	Fuji Xerox.....B2	SAIC Motor .....
B12	G	Satyam Computer Services .....
Apple.....B4,B12	Geely Automobile Holdings.....B3	Softbank Group.....B4
Arjuna Capital.....B2	General Motors ....B2,B3	Sony .....
ARM Holdings.....B4	Grupo Aeromexico.....A2	Southwest Airlines ..B12
B	Guangzhou Automobile Group Motor .....	Space Exploration Technologies .....
Banco Bilbao Vizcaya Argentaria.....B10	H	Starz .....
Banco Santander .....	Hartsfield-Jackson International Airport B3	Steinhoff International Holdings .....
Boston Consulting Group.....B3	HBOS.....B12	T
Boxed.com.....B3	Hess.....B11	Takata.....B6
Broadcom.....B4	I	Target.....B11
C	International Business Machines.....B6	Tech Mahindra .....
CBS.....A1	J	Tesco .....
Chevron.....B11	JetBlue Airways.....B12	Teva Pharmaceutical .....
Chongqing Changan Automobile .....	Johnson & Johnson....B6	Toyota Motor.....B2,B3
Colonial Bank.....B12	K	Twitter .....
Costco Wholesale.....B3	Kohl's.....B11	U
D	M	UBS Group.....B10
Delta Air Lines...B3,B12	Marriott International B6	W
DiracTV.....A4	Mazda Motor .....	Wal-Mart Stores.....A1
Dish Network.....A1	Microsoft.....B4	X
Dongfeng Motor Group .....	MoneyGram International.....B10	Xerox.....B1,B11,B12
B3	N	
DropBox.....B4	Northrop Grumman....B4	
E	O	
Eastman Kodak...B1,B12	P	
Endo International.....B6	Polster, Dan .....	
ETF Managers Group..B2	Q	
B4	Jeyanayagam, Jackson .....	S
B5	K	T
G	Kavanaugh, James.....B6	Toyoda, Akio .....
Baehr, Sarah .....	Keay, Hunter.....B12	W
Batcha, Jay .....	Gersh, Lewis.....B3	White, Dana .....
Baumohl, Bernard .....	Giddis, Kevin.....B11	Wien, Byron .....
Bell, Lindsey .....	Goad, Nick.....B3	Wong, Edwin .....
Bernstein, Ian .....	Goei, Dexter.....B6	Z
C	Gross, Bill.....B10	Zuckerberg, Mark .....
Carson, Jonathan.....B6	Gupta, Deepak.....B10	
Cassino, Kip.....B3	H	
Chanin, Andrew .....	J	
Chesney, Bret.....B11	K	
Cordray, Richard.....B10	L	
D	M	
Daingerfield, Brian ...B11	N	
Deason, Darwin .....	O	
DeWine, Mike.....B6	P	
Drahi, Patrick.....B6	Q	
E	R	
English, Leandra.....B10	S	
F	T	
Frankel, Emily.....B3	U	
G	V	
Lambert, Alexa.....M2	W	
Masucci, Sam.....B1	X	
McWatters, Mark.....B10	Z	

## INDEX TO PEOPLE

B	G	Lambert, Alexa.....M2
Baehr, Sarah .....	Galanti, Richard.....B3	M
Batcha, Jay .....	Garlinghouse, Brad...B10	Masucci, Sam.....B1
Baumohl, Bernard .....	Gersh, Lewis.....B3	McWatters, Mark.....B10
Bell, Lindsey .....	Giddis, Kevin.....B11	O
Bernstein, Ian .....	Goad, Nick.....B3	Osborne, Michael.....B3
C	Goei, Dexter.....B6	Otting, Joseph.....B1
Carson, Jonathan.....B6	Gross, Bill.....B10	P
Cassino, Kip.....B3	Gupta, Deepak.....B10	Polster, Dan .....
Chanin, Andrew .....	H	S
Chesney, Bret.....B11	J	Schroeter, Martin.....B6
Cordray, Richard.....B10	K	T
D	L	Toyoda, Akio .....
Daingerfield, Brian ...B11	M	W
Deason, Darwin .....	N	White, Dana .....
DeWine, Mike.....B6	O	Wien, Byron .....
Drahi, Patrick.....B6	P	Wong, Edwin .....
E	Q	Z
English, Leandra.....B10	R	Zuckerberg, Mark .....
F	S	
Frankel, Emily.....B3	T	
G	U	
Lamb, Natasha.....B2	V	
M	W	
Zuckerberg, Mark .....	X	

## ETFS

Continued from the prior page

The dispute over HACK's rightful ownership is tangled in that web of relationships.

Before HACK's debut, Mr. Chanin was an ex-ETF trader trying to launch his own funds. He found a partner in the International Securities Exchange, an options and data firm that had established a Silicon Valley-style incubator to provide funding for ETF startups. ISE is now part of Nasdaq.

To manage the day-to-day operations of the ETFs, Mr. Chanin hired a firm led by Mr. Masucci, a former Bear Stearns mortgage trader

Sam Masucci says the ETFs didn't belong to PureFunds or Nasdaq.

turned ETF entrepreneur, according to the lawsuit filed in May by Mr. Chanin in New Jersey Superior Court.

Mr. Masucci already had made one foray into ETFs with renowned Yale University economist Robert Shiller. After that venture founded, Mr. Masucci was hired to turn another faltering ETF franchise, now **ETF Managers Group**, into a firm that helps other ETF providers run their funds.

The first three PureFunds ETFs launched in late 2012. But two were quickly closed, and a third struggled to raise enough assets to cover its operating costs.

Then ISE approached Mr. Chanin with the idea for a cybersecurity ETF, Mr. Chanin said. If it was a hit, he would reap as much as 30% of the fund's profits.

HACK launched in November 2014. Twelve days later, a group calling itself Guardians of Peace breached the computer network at Sony Pictures, and investors flooded into HACK.

Though the ETFs bore Mr. Chanin's PureFunds brand, a peculiarity of fund law gave Mr. Masucci significant con-

trol. Almost all ETFs are distinct investment companies managed by an adviser and overseen by independent trustees. Mr. Masucci's ETF Managers Group serves as HACK's adviser, and Mr. Masucci is president of the three-member board of trustees.

As the adviser, Mr.

Masucci's firm oversaw the operation of the ETFs, including managing the fees paid by investors, which grew to more than \$600,000 a month, according to interviews with Messrs. Chanin and Masucci, as well as records provided in both lawsuits. Mr. Masucci paid subcontractors, collected his own fees and then forwarded any profits to ISE, which paid Mr. Chanin's cut.

In June 2016, Nasdaq bought ISE. Soon after, Mr. Chanin stopped getting his monthly checks. According to court records, Mr. Chanin emailed Mr. Masucci, who blamed Nasdaq, but Nasdaq told him Mr. Masucci hadn't turned over HACK's profits.

Complicating matters, Nasdaq and Mr. Masucci were fighting over a separate ETF marketing contract that paid Mr. Masucci's firm more than \$1 million a year, according to Nasdaq's lawsuit and an interview with Mr. Masucci.

Nasdaq, in its lawsuit, accused Mr. Masucci of overbilling and failing to provide justification for his expenses.

Mr. Masucci said that Nasdaq withheld money it owed to bully him into renegotiating the marketing contract. When Nasdaq wouldn't pay, Mr. Masucci said he began taking what Nasdaq owed him out of HACK's profits.

Mr. Masucci said that, as the adviser and a trustee of the ETFs, he ousted Mr. Chanin and Nasdaq to protect investors. In late July, Mr. Masucci cut ties with Mr. Chanin and stripped the ETFs, including HACK, of the PureFunds brand. The fund's trustees, including Mr. Masucci, also voted to replace Nasdaq as the index provider, Mr. Masucci said.

Mr. Chanin and Nasdaq said in court records that Mr. Masucci's allegations are a smoke screen, and that his real motive was to steal the business. But Mr. Masucci said they are no longer entitled to any of the profit.

## BUSINESS & FINANCE

# Auto Makers Miss Emissions Goal

BY CHESTER DAWSON AND MIKE SPECTOR

Auto makers missed a U.S. emissions target for the first time despite achieving record fuel economy, setting the stage for intense lobbying before the Trump administration decides whether to roll back stringent environmental regulations.

Tailpipe emissions from passenger cars, pickup trucks and sport-utility vehicles during the 2016 model year were 9 grams a mile higher than allowed under federal regulations, the Environmental Protection Agency said in a report Thursday. Still, auto makers managed to avoid violating the standards, in part by using regulatory credits earned in previous years for exceeding targets. The expiration of a credit for flexible-fuel vehicles contributed to the industry's initial miss, the EPA said.

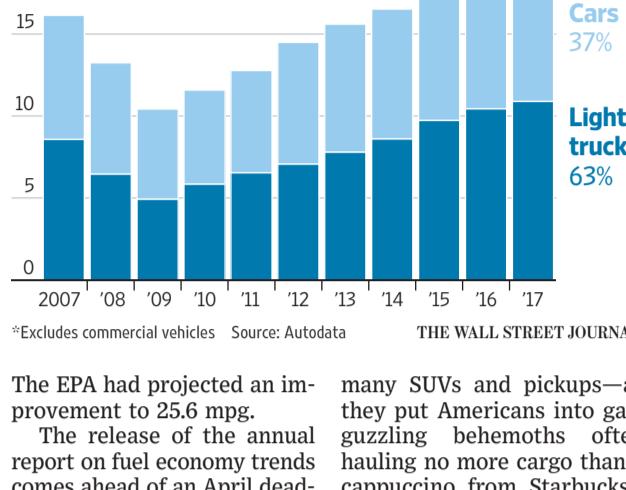
As for mileage, sold vehicles averaged a record-high 24.7 miles a gallon, the EPA said, though the industry's progress on better mileage stalled as consumers preferred large pickups and SUVs instead of smaller and more-efficient passenger cars.

Federal emissions standards push car companies to continually improve mileage, and the industry's annual targets are often expressed in terms of fuel economy. The 2016 mileage figure rose just 0.1 mpg.

## A Return to SUVs

Americans are buying more gas-guzzling pickups and SUVs at the expense of fuel-sipping sedans.

### Annual U.S. vehicle sales\*



The EPA had projected an improvement to 25.6 mpg.

The release of the annual report on fuel economy comes ahead of an April deadline for the Trump administration to decide whether to roll back Obama-era targets on reducing vehicle emissions and boosting miles per gallon.

On Thursday, environmental groups decried the lack of progress in average fuel economy. But industry groups say the latest figures simply reflect consumer demand.

"Auto makers are taking advantage of loopholes they demanded in the rules—and grabbing huge markups on

many SUVs and pickups—as they put Americans into gas-guzzling behemoths often hauling no more cargo than a cappuccino from Starbucks," said Dan Becker, director of the Washington-based Center for Auto Safety's Safe Climate Campaign.

A spokesman for the Alliance of Automobile Manufacturers said "customers value fuel efficiency, but with gas costs down, it's not their primary goal."

The lobbying group represents a dozen car companies, including **General Motors Co.**, **Ford Motor Co.** and **Toyota Motor Corp.**

The regulatory debate is

playing out in Washington as the Trump administration weighs delaying or relaxing a 2025 target for auto makers to cut emissions and sell vehicles averaging more than 50 mpg, based on complex government calculations. That figure translates to roughly 36 mpg in real-world driving, a requirement that environmentalists want to keep but industry groups argue is too ambitious given market conditions.

An EPA spokeswoman said the data unveiled Thursday is separate from the agency's evaluation of whether future standards should be changed.

Detroit's Big Three auto makers underperformed all other major vehicle manufacturers, due in large part to their fleet's higher mix of pickups and SUVs.

**Fiat Chrysler Automobiles**

NV ranked last among the 13 major auto makers cited in the report, with an average fuel economy of 21.5 mpg, according to initial certification data. GM and Ford were the only others with average fuel economy below 23 mpg, with 22.4 and 22.8, respectively.

Fiat Chrysler didn't respond directly to its performance described in the EPA report, but a spokesman said the company is focused on fuel economy improvements in line with car buying trends. Representatives for General Motors and Ford had no immediate comment.

## XEROX

Continued from the prior page

rated in its name. It has branched out into medical equipment, such as mammography machines, as well as cosmetics and electronic materials.

Even in photography, it focuses not on film but on hardware, such as high-end digital mirrorless cameras and its analog Instax instant camera, popular at weddings and birthday parties. Its printer and copier business faces long-term decline and yet continues to deliver significant profit.

Fujifilm's alliance with Xerox, called **Fuji Xerox**, sells its machines throughout the Asia-Pacific region. It was a 50-50 joint venture when started in 1962; Fujifilm gained control in 2000 when Xerox needed cash and the Japanese company paid \$1.3 billion for another 25% of the business.

The joint venture has recently been a source of angst for some Xerox investors.

Last year, billionaire Darwin Deason, the company's third-biggest shareholder, called on Xerox to renegotiate the joint venture after an accounting scandal surfaced at Fuji Xerox, people familiar with the matter said. He also raised concerns about the power Fujifilm could wield in any deal Xerox sought with other parties, given the importance of the Asian market, the people said.

Mr. Deason was the founder of Affiliated Computer Services, which Xerox bought in 2010, later to be split off as Conduent Inc. He maintains a 6% stake in Xerox.

Complicating matters, Nasdaq and Mr. Masucci were fighting over a separate ETF marketing contract that paid Mr. Masucci's firm more than \$1 million a year, according to Nasdaq's lawsuit and an interview with Mr. Masucci.

Nasdaq, in its lawsuit, accused Mr. Masucci of overbilling and failing to provide justification for his expenses.

## BUSINESS NEWS

# Chrysler Moves Output to U.S.

By CHESTER DAWSON  
AND JOHN D. STOLL**Fiat Chrysler Automobiles**

NV said Thursday it would invest \$1 billion to move production of profitable trucks from Mexico to Michigan, a move that will significantly lower the auto maker's exposure to potential changes to the North American Free Trade Agreement.

The company also said it would pay out \$2,000 to approximately 60,000 hourly and salaried employees in the wake of U.S. corporate tax reform. The payout follows moves by other companies, but is the first prominent bonus for auto industry employees.

The plan calls for the relocation of Ram Heavy Duty trucks from Saltillo, Mexico, to a factory in Warren, Mich. It fulfills a move that Fiat Chrysler executives have been saying they would consider making for about a year following a separate \$1 billion investment announcement in early 2017.

The company said moving the Ram Heavy Duty will add 2,500 new jobs in Warren. A commercial vehicle will eventually be built in the Saltillo plant.

The U.S., Canada and Mexico have been in negotiations to rewrite the 24-year-old Nafta agreement since August, and are headed for a crucial round in Montreal later this month. A main goal of the Trump administration in demanding the renegotiation has

been to stop—and reverse—the flow of auto production from the U.S. to Mexico.

By locating the vehicles' assembly in Michigan, FCA would have a hedge against the disruption that would be caused by a U.S. pullout from Nafta, or if the Trump administration demands for higher U.S. content became part of a revised agreement.

The U.S. representative in those talks, Robert Lighthizer, has complained that Mexico and Canada haven't been doing enough to satisfy U.S. demands.

But President Donald Trump, in an interview with The Wall Street Journal Thursday, was more positive, saying "We've made a lot of headway. We're moving along nicely." He did, though, repeat his previous threat that the U.S. would pull out of the pact if it didn't get what it needed in the talks.

Auto makers have revamped production plans since Mr. Trump's election in 2016. Ford Motor Co. canceled a plant in Mexico last year and Toyota Motor Corp. will open a \$1.6 billion factory with Mazda Motor Corp. in Alabama by 2021.

Foreign auto makers have been expanding factories or building new ones at a faster clip than Detroit's Big 3. These foreign car companies are now poised to surpass domestic ones in U.S. production in coming years, but Fiat Chrysler's announcement could slow that development down.

—Jacob M. Schlesinger  
and Dudley Althaus  
*contributed to this article*



China outperformed the U.S., the world's second-largest car market, where sales shrank 1.8%

# China Car Sales Downshift

By TREFOR MOSS

**SHANGHAI**—Chinese passenger-car sales grew at their slowest pace in at least 15 years, rising just 1.4% in 2017, signaling an end to the boom in the world's largest auto market.

But as one chapter closes, another one is opening. Sales of electric vehicles rocketed last year, reflecting a government campaign to advance its domestic industry and curb pollution.

Sales of electric passenger cars rose 72% to 578,000—four times the number sold in the U.S. last year. They constituted just 2.7% of China's total auto sales, and so didn't provide much of an overall boost.

Including commercial vehicles, auto sales rose 3% to 28.88

million last year, according to figures released on Thursday by the government-backed China Association of Automobile Manufacturers. In 2016, overall sales rose 14% on a 15% jump for passenger cars.

The market's growth was the slowest since 2011, when sales of commercial vehicles plummeted.

Analysts said such factors as market saturation in big cities and fast-rising used-car sales will constrain growth. Foreign auto makers, meanwhile, are facing increasing competition from domestic rivals.

"The days of making easy money in the China market are fading away," said UBS auto analyst Paul Gong. "Foreign mass-market brands know they are in an increasingly difficult market."

Still, China managed to outperform the U.S., the world's second-largest car market, where sales shrank 1.8% last year to 17.2 million vehicles. China now accounts for nearly one-third of global auto sales, up from one-tenth in 2007.

**Geele Automobile Holdings**

Ltd. became China's top-selling domestic brand in 2017, with sales rising 63% to 1.25 million vehicles. Others also gained.

**SAIC Motor** Corp. said sales of its Roewe and MG brands increased 62% to 520,000, while sales of **Guangzhou Automobile Group Motor** Co.'s local brands rose 37% to 508,600.

Still, China has dozens of domestic auto makers and most are struggling. In December, three of the biggest state-run

auto makers—**Chongqing Chang'an Automobile Co., Dongfeng Motor Group Co.** and **FAW Group Corp.**—signed a pact widely interpreted as a step toward a full merger in a long-overdue consolidation.

Chinese brands captured 44% of the local passenger-car market last year, the manufacturers association said, up from 43% in 2016. German brands had 20% of the market, Japanese brands 17% and American rivals 12%.

U.S. auto makers were mixed. **General Motors** Co. topped four million vehicle sales in China for the first time, as sales last year rose 4.4% to 4.04 million. But **Ford Motor** Co. suffered a 6% drop to 1.19 million vehicles.

—Lin Zhu in Beijing  
*contributed to this article.*

## State Gave Toyota, Mazda Incentives

By ADRIENNE ROBERTS

**Toyota Motor** Corp. and **Mazda Motor** Corp. were offered at least \$700 million in combined incentives to steer a \$1.6 billion new factory investment to northern Alabama.

The package, disclosed Thursday by various officials, includes a \$379.9 million incentive from the state of Alabama and \$320 million from the city of Huntsville, where the plant will be based. The two Japanese auto makers evaluated several states in 2017 for the project, which is expected to create 4,000 jobs and make up to 300,000 vehicles a year by 2021.

Tax and other incentives have come to play a major role in luring companies to hire and invest in various regions of the U.S. Toyota already has major parts-making operations in Alabama and builds cars in several U.S. assembly plants, while Mazda's U.S. presence is mostly confined to selling cars.

During a news conference Wednesday arranged to announce details of the investment, Toyota President Akio Toyoda said Alabama officials helped lay the groundwork for "another made-in-America success story." It is unclear if the entirety of the financial-incentive package has been disclosed.

The state's package includes a \$210 million investment credit along with a \$20 million training facility to recruit and train workers, according to the Alabama Chamber of Commerce. Huntsville's deal is a combination of direct and indirect incentives based on public comments, including a 20-year property tax abatement worth \$107 million.

The package was approved by the Huntsville City Council Thursday evening.

Toyota and Mazda first said they planned to build a plant in the U.S. last summer, helping tamp down President Donald Trump's criticism of foreign manufacturers importing cars from Asia or Mexico. Toyota aims to build 150,000 Corolla models, and Mazda will use the rest of the capacity for an unspecified model.

Huntsville Mayor Tommy Battle said he expects a \$5.6 billion return on investment over the next 20 years.

# Digital Ad Trend Can't Slay Lowly Circulars

By SARAH NASSAUER

One old-school retailing trick has survived the e-commerce shakeout—the lowly advertising circular.

Some grocers and other retail chains have learned they risk losing business without a steady flow of paper mailings nudging shoppers to stores. Even online startups that don't have physical shops are embracing the idea.

Paper ads that arrive in homes spur more buying than emails or texts, said Jackson Jeyanayagam, chief marketing officer of **Boxed.com**, an online seller of household goods. "Email is starting to become a sandbox because you get so much," Mr. Jeyanayagam said. Boxed spent 80% more on print advertising in 2017 compared with 2016 and says it now makes up about 12% of the marketing budget.

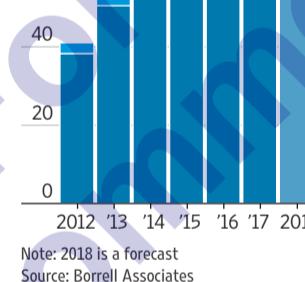
Most retailers still see digital advertising as a growing focus of their spending, and many continue to cut back on traditional print ads as well as mailers. But more are also experimenting with new ways to send out deals on paper, sometimes mining online behavior or databases of shopper trends to improve their so-called junk mail.

