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What's News

Business & Finance

The Fed cleared most of the biggest U.S. banks to increase their dividends and share buybacks, but forced Goldman and Morgan Stanley to freeze those payouts at recent levels. **A1**

♦ **Amazon** is buying online pharmacy PillPack for about \$1 billion, giving the e-commerce giant the ability to ship prescriptions nationwide. **B1**

♦ **California lawmakers** gave consumers unprecedented protections for their data and imposed tough restrictions on the tech industry. **A3**

♦ **Deloitte** has told partners that CEO Cathy Engelbert hasn't been renominated for a new term, touching off a leadership dispute at the firm. **B1**

♦ **Ad firms Interpublic** and Dentsu were expected to submit offers to acquire most of data broker Acxiom ahead of a Thursday deadline. **B1**

♦ **First-quarter GDP** grew at an annual rate of 2%, the government said, a downward revision from 2.2%. **A2**

♦ **Visa and Mastercard** are close to settling an antitrust suit with merchants over the fees they pay when they accept card payments. **B1**

♦ **U.S. stocks rebounded** in an afternoon rally, chipping away at their midweek losses. The Dow added 98.46 points to 24216.05. **B1**

♦ **Kroger** said it would work with electric-vehicle startup Nuro to test driverless grocery deliveries. **B1**

♦ **A former Equifax manager** faces insider-trading charges related to the firm's data breach last year. **B3**

World-Wide

♦ **Trump** is consulting with advisers about whom he should name as his next chief of staff, with Kelly expected to depart the administration as early as this summer. **A1**

♦ **Republicans and Democrats** readied for the battle to choose Justice Anthony Kennedy's successor, with the White House dusting off the plan it used to win last year's Supreme Court fight and Democrats searching for a way to derail President Donald Trump's nominee amid a heated midterm election campaign. **A6**

The White House again has enlisted Leonard Leo, executive vice president of the Federalist Society, a conservative lawyers network, to assist in a selection process that already is focusing

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Five People Are Dead in Shooting at Maryland Newspaper



EMERGENCY RESPONSE: Police officers walked the scene on Thursday after a man wielding a shotgun killed five people and wounded two at the Capital Gazette, an Annapolis, Md., newspaper. Officials called the incident a targeted attack and said a suspect was in custody. **A2**

All Sides Brace for Court Clash

By LOUISE RADNOFSKY
AND JOSHUA JAMERSON

on fewer than a half-dozen candidates. Within hours of Justice Kennedy's retirement announcement Wednesday, Mr. Leo took a leave of absence from the Federalist Society to serve as Mr. Trump's outside adviser on the nomination.

People close to the White House selection process anticipate that a nominee will be announced before Mr. Trump departs for the coming NATO summit, which begins in Brussels on July 11, with Republicans hoping for confirmation hearings in mid-August and a full Senate vote ahead of the November midterm elections.

The pick presents the Re-

publican president with the opportunity—and challenge—of seeking to replicate an early success of his presidency, the nomination and swift confirmation of Justice Neil Gorsuch to succeed the late Justice Antonin Scalia.

Marc Short, Mr. Trump's legislative affairs chief, said in an interview that he "would like to believe that Republican senators recognize" the opportunity to fulfill a longstanding GOP campaign pledge to remake the court.

Democrats, similarly, feel intense pressure to stop the nomination, given the fact that the next nominee, unlike Justice

Gorsuch, will be succeeding the court's swing vote on major issues such as abortion rights, rather than a fellow conservative.

"This is the most important Supreme Court vacancy for this country in at least a generation," said Sen. Chuck Schumer of New York, the Democratic leader, who has limited options

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Open Seat

- ♦ Foes to take new aim at abortion..... **A6**
- ♦ Term highlights dominance of conservatives..... **A6**

Trump Weighs Chief Of Staff Switch

John Kelly expected to depart White House; Mulvaney, Pence aide Ayers are contenders

BY REBECCA BALLHAUS
AND PETER NICHOLAS

WASHINGTON—President Donald Trump is consulting with advisers about whom he should name as his next chief of staff, with John Kelly expected to depart the administration as early as this summer, possibly soon, according to people familiar with the matter.

The two front-runners for the job, the people said, are Nick Ayers, who serves as chief of staff to Vice President Mike Pence, and Mick Mulvaney, who heads the Office of Management and Budget as well as serving as acting director of the Consumer Financial Protection Bureau.

Mr. Mulvaney dined with the president Wednesday evening, and Mr. Trump discussed the chief of staff position with him, according to a person familiar with the conversation.

Plans for Mr. Kelly's exit aren't final, the people said. Other aides have fallen out of favor with the president yet held on to jobs longer than expected as Mr. Trump gets more feedback on their performance.

The White House, asked about Mr. Kelly's status, initially declined to comment. Later Thursday, after The Wall Street Journal report appeared online, White House spokeswoman Lindsay Walters said the presi-

Please turn to page A4

Amazon's \$1 Billion Prescription

Amazon.com is buying online pharmacy PillPack, which presorts medications and ships them to customers' homes.

The move sent shares of drugstore companies tumbling. **B1**

Share performance over two days, minute by minute



Goldman, Morgan Stanley Ding in Fed Stress Tests

By LIZ HOFFMAN
AND LALITA CLOZEL

Regulators cleared most of the largest U.S. banks to increase their dividends and share buybacks, but forced two Wall Street titans, Goldman Sachs Group Inc. and Morgan Stanley, to freeze those payouts at recent levels.

Thirty-four of the nation's 35 biggest lenders passed the second round of the Federal Reserve's annual "stress tests," which gauge whether banks are healthy enough to keep lending through an economic meltdown. They can now buy back shares and pay dividends, rewarding investors who have been eager to share in the bounty of near-

record bank profits.

The Fed failed the U.S. unit of troubled lender Deutsche Bank AG, finding "widespread and critical deficiencies" in its controls and data. The Wall Street operation will be limited in sending profits back to its German parent, adding to the woes of a bank already struggling to make money and trimming its U.S. operations.

Among the big banks cleared Thursday for higher payouts to shareholders were the four biggest U.S. firms—JPMorgan Chase & Co., Bank of America Corp., Citigroup Inc. and Wells Fargo & Co.

Bank of America said it would increase its dividend 25% and buy back \$20.6 billion in stock, up from \$12.9

billion last year.

Now in their eighth year, the stress tests are intended to give the public confidence that banks are better prepared for the next crisis. Banks flunked with some frequency early on, but have fared better in recent years after raising hundreds of billions of dollars in capital and taking an ax to riskier businesses.

"The largest banks have strong capital levels, and after making their approved capital distributions, would retain their ability to lend even in a severe recession," said Randal Quarles, the Fed's vice chair.

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♦ Heard on the Street: Stress tests aren't reassuring..... **B12**

Pickle-Juice Drinkers Go Public

* * * * *

Sports trend helps briny fluid's secret fans come clean

By JULIE JARGON

Nikki Ashton West of Evadale, Texas, has gone to great lengths to hide her habit of drinking pickle juice.

"I have to sneak around," says Ms. Ashton West, 19, "and go brush my teeth right afterwards."

Her brother, Travis Keith, remembers one Fourth of July family gathering when he suspected she was furtively sipping from a jar of Vlasic dills.

"I was putting pickles on my burger, like a regular person," says Mr. Keith, 22, "and when I came back for seconds, the juice was gone. It was a brand-new jar." She had a Diet

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Two Sides of Mexico Reveal Election Split

Left-wing presidential front-runner promises to fix the nation's economic divide

By ROBBIE WHELAN

MEXICO CITY—The favorite in Sunday's presidential election is Andrés Manuel López Obrador, a two-time presidential runner-up who is targeting government corruption and, if victorious, would be the first left-wing nationalist to lead Mexico in decades.

As in the U.S. election of President Donald Trump, many voters see Mr. López Obrador's candidacy as an alternative to free-market policies that have made Mexico a global competitor but left many families behind.

Polls give Mr. López Obrador an average 22 percentage-point advantage over Ricardo Anaya, the conservative candidate. The two men represent two sides of Mexico, one pros-

pering from foreign investment and industrialization, the other struggling to survive on oil and other commodities as well as government-supported development.

Widely known by his initials as AMLO, Mr. López Obrador represents the more rural, impoverished south, where his polling lead averages 35 to 40 points. Yet polls show him in a dead heat with Mr. Anaya in regions that depend on the private sector and export manufacturing.

One way to see Mexico's divide is to compare Mr. López Obrador's home state of Tabasco, an oil-producing region on Mexico's Gulf Coast, with the central state of Querétaro, where Mr. Anaya was raised. Querétaro has benefited

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U.S. NEWS

Gunman Kills 5 in Attack at Newspaper

By JON KAMP AND BEN KESLING



ANNAPOLIS, Md.—A man wielding a shotgun killed five people and wounded two others at a newspaper office here in what authorities called a targeted attack Thursday.

The suspect was in custody and being interviewed by authorities Thursday night. Authorities have identified him as Jarrod Ramos, a 38-year-old Maryland man, according to law-enforcement officials.

"This was a targeted attack on the Capital Gazette" newspaper office, said William Krampf, acting police chief for the Anne Arundel County Police, at a news conference Thursday night.

A Maryland man by the same name was previously involved in a defamation lawsuit against the newspaper.

Mr. Krampf said the suspect came prepared, using smoke grenades as he carried out the attack. Earlier, police thought he had an explosive device.

Police identified the suspect with the aid of facial-recognition technology, a law-enforcement official said. Mr. Krampf said the attack followed threats on social media that indicated violence.

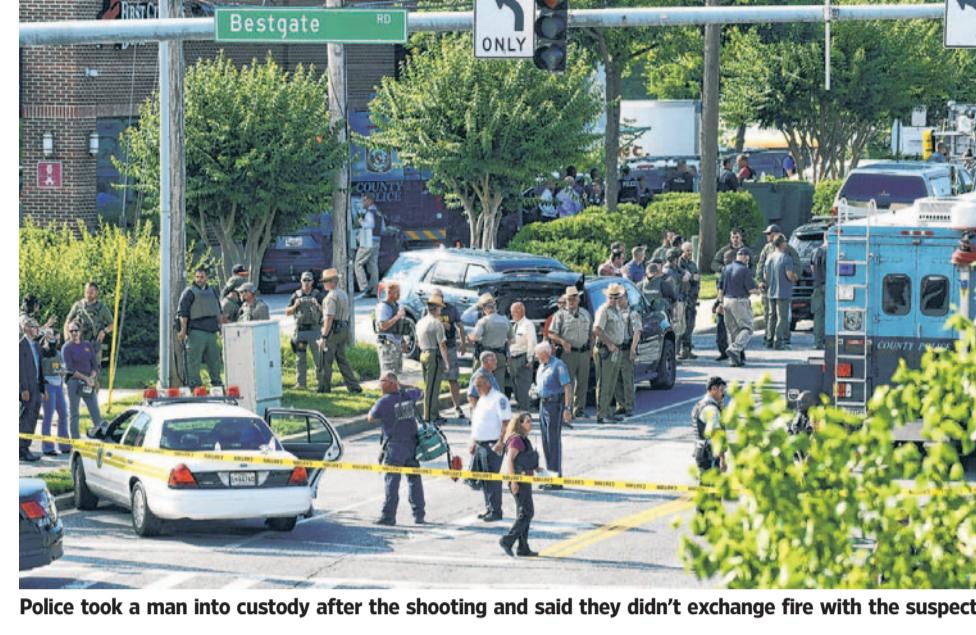
Police late Thursday identi-

fied the five victims, all Capital Gazette employees, as Gerald Fischman, Rob Hiaasen, John McNamara, Rebecca Smith and Wendi Winters.

Mr. Hiaasen was the brother of author and Miami Herald columnist Carl Hiaasen.

"Gunman shot through the glass door to the office and opened fire on multiple employees," a reporter at the Gazette, Phil Davis, wrote on Twitter shortly after the shooting. "There is nothing more terrifying than hearing multiple people get shot while you're under your desk and then hear the gunman reload."

More lives could have been lost had police not responded so quickly, Gov. Larry Hogan said. First responders were on the scene within 60 to 90 seconds, authorities said. Law-en-



Police took a man into custody after the shooting and said they didn't exchange fire with the suspect.

forcement officials said they deployed active-shooter training and didn't exchange fire with the suspect.

Six years ago, Maryland resident Jarrod Ramos launched a legal fight with the Capital Gazette over the paper's 2011 article about Mr. Ramos's guilty plea to criminal harassment, according to court records. He received a suspended jail sentence

and probation, records show.

The article, titled "Jarrod wants to be your friend," was published five days after the guilty plea and detailed what the newspaper said was Mr. Ramos's campaign of harassment against a female classmate from high school with whom he had connected on Facebook.

In July 2012, Mr. Ramos sued, claiming the article in-

jured his reputation and exposed him to "public scorn, hatred, contempt, and ridicule." He named as defendants Capital-Gazette Communications, LLC; the Capital's editor and publisher at the time; and the former Capital staff writer and columnist who wrote the piece. He later added a claim of invasion of privacy.

A judge dismissed the suit af-

Banner Day for East Texas Horticulture



SHOWING THE FLAG: Patsy Lancaster marks her favorite plant during the East Texas Horticultural Field Day at Texas A&M's research center in Overton. The event showcases ornamental plants and vegetables and how they grow from seeds in regional conditions.

Fed Clears Most Large U.S. Banks

Continued from Page One

man for supervision.

This year's test was the toughest to date, laying out a doomsday scenario of double-digit unemployment, cratering home and stock prices, and soaring losses on credit cards and car loans.

Six banks, including JPMorgan and American Express Co., scaled back their original requests to win the Fed's approval.

"Banks have an imperfect crystal ball," said David Wright, a former Fed official who is now a consultant at Deloitte & Touche. "There's an incentive to guess aggressively rather than miss the opportunity to distribute capital."

Goldman Sachs and Morgan Stanley, which each fell below the minimum capital levels set by the Fed, were blocked from raising their total payouts but were cleared to distribute

roughly what they had over the past year or so.

The problem for these two Wall Street giants wasn't a hypothetical trading blowup or loan losses, the Fed said, but rather the effect of the 2017 tax overhaul, which created a one-time hit to their capital levels. In the long run, the tax cuts are a boon to big banks, generating billions of dollars in savings.

The Fed's treatment of Goldman and Morgan Stanley—a compromise without the black eye of failure—was unprecedented and, to some bankers, a sign of an administration that is friendlier to Wall Street's interest.

State Street Corp., a custodian bank that mostly holds assets for, and trades with, other big financial institutions, drew criticism from the Fed for how it assessed the risk of one of those trading partners going bankrupt. But the Fed said the firm can make payouts to investors.

For years following the crisis, banks paid out only a fraction of their profits to shareholders, socking the remainder away to build their loss-absorbing reserves. In 2013, the average bank paid

out about 60% of earnings, according to Autonomous Research.

This year, the 34 banks in aggregate were approved to pay out 95% of their expected profits, according to a senior Fed official.

Citigroup and Wells Fargo got the green light to pay out more than 100% of expected profits over the coming year—a sign that the Fed thinks those firms are safe enough to begin reducing the capital reserves they have built up since 2008.

This year, the 34 banks were approved to pay out 95% of their expected profits.

Wells Fargo passed the test, defying some industry watchers who expected the Fed might use the exam to further express its displeasure at a stream of scandals at the San Francisco-based bank. It was cleared to more than double its buybacks, to \$24.5 billion, and increase its dividend

by about 10%.

Higher dividends and buybacks boost stock prices and improve metrics like total shareholder return, which often affects how much top bank executives are paid.

In the future, shareholders may have to contend less with wary regulators than with increasingly confident CEOs, who are looking at a growing economy and the prospect of regulatory rollback and are eager to invest profits back into the business.

"The ideal thing—and which I think we'll get back to one day—is that you use your excess capital to grow," JP Morgan CEO James Dimon said last month.

This was the latest regulatory black eye for Deutsche Bank, which last year had its U.S. operations downgraded to "troubled condition" by the Fed.

The bank said in a statement Thursday that it is making progress on its controls, and that the stress-test results won't affect the ability of the German parent company to return capital to investors.

—Ryan Tracy contributed to this article.

Ms. Nauert said Cuba has assured the U.S. it will continue its investigation. It was informed of the "attack" on May 29, she said. The U.S. has said that the Cuba incidents started in late 2016 but hasn't said what caused them or who was behind them.

Cuba has adamantly denied involvement or knowledge. Initial speculation centered on some type of sonic attack owing to strange sounds heard by those affected, but an interim Federal Bureau of Investigation report in January found no evidence that sound waves could have caused the damage.

—Associated Press

As part of a deal in which Mr. Sanchez pleaded guilty to wire fraud and aggravated identity theft, prosecutors and Mr. Sanchez's attorney, Cassandra Stamm, agreed to recommend a four-year prison term.

Ms. Stamm blamed the crimes on her client's self-destructive tendencies, such as dangerously abusing sleeping pills, which she suggested stem from his "horrible history of childhood trauma" that included being brought up by a violent, alcoholic father.

Mr. Sanchez took personal information about at least seven people who had been or could be deported from immigration files and then forged identification documents, such as Social Security cards and driver's licenses, in their names. He used the forged IDs to obtain lines of credit and credit-monitoring services to determine which of his victims had the best credit. He also listed three victims as dependents on his tax returns.

—Associated Press

Weaker GDP Growth Is Reported

By SHARON NUNN

WASHINGTON—Economic growth was slower at the beginning of this year than the government previously reported, as consumers pulled back spending and the housing market weighed down output.

Gross domestic product, a broad measure of the goods and services produced across the U.S., expanded at a seasonally and inflation-adjusted annual rate of 2% in the first quarter, the Commerce Department reported Thursday.

That was weaker than an earlier estimate of 2.2% growth.

Consumers spent less on services than previously thought. Health-care purchases by nonprofits and spending on finance and insurance services were all weaker than previously reported. Home building and renovations declined at a revised annual rate of 1.1%.

Analysis suggests growth has picked up in the second quarter. The Federal Reserve Bank of Atlanta's model projected GDP would grow 4.5%.

CORRECTIONS & AMPLIFICATIONS

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Supreme Court Justice Anthony Kennedy, who in 1988 was sworn in by Chief Justice William Rehnquist, didn't side with the liberal wing of the court in any 5-4 decisions during the 2017-18 term. In some editions Thursday, a chart that appeared with a U.S. News article about Justice Kennedy's career incorrectly showed he joined the liberals in 27% of cases this term. Also in some editions, a photo caption incorrectly said

that he was sworn in by President Ronald Reagan.

One of Citigroup Inc.'s most senior Asia-based bankers until recently also served as global co-head of technology investment banking. In some editions Thursday, a Banking & Finance article about JPMorgan Chase & Co.'s investment-banking operations incorrectly said the Citigroup banker currently is global co-head of technology investment banking.

United Airlines doesn't add cash surcharges to frequent-flier-award tickets on partner airlines. The Middle Seat column Thursday about carrier-imposed fees incorrectly said United was among U.S. airlines that pass partner-airline surcharges on to customers buying award tickets with miles.

HP Inc. was incorrectly called by the company's former name, Hewlett-Packard

Co., in a Business News article Monday about AT&T Inc.'s talks to acquire advertising technology company AppNexus.

A chart with a June 22 World News article about Guyana showed oil production in thousands of barrels a day per million inhabitants from various countries. The chart was labeled incorrectly as barrels a day per million inhabitants.

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

U.S. NEWS

Fugitive Dropped From FBI Top 10 List

BY DEL QUENTIN WILBER

The FBI this week removed a long-sought fugitive—a former foreign service officer accused of murdering his wife, mother and three children in 1976—from its Ten Most Wanted List, bureau officials said.

William Bradford Bishop Jr. was only the 10th person removed from the Ten Most Wanted List since 1950 without prosecutors dropping charges or the fugitive being captured or dying. Despite removing him from the list, the FBI said it would continue to hunt for Mr. Bishop.

Mr. Bishop, who was added to the famous list in 2014, was replaced on Wednesday by Antwan Tamon Mims, an accused gang member charged in the March killings of two men at a house party in Benton Harbor, Mich.

The Federal Bureau of Investigation said it was replacing Mr. Bishop, who would now be 81 years old, because it no longer believed publicity would aid in his capture.

"There have been no confirmed sightings of Bishop since his initial disappearance," the FBI said. The FBI also said it didn't believe Mr. Bishop was any longer a danger to the public. It would be more helpful, the FBI said, to give his spot to a "dangerous fugitive" in the hopes that publicity might aid in his capture.

Mr. Bishop was charged with using a hammer to bludgeon his family members, including three sons aged 5 through 14.

The last confirmed sighting of Mr. Bishop, the FBI said, came a day after the slayings when he was spotted at a sporting-goods store in Jacksonville, N.C., buying a pair of sneakers. The search for Mr. Bishop, who spoke multiple languages and traveled extensively for his work at the State Department, has spanned the globe.

Senate OKs Farm Bill Minus Food Stamp Rule

BY HEATHER HADDON AND SIOBHAN HUGHES

WASHINGTON—The Senate passed a five-year bill to reauthorize farm programs, aiming to complete work important to a key GOP constituency well before the midterm elections.

The Senate bill, which passed by 86-11 on Thursday, omits controversial food-stamp work requirements passed in the House's version of the bill.

The farm bill, estimated to cost \$867 billion over a decade, next moves to a conference between the two chambers, which must iron out differences before President Donald Trump can sign the measure into law.

The farm bill funds crop insurance and payments to farmers when commodity prices or revenues drop below set levels, as well as programs to help low-income people afford basic food items. It is viewed as critical at a moment when net-farm income is forecast to drop this year to the lowest level since 2006.

Agriculture Committee Chairman Pat Roberts (R., Kan.) made passage of the bill a priority over every other issue, including his push to prevent the administration's tariffs from provoking damaging retaliation against U.S. agricultural producers.

The renewal of farm programs lands during a heated political debate over the food-stamp program, which accounts for roughly 80% of the farm bill's cost.

The House has proposed adding additional work requirements on food-stamp recipients at the same time that the Trump administration has proposed moving the food-stamp program from the Agriculture Department as part of a broader overhaul of social-welfare programs.

California Passes Data Privacy Law

BY MARC VARTABEDIAN

California lawmakers gave consumers unprecedented protections for their data and imposed tough restrictions on the tech industry, potentially establishing a privacy template for the rest of the nation.

The law, which was rushed through the legislature this week and signed by Gov. Jerry Brown on Thursday, broadens the definition of what constitutes personal information and gives California consumers the right to prohibit the sale of personal data to third parties and opt out of sharing it altogether.

The bill applies to internet such as Facebook Inc. and Alphabet Inc.'s Google but also will affect businesses of

any size that collect data on their customers.

Ashkan Soltani, a digital researcher and former chief technologist for the Federal Trade Commission, said the regulations are the first of their kind in the U.S.

While the law only applies to consumers in California, tech companies will likely shift their policies to conform to the new law given the complexity of carving out conflicting standards. It may also spur Congress to consider federal legislation, coming after multiple hearings in which legislators peppered industry executives with questions about whether they were taking data privacy seriously enough.

The bill doesn't go into effect until 2020 and could still

be amended. It is almost certain that major tech firms will lobby heavily to get certain concessions, and an industry group said Thursday that it would push for changes.

By passing the bill, the legislature headed off a more restrictive ballot initiative that recently qualified to appear before California voters in November. The ballot initiative was opposed by most of the tech industry, which broadly viewed the legislation as the lesser of two evils.

At a press briefing on Thursday, Facebook Chief Operating Officer Sheryl Sandberg said the company supported the bill.

Alastair MacTaggart, a San Francisco real-estate developer who spearheaded the ballot

initiative, said the passage of a data-privacy law in Silicon Valley's home state bodes well for privacy advocates around the U.S.

"If it happened here, it will happen in the rest of the country," Mr. MacTaggart said at a press conference at the Capitol building in Sacramento following the governor's signing. He said he would withdraw the ballot initiative.

"My hope is other states will follow, ensuring privacy and safeguarding personal information in a way the federal government has so far been unwilling to do," said state Sen. Bill Dodd (D., Napa), who co-wrote the law.

The law that was passed has some similarities with Europe's General Data Protection Regulation law, which went

into effect last month.

One difference is that the California measure includes more provisions allowing consumers to opt out of data sharing as opposed to forcing them to opt in before continuing to use online sites. However, the California bill places the onus on consumers to request disclosure or opt out, while the European law requires businesses to be more active about providing disclosures to consumers, said Quyen Truong, an attorney at Stroock & Stroock & Lavan LLP.

The California law also protects consumers from companies charging consumers a premium if they don't share their data.

—Georgia Wells contributed to this article.



President Donald Trump, Wisconsin Gov. Scott Walker, left, and Foxconn Chairman Terry Gou during a visit to Foxconn's new site in Mount Pleasant, Wis.

KEVIN LAMARQUE/REUTERS

Taxpayer Costs for Foxconn Incentives Soar

BY SHAYNDI RAICE

MOUNT PLEASANT, Wis.—President Donald Trump hailed the groundbreaking here Thursday of Foxconn Technology Group's \$10 billion megaplant, a project that promises 13,000 jobs in return for state and local incentives that have risen by nearly \$1 billion.

The Apple Inc. supplier, formally known as Hon Hai Precision Industry Co., promised to open a 20-million-square-foot complex that would build liquid-crystal display panels, and committed to creating 13,000 jobs in the state over several years. In return, Wisconsin offered \$3 billion in financial incentives.

Ballooning costs underscore

how expensive and unpredictable such projects can become for states and cities eager to attract new investments and jobs. Currently 20 states and cities are vying to win Amazon.com Inc.'s second headquarters, which promises a \$5 billion investment and 50,000 well-paying jobs. New Jersey and the city of Newark have offered as much as \$7 billion in tax incentives, while Maryland has offered \$5 billion.

"As Foxconn has discovered, there is no better place to build, hire and grow than right here in the U.S.," said Mr. Trump, at an event hosted by the Taiwanese company about 25 miles south of Milwaukee in the southeast corner of the state.

Wisconsin Gov. Scott Walker and U.S. House

Speaker Paul Ryan said Foxconn will help Wisconsin keep talent and attract new millennials to the state. With record low unemployment of 2.8%, Wisconsin is suffering from a worker shortage and has seen slow population growth.

Foxconn's investment may come in phases. It is starting by building liquid-crystal display screens for cars and will eventually build larger displays.

In an effort to land the plant, municipalities months later added their own sweeteners. The town and the county where the facility will be built, Mount Pleasant and Racine County—south of Milwaukee—offered a \$764 million incentive package. And Wisconsin added a further \$134 million to the tab to improve state high-

ways and local roads in the area around the Foxconn site.

The state is on the hook for 40% of the public bonds that finance the local expenses if the project flops.

Greg LeRoy, executive director of Good Jobs First, a group that advocates against the use of economic incentives, said unexpected costs can often creep up with large projects that receive money from multiple government entities.

State Democrats have attacked the governor for the deal, saying it is too expensive and the process by which the state promised billions to Foxconn lacked transparency. They also raised concerns that Foxconn won't fulfill its promises.

"The governor and the company are playing fast and

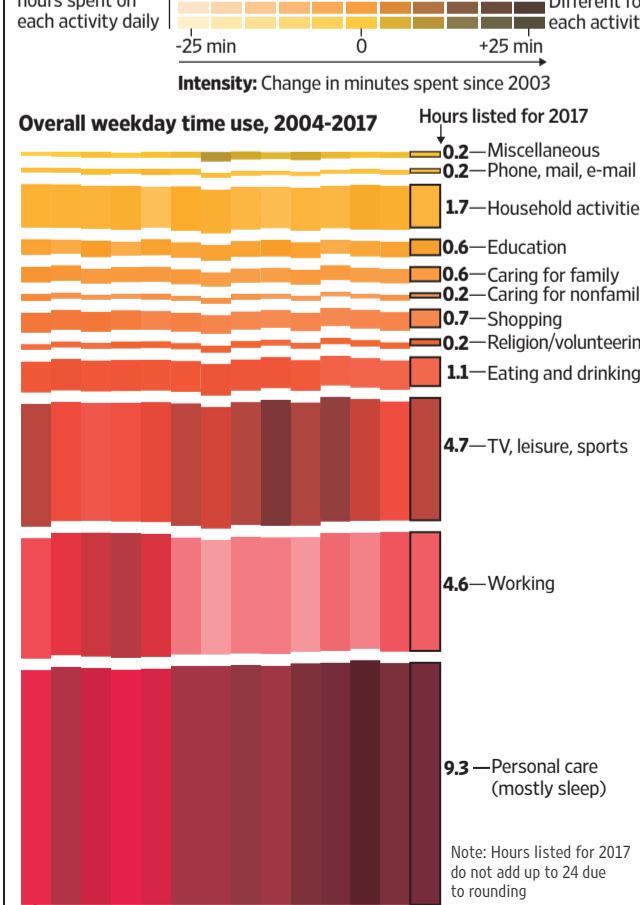
loose with the numbers," said State Minority Leader Gordon Hintz, an Oshkosh Democrat.

A spokeswoman for Gov. Walker said Democrats were "desperately trying to undermine" the deal. She also said the Foxconn investment is a "once-in-a-generation opportunity to enter Wisconsin into the world's high-tech economy."

Mark Hogan, chief executive officer of the Wisconsin Economic Development Corporation, the agency responsible for negotiating the contract with Foxconn, said the process was "very transparent" and noted that the state had a personal financial guarantee from Foxconn Chairman Terry Gou to pay back part of the costs to the state if the company doesn't fulfill its promises.

How Americans Spend Their Time

Americans on average worked less and spent more time on leisure activities last year despite a strengthening job market, another reflection of the aging population. Key to chart:



Americans Work Less, Play More, as Population Ages

BY PAUL KIERNAN

Americans on average worked less and spent more time on leisure activities last year despite a strengthening job market, another reflection of the aging population.

People in the U.S. over age 15 on average spent about three hours and 14 minutes a day working in 2017, down three minutes from 2016, according to the Labor Department's annual American Time Use Survey, released Thursday.

The average amount of time spent daily on relaxation and leisure jumped seven minutes, to three hours and 58 minutes last year.

One explanation for the figures is that the age group that works the least—people 65 years or older—is growing as a share of the population, to nearly 16% last year from 13% at the beginning of the decade.

The share of Americans aged 15 or older who worked on an average day fell to 42% last year from 43.1% in 2016, the data show.

People in their prime working years, between ages 25 and 54, spent more hours a day working last year than in any

year since 2007. And Americans who did work spent an average of five minutes more a day on the job last year than in 2016.

The average amount of time spent on relaxation and leisure last year tied 2014 for the most since 2003, when the government began compiling the data. Back then, many experts believed the nation's work-life balance was still skewed by the

survey didn't include a category measuring time spent on social media.

"The majority of free time comes on weekdays, not on weekends, and it comes in small chunks, so it's ideal for watching TV," said Geoffrey Godbey, a professor emeritus at Pennsylvania State University who researches time use. "Most free time in the U.S. is spent looking at screens," including cellphones.

The data also reflected a persistence of traditional gender roles, which sociologists say have changed over the past half-century but show little variation over shorter time periods. Women on average spent 32 minutes a day cleaning house and 50 minutes on food preparation and cleanup last year, compared with 10 minutes and 22 minutes, respectively, spent by men. Women also spent almost twice as much time as men—an average of 41 minutes a day—caring for and helping other household members.

Men spent an average of four hours and 19 minutes daily on work and related activities, about 50% more than women, though both groups spent less time working than they did a decade ago.

recession, which left millions unemployed.

The most common leisure activity continued to be watching TV. Americans spent an average of two hours and 46 minutes a day doing it in 2017, up about 2½ minutes from the previous year.

The average daily time spent participating in sports, reading for personal interest, socializing and communicating declined last year from 2016. The

average daily time spent on work and related activities, about 50% more than women, though both groups spent less time working than they did a decade ago.

U.S. NEWS

Justice, FBI Fire Back at House Critics

Rosenstein clashes with Republicans; resolution demands records by July 6

BY DEL QUENTIN WILBER
AND ANDREW DUEHREN

WASHINGTON—Deputy Attorney General Rod Rosenstein and FBI Director Christopher Wray rejected assertions by Republicans on Thursday that their agencies hadn't been forthcoming in responding to Congress's requests for information about the Russia and Hillary Clinton email investigations.

Mr. Rosenstein became testy at times in answering sharp questions from House Republicans, particularly those closely allied with President Donald Trump, who has called the special counsel's Russia investigation overseen by the deputy attorney general "a witch hunt."

At one point, Mr. Rosenstein engaged in a fiery exchange with Rep. Jim Jordan (R., Ohio), when the lawmaker pressed him on why he was "keeping information from Congress" and asserting that lawmakers had caught him "hiding information."

"I am not keeping any information from Congress," Mr. Rosenstein said, adding that the House would be "mistaken" to vote on the resolution that accused him of not complying with subpoenas and other demands for records. "Your use of this to attack me personally is deeply wrong," he added.

"It's not personal," Mr. Jordan replied.

House Republicans have demanded records related to the investigation into Russia's meddling in the 2016 elections and to the Justice Department's handling of the probe into Mrs. Clinton's use of a private email server. The House Judiciary Committee, at which Messrs. Wray and Rosenstein were testifying Thursday, and the House Intelligence committee have subpoenaed a broad set of documents related to



Rep. Jim Jordan (R., Ohio), left, engaged in a heated back-and-forth with Deputy Attorney General Rod Rosenstein, right, during the hearing Thursday.

both investigations.

House Republicans and Mr. Trump have been highly critical of special counsel Robert Mueller's investigation into possible collusion between the Trump campaign and Russia, and possible obstruction of justice.

In addition to holding the hearing, Republicans on Thursday passed a resolution in the House demanding that the Justice Department produce the documents by July 6.

The resolution, which passed the House along party lines, 226-183, carries no legal force. It demands that the department comply with a series of requests made by Republican lawmakers for documents about the investigation.

Democrats see the Republican inquiries as part of an effort to discredit Mr. Mueller's investigation, which is investigating the Trump campaign's contacts with Russia during the 2016 presidential campaign. Republicans maintain that they need the documents to perform their oversight role.

During the hearing, Messrs.

Rosenstein and Wray said they had taken extraordinary measures to meet the document demands of congressional Republicans. Mr. Rosenstein noted that 1.2 million records could be potentially relevant to the requests, and that he had tapped a U.S. attorney to help manage the production of records. Mr. Wray said about 100 Federal Bureau of Investigation employees were "working day and night" to fulfill the requests.

"As a result of President Trump's commitment to transparency, the FBI is making unprecedented disclosures to the Congress, including granting access to hundreds of thousands of pages of investigative information and thousands of pages of classified documents," Mr. Rosenstein said.

"As with most things in Washington, the real work is not done on television, and it is not all done by me," he added. "Trump administration officials are meeting and talking with committee staff every day and working overtime with teams of FBI employees to accommodate



requests and produce relevant information."

Messrs. Rosenstein and Wray noted that while responding to congressional requests for records they also had a responsibility to protect confidential investigations, grand jury proceedings and sensitive information sources.

"We are committed to being

'Your use of this to attack me personally is deeply wrong,' Mr. Rosenstein said.

responsive to legitimate congressional oversight," Mr. Wray said. "We're trying our hardest to produce documents as quickly as we can and as completely as we can."

Mr. Wray said it was "ironic" that he and Mr. Rosenstein were there to discuss the Justice Department's inspector general's report, which criti-

cized former FBI Director James Comey for making "comments on an ongoing investigation publicly and with Congress."

Republicans also took the opportunity to express their disappointment that the special counsel investigation into Russian meddling in the 2016 election, and any possible coordination with Trump associates—which Moscow has denied—hadn't yet concluded.

"Whatever you've got, finish it the hell up," said Rep. Trey Gowdy (R., S.C.). "This country's being torn apart."

While the House resolution has no legal force, some Republicans nonetheless said that if they don't receive all of the requested documentation in time, they will consider holding Mr. Rosenstein in contempt or even impeaching him.

"I do believe that at this point impeachment and contempt are the only two that are being considered," said Rep. Mark Meadows (R., N.C.), who submitted the resolution and who chairs the House Freedom

Caucus, a conservative group of lawmakers.

"It's all about fully complying, not partially complying and getting better explanations about why they haven't complied," Mr. Meadows said.

Rep. Jerry Nadler, the ranking Democrat on the Judiciary Committee, chastised Republicans for the resolution vote and for making unreasonable demands for political purposes.

"Today, we meet so that the majority can criticize the deputy attorney general to his face, largely about documents that you know he cannot produce," Mr. Nadler said. "We will take a break so that we can go to the floor and vote on a so-called 'resolution of insistence' based on the Jordan amendment from earlier this week—a measure that is...clearly a pretext for a move against Mr. Rosenstein that the majority has planned."

Mr. Nadler and Democrats are concerned that Republicans could seek to impeach and remove Mr. Rosenstein from office for not complying with their demands for records.

Chief of Staff Switch Weighed

Continued from Page One

dent called the article "fake news" and that Mr. Kelly said "this was news to him."

Mr. Kelly has told colleagues he doesn't intend to stay in the role beyond his one-year mark, which is July 31. People close to the White House said that departure could come as early as this week or could follow Mr. Trump's mid-July trip to Europe, where he plans to attend the North Atlantic Treaty Organization summit and meet with the leaders of the U.K. and Russia.

One person close to the White House said Mr. Kelly doesn't believe he can serve Mr. Trump well because the president has stopped listening to him. This person said Mr. Kelly no longer likes the job and doesn't believe the president genuinely wants a chief of staff.

A complication is the Supreme Court vacancy created by Justice Anthony Kennedy's departure. Mr. Trump may need Mr. Kelly to help recruit, vet and shepherd through a Supreme Court nominee, this person said.

Mr. Kelly, a 68-year-old retired Marine general, came into the job with a mandate to impose discipline in a West Wing where many aides had easy access to the president and felt free to pursue policy initiatives that hadn't been fully vetted. But in recent months, Mr. Kelly's grip on West Wing operations has loosened. Some senior aides now report directly to the president, a departure from an early practice in which Mr. Kelly was the principal gatekeeper to the Oval Office.

The president has asked several advisers what they think about Mr. Kelly and how long he should stay in the role, said people familiar with the matter. Mr. Kelly's predecessor, Reince Priebus, stayed on the job for six months.

Mr. Kelly traveled with the president this week to North Dakota and Wisconsin for a campaign rally, a fundraiser and a visit to a technology plant.



John Kelly is expected to step down as White House chief of staff as early as this summer.

White House said the president chafes under the sort of hierarchical structure that Mr. Kelly sought to create, preferring to consult with friends and associates on his own timetable.

"It's been very obvious for the last four or five months that President Trump has run the White House with an organizational structure that has left Kelly in a ceremonial position," said Steve Bannon, a former White House chief strategist. "I would anticipate with Kelly's departure that he would go with a structure where a chief of staff would only play a ceremonial role, if he appoints one at all."

The departure of Mr. Kelly, who served as Mr. Trump's homeland security secretary before taking over for Mr. Priebus, could trigger more resignations as people loyal to him leave. That would accelerate what has already been record turnover at senior levels of the White House.

A year and a half into his presidency, Mr. Trump has pre-

sided over the highest turnover of any recent president at a comparable point, according to Martha Joynt Kumar, emeritus professor of political science at Towson University. Some 61% of people who held the rank of assistant to the president under Mr. Trump have left the job, versus 14% under Barack Obama, 5% for George W. Bush, 42% for Bill Clinton, 19% for George H.W. Bush and 29% for Ronald Reagan at this point in their administrations, according to Ms. Kumar's research.

The discussions about a new chief of staff come as Mr. Trump prepares to fill another key administration role: communications adviser. The president Wednesday met with former Fox News executive Bill Shine about heading that department, a job that has been left empty since longtime Trump aide Hope Hicks left the administration in March, people familiar with the meeting said.

Mr. Shine has expressed interest in the role, though he may serve as an adviser rather

than take the formal role of communications director, the people said. A White House announcement is expected in the coming days.

Mr. Ayers has served as the vice president's chief of staff for nearly a year. A longtime adviser to Mr. Pence, Mr. Ayers has at times clashed with senior advisers in the West Wing, who have accused him of trying to undercut the president, according to people familiar with the matter. He is, however, close with Jared Kushner, a senior White House adviser and the president's son-in-law.

Mr. Mulvaney's name has often been mentioned for the chief of staff job, and the former congressman was a contender for the position last summer, too, before Mr. Trump picked Mr. Kelly.

"Mick serves at the pleasure of the president and is focused on his two full-time jobs. He does not have time for rumors, especially from unnamed sources," an administration official said.

Trump's Nominee To Lead IRS Vows To Rebuild Trust

BY RICHARD RUBIN

WASHINGTON—Charles Rettig, President Donald Trump's choice to run the Internal Revenue Service, said his priority is rebuilding trust among the tax agency, the public and Congress, contending that those better relationships will be crucial to smooth implementation of the new tax law.

Mr. Rettig, who spoke to the Senate Finance Committee at his confirmation hearing Thursday, faced some critical questions from Democrats though little emerged that appeared likely to derail the nomination. The committee and full Senate have yet to vote.

If confirmed, Mr. Rettig, a partner in a small California tax law firm who specializes in representing taxpayers in complex disputes with the IRS, would succeed John Koskinen, whose term ended last year.

Mr. Koskinen was chosen by President Barack Obama in 2013 to rebuild trust in the agency, but he struggled to get congressional Republicans to approve budget increases and feuded with them over documents for investigations.

Democrats pressed Mr. Rettig on his ownership of condos in a Trump-branded property in Hawaii and a comment by Vice President Mike Pence that the administration was ending enforcement of the Johnson Amendment, which prohibits political activity by churches and other charities.

"I pledge to this committee impartial, nonbiased operation for the Internal Revenue Service from top to bottom," Mr. Rettig said.

On the condos, Mr. Rettig had disclosed Hawaii property he had bought in 2006 without saying it was in the Trump-branded property. Mr. Rettig didn't elaborate on the condos during his committee appearance.

In addition to implementation of the new law, challenges for the IRS include outdated technology and an aging workforce.

Unlike previous commissioners, Mr. Rettig doesn't have extensive management experience and will go from having 35 employees to more than 70,000.

"Mr. Rettig has work cut out for him but I'm optimistic that he is up to this job," said Finance Chairman Orrin Hatch (R., Utah).

Democrats asked Mr. Rettig to avoid White House inter-

Charles Rettig
pledged
'impartial,
nonbiased
operation' for
the IRS if
confirmed

ence.

Mr. Trump has already been at odds with the IRS. He has complained about continuous and unfair audits and said those audits were why he has refused to release his tax returns.

"It's going to be particularly important for Mr. Rettig to demonstrate his independence," said Sen. Ron Wyden (D., Oregon), the panel's top Democrat.

Mr. Rettig said he hadn't made a loyalty pledge to the president and would be "staunclly independent."

Mr. Rettig stepped cautiously around another issue—whether and how the IRS will curtail laws in New York and New Jersey designed to work around the new \$10,000 cap on state and local tax deductions and whether other states' pre-existing state tax credits would be limited.

"Nobody should presuppose my position on any particular issue across the board," Mr. Rettig said.

U.S. NEWS

Immigrant Minor Tally In Question

BY SIOBHAN HUGHES
AND LOUISE RADNOFSKY

Trump administration officials struggled to provide detailed information to a bipartisan group of lawmakers on how many migrant children have been separated from their parents under the "zero-tolerance" policy.

The numbers of minors is important to lawmakers and activists, in particular, who want to know how much progress the government has made in reuniting children with the

had 2,047 children separated through the policy in its care, in addition to approximately 9,750 minors who had arrived unaccompanied at the border.

But the agency struggled to provide a total number of children it had cared for as a result of the separation policy, as well as how they were distributed across the U.S., raising questions about the tracking systems the agency was using.

In addition, the agency hasn't provided an updated number since Tuesday of the number of separated children in its care.

A Health and Human Services official said Thursday the agency was providing approximate numbers because of the constantly changing situation, and that in all, including children separated under the policy and children who arrived unaccompanied, it had a total of 11,869 minors in its care.

"While we understand the interest in detailed breakdowns of this information, our mission has been and remains to provide every minor transferred to HHS, regardless of the circumstances, with quality and age-appropriate care and a speedy and safe release to a sponsor," the official said.

Agencies have said that each of various entities in the process—including Immigration and Customs Enforcement and the HHS's Office of Refugee Resettlement—play a role in reunification and that "this process is well coordinated." The refugee office has taken responsibility for the children, while ICE is in charge of the adults. Most of the families were apprehended under the "zero-tolerance" policy to prosecute every adult who illegally crossed the border.

adults with whom they arrived.

"They are hand-counting to try to figure out how many children' are there.

adults with whom they arrived.

"They are hand-counting to try to figure out how many children are in the system," said Sen. Dick Durbin (D., Ill.) after a meeting between members of the Senate Judiciary Committee and representatives from the Department of Homeland Security, the Justice Department and the Health and Human Services Department.

Sen. Thom Tillis (R., N.C.) said each agency knows how many children have been separated "but their systems are not integrated so now we're just trying to get aggregate numbers."

Federal agencies said on Saturday that the U.S. government knew the location of all children in its custody and was working to reunite them with their families.

HHS said on Tuesday that it

had 2,047 children separated through the policy in its care, in addition to approximately 9,750 minors who had arrived unaccompanied at the border.

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First Lady Makes a Visit to Arizona



OUTREACH: Melania Trump met with attendees at a program at a Phoenix immigration detention facility for children on Thursday.

LEAH MILLIS/REUTERS

Military Is Asked to House Migrants

BY LOUISE RADNOFSKY
AND NANCY A. YOUSSEF

WASHINGTON—The Department of Homeland Security has asked the Pentagon to prepare housing for 12,000 people from immigrant families, using military bases or building tent camps, as the Trump administration continues to wrestle with how to handle asylum-seeking adults and children at the southern border.

The Defense Department said late Wednesday it had received a request from Homeland Security to identify facilities that would allow it to house migrant families. That followed an executive order from President Donald Trump a week ago to reverse a policy of separating adults from children at the border and instead detain them together.

Generally, migrant families have been released into the U.S. as they await an asylum hearing, a situation that the

Trump administration has said it wants to end. Preparing more room for family detention suggests the administration expects to detain more families. Currently, it has just three facilities—two in Texas and one in Pennsylvania—where families can be held.

The Pentagon said in its statement that it was asked to find a way to house 2,000 people within 45 days, and set a timeline to house 10,000 more. Defense Secretary Jim Mattis said last week the department was prepared to help DHS, if requested.

It also said it had been asked to identify available facilities that could be used, and if not, to construct "semi-separate, soft-sided camp facilities capable of sheltering up to 4,000 people, at three separate locations."

DHS didn't immediately reply to a request for comment.

Homeland Security officials asked the Pentagon to aim to have sites in Texas, Arizona,

New Mexico or California, "to enable access to and supervision of the sites and to comply with the provisions of a decades-old, federal-court settlement that reasonable efforts be made to place minors in the geographic area where the majority are apprehended," the Pentagon said.

That court settlement, known as the Flores agreement, bars unaccompanied immigrant children from being held in jails. A federal judge in California ruled in 2015 that the agreement applied to children apprehended at the border with their parents, too, and ordered the government to hold those children in detention centers with their parents for no longer than 20 days.

The Obama administration used military bases to house some tens of thousands of unaccompanied immigrant children caught at the border in 2014, during what officials described then as a humanitarian

crisis. But those children were held there only temporarily, while Health and Human Services expanded its shelter capacity for such migrants.

Late Tuesday, a federal judge ordered the Trump administration to stop separating migrant families and reunite all children with their parents within 30 days, ruling that the "situation has reached a crisis level."

U.S. District Judge Dana Sabraw in San Diego also said that for now, parents can no longer be detained or deported without their children unless the minors are found to be in danger or the parents consented. "There is no genuine dispute that the government was not prepared to accommodate the mass influx of separated children," the judge wrote.

Attorney General Jeff Sessions, at a news conference on Thursday, left without answering questions about how families would be reunited.

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U.S. NEWS

Foes to Take New Aim at Abortion

By JOE PALAZZOLO
AND NICOLE HONG

The retirement of Justice Anthony Kennedy has created what abortion opponents view as a once-in-a-generation opportunity to establish a 5-4 majority on the Supreme Court that favors their side.

Justice Kennedy, nominated to the bench by President Ronald Reagan in 1987, more often aligned with the conservative wing of the court in his rulings, but supporters of abortion rights considered him a firewall when it came to *Roe v. Wade*, the 1973 ruling that recognized abortion as a woman's constitutional right.

President Donald Trump could replace Justice Kennedy with someone more likely to side with the court's four conservative members on abortion issues. As a candidate, Mr. Trump promised to appoint "pro-life" justices with a "conservative bent." His first appointee, Justice Neil Gorsuch, has yet to review an abortion case.

A new justice's views could be tested in short order. A range of abortion cases are pending in the lower courts, any of which could become vehicles for the high court to review *Roe v. Wade*. Many of the cases deal with state laws that restrict access to abortions.

The justices "could use any case that presents an abortion restriction as a case to re-examine the right to an abortion" more generally, said Jennifer Dalven, director of the Ameri-



Justice Anthony Kennedy's retirement has created what abortion opponents view as a once-in-a-generation opportunity.

can Civil Liberties Union's Reproductive Freedom Project.

Andrew Bath, executive vice president and general counsel of the Thomas More Society, an antiabortion group, said he and his colleagues had "every reason to be optimistic" that *Roe v. Wade* would soon be overturned, if Mr. Trump sticks to his word.

