

THE WALL STREET JOURNAL.

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DJIA 20919.42 ▼ 23.69 0.1% NASDAQ 6115.96 ▼ 0.2% STOXX 600 394.39 ▼ 0.5% 10-YR. TREAS. ▲ 6/32, yield 2.400% OIL \$47.83 ▲ \$0.50 GOLD \$1,222.70 ▲ \$5.40 EURO \$1.0863 YEN 113.87

What's News

Business & Finance

The Trump administration said it reached agreement with China on a broad range of measures aimed at improving the access of U.S. exporters. A1

◆ First-time buyers are rushing to purchase homes after a decade on the sidelines, which could kick the housing market into higher gear. A1

◆ China's bond market is showing signs of stress, with yield on longer-term debt falling below that on shorter-term debt. B1

◆ Airlines are bracing for a possible expansion of a laptop ban to include routes from Europe to the U.S. A3

◆ Macy's troubles showed no sign of abating as the department store reported another quarter of falling sales. Shares sank 17%. B1

◆ Money from state-run Chinese firms helped finance a huge aluminum stockpile that sparked U.S. probes. B1

◆ Ford shareholders pressed top executives about the stock's decline during CEO Fields's tenure. B1

◆ McDonald's is offering to pay a big chunk of the cost of upgrades to its franchisees' restaurants. B5

◆ Uber suffered a blow as a European court adviser recommended it be regulated as a transport company. B4

◆ Stocks fell as weak earnings hurt consumer-discretionary shares. The Dow lost 23.69 points to 20919.42. B1

◆ Bombardier said Pierre Beaudoin agreed to step down from his executive role, but he will remain chairman. B3

World-Wide

◆ Trump said he was planning to fire Comey regardless of any advice from the Justice Department, because the ex-FBI chief was a "showboat" who he claimed had lost the faith of his employees. A1

◆ Trump ordered a review of the federal election process following months of claims that voter fraud tainted election results. A4

◆ The Senate confirmed Trump's pick for U.S. trade representative, paving the way for the administration to renegotiate Nafta. A4

◆ A Kurdish-led force backed by the U.S. and approved by the Syrian regime is closing in on Islamic State's Raqqa stronghold. A6

◆ South Korea's new leader said a 2015 deal with Japan over Korean "comfort women" during World War II was unacceptable. A8

◆ Trump called on Russia and Ukraine to make peace, a day after meeting foreign ministers from both nations. A6

◆ Lithuania's leader said she wants a continued presence of U.S. troops as Russia builds up its forces. A6

◆ The Coast Guard reported a dramatic drop in Cubans trying to reach the U.S., with none intercepted in April. A3

◆ Spanish lawmakers voted to exhume Franco's remains, a decision that is reigniting a divisive debate about the dictator. A10

◆ The Census Bureau is undergoing a major leadership change as it gears up for 2020 population counts. A5

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Deputy Attorney General Rod Rosenstein leaves a meeting with Senate intelligence committee Chairman Richard Burr (R., N.C.) and ranking member Mark Warner (D., Va.) on Thursday.

U.S. Cuts China Deal To Boost Exports

WASHINGTON—After months of bashing China for its trade practices, the Trump administration said it had agreed with Beijing on a broad range of measures aimed at

By Jacob M. Schlesinger, Christopher M. Matthews and Jacob Bunge

improving the access of American beef producers, electronic-payments providers and natural-gas exporters, among others, to the world's second-largest economy.

Some items on a 10-point plan the White House released Thursday address longstanding irritants between the two countries, as both governments strive to show warming ties while seeking cooperation on a range of economic and diplomatic issues like North Korea's nuclear-weapons program. Others are general principles and may not ensure concrete policy changes beyond promises to try to expand commerce in certain sectors.

"U.S.-China relationships are now hitting a new high especially in trade," Commerce Secretary Wilbur Ross said in unveiling the package at the White House.

The plan was reached as part of a new economic dia
Please see CHINA page A11

◆ Senate confirms Lighthizer as U.S. trade representative.... A4

Generation of Renters Now Buying

BY LAURA KUSISTO AND CHRIS KIRKHAM

First-time buyers are rushing to buy homes after a decade on the sidelines, promising to kick a housing market already flush with luxury sales into higher gear.

Tracking home sales to a particular age group is hard, but a series of data points form a mosaic of a generation of young people ready to buy: The number of new-owner households was double the number of new-renter households in the first quarter of this year, the share of first-time buyers is creeping back toward the historical average, and mortgages for first-timers are on the rise.

"They're crawling out of their parents' basements, they're forming households and they're looking to buy," said Doug Bauer, chief executive of home builder Tri Pointe Group Inc., which operates in eight states.

In a shift, new households are overwhelmingly choosing to buy rather than rent. Some 854,000 new-owner households were formed during the first three months of the year, more than double the 365,000 new-renter households formed during the period, according to Census Bureau data. It was the first time in a decade there were more new buyers than renters, according to an analysis by home-tracker Trulia.

Home builders are beginning to shift their focus away from luxury homes and toward homes at lower price points to cater to this burgeoning millennial clientele. Demographers generally define millennials as people born between roughly 1980 and 2000.

In the first quarter of this year, 31% of the speculative homes built by major builders were smaller than 2,250 square feet, indicating they were in the starter-home range, according to housing-research firm Zelman & Associates. That is up from 27% a year ago and 24% in the first

Please see HOME page A5

◆ U.S. focuses on Fannie, Freddie revamp.... B10

Moving In

Share of Fannie Mae mortgages from first-time buyers



Source: Fannie Mae

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INSIDE



A NEW BOOM ON GATSBY'S GOLD COAST

MANSION, MI

WATERGATE LESSONS FOR TRUMP'S ERA

OPINION, A17

The Cringe-Inducing Outbreak of Pimple-Pop Videos

* * *

Millions online watch doctors terminate zits; 'it's very relaxing'

BY SHIBANI MAHTANI

Lynn Barnes often went home filled with stress from working 14-hour days at an insurance call center. So she developed a nighttime relaxation ritual.

First, a small glass of milk and a cup of hot tea. Then some cross-stitch or crochet. After crawling into bed, she searched YouTube for the newest pimple-popping videos, which made her troubles melt away.

"I've woken up with my cellphone on my face because

Comedone extractor

I fell asleep watching," says Ms. Barnes, 55 years old, of Virginia Beach, Va.

She retired in 2015 but says she still watches blackhead extractions and the slicing of inflaming cysts online, which are more relaxing than any sleeping pill.

Zit-popping has joined the ranks of YouTube-driven internet subcultures, turning some

dermatologists into celebrities and many watchers of the videos into confessed pop-addicts.

Sandra Lee, a dermatologist in Southern California who calls herself Dr. Pimple Popper, has amassed 2.5 million subscribers on YouTube, 2.4 million Instagram followers and 56,200 followers on Twitter.

Her most popular video, featuring a giant blackhead removed from an 85-year-old woman, has been watched 29 million times since 2015.

Dr. Lee says she started up

Please see PIMPLE page A10

network. And it is another windfall for Mr. Jonas, who made a splash in 2000 by selling a stake in internet-calling company Net2Phone for more than \$1.1 billion in cash to AT&T.

"We don't sell things unless someone comes along and gives us an outrageously good price," Mr. Jonas said in an interview. He spun off Straight Path in 2013 and owns more than 70% of its voting shares through a trust, according to a securities filing.

The 60-year-old Mr. Jonas began his career selling hot dogs in the Bronx, N.Y., at the age of 14, studied economics at Harvard University and

eventually moved into the phone business by starting long-distance provider IDT Corp. in 1990. He used the windfall from his Net2Phone deal to fund an array of ventures including looking for shale oil in Mongolia, publishing "Star Trek" comic books and trying to cure cancer.

One of these forays led to the creation of Straight Path. IDT bought a swath of U.S. air-wave licenses and other assets for \$56 million in 2001 and 2002 from Winstar Communications Inc., which had filed for bankruptcy protection.

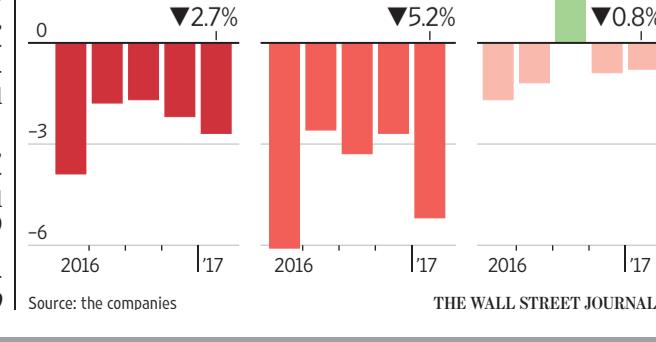
At the time, Mr. Jonas praised the deal: "It might not

Please see JONAS page A2

Department Store Sales Slide

Retailers' results fell short amid dwindling foot traffic at brick-and-mortar locations. Macy's, Kohl's, Nordstrom and Hudson's Bay all reported declines in same-store sales for the first quarter. B1

Comparable-store sales, change from previous year



Source: the companies

THE WALL STREET JOURNAL.

U.S. NEWS

Economists Weigh Effect of Trump Agenda

BY JOSH ZUMBRUN

One of the most watched economic forecasts in Washington will come later this month when the White House releases its budget.

The estimated cost of many items on President Donald Trump's wish list will depend critically on his own team's projections for economic growth, unemployment and interest rates.

To establish a baseline of what a forecast might look like under Mr. Trump, respondents to The Wall Street Journal's monthly survey of forecasters provided their own estimates of the economy if all of Mr. Trump's initiatives were put in place.

With the president's agenda were enacted, forecasters on average think long-run real gross-domestic-product growth could rise to 2.3%, an 0.3 percentage point increase from their 2% baseline. Unemployment would average 4.4% instead of 4.5%. Interest rates set by the Federal Reserve would be about a quarter-point higher. Short-term rates would be about 3.1%.

So an improvement, but a modest one.

Early on, White House officials reportedly considered penciling in growth rates as high as 3.2% a year. But the respondents to the Journal's survey—a mix of academic, financial and business economists who regularly produce professional forecasts—say numbers so high will be hard

such initiatives get passed later this year, there should be positive economic benefits, especially for 2018," said Chad Moutray, chief economist of the National Association of Manufacturers.

Over the course of a decade, 3.2% growth would leave the economy nearly \$2 trillion larger than 2.3% growth. So the lower estimates of economists are significant.

"Fewer regulations may raise long-term growth 0.1% to 0.2% by stimulating productivity growth," said Nariman Behravesh of IHS Markit Economics. "It should have hardly any effect on the long-term unemployment rate and inflation rates."

It is "hard to quantify, but measures would not boost long-term productivity," said Ian Shepherdson of Pantheon Macroeconomics. "But they probably would push up both short- and long-term interest rates."

In recent months, economists' forecasts for the coming year haven't changed much. They expect growth for this year of 2.2%, down from 2.4% in the March survey.

to attain, because the policies under consideration just might not pack that punch.

Key Trump initiatives, which face a challenging road through Congress, include overhauling the health-care system, simplifying the corporate tax code, cutting income taxes, rewriting regulation and investing in infrastructure.

"If you were to assume that

2.3%

Potential long-run real GDP growth if all the Trump initiatives were enacted, forecasters say.



AlphaPoint had openings in April. U.S. joblessness would fall slightly under one budget forecast.

They place the chance of recession in the next year at just 15%, compared with 20% at this time a year ago.

For now, many are waiting to see more detail in Mr. Trump's agenda and doubt how much he will be able to

accomplish.

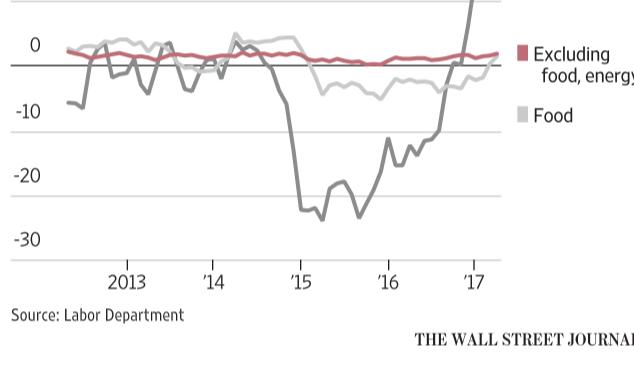
"Infrastructure spending is great, but it has to be paid for and that creates drag," said Amy Crews Cutts, chief economist of Equifax. "The proposed tax breaks won't stimulate the economy nearly

enough to pay for themselves let alone fund other new initiatives, which leads to deep cuts in the long run."

The survey of 59 economists was conducted from May 5-9. Not every economist answered every question.

Index Signals Inflation Pressure

Change in producer-price index from a year earlier



Source: Labor Department

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WASHINGTON—A gauge of U.S. business prices rose to the highest level in five years, another sign inflation pressure is picking up across industries.

The producer-price index for final demand, measuring changes in the prices that U.S. companies receive for their goods and services, increased 2.5% in April from a year earlier. The advance marked the index's steepest climb since February 2012, the Labor Department said Thursday.

Excluding often-volatile prices for food and energy, the index grew 1.9% in April from a year earlier. Import prices, another gauge for inflation, accelerated 4.1% in April from a year prior, the department said Wednesday. The figures suggest that broad-based price pressures are firming, despite soft March data

that hinted otherwise.

Though energy prices are still a factor, "we're seeing it more generally because of the tighter labor market and greater pricing power for businesses," said Gus Faucher, chief economist at PNC Financial Services Group.

Producer prices in April increased a seasonally adjusted 0.5% from March. Prices on services, such as securities brokerage and investment advice, contributed heavily to the gains.

PPI is an inflation gauge that looks at prices businesses receive from customers, including consumers, other businesses and governments. As a result, changes in the index don't necessarily directly reflect what consumers pay. But PPI readings generally follow the same trends as other major inflation gauges.

—Sarah Chaney

BOY SCOUTS

Mormon Church Deals Blow to Scouts

The Mormon Church is withdrawing from Boy Scouts of America programs for youth aged 14 to 18, a move that will effectively pull more than 100,000 boys from scouting.

Starting next year Mormon teens will no longer participate in the Boy Scouts' "Varsity" and "Venturing" programs, the Church of Jesus Christ of Latter-day Saints said Thursday. The move will be a financial hit for the Boy Scouts.

The church, one of the largest sponsors of Boy Scout troops, said it would instead work to

develop its own "simplified program that meets local needs."

Eric Hawkins, a spokesman for the church said the move had nothing to do with recent policy changes to accept transgender boys and to allow openly gay men to lead troops.

The church will continue to participate in Boy Scout programs for younger boys.

—Ian Lovett

AMTRAK CRASH

A Judge Orders Amtrak Charges

A Philadelphia judge ordered prosecutors to charge an Amtrak engineer involved in a derailment

that killed eight people and injured about 200 in 2015.

Municipal Court Judge Marsha Neifield said on Thursday that engineer Brandon Bostian should face charges of involuntary manslaughter and reckless endangerment.

Her ruling comes two days after the district attorney's office said it couldn't prove Mr. Bostian acted with "conscious disregard" when he accelerated the train to 106 mph on a 50 mph curve.

The attorney general's office, which is handling the case, said it was reviewing the order. It could appeal.

Mr. Bostian's attorney didn't immediately return a phone call.

—Associated Press

CALIFORNIA BUDGET

Governor Presents Optimistic Budget

California Gov. Jerry Brown presented a more optimistic \$124 billion budget plan—but warned that it is precarious and a repeal of the Affordable Care Act could spell disaster in later years.

Mr. Brown, a Democrat, prioritized increased spending on schools, child care, transportation and reducing pension liabilities.

He said it is difficult to predict future budget shortfalls because "the world of Washington is changing by the hour."

—Alejandro Lazo

JONAS

Continued from Page One
top the Dutch settlers buying the Island of Manhattan for \$24, but it comes pretty close."

His thinking was the Winstar assets would allow IDT to expand its telecom offerings to customers, but the business didn't develop as expected and led to losses that eventually piled up to \$300 million, Mr. Jonas said.

"If you asked me two years ago what was the worst mistake I made in business, I would have said Straight Path," he said this week.

The business was spun off in 2013 with a handful of employees and Mr. Jonas's son Davidi running it.

Few people were interested in Straight Path's portfolio of licenses in extremely high frequencies because they don't travel far or penetrate walls and can even be disrupted by moisture in the air.

Hedge funds bet against the stock. The shares tumbled in October 2015 when one investor, Kerrisdale Capital, started a public campaign to argue it was overvalued, saying in a research report, "Straight Path is a bubble, driven by hype, misconceptions, and wishful thinking."

Although Straight Path's airwaves were once considered mostly useless, analysts now say they may play a crucial role in ultrafast, high-capacity 5G networks that are in development.

Mr. Jonas expects they will be used for high-speed connections between cellular sites on the edge of a network and the core landline network. "This was exactly the spectrum we wanted and we think it's a fair price," said Hans Vestberg, Verizon's president of network and technology.

AT&T, in a filing Thursday, said it declined to exercise its right to match the latest bid.

Since going public in the 2013 spinoff, Straight Path's stock had traded below \$30, but rose above \$220 this week as the bidding war took hold. It closed at \$178.10 Thursday, just below Verizon's bid valuing the firm at \$3.1 billion.

"The value of spectrum is what a buyer is willing to pay," said Craig Moffett, senior telecom analyst at MoffettNathanson.

The bidding war for Straight Path shows just how

much the carriers want to own this nationwide swath of frequencies, which "may soon be the foundation of their entire strategy," he said.

Mr. Jonas and his fellow investors won't see all of that payoff. Verizon's bid will include 20% of the sale proceeds, a penalty Straight Path in January agreed to pay federal regulators for failing to put all the licenses to use in an active network.

When the Winstar bet didn't work out for 15 years, Mr. Jonas said he didn't think about selling. He was surprised, however, when a bidding war erupted for Straight Path, saying he was happy with the initial agreement with AT&T for \$1.6 billion.

Despite his repeated success, Mr. Jonas doesn't fit the stereotype of a New York investor. His fourth floor office in downtown Newark, N.J.,

overlooks the Passaic River and Harrison, N.J., and the décor reflects his eclectic interests. On the wall is an original painting by Winston Churchill, an 1878 letter from Thomas Edison, pictures of Mr. Jonas with past Republican presidents and a drawing of him from comic-book legend Stan Lee. Mr. Jonas has a framed check for \$37.02 signed by notorious Jewish gangster Meyer Lansky in 1936 to the New York Telephone Company, now part of Verizon.

Mr. Jonas says "he can't say no" or fire people and has twice failed at retirement.

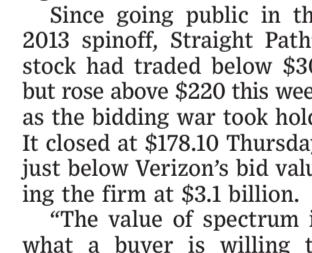
He is unapologetic about his frequent use of complex controlling stock structures in his companies to maintain his influence. At IDT, he controls 70% of the shareholder vote, according to a 2016 securities filing. He has family members scattered throughout his businesses, including some of his nine children.

Mr. Jonas's latest interest is far from telecom: Drug developer Cornerstone Pharmaceuticals Inc. is taking up 90% of this time, he said.

The Cranbury, N.J., company is testing a treatment targeting pancreatic cancer and certain blood cancers. Earlier this year, the Food and Drug Administration gave approval for the drug to move further into human testing.

Mr. Jonas now doesn't have to search for partners to help fund development of the drug.

"We had this cancer company we couldn't fund," he said. "I'm just going to write the checks myself."



Howard Jonas, founder of IDT, in a 2003 photo. The New Jersey-based businessman is selling one of his startups to Verizon.

CHRISTOPHER BARTH/ASSOCIATED PRESS

CORRECTIONS & AMPLIFICATIONS

William Evanina is an FBI agent who serves as an executive overseeing counterintelligence at the Office of the Director of National Intelligence. In some editions Thursday, a U.S. News article about the search for a temporary successor to fired FBI Director James Comey incorrectly said that Mr. Evanina wasn't a member of the FBI.

