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What's News

Business & Finance

Chinese regulations aimed at reducing financial risk have rattled markets, pushing down stock and commodities prices. **A1**

◆ A House panel voted along party lines to approve a GOP-backed plan to undo significant parts of the 2010 Dodd-Frank law. **B1**

◆ Federal prosecutors have begun a criminal investigation into Uber's use of software that helped drivers avoid local regulators. **B1**

◆ The U.S. posted a \$7 billion trade deficit with Mexico in March, the widest since 2007, amid a decline in the value of the peso. **A2**

◆ Société Générale agreed to pay \$1.1 billion to settle claims it paid bribes to win business from Libya's sovereign-wealth fund. **B10**

◆ Fox News employees have been interviewed by federal authorities in an inquiry into sex-harassment settlements and alleged intimidation. **B2**

◆ CIBC again sweetened its offer for PrivateBancorp, valuing the Chicago-based bank at \$4.9 billion. **B10**

◆ Avon's CEO faces new pressure following a surprise loss that sent the cosmetics firm's stock tumbling. **B3**

◆ The S&P 500 inched up as gains in consumer shares offset an energy-sector slide. The Dow lost 6.43 points. **B11**

◆ U.S. refiners are flooding the market with gasoline, intensifying the decline in oil prices. **B11**

◆ A Goldman fund agreed to buy a stake in energy-investment firm Riverstone. **B2**

World-Wide

◆ House Republicans repealed most of Obama's health-insurance law in a 217-213 vote. The bill now faces a Senate showdown and is likely to undergo significant revisions. **A1, A4-5**

◆ Trump signed an expansion of religious rights, a move that has the potential to reshape the role of religion in American public life. **A3**

◆ The Senate sent Trump a \$1.1 trillion bill that will fund the government through Sept. 30 and avert a partial shutdown this weekend. **A6**

◆ Iraqi forces opened a new front against Islamic State in Mosul in a bid to drive the militants out of their last bastion in the historic Old City. **A8**

◆ Russia, Turkey and Iran signed a deal to create "de-escalation zones" in Syria, but the U.S. voiced concern about Iran's participation. **A8**

◆ The administration moved to toughen U.S. vetting of foreigners, proposing new authority to allow more-intrusive questions of visa seekers. **A6**

◆ Texas legislators approved a bill barring municipalities and police departments from adopting sanctuary policies. **A6**

◆ Trump said he has worked out his disagreements with Australia's Turnbull, as the two men met in New York. **A16**

◆ French prosecutors began a probe into a suspected attempt to smear presidential candidate Macron. **A16**

◆ Noise pollution is drowning out the natural quiet of many wilderness areas and parks, a study found. **A3**

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House Passes GOP Health-Care Bill

Troubling signs from insurers this week influenced the debate **A5**

New bill now faces challenges in the Senate **A4**

After Trump's win, GOP weighs its balance sheet **A4**

EVAN VUCCI/ASSOCIATED PRESS (PHOTOS)



President Donald Trump and House Speaker Paul Ryan (R., Wis.) celebrate their win.

\$839B \$8B 14

The bill's cuts to Medicaid-expansion subsidies

Additional funding for high-risk insurance pools

Republicans from districts won by Hillary Clinton who voted for the bill

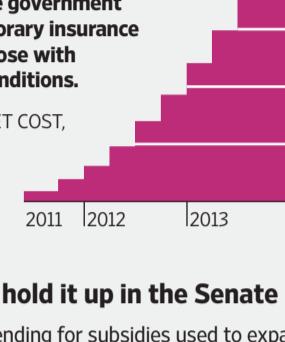
Sources: Kaiser Family Foundation (pre-existing costs); Gallup (uninsured rates)

What helped the bill pass the House

The addition of \$8 billion for high-risk pools if states allow insurers to charge more for pre-existing conditions. But some argue that won't be enough.

Before the Affordable Care Act rules took effect, the government funded a temporary insurance program for those with pre-existing conditions.

CUMULATIVE NET COST, IN BILLIONS



What could hold it up in the Senate

The bill cuts spending for subsidies used to expand Medicaid. States that expanded eligibility saw bigger declines in uninsured rates.

Uninsured adults, by Medicaid expansion status



WASHINGTON—House Republicans repealed most of President Barack Obama's signature health-insurance law Thursday in a tight vote, handing President Donald Trump his first legislative victory and vindicating GOP leaders who failed twice before to pass a bill.

By Kristina Peterson, Michael C. Bender and Stephanie Armour

The vote to overhaul the U.S. health-insurance system also set up a second showdown, this one in the Senate, where the bill faces difficult prospects and is expected to undergo significant revisions.

The 217-213 House vote came more than a month after Speaker Paul Ryan (R., Wis.) was forced to withdraw the bill to avoid its collapse on the House floor. Late lobbying and amendments in the past week allowed House Republicans to finally clear the measure to roll back and replace much of the Affordable Care Act.

On Thursday, Mr. Trump was exuberant after the vote.

"It's going to be an incredible victory when we get it through the Senate," he said at a news conference in the White House Rose Garden.

"Welcome to the beginning of the end of Obamacare," said Vice President Mike Pence.

No Democrats backed the bill, and 20 Republicans, many from political swing districts, voted against it.

The passage allows House Republicans to argue that they have delivered on the party's promise to overturn the ACA.

Please see HEALTH page A4

A Bet on More Winners Than Losers

BY STEPHANIE ARMOUR

The House Republican health bill is driven by one big idea: Insurers and markets,

ANALYSIS rather than government, should be empowered to find ways to provide health insurance to a broad set of people at afford-

able prices.

The bill that narrowly passed the House on Thursday creates a mechanism to free insurers to sell a wider variety of products—including less-comprehensive plans now barred by law—and to price them in new ways, potentially raising premiums for older and sicker Americans.

The bill ends the requirement that individuals carry insurance or pay a penalty, substituting a price increase for those who choose to go without coverage and buy it later. It gives states more freedom to experiment with their Medicaid programs.

Republicans are betting that these changes will engen-

der competition, draw healthier people into the insurance pool and cut premium prices overall. Democrats, who uniformly opposed the bill Thursday, said many participants and providers in the health system will face higher costs and be worse off than under the Affordable Care Act, com-

Please see IMPACT page A5

Risk Curbs Rattle Chinese Markets

BY LINGLING WEI AND CHAO DENG

BELIJING—A wave of regulations aimed at cutting risk in China's financial system is rippling through the country's markets and sending banks and companies scrambling for funds.

During the past month, Chinese shares have fallen nearly 5%, draining almost half a trillion dollars out of the country's markets. Bond yields have shot up to their highest levels in two years, and bond defaults hover at record levels. The uncertainty has also weighed on metals and commodity prices, already hurt by doubts around China's growth momentum. The price of iron ore plunged 8% on Thursday, the daily trading limit.

Investors blame the volatility on a host of measures Chinese

authorities have rolled out to curb runaway debt levels, from raising the cost of short-term funds to measures that are prompting banks to unwind hidden loans and securities. A particular target is high-risk, high-yielding investment products that banks have used to boost returns, but that regulators say may conceal dangerous amounts of risky lending.

Regulators are responding to prodding from Chinese President Xi Jinping, who issued a call for financial stability ahead of a major power reshuffle later this year, and just last week warned finance officials not to miss "a single risk" or "hidden danger."

The market turbulence will test Beijing's resolve in tackling China's snowballing debt, especially if it looks like regulators'

Please see CHINA page A2

Prince Philip, at 95, Retires From Public Life



PRINCELY PENSIONER: Prince Philip, husband of Queen Elizabeth II, will retire from royal duties in the fall, Buckingham Palace said Thursday, marking the end of a public life spanning nearly seven decades. **A8**

Want Good Seats at Berkshire's Meeting? Get Creative

* * *

Fans camp out, use auxiliary doors, run up stairs to be near Buffett

BY NICOLE FRIEDMAN

Justin O'Kane has perhaps the most elaborate plan in the world to watch Warren Buffett munch on peanut brittle, answer shareholder questions and share life lessons.

Mr. O'Kane, 49 years old, first flies from Melbourne, Australia, to Los Angeles and then to Omaha, Neb., a trip of about 20 hours.

Instead of staying at an

Omaha hotel, the Australian investment manager stays in Council Bluffs, Iowa. The Council Bluffs gambit, he says, saves him time because it's closer to the CenturyLink Center—where Mr. Buffett's Berkshire Hathaway Inc. holds its annual meetings.

On Saturday, he's up by 3 a.m. and arrives at the convention center by 4 a.m. to secure a good spot in line. He uses an entrance for upstairs seating

that, he says, saves him about 20 seconds. He positions himself near a middle door because, he says, the outer ones sometimes don't open right away.

When the arena opens at 7 a.m., he dashes down a flight of stairs, across the arena, up another set of stairs and past the front two rows to his favorite seats—all while songs such as Pink Floyd's "Money" blare

Please see SEATS page A9

INSIDE

TV AD WORRIES HIT MEDIA STOCKS

LOFTY SALES FOR ARTISTS' HOMES

MANSION, MI

THE GREAT PRODUCTIVITY SLOWDOWN

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HEDGE-FUND ACE GETS BURNED IN SILICON VALLEY

After years of success, Wellington's Nick Adams dove into startups; apology and refunds

BY ROB COPELAND AND PETER RUDGEAR

For a solid decade, Nick Adams averaged 28% annual returns on the money he managed for a secretive trillion-dollar investment firm.

Then he fell in love with Silicon Valley venture deals. That's when things took a very different turn.

Today, the Wellington Management Co. star has been reduced to steps unthinkable for most hedge-fund managers. He is admitting mistakes and apologizing. He has even agreed to refund fees, according to investors.

The travails of Mr. Adams, a 56-year-old descendant of the second U.S. president, has riveted Wall Street and startup circles. Wellington,

with \$1 trillion under management, is one of many old-guard investors, including giants such as Fidelity Investments and Tiger Global Management, that piled into startup technology companies in recent years trying to strike gold with the next Facebook Inc. The new money helped push investments in venture-backed companies to \$77 billion in 2015.

The frenzy has since faded, turning Mr. Adams's misadventures into a cautionary tale about chasing Silicon Valley riches. Venture-capital investment plummeted 42% last year, putting pressure on existing investments by making it harder to attract new money at higher valuations. Fewer companies are filing

Please see FUND page A9

U.S. NEWS

Trade Gap With Mexico Grows as Peso Falls

BY JOSH MITCHELL

WASHINGTON—President Donald Trump's tough talk on Mexico might have had an unintended effect: Fear of a trade war pushed down the value of the Mexican peso, increased the U.S.'s appetite for subsequently cheaper Mexican goods and widened the U.S. trade deficit with its southern neighbor, the opposite of Mr. Trump's objectives.

The U.S. posted a \$7 billion trade deficit in goods with Mexico in March, the highest since November 2007, the Commerce Department said on Thursday.

The \$28.1 billion in Mexican products shipped across the border—including cars, avocados and other items—marked a high.

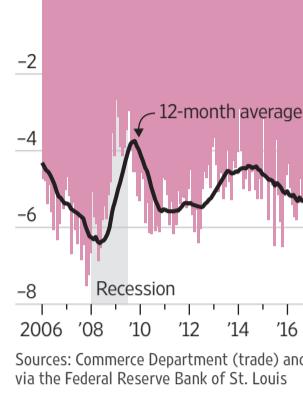
The trade deficit with Mexico leapt 14% in the first quarter of this year compared with the same period a year earlier.

That was at least partially because of a decline in the

Widening Gap

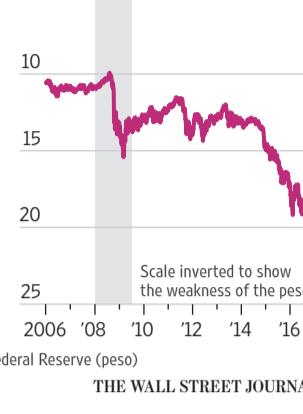
In March, the U.S. goods-trade balance with Mexico hit its widest point since the recession, as a falling peso made Mexican goods cheaper for Americans.

U.S. goods-trade balance with Mexico



Sources: Commerce Department (trade) and Federal Reserve (peso) via the Federal Reserve Bank of St. Louis

How many pesos one U.S. dollar buys



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peso, which is down more than 8% against the dollar this year.

The peso declined after Mr. Trump's election victory in November and tumbled again starting in January as the

president's tough rhetoric appeared to rattle investors.

Mr. Trump pledged during his campaign to make Mexico pay for a border wall, and he has repeatedly threatened to revamp or even cancel the

"The United States can no longer sustain this inflated trade deficit with our closest trading partners," Commerce Secretary Wilbur Ross said.

"The Trump administration is committed to rebalancing our trade relationships in order to protect American workers and businesses from lopsided trade relationships," Mr. Ross added.

The increase in the deficit could be temporary.

The peso has stabilized in recent weeks, and Mr. Trump recently backed off a threat to pull out of Nafta, indicating that the administration would seek mostly modest changes to the agreement in talks with Mexico and Canada.

Mexico is the third-largest U.S. trading partner in goods, and the factories of the two nations are closely intertwined.

Among the biggest buyers of Mexican goods in the U.S. are manufacturers importing parts for their products.

In this way, improving health of U.S. factories, who are benefiting from steady demand domestically and abroad, is another factor likely driving up the deficit with Mexico.

The top Mexican exports to the U.S. are cars, machinery and medical equipment, according to the U.S. trade representative.

In Mexico, manufactured exports, which make up 90% of the country's total exports, were up 9.2% in the first quarter from the year-earlier period at \$83.6 billion.

More than a third of the exports were autos and auto parts, although exports of processed food and electronics goods have also seen strong growth.

Overall, the U.S. trade gap with other countries has widened this year compared with a year earlier, in a sign of a steadier global economy.

The U.S. trade deficit in goods and services expanded 7.5% in the first quarter compared with the same period in 2016 as exports and imports each climbed about 7%, the Commerce Department said.

—Anthony Harrup
in Mexico City
contributed to this article.

U.S. WATCH

VETERANS AFFAIRS

Agency May Close 1,166 Buildings

The Department of Veterans Affairs is considering shutting down more than a thousand vacant or underused buildings at VA facilities across the country, as part of a Trump administration streamlining initiative, the head of the department said Wednesday.

VA Secretary David Shulkin told a House subcommittee his department is considering closing or re-evaluating the use of 1,166 underused or vacant buildings at the VA in a process that could resemble the Defense Base Closure and Realignment Commission system, known as BRAC, used by the military to determine which facilities to shed.

The VA has nearly 2,000 facilities across the nation, according to the department's online database, and many have multiple buildings. The VA couldn't immediately provide a total number of buildings it operates nationwide.

—Ben Kesling

ECONOMY

Weekly Jobless Claims Fall Sharply

The number of Americans applying for first-time unemployment benefits fell sharply last week to one of the lowest levels since the 1970s, the latest sign the labor market is tightening.

Initial jobless claims, a proxy

for layoffs across the U.S., declined 19,000 to a seasonally adjusted 238,000 in the week ended April 29, the Labor Department said Thursday. Economists surveyed by The Wall Street Journal had forecast 248,000 new claims.

Estimates of jobless claims are volatile, but they generally have hovered near four-decade lows in recent months, indicating employers are expanding payrolls or holding steady rather than laying off workers.

The four-week moving average of initial claims, considered a more-reliable measure because it evens out volatility, rose 750 last week to 243,000, still a historically low level.

—Josh Mitchell
and Jeffrey Sparshott

GEORGIA

Drug-Center Rules Target Nonresidents

Georgia is increasing regulation of addiction treatment centers, prompted by complaints from northwest Georgia lawmakers and residents that programs there largely treat people traveling from other states.

New patients receiving methadone must take their doses at a treatment center and are allowed to take only a few doses home after passing drug tests and completing other forms of treatment.

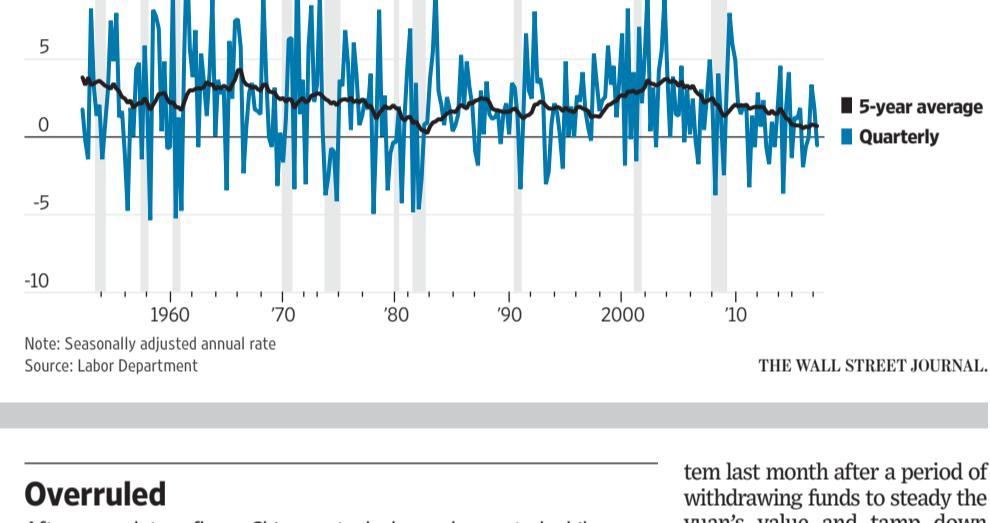
Georgia leads the South in the number of treatment centers with 71. Florida, with twice the population, has 69.

—Associated Press

U.S. Productivity, Past and Present

Weak productivity gains are clouding the broader economic outlook. Productivity, or how many goods and services U.S. workers produced per hour, fell at an annual rate of 0.6% in the first quarter from the prior three months, the Labor Department said, the worst performance in a year. Since World War II, productivity has averaged a 2.2% rate. In the past five years, it's only 0.6%, one factor behind stagnant household incomes.

—Jeffrey Sparshott



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CHINA

Continued from Page One

crackdown is jeopardizing short-term growth. If they can withstand the short-term squeeze and continue to push it through, the effort will help put China's economy on a sounder footing longer term.

Banks—especially small and midsize lenders—sell the risky investment products to Chinese savers, then lend the funds to outside asset managers who invest them in bonds, stocks and loans. The lenders make money from the difference between what they pay their investment clients and what they get from the outside managers.

But since these products aren't logged as loans or other assets on their balance sheets, banks have to set aside little or nothing for potential losses associated with them. That leaves banks more exposed to risk and shows their financial position as stronger than it really is. The maneuvering also encourages leveraged purchases of securities by asset managers and enables banks to continue funding troubled customers, such as property developers with excess inventory.

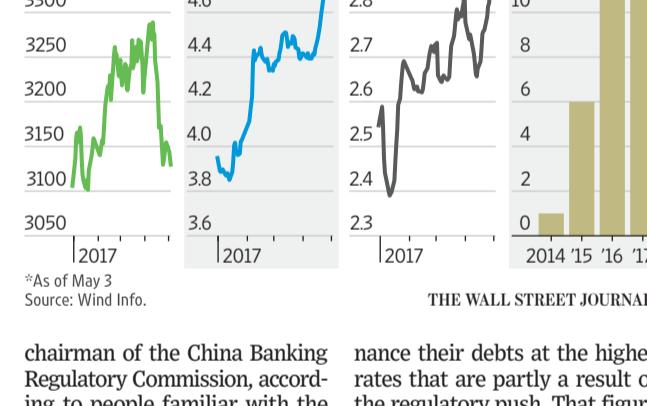
Such grey-area investments reached nearly 20 trillion yuan (\$2.8 trillion) at the end of last year, says Fitch Ratings, or about 26% of China's gross domestic product in 2016, up from less than 10% three years earlier. They now represent an average of 19% of small and midsize banks' total assets, compared with about 1% for big state banks, according to Fitch.

China's new top banking cop illustrated regulators' sense of urgency at an internal meeting late last month.

"Strong medicine must be prescribed," said Guo Shuqing,

Overruled

After a regulatory flurry, Chinese stocks have plummeted while funding costs and defaults in China are on the rise.



chairman of the China Banking Regulatory Commission, according to people familiar with the matter. "If the banking industry gets into a mess," he added, "I will resign."

In addition to Mr. Guo's directives, the People's Bank of China is threatening to penalize banks for expanding credit too aggressively and the securities and insurance watchdogs have targeted the buying of stock with borrowed funds and speculative insurance products.

The moves represent a rare united front by regulators who often have acted in isolation and sometimes at cross-purposes. However, analysts and officials fear the sudden regulatory wave might be too strong.

Banks' rush to scale back off-book investments and draw down new lending is draining liquidity from both markets and the overall economy, resulting in higher funding costs and a rise in defaults.

As of the end of April, a dozen companies from steelmakers to construction firms this year have defaulted on their corporate bonds, unable to refi-

nance their debts at the higher rates that are partly a result of the regulatory push. That figure matches the record hit during the same period last year, when the economy was under greater pressure.

The tightened regulatory scrutiny is also contributing to a plunge in prices of Chinese metals as investors worry that the

market momentum stalls later in the year, as expected.

Past efforts by China's financial regulators to tackle banks' off-book practices haven't stuck,

mainly because of fears of jolting the banking system and hurting economic growth.

For now, many banks, including listed lenders such as Industrial Bank Co. and China Citic Bank, are starting to sell off the underlying assets of their investment products, in particular bonds and money-market funds, according to people familiar with the matter.

Press officials at Industrial Bank didn't respond to requests for comment. In a statement, China Citic said the bank hasn't redeemed those investments "on a large scale."

A lot of selling by banks has involved corporate bonds, the people said, which is pushing up companies' funding costs.

In April, Guizhou Guilong Industrial (Group) Ltd., a financing company owned by the government of Guizhou province, agreed to pay an annualized 7.8%

interest rate to raise 500 million yuan from a bond sale. The double-A-minus-rated company had expected to pay a rate of 4.2%, according to its bond prospectus.

—Grace Zhu contributed to this article.

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CORRECTIONS & AMPLIFICATIONS

Mutual funds held about \$14 billion of Puerto Rico's bonds outstanding as of March, according to Morningstar Inc. In some editions Thursday, a sidebar accompanying a Page One article about Puerto Rico's standoff with creditors incorrectly said the amount was about \$10 billion.

Justice Department officials said Wednesday that no federal charges would be filed against

Baton Rouge, La., police officers Blane Salamoni and Howie Lake II for the shooting death of Alton Sterling last July. In some editions Thursday, a U.S. Watch article incorrectly said the officials announced the decision on Tuesday.

Facebook Inc. posted a 76% rise in first-quarter profit. In some editions Thursday, a Page One What's News summary incorrectly gave the figure as 79%.

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

U.S. NEWS

Trump Signs Religious Rights Order

BY LOUISE RADNOFSKY
AND IAN LOVETT

WASHINGTON—President Donald Trump signed an expansion of religious rights, a move that has the potential to reshape the role of religion in American public life but disappointed some conservative allies who had expected more far-reaching measures.

In an executive order announced in a Rose Garden ceremony Thursday morning, Mr. Trump rolled back restrictions on political activity by houses of worship, declaring "it is the policy of the administration to protect and vigorously promote religious liberty."

The order also instructed agencies to consider waiving for religiously affiliated employers a requirement that their health-insurance plans include coverage for contraception.

"For too long, the federal government has used the power of the state as a weapon against people of faith, bullying and even punishing Ameri-

The president's move was less sweeping than some conservatives had expected.

cans for following their religious beliefs," Mr. Trump said. "No American should be forced to choose between the dictates of the federal government and the tenets of their faith."

The order was one of the most coveted prizes for conservative Christians, whose overwhelming support for Mr. Trump helped launch him into the White House.

Family Research Council President Tony Perkins praised the move as a "significant first step."

Still, it was less expansive than a draft order leaked in February, and the American Civil Liberties Union, which had threatened a lawsuit before its details were released, backed down by the end of the day.

"Today's executive order signing was an elaborate photo-op with no discernible policy outcome. After careful review of the order's text we have determined that the order does not meaningfully alter the ability of religious institutions or individuals to intervene in the political process," said ACLU Director An-

THONY D. ROMERO.

Ryan Anderson, a research fellow at the Heritage Foundation, a conservative think tank, wrote that Mr. Trump had "failed to stand up for commonsense policy on religious liberty when liberal opponents lashed out against it."

Attorney General Jeff Sessions will now begin the process of setting new guidelines for how federal agencies must accommodate religious beliefs, the president said Thursday. By turning to Mr. Sessions, the president is effectively delaying making some controversial decisions.

Among the areas of contention not immediately addressed: whether religiously affiliated health-care providers and social-services agencies must allow adoptions by same-sex couples, provide access to abortion or allow transgender people to use facilities for the gender with which they identify, rather than the one assigned to them at birth.

The order effectively instructed the Internal Revenue Service to stop enforcing the Johnson Amendment, a decades-old section of the federal tax code that bans tax-exempt organizations such as churches from endorsing political candidates, though it is rarely enforced.

But among conservative Christians, there was a split between those who hailed the order as the most important step forward for religious liberty in decades, and those frustrated that the executive order didn't go further.

Gregory S. Baylor, senior counsel with Alliance Defending Freedom, a conservative legal organization, said he was "disappointed."

The White House also still faces pushback on the order from liberal groups.

Gay-rights leaders said they expected it would ultimately lead to discrimination against gays and lesbians. "This is clearly Trump punting the question of the scope and nature of religious exemptions for a couple weeks or even months," said Sarah Warbelow, a lawyer for Human Rights Campaign, an LGBTQ rights group.

"A concern is that the president has washed his hands of this, while ensuring that many pieces that were in the leaked executive order potentially come to fruition," she said.

—Richard Rubin

contributed to this article.



A recording station, above, captures sounds at Alcatraz Island in California. Below, a researcher in Olympic National Park, Washington.

Noise Pollution Invades Park Lands

BY ROBERT LEE HOTZ

Noise from aircraft, traffic and commercial development is drowning out the natural quiet of many wilderness areas and parks, according to a new analysis of noise pollution in U.S. protected lands made public in Science on Thursday.

The sounds of people on the move or at work are "pervasive" in public lands set aside for recreation, resource conservation and respite from the din of daily life, said scientists at Colorado State University and the U.S. National Park Service who analyzed noise levels at 492 federal, state and local parks.

They calculated that the sounds people make—from the racket of ringing phones and the rumble of road traffic, to the clatter of mining, drilling and logging—have raised the levels above natural back-

ground noise in two-thirds of U.S. protected areas, with adverse consequences for wildlife and for the 300 million or so people who seek the tranquil hush of park lands every year.

"The din of modern life extends into protected areas," said acoustic biologist Megan McKenna at the Natural Sounds and Night Skies Division of the U.S. National Park Service in Fort Collins, Colo., who joined in the project.

The study arises from a growing appreciation of the effects of excess noise on human health and wildlife behavior.

To quantify the human contribution to park noise, the researchers led by Colorado State University conservation biologist Rachel Buxton created a computerized national soundscape that approximated the level of noise during an average summer day. They col-

lated and analyzed millions of hours of park-land sound recordings. They fed the acoustic data into a computer algorithm that combined it with dozens of landscape variables to calculate how much extra noise people added.

Overall, they found that, depending on the locale, human activity boosted noise levels up to 10 decibels above natural levels.

For comparison, sounds in cities often exceed 65 decibels—about the level of a running air conditioner. In natural settings, sounds rarely exceed 40 decibels—about the noise level of a babbling brook. The quietest parks have a background noise level of less than 20 decibels.

Road traffic and aircraft were the biggest sources of park noise, Dr. Buxton said.

In an independent study of air traffic in national parks in

2010, researchers at Colorado State found that overflights of Grand Canyon National Park had grown to about 55,000 a year, with more than 100 helicopters in the air over the canyon on the busiest days. Sound levels in spots reached as high as 76 decibels, they said.

The impact of noise on wildlife worries conservation biologists. Noise pollution can deafen fish, scare off animals, and muffle the sound of mating calls among wild birds, hindering their ability to hunt for food or to warn each other about predators.

"They can no longer hear these calls," said avian behavioral ecologist Christopher Templeton at Pacific University in Oregon, who studies the effects of noise on birds in the U.S. and Europe.

Other birds sing louder to be heard or flee the noisy area entirely.



Natural Healing: Sounds Aid Humans

Psychologists are discovering that natural sounds—from the wind rustling the trees to the warble of songbirds—have benefits for humans, and can lower stress, elevate mood, boost cognitive abilities and perhaps enhance healing.

Jonas Braasch, a musicologist at the Rensselaer Polytechnic Institute, found that office workers listening to the burble of a flowing mountain stream while taking tests not only performed better, but also reported feeling more positive about their surroundings, compared with those who listened

to normal office noise or a background recording of white noise. "They were more patient and avoided more errors," he said. "Nature sounds can have a restorative effect on our cognitive abilities."

Listening to nature also may help people recover more quickly from stress or trauma, according to a 2015 study by Pennsylvania State University psychologists. They tested how people reacted to a disturbing video of surgery. Those who listened to a recording of natural sounds recovered their good mood more quickly than those who listened to a tape of the same natural noises with human-made sounds, such as voices and cars, added to it.

—Robert Lee Hotz

New Treatment Benefits Opioid Babies

BY JEANNE WHALEN

Amid soaring U.S. birthrates of infants exposed in the womb to heroin and other opioids, physicians are stepping up research into the best treatment methods.

Because the babies became dependent on the drugs their mothers were taking, doctors often give them medication to ease the painful withdrawal symptoms they undergo after birth. Typically doctors administer morphine.

A new study in the New England Journal of Medicine shows that a different drug,

buprenorphine—a medication used to curb opioid cravings in adult addicts—might be a better option.

The study, of 63 infants born with a dependence on opioids, found that those treated with buprenorphine required fewer days of medication and shorter hospital stays than those given morphine.

The median duration of medication treatment was 15 days with buprenorphine versus 28 days with morphine, while the median hospital stay was 21 days versus 33 days. Rates of side effects in the two

groups were similar.

"I think we've demonstrated buprenorphine is the best medication for the task," said Walter Kraft, one of the leaders of the study and a professor of pharmacology, medicine and surgery at Thomas Jefferson University in Philadelphia.

The study was funded by the National Institutes of Health, which along with other public-health bodies is scrambling for better treatment options as cases of the infant condition, neonatal abstinence syndrome, known as NAS, soar.

The problem has been particularly grave in rural areas, where NAS births grew more than sixfold between 2004 and 2013, versus more than threefold in urban areas, according to a study published in December.

Over that period, cases of the syndrome grew from 1.2 to 7.5 per 1,000 hospital births in rural areas, and from 1.4 to 4.8 per 1,000 hospital births in urban areas.

Hospitals that once saw few opioid-dependent newborns are now treating dozens a year. NAS babies often suffer from tremors, high-pitched crying, slow weight gain and seizures, problems that can delay their growth.

Some two-thirds of NAS babies require medication, though Dr. Kraft and other physicians cautioned that medication is only one piece of the treatment puzzle. Hospitals also swaddle the babies, give them frequent, calorie-dense feedings and keep them in quiet, low-lit rooms to minimize irritation.

Ensuring that the birth mother is nearby and breastfeeding, where possible, can also improve the infant's recovery, depending on the mother's health and the state of her addiction, said Robert Schumacher, professor of pediatric neonatology at University of Michigan C.S. Mott Children's Hospital in Ann Arbor, who wasn't involved in the new study.



A new study identified a better option than morphine for treating infants exposed to opioids.

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THE HEALTH-CARE BILL

The GOP's Balance Sheet After Health Vote



CAPITAL JOURNAL

By Gerald F. Seib

Of Thursday's vote on health care, a cynic might say: House Republicans wanted to repeal and replace Obamacare in the worst way, and that's what they did.

House Republicans succeeded only after a giant initial failure followed by weeks of fits, starts and defections from conservatives and moderates in turn. To get across the finish line, the Republican majority violated some of the principles it pledged to follow in running Congress: The vote happened so

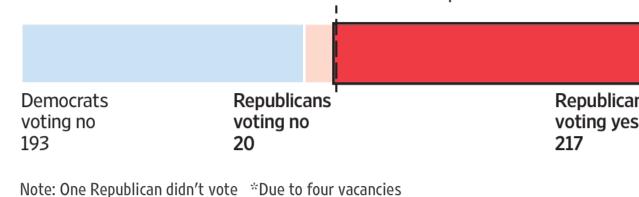
quickly after a final compromise was negotiated that there wasn't time to study the bill or for the congressional accounting arm to estimate its costs and impact. So it was ugly.

On the other hand, the legislative process is ugly more often than not. Democrats engaged in some whatever-it-takes maneuvering to pass Obamacare in the first place, so perhaps it's no surprise Republicans did the same to unwind it. The passage of the bill is a significant accomplishment for congressional leaders and the White House, in part because it clears away what had become an insurmountable obstacle to other major items on their agenda.

The irony is that House Republicans took this tough vote knowing there's little chance the bill that produced all the bloodletting actually will become law. The Senate will produce its own version, and House members will have to endure new agony as they decide whether they

Just Enough

The House narrowly passed a bill that represents the first step in Republicans' plan to repeal and replace the Affordable Care Act, with 20 GOP members voting against the bill.



Note: One Republican didn't vote *Due to four vacancies
Source: U.S. House of Representatives

THE WALL STREET JOURNAL.

can live with that version.

So the balance sheet, in Congress and the White House, is a complicated one. Here is how some of the positives and negatives stack up for Republicans:

POSITIVES:

◆ House Speaker Paul Ryan has a giant monkey off his back. Mr. Ryan mortgaged much of his and the Trump administration's agenda to the idea that he could push through a new health bill as the opening

salvo. He had implored fellow Republicans to show they knew how to govern. Failure would have been a crippling blow to his leadership; instead, he has now delivered.

◆ President Donald Trump showed he'll get down in the legislative trenches for his party. Mr. Trump at first seemed indifferent to the health debate, but ultimately did the grinding presidential work of pulling lawmakers along one by one. Some doubted he had the interest or patience to do that.

◆ The path now is clear for some potentially more enjoyable missions. Replacing Obamacare had morphed from something Republicans were eager to do into an unpleasant mission they felt they had to do. House Republicans can move on to an initiative polls show their constituents are more eager for—tax reform and a cut in tax rates for businesses and individuals—and infrastructure spending, a rare issue with bipartisan appeal.

NEGATIVES:

◆ We now know the House majority is a genuinely fractured one. The original version of the legislation wasn't sufficiently conservative for many in the House Freedom Caucus, yet went too far in ditching Obamacare's health-coverage provisions to win over moderate Republicans. In their efforts to try again, Republican leaders moved the original legislation to the right—and then back to the center again.

◆ Lawmakers don't really fear Mr. Trump. The president tried to both coerce and cajole House Republicans into voting for the pending legislation, implying he would either go after them or go around them by working with Democrats. Neither approach seemed sufficiently alarming to move some fellow Republicans.

◆ Once they are done reshaping the health system, Republicans will own whatever problems emerge from it. As President Barack Obama learned, once a person and a party are seen to have shaped the system, they absorb blame for whatever people dislike in it. Having supplanted Obamacare, Republicans will shoulder responsibility going forward, knowing that the question of whether those with pre-existing conditions can find care at affordable rates will be a first litmus test—and that, on health care, the law of unintended consequences always is in play.

Republican Senators Set To Write Their Own Version

By MICHELLE HACKMAN
AND STEPHANIE ARMOUR

WASHINGTON—The House GOP passed its hard-fought health bill on Thursday—but that may have been the easy part.

Senate Republicans have been working for weeks writing their own version, GOP aides say, underscoring the initiative's fragile support in both chambers.

GOP senators are clashing over central provisions of the House version, and Republicans' slim majority in the chamber arguably gives them even less room for error than House lawmakers had.

Republicans from states that expanded Medicaid under the Affordable Care Act are resisting the House bill's steep Medicaid cuts. GOP centrists are uncomfortable with letting states waive the ACA's protections for people with pre-existing medical conditions. Other Republicans say the bill should do more to help older Americans with their health bills.

"I've already made clear that I don't support the House bill," one senator said.

conservatives who feel the House bill didn't go far enough. Senate Majority Leader Mitch McConnell (R., Ky.) can afford to lose just two votes from his 52-48 majority.

Adding to the challenge, some elements of the House package don't appear to qualify for the "reconciliation" process in the Senate, meaning approval would need 60 votes rather than a simple majority. Republicans are likely to excise those provisions.

Democrats made it clear they would fight anything re-

The Senate's timeline will almost certainly be delayed a week or more to await a Congressional Budget Office report on the House bill's impact on cost and coverage. If the CBO suggests that many Americans would lose coverage, it could further spook centrist-leaning Republicans.

Mr. McConnell and Sen. John Cornyn of Texas, the second-ranking Senate Republican, have been convening a working group of Republican senators for weeks to discuss health-care proposals the GOP majority could support, their staffs said.

Senate Republicans are almost certain to restructure the House's Medicaid proposal so it would result in smaller cuts to the program. That effort, led by Mr. Portman, would likely delay any repeal of the Medicaid expansion and blunt a larger rollback of the federal government's contributions to Medicaid.

Sen. John Thune (R., S.D.) has crafted a measure redesigning the bill's tax credits so they compensate older Americans more for their higher insurance costs.

But Republican Sens. Rand Paul of Kentucky, Ted Cruz of Texas and Mike Lee of Utah have voiced strong objections to blunting a repeal of the Medicaid expansion.

—Kristina Peterson
and Janet Hook
contributed to this article.

sembling the House bill. "If my Senate Republican colleagues don't declare this dangerous, partisan effort dead on arrival, I will fight at every turn to protect people from the harm it will cause," said Sen. Ron Wyden (D., Ore.).

If the Senate approves a bill significantly different from the House's, it might not pass muster in the House, whose hard-fought compromise squeaked through in a 217-213 vote. An identical bill would have to pass both chambers for it to become law.

A beautiful bond.

HEALTH

Continued from Page One but hands Senate Majority Leader Mitch McConnell (R., Ky.) his thorniest political challenge of the new, Republican-controlled government, as the bill heads to an uncertain fate in his chamber. Many Senate Republicans have expressed concerns over the House bill.

Thursday's roll call also forced every House lawmaker to take a stand on a polarizing bill that has already ignited a national debate over the country's health system and could dominate the next 18 months of political warfare leading up to the 2018 midterm elections.

The bill passed by the House would end the ACA's mandate that most individuals buy insurance, and that larger employers must offer insurance to employees. It would dismantle much of the ACA's taxes and subsidies and replace them with tax credits, largely tied to age, to help people buy insurance if they don't get it through employers.

The bill would also reduce funding for Medicaid, the health program for low-income and disabled Americans, and halt federal Medicaid reimbursements for one year to Planned Parenthood Federation of America.

Many Democrats criticized GOP leaders for rushing the bill to a vote without an updated estimate of its cost and impact on the country's health coverage—after Republicans had spent years bashing Democrats

for their maneuvering to pass the ACA in 2010.

"Other than being the height of hypocrisy, it's surprising that they would do it this way," said Rep. Juan Vargas (D., Calif.), who predicted his GOP colleagues from California would pay a price for backing the bill. "It means a few of them are not going to come back," he said.

Mr. Ryan and his deputies didn't close in on the goal of securing majority support until late Wednesday afternoon, when several holdouts decided to back the bill if it included a last-minute measure from Rep. Fred Upton (R., Mich.) aimed at easing potential cost increases on people with pre-existing medical conditions.

Behind the scenes at the

White House, the vote became a top priority for staff after Mr. Trump made clear in an interview with The Wall Street Journal on April 12 that he wasn't interested in moving any major legislation before the House approved a health-care bill. After that, Mr. Trump became more engaged, too, White House officials said, and began dialing lawmakers late into the night.

The toughest challenge at that point was drawing support from the House Freedom Caucus, a group of three dozen conservatives who had refused to back the bill in March, saying the bill needed to do more to reduce the cost of premiums and deductibles.

White House Chief of Staff Reince Priebus told members of

the caucus that they were "killing our party."

In large part, the group was won over by changes to the bill allowing some insurers to take steps aimed at reducing premium prices for some.

In the final days, Rep. Billy Long set off alarms inside the West Wing when he went public with his opposition on Monday. He backed Mr. Trump on the campaign trail in 2015 when few others in the party were willing to do so.

When Mr. Trump learned of his opposition, he asked aides how he could possibly lose such a staunch supporter. That motivated him to ramp up his involvement, and he started making regular calls to the former real estate broker from southwest Missouri.

"Billy, we really need you, man," Mr. Trump told the four-term House member during a Monday phone call.

"You don't have me," Mr. Long responded.

"We really need you," Mr. Trump repeated.

Then, as Mr. Long recalled, "we went through that for another 20 minutes."

Mr. Trump called Mr. Long again on Tuesday, and he asked the president to support the amendment aimed at providing additional protections for people with pre-existing conditions.

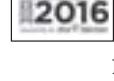
On Wednesday, Mr. Long and others visited Mr. Trump in the White House, where they reached a deal on the changes. Other holdouts then signed on.

—Natalie Andrews

and Michelle Hackman contributed to this article.

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House Didn't Wait For CBO to Study Bill

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—Natalie Andrews

and Michelle Hackman contributed to this article.

U.S. NEWS

Bill Averts Government Shutdown

Both parties claim victory, but Trump fails to get funding for some key priorities

BY NATALIE ANDREWS

WASHINGTON—The Senate sent President Donald Trump a \$1.1 trillion bill that will fund the government through Sept. 30 and avoid a partial government shutdown this weekend.

Even though several of his key priorities are missing, a White House official said that Mr. Trump will sign the bill on Friday ahead of the 12:01 a.m. Saturday deadline.

The must-pass bill was crafted by leaders among Republicans and Democrats in Congress and is being touted as a win by both parties.

The bill passed the Senate on Thursday with 79 votes in favor. It was approved by the House on Wednesday.

The White House has said that it will focus on winning in September pieces of the legislation that it sought but failed to advance, such as funding for a border wall with Mexico.

The measure increases military spending by \$19.9 billion over the fiscal year 2016 enacted level. Republicans noted that more money in the bill is allocated to defense than domestic spending, a shift from the parity between the two insisted upon by former President Barack Obama.

"Defense is no longer being held hostage to Democratic insistence on plussing up non-



Congress cleared a \$1.1 trillion spending bill on Thursday that excluded funding for President Trump's wall along the Mexico border.

KEVIN LAMARQUE/REUTERS

defense," Senate Majority Leader Mitch McConnell (R., Ky.) said this week.

Democrats say the parity is still there, because the extra money for the defense budget comes temporarily from emergency funds.

They, too, praised the bill as a success, noting that they staved off cuts to domestic programs that Mr. Trump had

wanted, and that negotiators persuaded Republicans to remove 160 special "riders" that direct how money can be spent. The bill ensures that funding for Planned Parenthood Federation of America will continue through the fiscal year.

The president's top request of funding for a wall along the border with Mexico also was

left out of the bill. The \$1.5 billion total amount for border security, which will fund technology and repair existing fencing along the border, is half of what Mr. Trump requested.

"We got rid of all of the foolish things, like the wall, the Mexican wall, the effort to repeal Planned Parenthood, we got rid of all of that," said Sen.

Patrick Leahy of Vermont, the top Democrat on the Senate appropriations committee that crafted the bill.