If the Supreme Court over-

turned *Roe v. Wade*, that would eliminate any constitutional limits on states to regulate abortion procedures, allowing states to outlaw abortion entirely.

Several federal appeals courts have cases pending that ask whether states can legally restrict the most common form of second-trimester abortion, known as dilation and evacuation. Laws banning the proce-

dure in Alabama, Arkansas and Texas are under review. If a split emerges among the courts, the Supreme Court would likely have good reason to intervene, said Maya Manian, a professor at the University of San Francisco School of Law.

"Those could be a vehicle for overturning *Roe v. Wade* if that's what five justices on the court want to do," she said.

Challenges to laws in Mississippi and Arkansas that ban abortions after 15 weeks and restrict medication abortions, respectively, are also pending in federal trial courts. Over time, they could develop into a Supreme Court case, said Cynthia Soohoo, co-director of the Human Rights and Gender Justice Clinic at CUNY Law School in New York.

Term Highlights Court Conservatives' Dominance

By BRENT KENDALL

WASHINGTON—Even before Justice Anthony Kennedy's retirement handed a historic vacancy to President Donald Trump, the year had been a victorious one for conservatives at the Supreme Court.

The court's 2017-18 term began tentatively and with comity, as the justices continued to find their place on a new-look court that included Justice Neil Gorsuch, whom Mr. Trump nominated last year.

Early on, the court found common ground in some cases and avoided the public divisiveness that has been a feature of the national political debate.

But by the time the final gavel dropped Wednesday, the court's conservative wing, with middle-ground member Justice Kennedy on board, had prevailed in a string of high-profile rulings, leaving liberal justices to read several dissents from the bench that criticized the majority's work in increasingly sharp tones.

"In just about all of the close cases, the conservatives won," said University of Texas law professor Stephen Vladeck.

A 5-4 court upheld the president's ban on travel to the U.S. by people from several Muslim-majority countries. In election-law cases, the court made it easier for states to remove citizens from the voter rolls if they hadn't cast a ballot in recent elections, and it upheld Republican-drawn election districts in Texas against claims of racial gerrymandering.

On the labor front, the court struck a blow against public-sector unions by barring contracts that require workers to pay union dues. All were 5-4 rulings, and another came this week when the court rejected disclosure requirements that California had imposed on antiabortion pregnancy centers.

In the abortion and union-dues cases, as well as others, "conservative voices on the court protected conservative voices outside the court."

voices outside the court," said University of Illinois law school dean Vikram Amar.

There wasn't a single case in which Justice Kennedy joined with the court's liberal wing to create a majority in an ideologically divided case. It was a notable contrast to recent terms in which that lineup formed coalitions to

Chief Justice John Roberts's efforts to build bridges and steer the court through delicate issues.

Mr. Amar said many of the term's rulings preserved the status quo against progressive hopes of gaining ground, rather than actively reversing course. The major exception was the union-dues cases, where the court overruled a 1977 precedent, but Mr. Amar noted the court already was heading in that direction before Justice Antonin Scalia's death in 2016 temporarily prevented the court from doing so.

Justice Gorsuch, in his first full term, proved the reliable conservative his supporters hoped he would be. He wrote the court's major workplace ruling allowing companies to restrict workers from bringing legal claims jointly and provided votes in other conservative wins.

After the court upheld Mr. Trump's travel ban Tuesday, Senate Majority Leader Mitch McConnell (R., Ky.), who suc-

cessfully prevented President Barack Obama from filling the Scalia seat, simply tweeted a picture of him and Justice Gorsuch shaking hands.

Aside from the hot-button cases, the term produced decisions on its business docket with ramifications for companies and consumers.

The court effectively ended an era of tax-free e-commerce, ruling states had broad authority to force online merchants to collect sales taxes. The justices also cleared the way for legalized sports betting across the U.S.

For now, the court will have to find its place again with another new member, one who will likely be more conservative than the maverick Justice Kennedy.

The shift to the right could focus the spotlight even more brightly on Chief Justice Roberts, who in some ways this term already eclipsed Justice Kennedy as the most important figure in determining which way the court would go.

adherence to the rule of law," she said, adding that it was "premature" to say whether Mr. Trump's pick would earn her support.

Mr. Short, the legislative affairs chief, said that dipping into the playbook used for Justice Gorsuch would include pursuing the centrist Democrats, though even failing to secure their support could confer a GOP advantage in the midterm elections, Mr. Short said.

Mr. Short added that Republicans could portray opposition to Mr. Trump's new pick as Democrats being beholden to their party's liberal base.

Some conservative activists said this fight might be harder than the Gorsuch battle. "The Senate is in a different position than it was a year ago," said Sarah Field, vice president of judicial strategy for Americans for Prosperity. She said the potential absence of Mr. McCain and the December loss of a Senate seat to a Democrat, Sen. Doug Jones of Alabama, would make for a "bigger fight" this time around.

Americans For Prosperity plans to spend "seven figures"

on ads, mailers and other efforts to rally support for Mr. Trump's nominee in key states, one AFP official said.

Meanwhile, potential 2020 Democratic presidential contenders—Sens. Kirsten Gillibrand of New York, Elizabeth Warren of Massachusetts and Kamala Harris of California—appeared at a rally on the steps of the Supreme Court to call on their colleagues to oppose a vote on any Trump nominee until after the election.

—Siobhan Hughes contributed to this article.

Rosengren Calls for Two More Rate Rises

By NICK TIMIRASO

WASHINGTON—Banner job growth, soaring corporate profits and one of the longest expansions on record have many in Washington celebrating a booming economy. Not Eric Rosengren. The Boston Fed president came to town this week with a message to sober up before the economy heads south again.

For most of the recovery, Mr. Rosengren was among the Federal Reserve's strongest advocates of easy-money policies aimed at revving up slow growth. Now he thinks the Fed has done plenty. He is warning that without more interest-rate increases the central bank risks a buildup of unsustainable pressures that lead to excessive inflation or financial bubbles and, ultimately, another downturn.

While politicians look for credit in the good times, central bankers are supposed to look around the corner for the next problem. William McChesney Martin, the Fed chairman in the 1950s and 1960s, said the Fed could never be popular because its job is to take away the punch bowl just as the party gets going.

"When you don't take the punch bowl away, it's not that predictable what is going to happen," Mr. Rosengren said in an interview Wednesday.

"You don't know if people are going to get in a fight. You don't know if somebody is going to get in a car that shouldn't get in a car," he said. "What you do know is the conditions for bad outcomes have increased."



Federal Reserve Bank of Boston President Eric Rosengren

The Fed faces a particularly tricky task because unemployment is heading to levels not seen in a half-century, but there aren't yet obvious signs that competition for workers is fueling wage and price pressures, leading some officials to resist higher rates.

In addition, Washington has approved tax cuts and federal-spending increases that should further boost growth this year and next.

Mr. Rosengren wasn't suggesting a downturn is imminent, "but I am saying we're at a stage of the cycle [where] I do worry about imbalances if we push the economy too hard."

Not all Fed officials share his concerns. Some say that raising rates higher to preempt inflationary pressures could push the economy into recession.

"There is a risk that we'll go too far, too fast," St. Louis Fed President James Bullard said in a separate interview Wednesday. He favors no more interest-rate increases this year, while Mr. Rosengren supports two.

Mr. Rosengren has warned for years about rising commercial-real-estate prices as an example of lofty asset valuations. Again on Wednesday, he referred to a potential glut of office and apartment construction. "I still see an awful lot of cranes," he said. "I'm not sure all that space is going to get filled" once hiring slows.

Mr. Rosengren joined the Boston Fed in 1985 and became its president in July 2007, making him the longest serving of the 12 regional Fed bank presidents.

"I didn't become a central banker to be popular," he said. "I give my message as clearly as possible. And I would say when things went bad, I had a very different message. I have changed my message."

All Sides Mobilize For Fight

Continued from Page One to derail a nomination and would like it to be delayed until after the midterms, when his party has hopes of gaining leverage in the Senate.

Senate Majority Leader Mitch McConnell of Kentucky and other Republican leaders have only a slender majority to work with. The GOP controls 51 of 100 Senate seats, one of which is held by Sen. John McCain of Arizona, who is battling brain cancer.

That dynamic has produced mixed results for the parties to date. Republicans were able to pass Mr. Trump's tax overhaul in December, with no Democrats voting for it. And in the Gorsuch confirmation fight, three Democrats supported the nomination, though their votes weren't crucial to his confirmation.

But Democrats succeeded in blocking repeal of the Affordable Care Act, a GOP priority for three previous elections. They pulled it off by holding their own ranks steady and helping sow doubts among centrist Republicans, particularly Sens. Susan Collins of Maine and Lisa Murkowski of Alaska.

Following Justice Kennedy's announcement, some Democrats have advocated a similar approach to the coming Supreme Court nomination.

"There's no procedural silver bullet," wrote Adam Jentleson,



Senate Democratic Leader Chuck Schumer, with few procedural options, wants the pick delayed.

who served as a top aide to former Democratic Senate Majority Leader Harry Reid of Nevada, on Twitter. "The most important Q is whether Ds have the will to fight against overturning *Roe v. Wade* in an election year where women are driving Dems' strength," he wrote.

Among the Democrats' strongest messages is that a new Trump justice would establish a majority in favor of overturning the 1973 *Roe v. Wade* decision, which broadly found a constitutional right to abortion. Still, that point is an equal selling point for the GOP's conservative base.

Democrats' parliamentary options are limited because Senate Republicans rescinded rules allowing Supreme Court nominations to be filibustered

during Justice Gorsuch's confirmation fight last year. And Democratic senators undergoing tough re-election battles in states that voted for Mr. Trump in 2016 will face pressure to vote for his nominee. That includes the three who voted for Justice Gorsuch: Sens. Joe Donnelly of Indiana, Heidi Heitkamp of North Dakota and Joe Manchin of West Virginia.

Mr. Manchin said Thursday he was keeping an open mind about the nomination. "I'm waiting for a nominee and looking for the best-qualified person," he said.

A current senior Democratic Senate aide said the party sees a public-pressure campaign around abortion rights as its best shot to make voting for Mr. Trump's nominee as "unpalatable as possible" for Ms.

Murkowski and Ms. Collins, who have both said they agree with the *Roe* decision.

People with insight into the White House's decision-making process have acknowledged concerns about Ms. Collins and Ms. Murkowski, as well as potential defections by senators such as Jeff Flake of Arizona and Rand Paul of Kentucky, which they were working to address.

Ms. Collins, for her part, said Thursday she would like to see the president pick someone in the mold of Justice Kennedy, whom she described as an "ideal justice" who "brought a nonideological approach" to the court.

"I do not apply ideological litmus tests to nominees, but I want to see integrity, intellect, a respect for precedent, and an

adherence to the rule of law," she said, adding that it was "premature" to say whether Mr. Trump's pick would earn her support.

Mr. Short, the legislative affairs chief, said that dipping into the playbook used for Justice Gorsuch would include pursuing the centrist Democrats, though even failing to secure their support could confer a GOP advantage in the midterm elections, Mr. Short said.

Mr. Short added that Republicans could portray opposition to Mr. Trump's new pick as Democrats being beholden to their party's liberal base.

Some conservative activists said this fight might be harder than the Gorsuch battle. "The Senate is in a different position than it was a year ago," said Sarah Field, vice president of judicial strategy for Americans for Prosperity. She said the potential absence of Mr. McCain and the December loss of a Senate seat to a Democrat, Sen. Doug Jones of Alabama, would make for a "bigger fight" this time around.

Americans For Prosperity plans to spend "seven figures"

on ads, mailers and other efforts to rally support for Mr. Trump's nominee in key states, one AFP official said.



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WORLD NEWS

Trump Expected to Ask Moscow's Help

President is likely to seek assistance in curbing Iran's presence in Syria

By MICHAEL R. GORDON
AND DION NISSENBAUM

President Donald Trump is expected to seek Moscow's help in scaling back Iran's military presence in Syria when he meets in Helsinki with Russian President Vladimir Putin on July 16 for a summit, say European diplomats and U.S. officials.

Some American officials see a potential for a U.S. and Russian "convergence" on the issue that Mr. Trump could explore at the summit meeting, said one senior diplomat, one of several who have recently spoken to American officials on the issue.

Secretary of State Mike Pompeo underscored the administration's concerns about Iran's presence in Syria in an appearance before Congress on Wednesday.

"If the Russians could get the Iranians out of there, I would applaud it," said Mr. Pompeo, who added that Moscow's ability to accomplish that was "an open-ended question."

Sen. Lindsey Graham (R., S.C.), who is close to Mr. Trump, said in an interview that some ranking U.S. officials appear attracted to the idea, calling it "a projection of where I think they are headed."

The Iranian military presence has become a major worry for Israel, a close U.S. ally, which has launched repeated airstrikes against Iranian positions in Syria. But the Syrian opposition worries that a potential U.S.-Russian deal would end up strengthening Syrian President Bashar al-Assad's hold on power.

A spokesman for the White House National Security Council declined to comment on Mr. Trump's summit strategy, in-



President Vladimir Putin attended a military graduation ceremony in Moscow on Thursday. President Donald Trump is to meet with the Russian leader in July.

NATO Meeting To Precede Summit

The Helsinki summit will come several days after the North Atlantic Treaty Organization summit in Brussels. The last such juxtaposition of presidential meetings with allies and a long-standing adversary was jarring. Allied nations are still

smarting from the acrimonious trade disputes that emerged earlier this month with President Donald Trump at the Group of Seven leading nations summit. That was quickly followed by a warm summit meeting in Singapore between Mr. Trump and North Korean leader Kim Jong Un.

If a contentious NATO meeting is also followed by a positive meeting between Mr.

Trump and Russian President Vladimir Putin, that could open up opportunities for the Kremlin to exploit fissures within the Western alliance, some officials worry.

"The administration has been doing damage control and saying 'Don't worry, we will be extremely firm,'" one European official said of the coming Helsinki summit. "But again, we don't know."

cluding any possible initiatives on Syria, saying only that "the president hopes that it will lead to constructive engagement that improves peace and security around the world."

The summit meeting is expected to deal with an broad array of issues, including Syria, the role of Russia-

backed forces in Eastern Ukraine and arms control. Administration officials have been playing down the idea that the summit will result in tangible "deliverables."

Mr. Trump has been exploring the prospect of a U.S.-Russia summit at least since May. One scenario supported by

some in the State Department is to seek Moscow's help in pushing the Iranians and the Shiite militias they support out of a strip of territory in southwest Syria that abuts Jordan and Israel.

In return, the Russians are asking the U.S. to close the military outpost it has main-

tained at Al Tanf, which U.S. and other allied forces use to support local Syrian fighters, near the intersection of the Jordanian, Syrian and Iraqi border, U.S. officials say.

Russia has violated a ceasefire pact for southwest Syria in recent days by carrying out airstrikes to support a Syrian government offensive against opposition groups in the area.

While Russia's intentions aren't entirely clear, some American officials believe they are trying to pressure the U.S., Jordan and Israel to agree to a new accommodation that would allow the Assad government to reassert its authority in the border area with Israel and Jordan on the assumption Iran's influence would be curbed there.

A grander version of the administration's Russia policy

could seek the Kremlin's help in getting Iranian forces out of Syria altogether, or at least diminishing their role, in return for Washington's acceptance of Russia's role in the country and perhaps even Mr. Assad's continued rule, the European diplomats said.

Advocates for the approach said that the U.S. has limited leverage in Syria, the Russians have some sway over Mr. Assad and Iran's presence there has emerged as one of the Trump administration's top security concerns in the region.

Skeptics argue that Mr. Assad is heavily dependent on Iranian forces to take back territory from the opposition in the conflict and that no amount of Russian pressure could lead him evict them.

—Peter Nicholas contributed to this article.

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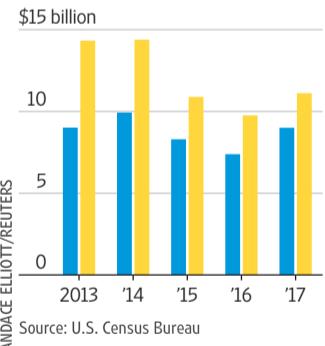


Workers at a steel-pipe plant in Edmonton, Alberta

Trading Metal

In dollar terms, the U.S. sells more steel and iron to Canada than it buys.

Steel and iron trade



By KIM MACKRAEL

OTTAWA—The Canadian government is considering putting quotas or tariffs on certain steel imports from all of its trading partners as it prepares in coming days to impose tariffs on U.S. steel, aluminum and dozens of other American products, according to people familiar with the matter.

The possible temporary safeguard measures would aim to keep cheap steel imports, diverted from the U.S. by tariffs, from flooding Canadian markets. The safeguards would be the latest repercussions from an escalating trade battle with the U.S., stemming from Washington's decision last month to impose tariffs on steel and aluminum from the European Union, Canada and Mexico.

European Trade Commissioner Cecilia Malmström has said the European Union is considering similar temporary safeguard measures as soon as mid-July. Canada's foreign minister, Chrystia Freeland, met with Ms. Malmström in Brussels on Tuesday, where the Canadian government said they discussed developments in international trade and continued collaboration between Canada and the EU.

EU steel imports surged by 8.4% in the first four months of

2018, following record exports into the bloc last year, according to Eurofer, which represents European steel producers.

The rise in 2017 was already straining EU producers and the current increase is "almost certainly" a result of the U.S. steel and aluminum tariffs, Eurofer said.

The Canadian government is examining data on steel imports into Canada as it decides whether to put in place the safeguard measures, said a person

The aim would be to keep imports diverted by U.S. levies from flooding Canada.

familiar with the government's thinking.

In addition, Jesse Goldman, a lawyer with Borden Ladner Gervais LLP in Toronto who was hired by some Canadian steel fabricators, said the government is actively looking at the option and could launch a temporary safeguard measure as early as next week.

While Canada's steel mills support the move, fabricators who use raw steel to make construction equipment such as re-

bar say blanket tariffs could devastate their businesses.

Businesses that buy foreign steel are asking the government to take more time before deciding whether to apply a temporary safeguard measure and to limit the number of specific products any tariffs or quotas would apply to.

World Trade Organization rules allow countries to impose temporary tariffs for up to 200 days under circumstances where a delay could cause damage to an industry that would be difficult to repair.

A spokesman for Canada's finance minister declined to comment on the potential measures.

Eric Miller, a former Canadian official and now head of Washington-based Rideau Potomac Strategy Group, said part of the calculation for Canada with the safeguard measures is a bid to get U.S. tariffs lifted.

"The only way forward for Canada in terms of getting a long-term exemption [from U.S. tariffs] is not only showing that our steel is quote-unquote legitimate, but that we have mechanisms in place to identify when there are cases of transshipment and guard against that and take affirmative action to stop it," he said.

—Emre Peker contributed to this article.



WORLD WATCH

KIM JONG NAM TRIAL

Court Hears Suspects Were Trained Killers

Two women on trial for killing the half brother of North Korea's ruler weren't pranksters but trained assassins, Malaysian prosecutors said, urging a judge to reject defense arguments that the case should be summarily dismissed.

In closing statements Thursday for the prosecution phase of the trial, prosecutors said the defendants used "criminal force" and demonstrated training in attacking Kim Jong Nam, the estranged elder sibling of dictator Kim Jong Un, at Kuala Lumpur International Airport in February 2017.

Kim Jong Nam died shortly after of poisoning by VX, a nerve agent banned as a weapon of mass destruction.

The two women—Doan Thi Huong of Vietnam and Siti Aisyah of Indonesia—are accused of having "common intention" with a group of North Koreans to kill Mr. Kim. North Koreans accused of involvement fled Malaysia after the attack and none are standing trial.

Judge Azmi Ariffin adjourned the trial to Aug. 16. Both pleaded not guilty and face death by hanging if convicted.

—Ben Otto

EUROPE

Business Confidence Held Up in June

Businesses across the euro-zone remained upbeat about their prospects in June, even as new tariffs were imposed on trade between the European Union and the U.S., with fears that more will follow.

The European Commission said its measures of confidence among manufacturers and service providers were unchanged from May, while a drop in consumer sentiment led to a decline in its economic sentiment indicator—an aggregate measure of consumer and business confidence—to 112.3 from 112.5 in May.

—Paul Hannon

EU Leaders Reach Migration Deal

By VALENTINA POP
AND BOJAN PANCEVSKI

A migration deal patched together by European Union leaders early Friday appeared to have won German Chancellor Angela Merkel a respite in the toughest battle of her political career.

EU leaders after nine hours of negotiations agreed to help coastline countries, notably Italy, by redistributing some of the migrants rescued in the Mediterranean, provided they are placed in detention.

In parallel, the EU said it would seek to set up reception centers in North African countries where most migrants rescued at sea would be sent back to. Those centers, called "disembarkation platforms," will be run together with United Nations agencies that will ensure that people are housed in humane conditions while awaiting repatriation or resettlement to European countries.

This effort is aimed at curtailing the migrant influx that fueled the rise of populist parties across Europe, reshaping the political landscape and putting mainstream leaders such as Ms. Merkel under severe pressure.

"Italy is no longer alone," Italian Prime Minister Giuseppe Conte said at the end of the meeting at which at one point he held up other decisions until an agreement on migration was found.

French President Emmanuel Macron, who played a significant role in brokering the deal, said that the agreement was an important milestone.

"Many had predicted that no agreement would be found and national measures would prevail. Tonight we managed to reach a European solution," he said.

The deal was held up by Central and Eastern European governments, which opposed any form of migrant quotas and in-



The pact provides a respite for German Chancellor Angela Merkel in her battle to retain her post, but her authority has been eroded.

sisted that the system of distribution of migrants brought to EU shores be voluntary, according to diplomats familiar with the talks.

Polish Prime Minister Mateusz Morawiecki said he was pleased with the agreement, because migrants would be distributed on a "voluntary basis" and any decisions on the bloc's asylum system will be taken by consensus among all EU countries.

"It was a long and difficult discussion. I am happy that there are many countries in Europe who insist that the flow of people is reduced," said Austrian Chancellor Sebastian Kurz, one of the proponents of sending people back to North African shores.

As part of Friday's agreement, Ms. Merkel obtained pledges from around a dozen

countries, including Greece and Spain, to speed up procedures to take back migrants who were first registered on their soil but then moved and applied for asylum in Germany.

"No asylum seeker has the right to choose in which country he will apply in," said Ms. Merkel. She said there was still "a lot to do to bridge the various points of view" on the bloc's asylum overhaul.

The agreement is expected to placate the chancellor's critics from her own conservative bloc at home, headed by the interior minister, Horst Seehofer.

Mr. Seehofer, chairman of the Christian Social Union, the Bavarian sister party to Ms. Merkel's Christian Democratic Union, handed her an ultimatum that expires Monday. He demanded that the chancellor broker a European deal to keep im-

migrants at bay, or he would order the unilateral closure of Germany's borders to some newcomers—a move that would force Ms. Merkel to fire him and trigger a collapse of her fragile coalition.

Ms. Merkel was due to speak to Mr. Seehofer later Friday and their parties are scheduled to meet separately in Berlin and Munich to assess the deal and decide the fate of their fragile coalition.

But even as it is likely that Ms. Merkel will calm the rebels and retain her post, her authority has been eroded during the weeks of acrimony. She called an emergency migration summit of EU leaders who were willing to meet her in Brussels last Sunday, to prevent the collapse of her chancellorship.

The weakening of Ms. Merkel's position as the bloc's

pre-eminent leader has boosted Mr. Macron, who has styled himself as the continent's new pro-European voice and deal maker.

Ms. Merkel's woes began with her 2015 decision to open Germany's borders to Syrian refugees, which, according to her critics at home and abroad, contributed to a spike in the already large migratory movements from the Middle East and Africa.

Over 1.4 million people have sought asylum in Germany since then, a development that fueled the surge of the anti-immigrant Alternative for Germany, which won nearly 13% at last September's general election that saw the worst results for Ms. Merkel's and Mr. Seehofer's parties.

—Emre Peker
and Matthew Dalton
contributed to this article.

European Tariff Pushback Gets Trump's Attention

BY EMRE PEKER

BRUSSELS—The trans-Atlantic trade fight has yielded an unexpected side effect: newfound appreciation in the White House for the European Union's power on trade. Whether the bloc can translate that clout into negotiating gains remains an open question.

At the recent Group of Seven meeting in Quebec, President Donald Trump said the EU's ability to hit back at the U.S. on trade made European Commission President Jean-Claude Juncker a "brutal killer," according to Mr. Juncker and others in the room.

Mr. Juncker said he took the comment as a compliment. And less than two weeks later, Mr. Trump invited Mr. Juncker to the White House, setting up the first such visit since 2011 for a commission president, the bloc's top executive.

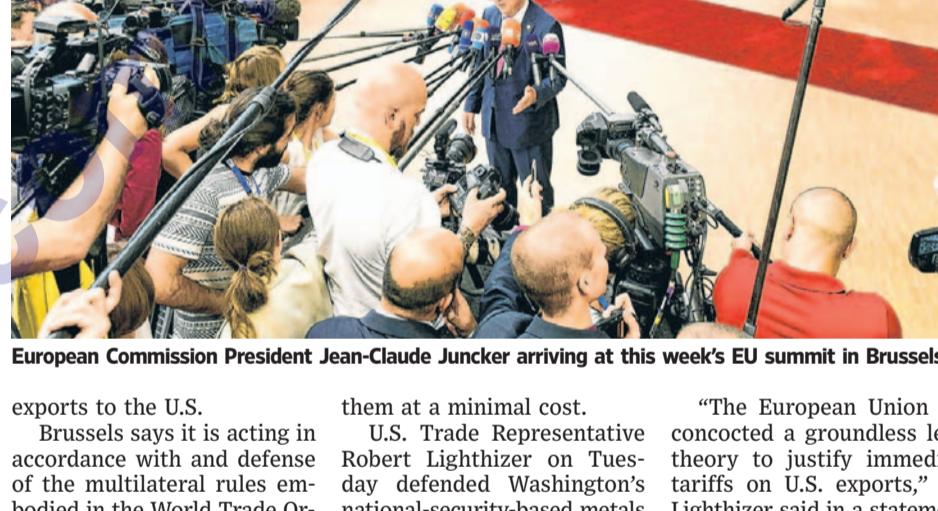
Mr. Trump also indirectly acknowledged the EU's power this week in a string of tweets attacking Harley-Davidson Inc., after the motorcycle maker

said it would shift some production abroad. The American manufacturing icon announced its move to skirt EU duties levied in response to U.S. tariffs on steel and aluminum.

Brussels last week imposed tariffs on €2.8 billion (\$3.2 billion) of U.S. exports the EU targeted in retaliation for Mr. Trump's metals tariffs. EU Trade Commissioner Cecilia Malmstrom has taken a firm stance against the U.S. tariffs, calling them unjustified and a threat to the global free-trade regime that liberal democracies developed over recent decades. The EU and other U.S. trading partners have decried the White House's national-security justification for the new U.S. tariffs as a fig leaf for protectionist measures.

"There has to be consequences if you do not respect international, global rules," Ms. Malmstrom said Tuesday. "The EU and the U.S. have developed these rules together."

Mr. Trump has responded by threatening duties on some \$60 billion of European auto



European Commission President Jean-Claude Juncker arriving at this week's EU summit in Brussels.

The EU is seeking to maintain unity on trade even as internal fights over migration threaten to topple the government of German Chancellor Angela Merkel. European leaders gathering for a summit in Brussels on Thursday are set to reaffirm the commission's tough approach, EU diplomats said.

In going up against the U.S. on trade, the EU is betting on its size and muscle. Its economy is roughly the same size as that of the U.S. and the two are intertwined, with some \$6 trillion in bilateral foreign-direct investment and annual goods-and-services trade of more than \$1 trillion. Each side is the other's biggest trading partner.

Brussels is also counting on the resilience of global trade rules that have emerged over decades. Yet EU officials say Mr. Trump is taking U.S. trade policies where no president has before, tapping national-security justifications to enact his "America First" approach.

—Valentina Pop
and Jacob M. Schlesinger
contributed to this article.

China Defends Record On Opening Its Markets

BY CHAO DENG

BEIJING—China defended its record in fulfilling commitments to the World Trade Organization, while sidestepping U.S. criticisms that its market openings and protection of intellectual property have fallen short.

A white paper released by the government's information office on Thursday argued that China granted foreign access to its market after joining the WTO, as promised, lowering tariffs and other barriers. At a briefing accompanying the release, Vice Commerce Minister Wang Shouwen said China had opened its services sector beyond its WTO commitments.

Barely mentioned in the paper are criticisms by the Trump administration that China subverted its commitments by subsidizing domestic companies while using regulations and other nontariff barriers to limit access to its markets and compelling foreign companies to transfer technology.

Asked about these issues, Mr.

Wang denied forced technology transfers and didn't address subsidies, without mentioning the U.S. by name. "If companies of certain countries say China hasn't done a good job, they can file a lawsuit against China at the WTO," he said.

Complaints that Chinese trade practices distort global markets are at the heart of the Trump administration's trade dispute with China. President Donald Trump is pushing ahead with tariffs on \$34 billion of Chinese goods on July 6, which Beijing has said it would match in value. He has threatened tariffs on more than \$400 billion of other Chinese goods should Beijing retaliate.

The Chinese government appears to be trying to reach a wider audience and depict China as a defender of the WTO, in a speech last week that set off debate on the internet.

"They want to make the case that they are the adults in the room trying to swat unruly behavior by the U.S. government," said Eswar Prasad, a China expert at Cornell University.

Trade War Dents Beijing's Tech Pride

BY YOKO KUBOTA

BEIJING—To the list of casualties in the trade battle between the U.S. and China add another: Chinese chest-thumping about the country's prowess in innovation.

More sober assessments of China's technological capabilities have emerged from China's tech community in recent weeks, as the U.S. has ratcheted up pressure, threatening tariffs and export restrictions to punish Beijing for what it says are theft of technology and unfair trade practices.

"There is a big gap between the science and technology of China and those of the United States, as well as other Western developed countries. This is common sense, not a problem," said Liu Yadong, the editor in chief of the government-run Science and Technology Daily, in a speech last week that set off debate on the internet.

China's tech businesses have been on tenterhooks in recent months. Threats by the Trump administration to impose tariffs on as much as

\$450 billion in Chinese products and to restrict Chinese investment in the U.S. and American technology exports to China potentially stand to disrupt supply chains crucial to China's telecommunications-gear makers, its microchip industry and aircraft manufacturing.

While President Donald Trump backed away from those investment and export restrictions on Wednesday, he said those issues would be addressed through existing institutions.

Some Chinese officials greeted the move with wary relief. A Commerce Ministry spokesman said on Thursday that Beijing is watching developments in the U.S. and warned that investment restrictions would likely affect global perceptions about the U.S.'s business environment. Still, disruptions loom. U.S. tariffs on \$34 billion in Chinese goods kick in July 6, and China has vowed to retaliate dollar for dollar. The biggest casualty thus far in the trade

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fight is Chinese telecom-equipment maker ZTE Corp., which nearly stopped operating after the U.S. Commerce Department prohibited its access to American components because of sanctions violations.

Mr. Liu, the Science and Technology Daily editor, sought to address the foreign foundations of many Chinese industries at a seminar on China's reliance on critical technologies. "The house is built on other people's foundation, but some insist that we have complete and permanent property rights," Mr. Liu said, according to a transcript on the website of the newspaper, which belongs to the Ministry of Science and Technology. "What's troublesome is that people with those kind of opinions have fooled leaders, the public and even themselves."

His was a striking admission considering that state media and senior officials have played up China's advances in innovation for much of the past year to meet President Xi Jinping's objective of making the country a global technology power.



A bullet train crosses a rail bridge in Nanning, south China.

IN DEPTH

Pickle-Juice Drinkers Go Public

Continued from Page One

Coke, which he knew she didn't drink. He investigated by sniffing the can. It was pickle juice. "I was like, 'This is sad.'

Sour reactions have long driven an untold population of Americans to swig the stuff covertly. "I am a closeted pickle-juice drinker," says Dawn Crosswhite, 51, a therapist and clinical-social-work professor in Denver, who recently admitted her habit to friend Millete Birhanemaskel.

"I thought I knew my friend," says Ms. Birhanemaskel, 37, a Denver coffee-shop owner who said the idea is disgusting. "What else don't I know?"

But there's hope. People who privately partake of pickle juice are finding it easier to go public,

thanks to endurance sports. Athletes have discovered its electrolyte-replenishing qualities can be a savory alternative to sports drinks. There are more than 33,000 Instagram posts containing "#picklejuice," many showing people chugging the stuff.

Ms. Crosswhite, a triathlete, has been stealing sips since childhood. A few months ago, a friend offered her what looked like a small energy shot containing pickle juice after a grueling bike ride in the Colorado Rockies. "I thought, 'Oh thank God, now I have a place to drink this,'" she says. "That little jar in a strange way validates that it's OK to drink pickle juice."

Devotees say they like pickles but like the juice even more because it satisfies a salt craving they can't quite explain. Some gulp with pickles still in the jar, irking nondrinkers. When Mr. Keith went for more pickles at the July Fourth picnic, they were so dry from his sister's quaffing the fluid that they resembled pickle chips, he says. "She could have waited

until the pickles were gone."

Katie Cerniglia, a Los Angeles podcast producer, tweeted at pickle purveyor Claussen to sell jars of juice without the pickles. Kraft Heinz Co., maker of Claussen and Heinz pickles, says it is aware people drink the fluid but doesn't plan to sell jars of it.

A spokeswoman for Vlasic maker Pinnacle Foods Inc. says: "We are not actively promoting drinking pickle juice, but if it's healthy and it sells more pickles, we're all for it."

Other food makers are tapping the trend with pickle-juice soda, pickle-juice candy canes and pickle-juice ice pops. Sonic Drive-In introduced a pickle-juice slush this month.

Delayla Bess, 18, a high-school graduate near Seattle, grew up thinking it was normal to sip from the pickle jar. Her mom and other relatives do it, after all. When Sonic offered its slush, she tweeted: "DID I

HEAR PICKLE JUICE SLUSHIES?? I LOVE LIFE." She says: "My friends were like, 'Wait, you actually like pickle juice?'"

Sonic Corp. executives got the idea during a 2016 trip to

Austin, Texas, scouting for frozen-drink trends and noticed dill-pickle-juice offerings at snow-cone stands. The base of Sonic's slush is sweet, turning off purist pickle-juice fans who prefer the sour notes, says Scott Uehlein, Sonic's vice president of product innovation and development.

He understands why connoisseurs sip in secret, says Mr. Uehlein, who says he doesn't drink it himself but likes the slush version. "If I was going to drink pickle juice at my house, I would probably have to do so behind closed doors because my wife would look at me like I'm crazy."

When Niles Abston, 23, first saw Ms. Cerniglia of Los Angeles drink pickle juice at the ca-

tering company where they once worked, he asked her whether she was pregnant. He says: "It's just weird."

Ms. Cerniglia, 29, says other friends have shamed her, but she doesn't care. She is, however, particular about her daily drink, which must be Claussen dill—"none of that bread-and-butter garbage"—from the refrigerated pickle section.

Ms. Bess says she doesn't discriminate between dill and sweet. Ms. Crosswhite prefers Claussen dill juice because the sweet kind "doesn't give me the same jolt."

Ms. Ashton West says she usually buys Mt. Olive Pickle Co. dills. The company gets requests to sell its juice alone, says a spokeswoman, but the fluid without the pickles to balance it would be too strong. "We suggest people blend the pickles and the juice in a blender and strain it to make their own."

Nutritionist Bonnie Taub-Dix says too much pickle juice could be a bad thing for some people, given the high sodium content.

"I wouldn't drink pickle juice as you would your morning juice," she says. "A shot glass is probably OK."

Michael Chiappini, 45, a software developer in Parker, Colo., craves pickle juice only when he runs. During a 24-hour race in Las Vegas, he brought a large jar and took a big swig when he went through his campsite during each 5-mile loop. "Would I just drink it out of the fridge? No."

During the recent training ride, Ms. Crosswhite says, other riders ribbed her for drinking it. "There were a few riders that were like, 'Ew that's so gross, how can you do that?'"

Kayla Ferguson, 28, a Denver corporate-event planner, didn't like the juice until she got into a pickle during the last leg of a 100-mile Utah race. After mile 65, her legs were cramping, her feet hurt and she felt nauseated. Someone suggested she throw back some of the briny stuff—she rallied and placed third.

"Now," she says, "I will go nowhere without pickle juice."



Who swigged?

Mexico Votes for President

Continued from Page One

from the North American Free Trade Agreement, along with investments in higher education, public research centers and technology development.

In the early 2000s, the state transformed into an aerospace hub, attracting such companies as General Electric Co., Siemens AG, Airbus SE and Bombardier Inc. Over the past 15 years, the state economy has grown by an average of 4.7% a year, nearly twice the national average of 2.4%. By contrast, Tabasco, which relies on oil, natural gas and small-plot farming, has seen little benefit from Nafta. Investments by multinational companies have been largely limited to the energy sector.

The state, plagued by poor roads and other crumbling infrastructure, has seen its economy rise and fall with oil prices and the fortunes of the state oil company Petróleos Mexicanos, known as Pemex. Tabasco's economy has grown an average of 1.9% a year for the last decade and a half.

Mr. López Obrador, 64 years old, has said he would stop exporting Mexico's crude oil and instead turn it into gasoline at Pemex refineries to encourage energy independence. He has promised to build two new oil refineries, which his advisers say would cost about \$6 billion apiece.

Pemex has long struggled to operate its six refineries efficiently. Last year, they operated at an average capacity utilization of 48%, the lowest level on record. That means an oil-rich Mexico must import much of its auto fuel from privately run U.S. refineries on the Gulf Coast.

Mr. López Obrador has pledged to impose price floors on some crops, raise the minimum wage and boost social programs for the poor. Money to pay for his promises would come from clamping down on public corruption, he said.

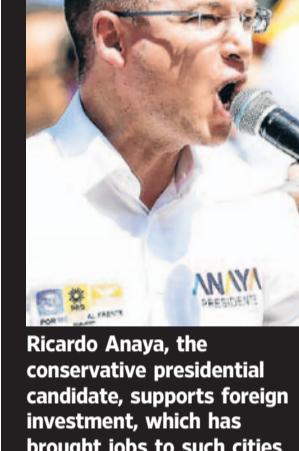
Some economists say his policies are more likely to make prosperous parts of Mexico look more like struggling regions rather than the reverse.

"Mexicans face a very stark choice, between a statist, protectionist, interventionist government and a pro-free-market, pro-private sector government," said economist Sergio Negrete. "López Obrador is fully focused on the Mexico he knew in his youth in Tabasco, where all the wealth is derived from natural resources—the beans, the corn, the water, and, of course, the oil."

Mexico has more free trade deals than any other nation with investment booming in central and northern Mexico. Opponents to the deals say they have been fueled by low-cost labor and have failed to spur the domestic market.

The economic conditions of their home states influence both candidates. Mr. Anaya supports Nafta and calls for accelerating industrialization and strengthening investor protections.

Mr. López Obrador has said he also supports free trade, as do the majority of Mexicans. But he has said the benefits of Nafta haven't been shared throughout Mexico. He agrees with Mr. Trump that Nafta needs to be updated, though both men seek changes that would raise wages



Ricardo Anaya, the conservative presidential candidate, supports foreign investment, which has brought jobs to such cities as Querétaro, right, where workers train in aerospace.



BENEDICTE DESRUS FOR THE WALL STREET JOURNAL (2); GUSTAVO GRAF/REUTERS (ANAYA); JESSICA ESPINOZA/NOTIMEX/NEWSCOM/QUERETARO PRESS (QUERETARO)



Andrés Manuel López Obrador, Mexico's left-wing presidential candidate, has promised help to struggling farming and oil-producing regions, including his home state of Tabasco, left.

ico ¿Cómo vamos? Many work in aerospace, the crown jewel of the state economy that had its origins two decades ago.

In 1997, Ignacio Loyola Vera, then the governor of Querétaro, convened a meeting of the state's largest employers, the government and labor unions to broker agreements for higher wages, better worker productivity and labor peace. The former John Deere tractor dealer negotiated a pact that still holds.

Mr. Loyola's signature project was a new international airport that began service six years later. "If the government wants to change things, it must have the support of business, and that is the culture of Querétaro," he said.

Mr. Anaya, 39, grew up in the city, the son of a wealthy businessman. He attended private schools and studied in the U.S. as a child and in France as a teenager. He became a top aide to Francisco Garrido, the governor who followed Mr. Loyola, and later served as undersecretary for tourism under the conservative President Felipe Calderón. In 2017, he left his post as national head of the conservative National Action Party, or PAN, to run for president.

"He's a product of the tradition of political civility in this city," said José Baez, a PAN official who has known Mr. Anaya since their teens.

Canadian airplane maker Bombardier announced in 2005 that it would open a plant in Querétaro, but only if the government helped attract a cluster of aerospace suppliers to the state.

Bombardier was quickly followed by a host of aerospace companies that opened operations in the city, including France's Airbus, which has a helicopter factory and makes airplane panels. TechOps Mexico, a joint venture between Delta Air Lines Inc. and Aeroméxico, has a large airplane maintenance facility. And French jet engine maker Safran SA has opened six plants.

As part of its courtship of Bombardier, the state agreed to create the National Aeronautics University in 2007, a 1,600-student, state-funded college that offers a range of degrees, from three-month technician certifications to four-year engineering degrees and graduate programs.

The school has placed 7,000 skilled technicians in aerospace businesses around the city, and thousands more in assembly-worker positions.

"Querétaro is the only state in Mexico that has the skilled workforce to accommodate all the companies investing here," said Federico Pérez Fuentes, the university's secretary of planning and partnerships. "We know exactly how many technicians the companies need."

Claudia Martínez, a 29-year-old mother of three, wakes up at 5 a.m. every day to get her children to school and catch a bus to an airplane hangar by 7 a.m. For the past two months there, she has practiced drilling rivets in aluminum door panels for Airbus passenger jets.

Her instructor, an Airbus maintenance technician named Alberto Razo, said Ms. Martínez is one of 24 students in the class of 28 likely to qualify for a job paying the equivalent of \$453 a month at the Airbus factory. That would be more than double what she earned making plastic parts for the interiors of Nissan and Honda vehicles at a nearby factory.

"I saw that this part of the economy was growing," Ms. Martínez said.

City in 2000. He has been a loud critic of a 2014 constitutional change that opened Mexico's oil industry to foreign and private investment after 75 years of Pemex monopoly. In Tabasco, the change reduced work for local Pemex union workers and gave more work to foreign contractors.

Mr. López Obrador has said he won't try to reverse the change but promised a review of contracts with companies to root out any corruption.

"Andrés Manuel is the only one with a vision for the countryside," said José García, a local resident who stood outside a Pemex well being pumped by workers from contractor Schlumberger Ltd.

In the time since the price of oil collapsed in 2014 during a global glut, Pemex reduced operating and capital expenditures by 46% nationally, to \$21.5 billion a year. In oil-dependent Tabasco, the consequences were severe.

"When they reduced the budget, the state's economy

collapsed," said Ramses Pech, a founding partner with Caravaca and Associates, an advisory firm that works with energy industry firms and local governments. "Employment fell by 30 to 40 percent."

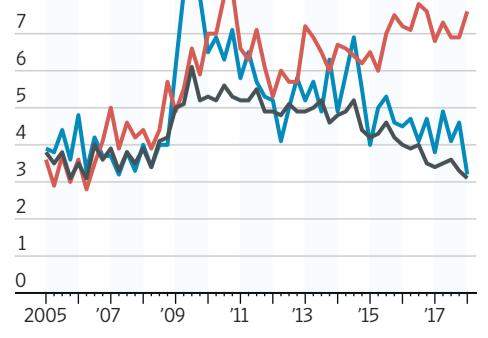
Voter polls show leftist Andrés Manuel López Obrador has a 22-point advantage.

Two Sides of Mexico

Jobs and economic growth in the oil-dependent state of Tabasco, home to Andrés Manuel López Obrador, have lagged behind the state of Querétaro, where foreign investment have boosted manufacturing.



Source: México, ¿Cómo Vamos?



THE WALL STREET JOURNAL.

GREATER NEW YORK

Lhota Ethics Questions Raised

MTA chairman says he is a per-diem worker who can hold outside paid positions

BY PAUL BERGER

A New York state ethics panel advised Metropolitan Transportation Authority Chairman Joe Lhota last year to avoid holding outside positions paying him more than \$5,000 annually but it reversed course after he pushed back, newly disclosed records show.

The about-face by the panel, the Joint Commission on Public Ethics, was revealed in a series of emails that government-watchdog group Common Cause obtained and made public Thursday. The emails show that Mr. Lhota responded to the panel's initial advisory with the assertion that he wasn't a full-time MTA employee, but a per-diem worker who could hold outside paid positions.

At the time, Mr. Lhota intended to retain at least one paid outside board job and his full-time post as a senior vice

president and lobbyist for a major hospital network, NYU Langone Health, with an annual salary of \$1.6 million.

After Mr. Lhota's response, JCOPE wrote back, agreeing with his interpretation.

Mr. Lhota was appointed to the full-time MTA chairman position in June 2017 by Gov. Andrew Cuomo.

Common Cause released the correspondences—which Mr. Lhota and JCOPE previously declined to make public—and called on the MTA's board to hire outside counsel to investigate Mr. Lhota's potential conflicts of interest.

"I think the entire scheme places everybody involved at fault," said Susan Lerner, New York executive director of Common Cause. "I think the governor's office, I think the MTA, I think Mr. Lhota and I think JCOPE all can be held accountable."

MTA Commissioner James Vitiello, who leads the authority's audit committee that could hire outside counsel to investigate Mr. Lhota, said his colleagues are aware of the concerns. "We had already



Joe Lhota says he delegates MTA executive powers to others.

been considering the matter and we will continue to do so," Mr. Vitiello said Thursday.

A spokesman for Mr. Cuomo referred questions about Mr. Lhota to the MTA.

"As we've said all along, Joe Lhota sought guidance from JCOPE and is treated as a per-diem member of the MTA Board, as all other board members are," said Jon Wein-

stein, an MTA spokesman.

Ms. Lerner said Common Cause was given the emails by Mr. Lhota last fall. She said she released them Thursday because her group had analyzed their contents and believe an investigation by the MTA board is warranted.

Soon after Mr. Lhota's appointment, JCOPE's Executive Director Seth Agata wrote an

email in August, informing Mr. Lhota that as the newly appointed chairman and chief executive of the MTA he couldn't hold outside positions that paid more than \$5,000 annually. He added that Mr. Lhota also was barred from lobbying.

Mr. Lhota's predecessors earned salaries of more than \$300,000. But when he accepted the post, Mr. Cuomo said Mr. Lhota would be paid a token salary of \$1. It is unclear whether he collects the \$1.

Mr. Lhota wrote Mr. Agata that although on paper he held the combined roles of chief executive and chairman, in practice he only acted in the capacity of chairman. Mr. Lhota said he had delegated his executive powers at the MTA to subordinates. Mr. Agata wrote back to Mr. Lhota, saying that "assuming" what Mr. Lhota said was true, he wasn't an employee.

"The MTA determined that Mr. Lhota is a per diem member of its board and not an employee," Walter McClure, a JCOPE spokesman, said on Thursday. "Based on that, the Commission clarified what law applies to Mr. Lhota."

NYPD Probes Officers' Response

BY ZOLAN KANNO-YOUNGS

The New York Police Department is investigating allegations that officers didn't immediately help a Bronx teenager who was fatally stabbed allegedly by gang members in a case of mistaken identity, two law-enforcement officials said Thursday.

Members of the NYPD's Bronx investigations unit are looking into whether responding officers waited before helping Lesandro "Junior" Guzman-Feliz, 15 years old, who on June 20 was dragged out of a Bronx bodega at 183rd Street and Bathgate Avenue, and allegedly attacked by several reputed members of the Dominican-American Trinitarios gang, police said.

The men were armed with knives and at least one machete, according to police.

After being stabbed at least twice in the neck at 11:40 p.m., Mr. Guzman-Feliz ran into the bodega and tried to jump behind the cashier's counter in an apparent attempt to hide, surveillance video shows.

Mr. Guzman-Feliz later collapsed on the street and was taken to St. Barnabas Hospital, where he died.

Investigators are reviewing whether officers waited before helping the teenager, who was a member of the NYPD's Police Explorers program, which introduces young people to a career in law enforcement.

As part of the probe, inves-

Investigators are looking at how long it took to help a teen who was fatally stabbed.

tigators are reviewing cell-phone and surveillance footage of the victim's final moments.

"It has everyone's undivided attention," one law-enforcement official said of the response-time probe.

The two law-enforcement officials said the NYPD's Internal Affairs Bureau hasn't opened a probe, but the Bronx investigators are reviewing the claims "and anything else that comes up."

Ritchie Torres, chairman of the New York City Council's oversight and investigations committee and the representative for the district where the stabbing occurred, said the probe was justified. If the allegations prove to be true, the officers should be held accountable, he said.

"It's a story full of tragedy. There are no heroes in this story," Mr. Torres said. "Junior was not only a victim of savage gang violence but also a victim of the passivity around him."

A spokesman for the Fire Department of New York said an ambulance was dispatched to the address at 11:40 p.m., but when the first responders arrived, Mr. Guzman-Feliz was nowhere to be found.

The police have made eight arrests in connection with the case, including six men who were extradited from Paterson, N.J. All of the men are believed to be members of the Trinitarios, police said.