Snap Inc.'s initial public of-

fering price was \$17 a share. A Heard on the Street article on Thursday about the company incorrectly said Snap's IPO price was \$21 a share.

A photo with a U.S. news article on Wednesday about Yucca Mountain in Nevada showed a nuclear-power plant in Vernon, Vt. The photo caption incorrectly said it was the proposed Yucca Mountain nuclear-waste repository.

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

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U.S. NEWS

Expanded Laptop Ban Is Considered

Security officials look at prohibiting devices in cabins on many flights from Europe

Airlines around the world are bracing for a possible expansion of a laptop ban in aircraft cabins to include many routes from Europe to the U.S., a move that would vastly complicate the handling of millions of passengers.

By Susan Carey,
Robert Wall
and Doug Cameron

Representatives of the three top U.S. airlines met with national security officials late Thursday in Washington to discuss threats to aviation security and possible pre-emptive measures, according to people familiar with the matter.

There was "no decision" made by John Kelly, secretary of the Department of Homeland Security who was at the meeting, according to a spokesman for the agency.

The spokesman said there was no specific timeline for a policy change but said officials were continuing to evaluate threats.

The Department of Homeland Security said Wednesday that an expanded ban "is under consideration."

U.S. authorities are concerned that an explosive device hidden in an electronic device could be manually triggered in the cabin, or use power sockets in the plane to detonate it, according to people familiar with airline security plans.

For years, airlines have recommended electronics with lithium batteries be carried in the cabin to make it easier for staff to deal with any fire from the devices, even though electric power is now available at each seat on many planes. Aircraft builders have said jets aren't certified to withstand a major lithium-battery fire in the cargo hold, and some safety experts have said storing potentially hundreds of devices and their lithium-ion batteries there could pose its own safety risks.

On Tuesday, Violeta Bulc, the European Commission's transport chief, sent a letter to Mr. Kelly and Elaine Chao, the secretary of the U.S. Transportation Department, urging them to work with Europe on aviation security, long an area of cooperation.

"It is in our common interest that we work together...in advance of any potential application of new security measures to air carriers" operating from the European Union to the U.S., the letter said.

The United Kingdom Department for Transport informed U.K. airports on Thursday to prepare for a change in policy regarding carrying electronic devices in the cabin on U.S.-bound flights, according to a spokesman for Edinburgh Airport.

"We're ready for when it is confirmed," the spokesman said. A spokesman for the U.K. Transport Department declined to address what consultations it has had with airports on security matters.

Officials in Europe are increasingly frustrated by what they said is a lack of U.S. engagement on a vital security



This year, the U.S. banned large electronic devices from passenger cabins on flights to the U.S. from a number of Middle East airports.

Airlines Brace For a 'Nightmare'

Expanding a ban on large electronics such as laptops and tablets could affect a large number of U.S. carriers, such as American Airlines Group Inc., Delta Air Lines Inc., United Continental Holdings Inc., as well as European flagships that fly trans-Atlantic routes, including Deutsche Lufthansa AG and British Airways. It would also

affect what is expected to be a bumper summer of U.S. travel to Europe, fueled by the strong dollar and increasing trans-Atlantic flights.

The initial ban of large electronic devices from passenger cabins on flights two months ago applied to nine airlines that fly to the U.S. from Egypt, Jordan, Kuwait, Morocco, Saudi Arabia, Turkey, Qatar and the United Arab Emirates. The ban didn't directly affect any U.S. airlines, but dented overseas airlines demand for U.S. flights.

Airlines officials, meeting in groups in recent days about the possibility of new restrictions, said they were struggling to prepare because of uncertainty over the nature and scope of the restrictions.

A wider ban would be a "logistical nightmare" due to larger numbers of passengers affected and higher numbers of fliers making connections, according to one U.S. airline. Air France-KLM SA said it is closely monitoring the matter.

—Susan Carey

issue.

"Given the environment we are in today, effective security is more than ever conditioned on international cooperation and intelligence sharing. Yet, this is not what is happening," said Olivier Jankovec, director general of airports industry trade group ACI Europe. Mr. Jankovec called the develop-

ment "worrying" given security concerns.

The initial ban was a response to "evaluated intelligence," the U.S. government said at the time. But officials offered no further details.

Airlines were given 96 hours to comply, and the restrictions covered about 50 flights a day, all operated by

the overseas carriers. Hours after the U.S. announced its new rules, the U.K. implemented similar restrictions.

Middle Eastern and North African countries affected by the initial ban said their airlines were being unfairly penalized by the rules, which require passengers to check laptops, tablets and other

equipment like digital cameras in the cargo compartment. Some of the Middle Eastern airlines have tried to take the sting out of the restriction by lending passengers laptops.

The International Air Transport Association, a global trade group, said it was unaware of any specific plan for an extension to the policy, and has opposed the existing ban.

The process of manually checking passengers' carry-on bags for tablets and laptops is "not a viable, long-term solution," said Joe Leader, CEO of Airline Passenger Experience Association, a trade group. "This could create a significant impact on business travelers."

His association conducted a survey last year, which showed that 43% of world-wide airline passengers bring a tablet aboard, and 70% of those fliers use them in-flight. The study also found that 38% of global passengers bring laptops on board, and 42% use them.

Agents Seize Assets of Lobbyist With African Ties

BY JOE PALAZZOLO
AND DREW HINSHAW

filed by federal prosecutors this week in Washington, D.C.

The forfeiture complaint sought \$475,405 from accounts linked to Mr. Szlavik, owner of lobbying firm Scribe Strategies & Advisors, which has offices in Pennsylvania and Washington. Prosecutors said the funds were the proceeds of "an unlicensed international money transmitting business."

Mr. Szlavik hasn't been charged with criminal wrongdoing. He didn't return calls or emails seeking comment.

Forfeiture laws allow the

government to take assets that are linked to crimes, such as the proceeds of corruption or drug-trafficking. In civil forfeiture, prosecutors don't have to convict anyone of a crime, but they have to show in court that, more likely than not, the property they are seeking to recover is traceable to a crime.

The Wall Street Journal reported in 2014 that U.S. authorities raided the Pennsylvania home of Mr. Szlavik in connection with an investigation by Department of Homeland Security agents into

flows of funds from Gabon.

The four-year-old probe is part of a broader effort launched by the Obama administration in 2010 to prevent foreign leaders from parking the proceeds of corruption in the U.S. financial system.

A Journal review of the program in 2014 found that the U.S. government had recovered \$600 million out of the \$1.2 billion pursued in 15 cases against people in at least 14 different countries.

U.S. banks historically relished the prestige of dealing

with foreign dignitaries, but increased enforcement of money-laundering regulations has raised costs for institutions and made them wary. As a result, it has become harder for foreign leaders from countries suspected of corruption to move money through the U.S., creating a business opportunity for middlemen.

From 2010 to 2013, a Citizens Bank account set up by Mr. Szlavik received deposits of more than \$7.5 million from foreign sources, most of it from Gabon, where Mr. Szlavik held the title of special ad-

viser to Gabon President Ali Bongo, according to the May 9 forfeiture complaint.

Mr. Szlavik has also represented clients from Swaziland, Uganda, Eritrea, Cameroon and Nicaragua, among others. A spokesman for Gabon's government said he wasn't aware of Mr. Szlavik's status as a special adviser but declined to comment further.

A spokesman for Rhode Island-based Citizens Bank declined to comment, as did a spokesman for an arm of the Department of Homeland Security handling the probe.

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The Coast Guard approaching Cuban migrants in 2014. The agency reported a dramatic decline in Cubans trying to reach the U.S.

Fewer Cubans Try to Reach U.S. by Sea

BY BEN KESLING

year, we would probably pick up anywhere from 50 to 150 Cuban migrants," he added.

He traced the decline to former President Barack Obama's late-term policy change toward fleeing Cubans, and to President Donald Trump's crackdown on illegal immigration.

Mr. Obama's decision, just days before leaving office, repealed what was known as the "wet-foot, dry-foot" policy, which allowed Cubans who reached U.S. shores to stay while those caught at sea were sent back. It was a special privilege granted to Cubans, whose U.S. backers wanted to support those fleeing the Castro regime.

That policy allowed Cuban émigrés who made it to the U.S. without a visa to stay and

to apply for a green card after one year. The controversial policy, put in place in the 1990s, was rescinded by Mr. Obama as he moved to thaw relations with Cuba and bring U.S. immigration policy toward the island nation in line with other countries.

Adm. Zukunft also pointed to Mr. Trump's tough immigration policies. "Clearly, the policies that are out there right now, especially if you have a criminal record, you're going back to your country of origin," he said. "I think that sent a pretty strong signal up and down the food chain that you aren't going to get a welcome mat if you gain illegal entry into the United States."

The number of illegal immi-

grants, including Cubans, intercepted at sea had been steadily rising since 2011, according to Coast Guard statistics, with more than 5,200 Cuban migrants interdicted at sea in 2016. Those numbers dropped sharply since Mr. Trump took office in January.

With the wet-foot, dry-foot policy ended, Adm. Zukunft said, even if migrants land on a remote U.S. island, "you're going on a boat and you're going back to Cuba."

Meanwhile, the Department of Homeland Security recently reported a sharp drop in the number of people trying to enter the U.S. from Mexico illegally. In April, the number of arrests by Border Patrol dropped 71% from the same time last year.

U.S. NEWS

WASHINGTON WIRE

HOMELAND PROTECTION

President Signs Order On Cybersecurity

President Donald Trump signed a wide-ranging executive order aimed at bolstering U.S. cybersecurity, setting the stage for modernization of the government's aging information-technology infrastructure, in part by moving toward cloud computing.

The order marks an important step in the government's shift toward more sharing of IT services among agencies. The new approach is to "view the federal government as an enterprise, as opposed to just viewing each department and agency as its own enterprise," White House Homeland Security Adviser Tom Bossert said Thursday.

Critics have said the U.S. government is vulnerable to cyber threats in part because individual agencies' control over their IT budgets leads to overreliance on customized systems that are expensive to run and difficult to replace. One result: They tend to become vulnerable to hacking.

—John D. McKinnon

TWITTER THOUGHT

GOP Senator Floats Garland as FBI Chief

Sen. Mike Lee wants to bring federal Judge Merrick Garland back to the Capitol, but this time for hearings as director of the Federal Bureau of Investigation.

On Thursday, the Utah Republican tweeted: "Instead of a special prosecutor, @realDonaldTrump should nominate Merrick Garland to replace James Comey."

A spokesman for Mr. Lee said the GOP senator was at the White House on Wednesday for a meeting about tax reform, and brought up the Garland idea with senior administration officials while he was there.

Former President Barack Obama nominated Judge Garland to the Supreme Court last year, but Republicans declined to consider his nomination.

—Natalie Andrews

Senate Confirms Trade Nominee

BY JACOB M. SCHLESINGER
AND NATALIE ANDREWS

WASHINGTON—The Senate confirmed Robert Lighthizer as U.S. trade representative, paving the way for the Trump administration to launch a renegotiation of the North American Free Trade Agreement and accelerate plans to reorient trade policy.

While most of President Donald Trump's nominees have cleared a divided Congress by narrow margins with mainly Republican support, Mr. Lighthizer on Thursday won significant backing from Democrats, as well. That is a sign that, even as the opposition party battles the White House on much of its agenda, Democrats are eager to work with Mr. Trump to beef up trade enforcement to curb imports and pry open foreign markets—and to craft policies aimed at curbing the trade deficit.

The vote was 82-14. Three Republicans joined 10 Democrats and Independent Sen. Bernie Sanders of Vermont in voting no. Oregon Sen. Ron Wyden, the top Democrat on the committee overseeing trade policy, took to the floor before the vote to express his support, saying, "It is clear that Mr. Lighthizer not only understands how the global trading



at curbing Japanese imports.

"I would slash the 'free' out of free trade and say trade is an expedient," he told The Wall Street Journal in a 1996 interview when he was serving as a campaign strategist for Republican presidential nominee Bob Dole.

Mr. Lighthizer was most recently a Washington partner at law firm Skadden, Arps, Slate, Meagher & Flom LLP, where he represented steelmakers and other manufacturers seeking government protection from cheaper imports.

One of his first acts will likely be to begin negotiations with Mexico and Canada to rewrite the 23-year-old Nafta, which Mr. Trump has branded "a disaster."

Trade law has blocked the administration from launching those talks without a confirmed trade representative, so Mr. Lighthizer's confirmation will allow the process to move forward. Even so, the administration must submit a 90-day notice to Congress before negotiations can formally begin, so talks won't start until late summer at the earliest.

Beyond Nafta, Mr. Lighthizer is expected to help Mr. Trump flesh out the "America First" trade policy that was a main plank of his nationalist presidential campaign.

One of U.S. Trade Representative Robert Lighthizer's first duties likely will be to renegotiate Nafta.

system works, but also how it sometimes breaks down...He understands the challenges that trade cheats pose for American workers and businesses."

Republicans, in contrast, were more wary of the nominee and the policy shift his confirmation heralds. Utah Republican Orrin Hatch, the chairman of the Senate Finance Committee, also backed Mr. Lighthizer

but voiced concerns about the changes the new administration may try to make to Nafta, which has wide support from the American business community and states near the Mexican border. "I told Mr. Lighthizer there are definitely opportunities to update and improve Nafta, but it is important that the administration follow the spirit of the Hippocratic

oath: First do no harm," Mr. Hatch said on the Senate floor.

Mr. Lighthizer, 69 years old, is a Washington trade-policy veteran, having worked as a staffer for the Senate trade committee and as a deputy U.S. trade representative under President Ronald Reagan in the 1980s. In those roles he was a free-trade skeptic and helped to negotiate agreements aimed

Trump Orders Review of Election Procedures

BY LOUISE RADNOFSKY
AND MICHAEL C. BENDER

House principal deputy press secretary Sarah Huckabee Sanders said Thursday.

The commission will be headed by Vice President Mike Pence, with Kansas Secretary of State Kris Kobach serving as vice chairman, Ms. Sanders said.

Mr. Kobach, a Republican, is a longtime advocate of voter-identification requirements and an opponent of illegal immigration. He was passed over for a top job at the Department of Homeland Security despite calls from conservative

Mr. Trump has claimed that voter fraud tainted the November election.

allies of the president.

Mr. Trump won the White House in November with a majority in the Electoral College—which counts state-by-state results—but he lost the popular vote by 2.9 million

votes. He has maintained that large-scale voter fraud distorted that nationwide tally.

Independent experts say there is no evidence to back up Mr. Trump's assertions about voter fraud, and the president's fellow Republicans in charge of Congress also have said there is nothing to support the claims.

Voter registration and voting systems are run and maintained by the states.

"The experts and officials on this commission will follow the facts where they lead,"

with a report expected by 2018, Ms. Sanders said.

The panel will have a dozen more members, only five of whom were named Thursday:

Indiana Republican Secretary of State Connie Lawson; New Hampshire Secretary of State Bill Gardner, a Democrat; Maine Democratic Secretary of State Matthew Dunlap; former Ohio Secretary of State and Trump transition adviser Ken Blackwell, a Republican; and Christy McCormick, a commissioner on the U.S. Election Assistance Commission.

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U.S. NEWS

Census Faces Transition as Count Nears

Director to retire next month as bureau sees cost overruns and technology changes

BY JOSH ZUMBRUN
AND PAUL OVERBERG

The Census Bureau is undergoing a major leadership change as it gears up for 2020 population counts that could be plagued by cost overruns and technological challenges.

Census Director John Thompson, whose term expired last year and was serving on an extension, announced he will retire next month, throwing the Com-

merce Department into an urgent search for a successor to lead the bureau's once-a-decade attempt to count every American.

An acting director will be appointed from existing staff by the end of next month, Commerce Secretary Wilbur Ross said Thursday. A search for a permanent successor, which will include both internal and external candidates, is under way.

The Census Bureau, which is overseen by the Commerce Department, is also without a deputy. The agency has clashed with Congress over its budget requests, and may receive far less of a ramp up in funding this year than is typi-

cal leading into the decennial census.

A key initiative to modernize the bureau's data systems has already run far over budget and helped land the 2020 Census on the Government Accountability Office's "High Risk" list that tracks government initiatives that are most vulnerable "to fraud, waste, abuse, and mismanagement, or are most in need of transformation."

The main data system being developed for this Census is now estimated to cost \$965 million, a \$309 million increase from an earlier forecast.

The GAO said that the original estimate "does not fully

reflect characteristics of a high-quality estimate and cannot be considered reliable."

Mr. Ross said the department has created a task force on the Census, in light of the cost overruns.

President Donald Trump's 2018 budget proposal gives the Census Bureau about \$1.5 billion, an increase from the previous year, but less than what some critics say is needed. By contrast, from 2007 to 2008, Census Bureau's budget authority grew 61%, from \$913 million to \$1.47 billion.

A massive test run of Census systems beginning this summer will include 700,000 households around Beckley,

Bluefield and Oak Hill, W.Va.; Providence, R.I., and surrounding towns; and Pierce County, Wash. These areas were chosen to test systems in cities, rural areas, military bases, American Indian reservations and in a variety of languages from Arabic to Vietnamese.

The test will show if years of re-engineering will produce a less-costly census without sacrificing accuracy.

The Census Bureau has pledged to spend no more on the 2020 Census over its 10-year life cycle than the \$12.5 billion, adjusted for inflation, spent on the 2010 Census. This time, the Census Bureau plans to count 335 million Americans, about 20 million more

people and 9 million more housing units than last time, in a nation growing in diversity and in reluctance to respond to surveys.

The Census Bureau is planning to collect many of its records digitally for the first time. An effort to have the Census enumerators use handheld computers for follow-up visits failed in 2010. When tests of the system didn't go well, they were forced to revert to collecting follow-ups by paper.

The failure was a reminder of key challenge of the Census—when something goes wrong you don't get another crack at the problem for 10 years.

Amid Comey Uproar, Spicer Fulfills Pentagon Duties

BY DION NISSENBAUM

Wall Street Journal reporter he was doing "awesome."

And what about doing reserve duty while his colleagues were embroiled in the Comey controversy? "That's why we have a team," he replied.

Mr. Spicer's reserve duty is much-discussed at the Pentagon, where his temporary colleagues covertly snapped cellphone photos of the White House press secretary.

Military officers groused that their time is being eaten up by questions about their celebrity reservist. "I am answering more questions about him than I am about Syria or North Korea," one military official said.

Mr. Spicer's reserve duties are far from glamorous. He has helped lead media training and handled whatever projects are tossed his way by Navy Capt. Greg Hicks, spokesman for Gen. Joe Dunford, chairman of the Joint Chiefs of Staff. Capt. Hicks declined to discuss Mr. Spicer's responsibilities.

"We don't treat Cmdr. Spicer any different than we treat any other reservist," another military official said. "He's doing office stuff."



White House press secretary Sean Spicer at the White House on Tuesday, the day James Comey was fired as FBI director.

CAROLYN KASTER/ASSOCIATED PRESS

TRUMP

Continued from Page One

Thursday added to the evolving story line about how and why he decided to oust Mr. Comey, who was overseeing an investigation into Russia's alleged interference with the 2016 election and its possible ties to Trump campaign associates. Russia and Mr. Trump have denied any wrongdoing.

In the past three days, the administration's shifting explanations have led the new deputy attorney general to insist that the White House correct the record on his role in the firing; Mr. Comey's acting successor to defend the integrity of the agency; and Democrats to renew demands that an independent prosecutor take over the Russia probe.

In his interview, Mr. Trump said he decided to fire Mr. Comey well before receiving on Tuesday critical performance reviews from top Justice Department officials, including Deputy Attorney General Rod Rosenstein.

Mr. Rosenstein had been summoned Monday to the White House, where he discussed Mr. Comey's performance with the president. Mr. Trump asked Mr. Rosenstein to write a memo detailing his concerns about the director's conduct.

In that letter, Mr. Rosenstein never expressly recommended that Mr. Comey be fired. Instead, the 12-paragraph letter is deeply critical of Mr. Comey's handling of the investigation into Mrs. Clinton's use of a private email server to conduct public business. Mr. Rosenstein concluded that the FBI had lost the public's trust and that "the director cannot be expected to implement corrective action."