The White House said the deal was needed to keep the government open and is deferring the fight over its priorities until the next spending bill, this fall.

—Rebecca Ballhaus contributed to this article.

WASHINGTON WIRE

PRESIDENTIAL TRAVEL

Documents Detail Cost of Trump's Trips

The cost of air travel for President Donald Trump's trips to his Palm Beach, Fla., resort on two weekends earlier this year was a combined \$1.3 million, according to Department of the Air Force records obtained by the conservative group Judicial Watch.

That figure doesn't include other costs incurred in a president's travel, such as Secret Service and Coast Guard protection. It also doesn't include costs to Palm Beach County, which spends on average \$60,000 a day when Mr. Trump is in town, and more than twice that when he brings a foreign leader.

The trips to Palm Beach have drawn scrutiny, as critics say the president is spending taxpayer dollars to boost his business by showcasing the resort and bringing foreign leaders there. The White House didn't return a request for comment.

—Rebecca Ballhaus

STATE DEPARTMENT

Tillerson Seeks Staff Input for Revamp

As Secretary of State Rex Tillerson kicks off a restructuring effort, he has enlisted a consulting firm to ask thousands of State Department employees to help craft "word clouds," rank their proudest accomplishments and suggest things the department should stop doing.

Mr. Tillerson, the former Exxon Mobil Corp. CEO, appears to be borrowing a page from his days in the C-suite.

In a survey emailed this week to employees of the State Department and the U.S. Agency for International Development, Mr. Tillerson asked for views from the rank and file for changes in the department that officials haven't yet spelled out.

—Felicia Schwartz

TRUMP ADMINISTRATION

Clayton Is Sworn In As SEC Chairman

Jay Clayton was sworn in as chairman of the Securities and Exchange Commission, becoming the Trump administration's first permanent head of a financial-regulatory agency.

Mr. Clayton, a former partner at the law firm Sullivan & Cromwell LLP, was sworn in Thursday by Supreme Court Justice Anthony Kennedy, the SEC said.

President Donald Trump nominated Mr. Clayton on Jan. 20, and the full Senate confirmed him Tuesday. "The work of the SEC is fundamental to growing the economy, creating jobs and providing investors and entrepreneurs with a share of the American dream," Mr. Clayton said.

—Dave Michaels

Texas Moves Closer on Tough Immigrant Law

BY DAN FROSH

DALLAS—Texas is moving closer to enacting one of the nation's toughest immigration laws after legislators approved a bill barring municipalities and police departments from adopting sanctuary policies for undocumented immigrants.

Under the legislation, which Gov. Greg Abbott has promised to sign, local law-enforcement officials could face criminal penalties if they don't comply with requests from federal authorities to detain illegal immigrants.

The bill also permits police to inquire about the immigration status of suspects and prohibits municipalities from blocking the enforcement of federal immigration law.

Earlier this year, the Democratic sheriff of Travis County, Sally Hernandez, ordered her department to stop detaining illegal immigrants on behalf of federal authorities, a practice that would be barred under the bill. In response, Mr. Abbott, a Republican, stripped



MARIE D. JESUS/HOUSTON CHRONICLE/ASSOCIATED PRESS
Gov. Abbott has promised to sign the law. Among other measures, it allows police to inquire about suspects' immigration status.

\$1.8 million in state grants from the county, which includes most of Austin.

In a statement on Thursday, Ms. Hernandez called the bill's passage "unfortunate," saying it had been driven by "fear and misinformation."

Lawmakers in more than two dozen states, including Pennsylvania, Florida and Indiana, have introduced bills this

year to bar sanctuary policies, according to the National Conference of State Legislatures, while Mississippi passed such legislation in March. Meanwhile, lawmakers in 15 states, including California, New York and Maryland, have proposed legislation to support such policies.

Texas' bill is unique, however, because it would estab-

lish penalties for local officials.

Texas police chiefs and sheriffs who refuse detention requests from federal immigration authorities could face a misdemeanor charge and up to a year in jail. Any Texas municipality that doesn't comply could be fined \$1,000 to \$1,500 for a first offense.

The passage of the Texas bill, which spurred emotional debate in the state for weeks, comes as President Donald Trump has sought to pull federal funding from sanctuary cities as part of a broader crackdown on illegal immigration. Last month, a federal judge in San Francisco blocked the Trump administration's efforts, ruling such a policy was likely unconstitutional.

The Texas measure passed both chambers of the Republican-dominated legislature along party lines. Members of the Senate on Wednesday voted to send the final version to the governor.

Supporters have cast the bill as a common-sense safety measure.

"I think it's important that our police and sheriffs honor these detainer requests from the federal government because these can be really dangerous criminals," said State Rep. Charlie Geren, a Republican from Fort Worth who is one of the legislation's chief sponsors.

Opponents have argued that the legislation puts local police in the position of having to enforce federal immigration law at the risk of losing their jobs, and would increase racial profiling of Hispanics. They said Thursday that they expect the measure to face legal challenges.

"I know firsthand the impact that [the bill] will have on many families that are currently in the same legal status that my family once was," said State Rep. Ana Hernandez, a Democrat from Houston, during an emotionally charged legislative hearing on the bill last week. Ms. Hernandez was born in Mexico and brought to the U.S. by her parents as an infant but is now a U.S. citizen.

—Dave Michaels

Rule Aims to Toughen Visa Screening

BY LAURA MECKLER

WASHINGTON—The Trump administration moved Thursday to toughen U.S. vetting of foreigners, proposing new authority to let the State Department ask visa applicants more-intrusive questions.

The proposed rule is a step toward the "extreme vetting" President Donald Trump promised during his campaign, though so far stops short of the more-probing questions that have been considered, such as asking for so-

cial media passwords and questions about ideology.

It implements a provision of an executive order signed in March, which, citing terrorism concerns, banned travel to the U.S. by people from six majority-Muslim countries. The travel ban was put on hold by the courts, but other parts of the order—including tougher vetting rules—were allowed to proceed.

Under the proposed rule, published Thursday in the Federal Register, visa applicants who are flagged for ad-

ditional screening would be asked for significantly more personal information. The purpose, according to the notice, is to "more rigorously evaluate applicants for terrorism or other national security-related visa ineligibilities."

Specifically, applicants could be asked for 15 years of addresses, employment history and travel history, including sources of funding for their travel; names and birth dates for all siblings, children and current and former

spouses or domestic partners; social media handles used during the past five years and phone numbers and email addresses used over the past five years.

The State Department estimated these requests would go to about 65,000 people a year, or 0.5% of all visa applicants.

The proposed rule, which is now open for public comment, includes a request that the Office of Management and Budget approve it on an emergency basis by May 18.

How Do You Like These Apples?

FLOWER CHILDREN: Wearing the apple-blossom headdress he made, Quarles Elementary pre-kindergarten student Armel Barhona led his peers in the school's Apple Blossom Festival Parade in Winchester, Va., on Thursday. The 90th Shenandoah Apple Blossom Festival continues through Sunday.



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INVESTING IN JAPAN

Japan Pushes Ahead With Reforms As Economy Strengthens



by John Ashburne

The Year of the Cockerel didn't get off to the brightest of starts for Japan's 57th Prime Minister, Shinzo Abe. In Washington, the new President was gleefully tearing up the TPP proposals and declaring 'America First', sending shivers of concern for Asia's geopolitical and financial future through the region's political establishments.

Kim Jong-un, Japan's bellicose and increasingly unpredictable North Korean neighbor, was demonstrating an insatiable appetite for firing missiles into the Japan Sea, whilst Mr. Abe had to fend off questions of collusion domestically.

Fast-forward just a few months. By the time the last of the Spring cherry blossoms floated down onto Tokyo's famed Imperial Palace moat, things were looking far rosier. Trump and Chinese Premier Li Keqiang were making friendly overtures, U.S. Vice President, Mike Pence was dispatched to the region to voice support for and reassure the "Japan, South Korea and the US' iron-clad alliance", and the Moritomo Gakuen scandal bullet had been dodged. Only Mr. Kim's errant ballistics continued to sour the picture.

Best of all, there was positive economic news, in the shape of the Bank of Japan's (BOJ) Tankan quarterly survey of business sentiment for March 2017. Pretax profits at Japanese companies for the fiscal year that started on April 1 were revealed to total 52.3 trillion yen (\$480 billion), a significant increase on previous figures, encouraged by a robust manufacturing sector and an increase in exports.

Year-on-year sales exports were up by 12% to 7229.1 billion yen, compared to an 11.3% gain in February. It was the fourth consecutive month of increase, and the fastest for two years. Increased exports of steel and car parts gave rise to optimism that increased overseas demand might help boost growth.

Buoyed by the positive economic indicators, on April 18th Mr. Abe gave further power to his fiscal reform initiatives by nominating pro-Abenomics allies to key soon-to-be vacant positions on the policy board of the BOJ. In replacing Takahide Kiuchi and Takehiro Sato who were often critical of Mr. Abe's policies, the PM made clear that he persevere - despite some criticism - in acting out his "intensified reform reinforcement period" to revitalize the economy.

Though Mr. Abe's nominations must be ratified by parliament, his appointment of avowed reflationist Goshi Kataoka, senior economist at Mitsubishi UFJ Research & Consulting, and experienced banker Hitoshi Suzuki, former deputy president of the Bank of Tokyo-Mitsubishi UFJ, made clear his resolve. It is now unlikely that the BOJ's monetary policy will change, certainly not as long as inflation remains well below Mr. Abe's stated target of 2%.

MUFG, a global financial management company headquartered in Tokyo, clearly thinks Mr. Abe is on the right track. In February 2017, it issued a report 'What's next for the economy of Japan?' which stated: "It's been more than four years after Prime Minister Shinzo Abe launched his economic plan 'Abenomics' to reinvigorate Japan's productivity and revive the economy after two decades battling stagnation and deflation. And recent figures suggest the plan is working, with positive signs of renewed stability and confidence."

The MUFG report was based on statistics released from Japan's Cabinet Office that revealed the country's domestic economy (GDP) grew by 1.2% in Q4 of 2016, an upward revision of previous estimates. "While by no means remarkable, it does exceed the country's long-run growth potential and in fact marks four consecutive quarters of growth, a feat not seen in three years," the report concluded. "Equally encouraging, Japan's nominal gross domestic product totaled 537 trillion yen (\$6.1 trillion) last year, surpassing levels not seen since 1997.

Hot on the heels of the BOJ report, the Philippine-based Asia Development Bank issued its own study, the Asian Development Outlook 2017, which serves as a timely reminder that whatever political or commercial vicissitudes arise, Asia remains a genuinely formidable economic force, accounting for around 60% of all global growth in 2017.

"Developing Asia is set to grow steadily, and it is well positioned to handle any risks that might stem from policy uncertainty abroad. Asian Development Outlook 2017 forecasts gross domestic product in the region expanding by 5.7% in 2017 and 2018, near the 5.8% pace in 2016," explains ADB President, Takehiko Nakao.

"Higher external demand, rebounding global commodity prices, and domestic reform support widespread acceleration, with growth picking up in two-thirds of the region's 45 economies. Developing Asia will continue to be the largest regional contributor to global growth, even with growth moderation in the People's Republic of China (PRC), its largest economy. Prospects for developing Asia are supported by improving fortunes for the major industrial economies in the United States, Euro area, and Japan".

The ADB report emphasizes the need to concentrate upon developing innovation, human capital and infrastructure to boost productivity, all areas in which Japanese corporations will be keen to play a role. Significantly, it also highlights the pan-Asian shift in fortunes that will be key to the region's success. "When the Asian Development Bank opened its doors in 1966, most of the region's citizens lived in low-income economies," says Mr. Nakao.

"Since then, cumulative national development efforts have transformed the region. Today, with most economies having successfully climbed the income ladder—including the most populous economies in the PRC, India, and Indonesia—roughly 95% of the population lives in a middle-income economy. The development challenge now is to climb one more rung to high income".

Prosperity for a wider Asia will clearly impact Japan, not least in an area that Shinzo Abe has placed as central to the success of his Abenomics reform package: the stimulus of Foreign Direct Investment (FDI). On his election in 2013, Mr. Abe vowed to double the inward FDI to 35 trillion yen by the time Tokyo hosts the Olympic Games in 2020. By the end of 2015, the figure had reached, 24.4 trillion yen (\$223.8 billion), up from 17.8 trillion yen (\$163.3 billion) at the end of 2012, when Mr. Abe took office.

On a visit to Tokyo in 2008, the former EU commissioner and now British peer, Lord Peter Mandelson witteringly referred to Japan as "the most closed investment

market in the developed world." Nearly a decade later, Mr. Abe has vowed to utilize tax breaks for overseas investors, and his National Strategic Special Zones to "develop an environment where it is easiest in the world to do business."

The country that Mr. Abe governs is the tenth most populous nation on the planet, with 127 million citizens and per capita GDP of 3.78 million yen (\$48,500), an attractive market for serious FDI players. Add to that its political and social stability, unparalleled infrastructure, skilled and reliable workforce, state-of-the-art-R&D sector, livability and safety, and the opportunities afforded in the run up to the 2020 Tokyo Olympics, and Japan becomes even more attractive as a FDI destination.

There's still a way to go to realize Mr. Abe's dream. Japan's stock of FDI, as a percentage

of its gross domestic product (GDP), when calculated in 2014, stood at 3.5 percent, compared with 32 percent on average for all Organization for Economic Cooperation and Development (OECD) member countries. The opportunities are there for the adventurous. As the Japanese saying goes, *daitan ni kodou suru mono ga shouri suru*: "He who dares, wins."

John Ashburne is a freelance writer based in Japan.



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WORLD NEWS

Iraq Widens Assault on Militants in Mosul

Government forces advance on new front in attempt to drive out Islamic State fighters

Iraqi forces opened a new front against Islamic State in Mosul on Thursday, as the government shifted tactics again in a bid to break fierce resistance from militants fighting to hold their last bastion in the historic Old City, military officials said.

By Tamer El-Ghobashy
in Cairo and Ghassan Adnan in Baghdad

The fresh push comes after the Iraqi advance stalled over the past two weeks, illustrating the difficulty of the battle for densely populated neighborhoods. U.S. forces have been drawn closer to the front lines and civilian casualties have risen during the months-long fight for Mosul, and the measure of progress has been reduced from blocks and buildings to feet.

The tactical shift began at dawn on Thursday as Iraqi army divisions advanced from Mosul's northern outskirts, while other Iraqi forces continued their assault on the militants from the south. The army divisions were joined by federal police and members of the interior ministry's Emergency Response Division, a military statement said.



Displaced Iraqis crossed the Tigris River on a military boat south of Mosul on Thursday.

Brig. Gen. Yahya Rasool, a spokesman for Iraqi forces in Mosul, said the troop redeployment would help trap remaining militants clustered in the Old City, a warren of narrow streets and alleys still home to some 400,000 civilians.

The shift "will confuse the enemy and lead it to collapse," he told Iraqi state television, adding that it would disperse the militants by forcing them to spread their defenses.

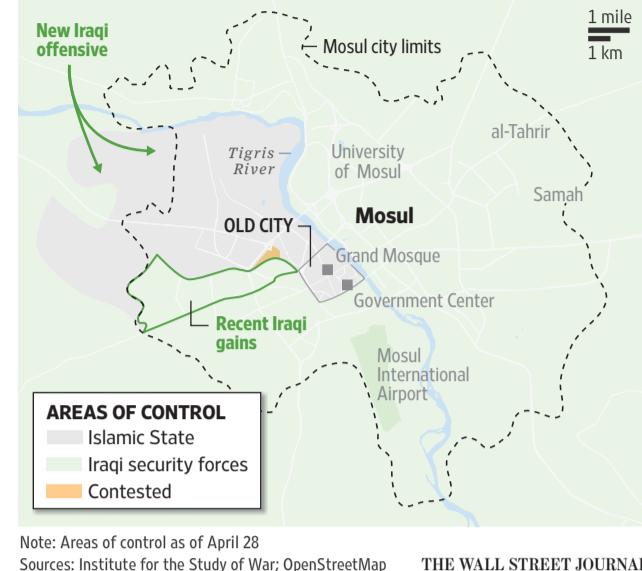
Since late December, the

army divisions leading the new assault have been relegated to holding ground and cutting off Islamic State supply routes, after suffering a high number of casualties when they were ambushed as they tried to retake a hospital complex in eastern Mosul earlier that month. Other Iraqi forces, meanwhile, have led the fight for the Old City.

Iraqi forces have repeatedly adjusted tactics in response to militant resistance and the presence of civilians in the city,

which many Iraqi military commanders cite as a main reason for the halting pace of the fight.

U.S. forces backing the Iraqi units have also been pulled deeper into the battle. Their coordination with Iraqi counterparts, taking place closer to the front lines than previous battles against Islamic State, has improved cooperation between the various Iraqi forces that have been assigned to the fight, Iraqi and U.S. military officials have said.



Note: Areas of control as of April 28

Sources: Institute for the Study of War; OpenStreetMap

THE WALL STREET JOURNAL.

Frequent strategic shifts have underscored the complexity and scope of the bid to retake Iraq's second-largest city. With a population estimated at 1.2 million before operations began, Mosul is by far the largest urban center Islamic State has occupied.

After blitzing Iraq in the summer of 2014, Islamic State at its peak controlled about one-third of the country. But the terror group's foothold in the country has shrunk since U.S.-backed Iraqi forces retook the cities of Ramadi and Tikrit, as well as other territory the militants controlled.

The Iraqi military campaign to recapture Mosul is now in its seventh month. Govern-

ment forces won back the eastern half of the city in January, and launched their battle for the western side the following month. Initially, they made rapid gains.

But as the fight moved closer to Mosul's Old City, the advances slowed to a crawl. Militants took advantage of the area's packed terrain to place snipers on rooftops and send waves of car bombs toward troops fighting on foot. Some 30% of western Mosul is still under Islamic State control, Gen. Rasool said.

Some Iraqi lawmakers said Thursday that the deliberately slow pace of recent advances in Mosul was acceptable as it reduces risk to civilians.

In Syria, U.S. Is Caught Between Ally Turkey and Kurds



MIDDLE EAST
CROSSROADS
By Yaroslav Trofimov

It's rare for American forces in the Middle East to fly the Stars and Stripes from their armored vehicles. Usually they try to blend in, with special-operations troops often going as far as donning local uniforms.

But now, part of the U.S. mission in northern Syria is to literally show the American flag. The goal is to forestall attacks by America's NATO ally Turkey on America's key partner in the fight against Islamic State, the main Syrian Kurdish militia known as YPG.

In an unusual alignment,



ASSOCIATED PRESS

A U.S. armored vehicle patrols near the Syrian-Turkish border.

kara.

He visited President Vladimir Putin in Russia this week and is heading for a meeting with President Donald Trump in Washington in mid-May. The main aim is to scuttle American plans for YPG-led forces to seize Islamic State's main remaining stronghold of Raqa, a city that is overwhelmingly Arab.

That won't be an easy sell. "The American military

really likes working with YPG. They feel there is no alternative to take Raqa and they feel they have to take Raqa sooner rather than later," said Robert Ford, a former U.S. ambassador to Syria and a scholar at the Middle East Institute. "I don't think this administration has ever been convinced that the Turks have a viable alternative plan or alternative force. This is going to be

a difficult time with Erdogan."

U.S. forces were scrambled to the Syrian-Turkish border last week, moving in high-profile convoys that flew large American flags after Turkish airstrikes killed dozens of YPG fighters in Syria. Mr. Erdogan has since threatened to mount a cross-border operation into YPG-held territory and said he was "saddened" by public U.S. support for the group.

Turkey considers the YPG and its political parent PYD just a front for the PKK, or the Kurdish Workers' Party—a group which seeks to split off Kurdish areas within Turkey itself and is classified as terrorist by Ankara and Washington.

The U.S. government, while acknowledging the links between PKK and YPG, has long argued that the two organizations are different. The State Department expressed deep concern over last week's Turkish airstrikes which hit what it described as America's "partner forces" in Syria.

So far, the YPG in Syria—unlike the PKK in Iraq—hasn't launched significant cross-border operations into Turkey, in part because of American and Russian involvement.

"The Americans know that there is no threat to Turkey from YPG areas, so no one is convinced by the Turkish argument," said Mutlu Civiroglu, a Kurdish analyst who follows the YPG.

Turkish concerns aren't entirely without merit, however. Ankara views the establishment of a PKK-affiliated entity along its southern border as an "existential threat," said James Jeffrey, a former U.S. ambassador to Turkey and to Iraq who is currently a fellow at the Washington Institute for Near East Policy.

"What the Turks fear is that the Americans have agreed to give the PYD a statelet in all of northern Syria" in exchange for securing Raqa, Mr. Jeffrey said. "That would allow the PKK to outflank Turkey, so that what was just an insurgency in a part of southeast Turkey could become a civil war."

WORLD WATCH

UNITED KINGDOM

Prince Philip, 95, To End Royal Duties

Prince Philip, husband of Queen Elizabeth II, will retire from his royal duties this year, Buckingham Palace said, marking the end of a public life spanning nearly seven decades.

The longest-serving consort to a monarch in British history, Prince Philip, who turns 95 years old in June, will continue to attend previously agreed events until August, but won't be accepting new invitations, the palace said.

The prince, also known as the duke of Edinburgh, made the decision himself and "has the full support of the queen," who will continue to fulfill her duties, supported by other members of the royal family, the palace said.

—Wiktor Szary

ALGERIA

Government Seeks Mandate in Vote

Voters headed to the polls in parliamentary elections the government hopes will give it a mandate as it struggles with low oil prices, dismal job prospects and Islamist extremism.

The government has been worried about voter apathy—and even a potential boycott—and analysts said bribery scandals during the campaign have deep-

ened a long-running distrust of politicians. The key question remained the health of President Abdelaziz Bouteflika, rarely seen in public since a 2013 stroke.

Mr. Bouteflika was wheeled in a chair to vote, but a nephew had to cast his ballot for him. He then had trouble with the fingerprinting afterward.

A total of 63 parties and many independent lists are competing for 462 seats in the lower house of Parliament.

—Associated Press

UNITED KINGDOM

Business Surveys Show Quicker Upturn

A batch of business surveys signaled the economy picked up speed in April, easing concerns that a soft first quarter may foreshadow a deeper slowdown as Brexit talks get under way.

A trio of closely watched surveys published this week by financial information firm IHS Markit showed manufacturing, construction and services all grew strongly in April after a slow start to the year.

Activity in the manufacturing sector expanded in April at the fastest pace in three years, according to Markit's monthly purchasing managers index for the sector, while similar gauges covering construction and services also showed a healthy expansion.

—Jason Douglas

Trump Plans To Visit Saudi Arabia, Israel, Pope

By CAROL E. LEE

WASHINGTON—President Donald Trump said he plans to visit Saudi Arabia, Israel and the Vatican this month, a trio of stops meant to send a symbolic message of unification and common cause on his first trip outside the U.S. since taking office.

Eschewing the recent presidential tradition of visiting one of America's immediate neighbors—Canada or Mexico—on his first foreign trip, Mr. Trump instead will first set foot on foreign soil as president in Saudi Arabia to attend a gathering of Muslim leaders aimed at combating extremism.

From Riyadh, the president will travel to Israel, then to Rome, where he will meet with Pope Francis, and finally to a pair of summits in Belgium and Italy.

Mr. Trump described his decision to visit places that are central to three of the world's major religions as a kind of pilgrimage, deliberately designed to try to advance his goal of achieving a peace agreement between Israel and the Palestinians and combating radicalization.

Interim Deal Sets Safe Zones But Leaves Details Unsettled



Officials sign a memorandum creating 'de-escalation zones' in Syria.

notice of the State Department. "We continue to have concerns about the...involvement of Iran as a so-called guarantor," spokeswoman Heather Nauert said in a statement.

It is unclear how this new deal would immediately affect the fighting or the deepening humanitarian crisis in Syria; numerous prior deals meant to quell the violence and ensure access to aid have failed.

Observers say the new plans aren't likely to succeed without a mechanism for enforcement. Basic details have not been worked out.

Interfax, citing the text of the memorandum, said the zones are a temporary mea-

sure that will last for six months and be extended by consensus of the three countries.

The nations behind Thursday's agreement are arming and supporting the warring sides on the ground, and neither the Syrian government nor the armed factions opposed to the regime were signatories to the accord.

Members of the rebel opposition delegation walked out of the meeting as the signing took place. Though both Russia and Iran back the regime militarily, the opposition has said repeatedly it puts more faith in Russia as a guarantor of any ceasefire or peace agreements.

IN DEPTH

SEATS

Continued from Page One
through the sound system.

"If anybody does it better than us, I'd like to see it," said Mr. O'Kane, who has attended the meeting seven times and has spent years refining his tactics with Victor Velkov, a friend from Brisbane, Australia.

It's no secret that Berkshire shareholders and fans of the company's chairman, Mr. Buffett, line up for hours to get into CenturyLink's main arena for the annual gathering—which takes place this weekend. The company expects more than 40,000 to attend, although just 18,000 get seats inside the arena. Less intrepid fans will watch the show from the rafters or in overflow rooms.

Lesser known, however, is a special class of Berkshire acolytes whose efforts to secure prime seats might best be described as "extreme Buffeteering."

Preston Pysh of Bel Air, Md., is getting his own plan ready. Being in line early is a "badge of honor" among Berkshire devotees, he said.

Mr. Pysh is co-host of the Investors Podcast, a show about stock investing. Recently he sent detailed instructions to listeners who plan to attend the annual meeting, complete with a map showing where to gather at 4:50 a.m. on Saturday, to beat the 5 a.m. crowd.

"Walk (run) right until you get to a set of stairs," the man says. "Go up the stairs." He insists that even with those directions, the group's preferred seats are in a secret location.

"It's physically taxing to get to that area," he said, so at-



Warren Buffett participates in a newspaper-tossing challenge at Berkshire Hathaway's 2016 annual meeting in Omaha, Neb.

RYAN HENKEL/REUTERS

tendees who aren't part of his group are unlikely to find the spot. "It's 100% legitimate, but it's not a way somebody would want to go."

This chaotic sprint, which some have dubbed the "billionaires' dash," shows no signs of fading—even if arena security isn't happy about it. "We do not allow running for safety reasons," a spokeswoman for the CenturyLink Center said. "We keep a close eye on venue entry...As people enter, our staff is there to kindly remind people of this rule."

In the 1970s, Berkshire annual meetings were held in a

lunchroom at the offices of one of Berkshire's insurance subsidiaries. As Mr. Buffett's profile has grown, so have the meetings. A \$1,000 investment in Berkshire in 1965, when Mr. Buffett took control of the company, would be worth more than \$13 million today. Meeting attendees get to watch an hour-long movie about Berkshire starring Mr. Buffett and various celebrities, which isn't available online. Past videos have featured boxer Floyd Mayweather Jr., actress Susan Lucci, and the casts of "The Office" and "Desperate Housewives."

Even people who don't care much about Mr. Buffett find good reasons to pay attention on Berkshire weekend. Adam Messerole of Omaha was serving tables at the nearby Old Mattress Factory Bar & Grill the night before the 2015 annual meeting when a customer made an unusual proposal: he offered Mr. Messerole and a friend \$300 to hold a spot in line. The pair got to the convention center at 9 p.m., saw no one in line and headed to a local bar. They got back in line around 2 a.m. with sleeping bags and snacks. "We didn't really have to do anything at all," Mr. Messerole said.

At one point, another person in line offered Mr. Messerole and his friend extra tickets to attend the meeting but they declined the invitation and went home to sleep.

While Mr. Messerole doesn't plan to go back this year, he said he did make another score at the meeting. Many dashers bring gear with them, like folding chairs or sleeping bags, but abandon them outside to avoid getting held up by security. Mr. Messerole still uses a chair one of them left behind.

Of course, shareholders could get a good look at Mr.

Buffett by staying home. Berkshire started live-streaming its annual meeting on Yahoo Finance in 2016. People who stand outside for hours in the dark say they do it to pay their respects to a company they admire and to mingle with like-minded investors. "It's amazing to me that when the weather's lousy, they do it," Mr. Buffett said in an interview. But "they come in a good mood, and even if they have an inconvenience, they seem to stay in a good mood."

A year ago, some dashers' plans were thwarted when the arena opened its doors ahead of schedule to help the early-morning crowd get out of the rain. Berkshire also beefed up security screenings.

With this year's festivities expected to once again bring in thousands, entrepreneurs have stepped into the line-sitting business. InLine4You LLC, an Omaha-based service, says it has more than 40 reservations for sitters, who will show up at a requested time and stand in line on behalf of a meeting attendee, up from five last year. The service costs \$110, including \$50 for InLine4You and \$60 for the line sitter, said company founder Darren Hromadka.

Paying someone to stand in line is "probably what I would do," Mr. Buffett said.

When asked why he goes to all that trouble to get upper-level seats, Mr. O'Kane, the Australian investment manager, explained that he prefers them to seats on the arena floor because they put attendees "eye to eye" with Mr. Buffett, and Charles Munger, Berkshire's vice chairman. "If we're going to come all this way, we want to see their faces."

—Erik Holm contributed to this article.

FUND

Continued from Page One

for initial public offerings, a step that would allow them to repay their early backers. Fidelity has slashed its estimates of the value of some of its startup stakes, and Tiger Global reported double-digit investment losses last year.

Mr. Adams, who made his name investing in bank stocks, has lost money in two of the past three years. His funds poured hundreds of millions of dollars into two tech startups, Mozido Inc. and Powa Technologies Group PLC, and told investors they were growing ever more valuable, boosting his fees. Now both companies are financially distressed.

Wellington has been urging investors to stick around, according to people who have heard from the firm. Mr. Adams has made dozens of calls to clients. Wellington has told investors in writing that Mr. Adams had "forsworn" ever again investing in such private deals in his flagship fund.

Shrunken portfolio

Several large investors pulled their money, including the Blackstone Group LP, one of the world's largest hedge-fund investors. By the beginning of this year, Mr. Adams's portfolio at Wellington had shrunk to about \$6 billion, down roughly 40% from its peak in 2014, reflecting both investor withdrawals and investment declines, according to people familiar with the firm's finances.

Wellington was formed one year before the 1929 stock-market crash. It was the first-ever so-called balanced mutual fund—a diverse collection of stocks and bonds designed to produce steadier returns than investments in single companies. Wellington's founder hired Jack Bogle, who as chairman orchestrated mergers with other fund companies that in the 1960s left it with big holdings of several stocks that imploded in the 1973 stock-market crash. Mr. Bogle was fired. He later started indexing pioneer Vanguard Group, now Wellington's biggest investment client.

As a youngster, Mr. Adams sold used hubcaps he collected along the highway. His great-grandfather founded the Boston Bruins hockey team. After Mr. Adams graduated from Princeton University, he joined Wellington and quickly earned a reputation as a talented trader of bank stocks. When a rival offered to stake him to start his own shop in 1994, Wellington matched the offer by helping him raise millions of dollars from its own clients.

Mr. Adams used the money to start Wellington's first hedge fund, Bay Pond. Peers such as longtime bank investor Anton Schutz began following his moves. "When I look at a company, I look at who owns it, and there are a couple of guys, when I don't see their names on the list, I ask, why not?" Mr. Schutz explains. Learning Mr. Adams likes a company, he says, "tells you it's OK."

Inside Wellington, Mr. Adams also attracted attention for what some colleagues regard as eccentricities. He owns a miniature potbellied pig, named Mona Lisa, that he walks outdoors on a leash and takes with him on private jet flights. He persuaded Boston's Ritz-Carlton, where he keeps an apartment, to waive its policy against pigs by describing Mona Lisa as a therapy animal, people familiar with the matter say. He attracted attention from the local tabloid press by divorcing his wife and marrying his first cousin.

In the office, he developed a reputation as someone who steeped himself in financial details of investment companies and could easily get major bank chiefs on the phone. Investors say that in meetings, Mr. Adams often answers questions in a roundabout manner. "You might ask an innocent question about the valuations of big banks and 20 minutes later you'll end up with a polit-



Nick Adams's funds poured hundreds of millions into two tech startups.

ical statement about how terrible the Fed is," said one investor who recently cashed out.

At his peak, Mr. Adams helped manage roughly \$10 billion for Wellington and its clients. He bought a Palm Beach, Fla., Spanish revival villa and a mansion in the Philadelphia suburbs formerly owned by film director M. Night Shyamalan featuring a \$100,000 children's tree house with a drawbridge and trap door.

For one especially profitable

year, 2007, Mr. Adams took home more than \$26 million, according to records made public in his divorce.

The 2008 financial crisis marked a turning point. Rules subsequently imposed under the Dodd-Frank legislation limited some of the most lucrative activities of traditional banks, including operating proprietary-trading arms. Mr. Adams expressed worry about mounting lawsuits and government fines against big banks for their role in the housing bust.

He told clients he was shifting to areas such as online alternative lending, which provides money to consumers and small businesses generally ignored by traditional banks. He also expressed enthusiasm for mobile banking and payments. He told investors that he expected the sector to be one of the most profitable bets of his career.

Because those areas were so new, there was a dearth of public companies in which to invest. The solution, he believed, was startups.

He relied on a decades-old network of bank executives at firms including Barclays PLC and Jefferies LLC to introduce him to financial-technology upstarts both well-known and obscure. He asked some company founders to make the pilgrimage to Radnor, Pa., where he and his team work at a corporate campus hundreds of miles from Wellington's Boston headquarters. He touted his freedom to make investments quickly.

Banker James "Chip" Mahan, who founded companies that counted Wellington as an investor, introduced Mr. Adams to nCino Inc., a tiny financial-software maker that designs lending systems for banks, according to founder Pierre Naudé.

Mr. Naudé wanted to sell common stock—a risky investment proposition when sold by an unproven company—but traditional venture capitalists weren't interested, he recalls. Most investors, as a precaution, wanted an arrangement that gave them more rights in the company. Mr. Adams took the deal, paying \$10 million for common stock in early 2014.

"I was too happy to get money from a brand name like Wellington," Mr. Naudé says. The company has subsequently raised money from other investors and signed up major banks as clients.

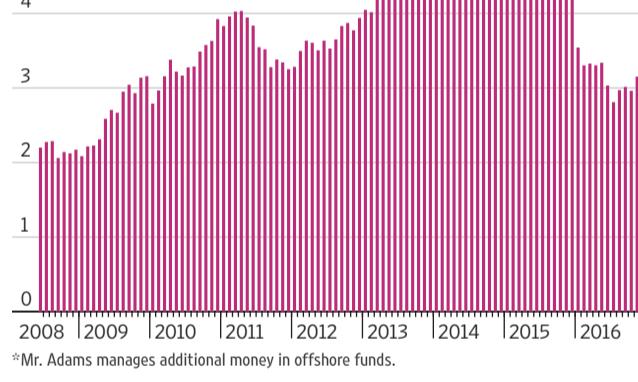
Fledgling companies and hotter startups such as home-rental website Airbnb Inc. and ride-sharing service Uber Technologies Inc. redefined Mr. Adams's portfolio.

Four years ago, the largest positions in Mr. Adams's main fund weren't financial-technology companies, an investor document shows. Soon thereaf-

Rough Spell

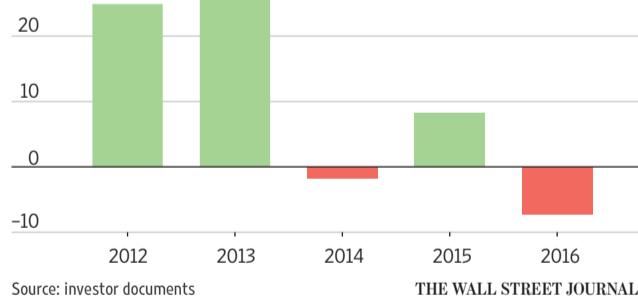
Hedge funds run by Wellington Management's Nick Adams have struggled in recent years as he invested more in Silicon Valley.

Total assets in Nick Adams's three main onshore funds*



*Mr. Adams manages additional money in offshore funds.

Annual returns for Mr. Adams's flagship fund, Bay Pond.



Source: investor documents

THE WALL STREET JOURNAL.

ter, Mr. Adams invested hundreds of millions of dollars in Mozido and Powa.

Mozido, based in Austin, Texas, makes software that allows consumers, particularly those without bank accounts, to send and receive money with cellular telephones. The company had flipped its business model several times, from developing retailer-loyalty programs in the U.S. to helping retailers sell in China. Wellington was part of a group that invested \$185 million in 2014, a deal that valued the company at \$2.4 billion, Mozido said at the time.

Powa operated a smartphone app that allowed shoppers to make instant purchases by scanning bar codes on advertisements. The company's founder previously had run an internet venture that sold after its shares dropped sharply. Wellington invested \$197 million in Powa through 2015.

Unlike many venture capitalists investing in startups, Mr. Adams didn't ask for a seat on either company's board, and he promised not to meddle in their day-to-day operations, people familiar with the matter say. He never visited Powa's London headquarters, according to two of those people.

Some of Mr. Adams's investors say they told him they

were concerned he was straying from his strong suit—bank stocks. He responded that the banking industry was in a long-term stasis and that any growth in the sector would have to come from new entrants.

He showed his confidence by shifting one of his smaller funds, which earlier had bet on a rebound for beaten-down traditional banks, to focus on financial technology.

Wellington agreed to reverse its boosted valuation for Powa, and to refund fees that it had collected on Mr. Adams's overall portfolio as a result, according to documents reviewed by the Journal.

Mr. Adams's flagship fund, Bay Pond, was down 7% last year. Two smaller funds concentrated in startup stakes were down by double-digit percentages.

Airbnb, Uber and other startup bets have been moved to a so-called side pocket that cannot be immediately cashed out, an acknowledgment that they might not be easy to sell, at least not at a price attractive to Wellington.

Now, Mr. Adams is going back to what worked before—big stakes in traditional lenders, including Bank of America Corp. and Citigroup Inc. The early results are encouraging. His main fund was up more than 12% in the first quarter of 2017.

"He's had some tough years," said Mr. Schutz, the bank investor and longtime friend. "He always figures out a way to make money and come back."

GREATER NEW YORK

Local Basketball Legend Busted

James 'Fly' Williams, a fixture in Brownsville, is charged as alleged kingpin of heroin ring

BY ZOLAN KANNO-YOUNGS
AND SONJA SHARP

James "Fly" Williams, a former professional basketball player who was a young prodigy on New York City courts, was charged as a kingpin of a major heroin ring in Brooklyn, acting Brooklyn District Attorney Eric Gonzalez said Thursday.

Mr. Williams, 65 years old, led an enterprise that sold

about 2 million small bags of heroin with a \$20 million street value between January and April of this year, Mr. Gonzalez said. He and 17 others were arrested on Wednesday.

"That someone with his stature in the community, with his influence on young people would run a substantial narcotics operation is truly sad," Mr. Gonzalez said.

Mr. Williams, who played in the American Basketball Association for the 1974-75 season before it merged with the National Basketball Association, hadn't been arraigned on Thursday because he was at a Brooklyn hospital, according

to a spokesman for the Brooklyn District Attorney's office.

His lawyer couldn't immediately be reached for comment.

Mr. Williams was charged with operating as a major trafficker in violation of the state's drug kingpin statute, which carries a maximum sentence of 25 years to life.

Mr. Williams was recruited by Austin Peay State University in Clarksville, Tenn., where he led his team to an NCAA tournament in the 1970s. He also sparked the now famous chant by the school's fans: "Fly is Open, Let's go Peay!"

Locals also know him for scoring 100 points in a New York City basketball league game in Queens in 1978.

The former college standout had a continued presence in his native Brooklyn neighborhood of Brownsville, where he took on the role as a mentor to youth by connecting them with basketball scouts and professionals, Mr. Gonzalez said.

He also was open about his battles with addiction, Mr. Gonzalez said. In the late 1980s, he was shot by an off-duty court officer after a dispute with another man about money.

"He made a name for himself as a street basketball player and local legend in Brownsville and other parts of

Brooklyn," Mr. Gonzalez said. "His popularity and status in the community ironically helped him in operating...this elaborate criminal enterprise."

NYPD Deputy Chief Michael Kemper said the investigation began in July after police received a tip from a Brownsville resident. The area around the Brownsville Recreation Center where Mr. Williams often met with youth had been a hot-spot for his drug trafficking, Mr. Gonzalez said.

Aaron Logan, 17, who was working outside the center on Thursday, said the community is in shock. "I'd never seen him like that," he said, referring to drugs.

Battle Over Airbnb Bill Heats Up In Albany

BY MIKE VILENSKY

Legislation that would carve exceptions into New York's housing laws to allow for more Airbnb rentals has quickly spurred battle lines in Albany and set up a showdown likely to linger for months.

Within days of the introduction of the bill in the state Legislature last weekend, a group of Democrats pushed back against it in public and privately. They organized partly through a union-backed anti-Airbnb group called Share Better.

But the coalitions of legislators supporting and denouncing the bill defy conventional partisan politics. Though the bill is backed by a veteran Democratic Assemblyman representing New York City, Joseph Lentol, his fellow New York City Democrats expressed vehement, unified opposition during the past several days.

The denunciations of some New York City Democrats bode poorly for the measure's future.

More than a dozen of them, in the Assembly and New York City Council, have tweeted the same phrase or something similar. "We see though your scam & oppose your bill to repeal affordable housing protections," wrote several, including Bronx Councilman Ritchie Torres and Manhattan Assemblywoman Deborah Glick.

Airbnb officials had been hopeful the bill would begin the process of compromising with legislators who say the home-sharing service hurts affordable housing in New York and causes quality-of-life problems.

The bill allows rentals under 30 days in New York City apartment buildings if the host registers with the state and agrees to rent only one unit at a time, among other stipulations. That is currently barred under state law if the host isn't home for the guest's stay.

"This is just a bunch of hotel industry brouhaha meant to distract from the fact...that we're seeking a working solution that allows everyday New Yorkers to share their home while still cracking down on bad actors," Peter Schottenfels, an Airbnb spokesman, said of the pushback.

The bill did pick up some support. Sen. George Amedore, an upstate Republican, appeared at a news conference in Albany supporting the legislation. Assemblyman James Skoufis, an upstate Democrat, issued a statement in favor, saying legislators should support "innovation, technology, and progress."

Because the Assembly is heavily stacked with New York City Democrats, their denunciations bode poorly for the bill's future, but the tussle over how to regulate Airbnb is likely to continue.

The Assembly Speaker, Bronx Democrat Carl Heastie, was noncommittal, saying through a spokesman he would review the legislation, as did the governor. The Senate Majority Leader, Long Island Republican John Flanagan, didn't comment.



Jonathan Griffith conducted a Carnegie Hall performance in 2016. Below, the Beatles left the venue in 1964. The band, like many others, paid to take the famed stage.

Practicing Isn't Only Way to Get To Carnegie Hall

Anyone can take the stage—for a price

BY CHARLES PASSY

The list of artists who have played Carnegie Hall includes all the greats, from Leonard Bernstein to Benny Goodman to Maria Callas. But that doesn't mean only legends need apply.

The New Jersey-based Greater Shore Concert Band, an 80-member amateur group, is making its Carnegie Hall debut on May 20 in honor of its 50th anniversary.

So, to paraphrase the classic joke, how did the band get to Carnegie Hall?

It wrote a check for about \$50,000 to cover the rental fee.