Shark Exhibit Makes a Splash at New York Aquarium



UNDER THE SEA: Frederick Trapasso, 2 years old, watched a shark swim Thursday from inside a glass tunnel at the new 'Ocean Wonders: Sharks!' exhibit at the New York Aquarium in Brooklyn. The exhibit, home to more than 60 sharks, is part of the renovation of the aquarium, which was damaged during superstorm Sandy.

Government Shutdown Looms in New Jersey

BY KATE KING

A government shutdown is still looming in New Jersey after several days of budget negotiations between Gov. Phil Murphy and state lawmakers.

The state government could close at midnight Sunday if Mr. Murphy, a Democrat, and the leaders of the state legislature are unable to reach an agreement.

On Thursday, Mr. Murphy rejected a revenue-raising proposal floated by state Senate President Steve Sweeney, who had suggested taxing short-term property rentals, as "a

straight shot to the gut of the middle class" that would target families vacationing at the New Jersey shore.

Still, Mr. Murphy said he was optimistic the two sides could strike a deal.

"I don't want the state to shut down," Mr. Murphy said. "But everything has to be on the table."

Mr. Murphy and Mr. Sweeney both want to increase state spending in next fiscal year's budget for public schools, public-employee pensions and NJ Transit but disagree over how to raise the revenue to pay for it.

Mr. Murphy wants to raise the state sales tax to 7% from 6.625% and increase income taxes on millionaires.

Mr. Sweeney, a Democrat, doesn't support increasing those taxes.

On Wednesday he said raising the sales tax would disproportionately burden the poor, while a millionaire's tax could cause wealthy residents to leave the state.

"Honestly all these taxes really, really bother the hell out of me," he said.

In lieu of Mr. Murphy's tax proposals, Mr. Sweeney wants to raise the state's business tax

rate. On Wednesday he also suggested the tax on short-term rentals and increasing the state's realty-transfer tax to 2% from 1% on homes valued at more than \$1 million.

New Jersey's government closed last year for several days when state lawmakers resisted former Republican Gov. Chris Christie's demands for legislation giving the state more oversight over New Jersey's largest insurer.

The shutdown closed state parks and beaches, forcing Jersey City to relocate its Fourth of July festival and fireworks from Liberty State Park to Ex-

change Place. Mr. Christie was criticized after he was photographed with friends and family on a state beach that was closed to the public.

This year, lawmakers had proposed legislation to keep state parks and forests open for seven days if the government shuts down. Assemblyman John McKeon, a Democrat, said he doesn't want to see the state's recreation areas closed during one of the busiest times of the year.

The bill was scheduled for a vote Friday in the state Assembly, but the voting session was canceled Thursday evening.

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GREATER NEW YORK

The Final Mad Dash For Sweets

As Glaser's bakery closes after 116 years, patrons are stocking up on their favorites

BY CHARLES PASSY

After a run of 116 years, Glaser's Bake Shop is preparing to close its doors for good at the end of business Sunday.

FOOD & CULTURE And the Upper East Side store is being flooded with customers placing final orders. Many are stocking up and plan to freeze their treats, including Glaser's signature brownies and black-and-white cookies.

Peyton Sise, a longtime resident of the neighborhood and, by extension, a Glaser's regular, said she was "devastated" when she heard the shop was closing. So she ordered a cake that will go straight into her freezer.

Glaser's cakes "freeze perfectly," Ms. Sise said.

Herb Glaser, the shop's owner and part of the third generation in his family to run the bakery, is skeptical about how his goods will taste after emerging from an icy state. "But people are trying it," the 65-year-old said with a shrug.

The appetite for Glaser's speaks to the fact that there are few establishments in the city left like it, say regulars. With its tin ceiling, tile floor and decades-old baking equipment, Glaser's is from another era, when New York



Glaser's Bake Shop will close its Upper East Side doors on Sunday. Some customers say they plan to freeze their treats, including signature black-and-white cookies.



BESS ADLER FOR THE WALL STREET JOURNAL (4)



City was dominated by mom-and-pop food businesses. Sales have been up about 20% in recent weeks, Mr. Glaser said. One order was for 100 mini black-and-white cookies.

"We're selling out of everything," he said, as he prepared more black-and-white cookies in the store's baking area to keep pace with demand. (No discounts for bulk. The regular-size black-and-white cookies are \$2.50 each.)

Unlike other New York City establishments that have closed as a result of a hefty rent hike, Glaser's owns its property. Mr. Glaser said he and his brother, John, just felt it was time to retire after years of putting in long days at the bakery.

Mr. Glaser did get an offer that would have allowed the shop to continue in some form. He said he passed.

Orwashers, another long-established Upper East Side bakery that has added locations in the city, inquired

about buying Glaser's black-and-white cookie recipe. "I'm a nostalgic person," said Orwashers owner Keith Cohen.

So far, Mr. Glaser has declined. He said he may opt to feature the recipe in a cookbook someday.

Rat Academy: A Primer on Battling the City's Vermin

BY LARA KORTE

In a dimly lit room on the Upper West Side last week, about 30 residents came together with the common goal of fighting their nastiest neighbor: the street rat.

Rat control has become particularly challenging in this neighborhood in recent years, so the city's health department hosted a two-hour session designed to educate building owners and tenants on how to handle the pervasive rodents.

Started in 2007 as a three-day training session for city agencies, the Rat Academy has evolved into a civilian briefing held at least once a month, complete with a PowerPoint presentation, rat animations and, occasionally, a raffle to



A rat tries to escape a health department worker in a city park.

win a garbage can. Participants learn about effective cleaning methods and the pesky rodents' conniving ways.

"Everybody has a role in rat control," says Caroline Bragdon,

director of Neighborhood Interventions for Pest Control Services at the health department, who has been running the classes for a decade. "So what we want is for people to come

together with the right knowledge to address rat problems in a unified and cohesive way."

The Upper West Side—from Central Park to the Hudson River and West 59th to West 110th streets—had one of the city's highest number of rat complaints last year, or 731 of Manhattan's 4,500 rodent complaints.

The Rat Academy also serves as a chance for New Yorkers to air their grievances.

"I want to know what the city's doing, because if they're not doing anything, I'm going to move," said Andrea Krawinski, a resident of West 97th Street who attended Rat Academy. "I have...a very expensive apartment, and I'm going to move."

Since January 2016, the

health department has conducted 58 sessions across the city, reaching more than 1,500 participants. The classes are free and usually organized by a sponsor. The office of City Councilwoman Helen Rosenthal, who has been vocal in the effort to eradicate rats, hosted last week's session.

"We had heard a bunch of complaints from both [New York City Housing Authority] residents, private-building residents, even some of the larger private buildings, about the increase in rats in the streets," said Marisa Maack, chief of staff for Ms. Rosenthal. "We felt it was important to bring everybody in the room together so we could let neighbors talk to neighbors."

The conversation last week followed a typical pattern: Ms. Bragdon went over misconceptions and concerns about rats, followed by best prevention practices.

"The one thing you can do is clean, because rodents are neophobic," she said. "They're afraid of new things. They don't want that new smell."

Another method, Ms. Bragdon said, is to "distress the pest...You want them to feel unwelcome, you want them to feel exposed, you want them to feel cautious and nervous."

Several attendees expressed disgust at seeing the vermin scurrying around. "We have too many rats running around in the neighborhood," said Steven Haines, a business owner who lives in the area. "Too much garbage in the streets."

GREATER NEW YORK WATCH

PUBLIC HEALTH

Court Rules for City In Vaccine Lawsuit

New York state's highest court ruled Thursday that New York City can require day-care and preschool-age children to be vaccinated against the flu.

In its unanimous decision, the court found the city's Board of Health can mandate vaccinations for children aged 6 months to 5 years old who are in a child-care facility licensed by the city.

Health Commissioner Mary Bassett called the ruling a "great win" for New York City children.

The legal battle over the flu vaccine began with a 2015 lawsuit in which parents of children enrolled in programs subject to the vaccine rule sued New York City's health department.

In 2013, the city Board of Health passed a regulation requiring children aged 6 months to 5 years who attend city-licensed child care to receive a flu vaccine by the end of each year. City officials previously have said that schools that didn't follow the rule could be fined as much as \$2,000.

A lawyer for the parents didn't respond to a request for comment. The parents had argued the city lacked such authority and that they should be allowed to choose what is best for their children.

Thursday's ruling overturned the decisions of two lower courts in which judges had sided with the parents.

—Corinne Ramey



STEVE REMICH FOR THE WALL STREET JOURNAL

RAISING A STINK: The Amorphophallus titanum, known as the 'corpse flower' for the powerful stench it emits, has reached peak bloom at the New York Botanical Garden in the Bronx.

LONG ISLAND

Retrial Date Is Set For Mangano, Wife

The federal corruption retrial of a former top Long Island official and his wife will begin Oct. 9.

U.S. District Judge Joan Azrack set the date Thursday for former Nassau County Executive Ed Mangano and his wife, Linda.

Their first trial ended in a mistrial in May after a jury in Central Islip failed to reach a verdict.

An indictment alleges that the Republican politician helped Long Island businessman Haren-

dra Singh obtain guaranteed loans in exchange for lavish gifts. Prosecutors say Linda Mangano was given a \$100,000-a-year, no-show job at one of Mr. Singh's restaurants.

The Manganos said that any favors were because of their personal ties with Mr. Singh.

—Associated Press

ENVIRONMENT

Mount Vernon Sued Over River Pollution

The federal government has sued the city of Mount Vernon,

NY, saying it violated the Clean Water Act by failing to comply with rules meant to stop raw sewage from polluting waterways.

The lawsuit in Manhattan federal court was announced Thursday by a federal prosecutor and the regional head of the Environmental Protection Agency.

Mount Vernon for years has discharged raw sewage and other pollutants from its storm-sewer system into the Hutchinson and Bronx rivers, U.S. Attorney Geoffrey Berman said.

Messages seeking city comment weren't returned.

—Associated Press

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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

Indelible 'Trace': Love Under Siege

A FATHER and daughter make their way through the lush greenery of a rainforest. He's intense, almost haunted. She, in her early teens, seems serene. What are they doing? Living there, it turns out—off the grid and in hiding, as they have been for years. The first few minutes of "Leave No Trace" are as entrapping as the spider webs the camera notices in passing. They catch you up in a suspenseful wilderness tale that opens out to an urgent drama of conflict, beauty and growth.

The director, Debra Granik, made a stunning feature eight years ago: "Winter's Bone," which launched the career of Jennifer Lawrence. Here's another stunner, and another revelation in the calmly radiant person of Thomasin Harcourt McKenzie. She plays the daughter, Tom, who loves her troubled dad, Will, unconditionally. (He's played superbly by Ben Foster.)

I'll never forget watching Ms. Lawrence's early scenes as Ree, the 17-year-old heroine of "Winter's Bone," and assuming she was some phenomenally gifted amateur the filmmakers had found in the Ozarks, where the story was set. The director's new film hasn't arrived unno-

ticed, so we may already know that Ms. McKenzie is not an amateur from Oregon, where most of the action takes place, but an exceptional young professional. (She's from New Zealand, though you'd never know that from her flawless American accent.) Still, it's a similar case of watching a performance so pure and unmannered that it transcends performing. Tom's devotion to her father is fierce—the essence of the film is the bond between them—but their idyllic forest life can't last forever, and Ms. McKenzie is at her most eloquent when Tom discovers a larger world she never wanted to live in.

"Leave No Trace" was photographed with lovely simplicity by Michael McDonough, who also shot "Winter's Bone." Ms. Granik and Anne Rosellini adapted the screenplay from "My Abandonment," a novel by Peter Rock. The book, in turn, was prompted by a widely reported story of a Vietnam vet who, faced with homelessness on the streets, chose to spend four years



Thomasin Harcourt
McKenzie as Tom
and Ben Foster
as Will

living with his young daughter in a sprawling municipal park near Portland.

The father on screen is a veteran of Iraq, struggling with PTSD. (Mr. Foster's approach to his role is almost surgical in its avoidance of sentimentality, and all the more stirring for it.) How Will provides for himself and Tom—all we know of her mother is that she's absent—is portrayed plausibly

enough. An educated man who gives her the equivalent of home schooling, Will is a skilled survivalist, and not so unworldly that he doesn't organize periodic forays into town, where the grid dispenses needed benefits. But the deeper subject is whether the flinty independence that father and

daughter share can survive their forced re-entry into modern life, which begins with their abrupt separation—a plot turn with newly ominous overtones—at the hands of law enforcement and child-welfare officials.

In other hands the film might have been a smug favorite of virtuous hippies—not just tree-huggers but tree-dwellers—versus straight, rigid society. In Ms. Granik's telling, love is the binding force, but kindness and generosity keep popping up on both sides of the cultural divide. People may be suspicious at first, as well they might be, about a young girl in the company of a bearded man with hooded eyes, a military cap and a backpack. Yet they want to be helpful, and they are, once they've satisfied themselves that nothing unsavory is going on.

That's not to say the relationship is ideal. From time to time, Tom must contend

with her father's chronic instability. At one apparently settled moment in their new life, he suddenly tells her to pack her things: "Don't take anything you don't need."

But what does she need? The question is answered metaphorically at a backwoods mobile-home park, during an enchanting encounter with a beekeeper who opens a hive for Tom to examine. "It's kind of nice," the woman says, "to have the trust of a whole box of creatures that have the power to come out and kill you if they wanted to." When Tom brings Will to see the bees, she holds her hand over their box and says, "You can feel the warmth."

After a life of isolation with her father, this ardent girl, growing into young womanhood, needs the warmth of her own hive, and she discovers it as she goes: in a welcoming church; in the sweet face of a rural boy; in a 4-H Club

that raises prized rabbits; in the matter-of-fact goodness of a local woman, Dale (Dale Dickey), who leaves bags of food in the woods for a hermit she hasn't seen in years. Will's imperative, by his own lights, has been to make a life for Tom. Hers is to find her own way.

"Leave No Trace" was made by an artist who combines plainspoken poetry with documentary detail. (Ms. Granik's experience as a documentarian may explain her indulgence in one uncharacteristically saccharine sequence, a picturesque musical at the mobile-home park.) It's a gorgeous film, a triumph on top of an earlier one and, not incidentally, a small miracle of concision at a time when audiences increasingly favor stories spun out in episodes and seasons. Here, in less than two hours, lives are discovered, set in passionate motion and transformed.

THEATER REVIEW | By Terry Teachout

A TROUBLED LOVE STORY

Hammerstein's adaptation of Bizet's opera gets an overdue revival

New York **THE HISTORY OF** the Broadway musical in the '40s is in essence the story of Oscar Hammerstein II. After going for 11 anxious years without a hit, Hammerstein finally teamed up with Richard Rodgers. The duo then knocked out "Oklahoma!" and "Carousel" back to back, and Hammerstein spent the rest of his life counting money. Yet he also scored another hit in between those two legendary smashes, this one without Rodgers:

"Carmen Jones," an all-black modern-dress version of Georges Bizet's much-loved opera, came to Broadway in 1943, ran there for 503 performances, toured the country, and was turned a decade later into an equally popular film. No opera has had a longer Broadway run. But "Carmen Jones" dropped out of sight after Otto Preminger's screen version opened in 1954, and Classic Stage Company's slimmed-down new revival, directed by

John Doyle, is its first New York staging of any consequence since the original production. The

result is a major find, a show that deserves to return to Broadway and will surely end up there.

So what happened to "Carmen Jones" in the meantime? It came to be regarded as a racially condescending period piece. James Baldwin famously roasted Preminger's film version, dismissing it as "tasteless and vulgar...judiciously false and affected" in a 1955 Commentary essay that was long taken to be the last word on Hammerstein's transformation of Bizet's opera into a tale of love and death in a World War II parachute factory. Not until Simon Callow's hugely successful 1990 Old Vic revival did "Carmen Jones" start to be seen as something other than a creakily Tommish minstrel show, and even then, no one on this side of the Atlantic was willing to give it a go.

All credit, then, belongs to Mr. Doyle for realizing that Hammerstein's English-language adaptation of the most popular of all 19th-century operas, far from being condescending, is in fact a completely straightforward translation of Bizet's opera into contemporary terms. Part of the problem is that his meticulously spelled-out black dialect looks on the page like something out of an Uncle Remus story, while the lyrics, though perfectly serviceable, rarely stick in the mind ("You go for me an' I'm taboo / But if you're hard to get I go for you"). But Hammerstein's book is as theatrically effective in its way as the original Henri Meilhac-Ludovic Halévy libretto, and Mr. Doyle and his cast have

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Anika Noni Rose as Carmen Jones

LIFE & ARTS

TELEVISION REVIEW | By Dorothy Rabinowitz

Sex, Intrigue and Bunnies

IN MAY 1979, journalists crowded into a courtroom at London's Old Bailey where the charismatic, progressive-minded and generally indomitable former leader of Britain's Liberal Party, Jeremy Thorpe, was to be tried for conspiracy to murder his male lover.

By this point in his life this most confident of men wore an uncharacteristically grim look, and in addition hadn't bothered to shave for his trial. And by this time, the third and final episode of "A Very English Scandal," it's possible to believe this character might survive even this catastrophic public disgrace, so persuasively has Hugh Grant carried off his portrayal of the irresistibly assured Thorpe—a skilled politician with a magnetic smile, an eloquent voice for liberalism, and a man apparently unconcerned with possible consequences of a consuming sex life fraught with danger. Homosexual acts, which were punishable with jail terms, weren't decriminalized in England until 1967.

It appears not to have occurred to him, for instance, when news came of Princess Margaret's engagement to the dashing photographer Antony Armstrong-Jones, that it might not be wise to dash a postcard off to an eccentric friend that said "What a pity. I rather hoped to marry one and seduce the other." The recipient, a bankrupt pretender to high-class family connections, knew an opportunity when he saw it and filed the note away with a stack of other mail Thorpe had sent him—his insurance policy, as he viewed it. Just one of the links in the long chain of events that would lead to Thorpe's ruin and a trial for



Hugh Grant as Jeremy Thorpe in 'A Very English Scandal'

But there will be resolution as the talk goes on. Ms. Dolan's Marion will not be turning her back on her husband, nor did the actual Marion Thorpe, who stayed with her disgraced husband and nursed him through illness for the rest of her life.

For the Bunnies in question, Norman (a stellar portrayal by Ben Whishaw), the trial was the opportunity to be heard, at last. He had faced a press largely hostile to him—a gay blackmailer, as he was seen, trying to bring down a famous political star with incredible stories about a plot to murder him. He was an accuser, moreover, with a highly suspect background—jobless, rootless, with a history of drinking and addiction to pills. At the trial, however, Norman will reveal a star quality of his own. There's a real photo of the once-famous Norman as the final chapter ends—he's the only principal in the case still living—and he wears a happy smile. He lives, we learn, with his 11 dogs.

Of the central figures in the drama—Thorpe; Norman; Thorpe's brilliantly eccentric trial lawyer, George Carman Q.C (Adrian Scarborough); and Peter Bessell (Alex Jennings)—none is more mysterious than that last. In the first episode Bessell, a Liberal Party MP, dines with Thorpe, whose company he cherishes. He will, upon being asked, become Thorpe's protector, the agent and manipulator of all of Thorpe's schemes to evade Norman's accusations—he will spend years ruining his own life in the process, all for no reasons he can explain.

A Very English Scandal
Friday, Amazon Prime

attempted murder.

This rollicking, sublimely written work of countless tones leaves no doubt that Thorpe was guilty of plotting obsessively to kill his once-adored younger lover, Norman Scott. There is, indisputably, a deeply chilling side to this tale and a sense of menace, both of which have their effect. Still it's hard to deny the overwhelming force that dominates everything about this enterprise, namely its buoyant comedy, much of it lashing wit or a softer spoofing—see Thorpe's dinner with his redoubtable mother, Ursula (a heroic Patricia Hodge), who serves only boiled eggs. Like her son, Thorpe's mother at-

tracted attention. A woman with a strong interest in politics, she wore a monocle and smoked cigars.

Among its tones, the show manages a tender note or two for the character of Thorpe, which leads, in the end, to a convincingly complex portrait—complex enough at least to have included, in this merciless schemer, a capacity for love and gratitude. Russell T. Davies wrote the series, based on John Preston's remarkable book of the same name. Stephen Frears directed.

That capacity for deep love is evident, and eloquently conveyed—the sort of thing Hugh Grant knows how to do, after all—in scenes where Thorpe and

his passionately devoted wife confront the crisis of the trial. Monica Dolan is a marvel in the role of the dauntless Marion, a sophisticated woman of independent mind, notwithstanding her seeming failure to grasp the nature of the man she loves. Thorpe married her after the death of his first wife, mainly thanks to his conviction that marriage elevates a politician's chance of election and, given his proclivities, perhaps adds a layer of respectability. But Marion, confronted with the revelations that have come with the trial, is shocked by certain details. With a prosecutorial intensity of her own as the awareness of her husband's betrayal grows,

she demands to know about the name "Bunnies" that

Thorpe and everyone involved in his legal team wanted deleted from the evidence, the name that appears in a note Thorpe wrote, years earlier, during the first rapturous months with his lover, young Norman. "Bunnies" was Thorpe's pet name for Norman.

What is a "bunnies," she asks, in a fury.

"I was," Thorpe attempts to explain, "using a generic noun in an imperative clause."

To this absurdity she replies, bitterly, "Well, thank God it's grammatical, because the whole world is reading it."



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Learning To Love It Again

Continued from page A11 taken care to soft-pedal the dialect, with results that now sound to the ear rather more like August Wilson than "Porgy and Bess."

As for Mr. Doyle's small-scale staging, performed by a cast of 10 and accompanied by a six-piece band, it is simple, subtle and wonderfully lucid, and features a performance of the title role by Anika Noni Rose for which the word "hot" is a wan understatement. No doubt you could strike matches off Ms. Rose's blood-red dress, but you wouldn't need to: They'd probably burst into flame all by themselves. I've seen a lot of Carmens in the opera house, most of them second-rate or worse, but I've never seen one that more fully embodied the Carmen of Bizet's elegant, deadly masterpiece, an unabashedly sexual woman determined to live as she pleases no matter what it costs her—up to and including her life.

All this said, I wasn't fully convinced by Mr. Doyle's production, persuasive though it undeniably is. "Carmen" isn't a grand opera by any means, but it isn't a chamber opera, either. It needs more room to breathe, to tell its picturesque tale with a visual expansiveness that this "Carmen Jones" necessarily lacks—and it also demands a different kind of musical presentation. It was Hammerstein's genius to realize

The once-popular 1943 work gets its first major New York stage revival

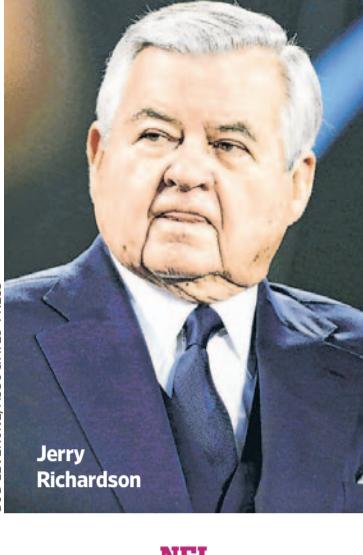
that Bizet's tuneful, richly colored score could be performed on a Broadway stage largely without change, and to insist that it be sung and played that way. I don't have any problem with the not-quite-operatic singing in this production, but the scrawny little pit band, which sounds like a tea-shoppe orchestra, makes the score sound dainty and gutless.

The resulting lack of instrumental punch undercuts the explosive force of the fi-

Justin Keyes, Soara-Joye Ross,
Anika Noni Rose, Erica Dorfner
and Lawrence E. Street



SPORTS



Jerry Richardson

NFL

RICHARDSON IS FINED

BY ANDREW BEATON

THE NFL'S investigation into Carolina Panthers owner Jerry Richardson substantiated the claims against him that led to his sale of the team, the league said Thursday.

In December, Sports Illustrated reported that multiple former Panthers employees received financial settlements resulting from Richardson's conduct. Three of the incidents involved sexual comments and conduct directed toward women. Another involved using a racial slur toward a team scout.

The NFL's investigation, led by former U.S. Attorney and SEC Chairman Mary Jo White, substantiated the claims that had been made and "identified no information that would either discredit the claims made or that would undermine the veracity of the employees who have made those claims."

The league said Richardson would be fined \$2.75 million, with the money headed to social causes that address gender and racial issues in the workplace.

A Panthers spokesman said at the time of the accusation, "The Carolina Panthers and Mr. Richardson take these allegations very seriously and are fully committed to a full investigation."

Shortly after the allegations surfaced, Richardson removed himself from the day-to-day operations of the team and announced he would sell the franchise he founded.

In May, David Tepper, a billionaire hedge fund founder, agreed to purchase the Panthers for a record \$2.2 billion. That sale, already approved by owners, is expected to close in the coming weeks.

White recommended that the NFL prohibit the use of non-disclosure agreements to limit the reporting of violations. She also recommended that the NFL specifically require claims of workplace be reported to the league under the personal conduct policy.

Sorry, Baseball: the Evil Empire Is Back

The New York Yankees have roared to life, much to the dismay of...every other baseball fan

BY JARED DIAMOND

A SPECIES of pinstriped dinosaurs roamed the baseball landscape for nearly two decades, overpowering lesser life-forms and absorbing into the herd any creature perceived as its equal. Indigenous to *Novum Ebacrum*—New York to you non-Latin speakers—these dinosaurs, better known as the Yankees, reached the playoffs in 17 of 18 seasons, winning seven pennants and five championships. Attempts to compete with them meant inevitable humiliation, disappointment and shame.

Then, suddenly, an opening emerged. Crushed by their own excess, the Yankees empire started to crumble. They failed to win a single postseason game from 2013 through 2016, an eternity for such a dominating force.

Others saw a window and took advantage: The Toronto Blue Jays and Baltimore Orioles, the Yankees' long-suffering American League East rivals, each earned a division crown. The New York Mets, the Yankees' little cousins from across the East River, played in a World Series. The Kansas City Royals, a longtime Yankees punching bag, played in two.

It felt like a new dawn.

"The dinosaurs were extinct, and the smaller mammals were able to rise to power," said Max Rieper, the editor in chief of the website Royals Review. "As fans in other cities, we certainly cherished that era."

But the dinosaurs weren't extinct at all. They were simply hibernating. And as Rieper put it, "They're genetically engineered to be stronger and faster."

Indeed, the Yankees have roared back to life, much to the dismay of...every other baseball fan in the world who very much enjoyed the brief reprieve from their unrelenting pre-eminence. The Yankees will enter this weekend's series in the Bronx against the Boston Red Sox on pace to finish with 108 wins, which would be the most of any team since the 116-win Seattle Mariners from 2001. That makes them serious contenders to win their 28th title in franchise history—and their first since 2009.

The Yankees' success doesn't come as much of a surprise. They arose from their slumber in 2017, exceeding expectations in what started as a rebuilding season and ended up in the AL Championship Series, where they lost to the Houston Astros. That's what makes all this so vomit-inducing for the Yankee-loathing rest of the country: The Yankees weren't supposed to be this good this quickly. The window for everybody else to compete was supposed to be bigger.

"It's incredibly frustrating," said Joe DeCaro, the creator of the



Outfielders Giancarlo Stanton, left, and Aaron Judge of the New York Yankees celebrate after a recent win.

website Metsmerized Online. "Even when you consider the so-called Yankees rebuild, was it really a rebuild?"

Back in 2016, with the Yankees set to miss the playoffs for the third time in four seasons, saddled with aging veterans and bad contracts, general manager Brian Cashman pressed the reset button. He traded Aroldis Chapman, Andrew Miller and Carlos Beltran to help restock the farm system, overseeing a decidedly un-Yankee-like sell-off. The organization parted ways with Alex Rodriguez and Mark Teixeira, opening spots in the lineup for developing prospects. Then the Yankees settled in for a fallow period.

Except it never came. At the end of 2016, catcher Gary Sanchez, whom the Yankees signed out of the Dominican Republic at the age of 16, turned into a star. In 2017, outfielder Aaron Judge, whom the Yankees selected with the 32nd overall pick of the 2013 draft, burst onto the scene, setting a rookie record with 52 home runs. Meanwhile, pitcher Luis Severino,

another Dominican the Yankees signed as a teenager, matured into one of the best starters in the AL.

That youth transformed the Yankees into the unfathomable: "kind of a likable team," Rieper admitted, devoid of the stodgy, overpriced mercenaries that had once defined them. The honeymoon, however, ended this winter, when the Yankees acquired slugger Giancarlo Stanton in a deal with the Miami Marlins.

Adding Stanton was a classic Yankees move, singular in its extravagance. Stanton hit 59 home runs for Miami in 2017 and was owed another \$295 million over the next decade, and he joined a lineup that already had more power than any other in sport. The Yankees landing Stanton was the equivalent of the Death Star locking into position, its laser armed and ready to blow up a planet.

"We all took some joy in seeing Yankee fans get all worked up about not making the playoffs," Rieper said. "But deep down you knew in the back of your mind they wouldn't be down for very long."

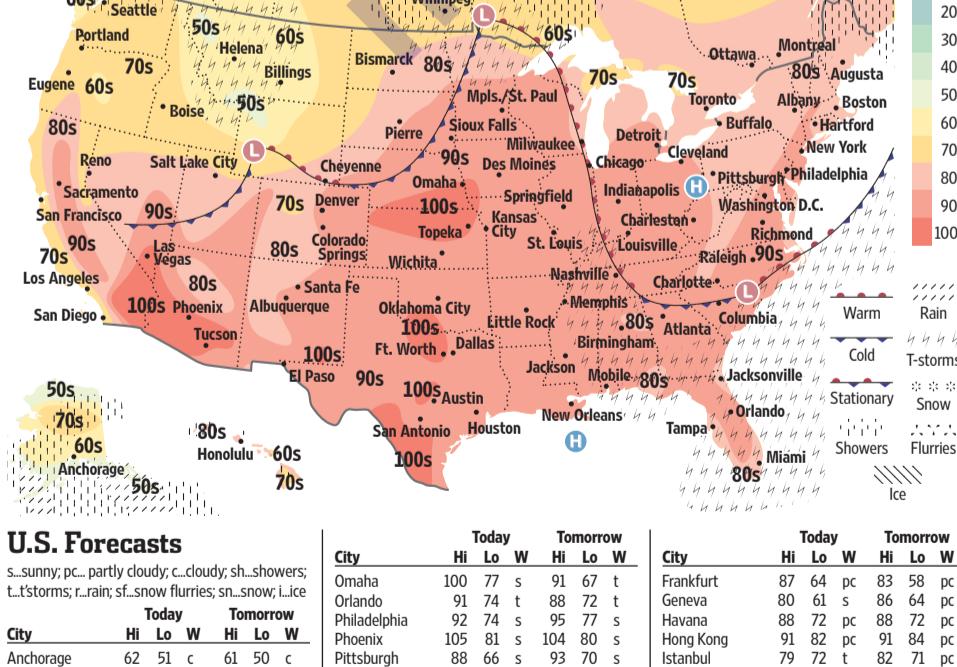
You knew they would be back. Seems like that time is here."

Not only have the Yankees reclaimed their status, their cross-town rivals, the Mets, have fallen apart, their record sinking to 32-46. Michael Price, a lifelong Mets fan and two-time Emmy winner for his work as a writer and producer for "The Simpsons," said that if the Yankees are dinosaurs, the Mets "are the guy who runs into the port-a-potty and then gets eaten by the T-Rex," invoking a famous scene from "Jurassic Park."

That's what it's like for most baseball fans, a plight that fans of the Yankees will never understand. Yankees fans are used to everything magically working out.

Consider the Yankees' decision to trade Chapman two years ago. They sent him to the Chicago Cubs in exchange for Gleyber Torres, a top infield prospect. Now, Torres is a burgeoning star at age 21, already having hit 14 home runs as a rookie this season. As for Chapman? The Yankees re-signed him the next winter, effectively pulling a coup like only the Yankees can.

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 Anchorage 62 51 c 61 50 c

Atlanta 92 74 pc 90 72 t

Austin 99 76 pc 100 75 s

Baltimore 91 69 s 95 72 s

Boise 78 53 pc 84 56 pc

Boston 85 72 pc 90 76 s

Burlington 86 67 pc 90 72 s

Charlotte 97 73 pc 94 73 s

Chicago 95 80 s 97 79 s

Cleveland 90 72 s 95 73 s

Dallas 98 76 s 99 77 s

Denver 94 59 pc 78 57 pc

Detroit 90 74 s 96 77 pc

Honolulu 86 76 s 88 75 pc

Houston 97 77 pc 95 77 pc

Indianapolis 92 74 pc 93 74 pc

Kansas City 97 74 s 95 70 pc

Kansas City 102 79 s 103 82 s

Little Rock 96 76 s 96 76 s

Los Angeles 77 62 pc 77 61 pc

Miami 89 79 t 89 78 t

Milwaukee 87 77 s 92 74 s

Minneapolis 97 78 pc 85 70 t

Nashville 95 74 t 95 73 pc

New Orleans 93 79 t 92 79 t

New York City 90 74 s 94 78 s

Oklahoma City 93 75 s 94 74 pc

International

Today Hi Lo W Today Hi Lo W

City Amsterdam 74 58 s 77 59 s

Athens 85 69 s 87 70 s

Bahrain 109 81 s 108 80 s

Bangkok 94 78 pc 94 80 t

Beijing 101 74 s 98 70 s

Berlin 81 53 s 70 51 s

Brussels 81 58 s 81 60 s

Buenos Aires 65 45 s 61 54 pc

Dubai 110 87 s 107 87 pc

Dublin 73 55 s 70 55 pc

Edinburgh 65 49 pc 68 50 pc

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The WSJ Daily Crossword | Edited by Mike Shenk



RAINBOW CONNECTION | By Marie Kelly

The answer to this week's contest crossword is a color.

Across

- 1 Urgent request
- 5 Punk rocker in a Ramones song
- 11 Bookbinding tool
- 14 Org's kin
- 15 Spilled the beans
- 16 Capital of Troy?
- 17 Nocturnal rodent of South America
- 18 Out
- 19 Yellowstone grazer
- 20 Huntress of Greek myth
- 22 "Thereby hangs ____"
- 24 Paul of Hollywood Squares
- 25 Plants with pods
- 27 Wind up
- 29 Spruce up
- 31 When Romeo and Juliet marry
- 33 QBs and DHs, e.g.
- 34 Expert on IRS code
- 37 What the letters in the rainbow mnemonic represent (they may point you to the answer)
- 41 "One Mic" rapper
- 42 Fetching
- 43 Super Bowl III MVP
- 45 Aquafina rival
- 47 "Siddhartha" author
- 48 Like a fedora's crown
- 51 Wherewithal
- 53 Flip choice
- 54 Harper Lee or Zelda Fitzgerald, e.g.

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, July 1. A solver selected at random will win a WSJ mug. Last week's winner: Andrea Goess, Travelers Rest, SC. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

- 57 Years, in France
- 58 Yoga postures
- 61 Filly feature
- 62 " Didn't I tell you?"
- 63 Leave
- 64 Dramatic words of disbelief
- 65 Brooks from Brooklyn
- 66 Tops
- 67 Fledgling's home
- Down
- 1 Letter after Oscar
- 2 Would-be D.A.'s hurdle
- 3 Skyrockets
- 4 They may help you change your mind
- 5 Point of view
- 6 Accelerate
- 7 Jazzy Fitzgerald
- 8 ___ out a living
- 9 Maiden name label
- 10 Magazine sales
- 11 Varsity group
- 12 Title trash compactor in a 2008 film
- 13 Wilson and Perry
- 21 Fresh
- 23 Brewer's vat
- 25 Strip of wood
- 26 Patriot Allen
- 27 "High Hopes" lyricist
- 28 S. Amer. nation
- 30 Gone from the plate
- 32 Serviceable
- 34 Lab partner, e.g.
- 35 Some adoptees
- 36 More than smart
- 39 Slightly
- 40 Emphatic agreement
- 42 Tapioca source
- 44 "Accursed white whale" pursuer
- 45 June honoree
- 46 Lament from a fictional rabbit
- 48 Deep divide
- 49 Zellweger of "Cold Mountain"
- 50 Art supporter
- 52 Palliates
- 54 Have ___ to grind
- 55 Busy colony
- 56 Neither masc. nor fern.
- 59 Drain of strength
- 60 Courtfeat

Previous Puzzle's Solution

RIPE	ANGLO	ALLOT
OVID	DOYEN	MAGI
TAXI	HAMMER	NILE
ONETIME	WATERED	
STATE	MAIMAS	
DORS	SEYPRIZES	
UMP	MILD	PAOLO
FLEE	ECYCIRCUS	
JEEPS	POLENTA	
DROODLE	LACYREADER	
RINK	ACME	ATARI
LACRY	DISC	BEER
TEEN	SETNS	SETS

OPINION

Go for Growth, Fellow Dems

By Tony James

We Democrats assumed a Trump presidency would be disastrous for the economy. But despite a disorderly administration and confusion in Washington, the economy is on a roll and the stock market has soared. Whether we view President Trump as a nightmare to be endured or a foe to be battled, Democrats should hear a wake-up call.

Economic growth, hourly wages, consumer confidence and personal spending are accelerating. Unemployment is the lowest in two decades. For the first time, job openings exceed the number of unemployed. Some of the current expansion is built on the foundation laid by the Obama administration. And although Mr. Trump's lack of fiscal discipline risks ballooning deficits, Democrats cannot dismiss the critical importance of new policies that have helped prop up the economy.

Many Trump voters—high-school-educated Americans battered by globalization—are our natural constituents. We need to win them back. If Democrats are going to return to power, we need a strong prosperity platform that includes pragmatic and economically inclusive policies that drive growth.

Let's look at regulation. The attitude that regulation is fundamentally good—and any attempt to reduce it bad—is far too prevalent among Democrats. In 2012 and again in 2016 the U.S. Supreme Court unanimously held that landowners could sue to challenge Environmental Protection Agency

decisions to protect wetlands. No one at the EPA seems to have asked if its regulations were actually the best way to preserve wetlands. Regulation of the wrong sort hurts economic growth and diminishes U.S. competitiveness.

The new tax bill is also instructive. Let me state something that is heresy with some Democrats: Cutting the corporate tax rate was good for the economy. It levels the playing field with other countries, keeps thousands of jobs at home, and makes billions of dollars available for reinvestment, especially in smaller companies with limited access to capital markets.

To counter Trump, become the party of inclusive prosperity.

A recent Morgan Stanley survey showed that companies expect to reinvest the bulk of the tax savings in higher wages, increased capital expenditures and research and development. The companies surveyed anticipated passing only a quarter to shareholders in dividends and buybacks. That squares with the plans of the companies our firm has invested in, and is corroborated by the significant jump in capital expenditures—24%—by S&P 500 companies last quarter.

Many think corporate tax reform was not the appropriate national priority. It certainly didn't do enough to help struggling Americans, and the personal tax cuts were insufficiently progressive. But heated

rhetoric from Democrats often dismisses tax reform altogether. From the results, it appears that these policies have given the economy a significant boost. As Democrats, what blinded us? Did our overriding disdain of all things Trump mean we failed to recognize that some of his policies make economic sense?

It is time we built a closer partnership with business, and prioritize ideas over criticisms. One example is infrastructure. Investment in infrastructure would provide fiscal stimulus, create high-paying jobs, improve safety, and increase productivity. Over the longer term, fixing aging infrastructure can add 0.5% to annual economic growth.

Another driver of economic expansion is growth in our labor force. That means we need immigrants—skilled and unskilled. Tech businesses struggle with the deficit of workers trained in science, technology, engineering and math. Agriculture suffers from a lack of seasonal workers. A more accommodating immigration policy would be embraced by business, unleashing further economic growth and expanding the tax rolls.

Addressing trade inequities would also help U.S. producers protect jobs at home. The U.S. has effective tariffs of 9%; China, 27%. Beyond tariffs, China also appears to have benefited disproportionately from current trading rules and has not taken sufficient steps to open its own economy. The result for the U.S. is a trade deficit of \$375 billion a year.

Contrary to the prevailing

views of most corporate executives, economic evidence shows that a higher minimum wage would benefit business because the added demand more than offsets the added cost. It doesn't help anyone to have consumers at the poverty line. By engaging constructively with business leaders, Democrats should be able to build consensus on this issue.

There are other areas where Democrats' priorities and business goals should align: What business executive wouldn't favor more-efficient health care for everyone, an effective retirement system, better education for more talented employees, and federal support for technological innovation?

Embracing business doesn't mean turning a blind eye to its flaws. Sensible regulation is vital to a vibrant market economy. More fundamentally, Americans have to feel that the economic system is fair and can work for everyone.

But if we want voters to hand us back the reins of government, we must be able to help the economy grow. That means establishing a constructive partnership with private business. As Democrats, we have already conceded faith, family and freedom to the Republican Party. We need to be the party of inclusive prosperity. Let's not also concede that to the Republicans.

Mr. James is executive vice chairman of Blackstone and author of "Rescuing Retirement."

Kimberley A. Strassel is away.

The #MosqueMeToo Movement

HOUSES OF WORSHIP

By Daisy Khan

The #MeToo movement seemingly has touched all corners of American society—business, religion, journalism, sports, politics, academia, culture and more. Yet there remains a deep, global pool of alleged perpetrators. Perhaps unsurprisingly, reports of abuse and exploitation have surfaced from within the Muslim community, in the U.S. and abroad.

In February an anonymous Pakistani woman posted on Facebook about being sexually harassed while on the hajj to Mecca. Egyptian-American feminist Mona Eltahawy then shared her own story of abuse as a teenager. This likely marked the birth of the #MosqueMeToo movement. Today Muslim women across the world continue to report stories of inappropriate sexual experiences within their communities and sacred spaces—environments meant to foster spiritual growth.

This has provoked responses ranging from supportive sisterhood to rage and even disbelief. Even Muslim women are deeply divided. Many find themselves torn between centuries of tradition, modern social pressures, and their own beliefs. Like many Muslim women living in the West, I have struggled to find the balance among my religion, my culture and American social mores.

The Quran tells me that God

has created women and men equally. The Prophet Muhammad was surrounded by women who exemplified this equality: Khadijah, his financier; Nusayba, his protector; Aisha, who preserved his sayings; and Amrah, who overrode legal opinions of male scholars.

It is hard to reconcile verses and instances in Islamic history such as these with the reality of segregated mosques and a tradition in which young girls often are forced to marry much older men. Education is valuable for women in some Islamic cultures—but may result in a death sentence in others. My parents sent me from Kashmir, India, to the U.S. because they wanted me to think independently and to receive a first-class education. Yet a member of my extended family once threatened to attack me with acid when I went without a head cover.

Acts of aggression against women are not necessarily sexual. They are often expressions of power and control. In the mosque, all who worship are supposed to be equal in the eyes of God. Yet men often pray on the main floor while women are either segregated or relegated to a basement. This reinforces the notion of inequality. Acts of sexual aggression or coercion against women often are about imposing a similar form of control over another person—whether she is in the mosque or the hot tub, Hollywood or the hajj.

As women have risen in the

socioeconomic and educational ranks, they have attained greater earning power, economic independence and other freedoms. Many Muslim women have made similarly impressive gains and are exhibiting leadership in their religious communities. At least two mosques in the U.S. have female presidents. Yet most women struggle with male-dominated religious leadership bodies, which are slow to acknowledge or value women's contributions.

Muslim women stop rationalizing or tolerating abuse.

Like many of their non-Muslim counterparts, some Muslim men have difficulty accepting women's increased leadership and independence. Sometimes they respond with overt displays of power, which can include acts of physical aggression or abuse. Or they use their power to suppress the visibility of women by excluding them from decision-making governing boards and leadership positions. They coerce women to keep quiet and bury issues that require open dialogue, arguing that women must maintain their femininity by remaining silent.

But this is only pushing Muslim women out of the mosque, with some abandoning Islam altogether. When they leave, they're taking their talents to

more welcoming organizations and movements, whether digital or on-the-ground. This brain drain hurts the entire Muslim community.

I had a similar experience when I came to the U.S. Unable to reconcile the negative perceptions of Islam with American values, I entered a spiritual crisis. I tried to find solace in mosques around Manhattan but was admonished by countless men for not wearing the hijab or refusing to pray in inferior spaces. I left the faith for a time, walking away from all things Islamic. Later I found a community that welcomed, respected and valued me. I eventually married the imam.

With the support of my community, and the encouragement of the devout Muslim men in my life, I came to discover my own power and purpose as a Muslim woman. This has enabled me to further develop as a leader and serve my community. Sometimes I wonder what life would be like had I not found my mosque—and I know I'd be worse for it. I hope other Muslim women realize they no longer need to rationalize or tolerate abuse. The mosque should be the first place to show Muslim women they deserve divine mandated equality.

Ms. Khan, founder of the Women's Islamic Initiative in Spirituality and Equality, is author of "Born with Wings: The Spiritual Journey of a Modern Muslim Woman" (Spiegel & Grau, 2018).

He approached the car only after everything was ready, striding like Mariano Rivera across the outfield at Yankee Stadium. I'd say he got behind the wheel only after everyone was seatbelted, but seat belts back then were like flossing; great if you did it, but nobody checked.

These journeys help kids develop critical-thinking skills.

In one hand dad would have his sunglasses, and in the other his cassette tapes. If you've seen "CHiPs", you're familiar with the eyewear. But unless you've been detained in Gitmo, you haven't been subjected to as much continuous Kenny Rogers as I have.

Things in the car would be calm for a spell, but about an hour into the journey, something would set dad off—maybe

a yell from one sibling after a kidney-poke from another—and the fur would absolutely fly.

This is when the magic happened. Road rage between two drivers is deathly serious, but road-trip rage, from father to children, is a wonderful opportunity for kids to develop critical-thinking skills.

Don't make me come back there. This threat was patently absurd. If anything mattered to dad, it was making good time. You practically had to lawyer up to secure unscheduled bathroom stops. Unless your dad was T.J. Hooker, there was zero chance he was going to crawl about a moving car.

Quit crying or I'll give you something to cry about. This threat sounds menacing today, but we kids knew it was all hat and no cattle. Never have these words made a child stop crying—and he knew it. Like a pitcher who'd lost his best stuff, the old man was licked when we heard this.

I don't want to hear another peep out of you. Even dad knew what would be coming. Silence, yes, but only for a moment. Then my kid brother was always good for a "Peep!" followed by louder ones from my elder sister and me. Pretty soon the back seat was a bird hatchery, and even dad couldn't suppress a smile.

This is your only bathroom stop. Make yourself go. Decades later, my urologist confirms this wasn't a good idea.

Some 35 years after the fact, these are memories I still cherish. It's time my kids experienced a real road trip for themselves. Later this summer when my family heads to Lake Michigan, I shall break out the "Ponch" sunglasses and find "The Gambler" on Spotify. As I snarl at the kids—"You'll get nothing and like it!"—I'll think of my old man and smile.

Mr. Kerrigan is an attorney in Charlotte, N.C.

BOOKSHELF | By Norman Lebrecht

A Remarkable Cultural Infusion

A Rich Brew

By Shachar M. Pinsker
(NYU, 369 pages, \$35)

As a young radio journalist in Jerusalem in 1972, I would come off the night shift at 8 a.m. and go to breakfast at Café Alaska, where orchestral players were kvetching away the half-hour before rehearsal. As the musicians filtered out, the place filled up with black-gowned lawyers reading their briefs before court opened. Their seats, in turn, were taken by actors dropping in to read reviews and by frazzled mothers in need of a shot after leaving the kids at school. Café Alaska was not so much a place of refreshment as a carousel of human comedies spun around the noisy grinding of coffee beans and furnished with a rack of polyglot newspapers on the far wall.

The best cafés, I learned there, were the ones that the old-timers sighed over, the Herrenhof in Vienna, the Romanisches

Cafeteria at 165 East Broadway, on New York's Lower East Side, where Isaac Bashevis Singer weaved his tales. The best cafés, in other words, exist in a mist of aromatic memory to sustain our weakened civilization through cardboard slurps at Starbucks.

Shachar M. Pinsker, a Hebrew scholar at the University of Michigan, believes that cafés in six cities created modern Jewish culture. It's the kind of claim that sounds as if it might be a game-changer, and there are enough grounds

and gossip in "A Rich Brew" to keep this customer engrossed from cup to cup, pausing only to note a couple of nagging omissions, not least the lamented Alaska.

Mr. Pinsker gets percolating at Signor Fanconi's establishment in Odessa, an Italian café where women were unwelcome and Jews periodically excluded. The young Sholem Aleichem, arriving penniless from Kiev in 1891, found a marble table in the corner and started writing short stories that become the bedrock of Yiddish literature. What else went on in a Black Sea café? They "talk politics day and night . . . read newspapers from all over the world . . . and speculate on currencies and stocks," writes Mr. Pinsker, drawing on letters of the cafe's habitués. Isaac Babel found Fanconi's "packed like a synagogue on Yom Kippur." It got shut down by Lenin's commissars.

The cafés of Warsaw, seedier by far, were literary incubators. One owner forced a pamphlet he had just written on new patrons. A writer would start scribbling at Kotik's and graduate as soon as he could afford it to the Ostrowski or the Bristol (later to be Gestapo headquarters). Warsaw had cabaret cafés. One of them, Café Sztruka, astonishingly stayed open under Nazi rule, becoming the "most popular establishment in the ghetto," according to Mr. Pinsker. "Be careful not to step on a corpse," a departing customer was warned.

Viennese Coffeehouse Culture was recognized by Unesco in 2011 as "an intangible cultural heritage." The Turks spilled beans at the gates of the city in 1683. By 1900, Vienna had 1,000 cafés, and it was proverbially said that "the Jew belongs in the coffeehouse." The signature habitué was the poet Peter Altenberg, who had his mail delivered to the Café Central, care of the head waiter. Leon Trotsky plotted Russian Revolution from a corner of the Central.