After White House officials cited that report as the reason for sacking Mr. Comey, Mr. Rosenstein pressed White House counsel Don McGahn to correct what he felt was an inaccurate White House depiction of events, according to a person familiar with the con-

versation.

In his talk with Mr. McGahn, Mr. Rosenstein left the impression that he couldn't work in an environment where facts weren't accurately reported, the person said.

Justice Department spokesman Ian Prior on Thursday denied reports that Mr. Rosenstein had threatened to outright quit over the White House depiction of the events leading up to Mr. Comey's dismissal. He declined to comment further.

In a Wednesday afternoon news briefing, spokeswoman Sarah Huckabee Sanders started to shift the White House narrative. Asked about the tipping point in Mr. Trump's decision to dismiss Mr. Comey, she responded: "He'd lost confi-

dence in Director Comey, and, frankly, he'd been considering letting Director Comey go since the day he was elected."

Asked if Mr. Trump had directed Mr. Rosenstein to write a recommendation that Mr. Comey be fired, she said, "No."

In a brief appearance before reporters, Mr. Trump said he fired Mr. Comey because "he wasn't doing a good job," and Ms. Sanders asserted that she had heard from scores of FBI employees relieved that the director had been fired.

But during a Capitol Hill hearing on Thursday, acting FBI Director Andrew McCabe disputed that assessment.

"The vast majority of FBI staff enjoyed a deep, positive connection to Director Comey,"

Mr. McCabe said.

Sen. Chuck Grassley (R, Iowa) pressed Mr. McCabe to confirm Mr. Trump's assertion that he wasn't the subject of the Russia probe.

The agency "should confirm to the public whether it is or is not investigating the president," he said. "Because it has failed to make this clear, speculation has run rampant."

One of Russia's goals, Mr. Grassley said, is to undermine Americans' faith in U.S. institutions, and the FBI's silence plays into that objective.

Mr. McCabe said the FBI has given no indication it would be willing to make such a statement.

Also on Thursday, Senate Minority Leader Chuck

Schumer (D, N.Y.) demanded further explanation for the firing of Mr. Comey. He said on the Senate floor that he would soon be sending Mr. Rosenstein a letter with a list of questions the lawmaker said he wanted to be answered publicly.

Mr. Rosenstein won the backing of most Senate Democrats when he was confirmed to his position late last month in a 94-6 vote.

Mr. Rosenstein on Thursday was invited by Mr. Schumer and Senate Majority Leader Mitch McConnell (R, Ky.) to do a full briefing with the Senate next week.

—Aruna Viswanatha,
Eli Stokols
and Kristina Peterson
contributed to this article.



President Donald Trump said he asked the former FBI chief directly about a probe of his campaign's possible ties to Russian hackers.

time buyers is allaying fears that millennials might eschew homeownership permanently. But it also provides an infusion of new demand while housing supply is tight and home price growth is significantly outstripping wage gains.

The return of first-time buyers is accelerating. In all they have accounted for 42% of buyers this year, up from 38% in 2015 and 31% at the lowest point during the recent housing cycle in 2011, according to Fannie Mae, which defines first-time buyers as anyone who hasn't owned a home in the past three years.

While economists and builders said lending standards have started to ease, getting a mortgage remains challenging for young buyers with shorter credit histories and, in many cases, student debt. Mortgage rates are also

expected to rise further this year, posing an added challenge. Rates for a 30-year fixed-rate mortgage have risen to 4.05%, up from about 3.5% in November, according to Freddie Mac.

In Orange County, Calif., Trumark's Mr. Nelson said he has been selling entry-level homes at nearly double the rate of his higher-end ones.

He is even gaining confidence to build homes in more far-flung locations. The company is about to begin construction on a 114-home project in the Inland Empire east of Los Angeles and another development in Manteca, Calif., about 80 miles east of San Francisco. Both areas were hard-hit during the housing crash and were among the slowest to recover.

Builders largely avoided the exurbs after the bubble burst in 2006. But because land

there is cheaper, they can build lower-end homes more profitably.

"Most builders really preferred to stick straight down the fairway, right at the corner of Main and Main. They were afraid to go back into the rough where they built a lot of

New households are overwhelmingly choosing to buy rather than rent.

homes in the prior cycle," said Alan Ratner, senior home-building analyst at Zelman.

Outside Las Vegas, Tri Pointe has introduced a new-home design that is specifically targeted to millennial buyers, featuring indoor-out-

door patios and deck spaces, as well as a separate downstairs bedroom-and-bathroom suite that could be rented out to a housemate. Mr. Bauer said the homes, geared toward first-time buyers, have been selling more rapidly than pricier homes.

Joey Liu, a 28-year-old technology worker, purchased his first home in San Jose, Calif., earlier this year. He said it is more expensive than renting but that he is getting to the stage in life where it was time to buy.

"A lot of friends of mine bought a home so I started thinking maybe it was time to buy a home and stop paying rent," said Mr. Liu, who settled on a three-bedroom townhouse for \$690,000. He plans to rent out a room to help with the expenses.

Builders say their return to the starter-home market

shouldn't invite comparisons to the fevered construction of the mid-2000s.

"One of the misconceptions is that, here we go again, this is another 2005, 2006 where all these builders are going to build hundreds of thousands of homes. We're not going crazy," said Brent Anderson, vice president of investor relations at Scottsdale, Ariz.-based Meritage Homes Corp. Mr. Anderson said that last year the company was building four to five speculative homes per community and is now up to 6.4 on average.

Building executives said one challenge is that many people are buying first homes later in life, meaning they have higher incomes and greater expectations molded by years of living in luxury downtown rentals. Such buyers also appear wary of driving farther out to get more space.

HOME

Continued from Page One

"There's an increasing confidence level in that part of the market," said Gregg Nelson, co-founder of California home builder Trumark Cos. "The recovery is finally starting to take hold in a broader way."

The shift reflects a reversal of a pattern that has driven the five-year housing-market expansion.

Up until now the luxury market has soared, while the more affordable end of the market has struggled. Tough lending standards, slow wage growth, growing student-debt obligations and a newfound fear of home ownership have combined to crimp demand among millennials in particular. Now, the return of first-

WORLD NEWS

Kurd-Led Force Cleared to Move on Raqqa

U.S.-backed troops, approved by Syria, close in on Islamic State stronghold

By MARIA ABI-HABIB
AND RAJA ABDULRAHIM

BEIRUT—A Kurdish-led military force backed by Washington and now approved by Damascus is closing in on Islamic State's stronghold of Raqqa after taking the strategic Tabqa Dam nearby.

The Kurd-dominated Syrian Democratic Forces captured Tabqa on Wednesday, a day after the U.S. pledged to arm the fighters. On Monday, the Damascus government for the first time endorsed the group's battle against Islamic State, with Syrian Foreign Minister Walid al-Moallem complimenting the SDF's fight against Islamic State at a press conference in Damascus, describing the force as legitimate.

The SDF is now the only ground force with both U.S. and Syrian government approval in the fight against Islamic State as the offensive on Raqqa draws near. The group has long coexisted with the Syrian government, unlike U.S.-backed factions that Damascus deems terrorists in light of their goal to oust President Bashar al-Assad's regime.

Islamic State's loss of the dam on the Euphrates River about 30 miles southwest of its Syrian seat of power is a major blow to the terror group, which



A fighter, left, from the U.S.-backed Syrian Democratic Forces patrols at the Tabqa dam, near Raqqa, while other SDF forces move through a street in Tabqa.

held the structure for more than three years. The U.S. long worried the militants would rig the dam with explosives, allowing it to unleash floods on the surrounding population and American-backed forces.

The SDF launched its attack in March from numerous fronts on the town of Tabqa and its nearby dam, which provides water and electricity for hundreds of thousands of people. After weeks of battle and nearly surrounding the town, the SDF negotiated the withdrawal of dozens of Islamic State militants from the area to protect the dam infrastructure, according to the U.S. Cen-

tral Command.

In March, Islamic State accused the U.S. of launching airstrikes on the dam, saying it caused potentially devastating damage.

As the Kurdish-led fighters supported by U.S. Special Operations Forces on the ground inch closer to Raqqa, the question of who will hold the city the day after it falls is becoming more urgent. Turkey, a member of the North Atlantic Treaty Organization, and its Syrian Arab rebel allies oppose the rival Kurds leading the battle and fear they will try to hold on to the majority-Arab city after it is captured.



A fighter, left, from the U.S.-backed Syrian Democratic Forces patrols at the Tabqa dam, near Raqqa, while other SDF forces move through a street in Tabqa.

Arab rebels particularly distrust the YPG, the Syrian Kurdish militia that dominates the SDF, because it has used the U.S.-backed fight against Islamic State to take over a large swath of territory across northern Syria—including predominantly Arab cities and towns—with the expressed goal of carving out a semi-autonomous Kurdish region. The rebels and opposition activists have long accused the YPG of colluding with the Syrian regime for its own benefit.

U.S. President Donald Trump has made clear he opposes the expensive nation-building missions that have historically accompanied U.S. counterterrorism operations.

For these reasons, Western diplomats say the postcapture plan is for the SDF to hand over the administration of Raqqa to a local civilian council friendly to the Syrian regime. That council could eventually transfer control of the city back to the regime, these diplomats said.

The formation of the local civilian council for Raqqa, composed of both Kurds and Arabs, was announced last month. On Thursday, Russia's Deputy Foreign Minister Mikhail Bogdanov said Moscow supports the formation of local councils to administer territory taken from Islamic State but said they must not circumvent the Syrian government's authority, in comments carried by Interfax news agency.

"The U.S. military will be going in [to Raqqa] and trying to figure out who the tribal leaders are," said an American official involved in the anti-Islamic State campaign. "The regime knows these details. They have a natural home-field advantage and have a way of slowly getting back in. We won't be in Raqqa in 2020, but the regime will be there."

—Nour Alakraa and Noam Rayan contributed to this article.

Austerity Reversal Marks a Power Play in Saudi Arabia

MIDDLE EAST CROSSROADS
By Yaroslav Trofimov

RIYADH—The future course of Saudi Arabia hinges on whether last month's sudden decision to reverse unpopular austerity measures will come to be seen by its people as a sign of weakness or a sign of wisdom.

Deputy Crown Prince Mohammed bin Salman rolled out the deep pay cuts for government employees in September as part of his ambitious plan to overhaul the kingdom's economy and wean it off dependence on oil.

These changes came in parallel with his drive to liberalize Saudi society, one of the world's most conservative, by curtailing religious police and by introducing concerts and other entertainment previously considered un-Islamic.

With most working Saudis employed by the government

that's when the Saudi government abruptly reversed course. The monarchy didn't just restore everyone's pay. It also reimbursed the cuts of previous months.

King Salman's decree announcing the restoration was made on the same day he shuffled the government. The move was widely seen as strengthening his 31-year-old son Mohammed bin Salman at the expense of the official successor to the throne, the king's nephew, Crown Prince Mohammed bin Nayef, who is 57.

"In Saudi Arabia, loyalty to the regime is tied to the wealth-distribution economy that was put in place since the discovery of oil," said Madawi al-Rasheed, a Saudi scholar at the London School of Economics. Mohammed bin Salman, she added, "was jeopardizing his chances of becoming future king because his name was being associated not with prosperity but with austerity so far."



A banner in Riyadh of King Salman, center, son Mohammed bin Salman, left, and Mohammed bin Nayef.

At stake is the succession in the House of Saud—and the extent to which the kingdom will be able to push through with overdue economic and social changes.

Prince Mohammed bin Nayef, an interior minister credited with ending a wave of al Qaeda terrorist attacks, controls Saudi Arabia's security apparatus and has long kept close links with Washington.

Last month's shuffle included appointing Mohammed

bin Salman's younger brother, fighter pilot Khaled bin Salman, as ambassador to Washington, and naming a confidant of the deputy crown prince, Maj. Gen. Ahmed Asiri, as deputy head of intelligence.

"It was a soft coup that is laying the ground for Mohammed bin Salman to take over," a Western diplomat said.

While the reversal of austerity measures may shore up Mohammed bin Salman's popularity in the immediate fu-

ture, the diplomat cautioned, it also means urgent economic reforms will take more time to bear fruit. That, in turn, postpones the moment the young prince could claim concrete achievements—which would be necessary to consolidate support within the royal family and leapfrog Mohammed bin Nayef in the succession line.

Saudi officials insist that popular discontent had nothing to do with the reversal of pay cuts. Mohammed bin Sal-

man himself addressed this sensitive point last week, saying in a rare TV interview on Saudi-owned al-Arabiya channel that the rebound of oil prices rather than public pressure spurred the decision.

Critics of Mohammed bin Salman inside the kingdom dismiss such an explanation, considering that oil prices remain relatively low. They complain that suddenly imposing the pay cuts and reversing them just as suddenly were recklessly executed. The reversal, in particular, may imperil the government's future ability to govern, they warn.

"Mohammed bin Salman has now shown that they will capitulate when there is pressure," said a prominent Saudi who, like many in the older generation, favors Mohammed bin Nayef, and who wouldn't speak openly to avoid reprisals for criticizing the prince.

Supporters of the young prince counter by saying he should be applauded for recognizing a mistake and for moving quickly to rectify it.

"Mohammed bin Salman is trying to change a flat tire when the car is going at full speed," said Saudi businessman and political analyst Ahmad al-Ibrahim. "If he takes a wrong decision, he will come back and change things again. The world is not used to a Saudi Arabia like this."

Trump Urges Moscow, Kiev to Make Peace

President Donald Trump called on Russia and Ukraine to make peace Thursday, presenting himself as something of a neutral peacemaker between the two former Soviet

By Nathan Hodge in Moscow
And Paul Sonne in Washington

states a day after meeting foreign ministers from both countries in Washington.

Mr. Trump tweeted two side-by-side photos of himself—one with Russian Foreign Minister Sergei Lavrov and another with Ukrainian Foreign Minister Pavlo Klimkin—and said he met with the two top diplomats in the same day at the White House.

"Let's make peace!" a headline beneath the photographs reads, above an image of Mr. Trump's signature and an American flag.

The message marked a shift in tone from Washington on Ukraine. The Obama administration rarely called on the



Secretary of State Rex Tillerson, center right, and Foreign Minister Sergei Lavrov at an Arctic Council meeting in Fairbanks, Alaska.

Trump administration.

In the U.S., the Russian foreign ministry's publication of images of a grinning Mr. Lavrov in the Oval Office on Wednesday contributed to the political storm over allegations of Russian meddling in U.S. affairs. Moscow's portrayal of a friendly relationship with Washington was particularly volatile coming after Mr. Trump fired FBI chief James Comey on Tuesday

amid an FBI probe into possible collusion between Russia and the Trump campaign.

Mr. Lavrov was accompanied by Sergey Kislyak, Russia's ambassador to the U.S., a diplomat who could be vital to improving relations but was at the center of a scandal that has troubled the Trump administration since its early days, after former national security adviser Mike Flynn was forced to resign for misleading Vice President Mike Pence about his contacts with the Russian diplomat.

Russian hopes of a rapid thaw in relations with Washington haven't materialized. Russian officials expressed cautious optimism after the Trump-Lavrov meeting.

"It's too early to draw any conclusions," said Kremlin spokesman Dmitry Peskov, according to the Russian news agency Interfax. "But the very fact that the conversation is being conducted is certainly very positive."

—Carol E. Lee in Washington contributed to this article.

Lithuania Leader Seeks U.S. Troop Presence

BY JULIAN E. BARNES

VILNIUS, Lithuania—Lithuanian President Dalia Grybauskaitė said she wants a continued presence of U.S. troops in her country as Russia builds up its forces in the region and prepares for military exercises in September.

In an interview Thursday, a day after meeting U.S. Defense Secretary Jim Mattis, Ms. Grybauskaitė said she was in talks with the U.S. and other countries on securing Lithuania's airspace. "We need the serious involvement of the U.S. to not only deter but to defend," she said. "It is important to have adequate response capabilities against possible threats."

Tensions are high in the region months before Russia stages military exercises in Belarus, which borders Lithuania. U.S. officials say the drills could be used by Russia to move upgraded weaponry into the region, as well as demonstrating new military capabilities.

The U.S. is considering moving a Patriot missile-defense system to Lithuania as part of air-defense exercises of its own this summer, and officials have said the system could remain there longer—through the duration of the Russian exercises.

The North Atlantic Treaty Organization has been building its troop presence in Lithuania, a former Soviet state, with more than 1,000 troops from Germany, Belgium, Luxembourg, the Netherlands and Norway stationed there.

Since 2014, the U.S. had kept a constant presence of 150 soldiers in Lithuania. But now it intends to rotate soldiers from its heavy tank brigade in and out of the country.

Ms. Grybauskaitė said her country needs U.S. troops to maintain a constant presence. "Our goal is that not only NATO troops need to be involved in deterrence in the Baltic region, but also, bilaterally, U.S. troops," she said.

PAID ADVERTISEMENT

May 12, 2017

Mr. President:

We are writing to express our strong support for the United States remaining in the Paris Climate Agreement.

As CEOs of large American companies, or with significant operations in the United States, we are concerned about keeping the doors open for the global flow of American manufactured goods and products at this critical time when our Manufacturing sector is starting to grow from our competitive energy advantage.

Based on our experience doing business all over the world, we believe there is strong potential for negative trade implications if the United States exits from the Paris Agreement.

Our business interests are best served by a stable and practical framework facilitating an effective and balanced response to reducing global GHG emissions. The Paris Agreement gives us that flexible framework to manage climate change while providing a smooth transition for business. We believe that American companies ... and our suppliers, customers, and communities ... will benefit from U.S. participation in the Paris Agreement in several ways:

- It strengthens our competitiveness in global markets.
- It benefits American manufacturing as we modernize to new, more efficient technologies.
- It supports investment by setting clear goals which enable long-term planning.
- It expands global and domestic markets for clean, energy-efficient technologies which will generate jobs and economic growth.
- It encourages market-based solutions and innovation to achieve emissions reductions at low cost.

We are committed to working with you to create jobs and boost U.S. competitiveness, and we believe this can be best achieved by remaining in the Paris Agreement. Let's work together to maintain the United States' status as the world's biggest champion of economic growth and innovation.

We appreciate the opportunity to share our views and would welcome the opportunity to provide further input as the Administration continues to shape its policies.

Sincerely,

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ANDREW LIVERIS
The Dow Chemical Company

GEISHA WILLIAMS
Pacific Gas & Electric

OLIVER BATE
Allianz SE

EDWARD BREEN
E.I. DuPont de Nemours & Company

DAVID TAYLOR
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BRIAN MOYNIHAN
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General Electric

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Royal DSM

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BROAD Group

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MARC BENIOFF
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JP Morgan Chase

RICHARD BRANSON
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The Walt Disney Company

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Dana Incorporated

MICHAEL B. POLK
Newell Brands, Inc.

WORLD NEWS

'Comfort Women' Deal Criticized

New South Korean president tells Japan's leader the 2015 accord is 'unacceptable'

BY JONATHAN CHENG

SEOUL—South Korea's new president, Moon Jae-in, told Japanese Prime Minister Shinzo Abe that a 2015 deal to resolve a dispute over Korean women forced into sexual service for Japanese soldiers during World War II was "unacceptable" to most South Koreans.

Mr. Moon's remarks Thursday are likely to rekindle a charged issue between the two U.S. allies, as Washington seeks to coordinate global action against the nuclear threat from North Korea.

Separately Thursday, Mr. Moon said in a telephone call with Chinese President Xi Jinping that a standoff over South Korea's deployment of a U.S. missile-defense system that Beijing opposes would be more easily resolved if North Korea were to make no further provocations.

That remark hews more closely to Washington's position on the issue than Mr. Moon's position during the campaign that he would seek to review the decision process behind the installation of the



Japan has protested statues commemorating comfort women, such as the one above in Seoul.

missile-defense system, suggesting the possibility of more alignment with the U.S.