"I thought it would be nice if we played somewhere big and important," said band director Jim Bast, who has led the orchestra for the past 29 years. The conductor even has family members from North Dakota and Texas flying in for the con-

cert, which will take place at the Stern Auditorium, the largest of Carnegie's three stages with 2,804 seats.

The Greater Shore Concert Band is hardly the only less-heralded act to make its way to the renowned hall via such an arrangement. Unbeknownst to many concertgoers, Carnegie is largely a rental facility—just about 170 of the nearly 700 annual events at Carnegie's stages are presented by the hall itself.

The rest feature artists and ensembles, from Midwestern high-school choirs to freelance New York orchestras, willing to pay the rental fees for the sake of saying they have played Carnegie.

The costs vary depending on the time and day of the performance and the additional services, from stage labor to a "press escort," that typically are required.

The hall also handles the box office, but performers get to keep whatever income is generated from ticket sales.

On the low end of the cost spectrum: A weekday morning rental at Weill Recital Hall, Carnegie's smallest stage, with 268 seats, starts at \$1,930, according to the hall's rate card. On the high end: A Saturday evening rental at the Stern Auditorium can indeed run into the mid five figures.

For Carnegie, the rental income is key to the hall's existence, accounting for about \$13 million of the hall's \$90 million annual budget, officials say. In fact, such income is what helps Carnegie, a nonprofit institution, pay for the famous names in classical, jazz and

other musical genres that it presents on its own. "It's consistent and important revenue for the organization," said Carnegie spokeswoman Syneve Carlino.

The rentals also serve a broader function by keeping the hall busy, especially at times when the more well-known performers are less likely to be touring.

On Carnegie's rental calendar in the coming days are events including a program of "Musical Treasures from Bulgaria."

Some arts-industry insiders say Carnegie may be hurting its reputation by letting just about anyone take

center stage for the right price. Insiders also point out that many renters struggle to find ticket buyers, which can help defray the rental expense. It is common for groups to give away seats to help fill the space.

Carnegie officials are quick to note that the rental situation is hardly new. Carnegie Hall, which marks its 126th anniversary on May 5, started life as a rental facility and remained exclusively so until around the 1960s.

Many of the famous names associated with the hall, including the Beatles, who played Carnegie in 1964, paid for the privilege.

'Harry Potter' Reveals 2018 Broadway Date

BY CHARLES PASSY

Harry Potter finally has a date on Broadway.

The producers of "Harry Potter and the Cursed Child," the hit London show that is part of the Potter franchise, have announced it will open in New York City on April 22, 2018, at the Lyric Theatre.

Previously, producers had said they were in discussions to bring the show to town, but hadn't specified the timing.

It is one of the most anticipated arrivals in recent Broadway history.

The story of "Harry Potter and the Cursed Child" was developed by Potter author J.K. Rowling in collaboration with Jack Thorne and John Tiffany, with a script for the play written by Mr. Thorne.

Like most everything connected to the Potter franchise, it has been a runaway success—first as a published script and then as the London stage production.

The show—which is performed in two parts that are intended to be seen either in one day, matinee and evening performances, or on consecutive

nights—opened in July 2016. The production recently was recognized with a record-breaking nine honors at Britain's Olivier Awards, including Best New Play.

"Harry Potter and the Cursed Child" is produced by Sonia Friedman Productions, Colin Callender and Harry Potter Theatrical Productions.

A spokesman for the Broadway production declined to comment on the show's costs, which include an extensive redesign of the Lyric Theatre.

Tickets for the Broadway show are slated to go on sale

in the fall. Details on casting will be announced in the coming months.

Meanwhile, New Yorkers can get their theatrical fill of Harry Potter in a different way. Currently playing off-Broadway is "Puffs," a Potter spoof that looks at "Seven Increasingly Eventful Years at a Certain School of Magic and Magic," according to the show's snarky billing.

"Puffs," which was written by veteran playwright Matt Cox, is slated to run through July 30 at the Elektra Theatre in Midtown.



'Harry Potter and the Cursed Child' has been a hit in London, where it has been playing at the Palace Theatre since July.

GREATER NEW YORK

Biotoxin Limits Shellfish Harvest On Long Island

BY MELANIE GRAYCE WEST

Shellfish lovers clamoring for an early clambake beware: Some parts of Long Island's Shinnecock Bay and areas near Southold, N.Y., have been closed to shellfish harvesting because of the presence of a dangerous biotoxin that, if consumed, can be fatal.

On Thursday, the New York State Department of Environmental Conservation closed some 1,400 acres of the western Shinnecock Bay in Suffolk County from the harvesting of clams, oysters, mussels, scallops and carnivorous gastropods, including whelks, conchs and moon snails, which feed on shellfish.

Moreover, Deep Hole Creek, Halls Creek and a section of the Great Peconic Bay near Southold are closed from the harvesting of carnivorous gastropods, which affects some 120 acres.

State environmental officials decided to temporarily close the areas after routine monitoring found that shellfish tested positive for saxitoxin, a natural-occurring biotoxin.

Ingesting saxitoxin can cause paralytic shellfish poisoning; the symptoms include numbness and tingling in the face and extremities. In severe cases it can be fatal.

Debra Barnes, bureau chief of shell fisheries for the state's DEC, said that it is normal to see marine biotoxins in shellfish during the spring, when algae are blooming. However, not all algae species produce a marine biotoxin that can hurt consumers, she said.

"It varies from year to year," Ms. Barnes said.

While the closures are temporary, Ms. Barnes cautioned that the halt on harvesting could extend to Memorial Day weekend, and recreational harvesters should be careful.

The closures will affect at least a half-dozen commercial harvesters, according to Ed Warner Jr., a commercial shell-fisherman and president of the Southampton Town Trustees.

Many commercial shellfish harvesters, Mr. Warner said, have long moved out of the affected areas because of repeated seasons of brown and red tide, which have degraded the water.

These events have caused an overall decline in shellfish, he said, damping each year's harvest.

"I have been watching the bay industry slowly diminish as far as income," Mr. Warner said. "I have looked elsewhere in the ocean to make a living."

Suit Against Teacher Seniority Tossed but Plaintiffs Press On

BY LESLIE BRODY

After a judge dismissed a suit by Newark families challenging seniority rules for New Jersey teachers, the group behind the litigation said Thursday that the plaintiffs won't give up.

A suit organized by the advocacy group Partnership for Educational Justice claimed that last-in-first-out, or LIFO, rules protect weak teachers and force cash-strapped districts to dismiss good ones. Under LIFO rules, newer teachers get laid off first, while longtime educators keep their jobs.

Assignment Judge for Superior Court Mary Jacobson dismissed the suit on Wednesday, saying the plaintiffs didn't prove their 12 children had suffered from the practice.

"I am not questioning the importance of teacher effectiveness in the classroom," she said from the bench in Trenton. "But the complaint is completely devoid of facts of how any of these individual students are harmed" by the statutes.

The Newark families' suit argued that the state constitution gives students a right to a "thorough and efficient education," including access to highly qualified teachers.

The families are considering an appeal or re-pleading the case with additional facts, their lawyer, Kathleen Reilly, said Thursday.

The New Jersey Education Association, which intervened in the case, argues that the rules shield teachers from po-

litical interference and keep higher-paid veterans from getting fired to save money. An NJEA spokesman said the union intervened "because we did not believe the named defendants would mount a vigorous defense."

Republican Gov. Chris Christie and Chris Cerf, the state-appointed superintendent in Newark, have often criticized seniority rules. Although the plaintiffs named Mr. Cerf as a defendant in the suit, on Thursday he expressed views in line with the Newark families.

LIFO rules have "a direct, immediate and negative effect on the Newark Public Schools," he said in an interview, adding that the rules require schools "to preserve the job of an objectively inferior teacher over a superior one simply because

the former is one day more senior."

A spokesman for the state education commissioner, also named as a defendant, didn't respond to a request for comment. Mr. Christie sought to curb seniority rules in the 2012 overhaul of the state's

tenure law, but a compromise kept them intact. A spokesman for the governor didn't respond to a request for comment.

Newark Public Schools routinely face deficits in the nearly \$1 billion annual budget. Officials said that to avoid

dismissing good teachers, the district sends weak teachers and others who lost positions due to school closures into a pool of educators without permanent assignments. That pool is projected to cost about \$8 million in the coming school year.

GREATER NEW YORK WATCH

NEW YORK

Parents Sent to Prison For Overdose of Son

An upstate New York couple were sentenced to prison Thursday for giving their emaciated and disabled 5-year-old son a lethal overdose of the opioid painkiller oxycodone through his feeding tube.

Broome County Court Judge Kevin Dooley sentenced 46-year-old Charles Burks to 13 years and 40-year-old Jennifer Burks to nine years in prison. They had pleaded guilty to manslaughter.

The couple claimed they were treating their son's pain.

—Associated Press

JERSEY SHORE

Late-Night Train Set For Summer Return

NJ Transit is restoring a late-night train that will travel between New York City and the Jersey Shore for the second summer in a row.

The train will leave New York's Penn Station at 1 a.m., beginning June 26.

The train will stop in Elberon, Allenhurst, Asbury Park, Bradley Beach, Belmar, Spring Lake, Manasquan, Point Pleasant Beach and Bay Head.

The summer service will end on Sept. 8.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

New York State Court of Appeals Judge Sheila Abdus-Salaam, whose body was found in the Hudson River last month, helped establish the right of a nonbiological parent to seek custody of a child. An article Thursday about the investigation into her death incorrectly described this milestone as the right of a nonbiological child to seek custody of a child.

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

—Associated Press

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Lincoln Center Plays Along on Star Wars Day



MAY THE 4TH BE WITH YOU: A person dressed as a storm trooper tried to blend in by the fountain on Thursday. The New York Philharmonic gave fans who arrived in costume at the David Geffen Hall Box Office early access to Star Wars Film Concert Series tickets.

Firefighter Is Charged With Murder

BY KATE KING

A Paterson firefighter was charged with murder in connection with the shooting death of a 39-year-old man this week.

Kaheem Hunt, 30 years old, was arrested on Wednesday and also charged with conspiracy to commit murder and unlawful possession of a weapon.

It was unclear Thursday if Mr. Hunt had a lawyer.

Paterson police responded to a 911 call of a reported shooting at Essex and Madison streets on Monday evening. The victim, Juan Martinez, also of Paterson, was taken to St. Joseph's Hospital and died in the operating room, according to police.

Paterson Police Capt. Rich-

ard Reyes said the shooting stemmed from an altercation that took place on the street. Other people were involved but Mr. Hunt is the only one so far to be charged in the case, Capt. Reyes said.

"It's not easy, but there's not really much I can say," said Paterson Fire Chief Michael Postorino. "He's never come before me with any dis-

ciplinary matters or anything to that effect. As far as I knew he came to work and did his job."

There were eight homicides between January and March of this year in Paterson, a city of about 148,000 in Passaic County, according to state police statistics. A total 19 people were killed in the city last year.



Fareehah Harris, a member of the group behind a suit that challenged New Jersey's teacher seniority rules.

NEW YORK

Cuomo Urges Towns To Share Resources

Local governments should share resources to ease tax burdens, Gov. Andrew Cuomo says.

The governor was on Long Island Thursday to ceremonially sign a bill allowing counties to create plans to reduce property taxes by consolidating government programs or sharing equipment.

Mr. Cuomo, a Democrat, said many villages, cities, towns and counties could save money by pooling their purchases or cooperating to make duplicative services more efficient.

—Associated Press

LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

'Risk' Cracks the Code on Assange

TIMING BEING everything in life, "Risk" could hardly be more of the moment. On a week when FBI director James Comey characterized WikiLeaks as "intelligence porn," this documentary feature by Laura Poitras offers a startling portrait of Julian Assange, the group's founder.

Mr. Assange has made it known that he deplores the film, and no wonder. He comes off more as the beleaguered leader of a cult than an idealist battling government secrecy, a man obsessed with—and enraged by—charges of sexual assault that prompted him to seek asylum five years ago in the Ecuadorian embassy in London, where he remains to this day. Ms. Poitras, who won an Oscar for "Citizenfour," her 2014 documentary on Edward Snowden, makes it known during the course of her new production that it's not the film she'd intended to make; her focus has long been the free flow of information, not the sexual habits of the famous and notorious. To her credit, "Risk" expands that flow, even though the info she may have been seeking wasn't what she found.

The film began shooting in 2011. At that time Mr. Assange, under house arrest in a borrowed country manor northeast of London, was awaiting a decision by the U.K. Supreme Court on an extradition request that would have forced him to stand trial in Sweden, where the charges had been lodged. At first the camera finds him in



Julian Assange,
the founder of
WikiLeaks

full cry, legal limbo notwithstanding—the creepily imperious, hero-worshiped head of a shadowy organization that he runs like a multinational intelligence agency.

"Most people who have very strong principled stances don't survive for long," Mr. Assange tells Ms. Poitras. He is, by his own lights, unafraid of risk and "ruthlessly pragmatic." He orders an assistant to get Hillary Clinton on the line so he can warn her that WikiLeaks'

password to a quarter-million State Department documents has just been exposed. Someone answers, but it isn't the secretary of state. "You're not on the appropriate level to speak to Hillary," the assistant repeats in a whisper by way of explanation. Unchastened, the WikiLeaks overlord gets on the phone and lectures the State Department underling with icy calm: "I don't have a problem," he says. "You have a problem."

The extent of the filmmaker's access is striking. "It's a mystery to me why he trusts me," Ms. Poitras muses at one point in a voice-over, "because I don't think he likes me." Is that really such a mystery? He must have assumed she would portray him as he wanted to be seen, a scourge of secretive institutions who wields a degree of power that was unimaginable until computers linked whole nations and their governments into a planetary mainframe ripe for hacking.

There's a strong sense of that power at the outset, and in an early sequence that cuts away to Cairo basking in the first bloom of the Arab Spring. That's where one of Mr. Assange's close associates, Jacob Appelbaum, laces into a panel of executives at a regional telecom conference for having collaborated with the repressive regime of Hosni Mubarak.

Soon, however, the issue of sexual misconduct takes over the film as it takes over its subject's life. Back in his country manor, Mr. Assange listens grudgingly to a legal coach's advice on how to dis-

cuss his charges in court without resorting to hostile language. He gets the point, but can't resist railing against the accusations as "a thoroughly tawdry radical-feminist positioning thing" and predicts that the women who've accused him "will be reviled forever." (Later we learn that Mr. Appelbaum has also been facing accusations of sexual misconduct.)

Some passages can be oblique or opaque—Mr. Assange following the trial of army intelligence whistleblower Chelsea Manning, a shot of Pentagon Papers whistleblower Daniel Ellsberg driving past the Pentagon during the trial. Yet the action takes a dramatic turn when Mr. Assange seeks asylum instead of waiting for the outcome of the judicial proceeding—the camera watches as he dons a disguise, and tracks him from his country house to the door of the Ecuadorian Embassy. Then "Risk" grows into a mesmerizing study of influence undeterred by isolation, of grandiosity undiminished by adversity.

Confined to a tiny area of the embassy like a prisoner

with special privileges, he denies all charges directed against him. And he scornfully dismisses the consensus of U.S. intelligence agencies that WikiLeaks served as a conduit for Russia's interference with the election that brought Donald Trump to the White House.

Of all the vignettes that illuminate Mr. Assange's state of mind and spirit, the most surprising is a visitation, in the form of an interview, from Lady Gaga. There she is, camera in hand and dressed like Margaret Hamilton's witch in "The Wizard of Oz," lobbing softball questions at this heaviest of digital hitters. "How do you feel?" she asks. "I don't care how I feel," he replies, having already explained that he's obsessed with political struggle and not a normal person. "Who is after you, Mr. Assange?" Her inquiry provokes an outpouring that won't be stanch. He names 12 U.S. intelligence organizations for openers, then rattles on in that vein until Lady Gaga interjects, briskly, "So a lot of people." As interviewers go, she seems earnest, but she gets the job done.

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David Hockney, *The Artist and Model*, etching, 1974. Estimate \$20,000 to \$30,000.

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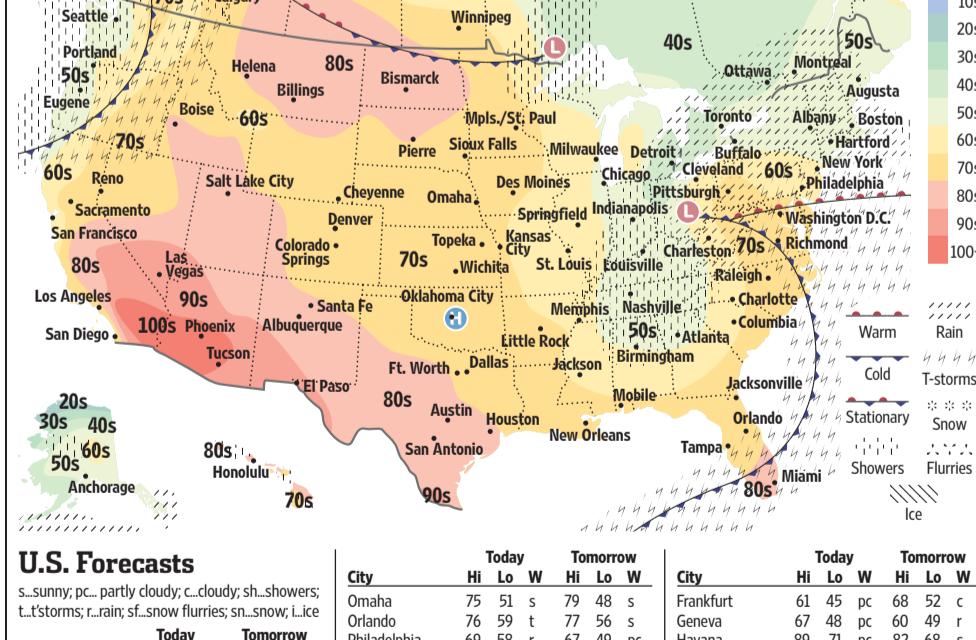
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Weather



U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	75	51	s	79	48	s
Orlando	76	59	t	77	56	s
Philadelphia	69	58	r	67	49	pc
Phoenix	105	76	s	95	63	s
Pittsburgh	70	45	t	50	39	sh
Portland, Maine	51	45	r	59	46	sh
Portland, Ore.	59	42	sh	61	40	pc
Sacramento	78	50	pc	71	57	pc
St. Louis	66	51	s	71	44	s
Salt Lake City	86	63	s	81	58	c
San Francisco	64	50	s	65	51	pc
Santa Fe	81	47	s	81	48	pc
Seattle	58	43	s	58	43	pc
Sioux Falls	75	47	s	73	45	s
Washington, D.C.	73	57	t	64	48	c

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	53	46	c	65	47	pc
Edmonton	82	63	s	82	62	s
Baghdad	92	65	s	95	69	s
Bangkok	93	78	pc	92	80	t
Beijing	69	48	pc	85	50	s
Berlin	60	48	c	63	48	pc
Brussels	55	44	pc	68	47	c
Buenos Aires	81	60	s	77	63	pc
Dubai	103	89	s	104	86	s
Dublin	56	44	pc	55	43	s
Edinburgh	56	41	s	57	42	s
Riyadh	103	74	s	103	75	c
Rome	69	52	s	73	54	t
San Juan	88	77	sh	88	77	pc
Seoul	78	51	sh	67	50	s
Shanghai	75	59	c	76	59	pc
Singapore	89	77	pc	87	77	c
Sydney	73	59	s	76	60	pc
Taipei	86	74	t	79	71	t
Tokyo	73	62	pc	76	60	pc
Toronto	50	40	r	48	35	sh
Vancouver	57	41	sh	56	41	s
Warsaw	66	52	t	69	52	t
Zurich	66	41	pc	64	48	sh

LIFE & ARTS



Kelvin Moon Loh, Austin Ku, George Takei, Marc Oka and Thom Sesma, above;
Mr. Takei and Megan Masako Haley, below

JOAN MARCUS (2)

THEATER REVIEW | By Terry Teachout

Shortening Sondheim



New York

WHENEVER JOHN Doyle stages a Stephen Sondheim musical, you can always count on being taken by surprise. Mr. Doyle, the new artistic director of Classic Stage Company, is best known in the U.S. for his influential small-scale revivals of Mr. Sondheim's "Company," "Passion" and "Sweeney Todd," all of which gave us thrilling new ways of looking at three of the supreme theatrical masterpieces of the postwar era. Now he's turned his hand to "Pacific Overtures," the 1976 musical in which Mr. Sondheim and John Weidman told the story of the 1854 naval expedition led by Commodore Matthew Perry that opened Japan to the West—but did so from the point of view of the Japanese. As usual, Mr. Doyle has found his own way into "Pacific Overtures," and those who know the show well are more than likely to quarrel with certain of his directorial notions. Yet the results are exciting all the same, and anyone who is incapable of putting aside his preconceptions and experiencing Mr. Doyle's "Pacific Overtures" on its own radically original terms will miss out on much that is wonderful.

Even when played straight, "Pacific Overtures" is a problem show, one whose two halves fit together awkwardly. The first act is a parable-like meditation on the coming of modernity to an ancient culture, while the second act stoops

to ugly-American satire that is razor-sharp but a bit too easy to be wholly persuasive. Mr. Doyle's "solution" is to mount "Pacific Overtures" in a stripped-down manner that endeavors to underline its political aspect without compromising its subtle poetry. He's also abridged and revised "Pacific Overtures" in collaboration with the authors, compressing a 2 1/2-hour musical into an intermission-free 90-minute span.

Poetry is a process of subtraction, and Mr. Doyle's genius—a word I use advisedly—lies in his ability to pare down a script to its essence. Doubling as director and designer, he has given us a "Pacific Overtures" that unfolds on a bare stage (the only set piece is a single wooden stool) which suggests a giant Japanese scroll, with the audience seated on both sides of the central playing area. The 10 actors wear ca-

sual modern clothes, using scarves for visual accentuation, and move in a stylized manner redolent of the Noh theater on whose narrative devices Mr. Weidman drew in writing his book. The tone and scale of the production are enthrallingly intimate, and the simplicity of the presentation means that Mr. Sondheim's gorgeous score, an amalgam of Ravel-like harmonies, pentatonic melodic shapes and glittering percussion, stands out in the highest possible relief.

The ensemble cast is solidly competent, enunciating Mr. Sondheim's tricky lyrics with bright, unfinicky clarity. George Takei is strong and dignified as the Reciter, Mr. Weidman's counterpart to the Stage Manager in "Our Town," and Ann Harada is especially good in the unlikely-sounding triple role of the Emperor of Japan, a French admiral and a whorehouse madam. The nine-piece pit band plays Jonathan Tunick's scaled-down orchestrations crisply and elegantly, while Gregory Landes and Yuri Yamashita, the percussionists, deserve solo bows for their indispensable joint contribution to the proceedings.

And what about those cuts? Well, Mr. Doyle has jettisoned, among other things, "Chrysanthemum Tea," the witty first-act scene in which the Shogun of Japan is poisoned by his scheming mother when he declines to meet with Commodore Perry. According to Mr. Doyle, this musical

number gives "Pacific Overtures" "a slight tendency for comedy to thrive at the expense of the Japanese." If that sounds like a bow to political correctness, I'd say you're right—and cutting it is also, dramaturgically speaking, a big mistake. The double-edged satire of "Pacific Overtures" is intended to dramatize the myriad ways in which two cultures can misunderstand one another. Omitting "Chrysanthemum Tea" throws the show out of balance and sets up the audience for the heavy-handed second half, which now implies even more clearly than did the original version of "Pacific Overtures" that the Japanese were not so much enthusiastic participants in their own modernization as helpless victims of the nefarious West, mysteriously denuded of moral agency. It says everything about this production that the last thing we see before the final blackout is an all-American .45 pistol lying atop stripes of red and white light that are clearly meant to suggest the U.S. flag.

Whatever its flaws, "Pacific Overtures" didn't need to be cut by an hour, much less subjected to a politically tendentious rewrite. Amon Miyamoto's entrancingly beautiful 2004 Roundabout Theatre Company revival managed quite well without that kind of directorial interference. If you've never seen the show, though, you won't suspect that anything is missing, and this revised version works superlatively well in its own way. For all my reservations, I wouldn't have missed Mr. Doyle's richly involving production for the world. Why not see it and make up your own mind?

Pacific Overtures
Classic Stage Company,
136 E. 13th St. (\$71-\$126),
866-811-4111, extended through
June 18

Mr. Teachout is the Journal's drama critic. "Billy and Me," his second play, opens at Palm Beach Dramaworks on Dec. 8. Write to him at tteachout@wsj.com.

TELEVISION REVIEW | By Dorothy Rabinowitz

THE SPY IN THE NEXT POD



Spy Tuna follows some spinner dolphins.

JOHN DOWNER PRODUCTIONS

NO ONE seduced by the bewitching "Spy in the Wild"—the "Nature" series about an undercover team of robotic creatures transmitting intelligence on the lives and works of members of the animal communities they infiltrated—will be surprised by anything in this film thick with agents like Spy Turtle, Spy Dolphin, Spy Squid and Spy Puffer. In this two-part documentary, by the team that produced "Spy in the Wild," the focus is on the lives of dolphins, of which there are numerous species. (The first part aired Wednesday and is available online.) They include the orca, known as the "killer whale"; the bottlenose, the most common dolphin—and those animatronic visitors with cameras in their eyes.

Whatever its flaws, "Pacific Overtures" didn't need to be cut by an hour, much less subjected to a politically tendentious rewrite. Amon Miyamoto's entrancingly beautiful 2004 Roundabout Theatre Company revival managed quite well without that kind of directorial interference. If you've never seen the show, though, you won't suspect that anything is missing, and this revised version works superlatively well in its own way. For all my reservations, I wouldn't have missed Mr. Doyle's richly involving production for the world. Why not see it and make up your own mind?

What they recorded leaves little doubt as to why orcas, the largest of the dolphins, came to be viewed as killer whales. Trained from an early age to be disciplined hunters, they're undeterred by obstacles. In the summer when Patagonian beaches are filled with breeding sea lions and their offspring, an aging male stalks confidently around

the shallow waters of the surf area, waiting for one of the sea lion pups to get close enough to the water's edge for him to grab it. It's a suicidal risk, the film's narrator points out—the 10-ton orca could be fatally stranded as hundreds are every year, and this one even now seems to be struggling. Still he persists.

Among all dolphin groups, babies remain in intimate contact with their mothers for two years which may account for Spy Baby Dolphin's encounter with a sad young male who just left his mother's pod for the large world. The spy records the young dolphin's unhappy cry and plays it back to him, which seems to help.

Not all the spies in this visually enchanting film emerge unscathed. Spy Squid will meet a lonely death on a reef in an encounter with the potato cod, an aggressive sort that threatened him before—possibly, though the film doesn't suggest it, because he found something fishy about this squid.

Dolphins: Spy in the Pod
Wednesday, 8 p.m., PBS

IMPRESSIONIST & MODERN ART

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PREVIEW

May 6-17

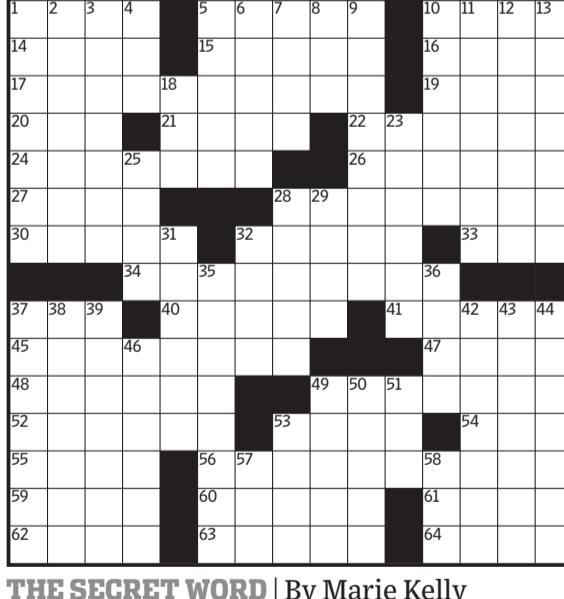
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The WSJ Daily Crossword | Edited by Mike Shenk



THE SECRET WORD | By Marie Kelly

The answer to this week's contest crossword is the seven-letter secret word.

Across

- 1 Tarot suit
- 5 "What ___!" ("Awesome!")
- 10 Clears the decks, perhaps
- 14 Paperless test
- 15 Blackmore heroine
- 16 Med. school class
- 17 Only member of the Supremes for the group's entire run
- 18 Wheaton of "Stand by Me"
- 19 Auto parts cooperative
- 20 Words with jam or pickle
- 21 Chain that supplies lots of Allen wrenches
- 22 Outward appearances
- 24 Savory snacks
- 26 Clears
- 27 Hoodwink
- 28 Host's counterpart
- 30 Underhanded campaign tactic
- 32 DuPont creation of the 1940s
- 33 Rep.'s counterpart
- 34 "This is a secret, but..."
- 37 Plan for sr. years
- 40 V members
- 41 Sizable wrestlers
- 45 Annuls
- 47 Windmill part
- 48 What you can't get blood out of
- 49 Resembling a cockatoo
- 52 Its center is a black hole
- 53 Wilde's home for two years
- 54 Unhelpful sched. info

Email your answer—in the subject line—to crossoverword@wsj.com by 11:59 p.m. Eastern Time Sunday, May 7. A solver selected at random will win a WSJ mug. Last week's winner: James Schneider, Papillion, NE. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

55 Order, in the court	23 Father of the Titans
56 "Sounds plausible to me"	25 Spill the beans
59 Taj Mahal city	28 Bench activity
60 Court goof	29 Helm heading
61 Mitigate	31 Capital named for Queen Victoria
62 Proceed while plastered	32 Outstanding
63 Olympics weapons	35 Canaries island
64 Membership requirement	36 Yukon and Tahoe
Down	37 It began with "shock and awe"
1 Arrivals	38 Rise anew
2 Pitchblende product	39 Garland's "Easter Parade" co-star
3 Sunday school story	42 Burnett's "Pete 'n' Tillie" co-star
4 Scheming	43 Single description
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12 Tahitian port	58 Talking bear of film

Previous Puzzle's Solution

MAMA	SPIN	STEP
ELAN	TINT	GOURDA
TORTURE	CHAMB	AMBER
ENCINO	LUMENS	
REO	INS	OASES
BAWDY	AFGHANIS	TAN
ECHO	OMAR	GENE
EROS	ETNA	DUKES
REDUCED	FARE	
ULNAR	TEEN	ATE
RANOFF		RASCAL
OLIVE	RICROMWELL	
OPTED	AHAB	ALOE
TOSS	WIPE	MANN

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SPORTS

NHL | By Jason Gay

Hockeymoon in Vegas: Crazy Enough to Work?

Summerlin, Nev.

I've confessed that I don't know much about hockey, so I was the perfect lab rat to send out here, to the desert, not far from the Strip, the Cirques du Soleils, Rich Little (Yes! Still doing impressions!) and those throbbing nightclubs I can't seem to get into, to ask a question a lot of reasonable sports fans are asking:

What in the name of Frank Sinatra is NHL pro hockey doing, coming to Las Vegas?

Hockey in Canada, we get. Up there, it's the national pastime. Same goes for most of the American cities it's in today. Detroit. Boston. New York. Chicago. Pittsburgh. Philly. St. Louis. Nashville. Yeah, I said Nashville. You think I don't know what's going on with the Predators? I've been paying attention for a full two weeks, buddy. I'm like Don Cherry, without the terrible suits.

But the NHL in Vegas? Vegas is for blackjack and oversized conventions and staying out too late and room service french fries and smoking cigars even when you don't smoke cigars. It's for watching packs of dudes walk around in dress shirts and blazers, like they're in a commercial for Viagra and loneliness. Vegas is for Wayne Newton. And Britney. And Celine.

It's true that Vegas loves a big, juicy risk—it's in the DNA of the town. But is a pro hockey expansion team a leap too far? Will the NHL be another folly like the cockamamie bazillion-dollar Fontainebleau Hotel that still stands on the Strip's edge—blue and unfinished, like a bloated, ghostly whale?

Or...is it crazy enough to work?

I wanted to find out what these hockey people were thinking. So I took a ride off the main drag to the low-lying suburbs where start-up employees of the Vegas Golden Knights, who are owned by Fidelity National Financial chairman Bill Foley, work in an office park.

There, I met up with Nehme E. Abouzeid, the team's 40-year-old chief marketing officer, who was sharply dressed in a gray suit. Abouzeid doesn't think hockey in Vegas is a crazy idea at all. He started ticking off demographic data points about the region's two



A boy skates under a sign displaying the Vegas Golden Knights logo in Las Vegas.

million-plus population—its comparatively lower taxes and real-estate prices; its higher proportions of discretionary income to spend on items like hockey tickets.

"Vegas is a very livable city, and that's really not reported nationally," Abouzeid said. Contrary to perception, he said, Las Vegas isn't driven solely by its casinos. "Yes, a lot of our jobs are tied to the hospitality industry, but there's also a lot of entrepreneurship, a lot of doctors, a lot of dentists, a lot of financial advisers, a lot of insurance agents."

Locals will be critical to the Golden Knights' success, he said. The team will play right on the Strip in the newish T-Mobile Arena, and they expect business from out-of-town hockey fans, but the Knights want to belong to the town. To date, more than 13,000 season tickets have been sold.

Abouzeid does know Vegas's sequined side. The Massachusetts native (favorite Bruin growing up)

Steve Kasper) first came to the city to work for Las Vegas Sands Corporation titan Sheldon Adelson, then crossed the street—literally—to work for another mogul, Steve Wynn. In that time, Abouzeid watched the industry shift dramatically from gambling-based to an entertainment-driven economy, the money moving over from the tables and slots to the restaurants, clubs and luxury shopping.

Now the Golden Knights are the new headliner on the Strip, Abouzeid said. One of the reasons the NHL selected Las Vegas over rival bid Quebec City was for its international visibility, he said, and a dream scenario is that the franchise cultivates a generation of hockey fans visiting from other places. Hockey is a game rich with tradition, but the Golden Knights aren't going to be shy about showing some flash—"the little Vegas sizzle," is how Abouzeid put it. The VP in charge of the team's game presentation, Jonny Greco,

came from World Wrestling Entertainment, and the Golden Knights recently signed a partnership deal with Cirque du Soleil.

"Do we do a traditional goal horn?" Abouzeid asked. "Do we do a jingling slot machine goal horn?"

No expansion team has a seamless launch, of course. Vegas has already endured some mild razzing over its name—Golden Knights was a backup after they failed to get Black Knights, due in part to some Army resistance—and its helmet logo wouldn't look out of place on a box of prophylactics. Meanwhile, the team is getting some intriguing competition, as the NFL's Oakland Raiders have announced their intention to move into the region in a few years.

Abouzeid didn't sound terribly concerned about the NFL. "We feel that population-wise and income-wise, the city can support two teams," he said.

In the end, Abouzeid agreed, what will really make the Golden

Knights work is what makes any sports franchise break through: winning. The team will start to assemble itself through an expansion draft on June 21, where it will be able to pluck talent from the league's other teams. Those choices will be as critical as any. For all the plush accoutrements Vegas can offer, there will be pressure to be competitive on the ice.

"If we drop the puck in October and people watch the game, walk out and are like, 'Meh'—that's my biggest nightmare," Abouzeid said. "What it has to be is, 'Amazing game, amazing arena, amazing experience, and now I'm going back to my hotel room, or house, and this is something I'm going to do again.'

"You can only give birth to your franchise once," The Man Selling Hockey in Vegas said. "The spotlights on the Strip are so bright, and they really shine around the world. You can't do anything quietly here."

THE COUNT

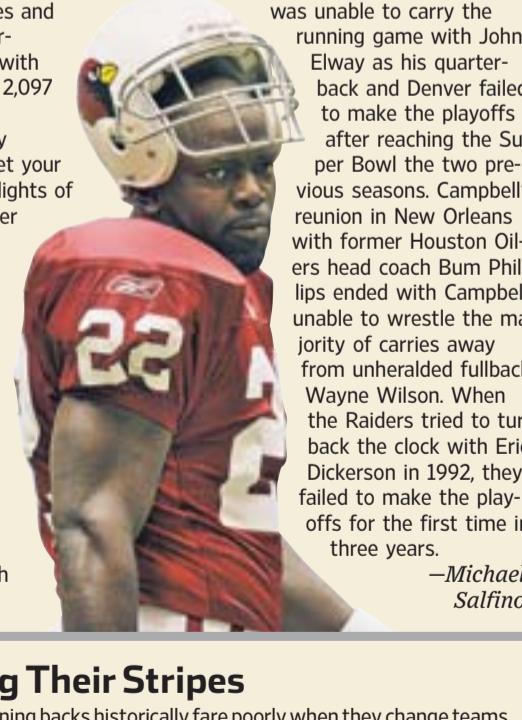
THE SAD FINAL ACT FOR THE NFL'S BEST RUNNING BACKS

Three of the greatest running backs of this generation switched teams in recent weeks, with Jamaal Charles, Adrian Peterson and Marshawn Lynch donning new uniforms. But history says that when a great running back's longtime club says it's time to say goodbye, the team is usually right.

Since the 1970 AFL-NFL merger, 10 Hall of Fame backs have switched teams at age 30 (though Earl Campbell was actually traded at age 29). None gained 1,000 yards in a season, a figure that Lynch, Charles and Peterson have surpassed 18 times, with Peterson totaling 2,097 in 2012.

So don't worry about trying to get your head around highlights of Charles in a Denver Broncos uniform, Peterson sporting the fleur-de-lis of the New Orleans Saints and Lynch in the Raiders' Silver and Black. There aren't likely to be many.

Thurman Thomas (2000 Dolphins), Franco Harris (1984 Seahawks) and Emmitt Smith (2003 Cardinals)



—Michael Salfino

Changing Their Stripes

Hall of Fame running backs historically fare poorly when they change teams.

PLAYER	NEW TEAM	YEAR	RUSH YARDS
LaDainian Tomlinson	Chargers	2010	914
Marcus Allen	Raiders	1993	764
Eric Dickerson	Rams/Colts	1992	729
Tony Dorsett	Cowboys	1988	703
Earl Campbell	Oilers	1985	643
O.J. Simpson	Bills	1978	593
Larry Csonka	Dolphins	1976	569
Emmitt Smith	Cowboys	2003	256
Franco Harris	Steelers	1984	170
Thurman Thomas	Bills	2000	136

Source: Pro-Football-Reference

BY SARA GERMANO

A TRIO of world-class runners will attempt to complete a marathon in under two hours early Saturday, the culmination of an audacious Nike Inc. marketing stunt that would require shaving nearly three minutes off the current world record.

Nike has been planning this moment for years. The company developed new, technically sophisticated footwear for the project. And it curated a roster of elite runners game for the task. It selected an ideal running surface and climate—a Formula One race track in Monza, Italy—for the race. Nike even waited until this week to declare Saturday's 5:45 a.m. start time, an attempt to pinpoint ideal weather conditions.

But the bar for success is high. One contestant would have to shave more than 10 minutes off his personal best time. And failure to break the two-hour mark, or at least challenge it, could cast Nike's marketing efforts in an awkward light.

The results may not be widely embraced either. Nike's new shoe has raised questions about whether it provides an unfair advantage. And the contest itself is being run in a carefully controlled environment that does not pass muster for world-record consideration.

"It's going to be close," said Jos Hermens, a retired Olympic distance runner who now represents race favorite Eliud Kipchoge, the reigning Olympic marathon champion. "He will for sure go under 2:01, it will be close to two hours."

Along with Kipchoge, of Kenya, race contestants include two-time Boston Marathon champion Lelisa Desisa of Ethiopia and half-marathon world record holder Zersenay Tadesse of Eritrea. The three men are all sponsored by Nike and decided to forgo the lucrative spring marathon season, including the Boston and London races that can carry six-figure paydays, in order to take part in the Nike project.

The current marathon world record of 2:02:57 was set in 2014 by Dennis Kimetto of Kenya. Of the three Nike contestants, Kipchoge

RUNNING

A MARATHON THAT IS A SPRINT



Eliud Kipchoge, shown last year in London, is now trying to break two hours.

has come closest to that mark, running 2:03:05 last year in London.

The contest is an ambitious marketing event even by Nike standards. A central instrument in the race—and Nike's advertising for it—is its new racing shoe, the Zoom Vaporfly Elite. According to the company's description, the sneaker includes a carbon-fiber plate that increases the stiffness in the shoe sole, which in turn reduces fatigue. Nike plans to put a slightly tweaked version of it on sale in June for \$250, touting a 4% efficiency boost over the company's previous-fastest sneaker.

Officials at the International Association of Athletics Federations, running's governing body, say they are reviewing their rules to determine whether more regulation on footwear is needed. Current rules state that runner footwear "must not be constructed so as to give an athlete any unfair additional assistance, including by the incorporation of any technology which will give the wearer any unfair advantage." The Zoom Vaporfly 4%—the commercial version of the shoe being worn Saturday—was the footwear of choice on five of the six podium finishers at last month's Boston Marathon.

Runners who have used versions of the controversial shoe say that it reduces the strain on the body, enabling athletes to minimize needed recovery time and maximize hard effort. Nike is now trying to determine how to quantify the reduction in fatigue, according to a person familiar with the matter. Last week, the company convened a group of runners who had been testing the shoe to discuss that topic at its Beaverton, Ore., headquarters, this person said.

Nike admits that Saturday's race won't be world-record eligible. For one thing, the company isn't enlisting drug testing from the IAAF, which sanctions world records.

The company said it has hired "an independent third-party to manage event-day testing protocols." Organizers have also planned to use a handful of pace setters, which are runners who position themselves in front of the contestants to reduce wind drag and set the roughly 4:34-per-mile pace. While pacing in road races is legal, Nike could choose to have some pacers jump into the race midway to minimize pacers fatigue, a move that violates world-record rules.

Nike says the point of the contest is to demonstrate what is possible in marathoning. It's no coincidence that the trial will take place on the 63rd anniversary of Roger Bannister breaking the four-minute mile, perhaps running's most familiar symbolic time goal.

RONALD MARTINEZ/GETTY IMAGES

WSJ

OPINION

The House's Job Now? Keep Calm



POTOMAC WATCH
By Kimberley A. Strassel

Republicans finally hit a home run with the vote Thursday to pass a health-care bill that will help millions of struggling Americans. They showed that the system of old-fashioned Washington negotiations and compromise still works. They proved they can govern. They caused heads to explode in the media and among liberals rooting for failure—always a good sign.

Yet one of Republicans' most notable successes is so far getting too little recognition. GOP negotiators embraced the only model that can ultimately see this bill successfully to President Donald Trump's desk: states' rights.

Understand, the real agony of health-care negotiations is only starting in the Senate. That process is going to be tortuous and will take at least a month, probably longer. The Senate is where procedure reigns supreme, and many pieces of the bill will come under the scrutiny of the parliamentarian. It is extremely likely that core sections will be ruled out of order under the Senate's complicated process of budget reconciliation.

That includes the fragile compromise between GOP conservatives and moderates that would allow governors to opt their states out of certain ObamaCare mandates. This was

the glue that finally stuck together enough House votes to pass the bill. If and when the provision is struck, the media will roll out banner headlines designed to stoke division. Once again the bill will be pronounced dead. The script practically writes itself.