**PebblePost**, a New York City marketer, uses online browsing and buying data from retailers and brands to

**Circular Domination**

Fliers continue to attract spending.

- Circulars, coupons**
- Catalogs, other**



send coupons and ads to homes within a few days. For example, it might send a printed offer for free shipping if a shopper browsed a site without buying, said Lewis Gersh, chief executive.

At **Jet.com**, the e-commerce site that Wal-Mart Stores Inc. bought in 2016, direct mail makes up 10% of the media budget and is the online retailer's largest offline marketing expense. Jet sent around 35 million paper coupons and mailers last year. These are effective in reaching new and repeat shoppers as



the company tries to attract more urban, affluent shoppers, said Emily Frankel, senior director of digital marketing.

Annual spending on newspaper circulars, coupons, direct mail and catalogs hit about \$76 billion in 2017, slightly lower than the previous year but up 85% versus 2012, according to **Borrell Associates**, a media consulting firm. The firm expects spending on some forms of mailed ads to fall as the U.S. Postal Service raises rates in coming years, said Kip Cassino, executive vice president at Borrell.

For now, paper fliers keep piling up on doorsteps because most people read their mail, even as they easily ignore most online banner ads and many emails. Product manufacturers support the system by paying for coveted circular space. Retailers often ask suppliers to reduce prices of items they plan to feature in a mailer, or require a marketing fee—a source of revenue.

"Some get caught in a bit of a death spiral of promoting," said Nick Goad, global lead for pricing and promotions at the Boston Consulting Group. "Retailers have asked suppliers to spend marketing dollars that used to go into circulars on lowering their prices and chose to send out fewer circulars, a spokeswoman said.

# Delta Is Hopeful on Tax Cut

By SUSAN CAREY  
AND IMANI MOISE

**Delta Air Lines** Inc. said rising revenue and lower corporate taxes will help boost profit this year.

The nation's No. 2 airline by traffic on Thursday beat expectations for its fourth-quarter earnings, although its overall profit fell 8%. That was due, in part, to an 11-hour power outage at Atlanta's **Hartsfield-Jackson International Airport** in December that led to 1,400 flight cancellations and a winter storm later in the month that swamped the Southeast.

Delta also bested fourth-quarter expectations for unit revenue—the crucial metric of how much it takes in for each seat flown a mile—and for overall revenue and operating margin. But nonfuel unit cost, the cost to fly a seat a mile, rose 5.6% from the year-earlier last quarter, a little more than expected.

Delta currently isn't a cash taxpayer, owing to its net-loss carryforwards.

Based on an ambitious projected revenue increase of 4% to 6% in 2018, Delta said it anticipates earning \$6.35 a share to \$6.70 a share. Delta said the lower tax rate will contribute \$1 a share to those figures.

Delta currently isn't a cash taxpayer, owing to its net-loss carryforwards.

In the December quarter,

Delta earned \$572 million, or 80 cents a share, on revenue of \$10.2 billion, up 8.3% from a year ago. Without one-time items, the company earned \$681 million, or 96 cents a share, well ahead of \$604 million, or 82 cents a share, a year ago. Analysts expected adjusted earnings per share of 88 cents in the latest quarter.



Many Atlanta flights were affected by a December power outage.

<b>NOTICE TO THE HOLDERS OF</b>		
<b>Banco Central del Uruguay</b>		<b>as Fiscal Agent</b>
<b>NOTICE IS HEREBY GIVEN</b> pursuant to the Fiscal Agency Agreement dated as of February 19, 1991 under which the above Rights were issued that the Calculation Agent has prepared and delivered to Banco Central del Uruguay a Calculation Report for the Payment Date occurring on January 2, 2018 setting forth for the Reference Period October 2014 - September 2017 the following amounts:		
<b>Commodity Terms of Trade Index</b>		
30.48870347		
<b>Formula Amount</b>		
US\$ 0.00		
<b>Value Recovery Payment in respect of each Value Recovery Unit</b>		
US\$ 0.00		
<b>By: Citibank, N.A.</b>		
January 9, 2018		
<b>NOTICE IS HEREBY GIVEN</b> pursuant to the Fiscal Agency Agreement dated February 19, 1991:		
According to the provisions of the Collateralized Fixed Rate Note Exchange Agreement, Paragraph 10, h, subparagraphs "a" and "b" of terms and conditions of Value Recovery Rights, Banco Central del Uruguay, in its capacity as Issuer, shall send the proposed alternative calculation method of the New Monthly Price for such Subject Months, to the Fiscal Agent (Period October 2014 - September 2017). This procedure takes hold due to that the process previously obtained from the IMF is no longer available and that the IMF has discontinued publications for this information.		

In order to obtain a consistent calculation we have applied for:

**Beef**, Australian and New Zealand 85% lean fore, Cif US Import price US cents per pound-. Relevant data should be that of the last trading day of each month for the one month generic future of live cattle (FCI Commodity in Bloomberg).

**Wool**, Fine 19 MICRON, Australian Wool Exchange spot quote, US CENTS per kilogram - Relevant data should be that of the last trading day of each month for the series AWEX Southern Region Wool Prices (awolrs index in Bloomberg), multiplied by the quote of the AUD for that day (AUD Commodity in Bloomberg).

**Rice**, 5 percent broke milled white rice, Thailand nominal price, quote US per metric ton - Relevant data should be that of the last trading day of each month for the one month generic future of rice in Chicago (RR1 Commodity in Bloomberg).

**Crude Oil (Petroleum)** Dated Brent, light blend 38 API, FOB UK price US per barrel - Relevant data should be that of the last trading day of each month for the series Bloomberg European Dated Brent Forties Oseberg Ekofisk (BFOE) Price (EUCRBRDT Index in Bloomberg).



# Tomorrow's leaders taught by today's leaders.

INGA BEALE  
CEO, LLOYD'S



## LESSONS IN LEADERSHIP

It takes many skills to succeed as a business leader. Lessons in Leadership, from Dow Jones and London's Cass Business School, gives you insights from some of the world's foremost CEOs through video masterclasses and first-hand experience.

To take the next step or sign up your team visit  
[masterclasses.dowjones.com](http://masterclasses.dowjones.com)



## BUSINESS NEWS

# Ohio Talks Settlement Of Opioid Lawsuits

BY JEANNE WHALEN AND SARA RANDAZZO

Ohio has begun settlement talks with opioid-painkiller makers it sued alleging illegal marketing, and will meet with a federal judge urging settlement of hundreds of similar suits.

Ohio Attorney General Mike DeWine said his staff held separate "settlement discussions" with **Johnson & Johnson** and **Teva Pharmaceutical Industries Ltd.** Wednesday.

Teva said in a statement, "We appreciate the opportunity to meet with representatives of the Ohio AG's office to discuss this important public health issue." Johnson & Johnson said that while it denies the allegations against it, "we recognize that opioid abuse and addiction are serious public health issues that must be addressed...we look forward to being a part of the ongoing dialogue."

Mr. DeWine said Ohio also hopes to begin settlement talks with two other defendants in its suit—**Allergan PLC** and **Endo International PLC**—but has yet to schedule meetings. Defendant **Purdue Pharma LP** has made it clear it isn't willing to meet, he said. Allergan and Endo didn't respond to requests to comment.

Purdue referred to a letter it sent Mr. DeWine late last year in which it said it was working with a bipartisan group of attorneys general investigating the crisis. Purdue's letter urged Ohio to join those discussions rather than pursue its own suit.

Ohio was one of the first states to sue opioid-painkiller makers, alleging they fueled the opioid-addiction crisis by misrepresenting the benefits and addictive risks of their painkillers. The companies have denied the allegations and said they are committed to the safe and medically appropriate use of the drugs.

More than a dozen states, and more than 250 counties and cities, have filed lawsuits similar to Ohio's.

Mr. DeWine said that on Wednesday U.S. District Judge Dan Polster, who is overseeing more than 200 of the opioid cases filed in federal court, invited him to attend a meeting with the parties involved in federal court. Mr. DeWine said he will attend the meeting scheduled for Jan. 31 in Cleveland.

Meanwhile, the U.S. Attorney's Office for the Southern District of Florida issued a grand jury subpoena to Endo Pharmaceuticals Inc. asking for information about opioid-related products, Endo's parent, **Endo International PLC**, said Thursday.

# Telecom Mogul Pivots Amid Woes

Altice founder's plan to spin off U.S. assets is part of his response to slump in business

By NICK KOSTOV

PARIS—When French billionaire Patrick Drahi spoke in 2016 to top managers at Cablevision—the New York-area firm he had just bought for \$10 billion—he told them the key to his success was making decisions fast.

He also said if necessary he could reverse course just as quickly. In recent months, the founder of telecommunications giant **Altice NV** has been making a lot of those U-turns.

Mr. Drahi's biggest retreat came this week, when he said he would spin off **Altice USA Inc.**, the listed company that houses his American assets, to existing shareholders amid operational troubles in Altice NV's home market of France and a share-price rout. The move effectively abandoned long-held ambitions of turning his telecom and cable enterprise into a single trans-Atlantic powerhouse. Mr. Drahi will keep control of both entities.

The planned spinoff marks the latest in a series of quick pivots.

Mr. Drahi's deal-making made him one of Europe's biggest telecom barons. Back-to-back acquisitions across the Atlantic elevated Altice from



Patrick Drahi says he is no longer seeking big deals.

obscurity in the U.S. to the country's No. 4 cable company by subscribers.

But for now, Mr. Drahi says he is no longer seeking out big new deals, instead looking to sell noncore businesses to lower debt. After stepping back from an operational role at Altice in Europe, he returned to the helm in November. He is also reviewing the group's content-buying strategy and pouring money into its core European business—instead of keeping costs low on the continent as planned.

Shares in Altice, which was built over almost two decades by borrowing heavily and then squeezing costs, have fallen by almost half in the past three

months. Mobile network problems and declining sales have beset the company's business in France, its biggest market, and in Portugal. After aggressively cutting costs initially, Altice has been forced to invest more to hold on to customers.

Saddled with debt and the operational problems, Mr. Drahi can no longer access with ease the high-yield debt market that fueled Altice's growth in the past. Also, with shares in the dumps, equity isn't a convenient currency for deal making.

Mr. Drahi is also shifting Altice's content strategy, which involved buying exclusive rights to such fare as sports events. He said in November

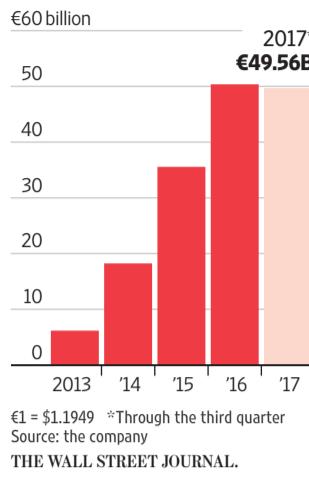
that he had been "doubly wrong." Instead, Altice will seek out less-expensive partnerships.

The series of measures have heartened investors a bit; the stock is up 35% from a low point in November. But the modest rebound hasn't been enough to prompt Altice to rejoin a deal-making frenzy that is redrawing the U.S. media and telecoms landscape.

As recently as August, Mr. Drahi was in the mix, too. He was considering a move on Charter Communications Inc., the No. 2 U.S. cable operator by subscribers, behind Comcast Corp. Discussions about a potential bid were internal, and there was never an approach,

## Borrowing to Get Big

Altice's debt has ballooned as it has grown into a global player.



said people familiar with the matter.

Critics say that while Mr. Drahi's U.S. business isn't suffering from the same problems as in France, Altice USA is too small to compete without more deal making. Shares of the American business are down 24% since listing in June, dragged lower by worries that the European woes could sap cash flow. That leaves it little firepower to bulk up through deals.

Altice USA chief Dexter Goei told investors this week not to view his company's absence from the deal table as permanent. "On the consolidation standpoint, we continue to be long-term ambitious," he said.

# China Tells Marriott to Shut Website

By WAYNE MA

HONG KONG—Marriott International Inc. was ordered by Chinese authorities to temporarily shut off its website and mobile app to Chinese residents after the U.S. hotel giant circulated an online guest survey that listed Hong Kong, Taiwan, Tibet and Macau—all claimed by China—as separate countries.

In a statement posted on its official social-media account, the Shanghai office of China's Cyberspace Administration said it demanded that Marriott suspend operation of its Chinese website and the Chinese version of its smartphone app for the next week.

Marriott, which operates about 290 hotels and resorts in the greater China region, didn't respond to a request for comment.

The controversy began after Marriott circulated the global survey to some members of its rewards club earlier this week, drawing a storm of protests on Chinese social media. In response, Marriott issued an apology for failing to classify the locations as territories,



The hotel chain mischaracterized the status of Hong Kong and Macau.

saying the language from the poll was a mistake and had been pulled.

"We sincerely apologize and thank guests and netizens for their candid feedback," a spokeswoman for the company said in an email Thursday, before the demands were issued by the Chinese agency to shut its website and app.

The spokeswoman said at the time that the company had updated both to "ensure the

proper country/region classifications."

The Huangpu district of Shanghai—where Marriott's business is registered—said late Wednesday that Marriott violated cybersecurity and advertising laws and that it had launched an investigation into the hotel group.

The company was "fully and actively cooperating" with the investigation, the spokeswoman said Thursday.

The Huangpu district also said local representatives of the Cyberspace Administration of China and the Market Supervision and Management Bureau met earlier this week with Marriott executives.

The hotel company was told to fix the mistake and "conduct a full examination of its website and apps" to prevent similar content from appearing in the future, authorities said in an online statement. Marriott also was told to publicly apologize for the incident, authorities added.

"Marriott International has great respect for China's sovereignty and territorial integrity," the spokeswoman said.

Hong Kong and Macau are both part of China, but they are governed under the "one country, two systems" formula, which allows them to maintain their own legal, political and economic systems. While Tibet has been under China's control for decades, some Tibetans advocate its independence. Taiwan split from China in a civil war nearly seven decades ago, but it is still claimed by Beijing as its territory.

## BUSINESS WATCH

### New Finance Chief Named in Revamp

**International Business Machines** Corp. announced a management revamp Thursday, naming a new finance chief while the current CFO takes a new role at the company.

The management changes come as IBM continues to struggle with its transition from older, shrinking businesses such as building and maintaining technology on customers' premises to higher-growth operations such as delivering pay-as-you-go services over the internet.

James Kavanaugh will become senior vice president and finance chief effective Thursday. He is currently senior vice president, finance and operations, and previously served as IBM's vice president and controller. He succeeds Martin Schroeter, who—according to a company spokesman—will take on a sales-focused role as senior vice president, global markets.

—Tatyana Shumsky and Ezequiel Minaya

FORD MOTOR

### Auto Maker Warns On Older Rangers

Ford Motor Co. is warning owners of nearly 3,000 older Ranger pickup trucks not to



Takata air bags have been blamed in deaths and injuries globally.

PRICEWATERHOUSECOOPERS

### India Punishes Affiliates in Ruling

India's market regulator has banned **PricewaterhouseCoopers LLP**'s affiliates from auditing listed companies for two years as punishment for their failure to detect a billion-dollar fraud at outsourcer **Satyam Computer Services Ltd.**

PwC was in charge of checking Satyam's accounting during the period it founded admitted, in 2009, he had padded revenue by close to \$1 billion.

The disgraced company was bought by **Tech Mahindra Ltd.**

The Securities and Exchange Board of India said PwC's punishment should act as a warning to accountants that get too close to their clients.

PwC said its accountants were duped and it is confident it can reverse the order in court.

—Mike Colias

## Measuring Audiences On Web Gets Complicated

By BENJAMIN MULLIN

Publishers have long used "unique visitors" as a benchmark to compare the size of their website audiences and lure advertisers. But some media companies say the metric has become somewhat outdated in an era in which content is being disseminated widely on social media and other platforms.

BuzzFeed, Mic and Pop-Sugar all publish video content directly on services such as Facebook and Instagram to capitalize on the scale and reach of those platforms. Since audiences for these videos don't always visit publishers' websites, they aren't captured in unique visitor figures. "That type of measurement used to work," said Jonathan Carson, the president of Mic. "But over the last seven years, digital has moved to these more distributed approaches."

BuzzFeed and Mic, which both saw their monthly unique website visitors decline in the latter half of 2017, are among the publishers arguing that those numbers don't provide the full picture.

"It's not that we don't value engagement on our sites and apps—some of our most passionate fans come to us on those platforms daily," said Edwin Wong, the head of research at BuzzFeed. "But we've tuned ourselves so we bump into people wherever they spend their time online and across social."

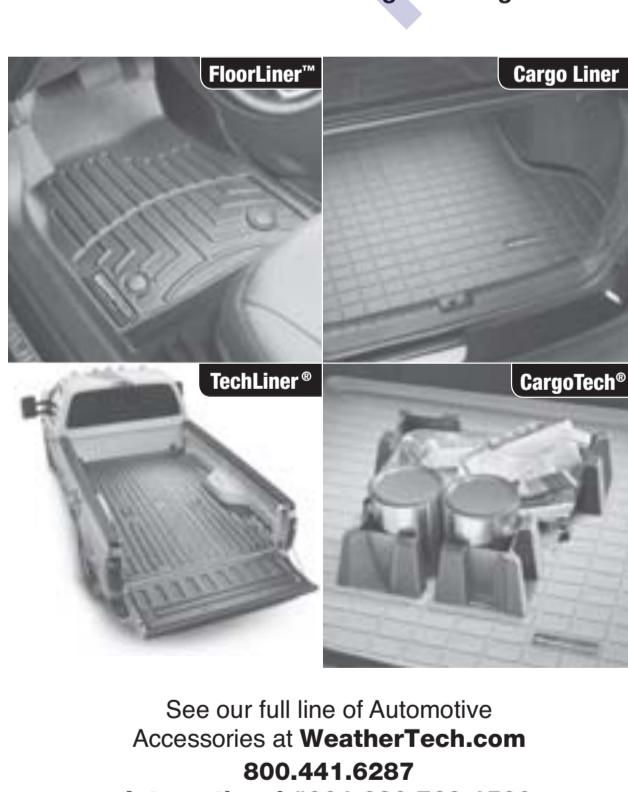
The debate also has been shaped by two of the most prominent digital measurement firms. ComScore Inc. ranks media companies by the number of unique visitors they receive every month as counted by its Media Metrix Multi-Platform product.

Nielsen—which is perhaps best known for measuring TV audiences—in 2016 launched "Digital Content Ratings," a product that can measure audiences for video and text content across mobile apps, websites and social media platforms including Facebook.

In the end, audience size as defined by comScore or Nielsen is only one factor in an ad-buying equation that includes elements like engagement and content quality, said Sarah Baehr, executive vice president and managing partner of digital investment at Horizon Media. "I don't think we rely on any single source to make a decision," she said. "If we are starting from ground zero, which is rarely the case, pulling Nielsen and comScore numbers is just a starting point."

## WeatherTech®

American Manufacturing Done Right™



See our full line of Automotive Accessories at [WeatherTech.com](http://WeatherTech.com)

800.441.6287

International #001.630.769.1500

American Customers  
[WeatherTech.com](http://WeatherTech.com)

European Customers  
[WeatherTech.eu](http://WeatherTech.eu)

Accessories Available for

Acura • Audi • BMW • Buick • Cadillac • Chevrolet • Chrysler • Dodge • Ferrari • Ford • GMC • Honda • Hummer • Hyundai • Infiniti • Isuzu • Jeep • Kia • Land Rover • Lexus • Lincoln • Maserati • Mazda • Mercedes-Benz • Mercury • Mini • Mitsubishi • Nissan • Oldsmobile • Plymouth • Pontiac • Porsche • Saab • Saturn • Scion • Subaru • Suzuki • Toyota • Volkswagen • Volvo • and more!

©2018 by MacNeil IP LLC

CHRISTOPHE MORIN/PI3/GETTY IMAGES

## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**25574.73** ▲ 205.60, or 0.81%  
Last: 23.15 Year ago: 21.69  
High, low, open and close for each trading day of the past three months.

P/E estimate\* 20.04 18.68  
Dividend yield 2.04 2.41  
All-time high 25574.73, 01/11/18

Current divisor 0.14523396877348

Session high  
**DOWN** Session open ► Close  
Close ► Open  
Session low

25800  
25000  
24200  
23400  
22600  
21800

65-day moving average  
21000

Bars measure the point change from session's open  
Oct. Nov. Dec. Jan.

Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

## S&amp;P 500 Index

**2767.56** ▲ 19.33, or 0.70%  
Last: 22.09 Year ago: 25.02  
High, low, open and close for each trading day of the past three months.

P/E estimate\* 19.25 17.65  
Dividend yield 1.86 2.06  
All-time high 2767.56, 01/11/18

2750  
2700  
2650  
2600  
2550  
2500

65-day moving average  
2450

Oct. Nov. Dec. Jan.

## Nasdaq Composite Index

**7211.78** ▲ 58.21, or 0.81%  
Last: 27.15 Year ago: 24.57  
High, low, open and close for each trading day of the past three months.