Sholem Aleichem found a table and wrote stories while all around him customers drank coffee, read newspapers and talked politics.

In one Berlin café between the wars you might find the future movie director Billy Wilder jostling for space with the philosopher Walter Benjamin, while the novelist and physician Alfred Döblin dispensed free medical treatment to poets. All human life was there. Jewish cafés in New York were no less cultural. Strunsky's on Second Avenue advertised itself as "the prettiest restaurant on the East Side, where the artists gather." Café Royal was where playwrights awaited their reviews. Herrick's caused a scandal by opening on the Day of Atonement. Among the copious illustrations in Mr. Pinsker's book is a treasurable photograph of the classic New York Jewish café pose—a laid-back slouch, one arm flung over the back of the chair.

The most lyrical chapter in "A Rich Brew" is devoted to Tel Aviv, a town founded on sand dunes in 1909 and relying on Arab coffeehouses in neighboring Jaffa until Dizengoff Street woke up and smelled the coffee. The signature Tel Aviv cafés were the Rowal and the Cassit, both staying open until dawn to allow émigré writers to conclude their disputation. The poet Leah Goldberg, in a feuilleton from the mid-1940s, reimagined her regular café there as a tragic aviary: "Each bird shows in its face a mark of the past with a foreign landscape and longing for the world it had to leave." Goldberg, whose student I would become, lived around the corner from her café; it was her second home.

Seldom have I accepted a scholarly premise as trustingly as I did Mr. Pinsker's notion that Jewish culture was born in a café. If it wasn't, it probably should have been. Still, by confining himself to six cities, he worryingly overlooks the cafés of Budapest, where Jews pioneered photography and nuclear science, and Bucharest, whose literati designated it "the Paris of the south."

And then there is Paris. How could anyone forget Paris? Its cafés were battlegrounds of the Dreyfus Affair, each side encamped in partisan locales. The post-1945 philosophical revivals led by Emmanuel Levinas and Jacques Derrida began in cafés around the Marais. Most seminal of all, and much earlier, a Lithuanian student called Eliezer Ben-Yehuda sat down with a friend at an outdoor café on the Boulevard Montmartre on a summer's day in 1881 and conducted the first modern conversation in Hebrew, converting the language for contemporary use and establishing the vernacular of the state of Israel. It was either the Lapin Fou or the Chat Noir, according to my research. Alas, neither café has put up a plaque.

Mr. Lebrecht is the author of "Why Mahler? How One Man and Ten Symphonies Changed Our World."

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OPINION

REVIEW & OUTLOOK

Mexico's Presidential Watershed

Mexicans head to the polls on Sunday to elect a new president, and the biggest question is whether a country that has made great political and economic strides is about to slide backward.

The question takes the form of leftwing Morena party candidate Andrés Manuel López Obrador, who is the heavy favorite to win after two previous losses. The 64-year-old AMLO, as he is known, claims to have moderated his views but retains his zeal for the corporatist Mexico of the 1970s. With a six-year term he could reverse the progress this nation of 130 million has made to becoming a modern, advanced democracy.

It's worth recalling how recent and substantial that progress is. For decades through the early 1980s, Mexico was a one-party, inward-looking state run by the PRI.

President Miguel de la Madrid (1982-1988) recognized the need for change and started the reform era by joining the global trade regime in 1986. President Carlos Salinas de Gortari (1988-1994) privatized most state enterprises and signed the North American Free Trade Agreement. Ernesto Zedillo was also a modernizer, laying the groundwork for the first truly transparent competitive election in 2000.

Vicente Fox of the National Action Party (PAN) and PAN successor Felipe Calderón continued this market opening. The PRI came back in 2012 with the election of President Enrique Peña Nieto, who has pushed formerly unthinkable reforms to open Mexico's energy and telecom markets and demand accountability for teachers.

The changes have lifted Mexico from an economy dependent on oil exports to a manufacturing powerhouse with a rising middle class. From shoes and cell phones to dining out and better education at all levels, Mexicans are more prosperous than ever.

Yet as young, U.S.-educated technocrats moved into government, the old guard at the PRI, including Mr. López Obrador, broke away. AMLO lost presidential bids in 2006 and 2012 and has moderated his views in his third try. He has dropped his opposition to Nafta and talks about the need to continue Mexico's economic progress. The effort has calmed some fears—not least about politicizing the central bank.

Putin's Confliction Zone

The White House has confirmed that Donald Trump will meet with Vladimir Putin at a July 16 summit. Whatever else happens, let's hope Mr. Trump doesn't make another agreement like the one his Administration struck with Russia in 2017 for a "deconfliction" zone in southwestern Syria.

Bashar Assad's regime is now firing artillery and conducting airstrikes on rebel areas in Daraa and Quneitra provinces near Jordan and Israel with Russian and Iranian help. The Syrian Observatory for Human Rights reports at least 90 people have died and the United Nations estimates about 45,000 civilians have fled.

The attacks violate a July 2017 agreement among Russia, Jordan and the U.S. to "de-escalate" conflict in the area so the countries could turn their attention to fighting Islamic State. A State Department official said at the time that the U.S. was "morally bound where there's an opportunity to bring about a cease-fire to save people's lives and to de-escalate the violence." Morally bound apparently doesn't translate well to Russian.

The cease-fire was a head fake, which then-Secretary of State Rex Tillerson and Mr. Trump

Yet AMLO remains a man of the left whose instincts are for state economic control. For decades he described Mexican oil reserves as the property of "the people," meaning the government. He now says he'll respect private contracts as long as he deems them fair, which implies political leverage over investment. And he says Mexico should aspire to be self-sufficient in agriculture and gasoline.

AMLO is running against corruption, but he hasn't practiced transparency. As mayor of Mexico City he opposed a "freedom of information" law and used no-bid contracts. He had financial records for the city's multimillion-dollar elevated highway classified.

Optimists say he is following the playbook of Brazil's Lula da Silva, another leftist whose close links to Fidel Castro spooked investors when he was elected president in 2002. Lula calmed markets with the right talk and presided over a short-lived, commodity-led boom. But he gradually undermined central bank independence, openness to foreign investors and fiscal discipline. By the time his Workers' Party left after 13 years, corruption was rife and Brazil endured a near three-year recession.

A victorious AMLO would command significant power even if his Morena party doesn't win a majority in Congress. He'd be able to name at least three members to the 11-member Supreme Court, four vice governors of the central bank and a new central bank governor in 2021. That would leave financial markets and trade agreements as the main checks on his power.

AMLO can win with a plurality of the vote against his two main competitors, but it's possible that middle-class Mexicans will have final-week doubts and turn him away one more time. If he does win, he will pose a test for President Trump, as he is likely to seek alliances with the region's left-wing governments.

Mexicans are responsible for their own political choices, but Mr. Trump's anti-Mexican rhetoric has encouraged the response of AMLO's left-wing nationalism. Americans have underestimated the importance of having a reform-minded, prospering democracy on its southern border. They may have to deal with a different reality for the next six years.

were eager to believe. The lull in fighting in the southwest allowed Mr. Assad to press offensives elsewhere, especially against rebel strongholds in the Damascus suburbs in May. That campaign is now done, so Mr. Assad can turn to wiping out the rebels in the southwest, no matter the previous arrangement.

The Trump Administration has reacted by waving its hands and begging Mr. Putin to stop. Last month State Department spokeswoman Heather Nauert headlined a statement "Assad Regime Intentions in the Southwest De-escalation Zone," imploring Russia to "live up to its self-professed commitments." This month Ms. Nauert issued another statement to "request that Russia fulfill its commitments." Last week U.S. Ambassador to the U.N. Nikki Haley issued another entreaty. Begging is embarrassing.

Mr. Assad and his backers figure that Mr. Trump wants to proclaim mission accomplished in Syria and bring U.S. troops home. The White House's limp reaction to the fighting in southwestern Syria shows they're probably right. Mr. Putin has been watching all this and wondering if Mr. Trump can be conned as easily and as often as Barack Obama was.

Harry Reid, Republican Mastermind

Schadenfreude is overrated, but it is amusing to see Democrats apoplectic that Republicans might confirm a Supreme Court Justice with 51 Senate votes. Let's review the tape on the Sage of Searchlight, Nevada, because Harry Reid made this moment possible by blowing up the filibuster for judicial nominees.

Democrats are in various stages of grief about the retirement of Justice Anthony Kennedy but the prevailing mood is rage. Democrats are insisting that the Senate not confirm a replacement until after the November election. The left is still furious that GOP Leader Mitch McConnell barred until after the 2016 election a vote on Merrick Garland, President Obama's nominee to replace Antonin Scalia. They think Mr. McConnell should be "consistent" now.

But that Court opening came amid a presidential election, when Americans decide who will determine the direction of the courts for four years. No less than a quarter of Donald Trump's voters said their reason was the Supreme Court. Hillary Clinton would have had her pick of nominees, and Mr. Garland or a more radical jurist would be on the Court. The real Democratic grievance as ever should be with Mrs. Clinton for losing.

Supreme Court confirmations ahead of a midterm election are routine. The Senate confirmed Justice Elena Kagan in August 2010, Justice Samuel Alito in 2006, Justice Stephen Breyer in 1994, and David Souter a month before midterms in 1990. The Great Scalia was confirmed in September 1986.

If Democrats are unable to stop Republicans from confirming a new Justice, they can also thank Mr. Reid. In 2013 the Democratic Majority Leader changed Senate rules on a party-line

Democrats can blame themselves for blowing up the judicial filibuster.

vote and ended the filibuster on appellate court and executive nominees. That allowed Democrats to pack the D.C. Circuit Court of Appeals and win some favorable rulings on Mr. Obama's regulatory agenda.

A few on the left worried about eliminating the filibuster for Supreme Court nominees, particularly abortion groups that view *Roe v. Wade* as divinely inspired. But the precedent assured that the 60-vote check on High Court nominees would disappear; the only question was when. Mr. McConnell said on the Senate floor: "You'll regret this, and you may regret this a lot sooner than you think."

Democrats compounded the blunder when they united to oppose Mr. Trump's first nominee, Neil Gorsuch. Replacing Scalia with Mr. Gorsuch didn't alter the ideological composition of the Court. Democrats could have lent 60 votes to confirm Mr. Gorsuch and kept their powder dry for a filibuster fight for a replacement for Justice Kennedy, who everyone knew might retire.

The political pressure on the GOP to preserve the filibuster would have been intense, not least because conservatives are sympathetic to conventions that prevent change passed by narrow majorities. But no. Senate Democrats tried to block Mr. Gorsuch, and Senate Republicans responded by cashiering the filibuster for the Supreme Court too.

At the time of the Reid gambit we wrote that the "next GOP President should line up Federalist Society alumni for judicial nominations like planes waiting to take off at O'Hare International Airport." The left apparently thought a Republican would never again be President.

OPINION

LETTERS TO THE EDITOR

Retirement Will Be a Problem for Too Many

Missing from "Time Bomb Looms for Aging America" (page one, June 23) about the sad financial condition of millions of Americans is the role that the Federal Reserve has played in this tragedy. Since the tech bust, the housing bubble and financial crisis, which can be argued were caused by Fed policies, additional Fed policies orchestrated by Alan Greenspan, Ben Bernanke and Janet Yellen were designed to encourage borrowing and spending to "stimulate" the economy and "punish" savers. The obvious result: Millions of Americans and the U.S. government took on more debt and didn't save money.

It's easy to blame the 401(k) and employers eliminating pensions. The Fed, in conjunction with politicians, has taken this country down a path so far removed from our constitutional principles of limited government, sound money and low taxes that people born in 1930 don't even recognize the country in which they're now living.

ELLEN SANDLES
New York

Americans nearing retirement have substantial savings and most will be able to maintain their standard of living by the end of their careers. Real retirement assets per household are more than seven times higher today than they were four decades ago. These widely spread assets are held by eight in 10 near-retiree households. A joint Investment Company Institute and IRS analysis (examining tax data from 1999 to 2010) shows that the median worker more than replaces his spendable income after claiming Social Security.

Even the most ardent critics of 401(k) plans have to admit that the shift toward defined-contribution plans (DC) hasn't reduced retiree resources. Moreover, the typical American worker who changes jobs frequently can expect to benefit from the shift. At their height, traditional defined-benefit (DB) pension plans were difficult to benefit from, subject to complicated vesting rules and back-loaded benefit accrual. A business failure or job change might also put benefits at risk. Today, public DB

pensions are \$3.7 trillion underwater, the Pension Benefit Guaranty Corporation is on the rocks and some politicians are seeking a taxpayer bailout of multiemployer pensions.

SARAH HOLDEN
Investment Company Institute
Washington

In addition to taking on the risk of outliving one's savings, defined-contribution plan investors have experi-

enced lower investment returns in comparison to defined-benefit plans. DB plans typically outperform DC plans, in part, thanks to DB plans' heavy reliance on the higher returns earned by alternative investments. DC plan investors typically lack access to alternatives. Most DC plan dollars now flow into "target date" funds where professional managers adjust the risk and reward in the asset mix, over time, to be appropriate for a given target retirement date. Many DC plan sponsors would like to incorporate a modest allocation to a diversified pool of prudently structured alternatives within their target-date funds and thereby increase the expected returns for the benefit of their DC plan investors. However, these sponsors are waiting for Congress and the Labor Department to provide guidance and safe harbors in light of the current litigation environment.

Bob Long
Defined Contribution
Alternatives Association
Charlotte, N.C.

At 76, I still get up at 5 a.m. six days a week to keep my business going. I had planned to retire a long time ago, but the anticipated interest on savings never materialized. To maintain lifestyle, stay in our home and prevent our savings from being decimated, the choice was obvious: Keep working. Like many older Americans, our doctor visits and medication renewals are frequent. Medicare is helpful, but limited. Taxes on property keep rising, costs for utilities go up and insurance costs are beyond explanation. Not knowing how long we will live, not interested in early life termination, our choices are few, and so I shall keep on until I absolutely need to use our savings, which seem so inadequate.

A.M. deLANGE
Glyndon, Md.

The formula for a healthy retirement is living within your means.

JOSEPH VATELLE
Sandwich, Mass.

Another problem is about to hit the boomers. Downsizing empty nesters, hoping for a windfall on their homes, are finding fewer buyers for their large houses. House prices at the upper end may well decline. Boomers might also find few buyers for the "stuff" they have accumulated over the years. This will put pressure on disposable income and all of the goods and services that are purchased by this large segment of our population.

CHARLES H. GESSNER
Marblehead, Mass.

Do We Want to Travel the Red Hen's Road?

Regarding your editorial "How to Re-Elect Trump" (June 25) on the expulsion of White House Press Secretary Sarah Huckabee Sanders from the Red Hen restaurant because she serves in the Trump administration: Where is Emily Post when we need her? Clearly restaurants need to prominently display the owner's political bias, similar to "no shoes, no shirt, no service" so prospective patrons can decide whether to risk entrance. Patrons should be further advised that any expectation of enjoying a quiet meal may be interrupted by spontaneous protest from other patrons or third parties.

JON LINKER
Houston

Regardless of one's political orientation, it is bad business and poor politics, not to mention incredibly rude, to harass, humiliate or expel your restaurant's customers because you vehemently disagree with their views. Shouldn't dinner at least be a "safe space"? It's past time for all sides to dial it back. Pass the salt, please.

ROBERT E. NUGENT III
Wichita, Kan.

The discrimination practiced by the Red Hen restaurant shows that supporters in agreement with the establishment's owners have distorted the words of Martin Luther King in saying the cafe was judging Ms. Sanders "not by the color of her skin but the content of her character."

Problem is, Ms. Sanders was judged only because she was recognizable because of her high-profile job. Ms. Sanders did absolutely nothing out of the ordinary, but her character was judged only because the owner knew who she was.

What about the other folks in the restaurant who may have even worse "character flaws"? How will they be judged? In the progressive world of "tolerance," must we now be required to receive a morality test or be pre-

screened before we can enter a restaurant and order a hamburger?

CHARLES LOPRESTO
Phoenix

The first word that came to mind when hearing of restaurant owner Stephanie Wilkinson's treatment of Ms. Sanders was "bigot," defined as "someone obstinately convinced of the superiority of his or her opinions and prejudiced against those who hold different ones."

RONALD J. CARROLL
New Harbor, Maine

What's the difference between a wedding cake and a gourmet meal? You can't have it both ways. The hypocrisy on both sides reveals that as a nation we are ripping at the seams.

BRIAN HAUSWIRTH
San Rafael, Calif.

Don't those on the left realize the irony in what they are doing by promoting incivility and intolerance against those with whom they disagree? It's uncomfortably reminiscent of the ugliest days of the civil-rights movement when African-Americans had to fight to sit at the white man's table. Do Democrats really want to go down that road?

CAROLE PAUL VESELY
Houston

Pepper ...
And Salt

THE WALL STREET JOURNAL



"I'm not a stray. I am simply on a journey to find myself."

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OPINION

The Threat to Privacy of Opinion

By Bradley A. Smith

Alabama's political establishment was in a tight spot in the summer of 1956. Public officials were still resisting the command to integrate schools, which the U.S. Supreme Court had handed down two years before with *Brown v. Board of Education*. But African-Americans in the state capital, Montgomery, were exacting a heavy economic toll on the city by boycotting buses.

The source of the segregationists' troubles was the National Association for the Advancement of Colored People. One NAACP activist, Autherine Lucy, had brought the case that desegregated the state university, and another, Rosa Parks, ignited

The NAACP fought to protect names of members and donors, but advocacy groups still face pressure.

the bus boycott. The NAACP had litigated *Brown* and was backing new lawsuits—not only to enforce *Brown* but also to secure voting rights, due process in criminal proceedings, and nondiscriminatory treatment in public accommodations.

In response, Alabama Attorney General John Patterson used a legal technicality to ban the NAACP from the state. When the NAACP contested the order in court, Mr. Patterson demanded, under the rubric of judicial discovery, the names and addresses of the organization's members and financial supporters.

The probable effects of compliance with Mr. Patterson's demand

were obvious. Public officials could have used the information to harass the NAACP's supporters, deny them legal protections, boycott their businesses, and even assault them physically. Financial and public support for the organization would disappear. As the NAACP wrote in a legal brief, "the truth is that Alabama seeks . . . to eradicate effective opposition to continued governmental maintenance of racial segregation."

But on June 30, 1958, the Supreme Court held that Alabama's demands for the NAACP's member and donor information violated the organization's and its members' freedom of association. "It is hardly a novel perception," wrote Justice John M. Harlan II, "that compelled disclosure of affiliation with groups engaged in advocacy may constitute [an] effective . . . restraint on freedom of association." Alabama's demand, he continued, "may induce members to withdraw from the Association and dissuade others from joining it because of fear of exposure of their beliefs."

Today politicians routinely demand that the law be changed to require disclosure of names and personal information of donors to any organization that is involved in public affairs. Concerns about privacy are brushed off with the response that such donors no longer face any substantial threat. And it is true that few causes today generate the potential for violence that faced civil-rights protesters 60 years ago in the deep South.

But *NAACP v. Alabama* wasn't a one-off. It was merely the most dramatic of a series of midcentury decisions that protect the right of Americans to support causes without fear of retaliation. The parties



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NAACP leaders Henry Moon, Roy Wilkins, Herbert Hill and Thurgood Marshall.

protected against compulsory disclosure include union members and organizers (*Thomas v. Collins*, 1945), those paying for flyers critical of business practices (*Talley v. California*, 1960), donors to charities (*Bates v. Little Rock*, 1960), and public-school teachers (*Shelton v. Tucker*, 1960), among others.

Retaliation from compelled disclosure remains a live risk in the contemporary political scene. Vandalism, boycotts and bullying by both online and real-life mobs are well-documented. In some cases, elected officials have used disclosure information to retaliate against citizens for their lawful support of organizations critical of those same officials. Consider:

- In 2008 restaurant manager Margie Christoffersen contributed \$100 to support Proposition 8, a California ballot measure that banned

same-sex marriage. Opponents of the measure boycotted and picketed the family-owned restaurant where she worked, requiring the intervention of riot police on one occasion. As sections of the restaurant closed and employees were laid off, Ms. Christoffersen resigned rather than see others suffer.

- Brendan Eich, founder of Mozilla, was hounded from his role as chief executive six years after contributing to the same ballot measure.

- The venerable outfitter L.L. Bean faced an organized boycott in 2017—not for anything the company did, but because board member Linda Bean, a granddaughter of the founder, made a personal contribution to a pro-Trump organization.

- In 2007, President Bush was forced to withdraw the nomination of Sam Fox, a respected businessman

and philanthropist, as ambassador to Belgium—not because Mr. Fox was unqualified, but because Senate Democrats uncovered that Mr. Fox had made lawful contributions to Swift Boat Veterans for Truth, a group critical of then-Senate Foreign Relations Chairman John Kerry.

Federal law, and the laws of every state, already requires disclosure of the names, addresses, and, in most cases, employer information of all but the most de minimis donors to campaigns, political parties, and political-action committees. But today legislators in at least 24 states have proposed expanding compulsory disclosure to include financial support for think tanks and other nonprofit groups. In other words, organizations like the NAACP.

Unfortunately, many lower courts have treated *NAACP v. Alabama* as a dead letter, inapplicable to other cases. The Supreme Court has so far failed to give its handiwork a robust defense.

As a consequence, a legal framework is now growing that enables harassment and intimidation of those who support disfavored causes. But civil-rights advocates fought for decades to establish Americans' right to associate and seek change without first having to register and report their activities. The anniversary of *NAACP v. Alabama* is a good occasion to remember that disclosure isn't always benign, and that once the right to privacy of opinion is gone, it may take decades to get back.

Mr. Smith is chairman of the Institute for Free Speech, a professor of law at Capital University, and a former chairman of the Federal Election Commission.

I Think I'm Going to Kathmandu, Say the Chinese



EAST IS EAST
By Sadanand Dhume

The proposed China-Nepal railroad, along a clutch of infrastructure deals signed by Prime Minister Khadga Prasad Sharma Oli in Beijing last week, underscores a new geopolitical reality. China's ambitious Belt and Road Initiative is extending Beijing's influence deep inside countries that India sees as part of its sphere of influence. From railroads in Nepal to ports in Sri Lanka to an airport in the Maldives, China's growing infrastructure footprint is impossible to miss.

For those who look to India as a better example than authoritarian China for smaller developing countries to follow, there's a deeper message: It's time to acknowledge that in raw economic terms China has comprehensively outpaced India.

If things go as planned, one day soon Chinese trains will pull into Kathmandu, Nepal, on a new railroad built to lessen the landlocked Himalayan country's dependence on India.

The proposed China-Nepal railroad, along a clutch of infrastructure deals signed by Prime Minister Khadga Prasad Sharma Oli in Beijing last week, underscores a new geopolitical reality. China's ambitious Belt and Road Initiative is extending Beijing's influence deep inside countries that India sees as part of its sphere of influence. From railroads in Nepal to ports in Sri Lanka to an airport in the Maldives, China's growing infrastructure footprint is impossible to miss.

Compared with China, however, India remains a bastion of free speech, minority rights and judicial independence. New Delhi ought to play to these traditional strengths by deepening them.

Prime Minister Narendra Modi may not have as much largess to spread as President Xi Jinping, but at least the Indian leader doesn't fear a honey-loving cartoon bear. On Monday, China blocked HBO.com after comedian John Oliver ran a segment that discussed Mr. Xi's alleged touchiness about his purported resemblance to Winnie the Pooh.

In the economic race between Asia's two largest countries, it

wasn't always a certainty that China would pull ahead. According to the World Bank, as recently as 1990 India's per capita income (\$364) was higher than China's (\$318). Paradoxically, China's communists unleashed market forces

more effectively than their democratically elected counterparts in India.

Four years ago, Mr. Modi looked set to enact the sweeping reforms India needs to eradicate poverty and catch up with China. But despite a few successes, such as a national goods and services tax and a

Beijing's latest power play seeks to boost its regional influence by making Nepal less dependent on India.

bankruptcy law that makes it easier to exit a failed business, the Indian prime minister disappointed. He more resembles his lackluster socialist predecessors than a market-friendly East Asian leader.

India's archaic labor laws suppress job growth by making it extremely hard to fire workers during a downturn. Politicians across party lines treat a bloated public sector as the spoils of office. The loan pipeline in a largely state-owned

banking sector remains clogged, in part because of decisions made for political rather than commercial reasons.

With a per capita income of \$8,100, the average Chinese is nearly five times as rich as the average Indian. The gap has widened over the past 10 years.

On most aspects of national achievement—from Olympic medals to number of Fortune 500 companies—the contest is not even close. According to the Skyscraper Center, 48 of the world's 100 tallest buildings are in China. None are in India.

Some of Mr. Modi's critics exaggerate his allegedly authoritarian bent, drawing comparisons with Turkey and Russia that do not bear scrutiny. But while Recep Tayyip Erdogan and Vladimir Putin would likely pity the Indian prime minister for his meager powers, these concerns are not misplaced. While he mouths the usual platitudes about democracy, Mr. Modi shows few signs of believing that it is one of India's greatest strengths.

Mr. Modi's fans laud his stoicism in the face of countless barbs from

cartoonists, commentators and Twitter warriors. But the ruling Bharatiya Janata Party has earned a reputation for intimidating reporters with massive lawsuits, pressuring media barons to sack unfriendly editors, and using lap-dog television channels and a vicious troll army to smear political opponents.

India's constitution guarantees religious freedom, but Mr. Modi often remains distressingly silent when Hindu mobs lynch innocent Muslims on suspicion of killing a cow.

As in any democracy, India's judiciary jealously guards its independence. In May the Supreme Court effectively quashed the BJP's bid for power in the southern state of Karnataka by speeding up a vote to establish a majority in the state legislature. But the government has taken to stalling the appointment of senior judges it does not approve of, raising fears that it will chip away at judicial autonomy.

A well-functioning democracy is obviously good for India's 1.3 billion people. Eroding it also hurts India's ability to offer its neighborhood, by way of example, something valuable that China cannot.

Trump's Newsprint Tariff Is a Tax on America's Free Press

By Steve Forbes

It's tough to keep track of all the U.S. industries now threatened by the tariffs the Trump administration has teased, announced and implemented this year, but one in particular should worry readers of this and other newspapers. Since March a tariff of up to 30% on Canadian uncoated paper has raised the price of newsprint, making it difficult for cash-strapped newspapers to circulate their work. As if limiting economic freedom weren't enough, the administration is also undermining Americans' freedom of expression with this needless tax on journalism.

The tariff originated with an investigation begun last August by

the U.S. International Trade Commission, assessing the claim by an American company that Canada is unfairly subsidizing its paper industry. The North Pacific Paper Co.—known as Norpac and based in Washington state—says Canada's subsidies create an unequal playing field that threatens the company and its employees.

But Norpac isn't the only stakeholder in the matter. Whatever competitive challenge Canadian newsprint exerts on American paper companies, the tariff has inflicted far greater harm on publishers, printers, and the many companies that supply materials, parts and services to them. And as many as 600,000 workers could be affected negatively if Norpac is

successful in convincing the administration to raise the paper tariff to 50%.

The purpose of ITC investigations—and of President Trump's general approach to trade—is to revisit assumptions about how trade practices affect Americans. These efforts have produced some good outcomes, such as the government's toughened opposition to China's intellectual-property violations. But there is a difference between enforcing clear trade rules that protect all Americans and lurching into piecemeal imposition of tariffs to benefit individual companies.

Norpac's petition is an example of protectionist cronyism. Among U.S. paper producers, the company is conspicuously alone in its petition

for protective tariffs. The trade group that represents paper mills, the American Forest and Paper Association, opposes the tariffs, as do scores of newspapers, book publishers and printers around the country. They are rightly concerned that if

Local newspapers were already struggling when Trump imposed a 30% levy on Canadian paper.

the paper they use becomes more expensive, they will be forced to print less. That would be unwelcome news for ink suppliers, small manufacturers, and retailers that advertise with inserts and flyers. Tariffs are taxes, and higher taxes don't create prosperity.

Even more troubling than the economic damage the tariff is causing is the threat it presents to the strength of America's free press. The rise of online advertising already has shattered the business model of many newspapers, and most small regional dailies have been forced to consolidate or close. Those that have shifted to an online-only format have tended to offer fewer well-reported stories of interest to local readers.

In such an environment, a sharp price hike in newsprint, which is generally the biggest budget item after labor, could force dozens of additional publications to close or be reduced to shadows of their former selves. The killing of local newspapers by the imposition of tariffs would gut the nation's free press.

It is local newspapers, not cable news networks, that scrutinize the goings-on at town halls, and how tax dollars are spent on schools and public works. Local papers are indispensable in uncovering corruption in government. They expose hospitals that mistreat patients and companies that dump chemicals into local streams. For many people of modest means or who live in rural areas, these papers are the top source of community news and information.

America's Founders cherished the free press, recognizing its essential role in democracy. They held that if citizens couldn't read about vital issues, consider various points of view, and evaluate the performance of public servants, democracy wouldn't succeed. Amid today's abundance of information sources, local newspapers haven't become obsolete. Rather, they are offering a crucial service by providing Americans detailed information on topics not covered in national outlets.

All businesses must adapt to survive in a free market, and newspapers are no different. While the government has no responsibility to safeguard newspapers from market forces, it shouldn't hasten their demise by shielding a single company from market forces. Norpac's tariff campaign is one of overt cronyism—asking Washington politicians for a favor at other parties' expense. The newsprint tariffs are a heavy new tax on struggling businesses and an unjustified burden on a cherished institution, the American newspaper.

Mr. Forbes is chairman and editor in chief of Forbes Media.

THE WALL STREET JOURNAL.

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From a June 28 memorandum by Judge T.S. Ellis III, presiding over the case against Paul Manafort:

Many of the same problems that plagued investigations pursued under the 1978 [independent counsel]

Act—from Kenneth Starr's investigation of Whitewater to Lawrence

Walsh's investigation of Iran-Contra—seem equally applicable to the current [special counsel] process.

. . . Congress and members of both

political parties reached the sound

WORLD NEWS

Saudis Move to Profit From Iran Sanctions

Kingdom ramps up oil production as prices rise and U.S. tries to isolate Tehran

BY SUMER SAID AND MICHAEL AMON

The Trump administration's effort to drive Iranian oil exports down to "zero" is boosting the fortunes of Tehran's rival, Saudi Arabia, and putting the U.S. ally on a stronger footing for a showdown across the Persian Gulf.

Saudi Crown Prince Mohammed bin Salman's government is planning to increase oil production to a record high of nearly 11 million barrels a day by next month to replace Iranian crude expected to be lost because of U.S. sanctions, people close to the Saudi oil ministry said.

After years of austerity measures following the 2014 oil-price crash, increased oil revenue could allow Prince Mohammed to expand military spending and economic and social reforms.

The benefits for the kingdom highlight the central place Saudi Arabia holds in President Donald Trump's confrontation of Iran over its nuclear program and military posture in the region.

Saudi Arabia is "an essen-



The Ras Tanura refinery is expected to see increased production.

AHMED JADALLAH/REUTERS

tial linchpin" of the Trump administration's strategy against Iran, said Helima Croft, managing director and global head of commodity strategy at RBC Capital Markets. "A better economy is a big win for MbS," she said, using a common nickname for the 32-year-old prince.

Mr. Trump pulled the U.S. from a 2015 multilateral deal that lifted sanctions in exchange for curbs on Iran's nuclear activity, and vowed to reimpose wide-reaching sanctions on Tehran by November—a course advocated by Saudi Arabia, Israel and other

Iran foes in the region.

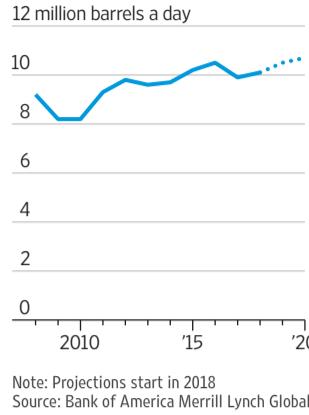
In addition to seeking to force Iran to abandon weapons programs, the U.S. is working to force Iran to pull back its support for military proxies such as Hezbollah, which threatens Israel in Lebanon, and the Houthis, who are fighting a Saudi-led coalition for control of Yemen and have terrorized Riyadh with rockets.

U.S. pressure has already begun rippling through Iran. The National Iranian Oil Co. has ordered affiliates to be ready for a reduction in oil production of 200,000 to 500,000 barrels a day, Iranian

Plugging a Hole

Saudi Arabia has pumped more oil in recent years as its budget deficit widens.

Oil production



Note: Projections start in 2018

Source: Bank of America Merrill Lynch Global Research

Budget balance, billions



THE WALL STREET JOURNAL.

this year after the government introduced a 5% value-added tax in January and cut energy subsidies, making essentials like gasoline and electricity more expensive.

"Business is not like before, that's for sure," said Abu Ahmad, who owns a spice and nut shop at a traditional Arab market in Riyadh. "My profit margins are reduced."

Prince Mohammed would likely use at least some revenue from oil sales to press ahead with initiatives aimed at developing new non-oil industries and avoiding "politically unpopular austerity measures," Ms. Croft said.

As U.S. sanctions give Saudi Arabia an economic boost and leverage over its biggest rival, Ms. Croft said, Mr. Trump could use help from the Saudis on Middle East initiatives such as an Israeli-Palestinian peace plan, winding down the Syrian war and weapons deals.

The Saudis are working to shield oil consumers from the recipe for higher prices underlying the oil market today: robust demand coupled with supply outages from Iran to Venezuela to Canada. Production increases could prevent an oil-price spike in the middle of the summer driving season in the U.S.

—Donna Abdulaziz and Benoit Faucon contributed to this article.

U.K. Knew U.S. Abused Prisoners, Panel Says

BY JENNY GROSS

LONDON—British spies were aware that the U.S. mistreated suspected militants after the Sept. 11, 2001, terrorist attacks and were complicit in "inexcusable" interrogation and detention methods, a parliamentary committee said in a report published on Thursday.

In two cases, U.K. intelligence officials were directly involved in mistreatment administered by others, according to the report.

"In our view, the U.K. tolerated actions and took others that we regard as inexcusable," said Dominic Grieve, the committee chairman. The report, which evaluated how U.K. security and intelligence agencies handled detainees overseas, said that in 232 cases, U.K. officials continued to feed questions to foreign interrogators who were mistreating prisoners even after they knew about treatment.

The committee said it found no "smoking gun" that indicated security agencies had deliberately overlooked reports of mistreatment.

The committee, which oversees British intelligence and security activities, said it rejected intelligence agencies' assertion that the cases detailed were isolated incidents.

But it said it recognized the difficult balancing for the U.K., which needed to protect its relations with U.S. counterparts to safeguard the U.K.'s security interests.

Islamist Shifts Unsettle Indonesia's Democracy



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

JAKARTA, Indonesia—Democracy and Islam share a checkered history.

Indonesia, the world's biggest Muslim-majority nation, has been more successful than most in reconciling the two. But the rise of Islamist politics is undermining civil liberties—and, over time, may end up eviscerating Indonesia's democratic experiment.

With presidential elections looming next year, there are signs the campaign is turning into a contest over who is a better defender of the faith: President Joko Widodo, known as Jokowi, or his likely main rival, retired Lt. Gen. Prabowo Subianto.

"Just as in many parts of the world, we have rising intolerance in Indonesia," said Yenny Wahid, daughter of former President Abdurrahman Wahid and director of the Wahid Foundation, a think tank that promotes peaceful Islam. "Jokowi's opponent would like to brand him as anti-Muslim," she said. "All this is going to add to the hostile environment for the coming years."

From Turkey to Egypt to Iran, Muslim societies have



Indonesia's '212' protests contributed to what appeared to be a turning point for Islam's role in the country's democracy.

FACHRUL REZA/BARcroft Images/Getty Images

grappled for decades with how to reconcile democratic freedoms with divinely revealed laws. Islamist parties have often used the legitimacy of the ballot box to impose their illiberal vision.

Indonesia—where 88% of its 270 million people are Muslim—is officially a secular country. The national ideology of Pancasila proclaims unity and equality among all recognized faiths. Yet, Islamic conservatives have been making inroads in recent years, both by enforcing greater observance on the regional level and by changing national legislation.

The dramatic events of late 2016 and early 2017, when Jakarta's Christian governor, a prominent ally of

the president, was defeated in an election after mass rallies, seemed to mark a turning point for the country's Islamist movements.

The protests, known as "212" because of a giant rally on Dec. 2, 2016, objected to the governor, Basuki Tjahaja Purnama, known as Ahok, using a Quranic verse against his opponents.

"After the 212 event, there is an increasing passion in practicing Islam by Indonesian Muslims," said Bachtiar Nasir, one of the protests' two main organizers. "Now, with this incident, the awareness emerges and the Muslims have started to think and act to determine their political rights."

With the Ahok controversy over, the Islamist mo-

mentum seems to have been blunted. Islamist parties didn't make significant gains in local elections this week.

"It's not as scary as last year anymore," said Yahya Staquf, an adviser to the Indonesian president and the secretary-general of Nahdlatul Ulama, the largest Indonesian Muslim organization, which claims over 40 million members and preaches a more tolerant, traditional Islam.

Yet, the same social factors that drove the protests persist, particularly the animosity toward the country's ethnic Chinese minority.

"The economy has been dominated by a small portion of the society, and unfortunately they are Chi-

nese," said Bahtiar Effendy, a co-chairman of Indonesia's second-largest Muslim organization, Muhammadiyah.

Legislation before parliament and backed by some in the ruling coalition would criminalize adultery and public displays of affection by gay people. Similar laws have been pending for years. But the pressure is building.

In the fight against hard-line Islam, it's important to pick battles, said Mr. Yahya, the presidential adviser. Gay rights isn't a vote-getter in conservative Indonesia.

"If we insist to fight on this issue, then we are risking to give momentum for the Islamic orthodoxy," he said. "We should take the risk when it really matters. It's not easy to navigate in this struggle."

South Korea Must Offer Alternative to Military Service, Court Rules

BY EUN-YOUNG JEONG

SEOUL—South Koreans who refuse mandatory military service must be given an alternative, a court ruled, paving the way for a shake-up in a decades-old draft system that many regard as sacrosanct but which has led to the imprisonment of thousands of conscientious objectors.

The decision marks a shift for a nation that imprisons more young men for refusing military service than the rest of the world combined, with some 218 behind bars, according to Amnesty International. All able-bodied men are required to serve at least 21 months in the military, and those who don't comply usually receive 18 months in prison and a lifetime criminal record.

Judges at the Constitutional Court on Thursday said the system was unlawful be-

cause it provided no alternative for those who object on the grounds of their personal, political or religious beliefs. It upheld the constitutional right of courts to imprison conscientious objectors, rejecting the basis of the challenge to the current law.

The decision compels the government to introduce alternative service arrangements by the end of 2019. Three bills before the legislature would allow conscientious objectors to perform nonmilitary service, such as working with the disabled or the elderly in social-welfare facilities, or conducting disaster-relief work.

Alternatives until now have been permitted only for those in poor health, or people who have specialized skills.

In response to the ruling, the Defense Ministry said it would develop a policy on alternative service as quickly as

possible. It said it has reviewed alternative service plans that can't be abused by draft dodgers or compromise fairness in conducting conscription duty.

South Korea has had con-

scription since 1949, and an army stint is viewed by many as a rite of passage in a country still technically at war with North Korea.

Ahead of Thursday's decision, some conservatives had

argued against any change to the draft, saying it was unfair to provide objectors with alternatives when others had made sacrifices for their country.

"Military service is about

putting a person's life at stake for national good. It's a sacrifice," said Kim Young-kil, a former army officer and director at Just Military Human Right Institute in South Korea. Using one's personal beliefs as an "excuse" to go against the greater national interest shouldn't be considered "conscientious," he said.

In rulings in 2004 and 2011, the Constitutional Court determined that young men who refuse military duty could be imprisoned for compromising national security, given the "unique security situation" on the Korean Peninsula.

But public attitudes have been shifting. A survey by the Human Rights Commission in 2016 showed growing support for alternatives to compulsory military duty, even if respondents didn't agree with conscientious objection.

—Yun-hwan Chae contributed to this article.



Anti-draft activists rally outside the Constitutional Court, which ruled on a conscription overhaul.

JUNG YEON-JE/AGENCE FRANCE PRESSE/Gamma Getty Images

BUSINESS & FINANCE

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Friday, June 29, 2018 | B1

A \$1 billion deal for website PillPack poses direct threat to the industry

BY SHARON TERLEP
AND LAURA STEVENS

Amazon.com Inc. is buying online pharmacy PillPack Inc., giving the e-commerce giant the ability to ship prescriptions around the country, and overnight, making it a direct threat to the more than \$400 billion pharmacy business.

Amazon is paying roughly \$1 billion in cash for PillPack, which presorts medications and ships them to customers' homes across the U.S., except in Hawaii, according to people familiar with the matter. The online retailer beat out Walmart Inc., which also was in talks for the five-year-old startup, one of the people said. Walmart had no immediate comment.

The deal fires a warning shot to drug chains and retailers including CVS Health Corp. and Walmart, which have big pieces of the prescription market. The acquisi-

tion means Amazon doesn't have to build capabilities in-house that current players have spent years assembling.

Shares of CVS, Walgreens Boots Alliance Inc. and Rite Aid Corp. tumbled Thursday, and the three companies lost more than \$11 billion in market value.

But the health-care market may be challenging for Amazon to disrupt. It is highly regulated and depends on a complex web of contracts, interconnected data systems, and other relationships with health plans, drug-benefit managers and other health-care players that

Amazon may not want to alienate if it wants its pharmacy business to prosper.

Walgreens CEO Stefano Pessina said the company is "not particularly worried" about the move. The drugstore chain is "not complacent," he said, but "the pharmacy world is much more complex than just delivering certain pills or packages. I strongly believe that the role of the physical pharmacy will continue to be very, very important in the future."

PillPack's specialty—packaging a month's supply of pills for

chronic-disease patients—is just a small part of the overall market and "has never achieved much retail share," Raymond James & Associates said in a note to investors.

The acquisition adds to recent moves by Amazon to wade deeper into health care, from pushing supplies for hospitals to helping form a nonprofit aimed at addressing rising costs. It is also the latest move by Amazon into a major new category via acquisition, following its purchase last year of Whole Foods Market Inc., which allowed it to buy supply-chain expertise and

a physical network of stores.

Amazon has been debating internally whether to enter the pharmacy market for years, according to people familiar with its thinking.

Amazon acquired PillPack with the intention of keeping both the brand and the pharmaceutical licenses, according to a person familiar with the matter. That strategy is in line with past acquisitions including deals for Whole Foods and

Please turn to page B2

◆ Heard: Amazon strategy makes pharmacies ill..... B12



Kroger's partner, Nuro, has raised \$92 million to build a driverless vehicle prototype that features locked compartments for groceries.

Kroger Gears Up Driverless Deliveries

BY HEATHER HADDON

Kroger Co. is betting driverless cars can speed up the adoption of grocery delivery in the U.S.

The largest U.S. supermarket chain by sales and stores on Thursday said it would work with electric-vehicle startup Nuro Inc. to test what they called the world's first driverless grocery deliveries.

Kroger and Nuro executives said delivering groceries without drivers—while still years away—would make such services cheaper and easier to introduce in less densely populated parts of the country.

Nearly a third of 4,504 adults surveyed by Forrester Analytics earlier this year said they didn't do more grocery shopping online because of costs, including delivery charges.

"We are not trying to be a dollar cheaper than regular delivery. We are trying to be an order of magnitude cheaper," said Dave Ferguson, who helped lead Google parent Alphabet Inc.'s self-driving vehicle arm before co-founding Mountain View, Calif.-based Nuro in 2016.

The Nuro partnership is the third deal Kroger has made in the past two months that aims to aid in how it sells to cus-

tomers as Amazon.com Inc. and Walmart Inc. move deeper into online food retail.

Cincinnati-based Kroger last month took a \$250 million stake in British online grocer Ocado Group PLC to run automated delivery warehouses and process digital orders. Kroger last week also closed its acquisition of Home Chef to sell its meal kits in stores and online. On Wednesday, the company said it would nearly double its digital staff to more than 1,000 by 2020.

Kroger Chief Executive Rodney McMullen said he was talking to Nuro even before Amazon bought Whole Foods

last year, ramping up the e-commerce giant's move into food. Amazon or no, Kroger needs to adapt to changing consumer habits, he said.

"Technology is massively critical to our future," Mr. McMullen said. "It allows us to serve customers better."

Industry analysts say digital grocery accounts for roughly 2% of the \$800 billion U.S. food retail market, and many expect that share to remain small.

Kroger and Nuro said the grocer isn't investing any money in the partnership upfront. Kroger could make an

Please turn to page B4

ing to people familiar with the matter. Ms. Engelbert is eligible for another term, but Deloitte's board didn't support her renomination, one of the people said.

The announcement stunned Deloitte partners, the people said. The rationale wasn't made clear, and dozens of partners, unhappy the firm didn't provide an explanation, sent a letter to Deloitte's board demanding more information and transparency on the matter, one of the people said.

Deloitte hasn't publicly announced any change in Ms. Engelbert's status. In a statement Thursday, it said it is "in the early, board nominating committee stage" of its longstanding CEO-election process, accord-

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Future of Deloitte's CEO Is in Question

Deloitte LLP has told partners Chief Executive Cathy Engelbert hasn't been renominated for a new term, touching off a behind-the-scenes leadership dispute at the Big Four accounting firm.

Ms. Engelbert, the first

By Gretchen Morgenson, Michael Rapoport and Joann S. Lublin

woman to run one of the Big Four firms in the U.S., is three-plus years into a four-year term as Deloitte's CEO. But Deloitte's U.S. partners were told in a recent email that she wasn't being renominated for a second term at this time as the firm begins its quadrennial CEO-election process, accord-

ing to people familiar with the matter. Ms. Engelbert is eligible for another term, but Deloitte's board didn't support her renomination, one of the people said.

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Advertising Giants To Bid on Data Broker

BY SUZANNE VRANICA
AND ALEXANDRA BRUELL

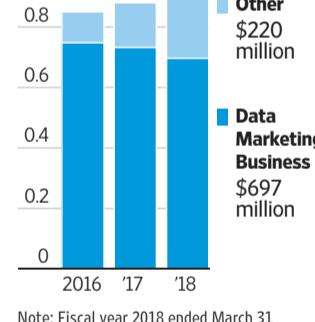
Advertising firms Interpublic Group of Cos. and Dentsu Inc. were expected to submit offers to acquire most of data broker Axiom Corp. ahead of a Thursday deadline for bids, according to several people familiar with the matter.

Axiom, which has a market capitalization of \$2.3 billion, is selling its data-marketing division. The unit represents about three-quarters of Axiom's total revenue in fiscal 2018 and specializes in housing and managing reams of customer data from clients such as retailers and financial-services firms.

Axiom announced a "strategic review" of that marketing services business in February. The division, which generated \$697 million in rev-

Wealth of Data

Axiom annual revenue



Note: Fiscal year 2018 ended March 31

Source: the company

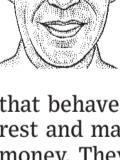
THE WALL STREET JOURNAL

enue for the fiscal year ended March 31, could fetch between \$1.5 billion and \$1.8 billion, according to some of the people

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STREETWISE | By James Mackintosh

If You Want to Do Good, Expect to Do Badly



Investors are increasingly convinced that they can buy companies that behave better than the rest and make just as much money. They are wrong.

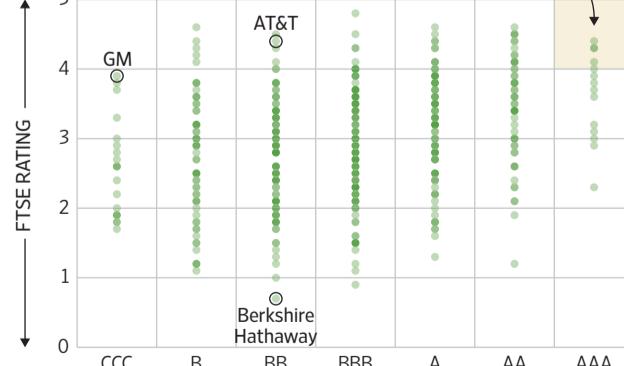
The basic argument is encapsulated in "doing well by doing good," a slogan flogged by the marketers of funds branded sustainable or socially responsible, or relying on environmental, social and governance metrics to determine their investments. Ethically sound companies, the argument goes, wind up being better investments, and by voting with their dollars, investors can nudge more companies onto a righteous path. It's a win-win.

Alas, in reality investors have to choose between two principles that are fundamentally in conflict: They can vote their beliefs with their dollars, buying more of the stocks of the best behaved and less of the worst. Or they can be profit-minded

Beauty Is in the Eye of the Beholder

There is little agreement on how to score companies on environmental, social and governance factors.

ESG ratings by each source on large U.S. companies



Note: 486 companies rated by each source; deeper color indicates more companies with a given rating

Sources: MSCI; FTSE Russell

formation on risks associated with a particular stock (I will come back to some practical problems). ESG scores could be helpful in, for example, identifying that a company with poor governance might be more prone to bad behavior that could hurt shareholders—as proved to be the case with Volkswagen.

The trouble is, even badly run companies, big polluters or terrible employers have some price at which they will be profitable investments. A recent example is the rebound in the sector environmentalists love to hate: Coal miners globally have returned almost 20% in the past 12 months in dollar terms, double the world market, according to Datastream indexes.

