

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

FRIDAY, JANUARY 26, 2018 ~ VOL. CCLXXI NO. 21

WSJ.com

★★★★ \$4.00

DJIA 26392.79 ▲ 140.67 0.5%

NASDAQ 7411.16 ▼ 0.1%

STOXX 600 398.56 ▼ 0.6%

10-YR. TREAS. ▲ 7/32, yield 2.628%

OIL \$65.51 ▼ \$0.10

GOLD \$1,362.40 ▲ \$6.50

EURO \$1.2397

YEN 109.41

What's News

Business & Finance

An FDA advisory panel said there wasn't enough evidence to support Philip Morris's claim that its IQOS device reduces the risk of tobacco-related disease. **A1**

◆ Dell is considering a range of strategic alternatives, which could include an IPO and a purchase of the rest of VMware. **B1**

◆ The dollar staged a rally as Trump said the currency would get "stronger," appearing to contradict comments made by Mnuchin. **B1**

◆ The Dow closed up 140.67 points at a record 26392.79, after Trump's remarks on the dollar pared gains. **B11**

◆ Caterpillar said annual revenue jumped 18%, breaking a four-year streak of declines, and it signaled optimism about 2018 sales. **B1**

◆ Intel posted record growth in fourth-quarter revenue as sales in its data-center business jumped 20%. **B2**

◆ New-home sales in the U.S. lost steam in December, but turned in a year of solid growth. **A2**

◆ Fiat Chrysler's earnings nearly doubled last quarter, moving it closer to surpassing Ford in profitability. **B6**

◆ Wal-Mart is joining with Japanese online retailer Rakuten to bolster efforts to compete with Amazon. **B2**

◆ Ackman's Pershing Square has taken a passive stake in Nike, betting on the shoe firm's long-term prospects. **B3**

◆ Newell is looking to unload brands and shed half its plants, reversing course after a spate of acquisitions. **B3**

World-Wide

◆ Trump proposed a path to citizenship for 1.8 million Dreamers if lawmakers agree to a \$25 billion fund for border barriers and make other immigration changes. **A1**

◆ The president arrived in Davos, bringing an "America First" message that has evoked skepticism among the forum's attendees. **A7**

◆ Iran has halted the routine harassment of U.S. naval vessels in the Persian Gulf, a reversal that U.S. officials are at a loss to explain. **A1**

◆ The Justice Department watchdog recovered texts between two FBI employees who criticized Trump. **A4**

◆ A Trump lawyer said the White House provided over 20,000 pages of documents to the Mueller probe. **A4**

◆ The EPA is withdrawing a decades-old air policy aimed at reigning in some of the largest sources of hazardous pollutants. **A5**

◆ Canada sought to break a logjam in overhauling Nafta by introducing a proposal for more North American content in automobiles. **A16**

◆ Brazil's Workers' Party proclaimed da Silva its candidate for president despite a court ruling that upheld his corruption conviction. **A16**

◆ Trump's NASA budget is expected to propose government-industry moon initiatives and an end to space-station funding. **A3**

◆ A fire swept through a hospital for the elderly in South Korea, leaving more than 30 people dead and injuring dozens. **A16**

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



Copyright 2018 Dow Jones & Company. All Rights Reserved

Fashion Runs Deep When France Is Flooding



HIGHER GROUND: Streets flooded in the Paris region Thursday as the Seine and other rivers swelled after heavy rains. Hundreds were evacuated, and the Louvre Museum closed part of its lower level. **A16**

Tax Overhaul Rips Through U.S. Business Landscape

Firms quickly dust off plans for new investments, stock buybacks

Just weeks after the federal government adopted the biggest tax overhaul in three decades, the effects are rippling through corner offices and boardrooms, with companies

By Theo Francis,
Peter Loftus
and Heather Haddon

large and small dusting off once-shelved plans, re-evaluating existing projects and exploring new investment in factories and equipment.

Specialty drugmaker Amicus Therapeutics Inc. has decided to spend as much as \$200

million on a new production facility in the U.S. instead of Europe. Kimberly-Clark Corp., maker of Kleenex tissues, is spending hundreds of millions of dollars to put new machinery in one of its U.S. factories, even as it closes others and cuts thousands of jobs. Aramark, the catering and uniform giant, expects to save nearly \$500 million on two recently completed acquisitions.

The rapid adaptation goes well beyond the early announcements of \$1,000 bonuses or minimum-wage increases for rank-and-file

Please see TAXES page A9

◆ Treasury questions a state-tax workaround... **A2**

TOMORROW



MICHAEL B. JORDAN

WSJ. MAGAZINE

Iranian Boats Stop Harassing U.S. Navy; No One Knows Why

The Iranian military has halted the routine harassment by its armed "fast boats" of U.S. naval vessels in the Persian Gulf, the U.S. military

done so for five months, U.S. military officials said.

The officials said they hoped the respite would continue. "I hope it's because we have messaged our readiness...and that it isn't tolerable or how professional militaries operate," Army Gen. Joseph Votel, who heads U.S. Central Command, told reporters traveling with him in the Middle East this week. Iranian officials didn't respond to a request for comment.

The fast boats are typically armed with .50 caliber machine guns and rocket launchers and have come within

shooting distance of American naval vessels, encounters that grew routine even though each one presents potential dangers to American vessels transiting through international waters.

In some of the more serious incidents, Iranian crews have directed spotlights at ship and aircraft crews, potentially blinding pilots as they conduct operations, according to U.S. military officials. In one case, an Iranian boat pointed a weapon at an American helicopter.

Please see IRAN page A6

◆ Tehran's internet ban upends businesses... **A6**

Trump Offers New Deal on Immigration

White House plan would give Dreamers a path to citizenship but demand a broader revamp

WASHINGTON—President Donald Trump proposed a path to citizenship for 1.8 million undocumented immigrants brought to the U.S. as children, if lawmakers agree to create a \$25 billion fund to expand barriers along the Mexican border and implement other deep changes to the immigration system.

By Michael C. Bender,
Laura Meckler
and Kristina Peterson

The White House suggested the proposal moved Mr. Trump a step closer to the Democrats, who have championed the cause of the young immigrants known as Dreamers, but the plan includes demands they have fiercely opposed. The Trump plan also risks the ire of hard-liners who oppose any such pathway to citizenship.

The White House proposal, presented to Senate leaders and congressional aides on Thursday, would restrict family-based immigration, the channel by which most immigrants have come to the U.S. for the past

half-century. It also calls for an end to a lottery program that randomly awards 50,000 green cards annually to foreigners from countries underrepresented in U.S. immigration.

Mr. Trump was in Davos, Switzerland, for the World Economic Forum on Thursday. His top aides told Senate Majority Leader Mitch McConnell that the president would sign into law legislation that included these changes. Mr. McConnell said he would bring a bill to a vote during the week of Feb. 5, White House officials said.

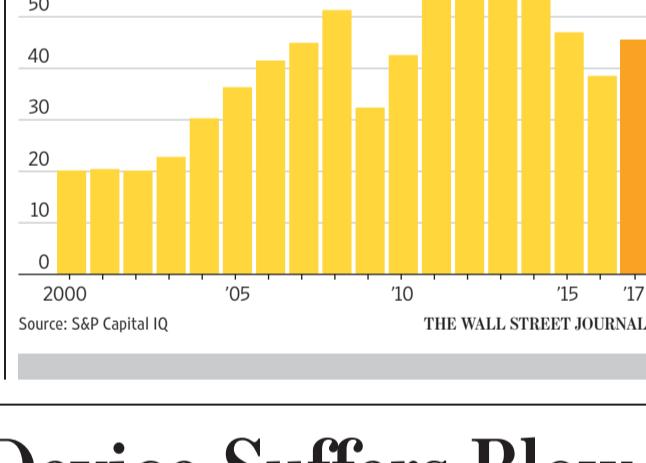
It wasn't clear whether Mr. McConnell could find sufficient support. To reach the 60 required votes for such measures to pass, he will need backing from most Republicans, who hold 51 seats, and some Democrats. Passage in the House was also in doubt, with opposition Please see DEAL page A4

- ◆ Watchdog recovers missing FBI text messages **A4**
- ◆ White House provides documents to Mueller **A4**
- ◆ Trump descends on a wary Davos **A7**

Clawing Back

Caterpillar, riding a global economic upswing, reported an 18% jump in 2017 revenue, its first annual increase in five years. The construction-machinery maker said 2018 also looks strong. **B1**

Caterpillar's annual revenue



Source: S&P Capital IQ

2017 \$45.5 billion ▲18%

vice from conventional cigarettes could reduce the risk of tobacco-related disease. The panel did agree with the company's proposed claim that switching completely from smoking cigarettes to using IQOS reduces the body's exposure to harmful chemicals.

The FDA's review of IQOS is being closely watched, because to it will have enormous implications for the tobacco industry and U.S. public health.

The safety and role of alternatives to cigarettes are a matter of intense debate. Critics believe they perpetuate smoking and an addiction to nicotine, while supporters argue they help smokers quit conventional cigarettes, which re-

lease toxic chemicals when the tobacco in them burns.

Tobacco companies have spent billions of dollars in recent years to research and market tobacco heating and other new products they believe will help lure existing smokers from conventional cigarettes, whose sales are in decline globally.

While tobacco companies have so far been able to offset declining volumes with rising prices, that strategy is seen as having limits, and companies are scaling back investments in traditional tobacco operations.

The advisory panel members said unanimously they didn't believe Philip Morris had shown consumers would Please see SMOKE page A7

Tobacco Device Suffers Blow

BY BETSY MCKAY
AND SAABIRA CHAUDHURI

Scientists advising U.S. regulators dealt a setback to the tobacco industry's multibillion-dollar quest to bring a cigarette alternative to market, saying there wasn't enough evidence a hand-held device that heats but doesn't burn tobacco reduces the risks of tobacco-related disease.

The advisory committee to the Food and Drug Administration said scientific evidence was insufficient to support an ambitious marketing claim proposed by Philip Morris International Inc. for the U.S. market. The claim said switching completely to the IQOS de-

Going Out in Style: Custom Caskets Bring a Small Joy to Goodbye

* * *

Builders create final resting spots that reflect life passions of the departed

By GABRIEL T. RUBIN

NEW ORLEANS—Teresa McCraig made a stylish exit, buried in a purple casket covered in photos of her dogs, emblems of favorite teams, the San Antonio Spurs and Dallas Cowboys, and the logo of her favorite beer, Corona.

"I couldn't send her home in a casket where people would say, 'Oh, my mom had that one,'" said her daughter, Mariah McCraig, of Beeville, Texas.

Ms. McCraig was lucky to Please see CASKET page A9

Customized casket

U.S. NEWS

Treasury Is Skeptical of Tax Workaround

BY RICHARD RUBIN

WASHINGTON—Treasury Department tax experts are skeptical about states allowing taxpayers to make charitable contributions to circumvent a new cap on deductions for state and local taxes, a department official said.

The comments from Thomas West, the tax legislative counsel, serve as a warning to lawmakers in New York, New Jersey and California who are considering encouraging such dona-

tions with new state tax breaks.

The department is monitoring what states are doing and may issue a more formal notice if warranted to protect federal tax revenue, said Mr. West, who was speaking at a conference on Thursday. "We are skeptical that some of these [ideas] would work."

Treasury Secretary Steven Mnuchin also previously called such ideas "ridiculous."

Lawmakers in high-tax states are considering ways of responding to the new tax law.

which limits the individual deduction for state and local taxes to \$10,000.

One option being considered in some states would take advantage of the fact that charitable contributions remain deductible against federal income taxes. States could set up funds and then give taxpayers credits against their state and local income or property taxes for donations.

That way, for example, people making \$20,000 contributions to a New York state fund

could take the charitable deduction on their federal returns, just as they used to be able to fully deduct state and local taxes. Then, they could get a discount of as much as \$20,000 on their local taxes.

Some legal experts say that approach would work under existing law. Taxpayers typically can't get credit for a donation when they get something of value from a charity in return, but tax benefits haven't typically been treated that way.

Many states have similar credits in place already, such as state income-tax credits for conservation-easement donations.

But Mr. West said the closer the benefit gets to 100%, the more questionable it is. "That becomes something else," he said.

The Treasury could perhaps use the "substance over form" legal doctrine to challenge the maneuvers as impermissible because of the intent and result of the transactions, he said.

Issuing formal guidance as states are considering ideas

could head off the maneuvers by states or discourage individuals from claiming the break. The alternative would be audits after taxpayers claim the benefits on their federal tax returns, which could be more difficult and time-consuming for the government.

Mr. West was less critical of the legal justification for another idea being considered in New York, which would replace part of the state income tax with a payroll tax, which would be deductible for employers.



Charmaine Anderson, who worked at the Waffle House below, in Slidell, La., dropped a sexual-harassment claim against the chain.

Arbitration Inhibits Some Claims

BY JACOB GERSHMAN

Charmaine Anderson thought she had a strong case against Waffle House.

Ms. Anderson claimed the diner chain fired her in 2012 from her \$3.95-an-hour waitress job near New Orleans after she complained about her boss, whom she accused of texting her images of his penis, then threatening her with a knife if she reported him.

Her plans to pursue the claim unraveled when her attorney discovered after filing suit that Ms. Anderson, like other Waffle House workers, had signed an agreement mandating she settle any employment-related claims through arbitration instead of civil court.

Her attorney advised her it wasn't worth taking it to arbitration. Without a lawyer, she dropped it. "I knew I couldn't fight it so I just let it go," said Ms. Anderson, now 42 years old and living unemployed in Mississippi. "It was a humiliating situation. I felt like I was nobody and didn't have a chance."

More companies are adopting the mandatory-arbitration clauses, and many employees are walking away from harassment, wrongful-termination and discrimination claims rather than taking them to a privately run tribunal, according to experts and new research.

The proportion of nonunion, private-sector employees covered by the mandatory-arbitration clauses has more than doubled to 56% since the early 2000s, according to a 2017 study by a Cornell University professor and sponsored by the Economic Policy Institute, a left-leaning think tank in Washington, D.C.

In many cases, workers drop the claims because they can't get lawyers to take their cases. Plaintiffs' lawyers say they are



reluctant to represent arbitration clients on contingency fees because potential settlement and award payouts are generally lower than in court.

Ms. Anderson's former attorney, Glenn McGovern of Metairie, La., said plaintiffs' employment lawyers generally avoid arbitration "like a plague." Kansas City plaintiffs' attorney

Some say private tribunals popular with employers are secretive and unfair.

Dennis E. Egan of Popham Law Firm, P.C., who specializes in discrimination lawsuits, has a rule against representing arbitration clients. When they call, "I say, I'm sorry, arbitration is stacked against you," he said.

Before Ms. Anderson's case was dismissed in court in 2013, Waffle House had pushed back on her allegations, disputing even that the man she accused was her supervisor, according to court records. "This is a six-year-old matter," a spokesman said last week in a statement.

"Since there was never any ef-

fort by Ms. Anderson to pursue arbitration, we consider this matter closed."

In an atmosphere of rising awareness of sexual harassment stemming from the #MeToo movement, an estimated tens of millions of American employees work for companies that require disputes with their employers be adjudicated through arbitration, according to the study by the Cornell professor. The employees include a range of occupations—from waitresses to brewery workers to financial executives.

Arbitration involves trial-like hearings, often conducted by former judges or lawyers. Arbitrators usually don't follow federal rules of civil procedure and, compared with courts, impose tighter limits on pretrial discovery. Arbitration cases are generally confidential and harder to appeal.

The business community says arbitration is a cheaper, faster and simpler way to adjudicate claims. Critics say it is secretive and unfair to workers. Some lawmakers in Congress are currently pushing to restrict mandatory arbitration in cases of sexual harassment.

Many defense lawyers say the push to arbitration has led to an appropriate culling of

weaker claims. Kenneth Willner, an employment lawyer at Paul Hastings LLP, said arbitration offers "more consistent decision-making that's more attuned to the law" as compared with jury trials, where verdicts and awards are more unpredictable.

Others believe arbitration is keeping large numbers of worthy claims from being heard.

In a new draft paper titled, "The Black Hole of Mandatory Arbitration," New York University labor and employment law professor Cynthia Estlund concluded that the great bulk of employment disputes subject to mandatory arbitration agreements "simply evaporate before they are even filed."

It isn't clear how many sexual-harassment claims are heard in arbitration but the evidence suggests it is a relatively small number. The American Arbitration Association says it received about 100 sexual-harassment claims in 2016, representing about 3.5% of the group's employment cases, and that the numbers haven't fluctuated much year-to-year. The group is the largest arbitration forum in the country and administers roughly half of all mandatory employment arbitration cases, according to researchers.

The next largest arbitration forum in the country, called JAMS, declined to say how many harassment cases it receives, saying it doesn't keep track.

The number of employees alleging sexual harassment in the U.S. isn't known. The federal Equal Employment Opportunity Commission receives close to 7,000 complaints a year about sexual harassment from employees, who are required to notify the agency about discrimination allegations before bringing a federal lawsuit.

The complaint by a former aide three decades younger than U.S. Rep. Pat Meehan came to light Jan. 20 in a New York Times report. The accuser's lawyer, Alexis Ronickher, called the allegations a "serious sexual harassment claim."

Mr. Meehan, 62, is a four-term congressman. In an effort to fend off the accusation, the married father of three had described the woman in an interview as a "soul mate," and acknowledged he had lashed out when he discovered she had begun dating another man. But he contended he had done nothing wrong and had never sought a romantic relationship with her.

"Unfortunately, recent events

concerning my office and the settlement of certain harassment allegations have become a major distraction," Mr. Meehan wrote in a letter to his campaign chairman. "I need to own it because it is my own conduct that fueled the matter."

—Associated Press

ECONOMY

Initial Jobless Claims Increased Last Week

The number of Americans filing applications for new unemployment benefits rose last week, partly reversing the prior week's sharp decline and continuing a recent trend of gradually rising applications.

Initial jobless claims, a proxy for layoffs across the U.S., increased by 17,000 to a seasonally adjusted 233,000 in the week ended Jan. 20, the Labor Department said Thursday.

Weekly jobless claims have held below 300,000, viewed by many economists as a healthy level, for almost three years.

—Sharon Nunn

CORRECTIONS & AMPLIFICATIONS

Martin Hewitt is one of the candidates running against Rep. Rodney Frelinghuysen (R., N.J.) in the 2018 midterm election. A Page One article on Thursday about Mr. Frelinghuysen incorrectly gave Mr. Hewitt's first name as Marvin.

Bletchley Park Asset Man-

agement

is domiciled in the Cayman Islands, and Lewis Fellas, the hedge fund's manager, is based in Hong Kong. A Business & Finance section article Thursday about hedge funds turning cautious on cryptocurrencies incorrectly said Mr. Fellas's fund is based in Hong Kong.

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

THE WALL STREET JOURNAL

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

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

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

Published daily except Sundays and general legal holidays.

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

Postmaster: Send address changes to The Wall Street Journal,

200 Burnett Rd., Chicago, MA 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

NEED ASSISTANCE WITH YOUR SUBSCRIPTION?

By web: customercenter.wsj.com; By email: wsjsupport@wsj.com

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

REPRINTS & LICENSING

By email: customreprints@dowjones.com; By phone: 1-800-843-0008

GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

New-Home Sales Slide but Cap Off Solid 2017

BY SARAH CHANEY

WASHINGTON—New-home sales lost steam in December but wrapped up a solid year in a market segment that has faced tight inventory and fast-rising prices.

Purchases of newly built single-family homes—a relatively narrow slice of all U.S. home sales—decreased 9.3% to a seasonally adjusted annual rate of 625,000 in December, the Commerce Department said Thursday.

Economists say a posthurricane bounce drove strong sales

through the fall, and some of the December drop could mark a reversal from those gains.

Sales rose 8.3% in 2017 from the prior year to 608,000, the highest level since 2007, signaling momentum for 2018.

"We do expect new-home sales to pick up over the next year," said Aaron Terrazas, senior economist at Zillow. "Home builders do sense that there is demand out there, particularly at more affordable price points, and are doing what they can to try to meet that demand."

Sales in November jumped

to a postrecession high, at a 689,000-unit rate.

Despite solid growth in 2017, sales still remain below the levels seen before the 2007-09 financial crisis and recession.

In December, new-home sales dropped in all regions.

Inventory has been tight in the wider housing market, in part because of lackluster construction, contributing to a run-up in prices.

The median sale price for a new home sold in December was \$335,400. At the current sales pace, there was a 5.7-month supply of new homes

on the market at the end of the month. Though the figure was up from 4.9 in November, supply remains tight.

New-home-sales data can be volatile from month to month. December's decrease comes with a margin of error of plus or minus 11 percentage points.

Sales of previously owned homes, which represent the bulk of the U.S. market, fell in December but rose in 2017 as a whole to their highest level since 2006, the National Association of Realtors said on Wednesday.

on the market at the end of the month. Though the figure was up from 4.9 in November, supply remains tight.

New-home-sales data can be volatile from month to month. December's decrease comes with a margin of error of plus or minus 11 percentage points.

Sales of previously owned homes, which represent the bulk of the U.S. market, fell in December but rose in 2017 as a whole to their highest level since 2006, the National Association of Realtors said on Wednesday.

on the market at the end of the month. Though the figure was up from 4.9 in November, supply remains tight.

New-home-sales data can be volatile from month to month. December's decrease comes with a margin of error of plus or minus 11 percentage points.

Sales of previously owned homes, which represent the bulk of the U.S. market, fell in December but rose in 2017 as a whole to their highest level since 2006, the National Association of Realtors said on Wednesday.

on the market at the end of the month. Though the figure was up from 4.9 in November, supply remains tight.

New-home-sales data can be volatile from month to month. December's decrease comes with a margin of error of plus or minus 11 percentage points.

Sales of previously owned homes, which represent the bulk of the U.S. market, fell in December but rose in 2017 as a whole to their highest level since 2006, the National Association of Realtors said on Wednesday.

on the market at the end of the month. Though the figure was up from 4.9 in November, supply remains tight.

New-home-sales data can be volatile from month to month. December's decrease comes with a margin of error of plus or minus 11 percentage points.

U.S. NEWS

Supervised Drug Use Is City's Rx

Opioid deaths drive Philadelphia to back injection sites, an idea opposed by many

BY JON KAMP

To address the deadly opioid crisis racking Philadelphia, city leaders are backing a novel step to open a haven where addicts can use their drugs.

The idea of permitting the open use of illicit opioids is controversial and largely untested in the U.S., but proponents argue that bringing opioid use out from the shadows would save lives. Opponents, including law-enforcement agencies and some public officials, say it would essentially permit an illegal activity and enable addicts.

Philadelphia officials are trying to slow a crisis that has rapidly worsened. Last year, about 1,200 people died there from drug overdoses, mostly opioids, up 32% from 2016.

"We are facing an epidemic of historic proportions," Philadelphia Health Commissioner Thomas Farley said Tuesday, when announcing city support for supervised-injection sites. "We have an obligation to do everything we can to prevent those people from dying."



Needles littered a heroin encampment in Philadelphia's Kensington neighborhood in April. The city's overdose deaths rose 32% in 2017.

The concept is simple: People who use drugs in a supervised facility with professional help will less likely overdose and die. This strategy builds on commonplace harm-reduction methods in the U.S., like needle exchanges to reduce HIV risk and widespread dispersal of the overdose-reversal drug naloxone.

A scientific review released by Philadelphia authorities estimated that a single supervised-injection site there could prevent as many as 76 overdose deaths each year. Supervised injection could also save the city money by reducing emergency-medical costs, the health commissioner said.

The city isn't planning to open such facilities on its own but is encouraging private-sector "comprehensive user engagement sites." These would include a place where people could bring in opioids, use them under supervision, and get immediate help if they overdose. The sites would include other services, too, including referral to treatment, clean needles, social services and naloxone access.

This recommendation was one of many in a city task-force report issued in May. More recently, a delegation including Philadelphia Mayor Jim Kenney traveled to Vancouver, British Columbia,

which has long had a supervised-injection site, and to Seattle, which plans to add one.

San Francisco is aiming to get at least one supervised-injection site up and running this year, according to Health Director Barbara Garcia. In New York City on Wednesday, Police Commissioner James O'Neill said the NYPD was evaluating supervised-injection sites and had an initial meeting on the matter with the city's Department of Health and Mental Hygiene.

There are also bills in several states—including New York, California and Colorado—aimed at providing legal cover for communities to es-

tablish sites. These bills are an uphill push, sponsors acknowledged, amid worries about intensifying the health crisis.

In Vermont, where policy makers are also debating the idea, the U.S. attorney's office issued a rebuke last month. These sites "would encourage and normalize heroin use, thereby increasing demand for opiates and, by extension, risk of overdose and overdose deaths," the office said.

In Pennsylvania, Republican House Speaker Mike Turzai blasted what he called Philadelphia's "drug addiction-enabling plan." Gov. Tom Wolf, a Democrat, is worried supervised injection "presents a

number of serious public-health and legal concerns," a spokesman said.

Pat Trainor, spokesman for the Philadelphia office of the federal Drug Enforcement Administration, said the agency "does not condone or approve" of supervised injection.

There are about 100 injection sites in other countries, and while data are limited, evidence indicates they "can have a substantial effect on reducing mortality," according to Philadelphia's review of the evidence.

Proponents also cite a positive track record for connecting users to treatment, and another report, from Vermont's largest county, con-

cluded these sites don't encourage more drug use.

No user "has suggested to me that A, they wanted to get to the place that they got to, and B, that having support is somehow encouraging them," said Bob Bick, chief executive at the Howard Center, a Burlington, Vt., health center that includes a needle-exchange program.

Many physicians support broadening the concept. The American Medical Association in June encouraged pilot programs to further explore the issue in the U.S., two months after the Massachusetts Medical Society made a similar state-level recommendation.

Trump's NASA Budget: More Moon, Less Space Station

BY ANDY PASZTOR

The White House's next NASA budget is expected to propose government-industry moon initiatives and an end to space-station funding by the middle of next decade, according to people familiar with the details.

The 2019 spending proposal will lay out the first specifics for such lunar exploration—previously embraced by President Donald Trump—while calling for a modest \$200 million program down payment, these people said. If all goes well, it projects manned missions to the moon by the early 2020s, according to internal government documents and people tracking the issue.

For the longer term, the Trump administration seeks to free up money for the moon effort by ending federal spending on the international space station by the end of 2024. Studies by the National Aeronautics and Space Administration and Boeing Co., prime contractor for the station, highlight escalating costs to maintain the 1990s-vintage platform, which



Apollo 17 commander Eugene Cernan takes a spin on the moon in the Lunar Roving Vehicle in 1972.

other partner countries in the station. Some haven't yet decided whether they support an extension.

The spending proposal also could spark opposition from U.S. lawmakers who have been demanding a detailed blueprint for shifting station function to private entities. NASA missed a December deadline to submit one.

On Thursday, Sen. Bill Nelson of Florida, the senior Democrat on the Senate Commerce Committee that oversees NASA, said White House officials are "going to have a fight on their hands." In a statement, he said a mandatory 2025 funding shut-off "would likely decimate Florida's blossoming commercial space industry,

which is one of the reasons why Congress has directed NASA to look at extending" the space station to 2028 and to "provide a plan to help scientists and researchers continue experimenting" beyond that date.

The proposed budget is ex-

pected to earmark some \$100 million in seed money for what

NASA envisions will be private

spaceships, corporate research and other nongovernmental activities in low-Earth orbit. That is a tiny sliver of NASA's current \$19.7 billion budget, but it is intended to demonstrate the White House's commitment to commercial space endeavors.

One federal budget document indicates NASA hopes to enhance U.S. leadership in space by combining robotic and manned technologies "involving commercial and international participation."

The proposal also paves the way for competition on some NASA launches between private boosters and the agency's own, ultra-heavy-lift SLS rocket.

Overall, people familiar with the budget say, the plan under-

scores the White House's re-solve to advance both robotic and manned exploration of the moon, as a step toward blasting humans deeper into the solar system. Vice President Mike Pence, who heads space policy as chairman of the White House Space Council, has said he would boost U.S. space leadership partly by encouraging private industry.

Idaho to Allow Plans Outside ACA

BY ANNA WILDE MATHEWS

Idaho officials said they would begin allowing insurers to sell new plans that don't meet requirements set by the Affordable Care Act, a move that will test the limits of states' ability to carve out their own health-insurance rules under the Trump administration.

In a bulletin issued on Wednesday, the Idaho Department of Insurance said that it would allow insurers in the state to begin offering "state-based plans" to consumers. These products could leave out some of the benefits mandated by the ACA for individual coverage. Insurers would be able to consider enrollees' medical history in setting their premiums, a practice known as underwriting, which isn't authorized under the ACA. The new state-based plans could also include dollar limits on total benefit payouts, which the ACA banned.

Health-policy experts said it wasn't clear that the state has the authority to allow such products, or that it would be legal under federal law for insurers to sell them. "I don't see how this is reconciled with the basic ACA requirements," said Scott E. Harrington, a health-care-management pro-

fessor at the University of Pennsylvania's Wharton School.

Weston Trexler, a bureau chief in the Idaho Department of Insurance, said the state "believes we do have the authority to issue this bulletin and allow carriers to file.... We've looked at the issues there and we feel we can make these plans available."

Experts say it isn't clear that the state has the authority to allow such products.

The state will continue to enforce the ACA's rules for ACA plans, Mr. Trexler said, and the new products are "not conflicting with the ACA products." He said they would provide a new option for consumers who can't afford or don't want the ACA-compliant plans, which have seen significant premium increases over the years.

The state's move will put a spotlight on the federal Department of Health and Human Services and provide an early test of its newly confirmed, incoming leader, Alex Azar, who has criticized the

ACA in the past but is now in charge of enforcing it.

Mr. Azar has been expected to play a central role in Trump administration efforts to roll back the federal health law.

A spokesman for HHS didn't respond to a request to comment.

"This is clearly flouting the ACA's insurance rules," said Larry Levitt, a senior vice president at the Kaiser Family Foundation, a health-care research nonprofit. "This is definitely a Wild West strategy." No other state has gone so far, he said.

Idaho is implementing its new approach without applying for a federal waiver that would allow it to depart from ACA rules—other states looking to make changes have typically sought these waivers.

Timothy S. Jost, an emeritus professor at Washington and Lee University, said the language of the ACA requires federal regulators to enforce the law's requirements if a state fails to do so.

"I don't know that HHS has any discretion not to enforce the ACA," he said. The risk may be borne primarily by insurers that offer the state-based plans, which could be subject to significant fines for selling products that don't meet ACA requirements, he said.

California's Brown Highlights Record, Faults Trump Policies

BY ALEJANDRO LAZO

SACRAMENTO—In his 16th and final State of the State speech Thursday, California Gov. Jerry Brown insisted the California dream is still alive in a dangerous world.

"You will find critics who claim that the California dream is dead. But I am used to that," Mr. Brown said, talking up the state's economic growth over both eras of his administration.

In 1975, when he was governor for the first time, personal income in the state was \$154 billion, he said. Now, it is \$2.4 trillion, he said.

He returned to office in 2011, facing a \$27 billion state deficit, and drastically slashed spending. In 2012, he staked his governorship on a tax increase that voters approved that year and reauthorized in 2016.

Earlier this month, Mr. Brown released a budget projecting a \$6.1 billion surplus for the next fiscal year, which begins July 1. Mr. Brown has proposed saving most of the money, putting it away in a rainy-day fund he pushed to create in 2014.

At the same time, Mr. Brown presided over a worsening housing crisis, widening unfunded pension liabilities, and a rise in the number of homeless people.

"The narrative that the governor gave of California in his speech only tells one side of the story," said state Sen. Patricia Bates, the Republican leader. "Our state has become increasingly unaffordable for many Californians."

Mr. Brown highlighted California's lead role opposing

the Trump administration on climate change and immigration.

Mr. Brown, a Democrat, last year signed a "sanctuary state" bill over the opposition of sheriffs here, positioning California to restrict cooperation between local law enforcement and the Trump administration in efforts to deport illegal immigrants.

Mr. Brown's appointee for attorney general, Xavier Becerra, has sued the Trump administration 26 times.



Gov. Jerry Brown gives his last State of the State speech.

U.S. NEWS

Watchdog Recovers Missing FBI Texts

Messages between two officials in Clinton, Trump probes have concerned Republicans

BY DEL QUENTIN WILBER

The Justice Department's internal watchdog has recovered an undisclosed number of missing text messages between an FBI agent and another bureau employee who have come under fire for privately criticizing President Donald Trump during the 2016 campaign.

Republicans and allies of Mr. Trump had raised concerns about the missing texts, which cover a critical time in the Federal Bureau of Investigation's probe into Russian meddling in the 2016 election. Mr. Trump tweeted on Tuesday that the missing texts were "one of the biggest stories in a long time."

The new texts aren't yet publicly available, but the Justice Department's inspector general told a prominent senator Thurs-

day they had been recovered.

FBI Agent Peter Strzok supervised the investigation into Hillary Clinton's use of a private email server when she was secretary of state, as well as the FBI's inquiry into Russian meddling in the election. He was the top agent on special counsel Robert Mueller's probe into any links between Mr. Trump's associates and Moscow.

Mr. Strzok was reassigned from that job in July after the inspector general uncovered text messages in 2015 and 2016 between Mr. Strzok and an FBI lawyer, Lisa Page, that were highly critical of Mr. Trump.

Republicans and White House allies have said the texts suggest the FBI was biased in its pursuit of Mr. Trump.

The agent and lawyer, who were engaged in a romantic relationship, excoriated others in their messages, including Sen. Bernie Sanders (I., Vt.) and former Attorney General Eric Holder.

However, the inspector general's office was unable to find



Sen. Ron Johnson was notified that the messages were recovered.

text messages from December 2016 through May 2017. Justice Department officials this week cited a technical issue that prevented thousands of Samsung phones like the ones used by Mr. Strzok and Ms. Page from uploading messages for storage.

In a letter Thursday to Sen. Ron Johnson (R., Wis.), chairman of the Senate Homeland Security and Governmental Affairs Committee, Inspector General Michael Horowitz said his investigators had recovered missing texts.

"The OIG has been investigating this matter and, this week, succeeded in using forensic tools to recover text messages from FBI devices, including text messages between Mr. Strzok and Ms. Page that were sent or received between De-

cember 14, 2016, and May 17, 2017," Mr. Horowitz wrote. He said he would turn over the texts to the Justice Department.

The Justice Department provided Congress in December with more than 170 texts between Mr. Strzok and Ms. Page that were deemed political. The department permitted reporters to review those texts. On Jan. 19, it handed over 384 pages of texts between the agent and lawyer to Congress, but didn't provide copies to the media.

Sen. Chuck Grassley (R., Iowa), chairman of the Senate Judiciary Committee, sent a letter to FBI Director Chris Wray on Thursday raising questions about some of those messages.

Mr. Grassley cited a text in which he argued Ms. Page was seeking to pull punches in the Clinton investigation. "She might be our next president, the last thing you need us going in there loaded for bear," Ms. Page wrote, apparently referring to the number of personnel who would be present for an interview of

the former secretary of state.

Democrats said Republicans were taking many of the messages out of context and overstating their importance, as well as the roles of Mr. Strzok and Ms. Page, to come up with conspiracy theories in an attempt to distract from the Russia investigation. They criticized Mr. Johnson, for example, for raising question about a text in November 2016 in which Ms. Page discussed forming a "secret society."

Associates of Mr. Strzok and Ms. Page said there was no such group and that she meant it as a dark joke. On Thursday, Mr. Johnson told CNN the text might be a joke.

Senate Minority Leader Chuck Schumer (D., N.Y.) took issue on the Senate floor Thursday with some of the criticisms of the FBI. "What began as an attempt to discredit the investigator has now devolved into delusional, self-serving paranoia," he said.

—Byron Tau contributed to this article.

Trump Lawyer Notes Document Submission in Probe

BY REBECCA BALLHAUS

A lawyer for President Donald Trump said Thursday that the White House had provided more than 20,000 pages of documents to special counsel Robert Mueller as part of the investigation into Russian interference in the 2016 U.S. election, which he said showed "unprecedented" cooperation by the administration.

John Dowd, who heads the president's private legal team,

said the White House's document production included more than 5,000 pages related to former national security adviser Mike Flynn and Russia, and nearly 8,000 pages related to former Federal Bureau of Investigation Director James Comey.

Mr. Mueller is investigating whether Trump associates colluded in Moscow's alleged interference efforts and whether the president obstructed justice in firing Mr. Comey while his agency's Russia probe was

under way. Mr. Trump has denied collusion, and Moscow has said it didn't meddle in the election.

The documents were provided to the special counsel voluntarily, Mr. Dowd said in a statement. Mr. Mueller's team has also interviewed more than 20 White House officials, including eight members of the White House Counsel's Office, Mr. Dowd said.

Mr. Dowd called the White House's document production

"the most transparent response in history by a president to special counsel inquiries."

Mr. Trump said Wednesday he was willing to testify under oath in Mr. Mueller's investigation, putting the timeline for such an interview within two to three weeks. "I would love to do it, and I would like to do it as soon as possible," the president said.

The president's attorneys

have spent recent weeks negotiating the precise terms under

which Mr. Trump might consent to an interview with the special counsel, according to people familiar with their efforts.

His lawyers are considering having the president provide written answers to questions from Mr. Mueller—an option that former prosecutors say the special counsel is unlikely to accept—or to agree to an interview only on certain topics.

Mr. Mueller's questions to the president are expected to

focus on the Comey firing and on Mr. Trump's alleged request that Mr. Comey ease off a probe of Mr. Flynn, the Journal reported this week.

The special counsel is also expected to ask about Mr. Trump's decision to fire Mr. Flynn, which he said at the time was because the national security adviser had misled Vice President Mike Pence about the content of his conversations with Russia's former U.S. ambassador.

DEAL

Continued from Page One from Democrats expected over policy changes and border-wall funding, and opposition from conservatives over a pathway to citizenship for undocumented immigrants.

Mr. Trump's multipart plan contrasts with calls from some on Capitol Hill, including Senate minority leader Chuck Schumer (D., N.Y.) for a deal largely centered on just two issues: the fate of the Dreamers and border security.

Mr. Trump's proposal would offer a path to citizenship within 10 to 12 years for 1.8 million Dreamers—people whose parents brought them to the U.S. illegally as children. About 700,000 Dreamers were shielded from deportation under the Deferred Action for Childhood Arrivals program created by former President Barack Obama in 2013.

In September, Mr. Trump ended the program, known as DACA, but gave Congress until its expiration on March 5 to replace it. The rest of the immigrants aren't enrolled in DACA but could have qualified.

"This represents a dramatic concession by the White House to get to 60 votes from the Senate," a senior administration official said, describing the bill as a "compromise on many fronts."

But Mr. Trump's broad-reaching proposal ran counter to the mood on Capitol Hill Thursday, where lawmakers have been trying to narrow the parameters of negotiations to boost their chances of being able to cut a deal.

The White House framework was released shortly after senators scattered for the weekend and while the House is on a week-long recess. But earlier Thursday, both Democrats and Republicans had been advocating winnowing the scope of the immigration talks to focus primarily on border security and addressing the fate of the Dreamers.

"As we found time and again, when we open up the negotiations to discussions of broad immigration reform, there is no end to what each party says could be on the table," Mr. Schumer said on the Senate floor Thursday. "We should find a narrow deal on DACA and border security."

Sen. Marco Rubio (R., Fla.) said the best strategy would be to bring to the Senate floor a slimmer bill that dealt only with border security and giving the Dreamers legal status for now, with the chance to expand it if enough senators agreed on other issues.



Supporters rallied in Hartford, Conn., Thursday for a Guatemalan immigrant at his check-in at Immigration and Customs Enforcement before his scheduled deportation.

Some Republicans support allowing Dreamers to become citizens, but others are worried about whether that would enable them to sponsor their parents and other relatives for green cards.

Many experts, including some in the Trump administration, say that if Dreamers are going to be allowed to stay in the U.S., they should have a path to citizenship so they don't have perpetual second-class status.

President Trump has long said he was open to protecting Dreamers.

Some conservatives argue it isn't fair to grant citizenship to people who came to the U.S. illegally and it would encourage others to break the law.

"No one should be awarded citizenship for knowingly breaking our law," said Rep. Scott DesJarlais (R., Tenn.), a member of the conservative House Freedom Caucus, saying most Dreamers were teenagers when they entered the U.S. and knew what they were doing. "It's an insult to all those who have followed the rules."

When the president said he would be in favor of a pathway

to citizenship late Wednesday before leaving for Davos, the conservative website Breitbart.com ran a headline referring to Mr. Trump as "Amnesty Don."

But Mr. Trump has long said he was open to protecting Dreamers, and the White House is betting that his supporters will overlook those concessions if he can secure funding for a border wall.

Mr. Trump's path to citizenship would also include requirements for work, education and "good moral character," which has long been one of the requirements for naturalization in the U.S. That status could be revoked in the case of criminal conduct, public safety concerns or dependency on the government for subsistence, such as cash assistance.

While Mr. Trump promised voters he would make Mexico pay for the wall, his plan instead asks Congress to find \$25 billion for a trust fund that future lawmakers couldn't divert to other programs.

The goal is to ensure long-term funding for the plan, but doing so will require lawmakers to sign off on a huge expansion of the existing border barrier. Today, 654 miles of the 2,000 mile border have some sort of fencing. Under the Trump plan, the total would top 900 miles, with hundreds of miles of existing fencing replaced and in some cases built higher.

forfeited other funds Mr. Chi's company allegedly tried to route through U.S. banks.

The Washington-based C4ADS, which studies transnational threats, has previously identified Mr. Chi's company, Dandong Zhicheng, as the biggest importer of North Korean goods into China. Prosecutors have alleged the company helped facilitate North Korea's coal trade, which the U.S. has estimated generates more than \$1 billion in revenue a year for North Korea and helps fuel its weapons programs.

The couple couldn't be reached for comment. An attorney for them couldn't immediately be located.

The new forfeiture filing comes as the Trump administration is pressing Chinese officials to expel North Korean agents helping finance Pyongyang's nuclear-weapons and missile programs. The U.S. on Wednesday imposed sanctions on 16 North Korean agents accused of operating largely in China as representatives of North Korea's banned banks and weapons programs.

The EB-5 program offers green cards to aspiring immigrants who invest at least \$500,000 in U.S. businesses in high-unemployment or rural areas that have been determined to create at least 10 jobs per investor. A green card permits

a foreign national to live and work in the U.S.

The majority of EB-5 visas go to wealthy Chinese individuals, according to data from the Department of Homeland Security. The U.S. government limits the number of EB-5 visas to 10,000 a year.

The EB-5 program has been criticized for favoring wealthy immigrants and for channeling most of the funds to upscale neighborhoods, rather than the economically disadvantaged areas for which the program was intended.

Some developers and middlemen who have raised money through the program also have allegedly been involved in fraudulent schemes aimed at taking advantage of applicants.

Federal prosecutors in Brooklyn and the Securities and Exchange Commission have been examining the use of the EB-5 program by the real-estate company run by the family of Jared Kushner, President Donald Trump's son-in-law and senior adviser. A spokeswoman for Kushner Cos. has previously said it fully complied with EB-5 rules and regulations and did nothing improper.

Thursday's complaint appears to be one of the first instances of alleged misconduct on the part of an investor seeking to obtain a visa through the program.

—Aruna Viswanatha

U.S. NEWS

EPA Scuttles Policy On Pollution Sources

BY TIMOTHY PUZO

WASHINGTON—The Trump administration is withdrawing a decades-old air policy aimed at reining in some of the largest sources of hazardous pollutants like mercury and lead.

The Environmental Protection Agency said late Thursday it is getting rid of requirements that it forever keep sites classified as "major sources" of hazardous air pollution once they meet that classification. This "once-in, always-in" policy punished industry by keeping factories and other sites under heavy regulation even if they made improvements that would prevent them from being major sources of pollution, according to the EPA and lawmakers who had requested the move.

Environmentalists and congressional critics decried the change, saying it is one of the EPA's bedrock environmental regulations that keeps polluters from trimming back to just

below the major-source classification cutoff to avoid requirements that could further lower their emissions.

President Donald Trump has made a rollback of environmental regulations one of his signature issues to lower costs for businesses.

The latest change "will reduce regulatory burden for industries and the states, while continuing to ensure stringent and effective controls on hazardous air pollutants," Bill Wehrum, assistant administrator of the EPA's Office of Air and Radiation, said.

The policy requires facilities that annually emit 10 tons or more of a single air pollutant or 25 tons or more of a group of pollutants to use the maximum achievable technology controls to lower their pollution.

Republican Sens. Shelley Moore Capito of West Virginia and John Barrasso of Wyoming sent a letter to the EPA earlier this month asking for the change.



JUAN OCAMPO/LA METRO/ASSOCIATED PRESS

Los Angeles is one of several cities that has struggled to get federal approvals before moving ahead with critical infrastructure projects.

Infrastructure Push Targets Rules

BY TED MANN

WASHINGTON—U.S. Chamber of Commerce President Thomas Donohue last week was nearing the end of a speech urging Congress to rebuild the nation's infrastructure when he offered another option: At least make it easier to build things when the money can be found.

"If we just fix the permitting thing this year, you would create an extraordinary enthusiasm about moving forward," Mr. Donohue said.

President Donald Trump hasn't said where he will find \$200 billion in budget savings that the White House says will be a down payment on an infrastructure package that it hopes will generate more than \$1 trillion in spending over 10 years.

But the administration is also hoping to roll back regulations in place for decades to reduce the period between project approval and construction, limiting environmental reviews and litigation in favor of getting big things built.

The effort is likely to face resistance from environmental

groups and their Democratic allies in Congress.

Still, the president's advisers believe they can alter the permitting process to change how the government builds roads, bridges, rails and pipelines for years to come.

"I think one of the most important things this administration can do is take permit delivery times from what is now an average of 4.7 years down to two years," said Alexander Hergott, the lead infrastructure aide on the White House's Council on Environmental Quality, at a conference in Washington this month.

The campaign is part of a broad effort to roll back regulations and constraints on business across the government. That agenda has drawn support from business groups who say it will boost the economy, but it has prompted concern from environmental advocates and consumer groups who warn that the administration risks undoing years of progress in reducing accidents and pollution.

Previous presidents have tried to streamline the federal

permitting process to jump-start rebuilding of critical infrastructure. That includes President Barack Obama, who signed the FAST Act in 2015, a bipartisan transportation funding package that created a federal permitting improvement council aimed at speeding up the environmental review process. Mr. Obama also issued executive orders, as Mr. Trump has, aimed at improving the efficiency of such reviews.

Mr. Trump and his aides have cited studies suggesting that environmental review can often take a decade, and calling for that period to be reduced to two years. A Government Accountability Office study of the environmental review process in 2014 cited third-party estimates that reviews average 4.6 years. Outside experts say actual review times vary widely based on the scope of a project and other factors.

The Trump team's goals have alarmed environmental groups and others who say they believe the plans are less focused on efficiency and more on altering underlying environmental stat-

utes, like the Clean Water Act and Clean Air Act, that dictate factors for review before a highway or pipeline can be approved for construction.

"We've been very clear in all of our discussions that their infrastructure package is not an infrastructure package—it is an environmental deregulation package," said Christy Goldfuss, who was managing director of the Council on Environmental Quality under Mr. Obama and now oversees environmental and energy policy at the liberal think tank the Center for American Progress.

Business interests were pleased with an executive order Mr. Trump issued in August, which required federal agencies to coordinate from the earliest stages of a project review, with the goal of making a "single federal decision" on whether a project could move ahead on environmental grounds.

The administration is confident that it can get bipartisan support, especially from mayors and governors eager to drive their own local building projects ahead quickly.

The Best of
FLORIDA LUXURY PROPERTIES

Stake your claim in **The Wall Street Journal's** upcoming special advertising feature focused on the Sunshine State's most spectacular homes and developments. The WSJ reader owns an average of **3 homes**, while **81%** use their properties as weekend/vacation home.

In addition to this contextually relevant print alignment opportunity, digital sponsorships are available on [MansionGlobal.com](#)'s editorial feature, **Neighborhood Notes**.

Showcase your brand and properly listings as our established print section and newest website for luxury homes take a close look at some of Florida's top cities and communities.

Issue Date: 3.9.18 | Close Date: 1.26.18 | Section: Mansion

For more information, please contact Damon Salerno at damon.salerno@wsj.com | 305.775.6230

THE WALL STREET JOURNAL.

[wsjmediakit.com](#)

© 2018 Dow Jones & Company, Inc. All Rights Reserved.

ROSS + SIMONS
fabulous jewelry & great prices for more than 65 years

Our handcrafted sterling bracelet

From our signature Byzantine collection, this timeless sterling bracelet is rich with intricate silver artistry and classic appeal.

One to turn your jewelry box into a treasure chest.



\$295

Plus Free Shipping

Sterling Silver Byzantine Bracelet

7" length. 3/4" wide. Springring clasp.

Shown larger for detail.

Also available in 14kt gold. Item #878988 \$2495

Ross-Simons Item #876884

To receive this special offer, use offer code: **STERLING46**

1.800.556.7376 or visit [www.ross-simons.com/STERLING](#)

WORLD NEWS

Iran Internet Crackdown Hits Commerce

Messaging app ban took aim at protesters, but upended country's small businesses

When Iranian authorities blocked popular messaging app Telegram last month in an attempt to quell unrest, the country's small business community bore the brunt of a communications breakdown that reverberated across the economy.

By Asa Fitch in Dubai and Aresu Egbali in Tehran

One pet-shop owner in Tehran named Mojtab said he was no longer able to process orders and coordinate deliveries through Telegram, forcing him to solicit business by knocking on doors. He also struggled to keep orders straight, at one point delivering dog food to the owner of a Persian cat.

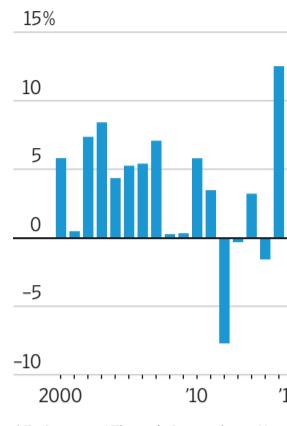
"These days everybody uses Telegram—I don't know what they were thinking," said Mojtab, who asked that his last name not be used because he feared repercussions. "My regular customers were very unhappy."

Telegram is an encrypted social-media app used by more than 40 million Iranians. It was a prime means of sharing information and videos during antigovernment dem-

Digital Dependence

Iran's President Hassan Rouhani has called for fewer restrictions on the internet, where he said some 70% of services in the country were transacted.

GDP, annual change



*Estimates †Through September Note: Iran has about 85 million active mobile phones, of which some 47 million have internet data. Recent numbers exceeding 100% reflect people owning more than one device.

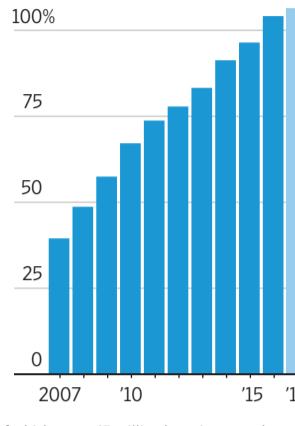
Sources: International Monetary Fund (GDP, unemployment);

Iranian Ministry of Information and Communications Technology (phones)

Unemployment rate



Mobile phone penetration



Telegram.

But Supreme Leader Ayatollah Ali Khamenei—or figures loyal to him within Iran's opaque ruling system—opted to crack down.

"There was a mind-set that Rouhani is standing in front of them and they won't block Telegram," said Reza Shalaf Zadeh, a developer and engineer at a parcel-delivery startup, "but that's vanished now."

Official figures suggest a pronounced economic effect from the crackdown. During roughly two weeks of unrest, bank transactions fell by 40%, and the national postal service's income fell by 18%, according to Mohammad-Javad Azari-Jahromi, Iran's minister of information and communications technology.

He didn't specify what caused the declines, but in a video clip posted on the parliament's news service website, the minister acknowledged it was necessary to strike a balance between meeting security needs and allowing people to communicate and transact business online.

Navid Behrangi, the founder of the video streaming startup rooydad.tv, said development work on his site stopped for a few days as a result of those restrictions.

"I know a lot of other startups in Iran, and they also had a lot of problems, particularly

those whose work is directly linked to Telegram," Mr. Behrangi said.

At least 50,000 Iranian firms use Telegram as part of their businesses, according to a Twitter account set up during the protests to document the economic fallout from the block. Others have cited smaller figures, including Afshin Kolahi, an Iranian Chamber of Commerce official, who said on Jan. 2 that around 10,000 to 15,000 businesses were completely virtual, and would go bankrupt if blocks on internet use became permanent.

The Iranian tech economy is small by global standards, but it is growing rapidly, as mobile internet users rose to about 47 million last year, according to official statistics, or nearly 60% of Iran's population.

Farid Khaheshi, a veteran of Iran's startup scene and the former chief operating officer of one of its biggest tech companies, said creating an atmosphere for economic growth was hard enough without government interference. Targeting tools that people use to communicate and do business would discourage much-needed investment, he said.

"If we want to make considerable progress, we must avoid such unpredictable decisions no matter what the political necessities are," Mr. Khaheshi said.

Vaez said Tehran's Supreme National Security Council had ordered the IRGC to stand its ground in the region, but not to harass U.S. Navy ships. The council is presided over by President Hassan Rouhani but Mr. Khamenei has the final say.

Cmdr. Urban said the U.S. Navy hadn't modified its operations in the region and would continue to operate "wherever international law allows."

The last incident, in August, occurred when an Iranian drone flew in the vicinity of aircraft conducting night operations on the USS Nimitz.

Cmdr. Urban expressed concern about Iranians' use of drones, also known as unmanned aerial vehicles, to harass American vessels.

"Even with the decreased incidents, we remain concerned with the increased number of Iranian UAVs operating in international airspace at night without navigation lights or an active transponder as would be expected according to international norms," he said.

"We continue to advocate for all maritime forces to conform to international maritime customs, standards and laws," he said.



A video-grab from the U.S. Navy showed an Iranian boat heading toward the USS Thunderbolt in the Persian Gulf on July 25 of last year. A Navy patrol ship responded by firing warning shots.

nian behavior comes as an international nuclear agreement with Tehran is teetering as President Donald Trump threatens to end U.S. sanctions relief provided to Tehran under the deal, signed under President Barack Obama.