It will then fall to Republicans to understand that the death of that provision is no big deal. The compromise is far from perfect—concocted, as it was, under pressure, and with dozens of competing interests in the room. The Senate offers Republicans an opportunity to do much better by building on the idea's model of states' rights.

Let's remember the entire point of this exercise, lost in the breathless reporting about which political factions are winning on any given day. The point is to restore affordable (and quality) health care to millions of hurting Americans. To their credit, conservatives among activist groups and in the Freedom Caucus have insisted all along that their efforts to modify the House bill were geared toward lowering costs.

But if that's the recipe, this compromise doesn't offer much awesome sauce. Yes, it allows governors to opt out of mandates that drive up insurance premiums. But given the political sensitivities surrounding issues like pre-existing conditions, and considering the requirements involved in opting out, how many governors would choose to do so? Texas alone does not a thriving national market make.

Few Americans could benefit from lower costs.

The solution is to build on the concept of state flexibility. The Senate can insert provisions that essentially give the Trump administration blanket freedom to provide waivers to states. Those waivers can go

The Senate is going to alter the health-care bill. Be open to ideas that can improve it.

well beyond wiping away mandates. They can provide states vast flexibility to craft fixes to their own unique problems, inspiring true health-care innovation in the process.

This is also a better way, politically, to keep the sprawling conservative universe united. It would take the heat off GOP lawmakers to answer specific and explosive policy questions, such as what will happen with pre-existing conditions. After all, Republicans would be voting for a bill that simply allows states to request permission to retool their health-care markets—in some form or fashion, as yet to be determined. That would rally activists and moderates alike to one of the few causes on which they agree: giving states freedom from an intrusive federal government and the right to forge their own destinies.

Some conservatives will fret that the promise of waivers is

too loosey-goosey—that the mandates should be outright repealed, and that it would be risky to leave the insurance market in the hands of President Trump's Health and Human Services Department. That argument willfully ignores political reality. Mr. Trump knows that his fate and that of the Republican Party rest on fulfilling his campaign pledge to stabilize insurance markets and bring down premiums. HHS Secretary Tom Price will be begging states to send him good ideas to sign off on.

The bigger risk is Republican egos—that House conservatives and activist groups will cling to their compromise as the only solution or will automatically reject other Senate changes. And there will be alterations: to tax credits, to the Medicaid block grants, to the high-risk pools. With sincere credit to those who diligently forged the House deal, they are not the only people in Washington capable of crafting health-care policy. If someone like Sen. Ted Cruz, who is also focused on costs, can ultimately support an altered Senate bill, that ought to count for something.

House Republicans have an obligation to their struggling constituents to embrace any idea that can make the bill better—even if it isn't their own. They also have an obligation to work as open-mindedly with the Senate as they recently did with each other. The enemy isn't fellow Republicans. It's ObamaCare.

Write to kim@wsj.com.

A Catholic World Fades Over a Lifetime

HOUSES OF WORSHIP
By Matthew Hennessey

Early last month I attended my Uncle Joe's funeral Mass at the Assumption of the Blessed Virgin Mary—the same Morristown, N.J., Catholic church in which he had been baptized 89 years earlier. In an ancient tradition meant to recall baptism, his casket was covered with a white linen pall, blessed with holy water by a priest, and positioned in the sanctuary before the Paschal candle. Decorated with the first and last letters of the Greek alphabet, Alpha and Omega, the candle denotes our fundamental belief in the resurrection of the body made possible by Christ's sacrifice on the cross.

The mourners that day were few. Uncle Joe had simply outlived a lot of people. Of the 50 or so friends and family assembled to pray for the repose of his soul, only a handful seemed familiar with the liturgy. A regular Sunday Mass-goer couldn't help but notice: Almost no one knew what to say and when to say it, or what to do and when to do it.

This wasn't entirely their fault. In 2011 the Catholic Church issued a new English translation of the Roman Missal, the texts and rubrics of

the Mass that have been in use since 1969. But most of the baptized Catholics standing mute in their pews at Uncle Joe's funeral hadn't been regular churchgoers since well before the new translation came out.

It's a deep problem. Only 22% of American Catholics attend weekly Mass, according to Georgetown University's Center for Applied Research in the Apostolate. One thing that distinguishes Catholicism from other Christian denominations is the doctrine of transubstantiation. Yet in a 2010 Pew survey, 45% of Catholics said they weren't familiar with church teaching that the consecrated bread and wine used during Communion are not mere symbols of Christ's body and blood,

but the real thing.

Catholics aren't the only ones dealing with religious illiteracy. Pew found that 53% of American Protestants couldn't identify Martin Luther as the man who inspired the Reformation. (Oddly, Jews, atheists, and Mormons were more familiar with Luther.) Fewer than 3 in 10 white evangelicals correctly identified Protestantism as the faith that believes in the doctrine of *sola fide*, or justification by faith alone.

At Uncle Joe's service, the contrast between the modern

church and the one into which he was received in 1927 was most noticeable during the Prayer of the Faithful, the litany of petitions Catholics offer with the request, "Lord, hear our prayer." It is traditional during a funeral Mass to pray for dead relatives of the deceased. Among the names read were those of my

My 89-year-old uncle's funeral Mass brings out some irregular churchgoers.

paternal grandparents, Clara and Joe Hennessey. I couldn't help but think how terribly sad they would be to know how few of their descendants had kept the faith.

Nestled into a residential neighborhood of two- and three-story wood-frame houses, Assumption Church exemplifies a 20th-century Catholic world that has mostly gone missing. I, too, was baptized beneath Assumption's high-vaulted ceiling and the rich hues of its stained-glass windows. So were my sisters and brother, my father, my grandmother, and my great-grandfather, John T. Murphy. My mother's funeral was held there in 2010.

Originally built in 1847 to serve Morristown's growing population of Irish and Italian immigrants, the church has been rebuilt and renovated several times. A fire nearly destroyed the building in 1985. Somehow Assumption was spared the ugly makeovers that have robbed many Catholic churches of their mystery and beauty. It remains a Gothic sanctuary, an oasis from the bustling modernity of the outside world.

The Polish priest who said Uncle Joe's funeral Mass seemed all too familiar with the problem of Catholics who don't quite remember what to say or do. He politely prompted the appropriate responses from the congregation at the appropriate times.

When the moment came,

he gently reminded everyone that Holy Communion in the Catholic Church is reserved for those who are "properly disposed" to receive it—that is, Catholics who are not conscious of grave sin and who have fasted for one hour.

"If you are Catholic and capable of receiving communion," he said, "please step forward at this time." Nearly everyone did.

Mr. Hennessey is an associate editorial features editor at the Journal.

German Apprenticeships in South Carolina

By Peter Wittig

Maria Puckett was working at an auto body shop when a friend told her about an interesting option in her hometown of Spartanburg, S.C. The German car maker BMW was looking for apprentices. Maria, an energetic 25-year-old with a passion for technical work, applied for the job. She was hired and after two years is almost done with her apprenticeship. Her professional future looks bright, and she has no college debt.

Ms. Puckett shared her story in March during a White House roundtable on workforce development with President Trump, German Chancellor Angela Merkel, and CEOs of major companies. She had an important message to convey: The apprenticeship program had opened the door to her future career.

Maria stands for the success of U.S.-German business cooperation. Spartanburg is BMW's biggest production facility in the world. The plant produces 1,400 cars a day and sends 70%

of them overseas, making BMW the biggest car exporter in the U.S. By employing 9,000 people and training 100 apprentices at any one time, the BMW plant contributes to a skilled American workforce and the wealth of its community.

BMW shows how vocational training can work in the U.S.

Overall, German companies employ about 700,000 people in the U.S. Often they implement the German-style training schemes for young people that during the roundtable Mr. Trump called "amazing" and Mrs. Merkel described as a "win-win situation." More American companies are choosing the same path. The German Embassy's Skills Initiative helps to facilitate these efforts.

In Germany, half the graduates of high schools and junior high schools choose a track that combines training on the

job with further education at a public vocational institution. This apprenticeship model is one reason why Germany has the lowest rate of youth unemployment in Europe and has been able to keep manufacturing jobs in the country.

As high-wage countries, Germany and the U.S. face similar challenges in protecting existing production facilities and creating new manufacturing jobs. One of the most decisive factors for companies is whether they can find skilled and motivated workers, which is what apprenticeship programs provide.

It's also important to prepare for the industries of the future. In the era of New Manufacturing (what Europe has dubbed "Industry 4.0"), artificial intelligence and other digital technologies will transform factories and the workplace. Here Europe can learn from the dynamism of the American IT sector. The challenge will be to integrate digital skills in the apprenticeship system and empower workers for lifelong learning.

There is a tendency toward higher education. Nevertheless, the success of the German apprenticeship model builds on the conviction that it is an equivalent alternative to college education.

Given the historical and cultural differences between the U.S. and Germany, it goes without saying that the apprenticeship model cannot be translated one-to-one. But embracing elements of it offers American businesses tremendous potential. Mr. Trump has expressed a vision of apprenticeships as "a positive alternative to a four-year degree." That approach in Germany has provided a solid return on companies' investment, helped them to innovate, and contributed to warm relations between employers and employees.

At the White House roundtable, Ms. Puckett said she would like to reduce the stigma of vocational education and promote it to local high schoolers. America needs more role models like her.

Mr. Wittig is Germany's ambassador to the U.S.

BOOKSHELF

| By John Buntin

BOOKSHELF | By John Buntin

The Best Seats Were Out West

City of Dreams

By Jerald Podair

(Princeton, 366 pages, \$32.95)

By 1956, the owner of the Brooklyn Dodgers, Walter O'Malley, was a frustrated man. The rival New York Yankees, from a 67,000-seat stadium in the Bronx, ruled Major League Baseball. The Boston Braves had just moved to Milwaukee and increased home attendance by 600%—dramatically boosting their revenue and their advantage in the quest for talent. Decrepit Ebbets Field, by contrast, had only 32,000 seats, making it one of the smallest ballparks in the majors. O'Malley knew he needed a new stadium to compete.

How O'Malley came by that new stadium is vividly recounted in Jerald Podair's "City of Dreams: Dodger Stadium and the Birth of Modern Los Angeles." It's the tale of how the fight to bring the Dodgers west transformed not only Major League Baseball but Southern California as well, determining what kind of city 20th-century Los Angeles would be.

It is easy to forget how different Los Angeles—now a multicultural metropolis—was 60 years ago. A stronghold of small-government conservatism, the city drew its political and business classes from white Protestant families who had emigrated from the Midwest, bringing traditional values with them. Northeastern elites mocked them; writer Louis Adamic condescendingly labeled them "the Folks."

Angelenos, in turn, yearned to make theirs a world-class city. The ticket, they believed, was Major League Baseball. Los Angeles and O'Malley should have been a perfect match. A large part of Mr. Podair's tale, however, dwells on how both parties resisted this destiny. O'Malley, for instance, was deeply reluctant to leave Brooklyn. New York was the only home he'd ever known, and, as the Irish Catholic son of a Tammany Hall operative, he knew how to maneuver his way around the city. Other major-league owners' independent wealth allowed them to pursue baseball as a hobby or civic activity; O'Malley's Dodgers were a business, and they needed to make money. In O'Malley's mind, making money required the new stadium he envisioned at the intersection of Atlantic and Flatbush Avenues, right in the heart of Brooklyn.

For years O'Malley pursued this dream but was never able to overcome the resistance of New York's development czar, Robert Moses, who had consolidated power over several municipal authorities and coordinated New York's federally funded slum-clearance efforts. This gave him untrammeled power over what got built and where; in Mr. Podair's telling, even "governors, senators, and mayors bent to his will." O'Malley wanted Moses to allow the Dodgers to acquire land for a new stadium at an affordable price. Moses refused. Though Moses had long cultivated his own network of favored banks and developers, he viewed himself as the guardian of the public good against self-seeking business interests. There was no way Moses was going to use government authority to serve O'Malley's private ambitions.

Robert Moses said a firm 'no' to a new Brooklyn ballpark for the Dodgers. Los Angeles gave the team a home where a barrio once stood.

O'Malley held out for New York until the last minute, but ultimately Brooklyn's loss was Los Angeles's gain. In the fall of 1957, O'Malley struck a deal with the city: The Dodgers would build and pay for the finest stadium in the major leagues if the city of Los Angeles would give it the property to do so.

Yet Los Angeles, too, was uncertain about the deal. The land O'Malley wanted, a 300-acre parcel known as Chavez Ravine, just north of downtown Los Angeles, was once home to a tight-knit Latino community. While most of the barrio had been cleared out for a public housing development that was ultimately abandoned, a few families were still holding on in the late spring of 1959. Sheriff's deputies evicted the holdouts as bulldozers moved to raze their homes—all on live TV.

In addition to Latino resistance galvanized by the dismantling of Chavez Ravine, O'Malley was fiercely opposed by a coalition led by L.A. city councilman John Holland. Holland represented the white, middle-class neighborhood of Eagle Rock—in other words, "the Folks." His constituents were suspicious of public spending and especially of "crony capitalism," which tended to use public dollars to promote private gain. Holland was fine with the Dodgers moving to Los Angeles; he just didn't want the city to underwrite the move.

Mr. Podair is right to see this as a critical moment in Los Angeles's history and is a sure-footed guide through the political fight. His characterizations of the principal antagonists, however, are sometimes thin. He never delves deeply into the attitudes that motivated "the Folks." His depiction of Walter O'Malley in particular is one-sided, focusing only on his kindnesses and sociability. Mr. Podair does a more thorough job with L.A. mayors Norris Poulson and Sam Yorty—the first a tool of the downtown business interests who initiated the deal, the second an unpredictable populist who tapped the resentments of "the Folks" while seeking office but made peace with the stadium deal once elected.

Mr. Podair also seems reluctant to assess the broader effects of the Dodgers deal. Across the country, it ushered in an era of stadium extortion: Today cities and states provide millions of dollars in subsidies to billionaire sports owners. As for its influence on L.A., rather than saving downtown, the deal set a precedent that almost destroyed it. The same coalition that supported the stadium arrangement turned next to Bunker Hill, seeking to bulldoze a historic neighborhood in the name of revitalization. Today, rather than Queen Anne cottages and Victorian mansions, much of downtown L.A. consists of generic apartment buildings and high-rises.

Dodger Stadium is a treasure. The redevelopment of downtown that it ushered in was a tragedy. About that, at least, "the Folks" were right.

Mr. Buntin is a staff correspondent for *Governing* magazine and the author of "L.A. Noir: The Struggle for the Soul of America's Most Seductive City."

Coming in BOOKS this weekend

Lincoln and his generals • Frederick Douglass, feminist

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doomsday hideaways • The new urban crisis • Fiction

from Colm Tóibín • A life of Sam Shepard • & more

OPINION

REVIEW & OUTLOOK

Ending ObamaCare, Part One

The media template for covering the 115th Congress apparently goes like this: When Republicans fail to pass a bill, they're doomed. But when they succeed, they're also doomed. Thus the same media sages who said the House could never repeal ObamaCare are now saying that the replacement the House passed Thursday can't pass the Senate.

The wish is the mother of this analysis, and predictions about the Senate are worth about as much as the guarantees of President Hillary Clinton. The reality is that the House success, however narrow the 217-213 vote, is the first essential step toward fulfilling the GOP's top campaign promise.

While the job was messier than it should have been, the result shows that Republicans can hold a governing majority despite unprecedented media, interest-group and Democratic hostility. The majority spanned the GOP conference from Michigan libertarian Justin Amash to moderate Carlos Curbelo, who deserves special notice for political courage considering his swing Miami district. If you doubt this is a big moment, imagine the media obituaries for Republicans if they had failed.

Credit goes to House leaders for sticking with their essential product and working around the edges to cajole a majority. The bill that passed is remarkably similar to the one that GOP leaders first introduced. The changes demanded first by the Freedom Caucus and then some moderates are tweaks that don't alter the reform's core architecture.

The bill includes deregulatory steps to pave the way for a variety of insurance coverage that more people can afford; the largest entitlement reform in decades by devolving control over Medicaid to the states; a \$1 trillion spending cut over a decade; tax credits for individual insurance that begin to equalize the tax treatment of health care for individuals and businesses; and the repeal of ObamaCare taxes totaling \$900 billion over 10 years.

The bill doesn't repeal all of ObamaCare because it can't without Democratic help under the Senate's budget rules. But the bill marks a giant step away from the Democratic march to government-run health care, which is why the political and cultural left have been so vitriolic in their denunciations.

The Senate will now put its stamp on the policy, and no doubt there will be many perils of Rand Paul-like moments with only a 52-seat GOP majority. The House bill will change, but reporters who think it is doomed should get off Twitter and make some calls. Majority Leader Mitch McConnell has been counting votes and calculat-

ing necessary compromises for some time.

House Republicans should be prepared that some of their planks may not survive Senate budget rules. They'll have to be flexible enough to accept the compromises that are inevitable in a bicameral legislature. The trump card, so to speak, is that this process will yield a binary political choice:

Either Members vote for what emerges from the House and Senate, or live with the status quo of ObamaCare.

That status quo is deteriorating as this week's decision by Aetna to withdraw from Virginia's health exchanges shows. Republicans need to act within weeks to clarify the rules of the individual insurance market for 2018. The lobby for the insurance industry issued a generally supportive statement on House passage, which offers some hope that congressional action can forestall a market collapse. Republicans will be blamed for that collapse whether or not they pass repeal and replace.

A word about the legislative process and political hypocrisy. Democrats and the media are howling that Republicans passed their bill before the Congressional Budget Office issued its final score of the budget and insurance impact. They have a point, but anyone voting Thursday had ample time to understand the policy choices.

As for CBO's score, really? We don't recall the same media concern for budget exactitude when Democrats rammed through ObamaCare on a partisan vote with more gimmicks than a traveling carnival. Remember the Class Act on long-term care that gilded the deficit numbers until it was quickly repealed? And don't forget the government takeover of the student-loan market that was packaged with ObamaCare because CBO said it would save taxpayers money. Now loan defaults are bleeding red ink.

* * *

Which brings us to the main Republican weakness, which has been the failure to make the public case for this reform. House leaders have been preoccupied with twisting arms, leaving critics unrebutted.

President Trump deserves credit for his inside game of persuasion, and the bill wouldn't have passed without his one-on-one lobbying. But a President also has a unique public platform, and Mr. Trump needs to use it to make a sustained case for the benefits and necessity of this reform. Tweets aren't enough. He needs to make speeches that include persuasive details beyond superlative adjectives.

But these challenges wouldn't matter if House Republicans had failed this week. Now it's the Senate's turn to fulfill seven years of promises to replace ObamaCare.

Venezuela's Missing Prisoner

Florida Senator Marco Rubio said Wednesday he had confirmed the rumor that jailed Venezuelan opposition leader

Leopoldo López had been taken to a military hospital in Caracas "in very serious condition." Mr. López's wife, Lilian Tintori, rushed to the hospital, waited to see him and was told he wasn't there. Mr.

López has had no visitors in 37 days, though the government says he's alive.

This is another act of desperation by Venezuelan strongman Nicolás Maduro, who is facing relentless daily protests calling for the release of political prisoners and new elections. Venezuelans are living a nightmare of food and medicine shortages, and have had enough. They want Mr. Maduro gone.

Despite 34 dead since the protests began, the opposition isn't backing down and so Mr. Ma-

duro has resorted to increasingly brutal tactics. On Wednesday the National Guard drove anti-riot vehicles into a crowd in Caracas. Video caught gruesome images of an armored-truck tire rolling over a demonstrator. Across the city, 300 people were injured and one killed.

Mr. López and others, such as former student leader Yon Goicoechea—who is held with three others in a windowless cell—inspire the opposition to keep going, and that is why Mr. Maduro wants them out of public view.

On Thursday Organization of American States Secretary General Luis Almagro said on social media that he too wants to visit Mr. López. If the United Nations and the Vatican wish to remain relevant in Venezuela, they will work to let someone besides his jailers see Leopoldo López.

Religious Liberty Reincarnation

The progressive mantra lately is so many outrages, so little time. On Thursday the left struggled to decide whether a health-care bill or White House bro-

mides about religious liberty presented a more imminent threat to the republic. Then again, the Trump Administra-

tion invited a fight with its free-

dom of conscience order that

will neither satisfy liberals nor do much to protect religious practitioners.

On Thursday President Trump signed an executive order that says his Administration will "honor and enforce" First Amendment protections for religious freedom. The order includes overtures to a "vibrant public square" in which people are free to practice religion "without fear of discrimination or retaliation by the Federal Government."

One tenet directs the Treasury Department to "not take any adverse action against" any religious institution or individual who engages in political speech. This is a reference to the 1954 Johnson Amendment, which implies that a church or pastor that endorses a candidate in a sermon or otherwise participates in politics could lose 501(c)(3) tax-exempt status. The statute is vague and chills protected speech.

The Johnson amendment is also rarely enforced. Every year thousands of pastors on Pulpit Freedom Sunday endorse candidates to tempt the IRS into coming after their church. The IRS usually doesn't take the bait but could try to bankrupt a church at any time. The Trump order may provide some comfort, but it would

Trump's executive order
doesn't live up to its
hype or criticism.

be more productive for Congress to clarify the law to protect speech explicitly. That can be crafted without condoning a super PAC in a church basement.

The most fraught cases aren't about allowing the religious to be political but allowing the religious to be, well, religious.

So it's welcome that the order directs Health and Human

Services to consider a reprieve for those with con-

science objections to the contraception mandate

in ObamaCare. This is consistent with the Su-

preme Court's 2014 ruling in *Burwell v. Hobby Lobby*.

The order also directs the Attorney General to develop guidance "interpreting religious liberty

protections in Federal law," details to come.

Many on the right are upset that the order omitted broad protections for, say, Catholic adoption agencies or a Christian baker who de-

clines to provide a cake for a same-sex wedding.

More explicit language seems to have been

rinsed from a February draft of the order that

leaked to the press. Such concessions have not

placated the left, which is pitching the Trump

order as a license to discriminate against the

LGBT community.

The lesson for Republicans is that no matter

how anodyne a statement, the cultural left will

never tolerate assertions of freedom that

threaten their increasing intolerance for traditional religious views.

The GOP should skip the grand gestures and stick to the fights that matter: The best thing President Trump has done for religious liberty is put Neil Gorsuch on the Supreme Court.

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The lesson for Republicans is that no matter

OPINION

The Great Productivity Slowdown

By Marie-Josée Kravis

Equity markets have hit multiyear highs and consumer sentiment is buoyant. Yet economic productivity remains lackluster. The Labor Department announced Thursday that worker productivity fell 0.6% since January, a much bigger drop than expected. This is neither a statistical illusion nor a hangover from the Great Recession.

The productivity slowdown began long before the financial crisis, and it has worsened markedly in the past six years. The drop-off extends to wholesale and retail trade, manufacturing, construction, utilities and a host of private and public services. Industries that consume and produce information technology and communications are not immune to the slowdown.

It began long before the financial crisis, and it has worsened markedly in the past six years.

From 1950 to 1970, U.S. productivity grew on average by 2.6% annually. From 1970 to 1990 it fell to 1.5%. The information technology boom of the '90s interrupted the slide, but since 2010 U.S. productivity growth has been in free fall. It is now roughly 0.6% a year. No wonder Federal Reserve Chair Janet Yellen recently called low productivity a "significant problem." Various estimates suggest that had U.S. productivity growth not slowed, GDP would be about \$3 trillion higher than it is today.

How is this happening during a technological revolution? Some think the data are wrong. Economist Joel Mokyr explained in 2014 that metrics devised for a "steel-and-wheat economy" fail to capture adequately

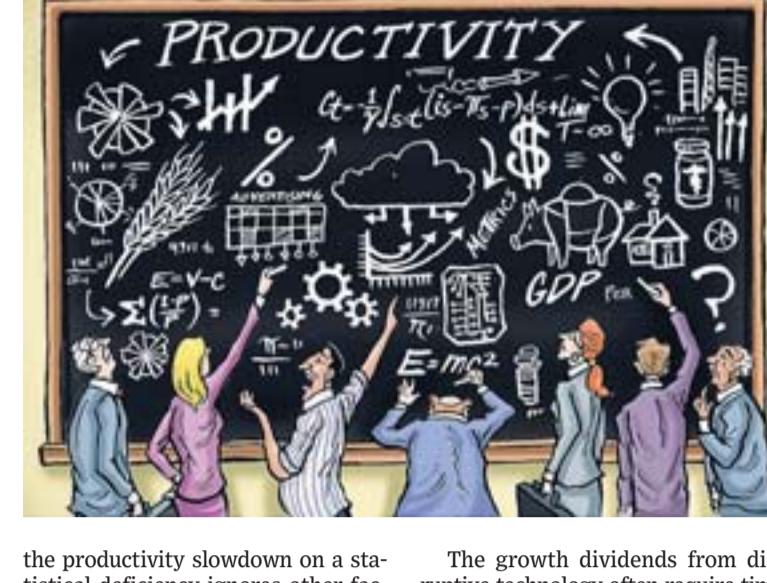
transformative advances in information technology, communications and the biosciences. Technology has reduced the cost of information, expanded consumer choice, and provided customization and better price comparison. This progress has been mostly missed in current statistics.

Gross domestic product also does not fully capture metrics like time saved from shopping online. Nor does it include the value of leisure and the well-being that technology provides its users. Many economists contend that properly counting free digital services from companies like Google and Facebook would substantially boost productivity and GDP growth. One of the highest estimates, calculated by economists Austan Goolsbee and Peter Klenow, stands at \$800 billion. That's a big number, but not big enough to fill a \$3 trillion hole.

On the other hand, recent studies by Brookings, the Organization for Economic Cooperation and Development and the Bureau of Economic Analysis claim that so-called free services are actually accounted for in GDP through the money spent by firms on internet ads. Still more calculations attempt to put a dollar figure on the privacy and personal data consumers give up in exchange for "free" services, as well as the time gobbled up by employees surfing the web.

Similar debates about data abound in the biomedical sector. Technology costs account for almost half the recent rise in U.S. health-care costs, but some economists argue that official statistics don't count the intangible benefits of drugs like statins, which prevent death from heart disease. Skeptics contend that while the full benefits of such drugs may not show up in GDP today, the benefits of penicillin and other antibiotics weren't properly counted in the past either.

Debates about the shortcomings of official data can be useful. But pinning



CHAD CROWE

the productivity slowdown on a statistical deficiency ignores other factors. In his 2016 book, "The Rise and Fall of American Growth," Northwestern University economist Robert Gordon contends that the current economy fails to measure up to the great inventions of the past, and that innovation today is more incremental than transformative. He has argued vigorously that the transformative effects of technologies like electric lighting, indoor plumbing, elevators, autos, air travel and television are unlikely to be repeated. Technological innovation, he argues, will not be sufficiently robust to counter the headwinds of slowing population growth, rising inequality and exploding sovereign debt.

Former Treasury Secretary Larry Summers has resurrected Alvin Hansen's 1938 theory of secular stagnation. Morgan Stanley economist Ruchir Sharma has argued that a 2% economy is the new normal. Former Fed Chairman Alan Greenspan has repeatedly said that the growing share of social benefits and entitlements in GDP crowds out national savings and reduces investments required to boost productivity growth.

The growth dividends from disruptive technology often require time before they are widely diffused and used. To Mr. Gordon's point, economic historians respond that the Industrial Revolution did not improve British living standards for almost a century. Likewise the productivity boost spurred by the transformative innovations of the early 20th century took decades to kick in.

In the short term, as companies try to develop online capabilities while maintaining a physical presence, some costs are duplicated. At the same time, the economy is becoming increasingly bifurcated, with top firms generating substantial economic rents and leaving the rest behind. In 1990 the top 10% of U.S. firms saw returns on invested capital three times that of the median firm. Today those returns are eight times the median, suggesting economic rents far above the cost of capital for a small group of superstar companies.

It's possible that economic dynamism and entrepreneurship are no longer driving the U.S. economy. Startups are being created at a slower pace. From 1996 to 2007 the ratio of

new firms to the total number of firms oscillated between 9.6 and 11.2. Today it has dropped to 7.8. Existing firms do innovate and contribute to improved productivity, but the declining share of young firms suggests a less dynamic economy.

Concurrently, the most recent numbers from the Bureau of Labor Statistics confirm that churn in the U.S. labor market remains weak across industries, regions and age groups. People are simply not moving or changing jobs for better alternatives.

The U.S. economy is reaping some of the deleterious effects sowed by decades of weak capital spending. Since the 1970s, the compound annual growth in nonresidential fixed investment has plummeted from 12% to 3.3%. In the past decade the rate at which money turns over in the economy has also declined. The otherwise dismal first-quarter 2017 GDP report provided a slight glimmer of hope—posting a 9.4% increase in business spending. How long will it last?

The real debate is about policies that favor productivity and GDP growth. Predicting future innovation is hazardous, but deregulation and streamlined licensing requirements will facilitate job mobility. Tax reform that encourages and rewards investment should stimulate capital investment. Some form of fiscal stimulus and diverse infrastructure spending should buoy demand and efficiency. Leveraging technology to improve education and job training will help match skills and jobs across the economy. Last but not least, entitlement reform must be on the policy agenda.

These necessary policy changes provide options for improving productivity and GDP growth. Waiting for the data debate to resolve itself gets us nowhere.

Ms. Kravis is a Hudson Institute senior fellow.

Le Pen, Mélenchon and the French Illusions That Die Hard

By Sohrab Ahmari

Paris

A representative of the globalist elite faces a tribune of globalization's victims. That's the superficial read on Sunday's presidential runoff between Emmanuel Macron and Marine Le Pen in France. The deeper question is whether French voters accommodate themselves to reality or cling tighter to their economic illusions. Plenty of clues about which path France might take were on display during the May Day holiday.

Start with the France of illusions. An estimated 40,000 red-clad activists snaked their way from the Place de la République to the Place de la Nation in the early afternoon. Hammer-and-sickle flags abounded. So did portraits of beloved mass murderers like Che Guevara. Gangs of masked youth set off firecrackers that boomed like gunshots.

One placard showed Ms. Le Pen and Mr. Macron side by side, asking: "Plague or Cholera?" A typical slogan was "Neither nation nor boss!"—a double rejection of Ms. Le Pen's nationalism and Mr. Macron's free-market liberalism. These sum up the

views of supporters of Jean-Luc Mélenchon, the leftist firebrand who was eliminated, barely, in the first round last month.

The Mélenchonists have a great deal in common with Ms. Le Pen's National Front, which held its own angry rally earlier in the day. Both camps would lower the retirement age to 60 from 62. Ms. Le Pen would keep the 35-hour workweek while Mr. Mélenchon would shorten it to 32 hours. Both would boost welfare spending and sever or strain the country's trade ties in various ways.

The Le Pen-Mélenchon Venn diagram has a large overlapping set, because both camps blame everyone but the French for the country's malaise.

"The French try to erase historical experience," Pascal Bruckner tells me. The literary journalist is one of a very few classical liberals among French public intellectuals. He says his compatriots "have forgotten the experience of 1989 and only see the bad aspects of capitalism and liberal democracy."

The tragedy of France, Mr. Bruckner says, is that the country never had a Margaret Thatcher or Gerhard Schröder to implement a dramatic

pro-growth program. Incremental, haphazard changes have only prolonged the crisis. "So if you're unemployed it must be because of the market economy."

Free markets and 'globalists' didn't wreck France's economy. The political class did.

Yet it wasn't shadowy globalists who in 1999 imposed a 35-hour workweek to make overtime labor prohibitively expensive. The law was meant to encourage firms to hire more workers, but like most efforts to subordinate markets to politics, it ended up doing more harm than good. Now it's the main barrier to hiring in a country where the unemployment rate is stuck north of 10%.

Nor was it global markets that levied a corporate tax rate of 33% (plus surcharges for larger firms), a top personal rate of 45%, and a wealth tax and other "social fees" that repelled investors and forced the country's

best and brightest to seek refuge in places like London, New York and Silicon Valley.

Nor did globalization build a behemoth French bureaucracy that crowds out the private economy. As of January, this has created a 98% public-debt-to-GDP ratio.

Perhaps the strangest aspect of the recrudescence of collectivist politics in France is the willingness of some American conservatives to indulge it. Yes, Ms. Le Pen and Mr. Mélenchon are intemperate and authoritarian, the thinking goes, but they give voice to real frustrations with globalization and other market evils like gentrification and automation.

If vituperation alone conferred political credibility, Louis Farrakhan would be the most credible figure in American politics. What U.S. conservatives tempted by Ms. Le Pen don't notice is that much of her rage against globalization is the same old conspiratorial anti-Americanism dressed up for a new age of anxiety. It's telling, too, that you never read about the 35-hour workweek in their accounts, which tend to make France sound more like America

during the robber-baron era than a stultifying welfare state.

And what would happen to the unprotected if Ms. Le Pen became president? Within a year the country would become a European Venezuela, warns Mr. Bruckner. With her protectionist threats, "nobody would invest in France. Banks would close. People would withdraw their money and go abroad."

Which brings us to the other France. It was also on display on May Day, when supporters of Mr. Macron turned out in droves to hear him speak at a convention center in northeast Paris. They were diverse, mostly young, well-dressed and well-behaved. The watchwords were opportunity, growth, aspiration, competitiveness and—yes—liberty.

Whether a President Macron turns out to be the reformer France needs remains to be seen. His platform is if anything too modest, and he has a tendency to speak to both sides of every issue. But give Mr. Macron and his supporters this: They don't peddle dangerous illusions.

Mr. Ahmari is a Journal editorial writer in London.

We'll Always Have Paris, Unless the Senate Has Its Say

By Rupert Darwall

Expect some clarity soon on America's future participation in the Paris Agreement on climate. Several cabinet members, including Secretary of State Rex Tillerson and Defense Secretary Jim Mattis, want to stay in, but at a rally in Pennsylvania Saturday, President Trump called Paris a one-sided deal that would shrink the economy by \$2.5 trillion over 10 years.

According to reports this week, Mr. Trump is leaning toward withdrawal, but aides warn that he could face trouble in U.S. courts if he fails

to uphold the Obama administration's commitments under Paris. But there is a third approach—submitting the agreement to the Senate for ratification.

Some advocates of staying in argue that America's moral and political commitment under the agreement is not legally binding because the accord doesn't have an enforcement mechanism. But neither the North Atlantic Treaty nor the 1992 U.N. Framework Convention on Climate Change has an enforcement provision, and both were submitted to the Senate. Neither of them have a compliance mechanism either—

unlike the Paris Agreement, which provides for one in Article 15.

But does an international agreement have legal force at all if the Senate hasn't ratified it? That's unclear. During Senate Foreign Relations Committee hearings on the 1992 U.N. climate convention, the administration of George H.W. Bush pledged to submit future climate protocols to the Senate. Senior Senate Republicans might now wish Paris would go away, but letting it stand without Senate consent would create a standard that would have permitted "accepting"—the word President Obama used for joining the Paris Agreement—the U.N. climate convention and the 1997 Kyoto Protocol without Senate consent. A senatorial prerogative written into the Constitution would be lost.

And an administration that has already had three executive orders

blocked by the courts should assume it will face litigation over any loosening of emissions regulations. Will judges view Paris as legally binding?

Is the climate accord binding even without Congress's approval? Why risk finding out?

No one disputes that under some circumstances, the president can bind the U.S. by a unilateral executive agreement. The conundrum is determining at the outset whether the Paris Agreement falls into that category. Sending it to the Senate would provide an answer; not doing so cannot guarantee that it is not binding.

Notable & Quotable: Arnn

Larry Arnn, president of Hillsdale College, speaking at the Atlanta National Leadership Seminar, Feb. 15:

Why would a bunch of 19-year-olds rage and take over college campuses? . . .

The answer is they have been taught to do that in the classrooms where they are taught . . . that their consciousness is shaped by time and circumstance. . . . If what you see when you see people now is a history of color and race and oppression and

suppression and all of that, all of a sudden all humanity is not your brother and sister anymore. Now everybody is in a group. And the group conflict and the arrangement of the group is the key. And the avant-garde in the university—they think that they have understood that the best. And so the university must be remade just to represent the groups.

And I'll just mention one point about education. Every serious achievement in education involves forgetting oneself.

In *U.S. v. Belmont* (1937), the Supreme Court ruled that an international compact—in that instance one requiring the federal government to seize assets on behalf of the Soviet Union—"is not always a treaty which requires the participation of the Senate." Ultimately the legal standing of the agreement depends on what the British legal philosopher H.L.A. Hart called "the internal point of view" of those applying and interpreting the law, one that lies outside the law itself.

In deciding what to do about the Paris Agreement, the president faces a more extreme situation than George W. Bush when he repudiated the Kyoto Protocol in 2001. Four years earlier, the Senate had unanimously adopted the Byrd-Hagel resolution effectively vetoing Kyoto. By not allowing the Senate to administer the protocol's coup de grâce, Mr. Bush brought all the political opprobrium on himself.

In joining the Paris Agreement without Senate consent, Mr. Obama unilaterally nullified precedent and extinguished specific executive-branch pledges. Mr. Trump can restore the constitutional balance and further his own policies by submitting the Paris Agreement to the Senate. Tell senators why it is such a bad deal for the U.S.—and then let the Democratic senators, especially the 10 who are up for re-election next year in states he carried, explain why they support shrinking the economy.

Mr. Darwall is author of "The Age of Global Warming: A History" (2013).

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WORLD NEWS

French Youth Shun Established Parties

Tough job market prompts a shift to more politicians outside mainstream

BY MATTHEW DALTON

PARIS—Imane Laribi is like many young people in France: fresh out of school, struggling to start a career, and discontent with the choices before her in Sunday's presidential election.

Facing a tough labor market, she and other young voters led the country's revolt against its political establishment in the first round of the election. Voters age 18 to 24 overwhelmingly supported candidates coming from outside France's mainstream political parties: the far-left Jean-Luc Mélenchon, Marine Le Pen of the far-right National Front, and Emmanuel Macron, a centrist who founded his own party last year.

Ahead of Sunday's final-round vote, polls show Mr. Macron consolidating the support of most young people behind him, garnering about 60% of the 18-to-24-year-old vote. That backing, however, masks deep skepticism among young people over his plans to address their most vexing challenge: landing a steady job.

Ms. Laribi, 22 years old, doesn't like Ms. Le Pen and her hard-edge stances against immigration and the European Union. But Ms. Laribi is uncomfortable casting a vote for Mr. Macron, the pro-Europe candidate, because she doesn't trust his background as an investment banker at Rothschild & Cie.

She voted for Mr. Mélenchon in the first round, but



Emmanuel Macron leads Marine Le Pen in polls of young voters, who nonetheless remain skeptical.

with little enthusiasm. "I voted for him by default," Ms. Laribi says.

Because people under 35 are less likely to go to the polls, their exact impact on Sunday's vote is difficult to estimate.

Mr. Mélenchon's supporters are another wild card in the runoff: 44% of them are expected to vote for Mr. Macron, 23% for Ms. Le Pen but 33% won't say whom they will pick,

according to a poll this week by public-opinion firm Elabe. On the campaign trail, Mr.

Macron has proposed relaxing France's strict labor-market rules to fight unemployment. He has promised to go further than a meek overhaul passed last year—over violent youth protests while he was economy minister—that made it somewhat easier to hire and fire workers. His plans for an even deeper revamp are likely to face more resistance.

The unemployment rate among people younger than 25 stands at 24%, up from 18% before the financial crisis in

2008. Across the Rhine, the German youth unemployment rate is just 7%.

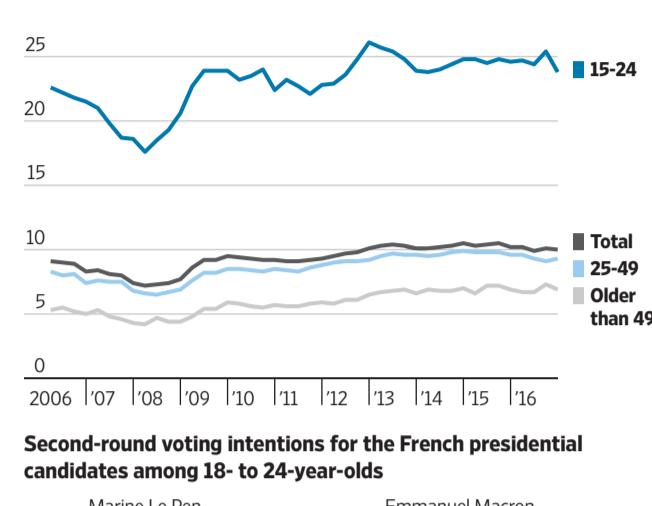
Mr. Macron is seeking to address what many economists say is the main cause of the country's youth unemployment. Its labor market is plagued by a sharp division between workers on indefinite contracts that contain strong legal protections against being fired and people on temporary contracts.

Mr. Macron has proposed measures to alleviate the problem, including financial penal-

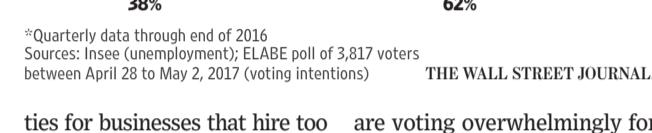
Young and Restless

High unemployment has sowed discontent among French youth at the political establishment, helping propel candidates from outside France's traditional political parties into a runoff for the presidency.

French unemployment by age group*



Second-round voting intentions for the French presidential candidates among 18- to 24-year-olds



*Quarterly data through end of 2016
Sources: Insee (unemployment); ELABE poll of 3,817 voters between April 28 to May 2, 2017 (voting intentions)

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ties for businesses that hire too many workers on temporary contracts and new training programs to prepare young people for the workforce.

But economists caution that such programs will have only limited effects without stronger economic growth overall to create jobs for young and old.

Ms. Le Pen has attracted a strong following among young people outside France's big urban centers. In Flixecourt, a town in France's economically struggling north, French youth

are voting overwhelmingly for Ms. Le Pen.

The message of leaving the EU, stopping immigration and imposing tariffs at the French border resonates strongly here.

"We have to change the system," said Romain Hemery, 25, "Strangers are coming to France, taking our work." Mr. Hemery, a carpenter, was let go from his job a few years ago and is now working for his father, who is also a carpenter. "We have degrees and still nothing," he says.

Probe Opened Into Possible Bid to Tar Macron

BY MATTHEW DALTON

PARIS—French prosecutors opened a probe into a suspected attempt to tar French presidential candidate Emmanuel Macron after anonymous files ricocheted across the internet suggesting he had created a shell company on the Caribbean island of Nevis, a noted offshore tax haven. La Providence is the name of Mr. Macron's high school in Amiens, his hometown.

Mr. Macron on Thursday vigorously denied that he had created any such company and filed a complaint with the Paris prosecutor's office, which responded by opening a probe into suspected electoral manipulation and distribution of false information.

it said were corporate records of a company named La Providence LLC purportedly created by Mr. Macron in Nevis, a noted offshore tax haven. La Providence is the name of Mr. Macron's high school in Amiens, his hometown.

Mr. Macron on Thursday vigorously denied that he had created any such company and filed a complaint with the Paris prosecutor's office, which responded by opening a probe into suspected electoral manipulation and distribution of false information.

"We must never let un-

truths, attacks and destabilization go unchallenged, above all at the end of the campaign," Mr. Macron said on television.

A Nevis-based executive one of the files mentioned as a representative of La Providence has had no connection to any company with that name or its purported owner, according to the executive's employer, international corporate-services firm Dixcart.

