

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

FRIDAY, JULY 7, 2017 ~ VOL. CCLXX NO. 5

WSJ.com

★★★★ \$4.00

DJIA 21320.04 ▼ 158.13 0.7% NASDAQ 6089.46 ▼ 1.0% STOXX 600 380.43 ▼ 0.7% 10-YR. TREAS. ▼ 10/32, yield 2.369% OIL \$45.52 ▲ \$0.39 GOLD \$1,222.20 ▲ \$1.80 EURO \$1.1424 YEN 113.22

What's News

Business & Finance

Berkshire struck a deal to buy Energy Future for \$9 billion, giving Buffett its Texas-based Oncor and cementing electricity as one of the conglomerate's largest businesses. **A1**

◆ QVC and Home Shopping Network have agreed to merge in a \$2.1 billion deal, as the two adapt to a changing retail landscape. **B1**

◆ Amazon's Bezos and Dish Network's Ergen have discussed a partnership to enter the wireless business. **B1**

◆ Qualcomm is asking trade authorities to block some iPhone and iPad imports, opening a new front in its dispute with Apple. **B3**

◆ Samsung is forecasting its second-quarter operating profit will easily be the company's highest ever. **B4**

◆ The S&P 500 posted its biggest one-day drop since May in a broad sell-off. The Dow shed 158.13 points. **B11**

◆ Investors sold government bonds anew amid anxiety that central banks are moving toward reducing stimulus. **B11**

◆ The U.S. trade deficit narrowed in May as exports rose to their highest level in more than two years. **A2**

◆ U.S. oil exports to China have surged as American crude has become cheaper than that of Mideast rivals. **B1**

◆ The EU accused GE, Canon, Merck KGaA and Sigma-Aldrich of breaching the bloc's merger rules. **B3**

◆ Fed governor Powell said there is an urgent need for Congress to overhaul the housing-finance system. **A2**

World-Wide

◆ Trump, in a speech in Poland aimed at broadening his nationalist vision, described the West as locked in a struggle it could lose unless it can "summon the courage" to see it through. **A1**

◆ Many ships carrying Iran's oil exports failed to emit tracking signals, red flags for governments seeking evidence of sanctions evasion. **A1**

◆ Days after Mattis was given authority to send more troops to Afghanistan at his own discretion, the White House sent guidance that effectively limits the number. **A5**

◆ The Trump administration said it would give diplomacy more time to resolve the crisis over North Korea. **A7**

◆ Japan and the EU agreed on a new trade deal a day before Trump was expected to clash with them over how global trade works. **A6**

◆ The director of the Office of Government Ethics said he plans to resign, ending a tenure marked by tangles with the Trump administration. **A4**

◆ Illinois has a budget for the first time in two years, ending a standoff that threatened to lead to a junk rating. **A3**

◆ Opioid painkillers are prescribed far less often in the U.S. than a few years ago, researchers said. **A3**

◆ Foreign students accepted to U.S. schools are planning to enroll at a similar rate as last year in most areas. **A3**

◆ A group of Hong Kong activists pleaded guilty to charges related to 2014 pro-democracy protests. **A16**

CONTENTS Markets B1-B2 Business News B3 Sports A12 Crossword B1 Streetwise B1 Head on Street B12 Technology B4 Life & Arts A10-U11 U.S. News A2-4 Mansion W1-W10 Weather A11 Opinion A13-A15 World News A5-7,16

27539>
0 78908 63141 1

© Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

0 78908 63141 1

U.S. NEWS

Export Gains Shrink Trade Deficit

By BEN LEUBSDORF

WASHINGTON—The U.S. trade deficit narrowed in May as exports rose to their highest level in more than two years.

The foreign-trade gap in goods and services narrowed 2.3% from April to a seasonally adjusted \$46.51 billion in May, the Commerce Department said Thursday.

Imports fell 0.1% in May to \$238.54 billion, and exports rose 0.4% from April. Total exports were \$192.03 billion in May, the strongest month for overseas sales since April 2015.

"The survey evidence suggests that annual export growth will accelerate from here, reflecting the strength of the global economy and the slight depreciation of the U.S. dollar since the beginning of the year," said Michael Pearce, U.S. economist at Capital Economics, in a note to clients.

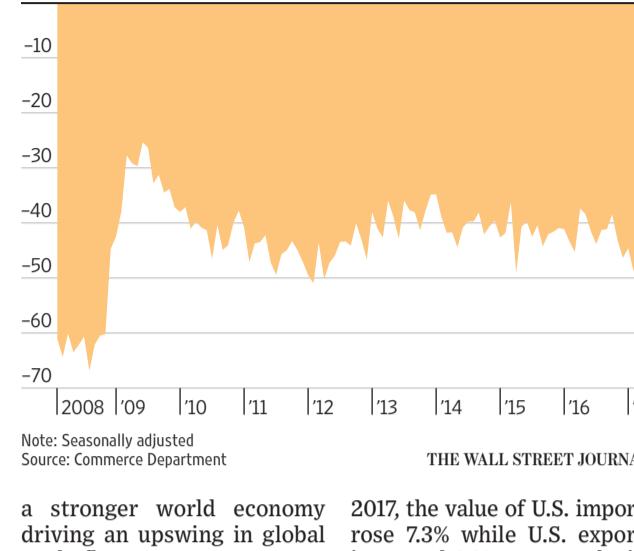
Data on international trade can be volatile from month to month, and the figures weren't adjusted for inflation.

The deficit had jumped in April and even after narrowing in May it was larger than at any point last year.

Both imports and exports have risen this year, reflecting

Closing the Gap

Monthly balance of U.S. trade in goods and services, in billions



Note: Seasonally adjusted

Source: Commerce Department

THE WALL STREET JOURNAL

a stronger world economy driving an upswing in global trade flows.

The dollar has strengthened against other currencies since 2014 but weakened since late last year; a strong dollar makes U.S. products more expensive for foreign customers.

"Exports have shown greater strength this year, in part reflecting a pickup in global growth," Federal Reserve Chairwoman Janet Yellen said last month.

In the first five months of

2017, the value of U.S. imports rose 7.3% while U.S. exports increased 6.0% compared with the year-earlier period.

The overall trade deficit was up 13.1% compared with the first five months of 2016.

Export demand could strengthen further headed into the second half of the year. The Institute for Supply Management said Monday that its index tracking new export orders at U.S. factories rose in June.

The U.S. imports more

goods than it exports, though it runs a trade surplus for services.

The overall trade deficit totaled \$504.79 billion in 2016, or roughly 2.7% of economic output as measured by nominal gross domestic product.

President Donald Trump campaigned for the White House on skepticism about current U.S. trade agreements.

"The fact is that the United States has trade deficits with many, many countries, and we cannot allow that to continue," Mr. Trump said last week at a meeting with South Korean President Moon Jae-in.

Looking only at trade in goods, U.S. deficits with China and the European Union narrowed in May from April but remained sizable.

The U.S. ran trade surpluses during the month with the U.K. and Latin America.

The U.S. economy has run overall trade deficits for decades, during both economic expansions and recessions, which economists say reflects the fact that Americans consume more than they produce relative to the rest of the world.

To shrink or eliminate the gap, the U.S. would either have to produce more or consume less.

Fed Governor Urges Housing-Finance Fix

By RACHEL WITKOWSKI

WASHINGTON—Federal Reserve governor Jerome Powell said there is an urgent need for Congress to overhaul the housing-finance system, echoing calls by some lawmakers to pull Fannie Mae and Freddie Mac out of government conservatorship.

President Donald Trump campaigned for the White House on skepticism about current U.S. trade agreements.

"The fact is that the United States has trade deficits with many, many countries, and we cannot allow that to continue," Mr. Trump said last week at a meeting with South Korean President Moon Jae-in.

Looking only at trade in goods, U.S. deficits with China and the European Union narrowed in May from April but remained sizable.

The U.S. ran trade surpluses during the month with the U.K. and Latin America.

The U.S. economy has run overall trade deficits for decades, during both economic expansions and recessions, which economists say reflects the fact that Americans consume more than they produce relative to the rest of the world.

To shrink or eliminate the gap, the U.S. would either have to produce more or consume less.

the largest mortgage lenders that sell loans to Fannie and Freddie, which repackaged mortgages as securities that are insured if the loans default.

The Senate Banking panel is looking at ways to bring the government-sponsored enterprises out of conservatorship, including potentially creating a government backstop if private capital is depleted during a crisis. Mr. Powell said his remarks weren't meant to support any specific proposal but cautioned about a suggestion to create some form of additional government reserve.

"If Congress chooses to go in this direction, any such guarantee should be explicit and transparent, and should apply to securities, not to institutions," Mr. Powell said. "The reality is that the economy needs Fannie and Freddie....So there is likely still an incentive to preserve the GSE business if one of them goes bust."

Separately, he said the Federal Reserve is near completion of a comprehensive program that would raise standards for most systematically important banks.

U.S. WATCH

COSBY CASE

Sex-Assault Retrial Is Set for November

Entertainer Bill Cosby will be retried on sexual-assault charges starting Nov. 6, a Pennsylvania judge ruled Thursday.

Last month's trial in suburban Philadelphia ended in a mistrial when a jury couldn't reach a verdict after six days of deliberations. Montgomery County District Attorney Kevin Steele quickly announced plans for a new trial.

Mr. Cosby, 79 years old, faces three counts of indecent aggravated assault and as many as 10 years in prison. Prosecutors allege he drugged and molested Andrea Constand, a former Temple University employee, at his home in 2004. Mr. Cosby has maintained his innocence and said he had a romantic relationship with Ms. Constand.

Mr. Cosby still faces about 10 civil lawsuits filed by other accusers, most of whom allege he defamed them after they came forward to claim he sexually assaulted them years earlier. He has denied wrongdoing.

—Scott Calvert

EMPLOYMENT

Hiring Fell in June At Private Companies

Hiring at private U.S. employers slowed more than expected in June, according to a report released Thursday.

Firms added 158,000 workers in June, according to payroll processor Automatic Data Processing Inc. and forecasting firm Moody's Analytics. Economists surveyed by The Wall Street Journal expected an increase of 180,000.

The May total was revised to 230,000 from 253,000. The ADP report is based on private payroll data and government information.

Mark Zandi, chief economist of Moody's Analytics, said in the report that job growth remains "a stalwart between 150,000 and 200,000."

"At this pace, which is double the rate of labor force growth, the tight labor market will continue getting tighter," he added.

Economists expect the U.S. Bureau of Labor Statistics to report Friday that nonfarm jobs rose by 173,000 in June from 138,000 in May.

—Justina Vasquez

ECONOMY

Service-Sector Firms Posted Gains in June

Business at U.S. service providers climbed in June, a sign the broadest segment of the economy is gaining momentum after a lackluster first half of the year.

A closely watched index of nonmanufacturing activity rose to 57.4 in June from 56.9 in May, the Institute for Supply Management trade group said. A reading above 50 indicates expansion.

Service providers form the bulk of the economy, covering industries such as construction, mining, accounting and health care. Service activity provides a snapshot of the broader economy's health. Thursday's report showed a jump in sales, a slight pickup in production and a surge in companies restocking their shelves—signs of stronger spending by Americans and rising business optimism.

"Every month we think we might have a little bit of a clawback here and yet we don't—we just keep chugging along," said Anthony Nieves, head of the survey.

The report could offer reassurance to the Federal Reserve about the economy's health as it considers another increase in short-term interest rates and shrinking its asset portfolio.

—Josh Mitchell

MONTANA

Earthquake Shakes State, Nearby Locales

In what was likely the strongest earthquake to hit Montana in more than half a century, a magnitude-5.8 tremor shook the state early Thursday.

There were no reports of injuries or serious damage.

Mike Stickney, a seismologist at the Earthquake Studies Office with the Montana Bureau of Mines and Geology in Butte, said the quake was probably the strongest in Montana since October 1964. Mr. Stickney didn't believe the quake was seismically linked to more than 1,100 smaller earthquakes in and around Yellowstone National Park over the past two weeks.

The initial earthquake's epicenter was about 6 miles southeast of Lincoln, according to the U.S. Geological Survey. A magnitude-4.9 quake rattled the same area about five minutes later. The USGS noted seven other quakes ranging from magnitude 3.5 to 4.4 in the area over the next four hours, followed by three others.

The USGS received reports of people feeling the initial earthquake throughout Montana and into Idaho, Washington, Wyoming and Canada.

—Associated Press

ONCOR

Continued from Page One states as well as in the U.K. and Canada.

Mr. Buffett has lauded his utility businesses as investments that require routine reinvestment but also generate consistent returns. In addition to utilities, Berkshire's businesses include insurers and a railroad, and it also makes large stock investments.

Utilities are also considered safe investments by ratings firms, helping support Berkshire's overall credit rating. And the energy unit receives tax credits for its investments in renewable energy that can apply to the conglomerate's massive balance sheet.

"We will continue to buy and build utility operations throughout the world for decades to come," Mr. Buffett wrote in his 2014 letter to shareholders.

Oncor is an electricity mover, transmitting power over 121,000 miles of lines across the largest electrical-distribution network in Texas, according to the company.

Energy Future has spent the past three-plus years in one of the largest-ever bank-

ruptcy proceedings. KKR & Co., TPG and Goldman Sachs Group Inc.'s private-equity arm led the \$32 billion takeover of TXU, which became Energy Future. When the deal was announced in 2007, the buyers were betting that natural-gas prices would rise, but they tumbled instead amid a boom in shale-gas production.

The drop in natural gas caused electricity prices to fall in Texas, resulting in billions of dollars of losses for Energy Future after it took on massive debt in the buyout.

Texas regulators, worried about what would become of part of the state's electricity backbone in the hands of private-equity owners, had insisted on shielding Oncor from the financial trouble that was to push Energy Future into chapter 11 bankruptcy protection.

Mr. Buffett has dealt with Energy Future before, but his past experience with the company wasn't a success. Berkshire spent \$2.1 billion in 2007 on high-yielding Energy Future Holdings bonds. It sold the bonds in 2013 and lost \$873 million pretax on the investment, Mr. Buffett said in his 2013 letter to shareholders.

"Most of you have never



Warren Buffett

Energy Future has been trying to sell its 80% stake in Oncor, but Texas regulators have stymied attempts at deals by Hunt Consolidated Inc. of Texas and Florida's NextEra Energy Inc., leaving the company mired in bankruptcy. Berkshire was also a contender.

Texas regulators said the Hunt-led deal included too much financial engineering to suit them, while NextEra was rejected for insisting on overriding much of the protections that prevented Energy Future from imposing excessive debt on Oncor, and guaranteed the unit kept a separate board of directors.

CreditSights analyst Greg Jones said the restrictions were unlikely to be an issue with Berkshire. "Berkshire will likely go to the regulators hat in hand and say, 'What can we do for you to make this happen,' rather than other utilities that were trying to say, 'It's our way or the highway,'" he said.

Terry Hadley, spokesman for the Public Utility Commission of Texas, which was instrumental in blocking the two prior deals for Oncor, declined to comment on the regulatory prospects.

Last year, Mr. Buffett closed his largest deal ever when Berkshire bought industrial company Precision Castparts. The billionaire investor also has joined forces with Brazilian private-equity firm 3G Capital Partners LP to help create a global food empire, merging Kraft and Heinz and making an unsuccessful attempt to buy consumer goods giant Unilever PLC.

An Oncor deal would still leave Berkshire with plenty of cash to spend. The conglomerate held \$96.5 billion in cash as of March 31.

CORRECTIONS & AMPLIFICATIONS

Supporters of Venezuelan President Nicolás Maduro on Wednesday attacked lawmakers opposed to efforts to rewrite the constitution. The caption with a Page One photo of victims of the attack in some editions Thursday incorrectly said the lawmakers were seek-

ing to rewrite the constitution. The same photo appeared with a World News article in some editions, where the first name of the photographer was incorrectly omitted from the credit. The credit should have read Miguel Gutierrez/European Pressphoto Agency.

A law passed earlier this year by New York state blocked a 5-cent fee on plastic bags in New York City from taking effect. A U.S. News article on June 26 about a backlash against plastic-bag bans incorrectly said the city had a fee on plastic bags.

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

NEED ASSISTANCE WITH YOUR SUBSCRIPTION?

CONTACT CUSTOMER SUPPORT.

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

U.S. NEWS

Illinois House Overrides Veto To Pass Budget, Ending Standoff

Illinois has budget for the first time in more than two years, ending a standoff that threatened to downgrade the state's debt to junk status and was wreaking havoc with cities, colleges and school districts across the state.

The state's House of Representatives, led by Democratic Speaker Michael Madigan, voted Thursday to override Republican Gov. Bruce Rauner's vetoes of revenue and spending measures the chamber passed Sunday.

The House's repudiation of the governor marked the final hurdle in enacting a budget for Illinois—the first state in the union to have gone without a budget for more than a year since the Great Depression. Illinois entered its third fiscal year without a budget on July 1.

"The people in this chamber did not do what was easy today, but they did do what was right for the future of our state," Mr. Madigan said on the House floor following the votes.

"Today was another step in Illinois' never-ending tragic trail of tax hikes," Mr. Rauner said in

a statement after the vote. "It proves how desperately we need real property tax relief and term limits."

The new budget funds a more than \$36 billion spending proposal with a roughly \$5 billion income-tax increase. The state brings in roughly \$32 billion a year.

The plan also includes a provision that would allow Illinois to borrow billions of dollars through the sale of bonds. Those funds would go toward paying down the \$14.6 billion in unpaid bills the state has accrued since 2015.

Illinois bond prices have climbed this week as lawmakers made progress toward a budget. A 2014 Illinois general obligation bond maturing in 2030 traded at 99.5 cents on the dollar Thursday, up from 99 cents Wednesday.

Ahead of the House action Thursday, the Capitol was put on lockdown while a Hazmat crew investigated reports of a woman throwing an unidentified white powder into the offices of the governor and other areas.

—Quint Forgey



The Capitol was put on lockdown while a Hazmat crew investigated reports of an unidentified white powder in the governor's offices.

JUSTIN L. FOWLER/THE STATE JOURNAL-REGISTER/ASSOCIATED PRESS

Foreign Student Admissions Keep Pace

Texas colleges see a drop in international enrollments, according to one survey

BY DOUGLAS BELKIN AND NEWLEY PURNELL

fact there is such enormous good will in the world toward America."

More than one million international students were enrolled in U.S. schools during the 2015-16 academic year, according to the IIE. International students contributed more than \$35 billion to the U.S. economy in 2015, according to the U.S. Department of Commerce. There are 85% more international students studying at U.S. institutions than were reported a decade ago.

U.S. colleges and universities have become increasingly dependent on the revenue from international students. Public schools often charge international students two to three times what domestic students pay, helping offset the decline in state funding for public universities since the credit crisis and the demographic dip in college-aged students.

The rate of international students accepted to a U.S. school that plan on enrolling held steady in the West and Northeast and declined by 5 percentage points each in the South and Midwest.

Among the four states that

enroll the most international students, California saw a two percentage point increase in yield, which refers to the enrollment rate of admitted students. New York and Massachusetts held steady and Texas fell by 9 percentage points.

The study didn't shed any light on the reason schools in Texas experienced such a steep decline but many factors are in play.

International students are asking questions about how hard it will be to get a student visa, they are struggling to discern how much a U.S. degree will help their careers and whether there will be visas available for them to work here.

They also have to juggle the strength of the dollar compared to their native currency and broader economic factors in their home countries.

Texas may have been disproportionately impacted by the decline in oil prices which may have slowed interest among international students who have historically headed there to study oil industry-related majors.

Dr. Goodman of the IIE believes that in addition, at least

States Sue DeVos Over College Rules

A coalition of Democratic attorneys general from 18 states and the District of Columbia announced Thursday a lawsuit against the U.S. Education Department and Education Secretary Betsy DeVos regarding the end of Obama-era rules intended to punish colleges and universities that use deceptive recruiting tactics and charge high prices for dubious degrees.

The complaint, filed in U.S. District Court in Washington, D.C., alleges that the Education Department violated federal

law by abruptly rescinding its "Borrower Defense" and "gainful employment" rules, which were designed to hold abusive higher education institutions accountable for cheating students and taxpayers out of billions of dollars in federal loans.

U.S. Department of Education press secretary Liz Hill slammed the suit.

"With this ideologically driven suit, the state attorneys general are saying to regulate first, and ask the legal questions later—which also seems to be the approach of the prior administration that adopted borrower-defense regulations through a heavily politicized process and failed to account

for the interests of all stakeholders," Ms. Hill said.

The rules were set to go into effect on July 1 but were frozen by Mrs. DeVos in May. She cited a California lawsuit that sought to block them.

The rules were completed late last year, following the collapse of Corinthian Colleges Inc., a national for-profit chain. For-profit schools, which generally specialize in two-year degrees and career certificates, taught about 10% of all undergraduates at their peak around 2009 but have been a disproportionate driver of the run-up to \$1.3 trillion student debt and a sharp rise in defaults.

—Douglas Belkin

Prescription Rate For Opioids Falls, Researchers Say

BY BETSY MCKAY

Opioid painkillers are prescribed far less often in the U.S. than a few years ago, showing that moves to limit their availability are having a positive effect, federal researchers said in an analysis released Thursday.

But the amount of opioids prescribed in 2015 was still more than triple the level in 1999, and varied widely by county, according to the analysis by the Centers for Disease Control and Prevention—illustrating how ubiquitous the drugs still are.

"This is just the beginning of the dip," Anne Schuchat, the CDC's acting director, said in an interview. "It's like we're at 100 degrees and we've gone to 95, but we want to go to 60. We have a lot more work to do here."

Analyzing data representing 88% of U.S. prescriptions, the CDC found that the amount of opioids prescribed per capita peaked in 2010, then declined by 18% by 2015. The opioid prescription rate declined by 13.1% between 2012 and 2015, the CDC said.

Yet there is still a "huge variation" in prescribing patterns from one county to another, including in states that have taken steps to stem the flow, Dr. Schuchat said.

Counties at the high end of the spectrum in 2015—many of which are in Virginia, Tennessee and Kentucky—dispensed more than six times the number of prescriptions

as counties at the lower end, the CDC said. Nearly every state has counties with high levels of opioid prescriptions, Dr. Schuchat said.

The opioid crisis is far from easing. Addiction is surging, and overdose deaths continue to rise, because as access to prescription painkillers has tightened, abuse of heroin and other illicit street drugs has taken off.

Gary Mendell, founder, chairman and chief executive of Shatterproof, a nonprofit organization that advocates for public-health measures to stem addiction, said the CDC should set a goal for the number and size of opioid prescriptions that may be written, and state and county-level prescribing data should be released quarterly, within a month of the end of each quarter.

"That would put a spotlight on who's doing well and who's not doing well," he said.

National guidelines on opioid use and state prescription drug-monitoring databases have helped to reduce the number of prescriptions, Dr. Schuchat said.

States such as Kentucky and Ohio now require clinicians to check the databases to see whether a patient has been receiving opioids elsewhere before they write a prescription.

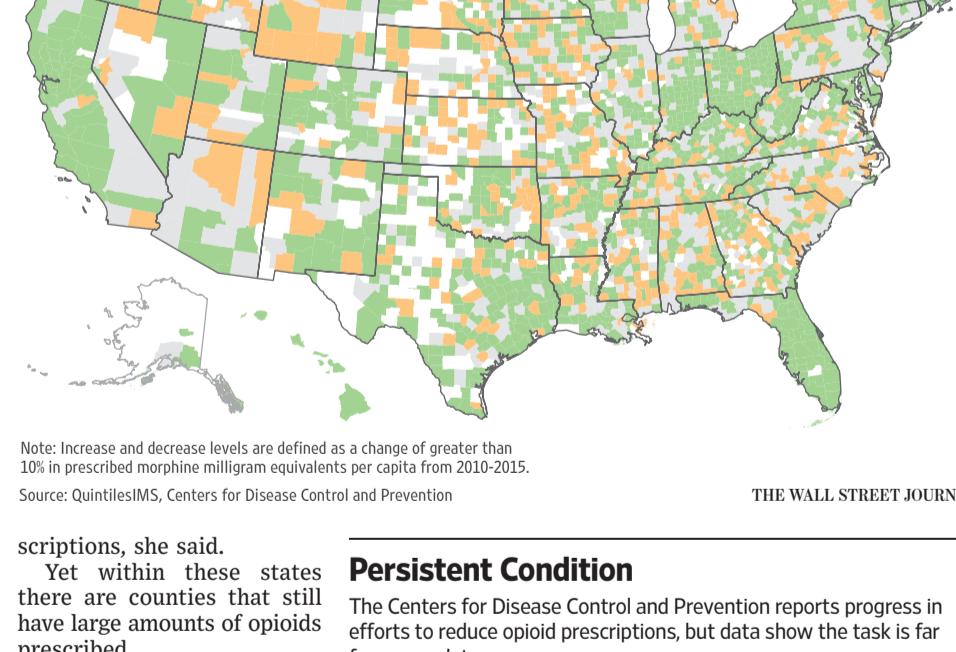
Prescriptions have also dropped in Florida and other states that cracked down on pain clinics that dispense large numbers of opioid pre-

Opioid Landscape

Opioid prescribing has declined across much of the U.S., particularly in states such as Ohio and Florida, which have made efforts to reduce abuse.

Change in prescribed opioids per capita, 2010-2015

■ Increase ■ Decrease ■ Stable level ■ Insufficient data



Students from other parts of the world are increasingly leery about the state.

"I think there is a PR thing that might be happening," said Teri Albrecht, director of international student scholar services at the University of Texas at Austin, which saw a small decline in undergraduate admissions this year after years of steady growth. "I'm sure we've had students and

scholars that have concerns and might have looked elsewhere to states that don't have those laws in place."

Among the Southern schools to feel the pinch is Tennessee Technological University. Associate Provost Mark Stephens said the Cookeville, Tenn., school received roughly 15% fewer international applications this year than last.

Painkiller Is Pulled From U.S. Market

BY JEANNE WHALEN

Endo International PLC said it would comply with a Food and Drug Administration request to remove the opioid painkiller Opana ER from the U.S. market, which the FDA said was necessary due to the medication's links to injection drug abuse.

The FDA last month asked Endo to stop selling the drug, in what the agency called its first effort to remove an opioid pain drug from the market over abuse concerns.

Endo on Thursday said it would "work with the FDA to coordinate the orderly removal of Opana ER in a manner that looks to minimize treatment disruption for patients." The company said it "continues to believe in the safety, efficacy, and favorable benefit-risk profile of Opana ER...when used as intended." Endo also said it "has taken significant steps over the years to combat misuse and abuse."

The FDA said it was concerned about Opana ER's safety because data showed a 2012 reformulation of the pill caused more people to abuse the painkiller by liquefying and injecting it. Abuse of the drug via injection was linked to a "serious outbreak of HIV and hepatitis C," the FDA said. The outbreak occurred in Indiana in 2015.

Endo, based in Dublin, Ireland, said it expects to record a pretax charge of \$20 million in the second quarter to write off the drug's remaining net book value. Opana ER had sales of \$159 million in 2016.

scriptions, she said.

Yet within these states there are counties that still have large amounts of opioids prescribed.

"That really highlights the fact that combating the opioid epidemic takes a lot of local efforts and tailored approaches," said Yuhua Bao, an associate professor of health-care policy and research in psychiatry at Weill Cornell Medical College, who has studied the impact of prescription drug-monitoring programs.

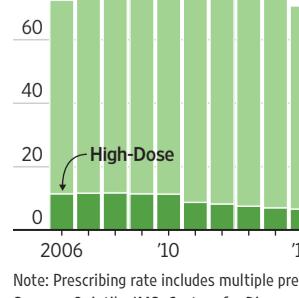
Dr. Schuchat said the CDC hopes the county-level data will help states and clinician groups target their interventions, and that CDC prescribing guidelines issued last year "will start to lead to consensus and less use where it's not indicated."

Persistent Condition

The Centers for Disease Control and Prevention reports progress in efforts to reduce opioid prescriptions, but data show the task is far from complete.

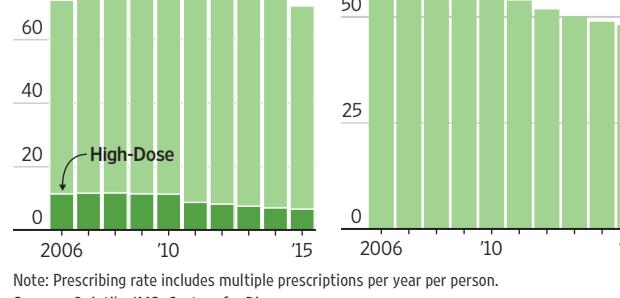
Doctors are writing fewer prescriptions in recent years...

100 prescriptions per 100 persons



...and average daily prescription doses are getting lower.

75 morphine milligram equivalent



THE WALL STREET JOURNAL.

U.S. NEWS

Trump Probe Hires Range of Talent

BY DEL QUENTIN WILBER
AND ARUNA VISWANATHA

In a few weeks on the job, special counsel Robert Mueller has assembled an elite team of lawyers with expertise in national security, public corruption and financial crimes, suggesting he is taking a broad view of his mandate to probe Russia's alleged meddling in the 2016 election.

Since being tapped by Deputy Attorney General Rod Rosenstein in May, Mr. Mueller has added 15 attorneys to his staff as well as an undisclosed number of administrative employees, according to spokesman Peter Carr.

Mr. Carr confirmed the identities of 13 members of the team, which legal observers and former Justice Department attorneys of both parties likened to an "all-star" lineup of lawyers with reputations for tenacity and thoroughness.

"He is assembling a pretty darned impressive cohort of government lawyers," said Stephen I. Vladeck, a professor at University of Texas School of Law.

Mr. Carr declined to comment on the investigation or staffing decisions beyond confirming the 13 lawyers' identities, which were provided by people familiar with the inquiry. He said the office recently submitted a budget and expects to release a list of expenditures every six months.

Mr. Mueller, a former FBI director, was tapped as special



JOSHUA ROBERTS/REUTERS

Special counsel Robert Mueller, right, after a Senate briefing on the Russia investigation in June.

counsel not long after President Donald Trump's abrupt firing of James Comey as FBI director. Mr. Comey had been spearheading the federal investigation into the Russian interference.

The Federal Bureau of Investigation as well as Senate and House panels are scrutinizing whether Trump associates coordinated with Russian hackers in interfering with the election.

Mr. Trump has called the investigation a "witch hunt," and Russia has denied med-

dling in the election. Mr. Trump and some of his allies have questioned the impartiality of Mr. Mueller's hires.

Twelve of the 15 lawyers are Justice Department or FBI employees, and are expected to return to their old jobs when the investigation is completed. The other three worked with Mr. Mueller at his law firm of WilmerHale, which he left upon being named special counsel.

Mr. Mueller's prosecutors are working closely with FBI agents as part of a broad investigation

exploring not only Russia's interference but any potential crimes associated with it.

So far, Mr. Mueller has focused on adding lawyers with a background in handling complex cases involving public corruption, national security and financial fraud.

Among them are Andrew Goldstein, former chief of the public corruption unit at the U.S. attorney's office for the Southern District of New York; Zainab Ahmad, a federal prosecutor in New York who has won praise for tackling tough terror-

ism cases; and Andrew Weissmann, who led the fraud section of the Justice Department's criminal division, where he oversaw the department's probe of the collapse of Enron Corp.

Former Justice Department officials also cited Mr. Mueller's recruitment of Michael Dreeben, an appellate lawyer in the office of the U.S. Solicitor General. Mr. Dreeben is considered one of the department's foremost legal experts.

Mr. Trump told Fox News he was concerned that Mr. Mueller's prosecutors were "Hillary Clinton supporters" and that Mr. Mueller and Mr. Comey were friends. Mr. Comey was a top Justice official in the George W. Bush administration when Mr. Mueller was the FBI director; both are Republicans.

Newt Gingrich, a close Trump ally, tweeted last month that "Republicans are delusional if they think the special counsel is going to be fair" because some of Mr. Mueller's attorneys have donated to Democrats.

At least seven members of Mr. Mueller's team have given to Democratic candidates, including to the presidential campaigns of Mr. Obama and Mrs. Clinton, according to Federal Election Commission records. At least one—James Quarles, a member of the Watergate Special Prosecution Force—has donated to politicians in both parties.

—Rebecca Ballhaus contributed to this article.

Federal Ethics Watchdog To Resign

BY REBECCA BALLHAUS

Office of Government Ethics Director Walter Shaub said Thursday he plans to resign this month, ending a tenure that was marked by frequent tangles with the Trump administration.

"The great privilege and honor of my career has been to lead OGE's staff," Mr. Shaub wrote in a letter to the president that the director posted to his Twitter account. "They are committed to protecting the principle that public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain."

Mr. Shaub said he would resign on July 19, six months before his term was set to conclude. He plans to join the Campaign Legal Center as senior director of ethics, according to the group, which advocates for transparency and ethics in government.

In the months since President Donald Trump took office, the GOP president has repeatedly clashed with Mr. Shaub over issues including the steps Mr. Trump took to distance himself from his business empire and his administration's disclosure of ethics waivers for former lobbyists serving in the White House.

Mr. Shaub said in an email to The Wall Street Journal that he hadn't been pushed out by the White House.

He said he was leaving before the end of his term because he felt the Campaign Legal Center would offer him the best platform and he wanted to take the job before it was filled. The new role, he said, will allow greater freedom to push for changes to federal ethics rules.

The White House said Thursday that the president accepted Mr. Shaub's resignation and "appreciates his service." Mr. Trump plans to nominate a successor "in short order," the White House said.

The Office of Government Ethics aims to prevent conflicts of interest for government employees but has limited means to enforce federal ethics rules.

Soon after Mr. Trump's election victory, Mr. Shaub made it clear that he wouldn't hesitate to criticize Mr. Trump over ethics issues. In November, the ethics office sent a series of tweets at Mr. Trump urging him to divest fully from his business interests.

In January, about 10 days before the inauguration, Mr. Shaub denounced as insufficient Mr. Trump's proposal to guard against conflicts of interest, saying it did "not comport with the tradition of our presidents over the past 40 years."

Beyond This World



SPACE PLANS: Vice President Mike Pence, who was tapped to lead the newly revived National Space Council, toured the Kennedy Space Center in Florida on Thursday and pledged to begin a new era of U.S. leadership in space. 'Our nation will return to the moon,' he said, 'and we will put American boots on the face of Mars.'

WASHINGTON WIRE

SCALISE UPDATE

Surgery Went Well, Hospital Says

House Majority Whip Steve Scalise (R., La.), who has been hospitalized for more than three weeks for a gunshot wound, underwent surgery one day after he was readmitted to the intensive-care unit following new concerns about infection.

MedStar Washington Hospital Center said on Thursday that Mr. Scalise had undergone surgery for treatment of infection and had tolerated the procedure well. He had been in fair condition days earlier, but his status was changed to serious by Wednesday due to worries about infection. Doctors said he remained in serious condition Thursday.

Mr. Scalise, 51 years old, was shot in the hip June 14 at a baseball practice the day before a charity game between Republicans and Democrats. The gunman was shot dead by police.

—Siobhan Hughes

CONGRESS

Senators to Consider Labor Board Picks

The Senate's labor committee scheduled a July 13 confirmation hearing to consider President Donald Trump's two nominees for vacant spots on the National Labor Relations Board.

At the hearing, senators are slated to consider Republican attorneys Marvin Kaplan and William Emanuel for seats on the five-member board that referees disputes between unions and employers. There have been two Democrats and one Republican on the board since last year.

Some business groups have expressed concern about lingering vacancies on the board, one of several Washington bodies without a full complement of appointed officials.

—Eric Morath

HEALTH CARE

McConnell Addresses Need for Limited Bill

A bill focused on buttressing the nation's insurance marketplaces will be needed if the full-fledged Republican effort to repeal much of President Barack Obama's health-care law fails, Senate Majority Leader Mitch McConnell (R., Ky.) said Thursday.

It was one of his most explicit acknowledgments that his party's top-priority drive to erase much of Mr. Obama's landmark 2010 statutes might fall short.

"If my side is unable to agree on an adequate replacement, then some kind of action with regard to the private health insurance market must occur," Mr. McConnell said at a Rotary Club lunch in southern Kentucky.

—Associated Press

On Health Bill, Senator Gets an Earful

BY MICHELLE HACKMAN

PALCO, Kan.—U.S. Sen. Jerry Moran is usually a reliable supporter of his party's leadership, but he spent more than an hour Thursday poking holes in the GOP health bill at an overcrowded forum in this town of 278 people.

As more than a hundred of Mr. Moran's constituents from across the state peppered him with questions about the Senate bill, which he said he would oppose, he outlined a range of concerns, from the severity of its Medicaid cuts to the ways it would affect people with pre-existing medical conditions.

One attendee, Cheryl Hofstetter Duffy, an English professor from nearby Hays, asked Mr. Moran if he would consider "building on" the Affordable Care Act, known as Obamacare, rather than repealing it. "I don't think any of us who support the ACA think it's perfect," Ms. Duffy said. "Why not work together to take what was a start and in my view an improvement, and make it better?"

Mr. Moran agreed. "On the broad array of things, we have no choice but to work together and find a solution," he said.

As such exchanges suggested, GOP leaders so far don't appear to be getting the response they had wanted during Congress's recess. None

of the nine Republicans opposing the health bill have publicly discussed a change of heart; one additional Republican—Sen. John Hoeven of North Dakota—said Thursday that he, too, was opposed.

Senate Majority Leader Mitch McConnell (R., Ky.), who is scrambling to assemble a revised version that can attract more support, can afford to lose only two of the chamber's 52 Republicans and still pass the bill.

Mr. McConnell, speaking in Glasgow, Ky., said Thursday that if the GOP bill fails, Congress will have to pass legislation to strengthen the nation's insurance marketplaces, ac-

cording to the Associated Press.

Sen. Chuck Schumer of New York, the chamber's Democratic leader, seized on those comments. "It's encouraging that Sen. McConnell today acknowledged that the issues with the exchanges are fixable and opened the door to bipartisan solutions to improve our health-care system," he said.

At Mr. Moran's town-hall meeting, no one spoke out in support of the Republican bill, though one voter sharply criticized the 2010 law, calling it "socialized medicine."

Mr. Moran said that rather than continue to push a flawed bill, GOP leaders should pursue negotiations with Democrats,



Sen. Jerry Moran (R., Kan.) speaking to the media after facing tough questions from his constituents on Thursday.

including public hearings and amendments from both sides.

He spoke repeatedly about fixing or repairing the law, saying it has "benefited some people."

For Mr. Moran, the first GOP senator to sponsor legislation repealing the ACA after its passage in 2010, his stance marked a stark shift. Uprooting the law was Mr. Moran's central campaign pledge in 2014 when he served as chairman of the Senate Republican campaign arm that helped the party retake the chamber.

Mr. Moran's decision to distance himself from the GOP bill illustrates the depth of Mr. McConnell's challenge because he is considered close to the party leadership.

"He's not one of those problematic Republicans you tend to think of," said Patrick Miller, a political-science professor at the University of Kansas. "This is weird for him. He's a team player."

Across the country, Mr. Moran was one of three Senate Republicans to hold town-hall-style meetings this week, along with Sens. Bill Cassidy of Louisiana and Ted Cruz of Texas. In the absence of such public events, the law's supporters have held protests outside senators' home-state offices and blanketed airwaves with advertisements.

—Stephanie Armour contributed to this article.

WORLD NEWS

Pentagon Curbed on Afghan Troop Level

White House memo sets conditions amid internal divisions over strategy and goals

By DION NISSENBAUM

WASHINGTON—A few days after President Donald Trump gave his Pentagon chief the unilateral authority last month to send thousands of American troops to Afghanistan at his own discretion, the White House sent classified guidance that effectively limits the number of forces.

The memo, sent by national security adviser H.R. McMaster to a small group of administration officials, said that the president would let Defense Secretary Jim Mattis send no more than 3,900 troops to Afghanistan without coming back to confer with the White House, according to people familiar with the document.

The conflicting messages reflect divisions that have surfaced in the Trump administration as it tries to develop a comprehensive new strategy for Afghanistan, amid concerns about diving deeper into a 16-year-old conflict that has claimed more than 2,400 American lives and



Marines inside their base in Afghanistan's Helmand province. There are now around 8,400 American forces in the country.

cost the U.S. \$2.4 trillion.

Mr. Mattis said he hopes to present a plan to the White House by mid-July that will give the U.S.-led coalition the forces it needs to blunt Taliban momentum.

The rise of Islamic State in Afghanistan and the Afghan army's failure to keep Taliban forces from gaining momentum have created more urgency in Washington for a new strategy in a conflict U.S. officials say is at a dangerous stalemate.

But the strategic planning is tangled in disagreements between factions in the White

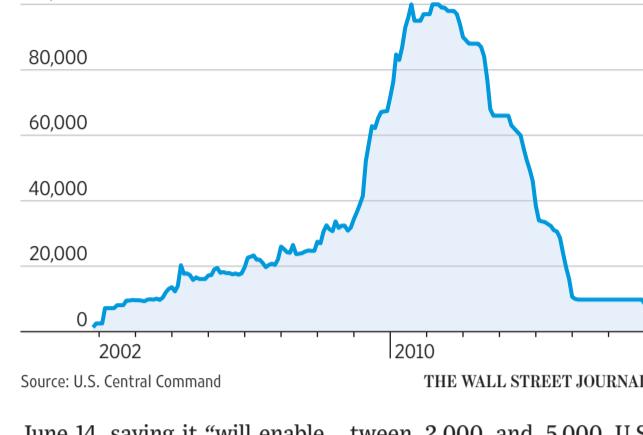
House and across the administration. They differ on what the U.S. goals should be in Afghanistan, whether to jump-start peace talks with the Taliban and how much pressure to put on Pakistan, according to current and former U.S. officials.

Administration officials said Mr. Trump's move last month handing Mr. Mattis the authority to decide how many troops to send to Afghanistan was an outgrowth of the president's belief that the White House shouldn't micromanage wars.

Mr. Mattis announced Mr. Trump's decision in a statement

Long War

Approximate number of U.S. troops deployed to Afghanistan



Source: U.S. Central Command

as they are needed.

There will be no timelines for withdrawal—a key break with an Obama administration approach seen by some Trump administration officials as a strategic mistake. Instead, the officials said, the U.S. is now likely to scale back its military presence only when Afghan forces are able to secure most of the country and the Taliban threat is contained.

Efforts on another U.S. priority in Afghanistan, to deny extremist groups sanctuary, have fallen short: The Pentagon estimates Afghanistan and Pakistan are home to more than 20 extremist groups, the highest concentration in the world.

The strategy review has been expanded to explore the possibility of tougher steps against Pakistan. Many officials in Washington and Kabul view Islamabad as an unreliable partner and want to punish Pakistan for providing sanctuary for extremist leaders; Pakistan has denied that it supports or shelters insurgents.

The idea is resonating in the White House, according to current and former officials. But Mr. Trump and aides are wary of putting too much pressure on Pakistan and making things worse, officials said.

tween 2,000 and 5,000 U.S. troops to help the more than 8,400 American forces currently in Afghanistan, many of whom are focused on advising and training Afghan forces.

Defense officials said the White House memo wasn't likely to hamstring Pentagon planning, even though it puts constraints on military decision-making.

At this point in the strategy review, according to current and former U.S. officials, the administration has agreed to one key understanding on troop levels: U.S. troops will stay in Afghanistan for as long

Turkey Detains Rights Workers

By MARGARET COKER

Turkish police have detained 10 senior human-rights workers, including the head of Amnesty International's Turkey chapter and two Europeans, during a training conference outside Istanbul, the head of the international organization said.

Amnesty says the activists are being investigated on allegations of membership in a terror organization after police on the tourist island of Buyukada interrupted a training session on digital security late Wednesday. The group, including the German and Swede who were leading the training, is being held in separate detention facilities, the organization said.

Turkish authorities didn't reply to requests to comment about the reasons for the detentions.

Amnesty said their chapter head, Idil Eser, was remanded in custody for seven days. The identities of the Europeans haven't been released, and it is unknown whether they have received consular assistance.

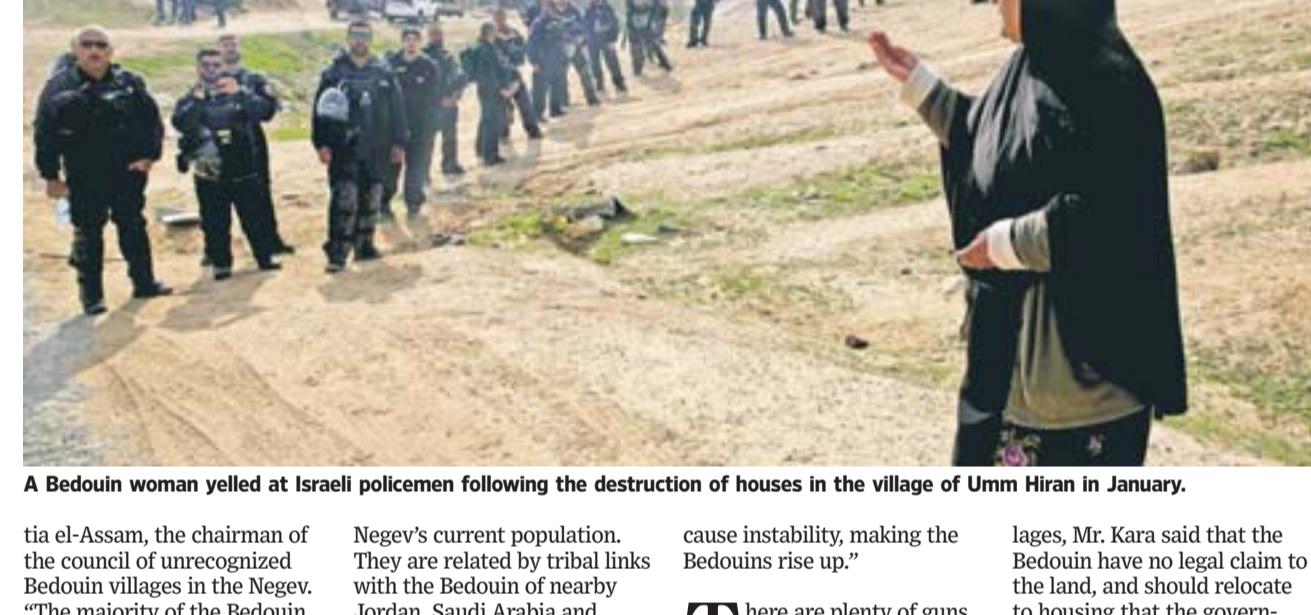
Turkey is currently under a state of emergency that gives authorities extraordinary powers to detain suspects without access to a lawyer for extended periods. The state of emergency also bans most public political gatherings and compels groups to inform police of private meetings of all kinds organized in hotels or conference centers.

Discontent Grows Among Israel's Bedouin



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov



MENAHEM KAHANA/AGENCE FRANCE PRESSE/GETTY IMAGES

A Bedouin woman yelled at Israeli policemen following the destruction of houses in the village of Umm Hirsh in January.

WADI NA'AM, Israel—This sprawling village of tin huts and tents, home to 5,000 people within sight of skyscrapers of the southern Israeli city of Be'er Sheva, officially doesn't exist.

Neither do some 45 other "unrecognized" villages scattered in the area, which is

home to nearly half of the 240,000 Bedouins of Israel's Negev Desert. With the exception of state

schools, they receive almost no government services: no public transport, no electricity, no sewage treatment, no water.

The Israeli government says places like Wadi Na'am are illegal squats on state land, and demolitions are frequent. Israel wants to relocate residents to purpose-built Bedouin towns nearby. The Negev Bedouin, who are Muslim Arabs and hold Israeli citizenship, insist that they have customary rights to their ancestral grounds. Family leaders say they would rather remain in their huts than move to the overcrowded townships.

"We were here first. But the state wants to cram as many of our people as possible into as little land as possible," said At-

tia el-Assam, the chairman of the council of unrecognized Bedouin villages in the Negev. "The majority of the Bedouin want to be part of the state, but it's the state that keeps pushing them away."

As disaffection roils Negev's fast-growing Bedouin community, this conflict—combined with the spread of more conservative Islam amid high unemployment and crime—is creating new tensions in Israel's southern underbelly. Already, a Bedouin teacher and a policeman were killed when police moved to demolish buildings in the unrecognized village of Umm Hirsh in January.

"If this goes on like this, there will be an intifada in the Negev," said Youssef al Ziyaddin, one of the leaders of Wadi Na'am.

The Negev Bedouin account for roughly one-third of the

Negev's current population. They are related by tribal links with the Bedouin of nearby Jordan, Saudi Arabia and Egypt's Sinai peninsula.

In Sinai, similar grievances over neglect and discrimination by the Egyptian government have spurred an insurgency that has since been hijacked by Islamic State—and that the Egyptian military has been unable to eradicate.

A similar scenario could play out in southern Israel, cautioned Talab Abu Arar, the only Negev Bedouin in the Israeli parliament and a former mayor of the town of Arara.

"The negligence of the Egyptian governments, their failure to provide full rights to the Bedouin, have pushed the Bedouins there toward violence," Mr. Abu Arar said. "I have repeatedly warned the government here: the continuation of your policy of unjustly treating the Bedouin will also

cause instability, making the Bedouins rise up."

There are plenty of guns to go around in the area.

Violent crime and drug trafficking are rife, in part because of neglect by Israeli police, Mr. Abu Arar added. "As long as we use the guns to kill each other, they don't care. They would only care if the guns were to be used against Jews," he said.

Ayoob Kara, an Israeli cabinet minister who is working on the country's Bedouin policy, said that it is Arab nationalist politicians like Mr. Abu Arar who are primarily responsible for the rising tensions in the region. "Their interest is not to find a solution," Mr. Kara said.

"They use democracy to create conflict because if there is conflict between the Bedouin and Israel, they receive support" from voters.

As for the unrecognized vil-

lages, Mr. Kara said that the Bedouin have no legal claim to the land, and should relocate to housing that the government will provide to their communities elsewhere.