Come back to those investors hoping to change what executives do by influencing share prices, buying more shares in the better companies and selling some or all of the worst—possibly using

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do both.

Here's why. Start with an investor who cares only about profit and thinks that ESG scores provide useful in-

INSIDE



HULU'S FUTURE IS A BIG DEAL

MEDIA, B3



BOARDROOM PAY TOPS \$300,000

COMPENSATION, B6

Card Firms, Merchants Near Fee Pact

BY ANNAMARIA ANDRIOTIS

Visa Inc. and Mastercard Inc. are close to settling a long-running antitrust lawsuit with merchants over the fees they pay when they accept card payments, according to people familiar with the matter.

Under the settlement, Visa, Mastercard and a number of banks that issue debit and credit cards including JPMorgan Chase & Co., Citigroup Inc. and Bank of America Corp. would pay the merchants around \$6.5 billion, some of the people said. It isn't clear how the payment would be split up among the card networks and the issuing banks.

The parties on Tuesday informed the U.S. District Court for the Eastern District of New York that they reached a settlement, the people said. They intend to draw up a draft of the deal by mid-July and to submit a final agreement to the court by mid-August, the

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BUSINESS & FINANCE

Emails Add to the Turmoil at WPP

By NICK KOSTOV

WPP PLC said it has asked outside lawyers to investigate a handful of anonymous, encrypted emails sent to current and former employees.

Some of the emails contained messages taken from a WhatsApp group that included former executive assistants to Martin Sorrell, who resigned as chief executive of the advertising giant in April, according to a person familiar with the matter.

The content of the correspondence, which occurred after Mr. Sorrell's resignation, isn't known. The WhatsApp group was used in part to coordinate Mr. Sorrell's travel, the person said.

London-based law firm Slaughter and May Ltd. and New York firm Milbank, Tweed, Hadley & McCloy LLP have been hired to investigate the emails, as well as to advise the current and former employees who received the encrypted emails, the person said.

In a statement Thursday, WPP said one former and two current employees received six emails from an anonymous sender who used an encrypted



ERIC CAILLARD/REUTERS

The ad firm hasn't provided details on Martin Sorrell's resignation.

email service for the communications.

The company said the conversations cited in the emails were taken from a former employee's mobile device, which the former employee handed back before leaving the company. The company declined to comment further.

The person familiar with the matter said the WhatsApp messages were initially accessed by a company technician on the phone of a former employee.

The person said the technician was no longer with the company and said WPP's IT systems hadn't been breached.

The probe follows a tumultuous few months for WPP and Mr. Sorrell. Mr. Sorrell's actions—both personal and professional—have been scrutinized since he stepped down after a long tenure. WPP, meanwhile, has faced criticism from shareholders about how it has handled the events surrounding Mr. Sorrell's departure.

Meanwhile, Europe recently began enforcing the General Data Protection Regulation, a sweeping privacy law that often requires companies to get users' consent to gather personal information and requires companies to be more transparent about the information they collect and how it is used.

Axiom's business has been affected by the issues. In March, Facebook, in an attempt to shore up its data-privacy practices, said it would discontinue Partner Categories, an ad-targeting option that allowed advertisers to use information from data brokers such as Axiom to target specific audiences on the social-media service.

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Doubling down on data comes with risks at a time when companies that traffic in consumer information are under increased scrutiny, especially after revelations earlier this year that data-analytics firm **Cambridge Analytica** improperly accessed and retained Facebook user data.

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While attending the Massachusetts College of Pharmacy and Health Sciences in Boston, he started taking fashion-design classes at the nearby Massachusetts College of Art.

His design-school stint was short-lived, but the expertise, he said, inspired PillPack's concept of simplifying medication regimens by sorting pills into so-called dose packets, dispensed from a small box in bags marked with the date and time they are to be taken.

It turned out to be a billion-dollar idea.

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Wholesalers, including McKesson Corp. and Cardinal Health Inc., buy drugs from manufacturers and ship the therapies to pharmacies. Their relatively low margins could be pressured even further by Amazon. But Evercore ISI notes that Amazon tends to use secondary distributors, such as FedEx and UPS, rather than undercut them in order to extract profit.

In anticipation of the online threat to their businesses, the drug-supply chain has been moving to consolidate. Express Scripts agreed to be bought by health insurer **Cigna** Corp. for \$54 billion, while AmerisourceBergen has discussed a deal with Walgreens, The Wall Street Journal has reported.

Amazon has had an on-again-off-again interest in health care. In 1999, it bought a 40% stake in Drugstore.com Inc. Walgreens eventually bought the site.

—Jonathan D. Rockoff and Yuliya Chernova contributed to this article.

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Ad Giants To Bid on Data Unit

Continued from page B1

familiar with the matter.

Possible acquirers submitted expressions of interest in April. Final bids for the Axiom unit were expected Thursday. IPG and Dentsu were expected to make bids, according to some of the people.

Ad companies have long used their size and purchasing power to negotiate the best prices for their clients. But the

rise of digital marketing has upended the business and made consumer data a critical ingredient in the ad-buying process.

As a result, ad firms have been under pressure to beef up in that area.

Dentsu and IPG are among the world's largest ad holding companies. Dentsu, headquartered in Japan, owns media agency Carat, as well as agencies like 360i, iProspect and McGarryBowen. U.S.-based IPG houses agency networks like McCann Worldgroup and Mediabrand.

Customer data helps marketers and agencies craft relevant ads for consumers, target those messages at the right

people and measure their effectiveness. Without access to large amounts of data, agencies and marketers have to rely more heavily on **Facebook** Inc. and **Alphabet** Inc.'s Google, which tend not to share much consumer data with advertisers.

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PAT GREENHOUSE/THE BOSTON GLOBE/GETTY IMAGES

TJ Parker saw customers struggling to keep track of medications.

capital investor who oversaw the contest. He knew Mr. Cohen and was a fan of the duo and their ambition. "I gave them a blank check and said, hopefully it helps you build confidence and get other investors," Mr. Chu said. "It was a very clear vision."

Ultimately, the duo raised \$120,000 from investors includ-

ing startup accelerator Techstars, according to PitchBook. "We believe that if it's easy to take medications as prescribed, people will do it," Mr. Parker wrote in a blog post last year. "For folks with chronic conditions, research shows that medication adherence goes a long way towards achieving health goals. It's a simple premise."

It has been a dizzying rise for PillPack. When it received its first large slug of investment in 2014—a \$4 million infusion—it was valued at just \$9.4 million, according to PitchBook. As it gathered steam, more money flowed in from large venture-capital firms like Accel Partners and CRV, and by 2016, investors put in money at a \$360 million valuation, according to PitchBook. In all, it collected \$118 million of venture funding.

One of the company's earliest investors, David Frankel of Boston-based Founders Collective, wrote in a post on the website Medium on Thursday that the company showed promise with two founders who complement each other.

"TJ cherishes beautiful design but has the bearing of a doctor," he wrote of Mr. Parker,

while Mr. Cohen was able to master the technical challenges behind an "indispensable pill dispensing solution."

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BUSINESS NEWS

Former Equifax Manager Is Charged

BY ALLISON PRANG

A former manager at **Equifax** Inc. is facing civil and criminal insider-trading charges related to the credit-reporting company's wide-reaching data breach last year.

The Securities and Exchange Commission accused Sudhakar Reddy Bonthu, who was a software engineering manager at Equifax, of trading on nonpublic information he received while creating a website for users affected by the breach. In addition to the civil charges from the SEC, Mr. Bonthu faces criminal charges from the U.S. Attorney's Office for the Northern District of Georgia.

Mr. Bonthu, 44 years old, is the second person the SEC has accused of insider trading related to Equifax's data breach. Jun Ying, former chief information officer of the Atlanta-based company's U.S. Information Solutions unit, was charged in March; he has also been indicted on criminal insider-trading charges. Mr. Ying's attorney declined to comment on the matter.

Mr. Bonthu spent more than \$2,100 on put options for Equifax stock on Sept. 1, the SEC said in its complaint Thursday. The SEC said Mr. Bonthu ultimately made more than \$75,000 from executing those options when the company's stock price declined after Equifax announced the data breach in September. Equifax had a policy that prohibited trading derivative securities, the regulator said.

Mr. Bonthu has agreed to return the money he made and to a permanent injunction to settle the SEC's charges, the SEC said. His attorney, Meg Strickler, said Mr. Bonthu looks forward to his case going through the criminal justice system.

Hulu Caught in Media Tug of War

Winner of contest for Fox between Comcast and Disney will control streaming service

BY JOE FLINT
AND SHALINI RAMACHANDRAN

Hulu is caught in the middle of a custody battle.

Walt Disney Co. and **Comcast** Corp. are each vying to acquire the bulk of **21st Century Fox**'s entertainment assets, which include a 30% stake in Hulu. The winner will end up with a controlling 60% share of the streaming-video service.

Hulu could be pulled in different directions depending on which bidder prevails. Comcast is interested in investing in Hulu with Live TV, a \$40-a-month bundle of TV channels, as a way to target cable-TV cord-cutters and catch up to rivals who offer national streaming services, people familiar with the company's plans said.

Comcast also could boost Hulu's subscriptions by making the service available through its cable boxes, the people said. Still, Comcast would have to overcome what has been, at times, an uneasy relationship with Hulu.

Disney has indicated that Hulu would complement its separate plans to launch a direct-to-consumer service offering child-friendly content, as the entertainment giant strives to take on Netflix Inc. and Amazon.com Inc. The idea is that Hulu would become "a more adult-oriented offering," Disney Chairman and Chief Executive Robert Iger has said, likely relying on content primarily from Fox outlets.

Because Hulu has made it a priority to add more children's content—just this week it reached a deal with Viacom Inc. that included Nickelodeon shows—that potential outcome under Disney control could rattle some Hulu employees.

Disney has a leg up in the battle for the Fox assets after submitting a \$71.3 billion offer last week that topped Comcast's bid, and gaining antitrust clearance Wednesday from the Justice Department.

21st Century Fox and Wall Street Journal parent News Corp share common ownership.

The loser between Disney and Comcast, each of which owns 30% of Hulu, will be a large minority owner, and that could lead to tense moments in discussions over the service's financing and content. The minority player will wield some



Under Disney, Hulu may offer more adult-oriented content, such as 'The Handmaid's Tale.'

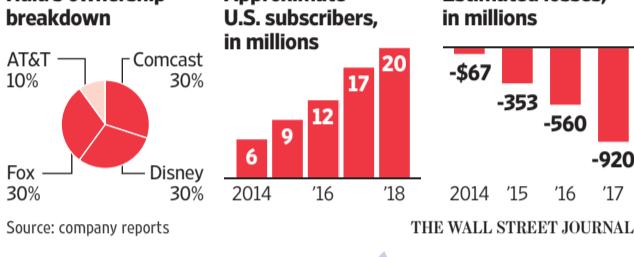
HULU/EVERETT COLLECTION

power on the board because Hulu has depended on its corporate parents to supply prime-time programming and finance a business with increasing losses that totaled \$920 million last year.

If Comcast were to gain control of Hulu, it likely wouldn't alter the platform's current programming strategy of carrying a broad range of content, including children's programming, a person familiar with the company's thinking said.

Crosscurrents

Subscribers and ad revenue are rising at Hulu but so are losses from programming and technology investments.



THE WALL STREET JOURNAL.

Activist Pushes Fox to Consider Comcast Bid

BY BEN DUMMETT

Activist investor Chris Hohn took aim at **21st Century Fox**'s arguments suggesting a takeover bid from **Comcast** Corp. would face greater regulatory risk than **Walt Disney** Co.'s offer, as he pushes for a bidding war over Rupert Murdoch's entertainment empire to continue.

Mr. Hohn, who heads **TCI Fund Management** Ltd. and is one of Fox's largest shareholders with a 7.4% stake, laid out his arguments in a letter Thursday addressed to Mr.

Murdoch. The London-based hedge-fund manager cites AT&T Inc.'s recent antitrust court win to complete its blockbuster acquisition of Time Warner Inc. and the U.S. Justice Department approval of Disney's proposed \$71 billion acquisition for much of Fox as reasons to believe a Comcast bid could ultimately win regulatory approval.

A Fox spokesman declined to comment on Mr. Hohn's letter.

In the battle for customers, Comcast and Disney covet many of Fox's key media assets,

including Twentieth Century Fox's film and TV studio; U.S. cable network FX; international assets such as U.K. pay-TV provider Sky PLC and Star India; and Fox's minority stake in the streaming service Hulu.

Fox News and the Fox broadcast network aren't for sale and will be spun out into a separate company with other assets. 21st Century Fox and The Wall Street Journal's parent company News Corp. share common ownership.

The takeover battle escalated earlier this month when Disney raised its original bid

for the Fox assets by about 36% to \$71.3 billion in cash and stock to top Comcast's unsolicited all-cash offer of about \$65 billion.

Fox argues that Comcast would face greater regulatory hurdles than the Disney bid. Comcast believes that the U.S. court approval of a vertical merger of a distributor and a content provider by allowing AT&T to acquire Time Warner should appease Fox's regulatory concerns.

Mr. Hohn's letter comes a day after the Justice Department's approval of Disney's

latest bid on the condition that Disney divest Fox's regional sports networks. That decision gives the movie-studio operator a potential advantage over Comcast as it allows Disney to still retain Fox's movie and television studio as well as the Hulu stake, all of which are key to its long-term strategy.

As a Fox shareholder, any reason for Comcast to drop its pursuit of the Fox assets ultimately cuts into Mr. Hohn's potential gain from his investment.

—Keach Hagey contributed to this article.

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TECHNOLOGY

WSJ.com/Tech

The Limits of Unlimited Smartphone Plans

By JOANNA STERN



Riddle me this: What is unlimited, can be upgraded to extra unlimitedness, and yet has limits?

Answer: The "unlimited"—but not quite unlimited—plans offered by America's leading cellular carriers.

This past year, there has been a seismic shift in the way cellular data is sold. While carriers previously pushed shared data buckets (12GB for the whole family!) with incentives (roll over unused data!), they have moved to plans with data that just doesn't run out. And video, the culprit eating most of our data to begin with, is at the center of all these deals.

AT&T has two new plans out this week—Unlimited &More and Unlimited &More Premium. Verizon offers three—GoUnlimited, BeyondUnlimited and AboveUnlimited. (Nothing says "not exactly unlimited" like those names.) T-Mobile and Sprint, the network underdogs, have better prices and fewer hitches.

It's a lot like the move away from cellular minutes way back when. (Remember "Call me after 9 p.m., when it's free"? We still pay for the unlimited calls and texts—they're just baked into the cost of the plan. Now, gigabytes upon gigabytes of LTE data can be baked in.

Sounds great, right? That depends. American smartphone owners on limited plans use an average of 4.3GB a month, according to consumer-tracking service NPD, and don't need an endless

data fountain. Plus, AT&T and Verizon's unlimited plans tend to be more expensive than the lower-end, shared a la carte plans still offered. (T-Mobile and Sprint have really gone all-in on unlimited.)

It's the classic all-you-can-eat-buffet dilemma. Eat your money's worth, you win. Eat beyond your money's worth and you win big. Eat less, you lose to the behemoth carrier.

Your Data Consumption

Open your phone's cellular carrier app. Verizon, AT&T, T-Mobile, Sprint, it doesn't matter. Look how much data you used this month or last.

If your allotment is in the single digits and you didn't come close to eating through it, you're probably best sticking where you are. But say you've got a bigger bucket of gigabytes. Did you still decide to read a book on the train this morning instead of watching a video, because you were worried about running out of data? Consider switching to unlimited—or even switching carriers.

If you have a single line with Verizon or AT&T, more often than not, it makes sense to go up to unlimited. For instance, AT&T's 5GB plan is \$70 for a single phone line. Its base Unlimited &More plan is \$70. (Taxes and assorted mystery fees will, of course, cost you extra.)

For those with AT&T and Verizon family plans, there are some magic numbers: If you comfortably share between 2GB and 8GB, keep what you've got. A couple with two lines who share 8GB on Verizon pay \$110 a month. Going up to Verizon's base GoUnlimited plan would cost them \$130 a month.

However, my family currently pays \$150 for Verizon's

Sizing Up the Buffet

The latest smartphone data plans don't count out every gigabyte. Instead, they offer all the data you can eat... up to a point.

COMPANY	PLAN	COST			THE PERKS	THE LIMITS
		ONE LINE	TWO LINES	THE PERKS		
AT&T	Unlimited &More Premium*	\$80	\$150	1080p video, 15GB mobile hotspot, 30+ Watch TV channels, premium channels	Speed might decrease after 22GB	
verizon	BeyondUnlimited*	85	160**	720p video, 15GB mobile hotspot	Speed might decrease after 22GB	
T-Mobile	One Plus*	80	120	720p video, 10GB mobile hotspot, international texting and data, Netflix (with 2+ lines)	Speed might decrease after 50GB	
Sprint	Unlimited Freedom	60	100	1080p video, 10GB mobile hotspot, Hulu included	Speed might decrease after 23GB	

*AT&T, Verizon and T-Mobile offer cheaper unlimited plans. We're comparing the best options. ** You can mix and match Verizon unlimited plans, this is the price for two BeyondUnlimited users. Note: Costs don't include taxes and other fees.

Source: the companies

two-line, 24GB "XXL" plan. Going up to its midtier BeyondUnlimited plan costs us just \$10 more a month. (Yes, we're upgrading.)

Of course, as with that all-you-can-eat buffet, the bigger the portion in front of you, the more you will consume. People with unlimited plans already average 8.4GB of data a month, according to NPD.

Your Data Choices

OK, so you've decided to go unlimited. When weighing the plans, you must know their...limits:

Limited speeds. If you're in a busy place with lots of others using the network—or you've simply burned through the high-speed access your phone plan gives you—your speeds might be

reduced. But..."Throttling rarely happens," says Kevin Hasley of RootMetrics, which measures cellular network performance. If you do notice it, it's likely in the evening rush hour when people are trying to find one another.

Limited video quality. Many base unlimited plans (with the exception of Sprint's) offer video streaming at lower (480p) resolution. Paying more can buy you higher quality (720p or 1080p).

Limited mobile hot spots. If you ever connect your laptop or tablet to your phone for data, you might be limited with data caps and lower speeds.

After digging into all of the major players, T-Mobile's One Plus offers the best

limit-to-perk ratio. At \$80 for one line, you get up to 50GB of 4G LTE before any threat of slowdowns. It also includes 10GB of 4G LTE hotspot data and unlimited 720p video streaming.

Verizon and AT&T's entry-level plans reserve the right to slow down at any point. A step-up plan gets you a threshold of 22GB.

It's tempting to leap to T-Mobile, but there's a reason not to: According to RootMetrics testing, Verizon and AT&T are still ahead on general, nationwide reliability.

"If you're traveling down a highway and get a flat tire," says Mr. Hasley, "Verizon is your best bet." And Sprint is, well, Sprint. T-Mobile is trying to acquire the company,

but we don't know what the future holds.

Your Video Appetite

These plans are largely in response to our phones becoming the new TV sets. As our social-media feeds fill up with video clips and as YouTube and Netflix dominate more of our downtime, our cellular consumption keeps rising. Unlimited video streaming, however, is just part of the carrier's plan to entice you to watch more. All four of the major carriers are reinventing the classic cable-TV bundle for the much smaller screen.

Thanks to its recent acquisition of Time Warner, AT&T's unlimited plans now include Watch TV, with live and on-demand programming from 30+ channels, such as CNN and TBS. T-Mobile includes a free Netflix subscription with two or more phone lines. Sprint currently includes Hulu. Verizon includes its comparatively lame Go90 mobile video service.

These options—Netflix, Hulu and even WatchTV—are certainly enticing. But they also signal the bigger change in our relationships with these cellular carriers.

Now that we no longer sign binding two-year contracts, and our smartphones can work on multiple networks, competition has fueled aggressive pricing and plans that resemble one another. To get our attention, they dangle huge data quantities and shiny video packages, plus the usual network-quality brags. But it's all just a distraction to keep you from realizing how much your bill is rising. Just remember: Don't ditch the regular menu for an all-you-can-eat deal unless you're really hungry.

Synnex to Buy Call-Center Firm

Convergys Corp., the large call-center operator, agreed to be acquired by Synnex Corp. for about \$2.4 billion.

By Dana Cimilluca,
Dana Mattioli
and Cara Lombardo

Synnex, a call-center operator that also distributes technology products, is to pay \$26.50 a share—half in cash, half stock—for Cincinnati-based Convergys, Synnex said in a written statement late Thursday, confirming an earlier report by The Wall Street Journal.

Convergys kicked off a sales process after its chief executive, Andrea Ayers, decided to step down, the Journal reported in May. Convergys said in January that Ms. Ayers would depart after nearly 30 years with the company, including more than five as CEO.

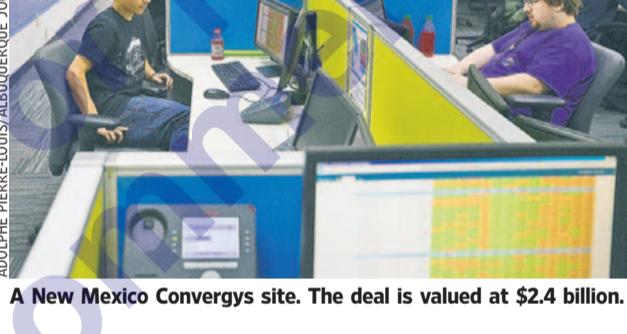
Convergys operates over 100 customer call centers. Once part of **Cincinnati Bell**

Inc., the company had about 110,000 employees in 33 countries as of the end of March.

Its revenue has been declining as customers such as AT&T Inc. reduce their business with the company. Last year, Convergys had revenue of \$2.79 billion, down 4%, and net income of \$121.4 million. Convergys has been buffeted, like rivals, by a shift toward automation of customer-service functions and by consolidation among big clients.

That has helped trigger a wave of consolidation in the industry as companies seek scale so they can invest to transform their businesses and cut costs—a big reason why Synnex and Convergys are coming together.

Synnex, founded in 1980 and based in Fremont, Calif., operates in two areas. Its technology-solutions business, which has also been under pressure, is a distributor of servers, software, communications and security equipment, while its Concentrix unit operates



A New Mexico Convergys site. The deal is valued at \$2.4 billion.

contact centers for clients in industries such as health care, banking and technology.

In the most recent fiscal year, Synnex had \$17 billion in revenue and \$300 million in net income. It said Thursday that fiscal second-quarter revenue rose 26% to \$4.97 billion.

Convergys and Synnex cater largely to call-center customers in different industries, contributing to the logic of

putting them together. The deal is expected to generate at least \$150 million a year of so-called synergies by year three.

Since March, Synnex has been led by CEO Dennis Polk. The company, which went public in 2003, has a market value of \$4.5 billion.

Centerview Partners is advising Convergys, while Wachtell, Lipton, Rosen & Katz is its legal counsel.

Facebook Tools Ease Finding Fake Pages

By GEORGIA WELLS

As the U.S. congressional midterm elections approach, Facebook is under pressure to root out nefarious actors that used its platform to sow misinformation before and after the 2016 presidential election.

When pro-Putin Russian trolls pushed divisive issues on Facebook before the 2016 election, they created accounts that pretended to express the views of concerned Americans.

Going into the midterm election, Facebook is trying to make it tougher for bad actors to deploy similar tricks.

"By far the most important action we are taking is going after fake accounts," Ms. Sandberg said at a briefing about the changes.

Facebook over the past year has faced a series of crises over the social network's lax policies for how it protected its users' data. The new tools reflect the company's renewed commitment to transparency, Ms. Sandberg said.

are exploring driverless vehicles for pizza deliveries. Startup Robomart plans to deploy six driverless mobile grocery stores in the San Francisco Bay Area this fall.

Kroger last week said digital sales grew by 66% during its first quarter, bolstering an unexpectedly strong earnings report. Kroger now offers two-hour delivery from more than 1,200 of its stores, and it has set up some 1,165 pickup points for digital orders.

Kroger has said its investments—particularly a store-wide review of what products it stocks—would likely hurt profitability this year. And UBS analysts last week questioned the benefits of the acquisition Home Chef given the up to \$700 million price tag.

"They are investing an awful lot. I worry about that," said Bill Bishop, co-founder of Brick Meets Click digital grocery consultancy.

Kroger updated shareholders on its business plans on Thursday during its annual investor meeting. Kroger displayed a prototype of Nuro's driverless car at the gathering in Cincinnati.

"I just think this is so cool," Mr. McMullen said after the vehicle called him by name and honked.

—Tim Higgins contributed to this article.

Kroger Bets On Driverless

Continued from page B1 investment if it succeeds, executives said. They wouldn't say where they will test it first.

Nuro has raised \$92 million in two funding rounds through January to build a driverless vehicle prototype that features locked compartments for groceries. The vehicle is about half the width of a sedan and navigates with a network of cameras and radar sensors.

After a customer places an order, Kroger employees would load those groceries into the vehicle and dispatch it to a customer's house or a pickup point. A shopper would use a phone or a code to unlock the vehicle and take the groceries.

Nuro is testing its vehicles for now at a parking lot in Sacramento and other private lots in California, Mr. Ferguson said. The company is in talks with several manufacturers and expects to begin mass production next year.

Nuro executives said they are working with state and

federal regulators to have their vehicles properly licensed. Companies including Google and Uber Technologies Inc. are also testing driverless vehicles on public roads. Engineers say widespread deployment of such vehicles could be years away, as officials consider how to test and certify their safe use.

One challenge for Nuro is that its vehicle doesn't have room for a safety operator. Waymo, Alphabet's self-driving unit, began its testing on public roads with a person behind the steering wheel who could resume control when needed. **General Motors** Co. is trying to get a waiver from the

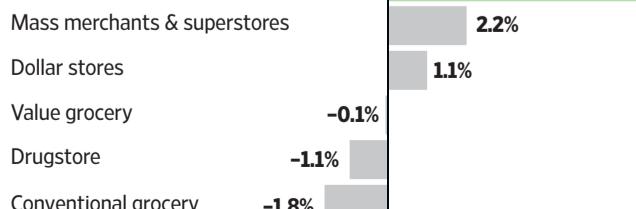
government to put driverless cars on the road without steering wheels. Companies also are developing remote technology to allow human operators to monitor and guide these sorts of vehicles.

Deliveries are seen as an important potential market for the growing list of companies working to develop driverless cars. Half of more than 4,000 adults polled by the Pew Research Center last year said they wouldn't want to ride in a driverless car, but two-thirds said robots or drones would probably make deliveries in cities in the future.

Domino's Pizza Inc. and Yum Brands Inc.'s Pizza Hut

Shopping Shift

Online grocery shopping is still in its infancy in the U.S., but growth is outpacing other retailers selling food.

Visits per shopper, change from previous year

Note: For the 52 weeks ended March 31, 2018.

Source: Nielsen

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BUSINESS NEWS

China Holds Firm in Airlines Fight

Beijing turns down U.S. request for talks over phrasing carriers use to refer to Taiwan

BY TREFOR MOSS

SHANGHAI—China rebuffed a U.S. request for talks about China's demand for international airlines to start referring to Taiwan as part of China, a spokesman at the U.S. Embassy in Beijing said.

Expressing disappointment that the Chinese side had refused to discuss the matter, the spokesman said the U.S. was calling on China "to stop threatening and coercing American companies and citizens." The administration was considering how to respond, he said Thursday.

China wrote to airlines in April demanding that they

change their websites and other materials—not just in China, but globally—and adopt language approved by Beijing regarding self-ruled Taiwan as well as Hong Kong and Macau, which are special administrative regions of China. Foreign airlines face potential reprisals if they don't make the changes, China's aviation authority has warned.

It is the latest in a series of interventions in the operations of foreign companies by the Chinese authorities. Earlier this year, Marriott International, Zara and Daimler AG were among those forced to correct what Beijing considered inflammatory content, as it aggressively asserts China's political worldview.

The airline controversy comes amid heightened trade tensions between the U.S. and China. A recent investigation by the U.S. Trade Representa-

tive found that foreign companies face a range of unfair business practices in China, sparking tit-for-tat tariff measures that threaten to disrupt trade between the world's two biggest economies.

"Respecting China's sovereign territorial integrity and

Foreign airlines face potential reprisals if they don't make the changes, China says.

abiding by China's laws—these are basic requirements for foreign enterprises operating in China," Chinese Ministry of Foreign Affairs spokesman Lu Kang said Thursday in response to questions about Beijing's or-

der to foreign airlines. While China has extended the deadline for making the required changes to late July, it shows no sign of backing down, especially now that most global airlines have already fallen into line. The Chinese travel industry is growing rapidly, with China set to become the world's biggest aviation market by 2022, according to the International Air Transport Association, overtaking the U.S., making the country a priority for many airlines.

However, the three main U.S. carriers, **American Airlines**, **Delta Air Lines** and **United Airlines**, haven't yet complied. Airlines in India, Japan, South Korea and Vietnam have also resisted making the changes demanded by Beijing.

—Yoko Kubota in Beijing contributed to this article.



Scott Maw's exit comes as Starbucks's sales growth is slowing.

Financial Chief at Starbucks to Retire As Firm Revamps

BY KIMBERLY CHIN

Starbucks Corp. said Thursday that Chief Financial Officer Scott Maw would retire in November amid sales pressures and plans to close 150 U.S. stores in the next fiscal year.

Mr. Maw, 50 years old, joined Starbucks as a global controller in 2011 and has served as CFO since February 2014.

The announcement comes as the company has reported slower sales growth in the U.S. as well as in China.

The company said earlier this month that it expects global same-store sales growth of 1% in the current quarter, well below analysts' expectations of 2.9% growth. Starbucks said it expects to close 150 U.S. stores in its 2019 fiscal year and would slow the growth of licensed stores in airports, supermarket-

kets and other retail stores.

Starbucks is expected to announce its most recent quarterly results in July.

The company said Mr. Maw plans to retire on Nov. 30 and assist with the transition as a senior consultant until March 2019.

The company has launched an external search for a candidate.

"As we enter our next phase of continued growth, I am confident in the finance team Scott has developed and am appreciative of his willingness to support through the transition into new leadership," Kevin Johnson, Starbucks president and chief executive, said in a written statement.

Before joining Starbucks, Mr. Maw served in CFO roles at SeaBright Insurance Co. and the consumer-banking division of JPMorgan Chase & Co.

Shares in Starbucks fell 2.6% to \$48.54 on Thursday.



The firm increased efforts to sell sneakers at its own website.

Nike Registers Growth Again in Home Market

BY SARA GERMANO

Nike Inc. returned to growth in its core North American market, snapping a streak of quarterly declines that have weighed on results at the world's largest sportswear maker.

Sales in Nike's home market rose 3% to \$3.9 billion for the three months ended May 31, an uptick after three straight quarters of declines. The gains came despite overall weakness in the basketball sneaker market and stiffer competition from rivals such as Adidas AG.

Shares of Nike rose nearly 10% to \$78.80 in after-hours trading on Thursday.

The company, which has ramped up efforts to sell sneakers through its own website and started selling goods on Amazon.com, said average prices rose in the quarter.

Nike's sales directly to consumers increased 15% to \$10.4 billion for the year ended in May, compared with growth of 4% in its traditional wholesale business over the same period.

Executives touted Nike's sales partnerships with e-commerce giants and social media platforms, including Tmall, Zalando and Facebook Messenger, as well as its own efforts in selling goods directly to consumers through its own site and apps.

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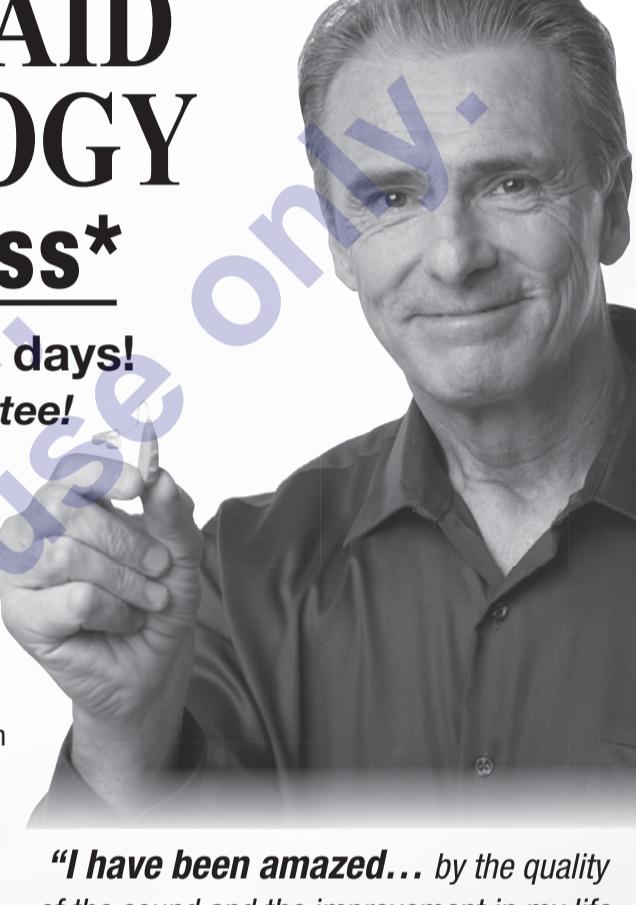
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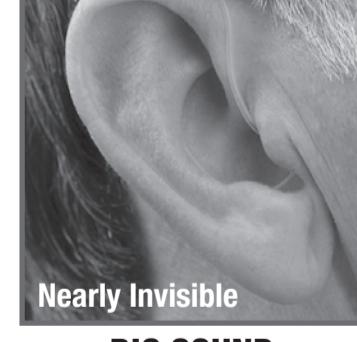


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BUSINESS NEWS

French Suitor Buys Half Of Hotelier

By CHRIS KIRKHAM

French hospitality company **Accor SA** will take a 50% stake in hotelier Sam Nazarian's **SBE Entertainment Group**, according to a person familiar with the matter, an investment valued at \$319 million.

Accor will pay \$125 million to acquire common stock held by supermarket magnate Ron Burkle's **Yucaipa Cos.** and real-estate investment firm **Cain International**, the person said, and invest an additional \$194 million to acquire preferred equity owned by the two firms.

The deal marks an exit for Cain International from its investment in SBE and a likely exit for Yucaipa, according to people familiar with the transaction. Mr. Nazarian, SBE's founder and chief executive, will continue to own the other half of closely held SBE's common stock.

Accor, one of the world's largest hotel companies, with brands including Sofitel, has been on an investment spree in recent years, acquiring the owner of the Fairmont hotel chain and luxury home rental service Onefinestay in 2016. The company also has developed partnerships with hotel companies in China, Brazil and the Middle East.

The SBE partnership gives Accor a larger foothold in the U.S., in cities such as Miami, New York and Los Angeles. Nearly 80% of Accor's hotel rooms are in Europe and Asia, while only about 4% are in North America.

Mr. Nazarian, who turned a collection of Los Angeles nightclubs in the early 2000s into an international hospitality company that includes the SLS Hotels brand and restaurants such as Katsuya, will continue to run SBE.

Pay for Directors Tops \$300,000

By THEO FRANCIS

Compensation for directors of large U.S. companies continues to creep upward, with half paying a typical board member \$300,000 or more last year, a new study finds.

Median pay for the nonmanagement directors of 100 of the largest U.S. companies rose 3.4% from \$290,000 in 2016, according to the study from pay consultancy Compensation Advisory Partners in New York.

Median director pay for a similar group of companies was \$257,000 in 2012 and \$225,000 in 2008. Directors also working as corporate executives are omitted from the analyses.

Companies in the CAP analysis are increasingly limiting director compensation but not necessarily in meaningful ways. The change comes in response to challenges from shareholders, said Dan Laddin, founding partner of CAP. "The view was that directors had paid themselves too much, and because directors get to decide their own pay, there's an inherent conflict of interest."

However, the limits are often significantly above existing pay levels. About half the companies limited pay to between \$500,000 and \$1 million and most set limits at least triple what they currently pay in equity grants, CAP found.

Pay has risen as corporate boards face tougher obligations and increased risk of litigation



Goldman's office in New York. Its board members made a base \$575,000 in cash and stock last year.

and regulatory inquiries, according to pay and corporate-governance consultants. "The responsibility and scrutiny directors are under has just increased dramatically," Mr. Laddin said.

Some companies pay considerably more than the median. Board members at **Goldman Sachs Group Inc.** made a base \$575,000 in cash and stock last year, plus \$25,000 for committee chairmen, though the company reported paying some directors more than \$600,000. The figure was \$510,000 at **Oracle Corp.**, where four directors made more than \$600,000, and \$425,000 at Google parent **Alphabet Inc.**



Goldman's office in New York. Its board members made a base \$575,000 in cash and stock last year.

A Goldman spokeswoman said that directors' pay can appear over \$600,000 if they change the proportion they choose to take in cash or stock from one year to the next, because of Securities and Exchange Commission reporting requirements.

Spokeswomen for Oracle and Alphabet said the companies and boards declined to comment.

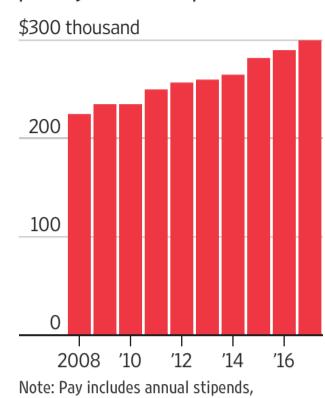
A Wall Street Journal analysis in 2016 found that median director pay at most S&P 500 companies was between about \$230,000 and \$295,000—with some companies paying a director as much as \$1.77 million.

Several of those companies continue to pay well above the norm. Last year, **Regeneron Pharmaceuticals Inc.** paid all but two of its 10 nonmanagement directors at least \$1.3 million, mostly in stock options.

Other large companies pay directors much less. **Berkshire Hathaway Inc.** paid its 10 nonmanagement directors between \$2,700 and \$6,700 last year—\$900 for attending a meeting, or \$300 for phoning in, plus \$1,000 a quarter for audit-committee members. Most **Amazon.com Inc.** directors received no compensation from the company in 2017, although the board does periodically grant

Moving Up

Median annual pay for board members at 100 large U.S. publicly traded companies.



Note: Pay includes annual stipends, per-meeting fees and average committee-membership fees.

Source: Compensation Advisory Partners
THE WALL STREET JOURNAL.

directors shares. Two were granted awards of nearly \$900,000 last year.

Other features haven't changed much. Most pay annual stipends rather than per-meeting fees. Equity makes up about 60% of pay overall—primarily restricted stock rather than options—with the rest paid in cash. Directors who head key committees tended to receive additional fees, with a median of \$15,000 to \$25,000, depending on the committee. The median additional amount received by lead directors remained about \$35,000, while the median additional fee paid to nonexecutive chairmen was about \$233,000.

BUSINESS WATCH

HENNES & MAURITZ

Earnings Declined In the Second Period

Hennes & Mauritz AB, the owner of the world's biggest clothing brand, reported a 21% drop in second-quarter profit. Stockholm-based H&M said Thursday it plans to discount clothing again in the third quarter. Net profit was 4.64 billion Swedish kronor (\$517 million)

for the fiscal quarter ended May 31, compared with 5.9 billion kronor a year earlier. Sales edged up to 60.46 billion kronor from 59.54 billion kronor.

—Saabira Chaudhuri

BJ'S WHOLESALE CLUB

Shares Close 29% Above IPO Price

Shares of BJ's Wholesale Club Holdings Inc. closed Thurs-

day more than 29% higher than its initial public offering price as the members-only wholesaler returned to the public markets.

The stock closed at \$22 a share, above the IPO price of \$17. Listed on the New York Stock Exchange, the company closed with a market capitalization of \$2.78 billion. The wholesaler was taken private in 2011 by private-equity firms **Leonard Green & Partners LP** and **CVC Capital Partners Ltd.**

—Aisha Al-Muslim

SCANA

Utility Cuts Payout After Lawmakers Act

Scana Corp. cut its dividend by 80% on Thursday after South Carolina lawmakers voted to take ratepayers off the hook temporarily for billions in debt related to a failed nuclear project.

The Cayce, S.C.-based utility said it lowered its quarterly payouts to 12.37 cents per share

from 61.25 cents per share to "preserve its options" amid a standoff with South Carolina politicians over who should pay back the debt that financed Scana's majority stake in the V.C. Summer nuclear project.

Lawmakers passed a bill on Wednesday that cuts bills for Scana customers by \$31 million a month until regulators rule on the company's request to recover most of the money it sank in the facility.

—Andrew Scurria

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Deloitte's CEO Plan In Question

Continued from page B1
ing succession process, which culminates in a formal leadership election in early 2019. "We will provide an update at that time."

Ms. Engelbert didn't respond to a request for comment.

Ms. Engelbert was elected by Deloitte's partners in 2015 to serve a four-year term. Like the other Big Four firms, Deloitte is a private partnership that elects its CEOs by partner vote. She joined the firm in 1986 and ran Deloitte & Touche LLP, the firm's auditing practice, before becoming CEO. In the past, she has led the audits of some of Deloitte's most prominent pharmaceutical and life-science clients, such as Bristol-Myers Squibb Co.

Fixed leadership terms are standard at the Big Four, but CEOs are often renominated for a second term. While single-term CEOs have been the norm at Deloitte in recent years, the news that Ms. Engelbert wasn't being renominated came as a "complete shock" to partners, according to a person familiar with the situation.

Under her stewardship, Deloitte posted record earnings in the fiscal year that ended in May, the person said.

It is still possible that Ms. Engelbert could be renominated for a second term at a later stage of Deloitte's elaborate CEO-election process. Even if she doesn't get a second term, she would serve out her current term, which runs until next spring.

It's highly unusual for any leadership disputes at Big Four accounting firms to burst into public view. The firms typically announce new or reappointed CEOs only after they complete the leadership-election process. At Deloitte, a nominating committee of the board of directors solicits partners for their suggestions for candidates and views on the CEO's desired attributes. A candidate recommended by the board must then be ap-



Partners were stunned CEO Cathy Engelbert wasn't renominated.

proved by two-thirds of Deloitte voting partners and principals.

What is currently occurring "certainly isn't just normal succession," said one person familiar with Deloitte's CEO election process.

Some inside Deloitte are concerned that the move represents a shift in focus by Deloitte toward consulting over its core auditing business, where Ms. Engelbert came

Deloitte's board said it didn't support the CEO's renomination for another term.

from, according to people familiar with the matter.

Deloitte and the other Big Four firms have dramatically grown their consulting businesses in recent years. Consulting made up 48.5% of Deloitte's \$18.6 billion in U.S. revenue in fiscal 2017, compared with 29.5% from audit and enterprise risk services. The firm said that having both consulting and auditing "is central to our strategy," en-

abling each business to benefit from the other's expertise.

If Ms. Engelbert doesn't serve a second term, other potential candidates for the CEO spot would include Joseph Uczoglu, the current head of Deloitte's U.S. audit practice, and Janet Foutty, who heads Deloitte's consulting arm.

With her ascension to CEO in 2015, Ms. Engelbert became one of the most senior women in the financial-services industry, where women have struggled to advance to high-ranking positions.

Accounting firms are no exception. Women make up 51% of the full-time staff at U.S. accounting firms but only 24% of the partners and principals, according to a recent study by Wilson-Taylor Associates, a consulting firm that heads the Accounting MOVE Project to promote more women in accounting.

Since Deloitte named Ms. Engelbert CEO, two other Big Four firms have chosen women for the top job. KPMG LLP named Lynne Doughtie as chairwoman and CEO in 2015, and Ernst & Young LLP tapped Kelly Grier as chairwoman and managing partner in December. Ms. Grier assumes her new position July 1.

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MARKETS DIGEST

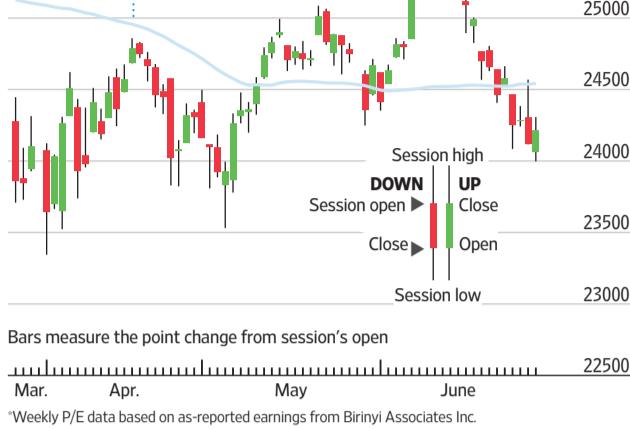
EQUITIES

Dow Jones Industrial Average

24216.05 ▲ 98.46, or 0.41%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.35 20.72
 P/E estimate * 16.18 18.17
 Dividend yield 2.24 2.33
 All-time high 26616.71, 01/26/18

Current divisor 0.14748071991788



Bars measure the point change from session's open

Mar. Apr. May June

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2716.31 ▲ 16.68, or 0.62%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 24.30 24.09
 P/E estimate * 17.36 18.76
 Dividend yield 1.89 1.95
 All-time high 2872.87, 01/26/18



Mar. Apr. May June

Nasdaq Composite Index

7503.68 ▲ 58.60, or 0.79%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 26.10 26.15
 P/E estimate * 21.35 21.33
 Dividend yield 0.93 1.10
 All-time high: 7781.51, 06/20/18



Mar. Apr. May June

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	Transportation Avg	Utility Average	Total Stock Market	Barron's 400							
Industrial Average	24308.16	23997.21	24216.05	98.46	■ 0.41		26616.71	21287.03	13.8	-2.0	10.5		
Transportation Avg	10345.66	10192.09	10307.56	-24.02	■ -0.23		11373.38	9021.12	8.7	-2.9	7.7		
Utility Average	719.04	711.16	712.10	-0.41	■ -0.06		774.47	647.90	0.7	-1.6	8.7		
Total Stock Market	28373.50	28036.41	28295.62	164.27	■ 0.58		29630.47	24958.26	12.8	2.2	8.7		
Barron's 400	739.07	730.59	737.47	3.54	■ 0.48		760.51	629.56	14.2	3.7	8.4		

Nasdaq Stock Market

Nasdaq Composite	7526.07	7419.56	7503.68	58.60	■ 0.79		7781.51	6089.46	22.1	8.7	13.9		
Nasdaq 100	7055.25	6950.23	7031.60	61.93	■ 0.89		7280.70	5596.96	24.4	9.9	16.2		

S&P

S&P 500 Index	2724.34	2691.99	2716.31	16.68	■ 0.62		2872.87	2409.75	12.3	1.6	8.9		
MidCap 400	1953.82	1932.56	1950.37	7.56	■ 0.39		2003.97	1691.67	11.8	2.6	8.4		
SmallCap 600	1022.28	1011.38	1020.22	2.86	■ 0.28		1052.40	817.25	19.3	9.0	11.6		

Other Indexes

Russell 2000	1647.94	1630.06	1645.02	4.56	■ 0.28		1706.99	1356.90	16.2	7.1	8.7		
NYSE Composite	12503.70	12377.04	12475.98	63.91	■ 0.51		13637.02	11699.83	6.3	-2.6	4.2		
Value Line	570.39	564.54	569.27	1.60	■ 0.28		589.69	503.24	9.1	1.2	3.6		
NYSE Arca Biotech	4676.06	4581.93	4661.61	25.72	■ 0.55		5018.28	3787.17	20.1	10.4	3.4		
NYSE Arca Pharma	526.51	520.56	525.42	4.10	■ 0.79		593.12	514.66	-2.2	-3.6	-3.6		
KWB Bank	104.57	103.07	104.07	0.61	■ 0.59		116.52	89.71	8.9	-2.5	9.7		
PHLX® Gold/Silver	80.15	79.31	79.83	-0.10	■ -0.13		93.26	76.42	-0.6	-6.4	7.3		
PHLX® Oil Service	155.69	153.60	154.81	-0.50	■ -0.32		170.18	117.79	18.6	3.5	-8.5		
PHLX® Semiconductor	1313.95	1295.72	1311.64	11.14	■ 0.86		1449.90	1020.51	26.1	4.7	23.4		
Cboe Volatility	18.99	16.40	16.85	-1.06	■ -5.92		37.32	9.14	47.3	52.6	6.3		

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
SPDR S&P 500	SPY	4,480.4	271.20	0.31	■ 0.11		271.34	269.27
iShares MSCI Brazil ETF	EWZ	2,985.6	31.84	-0.05	■ -0.16		31.90	31.80
Van Eck Vectors Gold Miner	GDX	2,789.9	21.87	-0.06	■ -0.27		21.93	21.87
Cisco Systems	CSCO	2,542.4	43.08	0.14	■ 0.31		43.08	42.44
Comcast Cl A	CMCSA	2,487.3	32.68	0.05	■ 0.15		32.68	32.13
Bank of America	BAC	2,275.9	28.94	0.27	■ 0.94		29.09	28.60
Microsoft	MSFT	2,159.9	98.85	0.22	■ 0.22		98.85	98.32
Invesco QQQ Trust I	QQQ	2,019.2	171.30	0.11	■ 0.06		171.70	171.16

Percentage gainers...