P/E estimate\* 21.01 18.54  
Dividend yield 1.03 1.22  
All-time high: 7211.78, 01/11/18

7200  
7050  
6900  
6750  
6600  
6450

65-day moving average  
6300

Oct. Nov. Dec. Jan.

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	25575.42	25396.19	<b>25574.73</b>	205.60	<b>0.81</b>	25574.73	19732.40	<b>28.6</b>	3.5	<b>13.0</b>
Transportation Avg	11301.98	11047.72	<b>11284.32</b>	254.22	<b>2.30</b>	11284.32	8783.74	<b>23.4</b>	6.3	<b>8.4</b>
Utility Average	695.46	688.18	<b>690.57</b>	-2.57	<b>-0.37</b>	774.47	654.98	<b>5.0</b>	-4.5	<b>3.5</b>
Total Stock Market	28632.83	28447.68	<b>28632.82</b>	236.82	<b>0.83</b>	28632.82	23526.88	<b>21.3</b>	3.5	<b>10.4</b>
Barron's 400	740.13	729.28	<b>740.13</b>	10.85	<b>1.49</b>	740.13	600.24	<b>22.3</b>	4.1	<b>11.5</b>

## Nasdaq Stock Market

Nasdaq Composite	7211.78	7163.23	<b>7211.78</b>	58.21	<b>0.81</b>	7211.78	5538.73	<b>30.0</b>	4.5	<b>15.3</b>
Nasdaq 100	6708.49	6664.74	<b>6708.49</b>	45.83	<b>0.69</b>	6708.49	5041.43	<b>33.1</b>	4.9	<b>16.8</b>

## S&amp;P

500 Index	2767.56	2752.78	<b>2767.56</b>	19.33	<b>0.70</b>	2767.56	2263.69	<b>21.9</b>	3.5	<b>10.6</b>
MidCap 400	1960.70	1938.46	<b>1960.68</b>	27.42	<b>1.42</b>	1960.68	1667.44	<b>16.8</b>	3.2	<b>10.8</b>
SmallCap 600	966.08	950.01	<b>965.61</b>	17.28	<b>1.82</b>	965.61	815.62	<b>15.9</b>	3.1	<b>12.4</b>

## Other Indexes

Russell 2000	1586.79	1560.22	<b>1586.79</b>	26.99	<b>1.73</b>	1586.79	1345.24	<b>16.6</b>	3.3	<b>10.2</b>
NYSE Composite	13210.77	13106.60	<b>13210.77</b>	104.17	<b>0.79</b>	13210.77	11148.85	<b>17.9</b>	3.1	<b>7.2</b>
Value Line	580.02	571.85	<b>580.02</b>	8.17	<b>1.43</b>	580.02	503.24	<b>13.4</b>	3.1	<b>5.5</b>
NYSE Arca Biotech	4454.73	4400.18	<b>4441.80</b>	10.71	<b>0.24</b>	4441.80	3134.03	<b>36.9</b>	5.2	<b>7.9</b>
NYSE Arca Pharma	560.52	556.96	<b>560.45</b>	3.02	<b>0.54</b>	560.52	469.13	<b>15.7</b>	2.8	<b>0.9</b>
KBW Bank	112.15	111.34	<b>112.14</b>	0.78	<b>0.70</b>	112.14	88.02	<b>21.5</b>	5.1	<b>16.9</b>
PHLX\$ Gold/Silver	87.25	86.28	<b>87.04</b>	0.97	<b>1.13</b>	96.72	76.42	<b>1.0</b>	2.1	<b>4.5</b>
PHLX\$ Oil Service	164.66	158.76	<b>163.19</b>	3.80	<b>2.39</b>	191.34	117.79	<b>-13.3</b>	9.1	<b>-6.3</b>
PHLX\$ Semiconductor	1314.84	1305.20	<b>1314.34</b>	8.12	<b>0.62</b>	1341.69	909.48	<b>43.1</b>	4.9	<b>24.2</b>
Cboe Volatility	10.02	9.62	<b>9.88</b>	0.06	<b>0.61</b>	16.04	9.14	<b>-14.4</b>	-10.5	<b>-17.4</b>

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	6,658.2	276.21	0.09	<b>0.03</b>	276.30	274.89
Intel	INTC	5,485.0	43.51	0.10	<b>0.23</b>	43.52	42.70
General Electric	GE	5,049.4	19.08	0.06	<b>0.32</b>	19.31	19.01
Altaba	AABA	4,765.2	76.14	...	unch.	76.29	76.14
AT&T	T	4,305.1	36.53	0.05	<b>0.14</b>	36.63	36.46
Van Eck Vectors Jr Gold	GDXJ	3,981.8	33.96	...	unch.	34.00	33.89
Principal US Mega-Cap	USMC	3,850.0	26.97	0.05	<b>0.19</b>	26.97	26.97
Wells Fargo	WFC	3,185.0	62.97	-0.04	<b>-0.06</b>	63.26	62.84

## Percentage gainers...

Performant Financial	PFMT	13.5	2.60	0.66	<b>34.02</b>	2.60	2.15
William Lyon Homes	WLH	12.4	33.99	1.63	<b>5.04</b>	33.99	32.27
Astronics	ATRO	7.8	43.00	2.03	<b>4.95</b>	45.00	40.05
Alliant Energy	LNT	92.8	41.73	1.89	<b>4.76</b>	41.73	39.84
Travelport Worldwide	TVPT	19.9	13.35	0.49	<b>3.81</b>	13.35	12.86
American Superconductor	AMSC	5.5	4.87	-0.59	<b>-10.</b>		

## COMMODITIES

WSJ.com/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

Contract Open High hilo Low Settle Chg interest

	Open	High	Low	Settle	Chg	Open interest
July	2.794	2.839	2.769	2.835	.043	65,495
Oct	2.792	2.835	2.786	2.832	.032	96,087

## Agriculture Futures

Copper-High (CMX)-25,000 lbs.; \$ per lb.	3.2150	3.2155	3.2100	3.2135	-0.0015	686
March 2,3260 3.2565 ▽ 3.2065 3.2330 -0.0025 163,546						
Gold (CMX)-100 troy oz.; \$ per troy oz.	1317.10	1317.10	1316.30	1320.60	3.20 217	
Feb 1317.50 1324.70 1316.10 1322.50 3.20 340,918						
April 1322.00 1329.30 1321.00 1327.30 3.20 121,954						
June 1327.70 1334.20 1326.50 1332.30 3.20 47,564						
Aug 1333.30 1338.90 1333.30 1337.30 3.20 17,589						
Dec 1344.30 1349.80 1343.10 1347.30 3.20 27,308						
Palladium (NYM)-50 troy oz.; \$ per troy oz.	Jan 1310.90	1317.10	1316.30	1320.60	3.20 217	
March 1080.05 1086.35 1070.80 1076.25 -1.15 36,363						
June 1076.05 1076.05 1064.80 1068.40 -1.10 2,515						
Sept 1057.00 1057.00 ▽ 1056.00 1062.15 -1.15 304						
Platinum (NYM)-50 troy oz.; \$ per troy oz.	Jan 986.90	986.90 ▲ 984.00 986.90 12.50 133				
April 976.20 991.00 ▲ 973.50 990.80 12.00 77,345						
Silver (CMX)-5,000 troy oz.; \$ per troy oz.	16.955	16.965 ▽ 16.905 16.894 -0.069 43				
March 17.000 17.065 ▽ 16.880 16.966 -0.069 147,793						
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.	Feb 63.50	64.77 ▲ 63.43 63.80 0.23 306,294				
March 63.34	64.53 ▲ 63.27 63.68 0.26 478,698					
April 63.12	64.20 ▲ 63.06 63.46 0.25 173,090					
May 62.83	63.86 ▲ 62.80 63.20 0.22 140,873					
June 62.55	63.49 ▲ 62.49 62.89 0.21 244,056					
Dec 60.13	60.83 ▲ 60.08 60.48 0.15 246,274					
NY Harbor USLD (NYM)-42,000 gal.; \$ per gal.	Feb 2,080.70	2,097.40 ▲ 2,074.80 2,076.70 -0.040 121,960				
March 2,092.92	2,085.88 ▲ 2,063.00 2,067.55 -0.023 122,187					
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.	Feb 1,8343	1,860.2 ▲ 1,828.5 1,837.00 0.003 95,120				
March 1,8529	1,878.8 ▲ 1,848.0 1,854.00 0.023 114,658					
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.	Feb 2,906	3,139 ▲ 2,884 3,084 -0.178 212,959				
March 2,819	2,957 2,801 2,925 103 341,721					
April 2,707	2,785 2,683 2,770 061 170,090					
May 2,710	2,769 2,688 2,759 048 138,095					

## Cash Prices | WSJ.com/commodities

Thursday, January 11, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Thursday

Thursday

Thursday

Energy	(U.S.\$ equivalent)	17,0100	12,677	12,677	SoybeanMeal,Cent IL,rail,ton48%-u 309.10	17,0100	12,677	12,677
Propane,tet,Mont Belvieu-g	0.8843				Soybeans,Noo 1.lylw IL-bp,u 9,1000			
Butane,normal,Mont Belvieu-g	0.9677				Wheat, Spring14%-pro Mnpls-u 7,5150			
NaturalGas,HenryHub-i	3.240				Wheat,No 2 soft red St.Louis-bp,u 4,3900			
NaturalGas,TranscoZone3-i	3.140				Wheat - Hard - KC (USDA) \$per bu-u 4,3025			
NaturalGas,TranscoZone6Ny-i	3.210				Wheat,No 1soft white,PortId,OR-u 5,3013			
NaturalGas,PanhandleEast-i	2,840							
NaturalGas,Opal-i	2,780							
NaturalGas,MarcellusNEPA-i	2,710							
NaturalGas,HaynesvilleLA-i	3,100							
Coal,Capl,12500Btu,1,2502-r,w	58,500							
Coal,PwdrRvBsn,880Btu,0.8520-r,w	12,250							
Metals	Fibers and Textiles	Grains and Feeds	Fats and Oils	Food	Broad Market Bloomberg Barclays	U.S. Corporate Indexes Bloomberg Barclays	5 Yr. Treasury Notes (CBT)-\$100,000;pts 32nds of 100%	2 Yr. Treasury Notes (CBT)-\$200,000;pts 32nds of 100%
Gold, per troy oz	1323.90				1936.66 -0.5 U.S. Aggregate 2,810 2,380 2,820	149-290 150-200 149-170 150-140 12,0 791,735		
Engelhard industrial	1423.19				2789.43 -0.4 U.S. Corporate 3,320 3,030 3,500	12-210 123-050 122-275 123-040 4,0 3,337,478		
Handy & Harman base	1323.05				2615.55 -0.2 Intermediate 2,960 2,530 2,990	149-000 149-140 148-170 149-120 11,0 316		
Handy & Harman fabricated	1468.58				3908.06 -0.9 Long term 4,090 3,990 4,680	115-195 115-222 115-180 115-217 1,7 3,168,341		
LBMA Gold Price AM	*1321.65				567.54 -0.4 Double-A-rated 2,800 2,470 2,870	115-115 115-115 115-115 115-150 2, 2, 919		
LBMA Gold Price PM	*1319.75				722.10 -0.3 Triple-B-rated 3,600 3,340 3,830			
Krugerrand,wholesale-e	1374.88							
Maple Leaf-e	1388.10							
American Eagle-e	1388.10							
Mexican peso-e	1601.94							
Austria crown-e	1298.82							
Austria phil-e	1388.10							
Silver, troy oz.	17,0000							
Engelhard industrial	20,4000							
Engelhard fabricated	20,4000							
Handy & Harman base	16,9750							
Handy & Harman fabricated	21,2190							
LBMA spot price	£12,6400							
Metals	Fibers and Textiles	Grains and Feeds	Fats and Oils	Food	Broad Market Bloomberg Barclays	U.S. Corporate Indexes Bloomberg Barclays	5 Yr. Treasury Notes (CBT)-\$100,000;pts 32nds of 100%	2 Yr. Treasury Notes (CBT)-\$200,000;pts 32nds of 100%
Gold, per troy oz	1323.90				1936.66 -0.5 U.S. Aggregate 2,810 2,380 2,820	149-290 150-200 149-170 150-140 12,0 791,735		
Engelhard industrial	1423.19				2789.43 -0.4 U.S. Corporate 3,320 3,030 3,500	12-210 123-050 122-275 123-040 4,0 3,337,478		
Handy & Harman base	1323.05				2615.55 -0.2 Intermediate 2,960 2,530 2,990	149-000 149-140 148-170 149-120 11,0 316		
Handy & Harman fabricated	1468.58				3908.06 -0.9 Long term 4,090 3,990 4,680	115-195 115-222 115-180 115-217 1,7 3,168,341		
LBMA Gold Price AM	*1321.65				567.54 -0.4 Double-A-rated 2,800 2,470 2,870	115-115 115-115 115-115 115-150 2, 2, 919		
LBMA Gold Price PM	*1319.75				722.10 -0.3 Triple-B-rated 3,600 3,340 3,830			
Krugerrand,wholesale-e	1374.88							
Maple Leaf-e	1388.10							
American Eagle-e	1388.10							
Mexican peso-e	1601.94							
Austria crown-e	1298.82							
Austria phil-e	1388.10							
Silver, troy oz.	17,0000							
Engelhard industrial	20,4000							
Engelhard fabricated	20,4000							
Handy & Harman base	16,9750							



## MONEY &amp; INVESTING



The scene in Loiza, P.R. in December. Months after Hurricane Maria made landfall, much of the island is still without power.

# Island Utility Faces Probe

Puerto Rico governor questions if power supplies were hoarded during hurricane

BY ANDREW SCURRIA

Puerto Rico's governor asked justice officials to investigate allegations that critical power-grid supplies were stockpiled instead of put to use rebuilding the U.S. territory's infrastructure following a devastating recent hurricane.

Gov. Ricardo Rosselló said Thursday that the Puerto Rico Justice Department probe would uncover "whether there was a commission of crimes or negligent action."

The U.S. Army Corps of Engineers said this week it had discovered supplies at a warehouse owned by the island's bankrupt electric monopoly, known as Prepa and then distributed to private contractors

rebuilding the island power grid. The announcement sparked a furor on the island, where hundreds of thousands of families are still without power.

"People keep dying and businesses continue to close due to the lack of energy while the necessary spare parts were in the possession of Prepa," said Eduardo Bhatia, the Puerto Rico Senate's minority leader, adding that the incident "borders on a criminal act."

"Those responsible must be taken before state and federal authorities to be criminally processed immediately," he said.

The Army Corps said Prepa owned the warehouse but lacked accountability and transparency for inventory that included desperately needed transformers and other parts that weren't in stock elsewhere, according to the Associated Press.

Nearly 40% of Puerto Rico's power customers remain in the dark nearly four months after Hurricane Maria hit the island, killing dozens of people, knocking out the power grid and sending thousands fleeing to the U.S. mainland.

In a statement, the Army Corps said it was "focused on moving forward and continuing our partnership with Prepa in order to turn on the power for the people of Puerto Rico."

A Prepa spokesman denied that the supplies were overlooked and said they had been made available to local and stateside contractors through authorized channels.

"At a time when it is a priority to restore the power grid in Puerto Rico, I have ordered a legal analysis of this matter so that the people can have the details related to these materials and their storage," Gov. Rosselló said in a statement.

Efforts to rebuild damaged

transmission and distribution lines have been marred by irregularities in public contracting, notably Prepa's decision to tap a little-known Montana startup as the primary construction contractor after the storm.

Dissatisfaction over the pace of the recovery has been building among members of Congress and Trump administration officials. Senior White House staff privately called on Puerto Rico's federal oversight board this week to ask for input on accelerating the recovery efforts, according to a person familiar with the matter. Congress installed the oversight board in 2016 under a rescue package designed to restructure Puerto Rico's \$73 billion in debt while overhauling the economy.

Prepa, awash in \$9 billion in debt, is at odds with its creditors and operating under a court-supervised bankruptcy proceeding.

# Judge Again Backs Administration In CFPB Dispute

BY YUKA HAYASHI

WASHINGTON—A federal judge has sided with the Trump administration for a second time in a fight over the control of the Consumer Financial Protection Bureau, denying a request for a preliminary injunction filed by an Obama-era official.

Leandra English, the agency's deputy director, has sought to unseat Mick Mulvaney, the White House budget director named by President Donald Trump in November as the agency's interim chief. She has claimed she is the rightful acting director, having been chosen by former director Richard Cordray, who was appointed by President Barack Obama, as his temporary successor.

Judge Timothy J. Kelly, of the U.S. District Court for the District of Columbia, said Wednesday that Ms. English hasn't met the standard to obtain a preliminary injunction. "The Court finds that English is not likely to succeed on the merits of her claims, nor is she likely to suffer irreparable harm absent the injunctive relief sought," the judge wrote

in his opinion. "Moreover, the balance of the equities and the public interest also weigh against granting the relief."

Ms. English's lawyer, Deepak Gupta, said he and his client were disappointed. "Mr. Mulvaney's appointment undermines the bureau's independence and threatens its mission to protect American consumers," he said. Mr. Gupta didn't say what his client's next move would be.

The judge in November rejected Ms. English's request to block Mr. Mulvaney's appointment, leading to her preliminary injunction request.

The latest decision will have little effect on the CFPB's operations or the Trump administration's search for a permanent chief. Mr. Mulvaney has effectively controlled the agency since his appointment in November, making personnel appointments and implementing policy changes. Ms. English continues to serve as the agency's No. 2 official.

The White House shortlist of candidates for chief includes Mark McWatters, a top credit-union regulator, according to people familiar with the situation.



Leandra English, left, lost her bid for a preliminary injunction.

CARLOS BARRIA/REUTERS

# STREET

**Continued from page B1**  
managements know this, and artificially boost operating earnings via one-off losses—not just once, but year after year. Overall earnings also overstate how much investors benefit, as much corporate investment is wasted.

Worse, we know that when investors are overly optimistic they overestimate earnings, making it look like the reward for holding equities is higher. Most methods of calculating the risk premium suggested equities in 2007 were the most attractive relative to bonds in at least a decade, shortly before shares crashed and bond prices soared.

Even the comparison to bonds is tricky; earnings have a loose connection to inflation, so perhaps we should compare them with inflation-linked Treasuries, where the 10-year yield is just 0.5% above inflation.

Wall Street's favored approach is to compare the earnings yield—12-month forward earnings as a proportion of the S&P 500—to the 10-year yield, which suggests U.S. shares have the lowest risk premium since January 2008. On this basis, investors need a lot more confidence than usual that economic and profit growth will continue to be strong—confidence that isn't lacking at the moment.

Bullish investors may argue that the equity risk premium was a lot lower during optimistic periods in the past. It even turned negative during the dot-com bubble, when bond yields were much higher and investors preferred clicks to profit. Bulls can also point to soaring earnings last year, and the synchronized global recovery ought to boost global earnings further if it continues.

Meanwhile, bears worry that the U.S. economy is close to or at full capacity, crimping the prospect of low-inflation growth continuing, that companies are investing far too little to maintain the rate of earnings growth and that profit margins are unsustainable.

But even bulls ought to worry about the way that bond yields have been rising.

Nominal yields have been advancing since mid-December while real, inflation-linked, yields haven't. That suggests the Treasury market expects higher inflation but no improvement to growth. So far the changes have been fairly small, but the direction suggests higher yields without an offsetting boost to the economy and profit. If it continues, it would compress the equity risk premium further, reducing the appeal of shares compared with bonds.

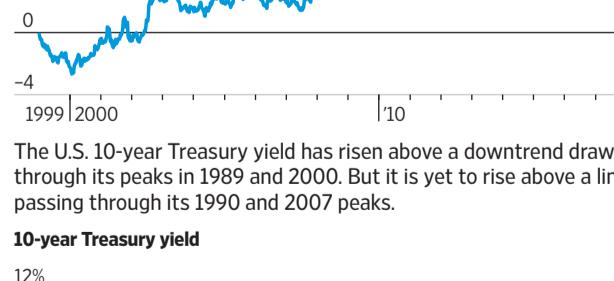
A critical question, then, is whether bond yields will keep going up. Investors believe in a not-too-hot, not-too-cold Goldilocks economy, where inflation stays under control and the Federal Reserve ends its increases at a lower level than in the past. If the narrative changes, bond yields could rise rapidly. Perhaps 2018 is the year inflation fears finally arrive.

Former Pimco "bond king" Bill Gross, now managing funds at Janus Henderson Investors, said this week that the break of a quarter-century downtrend in yields confirmed bonds are in a bear market. Such technical analysis appeals to those who like lines on charts, but it is hard to believe that many investment decisions are based on

## Shares vs. Bonds

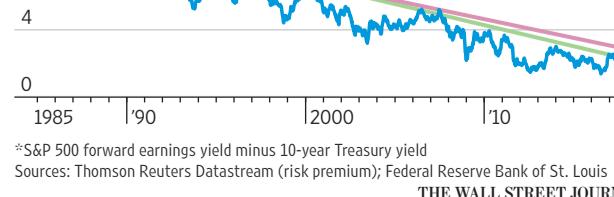
Wall Street's preferred comparison of shares and bonds estimates the smallest reward for holding equities since early 2008.