During Israel's war of independence, nearly 90% of the Bedouin then living in the Negev had to flee. Only about 10,000 were allowed to remain, mostly from clans deemed loyal by Israeli military commanders. They were permitted to live only in an area around Be'er Sheva known as the Siyag. Most of the Negev was declared a restricted military zone.

Until about two decades ago, it was still common for Negev Bedouin families to send their sons as volunteers in the Israeli army—something that rarely happened in the Muslim Arab communities elsewhere in Israel. These days, military service has become rare for the Bedouins of the Negev, too.

SHIPS

Continued from Page One

While there is no penalty for not using the systems, shipping guidelines advise ships to use tracking systems to avoid collisions between vessels or locate them if they need to be rescued. Sometimes ships turn off their tracking systems to evade pirates, said Andrew Bardot, chief executive of IGP&I, an association of marine liability insurers.

But "this tactic can also be used to hide the genuine details of a voyage so as to enable the breach of sanctions," said Potengal Mukundan, director of the International Maritime Bureau, a London-based trade body set up to fight maritime crime and malpractice.

The U.S. government is analyzing ship movements in the Persian Gulf for any attempts to circumvent bans on funding Iran's weapons programs or clearing payments for Iranian oil through the U.S. financial system, a U.S. official said.

U.S. officials said they weren't familiar with the par-

ticular shipments identified by the Journal.

This scrutiny comes amid uncertainty in the U.S. about the future of the 2015 multilateral agreement in which Iran pledged to scale back its nuclear program in return for the lifting of most international sanctions.

President Donald Trump has cast doubt on whether his administration will continue to support his predecessor's commitment to the deal.

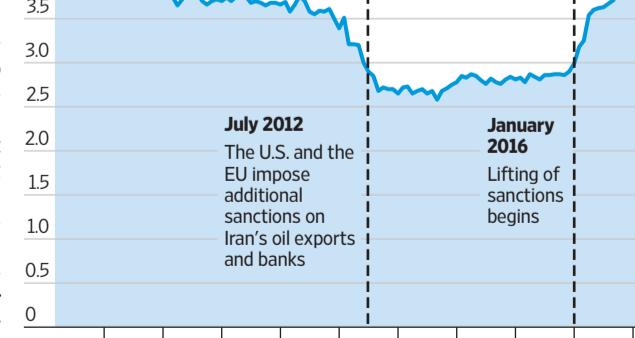
While the nuclear agreement lifted many obstacles to doing business with Iran, the U.S. maintains sanctions that make it difficult to trade Iranian oil.

A shipowner, the ship's master—the person responsible for the navigation of the vessel—or the trader who chartered the vessel could give an instruction to shut off the automatic identification system, or AIS. U.S. investigators would likely look into the trader's responsibility in such situations in addition to the shipper, said Richard Nephew, who served as deputy coordinator for sanctions policy at the State Department from 2013 to 2015 and is now a se-

Ebb and Flow

Sanctions on Iran hit the country's oil industry hard, but the sector rebounded with a nuclear deal implemented in January 2016.

Iranian crude oil production



Source: International Energy Agency

Of Silk Road Petroleum's 46 shipments in the period, 40 emitted no tracking signals. The company didn't respond to requests to comment emailed to an address in the directory of the U.A.E.'s Hamriyah Free Zone Authority, where the company is registered. The email address was recently removed from the directory.

In the nine Petrochemix shipments in the second half of 2016, seven ships emitted no AIS radio signals at some point. A Petrochemix co-owner said the firm had no relations or business with Iranian companies, and that any AIS shut-off was a matter for vessel owners. Petrochemix chartered tankers owned by seven shippers in the period.

The 47 shipments during which AIS was off were handled by 15 vessels. Many of the shipowners couldn't be reached, and one declined to comment. One shipper said many charterers tell ships to shut off the AIS because "most major banks don't want to deal with" such trade.

Blue Ocean Shipping Lines, an owner of one of the vessels

chartered by both companies for a total of nine shipments, said its ship's AIS was broken at the time. Another shipper said the AIS was never intentionally switched off, nor was any "AIS deficiency" reported.

Apart from tracking cargo, the AIS system is used to provide location information to insurance companies, banks and others. But it can be manipulated to indicate a ship is somewhere it isn't. Radio signals issued by as many as 16 of the 47 ships indicated their Iranian cargo began the journey in a different country, though satellite imagery showed them to have been loaded in Iran, according to Windward. That suggests the signals may have been used to transmit false location information, Windward said.

"A misdeclaration of the ports of loading or discharge would be one of the indications that the voyage breached sanctions," Mr. Mukundan said. "In any case, such a misdeclaration would be improper and misleading."

A U.S. Treasury official declined to comment on the shipments identified by the Journal.

people shipping companies with the same trading company," he said.

Oil traders typically monitor the movements of their cargoes and would be in a position to know if the AIS isn't transmitting location, shipping and sanctions experts said.

WORLD NEWS

Diplomatic Tests for Merkel

By ANTON TROIANOVSKI

HAMBURG, Germany—The U.S. president has accused her of ruining Germany. The Turkish president says she harbors terrorists. The Russian president, her spy agencies warn, may be about to interfere in her re-election campaign. German Chancellor Angela Merkel is meeting with all three of them this week.

In Hamburg, the 62-year-old pastor's daughter hosts the Group of 20 summit thrust into a role no German chancellor has had to navigate in the postwar era. The leader of a country that generally disdains international confrontation is now the foil to three of the world's most polarizing heads of state. Three countries that Germany had prized as partners have, in different ways and to varying degrees, become antagonists.

"The world is turbulent," Ms. Merkel said in a speech to parliament last week. "It has become less united."

At the gathering in Hamburg, global disunity years in the making will become personified. Ms. Merkel will be in the middle, and her patient, deliberate style of diplomacy will be put to the test.

President Donald Trump, whom she met Thursday evening, castigated Ms. Merkel for her refugee policy during



Angela Merkel greeted Turkish President Recep Tayyip Erdogan on Thursday in Hamburg, Germany.

the election campaign. He is threatening to slap tariffs on German steel exports and has undermined one of her priorities by exiting the Paris climate accord. After the meeting, a spokesman for her said the two spent an hour discussing G-20 issues and foreign crises.

Then she sat down with Turkish President Recep Tayyip Erdogan, who said this week that "Germany is committing suicide" by not allow-

ing him to deliver a speech to his countrymen on the sidelines of the summit. Later on, she will join French President Emmanuel Macron to face Russian President Vladimir Putin, whose annexation of Crimea three years ago now looks like the opening act in Europe's era of geopolitical instability.

German lawmaker Cem Özdemir of the opposition Greens, recently referred to Messrs. Trump, Putin, and Er-

dogan as "the new authoritarian axis of testosterone." But Ms. Merkel plays down the personal contrasts.

"President Trump was certainly elected by many who are skeptical of globalization, and he feels he has a duty to those voters," she told *Die Zeit*. Asked whether she could have imagined a year ago a G-20 meeting with Messrs. Putin, Trump, and Erdogan, she said: "We have to accept these constellations as they are."

Trump Knocks U.S. Intelligence

President Donald Trump took his criticism of the U.S. intelligence community abroad on Thursday, calling its acumen into question before an international audience in Poland.

By Peter Nicholas and Anton Troianovski in Warsaw and Paul Sonne in Washington

While the president conceded that Russia meddled in the 2016 U.S. election, he said other countries could have interfered as well—an assessment that contradicts the findings of U.S. intelligence and security agencies.

Mr. Trump's critique of the U.S. intelligence community came the day before his high-profile meeting with Russian President Vladimir Putin at the G-20 summit in Germany. Mr. Putin has denied interference in the election.

Mr. Trump's chastisement of his country's own intelligence capabilities in front of a foreign audience marked a rare action for a U.S. president heading into a high-profile international summit. It is the latest point of tension between Mr. Trump and the U.S. intelligence community, whose behavior he likened to that of the Nazis in a tweet ahead of his inauguration.

"The president's comments today, again casting doubt on whether Russia was behind the blatant interference in our election and suggesting—his own intelligence agencies to the contrary—that nobody really knows, continue to directly undermine U.S. interests," said Rep. Adam Schiff (D., Calif.), the ranking Democrat on the House Intelligence Committee.

"This is not putting America first, but continuing to propagate his own personal fiction at the country's expense," Mr. Schiff said.

The White House didn't respond to requests to comment.

The president's remarks came after reporters asked if he accepts the U.S. intelligence community's verdict that Russia interfered in the election to help his candidacy.

Mr. Trump said the U.S. intelligence community has made mistakes in the past and that its judgment is open to question. He mentioned the U.S.-led invasion of Iraq in 2003, when intelligence assessments saying Iraq possessed weapons of mass destruction turned out to be inaccurate.

Mr. Trump's public questioning of the U.S. intelligence community's accuracy could come back to haunt him when he needs to make a case for a policy shift or military action on the basis of such intelligence, said Gary J. Schmitt, resident scholar at the American Enterprise Institute and a former Senate Intelligence Committee staff director.

Members of Congress from both parties have called on Mr. Trump to confront Mr. Putin about what intelligence officials say is conclusive proof that Russia hacked Democratic computer systems and leaked emails from them a bid to influence the election.

The White House hasn't said whether Mr. Trump will raise the issue.

Japan, EU Say Trade Deal Fights Protectionism

By LAURENCE NORMAN AND EMRE PEKER

BRUSSELS—Japan and the European Union agreed on terms of a new trade deal on Thursday, the day before U.S. President Donald Trump was expected to clash with them and other world officials over how global trade works.

Thursday's announcement is a fresh sign of major global powers responding to Mr. Trump's "America First" policies.

If approved, the pact would represent a significant opening of the once heavily protected Japanese market.

Japan is seeking to pursue new export opportunities following Mr. Trump's withdrawal from the Trans-Pacific Partnership trade deal.

Mr. Trump arrived on Thursday in Hamburg, Germany, for a meeting of the Group of 20 major economies, where differing views on trade are likely to loom large.

With €125 billion (\$142 billion) of exports and imports in 2016, an EU-Japan trade deal would be one of the most significant the bloc has reached. Officials have said it could eventually knock an annual €1 billion off customs duties.

Negotiations have taken four years and significant hurdles remain.

Still, leaders on both sides hailed the deal, which they hope will take effect in two years, as a blow to protectionism.

"Some are saying the time

of isolationism and disintegration is coming again; we are demonstrating that this is not the case," European Council President Donald Tusk said.

Domestic opposition is rising against the pact, which addresses tariffs and nontariff barriers to trade, such as regulations.

However, negotiators recently resolved some of the thorniest issues, revolving around the auto and dairy industries, helped by top-level political encouragement.



Mr. Trump will meet Friday with Russian President Putin.

ALEXANDER ZEMLYANICHENKO/ASSOCIATED PRESS



Lack of speech is a sign of autism. Learn the others at autismspeaks.org.

AUTISM SPEAKS

WORLD NEWS

U.S. Sticks to Diplomacy on North Korea

Officials play down war option as they press China, others to cut ties with Pyongyang

The Trump administration said it would give diplomacy more time to resolve a gathering crisis over North Korea's efforts to build a nuclear weapon that can reach U.S. shores.

By Gordon Lubold
in Washington
and Peter Nicholas
in Warsaw, Poland

On Thursday, Defense Secretary Jim Mattis said the U.S. wasn't closer to war, in his first remarks since North Korea launched this week what American officials concluded was the country's first intercontinental ballistic missile.

"The president has been very clear and the secretary of state has been very clear that we are leading with diplomatic and economic efforts," Mr. Mattis said during an impromptu press briefing at the Pentagon. He said the military



Mr. Trump was flanked by his counterparts from South Korea, left, and Japan at the U.S. Consulate in Hamburg, Germany, on Thursday.

North Korea's neighbors in South Korea and Japan.

The Trump administration has sought other avenues to choke off North Korea's nuclear program.

Secretary of State Rex Tillerson has pressed China and other countries that host North Korean guest workers and conduct business with Pyongyang to scale back those ties, a department spokeswoman said Thursday. Washington remains in a "diplomatic phase" to address Pyongyang's nuclear program, she said.

Nikki Haley, the U.S. ambassador to the United Nations, said the Trump administration would introduce new sanctions against North Korea in the Security Council. She said the U.S. would be willing to use military force if punitive restrictions fail.

Both China and Russia have balked at new sanctions or military pressure.

On Thursday, U.S. efforts in the Security Council hit a hurdle when Moscow disputed conclusions that Pyongyang had fired an intercontinental ballistic missile.

"remains ready" based on its treaties with U.S. allies in Japan and South Korea.

His remarks came after President Donald Trump on Thursday said he was considering "some pretty severe things" in response to North

Korea's latest efforts. At a joint news conference in Warsaw with his Polish counterpart, Andrzej Duda, Mr. Trump said that North Korean leaders were "behaving in a very, very dangerous manner and something will have to be done

about it."

He didn't say what steps he might take or if he was contemplating military action. Later in the same forum, Mr. Trump said "that doesn't mean we're going to do them," adding, "I think we will just

take a look at what happens over the coming weeks and months with respect to North Korea."

Military reprisal by the U.S. carries risks not only to U.S. forces, but also to American allies in Asia, especially to



Crowds awaited President Donald Trump's speech in Warsaw.

TRUMP

Continued from Page One
ica and Europe have suffered one terror attack after another. We're going to get it to stop."

With Thursday's address, the U.S. president sought to provide an intellectual grounding for some of the controversial policies he has pushed since taking office: the travel ban, building a border wall, and aggressive actions against illegal immigrants.

All these initiatives have faced setbacks. Courts have delayed and constrained Mr. Trump's efforts to restrict travel from six Muslim-majority countries he says pose an elevated risk of terrorism. It isn't clear whether he will win congressional support or funding for the wall along the U.S.-Mexican border, a linchpin of his effort to stop illegal migrants.

Detractors have said Mr. Trump's moves reflect an anti-Muslim, nativist bias. But in Mr.

relishes the instant impact that Twitter provides in 140-character bursts. A senior adviser who briefed reporters on the speech shortly before its delivery said the aim was to portray Mr. Trump's positions with more philosophical sweep.

Thursday's address had a loftier ring than his address in Saudi Arabia in May, when Mr. Trump said America's global role should be guided by what he called "principled realism."

The senior adviser said of Thursday's address: "The core theme of this speech is a defense of Western civilization."

The message isn't necessarily easy for Mr. Trump to pull off.

While he celebrated traditions of "free speech" and "free expression" in his speech, he has faced mounting criticism over his broadsides against news outlets.

On his trip abroad, he kept up that criticism. "What we want to see in the United States is honest, beautiful, free press," he said at a news conference in Warsaw. "We don't want fake news."

On Friday, Mr. Trump is scheduled to hold a bilateral meeting with Mr. Putin, a figure he praised during his presidential campaign, at a summit of leaders from the Group of 20 leading nations. U.S. intelligence agencies have concluded Russia meddled in the election with a goal to elect Mr. Trump.

It was unclear whether Mr. Trump would bring up the matter. At his news conference on Thursday, Mr. Trump said "no one really knows for sure" who was behind the interference.

Far from guaranteeing Western norms, Mr. Trump could be coaxed into abandoning them, said U.S. Sen. Chris Coons, a Delaware Democrat. "There's a significant risk that Putin will play to Trump's ego and will attempt to pressure him to abandon what are our core American traditions," Mr. Coons said.

In Thursday's speech, Mr. Trump criticized Moscow for its interference in Ukraine and its support for governments in Iran and Syria.

"We urge Russia to cease its destabilizing activities in Ukraine and elsewhere, and its support for hostile regimes—including Syria and Iran," Mr. Trump said.

But some European officials wondered if Mr. Trump would carry those criticisms into Friday's meeting.

"There's no doubt that President Trump's position regarding Russia is, on many occasions, different than what he presented today in Warsaw," said European Council President Donald Tusk, a former Polish prime minister.

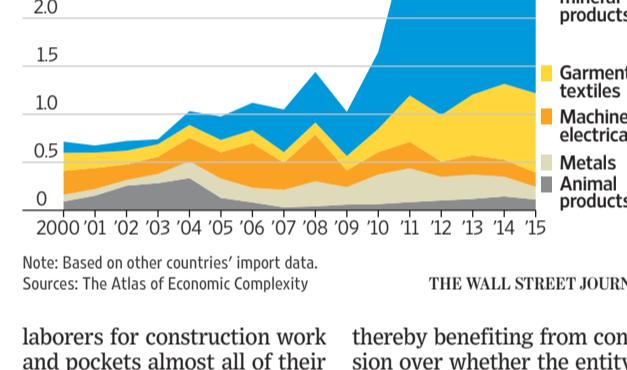
In tone and substance, the speech departed from the typical pattern of Mr. Trump, who

Global Ties Keep Kim in Business

Fuel for North Korea's Fire

Pyongyang maintains economic ties to the outside world.

The country's top five exports by product type



Note: Based on other countries' import data.
Sources: The Atlas of Economic Complexity

communications equipment to Eritrea via front companies in Malaysia, according to a recent U.N. report.

Most North Koreans abroad are involved in providing funds for the state, defectors say. One of the primary roles of North Korean diplomats is to help develop and maintain cash flows for the regime, former embassy officials say. North Korea missions typically have to be self-financed to maximize revenue for the state, these people say.

In recent months, under pressure from the Trump administration, there are signs more countries have begun to clamp down on North Korea.

More than 50,000 North Korean workers are employed abroad, according to the Asan Institute for Policy Studies, a Seoul-based think tank, many in construction or factory jobs. For these workers, wages are paid directly to North Korean officials, raising hundreds of millions of dollars a year for the state, human-rights groups say.

Secretary of State Rex Tillerson on Tuesday called on the global community to stop doing business with Pyongyang.

This week, Sen. Cory Gardner (R., Colo.), chairman of the Senate Foreign Relations Committee's subpanel on East Asia, said he was drafting legislation that he says would create a "global embargo" on North Korea.

GO TO WORK IN BLISSFUL COMFORT



The Un-Sneaker™ goes to work.

To your colleagues, it's a fashion statement.

To your feet, it's an all-day festival of lush, leather-lined comfort. But let's keep that confidential.

SAMUEL HUBBARD.COM

SHOEMAKERS SINCE 1930

Free shipping and returns. Order online or call 844.482.4800.



This
is
Not
Your
Grandfather's
Office
Chair

X-CHAIR

30 DAY Risk Free Trial | FREE Shipping | \$100 off

Free footrest with code: FreeFootrest

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

TECH'S MOST AMBITIOUS MINDS, ON STAGE AND ON THE RECORD

2017 SPEAKERS INCLUDE:

SAM ALTMAN

President, Y Combinator

CHIP BERGH

President and CEO, Levi Strauss & Co.

BETH COMSTOCK

Vice Chair, GE

KHANYI DHLOMO

Founder and CEO, Ndalo Media

BARRY DILLER

Chairman and Senior Executive, IAC and Expedia, Inc.

DAVID EUN

President, Samsung NEXT

JEFFREY KATZENBERG

Partner, WndrCo

MARC LORE

President and CEO, Walmart eCommerce

MARISSA MAYER

President and CEO, Yahoo! (2012-2017)

JENNIFER NASON

Global Chairman, Investment Banking, J.P. Morgan

EDUARDO SAVERIN

Co-Founder and Partner, B Capital Group

REQUEST YOUR INVITATION: DLIVE.WSJ.COM

Proudly supported by:



NETJETS

ULYSSE NARDIN
SINCE 1846 LE LOCLE - SUISSE

IN DEPTH

FOOD

Continued from Page One
share from giants such as General Mills Inc., which came out with Greek-style Yoplait yogurt, but too late to catch up. "We were late to respond as Greek yogurt developed early in this decade," said General Mills Chief Executive Jeff Harmening, noting double-digit declines in Yoplait sales lately. "Our sales have suffered as a result."

The plight of the packaged-goods companies is a classic business tale. An industry creates winning products, carves out strong market positions and enjoys reliable, sustained revenue—only to be too slow to adapt to changes that threaten those cash cows.

"A lot of what's crept into big companies is internal focus, bureaucracy, PowerPoint presentations—the antithesis of agility," said Sean Connolly, chief executive of Conagra Brands Inc., maker of Hunt's ketchup, Peter Pan peanut butter and Chef Boyardee. Mr. Connolly joined Conagra in 2015 and said he is trying to shake this mentality and move faster at coming out with new products.

Many big brands didn't move fast enough to remove artificial ingredients and haven't been able to shed the negative perception of processed food, said several food executives and others close to the industry.

Store-brand pressure

At the same time, they faced low-cost store brands—or "private label" products—from retailers such as Costco Wholesale Corp., Wal-Mart Stores Inc. and regional grocers that sell copycat products. National brands, which have huge marketing costs, generally can't afford to compete on price with the in-house brands of stores, which need little marketing beyond displaying products prominently on their own shelves.

Store brands gained popularity around the financial crisis, and analysts expect their market share to rise as they add natural brands of their own and as discount chains, which mostly sell store brands, expand.

Private-label-product shelf space has expanded 3.5% a year since 2012, estimated Credit Suisse analyst Robert Moskow in a recent report. Big brands face escalating price pressure from the incursion of store brands and from retailers demanding lower prices, he wrote. "Up to now, the Big Food companies had sufficient pricing power to drive earnings higher even though they had been losing market share to smaller entrepreneurial organic and natural brands."

Big food sellers still dominate in America. The 25 largest food and beverage companies commanded a 63% share of \$495 billion in U.S. food and beverage sales in 2016, according to consultancy A.T. Kearney.

That is down from 66% in 2012, and even seemingly small market-share losses hurt sales and profits. The top 25 companies averaged 2% annual sales growth from 2012 through 2016, compared with 6% for their smaller rivals, according to A.T. Kearney.

Food companies in recent years have revamped old-line brands to cater to evolving consumer preferences. Nestlé



LUKE SHARRETT/BLOOMBERG NEWS

For over a century, national brands provided big food companies with reliable revenue growth from grocery aisles. Not anymore.

cut sugar in its Nesquik chocolate-drink mix and fat in frozen dinners. General Mills removed artificial food dyes from its Trix cereal. Kraft Heinz has scrapped added nitrates from its Oscar Mayer hot dogs and removed artificial dyes from its macaroni and cheese, to meet consumers' "changing needs through product renovations," a spokeswoman said.

Big companies also say they are trying to better compete with inexpensive store brands by ensuring their food tastes better and can promise health benefits that make them worth the extra money.

The moves are coming late for consumers such as Megan Dart, a 37-year-old mother of four in the Houston area who says she grew up on General Mills' Hamburger Helper and Kraft's Kool-Aid but now prefers fresher food for her children.

"Velveeta. I don't even know what that is," she said, adding that the ingredients in that Kraft cheese don't seem "real" to her. Instead, she buys a block of cheese made by an Oregon dairy cooperative. "We don't do pre-made meals, no microwave meals."

When she does buy packaged food such as frozen waffles, she turns to her local grocery-store brand as long as it tastes as good. "If I'm going to buy it," she said, "I would rather save the money."

Through most of the 1900s, big brands were in tune with Americans' desire for safe and

affordable food. Innovations such as flash-freezing made packaged food convenient. Preservatives and artificial coloring made it appealing and cheap, without risk of food-borne illness. Packaged foods enjoyed prime shelf space at grocery stores and won over consumers with national advertising.

"Back then," said food historian Andrew Smith, "they could advertise and promote their way out of a problem."

In the 1990s, changing perceptions of what counted as healthy spurred consumers toward more natural, organic

'A lot of what's crept into big companies,' says one CEO, is 'the antithesis of agility.'

food, Mr. Smith said. U.S. regulators began requiring nutrition labels on packaged food, leading to more scrutiny by customers.

When the push for fewer artificial ingredients and additives gained momentum, big food companies largely decided to wait and see whether it would become mainstream, he said. "They ignored the concerns, and they stopped experimenting because they could buy aisles in the grocery store."

From 2005 to 2010, a swath of new brands such as Amplify

Snack Brands Inc.'s SkinnyPop popcorn and Kind LLC's Kind snack bars hit shelves, rapidly expanding from a few small stores to retail giants such as Costco and Wal-Mart.

Smaller brands were more focused on making food with simpler, more natural ingredients, said Chris Morley, president of food and retail research at market-research firm Nielsen. Such "clean-label" products, he said, have been the biggest growth drivers of the packaged-food and beverage industry in the past five years.

Some old standbys haven't fared as well. Hamburger Helper, and the other Helper varieties owned by General Mills, declined to 40% of sales of dinner mixes in the U.S. last year from 61% in 2007, according to market researcher Euromonitor, and Conagra Brands' Chef Boyardee's share of shelf-stable ready-meal sales fell to 23% from 25%.

General Mills said Hamburger Helper might not have robust growth prospects but generates consistent profits and feeds millions of Americans. It improved the taste by using real cheese and, to attract value-oriented shoppers, has added 20% more pasta, a spokeswoman said.

Conagra said it is focused on reviving brands with the most potential, such as Healthy Choice frozen dinners. It said it would sell brands that aren't core to the business, such as Wesson cooking oil, and it has acquired trendy



DANIEL ACKER/BLOOMBERG NEWS

Brands such as Annie's pasta, now part of General Mills, gained at the expense of mainstream brands.

tisers say the trick is getting overused.

"Networks never used to do this," said Billie Gold, director of programming at ad giant Dentsu Inc. Now, she said, it has become the norm.

TV news executives say the higher numbers gathered from show misspellings are used only for publicity purposes, and that accurate ratings for the missing broadcasts are readily available to advertisers.

Ms. Gold and other ad executives say they are frustrated with the detective work required to kick the tires on network viewer ratings. She said her clients are surprised by the difference between the number of eyeballs the networks claim and Ms. Gold's tally, which accounts for the altered titles.

"When people ask us why our estimates are so much lower than what they see," she said, "we explain the situation, and they have their 'ah-ha' moment."

Faced with complaints that title typos have grown from a trickle to a torrent, Nielsen plans to hold a meeting about it next week for TV industry representatives.

"If we find a network working in contrast to this agreed-upon policy, we address the issue in a direct fashion as a way to maintain fairness and balance for all of our clients and the industry as a whole," Nielsen said.

Ms. Gold and other ad executives say they are frustrated with the detective work required to kick the tires on network viewer ratings. She said her clients are surprised by the difference between the number of eyeballs the networks claim and Ms. Gold's tally, which accounts for the altered titles.

"When people ask us why our estimates are so much lower than what they see," she said, "we explain the situation, and they have their 'ah-ha' moment."

Nielsen has long had a so-called tilting rule that allows TV networks to fiddle with programs for special circumstances. For years, tilting was used sparingly, reserved primarily for Christmas and Thanksgiving or if a show was pre-empted in parts of the U.S. for a live sports event.

Misspelling isn't the only network trick. CBS boasted that its legal drama "Bull" was the most-watched new show

of the just-finished TV season. Typically, a show's viewership is calculated using the ratings of both first-run and repeated episodes, which are labeled "R" or "repeat."

When CBS submitted its schedule to Nielsen, however, it labeled reruns of "Bull" as an "encore." The ratings service categorized it as a different show and didn't factor the rerun into the show's season average.

"That's bull," cracked Brad Adgate, a longtime ad executive who studies TV ratings. For advertisers, the network sleight-of-hand is a pain in the neck, he said: "You have to pay a little more attention if you want do an analysis."

A CBS spokesman declined to comment.

Another ratings game involves the calculated placement of national TV commercials. NBC's "Saturday Night Live" typically loads all of its national commercials in the first hour of the 90-minute

you're smaller, and you have nothing to lose," said Ms. Goeddel. She now works for an artisanal chocolate company.

Macaroni and cheese is a case in point. Kraft's version made its debut in 1937 when America was in the throes of the Great Depression and was popularized for its ability to serve a family of four for 19 cents, the company said.

When people started looking for fresher options in the new millennium, brands like Annie's Homegrown all-natural pasta gained at the expense of mainstream brands. From 2012 to 2016, Kraft lost 2 percentage points of market share in mac and cheese, according to Euromonitor.

Kraft Heinz said that since it announced last year it had removed artificial dyes, sales and market share improved.

Unilever PLC is trying to sell its margarine brands—the foundation on which it built its business starting in 1929—after a takeover offer from Kraft Heinz sparked a strategic overhaul earlier this year. Over the past decade, butter regained favor as a natural option and margarine sales fell. Unilever recently kicked off a restructuring program aimed at making it more responsive to consumer trends.

Nestlé, the world's biggest packaged-food company, was singled out by billionaire activist investor Daniel Loeb for having fallen behind "due to changes in consumer tastes and shopping habits, as well as an influx of new competition from smaller, local brands."

Nestlé had said in June it was looking to sell its U.S. confectionery business, which includes the Butterfinger, Baby Ruth and Crunch candy bars. Last week, following Mr. Loeb's letter, it added that it would invest in high-growth businesses such as bottled water and infant nutrition instead.

Mondelez International Inc., which has mostly snack brands, and chocolate giant Hershey Co. say they have benefited from an increase in people snacking rather than having three meals a day.

Companies, while adjusting some big brands to new realities, are adding new lines as well. General Mills, after it failed to regain ground lost to Chobani, recently launched a French-style line of yogurt.

Several big companies are acquiring faster-growing brands. Campbell Soup Co. said Thursday it plans to buy Oregon-based Pacific Foods, an organic soup and healthy-meal company, for \$700 million. Campbell CEO Denise Morrison said she has been focused on responding to consumer demands for fresher ingredients since 2011. "This accelerates our efforts," she said.

In 2014, General Mills bought Annie's Inc., maker of Annie's Homegrown, and expanded it to new products such as yogurt and soup. In 2016, Danone SA, the giant yogurt company, agreed to buy WhiteWave Foods Co., which makes Silk soy milk and Horizon organic yogurt, saying the deal would help it offer consumers healthier choices.

Kellogg Co., General Mills and others have directly invested in food startups through venture-capital funds that they say will give them insight as to how to respond better to evolving trends.

"Size alone," said Nestlé's Mr. Schneider at the conference, "does not protect you from the winds of change."

TV

Continued from Page One
regularities in the schedule, which can include holiday weekends and special sporting events," a show spokesman said.

The network needn't feel defensive. ABC took its own ratings mulligan seven times during the 2016-17 season with "World News Tonight." CBS misspelled "The CBS Evening News" as the "CBS Evening News" 12 times this season.

"It's a little bit of gamesmanship," said Bill Carroll, a veteran TV industry consultant. "It's a practice that happens with a wink and a nod."

Nielsen projects viewer ratings based on a panel of more than 40,000 homes and 100,000 people. Higher ratings help networks sell commercial time at higher rates. The network misspellings fudge that calculation, and some adver-

tisers say the trick is getting overused.

"Networks never used to do this," said Billie Gold, director of programming at ad giant Dentsu Inc. Now, she said, it has become the norm.

TV news executives say the higher numbers gathered from show misspellings are used only for publicity purposes, and that accurate ratings for the missing broadcasts are readily available to advertisers.

Ms. Gold and other ad executives say they are frustrated with the detective work required to kick the tires on network viewer ratings. She said her clients are surprised by the difference between the number of eyeballs the networks claim and Ms. Gold's tally, which accounts for the altered titles.

"When people ask us why our estimates are so much lower than what they see," she said, "we explain the situation, and they have their 'ah-ha' moment."

"When people ask us why our estimates are so much lower than what they see," she said, "we explain the situation, and they have their 'ah-ha' moment."

Nielsen has long had a so-called tilting rule that allows TV networks to fiddle with programs for special circumstances. For years, tilting was used sparingly, reserved primarily for Christmas and Thanksgiving or if a show was pre-empted in parts of the U.S. for a live sports event.

Misspelling isn't the only network trick. CBS boasted that its legal drama "Bull" was the most-watched new show

of the just-finished TV season. Typically, a show's viewership is calculated using the ratings of both first-run and repeated episodes, which are labeled "R" or "repeat."

When CBS submitted its schedule to Nielsen, however, it labeled reruns of "Bull" as an "encore." The ratings service categorized it as a different show and didn't factor the rerun into the show's season average.

"That's bull," cracked Brad Adgate, a longtime ad executive who studies TV ratings.

For advertisers, the network sleight-of-hand is a pain in the neck, he said: "You have to pay a little more attention if you want do an analysis."

A CBS spokesman declined to comment.

Another ratings game involves the calculated placement of national TV commercials. NBC's "Saturday Night Live" typically loads all of its national commercials in the first hour of the 90-minute

show. Since Nielsen counts viewers of a show only through the last network commercial break, the ratings service ignores SNL's last half-hour, when viewers generally turn away.

Sometimes networks sneak in a second airing of a show and add the additional viewers to the tally of the original telecast and hope no one notices.

NBC in 2015 persuaded almost a dozen of its local TV station affiliates to rerun "Nightly News" after 2 a.m. At the time, NBC said, it was focused "on ways to reach our audience when and how they want to be reached."

A rival network thought otherwise and alerted NBC advertisers to the practice. After learning of the stunt, many advertisers cried foul. They told NBC whoever was watching the newscast at that hour wasn't the kind of consumer they wanted to reach. NBC said it quickly discontinued the practice.



NBC NEWS

'NBC Nightly News' is sometimes listed in programming schedules as 'NBC Nitely News' to fool Nielsen's automated tally.

GREATER NEW YORK



Track repairs will result in fewer trains in and out of New York's Penn Station and delays for thousands of NJ Transit and LIRR commuters.

Riders Make Plans for Rail Misery

By MARIANA ALFARO

Hundreds of thousands of riders are bracing for longer commutes as New York's Penn Station prepares for a nearly two-month partial shutdown starting Monday to make "critical repairs" to tracks.

Some NJ Transit and Long Island Rail Road passengers said they already have begun brainstorming ways to pass the extra time they likely will spend waiting for trains. A few said they would read books; others will answer emails. Some are taking a philosophical approach, noting that they will get there when they get there.

In April, Amtrak said it

would make major track repairs from Monday through Sept. 1, resulting in about 20% fewer trains in and out of New York's Penn Station. Some trains will be diverted to other stations, while others will be canceled.

LIRR rider Worawat Pumisirisawat, 32 years old, said he plans to stay at his office a little later to avoid the evening rush and walk around the city before heading to Penn Station. "It's about enjoying and spending more time, I don't have to rush walking from the office," he said.

Some commuters said they have discussed the delays with their bosses, with some getting extra time to arrive at the

office or receiving permission to work from home.

For LIRR rider Karen Berger, working remotely isn't an option. The special-education assistant principal at a New York City public school said she is working this summer and would spend the extra time on the train checking her email and assuring her boss that she is on her way.

Keith Biondo, 63, waited for an LIRR train during a recent rush hour. He wondered who thought it would be a good idea to concentrate all the repairs in a couple of months, disrupting so many trains.

When asked how he would

wile away anticipated delays, Mr. Biondo said he would "curse, fulminate, get angry, get stress-tension headaches, hemorrhoids and heart palpitations."

An Amtrak spokesman said there is "never a good time to do this work," but the repairs need to get done. "Our plan is designed to try and keep long-term disruptions to a minimum."

On a recent Tuesday at the Upper Montclair rail station in New Jersey, Dan DePasquale said he is thankful his children are out of school. If they weren't, the changes would make his life more hectic. The delays, he said, will be an opportunity to catch up on reading to help him forget about how taxing commuting can be.

Penn Station Train Derails

By PAUL BERGER
AND CHARLES PASSY

A train derailed at New York Penn Station Thursday night, just days before several tracks at the station are due to close for extensive repairs following two derailments earlier this year.

A spokeswoman for NJ Transit said a North Jersey Coast Line train carrying 180 passengers "experienced a minor derailment" as it approached Penn Station around 9 p.m.

A spokesman for the New York Fire Department said it had received a report that one car derailed. No injuries were reported, the spokesman said.

NJ Transit suspended service in and out of Penn Service.

NJ Transit's Midtown Direct trains were diverted to Hoboken. Rail passes and tickets were cross honored with PATH and on buses.

As she headed toward a

nearby PATH station, Catherine Lisowski, a commuter from Union, N.J., said she had become accustomed to rail delays and problems. "I've just learned to go with it. Life could be worse. You could have this, or you could have ISIS."

Amtrak will close several tracks at Penn Station for eight weeks starting July 10 so that engineers can carry out extensive repairs to rails and switches at the western end of the station, which is used heavily by NJ Transit.

An NJ Transit train derailed at the station in April. In March, an Amtrak train derailed there.

Amtrak had instituted a temporary speed restriction at the station while engineers carried out track maintenance work and inspections in preparation for the repair work.

Amtrak lifted the speed restriction on Monday.

—Corinne Ramey contributed to this article.

Cost Estimate Soars For Hudson Tunnel

A project to dig a new rail tunnel under the Hudson River took a significant step forward Thursday—and got more expensive.

The tunnel project is the costliest part of the first phase of the Gateway Program to double rail capacity between Newark and New York City to four tracks. John Porcari, the interim executive director of the Gateway Program, heralded the

release of a draft environmental impact statement for the tunnel as a "major milestone" for "the most urgent infrastructure project in the country."

The expedited report estimated the cost of the new tunnel as well as of overhauling the current tunnel at \$12.9 billion.

Amtrak, which owns the tunnel, had estimated the total cost at \$7.7 billion. Mr. Porcari, who leads the development corporation overseeing the projects, said the figures were revised after planners narrowed in on a preferred route and design for the new tunnel. —Paul Berger

Gunman Was 'Acting Erratically'

By ZOLAN KANNO-YOUNGS

Less than three hours before Alexander Bonds fatally shot a New York City police officer in a mobile-command vehicle, a woman who said she was his girlfriend called 911 to report he was acting "paranoid," said Chief of Detectives Robert Boyce.

The woman, whom police officials didn't identify, said she was following Mr. Bonds at about 9:30 p.m. on July 4 in the Mott Haven section of the Bronx, Chief Boyce said. That was 4 miles south of where police say Mr. Bonds later killed Officer Miosotis Familia, a 48-year-old mother of three.

"He was acting erratically and was paranoid," Chief Boyce said Thursday at a news briefing.

The girlfriend didn't identify Mr. Bonds, 34 years old, by his full name. The 911 operator asked if Mr. Bonds was armed and the woman said no, Chief Boyce said. The girlfriend eventually lost track of him.

When police and EMS arrived in Mott Haven, Mr. Bonds was nowhere to be seen. In a second phone call, the police asked the woman where she thought he might be, a senior law-enforcement official said. She said she last saw him walking east, but police couldn't track him down.

At about 12:30 a.m. on Wednesday, Mr. Bonds walked up to the NYPD mobile-command post and fired one shot at Officer Familia's head in the Fordham Heights neighborhood of the Bronx, police said.

Hartford's fiscal woes have been driven by rising fixed costs on things such as health care and pensions. It must pay nearly \$180 million on debt service, health care, pensions and other costs for the current fiscal year. That amounts to more than half of the city's budget, excluding education.



Colleagues visited a makeshift memorial for NYPD Officer Miosotis Familia outside the 46th Precinct.

Alexander Bonds in a 2013 photo from the New York State Department of Corrections.

Police shot and killed Mr. Bonds a block away. The silver revolver Mr. Bonds used was stolen from Charleston, W.Va., Chief Boyce said.

Police later made the connection between the shooting and the 911 calls when investigators interviewed the woman.

Police categorized the 911 calls as a report of a possibly emotionally disturbed person who was nonviolent, according to the official. The NYPD said it receives about 10,000 such calls a month. "There was no reason to make a connection before," the senior official said. "It was just a 911 call in the Bronx about a guy walking in the street."

Mr. Bonds' girlfriend told investigators he thought the police were following him for about the last two weeks,

Chief Boyce said. Officers recovered six phones from his apartment, some of which contained antipolice statements,

he said. Police also found several bottles of medication in the apartment, the chief said.

Mr. Bonds' criminal history and social-media presence further indicate animosity toward police. In 2001, he was arrested for the assault of a police officer in Queens with brass knuckles, officials said. A video posted on Mr. Bonds' Facebook page last year criticized police treatment of residents.

"Officer Familia is dead because of one reason and one reason only," Police Commissioner James O'Neill said. "That's Alexander Bonds and his hatred of the police."



Hartford has sought state help to deal with its fiscal problems.

Hartford Hires Counsel For Possible Bankruptcy

By JOSEPH DE AVILA

The city of Hartford has retained the law firm of Greenberg Traurig LLP as restructuring counsel as it weighs whether to file for chapter 9 bankruptcy protection, officials said Thursday.

Hartford, the state capital, has a deficit approaching \$50 million and has asked Connecticut for help. The state, however, is facing its own budget troubles and failed to pass a spending plan to close a two-year gap of \$5.1 billion before the fiscal year ended June 30.

The city has "advocated for a state budget that puts our cities in a position to be strong and vibrant," Mayor Luke Bronin said. "In the meantime, as we start a new fiscal year without a state budget and with significant uncertainty, we will have the advice and counsel of an ex-

perienced and highly respected restructuring firm."

Gov. Dannel Malloy, a Democrat, said Wednesday it appeared that July 18 was the earliest the state legislature was prepared to vote on a budget.

Greenberg Traurig, led by Nancy Mitchell, will help Hartford, evaluate options to put the city on a path to long-term fiscal stability, city officials said. During the past 18 months, the city has made deep spending cuts and continues to seek concessions from public-employee unions, Mr. Bronin said.

Hartford's fiscal woes have been driven by rising fixed costs on things such as health care and pensions. It must pay nearly \$180 million on debt service, health care, pensions and other costs for the current fiscal year. That amounts to more than half of the city's budget, excluding education.

VACHERON CONSTANTIN
GENÈVE, DEPUIS 1755

CELESTIAL MECHANICS
TRIBUTE TO THE MOON

WEMPE
EXQUISITE TIMEPIECES & JEWELRY
ESTABLISHED 1878

700 FIFTH AVENUE & 55TH STREET - NEW YORK • 212 397 9000

PATRIMONY MOON PHASE AND RETROGRADE DATE

GREATER NEW YORK

ID Cards Offered Illegals Bogus Protection

By CORINNE RAMEY

A Bronx immigration organization faces accusations it advertised a fake national identification card that it said would protect illegal immigrants from deportation.

The New York City Consumer Affairs Department said Thursday it had charged the organization, called A New Beginning for Immigrants Rights Inc., and its president, Carlos Davila, with engaging in deceptive trade practices for marketing "ID4ICE" cards.

The organization advertised the cards, which cost from \$50 to \$200, as a way to get immunity from federal Immigration and Customs Enforcement agents.

"These deceptive tactics not only place immigrant New Yorkers at extraordinary risk, but also violate the City's Consumer Protection Law," said Commissioner Lorelei Salas.

Neither A New Beginning for Immigrants Rights nor Mr. Davila could be reached for comment.

In a mission statement posted online, the organization says it "seeks to assure, as well as to protect equal rights for immigrants, survivors of domestic violence, victims of trafficking, and enslavement."

The civil charges, for which the agency seeks \$1.3 million in fines, will be heard at the

Officials don't know how many of the fake identification cards were sold.

city's Office of Administrative Trials and Hearings, officials said.

In a YouTube video advertising the cards, the narrator asks in Spanish: "Are you afraid of being deported?" One can be detained at a workplace, school, home or even car, he says.

The identification card is registered with the federal government, he adds.

The investigation focused primarily on deceptive advertising practices and the agency doesn't have information as to how many cards actually were sold, a Consumer Affairs Department spokeswoman said.

Speaker Held His Own With Christie

By KATE KING

In the days before Gov. Chris Christie was photographed on the sand with his family on an empty New Jersey beach, he had hoped another state official would be blamed for the closure of state government.

"This Facility is CLOSED Because of this Man," read fliers posted on New Jersey government buildings and at entrances to state parks last weekend after a budget impasse between the governor and Democratic lawmakers prompted a shutdown of nonessential state services.

The fliers, approved by Mr. Christie and paid for with government funds, displayed the photograph and phone number of the governor's chief adversary in the dispute: Assembly Speaker Vincent Prieto.

From the beginning of the budget battle, Mr. Christie, a Republican, sought to cast Mr. Prieto, the mild-mannered and mustachioed Democratic leader of the Legislature's lower chamber, as responsible for the government shutdown.

In the end it was Mr. Christie

who faced the most criticism after the Star-Ledger newspaper photographed him on the beach at a state park that was closed to the public during the shutdown. Mr. Christie said he was on the beach for less than an hour and wouldn't apologize for spending time with his family.

The photo was mocked in memes on social media, with New Jersey-based public relations executive Karen Kessler saying the image "shifted the sands for Prieto, and suddenly the blame for the shutdown was directed at the governor."

Mr. Prieto, meanwhile, received a standing ovation from his Democratic members as they voted to finalize the budget early Tuesday morning. "The governor was trying to paint me that I was rigid, that I didn't want to compromise and that I stormed out of his office, which is really B.S.," Mr. Prieto said. "That's not my style, that's not what I do."

The shutdown's conclusion marked a victory for Mr. Prieto as he fights to stave off a challenge from a central New Jersey assemblyman for the speaker-



MEL EVANS/ASSOCIATED PRESS

Assembly Speaker Vincent Prieto and Gov. Chris Christie in 2014.

ship, which is the third-most powerful elected position in New Jersey government. Mr. Prieto said he is confident he has the support of his caucus.

A Cuban immigrant who

came to the U.S. with his mother at age 10, Mr. Prieto is a former body builder who worked as a plumber before entering politics. He lives in Seaside Park, where he is a city con-

struction official and heads the Hudson County Democratic Organization.

Mr. Prieto, 56 years old, gets along well with lawmakers from both parties in the state Assembly where he has presided as speaker since 2014. Jon Bramnick, who as minority leader acts as Mr. Prieto's Republican counterpart in the chamber, said, "I'm friendly with him and I like him. I think he's generally fair."

The governor has had a more contentious relationship with Mr. Prieto. In the two men's most recent showdown, Mr. Christie wanted legislation that would give the state more control over the finances of its largest insurer. Mr. Prieto refused to put the bill up for a vote, saying it shouldn't be part of the state budget process.

One of Mr. Prieto's predecessors, former Assembly Speaker Joseph Doria, said he believed Mr. Prieto made the right move. "Instead of just folding, he said 'I think we can make it better. I think we should stand up,'" said Mr. Doria, who is also from Hudson County.

Dance Event in Full Swing at Lincoln Center

By CHARLES PASSY

Lincoln Center is often regarded as New York City's home for highbrow performances, be it a Balanchine ballet or a Beethoven symphony.

FOOD & CULTURE

But on a recent weeknight, the center took a breather of sorts to channel its inner disco diva.

The occasion was a '70s-themed dance party that saw revelers strut their stuff while a band played hit after hit from the mirror-ball era. An instructor even gave the crowd a pre-party lesson in how to execute the perfect hustle, the signature disco dance.

The disco night was part of a much larger event in the center's more traditional-minded lineup. Dubbed Midsummer Night Swing, the three-week affair, which runs through July 15, has become one of the venue's hotly anticipated annual features.

Each night brings some of the city's top amateur dancers to Damrosch Park on the center's campus. Crowds typically number in the thousands, including those who opt to pay up to \$20 to dance on a floor the center installs under the bandstand.

As the disco night attested, Midsummer Night Swing, now in its 29th year, isn't just about swing. Dance styles vary from night to night: Ballroom and salsa are the biggest draws, say center officials, but the affair



Dancers recently went for a whirl during the three-week Midsummer Night Swing event on the Lincoln Center campus in Manhattan.

ventures into more eclectic territory. Consider the Texas two-step event on July 14, with honky-tonk veterans Ray Benson and Dale Watson providing the music.

No matter what the style, Midsummer Night Swing attracts a fair number of regulars such as Sidney Chalkai, a remarkably limber 87-year-old

who has been attending for at least a decade. He said he prefers the tango, waltz and salsa, but he doesn't get too particular: "If the music is great, I can do that dance."

Because of the intimate nature of dancing, it is perhaps no surprise that over the years, Midsummer Night Swing also has seen a number of romances

blossom. Last year, dance enthusiast Richard Kurtzer proposed to his similarly dance-obsessed girlfriend Jennifer Euler at the event. She accepted. "It was a wonderful, wonderful moment," said Mr. Kurtzer. He noted how he and Ms. Euler know dozens of other Midsummer Night Swing attendees, so the occasion became something

of a community celebration.

For Lincoln Center, Midsummer Night Swing is a chance to welcome an audience beyond those who usually attend its offerings of symphonic music, ballet, opera and the like. Officials at the nonprofit center won't say if the event is a money-maker, but they hint that isn't a top concern.

Tickets Sought After Alleged Scam

By TOM CORRIGAN

A bankrupt ticket brokerage at the center of an alleged \$70 million Ponzi scheme is suing its recently deposed leader, Jason Nissen, to claw back a block of 144 tickets to this year's U.S. Open Tennis Championships.

The lawsuit, filed Wednesday in U.S. Bankruptcy Court in New York, names Mr. Nissen, a former Queens math teacher, and his father, alleging they are clinging to about \$50,000 in tickets that should be used to repay victims of the alleged fraud.

The ticketing business, National Events Holdings LLC, is also seeking a temporary restraining order to prevent Mr. Nissen from selling the tickets, some of which are already being offered on online exchanges, court papers say. If Mr. Nissen proceeds with selling the tickets, lawyers for the company say "there is almost no chance that the proceeds of such sales could ever be traced and recovered."

National Events, which filed for chapter 11 protection in June, is working to pay back tens of millions of dollars it owes to alleged victims of the purported Ponzi scheme who are now creditors in the bankruptcy. But the value of the remaining ticket inventory is estimated to cover only a fraction of the company's debts.

Traditionally kicking off on the last Monday of August, the U.S. Open is the final tourna-



The U.S. Open's men's singles finals last year at the USTA Billie Jean King National Tennis Center.

ment of the four tennis Grand Slam events, attracting the world's top players to New York.

The tickets are the last remaining assets the company says it may be able to sell to raise money for businesses and individuals caught up in Mr. Nissen's allegedly fraudulent enterprise.

