

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

FRIDAY, MARCH 16, 2018 ~ VOL. CCLXXI NO. 62

WSJ.com

★★★★ \$4.00

DJIA 24873.66 ▲ 115.54 0.5% NASDAQ 7481.74 ▼ 0.2% STOXX 600 376.88 ▲ 0.5% 10-YR. TREAS. ▼ 3/32, yield 2.824% OIL \$61.19 ▲ \$0.23 GOLD \$1,316.80 ▼ \$7.60 EURO \$1.2306 YEN 106.33

What's News

Business & Finance

Puerto Rico bonds have rebounded, reflecting improvement in the island's economy and hopes for a settlement with creditors. A1

♦ Tesla is entering a critical period in which it must boost Model 3 production or possibly face severe financial consequences. A1

♦ A federal tax ruling dealt a new blow to a group of pipeline firms that had helped finance a build-out of energy infrastructure. B1

♦ Nike said it had received complaints about workplace behavior and that its No. 2 executive has resigned. B1

♦ Toys "R" Us's decision to liquidate has sent toy makers scrambling to find outlets to carry their wares. B3

♦ Steve Wynn may seek to sell his Wynn Resorts shares, potentially setting off a scramble to control the firm. B3

♦ Icann is preparing a significant tightening of its privacy standards in response to new EU policies. B4

♦ U.K. bank Coutts, a pillar of the British establishment, investigated alleged harassment of women at the firm. B1

♦ The Dow rose 115.54 points to 24873.66. The S&P 500 and Nasdaq ended lower. B1

♦ Amazon's Japanese unit has come under antitrust scrutiny for the second time in as many years. B5

♦ iHeartMedia filed for chapter 11 after reaching an accord with debtholders. B5

♦ Alibaba is working on a plan for a secondary stock listing in China. B10

World-Wide

♦ The Trump administration slapped Moscow with its first sanctions for election-campaign meddling and waging cyberattacks. A1

♦ Mueller has subpoenaed the Trump Organization for documents related to his Russia investigation. A4

♦ Trump has decided to oust McMaster as national security adviser, administration officials said, but the timing of his departure was unclear. A4

♦ The administration is preparing tariffs and other anti-China measures in a bid to pressure Beijing to end tech-transfer rules. A6

♦ Trump insisted that the U.S. is at a trade disadvantage with Canada, an assertion Ottawa denies. A5

♦ A pedestrian bridge in Miami collapsed just days after being installed, crushing cars and killing at least four people. A3

♦ The House won't "rubber stamp" a Senate banking bill, the financial-services chairman said. A5

♦ A North Korean official arrived in Sweden for talks that could be a prelude to a planned summit between Trump and Kim. A6

♦ A video appears to show a deputy standing outside the high school during the Parkland, Fla., shooting. A3

♦ Germany's Merkel is set to push back against French President Macron's plans to overhaul the EU. A7

♦ Most European nations failed to meet a 2% target for military spending. A7

CONTENTS Opinion A13-15
Business News B35-6 Sports A12
Crossword A10 Streetwise B1
Head on Street B12 Technology B4
Life & Arts A10-11 U.S. News A2-5
Mansion M1-12 Weather A11
Markets B11-12 World News A6-8

115 38>
0 78908 63141 1

© Copyright 2018 Dow Jones & Company. All Rights Reserved

Pedestrian Bridge Collapses at College in Miami, Killing at Least 4



AFTERMATH: A new pedestrian bridge, built with innovative construction techniques and not yet open to the public, collapsed Thursday afternoon at Florida International University in Miami, smashing cars and leaving at least four people dead. A3

Puerto Rico Bonds Bounce Back

Brighter economic outlook, prospects for bankruptcy pact lift value of island's debt

By MATT WIRZ

Debt from Puerto Rico is the top-performing bond investment of 2018, reflecting an unexpected improvement in the island's economy and budding hopes for a settlement with creditors to resolve its bankruptcy.

Most U.S. bonds have lost value this year because of rising interest rates, but an index

of Puerto Rico municipal bonds has returned 13.8%, making it the top performer out of 323 bond indexes maintained by S&P Dow Jones Indices. Some Puerto Rico bonds have more than doubled in price since the end of December.

The rally began in January, when Puerto Rico's government disclosed economic data showing previous estimates of the financial impact of Hurricane Maria were overly pessimistic. More recently, investors have been buying bonds in anticipation of substantive talks with bondholders to reach a consensual restructuring, bondholders and people

involved in the negotiations said.

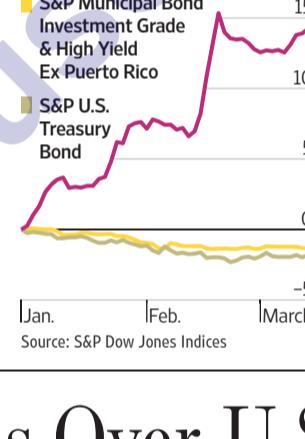
Despite signs of progress, living conditions remain difficult in Puerto Rico. The U.S. territory was contending with economic decay, government mismanagement and excessive debt even before two hurricanes struck the island last year. About 60% of children on the island lived below the poverty line in 2015, according to data from the Pew Research Center.

The bond rebound this year rewards fund managers who stuck with Puerto Rico even when prices fell as much as

Please see DEBT page A5

Top Performer

Bond index performance



Source: S&P Dow Jones Indices

U.S. Hits Russia For 2016 Meddling

BY IAN TALLEY

WASHINGTON—The Trump administration slapped Moscow with its first sanctions for meddling in the 2016 presidential campaign and waging unrelated cyberattacks on critical U.S. infrastructure, punishing the Kremlin's intelligence agencies and Russians already indicted by special counsel Robert Mueller.

In sanctioning five entities and 19 individuals Thursday, the Treasury and senior national-security officials accused the Russian government of ongoing attacks on the U.S. energy grid, and water, aviation and manufacturing facilities. Senior U.S. national security officials said those attacks gave Moscow access to the control systems that run some U.S. utilities and factories. Russia also targeted U.S. nuclear facilities for cyberattacks.

The U.S. in addition cited a cyberattack last year known as NotPetya that crippled computer networks at multinational firms world-wide. And the administration pointed to the nerve-agent attack earlier this month in the U.K. that left a former Russia spy and his daughter in critical condition.

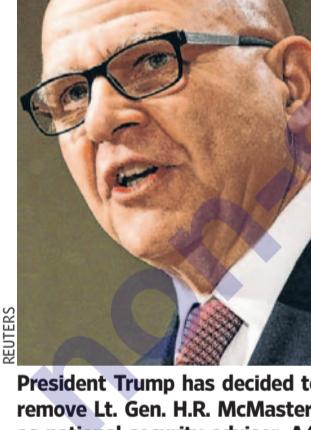
Congress has expressed growing concern about Russian aggression and the Trump administration's response to

Please see RUSSIA page A6

Trump Firm Subpoenaed

President's company turns over documents to special counsel in Russia probe.... A4

President to Oust McMaster



President Trump has decided to remove Lt. Gen. H.R. McMaster as national security adviser. A4

REUTERS

DOJ v. AT&T Looms Over U.S. Business

Trial over Time Warner deal has broad ramifications for antitrust enforcement across industries

By BRENT KENDALL AND DREW FITZGERALD

WASHINGTON—The government accuses the company's chief executive of behaving like the disingenuous Captain Renault in the film "Casablanca." The company likens the government's case to a shaved Persian cat, "pale and thin."

A federal judge in Washington, D.C., next week will hear a case that may settle one of the biggest antitrust issues of modern times.

The face-off, between the Justice Department and AT&T Inc. over the company's \$85 billion agreement to buy media giant Time Warner Inc., has broad ramifications for media, technology and other industries as well as for the government's powers to deter large-scale corporate consolidation.

It could determine whether antitrust enforcers will have real practical authority to challenge so-called vertical mergers involving two complementary companies that operate at different levels of the same industry. Typically, the government challenges unions of direct competitors that sell similar products and services, or horizontal mergers.

The ruling could affect major pending health-care mergers and may have ramifications for the tech economy. If the deal is allowed, AT&T argues, it could act as a bulwark against the power of digital media giants such as Alphabet Inc.'s Google and Facebook Inc. Or it could create an entertainment behemoth that holds consumers hostage, as the government insists.

The outcome could also affect how

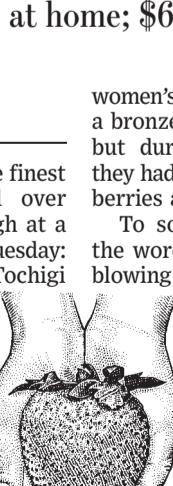
strongly the Trump administration, with its rival populist and pro-business factions, pursues the kind of vigorous antitrust enforcement that was a hallmark of the Obama administration.

The battle is unusual because AT&T and Time Warner aren't head-to-head competitors. They want to combine AT&T's video-distribution network with Time Warner's content—from HBO's "Game of Thrones" to the NCAA basketball tournament—in a move to integrate different links in the same supply chain.

"This will be the first court decision on a vertical merger in a very long time," said Wayne State University law professor Stephen Calkins, "and what the court says will be terribly important."

Please see AT&T page A9

Strawberry Jam: Japanese Curlers Stumble Into Food Fight



A strawberry

* * *

Athlete's praise for Korean fruit left a sour taste at home; \$6.75 a berry

By ALASTAIR GALE
AND MIHO INADA

AOMORI, Japan—The finest strawberries from all over Japan were stacked high at a sports center here on Tuesday: the Super Deluxe Tochigi Maiden, Red Cheeks, the Skyberry and the world's heaviest, the Sweet King.

"So sweet!" said Olympic curler Sat-suki Fujisawa as she took a bite from one while cameras flashed from the assembled media at the event ahead of a tournament.

Once again, she carried the weight of national pride on her shoulders.

Just last month, Ms. Fujisawa and the Japanese

women's curling team had won a bronze medal at the Games, but during the competition, they had praised Korean strawberries as a midgame snack.

To some ears back home, the words were equivalent to blowing a raspberry. Japanese stores sell at least a dozen home-grown varieties of the fruit, all with different qualities of sweetness, texture, color and size, including the Scent of First Love, which is white but still sweet, and the Love Berry, which is as big as a child's hand and very juicy.

Fruit relations are prickly because farmers say Korean berries are actually Japanese varieties caught up in a bruising

INSIDE



AGENTS' GREAT DEALS—FOR THEMSELVES

MANSION, MI



DELUSIONS OF WAR IN JOURNEY'S END

LIFE & ARTS, A10

Tesla Faces Crunch As Cash Hoard Thins

By TIM HIGGINS
AND SUSAN PULLIAM

SAN FRANCISCO—Tesla Inc. is entering one of the most critical phases in its history, a make-or-break period in which the electric-car maker must boost production of its new Model 3 or possibly face severe financial consequences.

In April, Tesla will reveal whether it is on track to meet an ambitious second-quarter target of assembling 5,000 Model 3s a week—a goal that it already twice delayed. The Model 3 is Tesla's first mainstream offering, priced more affordably than its luxury models, and an important part of founder Elon Musk's strategy to broaden the brand's business.

Meeting the goal of 5,000 Model 3s a week by the end of June is crucial to generating enough cash to sustain operations without having to raise more capital.

Tesla burned through about \$1 billion a quarter last year on average, largely because of

heavy investments to bring production of the Model 3 online. That left it with nearly \$3.4 billion in cash at year's end, suggesting that at a similar pace it would run out of cash later this year unless it can raise more funds or substantially boost production at its Fremont, Calif., plant.

UBS analyst Colin Langan projects Tesla will continue to burn cash until it reaches the 5,000-a-week inflection point for a quarter, a milestone that he calculates would generate about \$1 billion in working capital in the short term.

If Tesla can't meet the goal, it will face greater pressure to raise money from the debt or equity markets, which could be challenging if investors lose confidence in the company. Tesla says it has \$2 billion in unused credit facilities and funds, though some of the capital is subject to specific conditions for use. However, it also faces higher interest payments tied to \$10 billion in debt and

Please see TESLA page A4

U.S. NEWS

Rising Water Bills Squeeze Homeowners

BY DAVID HARRISON

Water bills are surging nationwide as utilities try to fix corroded pipes and overflowing sewer systems, leaving many households struggling to pay and in some cases risking shutoffs and foreclosures.

Bills started rising significantly faster than inflation in the mid-2000s as communities stepped up their repairs of aging water and sewer infrastructure. In the past decade, increases have averaged 5.5% a year, more than three times the rate of inflation, according to the Labor Department.

U.S. NEWS

New Pedestrian Bridge Collapses in Miami

MIAMI—A new pedestrian bridge at Florida International University that was at the vanguard of innovative construction techniques collapsed Thursday afternoon, leaving at least four people dead and others injured on a once-busy road left strewn with concrete

By Elizabeth Bernstein,
Scott Calvert
And Valerie Bauerlein

and smashed cars.

Eight cars were crushed under the bridge, which was installed less than a week ago, and nine people were taken to local hospitals, fire officials said. Two patients were in critical condition, according to Dr. Mark McKenney of Kendall Regional Medical Center.

"We are in full search-and-rescue mode," Maurice Kemp, deputy mayor of Miami-Dade County, said at a press conference. Mr. Kemp said authorities had four cranes working

at the site, as well as dogs and urban search-and-rescue specialists scouring the rubble.

Officials made clear the death toll could rise as rescuers gain access to the rubble. "We're probably going to come out with a sad outcome for many in our community," said Miami-Dade Police Chief Juan Perez.

The \$14.2 million bridge crossed Miami's Southwest Eighth Street, connecting FIU's campus to the town of Sweetwater. Put in place on Saturday, its main span—174 feet long, and weighing 950 tons—was expected to be opened for foot traffic next year.

Steven Ippoliti, a meteorologist for the National Weather Service in Miami, was driving toward the bridge when he saw it go down. "I was just kind of like in shock," he said in a phone interview. "It was there one second and the next it was down on the road, with dust flying."



THE WALL STREET JOURNAL

The National Transportation Safety Board dispatched a team to investigate.

Florida Gov. Rick Scott, appearing with local officials, promised a thorough investigation. "If anyone has done anything wrong, we'll hold them accountable," he said.



MICHAEL LANGHANS/ZUMA PRESS

Officials warned that the death toll from the collapse could rise.

Zee Junia, a 19-year-old FIU sophomore was on campus when he got an alert about police activity on campus on his phone and saw friends talking about the collapse on social media. He said he was shaken by the events and noted the bridge had been put up very fast.

"How can they do something that quickly," he said. "This is just really scary. Buildings shouldn't be put up in a rush."

The pedestrian bridge was a prominent example of a technique called accelerated bridge construction, a focus of re-

search at FIU. Built as part of a \$19.4 million federal transportation grant, it was celebrated Saturday as its main span was lifted from temporary supports and rotated 90 degrees across an eight-lane road known as Tamiami Trail.

On Thursday, FIU President Mark B. Rosenberg said, "This bridge was about goodness, not sadness. Now we're feeling immense sadness, uncontrollable sadness." He said the university was working with authorities to assist in rescue efforts.

Mr. Rosenberg said the bridge underwent testing on Thursday, and the fire chief said construction workers were on the bridge when it collapsed.

The firms involved in the construction and design, FIGG Bridge Engineers Inc. and Munilla Construction Management, released statements saying they would cooperate with the investigations.

Firms Want What Amazon Is Getting

By SHAYNDI RAICE
AND LAURA STEVENS

U.S. cities vying for **Amazon.com** Inc.'s second headquarters risk facing an unexpected consequence to victory: Other companies will demand the same hefty tax breaks conferred on the online retail giant.

Already, some companies with a presence in the finalist cities are calling for similar tax breaks from elected officials. It is a pitfall that often accompanies large tax incentive packages used to lure employers to a state.

In Washington, D.C., a group of tech companies wrote last week to the city's mayor with a detailed list of requests—from training bonuses to property tax breaks—that the city is reportedly offering to Amazon. **JPMorgan Chase & Co.** Chief Executive James Dimon recently said that he plans to call up the governor from the winning city and demand a similar deal. Finalist cities like Dallas, Chicago and Columbus, Ohio, are all places where JPMorgan already has tens of thousands of employees, Mr. Dimon said.

"The last company that needs perks is Amazon," said Dan Berger, chief executive of the Washington, D.C.-based Social Tables, a hospitality software company that employs about 120 people. "We believe we should get those kinds of benefits as well."

A spokeswoman for the city said it was in discussions with the group of tech firms.

"Economic incentives are subject to the reverse potato chip rule: You can't hand out

Neighborhood Bank

The tax subsidy offers from Newark, N.J., and Maryland for Amazon's second headquarters rank among the biggest tax incentive packages for corporate investment.



*Proposed. Note: Figures for previous deals are as of Oct. 2017.
Sources: Good Jobs First (previous deals); Maryland and New Jersey governor's offices, Newark mayor's office (Amazon offers)

THE WALL STREET JOURNAL

just one," said Timothy Bartik, an economist at the Kalamazoo, Mich.-based W.E. Upjohn Institute for Employment Research.

Seattle-based Amazon announced in September it was searching for a second headquarters to house as many as 50,000 new employees with investments that could total more than \$5 billion over nearly two decades. More than 200 cities and regions applied and it narrowed the list to 20 metro areas in January. Amazon is now conducting site visits.

Amazon has said incentives will factor in to where the company locates. Newark and New Jersey have proposed a combined \$7 billion, while Maryland's governor has put \$5 billion on the table.

Aisha Glover, president and chief executive of the Newark Community Economic Develop-

ment Corporation, said the city hopes other businesses will take advantage of new legislation offering hefty tax breaks to companies.

"We definitely intend to use the legislation to attract other large-scale job creation projects," Ms. Glover said.

Andrew Trueblood, who works on economic development for Washington Mayor Muriel Bowser, said the city hands out incentives when companies can show a strong financial return to the district.

"We want to see three to four times the tax revenues to whatever we put in," he said.

State officials can find themselves in a tricky situation after handing out big tax breaks to newcomers. There may be political pressure for a state to pay for jobs it already has.

The state of Wisconsin faced a similar conundrum

when it announced in July that it was offering a \$3 billion tax incentive package to Taiwan's Foxconn Technology Group. The company plans to invest \$10 billion to build a 20 million-square-foot campus that could employ up to 13,000 people.

After paper products maker Kimberly-Clark Corp. said in January it would be shutting two Wisconsin plants employing 600 people, Wisconsin Gov. Scott Walker said he would give the firm the same percentage tax break as Foxconn if the plants stayed open.

A spokesman for Kimberly-Clark said the company appreciated the governor's efforts and was negotiating with its union about the proposed incentives.

Trying to retroactively match deals for existing companies could be tricky, said Greg LeRoy, executive director of Good Jobs First, a Washington-based group opposed to tax incentives. In Wisconsin's case, for example, Mr. Leroy said it could turn into a game of "whack a mole." "There's lots of big employers in Wisconsin," he said.

Mark Maley, a spokesman for the Wisconsin Economic Development Corporation, which arranged the deal, said it made sense for Wisconsin as a leader in the paper industry.

But Mark Sweeney, a senior principal with McCallum Sweeney Consulting, said matching tax deals for existing firms "has a lot of political weight. It doesn't necessarily have a lot of economic weight."

—Emily Glazer contributed to this article.

Sheriff Releases Video Of Deputy at School

By JON KAMP

A video released Thursday appears to show a sheriff's deputy standing outside a Marjory Stoneman Douglas High School building in Florida for several minutes during a gunman's rampage that left 17 people dead last month.

The Broward County Sheriff's Office, which distributed the footage after a judge ordered its release, said it depicted the actions of former Deputy Scot Peterson as the shooting unfolded.

Sheriff Scott Israel has said Mr. Peterson should have confronted accused shooter Nikolas Cruz in the building, while Mr. Peterson has defended himself by saying he properly took position for what he thought were shots being fired outside.

The footage shows a figure the sheriff's office has identified as Mr. Peterson approaching Building 12, the scene of the Feb. 14 shooting, about two minutes after the sheriff's office says the shooting started.



The Florida sheriff has said Deputy Scot Peterson, right, should have confronted the shooter inside the school. Mr. Peterson has said through a lawyer that he believed shots were fired outside.

OFFICINE GENERALE

Saks Fifth Avenue

YOUR BOSS MOVES START AT SAKS

U.S. NEWS

Trump Plans to Oust Adviser McMaster

President doesn't yet have replacement in mind; senator lobbies for Sessions to remain

Washington prepared for further change in President Donald Trump's administration, as national security adviser H.R. McMaster's position appeared increasingly precarious.

*By Rebecca Ballhaus,
Aruna Viswanatha
and Michael C. Bender*

ous and a series of staff departures prompted a U.S. senator to publicly urge the president not to fire his attorney general.

Mr. Trump has decided to oust Lt. Gen. H.R. McMaster and has conveyed that decision to John Kelly, his chief of staff, according to administration officials. The timing of a departure was unclear, with

one official saying it could happen "imminently" and another saying it could be weeks, even months.

Mr. Trump doesn't yet have a replacement in mind, and is unlikely to force a departure before he has one, the officials said. The president wants a more graceful exit for his national security adviser than he afforded Rex Tillerson, the former secretary of state he fired via Twitter earlier this week, one official said.

White House press secretary Sarah Huckabee Sanders tweeted Thursday evening that she had spoken to the president and his national security adviser and that "contrary to reports they have a good working relationship and there are no changes at the [National Security Council]."

Gen. McMaster attended a White House event Thursday evening honoring the Irish prime minister and joked with

reporters there, including responding to one question that appeared to touch on his future by asking: "Have you heard anything?"

The military is actively looking for a new job for Gen. McMaster, but it could take time to find a suitable position, U.S. officials said.

In recent days, Mr. Trump began discussing potential successors for Gen. McMaster, according to former Trump administration officials. Mr. Trump met last week with John Bolton, the former U.S. ambassador to the United Nations, who has openly discussed his interest in the national security post.

Mr. Trump was expected to speak with other potential replacements this weekend, the former officials said, including Stephen Biegun, an executive at Ford Motor Co., who previously served on the National Security Council. The presi-

FBI Official's Future at Issue

Questions have arisen over the status of another top Washington official. Andrew McCabe, who was told to leave his post as deputy director of the FBI earlier this year, may be fired ahead of his expected retirement from the bureau on Sunday, according to people familiar with the matter.

Mr. McCabe was meeting

Thursday with staffers in Deputy Attorney General Rod Rosenstein's office in a last-ditch attempt to avert his dismissal for allegedly not being forthcoming in an internal investigation, one of the people said.

White House press secretary Sarah Huckabee Sanders said decisions about Mr. McCabe's status should be left to the Justice Department but that the White House did acknowledge "some cause for concern."

dent's plan to oust Gen. McMaster was reported by the Washington Post on Thursday evening.

Mr. Trump on Thursday played down predictions of a shake-up coming, but previewed some further changes.

"There will always be change, but very little," he

said. "I think you want to see change. I want to also see different ideas."

The president's constant criticism of Jeff Sessions has prompted speculation that the attorney general could be among the next targets, drawing pushback from the chairman of the Senate Judiciary

Committee on Thursday.

Sen. Chuck Grassley (R., Iowa) said he "would not be comfortable" if Mr. Trump fired the attorney general. Mr. Grassley would oversee the process for confirming a new attorney general, so his concern is significant.

On Thursday, in response to a question about whether Environmental Protection Agency Administrator Scott Pruitt could become Mr. Trump's new attorney-general nominee, a possibility that some have floated, Mr. Grassley said: "That's speculation. I don't even know whether that's the real world." He said he had had no conversations with the White House about Mr. Pruitt.

Mr. Trump's advisers have warned the president for months against firing Mr. Sessions, according to people familiar with the conversations.

Mueller Subpoenas Trump Company

BY REBECCA BALLHAUS

Special counsel Robert Mueller has subpoenaed Trump Organization for documents related to his investigation into whether associates of President Donald Trump colluded with Russia to interfere in the 2016 election, according to a person familiar with the matter.

Trump Organization has been voluntarily producing documents to the special counsel's office for months, people familiar with the matter said.

"Since July 2017, we have advised the public that the Trump Organization is fully cooperative with all investigations, including the special counsel, and is responding to their requests," said Alan Futter, an attorney for Trump Organization, in a statement.

Referring to reports of a subpoena being issued, he said: "This is old news and our assistance and cooperation with the various investigations remains the same today."

The statement didn't directly confirm the issuance of the subpoena. The special counsel's office declined to comment.

The news of the subpoena was reported Thursday by the New York Times.

Mr. Mueller's decision to subpoena the company—which is owned by Mr. Trump and managed by his two adult sons—appears to mirror the strategy the Republican president applied to his campaign, which voluntarily gave documents to the special counsel for months before receiving a subpoena in October.

That subpoena requested documents and emails from more than a dozen top officials that reference a set of Russia-related keywords.

Mr. Mueller is investigating possible collusion with Moscow as part of a broader probe into Russia's alleged meddling in the presidential election. He is also examining whether Mr. Trump sought to obstruct justice during the probe.

Mr. Trump has denied collusion and obstruction of justice; Moscow has denied meddling in the election.

The special counsel's investigation has appeared to focus less on the president's finances and more on questions of collusion and obstruction.

Mr. Mueller's team has asked witnesses in recent months about Trump Organization's business endeavors in Russia, including an effort to build a Trump Tower in Moscow years before the election, according to people familiar with the matter.

Michael Cohen, an attorney for Trump Organization at the time, discussed a prospective real-estate deal in Moscow with Mr. Trump on three occasions during the presidential campaign, Mr. Cohen told the The Wall Street Journal last year.



At left, Senate Majority Leader Mitch McConnell and his wife, Transportation Secretary Elaine Chao, are among the people whose families Peter Schweizer, above, alleges were targeted by Beijing.

Author Alleges Chinese Influence Campaign

BY ARUNA VISWANATHA

The author of a book that fueled an FBI investigation into the Clinton Foundation now is taking aim at two new targets—the families of Senate Majority Leader Mitch McConnell and former Vice President Joe Biden.

In a new book, "Secret Empires: How the American Political Class Hides Corruption and Enriches Family and Friends," conservative author Peter Schweizer argues that China has worked to gain leverage over powerful American politicians by targeting their families with investment opportunities and business deals, providing hundreds of millions of dollars in business to companies run by the families of Messrs. Biden and McConnell.

Aides to both men disputed the accuracy of Mr. Schweizer's findings, calling them "wild accusations" without "credible sourcing" and "politically motivated hit pieces."

Lawmakers and government officials are required to disclose information about their financial dealings but not those of

their extended families, and Mr. Schweizer argues China has tried to exploit that provision.

The book is being published March 20 by HarperCollins, which is owned by News Corp, which also owns The Wall Street Journal. It comes as U.S. officials have expressed concerns about China's efforts to target President Donald Trump's son-in-law and senior adviser, Jared Kushner, and his wife, Ivanka Trump, who have business dealings in China.

Counterintelligence officials have worried for years about China's efforts to cultivate relationships with family members of those in power through business dealings, and they have warned senior officials to be mindful of such relationships, according to people familiar with the briefings.

A representative at the Chinese Embassy in Washington didn't respond to a request for comment about the claims in Mr. Schweizer's book.

Mr. Schweizer points to what he claims is evidence of a close relationship between Foremost Group, the shipping company run by the family of Transporta-

tion Secretary Elaine Chao and Beijing. The author argues that Mr. McConnell, who is Ms. Chao's husband, has softened his views on China as that relationship grew.

A spokesman for Mr. McConnell rejected that conclusion, pointing to Senate floor statements in which Mr. McConnell, a Kentucky Republican, referred to China as an "aggressor state" the U.S. must confront.

Schweizer claims leverage is gained from business deals with politicians' kin.

"While he makes some wild accusations, they're not backed by any credible sourcing—which makes sense, as they are inaccurate," McConnell spokesman David Popp said of Mr. Schweizer.

A Transportation Department spokeswoman said Ms. Chao has had no involvement with her family's business for more than four decades, and called the claims "spurious and

deliberately malicious." Ms. Chao and Mr. McConnell also have no financial investment in Foremost Group. A Foremost representative didn't respond to requests for comment.

Mr. Schweizer also points to what he claims is evidence of close ties between the Chinese government and Rosemont Seneca Partners, a now-closed investment firm that was owned by Mr. Biden's son, Hunter, and the stepson of former Secretary of State John Kerry, Christopher Heinz. Mr. Schweizer outlines investments that he says came as Messrs. Biden and Kerry were managing America's relationship with Beijing.

In December 2013, Mr. Schweizer writes, Bank of China set up a collaboration with Rosemont Seneca with \$1 billion in funds backed by the Chinese government.

A person familiar with the firm disputed Mr. Schweizer's description of the relationship between Rosemont Seneca and a Chinese investment fund, and said neither the firm nor Messrs. Biden or Heinz "ever received any payments" from the Chinese investment fund. A person close to Mr. Heinz said

he had no operating role in Rosemont Seneca.

A spokesman for Mr. Kerr and an aide to Mr. Biden disputed Mr. Schweizer's claims.

Mr. Schweizer, president of the Government Accountability Institute, which is chaired by conservative donor Rebekah Mercer, has a history of alleging corruption by top politicians. In 2015, the Federal Bureau of Investigation started a corruption inquiry based on claims he made in a book about Bill and Hillary Clinton: "Clinton Cash: The Untold Story of How and Why Foreign Governments and Businesses Helped Make Bill and Hillary Rich."

The Clinton Foundation has long denied wrongdoing, saying it is a well-run charity that has done immense good.

Mr. Schweizer also points to the appointment of Ms. Chao's sister, Angela Chao, to the board of state-owned Bank of China, 10 days after the 2016 election.

Angela Chao, who is chairman and chief executive of Foremost Group, according to her personal website, couldn't be reached for comment. Efforts to reach CSCC and Bank of China were unsuccessful.

TESLA

Continued from Page One increased costs associated with the production ramp-up.

Since going public in 2010, Tesla has used about \$10 billion in cash, an unusually large sum for a publicly traded U.S. company of its size, said Bernstein analyst Toni Sacconaghi. Tesla has a market capitalization of roughly \$57 billion.

Barclays analyst Brian Johnson expects Tesla to raise more money in the third quarter if it proves it can build 5,000 Model 3s a week—a rate equating to roughly 250,000 vehicles in a single year, about what a typical automotive factory produces.

Mr. Musk told attendees at the recent South by Southwest festival in Texas that two things keep him up at night: an apocalyptic future created by artificial intelligence—and production delays of the Model 3. He said Tesla is "making good progress."

on Model 3 production.

He is grappling with these challenges after losing a number of financial executives. In recent days, Tesla's chief accounting officer and treasurer both left, following last year's exit of the financial chief and last month's departure of the top sales executive. Tesla declined to make Deepak Ahuja, who rejoined the company as chief financial officer last year, available to comment.

Mr. Musk has repeatedly defied the odds. At SXSW on Sunday, he recounted how Tesla nearly went into bankruptcy in 2008 when money ran tight. Although many investors over the years bet against the stock through short sales, he proved Tesla could build a global luxury brand of electric cars with a devoted following beyond environmentalists.

But Tesla is no longer a startup. It is a 38,000-person company that is trying to compete with the world's largest auto makers. Mr. Musk has es-

chewed operating profit and racked up debt as he chases his dream of making a mainstream electric sedan.

Mr. Musk earlier pledged to deliver 500,000 vehicles this year, about five times last year's total. Analysts surveyed by FactSet estimate, on average, that Tesla might deliver a total of 258,000 vehicles this year, including 157,000 Model 3s.

These hurdles have weighed on Tesla's stock. Its share price has stalled since surging in early 2017 to give it a market value rivaling General Motors Co. The stock has fallen about 14% since around the time it began production of the Model 3 nine months ago.

"Some big investors are losing patience," said Nathan Weiss of Unit Economics, a research arm of investment firm Weiss, Harrington & Associates LLC, which has a bearish bet on Tesla but doesn't own shares. "They are less excited about it than they were a year ago."

Some investors are watching

Veering Off Course

Tesla's shares have fallen 14% over the past nine months.

Performance since June 2017



Source: WSJ Market Data Group

THE WALL STREET JOURNAL

Based on the Z-Score formula—which takes into account a number of variables, including share price, working capital, retained earnings and other items—Tesla had a score of 1.26, its lowest score for any quarter since 2014. Any company with a score below 1.8 is considered distressed by many investors. A score of 1.0 or lower suggests bankruptcy is likely within two years.

Three of Tesla's 10 largest shareholders have recently sold shares, according to the shareholders' latest quarterly filings. Fidelity Investments—the second-largest Tesla shareholder behind Mr. Musk, with a nearly 10% stake—sold close to one-third of its stake in the final three quarters of 2017, filings show. A Fidelity spokesman declined to comment.

Other shareholders have piled in. T. Rowe Price Group Inc. more than doubled its stake in the fourth quarter, making it the fourth-largest owner of Tesla shares.

HERNO  Jacket, \$750.
bloomingdales.com/100percent

TODAY-MARCH 25

HOT

10 DAYS OF SPRING
FASHION, EXCITING
EVENTS AND
TRIPLE POINTS ON
EVERYTHING!*

100% bloomingdale's

EXCLUSIVE PIECES YOU WON'T FIND ANYWHERE ELSE

U.S. NEWS

Trump Spars With Canada on Trade Data

By WILLIAM MAULDIN

The Trump administration is fighting a war of numbers with Canada, escalating economic tensions with one of the biggest U.S. trading partners.

President Donald Trump insisted on Thursday that the U.S. is at a trade disadvantage, while Canada denies anything of the sort.

The trade balance is Mr. Trump's preferred yardstick for measuring whether the U.S. is gaining or losing from economic relationships with its partners. That differs from the views of many economists, who say countries benefit from imports as well as exports and that a country's overall trade balance is based on broad economic factors including investment and savings rates.

The complexity of the statistics measuring U.S.-Canadian trade flows allows each side the ability to support its claim by choosing from an array of data.

Trump administration officials typically focus on mer-

chandise trade balances with other countries, which don't account for trade in services such as insurance or tourism.

The U.S. Census Bureau's basic tally of merchandise trade with Canada lists U.S. exports at \$282.4 billion and imports from Canada at \$300 billion, indicating a deficit of \$17.6 billion.

Canadian officials prefer to include services trade as well as merchandise. That method, which gives highly competitive American services industries credit, gives the U.S. a small surplus of \$2.8 billion in 2017, according to the U.S. Commerce Department.

The stakes in this dispute are high, as the Trump administration continues to push its northern neighbor and Mexico to renegotiate the 24-year-old North American Free Trade Agreement to address what the U.S. says are inequities in the trade flows between the two countries.

The Canadian assertion of a U.S. surplus with the country undercuts the Trump administration's main trade argument



MARK BLINCH/REUTERS

Canadian Prime Minister Justin Trudeau, right, touring a steel plant in Hamilton, Ontario, this week.

in Nafta and other negotiations with Canada—that U.S. deficits represent unfair relationships that need to be overhauled.

The U.S. is asking Canada for a litany of changes in the

Nafta talks, and Canada officials are responding with an argument tailored to Mr. Trump: Trade between the two countries is balanced, so no major changes are needed to existing Nafta provisions.

A spokesman for the Canadian embassy in Washington said, "Canada does not view trade surpluses or deficits as an appropriate measure of whether a given trade relationship is working, or is ben-

eficial for the parties."

Mr. Trump raised eyebrows at a fundraiser when he reportedly told guests that he recently insisted to Canadian Prime Minister Justin Trudeau that the U.S. has a trade deficit with Canada, despite having "no idea" if that was in fact the case.

"Trudeau came to see me...He said, no, no, we have no trade deficit with you, we have none," Mr. Trump said Wednesday, according to a transcript published by the Washington Post. "I said wrong, Justin, you do. I didn't even know. Gosh, I had no idea. I just said, 'You're wrong.'"

Mr. Trump sought to clarify his position in a tweet Thursday, saying that the U.S. is indeed at a trade disadvantage with Canada. "We do have a Trade Deficit with Canada, as we do with almost all countries (some of them massive)," Mr. Trump wrote. "P.M. Justin Trudeau of Canada, a very good guy, doesn't like saying that Canada has a Surplus vs. the U.S. (negotiating), but they do."

House GOP Won't 'Rubber Stamp' Senate Banking Bill

By ANDREW ACKERMAN

WASHINGTON—House Republicans are pushing to leave their mark on a bipartisan overhaul of the banking sector approved this week by the Senate, a move that could slow momentum for the legislation in Congress.

House Financial Services Committee Chairman Jeb Hensarling (R., Texas) on Thursday said the House wouldn't "rubber stamp" the Senate measure, which was approved 67-31 on Wednesday with the support of 17 members of the Democratic caucus. He described the Senate bill as "an important first step."

Mr. Hensarling, who is retiring from Congress this year, said he discussed the bill with House Speaker Paul Ryan (R., Wis.) and was told the bill wouldn't leave Mr. Ryan's desk "unless and until the Senate negotiates with the House," indicating House lawmakers want to debate adding provisions they favor to the legislation.

The remarks reflect disappointment by some House lawmakers that the Senate bill, which relaxes Dodd-Frank requirements for small and medium-size banks, doesn't incorporate more bipartisan provisions already approved by the House.

Adding to the Senate plan could upset the deal between Senate Republicans and the group of centrist Democrats who backed it. Senate aides have said making changes to the package could delay final passage of the overhaul for weeks or months, or derail it altogether. Centrist Democrats have already said they won't support negotiations with House lawmakers to make changes to the Senate bill.

Mr. Hensarling appears to be gambling that centrist Democrats running in states won by President Donald Trump—a group that includes Sens. Heidi Heitkamp of North Dakota and Jon Tester of Montana—will accept additional provisions that broaden the scope of the bill because they

are eager to point to bipartisan accomplishments in their campaigns. Several measures were added to the bill during Senate debate as part of an effort to smooth passage of the bill in the House.

Democrats have already weathered attacks from their more liberal colleagues for supporting the plan and say they are prepared to walk away from a deal if the House adds controversial measures.

"There are some out there that will say this bill is going to look completely different when it comes back from the House," Mr. Tester said last week. "If it does, then I guess we're done."

Brian Gardner, an analyst at Keefe, Bruyette & Woods, said it "would be the greatest irony if House Republicans wind up killing the bill and doing what Sen. Elizabeth Warren could not."

Ms. Warren, a Massachusetts Democrat, led the opposition to the banking bill in the Senate.

In its present form, the Senate bill includes some provisions from a broader House deregulatory package that passed the chamber last year without any Democratic support. Senate Democratic aides say it also incorporates other legislation that advanced through the House in recent years. House Republicans want more and want to convene a formal or informal panel of lawmakers from both chambers to negotiate a broader deal.

"We incorporated almost 40 House bills, many of which are bipartisan, into the Senate bill," Ms. Heitkamp said in a statement.

Mr. Hensarling said he has a list of some 30 stand-alone bills advanced on a bipartisan basis in the House or his committee that are candidates for inclusion in the Senate's regulatory rulemaking Board.

One measure, passed by the House in a 344-73 vote, would clarify existing regulations governing how startups pitch potential investors on private offerings.

Health-Law Suit May Boost Insurers

By STEPHANIE ARMOUR

Health insurers and the Trump administration face a court decision shortly that will determine whether the government must pay insurers billions of dollars despite Republican efforts to block payments they view as an industry bailout.

Insurers have filed roughly two-dozen lawsuits claiming the federal government reneged on promises it made to pay them under the Affordable Care Act. A decision could come at any time on pivotal litigation before a three-judge panel at the U.S. Court of Appeals for the Federal Circuit.

The panel's decision on cases brought by two insurers—Moda Health Plan Inc. and Land of Lincoln Mutual Health Insurance Co.—will resolve splits between lower-court judges. It could also shape the outcome of other insurer lawsuits that would leave the government potentially owing as much as roughly \$20 billion in past and future payments. Those cases, legal experts say, amount to the largest civil lawsuits ever.

More than money is at stake. If the federal government loses the lawsuits, the Trump adminis-

tration could find itself forced to financially support a health law it has been seeking vigorously to undo.

"There's piles of money on the table," said Tom Policelli, former chief executive of Boston-based Minuteman Health, which is among dozens of insurers suing the government. "The federal government offered a deal to insurers, and they need to hold up their end of it."

Most of the lawsuits come down to a simple argument: Insurers say they were promised funding by the Obama administration under the ACA, but Republicans opposed to the law blocked the payments. That money, they say, is still owed to them because they suffered financial losses.

The administration essentially says insurers aren't entitled to funding because it was never appropriated by Congress.

Legal experts say the insurers could win at least some of their claims. Timothy Jost, an emeritus professor at the Washington and Lee University School of Law, said that while the judges' questions at argument seemed to favor the government, they had the option of awarding the insurers some of their claims but not all.

The standoff focuses partly on a program, known as "risk corridors," that sought to entice insurers into the ACA markets by helping cover their financial risk. The administration collected money from insurers and redistributed it, giving more to companies that fared poorly on the ACA marketplaces.

Insurers say the administration promised to cover certain losses even if it didn't collect enough from participating insurers. But Republicans have put provisions in the federal budget saying the program can only pay out as much as it collected, creating a shortfall for insurers of about \$12.3 billion.

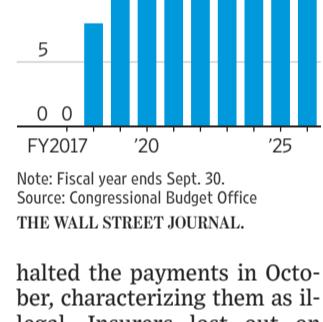
Insurers also say the administration reneged on "cost-sharing reduction" payments to be provided through a separate ACA program. The health law required insurers on the exchanges to offer subsidies to some low-cost consumers, and the insurers say the Obama administration promised to cover the subsidies' costs.

The payments were made through last year, although House Republicans filed a lawsuit in 2014 saying Congress never appropriated the money. President Donald Trump

Disputed Funds

Estimated annual amount U.S. government would have to pay over the next decade if cost-sharing subsidies had continued

\$20 billion



halted the payments in October, characterizing them as illegal. Insurers lost out on about \$2 billion last year, and they would have gotten about \$8 billion this year.

After the panel's ruling, the case could be reconsidered by the full 18-member court, or it could be appealed to the Supreme Court.

The Justice Department didn't return messages seeking comment.

DEBT

Continued from Page One

60% after the September storms damaged much of the island's infrastructure and real estate.

With roughly \$70 billion of debt outstanding, Puerto Rico is one of only a few large trades available to hedge funds seeking investments that don't move in lockstep with the broader markets.

GoldenTree Asset Management LP owns nearly \$600 million in face amount—the amount to be paid the holder at maturity—of Puerto Rico's subordinated bonds backed by sales-tax receipts, some of which jumped about 133% in value this year, according to data from the Municipal Securities Rulemaking Board.

That gain comes as Treasury bonds have lost 1.4% since Jan. 1 and the below-investment-grade loans GoldenTree specializes in have returned about 1.38%, according to S&P Dow Jones Indices.

Not all Puerto Rico bondholders benefited equally from the reversal. Some bond prices rose more than others as traders bet that the island's various debt categories would recover different amounts in the restructuring. Senior bonds backed by Puerto Rico's sales-tax collections rose by about 63% this year to 57 cents on the dollar, while bonds issued through the commonwealth's general account climbed about 40% to around 31 cents on the dollar.

Hedge funds **Baupost Group** LLC, GoldenTree and **Tilden Park Capital Management** LP own about \$3 billion in face value of the sales-tax bonds and are arguing in bankruptcy court that their bond documents give them repayment priority in the restructuring.



Despite signs of progress, conditions on the island remain difficult in the wake of September hurricanes.

Hedge funds **Autonomy Capital**, **Aurelius Capital Management** LP and **Fundamental Advisors** LP own about \$2 billion of the general-obligation debt combined and are suing to establish their own primacy.

A hearing in these factions' legal battle is scheduled for April 10.

The recovery in Puerto Rico bonds contrasts with an even sharper decline last fall, when Hurricane Maria struck and President Donald Trump suggested the island's debts should be wiped out to help it rebuild. Baupost's owner, Seth Klarman, publicly opposed Mr. Trump's idea, drawing criticism from nonprofit groups that support debt forgiveness for Puerto Rico and have pushed Baupost clients to diversify themselves from the firm.

Investor sentiment started to improve in late December, when Puerto Rico announced \$6.8 billion in previously undisclosed government bank accounts. Sentiment strengthened further as economic activity recovered more quickly than expected and Congress in February approved \$12.8 billion in federal rescue

funds. In February, the island's government revised its maximum debt capacity forecast to \$27 billion from about \$14.5 billion.

"The construction boom after the hurricane is fueling an increase in bond prices, but that's going to be short-lived," said Eric LeCompte, executive director of Jubilee USA Network, one of the activist groups seeking debt forgiveness for Puerto Rico. "We should be focused on long-term economic growth for Puerto Rico and that includes debt relief."

Bondholders say Puerto Rico is still being too conservative in its economic forecasts to maximize debt forgiveness in coming restructuring talks.

"The reality diverged greatly from the cataclysmic economic contraction that was being projected by the commonwealth," said Hector Negroni, co-founder of Fundamental Advisors.

A representative for the Puerto Rico Fiscal Agency and Financial Advisory Authority didn't return a call seeking comment.

Puerto Rico and the federal oversight board supervising it held mediation talks with creditors in New York this month, people involved in the process said. Formal restructuring negotiations are expected to start in April after the board certifies the commonwealth's long-awaited fiscal plan for the next five years, the people said.

A hearing is also scheduled to start April 10 in the lawsuit between general-obligation bondholders and sales-tax bondholders, possibly spurring the parties toward settlement. The oversight board hopes to reach a restructuring plan in less than a year, one of the people said.

Some remain pessimistic about the likelihood of a rapidly negotiated resolution, in part because of the many different types of bonds Puerto Rico must reach deals on, ranging from highway and electric utility-related debt to the sales-tax and general-obligation bonds.

"We think the litigation will go on and on," said Joe Rosenblum, head of municipal bond research at **AllianceBernstein Holding** LP.



House Financial Services Chairman Jeb Hensarling (R., Texas)

CARLOS GARCIA RAWLINS/REUTERS

WORLD NEWS

Trump to Press China on Tech Transfer

U.S. administration readies tariffs, other measures, in defense of intellectual property

By BOB DAVIS
AND MICHAEL C. BENDER

WASHINGTON—The Trump administration is putting together a package of anti-China measures, including tariffs on at least an annual \$30 billion of Chinese imports, to pressure Beijing to end requirements that U.S. companies transfer technology to Chinese firms.