Washington's European allies are discussing ways of heightening sanctions against Iran for actions not directly related to the country's nuclear program.

Gen. Votel said that the abatement in the Persian Gulf didn't alone signal a broader "strategic shift" by Iran, noting activities such as Iran's

support of Houthi rebels in Yemen. "I think we have to look at Iran in totality," Gen. Votel said.

The U.S. has publicly criticized what it says is Iranian backing of the Houthis. Iran also has sent forces to Syria and backs militants operating there on behalf of the Assad regime.

Military officials noted that while Iranian harassment in the Gulf had declined, the country's forces weren't idle. Iran has been observed by the U.S. conducting activities that approach but stop short of what would be considered ha-

rassment, a U.S. military official explained.

Officials at U.S. Naval Forces Central Command, in Manama, Bahrain, were loath to guess the reasons behind it.

"We are not going to speculate on the reason for this recent positive trend in interactions, though we hope it will continue in the future," said Cmdr. Bill Urban, a spokesman for the U.S. Navy's Fifth Fleet, in Manama.

Ali Vaez, Iran project director at the International Crisis Group, said the decrease in harassment is part of a broader pattern by Tehran to

refrain from provoking the U.S. and providing fodder for the Trump administration to blame Iran for regional instability.

"I think they understand the administration's policy at this stage is to put the spotlight on Iranians and portray them as the source of all evil in the region," he said.

"The Iranians are certainly part of the problem in the region, but they'd like to be portrayed as part of the solution, not just the problem."

The lull in harassment coincides with an internal directive last summer in which Mr.

Provocations Abate

Source: Department of Defense

THE WALL STREET JOURNAL.

transcendent escape. Unrivaled massage.

Find Your Quiet Place™

FREE
5-YEAR
WARRANTY
Valued at \$450

Made in Japan

RESOLVE TO RELAX

Transcendent Escape. Unrivaled Massage.

Find Your Quiet Place™



DREAMWAVE.
The World's Best Massage Chair®

dreamwave.com/resolve

888-727-2150

Offer expires February 1, 2018.

WE'RE BULLISH ON COMFORT



The Un-Sneaker™ goes to work. With leather-lined interior, padded collar and custom soles — the world's most comfortable shoe is now dressed for the office.

SAMUELHUBBARD.COM

SHOEMAKERS SINCE 1930

Free shipping and returns. Order online or call 844.482.4800.

HQ Capital mourns the loss of its founder and partner

Marcel Giacometti

He established Auda's New York office in 1989 (renamed in 2015 to HQ Capital Private Equity) and was the firm's long-time CEO. His leadership was instrumental in the firm's success and growth over the years.

Marcel died on January 13, 2018 at age 66.

Marcel will always be remembered for his entrepreneurial spirit, keen analytical mind, and his fun-loving personality. With Marcel's passing, we have all lost a great friend, business partner, and mentor.

Our thoughts go out to his family, especially his two children during this difficult time.

Marcel is gone way too soon, and we will miss him.

The HQ Capital Private Equity Team

WORLD ECONOMIC FORUM

Trump Descends on a Wary Davos

By REBECCA BALLHAUS
AND FELICIA SCHWARTZ

DAVOS, Switzerland—President Donald Trump's arrival at the World Economic Forum here on Thursday was met with an immediate question: "Are you going to be treated well?"

Mr. Trump, whose debut inside the hall hushed the crowded space except for the snapping of cellphone photos, replied: "You tell me."

The first U.S. president to emerge directly from the private sector became the first U.S. leader in nearly two decades to attend the forum, bringing with him a delegation paralleled only by Chinese President Xi Jinping's entourage a year earlier.

The administration brings a message of "America First" that has evoked skepticism with the globalists who frequent the annual conference. Mr. Trump on Thursday was met by fascination and suspicion from attendees at the forum, which features a series of seminars and endless networking at meals, parties and get-togethers where sideline deals, both corporate and political, are often cut.

Asked what message he wanted to send at Davos, Mr. Trump said Thursday: "We want great prosperity and we want great peace, and I think that's the message....We are seeing tremendous investment, and today has been a very exciting day." Mr. Trump is set to address the forum on Friday.

At a reception Thursday evening with corporate executives, Mr. Trump expressed optimism that the U.S. economy would grow faster than expected. He told the group he had spoken with Indian Prime Minister Narendra Modi, who mentioned that India's economy was growing at 7%. Mr. Trump told the executives he could deliver the same economic growth if given a second term, according to attendees.

Arkady Dvorkovich, Russia's deputy prime minister, said Moscow expects to hear from Mr. Trump's Friday speech "a transparent and clear presentation of what the U.S. government is planning to do and what the goals are of those policies....More than anything we expect a clear stance on what



The president waved at the crowd as he arrived in Davos on Thursday. He was set to speak Friday at the World Economic Forum.

'America First' really means."

Canadian Prime Minister Justin Trudeau, who has differed with the U.S. president on trade and immigration, when discussing Mr. Trump's visit said different perspectives "should be listened to, understood and included in the way we figure out the right path forward. The opportunity to convene different perspectives here at this conference is really important."

Some longtime attendees said they were pleased by the U.S. presence at the conference; the president was accompanied by nearly 20 advisers.

"If we're going to solve problems, it's better with America playing some kind of role if they're willing to play that role," said Tony Fratto, a partner at the Washington lobbying firm Hamilton Place Strategies, describing the attitude shared by some of the forum's attendees. "And we're not going to find that out by not talking to them."

The U.S. delegation Wednesday and Thursday fanned out across the hotels and conference rooms of this snowy resort town, in a bid to

Palestinians Must Talk Peace to Get Aid, President Says

DAVOS, Switzerland—President Donald Trump on Thursday said the Palestinians must return to peace talks with Israel to continue receiving U.S. aid, in comments to reporters as he met with Israeli Prime Minister Benjamin Netanyahu.

Mr. Trump, in Davos for two days for the World Economic Fo-

rum gathering, said he was hopeful for a peace deal between Israel and the Palestinians, but said the Palestinians had "disrespected" the U.S. by refusing to meet with Vice President Mike Pence earlier this week.

It wasn't clear what specific funds Mr. Trump was threatening to withhold. According to State Department figures, the U.S. is planning to give the West Bank and Gaza \$251 million this fiscal year. The U.S. informed the United Nations last week it would withhold \$65

million from the U.N. Relief and Works Agency, the Palestinian refugee agency. That is more than half of the \$125 million the U.S. was supposed to give for a first payment this year.

Saeed Erekat, the secretary-general of the Palestine Liberation Organization, responded: "President Trump is blackmailing and punishing the Palestinian people for fighting and believing in their freedom and human rights per international law and U.N. resolutions."

—Rebecca Ballhaus

speak with one voice about America's economic success.

At a reception for world leaders on Thursday attended by Mr. Trump and Secretary of State Rex Tillerson and hosted by Klaus Schwab, executive chairman of the World Economic Forum, the message from the U.S. delegation was: "If America has prosperity and security, that makes other nations more prosperous and secure," said a person familiar with the event.

Attendees saw Mr. Trump's decision to bring with him a

swath of his cabinet as a response to Mr. Xi's visit last year, which was widely seen as a play by China to fill what it saw as a vacuum in global leadership following Mr. Trump's election.

"What they heard about Davos last year was that Xi came here and Xi came with a message," Mr. Fratto said. "You could expect that Trump's remarks would be an answer to Xi's message."

Mr. Xi's message largely consisted of a full-throated defense of international trade and economic integration, and

said protectionist policies—which some have accused Mr. Trump of seeking to implement—are "just like locking one's self in a dark room."

Mr. Trump's arrival also brought protests. One flag hanging near the forum crossed out part of "global warming" to instead read: "Global War with Fire and Fury," referring to a book critical of the White House that the president spent weeks attacking.

◆ Trump's comments give dollar a late-day boost B1

SMOKE

Continued from Page One
I understand the risks of using IQOS from its labeling and advertising. A majority of panelists also said the likelihood was low U.S. smokers would switch completely to IQOS.

A Philip Morris spokesman said, "We are confident in our ability to address the valid questions raised by the Committee with the FDA as the review process for our application continues."

IQOS is a hand-held device that heats tobacco but doesn't burn it, so it doesn't produce smoke when users inhale. It differs from other smoking alternatives like e-cigarettes that produce vapor from nicotine-laced liquid.

Philip Morris already sells IQOS in 29 countries, often in sleek boutiques. Now the company, through U.S. partner Altria Group Inc., hopes to sell the device in the U.S. to people who want to quit smoking, with the claim it cuts the risk of tobacco-related diseases such as cancer and benefits public health. It has submitted

two separate FDA applications: One to sell IQOS in the U.S. and another to market it as safer. The advisory panel hearing focused on the second one.

IQOS is one of a wave of smoking-alternative products the tobacco industry is counting on for growth. Japan Tobacco Inc. sells a device called Ploom Tech, which uses tobacco

put and other information to reach its decision.

A go-ahead from the FDA could pave the way for regulation that pushes cigarette smokers to newer, safer alternatives, said David Sweanor, a tobacco-control expert and adjunct professor of law at the University of Ottawa. "The substitution of non-combustion products has huge health potential," he said.

Some analysts and tobacco experts said the advisory panel's position would make it difficult for the FDA to approve Philip Morris's claim that IQOS reduces disease. Jefferies analyst Owen Bennett said he expects the FDA to approve the tobacco giant's application to sell IQOS in the U.S. without making a claim that IQOS is safer than conventional cigarettes.

"It was almost impossible for a vote to be 'yes,'" said Mr. Bennett, noting the high burden of proof and ambiguity in the statements members were asked to vote on.

Philip Morris could submit more evidence or propose a less-ambitious claim, said Michael Eriksen, dean of Georgia State University's School of Public Health and principal investigator of the university's Tobacco

Center of Regulatory Science. "The claims could be restated," he said. "I think it's a process, and they're in the middle of it."

The Marlboro maker has invested over \$3 billion to develop IQOS and other cigarette alternatives. Since 2008, Philip Morris has hired over 400 scientists and experts to do research and development, hous-

ing them in a glass building in Neuchâtel, Switzerland, nicknamed "the cube."

The company is seeking a reduced-risk marketing claim to help it tap a large potential market. Of the 36.5 million adult smokers in the U.S., 67% of men and 69% of women want to quit, according to the Centers for Disease Control and Prevention.

Philip Morris is counting on lower taxes and looser marketing restrictions for IQOS than those levied on conventional cigarettes to push smokers to switch to the new product. "The regulatory environment has to differentiate the products," said Philip Morris Chief Executive Andre Calantzopoulos in an interview last year.

The device heats tobacco but doesn't burn it, so it doesn't produce smoke.

capsules. British American Tobacco PLC has its own heat-not-burn product similar to IQOS called Glo and plans to apply this year for FDA approval.

The findings of the Tobacco Products Scientific Advisory Committee will go to the FDA, which will make the decision on both applications.

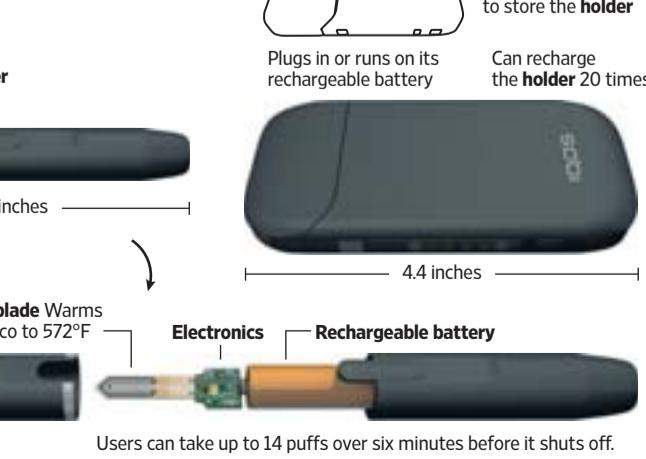
Mitch Zeller, director of the FDA's Center for Tobacco Products, said the agency would weigh the committee's findings along with public in-

Lighting Up

Tobacco companies are hoping to woo smokers with a new array of devices like IQOS that heat but don't burn tobacco.



Inside the Holder



Source: Philip Morris International

Note: drawings are schematic

THE WALL STREET JOURNAL.

A Warning To Heed U.S. Trade Criticisms

By GREG IP

DAVOS, Switzerland—A top International Monetary Fund official said some Trump administration complaints about unfair trade are valid, as he urged the rest of the world, in particular China, to take note.

David Lipton, the No. 2 official at the IMF, said while there's nothing inherently wrong with bilateral trade deficits, "unwarranted" deficits driven by "distortive" or "unfair" trade practices are a problem.

He noted that in both the U.S. and Europe, unhappiness with globalization has generated political upheaval. "The rest of the world, whose future really depends on openness and integration, had better be open to dealing with those concerns and complaints or else it will be really hard to have a globalization that's durable."

President Donald Trump's confrontational approach to trade has unnerved the foreign dignitaries, global institutions and companies attending the World Economic Forum in Davos, Switzerland. On Monday the IMF warned an "increase in trade barriers" would depress long-term growth.

Yet Mr. Lipton's remarks, which he made on the sidelines of the forum, suggest that the global community doesn't consider Mr. Trump's complaints entirely groundless, and shouldn't be reflexively dismissed.

"There have been shortcomings in lots of countries' trade policies and it makes sense to address those," Mr. Lipton said.

But he said those complaints are best addressed in bilateral discussions or multilateral settings. The Trump administration has preferred to take unilateral action, such as the tariffs announced this week on washing machine and solar panel imports, rather than bring a case through the World Trade Organization. That has raised fears of tit-for-tat retaliation by others and a trade war.

FROM PAGE ONE

ALWAYS ARRIVE WITH A PRISTINE SUIT

Patented zero-crease system will hold up to two suits for your flight, keeping them wrinkle free upon your arrival.



Get \$25 off with code 'FD9F'
www.VOCIER.com



THE WALL STREET JOURNAL. BUSINESS TRAVEL SERVICE

**When do you need
our free 24/7
concierge-level service?**

**When that cold front
moves in, and nothing
else moves out.**

If you buy business travel without a corporate travel department, you're on your own. But when you book your business trip at WSJBusinessTravel.com, you not only get great prices on your airfare, hotel, and car rental, you also get free 24/7 concierge-level support throughout your trip.

Just one touch on our mobile app and you are connected to real people, right away. Canceled flight? We find alternatives. Bad weather? We'll help you get around it.

Great prices. Great service. If you're a do-it-yourself business traveler, life just got a lot easier. Go to **WSJBusinessTravel.com** to see for yourself.



POWERED BY
 UPSIDE

GO TO: **WSJBUSINESSTRAVEL.COM**

IN DEPTH

TAXES

Continued from Page One

workers. And this is just the beginning. The U.S. Treasury and the Internal Revenue Service have offered guidance on just a few of the two dozen provisions in the law that will likely require formal regulations. Companies must navigate complex rules imposing minimum taxes on foreign income, tax breaks for partnerships, faster deductions for capital spending and new limits on interest and operating-loss deductions.

"We're only 30 days into the tax reform process," Lowell McAdam, chief executive of Verizon Communications Inc., told investors on Tuesday. "We're all trying to understand the implications."

Along with announcing its repatriation of cash held overseas last week, Apple Inc. pledged to invest \$30 billion in the U.S. that it had held abroad, despite having to pay \$38 billion under a one-time tax on those accumulated foreign profits. Goodyear Tire & Rubber Co. now estimates it won't pay cash taxes until 2025, because its existing credits will stretch out an additional five years when used to offset taxes at new, lower corporate rates.

Varying impact

That the tax bill will have significant effects on corporate finances is certain, though the effects can vary widely by company. Already, analysts expect the legislation to provide a 7% to 8% boost in aggregate per-share profits for the companies in the S&P 500 this year, said Joseph LaVorgna, chief economist for the Americas at Natixis, an international

financial-services arm of France's Groupe BPCE.

A big part of that comes from companies spending more, feeding revenues to other firms in what can become a virtuous cycle, Mr. LaVorgna said. He believes analysts and the market may be underestimating the effect.

"Somebody else's capital outlay is another company's income," he said. "If there's a surprise, things may actually be better."

Some economists caution the economic impact may not quite measure up to the growth in profits. Oxford Economics, a forecasting and consulting firm, estimates the legislation will contribute 0.4 percentage points to already robust economic growth in 2018, and another 0.1 to 0.2 points in 2019, said Gregory Daco, head of U.S. economics for the consultancy.

About half of that is likely to come from business spending, and the rest from households, Mr. Daco said. Oxford estimates that each \$1 of corporate tax cut will lead to 40 cents of spending, based on historical precedent, Congressional Budget Office studies and conversations with corporate executives.

That's mostly a one-time gain. A reduction in taxes frees up profits to spend, but that then becomes the new normal, with further growth coming from general economic expansion or other factors.

At Amicus Therapeutics, the new tax law solved a geographic dilemma. The Cranbury, N.J., company is developing an experimental drug to treat Pompe disease, a rare inherited disorder that causes muscle weakness and can be fatal.

After early results for a new drug proved promising, Amicus wanted to increase pro-

duction for further clinical testing and potential commercial sales.

Amicus, which had been using Chinese contract manufacturer WuXi Biologics to supply the drug, decided in August to build its own facility. The U.S. was at a disadvantage to Europe, due to its 35% statutory federal income-tax rate for companies. Ireland's corporate tax rate, by contrast, is 12.5%.

Those financial considerations threatened to overshadow other advantages that a U.S. plant would offer.

"Our strong assumption was that it would be very challenging to establish a new biomanufacturing facility in the U.S.," Chief Executive John Crowley said in an interview.

As the tax legislation advanced in Congress last fall, however, building in the U.S. began to look more attractive. Mr. Crowley recommended to his board the company focus on finding a U.S. site. The company has narrowed its choice to three East Coast cities. Mr. Crowley declined to identify. It expects the plant to cost \$150 million to \$200 million, and to employ at least 200 people at an average pay of \$100,000 a year.

The rules of deal making, too, are changing. In the past two months, Aramark completed two acquisitions with a price tag of \$2.35 billion as it snapped up hotel procurement and supply firm Avendra in December and uniform-rental and linen-supply firm AmeriPride Services Inc. last week.

Both are a kind of deal that, thanks to the new tax law, has become cheaper. One provision lets companies deduct the cost of buying some sorts of assets immediately, instead of over several years as prior tax law required—and expanded this treatment to used assets as well as new ones.

That essentially lets a buyer like Aramark get an immediate discount on the cash cost of part of its deals, the portion that reflects the acquisition of equipment, machinery and other tangible property.

Aramark's acquisition of Avendra, a partnership, is automatically treated as an asset purchase, New York tax consultant Robert Willens notes, while deal documents indicate Aramark and AmeriPride agreed to treat that acquisition as an asset purchase as well for tax purposes.

Effective Tax?

Large U.S.-traded companies are generally forecasting declines in their effective tax rates in the wake of December's federal tax overhaul.

Effective tax rate forecast under new tax law

Effective tax rate range over two most recently reported years



Sources: Company filings; company conference calls; interviews

Two most recently reported years: *2016-17 †2015-16

THE WALL STREET JOURNAL



Grocery distributor United Natural Foods Inc., which supplies Whole Foods, is investing to overcome capacity bottlenecks.

CASKET

Continued from Page One

find Trey Ganem, a former hot-rod car artist in Edna, Texas, who works in a small but growing corner of the U.S. casket market. He and his staff build as many as five customized caskets a week.

For R&B singer Percy Sledge, Mr. Ganem made a black-and-white casket in 2015 with a portrait of Mr. Sledge on the head panel and adorned in music notes. A microphone was mounted on top.

"He always held on to his microphone," Rosa Sledge said of her late husband, who sang the 1966 pop hit "When a Man Loves a Woman."

Mr. Ganem interviews his clients about the passions, careers and tastes of their loved ones for design ideas. He said he started thinking about it 25 years ago, at the wake of a teenage hunting buddy. He wondered why his friend, who died of a heart condition, was buried in such a dull casket.

"Wouldn't it be cool," he recalled thinking, "if we had

camouflage, or deerskin, to remind us of things he used to do?" The thought turned into a business for him about five years ago. It turned out that Americans also were interested in personalizing the final memorials for loved ones.

When Danny Wheldon, a retired firefighter in Enid, Okla., died at age 73, his wife, Linda, had one of their neighbors build a camouflage-and-fire theme casket topped with a firefighter's helmet.

The only instructions Mr. Wheldon had left for his burial were, "Do not spend a bunch of damn money on a casket," said his daughter Toni Luetjen, who had qualms about going custom. "At first I said, 'Mom, this is so redneck. But she said, 'No, I'm doing it.'"

Most people purchase caskets through funeral homes, which typically have contracts with large manufacturers such as Batesville. The Indiana-based casket-maker has started offering to put photos or military emblems on head panels, said Troy Turner, chief of sales and marketing.

Rick and Shana O'Brien, of South Jordan, Utah, had at

first picked a traditional casket for their son Riley, who died at age 21 in a 2010 car accident. Their younger son Shad objected: "That's not going to work for my brother," he said. The family picked a casket with elk-antler handles and an outdoors theme to reflect Riley's love of hunting.

The Casket and Funeral Supply Association of America estimated that 1.6 million caskets were sold in the U.S. in 2015, the last full year of available data. The average price for a metal burial casket is about \$2,400, according to the National Funeral Directors Association. Custom ones can run from \$1,800 to \$16,000.

Kurt Sofie, a fourth-generation funeral director, estimated as many as 90% of caskets sold at his Jenkins-Sofie funeral home in South Jordan, Utah, now have custom details. Baby boomers, he said, "they like things their way."

The married tattoo artists JD and Julie O'Kelly of Portland, Ore., have started building custom caskets. Mr. O'Kelly said it was a natural move for a tattoo artist, whose art eventually gets bur-



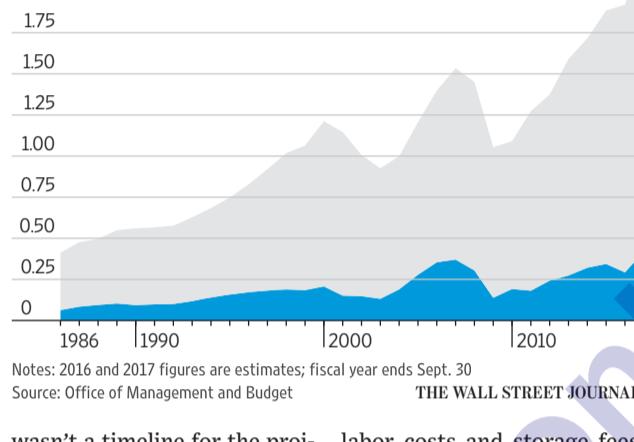
Amicus Therapeutics CEO John Crowley, right, chose the U.S. over Europe for a new facility.

MELISSA GOLDEN FOR THE WALL STREET JOURNAL

Tax Split

Corporations have accounted for anywhere from an eighth to a quarter of all federal income tax receipts since 1986.

Income tax receipts: ■ Corporations □ Individuals



Notes: 2016 and 2017 figures are estimates; fiscal year ends Sept. 30

Source: Office of Management and Budget

The tax overhaul is altering corporate operations in sometimes surprising ways. Netflix Inc., for example, has changed the compensation it will pay three of its top officers, raising their salaries by a combined \$19 million.

Its reasoning: The new tax law prevents companies from deducting any sort of pay over \$1 million apiece for key executives. Prior law allowed companies to deduct that pay if it was tied to performance. So, having lost the benefit of a tax deduction for paying performance-based bonuses instead of salary, Netflix announced days after the tax law was passed that its board was scrapping the performance measures and converting the pay into straight salary instead, as it used to do before 2014.

The tax-law change is likely to eliminate tax deductions on \$92 billion of pay, according to an analysis of Russell 3000 firms by Equilar. Several large companies—including Johnson Controls International PLC and drugmaker AmerisourceBergen Corp.—have said their boards are considering how the tax change affects their approach to compensation.

The ripple effects are hitting small businesses, too. Matthew Wells, president of Western Mechanical Contractors Inc. in Federal Way, Wash., is considering whether to restructure how his business is organized to maximize his benefits under the new tax law.

The 32-person plumbing and mechanical contracting firm is currently set up as an S corporation, a so-called pass-through structure in which the business itself isn't taxed and its income goes to the owners, who reflect it on their individual tax returns.

Mr. Wells is trying to determine whether his tax bill would fall if he switched to a C corporation, which pays its own income taxes directly to the Internal Revenue Service—now at a 21% rate, down from a top rate of 35% before the new law.

Mr. Wells' accountant is still poring over the new law, but has suggested the potential benefits may not be as great as the contractor initially believed. "I think they are going to try and talk us out of it," said Mr. Wells. "But it is certainly something we are looking into."

—Sharon Terlep, Ruth Simon and Ryan Knutson contributed to this article.

It gives us more incentive to invest, particularly in the U.S., a CEO said.

CEO, said the wireless giant would remain disciplined about capital spending. "It's very inconsistent that just because tax reform comes through, we are all of a sudden going to draw the line at a different place or lose that discipline," he said.

The tax break comes at a particularly good time for United Natural Foods, which has struggled to keep pace with surging demand for natural and organic goods. The company's net sales rose 8% year-over-year during its last quarter to \$2.5 billion, driven largely by Whole Foods, the chain acquired by Amazon.com Inc. last year and United Natural's biggest customer.

That sudden growth proved costly. The Providence, R.I., company had an additional \$25 million in lost sales from out-of-stock goods during its last quarter, along with higher

labor costs and storage fees. Any expansion would help ease capacity bottlenecks that the company intends to resolve in coming months.

Some companies are holding pat, either because they want to see how the new rules shake out, or because they are worried about moving too fast.

Verizon said it would use most of its tax savings—\$3.5 billion to \$4 billion in extra cash in 2018—to pay down some of its \$117 billion debt, rather than increase investments. It will also donate to its charity and give employees company stock.

Mr. McAdam, the Verizon

It gives us more incentive to invest, particularly in the U.S., a CEO said.

CEO, said the wireless giant would remain disciplined about capital spending. "It's very inconsistent that just because tax reform comes through, we are all of a sudden going to draw the line at a different place or lose that discipline," he said.

The tax break comes at a particularly good time for United Natural Foods, which has struggled to keep pace with surging demand for natural and organic goods. The company's net sales rose 8% year-over-year during its last quarter to \$2.5 billion, driven largely by Whole Foods, the chain acquired by Amazon.com Inc. last year and United Natural's biggest customer.

That sudden growth proved costly. The Providence, R.I., company had an additional \$25 million in lost sales from out-of-stock goods during its last quarter, along with higher

labor costs and storage fees. Any expansion would help ease capacity bottlenecks that the company intends to resolve in coming months.

Some companies are holding pat, either because they want to see how the new rules shake out, or because they are worried about moving too fast.

United Natural Foods Inc., which supplies Whole Foods, is investing to overcome capacity bottlenecks.

UNITED NATURAL FOODS

TREY GANEM DESIGNS

A casket customized by Trey Ganem, a former hot-rod car artist.

TREY GANEM DESIGNS

You have the body of a Hercules, but the head on top is of a wizened 70-year-old Roman aristocrat with saggy jowls, a receding hairline, and five chins," said Mont Allen, an expert on Roman funerary sculpture at Southern Illinois University.

The impulse is timeless, he said: "It's about how you would want to be remembered."

Custom caskets can also give comfort to those left behind by tragedy.

Paola Delgado, of Shepherd, Texas, couldn't bear to bury her 3-year-old daughter Isa in a monotone casket. The toddler died shortly before her fourth birthday, after a monthslong battle with a brain tumor.

Isa had wanted a Peppa Pig birthday party, so Ms. Delgado commissioned a purple and pink casket with scenes of the cartoon character on the side. One showed Peppa happily riding a bike, which Isa never got to do.

"I wanted to celebrate that God made me a mother," Ms. Delgado said. "I knew Isa wouldn't have wanted us to be sad."

TREY GANEM DESIGNS

A casket customized by Trey Ganem, a former hot-rod car artist.

TREY GANEM DESIGNS

Darien Martinez-Blanco, a Cuban émigré and cemetery counselor in Miami, said some families put the ashes of loved ones in ornate cigar humidors.

Customized caskets have a long history. The ancient Egyptians went all out for members of the royal family.

During the Roman Empire, families of the rich and noble commissioned expensive marble sarcophagi, sometimes with their faces substituted for those of gods, known as mythological portraiture.

TREY GANEM DESIGNS

A casket customized by Trey Ganem, a former hot-rod car artist.

TREY GANEM DESIGNS

Darien Martinez-Blanco, a Cuban émigré and cemetery counselor in Miami, said some families put the ashes of loved ones in ornate cigar humidors.

Customized caskets have a long history. The ancient Egyptians went all out for members of the royal family.

During the Roman Empire, families of the rich and noble commissioned expensive marble sarcophagi, sometimes with their faces substituted for those of gods, known as mythological portraiture.

TREY GANEM DESIGNS

A casket customized by Trey Ganem, a former hot-rod car artist.

TREY GANEM DESIGNS</p

GREATER NEW YORK



Sherron Paige holds her 4-year-old son Kyan Dickerson, who tested positive for elevated blood-lead levels this past August.

Few Children Take Free Lead Tests

BY MARA GAY

More than a month after New York City began offering free lead testing to nearly 3,000 children living in public-housing apartments in the wake of a lead-paint scare, only 73 children have been tested under the initiative, city officials said.

Mayor Bill de Blasio's administration offered the testing after a Department of Investigation probe last year found the city's housing authority had failed to conduct lead inspections for four years, violating city law and federal rules. The mayor and New York City Housing Authority Chairwoman Shola Olatoye have said the lapses were unacceptable and that the city is working to ensure residents are safe and failures in compliance don't happen again.

In December, city officials began conducting outreach to residents in about 2,300 public-housing apartments with possible lead-paint hazards, offering free lead testing to their children. None of the 73 children tested so far have shown elevated blood-lead levels, the officials said.

De Blasio administration officials said the city had made the testing initiative accessible and promoted it widely. In one Dec. 14 letter to residents, city officials directed parents to a hotline where they could make an appointment to test their children. The letter said the city was offering the testing to children ages 6 months to 8 years old "out of an abundance of caution." City officials said they mailed the letter and slipped it under the doors of residents.



The Red Hook East housing complex, where Ms. Paige lives. She indicated a spot in her home where the city removed lead paint.



In another outreach effort, the city used robocalls to contact each of the 2,300 households twice.

Residents who call the hotline can set up appointments for their children to receive free lead testing at one of about 30 public hospitals across the city.

"We have reached out ag-

gressively to offer this free testing to residents by both letter and by phone," de Blasio spokeswoman Olivia Lapeyrolerie said in a statement. "It is important to remember that NYC already has the highest testing rates in the state, and we are committed to increasing it further."

ers," Mr. Schneiderman said. "It's no protection if the workers are immigrants."

Tropical Breeze didn't return multiple calls to the business for comment. Personal phone numbers couldn't be found for owner Benno Gmuuer and managers Philip and Gregory Gmuuer.

The carwash also violated the law by managing two separate payroll systems for "on-the-books" and "off-the-books" employees, the latter making up a majority of the staff, the

New York City has hired the architecture-and-design firm Perkins Eastman to study where and how to build jails that eventually would replace those on Rikers Island, which officials are working to close in the next decade.

Four firms submitted proposals for the project, city officials said.

Perkins Eastman, which was awarded the \$7.6 million, 10-month study, will determine whether current jails could be expanded, and propose locations for new, more modern jails. The process also will involve talking to neighborhood groups, looking at the environmental impact and thinking about design, said Elizabeth Glazer, director of the Mayor's Office of Criminal Justice.

"A critical part of that is thinking about jails not as a place that is on an island, hidden from all lives, but as part of the ebb and flow of neighborhoods and considered civic assets," Ms. Glazer said.

For example, a jail in San Diego is filled with light and has soft furniture and glass, she added.

Perkins Eastman will study three existing jails, in Manhattan, Brooklyn and Queens, and identify new sites, including in the Bronx, city officials said.

attorney general's office alleged. The carwash failed to provide payment statements to the off-the-book employees and didn't give information about rate of pay, or wage notices, to any employees, they said.

The investigation began af-

ter carwash employees re-

ported the situation to their

union, as well as to Make the

Road New York, an immigrants'-

rights organization.

\$1.6M

Amount the attorney general is seeking from the Brooklyn firm.

for the past six years, Tropical Breeze underpaid more than 150 employees by cutting time from their employment cards and not paying for overtime hours, the attorney general alleged. The business also denied workers reimbursement for mandatory uniforms and failed to give them earned paid sick leave, he added.

"We will pursue you if

you're ripping off your work-

ers," Mr. Schneiderman said. "It's no protection if the workers are immigrants."

Perkins Eastman, which was awarded the \$7.6 million, 10-month study, will determine whether current jails could be expanded, and propose locations for new, more modern jails. The process also will involve talking to neighborhood groups, looking at the environmental impact and thinking about design, said Elizabeth Glazer, director of the Mayor's Office of Criminal Justice.

"A critical part of that is

thinking about jails not as a place that is on an island, hidden from all lives, but as part of the ebb and flow of neighborhoods and considered civic assets," Ms. Glazer said.

For example, a jail in San Diego is filled with light and has soft furniture and glass, she added.

Perkins Eastman will study three existing jails, in Manhattan, Brooklyn and Queens, and identify new sites, including in the Bronx, city officials said.

attorney general's office alleged. The carwash failed to

provide payment statements to

the off-the-book employees and

didn't give information about

rate of pay, or wage notices, to

any employees, they said.

The investigation began af-

ter carwash employees re-

ported the situation to their

union, as well as to Make the

Road New York, an immigrants'-

rights organization.

New York City has hired the architecture-and-design firm Perkins Eastman to study where and how to build jails that eventually would replace those on Rikers Island, which officials are working to close in the next decade.

Four firms submitted proposals for the project, city officials said.

Perkins Eastman, which was awarded the \$7.6 million, 10-month study, will determine whether current jails could be expanded, and propose locations for new, more modern jails. The process also will involve talking to neighborhood groups, looking at the environmental impact and thinking about design, said Elizabeth Glazer, director of the Mayor's Office of Criminal Justice.

"A critical part of that is

thinking about jails not as a

place that is on an island, hidden

from all lives, but as part of

the ebb and flow of neighborhoods

and considered civic assets," Ms. Glazer said.

For example, a jail in San

Diego is filled with light and

has soft furniture and glass,

she added.

Perkins Eastman will study

three existing jails, in Manhat-

tan, Brooklyn and Queens, and

identify new sites, including in

the Bronx, city officials said.

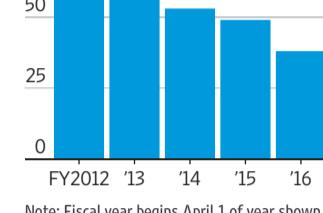
After Infractions, Most Teachers Return to Class

BY LESLIE BRODY

Report Card

Tenured teachers terminated by arbitrators for misconduct or incompetence in New York state

75



Note: Fiscal year begins April 1 of year shown
Source: New York State Education Department

THE WALL STREET JOURNAL.

suits in several states in hopes of making it easier to fire underperforming teachers, said those tenured teachers kept their jobs, although the New York City Department of Education tried to fire them through legal proceedings. In rulings during the past year, arbitrators substantiated these teachers' misconduct but gave them another chance, along with such penalties as suspensions and fines.

These cases illustrate a dilemma in New York and other states: How to provide tenured teachers due process while protecting students' rights to quality education.

Still, from 2010 to 2016, 227 children living in public housing showed elevated blood-lead levels, 18 of them from lead paint, according to data from the city's health department.

One child, 4-year-old Kyan Dickerson, tested positive for elevated blood-lead levels last August, according to his mother and her attorney.

Kyan was exposed to lead paint for about 15 months after senior city officials were aware of the lapses in inspections, according to attorney Corey Stern, who has filed a lawsuit against the city on behalf of Kyan and his mother, Sherron Paige.

City officials didn't respond to requests for comment.

Ms. Olatoye, Mr. de Blasio and other senior city officials knew as early as April 2016 that the required lead-paint inspections hadn't taken place.

Residents weren't informed until last July. Both Ms. Olatoye and Mr. de Blasio have said the city should have told residents sooner.

Mr. de Blasio on Monday said the housing authority's general manager, Michael Kelly, would step down, and that Vito Mustaciulo, a deputy commissioner at another city housing agency, would serve as acting general manager. A City Hall aide said Mr. Kelly, who had been in the role since March 2015, left on his own terms. His salary was \$216,000 a year.

can be to remove a teacher. In 2013, an arbitrator dismissed Terrell Williams, a New York City gym teacher, for asking several eighth-grade girls if they had eligible older sisters.

After several rounds of appeals, a final decision from the Court of Appeals said a lower court overstepped its authority in reversing the dismissal. His final termination this month came about six years after his misconduct.

His lawyer didn't respond to questions seeking comment.

Advocacy groups have released numerous studies to highlight the issue. The Partnership for Educational Justice, which has organized law

yers to leave the system every year for professional reasons—failure to complete certification, lack of tenure, disciplinary charges pending or completed, or other issues," said Alison Gendar, a spokeswoman for the United Federation of Teachers. "But thousands more, not eligible for retirement but frustrated with high class sizes and demanding teaching conditions, walk away every year for other school systems or other professions. Which is the larger problem?"

In 2015, New York Gov. Andrew Cuomo signed changes in the tenure law to expedite dismissals of teachers charged with student abuse, and streamlined cases involving teachers rated ineffective for two or three years in a row.

Critics contend those steps didn't go far enough.

Under the current evaluation system, about 99% of teachers statewide were deemed effective in the 2015-16 school year.

Carwash Cheated Workers, State Says

BY ZOLAN KANNO-YOUNG

A Brooklyn carwash business stole more than \$540,000 in wages and benefits from its employees, New York Attorney General Eric Schneiderman alleged in a lawsuit filed Thursday in Brooklyn Supreme Court.

Mr. Schneiderman, a Democrat, said the lawsuit against Tropical Breeze Car Wash in Brooklyn's East Flatbush neighborhood is a warning to companies exploiting workforces that include undocumented immigrants.

The attorney general's office said it has recovered \$2.5 million for more than 1,000 workers at 26 separate carwash locations in New York since 2012.

Mr. Schneiderman is seeking \$1.6 million in restitution, damages and penalties in the Tropical Breeze case.

For the past six years, Tropical Breeze underpaid more than 150 employees by cutting time from their employment cards and not paying for overtime hours, the attorney general alleged.

The business also denied workers reimbursement for mandatory uniforms and failed to give them earned paid sick leave, he added.

"We will pursue you if

you're ripping off your work-

City Hires Firm to Study Jail Options

BY CORINNE RAMÉY



A design firm will propose locations for new, more modern jails, such as the one above in San Diego.

New York City has hired the architecture-and-design firm Perkins Eastman to study where and how to build jails that eventually would replace those on Rikers Island, which officials are working to close in the next decade.

Four firms submitted proposals for the project, city officials said.

Perkins Eastman, which was awarded the \$7.6 million, 10-month study, will determine whether current jails could be expanded, and propose locations for new, more modern jails. The process also will involve talking to neighborhood groups, looking at the environmental impact and thinking about design, said Elizabeth Glazer, director of the Mayor's Office of Criminal Justice.

"A critical part of that is

thinking about jails not as a

place that is on an island, hidden

from all lives, but as part of the ebb and flow of neighborhoods

and considered civic assets," Ms. Glazer said.

For example, a jail in San

Diego is filled with light and

has soft furniture and glass,

she added.

Perkins Eastman will study

three existing jails, in Manhat-

tan, Brooklyn and Queens, and

identify new sites, including in

the Bronx, city officials said.

The current city jail in the Bronx is on a barge in the East River, which officials say they

GREATER NEW YORK

Steakhouses Offer World Beyond Meat and Potatoes

Some new multicultural restaurants are offering traditional big cuts alongside non-American fare and a more relaxed vibe

BY CHARLES PASSY

At Merakia, a restaurant that opened in Manhattan's Flatiron District last September, diners have their pick of many Greek favorites, from a yogurt dip to a slow-cooked lamb stew.

But they also can choose a dry-aged, bone-in rib-eye or a Porterhouse for two.

In short, Merakia is a Greek steakhouse.

"The neighborhood needed a steakhouse and we thought we could blend it without it being a stretch," said Merakia owner Renee Typaldos, whose husband hails from Greece.

Merakia is one of a number of new steakhouses that offer traditional big cuts of meat alongside non-American fare.

Think places like Ikinari Steak, a Japanese-based chain that is expanding across Manhattan. Or Jade Sixty, a newly opened restaurant on East 60th Street that pairs steak with Asian fare ranging from sushi to Peking duck.

There's also Nusr-Et Steakhouse, a Midtown newcomer courtesy of Turkish butcher Nusret Gökçe (aka Salt Bae), who became an internet sensation with his one-of-a-kind salt-sprinkling technique. While the restaurant, part of a global chain, focuses mainly on beef, it does pay homage to its Turkish roots with a dessert offering of baklava.

The vogue for multicultural-minded steakhouses is rooted in many factors, restaurant-industry insiders say. Part of it is a reflection of the growing interest in cuisines from around the world.

Moreover, the classic steakhouse sometimes can come off today as a gentlemen's club-style, formal relic.

"Our way of eating is dif-



ferent than that" now, said Clark Wolf, a restaurant consultant who is based in New York and California.

Most of the multicultural

steakhouses aren't just about

menus that incorporate other cuisines. They also aim for a more casual, contemporary vibe than a conven-

tional steakhouse.

In the case of Ikinari

Steak, the chain has gone so

far as to largely eliminate

seating—at least in its first

New York location, which

was billed as a "standing"

restaurant.

At its two newer locations, Ikinari has gone the

chair-and-table route, but it

still eschews tradition by

having customers order at a

counter, with the steaks cut

on the spot to a diner's siz-

ing preference and priced by

the ounce.

The multicultural steak-

house isn't an entirely new

invention. The Palm, the

steakhouse chain that

started in New York in 1926,

began life as an Italian res-

taurant and, to this day, in-

corporates dishes such as chicken parmesan and clams and shrimp over pasta on its menu.

"It's been part of our DNA for so long," said Bruce Bozzi Jr., the chain's executive vice president.

More recently, the Brazilian-style steakhouse, or churrascaria, where meat is served tableside from skewers, has found its way to New York.

Fogo de Chão, a prominent churrascaria chain, opened its first New York location about four years ago. The chain hasn't expanded in the city since that time, but says it is aiming to grow the number of its U.S. locations from the current 38 to 100-plus in the coming years.



Executive Chef Giuseppe Scalco at Merakia. A ribeye steak is seared, left, and baked before being served, below left, at the Greek steakhouse. Lamb chops, below, at Jade Sixty.



ALEXANDER STEIN

Carnegie to Celebrate Immigrants

BY CHARLES PASSY

At a time when immigration is a hot-button issue, Carnegie Hall will host a citywide festival that "traces the movements of people" to and within the U.S.

Called "Migrations: The Making of America," the festival, slated to run March 9, 2019-April 15, 2019, is one of the anchors of the Manhattan venue's 2018-19 season.

Carnegie officials unveiled the season lineup on Thursday.

The festival will incorporate performances by a variety of artists, from klezmer clarinetist Andy Statman to Scottish singer-songwriter Karine Polwart.

Programs will focus on the stories of different groups that made their way to the U.S., such as the Scottish and Irish in the 18th and 19th centuries and the Jews from Russia and Eastern Europe in the 19th and 20th centuries.

Latin American and Asian migration also will be represented in the programming, Carnegie officials said.

Moreover, the festival will concentrate on the migration of African-Americans from the South to other parts of the U.S.

In a statement, Carnegie Hall Executive and Artistic Director Clive Gillinson said the festival will offer "listeners the chance to explore musical legacies" of people who "helped shape what we consider to be American arts and culture today."

Carnegie Hall has had success in recent seasons presenting similar thematic events. It currently is hosting a festival spotlighting the political and cultural legacy of



Mandolin virtuoso Chris Thile will hold Carnegie's composer chair for its 2018-19 season.

Symphony, among other groups. The programs will spotlight works by composers Mr. Tilson Thomas has championed during his five-decade career, including Mahler, Ives and Stravinsky.

Meanwhile, Carnegie officials have appointed composer, vocalist and mandolin virtuoso Chris Thile to hold its composer's chair for the 2018-19 season.

Mr. Thile will be involved in several programs, including one that features Nickel Creek and Punch Brothers, two acoustic groups of which he is a founding member.

X-CHAIR
Stylish • Ergonomic • Comfortable

Dynamic Variable Lumbar Support (DVL) feels incredible!

Free Shipping & 30 Day Risk Free Trial

Save \$100 Now! And, Use code **FreeFootrest** For a Free Footrest
BuyXchair.com

BuyXchair.com | 844-4-XCHAIR | Corporate Discounts Available

HIGH RISE LIVING



Reach an affluent Journal audience looking to redefine the skylines in Mansion's upcoming special section, "High Rise Living". This editorial feature takes a look at the latest technologies and amenities in high-rise buildings, the forces driving the upper end of the market and views from top architects.

Issue Date: 2.16.18 | Close Date: 2.8.18 | Section: Mansion

For more information, please contact Tiffany Roberts at tiffany.roberts@wsj.com | 214.640.7899

THE WALL STREET JOURNAL.

wsjmediakit.com

© 2018 Dow Jones & Company, Inc. All Rights Reserved.

U.S. Sen. Bob Menendez, a New Jersey Democrat, was acquitted of some corruption charges. An article Thursday incorrectly said some of the counts were dismissed.

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

LIFE & ARTS

ART

Self-Taught Outsiders Looking In

New exhibition at Washington's National Gallery 'Outliers and American Vanguard Art' examines the role of untrained artists in the mainstream

BY SUSAN DELSON

WHEN SHE TOOK UP painting in the late 1930s, Janet Sobel was a housewife in Brooklyn.

Her early efforts recalled the folk art of her native Ukraine, but she soon revealed a flair for the experimental. Using enamel paints and glass pipettes, Sobel began dripping color onto her paintings in abstract patterns.

Her work caught the eyes of surrealists Max Ernst and André Breton and went on to influence Jackson Pollock. Peggy Guggenheim—doyenne of New York's avant-garde art scene—gave her a solo show in 1946. And the Museum of Modern Art later acquired two of her works.

Today, Sobel's pole-vault into the art-world vanguard seems a stunning anomaly, but back then works by self-taught or folk artists were part of many modern-art museum collections, said Lynne Cooke, a senior curator at the National Gallery of Art in Washington, D.C.

A show curated by Ms. Cooke—"Outliers and American Vanguard Art"—opening at the museum on Sunday—explores why and how to change that. The show brings together over 270 works by more than 80 artists—an eclectic mix of art-world stars, acclaimed unschooled artists, and less known creators of all stripes.

"This is not a history of folk art or self-taught art," Ms. Cooke said. "It's an exploration of the way the contemporary art world—the vanguard American art world—has engaged with this work."

"Outliers" is organized in three sections, reflecting three eras in American culture when exchanges between outsiders and mainstream art were intense: between the two World Wars; the late 1960s to the early 1990s; and the late 1990s to 2013. All three were "moments of social, political and cultural unrest," said Ms. Cooke, when traditional boundaries between mainstream and margin, insider and outsider, frayed.

Painter Horace Pippin exemplifies that process. Pippin was considered a self-taught artist who came to prominence in the 1930s amid a rising interest in folk art and other quintessentially American cultural expressions. As he became more of an art-world insider, with his work shown and acquired by major museums, the "self-taught" label, and its connotations of naivete and unsophistication, no longer quite fit.

By the end of his career, "there's a spectrum of perceptions" and confusion around Pippin's work, said Ms. Cooke. "Either he's a remarkable self-taught artist



or he's no longer a self-taught artist. Or he never was one."

The same might be said of other untrained artists in the show, such as William Edmondson and Bill Traylor, whose retrospective opens in September at the Smithsonian American Art Museum.

At the other end of the spectrum, trained artists like Sobel, the show's discoveries include trained artists whose work rarely appears in museums these days. Sculptor H. C. Westermann studied at the School of the Art Institute of Chicago but maintained a careful distance from the art world. His "Walnut Box" (1964) combines exquisite woodworking with a whimsical approach to subject matter, in a beautifully crafted container filled with—what else?—walnuts.

Westermann's independent ca-

pplied modernism's spare, reductive style to depict folk-art objects.

Charles Sheeler, known for sharply geometric paintings and photographs of industrial sites, took that approach in his 1917 photographs of a hand-built 18th-century house in Pennsylvania.

Along with little-known self-taught artists like Sobel, the show's discoveries include trained artists whose work rarely appears in museums these days. Sculptor H. C. Westermann studied at the School of the Art Institute of Chicago but maintained a careful distance from the art world. His "Walnut Box" (1964) combines exquisite woodworking with a whimsical approach to subject matter, in a beautifully crafted container filled with—what else?—walnuts.

Westermann's independent ca-



Clockwise from top: Marsden Hartley's 'Adelard the Drowned, Master of the Phantom,' Horace Pippin's 'Interior,' H.C. Westermann's 'Walnut Box' and 'Men Drinking, Boys Tormenting, Dogs Barking,' by Bill Traylor.



reer path inspired a later generation of Art Institute grads also on view at the show, including Roger Brown, Gladys Nilsson, and Jim Nutt of the Chicago Imagists group.

"Outliers" also spotlights artists who are gaining (or regaining) art-world currency—including painter Yasuo Kuniyoshi, who was active in the early- to mid-20th century and the subject of a retrospective at the Smithsonian American Art Museum in 2015.

By bringing together such a broad, adventurous swath of artists and questioning their relationship to each other, "Outliers" casts even well-known artworks in a new light.

The provocative posturing in photographer Cindy Sherman's "Untitled Film Stills" (1977–79) takes on added resonance alongside Eugene von Bruenchenhein's adoring, erotic photographs of his wife Marie, done in the 1940s, and Lee Godie's photo-booth self-portrait.

traits of the 1970s.

The vivid narrative that unfolds in Kara Walker's print portfolio "Harper's Pictorial History of the Civil War (Annotated)" (2005) is deepened by its proximity to works like Sam Doyle's painting of Abraham Lincoln's supposed visit to Doyle's South Carolina home town.

And a robust visual dialogue unfolds among the abstract canvases of Mary Heilmann and Howardena Pindell and the abstract quilts by self-taught artists Annie Mae Young and Mary Lee Bendolph of Gee's Bend, Alabama, and West Coast quilt artist Rosie Lee Tompkins.

Some curators would argue that no difference exists between self-taught and trained artists, Ms. Cooke said, but she believes that those distinctions can and should be acknowledged. Within the show's inclusive, questioning panorama, she added, "difference doesn't have to read as deficit."

CLOCKWISE FROM TOP RIGHT: THE FREDERICK R. WEISMAN ART MUSEUM AT THE UNIVERSITY OF MINNESOTA; NATIONAL GALLERY OF ART; ROBERT H. BERGMAN AND MARIE KRANE; PHILADELPHIA MUSEUM OF ART

TELEVISION REVIEW | By John Anderson

BLOOD-SOAKED DRAMA, BUT IS IT BINGEABLE?



Kelly Reilly is the lethal, flame-haired archer Kara of the Regni in Amazon's 'Britannia.'

HALF-COCKED historical drama? A reckless plunge into ancient cultures? Something to soothe that "Game of Thrones" jones? "Britannia" might just be your cup of magic herbal tea, especially if you don't mind the odd flaying, crucifixion and—offscreen, mercifully—castration. Or enough anachronisms to sink a Roman trireme.

Violence it has. Also, domestic drama. Dynastic intrigue. A soubillon of the supernatural. Set in A.D. 43, during the second Roman invasion of the British Isles-to-be, the nine-part "Britannia" also displays what might be an unfortunate side effect of the rise of bingeable drama—the seeming nonchalance with which writers are approaching a storyline. Creator Jez Butterworth and company drop the viewer into first-century Britain the way an American driver might be dropped onto the wrong side of London's Hatton Cross Roundabout in a '57 Morris Minor equipped with manual transmission. They presume we'll keep watching, which is something of a presump-

tion given there's so little information provided, other than a couple of introductory titles about Julius Caesar's armies having been scared off by the Druids in 55 B.C., and the Roman Empire waiting 90 years to try again.

What we can infer is that episode 1 opens on the summer solstice—a druidical high holy day—and the occasion of a kind of Celtic bat mitzvah for the adolescent Cait (Eleanor Worthington-Cox), whose whitewashed face is bright with anticipation for the ceremony awaiting her. She's comforted by her soon-to-be-eviscerated older sister; the two chat cheerfully, as if they'd just checked out "pagan rituals" on Pinterest. Shortly thereafter, the Romans arrive and the business of pillage, maiming and murder commences.

The competition to create the next viewer obsession on streamable TV is fierce, and so is "Britannia": The violence isn't on a level previously unseen, exactly, and it certainly seems commensurate

Please see TELEVISION page A11

LIFE & ARTS

FILM REVIEW

Acidic, Astute and Very Animated

BY JOHN ANDERSON

MANY CLASSIC MOVIES can be summed up by a single scene, or even a single shot: Norman Bates behind a shower curtain with a knife; Charles Foster Kane dropping a snow globe down the stairs. In the delicious "Have a Nice Day," the most significant image might be the bag of 100-yuan banknotes, each bearing the face of Chinese communism's sainted Mao Zedong, and which animator/director Liu Jian returns to time and again. That they are stolen banknotes is part of the joke.

The thief is named Xiao Zhang (voice of Zhu Changlong), a lowly driver on one of southern China's multifarious construction sites. That the construction site is mobbed up seems a given; and that the money belongs to a big boss named Uncle Liu (Yang Siming) sets the gangster movie in motion. The chase-and-revenge-driven plotline of "Have a Nice Day," which is a purely ironic title, needless to say, suggests the circumnavigations of a "Pulp Fiction"; the rhythms are out of Jim Jarmusch; Mr. Liu's gift for finding corruption in every seemingly innocent circumstance is something he shares with Robert Crumb.