### U.S. equity risk premium, weekly\*



The U.S. 10-year Treasury yield has risen above a downtrend drawn through its peaks in 1989 and 2000. But it is yet to rise above a line passing through its 1990 and 2007 peaks.

### 10-year Treasury yield



\*S&P 500 forward earnings yield minus 10-year Treasury yield  
Sources: Thomson Reuters Datastream (risk premium); Federal Reserve Bank of St. Louis

# MoneyGram Signs a Deal To Test Cryptocurrency XRP

BY PAUL VIGNA  
AND PETER RUDEGEAR

**MoneyGram International** Inc. signed on to run a pilot program testing XRP, a digital currency created by San Francisco startup **Ripple**, in its payments network, the companies said Thursday.

The Dallas-based company agreed to test XRP as a tool for reducing money-transfer costs and settlement times. A MoneyGram spokeswoman said the open-ended pilot wouldn't involve customers' money since it is limited to internal processes. It is the first time the two companies have worked together, she added.

Shares of MoneyGram and the value of XRP rallied after the announcement. MoneyGram closed 0.5% higher on the day, at \$12.18 a share. XRP jumped 24% in morning trading but was down about 1.6% on the day at 5 p.m. EST.

Ripple develops software, based on the concepts underlying the digital currency bitcoin, that is aimed at creating networks for banks and financial institutions that would allow for faster and cheaper interbank trading and settlement.

◆ South Korea aims to ban cryptocurrency trading..... B12

Ripple has about 100 banks, including **UBS Group AG**, **Banco Santander SA** and **Banco Bilbao Vizcaya Argentaria SA**, signed on as customers but has been working to sign up remittance companies like MoneyGram as well. Ripple Chief Executive Brad Garlinghouse said in a tweet earlier this month that three of the five largest money-transfer companies would begin using XRP this year.

*Ripple, the company behind XRP, has been working to sign up remittance firms.*

MoneyGram, with 350,000 agents around the world, is the second-largest money-transfer company by total face value of remittances, behind only Western Union. In 2017, the company agreed to sell itself to Chinese financial-technology giant Ant Financial Services Group, but that deal fell apart last week after failing to win the approval of U.S. officials.

Startups in the cryptocurrency space have been trying for years to develop products

for the remittance market, with only limited success. As a digital asset, cryptocurrencies generally can be transferred virtually anywhere in the world with a smartphone or computer.

Remittance costs vary by service and countries, but they can be high. The cost to send \$200 from a bank in the U.S. to a bank in Brazil via MoneyGram, for instance, can bring a fee of almost 9%, or about \$18, according to data from the World Bank.

Bitcoin-related startups have found, though, that the logistics of building new markets around the world and introducing a new technology at the same time are considerable.

Having MoneyGram experimenting with XRP is a significant development for Ripple, too. The firm created XRP in 2012—the currency was originally called ripple as well—and created 99 billion units. But over the years, it has experimented with different blockchain-based programs, and some of those don't require XRP at all.

XRP has been volatile, rising from about 25 cents in early December to as high as \$3.81 last week. It was at \$1.98 in late New York trading Thursday, according to [coinmarketcap.com](#).

## LOANS

**Continued from page B1**  
income borrowers over time would have less access to loans and banking services.

In recent years, for example, some lenders have focused on serving more affluent customers although the CRA generally has prevented banks from focusing exclusively on the wealthy. Banks say they would do a better job of helping low-income borrowers if the law became more flexible and less bureaucratic.

That reflects the law's evolution as rules around it were put in place. Since its inception, regulators and Congress have turned the CRA into an extensive public test evaluating how many loans, branches

and investments a bank has to serve the poor. The test uses complex formulas to grade banks. Bad grades mean restrictions on banks' activities including mergers.

While Treasury officials aren't expected to advocate for a repeal of the CRA, they plan to propose changes that they say would make the test more transparent, modern and consistent. "Banks spend billions and billions and billions of dollars fulfilling their CRA obligations," said Treasury Secretary Steven Mnuchin at a congressional hearing last June. "I want to make sure [it] is absolutely going to help communities and isn't just a check the box to satisfy regulators."

It is still unclear what many of the administration's proposed changes will be, but some important potential

changes, as well as some already enacted, make it easier for banks to pass the exam.

A major part of the current exam looks to tally how many "community development" loans, investments and services a bank has provided. That largely includes measures targeting poor people in the areas where a bank operates, such as funding affordable housing. Mr. Otting has floated the idea of expanding the types of activities that fall under this category by allowing small-business loans to count as well.

The fair-lending advocacy group the National Community Reinvestment Coalition argues that expanding the definition of "community development" would diminish the services available to the poor and inflate banks' CRA ratings.

## MARKETS

# Energy Stocks Fire Up Dow, S&P

Indexes resume record-setting pace on rising oil prices, bright earnings outlook

BY MICHAEL WURTHORN  
AND RIVA GOLD

Energy shares surged amid rising oil prices and optimism about corporate earnings, boosting major U.S. indexes to records.

The S&P 500 regained its footing a day after it snapped

its longest

**THURSDAY'S** winning

**MARKETS** streak to start a year

in more than

half a century. The index has risen seven of the first eight trading sessions of 2018, gaining 3.5% so far.

A confluence of events have contributed to the new year rally: a steadily expanding U.S. economy as many countries around the world are also growing, the expectation companies will continue to report big gains in earnings, and the passage of a broad tax overhaul that is expected to bolster profits even further.

"People are euphoric right now," said Bret Chesney, senior portfolio manager at Alpine Global. "That's not going to change overnight. It's going to take a series of negative economic numbers, but in the short term, we're OK."

The S&P 500 rose 19.33 points, or 0.7%, to 2767.56, while the Dow Jones Industrial Average gained 205.60 points, or 0.8%, to 25574.73. The Nasdaq Composite added 58.21 points, or 0.8%, to 7211.78. All three indexes closed at new highs.

Shares of energy firms were among the biggest movers Thursday, with those companies in the S&P 500 climbing 2%. Energy stocks in the broad index have gained 6.2%—the best of any other sector—to start 2018, extending a late-year rally that has coincided with a rise in oil prices.

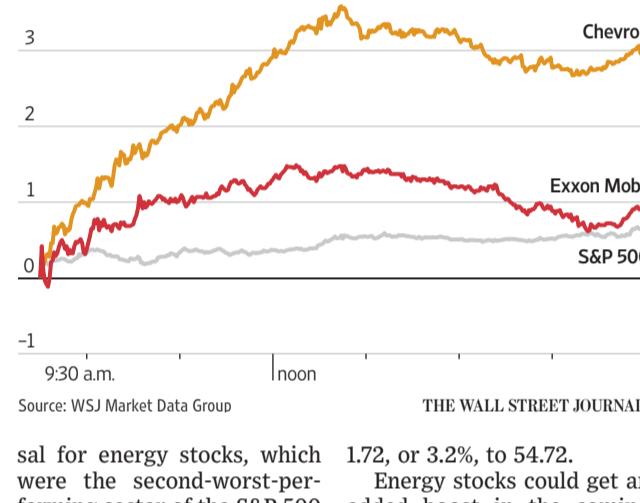
The surge is a major rever-



Inside a drilling rig in Texas. Energy stocks in the S&P 500 have gained 6.2% this year, the best performance of any sector.

## Euphoria

Shares of energy companies such as Chevron and Exxon Mobil rose alongside oil prices Thursday, sending the S&P 500 higher.



Source: WSJ Market Data Group

from FactSet and analysts, the best of any other sector.

Earnings at S&P 500 companies are projected to grow by about 11% altogether, according to FactSet.

Consumer discretionary stocks also moved higher throughout the session, with retailers among the biggest gainers after several reported upbeat holiday sales in recent days. Shares of Target rose 3.27, or 4.6%, to 74, while Kohl's added 2.28, or 3.9%, to 61.12.

Other big movers include shares of Xerox. The Norwalk, Conn., company's stock jumped 1.51, or 5%, to 31.86 after The Wall Street Journal reported the company is in talks to potentially strike a major deal with Japan's Fujifilm Holdings Corp.

Meanwhile, the stock market's rise has coincided with a sell-off in Treasurys as some investors consider whether inflation is turning higher. A pickup in inflation could alter the speed at which global cen-

tral banks withdraw easy monetary policies.

"You're starting to see this optimism that the economy could be strengthening, and that could probably lead to some inflation over time," said Lindsey Bell, investment strategist at CFRA Research. That has been encouraging some investors to move out of bond proxies in the stock market and into areas that benefit more from economic growth, she said.

The yield on the 10-year U.S. Treasury note edged down to 2.531% from 2.551% on Wednesday. The

Shares of real-estate firms and utility companies, considered bond proxies because of the regular dividends they generate, were trading lower.

Elsewhere, the Stoxx Europe 600 edged down 0.3%. The Hang Seng Index rose 0.2%, its 13th consecutive session of advances. Early Friday, the Hong Kong benchmark was up 0.5%, while the Shanghai Composite was up 0.2%.

While the share now toward the top end of the range, analysts at ANZ Research said they see less need for further Treasury purchases.

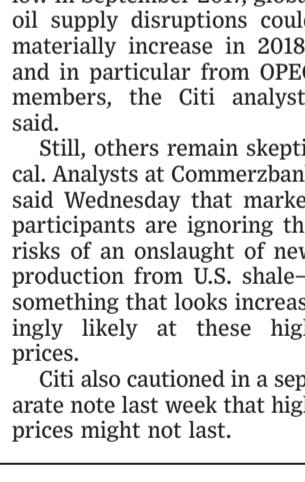
"With the Chinese authorities largely refraining from [foreign exchange] intervention since early 2017 to allow the [yuan] to be more market determined, there is less need to purchase U.S. Treasurys apart from portfolio rebalancing," said ANZ analyst Khoon Goh. He said China's purchases in 2017 were likely driven by portfolio rebalancing.

—Liyan Qi and Chao Deng

**Big Buyer**

Chinese holdings of U.S. Treasurys

\$1.5 trillion



Source: Treasury Department

THE WALL STREET JOURNAL.

# Forecasts of \$80 Oil Are Spreading

BY ALISON SIDER

Oil prices have been grinding higher, spurring forecasters to predict they could hit \$80 a barrel this year.

**COMMODITIES** Oil is already trading at its highest levels in three years after a 20% gain for U.S. crude futures over the past 12 months, and some market watchers expect prices to take out new milestones as the rally continues in 2018.

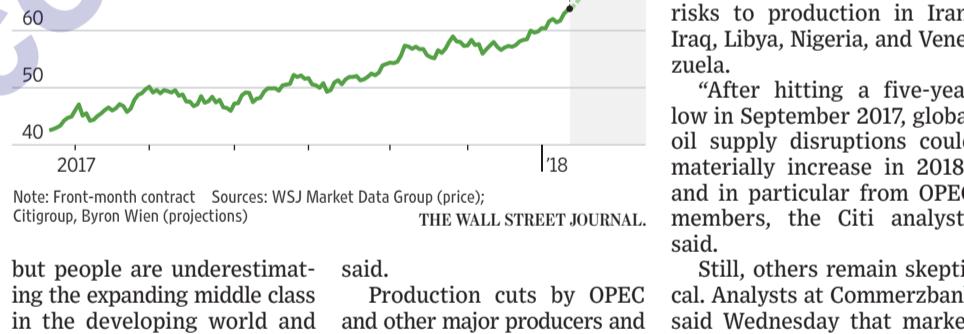
On Thursday, U.S. crude futures rose 0.36% to \$63.80 a barrel. Brent, the global benchmark, briefly surpassed \$70 a barrel but pared gains to settle up 6 cents at \$69.26 a barrel.

Byron Wien, vice chairman of the Private Wealth Solutions group at Blackstone, put \$80 West Texas Intermediate on his annual list of 10 surprises in store for markets this year.

"Demand is going to continue to increase faster than supply," he said in an interview. "It's out of consensus,

## Crude Awakening

A growing economy is boosting demand for oil, even as OPEC is holding production down. That could send crude prices back to the \$80 mark in 2018.



Note: Front-month contract. Sources: WSJ Market Data Group (price); Citigroup, Byron Wien (projections)

THE WALL STREET JOURNAL.

but people are underestimating the expanding middle class in the developing world and their resultant demand."

Shrinking inventories, commitment by the Organization of the Petroleum Exporting Countries to cut output through the year and only modest production growth from outside the group could all also push prices higher, he

said.

Production cuts by OPEC and other major producers and unexpectedly strong demand were a potent mix last year, helping pull prices out of a three year downturn.

Citigroup also said \$80 is a possibility. In a note Tuesday, the bank said the right combination of geopolitical crises could tip crude prices into the

70-to-\$80 range. With supplies already so tight, any unexpected disruption could cause prices to surge.

Much of last year was relatively calm in the oil world, with unexpected interruptions reducing supplies by about 2 million barrels a day at the end of last year—half the 2016 peak. But there are looming risks to production in Iran, Iraq, Libya, Nigeria, and Venezuela.

"After hitting a five-year low in September 2017, global oil supply disruptions could materially increase in 2018" and in particular from OPEC members, the Citi analysts said.

Still, others remain skeptical. Analysts at Commerzbank said Wednesday that market participants are ignoring the risks of an onslaught of new production from U.S. shale—something that looks increasingly likely at these high prices.

Citi also cautioned in a separate note last week that high prices might not last.

# Yields Move Down After 30-Year Bond Auction

BY SAM GOLDFARB

U.S. government bonds strengthened Thursday, recovering from earlier declines after an auction of

**CREDIT MARKETS** 30-year Treasury bonds drew unexpectedly strong demand.

Though a bout of recent selling has pushed Treasury yields to their highest levels in months, the results of the \$12 billion, 30-year bond auction

showed some investors see the move as a buying opportunity.

Sold at a 2.867% yield, the debt drew the largest demand of a 30-year auction, relative to its size, since December 2014, according to BMO Capital Markets. Existing 30-year bonds had been trading at a 2.888% yield just before the auction, according to Tradeweb. The bond closed at a yield of 2.863%.

The benchmark 10-year Treasury note also rallied, pushing its yield down to 2.531% at the 3 p.m. close from 2.551% Wednesday. Yields fall when bond prices rise.

The 30-year auction showed "very clearly that investors are still buying U.S. Treasurys," said Kevin Giddis, head of fixed-income capital markets at Raymond James.

Earlier Thursday, Treasury had extended recent declines after minutes from the European Central Bank's December meeting hinted at an end to

the central bank's giant bond-buying program. ECB officials "widely" agreed that the bank needed to change its guidance to investors early this year to better reflect the eurozone's economic recovery.

The ECB in October said it would extend its bond-buying program at a reduced pace through September 2018. But it didn't set a concrete end date to the program, sparking criticism from some top officials including the German and Dutch central-bank governors.

The ECB's monetary-stimulus program is thought to have helped drag down bond yields globally. The central bank has been buying both government debt and corporate bonds. That has curtailed the supply of European debt and driven up demand for U.S. fixed-income assets, which offer higher interest rates.

The latest signal from the ECB had its largest impact in

Europe, where the yield on the 10-year German bond settled at 0.522%, according to Tradeweb, up from 0.456% just before the minutes were released.

Bond investors recently have also become increasingly

nervous about the prospect of inflation rising, given a run of encouraging U.S. economic data and last month's passage of tax cuts. Inflation erodes the purchasing power of bonds' fixed payments.

**U.S. Government to Sell \$148 Billion in Debt**

The U.S. Treasury Department will auction \$148 billion in securities next week, comprising \$55 billion in new debt and \$93 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Tuesday:** \$45 billion in four-week bills, a reopening of an issue first sold on Aug. 17, 2017, maturing Feb. 15, 2018. Cusip number: 912796NS4.

Also, \$48 billion in 13-week bills, a reopening of an issue first sold on Oct. 19, 2017, maturing April 19, 2018. Cusip number: 912796PB9.

Also, \$42 billion in 26-week bills, dated Jan. 18, 2018, maturing July 19, 2018. Cusip number: 912796MK2.

Noncompetitive tenders for the 13-week and 26-week bills must be received by 11 a.m. EST Monday and competitive tenders, by 11:30 a.m. For the four-week bills, the deadlines are noon and 1 p.m. respectively.

◆ **Thursday:** \$13 billion in 10-year Treasury inflation-protected securities, dated Jan. 31, 2018, maturing Jan. 15, 2028. Cusip number: 9128283R9.

Noncompetitive tenders must be received by noon EST Thursday; competitive tenders, by 1 p.m.

# Beijing Dismisses Treasury Cut Report

BEIJING—China, the largest holder of Treasury securities, denied a news report that alleged the government was considering winding down purchases of U.S. debt.

The State Administration of Foreign Exchange on Thursday disclaimed the Bloomberg News report that circulated the day before that said senior Chinese officials had recommended slowing or halting Treasury purchases. The report triggered a broad sell-off of the greenback and drove up Treasury yields. Bond yields rise when prices fall.

"Such news may have used wrong information sources and may have been fake news," the foreign-exchange regulator said. The regulator said it manages investments with the aim of both diversification and preserving and appreciating asset values.

Like other forms of investment, that of foreign-exchange reserves in U.S. Treasurys is based on market conditions and investment needs, the regulator said.

On Thursday, the dollar fell slightly against the yuan, while Treasury yields dropped.

As of October, the latest data available, China held \$1.189 trillion in Treasury securities, according to the Treasury Department. Japan was second, with \$1.094 trillion.

China's foreign-exchange reserves, the world's largest, stood at \$3.14 trillion at the end of last year.

U.S. Treasurys are the largest holding in China's foreign-exchange reserves, usually accounting for between 40% and 42%, according to analyst estimates.

While the country has increased such holdings for much of 2017, it has reduced its net holdings since peaking in 2014.

With the share now toward the top end of the range, analysts at ANZ Research said they see less need for further Treasury purchases.

"With the Chinese authorities largely refraining from [foreign exchange] intervention since early 2017 to allow the [yuan] to be more market determined, there is less need to purchase U.S. Treasurys apart from portfolio rebalancing," said ANZ analyst Khoon Goh. He said China's purchases in 2017 were likely driven by portfolio rebalancing.

—Liyan Qi and Chao Deng

## MARKETS

# South Korea Aims to Ban Crypto Trading

Price of bitcoin sinks as government preps a measure in effort to stanch frothy market

By EUN-YOUNG JEONG  
AND GREGOR STUART HUNTER

A top South Korean official said the government is preparing a bill to ban the trading of cryptocurrencies on exchanges, stepping up its efforts to curb speculation.

The remarks from Minister of Justice Park Sang-ki came just days after the country's financial regulator started inspecting some of South Korea's largest financial institutions that help facilitate digital-currency trading. Bitcoin prices tumbled Thursday, falling more sharply on Korean exchanges than other trading venues.

Bitcoin, the world's most widely traded cryptocurrency, fell as much as 14%, to \$12,845, according to an index of prices across four exchanges from research site CoinDesk. Shortly after the government's announcement, bitcoin lost almost a fifth of its value on Bithumb, South Korea's largest cryptocurrency exchange.

Late Thursday, bitcoin was trading at about \$13,365, according to CoinDesk.

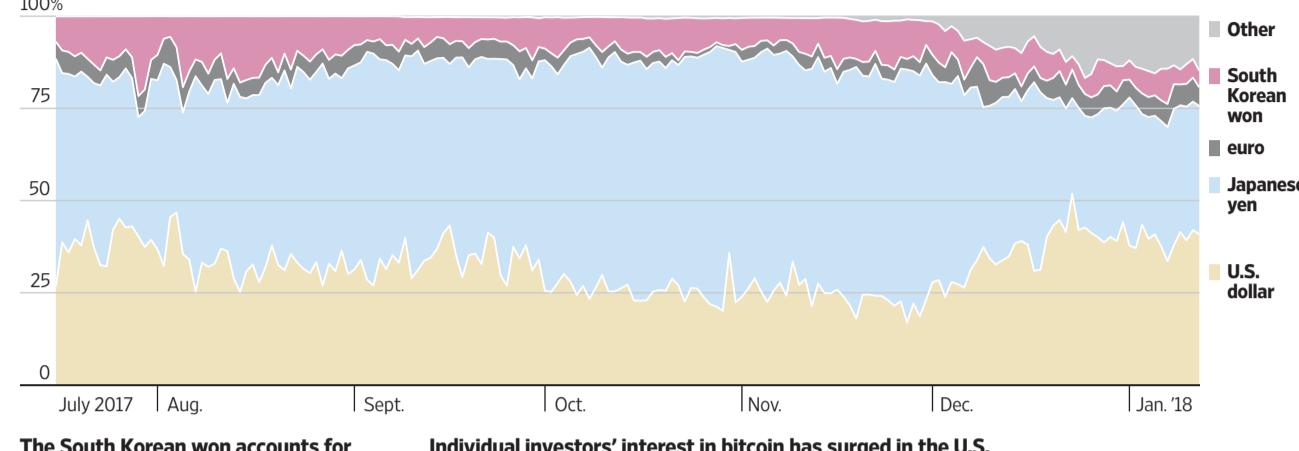
Early Thursday, ether, another cryptocurrency, was down 3.3%, to \$1,207, according to CoinDesk. On South Korea's Bithumb, its price dropped as much as 15%.