Mr. Moon's calls with the leaders of South Korea's two biggest neighbors hinted at the potential both for dramatic shifts and for continuity

in Seoul's foreign policy, a day after the swearing-in of office of the country's first left-leaning president in nearly a decade.

On the campaign trail, Mr. Moon had said that South Korea should scrap its deal on the

so-called comfort women, forged by Mr. Abe and then-South Korean President Park Geun-hye.

Under the accord, which the U.S. encouraged, Mr. Abe apologized and Japan supplied ¥1 billion (\$8.8 million) in govern-

ment funds to support the surviving comfort women. However, some South Koreans, including some of the surviving comfort women, fiercely opposed the deal. Civic groups set up a statue commemorating the women outside the Japanese consulate in the South Korean city of Busan.

A Japanese government spokesman said Mr. Abe told Mr. Moon that both sides should seek to properly manage their bilateral relationship, including the comfort women agreement, but he said they didn't go into details on that specific issue.

Both sides agreed to be in close contact over North Korea, the spokesman said.

In his phone call with Mr. Xi, Mr. Moon said that he hoped to maintain dialogue with Beijing to better understand its concerns about the missile system, known as Thaad, a Moon spokesman said. China opposes Thaad and has retaliated against South Korea with cyberattacks, according to U.S. cybersecurity experts.

The spokesman said Mr. Moon also expressed his hopes that restrictions and sanctions aimed at South Korean entities in China could be "peacefully resolved."

—Alastair Gale in Tokyo and Min Sun Lee in Seoul contributed to this article.

Da Silva's Testimony Polarizes Brazil

BY LUCIANA MAGALHAES AND SAMANTHA PEARSON

CURITIBA, Brazil—The questioning of Brazil's former President Luiz Inácio Lula da Silva by an investigative judge over allegations of corruption has polarized this country between those who want to see him jailed and those who want him back in the presidency.

Brazilians on Thursday viewed hours of testimony recorded the day before. Much of it was broadcast nationally, inflaming political tensions and opening a pitched battle for the country's presidency.

The message the former president delivered the day before to his interrogators in the courthouse in this southern city was one of defiance—and of his intention to emerge, once more, as Brazil's leader.

Brazil's former president, accused of graft, says he will run for office again.

It was enthralling to his followers, who on Thursday celebrated his performance and heaped scorn on prosecutors.

"The defendant isn't Lula, it is his legacy," said Vicente Paulo da Silva, a congressman for the Workers' Party or PT, which hopes to take back the presidency by highlighting the economic boom under Mr. da Silva's tenure that catapulted millions of Brazilians into the middle class.

Mr. da Silva says the investigation is a tool of the elites designed to ensure that the political right, and not him, wins power in presidential elections in 2018. Should he be convicted, Mr. da Silva would be barred from running for political office.

Mr. da Silva faces a broad investigation into allegations that he was the ringmaster of a scheme to steal billions of dollars from state-controlled oil giant **Petróleo Brasileiro** SA, or Petrobras. The deposition on Wednesday largely focused on a more mundane aspect of the numerous allegations against him: that he and his now-deceased wife received \$1.2 million, mainly in the form of a luxury beachfront apartment, from a company that did business with Petrobras.

The prosecutors leading the investigation Thursday said Mr. da Silva contradicted himself in the testimony and failed to explain key documents.

Under Moon, Firms Expect to Feel Pressure

BY TIMOTHY W. MARTIN
AND EUN-YOUNG JEONG

SEOUL—South Korea's new president, like his predecessors, promised to loosen the hold that powerful, family-run business empires such as **Samsung** have over the economy, and he has a rare opening to accelerate change.

President Moon Jae-in has vowed to reform South Korea's *chaebols* "gradually, but fully." How extensive those changes are by the end of his five-year term will be determined in large part by his ability to overcome political challenges and the economic entrenchment of the conglomerates.

Mr. Moon, sworn in Wednesday as the country's first left-leaning president in nine years, rode a wave of populist frustration over a bribery scandal that rocked the country's business and political elite, from his predecessor to top Samsung officials.

Revamping these dynastic enterprises has been a popular campaign promise in the past. Though the chaebols once lifted the nation out of poverty, they are now seen by many South Koreans as hindering growth and competitiveness of smaller businesses.

Chaebol Control

South Korea's five largest conglomerates accounted for more than 10% of the country's economic output in 2015.

	CONGLOMERATE ADDED VALUE*, IN TRILLIONS OF WON	NUMBER OF COMPANIES	SHARE OF GDP
Samsung	59.8	52	4.09%
Hyundai Motor	34.7	43	2.37
SK	25.7	77	1.75
LG	23.8	49	1.62
Lotte	11.3	72	0.77

*Amount of value created = difference between the cost of production and cost to the consumer.
Note: Number of companies is based on those that submit regulatory filings.
10 trillion won=\$8.83 billion

Source: CEO Score

THE WALL STREET JOURNAL.



Samsung's Lee Jae-yong, at right, arrived at court in April.

Mr. Moon also is under pressure to respond to public discontent over the corruption scandal that resulted in the jailing of former president Park Geun-hye and Samsung's de facto leader, Lee Jae-yong. Both have denied wrongdoing and their trials are continuing.

"Even though at one point the chaebols were too important to touch, now the dynamic has changed," said Troy Stangarone, a senior director at the Korea Economic Institute in Washington.

The Federation of Korean

Industries, a lobbying firm representing some chaebols, said it looks forward to the new government's efforts "to pave a path for economic growth through integration and reform."

Some South Korean lawmakers and corporate-governance experts say shaking up chaebols would reduce their clout and help to diversify the economy by making it easier for new firms to compete—and potentially create more jobs and spur innovation.

In moving to diminish their

dominance, Mr. Moon will face resistance from pro-business conservative lawmakers. While several bills are circulating with lawmakers to further regulate the chaebols, legislating would require support from the pro-business conservative bloc.

Mr. Moon's party holds 120 out of 300 seats in the National Assembly.

The combined voting power of the three progressive parties falls short of the 60% needed to pass nonbudget bills in plenary session.

Authorities recently added routes including Xiamen to Moscow, Yiwu to Tehran, and Xi'an to Budapest. China Railway Corp. signed a deal in April to streamline service with rail operators in six European countries.

In recent years, China has sent about 3,700 trains to Europe, almost half in 2016, as the rate accelerates. It has set an annual target of 5,000 trains by 2020.

"There were doubts about the viability of doing this," said Michael White, international marketing manager at UPS. But now, he said, the momentum is undeniable.

There are still plenty of challenges, including whether the rail component of Mr. Xi's vision can thrive if Beijing curbs its subsidies. Another is persuading European companies; about three times as many goods-laden trains leave China as return to it.

"It's not easy to start a new service, even though it's all being supported by the [Chinese] government," said Oscar Lin of U.K.-based OneTwoThree Logistics. The company operated London-to-China train service in April in a publicity coup for Mr. Xi's globalization drive.

Rail freight will never supplant ocean transport: A container ship can handle 100 times the cargo of a train.

—Junya Qian contributed to this article.

China Revives a Classic Trading Route

BY TREFOR MOSS

ALASHANKOU, China—The trains chugging along the ancient Silk Road through this gateway city to the West are growing in numbers and freighted with geopolitical significance.

China's reboot of old trade routes—President Xi Jinping's signature foreign-policy initiative, known as One Belt, One Road—was designed to link Chinese companies with overseas markets. Four years on, it is emerging as the cornerstone of China's bid to be the guarantor of globalization at a time when protectionist winds are blowing abroad.

Mr. Xi is likely to tout that theme when he hosts leaders from about 30 countries at a belt-and-road summit in Beijing that starts on Sunday. Chinese state media have described the project as a "wide and open avenue for all."

"There aren't many ambitious international visions on the world stage right now," said Jonathan Hillman of the Center for Strategic and International Studies, a U.S. think tank. "One Belt, One Road is one of them."

For all the hype, a relatively modest share of the major infrastructure investments pledged by China have become reality. China's slowing economy and mounting debt load risk interfering with Beijing's ability to finance its sweeping effort to

Trade Tracks

China's railway commerce with Europe and the Middle East gained pace after Beijing launched its 'One Belt One Road' initiative in 2013.

Number of trains



*Through April

Source: People's Daily

Top destinations

Germany	28%
Russia	14
Poland	12
France	9
Iran	7
Spain	4
Belgium	4

THE WALL STREET JOURNAL.

the primary exit point for Europe-bound trains and the quintessential belt-and-road boomtown. Its population has tripled to 32,000 in five years and new public projects include a sports complex and an opera center, said Wang Yong, the local deputy Communist Party secretary.

After Mr. Xi launched his grand trade plan in 2013, China began consolidating a maze of railroads into three primary routes, coordinated regular service and simplified customs procedures. Beijing backed the project—the "belt" as opposed to the ocean-shipping "road" portion—with lavish cost-cutting subsidies.

Alashankou, a far-flung outpost in China's northwest, is

a cement trade route with two-thirds of the world's population—in Asia, the Middle East and Europe.

One solid example of Mr. Xi's globalist outreach, however, is China's use of existing Eurasian railways to transport high-value goods between China's remote northwest and Europe.

Trains carrying consumer electronics and auto parts toward European cities like Hamburg, Warsaw and Rotterdam return with sports cars, baby food and Scotch whisky.

Rail freight will never supplant ocean transport: A container ship can handle 100 times the cargo of a train.

—Junya Qian contributed to this article.

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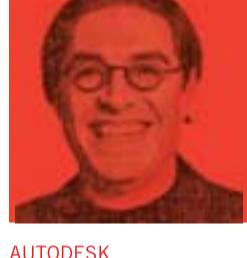
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WORLD NEWS

Spain Votes to Exhume Franco's Remains

By JEANNETTE NEUMANN

SAN LORENZO DE EL ESCORIAL, Spain—Spanish lawmakers voted to exhume the remains of dictator Francisco Franco, in a symbolic decision that is reigniting a divisive debate about whether digging up Spain's dead will open old wounds.

The parliamentary vote on Thursday, the first ever in support of disinterment, is underscoring the longstanding division among Spaniards about how to remember Franco, whose rule was marked by the imprisonment of opponents and summary executions.

Some Spaniards want to move his body from the basilica he commissioned in the mountains north of Madrid, saying it glorifies the victory by his nationalist forces in the 1936-39 civil war. The massive Valley of the Fallen site where it sits is an affront to families struggling to recover the remains of people, many from the losing republican side, left



JUAN MEDINA/REUTERS

René Pacheco exhumes the remains of a man shot by forces loyal to dictator Francisco Franco. Some want to move Franco's body, saying its resting place glorifies the nationalist victory in Spain's civil war.

in unmarked, mass graves, they say.

"You realize the injustice of it all, not just because the dic-

tator is actually in a mausoleum he built for himself," said 33-year-old forensic anthropologist René Pacheco with

Spain's Association to Recover Historical Memory, who is working to exhume a grave in the city of Guadalajara where

two dozen people killed by Franco's supporters are believed to lie.

"What's painful is that the family members of republicans, during 40 years of dictatorship and 40 years of democracy, haven't been able to recover their victims," he said.

But others argue against what they say is stirring up the past, saying Spain's social and economic successes stem in part from the decision by political leaders after Franco's 1975 death not to hold a truth commission and to allow some of his ministers to remain in government.

Prime Minister Mariano Rajoy's center-right government abstained from the vote, arguing that there was no good reason to revisit the past. The measure, which passed overwhelmingly, is meant to put Mr. Rajoy under pressure, the opposition said.

Socialist lawmaker Gregorio Cámara said his party is working on drafting binding legislation. The vote also demands

the removal of public symbols of Franco's regime, to establish a truth commission, and calls for greater funding for the groups exhuming the graves of some of the more than 100,000 unidentified victims buried throughout the country.

Mr. Rajoy's party railed against the vote. "What you all have accomplished today is to return to the past and to stay there, unfortunately," Popular Party lawmaker Alicia Sánchez-Camacho said in parliament on Tuesday.

At the Valley of the Fallen in San Lorenzo de El Escorial, which also contains the remains of about 33,000 people killed in the civil war, 63-year-old Juan Chamorro argued Franco should be moved into a normal tomb. His grandfather was shot by Franco's forces in 1939 and his grandmother spent nearly a decade in jail for supporting the republican government.

"It's a fascist monument" that should be destroyed, Mr. Chamorro said, while standing outside the basilica.

FROM PAGE ONE

PIMPLE

Continued from Page One

loading videos of her work to her Instagram account about 2½ years ago after noticing that some patients' relatives wanted to watch her do procedures such as the removal of an inflamed cyst.

As her online fan base grew, someone pointed her to the "Popping" area of the Reddit online community, where people share their own pimple-popping videos. "I could be their queen!" Dr. Lee recalls thinking.

Long before the internet era, comedian John Belushi grossed out audiences of the 1978 movie "Animal House" when he stuffed his mouth with food and punched his cheeks. It spurted at a rival

Omega Theta Pi fraternity member.

"I'm a zit. Get it?" said Mr. Belushi's character, John "Bluto" Blutarsky.

Amy Wechsler, a dermatologist and psychiatrist in New York, says the satisfaction that comes from watching a pimple pop is almost universal, especially if it's your own pimple.

"Pimples are ubiquitous. The majority of our population has or had pimples, so it is a shared desire to rid oneself of them," says Dr. Wechsler, who was invited on "The Tyra Banks Show" in 2006 to teach safe pimple-popping.

David Pizarro, a Cornell University psychology professor who studies disgust, likens the videos to squirm-inducing horror movies and roller coasters. "People seek out negative emotions if they can experience them in a safe

way," he says. For some people, the satisfaction of an exploding zit outweighs its gross factor.

Devin Kanzler, 21, a student at the University of California, Los Angeles, says she loves the instant gratification delivered by the videos. "You see a problem, and then the problem is addressed, and it is gone!" she says. "This has conflict, this has resolution, everything you want."

Stay-at-home mom Rachel Lewis, who lives near Boston, says she watched her first pimple-popping videos when she had a "little thing" on her back and wanted to find out what it might be. After it was gone, she kept returning to a variety of pimple-popping YouTube channels.

"I watch them incognito. When someone comes up behind me, I'll shut it real

quick," says Ms. Lewis, 47. "It is almost like watching porn."

Paisley Rae, who runs her own landscaping business in Cundy's Harbor, Maine, saves screenshots of her favorite videos to show her fiancé, even though he is disgusted by

Dr. Pimple Popper's most popular video has been watched 29 million times.

them.

"When I scroll through pictures, it's all Maine sunsets and landscapes—and then suddenly a photo of a cyst that looks like a hard-boiled egg," says Ms. Rae, 26. "I probably should delete it. People get

weirded out."

Zoe Talman, 22, began watching pimple videos in 2012, or the "pre-Dr. Sandra Lee days," as she puts it. Videos usually were low-quality and shot at home.

Dr. Lee's fans credit her with transforming the genre. Her videos look squeaky-clean, and she narrates each procedure from start to finish.

"She almost whispers to her patients. It is very relaxing, both her voice and the release of the pimples and cysts," says Ms. Talman, of Highland Park, Ill., who graduated from Lake Forest College in April. The "educational component" of the dermatologist's videos is a bonus.

Dr. Lee's online popularity has attracted patients to her Upland, Calif., clinic from as far away as Saudi Arabia and South Africa, she says. None-

mergency appointments are backlogged by three or four months.

She was recently nominated for the Shorty Awards, which honor the best content creators and producers on social media. In the science, technology, engineering and mathematics category, she beat Elon Musk, the billionaire entrepreneur and Tesla Inc. chief executive, but eventually lost to Bill Nye, the Science Guy.

YouTube stars with millions of subscribers often attract big-name advertisers and sponsorship deals, but that hasn't happened with Dr. Pimple Popper, perhaps because of the bloody cyst pops. That frustrates her.

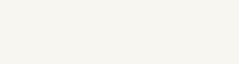
"Some people feel like this is a joke, which annoys me a little bit," says Dr. Lee, 46. "This is what I do. People are interested. This is real life."

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WORLD NEWS

Macron Seeks Full Roster of Candidates

French president-elect's party works to fill slots for June vote amid torrent of applications

BY WILLIAM HOROBIN
AND NOEMIE BISSEURBE

PARIS—French president-elect Emmanuel Macron fell short of naming all of his candidates for June's legislative elections on Thursday, as his fledgling En Marche movement tried to find a balance of veterans and fresh faces in an influx of applications.

En Marche had said Monday it would name all 577 candidates for the legislative elections on Thursday, a key step in Mr. Macron's attempt to strengthen political backing for his plans to overhaul the country.

It still has until May 19 to name its candidates, but with elections on June 11, that leaves parties with little time to organize their campaigns.

En Marche—founded barely a year ago—was submerged by a wave of over 19,000 applicants, including from political heavyweights Mr. Macron may have to rely on to build coalitions in parliament.

On Thursday, it was ready to name only 428. Beyond the difficulties of assessing so many applicants, En Marche also wants to leave the door open to figures from the center-right who have been reluc-



AGENCE FRANCE PRESSE/GETTY IMAGES

French President-elect Emmanuel Macron, seen in March, takes office on Sunday, when he will appoint his government.

tant to cross over to the party, secretary-general Richard Ferrand said. "We want to be able to welcome the broadest possible coming together," Mr. Ferrand said. The names of the remaining 149 candidates will be disclosed by May 17, after Mr. Macron takes office Sunday and appoints his government.

The process of naming candidates for the legislative elections has put the freshly elected Mr. Macron in a bind. The 39-year-old emerged

from behind the scenes to win the presidential election on a promise of transcending France's mainstream parties, whose bickering he says prevented the country from repairing its economy.

But the relative newcomer also needs the experience and networks of established politicians to ensure he can pass key economic measures, including labor-law overhauls, this summer.

In January, before becoming

the favorite to win the election, Mr. Macron set strict criteria for selecting En Marche candidates as part of his quest for a "democratic revolution."

He said half of the party's legislative candidates would come from outside the political establishment and have never held elected office.

Mr. Macron also ruled out making deals with political parties and said he would field candidates in every constituency.

But politics forced En Marche to compromise this week, after former Socialist Prime Minister Manuel Valls declared he would be a candidate for Mr. Macron's party. Mr. Valls, however, didn't qualify in the end as he has been a lawmaker too long to meet En Marche's criteria for political renewal.

To avoid a quarrel and humiliating Mr. Valls, Mr. Ferrand said En Marche wouldn't field a candidate in the former prime

minister's constituency, meaning the party will at most field 576 candidates instead of 577.

"We aren't slamming the door in the face of a former prime minister," Mr. Ferrand said.

The En Marche selection procedure was anathema to many political veterans who cut their teeth in the back-room politics of France's parties and were waiting for the presidential election result before making a move.

In a first step, all candidates had to fill out an online application and submit a résumé, cover letter and photocopy of their ID card.

Those who made the cut then faced interviews over the telephone or in person. Afterward, a 12-strong nomination commission assessed whether a short-list of candidates measured up to Mr. Macron's program and demands.

Out of the 428 candidates already selected, just over half have no political experience, the youngest is 24 and the oldest 72.

They include Fields medalist winner Cedric Villani and the former head of France's national SWAT team, Jean-Michel Fauvergue. Twenty-four socialist lawmakers and Gaspard Gantzer, the communication chief of President François Hollande, will also run for En Marche.

"The promise of renewal has been kept," Mr. Ferrand said.

WORLD WATCH

VENEZUELA

Maduro Appoints New Health Minister

Venezuela President Nicolás Maduro replaced his top health official just days after her ministry reported a severe worsening in public health in a rare release of government statistics.

After withholding data since 2015, the Health Ministry this week published an epidemiological bulletin showing a 30% spike in infant mortality and a 66% rise in maternal mortality last year, while malaria cases rose by 76%.

The report became the latest knock for Mr. Maduro, whose government has stopped publishing basic health and economic statistics during a troubled four-year tenure marked by food and medicine scarcity.

—Kejal Vyas

CHINA

CIA Chief Lauds Bid To Curb North Korea

China has begun making new efforts to restrain North Korea's nuclear-weapons ambitions, Central Intelligence Agency Director Mike Pompeo said while suggesting it could do more.