In a letter last month, a lawyer for Mr. Nissen indicated he would fight the lawsuit, saying the bankrupt remnants of the ticketing business "has no

claim" to the U.S. Open tickets. The lawyer didn't respond to requests for comment Thursday. Mr. Nissen missed a deadline last month for him to turn over the disputed tickets, according to court papers.

Mr. Nissen was fired as chief executive of National Events in May and arrested later that month on a federal fraud charge. He raised money that was supposed to be used to buy blocks of premium and VIP tickets to sporting and theatrical events such as the Super

Bowl and the Broadway hit "Hamilton." But much of the money was used to pay off earlier investors or to line Mr. Nissen's pocket, according to prosecutors.

Mr. Nissen intends to plead

not guilty in the pending criminal case, according to his defense attorney. Court papers say there is no evidence investors or other company executives participated in the alleged scheme.

—Peg Brickley contributed to this article.

GREATER NEW YORK WATCH

NEW YORK CITY

De Blasio to Join Rally in Germany

Mayor Bill de Blasio is heading to Germany to attend a rally related to the G-20 summit of world leaders, his office said Thursday.

"The mayor will attend several events surrounding the G-20 Summit, including Saturday's Hamburg Zeigt Haltung rally," Mr. de Blasio's office said. Mr. de Blasio, a Democrat, will be a keynote speaker at the "rally for human rights and democracy," said the Hamburg Zeigt Haltung Twitter account.

Anticapitalist demonstrators have been clashing with German police at protests surrounding the summit.

A de Blasio spokesman said the costs of travel will be paid by the German event organizers.

—Mike Vilensky

BROOKLYN

Man Threatens Nun Praying in Church

A nun praying inside a Roman Catholic church was harassed by a man who said he "didn't believe" in her religion and then threatened to kill her, police said.

The shirtless man is seen pacing in surveillance footage in the vestibule of the Catholic Cathedral of St. Joseph in Brooklyn. Police said he approached the 49-year-old nun and said: "I don't believe in this because you don't help poor people." She tried to ignore him and he got

close to her and asked her to repeat what he said. Then he said he would kill her; she yelled for help, and he fled, police said.

The hate-crimes task force is investigating.

—Associated Press

HUDSON RIVER

Replicas of Columbus Ships Setting Sail

Replicas of two of Christopher Columbus's ships are sailing up the Hudson River and will be open to public tours this month.

The Niña and Pinta docked at Newburgh in New York and will be open to tours Friday through Tuesday. The ships will be at the Albany Yacht Club on July 14-16 and at Oswego on July 21-23.

The ships are owned by the Columbus Foundation, based in the British Virgin Islands. It doesn't have a replica of Columbus's third ship, the Santa Maria.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Paul Berger wrote a sidebar article published Wednesday about the Federal Aviation Administration's airport privatization program. The tagline incorrectly credited Joseph De Avila.

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

LIFE & ARTS

THEATER REVIEW

By Terry Teachout

A 21st-Century Shakespeare Festival



Amelia Pedlow and Kate Hamill

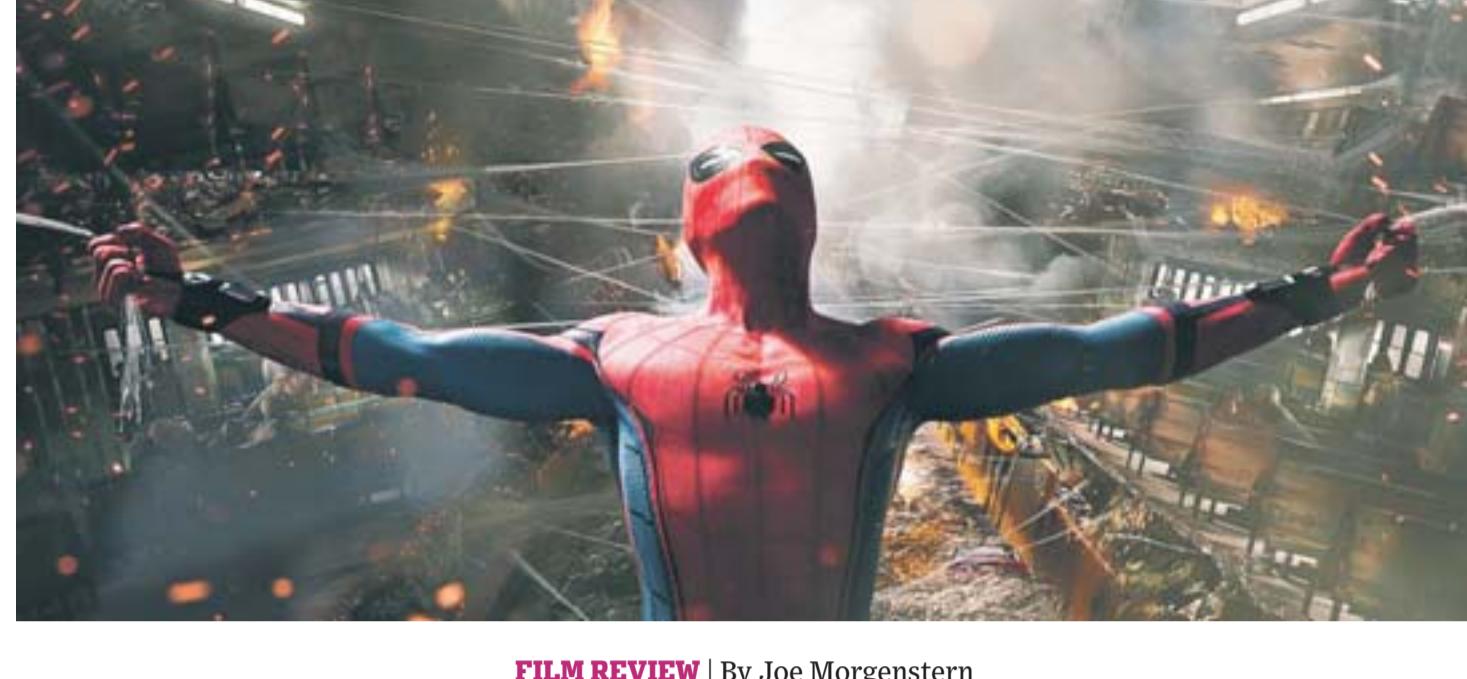
Garrison, N.Y.

WHAT DOES IT MEAN to be a "Shakespeare festival" in the second decade of the 21st century? Like many such enterprises, the Hudson Valley Shakespeare Festival is in the process of broadening its once-sacrosanct repertory, so much so that two of its three current main-stage productions are premieres. One, however, is a play about Shakespeare, while the other is a new adaptation of a novel as classic—and familiar—as anything the Bard ever wrote. The biggest and best news, though, is that both plays are the stuff hits are made of, and Hudson Valley has brought off a first-class coup by launching them in the same season.

Kate Hamill, whose stage versions of "Sense and Sensibility" and "Vanity Fair" were deservedly successful, has now turned her hand to a second Jane Austen novel, "Pride and Prejudice." You wouldn't think she'd have anything fresh to say about a book that to date has been filmed a half-dozen times (not counting "Pride and Prejudice and Zombies") and put on the stage at least as often. You'd be wrong, though, for the ever-ingenuous Ms. Hamill has given us something completely and delightfully different, a smallish-cast period-dress "Pride and Prejudice" that she's done over in the revved-up manner of a Hollywood screwball comedy. The language is traditional but the approach is thoroughly modern, with six of the eight actors playing multiple roles, several of them in drag. Cleverly compressed—one of the five Bennet sisters has vanished into the memory hole—and adapted with fizzy, festive freedom, Ms. Hamill's "P&P" is full of "Bringing Up Baby"-style slapstick and the kind of barely controlled chaos that you'd expect to see in a five-door Feydeau farce.

Such a show demands worthy staging, and Amanda Dehnert, a prodigiously gifted director whose work is not yet widely known on the East Coast, delivers the goods with gusto. Having previously seen her Oregon Shakespeare Festival productions of "Julius Caesar" and "My Fair Lady," I wouldn't have guessed that Ms. Dehnert also has a knack for pratfalls and spit takes, but her way with "P&P" is so adroit as to make me wonder what she'd do with a full-fledged farce like "Loot" or "Noises Off." At the same time, she also makes sure to darken the mood just before intermission, reminding us that in the 19th century the finding of a husband was no laughing matter for unmonied

Please see THEATER page A11



COLUMBIA PICTURES (2)

FILM REVIEW

| By Joe Morgenstern

No Place Like 'Homecoming'

Marvel's web-slinging series comes of age

NO COBWEBS on Spidey—"Spider-Man: Homecoming" feels breezily, pleasingly fresh. It's the sixth "Spider-Man" feature, but the first to spin forth from Marvel Studios, and Marvel has done the improbable by breathing big puffs of life into a declining franchise. The biggest is giving the title role to Tom Holland, who is supported by consistently bright writing (six writers get screenplay credit) and sharp-witted direction by Jon Watts. (He did "Clown" and the lean thriller "Cop Car.") Here, as in Marvel's 2016 "Captain America: Civil War," the concept of a comic-book universe—diverse superheroes populating interlinked films—represents more than a vast merchandising venture. This universe seems like an expansive superfamily.

Mr. Holland's success is less than surprising because he made a brief but impressive debut in the role during the climactic battle of "Civil War." The new film picks up the hero's story a few months later in New York. A high school kid, as he has been before, Peter Parker—the third Peter Parker, after Tobey Maguire and Andrew Garfield—is younger in spirit than his predecessors, meaning he's a convincingly real high school kid within the kind of buoyant reality established for an earlier generation by the filmmaker John Hughes. (Peter is still living with his Aunt May, who, as played by Marisa Tomei, is younger in body as well as spirit.)

The main appeal of this latest iteration is how quick, earnest and funny Peter can be. (Quickness pervades the film—all the young actors rush their lines.) The mystery of the central performance is how Mr. Holland, an Englishman only two years out of his teens, has managed to acquire such a quicksilver technique; he's sure to bring younger audiences back to the multiplexes for a look-see at a series that had been aging fast.

When Peter first takes Spider-Man public as a local crime fighter in the borough of Queens, a pretty girl in his high school is un-

impressed with the new superhero on the block: "He's probably like 30," she says. But no, he's very much like the 15-year-old he is—a hormone-fueled hotshot who is being groomed for the Avengers team through an internship sponsored by Tony Stark, aka Iron Man. As he swings past a platform full of people waiting for a train he asks, with cheerful self-importance, "Is everybody good?"

The interplay between Peter and Tony is extensive. That means the movie benefits extensively from the presence and singular

videos (and who demonstrates why it's worthwhile to wait for end-title cameos); and Spider-Man's suit, which is less a garment than a weapons system with a personality, thanks to Jennifer Connelly's Suit Lady, a sort of Siri with genuine smarts. (During Peter's apprenticeship, almost all of the suit's advanced functions have been turned off by what's called a Training Wheels Protocol.)

For all its quirky wit and distinctive texture, "Spider-Man: Homecoming," which was photographed by Salvatore Totino, comes through with several conventionally spectacular action sequences. One of them is set in a high school homecoming dance. (The movie's title allows for another interpretation—Spidey's homecoming to Marvel Studios.) Others grow out of an academic decathlon in Washington, D.C. (Spidey atop the Washington Monument recalls King Kong atop the Empire State Building), and a bifurcated transit of the Staten Island Ferry.

The film has its lapses. The story zips along zestfully until a plot development involving Adrian Toomes illustrates how too many interlocking pieces can turn arbitrary, breaking the narrative spell. Product place-

ments for Audi cars are insistent, and shameless. And this production loses its way for a while, just as "Wonder Woman" did, in one of those repetitive, out of scale and relentlessly generic climactic battles that seem to be the price one must pay for excellent comic book epics as well as dull ones.

Happily, though, the production regains its buoyancy toward the end. (Michael Giacchino's score never for a moment loses its brilliant luster.) The usual evolution in long-running superhero franchises is from thrilling action with a clever edge to bloated action with increasingly toxic doses of self-comment and self-irony. That's not the case with "Spider-Man," which is genially aware of itself and terrifically likeable. Only now is this series coming of age.



Tom Holland, top, stars as Peter Parker, aka Spider-Man; Michael Keaton, above, as Adrian Toomes, aka the Vulture.

panache of Robert Downey Jr., since Tony is Peter's role model in what is basically a coming-of-age story, as well as a balance wheel for a kid in a hurry to use superpowers he hasn't mastered. And Peter gets the formidable villain he deserves: Adrian Toomes, aka the Vulture, a malign birdman played with a flamboyant ferocity that befits his wingspan by Michael Keaton—who, of course, played another feathered flyer less than three years ago in "Birdman."

Three other characters distinguish themselves in the densely populated production: Peter's classmate and best buddy Ned (Jacob Batalon), a chubby, scene-stealingly charming nerd; Chris Evans's Captain America, who turns up as, of all things, a killingly earnest motivational speaker in classroom

TELEVISION REVIEW

| By John Anderson

A HERO FOR THE REFERENCE OBSESSED



Apollo Gauntlet, center, takes on the evil Dr. Benign in Adult Swim's newest animated show.

CANADIAN POLICE officer Paul Cassidy awakes from a terrifying nightmare—"Goodfellas" is being remade by Michael Bay—to find a reality that's almost as bad: He's been abducted by the evil Dr. Benign and is about to be transported to a world that's half medieval village and half "Plan 9 From Outer Space." The serial killer he's with has been turned into a human pickle. His puns are atrocious. And then Paul finds a superhero costume that transforms him into Apollo Gauntlet—who, as the theme song tells us, "Fights evil / Even when it's not there."

Consider this a warning: Fall asleep on the couch watching Cartoon Network and you may wake up in the middle of a feudal village and "Apollo," the latest addition to the Adult Swim menu of animation for grown-ups and, like many of the program's offerings, more amusing than hilarious. Still, it eagerly pushes its naively animated envelope towards a giddily warped reality. Dispensed in 11-minute epi-

sodes created by Canadian animator Myles Langlois, the show maintains a dismissive attitude toward narrative logic and maintains a steady stream of what would never be termed bon mots: a character named Orenthal; a musical reference to Gilbert & Sullivan; jokes about Ed Gein, Brundlefly (Jeff Goldblum's nom de bug in "The Fly") and Werner Herzog. Apollo takes Dr. Benign to task for making obscure pop references. But that's exactly what "Apollo Gauntlet" is all about.

A note: The on-air debut of "Apollo Gauntlet" is being advertised as Sunday at 12:15 a.m. It's not: It's Monday at 12:15 a.m. Elsewhere, the premiere is announced as July 9 at 12:15 a.m. It's actually July 10 at 12:15 a.m. Adult Swim contends that the real dates confuse its audience. We hope this helps.

Apollo Gauntlet

Begins Monday, 12:15 a.m., Cartoon Network

LIFE & ARTS

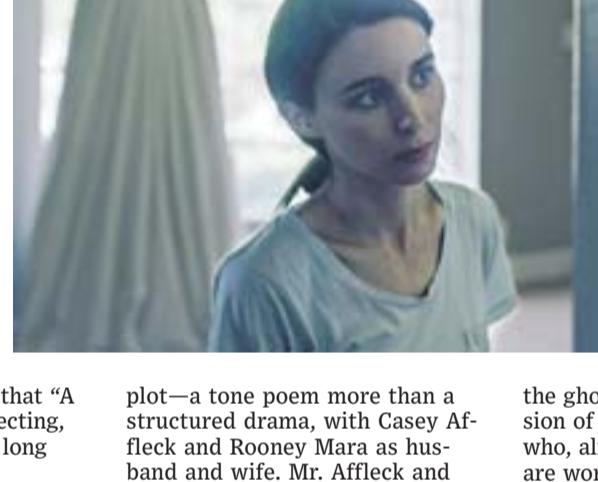
FILM REVIEW | By Joe Morgenstern

A Movie to Haunt Your Memory

David Lowery's feature follows a ghost on his long journey home



In 'A Ghost Story' Casey Affleck plays the husband of Rooney Mara, below.



WHAT KIND of film-maker calls a ghost story "A Ghost Story" in our too-hip age? And seems to be asking us to take it seriously when the ghost is nothing more than a Halloweentime presence under a white sheet? A serenely poetic filmmaker, as it turns out, David Lowery has made a haunting film about, among other more elusive things, a ghost that haunts a bungalow. At first I thought it was odd, then silly, though maybe meant to be droll. I ended up thinking that "A Ghost Story" is deeply affecting, and I won't forget it for a long time to come.

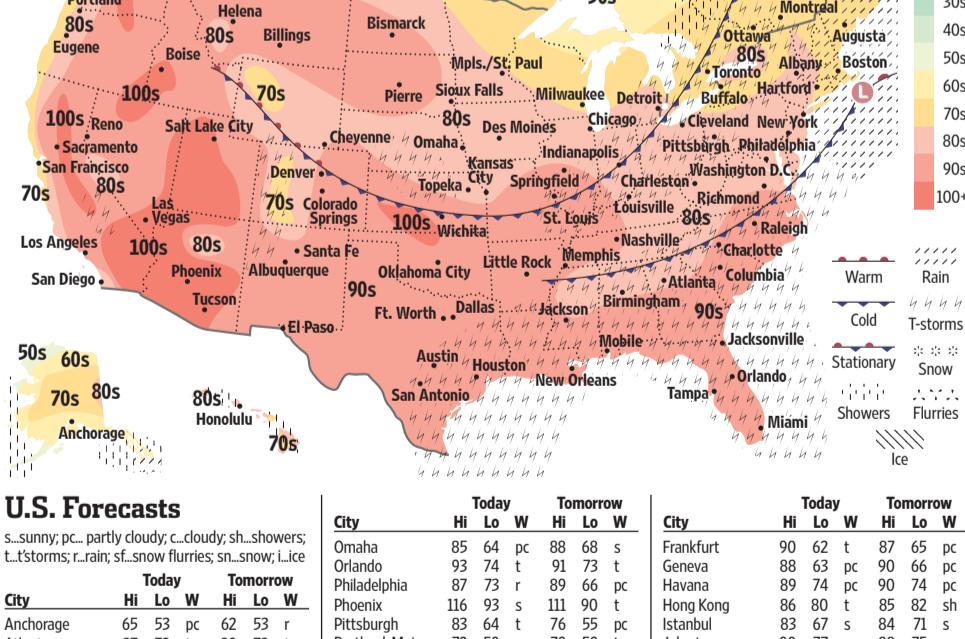
Mr. Lowery's previous feature, a remake of Disney's "Pete's Dragon," was notable for its humanity. The film before that, "Ain't Them Bodies Saints," was a doomed romance with a negligible

plot—a tone poem more than a structured drama, with Casey Affleck and Rooney Mara as husband and wife. Mr. Affleck and Ms. Mara are a married couple again in "A Ghost Story," which has less of a plot. He dies, and goes back to their suburban house to find her, reconnect with her and console her.

They don't have names and don't need them, for the essence of the film isn't literal. Rather, it has to do with longing—hers, but also his, after the woman he loves slips away from him and he finds himself not only out of body but adrift in time. I'm afraid of making the film sound pretentious by overdescribing it when the startling thing is how simple it is, and how powerfully it evokes the flow of time. A familiar apparition in a sheet,

the ghost is witness to a succession of extraordinary apparitions who, alive and thoroughly human, are working, talking, cooking, homesteading, striving to be remembered and, inevitably, dying. There are mysteries here, not the least of them being how such a modest little movie can evoke such profound feelings.

Weather



U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers;

t...storms; r...rain; sf...snow flurries; sn...snow; l...ice;

Today Hi Lo W Today Hi Lo W

City Hi Lo W Hi Lo W

Anchorage 65 53 pc 62 53 r

Atlanta 87 72 t 89 72 t

Austin 98 74 pc 98 76 s

Baltimore 86 70 r 88 64 pc

Boise 103 69 s 103 70 s

Boston 71 65 r 85 66 pc

Burlington 83 65 pc 78 60 t

Charlotte 91 71 t 93 69 t

Chicago 82 60 pc 81 62 s

Cleveland 83 65 t 75 59 pc

Dallas 95 77 pc 97 77 s

Denver 93 58 t 89 61 t

Detroit 86 60 t 79 56 pc

Honolulu 88 75 s 87 74 pc

Houston 93 76 t 95 77 t

Indianapolis 86 61 t 78 56 s

Kansas City 87 63 pc 83 67 s

Las Vegas 114 90 s 113 91 pc

Little Rock 93 72 s 88 69 t

Los Angeles 96 72 pc 96 71 s

Miami 90 80 pc 90 79 pc

Milwaukee 76 59 pc 77 64 s

Minneapolis 81 62 s 85 66 s

Nashville 90 73 pc 88 66 pc

New Orleans 90 77 pc 91 78 t

New York City 80 72 r 85 66 pc

Oklahoma City 97 71 s 94 69 t

International

Today Hi Lo W Today Hi Lo W

City Hi Lo W Hi Lo W

Amsterdam 73 59 t 72 58 pc

Athens 93 75 s 91 74 s

Baghdad 120 89 s 119 90 s

Bangkok 90 78 t 90 78 t

Beijing 91 71 pc 95 75 pc

Berlin 73 59 t 72 55 pc

Brussels 79 59 s 79 59 pc

Buenos Aires 57 51 r 61 53 c

Dubai 110 91 s 111 91 s

Dublin 66 49 c 66 51 c

Edinburgh 66 48 c 62 52 c

Today Hi Lo W Today Hi Lo W

City Hi Lo W Hi Lo W

Frankfurt 90 62 t 87 65 pc

Geneva 88 63 pc 90 66 pc

Havana 89 74 pc 90 74 pc

Hong Kong 86 80 t 85 82 sh

Istanbul 83 67 s 84 71 s

Jakarta 90 77 c 88 75 c

Jerusalem 83 66 s 86 66 s

Johannesburg 63 41 pc 62 39 pc

London 82 62 pc 78 61 pc

Madrid 78 60 t 82 63 pc

Manila 92 77 t 90 77 t

Melbourne 56 45 s 58 46 c

Mexico City 69 56 pc 68 56 t

Milan 93 69 pc 95 74 pc

Moscow 59 48 r 57 49 sh

Mumbai 88 78 sh 87 79 sh

Paris 90 63 s 87 67 c

Rio de Janeiro 76 62 s 77 64 s

Riyadh 112 87 s 112 85 s

Rome 90 65 s 89 67 s

San Juan 88 78 sh 89 78 sh

Seoul 83 74 r 82 73 c

Shanghai 95 82 t 92 81 t

Singapore 85 78 t 86 78 c

Sydney 66 47 s 64 46 s

Taipei 93 80 t 94 80 pc

Tokyo 84 73 pc 85 75 pc

Toronto 79 61 t 75 57 pc

Vancouver 74 53 s 72 56 s

Warsaw 75 54 r 73 56 t

Zurich 89 62 pc 90 63 t

Today Hi Lo W Today Hi Lo W

City Hi Lo W Hi Lo W

Frankfurt 90 62 t 87 65 pc

Geneva 88 63 pc 90 66 pc

Havana 89 74 pc 90 74 pc

Hong Kong 86 80 t 85 82 sh

Istanbul 83 67 s 84 71 s

Jakarta 90 77 c 88 75 c

Jerusalem 83 66 s 86 66 s

Johannesburg 63 41 pc 62 39 pc

London 82 62 pc 78 61 pc

Madrid 78 60 t 82 63 pc

Manila 92 77 t 90 77 t

Melbourne 56 45 s 58 46 c

Mexico City 69 56 pc 68 56 t

Milan 93 69 pc 95 74 pc

Moscow 59 48 r 57 49 sh

Mumbai 88 78 sh 87 79 sh

Paris 90 63 s 87 67 c

Rio de Janeiro 76 62 s 77 64 s

Riyadh 112 87 s 112 85 s

Rome 90 65 s 89 67 s

San Juan 88 78 sh 89 78 sh

Seoul 83 74 r 82 73 c

Shanghai 95 82 t 92 81 t

Singapore 85 78 t 86 78 c

Sydney 66 47 s 64 46 s

Taipei 93 80 t 94 80 pc

Tokyo 84 73 pc 85 75 pc

Toronto 79 61 t 75 57 pc

Vancouver 74 53 s 72 56 s

Warsaw 75 54 r 73 56 t

Zurich 89 62 pc 90 63 t

Today Hi Lo W Today Hi Lo W

City Hi Lo W Hi Lo W

Frankfurt 90 62 t 87 65 pc

Geneva 88 63 pc 90 66 pc

Havana 89 74 pc 90 74 pc

Hong Kong 86 80 t 85 82 sh

Istanbul 83 67 s 84 71 s

Jakarta 90 77 c 88 75 c

Jerusalem 83 66 s 86 66 s

Johannesburg 63 41 pc 62 39 pc

London 82 62 pc 78 61 pc

Madrid 78 60 t 82 63 pc

Manila 92 77 t 90 77 t

Melbourne 56 45 s 58 46 c

Mexico City 69 56 pc 68 56 t

Milan 93 69 pc 95 74 pc

Moscow 59 48 r 57 49 sh

Mumbai 88 78 sh 87 79 sh

Paris 90 63 s 87 67 c

Rio de Janeiro 76 62 s 77 64 s

SPORTS

MLB

Hitting on a Winning Strategy

The Arizona Diamondbacks decided not to tank after a 69-win season. They are now one of baseball's best teams.

BY JARED DIAMOND

Phoenix

WHEN MIKE HAZEN took over as the Arizona Diamondbacks' general manager in October, he inherited the type of dire situation that often results in a teardown.

Despite considerable hype heading into 2016, the Diamondbacks finished with a record of 69-93, failing to top the .500 mark for the fifth consecutive season. Even worse, they faced payroll constraints in the wake of the \$206.5 million mega-deal their previous regime awarded pitcher Zack Greinke and possessed a farm system that ranked among the weakest in the majors. Team president and CEO Derrick Hall described the team as being in "a state of disarray and bewilderment."

These days, such circumstances usually lead to a familiar chain of events—the quick sell-off of all valuable assets, followed by a slow, painful climb back to prominence. You might know this controversial strategy by another name: "tanking," one of the trendiest and dirtiest words in sports.

But Hazen chose a different approach, one that almost seemed bold in the modern baseball landscape. He decided to keep the core of his new team intact and attempt to compete for a title right away. Rewarding his faith, the Diamondbacks are headed toward the All-Star break with the second-best record in the National League, careening toward their first play-off appearance since 2011.

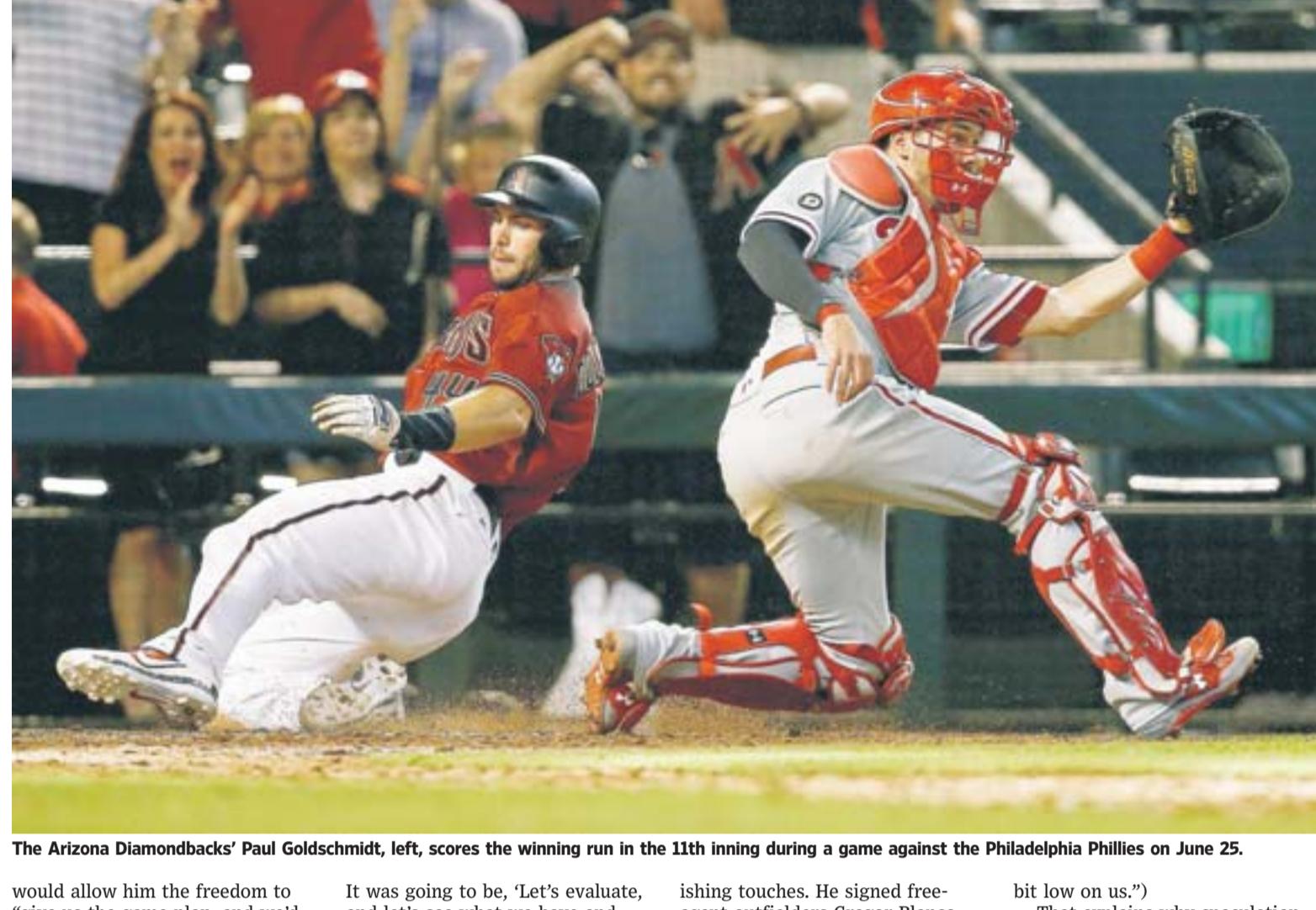
All because Hazen had the audacity to try to win now.

"We didn't necessarily feel like 69 wins was indicative of the talent on the roster," Hazen said in a recent interview at Chase Field. "We felt like putting this team together for another run was maybe something we were more ready to focus on."

Given the recent success stories of organizations that essentially opted to suffer a stretch of extended futility in the name of future prosperity, few would have blamed Hazen for blowing the Diamondbacks up and starting over.

The Chicago Cubs benefited from that blueprint, winning the World Series a year ago after dismantling their roster to acquire a string of top draft picks. So did the Houston Astros, who averaged 104 losses from 2011 through 2014 before emerging as baseball's best team thus far in 2017. The San Diego Padres look like the next franchise prepared to follow that path.

In light of that, Hall said that when he hired Hazen, he made it clear that the Diamondbacks



The Arizona Diamondbacks' Paul Goldschmidt, left, scores the winning run in the 11th inning during a game against the Philadelphia Phillies on June 25.

would allow him the freedom to "give us the game plan, and we'd follow it." That included the possibility of a total rebuild.

"If Mike Hazen had said, 'Look, I think we've got to start all over, let's shop all of our players,' we would have been on board," Hall said.

A legitimate slugger in Paul Goldschmidt and an ace in Zack Greinke set the team apart.

Hazen didn't recommend that, not right away, at least. Instead, he assembled his front office, tapped Torey Lovullo, the Boston Red Sox' bench coach, as the Diamondbacks' manager and discussed the future.

As expected, Lovullo focused more on the short-term, while Hazen maintained a more long-term view. But in the end, Lovullo said, everybody agreed that in their first season together, "It wasn't going to be a complete teardown.

It was going to be, 'Let's evaluate, and let's see what we have and watch how they perform.'

They felt comfortable with that because, for all of the Diamondbacks' problems last year, they boasted two pieces that set them apart from most of their peers: a legitimate superstar in slugging first baseman Paul Goldschmidt and a bona fide ace in Greinke. They also endured several key injuries last season that derailed their chances.

That, coupled with a collection of young players on the rise, like shortstop Chris Owings and All-Star third baseman Jake Lamb, convinced Hazen and his staff to give 2017 a shot.

Hazen behaved this winter as if he thought the Diamondbacks could contend immediately. He completed one significant trade, bolstering the pitching rotation by sending shortstop Jean Segura—the NL leader in hits last year—to the Seattle Mariners for 24-year-old right-hander Taijuan Walker.

Beyond that, he focused on depth, accumulating useful veteran role players to round out the roster—the type of moves good teams make as subtle, but important, fin-

ishing touches. He signed free-agent outfielders Gregor Blanco and Daniel Descalso, who filled in admirably while star A.J. Pollock dealt with an injury. He bolstered the bullpen by adding closer Fernando Rodney and setup man Jorge De La Rosa.

Most important, Diamondbacks players say, Hazen turned his attention to behind the plate. He parted ways with Wellington Castillo, a strong hitter, and replaced him with Jeff Mathis and Chris Iannetta, experienced catchers that specialize in defense. With their presence, the Diamondbacks, who had an MLB-worst 5.09 ERA last season, have the second-best ERA in the majors.

"Those guys have played a huge part in our success so far," Goldschmidt said. "They have a lot of experience, World Series rings, big plays in the playoffs, and so everyone's just followed their lead."

While most computer projections viewed the Diamondbacks as an underachiever in 2016, they still pegged them as no better than a .500 team in 2017. (Hazen said that due to some of the Diamondbacks' injuries in 2016, "We felt like the projections may be a little

bit low on us.")

That explains why speculation swirled about whether the Diamondbacks would—or should—press the reset button and think about trading Greinke or even Goldschmidt for a prospect haul. Lovullo heard the talk and admitted that the team might need to start over "if we didn't go out and perform" quickly in 2017. The Diamondbacks did just that, immediately silencing their critics.

Of course, questions remain. The Diamondbacks will need to improve their struggling farm system. Hazen said that in terms of "long-term goals to sustain success, I don't think we're there yet."

But for this season, the Diamondbacks look like serious contenders. For that, Hazen deserves credit.

"The fact that he thought there were some tangible pieces here that he wanted to see how they'd perform under a different leadership and a new season, we were willing to go for it," Hall said. "At some point, we would have had to figure out when to pull the plug. Fortunately we've been winning and winning at a pretty good pace."

BY JOSHUA ROBINSON

London

LESS THAN A MONTH after winning the French Open, Jelena Ostapenko arrived at Wimbledon's Centre Court this week for her first major tournament as a Grand Slam champion. Then she kept walking.

She wove her way through the crowds, past a gift shop, all the way out to Court 18, where she was playing last. Most fans were heading home. Then in the second round on Wednesday, Ostapenko suffered the same indignity again, this time on Court 12. Any further away and she'd have been running around a parking lot.

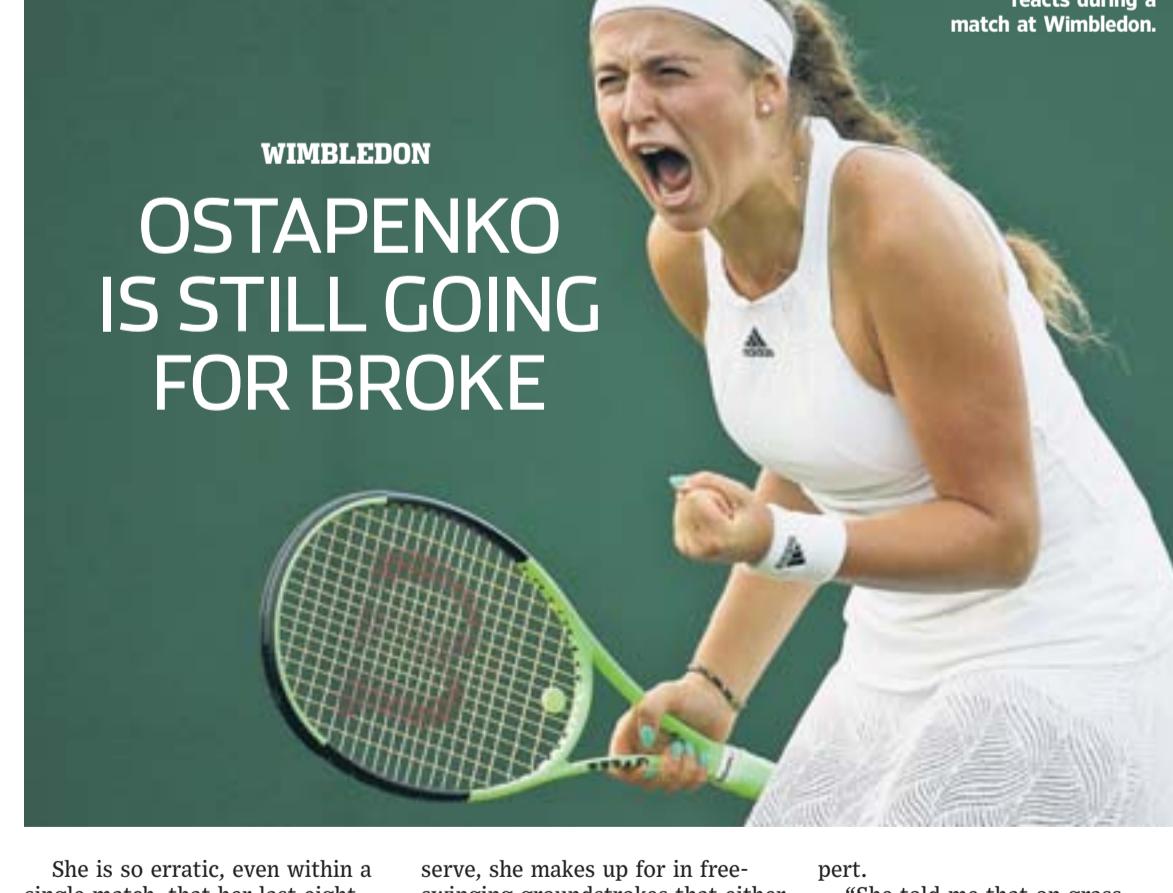
"It was not amazing to play on those courts, because I won a Grand Slam just a couple weeks ago and I think I deserve to play on a better court," she said. "I actually don't like to play when there is no one watching the match...it's not really fun."

Wimbledon, it turns out, doesn't care what you've just won when it comes to scheduling. You'll play where they tell you to play.

What the show-court crowds have been missing, however, is one of the most recklessly entertaining players in the game. The 20-year-old Latvian isn't merely aggressive. She goes for broke on every shot.

In the French Open final last month, Ostapenko made a downright irresponsible 54 unforced errors, but compensated by smacking 54 winners. Now, at Wimbledon, she's sticking to her guns with one significant adjustment: she wants to be even wilder.

"I was playing a little bit less risky on clay," Ostapenko said. "But here you have to play aggressive because it's very hard to move on grass."



Jelena Ostapenko reacts during a match at Wimbledon.

WIMBLEDON

OSTAPENKO IS STILL GOING FOR BROKE

She is so erratic, even within a single match, that her last eight matches have all sprawled into third sets. But over that span, she has lost just one match.

In her first-round win here, Ostapenko posted 24 winners to 23 unforced errors, while losing her second set 6-1 in the process. Then on Wednesday, she had 39 unforced errors (18 more than her opponent) and 31 winners to rally from one set down.

What she lacks in power on her

serve, she makes up for in free-swinging groundstrokes that either land in the corners or miss by a mile. On more than one occasion, after walloping a ball straight into the net, she simply turned to her team in the bleachers and shrugged as if to say, "Look, even I don't know sometimes."

But Ostapenko is just following the grass-court advice she got before the tournament from her coach—Anabel Medina Garrigues—who happens to be a clay-court ex-

pert.

"She told me that on grass mostly the player who is playing more aggressive or trying to play aggressive from the first couple of shots is winning," Ostapenko said, adding that she felt the grass was even slower these days than it was when she won the Wimbledon juniors in 2014.

High-risk as her approach may be, it has helped her ward off the hangover that tends to affect first-time Slam winners in their next

major tournament.

Of the 10 women before Ostapenko to claim their first career Slams, dating back to 2008, eight failed to reach the third round of the next one on the calendar. Garbine Muguruza, for instance, broke through at Roland Garros last year, only to slip up in the second round of Wimbledon.

Two players, Flavia Pennetta and Marion Bartoli, preferred to retire from the sport before playing another one. And four crashed out in the first round.

So Ostapenko is already ahead of the curve, just as she was in Paris where she arrived unseeded, having never reached even the fourth round of a Slam. There, she ran through a depleted women's field that was missing its center of gravity in the absence of the pregnant Serena Williams. But this will be the reality of women's tennis for a while to come: wide open Grand Slam fields and opportunities for first-time winners.

"I knew I can make it one day," Ostapenko said of winning the French. "But I didn't think it [was] going to happen, like, when I was still 19 years old."

Less than four weeks on, she's noticing some subtle differences. On her Air Baltic flight from Paris back to Latvia, she said she was allowed to fly in the cockpit. In her news conferences, she's also getting more frivolous questions—a sign of making it in pro tennis. For instance: has she heard from Latvia's most famous athlete, the NBA's Kristaps Porzingis, since winning Roland-Garros? (She hasn't.)

And on Thursday evening, Ostapenko found one more change: her third-round match had landed on a Wimbledon show court, No. 2. It isn't Centre Court, but it's a whole lot closer than Court 12.

OPINION

Washington's Leak Mob



To day's Washington is overrun by two kinds of crimes.

The first is the still-speculative kind, which the Washington press corps observes over—Trump-Russia collusion, obstruction of justice—despite no evidence of its existence. By all accounts, special counsel Robert Mueller's growing team of Democratic lawyers intends to devote itself to this fact.

Yet if Mr. Mueller were serious about bringing down a threat to the nation, or even carving himself a place in history, he'd be tackling the second kind of crime, the real kind. These are the crimes that occur constantly and actually harm national security, even if they're routinely ignored by a self-interested media. We are talking of course about the serial leaking of sensitive information, the daily profession of a new government elite akin to an organized crime network.

Lucky for Mr. Mueller, he doesn't even need his army of legal investigators to get an immediate handle on this mafia. He can instead stroll down to the Senate Committee on Homeland Security and Government Affairs. That's the purview of Sen. Ron Johnson, who keeps dogged oversight of government among his many self-set tasks.

That mission resulted this

week in a shocking staff analysis of the recent deluge of secret-spilling, and the manner in which these unauthorized disclosures are harming national security.

It's the first congressional scrutiny of the leaks—and notable for its straight-up nature. This is no partisan document. It's a bloodless accounting of a national-security failure, perpetrated by dozens of government employees willfully breaking the law.

The first 126 days of the Trump administration featured 125 stories that leaked harmful information. Just under one a day. The committee staff judged the stories against a 2009 Barack Obama executive order that laid out what counted as information likely to damage national security. And as it chose to not include borderline leaks or "palace intrigue" stories, that number is an understatement.

For reference, the first 126 days of the Obama term featured 18 stories that met the criteria. Ten of those were actually leaks about George W. Bush's "torture memo," which Mr. Obama released.

The Trump leaks show the sweeping nature of this enterprise, coming as they have from "U.S. officials," "former U.S. officials," "senior U.S. officials," "intelligence officials," "national security officials," "Justice Department officials," "defense officials" and "law-enforcement officials." One story cited more than two dozen anonymous sources. Alarmingly, the titles, and the nature of the information dis-

closed, indicate that many leaks are coming directly from the U.S. intelligence community.

What's been disclosed? The contents of wiretapped information. The names of individuals the U.S. monitors, and where they are located. The

plans, weapons systems and cybersecurity tactics? What have our enemies learned? One March story divulged sensitive FBI data on U.S. border vulnerabilities, in hopes of undercutting Mr. Trump's travel order.

The Johnson report doesn't go here, but let's go ourselves: This is lawbreaking, in the aid of a political hit job. The leaking syndicate can't claim whistleblower status, since it has yet to leak a piece of evidence showing Trump wrongdoing. This is about taking out a president. And with a role model like James Comey—who wrote secret memos with the express purpose of leaking and launching a special counsel—that's no surprise.

But as Mr. Mueller surely knows, the Espionage Act doesn't trifle with intentions. As even the nonpartisan Congressional Research Service has noted, leaks enjoy "no First Amendment protection, regardless of the motives," and no accused leaker "has ever been acquitted based on a finding that the public interest was so great" that it justified unlawful disclosure.

Mr. Mueller is sitting astride a leak crime wave, run by a bureaucratic underworld that is happy to harm U.S. interests if it maims a president. He can dig four years into Trump hearsay and innuendo. Or he can, more immediately, take action that would rein in the lawbreakers and restore some calm to the Capitol and the media. That's how to really promote law and order.

Write to kim@wsj.com.

Trying to topple Trump, current and ex-officials damage national security.

communications channels used to monitor targets. Which agencies are monitoring. Intelligence intercepts. FBI interviews. Grand jury subpoenas. Secret surveillance-court details. Internal discussions. Military operations intelligence. The contents of the president's calls with foreign leaders.

The analysis lays out the real and the assumed fallout. One clear example is the May stories hyperventilating that Mr. Trump shared classified intelligence with the Russians. Subsequent leaks suggested Israel provided the intelligence, about Islamic State. This revelation caused a diplomatic incident, and reportedly a change in the way Israel shares with the U.S. Even former Obama CIA Director John Brennan called the leak "appalling."

How many foreign allies are pulling back? How many will work with a U.S. government that has disclosed military

Write to kim@wsj.com.

BOOKSHELF | By Tom Perrotta

The Monster In Fenway Park

Papi: My Story

By David Ortiz with Michael Holley
(Houghton Mifflin Harcourt, 262 pages, \$28)

I loved the Red Sox as a child because of my older brothers. From the beginning, they warned me. The Sox always lose when it counts the most, they would say. Always. And the team did keep losing in the clutch, the worst example being its collapse against the New York Mets in 1986. (I watched Game Six as a nervous 10-year-old, my head and body covered in a knitted blanket.) By 2013, the world had changed. The Sox had won the World Series in 2004 and 2007 and now would fight for a third crown. My oldest brother, Leo, and I went to Game Two in Boston and saw the Sox lose 4-2 to the St. Louis Cardinals. Unlike the tortured Sox fans we once were, the two of us by now had no worries or doubts. In Game Six, which we again saw from Fenway seats, the Sox closed the deal. We slapped hands with everyone, raised our arms and yelled for another title.

Leo and I enjoyed every minute of that night and know who is responsible: David Ortiz.

The players gathering next week in Miami's All-Star Game will dazzle with home runs, nasty pitches and stolen bases. But overall the game will lack pizzazz without a visit from Mr. Ortiz, whose final All-Star appearance last year inspired enough cheers and claps to flood the ears. The player was as charismatic then as ever before: To me, he has always seemed

like Babe Ruth reincarnate. His cheeks and nose, like Ruth's, were big and his smile broad. Like Ruth's, his swing was vicious (he hit 541 home runs in his career). And when baseball counts the most, in the playoffs, he played his best: 17 home runs in 85 games with 61 runs batted in. In 14 World Series games, Mr. Ortiz smacked hits at a .455 average. In the 2013 World Series, he hit .688 with eight walks, two homers and a 1.188 slugging percentage.

In "Papi: My Story," Mr. Ortiz talks with longtime sports writer Michael Holley about that historic series and a lot more. Mr. Holley writes crisp, straightforward and organized prose, moving swiftly from the player's childhood in the Dominican Republic to his early failure with the Minnesota Twins and then, at Boston, his eventual dominance. Yet the book sounds a lot like Mr. Ortiz's voice, especially when it comes to the people the player adores—the pitcher Pedro Martínez, for example—and the ones he dislikes.

In 2013, David Ortiz was 37 years old with sore muscles. His bat would propel the Red Sox to World Series champions that October.

Often these are managers. There's his disdain for Twins manager Tom Kelly ("I know he's recognized as a good baseball man, but he struck me as a guy who believed his players were dumb.") There's his disrespect for onetime Red Sox manager Terry Francona, who once embarrassed Mr. Ortiz in the middle of a slump by pinch-hitting for him in an unimportant regular-season game. Remember temperamental manager Bobby Valentine? Once he cussed so wildly at a teammate that Mr. Ortiz felt it went too far. "Listen," he writes, "if it had been me, I would have gone up to him, right in front of the fans, and dropped a punch."

Mr. Ortiz also talks about his 2003 positive drug test, revealed in 2009. Like most writers who have covered sports for years, I'm skeptical when athletes make claims of innocence. With Mr. Ortiz, my heart's too big. I want to believe it when he says that he was careless about supplements and vitamins, but "I never bought steroids or used steroids." High-ranking baseball officials back him up, too. In the book, Mr. Ortiz says that major-league baseball tested him for drugs "more than anybody" over the period from 2004 until his retirement in 2016. Does that clinch it? Most would say, "no way." As for me, I'm sticking with him. "I had done my best work in the testing era, not the steroid era," he writes.

Of all Mr. Ortiz's efforts, his best by far came in 2013. He was 37 years old at this point, and he had to loosen up more before at-bats, often struggling with stiff and sore muscles. But he still could hit the ball. This was also the year that terrorists bombed the Boston Marathon, killing three and injuring hundreds. In a speech Mr. Ortiz ripped the attack with one of his often-used F-words and made everyone cheer.

On paper, the 2013 Sox were beatable, just like any high-scoring team that had so-so starters. They didn't have the best defense, though it was solid. They stole bases better than most teams. They also struck out a lot. They had two excellent pitchers: Jon Lester, who came up with the Red Sox and survived a cancer diagnosis early in his career; and the magical reliever Koji Uehara, signed as a free agent the year before. Every other pitcher could be hit. Yet in every game, no matter the score, they were calm, cheerful and relentless. Mr. Ortiz led the way, especially in a playoff game against the Detroit Tigers that defined him.