The government in recent weeks has announced a series of measures aimed at eliminating anonymous trading of cryptocurrencies and cooling investor fervor in bitcoin and other cryptocurrencies, whose price surges over the past year have drawn in many individual investors, including retirees and students.

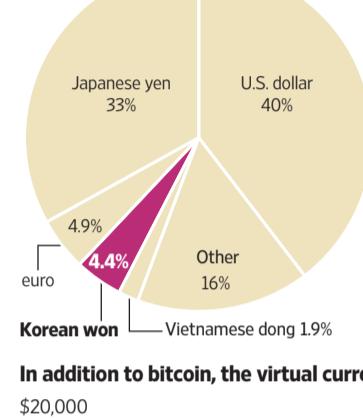
Bitcoin has soared 1,446%

Individual investors in South Korea have flocked to trading cryptocurrencies.

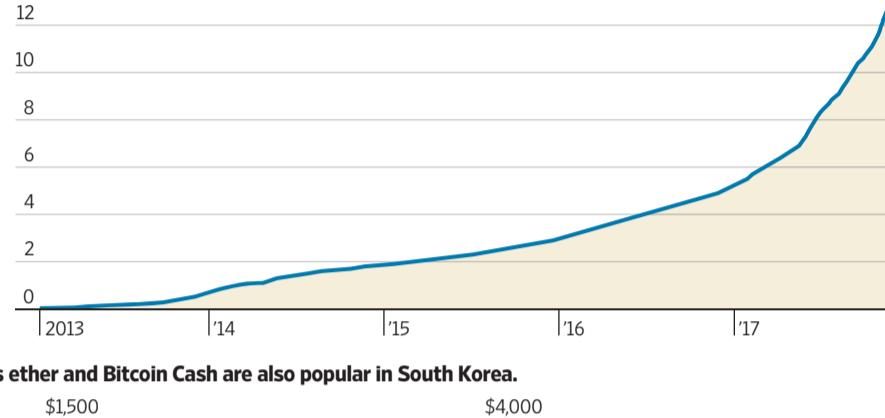
#### Global bitcoin trading volume, by currency



#### The South Korean won accounts for roughly 4.4% of bitcoin trading volume



#### Individual investors' interest in bitcoin has surged in the U.S.



#### In addition to bitcoin, the virtual currencies ether and Bitcoin Cash are also popular in South Korea.



Sources: CryptoCompare (share of bitcoin trading, trading volume); Coinbase via Alistair Milne (individual investors' interest); CoinMarketCap (prices)

since the end of 2016.

"Cryptocurrency trading is looking similar to speculation and gambling," Mr. Park said at a press conference Thursday. "South Korea's [cryptocurrency] trade is considered abnormal abroad," he said, referring to how domestic investors have often paid higher prices for bitcoin and other virtual currencies on the coun-

try's exchanges compared with other major global trading venues. Market participants have named that gap the "kimchi premium."

Earlier this week, South Korea's National Tax Service began investigations on the country's leading virtual currency exchanges, Bithumb and Coinone.

Bithumb confirmed Thurs-

day that authorities had visited the company's headquarters but declined to comment on details of the investigation. Coinone, which is undergoing a separate police investigation for allegedly offering gambling services on its exchange, also confirmed the investigation by the tax authority.

Shares of several South Korean companies that are invest-

tors in domestic cryptocurrency exchanges also plunged on Thursday, dropping by the maximum 30% permitted in South Korea's smaller Kosdaq market.

Hours after Mr. Park's remarks, a spokesman from South Korea's presidential office said abolishing cryptocurrency exchanges was "one possible measure prepared by the

Ministry of Justice, but it's not final."

"The final decision will be made after consultation among ministries," the spokesman said.

South Korea's share of global bitcoin trading increased significantly last year, raising alarms among officials.

About 4.4% of all bitcoin transactions globally used the Korean won during the past year, making it the fourth-most-widely used national currency in bitcoin trading after the U.S. dollar, the Japanese yen and the euro, according to data from CryptoCompare.

The country is more active in markets that trade alternative cryptocurrencies to bitcoin, known as altcoins, CryptoCompare's data show. The South Korean won is the second-biggest national currency used for trading ether and Bitcoin Cash, a rival to bitcoin launched last summer.

South Korea's government has tried to take a firm line to protect investors from potential losses. The country banned launches of new cryptocurrency tokens, known as initial coin offerings, in September.

South Korea's disquiet over bitcoin trading follows moves taken by China, which closed cryptocurrency exchanges in 2017. Last week, Beijing ordered the shutdown of operations that produce bitcoin, a process known as bitcoin mining.

Some market participants said details about South Korea's latest plans were scant, making it hard for traders to gauge the potential fallout.

Kim Hwa-joon, the co-head of a South Korean industry group that includes some 10 domestic exchanges, said it isn't certain that the proposal to ban cryptocurrency trading will materialize. "The bill would still have to go through the national assembly," Mr. Kim said.

## HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: [heard@wsj.com](mailto:heard@wsj.com)

# Airlines Must Guard Tax Windfall

U.S. airlines are among the biggest beneficiaries of the tax plan. They also may be at the greatest danger of competing their tax gains away.

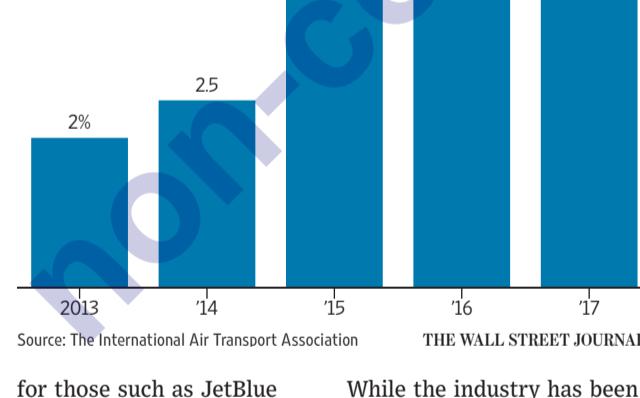
Because nearly all of airlines' income is taxed domestically, the cutting of the corporate rate to 21% will reduce their tax bill markedly more than multinationals that have been paying lower-than-U.S. tax rates on their foreign operations. Delta Air Lines, for example, has had an effective tax rate of about 35%, while Apple's has been about 25%.

The tax windfall comes when business is very good for the industry. Delta on Thursday reported fourth-quarter results that topped analyst expectations and boosted its profit forecast for this year. December traffic figures from JetBlue Airways also pleased investors.

The tax-plan provision allowing companies to immediately write down the full value of capital investments provides carriers with another big benefit—especially

#### Seating Chart

Change in North American airline passenger capacity from a year earlier



Source: The International Air Transport Association

THE WALL STREET JOURNAL.

for those such as JetBlue that have been spending heavily on aircraft purchases. Another benefit from the tax plan is the additional money it is putting in the pockets of taxpayers and corporations should boost demand for air travel.

So airline investors should be pretty happy about the tax plan. The one catch is that airlines have a history of frittering away any extra money that comes their way.

While the industry has been more disciplined in recent years, it isn't clear that it has fully weaned itself of the habit of adding too many planes and dropping prices to lure travelers away from competitors whenever the opportunity arises.

Airlines have had a bumpy start to 2018, which is surprising given how strong the economy is. One reason is that investors are starting to worry that tax cuts will have

the same effect on airlines as low fuel costs. It didn't help that Southwest Airlines said last week it was giving each of its employees a \$1,000 bonus "in celebration of tax reform legislation," along with announcing a plan to buy 40 additional planes.

American Airlines Group, JetBlue and Alaska Airlines parent Alaska Air Group followed suit with employee bonuses.

Those moves might not be harbingers of an undisciplined future. The bonuses won't take much of a bite out of profit margins, and Southwest's new plane order was probably going to happen regardless of the tax plan, according to Wolfe Research analyst Hunter Keay.

But the industry may provide a perfect test case for anyone wondering how much of the coming corporate tax cuts will end up flowing into profits and how much will get spent elsewhere. If flying starts becoming a little less unpleasant, investors should worry.

—Justin Lahart

## OVERHEARD

High prices seem to be a topic of perpetual discussion in the drug industry.

At the J.P. Morgan Healthcare Conference in San Francisco, it became clear that the scourge of inflation extends far beyond medical care.

Thousands of professionals and investors attend the event, which ran this week through Thursday.

That sent hotel prices soaring.

A room at the Holiday Inn Express was quoted above \$600 a night in late November.

Hotels, a popular site for corporate executives to hold their meetings, have been known to charge extra simply to put extra chairs inside rooms.

And if you want to stay alert through the long day of presentations, that too will set you back.

An 8-ounce bottle of Diet Coke cost \$5.08 after tax at the Westin St. Francis.

Where is the public outrage?

## Fujifilm Has Tack Xerox Should Copy

People spend more time in offices googling and Skyping than printing and copying documents. That is why Xerox needs to reinvent itself.

That may even mean the end of independence for the 111-year-old U.S. company, now valued at just \$7.7 billion—around one-sixth of its peak in 1999. Xerox is discussing an array of possible deals with Japan's Fujifilm, its longtime joint-venture partner, that may or may not involve a change of control, according to The Wall Street Journal.

Growth has been elusive in Xerox's printer-and-copier business. Sales in the first nine months of 2017 fell 5% from a year before. The business, however, remains profitable. Streamlining operations between the two firms, which have a joint venture called Fuji Xerox that sells copiers in Asia, would help keep earnings positive even if revenue keeps declining.

Yet printers and copiers are unlikely to be the future of either company in a world where offices are increasingly digital. Fujifilm, which survived the death of film photography while rival Kodak floundered, can provide a lesson in reinvention.

It has been using its existing technology to diversify into new areas, such as cosmetics. Fujifilm also has made use of its imaging technology to manufacture medical systems. Fujifilm's operating income outside

documents grew by 48% in the six-month period ended in September, compared with a 28% decline for its document segment.

If Xerox could photocopy that kind of performance improvement, a tie-up with Fujifilm would make sense.

—Jacky Wong

# When Auditors Behave Badly, Penalties Often Fall Short



ALEX KRAUS/BLOOMBERG NEWS

censure over its audit work for Tesco, the U.K. supermarket chain hit by an accounting scandal in 2014.

KPMG has had recent near misses too: It escaped

censure in the U.K. for audits

of HBOS, a large bank ultimately bailed out in the financial crisis.

When firms do get punished, the fines are often relatively small—in the single-digit millions—although in the U.S., investor lawsuits can escalate the costs. PwC could face steep costs in relation to Colonial Bank following the Federal Deposit Insurance Corp.'s recent win of a lawsuit accusing it of professional negligence.

However, in the Satyam case, PwC might not suffer much. Firstly, it will appeal the order, saying India's securities regulator has to prove PwC colluded with Satyam. Secondly, if the ban

holds, it applies only to "statutory audit work" for listed companies in India, which means auditing annual accounts.

PwC will be able to continue other accounting, tax and consultancy work with any company and do audit work with nonlisted companies. The revenue losses may not be that big.

It isn't legally the job of auditors to hunt out potential frauds, although risk to their reputations should encourage them to ask basic questions and not ignore glaring anomalies.

In another example, Deloitte is facing twin investigations in South Africa and

the Netherlands for its oversight of Steinhoff, the South African retail empire, laid low by an accounting scandal that emerged in December.

It is early days to guess what might happen there, but it illustrates a wider issue.

Auditors, bankers and lawyers too rarely lift their noses from the revenue streams of high-value clients to question where a company is going and why.

And when a company goes off the rails, the reputational damage is rarely enough to make anyone more willing to bite the hands that feed them.

—Paul J. Davies

A Japanese artist and father of 'Superflat'



MS

# MANSION

*I hate almost all rich people,  
but I think I'd be darling at it.*

—Dorothy Parker

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday, January 12, 2018 | M1



ALEXIA FODER FOR THE WALL STREET JOURNAL (3)

**LAP OF LUXURY** The Palm Beach estate, above, where investor Jeff Greene and his wife Mei Sze Greene live with their three children. The home originally was designed by famed architect Addison Mizner in the 1920s. Below left, the living room of the residence the couple purchased for \$24 million in 2009. The Greenes, below right, have expanded the home from about 9,000 square feet to 40,000 square feet.

## New Faces on Billionaires Row

In posh Palm Beach, young families and hedge-fund honchos—lured by Florida's sunshine and low taxes—are buying homes in this bastion of high society.

BY CANDACE TAYLOR

**MAUREEN DONNELL SITS** on the shaded terrace of her Palm Beach estate, where a sweeping lawn meets her private dock on the Intracoastal Waterway. Swathed in a high-necked purple blouse with gold bracelets jangling at her wrists, Ms. Donnell points out a row of antique French statues depicting the four seasons by the swimming pool. A housekeeper in a crisp blue and white uniform appears bearing iced tea and cookies.

Just a mile to the north, it is far less peaceful. Here, police cars with flashing lights encircle the Mar-a-Lago Club, where President Donald Trump is spending the holidays. Nearby, Trump supporters hold signs saying "Proud Deplorable"

Please turn to page M10



## CASES OF MISTAKEN IDENTITY

INSIDE

While a name-brand architect can add a significant premium to the value of a home, buyers should beware: Proving the provenance of a property can be difficult, and high-end real estate is susceptible to rumors and hearsay.



BY KATHERINE CLARKE

**PERCHED ABOVE** San Francisco Bay in the big-money enclave of Belvedere, Calif., a French Provincial manor boasts exquisite views of the Golden Gate Bridge, wood-paneled walls and its own rose garden. Formerly owned by well-known venture capitalist Tom Perkins, the home also boasts one of the Bay Area's most coveted designations: It was designed by local architect Julia Morgan, the first female architect licensed in California and the designer of iconic properties such as Hearst Castle in San Simeon, Calif.

Or was it?

Longtime Morgan scholar Karen McNeill says no. Asked last year by prospective buy-



**\$29.75 MILLION**  
17 iPads control this California home M2



**TRUE COLORS**  
A vacation home with rooftop minigolf M3



**SUPERIOR LIVING**  
Three luxury homes on the Great Lake M8

ers to establish the home's provenance, she says the building's architectural char- acteristics are inconsistent with Ms. Morgan's hallmarks, and says she couldn't find any reference to Ms. Morgan's alleged involvement with the property until 1968,

when it began to be marketed as her work. Ms. McNeill says

Please turn to page M4

## MANSION

PRIVATE PROPERTIES | KATHERINE CLARKE

## Actress Gets a \$34.62 Million Penthouse



FROM TOP: HAYES DAVIDSON (RENDERING); BRANDON BECHLER

Former "Law & Order: SVU" actress Stephanie March and her husband, technology investor Daniel Benton, have purchased a penthouse in a Manhattan building for \$34.62 million, according to people with knowledge of the deal.

The couple is combining two units in the building, known as the Shephard, to create a 6,836-square-foot spread with

five bedrooms and 3,451 square feet of terrace space, these people said. A rendering of the unit is above. The upper level is largely built from glass and has a 70-foot wide terrace with an outdoor kitchen.

In the West Village on a tree-lined street, the Shephard comprises 38 apartments, according to the developer's website. The 12-story building was con-

structed as a warehouse in the late 1800s. Developers Naftali Group and Starwood Capital converted most of the units into condos after buying the building for \$68.2 million in 2014, according to public records.

The building has a paneled library opening onto a garden, two spas, a gym with a climbing wall, a half basketball court and a golf simulator. The apartments have

mahogany cabinetry and white-oak herringbone-style floors.

Several units are still for sale, according to listings website StreetEasy. Alexa Lambert, an agent at Stribling Marketing Associates, is overseeing sales.

Ms. March and Mr. Benton married in September 2017, according to Ms. March's social-media accounts. She previously was married to chef and televi-

sion personality Bobby Flay. Mr. Benton and his ex-wife still own a penthouse on the Upper East Side, property records show. A spokeswoman for Ms. March didn't respond to a request for comment. Mr. Benton couldn't be reached for comment.

Daniel Chun of Elegran Real Estate represented Ms. March and Mr. Benton.

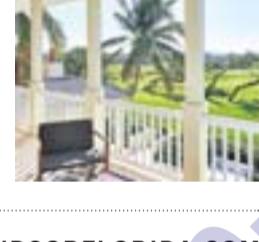
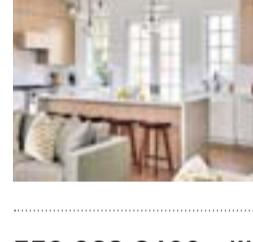
## WINDSOR



## 3775 NORTH SAVANNAH PLACE

5 BEDROOMS 4 FULL AND 1 HALF BATHS \$2,750,000

This sophisticated Golf Cottage, with a contemporary vibe, enjoys a southern exposure and magnificent views of the undulating fairways and sweeping live oaks. Bleached-walnut flooring used throughout the home enhances the light beachy feel. Exceptional design and acute attention to every detail are incorporated throughout this beautiful home.



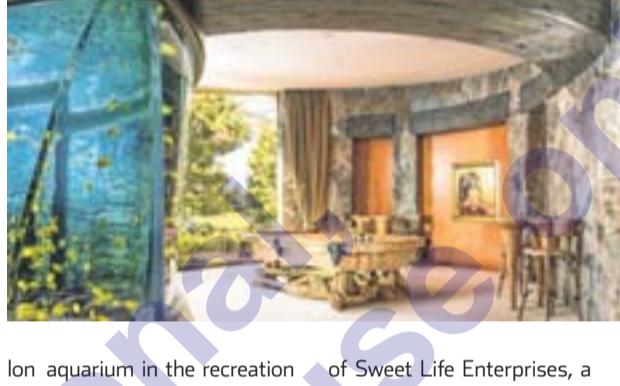
772 388 8400 WINDSORFLORIDA.COM

## CALIFORNIA HOME SEEKS \$29.75 MILLION

A house in a Southern California resort community with a private golf driving range and a man-made stream is coming on the market for \$29.75 million.

Located in Riverside County, near Palm Desert, the property is in the Madison Club golf community and includes a 3,500-square-foot guesthouse that sits on more than 2 acres.

The 17,000-square-foot, six-bedroom main house features a home theater with seating for up to 24 and a smart-home system controlled by 17 iPads. A 3,000-gal-



lon aquarium in the recreation area contains more than 400 saltwater Tang fish, said Mike Gray, the seller.

Outside, there is a wood-fired pizza oven and a stream that runs into a 95-foot-long swimming pool.

Mr. Gray, 66, is the founder

of Sweet Life Enterprises, a company that makes baked goods. Mr. Gray has built more than 40 homes and has embarked on a second career as a developer, he said. He and his wife are selling this home because they are ready to move onto their next project.

## LBJ'S FORMER RANCH TO LIST FOR \$2.8 MILLION



A Texas Hill Country ranch once owned by Lyndon B. Johnson is coming on the market for \$2.8 million, complete with the late president's original bathtub.

Located on 142 acres near Johnson City, the 2,841-

square-foot main house was built on a mountaintop on the foundations of Mr. Johnson's former property, while preserving his original bathroom and bedroom, which are still in use.

Mr. Johnson bought the

property in 1963 and owned it until 1971, according to Blanco County property records. The ranch once comprised about 800 acres, but it has been broken up into smaller parcels.

The property is owned by Italian painter Benini, 76, and his wife, Lorraine Benini, 70. They purchased the main house in 1999. Mrs. Benini said they are selling because her husband is the restless sort.

Dave Murray of DMTX Realty, a sales team affiliated with Coldwell Banker United, has the listing.



► See more photos of notable homes at [WSJ.com/Mansion](http://WSJ.com/Mansion). Email: [privateproperties@wsj.com](mailto:privateproperties@wsj.com)

# AMERICA'S FAVORITE SUN.



**LUXURIOUS SINGLE-FAMILY HOMES FROM THE \$900,000s TO OVER \$2 MILLION WITH CUSTOM HOMESITES ALSO AVAILABLE.**

It's 2018. A new year and another dismal winter has just begun. Maybe now is the time to consider greeting next New Year's Eve in a new home (or second home) in the sun your family will totally love at The Ritz-Carlton Residences, Dove Mountain.

Here, in the Great Sonoran Desert of Southern Arizona, you'll discover an exclusive community of single-family homes in contemporary Southwestern design and a lifestyle that is as comforting as it is invigorating. There are incredible mountain vistas, 27 holes of Jack Nicklaus Signature Golf, 45 miles of trails, an award-winning clubhouse and all the services and amenities of Arizona's only Five-Star and Five Diamond hotel, the world-famous Ritz-Carlton, Dove Mountain resort and spa, at your service, whenever you want them.

If now isn't a good time to convert some of your assets into something cozier than an investment portfolio or a bank vault, when is?

Call Sales Director Rich Oosterhuis right now for more detailed information.