According to a White House official and people briefed on administration deliberations, the measures are the next part of an administration trade policy aimed at reducing the enormous U.S. trade deficit. President Donald Trump has said that he wants China to come up with a plan to slash its \$375 billion merchandise trade surplus with the U.S. by \$100 billion.

The measures, which are expected to be announced in the next week or two, arise from administration findings that China has violated U.S. intellectual-property laws and has unfairly pressured U.S. companies to transfer technology. The administration, ac-



Steel, here in a facility in China's Shandong province, is among the products the U.S. is targeting.

cording to the individuals involved, estimates the damage to U.S. companies from forced technology transfer at \$30 billion annually. The administration has been working for months on a report laying out the evidence for its allegations.

No final decisions about retaliation have yet been made, according to a White House spokeswoman.

The measures being considered include: tariffs of at least an annual \$30 billion on a wide range of Chinese products; strengthened restrictions

on Chinese investment into the U.S.; and limits on visas to Chinese students, academics and executives to visit or study in the U.S., individuals briefed on the measures said.

These options were discussed in a White House meeting last week that included officials from the Commerce Department, Defense Department, the Council of Economic Advisers and the U.S. Trade Representative's office, the White House official said.

Along with these unilateral measures, the administration

is also considering filing a case at the World Trade Organization against China, alleging a variety of violations of trade rules. The WTO case is seen as a way to try to rally support from other trading nations that are concerned about China's trade behavior and present a united front.

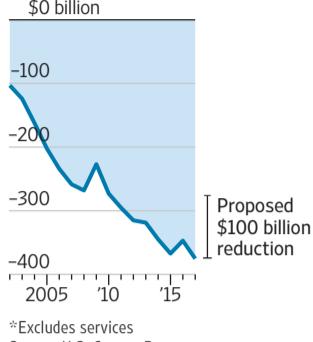
Yet the administration has undercut multilateral action by planning to levy tariffs on steel and aluminum imports from Japan, South Korea, the European Union and other allies, critics say.

"Multilateral action is

Numbers Game

The Trump administration is looking at steep tariffs to try to reverse the U.S.-China merchandise trade deficit.

U.S. trade deficit with China*



*Excludes services

Source: U.S. Census Bureau

THE WALL STREET JOURNAL.

Wednesday.

China has objected to the intellectual-property investigation and said that the country is making a serious attempt at reforming its economy. The Chinese Embassy in Washington didn't respond to requests to comment.

Pressing China on trade has wide support among U.S. businesses, which complain that Beijing unfairly subsidizes its state-owned firms to develop technology and hinders U.S. companies doing business in China. But many companies fear that imposing tariffs would backfire by inviting retaliation from the Chinese and would raise costs for U.S. businesses.

"Tariffs would be incredibly counterproductive," said Josh Kallmer, senior vice president at the Information Technology Industry Council.

On Wednesday, about two dozen trade groups met at the offices of the National Retail Federation to confer on the administration's China plans and to consider joint action, said Naomi Wilson, the ITIC's director of global policy. No decisions were made, but the groups generally oppose tariffs and plan further sessions, she said.

—William Mauldin
and Jacob M. Schlesinger
contributed to this article.

North Korean Visits Sweden as Summit Plans Advance

A senior North Korean government official landed in Stockholm on Thursday evening for two days of talks that

By Andrew Jeong in Seoul
and David Gauthier-Villars in Stockholm

could be a prelude to a planned summit between U.S. President Donald Trump and North Korean leader Kim Jong Un.

Swedish officials said North Korea's foreign minister, Ri Yong Ho, arrived at Stockholm's Arlanda airport for meetings with his Swedish counterpart, Margot Wallström.

They will discuss "recent efforts of reconciliation" and the "general situation" on the Korean Peninsula, a spokesman for the Swedish ministry said. The ministry said the two top diplomats would also discuss Sweden's consular role in representing U.S. interests in the Asian country.

North Korea's state-run media acknowledged Mr. Ri's visit to Sweden, saying he would "exchange views on the bilateral relations and issues of mutual concern" with Ms. Wallström.

Mr. Ri's visit comes amid intense diplomatic efforts aimed at preparing a possible

meeting between Mr. Trump and Mr. Kim.

After months of escalating tensions, during which North Korea tested ballistic missiles capable of crossing the Pacific Ocean and Messrs. Trump and Kim traded bellicose messages, Pyongyang and Washington are exploring diplomacy.

Last week, Mr. Trump said he had agreed to a summit with Mr. Kim to negotiate the dismantlement of North Korea's nuclear arsenal.

State Department spokeswoman Heather Nauert said "we don't have any indication" that the meeting between the North Korean foreign minister

and his Swedish counterpart was being held to discuss the anticipated meeting between Mr. Trump and Mr. Kim.

U.S. officials won't be attending the meeting in Sweden, she added.

Ms. Nauert said the U.S. has yet to hear directly from North Korea about Mr. Trump's

agreement to attend the meeting with Mr. Kim. "We're going forward in full faith and understanding that a meeting will go forward," she added.

Sweden, one of a handful of Western countries to maintain an embassy in Pyongyang, handles U.S. diplomatic interests in North Korea.

The Scandinavian country has mediated talks between the U.S. and North Korea in the past and has helped the U.S. secure the release of Americans detained by Pyongyang.

Sweden has also been the most vocal European Union country in favor of keeping talks going—resisting U.S. demands that allies cut ties with North Korea.

The country is currently a nonpermanent member of the United Nations Security Council, and serves in the Neutral Nations Supervisory Commission in Korea, which was set up by the July 1953 armistice signed by North Korea and the U.S., to monitor armistice violations.

The Swedish Embassy in Pyongyang most recently facilitated the release of Otto Warmbier, a U.S. student who was detained in North Korea for 17 months. Mr. Warmbier was released in 2017 in a coma and died soon after returning home.

Little Suspense in Russia's Election, Except How Many Will Show Up



CLEAR SAILING: Black Sea fleet crew in Sevastopol, Crimea, vote early in Russia's presidential election. Russians go to polling stations

Sunday for an election whose outcome everyone already knows: President Vladimir Putin has an approval rating of around 80%, according to polls, making the challenge for the Kremlin not how to ensure his victory, but how to boost voter turnout to legitimize the result.

U.K. Allies Excoriate Moscow for Poisoning

The U.S. joined the U.K., France and Germany to condemn the poisoning in Britain of a Russian former double agent as "an assault on U.K. sovereignty," saying Thursday that it constituted a breach of international law and calling on Russia to explain its role in the attack.

By Wiktor Szary
in London and Thomas Grove in Moscow

The show of unity deepens the isolation of Moscow, which has responded defiantly to the U.K.'s accusations that it was culpable in the attempted murder of Sergei Skripal and his daughter with Novichok, a nerve agent developed in the Soviet Union.

President Donald Trump, French President Emmanuel Macron and German Chancellor Angela Merkel shared the U.K.'s assessment that it was highly likely that Russia was responsible for the attack, the first using a nerve agent in a North Atlantic Treaty Organiza-

tion member.

It comes as the Trump administration issued its first sanctions against Russia for meddling in the 2016 U.S. presidential elections, as well as a cyberattack known as NotPetya and the nerve-agent poisoning in Salisbury, England.

"We, the leaders of France, Germany, the United States and the United Kingdom, abhor the attack that took place against Sergei and Yulia Skripal," read the joint statement, released by the U.K. government.

"It is an assault on U.K. sovereignty and...a clear violation of the Chemical Weapons Convention," the statement said. "It threatens the security of us all."

The U.K., which is expelling 23 Russian diplomats, had pushed for backing from its allies, as questions arose about whether the U.S. and other countries would deliver strong support.

Moscow has called claims of its involvement "nonsense."

RUSSIA

Continued from Page One

it. The concerns, playing out over the past few years, focus on Russia's efforts to influence U.S. elections, cyberattacks on U.S. companies, Moscow's involvement in war-ravaged Ukraine and Syria, and the U.K. nerve-agent attack.

The punitive action Thursday may help address some of those concerns, though analysts said it is unlikely by itself to deter Russia.

Russia experts say the poisoning of Sergei Skripal and his daughter likely spurred the administration to push up a planned round of sanctions against Moscow that would have been levied after Russian elections next week.

The White House also issued a joint statement Thursday with France, Germany and the U.K. condemning Russia for the attack. The administration said it backs London's assessment that Russia was involved.

Also Thursday, the Department of Homeland Security and the Federal Bureau of Investigation issued an alert to U.S. businesses about cyberattacks on critical U.S. infrastructure that had been conducted by the Russian government since at least March 2016.

"The campaign is long-term and still ongoing," a senior national security official said on a White House conference call with reporters.

Taken together, the actions represented a heating up of diplomatic warfare between Russia and the West. Earlier this week, the U.K. expelled 23

Russian diplomats and Russian Foreign Minister Sergei Lavrov fired back, "it is all nonsense."

Russian Deputy Foreign Minister Sergei Ryabkov Thursday said Moscow had been long prepared for additional U.S. sanctions and warned the Kremlin would take its own measures in response.

Thursday's U.S. sanctions targeted Russia firms and individuals counselled last month by special counsel Robert Mueller, including the so-called Internet Research Agency and its owner

Yevgeniy Viktorovich Prigozhin.

Mr. Prigozhin and two of his other businesses were previously sanctioned for their role in supporting Russia's involvement in the Ukraine war.

Similarly, two Russian intelligence agencies, the Federal Security Service and the Main Intelligence Directorate, and

four intelligence officials listed in Wednesday's action previously had been sanctioned by the Treasury. But the administration added two more Russian intelligence officials to its blacklist as well as Mr. Prigozhin's Internet Research Agency and people associated with his businesses.

The sanctions, which ban financial dealings with the individuals and firms named, are unlikely to have much of a practical impact, in large part because the latest list hits many entities and individuals already blacklisted and the newly added people aren't important to Russia's economy or politics.

Rather, their relevance is symbolic, a diplomatic challenge to the Kremlin that holds Russia to account.

"It's a signaling action," said Olga Oliker, a top Russia

expert at the Washington-based Center for Strategic and International Studies. "These aren't earth-shattering sanctions, she said. "My guess is that [Russian intelligence agencies] don't have a Bank of America account."

But, said Amit Yoran, chief executive officer of cybersecurity firm Tenable and a former senior DHS official, "The fact that the DHS and the FBI have attributed attempts to attack and compromise critical U.S. infrastructure to Russia is unprecedented and extraordinary."

"The administration is confronting and countering malign Russian cyber activity, including their attempted interference in U.S. elections, destructive cyberattacks, and intrusions targeting critical infrastructure," said Treasury Secretary Steven

Mnuchin in a statement. The sanctions are the administration's first punitive actions under the law passed last year to force the White House to punish Russia for election interference. A senior administration official said more sanctions against Russia would be coming.

The Trump administration has come under heavy criticism for its response to Russia's alleged election meddling, with critics saying the administration hasn't taken on Moscow aggressively. Mr. Mueller is investigating Moscow's involvement in election interference and whether there was collusion between the Kremlin and the Trump campaign, a charge Mr. Trump has repeatedly denied.

—Thomas Grove in Moscow contributed to this article

WORLD NEWS

Merkel Set to Buck Macron on EU Plan

BY BOJAN PANCEVSKI

BERLIN—Angela Merkel will push back on Emmanuel Macron's ambitious plans to overhaul the European Union at a meeting in Paris on Friday, reaffirming her country's longstanding skepticism about the pooling of fiscal resources and liabilities among eurozone member states.

The German chancellor will use her first meeting with the French president since parliament re-elected her Wednesday to deliver the bad news, officials from several European countries and senior officials familiar with Ms. Merkel's thinking said.

Mr. Macron's pledge to strengthen the EU and buttress the foundations of its common currency was a core part of the message that led to his election last year. It included giving the eurozone a joint finance minister and a substantial budget to be used for investment and countering economic shocks, as well as speeding up the integration of

its banking system, in part with a joint backstop and a common deposit guarantee program.

The rejection—the first substantial setback for the charismatic French president—will disappoint Paris, EU officials in Brussels and much of Southern Europe, where leaders had hoped Ms. Merkel's fourth government would soften its posture and agree to underwrite a more robust set of fiscal, financial and banking backstops to be deployed in the event of future economic and financial crises.

The EU's executive arm had hoped to set up a deeper economic and monetary union that would protect the eurozone against crises by mid-2019, ahead of EU elections.

French officials in early negotiations with the new German government said both sides remain open.

"It's important to act now to strengthen the eurozone, so we can face whatever the future holds," a finance ministry spokeswoman said.

Swiss Central Bank Holds to Negative Rate

BY BRIAN BLACKSTONE

Switzerland is facing a dilemma: The economy is growing but the central bank is still in crisis mode.

The Swiss National Bank has kept the deposit rate at its current level since January 2015, when the bank also unexpectedly abandoned a ceiling on the franc's value against the euro. On Thursday, the SNB kept its key policy rate at minus 0.75%.

"The negative interest rate and the SNB's willingness to intervene in the foreign-exchange market as necessary therefore remain essential.

This keeps the attractiveness of Swiss franc investments low and eases pressure on the currency," the SNB said. The euro traded at 1.169 francs after the decision, little changed from Wednesday.

Yet after a soft patch early last year, Swiss gross domestic product has expanded into the 2% annualized range recently. The unemployment rate was just 3.2% in January. Its trade surplus was 35 billion francs (\$37.04 billion) last year, roughly 5% of Swiss GDP.

The SNB said it expects Swiss GDP to expand around 2% this year amid a broader pickup in the global economy.



A military vehicle rolled through Tallinn on Feb. 24 during a parade marking the 100th anniversary of Estonia's declaring independence. RAIGO PAJULA/AGENCE FRANCE PRESSE/GETTY IMAGES

Europe Trails Defense Goal

BY JULIAN E. BARNES

Most of Europe's increased military spending hasn't kept pace with resurgent economic growth, creating new hurdles for U.S. President Donald Trump's push that all members must spend 2% of their economic output on defense.

Only the U.K., Greece and Estonia hit the target in Europe last year. Poland and Romania, which were expected to join the 2% club, failed to do so because of a surge in their economies.

Mr. Trump has made increasing European military spending a priority, and has returned to the theme that Europe isn't doing enough to shoulder the burden of its own defense.

The North Atlantic Treaty Organization is anxious to show progress on a critical priority of the administration by the time of the July summit of leaders, for fear of having Mr. Trump deliver another lecture to his counterparts.

But NATO officials have in-

sisted that increasing military spending isn't just about meeting American demands and preventing a strain of the trans-Atlantic relationship. Boosting defense budgets is also important to address growing threats, particularly from Russia. Disinvestment in the military has created gaps, and only more spending can help increase deterrence in the face of a more aggressive Russian government.

Overall, military spending in Europe is growing, driven in large part by Germany's nearly 6% real growth in its defense budget.

But Germany, a frequent target of Mr. Trump's ire over European military spending, is still well below the 2% goal. In 2017, Berlin spent only 1.24% of its gross domestic product on defense, according to numbers NATO released on Thursday.

While most countries have reversed the post-Cold War budget cuts, growth of military spending is slow in West-

Show Me the Money

European military spending has risen, but economic growth has damped progress on reaching the goal of spending 2% of nations' economic output on defense.

Defense expenditure as a share of GDP



ern Europe's biggest countries.

In real terms, taking into account inflation, military spending in France was up just 1.43% last year, Italy rose

1.68%, and spending fell in the U.K. by 0.12%, NATO said.

In smaller and midsize Western European economies, the picture is more mixed. Spanish military spending rose 18.25%, for example, while Belgian defense budgets fell by 0.73%, in real terms, and remain less than 1% of GDP.

A Belgian official said new contracts in the coming months, including for a replacement jet fighter, will boost spending.

Any push to raise the budget significantly closer to 2% would likely have to wait for a new government, the Belgian official said.

To build up European capabilities and allow the continent to shoulder more of the defense burden, U.S. officials have said it is critical to increase spending in the larger economies of Western Europe.

NATO Secretary-General Jens Stoltenberg predicted that eight countries would reach the 2% spending goal this year.

Homes For Our Troops

Our homes enable injured Veterans to

REBUILD THEIR LIVES

Join us in our mission to build and donate specially adapted custom homes for severely injured Post-9/11 Veterans.

Learn more at www.hfotusa.org

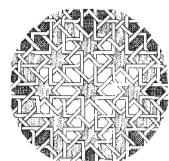


A HISTORY OF EXCELLENCE
HFOT is evaluated as one of America's Top-Rated Veterans and Military Charities



WORLD NEWS

Ostracized, Qatar Remains Defiant

**MIDDLE EAST CROSSROADS**

By Yaroslav Trofimov

DOHA, Qatar—It has been nine months since Qatar turned from a peninsula to a de facto island.

By now, the tiny but wealthy emirate has gotten used to this new reality, developing fresh trade routes and alliances that may affect the Middle East's balance for years to come.

The sudden decision in June by Saudi Arabia, Bahrain and the United Arab Emirates to cut ties with Qatar over the country's alleged support for terrorism was meant to be a knockout blow. It included a prohibition on Qataris visiting those neighboring nations, a ban on overflights and port use for Qatari trade, and the closure of the nation's only land border.

Qatar, however, has managed to withstand the pressure—and the government says it won't capitulate to its bigger Gulf neighbors.

"They don't want us to make our decisions, they want to make decisions for us, they think our decisions are for sale and that we will simply give up and do what they tell us. That will never happen," said Sheikh Saif bin Ahmed Al-Thani, the director of the emirate's government communications office and a prominent member of Qatar's ruling family.

"What happened to us is something that we don't want to happen to another country," he said.

Qatar has responded to



While sanctions have caused Qatar pain, they have also unexpectedly accelerated some reforms.

the embargo by establishing new trade routes via Turkey and Iran, the two countries that provide an alternative to Saudi Arabia's airspace and road access.

For the Saudis, enmeshed in their own regional effort to contain Iran, this shift by Qatar represents "an own goal," said Nader Kabbani, director of research at the Brookings Doha Center, a think tank.

"These trade links sooner rather than later will become stable and normal, and this may affect the geopolitics of the region in the future," he said.

The U.S.—which maintains a critical military facility in Qatar and is wary of growing Iranian influence in the Gulf—has been trying to mediate this increasingly inconvenient dispute between its allies. President Donald Trump spoke to Qatar's emir

and the crown princes (and de facto rulers) of Saudi Arabia and the U.A.E. in February. All three leaders are slated to visit him in Washington in coming weeks.

So far, these efforts—as well as mediation by Kuwait and entreaties by European

80
Nationalities for which Qatar has abolished visa requirements

governments to all sides—have proved largely fruitless.

"Right now we have not seen any sign from the blockading countries that they are willing to meet us at the same table to discuss our differences," Qatar's Sheikh Saif said.

Key objections that Saudi

Arabia, the U.A.E. and their ally Egypt have about Qatar include the emirate's friendly relationship with the Muslim Brotherhood and coverage by Qatar's Al Jazeera pan-Arab network that is critical of regional countries.

While Saudi-led sanctions on Qatar have caused pain, they also have had the unexpected effect of accelerating some reforms.

Since June, the emirate has abolished visa requirements for 80 nationalities, moved to establish permanent-residency rights for foreigners, and is setting up free economic zones. There are even plans for holding elections to a new legislature.

"All of these reforms would have taken a lot longer if it were not for the blockade," said Yousef Mohamed al-Jaidah, chief executive of the Qatar Financial Centre, a body that hosts

some 485 local and foreign companies.

"It's been a blessing in disguise when it comes to business," he said.

Because of severed air links, multinational companies can no longer fly executives on day trips to Doha from the Gulf's regional hub of Dubai, and many Qatari clients prefer dealing with offices that aren't based in cities they can no longer visit. This has led many international companies to establish branches in Doha, leading to a 70% rise in the number of firms operating under QFC licenses, Mr. al-Jaidah said.

Black Hawk Crashes in Western Iraq

BY NANCY A. YOUSSEF

A U.S. Black Hawk helicopter, operating as a medevac, has crashed in western Iraq and there are likely fatalities, a U.S. military official said.

The flight manifest listed seven service members on board, the official said.

"A U.S. military aircraft has crashed in western Iraq with U.S. service members aboard. Rescue teams are responding to the scene of the downed aircraft at this time," the U.S.-led military coalition said in a statement.

The crash occurred Thursday night near the Iraqi town of al Qaim, not far from the Syrian border, the official said.

WORLD WATCH

SYRIA

Civilians Flee Ghouta By the Thousands

Thousands of civilians fled Eastern Ghouta as Syrian regime forces advanced further into the rebel-held enclave near the capital, while Turkish forces intensified their assault on the Syrian Kurdish city of Afrin in the north.

The exodus from Ghouta on Thursday marked a significant gain for Syrian President Bashar al-Assad as he presses to consolidate control around Damascus.

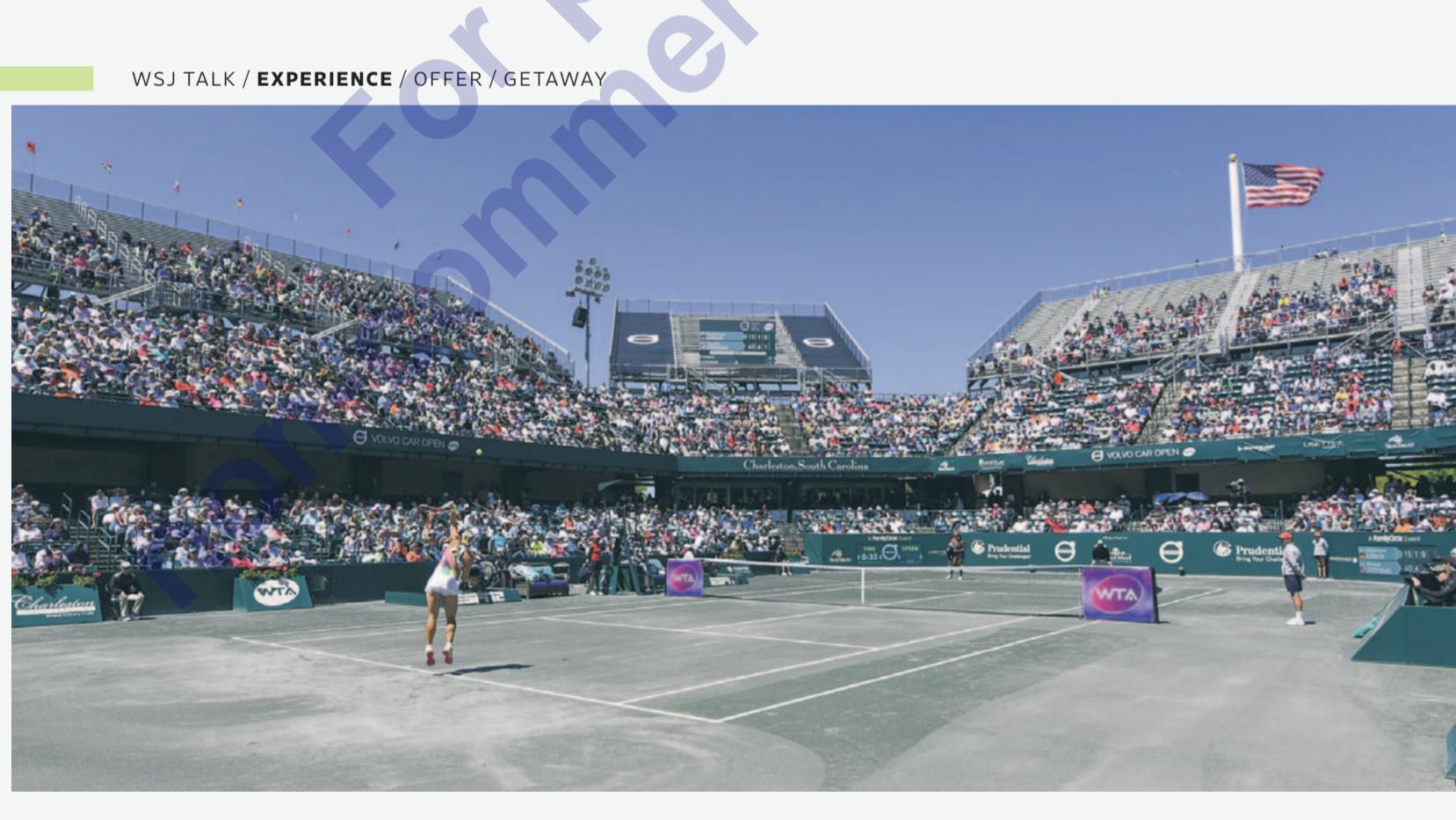
—Sune Engel Rasmussen

SLOVAKIA

Prime Minister Quits

Slovak Prime Minister Robert Fico and his government resigned Thursday as a way out of the political crisis triggered by the slayings of an investigative journalist and his fiancée. President Andrej Kiska asked Peter Pellegrini, Mr. Fico's deputy prime minister, to form a new government.

—Associated Press



Watch World-Class Tennis at the Volvo Car Open

Enjoy a pair of complimentary tickets to the largest women's tennis tournament in North America. See top-ranked WTA players in action while experiencing Charleston's cobblestone streets and five-star dining.

EXCLUSIVE TO WSJ MEMBERS

REQUEST TICKETS AT WSJPLUS.COM/VOLVOCAROPEN

WSJ+
INVITES + OFFERS + INSPIRATION



Volvo Car Open



IN DEPTH

AT&T

Continued from Page One

The case is a pivotal moment in a recurring clash between merger mania and government enforcement, and the drama has produced two lead actors: AT&T boss Randall Stephenson and U.S. antitrust chief Makan Delrahim.

Mr. Stephenson has come to personify the hard-charging executive whose approach to guiding a corporate titan through a rapidly changing landscape is to get bigger. Mr. Delrahim emerged last year as a surprising foil, a Republican antitrust enforcer who moved swiftly to file suit against the deal—the type of merger challenge some liberal officials longed to bring but never did.

The case comes as viewers are demanding more ways to watch video programming at lower prices. Millions have abandoned cable and satellite-TV contracts for other options. Some have turned to cheaper packages online. Others have dropped traditional programming entirely, finding their entertainment on Netflix Inc., Amazon.com Inc., Hulu and Alphabet Inc.'s YouTube. Younger customers increasingly watch video on phones, tablets and laptops.

The upheaval has left the pay-TV industry scrambling. Mr. Stephenson made a \$49 billion play for video distribution by acquiring DirecTV, the top U.S. pay-TV satellite service, in 2015. He's now trying to make the company's wireless and video bundles more attractive to viewers and investors by adding Time Warner news, sports and entertainment assets to the package.

Given Mr. Delrahim's objections, the deal has been pending for 17 months, creating something of an industry chessboard frozen in time, with competitors uncertain of their next play.

If AT&T wins, it could embolden rivals such as Comcast and Verizon Communications Inc. and clear the way for a market dominated by internet-me-



AT&T CEO Randall Stephenson, left, is facing off with U.S. antitrust chief Makan Delrahim, right, over AT&T's Time Warner deal.



FROM LEFT: ANDREW HARRER/BLOOMBERG NEWS; CLIFF OWEN/ASSOCIATED PRESS

dia hybrids. A loss could leave the media industry wide open as programmers and distributors search for ways to adapt to changing consumer tastes.

The case raises this central question: If AT&T buys Time Warner, would it lead to substantially less competition? Both sides lay out their arguments in court papers filed in the case.

Mr. Delrahim's team says yes. The deal would mean higher prices and sluggish innovation, the department says in the filings, and "American consumers will end up paying hundreds of millions of dollars more than they do now to watch their favorite programs on TV."

Pay-TV ecosystem

The department acknowledges AT&T and Time Warner aren't direct rivals, but argues the deal could broadly harm the public because the merged firm would have too much power in the pay-TV ecosystem. It says Time Warner's content, especially the Turner networks—including TBS, TNT, CNN, Cartoon Network and truTV—are competitively significant, with consumers expecting pay-TV packages will include those channels.

If AT&T owns Time Warner, it could threaten to withhold the Turner channels from rivals of DirecTV unless they pay higher fees, a move that would ultimately lead to higher consumer cable bills, the department alleges. It says AT&T could limit the ability of rivals to offer promotions on Time Warner's HBO, the most popular premium television channel, as a way to add subscribers or retain customers.

On the innovation front, the department says an independent Time Warner has been eager to offer its channels as part of online packages that break from the traditional cable model but wouldn't be so willing under AT&T. "With the merger, Time Warner would turn from friend to foe," it says in filings.

AT&T rival Comcast is likely to come up frequently in the case. An AT&T victory, the DOJ says, would give it and Comcast a stranglehold on the industry. But the department in 2011 allowed Comcast to take control of NBCUniversal, creating an integrated giant similar to what AT&T now wants to become.

The DOJ under Barack Obama allowed the Comcast deal after imposing restrictions

Industry Standing

AT&T and Time Warner already compete with different players in various markets. How they stack up:

■ AT&T ■ Time Warner

Pay-TV distributors

COMPANY	VIDEO SUBSCRIBERS, MILLIONS
AT&T*	25.2
Comcast	22.4
Charter	17.0
Dish*	13.2
Verizon	4.6

TV-channel owners

COMPANY	SHARE OF TV VIEWERS [†]
NBC/Universal	19%
Disney	15
Discovery/Scripps	14
Fox	13
Viacom	11
Time Warner	11

*Includes 1.2M DirecTV Now connections and 2.2M Sling TV subscribers [†]Share of broadcast and cable programs watched live or within seven days for the current season (Sept. 25, 2017 - Feb. 25, 2018) [‡]Estimates

Sources: Leichtman Research Group (pay TV); MoffettNathanson (TV channels); Kagan, S&P Global Market Intelligence (premium/on-demand TV); the companies

Wireless providers

COMPANY	U.S. SUBSCRIBERS, MILLIONS
Verizon	116.3
AT&T	93.2
T-Mobile	58.7
Sprint	40.9

Premium/on-demand brands

COMPANY	U.S. SUBSCRIBERS [‡] , MILLIONS
HBO/Cinemax	54
Netflix	53
Showtime	25
Starz	24
Hulu	17

THE WALL STREET JOURNAL.

on Comcast's business tactics after the merger. DOJ leadership under Mr. Delrahim has made clear it opposes the approval of mergers based on those types of "behavioral" conditions.

AT&T and Time Warner say in court filings there is no valid legal argument for preventing the combination of complementary companies. They deny anyone's customers would pay more for TV and dispute the idea that anything they do will stop customers from cutting the cable cord. "AT&T and Time Warner aren't seeking to hold back the tide, as the government asserts, but to ride an irresistible wave," the companies say. AT&T says it would lose money withholding Time Warner programming from rival pay-TV distributors.

As an assurance, the company offered rival video distributors the opportunity, for seven years, to let an arbitrator pick appropriate fees for the Turner channels if negotiations fail. The DOJ says the arbitration offer doesn't remedy the merger's harms to competition.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

Messrs. Stephenson and Delrahim have taken public shots at one another, even if rarely referring to each other by name.

High-stakes litigation always tends to produce bad blood, but the level of hostility in the AT&T case has been pronounced.

GREATER NEW YORK

Tough to Curb Repeat Offenders

Driving violations caught on a camera are tied to a vehicle, not individual drivers

BY MELANIE GRAYCE WEST
AND TOM McGINTY

Last week's crash in Brooklyn that killed two children has revived calls for a crackdown on traffic violations across the New York City. But an analysis of city data shows how difficult it has been for law enforcement to deter even the most egregious offenders.

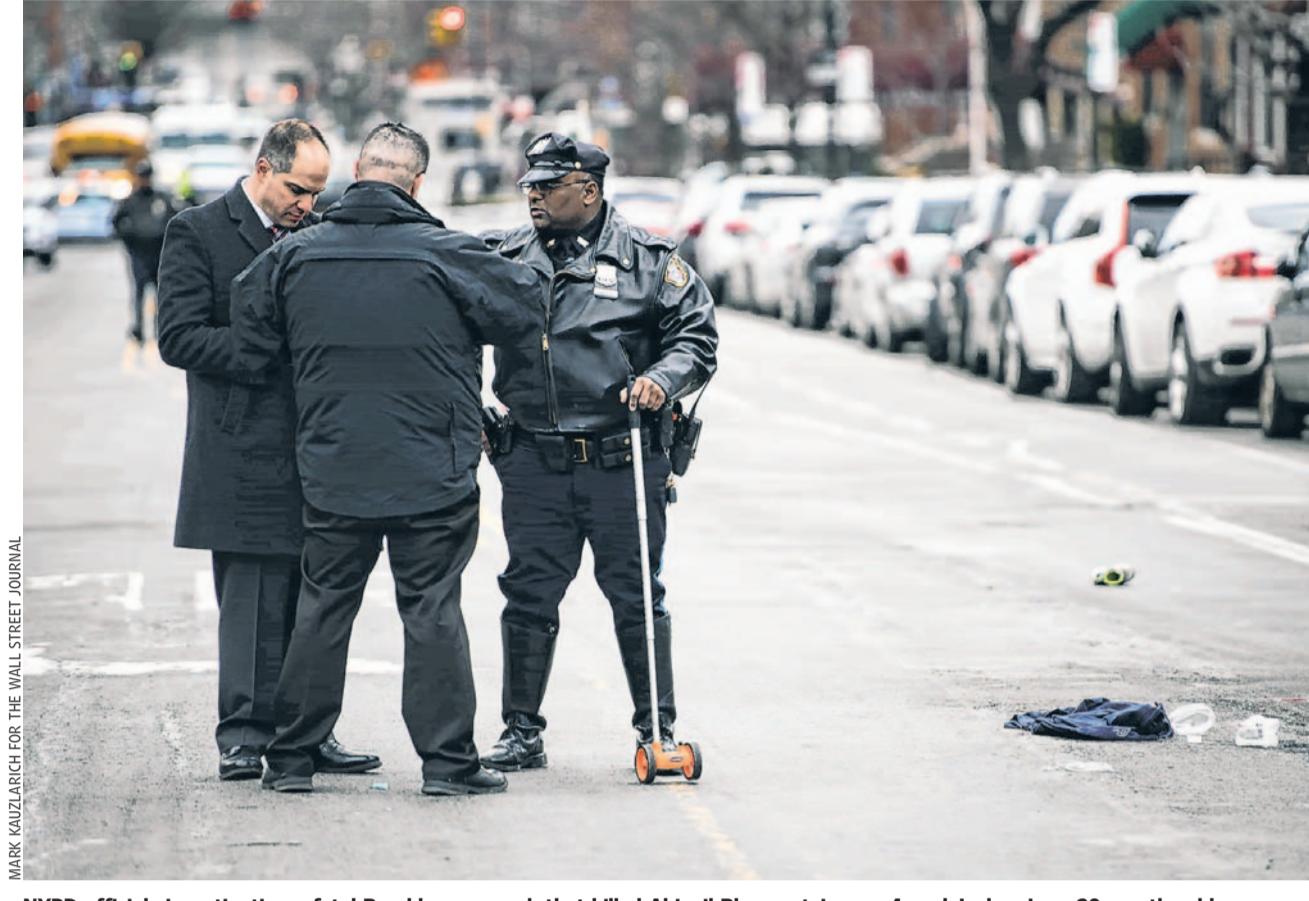
City records of violations issued by automated red-light and speed-zone cameras show that the license plate that was on the car involved in last week's fatal crash had been cited four times for running red lights and four times for speeding in school zones between July 29, 2016, and the end of February 2018.

Across the city during that 19-month period, more than 19,000 license plates on passenger vehicles racked up eight or more violations for running red lights, speeding in school zones or a combination of the two, a Wall Street Journal analysis of the data shows.

There were 36 license plates that were issued 40 or more of those types of citations during the period. One passenger car with a New York license plate racked up 65 violations for speeding in a school zone.

Yet, state law makes it possible for serial violators to avoid harsh punishment. That is because driving violations caught on a camera are tied to a vehicle, not to individual drivers. The fine for camera tickets is \$50, and if it is paid the city doesn't report the violation to the Department of Motor Vehicles.

The city can report unpaid tickets to the DMV and, according to a spokeswoman for New York Gov. Andrew Cuomo, the state can suspend a vehicle registration for three unpaid red-light or speed-camera violations



NYPD officials investigating a fatal Brooklyn car crash that killed Abigail Blumenstein, age 4, and Joshua Lew, 20 months old.

within an 18-month period. The suspension stems from the failure to pay the violation.

Drivers themselves are issued summonses only when police conduct vehicle stops. Convictions for speeding, for example, can appear on a driver's record, result in penalty points on a driver's license and cost hundreds of dollars in fines and surcharges. Convictions on three speeding tickets issued within an 18-month period trigger a license revocation.

Last week, city officials expressed frustration with the limitations of tying traffic-camera violations to drivers. New York City Mayor Bill de Blasio said he wished the driver in the Park Slope crash, 44-year-old Dorothy Bruns of Staten Island, was under arrest.

Ms. Bruns hasn't been Please see SPEED page A9B

Caught in the Act

Many passenger vehicles in New York City were cited multiple times for red-light and school-zone-speeding violations in the past 19 months.

NO. OF CITATIONS	NO. OF CARS
1	867,150
2-5	449,318
6-10	37,542
11-20	6,241
21-30	483
31-40	97
41-66	31

Source: WSJ analysis of New York City traffic-citation data

THE WALL STREET JOURNAL.

Red-Light Cameras Initially Were Used As a Policing Tool

Richard Retting of Sam Schwartz Consulting was the traffic safety director for New York City when the first red light camera law was passed in 1988.

Back then, he said, the cameras were devised not only to provide a safety benefit but to be a tool to supplement traditional policing and provide information to authorities about habitual offender hot spots.

Mr. Retting said pushback on camera laws tends to come from conservatives, from politicians serving rural districts and from some lib-

eral advocates who argue that photographing passengers in cars is an invasion of privacy.

That is why the laws in New York and elsewhere tag violations to the registered owner of a car, not a driver, Mr. Retting said.

Lower fines, too, are more palatable to legislatures, said Mr. Retting, adding that "what motivates positive changes in driver behavior is the certainty of a ticket rather than the severity of a ticket."

Still, research has shown that the vast majority of ticketed offenders are driving their own vehicles, according to Mr. Retting.

"It's not as if there's some nebulous link between who owns a car and who drives it," he said.

Mayor Wants Registrations Suspended for Chronic Violators

BY MARA GAY

New York City Mayor Bill de Blasio said Thursday he will push for a package of tougher traffic-enforcement laws in Albany, including registration suspensions for vehicles with repeated red-light and speed-camera violations.

Mr. de Blasio, who argued the measures would save lives, said he was personally shaken by the deaths two children on March 5, when a driver plowed through a crosswalk in the Park Slope neighborhood of Brooklyn.

One proposal would allow the city to install speed cameras at an additional 150 school zones, nearly double the number of zones allowed under current state law.

Another would create esca-



Mayor Bill de Blasio

vehicle registration.

A third piece of legislation would require doctors to notify the state Department of Motor Vehicles when a medical condition could lead a motorist to lose control behind the wheel.

The driver in the Park Slope accident told police she had a seizure at the time of the incident. Her car has been linked to several traffic violations in the past two years, including four for failing to stop at a red light and four for speeding in a school zone.

Mr. de Blasio and his wife, Chirlane McCray, raised their two children blocks from the intersection where the children were killed.

"I've talked to a lot of my neighbors. Everyone's taking it very personally and for good reason," Mr. de Blasio said at a

news conference in Brooklyn.

Tamra Johnson, a spokeswoman for AAA, said California, Delaware, New Jersey, Nevada, Oregon and Pennsylvania have laws requiring doctors to

report potentially hazardous medical conditions for motorists in certain cases.

The legislation would require approval from state lawmakers.

Assemblywoman Deborah Glick, a Manhattan Democrat,

said it could be difficult to find support for the proposals in the Republican-controlled state Senate. Ms. Glick has introduced two bills to increase the number of speed cameras in school zones in recent years. Both won approval in the Democratic-controlled state Assembly but died in the Senate.

"The public wants this and yet we still can't get this done," she said. "It's inexplicable."

A spokesman for Senate Republicans said their leadership stood behind GOP members from New York City who have generally opposed red-light and speed cameras, saying they prefer added police presence instead.

Since Jan. 1, 23 pedestrians have lost their lives in traffic deaths across New York City, officials said.

23

Number of pedestrian fatalities in New York City since Jan. 1

report potentially hazardous medical conditions for motorists in certain cases.

The legislation would require approval from state lawmakers.

Assemblywoman Deborah Glick, a Manhattan Democrat,

Defense Highlights Nanny's Condition

BY CORINNE RAMEY

Defense attorneys representing the former New York City nanny on trial for murder began presenting their case Thursday, reconstructing the days after the woman fatally stabbed her two young charges.

Yoselyn Ortega, 55 years old, has pleaded not guilty by reason of insanity in the 2012 deaths of Leo and Lucia "Lulu" Krim, 2- and 6-year-old children who lived in a luxury apartment building on Manhattan's Upper West Side. She admits killing the children but says she wasn't in her right mind when she committed the crime. Prosecutors argue she understood her actions and was motivated by issues over workload with the children's mother.

Throughout Thursday's testimony, defense attorney Valerie Van Leer-Greenberg highlighted Ms. Ortega's mental state, her prolonged unconsciousness after she stabbed herself following the killings and the potent medications she was given in the hospital, including after doctors operated on her.

"The mother returned home to find her two children stabbed and dead on arrival," said a hospital record shown in state Supreme Court in Manhattan on Thursday. "The police were called and on arrival, the patient was laying in the bathroom, breathing but unresponsive, with a stab wound to her neck and a kitchen knife in her vicinity."

Doctors operated on Ms. Ortega's neck shortly after she arrived at New York-Presbyterian/Weill Cornell Medical Center on the evening of Oct. 25, 2012. They later learned she had collapsed, bruising an artery and breaking her neck, said Philip Barie, a surgeon who served as the defense's first witness.

"She wasn't able to answer questions at the time," added Dr. Barie, who treated Ms. Ortega that day.

Ms. Van Leer-Greenberg placed a photo of Ms. Ortega on the courtroom projector. The ex-nanny's eyes were closed, with frizzy hair splayed around her head. A breathing tube and other medical devices surrounded her neck and face.

In the courtroom, Ms. Ortega, sitting with her hair slicked back neatly into a ponytail, stared at the photo without visible emotion.

Ms. Van Leer-Greenberg repeatedly asked about the medications Ms. Ortega received in the hospital, requesting the doctor explain each one.

"Fentanyl is a very powerful opioid, chemically similar to, but about 100 times more potent than, morphine," Dr. Barie said, adding that it was a standard drug used in general anesthesia.



"No matter where I am in the world,
I know that my First Republic
personal banker is just a phone call away."

POWERFUL FOUNDATION

Soledad O'Brien, Co-Founder and Chairman, PowHERful Foundation; Journalist/Producer

Pictured with Scholars (standing left to right): Vanesa Cruz;

Ariana Quiñones; Tassion Minor; Rochelle Ballantyne



FIRST REPUBLIC BANK

It's a privilege to serve you®

(855) 886-4824 | firstrepublic.com | New York Stock Exchange symbol: FRC

MEMBER FDIC AND EQUAL HOUSING LENDER

GREATER NEW YORK

Please! I Can't Eat Any More Chocolate

Journalist turned judge on the 'foodie Oscars' tests the boundaries of his palate

BY CHARLES PASSY



They say you can never have enough chocolate. After spending the better part of an afternoon sampling 30-plus bars, I can put that notion safely to rest.

My labors—and yes, they were just that—came as part of my duties as a judge for this year's Sofi Awards.

Never heard of the Sofis? You're not alone. The award program, created and run for 46 years by the New York-based Specialty Food Association, is often described as the foodie equivalent of the Oscars or the Grammys. But it doesn't have much cachet among consumers—the association says

FOOD & CULTURE surveys show only about 6% have heard of it.

"It's absolutely not the Academy Awards," says association spokesman Ron Tanner.

Still, in a \$127 billion gourmet-food industry that has seen sizable growth in recent years, rising 15% from 2014 to 2016 alone, according to the association, the Sofis have their place. The wholesale buyers at markets—think Whole Foods—value the Sofis as a kind of culinary bellwether, with the awards often heralding products that will be the next big thing. Among the now-familiar brands to have won the Oscar-like Sofi statuette in their early years are KIND bars and Popchips.

Of course, you can't have an awards program without a judging panel. Which is how I ended up as part of a group of 12 gourmet-savvy individuals, from food scientists to chefs to fellow food writers, in the Specialty Food Association's office on Wednesday.

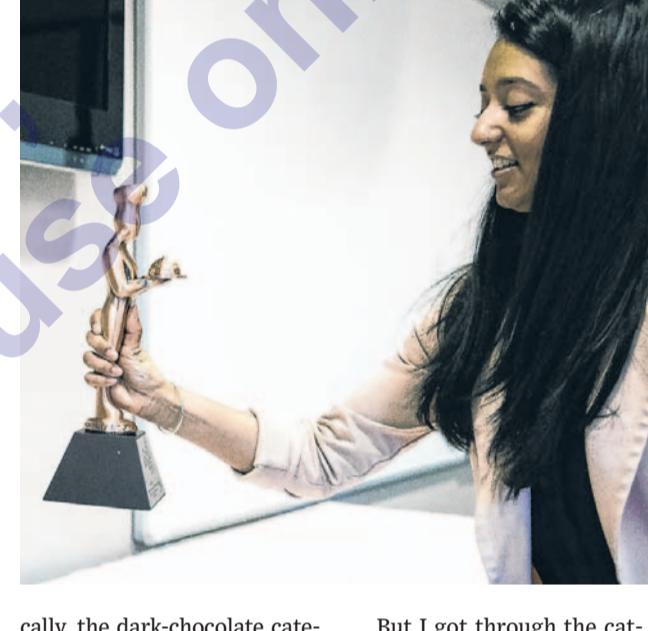
Over the course of eight hours, we were tasked with working our way through about 200 products, submitted for consideration by association members, that represented a handful of the program's 39 categories.

It seems like an enviable assignment—free caviar, anyone? But as a former Sofi judge I knew what awaited me. Sure enough, in the first grouping we judged that day—dairy or dairy alternative—I was immediately reminded of the challenge.

This is the category that



Chef Jim Gerry prepares pasta sauce samples at the Sofi Awards. Judges take notes after tasting. Sofi Project Manager Devyani Shenoy holds an Oscar-like statuette.