"We believe this appears to be fake news," said Graham Sutcliffe, managing director of Dixcart in Nevis.

By filing a complaint, Mr.

Macron spurred an investigation that will examine who created the files and how they spread, as well as whether the assertion that he created an offshore company is true, a French judicial official said.

The Financial Services Regulatory Commission of Nevis has no record that a company named La Providence has ever been registered in the tiny Caribbean island, Ercil Dore, a corporate registration officer with the commission, told The Wall Street Journal in a telephone interview.

Mr. Macron's rival, far-right

nationalist Marine Le Pen, amplified the issue hours after the files surfaced online, speculating in a televised debate on Wednesday evening that Mr. Macron might have an offshore bank account in the Bahamas. Mr. Macron didn't respond during the debate, but later denied that he had such a bank account.

Two hours before the debate began, two files were uploaded by an anonymous poster to 4chan.org/pol/, an online discussion group favored by far-right activists in the U.S. and Europe.

Trump Lauds Ties With Australia

BY CAROL LEE AND ROB TAYLOR

President Donald Trump said Thursday that he has "worked out" his disagreements with Australian Prime Minister Malcolm Turnbull, as the two men met in New York in a public effort to bury the hatchet after a contentious phone call earlier this year.

Mr. Trump, at a commemoration of the 75th anniversary of the Battle of the Coral Sea, played down the testy phone call he had in January with Mr. Turnbull, in which they sparred over an Obama administration agreement with Australia to resettle refugees in the U.S.

"We have a fantastic relationship. I love Australia," Mr. Trump said as he met with Mr. Turnbull on the mothballed USS Intrepid aircraft carrier.

"You guys exaggerated that call," he said to reporters. "We had a great call." He said the issue of the agreement on refugees had "been worked out."

Mr. Turnbull cited the importance of World War II's Battle of the Coral Sea in the relationship between the U.S. and Australia. Mr. Trump, also speaking at the gala, thanked Australians for their contributions to the conflicts in Syria, Iraq and Afghanistan.

In the January call, Mr. Trump pushed back on Mr. Turnbull's assumption that he would honor the refugee-resettlement agreement. Mr. Trump later agreed to honor the agreement, which he called the "worst deal ever." A senior administration official said he is unlikely to try to renegotiate it.

Spat Over Brexit Points to More Trouble Ahead

BY STEPHEN FIDLER

A war of words between London and Brussels escalated this week, a sign that nobody should take a deal over Brexit for granted.

The furor erupted in part over German press reports from a dinner British Prime Minister Theresa

ANALYSIS May hosted last week for European Commission Jean-Claude Juncker, during which he reportedly concluded she was deluded in her expectations for the Brexit negotiations.

Mrs. May cited press "misrepresentations" in a televised appearance Wednesday outside her Downing Street residence. Together with "threats against Britain" from European politicians and officials and a hardened negotiating stance from the EU's chief Brexit negotiator Michel Barnier, she said these acts

had been timed to affect the result of Britain's June 8 general election.

The spat likely won't spoil the chances of an accord. "The baseline scenario is that there will be a deal: Barnier said he wants it and the U.K. desperately needs it. But the underlying risks are substantial," said Carsten Nickel of the Tenno Intelligence advisory firm in Brussels.

True, there was plenty of election theater in Mrs. May's response, which seemed designed in part to stir up her party faithful.

"Bashing the EU and accusing the dreaded unaccountables of Brussels of meddling in the U.K. election...is a good, easy way to fire up the Tory true believers," said Aaron Timms, head of research for Predata, a New York-based firm that analyzes social-media data.

But the clash raises important longer-term issues.

First, the leaked accounts of the dinner show that Mrs. May's plan to keep details of the Brexit negotiations secret is doomed to failure. Brussels leaks like a sieve. Some leaks are tactical, others inevitable because so many actors are involved: officials and politicians from the commission, the European Council and the European Parliament, not to mention diplomats from 27 other governments.

Clearly, if Mrs. May doesn't communicate about the negotiations, others will. A stance of secrecy would put her at risk of playing catch-up for the duration of the talks.

Mrs. May also sought to draw a contrast between the EU capitals and Brussels. "However reasonable the posi-

tions of Europe's other leaders," she said, "there are some in Brussels who do not want these talks to succeed."

But it is with Mr. Barnier and the commission, the Brussels-based EU executive, that the day-to-day Brexit negotiations will be held. History suggests London shouldn't hang its negotiating strategy on persuading Berlin, Paris or other governments to make the U.K.'s case.

Furthermore, whipping up anti-Brussels rhetoric may help win votes during an election campaign, but it risks hindering efforts to find a positive post-Brexit outcome.

For that, compromises on both sides will be necessary. Yet Mrs. May risks further polarizing a nation already divided over Brexit and locking herself into a tough position that will reduce the room for the very negotiating flexibility she hoped to gain with a thumping election victory.

Looking North

Moon Jae-in has pledged to engage with North Korea if he is elected South Korea's president next week, as projected. Here are South Korea's four previous leaders and their positions on Pyongyang.

1998-2003	2003-2008	2008-2013	2013-2017
Kim Dae-jung: Pro-engagement. Won Nobel Peace Prize after meeting Kim Jong Il in 2000, helped open inter-Korean industrial complex and tourist region.	Roh Moo-hyun: Pro-engagement. Met Kim Jong Il in 2007, clashed with George W. Bush. Moon was Roh's chief of staff.	Lee Myung-bak: Hardliner. Scrapped inter-Korean tourist region in 2008; imposed harsh sanctions restricting activity with North Korea.	Park Geun-hye: Hardliner. Scrapped inter-Korean industrial park and sought to cut North Korea's diplomatic ties with other countries.

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South Korea Vote to Test U.S. Goal on Pyongyang

BY JONATHAN CHENG

SEOUL—The U.S. bid to isolate North Korea faces a major test next week in South Korea, where an advocate of more engagement with Pyongyang is favored to win the presidential election.

Moon Jae-in was chief of staff a decade ago when South Korea's then-president met in Pyongyang with the current North Korean leader's father during a period when Seoul showered the North with humanitarian and economic aid, called the Sunshine Policy.

If elected, as appears increasingly likely, Mr. Moon has suggested he would renew such efforts, engaging eco-

nomically with the North in a policy his advisers call Sunshine 2.0.

That would mark a big shift from the hard-line approach of ousted President Park Geun-hye and potentially put Seoul at odds with Washington.

Last week, U.S. Secretary of State Rex Tillerson urged countries at a United Nations Security Council ministerial session "to suspend or downgrade diplomatic relations with North Korea," and to "cut off a flow of needed resources."

Ms. Park, too, had sought to sever Pyongyang's ties with the rest of the world by wooing North Korea's closest allies with military and economic aid. Her impeachment following

bribery and abuse-of-power accusations triggered Tuesday's special election.

Mr. Moon, who has about 40% support from eligible voters, saw his lead erode in recent weeks as North Korean provocations lifted the prospects of a rival who called for a harder line on North Korea.

In response, Mr. Moon toughened his rhetoric on Pyongyang, saying its provocations are making it difficult to avoid tightening sanctions.

In recent days, Mr. Moon's lead has widened as his more conservative rivals have split the remaining votes.

Eurasia Group, which in April had lowered Mr. Moon's chances of winning to 55%,

this week boosted that figure to 80%. The candidate with the most votes wins.

In contrast to his fellow candidates, Mr. Moon has argued that isolation hasn't worked.

He has pushed for reopening two inter-Korean projects from the Sunshine Policy era—a jointly run industrial business park and a tourist resort. Both could potentially send millions of dollars to North Korea.

Mr. Moon's rivals have questioned whether South Korea can reopen those projects without violating U.N. Security Council resolutions aimed at reining in North Korea's weapons program.

BUSINESS & FINANCE

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S&P 2389.52 ▲ 0.06%

S&P FIN ▲ 0.22%

S&PIT ▲ 0.03%

DJ TRANS ▲ 0.05%

WSJ \$IDX ▼ 0.32%

LIBOR 3M 1.179

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See more at WSJMarkets.com

Dodd-Frank Rollback Under Way

By RACHEL WITKOWSKI

WASHINGTON—The House Financial Services Committee launched a Republican-supported rollback of Obama-era financial regulations on Thursday, voting 34-26 along party lines for a plan to undo significant parts of the 2010 Dodd-Frank law.

The committee vote sent the Financial Choice Act to the full House, where it likely will be approved in coming weeks.

The legislation by the panel's chairman, Rep. Jeb Hensarling (R., Texas), would relieve banks of some regulatory requirements as long as they meet certain capital standards.

It would also subject banks to stress tests biennially instead of every year; repeal the Volcker rule, which restricts how banks invest taxpayer-insured deposits; and force failing firms to go through bankruptcy. The measure also calls for the restructuring of the Consumer Financial Protection Bureau, an agency created after the financial crisis.

"Our plan replaces Dodd-Frank's growth-strangling regulations on small banks and credit unions with reforms that expand access to capital so small businesses on Main Street can grow and create jobs," Mr. Hensarling said.

The bill has the broad backing of the financial-services industry. But it is opposed by

consumer groups that worry the plan would introduce more risk into the financial system.

During three days of committee debate, Democrats fought against the proposed legislation. They offered nearly two dozen amendments, many of which would have preserved components of the Dodd-Frank law that Republicans want to eliminate. All were rejected.

Rep. Maxine Waters (D., Calif.) said the bill "is a deeply misguided measure that would bring harm to consumers, investors and our whole economy."

The GOP plan is expected to clear the House when it comes up for vote, but faces uncertain prospects in the Senate, where Republicans will need to negotiate with Democrats to get a bill through that chamber.

Some of the issues, such as

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Uber's 'Greyball' Draws U.S. Scrutiny

By DEL QUENTIN WILBER AND GREG BENINGER

Federal prosecutors have begun a criminal investigation into Uber Technologies Inc.'s use of software as part of the company's program known as "Greyball" that helped drivers avoid local regulators, according to a person familiar with the investigation.

Uber has said it used the technology to evade government officials seeking to identify and block the service's drivers in cities where it faced regulatory challenges. The program, which Uber called Greyball, showed officials dummy versions of the app with fake cars trawling the streets.

The company said in March it would stop the practice of targeting government officials following media reports and a New York Times story that exposed the practice.

The investigation, described as in its early stages, is focused on how Uber used the software, according to the person with knowledge of the matter. A federal grand jury recently sent Uber a subpoena requesting records related to the software, this person said.

A Justice Department spokesman and an Uber spokesman declined to comment. Outside attorneys for Uber didn't respond to requests for comment.

Reuters earlier reported Uber was the subject of a criminal probe.

Uber began Greyball years ago to prevent people from using its app, including law-enforcement sting operations and competitors attempting to disrupt the company's system, according to a person familiar with Greyball.

Besides showing fake versions of the app, Uber employed various methods to identify its adversaries, such as using its mapping technology to create virtual fences around government offices and looking for government-issued credit cards, this person said.

The San Francisco company has said it specifically aimed the technology at violators of its terms of service, the legal agreement required to begin using the app. The company said it used the technology for other purposes, including to test new features, issue marketing promotions, prevent fraud and protect drivers from physical harm.

Officials in Portland, Ore., last week issued a report

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Ethical Funds Are Hard To Define

By ASJLYN LODER

State Street Corp. launched its SPDR S&P 500 Fossil Fuel Free exchange-traded fund with much fanfare in December 2015, its debut timed to coincide with the Paris climate talks and its credibility burnished by support from the Natural Resources Defense Council, one of the most prominent environmental lobbying groups in the U.S.

Despite the ETF's name, it owned stakes in, for example, Transocean Ltd., the offshore-drilling company implicated in the Deepwater Horizon oil spill; Southern Co., a utility that relies on coal and natural gas for 80% of its generating capacity; and Valero Energy Corp., a major gasoline refiner.

As demand for do-gooder investing increases, particularly among women and millennials, fund managers are retooling their lineups to include funds that appeal to a wider audience. These loosely defined strategies offer a feel-good tilt while still preserving broad market exposure, which muddies the difference between responsible funds and their plain-vanilla peers.

The lack of industrywide definitions makes reliable statistics hard to come by.

The Global Sustainable Investment Alliance estimates that assets pegged to environmental, social and governance strategies, or ESG, ballooned to a record \$22.9 trillion at the start of 2016, making up 26% of professionally managed money worldwide.

Yet many asset managers disclose few details about how they use ESG criteria, according to a report from the alliance's U.S. organization. Some analysts include solar- and wind-energy funds. Others don't. Some funds adhere to "biblical" values that critics call homophobic. Some funds, like the State Street ETF, own stock in companies that are blacklisted by competitors.

"It's a very slippery space," said Elisabeth Kashner, head of ETFs for FactSet, a data and analytics firm. "There's no consensus on what's ultimately good or bad, nor is there consensus on how to measure it."

Last August, State Street changed the name to clarify the fund's strategy of avoiding firms with coal, gas and oil reserves such as Exxon Mobil Corp. It is now called the SPDR S&P 500 Fossil Fuel Reserves Free ETF.

"There is no ironclad, crystal-clear, broadly consensual, industry definition of how to invest, or not invest, in fossil fuels," said Chris McKnett, head of ESG investments at State Street, who said the change was made for the sake of "precision and clarity."

ESG investing traces its

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MIGUEL MERCAL FOR THE WALL STREET JOURNAL

A Shell facility at the Vaca Muerta in Neuquén, Argentina. Major oil companies are optimistic about shale development in the region.

Big Oil Jumps on Argentina Shale

Shell, Exxon and others that were late to U.S. boom grab at new opportunities

By SARAH KENT
AND TAOS TURNER

NEUQUÉN, Argentina— Around 5,000 miles from the booming oil towns of West Texas, some of the world's biggest oil companies are trying to do what they failed to do with U.S. shale: Get in first and early.

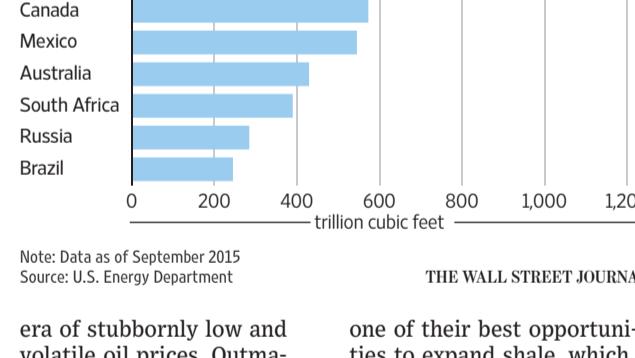
Royal Dutch Shell PLC, Exxon Mobil Corp. and others are making another go at taking the shale industry global, starting with a grand experiment here in a desolate swath of western Argentina. This sprawling piece of Patagonia, known as Vaca Muerta, which means "dead cow," potentially has as

much oil and gas as the biggest basins in Texas or North Dakota.

Replicating the U.S. fracking boom elsewhere has taken on fresh urgency in an

Subterranean Bounty

Top 10 countries by potential resources of shale gas



Note: Data as of September 2015

Source: U.S. Energy Department

been a focus of this sometimes quixotic quest, but a business-friendly government at all levels that is actively working to encourage drilling is fueling optimism that shale development in the region could finally begin to take off.

Hurdles still remain and costs in Argentina are significantly higher than the U.S. But this time around, the big-oil company executives are determined not to miss out, hoping to leverage their big balance sheets and experience with foreign governments to make international shale work.

And they want to prove wrong critics who say they can't drill shale as well as specialists in the U.S.

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one of their best opportunities to expand shale, which generally features projects that can be ramped up or down with prices.

The Vaca Muerta has long

INSIDE



OUTLOOK FOR TV ADS VEXES INVESTORS

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PUERTO RICO'S PREDICAMENT JUST STARTING

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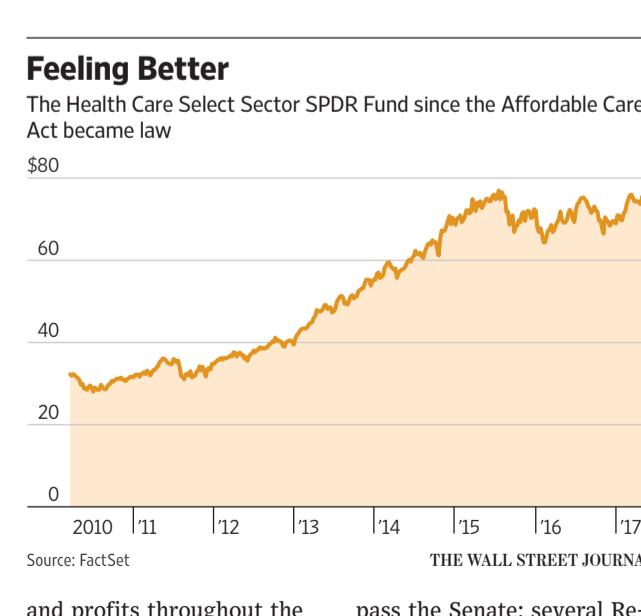
High drama in Washington over health care has barely caused a stir on Wall Street. Investors ought to reconsider.

The House of Representatives has passed the American Health Care Act and the bill now heads to the Senate. While the Congressional Budget Office hasn't yet weighed in on the latest iteration of the bill, it is safe to say that the AHCA would be less kind to the health-care industry than the Affordable Care Act—also known as Obamacare—was.

The proposed law would roll back the Medicaid expansion that has driven coverage gains under Obamacare, as well as allow states to opt out of requirements to cover a set of mandatory health benefits. Both would translate in lighter utilization of the health-care system, and in turn, lower sales

Feeling Better

The Health Care Select Sector SPDR Fund since the Affordable Care Act became law



and profits throughout the industry.

Investors, meanwhile, strolled a yawn. A broad index of health-care stocks was largely unchanged, while most insurance and hospital stocks were essentially flat.

The AHCA in its current form is highly unlikely to

pass the Senate; several Republican senators have publicly criticized the bill's contents.

To get any chance of passing, the bill will have to appeal to moderate senators and those up for re-election. That means fewer people will lose coverage, a change that is conveniently good for

investors as well. Still, investors need to carefully monitor developments. Insurers have begun submitting proposals for steep rate increases in state insurance marketplaces to regulators for the coming year. Big increases could turn more people against the ACA, potentially giving senators cover to pass something similar to the House bill.

Health-care legislation is much less important to most investors than a tax overhaul. Failure to pass a health-care bill will lower confidence in the prospects for tax reform, which could send stocks down. It will also make a tax cut harder to fund because the health-care bill is supposed to generate some of the savings necessary to pay for the expected cuts.

Investors are betting that reform won't happen or won't be too painful for the health-care industry. They are probably right, but a bit of a hedge may be in order.

HEARD ON THE STREET | By Charley Grant

Investors, Take Pulse of Health Revamp

Feeling Better

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Aboulafia, Richard.....B5	Evans, Scott.....B11
Adams, Nick.....A1	Gordon, Erik.....B4
Ailes, Roger.....B2	Guveneren, Fatih.....B12
Albaugh, James F.....B4	H
Bartsh, Geoff.....A5	Harer, Donald.....B5
Bramman, Anne.....B4	Hromadka, Darren....A9
Brown, Andrew.....B2	K
Buffett, Warren.....A1	Kleinfeld, Klaus.....B4
Burrell, Chet.....A5	Koppel, Mike.....B4
C	Kricheff, Bob.....B11
Cook, Tim.....B4	M
Cuban, Mark.....B4	Mahan, James.....A9
D	McGratty, Christopher.....B10
Dodig, Victor.....B10	Müller, Matthias.....B5
Donohue, Brendan.....B4	Musk, Elon.....B4
Draho, Jason.....B11	N
Dunbar, Bruce.....B5	OppenheimerFunds...B5

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Aboulafia, Richard.....B5	Evans, Scott.....B11
Adams, Nick.....A1	Gordon, Erik.....B4
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C	Kricheff, Bob.....B11
Cook, Tim.....B4	M
Cuban, Mark.....B4	Mahan, James.....A9
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BUSINESS NEWS

TV Ad Prospects Worry Investors

Media firms confront cautious marketing, cord cutting; Viacom takes it on the chin

By SHALINI RAMACHANDRAN AND SUZANNE VRANICA

A tepid outlook for television ad revenue and concerns about the longevity of the big pay-TV bundle are causing jitters among media investors.

Although **Viacom Inc.** beat analyst expectations for revenue and profit, its shares fell 7.1% on Thursday as investors worried about long-term trends. The media company said some of its flagship networks, like Nickelodeon, had been relegated to more-expensive bundles for new cable customers at **Charter Communications Inc.**, the second-largest U.S. cable company. In addition, Viacom reported a 4% decline in domestic ad revenue in its latest quarter due to continued ratings weakness.

Viacom's results and commentary added to worries that were already simmering in the market this week.

The S&P 500 Media Index dropped 2.5% Wednesday, and analysts said the broad sell-off was prompted, in part, by comments from John Martin, chief executive of **Time Warner Inc.**'s Turner cable networks.

Mr. Martin said that economic uncertainty and fewer product launches in key industries such as technology, automotive and pharmaceuticals early in the year were causing some marketers to limit adver-



Actor Kevin Hart gets slimed after being declared a winner on Nickelodeon's 'Kids' Choice Awards.'

tising spending. "Advertisers are holding back a little bit and they're taking a little bit more of a wait-and-see approach," he said.

Still, Mr. Martin said he remains "pretty optimistic about the health of the overall U.S. ad market for the full year."

On Wednesday, Time Warner reported a 2% decline in ad revenue in the first quarter due in part to lower ratings at its cable networks and less-exciting matchups in the NCAA college basketball tournament, the rights to which it shares with CBS.

After Time Warner's earnings report, Viacom shares fell 7.5% on Wednesday.

On Viacom's earnings call Thursday, CEO Bob Bakish

sought to ease investors' various concerns. Mr. Bakish said there is some "posturing" going on ahead of TV's annual ad-sales bazaar known as the "upfronts," but "the market is pretty good." He said he and other top Viacom executives have been meeting with ad agency heads to discuss opportunities ahead for its channels. "We are definitely feeling good about it," he said.

On the distribution front, Charter recently relegated Viacom channels, including Nickelodeon, MTV, Spike TV, BET, Comedy Central and VH1, to the most expensive "Gold" television package it sells—reducing those channels' potential subscription revenue. On the earnings call, Mr. Bakish

said the Charter dispute "will be resolved."

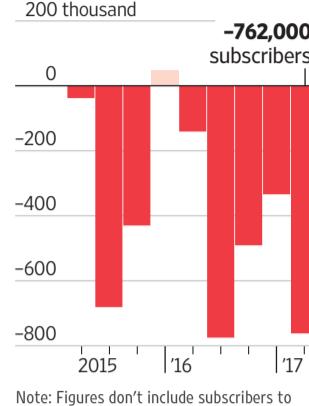
He noted the company has been in discussions with cable and satellite-TV distributors about creating a skinny, entertainment-only bundle that doesn't include expensive sports networks. Mr. Bakish said he is optimistic one could launch this year.

Adding to the negative trends, more customers abandoned cable subscriptions, leading to the worst-ever first-quarter decline in pay-TV subscribers. Analysts at MoffettNathanson estimated 762,000 subscribers cut the cord. Even with growth from new streaming bundles like Sling TV and DirecTV Now, MoffettNathanson said TV programmers

Cable-TV Dropoff

The pay-TV industry had its worst first-quarter loss of customers due to cord-cutting.

Net change in subscribers



Note: Figures don't include subscribers to new streaming cable-TV services like Sling TV and DirecTV Now

Source: MoffettNathanson

THE WALL STREET JOURNAL.

suffered steep declines in subscribers.

"Folks are really worried about the loss of high revenue-per-user video subscribers and the weak trends in the ad market," said MoffettNathanson analyst Michael Nathanson.

The domestic ad revenue declines at Time Warner and Viacom mirrored results last week from Comcast Corp.'s NBCUniversal, whose cable networks' ad revenue declined 3% due to ratings weakness. AMC Networks Inc., which reported first-quarter earnings Thursday, saw ad revenue decline 6% due to the timing of original shows airing and lower viewership. Some ad firms have also reported slow growth in North America.

BY SHALINI RAMACHANDRAN

Snap Inc.'s ambitious effort to create television-like content has old and new media companies alike clamoring to learn how to produce shows for Snapchat's lucrative young audience.

Over the past several months, Snap has signed deals for original shows with NBCUniversal, Turner, A+E Networks, Discovery, BBC, ABC, ESPN, **Vice Media**, Vertical Networks, the NFL and **Metro-Goldwyn-Mayer Inc.** It is also in discussions with CBS and Fox, according to people familiar with the matter. On Thursday, Snap unveiled another show deal with Food Network owner **Scripps Networks Interactive**, which will produce offshoots of existing TV hits like "House Hunters" and "Chopped."

Snap shares rose 3.5% to \$22.59 on Thursday.

Snapchat hopes to have two to three new episodes of original shows airing each day by the end of the year in the "Stories" section of the app, which displays collections of snaps from friends, as well as stories from media outlets. The shows will be three to five minutes long.

Snap is plunging headlong into developing original shows—which are presented vertically like the rest of its app—to keep its 158 million users engaged and boost revenue growth in its nascent life as a public company. Ad revenue growth, which could come from its original show efforts, is key to supporting its valuation of more than \$25 billion. And shows could encourage its users—who already spend 25 to 30 minutes a day on the app—to stick around even longer.

To that end, Snap hasn't been shy about doling out extensive and detailed notes to its TV partners—much like what TV network executives themselves give writers and showrunners.

Snap executives weren't thrilled with some of NBCUniversal's initial ideas last summer for Snapchat shows based on existing television shows because they sounded like promotional clips typically found online.

"They were very much in a TV mind-set," said Snap's vice president of content, Nick Bell. "We wanted something as premium as television itself."

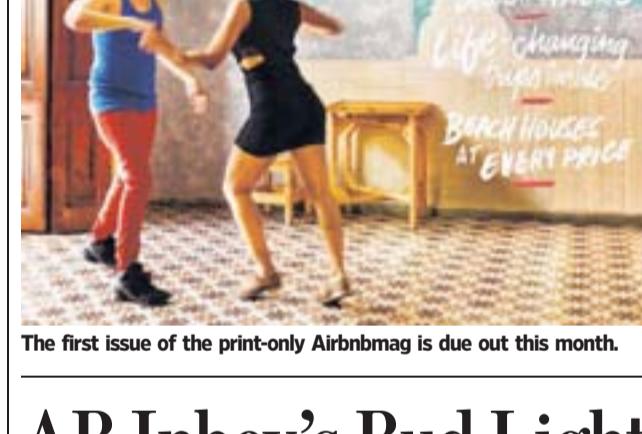
Instead, Snap and NBCUniversal created a version of "The Voice" on the app, where users could submit 10-second audition clips. More than 20,000 submissions came in and the winner made an appearance on the live TV show. Snap even sent its staff on set to advise on faster pacing and framing the vertical camera shots closer to faces.

"Naturally, healthy friction happens, but it's very collaborative" said NBC Entertainment's executive vice president of digital, Robert Hayes.

Beyond reality fare, the company is looking for scripted dramas, daily news shows, horror, documentaries, animated shows and more. To make room for scripted shows, Snap says it may tweak the app to allow for bingeing and catching up (the few shows it has aired so far have disappeared within 48 hours).

While media companies have had various disagreements with YouTube and Facebook, TV companies are flocking to create original shows for Snapchat. That is in part because Snap executives including Mr. Bell, embrace certain old media values like scarcity and promoting a select group of premium content above user-generated fare.

—Georgia Wells and Suzanne Vranica contributed to this article.



The first issue of the print-only Airbnbmag is due out this month.

AB Inbev's Bud Light Lacks Fizz

By NICK KOSTOV

The King of Beers hasn't found a fix yet for Bud Light.

Anheuser-Busch InBev NV reported surging first-quarter profit thanks to last year's integration of rival beer giant SABMiller, but its best-selling Bud Light continues to hemorrhage market share in the U.S., underscoring the challenge the company faces in turning the brand around.

The company is in the middle of a high-stakes revamp of Bud Light, including a U.S. marketing campaign, "Famous Among Friends," which it launched earlier this year. The move is aimed at putting some fizz back in the brand. It continues to outsell every other beer by a wide margin in the U.S. but has suffered years of falling market share at

the hands of Mexican lagers and the craft-beer craze.

Elsewhere, the world's largest brewer reported Thursday a rebound in its second-biggest market, Brazil, cheering investors. Shares in Belgium-based AB InBev rose 5.2% in Brussels on Thursday.

Apart from the integration of SAB, the company's biggest focus remains improving the fortunes of Bud Light. AB InBev said Thursday that the brand's U.S. market share for the quarter ended March 31 fell almost two-thirds of a percentage point.

The drop continues years of declines. In 2010, Bud Light commanded a 19% share, according to Beer Marketer's Insights, an industry publication. That fell to 16% at the end of last year.

In the U.S., Bud Light "remains challenged in a few key markets," Chief Executive Carlos Brito said in a conference call with analysts Thursday.

The Budweiser brand lost more than a third of a percentage point of market share in the quarter. Beer Marketer's Insights estimates Budweiser had 6.3% of the U.S. market at the end of last year, making it the No. 3 seller behind Coors Light.

Net profit rose to \$1.41 billion in the quarter from \$132 million a year earlier, AB InBev said.

The figure was boosted by the integration of SAB. The deal's funding costs hit AB InBev's year-earlier profit. Revenue rose 35% to \$12.92 billion, but organic growth—stripping out acquisitions, including the effect of the SAB purchase—rose just 3.7%.



AB InBev's profit surged, but Bud Light lost U.S. market share. Above, a Fort Collins, Colo., brewery.

Airbnb, Hearst Team Up For New Travel Magazine

BY JEFFREY A. TRACHTENBERG

When the new travel publication Airbnbmag hits select newsstands and mailboxes later this month, many of the stories, including the cover feature set in Havana, will be sourced from billions of anonymous data points collected by the home-sharing service.

Those data are expected to enable editors to assign stories for an audience eager to learn about local hot spots. Since Savannah, Ga., is one of Airbnb's top search destinations, one piece in the first issue includes barbecue recommendations from a Savannah barbecue-pit master.

There is also a piece about Porvoo, a city on the southern coast of Finland, because Airbnb data show an increas-

ing number of people are interested in that destination.

"We know how many people are searching to stay in Havana, Detroit or Tokyo, and we know how many people want to go based on search dates for future trips," said Brian Chesky, chief executive of **Airbnb Inc.**

"No one has billions of demand search data points for nearly every country in the world. That gives us a leg up." The Airbnb data will inform editors on ways to shape future content, although not every story will be data-driven.

The print-only publication, a joint venture between Hearst Magazines and Airbnb, will be launched May 23 with a guaranteed circulation of 350,000, 45 pages of advertising and a \$3.99 cover price. A second issue is slated for September. If

readers and advertisers like what they see, the magazine will have a more robust publishing schedule in 2018.

Mr. Chesky said that while Airbnb is a tech company, he embraced the idea of a print travel publication because "there's the possibility that it can be saved. It isn't ephemeral, as opposed to content on a feed that expires." Back in 2014, Airbnb published one issue of a print travel publication called Pineapple, which Mr. Chesky described as a "niche, bespoke magazine."

Airbnb and Hearst Magazines are co-owners of the new joint venture, sharing equally in the costs. Joanna Coles, chief content officer at Hearst Magazines, said that staffers at both companies were involved in creating the publication.

Avon CEO Under Fire After Surprising Loss

BY DAVID BENOIT

Avon Products Inc. Chief Executive Sheri McCoy faces new pressure following a surprise loss that sent the cosmetics seller's stock tumbling Thursday.

A year after the company struck two agreements expected to give Ms. McCoy time to execute a turnaround of the beleaguered door-to-door sales operation, an activist investor is calling for her to be replaced.

Barington Capital Group LP and partner **NuOrion Partners AG**, which together own more than 3%, said late Thursday the company's turnaround needs to go faster and it should find a new CEO.

Avon reported Thursday morning an adjusted loss of 7 cents a share, below estimates. The stock dropped 22% to \$3.62, half its level in the middle of 2015, even as the company said a three-year turnaround plan is on track. Avon, whose shares once traded above \$40, has been upended by a surge in online commerce.

Ms. McCoy, in a call with analysts Thursday, pointed to external geopolitical and economic factors.

"We anticipated that the issues we identified during the fourth quarter would take time to course correct and would impact the first quarter," she said. "We continue to make progress on the actions

we've put in place and expect to strengthen the business in the second half of the year."

Officials at London-based Avon weren't available for comment on the activists' demand.

Barington had already called for Ms. McCoy to be removed in 2015 but backed off as Avon signed a deal to sell its U.S. business to private-equity firm **Cerberus Capital Management** and shook up its board. Barington then reached its own deal to further change the board.

Cerberus owns a 17% stake in Avon, which has been run by Ms. McCoy since 2012. It isn't clear whether the investment firm still backs her. Cerberus officials declined comment Thursday.

—Sharon Terlep contributed to this article.



Avon's Sheri McCoy

TECHNOLOGY

WSJ.com/Tech

NBA Teams Jump at New Esports League

Cavaliers and Warriors among those taking part in venture with Take-Two Interactive

BY SARAH E. NEEDLEMAN

The Cleveland Cavaliers and Golden State Warriors are among more than a dozen teams taking part in a competitive videogame league the National Basketball Association plans to launch next year with Take-Two Interactive Software Inc.

Of the NBA's 30 teams, 17 will field esports squads that will compete in "NBA 2K," the basketball game and Take-Two, the game's publisher, announced on Thursday.

Sacramento Kings owner Vivek Ranadive said he was first turned on to esports by his son, and has been following its rise over the past several years.

"This is the future," said Mr. Ranadive, whose team will compete in the digital league. "There are going to be very large audiences watching and engaging in esports. Team members are actually going to become celebrities and icons."

The joint venture was unveiled in February, marking the biggest tie-up yet between traditional and digital sports. The other NBA launch teams



An NBA esports event last year. Seventeen teams will compete with esports squads in the 'NBA 2K' videogame league.

DAN STEMBERG/ASSOCIATED PRESS

are: Boston, Dallas, Detroit, Indiana, Memphis, Miami, Milwaukee, New York, Orlando, Philadelphia, Portland, Toronto, Utah and Washington.

"We expected maybe half would join" for the opening

season, said Brendan Donohue, a sports-industry veteran who was named manager of the league last month. Previously, he was senior vice president of team marketing and business operations at the NBA.

Teams participating in the league are required to pay

players a competitive minimum salary, plus health insurance, Mr. Donohue said. He figured fewer teams would come on board right away, but

is confident most, if not all, teams eventually will join.

NBA teams are responsible for pulling together their esports squads. Take-Two will help identify potential recruits, and the NBA teams

will likely draft players from that pool, Mr. Donohue said.

Other details, like whether NBA players will be involved and different ways the league will generate revenue, are still being worked out.

The cost of participating in the NBA 2K league is relatively minimal and the opportunity to develop new NBA fans is amazing, Dallas Mavericks owner Mark Cuban said in an email.

Esports is a fast-expanding niche, with some competitions drawing millions of online viewers and filling stadiums across the globe.

This year, global revenue from ticket and merchandise sales, ads and other esports areas is on track to reach \$696.3 million, according to research firm Newzoo BV. By 2020, it is expected to climb to \$1.5 billion.

The NBA and competitive gaming have already crossed paths. The Philadelphia 76ers in September acquired a controlling stake in two esports teams, while former basketball star Shaquille O'Neal is an investor in a team.

Former star Rick Fox bought a team and renamed it Echo Fox, competing in games such as Tencent Holdings Ltd.'s "League of Legends" and Valve Corp.'s "Counter-Strike: Global Offensive."

Ford Spoils Tesla Chief's Name Joke

BY TIM HIGGINS

Elon Musk's desire for S-E-X is causing problems for Tesla Inc.

The chief executive of the Silicon Valley auto maker thought it would be funny for the names of his vehicle models to spell out something cool. He had the Model S sedan and Model X sport-utility vehicle. But when it came to naming a new, cheaper car, the Model E, Ford Motor Co. blocked Tesla over trademark issues. So he instead went with Model 3, which is essentially a backward "E."

It is a story he has told often, as Tesla prepares to bring out the Model 3, which will be its least expensive car, starting at \$35,000. But it seems the choice is backfiring, as many customers think the Model 3 is the next version of a high-end Tesla car, similar to the way the Apple iPhone 6 was replaced by the improved iPhone 7.

"We have seen a belief among some that Model 3 is the newest and more advanced generation of Model S," Mr. Musk wrote in a letter on Wednesday to shareholders. "This is not correct. Model S will always have more range, more acceleration, more power, more passenger cargo room, more displays (two), and more customization choices, and Model S, X and 3 will all have equivalent Autopilot functionality."

During a conference call with analysts, Mr. Musk said the



Tesla's Model S. Confusion over Tesla's naming conventions is affecting orders.

naming convention was having some impact on orders of more expensive vehicles. The Model 3 is part of Mr. Musk's plans to broadly expand the luxury brand and help fuel production of 500,000 vehicles next year, compared with about 84,000 last year.

Auto makers traditionally want to have various models of cars with different, increasing price points to appeal to more customers. BMW AG, for example, has a compact car called the 3 Series, a midsize car named 5 Series and the flagship 7 Series.

Shares of Tesla fell 5% on Thursday, a day after the company reported its first-quarter

loss widened despite more than doubling revenue. The stock began sliding in after-hours trading during Wednesday's conference call while analysts repeatedly asked executives about the product confusion.

"New product freezing sales of existing product; it's a lesson we forget," Erik Gordon, a University of Michigan business-school professor, said. "In the pre-PC days of eight-bit computers, Adam Osborne destroyed his company when he announced that an Osborne 2 was on its way and sales of the Osborne 1, the first luggable computer, went to zero."

On Tuesday, Apple Inc. Chief Executive Tim Cook suggested

anticipation for the coming iPhone 8 was affecting current iPhone 7 sales. "We're seeing what we believe to be a pause in purchases on iPhone, which we believe are due to the earlier and much more frequent reports about future iPhones," Mr. Cook said.

The confusion about where the Model 3 sits in the Tesla lineup helps explain why Mr. Musk took to Twitter in late March with a similar message: "Am noticing that many people think Model 3 is the 'next version' of a Tesla, like iPhone 2 vs 3. This is not true." To add emphasis, he wrote, that the Model S "is the car I will keep driving even after Model 3 arrives."

Google Settles Battle With Italy Over Taxes

BY GIOVANNI LEGORANO

ROME—Alphabet Inc.'s Google has agreed to pay about €306 million (\$333 million) in back taxes in Italy, settling one of multiple battles that have dogged the tech giant in Europe.

The settlement ends one of several probes into Google's tax arrangements in the European Union as governments maintain pressure on U.S. companies they accuse of tax evasion.

The probes come as the EU and national tax authorities take action on what they view as corporate tax abuse, both by pushing to change international tax rules and by investigating companies that have struck

deals with low-tax jurisdictions to cut their tax bill.

Thursday's agreement between Google and Italy relates mainly to corporate taxes the Italians say Google failed to pay between 2009 and 2015. Rome alleges Google routed more than €1 billion in Italy-based revenue to its office in Ireland, where tax rates are far lower.

A company spokesman said that of the €306 million in back taxes, €303 million was attributed to Google Italy, with the rest to Google Ireland. As part of the deal, Google will agree to pay taxes on future income—largely related to ad sales—generated in Italy, according to Italian tax authorities.

UBER

Continued from page B1

about the use of Greyball and noted the U.S. Attorney of the Northern District of California was conducting a federal probe of Uber. The company used Greyball in Portland in late 2014 to early 2015, when local laws prevented it from operating there, to ensure drivers couldn't be identified and penalized.

The federal probe is just the latest in a mounting pile of setbacks for Uber. The company, valued by investors at \$68 billion, is investigating claims of sexism and sexual

harassment, as well as harsh workplace conditions under its chief executive, Travis Kalanick. The company has seen several high-level executives leave in recent months, and is being sued by Alphabet Inc., which alleges Uber stole design plans for self-driving car technology. Uber has said the claims are unfounded and is contesting Alphabet in court.

Amid all of this, Mr. Kalanick has vowed to hire a deputy following the leak online of an embarrassing video showing him berating an Uber driver.

Later this month, Uber plans to release the results of its workplace investigation, led by former U.S. Attorney General Eric Holder.

BUSINESS WATCH

NORDSTROM

Retailer Hires Finance Chief

Nordstrom Inc. has hired Anne Bramman as chief financial officer, filling a role that was vacated when its former CFO retired earlier this month.

Ms. Bramman, 49 years old, announced her resignation from Avery Dennison Corp., a maker of adhesive technologies and packaging materials, in March after two years on the job.

Nordstrom's former CFO, Mike Koppel, retired May 1 after 16 years with the company. He will continue to serve as an adviser through the end of the year.

Like other retailers, Nordstrom has been struggling to adapt to changing consumer behavior as more shopping shifts online. The company has weathered the changes better than some peers, in part because it moved quickly to buy digital startups such as Trunk Club and expand its off-price chain, called Nordstrom Rack.

Nevertheless, profit tumbled 41% to \$354 million for the financial year ended in January, while sales inched up nearly 3% to \$14.5 billion.

—Joann S. Lublin

and Suzanne Kapner

ROYAL DUTCH SHELL

Higher Oil Prices Help Boost Profit

Royal Dutch Shell PLC on Thursday capped a bumper set of results for the world's biggest oil companies with its highest quarterly profit since mid-2015, as a fragile oil-price recovery and years of cost-cutting buoyed crude producers.

Shell said its first-quarter profit more than quadrupled from a year earlier to \$3.4 billion. Quarter-on-quarter, the company saw higher earnings in all business segments.

Statoil reported net first-quarter earnings of \$1.06 billion, up from \$611 million a year earlier.

—Sarah Kent

ARCONIC

Directors Named Ahead of Vote

Arconic Inc. added two aerospace experts to its board Thursday ahead of a shareholder vote later this month when activist investor Elliott Management Corp. will seek to oust four directors.

Weeks after the ouster of Chairman and Chief Executive Klaus Kleinfeld over a letter he

wrote to Elliott's founder, the aerospace and automotive parts maker has named former Boeing Co. executive James F. Albaugh and Janet C. Wolfenberger, a retired Air Force four-star general, to its board.

Ratan Tata, of the famed Indian conglomerate family, will step down from Arconic's board, keeping it at 13 members.

Elliott is running a slate of four nominees and has argued the board needs more new faces, even after Mr. Kleinfeld's exit.

—David Benoit

AIR FRANCE-KLM

Loss Grows Wider

On Strong Dollar

Air France-KLM SA on Thursday reported a larger first-quarter operating loss, weighed down by the strong dollar even as the airline group said bookings in its long-haul sector for the coming months were running ahead of last year's level.

The airline group posted a €216 million (\$235 million) net loss for the January through March period, or €61 million worse than the prior year.

The more closely watched operating loss deteriorated by 44% to €143 million.

—Robert Wall

Siemens Profit Margin Shows Strength



German industrial giant Siemens AG said second-quarter net profit was little changed from the year before, as lost income from discontinued operations weighed on otherwise robust profit-margin growth at most of its industrial businesses.

Net profit for the fiscal second quarter ended March 31 was €1.45 billion (\$1.58 billion) compared with €1.44 billion in the same period last year, roughly in line with analysts' forecasts of €1.43 billion, according to a recent poll compiled by FactSet.