<

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.								
July	2,975.70	2,981.00	2,930.00	2,953.50	-0.0310	13,356		
Sept	2,998.00	3,004.00	2,951.50	2,971.50	-0.0360	136,449		
Gold (CMX)-100 troy oz.; \$ per troy oz.								
July	1,251.70	1,251.70	1,247.60	1,247.80	-5.20	420		
Aug	1,253.60	1,255.80	1,248.20	1,251.00	-5.10	321,160		
Oct	1,258.80	1,261.30	1,253.00	1,256.70	-5.20	14,575		
Dec	1,265.40	1,267.10	1,259.30	1,262.80	-5.20	101,511		
Feb'19	1,271.70	1,271.70	1,265.80	1,268.70	-5.40	16,375		
June	1,281.60	1,281.60	1,277.50	1,281.00	-5.00	4,314		
Palladium (NYM)-50 troy oz.; \$ per troy oz.								
Sept	946.30	948.00	927.40	930.90	-13.00	20,047		
Dec	941.90	942.70	927.00	927.00	-12.20	1,853		
Platinum (NYM)-50 troy oz.; \$ per troy oz.								
July	858.80	858.80	844.30	850.30	-8.00	5,036		
Oct	862.50	862.70	849.50	855.20	-6.80	78,564		
Silver (CMX)-5,000 troy oz.; \$ per troy oz.								
July	16.035	16.095	15.880	15.951	-0.200	19,067		
Dec	16.230	16.300	15.890	16.159	-0.196	34,798		
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.								
Aug	72.31	74.03	72.25	73.45	0.69	406,652		
Sept	70.75	72.31	70.70	70.75	0.55	280,949		
Oct	69.45	70.76	69.37	70.34	0.38	191,580		
Dec	68.14	69.09	68.02	68.79	0.18	308,073		
June'19	65.33	65.79	65.19	65.59	-0.09	149,015		
Dec	63.22	63.69	63.00	63.41	-0.18	198,526		
NY Harbor ULSD (NYM)-42,000 gallon; \$ per gal.								
July	2.1689	2.1920	2.1663	2.1782	-0.0010	11,403		
Aug	2.1713	2.1944	2.1664	2.1790	-0.0006	107,721		
Gasoline-NY ROB (NYM)-42,000 gallon; \$ per gal.								
July	2.1235	2.1510	2.1201	2.1329	-0.0007	18,521		
Aug	2.0985	2.1260	2.0950	2.1055	-0.0048	133,169		
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.								
Aug	2.988	3.021	2.930	2.940	-0.041	205,349		
Sept	2.958	2.992	2.908	2.919	-0.032	173,340		
Oct	2.963	2.995	2.916	2.927	-0.028	173,428		
Jan'19	3.186	3.214	3.144	3.154	-0.026	116,159		
March	3.044	3.068	3.011	3.021	-0.022	117,104		
April	2.693	2.705	2.672	2.679	-0.016	122,630		

Contract

Open High hilo Low Settle Chg Open interest

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

July 351.50 352.50 344.50 345.00 -7.50 71,969

Dec 372.00 373.00 365.50 366.00 -7.25 745,535

Oats (CBT)-5,000 bu.; cents per bu.

July 248.00 253.50 241.50 243.00 -11.00 308

Dec 243.25 246.50 236.50 237.50 -7.25 2,972

Soybeans (CBT)-5,000 bu.; cents per bu.

July 865.25 869.50 859.50 861.25 -6.25 23,545

Nov 887.00 892.00 881.50 883.50 -5.50 401,688

Soybean Meal (CBT)-100 tons; \$ per ton.

July 333.60 335.80 330.70 331.40 -2.50 14,524

Dec 331.10 334.00 330.20 331.30 -2.20 191,804

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

July 28.90 29.27 28.86 29.01 ... 13,470

Dec 29.56 29.94 29.52 29.68 ... 224,568

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

July 118.00 120.00 112.00 114.20 -28.00 702

Sept 114.60 117.00 111.80 112.00 -26.00 6,132

Wheat (CBT)-5,000 bu.; cents per bu.

July 478.00 485.25 474.25 479.50 ... 13,935

Sept 487.50 492.75 482.75 483.50 -5.00 192,929

Wheat (KC)-5,000 bu.; cents per bu.

July 458.25 463.00 452.75 453.25 -7.00 8,283

Sept 477.55 481.25 471.50 472.00 -6.25 118,367

Wheat (MPLS)-5,000 bu.; cents per bu.

July 528.75 529.00 519.75 521.50 -5.50 2,629

Sept 542.50 543.50 535.75 537.50 -3.75 26,302

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

Aug 145,400 147,350 145,250 146,825 1,050 23,187

Sept 147,500 149,500 145,975 147,375 .900 7,564

Cattle-Live (CME)-40,000 lbs.; cents per lb.

June 106,850 108,350 106,75 108,200 1,175 1,086

Aug 102,650 103,975 102,300 103,725 1,000 138,895

Hogs-Lean (CME)-40,000 lbs.; cents per lb.

July 80.40 81.25 80.50 81.125 .900 20,505

Aug 74.825 76.250 74.650 75.725 .675 7,647

Lumber (CME)-110,000 bdft.; \$ per 1,000 bdft.

Sept 552.40 559.00 550.10 558.00 4.70 1,877

Sept 534.90 543.80 533.20 540.80 4.30 3,164

Contract

Open High hilo Low Settle Chg Open interest

Milk (CME)-200,000 lbs.; cents per lb.

June 15.24 15.25 15.24 15.24 .01 2,890

July 14.28 14.40 14.25 14.34 .05 3,949

Cocoa (ICE-US)-10 metric tons; \$ per ton.

July 2,385 2,385 2,385 2,418 .79 178

Sept 2,368 2,466 2,341 2,451 .71 100,323

Coffee (ICE-US)-37,500 lbs.; cents per lb.

July 112.00 112.00 112.00 112.15 -2.15 84

Sept 117.05 117.30 115.35 115.75 -1.70 153,710

Sugar-World (ICE-US)-112,000 lbs.; cents per lb.

July 11.73 12.02 11.73 11.88 .16 22,468

Oct 12.08 12.34 12.08 12.25 .20 509,776

Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.

Sept 25.51 -.06 2,159

Nov 25.82 -.03 1,579

Cotton (ICE-US)-50,000 lbs.; cents per lb.

July 85.65 85.65 85.15 84.93 -.82 286

Dec 84.96 84.96 83.48 83.55 -1.32 181,213

Orange Juice (ICE-US)-15,000 lbs.; cents per lb.

July 158.45 159.40 157.40 159.30 1.90 1,268

Sept 160.35 161.75 159.00 160.45 .10 11,133

Contract

Open High hilo Low Settle Chg Open interest

Currency Futures

Japanese Yen (CME)-¥12,500,000; \$ per 100¥

July .9096 .9096 .9049 .9049 -.0037 464

Sept .9121 .91

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.**Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.****Thursday, June 28, 2018****Net****Stock Sym Close Chg****A B C****ABB ABB 21.45 -0.03****ADT ADT 8.42 -0.45****AES AES 13.51 0.27****Aflac AFL 43.21 -0.20****AGNC Inv AGNC 18.76 0.32****ANGI Homesvc ANGI 15.06 0.15****Ansys ANSS 172.91 0.57****ASML ASML 193.58 -0.32****AT&T AT 32.19 0.54****AbbottLabs ABT 61.27 0.78****AbbVie ABV 92.43 0.92****Abiomed ABMD 413.94 0.30****Accenture ACN 1650 9.16****ActivisionBlitz ATVI 76.01 2.59****AdobeSystems ADBE 239.81 2.13****AdvanceAuto AAPL 135.1 0.73****AdMicroDevices AMD 15.31 0.34****Aegon AEG 5.85 0.02****AerCap AER 54.02 0.10****Aetna AET 185.36 -3.46****AffiliatedMngs AMG 151.43 1.63****AgilentTechs AII 61.29 0.91****AgnicoEagle AEM 44.57 0.41****AirProducts APD 156.03 0.87****AkamaiTech AKAM 72.48 0.02****AlaskaAir ALK 60.33 0.32****Albemarle ALB 93.64 2.59****Alcoa AA 44.67 0.73****AlexandraEst AFE 126.34 2.45****AlexionPharm ALXN 121.66 -0.18****Alibaba BABA 188.38 3.36****AlignTech ALGN 343.80 1.02****Alkermes ALKS 40.80 0.24****Allegany Y 580.52 6.72****AlliGen All LE 77.18 -0.21****Allergan AGN 168.50 1.98****AllianceData ADS 235.56 5.71****AlliancEnergy LNT 42.36 -0.05****Allstate ALL 91.35 1.04****AllyFinancial ALLY 25.71 0.46****AlnylamPharm ALY 97.17 1.10****Alphabt C GOOG 1112.40 2.02****Alphabt A GOOG 1126.78 9.84****AlticeUSA ATUS 16.57 -0.49****Altia MIO 57.29 1.30****AmericaMovil AMX 16.70 0.32****AmericaMovil A MOV 16.60 0.31****AmericaWaterWorks AWK 85.51 -0.23****Ameriprise AMP 138.49 1.03****Americorbsn ABC 86.10 -3.72****AmHomesRent AMH 22.25 0.24****Alig AG 53.23 0.35****AmerTowerReIT AMT 144.29 0.91****AmerWaterWorks AWK 85.51 -0.23****Ameriprise AMP 138.49 1.03****Americorbsn ABC 86.10 -3.72****Amtek Tech ATIV 71.71 0.20****Amgen AMGN 183.34 -0.19****Amphenol APH 87.06 0.79****AnadarkoPetrol APC 73.58 -0.75****AnalogyDevs ADI 95.95 -0.55****Andeaavor ANDR 130.26 0.38****AndeaovLog ANDX 41.95 -0.10****AB InBev BUD 99.17 1.43****Antennapulg NYL 10.40 0.17****AnteroResources AR 21.30 0.22****Anthemm ANTM 29.27 -0.04****Apptv APTV 94.09 0.37****AppitvGroup APPG 94.09 0.41****AppitvGroup APPG 94.09 0.41**

BANKING & FINANCE

SEC Acts to Approve ETFs Faster

Regulatory overhaul stands to streamline the process for clearing new products

BY ASJYLYN LODER
AND GABRIEL T. RUBIN

The exchange-traded-fund market is getting a regulatory overhaul that is likely to grease the wheels for the approval of new products.

On Thursday, the Securities and Exchange Commission proposed rules for the rapidly growing \$3.5 trillion ETF industry to replace a system that relies on narrow exemptions to rules written nearly 80 years ago.

Market participants hope industrywide guidelines, once they are in place, will make it easier for companies to offer new ETF products to investors.

Since ETFs were introduced in the 1990s, the industry has relied on individual exemptions to securities laws for approval of new products, a makeshift process that has



Jay Clayton's SEC aims to speed approval for common products.

given older participants advantages over newer entrants.

"Governing the space by exception has worked well enough for almost 30 years, but it's time to put a stop to it," said Ben Johnson, head of global ETF research for Morningstar Inc.

Under the proposed process, common ETF products, such as an S&P 500 index ETF,

would receive streamlined SEC approval.

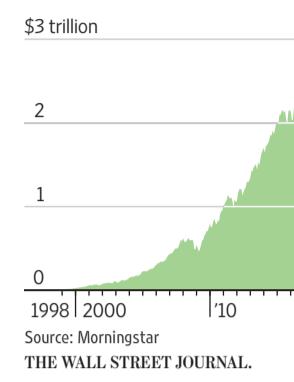
The rule would apply only to ETFs that disclose full portfolio holdings each day and doesn't cover funds that use leverage to amplify gains and losses.

The proposed rules wouldn't open the floodgates to esoteric and potentially riskier products that have long

Explosive Growth

The exchange-traded fund industry, long a regulatory orphan, will get rules of its own.

U.S. ETF assets



Source: Morningstar

THE WALL STREET JOURNAL

handful of exemptions have been granted, said Ed Baer, an attorney with Ropes & Gray. There have been hundreds of exceptions for ETFs so far, and they still don't have a regulatory framework of their own, he said.

The SEC first proposed an ETF rule a decade ago, but deliberations were derailed by the financial crisis. Since then, the industry has grown from a financial backwater with less than \$1 trillion in assets into a behemoth with more than 2,000 products that invest in everything from Argentine debt to derivatives on Wall Street's fear gauge.

The decades of tailor-made exceptions have given some industry participants a competitive edge, specifically when it comes to portfolio management. Most investors never notice these behind-the-scenes mechanics, but it is an important part of how the ETF market works.

The proposal will soon open for a 60-day public comment period, after which the SEC will consider a final rule.

Oil-Patch Lawyer Faces Arrest

BY RYAN DEZEMBER

Texas authorities are seeking to charge a prominent oil-patch lawyer with a felony, according to a criminal complaint that alleges he fled the scene of a boat wreck that left three of his partners hospitalized.

A judge signed a felony arrest warrant last Thursday for Douglas McWilliams, a partner at Houston law firm Vinson & Elkins LLP but recalled it a day later. Mr. McWilliams's lawyer said he requested the recall to allow him to persuade prosecutors that charges aren't justified. The Travis County District Attorney's office said it was unable to comment on a "pending matter."

Detectives from the Texas Parks & Wildlife Department, which filed the complaint and the arrest warrant, say they have been investigating the incident since May 10, when they and several other law-enforcement agencies, paramedics and firefighters were called to a late-night boat crash at Lake Travis, a man-made reservoir on the Colorado River outside Austin.

Mr. McWilliams and investigators agree on several facts: that he had been steering his 23-foot power boat with five of his law partners aboard when it slammed into a rocky peninsula called Graveyard Point; that he wasn't present at the crash site when rescuers arrived; and that he turned up about five hours later, just before 4 a.m., ringing the gate buzzer at a nearby estate asking for help.

In a sworn statement that his lawyer said he has shared with prosecutors in hopes of staving off an arrest, Mr. McWilliams said he left the wreckage to find help, became disoriented, fainted from the

Thanks to shale, V&E has become one of the largest law firms in the U.S.

pain of a shoulder separated when he was thrown from the boat and was menaced by "what sounded like a very vicious sounding dog" before he found the call box. He said he was unaware of how much time had passed since he had set off.

In their own sworn statements, some of his law partners present at the lake that night said they feared in the moment that he was dead.

Investigators said in their criminal complaint that they, too, believed the situation grave, and the helicopter summoned to fly two of the injured lawyers to an Austin hospital was diverted to first look for Mr. McWilliams. Another helicopter, equipped with a spotlight and thermal-imaging gear, joined rescue boats and 16 flashing police cars in the search, investigators said.

"It's ridiculous and insulting to me to suggest that I'd run and hide while my colleagues were suffering in an attempt to avoid responsibility for anything," Mr. McWilliams said.

"The facts as we understand them do not support this attempt by the Texas Parks and Wildlife Department to obtain an arrest warrant," a Vinson & Elkins spokesman said. "We are fully supporting Doug and all of our attorneys involved in this unfortunate accident."

Founded in 1917 at the dawn of the oil era in Houston, V&E has become one of the country's largest and most profitable firms thanks to the U.S. shale boom. Mr. McWilliams, 48 years old, is a top earner at V&E, whose senior lawyers routinely rake in multimillion-dollar paychecks, according to people familiar with the matter.

He leads a team of lawyers who advise wildcatters, rig owners and others on stock offerings and bond deals. Last year, he worked on two of the oil industry's biggest mergers.

New York Fines Insurer Athene

BY NICOLE FRIEDMAN

New York financial regulators on Thursday fined **Athene Life Insurance Co. of New York** \$15 million for not providing required information to about 15,000 life-insurance policyholders from 2015 to 2017.

The violations occurred after First Allmerica Financial Life Insurance Co., a unit of **Global Atlantic Financial Group**, agreed to administer many of Athene's life-insurance policies in 2013. FirstAllmerica also provided reinsurance for the policies.

The types of policies affected included universal life, whole life and term life.

As part of Thursday's agreement, First Allmerica also agreed to make remedial efforts totaling about \$40 million, including waiving some back premiums or extending payments for policyholders who didn't receive notices, New York's Department of Financial Services said.

"Insurers who outsource their responsibilities to third parties are still responsible to meet all of their obligations under the law," said New York Financial Services Superintendent Maria T. Vullo in a statement.

According to the consent order, Athene failed to mail notices about premium due dates for a total of \$81 million in premiums, among other violations.

"Athene has a strong commitment and track record of providing high quality service to its policyholders and will continue to work with [First Allmerica] as the remediation matters are implemented," Athene said.

"We are doing everything possible to ensure policy owners' interests are protected," Global Atlantic said.

Do-Gooders, Expect Not To Do Well

Continued from page B1
one of the many indexes based on ESG scores.

Lower stock prices mean a higher cost of capital for the company, which should hurt. But cheaper shares in the same business mean buyers should expect higher returns in future than they did before. If the do-gooders are successful in driving down stocks, the new shareholders in the badly behaved business should outperform, and the do-gooders underperform.

So far so theoretical. The reality is more complex.

Rebecca Henderson, a professor at Harvard Business School, points out that management teams persuaded to pay attention to environmental factors have

Couple's Charity Lends to Business Ties

BY ANDREA FULLER

For the past few years, billionaire couple Stewart and Lynda Resnick's charitable foundation has pursued an unusual investment strategy: lending millions of dollars to the pair's business associates.

In 2016, the foundation reported \$50 million in outstanding loans to two companies whose owners supply nuts to the couple's pistachio empire, according to interviews and the charity's latest available tax filings.

The Resnicks own the privately held Wonderful Company, the nation's largest grower of tree nuts, including pistachios. The Los Angeles company also packages pomegranate juice, citrus fruits and bottled water.

The couple founded the Resnick Foundation two decades ago. Mr. Resnick was president of the organization, Ms. Resnick was chairwoman, and four senior officials at Wonderful were officers in 2016, filings show.

The loans in 2016 made up 88% of the foundation's total assets, according to its filings.

Federal tax law doesn't expressly address whether foundations, tax-exempt and set up with charitable missions, can lend money to their officers' business associates. The organizations are barred from lending money to companies owned by their officers or benefactors, under a federal law that bars self-dealing. Experts, including former state and federal charities regulators, were divided as to whether loans to companies that do business with a charity's insiders should be allowed under that law.

One expert said such transactions could be a form of indirect self-dealing because it enhances the businesses' ties to the lenders. Another tax attorney said foundations may be legally allowed to lend money to people who have business ties to their officers as long as the interest is market-rate and the terms are reasonable.

A representative for the In-



The Resnicks own Wonderful Company, a large tree-nut grower.

ALEX J. BERLNER/ABIMAGES/ASSOCIATED PRESS

ternal Revenue Service said the agency doesn't comment on individual tax cases.

Private foundations seldom make loans. About 3% of foundations reported any notes or loans receivable on their balance sheets, The Wall Street Journal found in an analysis of more than 60,000 fiscal-year 2016 foundation tax returns filed in electronic form. Most foundations were owed less than \$100,000, and some of the amounts reported were notes receivable donated to foundations by estates.

A schedule on the Resnick Foundation's tax filings says the loans to the two companies have a 0% interest rate, but a person familiar with the matter said that figure is erroneous. Rather, the foundation made the interest-bearing loans, which are due within a year, as part of a low-risk investment strategy. The 0% figure was generated by

the tax-preparation software the foundation used because the interest-rate field was left blank, he said.

Farid Assemi, president of **Assemi Brothers LLC**, which received one of the outstanding loans from the foundation, said the company pays interest at 1.44 percentage points above the one-month Libor rate. That would mean it is paying interest at about 3.5%, based on the one-month Libor rates posted in June 2018. That is lower than the prime rate, a benchmark rate for commercial-bank lending to top clients, which is 5%.

The foundation began lending to Assemi Brothers in 2014, filings show. It owed \$45 million in 2016. Mr. Assemi said the company, which he founded with his two brothers, is an investment vehicle for their farming and real-estate assets.

"The foundation is lending the money to us, because

comes out ahead.

Linda Eling-Lee, global head of ESG research at MSCI, says the aim of its ratings is to highlight financially relevant risks; FTSE, by contrast, is more focused on helping investors change corporate behavior. Ms. Eling-Lee points to a study by fund manager AQR showing that companies lowly ranked by MSCI have had higher volatility. But the same study found those companies also had higher returns, backing up the idea that this risk comes with rewards.

Eoin Murray, head of investment at London's Hermes Investment Management, says a company's direction of travel is more important for stocks than how well it scores today. Hermes produces its own scores and tries to buy companies that are improving on ESG issues. "Those at a high level already, you could say that the ESG is priced in," he said.

For all its flaws, the focus on ESG by many of the larg-

est institutional investors raises the profile of the issues with company boards—the people who have perhaps the most behind-the-scenes political power. ESG's best chance of changing the world may be through this form of long-distance lobbying, not by making it more expensive for the corporate sinners to access capital markets.

For some of the world's biggest, most long-term investors, the true aim is to avoid risks that could break capitalism, whether because of environmental or social catastrophe.

"Some people think [ESG] is a risk factor," says Hiro Mizuno, who manages the world's biggest pension fund, the \$1.5 trillion Government Pension Investment Fund of Japan. "Some people think it is an alpha [outperformance] issue, some people think it is a policy issue. I really don't care—we just need to avoid systemic failure of the capital markets."

Fuel for Gains

Coal stocks are often the target of environmental groups. They have beaten the wider market over the past 12 months and in the long term.

Total return since January 1973



Note: Datastream indexes, monthly data

Source: Thomson Reuters Datastream

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its supply chain, not at its products. An alternative scoring system used for a FTSE index includes "green" revenue, on which Tesla

revenue, on which Tesla

MARKETS

India Rupee Hits Lowest Level Ever

By DEBIPRASAD NAYAK

MUMBAI—The Indian rupee weakened to a new low against the dollar, driven by concerns that rising oil prices will undermine the country's strong economic fundamentals.

The Indian currency broke through 69 to the dollar for the first time **CURRENCIES** on Thursday to touch an intraday record low of 69.09. The previous record, 68.90, was set in 2016.

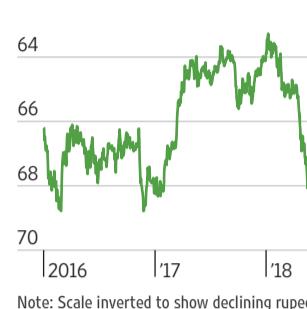
While most currencies have been losing ground against the dollar, the rupee's 8% slide in 2018 makes it Asia's worst-performing currency. Among other emerging markets, only Argentina, Brazil, Russia, Turkey and South Africa have performed worse.

India is the world's fastest-growing large economy in recent quarters, but the continued climb of oil prices could change that, so many investors are lowering their exposure to its currency.

"I never thought the rupee would go down to this level," said Madan Sabnavis, chief economist at Care Ratings. "The fundamentals aren't

On the Ropes

How many Indian rupees one U.S. dollar buys



Note: Scale inverted to show declining rupee
Source: WSJ Market Data Group

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great at this point of time."

Oil prices rose to their highest level in more than three years this week, as the U.S. said it would put sanctions on countries that don't reduce oil imports from Iran, India's third-largest crude-oil supplier after Saudi Arabia and Iraq.

Asia's third-largest economy is particularly vulnerable to the fluctuation in oil prices because it imports 80% of its energy needs. The country's current account and budget deficits are likely to widen this



The rupee broke through 69 to the dollar for the first time Thursday. Its 8% slide in 2018 makes it Asia's worst-performing currency.

year, fueled by the higher cost of oil imports. Meanwhile, higher gas prices hit Indian consumers at the pump.

Oil prices could even have an impact on the relatively stable political outlook of India. Prime Minister Narendra Modi's party had been expected to easily win national elections scheduled for early next year. But if oil prices lead to less growth and higher inflation, the party may struggle, since it campaigned on the promise of building a bet-

ter economy.

Foreign investors have already sensed these problems and are leaving Indian debt. For the current year they have been net sellers of \$6 billion in Indian debt, including \$1.6 billion this month. Last year they were net buyers of \$23 billion.

The rupee has been sliding despite central-bank efforts to prop it up and attract investment. Earlier this year, the Reserve Bank of India increased corporate-bond investment lim-

its and relaxed rules for foreign owners of government bonds.

The rupee regained some ground against the dollar to end trading in India back below 69 rupees to the dollar, but the pressure on the currency is likely to continue amid global uncertainty about how growing trade friction and rising lending rates around the world will evolve, said Dushyant Padmanabhan, a currency strategist at Nomura.

Optimists say the Indian currency probably doesn't

have much farther to fall.

Investors are reassessing their outlooks on India but even with rising oil prices, it is in much better shape than in 2013, during the so-called taper tantrum, when it was labeled one of the "fragile five" emerging-market currencies, said Shilan Shah, senior India economist at Capital Economics. Today, India has a much thicker cushion of foreign-exchange reserves and a much lower current-account deficit, he said.

Investors Buy Protection on Yuan

By CELSEY DULANEY

highest levels since February, when global markets plunged on U.S. interest-rate fears.

The ramp-up in protection demand comes as the yuan has fallen around 2% this week against the dollar in offshore markets, as investors fear economic fallout from the intensifying trade spat with the U.S.

Some analysts also worry that Beijing will attempt to offset the impact of tariffs by devaluing the yuan, a move that could boost its exports but set off a chain of competitive devaluations as other countries in the region also

look to protect their trade positions. The cost of protecting against yuan volatility hasn't yet reached levels of August 2015, when China unexpectedly devalued the yuan and sent markets world-wide tumbling.

The one-week implied volatility on the offshore yuan option stood at 7% on Thursday, according to Thomson Reuters data, well below the peak of 14% in August 2015.

And the cost of protecting against swings in other Asian currencies, such as the South Korean won and Singapore dollar, haven't

sharply, suggesting that worries over whether the yuan's decline will spill over onto other currencies remain muted.

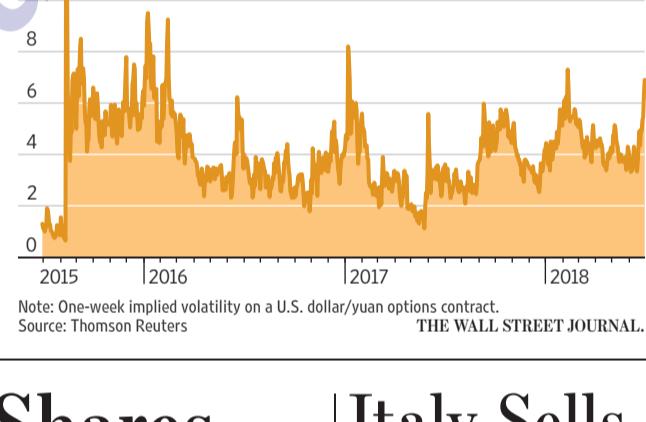
One reason to remain calm: The Chinese central bank appears to be intervening in the market to moderate the yuan's slide, a sign that policy makers are trying to avoid capital outflows similar to those that followed the 2015 devaluation.

"This tells me that the way the Chinese are approaching this [is] much more gradually," Mr. Bechtel said. "It's not a one-off shot like it was the last time."

Bracing for Swings

A measure of expected volatility in the offshore Chinese yuan has risen.

One-week implied volatility on a U.S. dollar/yuan options contract



Note: One-week implied volatility on a U.S. dollar/yuan options contract.

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Stocks Stage a Late Rally, Led by Tech Shares

By AKANE OTANI

U.S. stocks rebounded in a broad afternoon rally, chipping away at their midweek losses.

Major indexes wobbled out of the gate as investors struggled to gauge the direction of trade policy between the world's two biggest economies, but they

then regained ground in the last hour of the session.

The moves lifted all but two of the S&P 500's 11 sectors for the day, helping major indexes pare steep declines accrued earlier in the week.

Stocks have struggled for direction as the U.S. government has taken a more aggressive stance toward China, imposing tariffs on its exports and suggesting it may impose new restrictions on Chinese investment.

Some investors and analysts fear that escalating tensions could lead to restrictive trade policies across the world that

investment strategist at Robert W. Baird & Co. He added that he is more concerned about other risks like tightening monetary policy and potential headwinds from a strengthening dollar.

The Dow Jones Industrial Average added 98.46 points, or 0.4%, to 24216.05, reversing course after sliding as many as 120 points earlier in the trading session. The S&P 500 added 16.68 points, or 0.6%, to 2716.31 and the Nasdaq Composite advanced 58.60 points, or 0.8%, to 7503.68.

Technology stocks bounced back from their Wednesday losses, helping lead major indexes higher. **Accenture** jumped \$9.16, or 5.9%, to \$164.50 while **Take-Two Interactive** added 4.10, or 3.6%, to \$118.06.

Financial stocks rose as the yield on the benchmark 10-year U.S. Treasury note edged up to 2.849% from 2.827% Wednesday. Higher rates tend to boost banks' net interest margins, a key measure of lending profitability.

Morgan Stanley added 1.10,

or 2.3%, to 48.29 and **Citigroup** added 1.42, or 2.2%, to 66.88.

Pharmacies and package-delivery firms were pressured by **Amazon.com**'s latest ventures into the shipping and health-care industries.

The e-commerce giant said Thursday that it is buying online pharmacy PillPack, as well as encouraging entrepreneurs to form small delivery companies to carry packages to consumers' doors.

CVS Health shed 4.27, or 6.1%, to 65.78, while **United Parcel Service** and **FedEx** fell more than 1% apiece.

Elsewhere, the Stoxx Europe 600 slid 0.8%, weighed down by declines in the technology sector. The Shanghai Composite closed at its lowest level in more than two years, while South Korea's Kospi Composite Index fell to its lowest level since May 2017. Early Friday, the Shanghai Composite was down slightly, while the Kospi was down a further 0.4%.

—Jon Sindreu contributed to this article

Italy Sells Bonds, but Caution Still Reigns

By EMESE BARTHA

Italy sold €6.5 billion (\$7.51 billion) of sovereign bonds on Thursday at costs much lower than May's peak, when Italian debt was at the center of that month's global selloff.

But Rome is still paying more for borrowing than it did before Italian politics triggered May's turmoil. Then, concerns around the prospect of an euroskeptic government sent the country's two-year bonds to their worst trading day since records began in 1989, with yields jumping to 2.1% from 0.8%.

On Thursday, Italy paid a return of 1.82% to sell five-year bonds, known as BTPs, down half a percentage point from the auction on May 30. It also sold 10-year bonds at a yield of 2.77%, down from 3% a month ago.

But analysts say don't fixate on the falling borrowing costs. "The new Italian government will learn the hard way that it takes [a long time] to build confidence, but it can be lost very rapidly," said Jan von Gerich, chief strategist at Nomura. "In fact, the auction was far from strong despite relatively modest issuance targets, and yields remain far higher than just a few months back."

While Italy's treasury was able to sell the amount it wanted to, demand was soft. Bid-to-cover ratios, a gauge of investor appetite, were around 1.3 for each bond, and would typically be somewhat higher.

Compared with Spain, it is clear that investors remain cautious on Italy. Spain sold €7 billion in a new 10-year bonds earlier this week at a yield of 1.457%.

On the Rebound

Bank shares rose as government bonds weakened, sending U.S. Treasury yields higher.



dent global growth.

Still, others maintain that much of the back-and-forth between Washington and Beijing appears to be posturing for now—and that the odds of a full trade war breaking out remain slim. U.S. growth still looks

strong, especially compared with economic growth elsewhere, something that should help support further gains in the nine-year bull market, analysts say.

"For the most part we think a lot of what we've seen has been noise," said Bruce Bittles, chief

investment strategist at Robert W. Baird & Co. He added that he is more concerned about other risks like tightening monetary policy and potential headwinds from a strengthening dollar.

The Dow Jones Industrial Average added 98.46 points, or 0.4%, to 24216.05, reversing course after sliding as many as 120 points earlier in the trading session. The S&P 500 added 16.68 points, or 0.6%, to 2716.31 and the Nasdaq Composite advanced 58.60 points, or 0.8%, to 7503.68.

Technology stocks bounced back from their Wednesday losses, helping lead major indexes higher. **Accenture** jumped \$9.16, or 5.9%, to \$164.50 while **Take-Two Interactive** added 4.10, or 3.6%, to \$118.06.

Financial stocks rose as the yield on the benchmark 10-year U.S. Treasury note edged up to 2.849% from 2.827% Wednesday.

Higher rates tend to boost banks' net interest margins, a key measure of lending profitability.

Morgan Stanley added 1.10,

BY ORLA McCAFFREY

U.S. government-bond prices fell Thursday as stocks rose and concerns over trade tensions eased.

The yield on the benchmark 10-year U.S. Treasury note rose to 2.849% compared with 2.827% Tuesday.

Yields rise as bond prices fall.

"The move is consistent with the idea that things might take a turn for the better on the trade front," said Ian Lingen, head of U.S. government bond strategy at BMO Capital Markets. "But volumes are relatively low, so there's a limited amount of conviction behind the move."

product showed economic growth was slower at the start of 2018 than previously reported.

The bond market will continue paying attention to the

direction of currencies, specifically the Chinese yuan and others from emerging markets after their recent slips against the dollar, said John Briggs, head of strategy for Americas

at RBS Securities.

"The bond market is looking at protectionism and trade risks and their potential spillover through the currency lens," Mr. Briggs said.

U.S. Schedules Sales of \$125 Billion in Debt Next Week

The U.S. Treasury Department will auction \$125 billion in securities next week. Details (all with minimum denominations of \$100):

◆ **Monday:** \$35 billion in four-week bills, a reopening of an issue first sold on Feb. 1, 2018, maturing Aug. 2, 2018. Cusip number: 912796PS2.

Also, \$48 billion in 13-week bills, a reopening of an issue first sold on April 5, 2018, maturing Oct. 4, 2018. Cusip num-

ber: 912796QB8.

Also, \$42 billion in 26-week bills, a reopening of an issue first sold on Jan. 4, 2018, maturing Jan. 3, 2019. Cusip number: 912796PK9.

Noncompetitive tenders for the 13-week and 26-week bills must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m. For the four-week bills, the deadlines are noon and 1 p.m., respectively.

AUCTION RESULTS

Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

SEVEN-YEAR NOTES	

<

MARKETS

Energy Topples Technology as Top Sector

BY DANIELLE CHEMTOB

Energy stocks are on pace to be the best-performing group in the S&P 500 this quarter after oil prices broke through \$70 a barrel, a level they have struggled to reach and stay above for almost four years.

Energy companies have rallied 12%—and are poised for the biggest quarterly gain since 2011 and to be the top sector out of the 11 in the S&P 500. The broader equity gauge is on course to eke out a 2.9% gain in the second quarter.

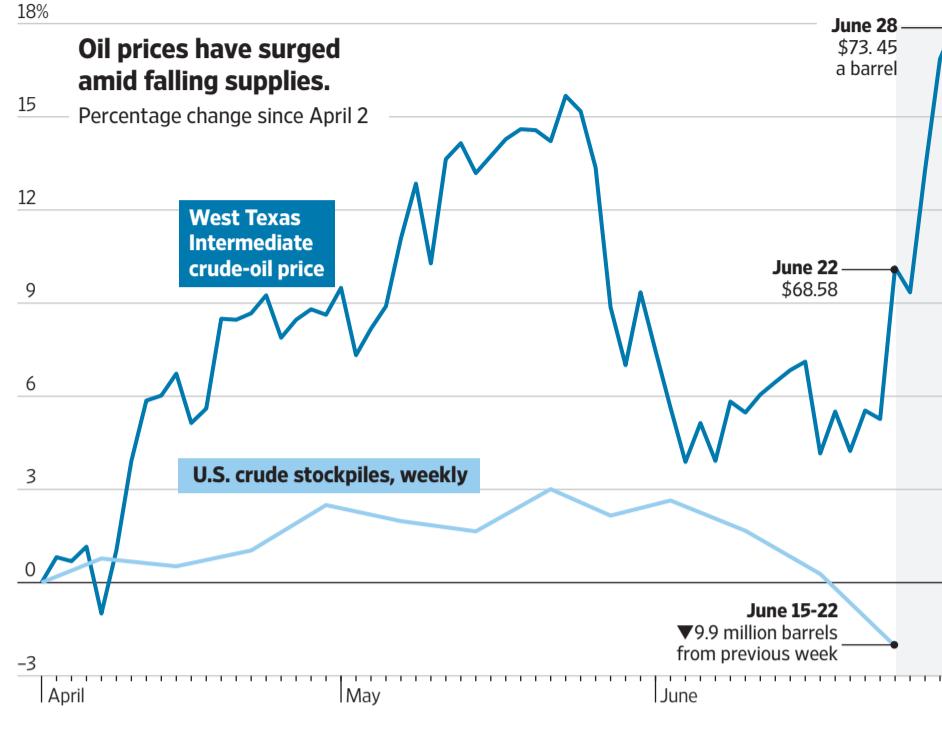
Oil prices have jumped amid signs of falling global supply. This week's move higher in crude comes after the Organization of the Petroleum Exporting Countries reached an agreement last Friday to increase global production by an amount below what many had expected. The decision sent oil prices surging 6.1% over four days.

Harsh rhetoric from the Trump administration on Iran sanctions also lifted prices this week, while production from Venezuela has been plummeting for months as the country sinks deeper into economic turmoil. Stockpiles in the U.S. have also drained. On Wednesday, the U.S. Energy Information Administration reported a 9.9-million-barrel decline in crude inventories last week, the biggest weekly drop since September 2016 and more than triple the amount that analysts had predicted.

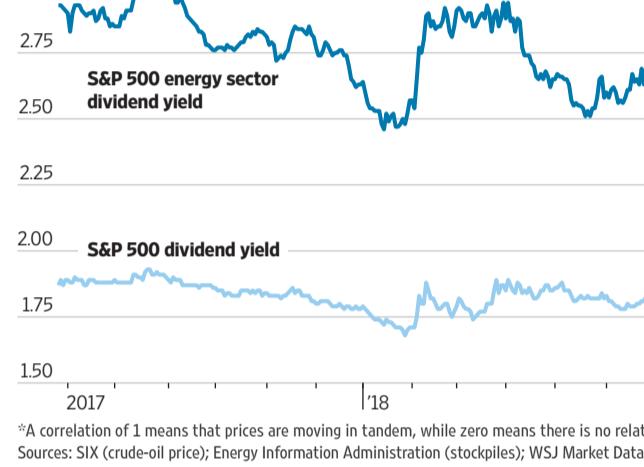
West Texas Intermediate, the benchmark for U.S. crude, rose 0.9% to settle Thursday at \$73.45 a barrel, the highest level since November 2014. Brent, the global benchmark, climbed 0.3% to \$77.85. The energy sector's performance has historically been linked to the price of oil.

"The pendulum has swung," said Bill Costello, senior portfolio manager at Westwood Holdings Group. Investors went from being "not willing to touch [energy]" to being bullish."

Energy hasn't been the S&P



Energy stocks are handing investors higher dividends than the S&P 500.

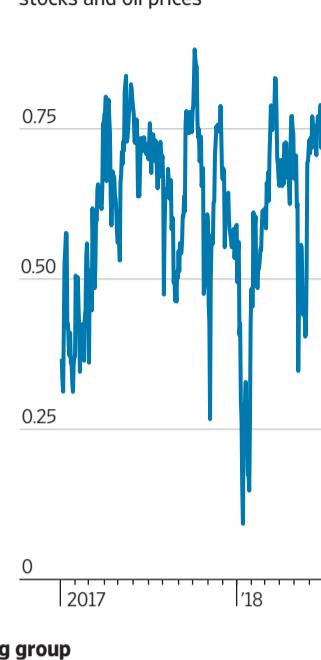


*A correlation of 1 means that prices are moving in tandem, while zero means there is no relationship.

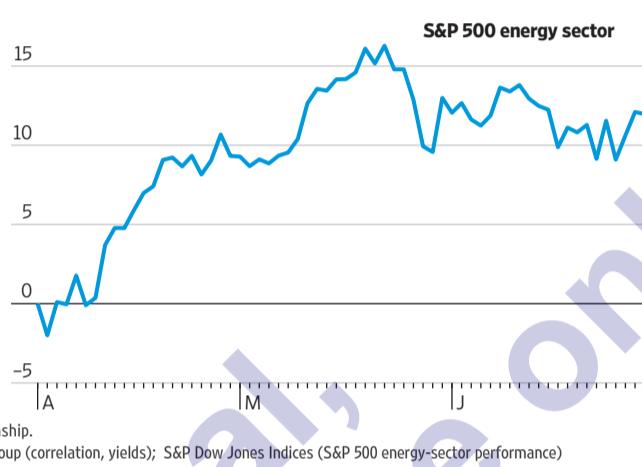
Sources: SIX (crude-oil price); Energy Information Administration (stockpiles); WSJ Market Data Group (correlation, yields); S&P Dow Jones Indices (S&P 500 energy-sector performance)

Energy shares have historically been closely tied to oil prices.

Correlation between energy stocks and oil prices*



The sector is the best-performing group in the S&P 500 in the second quarter.



the U.S. and China, the world's two biggest economies, could hurt global energy demand.

Federal Reserve Chairman Jerome Powell said this month that businesses were increasingly expressing concerns to the central bank about how a trade war might affect plans for investment and hiring.

Investors have preferred some energy companies over others. Petroleum refiner **HollyFrontier Corp.** has rallied 37% this quarter. Refiners tend to be better insulated from swings in oil prices. Meanwhile, shares of **Concho Resources Inc.**, a major producer in the Permian Basin, have declined 8.4% this quarter as bottlenecks such as congested pipelines weigh on regional crude prices.

"People are being very selective of the energy names they want," said Mr. Costello.

Nonetheless, given the fresh highs in oil prices, analysts expect a strong earnings season from energy companies. The group has seen the largest increase in earnings estimates out of any sector since the start of the quarter, according to analysts surveyed by FactSet. Twenty-two of the 31 companies in the group had an increase in their average earnings estimate.

Energy companies also have boosted their dividends this year. Investors in the S&P 500 energy sector earn a 2.62% dividend, according to FactSet data as of Wednesday, compared with a 1.84% rate for the S&P 500 as a whole.

While bond yields have risen as the Fed has increased interest rates, diminishing the lure of dividend-yielding stocks, many of these energy companies are still attractive to income-seeking investors, said JJ Kinahan, chief market strategist at TD Ameritrade Holding Corp.

Traders are "trying to figure out how to position those stocks in the face of all these factors changing quickly," Mr. Kinahan said.

Imports, but the broader ramifications for energy demand are a bigger concern for investors, said Quincy Crosby, chief market strategist at Prudential Financial Inc.

"The question becomes how much of a slowdown we're going to see, if any," Ms. Crosby said. "That also translates into how much energy use we'll see."

Oil producers and pipeline operators are considered cyclical companies, meaning they are sensitive to economic conditions and their businesses tend to ramp up when growth is robust. A trade war between

China and the U.S. could lead to higher energy imports, which would put upward pressure on oil prices. However, the broader economy's health will also impact energy demand.

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HEARD ON THE STREET

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Stress Tests Aren't Reassuring

Special Consideration

Goldman Sachs's and Morgan Stanley's leverage ratios fell below the minimum 3% in the Fed's stress test.

Supplementary leverage ratio after capital return in the severely stressed scenario



Source: Federal Reserve

lion over four quarters from \$5 billion in the prior four.

For Goldman Sachs, the Fed's formula is more forgiving: The lender had already slowed payouts in response to a large tax write-down at the end of last year. Taking the average over a two-year period means they can now raise payouts somewhat.

Goldman said it would buy

back \$5 billion of stock over the next four quarters, up from \$4.56 billion in the prior four.

That isn't a terrible outcome, though it may be a bit less than shareholders were expecting.

Shares of the two banks

were little changed in after-hours trading, while rivals **Citigroup**, **Wells Fargo** and **JPMorgan Chase** rose

sharply on announcements of higher payouts.

The Fed could have been far harsher with Goldman Sachs and Morgan Stanley. The two banks will still see their capital fall below the minimum levels in the most-stressed scenario, suggesting the Fed has made something of a special exception. The Fed explained that the banks took one-time losses related to tax changes, which don't reflect their ability to operate under stress.

Shareholders in the two banks can be relieved at this, but still shouldn't take this episode too lightly. There were apparently large differences between these institutions' own models and those of the Fed, which resulted in a botched stress-test process. The stress tests were designed to restore trust in the banking system. The gaps between the conclusions reached by the banks and their regulator don't instill confidence.

—Aaron Back

Amazon's Strategy Is Making Pharmacies Ill

acquire **Express Scripts Holding**.

That shouldn't give shareholders of those companies too much comfort, though. There is no doubt about the scope of Amazon's ambition: Chief Executive Jeff Bezos joined with Warren Buffett and James Dimon this year to form a nonprofit company aimed at lowering healthcare costs for their employees. And now that Amazon owns a grocery store chain, it could supply medication through the mail as well as in retail stores.

The reaction was dramatic, but stock prices usually reflect investor expectations of today's value of future cash flows, so it may be appropriate.

Amazon's arrival introduces significant doubt about what the long-term future of the pharmacy business will look like.

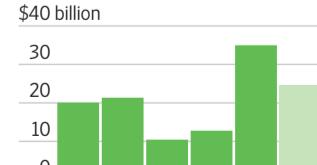
CVS and Walgreens trade at about nine times forward earnings, according to FactSet. That multiple was about 20 times just three years ago. After Thursday's news, their former valuations may soon seem like a distant memory.

—Charley Grant

Party Is Over for China Property Stocks

Shaky Foundation

Dollar-denominated bonds issued by Chinese property developers



Source: Dealogic

real-estate projects is now a no-no.

The sliding yuan has played a part in this decision. Beijing's crackdown on shadow banking starved many developers of funding domestically, so they turned

to the offshore debt market. Chinese developers have issued \$59 billion of dollar-denominated debt since the start of 2017, around one-quarter of the total from all Asian corporate issuers outside Japan, according to Dealogic.

A continued yuan decline would make it hard for these domestic-focused businesses to service their dollar liabilities.

Beijing might also be eager to tighten the funding taps for developers that have helped fuel a housing-market upswing that has lasted for three years.

The longer the rally lasts, the more it would breed complacency. Chinese households have already been

loading up on debt to buy property: Outstanding mortgages stood at \$3.5 trillion at the end of March, more than double the figure four years ago.

The combination of a housing market ripe for a pullback and a regulatory-driven funding squeeze spells trouble for developers. **China Evergrande's** shares have almost quadrupled since the beginning of 2017; its net debt has risen to \$88 billion in that time—one-quarter of it denominated in foreign currencies—equivalent to three times its equity. With such weak foundations, it seems unlikely Chinese property stocks can rise any higher.

—Jacky Wong

OVERHEARD

Will Germany's shock early exit from the soccer World Cup Wednesday afternoon hit German sports brand **Adidas**?

Adidas shares fell 2.7% Thursday, roughly twice as much as the wider German benchmark.

Chris Svezia at U.S.-based Wedbush Securities thinks the company's outlook is riskier now. The German football team is the most important one it sponsors: In the previous World Cup in 2014, which Ger-

many won, roughly three million of the nine million jerseys it sold bore the German colors.

Academics have found that local analysts in emerging markets tend to be more optimistic about their country's companies than foreign analysts.

Mr. Svezia is more bullish on **Nike**, which sponsors Brazil and France.

Maybe even analysts in developed markets are, like soccer fans, swayed by where they live.

Actor Rob Lowe asks
\$47 million for his
California estate **M16**



MANSION

'Now is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.'

—Winston Churchill

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

Friday, June 29, 2018 | **M1**

A New Life, a New House

Whether they're widowed, divorced or never married, women over 55 are launching their next chapter in a home of their own; a chance to 'start from scratch.'



MARK LIPCZINSKI FOR THE WALL STREET JOURNAL

FRESH START Leah Hoffman at her recently purchased home in Paradise Valley, Ariz. Divorced and with her children no longer at home, she says she wanted something smaller and easier to take care of, while also allowing her to 'move on.' She paid \$1.7 million for this 3,200-square-foot, two bedroom with a separate, one-bedroom casita near restaurants and shopping.

BY KATY McLAUGHLIN

LEAH HOFFMAN WAS looking for a house to start the next phase of her life. She doesn't need a lot of space, and being single, she only needs to please herself. She says she found exactly what she was looking for in a \$1.7 million home in Paradise Valley, Ariz., which she moved into in January.

The life phase Ms. Hoffman is starting? She is 60 and divorced, with grown children. She sold

a wealth-management firm she founded in 2007 and is now ready for something new. "I'm totally starting from scratch," she says. "I like change."

Since 1981, single women over 55 have been the fastest-growing demographic of home buyers when compared with a multitude of other categories, according to an analysis of U.S. Census Bureau data by Ralph McLaughlin, founder and chief economist at Veritas Urbis Economics in Alameda, Calif. Married couples are by far the largest group of home buyers, and single women the next largest group. But last year, single,

older women made up 8.2% of all home buyers, roughly double the percentage of 20 years ago, Mr. McLaughlin says. These women also buy homes at nearly twice the rate as their male counterparts.

There have long been many more older single women than men, reflecting the fact that men remarry at a higher rate after a divorce, as well as the fact that men generally die at younger ages. But the dramatic increase in home purchasing by older women speaks to something

Please turn to page M18

QUIETING THE HIGH-TECH HOME

INSIDE

The sounds from all the gadgets inside modern homes—from Amazon's Echo to internet-enabled refrigerators—are creating a state-of-the-art racket. Homeowners are hiring acoustical consultants to damp the din.

BY ALINA DIZIK

FORGET DROWNING OUT the neighbors. Homeowners today are battling a different kind of noise: the cacophony of pings and dings coming from all the gadgets inside their homes.

Internet-enabled, voice-activated "smart" devices have infiltrated homes, making it possible for people to adjust their bedroom temperature, turn on their oven or order a pizza merely by speaking the command. But talking and beeping devices, combined with other noise-emitting items like TVs, phones and iPads, have created a high-tech racket.

It's the opposite of the peaceful retreat many homeowners strive to create. "Homes have suddenly become more 'live,'" says Steve Haas, an acoustical consultant who works in luxury residences. "It emphasizes the need for better control."