Not to say any of these sources ought to find Mr. Liu's references flattering, necessarily. Our "hero," Zhang, has spontaneously put his life in danger so he can pay for his girlfriend to go back to South Korea and have her botched plastic surgery corrected. Freedom in China is reduced by one impromptu economist to "farmer's market freedom," "supermarket freedom" and "online-shopping



Liu Jian's subversive Chinese feature follows a bag of stolen money.

freedom." There's certainly no great leap forward underlining "Have a Nice Day," but rather a malignant vein of Westernized consumerism/narcissism.

The way Mao's visage haunts the proceedings was probably just one of the reasons Chinese authorities forced a withdrawal of the film from the Annecy International Animated Film Festival in France last June. With its casual acknowledgement of rampant profiteering and national avarice, "Have a Nice Day" is pure provocation. The bag of money makes its way from one set of hands to another, no one ever questioning its source or their entitlement to it. Random characters

deliver philosophical pronouncements rife with nihilistic cynicism. One couple, in hot pursuit of the cash, dream of a place called Shangri-La, their imaginings transformed by the mischievous Mr. Liu into a karaoke video wherein they assume various heroic poses out of Chinese Communist poster art of the '60s (workers in headscarves saluting the future, etc.).

There are allusions to the Cultural Revolution, the mass movement of intellectuals to the countryside and, more generally, the cartoonishness of so much Maoist propaganda. With that in mind, Mr. Liu's faux-naïve style—of a type one would see on Adult

Swim, perhaps, albeit without the withering political commentary—is perfect for his story.

It's a story that doesn't quite follow the money. The money is a maguffin, as per Hitchcock. It's about the characters, who include a hit man/butcher named Skinny (Ma Xiaofeng) who goes in search of Zhang, and finds him rather easily—in a nation of 1.4 billion people. Mr. Liu doesn't quite make China into a small town in "Have a Nice Day." But he does make it kind of small.

Mr. Anderson is a critic in New York. Joe Morgenstern is on vacation.



David Morrissey in 'Britannia'

TELEVISION

Continued from page A10

with the barbaric age at hand. But the authenticity that the show aspires to in, say, its physical portrayal of certain people—the chief Druid, Veran (Mackenzie Crook), looks like a corpse on a juice fast—contrasts oddly with the dialogue and, certainly, the motley collection of accents. (The Romans don't sound Italian, but a couple of the locals do.) Was biting sarcasm a thing back in A.D. 43? Would a Druid-era adolescent have said, "I hate you sooo much!"? Did Druids really wear tiny rings at the tips of their gnarly pierced fingers? Could be a fashion trend. But you can't take this stuff too seriously. No one else, evidently, did either.

One would probably have to get deeper into the Britannian weeds than I did to fully appreciate the ornate quality of the plotline, but several of the characters and performers make their presence felt early on—most entertainingly, Nikolaj Lie Kaas, whose wandering outcast, Divis, has been deemed too crazy even for the Druids. He makes an uneasy but often comic alliance with Cait, who would like to rescue her father from the clutches of the brutal Romans.

Kelly Reilly, who might have been inspired by Disney's "Brave," is the lethal, flame-haired archer Kara of the Regni, who must have the best dentist in the ancient world and is a force to be reckoned with. Likewise, David Morrissey as the distinctly unlikable General Aulus, who has a tough job, namely making war on an island that's already "at war with itself": The principal tribes, led by two regal antagonists, Pellenor (Ian McDiarmid) and Antedia (a ferociously profane Zoë Wanamaker), harbor enough grudges against each other to provide for several seasons' worth of payback. And that's without even worrying about the Romans, who look plenty worried.

Britannia

Friday, Amazon

Mr. Anderson is a critic in New York. Dorothy Rabinowitz is on vacation.



Amos Gitai in 'West of the Jordan River'

to ameliorate the crisis, on the grounds that they ultimately undercut the country. But Mr. Gitai isn't buying it, and Mr. Yemini doesn't seem quite convinced himself.

"West of the Jordan River" is as formally precise as it is politically unapologetic. Mr. Gitai talks to Gideon Levy, who profiles Palestinians for Haaretz, but also to settler women who've been attacked by terrorists; one comes to understand their personal plight, though not the biblical argument for

their presence on the West Bank. While "West of the Jordan River" uses Mr. Gitai's 1994 footage of Mr. Rabin to assert that leadership can, perhaps, combine realism and optimism, he also prompts a chilling response from a young Palestinian in Hebron.

Asked about his fondest wish for the future, the boy answers, without pause, "To die a martyr."

CLOCKWISE FROM TOP LEFT: STRAND RELEASING; AMAZON STUDIOS; KINO LORBER

FILM REVIEW

Exasperated With Occupation

BY JOHN ANDERSON

THERE'S A WEARINESS to "West of the Jordan River," both in the storytelling and the face of Amos Gitai. And why not? The director has spent the better part of four decades chronicling the history of his native Israel and its conflicts with the Palestinians, and he has to look back 24 years—to Yitzhak Rabin in 1994—to find something to hang his hopes on.

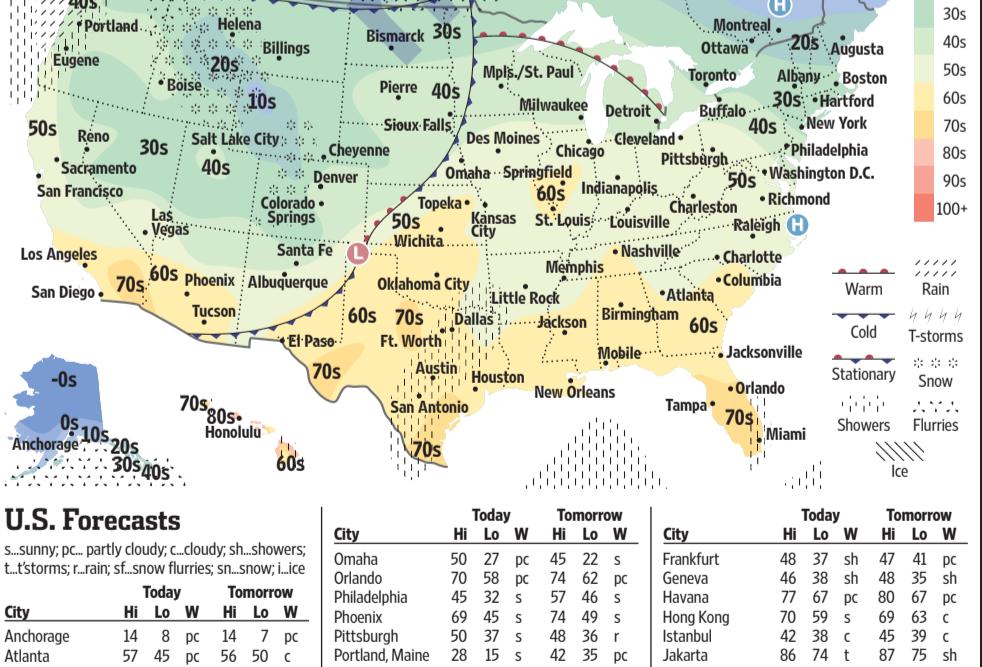
Not that he doesn't try. Although perhaps best known for his often exhilarating fiction films ("Kadosh," "Kippur," "Kedma"), Mr. Gitai has a considerable body

of documentary work and in "West of the Jordan River" returns to the occupied territories for the first time since his 1982 "Field Diary." There, he interviews various people affected by, or trying to counter, the occupation. What he finds, occasionally, is exasperation: "Our government is insane," says Yuli Novak, who at the time of filming led the organization Breaking the Silence, which was founded by Israeli soldiers in response to their experience in Hebron. "Crazy young settlers are running the country." Mr. Gitai does not disagree. Conversely, his exchange with Deputy Minister of Foreign Affairs Tzipi Hotovely is argumentative and fraught. Ms. Hotovely rejects the basic premise of the film ("we're not occupying our own land," she insists) and promotes the hardline Netanyahu stance that settlements will continue and that the

real problems "go back to 1948 not 1967." (That Mr. Gitai begins the scene with Ms. Hotovely sitting down at her desk and handing him a hairbrush—a moment that could easily have been cut—seems to be a dig.)

Elsewhere, the journalist Ben-Dror Yemini offers that "You can't always blame Israel," and voices objections to organizations trying

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 Tomorrow

City Hi Lo W Hi Lo W

Anchorage 14 8 pc 14 7 pc

Atlanta 57 45 pc 56 50 c

Austin 67 56 sh 69 50 sh

Baltimore 46 32 s 58 45 s

Boise 42 31 sf 40 35 sn

Boston 33 27 s 51 40 pc

Burlington 27 21 pc 43 34 c

Charlotte 57 36 s 57 48 sh

Chicago 53 37 pc 49 27 pc

Cleveland 52 42 pc 48 36 r

Dallas 63 57 c 66 42 c

Denver 40 19 c 44 23 s

Detroit 49 40 pc 48 29 r

Houston 65 57 c 67 55 t

Indianapolis 53 43 pc 51 29 r

Kansas City 58 30 pc 54 26 s

Las Vegas 59 37 pc 62 43 s

Little Rock 55 49 c 57 36 r

Los Angeles 68 47 s 76 51 s

Miami 74 69 c 76 72 pc

Milwaukee 48 36 s 45 26 pc

Minneapolis 43 25 c 35 11 c

Nashville 61 47 s 58 45 r

New Orleans 66 57 c 63 55 t

New York City 39 32 s 54 46 s

Oklahoma City 62 37 pc 60 29 s

Seattle 53 39 pc 60 50 s

San Antonio 40 19 pc 44 23 s

San Diego 83 70 pc 83 69 sh

San Francisco 60 50 pc 63 45 s

San Jose 59 40 pc 54 35 s

Salt Lake City 37 27 s 40 30 s

Seattle 44 30 pc 48 25 s

St. Louis 54 43 pc 57 46 c

St. Paul 45 37 s 50 43 c

St. Louis 41 25 c 43 30 s

St. Paul 45 37 s 50 43 c

St. Paul 4

SPORTS

GYMNASTICS | By Jason Gay

They Are a Force. He Is Nothing. And Now?

"my heart is so full"—Simone Biles, on Twitter, Jan. 25, 12:42 a.m. ET.

"but i also just want to cry all the time"—Biles, on Twitter, seconds later.

If you followed the dramatic sentencing hearing for the former USA Gymnastics and Michigan State doctor Larry Nassar, you know on Wednesday, the hammer fell. Judge Rosemarie Aquilina—hailed as a "lioness" for the women who stared down their abuser and testified in her courtroom—fixed Nassar with a glare and delivered a sentence of up to 175 years.

"I just signed your death warrant," Judge Aquilina said. To the women who offered their accounts in her courtroom, she said: "You are no longer victims. You are survivors."

Had Judge Aquilina described the women as "champions," I don't think anyone would have argued. After all, the hammer on Nassar started falling years ago, when a small group of women began bravely speaking out. They persisted even as the institutions in power seemed disinclined to act. The candor of these women—and the work of The Indianapolis Star, and reporters like the Journal's Rebecca Davis O'Brien and Louise Radnofsky—would eventually push a staggering case of sexual abuse into public.

One-hundred and fifty-six women wound up offering testimony. Survivor after survivor stood up, faced their former doctor, and explained, often in heartbreaking detail, what he had done, how he had repeatedly violated their bodies and trust.

But as they articulated why Nassar deserved to be punished to the fullest extent possible, they also pointed out that he had failed, because he was sitting there, banished, a shell in a jumpsuit, and they were there, in the open, survivors, still rising.

"This group of women you so heartlessly abused over such a long period of time—are now a force, and you are nothing," Olympic gymnast Aly Raisman testified. "The tables have turned, Larry. We are here, we have our voices and we are not going anywhere."

The final testimony came from Rachael Denhollander, the first gymnast to come forward and tell what Nassar had done.

"How much is a little girl worth?" Denhollander asked—not just to the courtroom, but to everyone watching the proceedings.

"This is what it looks like when the adults in authority do not re-

Aly Raisman at Larry Nassar's sentencing hearing on Jan. 19.



BRENDAN McDERMID/REUTERS

spond properly to disclosures of sexual assault," Denhollander continued. "This is what it looks like when institutions create a culture where a predator can flourish unafraid and unabated."

If you haven't seen Denhollander deliver her remarks, I urge you to. It is a staggering moment of courage.

"Your sister survivors and I thank you," Judge Aquilina said to Denhollander. "You are the bravest person I have ever had in my courtroom."

There is a tendency to view a sentencing in a criminal trial as a moment of triumph, a measure of closure for the survivor of a crime. I think it's wiser to never dictate how a survivor should respond. Justice is complicated emotion, often never truly "closed." I think that's what Biles—who did not testify, but revealed her own abuse by Nassar in a statement last week—was getting at with those tweets early Thursday. How could anyone not be torn that way—simultaneously empowered by strength of women who brought a monster to justice, but also grieving at the damage done?

Meanwhile, the institutions that employed Nassar—and, athletes like Raisman have charged, prevaricated when allegations were raised—are starting to crumble. Over the weekend came news that three members of the board at USA Gymnastics resigned. "This step will allow us to more effectively move forward in implementing change within our organization," said the USAG's president, Kerry Perry. Late Wednesday, Michigan State's president Lou Anna Simon, announced her intention to step down.

"As tragedies are politicized, blame is inevitable," Simon wrote in a statement in which she continued to defend the university's handling of Nassar. "As president, it is only natural that I am the focus of this anger."

These departures seem like a bare minimum start. Much more examination is essential—in public, by unattached parties. Michigan State is pushing for a review by the state's attorney general, and the United States Olympic Committee has announced its intention to launch an investigation, which hopefully will take a sharp look at the USOC itself. The NCAA is mov-

ing in, though the NCAA's investigatory history does not inspire great confidence. Ditto Congress, which could also take a look.

That can't diminish the mission, however. A thorough, ruthless accounting of what happened—or, more specifically, what didn't happen—is not just necessary, but owed. This has been obvious as institutions connected to the case have tried to explain their response. Much was made about Michigan State trustee Joel Ferguson's vigorous defense of President Simon, her legacy as a sports fundraiser and his statement that "there's so many more things going on at the university than just this Nassar thing." The comment was tin-eared, to say the least—and Ferguson quickly apologized—but still an insight into how institutions actually think, rationalize, compartmentalize.

This Nassar thing. It took 156 women standing up in a courtroom to trigger an appropriate rage and response. Until a few days ago, Simon spoke like an official with zero expectation of leaving. Until a few days ago, USA Gymnastics had not announced its intention to close Karolyi Ranch, its training facility

where some of Nassar's abuses are said to have occurred. On Wednesday, AT&T suspended its sponsorship of U.S.A. Gymnastics. U.S.

Olympic Committee CEO Scott Blackmun acknowledged the organization had not been "direct enough" with athletes, and should have had a representative in court in Michigan.

"We are sorry for the pain caused by this terrible man, and sorry that you weren't afforded a safe opportunity to pursue your sports dreams," Blackmun wrote in an open letter. "The Olympic family is among those that have failed you."

We have been here before, sadly. As Rachael Denhollander alluded to, this is what happens. This is what happens when institutions choose self-preservation over transparency, quiet settlement over uncomfortable truth.

At the same time, it cannot be denied that this is a culture historically conditioned to diminish—and disbelieve—the voices of women. That is hopefully beginning to change. The truth is too uncomfortable, the voices are empowered. One hundred and fifty-six women spoke truth in that courtroom, and they are coming. They are indeed a force.

OLYMPICS

RUSSIA WILL SEND 169 ATHLETES

BY SARA GERMANO

NEARLY TWO MONTHS after the International Olympic Committee voted to ban Russia from the upcoming Winter Olympics for an alleged state-sponsored doping scheme, officials have issued a list of 169 Russian athletes that will make up a so-called neutral team in Pyeongchang.

With a contingent about the same size as many past Russian teams, the roster could raise questions about what the IOC's ban has accomplished. The Russian Olympic Committee on Thursday published a roster of athletes who will compete in 14 sports under the designation "Olympic Athlete from Russia" when the Games begin Feb. 9.

The team includes notable medal contenders like figure skaters Evgenia Medvedeva and Alina Zagitova, lugers Roman Repilov and Semen Pavlichenko and snowboarder Vic Wild. It is smaller than the 214-member team Russia fielded at its home Olympics in Sochi. But it is nearly identical to the 175 athletes Russia sent to Vancouver in 2010, and 174 to Turin in 2006, according to Olympic historian Bill Mallon. Those numbers do not include alternate athletes or other officials.

Since the official Russia ban was handed down in December, Russian and IOC officials have worked to identify which athletes could be permitted to compete in Pyeongchang. The process has prompted outcry from some Russians left out of the running, and it has generated mixed reaction about the severity of the sanctions for Russia for its alleged state-sponsored doping scheme at the

Sochi Games.

Stanislav Pozdnyakov, a vice president of the Russian Olympic Committee, said "we believe it is possible that some athletes would decide against the participation (in the Olympics) as a gesture of solidarity."

The contingent of 169 athletes and the conditions under which it will compete in South Korea repre-

The size of the roster could raise questions about what the IOC's ban has accomplished.

sent a compromise of sorts between the IOC, which sought to punish "unprecedented systematic manipulation" of anti-doping rules, and Russia, where Olympic medals are seen as an extension of the country's status as a world superpower.

Earlier this week, Russian officials had voiced outrage that several star athletes with no known doping record had been barred from going to South Korea. On Thursday, however, they displayed fortitude.

"Our group has thinned out," Pozdnyakov told reporters. "But I'm convinced that all the athletes who go to Pyeongchang will realize that they aren't competing just for themselves but also for their comrades who, in our view, were unfairly deprived from participating in the Games."

"Everything that we showed in Sochi is the result of honest work," said Wild in an interview with Russian website Meduza last month. Wild and his wife Alena Zavarzina won three medals in



From left to right, Snowboarder Vic Wild, figure skater Evgenia Medvedeva and luger Roman Repilov are on the list.

snowboard slalom events at the 2014 Games.

Earlier Thursday, the IOC published its criteria for determining which Russian athletes could be eligible for invitation to the Pyeongchang Games, seven weeks after Russia's Olympic Committee was suspended.

The review included more than a dozen points of criteria, including information gathered from reports published by the World Anti-Doping Agency in its own investigation of the alleged Russian conspiracy. In Sochi, Russian officials allegedly carried out an elaborate scheme to infiltrate the Olympic doping control lab, swapping out urine samples from Russian athletes who were on an organized doping program.

That information includes the so-called Duchess List, a special list of athletes Russia had selected to receive a special drug cocktail; emails collected in the course of WADA's investigation; analysis of whether athletes had missed drug tests; and

"additional confidential information provided by WADA," specifically intelligence it collected through its own whistleblower program.

"Overall, (the criteria) is comprehensive but by no means exhaustive; I would like to stress that we also looked at a wide range of intelligence and other sources," said Valérie Fourneyron, chairwoman of the IOC-appointed Olympic Athlete from Russia Invitation Review Panel.

The criteria published Thursday followed roughly a week of confusion and outcry in Russia, after the IOC said last week that it had narrowed the pool of potential invitations to some 389 athletes, without fully clarifying how that list had been determined.

Though the Russian Olympic Committee was and remains suspended, the IOC has required its cooperation in identifying athletes to send to Pyeongchang as a condition of possible reinstatement, which could come as soon as the

closing ceremony in Korea.

Dick Pound, an IOC member and former independent chairman of a World Anti-Doping Agency commission which investigated the Russian doping scandal, called for more stringent criteria to reinstate Russia's Olympic Committee in a letter to IOC President Thomas Bach earlier this month, according to the Canadian Broadcasting Corporation. A spokesman for the IOC said the committee has given guidance for Russia's reinstatement.

Meanwhile, this week an appellate court for sports cases is hearing the cases of Russian athletes sanctioned by the IOC for doping at the Sochi Olympics. Thirty-nine athletes facing lifetime Olympic bans and revocation of medals began pleading their cases before the Court of Arbitration for Sport, with results expected between Jan. 30 and Feb. 2, according to the court.

—David Gauthier-Villars and Rachel Bachman contributed to this article.

OPINION

Operation Sabotage the Memo



Rep. Adam Schiff has many talents, though few compare to his ability to function as a human barometer of Democratic panic.

The greater the level of Schiff hot, pressured air, the more trouble the party knows it's in.

Mr. Schiff's millibars have been popping ever since the Permanent Select Committee on Intelligence, on which he is ranking Democrat, last week voted to make a classified GOP memo about FBI election year abuses available to every House member. Mr. Schiff has spit and spun and apoplectically accused his Republican colleagues of everything short of treason. The memo, he insists, is "profoundly misleading," not to mention "distorted" and "political," and an attack on the Federal Bureau of Investigation. He initially tried to block his colleagues from reading it. Having failed, he's now arguing Americans can know the full story only if they see the underlying classified documents.

This is highly convenient, given the Justice Department retains those documents and is as eager to make them public as a fox is to abandon the henhouse. Intelligence Chairman Devin Nunes had to threaten a contempt citation simply to get permission for his committee to gain access, and even then investigators had to leave Capitol Hill to view them, and

were allowed only to take notes. Mr. Nunes has no authority to declassify them. The best he can do in his continuing transparency efforts is to summarize their contents. Only in Schiff land is sunshine suddenly a pollutant.

The Schiff pressure gauge is outmatched only by the Justice Department and the FBI, which are now mobilizing their big guns to squelch the truth. That included a Wednesday Justice Department letter to Mr. Nunes—written by Assistant Attorney General Stephen Boyd, designed as a memo to the media, copied to its allies in Washington, and immediately leaked to the public. And the department wonders why anyone doubts the integrity of all its hardworking professionals.

Mr. Boyd gets in his cheap shots, for instance slamming Mr. Nunes for moving to release a memo based on documents that Mr. Nunes hasn't even "seen." He apparently thinks Rep. Trey Gowdy—the experienced former federal prosecutor Mr. Nunes asked to conduct the review of those docs—isn't qualified to judge questions of national security. He hyperventilates that it would be "reckless" for the committee to make its memo public without first letting the Justice Department review it and "advise [the committee] of the risk of harm to national security." Put another way, it is Mr. Boyd's position that the Justice Department gets to provide oversight of Congress. The Constitution has it the other way around.

The bigger, swamplier game

here is to rally media pressure, and to mau-mau Mr. Nunes into giving the department a veto over the memo's release. Ask Sen. Chuck Grassley how that goes. Mr. Grassley, chairman of the Judiciary Committee, recently sent a referral to the department for a criminal probe into dossier author Christopher Steele. He then in good faith asked the department its views on an unclassified portion of that referral that he wants to make public.

unless he objects to the release. According to this view, it is Mr. Trump's obligation not just to sit by while the media and the Mueller team concoct their narrative, but to block any evidence that might undercut it.

The slippery shadow in all this is Deputy Attorney General Rod Rosenstein. Attorney General Jeff Sessions' recusal put Mr. Rosenstein in charge of digging into the actions—right or wrong—of the Justice Department and FBI in 2016. Instead of taking up that challenge, he named an old and dear friend of the FBI as special counsel, and directed him only to look at Mr. Trump. And Mr. Rosenstein appears to have signed up as an active participant in the effort to thwart any congressional investigation of the other side of the issue.

A department head interested in truth doesn't flout subpoenas. He doesn't do a runaround of the Intelligence Committee and try to sucker House Speaker Paul Ryan into aiding a stonewall by asking him to intervene just before a deadline and block a contempt citation. He doesn't sit on the knowledge of outrageous texts between FBI agents and force Congress to drag it out of him. And he doesn't sign off on the leaks and character assassination in which his department daily engages to undermine Congress.

The shrieks of reckless harm and national security are designed to pressure Mr. Trump to object. And wait for it: In coming days the Justice Department's protectors will gin up a separate, desperate claim that Mr. Trump will somehow be "interfering" in special counsel Robert Mueller's probe

The department invented a classified reason to block public release, and has refused to budge for weeks.

The Boyd letter is also a first step toward a bigger prize: President Trump. Under House rules, a majority of the Intelligence Committee can vote to declassify the memo. Mr. Trump then has up to five days to object to its release. If he doesn't object, the memo goes public. If he does, a majority of the House would have to vote to override him.

The shrieks of reckless harm and national security are designed to pressure Mr. Trump to object. And wait for it: In coming days the Justice Department's protectors will gin up a separate, desperate claim that Mr. Trump will somehow be "interfering" in special counsel Robert Mueller's probe

unless he objects to the release. According to this view, it is Mr. Trump's obligation not just to sit by while the media and the Mueller team concoct their narrative, but to block any evidence that might undercut it.

The good news is that these frantic reactions are a sign Americans are getting closer to the truth. So long as the truth-tellers keep moving forward.

Write to kim@wsj.com.

The Jewish Arbor Day

HOUSES OF WORSHIP

Jewish tree huggers have their own official holiday, and this year

it begins next Tuesday. Tu B'Shat, literally the 15th day of the Jewish lunar month of Shevat, marks the day when all trees become one year older—at least for the purposes of their fruit being deemed suitable for tithing and eating. Many families and congregations celebrate by hosting a special meal with fruits from trees grown in Israel. Think of it as a Jewish and Israeli Arbor Day.

In the book of Genesis, dominion over the Earth and its creatures is mankind's greatest gift and responsibility. Adam is the first subcontractor, tasked with naming the various animals. After that snake led to the discovery—and end—of public nudity, the first wardrobe was plant-based fig leaves. The second was divinely fabricated animal skins.

Jews learn that the Earth is made for our benefit and not the other way around. This precedes the numerous proscriptions for how to live in the natural world. Many Jewish laws call for the prevention of animal cruelty. For instance, like humans, livestock must rest on the Sabbath. They must be watered and fed before their masters too. When a city is under siege, Jewish law prohibits the destruction of fruit-bearing trees—unless necessary to protect human life.

As any farmer would note, nature can provide stability or chaos. We attempt to smooth

the extremes with dams, levees and drip irrigation. Sometimes we exacerbate problems. Declaring forests as too holy for sensible clearing and logging often leads to forest fires.

Appeals to the Creator don't hurt either. Some sophisticates made fun of Agriculture Secretary Sonny Perdue, who prayed for rain during a drought while he was

Tu B'Shat celebrates trees—and a tradition of sensible concern for the environment.

governor of Georgia. But this wouldn't seem strange to anyone who has taken part in the thrice-daily Jewish prayer service, which includes a request for either rain or dew in the Holy Land.

The tree is the ultimate symbol of this nuanced view of environmentalism—aesthetic beauty, utility, deferred gratification, continuity.

Trees planted today will benefit future generations, as those planted decades ago provide us with comfort and nourishment today. Nearly every genealogical and ancestry website refers to roots, branches or leaves, and the entire project forms a family tree.

Trees also play an important role in collective Jewish memory.

The Holocaust museum in Israel, Yad Vashem, plants trees in memory of the righteous gentiles who took risks and sometimes gave their lives to save Jews. Sometimes the rescuers plant trees, sometimes the saved do. Sometimes they do it together. When my younger sister died, we planted a purple beech tree in our front yard. Its life expectancy is about 300 years, long enough for generations of her heirs to enjoy its beauty. Trees, like humans, grow through the seasons and years until they reach a quiet strength and majesty.

Who is not anguished at the loss of a favorite tree? And who doesn't cherish a love letter written on paper? A walk in the woods and a favorite wooden chair? Beautiful fall foliage and a roaring winter fire? The natural world is God's gift for us to use and enjoy—but also to protect and replenish.

Rabbi Yochanan ben Zakkai, an important scholar from the era of the Second Temple, summed it up best: "If you have a sapling in your hand and someone tells you the Messiah has arrived, first plant the sapling and then go out to welcome the Messiah."

Mr. Weiss is a Pittsburgh carpet salesman.

By Daniel Lee

I spent five years as an emergency medical technician and saw the result of more than one shooting up close. Every case horrifies in its own way, and each has its own tangle of causes. But school shootings are the most painful. The shooting this week at Kentucky's Marshall County High School—which left two innocent young people dead and another 17 injured—was no exception.

But what to make of the accompanying news coverage, which claimed this was the 11th school shooting of 2018? That number seems very high.

A New York Times story, cited as a source in several other press accounts, opens by stacking several incidents into an ominous edifice of school-yard violence. The reporters write: "Gunfire ringing out in American schools used to be rare, and shocking. Now it seems to happen all the time."

Yet a closer look at the statistics tells a different story.

Here are several of the incidents, which were drawn from the database of the gun-control group Everytown for Gun Safety:

- A school-bus window was broken by a pellet gun in Forest City, Iowa.

- A gun was accidentally discharged in a weapons class at a Denison, Texas, community college.

Stretching statistics obscures the real issues in the debate.

- A vehicle that pulled into a parking lot at Wiley College in Texas at 2 a.m. struck a wall, and someone inside fired shots apparently at random before fleeing the scene.

- A shot from off campus struck a building at California State University, San Bernardino, at around 6 p.m.

- A 14-year-old Arizonan committed suicide without threatening anyone else.

Some survived, others didn't.

Shootings at schools do happen with horrifying frequency. Just the day before the Kentucky incident, a 15-year-old girl was shot and injured by another student in Italy, Texas. This trend demands long and serious study. And such analysis must include looking at what is wrong with a system that allows children access to guns, among the other issues that contribute to this terrible violence—including a pattern of self-indulgence and unmanaged anger that crops up at all levels of society.

This is not the place to relitigate the gun-control arguments that most readers already know inside and out. But it is fair to say that distorting reality to advance a particular approach will be counterproductive. This obscures the real issues and antagonizes the well-meaning people who have come together to solve the problem.

Mr. Lee is a writer in Indianapolis.

When Montezuma met Cortés • Alain Locke: Renaissance Man • Lincoln and Churchill at war • The real life of the Parthenon • A history of heart surgery • In search of the afterlife • Sam Sacks on new fiction • & much more

BOOKSHELF | By Jonathan Taplin

The World Is Watching

Videocracy

By Kevin Allocacca
(Bloomsbury, 335 pages, \$28)

Streampunks

By Robert Kyncl
(Harper Business, 255 pages, \$29.99)

When future cultural historians try to understand how the American pop culture of Louis Armstrong, Bob Dylan, Martin Scorsese and Bruce Springsteen veered off into the trivial ephemera of cat videos, they might start by studying the YouTube phenomenon. In doing so, they may come across two books by YouTube employees: "Videocracy," by the website's "head of culture and trends," Kevin Allocacca; and "Streampunks," by its chief business officer, Robert Kyncl. Both books fall into the genre pioneered by multilevel marketer Mary Kay. Her book "Miracles Happen" (1981) inspired a generation of housewives to give up the drudgery of housework for the glamour of selling cosmetics door to door. Similarly, Messrs. Allocacca and Kyncl want to convince a generation of millennials that they, too, can make millions of dollars by unwrapping toys on YouTube.

Mr. Kyncl breathlessly celebrates a revolutionary medium that has unleashed new, "staggeringly popular genres of content, from beauty vlogging to video game commentary to unboxing videos." Mr. Allocacca notes that YouTube could well unleash "hours of programming from an endless array of channels suited to the specific tastes of everyone." But just as it was with Mary Kay's vast competitive sales force, very few will get the prized pink Cadillac.

The YouTube reality is that less than 0.1% of videos reach one million views in their first month—the threshold required to earn \$900 in advertising revenue. Barely 30% of the posted content is viewed 100 times a month, a number that YouTube will not even recognize for advertising. Although thousands of YouTube users may be earning ad income, few will be able to quit their day job. As for YouTube being the center of homemade content by "the rebels remaking media" (Mr. Kyncl's subtitle): Of the 100 most-watched videos in YouTube history, only four were not professionally produced music videos.

This is not to say that no "rebels" are making money on YouTube. The Swedish producer PewDiePie, known for his online commentary and video-game reactions, reached 50 million subscribers at the height of his channel's popularity. But, as this newspaper noted last year, some of PewDiePie's videos contain anti-Semitic jokes or Nazi imagery. The backlash got PewDiePie kicked off of YouTube's premium channel.

The strangest videos on YouTube exemplify its clickbait culture, which encourages the kind of content typically unseen on cable television.

Perhaps PewDiePie will have to transition to the popular YouTube genre known as Autonomous Sensory Meridian Response. The current star of ASMR is Maria (no last name needed), whose most popular video, according to Mr. Allocacca, consists of 16 minutes of Maria whispering "in a voice so soft and quiet that you can hear the light smacking of her lips opening and closing, her tongue connecting with the roof of her mouth, her breath passing through her teeth.... Ten minutes later, Maria is rubbing a feather across her face." So far, Maria's videos have been viewed 250 million times. PT. Barnum was surely right.

PewDiePie and Maria—along with more-recent examples such as Logan Paul and his infamous "suicide forest" video, and teenagers recording themselves participating in the "challenge" to swallow Tide Pods—are not outliers of weirdness but rather the heart of YouTube's clickbait culture, which encourages the kind of content you would never see on your most outlandish cable channel.

The use of YouTube for pedophile videos and Islamic State propaganda is another big controversy plaguing YouTube. After advertisers began pulling their ads, YouTube announced that it was "democratizing" the problematic content. No longer would pedophiles or jihadists receive ad revenue. But the videos continued to stay up on the site.

Messrs. Allocacca and Kyncl, unsurprisingly, do not weigh in on these problems. No mention either of the role YouTube plays as the most important online distributor of Russian propaganda; no disclosure of how much advertising revenue YouTube passes on to the Moscow-funded RT television network. Rather, these books fall under what must be called YouTube's "native advertising"—blatant PR content.

These disturbing issues are of course shared by other sites, such as Facebook. Operating under the federal government's "safe harbor" protection—which limits their liability for content uploaded by their users—neither YouTube nor Facebook must face the responsibilities and questions that traditional media organizations deal with every day: Are we publishing something that is both true and contributing to the public's understanding of the world? These new-media companies, of course, know that much of their content doesn't meet that standard. But their answer up until now seems to be "that's not our problem."

Last week YouTube vice president Paul Muren announced that the company was making some major changes to its advertising platform because of advertiser complaints. It seems Messrs. Allocacca and Kyncl's bosses are finally realizing that major changes are needed. Time will tell if anything improves.

Mr. Taplin is the director emeritus of the Annenberg Innovation Lab at the University of Southern California and author of "Move Fast and Break Things: How Facebook, Google and Amazon Cornered Culture and Undermined Democracy."

Coming in BOOKS this weekend

When Montezuma met Cortés • Alain Locke: Renaissance Man • Lincoln and Churchill at war • The real life of the Parthenon • A history of heart surgery • In search of the afterlife • Sam Sacks on new fiction • & much more

OPINION

REVIEW & OUTLOOK

The Andrew Cuomo Tax Campaign

New York Gov. Andrew Cuomo is running for re-election this year and President in 2020, and apparently he thinks his killer app is opposition to the GOP tax bill. Judging by his proposals so far, we'd say this is going to be harder than he thinks.

The Governor last week released his 2018 budget along with proposals to "reform" New York's taxes that on their face appear to conflict. On the one hand, Mr. Cuomo wants to minimize the effects of the GOP bill's \$10,000 state-and-local-tax deduction limit on his state's high earners. At the same time he's squeezing them for more dough.

* * *

A roaring stock market usually bodes well for Albany's coffers, yet the state is running a \$4 billion deficit this year. Revenues have increased by a mere 4% over the past two years, especially from high earners. The top 1% of earners pay more than 40% of New York's income taxes, and the top 0.1% account for a quarter.

As the budget notes, "recent weakness in bonuses highlights the risk posed by [finance and insurance] to the State economy and revenues." Financial institutions scaled back bonuses after the 2008 panic, but they have also shifted some operations out of the Northeast while expanding in lower-tax states.

Between 2012 and 2016, personal income from finance declined by 0.6% in New York while growing 1.5% nationwide, 5.1% in Florida and 6.2% in Utah, according to the Bureau of Economic Analysis. In 2016 Citibank said it would hire 800 more employees at its Jacksonville office and bought a 5,600-employee service center in Tampa.

Mr. Cuomo has doled out billions of dollars in subsidies to revive New York's upstate rust belt. Yet New York's manufacturing GDP growth has slipped 0.3% since 2012 while growing 0.7% in the Mid-Atlantic region, 1.2% nationwide and 3.8% in Florida. Overall, New York has averaged 1% GDP annual growth since 2012, half the national average.

While Mr. Cuomo rails that the GOP tax bill is a "dagger at the heart of New York," its economy and budget could benefit. Banks headquartered in New York are projecting a substantial boost in earnings and have announced bigger bonuses. Though he won't admit it, even Mr. Cuomo's budget predicts a nearly 20% increase in business tax revenue over the next two years largely due to surging corporate profits.

But there's also a danger that New York may miss the party. Businesses may instead invest at the margin in low-tax and low-cost states where

The New Yorker's idea of reform is to raise taxes again on high earners.

they can get a better return on capital. In addition to its punishing tax burden, New York has among the nation's highest energy prices and employment costs.

The \$10,000 deduction cap could also drive high earners in New York City (top marginal rate: 12.7%) and the upper-middle class in the suburbs out of the state. The average property tax bill in Westchester County is \$10,000 compared with \$4,610 in Bucks County outside Philadelphia and \$2,453 in Miami-Dade.

Mr. Cuomo's finance department issued a report last week outlining myriad ways to mitigate the deduction cap. One idea is a new state payroll tax that corporations could deduct on federal taxes. Mr. Cuomo suggested several variations, all of which would be fearlessly complex. Businesses might have to reduce employee wages by the amount of the new payroll tax, and the state would make them whole with a "wage credit."

But workers won't like a cut in take-home pay, which may also be prohibited by labor contracts. Maintaining tax progressivity—as Mr. Cuomo says he'd do—would also be a challenge. This also wouldn't help high earners with substantial investment income. New York taxpayers making more than \$1 million draw on average only a third of their income from wages.

Yet while Mr. Cuomo tries to mitigate the federal tax burden on high earners, he is also taking them to the cleaners. As E.J. McMahon of the Empire Center for Public Policy recently noted, state law allows New Yorkers to conform their federal itemized deductions (aside from a few exceptions such as for state-and-local income taxes) to state returns. Because the GOP tax bill capped the deduction for property taxes at \$10,000 and axed others, the state could reap a \$700 million windfall. This is a stealthy tax grab that Mr. Cuomo didn't cite in his budget.

He was less abashed in calling for a 17% "fairness tax" on the carried-interest income of hedge funds, private equity and venture capital. This surcharge would raise the tax rate that New York City investment managers pay on their capital gains to 53.5%. Mr. Cuomo said the surcharge would only take effect if Massachusetts, New Jersey, Connecticut and Pennsylvania do the same. We doubt Bay State Gov. Charlie Baker will sign this suicide pact.

All of which shows that Mr. Cuomo doesn't understand how tax competition could hollow out his state fisc. He should import low-tax policy to New York, not try to impose high-tax New York on the rest of America.

Trump's Immigration Offer

Maybe an immigration compromise isn't hopeless in 2018 after all. That's at least a possibility after the White House floated a proposal on Capitol Hill late Thursday that would offer legalization and a path to citizenship for some 800,000 so-called Dreamers in return for funding for President Trump's wall at the Mexico-U.S. border and other changes to U.S. immigration law.

The details weren't fully known by our deadline Thursday, but the outline has something for both sides. Democrats would get legal protection for the Dreamers, the young adults brought here illegally as children. They could also become U.S. citizens over time, which makes sense given that this is the only country they have known for nearly all of their lives. Democrats

He dives back into deal-making with a constructive proposal.

claim to care for the well-being of these people, and this is a big concession by the President given opposition from some on the right.

Those restrictionists would get funding for the wall, which Mr. Trump campaigned on. The White House proposal also includes limits on the ability of citizens to bring adult siblings or parents into the U.S., as well as an end to the lottery program that awards 50,000 visas a year to countries that typically don't have many immigrants.

These concessions would substantially limit the number of legal immigrants, and thus a source of talent, but we recognize that compromise is needed to break the veto that both sides have held over immigration policy for so many years. Credit Mr. Trump with recharging the chances for a deal after much recent acrimony.

The Mnuchin Dollar and the Draghi Euro

If on cue, Mario Draghi on Thursday demonstrated one consequence of the weak-dollar philosophy espoused by Steven Mnuchin on Wednesday. Mr. Draghi indicated that the European Central Bank he leads may delay normalizing monetary policy thanks to the weak greenback favored by the U.S. Treasury Secretary.

"The recent volatility in exchange rates represents a source of uncertainty which requires monitoring with regard to its possible implications for the outlook for price stability," Mr. Draghi told the press after the ECB's January meeting.

As a result, the ECB will continue buying bonds worth €30 billion (\$38 billion) a month through September "or beyond if necessary," and interest rates won't rise "for an extended period of time." That's central-bank-speak for Mr. Draghi getting nervous about earlier plans to dial back his unconventional monetary policies because he's afraid of triggering an excessive rise in the euro.

Mr. Draghi is right to worry, up to a point. Over the past year the euro has appreciated against the dollar to above \$1.25 from \$1.07 when Donald Trump took office. That's well short of the nearly \$1.40 in 2014 before Mr. Draghi began quantitative-easing bond purchases, but it's still a blow to the ECB since competitive devaluation has been one of its main, though unacknowledged, goals.

Without mentioning the Treasury Secretary by name, Mr. Draghi also complained about "use of language in discussing exchange-rate developments that doesn't reflect the terms of refer-

ence that have been agreed." He meant an IMF communique last year in which governments including Washington promised to eschew competitive devaluation.

Now Mr. Draghi is in a pickle. Having started down the QE road, he finds it as difficult as other central bankers to return to normal policy without spooking markets. So he keeps delaying announcing a formal end to QE despite strong eurozone economic growth—2.6% year-on-year as of the third quarter last year—and healthy business confidence. That should be a sign it's time to wean the eurozone off QE, but inflation is falling, to 1.4% year-on-year in December from 1.5% in November, in part thanks to the stronger euro.

Some of us saw this coming, and Mr. Draghi is largely responsible for his own fate whatever Messrs. Trump and Mnuchin say about the dollar. Mr. Draghi has always said that the eurozone needs policy reforms from elected leaders more than it needs monetary pyrotechnics. Sure enough, economic growth has finally picked up as reviving optimism in the U.S. and the election of a reformer to France's presidency stirred animal spirits.

Still, Mr. Mnuchin—and his boss—could help Mr. Draghi now by aiming for stability in the world's most important exchange rate rather than pursuing a weak-dollar gambit. Mercantilists in the White House might think eurozone monetary policy isn't their problem. But it will be if their greenback gimmicks goad Mr. Draghi into diverging too far from the Federal Reserve's modest attempts at normalization, with unpredictable consequences for exchange rates and the world economy.

LETTERS TO THE EDITOR

Trump Moves to Beef Up Overstretched Navy

Seth Cropsey is a perceptive naval analyst and a persuasive champion for a bigger fleet in an emerging period of naval competition with China and Russia ("The U.S. Navy Lowers Its Sights," op-ed, Jan. 18). However, his conclusion—that President Trump and the Navy have reversed course on a fleet buildup—is hasty. There is nothing to suggest the Navy and President Trump have abandoned this priority.

Mr. Cropsey cites the Navy's recent fleetwide readiness review and the president's national security strategy as evidence of diminished ambitions. He is right that an aggressive buildup is part of the solution to keep U.S. ships ready, safe and present around the globe. But Mr. Cropsey should not be too concerned by the absence of 350 ships in the president's national security strategy. This strategy represents a review of national security threats and ways to secure vital U.S. interests, not specific force-structure

goals. The Navy has outlined a minimum force requirement of 355 ships, and the president has signed into law a bill that supports meeting this benchmark as a matter of national policy. Further, Congress not only wants a larger fleet but is willing to pay for it.

At the very least, Mr. Cropsey's assessment is a sobering reminder that there is still a great deal of work to do. In early February, the Navy's budget will include requested funding for new ship construction and modernization programs. The budget will be accompanied by the administration's first 30-year Shipbuilding Plan that, by law, will provide the projected inventory of Navy ships through fiscal year 2048. This plan is the surest gauge of the administration's commitment to growing the Navy, and we eagerly await it.

SEN. ROGER F. WICKER (R., Miss.)
REP. ROB WITTMAN (R., Va.)
Washington

Bill de Blasio Did a Disservice to Marion Sims

James Panero's "A Brief History of Idol-Smashers, From Moses to de Blasio" (op-ed, Jan. 20) regarding vandalizing memorials makes a greater point about divisive racial politics than meets the eye. New York Mayor Bill de Blasio's commission targets the statue of J. Marion Sims, the "father of gynecology." Sims is accused of experimenting on enslaved women, performing repeated surgical procedures without anesthesia and financially profiting from the results of his experiments.

J. Marion Sims practiced medicine and surgery in rural Alabama in the mid-1840s. He initially refused to operate on the women brought to him suffering from birth trauma resulting in vesico-vaginal fistulae—defects in the bladder wall causing continuous drainage of urine through the vagina. These women became outcasts from their families and unsuitable for any occupation because of this condition. Misery and death were their fate. Sims's experiments were repeated at

tempts to repair these fistulae until he was successful, restoring these women to a normal life.

There was no anesthesia available, no electricity for illumination, no antibiotics, no intravenous fluids, no blood transfusion, no bladder-drainage catheters and rudimentary surgical instrumentation. He had to invent many of the instruments he used. Many of his designs are used today. Sims moved to New York City where he founded the Women's Hospital.

Sadly, vandalism of the J. Marion Sims Memorial is a reflection of divisive, racial and gender politics by those who are ignorant of the true history of Sims's contributions to women's health and to the city of New York. American gynecological surgeons frequently go on medical missions to perform Sims's procedures to benefit African women who otherwise would be outcasts.

JOHN C. WEED JR., M.D., FACOG
Overland Park, Kan.

Regulation Is Largest Barrier to Solar Power

"Keywords: Obstacles Still Cloud Solar Power's Future" (Technology, Jan. 16) identifies solar energy as the "odds-on favorite source" for energy in the future. However, regulation is likely the largest barrier to solar power dominating the energy landscape in the near term.

A recent report identified that U.S. consumers pay more than twice as much as Australians for solar panels to be installed on their homes, largely because of overly prescriptive local permitting requirements. More than 100 U.S. mayors pledged to power their cities with 100% clean energy, but few cities identified the specific steps they'd take to make that pledge a reality. None vowed to cut red tape to make installing solar faster and cheaper for their residents, even

though it's one of the few energy-related policies over which local regulators have significant oversight.

Notwithstanding unfortunate decisions to withdraw from the Paris Agreement and rescind the Clean Power Plan, the White House's decision this month to impose tariffs on imported solar cells will be most impactful for the solar industry. Tariffs may help domestic manufacturers, but they likely will cause more harm to solar installers and consumers.

The Solar Energy Industries Association argues that tariffs could nearly double the price of solar modules, making U.S. customers pay far more for energy from sunshine than the rest of the world.

BRIAN SPAK
Newcastle, NSW, Australia

New York Is Trying Ensure a Basic Education

Avi Schick's argument against state oversight of religious schools is fundamentally flawed ("New York's Bid to Control Religious Schools," Houses of Worship, Jan. 19). The Supreme Court decisions he cites don't support the view that the state has no interest in the quality of education offered in religious schools. Both *Pierce v. Society of Sisters* and *Wisconsin v. Yoder* rest on the explicit assumption that children are receiving an adequate secular education.

The Hasidic yeshivas at issue here offer, at most, 90 minutes of English-language, secular education four days a week, between third and eighth grade. Some of them offer no secular education at all. The language of instruction is Yiddish.

Thus, children emerge from these yeshivas illiterate in English, totally ignorant of basic facts of history and geography, with only the most basic arithmetic skills and unable to pass the GED.

Given this lack of education, it is not surprising that 43% of Hasidic

households in New York City are poor, and another 16% are near poor. In heavily Hasidic Williamsburg, Brooklyn, the percentage of food-stamp use is 51.8. Hasidic families are also heavy users of cash assistance and housing vouchers. According to the 2010 census, the upstate New York Satmar village of Kiryas Joel is the poorest place in the U.S.

Mr. Schick professes concern for the taxpayers, who may have to write some "very large checks." But these schools already receive millions of dollars annually in federal, state and city aid through a variety of programs. A laissez-faire approach wastes that money by not requiring that schools offer a sound basic education. Taxpayers pay again when these yeshiva boys grow up and are unable to support their families.

PROF. DENA S. DAVIS, J.D., PH.D.
*Lehigh University
Bethlehem, Pa.*

Pepper ... And Salt

THE WALL STREET JOURNAL



"Give it to me straight, doc.
What did you infect me with?"

CORRECTION

Avi Schick, a lawyer, represents Pearls, a group with an interest in New York state's proposed regulation of private schools. Because of an editing error, this was not disclosed in the biographical note on his Jan. 19 Houses of Worship column, "New York's Bid to Control Religious Schools."

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. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

OPINION

How Blockchain Can End Poverty

By Phil Gramm
And Hernando de Soto

For a long time, Western economists failed to appreciate the relationship between private property rights and economic development. Karl Marx saw private property as the source of wealth and called for its elimination to promote equality. A century and a half later, we know that a country without a formal system for registering property rights limits its own economic development and prevents its citizens from realizing their full potential. It's a simple yet startling fact: The road to economic development runs through the county clerk's office at the local courthouse.

Two-thirds of the world's population lacks access to a formal system of property rights.

The great economic divide in the world today is between the 2.5 billion people who can register property rights and the five billion who are impoverished, in part because they can't. Consider what happens without a formal system of property rights: Values are reduced for privately owned assets; wages are devalued for workers using these assets; owners are denied the ability to use their assets as collateral to obtain credit or as a credential to claim public services; and society loses the benefits that accrue when assets are employed for their highest and best purpose. The Institute for Liberty and Democracy, founded

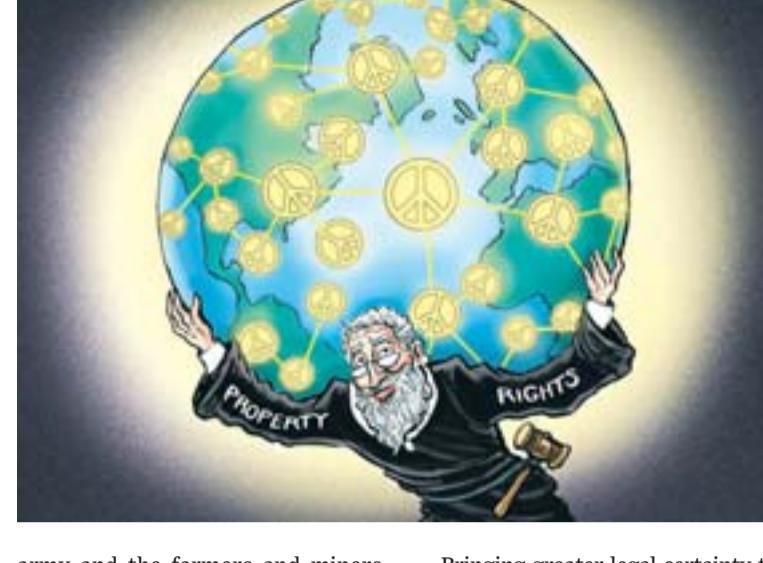
by Hernando de Soto in 1979, estimates that two-thirds of the world's population lacks access to a formal system of property rights, resulting in undeveloped resources and assets worth an estimated \$170 trillion, or 63% of the value of the assets of the U.S.

Increasingly sophisticated data from surveys, satellite photos and the Global Positioning System have resulted in organized knowledge about the location of every visible asset on earth. Yet outside the developed world and some advanced regions of developing countries, there are no accessible records detailing who owns those assets.

Forty years ago one of us—Hernando de Soto—discovered that even in the most primitive societies records exist on who owns what. Based on this discovery, ILD undertook an organized effort in Peru to begin to assimilate and formalize these records to establish a registry of property ownership.

In 1980 the communist-terrorist insurgency known as the Shining Path won support among the poor indigenous people of Peru by enforcing primitive property rights at the point of a gun. We first collaborated in 1990 when Peru sought American assistance to replace the gun with the rule of law by officially recognizing that the indigenous Peruvians' primitive property records were legal proof of ownership. At that point the Shining Path controlled 60% of Peru's territory, and the RAND Corp. was predicting that Lima would fall as early as 1992.

One of us—Phil Gramm, then a U.S. senator—helped obtain funding for the ILD's property-registration effort, and ultimately for the formation of an alliance between Peru's



CHAD CROWE

army and the farmers and miners who were eager to fight for their newly won property rights. By providing these indigenous people with formal proof of property ownership, property-rights registration reached through their wallets and touched their hearts and minds. With a conviction that comes only from defending your own property, indigenous Peruvians overwhelmed the communist terrorists.

Shining Path leaders surrendered, opting for the safety of prison over the wrath of Peru's indigenous poor. The terrorists' commander, Abimael Guzmán, specifically blamed the property rights "conceived and implemented by Hernando de Soto" and his American supporters for Shining Path's defeat. The U.S. has never won a war against communism or terrorism with so little blood and treasure, but of course we have seldom had an ally like private property rights on our side.

Bringing greater legal certainty to property ownership can produce huge economic gains. In 1990 the state-owned Peruvian telecommunications company CPT was valued on the Lima Stock Exchange at \$53 million. The government wanted to sell CPT to foreign investors but couldn't, because Peruvian titles to the company's assets did not meet global standards. CPT initiated a program using ILD guidelines to research title records and formally establish its property rights. Within three years CPT was sold on the world market for \$2 billion—roughly 38 times its previous value.

In 2010, Mohamed Bouazizi, a street vendor, triggered the Arab Spring by setting himself on fire in the Tunisian city of Sidi Bouzid. A comprehensive 2013 ILD study found that he and others who self-immolated were protesting not religious issues but the absence of property rights and the rule of law.

Based on Peru's success, and a growing awareness of the importance of property rights, sporadic efforts are now under way all over the developing world to collect records on property ownership. But the difficulty of gathering and maintaining those records in an accessible and easily updatable form has proved an obstacle.

Fortunately there is a new technology that could make a global property-rights registration system feasible. Patrick Byrne, an e-commerce pioneer and the CEO of Overstock.com, has committed a professional staff and significant resources to modernizing the collection and maintenance of property-rights records on a global scale. Blockchain is an especially promising technology because of its record-keeping capacity, its ability to provide access to millions of users, and the fact that it can be constantly updated as property ownership changes hands.