The profit margin for the group's industrial businesses climbed to 12.1% from 10.9% a year earlier, driven by profitability at the separated health-care business and the digital factory unit. Profitability was also helped by a €138 million gain from pension-plan amendments, the company said.

Quarterly revenue rose 6% to €20.22 billion, boosted by strong growth at the digital factory, building technologies and energy management divisions.

Orders rose slightly, by 2%, to €22.63 billion, helped by a €1.4 billion contract at its wind energy and renewables business for an offshore wind farm in Germany.

—Christopher Alessi

SEAN GALLUP/GETTY IMAGES

BUSINESS NEWS

Morgan Stanley to Drop Vanguard From Offerings

By MICHAEL WURSTHORN
AND SARAH KROUSE

Morgan Stanley will soon prevent its clients from buying **Vanguard Group's** mutual funds, the latest big Wall Street brokerage to mostly shut out some of the index giant's funds.

Starting next week, Morgan Stanley brokers will no longer be able to sell their clients new positions in Vanguard mutual funds, including its popular index offerings, the bank confirmed. Merrill Lynch, meanwhile, already doesn't allow new clients to purchase new shares of Vanguard's mutual funds, said Merrill brokers familiar with the matter, adding that it has been a longstanding policy of the **Bank of America** Corp.-owned brokerage.

The brokerage arms of **Wells Fargo & Co.** and **UBS Group AG**, two of the other big traditional brokerages, haven't dropped Vanguard's funds, people familiar with their sales practices said.

The restrictions come as Vanguard has boomed amid investors' embrace of funds that mimic broad indexes for a fraction of the cost of actively managed funds.

The Malvern, Pa., firm brought in \$289 billion last year, or 54% of the \$533 billion that flowed into all mutual funds and exchange-traded funds, according to research firm Morningstar Inc.

Michael Wong, a wealth-management researcher with Morningstar, said he was surprised by the Morgan Stanley move. "Vanguard, among the fund world, is a household name, so I would assume there would be some client demand for it," he said.

Riding the Wave

Vanguard Group's assets under management*



*As of the end of March
Source: Vanguard Group

THE WALL STREET JOURNAL.

Morgan Stanley, which oversees \$2.2 trillion of client assets, says Vanguard's funds are unpopular with its clients. Vanguard's mutual funds represented less than 5% of Morgan Stanley's total mutual-fund assets, said bank spokesman Bruce Dunbar.

Morgan Stanley clients currently invested in Vanguard mutual funds won't be forced to sell, and they can add to those positions through early next year. The brokerage will continue to offer Vanguard exchange-traded funds, said Mr. Dunbar.

Vanguard is unusual among fund firms because it has a policy of not paying other firms to sell its funds. Many fund firms have long paid for shelf space on platforms or had revenue-sharing agreements with brokerages.

A spokeswoman for Vanguard said, "We share in the disappointment of advisers who are not able to access

conventional shares of our mutual funds," adding that Vanguard doesn't pay any brokerage firm or its advisers for the distribution of its funds.

Merrill, meanwhile, has for some time restricted the sale of new shares of Vanguard mutual funds to clients who don't have an existing position, said Merrill brokers familiar with the matter. Clients who come to the firm with existing positions can add to those, as long as they have research coverage by Merrill's chief investment office or a Morningstar analyst, they added.

As at Morgan Stanley, Merrill Lynch's ban on buying Vanguard mutual funds doesn't apply to Vanguard ETFs. And investors who direct their own investments through Merrill Edge, Bank of America's self-service investment platform, can buy Vanguard mutual funds and ETFs without restrictions.

Brokers at both firms say they usually favor ETFs, including Vanguard's, for investors who want a passive investment strategy because they tend to be cheaper and more tax efficient than mutual funds.

Morgan Stanley, which has more than 15,000 brokers, said it is removing the Vanguard funds as part of a broader overhaul of its mutual-fund offerings.

Over the past several months, the firm has been cutting 25% of funds it deems less popular or underperforming, a process it kicked off to help it comply with the Labor Department's fiduciary rule requiring brokers to act in the best interest of retirement savers.

AdvisorHub earlier reported Morgan Stanley's removal of Vanguard funds.

China Aims High, Takes On Boeing and Airbus



SHANGHAI—China is ex-

pected to pass a technology milestone on Friday with the maiden flight of its first big commercial airliner, launching what Beijing hopes will become a rival to **Boeing** Co. and **Airbus SE**.

If the flight goes off as planned, and weather permitting, the C919, pictured above, will be the latest breakthrough for China as it races to foster advanced industrial capabilities in

sectors including robotics, computer chips, electric cars and renewable energy.

Getting airborne is one thing. Soaring in the fiercely competitive commercial-aviation market is a far tougher proposition, aviation analysts say. But with a reported \$317 billion set aside to bankroll advanced manufacturing projects, China seems to care less about returns from costly experiments like the C919 than about securing a foothold in

high-value industries dominated by foreign players.

"Basically, they can deliver jets if they're willing to lose a lot of money," said Richard Aboulafia, vice president at Teal Group Corp., a U.S.-based aerospace-intelligence company.

The C919 project predates the government's Made in China 2025 initiative, which began in 2015, but it falls squarely within the objectives of that program.

—Trefor Moss

Central Grocers Files for Bankruptcy

By LILLIAN RIZZO
AND STEPHANIE GLEASON

Central Grocers Inc. sought bankruptcy protection Thursday after four of its food suppliers banded together to demand their bills get paid.

The chapter 11 filing in the U.S. Bankruptcy Court in Wilmington, Del., comes with the plan for Central Grocers, one of the largest grocery cooperatives in the U.S., to sell its better-performing stores.

Coca-Cola Co., **General Mills Inc.**, **Post Consumer Brands** and **Mars Financial Services** filed an involuntary chapter 7 petition for Central Grocers on Tuesday, saying that the co-op owes them \$1.8 million, collectively, according to documents filed with the U.S. Bankruptcy Court in Chicago. The court documents say that Central Grocers hasn't been paying its debts as they became due.

"In recent weeks, however, many of [Central Grocers'] key vendors have reacted to news



Centrelle butter is a private label of Central Grocers, which filed for bankruptcy protection.

of CGI's liquidity challenges by imposing onerous trade terms," Chief Restructuring Officer Donald Haren said in court papers filed Thursday.

Central Grocers said in court papers that the purchase of merchandise is its "greatest expense," which totaled roughly \$1.24 billion in 2016.

Central Grocers, based in Joliet, Ill., is a cooperative of grocery wholesalers in the Midwest, serving independent retail chains with its Centrelle-branded products. It also owns and operates three regional chains, Strack & Van Til, **Ultra Foods** and Town & Country Markets.

The cooperative plans to sell 19 Strack Stores and plans to sign a "stalking horse" agreement with an unnamed buyer which would serve as the floor bid in a bankruptcy-run auction. Central Grocers plans to close 14 of its underperforming Strack stores during the bankruptcy proceedings.

lished research touting the performance-enhancing benefits of ESG screening. Some fund managers believe that ESG screening can weed out companies with simmering scandals, said Sharon French, head of beta solutions for OppenheimerFunds.

She cited MSCI's July 2013 ESG downgrade of **Volks-wagen AG** due to corporate-governance problems, more than two years before the Environmental Protection Agency announced its investigation into emissions cheating.

Such strategies preserve diversification, but can make for strange bedfellows. For example, the **Columbia Sustainable Global Equity Income ETF** includes Valero Energy and **Marathon Petroleum** Corp. among its top 20 investments; and, at one point, the single largest holding of Oppenheimer's Global ESG Revenue ETF was

Wal-Mart Stores Inc., a company excluded from other ESG strategies because of its history of labor problems, though that may change as the company improves its ESG performance. The fund liquidated its Wal-Mart stake in February after MSCI noted "significant concerns" related to labor unions and an ongoing bribery case against its Mexican subsidiary, Oppenheimer's Ms. French said.

Comeback

VW puts diesel in rear-view



Source: the company

THE WALL STREET JOURNAL.

Volkswagen Looks Down the Road

By WILLIAM BOSTON

BERLIN—Volkswagen AG, the world's biggest car maker, is returning to strong profits after Chief Executive Matthias Müller took advantage of the company's diesel crisis to push through unpopular restructuring and cost cuts.

But as the emissions-cheating scandal that had threatened to sink one of Germany's corporate flagships begins to fade, analysts say Mr. Müller still must work hard to wean the German car maker off diesel and prepare for tougher emissions regulation.

"The broader lesson is that VW used the crisis to do things that it couldn't do under normal circumstances and it is now stronger than it was before the scandal," said Christian Stadler, a professor of strategy at Warwick Business School.

Its strong position paradoxically puts Mr. Müller in a bind. The chief executive knows he must prepare Volkswagen for the eventuality of a postdiesel world. But as it emerges from the crisis and

profits rise, the company and its management lose incentive—and leverage—to change.

The company that makes the popular Golf and Jetta sedans reported on Wednesday that net profit in the first three months of the year surged 45% to €3.35 billion (\$3.66 billion), boosted by cost cutting and higher margins at its VW brand. Adjusted operating profit, which strips out one-time items, gained 27% to €4.4 billion. Revenue rose 10% to €56.2 billion.

FUNDS

Continued from page B1

modern roots to the antiapartheid divestiture campaign of the 1980s, which prodded companies to withdraw from South Africa to protest the country's institutionalized racial segregation. After apartheid was dismantled, ethical investing focused on boycotting heavy polluters and human-rights violators. As concerns about climate change increased, investors began looking for ways to reduce the carbon footprint of their portfolios without sacrificing diversification and performance.

ESG became an increasingly popular solution. Instead of using market value to determine how much to allocate each company, like most traditional indexes, the strategies weight their investments based on how a company performs on ESG criteria.

Some funds go a step further, using financial criteria like revenue or dividends combined with ESG scores.

Since the start of 2016, the ETF industry has launched 26 new ESG funds, according to FactSet and XTF. Firms, including **Goldman Sachs Group Inc.**, State Street and **OppenheimerFunds**, have also pub-

lished research touting the performance-enhancing benefits of ESG screening. Some fund managers believe that ESG screening can weed out companies with simmering scandals, said Sharon French, head of beta solutions for OppenheimerFunds.

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IF YOU ARE A MEMBER OF THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THE PROPOSED SETTLEMENT AND YOU MAY BE ENTITLED TO A MONETARY PAYMENT.

If you have not yet received the Notice and Proof of Claim and Release form ("Claim Form"), you may obtain copies of these documents by visiting the website dedicated to the Action, www.KBRSecuritiesLitigation.com, or by contacting the Claims Administrator at:

KBR Securities Litigation
Claims Administrator
c/o Epiq
P.O. Box 4290
Portland, OR 97208-4290
(844) 685-5620

Inquiries, other than requests for the Notice/Claim Form or for information about the status of a claim, may also be made to Class Counsel:

Louis Gottlieb, Esq.
LABATON SUCHAROW LLP
140 Broadway
New York, NY 10005
www.labaton.com
(888) 219-6877

John Rizio-Hamilton, Esq.
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
www.blblaw.com
(800) 380-8496

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Claim Form **postmarked or received no later than August 19, 2017**. If you are a Class Member and do not timely submit a valid Claim Form, you will not be eligible to share in the distribution of the Net Settlement Fund, but you will nevertheless be bound by all judgments or orders entered by the Court in the Action, whether favorable or unfavorable.

If you are a Class Member and wish to exclude yourself from the Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice such that it is **received no later than July 4, 2017**. If you properly exclude yourself from the Class, you will not be bound by any judgments or orders entered by the Court in the Action, whether favorable or unfavorable.

Any objections to the proposed Settlement, the proposed Plan of Allocation, and/or Class Counsel's application for attorneys' fees and payment of expenses must be filed with the Court and mailed to counsel for the Parties in accordance with the instructions in the Notice, such that they are **filed and received no later than July 4, 2017**.

DO NOT CONTACT THE COURT, DEFENDANTS, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.

All questions about this notice, the Settlement, or your eligibility to participate in the Settlement should be directed to the Claims Administrator or Class Counsel.

DATED: May 5, 2017

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS

THE WALL STREET JOURNAL.

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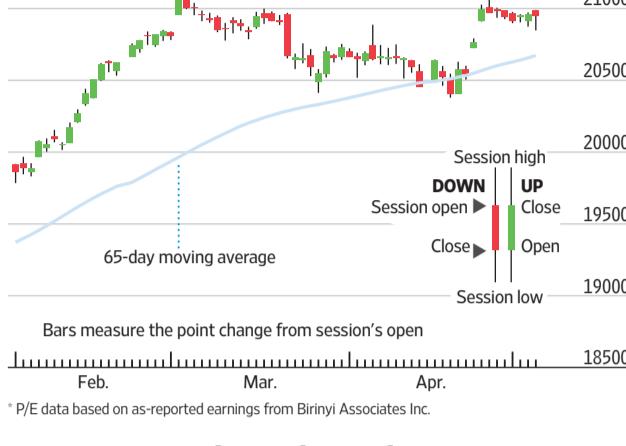
EQUITIES

Dow Jones Industrial Average

20951.47 ▼6.43, or 0.03%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 20.46 18.94
P/E estimate * 17.83 16.93
Dividend yield 2.34 2.59
All-time high 21115.55, 03/01/17

Current divisor 0.14602128057775



Bars measure the point change from session's open

Feb. Mar. Apr. 18500

* P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2389.52 ▲1.39, or 0.06%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 24.17 24.12
P/E estimate * 18.42 17.65
Dividend yield 1.97 2.19
All-time high: 2395.96, 03/01/17



Feb. Mar. Apr. 2150

Nasdaq Composite Index

6075.34 ▲2.79, or 0.05%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 26.04 21.86
P/E estimate * 20.75 17.95
Dividend yield 1.09 1.29
All-time high: 6091.60, 05/01/17



Feb. Mar. Apr. 5350

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	20990.79	20847.95	20951.47	-6.43	-0.03	21115.55	17140.24	18.6	6.0	8.3
Transportation Avg	9196.81	9089.71	9138.13	4.99	0.05	9593.95	7093.40	19.2	1.0	5.9
Utility Average	699.53	694.91	698.97	1.43	0.21	720.45	625.44	5.3	6.0	8.7
Total Stock Market	24774.31	24643.44	24746.23	0.24	0.001	24868.78	20583.16	17.3	6.3	7.9
Barron's 400	638.88	634.03	637.44	0.41	0.06	643.82	491.89	25.0	6.0	7.5

Nasdaq Stock Market

Nasdaq Composite	6080.82	6054.33	6075.34	2.79	0.05	6095.37	4594.44	28.8	12.9	13.8
Nasdaq 100	5633.49	5606.05	5626.32	1.16	0.02	5644.07	4201.05	30.6	15.7	16.2

Standard & Poor's

500 Index	2391.43	2380.35	2389.52	1.39	0.06	2395.96	2000.54	16.5	6.7	8.3
MidCap 400	1728.01	1713.71	1724.18	-3.23	-0.19	1758.27	1416.66	19.2	3.8	8.2
SmallCap 600	849.28	839.87	844.99	-1.44	-0.17	863.08	670.90	23.9	0.8	9.0
Other Indexes										
Russell 2000	1394.16	1380.49	1388.85	-2.08	-0.15	1419.43	1089.65	25.4	2.3	7.2
NYSE Composite	11546.22	11490.42	11534.70	5.04	0.04	11661.22	9973.54	12.2	4.3	2.8
Value Line	521.52	517.20	519.59	-1.55	-0.30	529.13	435.06	15.3	2.7	2.3
NYSE Arca Biotech	3681.34	3649.42	3675.62	35.37	0.97	3675.62	2818.70	25.1	19.5	13.8
NYSE Arca Pharma	518.17	515.25	517.98	3.91	0.76	554.66	463.78	2.7	7.6	0.3
KBW Bank	93.73	92.59	92.91	0.22	0.24	99.33	60.27	39.3	1.2	10.7
PHLX® Gold/Silver	79.44	77.46	78.26	-2.31	-2.87	112.86	73.03	-8.1	-0.8	-5.6
PHLX® Oil Service	148.69	143.99	146.14	-3.69	-2.46	192.66	146.14	-12.6	-20.5	-20.8
PHLX® Semiconductor	1010.69	1002.95	1006.83	-1.22	-0.12	1023.29	630.77	58.1	11.1	20.5
CBOE Volatility	11.24	10.27	10.46	-0.22	-0.26	25.76	10.11	-34.3	-25.5	-6.8

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
iShares MSCI Emg Markets	EEM	7,793.6	39.83	-0.03	-0.08	40.05	39.83
Van Eck Vectors Jr Gold	GDXJ	3,996.2	29.66	0.01	0.03	29.73	29.59
SPDR S&P 500	SPY	3,723.0	238.69	-0.07	-0.03	238.83	238.52
Bank of America	BAC	3,442.0	23.86	0.01	0.04	23.92	23.80
Van Eck Vectors Gold Miner	GDX	3,256.7	21.10	...	unch.	21.11	21.08
NRG Energy	NRG	1,867.7	14.75	0.15	1.03	15.20	14.55
Juniper Networks	JNPR	1,707.4	30.48	-0.02	-0.05	30.50	30.43

Percentage gainers...

Zafgen	ZFGN	190.6	5.68	0.81	16.63	6.13	4.87
Universal Display	OLED	206.0	101.90	12.05	13.41	102.65	89.20
Wingstop	WING	85.8	32.80	3.80	13.10	33.25	28.96
Sierra Wireless	SWIR	72.6	27.70	2.90	11.69	28.90	24.75
Callaway Golf	ELY	108.9	13.50	1.38	11.39	14.95	12.12
...And losers							
Brightcove	BCOV	13.1	5.90	-2.80	-32.18	8.70	5.10
American Superconductor	AMSC	9.4	4.09	-0.76	-15.67	4.85	4.00
Impinj	PI	165.2	33.00	-4.84	-12.79	37.87	31.05
Puma Biotechnology	PBYI	107.3	31.90	-4.65	-12.72	36.55	30.00
Zendesk	ZEN	43.7	26				

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.								
May 2,5120 2,5270 ▼ 2,4800 2,5020 -0,0310 4,105	Oct 3,331 3,360 3,297 3,313 -0,025 168,741							
July 2,5175 2,5455 ▼ 2,4900 2,5115 -0,0320 130,890	Jan'18 3,583 3,598 3,552 3,563 -0,026 100,060							
Gold (CMX)-100 troy oz.; \$ per troy oz.								
May 1239,80 1239,80 1224,20 1226,50 -19,90 218	Corn (CBT)-5,000 bu.; cents per bu.							
June 1238,50 1241,70 1225,70 1228,60 -19,90 308,963	May 367,00 367,50 357,50 358,00 -8,25 3,361							
Aug 1242,20 1245,00 1229,30 1230,20 -20,00 63,071	Oats (CBT)-5,000 bu.; cents per bu.							
Oct 1245,00 1248,20 1232,60 1235,20 -20,10 7,574	July 374,25 376,00 366,00 366,50 -8,25 726,524							
Dec 1248,80 1251,80 1236,00 1238,50 -20,20 53,743	Soybeans (CBT)-5,000 bu.; cents per bu.							
Feb'18 1250,00 1250,00 1240,60 1241,90 -20,20 7,771	May 965,25 970,50 961,75 965,25 -25 2,093							
Palladium (NYM)-50 troy oz.; \$ per troy oz.	Soybean Meal (CBT)-100 tons; \$ per ton.							
May 812,80 812,80 ▲ 812,80 800,50 1,35 1	May 314,60 314,60 311,50 314,10 -50 2,316							
June 797,00 804,70 785,65 800,65 1,35 31,104	July 318,50 319,20 315,70 318,60 -20 207,504							
Sept 795,50 803,15 785,95 800,35 1,30 4,992	Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
March'18 798,00 798,00 ▼ 798,00 801,80 1,30 1	May 32,32 32,69 32,30 32,33 -01 1,239							
Platinum (NYM)-50 troy oz.; \$ per troy oz.	July 32,60 32,91 32,41 32,50 -06 223,539							
May 949,80 949,80 947,50 950,30 3,30 36	Rough Rice (CBT)-2,000 cwt.; \$ per cwt.							
July 898,80 909,50 ▼ 894,50 907,70 3,30 67,643	May 960,00 960,00 960,00 965,00 1,50 131							
Silver (CMX)-5,000 troy oz.; \$ per troy oz.	July 988,00 1004,50 976,00 990,50 -50 10,156							
May 16,425 16,650 16,210 16,244 -0,243 1,038	Wheat (CBT)-5,000 bu.; cents per bu.							
July 16,485 16,645 16,215 16,303 -0,243 147,073	May 442,00 442,00 425,75 426,00 -17,00 386							
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.	July 453,75 455,25 436,00 437,75 -16,25 268,622							
June 47,60 47,75 ▼ 45,29 45,52 -2,30 571,277	Wheat (KQ)-5,000 bu.; cents per bu.							
July 47,96 48,11 ▼ 45,67 45,90 -2,28 293,018	May 447,75 447,75 432,25 432,50 -18,00 162							
Aug 48,27 48,39 ▼ 45,97 46,19 -2,26 116,134	July 463,25 464,50 442,75 444,50 -18,75 153,958							
Sept 48,51 48,64 ▼ 46,25 46,47 -2,22 196,870	Wheat (MPLS)-5,000 bu.; cents per bu.							
Dec 49,18 49,27 ▼ 46,97 47,23 -2,09 278,069	May 541,00 541,25 535,00 535,00 -13,25 148							
Dec'18 49,15 49,17 ▼ 47,30 47,62 -1,64 134,272	July 560,00 561,25 545,75 547,50 -13,75 31,537							
NY Harbor UsdL (NYM)-42,000 gal.; \$ per gal.	Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
June 1,469,11 1,472,00 ▼ 1,4067 1,4123 -0,0613 130,664	May 154,000 156,750 ▲ 147,850 148,275 -0,25 8,034							
July 1,475,97 1,478,44 ▼ 1,4144 1,4197 -0,0608 84,113	Aug 160,575 163,500 ▲ 156,200 157,925 -2,175 32,009							
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.	Cattle-Live (CME)-40,000 lbs.; cents per lb.							
June 1,5264 1,5299 ▼ 1,4683 1,4812 -0,0526 138,460	June 134,500 134,550 ▲ 130,575 131,300 1,250 160,749							
July 1,5249 1,5327 ▼ 1,4731 1,4848 -0,0521 81,346	Aug 125,000 127,500 ▲ 126,200 124,175 ,375 109,448							
Natural Gas (NYM)-10,000 MMBtu.; \$ per MMBtu.	Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
June 3,220 3,254 3,165 3,186 -0,042 266,298	May 68,475 69,500 68,350 69,000 1,050 2,047							
July 3,299 3,333 3,253 3,271 -0,038 221,697	June 75,750 76,575 75,700 76,475 ,925 73,110							
Aug 3,330 3,360 3,289 3,305 -0,032 96,561	Lumber (CME)-110,000 bd. ft.; \$ per 1,000 bd. ft.							
Sept 3,318 3,344 3,280 3,293 -0,028 126,841	May 387,00 390,00 385,30 388,50 4,90 854							
	July 391,20 395,60 390,20 395,10 5,00 3,795							

Cash Prices | WSJ.com/commodities

Thursday, May 4, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Thursday

	Thursday	Thursday	Thursday
Energy			
Propane,tet,Mont Belvieu-g	0.6172		
Butane,normal,Mont Belvieu-g	0.7493		
NaturalGas,HenryHub-i	3.070		
NaturalGas,TranscoZone3-i	3.010		
NaturalGas,TranscoZone6NY-i	2.740		
NaturalGas,PanhandleEast-i	2.740		
NaturalGas,Opal-i	2.760		
NaturalGas,MarcellusNE PA-i	2.680		
NaturalGas,HaynesvilleLA-i	2.840		
Coal,CApcL,12500Btu,12S02-r,w	52,450		
Coal,PwdrRvrBsn,8800Btu,0.8502-r,w	11,750		
Metals			
Gold, per troy oz			
Engelhard industrial	1230,24		
Engelhard fabricated	1322,51		
Handy & Harman base	1228,45		
Handy & Harman fabricated	1363,58		
LBMA Gold Price AM	*1253,95		
LBMA Gold Price PM	*1250,30		
Kruggerrand,wholesale-e	1277,48		
Maple Leaf-e	1289,77		
American Eagle-e	1289,77		
Mexican peso-e	1489,02		
Austria crown-e	1207,03		
Austria phil-e	1289,77		
Silver, troy oz.			
Engelhard industrial	16,3600		
Engelhard fabricated	19,6320		
Handy & Harman base	16,2600		
Handy & Harman fabricated	20,3250		
LBMA spot price	£12,8036		
(U.S.\$ equivalent)	16,5000		
Metals			
Gold, per troy oz			
Engelhard industrial	1230,24		
Engelhard fabricated	1322,51		
Handy & Harman base	1228,45		
Handy & Harman fabricated	1363,58		
LBMA Gold Price AM	*1253,95		
LBMA Gold Price PM	*1250,30		
Kruggerrand,wholesale-e	1277,48		
Maple Leaf-e	1289,77		
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LBMA spot price	£12,8036		
(U.S.\$ equivalent)	16,5000		
Fibers and Textiles			
Burlap,10-oz,40-inch NY yd-n,w	0.5800		
Cotton,11/16 std lw-mdMphs-u	0.7741		
Cotlook A' Index-t	*89,10		
Hides,hyv native steers piece fob-u	n.a.		
Wool,64s,stable,Terr del-u,w	4,49		
Grains and Feeds			

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange CBOE, National Stock Exchange, ISYE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
I-New 52-week high.
L-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
H-Does not meet continued listing standards.
If-Late filing.
q-Temporary exemption from Nasdaq requirements.
NFS-NYSE bankruptcy.
V-Trading halted on primary market.
W-Bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. on the previous day.

Thursday, May 4, 2017

Net

Stock Sym Close Chg

BANKING & FINANCE

Puerto Rico Girds for Messy Debt Fight

A host of bondholders, on and off the island, have competing claims and different needs

BY ANDREW SCURRIA
AND HEATHER GILLERS

Puerto Rico's entry into court protection ends a chaotic period of lawsuits and defaults. But the process likely won't satisfy everyone.

A federal oversight board created by Congress placed the struggling U.S. territory under a court-supervised restructuring proceeding akin to bankruptcy on Wednesday, creating a single forum to sort out Puerto Rico's mountain of liabilities to bondholders, pensioners and service providers. The island and its agencies owe \$73 billion in municipal bond debt accumulated through years of borrowing to finance deficits against a declining tax base.

Wednesday's filing, however, is only "the beginning of the story," said Richard Ravitch, who was involved in the negotiations that helped New York City avoid bankruptcy in the 1970s as well as the bankruptcy negotiations in Detroit.

The bankruptcy proceeding puts Puerto Rico against its creditors, and its creditors against each other. Puerto Rico's investor base includes



Gov. Ricardo Rossello will have to please many factions.

mutual funds, bond insurers, hedge funds and individual investor bondholders, who either bought commonwealth debt or agreed to guarantee it. They all acquired exposure at different prices and want different restructuring terms.

Some hedge funds scooped up bonds at cut-rate prices as Puerto Rico lost the confidence of the financial markets, and they have placed bets on

specific portions of debt, said Craig Barbarosh, a restructuring attorney at Katten Muchin Rosenman. Meanwhile big mutual-fund managers generally purchase debt closer to par values, meaning they have greater incentive to agitate for the maximum recovery across bond classes.

Bond insurance companies Assured Guaranty Ltd, MBIA Inc. and Ambac Financial

Insurer Challenges Board's Debt Plan

A bond insurer looking to minimize losses on \$5.4 billion in Puerto Rico bond guarantees has fired the first legal volley following the U.S. territory's entry into court protection.

Assured Guaranty Ltd. on Thursday sued Puerto Rico's federal oversight board, which one day earlier placed the U.S. territory in what amounts to the largest-ever U.S. municipal bankruptcy. The complaint, filed in federal court in San Juan, marks the first legal challenge to Puerto Rico's debt-cutting plan by creditors following the board's unprecedented action.

The insurer says the board overstepped when it ordered the payment of no more than \$787 million annually in debt

service over the next decade. That sum, less than a quarter of the \$3.5 billion the creditors are owed on average each year, is at the heart of a board-approved fiscal plan that forms the basis for negotiations.

Bond payments, education subsidies and pension spending were all cut in the plan, which the board approved last month after ordering more conservative economic assumptions that further diminished the surplus available for creditors.

The proposed financial overhaul, "unless totally recast, cannot possibly be permitted to serve as the basis for any lawful plan of adjustment," Assured said.

The board's petition under a court-supervised restructuring process was meant to put the brakes on creditor litigation seeking redress for past payment defaults.

—Andrew Scurria

according to their financial disclosures.

In addition to its obligations to bondholders, the commonwealth has roughly \$45 billion in pension debt and education and health-care costs to cover. Mr. Ravitch said he believes the restructuring proceeding will strengthen Puerto Rico's hand with creditors, who now have the threat of a court-enforced settlement

hanging over their head.

An estimated \$13 billion in debt is held by local bondholders and financial institutions, a potential drag on growth if those bonds are restructured and island residents lose income streams they depend on.

Treating local holders preferentially is also problematic because of restructuring principles that call for equal payment among creditors.

Complicating matters, Puerto Rico hasn't decided which creditors have priority in a restructuring. Competing groups of hedge funds holding general obligation and sales-tax bonds each have claims to top status, but no court has ever defined their respective payment rights.

"We always talked about the rock fight that would break out between these two, and now this is the rock fight," said Rob Amodeo, head of municipals at Western Asset Management, which sold its Puerto Rico debt several years ago.

Advisers to Gov. Ricardo Rossello nearly reached an agreement with general obligation creditors this week, before the board intervened in a late-night conference call to stop negotiations, according to people familiar with the matter.

◆ Heard on the Street: Hedge funds need schooling..... B12

CIBC Again Raises PrivateBancorp Bid

BY CHRISTINA REXRODE
AND JACQUIE McNISH

Canadian Imperial Bank of Commerce again sweetened its offer for **PrivateBancorp** Inc., its latest attempt to win over the shareholders of the Chicago-based bank.

The new offer, announced Thursday, would give PrivateBancorp shareholders the same amount of stock but increases the amount of cash.

It now values PrivateBancorp at \$60.43 a share, or \$4.9 billion overall, based on Wednesday's closing price. It is the second time in five weeks that CIBC, which has a market value of around \$31

billion, has increased its offer. On Thursday, PrivateBancorp's shares rose 2.9%, to \$59.24.

CIBC's attempts to purchase PrivateBancorp have been fraught with turmoil, including a rise in U.S. bank stocks after the election that caused PrivateBancorp shareholders to protest that the original offer was too low.

How the situation at Home Capital plays out could also influence the takeover.

CIBC suffered more from Home Capital's share melt-down than most other big Canadian banks because it is significantly more reliant on the Canadian market than its competitors. Many of them have already expanded into U.S. and Latin American markets. By contrast, more than 85% of CIBC's earnings are generated in Canada. The bank's heavy exposure to Canada, which has been weakened by a rout in energy and mining commodity prices, was a key motivation for its PrivateBancorp bid.

Another driver is the increased push by major Canadian companies into global markets. CIBC Chief Executive Victor Dodig told analysts on a call last summer that many of the bank's corporate clients also do business with Canadian and international banks with U.S. operations. CIBC's U.S. business relationships would atrophy, he said, if it failed to diversify outside of Canada.



At issue are payments Société Générale allegedly made to secure business with Libya during the rule of the late Moammar Gadhafi.

Société Générale Settles With Libya

BY NOEMIE BISSERBE

PARIS—Société Générale SA said it agreed to pay €963 million (\$1.1 billion) to settle claims that it paid a middleman alleged bribes to secure business from Libya's sovereign-wealth fund during the final years of dictator Moammar Gadhafi's rule.

The Libyan Investment Authority accused the French bank of paying \$58.5 million in alleged bribes to secure almost \$2 billion in business from the fund, and of defrauding the institution through a series of complex financial derivative deals that were unprofitable for the LIA, according to court documents filed in 2014 with London's High Court.

The bank said it regretted the "lack of caution of some of its employees."

"Société Générale apolo-

gizes to the LIA and hopes that the challenges faced at this difficult time in Libya's development are soon overcome," it said in a joint statement with the LIA.

Société Générale is among a large group of financial institutions that have come under scrutiny by U.K. and U.S. authorities in connection with their dealings with the LIA.

The settlement comes six months after the Libyan fund lost a similar lawsuit in London against **Goldman Sachs Group** Inc. The LIA had sued the U.S. investment bank for \$1.2 billion to cover losses from derivatives it bought in 2008, but a High Court judge ruled in October that the bank wasn't at fault.

The terms of the deal between Société Générale and the LIA weren't disclosed.

The French lender booked a

€350 million provision for litigation, pushing net profit lower in the first quarter.

Société Générale said Thursday that net profit fell 19% to €747 million in the three months through March, from €924 million a year earlier.

That undershot analysts' expectations of €776 million, according to data provider FactSet. Revenue was, however, up 5% at €6.47 billion.

Like French rival **BNP Paribas** SA, Société Générale benefited from a rebound in bond trading.

Société Générale's global banking and investor-solution business—which includes investment banking, security services and asset management—posted a 60% jump in net profit to €383 million, excluding one-time items. In the year-earlier quarter, Société Générale received €218 million

from the European Commission after it reduced its fine against the French bank for allegedly rigging the euro interbank offered rate.

Net profit for its international retail banking and financial-services division was also up 44% at €433 million, lifted by Central and Eastern Europe and Africa.

But a tepid economy, home-loan renegotiations and low interest rates pushed net profit for Société Générale's French retail bank 3% lower to €319 million.

The bank continued to improve its capital buffers, raising its core Tier 1 ratio—which compares top-quality capital such as equity and retained earnings with risk-weighted assets—to 11.6% in March from 11.5% in December.

—Simon Clark contributed to this article.

Dividend Changes

Dividend announcements from May 4.

Company	Symbol	Amount	Payable/Record
Increased			
Artesian Resources Cl A	ARTNA	.24 2317/2283	Q May26/May15
Cabot Oil & Gas	COG	.09 .05/.02	Q May31/May17
Cardinal Health	CAH	.25 4624/4489	Q Jul15/Jun03
Chesapeake Utilities	CPK	.18 325/.305	Q Jul05/Jun15
Cogent Communications	CCOI	.43 .44/.42	Q Jun02/May18
Enviva Partners	EVA	8.0 .555/.535	Q May30/May18
Expeditors Int'l Wash	EXPD	.15 42/.40	SA Jun15/Jun01
Materion	MTRN	.12 10/.095	Q Jun02/May17
National Bank Holdings	NBHC	.11 .09/.07	Q Jun15/May26
Phillips 66	PSX	.36 .70/.63	Q Jun01/May18
Pool	POOL	.12 .37/.31	Q May31/May17
STAG Industrial	STAG	.55 1175/.11667	M Aug15/Jul31
STRATS Ser 2006-1P&G	GJR	.18 0317/03149	M May15/May12
STRATS Tr Alstate 2006-3	GJT	.22 0346/03317	M Jun01/May31
Tetra Tech	TTEK	.09 .10/.09	Q Jun02/May18
Viper Energy Partners Un	VНОM	.69 .302/.258	Q May25/May18
VSE	VSEC	.07 .07/.06	Q Aug02/Jul19
Weyco Group	WEYS	.32 .22/.21	Q Jun30/May26
Windstream Holdings	WIN	.12 .15/.055	Q Jul17/Jun01
Reduced			
Carlyle Group	CG	.22 .10/.16	Q May22/May15

Funds and investment companies

Dreyfus Mun Bd Inf Fd	DMB	.49 .053	M Jun01/May17
Pioneer Divers Hi Incm Tr	HNW	.82 .115	M May31/May17

KEY: A: annual; M: monthly; Q: quarterly; R: revised; SA: semiannual; S2: stock split and ratio; SO: spin-off.

FINANCE WATCH

ASIAN STOCKS

South Korea's Kospi Jumps to a Record

South Korea's benchmark stock index jumped 1% to a record Thursday, as strong local corporate results and economic optimism propelled gains.

Worries over North Korea and other issues are keeping investors cautious over how long the rally will last, however.

The Kospi, which has risen in 12 of the past 15 sessions, closed Thursday at 2,241.24, up 11% for the year. The market was closed for a holiday Friday.

Investors snapped up \$721 million of South Korean stocks from April 10-25 alone, according

to the latest Credit Suisse data, the highest among emerging markets excluding China and Malaysia.

With this week's rise, the Kospi is on track for a sixth-straight month of gains, something that hasn't happened since 2007.

—Ese Erheriene

ITALIAN BANKING

ECB Says 2 Lenders Eligible for State Aid

The European Central Bank told lenders **Banca Popolare di Vicenza** SpA and **Veneto Banca** SpA they are both eligible for state aid under precautionary recapitalization rules and that

their combined capital shortfall is €6.4 billion (\$7 billion), the Italian banks said in separate statements late Tuesday.

Under these European rules, national governments can inject capital into ailing banks after losses have been imposed on shareholders and junior bondholders if regulators deem them solvent and if the capital shortfall is the result of how banks fared in the adverse scenario of stress tests.

Both banks, which are planning to merge and restructure their businesses, said the current capital hole will serve as a basis for authorities to determine by what amount the banks will actually need to be recapitalized.

—Giovanni Legorano

MARKETS & FINANCE

AHEAD OF THE TAPE | By Steven Russolillo

Good News Expected In April Jobs Report



The economy could use a dose of good news. Friday's jobs report should do the trick.

Weak economic growth, shrinking auto sales and slowing manufacturing activity haven't offered much to celebrate of late. Even the pace of hiring has taken a hit. But the string of disappointments is likely to come to a halt in the Labor Department's April jobs report.

Economists polled by The Wall Street Journal estimate that nonfarm payrolls increased 188,000 last month, compared with March's weather-related slowdown when only 98,000 jobs were added. That marked only the sixth time in the past five years in which fewer than 100,000 net jobs were added in a given month. In each case, hiring bounced back. This time should be no different.

For instance, only 43,000 jobs were added last May, at the time fanning fears of a hiring slowdown. Yet, an average of 255,000 jobs were added over the following three months. Similar trends followed disappointing monthly reports for March 2015 and December 2013.

Other indicators point to improving employment trends. Jobless claims fell again last week to one of the lowest levels since the 1970s. U.S. employers announced 15% fewer job cuts in April than a year ago, according to Challenger, Gray & Christmas. LinkedIn's own employment report showed April was the best month for hiring since June 2015.

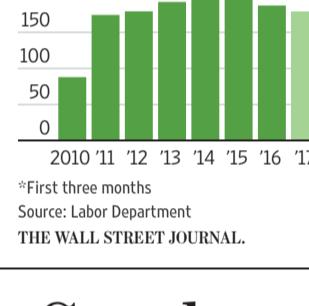
While the expected rebound should be refreshing, the longer-term trend sug-

gests more modest job growth is likely here to stay. That isn't a bad thing, necessarily, but rather reflects the labor market getting closer to full employment, the point at which nearly everyone who wants a job has one. In 2014, the economy added an average of 250,000 jobs a month. That average slipped to 226,000 in 2015, 187,000 last year and 178,000 through the first three months of this year.

Given that pattern, a further slowdown is unlikely to deter Federal Reserve officials who this week suggested that they still expect to raise interest rates two more times this year. Assuming a steady labor-force participation rate, the economy would need to add just 120,000 jobs a month over the next year to keep the unemployment rate steady at 4.5%, according to the Federal Reserve Bank of Atlanta. If the first-quarter average of 178,000 monthly gains is maintained over the next 12 months, the unemployment rate would fall to 4.1%, the lowest since December 2000.

A few economic bumps notwithstanding, there is little to fear in the labor market.

Less Help Wanted



*First three months
Source: Labor Department
THE WALL STREET JOURNAL.

Consumer Stocks Rise, Energy Sinks

By AKANE OTANI AND RIVA GOLD

The S&P 500 inched higher Thursday, as gains in shares of consumer companies offset a slide in the energy sector.

Major indexes have climbed over the past few weeks as quarterly earnings results have pointed to health among U.S. corporations.

The U.S. posted the biggest improvement in its revision ratio—which measures the ratio of upward and downward earnings estimates by analysts—of all regions in April, according to Bank of America Merrill Lynch.

Solid earnings could help stocks continue advancing, investors and analysts said, even as some have expressed concerns about recent weakness in inflation, consumer spending and economic growth.

"The earnings story is still very robust, and that's why investors have been able to look through some of the softer economic data," said Jason Draho, head of tactical asset allocation Americas at UBS Wealth Management.

The Dow Jones Industrial Average fell 6.43 points, or less than 0.1% to 20951.47. The S&P 500 edged up 1.39, or less than 0.1%, to 2389.52, and the Nasdaq Composite rose 2.79, or less than 0.1%, to 6075.34.

The S&P 500 consumer-staples sector rose 0.8%, boosted

by a rise in **Kellogg**. The cereal maker jumped \$1.46, or 2.1%, to \$70.40, after it posted quarterly earnings that beat expectations.

Commodity prices slid across the board, putting pressure on shares of energy companies. U.S. crude oil for June delivery fell 4.8% to \$45.52 a barrel, its lowest settlement since November. Energy shares in the S&P 500 fell 1.9%.

Metals slid amid concerns about Chinese demand for commodities such as steel and iron. Copper for May delivery fell 1.2% to \$2.5020 a pound, its lowest settlement since Jan. 3, while gold for May delivery slid 1.6% to \$1,226.50 a troy ounce in its biggest one-day slide since December.

Government bonds fell, pushing up the yield on the 10-year Treasury note to 2.354%, from 2.309% Wednesday.

The Stoxx Europe 600 rose 0.7% to its highest close since August 2015, after a measure of activity in the eurozone's manufacturing and services sectors rose to a six-year high and retail-sales figures improved.

The Shanghai Composite Index declined 0.3%, ending lower for a third straight session, after service-sector activity in China for April hit its lowest level in nearly a year.

South Korean stocks powered to fresh highs, adding 1%, while Japan's markets were closed for a holiday.

Treasury Sets Sales of \$134 Billion in Debt

The Treasury Department will auction \$134 billion in securities next week. Details (all with minimum denominations of \$100):

♦ **Monday:** \$39 billion in 13-week bills, a reopening of an issue first sold on Feb. 9, 2017, maturing Aug. 10, 2017. Cusip number: 912796LP2.

Also, \$33 billion in 26-week bills, a reopening of an issue first sold on Nov. 10, 2016, maturing Nov. 9, 2017. Cusip number: 912796KX6.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders by 11:30 a.m.

♦ **Tuesday:** \$24 billion in

three-year notes, dated May 15, 2017, maturing May 15, 2020. Cusip number: 912828X96. Non-competitive tenders must be received by noon Tuesday, competitive tenders by 1 p.m.

♦ **Wednesday:** \$23 billion in 10-year notes, dated May 15, 2017, maturing May 15, 2027. Cusip number: 912828X88. Non-competitive tenders must be received by noon Wednesday, competitive tenders by 1 p.m.

♦ **Thursday:** \$15 billion in 30-year bonds, dated May 15, 2017, maturing May 15, 2047. Cusip number: 912810RX8. Non-competitive tenders are due by noon Thursday, competitive tenders 1 p.m.