 The Residences at The Ritz-Carlton, Dove Mountain are not owned, developed or sold by The Ritz-Carlton Hotel Company, L.L.C. Dove Mountain Investors, LLC uses The Ritz-Carlton marks under license from The Ritz-Carlton Hotel Company, L.L.C. Access to and use of the recreational amenities of The Golf Club at Dove Mountain requires payment of monthly Club membership dues. This is not an offer of solicitation where prohibited by law. Prices, plans, amenities, availability and improvements referenced herein are subject to change without notice. Sales are conditional upon buyer's receipt and acceptance of the Arizona Subdivision Public Report.

**THE RITZ-CARLTON RESIDENCES**

DOVE MOUNTAIN



Tucson, Arizona

(877) 451-7205

THERESIDENCESDOVEMOUNTAIN.COM

## MANSION

## ANNOTATED ROOF

# A Rooftop Retreat for a Family of FORE

A Jersey Shore vacation home features a miniature golf course—complete with a model windmill



**JEAN RHODES** WANTED a “green roof” on her Long Beach Island, N.J., vacation home—but not the kind that’s covered with dirt and vegetation.

To lure her 25-year-old daughter and two sons, aged 19 and 22, onto an unused roof deck, she built a nine-hole miniature-golf course, complete with AstroTurf greens, a windmill and a footbridge. Constructed in a few weeks in July, the course cost about \$21,000, says Ms. Rhodes, a 56-year-old psychology professor at the University of Massachusetts in Boston.

The holes progress in difficulty, and most offer two options: Play it safe for par, or go for a hole-in-one despite the risk of ricocheting the ball off a windmill blade or losing it

behind a seahorse sculpture.

Now, Ms. Rhodes says, family and friends routinely gather on the greens atop her four-bedroom ocean-front home, purchased in late 2014 for \$3.499 million. “It’s as good as a professional course,” she says.

Sourcing the materials and puzzling out the layout fell to the family’s longtime carpenter, Greg Fryer of Manahawkin, N.J.-based Majestic Carpentry. “I pulled out all the skills I’ve learned over all the years,” says Mr. Fryer, who enjoyed the process so much that he recently launched a side business to build residential mini-golf courses. Here are some of the components of the Rhodes course.

—Leigh Kamping-Carder

**1. GREENS FEE**

About 85 square yards of AstroTurf were laid atop the ramps and holes, which were treated with a weather-proofing sealant to protect them from the elements.

**Price:** \$40 a square yard

**2. PLIABLE PLY**

The architecture of the holes is mostly made of pressure-treated plywood. For curves, Mr. Fryer said he used a

special, bendable plywood commonly employed in furniture.

**Price:** \$50 per 4-by-8-foot sheet for the bendable plywood

**3. PLAYFUL TEES**

Models of a windmill, a bridge and a lighthouse make the game challenging—and add a little kitsch to the course. Accessories were bought online from Amusement Wholesale in Eagle, Idaho.

**Price:** 12 clubs, balls and a rack: \$500; windmill: \$250; bridge: \$200; lighthouse: \$275

**4. SHIP SHAPE**

Ms. Rhodes decorated the course with nautical items. A seahorse sculpture—once part of an amusement park ride—came from a local antiques market, while a dock piling, carved-wood seagull and large, authentic buoy came from area shops. She

found a lobster trap, glass buoys and an anchor in her mother’s garage.

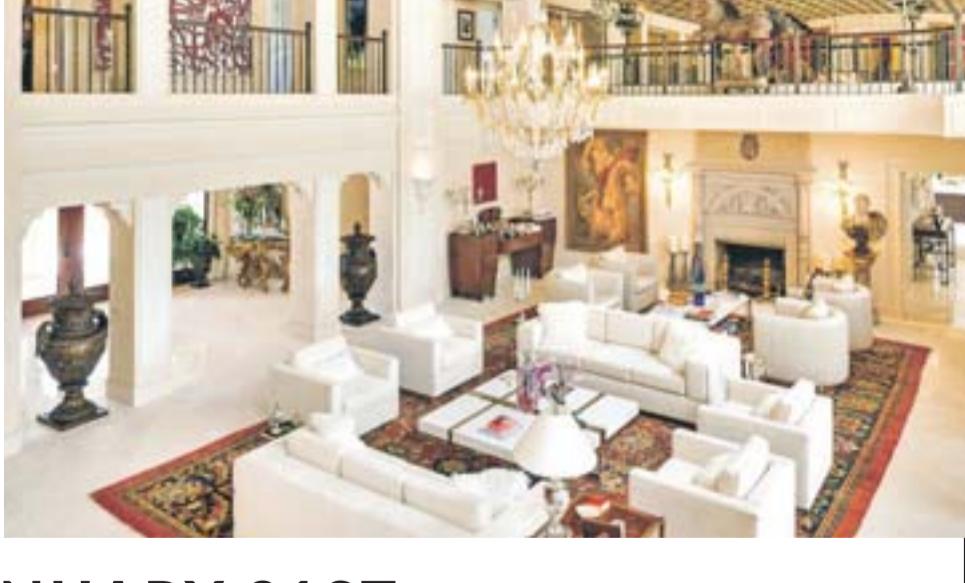
**Price:** Seahorse: \$180; dock piling: \$10; seagull: \$100; buoy: \$75

**5. TIKI TRIMMING**

Six Tiki-style carved-wood totem poles came from a surf shop in Ship Bottom, N.J., that was looking to get rid of them.

**Price:** Tiki poles, \$150 for six

## CONCIERGE AUCTIONS



## AUCTION JANUARY 31ST

46 STAR ISLAND DRIVE, MIAMI BEACH, FLORIDA

PREVIOUSLY LISTED FOR \$65M. SELLING WITHOUT RESERVE.

Historic, fully-renovated Mediterranean villa on Star Island with 255 feet of waterfront, panoramic views of Miami, opulent outdoor entertaining, and more than 40 rooms.

In Cooperation With: Mirce Cukoski and Alexa Iacovelli of ONE Sotheby's International Realty  
CONCIERGEAUCTIONS.COM | +1 212.202.2940

## MANSION

## CASES OF MISTAKEN IDENTITY

*Continued from page M1*

she dug up records of building contracts from 1929 identifying the architect as H.O. Alden, a local firm.

Based on her findings, the couple decided against a purchase.

It's a problem the art world has dealt with for centuries: Buyers worry about paying for a work by a famous artist, only to learn later that the work may be misattributed or a forgery. In the real-estate world, buyers pay a premium for a famous property only to see their home's value plunge when its history is debunked. To protect their investment, buyers are increasingly turning to historians, architectural experts and nonprofit foundations to authenticate the provenance of the property.

"Buyers want a home with a history or architectural pedigree. Realtors and sellers understand this," says Ms. McNeill, who declined to say how much she charges for her research. "In today's competitive and sometimes frenzied marketplace, none of the parties are always as diligent as they should be in researching attribution." Ms. McNeill is also a senior historian at wealth management firm Ascent Private Capital Management of U.S. Bank.

Danielle Chavanon and Isobel Wiener of Sotheby's International Realty, who had listed the Perkins property, admit they aren't historians. They say they described the property as a Morgan after seeing it listed as one of her undocumented works in a book by the late architectural historian Sara Holmes Boutelle. The book was provided by Mr. Perkins's heirs, they say; Mr. Perkins died in 2016. The agents declined further comment.

When it comes to a name-brand architect, there are more than bragging rights at stake. Nina Hatvany, a luxury agent with Pacific Union International in San Francisco, says having Ms. Morgan's name attached to a listing could add a 5% to 10% pricing premium to a property. Listed for \$16.5 million in September 2016, the Belvedere home sold for \$14.46 million in March—by Ms. Chavanon and Ms. Wiener—and a second time last year for \$14.25 million by another agent. Mr. Perkins's estate didn't respond to requests for comment; the home's current owners couldn't be reached for comment.

Little wonder that Morgans tend to multiply. Dan-



## IT'S A WRIGHT, RIGHT?

Susan Jenkins believes several structures on her Texas ranch resort were designed by architect Frank Lloyd Wright. A possible Wright, which she is restoring, top; Ms. Jenkins and husband Jody, right.

She removed the Morgan claim before the home sold. The home sold for \$1.37 million last year, public records show. "I have no idea how Julia Morgan got tied up in it, but it doesn't surprise me since everyone seems to want to claim their house is by Julia Morgan," Ms. Thompson says.

While the Bay Area is replete with Morgans, in Los Angeles the coveted architect is Paul Williams, the first African-American to be admitted to the American Institute of Architects. It can often be difficult to determine the provenance of a possible Paul Williams home, since records of his work aren't exhaustive and he designed in many different styles. Jeff Hyland of Beverly Hills-based brokerage Hilton & Hyland says that, when in doubt, agents default to describing homes they believe to be designed by Mr. Williams as being "in the style of Paul Williams."

The listing agent, Galina Plizga, doesn't dispute Ms. Thompson's conclusions—her only evidence of the home's Morgan provenance was a 2011 rental listing—so



fessor at the University of Virginia, says he believes they were wrong. He traced the mistake to a 1952 book titled "The Architectural Heritage of Newport, Rhode Island: 1640-1915."

After the book was published, "the information got passed around town until it became as good as fact," says Mr. Wilson, who identifies the actual architect as Dudley Newton.

Even in the case of famed architect Frank Lloyd Wright, whose projects are faithfully and almost exhaustively documented by scholars, disputes occur. That may be due to the fact that the economic incentive to document a Wright is considerable. "It maybe raises a building's value by a factor of five or more," says William Allin Storrer, a Wright historian. "A \$160,000 home would be worth \$1.5 million if it was by Wright."

Joel Hoglund, communications director at the Frank Lloyd Wright Building Conservancy in Chicago, estimates that his organization is contacted every couple of months by homeowners who believe their property may be a Wright. The conservancy checks such inquiries against its internal database of all Wright structures.

"While discovery of a previously unknown Frank Lloyd Wright design is unlikely, it is not impossible," he says.

Susan Jenkins, owner of Flying L Guest Ranch, a large ranch resort in Bandera, Texas, near San Antonio, says that her years of research show that cottages on the 1940s-era property were designed by Mr. Wright.

While she has no original plans, she found several historical references to Mr. Wright's involvement in local publications, including a 1963 mention in "The Dude Wrangler," a publication for dude-ranch operators, as well as mentions in the Bandera Bulletin and the San Antonio Express that same year.

She also points to clues such as the unusual use of precast cinder blocks made of seashells. She says Mr. Wright previously used sand and crushed coquina shells in the construction of another project, Florida Southern University in 1941.

Mr. Storrer, the Wright historian, visited the property at Ms. Jenkins's behest earlier this year. He argues there is no solid evidence to prove the cottages' provenance. "I went there already knowing it wasn't by Wright," Mr. Storrer says, adding that he could tell from the floor plans. "I

have a phrase that I'm not popular for: 'Those who have eyes and cannot see should not advertise their ignorance.' I don't want to insult these homeowners, but I do want to clarify." Ms. Jenkins says she believes Mr. Storrer is wrong.

Pat Wisialowski, who formerly owned a Wright home in Shorewood, Wis., says the interest in her home rose after its provenance was discovered by a local historian. She and her husband learned that the property was one of a small collection of homes designed by the architect in 1917 as part of a previously undocumented effort to develop well-designed houses for all income levels. After the discovery was made, tour buses would turn up to Mrs. Wisialowski's home, and she even landed on local television. "It was so cool," she says.

When she eventually listed the home last year following her husband's death, Mrs. Wisialowski says she got a "nice offer" from a Wright enthusiast. She sold the property for its asking price of \$264,900.

"The Wright Conservancy has over 1,000 members, any one of whom would die to live in a Frank Lloyd Wright house," Mr. Storrer says. "Most don't have the money to buy one, but some do."

# ONLINE AUCTION

## LOWCOUNTRY SPORTMAN'S RETREAT

BRAYS ISLAND, SOUTH CAROLINA

OPEN HOUSE PREVIEWS:  
FRI, JANUARY 26TH – SUN, JANUARY 28TH

ONLINE AUCTION BEGINS JAN 29TH

- 6 BR, 6.5 BA, 7,300± Sqft. Estate on Salt Marsh & Pond
- Unparalleled Community Amenities: Hunting, Fishing, Equestrian, Golf, Tennis, Boating, Shooting, And More
- Expansive Outdoor Living • Guest House • And More!

Previously Listed for \$3,200,000 - Starting Bid Only \$750K

(888) 415-LUXE | [INTERLUXE.COM/12490](http://INTERLUXE.COM/12490)

In cooperation with Paul Burton - License # 4942. Not an offer to residents of those states where registration is required. Property being offered by the seller. Agent is not engaging in auctioneering activities or calling bids. Interluxe is not acting in the capacity of a broker or auctioneer and provides advertising and online bidding services only. Bidding takes place online only at [www.interluxe.com/terms-of-use](http://www.interluxe.com/terms-of-use). For full terms please visit [www.interluxe.com/terms-of-use](http://www.interluxe.com/terms-of-use).

© 2018 Interluxe, Inc. All rights reserved.

THE WALL STREET JOURNAL

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490

12490



GLOBAL LUXURY™

WHERE EXCELLENCE LIVES



NANTUCKET, MASSACHUSETTS  
Swain's Neck 63-acre peninsula with Polpis Harbor views is potentially Nantucket's most private retreat. Main residence, cottage, studio, gate house, boat house and 2 moorings. \$35,000,000

Jonathan P. Radford, Sales Associate  
C. 617.335.1010



GREENWICH, CONNECTICUT  
Mid-Country estate w/lake views, pool w/waterfall & tennis ct. Spectacular great room. Gourmet kitchen. First floor. MBR plus 4 bedrooms ensuite. Lower level theater/game rooms. \$7,995,000

Briquette Petrocelli, Sales Associate  
C. 203.550.2340



WOODS HOLE, MASSACHUSETTS  
Enchanting 12-bedroom estate with Quissett Harbor views, original details, wide floors, fireplaces, bay windows, cook's kitchen, pool, and 5-car garage with apartment. \$6,750,000

Brigitte Petrocelli, Sales Associate  
C. 617.803.5249



RIVERSIDE, CONNECTICUT  
Towering views of LI Sound from this 5 bedroom 2016 HOB Award winner. Cutting edge construction & ingenious design. Private Association with beach, dock, kayak racks. \$6,400,000

Stacy Bauman Deccache & Cynthia DeRiemer, Sales Assoc S. C. 203.829.9052 | C. 203.918.1523



SOUTHBOROUGH, MASSACHUSETTS  
Estate with 5.82 acres and 15,980sf residence, blends classic details with contemporary highlights. Full range of amenities incl. 37' indoor pool and smart-house tech. \$6,000,000

Jonathan P. Radford, Sales Associate  
C. 617.335.1010



DOVER, MASSACHUSETTS  
Breathtaking residence set on 5 acres with exquisite details, smart technology, including a luxurious master suite, chef's kitchen, wine cellar, indoor pool, gym and home theater. \$5,999,000

Joni Shore & Jon Shore, Sales Associates  
JS. 781.888.2389 | JS. 781.864.9219



GREENWICH, CONNECTICUT  
Mid County Stone Georgian has beautifully scaled rooms, entry hall fireplace, cook's double island kitchen, 6 bedrooms & expansive lower level to private backyard & pool. \$5,795,000

Francoise Levinson, Sales Associate  
C.203.253.0791



WESTPORT, CONNECTICUT  
Majestic home on 2.73 private acres is your getaway for relaxation & entertaining. Enjoy 22 rooms, master suite w/ balcony, chef's kitchen, wine cellar, gym w/ sauna & pool. \$4,999,000

Karen Scott, KMS Partners, Sales Associate  
C. 203.613.9200



GREENWICH, CONNECTICUT  
Magnificent 5 bedroom, 4.2 bathroom, lakefront manor house in private gated association. A "Smart House" with exquisite interior, high ceilings and enchanting outdoor areas. \$4,900,000

Tory Thorman, Sales Associate  
C. 203.940.3048



RIVERSIDE, CONNECTICUT  
Stunning home w/pool & deeded water access. Re-imaged formal rooms, soaring kitchen, ultimate master w/Waterworks bath & fabulous garden level game/media/office/gym. \$4,495,000

Cynthia DeRiemer, Sales Associate  
C. 203.918.1523



BROOKLINE, MASSACHUSETTS  
Sophisticated new construction with 13 gracious rooms, 6 bedrooms, sleek chef's kitchen with oversized island, professional landscaping, and 2-car garage. \$4,200,000

Deborah M. Gordon, Sales Associate  
C. 617.974.0404



ALPINE, NEW JERSEY  
This contemporary estate on resort-like grounds offers six bedrooms, eight full-and-one half-baths and a bright and spacious open layout graced by walls of windows. \$4,188,888

Joshua M. Baris, Sales Associate  
C. 201.741.4999 | O. 201.461.5000



BROOKVILLE, NEW YORK  
Stately home will enchant you with its endless custom details, banquet size formal areas, handcrafted ensuite bedrooms for pampering, tennis court & pool with cascading spa. \$3,988,000

Eva Lee, Real Estate Salesperson  
C. 516.859.1887 | O. 516.365.5780



BOSTON, MASSACHUSETTS  
Single family home on The Flat of Beacon Hill with 4 levels, 4 fireplaces, terrace, eat-in kitchen, deck, 4 bedrooms, new garden, and garage parking. Ready to customize. \$3,986,000

Elaine Dolley, Sales Associate  
C. 617.331.0243



MANCHESTER-BY-THE-SEA, MASSACHUSETTS  
Beautifully converted c.1902 Carriage House with direct water frontage, whimsical details, chef's kitchen, 4 bedrooms, plus access to pier and dock. Deeded beach. \$3,950,000

Lynda Surdam, Sales Associate  
C. 978.764.7474



NEWTON, MASSACHUSETTS  
Grand 1929 Tudor-style Estate with golf course views, original details, exposed beams, newer cathedral family room, custom kitchen, en suite bedrooms, and lush grounds. \$3,899,000

Mitchel Bernstein & Maxine Burman, Sales Associates  
MB. 617.645.1360 | MB. 617.818.2447



CHESTNUT HILL, MASSACHUSETTS  
Grand 1895 Classical Revival residence on 1+ lush acres featuring 14 rooms, original details, exquisite woodwork, 6 fireplaces, library, 8 bedrooms, stellar location. \$3,580,000

Deborah M. Gordon, Sales Associate  
C. 617.974.0404



GLOUCESTER, MASSACHUSETTS  
Magnificent pastoral estate with ocean views set on 28 acres. This meticulously restored property includes a guest cottage, working barn, paddock and an idyllic pond. \$3,500,000

Lynda Surdam, Sales Associate  
C. 978.764.7474



MANHASSET, NEW YORK  
Stately Plandome Colonial 8 bedroom masterpiece with 5 fireplaces & 10 Ft ceilings. Beach, mooring & tennis available. Plandome LIRR Parking-30 Min to NYC. Manhasset SD. \$3,499,000

Shelley Scotto & Andrea Doherty, Assoc RE Brokers  
C. 516.816.7428 | O. 516.365.5780



NORWALK, CONNECTICUT  
On quaint Bell Island is this magnificent, 5 bedroom/5 baths home with open floor plan & commanding view. Comes with beach, dock & mooring rights. Walking distance to town. \$3,495,000

Isabelle Morrison, Associate Broker  
C. 203.249.8989



MANCHESTER-BY-THE-SEA, MASSACHUSETTS  
Architecturally significant home with historic detail and luxurious amenities. State-of-the-art kitchen, new baths, new systems. Palladian windows overlook 7+ acre grounds. \$3,400,000

Lynda Surdam, Sales Associate  
C. 978.764.7474



WESTON, MASSACHUSETTS  
Gorgeous custom home set on 1.47 acres with sophisticated spaces, 4 baths, 4 bedrooms, open family room/kitchen, finished lower level and walk-up attic. \$3,333,000

Diana Chaplin, Sales Associate  
C. 781.354.9010



OLD GREENWICH, CONNECTICUT  
Stunning 2008 Colonial home south of the village. Soaring ceilings, custom moldings, oversized transom-capped windows. 5 en-suite BRs including 1st & 2nd floor luxurious masters. \$3,195,000

Cristy Fraser, Sales Associate  
C. 203.637.4581



LINCOLN, MASSACHUSETTS  
Stunning Shingle-style with upscale appointments, 5 bedroom suites, custom millwork, high-end amenities, Wi-Fi sound system, spa, pool and cabana. Great commuting location! \$3,150,000

Brigitte Senkler & Amy Pasley, Broker Assoc/Sales Assoc  
B. 508.935.7496 | A. 617.571.7826



BOSTON, MASSACHUSETTS  
Rare 3-bedroom residence at One Charles with 24-hr concierge, huge windows, cherry hardwoods, 2 terraces, open kitchen, living/dining room, city views, and 2 garage spaces. \$2,975,000

Lili Banini, Sales Associate  
C. 617.407.0402



WESTON, MASSACHUSETTS  
Custom Contemporary home set on 2.74 acres with floor-to-ceiling windows, wide curved staircase, skylights, fireplaces, premium kitchen, 5 en suite bedrooms, and pool. \$2,899,000

Joni Shore & Jon Shore, Sales Associates  
JS. 781.888.2389 | JS. 781.864.9219



NEW HAVEN, CONNECTICUT  
St. Ronan-Edgehill Historic District. Douglas Orr designed 1928 Georgian Revival elegantly renovated w/ Smart Home system, custom chef's kitchen, game/media room, 5 bedrooms. \$2,785,000

Nichola Samponaro & Pam Cuncannon, Sales Assoc  
N. 203.561.5718 | P. 203.550.4282



LINCOLN, MASSACHUSETTS  
Renovated estate with 13 rooms, 5 bedrooms, 6 renovated baths, cherry library, dramatic chef's kitchen and family room plus Wi-Fi home automation. Walk to Walden Pond! \$2,595,000

Brigitte Senkler & Amy Pasley, Broker Assoc/Sales Assoc  
B. 508.935.7496 | A. 617.571.7826



NEWTON, MASSACHUSETTS  
Gorgeous shingled colonial home offering an open layout, 15 rooms, 5 bedrooms, guest suite, custom millwork, chef's kitchen, walkout lower level, luxurious pool and sports court. \$2,400,000

Mitchel Bernstein & Zak Grau, Sales Associates  
M. 617.645.1360 | Z. 617.964.9328



CHESTER, NEW JERSEY  
Set on over four acres, this custom staycation home includes six en-suite bedrooms, open floor plan, chef's kitchen, walkout lower level, luxurious pool and sports court. \$2,400,000

Kelly Peterpaul, Sales Associate  
C. 908.410.6777 | O. 908.766.0808



MILTON, MASSACHUSETTS  
Stately brick manor home set on 2+ acres offering 12 rooms, 5 bedrooms, hardwoods, 3 fireplaces, custom kitchen, pool, patio, plus separate loft-style guest suite. \$2,275,000

Matt Freeman, Sales Associate  
C. 617.797.2001



BROOKLINE, MASSACHUSETTS  
Gracious Colonial home in desirable neighborhood offering period details, high ceilings, large windows, 5 bedrooms, 4.5 baths, renovated kitchen, and finished lower level. \$2,195,000

Chris Remmels, Broker Associate  
C. 617.398.0018



IRVINGTON, NEW YORK  
An exceptional six-bedroom c.1850 Victorian with ten-foot ceilings, abundant sunlight, lovely period millwork. On a pastoral .83 acres with carriage/horse barn.