AMIR LEVY FOR THE WALL STREET JOURNAL (3)

yogurt falls into—well, yogurt and things like sour cream, butter and even camel milk. And I like yogurt as an occasional healthy snack. But faced with the prospect of trying more than a dozen versions—some with the strange consistency of Pepto-Bismol, if not the taste as well—the tongue wants to revolt.

Then came pasta sauce.

This was less an issue of texture or flavor than of stomach capacity. Some judges worked their way through the category by quickly dipping their spoons into each sample and recording their votes on the provided iPads. I took to making almost a mini meal of each entry—you can't try pasta sauce without pasta, I figured (and the association team made

sure to provide the latter). Let's just say I don't think I'll be having Italian for dinner anytime soon.

The seafood category proved challenging in a different way. There is nothing quite like entering a room filled with plates of sardines, salmon and other fishy fare. Your nose adjusts to the smell, eventually.

And the chocolate, specifi-

cally, the dark-chocolate category? By far, this was the hardest to judge. Dark chocolate doesn't hide in the corners of your mouth. It overwhelms your palate with its strong, sweet and earthy flavors, all the more so if it comes in bars with spices from seemingly every corner of the Earth. After a few samples, I had only one thought:

NO. MORE. CHOCOLATE.

But I got through the category, even after all us judges had to return for some tiebreaking decisions. And while my colleagues also admitted to their share of palate fatigue, we maintained our professionalism throughout the day.

I would love to tell you the winners, but you will have wait until the official Sofi announcement in April.

A Show Designed for High School Is a Broadway Hit

BY BARBARA CHAI

"Nothing has been exactly as we predicted," Mr. Hein said, looking back at the show's progression and success.

"I think it's still sinking in, frankly," Ms. Sankoff said.

"Come From Away" has been performed in six cities, attracting audience members such as Canadian Prime Minister Justin Trudeau, the Clinton family, and Ivanka Trump. But the memory that Ms. Sankoff and Mr. Hein look back on most fondly is when they brought the show back to Gander for two benefit performances. Five thousand people from Gander and neighboring areas came to see their story performed on the stage.

"It was the first ever Broadway show to come to Gander, Newfoundland, and we were sharing the stories that they shared with us, reflecting their culture and their music back to them," Mr. Hein said. "We were saying, 'You may think it's ordinary, but we think this is an extraordinary story, what you guys did.'"

Barbara Chai is the arts and culture editor at MarketWatch.



The hit musical 'Come From Away' is marking its first anniversary this week on Broadway.

798

Number of Performances of 'Come From Away' across North America

200

The number of people who are employed by the production

48

Number of weeks the weekly gross was more than \$1 million

were killed in the crash. Abigail's mother, Ruthie Ann Blumenstein, and Joshua's mother, Lauren Lew, were injured.

New York Police Department Deputy Commissioner for Legal Matters Lawrence Byrne said that "forfeiture of the vehicle" is one penalty that could be incorporated into state law if it is found that there is a recidivist violator for speeding in a school zone or running red lights.

Mr. Byrne said police officers are permitted to investigate repeat traffic violations, but "we just can't take action without evidence that you were the person behind the wheel of the car."

The city launched its red-light camera program in 1994, with school-zone cameras added about a decade later. The cameras, according to city reports, are effective deterrents to keep motorists from speeding or running red lights

and have been widely championed by traffic-safety experts and pedestrian advocates.

There were 196 red-light cameras in the city in 2015, with more than 60 in both Brooklyn and Queens, according to a 2016 report from the city's Department of Transportation. The same report called the cameras a "valuable tool for deterring lawbreaking and protecting New Yorkers at signalized intersections."

Speed cameras are in 140 school zones throughout the city, according to a city report.

"Speeding during school hours at typical fixed-camera locations drops more than 63%," the report said. But speed cameras are in only about 7% of school zones, said Paul Steely White, executive director for Transportation Alternatives, an advocacy group. He and others are calling for tougher penalties, he said.

The suit accuses the company and its general manager Peter Gelb of defamation and breach of contract. It seeks at least \$5.8 million in damages—and "to restore Levine's name, reputation and career."

Mr. Gelb and Met representatives didn't immediately respond to a request for comment.

—Associated Press

SPEED

Continued from page A9A charged, but her license has been suspended, police said. She told authorities she had a seizure at the time of the incident, according to police. Her most serious violations have been paid. She declined to comment.

Abigail Blumenstein, age 4, and Joshua Lew, 20 months old,

GREATER NEW YORK WATCH

MASS TRANSIT

Report Slams LIRR For Repeated Delays

A report by New York's state comptroller says 2017 marked the Long Island Rail Road's worst on-time performance in 18 years with over 9 million riders inconvenienced by delays and cancellations.

Comptroller Thomas DiNapoli said Thursday the situation caused an estimated \$75 million in lost productivity. The LIRR's on-time performance fell to 83.9% in January of this year, the lowest level in 22 years.

The Metropolitan Transportation Authority says it has heard its customers "loud and clear" and is taking a "host of aggressive actions" to improve service.

—Associated Press

CULTURE

Ousted Conductor Sues the Met Opera

Conductor James Levine sued the Metropolitan Opera on Thursday after a sexual misconduct investigation sank his storied career, saying the renowned company exploited baseless allegations to tarnish him and then fired him without so much as a phone call.

The suit accuses the company and its general manager Peter Gelb of defamation and breach of contract. It seeks at least \$5.8 million in damages—and "to restore Levine's name, reputation and career."

Mr. Gelb and Met representatives didn't immediately respond to a request for comment.

—Associated Press

LIFE & ARTS

TELEVISION REVIEW

By John Anderson

Christiane Channels Oprah

AS A FOREIGN correspondent, Christiane Amanpour has reported on every kind of conflict, but few as perilous as the one at the center of her CNN series "Sex & Love Around the World." Peering into bedrooms from Berlin to Beirut, she proves once again that she can ask the difficult questions—except perhaps the one viewers will be asking right away: Why the career makeover? Why is she channelling her inner Oprah?



Christiane Amanpour's new series is 'Sex & Love Around the World.'

It's not a good fit, cosmically speaking, though she's on to a very good story. In a piece written for CNN last month, Ms. Amanpour, the chief international correspondent for the news network, explained that she was inspired by the plight of Syrian refugees in tent cities. How did they conduct their sex lives in a place where privacy was all but nonexistent? This led to that, which led to a six-part series that, shall we say, uncovers how people comport themselves in Shanghai, New Delhi and Tokyo.

It's actually serious stuff, the irony being that in each "exotic" locale she visits Ms. Amanpour finds much that's exactly the same—dysfunctional males, unsatisfied women, cultural obstacles to intimacy, and strenuous efforts by those on the sexual margins to find ways of liberating themselves and their societies. That said, there are also site-specific issues at play: The lack of "skinship" or physical affection in Japanese culture, which seems to affect everything in that country's romantic life; the lack of a concept of dating in India, where arranged marriages are still widely accepted, if not the norm. India actually presents

Please turn to the next page

ANTIWAR FILMS address the subject at their peril, however impressive their production resources may be. The horror can never be grasped in its full dimensions, so the task becomes finding some pungent part that can hint at the terrible whole. The resources deployed by "Journey's End" are visibly, almost touchingly limited—a few settings that simulate a line of World War I trenches, plus a warren of underground shelters where British officers and men await a German attack. Yet this modest drama invokes the power of incipience—fear of what will happen next—and amplifies it with lean writing in the service of flawless acting. Antiwar films don't have to be great to be worthy; this one is very, very good.

The action, such as it is, unfolds in northern France in the spring of 1918, the last year of the war. Unspeakable slaughter on both sides of the conflict has led to stalemate, though the British war office continues to bring in fresh troops. We see the situation through the wide and innocent eyes of Raleigh (Asa Butterfield), a young lieutenant from a good family who is still in his teens.

Inflamed by the grand delusion that front-line fighting will be an adventure, Raleigh uses family influence to get himself assigned to a unit commanded by the love of his sister's life, a captain named Stanhope (Sam Claflin) who was previously an upper classman and cricket idol at Raleigh's school. When Stanhope discovers that Raleigh has sought him out, his reaction is utter dismay. The older man, driven to drink and the edge of madness by earlier battles, knows all too well what lies in store.

"Journey's End" was directed by Saul Dibb from a screenplay by Simon Reade, who adapted a 1928 play by R.C. Sherriff and a novel by Sheriff and Vernon Bartlett. The role of Stanhope was first performed by a 21-year-old Laurence Olivier, and the play, based on Sheriff's experiences in the trenches, went on to great success. (A 1930 film version was directed by James Whale.) It would have been fascinating to see Olivier in the role, but Mr. Claflin, who played the clever, cynical screenwriter in "Their Finest," is an electrifying successor. His Stanhope is a study in coiled energy with nowhere to go. Helpless to protect his doomed and ill-equipped men, rageful at the lunacy of a war that is consuming a genera-



Above, Asa Butterfield as Raleigh; right, Paul Bettany as Osborne.

tion, the captain lashes out at everyone around him, and worries as well that Raleigh will speak ill of him to his sister.

The cast as a whole is superb. Paul Bettany plays Osborne, an older officer and former schoolmaster, admired by all, who's called Sir by his subordinates and Uncle by his peers. Tom Sturridge is Hibbert, who is mortally afraid like everyone else but, unlike everyone else, seeks transfer to a field hospital by feigning illness. Toby Jones is Mason, the company cook who manages to come up with comfort food that may be coming from discomfiting sources. Food plays a role in the film's examination of class distinctions. The officers eat well, especially before an impending battle: Fresh fish is accompanied, on one occasion, by fine wine while a chanterelle sings an Aristide Bruant song on a gramophone. Food is equally a measure of Raleigh's coming of age. After a raid on German lines that was supposed to be quick and surgical, the young lieutenant chooses to eat not with his fellow officers, but with the men who fought alongside him.



Watching "Journey's End," one inevitably thinks of "All Quiet on the Western Front" and Stanley Kubrick's classic "Paths of Glory," both set in the trenches of that same monstrous war. But the film also recalls John Boorman's marvelous, and nearly forgotten, "Hope and Glory," a semi-autobiographical account of a boy's life in and around London during World War II. There's no combat action in Mr. Boorman's film, only such apparitions as barrage balloons floating in the sky and a Luftwaffe pilot parachuting into a suburban garden. But the common denominator is tragic enchantment with war. The little boy thinks the Blitz is thrilling. The older boy, Lt. Raleigh, can't wait to strap on his revolver and race across no-man's land. At one point in "Journey's End" Raleigh fires a Very pistol for the first time. Staring, rapt, as the flare arcs through the night sky, he becomes the sweet, round face of cannon fodder.



THEATER REVIEW | By Terry Teachout

WASTING AWAY AT 'MARGARITAVILLE'

THE JUKEBOX musical, in which the back catalog of a songwriter and/or pop star is repurposed as the score to a stage show, is one of Broadway's staple items. Rarely are such shows any good, but some have been hits, and hope springs eternal in the cash-hungry hearts of theatrical producers and superannuated rockers. That's why "Escape to Margaritaville," whose score consists of 26 songs by Jimmy Buffett, has arrived on Broadway after preliminary runs in La Jolla, Calif., and Chicago, Houston and New Orleans. Even though the 71-year-old Mr. Buffett is very old news—"Margaritaville," his first and biggest hit single, was released four

decades ago—a group of hard-nosed businessmen is betting that his amiable brand of what he calls "drunken Caribbean rock 'n' roll" is still popular enough to rope in a slice of the tourists who couldn't wantle tickets to "Hamilton."

I wouldn't care to bet against the folks who've sunk their own money into "Escape to Margaritaville." On the other hand, I'm a critic, not a producer, and it's my duty to report that they're backing one of the most mediocre musicals ever to come to my attention. The book is witless, the cast mostly bland, and while some of the songs are quite good, they're all used in the most banal ways imaginable. I've seen worse, but if that's your idea

A scene from Broadway's 'Escape to Margaritaville'

of a blurb enthusiastic enough to make you want to blow a couple of hundred bucks on a night at the theater, you don't get out enough.

"Escape to Margaritaville" is billed as being based on "the music and lifestyle of Jimmy Buffett," which means in practice that it's about a guitar-strumming beach bum (Paul Alexander Nolan) who makes his living rocking for the horny clientele of a crummy island hotel somewhere in the Caribbean. To this tattered paradise come two women, one of whom (Lisa Howard) is about to get married to a jerk (Ian Michael Stewart) who won't tie the knot unless she loses weight. The other (Alison Luff), her best friend, is a priggish, workaholic environmental scientist who hopes to stop her buddy from spending her life with Mr. Wrong by encouraging her to have a fling with the dopey bartender of the Margaritaville Hotel (Eric Petersen). If you can't figure out the rest, you haven't watched nearly enough fourth-rate sitcoms.

This brings us to Greg Garcia and Mike O'Malley, who write fourth-rate sitcoms (this is their first musical) and whose idea of a joke is embodied in the following one-liner: "You spend a ton on therapists and yoga when the cheapest and most com-

Please turn to the next page

The WSJ Daily Crossword | Edited by Mike Shenk



HOLLYWOOD INSIDERS | By Matt Gaffney

- The answer to this week's contest crossword is a Best Picture-winning film.
- Across**
- 1 Gets across
 - 8 Like some parking
 - 15 Pigged out
 - 16 Words that may be owed
 - 17 First part of a process
 - 18 Brain sections
 - 19 Still irked
 - 20 ____ Moines
 - 22 Wished one could trade places with
 - 23 Do refinery work
 - 25 Hill creators
 - 26 ____-ops
 - 29 Be unjustifiably distressed over
 - 33 Embazlement, e.g.
 - 35 Like a pixie cut
 - 38 Where to find Oscar winners
 - 42 Wife of Theseus
 - 43 One of the three Muses, originally
 - 44 Nautical term for a large wave breaking over the deck of a ship
 - 47 Verbal agility
 - 48 Alerting sound
- Down**
- 1 Mama on "Monday, Monday"
 - 2 Walkman-wearing bus driver
 - 3 Adverb with an apostrophe
 - 4 Puffs on an e-cig
 - 5 "Livin' Thing" band
 - 6 Over thataway
 - 7 Unfeeling
 - 8 Popular pasta, briefly
 - 9 Crossword sword
 - 10 Unable to decide
 - 11 Mountain figure
 - 12 Hood under a cap
 - 13 Fine-plumed bird
 - 14 Pairs
 - 21 Lack of flow
 - 24 Janet of "Tumbleweeds" and "Albert Nobbs"
 - 26 3 for an FG, e.g.
 - 27 Smith of Fox News
 - 28 "Uh-huh"
 - 30 Roy G. ____
 - 31 Mineral holder
 - 32 Wacky Tracey
 - 34 Stands for the Stars and Stripes
 - 36 Gush (forth)
 - 37 Prefix meaning "half"
 - 39 Prez who named Camp David
 - 40 Before
 - 41 Part of a Wimbledon match
 - 45 Ooze
 - 46 Fashion's Fisher
 - 48 Some naval officers
 - 49 Author's conclusion
 - 50 Discharge
 - 52 French academy
 - 54 Feel ____ on one's shoulder
 - 55 "Never ____ serious crisis go to waste"
 - 58 Nirvana's "Been ____"
 - 59 Computer programmer's acronym
 - 60 Dictionary abbr.
 - 62 Q-U links
 - 64 PBS documentary series

Previous Puzzle's Solution



LIFE & ARTS



FILM REVIEW | Joe Morgenstern

A Movie Buried By Absurdity

Alicia Vikander is Lara Croft in a reboot of the franchise

WHAT IN the world is Alicia Vikander doing in "Tomb Raider"? Raiding a tomb is one answer. Making lots of money is another, and why shouldn't an exceptionally gifted actress get the gift of a big payday? It's not as if she doesn't give this action adventure her all. As a new incarnation of Lara

Croft—an earnest successor to the bemedaled and iron-free Angelina Jolie—she endures terrible punishment while vanquishing vile men in brutal combat. What this Lara does best is leap into voids with desperate abandon, but Ms. Vikander has leapt into the void of a franchise reboot, based on a video-game reboot, that generates no joy, makes negligible sense, and seals its own tomb with a climax of perfect absurdity.

When the story begins, Lara is working as a bicycle messenger in East London and barely able to pay for martial-arts training at a local gym. The problem is that her heart still belongs to the



Top, Alicia Vikander; above, Walton Goggins (with flashlight) plays Vogel.

daddy who disappeared seven years earlier while he was searching for the tomb of a Japanese queen on a mythical island off the coast of Japan. Lara can't acknowledge that her father is dead, so she won't sign the papers that would shower her with wealth from his vast fortune. (Lord Richard Croft is played, in flashbacks and elsewhere, by Dominic West.)

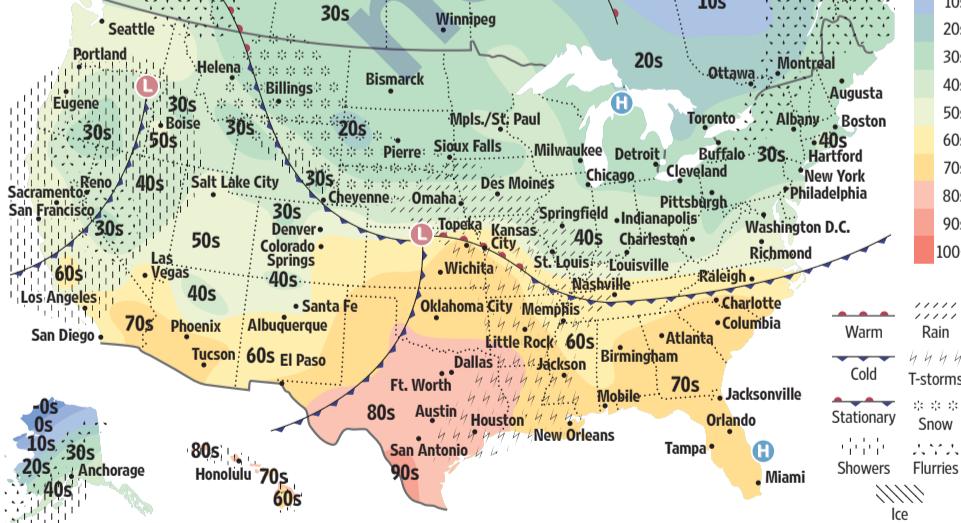
Bicycle messengering is a risky but stimulating way to make a living, and Lara's calling leads to a bicycle chase that's as close as the movie comes to an original action

sequence. But then she goes off to find her father and the narrative turns into a used plot lot. First there's a charmless recycling of "The African Queen"—Lara and a boozy captain, Lu Ren (Daniel Wu), stuck with each other on a seagoing rustbucket out of Hong Kong. That's followed by generic jungle adventures

in which Lara contends with an unpleasant villain named Vogel (Walton Goggins) and makes a discovery that proves to be unmanageable—not by the heroine, but by the writers who pointed her toward it.

The screenplay is credited to Geneva Robertson-Dworet and Alastair Siddons. The director was Roar Uthaug, a Norwegian filmmaker whose previous feature was a small-scale but distinctive disaster drama called "The Wave." The greatest distinction of "Tomb Raider" may be its trombones. In an unseen orchestra that bleats and blares, an urgent trombone chorus heralds every leap into banality.

Weather



U.S. Forecasts

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

Today Hi Lo W Tomorrow Hi Lo W

Anchorage 41 26 c 36 29 pc

Atlanta 70 56 pc 74 54 t

Austin 88 62 pc 86 65 t

Baltimore 45 26 pc 49 28 pc

Boise 51 33 c 48 34 c

Boston 39 24 pc 36 15 s

Burlington 30 21 c 23 7 pc

Charlotte 70 46 pc 66 48 sh

Chicago 39 31 pc 45 28 pc

Cleveland 33 24 pc 39 24 c

Dallas 86 57 pc 85 64 pc

Denver 59 30 pc 65 33 s

Detroit 39 25 s 47 27 s

Honolulu 84 69 pc 84 72 pc

Houston 83 67 c 85 69 t

Indianapolis 46 34 c 47 27 sh

Kansas City 61 38 t 54 35 c

Las Vegas 65 50 pc 61 44 c

Little Rock 73 55 t 78 49 c

Los Angeles 61 50 c 61 47 pc

Miami 79 65 s 81 64 s

Milwaukee 37 29 pc 43 31 s

Minneapolis 42 25 s 49 30 s

Nashville 65 58 r 76 46 sh

New Orleans 75 65 t 79 64 t

New York City 39 28 pc 46 26 s

Oklahoma City 76 42 s 68 47 pc

International

Today Hi Lo W Tomorrow Hi Lo W

Amsterdam 44 25 sh 33 24 c

Athens 67 56 c 70 60 pc

Baghdad 77 52 p 73 52 s

Bangkok 92 77 s 93 78 pc

Beijing 49 32 c 40 32 s

Berlin 37 22 sf 30 20 c

Brussels 51 27 sh 31 25 sn

Buenos Aires 77 60 s 81 65 t

Dubai 86 71 s 87 71 pc

Dublin 49 36 r 38 29 sh

Edinburgh 42 30 r 36 30 sn

THEATER

Continued from page A10
mon cure for stress is always a zipper away." If you think that's funny, stop reading—I've got a show for you! If not, forewarned is forearmed, for Messrs. Garcia and O'Malley have got a million of 'em, and they're all here, strung end to end.

sives in the entertainment industry really meant what they said about fat shaming, they'd be casting her in starring parts. Since they're hypocrites, she's relegated to tedious second-banana roles like this one, on which her estimable talents have been squandered.

Mr. Buffett's songs vary widely in quality, but some are very fine, in particular



Alison Luff and Paul Alexander Nolan

Mr. Nolan and Ms. Luff are pretty and forgettable. Ms. Howard is something else again. A sexy plus-size charmer with a warm, ripe voice, she came to my attention in "It Shoulda Been You," a wretched 2015 musical in which she played the good-egg sister who couldn't get a boyfriend. If the allegedly woke progres-

"Margaritaville," a deceptively cheery-sounding vignette about a sun-loving wastrel one step away from alcoholism who knows full well that it's "my own damn fault." It says everything about this show that so smart a song has been stripped of irony and turned into the first-act finale—but, then, "Escape to

Margaritaville" is a feel-good musical in which you know in the first 30 seconds that everybody will get what he or she wants, so what do you expect?

Christopher Ashley, the artistic director of La Jolla Playhouse, where "Escape to Margaritaville" originated, has staged this sodden mess with the same lively energy with which he infused "Come From Away," and Kelly Devine's dances and Walt Spangler's sets are predictably excellent. If professionalism were all, "Escape to Margaritaville" might be worth seeing. Instead, it's the kind of show where the ushers parade up and down the aisles inviting you to pre-order your margaritas for consumption at intermission. Not a bad idea, I suspect, though I passed. Perhaps I shouldn't have: If revenge is a dish best served cold, then "Escape to Margaritaville" may well be a musical best seen drunk.

Escape to Margaritaville
Marquis Theatre, 210 W. 46th St. (\$79-\$249), 877-250-2929

Mr. Teachout is the Journal's drama critic. His staging of "Satchmo at the Waldorf" closes on Sunday at Houston's Alley Theatre. Write to him at tteachout@wsj.com.

CHRISTIANE

Continued from page A10
the series with something of a problem, given its very specific and limited ideas about courtship: Ms. Amanpour is forced to focus on the issue of rape in New Delhi; the fringe practices of what its fans generally refer to as "kink"; and the phenomenon of *hijra*, or transgender-intersex culture. All of which is fine, except that the series, overall, seemed intended as a more mainstream show,

one that takes more of a missionary position on global sexuality.

"Sex & Love Around the World" is a very revealing program, a standout moment being Ms. Amanpour's interview with two young, highly articulate and admittedly westernized Indian women, who offer a crash course in the ways education, caste and economics have created a sexual schism among their people—the Tinder friendly, say, vs. the traditional. The shows are also quite frank, but they're also directed in

a way that presents Ms. Amanpour as a chatty, girly mistress of ceremonies, something she has never been. (When she says "Amen to that, sister," one recoils in horror.) There are ridiculous asides, both visual and conversational, all of which are calculated to imbue the program with a sense of informality that feels unnatural. Forced. So tortured, in fact, you may need a safe word.

Christiane Amanpour: Sex & Love Around the World
Saturday, 10 p.m., CNN

JEFF PROBST
HOST, WILDLIFE FAN
AND CAMPING EXPERT

HELP AMERICA'S WILDLIFE
SURVIVE

PLEDGE TO CAMP AT
NWF.ORG/CAMPOUT

NATIONAL WILDLIFE FEDERATION

GREAT AMERICAN CAMPOUT™



SPORTS

MARCH MADNESS | By Jason Gay

An Open Letter to Every CEO



An Open Letter to Every CEO in America:
Well, you did it again, moron. You kept the office open during the first two days of

March Madness.
What happened? We talk about this every year. Nobody wants to work during the opening Thursday and Friday of the NCAA men's basketball tournament. Nobody actually *does* work during the opening Thursday and Friday of the NCAA men's basketball tournament.

They *pretend* to work, but trust me: they're not doing a #@&! thing.

Look over there, at your No. 2. Loyal, smart, tireless. A colleague you can trust. A colleague you can send an email to at 10 p.m. on a weekend—and get a response within 90 seconds.

You're not even sure if your No. 2 has a family. Or a refrigerator.

Do you think your No. 2 is working right now? Nope. They're watching Penn-Kansas. And Duke-Iona. Sorry.

Oh, and your No. 3 called in sick. Breaking news: Your No. 3 is NOT SICK. Your No. 3 is in pajamas, and just ordered 75 Buffalo wings.

Same goes for your CIO. Your CIO actually has a set-up in the office to watch every March Madness game simultaneously. That's why they're the CIO. It's kind of impressive, actually.

What about the CFO? Oh, that's right: your CFO went to Villanova. Yeah, forget about the CFO. They're actually at the tournament. (And they're expensing it under "miscellaneous".)

Attendance did seem pretty light at the 10:30 staff meeting, didn't it?

Where is everybody today? you asked. Somebody snickered.

Walk over to any one of your employees sitting at their desks. Note how quickly their screen flashes and changes.

Yup, just looking at this spreadsheet, they say.

They were not looking at the spreadsheet. They were looking at Oklahoma-Rhode Island.

Why can't you realize this? You're supposed to be the CEO who "gets it." You installed that ping-pong table. You changed the coffee in the coffee machines. You took everyone to the beach for an ideas meeting and danced to that



Villanova head coach Jay Wright, center, huddles his team after a practice for the NCAA tournament. The Wildcats are the top seed in the East region.

Drake song.

Why don't you understand that the first two days of March Madness are the two most unproductive days on the calendar?

Don't believe me? Call one of the folks in IT. Ask them if they can tell you how many people in the office are streaming basketball on their company computers right now.

Better yet, don't. That's creepy. And you don't want to know.

Don't bother going down to HR to ask what the deal is, either. The entire HR department has disappeared.

Your Thursday lunch just canceled. And your Friday lunch canceled, too.

Did you really call a board

meeting for Friday afternoon? Do you know that half of your board went to North Carolina?

You're really trying to get yourself canned, aren't you?

You're starting to get a little sad. You knew CEO would be a lonely job. But once again, nobody asked you to join the office March Madness pool.

Why do they not let me play in the office pool? you think. *I gave up my nice office and went open plan, just to show I was one of them. I sit in a stupid cube! I buy pizza on Fridays!*

You call your CEO friends.

Yeah, nobody's doing anything, one says.

It's like New Year's Day in here,

says the other.

You call your "management guru," the one you met at that conference in Big Sur last year.

Yeah, I'm watching Ohio State-South Dakota State, your management guru says. *Can I call you back?*

You look at your copy of The Wall Street Journal. Even the Journal is going nuts for the tournament! You turn on cable news.

ELON MUSK: I'M WATCHING MARCH MADNESS ON MARS RIGHT NOW.

You sigh. You admit defeat. Nothing's getting done the rest of this week. You may as well go downstairs to the neighborhood bar and get a beer.

You walk into the bar. *Oh here's the 10:30 staff meeting!* And your No. 2 and No. 3. And everybody from IT and HR.

They see you, and get nervous. They're worried you're about to fire them.

Relax. I'm not firing anybody, you say.

You join everyone and watch the basketball. You order wings. They let you join the office pool, late. They laugh a lot of your picks.

It's OK. This is really fun. You're one of them now.

Don't make the same mistake next year.

Your pal,
Jason
P.S. Please don't fire me.

MLB

THIS SLUGGER MOONLIGHTS AS A BAT THIEF

BY JARED DIAMOND

Jupiter, Fla.

WHEN MARCELL OZUNA arrived here for his first spring training with the St. Louis Cardinals, he embarked on a secret mission to acquire critical information: What kind of bats do his new teammates use?

Ozuna, of course, owns his own collection of bats. He typically wields a 34-inch, 32-ounce maple model made by Chandler, a boutique manufacturer based in Pennsylvania.

But during five seasons with the Miami Marlins, a period in which he developed into one of baseball's finest young outfielders, the 27-year-old Ozuna earned a reputation as a bat thief. He would frequently "borrow" somebody's bat—and then hit so well with it that he wouldn't want to give it back.

The habit started in 2016, when Ozuna went on a 16-game hitting streak using bats bestowed upon him by Barry Bonds, then the Marlins' hitting coach. Last May, he homered in consecutive games with Ichiro Suzuki's bat and followed that up in July with a 455-foot moonshot with a piece of lumber belonging to Giancarlo Stanton. Ozuna also copped to occasionally taking bats from Dee Gordon and Christian Yelich, and one former Marlin even says he heard that Ozuna had one of Bryce Harper's sticks in his possession—a rumor Ozuna refuses to confirm or deny.

The Marlins traded Ozuna this winter to St. Louis, a perennial contender looking to return to the playoffs after falling short in two straight seasons. The Cardinals acquired him because he gives them a

dangerous middle-of-the-order threat; Ozuna hit 37 homers and drove in 124 runs for Miami in 2017.

After getting to spring training, Ozuna quickly began snooping for fresh targets.

"I'm wondering whose bat he's going to be able to use, because nobody else on that team is as big as Giancarlo," Gordon said.

Gordon, now the center fielder for the Seattle Mariners, predicted that Ozuna would gravitate toward

A word of warning: With Marcell Ozuna on your team, don't leave your bats lying around.

Yadier Molina, the Cardinals' veteran catcher. Ozuna, however, appears most intrigued by what Dexter Fowler has to offer, due to his bats' measurements—even if Fowler remains blissfully unaware of Ozuna's interest. Fowler sounded perplexed when asked about the possibility of Ozuna commandeering one of his bats.

"I haven't heard that," Fowler said. "That's fine. He can have it."

Ozuna doesn't necessarily want Fowler or anybody else on the Cardinals to know his plans. He prefers the sneak attack, moving in on his mark in times of struggle. From a practical standpoint, Ozuna said he sometimes will switch things up during a slump, partially out of superstition, but partially for a legitimate baseball reason. In bad stretches, he will



St. Louis Cardinals left fielder Marcell Ozuna typically wields a 34-inch, 32-ounce maple bat made by Chandler.

seek a lighter bat, finding that it helps him regain his mechanics.

"When I don't feel comfortable, I'll get the feeling with another bat," Ozuna said. "So I say, 'Let me get one of those bats,' and I use it."

Other times, Ozuna looks for a different bat purely out of necessity.

In a game against the Milwaukee Brewers last July, the umpires determined that the pine tar on Ozuna's bat extended beyond the allowable 18 inches. Forced to switch bats, he grabbed one of Stanton's from the Marlins dugout and promptly deposited a pitch deep into the left-field seats.

(The pine tar incident didn't seem to faze him: On a recent morning in the Cardinals clubhouse at Roger Dean Stadium, Ozuna spent quite a while meticulously applying the sticky substance to his bats.)

"I think he's just trying to test it out and see whose bat he wants to use when he gets his taken

away," Marlins catcher J.T. Realmuto said with a laugh.

Ozuna made sure to ask for permission for taking a bat in one instance: when he started using the bats belonging to Suzuki, a man who treats his bats the way most people care for a baby. Suzuki famously stacks his equipment in a moisture-free case that he keeps by his locker at home and carries with him on the road.

That meticulousness didn't stop Ozuna from asking Suzuki if he could try one out, first in batting practice, then in a game. Initially puzzled by the request, Suzuki ultimately consented, but on one nonnegotiable condition.

"He said, 'Don't throw it,'" Ozuna said. "If you're going to strike out or something like that, don't throw it. If you walk, just put the bat down."

Ozuna heeded Suzuki's warning and enjoyed immediate success. The first time he used it, Ozuna went 3-

for-5 with a home run. Flush with confidence, he decided he wanted to use it again the next day.

This sparked outcry in the Marlins' locker room. His teammates couldn't believe he would risk breaking the great Suzuki's bat after he homered with it the night before. He had in his hands a keepsake from a future Hall-of-Famer, one of the best hitters in history, that he could show his grandchildren.

"I got pissed at him," said Yelich, now with the Brewers. "I was like, 'Dude, stop. You hit a homer with Ichiro's bat. Make him sign the bat and put it away. It's Ichiro, man.'"

Ozuna brought Suzuki's bat with him to the plate for his first at-bat the next day and homered with it for the second time. He bowed to Suzuki when he returned to the bench and retired the bat forever, wanting it to go out on a high note. Afterward, Ozuna asked Suzuki to autograph the bat. He currently has it at his house.

GENE J. PUSKAR/ASSOCIATED PRESS

JOHN BAZEMORE/ASSOCIATED PRESS

OPINION

The Art of the Steel Tariffs

By Melissa Francis

President Trump is beginning to unveil the details of his tariffs on steel and aluminum, but they're hard to hear above the noise. Democrats loudly rejoice in Mr. Trump's folly, hoping the tariffs will erase the benefits of tax reform. Republicans scream the lessons of Smoot-Hawley to anyone who will listen. Lobbyists march steelworkers to the cameras to explain how they would benefit, while Americans in industries that consume steel protest that higher prices might kill their jobs. Even the beloved (and aluminum-wrapped) Hershey's Kiss is the subject of ear-splitting debate.

Trump's political style confuses friends and foes, but he told the world about it in 1987.

Most likely this cacophony is exactly what Mr. Trump intended. A recurring trick of his presidency, and before it his campaign, has been to stir controversy with unexpected announcements. He always begins by taking a loud and outlandish position far outside the current discussion. That resets the negotiation. He shocks the parties at both ends of the table, then watches as the back-and-forth begins. It's a wonder that so many are still fooled by the same old approach.

Look at Mr. Trump's record. The pattern began near the start of his candidacy, when he first pledged to "build a great, great wall on our southern border"—and to make Mexico pay for it.



President Trump with steel and aluminum executives, March 1.

The strategy was torn right out of "The Art of the Deal," the 1987 book in which Mr. Trump advises: "If you're going to be thinking anyway, you might as well think big."

Mr. Trump describes the next step of his recurring gambit in the same book: "I also protect myself by being flexible. I never get too attached to one deal or one approach." Sure enough, by the beginning of this year, his border wall had developed into a more amorphous "border wall system."

"We don't need a 2,000-mile wall," he said in January at a bipartisan meeting with lawmakers. "We don't need a wall where you have rivers and mountains and everything else protecting it." Shortly thereafter he asked Congress to fund the project, despite his earlier promise that Mexico would pay for it.

As part of the same proposal, the president offered a pathway to citizenship for 1.8 million so-called Dreamers, roughly three times as many as President Obama's policy has shielded from deportation. The offer surprised Republicans and Democrats alike. Although the deal fell through in the end, Mr. Trump presented

each side with something it wanted and something it hated.

The "travel ban" was another instance of Mr. Trump's shock-and-awe gambit. As a candidate in 2015, he called for "a total and complete shutdown of Muslims entering the United States until our country's representatives can figure out what is going on" with Islamic terrorism. As president, however, Mr. Trump addressed the issue with a series of executive orders temporarily barring entry to travelers from certain majority-Muslim nations, most of which had already been flagged by the Obama administration as likely origins for terrorists. This was a far cry from his original position.

During the campaign, Mr. Trump said that the North Atlantic Treaty Organization "may be obsolete." His complaint was that NATO members weren't meeting their spending commitments. The world decried Mr. Trump's naivete, his misunderstanding of history and international relations. But NATO's leader said this week that the alliance's European members plus Canada increased their military spending

nearly 5% in 2017. Whereas in 2014 only three countries other than the U.S. met the goal of spending 2% of their gross domestic product on defense, the number will jump to eight this year.

The negotiating style Mr. Trump developed in business may not translate perfectly to politics. Will the ruse of steel and aluminum tariffs give the president enough leverage to renegotiate dramatically a decades-old deal like the North American Free Trade Agreement? We'll see. Was it the potential cost to China's industry that spurred North Korean dictator Kim Jong Un, whose regime is propped up by Chinese aid, to reach out to President Trump on the same day the tariff details were announced? We can't know for sure.

What is certain is Mr. Trump's style of leadership is agonizing for his staff and Republican officeholders, who must time and again defend the indefensible or attempt to alter the president's positions. My advice to them is to close their ears and open their eyes. Instead of joining the chorus of critics when Mr. Trump bellows an outrageous position, they should recognize his final goal and realize that he's just opening up the bidding.

As Mr. Trump suggests in his book, the only thing that matters at the end is whether he can get results: "You can create excitement, you can do wonderful promotion and get all kinds of press, and you can throw in a little hyperbole. But if you don't deliver the goods, people will catch on."

Ms. Francis co-hosts "After the Bell" on Fox Business.

Kimberley A. Strassel is away.

Learning to Pray When Words Fail

HOUSES OF WORSHIP
By Deborah Gastfreund Schuss

Julie Shulman decided to study linguistics because she wanted to help people

with speaking disorders. She never imagined how personal this mission would become. After graduating from Israel's Bar-Ilan University in 2000, the Maine native headed to Massachusetts for a master's degree and job in speech therapy. Her husband, Ayal Shulman, worked as a business-development manager for an Israeli startup in Brookline. They returned to Israel in 2009—with promising careers and three young children.

Two weeks after their return, Mr. Shulman, then 37, suffered a massive brain hemorrhage. Despite the initially grim prognosis, his cognitive function is intact. But his speech is limited to sentences of three or four words, and his reading and writing abilities are limited.

Along with Mr. Shulman, at least two million people in the U.S. live with aphasia, according to the National Aphasia Association. Some 180,000 acquire the disorder every year. The condition, which produces a disconnect between what the brain wants to convey and what is actually expressed, often strikes survivors of strokes or head trauma without affecting their intelligence. The incidence is

growing because medical advancements enable people with such maladies to survive at higher rates. Yet cures for the ensuing handicaps remain elusive.

Ms. Shulman—an Orthodox Jew deeply immersed in her faith—wanted to enhance her husband's practice of Judaism. Today she helps reintegrate others suffering from aphasia into communal religious participation. As she agitates for public educational and inclusion efforts of the sort that better-known disorders receive, she has come to view the religious community as a natural ally.

"People don't understand how the loss of speech is so debilitating, not only for your family life and your friendships, but also in the way that you practice religion," Ms. Shulman, 40, told me. "It's very frustrating for those who have practiced Judaism—or any religion for that matter—for most of their adult lives in a certain way, and now this ability has been taken from them."

That fuels a sense of urgency for support on a grand scale, added Ms. Shulman. Even dedicated friends don't grasp the complex layers of daily challenges that aphasia poses. Many families feel abandoned as their networks dwindle and they must adapt to this new normal.

After scouring sacred texts regarding speech impairment,

Ms. Shulman began meeting with rabbis in Israel and the U.S. to educate a broad swath of communities about aphasia and to suggest strategies for supporting speech-impaired worshipers.

Aiming to lower hurdles around synagogue rituals, for instance, she discussed with them the use of verbal and visual cues to help those with articulation difficulties fulfill the honor of being called to the Torah for a blessing.

Disorders like aphasia pose a challenge for adherents of speech-based faiths.

Last summer Ms. Shulman organized a month-long Jewish learning program in Ra'anana, Israel, for people with aphasia and their families. It was formulated to address their language-processing challenges while recognizing their thirst for knowledge at a high intellectual level. The rabbis giving the classes on the weekly Torah portions spoke slowly and in short sentences, and paused more frequently, so words and concepts could be better absorbed. Ms. Shulman hopes this pilot with 15 participants will gain traction elsewhere around the world.

She hopes to continue guiding

scholars with appropriate lecture techniques.

Her work toward spiritual integration of people with aphasia applies to adherents of other speech-based faiths too. She hopes to collaborate with Christian and Islamic religious leaders to spur aphasia awareness in their own communities. She's connected with a former pastor in New York whose wife has the disorder and is enthusiastic about enlisting clergy as change agents.

"The underlying principle of our practices, and involvement in our religion, is the use of speech," she said. "Whatever blessing we choose, we express it verbally. By helping someone with aphasia partake in their religious practice, it gives them a sense of self-worth and empowerment." She would know.

Mr. Shulman, now 45, works classifying diamonds for Leo Schachter & Co. in Ramat Gan, Israel. His faith unshaken, he walks to synagogue each morning with an electronic leg brace, puts on tefillin with his one functional arm, and mouths the prayers as best he can. I asked him about the significance of his religious participation since developing aphasia. "So important, community," Mr. Shulman responded. "Friends, so important."

Ms. Schuss is a writer in Boston.

By Kevin Donovan

Two years ago my wife and I moved to Connecticut, where she had accepted a teaching job. I found myself among the millions of people who travel to work in Manhattan every day. While it took some getting used to, the commute gave me the opportunity to meet recent immigrants who have flocked to the New York area in recent years.

One morning at the bus stop, I struck up a conversation with a man I'll call by his first initial, M. He lived in the apartment building next to ours, and we both had begun working in Midtown at about the same time.

M. was an Indian Muslim from Gujarat. He had lived in

London, Dubai, Boston and South Africa. He and his wife settled in Stamford because its schools had a good program for handicapped children and their daughter suffered from hearing loss. A business

analyst, M. had a wealth of opinions on banking, real estate, Indian politics and just about everything else.

He also had a wealth of friends. Nearly every day he bumped into someone on the train or bus, usually professionals like himself from the

subcontinent. One Friday morning in March 2017 he caught sight of a friend on the train and motioned for me to follow. I took a seat opposite him, next to a woman of South Asian appearance traveling with a young girl.

While the two men chatted, I introduced myself to the woman, the wife of M.'s friend. The girl beside her was their daughter, Aisha. Since it was a school day and since it is unusual to see a family on a commuter train, I asked where they were going so early in the morning.

"To see the St. Patrick's Day Parade," Aisha's mother said with a smile.

I had read enough about Islam to know that Aisha was

the name of a wife of the Prophet Muhammad. Here were two proud Muslim parents taking their daughter out of school for a day to go to a parade in honor of a Catholic saint and acting as if it was the most ordinary thing in the world.

It can be easy to forget that most of those who are new to our shores are eager to become part of America. The same was true of immigrants in earlier times—including those who started the celebration that takes place each March 17. How nice it is, then, that Aisha and St. Patrick have become acquainted.

Mr. Donovan is an IT professional living in Greater Boston.

BOOKSHELF | By Howard Schneider

Going To Extremes

To the Edges of the Earth

By Edward J. Larson

(Morrow, 329 pages, \$29.99)

In 1909, Robert E. Peary, Ernest H. Shackleton and Prince Luigi Amedeo of Savoy, duke of the Abruzzi, challenged nature at its worst, attempting to be the first to reach, respectively, the North Pole, the South Pole and the summit of K2, the world's second highest mountain—and perhaps its most perilous. So great was the mystique of K2 and other redoubtable peaks near it in the Karakoram and Himalaya ranges that they were widely considered the "third pole" or the "pole of altitude." Edward J. Larson's "To the Edges of the Earth" chronicles the three men's expeditions in an engaging tale of derring-do and survival virtuosity.

These plucky explorers were "celebrities of the day," Mr. Larson writes, "chasing immortality." Their fame was hard-won in regions that contained innumerable hazards: relentless blizzards, months-long spans of no sunlight, ferocious gales, shifting ice packs. Moreover, it might be hard for people today to understand just how primitive—compared with our GPS era—the exhibitions' equipment and scientific instruments were. Shackleton took a car on his trek to the South Pole, bad idea.

Peary (1856-1920) was an American naval officer enthralled by the prospect of reaching the North Pole. His

1909 mission was the culmination of a series of seven prior expeditions . . . with the last three aimed squarely at the North Pole." His people skills weren't the most refined (he had a stern Stoic soul," Mr. Larson writes). Even his longtime colleague, the African-American Matthew A. Henson, who accompanied Peary on many of his expeditions—he spoke Inuit, unlike Peary, and was a superb dogsled driver—seemed ambivalent about him years after the 1909 mission. But Peary was a workaholic (as were Shackleton and the duke), and for the 1909 trek he studied Inuit culture for survival guidance.

Peary probably got closer to the North Pole than anyone before him—certainly an impressive feat. But he claimed for the rest of his life that he had actually reached the pole, and Mr. Larson strongly implies that Peary lied about this. One suggestive piece of indirect evidence: In the final phase of his foray to the pole, he left behind anyone else who could read a sextant—the device that was the only way to confirm his alleged victory. Peary became incensed when he learned that, while he was incommunicado during his mission, a despised rival, the American physician Frederick A. Cook, was spreading word through Europe and America that Cook himself had reached the pole before Peary. Thus began a century-plus controversy over who was the champion. Mr. Larson's research indicates that neither was correct. Despite Peary's accomplishments, he ultimately comes across as a humbug.

Shackleton (1874-1922), a British Merchant Navy officer who had made one previous trip to Antarctica before his 1909 mission, was a natural leader of men who charmed associates, expedition donors and the public on three continents. But charisma goes only so far: Although his party set a new "farthest south" record, and three members apparently did reach the magnetic South Pole, no members of Shackleton's 1909 expedition succeeded in reaching the geographic South Pole (the team's ultimate prize). Ever the gentleman, Shackleton never claimed that he did; but the British and other Europeans loved his endeavors anyway.

In 1909, a trio of explorers sought to reach, respectively, the North Pole, the South Pole and the top of the world's second-tallest mountain.

Prince Amedeo (1873-1933), "darkly handsome and devilishly suave," was a naval officer and a member of Italy's royal family who had been in the news as much for his rumored engagement to the daughter of a West Virginia coal baron as for his Arctic adventures. He targeted K2, located between China and what is now Pakistan, in part because Mount Everest was inaccessible to Westerners. But the duke, a tough, talented mountain climber as well as a polar explorer, understood that the harrowing K2 was worthy of his attention. He later recalled gazing up from base camp at the peak's "steep flanks swept clean by avalanches and its summit cone covered with ice." The 28,250-foot mountain and persistent bad weather defeated his attempt to reach the summit, however. He then tried to scale a neighboring mountain, Chogolisa, as a kind of consolatory effort to "set a world altitude record." He didn't reach the summit there either, but he did set his record: 24,600 feet.