The Sox had lost the opening game at home and in the second game trailed 5-1 in the eighth inning. After Sox second baseman Dustin Pedroia loaded the bases, the Tigers brought in Joaquín Benoit, who had struck out Mr. Ortiz earlier in the season with a deadly change-up (the pitch looked like a 96-mph fastball but was only 86 mph and had some fade).

Papi had slumped so far, going zero-for-six in the series, with four strikeouts. But Mr. Ortiz—in part from studying video—was ready for Mr. Benoit. He guessed that the change-up would come first, and when it did, he smacked the ball, low and fast, to right field. Outfielder Torii Hunter ran and jumped into the wall but missed the ball. He flipped over onto his head as a police officer posted in the bullpen raised his arms in celebration. The Red Sox had tied the game, and Mr. Ortiz knew what would come next. "I knew then that we would win the series," he says. "Seriously." And they did.

Mr. Perrotta writes about tennis for the Journal and the Weekly Standard, among other publications.

Coming in BOOKS this weekend

Jane Austen for every age • Earth's mass extinctions • Flying high with Nadar • The scourge of Rome • What was skiffle? • Fiction from Joshua Cohen & Francis Spufford • Barton Swaim on political books • & more

HOUSES OF WORSHIP

By The Dalai Lama

Once people adopt a religion, they should practice it sincerely. Truly believing in God, Buddha, Allah or Shiva should inspire one to be an honest human being. Some people claim to have faith in their religion but act counter to its ethical injunctions. They pray for the success of their dishonest and corrupt actions, asking God or Buddha for help in covering up their wrongdoings. There is no point in such people describing themselves as religious.

Today the world faces a crisis related to lack of respect for spiritual principles and ethical values. Such virtues cannot be forced on society by legislation or by science, nor can fear inspire ethical conduct. Rather, people must have conviction in the worth of ethical principles so that they want to live ethically.

The U.S. and India, for example, have solid governmental institutions, but many of the people involved lack ethical principles. Self-discipline and self-restraint of all citizens—from CEOs to lawmakers to teachers—are needed to create a good society. But these virtues cannot be imposed from the outside. They require inner cultivation. This is why spirituality and religion are relevant in the modern world.

India, where I now live, has been home to the ideas of sec-

ularism, inclusiveness and diversity for some 3,000 years. One philosophical tradition asserts that only what we know through our five senses exists. Other Indian philosophical schools criticize this nihilistic view but still regard the people who hold it as *rishis*, or sages. I promote this type of secularism: to be a kind person who does not harm others regardless of profound religious differences.

In previous centuries, Tibetans knew little about the rest of the world. We lived on a high and broad plateau surrounded by the world's tallest mountains. Almost everyone, except for a small community of Muslims, was Buddhist. Very few foreigners came to our land. Since we went into exile in 1959, Tibetans have been in contact with the rest of the world. We relate with religions, ethnic groups and cultures that hold a broad spectrum of views.

Further, Tibetan youth now receive a modern education in which they are exposed to opinions not traditionally found in their community. It is now imperative that Tibetan Buddhists be able to explain clearly their tenets and beliefs to others using reason. Simply quoting from Buddhist scriptures does not convince people who did not grow up as Buddhists of the validity of the Buddha's doctrine. If we try to prove points only by quoting scripture, these people may respond: "Everyone has a book to quote from!"

cancer—grade 4 glioblastoma multiforme. The neurosurgeon told me it was inoperable; my prognosis was four months to live. Three doctors told me there was nothing they could do. Surgery, chemotherapy and radiation rarely work on this type of brain cancer.

Assisted suicide and the temptation of despair.

I'm a U.S. Marine Corps veteran of Iraq. I've been through a lot in my life and always resolved never to give up, but there was a moment after my diagnosis when I felt despair. In that moment, had assisted suicide been an option, I might have taken it. With my family's support, I came through that depression. But not everyone is

lucky enough to have that kind of support.

So despite the doctors' pessimistic prognosis, I pursued standard and experimental treatments. I knew doctors weren't always right and I was going to fight for every moment of life I had left. That was three years ago. Today our second child is on the way.

Sadly, too many others—thrown into clinical depression by a grim prognosis, illness-induced disability or fears of being a burden—lose hope and become willing to take their own lives. A study conducted in Oregon in 2006 found 25% of patients requesting assisted suicide were depressed, and several of them went on to receive the lethal medication.

Legislation being pushed throughout the country promotes assisted suicide for cases like mine. Instead of providing support and work-

ing to make life more comfortable, this legislation would encourage victims to choose the least expensive option—death. We cannot trust insurance companies, which are profit-driven businesses, to continue offering quality care to terminally ill patients. They will choose the cheaper option every time.

I've seen the danger of assisted suicide, and that is what moved me to dedicate the last year and a half to fighting assisted-suicide legislation across the country with the Patients Rights Action Fund. If suicide becomes a normal medical treatment for terminally ill patients, lives will be tragically shortened, as patients who might have outlived their prognoses by months or even years kill themselves prematurely.

Mr. Hanson is president of the Patients Rights Action Fund.

By J.J. Hanson

Agressive brain cancer is trying to end my life. The best doctors in the world are racing to find a cure. Meanwhile, legislation promoting assisted suicide all over the nation would dismantle essential protections and care on which I, and so many others, depend as we fight terminal illnesses. Bills that would legalize or expand assisted suicide have been introduced in 29 states.

Three years ago, I was living the American dream. I was happily married, our son had just turned 1, and I had a job I loved. My life changed in an instant. I had a grand mal seizure at work and went to the hospital. Doctors ran tests, including a CT scan, but could not find anything wrong. As they were preparing to send me home, my wife demanded an MRI.

That's when they found the

OPINION

REVIEW & OUTLOOK

Trump's Defining Speech

The White House description of Donald Trump's speech Thursday in Warsaw was simply, "Remarks by President Trump to the People of Poland." In truth, Mr. Trump's remarks were directed at the people of the world. Six months into his first term of office, Mr. Trump finally offered the core of what could become a governing philosophy. It is a determined and affirmative defense of the Western tradition.

To be sure, Mr. Trump's speech also contained several pointed and welcome foreign-policy statements. He assured Poland it would not be held hostage to a single supplier of energy, meaning Russia. He exhorted Russia to stop destabilizing Ukraine "and elsewhere," to stop supporting Syria and Iran and "instead join the community of responsible nations." He explicitly committed to NATO's Article 5 on mutual defense.

But—and this shocked Washington—the speech aimed higher. Like the best presidential speeches, it contained affirmations of ideas and principles and related them to the current political moment. "Americans, Poles and the nations of Europe value individual freedom and sovereignty," he said. This was more than a speech, though. It was an argument. One might even call it an *apologia* for the West.

Mr. Trump built his argument out of Poland's place in the history of the West, both as a source of its culture—Copernicus, Chopin—and as a physical and spiritual battlefield, especially during World War II. The word Mr. Trump came back to repeatedly to define this experience was "threat."

During and after the war, Poland survived threats to its existence from Nazi Germany and the Soviet Union. Mr. Trump believes that the West today confronts threats of a different sort, threats both physical and cultural. "This continent," said Mr. Trump, "no longer confronts the specter of communism. But today we're in the West, and we have to say there are dire threats to our security and to our way of life."

He identified the most immediate security threat as an "oppressive ideology." He was talking about radical Islam, but it is worth noting that he never mentioned radical Islam or Islamic State. Instead, he described the recent

commitment by Saudi Arabia and other Muslim nations to combat an ideological menace that threatens the world with terrorism. He compared this idea of mutual defense to the alliance of free nations that defeated Nazism and communism.

But the speech's most provocative argument was about our way of life. It came when he described how a million Poles stood with Pope John Paul II in Victory Square in 1979 to resist Soviet rule by chanting, "We want God!"

"With that powerful declaration of who you are," Mr. Trump said, "you came to understand what to do and how to live."

This is a warning to the West and a call to action. By remembering the Poles' invocation of God, Mr. Trump is clearly aligning himself with the same warning issued to Europe some years ago by Cardinal Joseph Ratzinger, who became Pope Benedict.

Cardinal Ratzinger's argument was that Europe needed to recognize that its turn toward aggressive secularism posed a real threat to its survival. In Mr. Trump's formulation of that threat, we are obliged to "confront forces, whether they come from inside or out, from the South or the East, that threaten over time to undermine these values and to erase the bonds of culture, faith and tradition that make us who we are." He warned about a "lack of pride and confidence in our values."

Mr. Trump is taking a clear stand against the kind of gauzy globalism and vague multiculturalism represented by the worldview of, say, Barack Obama and most contemporary Western intellectuals, who are willing, even eager, to concede the argument to critics of the West's traditions.

This is the speech Mr. Trump should have given to introduce himself to the world at his Inauguration. In place of that speech's resentments, his Warsaw talk offered a better form of nationalism. It is a nationalism rooted in values and beliefs—the rule of law, freedom of expression, religious faith and freedom from oppressive government—that let Europe and then America rise to prominence. This, Mr. Trump is saying, is worth whatever it takes to preserve and protect.

It was an important and, we hope, a defining speech—for the Trump Presidency and for Donald Trump himself.

In Poland, he asks the West to defend its values of faith and freedom.

Putin's Assist for North Korea

President Trump meets with Vladimir Putin on Friday, and the Russian strongman sent his early regards on Thursday by nixing a U.S. resolution at the U.N. Security Council condemning North Korea's latest missile launch. The resolution didn't stipulate any action, but our friends the Russians still objected.

The Kremlin excuse is that the draft U.S. statement referred to the rocket as an intercontinental ballistic missile. Never mind that North Korea claims the missile was the equivalent of an ICBM, and the U.S. and other analysis of the trajectory and altitude suggest the same.

"The rationale [for Russia's rejection] is that based on our (Ministry of Defense's) assessment we cannot confirm that the missile can be classified as an ICBM," Russia's U.N. mission said in an email to other Security Council members. "Therefore we are not in a position to

agree to this classification on behalf of the whole council since there is no consensus on this issue."

Russia sends a message to Trump by nixing a U.N. resolution.

The likelier explanation is that Mr. Putin wanted to send a message that he can make trouble if Mr. Trump resists a "reset" in U.S.-Russia ties. Russia has also joined with China in trying to coax the U.S. and South Korea to cease military exercises in Northeast Asia in return for North Korea freezing its nuclear program. But that would merely ratify Pyongyang's current stockpile and missile progress, assuming it even honored such a freeze, which it would not.

Russia and China are authoritarian powers seeking to dominate their regions, but the problem with tolerating such "spheres of influence" is that regional powers often collaborate to stir trouble beyond those spheres. As they are now abetting North Korea.

The Japan-EU Trade Warning

Japanese and European Union leaders on Thursday announced an agreement in principle to remove tariffs on 99% of goods as well as other barriers to trade. While it will be phased in over many years and some obstacles remain, the deal overcomes Japan's reluctance to open its market to food products as well as Europe's resistance to a free market for Japanese cars. Some have dubbed the deal "cars for cheese," but its effects will be more far-reaching than bilateral trade.

In particular it contains a message for Donald Trump, who pulled the U.S. out of the Trans-Pacific Partnership deal with Japan and 10 other Pacific nations and has halted negotiations with Europe on the Transatlantic Trade and Investment Partnership. Trade will go on around the world whether or not the U.S. decides to participate. Had the U.S. remained in the Pacific pact, American farmers and other exporters could have enjoyed the increased sales to Japan that are now on offer to Europeans.

Meanwhile, the Trump Administration is considering punitive tariffs on imported steel and other products under an obscure provision of a 1962 law. This could lead to tit-for-tat sanctions against American exporters, tie up the U.S. in cases at the World Trade Organization and make it more difficult to secure the opening of foreign markets to American goods.

If the U.S. continues on this protectionist path while the rest of the world pursues far-reaching trade deals, the effects are predictable. American exporters will have to pay more for their materials and face higher barriers abroad than their competitors. Consumers will pay higher prices. This will cost American jobs and reduce incomes.

The Trump Administration says it still plans

to pursue bilateral trade deals, which is in keeping with the President's transactional view of diplomacy. But this may prove difficult if the U.S. is simultaneously raising tariffs and defending WTO cases brought by trading partners.

The U.S. will pay a steeper price if trade blocs such as TPP proceed without America and forge links with other regions. While other countries' firms will benefit from new multilateral rules, U.S. companies will have to navigate what Columbia University economist Jagdish Bhagwati calls a "spaghetti bowl" of rules under bilateral agreements.

For instance, a preferential tariff on a particular product may only be available if the exporter can show that a certain percentage of the content was made in that country. The bureaucratic complications mean that many companies don't even apply to use the benefits offered under bilateral deals, and it may mean U.S. companies with global customers must move plants out of America to stay competitive.

That's why multilateral agreements are key to the formation of the complex supply chains trading the components that make up most consumer goods. The Japan-EU deal is still bilateral, but it could become the basis for more deals that exclude the U.S. If Washington cedes trade leadership, it risks being left behind as other countries set the rules and expand trade among themselves.

The irony is that the productivity of American manufacturers leads the world, and employment is rebounding. At a moment when U.S. firms could grow their exports, the Trump Administration is burning bridges. The EU-Japan deal is a warning that others will take up trade leadership and capture the prosperity that Americans should enjoy.

U.S. protectionism will hurt U.S. companies as countries cut other deals.

LETTERS TO THE EDITOR

What's the Lesson From the Scalise Shooting?

In "The Answer to the Virginia Shooting Isn't Looser Gun Laws" (op-ed, June 29), Democratic Rep. Don Beyer writes: "With a federal concealed-carry reciprocity law on the books, people who have a record of domestic violence or are experiencing a mental-health crisis could carry hidden, loaded guns in all 50 states." I never cease to be amazed at those who think laws and policies will stop the scofflaws and mentally unbalanced among us.

Background checks and training before allowing firearm ownership and concealed carry are wise choices. While I personally like the idea of concealed-carry reciprocity, it does fly in the face of individual states' rights.

The evil man who attempted to kill our congressmen simply because they were Republicans wasn't stopped by laws and policies. He was stopped by two brave people who could legally carry guns in those circumstances.

RICHARD T. YOUNG
Greenville, Ill.

We already have federal laws that demand a background check on the sale of firearms. What is Rep. Beyer talking about when he says he fears people can buy guns without a background check? Shooter James Hodgkinson brought a handgun and rifle into Virginia despite its existing gun laws and lack of reciprocity, which confirms precisely the logic of the pro-gun lobby. Gun laws do very little to deter criminals and simply serve to hamper law-abiding citizens from protecting themselves.

The best lesson from the Hodgkinson case is to implement better background checks to deny guns to people with mental-health or domestic-violence issues and to extend concealed-carry reciprocity so that if the background checks do fail, at least citizens can defend themselves. There is also good statistical evidence supporting the observation that concealed-carry states have lower murder rates, and that's a good start for a nonideological debate.

ARI WEITZNER
New York

Studies have shown that firearms are used more than two million times a year for personal protection and that the presence of a firearm, without a shot being fired, prevents crime in many instances. How is this idea so terrible?

JOEL WILKERSON
Atlanta

Rep. Beyer claims reciprocity would decimate public safety. That's simply ridiculous and not supported by the facts. More states allow concealed carry now than 20 years ago, and over that time violent crime has steadily decreased.

I must correct Rep. Beyer's inaccuracies regarding, as he puts it, "silencers." Silencer is a Hollywood term. The devices referred to don't silence a firearm, they simply reduce the decibel level of a firearm to levels that don't damage hearing. The correct term for these devices is "suppressor." If you are near a firearm with a suppressor when it is discharged, you will hear the discharge.

It's ironic that whenever one of these attempts at mass murder takes place, the first reaction is to make it more difficult for law-abiding citizens to protect themselves. That has never worked before, so shouldn't we be moving in the other direction?

TIM ANDREWS
President, Shooters Committee On Political Education
Rochester, N.Y.

Regarding Rep. Thomas Massie's "Congressman, Defend Thyself" (op-ed, June 26): Shouldn't our elected representatives be able to defend themselves from attacks by loonie leftists and crazed jihadists? No, they should not. Politicians make laws that the rest of us have to obey. Politicians should suffer the consequences of passing bad legislation as long as the rest of us have to. Until the citizens of the District of Columbia are allowed to defend themselves from attackers, members of Congress should also be defenseless.

ROBERT CALVERT
Chicago

Don't Mess With Health Care That Is Working

In laying out their vision for health reform ("Health-Reform Principles That Can Cross Party Lines," op-ed, June 26) Lanhee J. Chen and Ron Pollack perpetuate certain myths that, if acted upon, would erode the foundation of employer-sponsored health coverage.

The authors propose limiting the employee tax exclusion for employer-sponsored benefits. Such limits are highly inequitable since plans are typically expensive not because they are too generous, but because they cover a large share of older or disabled workers, women, families with chronic health conditions or catastrophic health expenses, or those living in high-cost areas. The

authors also favor giving states more authority to diverge from federal law. If so, it must be confined to the individual or small-employer market. Multistate employers rely on a federal framework to provide uniform, consistent benefits to employees wherever they live or work.

Over 177 million Americans receive health benefits through an employer. We applaud consensus solutions, but undermining the most stable part of the health-coverage system is something we should all agree isn't a good idea.

JAMES A. KLEIN
President
American Benefits Council
Washington

The ALI Hasn't Been 'Captured' by Anybody

The American Law Institute (ALI) isn't an advocacy group and doesn't employ lobbyists, unlike the American Tort Reform Association (ATRA) ("Tort Lawyers Take Over the American Law Institute" by Tiger Joyce op-ed, June 30).

The ALI is currently working on about 20 projects that span the spectrum of the law, with few projects touching on areas of interest to the ATRA. ALI's 3,000 elected members are drawn from the best judges, lawyers and law professors and is not dominated by plaintiffs lawyers whatsoever.

The ALI publishes academic volumes in the form of restatements of

Taiwan Appreciates U.S. Support on Mutual Interests

Regarding your editorial "Trump's Signals to China" (July 3): The U.S., on the basis of the Taiwan Relations Act and the Six Assurances, has stipulated that it will provide Taiwan with weapons of a defensive nature. This arms sale will increase Taiwan's ability to defend its airspace and surrounding seas, thus strengthening its overall defensive capabilities and helping to maintain regional stability and peace in the Taiwan Strait.

The government of Taiwan expresses sincere gratitude to the U.S. for this decision and looks forward to contributing to the Taiwan-U.S. security partnership to ensure long-term regional stability.

BRIAN SU
Taipei Economic and Cultural Office
New York

Pepper ... And Salt

THE WALL STREET JOURNAL



"Why can't I get a hyphen in my name like my friends?"

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

Trump Must Stand Strong Against Putin

By David Satter

When President Trump meets Vladimir Putin in Hamburg on Friday, he needs to put aside any thought of another “reset” of U.S.-Russian relations. This is necessary not because of Russia’s role in the 2016 U.S. election but because any compromise of the American deterrent posture toward Russia will make a dangerous international situation even worse.

U.S. and Russian officials have cited Ukraine and Syria as areas where agreement may be possible. Yet sanctions against Russians close

The president needs to show that the U.S. is prepared to deter Russian aggression.

to Mr. Putin, and against Russia’s banking and energy industries, are necessary to prevent a new outbreak of war in Ukraine. After 10,000 deaths on all sides, including 3,000 civilians, Russia is building a new railway line along its border with Ukraine that would make it possible to transfer troops to the south. At the same time, Moscow is preparing to hold its largest military exercises since 1991, involving an estimated 400,000 to 500,000 troops, in September.

Whether or not Russia is preparing to attack, it has not achieved its objectives in Ukraine, including the

overthrow of the existing government. The Ukrainian army has improved rapidly. At the same time, American and European sanctions have caused huge losses to Mr. Putin’s cronies, who are believed to be nominal owners of major assets world-wide whose real beneficiary is Putin. That may be why Russia abandoned plans to carve a “New Russia” out of Ukrainian territory.

Last month, Syrian tanks breached the line of separation between the forces of the Russian-backed Assad regime and the U.S.-backed and Kurdish-led Syrian Democratic Forces. A Syrian fighter jet began dropping bombs near U.S.-backed forces, and the U.S. shot it down. The Russians then threatened to shoot down coalition aircraft. After several hours of high tension, the Russians agreed to ease the crisis—until next time.

Making a new “reset” even more inadvisable are signs of Russian involvement with terrorism in Ukraine, Western Europe and in Russia itself. On June 27, Maksim Shapoval, a colonel in Ukrainian military intelligence, was killed by a car bomb in central Kiev. Pavel Sheremet, a Kremlin critic who wrote for the site Ukrainskaya Pravda, was killed in an identical manner in Kiev on July 20, 2016. Russia said Ukraine “had failed to protect him.”

On March 23, Denis Voronenkov, a former Russian legislator who fled to Ukraine, was shot dead outside the Premier Palace Hotel. There was also an attempt to kill Amina Okueva and her husband, Adam Osmayev, Chechens who fought for Ukraine in the Donbass. Artur Denisultanov-



REUTERS

Kurmakayev, a Chechen assassin posing as a French journalist, opened fire on them, but Mrs. Okuyeva shot the assassin four times. Both were wounded but survived.

Mr. Denisultanov-Kurmakayev earlier worked in Western Europe for the pro-Russian Chechen leader Ramzan Kadyrov, and many members of the Chechen diaspora are living in fear of Russian supported assassins.

There are also questions about terror in Russia. On April 3 a bomb exploded in the St. Petersburg metro, killing 14, many of them students. The bombing came a week after nationwide anticorruption protests in which young people played the main role. In the aftermath of the attack, Yuri Shvytkin, a Duma deputy, proposed a moratorium on public protests.

Opposition leaders in Russia noted that the Russian Ministry of Emergency Situations reported two explosions, one near the Technical Institute station and the other on the red line. A second bomb was later found unexploded in a train on the red line, raising the question of how the authorities knew about the second bomb before it was discovered.

Mr. Trump must stick to a formal exchange of positions to avoid being drawn into a false logic. The Putin regime treats the interests of the state, which it identifies with itself, as more important than any objective reality. When Mr. Assad used chemical weapons, Mr. Putin said the charges against Syria were a “provocation.”

After Malaysian Airlines Flight 17 was shot down over Eastern Ukraine

in July 2014, killing 298, the Russians said it was destroyed by a Ukrainian missile and accused the Dutch investigators of bias. In fact, the missile came from a Russian supplied Buk antiaircraft battery, and its path from separatist-held territory was identified by satellite data.

More recently, when the U.S. announced plans to deploy the Terminal High Altitude Area Defense missile-defense system in South Korea, Sergey Ryabkov, Russia’s deputy foreign minister, declared it was time to halt the “demonization of North Korea.”

Faced with this type of mendacity, Mr. Trump needs to show that attempts at deception will not work and that while specific, narrow agreements may be possible, the U.S. is prepared to deter Russian aggression.

The protest movement has reappeared in Russia. Denis Volkov, a researcher with the Levada Center, has explained the popularity of protest leader Alexei Navalny among young Russians. “He focuses on simple but crucial issues: it is bad to lie, steal, and to be a hypocrite,” Mr. Volkov writes. “Corruption and bribes are wrong.” In the face of this kind of appeal, the U.S. cannot seek an unprincipled deal with Mr. Putin if it wishes to have some influence over Russia’s fate in the years ahead.

Mr. Satter is affiliated with the Hudson Institute and Johns Hopkins University. His book, “*The Less You Know, the Better You Sleep: Russia’s Road to Terror and Dictatorship under Yeltsin and Putin*” (Yale), will be out in paperback this summer.

Rule Reversal: How the Feds Can Challenge State Regulation

By Matthew Mitchell
And Ryan Nunn

A oft-repeated observation is that government works best when it is closest to the people. But when local and state governments are unduly influenced by special interests, the people may benefit from the checks and balances of the federal government. The Federal Trade Commission furnishes a striking recent example.

Tasked with keeping American markets open and competitive, a large part of the FTC’s mission is to enforce the antitrust laws that prevent businesses from hurting consumers with anticompetitive practices. However, not all threats to a free and competitive economy come from the private sector. A new initiative by the FTC, the Economic Liberty Task Force, will combat excessive and anticompetitive occupational licensing regulations at the state and local levels.

Nearly one-fourth of American workers are required by law to obtain an occupational license to do their jobs. Ideally, licensing is a regulatory tool of last resort to be used

when other approaches are insufficient to protect public health and safety.

But licensing has become much more prevalent in recent decades, creating a patchwork of barriers to work that are often arbitrary, costly to workers and consumers, and bad at protecting public safety. Many states require licenses for activities with almost no public risk, such as flower arranging, auctioneering, tour guiding and interior decorating. A 2015 Obama administration report on occupational licensure found little evidence that licensing improved quality, and abundant evidence that it raises consumer prices.

The burden of licensing requirements falls especially hard on certain communities. Military spouses are likelier than the general population to work in licensed professions. Immigrants also face a higher burden, since many states require domestic work experience or education to obtain a license. And many states make it difficult or impossible for those with criminal records to obtain a license.

Despite an emerging cross-ideo-

logical consensus that occupational licensure is often unnecessarily burdensome, excessive licensure persists—and in many instances it is expanding in size and scope. This should come as no surprise: Many of the benefits of licensing accrue to well-organized groups of industry

The FTC’s Economic Liberty Task Force targets state and local licensing laws for antitrust scrutiny.

insiders, while the costs are more diffuse. These insiders are able to out-lobby the much larger group of consumers and aspiring professionals who bear the costs of licensure (often unknowingly) and who stand to gain from liberalization.

This is where the FTC task force comes in. Building on the FTC’s excellent work related to occupational licensing—including friend-of-the-court briefs, staff research and public statements during both Republican and Democratic administrations

—the task force will provide a repository of research accessible to policy makers and the general public. The task force will also solicit reform ideas from a range of licensing stakeholders, using professional input to refine their approach. State and local policy makers often lack the time and resources to conduct their own in-depth analyses of licensing regulations and can benefit substantially from the hands-on assistance the agency will provide.

This assistance is all the more needed in light of the Supreme Court’s decision in *North Carolina State Board of Dental Examiners v. FTC* (2015). In that case, a state board controlled by practicing dentists attempted to bar unlicensed nondentists from whitening teeth. The FTC objected to this anticompetitive regulatory action and ultimately prevailed in the Supreme Court.

Historically, certain state actions have been immune from antitrust scrutiny—i.e., if the state organizes the anticompetitive activity, it’s not illegal. In the North Carolina case, however, the high court held that if members of an occupation dominate

a licensing board, then the state’s political branches must “actively supervise” the board in order to claim immunity. This decision has spurred policy makers everywhere to rethink licensing regimes and presents additional opportunities for FTC enforcement.

The new FTC initiative can help give a voice to the diffuse groups harmed by anticompetitive licensing regulations. And the Federal Trade Commission is uniquely positioned to tackle this issue, with its long-standing and bipartisan tradition of promoting competition, and a professional staff well-versed in the economic evidence.

As a federal agency with broad responsibilities, the FTC is also less susceptible to undue influence than local regulatory boards, which tend to be dominated by the professions they regulate. For the sake of consumers and workers everywhere, we wish them luck.

Mr. Mitchell is a senior research fellow at George Mason University’s Mercatus Center. Mr. Nunn is policy director of the Brookings Institution’s Hamilton Project.

By James R. Copland

W hen McDonald’s stockholders gathered for the company’s annual meeting in May, they had to vote on seven shareholder proposals. Among these were a proposal against the company’s use of antibiotics in its meat supply, brought by the Benedictine Sisters of Boerne, Texas; and one by the nonprofit Holy Land Principles, which wanted the company to modify its employment practices in Israel. The Boerne Sisters own 52 McDonald’s shares. The Holy Land group owns 47. None of this year’s sponsoring shareholders owned more than 0.0001% of the company’s stock.

All seven proposals failed. Four were opposed by more than 90% of shareholders. Still, all but two of the proposals could be introduced on McDonald’s proxy ballots next year. Holy Land Principles introduced the

same anti-Israel proposal in 2016, and almost 97% of shareholders voted against it.

The Securities and Exchange Commission has long enabled small shareholders to pursue such agendas. Under current SEC rules, any shareholder in a publicly traded corporation that has held at least \$2,000 in stock for at least a year may place a proposal on the company’s proxy ballot. A shareholder can introduce the same proposal year after year, even when 90% of all voting shareholders consistently oppose it.

Such permissive rules come at a cost. According to an SEC survey, it costs more than \$100,000 merely to respond to a shareholder proposal and include it on the ballot. The far greater cost comes from the distractions such proposals create for directors and senior executives, as well as the risk that companies will change their policies under pressure.

McDonald’s is unlikely to change

its food-supply practices based on a few nuns’ activism, but in many cases boards have capitulated even when most shareholders rejected a proposal. Since the start of 2006, the 250 largest publicly traded companies in America, tracked in the Manhattan Institute’s Proxy Monitor database, have faced 515 proposals to change how they disclose or engage in political activity and lobbying. Only one of these received majority shareholder support over board opposition. But the Center for Political Accountability, the group leading the shareholder-proposal push, claims 305 companies have changed their approach to politics as a result of its efforts.

Shareholder-proposal activism can hurt other stockholders. A 2015 Manhattan Institute study by Tracie Woidtke of the University of Tennessee found that social-investing activism on the part of public pension funds was significantly associated with lower share values—costing shareholders hundreds of billions of dollars in total.

This could all change if Congress enacts the Financial Choice Act 2.0. Principally an overhaul of the 2010 Dodd-Frank financial legislation, the 602-page bill, which the House

passed last month, would also make it harder to resubmit failed shareholder proposals. Although a proposal could be resubmitted if only 6% of voting shareholders support it in its first year, that threshold would rise to 30% of voting shareholders by its third year.

Such ballots can be useful, but not when gadflies push the same unpopular agendas year after year.

The reform is modest. Historically, the 30% threshold would exclude only about one-third of all resubmitted shareholder proposals. Still, the new rule would prevent activists pushing agendas with minuscule shareholder support from co-opting corporate annual meetings year after year.

The Choice Act’s approach to shareholder ownership is more sweeping and more controversial. The legislation would eliminate the \$2,000 ownership threshold and require shareholders to own 1% of the company’s stock to introduce a shareholder proposal. In addition,

the shareholder would need to have held the stock for three years, not just one.

For most companies, the new ownership rule makes sense, but as the legislation proceeds, legislators may wish to lower the threshold for larger corporations, for which a 1% threshold would preclude all but the largest investors from submitting proposals. In a proposal last year, the Business Roundtable suggested a 0.15% threshold for the biggest companies.

Overall, the Choice Act does not go far enough. As I have previously urged in these pages, the SEC should go back to its former rule allowing companies to exclude social- and policy-oriented shareholder proposals from proxy ballots altogether—a result consistent with the overwhelming majority of shareholder votes and Ms. Woidtke’s research demonstrating the market cost of such activism.

Most shareholder proposals, like each of those faced by McDonald’s, are sponsored by individual “corporate gadfly” investors who repeatedly file similar proposals across a broad set of companies, or groups with religious, policy or pro-labor agendas. Shareholder proposals can be a useful way for stockholders to communicate with corporate boards about business concerns. But in each of the past 12 years, institutional investors without an ideological purpose or affiliation with public or private labor interests have sponsored less than 1% of all shareholder proposals.

The Choice Act’s proposed new rules are largely consistent with this reality and would better orient the shareholder-proposal process toward most stockholders’ economic interests.

Mr. Copland is the Manhattan Institute’s director of legal policy.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch
Executive Chairman, News Corp
Gerard Baker
Editor in Chief

Matthew J. Murray
Deputy Editor in Chief
DEPUTY MANAGING EDITORS:
Michael W. Miller, Senior Deputy;
Thorold Barker, Europe; Paul Beckett,
Washington; Andrew Dowell, Asia;
Christine Glancey, Operations;
Jennifer J. Hicks, Digital;
Neal Lipschutz, Standards; Alex Martin, News;
Shazna Nessa, Visuals; Ann Podd, Initiatives;
Matthew Rose, Enterprise;
Stephen Wisniewski, Professional News

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

Robert Thomson
Chief Executive Officer, News Corp
William Lewis
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:
Mark Musgrave, Chief People Officer;
Edward Roussel, Innovation & Communications;
Anna Sedgley, Chief Operating Officer & CFO;
Katie Vannbeck-Smith, President

OPERATING EXECUTIVES:

Ramin Beheshti, Product & Technology;

Jason P. Conti, General Counsel;

Frank Filippo, Print Products & Services;

Steve Grycuk, Customer Service;

Kristin Heitmann, Transformation;

Nancy McNeill, Advertising & Corporate Sales;

Jonathan Wright, International

DJ Media Group;

Almar Latour, Publisher;

Kenneth Breen, Commercial

Professional Information Business;

Christopher Lloyd, Head;

Ingrid Verschuren, Deputy Head

DOW JONES
News Corp

Notable & Quotable: Poland

President Trump speaking in Warsaw, July 6:

Our defense is not just a commitment of money, it is a commitment of will.... The fundamental question of our time is whether the West has the will to survive. Do we have the confidence in our values to defend them at any cost? Do we have enough respect for our citizens to protect our borders? Do we have the desire and the courage to preserve our civilization

in the face of those who would subvert and destroy it?

We can have the largest economies and the most lethal weapons anywhere on Earth, but if we do not have strong families and strong values, then we will be weak and we will not survive. If anyone forgets the critical importance of these things, let them come to one country that never has, let them come to Poland and let them learn the story of the Warsaw Uprising.

WORLD NEWS

Syrian Deaths Spotlight Crisis in Lebanon

Fatalities in army custody and in fires illustrate worsening position of refugees

BY RAJA ABDULRAHIM

QAB ELIAS, Lebanon—The deaths of four Syrians in Lebanese army custody and lethal fires in two Syrian refugee camps all in the past week have refocused attention on the worsening plight of more than a million displaced persons in Lebanon.

On Thursday, the Lebanese human-rights minister called for a probe into the deaths of the men, who were among more than 300 people the Lebanese army rounded up on June 30 in a raid on two refugee camps. The army said it was searching for “terrorists, weapons and explosives” in the camps in the Bekaa Valley town of Arsal, near the Syrian border.

The military, which receives millions of dollars in annual U.S. aid, said Tuesday that the four men died of chronic health conditions that worsened after their arrests, without giving any further details about their health issues.

Syrian refugees and activists in Arsal and the human-rights organization the Working Group for Syrian Detainees disputed this explanation.

“It’s clear they died from torture,” said Muhammad Raed, a Syrian activist living in Arsal. “Everyone saw the bodies and the torture marks



An informal settlement for Syrian refugees partially burned down this week near the town of Bar Elias in the Bekaa Valley, Lebanon.

are evident on their corpses.”

The men’s families couldn’t be reached to comment.

Lebanese Human Rights Minister Ayman Choucair called for “a transparent investigation into everything that was shared recently from photos and news about the latest arrest operation in Arsal and into the reasons that led to the death of a number of detainees.”

An estimated one-fifth of Syrian refugees registered with the United Nations live in camps like the ones that were raided over the past week, with ramshackle shelters made of timber, plywood and tarps. They are frequently threatened with evictions and Lebanese laws that don’t allow them to build permanent homes.

Soldiers regularly raid the

camps, arresting men who lack legal residency.

The Syrian refugees make up about a quarter of Lebanon’s population, straining the country’s already fragile infrastructure and stoking tensions as they compete for jobs. Lebanon imposes tough restrictions on Syrians’ ability to work or gain legal residency and officials here regularly

discuss repatriating them even in the midst of the war.

“From an economic perspective and a social perspective, the situation is deteriorating,” said Dana Sleiman, a spokeswoman with the United Nations refugee agency in Lebanon. She added that 70% are living below the poverty line.

Living in the tent camps offers little protection from the

elements or from disaster. On Sunday, a fire broke out in the Qab Elias camp in the Bekaa Valley, jumping so quickly from tent to tent that residents said they ran out without shoes. In the chaos, they grabbed any child nearby as they fled the growing blaze, unsure of where their own children were.

Within an hour, flames destroyed the entire encampment and a 2-year-old girl was dead. Two days later, a second fire broke out at another refugee camp in the Bekaa Valley, killing a 4-year-old girl.

The tarps distributed by U.N. refugee agency are treated with a flame retardant chemical but few tents appear to have them. Most are swathed in plastic banners advertising everything from 12-year-old whiskey to scratch-resistant kitchenware to American movies. Next to the banners, garbage piles up.

“Things are not getting better,” said Josep Zapater, who heads the UNHCR office in the Bekaa Valley.

Human Rights Watch called for a transparent and independent investigation into the deaths of the four refugees after the army said “the health condition of the detainees deteriorated” while in custody.

The mayor of Arsal said the municipality helped transfer the bodies back to their families, who took photos before they buried the bodies and posted the photos online. The images show bruised and bloodied corpses.

Hong Kong Protesters Enter Guilty Pleas

BY JOHN LYONS

HONG KONG—A group of Hong Kong activists pleaded guilty to charges related to the city’s large-scale pro-democracy protests in 2014, marking a symbolic low for a movement that attracted global attention by challenging Chinese authority, but has waned under legal pressure from Beijing.

The defendants included Joshua Wong, 20 years old, who became the face of a 79-day student protest seeking universal suffrage in the former British colony, which retains limited autonomy within China. He admitted on Thursday to defying a judge’s order to clear one of the protest sites.

In the years since the demonstrations, city authorities have aggressively prosecuted activists such as Mr. Wong, sapping their momentum and instilling a sense among many Hong Kongers that resisting Beijing’s will is futile, political analysts say.

“The pro-democracy movement is hitting a low tide, mainly because of intimidation from Beijing,” said Willy Lam, a Hong Kong political analyst.

In Hong Kong last week,



Student leaders Joshua Wong, left, and Lester Shum, second left, walk out of the High Court.

Chinese President Xi Jinping issued a stern warning to the city of seven million people, calling any Hong Kong challenges to central government power “impermissible.” Protests planned to mark Mr. Xi’s visit either attracted far fewer participants than expected or were broken up by police.

Hong Kong’s democracy

movement has ebbed for other reasons, as well. Protesters appeared too radical for many conservative Hong Kongers after some actions ended in disturbances. Infighting stole momentum, while attention-getting gambits—such as the decision of newly elected lawmakers to protest during swearing-in ceremonies—

backfired by giving authorities excuses to remove them from the Legislative Council.

“The atmosphere is not very good, you have splits in the movement, political persecutions, arrests,” said Leung Kwok-hung, an activist Legislative Council member who may be disqualified from the body for lacing his oath with

anti-Communist Party slogans—an act he said he wouldn’t repeat.

However, several pro-democracy activists insist their movement is a long-term effort that could regain momentum sooner than many think. For example, Beijing is pressuring Hong Kong to introduce an antiseditious law as well as a school curriculum that promotes the Chinese Communist Party—two initiatives that sparked opposition in the past.

“Education is something that goes right into the home on an issue that people care about most, the future of their children,” said Nathan Law, a legislator who also faces disqualification for failing properly to execute his oath.

At its peak in 2014, the “Umbrella Movement” led by Mr. Wong and others shut down parts of the city. Mr. Wong and several others were charged with contempt of court for interfering with a court order to clear a protest stronghold in Mong Kok, across Victoria Harbour from Hong Kong Island.

Mr. Wong said he pleaded guilty to take responsibility for his civil disobedience and uphold the rule of law.

Zambian President Seeks New Authority

BY NICHOLAS BARIYO

Zambia’s president called for a countrywide state of emergency, as the political crisis in one of Africa’s most stable and mineral-rich democracies deepens.

President Edgar Lungu said in a televised address late Wednesday that he would seek parliamentary approval for sweeping emergency powers, after months of politically motivated violence following the jailing of opposition leader Hakainde Hichilema for treason.

If approved by lawmakers, the legislation would give Mr. Lungu the power to censor the media and impose broad restrictions on freedom of assembly and movement. Security forces on Thursday heightened their presence in cities across the country, with mounted foot and motorized patrols visible in the capital Lusaka, witnesses and officials said.

Mr. Lungu on Thursday defended his move to impose emergency measures, saying he needed to restore “sanity” to Africa’s second-largest copper producer. “The country is in safe hands, do not panic,” the president, who was due to meet foreign ambassadors to explain the move, told reporters in Lusaka. “These are acts of sabotage by the opposition but they will all fail.”

Mr. Lungu’s supporters have for weeks been lobbying for emergency legislation after a spate of violent attacks and arson, culminating in a fire ripping through Zambia’s largest market on Tuesday.

The opposition United Party for National Development decried Mr. Lungu’s move as an illegal power grab.

“The state of emergency, if mishandled, can backfire [on] all of us, regardless of our political affiliation, and we could lose peace forever,” the party said in a statement. “There is need that the situation in the country is handled with care.”

Political analysts said the president’s move suggests the government will likely intensify its suppression of dissent and could jeopardize talks with the International Monetary Fund for a \$1.3 billion bailout plan that are at an advanced stage.

“The actions of Mr. Lungu indicate that risks are being driven up quicker than previously expected,” said Gary van Staden, a political analyst with NKC African Economics. “Sporadic outbreaks of violence will inevitably grow more frequent.”

RUSSIA

Hacker Is Sentenced To 2 Years in Prison

A Moscow court sentenced the alleged ringleader of a hacking group that rattled Russia’s political establishment to two years in prison, the country’s official court-reporting agency said Thursday.

The sentencing of Vladimir Anikeev by the Moscow City Court followed his conviction for “unlawful access to computer information” as part of a larger conspiracy case, said the agency, Rapsi.

Details of the trial are scant: The court proceeding was closed, and the case was classified as secret. But Mr. Anikeev was described by the official Rossiiskaya Gazeta newspaper as the ringleader of Shaltai Bolta, a group that took responsibility for hacking the computers, tablets and smartphones of senior Russian officials.

—Nathan Hodge

JAPAN

Floods, Slides Kill 2, Scatter Many Others

Troops worked Thursday to rescue hundreds of people stranded by flooding in southern Japan. At least two people were found dead and nearly 20 were

still unaccounted for in flooding that wrecked homes, roads and rice terraces.

Authorities in Fukuoka prefecture, on Kyushu island, said one man was found dead, buried by a landslide. Six people were injured and four others were missing and feared dead.

In neighboring Oita prefecture, a 43-year-old man dug from a mudslide was pronounced dead and 15 other people were unaccounted for.

Heavy rain warnings were in effect for much of the southern main island of Kyushu after Typhoon Nanmadol swept across Japan earlier in the week.

—Associated Press

EUROPEAN UNION

London Is Warned On Post-Brexit Trade

Bloc Brexit negotiator Michel Barnier warned officials in London that the U.K. won’t have “frictionless trade” with the EU after it leaves.

In a discussion with trade unions and business groups, Mr. Barnier said he wasn’t sure the EU position was “fully understood across the Channel.”

“I have heard some people in the U.K. argue that one can leave the single market and...achieve ‘frictionless trade’—that is not possible,” he said.

—Valentina Pop



SWEPT AWAY: Mud surrounds buildings and debris in Asakura City, Fukuoka prefecture, Japan, where at least one person died.

CANADA

Trade Imbalance Widened in May

The country’s trade deficit almost doubled in May from the previous month as imports from

the U.S. hit a record high. Meanwhile, export growth slowed in the month, as sales abroad of metals and motor vehicles were offset by a decline in energy products.

Canada’s merchandise trade deficit in May widened to a sea-

sonally adjusted 1.09 billion Canadian dollars (US\$836.5 million), Statistics Canada said Thursday, compared with a revised C\$552 million shortfall in the previous month.

Traders were expecting a May trade deficit of C\$500 million, according to a report from Royal Bank of Canada.

Canada’s monthly trade data cover the export and import of goods and don’t include services.

—Paul Vieira

MEXICO

Central Bankers Keep Powder Dry

Central bankers agreed to be cautious in signaling that last month’s interest-rate increase would be the last in the current cycle, minutes to the meeting showed Thursday.

The Bank of Mexico’s board on June 22 voted 4-1 to raise the overnight interest-rate target by a quarter percentage point to 7%, its highest level since 2009.

The bank said the rate was now high enough to bring inflation back to its 3% target at the end of 2018.

The minutes showed the board was cautious in calling a halt to the rate increases, and all members agreed to stress that the bank would remain vigilant.

—Anthony Harrup

BUSINESS & FINANCE

© 2017 Dow Jones & Company. All Rights Reserved.

* * * * *

THE WALL STREET JOURNAL.

Friday, July 7, 2017 | B1

S&P 2409.75 ▼ 0.94%

S&P FIN ▼ 0.66%

S&PIT ▼ 0.86%

DJ TRANS ▼ 0.72%

WSJ \$IDX ▼ 0.22%

LIBOR 3M 1.304

NIKKEI (Midday) 19965.78 ▼ 0.14%

See more at WSJMarkets.com

TV Shopping Rivals to Combine Forces

QVC, HSN try to keep pace as consumers turn to smartphones for impulse purchases

By SUZANNE KAPNER

Longtime rivals QVC and the **Home Shopping Network** have agreed to merge, as two retailers built around cable television adapt to a world where impulse buying and video watching is moving to smartphones.

The companies, famous for pitching products such as the Miracle Mop and George Foreman grill, said Thursday they have agreed to combine in an all-stock transaction valued at

about \$2.1 billion. QVC parent **Liberty Interactive** Corp., controlled by cable magnate John Malone, already owns a 38% stake in HSN.

While the home-shopping channels were early adopters of e-commerce and don't face the same pressures as chains with brick-and-mortar stores, they are increasingly competing for consumer dollars with **Amazon.com** Inc. QVC's sales in the U.S. have declined in each of the last three quarters. Revenue at HSN has declined for six straight quarters, and the company has been searching for a new CEO.

QVC Chief Executive Officer Mike George, who will run the combined company, said the retailers face a "tough environ-

ment" but that QVC and HSN are different from typical e-commerce companies, which tend to be more transactional. "Our customers engage with us most days over TV or digital platforms," he said. "They form a connection with the hosts of our shows."

The merger gives the business greater scale to invest in emerging technologies, Mr. George said. While the combined companies will operate 17 cable channels around the globe, both QVC and HSN also sell online and stream their videos over the internet. The combined entity will have annual revenue of about \$14 billion, with slightly more than half coming from e-commerce.

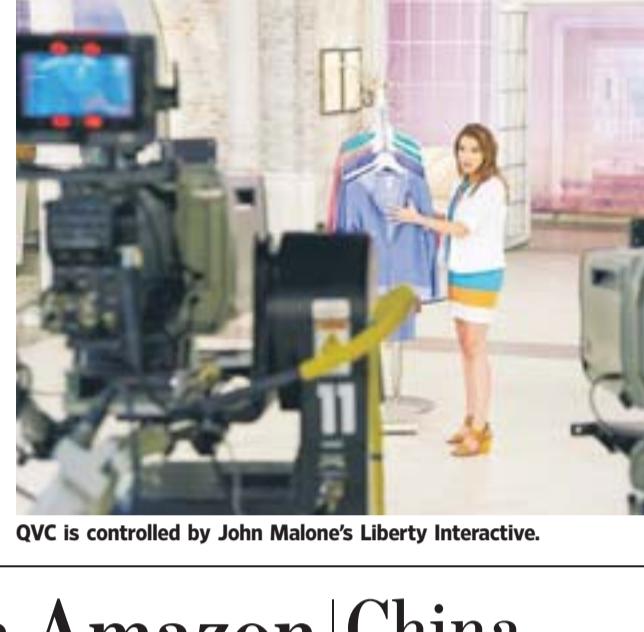
"Liberty had been interested

in buying the rest of HSN for years, even before the retail Armageddon," said Victor Anthony, an analyst with Aegis Capital. But for a long time, HSN's shares traded at a premium to Liberty's, making a deal untenable, Mr. Anthony said. In the last month, however, the stock multiples inverted.

HSN, which is more heavily dependent on the U.S. market and whose revenue is about a third of QVC's, has been struggling with shrinking sales. In April, the company said longtime CEO Mindy Grossman was leaving to run Weight Watchers International Inc.

HSN launched the idea of home shopping in 1977, when it

Please see QVC page B2



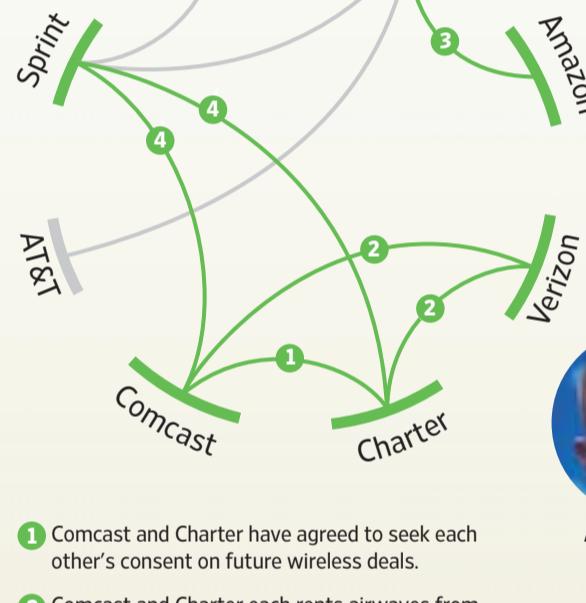
QVC is controlled by John Malone's Liberty Interactive.

Seeking Partner, Dish Cozies Up With Amazon

Calling Around

Telecom and cable companies have explored a range of tie-ups.