If Blockchain technology can empower public and private efforts to register property rights on a single computer platform, we can share the blessings of private-property registration with the whole world. Instead of destroying private property to promote a Marxist equality in poverty, perhaps we can bring property rights to all mankind. Where property rights are ensured, so are the prosperity, freedom and ownership of wealth that brings real stability and peace.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. de Soto is author of "The Mystery of Capital" and a former CEO of UEC, Switzerland's largest consulting engineering firm.

Will Trump Tell the Truth About the Armenian Genocide?

By Robert M. Morgenthau

As Hitler launched his invasion of Poland in 1939, he instructed his commanders "to send to death mercilessly and without compassion, men, women and children of Polish derivation and language." He assured his staff the world would raise little objection: "Who, after all, speaks today of the annihilation of the Armenians?"

That was a reference to the systematic destruction of the Armenian population by the Ottoman Turks beginning in 1915. World powers had offered little resistance to the slaughter as it occurred. Later, Turkey's insistent denials made it the "forgotten genocide."

Turkey, ostensibly an American ally, still refuses to confront its history. The U.S. government also has failed to give the annihilation of the Armenians its due. American administrations have bowed to Turkish pressure and failed to affirm consistently a simple fact: The slaughter of the Armenians was not a mere misfortune of history but a systematic genocide.

Such reticence wasn't necessarily surprising, given diplomats' cautious and equivocating nature.

But President Trump, in recognizing Jerusalem as the capital of Israel, seems to be signaling a new age. In 1995, Congress enacted legislation directing the State Department to recognize Jerusalem as the capital of Israel and move the U.S. Embassy there. Candidates Bill Clinton and George W. Bush promised to move the embassy, and Barack Obama said in 2008 that "Jerusalem will be the capital of Israel."

Once elected president, all three reneged on their pledges. Now, at last, America's Jerusalem policy is consistent with its principles and with historical fact.

That makes me optimistic that America may similarly acknowledge the historical truth of the Armenian genocide. The facts are compelling.

For millennia, Armenians lived in the shadow of Mount Ararat, in what is now eastern Turkey. For much of its history, this Christian minority lived in peace with its Muslim neighbors. But as the Ottoman Empire began to disintegrate in the late 19th and early 20th centuries, the Armenians became targets of oppression. As World War I loomed, the Turks saw the opportunity to settle their "Armenian question."

First they arrested and executed community leaders and intellectuals. Then they drove the remaining civilians out of their homes in long "death marches" to the Syrian desert. As many as 1.5 million Armenians were murdered.

For me, this chronicle is not confined to history books. My paternal grandfather, Henry Morgenthau, was President Wilson's ambassador to

He recognized the reality that Jerusalem is the capital of Israel. Such daring is needed again.

the Ottoman Empire as the horror began to unfold. He quickly understood that this was slaughter on a scale the modern world had never seen. He protested to Turkish leaders, who replied that the Armenians were not American citizens and thus none of the ambassador's concern. Besides, they said, Ambassador Morgenthau was Jewish, and the Armenians were Christian.

The Turks even threatened to pressure Washington to recall him.

My grandfather's reply was eloquent: "I could think of no greater honor than to be recalled because I, a Jew, have done everything in my power to save the lives of hundreds of thousands of Christians."

The Turks refused to relent, and my grandfather turned to his own government. He sent Washington a diplomatic cable reading: "A campaign of race extermination is in progress." The State Department, then preoccupied with World War I, responded with indifference. Ultimately my grandfather decided to appeal to the world's conscience through a series of speeches.

Eventually a massive aid campaign helped resettle the scattered survivors. But the genocide had exacted an unfathomable toll on the Armenian people—and on my grandfather's spirits. He returned to the U.S. determined to spend his days helping the survivors, sometimes appearing at Ellis Island as "Uncle Henry" to sponsor refugees who had no one to meet them. And he did something else. He taught his children and his grandchildren the history he had witnessed. The lesson he drew was clear: When principle succumbs to expediency, the inevitable result is tragedy.

That prophecy was realized when Hitler invaded Poland, emboldened by the world's amnesia about the Armenians. It is high time for America to emerge from that amnesia.

Every April, the president issues a proclamation recognizing the atrocity that was inflicted on the Armenian people. But bowing to Turkish pressure, that proclamation has never contained the word "genocide." That must change.

I do not underestimate the concerns of those who say the wrath of Turkey may work against U.S. interests—as I do not dismiss those who say moving the embassy to Jerusalem may complicate peace negotiations. But a just and lasting world order cannot be built on falsehoods and evasions. Let President Trump demonstrate that commitment once more by declaring the truth of the Armenian genocide. This would send clear message to the thugs in power around the world: Your criminal acts will not go unnoticed.

Mr. Morgenthau, a former Manhattan district attorney (1975-2009), is of counsel at Wachtell, Lipton, Rosen & Katz.

'Repeal and Replace' the Trump Tax Cuts

By Jason Furman

Everyone who debated last year's tax law can agree that it won't be the last word. The legislation addressed almost none of the "tax extenders," temporary tax breaks that Congress typically reauthorizes every year. Some of the law's key provisions expire after 2022 or 2025.

More important, the tax cuts put the country on an unsustainable fiscal trajectory, with next year's deficit set to hit 5% of gross domestic product, a record outside of major wars and recessions or their aftermath. Finally, anything widely known as the "Trump tax cuts" is politically unstable given that Democrats will eventually take back power.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & 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; Ned Lipschutz, Standards;

Meg Marco, Digital Content Strategist; Alex Martin, Writing; Mike Miller, Features & Weekend;

Christopher Moran, Video; Shazna Nessa, Visuals;

Rajiv Pant, Technology; Ann Podd, News Production; Matthew Rose, Enterprise;

Michael Sconier, Investigations; Nikki Waller, Live Journalism; Stephen Wisniewski, Professional News; Carla Zanon, Audited & 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

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

Telephone 1-800-DOWJONES

Democrats should instead aim for something more radical: "repeal and replace" of the Trump tax law—or, Republicans could join the process and call it comprehensive tax reform. It should have four goals: stability, efficiency, simplicity and help for American families.

Stability doesn't mean simply that the tax code shouldn't be changed on a whim. It also means Congress should raise sufficient revenue to finance the spending it has committed to.

Under the current trajectory the deficit is set to hit \$1 trillion starting in 2019. If the Trump tax cuts are extended or made permanent, the situation will get even worse. The government will raise about 17% of GDP in taxes over the next decade. A sustainable trajectory will require something closer to the 21% of GDP proposed in 2010 by the Simpson-Bowles Commission. Even then, the U.S. would still be in the bottom quarter of the 35 countries in the Organization for Economic Cooperation and Development.

On the corporate side, raising revenues can be done while increasing the tax system's efficiency. What would that look like? A higher corporate tax rate, say 25% or 28%, combined with permanent expensing, no interest deductibility, stronger protections against shifting income abroad, and more favorable treatment of research and development.

Repealing the Trump tax bill's complicated new loophole for pass-throughs would raise revenue while simplifying and reducing distortions. So would ending the so-called Gingrich-Edwards loophole, which allows some pass-through owners to avoid paying their full payroll taxes.

Raising individual capital-gains taxes a bit would help recoup some of the cost of the corporate tax cuts. One of the most efficient ways to do this would be to reduce the incentives to lock in asset allocations. That would include repealing "step-up in basis" at death, meaning the owner's estate would have to pay capital-gains taxes that today are not levied.

With the deficit set to hit \$1 trillion, the law isn't stable. Reformers next time should aim higher.

Broadening the tax base would be beneficial, too. One way would be to reduce the tax break for very generous health insurance, either by building on the Affordable Care Act's "Cadillac tax" or replacing it. Creating a value-added tax is another option. Many other countries have used VATs to cut corporate tax rates without blowing up their budget deficits. Finally, a carbon tax could be an efficient revenue raiser, especially if combined with a reduction in carbon-related environmental regulations.

On simplification, the Trump tax law was mixed. An estimated 25 million households will stop itemizing and take the standard deduction, a modest step in the right direction. But many millions of small businesses and contractors will struggle with the complicated new rules describing the varying tax rates on differently labeled business income.

The next tax bill should set a much more ambitious goal: to end tax filing entirely. Countries ranging from the United Kingdom to Kenya have already done this by giving people the option to have the government do their taxes. That means there's no need to file a return and, ideally, exact withholding from the worker's paycheck. With this approach April 15 would become just another day.

The next bill should also make the tax code more pro-work, pro-family and pro-middle-class. Expanding the earned-income tax credit for workers without qualifying children is a bipartisan idea that was inexplicably omitted from the Trump law. Taxing spouses separately rather than jointly would both encourage work and make it easier to end mandatory tax filing. Replacing the child tax credit's complicated rules with a flat \$2,000 allowance per child, fully refundable regardless of income, would help millions of families while truly simplifying taxes.

Last year's tax law, which passed the Senate with a single vote to spare, shows how difficult tax reform is even when it loses revenue. The political hurdles facing a tax bill that raises revenue will be even higher. The key is not merely to coalesce around repealing or extending individual parts of the Trump tax law but to set higher-level goals for what could be the first fundamental tax reform and simplification since 1986.

Mr. Furman, a professor of practice at the Harvard Kennedy School, was chairman of the White House Council of Economic Advisers, 2013-17.

WORLD NEWS

Quebec Law on Facial Veils Fuels Debate

Canadian province's partial ban on niqabs raises legal and political challenges

BY VIPAL MONGA

MONTREAL—As a Muslim teenager in her native Tunisia, Nadia El-Mabrouk never once saw a woman wearing a full-face veil. After moving to Canada, she was shocked to see her first one on the streets of Montreal.

Now the University of Montreal computer-science professor is one of many Quebec residents backing a provincial government ban on the Islamic face covering, called a niqab. "It's a walking prison," she said.

The measure, part of a law passed by the National Assembly of Quebec in October, bans women from wearing face coverings when using public services such as buses or libraries. Provincial lawmakers say the law is meant to ensure public security and is among the first of its kind in North America.

A Quebec superior court suspended the ban in December after rights groups asked for a stay until the court decides whether the law is constitutional. Pending a judgment on that question, the law will likely go back into force later this year once the government meets the court's demand to publish guidelines on how it will be applied.

The law, known as Bill 62, is creating a thorny challenge for the Liberal government of Prime Minister Justin Trudeau, which will decide by the end of this month whether or not to join the lawsuit challenging the niqab ban or take other official measures to oppose it.

Mr. Trudeau, who has championed both Canadian immigration and women's rights, has said he didn't agree with the law, but when it passed, he expressed a reluctance—common among Cana-



Marie-Michelle Lacoste wearing a niqab in a Montreal grocery store, above. Nadia El-Mabrouk, below, supports the measure banning it.

dian prime ministers—to wade into Quebec's provincial politics. "It isn't up to the federal government to challenge this," he said.

The law has engendered a fierce debate that reflects broader tensions over immigration and cultural change in Canada and mirrors battles over the full-face veils in France, Germany and other European countries. Like much of Western Europe, Quebec has absorbed an influx of immigrants from predominantly Muslim countries in recent years, though only a small fraction of Quebec's population uses the niqab.

The veil represents a "political and religious ideology" that is degrading to women, said André Lamoureux, a political-science professor at the University of Quebec in Mon-



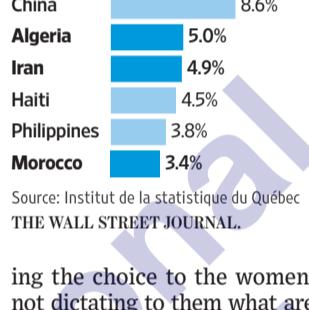
tre and a prominent secular activist.

Opponents of Bill 62 say it amounts to a violation of freedom of religion and equal rights. "Feminism is about giv-

Migration Mix

Many newcomers to Quebec come from Muslim-majority countries.

Percentage of immigrants to Quebec by country of origin, 2016



Source: Institut de la statistique du Québec

THE WALL STREET JOURNAL

Quebec government.

Beyond that ideological dispute, there is also confusion over how the law would be enforced. Bus drivers, for instance, question whether they would have to refuse service to women who wear niqabs. Under the court order, the provincial government must publish guidelines on how public-sector agents can apply the rule by June 30. A spokeswoman for the provincial justice department said it would do so "sooner rather than later."

Marie-Michelle Lacoste, a Montreal resident who prefers to use her Arabic name, Warda Naili, converted to Islam in 2003 and believes she should be allowed to wear the veil if she chooses. The 34-year-old said that after years of wearing a hijab, a head covering that left her face open, she switched

to the niqab in 2011 over her husband's objections. It deflected attention from her face and stopped men from sexually harassing her, she said.

"That's not the kind of attention I wanted in my life," she said, speaking through her veil at a fast-food restaurant in a Montreal working-class neighborhood.

But now Ms. Naili says wearing the niqab on the streets of Montreal has made her a target for another sort of harassment. She says strangers once called her "Osama's widow" while she waited for a bus, in an apparent reference to al Qaeda founder Osama bin Laden. Last year, a teenager tackled her on the bus, Ms. Naili says, adding she now rarely leaves the house for fear of abuse.

The backlash against veils is the latest sign of simmering social friction here. Anti-immigration protesters have taken to the streets in Quebec and neighboring Ontario in recent months, and last year a shooting at Quebec mosque left six dead and eight injured.

According to the most recent Canadian census, published in 2011, 3.2% of Quebec's population is Muslim, more than twice the share of 2001. That percentage has likely increased further more recently as the province has been absorbing an influx of immigrants from predominantly Muslim countries under the Trudeau government's broad immigration program. Syrians made up 10.4% of all immigrants to the province in 2016, the highest share of any nationality, according to the province's statistical agency.

A recent survey by polling firm Ipsos showed 76% of Quebecers supported the provincial law, and 68% of all Canadians wanted a similar rule passed in their own province.

The Quebec government has vowed the law will eventually be enforced, despite the court's stay.

Canada Tries to Bridge Gap On Nafta

BY PAUL VIEIRA AND WILLIAM MAULDIN

MONTREAL—Canada sought to break a logjam in overhauling the North American Free Trade Agreement by introducing a proposal for more North American content in automobiles, according to people following the talks.

Ottawa's informal proposal is in response to a U.S. demand for significant increases in the share of a car and its parts that must be made in one of the three countries party to the deal—which also includes Mexico—to be eligible for duty-free trade.

The U.S. has said it wants to increase North American car content from the current 62.5% to 85%. The purpose is to prevent Asian or other overseas content from expanding in the North American supply chain.

Thursday's proposal is the latest signal Canada and Mexico are aiming to show flexibility and engage with U.S. negotiators at the bargaining table. President Donald Trump has threatened to withdraw from Nafta if the three countries don't agree on an overhaul.

Responding to U.S. demands for more North American car content, Canada proposed broadening the definition of what should be counted to include software, other technological components now common in cars, and raw materials like steel and aluminum. U.S. officials welcomed the proposal and indicated they would look at it closely, according to two people briefed on the talks.

Canada's chief negotiator, Steve Verheul, told reporters talks were "reasonably constructive," without elaborating. A spokeswoman for U.S. Trade Representative Robert Lighthizer declined to comment. Kenneth Smith, Mexico's chief negotiator, said the countries are making "good technical progress" and it is analyzing the proposal made by Canada.

—Chester Dawson in Detroit contributed to this article.

Brazil's 'Lula' to Run Despite Conviction

BY PAUL KIERNAN AND PAULO TREVISANI

RIO DE JANEIRO—Brazil's Workers' Party on Thursday proclaimed former President Luiz Inácio Lula da Silva its candidate in the October presidential election despite a court ruling that confirmed his conviction for corruption and put a significant legal hurdle on his path to the presidency.

Top party leaders, meeting in São Paulo, called for demonstrations and civil disobedience before hundreds of red-clad supporters under a banner reading "in defense of democracy and of Lula," as Mr. da Silva is universally known.

"We will keep on fighting," said Sen. Gleisi Hoffmann, the Workers' Party president, flanked by Mr. da Silva and his successor, Dilma Rousseff. "Lula is our candidate for the 2018 election."

While Mr. da Silva's lawyers are expected to challenge Wednesday's appeals-court ruling, many legal experts believe the verdict will ultimately prevent the former president, who currently stands at the top of pre-election polls, from running. Under Brazil's Clean Record election law, politicians convicted of corruption stand to be barred from public office for eight years once the verdict is upheld by an appeals court.



NELSON ALMEIDA/AGENCE FRANCE PRESSE/GTY IMAGES

Former President Luiz Inácio Lula da Silva, right, embracing his successor, Dilma Rousseff, on Thursday.

The party's leaders blame a conspiracy for Mr. da Silva's predicament and say his campaign aims to give voice to Brazil's downtrodden. That rhetoric has struck a chord with leftists around Latin America, where Mr. da Silva and the Workers' Party, or PT, were long celebrated for combining political pragmatism with ambitious social goals. When Mr. da Silva left office on Jan. 1, 2011, after two four-year terms, the Brazilian economy was growing at its fastest clip in

decades on the back of booming commodity prices, and his approval rating had hit 87%.

In an increasingly polarized Brazil, however, there was little evidence that the PT's defiance resonated outside the labor unions and rural peasant organizations that form its traditional constituencies. The benchmark Bovespa stock index rose 3.7% to a record 83,680 points after Wednesday's ruling, and the currency strengthened against the dollar.

Most Brazilians—even one-

time Workers' Party stalwarts—shrugged off the PT's calls to action, underscoring its declining influence in the wake of the sprawling corruption scandal and historic economic recession that followed its 13 years in power.

That legacy has bred resentment among some erstwhile supporters of the party, which came to power with Mr. da Silva in 2003 after decades of grass-roots campaigning against Brazil's 1964-85 military dictatorship.

"I used to believe in the PT's

political project. I believed they would give the poor power and dignity," said Wilton Garcia, a 49-year-old communications professor at a college in São Paulo. "I feel like they deceived us with all of their scandals. We saw that they are just as corrupt as the others."

With Mr. da Silva likely sidelined, political analysts say the PT faces an uphill battle to regain its former clout.

Political parties across the ideological spectrum, including current President Michel Temer's conservative Brazilian Democratic Movement Party, have suffered from corruption scandals in recent years. But the PT's reputation has been further damaged by the 2015-16 recession, which undid some of its social achievements as unemployment skyrocketed. The party has also failed to groom young leaders to take up its banner should Mr. da Silva be barred, which has been a possibility at least since he was sentenced in July to 9½ years in prison for corruption and money laundering.

The appeals court this week lengthened that sentence to just over 12 years.

"It's a devastating situation for a party that put all its hopes on single candidate," said José Matias-Pereira, a political scientist at University of Brasília. "The party has lost its compass."

WORLD WATCH

SOUTH KOREA

Hospital Fire Leaves More Than 30 Dead

A fire swept through a hospital for the elderly in southeastern South Korea on Friday, killing more than 30 people and injuring dozens in one of the country's deadliest fires in recent years.

The fire at Sejong Hospital in the city of Miryang killed 31 people and injured 81, 14 of them in critical condition, the state-run National Fire Agency said. Agency officials said the death toll could increase.

Local Miryang fire officials said they put out the blaze at 10:26 a.m., nearly three hours after it started.

—Associated Press

FRANCE

Hundreds Evacuated As Seine Rises

Nearly 400 people were evacuated from their homes in the Paris region on Thursday, as rivers across France kept swelling, and heavy rainfall continued to batter many regions. In addition to Paris, where the Seine is expected to keep rising, other regions in the north and east are threatened, and seven departments in central France were placed on alert for snow and ice.

On Saturday the Seine is expected to reach as high as in June 2016, when authorities were forced to close several monuments, including the Louvre.

—Associated Press

VIETNAM

U.S. Carrier Is Slated To Visit Da Nang

A U.S. Navy aircraft carrier is expected to make a port call to Vietnam in March, visiting U.S. Defense Secretary Jim Mattis said Thursday in Vietnam.

The planned warship visit to Da Nang is likely to irritate China, which is critical of U.S. moves to add to its military muscle in the region.

Mr. Mattis and his Vietnamese counterpart, Ngo Xuan Lich, discussed the planned carrier visit during a closed-door meeting in Hanoi, said Pentagon spokesman Navy Capt. Jeff Davis.

—Associated Press



A man carried a patient away from Sejong Hospital in Miryang, South Korea, where a deadly blaze broke out Friday morning.

YONHAP/AGENCE FRANCE PRESSE/GTY IMAGES

BUSINESS & FINANCE

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday, January 26, 2018 | B1

S&P 2839.25 ▲ 0.06%**S&P FIN** ▼ 0.19%**S&P IT** ▼ 0.24%**DJ TRANS** ▼ 1.58%**WSJ \$IDX** ▲ 0.16%**LIBOR 3M** 1.760**NIKKEI (Midday)** 23703.83 ▲ 0.15%See more at WSJMarkets.com

Dell Weighs Strategic Alternatives

Options could include an IPO and deal with VMware; review is at preliminary stage

BY DANA CIMILLUCA
AND DANA MATTIOLI

Dell Inc. is considering a range of strategic alternatives that could transform the maker of PCs and data-storage devices, according to people familiar with the matter.

In the review, which is in a preliminary stage, the closely held technology giant is expected to explore options including an initial public offering and a purchase of the rest of **VMware** Inc., according to people familiar with the matter. VMware is a publicly traded cloud infrastructure company.

VMware has a market value north of \$50 billion. Talks between the companies are at an early stage, one of



BABA/REUTERS

Once the largest PC maker, Dell is now known for its corporate products like storage servers.

the people said.

It isn't clear what other options might be on the table. A public listing would be one of the biggest IPOs in recent years and could provide a shot in the arm for the sluggish new-issue market. It could also provide the company with cash to invest in

the business and pay down debt.

That or a full takeover of VMware would be the latest in a series of big deals that have transformed Dell in the last five years—and loaded it with debt.

The company went private in a roughly \$25 billion lever-

aged buyout in 2013 by its founder, Michael Dell, and investment firm Silver Lake. In 2016, Dell bought data-storage company EMC for \$67 billion in the largest technology takeover ever.

When the deal closed in late 2016, Dell employed about 140,000 people globally

and had \$74 billion in revenue. It said it would maintain operations in Hopkinton, Mass., where EMC, a pioneer in data storage, was located. It is now the world's largest privately controlled tech company.

Mr. Dell indicated at the time that the company still had an appetite for acquisitions. But the deal making has added a significant amount of debt to Dell's balance sheet. The company currently has about \$51 billion of debt, according to S&P Capital IQ.

Dell, which pays roughly \$2 billion in annual interest on its debt, is among the heavily indebted companies that is expected to be hurt by the tax bill Congress passed at the end of last year. The bill caps companies' ability to deduct interest expense from their taxes at 30% of earnings before interest, taxes, depreciation and amortization.

Please see **DELL** page B2

Caterpillar Breaks Losing Streak

BY ANDREW TANGEL
AND BOB TITA

Caterpillar Inc., the world's largest maker of heavy machinery, said Thursday it broke a four-year streak of declining sales and signaled optimism about most of its construction and mining markets.

While the Deerfield, Ill.-based manufacturer didn't offer a revenue forecast for 2018, executives said they expect sales to continue their upswing this year.

"The global economy is the strongest it has been in several years, with nearly every region of the world expected to grow in 2018," Chief Financial Officer Brad Halverson told Wall Street analysts.

Annual revenue jumped 18% to \$45.5 billion in 2017, following four consecutive years of weak sales of Caterpillar's iconic yellow bulldozers, mining trucks and other equipment.

Caterpillar reported a loss in the fourth quarter, however, as it took a one-time charge related to changes to the U.S. tax code signed into law by President Donald Trump in late December. Much of the charge stemmed from a mandatory tax on stockpiled overseas profit. Earnings excluding the tax charges and other items topped analysts' expectations.

The manufacturer said the largest increase in sales came from North America amid growth in demand for its heavy machines and aftermarket parts. About half of its sales growth in the Asia-Pacific region was attributed to China, due to increased building construction and infrastructure investment.

Caterpillar told investors it

Please see **SALES** page B6

INSIDE



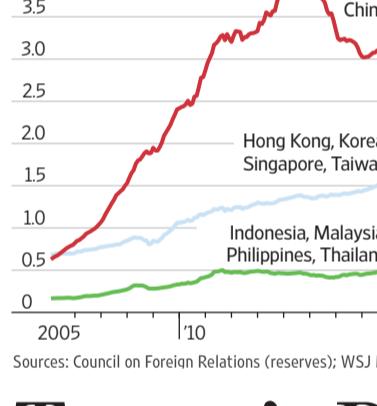
INTEL'S REVENUE GETS A 4% POP

EARNINGS, B2

Wild Ride

The dollar swung sharply this week as U.S. officials spoke at Davos about its value. But other factors had an impact in foreign-exchange trading, as several large Asian countries have bought dollars in a bid to weaken their currencies to keep exports competitive.

Foreign-exchange reserves (excluding gold)



Sources: Council on Foreign Relations (reserves); WSJ Market Data Group (currencies)

Dollar's performance vs. Asian currencies



Monthly change in the People's Bank of China's foreign reserves



THE WALL STREET JOURNAL.

Trump's Remarks Give the Dollar a Boost

BY IRA IOSEBASHVILI
AND CHELSEY DULANEY

The dollar staged a powerful late-day comeback Thursday after President Donald Trump said the U.S. currency would get "stronger," appearing to contradict comments made only the day before by his Treasury secretary.

The mixed messages from the administration sent the dollar on a wild ride over the past two trading sessions, first reeling against major curren-

cies like the euro and yen before rebounding on Thursday to finish higher. The dollar's sudden turnaround also roiled commodities markets, sending oil and metals prices tumbling.

"The dollar is going to get stronger and stronger, and ultimately I want to see a strong dollar," Mr. Trump said during a CNBC interview at the World Economic Forum in Davos, Switzerland.

Mr. Trump added that he thought remarks by Treasury Secretary Steven Mnuchin,

who said on Wednesday at Davos that a "weaker dollar is good for trade," had been taken out of context by investors who fled the dollar.

Their remarks represented a break from past administrations, which have worried that any comments about the value of the world's reserve currency risked disrupting global investment flows or influencing interest rate movements.

Stock and bond markets have mostly shrugged off Mr. Trump's comments on the Rus-

sia investigation, threats against North Korea and his public feuding with members of Congress and his own administration.

But the sudden foreign-exchange volatility suggests that the president's thoughts on the dollar can have a greater impact on financial markets, making U.S. policy harder to predict and raising the prospect of more price swings ahead.

The spate of commentary from top U.S. officials on the

dollar's value "is unusual, in a historical context," said Christian Lawrence, senior market strategist at Rabobank. "But we know that Trump likes to speak his mind. If he wants to talk about the dollar he will talk about the dollar."

Mr. Mnuchin's comments drew criticism from European Central Bank President Mario Draghi on Thursday, as the euro broke \$1.25 for the first time in three years.

Mr. Draghi attributed some

Please see **DOLLAR** page B2

STREETWISE | By James Mackintosh

The Global Economy Is Great. Be Afraid.

Cognitive dissonance is in the air. This year's mental split allows finance

chiefs to believe that everything's bullish, the world economy is finally in synchronized growth mode and markets are quite rightly on fire—while worrying that it is all just too good to last.

"Everybody's making money, and the clouds on the horizon don't look very threatening," said Stephen Schwarzman, chairman and chief executive of private equity group Blackstone Group LP. "That's enough to create a positive environment."

Mr. Schwarzman is bullish on the economy but like many others isn't going all-in; the risks are just too great with asset prices already so high. Geopolitics and trade are the fears most often aired at the World Economic Forum this week, while an end to the easy money from central banks has a few concerned. An

other danger comes from big investors buying into a rally they don't really believe in, leaving them more tempted to race for the exit if there is any negative surprise.

"The consensus here is very, very upbeat," said Michael Sabia, who runs \$300 billion as CEO of Caisse de dépôt et placement du Québec. "This is a great period we're in, but enjoy it while it lasts. I don't think it will go away in a hurry, but over the long term the laws of gravity will come back."

Standard Chartered PLC Chairman José Viñals said things will probably be fine, and central banks are likely to stay dovish. "But there may be inflation surprises so that increases in rates are faster than the market's pricing, and that concerns me," he said.

The twin questions are how far equities could rise before falling back, and when it might happen. Scott Minerd, chief investment of-

Please see **STREET** page B2

Why a Startup Was Sued for Fraud

BY ROLFE WINKLER

Last winter, **Goldman Sachs Group** Inc. presented Silicon Valley investors with what seemed like a hot opportunity in Chicago.

Advertising company **Outcome Health** was one of the city's rising stars, run by a charismatic founder with close ties to local billionaire J.B. Pritzker.

Revenue was soaring, profits were impressive, investors were promised a guaranteed return and Goldman's involvement gave Outcome the backing of a blue-chip firm.

Those were some of the highlights that led experienced startup investors to put \$478.5 million into Outcome last spring at a valuation the company said was \$5.5 billion.

The investors placed the Outcome bet despite multiple warning signs, a Wall Street Journal examination shows, illustrating how even the savviest investors can gloss over potential issues in pursuit of a big score.

Outcome carried significant debt and had no independent board oversight. Its chief executive and co-founder, Rishi Shah, had publicly discussed how the company's growth

strategy required flawless execution to avoid selling something "that doesn't exist."

He and his co-founder Shradha Agarwal would also reap an unusually large payout from that investment while maintaining control of the company.

An Outcome spokesman said in a statement: "Throughout the monthslong investment diligence process Out-

come Health maintained full transparency, cooperated, and proudly shared the company's 10-year record of delivering health information to patients. Investors actively reviewed hundreds of documents, interviewed employees and spoke directly with customers and partners about Outcome Health's success."

Outcome, which was founded in 2006, puts flat

screens and tablets in doctor offices and streams pharmaceutical ads to them. Its revenue grew swiftly in the years before the May 2017 funding round, but behind the scenes the company faced issues.

Former employees and advertisers alleged that from 2014 through 2016, some Outcome employees had charged advertisers for ad placements on more screens than the startup had installed, allegations that the Journal reported in October.

Outcome had offered free advertising worth tens of millions of dollars in 2017 to make up for shortfalls, people familiar with the arrangements said.

Some drug advertisers later suspended their business with the company.

In response to an earlier Journal inquiry, a company spokesman said Outcome had put three employees on paid leave and hired the law firm of former U.S. attorney Dan Webb "to review allegations about certain employees' conduct" raised internally and by the Journal.

The spokesman said Outcome "has always upheld the highest ethical standards."

Please see **FRAUD** page B10



Outcome's President Shradha Agarwal, left, and CEO Rishi Shah.

OUTCOME HEALTH

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	E*Trade Financial.....B11
B	Abbott Laboratories.....B12
C	Adidas.....B3
D	Advanced Micro Devices.....B2
E	Alaska Air Group.....B6
F	Alphabet.....B4,B10,B11
G	Altria Group.....A7
H	Amazon.com.....B2,B11
I	American Airlines Group.....B6,B11
J	Amgen.....B12
K	Apple.....B4,B11
L	athenahealth.....B4
M	Autonomic.....B5
N	Bank of America.....B11
O	Biogen.....B12
P	Bioverativ.....B12
Q	Boeing.....A3,B6
R	British American Tobacco.....A7
S	Broadcom.....B5
T	Capital One Financial.....B11
U	Cashbet.....B12
V	Caterpillar.....B1,B11
W	Cavium.....B5
X	Cboe Global Markets.....B11
Y	Celgene.....B12
Z	Cerner.....B4
A - E	Charles Schwab.....B11
F - H	Citigroup.....B11
I	Clarient.....B3,B12
J	Dell Technologies.....B1
K	Delta Air Lines.....B6
L	Discover Financial Services.....B11
M	Engie.....B12
N	Epic Systems.....B4
O	Ford Motor.....B5,B6
P	General Dynamics.....B6
Q	General Motors.....B6
R	GlaxoSmithKline.....B10
S	Goldman Sachs Group.....B1
T	General Dynamics.....B6
U	Huntsman.....B12
V	Intel.....B2,B12
W	Intercontinental Exchange.....B11
X	Jamison Capital Partners.....B10
Y	Japan Tobacco.....A7
Z	JetBlue Airways.....B6
A - E	Lockheed Martin.....B6
F - H	LVHM Moët Hennessy Louis Vuitton.....B6
I	Makeblock.....B4
J	Merck.....B12
K	Microsoft.....B4,B11
L	Newell Brands.....B3
M	Nike.....B3
N	Novartis.....B12
O	Oppo Electronics.....B5
P	Outcome Health.....B1,B10
Q	Pershing Square Capital Management.....B3
R	Qualcomm.....B5
S	Rakuten.....B2
T	Raytheon.....B6
U	Sabic.....B12
V	Sanofi.....B12
W	Saudi Basic Industries.....B3
X	Sky.....B6
Y	Skydance Media.....B4
Z	Southwest Airlines.....B6,B11
A - E	Starbucks.....B6
F - H	TCW Group.....B10
I	Tencent Holdings.....B4
J	3M.....B11
K	Toronto-Dominion Bank.....B11
L	TransLoc.....B5
M	21st Century Fox.....B6
N	Union Pacific.....B3
O	United Continental Holdings.....B6,B11
P	Valeant Pharmaceuticals International.....B3
Q	Vivo Electronics.....B5
R	VMware.....B1
S	Wal-Mart Stores.....B2
T	Zoetis.....B12

INDEX TO PEOPLE

A	Harkins, Bryan.....B11
B	Agarwal, Shradha.....B1,B10
C	Ali, Syed.....B5
D	Ashken, Ian.....B3
E	Bennett, Owen.....A7
F	Calantzopoulos, Andre.....A7
G	Chappell, William.....B3
H	Cooper, Kyle.....B12
I	Cowhig, Michael.....B3
J	Davis, Richard.....B11
K	Dell, Michael.....B1
L	Forte, Tom.....B11
M	Franklin, Martin.....B3
N	Gilbert, Martin.....B2
O	Guiony, Jean-Jacques.....B6
P	Harkins, Bryan.....B11
Q	Icahn, Carl.....B12
R	Jamison, Stephen.....B10
S	Kelly, Gary.....B6
T	Kinahan, J.J.....B11
U	Klevorn, Marcy.....B5
V	Krzanich, Brian.....B2
W	Leviner, Noga.....B4
X	Madra, Sunny.....B5
Y	Marchionne, Sergio.....B6
Z	Meister, Keith.....B12
A - E	Millstone, David.....B3
F - H	Moakes, Nick.....B2
I	Nkono, John.....B10
J	Ott, George.....B10
K	Perkins, Bill.....B12
L	Polcari, Kenny.....B11
M	Polk, Michael.....B3
N	Pritzker, J.B.....B1
O	Ravich, Jess.....B10
P	Rotolo, Ray.....B10
Q	Sole, Domenico De.....B3
R	Stier, Joel.....B12
S	Sullivan, Christopher.....B1
T	Swan, Bob.....B2
U	Tan, Hock.....B5
V	Topol, Eric.....B4
W	Webb, Dan.....B1
X	Winter, David.....B3
Y	Woods, John.....B12

DELL

Continued from page B1

Once the largest personal-computer maker, Dell is now known as much for its corporate products like storage, servers and security software following its deal to buy EMC. It is also joining the crowded field of companies wagering big money on the Internet of Things, as the computing giant looks for new avenues of growth amid a shift in corporate spending to the cloud.

The Round Rock, Texas, company recently said it will commit \$1 billion over three years in research and devel-

opment to create hardware and software that helps manage billions of everyday devices connected to the web.

Silver Lake, which maintains a big stake in Dell, has a history of backing the deal making of its portfolio companies.

In addition to Dell, it has done so at Broadcom Ltd., which is currently pursuing a \$105 billion hostile takeover of Qualcomm Inc., and Symantec Corp., which has purchased a string of cybersecurity companies.

VMware, based in Palo Alto, Calif., produces software related to databases, storage and Internet of Things. When Dell bought EMC in 2016, EMC owned 80% of VMware.

"We saw strong customer demand for high-performance products across the board," he said. He cautioned, however, he doesn't expect the rising pace of sales to corporate cus-

tomers to continue.

Intel's report Thursday came as the company continues to work on closing recently disclosed security holes in virtually all its processors.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share. Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he said.

The company said it expects a 2018 tax rate of 14%, compared with an adjusted rate of 23% in 2017, which doesn't account for the tax impact.

The chip giant also announced a 10% rise in its annual dividend to \$1.20 a share.

Sales in the division responsible for server chips and other data-center gear—a critical area as personal-computer sales wane—climbed to \$5.6 billion. That pushed full-year growth in the segment to 11%, above Intel's goal of high single-digit growth for 2017.

In an interview with The Wall Street Journal, Intel finance chief Bob Swan attributed the growth to demand from cloud vendors and communications networks, as well as surprisingly strong sales to corporate data centers, which had been sluggish.

"We expect the market to continue to grow," he

BUSINESS NEWS

Ackman Holds Stake In Nike

BY DAVID BENOIT AND SARA GERMANO

William Ackman's Pershing Square Capital Management LP has taken a passive stake in Nike Inc. based on a belief in the sneaker giant's long-term growth prospects.

Mr. Ackman announced the position, accumulated since October, at an event for his investors Thursday evening, according to a person familiar with the matter. It isn't clear how big the stake is.

Mr. Ackman, one of the best-known activist investors, doesn't intend to agitate for change at the Beaverton, Ore., company, the person said, believing it is already on the right path.

Nike has a market value of about \$110 billion. The shares have only recently returned to heights reached in late 2015. The stock rose 1.9% in after-hours trading Thursday, after closing at \$67.71.

Nike is overhauling the way it brings its pricey Jordan sneakers and sports jerseys to market. The company—traditionally a wholesale distributor—said in October it would shift away from what it called "mediocre" retailers, focusing instead on highlighting just 40 stores and chains from its nearly 30,000 retail partners.

Nike founder Phil Knight has stepped aside from day-to-day operations but still holds the title of chairman emeritus and is a large shareholder with supervoting shares. In 2015, Mr. Knight created Swoosh LLC to hold most of his shares. Swoosh has the power to elect 75% of Nike's board, and the entity's directors include several Nike directors, including Mr. Knight's son, Travis.

The company is also aiming to sell more online and directly to its own consumers. Nike, long a holdout from Amazon.com Inc., finally agreed to sell some of its products to the e-commerce giant last spring in hopes of fighting a growing number of third-party sellers.

In recent years, Nike has also faced competition from a resurgent rival, Germany's **Adidas AG**, as well as upstarts in the crowded women's athletic-wear category.

Pershing Square is facing its own challenges after losing \$4 billion on a bet on drugmaker **Valeant Pharmaceuticals International Inc.** The fund hasn't made money in any of the last three years, and even after stabilizing losses last year it remains well below its highs, putting pressure on Mr. Ackman to find big stock winners in 2018. The firm is already up about 30% on the Nike bet, having bought at about \$52 a share, the person said.



Among the brands to be unloaded will be Rawlings baseball gloves and Goody hair accessories.

Cleaning Out the Closet

Newell plans to reorganize its segments and sell off certain brands.

Sales by segment for the first nine months of 2017

'Live' includes Crock-Pot, Graco, Mr. Coffee and Rubbermaid

\$3.8B

'Work' includes Quickie, Rubbermaid Commercial, Waddington

\$2.1B

'Play' includes Coleman, Marmot and Ex Officio

\$2.0B

'Learn' includes Elmer's, Jostens, Parker and Sharpie

\$2.2B

Brands to be sold include Consumer brands

Rawlings

Goody

U.S. Playing Cards

Source: the company

Commercial brands

Jarden Process Solutions

Waddington

Rubbermaid Commercial Products

Mapa

THE WALL STREET JOURNAL.

Newell to Shed Brands, Factories

Shares fall 21% on reversal of effort to build a conglomerate of household products

BY SHARON TERLEP AND CARA LOMBARDO

After spending billions of dollars to scoop up rivals and build a conglomerate of household products, **Newell Brands Inc.** is reversing course, looking to unload brands and shed half its factories.

The company sells Sharpie markers, Elmer's glue, Rubbermaid containers and Graco baby strollers. It more than doubled in size in 2016 when it acquired Jarden Corp., adding Yankee Candle, Mr. Coffee machines and Coleman camping gear to its portfolio.

But on Thursday, the Hoboken, N.J., company said it would focus on nine core con-

sumer divisions and look to shed nearly everything else, including all of the company's industrial and commercial businesses. Among the brands to go will be Rawlings baseball gloves and Goody hair accessories.

Newell, with 53,400 employees world-wide, said it would reduce its factory and warehouse footprint by half. The company, which had \$14 billion in 2016 revenue, said it expects annual revenue of \$11 billion once the restructuring is completed.

The company also announced that three of its 12 board members had resigned, including former Jarden CEO Martin Franklin. The serial deal maker had turned a food-canning business into the owner of more than 100 consumer brands over a dozen years before selling to Newell.

Newell shares dropped 21% to \$24.81 on Thursday, the

lowest since 2013. The drop erased about \$3.5 billion in market value and the shares are now down nearly 50% from a year ago.

CEO Michael Polk said in prepared remarks that a "simpler" Newell better positions the company to succeed in dynamic times. A variety of factors hurt the company's sales last year, including decreased consumer demand for its brands, supply issues stemming from Hurricane Harvey and the bankruptcy of Toys R' Us Inc.

Newell's woes are an abrupt reversal for a company that had been enjoying success in the wake of the Jarden acquisition. When the deal closed, Mr. Polk said he planned to prune dozens of struggling brands so the company could focus on others and combine complementary product lines. Among the businesses Newell sold following the deal were units selling K2 skis, Irwin tools and Levolor window coverings.

But by fall 2017, when Mr. Polk blamed struggling retailers and paltry back-to-school sales for bleak quarterly results, investors were growing increasingly worried. Shares tumbled by more than a quarter as Wall Street feared larger issues behind Newell's woes.

A company spokesman noted that, even after the downsizing, Newell will be far bigger than it was before the Jarden acquisition when the company had about \$6 billion in annual revenue.

Newell ended up paying \$18.7 billion for Jarden, including \$5.4 billion in cash, stock issued and the assumption of debt. The combined company had about \$10 billion of long-term debt as of Sept. 30.

SunTrust analyst William Chappell noted that Newell is selling Jarden businesses at multiples lower than what it

paid to acquire the company. Still, he said, the downsizing is a good long-term move. "We actually view today's announcements as a positive in which management is resetting the deck," he said.

In addition to Mr. Franklin, the directors leaving the board are former Jarden executive Ian Ashken and former Gucci CEO Domenico De Sole.

Chairman Michael Cowhig said in a news release that it is a natural time for the board to "evolve," given that the company is more than a year past the combination with Jarden. A spokesman declined to elaborate on the departures.

For the nine months ended in September, the company reported a profit of \$1.1 billion on about \$11 billion in revenue. Its biggest unit, which included household products and baby gear, accounted for \$3.9 billion of the total revenue.

New Safety System Clogs Up Railroad Network

BY PAUL ZIOBRO

Union Pacific Corp. says new technology meant to prevent train accidents is causing congestion on the railway.

The largest U.S. railroad based on revenue is in the midst of implementing positive train control, or PTC, technology, which is designed to automatically stop a train to prevent collisions or derailments. But the system's introduction in certain locales is causing problems as the railway works out kinks in its operation.

"As we turn on more of our footprint, that requires us to debug and learn the system," Chief Executive Lance Fritz said in an interview Thursday, adding that sometimes the new technology "makes a train stop where it's not supposed to stop."

Mr. Fritz said the problems have contributed to a slowdown in the network recently, including trains running 5% slower and spending 12% more time in terminals during the fourth quarter. Problem spots are in Chicago, Kansas City and Houston.

Certain areas also have seen a buildup in shipping inventory and the railroad is unable to keep up, he said. "We're not executing our game plan like

we have historically."

U.S. railroads have spent most of the past decade implementing PTC, which the industry estimates will cost around \$10 billion to install and an additional \$500 million to maintain annually. Congress has pushed the deadline to complete installation to the end of 2018.

Union Pacific has installed the technology across 60% of its network where required. The company, which is based in Omaha, Neb., plans to spend a further \$160 million this year on the project.

Through Oct. 31, Union Pacific had installed the technology on nearly 2,000 out of the 5,600 locomotives where it was required, according to the railroad's latest report to the Federal Railroad Administration.

The service problems caused a rise in the portion of Union

Pacific's revenue consumed by operating costs to 62.6% from 62% a year earlier. Railroads aim to reduce the metric and thus boost profitability.

Shares of Union Pacific, which reported quarterly results Thursday, fell 5.4% to \$133.60. They are still up 20% over the past year.

The railroad expects the problems to clear over time and for its operating ratio to drop this year. It also expects more volume to move through its network, higher freight rates and significant cost cuts.

In its latest quarter, the company logged a 5% increase in revenue, helped by higher volume, fuel surcharges and prices. Profit rose sharply to \$7.3 billion, helped primarily by the recent corporate-tax overhaul. Excluding that, earnings rose about 5% to \$1.2 billion.

Clariant's Rocky Relationship With Activist Investors Ends

BY BRIAN BLACKSTONE AND NICOLAS PARASIE

Master Fund Ltd., controlled by Keith Meister, Corvex owned 7.56% of Clariant while 40 North held 17.58%.

Last year, White Tale scuttled a proposed merger between Clariant and chemical company **Huntsman Corp.**, while steadily raising its stake in Clariant.

At the same time, Clariant

Saudi Arabia's Sabic acquires a 25% stake in the Swiss chemicals manufacturer.

rejected White Tale's demands for three seats on its board and dismissed a call to hire an investment bank to explore strategic options for the Swiss company.

Clariant said it "intends to engage with SABIC over the coming weeks in order to discuss the new situation and explore possible ways to create value."

rose by 10% from the year-earlier period to 4.7 billion Swiss francs.

Sabic is Saudi Arabia's largest listed company, with 30% of its shares trading on the local exchange and 70% owned by Saudi Arabia's wealth fund. Since it was set up in 1976, it has become one of the world's largest petrochemical companies, first from its base in Saudi Arabia and later through acquisitions in Europe.

Sabic's expansion abroad occurs as Saudi authorities are trying to reshape the country's economy by generating revenue sources other than the sale of oil. The government has taken bold steps, such as reducing subsidies on utilities to reduce a budget deficit caused by a drop in oil prices. The plan is aimed at spurring private-sector growth by reducing government bureaucracy and attracting foreign investments.

Clariant said it "intends to engage with SABIC over the coming weeks in order to discuss the new situation and explore possible ways to create value."

Clariant activists who pledged long-term plan back out... B12



Union Pacific has been installing positive train control technology.

ADVERTISEMENT

Legal Notices

To advertise: 800-366-3975 or WSJ.com/classifieds

NOTICE OF SALE

NOTICE OF PUBLIC SALES • Please take notice that Dock Street Capital Management LLC (the "Liquidation Agent"), on behalf of U.S. Bank National Association in its capacity as indenture trustee (in such capacity, the "Trustee"), will be conducting public sales of certain collateral pledged by an issuer to the Trustee for certain collateralized debt obligations at the offices of the Liquidation Agent: 572 B Riverside Avenue, Westport, Connecticut 06880. The sales will occur on the date and times indicated below. The collateral to be sold at the sales consists of the following assets (the "Assets"):						
Public Sale No. 1: Tuesday, January 30, 2018, 10:00 a.m. EST. The Asset Type for Lots 1-24 is: Prime / Alt-A. The Asset Type for Lots 25-27 is: Subprime.						
Lot #	CUSIP	Issue Name	Original Face (\$)	Current Face (\$)	Current Par Value (\$)	
1	05946XBN05	BAFC 2002-2 B2	1,776,000	2,226,433.49	1,776,000	
2	05946XBRS3	BAFC 2002-2 B3	975,000	141,817.09	40,000	
3	05946XC949	BAFC 2003-1 B2	4,591,000	521,048.39	33,252	
4	06051GBG3	BAFC 2004-4 B2	3,062,000	946,238.03	34,226	
5	05946XBG02	BOAMS 2004-2 B3	347,000	62,668.47	5,764,136.03	
6	07384MRP9	BSARM 2002-12 B13	3,512,300	114,952.88	36,576,438.54	
7	15132EDS05	CDMC 2003-4 B2	946,800	108,027.68	37,552,650.92	
8	22541NR705	CSFB 2003-AR9 CB3	2,185,500	84,728.62	38,552,650.92	
9	12669GRBX1	CWHL 2002-19 B2	2,720,000	298,690.97	39,552,948.00	
10	36228FVC7	CWHL 2003-7F B3	4,543,000	637,208.88	40,552,948.00	
11	466247BX	JPMMT 2004-A1 B2	2,674,530	332,328.65	41,552,948.00	
12	466247BY8	JPMMT 2004-A1 B3	1,440,700	256,542.93	42,552,948.00	
13	576434BQ05	MFC 2002-2 B2	2,997,000	565,449.61	43,552,948.00	
14	576434BQ05	MFC 2002-2 B3				

TECHNOLOGY

WSJ.com/Tech

CHINA CIRCUIT | By Li Yuan

Coding Startups Fail to Excite Parents



Chen Kunjie started learning piano when he was 4 years old, practicing

Taekwondo at 7 and taking lessons for the mathematics Olympiad at 10. These after-school tutoring classes are typical for Chinese children. Last year, at 11, Kunjie took up something unusual among his peers: coding.

"He's very good at math and gaming. With coding, he can learn and play at the same time," says his father, Chen Yu, an ethics teacher at a technical high school in the southeastern city of Fuzhou. He says he doesn't mind if his son becomes a game programmer at **Tencent Holdings** Ltd., the world's biggest online game company.

Teaching children to program computers should be the next big thing for venture investors and education startups. The Chinese government backs it: Beijing sees coding talent as vital to its plans to make China a technology powerhouse.

It is just not catching on with parents, who readily shell out to have their children tutored in math and English. "Coding is about the only course that has the potential to become as important as English for students and for the industry," says Zhang Lijun, a venture capitalist who has been investing in education startups for five years. "But nobody knows what's going to happen."

Ms. Zhang says the response from parents to coding has been lukewarm.

Crucially, coding isn't one of the subjects tested in the college entrance examination that makes or breaks a chance for a university education. English and math are. Chinese families—who typically have only one child—are willing to spend heavily



A coding class in Hong Kong. Families are more willing to pay for English and math tutoring.

made information technology, which includes coding, part of the college entrance exam. That is setting the education-technology industry abuzz with suggestions that the sector is about to launch into a period of fast growth.

"One thing about China is that if the government wants to promote something, it will happen quickly," says Wang Jianjun, the founder and chief executive of **Makeblock** Co., a Shenzhen-based startup that provides educational tools for learning computer programming.

Makeblock first focused on the European market in 2014 and didn't enter the China market until 2016. Now, while Europe is its biggest market, China is the fast-growing second.

English-teaching startups still draw more money. VIP-KID, which offers one-on-one online English courses, raised \$200 million in a funding round in August that valued the company at \$1.5 billion. STEM startups are attracting attention. Nine deals for STEM education startups, including four focusing on coding for children, received 316 million yuan in funding in the first eight months of 2017, compared with 178 million yuan and eight deals for the whole of 2016.

New Oriental Education & Technology Group, the grandfather of English tutoring in China, this week invested 20 million yuan in a startup teaching children programming.

Lai Qianqian, who works in a factory in Shenzhen, enrolled her 7-year-old son in an online coding course in May. Her friends, though, are still reluctant to sign up their children. At 100 yuan an hour, they choose English and math over coding.

Skydance Media to Sell Stake To Tencent

BY BEN FRITZ

Chinese internet giant **Tencent Holdings** is buying a piece of **Skydance Media**, the Hollywood company behind "Terminator."

Tencent has sealed a deal giving it a little less than 10% of Skydance, on terms that value the production company at approximately \$1.5 billion, said a person with knowledge of the agreement.

This person didn't disclose the exact dollar amount of the investment.

As part of the arrangement, Tencent and Skydance will co-finance movies, TV shows and videogame projects while lending their expertise to each other in their respective countries, the two companies said in a statement.

Eight-year-old Skydance at first primarily invested in movies made by its Hollywood studio partner, Viacom Inc.'s Paramount Pictures, but has more recently increased its own film development and production capabilities while also expanding into television and virtual reality.

Tencent, an online videogame giant that is one of China's most powerful companies, has a small motion-picture division that has made its own films and invested in such Hollywood productions as "Wonder Woman" and "Kong: Skull Island," helping to market and promote them in its home country.

Its online assets include one of China's largest ticketing services.

Tencent may help to distribute and market Skydance movies in China, in addition to collaborating on TV shows and interactive projects, while Skydance will assist Tencent with its growing entertainment ambitions in the West.

to improve the chance of entry to a top university, seen as a pathway to a promising career and social mobility.

For the 2016-17 school year, families spent 1.9 trillion yuan (\$298.3 billion) on pre- through secondary-school education, according to a Peking University survey of more than 40,000 families. One-third of the spending went to extracurricular tutoring courses such as English and math, according to the survey.

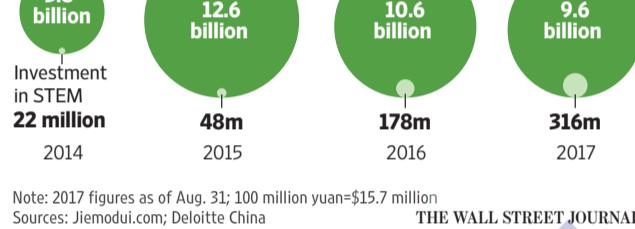
The Chens aren't sure how long they'll continue Kunjie's online coding courses. As a fifth-grader, he already studies past 11 p.m. most weekdays. Kunjie's homework load will get heavier next year as he prepares for the middle-school entrance exam.

Despite churning out more graduates in science, technology, engineering and mathematics—so-called STEM fields—than any other country and despite a government heavy with technocrats, China has been slow to see coding

STEM Sell

Investment in Chinese startups in STEM (science, technology, engineering and math) education is a small but growing portion of overall investment in education ventures.

Total education investment, in Chinese yuan



Note: 2017 figures as of Aug. 31; 100 million yuan=\$15.7 million
Sources: Jiemodui.com; Deloitte China

THE WALL STREET JOURNAL.

as a necessary part of primary or secondary education. That is starting to change. Since 2015, the Chinese government has been issuing directives encouraging schools to experiment with STEM education, including coding.