Mr. Larson, an academic and author of many other books (including a previous work on exploring Antarctica), is a talented storyteller with a dry sense of humor, and the nicest compliment that I can pay him is that he does full justice to his three protagonists' remarkable bravery, resourcefulness, accomplishments—and flaws. His suspenseful and sometimes moving narratives prompt the reader to ponder two fascinating issues. The first is how important character (intelligence, valor, leadership prowess) was to these men's survival, as opposed to just plain luck (the weather, guessing the right route, finding stored food caches). The second issue concerns Peary's and Shackleton's motivations. They publicly maintained that they initiated their quests to enhance the grandeur of their respective nations. Mr. Larson's scholarship indicates that both men also lusted after fame and fortune. Cynics could conclude that Peary and Shackleton were hypocrites. And yet, my own cynicism notwithstanding, I can't help thinking that these two adventurers (even mendacious Peary) wouldn't, couldn't, have endured the hellish ordeals they did if they hadn't possessed a modicum of idealistic patriotism.

Mr. Schneider reviews books for newspapers and magazines.

Coming in BOOKS this weekend

The era of Dwight D. Eisenhower • The collected stories of Bruno Schulz • Stalin's Gulags in Putin's Russia • Who was Ibn Khaldun? • Finding meaning in quantum physics

• Bob Fosse and the American musical • & much more

Aisha Meets St. Patrick—Only in America

By Kevin Donovan

Two years ago my wife and I moved to Connecticut, where she had accepted a teaching job. I found myself among the millions of people who travel to work in Manhattan every day. While it took some getting used to, the commute gave me the opportunity to meet recent immigrants who have flocked to the New York area in recent years.

One morning at the bus stop, I struck up a conversation with a man I'll call by his first initial, M. He lived in the apartment building next to ours, and we both had begun working in Midtown at about the same time.

M. was an Indian Muslim from Gujarat. He had lived in

London, Dubai, Boston and South Africa. He and his wife settled in Stamford because its schools had a good program for handicapped children and their daughter suffered from hearing loss. A business

analyst, M. had a wealth of opinions on banking, real estate, Indian politics and just about everything else.

He also had a wealth of friends. Nearly every day he bumped into someone on the train or bus, usually professionals like himself from the

name of a wife of the Prophet Muhammad. Here were two proud Muslim parents taking their daughter out of school for a day to go to a parade in honor of a Catholic saint and acting as if it was the most ordinary thing in the world.

It can be easy to forget that most of those who are new to our shores are eager to become part of America. The same was true of immigrants in earlier times—including those who started the celebration that takes place each March 17. How nice it is, then, that Aisha and St. Patrick have become acquainted.

Mr. Donovan is an IT professional living in Greater Boston.

OPINION

REVIEW & OUTLOOK

The GOP's Internet Tax

Republicans have spent the last year cutting taxes and regulations, which hasn't been easy. But now some Members of Congress want to blunt their handiwork by passing an online sales tax. Yes, they actually believe this would be good policy and politics.

A large faction of House Republicans are pressing GOP leaders to attach legislation to the omnibus spending bill that would let states collect sales tax from remote online retailers. South Dakota Rep. Kristi Noem's legislation, which has 50 co-sponsors, would let some 12,000 jurisdictions conscript out-of-state retailers into collecting sales and use taxes from their customers. A bipartisan companion bill in the Senate has 27 co-sponsors.

The Supreme Court's 1992 *Quill* decision forbids state and local governments from requiring businesses without a "physical nexus"—that is, property or employees—to collect sales tax. States complain that this restriction puts brick-and-mortar stores at a competitive disadvantage and reduces government revenues. All political protectionism is local.

But online purchases make up less than 10% of all retail sales, and only a sliver is untaxed. Seventeen of the 18 largest retailers on the web by 2016 had already begun collecting sales taxes on all of their customers' purchases. The exception was home-goods retailer Wayfair.

Big retailers like Amazon and Walmart have the resources to comply with disparate tax rules across thousands of jurisdictions. Small businesses don't. In New York City, all clothing—save jewelry, costumes and some athletic equipment—that costs less than \$10 is exempt from sales tax. Chicago taxes bottled water, soda, candy and groceries all at different rates.

Contrary to political lore, sales tax revenues have been increasing steadily in states with healthy economies. Over the past five years, Florida's sales tax revenues have grown 27%. South Dakota's are up by nearly 30% since 2013. This is noteworthy since politicians from states without income taxes complain that *Quill* could impel them to pass one to raise revenue.

As for brick-and-mortar stores, most nowadays sell over the web too. Those that are struggling—e.g., Sears and Toys "R" Us—are overleveraged and didn't adapt fast enough to changes in consumer behavior or tastes. People who shop online generally do so for the convenience rather than incremental tax savings, which can be negated by shipping costs.

Andrew McCabe and Consequences

Attorney General Jeff Sessions faces a decision that will be controversial no matter what he does: Fire former Deputy FBI Director Andrew McCabe, or overrule the recommendation of the FBI's own internal investigators.

The recommendation to fire Mr. McCabe isn't coming from Donald Trump or Russian bots. It comes from the FBI's Office of Professional Responsibility. News reports say it is based on a finding from the Justice Department's Inspector General that Mr. McCabe authorized the disclosure of sensitive information to a Wall Street Journal reporter about the investigation into the Clinton Foundation—and then lied about it to IG investigators.

The IG report remains secret, but it's hard to believe the FBI would recommend such punishment if it did not believe Mr. McCabe's actions were a serious breach of duty. The bureau's recommendation is in marked contrast to the endorsement from his old boss, former

Nonetheless, *Quill* has become a bogeyman of politicians on the left and right. In his *Direct Marketing Association v. Brohl* (2015) concurring opinion, Justice Anthony Kennedy echoed their laments that *Quill* was "now inflicting extreme harm and unfairness on the States." His opinion emboldened states to pass a patchwork of "Kill *Quill*" bills

that are essentially gutting it even without a change in federal law.

Twenty or so states have adopted "click-through" taxes to hit remote retailers that have contracts with local businesses. In 2016 South Dakota invited the High Court to revisit *Quill* by extending its sales tax to out-of-state sellers. Other states have followed. The Court will hear that case, *Wayfair v. South Dakota*, next month, and most expect Justice Kennedy to join the liberal majority to overturn *Quill*.

But some Republicans warn that the Court could divine a new standard from whole cloth that could create confusion. Worse, the Court could enable broader taxation and regulation of out-of-state businesses. This is what many states want to happen. The Justice Department has argued for a "virtual" presence standard that would make a hash out of the Commerce Clause, which gives Congress the authority to regulate interstate commerce.

Ergo, many Republicans say Congress must intervene. Yet the legislation that they want to add to the omnibus spending bill next week won't necessarily moot the case or rein in errant Justices.

If the status quo is doomed, then a better alternative is House Judiciary Chairman Bob Goodlatte's compromise with California Democrat Anna Eshoo, which would establish a mechanism for states to collect taxes from out-of-state retailers through a national clearinghouse. His bill would simplify compliance for small retailers and prevent states from harassing out-of-state businesses—thus preserving the constitutional principle of no regulation without representation.

The real reason some Republicans in Congress are now rushing to pass their kill *Quill* bill is that they want to get credit for axing the Court's 1992 decision with retailers at home. But stuffing such an important policy change inside a huge spending bill with little debate would be a political scam. Raising taxes on small business and consumers won't be a good look for Republicans in November, nor an inducement for investment and growth.

FBI Director James Comey, who tweeted in January that Mr. McCabe "stood tall" as "small people were trying to tear down an institution we all depend on." Did St. Jim know about his comrade's alleged deception?

Mr. McCabe is connected to controversial FBI investigations into both presidential candidates in 2016, and in January he said he would formally retire on March 18 when he would have enough seniority to qualify for his pension. Firing him early could cost him that lifetime payout.

The American people still don't know what went on at the FBI during those 2016 investigations. Several FBI and Justice officials will soon testify to the House Intelligence Committee. Perhaps Mr. McCabe's firing would persuade them that there are consequences for untruthfulness. Time and again we have been assured of the FBI's high standards. Imagine how Mr. McCabe would treat an American citizen who lied to the FBI.

Vladimir Taunts the West

Vladimir Putin has invaded Ukraine, propped up Syria's Assad regime, meddled in the 2016 U.S. presidential elections, and this month someone in his government approved a chemical-weapons attack on British soil. The Western response so far is the equivalent of a foot stomp and public whining.

Start in Britain, where Prime Minister Theresa May on Wednesday outlined her response to evidence that Russia-backed agents used the Soviet-era Novichok nerve agent to try to assassinate former spy Sergei Skripal and his daughter Yulia in Salisbury this month. They and a local policeman exposed to the agent are seriously ill, and hundreds of local residents were put at risk.

The attack evoked memories of the 2006 murder with polonium of Russian dissident Alexander Litvinenko in London, which was linked to Mr. Putin. Yet the Salisbury attack was a more serious provocation than the Litvinenko hit. Never before had Moscow attacked a spy who was swapped for Russian spies, as Mr. Skripal was, or targeted a spy's family. If Mr. Skripal is fair game, so is any critic of Russia anywhere—which is no doubt the message the Kremlin intended to send.

Yet Russia "treated the use of a military grade nerve agent in Europe with sarcasm, contempt and defiance," Mrs. May said Wednesday, as she outlined what she called her "full and robust response." London gave 23 Russian spies a week to leave the country, suspended "all high level bilateral contacts" and confirmed that no member of the British Royal Family would attend the soccer World Cup this summer in Russia.

Spy expulsions and small-scale sanctions won't deter Moscow.

Moving the World Cup out of Moscow would be more like it.

Mrs. May also rallied the U.S., France and Germany to condemn the attack in a joint statement as "the first offensive use of a nerve agent in Europe since the Second World War," which "threatens the security of us all." The four leaders demanded that Moscow disclose its chemical-weapons activities to a Hague-based organization and "live up to its responsibilities as a member of the U.N. Security Council to uphold international peace and security." The Hague boys shouldn't stay up waiting for an invitation.

More substantively, Treasury Secretary Steven Mnuchin on Thursday announced new U.S. sanctions against five Russian entities and 19 individuals for "attempted interference in U.S. elections, destructive cyber-attacks, and intrusions targeting critical infrastructure." This is welcome after a long delay and is the Trump Administration's first sanctions response to the 2016 election interference, but it's still not adequate as a response to Mr. Putin's assaults.

Mrs. May threatened more punitive measures, and one option that might get Mr. Putin's attention would be to seize the financial assets and property of Russians connected to Mr. Putin. The Russian strongman's power depends on his ability to enrich his cronies, and they all have money overseas where Mr. Putin or a successor can't easily snatch it if the whim strikes.

Mr. Putin keeps taunting the West because he has learned that its leaders lack the political nerve to strike back in a way that matters. Until the West threatens his finances, Mr. Putin won't be deterred from future aggression.

LETTERS TO THE EDITOR

Unilateral Tariffs Hurt Friends and Enemies

Regarding your editorial "Trump's Hoover Temptation" (March 9): We are a 90-year-old American manufacturer of fans. We start with American-made steel sheet and coil and aluminum sheet, coil and ingot and make a world-class product. We compete around the world. Unfortunately, the president has picked the wrong target for his tariffs. Steel and aluminum prices are already at all-time highs. Instead of increasing demand for domestic steel and aluminum, the tariffs will ultimately decrease demand. This is a simple economic law: Prices go up and demand goes down. The real target, if the president wants to help the domestic steel and aluminum companies, should be to consider putting tariffs on foreign fabricated and cast parts rather than on raw materials.

What President Trump has done is make American manufacturers that use American-made steel and aluminum sheet or ingot noncompetitive in the world marketplace. We have eight domestic competitors that import fabricated parts and assemble them here. American steel and aluminum companies won't benefit from the tariffs and will only put their customers out of business. This happened in 2004 when steel prices doubled, and it will happen again. Tariffs on foreign parts would give assembly shops the incentive to become real manufacturers and increase employment in manufacturing. American steel and aluminum companies would see an increase in volume, not a potential decrease due to higher prices.

HARRY GRAVES
President
American Coolair Corporation
Jacksonville, Fla.

All that President Trump wants to do is reset our trading priorities, a brief pause you might say, to let these industries retool so that they can be

competitive again. Your editorial sounds like the sky is falling and the trade war has begun. It's time for you to relax a bit and allow President Trump's shot across the bow to sink in with our trading partners as they realize there is a new sheriff in town who is not a pushover. Maybe if some of our previous presidents stood up for our core industries, they would not have been decimated over the past 30-plus years.

A. GUY HUBSCHMAN
Andover, Mass.

Your editorial "How a Trade War Escalates" (March 8) describes how the EU-proposed tariffs on certain U.S. items are "politically shrewd in targeting exports from states represented by Republicans on Capitol Hill. The point is to punish voters in states Mr. Trump carried in 2016 and Republicans running for re-election this year."

That certainly sounds like a foreign-government entity interfering in our elections. Should this interference really be cheered on at the same time millions of dollars are being spent by a special counsel investigating foreign-government interference in our elections? Is interference OK as long as it is aimed at a target which is not a media favorite?

LARRY STEWART
Ponte Vedra Beach, Fla.

Regarding your editorial "Professor Ross's Soup-Can Economics" (March 6): Perhaps the Trump administration might review the effects of the well-chronicled tariffs on sugar. The cost of the raw material increased, causing candy manufacturers to move across the lakes to Canada. The net result was six jobs lost for every one gained, along with capital moved abroad.

MARK MUNDAY
Knoxville, Tenn.

Take Another Look at Paid-Leave Statistics

Kristin Rowe-Finkbeiner's March 6 letter cites misleading paid-leave statistics. It states that only 15% of all working people have access to paid leave, likely relying on an often-cited Bureau of Labor Statistics (BLS) number. Actually, many more workers take paid leave, but the BLS doesn't count it due to its peculiar survey methods which require paid leave to exist separately from "sick leave, vacation, personal leave or short-term disability leave that is available to the employee."

Parents with conventional benefit programs often save and pool paid personal leave, vacation, sick leave and short-term disability in the event of a birth or adoption. Unconventional benefit packages, like paid time off accounts or unlimited paid-leave programs also don't count under the BLS survey. Parents use these leave variations as paid leave in case of a birth or adoption. They do so because they are paid and leave.

That is why BLS numbers don't

There's No Need for Women To Lag in the STEM World

Regarding "Mind & Matter: Why Don't More Women Choose STEM Careers?" (Review, March 3), at Carnegie Mellon University, we believe that academia and industry can effectively and rapidly increase the participation and success of women in computer science by paying attention to the microculture and implementing common-sense changes. Our guiding premise: The minority in any community doesn't have access to, is indeed often excluded from, the academic and professional opportunities and advantages critical for success that are available (most often implicitly) for the majority in the community.

These implicit advantages include role models, mentors, community connections, networking, experiential learning, leadership opportunities. Thus, it makes sense to level the professional playing field by making these advantages explicit and available for everyone. It's not rocket science, just common sense.

CMU's Women@SCS program to level the professional playing field effectively countered the macroculture, resulting in women entering the computer-science major at CMU in increasing numbers, now inching up to almost 50%—and with retention of women now at a slightly higher level than men. We find that in a more balanced environment (in terms of both numbers and professional opportunities afforded) there is virtually no gender divide.

PROF. LENORE BLUM
Carnegie Mellon University
Pittsburgh

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

As Oren Cass points out in "Doomsday Climate Scenarios Are A Joke" (op-ed, March 12), society is constantly adapting to all sorts of changes. That is definitely true, and the best way to adapt to climate change and avoid some of those "doomsday" scenarios is for society to adapt to a carbon-free future fueled by renewable energy. To do otherwise in the face of projected climate changes would be, as Mr. Cass puts it, "silly."

CHRISTINE VIDOVICH
San Pedro, Calif.

Avoid Doomsday: Reduce Carbon, Use Renewables

Mary Anastasia O'Grady belittles Donald Trump's national-security argument for imposing tariffs on steel and aluminum from Canada ("Is Canada a National Security Risk?", Americas, March 5.) She has apparently forgotten the American-Canadian war in the 1999 film "South Park: Bigger, Longer & Uncut." The president has not.

S. PAUL POSNER
New York

Pepper ... And Salt



When my Mom played soccer, only the winner got a trophy.

OPINION

How to Complete the Escape From ObamaCare

By Phil Gramm

The tax-reform provision repealing the penalty on those who refuse to participate in ObamaCare has freed millions of Americans to escape a system that exploits them. But while Americans can escape ObamaCare, they still can't buy insurance in the individual market independent of ObamaCare because private insurers are prohibited from selling it. If this prohibition can be removed through the granting of state waivers by the Department of Health and Human Services, or by the passage of a new federal statute, ObamaCare will collapse into a high-risk insurance pool for the seriously ill rather than become a stepping stone to socialized medicine.

Congress eliminated the individual mandate. There's a way around the other onerous regulations.

The politics of the ObamaCare debate changed dramatically when the Congressional Budget Office determined that repealing the coverage mandate would save an astonishing \$338 billion over 10 years. The saving would come from undisbursed subsidies, as lifting the tax penalty would induce an estimated 4.6 million people to flee from the exchanges. The number of Americans enrolled in ObamaCare plans is projected to plummet to 7.4 million by 2021, a mere 2.2% of the population.

The repeal of the tax penalty will progressively worsen ObamaCare's risk pool as healthy enrollees who

currently pay more into the system than the expected value of their coverage exit the exchanges. Premiums will rise at an accelerating rate for those who stay in the exchanges, forcing Democrats to find new funding or watch the program implode.

There are two ways to restore Americans' freedom to buy health insurance independent of ObamaCare. First, HHS should grant waivers to states that want to let private insurers offer state-approved plans exempt from ObamaCare's coverage mandates and rigged risk pool, enabling these states to expand health-care freedom inside their own borders. Second, Congress should amend ObamaCare to permit insurers to sell individual policies outside of the exchanges that are totally independent of ObamaCare regulations, which would dramatically increase the options available to every American.

Idaho is the first state to allow plans that stray from ObamaCare's coverage mandates, and Blue Cross of Idaho has proposed five "Freedom Blue" plans outside the state exchange. The plans provide coverage similar to what is available on the exchange, but many are listed at about one-third the price because premiums are set to match individual health-risk profiles rather than subsidize the riskiest enrollees. The new plans also boost affordability by offering higher deductibles.

Idaho's best chance at obtaining



plan to grant health-care freedom to its citizens posed a mortal threat to ObamaCare. Sens. Patty Murray and Ron Wyden were joined by Reps. Frank Pallone and Richard Neal in sending an intimidating letter to the director of Idaho's Department of Insurance, threatening massive fines and demanding emails and phone records. Since Idaho has shown no sign of backing down, this battle is certain to escalate. Democrats clearly understand that if Idaho is able to market its "Freedom" insurance, as many as 30 Republican-led states will quickly follow its lead. Health-care freedom in Idaho could lead to the de facto end of ObamaCare throughout America.

The Trump administration and Congress are also working to expand health-care freedom nationwide. When the current administration reversed President Obama's policy of making cost-sharing payments to

keep insurance companies in the exchanges, insurers responded by raising the price of their federally subsidized benchmark insurance options. This premium increase on the benchmark policies triggered an automatic increase in the subsidies, all funded by federal taxpayers. State insurance regulators conveniently looked the other way in 2017, but ObamaCare specifically granted the federal government rate-review powers to prevent insurance companies from gaming the system. The benchmark ruse is unlikely to pass HHS scrutiny in 2018.

Before the repeal of the tax penalty, Democrats couldn't bear the political cost of being seen as dismantling ObamaCare, but they will be forced to act as the program contracts. As healthier families flee the exchanges and premiums spiral, Democrats will be desperate to boost the subsidies. Politically, it will be very difficult for Democrats to deny people who have voluntarily left the exchanges the freedom to buy their own health insurance independent of ObamaCare regulations. Their stubborn reluctance to permit more-flexible plans will provide cover for Republicans to oppose increasing subsidies to the exchanges.

State and federal action to restore health-care freedom would allow new health-care initiatives, such as the partnership among Amazon, Berkshire Hathaway and JPMorgan Chase, to increase innovation in the insurance market. If more than 40% of people enrolled in the exchanges are expected to flee even when the only alternative is to become uninsured, we can expect the number exiting the exchanges to grow substantially when private alternatives are made available. This accelerated exit will reduce ObamaCare to a high-risk insurance pool.

At that point the country can have a real debate about how high-risk care should be structured and funded, and whether it should be administered by states or the federal government. Such a program would undoubtedly enjoy stronger bipartisan support than America's current restrictive health-care law.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute.

Consumers Make Their Own Case Against Abolishing Cash



POLITICAL ECONOMICS
By Joseph C. Sternberg

Reports of the death of cash have been greatly exaggerated—and for exactly the reason cash's detractors feared.

Cash has been the subject of an economic hate campaign for years. Newspaper editorials

als have called cash a "barbarous relic," harking back to John Maynard Keynes's criticism of the gold standard. Harvard economist Kenneth S. Rogoff wrote a book subtly titled "The Curse of Cash" that made the case for phasing it out—and he won plaudits from the likes of Ben Bernanke.

The criticism of cash comes in two parts. The disingenuous half is the claim that cash is an accessory to crime. The European Central Bank this year will stop issuing €500 notes, worth a little more than \$600, after policy makers convinced themselves that the bills, supposedly nicknamed "bin Ladens," are used primarily by criminals. Similar calls periodically arise to kill America's \$100 bill, Britain's £50 (about \$70)

and Switzerland's 1,000-franc (a little over \$1,000).

Maybe. But a 2015 Europol report highlighted the role of cash in money-laundering networks, before admitting that cash appears at only a few stages in the process and criminals are mainly anxious about having to deal with it. So it's a shame European politicians have invested so much energy opposing attempts to monitor transactions within the official financial system. The George W. Bush-era surveillance of flows via the Swift banking network generated significant controversy on—wait for it—privacy grounds.

In the end, this argument isn't about terrorism or drug mafias anyway. The lawbreaking that most perplexes European leaders is the large gray market, composed of otherwise law-abiding citizens who work around suffocating taxes and labor regulations. This shadow economy may account for output of some €2 trillion a year, compared with the European Union's official gross domestic product of €15.3 trillion, and in some Eastern European states it may reach 40% of official GDP.

Still, here too there is less of a connection to cash than you'd think.

Friedrich Schneider of Austria's Johannes Kepler University estimates that Germany and Austria are among Europe's most cash-intensive economies, yet they have smaller gray markets than less cash-intensive Spain or Belgium. Sweden, Norway and Denmark use less cash than the U.S., France or Switzerland, but they also have larger shadow economies.

Paper money becomes more popular as monetary policy becomes less so. That's good for democracy.

Which leads to the more serious half of the case against cash: It thwarts modern monetary policy. Since 2008, policy makers and a certain kind of pundit and professor have fretted that cash imposes a "zero lower bound" on interest rates. Any attempt to implement a negative interest rate on bank deposits—to tax account-holders as a penalty for saving instead of spending—will fail, since people can withdraw cash from banks and hide

it under their mattresses.

Now millions of ordinary people around the world in recent years have proved cash's critics . . . right. Use of cash has increased across developed economies, according to a paper published this week by the Bank for International Settlements. Surprisingly, this is despite a parallel increase in the use of cards and other electronic payments that were supposed to displace cash.

One of the big drivers is monetary policy. The BIS economists' tentative calculations—although based on limited data thus far—suggest that changes in interest rates account for about one-third of the overall increased demand for bank notes, and for large denominations in particular. As rates go down, the desire to hold cash goes up.

It's worth noting here that although the BIS researchers focused solely on interest rates, other aspects of monetary policy, broadly construed, may be at work too. Low lending rates have prompted banks to rely heavily on customer fees for revenue, while postcrisis regulations have made being a bank customer a miserable experience. Your mattress doesn't ask you to fill out 18 forms

and pay a monthly fee before you hide your money under it.

The critics are right that cash's availability as an alternative to formal bank accounts is a challenge to policy makers. The mistake would be to take this as confirmation that the government ought to ban cash, or at least discontinue large bills. That would amount to bludgeoning voters with yet another consequence of the political class's policy failures.

Economists treat the zero lower bound as an economic dilemma, but in truth it's a political problem. It represents citizens' withdrawal of assent for monetary policies that show little real evidence of working, even as they exact significant economic and social costs.

Whatever else might be the merits of an independent central bank, the cost is attenuated electoral oversight of one of any economy's most important policy-making institutions. That leaves cash as voters' primary means of asserting some control. Having seen what an angry electorate already has done in Britain, America, Germany and Italy, does anyone truly think it's a good idea to further de-democratize money?

I Loved College Basketball, but Now I Feel March Sadness

By Joseph Epstein

As this year's NCAA basketball tournament proceeds, I shall not be filling in my brackets. Nor shall I be betting a small packet on any of the 68 teams going to the Big Dance, as they call it. Not one has the least interest for me. You might catch me watching a college basketball or football game, but for years my old passion for these sports has been draining away. My interest now, more aesthetic than athletic, is increasingly in the players' rococo hairdos, body tattoos and exotic first names.

Despite a lifelong addiction to sports, the corruption of college basketball and football has become impossible to ignore. March Madness is the way television promotes

the NCAA basketball tournament. But the real madness may be to think the entire enterprise in the least legitimate.

The past had its college basketball scandals, too. In the 1950s players at Bradley University, the City College of New York, Long Island University and other schools were revealed to have shaved points to accommodate gambling spreads. Lucrative but illicit gym-shoe contracts for amateur players also surfaced. Players graduated from college after spending minimal time in classrooms. In the early 1980s, I recall a phone call on a Chicago sports radio show in which a young woman thanked DePaul University coach Ray Meyer for the excitement that his basketball team, with its stars Mark Aguirre and Terry Cummings,

had provided the school. "Mark and Terry are in my history class, but how is it, coach," the caller added in a faux-naïve voice, "they never seem to show up?"

Still, today's scandals are more blatant, and uglier. In October, Rick Pitino, longtime basketball coach at the University of Louisville, was fired after an investigation of alleged payments—\$100,000 was mentioned—to the parents of some of the team's young recruits. (Mr. Pitino denied wrongdoing last year and said the allegations came as a "complete shock.") An earlier NCAA report had the Louisville basketball staff "arranging striptease dances and sex acts for prospects, student-athletes and others."

Sean Miller, coach at the University of Arizona, is alleged to have discussed paying a 7-foot-1 freshman named Deandre Ayton \$100,000 to sign with his team. (Mr. Miller this month called the claims against him "inaccurate and completely false.") Mr. Ayton is likely to be a "one and done" player, meaning he will leave Arizona after a single year to sign with a professional basketball team—another disgraceful practice fans are asked to overlook.

Yahoo Sports reports that more than 20 Division I basketball teams—among them Duke, North Carolina, Texas and Michigan State—have been marked in a federal investigation for possibly breaking NCAA rules, and at least 25 players are suspected of receiving "impermissible benefits." And the beat, as the disc jockeys say, goes on.

Approached by a journalist who said he had a question to ask, the television sports producer Don Ohlmeyer purportedly answered: "If

the question is about sports, the answer is money." It is of course money behind the corruption of college basketball and football, the two seriously lucrative college sports. To start at the top, basketball and football coaches with major "programs" (a euphemism for the heavily financed, endlessly recruiting athletics organizations) now

There were scandals as long ago as the 1950s, but lately they've become more blatant, and uglier.

earn well into the millions, generally much more than the presidents of the schools that employ them. The highest-paid public employee in most states is a college basketball or football coach.

In the early 1960s I was living in Arkansas, where college football was easily the chief entertainment. If memory serves, the Razorbacks' winning football coach, Frank Broyles, earned \$25,000 a year, which forced the school, to make things appear respectable, to push up its president's salary to \$26,000. The current pay of the president of the University of Alabama is \$755,000. Nick Saban, Alabama's football coach, not long ago signed a contract extension for \$11 million a year, plus a \$4 million signing bonus. But then the school's football team is said to earn, through attendance but chiefly through television contracts, roughly \$100 million a year.

Sad to report, winning basketball and football teams have their effect on nonathletic aspects of colleges.

I'm told that at Northwestern University, where I taught for 30 years, the football team's 1996 Rose Bowl appearance, after many losing seasons, dramatically increased both applicants for admission and alumni giving. Gary Barnett, the school's winning coach, had pledged to remain for years to come. He soon departed for a more lucrative contract at the University of Colorado.

The fount of much corruption in college basketball and football is the alumni demand for winning teams. At schools with so-called major programs, losing teams simply are not tolerated. The demand for victory is often backed up by impressive financial support, and with this money comes great pressure. No football coach at Notre Dame, for example, would be allowed to keep his job after three losing seasons.

I had a friend, a successful labor lawyer in Florida, who I'm told pledged, over 10 years, \$1 million to the football program at his alma mater, the University of Michigan. This sum allowed him to stand on the sidelines for all home games. Not long before he died, he sent me a note asking why those of us at Northwestern didn't support our football team better. I wrote back to say that although I did not attend Northwestern, I did indeed intend to donate generously to all the school's athletic teams, and would do so as soon as my hefty check to Hamas had cleared.

Mr. Epstein is author of the forthcoming "The Ideal of Culture and Other Essays" (Axios Press) and "Charm: The Elusive Enchantment" (Taylor Trade), both to be published in 2018.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch
Executive Chairman, News Corp

Gerard Baker
Editor in Chief

Matthew J. Murray
Karen Miller Pensiero
Executive Editor
Managing Editor

Jason Anders, Chief News Editor; Thorold Barker, Europe; Elena Chernyay, Coverage Planning;

Andrew Doolan, Asia; Ned Lipschutz, Standards;

Meg Marco, Digital Content Strategy;

Alex Martin, Writing; Mike Miller, Features & Weekend; Shazna Nessa, Visuals; Rajiv Pant, Technology; Ann Podd, News Production;

Matthew Rose, Enterprise; Michael Siconolfi, Investigations; Nikki Waller, Live Journalism;

Stephen Wisniewski, Professional News;

Carla Zanoni, Audience & Analytics

Paul A. Gigot, Author of the Editorial Page;

Daniel Henninger, Deputy Editor, Editorial Page

WALL STREET JOURNAL MANAGEMENT:
Suzi Watford, Marketing and Circulation;

Joseph B. Vincent, Operations;

Larry L. Hoffman, Production

Robert Thomson
Chief Executive Officer, News Corp

William Lewis
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:

Mark Musgrave, Chief People Officer;

Edward Roussel, Innovation & Communications;

Anna Sedgley, Chief Operating Officer;

Katie Vannbeck-Smith, President

OPERATING EXECUTIVES:

Ramin Beheshti, Product & Technology;

Jason P. Conti, General Counsel;

Frank Filippo, Print Products & Services;

Steve Grycuk, Customer Service;

Kristin Heitmann, Chief Commercial Officer;

Nancy McNeill, Advertising & Corporate Sales;

Christina Van Tassel, Chief Financial Officer;

Jonathan Wright, International

DJ Media Group;

Almar Latour, Publisher;

Kenneth Breen, Commercial

Professional Information Business;

Christopher Lloyd, Head;

Ingrid Verschuren, Deputy Head

DOW JONES
News Corp

EDITORIAL AND CORPORATE HEADQUARTERS:

1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

Exclusively for readers of The Wall Street Journal

Stars of Tuscany

**SAVE
\$180**
plus FREE
SHIPPING

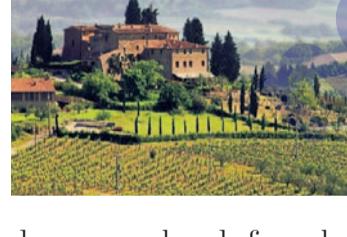


Discover 12 Top-Estate Tuscan Reds Plus a Gold-Medal Chianti Bonus

15 classic reds (worth \$279.85) for **ONLY \$99.85** with **FREE SHIPPING**



Welcome to Tuscany — land of rolling vineyards, villas with a view, and wonderful local wines. As a Wall Street Journal reader, you're invited on a very special taste tour.



You'll be introduced to the stars of Tuscan winemaking and enjoy a

dozen superb reds for only \$99.85, with free shipping. This introduction to the WSJwine Discovery Club also comes with a feast-worthy bonus: three bottles of gold-medal-winning Chianti from the beautiful estate of Paolo and Ana Rita Masi (right).

Italy's premier wine region

Franco Bernabei is the genius behind iconic, \$100-a-bottle Flaccianello. You'll taste the rich exclusive he makes at the 1,000-year-old estate of Prince Strozzi. The Barbanera family invite you to try their succulent, 92-point Sangiovese. We'll also

take you to Montecucco, "Tuscany's last undiscovered region" (*Decanter*), where Luca Marrone crafts highly acclaimed reds to rival the big names in next-door Brunello di Montalcino.

A very good time to buy

You may have seen the reports. Historic spring frosts in 2017 led to Italy's smallest harvest since 1947. Savvy wine fans are stocking up on current releases ahead of

the shortages (and predicted price rises).

Secure your case of top-estate Tuscan reds, then let us send you an exciting international dozen every three

months. We'll make it easy for you to tell us what other regions and wine styles you love, so every bottle is just right. Take only the cases you want (just \$149.99, saving you at least 20%) and only ever pay for wines you enjoy. *Take a Tuscan taste tour today.*



Your 3 Bonus Bottles of Gold-Medal Chianti

worth \$47.97



"Paolo Masi has made an excellent impression with the estate wines of his family property."

— *The Wine Advocate*

WSJ wine
THE WALL STREET JOURNAL.

ORDER NOW AT wsjwine.com/tuscany
OR CALL 1-877-975-9463 and quote code 9145005

BUSINESS & FINANCE

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday, March 16, 2018 | B1

S&P 2747.33 ▼ 0.08% **S&P FIN** ▲ 0.09% **S&P IT** ▲ 0.08% **DJ TRANS** ▲ 0.18% **WSJ \$ IDX** ▲ 0.37% **LIBOR 3M** 2.178 **NIKKEI (Midday)** 21750.59 ▼ 0.24%See more at WSJMarkets.com

Pipeline Firms Are Dealt Tax Blow

Federal regulators eliminate certain allowances for master limited partnerships

BY ALISON SIDER
AND CHRISTOPHER M. MATTHEWS

A federal tax ruling dealt a new blow to a group of pipeline firms that had helped finance a massive build-out of energy infrastructure, intensifying questions on Wall Street about the sector's survival.

The decision Thursday by the Federal Energy Regulatory Commission to disallow certain income-tax allowances could hasten the demise of many so-called master limited partnerships, which were already on a lengthy losing streak.

The stocks of several pipeline-partnership companies plummeted after the announcement. Shares of **Enbridge Energy Partners** LP fell 17%, **Spectra Energy Partners** LP shares dropped 10%, while **Williams Cos.** and **Energy Transfer Equity** shares were down more than 10% before rebounding.

Once the darlings of the energy sector because they essentially pay no corporate tax, such pipeline companies, or MLPs, have lost luster as they have struggled to keep up with demand for growing payouts to investors and their parent companies. In response, some pipeline companies have begun converting older partnerships into traditional corporate structures.

The regulator's decision will chip away at some of the tax benefits that made these partnerships attractive in the first place. FERC voted to reverse a longstanding policy that allowed interstate natural gas and oil pipelines configured as pass-through companies to



Regulators voted to reverse a policy that allowed some pipeline companies to collect corporate income-tax expenses from customers.

collect corporate income-tax expenses from customers.

The FERC policy has been litigated for years because customers claim it allowed pipeline owners to essentially recover income-tax costs twice because regulators already allow partnerships to structure rates to ensure a sufficient after-tax return. A federal appeals court agreed with customers in 2016 and told FERC to examine the policy.

Some analysts said the reaction by investors was overblown. Many newer pipelines have negotiated rates with customers that won't be affected by the change and a handful of companies that own pipelines but aren't structured as partnerships also will be

unaffected. The majority of pipeline companies are MLPs, with a total market capitalization of about \$350 billion.

Several big partnerships, including **Enterprise Products Partners** LP, **Energy Transfer Partners** LP, and **Magellan Midstream Partners** LP, said the change won't impact their bottom lines or the rates they charge. Analysts expect companies to appeal the decision.

Still, FERC's decision was the latest blow for a group of companies that investors had started to sour on.

"The sentiment in the group is terrible and this does not

Please see MLP page B2

◆ Tax benefit's elimination echoes in market..... B11

Money Leaving Pipelines

Investors have pulled money from mutual funds and exchange traded products that specialize in master limited partnerships in recent weeks.

Net flows into MLPs, weekly



Source: EPFR

THE WALL STREET JOURNAL.

For Goldman's Solomon, 'He's the Guy We Call'

BY LIZ HOFFMAN

In the spring of 2014, Las Vegas tycoon Sheldon Adelson floated an offer to David Solomon: come run his casino empire.

Mr. Solomon, a senior **Goldman Sachs Group** Inc. executive, had been Mr. Adelson's banker since the 1990s. He had honed his craps game on weekend jaunts to Atlantic City, N.J. He was 52 years old and seen as a long shot to become chief executive of Goldman.

But Mr. Solomon turned down the job, according to Michael Leven, who was Mr. Adelson's second-in-command

at the time. Mr. Adelson wasn't willing to give up day-to-day control, and Mr. Solomon didn't want to be an understudy.

That patience paid off for Mr. Solomon, who this week was anointed the heir apparent to Goldman Chief Executive Lloyd Blankfein.

After a decade atop Goldman's investment-banking division, Mr. Solomon won a yearlong competition with co-President Harvey Schwartz, who announced his resignation Monday. The handoff from Mr. Blankfein could be announced as soon as year-end, according to people familiar with the matter.

Mr. Solomon's path could hardly be more different from that of Goldman's two most-recent chief executives. Mr. Blankfein rose through the

'David [Solomon] is a 'buck stops here' kind of guy,' says one private-equity executive.

firm's trading operation. His predecessor, Henry Paulson, came up as a white-shoe banker, covering industrial companies in the Midwest.

Mr. Solomon, in contrast, started out in the mercenary world of high-yield debt. He added boardroom experience as he rose, building an unusually diverse list of clients that includes Mr. Adelson, **Fidelity Investments**, **3M Co.**, private-equity firm **Leonard Green & Partners** LP and co-working firm **WeWork** Cos.

He doesn't fit the mold of a classic investment banker, who typically spends formative years on the road wooing corporate executives. Rather, Mr. Solomon is known as a screw-turning operator who can get things done.

"David is a 'buck stops here' kind of guy," said John

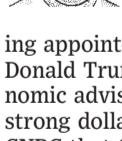
Danhakl, managing partner of Leonard Green. "If there's a disagreement or something we want Goldman to know, he's the guy we call. And when the firm occasionally has to tell us 'no,' he does that in such a straightforward, unapologetic way that you can't help but respect it."

That reputation helped Mr. Solomon earn the top job. Mr. Blankfein and the rest of Goldman's board were impressed with the debt-underwriting business he had built, which last year had record revenue, according to people familiar with the matter. Also in his favor, the people said, were

Please see CALL page B2

STREETWISE | By James Mackintosh

King Dollar Is Merely a Duke



"King Dollar" is official. Larry Kudlow used his first TV appearance since being appointed as President Donald Trump's chief economic adviser to argue for a strong dollar policy, telling CNBC that "a great country needs a strong currency."

If greatness were gauged purely on the foreign ex-

changes, America would be merely middling. The dollar—measured against trading partners and adjusted for inflation—is in line with its average value since President Richard Nixon broke the link between dollar and gold in the early 1970s. This isn't about the huge swings in the greenback in the 1970s and 1980s: The dollar is in line with the average over the last 20 years, too.

The dollar has also weakened since Mr. Trump came to power. The dollar hasn't been made great again.

Americans shouldn't panic about the currency's fall in the past year, as most of it was due to the recovery of struggling foreign economies. A stronger euro because Europe is growing faster might make a trip to Paris more expensive, but it

Please see STREET page B10

Make America Average Again

The dollar's value against trading partners, adjusted for inflation, is in line with the average since 1973.

Real trade-weighted dollar

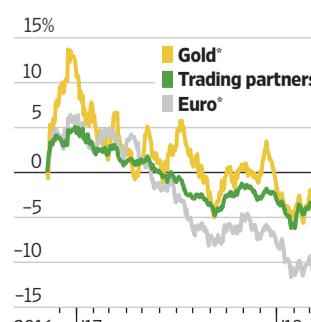
Monthly data



Through Wednesday, 12:15 p.m. ET Through March 9

Source: Thomson Reuters Datastream

Since the U.S. election, value of dollar against:



THE WALL STREET JOURNAL.

INSIDE



LOSS OF TOYS 'R' US CHANGES GAME

RETAIL, B3



BLACKROCK RETOOLS ITS BOARD

INVESTING, B10

Harassment Alleged At the Queen's Bank

BY SIMON CLARK AND PHILLIPA LEIGHTON-JONES

LONDON—**Coutts** & Co. had a problem. Women at the three-century-old private bank, where Queen Elizabeth II keeps money, complained of physical and verbal harassment by male colleagues. Some women refused to work with star banker Harry Keogh, the man at the center of many of the complaints.

In 2015 the bank assigned a senior banker, Gayle Schumacher, to conduct an internal investigation of Mr. Keogh's team of dozens of bankers, according to Coutts documents reviewed by The Wall Street Journal. Ms. Schumacher interviewed 20 Coutts bankers and was told about allegations of inappropriate behavior by Mr. Keogh and other bankers, including lewd comments, heavy drinking and unwanted physical contact, according to written accounts of the conversations reviewed by the Journal.

She relayed the information to the chief executive officer at Coutts, Michael Morley, people familiar with the investi-

gation said. Ms. Schumacher told colleagues she was shocked by what she learned, these people said. Mr. Morley told colleagues and Coutts's parent company, **Royal Bank of Scotland Group** PLC, that Mr. Keogh should leave the bank, these people said.

Discussions followed involving Alison Rose—RBS's head of commercial and private banking and a potential future chief executive—Mr. Morley and others, and a decision was made in mid-2015: Mr. Keogh could stay, said people familiar with the matter.

Mr. Keogh, 57 years old, remains a senior banker at Coutts, which is a pillar of the British establishment with a long royal pedigree. He oversees fewer bankers now, but was given responsibility for the bank's "most influential clients" in 2017, according to a Coutts press release. Clients he has interacted with include royalty, sports stars, celebrities and wealthy landowners, according to people knowledgeable about the bank. Mr. Keogh declined to comment.