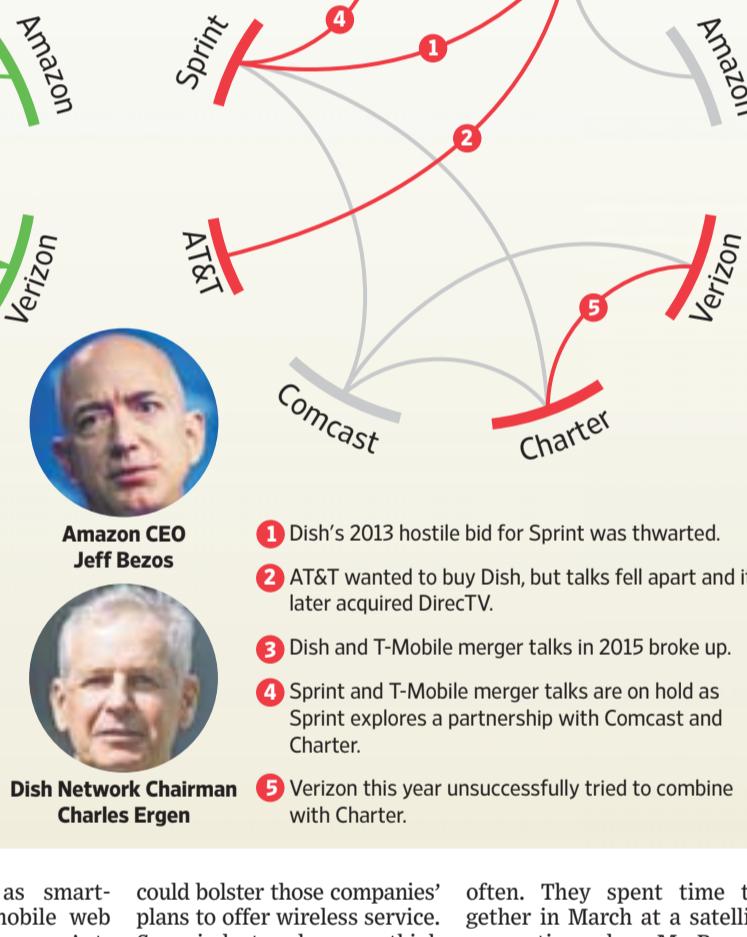
ACTIVE DEALS AND TALKS



- ① Comcast and Charter have agreed to seek each other's consent on future wireless deals.
- ② Comcast and Charter each rents airwaves from Verizon.
- ③ Dish and Amazon may forge a wireless tie-up.
- ④ Sprint is in talks with Charter and Comcast on a wireless deal.

Sources: staff reports; Getty Images (photos)
THE WALL STREET JOURNAL.

TALKS THAT STALLED



- ① Dish's 2013 hostile bid for Sprint was thwarted.
- ② AT&T wanted to buy Dish, but talks fell apart and it later acquired DirecTV.
- ③ Dish and T-Mobile merger talks in 2015 broke up.
- ④ Sprint and T-Mobile merger talks are on hold as Sprint explores a partnership with Comcast and Charter.
- ⑤ Verizon this year unsuccessfully tried to combine with Charter.

often. They spent time together in March at a satellite convention, where Mr. Bezos's rocket company, Blue Origin LLC, gave a presentation to Mr. Ergen's **EchoStar** Corp., a Dish sister company that builds satellites.

Please see DISH page B2

◆ Head: This dish could be extremely pricey.....B12

China Sucks Up U.S. Oil Exports

By BRIAN SPEGELE

BEIJING—It was a gusher few expected. What began as a trickle of U.S. crude being sold to China is turning into a flood, the result of a surprise American glut that has made the country's oil cheaper than that of Mideast rivals just two years after Congress lifted a 40-year export ban.

China, one of the world's largest oil importers, bought nearly 100,000 barrels of oil a day from the U.S. in the first five months of 2017—10 times the average in 2016. Imports in April and May surged to more than 180,000 barrels a day on average, China customs data show.

The shift has been greeted with enthusiasm by American producers, who have been trying to pull the sector out of a three-year price slump that has sapped profits and jobs. Industry executives and local officials are now scrambling to retool ports in the Gulf of Mexico to accommodate the large vessels needed to ship vast quantities of crude around the globe.

While still far below the figure China pays its top suppliers—Russia, Saudi Arabia and Angola—the bill for U.S. oil could come in well above \$1 billion this year, up from \$150 million last year, according to customs data.

A confluence of factors has helped open the taps.

Falling production from China's own aging fields has Please see OIL page B2

Europe Jockeys to Lure U.K. Firms With Perks

By MAX COLCHESTER
AND JULIA-AMBRA VERLAINE

LONDON—Regulators and government officials across Europe are trying to lure London finance companies ahead of Brexit, sparking a continentwide backroom bidding war.

The sweeteners range from the promise of cheap rents to protection of bankers' bonuses. "It's like an auction," says a lawyer advising several finance companies on their Brexit plans. The jockeying is fostering tension among European regulators and raising concerns that risk is being siphoned unchecked into the trade bloc.

Take **Lloyd's of London** Ltd. One of the world's oldest insurance markets, Lloyd's needed a Continental base so its members could sell to European Union clients after Brexit. It explored Ireland, the Netherlands and Luxembourg as part of its hunt for a European home before settling on Belgium.

Part of the attraction: Bel-

gium law allowed for a structure that would minimize disruption post-Brexit. Lloyd's was given permission to reinstate all the business done on the Continent back to London—a move some other European regulators deemed too risky. That means Lloyd's likely won't need to park hundreds of staffers in its new Belgian unit, officials say.

"Not everyone was willing to allow this," said Inga Beale, Lloyd's of London's chief executive. A Belgian official said the structure adheres to EU-wide rules and is based on existing Belgian laws.

In Brussels, the export agency points firms to consultants who advise on ways to reduce the country's nearly 70% tax on cash bonuses, officials said.

Belgium isn't alone in making life simpler for incoming financiers. The Dutch central bank recently posted an explainer on its website outlining how bankers can circumvent the country's 20% cap on bonus payments. In Vienna,

the state of the economy easily explains high stock prices, low volatility and low bond yields. We're in what's increasingly being called a "Goldilocks" economy, which like Baby Bear's porridge is not too hot and not too cold. Things have changed a lot since the term was coined in the early 1990s, as back then growth was a lot higher and acceptable inflation was about double the current

level. But the principle is the same, with global growth reasonable and little sign of inflation that might push central banks into a sudden market-squeezing monetary tightening.

Explanation is not the same as justification. The fact that everything has been awesome recently is

slope of hope. Worry has all but disappeared this year. As Simon Smiles, chief investment officer for ultrahigh-net-worth clients at UBS Wealth Management, says, if the only thing to worry about is North Korea, there really isn't anything serious to worry about: "How does it get better than this?"

Of course, everything might continue to be wonderful. The geopolitics of Korea, Qatar and the South China Sea aside, it is hard to see anything especially threatening on the horizon.

The trouble is that it is almost by definition the unexpected events that hit markets, and the calm has left investors less prepared for bad news than usual. As investors step further outside their comfort zone in the pursuit of gains, their resilience to bad news is

Please see STREET page B10

INSIDE



HILTON LOOKS TO MIDPRICE MARKET

HOSPITALITY, B3

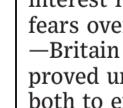


S&P 500 DROPS ACROSS ALL SECTORS

EQUITIES, B11

STREETWISE | By James Mackintosh

Everything Is Awesome! Now Is the Time to Sell Your Stock



The economy's fine, inflation's nowhere to be seen,

deflation risk has abated, interest rates are low and fears over European politics—Britain aside—have so far proved unfounded. It's easy both to explain why markets have been celebrating, and why so many people are worried that everything's just too perfect.

The state of the economy easily explains high stock prices, low volatility and low bond yields. We're in what's increasingly being called a "Goldilocks" economy, which like Baby Bear's porridge is not too hot and not too cold. Things have changed a lot since the term was coined in the early 1990s, as back then growth was a lot higher and acceptable inflation was about double the current

level. But the principle is the same, with global growth reasonable and little sign of inflation that might push central banks into a sudden market-squeezing monetary tightening.

Explanation is not the same as justification. The fact that everything has been awesome recently is

7.6%

The year-to-date increase in the S&P 500 index this year.

little guide to the future of the economy or inflation—and the rise in stocks makes it less likely the general awesomeness will continue.

The market adage has it that markets climb a wall of worry and slide down a

Please see STREET page B10

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	G	O
AAC Technologies.....B10	General Electric.....B3	Occidental Petroleum.B2
Aecom.....B6	Goldman Sachs.....B12	Oncor.....A1
AGIC Capital.....B10	Gotham City Research.....B10	P
Alphabet.....B11	Great Wall Motors.....B10	Patterson.....B11
Amazon.com.....B1,B12	H	People's United Financial.....B12
Amplify Snack Brands.A9	Hilton Worldwide.....B3	Precision Castparts.....A1
Apache.....B11	Hobby Lobby Stores.....B3	Q
Apple.....B3,B4,B11	Honeywell.....B3	Qualcomm.....B3
AT&T.....B1	HSBC Holdings.....B2	QVC.....B1
Audi.....B6	HSN.....B1	R
B	I	Ritedose.....B10
Berkshire Hathaway...A1	Intel.....B3	S
Best Western Hotels & Resorts.....B3	InterContinental Hotels Group.....B3	Samsung Electronics.....B4
C	J - K	Saudi Arabian Oil.....B11
Campbell Soup.....A1	JPMorgan Chase.....B2	Saudi Aramco.....B2
Canon.....B3	Kind.....A9	Shimmick.....B6
Carson Block.....B10	KraussMaffei Technologies.....B10	Sigma-Aldrich.....B3
Charter Comm.....B1	Kroger.....B6	Sino-Forest.....B10
China Evergrande.....B10	L	Sinopac Group.....B2
China Huishan Dairy Holdings.....B10	L Brands.....B11	SoundCloud.....B4
Chobani.....A1	LeEco Holdings.....B4	Sprint.....B1
Choice Hotels International.....B3	Legend Holdings.....B4	T
Cirque du Soleil.....B6	Leggett & Platt.....B12	Tesla.....B4
Citron Research.....B10	Liberty Interactive.....B1	Teva Pharmaceutical Industries.....B6
Corinthian Colleges....A3	Lidl.....B6	T-Mobile US.....B1,B12
D	Lloyd's of London.....B1	Toshiba.....B3
Deutsche Bank.....B10	M - N	Turing Pharmaceuticals.....B6
Deutsche Telekom.....B1	Marriott International.....B3	U - V - W
Dish Network.....B1,B12	Merck.....B3	UBS Group.....B2,B10
E - F	Muddy Waters.....B10	Verizon.....B12
EchoStar.....B1	Mylan.....B6	Vizio.....B4
Endo International....A3	Netflix.....B4	Volkswagen.....B6
Facebook.....B11	Newfield Exploration.....B11	Wal-Mart Stores.....B12
Faraday Future.....B4	Newmont Mining.....B12	Whole Foods Market.....B2
Fosun International....B6	Noble Energy.....B11	

INDEX TO PEOPLE

B	N
Beaish, Freya.....B12	Frosh, Brian.....B6
Bezos, Jeff.....B1,B12	G - H
Chatwell, Peter.....B12	Gardner, Cory.....A7
Choi Soon-sil.....B4	Healy, James.....B3
Chung Yoo-ra.....B4	Hogan, Larry.....B6
C	K - L
Colvin, Simon.....B10	Kehoe, Tom.....B10
Draghi, Mario.....B11,B12	Lee Jae-yong.....B4
E - F	Left, Andrew.....B10
Ergen, Charlie.....B1	Lewis, Grant.....B12
Farley, Tom.....B10	Lungu, Edgar.....A16
M	Malone, John.....B1

OIL

Continued from the prior page forced the country to step up its hunt for new sources of crude. Imports are up 13% this year through May, compared with a year earlier, according to customs data.

The search came as America was opening oil exports in 2015 for the first time in four decades amid a boom in U.S. oil drilling, upending petroleum flows. Political uncertainty in the Middle East, including the decision last month by Saudi Arabia and other Arab nations to cut ties with Qatar, also has played a role.

"If there's opportunity to buy [oil] from somewhere else, we should," said Lin Boqiang, an energy expert at Xiamen University who has advised Beijing on oil policy. "The precondition is that it must be economical."

The economics have tilted in favor of the U.S. partly because of production limits put in place by the Organization of the Petroleum Exporting Countries, which have pushed up the price of benchmark Brent and Dubai oil. At the same time, rising shale production in the U.S. has pushed down the cost of American crude.

The new flow offers a bright spot in a U.S.-China relationship racked with challenges, from North Korea to hackers to the South China Sea. At industry conferences in Beijing and Singapore in March, executives from state-owned Chinese trader Uniper hailed a new golden age for energy trade between the two countries. Attendees said the positive message appeared directed at Washington.

While much of the focus has been on expanding U.S. natural-gas exports to China, oil may prove another pillar in reducing the U.S. trade deficit with China—a key objective of the Trump administration.

Uniper's parent, Sinopac Group, declined to comment on its U.S. imports.

The sudden rush of Ameri-

can oil to China could sputter out just as quickly as it began. U.S. crude will need to remain cheaper than rivals' offerings to make up for the higher cost and longer time frame of transporting oil from the Gulf Coast. It takes about six weeks for oil to reach China from the Gulf Coast, versus three weeks from the Middle East.

Because of the long haul to China, larger tankers are needed to boost economies of scale and bring down costs. That requires an upgrade of U.S. ports to allow the biggest tankers, which can ferry 2 million barrels of oil at a time, to load oil directly from the dock instead of transferring it from smaller vessels in the middle of the Gulf.

In May, Occidental Petroleum Corp. docked one such supertanker at its oil terminal along Corpus Christi Bay in Texas for the first time—a prelude to what it hopes will become a routine event. "This will be a game changer" for U.S. exports, said Cynthia Walker, the company's senior vice president for midstream and marketing operations and development. The Houston-based company says its Gulf Coast terminal accounts for 25% of the U.S. export market.

Driven by the growing demand from Asia, total U.S. exports could hit 3 million barrels a day in the next few years, up from around 500,000 barrels a day last year, according to Occidental.

Middle East oil giants aren't likely to easily surrender lucrative market share in China. Producers such as Saudi Aramco have been looking to reverse declines, for example by seeking investors from China in its planned initial public offering, essentially giving China a vested interest in the kingdom's future success.

On Wednesday, Saudi Arabia reduced the official selling price it charges customers in Asia. The prospect of a continued drop in Mideast prices poses the biggest threat to U.S. suppliers' China dream, as it could erode Beijing's desire to diversify.

U.S. Oil Producers Find New Market: China

China's crude imports from the U.S. surged in recent months as U.S. prices fell sharply compared with Mideast rivals. B1

Average imports of U.S. crude by China, in thousands of barrels a day

200
160
120
80
40
0

J

F

M

A

M

2015 2016 2017

Differential between Dubai-priced benchmark crude and U.S.-benchmark WTI

\$1
0
-1
-2
-3
-4

2016

2017

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

Source: China General Administration of Customs (imports); Argus Media (benchmark differential)

THE WALL STREET JOURNAL.



Lloyd's of London offices in 1924. The insurance market, one of the world's oldest, plans to open a base in Belgium to serve the Continent.

EUROPE

U.K. Asks: Must Firms Exit London?

Continued from the prior page officials discussed giving the European Banking Authority a rent-free office if the regulatory agency decamped there from London, according to people familiar with the matter.

Still, the efforts are raising eyebrows. Around the time insurer American International Group Inc. chose to set up a subsidiary in Luxembourg in March, aggrieved Irish officials complained to European authorities that some countries weren't playing fair, people familiar with the matter say. European officials responded by saying EU laws should be applied consistently across the region and, in some instances, releasing nonbinding guidelines for regulators on handling financial firms moving from the U.K. to stay in the bloc's single market.

The EU's financial sector is governed by a series of continentwide guidelines. But the patchwork of national authorities still has significant leeway to interpret their own rules. Danièle Nouy, who chairs the European Central Bank's supervisory arm, said in a speech last month she was concerned lenders "may

exploit supervisory loopholes by carrying out banklike activities" by operating through foreign branches or broker dealers, "which are not supervised at euro-area level, but rather at national level."

A key issue is how much EU and national regulators will allow companies to keep operations in the U.K. while selling products to European clients. Lloyd's of London, founded in a London coffee shop in the 17th century, doesn't have a major outpost in Europe, but will likely need one after Brexit so that members using the market can sell policies to European clients.

But picking up and moving can be messy and expensive, so Lloyd's had a key demand for prospective nations: Underwriters should remain based in London—important given the EU accounts for 11%, or £2.93 billion (\$3.8 billion), of Lloyd's of London's gross written insurance premiums.

side the single market.

Many have indicated they could move thousands of staff into the EU once Britain leaves.

J.P. Morgan Chase & Co.

initially plans to move between 500 and 1,000 jobs out of London, and bolster its operations in Dublin, Luxembourg and Frankfurt. UBS Group AG and HSBC PLC have indicated they are looking at options for around 1,000 of their London-based staff.

Mr. Bailey questioned whether financial companies required single-market access to have the benefits of free trade with the EU.

"When I hear people say that firms need to relocate to continue to benefit from access to EU financial markets, I start to seriously wonder," he said.

"Does Brexit have to mean abandoning the benefits of free trade and open markets in financial services? It should not. Does it require membership of the single market to get the benefits of free trade with the EU? No."

Mr. Bailey also discussed the future for the U.K.'s lucrative clearing industry, which has been the subject of scrutiny since the Brexit vote. The EU's executive body has proposed plans that could compel clearinghouses that do a large amount of their business in euros to move into the bloc.

Mr. Bailey said cross-border regulatory cooperation, backed up by joint supervisory oversight is "very clearly preferable to the cost and risk that is introduced by a location-based policy."

—Philip Georgiadis

the analyst said. "They can negotiate better pricing with suppliers, better shipping costs and other back-end synergies."

Cord-cutting, or the canceling of home cable packages, also poses a risk. But QVC said consumers who are opting out

of pay-TV packages—generally younger and lower-income consumers—are not its core shoppers. The company also said it is increasingly reaching customers on different types of devices.

"We see a role for engaging

QVC

Continued from the prior page began airing programming that showcased inventors, entrepreneurs and designers plugging their wares. Its better known personalities include Miracle Mop inventor Joy Mangano, who got her start on QVC before switching to HSN, and celebrity chef Wolfgang Puck.

QVC, which was founded in 1986, has focused on fashion and beauty. Among the beauty labels it helped to launch are Philosophy, BareMinerals and Josie Maran.

Together, they have 23 million global customers, including about two million customers that shop on both QVC and HSN. The business model counts on getting just enough viewers who may be tuning in during the day or unwinding at night to make impulsive purchases. The majority of QVC customers are women who on average make about 25 purchases each a year.

"There are some clear advantages to scale," Mr. Anthony,

BUSINESS NEWS

Qualcomm Steps Up Fight With Apple

Chip maker seeks bar on some iPhone and iPad imports, alleging patent infringement

BY TED GREENWALD
AND TRIPP MICKLE

Qualcomm Inc. is asking federal trade authorities to block imports of some iPhones and iPads, opening a new front in its dispute with Apple Inc. and exposing both companies to further risks to their most profitable businesses.

Qualcomm said it plans to file a complaint Friday with the U.S. International Trade Commission to halt imports of Ap-

ple handsets and tablets that don't include Qualcomm chips, and to bar sales of those products already in the U.S.

Qualcomm said Apple has been infringing several of its patents on wireless technology in iPhones and iPads generally, but that it limited the scope of its request in part to minimize the economic impact.

Qualcomm said it separately filed similar patent-infringement claims Thursday against Apple in federal district court in Southern California.

The moves escalate a legal feud Apple initiated with a federal lawsuit in January accusing Qualcomm of abusing its dominance in cellular chips to thwart competitors and extract

high patent royalties.

Apple in its suit says Qualcomm's royalty—because it is calculated as a percentage of the handset price—rewards the chip maker unfairly when Apple charges higher prices for capabilities that aren't based on Qualcomm patents.

An Apple spokesman said Thursday the company stands by its previous statement that Qualcomm is seeking payments on innovations it didn't make.

Apple has launched international legal actions and supported regulatory proceedings against Qualcomm in multiple countries, threatening the San Diego-based company's patent-licensing business, which in 2016 accounted for roughly

80% of its pretax profit.

Qualcomm's latest move isn't likely to disrupt iPhone sales in the near term because the trade commission generally takes about 16 months to reach a conclusion, according to Lyle Vander Schaaf, a former commission general counsel now with law firm Brinks Gilson & Lione. If the commission ruled against Apple, the iPhone maker could appeal. Still, Qualcomm's complaint represents its strongest effort against Apple.

Despite the legal fight, Qualcomm is vying with Intel Corp. to supply modem chips for the next-generation iPhones. Apple started including Intel's chips in some units of the iPhone 7 launched last year. Apple ac-

counts for as much as 30% of Qualcomm's per-share earnings, according to Macquarie Capital.

Qualcomm has two main businesses: selling chips that are used in many smartphones, and licensing patents it owns on key cellular technology used in nearly all smartphones sold globally, even those that don't use its chips.

That business model has been increasingly under attack. In addition to the Apple fight, Qualcomm is under investigation by the U.S. Federal Trade Commission for anticompetitive practices, and late last year was fined by the South Korean Fair Trade Commission over similar claims.

Complaints against Qual-

comm largely have focused on its licensing practices for a category of patents that are generally acknowledged to be essential to cellular communications. Standards organizations require that holders of such patents offer licenses widely. Qualcomm's critics claim that the company evades its obligation by refusing to license those patents to rival chip makers.

In the new complaint, Qualcomm said the six patents at issue cover technologies not in that essential category and are related to boosting performance while conserving battery life. It said Apple has used the technologies without purchasing a license despite Qualcomm's efforts to negotiate one.

EU Flags Missteps By GE and Others In Filing for Deals

BY NATALIA DROZDIAK

BRUSSELS—The European Union's antitrust watchdog accused **General Electric** Co., Japan's **Canon** Inc., as well as deal partners **Merck KGaA** and **Sigma-Aldrich** Corp. of breaching the bloc's merger rules.

The moves come as the EU is trying to drive home the need for companies to submit accurate and truthful information when registering a deal for antitrust review with Brussels.

The EU said General Electric may have misled regulators during a review of GE's \$1.65 billion deal for LM Wind Power, while German pharmaceuticals maker Merck may have done so with its \$17 billion acquisition of Sigma-Aldrich, a U.S. supplier of laboratory testing materials.

Japan's Canon may have violated rules by implementing its deal with **Toshiba** Corp.'s medical-systems unit valued at ¥665.5 billion (\$5.9 billion) before registering the acquisition with the EU, the regulator said.

The EU's clearances for all three deals remain valid, but if a formal investigation finds the companies did in fact provide incorrect or misleading information, they can be fined up to 1% of global revenue, the regulator said. In Canon's case, if the EU finds the company jumped the gun with its deal, it could be fined as much as 10% of global revenue.

The EU said GE initially failed to provide information on research and development activities, including the development of a specific product. The regulator said it deemed that information necessary to properly assess the future position of GE and the competitive landscape for wind tur-

bines. The U.S. company registered its deal in February to reflect the project in the pipeline, which was not part of the initial registration two weeks earlier, the EU said.

GE said it believed the company acted in good faith and that there was no intent to mislead. "When informed of the EC's concerns, we acted quickly and openly to resolve the issue," said GE spokesman James Healy.

In the deal between Merck and Sigma-Aldrich, the companies failed to provide certain information about an innovation project relevant to laboratory chemicals at the heart of the EU's analysis of the deal.

"Had this project been correctly disclosed to the commission, it would have had to be included in the remedy package," the EU said, referring to a divestment the companies had to make to win approval for the deal. The viability of the divested business was impaired as a result, the EU said.

The buyer of that business, **Honeywell International** Inc., received the relevant technology only a year later after Merck agreed to license it to them, the EU said.

Both Merck and Canon said Thursday that they would respond to the EU in due course.

Thursday's announcement follows the EU's decision in May to fine Facebook Inc. €110 million (\$124 million) in connection with its acquisition of its WhatsApp messaging unit. The EU said Facebook inaccurately claimed during the merger review in 2014 that it couldn't routinely match Facebook and WhatsApp user accounts, but two years later it began combining user data across the services. Facebook said the errors in the filings weren't intentional.



Hobby Lobby to Return Artifacts

BY REBECCA DAVIS O'BRIEN

In 2010, the president of **Hobby Lobby** spent \$1.6 million on thousands of ancient artifacts that he hoped would help build a collection of antiquities related to the Bible.

There was one problem: The items appeared to have been stolen from Iraq, federal authorities alleged, then smuggled into the U.S. from the United Arab Emirates and Israel, bearing labels identifying them as "ceramic tiles" and "Tiles (Sample)." The Oklahoma City-based arts-and-crafts retailer settled the claims with the government on Wednesday, according to a civil complaint and settlement filed by the Brooklyn U.S. attorney's office.

Hobby Lobby agreed to surrender the artifacts, pay a \$3 million fine and adopt new procedures for buying cultural property.

In a statement posted on its website, the privately held

company said its lack of familiarity with the "complexities of the acquisitions process" led to some "regrettable mistakes," including relying on dealers and shippers who, "in hindsight, didn't understand the correct way to document and ship these items."

The aim of the company, which is owned by an evangelical Christian family, was to develop "a collection of historically and religiously important books and artifacts about the Bible," to preserve and share with the public, the statement said.

"Our passion for the Bible continues," President Steve Green wrote, "and we will do all that we can to support the efforts to conserve items that will help illuminate and enhance our understanding of this Great Book."

Since the early 1990s, hundreds of thousands of objects have been looted from archaeological sites in Iraq, with many ending up on the black market

and sold to collectors.

After the U.S. invasion in 2003, there was widespread looting of Iraqi cultural institutions and archaeological sites.

Nearly 5,000 cylinder seals were stolen from the Iraq Museum in Baghdad, officials estimated at the time.

The company said it didn't

\$3M

Hobby Lobby agreed to pay this fine to settle government claims.

intend to buy items from Iraq.

"At no time did Hobby Lobby ever purchase items from dealers in Iraq or from anyone who indicated that they acquired items from that country," the statement said.

Still, prosecutors noted that the transaction was consistent

with methods used by importers to "avoid detection and targeting by Customs," including providing false statements about the value and origin of the goods and sending shipments to different addresses.

According to the complaint, Hobby Lobby began to assemble a collection of cultural artifacts, manuscripts and antiquities around 2009.

Mr. Green and a consultant, who wasn't identified in the court filings, approved the purchases, the complaint stated.

In July 2010, the pair traveled to the U.A.E., where they met with two Israeli antiquities dealers and a dealer from the U.A.E. and examined more than 5,500 artifacts, according to prosecutors. The items included 1,500 tablets written in cuneiform, 500 cuneiform bricks, 13 extra-large cuneiform tablets and 500 stone cylinder seals, according to the complaint.

Hilton Sees Room to Expand With Midprice Brand

Lower end of market is enormous, but developers must believe that building new hotels will bring good returns

BY CHRIS KIRKHAM

At first glance, the new hotel chain on track to be the fastest-growing in the U.S. resembles a boutique brand that might be found in a trendy, urban location.

But **Hilton Worldwide Holdings** Inc.'s new midprice brand, Tru, is pricing rooms at around \$100 a night or less and is largely aimed at less-flashy locales like suburban highway exits. The first Tru by Hilton hotel opened in May in Oklahoma City, to be followed by more than 200 locations by the end of 2019.

Hilton hopes to expand its customer base by focusing on a lower end of the market than the company has typically operated.

To differentiate itself from competitors in the same price range, such as Best Western or Quality Inn, Tru will try to hold costs down by making rooms smaller and easier to clean, while offering millennial-friendly lobby amenities such as craft beer and pool tables.

The market is enormous: About 30% of nightly demand at U.S. hotel chains is



The Tru by Hilton in Oklahoma City. Tru offers large lobbies with amenities like pool tables.

for rooms below an average of \$83 a night, according to STR, a data company that tracks the hotel industry.

The challenge, however, is convincing developers that building new hotels in that price range will generate sufficient returns.

Most midtier hotels occupy older properties that

have been converted from other higher-priced brands. With Tru, Hilton is aiming for brand-new properties.

"It's the graveyard for old hotels," said Hilton President and Chief Executive Chris Nassetta. "The reason hotels have gotten to that price point is they were something different and they deteriorated."

You're sort of putting lipstick and rouge on a structure that's obsolete."

To make the returns worth the new development costs, Hilton had to rethink the design to get more rooms across a smaller amount of space.

Guest rooms are designed to be about 20% smaller than

typical hotel room in the price range. The overall footprint of the property is smaller, too, and will largely be away from big-city centers, keeping land costs down. Openings in coming months are scheduled in places like Farmville, Va., and Cheyenne, Wyo.

In exchange, Tru hotels have a lobby that is more than 80% larger than Hilton's typical Hampton Inn location, which is priced slightly higher than Tru.

The rooms are designed in a way to make cleaning easier and faster. Rather than carpet, floors are covered in vinyl that can be mopped, and in-room desks and coffee makers have been banished, also to cut down on cleaning times.

"We have been laser-focused on what numbers we absolutely need to hit," said Alex Jaritz, global head of the Tru brand, who previously worked at **Choice Hotels International** Inc., which operates brands like Quality Inn.

Other hotel companies are experimenting along the same lines. In recent years **Marriott International** Inc. introduced Moxy hotels,

which have smaller rooms and more communal space in the lobby, though it is at a higher price point than Tru. **Intercontinental Hotels Group** PLC said in June it would launch a new brand in this price range.

Best Western Hotels & Resorts introduced a brand called Glo in late 2015, just before Hilton announced Tru, that will operate in the same price range. It has a similar modern design but incorporates elements such as a layout that allows the bathrooms of adjoining rooms to be beside each other in an effort to save space.

The difference with Tru is scale. Best Western has 25 development deals in the works for Glo locations, whereas Tru has 425 properties in various stages of development, the biggest pipeline for any newly launched brand since at least 2003, when STR first started consistently tracking the data.

"They are a serious player. We know we have to up our game," said Best Western CEO David Kong. "They are going to be in markets that we've dominated, so we have to protect our turf."

TECHNOLOGY

WSJ.com/Tech

CHINA CIRCUIT | By Li Yuan

Highflying Entrepreneur Falls Back to Earth


Entrepreneur Jia Yuetong likes to say that **Apple Inc.** is outdated, China's big technology companies are innovation-killing monopolies and his company, **LeEco Holdings**, is the real industry disrupter.

That swagger served Mr. Jia in building an empire that sprawled across seven industries, from online video content to smartphones to electric cars. By having the ambition to take on Apple, **Tesla Inc.** and **Netflix Inc.** all at once, Mr. Jia seemed to embody the boundless promise of the huge China market. And investors responded favorably.

Deal makers like HNA Capital and **Legend Holdings** bought in, as did the city government of tech hub Shenzhen, as well as movie director Zhang Yimou and other celebrities. British sports car maker Aston Martin joined up to develop electric vehicles. The U.S. state of Nevada promised \$200 million in incentives for Mr. Jia's electric car venture, **Faraday Futures Inc.**, to build a \$1 billion plant there. And LeEco unveiled a \$2 billion deal to buy U.S. TV-maker **Vizio Inc.**

Now, most of those deals are dead or struggling and Mr. Jia's dreams are fading away due to a cash crunch and worried creditors.

On Thursday he resigned as chairman of a listed unit of LeEco, Leshi Internet Information & Technology Corp., though he will remain the chairman of the holding company. That move comes after a Shanghai court last week—at the behest of China



Jia Yuetong, left, built an empire to take on Apple and other tech titans, but it is beset by overexpansion and financial problems.

LEON LEE/REUTERS

Merchants Bank Co.—froze \$181 million worth of his assets and \$2 billion in shares over a missed interest payment.

Rather than being a shining star of visionary entrepreneurship, LeEco is turning into a cautionary tale of the hype surrounding China tech. The lesson for investors: When it comes to Chinese tech companies, the rules of economics still apply.

LeEco's overexpansion and financial problems were well-known in investment circles. Mr. Jia said publicly that his company was perpetually

short of cash. Some investors marveled at his ability to spin attractive narratives that boosted the stock prices and private funding valuations of his ventures.

Zhang Yiming, managing director of private-equity firm Commando Capital in Beijing, has likened Mr. Jia's funding methods to "wire-walking between cliffs."

"Many people in the capital market view him as a fraud because his new businesses are burning a lot of cash, but he just keeps telling new stories. As long as 10 out of 100 people believe him, he will have investors," Mr. Zhang told me in an interview last year.

Mr. Zhang said he holds the same view now but doesn't want to say more for fear of being seen as trash-talking Mr. Jia at a difficult time.

In a letter posted on his official social media account Thursday, Mr. Jia noted that he is still LeEco Holdings' biggest shareholder and he promised to repay loans and overdue payments if creditors give the company more time.

Neither LeEco nor Mr. Jia responded to requests for comment on Thursday.

Aston Martin says its partnership with LeEco didn't carry any financial or technical liabilities for itself.

Vizio didn't respond to requests for comment. Nevada's state treasurer's office didn't respond to a request for comment, though it has said no state bonds will be issued until Faraday proves it can finance the project.

China's tech boom has been looking like a bubble for some time, with vast pools of investment flooding into new ventures since the old manufacture-and-export economy started slowing.

Tech blogs, many of them backed by venture capital funds, have churned out ho-

sannas about these new ventures. Among the recent darlings: platforms to share bikes, umbrellas and battery packs to recharge mobile phones.

Started as a video site in 2004, LeEco wasn't well-known until it became the most valuable internet stock in China's A-share market during the bull run of 2015.

In explaining his vision, Mr. Jia frequently talked about building an ecosystem for consumers that delivered content—from film and online entertainment to sports—and hardware such as smartphones, TVs or cars. The result, he explained, would be a "chemical reaction" among the units, propelling each other's businesses.

Those synergies failed to materialize and the rapid expansion led to the cash shortage. How much debt LeEco has piled up isn't publicly known. Its listed video business is the only profitable unit, while its smart TV is its sole product that leads in market share.

The 15 billion yuan (\$2.2 billion) that a white knight pumped into LeEco in January wasn't enough, though the sum was plowed into repaying loans.

"The fall of LeEco does not come as a surprise. When you use hype to stretch reality, reality usually wins," says Jay Zhao, a partner at San Francisco-based Walden Venture Capital, which is considering investing in Chinese startups and taking on Chinese investors. "It's a painful lesson for all that investors should be very cautious chasing shiny objects. No matter who brings those to you."

Music Streaming Service Cuts Staff

By ANNE STEELE

Audio-sharing platform **SoundCloud Ltd.** will lay off more than 40% of its staff in a bid to reach profitability in a competitive music-steaming environment.

In a blog post Thursday, its chief executive and co-founder, Alex Ljung, said the company would shed 173 employees and consolidate staff into its Berlin headquarters and offices in New York.

A SoundCloud spokeswoman said the privately held company's San Francisco office will close.

It is also consulting with employees in London regarding the office there.

Mr. Ljung said the company more than doubled its revenue in the past 12 months but needs to cut costs, increase advertising and subscription revenue, and "focus on our unique competitive advantage: artists and creators."

"We're on our path to profitability and in control of SoundCloud's independent future," he said.

SoundCloud stakes claim to one of the biggest music catalogs online.

The company currently reaches about 175 million listeners in more than 190 countries each month through its own mobile apps and sites, as well as through other channels such as social media.

Founded in 2007, SoundCloud gained most of its traction as a free site for emerging artists and DJs to share and promote their music.

Early last year it began selling paid subscriptions for a new tier of service called SoundCloud Go, which lets users listen to music offline and without ads.

It includes access to 125 million tracks, mostly mixes, mashups and other musical creations by emerging artists and DJs for which the site is known. SoundCloud Go also has a catalog of roughly 30 million songs that is also offered on other subscription services such as Spotify and Apple Music.

Samsung Heir's Trial Turns on Sports Deal

BY EUN-YOUNG JEONG

SEOUL—South Korea's Samsung business empire makes hundreds of deals each year. But an obscure \$18.6 million equestrian agreement it signed two years ago to fund a company in Germany could upend a decadeslong leadership succession process at the conglomerate.

Samsung heir Lee Jae-yong was arrested in February, and is on trial over his alleged role in a corruption scandal that led to former South Korean President Park Geun-hye's impeachment. Three months into the trial, the prosecutors' criminal case is riding on what they describe as a form of horse-trading: an effort by Samsung to channel money for political favors by funding the equestrian aspirations of the daughter of a close friend of the country's former president.

The prosecution's case centers on the funding of Core Sports International GmbH, a small German sports-consulting company prosecutors say was controlled by Ms. Park's close friend, Choi Soon-sil. Core Sports had just one client: Ms. Choi's daughter, Chung Yoo-ra, an equestrian athlete.

Samsung's Mr. Lee is accused of having ordered his company to fund Core Sports. In return, prosecutors allege Ms. Choi colluded with Ms. Park to have the then-president direct the country's pension service to vote in favor of a 2015 merger of two Samsung affiliates that was seen as a critical step in consolidating Mr. Lee's grip on **Samsung Electronics Co.** Ms. Park and Mr. Lee have denied wrongdoing.

Prosecutors say they believe they have enough evidence to show Samsung's equestrian sponsorship constitutes bribery. "The equestrian support was for one person, Chung Yoo-ra," said special prosecutor Park Young-soo, at April's opening hearing.

Mr. Lee's defense attorneys have acknowledged Samsung's sponsorship of the German company, but denied the funds were intended to benefit a specific person.

"Samsung's business activities were not a part of Mr. Lee's succession plan, but regular business activities," said Song Wu-cheol, one of Mr. Lee's lawyers at a hearing.

Mr. Lee has yet to testify in court but at a parliamentary



Chung Yoo-ra in equestrian competition in South Korea in 2014.

ing. Ms. Choi's lawyer rejected the bribery charge in another trial involving Ms. Choi and Ms. Park. Ms. Choi's lawyers didn't respond to several requests for comment.

Mr. Lee, 49, has been absent from his role as the vice chairman of Samsung Electronics since February, when he was arrested. Under South Korean law, he can be detained until the end of August without a verdict, which can be extended. If convicted, he can face at least five years in prison.

The prosecutors' case stretches back to August 2015, shortly after South Korea's National Pension Service—then the biggest shareholder in Samsung C&T Corp., one of the Samsung affiliates in the 2015 merger—cast a decisive vote in favor of the merger, ensuring its approval. That deal was opposed by many foreign investors and proxy advisory firms Glass Lewis & Co. and Institutional Shareholder Services Inc., which regarded it as detrimental to Samsung C&T shareholders. Last month, the court sentenced two former officials tied to NPS in connection with the merger. The two officials have appealed the verdict to a higher court.

A spokesman at NPS declined to comment for this article.

Weeks later, on Aug. 26, Samsung Electronics officials met with Core Sports employees at Frankfurt's Intercontinental Hotel to sign a contract promising the consulting company \$18.6 million over a three-year period to train South Korean athletes, according to witnesses questioned during the trial. Ms. Choi was in the lobby of the hotel during the signing, witnesses said.

Under the agreement, Core Sports would use the funds to buy 12 horses and support six athletes, according to a copy of the contract reviewed by The Wall Street Journal.

But Core Sports was ill-equipped to carry out conditions of the deal at the time. The company was registered only a day before its deal with Samsung, according to a German commercial registration document presented by prosecutors in court.

Park Sung-kwan, a German-based lawyer and one of Core Sports' co-signees for the contract between the German company and Samsung, de-

clared that Samsung sponsored the equestrian training at Ms. Park's request "with no strings attached."

"Samsung did not pay any bribes and did not make any improper requests or seek favors. We believe that the court proceedings will reveal the truth," said a Samsung spokeswoman, reiterating an earlier statement.

Both Ms. Choi and Ms. Chung have denied wrongdoing.

Prosecutors have so far put forward 10 witnesses, thousands of pages of emails, text messages and phone records to detail how Samsung's equestrian sponsorship was allegedly a coverup for channeling funds to Ms. Choi and Ms. Chung for over 10 months.

Mr. Lee has yet to testify in court but at a parliamentary

hearing in December, he denied asking the government to support the merger.

Prosecutors have so far put forward 10 witnesses, thousands of pages of emails, text messages and phone records to detail how Samsung's equestrian sponsorship was allegedly a coverup for channeling funds to Ms. Choi and Ms. Chung for over 10 months.

Under the agreement, Core Sports would use the funds to buy 12 horses and support six athletes, according to a copy of the contract reviewed by The Wall Street Journal.

Mr. Lee's defense lawyers and some witnesses said that Samsung intended for the dressage training to support more than one athlete, but was prevented from doing so by Ms. Choi.

Last week, Ms. Choi delayed taking the witness stand at Mr. Lee's trial, citing health issues. Ms. Chung said she had no knowledge of what went on between her mother and Ms. Choi. "My mother said that I would be one of the athletes out of six funded by Samsung Electronics," Ms. Chung told reporters in May.

Prosecutors are expected to complete witness examinations in the coming weeks, after which defense lawyers can call witnesses to the stand.

PAID ADVERTISEMENT

Turkey Discover the potential



Istanbul: The next global financial center

As Turkey continues to ascend in global finance, the transformation of Istanbul, the economic capital of the country, into a leading financial center is well underway.

Istanbul, the world's seventh-largest city, is already an investment hotspot for domestic and international investors from many sectors, has a lively real estate market and hosts the country's sole stock exchange, Borsa Istanbul. It is also home to major domestic and international banks and financial institutions, and the location of the headquarters of most of the country's blue-chip companies and influential enterprises. In other words, there is a lot of money circulating in the city—and money is best utilized when put to work. Making Istanbul a new financial center for the region will certainly have a substantial impact on the global financial market, with plenty of economic opportunities at the crossroads of Europe and the Middle East, North Africa and Central Asia. Turkey's government is well aware that the financial industry plays a significant role in the city's and country's economic growth and employment, and affects state revenues, as in other global financial hubs such as London, New York, Hong Kong, Singapore, Tokyo, Shanghai, Dubai, Frankfurt or Zurich.

Over the past decade, Turkey's government has developed a roadmap for the Istanbul International Financial Center initiative (contained within Turkey's 10th Development Plan 2014–2018), which aims to make Istanbul a regional, then a global financial center, and includes construction of a 170-acre financial complex on the city's Asian side. During this time, Istanbul is upgrading its financial infrastructure and regulations, and relocating banks and financial market supervisory authorities from Ankara to Istanbul. The city is also expected to benefit from Brexit, as several financial ser-

vices providers are likely to move away from London. Especially for Islamic finance institutions in the U.K., Istanbul's transformation into a financial hub comes at the right time.

While some departments of the project are expected to begin operating as early as 2019, the Istanbul International Financial Center will officially and completely launch by 2023, the 100th anniversary of the Declaration of the Turkish Republic. Turkey is also expected to be among the 10 largest economies globally (it is currently 17th, as per nominal GDP figures issued by the International Monetary Fund) by then. Thus, the inauguration of the financial center will also symbolize Turkey's growing economic power and global impact. Construction of the Istanbul International Financial

Center, located in the modern suburban business district of Atasehir, which is well connected to Istanbul's city center, began in 2015. The center will have offices and conference areas, premium hotels and retail facilities, and will house Turkey's capital market board and the country's banking regulation and supervision agency. It will also have a subway station, residences, parks, administrative buildings, a health center, a police station, a fire department, education centers, mosques and a nursery. Numerous corporations and other entities in Istanbul, including the central bank and several other key financial institutions, are expected to move their headquarters to the new financial center. Up to 50,000 people will be employed in the center, not only in the financial services industry, but also in other professional occupations—lawyers, consultants, advisors and arbitrators—as well as in marketing and information technology. Overall investment in the Istanbul International Financial Center is about \$2.6 billion. Istanbul offers many business benefits, including a qualified workforce groomed in the country's best educational institutions, advanced capital market laws and a regulatory environment harmonized with European Union requirements. Turkey also plans to reduce taxation on financial market transactions to a more competitive level than most other countries, in order to attract financial market players to the city.

"The Istanbul finance center will be an assertive project for the future, as it offers the same opportunities as other competitive financial markets and can even surpass them," says Turkey's Finance Minister Naci Ağbal. *

OVERALL INVESTMENT IN THE ISTANBUL INTERNATIONAL FINANCIAL CENTER IS ABOUT \$2.6 BILLION.

TURKEY'S STRATEGIC IMPORTANCE FOR THE USA

Turkey and the United States of America have been partners and allies for a long time. The relationship goes back to 1831, when the U.S. and the Ottoman Empire established diplomatic relations. In 1927, a few years after the Turkish Republic was founded, the young country and the U.S. again formed diplomatic relations, which have continued to present day.

Turkey plays a strategically important role for the United States, as a link between the East and the West. In terms of military strategy, Turkey has been a NATO ally since 1952, so the countries share military interests. Turkey is situated between Europe and the Middle East, as well as Russia. That gives the United States a centrally located ally who has provided the U.S. with access to military bases. In terms of the strategic role of economics, Turkey has a free market economy, like other Western countries. That steadily growing economy makes it an attractive ally, with economic strength. The OECD expects that Turkey's GDP will grow 3.4% in 2017 and 3.5% in 2018.

Collaboration

U.S. scientists are collaborating with their Turkish counterparts in a variety of research on improving health, education and energy efficiency, through the U.S.-Turkey Science and Technology Agreement. This is a public-private partnership to support technology-based entrepreneurship and innovation, to bring technologies to underserved populations. The U.S. sees Turkey as a major energy center. Its location again plays a role, as Turkey is a major transit hub for fuel and energy product transportation to the surrounding countries. And it's also due to the privatization of Turkey's energy production sector, along with the country's emphasis on developing and using renewable energy.

Trade

In recent decades, trade between the U.S. and Turkey has increased substantially. In 2016, more than \$17 billion in goods passed between the countries, up from the \$3.5 billion in 1992. However, everyone agrees that there's untapped potential for much more trade. The U.S. exports iron, steel, aircraft, defense goods, machinery, agricultural goods, oil, yarn, fabric and cotton to Turkey. In return, Turkey exports travertine, marble, vehicles, other types of machinery, vegetable oil and fruits/vegetables. The two countries have relied on the Framework for Strategic Economic and Commercial Cooperation (FSECC) to guide economic relations, since 2009.

Investment

Turkey's second largest amount of foreign direct investments is from U.S. sources, and the current U.S. government wants to increase those investments. The top U.S. direct investments in the banking and manufacturing industries. During a spring 2017 visit to Ankara, U.S. Secretary of State Tillerson declared he came to "deepen our countries' trade and investment ties."

The culture of entrepreneurship is rising in Turkey, and the larger middle class and urbanization is attractive to investors. The growth figures reflect the role of trade in Turkey's economy. In 1975, the proportion of GDP related to trade was only 15.6%. By 2015, that had risen to 58.8%. Turkey's export-oriented manufacturing sector was a driving factor.

Turkey tripled its GDP between 2002 and 2015, with an average annual growth of 4.7%. It's the 17th largest economy in the world and has a young, educated workforce. It's considered to have a business-friendly environment with highly competitive investment conditions. Infrastructure is well-developed and the country is centrally situated between various world markets. Turkey has belonged to the EU's Customs Union since 1996 and participates in free trade agreements with 27 countries. In addition to trading with other countries, Turkey has a large domestic market for consumption and sales.

Global partner

Turkey has been a solid U.S. partner in combatting combat terrorism, specifically to defeat ISIS. The country allows the U.S. military to operate from Turkish military bases. Turkey is working to build stability in the region in other ways as well. As a country that went through political reforms in the early 2000s, some Arab countries are looking to Turkey as a role model for their own transition. There's no doubt that there's plenty of room for additional potential for commercial, collaboration and investment opportunities between Turkey and the U.S. Due to a number of factors, Turkey is one of the most important investment centers of the world and is ripe for additional U.S. attention and cooperation. *



ADVERTISEMENT

Legal Notices

To advertise: 800-366-3975 or WSJ.com/classifieds

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT, DISTRICT OF DELAWARE

In re TK HOLDINGS INC., et al., Chapter 11 Case No. 17-11375 (BLS)

Debtors. Jointly Administered

Date case filed for chapter 11: June 25, 2017 EIN: 13-3573416

Notice of Chapter 11 Bankruptcy Case

For each of the debtors listed below, a case has been filed under chapter 11 of the Bankruptcy Code. An order for relief has been entered. This notice contains information about the case for creditors, debtors and trustees, including information about the meeting of creditors and deadlines. Read all pages carefully.

The filing of the case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorney's fees.

Confirmation of a chapter 11 plan may result in a discharge of debt. A creditor who wants to have a particular debt excepted from discharge may be required to file a complaint in the bankruptcy clerk's office within the deadline specified in this notice. (See line 11 below for more information.)

To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at www.pacer.gov).

The staff of the bankruptcy clerk's office cannot give legal advice.

Do not file this notice with any proof of claim or other filing in the case.

Valid Picture ID is required for access to the J. Caleb Boggs Federal Building.

1. Lead Debtor's full name: TK Holdings Inc.

2. All other names used in the last 8 years: N/A

Jointly Administered Cases (Other names, if any, used by the Debtor in the last 8 years appear in brackets and italics). Case No., Tax ID, Address:

Takata Americas, 17-11372, XX-XXX9766, 2500 Takata Drive, Auburn Hills, MI 48326; TK Finance, LLC (TK Finance Corporation), 17-11373, XX-XXX2753, 2500 Takata Drive, Auburn Hills, MI 48326; TK China, LLC (TK China Inc.), 17-11374, XX-XXX1312, 2500 Takata Drive, Auburn Hills, MI 48326; Takata Protection Systems Inc., (BAE Safety Products Inc.), (Schröth Safety Products Corp.), (TK Holdings, Inc.), 17-11376, XX-XXX3881, 1371 SW 6th Street, Suite 3, Pompano Beach, FL 33069; Interior in Flight Inc. (TPS Acquisition Inc.), 17-11377, XX-XXX4046, 5945 Hazelton National Drive, Orlando, FL 32822; TK Mexico Inc., 17-11378, XX-XXX8331, 2500 Takata Drive, Auburn Hills, MI 48326; TK Mexico LLC, 17-11379, XX-XXX9029, 2500 Takata Drive, Auburn Hills, MI 48326; Interpol, S de R.L. de C.V., 17-11380, N/A, Carretera Santa Rosa Km. 3.5, Interpol, Apodaca, Nuevo Leon 66600, Mexico; Interpol, S de R.L. de C.V., 17-11381, N/A, Coahuila, Pres. la Amistad Km. 7, Coahuila, Ciudad Acuña, Coahuila 26220, Mexico; Tektite, S de R.L. de C.V., 17-11383, N/A, Carretera Santa Rosa Km. 3.5, Interpol, Apodaca, Nuevo Leon 66600, Mexico.