But a plan by China's education ministry describes the setting of national standards for STEM education and providing the teacher training, textbooks and other tools as

daunting. It said this month that coding will become part of the high-school curriculum, but it didn't set a deadline. Primary schools will phase in programs in coming years. Britain, by comparison, adopted in 2014 a national computing curriculum that included coding lessons for children as young as 5.

Last year, in a pilot project, the prosperous east coast province of Zhejiang

2018 Five Pure Silver COINS



\$99 5 Coin Set



Five One-Ounce* Pure Silver Coins for \$99.00

We are offering five of the top selling pure silver coins in the world in one world class coin collection. Each coin is guaranteed for weight and purity by their government issuing authority. These large, shiny pure silver coins are the very best that Australia, Canada, China, Great Britain and the United States has to offer.

FREE CUSTOM PACKAGING

Each coin is individually encapsulated in a protective holder and is housed in a custom display case. Your five coins collection comes with a Certificate of Authenticity.

ORDER NOW SUPPLIES ARE VERY LIMITED

To order your five coins collection of the best selling silver coins in the world call 1-800-728-0803 now. Price includes protective holders, presentation case and C.O.A. Price includes S&H. Your satisfaction is assured with our 30-day money back guarantee.

westminstermint.com

1-800-728-0803

Westminster Mint • 3300 Fernbrook Lane • Suite 160 • Plymouth, MN 55447

NO ADDITIONAL PURCHASE REQUIRED. OFFER VALID WHILE SUPPLIES LAST. ALLOW 14-28 DAYS FOR DELIVERY. ORDER RESTRICTIONS APPLY.

*CHINA PANDA HAS NEW METRIC SYSTEM AND IS 30 GRAMS OF .999 PURE SILVER. 4 OTHER COINS CONTAIN 31.10 GRAMS OF .993 + PURE SILVER.



The 'Health Records' feature will show allergies, immunizations, lab results, medications and other data.

iPhones Will Soon Be Able To Import, Store Health Data

BY TRIPP MICKLE

With its leap into the electronic health-records field, **Apple** Inc. is trying to solve a problem that has vexed tech companies for years: simplifying disparate networks of medical information and putting more data into the hands of consumers.

Apple on Wednesday said an update to its operating system for iPhones and iPads this spring will include a "Health Records" feature that will import and store medical information covering allergies, conditions, immunizations, lab results, medications, procedures and vitals. A dozen hospitals are participating, including Johns Hopkins Medicine in Baltimore, Cedars-Sinai in Los Angeles and Penn Medicine in Philadelphia.

The effort to securely simplify and democratize health records won't be easy, say physicians who watched **Microsoft** Corp. and **Alphabet** Inc.'s Google wrestle with similar efforts over the years.

Apple's late arrival to medical records, though, gives it advantages its rivals didn't enjoy, physicians say, including the benefits of more consolidated hospital networks and

concentration among medical-record systems. "Apple is in the right spot," said Eric Topol, author of "The Creative Destruction of Medicine" and a physician at the nonprofit Scripps Research Institute.

Starting in 2011, the U.S. government spent an estimated \$40 billion in stimulus money on health-care information technology, according to

A dozen hospitals are participating in Apple's new medical-records initiative.

McKinsey & Co., encouraging doctors and hospitals to install electronic-medical-records systems and triggering a massive shift toward electronic health information.

Apple said it has secured participation from two of the U.S.'s largest medical-records providers, **Epic Systems** Corp. and **Cerner** Corp., which account for more than 50% of medical-records management, as well as **Athenahealth** Inc., which accounts for almost 2%, according to KLAS Research,

which analyzes the industry.

But Apple needs to get more hospitals to share data in order for the Health Records feature to be valuable, said Noga Leviner, co-founder of **PicnicHealth**, a startup that helps patients consolidate their medical records.

Some hospitals in the same system use different variations of electronic medical records—even from the same provider—and frequently don't have agreements to share data, Ms. Leviner said. People want complete information—not just records from only one of six doctors, she said.

Another challenge: expanding information beyond simple listings such as allergies and lab results, she said. Tens of millions of Americans with chronic conditions need more detailed information, such as pathology reports for cancer patients or medical images for people with knee injuries.

Apple's push into medical records is its latest effort to break into the \$3.2 trillion U.S. health-care market. Last year, the company announced its first medical study of heart rhythms using the Apple Watch and it launched HealthKit in 2014, providing a way for health apps to share information.

TECHNOLOGY

For Broadcom's CEO, Love and Skeptics

Wall Street cheers amid Qualcomm bid, but others question his approach to R&D

By TED GREENWALD

In the innovation-obsessed technology industry, **Broadcom** Ltd. Chief Executive Hock Tan unapologetically favors surefire profits over visionary projects.

Through acquisitions, fiscal discipline and tightly controlled investment, Mr. Tan, the chip industry's most visible deal maker, has been helping drive profit growth at Broadcom, piling up cash and paying out dividends at a prodigious pace.

Mr. Tan's approach brings kudos from Wall Street, but it doesn't always sit well with his former employees or current customers of his latest deal target, the chip maker **Qualcomm Inc.**—particularly those who think he skimps on research and development.

In an interview with The



Broadcom CEO Hock Tan faces criticism that he skimps on research and development.

Wall Street Journal, Mr. Tan defended the methods he used to transform a company once valued at \$2.7 billion, Avago Technologies Ltd., into the \$105 billion juggernaut known as Broadcom.

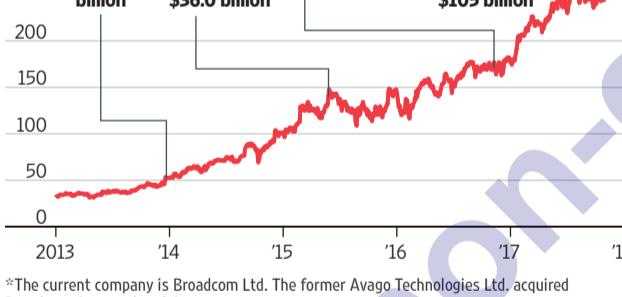
"It's about putting together a very good portfolio of product franchises to create a lot of value for our customers, shareholders and employees," Mr. Tan said. "There's no long-term vision or ambition other than that."

In Broadcom's fiscal year that ended in October, Mr. Tan boosted revenue by 33%, profit by 39% and free cash flow by 58%, according to S&P Global Market Intelligence. He doubled Broadcom's per share dividend for 2017 and raised it a further 72% for 2018.

Broadcom Acquisitions

Chief Executive Hock Tan built Broadcom through a series of acquisitions.

Broadcom share price, with announcement dates and price paid for major acquisitions



*The current company is Broadcom Ltd. The former Avago Technologies Ltd. acquired Broadcom Corp. and took its name.

Source: FactSet

THE WALL STREET JOURNAL.

Two Ford Acquisitions Put Focus on Software

By MIKE COLIAS

Ford Motor Co. is acquiring two small software firms to help build out its transportation-services business. Its move highlights the need for companies to seed their management teams with tech talent as cars become more automated and digitally connected.

Ford said Thursday it is buying **Autonomic Inc.**, a Palo Alto, Calif., startup with 70 employees that is developing a software backbone for Ford to provide urban transit services to consumers and businesses. Ford said the firm's CEO, Sunny Madra, will lead a new team inside Ford that will come up with ideas for new transit options.

The nation's No. 2 auto maker by sales also said it would acquire **TransLoc Inc.**, a North Carolina firm that makes software to help transportation operators optimize drive routes. Ford didn't disclose terms of either transaction.

Adding talent through acquisitions has become a common strategy among conventional auto makers and

Wall Street is eating it up. In the past five years, Broadcom shares have expanded more than sevenfold, while the PHLX Semiconductor Index more than tripled.

If Mr. Tan has his way, his roster soon will include market-leading products from Qualcomm, a longstanding innovator that has lately been beset by challenges from customers, primarily Apple Inc., and regulators world-wide.

Broadcom and Qualcomm have been locked in a standoff since early November, when Mr. Tan bid \$105 billion to combine the two companies, an offer Qualcomm rejected. A merger would be the largest-ever tech tie-up, giving Broadcom chips that connect smartphones to cellular networks and forging the No. 3 semiconductor company by revenue. Qualcomm shareholders are set to vote on Broadcom-nominated directors at Qualcomm's annual meeting in March.

The companies take markedly different approaches to the chip business. Qualcomm, a San Diego smartphone specialist, is working to expand into laptops, servers and new fields such as virtual reality. It was first to dedicate computing power to artificial intelligence in mobile processors and has played a central role in forming the next-generation cellular standard known as 5G. Its proposed purchase of NXP Semiconductors NV, which it expects to complete this year, would open a path into the market for self-driving cars.

Mr. Tan, on the other hand, views Broadcom as a high-performance chassis into which he can bolt purchases of established products that have leading technology and market share, with an emphasis on those that appeal to his current customer base. He is a relentless cost-cutter, spending primarily to maintain his lead and avoiding investments that don't have a clear payoff.

Mr. Tan's attitude toward innovation, though, worries some Qualcomm customers that depend on its technology to give them an edge.

Executives at Chinese handset makers **Oppo Electronics Corp.** and **Vivo Electronics**

Corp., recently expressed concern that Broadcom might trim Qualcomm's R&D spending on fundamental cellular technology. Broadcom's options are either to raise Qualcomm's prices or cut its costs, a Vivo executive said.

In his dozen years as CEO, Mr. Tan has spent six times as much on acquisitions as on R&D, while in that period Qualcomm spent nowhere near as much on acquisition as on R&D, according to data from Broadcom, Qualcomm and S&P Global Market Intelligence. In the past 12 months, Broadcom spent 19% of revenue on R&D, while Qualcomm spent 25%.

Mr. Tan has said he has heard from many Qualcomm customers who support his proposed merger. He said he believes he spends more than necessary to maintain leadership in his core "franchises."

"Frankly, we overinvest to ensure we are way ahead of No. 2 or No. 3," he said.

Some former Broadcom employees worried Mr. Tan's strategy would prove unsustainable in the long run. One former executive said his targets' R&D investments, made before being acquired by Broadcom, often take years to bear fruit—so if Broadcom doesn't continue to invest at the same level, it must keep buying ever-larger companies to achieve its target margins.

Mr. Tan said he acquires only companies that offer opportunities to drive growth and profit.

Broadcom is "as innovative as the next guy," he said. "It's great to innovate—I have full respect for that—but it's also great to get a return on all the innovation and all the investment you make."

Unremitting Drive, Often in His Tesla

A relentless drive to build **Broadcom** Ltd. leaves Chief Executive Hock Tan with little room for anything else, according to friends and associates, who say he has a taste for richly marbled Wagyu beef and high-performance cars.

He commutes to the semiconductor company's offices in San Jose, Calif., from San Mateo, Calif., in a Tesla, usually leaving his Aston Martin in the garage.

Mr. Tan, who came to the U.S. from Malaysia in 1971 at age 18, held senior executive roles at technology and other companies before he was named CEO of Avago in 2006.

Since then, he has built Broadcom's portfolio of smartphone and networking chips through a nearly \$50 billion shopping spree for a dozen companies with as many divestments.

He owns a 0.026% equity stake in Broadcom valued at \$28.1 million, according to S&P Global Market Intelligence.

Mr. Tan also has the right to exercise options to purchase more than 2.4 million shares by mid-March, according to a recent Securities and Exchange Commission filing, worth hundreds of millions of dollars.

Syed Ali, CEO of chip maker Cavium Inc., which both competes and collaborates with Broadcom, lauded Mr. Tan for his rapid-fire decision making and command of operational details. "I hate competing against him," Mr. Ali said.

ADVANCED HEARING AID TECHNOLOGY For 82.2% Less*

Try it RISK-FREE for 45 days!
Complete Refund Guarantee!

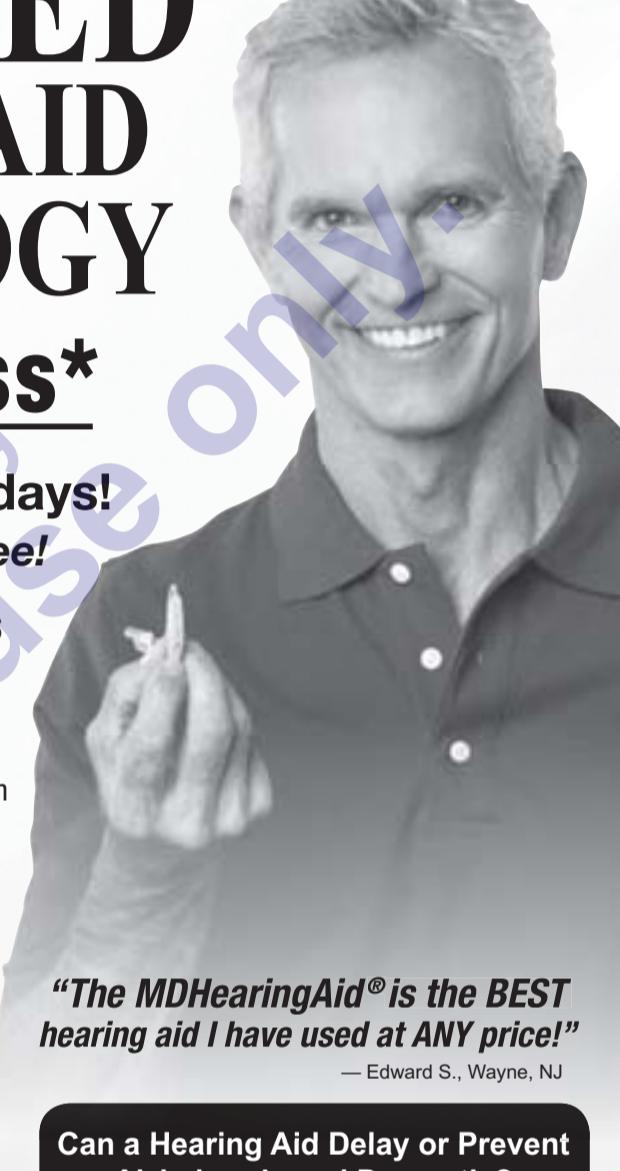
How can a hearing aid that costs less than \$200 be every bit as good as one that sells for \$2,250 or more?

The answer: Although tremendous strides have been made in Advanced Hearing Aid Technology, those cost reductions have not been passed on to you. Until now...

MDHearingAid® uses the same kind of Advanced Hearing Aid Technology incorporated into hearing aids that cost thousands more at a small fraction of the price.

Over 300,000 satisfied **MDHearingAid** customers agree: High-quality, FDA-registered hearing aids don't have to cost a fortune. The fact is, you don't need to spend thousands for a hearing aid.

MDHearingAid is a medical-grade hearing aid offering sophistication and high performance, and works right out of the box with no time-consuming "adjustment" appointments. You can contact a licensed hearing specialist conveniently on-line or by phone — even after your purchase at no cost. No other company provides such extensive support. Now that you know... why pay more?



"The **MDHearingAid®** is the BEST hearing aid I have used at ANY price!"

— Edward S., Wayne, NJ

Can a Hearing Aid Delay or Prevent Alzheimer's and Dementia?

A study by Johns Hopkins and the National Institute on Aging suggests older individuals with hearing loss are significantly more likely to develop Alzheimer's and dementia over time than those who retain their hearing. They suggest that an intervention — such as a hearing aid — could delay or prevent this by improving hearing!



Nearly Invisible

BIG SOUND.
TINY PRICE.

BATTERIES INCLUDED!
READY TO USE RIGHT OUT OF THE BOX!

TAKE ADVANTAGE OF OUR

45-DAY RISK-FREE TRIAL!

Hearing is believing and we invite you to try this nearly invisible hearing aid with no annoying whistling or background noise for yourself. If you are not completely satisfied with your **MDHearingAid**, return it within 45 days for a **FULL REFUND**.

For the Lowest Price Call

1-800-798-6127

www.TryMDHearingAid3.com

Use Code **HN88** and get FREE Batteries for 1 Year

Plus FREE Shipping



Proudly assembled in America!

MDHearingAid®

DOCTOR DESIGNED | AUDIOLOGIST TESTED | FDA REGISTERED



*82.2% less when comparing **MDHearingAid AIR** to the average price of a mid-level hearing aid of \$2,250, according to a survey recently published by the Hearing Review.

EARNINGS

Airlines Unsettle Investors

Strong profit reports fail to ease concerns about rising costs and overexpansion

By SUSAN CAREY

Tax cuts and buoyant demand led U.S. airlines to strong fourth-quarter profits, but investors are looking warily at plans to add flights while costs are on the rise.

American Airlines Group Inc. intends to expand capacity by as much as 3% in 2018 by adding service to smaller markets and increasing flights to existing destinations. "We're making existing assets stronger," Chief Executive Doug Parker said Thursday.

Airlines shares have slumped after **United Continental Holdings** Inc. on Wednesday outlined plans to boost capacity by up to 6% in each of the next three years. Asked about investor concerns, Mr. Parker defended the industry strategy of using bigger route network to grab market share. "Growing out hubs is just a continuation and perhaps the final phase of [a] maturing business," he said.

Shares in American and **Delta Air Lines** Inc.—the nation's first- and second-largest carriers—slid more than 3% on Thursday, as did **Southwest Airlines** Co., while United lost more than 4%. The NYSE Arca Airline index declined 2.4%, losing most of its year-to-date gains in the past two days.

Airlines are contending with higher costs as oil prices have risen in recent months to \$70 a barrel from \$50. American expects its fuel costs to be 24% higher this year, a difference of \$1.8 billion for the biggest U.S. airline.

Nonfuel unit costs, the cost to fly a seat a mile, are also on the rise. American expects that metric to climb as much as 5% in the current quarter, based in part on higher pay awarded to its pilots and flight attendants last year. The company expects that growth in nonfuel unit costs to ease over the remainder of 2018.

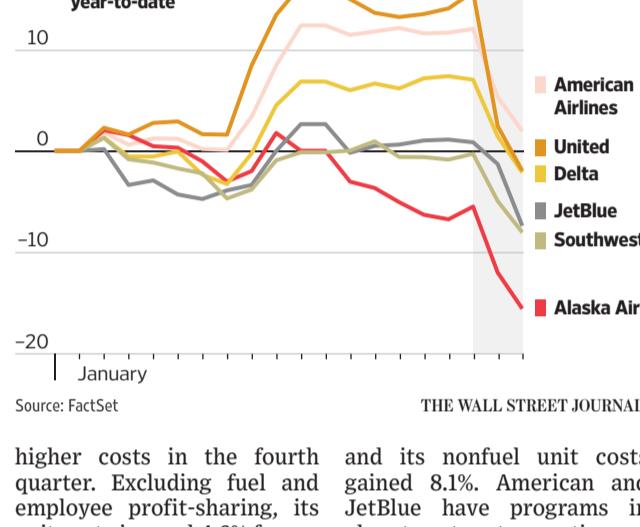
Southwest also battled



Carriers are benefiting from robust travel demand but also face rising fuel and labor costs.

Rough Ride

Despite strong fourth-quarter profits at U.S. airlines, investors are wary of plans to boost capacity.



Source: FactSet

THE WALL STREET JOURNAL

higher costs in the fourth quarter. Excluding fuel and employee profit-sharing, its unit costs jumped 4.6% from a year earlier, partly on higher wages and tax-cut bonuses granted to its workers. The airline said Thursday it expects that metric to rise just a half percentage point to 1.5% in the current quarter.

Alaska Air Group Inc.'s overall expenses increased 40% in the fourth quarter, although its nonfuel unit cost rose just 2.2%. **JetBlue Airways** Corp. said its overall expenses rose more than 16%

and its nonfuel unit costs gained 8.1%. American and JetBlue have programs in place to cut costs over time, as does Delta.

Even as costs rise, strong demand and higher fares are bolstering airlines' top-line results. American on Thursday said its revenue swelled by 8.3% to \$10.6 billion, while Southwest's climbed by 3.9% to \$5.27 billion.

U.S. airlines in their quarterly reports said they benefited from changes to U.S. tax law, including the reduction in the corporate rate to 21% from

35%. Southwest, the nation's fourth-largest carrier by traffic, reported a \$1.4 billion non-cash credit that reduced its deferred tax liability.

Chief Executive Gary Kelly said the tax cut will make it easier for Southwest to curb costs and execute its growth plan. "I realize there's angst among some about the growth rate in the industry," Mr. Kelly said. "One would hope tax reform is at least a floor on travel demand. We're hopeful it will be a lift."

JetBlue, the No. 6 carrier, also benefited from the revaluation of its deferred tax liabilities. Alaska, the No. 5 airline, reported a big income boost, reflecting in part a \$274 million special tax benefit. Excluding special items, the airline's results were in line with expectations.

American currently isn't a cash taxpayer because it has \$10.2 billion of federal net-loss carryforwards, which allow it to reduce its tax liabilities on future profits with past losses.

The airline said it would book a 24% tax rate this year, mostly noncash.

Delta and United, the third-largest airline, also employ net-loss carryforwards to reduce their tax liabilities. Both have reported fourth-quarter results that beat expectations.

—Doug Cameron contributed to this article.

Fiat Chrysler Looks To Pass Ford in Profit

By CHESTER DAWSON

DETROIT—Fiat Chrysler Automobiles NV said Thursday it nearly doubled its earnings in the latest quarter, moving the auto maker closer to its ambitious growth targets and surpassing the profitability at rival **Ford Motor Co.**

The strong results are a sign of the company's revival after emerging from bankruptcy almost a decade ago and the merger with Fiat under the Italian auto maker's chief executive, Sergio Marchionne.

Mr. Marchionne, who plans to step down early next year, said he expects Fiat Chrysler will meet its profit and debt targets for 2018 and continue to perform well under his yet-to-be-named successor.

"FCA is positioned to be a top performer," he said on a conference call with financial analysts, adding that the company will lay out new goals for the next four years on June 1.

Fiat Chrysler's fourth-quarter net profit rose 97% from a year earlier to €804 million (\$988 million), even as revenue fell 3% to €28.9 billion. The company said its adjusted operating profit, which excludes one-time items, rose 22% to €1.89 billion, driven by sales of Jeep sport-utility vehicles and Ram pickup trucks. The improvement was in line with a FactSet consensus of analyst forecasts.

That helped boost Fiat Chrysler's group profit margin to 6.4%, above Ford's 5% global margin last year. **General Motors** Co., which has yet to report its full-year results, sported a 9% profit margin through three quarters.

Mr. Marchionne needed Ford on the call with analysts, saying Fiat Chrysler is poised to beat its rival's earnings this year. "There's a very strong likelihood we will outperform Ford in terms of operating earnings in 2018," he said.

On Wednesday, Ford posted a 19% decline in fourth-quarter operating income to \$1.7 billion.

Fiat Chrysler's share price has surged in recent months,

and is up 37% so far this year while Ford's has dropped nearly 7%. Shares of Fiat Chrysler rose less than 1% to \$24.33 on Thursday.

Ford, with sales of 6.6 million vehicles globally last year and a stock-market value of \$45.8 billion, is still bigger than Fiat Chrysler, which shipped 4.7 million vehicles last year and has a market capitalization of \$38.5 billion.

Fiat Chrysler's revenue in North America, the auto maker's largest market, fell 5% in the fourth quarter to €16.8 billion, but its adjusted operating profit margin in the region rose to 8%, up from 7.1% a year earlier thanks to demand for lucrative Jeeps and Ram trucks.

Fiat Chrysler's market share in the U.S. shrank to 10.8%, from 11.7% a year before and 13.3% in the same quarter of 2016. That reflects a move

6.4%

The Italian-American auto maker's profit margin for 2017

to reduce lower-profit-margin fleet sales and to abandon some segments such as entry-level sedans.

The company's market share in China, the world's largest auto market, was just 0.8%, nearly unchanged from 0.9% in 2014.

The Italian-American auto maker's goals for 2018 are revenue of €136 billion, adjusted profit of between €4.7 billion and €5.5 billion, and net industrial cash of at least €4 billion.

Fiat Chrysler is in the midst of rapidly expanding production capacity for larger SUVs and pickup trucks, even as it has canceled production of smaller vehicles such as the Dodge Dart, Chrysler 200 and Jeep Patriot. Finance chief Richard Palmer told analysts that increasing light-truck output is critical for meeting the full-year financial goals.

SALES

Continued from page B1 would benefit in the long term from the new, lower U.S. corporate tax rate, a greater ability to access overseas cash and a more level playing field between it and foreign competitors. Caterpillar said it expected an effective tax rate of 24% this year, down from 28% in 2017.

Mr. Halverson said in an interview the company wasn't planning to alter its tax-reduction plan involving a Swiss subsidiary as a result of the tax law. Federal agents raided Caterpillar's headquarters and two other locations last year in a probe focused on taxes and exports. The company hasn't been accused of wrongdoing and has said it believes its tax position is correct.

Asked Thursday whether the new tax law would help resolve Caterpillar's tax dispute, Chief Executive Jim Umpleby said: "It's an ongoing discussion with the government. We're cooperating, and we hope to get to a resolution in an expeditious manner."

Caterpillar had \$16 billion in overseas profit at the end of 2016. Mr. Halverson suggested potential uses of repatriated cash include funding the company's business as well as share buybacks and paying dividends.

Under Mr. Umpleby, Caterpillar has shifted its focus to profitable growth, rather than simply increasing revenue, and placed less emphasis on short-term results. Caterpillar reported a 15% operating margin in 2017, up from 5% the previous year.

Overall for the fourth quarter, Caterpillar reported a loss of \$1.3 billion, or \$2.18 a share, compared with a loss of \$1.17 billion, or \$2 a share, a year earlier. On an adjusted basis, which strips out the impact of the tax charge and other factors, the company earned \$2.16 a share, higher than analyst expectations.

Revenue rose 35% in the quarter to \$12.9 billion. Analysts expected \$11.98 billion. In 2017, revenue increased to \$45.5 billion.

—Austen Hufford contributed to this article.

EARNINGS WATCH

LVMH

Big Tax Effect Likely For Conglomerate

The new U.S. tax law will have a "fairly significant effect" on luxury conglomerate LVMH Möet Hennessy Louis Vuitton SE, its chief financial officer said.

A bit less than 15% of the company's taxable income comes from the U.S., which will be taxed at the new lower rate of 21%, CFO Jean-Jacques Guiony said.

The company reported €42.6 billion (\$52.9 billion) of revenue in 2017 and €5.13 billion in net profit.

—Matthew Dalton

DEFENSE

Contractors to Raise Capital Expenditures

Northrop Grumman Corp. forecasts sales growth of more than 4% this year to \$27 billion, and predicts a 19.5% tax rate will help earnings-per-share guidance handily beat expectations.

Standing out for the defense group is capital expenditure, which Northrop will boost to \$1 billion this year while **Raytheon** Co. is raising its spending by 50%, albeit for one year only. **General Dynamics** Corp. is also increasing its investment spending, and that will be an item to watch when **Lockheed Martin** Corp. and **Boeing** Co. report next week.

—Doug Cameron

SKY

Higher Costs Look Possible for a Buyer

A buyer of **Sky** PLC could face higher costs as the satellite broadcaster prepares its latest bid for U.K. Premier League television rights, said British financial firm Hargreaves Lansdown.

Sky said first-half pretax profit rose 28% as it awaits U.K. regulators to decide whether the bid by **21st Century Fox** Inc. for the rest of its shares can proceed.

21st Century Fox and News Corp., parent of the Wall Street Journal, share common ownership.

—Philip Waller



The Starbucks Reserve Roastery and Tasting Room in Seattle. Starbucks posted a 2% rise in same-store sales in the first quarter.

Starbucks Misses Revenue Target

By JULIE JARGON

AND AISHA AL-MUSLIM

Starbucks Corp.'s domestic business is struggling despite signs that the broader economy is strengthening.

Like other food-and-beverage retailers, Starbucks has experienced slowing sales in the U.S. as the coffee market has grown crowded.

Starbucks said it expects the resulting slow traffic to extend into its fiscal second quarter.

Chief Executive Kevin Johnson said the company is trying to broaden its customer base by opening up mobile ordering and payment to people who aren't part of its loyalty program. Starting in March, anyone will be able to use the coffee chain's mobile app.

Starbucks said it added 1.4 million active Starbucks Rewards members in the U.S. in the quarter, bringing the total up 11% year over year to 14.2 million. The company has been trying to use the program, mobile ordering and digital marketing to draw customers in more often. "Our ability to reach a larger percentage of customers with mobile is a big opportunity," Mr. Johnson said in an interview.

The chain is also trying to draw in people during the slower afternoon period with discounted items and promotions.

Starbucks posted a 2% rise in same-store sales in its home market and globally in its first quarter. Analysts polled by FactSet expected Starbucks to post a 3% increase in global same-store sales for the quarter, with a 3.2% increase in the Americas.

Mr. Johnson said same-store sales in the U.S. took a hit in the quarter in part because of holiday merchandise

sales that fell short of expectations.

The bright spot in the quarter was China, where Starbucks stores posted 6% same-store-sales growth and 30% revenue growth.

The company said that the majority of savings from a lower corporate tax rate will go to the bottom line. The chain plans to put some of the savings into increased wages and expanded employee benefits.

Starbucks's per-share earnings got a 79-cent boost from its move to acquire the remaining 50% stake in its East China joint venture.

Overall, Starbucks reported a profit of \$2.2 billion, or \$1.57 a share, compared with \$751.8 million, or 51 cents a share, in the year-ago period. Excluding items such as a tax benefit and proceeds from the sale of its Tazo brand to Unilever, Starbucks earned 58 cents a share, beating expectations by 1 cent. Revenue rose 6% to \$6.1 billion.

The company said that the majority of savings from a lower corporate tax rate will go to the bottom line. The chain plans to put some of the savings into increased wages and expanded employee benefits.

PAID ADVERTISEMENT

CHINA DAILY

中国日报

ALL YOU NEED TO KNOW CHINA WATCH

This supplement was paid for and prepared solely by China Daily, an official publication of the People's Republic of China. The Wall Street Journal news organization and advertising department were not involved in the creation of this content.

RACE TO FITNESS

APPS TAKE OVER WHERE THE GYM LEFT OFF, P3

**NEW-AGE CHAMPIONS**

IT USED TO JUST BE A PASTIME BUT NOW IT'S A HOT SPORT, P4



From One Backside to Another, Courtesy of Our Panda Friends

By HUANG ZHILING

The China Conservation and Research Center for the Giant Panda in Sichuan province will provide the droppings and leftover food, mainly bamboo, of its pandas to a paper making company to make toilet paper and other paper products.

Under an agreement signed recently the center will provide droppings and excess bamboo free from its three bases, in the Wolong National Nature Reserve and two Sichuan cities, Dujiangyan and Ya'an, to Sichuan Qianwei Fengsheng Paper Co.

The center provides about 25 kilograms of bamboo to each adult panda every day. Of that, the bear will eat about 11 kilograms, the most delicious parts. The rest is chewed up during the process.

Because a panda's digestive function is not good, about 10 kilograms will pass through the body to become droppings that consist mainly of undigested bamboo, said Zhang Hemin, executive director of the center.

About seven months ago the center began providing panda droppings and bamboo leftovers to the paper company so it could experiment. The price for the paper is hefty: A box of tissue paper, for example, is expected to cost about 43 yuan (\$6.50).

90 percent

proportion of 11 kilograms of bamboo consumed by pandas that becomes droppings

In 2007 the Chengdu Research Base for Giant Panda Breeding in Sichuan was the first in the country to provide free panda droppings to a company to make souvenirs such as fans, notebooks and bookmarks, hoping to dispose of the waste of its 60 pandas.

The inspiration came from a visit to the Chiang Mai Zoo in Thailand that year by Huang Xiangming, chief of the research base's animal management department. The zoo used the droppings of a pair of Chinese pandas from Huang's base to make paper items that were popular with visitors.

But the company soon gave up production because its products did not sell well at the Chengdu base, said Pu Anning, chief of the base's general office.



A Chinese technician checks trains that were put into operation in Llavallol, Buenos Aires in June. Chinese and foreign businesses will benefit from a more open and transparent economy as it helps trade and investment grow. MARTIN ZABALA / XINHUA

Economy on Course

As reform continues, China is well on its way to meeting targets for 2020 on GDP, per capita income and erasing poverty. **Andrew Moody** reports

China is set to continue steady growth this year and is on course to become a "moderately well-off society" by 2020, according to experts.

The economy is expected to grow by 6.4% over the year, according to a World Bank forecast on Dec. 19.

China's year-on-year GDP growth reached 6.9% in 2017, up from 6.7% in 2016, marking the first acceleration since 2011, the National Bureau of Statistics said on Jan. 18. The Chinese economy has been stable and improving and its performance is better than expected, said Ning Jizhe, head of the bureau, in a statement.

The main worry this year will be how the global economy will react to a tightening of monetary policy in the United States, with the Federal Reserve expected to raise interest rates three or even four times during the year.

For China, hitting the 2020 target of doubling 2010 GDP and per capita income is an important one, since it will come in time for the 100th anniversary of the founding of the Communist Party of China in 2021.

This will be the first year when economic policy will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.

This places emphasis on the Party's leadership in economic management as well as the market's role in resource distribution and economic development that benefits the population as a whole, in addition to supply-side structural reform.

The policy goals were set out at the Central Economic Work Conference held in December in Beijing.

“

This will be the first time in thousands of years of Chinese history that extreme poverty has been eliminated.”

XI JINPING
CHINESE PRESIDENT

In his New Year address, President Xi reaffirmed his solemn commitment to lift all of the country's rural impoverished people out of poverty under current standards by 2020.

"This will be the first time in thousands of years of Chinese history that extreme poverty has been eliminated," Xi said.

Louis Kuijs, Hong Kong-based head of Asia for Oxford Economics, expects the growth target to be set at around 6.5% in March, but he believes there would be benefits to setting it lower.

"If the target for growth were 6.3, or even 6.2%, it would take off some of the pressure, which in my view would be good."

He believes that policy this year will be guided by Xi's report to the 19th CPC National Congress in October and the new era Xi has espoused.

"We are entering a new era and people's expectations are rising, so there will be a focus on doing better in providing good education and better health care. For the economy to afford such fiscal outlay, there will also have to be an emphasis on innovation, such as the Made in China 2025 strategy and the upgrading of the economy," he said.

Stephen Roach, senior fellow at the Jackson Institute for Global Affairs at Yale University, expects the Chinese government to set a target of between 6 and 6.5% and be on course for its central aim of doubling 2010 GDP per capita by 2020.

However, he believes the main challenge remains the reform of State-owned enterprises. "It is the one area of reform in China that I am most concerned with. I don't believe the mixed ownership approach (China is piloting private-sector investment in some SOEs) is the right solution. This is about financial engineering when the real problem is essentially operational efficiency."

For Roach, the author of *Unbalanced: The Codependency of America and China*, the main global risk this year is the U.S. economy, with the potential of equity markets responding badly to the expected interest rate increases by the Federal Reserve.

Zhu Ning, Oceanwide professor of finance at Tsinghua University and author of *China's Guaranteed Bubble*, believes stronger-than-expected growth last year was supported by the boom in the housing market in 2016, which saw prices soar in Shanghai, Beijing and other major cities by more than 20%.

"There was a wealth effect from this, and that is why I expect growth to gradually come down the stairs in 2018."

He expects the government to set a target of around 6.5%, but he believes there are still financial risks in the economy and the risk that asset bubbles may burst, particularly in the housing sector.

SEE "COMMODITIES" ON P2

National Treasures Come to Life on Screen

By WANG KAIHAO

National Treasure has Chinese television audiences fired up. But don't confuse it with the Hollywood action film of the same name of 2004. In that film, Nicolas Cage sneaks into museums, steals artifacts and discovers the hidden history of the United States going back about 250 years.

In the Chinese variety show, producers at China Central Television are lucky: China has a much longer history, and their proposal to "borrow" artifacts was welcomed by nine top-tier museums, which were eager to help in making their collections come alive.

The museums that took part were the Palace Museum in Beijing, also known as the Forbidden City, and eight key province-level museums.

Since its premiere on Dec. 3, the show, which is broadcast on Sundays at 7:30 p.m., has been rated 9.1 points out of 10 on douban.com, a TV and film critic site.

In each 100-minute episode three key exhibits from a museum are presented by entertainment stars through short stage dramas that depict the legends behind the items.

Explaining how items are chosen, Yu Lei, the director, said, "The rule is not to choose the most precious item, but instead the ones with the most interesting stories."

"If people are bored, then there is something wrong with the way we are doing this."

In a segment on *A Panorama of Rivers*



Sword of Goujian from the Spring and Autumn Period (770-476 B.C.) at Hubei Museum. JIANG DONG / CHINA DAILY

and Mountains, a well-known Chinese painting now housed in the Palace Museum, the actor Li Chen plays Emperor Huizong of the Northern Song Dynasty (960-1127).

Historical records show Wang Ximeng, the man behind the painting, was a student at the royal painting academy who failed to produce satisfactory work. But Huizong realized his potential and under his tutelage the 18-year-old genius completed this milestone in Chinese fine art history within half a year.

Yu described the episodes as similar to docudramas, with elements such as

dialogue that are fictionalized and story lines based on historical information.

"These cultural relics are like aged people: They have so much to tell us."

Choosing the right performer for each item is itself a fine art, Yu said. They are called the "guardians of the relics."

Duan Yihong, an actor known for his portrayals of subtle emotion, was chosen to play a sword spirit who has a long monologue. The sword belonged to Goujian, a king in the Spring and Autumn Period (770-476 B.C.), who was humiliated before defeating his adversary.

"Despite being big shots, the celebrities are humble," Yu said. "They carefully study their scripts."

In the episodes, experts also speak about the artifacts. Ordinary people are invited on stage to tell stories linked to such relics.

"When people see cultural relics in this lively ways they feel history," said Shan Jixiang, director of the Palace Museum.

Yan Jingming, vice-chairman of the China Writers Association, said *National Treasure* has been lauded because of its mixture of traditional and modern culture.

"Knowledge, entertainment, taste and an accessible approach have been put together in one show," Yan said.

"Cultural relics are given unique characteristics in the stories. That's how we revitalize cultural heritage and begin a dialogue between the past and today."

"Our cultural self-confidence does not fade away. A show like this kindles people's pride in their heritage."

PAID ADVERTISEMENT



CHINA DAILY

21 China



From left: Xiao Han explains the layout of Yikoudao village using a scale model installed in his office; Deng Zaiquan, a villager who plans to relocate to downtown Tongren, makes *chicha*, a type of Chinese liquor, with his wife; Zhu Aiyong and his wife clean their roast fish restaurant, which the couple opened in Tongren after relocating from Yikoudao. PHOTOS BY YANG JUN / CHINA DAILY

A Positive Move for Upwardly Mobile

Yikoudao's villagers sing a traditional song about leaving for the nearest settlement at sunrise and arriving at sunset.

The song survives, but its lyrics no longer apply.

Yikoudao's name means machete, reflecting the shape of the sheer karst cliff beneath the settlement in Yanhe Tujia autonomous county, Guizhou province.

The village's limestone "blade" cuts up to 3,840 feet at its apex.

Until recently, transport in Guizhou was less a challenge of distances than of heights.

Stone soars to slice the province into pieces, long standing in the way of progress.

But a photo collage on the wall of Yang Cuihong's apartment in the city of Tongren, about 150 miles away, and to which she has relocated, serves as a portrait of how her life has been transformed since she left Yikoudao in June.

One picture shows the 37-year-old's family in front of the home they left.

Another shows her family and other farmers hiking over earthen roads with sacks of belongings slung over their shoulders as they trekked to their new, modern dwellings in Tongren.

Another shows her family smiling on the couch above which the collage now hangs.

Yang is one of 913 people who have relocated to Tongren from one of the poorest villages in one of China's poorest provinces.

The government has provided villagers from two local counties with free apartments — about 24 square yards per occupant — including furniture and appliances. It also offers vocational training to enable farmers to work in skilled trades.

Yang was paid 1,500 yuan (\$230) a month as a cleaner after arriving in the city in the summer. The government later helped her find a new job doing quality control for a local tobacco company that pays 2,000 yuan a month as a base salary and performance-based bonuses.

"We had hardly anything to spend

Villagers in one of China's poorest provinces are finding fortune in the city. **Gao Anming, Erik Nilsson** and **Yang Wanli** report



Xiao Han (fourth from left), a senior official, chats with Deng Zaifa (fourth from right), a resident of Yikoudao village, and other representatives about the local government's efforts to relocate residents to urbanized areas.

in Yikoudao," Yang said. "It was really hard to make money from farming, and we earned just enough to survive."

So she and her husband alternately worked in other places or stayed to look after their three children.

Yang attended primary school for only two years. She can read but "can't really write," she said.

Her husband returns from working in Zhejiang province once a year, usually for Spring Festival.

Her daughter Zhu Hailu, 17, has adjusted well since the relocation, Yang said.

"Her classmates and teachers like her. It was difficult to understand the other kids' accents at first, she said, but young people learn fast. She had no problem making friends. She would come home right after school in the first few months. But now she stays out shopping with the other girls."

Zhu is a year behind in school

because she grew up in the village.

"Usually, 17-year-olds are second-year students, but she's in her first year," Yang said. It took an hour to reach the school from their home.

"The path was dangerous," Yang said.

In two years, Zhu will take the national college entrance examination and hopes eventually to become a public servant.

Yang said she appreciates what moving to a city has given her.

"Our home was far from the village center, and if we got sick we had to go to a small hospital that was an hour away. If you were too sick to walk, a relative or a neighbor had to carry you."

She is grateful for amenities such as running water in the home, she said.

"In the village we used to wash once a week using a bucket."

An elderly relative took a while to

get used to flushing toilets, she said.

Residents agree that relocation offers a better life, but it also presents challenges.

As part of poverty-alleviation programs, local government officials are helping the relocated villagers to adapt to city life.

"It was initially hard to persuade people to move downtown because they'd lived in the village for generations," said Xiao Han, a government official in Tongren.

"They had concerns about living in the city."

So village chiefs visited the eldest member of every household to persuade them to relocate, he said.

"Cremation is also a point of contention," he said. "Many villagers prefer to be buried in hillside tombs alongside their relatives. They fear cremation in cities."

Government officials also help the migrants deal with issues such as

language. Relocated residents from different settlements often do not understand each other well, and the government organizes events such as dragon boat races and singing competitions to build a shared sense of community.

The government is considering a plan to provide gardens in which residents can grow crops so they do not feel entirely uprooted from their agrarian identities.

Livelihood challenges persist despite government efforts, said Zhu Yongxue, who has served as head of Yikoudao for nearly 30 years.

"Finding a job in Tongren is still hard. It's a city, but a small one. Industry is still developing, and people from villages are adjusting. There are a lot of new rules for them to follow."

Many relocated children are still getting used to advanced schools. Some struggle, especially in subjects such as English.

Still, Zhu, 55, and his colleagues have persuaded most middle-aged people to move.

"I'm still young in the village. Everyone aged 20 to 40 has left."

Tongren's government offers at least one job opportunity to every household and relatively well educated residents help farmers adjust to relocation.

Zhu Aiyong, 37, a native of Yikoudao, said relocating to Tongren offers a better future for his children — he has four daughters and his wife is expecting another child — than working outside Guizhou.

He returned from the wealthier province of Jiangsu when he learned of the project.

Working away from home has expanded his world view, he said.

"Villagers just wake up and farm. All of life is agriculture. They don't know anything else."

Two of his daughters, aged 5 and 13, are in Tongren, but two others are still in the village in the care of their grandparents.

"I hope to bring them to the city. I want them to have a better education than I had. I hope they will have a better life and enjoy opportunities I've never dreamed of."

Commodities: News Digest

FROM PAGE 1

Michael Power, strategist for Investec Asset Management based in Cape Town, South Africa, expects China to be able to achieve an average of 6% growth up to 2030, putting it on course to be the world's largest economy.

"This is a distinct possibility. I expect it to be higher in the shorter term and lower in the longer term," he said.

He believes the strength of China's economy remains important for commodities on which many African economies still depend, and he expects them to continue their recovery in 2018.

Power said that as China enters a new era, it is seen as a development role model by a number of African countries.

This year is important for China in that it is the 40th anniversary of the launch of reform and opening-up in 1978.

China's opening up to the outside world is seen by those close to China as one of the momentous events in world history, eventually delivering 700 million people out of poverty.

Zoo opens with VR magic

Visitors are able to see prehistoric creatures of any zoo in the world by using the virtual reality equipment of a special VR zoo recently completed in Guangzhou, Guangdong province. The zoo, created by Time Network, a local high-tech firm that boasts scientists from the United States and Britain, as well as developers, started operations on Jan. 1.

Cities on list of best startup places

Beijing took the second spot last year on the SparkLabs Group list of top 10 startup ecosystems in the world. The group, a network of accelerators and venture capital funds, takes eight metrics into account for the ranking: funding ecosystem and exits, engineering talent, active mentoring, etc.

Beijing rose from eighth place in 2016 to tie with Tel Aviv, Israel, thanks to the growth in so-called unicorns from nine to 25 and the capital's increasing talent in areas such as artificial intelligence. Shanghai entered the list for the first time and was ranked seventh.

Aircraft set for certification tests

The homegrown narrow-body jet the C919 will enter the phase of obtaining airworthiness certification in the country this year after achieving a number of milestones over the past year, including the successful flights of two test aircraft, among the six planned in total. The aircraft is also an example of how China will further

its supply-side structural reform, promote innovation, cut overcapacity and foster new growth drivers.

A craft master, any way you cut it

Chinese paper-cutting, which is on the UNESCO Intangible Cultural Heritage List, remains popular, especially for events such as Chinese New Year. Cao Jialian's livestream of paper-cutting techniques has become popular on the internet, with more than 500,000 tuning in. Cao, 70, of Fusong county, Jilin province, began studying paper-cutting when she was 5, learning from her father. "I want more people to learn the art and hope it will be passed on from generation to generation," she said.

5G norms to be promoted abroad

China will promote the application and implementation of national standards including those for 5G and smart cities in economies along the Belt and Road routes, under an action plan adopted by the Standardization Administration of China. Under the plan China will work more closely with others on infrastructure standardization and support interconnection network construction from 2018 to 2020. Between now and 2020, China says it will constantly enhance compatibility of its standards with international standards and standards of other countries.

CONTACT US

China Daily

15 Huixin Dongjie, Chaoyang, Beijing, China 100029
+86 (0) 10 64918366
chinawatch@chinadaily.com.cn
Advertising:
+86 (0) 10 64918631;
ads@chinadaily.com.cn
Website: www.chinadaily.com.cn
Follow us on:
Facebook.com/chinadaily
Twitter.com/ChinaDailyUSA

China Daily U.S.A.

1500 Broadway, Suite 2800, New York, NY 10036
+1 212 537 8888
editor@chinadailyusa.com

China Daily Asia Pacific China Daily Hong Kong

Room 1818, Hing Wai Centre, 7 Tin Wan Praya Road, Aberdeen, Hong Kong
+852 2518 5111
editor@chinadailyhk.com
editor@chinadailyasia.com

China Daily U.K.

90 Cannon Street, London EC4N 6HA
+44 (0) 207 398 8270
editor@chinadailyuk.com

China Daily Africa

P.O. Box 27281-00100, Nairobi, Kenya
+254 (0) 20 2428589
editor@chinadailyafrica.com

© 2018 China Daily
All Rights Reserved



Beauty and beast

A robot named Youyou dances as musicians perform a new year concert with a field of begonias in Guangzhou, Guangdong province, on December 27. LIU DAEWEI / XINHUA

its supply-side structural reform, promote innovation, cut overcapacity and foster new growth drivers.

A craft master, any way you cut it

Chinese paper-cutting, which is on the UNESCO Intangible Cultural Heritage List, remains popular, especially for events such as Chinese New Year. Cao Jialian's livestream of paper-cutting techniques has become popular on the internet, with more than 500,000 tuning in. Cao, 70, of Fusong county, Jilin province, began studying paper-cutting when she was 5, learning from her father. "I want more people to learn the art and hope it will be passed on from generation to generation," she said.

CHINA DAILY

PAID ADVERTISEMENT

ALL YOU NEED TO KNOW

**CHINA
WATCH**

Business | 3

Fitness Apps Get up to Speed

Whether helping users to get fit at home or to compete in an online marathon, developers do not want to skip a step in the search for profits. **Ren Xiaojin** reports

Mobile fitness sharing apps are freeing users from committing to full-year gym memberships and their large up-front payments. The biggest concerns among these startup sharing services is how to make profits and maintain the traffic and equipment.

Further, the interest in fitness has led to the development of training apps, which now number more than 1,000. These workout apps can be found in various app stores and attract users with free, detailed tutorials on almost any type of workout, from cardio to muscle development. Some even have video tutorials featuring social media celebrities to demonstrate the moves.

The consultancy Sootoo Research in Beijing says a growing number of people are working out using mobile apps as a guide. In its mobile fitness app report for 2016 it said that while 37.2% chose gyms to exercise, 28.9% stay at home for various reasons, such as avoiding city traffic.

This makes fitness instruction apps handy tools for those who stay at home.

The apps enable users to exercise with guidance whenever and wherever they want, even in the office during a lunch break.

Keep, the top free fitness app with more than 110 million registered users in August, is designed for busy office workers with exercises that last two to five minutes.

One big problem that some startup app developers face is that many users choose to use online apps because they are free. Then, as they grow familiar with the exercises, they become less dependent on the apps.

They are trying to make profits beyond advertising by maintaining user loyalty amid heavy competition, Sootoo Research said.

"Most apps focus on footstep counting and running. They are rather similar," Sootoo's report said.

With the exercise habits of an estimated 100 millions pursuing fitness changing, the apps need to develop into different, specified categories targeting different age groups and sports varieties to maintain users, the report said.

Neil Wang, president of the Chinese arm of the consultancy Frost & Sullivan, said many fitness apps imitate each other, causing cut-throat competition.

"The business is at a starting point. Many users can't tell the difference between various apps, and the app makers soon lose their passion to create. Most apps end up losing money because they don't have other ways of generating income other than through membership and advertisements. They are also

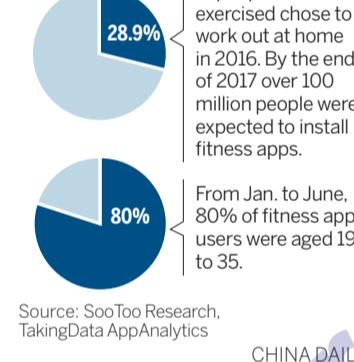


Getting fit is the name of the game in this gym in Chengdu, Sichuan province. TAO KE / FOR CHINA DAILY

Top 3 fitness app downloads

Unit: millions of downloads

Keep	92.32
YodoRun	89.72
Codoon	74.37



Source: SooToo Research, TakingData AppAnalytics

CHINA DAILY

restricted to a mobile phone's screen. Fitness app users usually cannot stomach constant pop-up ads. Too many ads easily annoy them and make them lose interest."

To gain income from existing large user bases, Keep has taken a step into e-commerce by selling its own designs.

"Fitness is an incremental market," said Wang Ning, chief executive of Beijing Calories Technology Co. Ltd., which created Keep.

"The first step is workout, the second is health care. We have launched products for yoga, sports supplements, clothing and workout equipment of our own brand."

Keep sells about 50 types of products, with prices ranging from

20 yuan (\$3) to 400 yuan, but sales have not been particularly eye-catching. One top seller was a yoga mat, priced at 99 yuan. About 80,000 have been sold on the app platform since 2016.

Keep says it is generating profits and that e-commerce is an efficient way of branding. The app is just 2 years old, and its emphasis is becoming more on maintaining user loyalty by giving them a handy choice to buy sports equipment. It also gives users a sense of being a part of a big community through logoed clothes.

"For the younger generation, wearing Nike or Adidas is not a cool thing anymore," Wang Ning said.

"Now we prefer brands like Under Armour. We are unsure, but we can't rule out the possibility of young people starting to buy Keep."

However, Liang Feng, chief executive of Joyrun, one of the most downloaded running apps in Chinese app stores, sees things differently.

Liang has put his bet on sport itself, in the shape of an online marathon.

After runners pay the participant fees they can start running anywhere they like and tell others about their performance through the app. After completing the run, users receive a real medal from the company so they can take pictures and talk about their participation, rather than a digital icon that only shows in their phones.

For users, the medal represents a sense of achievement, but for the business person it shows how important a social function is in maintaining users and encouraging them to take part.

In 2016 the most successful marathon Joyrun hosted had more than 450,000 people taking part.

"Every online marathon can return over 1 million yuan in income from

selling goods, medals, sponsorships and participation fees," Liang said.

The company's revenue exceeded 45 million yuan in 2016.

FitTime, considered a rival to Keep, has started to offer paying personal trainers for its users. After buying the course, a personal trainer is assigned and offers tailored diet and workout solutions.

One of the most popular courses costs 998 yuan. More than 100,000 users are said to have signed up for the online tutorial, and 30% of them are paying members.

More than 5,000 users pay 1,000 yuan a month, FitTime says. Thus, such business can generate more than 5 million yuan a month in revenue.

"We earned 10 million yuan via the newly established online weight-loss camp last year, accounting for 60% of total revenue," said Zhu Xiaoxiao, FitTime's chief executive.

Zhong Bingshu, president of Capital University of Physical Education and Sports, expressed his concern over this much talked-about business.

"Those apps are too similar, with the same content and service, such as blood pressure and heart beat monitoring," he said. "People are reading it every day, but beyond the data itself they are getting precious little other information."

The fitness app business is one reflection of the Chinese sports industry boom.

A report by Analysys, a Beijing consultancy, said the domestic market for the sports industry is likely to be worth more than 3 trillion yuan by 2020, with 1.5 trillion yuan for daily exercises practiced by the masses and the other half from competitive sports.

Middle Class Raises Glass to U.S. Wines

By LIA ZHU

China's growing middle class and its taste for wine have prompted a group of importers to pursue fine wines from California.

Members from the Shenzhen Wine Industry Association, which represents more than 2,000 wine importers, recently visited California's wine regions, including Sonoma and Napa counties, and the Woodbridge winery in Lodi.

"For a long time, Californian wines (had) a relatively low market share (in China) because of the wineries' insufficient understanding of the Chinese market," said Wu Yunping, president of the association.

"When they were waiting for Chinese importers to reach out to them, they missed the opportunity to tap into the huge potential of China's consumer market."