Homeowners can try a number of ways to reduce noise. Among the less expensive, simpler options: buying sound-absorbing panels for



ADJUSTING THE VOLUME Terry Kearney installed sliding glass doors between the kitchen and a living area to reduce noise in his Los Altos Hills, Calif., home. He closes the doors to block noise when needed, or opens the doors to create a larger living space.

walls or ceilings, or sound-absorbing curtains or rug pads, and installing them

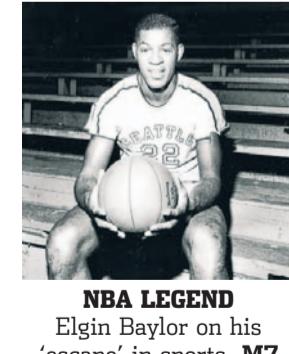
yourself. These panels can be found online for as little as \$50. Many window-treat-

ment manufacturers sell noise-reducing shades or curtains for \$50 to \$300.

At the higher end, homeowners can hire an "acoustical Please turn to page M4



HOST CITY
An English town's rowing moment **M5**



NBA LEGEND
Elgin Baylor on his 'escape' in sports **M7**



CLAD IN CLAY
Terra-cotta exteriors are on the rise **M6**

MANSION

PRIVATE PROPERTIES

Price of Connecticut Island Is Cut to \$120 Million

A private Connecticut island owned by the descendants of late baking-powder entrepreneur William Ziegler is returning to the market for \$120 million, or \$55 million less than its original asking price.

The home first went on the market in 2016 for \$175 million. "We felt a dramatic price adjustment would really renew the energy behind the listing," said listing agent David Turner of Houlihan Lawrence. Even after the 31% reduction it is still among the 10 most expensive homes currently on the market in the U.S., according to listings website Zillow.com.

Known as Great Island, the approximately 63-acre property is located on Long Island South, almost 50 miles outside New York City. It includes a deepwater dock and a sandy beach with a cove for swimming, according to Mr. Turner.

Mr. Ziegler was one of the founders of the Royal Baking Powder Company. He died in 1905. The main house, a nine-



HOULIHAN LAWRENCE (2)

bedroom stone structure with views of the sound from almost every room, has been vacant for close to 30 years and is in need of renovation. Other structures on the island include a Colonial home dat-

ing back to the 1800s, a stone caretaker's house, a carriage house and a seaside cottage.

Karl Ziegler, the 49-year-old great-grandson of William Ziegler, said he recalled visiting his grandmother's

house as a child. She was the last family member to live there full time.

"I remember going over there for dinners and being greeted at the door by butlers," he said. "It had a

Gatsby-esque kind of feel. There was a big roaring fire, multicourse dinners with finger bowls and sorbet between courses."

The property also has a working equestrian facility.

The 20-stall stable has an arched tile ceiling reminiscent to the one in Grand Central Terminal, and a riding arena. Mr. Ziegler's granddaughter Helen, who married Olympic show jumper William Steinkraus, was an avid equestrian before her 2012 death.

Karl Ziegler said the family is selling because all of the heirs have moved on.

The property was previously listed by David Ogilvy of David Ogilvy & Associates.

—Katherine Clarke

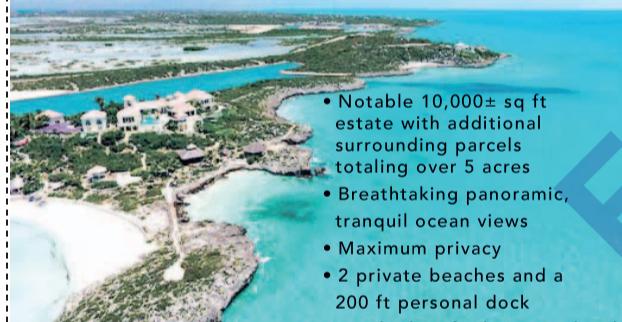
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TURKS & CAICOS PROPERTY



'LORD OF THE DANCE' RELISTS IRISH ESTATE FOR A THIRD LESS

Irish-American dancer Michael Flatley, the so-called "Lord of the Dance," is relisting his sprawling Irish country home for roughly \$14.5 million.

That marks a 36% reduction since Mr. Flatley put the home on the market in 2015. "I don't mind taking the cut because I spent 20 of the best years of my life in that house," said Mr. Flatley, who said he paid about \$4.6 million for the property in 1999 and then spent about \$35 million on a substantial renovation.

Known as Castle Hyde, the 1801 estate is located on the River Blackwater in rural County Cork. The home

is on 150 acres and is about 35,000 square feet. Amenities include a billiards room decorated in an African safari theme and an indoor

recreational complex with a swimming pool. Mr. Flatley said he hosted guests like Michael Jackson, who once offered to buy the home. He declined to sell at the time.

Mr. Flatley said he is selling because he is now based primarily in London, where his son attends school and where his business interests are mostly located.

David Ashmore of Ireland Sotheby's International Realty has the listing.

—Katherine Clarke



AIM HIGH: RHODE ISLAND ESTATE RETURNS FOR \$43.5 MILLION

In Newport, R.I., an estate on over 45 oceanfront acres is returning to market for \$43.5 million, making the property the state's priciest listing.

The estate was listed in 2013 for \$45 million, then taken off the market about two years later. If it sells for anywhere near its asking price, it would far surpass the current record, which was set by pop star Taylor Swift's \$17.75-million purchase in 2013, according to Jim Michalove of Seaboard Properties, one of the agents involved in that transaction.

The \$43.5 million property derives its value from



Actor Rob Lowe lists his sprawling, Virginia-inspired estate in Montecito, Calif. for \$47 million. M16

IRELAND SOTHEBY'S INTERNATIONAL REALTY; STEVEN SIEVERT/GETTY IMAGES (FLATLY); BOSTON VIRTUAL IMAGING (RHODE ISLAND)

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MANSION

BALANCE SHEET

In Portugal, Elegance Made Simple

An architect in Ourém took his design for prefab, affordable homes and added a sophisticated interior

BY J. S. MARCUS

IT LOOKS LIKE a doodle of a house that has come to life.

Portuguese architect Filipe Saraiva was tinkering with his plan of how to quick-build modular homes when he decided the simple silhouette also would be an ideal starting point for a luxurious villa.

The architect, now 45, came up with the design in 2010 as an efficient way to use the prefab concrete produced in his family's factory to build homes affordable for the typical household. Some five years later, when he bought a \$70,000, sloping 1-acre lot for his own home in the municipality of Ourém, he saw a chance to apply the design. He gave his 4,400-square-foot, two-story home three bedrooms, four bathrooms and a double-height, open-plan ground floor. It is located near his office, about 90 minutes north of Lisbon—and not far from the shrine of Fatima.

The simple shape belies a complex array of soaring spaces, interior vistas and secluded bedrooms, accented with quirky details, like cars visible from the dining room.

He shares the villa with his wife, Isabel Ribeiro, a 48-year-old teacher, and their two sons, José, 14, and Manuel, 12. The home took six months to build; the family moved in late 2016.

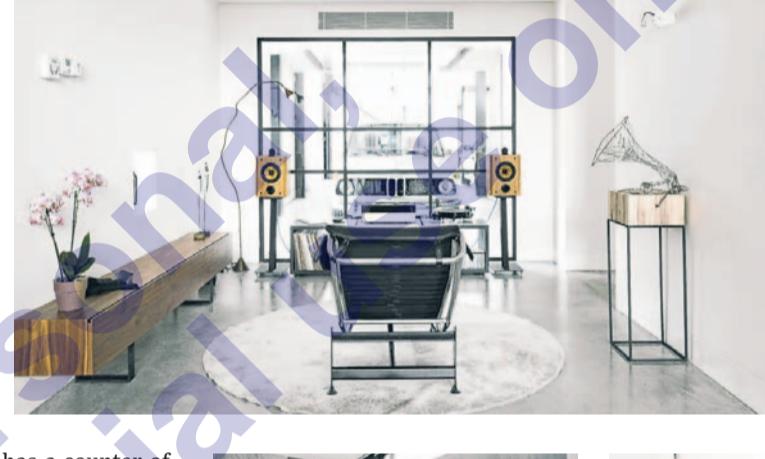
To date, the couple has spent about \$817,000 on their home. Next year, they plan to spend another \$29,000 on an indoor pool off the ground-floor master suite. Mr. Saraiva also has budgeted \$88,000 to convert a ramshackle farmhouse at the edge of his property into a guesthouse. That puts the total cost of the project at close to \$1 million.

Mr. Saraiva accentuated the home's dramatic upright-pentagon shape by elevating it over a ground-level crawl space. Prefab concrete slabs form the outer walls, but Mr. Saraiva improved the material by adding black pigment into the mix, then painting the tinted slabs black again. The result is a darkly shimmering surface that looks like stone or weathered steel.

They opted for gray concrete floors, at about \$37,000, but softened the atmosphere with a double-height wood patio at the front of the house. The home's wide-open southern exposure offers a direct view of Ourém's hilltop medieval castle, as well as added light. The soaring roof of the front deck, which tracks the silhouette of the house, gives shade in the summer, while allowing for the



FINE LINE The villa, above, is set off the ground to emphasize its shape. The simple exterior hides a quirky, individualized interior that features a glass wall between the garage and living space to show off a car collection, below right; a custom dining table that separates two sitting areas, bottom right; and an airy bathroom, bottom left. Below, Filipe Saraiva, his wife, Isabel Ribeiro, and sons, José, right, and Manuel.



lower winter sun to reach inside.

Mr. Saraiva created room-size atriums to bring in natural light, and allowed for more light through a translucent outer door and a transparent inner wall in his attached four-car garage. The glass garage wall also lets Mr. Saraiva, a car lover, keep his collection on view. It's possible to relax in certain rooms while appreciating a Porsche 911 Carrera S, an Alfa Romeo Stelvio SUV, and a vintage BMW 1602.

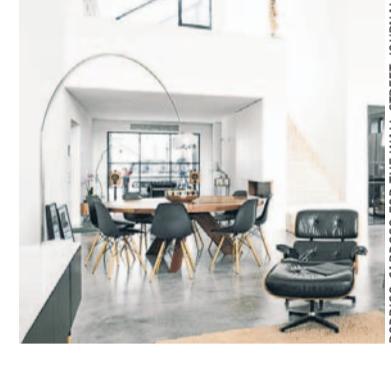
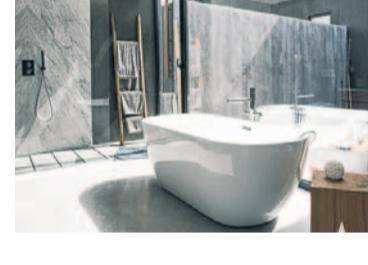
The walls in the living and dining areas are largely naked, with low rows of pictures left leaning rather than hung. "Art on the wall is too defining," says the architect.

The kitchen, designed by Mr. Saraiva, includes a Siemens induction stove and a pair of Gaggenau

ovens. The island has a counter of Italian Carrara marble, set off by walnut paneling.

The architect has a soft spot for Midcentury Modern designs, so the living room has lamps from postwar masters such as Italy's Achille Castiglioni and France's Jean Prouv . The black leather sofa is by Le Corbusier, and the dining room chairs are by Charles and Ray Eames. Mr. Saraiva designed the dining table.

The landscaping includes a concrete pathway through a terrain of grasses. Local farmers turn the olives from their olive trees into oil. There are extensive planters for carrots, tomatoes and pumpkins. The yard also has a concrete fire pit—in contrast to a refined marble fireplace inside.



The couple's sons added their two cents to the project: "At first, I only had one bathroom for them to share," says Mr. Saraiva, "but after talking to them, I added another."

The architect likes to make things, large and small, so he added a sleek workshop at the back of the property. Among his creations: a vast race track for toy

cars that mechanically lowers from the ceiling of the garage.

Mr. Saraiva hasn't let go of his aim to create low-cost modular houses for a wider public, he says. He sees his home as something of a prototype.

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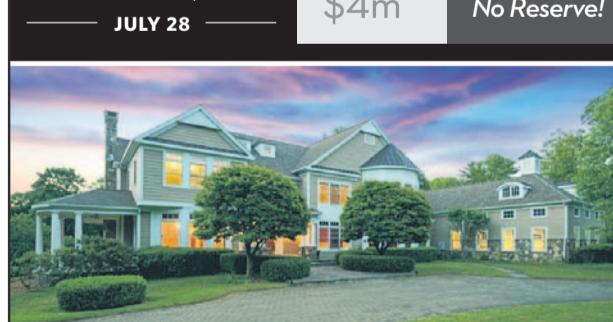
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MANSION

SPREAD SHEET | ADAM BONISLAWSKI

WHERE WATER BILLS DRAIN BANK ACCOUNTS

In coastal California, luxury homeowners pay a premium for manicured lawns and pristine swimming pools; a different story on Long Island

IN THE ritzy Long Island beach community of Southampton, N.Y., the average home runs about \$1.4 million and a pound of lobster salad costs around 100 clams. Good thing for homeowners that their water bills are likely to be low. The average Southampton resident pays just \$54 a month.

Meanwhile, residents in tony Pebble Beach, Calif., shell out \$601 a month, on average, for their water.

Spread Sheet asked real-estate data firms ATTOM Data Solutions and UtilityScore to compile average water and sewage bills for almost 11,000 cities across the country. The results are a tale of two coasts: Homeowners in some of the wealthiest enclaves on the California coast pay buckets of money for their water relative to what Hamptons residents pay.

In addition to Pebble Beach, a number of upscale oceanside California communities like Carmel (\$506), Santa Barbara (\$469), Mon-

Coastal Costs

A sampling of monthly water bills in upscale communities on the East and West Coasts.

Community	Avg. monthly water/sewer bill	Avg. market value
Pebble Beach, Calif.	\$601	\$1,466,906
Carmel	\$506	\$1,383,275
Santa Barbara	\$469	\$1,296,363
Monterey	\$439	\$823,819
Malibu	\$251	\$1,756,465
Water Mill, N.Y.	\$56	\$1,817,858
Sag Harbor	\$54	\$1,202,052
Southampton	\$54	\$1,400,666
Westhampton Beach	\$53	\$1,130,094
East Hampton	\$50	\$1,168,634

Source: ATTOM Data and UtilityScore

terry (\$439) and Malibu (\$251) have some of the nation's highest water bills. Long Island enjoys some of the lowest—even exclusive Hamptons communities like East Hampton (\$50), Water Mill (\$56), Sag Harbor (\$54) and Montauk (\$49).

Brian Gitt, UtilityScore's founder and CEO, explains that Long Island's low rates are largely due to the area's

abundant supply of groundwater. In an email, Jeffrey Szabo, CEO of the Suffolk County Water Authority, concurs, noting that the area has a "groundwater supply that is both plentiful and, relatively speaking, in better shape in terms of contaminant threats than many other areas."

On the other hand, many California communities are



ANDREW JANIK

forced to buy their water from outside sources like the Colorado River, which, Mr. Gitt says, involves a variety of "water rights and political issues."

Such communities "are paying a lot for [their water], and they really almost have to ration themselves, because they don't have an endless supply," he says.

Broadly speaking, local

water prices are determined by two main factors, Mr. Gitt says—a utility's finances and where it sources its water from.

"Usually [a utility's] cost structure is related to their overhead structure," he says, noting variables like the age of the system, ongoing capital improvements, interest rates and other costs of doing business.

In terms of water sources, groundwater is typically the cheapest, Mr. Gitt notes, while systems in which water requires desalinization are among the most expensive.

"Even in the same county, different utilities may be drawing from different sources," he says. "The reality of water is that it is so unique and different in every jurisdiction."

Quieting the Device Din

Continued from page M1 consultant," who will come to your house, evaluate your needs, recommend solutions and help with installation. Such work can cost up to \$20,000 per room and include tactics such as special sound-absorbing ceiling plaster, vinyl noise barriers built into walls or ceilings, or noise-reducing ceiling tiles. Other options include adding extra insulation around mechanicals or purchasing furniture with plusher upholstery.

One of the biggest problem areas: the kitchen. Not only do kitchens have a lot of noisy gadgets, including newfangled sound-emitting ones like wi-fi-enabled refrigerators and ovens, the sleek surfaces on appliances, countertops and tile floors reflect rather than absorb sound. People also often place their virtual assistants, like Amazon's Alexa or Google Home, in kitchens.

"People want voice activation for what they would normally press buttons for," says Mr. Haas. "It really does add to the noise level throughout the home."

For clients' kitchens, he recommends using perforated wood panels to create a decorative ceiling, or acoustical plaster that blends in to ceilings and absorbs sound, costing about \$35 to \$45 a square foot at the higher end. Sound-absorbing panels on walls also help.

Open-plan living areas can also cause noise problems. The open design plus minimalist-style furniture can increase reverberations, which can muddle sounds and make it more difficult to pick out the noises you want to hear, like speech, says Bonnie Schnitta, founder of SoundSense, an acoustical-consulting company based in New York. Adding in devices like Amazon Echo and Google Home, plus televisions, iPads and phones, makes the acoustics in those spaces even more challenging. Some living room fixes Ms. Schnitta recommends include using sound-absorbing fabric in curtains, behind wall-hangings, or under rugs.

Another noise-reducing solution: the good old-fashioned door. Mauri Okamoto-Kearney and Terry Kearney sought to block off noise from television, laptops and iPads in the living room of their 2,200-square-foot home in Los Altos Hills, Calif. They had sliding doors installed to block off a portion of the living area behind the kitchen.

The all-glass doors have double panes to reduce noise, but can slide all the way open to create a larger cohesive space, depending on what the owners want. "We are specifically trying to avoid the noise and



HOME IN HARMONY Mr. Kearney and his wife, Mauri Okamoto-Kearney, below right, wanted to bring sounds from outside in and reduce the noise from appliances inside. Sliding glass doors help them do so. 'We are specifically trying to avoid the noise and complexity of modern appliances,' says Mr. Kearney.



HUSH Custom acoustical wall tiles inside a home in Montauk, N.Y. Better acoustics 'gives the sense of a cozier environment,' says architect Paul Masi.



complexity of modern appliances," says Mr. Kearney. "I don't want it to be like a car or like my office."

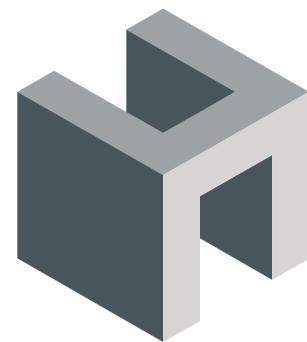
Stephen Atkinson, the architect who worked on the Kearney home, says when he builds homes from scratch, he generally avoids ceilings higher than 16 feet and rooms that span an entire floor in order to reduce acoustical complaints. Homes that don't follow those guidelines, he notes, often need acoustical fixes and can be a turnoff to home buyers. "When you walk in, you know right away that you don't want to live there," he adds.

Paul Masi, an architect based in East Hampton, N.Y., who works with acoustics consultants, says he groups noisier appliances like mixers, dishwashers and even some refrigeration in the butler's pantry. In living rooms or great rooms, he places custom wall tiles layered with sound-absorbing fabric near the ceiling.

Reducing the noise from devices is key to a home's sense of serenity, Mr. Masi says. "When the sound isn't reverberating or echoing, it gives the sense of a cozier environment."

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AVENGERS: INFINITY WAR IN THEATERS APRIL 2018

MANSION

THE MARKET

An English Market Town Loses Its Buoyancy

In Henley-on-Thames, host of a fabled regatta, home sales slip amid new taxes and political uncertainty



WATER VIEWS Rowers on the Thames in Henley on Thames, host of the five-day Royal Regatta. Top right, a five-bedroom, redbrick townhouse listed for about \$1.26 million. Bottom right, a sitting room in a waterfront townhouse listed for \$1.92 million.

BY RUTH BLOOMFIELD

NEXT WEEK, Henley-on-Thames will host the Henley Royal Regatta, five days of international-standard rowing that has been a fixture of the British social season since 1839.

The event brings thousands of spectators and hundreds of competitors to this ancient market town located 40 miles west of London.

While Henley's charms are largely unknown to the overseas market, it has long been a fashionable option for Londoners eager to quit the British capital. Today, however, its real-estate market, once considered a solid investment, is stalling thanks

to a combination of national tax increases and instability as the country works through the Brexit process.

According to raw price data from estate agency Savills, the average price of a property in the town currently stands at £618,954 (\$820,671), down 14% compared with last year. Its analysts caution, however, that this apparent price collapse reflects a shift in type of housing stock sold over the past year more than actual price decreases. In a nervous market, buyers are more likely to buy midlevel family homes than one of Henley's big-ticket houses, dragging average prices downward.

The market isn't simply nervous, but still reeling from recent increases in

stamp duty. The buying tax on a home costing £1.5 million, or just under \$2 million, would be \$124,300 for an owner-occupier, rising to \$184,000 for an investor or second-home buyer.

A third issue can be summed up in one word: London. "We have always been very reliant on people coming out of London, selling houses for huge amounts of money, and thinking that Henley is very cheap," said Jason Applebey, branch manager at Davis Tate estate agents. These Londoners "are now struggling to sell their properties."

Mr. Applebey said the strongest-performing price bracket is between \$875,000 and \$1.2 million while top-end homes are languishing. "The stuff we have got over £1.5m is pretty tough at the moment," he said. "There are not many buyers around at that price level."

Henley's standing as a haven for London workers is only the latest chapter in a history which spans well over 800 years.

In 1179 King Henry II bought the land "for the making of buildings." Over the following decades, a church was built (circa 1204), a bridge over the River Thames (early 1200s), and a street market was established (mid-13th century).

Henley's oldest houses are in the town center. "They are from the mid-1600s, with heavy beams, but have had Georgian and later facades put on them," said Mr. Booth. He estimated that a two-bedroom, 700-square-foot house would cost around \$600,000, while a four-bedroom, 1,500-square-foot property would cost around \$1.13 million.

On New Street, ironically one of Henley's older streets, Knight Frank is listing a five-bedroom, redbrick townhouse. The 1,721-square-foot property has light, contemporary interiors and a guide price of \$1.26 million.

Henley's most exclusive homes are beside the river. There are a handful of Victorian and Edwardian villas that rarely come up for sale—if one did Mr. Booth said it could cost anywhere from \$2.7 million to \$13 million depending on size and condition. There are also apartment buildings on the riverbank; a two-bedroom apartment would cost about \$928,000 to \$1 million.

At present, the closest thing to a waterfront home for sale is the Moorings, a four-bedroom terraced house with a backyard leading down to the water. The 2,293-square-foot period townhouse is listed with

Savills for \$1.92 million.

Around the town center are leafy streets of Victorian terraces without the waterfront premium. Mr. Booth said the average four-bedroom house would cost around \$1.325 million.

Unlike some provincial British towns, Henley is far more than simply a commuter dormitory. "It is a bustling riverside town," said James Butler, manager of Hamptons International estate agents. "A safe, happy environment, but vibrant

too. With its theater, galleries and festivals there is always something going on."

There are numerous rowing clubs, the most prestigious of which is the Leander Club. Membership allows male residents to take part in one of the many old-established traditions of the regatta, the wearing of their club colors. Here, spectators

who rowed at school or university often don a blazer in the colors of their old club in an unsual reference to the status of their alma mater.

"Henley is one of those events which is steeped in a lot of tradition," said Mr. Butler. "There is a lot of pomp and circumstance—and it is also a bit of an old boys' network."

On the Market



\$1.66 million
Five bedrooms, three bathrooms

The 2,314-square-foot redbrick Victorian home is close to the heart of Henley. The property has been renovated and updated, with an extended kitchen/dining room leading to the backyard. It retains original features, including an iron fireplace in the master bathroom and timber sash windows throughout.

Agent: Philip Booth Esquire



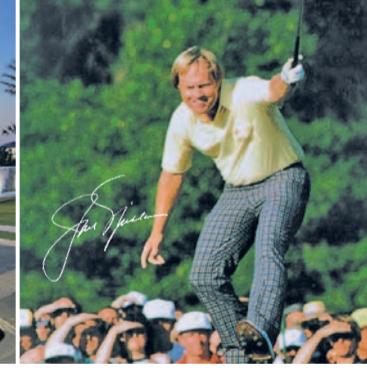
\$1.13 million
Four bedrooms, two bathrooms

This part-timbered house is located in the oldest part of Henley-on-Thames. The cottage-style property dates from the 16th century and has original features, including exposed beams and a living-room fireplace. There is a small, pretty, backyard.

Agent: Knight Frank



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MANSION

**THE FITZROY, MANHATTAN**

An Art Deco-style condominium project by JDS Development Group and Largo Investments in New York's Chelsea neighborhood uses 5,696 terra-cotta blocks in 518 types in shades of dark and light green, juxtaposed to copper-clad window frames, according to the developers, who said the craftsmanship gave a more "human" element to the Roman & Williams design. The blocks were painted by hand or in a spray room at Boston Valley's hangar-like facility in Buffalo, N.Y. The boutique condo project has 14 units on 10 floors. JDS Development said the majority of units are in contract, but it took remaining units off the market until construction is completed in October.

Price: \$470 per square foot, with installation

ELEMENTS TERRA-COTTA TAKES ON GLASS

In a backlash against shiny, all-windows structures, some developers are turning to the traditional baked material for new buildings

IT'S A MATERIAL associated with some of the country's most iconic historic buildings, such as New York's Flatiron building, Seattle's Smith Tower skyscraper and Chicago's famed Rookery Building. But terra-cotta, the clay-baked ceramic, went out of style as a building material in the mid-20th century as developers increasingly turned toward the more in vogue glass curtain wall.

Now, experts say terra-cotta is making a comeback as condominium buyers gravitate toward a more traditional aesthetic in what some are dubbing a "backlash" against all-glass towers.

Some developers, from New York to San Diego, are restoring old terra-cotta buildings, such as the historic Woolworth Build-

ing in Lower Manhattan, or incorporating elements of terra-cotta into brand-new projects.

As a result, two of the largest U.S. producers of architectural terra-cotta, New York-based Boston Valley Terracotta and California-based Gladding, McBean, said they have seen a big jump in business over the past few years.

A representative of McBean said the company has seen about a 70% rise since 2014 in prospective projects planning to use terra-cotta.

"It's not really a mini-renaissance anymore," the representative said. "It's growing by leaps and bounds."

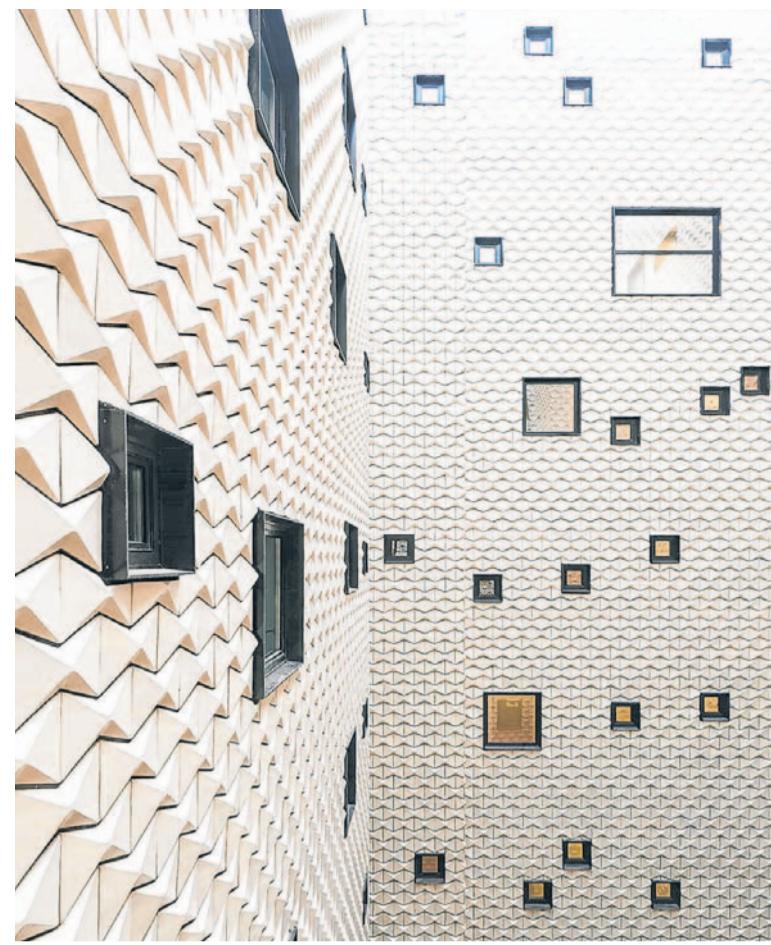
Here is a look at some applications of the material.

—Katherine Clarke

PACIFIC GATE CONDOMINIUMS, SAN DIEGO, CALIF.

In San Diego, developer Bosa Development uses terra-cotta wall paneling inscribed in geometric patterns with golden glaze for the entry of the Pacific Gate Condominiums, a 215-unit building designed by Kohn Pedersen Fox. The design is intended to suggest rays of a setting sun, said Boston Valley, which shipped and installed the panels. Jinsuk Park, design director at KPF, said the firm was inspired by the bright ceramic tiles at Santa Fe Depot, the city's historic downtown train station. Units at Pacific Gate, completed earlier this year, range from about \$1.1 million to just over \$4 million.

Price: About \$350,000, total cost and installation

**11 BEACH STREET, MANHATTAN**

HFZ Capital, the developer of a boutique condominium in New York's Tribeca neighborhood, used terra-cotta tile to line the project's inner courtyard, said Julie Nelson of BKSK Architects, the designers. The ivory matte terra-cotta slabs, shaped to resemble a butterfly or a bow tie, are made to reflect natural light and make the building interiors brighter. Terra-cotta is also incorporated into the facade, between the windows. Ms. Nelson said terra-cotta has a timeless quality and is fitting with the neighborhood's overall aesthetic. The project has 27 units on 10 stories. A penthouse is on the market for \$22.5 million.

Price: About \$125 per square foot, including installation

**207 WEST 79TH STREET, MANHATTAN**

A new project by architect Morris Adjmi on New York's Upper West Side has a terra-cotta facade incorporating floral patterns, designed to catch light and shadow, and to give the modern building "a more contextual look," the Gladding, McBean representative said. It is adjacent to the landmark Lucerne Hotel, which has a terra-cotta facade dating to 1903. The 19-unit project, developed by Anbau, includes a penthouse priced at \$15.45 million.

Price: About \$180 per square foot, including the price of installation

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MANSION

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H-O-R-S-E and the Hanging Jump Shot

The former NBA star's acrobatic style sprung from a schoolyard game, but his speed came naturally

Speed saved my life. In the early 1940s, when I was 8, my older sister Columbia took me to a carnival in Washington, D.C. As we walked with the crowd, I playfully hid behind people so she couldn't find me. Soon I was lost.

When I looked up, a white man was looking down at me. I told him I was trying to find my sister. He said he knew and he'd drive me to her. After climbing in the car, I became afraid. There were three other white men in there.

As the car rolled slowly out of the fairgrounds, I could see Columbia frantically calling my name. "There she is," I shouted and jumped out. One of the men chased after me. But even at 8, I outran him.

That's how Washington was then. If you were black, you could just disappear and no one would ever find you.

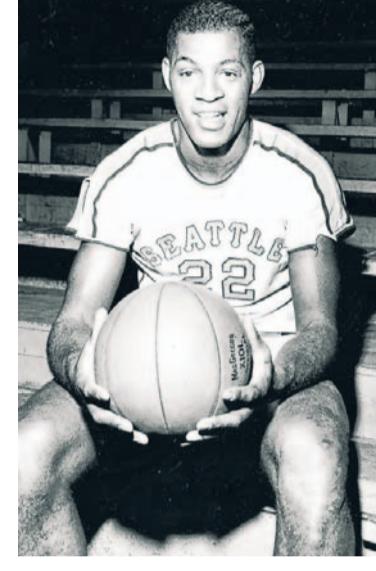
When my mother was pregnant with me, my parents already had four children. My mother worked and didn't know how she'd handle it all. She considered an abortion but changed her mind. As a result, my mother, Uzziel, and I had a special closeness. I adored her.

I was named for my father's Elgin watch. Or so he said. I grew up on Heckman Street, in a two-story brick row house. We had three bedrooms, and I shared one with my two older brothers. My two sisters also shared a room.

My father, John, first worked on a farm he owned in Virginia. Then my parents moved to Washington to seek a better life. In D.C., he was a high-school custodian and drove a cab at night.

My mother worked as a hotel maid. Eventually, she went to business school and worked for the U.S. Department of the Interior.

When I was 10, Columbia liked



taking me to the movies. One afternoon, she picked me up after school. Going through the playground, we were fooling around. Columbia nearly bumped into a white girl her age. The girl called her the N-word. Columbia stared at her and slapped her face.

An hour later at home, the police showed up to arrest her. My father begged them not to take her. Columbia was only 13. By then, the police were standing in our living room.

They agreed to leave Columbia at home if my father punished her on the spot. They told him to use his strap. I closed my eyes. I could hear the leather coming down on Columbia and her screaming.

None of us were the same after that. My father never talked about



FIELD GOAL Elgin Baylor at his Beverly Hills home, above, and in 1958, left, when he played for Seattle University.

that night, and for years I hated him for what happened. I couldn't understand why he didn't do something. He was 6-foot-3 and built like Hercules. Later, of course, I realized that if he had talked back or hit the police, they would have killed him. I also realized that to spare Columbia the horrors of jail, he didn't have much choice.

My brothers were tall. Kermit was 6-foot-8 and John, 6-foot-7. To be tall and black then was a threat.

They played basketball, and I escaped into the sport as well. We played basketball from morning until night. I started tagging along with an older guy, Clarence Hanford, who taught me to shoot and dribble.

My improvised style of play that people say revolutionized the sport

began in junior high school. When summer came, everyone would be out on the school courts playing H-O-R-S-E. You'd dribble, improvise a move and take a shot. Then your opponent had to duplicate what you did. If he failed, he wound up with an "H." Once he had all the letters in "horse," you won. I never lost.

All kinds of crazy shots came out of that experience. I was fast and didn't play the way others did then—stopping and taking set shots. That's where my hanging jump shot came from.

In high school, coach Dave Brown taught me discipline. He had been in the military and was very strict.

After college in '58, I was the first-round draft pick for the Minneapolis Lakers.

Today, my wife, Elaine, and I live in Beverly Hills. We moved here in 1996. Our house is 8,000 square feet with three stories and a great view. We're up high and can see downtown L.A. and the Pacific. I love sitting on our living room terrace.

Columbia passed in 1979. I still remember going to the movies with her and dreaming about stars who lived in Beverly Hills. Now I live there.

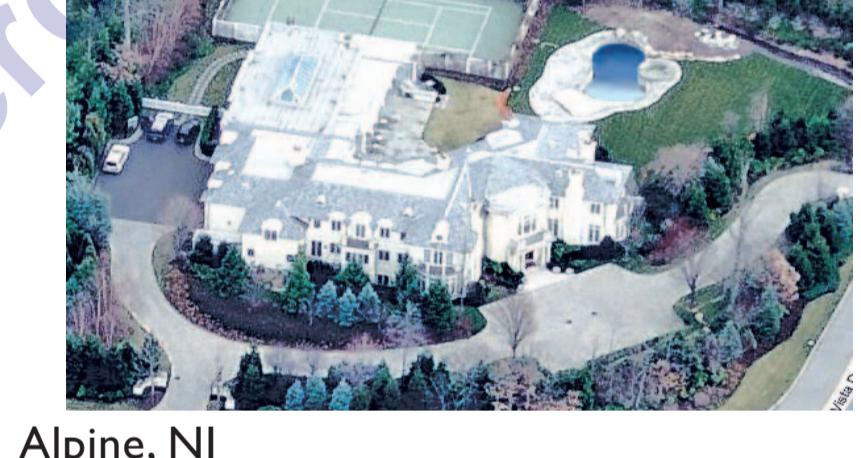
—As told to Marc Myers

Elgin Baylor, 83, played for the NBA's Minneapolis and Los Angeles Lakers from 1958 to 1971, and was general manager of the Los Angeles Clippers for 22 years. He is the author of the memoir, "Hang Time" (Houghton Mifflin Harcourt).

I AM A VETERAN AND THIS IS MY VICTORY.

Wade Spann

"**My victory was admitting I had a traumatic brain injury and getting help.**" While on patrol in Iraq, Wade's Humvee struck an IED. With DAV, he's found the support he needs to overcome his injuries. DAV helps veterans get the benefits they've earned—helping more than a million veterans each year in life-changing ways. Support more victories for veterans. Go to DAV.org.



Alpine, NJ

Published in Architectural Digest, Boris Baranovich designed, Joe DiStaulo built Stucco and Slate Colonial Manor. No expense spared throughout approximately 20,000 square feet of living space. Refined and Sophisticated, public rooms include A Grand Reception Hall, Banquet Size Dining Room that seats 30, Library, Billiard Room, Family Room, Formal Living Room, Breakfast Room, 50' Indoor Pool with Cathedral Ceiling, Indoor Basketball Court, 14 Seat Movie Theater, and state-of-the-art 800 square foot Gym. First and Second Floor Master Suites. Seven additional Bedrooms, each with its own Bath. 50' Outdoor Pool. Tennis Court, Cabana, and 4 car garage. Elevator to all levels. Generator. Interior, prime, flat, gated, Rio Vista Alpine location!!



Alpine, NJ

One of the great Estates in Alpine, set majestically on an 8 acre knoll overlooking courtyards and manicure grounds. Impressive gates open to the winding driveway through a colonnade of stately trees to a grand motor court. The light filled brick and slate Georgian Colonial Manor feature exquisitely detailed main reception rooms each with the finest woods, marble and materials available. 11 spacious bedroom suites throughout this estate are located on both the 1st and 2nd levels and in a separate guest house. Great room, Conservatory, Library, Living room and Banquet size dining room are some of the main reception spaces. A large exercise room overlooks a 3,425 square foot indoor basketball court; theater and 8 car garage are additional amenities. Pool and a lighted US Open deco turf cushioned tennis court. All outside irrigation provided by well. Total square footage of home is 35,384.

Prominent Properties

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Good Listeners Make the Biggest Sales

THERE'S MORE TO BROKERING HOMES THAN HITTING THE RIGHT PRICE, SAY TODAY'S PROFESSIONALS

By Joseph Dobrian

Affluent clients—buyers or sellers—expect real estate agents to bring value to the relationship by guiding them to the best decisions. Success requires listening to the client—and, often, hearing things that the client doesn't say directly. Agents also need a strong network of colleagues outside their immediate market, so that they can continue to serve their clients after they've moved on.

NUANCED VALUATION

"You need a clear and detailed understanding of the finer nuances of valuation and future valuation," says Leonard Steinberg, president of the Leonard Steinberg Team at Compass in New York. "Listen closely to your clients and help them define their strategy. Their needs and likes can change during the homebuying process. The more they see, the more they know about what they truly want."

Some of the key questions to ask, he adds, include:

- How long do you plan to live in your new home?
- What does your day look like, from the moment you wake up till the moment you go to sleep?
- What do you love about your current home that you wish to replicate?
- What do you feel you are missing in your current home?



Professionals say clients' lifestyle goals are of primary importance when deciding to buy a home, as are their plans for the next five years.

**"THE MORE THEY SEE,
THE MORE CLIENTS
KNOW ABOUT WHAT
THEY TRULY WANT"**

"Often our role as agents is to propose that which the client does not know they want yet," he concludes.

"Listen between the lines," advises Sally Forster Jones,

who leads the Sally Forster Jones Group at Compass' Beverly Hills, Calif., office. "I ask, 'What is your motivation for looking for a new home? Are you getting married, divorced, having a baby? What are your must-haves and what are your nice-haves? Are you planning to live there long-term, or is this an investment decision?'

Often, a client will relocate out of Ms. Jones' market and will ask her to recommend an agent elsewhere. Thus, she says, a broad network is vital to long-term success.

"I try to match my clients with agents with whom they'd have best rapport," she explains. "I have to have confidence in that agent's ethics and morality, since referrals reflect on me."

The client's lifestyle goals are of primary importance, according to Mike McCann, head of the Mike McCann Team at Berkshire Hathaway Home Services in Philadelphia. He asks about the client's plans for the next five years, and the amenities they want within walking distance, such as coffee shops and dog parks. Because of his affiliation with BHHS, he adds, he can connect clients with high-quality agents in almost any market.

GUIDING BUYERS

"Today's buyers are overloaded with information," he says, "We guide buyers through everything from their first deposit to the mortgage process, then ordering inspections, negotiating repairs, ordering title, scheduling settlement, appraisers, etc. A first-time buyer wouldn't know much about what services they need if it weren't for us."

"A good broker must be able to instill confidence in their buyers and sellers—confidence grounded in true market knowledge and experience," adds Tracy Campion, principal of Boston-based Campion and Company Fine Homes Real Estate. "In a city with so much building going on, it's especially important to make buyers feel confident about purchasing during a pre-sale period,

before their would-be home or investment is even built. You must be able to help them understand and visualize new construction—sometimes just with floor plans, sometimes with beautifully built-out sales galleries.

LOCAL EXPERT

"Virtual and automated tools are important supplements to real estate, but what still gives buyers or sellers the leg up in today's competitive market—and Boston definitely falls into this category—is having a local industry expert on their side with real market knowledge and relationships that will bring deals to a successful close."

Success also depends on building a reputation among non-clients. David Parnes, broker at The Agency in Beverly Hills, built his business on buying older homes, tearing them down, and then selling the re-developed properties.

"We started by knocking on doors, selling tear-downs to developers," he explains. "Then we'd promote that sale all over the neighborhood—and people would come to us, saying, 'You really sold that property for \$6.5 million? Could you do that for me?'

"We list properties from \$1.5 million to \$100 million. We have a strong presence nationally and internationally, but our market is a small town. If we constantly make ourselves known, people can't help but notice us."

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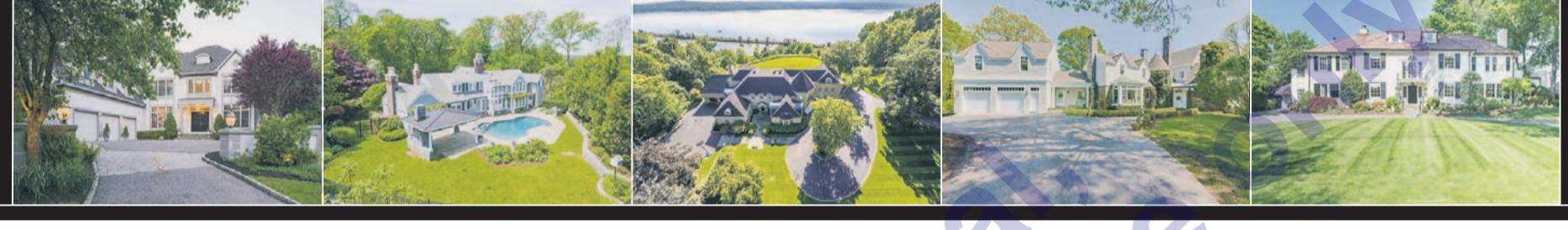
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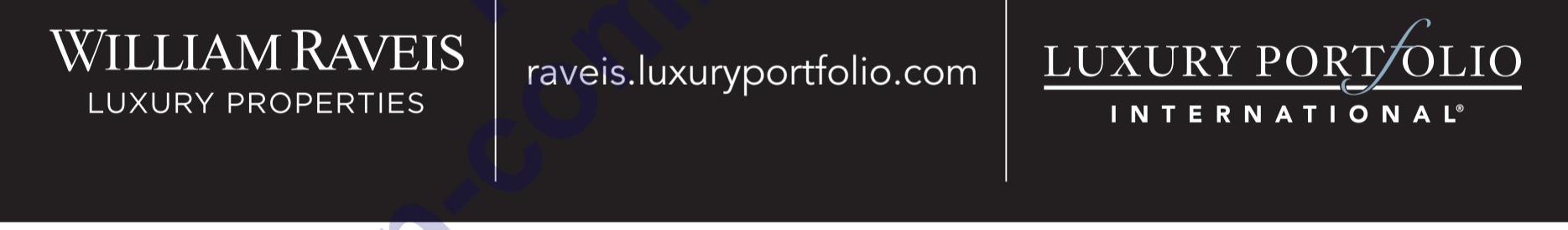
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'Staying Sharp' Leads to Increased Sales

IF YOU ALWAYS KNOW WHERE THE MARKET'S GOING, YOU'RE ON TRACK FOR SUCCESS

By Joseph Dobrian

Top agents are continually growing and improving their professional skills to provide a more efficient and fulfilling customer experience. Whether brokers depend on high-ticket transactions or a high number of lower-priced sales, they need to stay informed about the latest selling techniques and technological tools.

AWARENESS

This doesn't necessarily mean immediately adopting the latest innovations, agents agree, but it does mean staying aware, and exploring possibilities.

Blair Myers, broker at Better Homes and Gardens Real Estate in Warner Robins, Ga., contends that technology can overcomplicate matters that are simple if handled the old-fashioned way. He advocates a "don't fix it if it ain't broke" approach. He says the key to staying sharp is having an awareness, at all times, of where the market is going—and negotiating intelligently.

"Buyers don't have the luxury of multiple options in a tight market," he says. "If they really want a house, don't seek to negotiate with a seller by going in low, thinking to bring it up higher when the seller counters. The seller may never counter you."

"What buyers need in the current market, more than anything, is good counseling and insight from the agent as to the



Using digital tools means agents automatically receive details about a new property the day it hits the market.

market conditions and how best to structure offers, to secure a property that might have a buyer pool of five to 10 prospects, one or more of whom might go above list price in their initial offer. The agent should educate the consumer on how best to structure an offer to be competitive."

TECHNOLOGY

On the other hand, Jason Saphire, founder of Boston-based EntryOnly, says he depends on technology to provide sellers with efficient, low-cost experiences. His menu of services runs from bare-bones to premium, allowing sellers to be as hands-on as they like.

"I work with sellers who don't want to use a traditional broker, helping them market their property in the MLS system and

on third-party sites," he explains. "I help them to do everything online, leveraging technology, with optional upgrades to premium services, in which all negotiations would go through my company."

"ADDING EXTRA VALUE COMES DOWN TO RESPONSIVENESS, AND MOVING QUICKLY."

"With my services, you can do everything online, including uploading photos and completing all the listing documents and disclosures, at any hour of the day or night. The trend is to

on-demand services: online valuations, instant offers, virtual tours; clients don't care who gives access to the property or who the title company is."

Rob Andert, agent at the Minnesota Real Estate Team in Bloomington, Minn., says he adds value by pairing the buyer with the best available mortgage consultant, and creating personalized property searches.

"Give them a search that's tied to open MLS in real time, as opposed to third-party search sites," he urges. "If you're representing a buyer, you have to work smarter, set a bar, see what their wish list is, see what the deal-breakers are, so you can focus on what the buyer really wants. Adding extra value comes down to responsiveness, and moving quickly."

Robert J. Slack, principal of Robert Slack Fine Homes in Ocala, Fla., says his 255-agent firm has become virtually paperless, handling almost the entirety of its 3,000 annual transactions online.

INSTANT INFORMATION

"All our leads are set up on automatic information-drip systems from the MLS," he explains. "Our agents get information on a new home the very day it hits the market. We train by video teleconferences. We have multilingual agents who work with our clients from the Ukraine, Russia, France, Brazil, Italy. We also use a [site that] sends buyers information about the neighborhood a property is in, the schools, the hospitals. That's especially important in Florida, because when people move here, they don't leave."

Another Southern-based agent, Darren James of Darren James & Associates brokered by eXp Realty in Denham Springs, La., says he employs a portal system to which he invites every party to the transaction: other agents, the title service company, lenders.

"That cuts down time, and eliminates 'what happens next?' questions," he says. "The system includes videos and a transaction calendar."

"We're not here to help you buy or sell a house, necessarily, but to help you realize your goals. If that means selling your house, I'll take your listing. If it's better for you to wait, that's what I'll advise."

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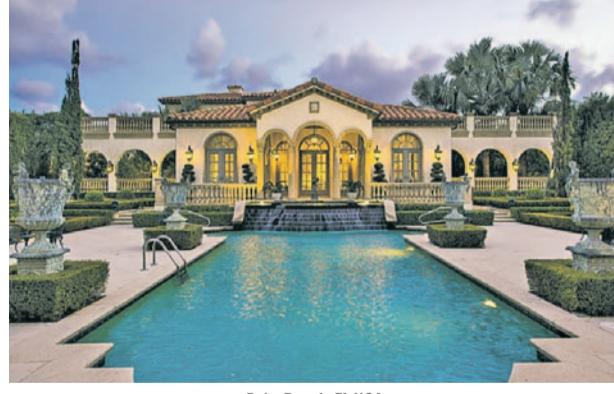
Irvine, CA USA

Welcome to 11 Needle Grass, an estate perched on just over an acre in the private community of Shady Canyon. With breathtaking panoramic views, the expansive French Mediterranean home whisks you away to a European sanctuary. Three years in the making, it is elegant in design and extremely private. \$20,900,000. Chris Valli, 714.883.4397, chrisvalli@surterreproperties.com, BRE#00604151.



Palm Beach, FL USA

Timeless sophistication and classic details blend with modern conveniences in a top-to-bottom renovation of this Mediterranean Revival estate. This 4 bedroom, 3.1 bath features a private paradise with luxurious pool and luscious landscaping. Located on a desirable ocean block, walking distance from world-famous Worth Avenue and Palm Beach's finest shops and restaurants. \$7,495,000. Jack Elkins, The Fite Group Luxury Homes, 561.373.2198.