3. Address: 2500 Takata Drive, Auburn Hills, MI 48326

4. Debtors' attorney and claims agent (name and address): RICHARDS, LAYTON & FINGER, PA, Mark D. Collins (No. 2982), Michael J. Merchant (No. 3854), Amanda R. Steele (No. 5530), Brett M. Haywood (No. 6166), 920 King Street, Wilmington, Delaware 19801. Contact phone: (302) 651-7700 and WEIL, GOTSHAL & MANGES LLP, Marcia L. Goldstein, Ronit J. Berkovich, Matthew P. Goren, 767 Fifth Avenue, New York, New York 10153, Contact

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re: TOISA LIMITED, et al., Chapter 11 Case No. 17-10184 (SCC) (Jointly Administered)

Debtors.

NOTICE OF DEADLINES FOR FILING OF PROOFS OF CLAIM

(GENERAL CLAIMS BAR DATE AUGUST 8, 2017 AT 5:00 P.M. EASTERN TIME)

PLEASE TAKE NOTICE THAT ANY PERSON OR ENTITY THAT FILES A PROOF OF CLAIM IN THESE BANKRUPTCY CASES SHALL BE DEEMED, FOR THE PURPOSES OF THESE BANKRUPTCY CASES, TO HAVE SUBMITTED TO THE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. THE FAILURE BY ANY ENTITY OR PERSON REQUIRED TO TIMELY FILE A PROOF OF CLAIM AS SET FORTH IN THE ACCOMPANYING NOTICE WILL BE FOREVER BARRED FROM (A) ASSERTING SUCH CLAIM AGAINST THE DEBTORS' ESTATES OR PROSECUTING IT (B) RECEIVING DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIM IN THESE BANKRUPTCY CASES.

On June 9, 2017, the United States Bankruptcy Court for the Southern District of New York ("the Court") entered an order (Docket No. 198) ("the "Bar Date Order") establishing certain deadlines for the filing of proofs of claim in the chapter 11 cases of the above-captioned debtors and debtors in possession (collectively, the "Debtors"). A list of all the Debtors and their respective case numbers is set forth below.

By the Bar Date Order, the Court established August 8, 2017 at 5:00 p.m., Eastern Time (the "General Claims Bar Date"), as the general claims bar date for filing proofs of claim in the Debtors' cases. As described below, the Bar Date Order also establishes different bar dates for other categories of claims. Among other exceptions described below, the General Claims Bar Date does not apply to claims of governmental unit (as defined in section 101(27) of title 11 of the United States Code (the "Bankruptcy Code")) and unsecured nonpriority claims.

1. THE BAR DATES: The Bar Date Order establishes the following bar dates for filing proofs of claim in these cases (collectively, the "Bar Dates").

(a) The General Claims Bar Date: Pursuant to the Bar Date Order, except as described below, all entities holding claims against the Debtors that arose or are deemed to have arisen prior to the commencement of these cases are required to file proofs of claim by the General Claims Bar Date (i.e., by August 8, 2017 at 5:00 p.m. Eastern Time). These cases were commenced on January 29, 2017 (the "Petition Date"). The General Claims Bar Date applies to all types of claims against the Debtors that arose prior to the Petition Date. On the Petition Date, the General Claims Bar Date applies to all types of claims, including secured, priority, unsecured, nonpriority, and non-allowable claims.

(b) The Rejection Claims Bar Date: Pursuant to the Bar Date Order, any entity asserting claims arising from or relating to the rejection of executory contracts or unexpired leases, in accordance with section 365 of the Bankruptcy Code and pursuant to an order entered prior to the confirmation of a chapter 11 plan in the applicable Debtor's chapter 11 case (any such order, a "Rejection Order"), or claims otherwise related to such rejected agreements, including claims entitled to administrative priority under section 503(b) of the Bankruptcy Code (the "Rejection Damage Claims") are required to file proofs of claim by the later of: (a) the General Claims Bar Date; and (b) 5:00 p.m., Eastern Time, on the date that is 60 days after the entry of the relevant Rejection Order ("Rejection Claims Bar Date"). For avoidance of doubt, the preceding bar date postpools any claim of any type or nature arising from or relating to executory contracts or unexpired leases rejected by a Rejection Order must be filed by the Rejection Claims Bar Date.

(c) The Amended Schedules Bar Date: Pursuant to the Bar Date Order, if subsequent to the date of this Notice, a Debtor amends or supplements its Schedules of Assets and Liabilities (the "Schedules"), the affected claimant is required to file a proof of claim or amend any previously filed proof of claim in respect of the amended scheduled claim on or before the later of (i) the General Claims Bar Date and (ii) 5:00 p.m., Eastern Time, on the date that is 60 days after the date that notice of the applicable amendment or supplement to the schedules is served on the claimant. The later of these dates is referred to in this Notice as the "Amended Schedules Bar Date".

(d) The General Bar Date: Pursuant to the Bar Date Order, all governmental units holding claims against the Debtors that arose or are deemed to have arisen prior to the Petition Date (including secured claims, unsecured priority claims and unsecured nonpriority claims) are required to file proofs of claim by July 28, 2017 at 5:00 p.m., Eastern Time (the "Governmental Bar Date").

2. WHO MUST FILE A PROOF OF CLAIM: You MUST file a proof of claim to vote on a chapter 11 plan or to share in distributions to creditors from the Debtors' bankruptcy estates. Claims based on acts or omissions of the Debtors that occurred before the Petition Date must be filed on or prior to the applicable Bar Date; even if such claims are not yet final, liquidated or certain or did not mature or become fixed, liquidated or certain before the Petition Date, except where the Rejection Claims Bar Date, the Amended Schedules Bar Date or the Governmental Bar Date apply to establish a different deadline, or one of the following:

(e) BY FIRST CLASS MAIL/OVERNIGHT COURIER OR HAND DELIVERY: Toisa Limited, et al., Claimants' Committee, 1000 Peachtree Street, Atlanta, Georgia 30309.

c/o Kurtzman Capital Consulting, 100 Peachtree Street, Atlanta, Georgia 30309.

Alternatively, proofs of claim may be submitted electronically through the electronic filing system available through the claim's agent website at <http://www.kcclc.net/toisa>.

Proofs of claim will be deemed filed only when actually received by the Bankruptcy Court or at the addresses listed herein or filed electronically on or before the applicable Bar Date. Proofs of claim may NOT be delivered by facsimile or electronic mail transmission. Any facsimile or electronic mail submissions will not be accepted and will not be deemed filed until a proof of claim is submitted by one of the methods described above.

3. WHAT TO FILE: Claims should be asserted on proof of claim forms that conform substantially to Official Bankruptcy Form No. 40. Proof of claim forms may be obtained at the following websites: <http://www.kcclc.net/toisa> or <http://www.nysb.uscourts.gov/forms/>.

All proof of claim forms must be signed by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant. The proof of claim form must be written in English and be asserted and denominated in United States currency. You should attach to your completed proof of claim form any documents of which the claim is based (or, if such documents are voluminous, attach a summary) or an exhibit.

All entities asserting a claim against more than one Debtor or that has multiple claims against the Debtors must file a separate proof of claim with respect to each such Debtor. In addition, any entity filing a proof of claim must identify on its proof of claim form the specific Debtor against which its claim is asserted. Any claim filed in the joint administration case (Toisa Limited, Case No. 17-10184) or that otherwise fails to identify a specific Debtor shall be deemed as filed only against Debtor Toisa Limited.

4. WHEN AND WHERE TO FILE: All proofs of claim must be mailed so as to be received on or before the applicable Bar Date, at the following address:

IF BY FIRST CLASS MAIL/OVERNIGHT COURIER OR HAND DELIVERY:

Toisa Limited, et al., Claimants' Committee, 1000 Peachtree Street, Atlanta, Georgia 30309.

c/o Kurtzman Capital Consulting, 100 Peachtree Street, Atlanta, Georgia 30309.

Alternatively, proofs of claim may be submitted electronically through the electronic filing system available through the claim's agent website at <http://www.kcclc.net/toisa>.

Proofs of claim will be deemed filed only when actually received by the Bankruptcy Court or at the addresses listed herein or filed electronically on or before the applicable Bar Date. Proofs of claim may NOT be delivered by facsimile or electronic mail transmission. Any facsimile or electronic mail submissions will not be accepted and will not be deemed filed until a proof of claim is submitted by one of the methods described above.

5. WHO NEED NOT FILE A PROOF OF CLAIM: The Bar Date Order further provides that certain entities, whose claims would be subject to the General Claims Bar Date, need not file proofs of claim if they have a copy of the Bar Date Order. Please visit <http://www.kcclc.net/toisa>.

6. CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE APPLICABLE BAR DATE ANY ENTITY THAT IS REQUIRED TO FILE A PROOF OF CLAIM, BUT THAT FAILS TO DO SO BY THE APPLICABLE BAR DATE DESCRIBED IN THIS NOTICE, SHALL BE FOREVER BARRED, ESTOPPED AND ENJOINED FROM THE FOLLOWING: (A) ASSERTING ANY CLAIM AGAINST THE DEBTORS OR THEIR ESTATES OR PROPERTY THAT (I) IS IN AN AMOUNT THAT EXCEEDS THE AMOUNT, IF ANY, THAT IS IDENTIFIED IN THE SCHEDULES ON BEHALF OF SUCH ENTITY AS UNDISPUTED, NONCONTINGENT AND LIQUIDATED; OR (II) IS OF A DIFFERENT NATURE OR A DIFFERENT CLASSIFICATION THAN THE CLAIM IDENTIFIED IN THE SCHEDULES ON BEHALF OF SUCH ENTITY (ANY SUCH CLAIM BEING REFERRED TO THIS NOTICE AS AN "UNSEARCHED CLAIM"); OR (B) VOTING UPON, OR RECEIVING DISTRIBUTIONS UNDER, ANY CHAPTER 11 PLAN PROMULGATED IN THESE CHAPTER 11 CASES IN RESPECT OF AN UNSEARCHED CLAIM.

7. THE DEBTORS' SCHEDULES AND ACCESS THERETO: You may be listed as the holder of a claim against one or more of the Debtors in the Debtors' Schedules. Copies of the Debtors' Schedules and other information and documents regarding the Debtors' chapter 11 cases are available for review free of charge on the Debtors' website at <http://www.kcclc.net/toisa>. The Schedules and other filings in the Debtors' chapter 11 cases are also available for a fee at the Court's website at <https://ecf.nysb.uscourts.gov>.

If you rely on the Debtors' Schedules, it is your responsibility to determine that the claim is accurately listed in the Schedules.

A HAVING A POSSIBLE CLAIM AGAINST THE DEBTORS SHOULD CONSULT AN ATTORNEY REGARDING ANY MATTERS NOT COVERED BY THIS NOTICE, SUCH AS WHETHER THE HOLDER SHOULD FILE A PROOF OF CLAIM.

DATED: New York, New York

June 9, 2017

TOGUT, SEGAL & SEGAL LLP

One Penn Plaza, Suite 3335, New York, New York 10119

Albemarle, Esq., 100 Peachtree Street, Atlanta, Georgia 30309

The Debtors in these chapter 11 cases are as follows: Trade Prosperity, Inc. (17-10183); Toisa Limited (17-10184); United Courage, Inc. (17-10185); Trade Vision, Inc. (17-10186); United Journey, Inc. (17-10187); United Kalavryta, Inc. (17-10188); Trade Sky, Inc. (17-10189); Trade Industrial Development Corporation (17-10190); United Honor, Inc. (17-10192); Trade Will, Inc. (17-10193); United Leadership Inc. (17-10194); United Seas, Inc. (17-10191); United Dynamic, Inc. (17-10195); United Emblem, Inc. (17-10196); United Ideal, Inc. (17-10197); Trade Unity, Inc. (17-10198); Trade Quest, Inc. (17-10199); Trade Spirit, Inc. (17-10200); Trade Rate, Inc. (17-10201); United Power, Inc. (17-10202); Edgewood Offshore Shipping, Ltd. (17-10203); United Banner, Inc. (17-10204); Toisa Horizon, Inc. (17-10205); and Trade and Transport Inc. (17-10206).

PUBLIC NOTICES

IMPORTANT LEGAL NOTICE

TO: Policyholders, Claimants, Subscribers, Creditors, and Other Persons Interested in the Affairs of Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") (collectively, the "Companies")

On June 16, 2017, in Case No. INS-2017-00155, the Deputy Receiver filed her Application for Final Order Approving Various Wind-Down Matters ("Wind-Down Application") requesting issuance by the State Corporation of the Commonwealth of Virginia ("Commission") of a final order; (i) ratifying the Deputy Receiver's compromise of claims asserted in the TRG estate by the Pension Benefit Guaranty Corporation; (ii) ratifying the Deputy Receiver's compromise of claims asserted by the Companies in the liquidation of certain Tennessee risk retention group; (iv) ratifying the record retention schedule attached to the Wind-Down Application, subject to any requirement to retain for a longer period any records relevant to pending or anticipated litigation; (v) ratifying the conduct and wind down of the receivership by the Deputy Receiver, her predecessor and their deputies, counsel, and consultants hereafter; (vi) approving the Deputy Receiver's establishment of a reserve of \$500,000 for TRG's final expenses and contingencies; (vii) approving the Deputy Receiver's establishment of a reserve of \$10,000,000 for ROA's final expenses and contingencies; (viii) approving the Deputy Receiver's execution, after the payment of all proposed claims of the Companies (subject to the reserves for the Companies' respective wind-down costs, expenses, and contingencies), of an agreement to establish a liquidating trust for the purposes set forth in the Wind-Down Application; (ix) approving the distribution of the Companies' assets in the manner proposed in the Wind-Down Application; and (x) authorizing the Deputy Receiver to file notice and a report with the Commission, along with a recommendation that this receivership proceeding be closed, after the purposes of the liquidating trust have been distributed, and the receivership have been accomplished, any remaining assets in the liquidating trust have been distributed, and the liquidating trust has terminated.

On June 23, 2017, the persons opposing a Scheduling Order on the Wind-Down Application, establishing: (i) a deadline of August 24, 2017 for persons opposing the relief requested in the Wind-Down Application to file and serve a Notice of Objection; (ii) a deadline of September 5, 2017, for all persons other than the Deputy Receiver who expect to appear at a hearing for purposes of supporting or opposing the Wind-Down Application to file and serve the proposed testimony and exhibits of each witness expected to present direct testimony in support of, or in opposition to, the Wind-Down Application; and (iii) a conference hearing on the Wind-Down Application to be held in Richmond, Virginia, on October 4, 2017, at 10 a.m. Eastern Time, but only in the event that any notices of Objection are timely filed.

For additional details, please refer to the Wind-Down Application and the Scheduling Order, which are posted on the Company's web site at www.reciprocalgroup.com. Copies may also be requested by writing to Reciprocal of America and The Reciprocal Group, in Liquidation, 1101 Century Oaks Terrace, Suite 310, Austin, Texas 78758, by e-mailing to info@reciprocalgroup.com, or by calling 1-512-404-6555.

© 2017 Dow Jones & Company, Inc. All Rights Reserved.

BUSINESS NEWS



ETHAN MILLER/GETTY IMAGES

Cirque du Soleil Adds Blue Man to Repertoire

By MARIA ARMENTAL

Cirque du Soleil Canada

Inc. said Thursday it has acquired the experimental-theater company Blue Man Group, as the Montreal-based organization continues to expand its range of entertainment offerings beyond highflying aerial stunts.

Cirque du Soleil's purchase of Blue Man Group adds six resident productions in the U.S. and Germany as well as two touring productions. Financial terms weren't disclosed.

Cirque du Soleil has been working on plans to expand outside of circus arts to attract a wider audience, with productions including the

Broadway musical "Paramour."

Private-equity firm TPG Capital and Chinese conglomerate Fosun International bought a majority stake in Cirque du Soleil for \$1.5 billion in 2015.

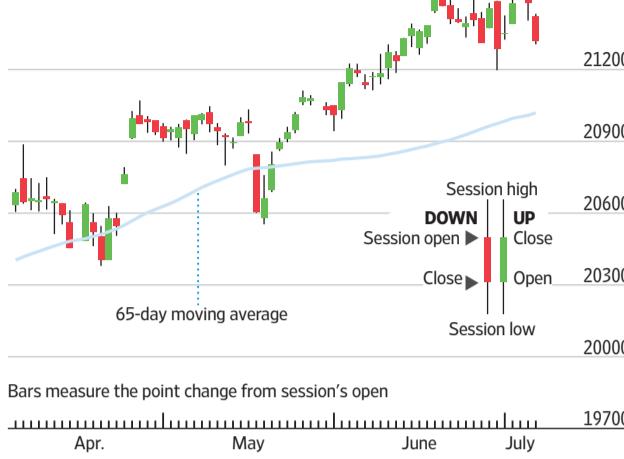
Developed in 1991 on New York's Lower East Side by three friends, Blue Man Group and its three bald, blue-faced men exploring cultural norms have won audiences over around the

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

21320.04 ▼158.13, or 0.74%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Apr. May June July 19700

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2409.75 ▼22.79, or 0.94%
High, low, open and close for each trading day of the past three months.



Apr. May June July 2270

Nasdaq Composite Index

6089.46 ▼61.39, or 1.00%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	21433.10	21305.38	21320.04	-158.13	-0.74	21528.99	17888.28	18.8	7.9	7.7
Transportation Avg	9638.02	9560.87	9576.16	-69.75	-0.72	9645.91	7557.62	26.7	5.9	4.9
Utility Average	701.43	697.76	700.44	-0.50	-0.07	737.51	625.44	-2.2	6.2	8.1
Total Stock Market	25122.15	24936.52	24958.26	-253.44	-1.01	25399.65	21514.15	15.5	7.2	6.2
Barron's 400	645.26	639.97	640.78	-7.77	-1.20	650.48	519.88	23.3	6.5	5.5
Nasdaq Stock Market										
Nasdaq Composite	6127.98	6081.96	6089.46	-61.39	-1.00	6321.76	4876.81	24.9	13.1	10.7
Nasdaq 100	5628.84	5579.64	5597.90	-50.91	-0.90	5885.30	4459.58	25.5	15.1	12.6
Standard & Poor's										
500 Index	2424.28	2407.70	2409.75	-22.79	-0.94	2453.46	2085.18	14.9	7.6	6.7
MidCap 400	1747.11	1728.99	1730.75	-21.19	-1.21	1769.34	1476.68	16.0	4.2	6.2
SmallCap 600	852.90	843.62	845.07	-12.18	-1.42	866.07	703.64	19.8	0.8	6.9
Other Indexes										
Russell 2000	1418.86	1398.83	1400.81	-19.33	-1.36	1426.68	1149.76	21.8	3.2	5.1
NYSE Composite	11771.18	11694.08	11702.43	-107.06	-0.91	11835.72	10289.35	12.4	5.8	1.8
Value Line	522.83	515.67	516.20	-6.63	-1.27	529.13	455.65	12.9	2.0	0.3
NYSE Arca Biotech	3933.37	3859.43	3871.10	-83.46	-2.11	4016.86	2834.14	23.2	25.9	10.7
NYSE Arca Pharma	534.76	529.96	530.41	-7.16	-1.33	554.66	463.78	-0.7	10.1	-0.1
KBW Bank	97.85	96.51	96.58	-0.82	-0.85	99.33	63.27	52.7	5.2	10.1
PHLX® Gold/Silver	79.82	78.90	78.98	-0.88	-1.11	112.86	73.03	-23.9	0.2	-8.0
PHLX® Oil Service	132.40	127.43	127.76	-3.10	-2.37	192.66	127.17	-21.9	-30.5	-25.6
PHLX® Semiconductor	1045.88	1027.14	1037.05	-4.73	-0.45	1138.25	681.82	52.1	14.4	16.8
CBOE Volatility	13.05	11.18	12.54	1.47	13.28	22.51	9.75	-15.0	-10.7	6.7

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt 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	% chg	After Hours High	Low
iShares MSCI Japan ETF	EWJ	14,245.5	53.01	...	unch.	53.27	52.96
SPDR S&P 500	SPY	7,232.3	240.75	0.20	0.08	242.84	240.55
Weyerhaeuser	WY	6,231.8	32.06	...	unch.	32.50	32.05
PulteGroup	PHM	4,962.9	24.40	-0.01	-0.04	24.50	24.40
iShares Russell 2000 ETF	IWM	3,536.8	139.09	-0.05	-0.04	140.97	138.87
Rice Energy	RICE	3,292.6	25.40	0.13	0.50	25.47	25.27
Oneok Inc	OKE	2,817.8	52.60	...	unch.	52.79	52.57
iShares MSCI Emdg Markets	EEM	2,781.2	41.00	-0.05	-0.12	41.06	40.94

Percentage gainers...

Synchronoss Technologies	SNCR	22.4	16.81	0.95	5.99	17.37	15.86
iShares MSCI EAFE SC	SCZ	18.6	60.00	2.69	4.69	60.00	57.31
SolarEdge Technologies	SEDG	9.2	20.25	0.70	3.58	21.00	19.55
Eldorado Gold	EGO	6.3	2.65	0.09	3.52	2.65	2.52
Conatus Pharmaceuticals	CNTA	55.0	6.39	0.21	3.40	6.59	6.18
...And losers							
Cherokee	CHKE	190.5	6.05	-1.70	-21.94	7.70	5.95
Advaxis Inc.	ADXS	7.3	6.20	-0.50	-7.46	6.70	5.65
Ocular Therapeutix	OCUL	192.7	8.90	-0.60	-6.32	9.55	8.70
Canadian Natl Railway	CNI	56.1	77.31	-4.08	-5.01	81.39	77.31
McDermott International	MDR	361.5	7.01	-0.22	-3.04	7.27	7.00

*Primary market NYSE, NYSE Arca, NYSE Mkt and Nasdaq only. †TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Mkt
Total volume*	876,583,837	10,324,417
Adv. volume*	117,783,928	3,188,485
Decl. volume*	748,118,180	6,600,384
Issues traded	3,090	337
Advances	577	94
Declines	2,420	218
Unchanged	93	25
New highs	33	...
New lows	49	3
Closing tick	328	21
Closing Arms†	1.53	0.89
Block trades*	6,589	118
Nasdaq		NYSE Arca
Total volume*	1,967,897,639	314,016,471
Adv. volume*	346,626,056	78,602,243
Decl. volume*	1,570,434,300	234,480,116
Issues traded	3,016	1,341
Advances	643	223
Declines	2,192	1,093
Unchanged	181	25
New highs		

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open	High	Low	Settle	Chg	Open interest
	Open	High	Low	Settle	Chg	Interest	Open					
Copper-High (CMX) -25,000 lbs.; \$ per lb.	2,6500	2,6555	2,6425	2,6515	0,0025	4,480						
July	2,6500	2,6555	2,6425	2,6515	0,0015	141,804						
Gold (CMX) -100 troy oz.; \$ per troy oz.	1225,10	1225,10	1222,40	1222,20	1,80	75						
July	1225,10	1225,10	1222,40	1222,20	1,80	75						
Aug	1226,50	1229,50	1221,80	1223,30	1,60	285,238						
Oct	1230,20	1230,20	1225,60	1226,90	1,60	18,177						
Dec	1233,40	1236,60	1229,20	1230,60	1,70	121,243						
Feb'18	1236,70	1236,80	1233,20	1234,10	1,70	12,571						
Jun	1243,10	1243,50	1240,60	1241,10	1,80	7,453						
Palladium (NYM) -50 troy oz.; \$ per troy oz.												
July	837,90	837,90	837,90	844,20	-2,55	8						
Aug	837,90	837,90	837,90	837,65	1,40	4						
Sept	836,50	843,25	827,50	832,20	-2,20	30,862						
Dec	834,30	837,95	825,65	828,80	-1,60	2,829						
March'18	821,10	821,10	821,10	822,60	-2,10	137						
Platinum (NYM) -50 troy oz.; \$ per troy oz.												
July	906,50	906,50	904,90	907,20	1,50	89						
Oct	909,25	910,50	906,00	910,30	1,50	69,013						
Silver (CMX) -5,000 troy oz.; \$ per troy oz.												
July	15,995	16,000	15,885	15,927	0,085	828						
Sept	16,055	16,080	15,910	15,983	0,087	158,618						
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.												
Aug	45,65	46,53	45,18	45,52	0,39	487,969						
Sept	45,87	46,73	45,37	45,70	0,36	330,354						
Oct	46,07	46,92	45,58	45,89	0,34	123,498						
Dec	46,61	47,42	46,12	46,40	0,30	315,116						
June'18	47,66	48,38	47,21	47,53	0,22	116,430						
Dec	48,58	49,10	48,05	48,38	0,15	157,565						
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.												
Aug	1,4921	1,5096	1,4726	1,4819	0,034	118,278						
Sept	1,4980	1,5156	1,4790	1,4880	0,033	70,355						
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.												
Aug	1,5205	1,5417	1,5090	1,5287	0,026	134,228						
Sept	1,5097	1,5278	1,4953	1,5133	0,026	79,986						
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.												
Aug	2,857	2,893	2,849	2,888	0,048	290,934						
Sept	2,851	2,891	2,848	2,881	0,044	185,628						
Oct	2,879	2,917	2,875	2,908	0,043	180,704						
Jan'18	3,192	3,230	3,188	3,217	0,036	106,926						
March	3,133	3,162	3,125	3,149	0,033	78,927						
April	2,781	2,797	2,772	2,790	0,021	93,415						
Agriculture Futures												
Corn (CBT) -5,000 bu.; cents per bu.												
July	380,00	381,25	374,75	380,25	-1,50	4,096						
Sept	390,25	391,50	382,00	390,50	-1,50	597,440						
Oats (CBT) -5,000 bu.; cents per bu.												
July	272,00	272,00	272,00	272,75	-7,00	95						
Dec	288,75	290,00	270,50	276,25	-11,00	4,466						
Soybeans (CBT) -5,000 bu.; cents per bu.												
July	979,00	982,00	970,00	980,75	4,50	2,471						
Nov	996,00	10,000	985,00	999,25	5,00	360,595						
Soybean Meal (CBT) -100 tons; \$ per ton.												
July	317,50	320,00	314,90	320,00	3,50	2,428						
Dec	327,50	330,00	323,30	329,70	4,10	167,661						
Soybean Oil (CBT) -60,000 lbs.; cents per lb.												
July	33,05	33,10	32,69	32,83	-32	2,596						
Dec	33,55	33,71	33,23	33,38	-33	163,555						
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.												
July	1165,00	1165,00	1164,50	1164,50	3,50	99						
Sept	1190,00	1193,00	1182,50	1192,50	2,00	8,327						
Wheat (CBT) -5,000 bu.; cents per bu.												
July	51,99	52,87	51,99	51,99	-20,25	495						
Sept	560,00	560,00	535,00	535,00	-21,00	212,491						
Wheat (KKC) -5,000 bu.; cents per bu.												
July	528,75	540,75	528,75	530,50	-20,75	860						
Sept	569,00	569,00	543,50	546,50	-23,00	132,973						
Wheat (MPLS) -5,000 bu.; cents per bu.												
July	812,75	812,75	763,25	763,25	-47,25	30						
Sept	828,00	828,00	762,00	769,00	-50,75	33,861						
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.												
Aug	142,850	143,350	141,200	144,625	2,400	29,909						
Sept	143,025	145,400	141,500	144,775	2,050	11,820						
Cattle-Live (CME) -40,000 lbs.; cents per lb.												
Aug	113,600	115,625	112,425	114,								

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISYE and BATS. 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 stocks whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
 i-New 52-week high.
 j-New 52-week low.
 dd-Indicates loss in the most recent four quarters.
 FD-FIRST day of trading.
 h-Does not meet continued listing standards.
 If-Late filing
 g-Temporary exemption from Nasdaq requirements.
 t-NYSE bankruptcy.
 v-Trading halted on primary market.
 w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, July 6, 2017

NYSE

	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				
ABB	ABB	A	24.81	-0.02	CIBC	CM	81.94	0.07	GeneralDynamics	GD	199.02	-1.27	MobileTelesys	MBT	7.94	0.15	Target	TGT	51.44	-0.72	Giraffe	GRFS	20.43	-0.13
†AES	AES	A	10.68	-0.19	CanParCtry	CNY	81.39	-0.49	GeneralElec	GE	26.31	-1.04	MobileWay	MBLY	63.00	0.04	TataMotors	TMT	33.16	-0.22	Griffco	GFRF	22.69	-0.04
Aflac	AFL	A	77.53	-0.77	CanNatRes	CNO	28.04	-0.44	MohawkIndustries	MHI	241.67	-2.09	Mobility	MLY	63.00	0.04	Hasbro	HAS	111.12	-0.88	HD Supply	HD	30.35	-0.53
AGCO	AGC	A	67.83	-1.09	CapitalOne	COF	162.24	-0.37	MonsonCo	TAP	86.20	-0.24	MolsonCoors	TAP	86.20	-0.24	HoneySchein	HSC	181.11	-2.57	Pactrade	PTCR	30.38	-1.20
AT&T	T	A	37.18	-0.45	Canon	CAJ	33.32	-0.50	Monsanto	MON	171.00	-0.40	TelecomInds	TE	27.86	-0.16	Copart	CPR	30.43	-1.20	Prudential	PRU	10.20	-0.03
AXIS Capital	AXS	A	63.53	-2.22	CardinalTechs	CT	74.94	-1.06	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Corporation	COP	207.05	-0.93	PaneraBread	PNR	314.75	0.03
AbbottLab	ABT	A	47.94	-1.06	CarMax	KMX	63.51	0.14	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	JBHunt	JBT	92.25	-1.00	Hologic	HOLX	44.59	-0.57
AbbVie	ABBV	A	71.73	-0.75	Carnival	CCL	65.48	-0.16	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	JB Hunt	JBT	92.25	-1.00	Logitech	LOGI	36.48	-0.44
Accenture	ACN	A	122.94	-1.11	ChaseBank	CUK	65.71	-1.06	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AcuityBrands	AVY	A	199.02	-1.86	Caterpillar	CAT	106.51	-0.59	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Adient	ADNT	A	66.16	-0.18	Cellnex	CE	95.07	0.15	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AdvanceAuto	AAP	A	103.16	-2.05	Centene	CVE	7.08	0.04	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AegeanSmiEng	ASX	A	6.24	-0.06	CenterPointEnerg	CNP	27.28	-0.17	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Aegon	AEG	A	5.30	-0.05	CentralEnerg	CEP	47.80	-0.17	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AerCap	AER	A	46.58	-0.60	CenturyLink	CTL	23.90	0.16	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Aetna	AET	A	152.33	-1.00	Chemours	CPA	28.44	-0.04	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AffiliatedMgns	AMG	A	166.18	-4.11	Chesapeake	CVX	103.82	-0.80	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AigleTechs	AGT	A	59.22	-0.55	ChinaEastAsia	CEA	29.89	-0.30	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AigonicEagle	AGM	A	43.97	-0.26	ChinaMobile	CHL	51.34	-0.20	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Aigrum	AGU	A	90.41	-0.73	ChinaPetrol	SNP	77.65	-0.62	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AlarisProd	APD	A	123.19	-0.48	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AlaskaAir	ALK	A	91.40	-1.40	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Albermarle	ALB	A	108.00	-0.03	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Alibaba	BABA	A	142.40	-2.07	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Allegany	ALY	A	58.80	-0.75	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Allstate	ALL	A	88.72	-0.09	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AllyFinancial	ALLY	A	20.79	-0.52	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
AlterraUSa	ATUS	A	31.88	-0.68	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Altis	ATLX	A	54.32	-0.29	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Almber	ABV	A	71.73	-0.75	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	-0.44
Amcent	ACN	A	122.94	-1.11	ChinaUnicom	CHU	13.53	-0.44	MotorolaSolutions	MSI	85.96	-0.87	MotorolaSolutions	MSI	85.96	-0.87	Logitech	LOGI	36.48	-0.44	Logitech	LOGI	36.48	

MONEY & INVESTING

AGIC Speeds Up a Launch

High demand leads Henry Cai's firm to move up start date for its newest fund

BY NINA TRENTMANN

AGIC Capital, a \$1 billion Hong Kong-based private-equity fund, is moving up the launch date of a new multibillion-dollar fund due to strong investor demand, its chairman said.

After initially setting a target date of 2018, AGIC now plans to launch the fund this year, Chairman Henry Cai said in an interview with The Wall Street Journal. AGIC plans to raise \$2 billion to \$3 billion for the new fund.

"I have investors calling me all the time, asking, 'Do you have something for us to invest in?'" Mr. Cai said.

The new fund is targeting overseas and Chinese investors from the insurance, reinsurance and wealth-management sectors as well as rich individuals, Mr. Cai said. Its goal is to invest around 60% of its capital in European technology firms and the rest in U.S. investments, and to help those firms expand to China.

The move comes days after AGIC struck a deal to buy The Ritedose Corp., a Columbia, S.C.-based pharmaceutical manufacturer.

Around 70% of the capital for the new fund is expected to come from investors outside of China, Mr. Cai said. The rest will come from overseas cash holdings of Chinese investors.

"There is a quite strong interest by investors to bring new technologies to China," said Oliver Rui, a professor of finance at the China Europe International Business School in Shanghai. Funds like AGIC's



AGIC Capital was part of a group that bought German equipment maker KraussMaffei Group.

appeal to Chinese investors, and are unlikely to attract attention from Chinese regulators as they raise the majority of capital outside the country.

"From a regulatory point of view, that's not a problem,"

Mr. Rui said. Chinese regulators are mostly scrutinizing big transactions by Chinese companies that involve the overseas transfer of capital,

Mr. Rui said. The country's banking regulator at the end of June began a probe of the borrowings of some of the biggest Chinese overseas investors, including Anbang Insurance Group Co. and Fosun International Ltd.

Raising capital in international capital markets isn't a problem for AGIC, its chairman said. "I have good contacts, especially on Wall

Street," Mr. Cai said. Before co-founding AGIC in 2015, Mr. Cai worked at a number of international banks, including Deutsche Bank AG, UBS Group AG and BNP Paribas SA.

Among the shareholders of his existing fund are sovereign-wealth fund China Investment Corp. and Chinese insurance firms Citic Securities and China Life Insurance.

Mr. Cai is focused on European technology, especially from Germany's so-called Mittelstand sector comprising medium-size, industrial companies.

AGIC was part of a consortium led by China National Chemical Corp. that last year agreed to buy German equipment maker **KraussMaffei Group** GmbH for \$1 billion.

"For bigger deals, we would look at partnering with a Chi-

nese partner," Mr. Cai said. AGIC would do deals of up to €300 million (\$340.5 million) alone, he added.

The fund aims at taking a controlling stake—with veto rights and a board seat—in companies and sees itself as an adviser that helps these companies bring their technology to China, Mr. Cai said. It plans to invest in companies focusing on industrial automation, robotics, mechatronics and semiconductor components.

The firm has offices in Hong Kong, Shanghai, Beijing and Munich, Germany. AGIC is looking to open a London office soon, he said, but because of Britain's exit from the European Union, the fund isn't actively looking for U.K. investments. "We will wait and see first," Mr. Cai said.

Hedge Funds Can Be Small And Profitable

BY LAURENCE FLETCHER

Lower fees, weaker returns, higher costs. Running a hedge fund isn't what it used to be. To avoid going out of business, smaller funds are learning to tighten their belts.

Smaller hedge funds have come under severe pressure in recent years due to a toxic mix of poor returns, investor demands for lower fees, and rising costs of regulation and compliance.

But a survey by industry body the Alternative Investment Management Association and broker GPP shows many funds can still make a profit with lower levels of assets. Many have been able to cut costs by, for instance, outsourcing some roles, and are managing to live with the expense of meeting greater compliance requirements from regulators and investors.

And while investors are demanding lower fees, this pressure isn't driving most managers to the wall.

"You need to keep the lights on," said Tom Kehoe, global head of research at AIMA. "From the allocators we talk to, the last thing they want to do is put these managers out of business."

The survey showed that on average small hedge-fund firms could break even running \$87 million in assets, while 57% of firms surveyed were able to break even running \$100 million or less—a relatively low level of assets for a hedge fund.

Funds trading rising and

falling stocks, bonds or some computer-driven strategies could on average turn a profit on well below \$100 million of assets.

The findings paint a brighter picture than many commentators have assumed of the health of small hedge funds.

Average hedge-fund returns regularly hit double digits during the 1990s and 2000s. That made starting and expanding a hedge fund an easier and more profitable bet due to strong investor demand for such returns and the fees such businesses could earn.

However, funds have lost money on average in two of the past six calendar years, meaning some big investors have lost patience with the sector.

While some big-name funds have suffered, many investors remain wary of putting money with a manager with a short track record.

The survey also showed that the lucrative model of a 2% management fee and a 20% incentive fee—once seen as the industry's benchmark—doesn't apply to most small managers. Half of firms surveyed charged an annual fee of less than 1.5% of assets in their main fund, while funds starting up in the past year could only command a 1.25% fee on average, highlighting the pressure many face.

AIMA and GPP surveyed 135 managers globally managing less than \$500 million each. Funds surveyed ran \$16 billion in assets in aggregate.

STREET

Continued from page B1
reduced. The frothier the market, the less bad an unexpected event has to be to shake confidence.

A reasonable push back against this view is that there are few signs of irrational exuberance. This isn't March 2000, or even October 1987.

Robert Buckland, a strategist at **Citigroup**, says only two of his 18 bear-market warning signs—U.S. corporate indebtedness and global price/earnings ratios—are flashing, which he says means investors should buy

corrections have sometimes been a lot longer; seven years in the 1990s and four years in the "great moderation" of the 2000s, compared with less than 18 months since the last such drop. But the real pain comes with a 20% drop, the usual definition of a bear market.

Investors like to believe that bear markets only come with recessions, and so reassure themselves that there is no sign a recession is imminent, repeating the mantra that "economic cycles don't die of old age." Unfortunately, this is both wrong and useless.

First, 20% drops sometimes happen outside recessions, as in 1987 and 1966. Second, economic cycles can be killed by a financial crash, and as the late economist Hyman Minsky pointed out, the longer a financial cycle goes on, the more likely it is to turn to excess and end badly. Worse, there is no reliable method of forecasting a recession, so even if it were true that only a recession could end the bull market, that isn't a lot of use to investors.

There is no way to be sure when the next dip will come. Investing is about probabilities, and the chances of a nasty reaction to a relatively minor surprise are higher than they were—but still not nearly as high as they have been at times of peak complacency in the past. When everything is awesome it is best to prepare for things to be a little less awesome in the future, even at the cost of missing out on some of the gains if investors get still more complacent from here.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips to buy back in to the market, one reason that volatility has been so low.

Anyone who waited this year has missed out on gains of 7.6% in the S&P 500 this year and 16.4% in eurozone stocks in dollar terms, painful for those who held back.

A look at the past can tell us a bit about dips. The S&P 500 hasn't had a 5% dip since the post-Brexit vote drop, only the third time since the mid-1960s it has managed more than a year without such a pullback.

The gaps between 10%

any dips.

It feels as though a lot of investors are waiting for dips

MARKETS

Selloff Of Bonds Continues Globally

By CHRIS DIETERICH

While traders continue to expect placid trading for the broader U.S. equity market, they are also seeing big moves in tech stocks.

A rare disconnect has emerged between the expected volatility of the Nasdaq 100 Index and the S&P 500. It is one more sign of investor uncertainty that 2017's biggest winners can continue to gallop higher.

Technology and internet stocks that propelled U.S. stock market gains for the first five months of this year but abruptly reversed course on June 9 and have lost ground since.

While S&P 500 technology companies, including Apple Inc., Facebook Inc. and Google parent Alphabet Inc. climbed on Wednesday, the group has fallen 5.2%

Investors around the world sold government bonds anew Thursday as anxiety deepened that central banks are moving toward reducing stimulus efforts that have supported debt markets.

The eurozone remained at the center of the selling as the yield on the benchmark 10-year German government bond rose to its highest level since early 2016.

Bond yields also climbed in the U.K., Denmark, Sweden, Canada and the U.S. Yields rise as bond prices fall.

The yield on the U.S. 10-year Treasury note settled at 2.369%, compared with 2.334% Wednesday. That marked the yield's highest closing level since May 11.

"Sentiment for bonds has gone from the rooftop to the basement," said Jim Vogel, market strategist at FTN Financial.

A factor driving the selling has been investors' concerns over possible shifts in monetary policy throughout the developed world, triggered by hawkish signals from the European Central Bank, Bank of England and Bank of Canada last week.

Some of Thursday's moves came after the release of minutes from the ECB's recent policy meeting. Those showed ECB officials in June discussed how to signal their increasing confidence in the eurozone economy and considered dropping a pledge to accelerate their massive bond-buying program. That came after the Federal Reserve's minutes

Bond sentiment 'has gone from the rooftop to the basement,' one strategist said.

Wednesday afternoon suggested U.S. policy makers may start paring back the central bank's large bondholdings in coming months.

Fresh new debt sales from Spain, France and the U.K. added to the selling pressure, traders said.

Bond buying and other stimulus from the ECB and Bank of Japan have helped push global government bond yields to historically low levels over the past years. Analysts have warned that the value of government bonds, propped up by these big buyers, would drop once central banks reduce support.

The selloff, which has persisted in the U.S. for six of the past seven sessions, shattered months of relative calm in bond markets. The 10-year Treasury yield had fallen to 2.135% on June 26, the lowest closing level this year. Since then, the yield has risen more than 0.2 percentage point.

The yield on the 10-year German bond has more than doubled since June 26 and traded at 0.569% Thursday afternoon, the highest close since January 2016, according to Tradeweb.

Some investors said higher bond yields reflect optimism toward the economic outlook. Recent data have pointed to broad improvement in the global economy, which supports the case for major central banks to become less generous in providing monetary stimulus. A monthly gauge of the U.S. service sector Thursday continued to point to solid expansion.

Investors also are looking to Friday's jobs report for signals on the Fed's timing for possible future interest-rate increases. Some analysts said a strong report could spark further selling.

Bond yields remain at very low levels. The 10-year Treasury yield is still below 2.446%, where it settled at the end of last year. Previous sell-offs in recent years have proved short-lived. Now debate is growing among investors about whether the current bout may soon fade or gain more momentum.

Rocky Trading Expected in Tech

By MIN ZENG

from last month's closing high.

Tech's U-turn was met with continued calm in the broader market. That is due in part to a rebound in shares of financial and health-care stocks, which have picked up the slack from tech.

The sector rotation is evident in the divergence between the subdued CBOE Volatility Index, or VIX, and a measure tracking the expected volatility of the tech-heavy Nasdaq 100.

The VIX is based on prices of S&P 500 options and gauges expectations for swings in the index over the next 30 days.

The CBOE NASDAQ-100 Volatility Index does the same for the Nasdaq 100, an index of the largest non-financial stocks listed on that exchange.

The Nasdaq 100 volatility index darted as high as 18.9 this week from under 13 early last month, while the VIX ended Thursday at 12.5.

The current ratio of the two, at 1.4, is well above average and this week hit 1.7, near its highest level in a decade.

Traders often watch for unusual departures in trading relationships with the assumption that in time, the levels will revert to back to historical patterns.

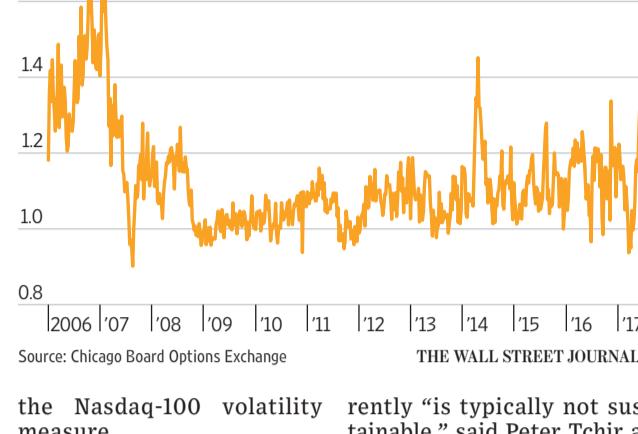
Expected volatility of the Nasdaq 100 tends to be higher than the S&P 500 because its stocks are generally more volatile.

Still, the two have tended to move up and down in tandem. That indicates that either the VIX is due to play catch-up and rise or that worries about tech stocks will recede, pulling down

Divergence

The ratio of the VXN, a measure of expected volatility in the Nasdaq 100 Index, to the VIX is near the highest in a decade.

1.8 times



Source: Chicago Board Options Exchange

the Nasdaq-100 volatility measure.

The degree of difference

between the two gauges currently "is typically not sustainable," said Peter Tchir at Brean Capital LLC in New York.

S&P 500 Suffers Biggest Loss Since May

By RIVA GOLD AND AKANE OTANI

The S&P 500 posted its biggest one-day drop since May as U.S. stocks fell broadly Thursday.

The losses hit all 11 sectors of the S&P 500, ending a three-day winning streak for the index and putting it on course to decline in the first week of July.

Some investors and analysts have said the 2017 stock rally could stall in the second half of the year, especially if borrowing costs rise but economic growth is mediocre.

In recent weeks, government bond yields have climbed as central banks have signaled the end of monetary stimulus is coming.

"There is a near-unanimous view coming out of central banks for an unwinding of this unconventional policy, either through interest-rate rises or pulling back on quantitative easing, or in the United States, selling down some of the central-bank holdings," said Paul Flood, multiasset portfolio manager at Newton Investment Management.

"People have finally woken up to the fact there's not a backstop, a forced buyer in the marketplace anymore," he said.

The S&P 500 fell 22.79 points, or 0.9%, to 2409.75—its biggest loss since May 17.

The Dow Jones Industrial Average declined 158.13 points, or 0.7%, to 21320.04 and the Nasdaq Composite shed 61.39 points, or 1%, to 6089.46, pressured by declines in technology and biotech shares.

Both indexes notched their biggest declines in a week, and it was the Nasdaq's sixth decline in eight sessions.

Energy stocks, the worst-performing sector in the S&P 500 in 2017, fell 1.8%, with Newfield Exploration, Apache and Noble Energy among the biggest decliners.

The moves came even as oil prices rebounded from Wednesday's slump. U.S. crude for August delivery rose 0.9%

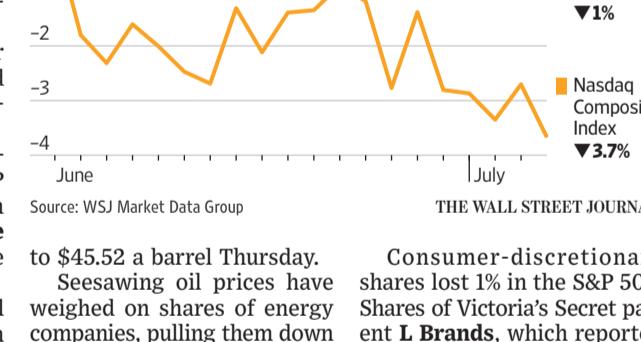


ASTRID STAWIARZ/HENRI BENDEL/GETTY IMAGES

Stalling Out

U.S. stocks have been choppy in recent weeks, with declines in technology shares weighing on the Nasdaq Composite.

Index performance since June 8



Source: WSJ Market Data Group

to \$45.52 a barrel Thursday.

Seesawing oil prices have weighed on shares of energy companies, pulling them down 15% in the S&P 500 so far this year.

Consumer-discretionary shares lost 1% in the S&P 500. Shares of Victoria's Secret parent L Brands, which reported a drop in same-store sales for June, fell \$7.62, or 14%, to

Shares of Henri Bendel parent L Brands fell 14% after the company reported weak same-store sales for June.

\$46.49.

The S&P 500 health-care sector, one of 2017's biggest gainers, fell 1.3%. Shares of medical-supplies conglomerate Patterson Cos. dropped 3.28, or 6.9%, to 44.15, posting the steepest one-day percentage decline in the sector, after brokerage Stifel Nicolaus cut its rating for the stock to sell from hold.

U.S. government bonds pulled back for the sixth time in seven sessions, with the yield on the 10-year U.S. Treasury note rising to 2.369% from 2.334% Wednesday. Yields rise as bond prices fall.

A hiccup in the bond market could ripple over into stocks in the short term, but if the economy continues to strengthen, there is a good chance equities will move higher, too, said Brent Schutte, chief investment

strategist at Northwestern Mutual Wealth Management.

The Stoxx Europe 600 fell 0.7% after minutes from the European Central Bank's June meeting showed policy makers considered dropping a pledge to accelerate their massive bond-buying program.

Banks and insurance companies in Europe outperformed as they tend to benefit from higher government bond yields.

Japan's Nikkei Stock Average fell 0.4% after the yen strengthened against the dollar, pressuring the export-heavy index. The benchmark was down a further 0.3% early Friday. Hong Kong's Hang Seng Index eased 0.2% Thursday and was down a further 0.5% early Friday. Australia's S&P ASX 200 was off 1.4% early Friday.

Aramco Output Hit Record

By SUMMER SAID

Saudi Arabian Oil Co., the world's biggest producer of crude oil, pumped record amounts last year, the company said Thursday, providing an insight into the secretive firm ahead of its partial initial public offering.

Aramco, as the kingdom's state-owned oil company is known, helped send crude prices into a tailspin in 2016 by producing an average of 10.5 million barrels a day—its highest output ever—up from 10.2 million barrels a day in 2015.

The high output reflects Saudi Arabia's focus last year on building and defending market share, a strategy it has pulled back from.

The country is set to publicly list 5% or less of Aramco in 2018 in the hope of raising tens of billions of dollars. The kingdom's powerful crown prince, Mohammed bin Salman, has pledged to invest

much of the proceeds in economic diversification, boosting Saudi Arabia's technological and industrial sectors and reducing reliance on oil revenue.