To facilitate Californian wine exports to China and exchanges between Californian wineries and Chinese importers, a liaison office of the association was set up in San Ramon, California, during the delegation's visit, and a marketing program "Wine to China" was launched.

It provides services such as researching the wineries and product information, logistics and



With the help of wine expos, Californian wines are having great success in China.

PROVIDED TO CHINA DAILY

certification for source traceability to counteract counterfeits, the association said.

As a result of the delegation's visit, Shenzhen expects to import 300 containers of Californian wines every year over the next three years.

In recent years there has been huge growth in the Chinese wine market. It is now worth \$11.7 billion and is forecast to be worth \$30.7 billion in three years, according to industry data.

Shenzhen started importing wines in 1980 and has since dominated the

country's premium-wine importing business.

In 2016 the city's wine imports ranked first in China at \$679 million, about 30% of the country's total.

Although U.S. wines have a small share of the Chinese market, which is dominated by French vintages, the Chinese have developed a taste for U.S. wines, especially the high-end ones, Wu said.

The next 10 years can be the "golden decade" for China's wine market, as the country is expected to become the world's largest

wine market by 2027, driven by the growing middle class and the millennial generation, the primary wine consumers in China, Wu said.

"Wine to China" is also part of the association's strategy to build Shenzhen into China's largest wine-trade center.

"It's well known that Californian wines are of premium quality, and they never lack buyers," said Stephanie Xu, founder and president of U.S.-Asia Innovation Gateway, a Silicon Valley-based organization aimed at advancing economic opportunities between the U.S. and Asia.

"But the wineries here are excited at the prospect of tapping into the growing Chinese market."

In fact, "Wine to China" was Xu's idea, one she came up with after hearing U.S. delegates complaining about wines during trips to China.

"With the help of 'Wine to China' the U.S.-made wines can build their brand-recognition among Chinese consumers and compete with other, more established international wine brands in the Chinese market," she said.

The organization has been promoting Californian products and services to China. Exchanges for Californian agricultural products will be a main aim of the organization this year, Xu said.

These efforts correspond with the goals of reform and opening-up set out by the Central Economic Work Conference that concluded on Dec. 20. The new economic concept set out by President Xi Jinping, opening-up will be "further expanded in scope and level" and the "concept, structure and layout and system of opening up" will be further expanded, the statement said. The 19th CPC National Congress in October also emphasized that China will open up more.

To achieve its economic goals, the country must stick to Xi's economic thought, the statement said. "The new economic thought has gradually formed over the past five years. Its introduction means China will give priority to economic reforms over the coming five years."

LIU SHENGJUN
ECONOMIST AT THE FINANCIAL REFORM INSTITUTE OF CHINA

These efforts correspond with the goals of reform and opening-up set out by the Central Economic Work Conference that concluded on Dec. 20. The new economic concept set out by President Xi Jinping, opening-up will be "further expanded in scope and level" and the "concept, structure and layout and system of opening up" will be further expanded, the statement said. The 19th CPC National Congress in October also emphasized that China will open up more.

To achieve its economic goals, the country must stick to Xi's economic thought, the statement said.

"The new economic thought has gradually formed over the past five years," said Liu Shengjun, an economist at the Financial Reform Institute of China.

"Its introduction means China will give priority to economic reforms over the coming five years."

China's pledge to further promote opening-up follow another round of increased foreign direct investment in the last quarter, as it continued to shift its focus to attract such investment in high-end manufacturing, services and green industries to transform its economy.

As China pushes for growth relying more on domestic consumption and less on exports, sectors that can help the country achieve high-quality growth are expected to benefit from efforts to open up further, experts said.

Feng Yaxiang, a spokesman for the China Council for the Promotion of International Trade, said companies from developed markets have noticed the changing trend and have become more willing to invest in China-based research and development, as well as its science and technology and design sectors.

Granting more market access is expected to bring great business opportunities for foreign firms eyeing the evolving Chinese economy.

Gordon French, HSBC's head of global banking and markets for the Asia-Pacific, said greater access helps the company to better deploy its strength.

Jing Shuiyu contributed to this story.

PAID ADVERTISEMENT



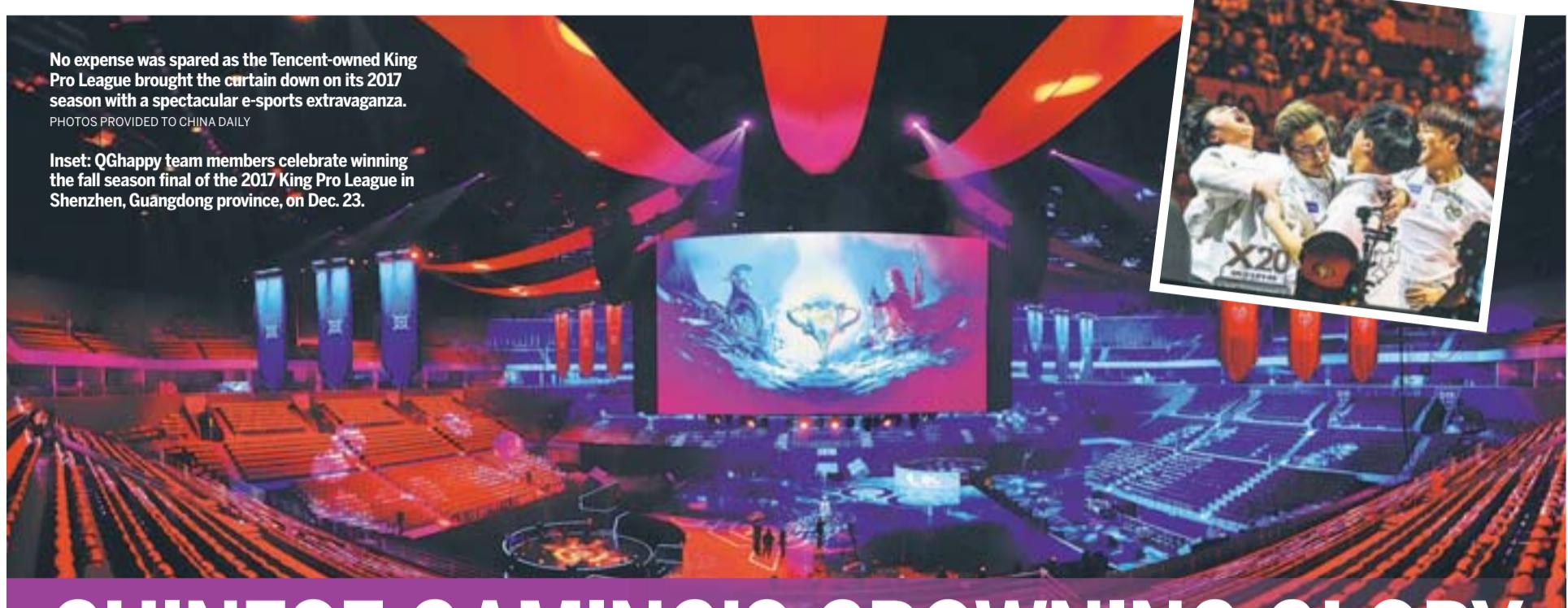
CHINA DAILY

4 | Life

No expense was spared as the Tencent-owned King Pro League brought the curtain down on its 2017 season with a spectacular e-sports extravaganza.

PHOTOS PROVIDED TO CHINA DAILY

Inset: QGhappy team members celebrate winning the fall season final of the 2017 King Pro League in Shenzhen, Guangdong province, on Dec. 23.



CHINESE GAMING'S CROWNING GLORY

Around Shenzhen Bay Sports Center, booming battle drumbeats and the deafening roar of 11,000 psyched fans reverberate — the sound of a stunning Chinese success story.

The cacophony is being created for the fall season final of the 2017 King Pro League (KPL) — an e-sports competition based on Tencent's homegrown hit King of Glory, which has taken the country by storm.

"A year ago, nobody knew if the KPL could go this far," said Zhang Yijia, KPL president and general manager of Tencent's mobile e-sports department, at the event on Dec. 23.

"But since then, we have witnessed the growth of the KPL from zero. At the very beginning there were no viewers. Then there were 100. Then 1,000. Now, we can hear the roar of more than 10,000 spectators cheering for their heroes at the stadium."

As well as the fans in the arena, millions more watched online as the QGhappy team completed a clean sweep of the 2017 titles by beating team XQ to win 1.2 million yuan (\$182,000).

The league, established in 2016, is yet another example of e-sports' rapid rise and underlines the massive popularity of King of Glory in China.

Unlike other titles that form the basis of e-sports leagues, the mobile multi-player online battle arena

Homegrown King Pro League caps stunning year with a flourish. **Shi Futian** reports

(MOBA) game boasts a pure Chinese gene — it was developed here and features characters from Chinese history.

It has amassed 200 million registered users since its launch in 2015, while the KPL's spring season live broadcasts were viewed a staggering 2.68 billion times.

King of Glory has garnered comparisons with another Tencent-operated MOBA title, League of Legends, which was created by the American developer Riot Games.

League of Legends still dominates the MOBA market for personal computers, but King of Glory is blazing a trail on mobile platforms as Chinese developers position themselves at the forefront of gaming's latest revolution.

New developments in mobile technology mean e-sports' decades-long dependence on the PC is waning, and China is leading the way in this shift.

"In the time of the PC game, countries such as South Korea and the United States were taking the lead, and China was merely a follower," Zhang said.

"However, for mobile e-sports we are so proud that China is at the vanguard. We went to South Korea and held discussions with their e-sports organizers and game

developers. They were surprised by our methods of developing mobile e-sports."

"We are taking the lead in operating and developing mobile e-sports globally."

It is so much easier with mobile devices than with PCs to engage in multi-player competition and watch live e-sports events.

"A single MOBA game on a PC would normally take 40-50 minutes, but on the mobile end the number can be shortened to 15-20, which is better for users."

E-sports clubs also have much to gain from China's mobile boom.

"We are entering a golden era of e-sports in China, and mobile e-sports is a very promising new branch of the business," said Zhu Bo, the founder of QGhappy.

As well as the obvious portability advantage, Zhu believes that the simpler logic of games on mobile platforms means they can attract larger user numbers than PC versions.

"According to our data for China's e-sports market in 2017, the market scale of mobile e-sports accounts for 53.74%, surpassing the PC end," Zhu said.

Although the KPL is thriving, there are fears that the short shelf life of mobile games may be its Achilles heel.

However, Zhang is bullish about the league's longevity and King of Glory's continuing popularity.

"Ten years ago we thought the life span of PC games would not be long enough, but the problem is overblown," he said.

"For MOBA games, the competitive nature can sustainably attract fans. People will invest their love and loyalty in different clubs and players, just like you see in professional soccer and basketball leagues."

The State General Administration of Sport of China recognized electronic gaming as the country's 99th sport in 2003 and has since organized a number of national e-sports competitions and exhibitions.

However, debate over whether e-sports can be considered a sport continues.

Leagues such as the KPL appear to be helping the e-sports industry win that argument.

One Chinese track-and-field star certainly reckons e-sports is worthy of inclusion among the traditional sporting sphere.

"E-sports is no different to traditional sports," said the sprinter Su Bingtian, who took part in a celebrity demonstration match before the fall final duel on Dec. 23.

"As long as the players step into the stadium, we are all longing to be the champion. E-sports players also have to make great sacrifices, devoting their youth to training just like traditional athletes."

"We should treat e-sports with an unbiased stance. I believe Chinese e-sports have a bright future."

Some believe such recognition shows the industry owes a debt of gratitude to the older generations of gamers who toughed it out during e-sports' darker days.

"I remember how the last generation of e-sports players suffered," said Zhang Yuchen, aka Lao Shuai, a professional KPL player for the e-sports club AG Super Play.

"They had no clubs, no coaches and no Chinese-owned e-sports leagues. All they could do was spend their days in internet bars training and eating instant noodles, and we should acknowledge that they fought for China's glory in the foreign e-sports leagues."

The KPL owner Tencent has also been trying to promote e-sports by organizing events such as the China-U.S. Exchange Forum on E-sports, which took place in September in the gaming laboratory at the Massachusetts Institute of Technology.

Discussing the topic "the positive values of e-sports," the forum was attended by senior industry figures, broadcasters, academics, players, tournament organizers and publishers.

How China's Expanding Movie Industry Will Also Benefit U.S.

By XU FAN

As Charles H. Rivkin, the new chairman and chief executive of the Motion Picture Association of America, prepared to visit China late last year, he watched *Wolf Warrior 2* on his flight to Beijing.

"It's fantastic and a lot of fun," Rivkin said of the top-grossing movie in China of all time. "Its box office takings in the Chinese market alone are extraordinary. It's a sign of things to come."

Wolf Warrior 2 earned 5.68 billion yuan (\$860 million), boosting last year's box office to a record 55.9 billion yuan.

Though Rivkin took up his new post only recently, he has always kept a close eye on the Chinese movie industry and is well aware that China has surpassed the United States to have the most cinema screens in the world.

He predicts that China will overtake the U.S. as the top movie market in terms of box-office takings by 2020.

"Everything is changing dramatically," he said.

"Last quarter (in the third quarter) China built 26 screens every single day. Now you have more than 50,000 screens. There are only 41,000 screens in the U.S.," he said, adding that the construction spree is also increasing the number of high-tech cinemas.

Besides the figures, Rivkin also highlights China's efforts to fight copyright piracy.

Among his engagements was a meeting with Zhou Huilin, deputy head of the National Copyright Administration of China, who introduced China's annual campaign dubbed *jianwang* (sword net) to crack down on online pirates.

From 2012 to 2016, 2,756 cases were handled and 1,193 websites were closed down, China Press and Publishing Journal quoted Zhou as saying.

Last year at least 1,600 sites were shut and 274,800 links deleted, and more than 300 investigations were



“

Piracy is the most important thing that we can fight together.”

CHARLES H. RIVKIN
CHAIRMAN AND CEO OF THE MOTION PICTURE ASSOCIATION OF AMERICA

undertaken, the newspaper reported.

Commenting on China's actions, Rivkin said, "Piracy is the most important thing that we can fight together. The reason that piracy matters so much is that I don't think

enough people understand that when pirates steal Chinese movies or American movies, they are not stealing from big productions or the governments. They are stealing from hardworking Chinese and American citizens."

A report the Motion Picture Association of America issued last month said China's film and TV industry sustained 4.1 million jobs in 2016. Rivkin said the figure in the U.S. is 2 million.

"They (the people in the industry) are hardworking people. It (piracy) needs to be stopped. It impacts the box office and everything... Fighting piracy is extremely important for everybody who wants to create something. Who will want to create something if it will be stolen?"

The report by Oxford Economics, an advisory venture of Oxford University, which draws on figures from the State Administration of Press, Publication, Radio, Film and Television, said China's movie and television industry made a total

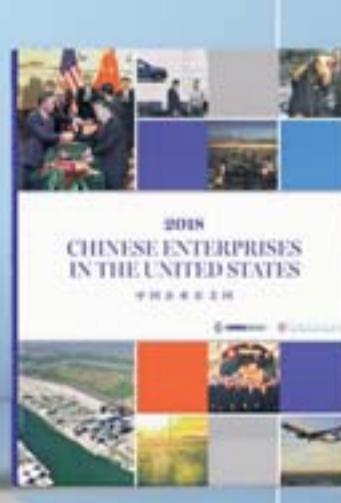
direct contribution to Chinese gross domestic product of 254 billion yuan in 2016, representing 0.34% of the Chinese economy.

China's rapidly expanding industry also benefits the U.S., as seven Hollywood movies earned more in China than they did in North America in 2017, Rivkin said.

Those movies were *The Fate of the Furious*; *Kong: Skull Island*; *Resident Evil: The Final Chapter*; *The Mummy*; *xXx: The Return of Xander Cage*; *Transformers: The Last Knight*; and *A Dog's Purpose*.

As for Disney's buying large parts of 21st Century Fox, Rivkin said he believes the deal is indicative of changes in the motion picture industry and shows his job will remain challenging.

Rivkin, who, apart from working in the entertainment industry, was once the U.S. ambassador to France, said he now has his dream job, one that combines entertainment, business and policy — territory he is highly familiar with.



JUST LAUNCHED

China Daily USA's new yearbook on Chinese investment in the US

- 14 INDUSTRIES COVERED
- 60+ COMPANIES FEATURED
- SURVEY REPORT WITH SOLID DATA
- GOVERNORS COMMENTING ON CHINESE INVESTMENT'S IMPACT
- EXECUTIVES SHARING WORKING STRATEGIES
- INDEX-LIKE INFO AS REFERENCE RESOURCE

To order a copy of the book,
please call 212-537-8912
or write to readers@chinadailyusa.com

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

26392.79 ▲140.67, or 0.54%
 High, low, open and close for each trading day of the past three months.



Current divisor 0.14523396877348
 Session high
 DOWN UP Close
 Session open Open
 Close Open
 Session low
 65-day moving average

Bars measure the point change from session's open

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2839.25 ▲1.71, or 0.06%
 High, low, open and close for each trading day of the past three months.



Trailing P/E ratio 28.03 20.85
 P/E estimate * 19.87 17.97
 Dividend yield 1.98 2.38
 All-time high 26392.79, 01/25/18

Bars measure the point change from session's open

Oct. Nov. Dec. Jan. 21500 2400

Nasdaq Composite Index

7411.16 ▼3.89, or 0.05%
 High, low, open and close for each trading day of the past three months.



Trailing P/E ratio *28.15 15.10
 P/E estimate * 21.17 18.85
 Dividend yield 0.99 1.17
 All-time high: 7460.29, 01/23/18

Bars measure the point change from session's open

Oct. Nov. Dec. Jan. 6200 6400 6600 6800 7000 7200 7400

Major U.S. Stock-Market Indexes

	Dow Jones		S&P		Nasdaq Stock Market					
	High	Low	Latest Close	Net chg	% chg	High	Low	52-Week % chg	YTD % chg	3-yr. ann.
Industrial Average	26458.25	26259.72	26392.79	140.67	0.54	26392.79	19864.09	31.3	6.8	14.7
Transportation Avg	11149.80	10972.60	11007.66	-176.74	-1.58	11373.38	8783.74	16.3	3.7	7.9
Utility Average	697.10	686.86	696.52	9.52	1.39	774.47	655.87	6.2	-3.7	2.8
Total Stock Market	29418.86	29228.47	29317.39	15.15	0.05	29338.50	23699.03	22.7	5.9	11.1
Barron's 400	756.80	748.37	751.24	-1.80	-0.24	756.74	606.11	22.1	5.7	11.9

Nasdaq Composite 7458.53 7388.58 **7411.16** -3.89 -0.05 7460.29 5613.71 **31.1** 7.4 **15.9**
Nasdaq 100 6967.60 6894.84 **6916.30** -3.05 -0.04 6963.46 5116.77 **34.1** 8.1 **17.4**

S&P
500 Index 2848.56 2830.94 **2839.25** 1.71 0.06 2839.25 2278.87 **23.6** 6.2 **11.4**
MidCap 400 1996.22 1979.08 **1987.35** -0.39 -0.02 1993.88 1681.04 **16.6** 4.6 **10.9**
SmallCap 600 977.20 968.91 **976.56** 3.60 0.37 979.19 815.62 **16.0** 4.3 **12.6**

Other Indexes
Russell 2000 1607.79 1594.42 **1601.67** 2.06 0.13 1610.71 1345.24 **16.4** 4.3 **10.4**
NYSE Composite 13555.51 13479.57 **13512.66** 5.00 0.04 13512.66 11205.24 **19.4** 5.5 **7.8**
Value Line 589.15 584.07 **586.02** -0.61 -0.10 588.16 503.24 **13.2** 4.2 **5.8**
NYSE Arca Biotech 4878.19 4813.09 **4873.09** 37.19 0.77 4873.09 3134.03 **55.0** 15.4 **9.7**
NYSE Arca Pharma 579.48 576.10 **579.33** 6.00 1.05 579.33 470.36 **23.2** 6.3 **1.8**
KBW Bank 116.56 115.27 **115.58** -0.57 -0.49 116.15 88.02 **23.8** 8.3 **19.0**
PHLX® Gold/Silver 92.74 89.38 **89.91** -2.17 -2.36 96.72 76.42 **1.9** 5.4 **4.7**
PHLX® Oil Service 164.81 161.55 **162.10** -1.08 -0.66 186.96 117.79 **-13.3** 8.4 -5.7
PHLX® Semiconductor 1379.27 1337.62 **1337.62** -23.06 -1.69 1392.86 944.28 **40.8** 6.7 **25.3**
Cboe Volatility 12.01 11.20 **11.58** 0.11 0.96 16.04 9.14 **8.9** 4.9 -11.4

\$ 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	17,170.3	283.52	0.22	0.08	284.17	283.00
Bank of America	BAC	7,234.5	32.09	...	unch.	32.10	32.06
Worldpay	WP	7,023.5	80.73	...	unch.	80.73	80.21
Fang Holdings ADR	SFUN	5,994.2	5.33	...	unch.	5.33	5.33
Intel	INTC	5,968.1	47.05	1.75	3.86	47.88	45.22
FirstEnergy	FE	4,142.6	32.09	...	unch.	32.10	32.02
Principal US Mega-Cap	USMC	3,650.0	27.71	0.01	0.04	27.71	27.71
iShares MSCI Emg Markets	EEM	3,376.7	51.28	-0.09	-0.18	51.55	51.27

Percentage gainers...

8X8	EGHT	104.4	17.55	1.45	9.01	17.80	15.83
Aceto	ACET	131.0	11.97	0.61	5.37	11.97	11.35
Maxim Integrated Products	MXIM	213.8	57.55	2.43	4.41	58.25	55.12
Intel	INTC	5,968.1	47.05	1.75	3.86	47.88	45.22
Myomo	MYO	23.7	5.12	0.19	3.85	5.13	4.81

...And losers

Starbucks	SBUX	3,221.1	57.43	-3.12	-5.15	61.22	57.01
TimkenSteel	TNST	8.7	18.01	-0.89	-4.71	19.50	16.33
Sanchez Energy	SN	13.5	5.25	-0.22	-4.02	5.62	5.25
Crocs	CROX	11.7	13.27	-0.53	-3.84	14.03	13.27
SVB Financial Group	SIVB	13.8	253.29	-7.84	-3.00	265.30	245.00

Trading Diary

Volume, Advancers, Decliners

NYSE NYSE Amer.
 Total volume* 869,631,258 13,728,270

Adv. volume* 362,186,380 4,072,794

Decl. volume* 488,492,367 9,499,134

Issues traded 3,063 332

Advances 1,353 124

Declines 1,605 189

Unchanged 105 19

New highs 265 7

New lows 64 10

Closing tick 3 26

Closing Arms* 1.22 1.30

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
	Open	High	hi lo	Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.								
Jan 3.2165	3.2165	3.2020	3.1990	-0.095	270			
March 3.2300	3.2580	3.1960	3.2165	-0.0120	143,486			
Gold (CMX) -100 troy oz.; \$ per troy oz.								
Jan 1356.30	1356.40	1346.70	1362.40	6.50	6			
Feb 1357.00	1365.40	1341.00	1362.90	6.60	157,533			
April 1362.70	1370.50	1346.20	1368.00	6.60	304,770			
June 1367.00	1375.50	1352.40	1373.40	6.80	64,208			
Aug 1372.10	1379.30	1359.50	1379.00	6.80	22,858			
Dec 1386.60	1392.30	1369.40	1390.40	6.80	33,382			
Palladium (NYM) -50 troy oz.; \$ per troy oz.								
Jan 1022.60	1022.60	1022.60	1029.30	16.00	5			
April 1020.50	1033.30	1011.30	1032.10	16.30	85,841			
Silver (CMX) -5,000 troy oz.; \$ per troy oz.								
Jan 17.525	17.525	17.525	17.551	0.126	3			
March 17.555	17.705	17.125	17.615	0.126	142,036			
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.								
March 65.88	66.66	65.88	65.51	-0.10	642,781			
April 65.65	66.39	64.96	65.37	0.01	237,963			
May 65.29	66.02	64.71	65.10	0.07	180,323			
June 64.79	65.52	64.35	64.72	0.11	301,727			
Dec 61.72	62.24	61.49	61.82	0.19	255,769			
Dec'19 57.43	57.69	57.13	57.49	0.21	112,279			
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.								
Feb 2.1103	2.1264	2.1058	2.1154	.0093	44,285			
March 2.1081	2.1236	2.1014	2.1104	.0081	162,939			
Gasoline-NY ROB (NYM) -42,000 gal.; \$ per gal.								
Feb 1.9209	1.9314	1.9041	1.9154	-.0010	33,852			
March 1.9170	1.9260	1.8974	1.9089	-.0033	165,314			
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.								
Feb 3.439	3.581	3.398	3.447	-.062	43,411			
March 3.051	3.169	3.045	3.099	.019	371,289			
April 2.866	2.920	2.860	2.901	.025	175,488			
May 2.845	2.897	2.843	2.880	.021	165,362			

Cash Prices | WSJ.com/commodities

Thursday, January 25, 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)	17.5200					
Propane,tet,Mont Belvieu-g	0.8513						
Butane,normal/Mont Belvieu-g	0.9795						
NaturalGas,HenryHub-g	3.570						
NaturalGas,TranscoZone3-i	3.510						
NaturalGas,TranscoZone6NY-i	3.660						
NaturalGas,PanhandleEast-i	2.760						
NaturalGas,Opal-i	2.940						
NaturalGas,MarcellusNE PA-i	2.570						
NaturalGas,HaynesvilleNLA-i	3.360						
Coal,CapIC,12500Btu,12S202-rw	58.500						
Coal,PwdrRvrBsn,8800Btu,0.8S02-rw	12.250						

Metals

Gold, per troy oz	Engelhard industrial	1363.96					
Engelhard fabricated	1466.26						
Handy & Harman base	1354.95						
Handy & Harman fabricated	1503.99						
LBMA Gold Price AM	*1350.50						
LBMA Gold Price PM	*1353.70						
Krugerrand,wholesale-e	1418.46						
Maple Leaf-e	1432.10						
American Eagle-e	1432.10						
Mexican peso-e	1652.45						
Austria crown-e	1339.89						
Austria phil-e	1432.10						
Silver, troy oz.	Engelhard industrial	17.5200					
Engelhard fabricated	21.0240						
Handy & Harman base	17.5650						
Handy & Harman fabricated	21.9560						
LBMA spot price	E12.2900						

Fibers and Textiles

Burlap,10-oz,40-inch NY yd,n,w	0.6450						
Cotton,11/16 std lw-mdMphs-u	0.8088						
Cotlook 'A'-Index	*92.85						
Hides,hvy nntne steers piece fob-u	67.0000						
Wool,64s,staple,Terr del-u,w	n.a.						
Grains and Feeds							
Barley,top-quality Mnpls-u	4.85						
Bran,wheat middlings,KC-u	130						
Corn,No.2 yellow,Cent IL-bp,u	3.3900						
Corn gluten feed,Midwest-u,w	103.1						
Corn gluten meal,Midwest-u,w	469.2						
Cottonseed meal,u,w	283						
Hominy feed,Cent IL-u,w	98						
Meat-bonemeal,50% pro Mnpls-u,w	218						
Oats,No.2 milling,Mnpls-u	2.8850						
Rice,Long Grain Milled, No. 2 AR-u,w	25.00						
Sorghum,Milo No.2 Gulf-u	8.1300						

Inflation

Dec. index	Chg From (%)	Latest	Week ago	-52-Week-High	-52-Week-Low
level Nov. 17		2016	Dec. 16		

U.S. consumer price index

All items	246.524	-0.06	2.1
Core	253.558	0.03	1.8

International rates

Latest	Week ago	-52-Week-High	-52-Week-Low

<tbl_r cells="4" ix="

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, January 25, 2018

		Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	
A	B	C	Apple	AAPL	171.11	-3.11	CBD Pao	CBD	24.37	0.34	FedEx	FDX	268.04	-2.37	iPG Photonics	iPGP	257.64	1.91	OwensCorning	OC	95.76	0.16	SeattleGenetics	SGEN	55.59	-0.37
ABB	ABB	AMAT	55.76	-0.11	CBRE Group	CBG	45.81	0.60	Ferrari	RACE	118.21	-0.69	IQVIA	IQV	104.58	1.08	PG&E	PCG	43.49	-0.19	TysonFoods	TSN	79.80	0.02		
AECOM	ACM	39.26	..	Commerce	COMM	38.42	-0.24	SBS	11.35	..	1.00	IRSA Prop.	IRCP	56.50	-1.29	USB Group	UDR	102.60	-0.02	USBrands	UDR	36.73	-0.09			
AES	AES	11.49	0.33	ConagraBrands	CAG	38.04	0.44	ConchoRxcs	CXO	13.55	..	GlobeIn	ITIW	174.76	1.00	SempraEnergy	SRE	106.40	0.72	Ugi	UGI	47.55	0.92			
Aflac	AFL	89.42	0.94	Danaher	DAN	20.31	0.36	Cooper	COO	243.79	4.46	FiatChrysler	FCAU	24.33	0.18	ServiceMaster	SERV	52.75	-1.32	UltraBeauty	ULTA	27.29	0.28			
AGNC Inv	AGNC	19.60	-0.12	ConstBd	ED	20.31	0.36	CongraRxcs	COP	59.48	-1.01	FiatChrysler	FIAT	101.50	0.94	ShawCom	SJR	21.93	-0.10	UltiPart	UGP	25.92	0.24			
ANGI Homewrs	ANGI	13.56	0.08	ConstBds A	STZ	21.31	-0.72	ConocoPhillips	COP	59.48	-1.01	FifthThirdBanc	FIFTH	328.34	-0.49	ShewinWilliams	SHWN	24.66	-0.72	UnderArmour	UA	145.47	-0.36			
Ansys	ANSS	159.93	-1.61	ConradTechs	CT	20.57	0.01	Costar	COST	197.95	3.71	Flabelline	FLB	16.34	-0.12	ShinhanFin	SHG	48.76	-0.60	UnderArmour	CUA	13.31	-0.30			
ASML	ASML	200.83	-1.42	CreditAcceptance	CAC	36.53	0.29	CrossMark	CMS	19.63	0.20	FirstData	FDC	18.23	0.06	Paccar	PCAR	77.22	-1.07	Unilever	UN	57.51	-0.73			
ATT&T	T	37.45	0.04	CreditSuisse	CWS	19.62	-0.02	CTI Global	CTD	101.30	0.31	FirstHorizon	FHN	201.15	-0.14	PackagingCpAm	PACW	52.85	-0.25	Unilever	UL	56.72	-0.94			
AbbVie	ABV	108.30	2.79	CrownCastl	CC	101.61	-0.98	CDW	CDW	75.37	0.33	FirstRepBank	FRB	90.54	0.08	Palatino	PALW	157.28	-1.00	UnionPacific	UNP	133.60	-0.59			
Abiomed	ABMD	236.32	3.37	CrownPac	CPO	92.91	0.61	CDW	CDW	75.37	0.33	FirstSolar	FSLR	70.44	1.46	ParkeHannifin	PEH	20.51	-1.32	UnitedContinental	UAL	66.08	-2.97			
Accenture	ACN	160.79	0.19	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	Paycheck	PAYX	67.63	-0.82	UnitedMicro	UMC	131.29	-0.40			
ActionView	AVTV	70.80	0.74	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	Powers	PAWS	18.70	-0.18	UnitedSoft	ULTI	226.40	-0.77			
AcuityBrands	AVT	167.09	1.61	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	Parkers	PARKY	26.91	-0.50	Upfront	UPFR	131.29	-0.40			
Adient	ADT	72.01	-1.03	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AdobeSystems	ADBE	197.51	-0.27	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AdvanceAuto	AUA	120.92	-0.07	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AdvMacDevices	AMD	12.41	-0.30	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AdvSemEmissg	ASV	7.10	-0.14	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
Aegon	AEG	6.94	0.04	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AerCap	AER	54.68	0.13	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
Aetna	AET	191.87	1.73	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AffiliatedMngs	AMGS	21.00	-0.45	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AgilentTechs	AGLNT	73.88	0.26	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AgnicoEagle	AGC	48.79	-0.33	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AirProducts	APD	174.00	3.39	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AkamaiTechs	AKAM	66.87	0.85	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AlaskaAir	ALK	62.77	-0.26	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
Albermarle	ALB	28.28	-0.11	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
Alcoa	AA	53.11	-0.19	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	FirstEnergy	FE	32.09	0.99	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
AlexionPharm	ALXN	124.95	-0.06	CreditSuisse	CWS	19.62	-0.02	Citrix	CITR	104.23	0.27	Flex	FLEX	18.81	-0.14	ParkerHannifin	PEH	20.51	-1.32	Upfront	UPFR	131.29	-0.40			
Alibaba	BABA	198.33	2.8																							

BANKING & FINANCE

Jamison To Close Commodity Flagship

By ALISON SIDER

Jamison Capital Partners LP is shutting its \$1.5 billion flagship fund, one of the biggest commodities hedge funds to close in recent months.

The New York-based fund, which is run by former Morgan Stanley trader Stephen Jamison, focused on commodities and macroeconomic trends. It soon will begin returning capital to investors and is converting to a family-office structure, according to a person familiar with the matter.

Family offices manage the fortunes of the wealthy and are able to sidestep much of the regulatory scrutiny that firms handling outside clients' money are subject to.

A Jamison representative declined to comment on the fund's return performance.

Jamison is the latest in a wave of commodity-focused funds that are closing.

Some funds managed to survive a three-year oil rout but haven't been able to hold on long enough to benefit from the recent rally in prices of crude, metals and other commodities.

Some traders complain that declining investor interest in commodities, after years of plummeting prices, and heightened regulation of commodity trading have made it more difficult to turn a profit.

Last summer, prominent oil trader Andrew Hall closed his main fund at Astenbeck Capital Management LLC.

T. Boone Pickens said this month that he is closing the energy-focused fund he has run for the past two decades, citing his declining health and the fund's weak financial performance.

News of the Jamison closure was reported Thursday by Reuters.



DIANA ZEYNEB ALHINDAWI FOR THE WALL STREET JOURNAL

A copper and cobalt mining pit in Congo. The country, which is raising taxes on some metals, holds two-thirds of the world's cobalt.

In Congo, Cobalt to Get Pricier

By NICHOLAS BARIO

Congo is poised to double taxes on cobalt, a move mining companies warned would inhibit investment in a metal experiencing a boom due to its use in cellphones and electric vehicles.

The central African country holds as much as two-thirds of the world's cobalt. The price of cobalt has doubled since the beginning of 2017 as mining, technology and auto companies rush to secure supplies of a metal that is a crucial ingredient in the lithium-ion battery.

The Congolese Senate late Wednesday passed the new mining code unanimously with the support of President Joseph Kabila, who is expected to sign it into law.

Under the revised code, Congo will classify metals such as cobalt and tantalum, a rare blue-gray metal used in smartphones, as "strategic

substances," allowing the government to tax them at higher rates. BMO Capital Markets said it expects cobalt prices to double in the next two years.

The new taxes would hit cobalt producers like Swiss commodities company **Glencore** PLC and potentially make the metal more expensive for auto makers and technology companies.

Mining-industry groups lobbied against the law unsuccessfully, and on Thursday decried its potential impact.

"This revised mine code will hurt investments in a significant way," said John Nkono, the secretary-general of the mine industry group Chamber of Mines, in an interview. "Government has ignored our advice on almost every aspect including on royalties and tax rates....It is total chaos."

Glencore declined to comment. The company pointed to a statement in December

signed by a Congolese subsidiary that said the country's mining-overhaul plan would "have a major negative impact on ongoing mining projects in the Democratic Republic of the Congo."

Over the past three years, Congo has struggled to raise enough revenue to pay public workers and fund social projects, fueling discontent across the impoverished nation, roughly the size of Western Europe. A Congolese government spokesman said the new taxes, which also raise levies on copper and nickel, would give the country's 80 million people "a fair share" of its natural resources.

Congo first attempted to revise the 2002 mining code three years ago before withdrawing it following a slump in global metal prices and amid fierce objection from miners. In May last year, the government reintroduced the bill, saying that despite strong

growth registered by the mining sector, it continues to lag behind in terms of revenue contributions to the government.

Mr. Kabila is in the midst of a political crisis as he refuses to step down after the official end of his tenure in 2016 and tries to extend his power.

"The adoption of this bill coincides with a time where President Kabila needs more resources to keep himself in power," said George Ott, an analyst with NKC African Economics. "It also provides him with the opportunity to use the newfound revenue on projects to salvage what is left of his legitimacy and to dampen opposition."

"Mr. Kabila is betting on the global trends in cobalt demand, in which the DRC will remain the essential source that will leave international mining companies with little option but to adapt to the regulatory changes," Mr. Ott said.

Executive Sues TCW Over Her Firing

By JUSTIN BAER

A former **TCW Group** Inc. executive alleged in a lawsuit Thursday that she was fired from the money manager in December for filing a sexual-harassment complaint against her boss.

Sara Tirschwell, a managing director who led TCW's distressed-debt group, sued the firm, Chief Executive David Lippman and her direct supervisor, Jess Ravich. She is seeking at least \$30 million in damages.

Ms. Tirschwell said in her complaint filed with the New York Supreme Court that Mr. Ravich made unwanted sexual advances during a series of at least seven breakfast meetings that began in the spring of 2016, often while he was dressed in a white robe. According to the lawsuit, he repeatedly coerced her into sex, implicitly threatening to deprive her of investor access and other resources required to build her fund if she refused.

Ms. Tirschwell said TCW ended support for her investment fund after she stopped attending the meetings and fired her nine days after she went to the firm's head of human resources to lodge a complaint against him. After she was told she was fired for cause, Ms. Tirschwell said, Mr. Lippman offered her a chance to resign her position to "end things nicely." He offered her \$500,000, along with a year of paid medical benefits, she said in the complaint.

A TCW spokesman said that the firm fired Ms. Tirschwell for "repeated, documented violations of firm policy" and that she had made "no complaint of any kind before it was clear she was being dismissed."

Messrs. Ravich and Mr. Lippman declined to comment through the spokesman.

investors, these people said.

Outcome came with risks that were evident before investors signed on. The company owed \$325 million after taking out a loan to buy a rival in 2016, which raised the risk for investors since creditors would be paid back first in a sale or bankruptcy.

Outcome also didn't have an independent board to provide oversight and accountability from an outside perspective.

The board consisted solely of Mr. Shah and Ms. Agarwal before the investment, according to a person familiar with the matter, and only Goldman would join afterward.

Outcome informed investors before the funding of an October 2016 whistleblower claim by a salesman accusing the company of "committing ongoing fraud" by misleading customers about the size of its network, according to court documents. Outcome told the investors the claims were meritless, according to the documents.

Whatever the signs, investors say they couldn't have foreseen that Outcome would—as they allege in their lawsuit—alter numbers in case studies to make its ads seem more effective.

An Outcome spokesman declined to comment on the allegation that it altered case studies, citing ongoing litigation. People close to the deal said investors liked the large and growing profits that Outcome stated, and were willing to bet on the company because Outcome sweetened the deal with a unique structure whereby it guaranteed investors a 20% annual return.

In most startup equity deals, investors simply buy shares at a set price and hope they will rise in value.

With guaranteed upside, investors agreed to earmark \$225 million—nearly half of the equity investment—to pay the founders a dividend, according to the lawsuit.

Two venture investors say they passed on the Outcome deal because of the dividend, the company's debt burden, and a worry that the return guarantee wouldn't pay off as expected. One of the investors was also wary of the founder-controlled board.

FRAUD

Continued from page B1

Some investors—including funds managed by Goldman, Google parent **Alphabet** Inc. and Mr. Pritzker's venture firm—are now suing Outcome and its founders for their money back, claiming they were duped by fraudulent documents that inflated Outcome's product and financial performance.

They also have alleged the company charged for advertising space it didn't deliver.

Outcome says the fraud allegations are baseless and its founders did nothing wrong. Outcome didn't make either Mr. Shah or Ms. Agarwal available for comment.

This deal will cause "a lot more soul-searching," said one investor, whose firm has written off its investment in Outcome. "Clearly investors didn't do enough diligence."

Venture-capital investing is inherently risky—most startups fail and few deliver outsize returns. So investors have to weigh potential rewards against possible risks, and be sure they understand both.

One question investors might have asked is how Outcome rapidly surpassed older rivals in a traditionally slowly growing industry despite having raised minimal outside capital. That growth was powered in part by a unique strategy that the company's founders have explained during interviews at tech events, a strategy meant to solve its "chicken-egg" problem that Mr. Shah described in those interviews came with a key risk. (Please read "How Outcome's Strategy Worked" for more details.)

Outcome projected a bright future when it was fundraising about a year ago—it's first time raising money from institutional investors.

The investor presentation reviewed by the Journal said that drug ads streamed on Outcome's screens delivered twice the return on investment of television commercials or print ads.

Outcome estimated its 2016 revenue doubled to \$131 million thanks to big customers such as **GlaxoSmithKline** PLC,

Money Trail

Some of the top investors in Outcome are now suing the startup.

Select investors in 2017 funding round

Goldman Sachs Investment Partners

\$100 million

Pritzker Group

50

CapitalG*

50

Norwest Venture Partners

50

Emerson Collective

50

Hamilton Lane

40

Leerink Transformation Partners

26

Balyasny Asset Management

20

*CapitalG is an investment arm of Alphabet

Source: Court filings

THE WALL STREET JOURNAL



A booth that showed Outcome Health's screens at an industry event held March 2017.

How Outcome's Strategy Worked

Outcome Health relied on an unique strategy for its growth.

The startup needed cash to install screens in doctor's offices, but without a network of screens it couldn't attract advertisers, Outcome's founders said in video interviews published online.

Some companies that try to build a business by connecting two sides of a marketplace do so by raising investor capital to seed their market. Outcome had bootstrapped itself, meaning it needed a creative way to

get cash to install the screens.

Shradha Agarwal, Outcome's co-founder, in a 2012 interview at a tech event available online described how Outcome solved the problem, saying the other co-founder Rishi Shah "negotiated upfront payments" on advertising deals "to have money in the bank and actually go and do these installations and deliver 200 screens, deliver 500 screens, 2,000 screens, that's how we kept growing." In a 2016 interview also online, Mr. Shah described the strategy as bringing "from the future what we need to fuel the future in the present, which is a concept we've recycled."

The risk of that strategy, which Mr. Shah described in

both the interviews, was that Outcome needed to execute with "military" precision. "It required you to sell an idea to both" doctors and advertisers, he said in 2016, "and then you couldn't mistime it, because you know, that would be fraud, right? If you sell something that doesn't exist."

"It's like jumping through one train to the other train and making it out and it's hard right? We're not the only ones to do it, there are other chicken-and-egg businesses. But to build a chicken-and-egg business that's capital intensive without any capital is actually pretty hard. I'm not sure it's been done."

Ray Rotolo, who previously

ran a media agency that bought advertising space from companies like Outcome, said he hadn't seen an example of another company in the industry charging for screens that it hadn't yet installed, but that there would be nothing wrong with such a policy provided clients ultimately get what they pay for.

In a statement, an Outcome spokesman said: "Mr. Shah's comments were about starting a company with a two-sided market and the importance of delivering for both sets of customers, as explained in the interview." He added that the founders always stressed the importance of execution with integrity.

—Rolf Winkler

and its 2014 and 2015 financial statements were audited by a prominent firm, **Deloitte**, according to people familiar with Outcome's disclosures.

The presentation showed Outcome had wide profit margins and a deep bench of newly hired executives. Deloitte declined to comment.

Outcome also had a home-town hero in Mr. Shah, a 32-year-old Chicago-area native

who had won entrepreneurship awards for his rapidly growing startup. Mr. Shah boasted a powerful ally in Mr. Pritzker, now a candidate for Illinois governor and part of Chicago's prominent business dynasty.

Mr. Pritzker, 53, had known Mr. Shah previously, in part through the business-leadership group Young Presidents' Organization, according to people familiar with the

group. Mr. Shah serves on the board that oversees 1871, a Chicago tech incubator founded by Mr. Pritzker, and the Pritzker Group added Mr. Shah to its team of senior advisers in 2015. Mr. Shah is no longer involved with the Pritzker Group, but is still on the board of 1871.

Goldman Sachs Investment

Partners, a unit of the investment bank's asset-manage-

ment division, signed on to lead the Outcome investment after teaming up with the Pritzker Group on a prior deal.

As lead investor, Goldman Sachs directed the due-diligence process to spot potential risks, according to people familiar with the fundraising process. Goldman, which invested \$100 million of its clients' money in Outcome, recruited other

investors to put up the rest of the \$225 million.

MARKETS

Blue Chips Ascend to a Record

Strong earnings from 3M bolster the index as Trump's remarks on dollar pressure shares

BY MICHAEL WURSTHORN
AND RIVA GOLD

The Dow Jones Industrial Average climbed to a new high, but pared gains after President Donald Trump said he would like to see a strong dollar.

The Dow industrials had risen more than 200 points Thursday, as an upbeat corporate earnings report from **3M**, the maker of Scotch tape and Post-it Notes, helped extend the index's gains this year.

The Dow gave up a big portion of its advance later in the afternoon after Mr. Trump's remarks to CNBC about the U.S. currency, appearing to contradict comments by his Treasury secretary the previous day.

As stocks pulled back, the dollar edged higher against other currencies.

"The market isn't collapsing, but whether it's people talking about the dollar's weakness versus the dollar's strength, it's permeating the conversation," said Kenny Polcari, director of equities at O'Neil Securities.

The Dow industrials added 140.67 points, or 0.5%, to 26392.79, its 10th record close of the year. The Dow's torrid pace this month outpaces the two records the index notched in January last year, which ended with 71 closing highs.

The S&P 500 rose 1.71 points, or less than 0.1%, to 2839.25, also a record, while the Nasdaq Composite Index edged down 3.89 points, or less than 0.1%, to 7411.16.

The focus on trade and the dollar took attention away from several strong earnings reports that contributed to some of the biggest individual stock moves, Mr. Polcari said.



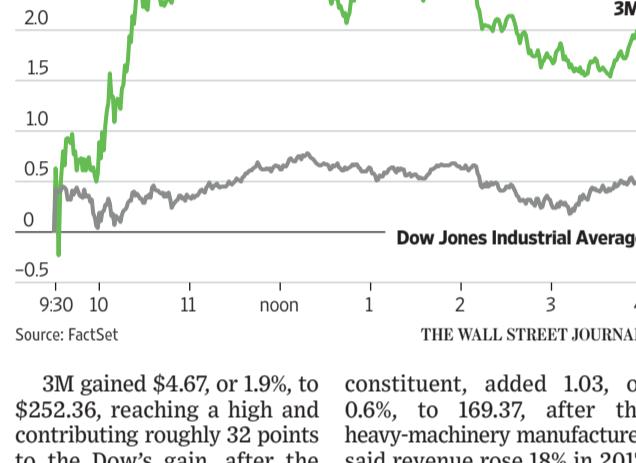
GLEN STUBBE/MINNEAPOLIS STAR TRIBUNE/ZUMA PRESS

Windows coated with a 3M product that looks like stained glass. 3M provided 32 points to the Dow's rise.

Posting It Higher

Shares of 3M climbed after reporting better-than-expected earnings, contributing to the Dow industrials' gain for a second consecutive day.

Performance, minute by minute



Source: FactSet

Dow Jones Industrial Average

THE WALL STREET JOURNAL.

3M gained \$4.67, or 1.9%, to \$252.36, reaching a high and contributing roughly 32 points to the Dow's gain, after the manufacturer reported higher-than-expected earnings and revenue and raised its profit outlook for the year.

Caterpillar, another Dow

constituent, added 1.03, or 0.6%, to 169.37, after the heavy-machinery manufacturer said revenue rose 18% in 2017, breaking a four-year streak of declining sales.

But weakness among shares of airlines has pressured major indexes in recent days, even as

companies such as **American Airlines Group** and **Southwest Airlines** reported revenue gains.

Late Tuesday, **United Continental Holdings** disclosed expansion plans that sparked investor fears of a fare war between carriers, helping push shares down on Wednesday.

That continued Thursday, with American shedding 1.74, or 3.2%, to 53.05, after it reported a lower profit from the year-earlier period due to higher labor and fuel costs, while Southwest shares slid 2.02, or 3.2%, to 60.19.

The Dow Jones Transportation Average, an index of 20 of the largest U.S. airline, railroad and trucking firms, including American and Southwest, fell 1.6% to extend its fall to three straight sessions.

The rally in oil prices has raised concerns among investors about how airlines and other transportation companies will cope with higher operating expenses at a time when many already face tight profit margins, said J.J. Kina-

han, chief market strategist at TD Ameritrade.

"Energy prices are really taking off," Mr. Kinahan said. "The transportation companies are going to have to start to hedge" against rising oil prices, he said.

In Europe, the Stoxx Europe 600 declined 0.5% after the European Central Bank left its policy mix unchanged, rejecting an early move to scale back its monetary stimulus amid concerns over weak inflation and a surging euro. While ECB President Mario Draghi said recent volatility in exchange rates represents a source of uncertainty and could alter how the central bank proceeds, some analysts said market participants may have been expecting more concern.

Asian stocks closed sharply lower, catching up with Wednesday's drop in the dollar. Japan's Nikkei Stock Average closed down 1.1%, its biggest drop in seven weeks. At the midday break Friday, it was up 0.15%. Hong Kong's Hang Seng Index fell 0.9% Thursday after seven days of gains. Early Friday, it was up 0.9%.

Treasury Auctions

The Treasury Department will auction \$110 billion in securities next week. Details (all with minimum denominations of \$100):

◆ **Monday:** \$48 billion in 13-week bills, a reopening of an issue first sold on Nov. 2, 2017, maturing May 3, 2018. Cusip number: 912796PC7.

Also, \$42 billion in 26-week bills, dated Feb. 1, 2018, maturing Aug. 2, 2018. Cusip: 912796PS2.

Noncompetitive tenders for both issues must be received by 11 a.m. EST Monday and competitive tenders by 11:30 a.m.

◆ **Tuesday:** \$20 billion in 52-week bills, dated Feb. 1, 2018, maturing Jan. 31, 2019. Cusip number: 912796PP8.

Noncompetitive tenders are due by 11 a.m. Tuesday; competitive tenders, 11:30 a.m.

Banks Put Obstacles On Path To Bitcoin

BY ANNAMARIA ANDRIOTIS
AND PAUL VIGNA

Some banks and credit-card companies have begun restricting customers' purchases of bitcoin, shutting down a popular way to buy the volatile digital currency.

This month, **Capital One Financial Corp.** decided it would no longer let its customers use credit cards it issues when buying bitcoin or other cryptocurrencies such as ether "due to the limited mainstream acceptance and the elevated risks of fraud, loss and volatility." The bank said it would "regularly evaluate the decision as cryptocurrency markets evolve."

The firm's decision followed **Discover Financial Services'** move in 2015 to effectively prohibit purchases of digital currencies with its cards.

Bank of America Corp. allows bitcoin purchases with the credit cards it issues. "At this point there is nothing that would block a transaction, but we are carefully reviewing our policy," said a bank spokeswoman.

Citigroup Inc., which allows bitcoin purchases with its credit cards, is also reviewing its policy, according to a person familiar with the matter. TD Bank, the U.S. unit of **Toronto-Dominion Bank**, said that as a result of security measures some bitcoin transactions aren't being processed.

The moves could put a crimp in one way to buy bitcoin, which soared 1,375% last year and attracted widespread new interest before falling about 20% this year. Despite bitcoin's popularity, some card companies are expressing concerns

1,375%

How much cryptocurrency bitcoin soared in value last year.

about consumers using credit cards to buy the currency.

Funding investments with credit cards isn't usual in traditional markets. Among brokerage firms, **Charles Schwab Corp.** and TD Ameritrade Holding Corp. don't allow it, and **E*Trade Financial Corp.** lists several funding methods it accepts on its website, but doesn't mention credit cards.

With bitcoin, some 18% of buyers funded purchases with a credit card, according to a survey released in December from lending marketplace LendEDU.

Of those, 22% said they didn't pay off their credit-card balance after the purchase. Nearly 90% of that group expected to eventually pay off the balance using profits from the investment, the survey found.

Funding those investments with debt only adds to the risk of investing in bitcoin. The volatile asset could result in card holders being underwater before the bill comes due.

Investors need to cover what often are double-digit-percentage interest rates on credit cards if they don't pay the bill in full, in addition to fees on the bitcoin transactions. To offset those costs, borrowers need bitcoin to rise substantially in value. That can increase the chances of borrowers not paying credit-card bills if they owe more on the asset than it is worth.

Race Is On for \$1 Trillion

BY BEN EISEN

Some Wall Street analysts are betting it won't be too much longer before there is a trillion dollar company in the U.S. stock market.

The S&P 500 technology sector is up 39% over the past 12 months, including a benchmark-beating 7.1% rise to start 2018. Some of the technology-focused titans, which are among the biggest companies in the S&P 500 by market cap, are up even more, spurred by expectations of growing market share and profits. **Amazon.com Inc.** has risen 18%, **Alphabet Inc.** is up 12%, and **Microsoft Corp.** has climbed 7.9%.

If the stock market keeps rising at its current pace, it

won't take long for **Apple Inc.**, **Alphabet**, or **Microsoft** to obtain a trillion dollar market value, something that has never happened in the U.S. Depending on how you calculate it, it could also be the world's first public trillion-dollar firm.

Apple is the only U.S.-listed company to have topped \$900 billion in market cap, and it was recently the highest with \$870 billion.

The average 12-month price target for the stock among the 37 analysts tracked by FactSet is \$193.50, which would bring its market cap to just over \$984 billion based on the company's most recent share count.

Analysts generally factor in share buybacks when making their forecasts, which reduce



APANIA MAKAYEVA/REUTERS

Apple, maker of the iPhone, has a market cap of \$870 billion.

the number of shares outstanding, so the exact target that would send Apple over \$1 trillion would likely be higher in a year's time.

Google parent Alphabet has a market value of \$817 billion. To get to a trillion, the share price would have to climb by more than \$250 from its current level, based on its current share count.

Microsoft, the S&P 500's third-biggest company, might be considered a dark-horse candidate because its market cap is just \$712 billion. But it isn't out of the realm of possibility, according to Canaccord Genuity analyst Richard Davis.