Mr. Pompeo, at a Senate hearing, suggested the Trump administration had won new cooperation from China in curbing North Korea's ambitions to field an intercontinental ballistic missile with a nuclear warhead that could reach the continental U.S.

But, he added, "The intelligence would suggest that we're going to need more to shake off this terribly challenging problem, and that they could do more."

Mr. Pompeo said significant restrictions have been placed on coal going into North Korea but declined to give additional details.

—Paul Sonne

Germany, Rich in Tax Revenue, Is Set to Spend

BY ANDREA THOMAS



Chancellor Angela Merkel has raised pensions for some Germans.

BERLIN—This year's election could herald a bonanza for German consumers.

With the country's coffers overflowing, the competing candidates are brimming with ideas about how to spend the money—or how much of it to give back.

Tax-revenue estimates released on Thursday showed the strong economy and labor market would deliver a €54.1 billion (\$58.7 billion) windfall through 2021, underlining the firepower at politicians' disposal. If they deliver on their pledges, this could be good news for the U.S., the EU and the international organizations that have been urging Germany to loosen its purse strings for years.

In a sharp departure from past elections, candidates in September's election have lined up spending proposals—free child care, higher unemployment benefits and infrastructure investment—and tax cuts that could bring German voters tens of billions of euros extra a year, some economists say.

For years, Germany ignored calls from the U.S., the International Monetary Fund and the European Commission to spend more as a way to reduce its large current-account and trade surpluses and help the embattled economies of its neighbors.

While Germany's change of mind comes late, economists say it could give a welcome fillip to the budding recovery in the euro area. More domestic spending would mean more internal demand, with positive spillover effects for neighboring economies, they have argued.

It could also go some way to defusing criticism of Germany in France, where many politicians, including President-elect

Emmanuel Macron, have called for more expansionary economic policies in Berlin.

The European Commission predicted in its spring forecasts on Thursday that Germany's current-account surplus would ease to 7.6% of gross domestic product in 2018 from 8.5% in 2016, helped by a rebound in investment and rising imports.

Extravagant campaign pledges are the stuff of democ-

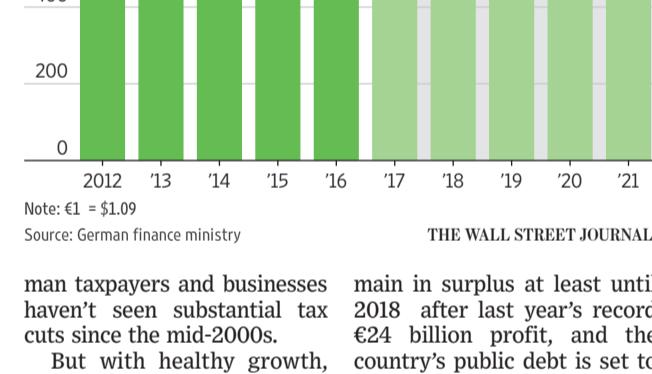
racy, but they haven't been a dominant feature of German elections for almost two decades, as politicians stressed the need to save money and repay ballooning public debts.

In the first decade of the century, the government took an ax to the welfare state, slashing benefits and entitlements. Since then, Chancellor Angela Merkel has raised pensions for some people but otherwise maintained the status quo. Ger-

Rolling in Money

Germany's public coffers are overflowing with money.

German tax revenues



man taxpayers and businesses haven't seen substantial tax cuts since the mid-2000s.

But with healthy growth, near-full employment and now three years of budget surpluses, priorities are shifting.

Finance Minister Wolfgang Schäuble on Thursday announced a rise in the government's countrywide tax-revenue estimate that he said created leeway for tax cuts. His ministry expects the budget to re-

main in surplus at least until 2018 after last year's record €24 billion profit, and the country's public debt is set to fall below 60% of GDP by 2020.

Leading the competition for spending ideas are the center-left Social Democrats, now junior partners in Ms. Merkel's ruling coalition. The party has promised more funding for training and education, infrastructure investments and child care as well as cuts in health-insurance contributions.

Ms. Merkel's conservative bloc has suggested grants for home buyers with children and eventually abolishing nursery fees. It also wants €15 billion a year in tax cuts for small- and middle-income earners.

In the opposition, the pro-business Free Democrats want to cut taxes by €30 billion a year. Others, including the anti-establishment AfD and the Left Party, want to focus spending on families. The Greens have said they would earmark an extra €12 billion for families with low incomes and single parents.

FROM PAGE ONE

CHINA

Continued from Page One

logue launched when Chinese President Xi Jinping visited President Donald Trump at his Mar-a-Lago Florida resort home in early April and was unveiled shortly before a high-profile global economic summit Mr. Xi is hosting Sunday in Beijing. Chinese officials have been eager for the U.S. to signal support for that meeting.

The Trump administration said the plan reflected an agreement reached with Chinese Vice Premier Wang Yang, and it portrayed its announcement as a "joint release" with the Chinese government.

At a news conference in Beijing an hour after the White House statement was released, China said the two

sides had made "active progress on key issues" and had reached consensus on how to proceed over the next year. Its language mostly mirrored the White House statement.

It is unclear how much, if at all, the changes would reduce the U.S. trade deficit with China, which reached \$347 billion last year and has been a major complaint of Mr. Trump's. While the Trump administration hailed the measures as breakthroughs, many of them were related to sectors where U.S. negotiators have repeatedly over the years claimed progress in entering China's market, only to get stymied by new roadblocks.

Mr. Trump has regularly talked tough on trade so far during his presidency, but he has pulled back from dramatic action even while declaring victory for modest moves.

The new plan also appears to give a lift to the American natural-gas industry.

The biggest points in the 10-point plan are aimed at the American agriculture and financial sectors, which are being promised greater access in a range of areas. In addition to beef, China agreed to accelerate the process for approving U.S. biotechnology products. Beyond electronic payments, Beijing said it would grant more access to U.S. credit ratings firms and bond underwriters.

In return, the U.S. promised it would remove obstacles to importing Chinese poultry meat and pledged that it "wel-

comes direct investment by Chinese entrepreneurs," reassuring words at a time when Washington is heightening scrutiny of Chinese investment as a national security threat.

The U.S. Chamber of Commerce issued a lukewarm statement in response to the plan, saying that it is "hopefully ensuring full and timely implementation of commitments China has already made" and that "the real work lies ahead."

One of the biggest moves was the agreement on China's beef market by mid-July. Re-opening China to U.S.-produced beef, Mr. Ross said, paves the way to a \$2.5 billion market that U.S. ranchers and meatpackers haven't been able to fully access since 2003. China that year banned most U.S. beef imports partly due to concerns over "mad cow" disease.

China's expanding middle class has made the country the fastest-growing beef market in the world and an appetizing target for U.S. cattlemen, who have grappled with lower prices in recent years.

China also agreed to convene its national biosafety committee by the end of May to evaluate eight pending biotechnology product applications, which have awaited approval from Chinese crop regulators.

The administration's effort to hasten China's regulatory reviews for genetically modified seeds follows years of complaints by crop developers about the country's lengthy and opaque approval process. The move could help seed companies like Monsanto Co., Syngenta AG and Dow Chemical Co.

The new plan aims to give a lift to the American natural-gas industry, with the Chinese

government giving a green light to Chinese companies to import more gas. It didn't address the bigger concern for Chinese companies over whether they would be allowed to invest in U.S. energy infrastructure.

China has a bevy of options when it comes to importing liquefied natural gas, including big emerging producers in the Asia-Pacific such as Australia and Papua New Guinea.

The financial planks of the plan appear to offer more small steps in China's opening its markets to big U.S. players. China has pledged to take steps to allow U.S. electronic-payments firms to seek licenses by mid-July, giving them "full and prompt access," according to the White House fact sheet.

—Kate O'Keeffe contributed to this article.

GREATER NEW YORK

Station Set to Reopen Years Late

Missed deadlines and cost overruns plagued revamp of bus depot in Washington Heights

BY PAUL BERGER

When the Port Authority of New York and New Jersey joined with a developer to renovate the George Washington Bridge Bus Station in Manhattan, it argued that the private sector could deliver the station faster and more efficiently than a public agency.

In 2014, the Port Authority set a construction deadline of one year for the station in the Washington Heights neighborhood that serves five million passengers annually, most of them New Jersey commuters transferring to the A subway line at 175th Street.

Several deadlines have been missed, and the Port Authority says the project's cost has risen to \$200 million from \$183 million, leading to a round of finger-pointing and recriminations among the agency, the developer and the contractor.

As stipulated in its contract, the developer has shouldered the cost overruns and must pay the Port Authority a \$5,000 penalty for every day the station has remained closed since April 1, 2016.

A spokesman for the Port Authority said Wednesday that "based on repeated assurances" from the developer, the agency expects the station to open on Tuesday.

While the contractor has worked on what the Port Authority bills as a "state-of-the-art transportation facility," with 120,000 square feet of retail space, passengers have had to haul themselves and their luggage up a three-story temporary staircase attached to the outside of the building.

Those wanting to wait un-



The George Washington Bridge Bus Station is expected to open its doors next week after its first significant renovation in decades.

Project Took Circuitous Route

Although renovation of the George Washington Bridge Bus Station began in 2014, the project dates back more than a de-

cade. Some key moments:

2006: Port Authority of New York and New Jersey selects developer to renovate the station.

2008: Agency's board approves a \$152 million deal to refurbish the station, which opened in 1963.

2014: Construction begins in

August, with estimated comple-

tion in 2015.

April 1, 2016: Port Authority begins penalizing developer \$5,000 for each day the project isn't finished.

2017: Developer says station would open in April. Deadline is pushed back to May.

—Paul Berger

dercover have done so in a trailer on Fort Washington Avenue. Instead of riding an escalator to the subway, they have had to walk to another entrance where they face more stairs.

Like many public agencies, the Port Authority increasingly is turning to public-private partnerships to complete major projects that it couldn't otherwise afford. In exchange for

bearing a substantial share of the construction costs, developers operate a facility, collect rents or receive regular repayments during a fixed period.

Such partnerships are fueling the \$4 billion renovation of LaGuardia Airport's Terminal B and a \$1.5 billion project to build a replacement Goethals Bridge linking Staten Island and New Jersey.

A Port Authority spokesman

said the agency is pleased with the progress of both projects.

The same can't be said for the George Washington Bridge Bus Station.

Following a Port Authority board meeting in April, the agency's chairman, John Degnan, said the project's delay is "an embarrassment to the Port Authority."

No one would argue that the renovations weren't necessary.

The station, with its seven rows of concrete, upward-sloping fins, has been starved of significant refurbishing since it opened in 1963. Passengers wait in a dingy concourse without air conditioning.

The new concourse—air-conditioned, with seating for 125 people—is expected to include a Blink Fitness, several food outlets and clothing stores.

Diversion Centers Will Provide Another Policing Option

BY CORINNE RAMEY
AND ZOLAN KANNO-YOUNGS

New York City plans to spend \$90 million to open two centers where police can bring people with mental illness or substance-abuse issues instead of arresting them.

The short-term stay facilities, known as diversion centers, are intended for people who might otherwise be arrested or issued a summons for low-level charges. City officials estimate the two, approximately 20-bed centers, designed largely for stays of up

to five days, would serve 2,400 people annually.

The city awarded 10-year contracts to two nonprofits: Project Renewal will receive \$44 million and Samaritan Daytop Village Inc. will get \$46 million, officials said.

The centers are expected to open next year. The city has considered sites in Harlem and the South Bronx, according to people familiar with the process. A City Hall spokeswoman said officials are still narrowing down their options and haven't selected final sites.

"If there is an issue on the

street with someone with a behavioral-health issue, 911 is the first call, and that sets in motion what is often a path through the criminal-justice system and sometimes to jail," said Elizabeth Glazer, director of the Mayor's Office of Crimi-

nal Justice.

About 40% of inmates in the New York City jail system have mental-health issues and more than 85% have substance-abuse problems, according to city officials.

While the centers won't substantially reduce the jail population with mental illness, they hopefully will reach a population that repeatedly cycles through city jails for shorter stays, Ms. Glazer said. Admission will be voluntary.

The centers will have services including counseling, behavioral-health assessments

and help with substance abuse, officials said. They also will have overnight shelter and food, laundry and showers.

Susan Herman, New York Police Department deputy commissioner of collaborative policing, said the centers would provide officers with "another tool in their toolbox."

Police officers have the option to take emotionally distraught people to hospitals when they are a danger to themselves or others, she said. The new centers wouldn't be available for violent or high-level drug offenders, she noted.

Commuters Face 25% Service Cut At Penn

BY PAUL BERGER

Amtrak will reduce commuter-train service into New York Penn Station by about 25% this summer and plans further disruption over several months during the first half of 2018.

The "outage periods" were necessary to make critical repairs to a train station operating at twice its capacity, Amtrak Chief Executive Charles "Wick" Moorman said Thursday in testifying before a New York state Assembly committee.

An Amtrak spokeswoman, Christina Leeds, later clarified that 25% was an estimate. "It is definitely not a final number," she said.

"It's commuter armageddon," said New Jersey state Sen. Bob Gordon, who will tour Penn Station with Mr. Moorman on Friday.

Train schedules for the July and August outages are still being formed as officials from Amtrak, Long Island Rail Road and NJ Transit negotiate how the burden of service reductions will be shared.

An Amtrak engineering plan reviewed by The Wall Street Journal shows that outages will take place during 19 days in July and 26 days in August. The 2018 repairs will reduce service during three 30-day periods between Feb. 23 and June 15.

The outages follow two recent derailments at Penn Station. Commuters at the station are now enduring daily delays of 30 minutes or longer as Amtrak, which owns and operates the tracks under Penn Station, carries out maintenance work.

Mr. Moorman told the committee on Corporations, Authorities and Commissions that Amtrak usually carries out most of its work during nights and weekends but to complete the necessary work under such a schedule would take years.

"Upon personally walking some of the track in the station, I determined that we needed to move aggressively to advance this work more quickly and efficiently by just going ahead and doing it all at once," Mr. Moorman testified.

Because of the location of the planned work, NJ Transit commuters are expected to bear the brunt of the outages this summer. Long Island Rail Road passengers will be most affected in 2018.

The two railroads carry more than 200,000 commuters a day into New York City.

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GREATER NEW YORK



A Katz's pastrami sandwich.

Katz's Aims To Spread Deli Abroad

BY CHARLES PASSY

For 129 years, Katz's Delicatessen has served New Yorkers hefty portions of classic Jewish-style fare.

Now, it is looking to broaden its customer base and deliver pastrami to Pakistan and corned beef to Colombia, among other global locales.

The deli, a fixture on Manhattan's Lower East Side, is launching a world-wide shipping service in the coming months as part of a growth plan. Already announced: Katz's expansion into Brooklyn with a 400-square-foot outpost that is part of the DeKalb Market Hall, a food hall slated to open in early June.

Katz's move into shipping isn't entirely new. As far back as the World War II era, the restaurant encouraged its patrons to "send a salami to your boy in the Army," a phrase that became forever associated with the establishment.

But it wasn't until the '90s that Katz's began shipping in earnest throughout the U.S., with mail orders growing to 10,000 to 12,000 annually, according to owner Jake Dell, who took over the business from family members.

Mr. Dell plans to expand the shipping side of the business by sending its corned beef, pastrami and other favorite menu items to Canada and Mexico by the end of the year and to other countries starting in 2018.

"There's a limit to the number of people you can fit under one roof, but there's no limit to the number of pastramis that you can ship," he said.

BY CHARLES PASSY

To step into the Grill is to enter a time warp. At the new Manhattan restaurant, situated in the space that formerly housed the famed Four Seasons, every detail is about honoring the past. At the bar, patrons wile away the time by sipping classic drinks such as the Gibson, a martini variation.

In the dining room, waiters deliver some of the signature dishes, such as prime rib and a mushroom omelet, via old-school trolleys that can double as cooking or prep stations.

Even the music that is played over the sound system evokes yesteryear. How about a little Connie Francis to go with that Dover sole?

The Grill is hardly the only recently opened dining spot in New York City to look to the past. If anything, the retro-chic trend is in full force, with restaurants emphasizing old-school favorites that range from chicken-fried steak to steak tartare.

Some restaurant-industry insiders and observers see the trend as a reaction to the political and social unrest of our era: The more turbulent the times, the more consumers will seek out the comfort of the classic and familiar.

"Nostalgia is always a very strong pull," said chef John DeLucie, who is behind the reopening of the Empire Diner, a restaurant in the Manhattan neighborhood of Chelsea that, in its newest incarnation, offers plenty of beloved American fare, including chicken-fried steak.

But some proprietors insist it isn't just about nostalgia for nostalgia's sake. In the case of the Grill, the decision to take an old-school approach largely stemmed from its landmark physical space



ANDREW LAMBERSON FOR THE WALL STREET JOURNAL (2); STEPHEN KENT JOHNSON FOR WSJ (KATZ)

The bar at the Grill, a restaurant that recently opened in a space that formerly was home to the famed Four Seasons. Poireaux (leeks), below left, are served at French restaurant Le Coucou. A duck press, below right, shown at the Grill. Both restaurants are in Manhattan.



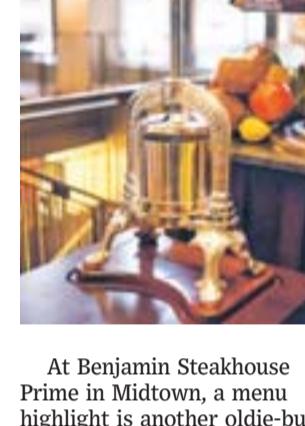
CORRY ARNOLD

itself—a high-ceiling dining spot that originally opened in the late '50s and spoke to the "Mad Men" era of power dining in Manhattan.

The Major Food Group, which developed the Grill and retro-inspired concepts including the Italian-themed Carbone and Parm, says the menu is simply intended to echo the theme of the design.

Other restaurants are putting their own spin on the throwback theme.

At the 2017 James Beard Award-winning Le Coucou in Manhattan's SoHo neighborhood, the focus is on classic French cuisine, with nearly forgotten favorites such as quenelle de brochet, a seafood dish made with pike, grabbing diners' attention.



At Benjamin Steakhouse Prime in Midtown, a menu highlight is another oldie-but-goodie—namely, steak tartare. And at Harold's Meat + Three in west SoHo, the entire establishment is a riff on the meat-and-three-sides cafeteria-style restaurants that are a staple throughout the Southern U.S. In other words, this is a high-end res-

taurant that makes it a point of pride to serve meatloaf.

Not that these restaurants are always old-school in the strictest sense. Some are putting contemporary touches on those classic dishes or adding new-school items to their menus. As chef and owner Harold Moore of Harold's Meat + Three noted: "We do have macaroni and cheese, but we also have quinoa salad."

And the prices aren't necessarily a throwback, either. At the Grill, many entrees top \$50—and the prime rib goes for \$62. Even that meatloaf at Harold's Meat + Three runs \$28.

Still, diners seem to be embracing the trend. Since the Grill opened a little more than a week ago, the place generally has been packed. "So far, the response has been incredible," said Jeff Zalaznick, one of Major Food Group's partners.

More Community Schools on Way

BY LESLIE BRODY

New York City Mayor Bill de Blasio on Thursday announced a new push to infuse schools with social services in hopes of boosting attendance and helping children focus on academics.

The city will add 69 schools to the group dubbed "community schools," bringing the total to 215 in the fall. They will serve more than 108,000 out of the roughly 1.1 million children in the system.

The goal is to have community schools serve as neigh-

borhood hubs offering counseling, health clinics, after-school tutoring and other programs targeting low-income families. The mayor said a state grant of \$25.5 million annually for up to five years would pay for the expansion.

Research has been mixed on how much adding social services improves academic results. Supporters say attending to children's health and emotional needs helps them come to school ready to learn. Others say these efforts are too expensive and hard to implement well enough to make

a significant difference.

City data showed test scores rising but still low at the city's 130 community schools as of the 2015-16 school year. About 15% of their children in grades three through eight passed state tests in reading last spring, up from about 9% the prior year. In math, about 10% were proficient last year, up about 2 percentage points.