\$2,100,000

Rebekah FioRito, Real Estate Salesperson  
C. 914.523.5951 | O. 914.693.5476



NEEDHAM, MASSACHUSETTS  
Luxurious residence set on resort-like grounds offering 2-story living room with fireplace, designer kitchen, oversized bedrooms, private master, sunroom, pool, and patio. \$2,000,000

Lisa Bell & Lynn Petrini, Sales Associates  
LB. 508.479.3344 | LP. 781.223.4145



MADISON, CONNECTICUT  
2004 Nantucket style beach house has spectacular views! 3 quality living levels, top-end kitchen, elevator, 5 fireplaces & 4 balconies. Across from beach/close to village. \$2,000,000

The Walz Team and Janet Nicolini, Sales Associates  
C. 203.667.1954



KINNELON, NEW JERSEY  
Pamper yourself in this mountaintop estate with inviting staircase, opulent formal areas, lavish, spa-inspired, couple's shower, pool with waterfall & swim-up bar. \$1,899,999

Lisa Masterson, Sales Associate  
C. 973.417.2301 | O. 973.838.9300



WESTFIELD, NEW JERSEY  
Eleg

# Stand Up with us

**Support Stand Up To Cancer  
today to help cancer patients  
become cancer survivors.**

Give \$25 or more to Stand Up To Cancer through the Miles To Stand Up program and you'll receive **10 American Airlines AAdvantage® miles** for every dollar donated.

Donate and earn at

[standuptocancer.org/americanairlines](http://standuptocancer.org/americanairlines)



Pictured: Stand Up To Cancer Ambassador, **Bradley Cooper** along with American Airlines team members currently fighting, surviving and co-surviving cancer.

↑↑  
**STAND  
UP TO  
CANCER®**

American  
Airlines

Stand Up To Cancer is a division of the Entertainment Industry Foundation, a 501(c)(3) organization. American Airlines and the Flight Symbol logo are marks of American Airlines, Inc. © 2017 American Airlines, Inc. All rights reserved. Offer valid on contributions made online at [www.SU2C.org/americanairlines](http://www.SU2C.org/americanairlines). Minimum \$25 donation required. For charitable deduction purposes, each mile is valued at 3 cents per mile. The receipt of miles may reduce the tax deductibility of your donation. Mileage cap for a 12-month period is 600,000. Bonus miles do not count toward elite-status qualification. Please allow up to eight weeks for the bonus miles to be posted to your account. Donations can only be accepted in U.S. dollars. Donations made in connection with AAdvantage® bonus miles program are not refundable.

## MANSION

HOUSE CALL | TAKASHI MURAKAMI

# An Early Start With Superflat Art

The Japanese artist grew up in a single room with his family; today, he sleeps in a box at his studio

**One day in the early 1980s, when I was attending the Tokyo National University of Fine Arts and Music, a female upperclassman remarked that her boyfriend had a great sense of color and I didn't. At first I was hurt, but the more I thought about what she said, the more I realized she was right.**

Ever since I started drawing, I favored black-and-white over color. So I began to educate myself about color by studying Johannes Itten's book "The Art of Color," among others, as well as watching films.

I grew up in a low-income area of Tokyo. Like most homes in Tokyo, ours was small. It was a free-standing, two-family rental duplex built 30 years earlier.

We had only one room shared by my parents, my younger brother, Yuji, and me. We had a few pieces of furniture that we cleared in the evening and replaced with futons for sleeping.

My father, Fukujuro, drove a cab and my mother, Itsuko, was a homemaker. My parents often took me to see Impressionist exhibits.

At home, I would paint pictures in a similar style.

At those exhibits, my parents were excited by the art, but I wasn't impressed. I didn't understand it. European culture was foreign to me.

I soon became very interested in anime [Japanese animation] and manga [Japanese graphic novels]. For children of my generation, anime was an escape from Japan's loser complex following



World War II. Anime wasn't foreign. It was our own.

I tried to teach myself to draw anime. But I was so bad. To enter the animation industry, I knew I had to become a scenery artist instead.

After I was accepted at the university, I began studying a traditional

Japanese-style painting called nihonga. At the time, nihonga was popular and lucrative. But I didn't get along with my teachers.

By the time I emerged as an artist in 1995, painting had been exhausted. I had to think of a new way to express myself. I thought I should do something with manga.

So in the late 1990s, I began creating two-dimensional characters in bright colors on flat, glossy surfaces. This led to a show at a Santa Monica art gallery in Los Angeles.

To be accepted by New York City's important art scene, however, I needed to create a new art movement. This required a catchphrase similar to other art movements such as "abstract expressionism" or "pop art."

The day before my L.A. exhibit opened, a few clients were in the gallery. I overheard the owner describing my work as "super high quality and super shiny on super-

**LIVING COLOR**

Takashi Murakami circa 1967 with his toys, inset. Above, the artist at the Museum of Fine Arts, Boston. Right, a Louis Vuitton shop under construction in Tokyo in 2003.



flat surfaces." I realized that this was a way to market my art. When I needed to explain my work, I began to call it "Superflat."

In 2003, I collaborated with designer Marc Jacobs of Louis Vuitton to create a line of bags. I presented more than 200 ideas, and Marc picked my colorful monogram. I used the LV logo and lettering in a vivid, multicolor pattern.

The bags were radically different and became a success. So I began establishing a new grammar for color.

Today, I live in Japan in my studio in Miyoshi, just north of Tokyo. My wife and two children live in a different part of Japan. We communicate using the FaceTime app.

My studio is a gigantic warehouse loft. The studio operates 24 hours a day. I sleep in a separate

room, in a small wood-frame box. It is just wide enough to hold my bed. I'm afraid of earthquakes, so I keep the room spare.

My works-in-progress are all around me in the studio. But the only art piece on the wall in my room is a calligraphy I created using a phrase by Rosanjin, a Japanese ceramist who died in 1959: "Renovation of art and beauty."

As for my childhood, I don't have anything saved from that period in my life. I'm not really hung up on the past.

—As told to Marc Myers

*Takashi Murakami, 55, is a Japanese contemporary artist and founder of the "Superflat" art movement. His "Takashi Murakami: Lineage of Eccentrics" exhibit at Boston's Museum of Fine Arts will be on view until April 1.*



## Bring Your Design Dreams to the Surface

The ultimate quartz countertop, your way. Get hands on design advice and experience the Caesarstone difference at one of our design partners located near you.

[www.caesarstoneretailers.com](http://www.caesarstoneretailers.com)

**Cesar New York**  
an Italian Cabinetry Company  
212.505.2000  
50 W 23rd St.  
New York, NY

**MCK+B**  
212.995.0500  
41 W 25th St  
New York, NY

**Saint Clair Kitchen & Home**  
973.762.9500  
110A Valley St  
South Orange, NJ

**Swan Tile & Cabinets**  
516.233.2260  
2075 Jericho Turnpike  
New Hyde Park, NY

**Kitchen & Bath Designs**  
631.462.1200  
233 Commack Rd  
Commack, NY

**Modiani Kitchens**  
201.568.7800  
46 S Dean St  
Englewood, NJ

**Scavolini Store Brooklyn**  
718.249.1214  
1870 Bath Ave  
Brooklyn, NY

**Swan Tile & Cabinets**  
516.997.3097  
562 Grand Blvd  
Westbury, NY

 **caesarstone®**

## ADVERTISEMENT

**JOHN'S ISLAND - VERO BEACH, FLORIDA**

**Located where the "tropics begin"** sits one of the most renowned seaside communities on the east coast with 3 miles of pristine beach, 3 championship golf courses, 17 Har-tru tennis courts, pickleball, squash & Beach Club. This newly renovated 4BR/5.5BA waterfront home features 5,939± GSF, pool, boat dock, wine room and gourmet island kitchen.

**\$4,200,000** [JohnsIslandRealEstate.com](http://JohnsIslandRealEstate.com)

**John's Island Real Estate Company**  
phone: 772.231.0900 [wj@johnsisclestate.com](mailto:wj@johnsisclestate.com)

**55+ LIVING IN 3 GREAT FLORIDA LOCATIONS**

**The Florida lifestyle** of your dreams can be yours at Valencia, where gorgeous new homes, world-class amenities, and an exciting lifestyle await! Enjoy a magnificent clubhouse, resort-style pool, tennis, and much more. Valencia's sophisticated homes range from 1,321 a/c. sq. ft. to 3,351 a/c. sq. ft. and include luxury standard features. 3 amazing locations - Boynton Beach, Bonita Springs, and Tampa.

**From the \$200's to \$1 million** [ValenciaGL.com](http://ValenciaGL.com)

**GL Homes**  
phone: 800.495.6406

**NAPLES, FLORIDA**

**New Luxury Single-Family, Villa and Coach Homes at The Isles of Collier Preserve!** Over half the 2,400 acres are dedicated to lakes, nature preserves and natural habitat. The Isles Club is now open and features a clubhouse, fitness center, resort-style pool, lap pool, yoga lawn, tennis and pickleball courts, kayak launch and 8 miles of scenic kayak, hiking and biking trails! 5 Mins. from Downtown Naples and the Gulf beaches.

**From the mid \$300s to over \$1 million** [MintoUSA.com](http://MintoUSA.com)

**Minto Communities**  
phone: 888.483.8708

**KIAWAH ISLAND, SOUTH CAROLINA**

**With 3,003 square feet**, 5 bedrooms, and 5 ½ baths, the shingle style home at 25 Bufflehead Drive pairs light-filled, coastal interiors and easygoing luxury with large outdoor living spaces overlooking a pool, tranquil pond, and lush Lowcountry landscape. Designed for elegant living, it's just a short stroll from Kiawah's pristine beach. A Kiawah Island Club Membership is available.

**\$2,395,000** [kiawahisland.com/25-bufflehead](http://kiawahisland.com/25-bufflehead)

**Kiawah Island Real Estate**  
phone: 866.312.1780 [info@kiawahisland.com](mailto:info@kiawahisland.com)

**ANNA MARIA SOUND, FLORIDA**

**Live the Margaritaville Lifestyle at One Particular Harbour** Island-styled homes offer stunning sunset views, and a deepwater marina provides direct access to the Gulf of Mexico. Move-in ready homes are available for quick closing. Place your waterfront home with a rental agency for short-term rentals and make your vacation home work for you year-round.

**Waterfront Homes from the High \$400s** [OPHMintoUSA.com](http://OPHMintoUSA.com)

**One Particular Harbour by Margaritaville**  
phone: 866.713.1319

**DOWNTOWN ST. PETERSBURG FLORIDA**

**Live a fabulous Urban Lifestyle** in vibrant downtown St. Petersburg. 3 blocks from the water, artfully designed townhomes now under construction on a private, gated lane. Totaling 2,335 sq. ft., 3 bedrooms, 3 ½ baths, 2 car garage, private elevator, and amazing rooftop terrace. Low HOA fees. Walking distance to world-class restaurants, museums, shopping, parks, marina, and Tampa Bay.

**From the \$800's to \$900's** [www.RegentLane.com](http://www.RegentLane.com)

**NJR Property Investments LLC**  
phone: 727.515.5556 email: [natalie@njrdevelopment.com](mailto:natalie@njrdevelopment.com)

**BOCA/DELRAY BEACH, FLORIDA**

**Ultimate luxury at Seven Bridges** – brand new estate homes in a highly amenitized non-golf community in Boca Raton/Delray Beach area. Generous features include impact glass, granite or quartz countertops, gourmet kitchens and a stunning 30,000 sq. ft. club. Low HOA fees, close to world-class shopping, great schools. Experience Seven Bridges today!

**From the \$800's to \$2M** [www.gihomes.com/seven-bridges](http://www.gihomes.com/seven-bridges)

**GL Homes**  
phone: 800.875.2179

**AUSTIN, TEXAS**

**Your Lakeside Farmhouse Awaits.** This spacious one-story is situated on a 1+ acre lot in a private, gated community on the Lake Travis shoreline. Boasting 3 bedrooms plus casita, 4.5 bathrooms, exquisite pool/spa, outdoor kitchen & high-tech conveniences, this home blends the comfort of the Texas Hill Country with the sophistication of a custom home.

**\$1,690,000** [PeninsulaLakeTravis.com](http://PeninsulaLakeTravis.com)

**The Peninsula at Rough Hollow**  
Loren Dickey  
phone: 512.456.3756 [info@PeninsulaLakeTravis.com](mailto:info@PeninsulaLakeTravis.com)

**MCCALL, IDAHO**

**Build your dream home at Whitetail Club** in McCall, Idaho. Live life on top of the world with over 2 acres of incredible valley and lake views from the crest of Whitetail Club. The lakefront clubhouse, single-track mountain bike trail system, Nordic ski trails, indoor tennis & fitness center & the championship golf course are all outside your doorstep.

**\$604,000** [WhitetailClub.com](http://WhitetailClub.com)

**Whitetail Club Realty, LLC.**  
Joe Carter  
phone: 877.634.1725 email: [jcarter@whitetailclub.com](mailto:jcarter@whitetailclub.com)

**LAKWOOD RANCH, FLORIDA**

**County Club East** provides the perfect complement of private sanctuary and social connection. A stunning golf course landscape provides the scenery for this gated community while a full-time lifestyle director brings life, live music and memorable events to the resident clubhouses and amenities.

**From the \$300s to over \$1M** [www.countryclubeast.com](http://www.countryclubeast.com)

**LWR Communities, Inc.**  
phone: 941.907.6000 [info@lakewoodranch.com](mailto:info@lakewoodranch.com)

**NAPLES, FLORIDA**

**Minto Single-Family Estate Homes** located in an area famous for extraordinary golf communities. Twin Eagles boasts not just one championship course awarded "Best New Private Course in America" by Golf Magazine, but two 18-hole, tour-quality courses and a spectacular 47,000 sq. ft. country club lavished with every imaginable amenity. Best of all, golf membership initiation fee is included with every Minto new home purchase.

**From the mid \$500s to over \$1 million** [MintoUSA.com](http://MintoUSA.com)

**Minto Communities**  
phone: 888.379.9868

**PARK CITY/HEBER VALLEY, UTAH**

**Build your dream mountain home** in the neighborhood at the current high point in Red Ledges, Summit Loop, and wake to this commanding view of Mt Timpanogos or Deer Valley. As the most successful private community in the Park City area, Red Ledges offers world class mountain, valley, water and trail activities, all just 45 minutes from a major hub airport.

**\$515,000** [www.RedLedges.com](http://www.RedLedges.com)

**Red Ledges Realty**  
Bill Houghton  
phone: 877.733.5334 [info@RedLedges.com](mailto:info@RedLedges.com)

To Advertise Call: 800-366-3975

## FLORIDA

UNIQUELY SARASOTA.  
UNMISTAKABLY RITZ-CARLTON.

  
**THE RITZ-CARLTON  
RESIDENCES**  
SARASOTA



The Ritz-Carlton is synonymous with a lifestyle of singular style and grace. Now, the latest evolution of that lifestyle is making its debut on the glittering shores of Sarasota Bay.

Grand residences feature panoramic water views. Legendary service is complemented by endless resort pleasures – from The Beach Club and indulgent spa to Tom Fazio-designed championship golf\*. Unparalleled private amenities will overlook a sparkling yacht harbor and waterfront park, with refined shopping, dining and recreation all just steps from home. *Life. Served to perfection.*



The Members Beach Club on Lido Key



The Ritz-Carlton Members Golf Club

#### New Grand Waterfront Residences from \$2.4 Million

Visit the Preview Gallery in the lobby of The Ritz-Carlton hotel.

1111 Ritz-Carlton Drive | Sarasota, Florida 34236

941-702-2300 | [www.TheResidencesSarasota.com](http://www.TheResidencesSarasota.com)

**KOLTER**  
Michael Saunders  
& Company

The Ritz-Carlton Residences, Sarasota are not owned, developed or sold by The Ritz-Carlton Hotel Company, L.L.C. or its affiliates ("Ritz-Carlton"). The New Grande Residences LP uses The Ritz-Carlton marks under a license from Ritz-Carlton, which has not confirmed the accuracy of any of the statements or representations made herein.

\*Developer is not affiliated with The Ritz-Carlton Beach Club or Golf Club. Membership is included with residence purchase. Initiation Fee for Gold Membership is included with Condominium Membership for one year. Broker Participation is welcome and encouraged. ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECT. STATUTORY WRITING REQUIREMENTS OF THE SELLER. FOR CORRECT REPRESENTATIONS, MAKE REFERENCE TO THE DOCUMENTS REQUIRED BY SECTION 718.503, FLORIDA STATUTES, TO BE FURNISHED BY A SELLER TO A BUYER OR LESSEE. This project has been filed in the state of Florida and no other state. This is not an offer to sell or solicitation of offers to buy the condominium units in states where such offer or solicitation cannot be made. Prices and availability are subject to change at any time without notice.

## THE WALL STREET JOURNAL.

# DISTINCTIVE PROPERTIES

SELECT RESIDENTIAL LISTINGS  
FRIDAYS IN MANSION

LIST YOUR PROPERTY TODAY

(800) 366-3975

[sales.realestate@wsj.com](mailto:sales.realestate@wsj.com)

For more information visit:

[wsj.com/classifieds](http://wsj.com/classifieds)



© 2018 Dow Jones & Company, Inc. All Rights Reserved.  DOW JONES

### NEW HAMPSHIRE

**Consider New Hampshire...**  
No Sales Tax No Inheritance Tax  
No Income Tax No Capital Gains Tax  
Lake Winnipesaukee Homes  
[www.SueBradley.com](http://www.SueBradley.com)  
[SusanBradley@metrocast.net](mailto:SusanBradley@metrocast.net)

**WOLFEBORO**  
Private Estate, Acreage, 600+ feet  
waterfront, Beach, Boathouse, Barn  
Garages, Guest Suite, Docks, 17,000SF  
exemplar quality and amenities.  
\$1,900,000

**MEREDITH**  
3 Bedrooms, Dock  
Views, Great Room  
\$1,295,000

**GILFORD NEW CONSTRUCTION**  
150 Feet Waterfront, Dock  
5 Bedrooms, Sunsets, Guest Area  
\$2,995,000

**GILFORD ADIRONDACK**  
3 Bedrooms, Stunning Views  
Dock, Extraordinary Detail  
\$1,299,000

**Susan Bradley, GRI, CRS, ABR**  
Coldwell Banker RB  
603.493.2873 • 603.524.2255

### FLORIDA

**TAXES GOING UP?  
IN A HIGH TAX STATE?**

**Establish Your  
Florida Residency**

**New!**  
**Turnberry Ocean Club**

**Luxury Relocation Specialist**  
Aventura • Bal Harbour • Miami Beach  
South Beach • Sunny Isles Beach

**Joseph Swedroe | Realtor**

**(305) 788-0303**

**[js@rivieracompanies.com](mailto:js@rivieracompanies.com)**

**[www.JosephSwedroe.com](http://www.JosephSwedroe.com)**

### VERMONT

**8BR, 11BA Vermont Mansion  
Simulcast Auction**

**Sunday, February 25 @12PM**

**1589 Main St., Cavendish, VT**

**c.1860 Glimmerstone Mansion,**

**with 8BR, 11BA, 4 fireplaces,  
8-car garage, 3,500±SF event  
barn, private owner's quarters,  
custom commercial kitchen, pub/  
game room with exterior access,  
all on 2.4± acres, close to area ski-  
ing and activities. No zoning!**

**Thomas Hirshak Company**

**[THCAuction.com](http://THCAuction.com) • 800-634-7653**

## DISCOVER YOUR NEXT DREAM HOME.

At 9,254 square feet, Bonavento features 6 bedrooms, 6 bathrooms, 3 powder rooms and outdoor living area, summer kitchen, pool and spa, and club room.