Aramco has reduced its output to less than 10 million barrels a day this year as Saudi Arabia and other members of the Organization of the Petroleum Exporting Countries cut oil production.

Their hope is to bring a vast global oversupply of crude back in line with demand and thus raise petroleum prices, which remain below \$50 a barrel—less than half their level from three years ago.

Saudi Arabian officials have said the production cut was intended to put a floor under oil prices ahead of the Aramco IPO, the value of which will be determined in part by the direction of the oil market.

for the kingdom.

Aramco's recoverable crude-oil and condensate reserves slipped to 260.8 billion barrels at the end of 2016 from 261.1 billion a year earlier. Considering that it pumped more than 3.8 billion barrels of oil in 2016, the small dip in reserves suggests that Aramco made strides in either discovering new oil or making current wells more efficient.

Saudi oil reserves have remained at around 260 billion barrels for decades. Saudi officials say independent analysts will confirm Aramco's reserves ahead of the IPO.

Aramco's gas reserves rose to 298.7 trillion standard cubic feet from 297.6 trillion, while natural-gas production increased to 12 billion standard cubic feet a day from 11.6 billion standard cubic feet.

The company said it discovered two new oil fields, Jubah and Sahaban, and one new gas field, Hadidah, all in Saudi Arabia's Eastern Province.

Euro Rises on Hopeful Report From ECB

By CHELSEY DULANEY

The dollar slid Thursday while the euro rallied as investors continue to assess the outlook for

CURRENCIES the outlook for

tighter monetary policy in

the U.S. and Europe.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, slipped 0.2% to 88.17. The euro was the strongest major currency of the day, rising 0.6% against the dollar after the release of minutes from the European Central Bank's latest policy meeting added to speculation that the central bank soon could wind down its quantitative-easing program.

The minutes showed ECB policy makers discussed how to signal their increasing confidence in the eurozone economy at their June policy meeting and considered dropping a pledge to accelerate their massive bond-buying program. That comes after ECB President Mario Draghi last week sent the euro soaring by hinting the bank could start to unwind its accommodation amid an accelerating economy.

Meanwhile, investors continue to focus on U.S. economic data as they assess the outlook for additional policy tightening in the U.S.

A report from Automatic Data Processing Inc. showed private U.S. firms added 158,000 workers in June, below economists' expectations. The report raised concerns that Friday's nonfarm payroll data—the most closely watched labor-market report—will also disappoint.

Markets largely brushed off rising tensions surrounding North Korea, though the South Korean won came under pressure.

President Donald Trump said he is considering "some pretty severe things" in response to North Korea's continued efforts to develop nuclear weapons that can reach the U.S.

MARKETS

Bank of Japan Tapers Without Tantrum

By targeting bond yields, nation reduces stimulus without spooking investors

By MIKE BIRD

The European Central Bank is wrestling with a problem facing monetary-policy makers around the Western world—dialing back stimulus without upending financial markets.

But one central bank has been quietly balancing this act since late last year, buying fewer bonds without spooking investors: the Bank of Japan.

On Thursday, Germany's 10-year bond yield hit 0.5% for the first time since the start of 2016 as investors continue to anticipate the winding down of the ECB's €60 billion (\$68.3 billion) of monthly bond purchases.

Central banks have been buying bonds to stimulate the economy and inflation.

The BOJ does this by targeting where it wants government-bond yields to be, rather than setting an amount of money it will spend every month, as the ECB and Bank of England do and Federal Reserve once did.

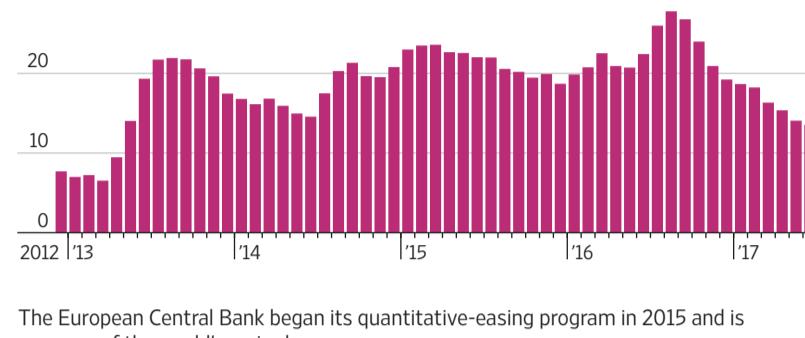
So if the BOJ hits its target of a zero yield on 10-year government debt, it can adjust its buying without having to announce it. Likewise, the commitment to intervene if yields rise puts off anyone considering shorting Japanese bonds: Nobody wants to go up against a buyer that can essentially print its own money.

In the second quarter of 2017, the BOJ accumulated an average of ¥13.5 trillion (\$119 billion) in assets, compared with a quarterly average of ¥22.8 trillion in 2016, according to Japan Macro Advisors. That is less than at any time since the program began in the spring of 2013. Japanese government-bond yields have gyrated far less than their Eu-

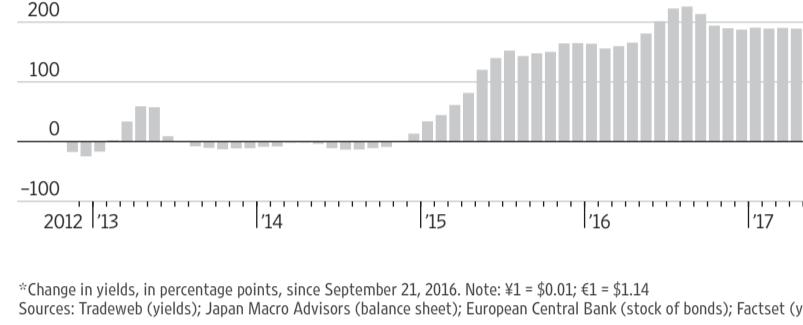
Keeping Control

Central bankers face a challenge in tightening monetary policy without triggering swings in the bond market. The Bank of Japan stands out for its tight grip on yields.

The Bank of Japan's balance-sheet expansion has slowed, which could allow for yields to rise...



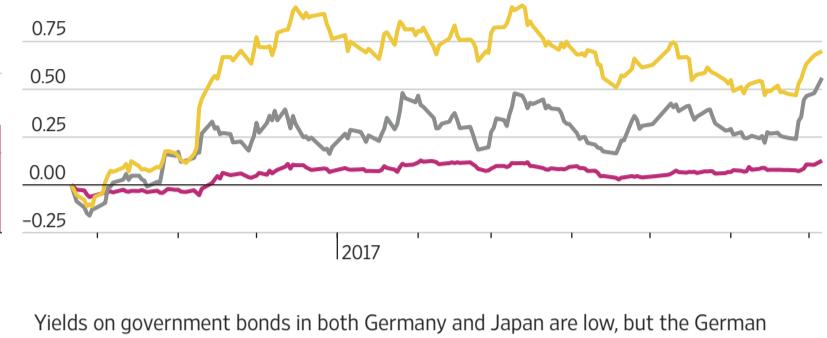
The European Central Bank began its quantitative-easing program in 2015 and is now one of the world's major buyers.



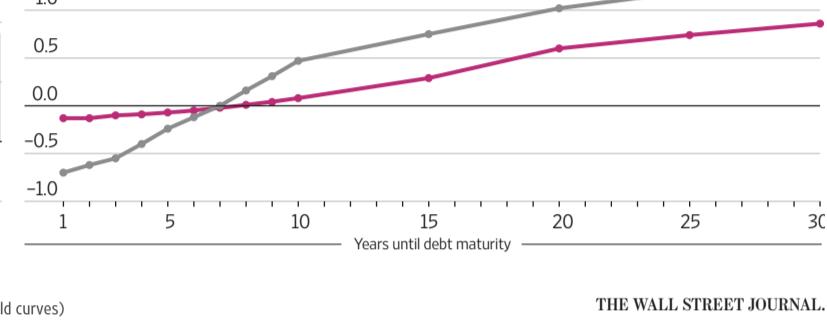
*Change in yields, in percentage points, since September 21, 2016. Note: ¥1 = \$0.01; €1 = \$1.14

Sources: Tradeweb (yields); Japan Macro Advisors (balance sheet); European Central Bank (stock of bonds); Factset (yield curves)

...but Japan's 10-year bond yields have moved less than their international peers since the central bank introduced a yield target of zero in September.



Yields on government bonds in both Germany and Japan are low, but the German curve is steeper.



THE WALL STREET JOURNAL.

opean and U.S. peers in the past nine months and haven't joined in the recent selloff.

That selling was sparked last week when ECB President Mario Draghi noted a "strengthening and broadening" recovery in the eurozone.

"Draghi is discovering that narratives contrary to the one you want to get across can take hold in the market," said Grant Lewis, head of research at Daiwa Capital Markets Europe.

Minutes from the ECB's June meeting released Thursday showed policy makers weighing whether to drop their bias toward further stimulus. That followed the release of the Federal Reserve's meet-

ing minutes Wednesday, where officials signaled they may be ready to start slowly shrinking their large portfolio of bonds and other assets in the next few months.

Germany's 10-year bond yields have risen by more than 0.3 percentage point in the eight sessions through Thursday, the largest jump over that length of time since June 2015, according to Thomson Reuters.

Bonds in advanced economies tend to move together, and yields on U.S. and British 10-year bonds rose by a similar amount. But Japan's 10-year yields rose by just 0.045 percentage point. Yields rise as prices fall.

The BOJ can keep its mar-

kets stable by setting a clear limit on what it will tolerate, analysts say. In early February, when 10-year yields rose as high as 0.15%, the central bank offered to buy an unlimited volume of bonds at a yield of 0.11%, pushing yields back down.

"It's clearly been easier for [BOJ chief Haruhiko] Kuroda. He's stood up and said yields will be held at these levels. Try and beat me, I've got infinite resources," Mr. Lewis added. "That's actually allowed them to start purchasing less."

Some analysts even expect the BOJ to drop the ¥80 trillion target for annual bond purchases.

Abandoning this target would come at little cost to the policy path," said Freya Beamish, chief Asia economist at Pantheon Macroeconomics. "The yield-curve target is doing all the work."

Mr. Draghi has outlined the difficulty faced by any central bank looking to taper quantitative easing. While the threat of deflation that the ECB's program was designed to counter has passed, "a very substantial degree of monetary policy is still needed," in part to ensure that "overall financing conditions continue to support that reflationary process," he said in late June.

An ECB target wouldn't

necessarily iron out the volatility. Bond yields in Europe have long been more dramatic than those in Japan, where growth and inflation have been sluggish for decades. The ECB also has a series of national government bond markets to deal with, rather than a single one.

"For a long time Japanese inflation expectations have been extremely low," said Peter Chatwell, head of European rates strategy at Mizuho International. "So the central bank is more able to adjust its monetary policy without an immediate jump higher in yields."

—Riva Gold contributed to this article.

HEARD ON THE STREET

Email: heard@wsj.com

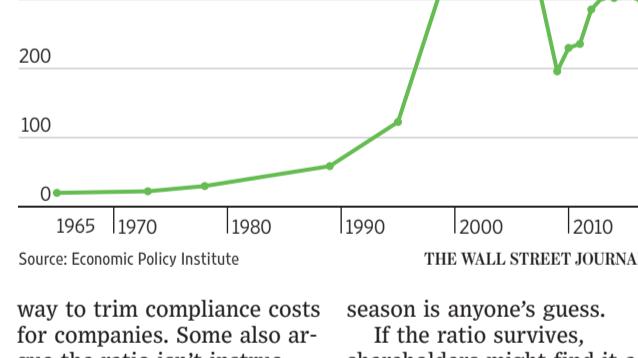
FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Pay Ratio: Flawed but Useful Tool

Foul Pay?

Ratio of realized CEO pay to average pay for the top 350 U.S. firms by sales



way to trim compliance costs for companies. Some also argue the ratio isn't instructive: Wal-Mart will have a higher one than Goldman Sachs, but that only indicates that Wal-Mart employs more unskilled workers than Goldman Sachs.

The rollback made it through a House of Representatives bill in June. Whether it can clear the Senate in time for next spring's proxy-statement

season is anyone's guess.

If the ratio survives, shareholders might find it a modestly useful addition to their analytical toolbox. The key insights will come from seeing how it evolves for a specific company over time. A widening ratio could be a warning flag that a management team is getting greedy.

Admittedly, the SEC requires companies to update the calculation only once every three years, so useful in-

sights into how the median wage changes relative to profit, say, would take years to emerge.

That said, investors shouldn't assume more thrifitily paid bosses offer value for money. Simplistic studies can show an association between lower pay and higher returns, but this is partly because larger companies pay better while small-caps usually outperform large-caps.

Adjusting for size, using actual realized rather than the estimated target pay disclosed in proxy filings, and factoring in the performance of previously awarded shares, PricewaterhouseCoopers found a strongly positive correlation between executive pay and three-year total returns for big U.K. companies. This is logical, given how much executive pay is triggered by return thresholds these days.

Investors should welcome any move toward greater transparency, but wield their new analytical tool with caution.

—Stephen Wilmot

OVERHEARD

What do a Connecticut bank, a furniture maker and a gold miner have in common? They are the S&P 500 stocks most heavily owned by index funds, according to Bank of America Merrill Lynch.

People's United Financial, Leggett & Platt and Newmont Mining

are all more than 20% owned by index funds.

Why does that matter? Because the more shares are owned by passive funds, the fewer shares are available for regular trading. That can make stocks more volatile, according to Merrill.

The share of assets run by index funds has doubled since 2009 and the impact of the change has been debated endlessly.

Merrill argues that stocks with the highest passive ownership have become more volatile and suffer bigger drops than comparable stocks.

Investors who buy index funds thinking they are safer should get ready for a wild ride.

Bond Yields Dictated by Europe Now

Bond investors, look to Europe. The dance of expectations between the European Central Bank and government-bond markets is the biggest driver of yields now.

Ten-year German bond yields Thursday broke decisively above 0.5% for the first time since January 2016, extending a selloff that started with a speech from ECB President Mario Draghi last week that seemed to surprise investors.

What happens in Germany matters to U.S. markets at the moment. The move in Germany again pushed Treasury yields higher and lifted the euro against the dollar while weighing on stocks.

It now seems likely that bonds were mispriced before Mr. Draghi's speech. The minutes of the ECB's June meeting, published Thursday, show policy makers more confident in the growth outlook and perplexed why stocks, but not bonds, reflected that in their pricing.

The minutes also show policy makers wondering if they should change their guidance on bond purchases. In the end they decided to change only the guidance on interest rates, dropping a reference to the possibility of rates going lower.

The ECB and Federal Reserve don't want to shock markets. But bond markets that have relied upon central-bank buying will have less support if the ECB moves to slow its purchases, the Bank of Japan continues to buy less than expected and the Fed starts selling its holdings.

Central bankers are likely to stress they are moving very gradually. But markets may find it difficult to move as slowly as central bankers might like. —Richard Barley

This Dish Could Be Extremely Pricey, Even for Amazon

Dish Network has a lot to gain from an alliance with Amazon.com as it faces a government deadline to develop its wireless airwaves. For Amazon, the benefits are less clear and could be costly.

Dish Network Chief Executive Charlie Ergen has been discussing a potential partnership with Amazon CEO Jeff Bezos that could involve the e-commerce giant helping to finance a wireless network on Dish's airwaves, The Wall Street Journal reported. Under that scenario, Amazon could use the network to power web-connected devices, including its Echo home speaker, delivery

Up in the Airwaves

Dish Network's share price



Source: FactSet

drones and other products in the works. Another idea would have Amazon invest in a Dish wireless network in exchange for the ability to offer Prime members special pricing for wireless service.

For Dish, which has said it plans to build a bare-bones network in order to comply with a government-imposed deadline of March 2020, an investment by Amazon would go a long way toward convincing bears it can offer a substantive service by then. The threat that Dish's trove of airwaves could fall into Amazon's hands could also push Verizon Communications or T-Mobile US into talks with the satellite company.

The question is how deeply Amazon wants to tread into the wireless industry, where an increasing number of players, including traditional wireless carriers

and cable companies, are competing for a shrinking pool of profits.

If Amazon needs wireless capacity to operate its drones and other devices it could easily buy that from an existing carrier. Such devices likely wouldn't require huge amounts of bandwidth unless they involve streaming video.

And if Amazon wants to use Dish's network for video, it will have to invest considerably more.

Indeed, while Dish would give Amazon access to wireless capacity and let it tap its Prime members to build a subscriber base, clearing the final barrier to entry—willingness to spend massive

amounts to build and maintain a network—could be more of a stretch.

Of course, Mr. Bezos has a long investment horizon. He could still opt to do a low-stakes deal that would give Amazon some future options in wireless as technologies shift. That would allow Mr. Ergen to meet his deadline and then decide whether try to deepen his company's relationship with Amazon or find another partner or buyer.

Amazon gives Dish more credibility in its quest to build a wireless network. Amazon gets some options, but potentially very expensive ones. —Miriam Gottfried

Lake Tahoe estate
equipped with
glass funiculars
asks \$75 million **M2**



MANSION

I am terrified of being bored.

—Marie Antoinette

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

© 2017 Dow Jones & Company. All Rights Reserved.

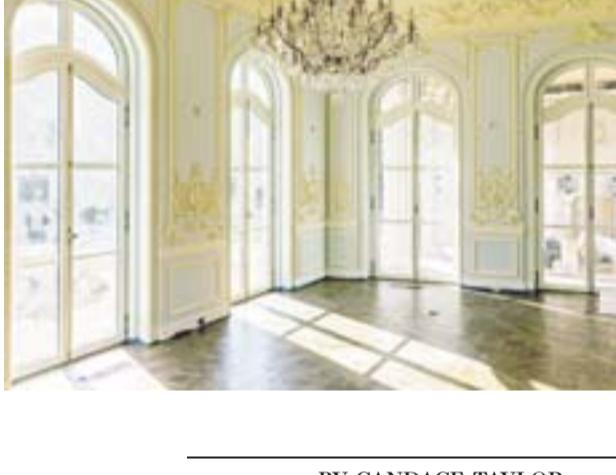
THE WALL STREET JOURNAL.

Friday, July 7, 2017 | **M1**



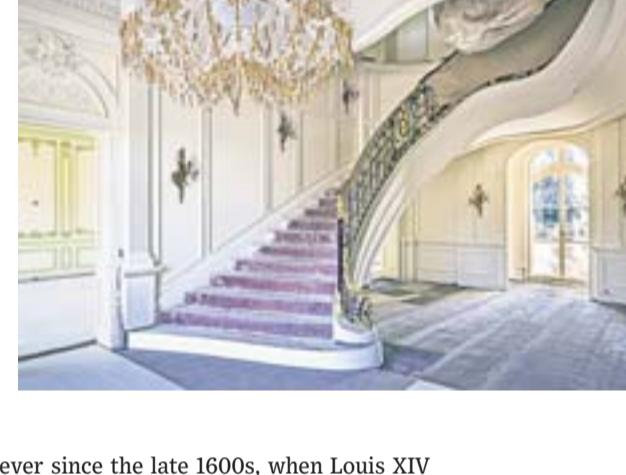
DOROTHY HONG FOR THE WALL STREET JOURNAL (3)

ABOVE IT ALL In Old Brookville, N.Y., this nearly completed 17th-century-style chateau was inspired by the Palace of Versailles. Owner Raphael Yakoby, an Israel-born entrepreneur who created Hpnotiq liqueur, says he plans to move in next month, but once it's completed he's also planning to put it on the market for \$100 million—a figure he says is close to the cost of building the home.



My Very Own Versailles

Wealthy homeowners continue to re-create Louis XIV's opulent behemoth, but building the dream requires a big bank account.



BY CANDACE TAYLOR

ON AN UNASSUMING side street in Long Island's Old Brookville, a 1,000-foot-long driveway flanked by an allée of pear saplings leads to a 120-room, 17th-century-style château bedecked with elaborate limestone carvings. Atop its slate roof, a copper ridge decorated with rosettes shines in the early summer sun. Above the front door, the initials "RY" are flanked by horn-blowing cherubs.

owner Raphael Yakoby, an Israel-born entrepreneur who created Hpnotiq liqueur, a bright blue liqueur popularized by hip-hop artists in the early 2000s.

The front door, with its wrought-iron metal-work, is a scaled-down replica of a door found at Versailles. On the grand staircase in the foyer, the cast-iron and gold-leaf banister is a replica of one found at Le Petit Trianon, Marie Antoinette's retreat on the grounds of Versailles.

Mr. Yakoby, who has spent about four years building the house, says he plans to move in next month, but once it is completed he's also planning to put it on the market for \$100 million—a figure he says is close to the cost of building the home.

There is something about Versailles that has produced a seemingly constant stream of imita-

tors, ever since the late 1600s, when Louis XIV transformed a hunting lodge into the opulent palace known world-wide. With roughly 2,300 rooms and its chandelier-laden Hall of Mirrors, Versailles started prompting imitations as soon as it was completed, from other European palaces to grand homes. Even the layout of the city of Washington, D.C., borrowed elements from the gardens of Versailles.

When it comes to private homes, Versailles continues to have an outsize influence: According to Realtor.com, 23 homes currently on the market or recently sold referenced Versailles in their marketing copy. "It's maintained this huge mystique," says historian Tony Spawforth, author of "Versailles: A Biography of a Palace."

Please turn to page M10

HOUSE CALL | SHERRY LANSING

INSPIRED BY HER MOM'S COURAGE

The former Hollywood executive started out helping her widowed mother collect rents; today, opera in Bel Air.

INSIDE



JESSICA SAMPLE FOR THE WALL STREET JOURNAL

REEL WOMAN Sherry Lansing in her Mediterranean-style home in the Bel Air section of Los Angeles. The former head of

Paramount Pictures started her career as a model and actress before becoming a script reader, producer and senior executive.



SMALL LUXURIES

The mini kitchen goes upscale **M4**



PARENTS' RETREAT

A home with a place to escape the kids **M3**



WINE AND DINE

An old Vienna tavern, now a luxe home **MS**

MANSION

PRIVATE PROPERTIES

Lake Tahoe Estate Asks \$75 Million



HOUSTON HOME BUILT FOR A PRINCE: \$20 MILLION

A Houston home built in the 1980s for a Saudi prince is seeking \$20 million.

The property, in the city's exclusive River Oaks enclave, is one of the most expensive homes for sale in the area, although listing agent Walter Bering of Martha Turner Sotheby's International Realty said the area has seen home sales above \$20 million in the past. It was built around 1986 by Prince Abdulrahman bin Faisal, son of the late King Faisal and brother of former Saudi Foreign Minister Prince Saud al-Faisal, according to J. M. Little, a Houston attorney who represented the prince at the time.

Mr. Little said the prince was involved in commercial real estate in Houston in the 1980s and needed a place to stay while in town. The Faisal family couldn't be reached for comment.

The current owners are Nijad and Zeina Fares, who bought the house in 2007.

Nijad Fares is the son of Isam Fares, the former deputy prime minister of Lebanon and head of Wedge Group, a Houston-based international investment firm with interests in real estate, manufacturing and oil-field services.

Ms. Fares said they are selling because, with their children now beginning to leave for college, the house is "starting to feel too big." She said the couple will stay in the Houston area but may build a house on a smaller scale.

—Candace Taylor

CLOCKWISE FROM TOP RIGHT: TODD KRAMPITZ/TK IMAGES; MARC FAIRSTEIN; JEFF DOW (2)



A sprawling estate on the north shore of Lake Tahoe, where hillside homes are connected to each other by two glass funiculars on heated tracks, is on the market with an asking price of \$75 million.

The Younts said they bought the land in 1994 and spent five years building the main house, which was designed to fit into the terrain. Mrs. Yount, 68, said she determined the color palette from sticks and stones on the property; some bright white-colored granite boulders were painted to match more weathered counterparts.

The couple said they finished building the beach house, a two-bedroom guesthouse closest to the water, last July. It took 10 years and two months to get the per-

The sellers are Stuart and Geri Yount. Mr. Yount, 68, is the chairman and CEO of Fortifiber, a family-owned busi-

ness that his father started in 1939 that manufactures building products.

The Younts said they determined the color palette from sticks and stones on the property; some bright white-colored granite boulders were painted to match more weathered counterparts.

The couple said they finished building the beach house, a two-bedroom guesthouse closest to the water, last July. It took 10 years and two months to get the per-



mits, and construction took another 2½ years, they said. There is no road access to the beach house, so all the materi-

als had to be brought in by barge or helicopter; it is accessible via stairs or the funicular.

Tucked into the landscaping

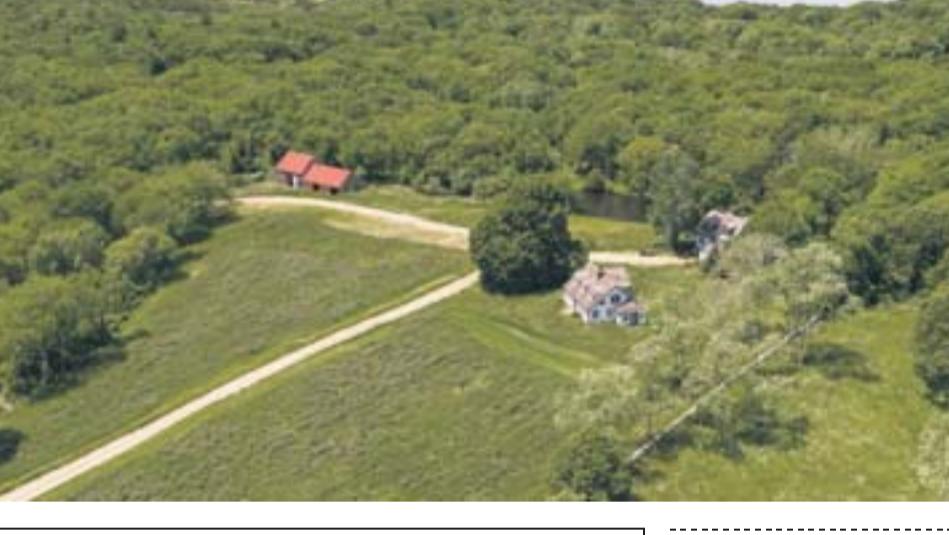
are a collection of animal statues that come with the home. A carved redwood wolf stands on a boulder, while an eagle flying overhead is suspended by cables.

When the couple had to remove an approximately 100-foot-tall tree, they left the bottom 35 feet and an artisan spent three years carving bears, raccoons and squirrels into it, said Mrs. Yount.

The Younts are selling as they plan to downsize, though they will stay in the area, they said. Shari Chase, Susan Lowe, Kerry Donovan and Mike Dunn of Chase International share the listing.

—Sarah Tilton

JAMES CAGNEY'S LONGTIME FARM FOR SALE



Actor James Cagney's long-time farm on Martha's Vineyard is for sale for \$13.5 million.

In Chilmark, the roughly 69-acre property includes the 18th-century wooden farmhouse where the Oscar-winning actor lived, as well as a guesthouse, studio and barn.

The property has deeded beach access. Mr. Cagney's former home has a number of original details, but it needs extensive renovations, as do the other structures on the property, according to listing agent Meg Bodnar of Tea Lane Associates.

Mr. Cagney bought the land—then with more acreage—in 1936, and spent summers there with his family for decades, according to his autobiography "Cagney by Cagney." "The Vineyard represented for me the place where I could always go to find the freedom and peace one didn't find prevailing on the Hollywood turf," he wrote. Mr. Cagney, who was known for 1930s and 40s gangster films, also owned a home in Edgartown on Martha's Vineyard.

The Cagney family sold the farm in the 1980s, and it was later used as a commune, said Ms. Bodnar. Boston restaurateurs Patrick Lyons and Sean Gildea bought the property for \$4.1 million in late 2012.

Mr. Lyons and Mr. Gildea said they bought the property under the name You Dirty Rat LLC in homage to Mr. Cagney. They planned to build vacation homes on the property, which can be split into several parcels. But Mr. Lyons said he and his wife have since decided to keep their current Vineyard home, while Mr. Gildea ended up buying a different property.

—Candace Taylor



LIV SOTHEBY'S INTERNATIONAL REALTY

FOOTBALL'S PAUL KRUGER LISTS MULTISPORT COLORADO ESTATE

Professional football player Paul Kruger is putting his multisport Colorado estate on the market for \$8.5 million, a 57% markup from what he paid for it less than a year ago.

Located in Evergreen, an upscale community about 35 miles west of Denver, the over 9,000-square-foot house has views of snowcapped Mount Evans, said Emily Henderson of LIV Sotheby's International Realty, one of the listing agents.

Known as "Serenity Falls," the roughly 30-acre estate gets its name from the multi-

ple waterfalls integrated into the landscaping. On the grounds, a gymnasium building measures about 6,300 square feet and contains a half basketball court, an exercise room,

lockers and a sitting room. Mr. Kruger said when he's at the property he uses the basketball court to "go shoot all the time," but in the long term he had planned to convert the building into storage for cars, snowmobiles and other "fun toys."

The property also has a stable for horses, with an upper level containing a two-bed-

room apartment.

Mr. Kruger, 31, bought the property in January for \$5.4 million. As for the \$8.5 million asking price, Ms. Henderson said the Krugers have upgraded the property, and the furniture is included in sale. She also noted the estate was listed for \$18.75 million in 2009, but sold for far less. The Krugers, who bought the property from a subsequent owner, also "got a really good deal," Ms. Henderson said.

Mr. Kruger said he and his wife, Jacqueline, bought the

house planning to live there long term. But with his wife now expecting their first child, he said, they plan to move to Cleveland to be closer to family. "A lot changed for us in a short period of time," he said.

Mr. Kruger is a free agent after playing last season as a defensive end for the New Orleans Saints. He signed with the Saints in the summer of 2016 after being released by the Cleveland Browns, who had signed him to a five-year, \$40.5 million contract in 2013.

—Candace Taylor

THE DREAM TEAM

TOTAL RELAXATION AND ESCAPE START AT JUST \$4299

FREE WHITE GLOVE DELIVERY ALL MODELS Valued at \$450

DREAMWAVE

Nest New!

Flex 3S

The World's Best Massage Chair®

Made in Japan. Choose from our three extraordinary massage chair models, each with unique capabilities to massage, stretch, invigorate, soothe and heal your body and mind more effectively and artfully than any other massage chairs in the world.

888-727-2150 | inadausa.com/dream

Free white glove delivery available to 48 contiguous states, AK and HI additional fees apply. Offer valid until July 31, 2017.

MANSION

BALANCE SHEET

An Escape for Mom and Dad

A London couple's renovation includes a private 'apartment' where they can take a break from the chaos

BY RUTH BLOOMFIELD

WITH THREE CHILDREN— ages 13 to 27—and three exuberant dogs, it is little wonder that Caroline and Martin Cruddace occasionally feel the need to seek a little sanctuary. So when renovating a rundown Edwardian villa in London, they made creating a calm, private "apartment" to escape the domestic maelstrom central to their plans.

The Cruddaces bought their 3,065-square-foot house in the north London neighborhood of Highgate in 2011 for £1.875 million, or \$2.43 million. When they moved in with Mrs. Cruddace's two sons, Josh and Harry Hogan, now 27 and 21, and their daughter Amelie, now 13, it had a cramped living room and kitchen in the dark basement. There were nine bedrooms on the floors above. "It was not an easy house to live in," said Mrs. Cruddace, an artist and photographer.

A friend Mrs. Cruddace had met through the children's schools, the actress Gwyneth Paltrow, recommended her (then) brother-in-law Alexander Martin, founder of Alexander Martin Architects, to help with the redesign.

Key to the design was giving the grown-ups some space of their own. "We have a lot of the kids' friends over; we are a family which loves parties and entertaining," said Mrs. Cruddace.

Mr. Martin's solution was to demolish the double garage, which stood beside the main house and build a three-story wing in its place. Its ground floor would feature a large, modern kitchen with folding-glass doors that lead directly to a back patio. Above would be a split-level master suite with a bathroom, dressing room, yoga room, bedroom and terrace.

The original part of the house could then be reconfigured with a living room and dining room, and six bedrooms. The basement, once the main communal area, now contains a utility room and TV room.

Work on the yearlong project began in 2014. The family lived in the house while the garage was demolished and the new wing built. Halfway through, however, the chaos became too much for Mrs. Cruddace and she, Amelie and the dogs decamped to the family's vacation home in Devon. "It was insanity," she said.

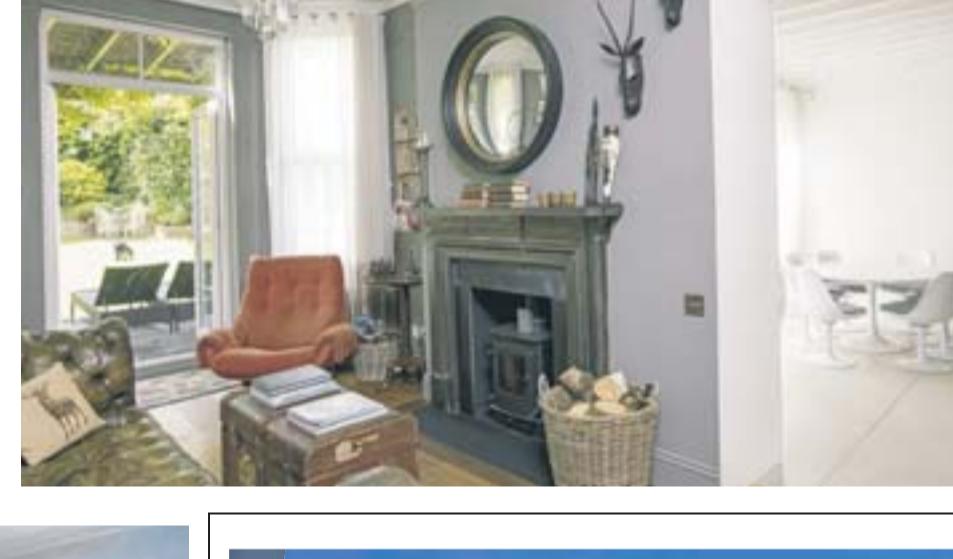
Once the structure of the house was in place, designing the interiors could begin. The older section reflects Mrs. Cruddace's eclectic, colorful tastes and affection for vintage and industrial style. The new section embodies Mr. Martin's more austere vision of clean lines and a restricted, natural palette.

In the basement TV room, for example, Mrs. Cruddace opted to paint the walls a deep, charcoal blue, giving the room a clubbish, intimate feel with velvety mustard-yellow sofas.

By contrast the new



FAMILY AFFAIR Above, from left to right, Martin Cruddace, Josh Hogan, Harry Hogan, Caroline Cruddace and Amelie Cruddace. Clockwise from below, the rear facade, a sitting room and Amelie's bedroom.



kitchen is lofty and light, with high ceilings and views of the front and backyards. Ceramic floor tiles are pale, and the cabinetry is painted off white. Almost the only splashes of color are the denim-blue kitchen island and orange seat cushions.

The master bedroom suite is where Mr. Martin's taste coexists with that of his client (Mr. Cruddace admits he left all design decisions to his wife). A luxuriously large bathroom and a yoga studio take up most of the lower level. An elegantly minimal floating staircase leads to the bedroom, furnished with only a bed, side tables and a chair. The palette is entirely neutral, but a little color finds its way onto the terrace in the form of retro turquoise chairs.

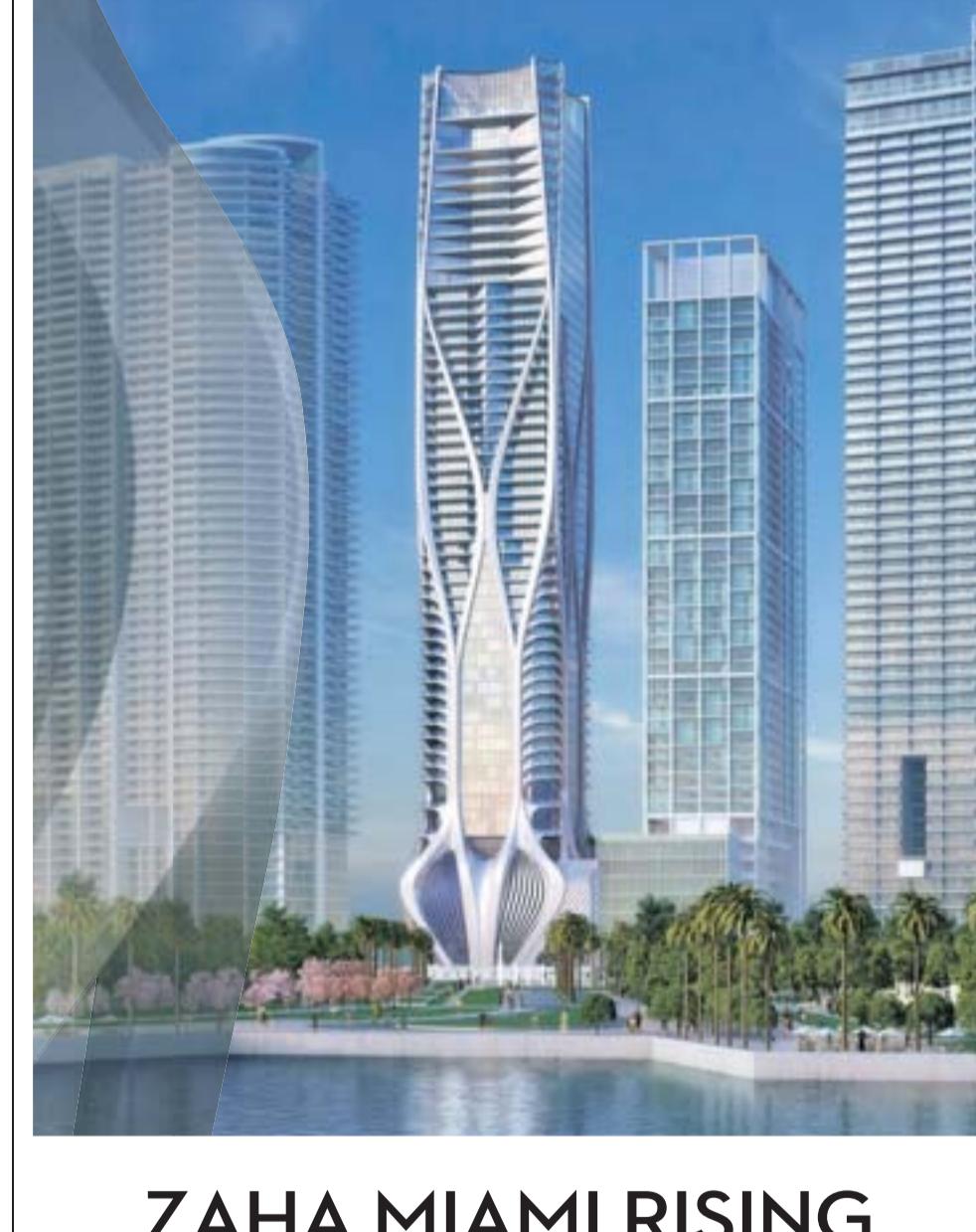
All three children have bedrooms in the original house, and Amelie's passion for horses is reflected in the wallpaper featuring a herd of grays. Fairy lights and a

princess dressing table keep things suitably girly. Mrs. Cruddace also had some fun with the spare rooms—one has wallpaper printed with tiny, vividly colored birds—and her own office for which she mixed the shade of vivid turquoise herself.

This project added 840 square feet to the house and cost about \$1.1 million. The couple is sanguine about the cost, partly because they have no intention of selling and partly because renovated homes in their neighborhood routinely sell for \$2.5 million to \$3.9 million.

Today Mr. Cruddace, who is the chief executive of leisure company Arena Racing Co., says he is glad he has had the experience of renovating a house but wouldn't want to do it again.

His wife, on the other hand, glows at the idea of taking on a new project. "I would love, love to do another house. Just not live there at the same time."



ZAHAA MIAMI RISING.

ONE THOUSAND MUSEUM

BY ZAHA HADID ARCHITECTS

From \$5.8 million.

Currently under construction with completion anticipated 4th Qtr 2018.

1000museum.com | 305.521.1099 | info@1000museum.com

ONE | Sotheby's
INTERNATIONAL REALTY

Oral representations cannot be relied upon as correctly stating representations of the Developer. For correct representations, make reference to this brochure and to the documents required by section 718.503, Florida statutes, to be furnished by a developer to a buyer or lessee. We are pledged to the letter and spirit of the U.S. Policy for achievement of Equal Housing Opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status or national origin. This is not intended to be an offer to sell, or solicitation to buy, condominium units to residents of any jurisdiction where prohibited by law, and your obligation to sign a purchase agreement will be limited to your state of residence.

Artist rendering provided by Catapult13 | Creative Director Alfred Lamoureux



DYLAN THOMAS FOR THE WALL STREET JOURNAL (5)

CLUBBISH FEEL The basement TV room with its deep blue walls and mustard-colored sofas.

MANSION



TOTAL PACKAGE

From its production facility in Seattle, Henrybuilt designs, manufactures and ships entire kitchen systems. Space-saving features include a cutting board that fits over a cooktop when not in use and backsplash-integrated knife racks, shelving and colander hooks. The holistic approach makes the space feel more refined and functional, said Chris Barriatua, the company's executive director.

Price: \$80,000 to \$120,000 for a complete, small kitchen

EASILY CAFFEINATED

Made by Copenhagen-based Scandomat, the TopBrewer is a faucet-shaped espresso maker built into the countertop. Hidden below is a fridge to store milk. The whole unit takes up about the same space as a dishwasher, said export manager Sebastian Vibe-Petersen. The device is operated via smartphone or tablet and comes in five finishes.

Price: \$11,000



HOT SPOT

Wolf has eight different 15-inch-wide modules, one shown above, offering electric, gas or induction burners, as well as more fanciful items like a deep fryer or steamer. Fisher & Paykel offers a 12-inch-wide, two-burner induction cooktop.

Price: Wolf, \$1,100 to \$1,325 for cooktop modules; Fisher & Paykel, \$1,099

CHILL OUT

Under-counter refrigerators can slide open like a drawer. Liebherr's 24-inch model, shown at right, is available at 32- and 36-inches high. Released 18 months ago, it is sometimes used as a primary fridge in Europe, said Mark Livingood, the German company's eastern regional sales manager in the U.S. Sub-Zero's roughly 34-by-24-inch model comes in both fridge and freezer versions. Fisher & Paykel's CoolDrawer measures roughly 36 by 25 inches and has five temperature settings.

Prices: Sub-Zero, \$4,040; Liebherr, \$2,000; Fisher & Paykel, \$2,309-\$2,518



ELEMENTS

COMPACT KITCHENS

More kitchen appliances and fixtures are coming in smaller sizes to accommodate tight spaces in apartments, wet bars and butler's pantries

If "mini-fridge" conjures up images of college dorm rooms, listen up. More pint-sized versions of refrigerators, as well as dishwashers, stoves and sinks, are popping up in luxury homes.

Demand for petite appliances has been driven, in part, by baby boomers downsizing to luxury apartments.

In larger homes, kitchenettes and wet bars are increasingly found in master suites, media rooms, staff quarters and guest

apartments.

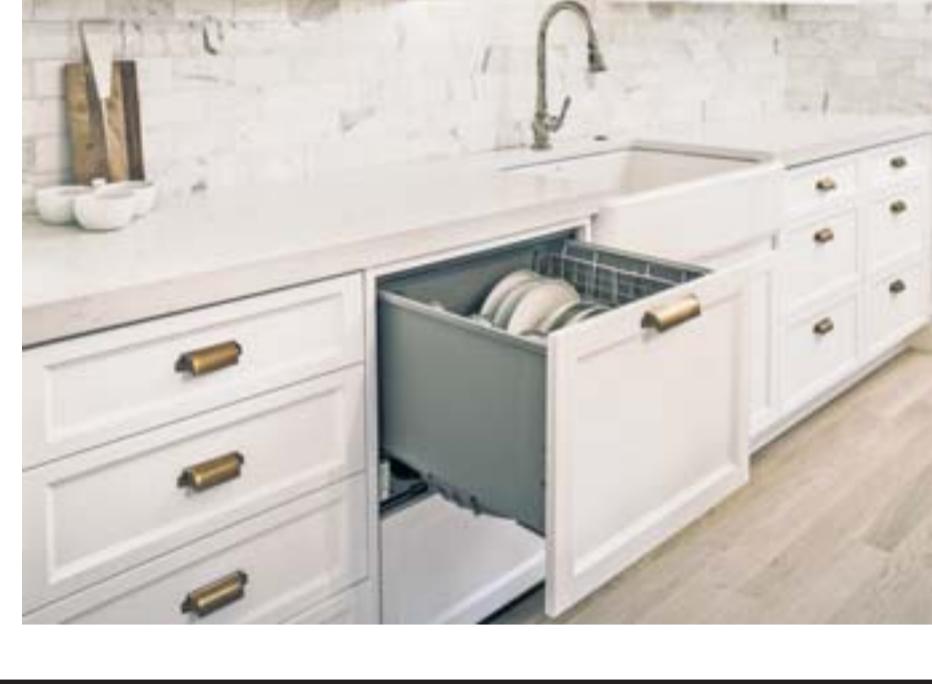
Most appliances can be mounted flush with countertops or come "panel ready," meaning the front can be outfitted with matching cabinetry. Sinks are smaller in diameter but just as deep. And designers are opting for a clean look, often forgoing hardware, to make spaces seem bigger and more sophisticated.

"We definitely see people choosing to be much more thoughtful about their kitchen

design," said Jean Brownhill, founder of Sweeten, a service that matches renovators and general contractors. "Oftentimes it does mean opting for a smaller footprint."

Here is a sampling of scaled-down appliances and fixtures. Width and height dimensions are approximate, and prices don't include installation. Check with the manufacturer for specifications.

—Leigh Kamping-Carder



SQUEAKY CLEAN

Auckland-based Fisher & Paykel makes a drawer-style dishwasher. At roughly 24 inches by 16 inches, the smallest model accommodates seven place settings and is small enough to allow for storage underneath. Models come in black, white, stainless steel or panel-ready.

Price: Fisher & Paykel single Dish-Drawer, \$649 to \$749

SHERRY LANSING

Continued from page M1

South Creiger Avenue a year before my father died.

It was a middle-class, two-story, three-bedroom brick house with small yards in

the front and back, a stoop, a driveway and garage. We also had large closets. I'd hide out in them when I wanted quiet.

My father, David, set up

an area in the back for a swing set where he pushed me. My father adored me. He gave me unconditional love, and we were very close.

My most vivid memory of my father was watching silent movies with him in a nickelodeon theater at a local museum. I loved seeing him laugh.

My father was in real estate and owned a handful of rental buildings. After he died, two men came to the house and told my mother, Margot, not to worry, that they would run his business.

My mother said, "No you won't. You'll teach me and I'll run it." Mom learned everything she needed to know and worked hard. She became my biggest role model. At 32, she was a widow and strong. I used to go with her to collect the rents. She taught me not to be a victim. She'd say, "Pull up your socks," which meant, "Go for it."

After my father died, I so wanted life to be normal again. I hoped my mother would marry every man she dated. I wanted a dad more than anything.

In 1956, when I was 12 and my sister, Judy, was 6, my mother married Norton Lansing, a successful furniture manufacturer. Norton was a widower who had two children, Andrea and Richard. We all moved in together.

In my teens, I fell in love with the movies. I went to the Hamilton Theatre as often as I could. I loved the stories and performances, and set my sights on Hollywood.

My parents wanted me to go to an all-girls private high school, but I insisted on a



RIDING HIGH Sherry Lansing in the late 1940s on a prop horse outside her grandmother's home in Chicago.

co-ed public school. I applied to the University of Chicago's Lab School, a spectacular, nonjudgmental school that valued intellect rather than status.

You had to take a test to get in, and I took mine while I had the chicken pox. I didn't want to miss an opportunity. I was accepted.

My junior-year math teacher was most influential. He promised me that once I got math, the subject would be thrilling. He helped me get it, and I ended up loving math.

By the time I was a sophomore, I was 5-foot-10 and skinny. After my mother en-

couraged me to apply for a modeling job at the Carson Pirie Scott department store, I was hired and modeled in shows as the "young bride."

At Northwestern University, I studied for a teaching credit in English and math, and I minored in theater.

During my junior year, in 1964, I married.

After graduation in '66, my husband and I moved to Los Angeles. My husband was studying to be a doctor and did his internship at Cedars of Lebanon Hospital, so he was gone most of the time.

Then he was drafted and was sent to South Korea. The marriage didn't survive the

distance and we divorced. It was a tough time.

I taught high-school English and math for a while, and modeled. Then I landed a few movie roles in the late '60s before realizing that acting made me uncomfortable. I didn't like being anyone but myself. I also realized I had little talent for acting.

In 1971, producer Ray Wagner hired me to be a script reader at MGM. At the time, this was an alternate path for ambitious women in Hollywood.

I was a fast reader and could synthesize what I read and explain why a script was worthwhile or not. Four years later, I was MGM's executive story editor.

At 35, I became president of production at 20th Century Fox and then left to become a producer. In 1992, at 47, I became the head of Paramount Pictures.

When I got the job, I thought back to that 8-year-old girl sitting next to her father at the movies. I wished my father had been alive. I missed him terribly.

Today, my husband and I live in the Bel Air section of Los Angeles. Our house is a three-bedroom Mediterranean that sits on top of a hill. We moved in 10 years ago after renovating.

The house is comfortable and isn't the least bit intimidating. Everyone who comes over plops down in our overstuffed furniture and feels at home.

I have a ton of photos of my father and mother around the house. I wish I had his old opera 78s. My husband, movie director Billy Friedkin, also directs operas. It's as if my father is alive with us today through the music.

Look Behind the Numbers



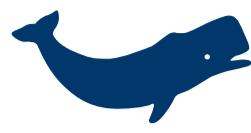
Join Miriam Gottfried for an in-depth look at the stories driving global business. Get incisive analysis of the companies, sectors and securities making news with WSJ's *Heard on the Street* podcast.