Please see COUTTS page B6

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A
Adobe Systems.....B12
Alibaba Group Holding.....B10
AllianceBernstein Holding.....A5
Alphabet.....B12
Amazon.com.....A3,B3,B5,B12
Apple.....B4,B12
Aurelius Capital Management.....A5
Autonomy Capital.....A5
B - C
Baidu.....B10
Baupost Group.....A5
Best Buy.....B3
BlackRock.....B10
Blue Apron Holdings.....B5
Broadcom.....B4
Canadian National Railway.....B3
Canadian Pacific Railway.....B3
Caterpillar.....B11
Cisco Systems.....B1
Coutts.....B1
D - E
Deutsche Bank.....B6
Dollar General.....B12
Dollar Tree.....B12
DST Global.....B11
Enbridge Energy Partners.....B1
Energy Transfer Equity.....B1
Energy Transfer Partners.....B1
Enterprise Products Partners.....B1
EQT.....B11

F - G
Facebook.....B4
Family Dollar.....B12
Fiat Chrysler Automobiles.....B2
Fidelity Investments.....B1
Ford Motor.....B2
Fundamental Advisors.....A5
Glass Lewis.....B4
GoldenTree Asset Management.....A5
Goldman Sachs Group.....B1,B12
Guggenheim Partners.....B12
H - I
Halliburton.....B3
Hasbro.....B3
HelloFresh.....B5
Hilton Grand Vacations.....B10
HNA Group.....B10
HouseCanary.....B5
iHeartMedia.....B5
Institutional Shareholder Services.....B4
J - L
JPMorgan Chase.....A3
Land of Lincoln Mutual Health Insurance.....A5
Las Vegas Sands.....B2
Leonard Green & Partners.....B1
M - N
Magellan Midstream Partners.....B1
Mattel.....B3
Microsoft.....B4,B12
P
Iger, Bob.....B2
Ivancyn, Daniel.....B12
J
Johnson, Brian.....B2
Johnson, Margaret "Peggy".....B10
K
Kaur, Kiranjeet.....B4
Keogh, Harry.....B1
Klarman, Seth.....A5
Krause, Thomas.....B4
Kuroda, Haruhiko.....B11
L
LeCompte, Eric.....A5
Lee, Rocky.....B10
Leven, Michael.....B1
Liu, Shiyu.....B10
M
Mackay, Jon.....B12
Martin, Sarah-Marie.....B2
Morgan, Howard.....B2
Morley, Michael.....B1
N - O
Nair, Raj.....B2
Negrone, Hector.....A5
Ohsaki, Shuchi.....B11
Oshikubo, Naoya.....B11
P
Pajuri, Srin.....B4
Parker, Mark.....B1
Paulson, Henry.....B1
Perelman, Ronald.....B2
Pitaro, James.....B2
Pitkethly, Graeme.....B3
Pittman, Bob.....B5
R
Reichert, Eberhard.....B5
Rose, Alison.....B1
Rutte, Mark.....B3
S - T
Schiller, Howard.....B2
Schwartz, Alan.....B12
Schwartz, Harvey.....B1
Söderström, Gustav.....B1
Sekido, Takahiro.....B11
Skipper, John.....B2
Solomon, David.....B1,B12
Stroud, Chris.....B5
Tan, Hock.....B4
W - Z
Weinstein, Harvey.....A2
Wilson, Mark.....B10
Winkelried, Jon.....B2
Wynn, Elaine.....B3
Wynn, Steve.....B3
Zielinski, Jarrett.....B3

INDEX TO PEOPLE

A - B
Agrawal, Rakesh.....B3
Al-Hamad, Abdalatif.....B10
Antonelli, Michael.....B11
Balkin, Michael.....B12
Blankfein, Lloyd.....B1
Brandon, David.....B3
C
Caldas, Charles.....B5
Caso, Chris.....B4
Cayne, James.....B12
Chukumba, Anthony.....B12
Cohen, Stephanie.....B2
Cole, Christopher.....B2
D
Danhakl, John.....B1
Dees, Daniel.....B2
Digenan, Thomas.....B12
Dyal, Gordon.....B2
E - F
Edwards, Trevor.....B1
Ek, Daniel.....B11
Farley, Jim.....B2
Fields, Mark.....B2
G - H
Gadhia, Jayne-Anne.....B6
Gardner, Brian.....A5
Hackett, Jim.....B2
Holt, Derek.....A2

I
Iger, Bob.....B2
Ivancyn, Daniel.....B12
J
Johnson, Brian.....B2
Johnson, Margaret "Peggy".....B10
K
Kaur, Kiranjeet.....B4
Keogh, Harry.....B1
Klarman, Seth.....A5
Krause, Thomas.....B4
Kuroda, Haruhiko.....B11
L
LeCompte, Eric.....A5
Lee, Rocky.....B10
Leven, Michael.....B1
Liu, Shiyu.....B10
M
Mackay, Jon.....B12
Martin, Sarah-Marie.....B2
Morgan, Howard.....B2
Morley, Michael.....B1
N - O
Nair, Raj.....B2
Negrone, Hector.....A5
Ohsaki, Shuchi.....B11
Oshikubo, Naoya.....B11
P
Pajuri, Srin.....B4
Parker, Mark.....B1
Paulson, Henry.....B1
Perelman, Ronald.....B2
Pitaro, James.....B2
Pitkethly, Graeme.....B3
Pittman, Bob.....B5
R
Reichert, Eberhard.....B5
Rose, Alison.....B1
Rutte, Mark.....B3
S - T
Schiller, Howard.....B2
Schwartz, Alan.....B12
Schwartz, Harvey.....B1
Söderström, Gustav.....B1
Sekido, Takahiro.....B11
Skipper, John.....B2
Solomon, David.....B1,B12
Stroud, Chris.....B5
Tan, Hock.....B4
W - Z
Weinstein, Harvey.....A2
Wilson, Mark.....B10
Winkelried, Jon.....B2
Wynn, Elaine.....B3
Wynn, Steve.....B3
Zielinski, Jarrett.....B3

A - B
Edwards, Trevor.....B1
Ek, Daniel.....B11
Farley, Jim.....B2
Fields, Mark.....B2
G - H
Gadhia, Jayne-Anne.....B6
Gardner, Brian.....A5
Hackett, Jim.....B2
Holt, Derek.....A2

I
Iger, Bob.....B2
Ivancyn, Daniel.....B12
J
Johnson, Brian.....B2
Johnson, Margaret "Peggy".....B10
K
Kaur, Kiranjeet.....B4
Keogh, Harry.....B1
Klarman, Seth.....A5
Krause, Thomas.....B4
Kuroda, Haruhiko.....B11
L
LeCompte, Eric.....A5
Lee, Rocky.....B10
Leven, Michael.....B1
Liu, Shiyu.....B10
M
Mackay, Jon.....B12
Martin, Sarah-Marie.....B2
Morgan, Howard.....B2
Morley, Michael.....B1
N - O
Nair, Raj.....B2
Negrone, Hector.....A5
Ohsaki, Shuchi.....B11
Oshikubo, Naoya.....B11
P
Pajuri, Srin.....B4
Parker, Mark.....B1
Paulson, Henry.....B1
Perelman, Ronald.....B2
Pitaro, James.....B2
Pitkethly, Graeme.....B3
Pittman, Bob.....B5
R
Reichert, Eberhard.....B5
Rose, Alison.....B1
Rutte, Mark.....B3
S - T
Schiller, Howard.....B2
Schwartz, Alan.....B12
Schwartz, Harvey.....B1
Söderström, Gustav.....B1
Sekido, Takahiro.....B11
Skipper, John.....B2
Solomon, David.....B1,B12
Stroud, Chris.....B5
Tan, Hock.....B4
W - Z
Weinstein, Harvey.....A2
Wilson, Mark.....B10
Winkelried, Jon.....B2
Wynn, Elaine.....B3
Wynn, Steve.....B3
Zielinski, Jarrett.....B3

P
Pajuri, Srin.....B4
Parker, Mark.....B1
Paulson, Henry.....B1
Perelman, Ronald.....B2
Pitaro, James.....B2
Pitkethly, Graeme.....B3
Pittman, Bob.....B5
R
Reichert, Eberhard.....B5
Rose, Alison.....B1
Rutte, Mark.....B3
S - T
Schiller, Howard.....B2
Schwartz, Alan.....B12
Schwartz, Harvey.....B1
Söderström, Gustav.....B1
Sekido, Takahiro.....B11
Skipper, John.....B2
Solomon, David.....B1,B12
Stroud, Chris.....B5
Tan, Hock.....B4
W - Z
Weinstein, Harvey.....A2
Wilson, Mark.....B10
Winkelried, Jon.....B2
Wynn, Elaine.....B3
Wynn, Steve.....B3
Zielinski, Jarrett.....B3

S - T
Schiller, Howard.....B2
Schwartz, Alan.....B12
Schwartz, Harvey.....B1
Söderström, Gustav.....B1
Sekido, Takahiro.....B11
Skipper, John.....B2
Solomon, David.....B1,B12
Stroud, Chris.....B5
Tan, Hock.....B4
W - Z
Weinstein, Harvey.....A2
Wilson, Mark.....B10
Winkelried, Jon.....B2
Wynn, Elaine.....B3
Wynn, Steve.....B3
Zielinski, Jarrett.....B3

U - X
U
Unilever.....B3
Wal-Mart.....B12
Walt Disney.....B2
WeWork.....B1
Williams.....B1,B11
Wynn Resorts.....B3
Xiaomi.....B4,B10

Y - Z
Y
Y
Z
Zielinski, Jarrett.....B3

INDEX TO PEOPLE

BUSINESS NEWS

Wynns Are Free To Sell Shares

Steve Wynn may seek to sell his shares in **Wynn Resorts** Ltd. after he and ex-wife Elaine Wynn scrapped an agreement that had prevented them from selling their com-

*By Kate O'Keeffe,
Chris Kirkham
and Sam Goldfarb*

bined 21% stake, potentially setting off a scramble to control the \$19 billion casino company.

Wynn Resorts said in a Thursday filing that Mr. Wynn may now "seek to sell all or a portion" of his 12% stake on the open market or in privately negotiated transactions, adding that he would conduct any such sales "in an orderly fashion and in cooperation with the Company."

Mr. Wynn resigned last month as the chairman and chief executive of the casino operator after a Wall Street Journal article in January detailed allegations that he had engaged in sexual misconduct against employees.

He has been under pressure to sell his stock because his position as the company's largest shareholder has left him and the company subject to additional scrutiny by regulators in Nevada and Massachusetts, who are investigating the claims. Mr. Wynn has said it was "preposterous" that he would assault a woman; he hasn't responded to other allegations.

Wynn Resorts also appears to have removed restrictions that could have slowed any potential sale by Mr. Wynn. In a Feb. 15 filing, the company had said that, if and when Mr. Wynn was released from the shareholder agreement and gained the ability to sell his shares, he couldn't sell more than a third of his stock on the open market in any given quar-

Steve Wynn resigned last month as the chairman and chief executive of Wynn Resorts.

ter. In a Feb. 20 filing, the company said that limitation didn't apply to private sales. No restrictions were mentioned in Thursday's filing. A Wynn Resorts spokesman referred earlier questions about the changing language to Mr. Wynn, and Thursday denied that the company had removed any restrictions. He didn't provide further explanation.

A lawyer for Mr. Wynn said that he is declining participate in any reporting by The Wall Street Journal because he doesn't believe the newspaper will treat him fairly.

It is unclear what Ms. Wynn, who owns 9% of Wynn Resorts, intends to do with her shares. Though she had fought for six years to get the shareholder agreement dissolved so she could have the right to sell them, she is now weighing several options, including the possibility of becoming more involved in the company given Mr. Wynn's departure, according to people familiar with her thinking. Wynn Resorts ousted Ms. Wynn from its board in 2015 after she filed suit against Mr. Wynn regarding her shares.

One complication for both Mr. Wynn and Ms. Wynn if they seek to sell their shares is the fact that Wynn's stock is expensive. It took a hit after the Jan. 26 Journal article but traded above \$190 this week, following the company's efforts to resolve outstanding litigation.

A possible complication for Wynn Resorts is a negotiation with bondholders. Under the terms of some bonds, if any investor were to gain a larger stake in the company than Mr. and Ms. Wynn combined, Wynn Resorts would be forced to offer to buy back all of the bonds issued by its Wynn Las Vegas subsidiary at a cost of more than \$3 billion. The Wynn Resorts spokesman said: "The most likely scenario would have a \$500 million impact, which the company could finance or pay off."

—Alexandra Berzon contributed to this article.

Top Canada Railroad Bogs Down

Shipments of grain, oil fall behind schedule after past cost cuts made in energy slump

By JACQUIE McNISH

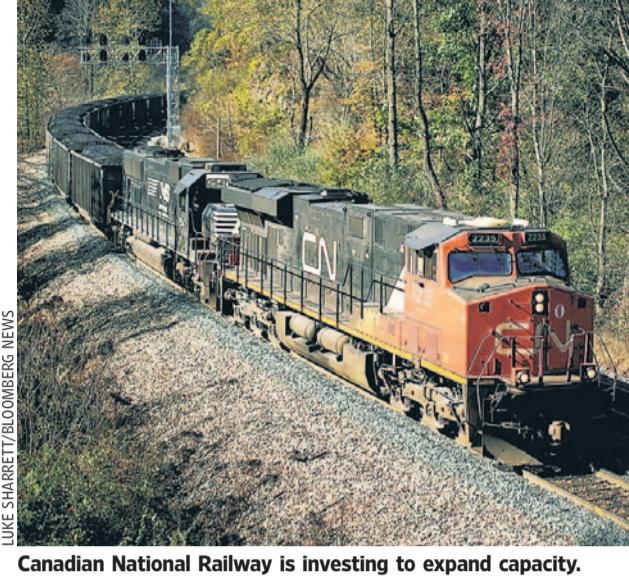
TORONTO—Service problems at **Canadian National Railway** Co., caught off guard by an oil-sector rebound, are causing severe delays in deliveries of grain, fracking sand, crude and other goods from Wisconsin to the Canadian West Coast.

Producers say they are falling weeks, and in some cases months, behind deliveries to customers because of erratic and reduced service at CN, Canada's largest railway.

Oil-field services company **Halliburton** Co. warned last month that it would take a hit of 10 cents a share on first-quarter earnings because of CN delays in deliveries of sand to hydraulic-fracturing shale-oil sites.

The ouster of CN Chief Executive Luc Jobin last week was prompted by concerns from the company's board that the railway wasn't moving quickly enough to boost capacity, a person familiar with the matter said.

The railway said last week it is investing 250 million Canadian dollars (US\$193 million) to build new tracks and yards from Chicago to Western Canada to expand capacity. It



Canadian National Railway is investing to expand capacity.

also said it has leased 130 locomotives, expects to add 775 conductors by the end of June and is asking staffers to postpone holidays and retirements.

The slowdown is particularly critical for grain farmers in Alberta and Saskatchewan, where CN has canceled deliveries of more than 18,000 cars ordered to fulfill weekly grain shipments since August, according to an agricultural coalition that tracks shipments.

Rival **Canadian Pacific Railway** Ltd. canceled 100 cars during that period. Most grain from western Canada is shipped overseas.

Jean-Jacques Ruest, appointed CN's interim chief executive last week, told a con-

ference Wednesday in New York that he was "on the clock" to "rebuild capacity to meet the demand."

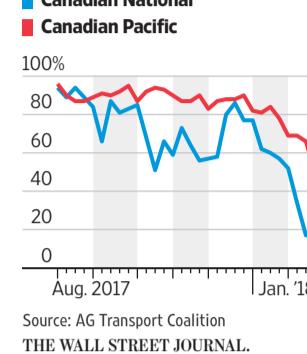
The added capacity recently boosted weekly car deliveries by about 50% in early March from February lows, a CN spokesman said.

Both CN and CP have grappled with delivery delays in recent months because of harsh winter weather. But the problems run much deeper at CN because the railway aggressively cut costs in 2015 to adjust to a downturn in demand in the energy sector. Over 1,000 employees were laid off and about 200 locomotives were placed in long-term storage, a spokesman said.

Backlog

Canadian National Railway deliveries are troubled by delays and cancellations.

Rate of fulfilled weekly grain-car orders



Source: AG Transport Coalition
THE WALL STREET JOURNAL

The delays are so acute that Canada's federal government has asked CN and rival CP to submit a plan this week for clearing up the crop backlog.

"Canada's international reputation as a reliable supplier is at stake," Transport Minister Marc Garneau and Agriculture Minister Lawrence MacAulay said in a letter to the rail chief executives.

CN has delivered 17% of grain cars ordered in western Canada for the last two weeks of February, according to the agricultural coalition, leaving some 40 ships idling off Canada's Pacific Coast as they wait for grain loads going overseas. Some farmers are months behind in deliveries to customers, threatening cash flows needed as this year's planting season approaches.

"This is costing us a lot of money," said Greg Porozni, a grain farmer east of Edmonton, Alberta, who said he has been unable to sell January and February crop contracts after months of canceled local CN grain-car deliveries.

The slowdown has forced Mr. Porozni to increase his bank loan and delay seasonal crop purchases for the planting season, which begins in six weeks, he said.

"We're very, very frustrated that CN hasn't fixed a service problem that it has known about for months," Mr. Porozni said.

—Vipal Monga contributed to this article.

Toy Makers Rattled by Loss of Toys 'R' Us

By PAUL ZIOBRO
AND LILLIAN RIZZO

The liquidation of **Toys "R" Us** Inc. has sent the toy industry reeling, leaving **Mattel** Inc., **Hasbro** Inc. and other manufacturers without a large chain devoted to selling games and dolls and forcing them to scramble to secure other outlets to carry their items.

Toys "R" Us, which had more than \$11 billion in revenue in its latest fiscal year, is one of the retail chains that were once seen by vendors as "category killers" and have emerged as crucial checks on the power of **Amazon.com** Inc.

Stores like **Best Buy** Co. and Barnes & Noble Co. provide electronics manufacturers and book publishers with vast networks of physical showrooms.

The likely death of Toys "R" Us, which early Thursday filed plans to liquidate its U.S. operations and other businesses, means the \$27 billion U.S. toy industry will no longer have a national partner to showcase its wares year-round, test products and find the next Shopkins or ZhuZhu Pet.

It was a quick unraveling for Toys "R" Us since its September chapter 11 bankruptcy filing. In a call with employees Wednesday, Toys "R" Us Chief Executive David Brandon described a series of events, starting with what he described as a "devastating" holiday season that led to plans to close more stores and then to exit from the baby-products business to focus on toys.

Ultimately, the company is expected to liquidate its U.S. operation, a decision that would affect 33,000 jobs. The company also is liquidating operations in other countries, and plans to sell its business in Canada, Central Europe and Asia.

"This industry has been devastated," said Tom Murdough, founder of **Simpliy3** Co., which makes plastic play sets and rideable vehicles. "This is a major, major hit to the industry."

In five decades of selling



The chain had over \$11 billion in revenue in its last fiscal year. Its liquidation will force companies to find other outlets to carry their toys.

toys, Mr. Murdough hasn't known a day without Toys "R" Us. He founded and sold both Little Tikes Co. and Step2 Co. in the past and he now is the CEO of Simpliy3, which he said gets between 20% and 30% of its sales through Toys "R" Us.

Toy makers don't anticipate recouping all of their sales this year, or ever, if Toys "R" Us goes away permanently without a replacement. UBS estimates that Hasbro would lose close to 3% of its sales for the year if Toys "R" Us liquidates, while Mattel stands to lose slightly more.

Hasbro CEO Brian Goldner said the maker of Nerf blasters and My Little Pony dolls is looking for new places to take

its inventory.

"There will be some disruption, more short term than long term, and then we move forward with growth," Mr. Goldner said at an investor conference this month.

The toy-industry growth rate could slump going forward, too. Toys "R" Us was primarily responsible for uncovering what would become the next big thing, since it took chances that other retailers avoided. "There aren't going to be as many breakout hits, not as many new items that can blossom," said BMO Capital Markets analyst Gerrick Johnson. "Toys 'R' Us was a testing ground for a lot of things."

Toy sales may be concentrated in the other two large retailers, Target Corp. and Walmart Inc., in the near term.

Some toy companies have expanded their presence in unexpected places in recent years, so the blow isn't as bad as it might have been when Toys "R" Us held a larger share of the market. Jeremy Padawer, co-president of Wicked Cool Toys, the maker of Cabbage Patch dolls and Pokémon toys, says that not only has Amazon.com become a bigger part of its business, but sites like Zulily.com, retailers like Hallmark and even grocers and drugstores have become options to sell its toys.

Game Over

What Toys "R" Us owed key vendors when it filed for bankruptcy on Sept. 19, in millions

Mattel	\$136M
Hasbro	59
Graco	59
Spin Master	33
LEGO	32
Just Play	29

Source: Toys "R" Us
THE WALL STREET JOURNAL

Unilever Picks Rotterdam Over London for Headquarters

By SAABIRA CHAUDHURI
AND COSTAS PARIS

LONDON—**Unilever** PLC will consolidate its dual headquarters in Rotterdam, the Netherlands, instead of London, a politically charged decision that came despite last-minute lobbying from the British government.

The decision, pending for months, has taken on outsize significance in the U.K., which is in the process of negotiating its exit from the European Union. Critics of that move triggered by a 2016 referendum

dum—have warned the split from the EU could force some big companies to move to mainland Europe. Rajesh Agrawal, London's deputy mayor for business, described the move as "clearly disappointing news for the capital."

Unilever, the maker of Magnum ice cream and Hellmann's mayonnaise, said Thursday the move wasn't based on Brexit concerns, and that it wouldn't significantly affect jobs, taxes or investment plans. The company said the decision may cost it its place in Britain's blue-chip index, the FTSE 100, of which it

is the 14th-largest component.

Unilever's announcement came alongside details of a broader restructuring of its operations into three divisions with separate headquarters that will shrink its corporate center and give its businesses more dedicated resources. Its beauty and personal-care business, as well as its home-care unit, will be based in London. Its foods and refreshment division will continue to be based in Rotterdam.

The Wall Street Journal previously reported the company's board had decided on

the Dutch city. The change is expected to be completed by the end of the year.

Unilever had for months wrangled with the question of where to situate a combined company after deciding it would unify its dual British-Dutch legal structure, which essentially consists of two separate British and Dutch operating companies, each with its own shares. It currently splits its headquarters between London and Rotterdam.

Unilever's finance chief, Graeme Pitkethly, said Thursday the decision hinged on the fact

that shares in the Netherlands entity made up about 55% of the combined ordinary shares for the group and that these trade with greater liquidity than shares in the U.K. entity.

A person familiar with the matter said Unilever took into account issues related to Brexit, as well as a charm offensive by Dutch Prime Minister Mark Rutte, a former Unilever executive. Mr. Rutte successfully campaigned to scrap a Dutch dividend withholding tax, making the Netherlands more attractive to Unilever than it would otherwise have been.

CHINA CIRCUIT | By Li Yuan

TECHNOLOGY

Hot Xiaomi Carries Big Risks



Back in 2014, smartphone maker **Xiaomi** became that rarest of unicorns, the most valuable startup in the world, with a \$46 billion valuation.

Xiaomi applied a seemingly potent formula for conquering the China market. Its phones had quality features and looks, like those of **Apple's** iPhones, but came with low prices. Adding to the allure, they were sold only online, with flashy marketing events—sometimes featuring co-founder Lei Jun looking like Steve Jobs in a black turtleneck—to stir up interest.

Then Xiaomi's star dimmed after it missed sales targets, released phones with glitches and endured product delays.

Instead of fading, Xiaomi made a comeback. It doubled down on quality control, ventured into other developing countries for sales and changed tack on marketing to open brick-and-mortar stores. Mr. Lei is looking to bring his phones to the U.S. late this year.

Now Xiaomi plans a blockbuster initial public offering of shares, perhaps the biggest the world will see this year. Valuations range from \$80 billion to \$200 billion, depending on whom you ask.

So is Xiaomi in danger of repeating past mistakes?

Making phones is a brutal business. It requires a sense of technology trends, accurate supply-chain planning and meticulous execution. That's why Apple is the most successful hardware company and most valuable company in the world. Few companies perform so consistently.

In the case of Xiaomi (pronounced shao-me), some investors caution that pursuing a sky-high valuation



The handset maker is planning a blockbuster IPO. Valuations range from \$80 billion to \$200 billion.

would be a mistake. Whether for an unlisted tech startup or company seeking a public listing, a high valuation can bring exacting demands. It leaves little room for mistakes, these investors say.

Mr. Lei, Xiaomi's co-founder, himself announced the ambitious 2015 target that the company later flubbed, raising doubts about its valuation.

A person close to Xiaomi says bankers are excited about the IPO because, at its core, Xiaomi is an internet company and so deserves higher valuations than hardware companies.

Xiaomi's management team proved itself with the 2017 comeback. The company's China market share rose last year to 12%, and its shipments grew 50% to 96 million units, according to research firm Counterpoint.

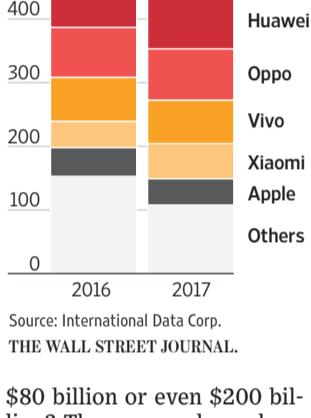
Xiaomi's revenue reached north of \$15.2 billion with a profit of at most \$1 billion in 2017, according to the company and estimates by bankers and investors.

How does a \$1 billion profit justify a valuation of

Signal Problems

Shipments in China's smartphone market, the biggest in the world, declined for the first time in 2017.

Smartphone shipments in China



Source: International Data Corp.

THE WALL STREET JOURNAL.

buy into Xiaomi's IPO because the Chinese hardware business is beset with low margins, ruinous price wars and low brand loyalty.

Xiaomi boosters argue the company isn't a pure hardware play. Like Apple, they say, Xiaomi has an array of offerings, such as internet-connected devices and rice cookers. Its browser and app store generate advertising and games revenue.

Apple is valued at \$913.17 billion, making its price-to-earnings ratio 18.34. If that's the model, then Xiaomi, based on its \$1 billion profit, should be valued at \$18.34 billion, much lower than its current valuation in the private market.

Kiranjeet Kaur, an International Data Corp. analyst, says Xiaomi has a way to go before its devices, apps and services form an ecosystem like Apple's.

Others don't expect the company to evolve that far. "Xiaomi is not going to become Apple," says the asset-manager CEO in Hong Kong, who adds, "It's a hardware company."

Group to Tighten Web Privacy Rules

By JOHN D. MCKINNON

WASHINGTON—A global body that oversees internet domain names is preparing a significant tightening of its privacy standards in response to new European Union policies.

The U.S. government and some major American tech businesses warn the move, which is expected to be adopted within the next couple of months, will threaten their ability to track down bad actors on the internet.

Investigators have long used online tracking information to determine where malevolent activity on the internet originates. The information, known as Whois data, is routinely collected by companies that run internet registries when people sign up a website. The data typically includes names, addresses and email contacts for people responsible for a site. It has been publicly available since the beginning of the internet.

The expected change is a response by a multinational internet oversight body, the Internet Corporation for Assigned Names and Numbers, or Icann, to a new EU privacy rule, which takes effect May 25. The EU rule is aimed at protecting people's online data from indiscriminate use. That includes Whois data.

In response to the EU privacy rule, Icann has floated a plan that would limit the public's access to only the most basic information about a website, such as general location data. The plan also would set up a new system allowing access to more detailed data for people who are accredited—a group that potentially would include law enforcement, cybersecurity experts and business brand-protection investigators.

But even many basic elements of the accreditation system have yet to be determined. Absent a process, the compa-

nies that register websites and collect the data would be left in limbo when the EU's law takes effect in late May. Failure to comply with the EU directive could expose them to large new fines, and many are feeling pressure to shut down access, internet experts say.

A group of companies including **Facebook Inc.**, **Microsoft Corp.** and **Time Warner Inc.** sent a letter to Icann officials this week urging the multinational organization to "immediately undertake expedited efforts" to adopt an accreditation system for legitimate investigators.

U.S. officials also suggest Icann's actions could severely limit investigators' ability to keep tabs on people or companies that launch hacking, phishing and denial-of-service

attacks, or on websites that rip off commercial brands.

The top U.S. official monitoring such developments on the internet, David Redl, warned in a speech at Icann's meeting in Puerto Rico this week that "the United States will not accept a situation in which Whois information is not available or is so difficult to gain access to that it becomes useless for the legitimate purposes that are critical to the ongoing stability and security of the internet."

Some internet experts say the plans could lead to more online denial-of-service attacks, for example.

A top Icann official, Akram Atallah, said: "We're trying to build a compromise solution that works for our constituents and the public."

Deal Maker Without a Deal

BY TED GREENWALD

Years of consolidation have left **Broadcom Ltd.**'s Hock Tan—the chip industry's ultimate deal maker—surveying a landscape with few targets that rival the heft of the one the chief executive just failed to buy, **Qualcomm Inc.**

That bid, which President Donald Trump blocked Monday, represented the biggest tech deal ever and would have more than doubled Broadcom's revenue.

Not many semiconductor companies remain that fit Mr. Tan's exacting specifications: those with market-leading products with limited competition, opportunities to cut costs, and with something to offer Broadcom's two big customer groups, handset makers and data-center operators. Plus, there aren't many big enough to make a difference to an enterprise with a \$110 billion market capitalization.

"There are only so many elephants out there," said Chris Caso, an analyst with Raymond James. "Now one is gone."

On Wednesday, after formally withdrawing its Qualcomm bid, Broadcom said it would proceed with plans to change its domicile to the U.S. from Singapore. The move could help it with future acquisitions by avoiding the sort of national security concerns that derailed its effort to acquire San Diego-based Qualcomm.

Broadcom finance chief Thomas Krause on a Thursday conference call with investors said the company does see "potential targets that are consistent" with its business model and would drive greater returns than buying back shares.

Amit Daryanani, an analyst at RBC Capital Markets, recently combed the S&P 500 index for companies with valuations between \$10 billion and \$120 billion, as well as financial features that might appeal to Mr. Tan. Of roughly 18 chip companies that made the analyst's initial cut, four looked like a potential fit.

Xilinx Inc., with a market value of just under \$20 billion, is one possible target, according to analysts including Mr. Daryanani.



Broadcom CEO Hock Tan

chips. However, Maxim's customers are in automotive, industrial and other areas outside Broadcom's base, so they don't fit neatly into Mr. Tan's strategy, according to Srini Pajuri of Macquarie Capital (USA) Inc.

Spokeswomen for Xilinx and Maxim declined to comment.

Adding either of those potential targets would increase Broadcom's adjusted per-share earnings by only a few percent, compared with the 20% pop Qualcomm would have contributed, Mr. Pajuri said. Moreover, he said, they wouldn't come cheaply based on current stock prices.

Xilinx trades at 27 and Maxim at 23 times their forward per-share earnings, according to FactSet. Qualcomm traded at around 14.5 times earnings in November, when Mr. Tan made his initial bid.

Nobody, however, expects Mr. Tan to stop looking. The \$117 billion bid for Qualcomm followed a string of deals that built Broadcom into a giant.

"Acquisitions are part of Broadcom's DNA, and Hock Tan will always be hunting for businesses that fit his criteria," Mr. Caso said. But Broadcom's growth has been so healthy, that its chief "doesn't need to be in a hurry," the analyst said.

Broadcom on Thursday reported its first-quarter revenue rose 29% to \$5.33 billion. Profit surged to \$6.57 billion from \$252 million the previous year.

Call for Protest Vote Against Qualcomm

Institutional Shareholder Services

Services Inc., an influential proxy-advisory firm, recommended **Qualcomm Inc.** shareholders make a symbolic vote in protest against the chip giant's moves to block **Broadcom Ltd.**'s \$117 billion takeover bid.

ISS, in a note to investors, stood by its original recommendation that shareholders vote for four of Broadcom's six nominees for Qualcomm's 11-person board, even though the votes won't count.

The vote, which will take place at a March 23 shareholder

meeting, had been postponed when the Committee on Foreign Investment in the U.S.—whose intervention Qualcomm welcomed—first signaled its opposition to the proposed deal on national security grounds.

ISS's decision underscores the frustration of Qualcomm shareholders at how the company's board handled the bid and earlier perceived missteps that have weighed on the stock. ISS in its original recommendation wanted to urge a negotiation with Broadcom.

Glass Lewis & Co., another major proxy adviser, flipped its recommendation from supporting all six Broadcom nominees to supporting Qualcomm's board.

—David Benoit

ROSS + SIMONS

fabulous jewelry & great prices for more than 65 years

The gold riso link bracelet from Italy - a timeless treasure

Exquisitely crafted by Italian artisans in 14kt gold with intertwined rice-shaped links. Thus the name, riso, from the Italian word for rice.

A luxurious link bracelet that you will cherish for a lifetime.

\$1695

Plus Free Shipping

14kt Gold Riso Link Bracelet from Italy

7" length. 3/4" wide. Push-button clasp.

Also available in 8" \$1895

Ross-Simons Item #876191

To receive this special offer, use offer code: **WISH10**

1.800.556.7376 or visit www.ross-simons.com/WISH

BUSINESS NEWS

Amazon Faces New Probe in Japan

Antitrust regulators examine practices of online retailer for a second time

BY MAYUMI NEGISHI

TOKYO — Amazon.com Inc.'s Japanese unit has come under antitrust scrutiny for the second time in as many years as retailers become more dependent on the e-commerce giant for customer traffic.

Officials from the Fair Trade Commission, Japan's antitrust watchdog, have visited the headquarters of Amazon Japan as they investigate possible violations of the Antimonopoly Act, a government official said Thursday.

Amazon, which generated nearly 7% of its global sales in Japan last year, is fully cooperating with the commission, an Amazon Japan spokeswoman said, without elaborating.

The official declined to provide specifics on the probe, but said that in general the commission was concerned about cases in which sellers of goods may face harm from spurning the demands of more powerful retailers.

He added that the commission was interested in ways larger online retailers can reduce incentives for price cutting and can gain an advantage over other online shopping-mall operators.

In a previous probe, the commission found that Ama-



A media event in Tokyo last year that previewed Amazon's efforts to sell alcoholic products on its website in Japan.

zon Japan had demanded that suppliers offer Amazon customers prices equal to or less than their prices on other online shopping sites such as those run by Rakuten Inc. or Yahoo Japan Corp. The commission said the practice could give Amazon Japan the broadest lineup of goods at the lowest prices and hinder

competition.

The commission closed the probe nine months ago after Amazon Japan promised to stop requiring sellers to match the price offered on other sites.

Amazon commanded the biggest portion of Japan's e-commerce market in 2016, at more than 20%, according to a

survey by the Japan External Trade Organization.

That scale makes it hard for sellers—already fighting for customers as the population shrinks—to turn down requests from Amazon, government officials have said.

In 2017, Amazon had sales of \$11.9 billion in Japan, making the country the third-big-

gest market for the Seattle-based company after the U.S. and Germany.

As in the U.S., Amazon's rapid growth and aggressive pricing have roiled Japan's retail industry—to the extent that the Bank of Japan has cited low e-commerce prices as one reason for the nation's low inflation rate.

Radio Giant iHeartMedia Files for Chapter 11

BY SOMA BISWAS
AND ANNE STEELE

iHeartMedia Inc., the company behind the biggest U.S. radio broadcaster, filed for bankruptcy protection after reaching an agreement in principle with investors over a balance-sheet restructuring, a decade after a private-equity-led buyout left the company burdened with billions in debt.

iHeartMedia said in a statement early Thursday the agreement in principle was with holders of more than \$10 billion of its outstanding debt and its financial sponsors.

The chapter 11 filing in the U.S. Bankruptcy Court for the Southern District of Texas, Houston division, came after months of talks with investors on restructuring terms.

Based in San Antonio, iHeart operates 856 terrestrial stations and controls Clear Channel Outdoor Holdings Inc., one of the biggest billboard companies in the world.

The company said Clear Channel Outdoor and its subsidiaries didn't commence chapter 11 proceedings. It also said its day-to-day operations would continue as usual during the restructuring process.

iHeartMedia said it believes

its cash on hand, together with cash generated from continuing operations, will be sufficient to fund and support the business during the bankruptcy proceedings.

"The agreement we announced today is a significant accomplishment, as it allows us to definitively address the more than \$20 billion in debt that has burdened our capital structure," said Bob Pittman, the co-founder of MTV, and iHeartMedia's chairman and chief executive.

iHeartMedia expects to complete a restructuring support agreement soon, the company said in its filings. The company filed for chapter 11 with a plan that has the backing of 62% of iHeartMedia's senior debtholders, according to court filings.

Support of two-thirds in amount of the debtholders, owed \$16.2 billion, and more than half in number of each class of creditors in the company's capital structure is needed to confirm a chapter 11 plan.

Despite sluggish sales and a steady loss of listeners to new platforms, the company had avoided bankruptcy for years by pushing out debt maturities through refinancing and swaps.



Marshmello and Adam DeVine appeared at the 2018 iHeartRadio Music Awards last Sunday.

BUSINESS WATCH

ROCK HOLDINGS

Amrock Ordered To Pay \$706 Million

A Texas jury ordered an affiliate of mortgage lender Quicken Loans Inc. this week to pay \$706 million to a real-estate technology startup that had accused it of misappropriating intellectual property.

Amrock Inc., a provider of title insurance and real-estate valuations that has the same owner as Quicken Loans, Rock Holdings Inc., was told to pay the sum to startup House-Canary Inc. on Wednesday.

Amrock said it would appeal.

HouseCanary co-founder Chris Stroud said in an interview that the jury award validated the value of its trade secrets.

—Peter Rudgeair

identity cards.

The plea by Eberhard Reichert is the second by an individual in a massive bribery investigation that led to a then-record corporate bribery penalty. Siemens, in 2008, agreed to pay a combined \$1.6 billion to U.S. and German authorities for violating the Foreign Corrupt Practices Act by bribing government officials around the world.

Siemens revamped its corporate compliance program in the wake of the settlement.

A lawyer for Mr. Reichert didn't immediately reply to a request for comment. A Siemens spokeswoman didn't respond to requests seeking comment.

—Samuel Rubenfeld

STATOIL

Oil Company To Change Name

Norway's state-backed oil company Statoil ASA is changing its name to Equinor, part of its effort to recast itself as the world's greenest oil company.

Statoil—whose name won't switch until a board vote in May—is in the midst of a strategic shift to renewable-energy production.

—Sarah Kent

SIEMENS

Ex-Executive Pleads Guilty in Bribe Case

A former Siemens AG executive pleaded guilty on Thursday in Manhattan federal court to his role in a conspiracy to pay \$100 million in bribes to Argentine government officials in exchange for a \$1 billion contract to produce national

Blue Apron Hopes Sales in Stores Provide Kick

BY HEATHER HADDON

Blue Apron Holdings Inc. will try to give its struggling business a boost by selling meal kits in stores, acknowledging that its subscription-only model isn't enough in an intensifying fight to fill people's dinner plates.

One of the first meal-kit companies, Blue Apron has been losing customers amid increased competition and distribution problems. The company reported 750,000 subscribers last month, down from a peak of over one million last year. Its shares, down 46% so far this year, are trading around a fifth of their debut price of \$10 in July. HelloFresh SE, the only other publicly traded meal-kit company, is up around 5% this year.

Independent surveys have shown that some consumers are turned off by the expense and commitment of meal-kit subscriptions. Blue Apron Chief Executive Brad Dickerson said he believes the company can find more customers for both that model and à la carte meals sold in stores and through its website.

"The access to consumers is much broader in this avenue than the avenue we've been

operating in in the past," he said in an interview.

Executives wouldn't say how much Blue Apron will charge for the kits it hopes to have in stores by the end of this year. Blue Apron's subscription meals start around \$9 per person.

Blue Apron officials declined to specify the retailers they are in talks with but said some currently sell their own meal kits.

"We are in active conversations with a variety of retailers and plan to have product in stores in 2018," a company spokeswoman said.

Shares of the New York-based company were up nearly 10% in the wake of the expansion news Thursday, before closing up 1.4% at \$2.19.

Blue Apron, which began business in 2012, has cut expenses and improved profit margins since Mr. Dickerson succeeded co-founder Matt Salzberg as CEO last fall. Mr. Dickerson said improvements at a production facility in New Jersey and elsewhere will help Blue Apron make and distribute more types of meals to homes and now stores.

"The heavy lifting of investments is in the rearview mirror now," he said.



A Blue Apron meal kit.

Less Appetite

Blue Apron's total meal-kits and other goods orders per quarter



Source: the company

THE WALL STREET JOURNAL.

But competition in meal kits is growing online and in stores as food makers seek new customers interested in fresh products and convenience.

Walmart Inc. and Kroger

Overseas Sales Jump For Indie Records

BY ANNE STEELE

Independent record labels are experiencing a surge in international revenue as streaming services like Spotify Technology SA open up foreign markets previously accessible only to local music companies and major labels with global marketing and distribution capabilities.

The proliferation of streaming is changing the shape of independent labels' business. Some now draw almost half of their streams from listeners outside their home country—and much of that growth is happening in unexpected markets.

In Latin America—not long ago thought to be a lost cause thanks to physical and digital piracy—Independent record labels' revenue grew at three times the overall world-wide rate, according to Merlin Network, a trade group. The organization negotiates digital-distribution deals on behalf of more than 20,000 independent labels based in 53 countries.

Brazil recently surpassed France, Canada and Australia as a source of music revenue for Merlin members. Merlin Chief Executive Charles Caldas predicts it will become the group's fifth-biggest territory in 2018. Mexico, Chile and Argentina are already in the top 20.

In documents filed with the Securities and Exchange Commission this month, Spotify said its service is growing faster in Latin America than in North America or Europe, although those two markets still have many more Spotify users than Latin America.

While the record industry overall is seeing certain markets emerge as meaningful sources of revenue, the international growth driven by streaming is more pronounced for independent labels, which didn't have the infrastructure to distribute and market physical formats across the globe. Before Merlin was formed, most independents were distributed by major labels, which often wouldn't distribute them abroad.

The download market, with its free 30-second song samples, was more successful than the physical market for indies, but the streaming world has made exploration much easier, especially thanks to the playlists that are among Spotify's most popular features.

Independent labels' market share on streaming platforms is much better than it ever was with physical or download formats; Merlin's member labels account for 14% of listening time across services.

Merlin earned more than \$40 million in audio streaming revenue in Latin America last year. That is 18 times what the organization earned in 2014, the year Spotify and Google Play were fully launched across the region.

Co. also are selling their own branded meal kits, while Amazon.com Inc. offers on-demand boxes online. Other big food companies are introducing prepackaged fresh foods to tap the fastest-growing segment of grocery-store sales.

Walmart said last week it wants to sell its meal kits in 2,000 stores this year. Weight Watchers International Inc. also said last week it will sell more of its branded meal boxes at supermarkets.

Fresh food sales at retailers grew 1.2% last year, according to Nielsen, while sales of the packaged and canned products that fill shelves in the center of many stores were flat. Sales of meal kits at grocery stores grew 27% last year to nearly \$155 million, Nielsen said.

Blue Apron's move into supermarkets could appeal to smaller grocers that don't want to create their own branded meal kits, said Bob Goldin, co-founder of the Pentacrest Inc. food consultancy. But selling Blue Apron outside high-end stores could dent the company's premium-brand image, he said.

Mr. Dickerson said the quality of a Blue Apron meal would speak for itself, no matter where the kit is sold.

BUSINESS NEWS

COUTTS

Continued from page B1

Instead, the bank disciplined Mr. Keogh by withholding a bonus, giving him a written warning and assigning a coach, people familiar with the investigation said.

The people familiar with the investigation said the bankers who were interviewed were trustworthy and that investigators had no reason to doubt the details in their accounts. Mr. Keogh denied allegations of inappropriate behavior, one of the people said. He accepted the disciplinary action without admitting to allegations, another of the people said.

"These allegations were very serious. No one should ever have to experience this type of inappropriate behavior in the workplace," RBS's Ms. Rose said in an email. "This matter in question was properly investigated in line with our established policies and procedures and based on the findings of this process, appropriate action was taken."

The investigation and its outcome unfolded before workplace conduct became a front-burner issue. The process at Coutts angered many of the employees involved, according to people familiar with the situation, in part because Mr. Keogh remained at the bank.

Few people knew Mr. Keogh was disciplined in 2015 and some of the women who reported inappropriate behavior left the bank. Ms. Schumacher, 58, who conducted the investigation, retired at the end of 2015 after 15 years at Coutts, including a period as chief investment officer. Mr. Morley, the Coutts CEO who asked her to investigate, joined Deutsche Bank AG the following year.

Coutts hasn't received complaints about Mr. Keogh after 2015, a person familiar with the situation said.

"Over the last few years I have appointed a new management team at Coutts and we have focused on improving the culture and levels of inclusion across the business," Ms. Rose said.



A Coutts inquiry into workplace behavior focused on a team led by banker Harry Keogh.

Coutts was founded in 1692. Today, members of the royal family still bank there.

Coutts employees are required to follow RBS's policies on diversity and inclusion, which include promoting women. Coutts bankers told the investigation those policies didn't always protect employees, who feared consequences if they complained.

One female banker whom Mr. Keogh allegedly behaved inappropriately toward at a company dinner in 2015 told the investigation that Mr. Keogh said he brought in one-third of the bank's business so was untouchable, according to the written account reviewed by the Journal.

Coutts is a profitable unit of RBS, which was bailed out by British taxpayers during the financial crisis and is still majority-owned by the state.

In October, a former RBS executive told a U.K. Parliament inquiry into women in the finance industry that there was a "pervading sexism" at RBS when she worked there before 2007. Jayne-Anne Gadhia, now CEO of U.K. lender Virgin Money, said she recalled a senior woman who was very upset because she

was expected to sleep with her boss. Coutts spokeswoman Anna Stephens said RBS was "shocked" by the allegation but couldn't substantiate it because a report wasn't made at the time.

Ms. Schumacher interviewed 20 bankers in June 2015, according to notes of the meetings. The Journal reviewed the written accounts of those conversations, compiled by a note-taker, and interviewed nine of the 20 people involved, along with several former Coutts bankers who weren't interviewed in the investigation. Those who agreed to discuss their statements in detail with the Journal said the written accounts were an accurate description of what happened. Some of those interviewed asked the Journal not to publish their names.

The female banker who alleged inappropriate behavior at the company dinner in April 2015 was in her 20s and had been a graduate trainee for a few months. Weeks before the dinner, Mr. Keogh had touched her groin in front of colleagues at a meeting, ostensibly to indicate the location of an injury he had, she told the investigation.

tor, according to the written account. At the end of another meeting, when she asked him whether the injury was better, he asked her to touch his groin, and she declined, she told the investigator.

The dinner, attended by about 20 senior bankers and graduate trainees, was meant to inform the younger employees about Coutts. During the dinner, Mr. Keogh swore and boasted of his sexual exploits, the female banker told the investigator.

As he left, he whispered to the female banker that "he'd take her with him if he could," according to the notes from her meeting with the investigator.

Around the time of the dinner, Coutts's then-CEO Mr. Morley asked Ms. Schumacher to investigate the bank's workplace culture, according to the people familiar with the investigation.

While reassigning bankers to new roles, senior Coutts executives had been told some women didn't want to work for Mr. Keogh, and some said they would rather resign, according to the people familiar with the investigation.

Felicity Selco, a banker mentioned by some people in the investigation, said in an interview, after being contacted by the Journal, that she had complained to her manager about Mr. Keogh's behavior at a 2014 event to celebrate England rugby great Jonny Wilkinson. Prince Harry was among the guests.

Ms. Selco said she was representing the bank at the event, with Mr. Keogh and her manager, Simon Hopes. Mr. Keogh told guests at the gathering she was his mistress, based on what she said guests later told her. After the event, she complained to Mr. Hopes, but the bank didn't follow up with her, she said. She resigned in 2015, after recounting the incident to human-resources managers.

Mr. Hopes later told the investigation, in response to questions about drinking and "social mixing" at Coutts, that Ms. Selco "wasn't a big drinker and never had an issue," according to the written account of his interview. Mr. Hopes told the investigation he couldn't recall witnessing any misbehavior by Mr. Keogh, according to notes of his interview.

view. Mr. Hopes declined to comment for this article.

Mr. Keogh encouraged a "club" culture on his team, and those who didn't participate were sidelined, another female banker told the investigation. She told the investigation she didn't want to work on Mr. Keogh's team. She left Coutts in 2016.

When another female banker struggled to get the attention of colleagues in a meeting involving Mr. Keogh's team, a male banker shouted out, "if there was a pole up there people would look," according to notes from the investigation.

One male banker told the investigation that a "toxic combination" of alcohol and sexual innuendo created a workplace on Mr. Keogh's team that wasn't inclusive. He described witnessing "casual racism and sexism," according to the written account of his interview.

Another male banker said in the investigation that employees were afraid to come forward and complain because they believed that they would be reported to their managers, hurting their career prospects.



The Lion's Share

When you hold your financial journalism to the highest standards, it pays off. At this year's State Street Institutional Journalism Awards, FN won six out of a possible 11 prizes—its highest ever tally.

Mark Cobley

Winner | Passive Investment / Indexing (including ETFs)

Winner | Journalist of the Year – Alternatives

Winner | Award for Best Editorial Comment

Shortlisted | Journalist of the Year – Regulatory Issues,

and Breaking News Journalist of the Year

Elizabeth Pfeuti

Winner | Breaking News Journalist of the Year

Winner | Journalist of the Year – Diversity & Inclusion

Shortlisted | Journalist of the Year – Pensions Issues,

and Award for Best Editorial Comment

Tabby Kinder

Winner | Award for Best Newcomer

Chris Newlands

Shortlisted | Breaking News Journalist of the Year, and Award

for Best Editorial Comment

Discover even more award-winning financial journalism.