Officials said the new round of community schools were chosen by their needs and desire to team with community-based organizations that will provide services.

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LIFE & ARTS

TELEVISION REVIEW

By John Anderson

For the Record



'American Epic' explores U.S. music history, including the story of Mississippi John Hurt

SOME MUSICAL PROJECTS are so grandiose, overreaching and impossible that they made their own special statements about the nature of popular art. Harry Smith's "Anthology of American Folk Music" was one; Ry Cooder's "Jazz" another; Richard Thompson's "1000 Years of Popular Music" is a wry example. All dwell in misty realms of missing musical links. They suggest that influences can't always be mapped. That our music is too vast for categories.

Something similar happens with "American Epic," the three-part PBS series that is ostensibly about the broadening of popular-music recording that began in the 1920s; how it reached into geographic and ethnic enclaves, made the country smaller and marked "the first time America heard itself," as narrator Robert Redford puts it. That may sound a bit deadly. It's not. For all its ambition—a word often used to forgive failure—"American Epic" is a wonderfully erratic, eccentric and sometimes stream-of-consciousness survey of who got recorded and when and why, wandering into corners, digressing wildly and, in some Zen-like fashion, capturing the crazy-quilt character of American sound.

It starts conventionally enough, with the saga of Ralph Peer, a recording engineer sent south by RCA Victor to find new acts: Radio was the hot new medium of the 1920s, but radio also catered to an urban middle-class audience. The record companies, undercut by the competition, realized that an unserved rural audience existed, thirsty to hear its own music. Among his accomplishments and discoveries, Peer would mount the historic Bristol Sessions in Bristol, Tenn., where both the Carter Family and Jimmie Rodgers would first be recorded, and country music (as we know it) birthed.

But Peer was not the only one looking for talent, nor were the Carters and Rodgers the only acts to come out of nowhere and make their way onto wax. "American Epic," in what seems a deliberate effort not to be encyclopedic, segues from white Appalachia into the story of the Memphis

Please see TELEVISION page A13



FILM REVIEW | By Joe Morgenstern

'King Arthur': Morte on Arrival

MY FIRST INSTINCT, staggering out of a screening of "King Arthur: Legend of the Sword," was to blame the victim.

The victim in this case was me—though there will soon be many others as Guy Ritchie's pox on Camelot infests the multiplexes. I felt soul-sick and brain-bruised, but also bewildered. Could the movie have been as vacant, joyless, incoherent, screw-loose and, not to put too fine a point on it, idiotic as I thought it was? I must have dozed, or failed to grasp crucial moments that held the whole thing together. But I didn't doze, and, by the light of day, there was nothing to grasp, no sword of understanding to pull triumphantly from a stone. This latest retelling of the ancient Arthurian myth is a stinker for the ages.

King Arthur is played by a be-muscled Charlie Hunnam, who's a victim too. Mr. Hunnam gives his some to the silly script ("You're tryin' to get me to do somethin' razzle-dazzle with that sword"), and his all to the physical side of the tale, which traces Arthur's progress from backstreet brawler to unwieldy wielder of Excalibur—90 minutes go by before he gets his superweapon mojo working—to fearless scourge of his villainous uncle, Vortigern; he's played mostly by Jude Law (another victim), though also by the bits and bytes of a generic CGI specter during an interminable battle at the end.

The revisionist concept grows out of Mr. Ritchie's longstanding fondness for whimsical London thugs and other assorted low-lives, whether in such contemporary action comedies as "Snatch" and "Lock, Stock and Two Smoking Barrels," or in the Victorian setting of his gritty "Sherlock Holmes," which had Mr. Law playing Dr. Watson to Robert Downey Jr.'s brilliantly witty Holmes. This time the setting is medieval

Londonium, where the default state is pandemonium but the characters, when they aren't loftily royal, are still raffish and/or Cockney. Arthur, unaware of his birthright, has grown up among thieves and whores—"I'm nothing but the bastard son of a prostitute," the reluctant hero insists—and doesn't have a clue about his destiny until he gives that sword a definitive yank.

There's nothing intrinsically wrong with such anachronism, even though Mr. Ritchie and his two script collaborators, Joby Harold and Lionel Wigram, are all over the lot



with the dialogue. ("Informants have been incentivized," one of Vortigern's flunkies tells him.) The twin dooms of this film are its narrative structure and its digital effects.

The structure, such as it is, consists of an impenetrable pastiche of quick-cut flashbacks and flashforwards, a slicing and dicing of plot elements to the exclusion of almost all human feeling. If Baz Luhrmann's "Moulin Rouge!" was a fragmented search for the ecstatic, "King Arthur: Legend of the Sword" is a choppy hunt for the grim, the grungy, the darkness of dungeons and the clamor of a war-torn world. Don't listen for poetic echoes of Richard Harris, or strains of the

Charlie Hunnam as King Arthur, above, and Jude Law as Vortigern, below, in Guy Ritchie's take on the Arthurian legend.

Lerner-Loewe "Camelot" score. And don't look for Lancelot, or Guinevere as we've known her; the closest thing to a romantic interest is a shadowy sorceress called The Mage (Astrid Bergès-Frisbey), who brings Arthur to an understanding of his past and a vision of his future. The single moment of conventional human emotion involves someone getting his ear cut off; the camera waits long enough for us to see that the knife stroke hurts.

The computer-generated images are obviously inspired by "Game of Thrones," and occasionally they're memorable, in a goofy way—weaponized mastodons swing wrecking balls against Vortigern's enemies. Mostly, though, they serve as the visual equivalent of data dumps. "There's a crowd of thousands out there," the evil king says at one point, understating the count. It looks like hundreds of thousands, maybe millions, but, given the growing paradox of digital effects used indiscriminately, the crowd

doesn't matter in the slightest.

At one point this film was supposed to be the first of a six-part series. If the plan still holds, we're in for lots more grimness. I didn't stop to think just how grim this experience was until, walking back to my car through the Warner Brothers lot, I passed Stage 12, where, according to a plaque on a wall, the 1938 classic "The Adventures of Robin Hood" was shot. Errol Flynn is long gone, along with the days of light-hearted swordplay, and there's always room for a novel take on the once and future king. But "King Arthur: Legend of the Sword"? It's a mastodon of a movie, wrecking pleasure wherever it plods.

THEATER REVIEW | By Terry Teachout

AN ORDINARY HEROINE

New Haven, Conn.

PLAYS WHOSE SUBJECTS can be summed up in one word—abortion, divorce, Trump—are prone to be preachy. They needn't be, though, and Amy Herzog's "Mary Jane," a play about caregiving, steers clear of every potentially fatal trap that lies in wait for an issue-driven playwright. Not only is it devoid of sermonizing, but Ms. Herzog has taken a topic that lends itself to six-hanky sentimentality and written about it in a plain-spoken, unmanipulative way. The result, exceptionally well directed by Anne Kauffman, is the best new play so far this year, one that will surely make a stir when it transfers from the Yale Repertory Theatre to the New York Theatre Workshop this fall.

The first act of "Mary Jane" takes place in the shabby little Queens apartment that the title character (Emily Donahoe), a preternaturally good-humored working woman and single mother, shares with Alex, her 2 1/2-year-old child, who suffers from cerebral palsy. We never see Alex, who sleeps in the next room and cannot speak (he has a paralyzed vocal cord). Instead, we watch Mary Jane interact with a varied group of other women—among them a doctor, a nurse, the superintendent of her building and a Buddhist nun whom she meets in the hospital—who help her carry her cruel load. (These eight characters are played by Kathleen Chalfant, Vella Lovell, Miriam Silverman and Shona Tucker, each of whom doubles in a contrasting part.)



Shona Tucker, Emily Donahoe and Vella Lovell in Amy Herzog's 'Mary Jane'

Mary Jane's husband deserted her after Alex was born, and she is so preoccupied with his care that she is at risk of losing her job. Yet she seems to feel no resentment for her plight, to the point that she even claims to have forgiven her husband: "He tried. He really did try. But he's really...it's hell for him, not being a part of Alex's life. But he just can't...I hope he finds some peace, I really do." Needless to say, no one can be quite as strong as Mary Jane appears to be. At the end of the first act, Alex suffers a seizure that puts him in the hospital where the second

act is set, and it soon becomes clear that she is about to break under the strain.

Nothing much happens in "Mary Jane," which is part conversation piece and part character study. Yet Ms. Herzog tells her tale so skillfully that it is as tense and enthralling as a mystery, while Ms. Donahoe is completely convincing in a role that in less accomplished hands could quite easily seem too good to be true, that of an ordinary woman who copes with a brutally stressful situation in a manner for which

Please see MARY JANE page A13

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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

Finding the Groom to Be

THE ZESTFULLY desperate heroine of "The Wedding Plan" has a problem. Her name is Michal, she's an Orthodox Jew living in Israel—Ramat Burshtein's beguiling romantic comedy is in Hebrew, with English subtitles—and, at the age of 32, after a decade of dating, she's just been told by her fiancé that he doesn't love her.

The solution she devises sends her out of rational bounds into a borderland between fairy-tale hope and religious faith. Michal, who's played delightfully by Noa Koler, rents a hall, invites 200 guests, hires a couple of matchmakers and starts interviewing prospects on the theory that God will not only come up with Mr. Right, but will do so on her schedule, which calls for the nuptials to be performed within a month, on the eighth night of Hanukkah.



Looked at coldly—though it's impossible to look at "The Wedding Plan" coldly—this is sheer contrivance, a sitcom scheme that owes a vague debt of gratitude to Buster Keaton's peerless "Seven Chances." But the soul of Ms. Burshtein's film lives in its lovely off-center encounters, since the men Michal meets turn out to be consistently interesting. One is a charming pop star, another a deaf psychiatrist. Still another seems to be blind, but no, he's just a serene narcissist who refuses to gaze on prospective

brides: "If I never look at another woman my wife becomes the most beautiful girl in the world."

Michal herself lives an off-center life even when she isn't in interview mode. By profession she's the driving force behind a mobile petting zoo whose star is a snake named Avi—he's a snake snake, unlike some of the candidates for her hand in marriage. During meetings with those men, her conversations tend toward the surreal by way of the passive-aggressive. People keep asking one another "How are you?," a running joke of a question that never elicits a clear answer. The big question, of course, is whether Michal's faith will be rewarded, and who the man of her insistent dreams will be. Without spilling any beans, I can tell you that all expectations pay off handsomely.



Noa Koler, above, and Ronny Merhavi, Ms. Koler and Dafna Alferon, left

ROADSIDE ATTRACTIONS/EVERETT COLLECTION (2)



Emily Donahoe and Kathleen Chalfant

MARY JANE

Continued from page A12
the only possible word is heroic. Her supporting cast is made of solid gold, and Laura Jellinek's set is the work of a virtuoso designer who knows exactly what cheap New York apartments and trying-to-be-cheerful hospital waiting rooms look like.

Ms. Herzog has learned about caring giving the hard way: Her oldest daughter suffers from a congenital neuromuscular disease. Yet there is no hint of self-pity or special pleading in "Mary Jane." If anything, the play might profit were the title character to express, however elliptically, some dis-

content (it strikes me, for instance, that she lets her husband off just a bit too easily to be believed). Similarly, Ms. Kauffman's otherwise ideal staging becomes briefly fuzzy at the end of the play, leaving the audience hanging in a way that Ms. Herzog's script does not. These two easily fixable flaws, however, are the only ones about which there is any reason to complain. The play and production are successful in every other way.

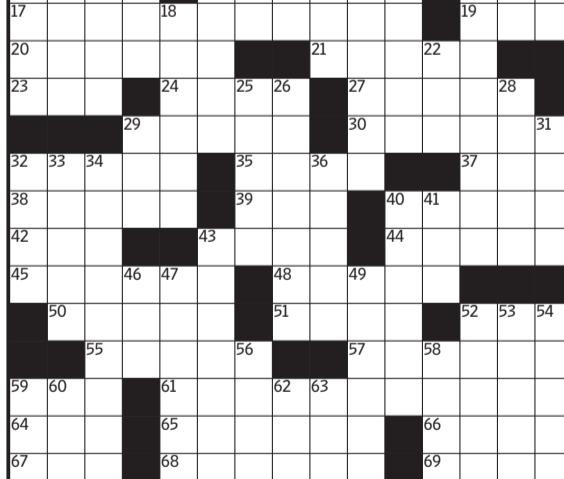
Not since "The Blood of the Lamb," Peter De Vries's auto-biographical novel about the spiritual havoc wrought in the life of an unbelieving widower whose 12-year-old daughter dies of leukemia, have I seen or read a more

"Mary Jane" certainly does. It deserves a Broadway production, and I wouldn't be at all surprised if it gets one.

Mary Jane
Yale Repertory Theatre, 1120 Chapel St., New Haven, Conn. (\$12-\$99), 203-432-1234, closes May 20

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.

The WSJ Daily Crossword | Edited by Mike Shenk



DRIVING YOU CRAZY | By Matt Gaffney

The answer to this week's contest crossword is an automotive no-no.

Across
1 It has a curved bill
5 Made swirling motions
11 Jake Tapper's employer
14 Ready to be served
15 TV producer Rhimes
16 Prime minister who met with Trump in February
17 Boxer's target, often

- 19 D.C. baseballe
20 Garden store purchase
21 One of two in Alabama
23 Flexible wood
24 Paul born in Ottawa in 1941
27 Ship sinkers
29 New Mexico senator Tom
30 Oslo Accords participant
32 Pretext
35 "Like that would ever happen!"
37 Arles agreement
38 Mogul emperor of India
39 Reversible nickname
- 40 "En ___!"
42 Basketball hoop
43 Email app button
44 "The ___ near!"
45 Plays with, as a cat does a toy
48 Kind of bond or column
50 Nonnative, on Niihau
51 More than impresses
52 Richard Feynman's alma mater
55 President labeled "His Accidency"
57 Like some glazed cookies
59 Albums, sometimes

► Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, May 14. A solver selected at random will win a WSJ mug. Last week's winner: Claire Chatto, Parrish, FL. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

61 Rocketry substances
64 Halloween shout
65 Leah of "The King of Queens"
66 Love for Laver
67 Aniston, to friends
68 Tchaikovsky swan
69 Alma mater of Prince William

Down

- 1 "My guesstimate is..."
2 Adult beverages, casually
3 Wedding day acquisition
4 Clinch
5 Sevilla setting
6 FedEx alternative
7 Woodland female
8 "Need You Tonight" band
9 One many layers above teachers, derisively
10 Reindeer name
11 Has room for in the budget
12 13-Down's org.
13 Brooklyn baller
18 Fiction fan
22 "Are ___ pair?" (Sondheim lyric)
25 Oscar winner for "A Fish Called Wanda"
26 Kosovo neighbor
28 Meccan, e.g.
- 52 "Poplars" painter
53 First part
54 Famed astrophysicist
56 1960 Olympics host
58 Cornfield fun
59 War on Poverty wager, for short
60 "The Gold-Bug" author
62 Abyss
63 Otorhinolaryngologist, in 18 fewer letters

Previous Puzzle's Solution

JAVA	EPCOT	ILKS
ALEX	XOUTS	CANE
WORLDHERIAGESIE	SUNRATES	OLETA
DECALS	TBAR	
LUKE	BIINGWI	
ANDRE	TEAS DUEL	
BOA	SWICHHI NPR	
ETTA	ALOT TASTY	
LIEBRIE	ICY	
NAUT	SCHNOZ	
MAILS	TAHOE ZOE	
ITGOESUPANDDOWN		
COHN	UTERI ENID	
ANTE	MUSIC BEES	

TELEVISION

Continued from page A12

Jug Band—black, funky and underfinanced—who got recorded, were wildly successful for a time and are still an accessible act: The rapper Nas, backed by Jack White and his band, easily slips into an updated, hip-hop-accented version of the MJ's "On the Road Again." It works just fine. (It's also included in "The American Epic Sessions," which airs June 6 and is mostly performance, of modern acts—from Nas to Beck to Elton John—on '20s-era equipment.)

One could spend a lot of time cataloging what's not in "American Epic"—John or Alan Lomax, for instance, and their field trips for the Library of Congress, or the way radio actually did expose regional audiences to country

artists via the Grand Ole Opry. The interviews with family members, extolling the virtues of their long-gone, famous relatives, feel perfunctory, and are sometimes numbing. But the series doesn't budget its time according to the "importance" of the musicians. It is

intent on rediscovery, the show offers a diverse array of musicians

intent on rediscovery, as well as maintaining a balance among ethnically influenced American musics. There's a significant segment devoted to the Hawaiian steel-guitar pioneer Joseph Kekuku, for instance; likewise the Tejano singer Lydia Mendoza, gos-

pel's Elder Burch, the Cajun-fiddling Breaux family and the wildly influential blues singer Charlie Patton.

Mississippi John Hurt, the gentle guitar virtuoso and singer, provides the third episode's last and most touching mini-bio: Though he was recorded extensively in the late '20s, his career was derailed by the Depression, and he spent the next few decades farming until he was rediscovered in the early '60s. He became a sensation at the Newport Folk Festival; during an interview there, you can hear a young Bob Dylan performing on a not-so-faraway stage. It's that sense of happenstance and kismet—and connections, and echoes of artists never recorded—that help "American Epic" breathe.

American Epic
Begins Tuesday, 9 p.m., PBS

AMERICAN ART

Wednesday May 24, 10am
New York

MARSDEN HARTLEY (1877-1943)

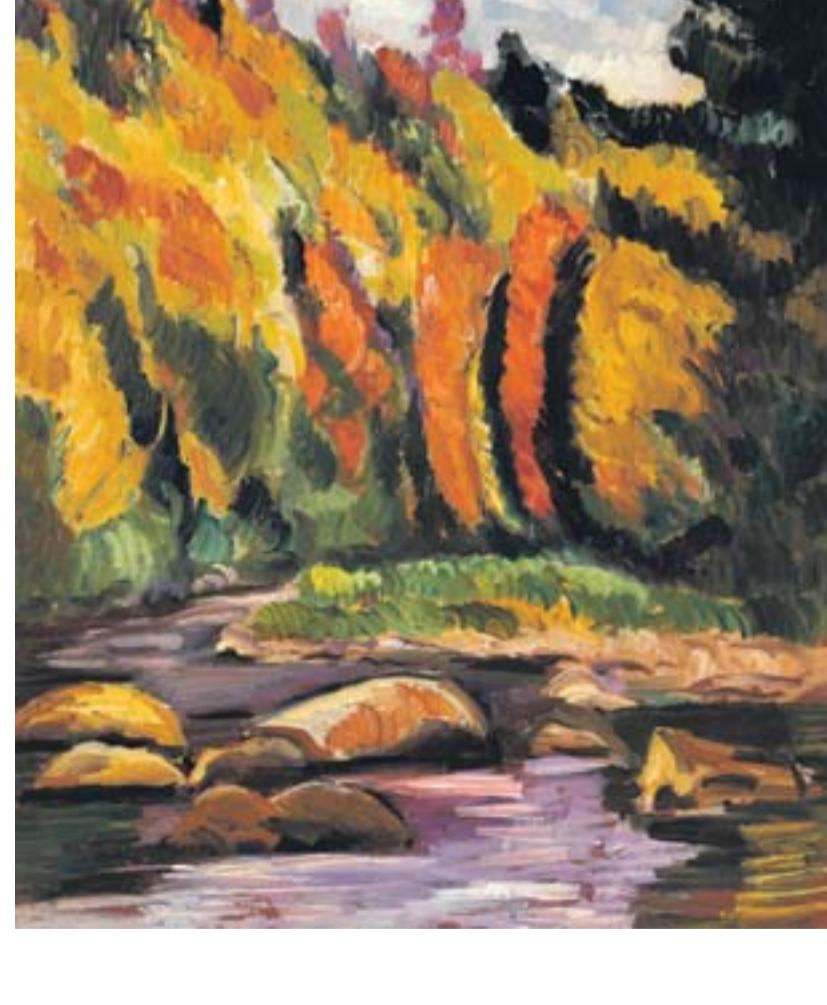
Landscape No. 39 (Little River, New Hampshire)

oil on board

23 7/8 x 19 5/8in

Painted in 1930.