"A trillion dollars. That's a big number," he writes. "However, if you believe, as we do, that it is reasonable to expect MSFT to appreciate between 10-20% annually for the next five years, you get to the Big T as early as calendar Q4 2019, or more like sometime in early 2020."

And don't forget Amazon. Its market cap lags behind a bit at \$664 billion, but isn't out of contention. D.A. Davidson analyst Tom Forte this week called for the stock to rise to \$1,800, a particularly bullish bet on the company, which is currently at \$1,377.95 a share.

That wouldn't quite get Amazon to a trillion dollars, but it would bring the company much closer.

Views on Inflation Push Up U.S. Bonds

BY DANIEL KRUGER

U.S. government-bond prices advanced, led by gains in longer-term securities.

The yield on the benchmark Treasury 10-year note fell to 2.628%, from 2.654% Wednesday. Yields fall as bond prices rise.

Bonds rallied after President Donald Trump endorsed a stronger dollar, walking back Wednesday's statement by Treasury Secretary Steven Mnuchin, who said that a "weaker dollar is good for trade."

Mr. Trump's remarks sent the dollar higher and yields lower a day after the U.S. currency had posted its largest decline since March 15, spurring selling in bonds. Some investors say a weaker U.S. currency could spur inflation by raising prices for imports, such as oil. Inflation poses a threat to the value of long-term bonds because it over time erodes the purchasing power of their fixed payments.

"If people don't expect inflation to pick up, it could be an attractive opportunity to buy longer-term Treasurys," said Christopher Sullivan, a bond-

fund manager at the United Nations Federal Credit Union.

Responding to the easing inflation concerns, the yield on the 30-year Treasury bond dropped to 2.891% from 2.936% Wednesday, its largest one-day decline since Dec. 27. The 30-year bond is especially sensitive to rising inflation because it is the Treasury security with the longest maturity.

The 10-year yield had risen as high as 2.676% during Thursday's trading, according to Tradeweb, after Mario Draghi, president of the European Central Bank, said it still plans to pull back from stimu-

lus policies—which have helped drag down yields across many developed markets—despite the recent strengthening of the euro.

AUCTION RESULTS

Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

SEVEN-YEAR NOTES

Applications	\$80,601,579,200
Accepted bids	\$32,115,171,200
"noncompetitively"	\$17,610,600
"foreign noncompetitively"	\$0
Auction price (rate)	99.985928 (2.56%)
Interest rate	2.500%
Bids at clearing yield accepted	26,08%
Cusip number	9128283V

The notes, dated Jan. 31, 2018, mature on Jan. 31, 2025.

MARKETS

Forecasts Heat Up Natural-Gas Prices

Recent surge follows predictions of another deep freeze, which could strain already depleted supplies; shift catches some speculators off guard

By ALISON SIDER

The threat of another blast of bitterly cold arctic air bearing down on the U.S. is sending natural-gas futures prices to their highest level in more than a year.

Traders and investors who had bet on falling natural-gas prices are being squeezed and have had to scramble to buy back contracts they once sold to close out their positions, pushing prices this week to their highest level since late 2016.

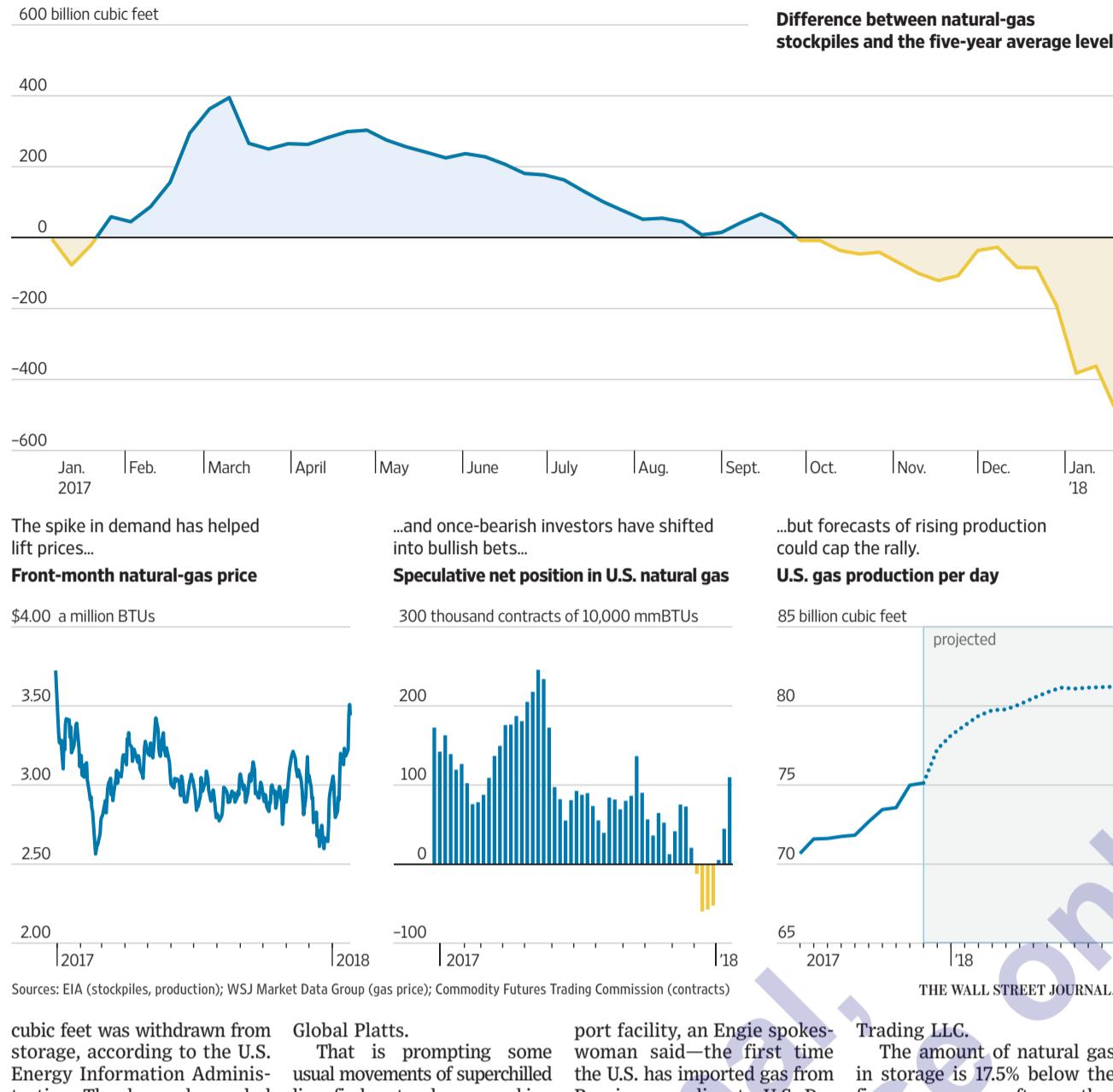
The February contract gave up some of those gains Thursday, falling 1.8% to \$3.4470 a million British thermal units. Natural gas for March delivery—which will become the front-month contact next week—rose 0.6% to \$3.099 per million BTUs.

The surge came as weather forecasts predicted that the warm temperatures in the latter part of January will abruptly give way to another wave of intense cold from the Midwest down to Texas and eastward, as a high-pressure ridge over Alaska appears set to send arctic air down through North America.

"The market was antsy, waiting for that first clear sign of cold. [Tuesday] it arrived," said Jacob Meisel, chief weather analyst at Bespoke Weather Services.

The cold could strain natural-gas supplies, which have already been depleted by record-low temperatures across much of the country early this month. A severe winter storm known as a "bomb cyclone" hammered the East Coast in the first days of the year. Then, in the Southern U.S., snow, sleet and freezing rains scuttled flights, canceled school days and created hazardous driving conditions.

That resulted in record demand for gas: During the first week of the year, 359 billion



Sources: EIA (stockpiles, production); WSJ Market Data Group (gas price); Commodity Futures Trading Commission (contracts)

cubic feet was withdrawn from storage, according to the U.S. Energy Information Administration. The demand, coupled with infrastructure bottlenecks, prompted a swift run-up in natural-gas prices on the spot market in some places. At a New York hub, for example, prices rose as high as \$175 per million BTUs during trading on Jan. 5, according to S&P

Global Platts.

That is prompting some usual movements of superchilled liquefied natural gas, making shipments from as far away as Siberia look economical.

Engie SA bought a cargo of LNG from a facility in the U.K. to supplement the regular supply at its Boston import terminal. The cargo likely includes gas from Russia's new LNG ex-

port facility, an Engie spokeswoman said—the first time the U.S. has imported gas from Russia, according to U.S. Department of Energy data.

Another wave of bitter cold could prompt a repeat, analysts said. "The concern is in February, deliverability gets even more constrained versus the January event," said Joel Stier, a trader at StierBull

Trading LLC.

The amount of natural gas in storage is 17.5% below the five-year average, after another big withdrawal from inventories last week. Supplies are particularly tight in the South and the East, where temperatures are expected to plunge early in February. The amount of gas sitting in the Southeast's underground salt caverns was

recently at its lowest for this time of year since 2014.

"Storage is low—precariously low," said Bill Perkins, who runs the natural-gas-focused fund Skylar Capital Management LP.

That has some end users, such as utilities, trying to stock up so they have enough gas available to keep their customers' homes warm if the predicted cold arrives, analysts and traders said.

Mr. Perkins said he is cautiously bullish on gas prices, "with both eyes on the weather."

The latest shift in weather forecasts has caught some speculators flat-footed. Winters have been mild the last two years, leading to tepid demand for heating fuel. At the same time, natural-gas production has been surging to new records—something that investors believed would keep the market well supplied even in cold weather.

John Woods, president of JJ Woods Associates and a Nymex trader, said he was taken aback by how high prices rose. He sold when prices rose to around \$3.22 to \$3.25 per million BTUs.

"That one hurt," he said of missing the rest of the run-up.

At the end of 2017, hedge funds and other money managers were betting that natural-gas prices would fall: Short bets on natural gas outnumbered long ones by more than 50,000 contracts. Natural-gas prices fell to a 10-month low of \$2.598 a million BTUs in late December. Since then, though, these investors have become more bullish.

What market participants weren't thinking about was demand, said Kyle Cooper, an analyst at Ion Energy Group.

"The whole mantra has been supply, supply, supply," he said. "Mother Nature just squeezed you again."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

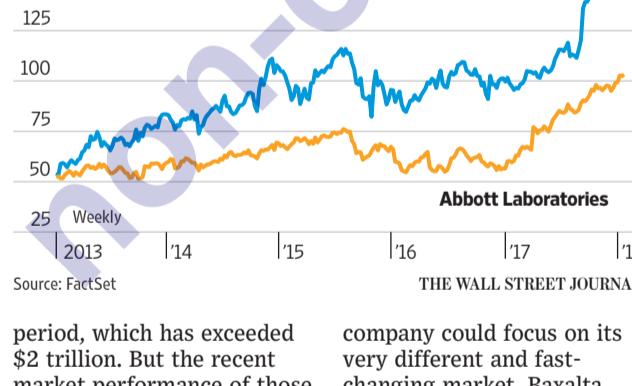
WSJ.com/Heard

Email: heard@wsj.com

Spinoffs Suit Health-Care Sector

Spin and Win

Market value of AbbVie and Abbott Laboratories



period, which has exceeded \$2 trillion. But the recent market performance of those spinoffs suggests the tactic should be used more often.

Consider **Bioverativ**, formerly the hemophilia division of **Biogen**, which Sanofi agreed to buy this week for \$11.6 billion, or \$105 a share. Just over a year ago Biogen, which is focused on neurological drugs, decided to spin off Bioverativ to shareholders at about \$45 a share so the new

company could focus on its very different and fast-changing market. Baxalta, formerly the drug division of Baxter International, was spun off and eventually sold to Shire in 2016. Baxalta shareholders earned a roughly 45% return in its six months as a public company.

Newly spun-out companies don't have to find a buyer to succeed; **Abbott Laboratories** had a market value of about \$100 billion just before it spun off its

branded pharmaceutical business, **AbbVie**, in 2013. Today the companies are worth a combined \$270 billion, outpacing the S&P 500 over that period.

Animal-health specialist **Zoetis** has outperformed **Pfizer**, its former parent, by nearly 100 percentage points and beaten the S&P 500 over the past five years.

Today's health-care industry is full of business combinations that might make more sense under separate roofs. Should **Novartis**, for example, continue to house its generic drugs business alongside its innovative medicine unit? Should **Merck & Co.** be focused on animal health in addition to its vast human drugs business? Will Pfizer, which has previously decided against splitting into two businesses focused on branded and off-patent drugs, reconsider?

This year, companies that are willing to ask themselves these tough questions have a strong chance of standing out from the crowd.

—Charley Grant

OVERHEARD

British soccer clubs promote gambling too much in the eyes of some fans and politicians. Nine of the 20 top-league clubs already advertise betting companies on their team jerseys.

One of the Premier League's top clubs, London-based Arsenal, is taking things further by promoting a new cryptocurrency designed to be used solely for online betting and casino games.

Cashbet Coin is raising money through an initial coin offering, which isn't subject to U.K. financial regulation. British regulators warned last year that such coins are very high-risk investments.

It is meant at some point to be usable for betting with **Cashbet**, an Oakland, Calif.-based online gambling company licensed to operate in the U.K.

Arsenal said their partnership "does not exist to encourage fans to bet with CashBet Coin." Though it added, "As with all official club partners, we look forward to working with them."

Intel Results Don't Have Any Flaws

There are still questions about the impact of security flaws in **Intel's** chips, but it is still hard to get around using those chips.

That was readily apparent in the company's fourth-quarter results delivered late Thursday. Revenue rose 4% year over year to a record \$17.1 billion, with adjusted operating income surging by 21% to \$5.9 billion. Both came in well ahead of Wall Street's forecasts.

But there is a cost to that as well. Intel's position as a leading-edge chip manufacturer is expensive to maintain, especially as rivals such as Samsung boost capital spending. Intel spent a record \$11.8 billion on capital expenditures in 2017 and expects to part with about \$14 billion this year, though it says prepayments from memory-supply agreements should offset that by about \$2 billion.

Intel's shares jumped as much as 5% just following the report, a sign that investors find the rising costs manageable. To that end, the latest results were a good sign, especially in the data-center segment, in which Intel launched a major upgrade to its line of Xeon server processors. That lifted revenue in the group to a record \$5.6 billion.

The company also sees overall revenue rising 4% for 2018, above the 3% gain analysts predicted. That is a sign that Intel doesn't expect a major business impact from the Spectre and Meltdown security flaws in its chips reported this month. That could end up proving optimistic if more problems arise. But for now, Intel seems to have stacked its chips in the right places.

—Dan Gallagher

Clariant Activists Who Pledged Long-Term Plan Back Out

Up and Out

Clariant share price



Clariant's management was told only just ahead of the sale, but it may take comfort in knowing Sabic is a major client and through the process-licensing com-

pany they have jointly owned since 2003.

But Clariant's shares plunged 10% on the news after Sabic said it had no plans to pursue a takeover.

The U.S. activists—the Standard Industries family investment arm and a hedge fund run by Carl Icahn protégé Keith Meister, Corvex—worked in tandem under the name White Tale. They scuttled the Huntsman merger by aggressively building a stake of more than 20% by the end of October from less than 5% four months earlier.

However, after the deal collapsed, Clariant rejected

their demands for three board seats and an independent investment bank review of options for the business.

Their threat to call an extraordinary general meeting for a showdown with the company late last year then went unfulfilled and White Tale has been quiet since.

While they didn't get their way, the activists will have made a healthy profit: They bought most of their shares of Clariant at prices between about 21 Swiss francs and 25 Swiss francs (24 cents and 26 cents). Just before the sale to Sabic, the stock hit a 15-year high of more than 29

francs.

For Clariant, the hope will be that their new shareholder proves friendlier and more cooperative than the last.

It said the two companies would soon begin talks to "explore ways to create value"—a corporate holding-pattern phrase for when you don't know what to expect.

For Clariant's other shareholders, any hopes of a takeover at a nice premium look dead for now—but then the trouble with White Tale's strategy is that such an outcome was always unlikely anyway.

—Paul J. Davies



HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday, January 26, 2018 | M1

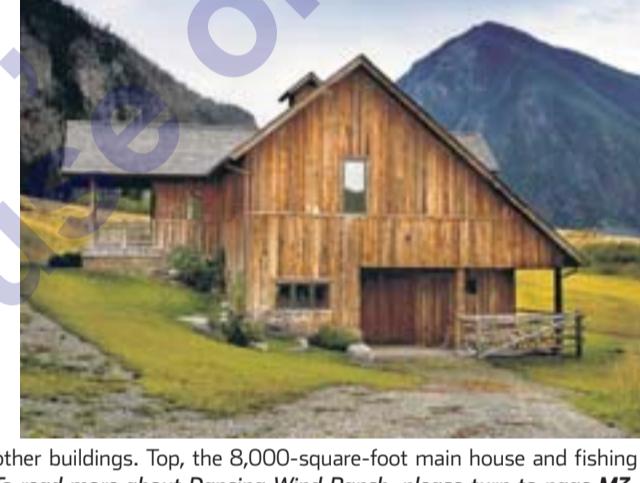
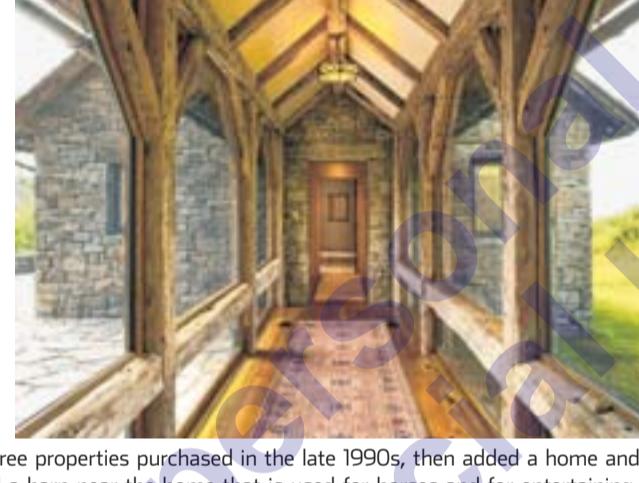
DAVID DORAN

1st
Place



The House of the Year

Readers pick their favorite Mansion-featured home of 2017: A sprawling, windswept ranch in Montana that's still on the market for \$12 million; 121,544 votes cast in poll.



THE WINNER Tamra and Jay Call created a working ranch from three properties purchased in the late 1990s, then added a home and other buildings. Top, the 8,000-square-foot main house and fishing pond. Above, from left, the home's great room, a glass corridor and a barn near the home that is used for horses and for entertaining. *To read more about Dancing Wind Ranch, please turn to page M3.*

BY LEIGH KAMPING-CARDER

AFTER A YEAR OF political drama and weather disasters, a secluded mountain retreat seemed just the answer for House of the Year voters.

In the contest, readers pick their favorite homes from among the winners of the year's previous House of the Week polls, which typically feature three homes for sale each week. In total, 121,544 votes were cast.

The top U.S. home was a ranch in Montana. An Adirondacks getaway was in the second spot, while a Hawaii mansion came in third. Outside the U.S., a Mediterranean-inspired spread on

Australia's Coral Sea was the most popular pick.

All three U.S. properties are still for sale, a reminder of the relative slowdown in the high-end home market. In 2017, the most expensive 5% of homes spent 116 days on the market, 5.35% longer than the year before, according to Realtor.com. (News Corp, owner of The Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.)

"What we define as luxury is actually becoming pricier," said Javier Vivas, director of economic research at Realtor.com, noting that in 2017 the cutoff was \$804,000, up 5.14% from the year before. That has shrunk the pool of buyers, keeping homes on the market longer, he said.

Fewer wealthy homeowners are looking to trade up versus 2014 and 2015, when many bounced back from the recession and invested in more expensive real estate, said Ralph McLaughlin, chief economist of listing website Trulia.

At the same time, some areas—particularly in California, Hawaii and Colorado—are seeing double-digit price gains and swift sales, thanks to a thriving economy on the West Coast and residents' desire for ski homes and vacation properties, Mr. Vivas said.

"There's been a bit more inventory than in previous years," said Joel Goodrich, an agent in San Francisco with Coldwell Banker Global Luxury, "but things are selling."



2nd
Place

An 11,000-square-foot lakefront retreat in Lake Placid, N.Y., that's on the market for \$9.2 million M4



3rd
Place

A 13,422-square-foot contemporary beachfront home on Maui that's listed for \$28 million M4

A LUCKY YEAR FOR CHINESE BUYERS

Some real-estate agents are reporting a reaction to the auspicious year of 2018.

BY NANCY MATSUMOTO

CHINESE WILL soon be celebrating the Year of the Dog. It could also be the Year of the Deal.

It has long been known in real-estate circles that an address or price that includes the number eight—which when spoken in Cantonese sounds like the word for “prosperity”—can make a property more popular with Chinese buyers. Now some

real-estate agents are reporting a reaction to the auspicious year of 2018: The number 18, when spoken out loud in Cantonese, sounds like the phrase “I want to be very wealthy,” says Kelly Xie, a Toronto-real estate agent for Century 21.

Janet Wang, a real-estate agent with the Corcoran Group in New York City, says

Please turn to page M6



DESIGNER: RENDERING

A PROSPEROUS ADDRESS A rendering of Toronto's 8 Cumberland Street; the number eight when spoken in Cantonese sounds like the word for ‘prosperity’.

INSIDE



MIDWESTERN SON
Actor Nick Nolte's Iowa childhood M5



IT'S COMPLICATED
Quirky customers can muddle a sale M7

WINDSOR



10605 FIFE AVENUE

3 BEDROOMS 4 FULL AND 1 HALF BATHS \$1,890,000

Located on a prominent corner, the main living rooms in this charming home are situated on the second floor maximizing light and views. Reminiscent of architecture seen in historic Charleston, the porch spans the entire length of the house and features open rafters, detailed millwork and a signature haint blue ceiling.



772 388 8400 WINDSORFLORIDA.COM

LUXURY REAL ESTATE DESERVES A LUXURY AUCTION®



FEBRUARY 17TH | KIawah Island, SC

Previously \$5.9M. Now Selling
At or Above Only \$1.75M!



MARCH 3RD | COLORADO SPRINGS, CO

Previously \$4.25M. Now Selling
WITHOUT RESERVE!

 PLATINUM®
LUXURY AUCTIONS
800.262.5132
PlatinumLuxuryAuctions.com

SC property listed and offered for sale by Atlantic Properties of the Lowcountry (Lic# 724). Listing agent Mary Lou Wertz (Lic# 82622). Bid calling by South Carolina Auctioneer Chris Prochta (Lic# 156). CO property listed and offered for sale by UV Sotheby's International Realty (Lic# EC 040004390) and Action Team Realty (Lic# EC000073240). Listing brokers Elaine Stacey (Lic# EA 001326922), Brent Hawker (Lic# ER 000073240) and Todd Hawker (Lic# FA 040047527). Platinum Luxury Auctions LLC is performing auction-marketing services as part of these transactions, and is not providing any real estate brokerage services where prohibited. Sotheby's International Realty, the Sotheby's International Realty logo and affiliate logos are registered (or unregistered) service marks used with permission. Neither Sotheby's, Sotheby's International Realty Affiliates LLC, nor any of their affiliated companies is providing any product or service in connection with this event other than as required by applicable law.

A Lifestyle As Unique As You.

80 Pumpkin Cay • \$4,200,000 • (1437)

Beautifully renovated home in the privacy of Ocean Reef Club's garden home enclave

- 3 Bedrooms, 3 1/2 Bathrooms
- Rebuilt with a Key West / Bahamian Design
- Spacious Living Area Overlooking The Water
- Large Gourmet Kitchen with Custom Cabinetry
- Easy Access to Open Water from Private 40' Dockage

From slips to beautiful oceanfront estates, Ocean Reef Club offers an array of residential choices to complement your lifestyle.

To learn more about this private club community, call 305.367.6600 or visit OceanReefClubLiving.com

 OCEAN REEF CLUB
REAL ESTATE COMPANY
KEY LARGO, FLORIDA

NEW HOMES • VILLAS • CONDOMINIUMS
MARINA DOCKS • VILLA & HOME RENTALS

Equal Housing Opportunity

MANSION

PRIVATE PROPERTIES

A Stake in a To-Be-Built New York Penthouse Asks \$35 Million

Fashion designer Elie Tahari spent more than 12 years securing the rights to build an additional two stories atop his penthouse on New York's Fifth Avenue. Now that he's got approved designs, he's looking for a partner willing to invest \$35 million to complete construction.

Mr. Tahari has secured the necessary permission from New York's Landmarks Preservation Commission and the Department of Buildings, and has just begun building the addition, said real-estate agent Benjamin Benalloul of Town Residential, who with colleagues Loretta Shanahan-Bradbury and Victoria Terri-Cote is representing the offering. Once the project is completed, the partners would either sell the entire project, or one would buy out the other's 50% interest, Mr. Tahari's spokesman said.

The design for the finished penthouse, by Rick Cook of



CookFox Architects, includes two glassy floors perched atop the currently 21-story, 1950s-era cooperative building located between 67th and 68th streets in the Upper East Side Historic District. The finished product, seen in a rendering here, would comprise five bedrooms, 7,500 square feet of interior space and 5,500 square feet of terraces with views of Central Park. "It's almost like you're dropping an Apple store on a co-op building on the Upper East Side," Mr. Benalloul said.

The top level of the penthouse would be dedicated to a master suite with its own living room, en-suite bathroom and private landscaped garden.

Mr. Tahari bought his first penthouse apartment in the building for \$325,000 in 1979, public records show. After his neighbor died, he bought that unit for an additional \$4.2 million in 2011.

—Katherine Clarke

ALONZO MOURNING'S ONETIME MIAMI HOME GOES ON THE MARKET

The onetime Miami home of Basketball Hall of Famer Alonzo Mourning is going on the market for just under \$12 million.

Mr. Mourning bought the Coconut Grove, Fla., house in 1996, the year he signed a seven-year contract with the Miami Heat for more than \$100 million. Mr. Mourning, who spent much of his 15-year NBA career with the Heat, later moved to a larger home in Coral Gables, selling the Coconut Grove house for \$6 million in 2009. The current owner is Venezuela native George Ther-

miotis, who bought the house from a subsequent owner in 2015 for \$7.14 million.

The waterfront mansion has seven bedrooms and an elevator and spans nearly 11,000 square feet, said listing agent Bo Mastyk of Douglas Elliman Real Estate. Located in a gated community, the house sits on roughly half an acre on Biscayne Bay. According to Mr. Mastyk, the house has high ceilings and doors that accommodated the tall basketball player.

Current owners Mr. Thermi-

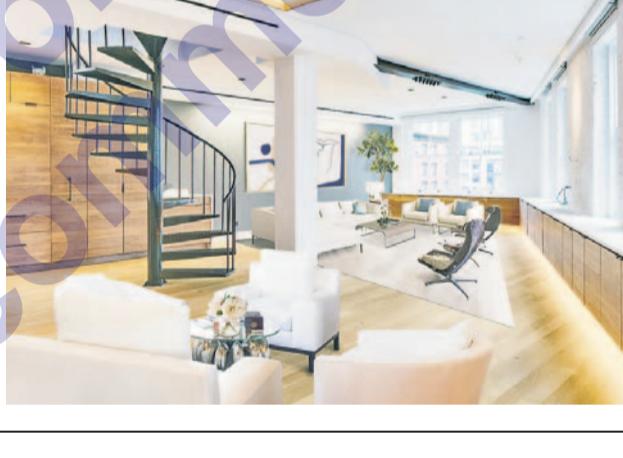


otis, who owns a marketing company that services the cosmetics industry, and his wife, Corina Hernandez de Thermiotis, an artist, extensively ren-

ovated the house, Mr. Mastyk said. The couple enjoy renovating houses, Mr. Mastyk said.

—Candace Taylor

ACTOR JOSH HARTNETT SELLS HIS TRIBECA PENTHOUSE



Josh Hartnett has sold his Tribeca penthouse for \$3.55 million, according to two people with knowledge of the deal.

The approximately 1,965-square-foot corner unit has a wall of windows with views of the World Trade Center. The space is configured as a one-bedroom unit; it could easily accommodate additional bedrooms, according to the listing. The bedroom has a large walk-in closet with a windowed

dressings area and a glass-tiled bathroom. A wide spiral staircase connects the apartment to a 940-square-foot roof deck.

The "Pearl Harbor" and "Black Hawk Down" actor, 39,

purchased the unit for \$2.4 million in 2004, property re-

cords show. A spokeswoman for Mr. Hartnett declined to

comment. The listing agent, Pamela D'Arc of Stribling &

Associates, also declined to

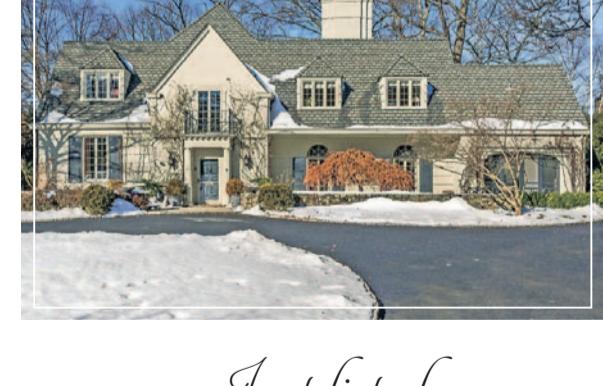
comment. —Katherine Clarke

▶ See more photos of notable homes at WSJ.com/Mansion.

Email: privateproperties@wsj.com

HOULIHAN LAWRENCE

Bronxville, NY



Just listed

One of Bronxville's most beautiful homes. Its glorious 4900 sq ft. interior is defined by extraordinary style, design and comfort. Walk to renowned school, village shops and train from a most coveted location. **MLS# 4801503**

Asking \$4,800,000

Rita Steinkamp

Houlihan Lawrence Bronxville Brokerage

rsteinkamp@houlihanlawrence.com

914-646-5196



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

HOUSE OF THE YEAR

Readers' Dream House: a Montana Ranch

The property offers an 8,000-square-foot main home and cattle; it is listed for \$12 million

BY SARAH TILTON

DANCING WIND, a working ranch comprising about 1,750 acres, is the winner of WSJ.com's annual House of the Year poll, capturing 74.82% of the votes in the matchups with other properties.

Tamra Call and her late husband, Jay, spent two years looking for a ranch before finding this property in Livingston, Mont. "We had some criteria. We wanted trees, we wanted water, we wanted close proximity to the wilderness," Mrs. Call, 64 years old, said in an interview with The Wall Street Journal last year.

While the property was popular with readers, it has yet to find a buyer. It has been on and off the market since it was first listed in 2010 with an asking price of \$27 million. In 2016 it was relisted with an asking price of \$15 million. In 2017 the price was further reduced, to \$12 million, where it still stands. Jim Taylor, of Hall and Hall, has the listing.

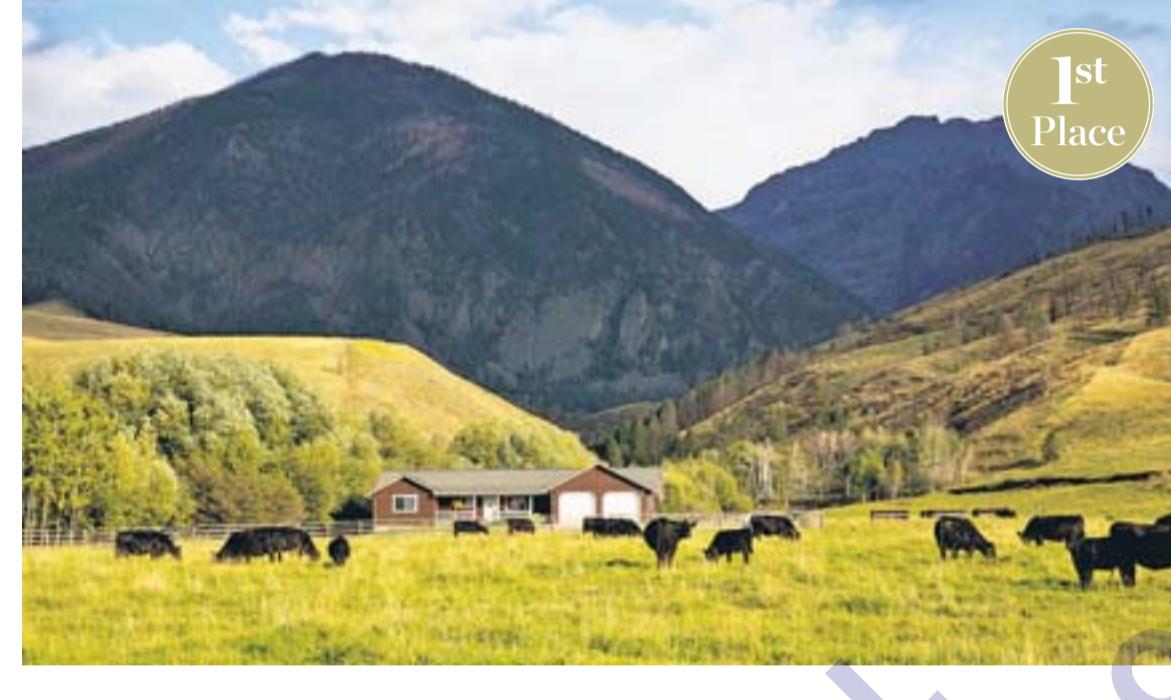
The couple created the ranch from three purchases in the late 1990s, then spent more than the current asking price on the improvements, said Mrs. Call. It took two years to build the more than

METHODOLOGY

Tuesday through Thursday each week, WSJ editors choose a distinctive property for sale to feature as the House of the Day at WSJ.com/HouseoftheDay. On Fridays, readers vote for their favorite. From Dec. 18 to Jan. 2, readers voted among the winners from the last three weeks of 2016 and the first 49 weeks of 2017 in a series of head-to-head matchups.



IN LIVINGSTON The Calls chose a mountain style for their three-bedroom stone house. Above, the main home's kitchen and great room, and a hangar at the nearby airport that can be part of the sale. Below, the ranch-manager's house.



DANCING WIND RANCH (4)

1st
Place

8,000-square-foot main house, during which time they lived in a mobile home on the property. The mobile home is now rented out. It has its own small barn that was made into an office and a larger barn that the couple refurbished.

The Calls chose a mountain style for the stone house, which has three

bedrooms, four full baths and two half-baths. The great room includes a bar, a pool table and a poker table. More than 2,100 square feet of stone patios capture the views of Paradise Valley. A pond in front of the house is used for fly fishing, Mrs. Call said. Another barn, originally built for horses, has been used

for parties, including a ranch hand's wedding, Mrs. Call said.

The ranch's headquarters include a 2,800-square-foot, four-bedroom manager's house and a 2,700-square foot, four-bedroom house that could be used for guests or an assistant manager. It also has an equipment shed with room to store a helicop-

ter, utility sheds, corrals and a calving barn with a veterinary room.

The ranch has 235 cows and 12 bulls, said Mrs. Call in a recent interview, but it no longer has any calves—and just one of 10 llamas remains. The ranch has roughly 938 acres of grazing land, 495 acres of irrigated meadows and 311 acres of forest.

Moose, deer, bear and elk pass through the property, she added. "It's very peaceful," Mrs. Call said.

The property is about 15 miles to the airport in Livingston. A hangar at the airport can be negotiated as part of the home sale. It is about a 35-minute drive to Bozeman.

Mr. Call, an entrepreneur, was the founder and chief executive officer of the oil company Flying J. He died in 2003.

Mr. and Mrs. Call named the property Dancing Wind Ranch after watching the wind blow the grass in a circular motion. "There are spots on the ranch that are just breathtaking," said Mrs. Call. "Paradise Valley is so beautiful and where the ranch sits you can see nearly the whole valley."

Mrs. Call is selling because she says she spends more time in Arizona. "It would be good to have somebody with a young family up there. It's meant for families. It's time to move on for me."

AUSTRALIAN WINNER

A secluded, 28,000-square-foot Queensland mansion, sold in November, got the most votes in the poll of any home outside the U.S.

BY LEIGH KAMPING-CARDER

AN ISOLATED MANSION in Queensland, Australia, featured in May, was the most coveted House of the Year outside the U.S., winning 67.2% of the votes in the home matchups.

Known as Mandalay House, the house is 28,000 square feet, with seven en suite bedrooms and two ad-

ditional bathrooms, a climate-controlled wine room, a swimming pool overlooking the Coral Sea, a helipad and a private marina.

Inspired by Mediterranean palaces, property developer and yacht importer Neil Murray spent six years securing approvals and building the vacation home.

He initially listed it for 25 million Australian dollars, or about US\$19.96 million. It spent almost three years on

the market. Most recently it was listed with Mark Beale of Ray White Whitsunday and Carol Carter of Queensland Sotheby's International Realty. Mr. Murray declined to comment.

The property sold in November to a Sydney businessman and his family, who plan to use it as a vacation home, listing agents said. The sale price wasn't disclosed, but the last asking price was \$13.6 million.

MANDALAY HOUSE

The home has seven en suite bedrooms and a pool overlooking the Coral Sea.



QUEENSLAND SOTHEBY'S INTERNATIONAL REALTY

Life is too short TO WONDER WHAT COULD HAVE BEEN.



LUXURIOUS SINGLE-FAMILY HOMES FROM THE \$900,000s TO OVER \$2 MILLION WITH CUSTOM HOMESITES ALSO AVAILABLE.

Life is short, but winter goes on forever. Maybe now's the time to break that repetitious string of winters you've been enduring. Consider a home (or a second home) in the beautiful, warm, relaxing-yet-invigorating Tortolita Mountain foothills of Southern Arizona. The Ritz-Carlton Residences, Dove Mountain.

Is there a better time than now to diversify your portfolio to include a place in the sun? Here in the Great Sonoran Desert, you'll discover an extraordinary community of award-winning contemporary Southwestern homes and the finest winter weather on Earth.

We're just north of Tucson, a right-sized metropolis of a million that is easy to get to. You'll enjoy glowing 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. Your family will love it here.

Don't look back and regret not considering this. Call Sales Director Rich Oosterhuis for more 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

HOUSE OF THE YEAR

Lakefront Retreat In New York's Adirondacks

In second place, a golf entrepreneur's home in Lake Placid features views of Mirror Lake; listed for \$9.2 million

2nd Place



BY EMILY NONKO

JOHN AND SANDRA TAYLOR were frequent visitors to Lake Placid, N.Y., before deciding to build a vacation home there.

They wanted a timeless aesthetic, so "that you can't tell if it was built yesterday or 100 years ago," Mr. Taylor said last year in an interview with The Wall Street Journal.

The 11,000-square-foot, three-story home was featured as a House of the Day in August and came in second in the House of the Year voting. It received 67.32% of the picks in competition with other homes. It is still on the market, with an asking price of \$9.2 million.

The couple spent two years on its construction, hiring Andrew Chary as the architect and Ann Stillman O'Leary as interior designer. Artisans were brought in to custom-design the home's parquet floors and iron staircase railings.

"Sandra and I had some of the most fun couple years of our life building this house," Mr. Taylor said.

Mr. Taylor is manager of the Taylor Made Group, a supplier to the recreational marine industry, and boating is an element of the property.

Gardens and walkways lead down a hill to a dock with an enclosed boat house. Floor-to-ceiling windows frame views of Mirror Lake, adjacent to Lake Placid. A glass elevator also offers waterfront views.

The Taylors, who spend summer



BUILT FOR BOATERS The Taylors spent two years building their 11,000-square-foot, three-story home to have wide water views.

at the house and winters in Florida, decided to sell in favor of a smaller home.

Dominic J. S. Longcroft, the listing agent with Berkshire Hathaway HomeServices, says potential buyers are looking at the property as a vacation home.

"We've seen a swing in interest back to purchasing properties far away from big cities," Mr. Longcroft says.

Engel & Völkers Portfolio of Fine Homes



New York, NY: Pristine, 3 bedroom, 3.5 bathroom home overlooking dynamic Madison Square Park. Enjoy direct park views from every room through nine windows measuring over 9 feet. \$7495,000 Engel & Völkers New York City Fran Shapiro +1 347-556-4409



New York, NY: Expansive, light filled, exquisitely renovated and designed 3 bedroom, 3.5 bathroom Park Avenue residence in a pre-war building in the Gold Coast, 57th Street corridor. \$6,595,000 Engel & Völkers New York City Noel Berk +1 212-371-4065



New York, NY: Experience six-star understated elegance in this spectacular 4 bedroom, 4.5 bathroom residence on "Billionaire Row" and revel in the luxury of hotel-style living. \$6,500,000 Engel & Völkers New York City Howard Morrel +1 917-843-3210



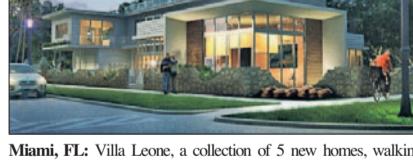
Palm Beach, Florida: Stunning new construction Mediterranean style home, steps to Worth Avenue's finest restaurants and shops. 3 bedrooms + den, guest quarters, saltwater pool, elevator. \$4,995,000 Engel & Völkers Palm Beach Darren Marotta +1 917-575-6361



Miami-Coconut Grove, FL: A spectacularly finished unit within the architectural masterpiece of Grove at Grand Bay, designed by Bjarke Ingels. 5 bedroom 5.5 bath unit, 4,276 square feet. \$3,890,000 Engel & Völkers Miami Coral Gables Victor Olaniel & Matthew Elliott +1 305-962-8713



Miami-Coconut Grove, FL: An opportunity to remodel or build your new home on an acre lot on the prestigious South Bayshore Drive. Enjoy amazing bay views from second story. \$3,799,000 Engel & Völkers Miami Coral Gables Angel Nicolas & Victor Olaniel +1 305-336-0916



Miami, FL: Villa Leone, a collection of 5 new homes, walking distance from the center of Miami's Brickell neighborhood. 2-story, breathtaking rooftop terraces with views of the city skyline. \$3,500,000 Engel & Völkers Miami Irving Padron & Silvia Yaniz +1 305-204-1900



Savannah, GA: Magnificent historic mansion overlooking Savannah's renowned Forsyth Park. Home features original architectural detailing that reflects elegance and taste. \$2,500,000 Engel & Völkers Savannah Richard Mopper +1 912-663-5500



Holladay, Utah: 3 large bedrooms, 2 living rooms, office, 2 laundry rooms, 3 car garage, main floor living, walk out basement, open floor plan kitchen, custom cabinets, granite counters, wood floor. \$1,250,000 Engel & Völkers Park City Jody Kimball +1 801-867-1101



Stuart, FL: Introducing Seminole Bluff, Stuart's newest luxury waterfront residences. Under construction and slated for completion in 2019. Now accepting limited reservations. \$850,000-\$1,995,000 Engel & Völkers Stuart John Gonzalez +1 772-494-6999

evusa.com



ENGEL & VÖLKERS®

©2018 Engel & Völkers. All rights reserved. Each brokerage independently owned and operated. All information provided is deemed reliable but is not guaranteed and should be independently verified. Engel & Völkers and its independent License Partners are Equal Opportunity Employers and fully support the principles of the Fair Housing Act.

3rd Place



TRAVIS ROWAN (2)

NO. 3 PICK: A MANSION ON MAUI

The owner, a retired real-estate investor, has moved next door; the Hawaii property remains on the market for \$28 million

BY SARAH TILTON

WHEN CHARLES "Kip" Thieriot was looking to buy a house in Hawaii, he knew he had found his home the moment he saw it.

"I went and looked at it and said, 'This is a wonderful place.' I saw it on a Wednesday, I bid on Thursday and the owner accepted my bid on Friday," Mr. Thieriot said in an interview in April, when the home was a House of the Day.

His property came in a close third—with 65.62% of the matchup votes—in the House of the Year poll. It is still for sale, listed for \$28

million. Josh Jerman, Dave Richardson and Neal Norman of Hawaii Life Real Estate Brokers share the listing.

Mr. Thieriot, a retired real-estate investor, paid \$10.5 million for the contemporary beachfront home on the island of Maui in June 2000.

"I walked through the house and I said, 'I know what to do with this house,'" he recalled. Mr. Thieriot, now 70 years old, also was president of the cable television and motion-picture division of the Chronicle Publishing Co., based in San Francisco, which his family once owned.

He said he went to Bali to

buy the furniture, and an artist from San Diego created murals throughout the house. "I had big rooms and big walls and lots of white space, and I said, 'Let's get creative here,'" he said.

He said he spent another couple of years decorating the roughly 13,422-square-foot home, looking "all over Maui" for pieces.

The house rests on slightly more than half an acre on Keawakapu Beach, and is unusually close to the beach, he said, about 40 feet from the sand. It has three ocean-view master suites, as well as five guest rooms and caretaker's quarters. There are 10 full baths and two half-baths.

"I filled it with friends. I'd come to Hawaii and have lots of guests come," he said. He divided his time between San Francisco and Hawaii.

Mr. Thieriot said he was selling because his life has become quieter. He has moved to a smaller house.

"It's a funny situation," he said in a recent interview. "The house that I use is right next door. Not only do I want to sell the house, I want to sell the house to people who are going to be good neighbors."



BUILT TO ENTERTAIN The house has three ocean-view master suites, five guest rooms, 10 bathrooms and two half-baths.



GLOBAL LUXURY™

WHERE EXCELLENCE LIVES



BOSTON, MASSACHUSETTS
Renovated, 4-level custom home on Commonwealth Ave. with direct elevator, 13 rooms, 5+ BRs, 6.2 baths, high ceilings, gym, media room, garden & 2 direct access parking spaces. \$12,250,000

Michael Harper, Sales Associate
C. 617.480.3938



GREENWICH, CONNECTICUT
Amazing Granoff Architects/Silver Properties new build elegant top-of-the-line custom home. 7 bedrooms, 8 full/4 half baths, elevator. 3.03 Mid country acres & pool. \$10,680,000

Tamar Lurie, Sales Associate
C. 203.536.6953



KINGS POINT, NEW YORK
Stunning luxury residence with panoramic views sits on over 100,000 sq.ft. boasts elegant entertaining and comfortable living year-round. Close to NYC and area airports. Price Upon Request

Diane Pollard, Real Estate Salesperson
C. 516.606.2344 | O. 516.482.8400



BOSTON, MASSACHUSETTS
Exquisite Flat of the Hill Residence offering high ceilings, 2 fireplaces, high-end kitchen, elevator, 4 bedrooms, 3.3 baths, home theatre, terrace, deck, and 5-car garage. \$8,995,000

Michael Harper, Broker Associate
C. 617.480.3938



WESTON, MASSACHUSETTS
Classic New England home set on 3.5 acres in top location, 6-bedrooms, mahogany library, sunroom, estate, movie theatre, gym, game room, level kingdom lot. \$7,495,000

Rosemary McCready, Broker Associate
C. 781.223.0253



WESTPORT, CONNECTICUT
The ultimate modern farmhouse, featuring resort-worthy entertaining spaces, walls of glass, collector garage, geothermal, elevator, cottage & cabana. www.730HillRoad.com \$6,285,000

Joni Usdan, Sales Associate
C. 203.216.7654



REDDING, CONNECTICUT
Gorgeous entertaining home, exquisitely detailed & designed w/gallery hall, 2 rec. rooms, 1st floor master. Private 19 acres w/ stunning pool, charming Koi ponds, waterfall. \$6,000,000

Gail Zawacki, Sales Associate
C. 203.856.9949



GREENWICH, CONNECTICUT
New construction Georgian Col. w/gorgeous custom millwork, 5 fireplaces, Wolf commercial kitchen, 6 en suite bedrooms, Control 4 comfort systems. Serene 1.41 acres w/pool. \$5,895,000

Rose Russo, Sales Associate
C. 203.803.7142



ENGLEWOOD, NEW JERSEY
This extraordinary Georgian Colonial estate on almost 3.2 acres offers rooms with superb craftsmanship and architectural detail. Grounds feature pool and tennis court. \$4,888,888

Joshua M. Baris, Sales Associate
C. 201.741.4999 | O. 201.461.5000



WESTON, MASSACHUSETTS
Stunning new estate showcasing 8,500 sq. ft. of elegant living space, state-of-the-art systems, 5 bedrooms, 2-story great room, white kitchen, and entertainment lounge. \$4,595,000

Rosemary McCready, Broker Associate
C. 781.223.0253



SADDLE RIVER, NEW JERSEY
It's the fine custom touches like a mahogany foyer, stone fireplaces, indoor pool & spa, cedar closets, slate roof & more that welcome you home to this stunning mansion. \$4,595,000

Michael Randy & Elizabeth T. Boggia, Sales Associates
C. 201.218.5850 | O. 201.237.5050



BOSTON, MASSACHUSETTS
Premier 2,848 sq. ft. residence at Trinity Place with 7 rooms, generous windows, high-end kitchen, 2 en suite bedrooms, concierge, fitness center, and 2 garage spaces. \$4,575,000

David Mackie, Sales Associate
C. 617.480.6044



NEW CANAAN, CONNECTICUT
Custom Georgian Colonial w/impressive rms, 10' ceilings, 8 fireplaces, conservatory, luxurious master wing, culinary kitchen, 5 acres w/pool, close to shops/restaurants. \$4,450,000

Marsha Charles, Sales Associate
C. 203.904.4663



GREENWICH, CONNECTICUT
Shingle home radiates beauty. Custom lighting, 5 fireplaces, Savant Smart Home, 4 floors of exceptional living space featuring 5 bdrrms, 8 baths. Less than 5 mins to Greenwich Ave! \$4,250,000

Diana Baxter Heidenreich, Sales Associate
C. 203.505.2545



WESTON, MASSACHUSETTS
Sophisticated 7000+ sq. ft. custom property set on 1.78 acres abutting Weston Golf Club offering 13 rooms, 4 bedrooms, recreation, au pair suite, patios, and 3-car garage. \$4,250,000

Deena Powell & Belen Scully-Power, Sales Associates
D. 781.718.6555 | B. 617.631.6011



RYE, NEW YORK
European-inspired Flagler Mathews luxury estate on gated lawns w/beautiful pool/cabana. Palladian great room; Magnificent rms open to verandas & terraces. 3BeechwoodCircle.com \$3,795,000

Michele C. Flood, Associate Real Estate Broker
C. 914.420.6468 | O. 914.967.0059



WESTON, MASSACHUSETTS
Stunning New Construction! Spectacular 15 rooms, 6 bedrooms custom designer home. Open floor plan, gourmet kitchen, large family room and a luxurious master suite. Gorgeous landscaped lot. \$3,595,000

Kathryn Alphas-Richlen, Sales Associate
C. 781.507.1650



STAMFORD, CONNECTICUT
Wraparound harbor/shoreline views. Sunny, re-imagined, beautifully decorated 6-bedroom waterfront home has its very own pool & deepwater dock plus Dolphin Cove amenities! \$3,395,000

Emile P. de Neree, Sales Associate
C. 914.572.4526



GREENWICH, CONNECTICUT
Gated, long sweeping driveway to Classic Manor House exuding unerring taste, opulent custom appointments, foyer w/heated floor, versatile game room & master sanctuary. \$3,300,000

Barbara Zaccagnini, Sales Associate
C. 203.249.1454



BOSTON, MASSACHUSETTS
New parlor to garden triplex with 3 bedrooms, open living/dining areas, 2 fireplaces, designer kitchen, mudroom, family room, patio, rear deck, and deeded parking space. \$2,869,000

Rob Kigge & Alexandra Biela, Broker Associate/Sales Associate
R. 617.504.7814 | A. 508.380.2331



WELLESLEY, MASSACHUSETTS
New construction in Cliff Estates with exceptional details, chef's kitchen, 5 bedrooms, walnut floors, 2 fireplaces, deck, gym, home theater, 3rd floor, and 3-car garage. \$2,799,000

Donna Scott, Sales Associate
C. 781.254.1490



MARBLEHEAD, MASSACHUSETTS
Marblehead Neck home with ocean views. Formal rooms, open kitchen/family room, 4+ bedrooms, den, 2 fireplaces, master suite, wrap around porch and beautiful grounds. \$2,695,000

Mary Stewart & Heather Kaznoski, Broker Sales Assoc/Sales Assoc
M. 781.820.5676 | H. 781.576.9286



NEWTON, MASSACHUSETTS
Exceptional 6,000+ sq. ft., antique home with 16 rooms, 7 bedrooms, 7 fireplaces, original details, 14" wide pine floors, exposed beams, and cathedral grand ballroom. \$2,599,000

Frank Rossetti & Martha Poti, Broker Associate/Sales Assoc
C. 781.334.0100



SANDS POINT, NEW YORK
Set on 1.8 acres, this 3,600 square-foot Ranch includes a deluxe master suite, chef's kitchen with radiant-heated floor, bluestone patio, outdoor kitchen and Gunite pool. \$2,499,000

Kathleen "Kathy" Levinson, Real Estate Salesperson
C. 516.650.1959 | O. 516.767.9290



WINCHESTER, MASSACHUSETTS
Chic custom home set on lush 3/4 acre with 12 rooms, 3 fireplaces, 5 bedrooms, chef's kitchen with breakfast room, covered porch, lower level recreation, and 4-car garage. \$2,499,000

Domingo Medina & Leigh Ventura, Sales Associates
D. 617.610.0050 | L. 617.513.5082



CONCORD, MASSACHUSETTS
Sophisticated, 2 acre residence with exquisite amenities, 13 rooms, open floor plan, soaring stone fireplace, custom chef's kitchen, 5 en suite bedrooms, and heated pool. \$2,395,000

Brigitte Senker & Peggy Dowdall, Broker Assoc/Sales Associate
B. 508.935.7496 | P. 978.302.3988



BROOKLINE, MASSACHUSETTS
Circa 1895 Queen Anne Victorian home offering elegant historic details, tall ceilings, hardwoods, huge windows, 6 bedrooms, renovated kitchen and master bath, and media room. \$2,295,000

Judy Goldfarb, Sales Associate
C. 617.943.3318



WELLESLEY, MASSACHUSETTS
Newer Colonial home with gorgeous architectural details, superb craftsmanship, 4 floors, cook's kitchen, 2 fireplaces, study, mudroom, 5 bedrooms, gym, playroom, and deck. \$2,250,000

Melissa Dailey, Sales Associate
C. 617.699.3922



WESTON, MASSACHUSETTS
Custom shingle-style home set on 2.67 acres with rich details, high-tech systems, custom kitchen, sunken family/living room, 2 masters, sports court, and 3 garage spaces. \$2,000,000

Deborah S. Bernat, Broker Associate
C. 617.699.5878



BROOKFIELD, CONNECTICUT
Exceptional Candlewood Lake Waterfront w/enticing water views, open great room to Chef's kitchen, 2 fpc's, 3 car garage, wrap deck & private dock. A Gem! \$1,995,000

Barbara Sibva, Associate Broker
C. 203.667.4336



BOXBOROUGH, MASSACHUSETTS
Gated estate set atop Flagg Hill bordering conservation land. Huge rooms with views of Mt. Wachusett, indoor spa, 12-seat bar/pub, lavish master wing, personal gym & pool. \$1,599,000

Jamieson Chalmers & Steve McHughan, Sales Associates
J. 978.844.1313 | S. 978.760.2937



TENAFLY, NEW JERSEY
This young five bedroom, four full bath Center Hall Colonial features large formal living and dining rooms, a gourmet kitchen, great room and luxurious master suite. \$1,598,888

Joshua M. Baris, Sales Associate
C. 201.741.4999 | O. 201.461.5000



DANBURY, CONNECTICUT
West Exposed waterfront with panoramic vistas, walls of windows, hardwoods, 4 stone fireplaces, chef's kitchen, vaulted great room, wrap decks, spa, dock, guest cottage & more! \$1,795,000

Barbara Sibva, Associate Broker
C. 203.667.4336



DEEP RIVER, CONNECTICUT
Breathtaking CT River views! Lovely Brookway Landing home has ultimate spaciousness, updated Carrera marble kitchen, 1st fl. master. Steps from a deep water dock w/lift. \$1,750,000

Terry Kemper, Sales Associate
C. 860.908.7820

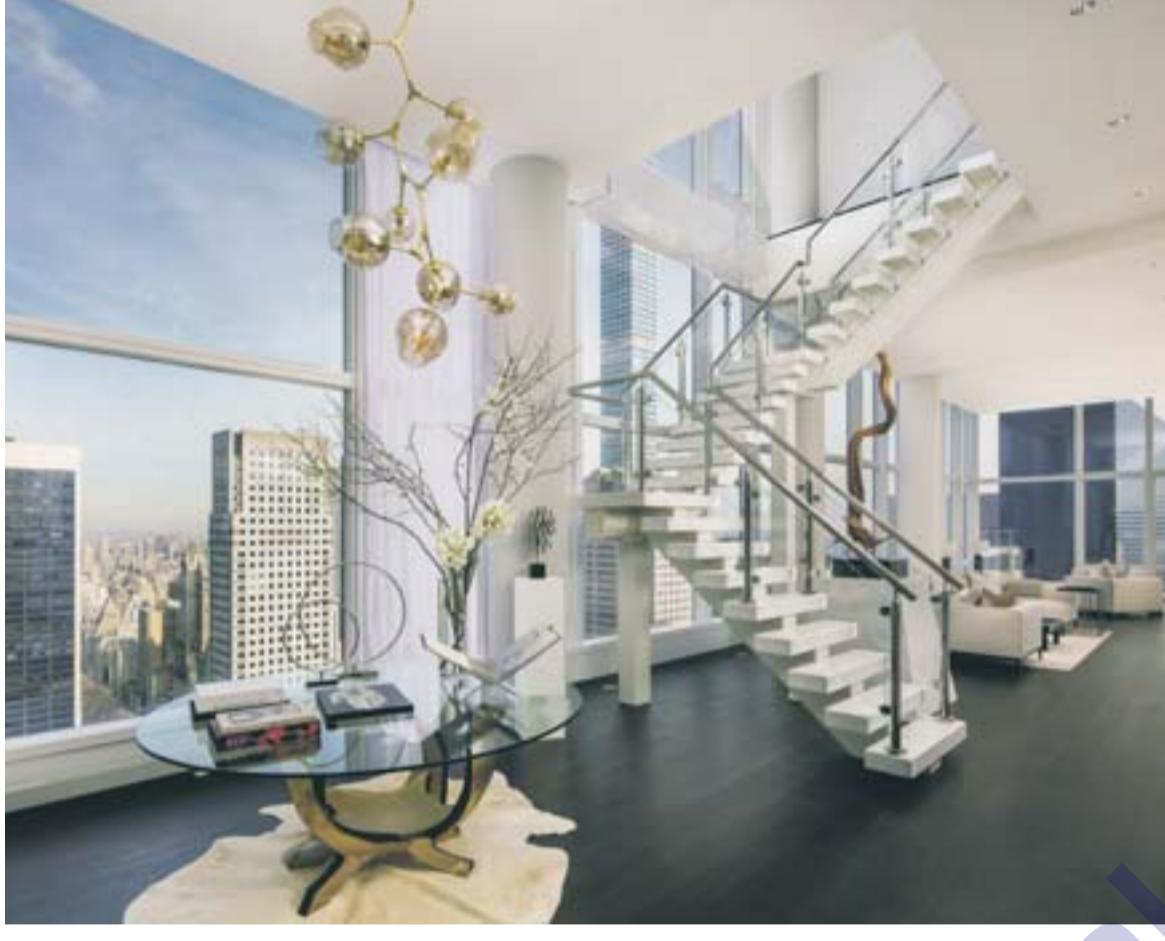


WESTFIELD, NEW JERSEY
Impressive new Colonial offers 5 bedrooms and 6 baths. Gourmet kitchen, fabulous master suite, third floor bedroom and bath and spacious finished basement. \$1,625,000

Frank D. Isoldi, Broker Sales Associate
C. 908.