Visit fnlondon.com

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24873.66 ▲115.54, or 0.47%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2747.33 ▼2.15, or 0.08%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

7481.74 ▼15.07, or 0.20%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week		YTD % chg	3-yr. ann.
						High	Low		
Dow Jones									
Industrial Average	25053.87	24753.29	24873.66	115.54	▲0.47	26616.71	20404.49	18.8	0.6 11.9
Transportation Avg	10648.71	10548.50	10592.01	18.53	▲0.18	11373.38	8783.74	15.4	-0.2 5.8
Utility Average	691.06	680.34	684.23	-0.49	-0.07	774.47	647.90	-1.3	-5.4 6.1
Total Stock Market	28597.78	28379.96	28438.08	-40.39	-0.14	29630.47	24125.20	15.2	2.8 9.7
Barron's 400	737.31	730.35	731.97	-3.26	-0.44	757.37	610.89	16.5	3.0 9.5
Nasdaq Stock Market									
Nasdaq Composite	7525.44	7463.18	7481.74	-15.07	-0.20	7588.32	5793.83	26.8	8.4 15.4
Nasdaq 100	7075.55	7010.01	7030.97	-10.01	-0.14	7131.12	5332.53	29.9	9.9 17.7
S&P									
500 Index	2763.03	2741.47	2747.33	-2.15	-0.08	2872.87	2328.95	15.4	2.8 10.2
MidCap 400	1933.51	1918.43	1922.24	-7.04	-0.36	1995.23	1681.04	11.2	1.1 8.8
SmallCap 600	967.76	958.09	961.21	-3.97	-0.41	979.57	815.62	13.9	2.7 10.8
Other Indexes									
Russell 2000	1588.02	1572.16	1576.62	-7.69	-0.49	1610.71	1345.24	13.8	2.7 8.6
NYSE Composite	12813.60	12722.93	12743.61	-19.06	-0.15	13637.02	11324.53	9.9	-0.5 5.8
Value Line	564.78	559.63	560.88	-2.77	-0.49	589.69	503.24	7.7	-0.3 3.7
NYSE Arca Biotech	4876.16	4781.84	4803.23	-53.61	-1.10	4939.86	3449.61	33.8	13.8 5.7
NYSE Arca Pharma	550.03	544.95	545.26	-1.37	-0.25	593.12	498.46	5.6	0.1 -0.9
KWB Bank	113.11	112.05	112.53	0.04	▲0.03	116.52	88.02	16.7	5.5 15.3
PHLX® Gold/Silver	79.59	78.67	78.81	-0.98	-1.23	93.26	76.42	-5.3	-7.6 6.3
PHLX® Oil Service	138.80	133.56	134.83	-3.53	-2.55	171.55	117.79	-19.9	-9.8 -9.5
PHLX® Semiconductor	1431.96	1415.57	1422.07	-1.42	-0.10	1445.90	960.01	41.8	13.5 26.2
Cboe Volatility	17.41	15.96	16.59	-0.64	-3.71	37.32	9.14	48.0	50.3 1.2

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
SPDR S&P 500	SPY	14,798.2	275.47	0.47	0.17	275.65	274.90	
Enterprise Pdts Partners	EPD	9,974.6	24.94	...	unch.	25.20	24.90	
Cousins Properties	CUZ	8,215.7	8.62	-0.001	-0.01	8.62	8.62	
Energy Transfer Partners	ETP	6,827.3	16.61	...	unch.	16.75	16.41	
Blackstone Group	BX	4,751.2	33.68	...	unch.	33.96	33.68	
Williams Partners	WPZ	4,518.4	35.10	...	unch.	35.20	35.10	
Van Eck Vectors Oil Svcs	OIH	4,396.5	24.05	...	unch.	24.05	24.05	
PwrShrs QQQ Tr Series 1	QQQ	3,759.3	171.85	0.32	0.19	172.28	171.43	

Percentage gainers...

Amyris	AMRS	375.5	6.89	1.31	23.48	7.00	5.79
KEYW Holding	KEYW	7.0	7.89	0.70	9.74	8.00	7.19
Catabasis Pharmaceuticals	CATB	24.1	2.09	0.15	7.73	2.09	1.94
Ring Energy	REI	5.4	14.69	0.78	5.61	14.69	13.91
Daxor Corp	DXR	17.8	13.95	0.60	4.49	13.98	13.12
...And losers							
Overstock.com	OSTK	767.5	41.85	-6.35	-13.17	49.45	41.55
BioTime	BTX	21.9	2.35	-0.19	-7.48	2.55	2.35
Credit Suisse S&P MLPIdx	MLPO	210.0	13.38	-0.89	-6.25	13.38	13.38
Gemphire Therapeutics	GEMP	14.0	6.69	-0.37	-5.24	7.09	6.40
Sabre Corp.	SABR	33.0	20.88	-1.15	-5.22	22.08	20.88

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	812,286,235	12,267,813
Adv. volume*	268,179,517	4,575,755
Decl. volume*	522,898,581	7,312,802
Issues traded	3,064	329
Advances	1,078	124
Declines	1,844	183
Unchanged	142	22
New highs	32	4
New lows	136	19
Closing tick	45	27
Closing Arms*	1.22	1.01
Block trades*	6,386	103</

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
	Open	High	Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	3.1315	3.1445	3.0920	3.1110	-0.0290	2,016	
March	3.1315	3.1445	3.0920	3.1110	-0.0290	2,016	
May	3.1495	3.1660	3.1075	3.1275	-0.0310	142,427	
Gold (CMX) -100 troy oz.; \$ per troy oz.	1324.70	1328.10	1314.90	1317.80	-7.80	255,302	
April	1324.70	1328.10	1314.90	1317.80	-7.80	255,302	
June	1330.70	1333.80	1320.70	1323.50	-7.90	182,659	
Aug	1336.00	1339.00	1326.90	1329.40	-7.90	40,897	
Oct	1336.60	1336.60	1335.20	1335.20	-7.80	5,718	
Dec	1348.40	1350.80	1338.40	1341.30	-7.90	40,211	
Dec'19	1381.70	1381.70	1381.70	1380.60	-8.00	3,349	
Palladium (NYM) -50 troy oz.; \$ per troy oz.	985.45	989.65	976.00	981.00	-3.75	23,914	
Sept	983.70	983.95	972.75	976.40	-3.50	1,026	
Platinum (NYM) -50 troy oz.; \$ per troy oz.	961.90	965.80	953.80	956.90	-4.60	57,015	
July	966.80	970.30	958.90	962.10	-4.20	22,005	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	16.485	16.485	16.305	16.353	-0.114	157	
May	16.530	16.580	16.370	16.422	-0.115	145,227	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	60.95	61.54	60.82	61.19	0.23	144,426	
May	60.99	61.60	60.86	62.23	0.26	460,013	
June	60.89	61.45	60.74	61.13	0.22	333,845	
July	60.62	61.14	60.48	60.85	0.19	124,146	
Sept	59.98	60.30	59.73	60.04	0.15	142,884	
Dec	58.73	59.13	58.53	58.88	0.09	240,939	
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.	1.8860	1.8979	1.8811	1.8929	-0.058	69,283	
May	1.8902	1.9025	1.8857	1.8977	-0.059	94,873	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1.9214	1.9371	1.9111	1.9248	-0.005	78,351	
May	1.9309	1.9448	1.9200	1.9345	-0.015	134,375	
Natural Gas (NYM) -10,000 MMBtu's; \$ per MMBtu.	2.742	2.750	2.664	2.681	-0.050	16,852	
May	2.767	2.775	2.696	2.712	-0.047	300,346	
June	2.817	2.824	2.751	2.765	-0.044	83,079	
July	2.861	2.871	2.802	2.817	-0.042	127,804	
Sept	2.864	2.869	2.803	2.819	-0.039	84,445	
Oct	2.877	2.880	2.813	2.831	-0.039	129,154	

Contract

Open	High	hilo	Low	Settle	Chg	Open interest

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.	388.25	390.75	385.50	386.75	-2.00	711,445
May	396.00	398.25	393.25	394.50	-2.25	487,730
Oats (CBT) -5,000 bu.; cents per bu.	256.00	257.00	248.50	251.00	-4.75	4,308
July	260.25	260.25	253.50	256.00	-3.25	839
Soybeans (CBT) -5,000 bu.; cents per bu.	1031.00	1046.25	1027.00	1040.75	8.50	386,097
July	1042.00	1056.75	1038.25	1051.25	8.25	211,882
Soybean Meal (CBT) -100 tons; \$ per ton.	370.70	374.80	369.80	371.00	.10	212,515
July	372.10	376.50	371.00	372.60	.10	112,259
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	31.73	32.15	31.64	32.06	.35	241,958
July	31.96	32.38	31.88	32.30	.35	109,160
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.	123.00	124.00	122.00	124.00	7.00	5,952
July	125.00	125.50	125.00	125.00	1.00	1,220
Wheat (CBT) -5,000 bu.; cents per bu.	488.75	493.25	476.00	478.75	-10.00	229,008
July	506.00	510.50	493.25	496.00	-10.25	128,446
Wheat (CBT) -5,000 bu.; cents per bu.	525.25	531.25	513.00	513.50	-11.25	123,877
July	542.25	548.00	529.75	530.50	-11.25	74,351
Wheat (MPLS) -5,000 bu.; cents per bu.	623.00	629.25	615.25	615.50	-6.25	32,048
July	628.25	635.25	621.75	622.25	-6.00	10,554
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	141.900	142.675	140.00	140.625	-1.425	5,511
May	143.350	144.025	140.975	141.600	-2.025	15,343
Cattle-Live (CME) -40,000 lbs.; cents per lb.	123.075	123.825	121.125	121.850	-1.150	73,589
June	113.250	113.950	111.500	112.300	-1.950	153,673
Hogs-Lean (CME) -40,000 lbs.; cents per lb.	66.400	66.825	65.675	65.725	-1.150	40,577
June	78.000	79.375	77.25	79.175	.825	82,672
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.	515.70	530.00	515.50	530.00	13.80	22
March	515.70	530.00	515.50	530.00	13.80	22
May	483.20	494.40	477.30	494.40	10.00	5,263

Interest Rate Futures

Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%	146-050	146-050	145-210	145-260	-2.0	1,752
March	146-270	145-080	144-200	144-260	-2.0	821,326
Treasury Notes (CBT) -\$100,000; pts 32nds of 100%	121-030	121-030	121-000	121-030	-1.5	21,240
March	120-170	120-230	120-125	120-160	-1.5	3,387,679
5 Yr. Treasury Notes (CBT) -\$100,000; pts 32nds of 100%	114-140	114-175	114-117	114-135	-1.5	19,718
June	114-055	114-092	114-022	114-042	-1.7	3,255,309
2 Yr. Treasury Notes (CBT) -\$200,000; pts 32nds of 100%	106-185	106-185	106-167	106-177	-1.5	29,316
June	106-090	106-100	106-072	106-077	-1.5	1,878,190
30 Day Federal Funds (CBT) -\$5,000,000; 100-daily avg.	98.503	98.505	98.500	98.503	-.002	113,235
April	98.335	98.335	98.325	98.330	-.003	411,816
10 Yr. Det. Int. Rates (SWPS) (\$CBT)-\$100,000; pts 32nds of 100%	94.328	94.375	94.219	94.266	-.016	8,992
June	94.078	94.188	94.000	94.063	-.016	26,774

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, March 15, 2018

Stock	Sym	Close	Chg	Net		Stock	Sym	Close	Chg	Net		Stock	Sym	Close	Chg	Net		Stock	Sym	Close	Chg	Net								
				A	B					A	B					A	B					A	B							
ABB	ABB	24.13	-0.09			AtmosEnergy	ATO	81.47	-0.13	CanNaturalRes CNQR	29.89	-0.23	DigitalRealty	DLR	105.33	-0.14	GoldmanSachs GS	266.61	-2.18	L Brands	LB	41.04	-0.26	NewsCorp A	NWSA	16.42	0.09	RoyalDutchA RDSA	61.89	-0.31
ADT	ADT	8.93	-1.28			Autodesk	ADSX	136.72	0.53	CanPacRwy CP	176.80	-0.24	DiscoverFinSvcs DFS	75.37	-1.09	Goodey GT	28.03	-0.01	LDG Display	LPL	13.07	-0.01	NextEraEnergy NEE	158.14	-0.13	RoyalDutchB RDSB	63.00	-0.29		
AES	AES	10.61	-0.01			Autoline	ATHM	88.11	-1.01	CapitolOne CAJ	37.23	-0.02	DiscovComm C DISCK	21.61	-0.64	Graco GRC	46.38	-0.28	LINE LN	40.11	-0.26	Nike NKE	66.39	-0.19	SAP SAP	108.49	-0.41			
Aflac	AFL	90.20	-0.19			AutoZone	AZO	648.92	-0.27	CardinalHealth CAH	70.70	-1.34	DominionEner D DOMIN	103.24	-0.67	GreatPlainsEne GPX	30.27	-0.09	L3 Tech	LLL	203.75	-0.12	NiSource NISOURCE	23.39	-0.19	S&P Global SPG	192.71	0.33		
AGNC Inv	AGNC	18.74	-0.06			Avangrid	AGR	49.92	-0.35	Carlisle CSL	105.20	-1.94	DominionEner D DOMIN	71.24	-1.24	Grofils GRFS	21.41	-0.05	LabCpAm LH	173.83	-0.52	NobleEnergy NBL	29.33	-0.37	SBA Comm SBAC	169.80	-0.43			
ANGI Homesvc	ANGI	15.28	0.33			AveryDennison AVY	114.15	-0.68	CG CG	22.50	-0.38	EastWestBnpC EWBC	65.14	-0.17	Harris HRS	19.00	-0.11	NIKE NKE	5.76	-0.06	SEI Investments SEIC	75.53	-0.39	TransCanada TRP	42.82	-1.28				
Ansys	ANSS	167.36	0.41			AxaltaCoating AXTA	30.55	-0.61	CapitolOne CAJ	98.05	-0.85	Heico Heico	62.17	-0.63	Granger GWV	28.18	-1.07	NIKE NKE	66.39	-0.19	TransDigm TDG	29.00	0.88	TransUnion TRU	58.65	0.30				
ASML	ASML	141.44	2.91			B&T BBT	BBT	54.61	-0.01	CardinalHealth CAH	70.70	-1.34	Donaldson DCI	45.01	-0.22	GroupTeleviza TV	15.93	-0.48	Nike NKE	66.39	-0.19	Travelers TRV	140.47	0.95	Baldur Bldstn	141.44	-0.11			
AT&T	T	37.04	0.01			BCE BCE	43.15	-0.32	Carlyle CG	55.20	-0.24	Donaldson DCI	226.82	-0.16	GuideWire GW	85.60	-1.12	Nordstrom NDSN	139.20	-0.22	TribeAdvisor TRIP	43.74	-0.31	Bell BBL	45.21	-0.05				
AbbottLabs	ABBV	62.59	-0.27			BHPBillion BHP	45.21	-0.05	CG CG	22.50	-0.38	DolbyLab DLB	67.73	-0.03	Gruber GRUB	110.89	-0.11	NomuraHoldings NMR	6.01	-0.01	TurquoiseHill TRQ	3.25	-0.01	BioNTech BNTX	127.00	-0.11				
AbbVie	ABBV	114.93	-4.01			BioNTech BNTX	48.92	-0.27	CG CG	22.50	-0.38	DollarFree DLT	94.16	-1.35	Grofils GRFS	21.41	-0.05	NostraHoldings NMR	6.01	-0.01	TurkcellIletisim TCK	9.85	0.05	BioNTech BNTX	127.00	-0.11				
Abiomed	ABMD	294.57	-1.28			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DominionEner D DOMIN	103.24	-0.67	Harris HRS	19.00	-0.11	Novartis NVS	81.81	-0.43	TransUnion TRU	58.65	0.30	BioNTech BNTX	127.00	-0.11				
Accenture	ACN	162.88	1.86			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DominionEner D DOMIN	71.24	-1.24	Heico Heico	62.17	-0.63	NovoNordisk NVO	50.39	-0.10	Travelers TRV	140.47	0.95	BioNTech BNTX	127.00	-0.11				
ActivisionBlz	ATVI	73.38	-0.84			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	76.74	-0.24	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	TribeAdvisor TRIP	43.74	-0.31	BioNTech BNTX	127.00	-0.11				
AcuityBrands	AHY	148.94	0.97			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	25.48	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdobeSystems	ADBE	218.87	0.43			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	49.25	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdvanceAuto	AAP	117.10	0.04			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdmiveMicros	ADM	11.46	0.10			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdvSemEngg	ADS	7.25	-0.10			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
Aegon	AEG	6.88	0.08			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AerCap	AER	50.30	-0.46			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
Aetna	AET	174.59	-2.03			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AffiliatedMtrs	AMG	190.46	-3.00			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdvanceAuto	AAP	117.10	0.04			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdmiveMicros	ADM	11.46	-0.04			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNTech BNTX	127.00	-0.11							
AdvSemEngg	ADS	7.25	-0.10			BioNTech BNTX	127.00	-0.11	CG CG	22.50	-0.38	DukeEnergy DUK	54.07	-0.15	Harris HRS	19.00	-0.11	NovoNordisk NVO	50.39	-0.10	BioNT									

BANKING & FINANCE



Yiguo Fresh Food, an Alibaba-backed e-commerce platform, sold crabs out of a vending machine last year. Alibaba may list in China.

Alibaba Looks to Go Home

BY JULIE STEINBERG
AND LIZA LIN

Chinese technology company **Alibaba Group Holding Ltd.** is working on a plan to list on an exchange in its home market, according to people familiar with the matter. The move comes more than three years after its blockbuster initial public offering in New York.

A secondary listing in China could happen as soon as this summer if the country's securities rules are changed to allow listings of companies incorporated overseas, one of the people said. While the bulk of Alibaba's business and operations are in China, the nearly 20-year-old company is incorporated in the Cayman Islands.

Chinese laws have long prohibited overseas companies from selling shares directly to domestic investors. China also forbids companies with shares that carry different voting rights to list on the mainland. Alibaba has a complex ownership structure that gives its founders and a small group of executives more control over the company than other shareholders.

The company in 2014 launched a \$25 billion float on the New York Stock Exchange in what remains the world's largest IPO.

An Alibaba spokeswoman

Soaring Stock

Alibaba has more than doubled in value since its New York listing in 2014.



Source: FactSet
THE WALL STREET JOURNAL.

said the company has been considering a listing in China since 2014, if regulations would permit it.

Alibaba's shares have climbed 86% over the past year and have more than doubled since their IPO, gains that investors in China have largely missed out on. The company has a market capitalization of about \$493 billion and is one of the world's most valuable technology firms.

In recent months, China's securities regulator has been in touch with several investment banks to discuss ways to allow companies listed abroad to issue securities on the mainland, The Wall Street Journal previously has reported.

Authorities Lure Chinese Firms

Chinese authorities in recent months have made it a priority to try to entice tech companies trading abroad to list at home.

Regulators want large homegrown companies and promising startups to participate in its capital markets, giving individual investors an opportunity to tap into the wealth generated by successful companies, among other goals.

A dual listing on the mainland would give Chinese companies the option of raising money domestically in their local currency and help boost their profile at home, said Rocky Lee, managing partner of the Silicon Valley office of law firm King & Wood Mallesons.

He said well-known firms could potentially fetch higher valuations, because their brands and businesses are better known in their home country.

China's stock market has historically had a reputation for being akin to a casino, and some analysts have said the listings of a few hot names could fuel speculation by Chinese individual investors, who

Tencent Holdings Ltd. is listed in Hong Kong, while

Baidu Inc. is listed on the Nasdaq Stock Market.

Liu Shiyu, chairman of the Chinese securities regulator, recently confirmed the government has been working to win over overseas Chinese listings. "You will see results," he said on the sidelines of a legislative meeting in Beijing last week. Noting that Chinese investors haven't been able to profit from the share gains of some foreign-listed firms, Mr. Liu called it "a real pity" and said this "cannot happen again."

dominate trading in the markets.

A Chinese tech company that is considering listing in China as well as overseas is smartphone maker **Xiaomi Corp.**, people familiar with the matter previously told the Journal.

The company is planning to raise at least \$10 billion in an initial public offering this year and has picked Hong Kong as its main listing venue but is also considering a concurrent listing on the mainland at the behest of Chinese authorities, the people said.

Xiaomi's parent company is incorporated in the Cayman Islands.

—Chao Deng contributed to this article.

BlackRock's Board Names Tech Executive

BY SARAH KROUSE
AND JOANN S. LUBLIN

BlackRock Inc. is adding a slate of new board members as the world's largest money manager tackles two pillars of its growth strategy: technology and international operations.

The firm named Margaret "Peggy" Johnson, executive vice president of business development at Microsoft Corp.; William Ford, chief executive of private-equity firm General Atlantic LLC; and U.K. insurer Aviva PLC Chief Executive Mark Wilson as directors, a spokesman said.

BlackRock, which manages \$6.3 trillion in assets, attracted record new investor cash last year, pulling in the equivalent of \$1 billion each day. Its business now spans investing, advisory work and a risk and portfolio management technology system known as Aladdin that the firm uses internally and sells to a growing list of financial companies.

Chief Executive Laurence Fink has said the New York firm has a goal of having a third of its revenue being "enabled by technology" in the next five years, partly through Aladdin and by using technology to fuel better investment performance and fund sales. BlackRock currently spends more than \$1 billion on technology and data.

The firm last year added Cisco Systems Inc. Chief Chuck Robbins as a director, making him the first technology chief on the board.

The three new members would be the most BlackRock has added at one time. The additions come as several of the firm's board members have left recently because of the company's age policy for directors.

Microsoft's Ms. Johnson, age 56, spent more than 20 years at Qualcomm, where she was a member of the executive committee, before joining the Seattle-based technology giant.

After the expected election of the new directors at BlackRock's shareholder meeting May 23, five of the total 18 board members will be female, or about 28% of the group. At that time, a third of independent directors will be women, the highest proportion ever at BlackRock.

BlackRock and other large money managers such as State Street Global Advisors have pressed the companies in which they invest, particularly in the past year, to make their

boards more diverse.

Mr. Ford, 56, has led General Atlantic since 2007, and among the companies in which the private-equity firm has invested are payments company Adyen, a number of financial-technology startups and China-based internet and technology companies. Mr. Ford sits on the boards of portfolio companies such as IHS Markit and designer brand Tory Burch.

Aviva's Mr. Wilson, a 51-year-old New Zealand native, worked for 14 years in Asia, including four years as chief of insurer AIA Group Ltd., before joining the U.K. firm. BlackRock has increasingly sought to provide investment management and advice to big insurers with the help of Aladdin in recent years.

It has also tried to generate more revenue overseas. The percentage of its base fees and assets under management derived from the Asia-Pacific region has held steady at 7% to 8% in the past five years.

Ms. Johnson of Microsoft is one of three people named by BlackRock to its 18-member board.

Under BlackRock's governance guidelines, directors must retire at age 75—unless they reached 70 years old as of July 2013, in which case they are able to serve until age 80.

Two long-serving directors with backgrounds in finance left the board last year because of the age limit and another two have now reached that threshold.

James Grosfeld, former chairman and chief executive of Pulte Homes Inc., and Abdellatif Al-Hamad, chairman of the Arab Fund for Economic and Social Development, won't stand for re-election at this year's annual meeting. A fifth independent director at BlackRock resigned last summer.

Few big businesses have boards as big as BlackRock's. The money manager and General Electric Co. were the only companies in the S&P 500 with 18 board members in 2017, according to a proxy statement analysis by Spencer Stuart. The average S&P 500 board had 10.8 members last year, the analysis said. GE will soon shrink its board to 12.

STREET

Continued from page B1

is no reflection on the U.S.

Americans should be concerned about further falls, however. Mr. Trump's policies could almost be designed to weaken the dollar.

The short-term challenges are the deficit-financed tax cuts and the idea that the economy can be made to grow without inflation, or, as Mr. Kudlow put it, "Just let it rip, for heaven's sake." Longer-term threats come from Mr. Trump's inclination toward protectionism and his treatment of allies.

The tax cuts add fiscal stimulus to the economy at a time when it is already running close to full capacity, encouraging inflation rather than real growth. More inflation means a weaker dollar, all else equal, to keep international prices unchanged.

The deficits run up by the tax cuts mean a flood of new government debt, much of which is financed by foreigners. To attract more buyers requires a mix of higher interest rates—offsetting the stimulus—and a weaker exchange rate to make the bonds and bills more attractive.

Letting growth rip is a message to the Federal Reserve to ignore concerns about inflation and allow a boom. Yet investors surely would worry even more about inflation if the Fed were to reverse its arguments of the past year and become dovish again.

Mr. Kudlow can make these arguments because he believes tax cuts can be self-financing by encouraging stronger economic growth.

In my view, inflation is on the way because supply and demand means wages accelerate as the job market tight-

ens. But it would be foolish to be too confident. It is true that people who had given up looking for work are starting again.

It is also true that companies say they plan more capital spending, and if they follow through—they haven't yet—their productivity might pick up, helping to keep a lid on inflation. Add in price competition enabled by online retailing and global supply chains, and there are powerful forces holding down inflation. I still expect a pickup in both wage and price inflation, but it is easy to find evidence to support Mr. Kudlow on prices.

In the long run, the dollar faces a challenge to its dominance from the rise of China. The renminbi is a long way from being a major reserve currency, but China is liberalizing access to its markets, so it is likely to become more widely held. As the biggest buyer of pretty much every raw material, China is in a good position to push commodity suppliers to price in renminbi, something they might consider once they become happy with the security of Chinese bonds.

China's politics work against this. It is a one-party state with scant regard for freedom, and it cares little about the international order. In a crisis, suppliers of reserve currencies need to help foreigners who use their money, as the U.S. did in 2008. Few could have faith China would put concerns about the international order above its own self-interest.

It will be many years before China can challenge the dollar's reserve-currency status, but it is becoming less hard to imagine. China, too, thinks it is a great country, and wants a reserve currency, if not necessarily a strong one.

Group Expects Oil Demand to Increase

Global oil demand will likely grow faster than expected this year, partly offsetting a surge in U.S. shale production and keeping the market in balance, the International Energy Agency said Thursday.

In its closely watched monthly oil-market report, the IEA predicted the world's appetite for crude would increase by 1.5 million barrels a day to reach 99.3 million barrels a day in 2018, an upward

revision of 90,000 barrels. The uptick is expected to be driven by robust demand in industrialized nations, including the U.S. and Japan and in Europe, the agency said.

"The market rebalancing is clearly moving ahead with... supply and demand becoming more closely aligned," the report noted.

The agency said that global oil supply came down slightly in February in monthly terms to 97.9 million barrels a day but was still up 740,000 barrels compared with a year earlier.

The IEA expects supply growth this year to be driven by

countries outside the Organization of the Petroleum Exporting Countries.

Non-OPEC supply is expected to increase by nearly 1.8 million barrels a day this year, with 1.5 million barrels coming from U.S. crude production, according to the report.

U.S. crude output rose by 135,000 barrels a day last month, to a record 10.2 million barrels a day, boosted by burgeoning shale output, the IEA said.

Earlier this month, the agency said it expects the U.S. to overtake Russia to become the world's largest oil producer by 2023.

OPEC production, however, fell last month, to 32.1 million barrels a day. OPEC and 10 producers outside the oil cartel, including Russia, have been holding back output by 1.8 million barrels a day since the start of last year in an effort to rein in a global supply glut that has weighed on prices since late 2014.

—Christopher Alessi

HNA GROUP

Hilton Grand Vacations Stake of 25% Is Sold

HNA Group Co.'s 25% stake in **Hilton Grand Vacations** sold at a price of \$46.25 a share late Wednesday, raking in a big profit for the Chinese conglomerate as it continues to unload U.S. holdings.

The secondary offering values HNA's stake at \$114 billion, giving the firm a more than 90% gain since acquiring the shares a year earlier.

HNA originally paid \$24.32 a share for its position in the time-share company and sold its shares at a 1.6% discount to Hilton Grand Vacations' closing stock price on Wednesday. As part of the offering, HNA sold 2.5 million of its shares back to the company.

The Chinese firm agreed to acquire a 25% stake in Hilton Worldwide Holdings Inc. in 2016. After the hospitality company subsequently split into three separate publicly traded entities—Hilton Worldwide, Hilton Grand Vacations and Park Hotels & Resorts—HNA received a 25% stake in each when its acquisition was completed in March 2017.

HNA recently sold its \$1.4 billion stake in Park Hotels, a real-estate investment trust that owns dozens of Hilton hotels, convention centers and other properties across the U.S.

—Michael Wursthorn



U.S. crude output rose by 135,000 barrels a day last month to a record 10.2 million barrels a day.

—Michael Wursthorn

MARKETS

Spotify Gives Rare IPO Peek To Public

BY MAUREEN FARRELL AND AUSTEN HUFFORD

Spotify Technology SA executives outlined their vision for the music-streaming company and dug into its financials, opening to the public a presentation that typically remains behind closed doors, as the company hurtles toward an April initial public offering.

As it paves its nontraditional path to go public via a so-called direct listing, Spotify said it would prioritize growth over profit and seek to differentiate itself and defend its leadership position in music streaming from a broad field of powerful competitors. It said it plans for its shares to start trading April 3 and will provide financial guidance on March 26.

Spotify's debut will be one of the biggest technology IPOs in recent years. Its listing will likely be coveted by investors seeking high growth that often comes with big-name, highly valued technology IPOs, which have been rare of late.

In a twist on a traditional IPO roadshow, Spotify co-founder and Chief Executive Daniel Ek and other senior executives took the stage at a studio space in front of potential investors in Manhattan's SoHo neighborhood, while the public could access the presentation through a live stream. In a normal IPO, such meetings are reserved for fund managers and other big Wall Street investors.

Spotify executives defended the company's plans to sell

Spotify's debut will be one of the biggest technology IPOs in recent years.

shares directly to the public rather than list via a traditional offering with underwriters. They said Spotify doesn't need the money, but they want to give existing shareholders the opportunity to easily sell shares on a public, liquid exchange. Executives also said they want any investor—rather than a curated group—to have the chance to buy shares on the first day.

"I think the traditional model for taking a company public isn't a good fit for us," said Mr. Ek, who added he won't ring the bell the day Spotify's stock opens on the New York Stock Exchange.

With an increasing number of streaming music competitors, Spotify told possible investors Thursday that it is trying to differentiate itself and not become just one of many music platforms.

Spotify is aiming for offerings that drive usage and sign-ups, such as timed exclusives and albums with unique video components. The Swedish company said it not only courts users, but also artists, with production tools and data analytics, as it strives to be a marketplace for connecting both established and new artists with fans.

As part of its goal to reach as many people as possible, the music streaming service said its free, ad-supported tier would remain in place, even as nearly 90% of its revenue comes from premium, subscription-based users.

"Something for nothing. It's the greatest value proposition in the history of the world," said Gustav Söderström, Spotify's head of research and development. "The more they engage, the more likely they are to decide that pay music is for them," he added later.

The company said its free tier, which artists and music labels at one time said devalued music, is used to bring in more users, glean data from them to improve products and then eventually convert some onto its paid tier. Spotify has grown the percentage of subscribers who pay for the service, which sat at 45% at the end of 2017, up from 39% a year before.

◆ Heard: It isn't easy to pin a price on Spotify's IPO. B12



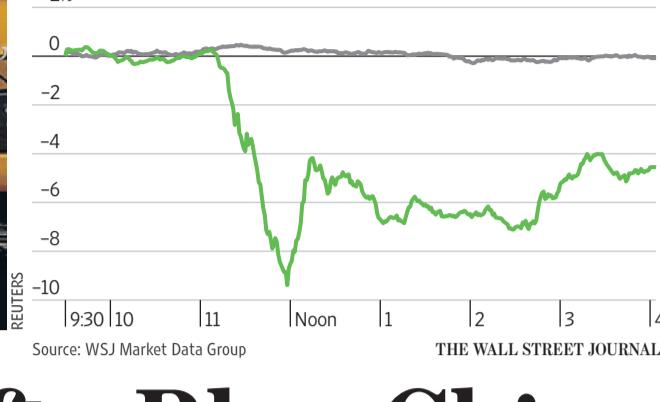
Caterpillar shares rose 1.3%, as industrial companies were among the few gainers in the S&P 500.

Brownout

The NYSE Alerian MLP Index, a widely tracked barometer of master-limited partnerships, sharply fell after the elimination of a key tax benefit.

Percentage change from Wednesday's close

■ NYSE Alerian MLP Index ■ S&P 500



Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

Bargain Hunting Lifts Blue Chips

S&P 500 falls for fourth day while Nasdaq declines for third straight session

BY MICHAEL WURSTHORN AND MIKE BIRD

The Dow Jones Industrial Average edged higher Thursday, as some investors took advantage of the market's slump to help the blue-chip index snap a three-session losing streak.

Despite the Dow's gain, stocks wobbled throughout the day, and the S&P 500 finished lower for a fourth consecutive session, its longest run of daily losses since early December. The Nasdaq Composite fell for a third straight day.

The elimination of a key tax benefit for some pipeline companies sent shares of energy companies reeling and sapped indexes of their upward momentum. Stocks fell further on reports that special counsel Robert Mueller has subpoenaed

naed the Trump Organization to turn over documents.

All the while, investors continued to assess the implications of the Trump administration's protectionist trade agenda, and some stepped in to buy the depressed shares of manufacturers after new data showed better-than-expected production output.

The Dow Jones Industrial Average traded in a range of 301 points, while the S&P 500 and the Nasdaq bounced along the flatline before turning lower after the initial report on Mr. Mueller's subpoena.

"A Mueller headline isn't going to do any favors for the market right now," said Michael Antonelli, a trader for R.W. Baird & Co. "It had been weak all day, and this unsettled it further."

The Dow industrials rose 115.54 points, or 0.5%, to 24873.66. The S&P 500 declined 2.15 points, or less than 0.1%, to 2747.33, while the Nasdaq Composite shed 15.07 points, or 0.2%, to 7481.74.

Energy companies, which had been trading higher earlier in the day, fell after the Federal Energy Regulatory

Commission eliminated certain master limited partnerships' income-tax allowance on cost of service rates. **Williams** shed \$1.45, or 5.2%, to \$26.69, while **EQT** fell 2.72, or 5.2%, to 49.73.

The NYSE Alerian MLP Index, a widely tracked barometer for the sector, fell 4.6%, its biggest drop this year.

Materials companies were also among the S&P 500's biggest decliners, extending the sector's losses for the week to 3.3%. Chemical companies, a sector that would face higher costs by constructing new facilities under the tariffs, were hit particularly hard, with **Monsanto** declining 5.95, or 4.8%, to 117.20, and **Mosaic** falling 71 cents, or 2.6%, to 26.39.

Declines among packaging and metals companies also dragged the sector down. Industrial companies were one of the S&P 500's few gainers, supported by fresh data showing solid growth in manufacturing activity in New York state. **Caterpillar**, a Dow component, added 2.03, or 1.3%, to 154.57.

The bull market is strug-

gling to regain some of its momentum at a time when many investors are already worried that more trade tariffs, along with aggressive responses from key U.S. allies such as the European Union, could crimp growth around the world and put a damper on earnings among U.S. conglomerates, manufacturers and other businesses—which had been crucial components to the rally's upswing last year.

President Donald Trump is considering a package of anti-China measures, including tariffs on some imports, to pres-

sure Beijing to end requirements that U.S. companies transfer technology to Chinese firms.

The S&P 500 continues to trade about halfway between its January record and its early February lows more than a month after fears about inflation rising faster than expected caused a sharp selloff.

Elsewhere, the Stoxx Europe 600 added 0.5% to break a two-day losing run. In Asia early Friday, Japan's Nikkei Stock Average was down 0.3%, and Hong Kong's Hang Seng Index was down 0.1%.

Treasury Sets Sales of \$107 Billion in Debt

The Treasury Department will auction \$107 billion in securities next week, comprising \$45 billion in new debt and \$62 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Monday:** \$51 billion in 13-week bills, a reopening of an issue first sold on June 22, 2017, maturing June 21, 2018. Cusip number: 912796MF3.

Also, \$45 billion in 26-week bills, dated March 22, 2018, maturing Sept. 20, 2018. Cusip

number: 912796PZ6.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders by 11:30 a.m.

◆ **Thursday:** \$11 billion in nine-year, 10-month 0.5% Treasury inflation-protected securities, a reopening of an issue first sold on Jan. 31, 2018, maturing Jan. 15, 2028. Cusip: 912828R9.

Noncompetitive tenders must be received by noon Thursday; competitive tenders, 1 p.m.

Trading in Japan's Bonds Dries Up

BY SURYATAPA BHATTACHARYA

Trading volume in Japan's benchmark 10-year government bond has been slowing even as caution has increased in global markets since the start of February, with no exchange trading of the debt on Tuesday.

While activity has been sapped in part by local investors unsure about the direction of Japan's central-bank monetary policy, seasonal factors are also at play. March is the end of the fiscal year for many Japanese companies, and companies generally don't want to make late portfolio changes.

But perhaps the biggest factor is the Bank of Japan.

Investors have had little incentive to trade Japanese government bonds, or JGBs, since September 2016, when the central bank introduced yield-curve controls in its efforts to boost the country's economy. The effort included setting a target to keep the 10-year bond's yield around zero. Part of doing that has been buying as much as ¥80 trillion (\$752.4 billion) in bonds annually by some estimates.

The central bank says it owns ¥432 trillion of JGBs, which is 44% of the total market.

"The BOJ's focus on buying the 10-year leaves almost no space for other investors," said Shuichi Ohsaki, head of strategy for Bank of America Merrill Lynch.

Meanwhile, central bank Gov. Haruhiko Kuroda is set to be reappointed to a second term along with two new deputy governors in April. Mr. Kuroda has repeatedly said the BOJ won't change its easy-money policy unless inflation gets to 2%. The central bank has time and again had to delay when it thinks such price growth will occur. The latest target is in two years, and the country's most-recent inflation reading was below 1%.

But investors aren't convinced that the BOJ will—or can—wait that long before starting to talk about beginning the policy tightening that is under way in locales including the U.S. and Europe.

"We cannot see the next move of the BOJ clearly," says Takahiro Sekido, Japan strategist at Bank of Tokyo-Mitsubishi



BOJ Gov. Haruhiko Kuroda has said the easy-money policy won't be changed unless inflation hits 2%.

shi UFJ.

Out of an overabundance of caution, "the JGB market doesn't move," said Naoya Oshikubo, rates strategist with Barclays in Tokyo.

The 10-year JGB didn't trade on Tuesday, according to Japan Bond Trading Co. That was the first instance of a whole day without trading since June 29, according to Quick Corp. Meanwhile, 10-year yields have finished at 0.045% for the past five trading sessions.

Low yields are also a factor in the lack of buying. Aside from the White House, there has been little to drive trading this month.

But average trading volume

was also lower in February than in the prior two years, and January's average was one-third below that in 2016 and 2017.

Last month, 10-year JGB yields climbed as high as 0.095% amid a global selloff in bonds and speculation that change was coming to Japan's monetary policy. Bond yields rise when prices fall.

The BOJ then stepped in to tamp down yields, muffling trading volume in the process.

Now, investors are largely waiting until the start of the new Japanese fiscal year in April, when some new and familiar faces will be formally appointed to the central bank's leadership.

Treasury Prices Fall After Strong Data

Treasury prices eased back after three days of gains following some encouraging economic data.

The yield on the 10-year Treasury note rose to 2.824% on Thursday, compared with 2.815% the day before. Yields rise when bond prices fall.

Favorable economic news often weighs on Treasurys because it can portend a pickup in inflation, which hurts government bonds by eroding the purchasing power of their fixed

payments. A report showed that import prices rose 0.4% in February from the previous month. That was above the 0.2% increase anticipated by economists surveyed by The Wall Street Journal.

Separately, the Empire State Manufacturing Survey's general business conditions index climbed to 22.5 in March, well above the consensus estimate of 15 and up more than nine points from the previous month. An index of business activity in the mid-Atlantic region was also slightly above expectations, though it dropped from February.

Mary Ann Hurley, vice presi-

dent of fixed-income trading at D.A. Davidson & Co., said she was "surprised that the market is as unchanged as it is" given the strength of the economic data.

Treasury yields have climbed significantly this year partly because investors have become more concerned that continued economic growth will finally translate to higher inflation, along with a faster pace of interest-rate increases from the Federal Reserve. In recent weeks, however, some of that anxiety has abated, as some economic measures have fallen below expectations.

—Sam Goldfarb

Robinhood's Valuation Is Put Over \$5 Billion

BY ROLFE WINKLER AND DOUGLAS MACMILLAN

Robinhood Markets Inc. is set to be valued at about \$5.6 billion in a new funding round, according to people familiar with the matter, a fourfold rise in just one year that reflects the stock-trading app's soaring popularity among millennials.

The Silicon Valley startup is in the final stages of securing around \$350 million from a group of investors led by Russian firm DST Global, according to the people familiar with the fundraising. DST led Robinhood's last funding round a year ago, which valued the company at \$1.3 billion.

A Robinhood spokeswoman declined to comment.

The valuation puts Robinhood among the top 15 highest-valued private technology companies in the U.S., representing an ambitious bet by investors that the firm can capture a sizable piece of the financial-trading market.

Robinhood's three-year-old app has amassed more than four million users—roughly doubling from the prior year—by offering free stock trades that undercut even discount brokers that charge small fees.

The question is whether Robinhood can convince enough of its users to pay for premium services, such as "Gold" subscriptions that start at \$6 a month for the ability to trade after hours and borrow capital. Robinhood also makes money on interest held in client cash accounts and by selling client trades to market makers.

As of last year, the median age of Robinhood's users was around 30. The company is banking that the younger investors' assets will grow over time, and that it will be able to sell them additional services. Robinhood has sought to keep costs low by shunning marketing and reducing overhead.

Some investors also see opportunity in Robinhood's recent introduction of trading in cryptocurrencies such as bitcoin, according to a person familiar with the investment. Those trades are also commission-free.

Volume Slump

Monthly trading volumes in 10-year Japanese government bonds



*Through March 14

Note: ¥1 trillion = \$9.41 billion

Source:

MARKETS

Billions Flow Into Tech-Focused Funds

Addition of \$5 billion this year bolsters the market but worries rise over valuations

By MICHAEL WURSTHORN

Investors are increasing their bets on shares of technology companies, renewing concerns that the market is becoming too dependent on a few big stocks to power its gains.

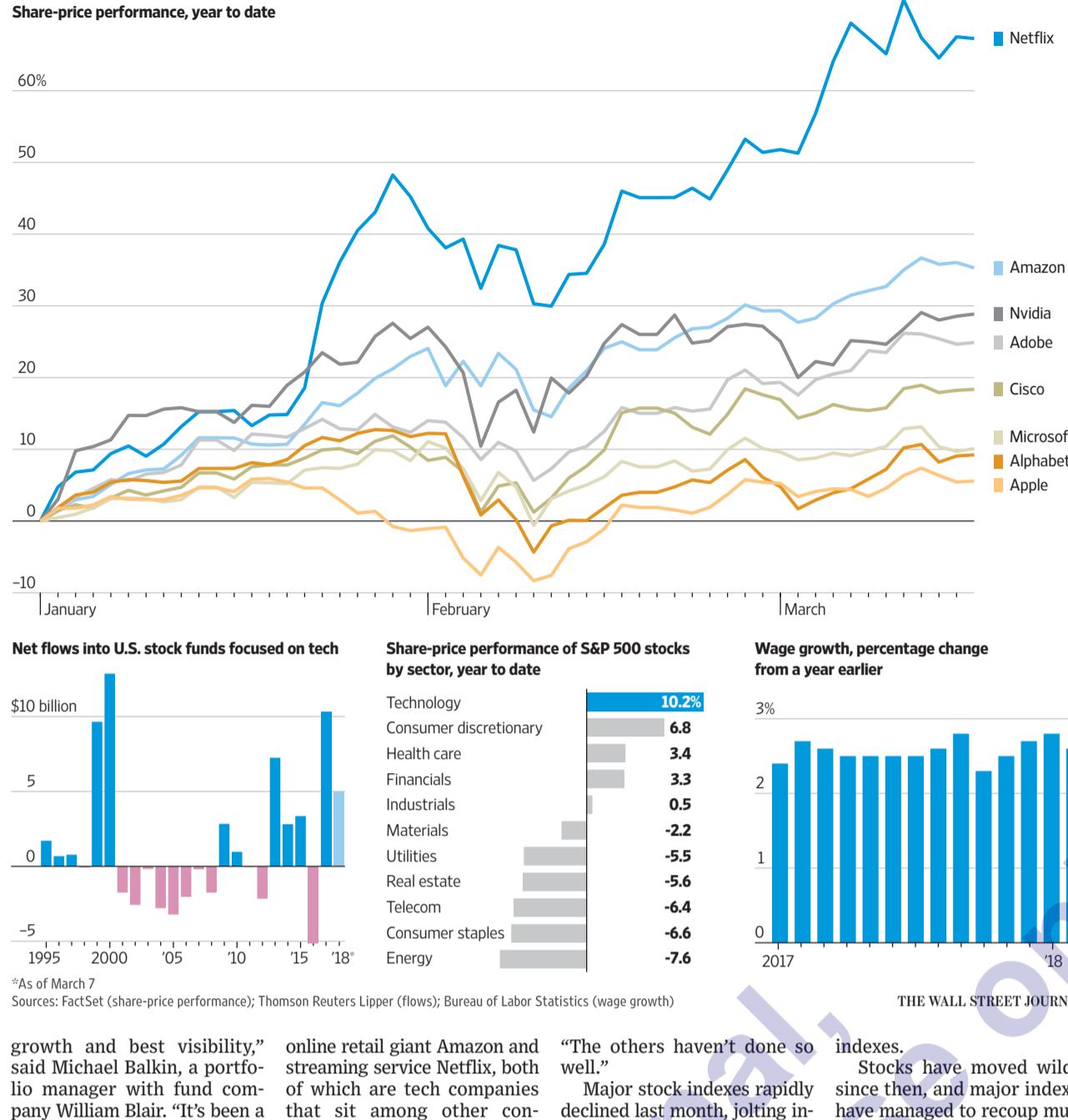
Nearly \$5 billion has poured into tech-focused stock funds so far this year, the most of any major sector, according to Thomson Reuters Lipper data. That figure represents nearly half of what the group pulled in for all of 2017. In January alone, tech funds received \$3.9 billion in inflows, the most in a single month for such funds since March 2000—the peak of the dot-com bubble.

Tech shares have gained 13% since major indexes fell into correction territory on Feb. 8, compared with a 6.4% gain for the S&P 500 index.

Some investors worry that valuations for blue-chip tech stocks such as **Amazon.com Inc.**, Google parent **Alphabet Inc.** and **Netflix Inc.** could become stretched as more money flows into the sector. Amazon, for example, trades at 161 times its forward earnings over the next 12 months, while Netflix is changing hands at 106 times, according to FactSet. For the S&P 500, that metric is at 17.