Investors are willing to lend against looser definitions of operating profits and lend more. Protective

MARKETS & FINANCE

Gas Pangs Pressure Crude

BY STEPHANIE YANG

U.S. refiners are flooding the market with gasoline, intensifying the decline in oil prices.

Refiners are turning crude oil into gasoline and diesel at the highest rate in at least 34 years, according to data from the U.S. Energy Information Administration.

One reason: The spread between what it costs refiners to buy crude

and the price at which they can sell gasoline recently reached its highest point in nearly a year. That encouraged these companies to operate at a higher rate last month than during any April since 2001.

Now, gasoline stockpiles are building during a season when inventories typically decline. Stockpiles added 191,000 barrels last week, according to EIA data released on Wednesday.

That was the third straight week of increases and a contrast with the American Petroleum Institute's earlier estimate of a decline of 1.9 million barrels. On Thursday, gasoline for June delivery fell 3.4%, to \$1.4812 a gallon, to a five-month low.

Crude for June delivery dropped 4.8%, to \$45.52 a barrel, also a five-month low. Oil was dragged down by the ample gasoline supply, analysts said. Crude is down 15% this year.

Until recently, U.S. crude prices traded within a narrow range of about \$50 to \$55 a barrel. Production cuts by the major oil-producing nations had limited price declines, while increasing U.S. shale output held rallies in check.

The fuel surplus was a big reason why oil fell through the \$50-a-barrel level late last month and has stayed below that mark, traders said.

"Gasoline going forward from here is going to be a big issue," said Bob Yawger, director of the futures division of Mizuho Securities USA. "It looks pretty grim."

Refineries were comfortable producing more gasoline in part because they believed driver demand would soak up

Refined Taste

U.S. refiners are turning crude into fuel at a record rate, glutting the market and sending oil prices tumbling as demand has slowed.

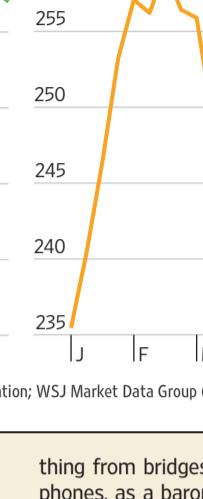
Crude oil processed by refiners

17.5 million barrels a day



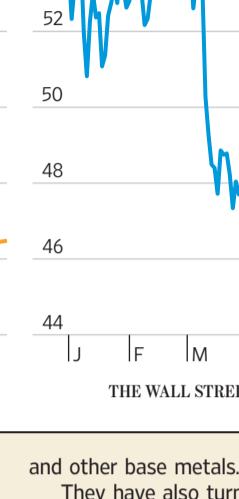
Gasoline stockpiles

260 million barrels



Nymex crude-oil prices

\$54 a barrel



Sources: U.S. Energy Information Administration; WSJ Market Data Group (prices)

THE WALL STREET JOURNAL.

Growth Concerns Put Dent in Metals

Metals prices slid to their lowest levels in months, amid worries over growth in China and the U.S.

Declines began on Chinese exchanges and rippled around the world. The price of iron ore traded on the Dalian Commodity Exchange closed down 8%, the daily trading limit, at 485 yuan (\$70.33) a ton. Nickel fell to its lowest level in nearly a year in London, while copper declined in the U.S.

The sell-off is an alarming sign to some investors, who view demand for base metals, which are used to make every-

thing from bridges to smartphones, as a barometer for global growth. Prices for copper and other metals have already given back most of a late 2016 rally that came on hopes of more dynamic expansion in the U.S. and abroad.

Investors "who were hoping for a repeat of last year's positive performance are turning tail and running," said Sameer Samana, global quantitative strategist at Wells Fargo Investment Institute.

Money managers are concerned that demand for raw materials from China may be weakening, as regulators crack down on borrowing and the effects of stimulus fade. China accounts for about nearly 50% of global demand for copper

and other base metals.

They have also turned cautious after a spate of weak data in the U.S., including disappointing economic growth in the first quarter and weak consumer spending last month. Also, many now expect the White House will have a difficult time passing fiscal legislation that would boost commodities demand, such as increased infrastructure spending.

Copper for May delivery lost 1.2%, to \$2.5020 a pound on the Comex division of the New York Mercantile Exchange, its lowest settlement since Jan. 3. Nickel fell to \$9,015 a metric ton in London, its lowest close since last June.

—Ira Josebashvili and Yifan Xie

store gasoline sales in April compared with a year earlier.

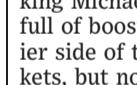
"You've got to see some uptick now in the summer driving season" to work off the excess supply, said Phillips 66 President Timothy Garth Taylor on the company's first-quarter earnings call last week.

A development that could further damp demand: President Donald Trump said recently he would consider raising the federal gas tax to help fund his infrastructure plan.

—Alison Sider contributed to this article.

STREETWISE | By James Mackintosh

Be Careful Where You Step in Junk-Bond Land

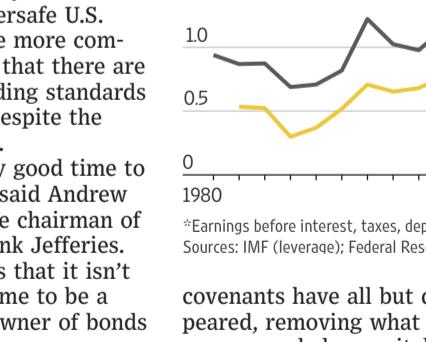


America's Corporate Motto: In Debt We Trust

Corporate borrowing has soared by \$7.8 trillion since 2010 and the median leverage of large listed non-energy companies is at its highest in at least three decades. Buyers of bonds don't seem to care, demanding close to the lowest reward for holding junk bonds since the crisis.

S&P 500 median leverage, total and excluding energy

Debt-to-Ebitda* multiple

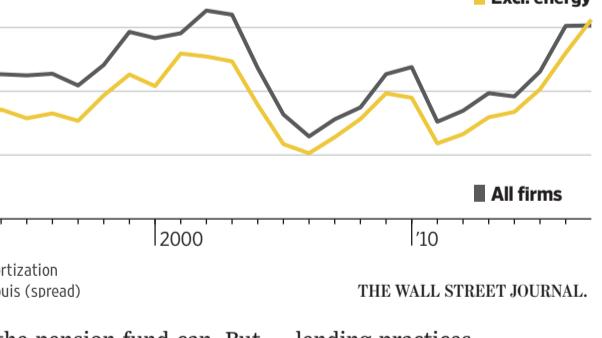
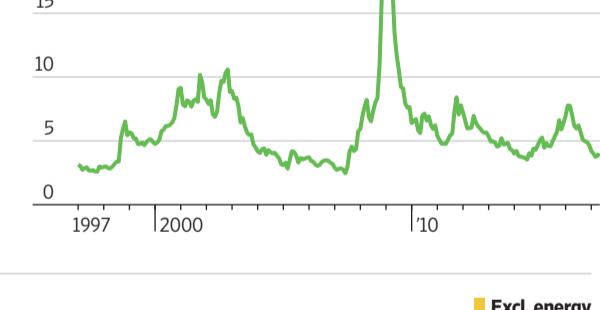


*Earnings before interest, taxes, depreciation and amortization

Sources: IMF (leverage); Federal Reserve Bank of St Louis (spread)

U.S. high-yield spread over Treasurys

Bank of America Merrill Lynch U.S. High Yield index option-adjusted spread, monthly data



MARKETS

Why the VIX Is Showing No Fear

Taking Cover

A low VIX doesn't mean fear is gone. Investors are hedging via Treasury options, plus buy-writing and put-writing—selling options for income.

By GUNJAN BANERJI

Volatility has nearly vanished in stocks, but investors wary about shares are hedging in other ways.

Despite geopolitical uncertainties and a mixed outlook for the U.S. economy, the CBOE Volatility Index, called the VIX, sank to a decade low on Monday, fueling concerns about whether investors have become complacent and if the absence of turbulence is sustainable.

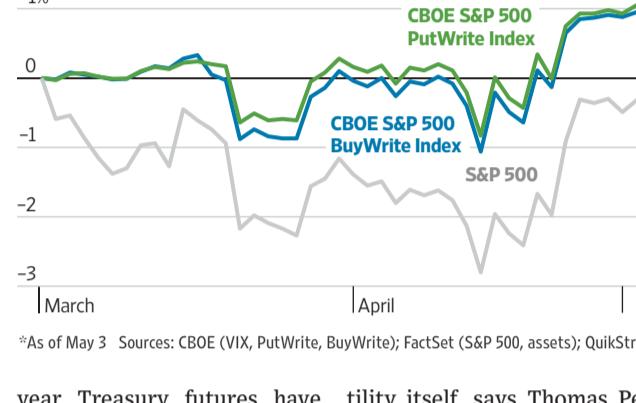
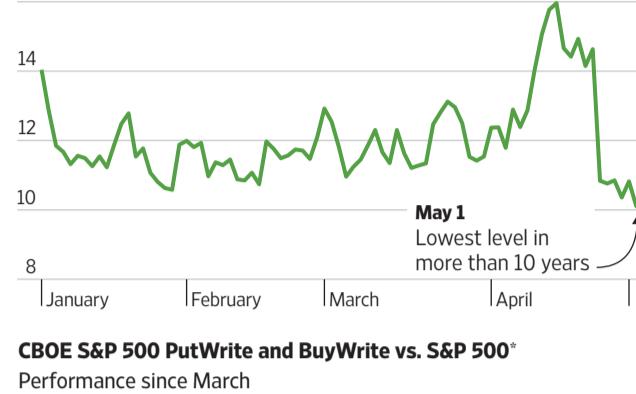
The VIX is based on options prices on the S&P 500 index and tends to move in the opposite direction of the stock gauge. Dubbed the "fear gauge," the VIX is a widely watched measure of investor anxiety but has drawn scrutiny in recent years because of its persistently low levels.

The VIX's low this week suggests investors are relying less on S&P 500 index options for protective insurance on their portfolios. Market watchers say investors are instead using alternative ways to manage risk in their holdings, such as options strategies that generate income as well as options on U.S. government bonds.

"I don't think the current levels in the VIX reflect the risks in the system," said Josh Thimons, a portfolio manager at Pacific Investment Management Co. He said some who have "become disenchanted with equity puts have looked to find other markets they think will offer more of a hedge."

Call options on Treasuries is one way investors have sought protection recently, according to Mr. Thimons. Calls give investors the right to buy an asset at a later date, while puts give the right to sell.

Bullish call options on 10-



*As of May 3. Sources: CBOE (VIX, PutWrite, BuyWrite); FactSet (S&P 500, assets); QuikStrike (options)

year Treasury futures have seen a flurry of activity recently. The number of contracts linked to a 1.36% yield has increased almost sixfold since mid-April, according to data from CME Group Inc. and QuikStrike. In comparison, the yield on the 10-year Treasury note was at 2.354% Thursday, suggesting investors are using the Treasury call options to protect themselves in case of a sharp market reversal. Bond prices rise when yields fall.

Meanwhile, income-generating strategies, which include covered calls, have become so popular in recent years that they are keeping a lid on vola-

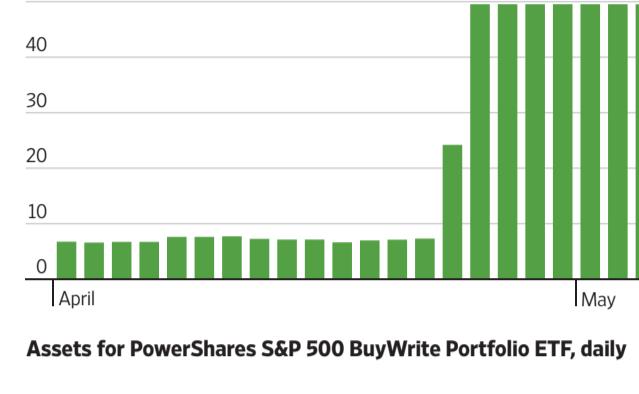
tility itself, says Thomas Peterffy, founder and chief executive of Interactive Brokers Group Inc., considered a pioneer of options trading.

Covered calls involve selling a bullish option, a call, on a stock the investor already holds.

What keeps volatility muted in covered-call strategies is the person on the other side of the trade—the buyer of the calls. The call-buyer can hedge the options trade by selling shares of the underlying stock, a strategy meant to keep him or her more neutral to swings in equity prices.

When the stock's price goes up, the call option's value also

Bullish options on 10-year Treasury futures



Assets for PowerShares S&P 500 BuyWrite Portfolio ETF, daily



THE WALL STREET JOURNAL.

BuyWrite Portfolio ETF has lured \$31 million in 2017, about one-tenth of its total assets.

And it has paid off recently. The CBOE S&P 500 BuyWrite Index has risen 1.04% since March 1, while the S&P 500 itself declined 0.27% through Thursday, FactSet data show. Buy-write strategies are similar to covered calls, except instead of already holding the stock, investors have to buy it in the same transaction.

Mr. Peterffy cautioned that if the broader stock market snaps out of its slumber, the call buyer "will be out of ammunition, and the market will just fluctuate wildly."

Dollar Falls On Mixed Economic Reports

By CELSEY DULANEY

The dollar fell Thursday as investors digested mixed U.S. economic data and a slide in commodity prices.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, declined 0.3% to 89.82. The dollar rose against emerging-market currencies but dropped 0.9% against the euro.

The dollar jumped a day earlier after a Federal Reserve statement said it believes a recent slowdown in economic growth is "transitory." That helped fuel bets the Fed will raise interest rates at its June meeting, which would likely boost the dollar by making U.S. assets more attractive to yield-seeking investors.

U.S. economic data released Thursday were mixed. The number of Americans applying for first-time unemployment benefits fell sharply last week to one of the lowest levels since the 1970s and the U.S. trade deficit narrowed in March, while reports on U.S. factory orders and productivity were weaker-than-expected.

If Friday's U.S. nonfarm-payrolls data are strong, that would further bolster the Fed's case for raising rates and supporting the dollar.

A slide in commodity prices helped drive the dollar up against the currencies of natural-resource producers. Oil fell to a five-month low on production concerns, while prices for copper, steel and iron ore sank as investors worry about weakening Chinese demand. Chinese service-sector activity data overnight added to concerns about the economy's health.

HEARD ON THE STREET

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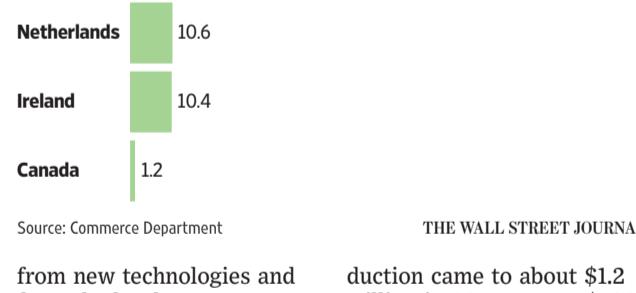
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U.S. Productivity May Be Hiding Overseas

A Taxing Situation

Value of U.S. multinationals' overseas assets per employee, in millions



Source: Commerce Department

Commerce Department figures tell the tale. In 2014, U.S. multinationals held about \$1.8 billion in assets overseas—anything from factories to patents—for each worker they employed overseas, but that varied a lot by country. In Canada, for example, they held \$1.2 million in assets per employee, but in Ireland and Bermuda—popular destinations for their low tax rates—it was \$10.4 million and \$117 million, respectively.

The outsized asset-to-employment ratios of some countries are an indication that a lot of economic activity is being assigned there, argues University of Minnesota economist Fatih Guvenen. Because the activity isn't being assigned to U.S. workers, they appear less productive. That wouldn't matter if, as appears to be the case in Canada, that economic activity is coming from

workers doing their jobs. But Bermuda, where it looks as if assets such as intellectual property have been stashed, appears to be getting credit for productivity that really occurred in the U.S.

Mr. Guvenen and colleagues from Penn State and the Commerce Department calculate that from 2004 to 2008—the period when the U.S. productivity slowdown manifested itself—productivity growth would have been about 0.25 percentage point higher than the 1.5% annual rate in the official statistics. That doesn't overturn the fact of the productivity slowdown, but it does mitigate it.

And it makes a difference in dollar terms. The economists' productivity adjustments imply U.S. gross domestic product grew \$250 billion a year more than the official numbers show since 2005. It doesn't take long for that to really add up.

—Justin Lahart

OVERHEARD

Some chief executives curse behind closed doors. And then there is James Hagedorn.

Responding to an analyst's multilayered question on his company's first-quarter earnings call this week, the Scotts

Miracle-Gro CEO said, "Somebody better write that shit down, so like we can remember all that stuff that you goddamn said."

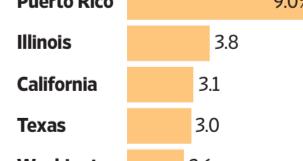
Mr. Hagedorn apologized for using "colorful language" in 2013.

At the company's analyst and investor day in February, he told the audience that "acquiring shit is fun," and during January's earnings call some details of U.S. tax policy "a bunch of bullshit." Last August, he talked about the importance of growth because without it a business is "a whole f-ed up, bullshit place to be and I'm not OK with that."

Funds Don't Know Much About Geography

Rum Punch

S&P Municipal Bond Indexes, yield to maturity



Source: S&P Dow Jones Indices

decade about 10% of the population and a fifth of those employed have left. The remaining 3.4 million, many elderly or on government assistance, have scant hope of servicing the combined \$36,000 or so per person in debt and pension obligations.

Unlike the experience of some hedge funds in Argentina's case, prolonging Puerto Rico's pain wouldn't have worked.

S&P's Municipal Bond Puerto Rico Index has a par-weighted price of 42.5 and a yield to maturity of 9%. The same index for fiscally troubled Illinois has a par-weighted price of 100.8 and a yield to maturity of 3.82%.

Of course, residents of Illinois can leave, too.

—Spencer Jakab

Iron Buckles Under Tighter Chinese Credit

Credit equals steel. It is a simple equation that explains a lot about how China works.

Iron-ore futures plunged Thursday, down 8%—as far as market regulators allow in a single day. Copper was down 3% Wednesday. A main culprit: officials spouting tough language on curbing local-government debt, a key feedstock for commodity demand.

Another factor: April's weak readings on Chinese factory activity.

Regulators are under pressure to demonstrate progress on deleveraging following expressions of concern from President Xi Jinping and other top officials. Past attempts to rein in local debt have proved temporary and

ineffective in terms of actually reducing China's debt in proportion to the size of the economy. But they have been effective at trimming the sails enough to spook markets.

Faltering momentum in China's manufacturing purchasing manager's index, a reflection of actual economic activity, is of more concern. The gradual drop in lending and big fall in housing inventories since 2015 mean the ebb in construction momentum should be moderate, not catastrophic, but it is too soon to say whether that will be the case.

There are market-specific factors. Steel rebar prices in Shanghai, which have held up much better than iron ore in recent weeks, are benefiting from the govern-

ment campaign to close small electric steel furnaces, key rebar producers. Iron-ore futures, meanwhile, which had outperformed nearly everything else in early 2017, had been overdone for a correction.

Investors should stay focused on the longer-term trend: Metal prices, steel output, and construction activity all tend to follow the credit and real-estate investment cycle with a lag.

Right now, growth in total economywide financing is down marginally to 15% in March from 2016's 17% high, and the trend is downward but not sharply so. In China, follow the money. Its magnetic pull will bring the other market signals back into line soon enough.

—Nathaniel Taplin

Country star
Trisha Yearwood on
the songs that filled
her Georgia home

MS



MANSION

'Creativity takes courage.'

—Henri Matisse

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THE WALL STREET JOURNAL.

Friday, May 5, 2017 | M1

Where Life Meets Art

Top artists' homes often boast high ceilings and lots of light. But selling a place with no living room can be a challenge.



DOROTHY HONG FOR THE WALL STREET JOURNAL (5)

HOME SWEET HOME Will Cotton and his girlfriend, art researcher Rose Dergan, ripped out the walls in their New York loft and turned it into one large, open space with various corners devoted to painting, art-supply storage, dining and sleeping.



BY KATY MC LAUGHLIN

WHEN NEW YORK PAINTER AND SCULPTOR Will Cotton and his girlfriend, art researcher Rose Dergan, bought a 3,200-square-foot Tribeca loft in 2010, they spent about \$150,000 on renovations. They ripped out bedroom walls and tore off drywall to expose steel and wood ceiling beams. Then they devoted a chunk of the budget to installing a commercial grade vent fan on a chimney, to suck out fumes caused by oil paint, turpentine and varnishes.

"I wanted to empty it out and make it pretty much as it had been in the 19th century," said Mr. Cotton, 52, whose work is in museums including the Smithsonian National Portrait Gallery in Washington, D.C. Today, the couple lives in one large,

Please turn to page M6

LUXURY HOUSE ON THE PRAIRIE

INSIDE

Sioux Falls, S.D., fueled by rapid growth, sees a boom in high-end homes; eschewing the 'oak everything' look.

BY STEFANOS CHEN

IN THE SUN ROOM of his newly renovated, 7,700-square-foot mansion in Sioux Falls, S.D., Kevin Tupy and his listing agent gazed at the luxury homes sprouting up on the plains.

"That one's worth \$7 million," said his agent, Liz Lloyd, pointing to a 12,000-square-foot brick mansion built around 2010. A few blocks away is a rustic-contemporary home that sold for nearly \$2.5 million last year—the record-high home sale for Sioux Falls.

Mr. Tupy, 48, a venture capitalist, bought his six-bedroom contemporary home less than two years



ago for \$1.24 million. Now he and his wife, Delena, a homemaker and the reigning Mrs. South Dakota, are preparing to list the home for \$1.5 million, to trade up to a larger home with more amenities.

There's nothing little about these houses on the prairie. Fueled by a mix of business-friendly tax laws and rapid growth in the medical and financial fields, Sioux Falls is experiencing a boomlet in the luxury-home market.

Some affluent buyers, not finding what they want in existing stock, are building their own—and bringing new styles and amenities to town.

Real-estate agents predict a wave of sales at record prices. But building big and

Please turn to page M8



\$56 MILLION
Sting lists New York penthouse M2



RENOVATION GOAL
Dutch soccer player transforms home M9

TOP DOLLAR The most expensive home for sale in Sioux Falls is an ultramodern estate listed for \$2.45 million. The city currently has 16 homes listed for \$1 million or more.

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Try out Sub-Zero and Wolf products in full-scale kitchens. Talk details with resident experts. Get a taste of all that your new kitchen can be. To find your nearest showroom, visit subzero-wolf.com/locator.

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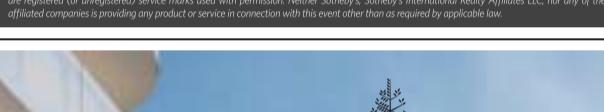
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Sting Lists \$56 Million Penthouse



FROM TOP: EVAN JOSEPH; WIREIMAGE; FELIPE ARIANO PHOTOGRAPHY

British rocker Sting is asking \$56 million for his two-story penthouse at Manhattan's 15 Central Park West, according to the Corcoran Group, which has the listing with Sotheby's International Realty.

Measuring about 5,400 square feet, the four-bedroom condo is on the 16th and 17th floors and overlooks Central Park, according to a Corcoran spokesperson. The master suite has two dressing rooms and two bathrooms; in one of them, the park is visible from

the bathtub. The all-white kitchen has two refrigerators, four ovens and three dishwashers. French doors lead out to a roughly 400-square-foot terrace, which has heaters and a canopy to make it usable year-round.

Sting's wife, Trudie Styler, said in an emailed statement that the couple was among the early buyers at the Robert A.M. Stern Architects-designed condominium; they purchased their unit for \$26.98 million from the developer in 2008, according to public records.

They hired architecture and interior-design firm SheltonMindel to build out the space, Corcoran said. Lee F. Mindel, the firm's principal, said he added two custom spiral staircases and designed a spiral-shaped, double-sided gas fireplace for the living room.

"We were lucky enough to be able to create a unique home for our family," Ms. Styler said in the emailed statement. Corcoran said the couple is selling because they need more space to accommodate their growing family.

Sting, 65, has six children, four with Ms. Styler, and a number of grandchildren. The listing agents are Deborah Kern of Corcoran and Suzan J. Bennet of Sotheby's International Realty.

FOR SALE: MIAMI SPEC HOME WITH LAGOON



A contemporary Miami Beach spec house with its own man-made lagoon is asking \$29.75 million.

Measuring about 12,000 square feet, the newly completed, six-bedroom house on Pine Tree Drive sits on roughly 1 acre with frontage on Indian Creek, according to listing agents Mirca Curkoski and Albert Justo of ONE Sotheby's International Realty.

Most of the bedrooms overlook the lagoon, which Mr. Curkoski estimated is about 100 feet by 30 feet. Intended to mimic nature, it is filled with fish and surrounded by natural vegetation, but has steps and a filtration system to encourage swimming. A roughly 200-foot bridge over the lagoon leads to the home's entrance.

[There is another entrance near the garage with access to an elevator.]

For those who prefer a more typical swimming venue, the property also has a heated saltwater pool overlooking Indian Creek. Nearby, there is a covered patio with an outdoor

kitchen. A dock on Indian Creek can accommodate a roughly 90-foot yacht, the listing agents said. An approximately 3,000-square-foot "flex space" at the entrance to the property could be used as a gym or for an art collection.

The house is being devel-

oped by Barry Brodsky, owner of Brodson Construction. Mr. Brodsky bought the property for about \$11.5 million in 2014 and built two spec houses on it. The other one, with a 43-foot-long waterslide, listed in 2016 for \$34 million and sold in February for about \$24 million, Mr. Brodsky said.

Miami's real-estate market experienced weakness in 2016; Mr. Brodsky had originally planned to price this house higher, the listing agents said. Mr. Curkoski said the market in this price range appears to be picking up. In addition to Mr. Brodsky's other house, Miami Beach has seen several other sales above \$20 million in the past few months, partly because sellers are "pricing their properties more realistically."

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MANSION

HISTORIC NEWPORT, R.I., MANSION SEEKS \$12 MILLION



FROM TOP: NICK MELE (2); BRIAN REITZ/CV STUDIOS

One of the historic mansions in Newport, R.I., is going on the market for \$12 million.

Ker Arvor, a restored Louis XV Revival-style house measuring about 12,500 square feet, was built in the 1930s, according to listing agent Kate Leonard of Lila Delman Real Estate International. With roughly 21 rooms, the house sits on 9.1 acres across from the Newport Country Club.

The U-shaped home took its inspiration from the La Lanterne hunting lodge in Ver-

sailles, France, said Ms. Leonard. The main gates open to reveal a long driveway leading to a motor court in front of the house, which has nine bedrooms and a wine cellar. A curtained terrace opens to formal gardens, which contain a fountain from the 1840s.

The grounds include a heated outdoor pool and a pool house with a kitchen and men's and women's changing rooms, as well as a barn and a children's playhouse with its own porch.

The owner is Maureen Donnell, widow of John R. Donnell, whose family founded Marathon Oil. Mrs. Donnell said when she and her husband bought Ker Arvor about 30 years ago, the house was in disrepair, and they spent more than two years restoring it, repairing items such as the original wallpaper, which was hand-painted in China.

Mrs. Donnell splits her time between Newport and Palm Beach, although she said she has spent less time in Newport

since her husband's death in 2004. She said she is selling because she plans to travel more often and wants to downsize to a smaller home in Newport.

Newport has seen several of its mansions change hands in recent years. The haircare-and-tequila tycoon John Paul DeJoria bought Ocean Lawn for \$11.65 million earlier this year. Another mansion, Fairholme, sold in February 2016 for \$16.1 million, less than a year after trading for \$15 million.



COMEDIAN CRAIG FERGUSON SELLS MALIBU HOME

Comedian Craig Ferguson has sold his oceanfront Malibu home for \$5.95 million, said listing agent Jory Burton of Sotheby's International Realty.

The house was initially listed in 2015 for \$7.195 million with another agent. After several price cuts, it was most recently listed with Mr. Burton for \$5,999,999.

The shingled Cape Cod-style home was built in 1971, Mr. Burton said. Roughly 3,300 square feet, it sits on less than a quarter of an acre in the guard-gated community Malibu Cove Colony. A private staircase

leads to the beach.

Mr. Ferguson, 54, bought the four-bedroom house for \$5.6 million in 2014, according to public records. He had planned to relocate there with his family, but decided to stay at his current home in the Hollywood Hills, Mr. Burton said. Mr. Ferguson made some changes to the house, such as replacing the windows and doors, but the new owners will likely do further renovations, Mr. Burton said.

The Scotland-born comedian hosted the talk show "The Late Late Show" on CBS from 2005

to 2014, when James Corden replaced him. He is now the host of a daily radio show on SiriusXM. He couldn't be reached for comment.

The buyer was attorney David B. Casselman, Mr. Burton said. In addition to his work as an attorney, Mr. Casselman is known as an animal advocate and has handled a number of pro-bono cases involving animals, including a case involving the deaths of elephants at the Los Angeles Zoo.

Mr. Casselman was represented by Ellen Francisco at Coldwell Banker.

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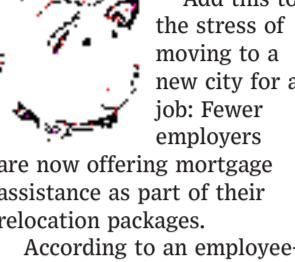


MANSION

JUMBO JUNGLE | ROBYN A. FRIEDMAN

RELOCATION PACKAGES SLIM DOWN

Fewer employers offer mortgage assistance as part of their relocation perks, but some give lump-sum payments to defray moving costs



Add this to the stress of moving to a new city for a job: Fewer employers are now offering mortgage assistance as part of their relocation packages.

According to an employee-benefits survey released last year, just 4% of employers offer mortgage assistance to their relocating employees, down from 12% in 1996. Even fewer—3%—offer down-payment assistance, while 8% offer reimbursement of fees paid to real-estate agents. The survey was conducted by the Society for Human Resource Management, a human-resources trade association in Alexandria, Va., that queried 3,490 human-resources professionals in January 2016. As a result, many relocating employees dip into their own pockets to cover the costs associated with buying a new home.

Relocation packages vary widely, based on the level of the position, seniority of the employee and the size of the company, for example. Employers tend to be more generous when there's strong demand for certain jobs.

Chris Kuehn moved two years ago from Benton Harbor, Mich., to Charlotte, N.C., to become vice president and chief accounting officer of Ingersoll-Rand, an industrial manufacturer. His new employer moved his household goods, paid for temporary housing and covered the cost of house-hunting trips for his family. It also covered \$5,000 in closing costs on a \$500,000 home purchase.

"I look at it as cost-avoid-



CHRIS GASH

ance," says Mr. Kuehn. "I couldn't carry over my mortgage from Michigan, so the company was trying to make it whole for me in a hot market for housing."

Crystal Abbey, director of strategic business solutions for Danbury, Conn.-based Cartus, a relocation-management company, says that companies in the past would offer employees a "mortgage interest differential allowance" to subsidize the difference in interest rates between their old and new locations. Because mortgage rates remain relatively low, "that's one thing companies are not including in their relocation policies right now," she says. "But they will cover the normal and customary closing costs in the

new location."

In general, the larger the company, the more comprehensive the housing and mortgage assistance for relocating employees. Earlier

third of large companies, those with more than 5,000 employees, reimburse employees for losses incurred when they sell their current home. But just 10% of companies with fewer than 500 employees do.

"We're actually seeing a larger movement toward paying a lump sum to employees who relocate," says Tom Dempsey, vice president of relocation lending for Quicken Loans in Detroit. "That has to do primarily with the attitudes on housing in the millennial generation and allows the relocating team member the opportunity to allocate those funds to what will be most efficient for them to move."

Here are a few things to consider when an offer in-

volves relocation:

- **Try to negotiate.** If your employer doesn't offer relocation benefits—or mortgage assistance in particular—ask for it. Even if the company has a standardized policy in place, that doesn't mean you can't try to negotiate a better deal. Be sure to get it in writing.

- **Consider taxes.** Some relocation benefits, such as lump-sum payments, may be taxable to the employee. Many employers will "gross up" the lump sum payment so that employees take home the full amount of the benefit. The costs of moving household goods and personal effects, as well as traveling to your new home, may be tax deductible if the move is tied to the start of work

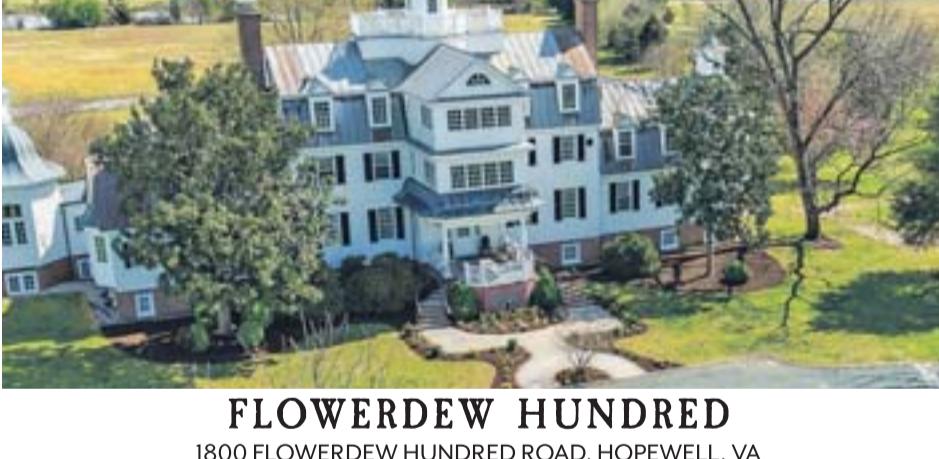
and meets Internal Revenue Service time and distance tests. Consult a tax adviser for specifics.

- **Stay competitive.** Employers should regularly evaluate relocation benefits to ensure that benefits are competitive and relevant. Benefits can also be tailored to the job position. "If companies have executives or people with a specific expertise that they're constantly moving, they need to gear their policies toward those employees," says Cartus's Ms. Abbey.

"By having those policies in place, it also reduces the number of exceptional requests that come in from employees, which also keeps the cost of the program down."

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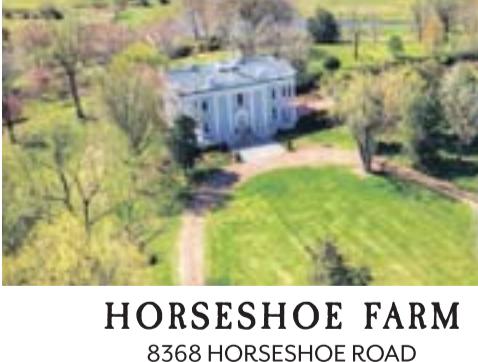
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MANSION

HOUSE CALL | TRISHA YEARWOOD

A Georgia Trailer Studio on Her Mind

The country-music artist recalls a home filled with songs; learning from a Linda Ronstadt 8-track tape

I wanted to be Cher. When I was 7, I watched the "Sonny & Cher Comedy Hour," a TV show popular in my house. Cher was tall, gorgeous and funny, and she could sing. Later, in my early teens, I discovered Linda Ronstadt, and from that moment I wanted to sing professionally.

My family lived in Monticello, Ga., a dot of a town about an hour north of Macon, with a Dairy Queen, a motel and a cafeteria-style restaurant.

I loved growing up there in the late 1960s and '70s. There was football on Friday nights and church on Sunday mornings, and everyone knew each other. It felt safe and comfortable.

Our first house was a rental in town. It was a little clapboard box with siding that looked like redwood. We rented it until my father built us a house on 30 acres a few miles outside of town.

I was 6 when we moved, and I was devastated. Living in Monticello meant my friends were next door. Moving placed us in the country. There was no one around. My older sister, Beth, became my playmate.

When the town built Piedmont Academy in 1970, a nonprofit prep school, my mother, Gwen, taught third grade. I was in her class.

My father, Jack, was vice president of a bank, where he had worked his way up from teller. He had attended agricultural college, but changed jobs to start a family.

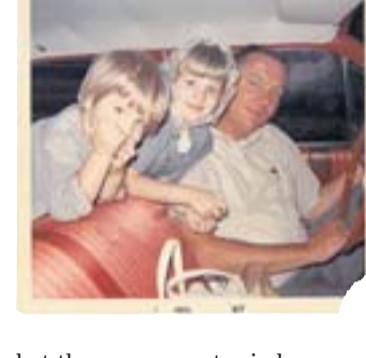
In his spare time, he called local square dances, so he had lots of 45s. At 7, I was always singing to records and the radio.

One of my favorite records was an album of country hits. I latched onto the female singers—Kitty Wells, Patsy Cline, Loretta Lynn and Tammy Wynette.

With Patsy, I loved hearing the passion and power of her voice. Elvis Presley also was a favorite.

When I was little, I wrote him a letter asking him to marry me, but I suspect my mother never mailed it.

When I was 14, I had foot surgery that left me on crutches for a few months. My parents gave me an 8-track tape player and Linda Ronstadt's "Simple Dreams" album, among other tapes. She was pop,



but there was country in her phrasing and emotion.

Soon after, my father bought me my first guitar. We went to Macon and picked out a Yamaha. A \$150 musical instrument was an extravagance.

Then that summer, a youth director came to our Methodist church for the season. She played guitar for our congregation and taught me the basics. The rest I learned playing along with my 8-tracks.

Everyone began to take notice of my voice, and Beth's too. When I was 15, we heard a guy in town had converted the trailer behind his house into a studio. I went there with my parents to record, and

sang and played piano and guitar on five songs with Beth. Mattresses standing on end provided the soundproofing.

Listening to my voice through the headphones as I recorded was magical. I sounded professional and that gave me confidence.

After high school, I attended a small two-year junior college and then enrolled at the University of Georgia. I lasted only a semester. I wanted to leave college and sing.

My high-school music teacher suggested I transfer to Belmont University in Nashville. Going there, I could be a music-business major and, in my spare time, sing in town and work my way up.

While in college, I worked as a receptionist at Nashville's MTM Records. I recorded demos for songwriters and publishers. I met Garth Brooks, who also was singing demos. We became friends and sang a lot of duets together.

The moment everything changed came one night in 1990, when I was 26. After singing at the Douglas Corner Café, I came outside and Tony Brown, then head of A&R at MCA Records, was there.

Tony told me to drop by MCA's offices to meet the head of the label. Tony wanted to sign me. As I stood there, I had chills. But those chills weren't about money or stardom. I felt sheer joy about sharing what was inside me and making others feel the same. Garth and I remained friends over the years. In 2005, we married.

Today, Garth and I live in Nashville. About three years ago, we moved there after building our



OUTSIDE IN Trisha Yearwood, above, in her Nashville home in 2015. Left, the singer with her sister, Beth, center, and her father, Jack, in 1967.

house. The design is open. If we could live outside we would. We're on a hill overlooking the city, and the house is mostly glass, with big doors that open and disappear.

Other than three bedrooms, we devoted the rest of the space to the living room and kitchen. I needed plenty of room in the kitchen to create recipes for my cookbooks and TV show.

After my mom passed away in 2011, we were cleaning out her things. I pulled a large bin from

her closet filled with cassettes of me singing when I was a child, including that reel I had made at the trailer. It took my breath away. There I was, so many years ago, on a tape at the start of it all.

—As told to Marc Myers

Trisha Yearwood, 52, is a Grammy-winning country singer and the author of three cookbooks, including "Trisha's Table" (Clarkson Potter). She hosts the Food Network's "Trisha's Southern Kitchen."

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LUXURY
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MANSION

WHERE LIFE MEETS ART

Continued from page M1

open space with various corners devoted to painting, art-supply storage, dining and sleeping.

Artists as a group can have a salubrious impact on real-estate markets, pioneering gentrification and turning gritty urban landscapes into creative neighborhoods. But on an individual level, they often design their homes in direct opposition to what the rest of the real-estate market craves. Instead of giant kitchens and master bedrooms, they devote square

footage to ample space for making art. Rather than high-end hardwood flooring, they favor practical surfaces like concrete that can be spattered with paint or shock-absorbing floors that provide back support while they sculpt for long hours. Many artists dedicate what might have been a cozy family living room to private galleries and event spaces.

Once a home has been modified by an artist, it can become harder to market. Even in Santa Fe, N.M., where approximately 20% of buy-

ers have "artist studio" on their wish list, some professional studios are resale liabilities, said Chuck McKinley, sales manager for Santa Fe Properties. Mr. McKinley said the company tried, and failed, to sell a \$1.5 million property with a 2,200-square-foot main house and a 1,000-square-foot detached studio with 30-foot ceilings.

"Buyers couldn't make it into a guesthouse because of the massive ceilings, which wouldn't have been cozy," Mr. McKinley said. "It was going to take an artist, and there are a lot of artists who don't have that kind of money." The property, which has been on and off the market for about two years, remains unsold, Mr. McKinley said.

Abstract painter Joe Goode said his roughly 2,000-square-foot studio behind his home in Mar Vista, a Westside Los Angeles neighborhood, is his ideal workspace. Mr. Goode, 80, is considered "the quintessential West Coast artist of the late 20th century," said Michael Kohn, owner of an eponymous Los Angeles gallery where Mr. Goode shows his work.

Soaring 20-foot-high ceilings with numerous large windows pour natural light onto his work—"so you can really see it," Mr. Goode said. On the ground floor, he has a workspace, where he



LISA CORSON FOR THE WALL STREET JOURNAL (5)



IN THE STUDIO Joe Goode and his studio, which he says is his ideal workspace; the studio sits behind his home, right, in a Los Angeles neighborhood.



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MANSION

splatters paint on the concrete floors and tables, and a gallery-like space where he receives guests and hosts events. Upstairs, there is an office for his studio manager and her assistant, and a mezzanine from which he can look down on paintings in progress—"so I can see how they'll look when they're dry," Mr. Goode said.

Having his studio steps away from his home is useful because "if I get an idea at 11 o'clock at night, I can go work on it," he said.

Mr. Goode's perfect space came at a high personal cost. In 2005, he sensed something was wrong when his dog, an Australian Shepherd-Akita mix named Pollock, wouldn't stop barking in the middle of the night. Mr. Goode and his wife got up to discover his previous studio on fire. Mr. Goode lost 200 works of art and spent about \$250,000 to rebuild the studio in 2007.

The fire was caused when rags covered in linseed oil, used for oil painting, spontaneously combusted, Mr. Goode said. Because of the hazard, he switched to acrylic paint. He also distributes his work among various spaces today, so that he can never again lose everything in the event of a disaster, he said.

Mr. Goode's studio adds some value to the home, but not enough to cover the construction costs. Tami Pardue, founder of Halton Pardue + Partners, a Los Angeles brokerage, estimated the value of Mr. Goode's property at \$1.8 to \$1.9 million, saying the studio likely adds 5% to 7% to the value.

Mr. Cotton and Ms. Dergan's loft, which they purchased for \$2.14 million, according to public records, would likely sell today for roughly \$4.5 million to \$5 million, said Jim St. André, a Tribeca and downtown specialist at CORE. If it were made into a conventional home, with bedroom walls and top-of-the-line finishes that would appeal to the typical "financial guy" buyers in the area, it would sell closer to \$6.5 million, Mr. St. André said.