\$400,000-600,000



PREVIEW

May 20-23

INQUIRIES

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SPORTS

CYCLING | By Jason Gay

America's Cycling Team Chases More Green


Cycling's Tour of California begins this Sunday, the 12th edition of the United States's biggest professional bike race, now blossomed into a global event featuring many of the world's greatest teams and riders. As always, a team to watch is Cannondale-Drapac, an American squad known for its U.S.-born talent, eccentric attitude, and its bright, lizard-green outfits, detailed with preppy hints of argyle.

Cannondale-Drapac figures to be highly competitive in the weeklong U.S. stage race. But this isn't the case at every start. Now in its second decade, the American outfit finds itself falling behind in the widening divide between cycling's haves and have-nots. Cannondale-Drapac's annual budget of \$15 million is barely a third of the sport's richest teams, and though it has managed solid results like a third place at this year's Paris-Roubaix, it has not won a stage at the Tour de France since 2014.

Instead of complaining, Cannondale-Drapac is attempting to double down. As the 2017 Tour de France looms, the team's leadership is making an unusually public appeal for additional sponsorship dollars to reinvigorate a team that thinks it can do much more.

Simply put: Cannondale wants more green to win—and win now. "We've got great backers with Drapac and Cannondale," team CEO Jonathan Vaughters said recently in an interview in New York. "But if we want to make it to the next level, we need to find [additional sponsors] willing to see the vision of what this can be."

Cannondale-Drapac's history at the Tour of California goes back to the race's first edition in 2006—when the young team was known as TIAA-CREF and sponsored by the financial services company. The next year it came back as Slipstream-Chipotle, underwritten by the New York City investor Doug Ellis and the Mexican restaurant chain, and caused an immediate stir. At a time cycling was mired in drug scandals, Slipstream committed to a transparent anti-doping position, doing its own internal testing in addition to cycling's protocols, and publicizing the results.

Slipstream became known as the "Clean Team," and they were quickly embraced by American cycling fans, for both their ethics and their offbeat, fun-loving nature. They signed quirky riders like Dave Zabriskie, who rode a bike painted like the Captain America comic book character and sold a cycling skin cream called DZ Nuts, and they were run by Vaughters, a former teammate of Lance Armstrong's and bon vivant who dressed like a British GQ editor and created the team's argyle



Above, the Cannondale-Drapac team during a race in February. Right, Johan Vansumeren winning the Paris-Roubaix in 2011.

branding. Vaughters has acknowledged doping in his own pro cycling past, but was adamant his team would do things differently.

Over the next decade, Slipstream would rack up milestone victories, including a Paris-Roubaix win by Johan Vansumeren in 2011 and a grand-tour victory by Ryder Hesjedal at the Giro d'Italia the following year. Major title sponsors signed on, including Garmin, and later, Cannondale.

In recent seasons, though, Vaughters's and Ellis's upbeat vision has given way to frustration, as well-funded super teams like Sky and BMC have begun to dominate cycling. Today, Cannondale-Drapac's highest-paid riders earn less than mid-level associates (known as "domestiques") on the richest teams. As a result, Cannondale often begins a race feeling outpaced before a single pedal is turned. "We were much closer to them [a few years ago]," Vaughters said. "We could win through creativity, and we proved that over and over again. But little by little, the highly-funded teams start taking the staff that have been crucial in your success."

Vaughters offered a comparison to "Moneyball," Michael Lewis's best seller about on how Oakland A's baseball general manager Billy



Beane competed with wealthier franchises by finding under-realized talent and value:

"Billy Beane-type things kept us ahead of the curve, even with a small budget. But just like the A's, eventually everyone figures out your shtick, and it comes down to raw horsepower and being able to buy the best athletes."

Cannondale-Drapac is far from the only pro team in this situation. For years, Vaughters has been a noisy advocate for financial fairness in the sport—suggesting a kind of salary or budget cap in line with sports like the NFL or NBA. But building consensus in a far-flung sport like cycling is like

herding cats, and a solution hasn't been found. As a result, Cannondale finds itself at a crossroads. Money in cycling is talking more loudly than ever. Vaughters is convinced that if his team can narrow the financial gap, they can be one of the world's best. Without it, the future of the team is less clear.

To be clear: Vaughters doesn't expect to outspend Sky. But if Cannondale-Drapac could secure just 70% of a top team's bankroll, he said: "I'm 100% confident that not only would we be competitive, but [we'd] outstrip them."

Securing sponsorships is never easy in cycling—it is a big reason why it remains a volatile sport,

with teams shutting down nearly every year. Vaughters said the chase consumes nearly 75% of his work time. He promised he could offer more. "It's not just 'Throw your name on a shirt, and off you go,'" Vaughters said. "There's the possibility of not only being a sponsor but being a true equity partner in the organization."

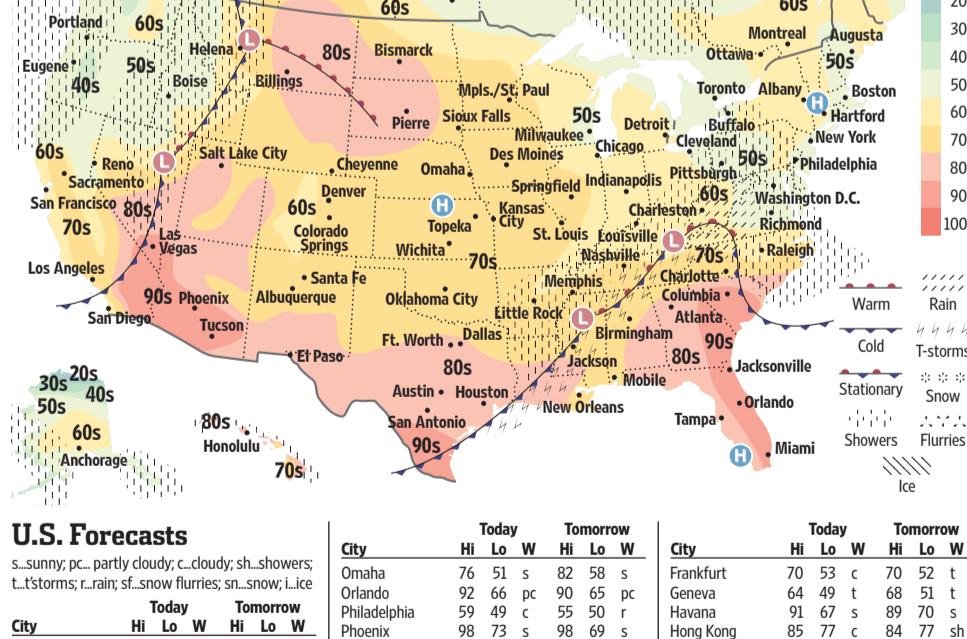
Ellis is also helping in the sponsorship drive. "We're obviously looking at the sponsorship model, because that's the model the sport's always has been in," Ellis said. At the same time, "we have an instinct that there is maybe a collection of brands, a conglomerate, movie studio, venture capital or private equity group who, year after year, would have different things they'd want to promote."

It's difficult, of course, to discuss pro cycling without its past doping crises. Vaughters and Ellis argued that cycling is far cleaner and more advanced at anti-doping than other mainstream sports

"At the end of the day, it is a beautiful sport with a very flawed past, and of course will continue to be flawed in certain ways," Vaughters said. "But you're never going to encounter another sport that ties into so many elements of the modern world, from emotional to technological to environmental," he said. "And the pure fortitude of these athletes is incredible."

"It's the one sport that brings all of that together."

Weather



U.S. Forecasts

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

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

City Today Hi Lo W Tomorrow Hi Lo W

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Anchorage	60	43	s	57	41	r		
Atlanta	82	62	t	76	55	t		
Austin	85	57	s	87	59	s		
Baltimore	58	48	r	56	46	r		
Boise	56	38	c	58	39	pc		
Boston	52	44	c	52	46	c		
Burlington	64	47	pc	62	44	r		
Charlotte	74	59	c	72	57	s		
Chicago	65	44	pc	75	50	pc		
Cleveland	59	48	c	64	51	t		
Dallas	81	58	pc	83	61	s		
Denver	78	49	s	83	48	pc		
Detroit	63	44	pc	68	48	pc		
Honolulu	85	74	sh	85	73	sh		
Houston	87	63	pc	86	63	s		
Indianapolis	68	47	c	72	56	pc		
Kansas City	73	49	s	78	57	s		
Las Vegas	91	65	s	83	61	s		
Little Rock	71	54	sh	76	53	s		
Los Angeles	72	55	pc	73	54	t		
Miami	91	76	s	92	75	pc		
Milwaukee	59	46	pc	68	48	pc		
Minneapolis	72	54	s	75	51	s		
Nashville	70	55	r	79	51	s		
New Orleans	79	64	t	79	64	s		
New York City	59	50	c	54	48	r		
Oklahoma City	73	49	s	79	56	s		

International

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Amsterdam	64	54	sh	65	49	t		
Athens	80	69	pc	90	72	s		
Baghdad	103	69	s	99	68	pc		
Bangkok	90	80	t	91	79	t		
Beijing	87	55	s	84	54	s		
Berlin	70	54	t	68	54	t		
Brussels	68	57	s	66	51	t		
Buenos Aires	65	57	s	68	52	pc		
Dubai	100	84	s	101	86	pc		
Dublin	60	45	s	61	43	s		
Edinburgh	58	48	c	60	47	t		

BASEBALL

A RELIEVER FINDS WINS IN THE CARDS

BY MICHAEL SALFINO

PHILLIES RELIEF PITCHER Pat Neshek is on his sixth team in 11 years. He's never had more than six saves in a season. But his baseball-card collection by most accounts leads the league—and could be Hall of Fame caliber.

The 36-year-old side-armer has parlayed some of his \$24 million in career earnings into a card collection worth well into seven figures. It includes a Mickey Mantle 1951 rookie card now worth \$200,000, and a Willie Mays rookie card from the same year valued at almost \$60,000.

But Neshek's specialty is building complete sets, meaning he collects all of the cards issued by a manufacturer in a given year. His 1951 Bowman set is graded eighth-best in the world, for example, but his true prize is a 1970 Topps set—a total of 720 cards—in near-mint condition, graded as number-one in the world, according to Professional Sports Authenticator, a third-party grading service. "I'm at a 9.6 (average grade with perfect being 10.0) and the next closest is like 8.8," Neshek said.

Given the set has no peer, it is difficult to value, but likely would fetch six figures, based on the valuations of lower-graded sets from that year.

The market for many newer cards crashed in the mid-to-late 1990s, but the market for the vintage cards—meaning produced before 1971—has remained largely robust. Thus Neshek sees his collection as an



Pat Neshek, shown in 2013

investment first and foremost, and advises fellow major leaguers on which cards are likely to appreciate in value over time.

Most important, he says: picking cards with high grades, which are increasingly rare. That said, his most prized card is worth exactly \$2,84 according to VintageCardPrices.com. It is a beatup 1951 card of former Yankee pitcher Vic Raschi, the first vintage card that Neshek collected as a kid in Brooklyn Park, a Minneapolis suburb. He is "keeping it forever," he said.

Many players collect memorabilia pieces for keepsakes or as a modest investment, but "players collecting complete sets is very rare," says David Hunt of Hunt Auctions, the official auctioneer at Major League Baseball's All-Star FanFest.

Neshek is constantly adding to his collection. His latest quest is to replace the cards of Reggie Jackson and Roberto Clemente in his 1970 set with perfectly-graded versions. One problem: only one of each is known to exist.

Weather

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

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

City Today Hi Lo W Tomorrow Hi Lo W

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Frankfurt	70	53	c	70	52	t		
Geneva	64	49	t	68	51	s		
Havana	91	67	s	89	70	s		
Hong Kong	85	77	c	84	77	sh		
Istanbul	75	63	pc	82	62	pc		
Jakarta								

OPINION

Why James Comey Had to Go



POTOMAC WATCH
By Kimberley A. Strassel

Testifying last week before the Senate Judiciary Committee, James Comey recalled a moment that should have held more significance for him than it did. At the height of the presidential campaign, President Obama's attorney general, Loretta Lynch, had chosen to meet with Bill Clinton on an airport tarmac. That, said the now-former FBI director, "was the capper for me." Hillary Clinton's emails were being probed, but Ms. Lynch was too conflicted to "credibly complete the investigation." So Mr. Comey stepped in.

Donald Trump and senior Justice Department leaders might appreciate the impulse. According to Democrats and the media, Attorney General Jeff Sessions is too conflicted to recommend sacking Mr. Comey; the Trump administration is too conflicted to name a successor; the entire Justice Department and the Republican Congress are too conflicted to conduct true oversight.

Entirely missing from this narrative is the man who was perhaps the most conflicted of all: James Comey. The FBI head was so good at portraying himself as Washington's last Boy Scout—the only person who ever did the right thing—that few noticed his repeated refusal to do the right thing. Mr. Comey might

still have a job if, on any number of occasions, he'd acknowledged his own conflicts and stepped back.

Deputy Attorney General Rod Rosenstein's memo to Mr. Sessions expertly excoriated Mr. Comey's decision to "usurp" Ms. Lynch's authority and his "gratuitously" fulsome July press conference. But Mr. Comey's dereliction of duty preceded that—by his own admission. Remember, he testified that the Lynch-Clinton meeting was but the "capper." Before that, he told lawmakers, "a number of things had gone on which I can't talk about yet that made me worry the department leadership could not credibly complete the investigation."

We don't know what these things were, but it seems the head of the FBI had lost confidence—even before Tarmac-Gate—that the Justice Department was playing it anywhere near straight in the Clinton probe. So what should an honor-bound FBI director do in such a conflicted situation? Call it out. Demand that Ms. Lynch recuse herself and insist on an appropriate process to ensure public confidence. Resign, if need be. Instead Mr. Comey waited until the situation had become a crisis, and then he ignored all protocol to make himself investigator, attorney, judge and jury.

By the end of that 15-minute July press conference, Mr. Comey had infuriated both Republicans and Democrats, who were now universally convinced he was playing politics. He'd undermined his and

his agency's integrity. No matter his motives, an honor-bound director would have acknowledged that his decision jeopardized his ability to continue effectively leading the agency. He would have chosen in the following days—or at least after the election—to step down. Mr. Comey didn't.

The FBI head's sense of perfect virtue led him to ignore his own enormous conflicts.

Which leads us to Mr. Comey's most recent and obvious conflict of all—likely a primary reason he was fired: the leaks investigation (or rather non-investigation). So far the only crime that has come to light from this Russia probe is the rampant and felonious leaking of classified information to the press. Mr. Trump and the GOP rightly see this as a major risk to national security. While the National Security Agency has been cooperating with the House Intelligence Committee and allowing lawmakers to review documents that might show the source of the leaks, Mr. Comey's FBI has resolutely refused to do the same.

Why? The press reports that the FBI obtained a secret court order last summer to monitor Carter Page. It's still unclear exactly under what circumstances the government

was listening in on former Trump adviser Mike Flynn and the Russian ambassador, but the FBI was likely involved there, too. Meaning Mr. Comey's agency is a prime possible source of the leaks.

In last week's Senate hearing, Chairman Chuck Grassley pointed out the obvious: The entire top leadership of the FBI is suspect. "So how," Mr. Grassley asked, "can the Justice Department guarantee the integrity of the investigations without designating an agency, other than the FBI, to gather the facts and eliminate senior FBI officials as suspects?" Mr. Comey didn't provide much of an answer.

All this—the Russia probe, the unmasking, the leaks, the fraught question of whether the government was inappropriately monitoring campaigns, the allegations of interference in a presidential campaign—is wrapped together, with Mr. Comey at the center. The White House and House Republicans couldn't have faith that the FBI would be an honest broker of the truth. Mr. Comey should have realized this, recused himself from ongoing probes, and set up a process to restore trust. He didn't. So the White House did it for him.

Colleagues describe Mr. Comey as an honorable man. The problem seems to be that his sense of perfect virtue made him blind to his own conflicts and the mess he had made. New leadership at the FBI is a chance for a fresh start.

Write to kim@wsj.com.

The Ins and Outs of New York's Eruv

HOUSES OF WORSHIP
By Allan Ripp

Every Thursday and Friday, Rabbi Moshe Tauber dutifully travels to Manhattan from his home in Monsey, N.Y. The 43-year-old rabbi and father of 12 usually arrives by 5:30 a.m. He drives as far as 25 miles in the city, his eyes focused well above street level. That's because he sees what nobody else does.

Rabbi Tauber's job is to keep tabs on the Manhattan eruv, a precisely designated zone that zigzags from 126th Street in Harlem to the bottom of the island and from the Upper East Side to the Lower East Side. Its perimeter is marked by heavy-duty fishing line strung almost invisibly on city light poles 18 feet high, though structural portions of the Franklin D. Roosevelt Drive, the West Side Highway and the Brooklyn Bridge also mark the boundaries.

For many of New York's observant Jews, their enjoyment of the Sabbath depends on Rabbi Tauber. During Shabbos, which runs from Friday sundown to Saturday night, religious Jews aren't permitted to carry objects outside the home, as that would constitute work. No bottles of wine and casseroles when visiting friends, not even prayer books and tallit bags. The eruv becomes a lifeline for Orthodox families to be out and about on the holiest day of the week.

Under cover of the eruv, which symbolically extends one's residence into the public domain, carrying and pushing are kosher. This means parents can walk with baby carriages and strollers. Ditto for those guiding wheelchairs or walkers. The mingling of private and public space reflects the definition of eruv, a Hebrew word for "mixture."

Rabbi Tauber began providing rabbinical supervision to the Manhattan eruv in 2000, a year after the first line was strung along the Upper West Side. Now perhaps the largest eruv outside Israel, it spans much of the island. Anyone looking for its coordinates can find a map online.

Rabbi Tauber checks the lines to make sure they're secure and intact from one intersection and bridge to the next, maintaining a continuous citywide enclosure. If any section is down or damaged, the entire integrity of the eruv is breached, its figurative protection voided.

Strong winds, careless work crews and a pair of tennis shoes tossed over the line all pose a threat. On a recent Friday following a heavy rain, Rabbi Tauber spotted a split thread dangling from a lamp on Second Avenue and 35th Street. "That's one for Spectrum," he said, scribbling the location in a notebook. He meant Spectrum on Broadway, a sign-maintenance firm in Queens that repairs the eruv on the rabbi's instructions.

Rabbi Adam Mintz, a New York eruv scholar who launched the current version in 1999, obtains permits from several city agencies to run the lines. Annual costs exceed \$125,000, contributed from Orthodox congregations and supporters like Yeshiva University and Chabad of the Bowery.

A virtual enclosure lets Jews remain 'home' as they travel the city on Shabbos.

"Hurricane Sandy was the worst," Rabbi Tauber said of the 2012 storm that wreaked havoc on the city and its eruv.

"With so much power out, I used my car charger and a torch to light the poles so the Spectrum guys in buckets could reattach the lines." Many construction workers recognize the taut nylon wire as a Jewish thing. "A lot of them think it leads Jews to the nearest synagogue," the rabbi explained.

Driving around at a lurching pace—and stopping at Dunkin' Donuts for coffee—the rabbi knew when to turn his attention from one side of the street to the other, as the eruv was rerouted to avoid tree corridors. Two locations

will never be certified: Times Square and Penn Station. The number of people passing

through both reaches levels the Torah finds unacceptable for eruv inclusion, or so the sages say.

The United Nations is also off-limits. Rabbi Tauber noted that the land under the U.N. is not owned by the city but by all member states, making an appeal for a Jewish safe zone unlikely.

Despite spanning so much territory, the Manhattan eruv has never been vandalized—unlike counterparts in Brooklyn, where Orthodox purists opposed to bending Sabbath restrictions have ripped down the lines. Which raises a serious question: Isn't the eruv a giant loophole? A piece of the downtown line could snap during Shabbos's 25-hour blackout, and no one uptown would know.

Rabbi Tauber was philosophical about the issue. "New York is so big and you've got so many families relying on it, you have to have some faith. Plus, I'm good at my job."