Tech stocks have already enjoyed a huge run-up in prices over the past several years, and some investors may unload those shares to protect their gains, analysts said. With the S&P 500 index increasingly supported by the biggest tech companies, any selloff in the sector could drag down the index with it.

“Investors tend to want to be in the names with the best



*As of March 7
Sources: FactSet (share-price performance); Thomson Reuters Lipper (flows); Bureau of Labor Statistics (wage growth)

growth and best visibility,” said Michael Balkin, a portfolio manager with fund company William Blair. “It’s been a worry for a while.”

A half-dozen tech companies are responsible for much of the S&P 500’s gains so far this year: **Microsoft Corp.**, **Apple Inc.**, **Cisco Systems Inc.**, **Nvidia Corp.**, **Alphabet** and **Adobe Systems Inc.** Including

online retail giant Amazon and streaming service Netflix, both of which are tech companies that sit among other consumer-discretionary stocks, those eight companies have contributed more than half of the S&P 500’s gains in 2018.

“It’s really only a few companies in tech that lead the rally,” said Jon Mackay, investment strategist at Schroders.

“The others haven’t done so well.”

Major stock indexes rapidly declined last month, jolting investors who had grown accustomed to the market’s calm, steady rise. The Dow Jones Industrial Average and the S&P 500 tumbled more than 10% in early February in what was the worst month in more than two years for the two major

indexes.

Stocks have moved wildly since then, and major indexes have managed to recoup much of their losses, thanks in large part to tech stocks. Firms tied to technology in the S&P 500

have risen more than 10% this year, the best performers of the broad index’s 11 major sectors, and largely on the back of the group’s biggest companies.

While the selloff was broad during the worst of last month’s pullback, outflows among value stocks, or shares of companies that generally generate steady profits when the economy slows down, exacerbated the declines. Roughly \$3.9 billion has been pulled from real-estate-focused funds so far this year, more than \$900 million from utilities funds and about \$326 million from energy-related funds, according to Lipper’s data.

Some active managers are looking at stocks beaten down by the return of volatility. “Value investing has been a little bit harder than it has been in the past because there’s more uncertainty attached to it,” said Thomas DiGenan, head of U.S. Intrinsic Value Equities at UBS Asset Management. “That’s where the returns come from.”

But many investors continue favoring tech—especially after companies such as Microsoft and Amazon reported strong earnings—as they try to gauge whether the historic upswing is nearing its end, money managers say.

Investors continue embracing stocks when the Trump administration’s plan to impose tariffs on steel and aluminum is stirring up volatility in industrial sectors. Shares of manufacturers that use steel and aluminum have reeled, as investors yanked hundreds of millions of dollars from those stocks, according to Lipper.

Tech has fared better, but if the Trump administration proceeds with additional tariffs, such as potential sanctions against China, those stocks—especially shares of chip makers—will suffer, some analysts added.

“It’s buying blindly,” William Blair’s Mr. Balkin said of investors snapping up tech stocks. “Once the flows reverse, [those stocks] can drop very quickly.”

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

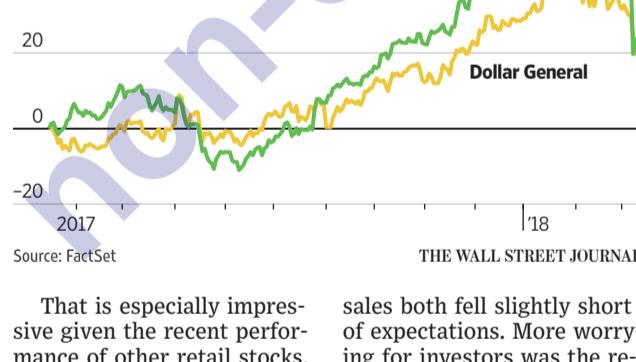
WSJ.com/Heard

Email: heard@wsj.com

Dollar General Gets Edge on Rival

Down to the Dollar

Share-price performance over the past year



That is especially impressive given the recent performance of other retail stocks. **Ross Stores** shares have plunged, and **Walmart** and **Target** missed earnings estimates. And when Dollar Tree reported fourth-quarter earnings last week, the stock fell nearly 16%, its biggest tumble in nine years.

Dollar Tree’s earnings and

sales both fell slightly short of expectations. More worrying for investors was the retailer’s disappointing forecast. For the first quarter of 2018, it expects earnings per share between \$1.18 and \$1.25, below estimates of \$1.32.

Dollar Tree is essentially still paying for its acquisition of Family Dollar, invest-

ing to upgrade stores and planning to spend around \$100 million this year on wages, maternity leave and employee training. Dollar Tree is facing further pressure because Walmart and Target have increased wages and issued bonuses.

“With unemployment so low and employees potentially getting better wages at other retailers, Dollar Tree is feeling pressured,” says Anthony Chukumba, a retail analyst at Loop Capital. “Discount retailers already pay their employees less to begin with.”

Dollar General, unburdened by a big acquisition, did much of that spending last year.

Dollar General outbid Dollar Tree for Family Dollar in 2015, but didn’t get the prize. Now, having made smart investments last year, it is looking strong while its rival struggles with an acquisition that still needs a lot of work.

—Elizabeth Winkler

Not Easy to Pin Down Spotify’s IPO Pricing

As Spotify knows well, hitting the right notes doesn’t always produce a hit.

The music-streaming giant sounded good at its first official meeting with prospective investors on Thursday.

This meeting was in lieu of a traditional IPO roadshow, since Spotify isn’t doing a traditional IPO. Instead, the company plans to list its shares directly on the New York Stock Exchange on April 3, effectively allowing the market to set the price.

Spotify said Thursday it would issue a forecast for the current year the week before the listing.

The company did share some helpful clues. Most notable was its long-term goal of reaching gross margins of 30% to 35%. Spotify grew this number by seven percentage points last year, to 21%, mainly by striking new deals with music labels.

That would suggest that much of Spotify’s future hinges on the negotiating power of its lawyers.

But the company on Thursday also outlined several ways it is building up alternative revenue drivers

into its model. This includes advertising as well as services to help artists and music labels better target their offerings.

On a service with more than 35 million songs, Spotify’s ability to guide users through the jungle could prove lucrative.

The trick for investors will be deciding how much to pay for that opportunity now. It is hard to tell based on private sales of company shares and industry valuations.

In private sales so far this year, Spotify’s shares have fetched anywhere from \$48.93 to \$132.50. That would value the company at between 1.8 times trailing sales and 4.8 times based on the company’s most recent share count.

Pandora, the company’s closest publicly traded peer, trades about 0.9 times trailing sales while video-streaming stalwart **Netflix** trades at nearly 12 times.

Spotify clearly prefers comparisons with the latter. But investors would be wiser to set a lower bar early on. The best songs sometimes take a while to catch on.

—Dan Gallagher

Foreigners Love Russia’s Bond Market

Chasing Yield

Share of Russian domestic government bonds held by nonresidents



voters, according to state pollster VTsIOM.

For Russia’s economy, sanctions and the oil-price meltdown forced changes in policy that have benefited investors. Mr. Putin gave free hand to the Central Bank of

Russia, which has crushed inflation, stabilized the ruble and encouraged foreign investors. Nonresidents now hold one-third of domestic government bonds, compared with barely any six years ago.

Russian bonds still look good, with a 10-year yield of just under 7%, while inflation has fallen well below the central bank’s 4% target. Conservative economic policy was part of the reason for Standard & Poor’s to upgrade Russia to investment-grade status in February.

But Russia needs change, too. The economy has emerged from recession and grew 1.5% in 2017, but much faster growth may be tricky: The central bank says structural reform is needed to lift

growth beyond 1.5% to 2%. Russia’s population is shrinking and aging. Productivity is poor and state involvement in the economy is high.

Russian equities have done well this year, but the poor growth outlook makes it hard to get excited even though stocks trade at optimally cheap valuation.

More severe sanctions are a risk to this stability; the U.S. on Thursday announced measures against intelligence agencies and individuals, which weakened the ruble a little. And even the attraction of stability bears the risk that Russia simply stagnates economically. For as long as that is the case, Russian bonds, not stocks, will be the draw.—Richard Barley

OVERHEARD

Bear Stearns disappeared 10 years ago this week, but its alumni are prospering.

On this anniversary, two Bear Stearns alumni have ascended to the heights of business and government: **David Solomon** became the likely next CEO of **Goldman Sachs Group** and **Lawrence Kudlow** was named director of the National Economic Council.

The success of Bear Stearns alumni isn’t surprising. The firm was known for hiring

smart people who were eager to succeed and reveled in beating out more established firms.

While other Bear Stearns veterans who left in the 1990s have had great success, including Pimco chief investment officer **Daniel Ivascyn**, even those tinged with the collapse have moved on. Bear Stearns CEO **Alan Schwartz** is a top executive at **Guggenheim Partners**, and his predecessor, **James Cayne**, remains on the competitive bridge circuit.

Dennis Quaid on his first love, Gertrude
MS



MANSION

'Spring is the time of plans and projects.' —Leo Tolstoy, *Anna Karenina*

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday, March 16, 2018 | M1

Agents' Great Deals—for Themselves

With their knowledge of the local market and expertise in negotiations, real-estate pros can often buy hidden-gem family homes with strong potential to grow in value.



WASHINGTON, D.C. Agent Michael Rankin, left, and Mark Green, shown with their children, spent \$7 million to buy and redo their home, aided by their familiarity with preservation requirements.

CHESTERFIELD, MO. Agent Susie Johnson and her husband, Art, paid \$1.3 million for their home, well below the \$1.6 million asking price. Since then, the local market has taken off.

LOS ANGELES Billy Rose and his wife paid \$1.2 million for their home in 2003. After their divorce, the home was listed for \$3.95 million. Rather than sell, Mr. Rose bought out his ex-wife's share.



FROM LEFT: STEPHEN VOSS FOR THE WALL STREET JOURNAL (2, WASHINGTON D.C.); JENNIFER SILVERBERG FOR THE WALL STREET JOURNAL (2, CHESTERFIELD); MICHAL CZERWONKA FOR THE WALL STREET JOURNAL (2, LOS ANGELES)

BY CECILIE ROHWEDDER

WHEN MICHAEL RANKIN went house-hunting in Washington's Georgetown neighborhood, his 25-year career in the real-estate business gave him an edge. He bought a detached, 1903 home with off-street parking and a large backyard—all hard to find in that area—for \$5 million.

Another \$2 million went toward renovating the 7,000-square-foot home, which went

smoothly because he and his husband, Mark Green, had already restored and sold other historic homes and were versed in Georgetown's preservation requirements.

"We knew not to go in and ask for things that you couldn't do in a historic neighborhood," says Mr. Rankin, 52, principal and managing partner of TTR Sotheby's International Realty. He estimates his professional experience saved the family 10 months of waiting and tinkering with the design proposal. As it was, the renovation, completed in the fall of 2015, took 14 months.

Agents buying their own homes rarely strike a bad deal: They are first to spot desirable properties, often before they are listed. They know local inventory and historic price swings. And they have a working knowledge of construction, plus connections to the best architects, builders and designers in town. Above all, real-estate agents know what looks good to other buyers

Please turn to page M12

A NEW IDEA OF LUXURY TAKES ROOT

High-end developments offer homeowners a locavore lifestyle that includes access to vegetable gardens, orchards, beehives and livestock; for an extra fee, there's even weeding and watering service.

INSIDE



\$49.5 MILLION
Tiger Woods's ex-wife lists Florida home M2



ROCK SOLID
The heart of this home is a boulder M3



SALES SAGA
Four years and a \$2.6 million price cut M6



KRISTIN HOSHINO FOR THE WALL STREET JOURNAL (4)



COCKTAIL HOUR at Ron Verstappen's \$4.5 million home in a resort community on the island of Kauai in Hawaii usually features some freshly picked local fruit.

"Passion fruit is just past season now—it makes great daiquiris," said Mr. Verstappen, 50, the retired founder of Wombat Financial Software. He starts each morning much the same way, with a fruit smoothie—leaving out the alcohol. "I should add kale, I suppose," he said.

The passion fruit and the kale are gathered by Mr. Verstappen himself from the Kukuiula resort's pick-your-own 7-acre orchard and 6-acre farm, which are reserved for community residents.

The farm-to-table movement helped spawn the agrihood—a planned community that offers vegetable gardens and other agrarian elements. Now, a crop of luxury developments dedicated to a more upscale version of the locavore lifestyle are taking root.

Homeowners might have unlimited picking rights in landscaped gardens of organic microgreens, berries and flowers. Concierge weeding and watering services are provided for residents who want their own gardens but don't have the time or inclination to tend them.

Resident chefs hold al fresco dinners and cooking workshops, teaching homeowners how to turn the bounty into goodies like breadfruit crisps or pizzas made with home-milled flour.

"We have five different kinds of bananas growing, and they aren't the kind you buy in the grocery store," said Richard Albrecht, president of Kukuiula, the 1,010-acre development that opened in 2010. Home prices range from \$1.5 million to \$15 million.

More than 70 agrihoods have been created or are in development across the country, said Ed McMahon, a senior resident fellow at the Urban Land Institute. "It's a high-value, low-cost amenity and it figures into this green, farm-to-table, reduced carbon footprint trend—and people seem to like local everything."

Please turn to page M7

DISHING DIRT Ron Verstappen, above, picks fruits and vegetables at the Kukuiula resort in Hawaii, where he built a \$4.5 million home. Bounty, left, includes limes and passion fruit for cocktails.

MANSION

BALANCE SHEET

Meet a Modern Stone-Age Family

An 18-ton boulder in the living room and other giant rocks define a Lake Tahoe home's 'gnarchitecture'

BY NANCY KEATES

"JACKED UP AND unfinished" is how Rob Wells describes both himself and his new vacation house, located a few blocks away from the Squaw Valley ski resort in Lake Tahoe, Calif.

Mr. Wells, a former host of an ESPN skateboarding show and an Xtreme sport cookbook author, developed the blue-bubblegum flavor for Jones Soda Co. Now, at 48, he owns and runs creative agency Sixteenfifty Design in La Jolla, Calif., that handles branding and marketing campaigns for restaurants and bars at spots like the Hard Rock Hotel.

The house, which he built last year with his wife Amy, 41, is a vibrant, edgy 2,600-square-foot, three-bedroom geometric contemporary made from glass, steel, stone, wood and board-form concrete, which is concrete set using wood as the forming material. Twisted-steel cable once used on a Squaw Valley chairlift forms the stair railing, and a bright-blue folding glass wall opens onto a stone deck with a full-on view of the mountains.

An 18-ton boulder sits in the middle of the living room, lighted from underneath in different LED colors. On one side are rock-climbing holds used by his three daughters, Eddie, 11, Billie, 9, and Tommie, 5.

Still in the works is a hot tub on the roof deck that will be reached by an outdoor stairway with glass sides to make it look like it's floating. A retired chair lift, also from Squaw Valley, is currently used as a coat rack in the entryway but will soon be operational, using a sheave and cables to carry people from the front door up to the second floor.

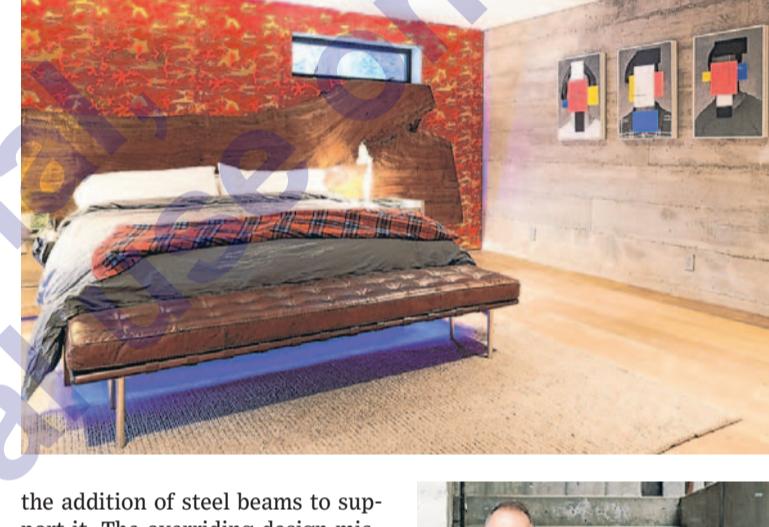
Mr. Wells bought the property for \$892,000 in 2013. He then tore down all but one wall of the existing 1980s wood-and-stucco house. The project began a few years ago with a garage cut on a sharp angle into the hill, fronted by a neon pink overhead door that immediately attracted attention, causing drivers to slow down for a look.

"I love it—it's better than a speed bump," says Victoria Mercer, a psychologist who lives two doors down and whose daughter, Stella, plays there often. She describes the reaction in the neighborhood as "a lot of shaking of heads."

Mr. Wells moved to Lake Tahoe in 1986 after high school, skipping college to work the ski lifts. He started a snowboard shop and gardening business, worked construction in the summers and baby-sat, among other things. He started his own company in La Jolla, where he



MOUNTaintop From left to right, Billie, Eddie and Tommie Wells on the 18-ton boulder in the living room. Below, clockwise from left, the dining table is held up by a bronze cast of a snowboarder's legs; LED colored lights illuminate the master bed; owners Rob and Amy Wells, who enlisted friends to do much of the work.



has his main home, in 2002 and worked on branding for restaurants and casinos in Las Vegas, California and New York.

After the garage was finished, Mr. Wells focused on the house, which he estimates cost around \$1.4 million—but that's hard to pin down, since most of the labor, including framing, plumbing, electrical and excavation, was done by himself and friends—guys he'd also known in Lake Tahoe for decades who put up with his constant design adjustments. "They got mad sometimes but they didn't charge me change fees because they're all my bros," explains Mr. Wells.

Mr. Wells charred the red cedar used on the walls and exterior himself using a blowtorch, guided

by a YouTube video. Mrs. Wells, a graphic designer, did the lettering on the doors ("enter @ your own RISK" is on the front door).

The most striking element is the house's use of boulders. There's one in the main entry, half inside and half outside, divided by a floor-to-ceiling glass wall; another that goes through a wall from the master bedroom into the master bathroom, with part of it peeking into the shower. "No one else has these rocks," says Mr. Wells, who found them after a friend said it would be cool to incorporate outdoor elements into the home and told him about a guy who sells boulders off his land on Donner Summit.

Getting the boulder in the living room required a 200-ton crane and

the addition of steel beams to support it. The overriding design mission is what Mr. Wells calls "gnarchitecture," architecture infused with fun and passion, a term inspired by skateboard culture. The walnut dining table, surrounded by yellow metal chairs, is held up by a bronze cast of pro snowboarder Dave Seoane's legs. Art includes works by Gen X favorites Damien Hirst and Douglas Coupland.

"In my world—with all my clients—I have lots of rules, lots of bosses. You can't ever just do something with no rules—you need to follow the plans or least put some reasoning behind it. With this I had total freedom; there was nobody who could tell me no," says Mr. Wells.



SHEA EVANS FOR THE WALL STREET JOURNAL (4)

ESTATE ON NEARLY 5-ACRES,
SURROUNDED BY "RED ROCKS OF SEDONA"

LIVE
ABSOLUTE
AUCTION
ON-SITE

Saturday, April 7 at 11 AM, MT
303 Badger Drive, Sedona, Arizona

OPEN HOUSE EVERY WEEKEND from 1 - 4 PM
Private Appointments & Phone Bidding Available
2% BROKER COOPERATION

DECARO
AUCTIONS
INTERNATIONAL

1.800.332.3767
VIDEO TOUR & DETAILS
AT DECAROAUCTIONS.COM

In cooperation with Taylor Dam, Long Realty The FOX Group



FOUR SEASONS
PRIVATE RESIDENCES
FORT LAUDERDALE

A PROJECT BY FORT PARTNERS

FOUR SEASONS PRIVATE RESIDENCES FORT LAUDERDALE

A New Oceanfront Destination for Five-Star Living

This oceanfront property, perfectly positioned overlooking the Atlantic Ocean and yacht-lined Intracoastal Waterway, features 90 residences from 1-4 bedrooms, including furnished and fully-appointed as well as unfurnished options available. Enjoy living at its best with an array of Four Seasons services and amenities in the comfort of your home.

Occupancy 2020 | 40% SOLD
Preconstruction pricing until April 30th, 2018
+1 (954) 324.2487 | FORT525RESIDENCES.COM
505 N Fort Lauderdale Beach Blvd. #CU7 Fort Lauderdale, FL 33304

BROKER PARTICIPATION WELCOME.
ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THE DOCUMENTS REQUIRED BY SECTION 718.503 FLORIDA STATUTES, TO BE FURNISHED BY THE DEVELOPER TO BUYER OR LESSEE.
PLANS, FEATURES AND AMENITIES SUBJECT TO CHANGE WITHOUT NOTICE. ALL ILLUSTRATIONS AND PLANS ARE ARTIST CONCEPTUAL RENDERINGS AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. THESE MATERIALS ARE NOT INTENDED TO BE AN OFFER TO SELL OR SOLICITATION TO BUY A UNIT IN THE CONDOMINIUM. SUCH AN OFFER OR SOLICITATION MAY ONLY BE MADE BY THE PROSPECTUS (OR EQUIVALENT) FOR THE CONDOMINIUM AND NO STATEMENT SHOULD BE RELIED UPON UNLESS MADE IN THE PROSPECTUS OR IN THE APPLICABLE PURCHASE AGREEMENT. IN NO EVENT SHALL ANY SOLICITATION, OFFER OR SALE OF A UNIT IN THE CONDOMINIUM BE MADE IN, OR TO RESIDENTS OF, ANY STATE OR COUNTRY IN WHICH SUCH ACTIVITY WOULD BE UNLAWFUL. FOR A COPY OF THE PURCHASE AGREEMENT, THE PROSPECTUS OFFERS AND TERMS IN A CPS-12 APPLICATION AVAILABLE FROM THE OFFICER, MW LAUDERDALE, LP, CR17-0076, FORT PARTNERS. A NOTE: THE PROJECT DEVELOPED BY MW LAUDERDALE, LP, A DELAWARE LIMITED PARTNERSHIP, WHICH HAS A LIMITED RIGHT TO USE THE TRADEMARK NAME AND LOGOS OF FORT PARTNERS PURSUANT TO A LICENSING AND MARKETING AGREEMENT WITH FORT PARTNERS. FOUR SEASONS PRIVATE RESIDENCES FORT LAUDERDALE IS OWNED AND OPERATED BY MW LAUDERDALE, LP, A DELAWARE LIMITED PARTNERSHIP OR ITS AFFILIATES (FOUR SEASONS). THE DEVELOPER, MW LAUDERDALE, LP, A DELAWARE LIMITED PARTNERSHIP, USES THE FOUR SEASONS TRADEMARKS AND "FOUR SEASONS HOTELS AND RESORTS" ANY COMBINATION THEREOF AND THE TREE DESIGN ARE REGISTERED TRADEMARKS OF FOUR SEASONS HOTELS AND RESORTS (BARBADOS) LTD. ELSEWHERE. EXCLUSIVE MARKETING & SALES DOUGLAS ELLIMAN DEVELOPMENT MARKETING. EQUAL HOUSING OPPORTUNITY.

WINDSOR

1055 KENT COURT

3 BEDROOMS 3 FULL AND 1 HALF BATHS \$1,995,000

This elegantly appointed Row House offers a central location and exceptional views of the croquet greensward and polo field beyond. Oriented around a private pool and garden, the bright and airy ground floor living spaces are lined with French doors capturing views of the sun-drenched pool courtyard.



772 388 8400 WINDSORFLORIDA.COM

MANSION

LIVING HISTORY

Once an Asylum, Then a Convent, Now a Home

A Belgian mansion that started out as a bachelor pad has served many purposes since it was built in 1809; today, the fully restored house—with five main dining rooms—is listed for about \$4 million

BY J.S. MARCUS

HISTORY KEEPS repeating itself at Leyselebeke Castle, a neoclassical mansion outside the historic center of Bruges, Belgium, where twice in the past two centuries homeowners did luxurious makeovers to rescue the residence from institutional settings.

The 9,500-square-foot structure started out in 1809 as a grand bachelor pad for a Bruges lawyer. He had to sell within a few years after falling on hard times.

By the 1830s, the white-columned home had become what was then called an insane asylum, before a member of one of Flanders' leading noble clans converted it into a stately home for his large family.

A century later, the castle changed functions again, this time as a convent, until 1996 when its current owner, Bruges native Herman Walleyn, bought it for €1 million, or about \$1.2 million, from its resident order of nuns.

He recovered Leyselebeke Castle's original beauty—for "several hundred thousand euros"—by unearthing decorative ceilings and ornate fireplace mantles while adding new amenities, such as an indoor pool and a landscaped park. The home, on 10 acres, is now on the market for about \$4 million.

After raising six children from an earlier marriage in the house, Mr. Walleyn, now 62, married another Flanders native, Leny Houtekamer, 61, who moved into the mansion in 2007. They are planning to relocate to the historic center of Bruges.

Life at Leyselebeke Castle changes with the seasons, shifting among the mansion's five main dining areas, says Ms. Houtekamer, a former production planner for a division of Monsanto.

In mild weather and for holidays, she and Mr. Walleyn, who owned a Belgian printing company, like to eat in the home's most impressive room: a columned salon off the main entrance, with 26-foot ceilings. In the fall and spring, they decamp to a richly decorated, pavilion-like dining room, also on the main floor. For the winter, they reserve a cozier basement dining area. A fourth dining room on the main floor is used for meals that coincide with meetings, while an outdoor dining area on the veranda is used in high summer.

Two full kitchens service the dining rooms. The large one in the basement is outfitted with an Aga stove, while the one on the main floor, with an espresso maker, is suitable for snacks. "I like to cook and he likes to eat," says Ms. Houtekamer of her spouse.

Leyselebeke Castle was commissioned during a period of national instability and shifting tastes, says Andrew Van den Abeele, a Bruges native and amateur historian.

The first owner—attorney Charles Donny (1765-1838), whose family had Scottish origins—was "a Francophile and firm believer that the whole of Flanders had to become French," says Mr. Van den Abeele. He built his country house in the Empire style. Flanders, administered by Austria for centuries, was annexed by France in 1795.

The anti-clerical tendencies of Revolutionary France led to Bruges's churches being sold off. Mr. Van den Abeele believes Leyselebeke Castle may have been built with stones from St. Donatian's Cathedral, the city's largest church until its destruction in 1799.

Donny's reversal of fortune in 1811 led to the estate changing hands a few times, says Mr. Van den Abeele, until a local Dominican order turned it into "a posh mental institution" in the 1840s, a few years after Belgium had won its post-Napoleonic independence from Holland.

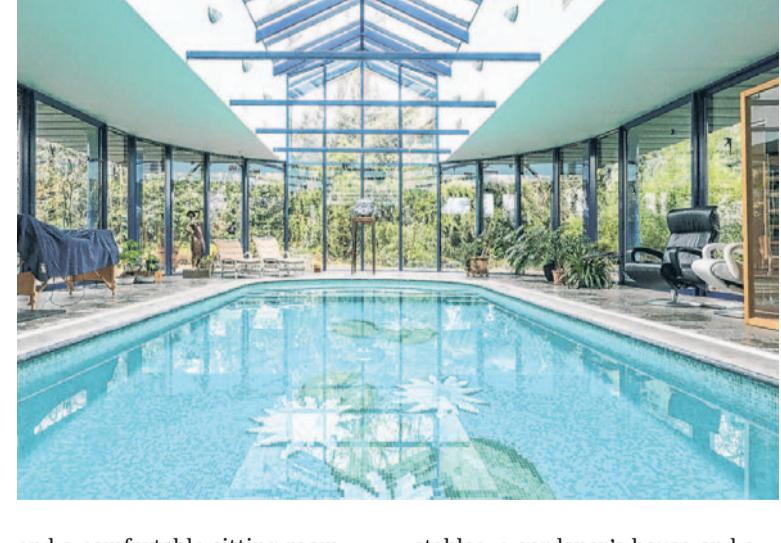
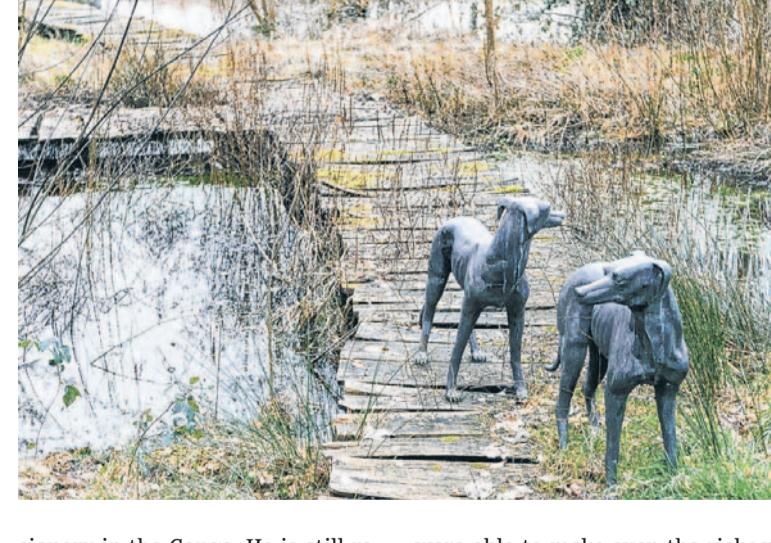
In 1878, Henri de la Kethulle de Ryhove, scion of a centuries-old noble family from Ghent, bought the property. Married to Victorine Coppeters, whose family included mayors of Bruges, he proceeded to raise 14 children in the house, including Raphaël de la Kethulle de Ryhove, who became a priest, and spent nearly 40 years as a mis-



CASTLE CHIC Bruges native Herman Walleyn, above with his wife, Leny Houtekamer. He bought the 9,500-square-foot mansion, right, in 1996 for about \$1.2 million and restored it. The Blue Room, top, features a fireplace discovered during the two-year restoration that bears the family crest of a previous owner.



RESTORED Clockwise from above left: one of two kitchens, a sculpture in the grand salon, a heated indoor pool and bronze dog sculptures from Thailand.



sionary in the Congo. He is still remembered for his promotion of sports. In 1952, he founded the largest stadium in what is now Kinshasa. It is now known as Fr. Raphael Stadium—site of the 1974 boxing match between George Foreman and Muhammad Ali.

Leyselebeke Castle became a convent in the 1930s for the Missionary Sisters of Our Lady of Africa, who divided up rooms and covered decorations. "The nuns

were able to make even the richest castle look modest," says Mr. Van den Abeele, who visited in the 1980s. Starting in 1996, Mr. Walleyn began returning the structure back into a single-family home. "It only took a few years," he says.

He recaptured earlier flourishes such as an ornate fireplace bearing the de la Kethulle crest. There is hardly a trace of the convent on the main floor, where the summer dining room once housed a chapel,

and a comfortable sitting room once contained a sacristy. But on the second floor, many of the nuns' cell-like rooms are still visible. Mr. Walleyn's six children—ages 28 to 37—adapted them for their own purposes, he says, by partially knocking down walls to create double-roomed suites.

In addition to the three inhabited floors, the eight-bedroom house has a vast attic and a network of cellars. The property has

stables, a gardener's house and a boat house on one of two artificial lakes Mr. Walleyn also restored.

Ms. Houtekamer says she will miss the park at her front door, but it will be easier to communicate in the new 3,500-square-foot townhouse. Now, she says, when they are both at home, they often have to rely on cellphones. "We keep losing each other."

Joke De Spiegelaere of Engel & Völkers is handling the sale.

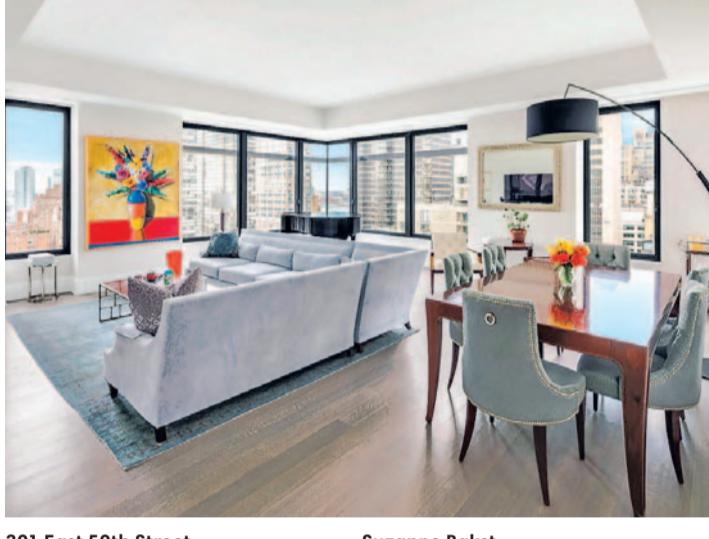
Upper East Side



823 Park Avenue
\$13,750,000
7 Bed 7.5 Bath

Maria Manuche and Kyle Blackmon
917.328.2338
mmm@compass.com

Midtown East



301 East 50th Street
\$4,800,000
3 Bed 3.5 Bath

Suzanne Bakst
917.439.4157
suzanne.bakst@compass.com

Armonk



6 Cowdray Park
\$3,249,000
6 Bed 6.2 Bath

Brian Milton
203.900.4020
brian.milton@compass.com

Upper East Side



350 East 72nd Street
\$1,795,000
2 Bed 2.5 Bath

Brandon Turner
561.325.0534
bturner@compass.com

Brooklyn Heights



174 Clinton Street
\$7,995,000
6 Bed 3 Bath

Kim Soule
646.209.1675
kim.soule@compass.com

Cos Cob



115 Bible Street, Connecticut
\$3,495,000
6 Bed 5.2 Bath

Brian Milton
203.900.4020
brian.milton@compass.com

Upper West Side



25 Central Park West
\$2,695,000
1 Bed 1 Bath

James Morgan
646.681.3709
james.morgan@compass.com

Midtown East



325 East 57th Street
\$645,000
1 Bed 1 Bath

Julia Hoagland Team
646.832.3545
jht@compass.com

Discover the most distinguished homes in the Northeast.

New York City
Westchester
Washington, DC
Miami
Boston & Cambridge
The Hamptons
Los Angeles & Orange County
Santa Barbara & Montecito
Aspen
San Francisco Bay Area
Chicago
Dallas
San Diego

compass.com
212.913.9058
 compass
 compassinc
 compass

COMPASS

Dish out the love to a fellow New Yorker.

RESCUING
FOOD FOR
NEW YORK'S
HUNGRY
CITY HARVEST

Help us feed NYC at
CityHarvest.org



MANSION

HOUSE CALL | DENNIS QUAID

Still Enjoying The Endless Summer

The actor came of age in the Houston suburbs; today, a home in West L.A. with an after-hours lounge

I wanted a German shepherd when I was 9. Instead, my dad came home with a basset hound named Gertrude. She became my constant companion. But five years later, she disappeared.

We all assumed she was hit by a car. And that's exactly what happened. The driver brought her to the vet, then took her on walks to strengthen her broken leg. One day they passed our house. Gertrude pulled them up our walkway. When I answered the door, I just broke down. Gertrude jumped all over me. She had been gone six months.

I grew up in Bellaire, Texas, a suburb of Houston. We first lived in a lower-middle-class neighborhood in a small two-bedroom house with shingle siding. My older brother, Randy, and I shared a room. We were very close, but we fought over stuff. He always won. He was much stronger.

My father, Buddy, was an electrician. People thought he looked like actor Dana Andrews. He told us that while he was on leave from the Merchant Marine in San Francisco during World War II, two movie-studio guys asked him to do a screen test in L.A. He was shipped out the next day and couldn't. Dad always regretted not doing that screen test.

Deep down, dad was a frustrated actor. He taught Randy and me about the movies. He knew all the actors' names in the old films on TV and did imitations of them. At my grandmother's house, we'd put on shows while she played the piano.

My father wasn't good about discipline. He'd come into our room and pretend to be mad. His belt was in his hand, but he'd soon



IN MOTION
Dennis Quaid at the Four Seasons Los Angeles, right; in his school drama club in 1971, above; and in his role in 'The Right Stuff,' left.



start laughing and forget about it. Dad was more about sitting around waiting to be discovered. He didn't have the fortitude to make a plan and doubted that any of his big plans could be realized.

My mother, Nita, was a different story. She knew only one way—you had to go all in to get something done. Talk didn't mean much to her. Eventually their differences became a rift.

When I was 12, we moved a couple of miles away to a nicer house. Soon after, my parents divorced.

My mother worked in real estate. Our new house had a third bedroom, so Randy and I could spread out. There also was a large yard out back where we played Wiffle ball.

Despite my dad not being around, the neighborhood was great. There were six kids on our block close to me in age. My brother also had friends his age nearby.

On summer weekends in the late 1960s, I'd go outside and do a Tarzan yell. Then I'd hop on my gold Sting-Ray bike with the banana seat, stick shift and treadless rear tire. Friends and I would bike to the edge of Houston and buy fireworks. Or we'd go to the community pool. It felt like freedom.

My mother was enormously supportive. She bought me my first guitar, and I taught myself to play. She also made time in her busy day to take me to piano lessons. But my mom knew nothing about acting.

That came from Cecil Pickett at the University of Houston. The only reason I went to college was to study with him. He taught my brother in high school.

Mr. Pickett had already left before I arrived in high school, but he held summer workshops in town. His classes were studies in human behavior. He'd ask, "Why are people the way they are? What would you do if you were that person?" This approach fascinated me. I knew exactly what I wanted to do with my life.

My brother also was an inspiration. He left for L.A. in 1971. He had landed a part in Peter Bogdanovich's "The Last Picture Show." At college I took only acting classes and left in my junior year to move to L.A.

My first big break came after five years of acting in minor films. In 1978, I got a part in "Breaking Away." That led to "The Right Stuff" and "The Big Easy" in the '80s.

Today, I live in West L.A. It's a modern house built in the 1960s. I moved in about four months ago. It

has straight lines and an open plan. I'm not big on clutter. I'm decorating my office as a comfortable after-hours lounge. I'll be able to play my guitar in there.

I loved my gold Sting-Ray. It eventually was stolen from behind a local convenience store in Texas. Now I have a road bike that I ride 100 miles a week. When I get on that bike, I feel like I'm 12 years old again. That's why I ride.

—As told to Marc Myers

Dennis Quaid, 63, is an actor and musician who has appeared in more than 70 films, including "The Big Easy," "The Parent Trap," "The Right Stuff" and "Traffic." He currently stars in the film "I Can Only Imagine" (Lionsgate).



BRET HARTMAN FOR THE WALL STREET JOURNAL (PORTRAIT); SETH POPPY/YEARBOOK LIBRARY (HISTORICAL); WARNER BROS./EVERETT COLLECTION (FILM STILL)

Westchester & Fairfield Homes



Reach an affluent audience of real estate buyers looking for luxury properties in your area. The Wall Street Journal's upcoming special advertising feature will highlight the local communities, neighborhood amenities and other factors that drive sales in your market.

The section, distributed to our New York audience, provides a targeted opportunity to reach serious local buyers within engaging and relevant content.

Issue Date: 5/3 | Close Date: 4/30 | Section: Mansion

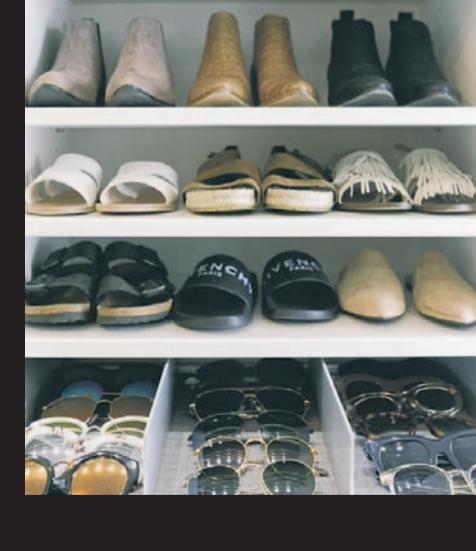
For advertising opportunities, please contact:
Liam Jerome at 212.416.3711 | liam.jerome@dowjones.com

THE WALL STREET JOURNAL.
classifieds.wsj.com

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

LOVING HOW YOU LIVE.

You dream it.
We design and build it.
Make every space your own.



CALIFORNIA CLOSETS®

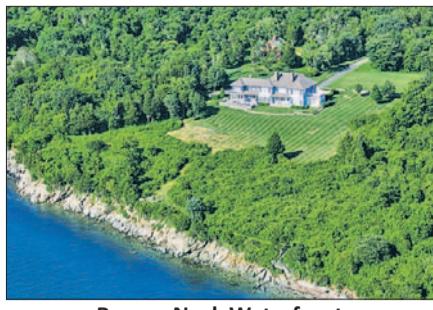
NEW YORK CITY NASSAU
WESTCHESTER
ROCKLAND HUDSON VALLEY
914.592.1001

MIAMI
305.623.8282

californiaclosets.com
facebook & Instagram: @caliclosetsnyc & @caliclosetsmiami

LandVest®

LUXURY PROPERTIES | TIMBERLAND | CONSULTING



Beaver Neck Waterfront
30± Acres, Jamestown, RI | \$7,950,000
Terry Boyle
401-367-4070 • tboyle@landvest.com



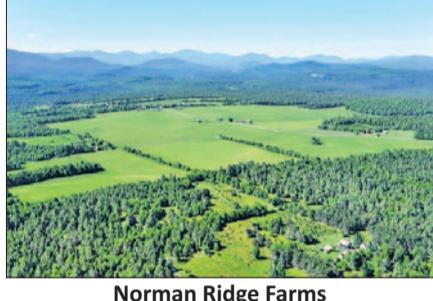
Wianno Waterfront Estate
2± Acres, Osterville, MA | \$5,900,000
Stewart Young
617-357-8949 • syoung@landvest.com



Vineland on the Chesapeake
178± Acres, Eastern Shore, VA | \$3,700,000
Jonathan Burt
404-545-6300 • jburt@landvest.com



Woodlands
5.49± Acres, Hamilton, MA | \$2,995,000
Lanse Robb
617-357-8996 • lrobb@landvest.com



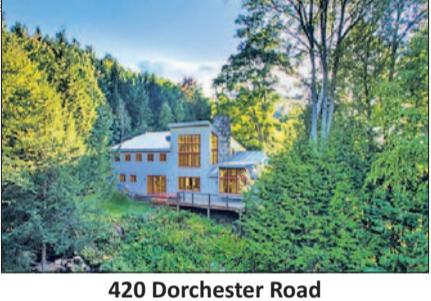
Norman Ridge Farms
483± Acres, Vermontville, NY | \$2,550,000
Vinny McClelland
518-576-2297 • vmcclelland@landvest.com



397 Nahatan Street
8.22± Acres, Westwood, MA | \$1,900,000
Jay Boyle
617-648-5444 • jboyle@landvest.com

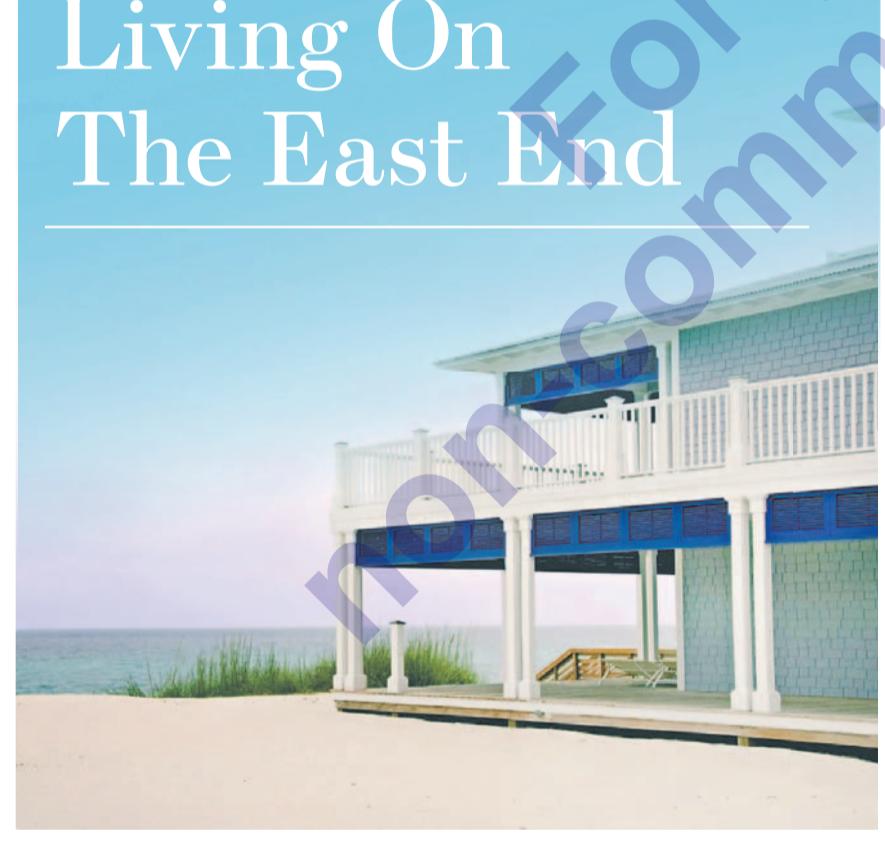


Greenlaw Farm
546± Acres, Northport, ME | \$1,775,000
Terry Sortwell
207-236-3543 • tsortwell@landvest.com



420 Dorchester Road
29.24± Acres, Lyme, NH | \$1,395,000
Kristin Hayes Claire
603-494-9448 • kclaire@landvest.com

Sound Advice, Exceptional Results
www.landvest.com



Showcase your breathtaking property in the next installment of The Wall Street Journal's **Hamptons, East End, and North Fork Special Advertising Feature**. We will continue to explore market trends, community features, unique homes, and top sellers throughout the region to highlight where to visit, rent, and buy this summer.

Issue Date: 4/27 | Close Date: 3/23 | Section: Mansion

For advertising opportunities, please contact:
Liam Jerome at 212.416.3711 | liam.jerome@dowjones.com

MANSION**THE TRADE**

A Castle Finds a New King

A Manhattan apartment with stained glass and gargoyles takes four years and big price cuts to sell



NOT YOUR TYPICAL LIVING ROOM The home's unusual appearance and castle-like features made for an uphill battle when its owner first set out to sell the two-bedroom apartment in 2014.