Palm Beach, FL USA

Magnificent Mediterranean estate sits on a 3/4 acre parcel in the Estate Section of Palm Beach. This home is perfect for entertaining and features 7 bedrooms, 8 baths, garden, pool, spa, maid quarters, elevator, guesthouse and cabana. Enjoy private, deeded beach access, along with the best that Palm Beach has to offer. \$13,995,000. Martin Conroy, The Fite Group Luxury Homes, 561.253.6148.



Miami Beach, FL USA

Ultra-modern 4,750 SF, corner 2-story PH w/ 3 B, 3.5 BA, 20' ceilings, state-of-the-art kitchen, Crestron/Lutron systems, wraparound terrace & unobstructed views! Reduced, \$5,397,000. Nancy Batchelor, 305.903.2850.



Maui, HI USA

Unique and extraordinary Cliff House on the Hamakua Coast. 14 acres with private cove. Stunning panoramic ocean views. Far from Kilauea volcano! \$1,795,000. Donna Duryea R/5, 808.987.4511, Donna@donnadrusey.com.



Prides Crossing, MA USA

Enjoy sweeping ocean vistas on North Shore's Gold Coast. Stately 1900 home on 2.6 acres. Renovate for Old World charm or build new. \$6,200,000. Holly Fabyan, J Barret & Company, 508.843.6767.



Stratton Mountain, VT USA

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Seattle, WA USA

Custom, modern home in prime location. Richly appointed from the landscape to the entry, living and dining rooms. \$4,295,000. Betsy Q. Terry, 206.322.2840.



Seattle, WA USA

Extraordinarily private and expansive 120+ ft. Lake Washington estate with level lawn and lush grounds. Swimming pool, hot tub and dock. Near shops and downtown. \$12,850,000. Betsy Q. Terry, 206.322.2840.



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THE 2018 THOUSAND RANKINGS LISTED IN ALPHABETICAL ORDER

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NEILL BASSI	MARC NOAH
Sotheby's International Realty San Francisco Brokerage	Sotheby's International Realty Beverly Hills Brokerage
MARA FLASH BLUM	MICHAEL OKUN
Sotheby's International Realty Downtown Manhattan Brokerage	Wish Sotheby's International Realty
SERENA BOARDMAN	BRIAN PANE
Sotheby's International Realty East Side Manhattan Brokerage	Wish Sotheby's International Realty
BARBARA BOYLE	SUZANNE PERKINS
Sotheby's International Realty Pacific Palisades Brokerage	Sotheby's International Realty Montecito Brokerage
MICHAEL CARUCCI	STAN PONTE
Gibson Sotheby's International Realty	Sotheby's International Realty East Side Manhattan Brokerage
DANIEL CASABONNE	MICHAEL RANKIN
Sotheby's International Realty Wine Country Brokerage	TTR Sotheby's International Realty
CRISTINA CONDON	TARA SHAPIRO
Sotheby's International Realty Palm Beach Brokerage	Pacific Sotheby's International Realty
HUAILING DENG	JOHN SHROYER
Daniel Gale Sotheby's International Realty	Today Sotheby's International Realty
BETH DICKERSON	JONATHAN SPEARS
Gibson Sotheby's International Realty	Scenic Sotheby's International Realty
ANNE DRESSER KOCUR	DARLENE STREIT
LIV Sotheby's International Realty	Sotheby's International Realty Santa Fe Brokerage
MICHAEL DREYFUS	CATHY TAUB
Golden Gate Sotheby's International Realty	Sotheby's International Realty East Side Manhattan Brokerage
ROBERT DULLNIG	MARY MA LI BEE THRASHER
Kuper Sotheby's International Realty	Today Sotheby's International Realty
ANDREW ERNEMANN	DANA TROTTER
Aspen Snowmass Sotheby's International Realty	Sotheby's International Realty Bridgehampton Brokerage
HARALD GRANT	KAREN VAN ARSDALE
Sotheby's International Realty Southampton Brokerage	Premier Sotheby's International Realty
KAREN HEYMAN	YUKIKO YANG
Sotheby's International Realty Downtown Manhattan Brokerage	List Sotheby's International Realty
BRENT JACKSON	TOP 250 AGENTS BY TRANSACTION SIDES
TTR Sotheby's International Realty	BRENT JACKSON
CHRIS KLUG	ANNE LUSK
Aspen Snowmass Sotheby's International Realty	DARLENE STREIT
MICHAEL LAWLER	Sotheby's International Realty Santa Fe Brokerage
Premier Sotheby's International Realty	ED VILLEDA
JILL LEVY	William Pitt Sotheby's International Realty
Heritage Sotheby's International Realty	TOP 250 TEAMS BY SALES VOLUME
LISA LUCKY	LINDA BEHR & JOSH BEHR
Russ Lyon Sotheby's International Realty	LIV Sotheby's International Realty
GREGG LYNN	K. ANN BRIZOLIS & ASSOCIATES
Sotheby's International Realty San Francisco Brokerage	Pacific Sotheby's International Realty
BEATE V. MOORE	BUSHONG, CHRISTIAN & ALMQVIST
Sotheby's International Realty Bridgehampton Brokerage	Russ Lyon Sotheby's International Realty
STEVEN MORITZ	CAIN GROUP
Sotheby's International Realty Brentwood Brokerage	Pacific Sotheby's International Realty
CRAIG MORRIS	
Aspen Snowmass Sotheby's International Realty	

TOP 250 TEAMS BY TRANSACTION SIDES

STANFIELD GROUP	FRANK CELESTE TEAM
Pacific Sotheby's International Realty	Gibson Sotheby's International Realty
KRIS WEAVER	THE FLEISHER GROUP
Atlantic Sotheby's International Realty	TTR Sotheby's International Realty
	MILE HI MODERN
	LIV Sotheby's International Realty
	THE FIELD TEAM
	Sotheby's International Realty East Side Manhattan Brokerage
	THE PATTERSON GROUP
	TTR Sotheby's International Realty
	STANFIELD GROUP
	Pacific Sotheby's International Realty
	THE STOCKTON GROUP
	LIV Sotheby's International Realty
	KRIS WEAVER
	Atlantic Sotheby's International Realty

TOP 250 AGENTS BY TRANSACTION SIDES

BRENT JACKSON	TOP 250 TEAMS BY SALES VOLUME
TTR Sotheby's International Realty	LINDA BEHR & JOSH BEHR
ANNE LUSK	LIV Sotheby's International Realty
DARLENE STREIT	K. ANN BRIZOLIS & ASSOCIATES
Sotheby's International Realty Santa Fe Brokerage	Pacific Sotheby's International Realty
ED VILLEDA	BUSHONG, CHRISTIAN & ALMQVIST
William Pitt Sotheby's International Realty	Russ Lyon Sotheby's International Realty
	CAIN GROUP
	Pacific Sotheby's International Realty

TOP 250 TEAMS BY SALES VOLUME

LINDA BEHR & JOSH BEHR	TOP 250 AGENTS BY TRANSACTION SIDES
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Canny Homebuyers Seek Bargains

BUYERS NOW ARE VERY MARKET-SAVVY—BUT GOOD VALUE IS MORE THAN A NUMBERS GAME

By Joseph Dobrian

One key trend in residential real estate today is that more information is available to the buyer from sources other than an agent. This means that some buyers are more knowledgeable, but they usually don't know as much as they think they know. They tend to be more conscious of the long-term investment value of a home—and they expect a bargain, no matter what kind of home they're looking for.

IMAGINE THE FUTURE

This means that the agent often has to become an educator: managing expectations, explaining market conditions, imagining the future. The market isn't experiencing any sea-changes in what buyers want—but the list of what the agent needs to ask the client might be getting longer.

"I'm not just a 'price-per-square-foot person," explains Vickie Barron, associate broker at The Corcoran Group in New York. "I focus on the value of the product, what is behind the walls; I have some understanding of construction; I can't help thinking of a property's resale value. I'm a professional question-asker, and as education chair for the Real Estate Board of New York, I'm involved in brokers coming together to educate each other."

"The key trend today is that every buyer wants a discount. We have to be careful of that and it should not be our go-to strategy, because if our default is to reduce



Rochelle Atlas Maize



Leonard Steinberg



Adam Hergenrother

prices and offer concessions, we drag down the market without adding real value."

"I FOCUS ON THE VALUE OF THE PRODUCT, WHAT IS BEHIND THE WALLS."

ANALYZE VALUE

On the other side of the country, in Beverly Hills, Calif., Rochelle Atlas Maize, executive director of the luxury estates division for Nourmand & Associates, explains that her former career, as a wealth manager, taught her the right questions to ask about the client's needs, and how to analyze the true value of the properties they're looking to purchase.

"I also add value by connecting the client to great mortgage brokers, bankers and real estate

attorneys," she says. "I have a broad referral base of people in other industries to refer them to. Typically, I immediately set my buyers up on an instant Web site feed directly from the MLS system. On the listing side of the equation, I have found the best virtual reality companies, photographers and videographers to film my high-end listings.

"The biggest trend I see in today's market place is the formation and growth of teams. Buyers don't want different services: just instant gratification and great service. With a team, I can service my client's needs much better and more efficiently."

In line with this trend, buyers are tending to view properties online more than they used to, reducing the number of showings.

"When they show up, it's the equivalent of a second showing," says Leonard Steinberg, president of the Leonard Steinberg Team at Compass in New York.

"They've become much more neighborhood-agnostic, looking at multiple areas."

RESIST RUSHING

Jeff Cook of Jeff Cook Real Estate in North Charleston, S.C., attributes that attitude to a shortage of inventory. Giving in to the temptation to rush a client into something that isn't right for them, though, will destroy an agent's reputation.

"We are based in one of the fastest markets in the country right now, so my strategy as a Realtor has shifted from finding clients the best deal to finding—and winning—the best home available for them. With the ease of looking at homes online, buyers are beginning to shop much earlier in the process, so it's important to manage their expectations early. That home is not going to be available if you're not buying for another few months."

"We're in an interesting time, and maybe people don't realize the shifts taking place in the industry as a whole," says Adam Hergenrother, founder & CEO of Adam Hergenrother Companies in South Burlington, Vt. "One of the big shifts is that in the next three to four years, customers will pay one price for all home services, so we'll see a few brokerage teams with integrated services, tech-driven. We'll see higher volume on lower margin, so bigger companies will succeed."

"Anyone can go online and look at homes," he continues, "so our role has become that of a consultant. We can advise on zoning restrictions; we can help if you plan to flip the property; we're growing our referral network. It's about saving time, energy and money, then supporting the client after the sale with title, insurance, or coupons for buying furniture."

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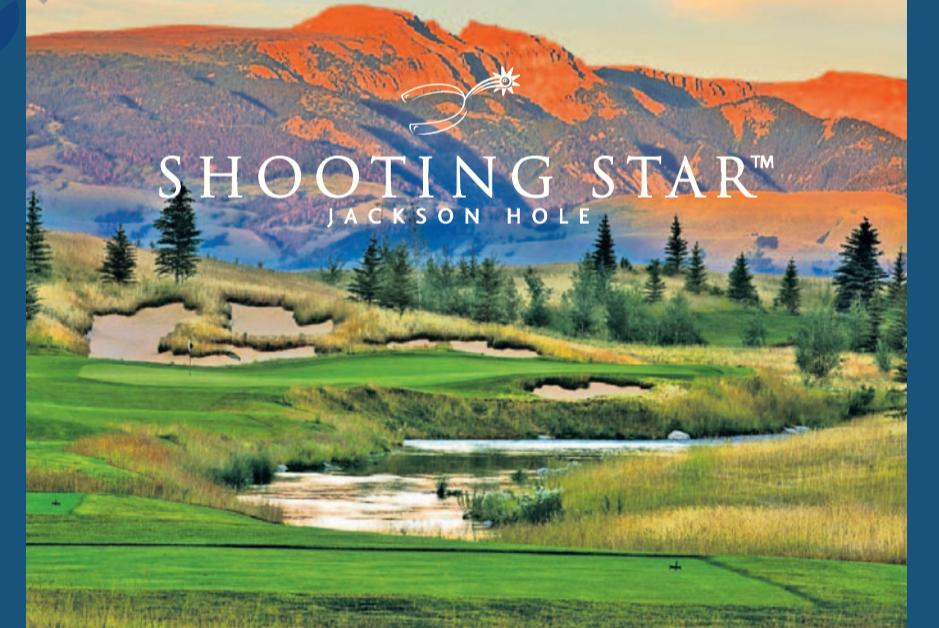
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	Addison, Texas	
2	CHRIS CORTAZZO	\$573.91
	Coldwell Banker Residential Brokerage - Greater Los Angeles	
	Malibu, Calif.	
3	MAURICIO UMANSKY	\$548.22
	The Agency Beverly Hills, Calif.	
4	ALEXA LAMBERT	\$523.45
	Stribling & Associates New York, N.Y.	
5	AARON KIRMAN	\$426.36
	Pacific Union International Beverly Hills, Calif.	
6	DAVID TROYER	\$424.48
	Intero Real Estate Services Los Altos, Calif.	
7	SANTIAGO ARANA	\$420.81
	The Agency Los Angeles, Calif.	
8	MICHELLE N. COHEN	\$375.49
	Laffey Real Estate Greenvale, N.Y.	
9	VICKY BARRON	\$368.13
	Corcoran New York, N.Y.	
10	SERENA BOARDMAN	\$353.44
	Sotheby's New York, N.Y.	

Source: REAL Trends, Inc.

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1	LUCIDO AGENCY	\$842.74
	Keller Williams Realty Ellicott City, Md.	
2	THE SERHANT TEAM	\$838.24
	Nest Seekers International New York, N.Y.	
3	HALTON PARDEE AND PARTNERS	\$707.95
	Halton Pardee + Partners Santa Monica, Calif.	
4	THE DELEON TEAM	\$705.44
	DeLeon Realty, Inc. Palo Alto, Calif.	
5	BEN KINNEY/HOME 4 INVESTMENT TEAM	\$580.72
	Keller Williams Realty Bellingham, Wash.	
6	THE JOSHUA BARKER TEAM	\$580.44
	RE/MAX TOWN & COUNTRY Redding, Calif.	
7	MARK SPAIN REAL ESTATE	\$550.00
	Mark Spain Real Estate Alpharetta, Ga.	
8	STANFIELD GROUP	\$520.27
	Pacific Sotheby's International Realty Newport Beach, Calif.	
9	DAVID PARNES AND JAMES HARRIS	\$506.36
	The Agency Beverly Hills, Calif.	
10	THE ADVANCED SUPER TEAM	\$453.40
	RE/MAX ADVANCED Temple City, Calif.	

TOP 10 INDIVIDUALS BY SIDE (TRANSACTIONS CLOSED)

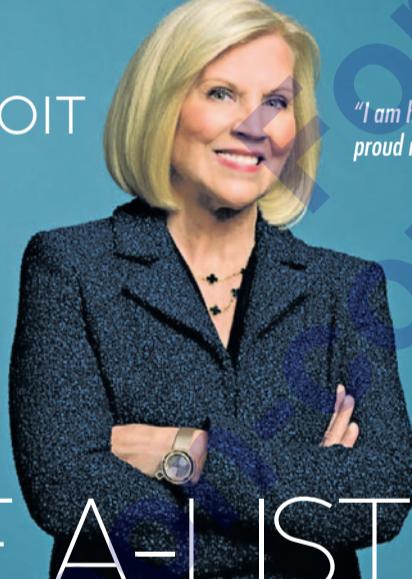
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5	SHERRI SAAD	441.00
	RE/MAX Leading Edge Detroit, Mich.	
6	DREW JOHNSON	411.00
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7	LARRY MAGGUILLI	409.50
	Hunt Real Estate ERA Rochester, N.Y.	
8	GREGORY WHITE	374.00
	Imagine Home Realty Warren, Mich.	
9	CARLOS ALVAREZ	374.00
	RE/MAX Total Baton Rouge, La.	
10	KYLE SEYBOTH	373.00
	Keller Williams Realty Providence, R.I.	

TOP 10 TEAMS BY SIDE (TRANSACTIONS CLOSED)

1	MARK SPAIN REAL ESTATE	2,318.00
	Mark Spain Real Estate Alpharetta, Ga.	
2	LUCIDO AGENCY	2,095.75
	Keller Williams Realty Ellicott City, Md.	
3	BEN KINNEY/HOME 4 INVESTMENT TEAM	1,961.00
	Keller Williams Realty Bellingham, Wash.	
4	THE MINNESOTA REAL ESTATE TEAM	1,729.00
	RE/MAX Advantage Plus Bloomington, Minn.	
5	DUFFY REALTY	1,696.00
	Duffy Realty Of Atlanta Alpharetta, Ga.	
6	THE LOKEN GROUP, INC.	1,656.00
	Keller Williams Realty Houston, Texas	
7	JOHN MURRAY	1,650.00
	Key Realty Rockford, Ill.	
8	CHANTEL RAY REAL ESTATE	1,406.00
	Chantel Ray Real Estate Virginia Beach, Va.	
9	KEVIN BLAIN TEAM	1,369.74
	Keller Williams Realty Tulare, Calif.	
10	FIVE DOORS NETWORK	1,328.04
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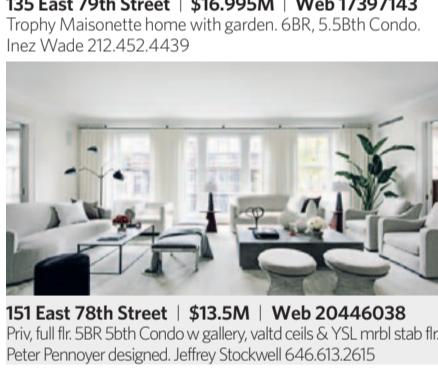
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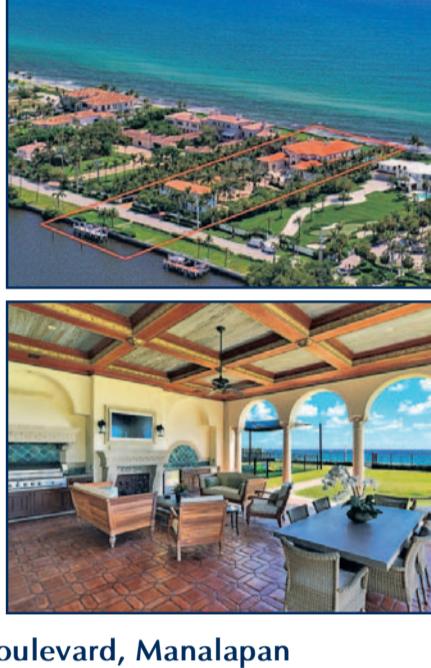
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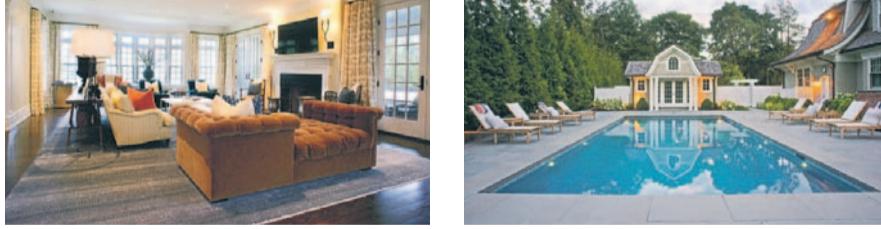
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TOOLS FOR THE TYPICAL WORKING DAY

By Joseph Dobrian

**ROCHELLE ATLAS MAIZE**

Executive director of the luxury estates division for Nourmand & Associates, Beverly Hills, Calif.

"The snacks I carry in my trunk range from one extreme to another. The healthful snacks include almonds, peanut butter, energy bars, dried fruit, seaweed. The junk food side has potato chips, pretzels, candy (tons of it, some of it just for kids), and cookies. I also have aspirin, a hangover kit (this is big on Sunday mornings with my younger clients), baby wipes, phone chargers, tape, hammer, screwdriver, nails, doorstop, first-aid kit, extra sunglasses, measuring tape. I don't ever want to take a chance of cutting short a showing because a client needs a snack. I even carry dog treats!"

**MIKE MCCANN**

The Mike McCann Team, Berkshire Hathaway Home Services, Philadelphia

"Full marketing plans, gym bag, lockboxes, flashlight, screwdriver, towels, de-icer, a cooler full of water bottles—and each day my wife packs me my lunch, to make sure I eat right."

DARREN JAMES

Darren James & Associates brokered by eXp Realty, Denham Springs, La.



"My water cup. I drink a lot of water all day long. I have a computer in my car, and a mobile printer, because my car is where I work."

**LEONARD STEINBERG**

President of the Leonard Steinberg Team at Compass, New York

"I use car services and cabs in the city. Having a car arrive as you exit a building, or raising your hand for a cab instantly, is sheer bliss, and an idling car is bad for the environment. I carry a metal briefcase everywhere. It contains snacks, a phone charger, tape measure, keys—and it's virtually indestructible, which is essential when you're navigating construction-site ladders."

**BLAIR MYERS**

Broker at Better Homes and Gardens Real Estate, Warner Robins, Ga.

"I always have my old MP3 player full of music, different genres and styles: everything from bluesy tunes for when I'm seeking to chill out, to 1980s hair/rock bands for when I want to put some pep in my step. And there's usually a cupcake, cookie—or two, if I'm being honest—or the remnants of a baked good for a sugar-high to keep me going."

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<div style="text-align: center;">  <p>BEDFORD, NY · \$8,500,000 With full equestrian facilities, guest house, tennis court and separate guest cottage. WEB# WSI474185 914.234.9099</p> </div>	<div style="text-align: center;">  <p>GREENWICH, CT · \$8,495,000 Handsome, five-bedroom Georgian estate completed in 2017. 2.1 acres with pool and spa. WEB# WSI465595 203.869.0700</p> </div>	<div style="text-align: center;">  <p>BRONXVILLE, NY · \$8,400,000 Thoughtfully designed & meticulously executed head-to-toe multi-million dollar renovation. WEB# WSI449428 914.337.0400</p> </div>	<div style="text-align: center;">  <p>GREENWICH, CT · \$8,100,000 2.7 acres in Round Hill. Magnificent home. 14' ceilings. Gorgeous landscaping. Pool/spa. WEB# WSI457327 203.869.0700</p> </div>	<div style="text-align: center;">  <p>SCARSDALE, NY · \$7,800,000 Spectacular Scarsdale estate on a private road in Heathcote newly rebuilt in 2013. WEB# WSI451105 914.723.8877</p> </div>
<div style="text-align: center;">  <p>SCARSDALE, NY · \$7,250,000 Live the ultimate luxury lifestyle in this spectacular residence situated on 1.35 acres. WEB# WSI46II40 914.723.8877</p> </div>	<div style="text-align: center;">  <p>PLEASANT VALLEY, NY · \$6,900,000 Strain Estate. 760 acres, one of the largest private acreages compiled in the Hudson Valley. WEB# WSI423318 845.677.6161</p> </div>	<div style="text-align: center;">  <p>GREENWICH, CT · \$6,495,000 Completely renovated seven-bedroom, six-bath Belle Haven area classic. 1.5 acres; new pool. WEB# WSI450423 203.869.0700</p> </div>	<div style="text-align: center;">  <p>BEDFORD CORNERS, NY · \$5,995,000 This incomparable new construction home sits on level property with beautiful views. WEB# WSI442050 914.234.9099</p> </div>	<div style="text-align: center;">  <p>RIVERSIDE, CT · \$5,195,000 Amazing five-bedroom home offers state-of-the-art efficiency on .7 acres with water rights. WEB# WSI472891 203.869.0700</p> </div>
<div style="text-align: center;">  <p>RIVERSIDE, CT · \$4,995,000 Unique, updated home with over 100 feet of Long Island Sound frontage. Private association. WEB# WSI450369 203.698.1234</p> </div>	<div style="text-align: center;">  <p>BEDFORD HILLS, NY · \$3,995,000 Incredible country estate with pool and sport courts. Masterfully renovated and redesigned. WEB# WSI472851 914.234.9099</p> </div>	<div style="text-align: center;">  <p>RYE, NY · \$3,950,000 Stunning Mid-Century modern with floor to ceiling windows and 45' high cathedral ceilings. WEB# WSI464596 914.833.0420</p> </div>	<div style="text-align: center;">  <p>RYE, NY · \$3,400,000 Set up on a beautifully landscaped corner lot on the grounds of the Westchester Country Club. WEB# WSI474722 914.967.7680</p> </div>	<div style="text-align: center;">  <p>LARCHMONT, NY · \$3,395,000 One of Larchmont Manor's finest off-water properties. Stunning Dutch Colonial on .66 acre. WEB# WSI473989 914.833.0420</p> </div>
<div style="text-align: center;">  <p>RYE, NY · \$3,395,000 Handsome six-bedroom Colonial offering the perfect blend of privacy and convenience. WEB# WSI467414 914.967.7680</p> </div>	<div style="text-align: center;">  <p>LARCHMONT, NY · \$2,995,000 Historic meets present in this beautifully expanded and renovated Manor Victorian. WEB# WSI47652 914.833.0420</p> </div>	<div style="text-align: center;">  <p>BRIARCLIFF MANOR, NY · \$2,995,000 Beautiful Estate on 7.5 acres. Private driveway to main house, three-car garage with studio. WEB# WSI468885 914.723.8877</p> </div>	<div style="text-align: center;">  <p>POUND RIDGE, NY · \$2,950,000 The home is set at the end of a long drive and overlooks a sparkling two acre lake. WEB# WSI472913 914.234.9099</p> </div>	<div style="text-align: center;">  <p>RYE, NY · \$2,895,000 Sophisticated Tudor on level property overlooking Van Amringe Pond across from L.I. Sound. WEB# WSI402571 914.967.7680</p> </div>
<div style="text-align: center;">  <p>KATONAH, NY · \$2,650,000 French style home situated on one of the finest lots including pool, tennis, and guest cottage. WEB# WSI430540 914.273.9505</p> </div>	<div style="text-align: center;">  <p>HARRISON, NY · \$2,595,000 Exceptional design and open flowing spaces hallmark this 1925 English Manor set on one acre. WEB# WSI451687 914.967.7680</p> </div>	<div style="text-align: center;">  <p>DARIEN, CT · \$2,499,000 Beautifully landscaped, close to both downtown Darien & Rowayton. Custom kitchen by Deane. WEB# WSI468647 203.655.8238</p> </div>	<div style="text-align: center;">  <p>HARRISON, NY · \$2,495,000 Bright six-bedroom Colonial on level acre on a private cul-de-sac with a beautiful pool. WEB# WSI450107 914.967.7680</p> </div>	<div style="text-align: center;">  <p>BRONXVILLE, NY · \$2,395,000 Classic Center Hall Colonial with custom finishes throughout on quiet Village street. WEB# WSI460256 914.337.0400</p> </div>
<div style="text-align: center;">  <p>KATONAH, NY · \$2,099,000 European Manor presiding on a private cul-de-sac features custom finishes and a saltwater pool. WEB# WSI492649 914.232.5007</p> </div>	<div style="text-align: center;">  <p>ARMONK, NY · \$2,000,000 Exquisite original architectural detail blends seamlessly with luxurious new renovation. WEB# WSI461104 914.273.9505</p> </div>	<div style="text-align: center;">  <p>SCARSDALE, NY · \$1,995,000 Edgemont School District perfection on prime cul-de-sac with gorgeous pool/hot tub. WEB# WSI470642 914.723.8877</p> </div>	<div style="text-align: center;">  <p>WHITE PLAINS, NY · \$1,899,000 Custom contemporary Ranch with the finest construction and design, pool, cabana and patios. WEB# WSI446355 914.271.5500</p> </div>	<div style="text-align: center;">  <p>BRIARCLIFF MANOR, NY · \$1,888,000 Beautiful antique Colonial on almost two gorgeous acres with unobstructed river views. WEB# WSI462786 914.762.7200</p> </div>
<div style="text-align: center;">  <p>NEW ROCHELLE, NY · \$1,699,000 Incredible opportunity to be the first owner of this new 2018 dream home in New Rochelle. WEB# WSI458900 914.636.6700</p> </div>	<div style="text-align: center;">  <p>CHAPPAQUA, NY · \$1,589,000 Exceptional home, distinctively designed. Over 2.5 acres with pool, wrap-around deck. WEB# WSI462512 914.238.4766</p> </div>	<div style="text-align: center;">  <p>IRVINGTON, NY · \$1,495,000 This home will draw you in from the very first moment you see it. Situated on half an acre. WEB# WSI473177 914.591.2700</p> </div>	<div style="text-align: center;">  <p>PLEASANT VALLEY, NY · \$1,395,000 Stunning 30 acre horse property, beautiful Colonial home, outbuildings and in-ground pool. WEB# WSI456599 845.227.4400</p> </div>	<div style="text-align: center;">  <p>NEW CANAAN, CT · \$1,249,000 Delightful screened porch with views of the rear yard and pond. Outdoor deck. WEB# WSI472795 203.966.3507</p> </div>
<div style="text-align: center;">  <p>SOMERS, NY · \$1,050,000 Welcome to Whitlock Farm, an enclave of six unique homes built by renowned Somers Builder. WEB# WSI469406 914.277.8040</p> </div>	<div style="text-align: center;">  <p>WHITE PLAINS, NY · \$1,049,000 Bright and airy Center Hall Colonial set on over half an acre of level, manicured grounds. WEB# WSI470740 914.328.8400</p> </div>	<div style="text-align: center;">  <p>PUTNAM VALLEY, NY · \$995,000 Vintage 1920's stone home with rushing stream and waterfalls. Fireplace. Juliet balcony. WEB# WSI466045 845.265.5500</p> </div>	<div style="text-align: center;">  <p>PELHAM MANOR, NY · \$935,000 This adorable and deceptively spacious home is loaded with charm and features. WEB# WSI466134 914.738.2006</p> </div>	<div style="text-align: center;">  <p>ARDSLEY, NY · \$899,000 This remarkable Center Hall Colonial located in the heart of the Village of Ardsley. WEB# WSI471682 914.591.2700</p> </div>
<div style="text-align: center;">  <p>PUTNAM VALLEY, NY · \$899,000 Waterfront home in spectacular setting with private peninsula on Roaring Brook Lake. WEB# WSI471347 914.962.4900</p> </div>	<div style="text-align: center;">  <p>KATONAH, NY · \$799,000 Center hall Colonial on four acres with exceptional curb appeal, in a prime location. WEB# WSI464422 914.232.5007</p> </div>	<div style="text-align: center;">  <p>YONKERS, NY · \$729,000 1932 Lincoln Park Tudor with great architectural appeal and exceptional living space. WEB# WSI468820 914.368.4500</p> </div>	<div style="text-align: center;">  <p>PAWLING, NY · \$575,000 Pristine Colonial with open floor plan, privately tucked away on almost nine acres. WEB# WSI464957 845.279.6800</p> </div>	<div style="text-align: center;">  <p>CLINTON, NY · \$499,900 A stone pillared private drive sets the tone for this country retreat or year round home. WEB# WSI468924 845.473.9770</p> </div>

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A graduate of New York University's Tisch School of the Arts, Stan currently serves as the President of the board for The Drama League and as a board member of the Bedford Playhouse. He was one of the founding members of the successful Broker's Build with Habitat for Humanity NYC, and is also a strong supporter of the Anti-Violence Project

which awarded him in 2017 with their highest recognition, "The Courage Award". Stan also supports the work of the Bailey House, the Catskill Animal Sanctuary and the American Repertory Theater at Harvard University.

In addition to Stan's resale activities, he is proud to have been selected as co-director of sales alongside Joshua Judge to represent The Woolworth Tower Residences. According to Stan, "The opportunity to sell extraordinary homes in the most recognizable and beloved building in the world is one of the proudest moments of my career."

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Special Advertising Feature**What Do Buyers Want?**

By Joseph Dobrian

MIKE MCCANN

The Mike McCann Team, Berkshire Hathaway Home Services, Philadelphia



"New construction. People are looking for wide-open spaces with a clean design and a lot of amenities. I'm also noticing high demand for a mix of new and old, so an original older home with some updates is a hot trend now. People also love outdoor space. Parking is always a big concern."

VICKY BARRON

Associate broker at Corcoran, New York



"I just spent the morning talking to developers about the value of delivering apartments or homes with systems in place that will affect the health and well-being of those living in them. Homebuyers want air and water filtration, and lighting that helps them sleep better. Developers can create value with features like that."

ROB ANDERT

The Minnesota Real Estate Team, Bloomington, Minn.



"Younger buyers, especially first-time buyers, want some of the old charm from the mid-20th century or even from the turn of the last century. They want anything original: the Victorian doorknobs, the fixtures. They prefer an open layout, especially an open kitchen. Stainless-steel appliances are on the way out. Now people want appliances in different finishes and colors."

TRACY CAMPION

Principal of Campion and Company Fine Homes Real Estate, Boston



"Today's high-end urban buyers want new construction or recent renovations with floor plans all on one level; direct elevator access; garage parking; access to outdoor space; high ceilings (upwards of 10 feet); and oversized windows that frame noteworthy views. The 'lifestyle list' can include in-home automation systems; pet concierge; wine storage and tasting rooms; golf simulators; professionally curated art collections; automated parking systems."

SALLY FORSTER JONES

The Sally Forster Jones Group at Compass, Beverly Hills, Calif.



"Properties that are completely remodeled and done, or a complete fixer where the buyer can customize everything. Anything in between will take longer to sell. Also, we've had a period in Los Angeles [during which] contemporary homes with views were more popular, but now people want bigger yards, and views are less significant. Buyers are interested in walkability. They want a more casual home environment, with open plans, strong master bedrooms, area for a gym, flowing kitchen, and outdoor living space."

Joseph Dobrian is a freelance writer specializing in real estate.

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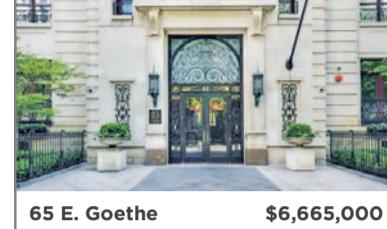
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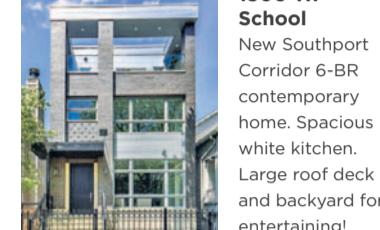
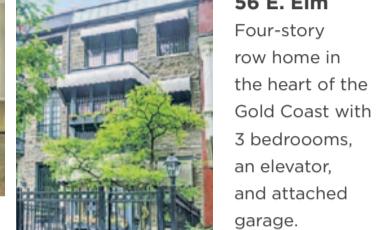
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3448 N. Greenview **\$2,295,000**
Southport Corridor Queen Anne on double lot with great outdoor space.

1256 N. LaSalle **\$1,999,000**
Renovated 5,000 sqft Greystone with a roof deck and attached garage.

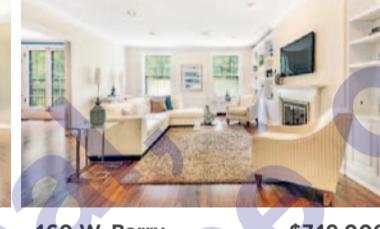
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Four-story row home in the heart of the Gold Coast with 3 bedrooms, an elevator, and attached garage.

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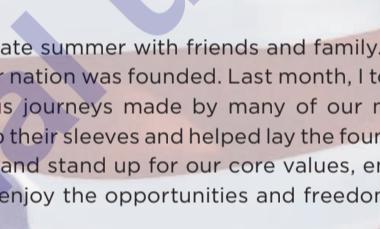
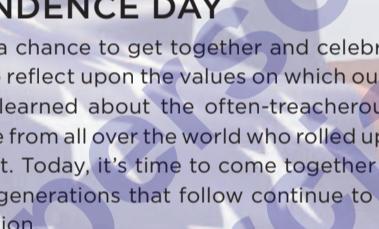
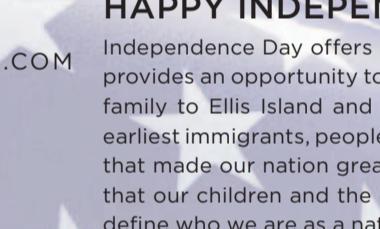
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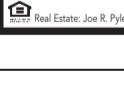
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PRIVATE PROPERTIES

Rob Lowe Lists California Estate For \$47 Million

Actor Rob Lowe and his wife, jewelry designer Sheryl Lowe, are listing their East Coast-style estate in the affluent enclave of Montecito, Calif., for \$47 million.

The design of the 20-room home was inspired by the architecture of the Virginia countryside, where Mr. Lowe is from, said listing agent Suzanne Perkins of Sotheby's International Realty. The approximately 10,000-square-foot main house has six bedrooms. The couple's two children had their own suites, each with a living room and en suite bathrooms. There is also a two-bedroom guesthouse, as well as an 800-square-foot pool house with a kitchen and bedroom. The grounds

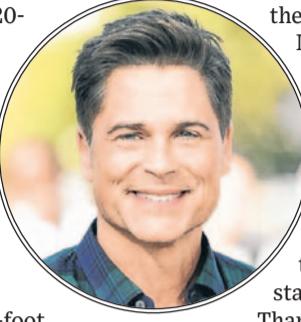
also include a reflecting pool, rose and vegetable gardens, a swimming pool and a tennis court.

The Lowes bought the land in 2005, records show, and built the home from scratch.

Mr. Lowe, 54, said they are selling because their two sons have grown up and left home. "We're looking forward to our next real-estate adventure," he said in a statement.

Thanks in part to its elevation, the home was unaffected by the January fires and subsequent mudslides that impacted Montecito. Ms. Perkins said the luxury market has already begun recovering from the disasters.

The Montecito area is home to many celebrities, including Oprah



Winfrey, Ellen DeGeneres and Jeff Bridges. Neighbors of the Lowes include Ed Glazer, an owner and

co-chairman of the Tampa Bay Buccaneers, property records show.

—Katherine Clarke

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FROM MY PERSPECTIVE

The Best Birthday Song, Ever

For many Americans, Fourth of July celebrations go hand in hand with our brilliant "Star-Spangled Banner," particularly when it comes to fireworks displays. There's nothing like a grand show, filling our skies with colorful lights, punctuated by that rousing song and bombastic explosions of sound.

Part of that tradition dates to July 4, 1777, the year after the Declaration of Independence was signed. There was a magnificent celebration in Philadelphia, then our nation's capital. It saw 13 cannons being fired from ships dressed in red, white and blue; a spirited band performance; bells ringing throughout the city; and a grand exhibition of fireworks that night. "Every thing was conducted with the greatest order and decorum," reported the *Virginia Gazette*, "and the face of joy and gladness was universal."

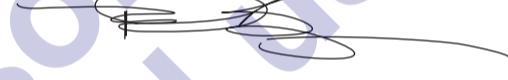
But, interestingly enough, "The Star-Spangled Banner" wasn't written until much later. Amateur poet Francis Scott Key penned it as a poem first, after witnessing a violent siege on Baltimore's Fort McHenry during the War of 1812, and seeing our flag still flying over it the next morning. His first glorious verse:

*O say can you see, by the dawn's early light,
What so proudly we hail'd at the twilight's last gleaming,
Whose broad stripes and bright stars through the perilous fight
O'er the ramparts we watch'd were so gallantly streaming?
And the rocket's red glare, the bombs bursting in air,
Gave proof through the night that our flag was still there,
O say does that star-spangled banner yet wave
O'er the land of the free and the home of the brave?*

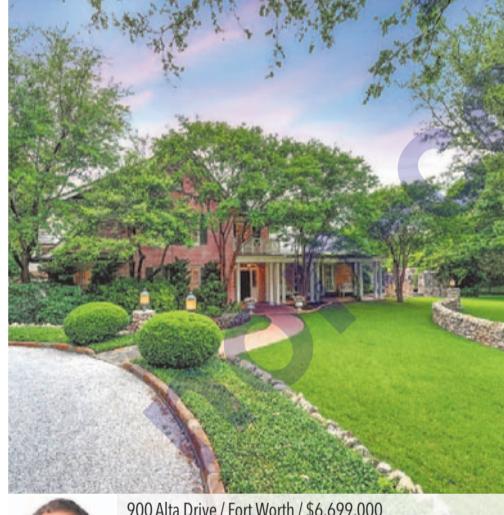
Key's poem was eventually set to music — a popular English drinking tune, in fact — and in 1916, President Woodrow Wilson declared that it should be played at all official events. Fifteen years later, in 1931, the poem that became a song became our national anthem.

This weekend, and next Wednesday — July 4 — there will be fireworks displays all over North Texas, from Fort Worth to Dallas, Fair Park to Plano, and everywhere in between. As you look to the sky and see those rockets' red glares, remember the historic events that set all this in motion.

Happy birthday, America. At 242 years old, you've never looked better.


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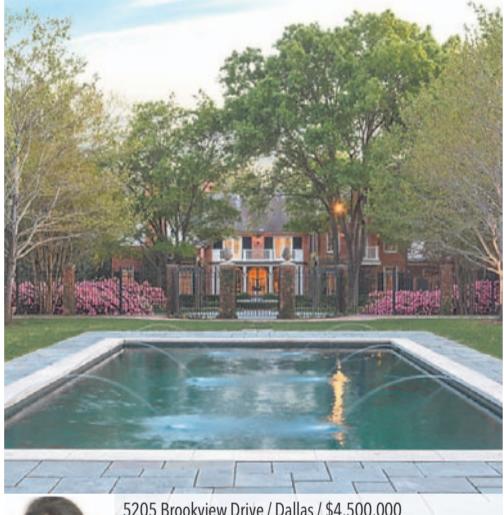
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MANSION



New House, New Life

Continued from page M1

else. Many women in this place in life want to own a home of their own, says Jessica Lautz, director of demographics and behavioral insight for the National Association of Realtors. Ms. Lautz also notes that longer average lifespans—and people working until later in life—are giving older buyers the confidence to take on a 15- or 30-year mortgage.

Ms. Hoffman, echoing the sentiments of others, views her purchase as more than a financial transaction. "There are no bad memories in this house, and I'm going to try hard not to create any," she says.

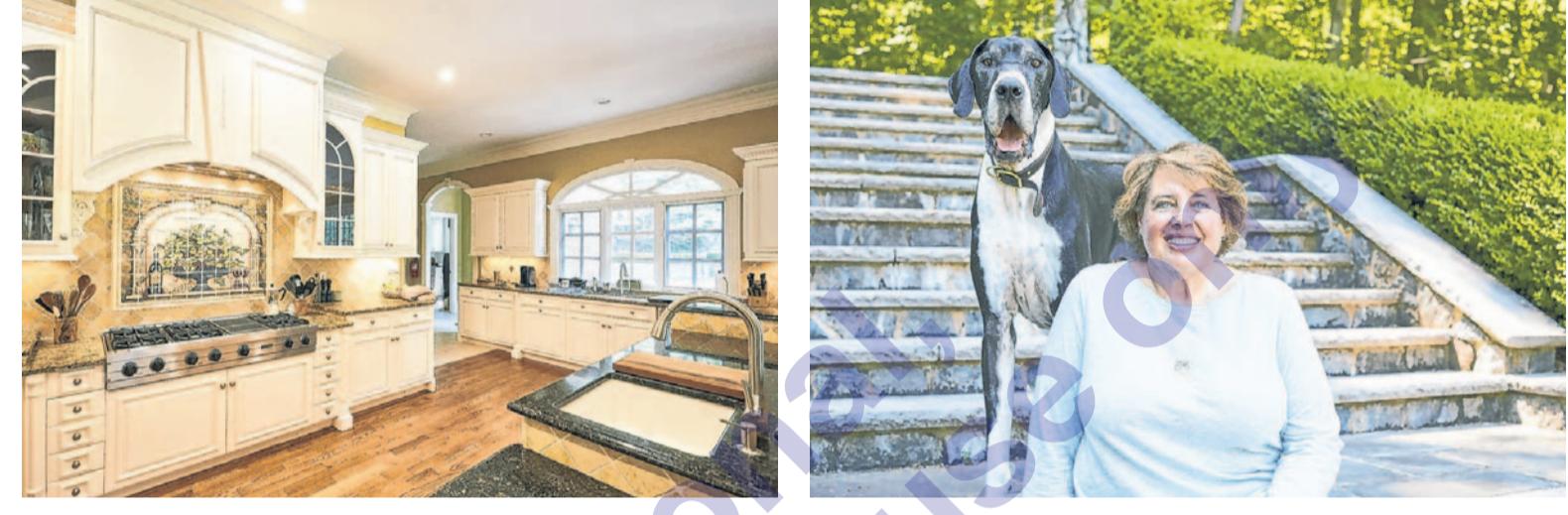
In the late 1990s, Ms. Hoffman and her then-husband built a family home in Paradise Valley. Raising two sons, the couple designed a 6,000-square-foot house with a wing of bedrooms and a play area for the boys. Because she spent about 60-hours-a-week running her own company, a location near school, a grocery store and a dry cleaner was paramount. After divorcing in 2005, Ms. Hoffman moved into a 5,000-square-foot Paradise Valley house so her children could remain in the same school district. That house is now on the market for \$1.475 million.

She then decided to downsize to a house that was easier to take care of. Finding her new place wasn't easy, says her agent Joan Levinson of an eponymous brokerage in the area, as most Paradise Valley homes are larger. Eventually, Ms. Hoffman found a 3,200-square-foot, two-bedroom with a separate, one-bedroom casita. Near restaurants and shopping, it has a landscaped garden and views of Camelback and Mummy mountains. Ms. Hoffman says she left behind all her old furniture and commissioned custom pieces, aiming to "start from scratch."

Mary Jo Valentine Blythe and her then-husband raised three children in a 7,000-square-foot home in the upscale Chicago suburb of Hinsdale, Ill. They divorced in 2005, and seven years later Ms. Blythe bought an 8,000-square-foot home in Vail, Colo. that she and her now-grown sons, avid skiers, consider their "family home," she says. She waited until her youngest son graduated from high school to put the Hinsdale home on the market, she says, selling it in 2016. That same year she also sold the corporate event company she built over 25 years.

Next, Ms. Blythe moved to an \$8,000-a-month, two-bedroom rental in Trump International Hotel & Tower in downtown Chicago. The rental introduced her to a "completely different life," she says, putting her close to restaurants, upscale shopping and bike rides alongside Lake Michigan. Her only qualm was the monthly outlay for a home she didn't own, she says.

So in June, Ms. Blythe, now 56, put down a deposit on a \$3.2 million, four-bedroom condominium in Renelle on the River, an 18-story building currently under construction near the Trump Tower. Her new apartment keeps her in the



GOING HOME After living in a Bay Area home for 20 years, Laura Ackerman bought this \$1.75 million Colonial in Mendham, N.J., where she had gone to high school. Ms. Ackerman, above with dog Kody, says her children asked her to move closer to them on the East Coast.



SUIT YOURSELF Leah Hoffman at her Paradise Valley, Ariz., home. After spending years in large homes with room for her two sons, she wanted a smaller place that fit her own desires. 'I'm totally starting from scratch,' she says. 'I like change.'



NEW DIGS Mary Jo Valentine Blythe, pictured in her under-construction condo, embraced downtown Chicago living.

heart of the city, "where I can walk everywhere," she says.

A year ago, Ms. Blythe met a man with whom she is in a relationship, she says. As it happens, he lives back in Hinsdale, the suburb she left, where he is raising two teenagers. Ms. Blythe says she has no plans to return to the suburbs. "I'm done with that chapter," she says. "I want to be part of something that's more energized."

"Multigenerational homes," or places where aging parents, adult

children not ready to leave the nest, and children under the age of 18 can co-habitate are in high demand among "buyers in their early 50s," says Ms. Lautz of the NAR.

That is roughly what Laura Ackerman was looking for. After ending a 33-year marriage, she was planning to move out of her Bay Area home of 20 years.

"Over the holidays, my kids sat me down and told me they wanted me to move to the East Coast," says Ms. Ackerman, 57. At first,

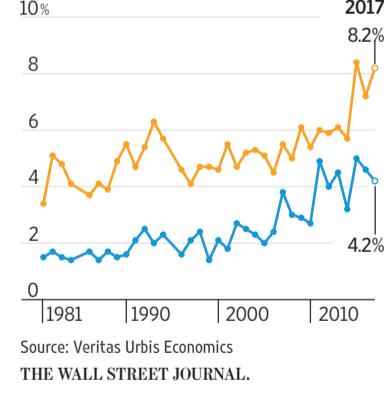
she laughed it off, but later started to dwell on it. Two of her children live on the East Coast and a third lives in Spain, she says.

Influencing her decision was the fact that eight years ago, her youngest son fell out of a tree and nearly died of a traumatic brain injury, Ms. Ackerman says. He recovered and is a healthy young man finishing college, she says. But the experience taught her to "never take another day for granted," she says.

Moving On

Single boomers age 55 years and older in the housing market

■ Single women ■ Single men



Source: Veritas Urbis Economics
THE WALL STREET JOURNAL.

In April, Ms. Ackerman closed on a \$1.75 million Colonial on 5 acres in Mendham, N.J., where she had gone to high school. The 7,000-square-foot house has six bedrooms and seven bathrooms—ideal for when her three children and her mother come to visit. Someday, when there are spouses and grandchildren, everyone will be able to gather, she says.

Still in the process of unpacking, Ms. Ackerman says she is looking forward to joining a church and book club, strengthening relationships with old friends and taking advantage of proximity to her children.

"I definitely feel that the fresh start has given me a new lease on life."