**\$7,588,000\***

\*Partial furniture package is an additional \$385,000.



### GOLDEN OAK REALTY

10501 Dream Tree Boulevard, Golden Oak, Florida 32836

**407.939.5727 | [OrlandoPrivateResidences.com/Dream](http://OrlandoPrivateResidences.com/Dream)**

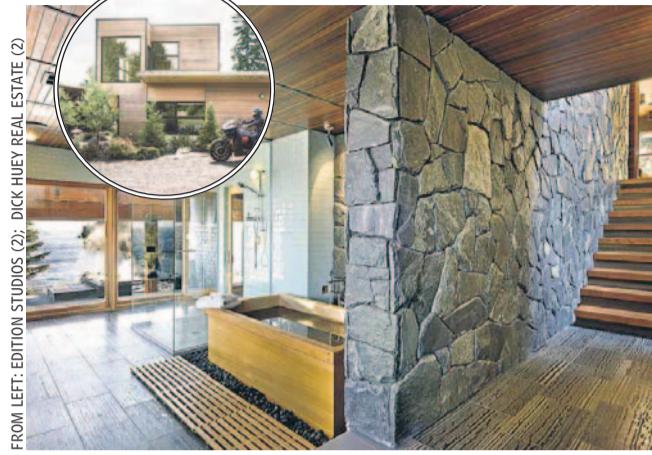
Obtain the Property Report required by Federal law and read it before signing anything. No Federal agency has judged the merits or value, if any, of this property. This does not constitute an offer to sell or a solicitation to buy real estate to residents of any state or jurisdiction where prohibited by law, or where prior registration is required but has not yet been fulfilled. Four Seasons Private Residences Orlando at Walt Disney World® Resort are not owned, developed or sold by Four Seasons Hotels Limited or its affiliates (Four Seasons). The developer, Golden Oak Development, LLC, uses Four Seasons trademarks and tradenames under a license from Four Seasons Hotels Limited. The marks "FOUR SEASONS," "FOUR SEASONS HOTELS AND RESORTS," any combination thereof and the Tree Design are registered trademarks of Four Seasons Hotels Limited in Canada and U.S.A. and of Four Seasons Hotels (Barbados) Ltd. elsewhere. The agreements related to the use of the "Four Seasons Private Residences" name and any related Four Seasons marks have specified terms of durations, and are subject to early termination. If the agreements expire or are otherwise terminated, the use of the "Four Seasons Private Residences" name and any related Four Seasons marks shall cease. Owners in the Four Seasons Private Residences will acquire no license or right to use the "Four Seasons Private Residences" name or Four Seasons marks. Golden Oak Development, LLC does not guarantee the obligations of builders who will build homes within the Golden Oak community. Golden Oak Development, LLC's approval of a builder shall not be construed as an endorsement, warranty or certification of any builder or the builder's performance. Void where prohibited by law. Equal Housing Opportunity. Broker participation welcome. ©Disney

## MANSION

## RELATIVE VALUES

## SUPERIOR LIVING NEAR ONE GREAT LAKE

Sprawling properties in Minnesota and Michigan are surrounded by nature and graced with easy access to Lake Superior

**\$5.49 million****Silver Bay, Minn.**

Four bedrooms, five full bathrooms, two half-baths

FROM LEFT: EDITION STUDIOS (2); DICK HUEY REAL ESTATE (2)

**\$7.8 million****Marquette, Mich.**

Four bedrooms, four full bathrooms, one half-bath

**\$1.48 million****Duluth, Minn.**

Six bedrooms, three full bathrooms, one sauna bath

JANISCH REALTY (2)

This 7,200-square-foot home sits on 7.5 acres with 1,400 linear feet of coastline along Lake Superior. The property has two other buildings, a treetop-level art studio and guesthouse next to a private beach. The main contemporary home, built in 2011, sits on a higher elevation above the lake. It has large windows and a European-style kitchen. Agent: Ross J. Melby, Lakes Sotheby's International Realty

The 4,700-square-foot home is a historic lodge with 4,300 linear feet on Sault Head Lake in the Huron Mountains and a mile of Lake Superior frontage with equal parts of sandy beach and granite shoreline. The property includes a separate two-bedroom home, a small apple orchard, mountain hiking trails and a tennis court. Agent: Dick Huey, Huey Real Estate

Built in 2005, this 3,778-square-foot home sits on 3 acres with views of Lake Superior and 500 feet of shoreline. The house has four fireplaces, two decks and a gazebo overlooking the lake. The property includes a three-vehicle garage and three cabins along a trout stream. Agent: Lisa Janisch, Janisch Realty Inc.

—Stacey Altherr

## ADVERTISEMENT

## Distinctive Properties &amp; Estates

To advertise: 800-366-3975 or [WSJ.com/classifieds](http://WSJ.com/classifieds)

## DISTRICT OF COLUMBIA

## WASHINGTON FINE PROPERTIES

WFP.COM

202.944.5000



**MASSAVE HIGHTS WASHINGTON, DC**  
Breathtaking contemporary w/ over 10,000 SF designed by Marshall Moya. 5/6BR, 6.5BA, pool, 8-car gar. \$1,075,000  
Marilyn Charity 202-427-7553



**MCLEAN'S GOLD COAST, VA**  
Stunning 54-ac. waterfront property w/ 375+ft of Potomac River frontage & amazing views! 1-mile to Chain Bridge/DC! \$7,400,000  
Robert Hryniwcki 202-243-1620



**MASSAVE HIGHTS WASHINGTON, DC**  
Grand & sophisticated 5BR/5.5BA Tudor. Elegant public rooms sunny & spacious kit, walk-out LL, private back garden & pool. \$5,995,000  
Margot Wilson 202-549-2100



**GEORGETOWN WASHINGTON, DC**  
Stunning Harbourside 2-level PH 15,000+ SF of lux living + 2 terraces. Unprecedented views of Washington & Potomac River! \$5,900,000  
Nancy Itteilag 202-905-7762



**ALEXANDRIA, VIRGINIA**  
Historically significant brick residence circa 1752 with 5 bedrooms, 4.5 baths with 2+ car parking & beautiful gardens. \$4,995,000  
Eileen McGrath 202-253-2226



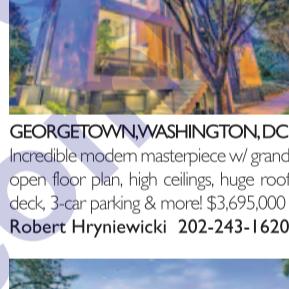
**CLEVELAND PARK WASHINGTON, DC**  
Iconic & much-admired 7,000SF home on coveted street w/ Cathedral views. Bright & airy rooms, elegant floor plan & pool. \$4,995,000  
Margot Wilson 202-549-2100



**MASSAVE HIGHTS WASHINGTON, DC**  
Beautiful, lrg 16,280SF improved corner lot. Illustration depicts a preliminary design (price for land only). \$4,500,000  
Anne Hatfield Weir 202-255-2490



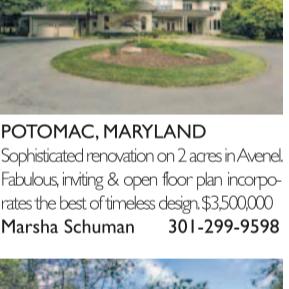
**PARC SOMERSET, CHEVY CHASE, MD**  
NEW LISTING! Parc Somerset. Rare "B" model floorplan with 3,000SF in mint condition. 3BR, 2.5BA, 2HBA & 2 car parking. \$3,910,000  
Nancy Itteilag 202-905-7762



**GEORGETOWN WASHINGTON, DC**  
Incredible modern masterpiece w/ grand open floor plan, high ceilings, huge roof deck, 3-car parking & more! \$3,695,000  
Robert Hryniwcki 202-243-1620



**FOXHALL, WASHINGTON, DC**  
Brand new renov! 6BR, 6.5BA, jewel box w/ unmatched quality on corner lot bordering parkland adjacent Gtown Univ. \$3,595,000  
Robert Hryniwcki 202-243-1620



**POTOMAC, MARYLAND**  
Sophisticated renovation on 2 acres in Avenel. Fabulous, inviting & open floor plan incorporates the best of timeless design. \$3,500,000  
Marsha Schuman 301-299-9598



**TURNBERRY TOWER ARLINGTON, VA**  
Rare 3BR/3.5BA PH w/ high ceilings, captivating views, open flr plan & private elevator entry/Valet prkg + more. \$3,299,000  
Nancy Itteilag 202-905-7762



**AVENEL, POTOMAC, MARYLAND**  
NEW PRICE! Stunning 5BR/6FBA/3HBA. Solis Betancourt & Sherill renovation w/ rec room, wine cellar, & theater. \$3,298,000  
Nancy Itteilag 202-905-7762



**MCLEAN, VIRGINIA**  
One-of-a-kind stucco Tudor on 36+ acres. Breathtaking 2-story oak foyer, multiple stone fireplaces, flat open lot with tennis court. \$3,250,000  
Mark McFadden 703-216-1333



**ARLINGTON, VIRGINIA**  
Stunning new construction by ADH. 3/4-acre w/ amazing park-like views! 6BR, 5.5BA, 10' ceilings, 2-car garage. \$2,485,000  
Christopher Wilkes 703-282-0634



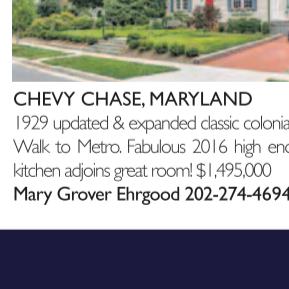
**CHEVY CHASE, MARYLAND**  
Beautiful home w/ high-end design + finishes. 5BR, 4.5BA, 5,400+SF. Gourmet kit, elegant master & 2-car gar on large lot. \$2,379,000  
Lauren Davis 202-549-8784



**BETHESDA, MARYLAND**  
One-of-a-kind masterpiece! Natelli built Col. in Avenel w/ golf course views! Impeccable details. A rare opportunity! \$2,150,000  
Traudel Lange 301-765-8334



**AVENEL, POTOMAC, MARYLAND**  
NEW LISTING! Stunning Mitchell, Best & Visnic custom home on a beautiful high lot w/ upgrades in every room! \$1,850,000  
Nancy Itteilag 202-905-7762



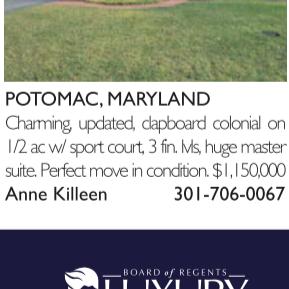
**CHEVY CHASE, MARYLAND**  
1929 updated & expanded classic colonial. Walk to Metro. Fabulous 2016 high end kitchen adjoins great room! \$1,495,000  
Mary Grover Ehrgood 202-274-4694



**BETHESDA, MARYLAND**  
Award winning Mid-Century modern on private, wooded setting just over 1/2 ac open + airy, ideally located. \$1,348,000  
Anne Killeen 301-706-0067



**MCLEAN, VIRGINIA**  
Mint condition colonial on 2.4 gorgeous wooded ac. Kit & family rm open to great room. 4BR, 3.5BA. \$1,299,000  
Marianne Prendergast 703-676-3030



**POTOMAC, MARYLAND**  
Charming, updated, clapboard colonial on 1/2 ac w/ sport court, 3 br, ms, huge master suite. Perfect move in condition. \$1,150,000  
Anne Killeen 301-706-0067



**PALISADES, WASHINGTON, DC**  
Best location! Sunbathed end-unit, 3BR, 2 renov. BA, updated kit! Walk to shops, dining & Farmers Market! \$919,000  
Traudel Lange 301-765-8334



**FLINT HILL, VIRGINIA**  
Circa 1750 log home, 29ac. w/ pond & vineyard. Quality renovations ready for full-time, wknd, investment, winery! \$799,900  
Amy L. Sloane Timbers 540-987-8668

Leading  
REAL ESTATE COMPANIES  
OF THE WORLDMAYFAIR  
International RealtyLUXURY  
REAL ESTATE

LUXURYREALESTATE.COM

REALTOR

## CALIFORNIA

**BEACHFRONT RESIDENTIAL**

265 ACRES IN SANTA BARBARA-CALIFORNIA, ZONED FOR 70 HOMES  
**FOR SALE AT \$65 MILLION**  
Call Dr. Adel (626) 400-9501

## FLORIDA

**PALM BEACH**  
In-Town Lake Block Double Lot  
**\$3,950,000** – Fabulous 4 Bedroom, 3.5 Bath/3,000 sq. ft. Renovate or Build New... Walk to Schools, Bike Trail & the Beach!  
**(561) 329-4044**  
[www.LindaOlsson.com](http://www.LindaOlsson.com)  
Linda R. Olsson, Inc., Realtor

## OKLAHOMA

478 Acres of Idyllic Multi-use Land  
Tishomingo, OK  
Luxuriant hay meadows interspersed among a variety of hardwoods. Abundant water and wildlife. Outstanding fishing and hunting. Two hours, Dallas-Fort Worth and Oklahoma City.

**\$1,434,000**  
[www.cinnabarrranch.com](http://www.cinnabarrranch.com)

## THE WALL STREET JOURNAL.

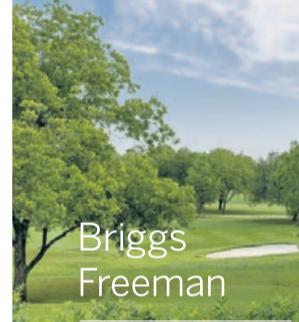
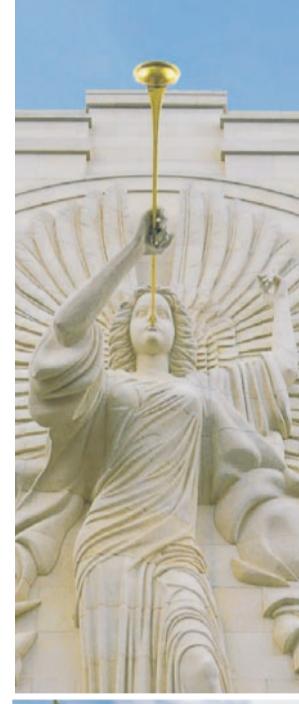
## THE MART

ADVERTISE TODAY

(800) 366-3975 | [sales.mart@wsj.com](mailto:sales.mart@wsj.com)For more information visit:  
[wsj.com/classifieds](http://wsj.com/classifieds)

DOW JONES

© 2018 Dow Jones &amp; Company, Inc. All Rights Reserved.



Briggs  
Freeman

Sotheby's  
INTERNATIONAL REALTY

# WE ARE WHERE YOU ARE.

LOVERS LANE  
214.350.0400

UPTOWN  
214-353-2500

LAKWOOD  
214-351-7100

RANCH AND LAND  
214-353-6600  
817-732-1205

SOUTHLAKE  
817-801-3030

CULTURAL  
DISTRICT  
817-731-8466

BALLPARK  
817-226-4920

MIRA VISTA  
817-294-6634

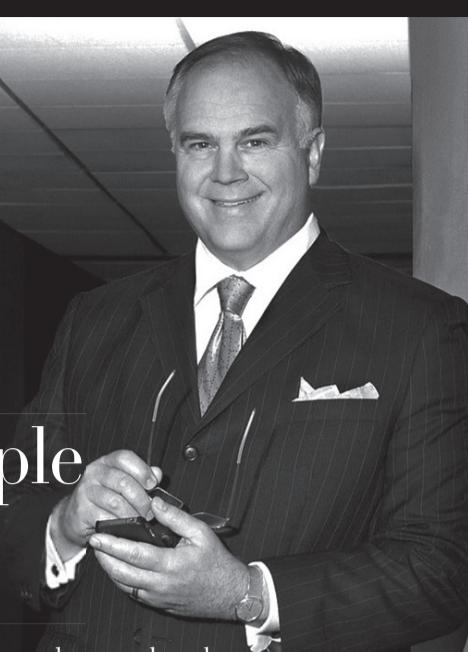
THE NORTH  
972-202-5900

[BRIGGSFREEMAN.COM](http://BRIGGSFREEMAN.COM)



## Real Estate Trends

### The right people for the job



One of the most interesting sectors that our company serves involves properties far from North Texas' most dynamic neighborhoods.

Our ranch-and-land division is a dedicated ensemble made up of skilled, savvy professional agents, all with a deep understanding of their special niche in the market — everything from 2-acre weekend getaways to vast and varied spreads upwards of 30,000 acres, dotted with multiple lakes, multiple residences and wildlife galore. Working ranches or luxury retreats: Briggs Freeman Sotheby's International Realty represents the best, to buyers and sellers who could be anywhere from Texas to Thailand.

There is something else about these amazing agents: Many of them live the ranch life themselves, and I can tell you that they all love the land they represent.

Our Bernard Uechtritz is a great example. Known around these parts as just "Bernie," he spearheaded the much-reported 2016 sale of the 535,000-acre W.T. Waggoner Estate, listed for \$725 million. It's a storied ranch, established in 1849 just south of Vernon, Texas, and now spanning six counties and nearly 800 square miles. Its main interests are ranching, cultivation and oil, and it employs about 100 people, including farmhands, oil-field workers, office staff

and, yes, real cowboys.

Everyone on our ranch-and-land sales team is outstanding. Hats off to Clay Bebee, Emily Beck, Kristy Bryant, David Burgher, Chad Clayton, Barbara Kurilecz, Brenda Moerschell, Patrick Murray, Angie Nelson, Eric Painter, Harlan Ray, James Sammons III, Tyler Thomas, Greg Trout, Uechtritz, Clayton Warren, Asher Watkins and William Woods. They are the best there is.

Their successes are a tribute to the depth of knowledge and hard work of *all* of our agents, on behalf of all of our clients. Together, our agents propelled Briggs Freeman Sotheby's International Realty to exceptional results in 2017. Our ranch sales were up a solid 10 percent, our commercial division closed more than 30 transactions in its inaugural year and we sold even more homes in 2017 than we did in 2016. That takes real experience — and that kind of experience creates a difference that makes a difference.

There is nothing like having the right people for the job. Find them, nurture them, support them and celebrate them, every chance you get.

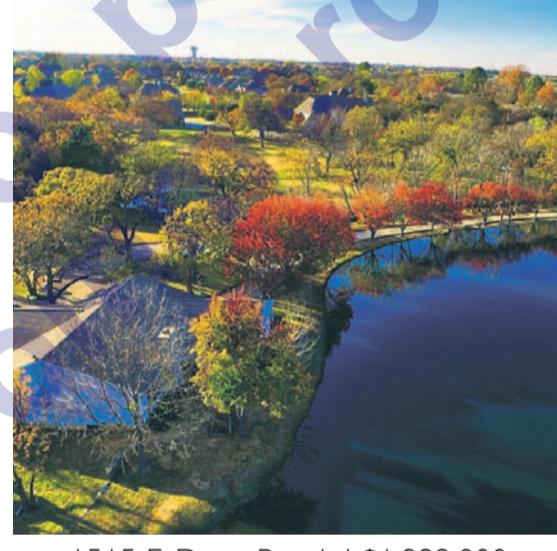
  
Robbie Briggs, President and CEO  
Briggs Freeman Sotheby's International Realty  
[rbriggs@briggsfreeman.com](mailto:rbriggs@briggsfreeman.com)



1309 Biltmore Drive | \$2,500,000  
Southlake



Marilyn Newton  
817-846-7600  
[mnewton@briggsfreeman.com](mailto:mnewton@briggsfreeman.com)



1515 E. Dove Road | \$1,999,000  
Southlake



Patricia Blakemore  
469-404-0169  
[pblakemore@briggsfreeman.com](mailto:pblakemore@briggsfreeman.com)



6911 Ellsworth Avenue | \$1,199,000  
Dallas



Edward Slater  
214-226-7284  
[eslater@briggsfreeman.com](mailto:eslater@briggsfreeman.com)



4335 Argyle Lane | \$715,000  
Frisco



Lisa Groshek  
214-850-2018  
[lgroshek@briggsfreeman.com](mailto:lgroshek@briggsfreeman.com)



5514 Emerson Avenue | \$835,000  
Dallas



Becky Frey  
214-536-4727  
[bfrey@briggsfreeman.com](mailto:bfrey@briggsfreeman.com)



6809 Meadows West Dr. S | \$430,000  
Fort Worth



Sloan Yorek  
817-233-5435  
[syorek@briggsfreeman.com](mailto:syorek@briggsfreeman.com)