It is increasingly difficult to find studio space in some of the cities that have attracted artists for generations, including New York and



A WORK-LIVE SPACE Colin and Kristine Poole devoted most of their 2,700-square-foot-house in Santa Fe, N.M., to work space and gallery space. There is no living room—non-art space is limited to a small kitchen and bedroom.



GABRIELLA MARKS FOR THE WALL STREET JOURNAL (3)

San Francisco. Amid soaring real-estate values, artists also face competition from non-artists who have come to embrace loft living and industrial style—as long as it is renovated to provide traditional comforts.

"The conversion of industrial spaces to great residences has never been more popular," said Mr. St. André. In New York's Tribeca neighborhood, one building that for many years consisted mainly of commercial lofts used by artists,

photographers and architects is now mostly condos; a penthouse is currently on the market for \$45 million, Mr. St. André said. The loss of workspace in cities around the country has given rise to a number of activist groups, such as the Artist Studio Affordability Project in New York, that protest real-estate developments that compete with artists' needs.

In San Francisco, Sotheby's International Realty agent Wendy Storch is marketing a \$4.5 million,

4,800-square-foot house in the Mission District that has primarily been used as a live/workspace for artists since the 1960s. To prepare it for sale, the current owners added a driveway, roof deck and garage door to the studio space and staged it with lounge furniture and motorcycles.

The buyer "could have classic cars, motorcycles or a fantastic rumpus room, but with a rustic, industrial feel," Ms. Storch suggested.

Colin and Kristine Poole, a married couple of sculptors in Santa Fe, dispensed with nearly every convention when renovating their 2,700-square foot house. They devoted 700 square feet to a work studio, where they regularly receive nude models, work on life-size clay figures, create molds, pour wax and assemble bronze sculpture. Mr. Poole, 52, also paints. Another 1,200-square-foot area of the house serves as a gallery space, where they receive clients and host art-oriented events. Because they work seven days a week, often for 14 hours a day, they decided to forgo a living room. Instead, non-art space is limited to a small kitchen and bedroom.

Mr. Poole bought the house in 1997 for \$200,000 from a cousin who had inherited it from their grandmother Una Hanbury, also a well-known sculptor, Mr. Poole said. Ms. Poole, 47, moved in nine years ago and the couple spent more than \$200,000 renovating, doing most of the work themselves.

They prioritized features that would serve their work. They laid the studio with a floating hardwood floor, typically used for dance floors, so that standing on the surface for many hours a day wouldn't cause back pain. Four large skylights provide natural light; at night, tract lighting fitted with full spectrum bulbs from Germany imitates daylight, Mr. Poole said.

Living amid their output isn't stressful, the artists said; instead, Mr. Cotton, Mr. Goode and the Poole said they don't want a clear line between life and art.

"If something is giving me a lot of trouble, I just turn it to face the wall," to get a break, said Mr. Cotton, who is known for his images of costumes and landscapes made of sweets. Still, it is surprisingly hard to escape his subject matter. Soon after moving in to his loft, he noticed a faint, hand-painted sign from the 19th century on the exterior of the building, reading "Almond Paste—H. Heide—Confectionery."

"How crazy is that? It turns out I live in a converted candy factory," Mr. Cotton said.



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MANSION

LUXURY RISES IN SIOUX FALLS



SOLD AT LAST Troy Stallings and his wife and business partner, Jane Shorma, built a 6,600-square-foot, Old World-inspired home, above and above right, and listed it for \$1.5 million in 2008, when the real-estate market stalled. They recently decided to auction the home with a minimum price of \$960,000, but a local buyer approached them beforehand with an offer above the minimum bid, and they accepted.



HIGHER PLAIN Kevin and Delena Tupy bought this six-bedroom home for \$1.24 million less than two years ago and recently renovated. Now they're listing it for \$1.5 million. Above, the great room. Below left, a sun room; below right, the Tupy children, Taia and Curtis with Delena and Kevin Tupy.



GREG LATZA FOR THE WALL STREET JOURNAL (7)

latest project, a newly built 5,050-square-foot, light-gray contemporary that has little resemblance to the typical Midwest rambler. The entry opens to a double-height foyer and an open floor plan with light-hickory flooring. Carrara marble in the kitchen ties together all-white cabinetry and an Arabeque backsplash.

The house is wired for voice commands and home automation, and the roomy garage—a must-have in the city because of the brutal winters—holds five cars and includes an audio system. It was listed for \$999,000 with the Fisher Sisters of Ameri/Star. The home is already under contract, Mr. Roach said, but he declined to disclose the buyer's name.

"It was a big risk for us," Mr. Roach said, adding that this is one of the most expensive and unusual spec homes in the city. But he was encouraged by past projects: A Cape Cod-style home his firm built sold for \$753,700—close to the

\$779,000 asking price—in two days. A recent client had them remodel a home in the French-country style, and they expect an airy, modern Craftsman they built to have an offer before it hits the market.

Like Mr. Roach, builders Troy Stallings, 61, and his wife and business partner Jane Shorma, 55, were tired of the finishes found in many Sioux Falls homes.

"Everything is oak here—oak cabinets, oak floor, oh God," said Mr. Stallings, who has been building there for 20 years.

Instead, the couple in 2008 built an Old World-inspired stone home, with Peruvian limestone flooring and a free-standing maple-wood staircase. The asking price was about \$1.5 million when the real-estate market stalled. So they decided to live in the 6,600-square-foot home full time in hopes of an uptick.

"If these luxury homes are taking two to three years to sell, we've

got to find new ways to sell," said Lee Harding of Keller Williams Ratchford Group. When he listed the home last spring at a reduced price of \$1.25 million, he took out ads in national media and made a slick video with drone footage.

He was preparing to put the home up for auction with a minimum sale price of \$960,000. Then a local buyer approached them before the auction with an offer above the minimum bid, Mr. Stallings said, and it's now in contract.

The couple plans to build again in the area, with an eye toward tech features that young professionals will like.

Part of the problem facing the next wave of luxury home sellers will be setting expectations, said Rocky Rehfeldt, senior vice president at Sioux Falls-based lender Loft Advisors. "North of \$1.5 million, we have appraisal issues," he said, noting that lenders don't see value in some more extravagant renovations, which could hobble

negotiations. Even when financing isn't involved, a lack of comparable properties at the top of the market can make it harder to justify passing the cost of some renovations onto the buyer.

At the Tupy residence, a land surveyor was measuring the yard for a new outdoor pool. "I think it's just expected" if they want to get the \$1.5 million asking price, Mr. Tupy said. He put about \$350,000 into renovations, including a \$200,000 home theater where he and his son, Curtis, watch sci-fi flicks.

The Tupys, who have two teenage children, are selling to trade up to a larger home—roughly 10,000 square feet—with amenities like a wine cellar and a bigger yard. If he can't find what he's looking for, he may build new nearby.

"It's not going to be a money-maker," he said about the home's resale potential. "But we got to enjoy it."

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Livability is the bottom line

NO NEED TO CHOOSE A LIFESTYLE:
FIND IT ALL ON YOUR DOORSTEP

By Tonie Auer

Choosing a home involves many factors, from cost to location, but one of the biggest aspects in that selection is livability. It represents all the things that contribute to a community's quality of life. It's the environment, the area amenities, and much more. For New Yorkers who want to enjoy the luxuries of the city without living on top of one another—and paying a lot of money to do so—Westchester and Fairfield may be a good option.

So, what's the allure of living outside New York City? It's all about being "closest to the city while enjoying grass under your toes," says Owen Berkowitz, co-principal of the Berkowitz Marrone Team at Douglas Elliman Real Estate.

WESTCHESTER

"These concentric rings around New York City provide some of the best living for New Yorkers," Mr. Berkowitz says. "They've become more than bedroom communities; they're becoming destinations with a compelling and relaxing lifestyle. We are close enough to the frenzy of work, or the fun of going to the opera—but it's also about having a kitchen garden and your very own roof."

"People who are coming from the great city to our south are searching for a lifestyle that offers recreation, food, culture, squirrels, birdsong, green grass, beaches, and more," Mr. Berkowitz says.

"Whether it is seeking out a village setting where they can walk to the train or living close to amenities, the motivation varies," says Carol Marrone, who partners with Mr. Berkowitz. "But, for most people coming from New York City, they can get what they need here: from the local farmers' markets to the culture."

Mr. Berkowitz agrees. "It's never so far-flung that you can't run out to get that special cheese or the house-smoked meats that you want, or be near wonderful historic music halls or art film venues. There are also the small coffee roasters and distillers. The shows are pretty good, too."

More of Mr. Berkowitz's favorite Westchester amenities: the walkability factor of many of the towns, whether it is to a park or the train station; easy access to the city with a 20- to 30-minute ride on the Metro North commuter train; farm-to-table restaurants in Pocantico Hills.

Beyond the amenities of



Fairfield County offers the best of both worlds: close to the city but also on the coast, with beaches and water views.

"IT'S CLOSE TO NEW YORK CITY, BUT LIVING HERE IS LIKE BEING ON VACATION."

living outside the big city, the duo tells us homes can be found in all price points and styles, as well. From co-ops and condominiums to single-family homes and mansions, there is a variety, says Mr. Berkowitz. The average price point he sees is about \$800,000 to \$900,000.

Ms. Marrone adds that first-time homebuyers can get into an apartment for \$200,000 or find a house for \$500,000 to \$600,000.

For seniors who want to remain in the community as they approach the next chapter in their lives, Kendal on Hudson in Sleepy Hollow is the only life-plan community in Westchester, says the non-profit's director of sales and marketing, Gemma Maver. Most of the residents are from the area and want to stay in the lower Hudson River Valley.

"They want to be here, but as

they age, they are downsizing their homes and planning for retirement. It is a seller's market for all the river towns along the Hudson. Families from New York City want to be in this area, so it's a great time to sell and move to a life plan retirement community," she says.

The Metro North and express train can be in Manhattan within 30 minutes if they wish, or residents can simply stay local and enjoy the villages, restaurants, theaters, and galleries, says Ms. Maver, adding that Kendal on Hudson also offers ample outdoors activities and open spaces.

FAIRFIELD COUNTY

Just across the state border into Connecticut is the desirable Fairfield County, which is the most populous county of the state. A metropolis itself, it's just 30 miles from New York City while also home to great outdoors activities.

"Fairfield is the best of both worlds," says Holly Giordano, a Realtor with William Pitt Sotheby's International Realty in Darien, Conn.

"It's close to New York City, but living here is like being on vacation with picturesque views, rolling rockwalls, and inviting coastline."

Commuting to the city is easy, too, with train stations seldom more than 10 minutes away from anywhere in the area. But the coastal living may be the biggest attraction for the region, Ms. Giordano says.

"There is amazing beach life, with each town featuring activities like paddle-boarding, kayaking and sailing. You're really living outdoors."

When buying a home in Fairfield County, Ms. Giordano says, prices vary from town to town. She's sold condos in the seaside town of Norwalk for \$350,000, but the average price for a traditional colonial in Greenwich is about \$2 million.

"Consumers should plan to spend about \$1 million," she adds. "What that buys you may vary from a fixer-upper to a great home. There are also luxury properties, like the magnificent Ziegler estate, on the market now for \$175 million."

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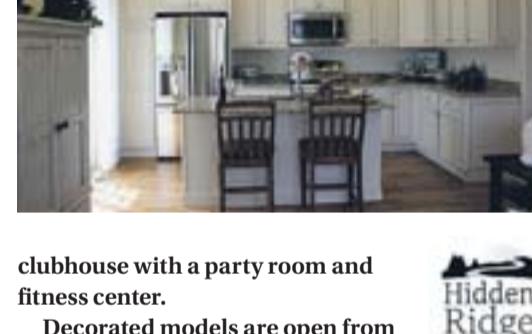
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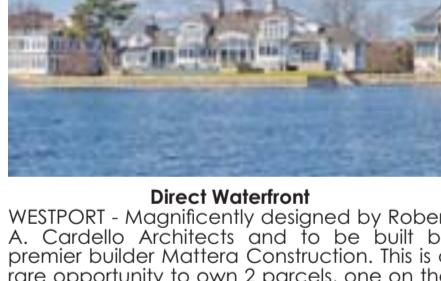
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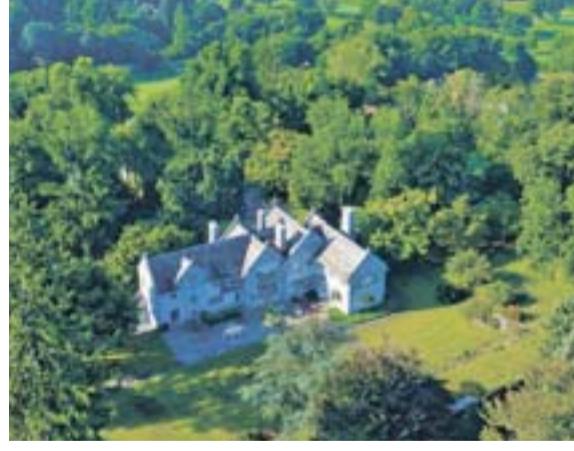
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Special Advertising Feature
WESTCHESTER AND FAIRFIELD COUNTIES

Riding, hiking and boating properties abound

INDULGE TO THE FULL YOUR LOVE OF THE OUTDOORS

By Tonie Auer

New Yorkers who love the outdoors can find it in abundance—as well as all the activities that go with it, from equestrian to hiking and boating—in Westchester and Fairfield counties, within an hour's drive from New York City.

Sally Slater, a Douglas Elliman Real Estate associate broker based out of Bedford and Greenwich, is an avid horsewoman and moved to Bedford 34 years ago for that reason.

"I was living in the city and was looking for someplace which was horse-friendly, within an hour of Manhattan," she recalls. "There is a very active riding trail association, which has permission from the local landowners to use about 200 miles of trails. They're great for both riding and hiking."

Many choose to live in the Northern Westchester and Fairfield counties because of their love of horses and open land. A high proportion of the homes here sit on four to 100 acres or more, Ms. Slater comments. The region is known for horse properties and the proximity to Manhattan just adds to the appeal of the location.

The properties range from a

Continued on following page

STACY BASS



Many people choose to live here because of their love of horses and open land.

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Taken by the area's unique beauty, and realizing the potential in sharing it with others, he developed the remainder of the farm into Lawrence Park, inspired by Barbizon in France's Fontainebleau Forest.

Mr. Lawrence established a Manhattan sales office and built a hotel, The Gramatan, where urban dwellers could sample the area's relaxed lifestyle.

Mr. Lawrence eventually became a full-time resident at his second country estate, "Westlands," where he later founded Sarah Lawrence College.

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HOULIHAN LAWRENCE

Continued on following page

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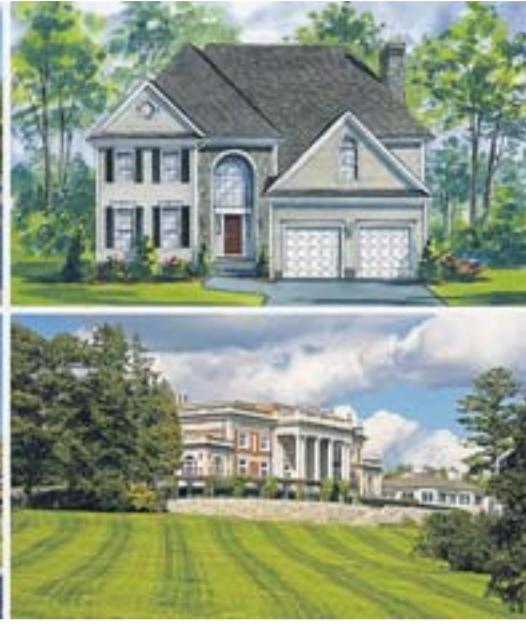
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Special Advertising Feature
WESTCHESTER AND FAIRFIELD COUNTIES



Douglas Elliman



A high proportion of the homes here sit on four to 100 acres of land, or more.

Riding, hiking and boating properties abound

Continued from previous page

"gentleman's farm" on four acres, with a beautifully laid-out barn that leads onto the trail system, to world-class riding facilities with both indoor and outdoor rings on 14 acres, Ms. Slater says. She has listings with both of those kinds of properties, among many more.

"Many of the people who live here have their own barns. There is also a share of weekenders who live in the city and keep their show and pleasure horses here," adds Ms. Slater.

For hikers, Pound Ridge features 4,200 acres of preservation land filled with hiking and riding trails that connect to the Bedford trails.

"The hiking is incredible. The area has camping, it hosts race events, and it even has a

THE REGION IS KNOWN FOR HORSE PROPERTIES AND THE PROXIMITY TO MANHATTAN ADDS TO THE APPEAL."

cave to explore," she says.

Water sports are a further draw to the area, with fishing on many of the local reservoirs. Boating is also big because of the proximity to the Long Island Sound, with many homeowners keeping a yacht at their own dock or at one of the many marinas. Greenwich has its own waterfront, as does Stamford. It's not unusual to see both sailboats and power boats in the waters, says Ms. Slater.

FROM CITY TO SUBURBS

Many New York City househunters are looking to the suburbs as they plan their residential futures. From shorter commute times to more space, town walkability, and top-notch school systems, the benefits of communities within Westchester County, N.Y., Fairfield County, Conn., and even the Berkshires in Massachusetts, can be life-changing. New construction properties in these areas have become especially popular with New York buyers.

The Heathcote is a new luxury boutique opportunity located just 21 miles from Manhattan in the heart of Scarsdale, N.Y. Containing only 14 residences, this upscale concierge building offers a plethora of amenities and custom features including "smart home" automation, media rooms, paneled libraries, wine rooms and even fully equipped outdoor kitchens. All floor plans are open and spacious with generous room sizes.

Not far away in Rye Brook, N.Y., The Pointe, a ten-unit townhome development, affords waterfront views, quality features and a prime location near shopping, top-rated schools, golf and public transportation. Standing three stories tall, each townhouse has four

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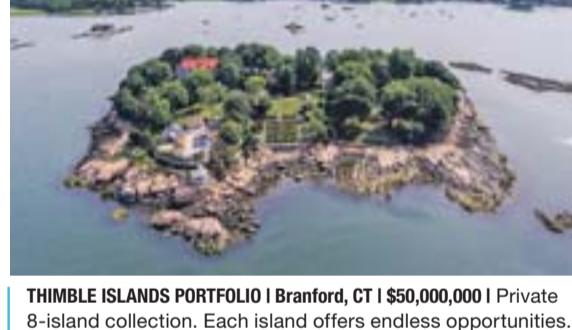
bedrooms and three and a half baths, as well as a great room, rear patio with a fence for privacy, dining room, modern eat-in kitchen, laundry room and study.

Walnut Ridge, a recently completed subdivision comprised of ten single family homes in Stamford, Conn., marks the largest development built in the area in almost 20 years. The unique residential community is situated in a quiet neighborhood near downtown Stamford, featuring homes with an easy flow, as well as nine-foot ceilings, hardwood floors with inlay and herringbone design and deep crown moldings.

In the Berkshires in the cultural, picturesque town of Lenox, Mass., 19 meticulously appointed residences at Canyon Ranch, an internationally renowned wellness and luxury spa destination with locations around the country and across the globe, are now for sale for the first time. By purchasing a property at this world-class resort, homeowners will have access to all of the club's amenities and services, and an environment that emphasizes healthy living and balancing the mind and body—all within an easy driving distance of New York City.

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Special Advertising Feature
WESTCHESTER AND FAIRFIELD COUNTIES

City-style amenities complement the fresh air

A HEALTHY MIND AND BODY ARE EASY TO CULTIVATE IN THIS ENVIRONMENT

By Tonie Auer

Finding a home today goes beyond the cost of the property: it's also about aesthetics, and even the commute to work. Many consumers today demand all the pieces of the wellness puzzle in their hometowns, searching for innovative ways to look at fitness, diet, inner peace, and maintaining a healthy lifestyle for both mind and body.

"Many of the people moving into the Westchester and Fairfield counties are coming from the New York City metro area, so they're demanding amenities like they have in the city to complement the space and fresh air," says Bernadette Haley, a broker on The HCH Team at Julia B. Fee Sotheby's International Realty in Irvington-on-Hudson.

"They're looking for farm-to-table restaurants, fitness and spa facilities, as well as access to good health care, and all of these things can be found along the

THE OUTDOORS ALSO PLAYS A ROLE IN EMOTIONAL AND PHYSICAL WELLBEING."

Hudson River," Ms. Haley says.

The number of farm-to-table restaurants continues to grow, says Ms. Haley, some of them having emerged from the plethora of farmers' markets—of which there is typically one in every community now.

"People want to know where their food is coming from," she points out.



The HCH brokerage team.

EMOTIONAL PEACE

In addition to the diet aspect of a wellness attitude is the move to achieve both fitness and emotional peace—and some of these goals can be accomplished simultaneously, she says.

Yoga studios are popping up around the villages, for example, and fitness centers featuring exercises classes and cycling are also easy to find.

"All of the villages have fitness studios and some even have inter-village programs," Ms. Haley says. "Beyond fitness, there is a sense of growing the mind, which can be done through classes [ranging] from dance to photography or languages."

The outdoors also plays a



This house in Irvington is a 38-minute commute from New York City.

role in emotional and physical wellbeing, she adds. There are plenty of opportunities for exercise along the Hudson River, with yoga on the beach in some towns, as well as plenty of hiking and biking trails.

A state park near Sleepy Hollow in Mount Pleasant features more than 1,400 acres ideal for strolling, jogging, horseback riding, cross country skiing, and snowshoeing, Ms. Haley says. Guests can also fish, hike and go sledding, making it a year-round activity haven.

The locations are plentiful, she stresses. Westchester County's bicycle and fitness trails, for instance, are open year-round with paved bicycle

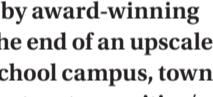
and pedestrian trails, as well as trails for hiking, mountain biking, and horseback riding.

There's also the Old Croton Aqueduct State Historic Park, which extends from Van Cortlandt Park at the Bronx County/City of Yonkers border all the way to the Croton Dam in Cortlandt.

When it comes to caring for the physical self, health care is another important aspect, Ms. Haley says. There are plenty of new freestanding urgent-care facilities in each community, along with some well-known medical centers in Sleepy Hollow and West Harrison, bringing state-of-the-art medical care to the area.



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Special Advertising Feature
WESTCHESTER AND FAIRFIELD COUNTIES

Multiple neighborhoods, different vibes

PROXIMITY TO THE CITY, BUT WITH A COMMUNITY FEEL

By Tonie Auer

Don't think of Yonkers as a New York City suburb, because it's not. It's the fourth most populous city in the state and the biggest in Westchester County. It's an appealing alternative to living in New York City for multiple reasons, says Jane McAfee, a Houlahan Lawrence associate real-estate broker focusing on Yonkers.

"I've lived here for 35 years and sold real estate here for 24 of those years," Ms. McAfee says. "The No. 1 reason people move here is the proximity to the city. We are just across the border from the Bronx, with a very easy commute on the subway or on the commuter rail service. If someone has a place to park in the city, they can be there in 15 to 20 minutes or under a half-hour on the train."

REAL NEIGHBORHOODS

Even though Yonkers is a big city, it still has the community feel, with 38 separate neighborhoods, each with its own vibe, she says. Homebuyers can find a quirky, hilly neighborhood or one with a more suburban feel. There are a lot of choices and the cost of housing varies from \$350,000 to \$3 million. There's also a selection of styles, from a historical home to a mid-cen-



One of the biggest draws to Yonkers is its closeness to the Hudson River.

"CITY LEADERS ARE REQUIRING THAT PUBLIC SPACE BE FIGURED INTO THE CONSTRUCTION EQUATION."

tury modern, Ms. McAfee adds.

"You can get good value for your money," she says. "The property taxes in Yonkers are the lowest in Westchester County and if you're looking for an urban renewal vibe, but can't afford it in the city or the boroughs, this is the first city north of there."

One of the biggest draws to Yonkers, aside from the cost of living, is the Hudson River.

"Our city leaders are forward-thinking," Ms. McAfee says. "There is a renaissance occurring along 4.5 miles of the riverfront. There is already a partial river walk downtown and more is being developed

in multiple phases designed to open the river to the public and create more recreational facilities."

A number of mixed-use projects—apartments and retail—are already in the works along the river, and developers are building along the water's edge with city leaders requiring that public space be figured into the construction equation, she says. Artists are choosing storefronts downtown for galleries and studios, adding to the city's cultural attractions.

Tonie Auer is a freelance writer specializing in real estate.

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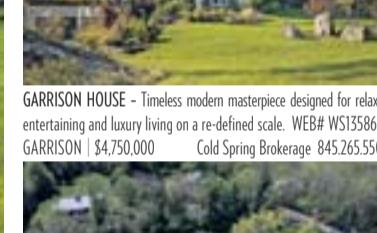
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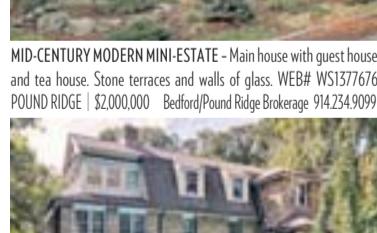
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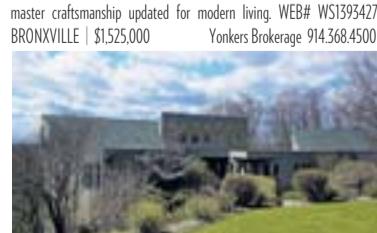
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BALANCE SHEET

Dutch Soccer Player Makes Real-Estate Goal

Warner Hahn took the time while convalescing from an injury to buy and renovate a home

BY J.S. MARCUS

WARNER HAHN, goalkeeper for Dutch soccer team S.B.V. Excelsior, found himself sidelined with a torn knee ligament at the start of 2016. The Rotterdam-based athlete used the period that followed not only to recover from his injury but to find and create the home of his dreams.

In March 2016, Mr. Hahn bought a 1,690-square-foot duplex, located on the top two floors of a four-story, 1930s apartment house in Kralingen, a quaint, upscale area just east of Rotterdam's city center. He paid \$539,000 for the apartment, then spent about \$272,000 on a makeover, reversing color schemes and knocking down walls. Once a cramped, white-on-white home for a family of five, the duplex became a spacious two-bedroom, one-bathroom, for Mr. Hahn, now 24, and his girlfriend, professional dancer Marrit Nicolai.

Working with Mariska Jagt, an interior architect based near Wassenaar, Mr. Hahn threw out the lower floor's various whites in favor of black and gray, while creating an open-plan kitchen and dining area. Upstairs, the couple converted a small bedroom into a walk-in closet, and set up a guest bedroom to exhibit Mr. Hahn's cache of athletic shoes, currently numbering more than 100 pairs.

Mr. Hahn used his time convalescing to perfect the new interior. "Every day he was on Pinterest," says Ms. Nicolai, 27.

To make the most of the new open plan, Ms. Jagt suggested a kitchen from Leicht, an Amsterdam-based design company, with an inductive stove and sleek cabinets outfitted with push latches. Mr. Hahn had budgeted about \$22,000 for the kitchen, but ended up spending \$33,000, which he regards as his primary splurge.

"At first I thought, 'Who cares about a kitchen?'" says Mr. Hahn, a Rotterdam native, whose parents live nearby. "But now I am really glad I chose this one. When family and friends come over, most of the time we are in here."

Many of his teammates are still living in the heart of Rotterdam, with its high-rise living and pulsing nightlife. Mr. Hahn chose the more sedate area of Kralingen, known for its low-rise, redbrick houses, as well as its peace and quiet. "I can focus here," he says.

Much of central Rotterdam was destroyed in World War II, but whole stretches of Kralingen survived intact, and Mr. Hahn's new home is rich in historic touches, such as geometric stained-glass



RECOVERED The living room of the duplex renovated by Warner Hahn with the help of interior architect Mariska Jagt, above.



windows typical of the 1930s, and nickel-trimmed railings and door-knobs. "I wanted a new house," says Mr. Hahn, "but I wanted to keep all the old details."

Mr. Hahn may be young, says Ms. Jagt, "but he has a lot of experience in the world, and he knows what he wants."

When it came to the lone bathroom, Mr. Hahn wanted a shower and a tub, requiring Ms. Jagt to push out the original bathroom

into the master bedroom. The new space—featuring a custom tub designed by Ms. Jagt—cost \$32,400.

He also found something appealing on Pinterest: windowsills doing

double duty as benches. Ms. Jagt created a cushioned area—at a cost of \$5,500—for a living-room window, providing needed space on Sundays, when Mr. Hahn and his friends gather to watch soccer on his big-screen TV.

The couple's go-to spot is the living room's big beanbag chair, a gift from Mr. Hahn's mother that predates his home purchase. But the new home also has more than \$65,000 in new furniture.

Mr. Hahn kept the original wood floors, but spruced them up with a new oiled finish, and he was able to maintain the previous heating system. The lavish new kitchen meant an upgrade of the apartment's wiring, costing \$10,660.

The couple, who moved into the finished apartment in December,

still have a long to-do list. They plan to buy art for the lower floor, and they will focus on their roof deck, which has views of Rotterdam's inner harbor. Mr. Hahn is planning to put in a new barbecue and maybe even a Jacuzzi.

The wide-open deck offers a contrast to the rooms of the apartment below, which is finished in hushed tones. "I really like that it's dark," says Ms. Nicolai. "It peaceful and cozy."

Mr. Hahn, who took out a 10-year mortgage to pay off the apartment as soon as possible, already is thinking about new properties.

"Soccer players' careers end at 35—or 40, if you're a goalkeeper, like me," says Mr. Hahn, who returned to play in November. "I will probably invest in real estate."

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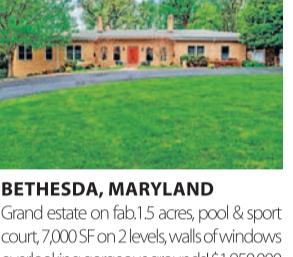
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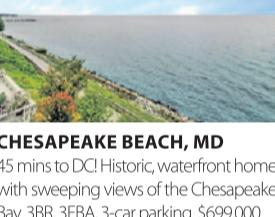
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Agent: Allan MacDonald, Sotheby's International Realty



\$12.75 million

McLain Flats, Colo.

Seven bedrooms, 7½ bathrooms

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Agent: Jill Shore, Douglas Elliman



\$5.79 million

Big Sky, Mont.

Five bedrooms, seven bathrooms

Ski-in, ski-out access is available from this 6,455-square-foot single-family surrounded by the Spanish Peaks. The home's interior was designed with reclaimed wood and chiseled stone, with custom cabinets for skis lining the gear room.

Agent: Jeff Helms, Big Sky Real Estate

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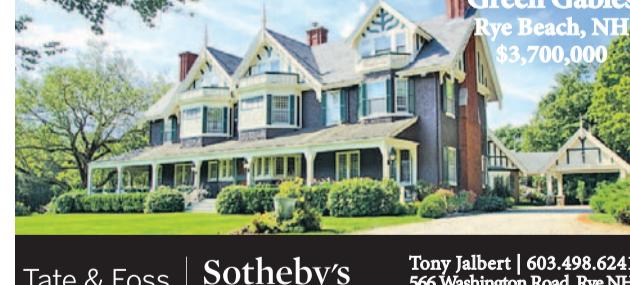


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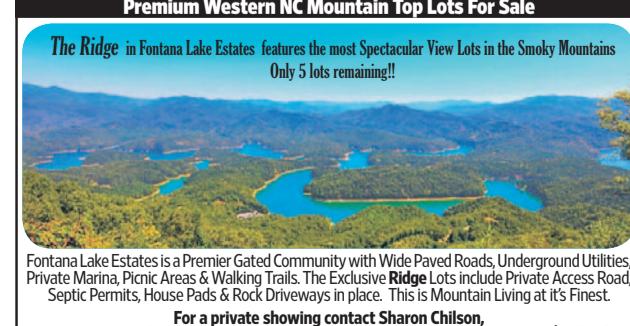
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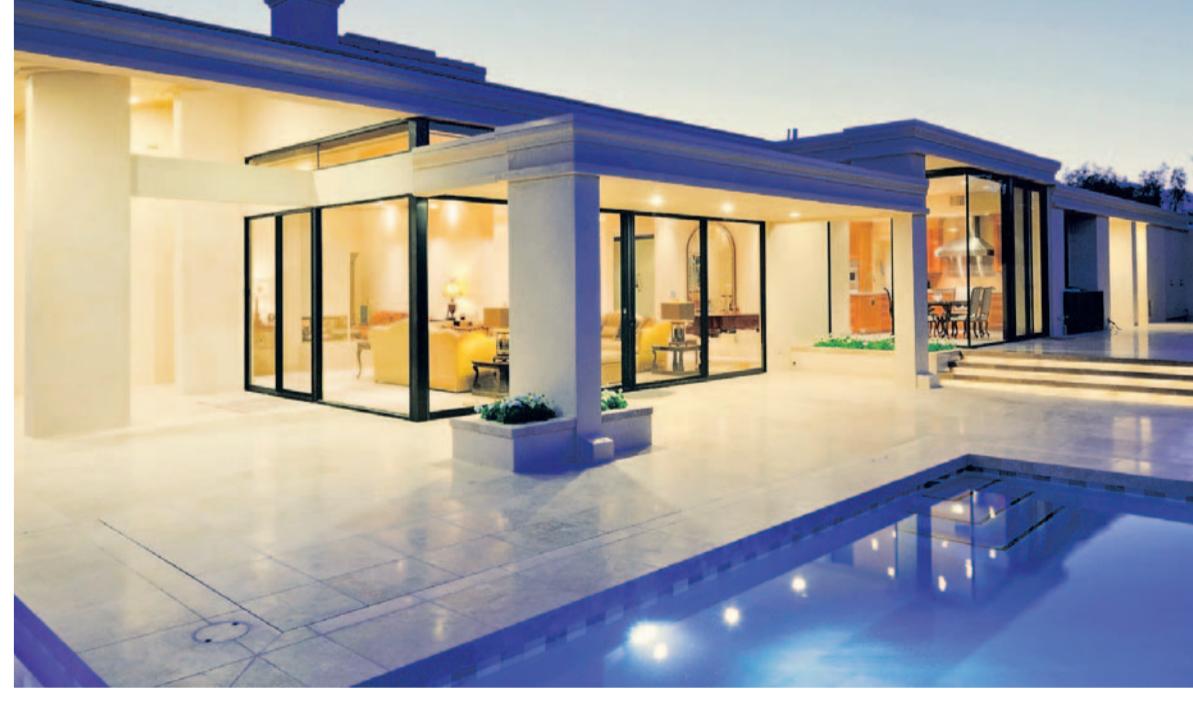
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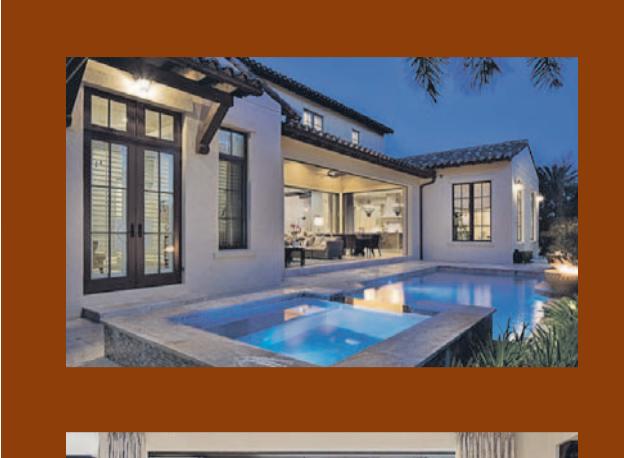
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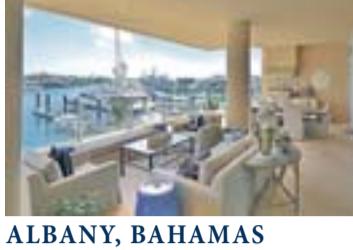
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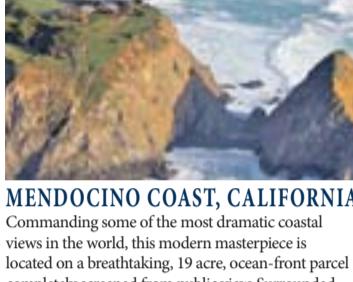
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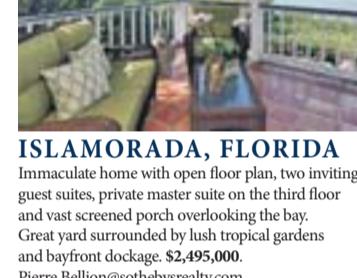
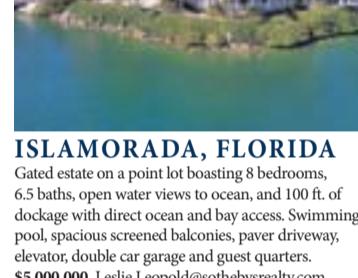
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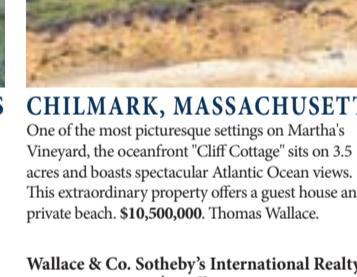
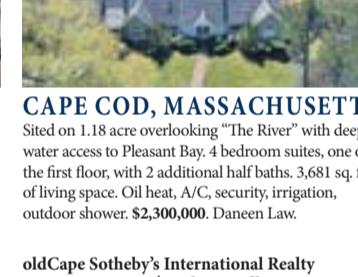
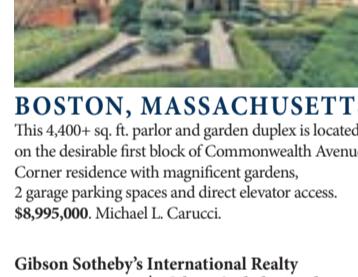
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BOSTON, MASSACHUSETTS

On the edge of the Boston Common, this 9,100 sq. ft. brownstone was meticulously crafted and is separated into a 4+ bedroom owners' unit and a 3 bedroom income unit. Fully renovated in 2014, the property features high quality fixtures and amenities throughout. **\$15,750,000**. Michael L. Carucci.

Gibson Sotheby's International Realty
+1 617.901.7600 | GibsonSothebysRealEstate.com

BOSTON, MASSACHUSETTS

This 4,400+ sq. ft. parlor and garden duplex is located on the desirable first block of Commonwealth Avenue. Corner residence with magnificent gardens, 2 garage parking spaces and direct elevator access. **\$8,995,000**. Michael L. Carucci.

Gibson Sotheby's International Realty
+1 617.901.7600 | GibsonSothebysRealEstate.com

BOSTON, MASSACHUSETTS

This luxury 3 bedroom, 4.5 bath condo in The Intercontinental Residences has been completely customized by current sellers. Top of the line amenities and fixtures throughout the home. Magnificent harbor views from every room. 2 deeded parking and full service concierge. **\$4,995,000**. Beth Dickerson.

Gibson Sotheby's International Realty
+1 617.510.8565 | GibsonSothebysRealEstate.com

CAPE COD, MASSACHUSETTS

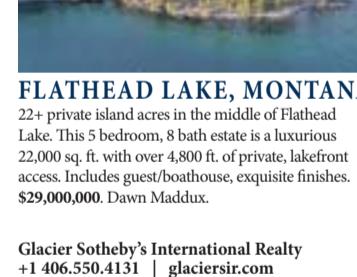
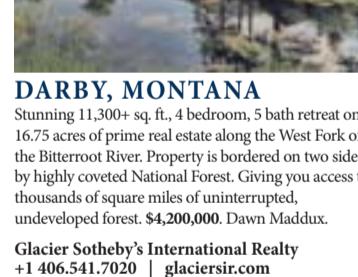
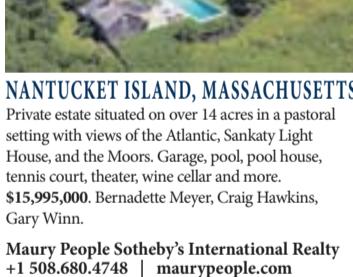
Sited on 1.18 acre overlooking "The River" with deep water access to Pleasant Bay. 4 bedroom suites, one on the first floor, with 2 additional half baths. 3,681 sq. ft. of living space. Oil heat, A/C, security, irrigation, outdoor shower. **\$2,300,000**. Daeneen Law.

oldCape Sotheby's International Realty
+1 508.237.0977 | 29haywardlane.com

CHILMARK, MASSACHUSETTS

One of the most picturesque settings on Martha's Vineyard, the oceanfront "Cliff Cottage" sits on 3.5 acres and boasts spectacular Atlantic Ocean views. This extraordinary property offers a guest house and private beach. **\$10,500,000**. Thomas Wallace.

Wallace & Co. Sotheby's International Realty
+1 508.627.2777 | wallacemv.com



NANTUCKET ISLAND, MASSACHUSETTS

Private estate situated on over 14 acres in a pastoral setting with views of the Atlantic, Sankaty Light House, and the Moors. Garage, pool, pool house, tennis court, theater, wine cellar and more.

\$15,995,000. Bernadette Meyer, Craig Hawkins, Gary Winn.

Maury People Sotheby's International Realty
+1 508.680.4748 | maurypeople.com

DARBY, MONTANA

Stunning 11,300+ sq. ft., 4 bedroom, 5 bath retreat on 16.75 acres of prime real estate along the West Fork of the Bitterroot River. Property is bordered on two sides by highly coveted National Forest. Giving you access to thousands of square miles of uninterrupted, undeveloped forest. **\$4,200,000**. Dawn Maddux.

Glacier Sotheby's International Realty
+1 406.541.7020 | glacier.sir.com

FLATHEAD LAKE, MONTANA

22+ private island acres in the middle of Flathead Lake. This 5 bedroom, 8 bath estate is a luxurious 22,000 sq. ft. with over 4,800 sq. ft. of private lakefront access. Includes guest/boathouse, exquisite finishes. **\$29,000,000**. Dawn Maddux.

Glacier Sotheby's International Realty
+1 406.550.4131 | glacier.sir.com

NEW YORK, NEW YORK

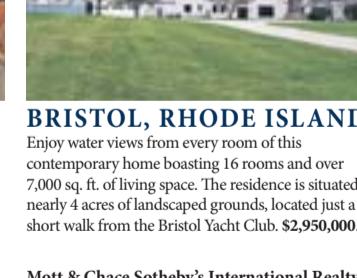
4 East 66th Street. Massively grand and vast, this extraordinary residence overlooking Central Park is truly an architectural tour de force. **\$65,000,000**. Serene Boardman.

serene.boardman@sothebysrealty.com

NEW YORK, NEW YORK

Approx 6,168 sq. ft., 6 bedroom, 8.5 bathroom penthouse condo features grand entertaining spaces and spectacular panoramic river views. **\$17,000,000**. Kevin B. Brown and Craig George.

Sotheby's International Realty
East Side Manhattan Brokerage
+1 212.606.7748 / 212.400.8754
sothebysrealty.com/00111454



NEW YORK, NEW YORK

This mint, masterfully designed full-floor loft offers stunning skyline views in every direction. With 4 spacious bedrooms, 3.5 baths, and large-scale entertaining spaces, this 5,500+ sq. ft. home is truly spectacular. **\$9,095,000**. Jeremy V. Stein.

Sotheby's International Realty
Downtown Manhattan Brokerage
+1 212.431.2427 | sothebysrealty.com/0139326

NEW YORK, NEW YORK