BY CANDACE TAYLOR

IT TOOK ALMOST four years and a \$2.6 million discount, but Janos Aranyi finally found a buyer for the 12th-floor Manhattan co-op that had been his castle for 51 years.

With stained-glass windows, gargoyles and carved coats of arms, Mr. Aranyi's apartment felt a bit like a Medieval Times restaurant. Its unusual appearance—even the walls resembled stone ramparts—made for an uphill battle when he set out to sell the two-bedroom unit. The saga finally concluded a few weeks ago, when the roughly 1,900-square-foot home sold for \$4.4 million—far less than the \$7 million he listed it for in 2014.

After hundreds of showings, a parade of listing agents and a co-op board rejection, the eventual buyer was a neighbor who collects antique armor and weapons, which he plans to display in the apartment, said Gregory Roache of Brown Harris Stevens, who took over the listing in June 2017.

Mr. Aranyi, an 84-year-old art dealer and music lover who fled his native Hungary after the 1956 revolution, first rented the apartment in the 1960s. The home's ornate, wood-paneled interior reminded him of Princeton University, where he'd studied after emigrating. He loved throwing parties at the apartment, and met his future wife, Theresa Llorente, at one of them in 1990. Guests over the years included George Soros and actor Jeremy Irons.

Mr. Aranyi was paying a monthly rent of roughly \$2,000 about five years ago when he got a call from the estate of his late landlord offering to sell him the apartment. As a rent-stabilized tenant, Mr. Aranyi would have been very difficult to evict, and he had little incentive to move out of the home, which has a large terrace and overlooks Gramercy Park. So the estate offered him a price he was unlikely to refuse: \$630,000.

"I realized I could sell it for a lot more than what I had to pay for it," he said, and the idea of having "some money in my old age" was appealing.

So he and Ms. Llorente bought the apartment and listed it a short time later for \$7 million with Stephen P. Wald Real Estate Associates.

When it didn't sell, they switched to the Corcoran Group and dropped the price to \$6.5 million. Then they tried Warburg Realty, Douglas Elliman Real Estate and Nest Seekers International, slowly reducing the price as they went.

The couple was surprised to discover that nearly every potential buyer planned to remove the castle-like features they loved. "That was shocking to us," Ms. Llorente said.

What's more, the kitchen and two of the bathrooms hadn't been updated in decades. Estimates for renovating the apartment ranged from \$750,000 to \$2 million, Mr. Roache said.

When Mr. Roache took over the listing, he convinced



Warburg to reduce the price to \$3.75 million. Nest Seekers International lists the apartment for \$4,888,888.

TALE OF A SALE**1967**

Janos Aranyi rents at 44 Gramercy Park North

April 2013

Mr. Aranyi and his wife, Theresa Llorente, buy the apartment for \$630,000

April 2014

The apartment is listed for \$7 million with Stephen P. Wald

September 2014

The apartment is listed for \$6.5 million with the Corcoran Group

July 2015

Warburg lists the apartment for \$6.35 million

August 2015

Warburg reduces the price to \$5.5 million

June 2016

Douglas Elliman lists the apartment for \$5.5 million

September 2016

Elliman reduces the price to \$5.3 million

February 2017

Nest Seekers International lists the apartment for \$4,888,888

June 2017

Brown Harris Stevens lists the apartment for \$4.75 million

July 2017

Brown Harris Stevens reduces the price to \$3.75 million

August 2017

Unit goes into contract at \$4 million, but the co-op board rejects the buyer

October 2017

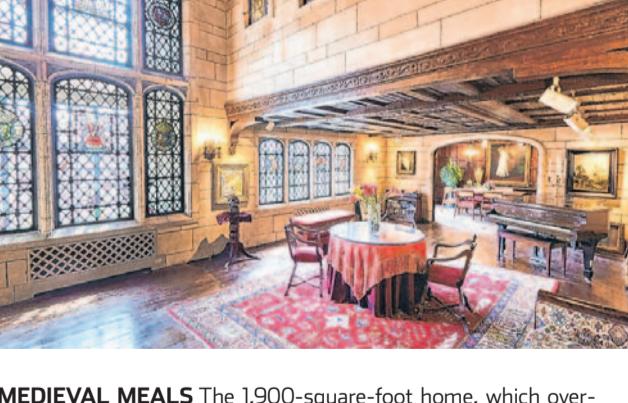
Brown Harris Stevens re-lists the apartment at \$4.25 million

November 2017

Unit goes into contract for \$4.4 million

January 2018

Sale closes at \$4.4 million



MEDIEVAL MEALS The 1,900-square-foot home, which overlooks Gramercy Park, eventually sold for \$4.4 million.



Mr. Aranyi and Ms. Llorente that they needed to do something "drastic"—a price drop of \$1 million, from \$4.75 million to \$3.75 million.

A buyer materialized but was rejected by the co-op board. Mr. Roache relisted the home at \$4.25 million. That's when a neighbor made an offer of \$4.4 million, and the deal finally closed.

The buyer, a financier who lives primarily in New Jersey, will use the home as a pied-à-terre. He plans to "modernize it," Mr. Roache said, "but keep some of the charm."

"I still think," Mr. Aranyi said, "we sold it for too cheap."

MANSION

LUXURY AGRIHOODS



Continued from page M1
he added.

Palm Springs, Calif., a defunct golf course is being planted with 45 acres of olive trees as the centerpiece of Miralon, a community of 1,150 homes set to break ground this year. The olives will be pressed into oil for residents.

Outside Charlottesville, Va., lots at Bundred Farm—a 2,300-acre development called “a working farm”—overlook apple orchards and pastures of sheep and cows.

In upstate New York, one Hudson Valley agrihood will produce its own artisanal goat cheese.

And herds of Belted Galloway cows—purely for show—graze at Cooke’s Hope in Easton, Md., where homes are listed from \$549,000 to \$1.5 million.

Kukuiula’s farm had a modest start as a place where homeowners could pick mangoes and tropical flowers. It has since expanded, with 32 raised vegetable beds, an orchard, chickens and a new so-called superfoods garden planted with goji berries, gotu kola and turmeric. The bounty is free

to homeowners, who pay a one-time \$50,000 membership fee and about \$26,000 in annual dues.

“Sometimes, we gotta arm wrestle over who takes the arugula today,” said Kukuiula’s executive chef, Ben Takahashi, who experienced a salad-greens shortage over the holidays. He showcases farm produce in weekly chef’s-table dinners, and hosts al fresco dinners featuring “guest artisans,” like the pig farmer from up the road.

Residents are provided with rubber boots, scissors and bags to pick their own. Other Kukuiulans prefer to visit a refrigerator on a clubhouse porch, stocked with flowers, fruit, lettuces and herbs.

“I love to cook—it’s become a passion,” said Mr. Verstappen, who built his three-bedroom home overlooking the ocean in 2016. (He also has a home in Lake Tahoe, Nev.) He walks to the farm several times a week, and recently competed in a cook-off there.

At Hudson Woods, a 131 acre-community with 25 homes in New York’s Catskills, buyers can add numerous agrarian upgrades. For

\$16,500, for example, they can get an orchard of 10 mature fruit trees—planted, bermmed, mulched, irrigated and fenced. For \$15,500, a master gardener will plant a 20-by-30-foot garden on their property with three months of complimentary weeding and watering.

Drew Lang, the architect and



HUDSON WOODS Bill Caleo, with Campbell and Willa, left, built a \$2.1 million home in upstate New York, above, with pool, guesthouse and vegetable garden.

developer who created Hudson Woods, is working with local sugar makers for homeowners who’d like to have their maple trees tapped for their own limited-batch syrup. “They can take in the experience without going through all the steps themselves,” Mr. Lang said.

Bill Caleo, a real-estate developer based in Brooklyn, spent about \$2.1 million to build a three-bedroom weekend home with a pool and a guesthouse on 7 acres in Hudson Woods. His vegetable garden will be planted this spring.

“It created this world for me that I could envision my family being part of,” said Mr. Caleo, 41,

adding that a community gardener will tend his veggies.

At Silo Ridge—a new 800-acre development in New York’s Hudson Valley with houses priced from \$2.5 million to \$10 million—a 2-acre organic garden is being marketed as a prime amenity alongside the Tom Fazio-designed golf course and an equestrian facility. This summer, it will add 12 beehives, a coop of heritage chickens, and goats for yogurt, cheese and ice cream.

Jonathan Wright, vice president of culinary operations for Silo Ridge developer Discovery Land Co., also plans a cookery school with classes for kids. “They can grab the eggs from the chickens and mill their own flour and make their own pizza dough,” he said.

Heather and Andrew Zuckerman, New York City residents, are building a five-bedroom second home with a pool in Silo Ridge’s Club Meadow section, where homes average between \$4.5 million and \$6 million. They often visit the greenhouse, which garden manager Sandra LaPlace filled with geraniums, fig trees and herbs.

“I’m not a golfer—the garden really sold me,” said Ms. Zuckerman, 46, an executive at an asset-management firm. “Sandra said, ‘You can come pick vegetables,’ she recalled. ‘I said, ‘Yeah, but can I come weed?’”



SILO RIDGE The Hudson Valley community is planning a cooking workshop for kids, among other locavore amenities. Homes cost \$2.5 million to \$10 million.

FLORIDA LUXURY HOMES - EXCEPTIONAL RESORT LIFESTYLE

FLORIDA



BOCA/DELRAY BEACH ESTATE HOMES & RESORT LIVING

Experience a year-round, world-class lifestyle at Seven Bridges - it's like country club living without all the fees.

A spectacular clubhouse offers fitness, tennis, restaurant and poolside dining, an array of activities and so much more!

A stunning selection of home designs range from 2,450 to over 7,800 a/c sq. ft. Call today and discover gorgeous new homes and incredible lifestyle.

GLHOMES.COM/SEVEN-BRIDGES • (800) 616-0416

Seven
BRIDGES
BOCA/DELRAY BEACH
\$700s - \$2 MILLION

ADVERTISEMENT

**BIG SUR, CALIFORNIA**

Idyllic setting includes main house, 2 king, 1 queen bdrm. Full separate art studio, garage & barn. Over looking the pacific and virgin redwoods a private trail to private beach, fresh water fall. Gated drive to Shangri La - set in a completely secluded dream. Your view: trees, mature lush gardens, the orchard, the vast Pacific. The view is epic and one of the last remaining type views in America. 5 star spa's and restaurants just a 4 minute drive.

Exceptional Price \$3,250,000

WHQ
phone: 404.408.1316

**55+ LIVING IN 3 GREAT FLORIDA LOCATIONS**

The Florida lifestyle of your dreams can be yours at Valencia, where gorgeous new homes, world-class amenities, and an exciting lifestyle await! Enjoy a magnificent clubhouse, resort-style pool, tennis, and much more. Valencia's sophisticated homes range from 1,321 a/c. sq. ft. to 3,351 a/c. sq. ft. and include luxury standard features. 3 amazing locations - Boynton Beach, Bonita Springs, and Tampa.

From the \$200's to \$1 million ValenciaGL.com

GL Homes
phone: 800.495.6406

**ANNA MARIA SOUND, FLORIDA**

Live the Margaritaville Lifestyle at One Particular Harbour Island-styled homes offer stunning sunset views, and a deepwater marina provides direct access to the Gulf of Mexico. Move-in ready homes are available for quick closing. Place your waterfront home with a rental agency for short-term rentals and make your vacation home work for you year-round.

Waterfront Homes from the High \$400s OPHMintoUSA.com

One Particular Harbour by Margaritaville

phone: 866.713.1319

**JOHN'S ISLAND - VERO BEACH, FLORIDA**

This private, Atlantic coastal community offers an abundance of water sports, 3 miles of pristine beach, 3 championship golf courses, 17 Har-tru courts, pickleball, squash and Beach Club. Located near private airport & cultural amenities, this 5BR oceanfront retreat offers 14,574± GSF, ocean views, summer kitchen, 1st floor master suite, pool & elevator.

\$11,500,000 JohnsIslandRealEstate.com

John's Island Real Estate Company
phone: 772.231.0900 wj@johnsislandrealestate.com

**NAPLES, FLORIDA**

Minto Single-Family Estate Homes located in an area famous for extraordinary golf communities. TwinEagles boasts not just one championship course awarded "Best New Private Course in America" by Golf Magazine, but two 18-hole, tour-quality courses and a spectacular 47,000 sq. ft. country club lavished with every imaginable amenity. Best of all, golf membership initiation fee is included with every Minto new home purchase.

From the mid \$500s to over \$1 million MintoUSA.com

Minto Communities
phone: 888.379.9868

**DOWNTOWN ST. PETERSBURG FLORIDA**

Live a fabulous Urban Lifestyle in vibrant downtown St. Petersburg. 3 blocks from the water, artfully designed townhomes now under construction on a private, gated lane. Totaling 2,335 sq. ft., 3 bedrooms, 3 1/2 baths, 2 car garage, private elevator, and amazing rooftop terrace. Low HOA fees. Walking distance to world-class restaurants, museums, shopping, parks, marina, and Tampa Bay.

From the \$800's to \$900's www.RegentLane.com

NJR Property Investments LLC
phone: 727.515.5556 email: natalie@njrdevelopment.com

**PENNSYLVANIA MOUNTAINS**

EXECUTIVE RETREAT & SPORTSMAN'S PARADISE, GOLF, HUNTING, FISHING & GREAT RESTAURANTS are all convenient. Abundant deer & other wildlife. Large gracious stone & frame home on 120 private wooded acres in an historic area in the beautiful mountains of West Central Pennsylvania. Airport half hour away (8,000 ft. strip). Caretaker home & barns included.

\$2,950,000 www.rock-ridge.com

Berkshire Hathaway Real Estate
Leslie Serenyi
phone: 724.238.7600 leslieserenyi@thepreferredrealty.com

**KIawah Island, South Carolina**

Less than a 5-minute stroll from a secluded stretch of beach, the immaculate 5-bedroom home at 51 Ocean Course enjoys privacy among the seagulls, high-ceilinged interiors, large windows welcoming natural light, and views of a sun-sparkled pond from three tiers of balconies. Just opposite is land preserved in perpetuity by the Kiawah Nature Conservancy. A Kiawah Island Club Membership is available.

\$2,695,000 kiawahisland.com/51-ocean

Kiawah Island Real Estate
phone: 866.312.1780 email: info@kiawahisland.com

**MOUNTAIN LAKE, LAKE WALES, FLORIDA**

Mediterranean styled two-story home (12,000 sq. ft.) with lake view on 4.00 acres. 6 bedrooms, 5 baths, 2 half baths, 3 bay garage with apt. overhead. Modern gourmet kitchen, Infinity Edge pool, and tennis court. Gated community designed by Frederick Law Olmsted in 1915 and a Seth Raynor golf course. Membership by invitation.

\$2,500,000

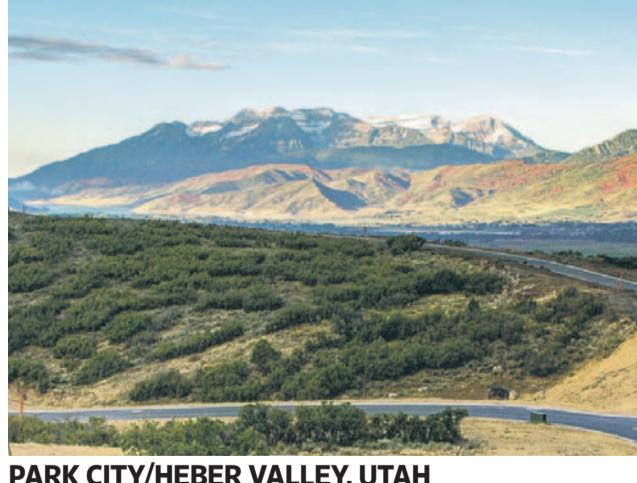
Frederick J. Ryan, Broker
phone: 863.679.2404 fryan@mountainlakecc.com

**AUSTIN, TEXAS**

Ultimate Luxury on Lake Travis – Our waterfront community boasts estate homesites & luxury custom homes on the shoreline of Austin's favorite lake. Expansive views, privacy gate with concierge, day dock with 2-story observation deck, and access to a prestigious Yacht Club & Marina make this exclusive community an opportunity you will not find again.

\$300s to \$3 Million+ PeninsulaLakeTravis.com

The Peninsula at Rough Hollow
Loren Dickey
phone: 512.456.3756 Info@PeninsulaLakeTravis.com

**PARK CITY/HEBER VALLEY, UTAH**

Build your dream mountain home in the neighborhood at the current high point in Red Ledges, Summit Loop, and wake to this commanding view of Mt Timpanogos or Deer Valley. As the most successful private community in the Park City area, Red Ledges offers world class mountain, valley, water and trail activities, all just 45 minutes from a major hub airport.

\$515,000 www.RedLedges.com

Red Ledges Realty
Bill Houghton
phone: 877.733.5334 email: info@RedLedges.com

**JOHN'S ISLAND - VERO BEACH, FLORIDA**

This established, Atlantic coastal community offers an abundance of water sports, 3 miles of pristine beach, 3 championship golf courses, 17 Har-tru courts, pickleball, squash & Beach Club. Near a private airport & cultural amenities, this remarkable 3BR retreat offers 4,864± GSF, golf views, pool & fire pit. (Optional en-suite guest/office for \$3,700,000)

\$3,500,000 JohnsIslandRealEstate.com

John's Island Real Estate Company
phone: 772.231.0900 wj@johnsislandrealestate.com

To Advertise Call: 800-366-3975



NAPLES, FL | \$14,900,000
WEB ID: QZZD4 — MLS#217052242
Frank Sajtar — +1 239 776 8382

DARIEN, CT | \$7,900,000
WEB ID: FTJC4 — MLS#33487
Deirdre McGovern — +1 203 554 0897

DARIEN, CT | \$7,550,000
WEB ID: MRNZ4 — MLS#33450
Al Filippone Associates — +1 203 979 9149

ARMONK, NY | \$4,800,000
WEB ID: MDFW4 — MLS#4801897
Lauren Goldenberg — +1 914 649 8817

WESTPORT, CT | \$4,599,000
WEB ID: KFWH4 — MLS#170047373
Donna Beretta — +1 203 451 1540



GREENWICH, CT | \$4,275,000
WEB ID: MPVW4 — MLS#101954
Maria Ruggeberg — +1 203 912 7729

GREENWICH, CT | \$4,199,000
WEB ID: ZGYB4 — MLS#170039370
Monica Webster — +1 203 952 5226

WESTPORT, CT | \$3,995,000
WEB ID: NRVZ4 — MLS#170041291
WBCH Team — +1 203 856 7479

NEW CANAAN, CT | \$3,398,000
WEB ID: ULWC4 — MLS#170050732
April & Kelly — +1 203 216 2194

DARIEN, CT | \$3,395,000
WEB ID: MWOW4 — MLS#33527
Heather Raymond — +1 203 252 8645



GREENWICH, CT | \$3,250,000
WEB ID: DKAZ4 — MLS#101544
Monica Webster — +1 203 952 5226

ROWAYTON, CT | \$2,999,999
WEB ID: XAPW4 — MLS#170045588
Marybeth Sullivan — +1 203 984 8025

WILTON, CT | \$2,950,000
WEB ID: ZHBB4 — MLS#170027789
Michelle&Company — +1 203 454 4663

WESTPORT, CT | \$2,895,000
WEB ID: KIMT4 — MLS#99155415
Michelle&Company — +1 203 454 4663

OXFORD, CT | \$2,529,999
WEB ID: QNEC4 — MLS#170040727
Magda Ballaro — +1 203 889 8284



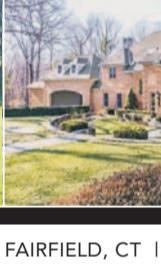
CHAPPAQUA, NY | \$2,275,000
WEB ID: WZOB4 — MLS#4649661
Sena Baron — +1 914 602 8199

ROXBURY, CT | \$2,250,000
WEB ID: JHMC4 — MLS#170047137
Stacey Matthews — +1 860 868 0511

CHAPPAQUA, NY | \$2,100,000
WEB ID: WFIC4 — MLS#4800720
Sena Baron — +1 914 602 8199

FAIRFIELD, CT | \$2,000,000
WEB ID: NSDD4 — MLS#170007973
Snyder Pritchard Homes — +1 203 307 4562

WESTON, CT | \$1,925,000
WEB ID: SOTW4 — MLS#170050333
Jeanne Bracken — +1 203 981 4114



CHAPPAQUA, NY | \$1,899,000
WEB ID: YYCW4 — MLS#4805376
Bonnie Golub — +1 914 645 5999

FAIRFIELD, CT | \$1,899,000
WEB ID: BCCW4 — MLS#170049344
Lois Lehman — +1 203 520 2846

NEW CANAAN, CT | \$1,895,000
WEB ID: HXPD4 — MLS#170013359
Hannelore Kaplan — +1 914 450 3880

WARREN, CT | \$1,895,000
WEB ID: SKIW4 — MLS#170031517
Stacey Matthews — +1 860 868 0511

CHAPPAQUA, NY | \$1,799,000
WEB ID: LBPD4 — MLS#4730221
Sena Baron — +1 914 602 8199

WILLIAM RAVEIS
LUXURY PROPERTIES

raveis.luxuryportfolio.com

LUXURY PORTFOLIO
INTERNATIONAL®



CHAPPAQUA, NY | \$1,765,000
WEB ID: OWKC4 — MLS#4643172
Sena Baron — +1 914 602 8199

STAMFORD, CT | \$1,595,000
WEB ID: NAKW4 — MLS#170048277
Phyllis Doonan — +1 203 428 1703

CHAPPAQUA, NY | \$1,579,000
WEB ID: KKUC4 — MLS#4650345
Cindy Glynn — +1 914 523 6163

ROXBURY, CT | \$1,550,000
WEB ID: FMBW4 — MLS#170052871
Stacey Matthews — +1 860 868 0511

STRATFORD, CT | \$1,499,000
WEB ID: IXQW4 — MLS#170049585
Carolyn Augur — +1 203 623 6239



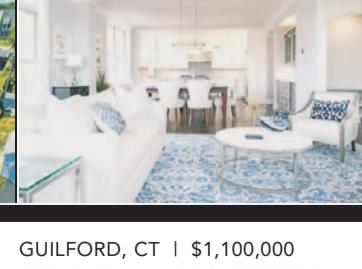
NEW FAIRFIELD, CT | \$1,495,000
WEB ID: XQTD4 — MLS#170005930
Angelina Valentini — +1 203 994 1988

FAIRFIELD, CT | \$1,400,000
WEB ID: HFDT4 — MLS#91965109
Stephanie Barnes — +1 203 368 8754

MIROMAR LAKES, FL | \$1,398,000
WEB ID: ZDAC4 — MLS#217076400
Lora Merrill — +1 239 290 9151

MOUNT PLEASANT, NY | \$1,375,000
WEB ID: BOGC4 — MLS#4806900
DelVecchio Scarano Team — +1 914 490 1928

STAMFORD, CT | \$1,300,000
WEB ID: GDVC4 — MLS#170034536
Steve Anastos — +1 203 461 0153



WILTON, CT | \$1,250,000
WEB ID: TWGW4 — MLS#170052040
The FAIR Group — +1 203 984 4758

MADISON, CT | \$1,230,000
WEB ID: BNZC4 — MLS#170030672
John Shea — +1 203 767 9460

BRANFORD, CT | \$1,150,000
WEB ID: LFLD4 — MLS#N10236115
Pamela Kirkby — +1 203 988 8690

GUILFORD, CT | \$1,100,000
WEB ID: IEAW4 — MLS#170035739
Byron Lazine — +1 860 941 2755

EASTON, CT | \$1,039,000
WEB ID: KRDC4 — MLS#170050914
WBCH Team — +1 203 581 4505

ADVERTISEMENT

Arizona PropertiesTo advertise: email sales.realestate@wsj.com or WSJ.com/classifieds

Special Advertising Feature

Arizona Offers Variety of Communities

IN THESE VIBRANT CITIES, DOWNSIZING DOESN'T HAVE TO MEAN LOWERING YOUR STANDARDS

By Joseph Dobrian

Many people, when they think "Arizona" think "desert." Certainly, the state offers some of the most picturesque desert in the world, but it also has plenty of mountains, green space, and vibrant, sophisticated cities. Buyers in the market for luxury homes will find plenty of action in the Phoenix/Scottsdale metropolitan area—the state's main population center—as well as in communities like Flagstaff, Prescott, Payson, and Tucson.

CULTURE AND SPORTS

Phoenix is the state's capital city; nearby are the university town of Tempe, plus Scottsdale, Chandler, Mesa, and other smaller cities. Flagstaff, to the north, is the only major Arizona city that has a real winter, with snow. More or less equidistant between the two cities is the small town of Payson, known for its beauty and its rodeo. Tucson, to the south, is another university town, with world-class cultural and sports programs, in the surprisingly green Sonoran desert.

"Many people from the Phoenix area head to Payson in the summer, because it's 20 to 30 degrees cooler," says Phil Motta, a Scottsdale-based marketing communications and business development entrepreneur. "Flagstaff is a little over two hours from Phoenix, and it's truly the high country: downtown Flagstaff is 7,000 feet high—2,000



Mountain views, quality properties: Dove Mountain (top), N. Paradise View Drive (left), E. Indian Bend (right).

feet higher than Denver. Flagstaff has the big Ponderosa pines and is a market of close to 100,000 people; Payson has maybe 15,000. Prescott, which is also located between Phoenix and Flagstaff, has about 250,000 people, and is a favorite of retirees because it has all four seasons, and homes at all prices: from \$150,000 up to the millions."

"PEOPLE HAVE REALIZED BIGGER ISN'T BETTER—BETTER IS BETTER."

Prescott was Arizona's territorial capital; it retains its old courthouse, a band shell, and many Victorian-era houses. Tucson is what some residents call a "right-size" city. It's a university town, approximately the size of Toronto, with plenty of sun and a light-hearted Old West flavor.

RESORT COMMUNITY

Carson Mehl, vice president of Cottonwood Properties, describes Tucson as "a really big, really beautiful college town, with incredible dining, resorts, and spas." He's currently developing Dove Mountain, a resort community of more than 6,000 acres, in the Tortolita mountains, in the

nearby town of Marana. "We're in high desert, where it's super-green," he says.

"We have all kinds of animals and birds: deer, wild boar, big cats, coyotes. Our community is all about celebrating the location. We've built 50 miles of trails, some flat, some going up into the mountains. We have 81 holes of golf, and we have some very high-end homes [such as] the Ritz-Carlton Residences.

"We have architects working on unique, individual projects. But you can find great homes for as little as \$250,000 for several thousand square feet.

"Today's homebuyer prefers large, open floorplans, with a

'great room' setup that combines the kitchen, dining area and living room. That's a popular feature on Dove Mountain. Another major trend in Arizona is toward massive walls of glass that retract so that your outdoor and indoor spaces blend."

Mr. Mehl adds that debt is readily available for these homes, with lenders more forthcoming than they were five years ago. If you're selling, he says, you'll find plenty of buyers.

"Construction costs are up, prices and values are up, but the debt market is keeping pace," he explains. "Marana is a small municipality, pro-growth, well-run, started by a group of farmers and ranchers.

"The University of Arizona is nearby, and its sports programs are great; their business and law schools are extraordinary; the optical sciences department is world renowned."

SALES UP

Walt Danley, president of Walt Danley Realty, a Christie's affiliate, says that in the Paradise Valley area, prices are steady, but sales are up 22% so far this year.

"If a spec home comes up for sale, it's gone in a week," he says. "People want smaller homes—although if they're downsizing, they'll usually find that they don't want to downsize as much as they had thought—and they want quality like never before.

"We've seen a philosophical change since the run-up of 2005 to 2007. People have realized that bigger isn't better—better is better."

The Wall Street Journal news organization was not involved in the creation of this content

THE ARIZONA YOU'VE HAD IN MIND.



Luxurious single-family homes from the \$900,000s to over \$2 million with custom homesites also available.

Authenticity. You can't fake it, though some people try. Fortunately, we here at The Ritz-Carlton Residences, Dove Mountain have never been tempted. With our setting in the spectacular Sonoran Desert of Southern Arizona, dotted with giant Saguaro that were alive when George Washington was president, and centuries-old Indian petroglyphs along our walking trails, this is the real thing. Genuine Arizona.

Next winter, have a private escape in your own warm, high-and-dry home (or second home), complete with enchanting mountain vistas, 27 holes of Jack Nicklaus Signature Golf, 45 miles of trails, an award-winning clubhouse and all the services and amenities of one of the world's great hotels, the Five-Star and Five Diamond Ritz-Carlton, Dove Mountain resort and spa, at your service, anytime.

We're in the Tortolita Mountain foothills, just north of easy-to-get-to Tucson, a right-sized city of a million. The Ritz-Carlton Residences, Dove Mountain is an extraordinary community of award-winning contemporary Southwestern homes with a lifestyle that just happens to include some of the finest weather on Earth.

You must see this place for yourself. Make a residence here a part of your portfolio. You and your family will love it. Call Sales Director Rich Oosterhuis for more information.



THE RITZ-CARLTON RESIDENCES

DOVE MOUNTAIN

Tucson, Arizona

(877) 451-7205

THERESIDENCESDOVEMOUNTAIN.COM



The Residences at The Ritz-Carlton, Dove Mountain are not owned, developed or sold by The Ritz-Carlton Hotel Company, L.L.C. Dove Mountain Investors, LLC uses The Ritz-Carlton marks under license from The Ritz-Carlton Hotel Company, L.L.C. Access to and use of the recreational amenities of The Golf Club at Dove Mountain requires payment of monthly Club membership dues. This is not an offer of solicitation where prohibited by law. Prices, plans, amenities, availability and improvements referenced herein are subject to change without notice. Sales are conditional upon buyer's receipt and acceptance of the Arizona Subdivision Public Report.

MANSION



RELATIVE VALUES | SANDRA WARD

ONE FOR THE DOGS; IT'S THEIR TIME

Luxury homes for sale that have amenities for the care and entertainment of the family pet; it's the Year of the Dog, after all

**\$5.495 million**

Seattle

Two bedrooms, two bathrooms, one half-bath

**\$2.145 million**

Dallas

Five bedrooms, four bathrooms, one half-bath

**\$6.495 million**

Kiawah Island, S.C.

Three bedrooms, three bathrooms, one half-bath

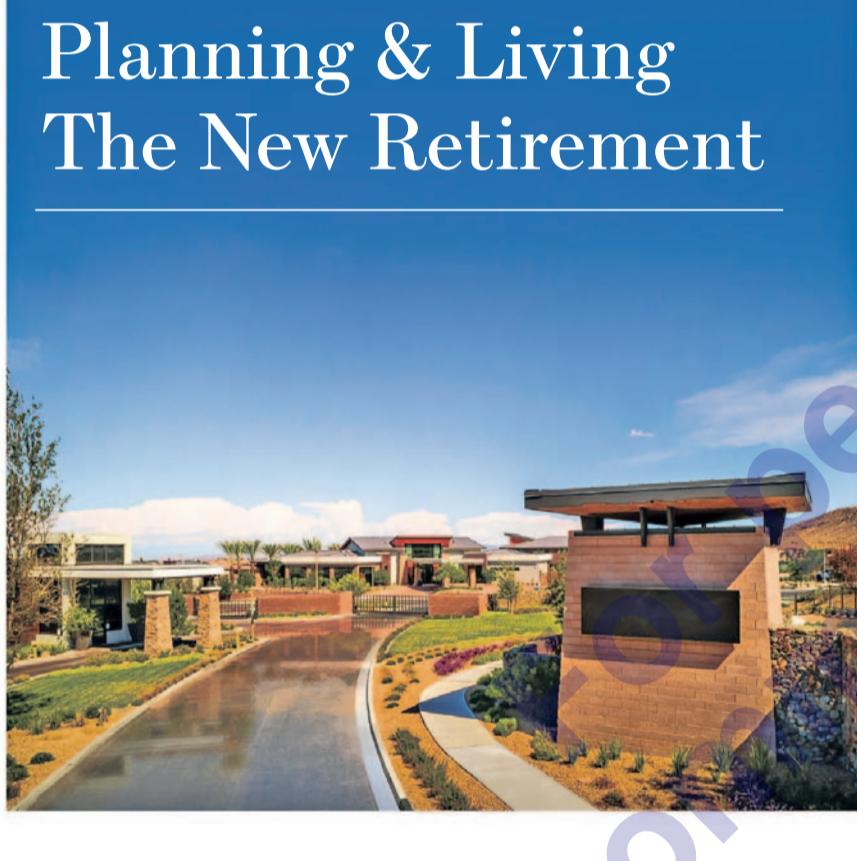
This penthouse is in a building with a roof deck and dog run. The 2,842-square-foot condo has views of the Space Needle, downtown, the bay and the mountains. There are three private terraces, one with a dining area and outdoor kitchen, a fire pit and a hot tub. There is a separate work studio and four parking spaces. Agent: Scott Wasner, Realogics Sotheby's International Realty

This 6,059-square-foot house in the Bluffview neighborhood, built in 2011, has a dog run and pet shower. Other amenities include a pool and spa, an athletic court, a gym, a media room and a three-car garage with a Tesla charging station. There are two fireplaces inside, one in the courtyard. The patio has a grill and fire pit. Agent: Summit Shah, Robert Elliott and Associates

This French chateau-style house has a dog room, dog-washing station and fenced dog run. The living room has a stone floor and gas-log masonry fireplace. French doors lead to a rear loggia. An elevator services the four floors. The master suite overlooks the pool. There is a two-bedroom guest cottage with garage. Agent: Pam Harrington, Pam Harrington Exclusives

ADVERTISEMENT

Distinctive Properties

To advertise: email sales.realestate@wsj.com or WSJ.com/classifieds

Journal Report coverage of retirement gives **5.5 million affluent readers** valuable information to plan for, celebrate and enjoy retirement. Amplify your message alongside relevant WSJ content focused on living the most fulfilling retirement possible, from tips on building and maintaining investments to an in-depth look at exemplary real estate.

Publish Date: April 23 | Close Date: April 16

Section: Journal Report: Encore

For advertising opportunities, please contact:
Deborah Falcone at deborah.falcone@wsj.com | 212.597.5790

**THE WALL STREET JOURNAL.
classifieds.wsj.com**

Photo Credit: NAHB Best of 55+ Housing Awards.
© 2018 Dow Jones & Company, Inc. All Rights Reserved.

CALIFORNIA



Pacific Oceanfront Get-a-way
Weekly-Monthly Vacation Rentals
(760) 516-1173
Pico Bello, LLC
<https://www.vrbo.com/847714>

California Stunning Luxury Home



Just outside Yosemite, Mariposa, 3BR plus office, 5BA, 6300 SQ FT on 191 acres. Custom see through kitchen & octagon view room. Stunning valley & mountain views. Outdoor spa & pool, overlooks lake & snow creek. 8 horse corral & guest house. 35 min. to park & ski. Offered Now \$2,875,000

Call or text Cary Gerken at (760) 328-2473
Cary@ThunderbirdOnly.com
CalBRE#00775154

FLORIDA

**Palm Beach**

229 RIDGEVIEW DRIVE
Built in 2014, this stunning contemporary estate features 4BR/4.2BA, transitional rich finishes, and hardwood flooring throughout. The bright and open layout features gourmet eat-in kitchen, family room, dining room, and living room with fireplace. Inviting outdoor spaces include swimming pool, loggia, and built-in grill.

Exclusive - \$6,950,000

Christian Angle Real Estate
www.anglerealestate.com

Christian J Angle at 561-629-3015
cjangle@anglerealestate.com

Thought information is believed to be correct, offerings are subject to errors, omissions, prior sale and withdrawal without notice.

NEW YORK

**Open Houses**
Sunday 3/18 1-4 pm

7 TRACY LN, MADISON, NJ OPEN HOUSE SUN 1-4
Just listed CH Col, 5BR, 3F/2HBA. Newly renovated top of the line Kit open to Family Rm w/WBFP. Beautiful Master ste & BA in rare cul-de-sac. \$1,225,000

29 WOODLAND RD, MADISON, NJ OPEN HOUSE SUN 1-4
5BR, 3 1/2 BA home w/beautiful property over 1/2 acre. Lovely patio w/bbq in grill & fpl. \$1,389,000

COLDWELL BANKER Residential Brokerage
180 Main St, Madison NJ  **Bernadette McDonough** 973.951.5859

DELAND, FL



794 Onyx Parkway - Custom Mediterranean waterfront home with 3,158 sq ft of living space, 4 BR/3 BA. Elevator, gourmet kitchen, pictureque views of Lake horseshoe. 55+ Gated Community. Centrally located to Orlando and the beaches. Offered at \$444,000.

Jalene Ferreira, Realtor
Charles Rutenberg Realty
386.804.0050
jalene@jalenesells.com

**BEDFORD, NY**

HONEY BUCKET FARM
Gated drive to over nine level acres. Stunning Shingle Colonial Estate with over 7,900 square feet of detailed living space. Sun-filled Living Room with Fireplace. Library with Fireplace. Formal Dining Room. Butler's Pantry. Country Kitchen open to Family Room with Fireplace. Four Bedrooms plus one Bedroom Guest House. Heated Garages for six cars. Private and serene setting. Choice of pool sites. On the Bedford Riding Lanes. \$2,965,000
(914)234-9234 **Ginnel** www.ginnel.com

MARYLAND

**Rare Bay Colony Island Estate Home**

REAL ESTATE AUCTION
FORT LAUDERDALE, FL THURS., MARCH 29 @ 11 ET

800.331.6620
www.fisherauction.com
FL LIC# AB106, AU93 | 2% Broker Participation
AUCTION SUBJECT TO TERMS OF SALE

TEXAS

RANCHLAND

20 to 100 acres, \$0 Down, From \$138 per/mo.

Prices range from \$17,900 - \$54,900. Roads.

No Qualifying, Money Back Guarantee.

Near I-10 and 1 hour from El Paso, TX.

Call Jerry at 888-777-2759 or 561-665-0201 cell
www.texasranchdeals.com

VIRGINIA

Best Land Deal in VA

1,146 acres SW Virginia - Saltville Bordered by National Forests

Nutrient Bank Valued + \$800,000

Great Buy - only \$870 per acre

Call John @ (434) 665-4049

NEW HAMPSHIRE

Consider New Hampshire...

No Sales Tax No Inheritance Tax
No Income Tax No Capital Gains Tax

Lake Winnipesaukee Homes

www.SueBradley.com

SusanBradley@metrocast.net

WOLFEBORO

New construction in desirable Delings Cove.

4 En-suite bedrooms, Fireplace, Gourmet Kitchen, Views, Central Air, Generator, Dock

\$1,945,000

GILFORD

Stunning Adirondack, 3 bedrooms Majestic views, Outstanding quality and detail, Patios, Dock, Fireplaces

\$1,299,000

GILFORD

Phenomenal Contemporary on a sweeping lot

Sandy Beach, Multiple docks, Carriage House

Eight garages, 350+ feet waterfront, Gym

Theater, Summer Kitchen, Game Room,

Billiard Room

\$10,000,000

Susan Bradley, GRI, CRS, ABR

Coldwell Banker RB

603.493.2873 • 603.524.2255 ext.2810

PALM BEACH

UNIQUE OPPORTUNITY

Approx 1/2 acre prop. N of Breakers. Home, pool & guest house steps from ocean with deeded beach access. Principals Only.

Contact: Marcia Schachter

Schachter Realty

561-329-7763

MANSION

AGENTS' GREAT DEALS—FOR THEMSELVES

Continued from page M1

and often benefit when it comes time to sell.

Unlike doctors or lawyers, who should not treat or represent themselves, many real-estate professionals buy and sell their own homes. Under the code of ethics and standards of practice of the National Association of Realtors, they are required to disclose personal interest in a sale or purchase. Beyond that, there are few restrictions, and agents' houses are often among the finest in the area.

Susie Johnson, an agent with Coldwell Banker Gundaker in the St. Louis metro area, kept close tabs on a listing in suburban Chesterfield, Mo., for nearly a year. She predicted a series of price reductions before pouncing after the slow, winter selling season: She

'Any real estate I ever purchase, I purchase with an eye to resale.'

—New York City agent Darren Sukenik

and her husband, Art, bought the six-bedroom home in 2010 for \$1.3 million, well below the initial asking price of \$1.6 million.

Ms. Johnson, 65, said she knew the Chesterfield real-estate market would gain in value because it had been recently zoned for retail development.

"I knew at that time the area was going to be a hub," she says, adding that she now lives less than a mile from a Whole Foods Market, a Starbucks and a waterfall with ducks that she visits with her grandchildren.

Real-estate agents have an edge over regular home buyers, she feels, in "really reading the market, really knowing when the timing is good and when you can get more house for the money."

Billy Rose, founder and president of The Agency, a boutique real-estate brokerage firm in Beverly Hills, Calif., likes his 1940 Streamline Moderne house so much that he practically bought it twice. He first purchased the distinctive 4,200-square-foot, five-bedroom home in the Westwood Hills in 2003 for \$1.2 million because he loved its stately, white and glass architecture, light-filled rooms and lush backyard.

Mr. Rose renovated the house and raised his family there for about a decade, when his marriage fell apart. After another few years, in which his former wife lived in the home, Mr. Rose renovated again to sell the house, asking an agent from his firm to handle the \$3.95 million listing. At the first open house last year, Mr. Rose joined the agent to get a feel for prospective buyers. Instead, he fell back in love with the property. He decided to keep it, refinance it to buy out his former wife and move back in. At that point, three prospective buyers had entered a bidding war that pushed the sales price to over \$4 million.

In the end, Mr. Rose removed the listing but still had to pay his ex-wife the amount she would have received had they sold to the highest bidder and a commission to the agent for his time. He is now renovating for the third time, updating amenities while carefully preserving period features—in case he ever does sell.

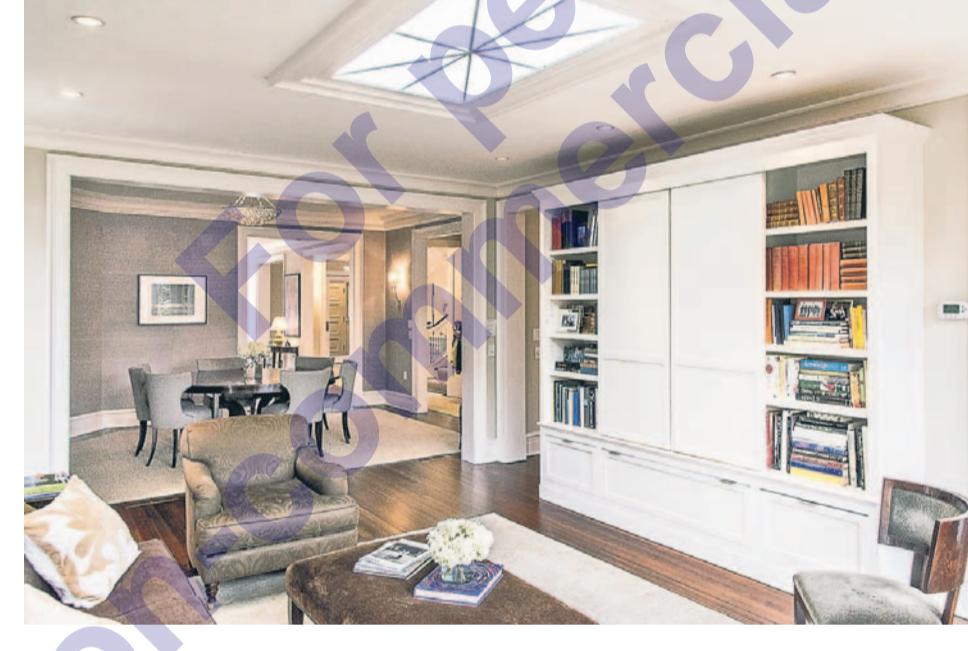
Knowing what sells guides real-estate professionals' own design decisions. Darren Sukenik, an estate agent with Douglas Elliman in New York City, lives in a stylish 2,500-square-foot, three-bedroom West Village condo with his husband, Eric Rogen, and their four-year-old dog, Hamilton. Walls are white and floors are black, a timeless palette that Mr. Sukenik says sells better than vibrant or gender-specific colors. Walls are polished plaster because lower Manhattan home buyers dislike wallpaper, according to Mr. Sukenik.

"I practice what I preach," says Mr. Sukenik, 46. "Any real estate I ever purchase, I purchase with an eye to resale."

Mr. Sukenik bought a condo in the building 12 years ago for \$1.4 million and later combined it with an adjacent unit he bought in 2015 for \$2.5 million. With both transactions and the renovation, he benefited from professional instinct and connections. Mr. Sukenik bought the first apartment preconstruction, predicting that the southern edge of the West Vil-



BREEZY Clockwise from top left, the dining room, courtyard and entryway of Billy Rose's 1940s home in the Westwood area of Los Angeles. The 4,200-square-foot home has five bedrooms.



COZY Michael Rankin and Mark Green's 7,000-square-foot home in the historic Georgetown neighborhood of Washington, D.C., was built in 1903. Above, the kitchen and family room.



SUNNY An elaborate staircase leads, left, to a loft in Art and Susie Johnson's six-bedroom home in the St. Louis metro area. Above, the stone fireplace in the living room.

lage—"fringy" at the time, he recalls—would become an upmarket area. He also felt his would be one of few full-service condominium buildings in the area, giving it a premium in the market.

Beverly Hills, Calif.-based agent Pate Stevens knows so much about construction that he could question and overrule the contractor when building his weekend home last year. In December, Mr. Stevens, who sells luxury properties

for Nourmand & Associates in Los Angeles, completed a 3,200-square-foot, Midcentury Modern home on a Country Club golf course in Palm Springs.

Mr. Stevens, a widowed father of two girls, 10-year-old Tyla and 8-year-old London, built the three-bedroom house to give the children a place to play outside and ride their bikes or Barbie golf carts. He loved the mountain views of the 14,000-square-foot lot and

the floor plan by Horsham, Pa.-based home builder Toll Brothers.

But after a rainstorm, when the pool did not drain and the spa stopped working, Mr. Stevens says he persuaded the contractor to install a release valve, rather than a submersible pump, which solved the problem. Mr. Stevens, 54, also corrected a design flaw in the overhang above his large back patio, diverting the drainage to the side of the house to prevent water from

hitting and staining the deck. Helped by a background in interior design and two decades in real estate, Mr. Stevens asked for an itemized breakdown of building costs for the \$1 million home. He negotiated prices of some items and found lower-priced alternatives for others, including the white-tiled wall around his fireplace.

"One thing about being a real-estate agent," he says, "is knowing the cost of things."