Listen now at WSJ.com/listenHeardontheStreet

WSJ Podcasts are also available on iTunes, Amazon Echo, Spotify, iHeartRadio, Google Play Music and Stitcher.

THE WALL STREET JOURNAL

Read ambitiously



Daniel
Gale | Sotheby's
INTERNATIONAL REALTY

danielgale.com



Old Brookville, NY – "The Oaks at Mill River"

Consisting of 97.16 wooded acres of which 52.95 acres has been donated as a natural conservation preserve. The remaining 44.21 acre site plan is comprised of roads and 13 approved subdivided lots that range in size from 2.23 acres to 4.38 acres. Masterpiece Listing. SD #6. MLS# 2941914. \$20,000,000.

Kathryn K. Zoller, 516.759.4800 ext.128, 516.532.2043



Baiting Hollow, NY – Malibu on the Sound
SD #2. MLS# 2948816. \$1,100,000.

Jon Tomlinson, 631.734.5439, c.646.528.5121



Baiting Hollow, NY – Beach & Golf Retreat
SD #2. MLS# 2941590. \$625,000.

Jon Tomlinson, 631.734.5439, c.646.528.5121



Cold Spring Harbor, NY – Custom-Built
CSH SD #2. MLS# 2937355. \$2,950,000.

Jeanne Posillico Leonard, 631.692.6770 ext.298
c.631.692.9298



Garden City, NY
SD# 18. MLS# 2951333. \$999,000

Ann Collins, 516.248.6655, c.516.384.1869



Malba, NY

SD #25. MLS# 2951778. \$2,898,000.

Irene Nictas, 718.762.2268 ext.135, c.917.518.3031

Ann Carlucci, 516.627.4440 ext.203, c.516.672.2023



Melville, NY – Architectural Masterpiece

SD #5. MLS# 2945008. \$1,399,999

Evangelia (Angie) Boudourakis

516.677.0030 ext.343, c.917.751.6700



Old Field, NY – Waterfront with Dock

3VSD #1. MLS# 2849887. \$2,750,000.

Miriam Ainbinder, 631.689.8980 ext.216

c.631.988.9200



Old Westbury, NY – "Hastings House"

SD #15. MLS# 2888451. \$7,995,000.

Kathleen (Kathe) Dodd, 516.759.4800, c.516.504.8771

Margaret Mateyaschuk, 516.759.4800, c.516.972.1891



Port Washington, NY – Knickerbocker Bay Club

SD #4. MLS# 2724683. \$1,799,000.

The Knickerbocker Bay Club, 516.883.6400



Roslyn Harbor, NY – New Construction

Roslyn SD #3. MLS# 2918246. \$3,288,000.

Tara Matchton, 516.484.1800, c.516.641.2652

Lois Kirschenbaum, 516.484.1800 ext.229



Roslyn Heights, NY

SD #2. MLS# 2937357. \$2,499,000.

Irina Khaimova, 516.627.4440 ext.130, c.917.749.2929

Irene Nictas, 516.627.4440 ext.332, c.917.518.3031



Upper Brookville, NY

SD #3. MLS# 2866664. \$3,795,000.

Anita K. Meltzer, 516.759.4800 ext.171

c.516.906.1593



**THE RITZ-CARLTON
RESIDENCES**

LONG ISLAND, NORTH HILLS



Luxury Condominiums with Legendary Services and Amenities. The Ritz-Carlton Residences, Long Island, North Hills is conveniently situated within the Great Neck School District in the Village of North Hills on Long Island's legendary North Shore. 20 miles from Manhattan. 60 miles from the Hamptons. See for yourself, what luxury feels like every day. Residences starting at \$1,500,000. Immediate Occupancy.

516.486.6100 · TheResidencesLongIsland.com

The Ritz-Carlton Residences, Long Island, North Hills are not owned, developed or sold by The Ritz-Carlton Hotel Company, L.L.C. or any of its affiliates ("Ritz-Carlton"). RXR North Hills Phase I Owner LLC uses The Ritz-Carlton marks under a license from Ritz-Carlton, which has not confirmed the accuracy of any of the statements or representations made herein.

The complete terms are in an Offering Plan available from Sponsor. File No. CD-14-0036. The complete terms are in an Offering Plan available from Sponsor. File No. CD-16-0238.

RXR
Daniel
Gale | Sotheby's
INTERNATIONAL REALTY

Daniel Gale Sotheby's International Realty

Each office is independently owned and operated. We are pledged to provide equal opportunity for housing to any prospective customer or client, without regard to race, color, religion, sex, handicap, familial status or national origin.



**GENEROUS FARMERS
ON LONG ISLAND**



**GENEROUS HELPINGS
ON STATEN ISLAND**

**LET'S
FEED OUR
PEOPLE**

Hey New York, nearly 1.4 million people in our city face hunger.
Help City Harvest rescue excess food for our neighbors in need.

Donate at cityharvest.org.



MANSION



ROIS & STUBENRAUCH FOR THE WALL STREET JOURNAL (4)

ONCE A TAVERN The centuries-old building, below, now a seven-bedroom modern home, is for sale for about \$3.97 million. The dining area, above, of the four-level home.

LIVING HISTORY

A Viennese Gem's Tipsy Past

A wine tavern in the city's village-like Grinzing has been transformed into a luxury home



BY J.S. MARCUS

RETIRED AUSTRIAN jewelry designer Dieter Bakalarz-Zákos knows a diamond in the rough when he sees one. When he looked at a dilapidated historic wine tavern in Vienna's Grinzing neighborhood, in the Alpine foothills above the city, he saw the potential for a modern luxury villa.

The building bore witness to centuries of Viennese history, roughly taking its present form in the late 1600s. Parts of the building's foundation could be much older, though exactly how much older is disputed. A guest book, however, shows the tavern had special allure in the mid-20th century, welcoming celebrities such as Liz Taylor and Walt Disney.

"I was looking for a challenge," Mr. Bakalarz-Zákos, 76 years old and a Vienna native, says of his purchase.

Developers have bought similar taverns to convert into million-dollar condos, adds Mr. Bakalarz-Zákos, "but I wanted to turn mine into a home."

He bought the building, set on a one-tenth acre lot in Grinzing's village-like core,

in 1998 for about \$525,000, after it had fallen into bankruptcy. He then invested about \$1.7 million to convert the architectural hodge-podge—U-shaped, three stories with a sprawling basement—into a 6,500-square-foot, seven-bedroom home with five bathrooms and two powder rooms. He created the home for his wife and four children, now grown.

The property is for sale for €3.5 million, or about \$3.97 million.

The transformation includes, for example, underfloor heating and an outdoor pool. A cluster of south-facing rooms where the tavern's clientele once likely drank white-wine spritzers (a Viennese favorite) became a double-height salon, decorated with ornate antique furniture from Mr. Bakalarz-Zákos's family, a clan of Hungarian aristocrats long settled in Austria.

The home is one of several noteworthy buildings in the heart of Grinzing, says art historian Paul Mahringer, of Austria's Federal Monuments Authority, now in the process of designating the Bakalarz-Zákos home and dozens of surrounding structures as part of a protected

historic zone.

Mr. Mahringer says the home was likely used as a residence and workplace for centuries by farmer-wine-makers, who would have grown grapes in Grinzing's nearby vineyards and then made wine on the premises.

Shortly after buying the property, Mr. Bakalarz-Zákos had the house examined by an expert affiliated with a local museum. The examiner found what he believed to be ancient Roman traces in the basement.

Mr. Mahringer, however, argues that the basement is probably no older than the 16th century, when Grinzing, then a small village miles from the walled city, was first caught up in the Ottoman Empire's expansion into central Europe.

Grinzing was largely destroyed twice, adds Walter Öhliger, a historian at Vienna's Wien Museum, citing Vienna's two major Ottoman sieges of 1529 and 1683.

"The oldest depiction of Grinzing shows the village in flames," he says of a 16th-century rendering of the 1529 battle, now part of the museum's collection. Most Grinzing structures were destroyed, he adds, but "the cellars survived," along with the wine that farmers hid from marauding armies.

The Wien Museum archive contains several depictions of what became the Bakalarz-Zákos home and courtyard.

Both Mr. Mahringer and Mr. Öhliger believe the home likely was built in the years following the final 1683 defeat of Ottoman troops, after which the border between the Habsburg and Ottoman empires moved to southeastern Europe, leaving Vienna and its environs to redevelop.

When Mr. Bakalarz-Zákos bought the property, the basement had an earthen floor and was filled with debris. He made the space into a rec room. "My children could play music as loud as they wanted," he says.

One part of the project took far longer than expected: the restoration of a Madonna fresco on the front of the house, overseen by a team from Vienna's Academy of Fine Arts and partly paid for by the Austrian government.

Claudia Riff, the Viennese art restorer who supervised the nearly two-year project, says the fresco dates to about 1800. Today, the fresco, showing a smiling, blue-draped Virgin, is a standout feature of the area.

With the Ottoman sieges a

distant memory, Viennese in the early 19th-century started to see the Grinzing vineyards and taverns as a pleasure destination. A few houses down from Mr. Bakalarz-Zákos, a plaque commemorates composer Franz Schubert's many visits to the village, incorporated into the city in the 1890s.

After World War II, Grinzing became a hot spot, and by the 1950s, the future

Bakalarz-Zákos home, then called Das Alte Haus (the Old House), had become a celebrity stomping ground, says area native Michael Lenzenhofer. It was more of an upscale restaurant than a traditional wine tavern.

"Celebrities arrived in Grinzing in Rolls-Royces," he says.

The establishment likely began a spiral downward in the 1980s, in conjunction with a change in ownership

and a courting of the mass-tourism trade.

These days, Grinzing is being transformed by rising real-estate prices. The number of Viennese homes sold at or above €1 million has jumped more than 50% since 2012. Mr. Bakalarz-Zákos thinks the time is right to pass its value onto his children. Elfie Zipper of Vienna's Otto Immobilien is handling the sale.



LIGHTEN UP The courtyard was laid with new paving stones, top. The kitchen has sandstone floors and a utility island, above.

Join the biggest stars in entertainment for an unforgettable, live special, as we come together to rethink American high schools. Visit XQSuperSchool.org/live to get a sneak peek at the future of education.

ABC CBS FOX NBC

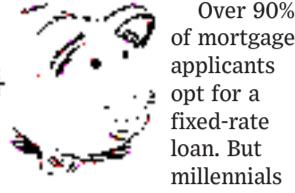
XQ Institute and the Entertainment Industry Foundation (EIF) are 501(c)(3) organizations.

MANSION

JUMBO JUNGLE | ROBYN A. FRIEDMAN

BORROWERS ADJUST THEIR ATTITUDES

Most people opt for a fixed-rate mortgage, but those who don't plan to stay long in the same home should consider an adjustable-rate loan



Over 90% of mortgage applicants opt for a fixed-rate loan. But millennials

buying homes are increasingly opting for adjustable-rate mortgages instead.

Because interest rates on ARMs tend to be lower than those on fixed-rate mortgages, borrowers can save hundreds of dollars in monthly payments. For example, according to personal finance website Bankrate.com, the average interest rate on June 30 for 5/1 jumbo ARMs, in which the rate is locked for five years and then adjusts annually, was 3.43%, compared with 4.01% for a 30-year, fixed-rate jumbo loan.

In this case, if you borrow \$700,000 at 4.01%, the monthly payment of principal and interest is \$3,345.95. The same loan at 3.43% would have a monthly payment of \$3,116.02 for the first five years—a saving of \$229.93 a month.

ARMS are popular with millennials because these borrowers are more mobile, says John Walsh, chairman of Milford, Conn.-based Total Mortgage Services, where millennials applying for 7/1 ARMs increased 18% this year through June 15, compared with the same period a year ago. "They're not going to work at GE for the next 30 years," he says. "A lot of them will move to accelerate their career path, so they're not going to stay in the house as long."

Despite the potential for savings, the vast majority of



borrowers apply for fixed-rate loans. In April, 91.5% of all mortgage applications were for fixed-rate mortgages, according to the Mortgage Bankers Association.

"The majority of our jumbo customers are at fixed rates because they're still low," says Ray Rodriguez, regional mortgage sales manager for the metro New York market for TD Bank.

"Right now you can still get a jumbo fixed-rate loan for under 4%. But once it gets closer to the high fours, you'll see a kick in the number of people looking for ad-

justable-rate mortgages."

Experts say the best way to select an ARM is to match the fixed period to the time you plan to be in the home. "A 3/1 adjustable will provide a rate advantage, but if the borrowers think they're going to stay in their house for a longer time, then I would go with a 5/1 because that gives them more stability," says Meredith S. Weil, chief operating officer of Third Federal Savings and Loan Association in Cleveland.

Conversely, for borrowers planning to live in their homes for a shorter period, a

3/1 might make more sense because that will come with a lower rate.

A few things to consider:
• Assume rates will go up. Although interest rates have been relatively stable recently, if they tick up, so will your mortgage payment. "It's really about the tolerance for interest-rate risk," says TD's Mr. Rodriguez. "You have to go in assuming upfront that rates are going to rise. You could be in for a nice surprise if they go down, but more often than not, you're not going to get that surprise."

• Consider the caps.

When rates reset after the initial loan period, most ARMs are capped at 2% per adjustment—whether rates increase or decrease. There's also a 6% cap on increases over the life of the loan. Ms. Weil says that under the qualified-mortgage rules of the 2010 Dodd-Frank Act, lenders must consider ARM borrowers at the highest potential rate over the first five years of the loan, rather than the initial rate, so that helps to ensure borrowers can afford the loan if rates increase.

• Learn the lingo. Understand how your ARM works. Each ARM has not only a cap, but also an index, which is the benchmark interest rate upon which adjustments are based. That index is commonly the prime rate or Libor. There's also the margin—the percentage interest rate, commonly 2%, added to or subtracted from the index when the loan adjusts. The index benchmark is variable, but the margin is constant throughout the life of the mortgage. If you're not sure how the loan works, ask your lender or financial adviser.

ADVERTISEMENT



WASHINGTON, DC/POTOMAC, MARYLAND

Stunning estate-style home, 20 min. from the White House. Built in 2000 with master craftsmanship & the finest finishing materials. Beautiful formal entertaining rooms combined with comfortable family living. 6 bedrooms plus sitting room off master bedroom suite, formal cherry paneled study & large country kitchen. This handsome home is accented with all brick construction, slate roof & 4-car garage. Majestically sited on a lush, landscaped 2.66 acres. **\$3,375,000**

Forum Properties, Inc.
Paul E. Biciocchi, broker
phone: 301.518.6999



WHITETAIL CLUB - MCCALL, IDAHO

The Shore Lodge Cottages at Whitetail Club. Four spectacular cottage models ranging in size from 1369–2490 sq. ft. plus 1-car & 1 cart garage. The ultimate weekend getaway. The lakefront clubhouse, the single-track mountain bike trail system, Nordic ski trails, indoor tennis & fitness center, & the championship golf course are all outside your doorstep.

Priced from **\$689,000 - \$889,000** WhitetailClub.com

Whitetail Club Realty, LLC.
Joe Carter
phone: 877.634.1725 Email: jcarter@whitetailclub.com



ORLANDO, FLORIDA

Twin Lakes is now selling homes from the **\$200s** in the Orlando Area. Here residents will enjoy a magnificent 20,000 sq. ft. clubhouse with amenities that are usually reserved for fine resorts. The outstanding views and location are only surpassed by our cutting edge home styles and luxurious included features that are an upgrade to other builders. Twin Lakes is a 55+ Active Lifestyle Community.

From the **\$200s** TwinLakesFL.com

Twin Lakes
phone: 407.499.8865



BONITA SPRINGS, FLORIDA

Florida's Ultimate 55+ Lifestyle - There is a new standard of living on Florida's beautiful Gulf Coast. Valencia Bonita offers an exciting vacation-inspired lifestyle that rivals the finest resorts. Featuring a 45,000 sq. ft. clubhouse with world-class amenities and elegant single-family and villa home designs for every taste.

From the **\$300's - \$600's** glhomes.com/valencia-bonita

GL Homes
phone: 800.574.9205



BOCA/DELRAY BEACH, FLORIDA

Incredible opportunity at Seven Bridges - brand new homes in a highly amenitized non-golf community in the Boca Raton / Delray Beach area. Generous features include impact glass, marble countertops, gourmet kitchens and 30,000 sq. ft. club. Low HOA fees, close to world-class shopping, great schools. Inquire today!

From the **\$700's to \$2 million** glhomes.com

GL Homes
phone: 800.875.2179

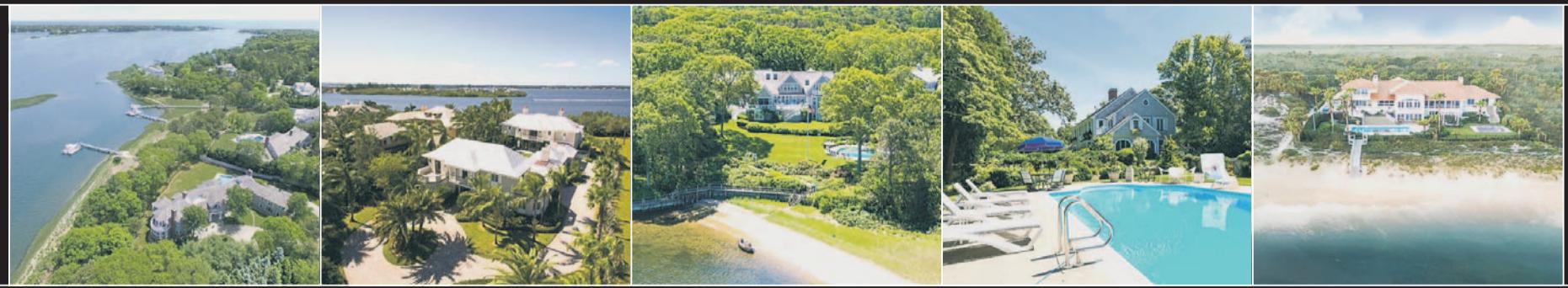


KIAWAH ISLAND, SOUTH CAROLINA

With 5,138 square feet, 5 bedrooms, and 5 1/2 bathrooms, 15 Avocet Lane is just a short bicycle ride from the beach. A southern exposure and stunning views of Canvasback Pond, a verdant fairway, and maritime forest make its indoor-to-outdoor flow a highlight of the home, which was completely renovated in 2008. A Kiawah Island Club Membership is available.

\$2,995,000 kiawahisland.com/real-estate

Kiawah Island Real Estate
phone: 866.312.1780 email: info@kiawahisland.com



OSTERVILLE, MA | \$9,500,000
WEB ID: OTWT4
Exceptional Oyster Harbors waterfront estate with inground pool and private dock.
Robert Paul Properties
Robert Kinlin — 508.648.2739

VERO BEACH, FL | \$8,875,000
WEB ID: SKLT4
Meticulously crafted waterfront estate w/unrivaled views in exclusive community.
Dale Sorensen Real Estate
Matilde Sorensen — 772.532.0010

OSTERVILLE, MA | \$7,400,000
WEB ID: TLBB4
Magnificent waterfront residence w/ in-ground pool, panoramic views and sandy beach.
Robert Paul Properties
Robert Kinlin — 508.648.2739

WOODS HOLE, MA | \$7,250,000
WEB ID: BUDQ4
Spectacular Gansett estate w/water view, pool, assoc beach/dock & extra building lot.
Robert Paul Properties
Robert Kinlin — 508.648.2739

PONTE VEDRA BEACH, FL | \$6,200,000
WEB ID: IDPT4
Casual Oceanfront Luxury. 7,300+sf w/6 beds +7baths. Ultimate entertainer's estate.
Watson Realty Corp
800.257.5143



BEAVER CREEK, CO | \$6,095,000
WEB ID: EHVU4
Beautiful detailed 5-bedroom, 6.5-bath, custom built ski-in estate home.
Slifer Smith & Frampton Real Estate
Amy Dorsey — 970.471.2374

WOODS HOLE, MA | \$5,995,000
WEB ID: YJZT4
Waterfront estate w/3.67 acres, outstanding panoramic views, & separate guest house.
Robert Paul Properties
Robert Kinlin — 508.648.2739

NEWPORT, RI | \$5,900,000
WEB ID: KPTB4
Bellevue Avenue estate designed by Dudley Newton with interiors by Ogden Codman.
Lila Delman Real Estate International
Melanie Delman — 401.284.4820

COTUIT, MA | \$4,900,000
WEB ID: YLXZ4
Outstanding oceanfront building parcel with 5.9 acres, privacy and a sandy shoreline.
Robert Paul Properties
Robert Kinlin — 508.648.2739

OSTERVILLE, MA | \$4,900,000
WEB ID: LMTQ4
1.06 acre waterfront parcel w/ private sandy beach, & permits for dock & 5 bd house.
Robert Paul Properties
Robert Kinlin — 508.648.2739



HUNTINGTON BAY, NY | \$4,500,000
WEB ID: RYAV4
Rare opportunity to own a historic masterpiece with 190-ft of beach, 1 hr from NYC.
Coach Real Estate Associates, Inc.
Elizabeth Alessio — 631.664.6849

NEWPORT, RI | \$3,995,000
WEB ID: COHQ4
Sunnyside – Commodore William Edgar House (c.1885) designed by McKim, Mead & White.
Lila Delman Real Estate International
Melanie Delman — 401.284.4820

ELEUTHERA, BS | \$3,495,000
WEB ID: NPDZ4
Trident House - Architecturally renowned 3.21-acre estate with 450' beach frontage.
Bahamas Realty Limited
James Bernard — 242.396.0046

BEAUFORT, SC | \$3,250,000
WEB ID: TPLZ4
Waterfront Estate, 5 acres, pool, deep water dock, 11,240sf residence, magical views.
WEICHERT, REALTORS®-Coastal Properties
Jane Grant — 843.505.1405

LLOYD NECK, NY | \$3,195,000
WEB ID: NHYV4
Open House 07/09 SUN 12:00-2:00! Exquisite Waterfront Property W/ 300' Water Frtage!
Laffey Fine Homes International
Paul Tyree — 516.426.5224



PORSCHE, RI | \$2,950,000
WEB ID: CVUZ4
Waterfront access at Sandy Pt. 186 ft 'of beach frontage with panoramic waterviews.
Lila Delman Real Estate International
Melanie Delman — 401.284.4820

DARIEN, CT | \$2,800,000
WEB ID: KPAB4
Incomparable custom residence with spectacular setting amid gardens and open fields.
Halstead Real Estate
Mary Lopiano — 203.912.4694

ST JOHNS, FL | \$2,750,000
WEB ID: DMOY4
Gated Riverfront Estate. Custom contemporary design w/7,100+sf on 2.3+ acres.
Watson Realty Corp
800.257.5143

DELRAY BEACH, FL | \$2,650,000
WEB ID: IWGC4
Keyes Company
Elaine Ward — 352.665.6568

NORTH PALM BEACH, FL | \$2,495,000
WEB ID: ICJQ4
Light filled 4BR 4BA garden home with pool in prestigious gated golf community.
Lost Tree Realty
Peter Erdmann — 561.329.2383

luxuryportfolio.com

LUXURY PORTFOLIO
INTERNATIONAL®



MOUNT PLEASANT, SC | \$1,995,000
WEB ID: NPXQ4
Beautiful custom home overlooking the river. Dream kitchen. 2-car gar. Guest suite.
Carriage Properties
Judy Tarleton — 843.729.2255

ATLANTA, GA | \$1,970,000
WEB ID: GROY4
Classic garden, 1.39 lush acres in Buckhead, room for a pool / Simply beautiful home.
Beacham & Company, REALTORS
ANNE POWERS — 404.906.7982

KIAWAH ISLAND, SC | \$1,900,000
WEB ID: KLZQ4
Private, 3.74 acre home-site with extended marsh views.
Carriage Properties
Kay Halsey — 843.729.4376

TEQUESTA, FL | \$1,850,000
WEB ID: IURT4
Light bright 3BR estate home in Jupiter Hills Village, tranquil sparkling lake view.
Lost Tree Realty
Denice Sexton — 561.662.8344

WEST DENNIS, MA | \$1,700,000
WEB ID: WGSC4
Beautiful water views and private deep water dock in the Fingers of West Dennis.
Robert Paul Properties
Robert Kinlin — 508.648.2739



PORT ST. LUCIE, FL | \$1,500,000
WEB ID: BXGV4
Private 5BR,5.5BA,4CG; ½-acre, cul-de-sac. 8,800+sf, finest materials & design.
Illustrated Properties-Luxury Collection
Cinda Glor — 561.313.1396

SOUTHPORT, NC | \$1,475,000
WEB ID: FZBZ4
Unparalleled quality and privacy on 10 acres just an easy bike ride from waterfront.
Margaret Rudd & Associates
Kay Jolliff — 910.457.5258

BLUFFTON, SC | \$1,295,000
WEB ID: PCWQ4
Exquisite Southern Equestrian Estate - 4BR +office+bonus, pool, spa, barn on ~3 acres
WEICHERT, REALTORS®-Coastal Properties
Alison Melton — 843.290.3640

SOUTHPORT, NC | \$1,074,950
WEB ID: EZSB4
19th cen historically significant home, restored expansive views of Cape Fear River.
Margaret Rudd & Associates
Kay Jolliff — 910.457.5258

ATLANTA, GA | \$999,999
WEB ID: EVIT4
Modern design, elevator and outdoor kitchen included. Model unit available to view.
Beacham & Company, REALTORS
Crista Partlowe — 678.469.4050

MANSION

RELATIVE VALUE

FOR SALE: A GLIMPSE OF 'CHRISTINA'S WORLD'

Three properties for sale in Cushing, Maine, where painter Andrew Wyeth spent his summers

**\$1.395 million****Stevens Lane, Maple Juice Cove**

Four bedrooms, two full bathrooms, one half-bath

This 3,900-square-foot, 1999 contemporary Cape home has in-floor radiant heat on its ground level. It is on 5 acres, including three buildable lots, with a commercial-grade dock and float. The home has a gourmet kitchen and hardwood floors throughout. There is a two-car attached, heated garage and a stone patio. The property has a storage barn. Agent: Brian Wickenden, Legacy Properties Sotheby's International Realty

**\$1.295 million****Partner Lane, Burton Point**

Three bedrooms, three bathrooms, one half-bath

The 2,994-square-foot main house, by Stephen G. Smith Architects of Camden, was built in 2000 on 2.65 acres. The home is furnished and features a two-story granite fireplace. A deck along the length of the home has a built-in hot tub with water view. The property has a private deepwater dock and a two-bedroom, two-bath guesthouse, plus a garage with a room above. Agent: Leslie Tranchell, Legacy Properties Sotheby's International Realty

**\$1.05 million****Partner Lane, Burton Point**

Three bedrooms, three full bathrooms, one half-bath

This two-story, 3,200-square-foot home on 2.5 acres was built in 1972 and renovated in 1995. The bayfront home has an attached two-car garage, a boat barn and a boat house over the water with a deepwater dock and a float. The lot is near Olson House, the house made famous by Wyeth's 'Christina's World.' Agent: George Wheelwright, Legacy Properties Sotheby's International Realty

—Stephanie Capparell

ADVERTISEMENT

Distinctive Properties & Estates

To advertise: 800-366-3975 or WSJ.com/classifieds

VIRGINIA

GORGEOUS SMITH MOUNTAIN LAKE ESTATE
STUNNING WATERFRONT OPPORTUNITY

1114 Shady Point Rd: 4BR/5.5BA with 320 feet of water frontage. Home has it all - Gourmet kitchen, awesome dock, private beach and custom upgrades everywhere. 2 Masters, 2 guest ensuites, 50ft RV Garage with In-Law Apt, 5 Private Acres, fully fenced. MLS # 835678. \$2,649,000

ML REALTY
BUY • BUILD • RENT • SELL
@ SMITH MOUNTAIN LAKE

www.ML-Realty.com • 540-537-3073 • mcdonaldmariners@aol.com

FLORIDA

THINKING OF FLORIDA RESIDENCY?
SPECIALIZING IN PALM BEACH LUXURY PROPERTIES SINCE 1989...
Contact us for Experience YOU CAN TRUST!
(561) 820-9195

www.LindaOlsson.com
Linda R. Olsson, Inc., Realtor

NEW JERSEY

METUCHEN, NJ \$1,750,000
Classic Colonial. Renovated and expanded with charm & character; magnificent family room, kitchen, finished basement, carriage house/barn, Excellent schools, direct train approx. 40 min NYC
COLDWELL BANKER
RESIDENTIAL BROKERAGE

CONNECT

WITH A POWERFUL AUDIENCE OF
17,198,000 READERS

YOUR PROPERTY HAS A HOME IN MANSION.

For more information on advertising opportunities,
please contact: sales.realestate@wsj.com | 800.366.3975

AUCTIONS

REAL ESTATE AUCTION - September 2nd
Harbor Springs, Michigan Custom Estate
TO BE SOLD ABSOLUTE, NO RESERVE, NO MINIMUM

INLAND

20 Acre Estate includes 10,000 sf Riding Arena
6,700 sf of Rustic Luxury Home and Guest Cabin

2565 S. Larks Lake Road, Harbor Springs, Michigan
LAST LISTED: \$1,890,000

NEW YORK
Prime Country Farm

Amazing opportunity to own a FABULOUS BERKSHIRE FARM!
26 gorgeous acres, barn, outbuildings, country home, pond, 2½ hrs from NYC
Bargain priced at \$795,000
All in a perfect bucolic valley setting!
For more info call: 413-896-5844
www.RobinsonHollowFarm.com

NORTH CAROLINA

EUROPEAN MANOR HOUSE

Exquisite Georgian home on 4.5 acre estate in a historic village, only 60 miles from Charlotte or Asheville. Over 7000 SF of highest quality 20th Century construction restored to its original elegance. 1031 exchange/lease-back avail
704-840-4004
<http://www.404louisave.com>

TEXAS

Arlington, TX

Custom 4,560SF home. 4BR, 4.5BA, 3-car garage. Special features include: hardwoods, built-ins, chef's kitchen, spacious rooms, landscaped yard, greenhouse with heat/air & water, heated pool with swim up grotto bar and waterfall. \$850,000.
Dorothy Casteel, Coldwell Banker
817-247-9629
dorothy.casteel@gmail.com

FARMS/RANCHES/ACREAGE

H HALL & HALL
SALES | AUCTIONS | FINANCE | APPRAISALS | MANAGEMENT
Dedicated to Land and Landowners Since 1946

LITTLE WILLOW CREEK RANCH | PAYETTE, IDAHO
Winter unit for year-round ranching operation consisting of 12,900± deeded acres 65 miles northwest of Boise. Over 500 irrigated acres with three miles of Little Willow Creek. Outstanding pheasant hunting plus elk and deer. Offered at \$9,500,000

THE SUMMIT | SEELEY LAKE, MONTANA
"The Summit" includes 70± acres of timber, meadow and a pond sited atop a divide with an 8,000± square foot masterpiece home sited towards some of the most striking views of the Mission and Swan mountains. Offered at \$4,900,000

WWW.HALLANDHALL.COM | INFO@HALLANDHALL.COM | 888.407.8129

MANSION | THE WALL STREET JOURNAL.

Source: 2015 Ipsos Affluent Survey; Base: Used print & digital past 30 days. Digital: WSJDN, net of wsj.com, barrons.com and marketwatch.com, digital edition/replica included in website; social and other electronic forms (328K, 2% of total)

© 2017 Dow Jones & Company, Inc. All Rights Reserved.



GLOBAL LUXURYSM

WHERE EXCELLENCE LIVES



NANTUCKET, MASSACHUSETTS
Swain's Neck 63-acre peninsula with Polpis Harbor views is potentially Nantucket's most private retreat. Main residence, cottage, studio, gate house, boat house and 2 moorings. \$35,000,000

Jonathan P. Radford, Sales Associate

C. 617.335.1010



COHASSET, MASSACHUSETTS
Private 9.41 acre peninsula with renovated 20,000+ sq. ft. mansion, tennis court, swimming pool, skating pond, private beach and protected 112' deep water dock create the ultimate waterfront living experience. \$17,500,000

Jonathan P. Radford, Sales Associate

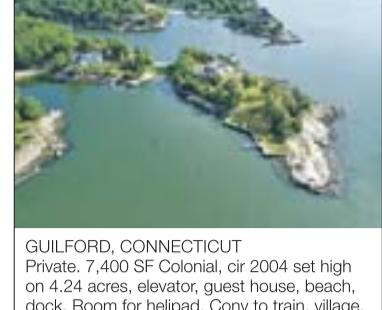
C. 617.335.1010



ALPINE, NEW JERSEY
This 20,000 sq. ft. Rio Vista estate offers 9 bedrooms, 10 baths, elevator, theatre, indoor & outdoor pool, basketball court & flawless finishes with grand scaled rooms. \$17,488,000

Michele Kolsky-Assatty, Sales Associate

C. 201.310.6136 | O. 201.461.5000



GUILFORD, CONNECTICUT
Private, 7,400 SF Colonial, cir 2004 set high on 4.24 acres, elevator, guest house, beach, dock. Room for helipad. Conv to train, village. 75 mi to NYC. \$9,875,000

Joe Piscetelli, Sales Associate

C. 203.982.3511



SANDS POINT, NEW YORK
Walls of windows bring you exquisite panoramic views of the Sound & Manhattan in this finely crafted contemporary with theater, pool, tennis court & 225 ft. of shoreline. \$9,500,000

Gloria Li, Real Estate Salesperson

C. 917.502.9211 | O. 516.864.8100



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



SADDLE RIVER, NEW JERSEY
Designed for fabulous entertaining, this estate offers an open layout with grand reception rooms, two formal dining rooms, custom crafted bar, and gourmet chef's kitchen. \$8,888,888

Joshua M. Baris, Sales Associate

C. 201.741.4999 | O. 201.461.5000



SADDLE RIVER, NEW JERSEY
This majestic brick estate on 2 acres of manicured grounds is the epitome of luxurious resort-style living with NKBA kitchen, pool with cabana, & heated 12+ car garage. \$6,488,888

Joshua M. Baris, Sales Associate

C. 201.741.4999 | O. 201.461.5000



GREENWICH, CONNECTICUT
Magical 1929 Tudor off Round Hill on 3.6 park like acres. Classic, updated luxury, 6,500 s.f. w/kitchen/family room, 11' plaster ceilings, sound/Nest systems, generator. \$5,875,000

Tamar Lurie, Sales Associate

C. 203.536.6953



WESTPORT, CONNECTICUT
Soothing Zen-like ambiance in a custom built 2011 home on 2 hilltop acres. Dramatic entry, chef's kitchen, terrace w/fireplace, serene master suite, billiards room & theater. \$5,299,000

M&D Properties, Dee Cohen, Marian Luck, & Meredith Kamo, Sales Associates

C. 203.858.8568



OLD WESTBURY, NEW YORK
Elegant 12,000 sq. ft. mansion is an entertainer's dream boasting a chef's gourmet kitchen, lower level with theatre room and resort setting with custom in-ground pool. \$5,238,000

Eva Lee, Real Estate Salesperson

C. 516.859.1887 | O. 516.570.1580



WESTON, MASSACHUSETTS
Prestigious residence on 2+ lush acres with pool and clay tennis court, chef's kitchen with vaulted family room, lux master, lower level office and au pair. 4 car garage. \$4,800,000

Denise Mosher, Sales Associate

C. 781.267.5750



RIVERSIDE, CONNECTICUT
Spectacular location. Colonial close to Nature Preserve/village/train. High ceilings, updated kitchen/bath, art/yoga studio; game/family/gym & guest rooms on lower level. \$4,540,000

Jill Barile, Sales Associate

C. 203.219.5717



MONMOUTH BEACH, NEW JERSEY
Wake up to glorious ocean sunrises & retire to breathtaking river views & sunsets in this waterfront custom seashore Colonial with dock, pool & approx. 35 mins. to NYC. \$4,099,000

Eric Bosniak & Christina Bonfiglio, Sales Associates

C. 732.245.0340 | O. 732.842.3200



RYE, NEW YORK
Exceptional historical home w/walk to Rye village. Gorgeous detailing, 4 fireplaces, soaring ceilings, Expansive, renovated marble kitchen & baths. www.185MiltonRoad.com. \$3,995,000

Michelle C. Flood, Associate Real Estate Broker

C. 914.420.6468 | O. 914.967.0059



NEWTON, MASSACHUSETTS
New 7,300 sq. ft. home with 13 rooms, 6 bedrooms, 8 baths, custom kitchen/family room, library/office, deck, gym, and 2-car garage. \$3,850,000

Carol Vaghar & Nancy McAuliffe, Sales Associates

C. 617.669.4132 | N. 617.875.5295



LEXINGTON, MASSACHUSETTS
Custom Shingle-Style home set on 1.5 acres with 6 bedrooms, inlaid floors, home theater, 4-car garage, elevator, new appliances, new roof, 2 decks, patio, and tennis court. \$3,659,000

Justine Wirtanen, Sales Associate

C. 617.780.5754



BROOKLINE, MASSACHUSETTS
Majestic Chateauesque style home, with spectacular carved wood detail, 7 bedrooms, rooftop green garden patio, 60 ft. stone terrace and heated driveway. \$3,499,000

Jill Streck, Sales Associate

C. 617.510.0771



BOSTON, MASSACHUSETTS
Newly constructed, 2120 sq. ft. garden duplex with 3 full baths, 3 BRs, oversized kitchen/living area, fireplace, patio with outdoor kitchen, & 1 half-tandem parking space. \$3,099,000

Ricardo Rodriguez, Sales Associate

C. 617.796.6084



BRIARCLIFF, NEW YORK
Private & elegant living on the grounds of the venerable Sleepy Hollow CC. Hudson River views, guest quarters, golf, equestrian, more w/membership. Approx. 45 mins to NYC. \$2,995,000

Daniel Bucci, Associate Real Estate Broker

C. 914.372.6631 | O. 914.693.5476



MOULTONBOROUGH, NEW HAMPSHIRE
Adirondack-style home on Lake Winnipesaukee with 6+ bedrooms, 8 baths, extensive docking, 4-season porch, cook's kitchen, sauna, gym, 3-car garage, and amazing views. \$2,845,000

Janet Cramer, Sales Associate

C. 603.707.2771 | O. 603.253.4345



NEWTON, MASSACHUSETTS
Admired Victorian home set 38,288 sq. ft. lot with wrap-around porch, patio, 13 well-appointed rooms, 5 bedrooms, 6 fireplaces, 3rd floor, plus newly completed lower level. \$2,795,000

Mitch Bernstein & Maxine Burman, Sales Associates

MB 617.645.1360 | MB 617.818.2447



HARRISON, NEW YORK
Sweeping drive to magnificent Center-hall Colonial, c.2003 w/exquisite detailing throughout, grand kitchen, 2 family rms & picturesquely outdoor living space. www.1GlenDrive.com \$2,795,000

Michele C. Flood, Assoc. R.E. Broker & Diane Brendel, R.E. Salesperson

C. 914.420.6468 | O. 914.967.0059



DUXBURY, MASSACHUSETTS
Stunning shingle-style home set on 1.84 private acres with 15 rooms, 6 bedrooms, chef's kitchen, stone fireplace, home office, gym, water views and deeded water access. \$2,675,000

Jessica Tyler, Sales Associate

C. 617.312.1369



WESTWOOD, MASSACHUSETTS
Restored Classic stone and brick home overlooking Lyman's Pond with preserved period details, 6 bedrooms, lofted spaces, gourmet kitchen, patio, and manicured grounds. \$2,595,000

Elena Price, Broker Associate

C. 508.577.9128



WABAN, MASSACHUSETTS
New Contemporary Colonial smart home with 12 rooms, superb craftsmanship, gourmet kitchen, 5 bedrooms, 5.5 baths, 3 fireplaces, playroom, patio, mudroom, and garage. \$2,595,000

Jeff Groper, Sales Associate

C. 617.240.8000



CONCORD, MASSACHUSETTS
Custom Stone and Shingle Estate set on 2.16 acres offering 5 bedrooms, gourmet kitchen, walls of windows, soaring ceilings, gazebo, patio, and pergola. \$2,575,000

Judy Boland, Sales Associate

C. 978.407.0146



OLD SAYBROOK, CONNECTICUT
Views of L.I. Sound & Fenwick golf course! Wonderfully maintained home w/Fenwick beach/boating amenities has 4 bedrooms including master suite & private guest quarters. \$2,495,000

Diane Pratt Gregory, Sales Associate

C. 860.395.8433



BEVERLY, MASSACHUSETTS
Superbly restored & updated granite stone estate nestled in the privacy of Prides Crossing. Fine curation of architectural elements. Impressive design. Extensive amenities. \$2,479,000

John & Cindy Farrell, Sales Associates

J. 978.578.5203 | C. 978.468.4180



DANBURY, CONNECTICUT
Architecturally designed waterfront residence with incredible lake views and sunsets. Stone patios lead to a sweeping, level lawn to water's edge, beach area and cabana. \$2,450,000

Beverly Fairchild, Associate Broker

C. 203.948.6786



BROOKLINE, MASSACHUSETTS
Classic brick attached row house with original period details, high ceilings, hardwoods, crown moldings, fireplaces, 5 bedrooms, chef's kitchen, and finished lower level. \$2,449,000

Jackie Vanas, Sales Associate

MANSION

MY VERY OWN VERSAILLES

Continued from page M1

The allure of Versailles was no accident: Louis XIV created the massive palace as a way to showcase his power and draw attention to the glories of France. "There was an enormous 'wow' factor that Louis was aiming for," Mr. Spawforth says.

For many of those who choose to build homes inspired by Versailles, the palace represents the pinnacle of success and achievement, and the culmination of a lifelong dream. The costs of this dream are considerable: Not only is building a modern-day Versailles very expensive, it can upset neighbors and be difficult to sell.

"It's a little bit over the top," concedes Jean "Manouch" Pierre, a businessman who bought the "Versailles Penthouse" at the Metropolis condominium in Las Vegas last year for about \$2.8 million. "But this is what working hard is all about."

Mr. Pierre says his opulent condo was given its Versailles look around 2005 by a previous owner. It has 30-foot-high ceilings and cabinets trimmed with gold leaf. A chandelier hangs above a curving marble staircase with 18-karat gold detailing. A commercial real-estate investor in his mid-50s who is originally from Iran, Mr. Pierre bought the property at auction after it had failed to sell at its asking price of \$4.88 million; he says he was so amazed by photos of the condo that he bought it without ever visiting. The first time he saw the property in person, "I was extremely emotional," he adds, noting that the purchase felt like an embodiment of his hard work and success after "coming here with nothing."

To make the condo even more Versailles-like, Mr. Pierre got permission from the homeowners association to install fireplaces, and plans to complete the décor with period-appropriate antiques or replicas.

To Patrice Tarsey, Versailles is "the most beautiful palace ever built." So in 1992 when she saw a newly built house in Los Angeles that was inspired by Le Petit Trianon, she jumped at the chance to own it. The roughly 11,000-square-foot home in Holmby Hills has wrought-iron and marble balconies and gold-leaf moldings throughout. In the entry there is a 46-foot-high dome, with twin rose marble circular staircases topped by an 18th-century Baccarat crystal chandelier. In the library and living room the cherrywood floors, in a Bordeaux pattern, are a copy of the floors in the Hall of Mirrors.

Ms. Tarsey is a real-estate heiress whose father Jason Tarsey owned the Dunes Hotel on the Las Vegas Strip. A few years ago, she moved to Florida, and rented the house out. Now she's planning to list it for \$22.5 million with Gregory Bega and Lindsay Galbraith of Sotheby's International Realty.

Versailles-style details don't come cheap. Builder Tom C. Murphy, co-president of Florida-based Coastal Homes, says he has worked on three homes inspired by Versailles, ranging in size from 15,000 to roughly 80,000 square feet. These homes are pricey not just because of their size, he says, but because materials and artisans are often sourced from overseas. Moreover, 17th- and 18th-century homes didn't have to contend with things like electric lighting and HVAC systems, which take extra work to conceal without ruining elaborate design schemes.

In the U.S., homes inspired by Versailles don't always go over well with neighbors. When dentist Leonid Glosman and his wife, Natalie, set out to build a Versailles-inspired home in Beverly Hills in the late 1980s, it took two years to get permission to build, because the home's style "is not customary in the neighborhood" and "the height was much higher than the rest of the homes," says their daughter Monique Vayntrub.

Once they are built, Versailles-style homes can sometimes have trouble on the resale market. "A lot of people today want modern, contemporary, they don't want traditional and they don't want European," warns Beverly Hills-based real-estate agent Myra Nourmand of Nourmand & Associates.

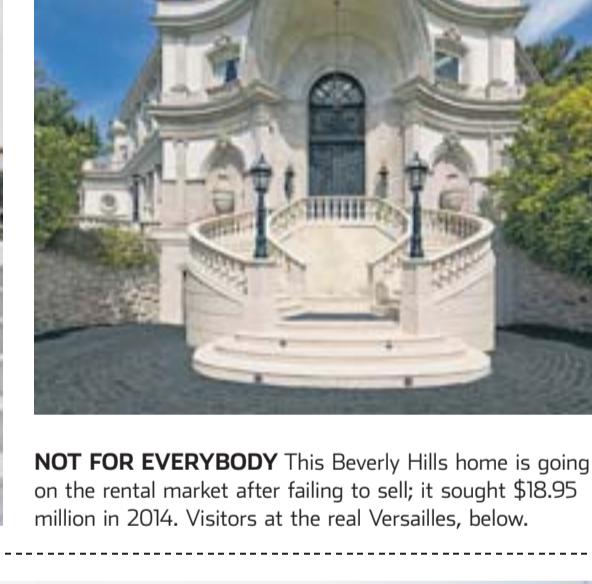
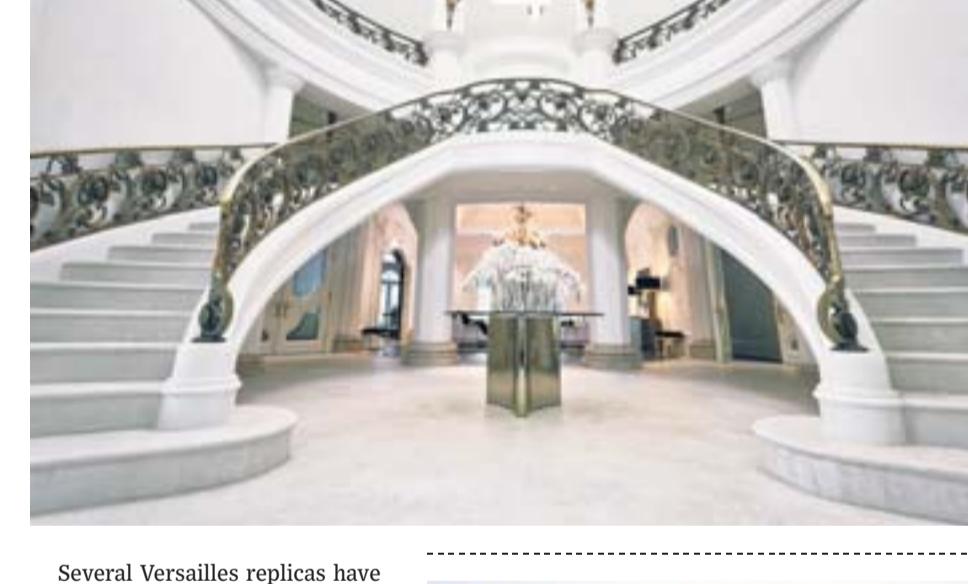
According to Realtor.com, homes that mentioned Versailles in their listing copy spent a median of 122 days on the market, far higher than the national median of 62 days and above the 111-day median for the top 5% highest priced homes in the country.



ALL YOURS This Los Angeles home was inspired by Le Petit Trianon, Marie Antoinette's retreat on the grounds of Versailles. It is going on the market.



DREAM COME TRUE Jean 'Manouch' Pierre, a commercial real-estate investor, in his 'Versailles Penthouse' at the Metropolis condominium in Las Vegas. 'It's a little bit over the top,' he concedes. 'But this is what working hard is all about.'



NOT FOR EVERYBODY This Beverly Hills home is going on the rental market after failing to sell; it sought \$18.95 million in 2014. Visitors at the real Versailles, below.



Several Versailles replicas have faced difficulty selling. Perhaps the best known example is the 90,000-square-foot mansion in Windermere, Fla., that inspired the 2012 documentary "The Queen of Versailles." Owners David Siegel, founder of timeshare giant Westgate Resorts, and his wife, Jacqueline, put the partially completed home on the market in 2010 for \$100 million fully finished, or \$75 million as-is. The home sat on the market for several years and had its price reduced before being taken off the market.

Ms. Glosman, who moved with her husband to the U.S. from Russia in the 1970s, says she chose Versailles as her inspiration because "it is one of the most magnificent architectural achievements in the world."

But when the family put the eight-bedroom house on the market for \$18.95 million in 2014, they found that not everyone had the same appreciation for the style. The home had "a limited audience" of potential buyers, says Ms. Nourmand, one of the listing agents.

When the house didn't sell, the Glosmans took it off the market and spent millions on a renovation, replacing many colorful interiors with white and swapping out

antiques for modern furniture. Now they are seeking to rent the house out for \$100,000 a month for long-term rentals or \$300,000 a month for short-term rentals.

When it comes to Versailles-style homes, "either you love it, or it's not for you at all," says Debbie Sonenshine of Coldwell Banker Residential Brokerage, who is listing a \$4.75 million home in At-

lanta with elaborate gardens inspired by Versailles.

But if history is any indication, there will be no shortage of future mini-Versailles to come.

"It's unique—it's not cookie cutter," Kevin Harris says of the Versailles-inspired home in Indianapolis he bought in 2014 for \$650,000. The roughly 14,000-square-foot home has hand-plastered mold-

ings, murals on the walls and a ballroom. The Scalamandre fabric on the dining room walls is a copy of draperies at Versailles, he says.

Mr. Harris, a manufacturing executive, acknowledges that the home's ornate style may make it difficult to resell if that time ever comes. But he and his wife love the home, he says, and after all, "you gotta live somewhere."