HALSTEAD

NEW YORK CITY | HAMPTONS | CONNECTICUT | NEW JERSEY | HUDSON VALLEY



Midtown West, NYC

ONE OF KIND DUPLEX PENTHOUSE ATOP THE BACCARAT

\$39,995,000 | Web#17786904

Dina Scheinman 212.381.2319



Upper East Side, NYC

COVETED 4 BR CORNER WITH RIVER VIEWS

\$9,595,000 | Web#17687450

Meryl Jacobs 212.381.3335 | Susan Burris 212.381.3205



Darien, CT

WATER, WATER EVERYWHERE

\$7,250,000 | Web#170040067

Becky Munroe 203.858.6182



Fieldston, Riverdale, NY

MANSION PLUS 3 LOTS

\$5,900,000 | Web#17313655

Sanja Tidke Team 212.381.2485

Upper East Side, NYC

SPECTACULAR DUPLEX

\$5,745,000 | Web#17142157

S. Christopher Halstead 212.381.3220

Upper West Side, NYC

PANORAMIC VIEWS + BALCONY

\$5,100,000 | Web#16707779

Dean R. Feldman 212.381.2231 | Barak Dunayer 212.381.2248



Upper East Side, NYC

PARK AVENUE CLASSIC 7

\$4,500,000 | Web#17596491

Elaine B. Tross 212.381.3322

SoHo, NYC

FULL FLOOR 2 BEDROOM LOFT

\$3,850,000 | Web#17881436

Anne Prosser 212.381.3348

Midtown East, NYC

RIVER HOUSE PERFECTION

\$3,750,000 | Web#16881167

Anne Prosser 212.381.3348



Upper East Side, NYC

PARK AVENUE CLASSIC 6

\$2,895,000 | Web#17835796

Lisa Mathias 212.381.3213

Upper West Side, NYC

LUXURY PREWAR CONDO 2 BEDROOM

\$2,495,000 | Web#17770821

Kyle Haas 212.521.5728 | Ivana Tagliamonte 212.381.6575

Downtown, NYC

SWEEPING VIEWS - 3 TERRACES

\$1,875,000 | Web#17958160

Friedman Rosenthal Team 212.381.2379

 Official Luxury Real Estate Firm
of the New York Yankees

 MAYFAIR
International Realty

 LUXURY PORTFOLIO
INTERNATIONAL[®]

 Leading
REAL ESTATE
COMPANIES
OF THE WORLD[®]

 Halstead Property, LLC; Halstead Property Riverdale, LLC; Halstead Connecticut, LLC; All information is from sources deemed reliable but is subject to errors, omissions, change or price, prior sale or withdrawal without notice. No representation or warranty is made as to accuracy of any description. All measurements and other information should be re-confirmed by customer. All New York Yankees trademarks and copyrights are owned by the New York Yankees and used with the permission of the New York Yankees.

halstead.com

MANSION

HOUSE CALL | NICK NOLTE

The Mischievous 'River Kid' of Iowa

Growing up, the actor bonded with his spirited working mom; today, he shares an L.A. home with a tree

There was excitement in our home the day my father returned from World War II. I was 4 and had no recollection of him. I was born just before he shipped out. My sister, Nancy, was two years older and remembered more.

When my father, Franklin, walked through the door of our house in Ames, Iowa, there was a collective gasp. He had left a strapping 6-foot-6 and 260 pounds. Standing before us, he was just skin and bones.

My mother, Helen, who was all dressed up that day, was waiting for the man who had left. Instead, she gently embraced a stranger.

The war also transformed my mother. She went to work, and by the end of the war she was a determined, liberated woman who had a significant influence on me.

She worked in retail and fashion related to the war effort. After, she continued to work in fashion as a buyer for department stores.

We lived in one section of a three-story yellow Victorian house. An older woman occupied the other section.

Before the war, my father had attended Iowa State University in Ames, which is where he met my mother. After the war, he worked as an engineer.

My mother had blonde hair and a face and figure that caught everyone's attention. She had a fashionable style and was handy with a needle and sewing machine.

Best of all, she had a healthy respect for the imagination. She'd take Nancy and me to a shed in the

woods near a cave. There, she'd spin yarns about an old guy who lived in there because he didn't want a modern life.

My mother didn't believe we had to be great students. A brand new idea or doing something unique was much more exciting.

I got along with my mom. But my sister was often puzzled and hurt by her frequent rages and blunt way of putting things.

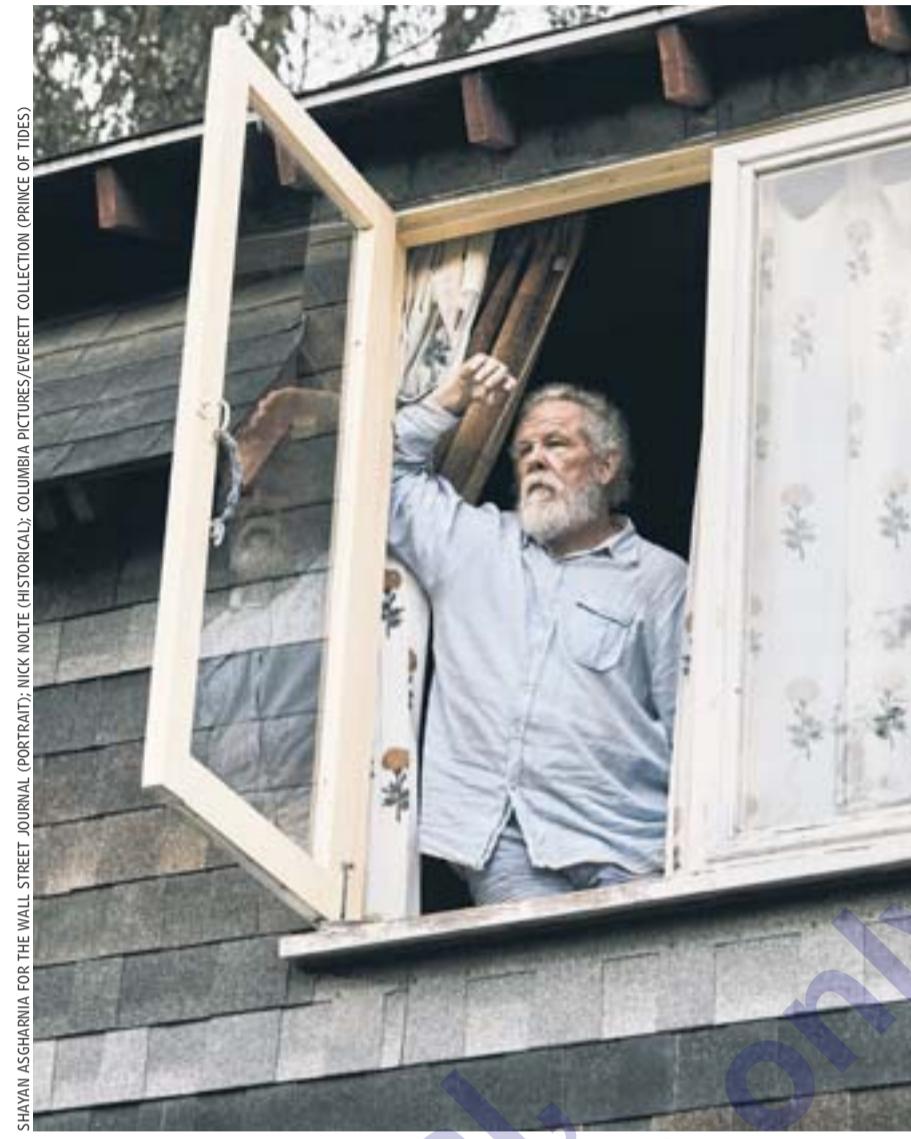
When I was 7, we moved to Waterloo, Iowa. My father's company made industrial-size pumps to control the Mississippi and had transferred him there.

Right after we moved in, my mother took Nancy and me door-to-door, introducing herself to housewives and making sure they knew she was a working woman. Soon after she took a job in a local department store.

My mother took Dexedrine. When I wasn't up for school, she'd give me one, calling it a "vitamin pill." She also drank a few vodka tonics each evening. I was allowed to drink at home at 15.

I often thought of myself as a river kid. We lived near the Cedar River, where I'd sit on its banks and watch the moving water for hours.

In school, I was a solid football player. But after a friend and I pulled a prank, a summer-camp coach vowed I'd never play football



SHAYAN ASGHARIA FOR THE WALL STREET JOURNAL (PORTRAIT); NICK NOLTE (HISTORICALLY COLUMBIA PICTURES/EVERETT COLLECTION (PRINCE OF TIDES))



ON A LIMB Nick Nolte, left, in his tree home. Above, with sister, Nancy, in Ames, Iowa. Far left, with Barbra Streisand in 'The Prince of Tides,' 1991.

was a turning point for me.

Today, I live in the Malibu Hills in L.A. I've built several houses over the past 40 years. One of them is made of river rock. I gave it to my daughter, Sophie.

My partner, Clytie, and I live in the two-bedroom, three-story house I built around a gigantic sycamore tree and its limbs. Our bedroom is on the top floor.

I wanted to get as close to the tree as possible. Having it in the room makes you realize you're not the only one alive in there.

—As told to Marc Myers

Nick Nolte, 76, has starred in more than 75 films, including "Down and Out in Beverly Hills," "The Prince of Tides" and "Cape Fear." He is the author of the memoir "Rebel: My Life Outside the Lines" (William Morrow).

for any school again. We moved almost immediately to West Omaha, where I could play.

The following year, a friend asked me to tag along while he took an acting class taught by Bryan O'Byrne. The class was at Bryan's house at the top of Laurel Canyon.

After high school, I went to several colleges on football scholarships, but my grades weren't overwhelming. In 1962, I left Pasadena City College in Los Angeles and wound up rooming in Laurel Canyon with two older women.

At some point, Bryan gave me a script to read. I was nervous but I gave it a shot. When I finished, he said, "You don't know it yet but you're an actor. You've got it." That

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

Cesar New York
an Italian Cabinetry Company
212.505.2000
50 W 23rd St.
New York, NY

Kitchen & Bath Designs
631.462.1200
233 Commack Rd
Commack, NY

MCK+B
212.995.0500
41 W 25th St
New York, NY

Modiani Kitchens
201.568.7800
46 S Dean St
Englewood, NJ

Saint Clair Kitchen & Home
973.762.9500
110A Valley St
South Orange, NJ

Scavolini Store
Brooklyn
718.249.1214
1870 Bath Ave
Brooklyn, NY

Swan Tile & Cabinets
516.233.2260
2075 Jericho Turnpike
New Hyde Park, NY

Swan Tile & Cabinets
516.997.3097
562 Grand Blvd
Westbury, NY

514 Tuscan Dawn

 **caesarstone®**

MANSION

A LUCKY YEAR FOR CHINESE BUYERS



development sold out in a month, says Mr. Wein.

Chinese numerology has long been an important factor in certain real-estate markets. While the number eight is always beneficial, the number four—which sounds like the word for death—is to be avoided. In the greater Toronto city of Markham, where nearly half the population self-identifies as Chinese, “sellers have to put an eight in the price, and you try your hardest to avoid four,” explains Anthony Tomasoni, a real-estate agent with the online listing and referral service Zoocasa.com.

From January to May 2017, 66% of all Zoocasa’s Markham listings contained at least one eight in the offer price, up from 25% in the first three months of 1990 and 35% in the first three months of 1995. In non-Asian-majority neighborhoods in the U.S., eight was the last nonzero digit in just 4% of all home listings in 2017, according to data from Trulia, while in Asian-majority neighborhoods the figure was 25%—up 5% from 2012.

Among listings for homes over a million dollars, that number in Asian-majority neighborhoods is 38%.

In New York, Chinese buyers flock to the condo development at 80 Park Avenue between 38th (an especially auspicious number that sounds like “create wealth”) and 39th, says Geovanna Lim, president of the real-estate investment and brokerage firm Park Avenue International Partners.

Some would-be buyers will lobby for a change in house or unit numbers. Seattle Berkshire Hathaway real-estate agent Becco Zou recalls the buyer who liked everything about a \$3 million home except for its address: 1044.

“He went to the city of Bellevue and got it changed within a day,” she recalls. Tracy An, a sales representative for Sotheby’s in Toronto, says one of her clients, with a neighbor’s consent, was able to change his house address from 44 to 42A.

The Chinese preference for cer-



JACKPOT In New York, Chinese buyers flock to this development at 80 Park Avenue. Not only does its address include the lucky number eight, the building is located between 38th (an especially auspicious number) and 39th Streets.

tain lucky numbers has become so well known that even non-Chinese buyers are careful to pay them heed, says Peter Ng, Calgary-based president of multicultural real estate specialist KORE Marketing. In Richmond or Burnaby, British Columbia, he says, where 80% to 90% of pre-sale condo units are snapped up by Chinese buyers, non-Chinese are loath to buy a numerically challenged unit; in a few years, they might find it impossible to sell.

The real estate mojo of lucky numbers, however, doesn’t seem to extend to Chinese zodiac signs. The coming Year of the Dog, which begins Feb. 16, isn’t a significant factor to most buyers.

Most experts note that fundamentals still matter the most. Chinese buyers consider factors like interest rates, potential tax law changes, China’s crackdown on the

outflow of capital for foreign real-estate investment and, in Canada, a federally mandated stress test designed to raise the financial bar

“uncertainty coming up with tax reform” and a possible interest-rate increase are spurring buyers to strike deals sooner rather than later in the year. The biggest reason for strong sales, she adds, is lack of inventory, a situation replicated in Canada. Still, property values “are already pushed really high,” says Ms. Tan, raising the possibility of a correction. She adds, “It’s going to be an interesting year.”

Ms. Law of Juwai.com thinks otherwise. She predicts a big upsurge in activity in August—because it is 8/18.

“You will likely see buyers and agents scheduling viewings and closings for the eighth day of the eighth month of 2018,” and others scrambling to close year-end transactions quickly, “before the calendar ticks over from 2018 to 2019,” she says.



HOME IS WHERE THE ART IS

10201 Collins Avenue
Bal Harbour, FL 33154

oceanabalharbour.com
786 414 2939

Ballerina (Seated) – Jeff Koons

With its sublime setting, breathtaking ocean views, and world-class collection of contemporary art, you’ll know you’ve arrived at Oceana Bal Harbour.

Welcome home.
Bal Harbour’s most prestigious oceanfront condo.

Interior design by Piero Lissoni
Original sculptures by Jeff Koons
Occupancy immediately
Limited selection available

Consultatio
Real Estate

Nothing herein shall constitute an offer to sell real estate in jurisdictions where prior qualification is required unless we have met such qualifications. The sketches, renderings, graphic materials, specifications, terms, conditions and statements contained in this brochure are proposed only, and the Developer reserves the right to modify, revise or withdraw any or all of same in its sole discretion and without prior notice. The photographs contained in this brochure have been taken off-site and are merely intended as illustrations of the activities and concepts depicted therein. For New York Residents: All prices are estimates. This advertisement is not an offering. This advertisement is a solicitation of interest in the advertised property. No offering of the advertised units can be made and no deposits can be accepted, or reservations, binding or non-binding, can be made until an offering plan is filed with the New York State Department of Law. This advertisement is made pursuant to Cooperative Policy Statement No. 1, issued by the New York State Department of Law. (Oceana Bal Harbour Condominium CPS No. -140057, Sponsor: Consultatio Bar Harbour, LLC, Sponsor's Address: 10201 Collins Avenue, Bal Harbour, Florida 33154). Copyright 2015 Consultatio Bar Harbour, LLC – All Rights Reserved. EQUAL HOUSING OPPORTUNITY

READY TO SELL? LOOKING TO BUY?

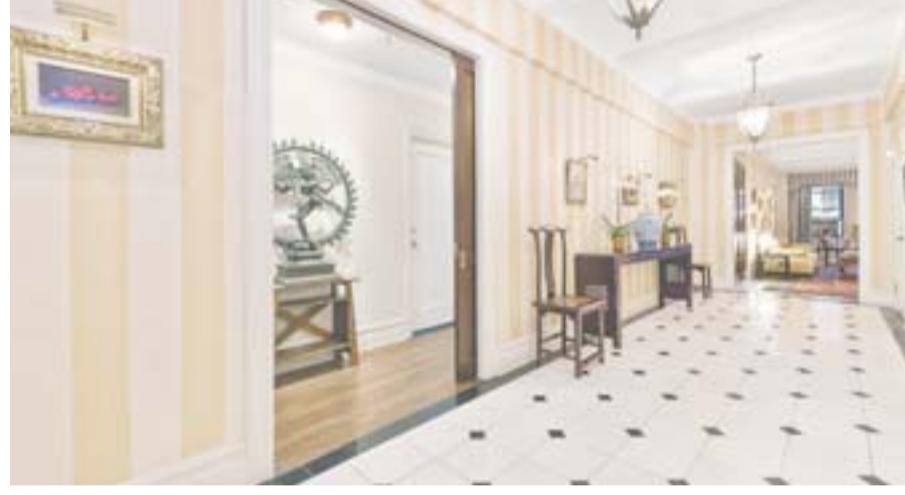
IT'S TIME FOR ELLIMAN



1515 Baptist Church Road, Yorktown Heights | \$12,000,000 | 4-BR, 5.5-BA | Web# 4707335
Frank Haymson and Arlene Oxman O: 914.649.2637



43 West 64th Street, PH14A, Lincoln Square | \$10,650,000 | 4-BR, 4.5-BA | Web# 2711878
Nicholas Palance O: 212.352.6235



941 Park Avenue, 6C, Upper East Side | \$7,650,000 | 4-BR, 4.5-BA | Web# 2424309
J. Roger Erickson O: 212.303.5353



3511 Cambridge Avenue, Riverdale | \$6,850,000 | 10 new condo units | Web# 2861035
Renee White O: 212.531.7712



1065 Park Avenue, 23AB, Carnegie Hill | \$4,995,000 | 5-BR, 4.5-BA | Web# 2798048
Elizabeth (Lisa) Brown O: 212.319.5432



250 West 90th Street, 17JKI, Upper West Side | \$4,680,000 | 4-BR, 3.5-BA | Web# 2884528
Eileen Foy M: 347.463.8128 MariaElena Scotto O: 212.350.6818



146 West 22nd Street, 7, Chelsea | \$4,195,000 | 3-BR, 3-BA | Web# 2928958
Jessica Saleh Hunt M: 917.319.4717 Sandy Gansberg O: 212.769.6548



10 East 70th Street, 8D, Upper East Side | \$2,500,000 | 2-BR, 2.5-BA | Web# 3051439
Daniela Sassoun O: 212.702.4082 Mark Mistovich O: 212.702.4083



205 West 76th Street, 9L, Upper West Side | \$2,188,000 | 2-BR, 2-BA | Web# 2888407
Daniela Sassoun O: 212.702.4082 Mark Mistovich O: 212.702.4083



201 East 77th Street, 19A, Upper East Side | \$1,495,000 | 2-BR, 2-BA | Web# 2943770
Sandy Gansberg O: 212.769.6548 Adam Solomon M: 908.578.4481

 Douglas **Elliman**
REAL ESTATE

elliman.com

NEW YORK CITY | LONG ISLAND | THE HAMPTONS | WESTCHESTER | CONNECTICUT | NEW JERSEY | FLORIDA | CALIFORNIA | COLORADO | INTERNATIONAL

575 MADISON AVENUE, NY, NY 10022 212.891.7000 © 2018 DOUGLAS ELLIMAN REAL ESTATE. ALL MATERIAL PRESENTED HEREIN IS INTENDED FOR INFORMATION PURPOSES ONLY WHILE THIS INFORMATION IS BELIEVED TO BE CORRECT, IT IS REPRESENTED SUBJECT TO ERRORS, OMISSIONS, CHANGES OR WITHDRAWAL WITHOUT NOTICE. ALL PROPERTY INFORMATION, INCLUDING, BUT NOT LIMITED TO SQUARE FOOTAGE, ROOM COUNT, NUMBER OF BEDROOMS AND THE SCHOOL DISTRICT IN PROPERTY LISTINGS SHOULD BE VERIFIED BY YOUR OWN ATTORNEY, ARCHITECT OR ZONING EXPERT. EQUAL HOUSING OPPORTUNITY.

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



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 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. 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

IN THE TRENCHES

Can We Take Down the Satanic Poster?

Two real-estate agents reveal some of their profession's annoyances; returning the used mattress

BY CANDACE TAYLOR

Q. What is your biggest pet peeve?

Janine Hostetter, real-estate agent at Robert Paul Properties, Osterville, Mass.

When buyers and sellers start to haggle over the personal property items for inclusion, like furnishings. Haggling over a dated sleeper sofa or granny's porcelain china can really convolute a sale.

I used to work in California, and I once had a client sell his beautiful ski chalet in Lake Tahoe completely furnished. But he happened to love [his] mattress. So he bought a nice new mattress for the buyers, not thinking it would be an issue. But during the final walk-through before the closing, they noticed [the new mattress]. They wanted the one that was per the offer, even though they knew it wasn't brand new. And technically per the terms of the contract, they were within their rights.

We had to notify the sellers and they had to return the mattress. [The seller] was surprised—"You've got to be kidding me, they want my old mattress when I bought them a nice new one?" But he said OK. I think he drove it back up from San Diego in his truck. Perhaps [the buyers] thought it was a superior



caliber of mattress—who knows? I'd go with the fresh mattress myself.

GiGi Malek, real-estate agent at Terrace Sotheby's International Realty, Forest Hills, N.Y.

Sometimes I just want to tell the gut-wrenching, hon-

est truth after an unsuccessful open house, like "Can we get rid of talkative grandma for the next open house? I don't think she's caught up with the current racially appropriate terminology." Or "How about not cooking fish five minutes before I get there?" or "No, they didn't

think the shower in the dining room was a bonus feature" or "Can you please remove the satanic poster, black candles and dried goat head from your son's room?"

[In that case] it was a teenager. The whole room was painted black. I don't actually know if it was a

goat—it could have been a deer. It was something with hair. The rest of the house was like Pottery Barn.

I said to the dad, "Could we take the poster down? It would be better if it was more mainstream." That was a challenge, because he didn't want to hurt his

son's feelings.

One house, [the owner has] a stripper pole. Every time I show the house, people think there are structural problems, because why else would you put a pole there? I always explain it as an "exercise pole"—it's a class, like Zumba.

FIND YOUR PLACE IN THE NEW YEAR
WITH OUR EXPERT GUIDANCE

It's easy to find the right place when you know the right people.
Find experienced agents and exceptional properties.
bhhsnyp.com

As an investment into your financial future, an understanding of the market empowers you to make well-informed, timely decisions.
Find insights and information at:
bhhsnyp.com/en/market-report

BERKSHIRE HATHAWAY
HomeServices
New York Properties

212.710.1900 • contact@bhhsnyp.com • 590 Madison Avenue, New York, New York 10022

© 2017 BHHS Affiliates, LLC. An independently operated subsidiary of HomeServices of America, Inc., a Berkshire Hathaway affiliate, and a franchisee of BHHS Affiliates, LLC. Berkshire Hathaway HomeServices and the Berkshire Hathaway HomeServices symbol are registered service marks of HomeServices of America, Inc. Equal Housing Opportunity. Information not verified or guaranteed. If your home is currently listed with a Broker, this is not intended as a solicitation.

ADVERTISEMENT

**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.glhomes.com/seven-bridges

**KIAWAH ISLAND, SOUTH CAROLINA**

This **Bennett Hofford-designed home** charms with a slate roof, cedar shake siding, generous outdoor living spaces, and stunning tidal creek views. Unwind beside the fireplace on the screened porch or drink in the sun from the wide deck. Inside, heart pine floors, a two-story great room with wooden ceiling beams, and walls of windows delight the eye. A Kiawah Island Club Membership is available.

\$2,350,000 kiawahisland.com/5-club

**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 1/2 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

GL Homes
phone: 800.875.2179

Kiawah Island Real Estate
phone: 866.312.1780 email: info@kiawahisland.com

NJR Property Investments LLC
phone: 727.515.5556 email: natalie@njrdevelopment.com

**CHARLESTON, SOUTH CAROLINA**

There is no place like Mulberry - Established in 1679 the plantation is wonderfully preserved and stunningly beautiful. The main house is on the National Register and is a National Historic Landmark. There are manicured gardens and trails, duck ponds, bass lakes, dove fields and fabulous deer and turkey hunting on 1705 acres with over two miles of waterfront. This is a once in a lifetime opportunity to own a historic property near Charleston.

Price \$14,700,000 plantationservicesinc.com

**ST. JAMES, BARBADOS**

BARBADOS WESTCOAST LUXURY VILLA - No Hurricanes! 2008 build, 8000 sq ft, 1 acre of land, Fully furnished 5 BED 7 BA, gated community, video security system, 50ft infinity pool, greenheart floors, limestone terraces, solar power, gazebo, 2 cottages. Beach club membership, Stunning gardens, Ocean views & steady breeze! A place to restore your energy!

\$6,120,000 USD www.getawaybarbados.com

Nancy Smithers
phone: 902.440.5928 nancys72@icloud.com

**PARK CITY/HEBER VALLEY, UTAH**

Red Ledges' 2180 E Flat Top Mountain Dr offers Wasatch Mountain views from a huge heated deck, 5 en-suite BRs and the fun of a home theater, game room and sports bar. As the most successful private community in the Park City area, Red Ledges has great access to world class mountain, valley, water and trail activities 45 minutes from a major hub airport.

Exceptionally priced at \$2,895,000

Red Ledges Realty
Chris Maddox
phone: 877.733.5334 email: info@RedLedges.com

**COSTA DEL SOL - EAST CAPE - BAJA, MEXICO**

Swim, kayak, dive, paddle board, kite board, world-class fishing, cruising the beach and back country for miles on your ATV. Custom home has 5 bedroom-insuite, 3 half baths, 5000+sq ft with AC, full acre &150' of beach front. In gated community of Rancho Leonero, 6 miles N of Costa Palmas a 4 Seasons Resort & Marina.

\$3,650,000 www.losbarriales-bajaproperties.com/

Baja Properties, Los Barriales
Mary Phillips, Broker
phone: Mex 52 624.141.0075, US 619.819.5062

**NAPLES, FLORIDA**

Minto Single-Family Estate Homes located in an area famous for extraordinary golf communities. TwinEagles 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

Minto Communities
phone: 888.379.9868

**JOHN'S ISLAND - VERO BEACH, FLORIDA**

This private Atlantic coastal community offers an abundance of water sports, 3 miles of pristine beach, 3 championship golf courses, 17 Har-tru courts, pickleball, squash & Beach Club. Close to private airport & cultural amenities, this luxurious 5BR oceanfront retreat offers 14,574± GSF, direct ocean views, summer kitchen, 1st floor master suite, pool & elevator. New Price!

\$11,500,000 JohnsIslandRealEstate.com

John's Island Real Estate Company
phone: 772.231.0900 wj@johnsislandrealestate.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

One Particular Harbour by Margaritaville
phone: 866.713.1319

**NEWPORT, RHODE ISLAND**

'**Wyndham**' - At 100+ feet above sea level on over 4 acres, 'Wyndham' offers spectacular ocean views over Newport's stunning Ocean Drive coastline, reaching points as far as Martha's Vineyard. Designed by William Ralph Emerson with exquisite detail, the 8-bedroom estate offers a unique blend of Old World charm and modern amenities, including new heating, plumbing, and central air.

\$4,995,000 GustaveWhite.com

Gustave White Sotheby's International Realty
phone: 401.849.3000

**NAPLES, FLORIDA**

Live the lifestyle of your dreams in Naples, Florida! Gorgeous single-family residences up to 4,879 s/c sq. ft. Amazing six-acre recreation area with 13,000 sq. ft. clubhouse, resort pool, fitness, tennis, indoor sports court and much more – all included in low HOA fees. This is an incredible opportunity in a great Naples, Florida location – call today!

From the \$400's to the \$800's glhomes.com/StoneCreek

GL Homes
phone: 800.281.9239

To Advertise Call: 800-366-3975

THE WALL STREET JOURNAL. HEALTH FORUM

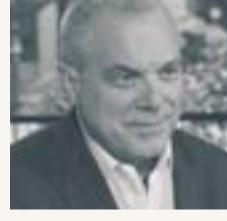
May 22, 2018 | Four Seasons Hotel | Washington, D.C.

How innovation is revolutionizing the business of health

This spring, the editors of The Wall Street Journal will convene influential business leaders, policy makers and experts from across the health and health-care industries to focus on the innovations transforming this critical sector of the economy. These participants will join an audience of senior executives and entrepreneurs, including those from the worlds of finance, science and regulation.

Through highly interactive interviews, the editors will cover issues of key importance in 2018, from the technologies and advanced analytics changing the study of the human genome to new business models affecting health care.

SPEAKERS



Mark T. Bertolini
Chairman and CEO,
Aetna Inc.



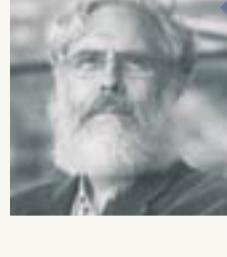
David N. Osser, M.D.
Associate Professor of Psychiatry,
Harvard Medical School
Attending Psychiatrist, Domiciliary
Treatment Program for
Homeless Veterans,
Veterans Affairs Boston
Healthcare System



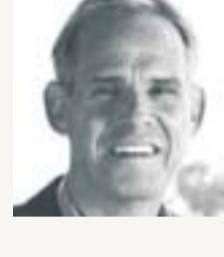
Gail K. Boudreaux
President and CEO,
Anthem, Inc.



**Rear Adm. Anne Schuchat,
M.D.**
Principal Deputy Director,
Centers for Disease Control
and Prevention



George M. Church, Ph.D.
Professor of Genetics,
Harvard Medical School
Director,
PersonalGenomes.org



Eric Topol, M.D.
Founder and Director,
Scripps Translational
Science Institute, Professor
of Molecular Medicine and
Executive Vice President,
The Scripps Research Institute



**Stephanie Domas, P.E.,
C.E.H.**
Vice President of Research,
MedSec



Sarah E. Wakeman, M.D.
Medical Director, Substance
Use Disorders Initiative,
Massachusetts General Hospital
Assistant Professor of Medicine,
Harvard Medical School



Anthony S. Fauci, M.D.
Director, National Institute of
Allergy and Infectious Diseases,
The National Institutes of Health



Feng Zhang, Ph.D.
Core Institute Member,
Broad Institute of MIT
and Harvard



Richard J. Gilfillan, M.D.
CEO,
Trinity Health



Daphne Zohar
Co-Founder and CEO,
PureTech Health plc.



Thomas McLellan, Ph.D.
Co-Founder and Scientific Director
(1992-2015),
Treatment Research Institute
Deputy Director and Senior Scientist
(2009-2011),
White House Office of National Drug
Control Policy

Request your invitation: healthforum.wsj.com

MANSION

RELATIVE VALUES

LUXURY IN THE PACIFIC NORTHWEST

Three homes in and around Bend, Ore., that offer mountain views and ample outdoor activities

**\$24 million**

Eight bedrooms, nine bathrooms

This 14,666-square-foot house in Sisters, Ore., sits on over 500 acres. It has a gourmet kitchen, butler's kitchen, wine room, theater and guest wing. The equestrian barn has a saloon; property includes a guesthouse, manager's house and other outbuildings. Agents: Pam Mayo-Phillips and Brook Havens, Cascade Sotheby's International Realty

**\$4.2 million**

Five bedrooms, five bathrooms, one half-bath

This 10,061-square-foot house on about 1 acre features custom stone and woodwork throughout, including six fireplaces with limestone mantles from France. Other amenities include a wine cellar, downstairs game room with wet bar and large terraces for entertaining. Rooms have views of the Cascade Mountains. Agent: Greg Langhaim, Bend Real Estate Advisors

**\$6.8 million**

Four bedrooms, seven bathrooms

Wild Horse Trail is about 10 miles from downtown Bend. The 9,460-square-foot home has nine fireplaces, a guesthouse and horse barn. It has views of the Cascade Mountains and private access to the Deschutes River.

Agent: Nancy Melrose, Cascade Sotheby's International Realty

—Nancy Keates

ADVERTISEMENT

Distinctive Properties & Estates

To advertise: 800-366-3975 or WSJ.com/classifieds

FLORIDA

Waterfront Real Estate

22 E High Point Rd
Stuart, FL 34996

Make Your Offer Live Onsite February 17 at 11am

- 5 BR, 6 Full BA, 2 Half BA & 7,393 Sq Ft
- Deep Water Dock
- Large Heated Pool with Spa
- Inlet Views from Every Room
- Located on the Indian River Lagoon and St. Lucie River
- Wine Cellar & Much More!

For More Information: (772) 872-6045 or www.HartmanAuction.com

Licensed: AB3197 AU3451

Hartman Auction Group

FLORIDA

MARYLAND

Palm Beach

**113 CLARKE AVENUE**

Island Inspired In-Town residence with 5BR/6.1BA extending over main house and guest house. This spectacular ocean-block home features beautiful renovations with the greatest attention to detail and craftsmanship. A must see!

Exclusive - \$11,950,000

Christian Angle Real Estate

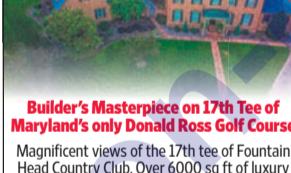
www.anglerealestate.com

OTHER PALM BEACH REAL ESTATE OPPORTUNITIES AVAILABLE

Christian J Angle at 561-629-3015

cjangle@anglerealstate.com

Though information is believed to be correct, offerings are subject to errors, omissions, prior sale and withdrawal without notice.



Builder's Masterpiece on 17th Tee of Maryland's only Donald Ross Golf Course

Magnificent views of the 17th tee of Fountain Head Country Club. Over 6000 sq ft of luxury beyond compare! Gourmet kitchen, 6 BR, 4-1/2 BA, atrium, private courtyard, pub room, wine cellar, and much more! WA10095772

Call Cynthia at 301-988-5115.

SULLIVAN SELECT 301-745-5500

THE WALL STREET JOURNAL

DISTINCTIVE PROPERTIES

SELECT RESIDENTIAL LISTINGS EVERY FRIDAY IN MANSION

(800) 366-3975
[sales.realestate](mailto:sales.realestate@wsj.com)
wsj.comFor more information visit:
wsj.com/classifieds© 2018 Dow Jones & Company, Inc.
All Rights Reserved.

INSPIRE

67%
OF OUR AUDIENCE PLANS TO BUY A HOME WITHIN 12 MONTHS

YOUR PROPERTY HAS A HOME IN MANSION.

For more information on advertising opportunities, please contact:
sales.realestate@wsj.com | 800.366.3975

NEW HAMPSHIRE

Consider New Hampshire...

No Sales Tax No Inheritance Tax
No Income Tax No Capital Gains Tax

Lake Winnipesaukee Homes

www.SueBradley.comSusanBradley@metrocast.net

WOLFEBORO

Private Estate, Acreage, 600+ feet waterfront, Beach, Boathouse, Barn Garages, Guest Suite, Docks, 17,000SF exemplar quality and amenities. \$11,900,000

MEREDITH

3 Bedrooms, Dock

Views, Great Room

\$1,295,000

GILFORD NEW CONSTRUCTION
150 Feet Waterfront, Dock
5 Bedrooms, Sunsets, Guest Area
\$2,995,000GILFORD ADIRONDACK
3 Bedrooms, Stunning Views
Dock, Extraordinary Detail
\$1,299,000Susan Bradley, GRI, CRS, ABR
Coldwell Banker CRB
603.493.2873 • 603.524.2255

MANSION | THE WALL STREET JOURNAL.

Source: WSJ. Insights Mindset of the Luxury Real Estate Buyer, Base: Plan to purchase home in next five years (2,709).

© 2018 Dow Jones & Company, Inc. All Rights Reserved.

You're looking at the best agents in the business.



THE BECKY FREY GROUP From left, Elizabeth Conroy, Hunter Hale, Becky Frey, Natalie Hatchett and Lauren Laughry

Nobody does it better than the 500+ agents of Briggs Freeman Sotheby's International Realty.

58 years and counting.
3 billion dollars in 2017 sales.
One brokerage.

Briggs Freeman | Sotheby's
INTERNATIONAL REALTY

BRIGGSFREEMAN.COM

Real Estate Trends



How Francis Bacon Nailed It

Americans are famously driven by a play-to-win mentality. One of the essentials in nearly any endeavor of consequence is the requirement to be competitive. But while the ultimate goal is almost always a victory, the necessity of fostering *healthy* competition can get lost in the process.

It shouldn't.

Good, spirited competition can bring out the best performance in all of us. That goes for everything from economics and academics to athletics and real estate. (Especially that last one.) Competition is vital — not only for growth but also for ensuring that customers get a fair deal at a reasonable price.

That foundation is at the heart of American business — and, for many, the expression "fair and square" says it all.

What do you know about that phrase? It is not new. It reportedly first appeared more than 400 years ago, in a 1604 essay written by one Francis Bacon, the English philosopher, statesman and author. In his essay Of Prophecies, Bacon wrote, "Faire, and square. The gamester calls fooles holy-day." Over the years, "fair and square" has morphed into shorthand, a nod to the importance of critical values such as honesty, integrity and — as we might say in Texas — good old-fashioned horse sense.

Do you have regular discussions with your team about the concept of fierce competition while still playing fair and preventing a win-at-all-costs mentality? How we compete is as important as the victory laps we may enjoy. Reputations are earned, and one of honesty and integrity can take years to build, not to mention maintain.

Reputations can also be lost very quickly due to carelessness, or lack of attention to the details. Accuracy, sincerity and sheer professionalism matter. They are the non-negotiable cornerstones of a quality business acumen — and the very characteristics that separate the experts from the amateurs.

Famed American sports journalist Grantland Rice put it elegantly:

*For when the One Great Scorer comes to mark against your name,
He writes — not that you won or lost —
but how you played the Game.*

Competition is good. Great, even. As long as it's faire and square.

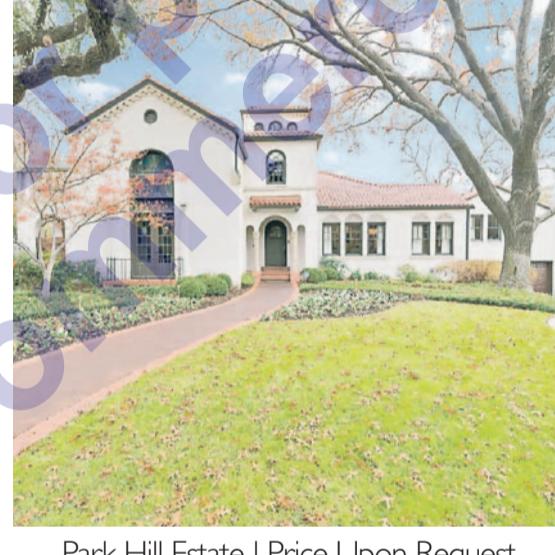
Robbie Briggs, President and CEO
Briggs Freeman Sotheby's International Realty
rbriggs@briggsfreeman.com



3801 Marquette Street | Sold - Represented Buyer Dallas



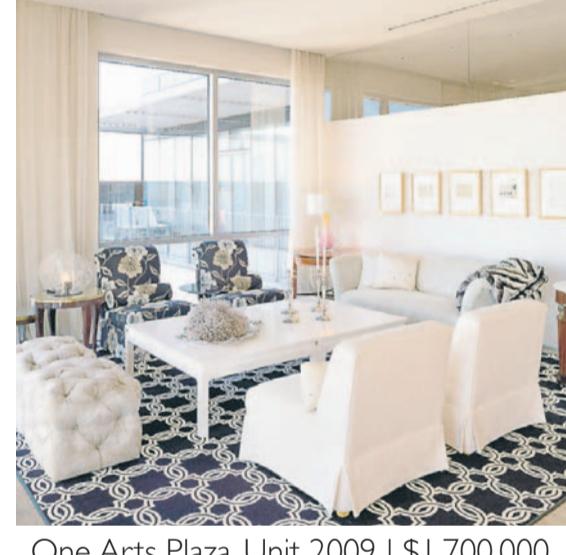
Meredith Ferrell
214-868-1177
mferrell@briggsfreeman.com



Park Hill Estate | Price Upon Request
Fort Worth



John Zimmerman
817-247-6464
jzimmerman@briggsfreeman.com



One Arts Plaza, Unit 2009 | \$1,700,000
Dallas



Faisal Halum
214-240-2575
fhalum@briggsfreeman.com



6734 Mimosa Lane | \$1,449,000
Dallas



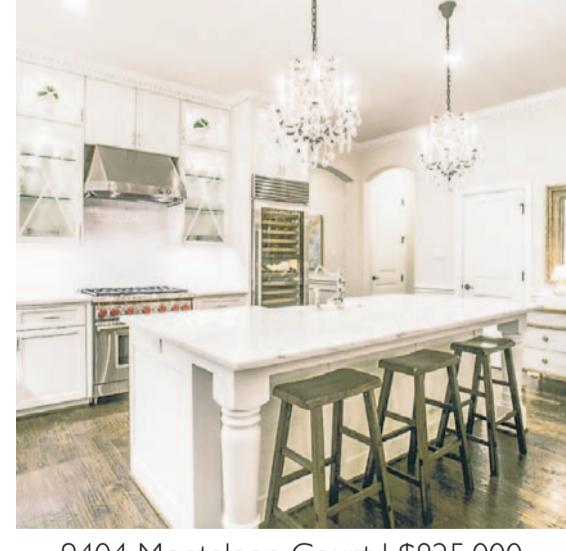
Ginger Nobles
214-212-4434
gnobles@briggsfreeman.com



5309 Wenonah Drive | \$995,000
Dallas



Ann Shaw
214-532-4824
ashaw@briggsfreeman.com



9404 Monteleon Court | \$825,000
Dallas



Becky Frey
214-536-4727
bfrey@briggsfreeman.com

MANSION

BALANCE SHEET

A House That's in the 'Mood'

Mood boards created by an Amsterdam couple inspire their architect's home design



BY J.S. MARCUS

ESTHER BROUWER and Niels Dengel, an Amsterdam couple, started work on their new home literally—with homework.

In fall 2014, after acquiring a small waterfront lot in the far east of the Dutch capital, the pair were asked by architect Marc van Driest to create a pair of mood boards, or collages of images.

About two years later, the couple and their young son Mads moved into the building their boards helped inspire: a two-story, 3,300-square-foot villa with a split-level ground floor, four bedrooms, three bathrooms and a powder room. The couple spent roughly \$630,000 on the lot, and around \$1.1 million on construction, landscaping and furnishings.

Building a whole house from scratch is now very

rare in Amsterdam, with vacant lots nearly impossible to come by. The couple found their lot in IJburg, a new neighborhood inaugurated in 2002 that is comprised of several artificial islands, 5 miles east of the heart of Amsterdam, at the mouth of the IJ River. They bought a 1/10 acre-plot on Rieteiland Oost, a small island solely devoted to single-family homes.

The couple have their own pier, and use a refurbished rescue boat to travel through the canals of inner Amsterdam or out into a few of the large adjoining lakes that make up the center of the Netherlands.

Instead of confining themselves to specific aspects of buildings, as clients tend to do, the couple's mood boards expressed their feelings about life in general. The boards also revealed that the couple had some contradictory tastes—they like smooth, industrial surfaces, but also crave what Mr. van Driest, 44, calls "profound, authentic materials."

His solution was to combine everything in a double-height stairwell that the architect calls the "heart of the house." The space includes burnished blue steel, stainless steel, glass and salvaged barn wood, all presided over by sky-lights and barn-wood beams.

Throwing barn wood into the mix put Ms. Brouwer, an advertising executive, at ease. "I was afraid that a new house would be too cold," she says.



MIX AND MATCH The home combines smooth industrial surfaces with 'authentic' materials like salvaged barnwood. Esther Brouwer, Niels Dengel and son Mads.

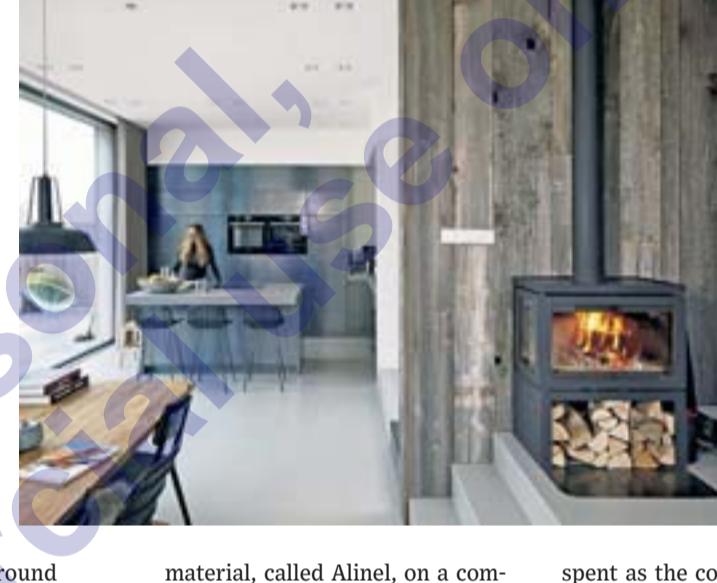


The mood boards, in addition to a brief written by the couple, also led to some unusual layout decisions. The ground floor has a U-shaped open plan based on the assumption that the kitchen functions more like an old-fashioned living room—the default spot for entertaining.

The cozy living room, at the other end of the U, is where the family retreats for privacy. Mr. van Driest says the layout reflects his interpretation of the mood boards, which contained sleek imagery related to sports cars and skiing, as well as images that suggested to him a kind of vulnerability.

The couple spent around \$43,000 on the kitchen. The pair considered a range of prebuilt and designer options, says Mr. Dengel, a business consultant with a marketing background, "but they just weren't special enough." Blue-steel cabinets with an exact fit, adds their architect, are only possible with a personalized design.

Mr. van Driest channeled the couple's inspiration into the house, but one of its most distinctive features—a shimmering, powder-coated, aluminum facade—came about by accident. He discovered a ribbed, low-maintenance cladding



material, called Alineal, on a commercial building in central Holland, and he thought it would work well on a home. The Alineal, which covers much of the villa, cost nearly \$86,000, and sets the home apart from its brick-and-glass neighbors.

Homeowners on IJburg are part of a green-friendly, communal heating network, but the couple decided to go one step further and spend around \$53,000 on a private geothermal pump system that provides their own underfloor heating and cooling. "We didn't have to do that heating system," says Mr. Dengel, who regards the money

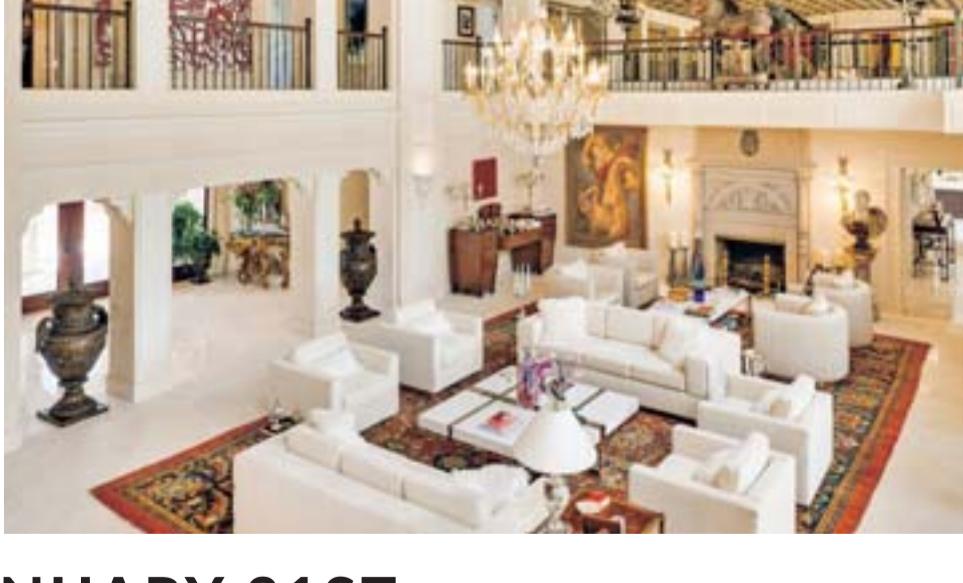
spent as the couple's lone splurge, "but we wanted it."

The finished basement remains something of a work-in-progress. "At some point, this will be my son's room," says Mr. Dengel, "but for now let's call it a man cave."

The couple may already have recouped their investment. Amsterdam's current real estate boom has meant double-digit increases in home prices each of the last three years.

Last spring, a neighboring villa smaller than theirs, built on a smaller lot, sold for around \$1.7 million a few weeks after coming on the market.

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