Something caught his eye and he made a sudden stop off the FDR exit ramp. As he jumped out for a closer look, a delivery van pulled alongside and the driver shouted, "Yo, rabbi, that's some crap parking spot." Rabbi Tauber shrugged, focusing to make sure the line overhead was all right. Then it was back to his Toyota Sienna and on to the next inspection.

Mr. Ripp runs a press relations firm in New York.

My Mom's Vision, My Inheritance

By Emma Elias

"Hola miya, how are you?" my mom, Rosa, texted me last month. I hesitated before replying that I had woken up again to that sharp pain behind my eyelids. Like her, I was born with granular dystrophy, a rare eye condition that occasionally causes "eruptions" and leaves scar tissue on my corneas. Whenever I mentioned it, my usually chirpy mom would wilt. "I gave you all that is bad," she would sigh. She felt responsible for my affliction. For a long time, I blamed her too.

My mom was diagnosed in 1991, long after her vision had begun to fail. She was 27, and I was 4; we had arrived in the U.S. after fleeing Guatemala's civil war. Back home proper health care had been rare and expensive. We came to California to live with my dad, Hernan, a cook who worked 16 hours a day to bring us to America.

My mom eventually learned to drive, but often, especially at night, she depended on my dad, and later my brother and me. Since I also had the disease, I joked that it was the blind leading the blind when we would try to find our way, driving slowly and squinting at road signs while cars behind us honked.

She blamed herself for my affliction. I had to learn not to.

When my eruptions came, the loss of vision and pain were debilitating to the point of depression. Light was excruciating, and I retreated to a darkened room for days at a time. My mom soothed me and blamed herself. I stewed in silent agreement.

After she turned 50, she was referred to an ophthalmologist who specialized in

rare diseases. He was fascinated by her condition. Soon the room was filled with excited young physicians who'd never seen a real-life case. She needed surgery, and the doctor battled her insurance company for months until it approved two corneal transplants. I had been so concerned with my own struggle that I hadn't noticed hers. But I felt a pang of anxiety as I imagined her driving home from her housekeeping job during the winter, when the sun set before she left.

After the first surgery I picked her up from outpatient care. A week later, her other cornea was replaced. "Colors are brighter," she said. My congratulatory smile hid more than a touch of sadness. My roommates and boyfriend worried that they sometimes found me hanging out in the dark. How had I not realized all the lights were off? A selfie revealed a trail of faint freckles across my cheeks, which I

had not noticed. My friends laughed and said, "Yes, you've always had those."

I asked my doctor about surgery, but he said I didn't need it yet. This was infuriating, but I was no longer angry with my mom. I realized that my parents had left their country and sacrificed every day to give me and my brother a better life. They made sure I got checkups, glasses, braces, shots. I've earned a college degree in English and am now studying journalism at the New School.

When I told my mom that I had inherited her freckles, she inspected my face proudly. "Mija, your vision is fine. Your life is good!" She was right. She'd bequeathed to me not only her freckles and deteriorating eye disease, but also everything good in my life that she'd never had growing up.

Ms. Elias is a first generation immigrant studying journalism at the New School.

BOOKSHELF | By Lee Edwards

Leading The Leaders

A Man and His Presidents

By Alvin S. Felzenberg
(Yale, 417 pages, \$35)

At the dinner marking National Review's 30th anniversary, President Ronald Reagan summed up the debt that he and the nation owed the magazine: "You didn't just part the Red Sea—you rolled it back, dried it up, and left exposed, for all the world to see, the naked desert that is statism." He went on to call the magazine's founder "perhaps the most influential journalist and intellectual in our era." Rarely has a sitting president been so lavish in his public praise—at least of someone outside his own administration. In fact, William F. Buckley had been Reagan's intellectual mentor, political counselor and friend for nearly a quarter-century.

Most of us are familiar with Buckley's multiple lives—novelist, TV host, columnist, Bach lover, *enfant terrible* turned

éminence grise. But not until Alvin Felzenberg plumbed the Buckley Papers at Yale, as well as other sources, was another Buckley revealed: a political strategist determined to change the political direction of America.

Writing to prospective investors for National Review in 1955, Buckley explained that conservatives needed a journal that would supply its readers with "live ammunition for every round of the battle." Over time, he predicted, an alternative

network of commentators, academicians and journalists would emerge. All would take their inspiration from National Review, which would function as the "keeper of the tablets" for an emerging movement. One of the journal's first subscribers was Ronald Reagan.

"A Man and His Presidents," deeply researched and smoothly written, is a superb political biography. At its core is the friendship between Buckley and Reagan, who corresponded and telephoned constantly about matters of state and sometimes their children's future. The two did disagree—as on the Panama Canal treaties (which Reagan opposed) and the Intermediate-Range Nuclear Force Treaty (which Buckley opposed)—but never allowed their policy differences to weaken their ties.

Of all the presidents during his lifetime, Mr. Felzenberg writes, Buckley was "most strident" in his criticism of Dwight Eisenhower, considering him the "principal obstacle to the conservative cause." At home, Buckley believed, Ike was too willing to continue New Deal and Fair Deal programs; abroad, he too often played a weak hand. The feeble U.S. response to the Hungarian Revolution of 1956 produced National Review's "most bitter condemnation" of the administration.

John F. Kennedy was treated differently. Sometimes Buckley agreed with him, as with Kennedy's call for across-the-board tax cuts; and sometimes he did not, dissenting from the widespread praise of Kennedy's handling of the Cuban Missile Crisis, which included a U.S. pledge never to invade Cuba. What Khrushchev cared about most, Buckley argued, was the survival of the Castro regime, "not the lousy missiles." As for Lyndon Johnson, Buckley demanded that if he was not prepared to win the Vietnam War, he should withdraw U.S. forces "and quickly." He noted that, in spite of the vaunted aspirations of the Great Society, LBJ left office "lonely, unloved, and discredited."

Buckley was strident in his criticism of Dwight Eisenhower, considering him an obstacle to the conservative cause.

The most entertaining chapter of "A Man and His Presidents" is "Demand a Recount," the story of Buckley's quixotic campaign for mayor of New York. The campaign invigorated conservatives, still devastated by Barry Goldwater's landslide defeat months earlier, and led to the birth of "Firing Line," Buckley's long-lived TV show. Buckley received an impressive 13.4% of the vote by appealing primarily to white working-class Democrats in the outer boroughs, the same constituency that re-emerged in later years as Richard Nixon's "silent majority" and "Reagan Democrats."

Buckley supported Nixon in 1968 as "the most right, viable candidate who could win." He spent the next five years skewering him for appeasing the Soviets and Chinese Communists and embracing Keynesian economics. Buckley's final verdict on Nixon: He was both the "weakest of men and the strongest, a master of self-abuse and of self-recovery."

The presidency of George Herbert Walker Bush was a disappointment to Buckley, who called him a "reluctant statist." Buckley had fewer dealings with George W. Bush and his administration than any Republican president since Nixon. The lack of engagement was partly intentional—by 2001, Buckley was winding down his affairs. But he applauded Mr. Bush's action against Saddam Hussein because of the presence of weapons of mass destruction in Iraq and then reversed himself when no WMDs were found. He roundly criticized Mr. Bush for his utopian policy of "nation-building."

Over the years, writes Mr. Felzenberg, Buckley and the conservative movement changed. In the 1950s, Buckley and his nascent movement sought to reverse the New Deal, "roll back" Soviet expansion and even wage preventive war on the U.S.S.R., all at the same time. But gradually, influenced by realists like Whittaker Chambers and James Burnham, Buckley learned to prioritize and trim his sails here and there. He thus managed to bring conservatism into the mainstream and, Mr. Felzenberg says, "helped change the world."

To what end? Much like the historian Russell Kirk, Buckley saw his role not as a discoverer of new truths but as a retriever of ancient ones. He believed those truths to be the best means to "preserve human freedom, enhance civilization, create wealth, enable people to attain their full capabilities, and glorify God, in whose image humankind was created." In his 82 years, concludes Mr. Felzenberg in this fresh account of a much-chronicled figure, Buckley achieved a great deal of what he set out to do, leaving behind a movement that continues to make a profound difference in our politics.

Mr. Edwards, a distinguished fellow at the Heritage Foundation, is the author of a biography of William F. Buckley. His memoir, "Just Right," will appear in the fall.

Coming in BOOKS this weekend

What happened to Hemingway • The wolf returns to the West • Maurice Sendak's primal vision • A chef's journey back to her Midwest roots • Novels from Dennis Lehane, Cory Doctorow and Madison Smart Bell • & more

OPINION

REVIEW & OUTLOOK

Aetna Says Sayonara to ObamaCare

For all the media think pieces about the nature of truth in the Trump era, Democrats have their own alternative facts about ObamaCare. To undermine the GOP case for repeal and replace, they claim the entitlement is working beautifully. But then what about the latest insurance giant to dump its ObamaCare ballast?

Aetna said on Wednesday that it will withdraw individual market plans in Nebraska and Delaware, meaning it will participate in zero exchanges in 2018. Last week the insurer bolted from Iowa and Virginia, and the four states were the last vestiges of its original ObamaCare expansion to 15 states. Even as the rest of its business is performing handsomely, Aetna expects to lose about \$200 million on ObamaCare this year, on top of write-downs nearing \$700 million between 2014 and 2016.

Humana has also left the exchanges altogether, Anthem is edgy, and the familiar problem is ObamaCare's structural undertow. Despite subsidies and mandates, the regulations are too restrictive and insurers aren't allowed to profitably sell products that can attract enough people to square the economics.

The white flag is especially notable because Aetna led ObamaCare's industry cheering section in 2009 and 2010 and was once inclined to accept the exchanges as temporary loss leaders to support the mission of universal coverage. In the chaos of the law's early years, liberals insisted everything would be fine by now.

In a hilarious letter Tuesday, all 48 Senate Democrats instructed Republicans "to discourage the ongoing effort by the Administration to destabilize the health-care marketplace, which could lead to rising insurance premiums for all." Could? ObamaCare is already doing a fine job of

raising costs and reducing choices.

In Maryland, CareFirst Blue Cross Blue Shield is requesting average premium increases for 2018 as high as 58.8% and cautioned that "we think we are in the beginning" of a "spiral," when prices must increase so rapidly that the market collapses. In Connecticut the number of participating insurers will fall next year to two from five, and they're proposing average rate increases of 15.2% and 33.8%.

Liberals are hailing Blue Cross Blue Shield of Tennessee's decision to sell coverage in the 16 counties around Knoxville, a region that Humana, the only insurer this year, will leave in 2018. That averted a crisis, but the company advised regulators that it would require "a higher-than-average margin" to participate. Insurance isn't worth much if nobody can afford it.

The GOP's American Health Care Act includes tools that can mitigate some of the damage, and over time nurture a richer, more liquid insurance market. The failure to pass the reform this spring has contributed to business uncertainty, but there's still time to provide more stability—though it is running out fast.

If Congress can't find a reform majority, then Democrats will flip their all-is-well narrative without a second thought and blame Republicans for every last horror story. The GOP will have no answer heading into the midterms.

Over the longer term, a Republican failure to stand up a market-based ObamaCare replacement means the status quo of ever-more government, and there's another warning in the Aetna news: In the first quarter, revenue from taxpayers exceeded revenue from its commercial business for the first time since the company was founded in 1853.

Guns for the Syrian Kurds

Donald Trump inherited bad and worse options for dealing with Syria. This week the President selected one of the less bad ones by approving a plan to arm Syrian Kurds combating Islamic State.

The Pentagon on Wednesday said it's preparing to deliver the first cache to the Kurdish Peoples' Protection Units, or YPG. The weapons are intended to bolster the Kurdish fighters as they set out to dislodge the caliphate from its "capital" of Raqa. Washington already provides the YPG with air cover and special-forces help.

The arms transfer will solidify the YPG's position as the main American proxy on the ground in Syria, not that there are many alternatives. There is no comparably reliable partner in the areas where the YPG fights.

The Kurdish fighters have also proved themselves on the battlefield. On Wednesday they took control of Taqba, 33 miles west of Raqa and home to Syria's largest dam. Their successes going back to 2014's battle of Kobane have led the Pentagon to conclude that the fastest way to liberate Raqa is cooperation with the Kurds.

There are risks to arming the YPG. Kurds make for poor liberators in Arab areas such as Raqa. Kurdish forces can defeat Islamic State militarily outside traditionally Kurdish areas, but it's harder for them to hold and govern territories that are majority Sunni Arab. The YPG does have Arab allies in its ranks, and the Pentagon should insist that Arabs take the lead in Raqa.

The bigger worry is Turkey. President Recep

Tayyip Erdogan sees the YPG as a thinly disguised Syrian affiliate of the Kurdistan Workers' Party, or PKK, the U.S.-designated terror group

he is fighting in southeast Turkey. Mr. Erdogan says the U.S. is using terrorists to fight terrorists.

He might retaliate by denying the U.S. Air Force basing rights at Incirlik, which has been critical to the anti-Islamic State fight. He might also target YPG positions inside Syria, as he has in the past, though that seems less likely now given the risk of harming embedded U.S. special forces.

To alleviate his concerns, Washington can press the YPG to distance itself from the PKK. With American arms comes leverage. U.S. intelligence cooperation against the PKK can also help cool Mr. Erdogan's temper. As our Journal colleagues reported Wednesday, Mr. Trump is expanding capabilities at an anti-PKK joint U.S.-Turkish intelligence center in Ankara. Mr. Erdogan also rightly considers Syrian strongman Bashar Assad to be the main instigator of the civil war. Taking a tougher line on the Syrian regime can ease tensions over the Kurdish arms.

Once a Syrian settlement is in sight, the Kurds will look to translate their services to the West into some form of autonomy on the model of the Kurdish zone in northern Iraq. That's a bridge to be crossed down the road. For now Mr. Trump can make the case that defeating Islamic State should be the top priority for all responsible players in the region, and arming the Syrian Kurds is one of the less bad ways for doing so.

Defining Deference Down

President Trump has promised to roll back the regulatory state, but he'll need the help of a judiciary that has for decades deferred too eagerly to executive agencies. The Supreme Court has an opportunity to refine a doctrine known as *Chevron* deference, and a lucid dissent from the D.C. Circuit Court of Appeals deserves more attention.

Last week the D.C. Circuit declined to rehear *US Telecom Association v. Federal Communications Commission* in front of the full court, or *en banc*. A three-judge panel of the court last year upheld FCC rules that reclassified the internet as a public utility. Internet-service providers challenged the order for a dozen reasons, including procedural violations, as the agency proposed one rule and adopted another. More fundamental are constitutional objections: President Obama ordered the supposedly independent agency to act.

The 2-1 ruling for the FCC relied on *Chevron* deference, which says that courts should defer to agencies where the law is ambiguous. Yet the relevant statute stipulates that the web should be "unfettered" by regulation. The court cited one case on cable transmission as precedent for *carte blanche* deference, but that runs afoul of a 2015 ruling from the Supreme Court. In *King v. Burwell*, the High Court clarified that *Chevron* does not apply to matters of "deep economic and political significance." That surely covers re-engineering a trillion-dollar network for expression and commerce.

The petitioners can appeal to the Supreme Court, and a dissent from Judge Brett Kavanaugh may tempt five Justices to take the case. He notes that over the past 25 years the High Court

Trump's move is worthwhile—but not without risks.

has held that "for an agency to issue a major rule, Congress must clearly authorize the agency to do so. If a statute only ambiguously supplies authority for the major rule, the rule is unlawful." This is known as the "major questions doctrine."

No one disputes that the FCC rule is major, or "one of the most consequential regulations ever issued by any executive or independent agency in the history of the United States," as the dissent puts it. Congress has debated but declined to pass legislation granting the agency authority, and Judge Kavanaugh writes that inaction "does not license the Executive Branch to take matters into its own hands." In other words, *Chevron* has been misapplied.

The Supreme Court may decline to hear the case, as FCC Chairman Ajit Pai has announced plans to repeal the rules through regular rule-making. But Chief Justice John Roberts and Justice Clarence Thomas have in recent years signaled a willingness to revisit a theory that has morphed into unlimited deference. Justice Neil Gorsuch has said *Chevron* is "a judge-made doctrine for the abdication of judicial duty," and he's right.

It may be months before the Court accepts or rejects the case, but one last piece of intrigue: Judge Kavanaugh has been writing dissents that seem to inform the High Court's majority rulings. Chief Justice Roberts picked up Judge Kavanaugh's 2008 reasoning in a decision on part of the Sarbanes-Oxley financial law, and the court again adopted his views from 2012 on greenhouse gas regulations. Perhaps the High Court will accept his invitation to revisit a doctrine that has long been abused.

A chance for the Supreme Court to revisit its *Chevron* doctrine.

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

OPINION

LETTERS TO THE EDITOR

'Pre-Existing' Means More Than You Think

Regarding your editorial "Pre-Existing Confusion" (May 2): Most of the highly industrialized countries in the world mandate that everyone pay into their health-care insurance system. They in turn restrict unproven medical interventions, ration even standard care interventions to those who can most benefit from a life-year-saved standpoint, and they cap the cost of provider, drug and medical-device costs. If we follow them, waiting lines and a quest for care will be standard. No one is going to like the new system compared with the extravagance we are used to in this sector of the economy, and we are kidding ourselves if we think we can turn America's vast and disjointed health-care system into an efficient machine.

JOHN L. ROSS
EDGECOMB, MAINE

The problem with high-risk pools is how they have been funded by a tax on insurance companies, which was always too little and seldom included taxing self-funded plans, which make up about 35% of health-insurance coverage in the U.S. The premium was usually unaffordable. This latest plan (which taxes all of us who pay income tax) provides payment (\$100 billion over 10 years) and seems to solve that problem. As I understand it, people with pre-existing conditions would have a choice of three or four different deductibles with plans that may or may not meet ObamaCare's 10 required benefits. A 60-year-old female wouldn't be required to buy health insurance with maternity benefits. Makes sense to me. The high-risk individual's premiums, if any, would be based on income. The net result? All high-risk plans would be guaranteed issue and cover pre-existing conditions. The balance of the individual (versus group insurance, which is always guaranteed issue) population would be allowed to purchase much cheaper underwritten plans. This is like car insurance. Better drivers get better rates. Healthier people would get better rates.

ED W. GROGAN
GIG HARBOR, WASH.

You vastly underestimate concerns about pre-existing conditions. Before

guaranteed issue, shopping for new health insurance was an exercise in frustration for anyone with even relatively minor health problems. Many people who had pre-existing conditions before ObamaCare felt locked into their health-insurance policy. Have a child with a food allergy or asthma? Had a small polyp removed during a colonoscopy? That knee you injured 10 years ago acting up a bit? Any of these could be reasons for denial of coverage for that specific issue for the first year of a new policy or longer.

If we return to traditional underwriting, my guess is that the majority of families who buy their own health-insurance run the risk of a partial denial of health-insurance coverage when shopping policies. I doubt that high-risk pools will be designed to address this need.

WINSTON WEINMANN
ATLANTA

Your statement that "people with pre-existing conditions don't need insurance—they need help paying for expensive treatment that is already known" seems to ignore the fact that they have the same routine health problems and treatment costs that all Americans have.

If you have diabetes or asthma, you need to see a doctor when you sprain your ankle, get a nasty rash, run a high fever or get pregnant, like everyone else. All these health problems have nothing to do with your asthma or diabetes but will lead to hefty medical bills nonetheless.

SID MELTZER
NEW YORK

My wife has a severe pre-existing heart condition. We have covered her in the individual market since I retired in 2012, at ever-increasing premiums. Why should we subsidize someone who has gone without coverage all this time who gets sick next year and only then decides to buy coverage? The solution is simple, set a date when everyone must purchase insurance to have pre-existing conditions covered. Anyone not covered by that date will be subject to pre-existing condition limitations.

ANGELO CANNATARO
ESTERO, FLA.

McCaffrey Wielded Smart Power Effectively

In "Colombia Is a 'Smart Power' Success Story" (op-ed, April 25), Bill Lane traces the history of both Plan Colombia and military assistance against the Revolutionary Armed Forces of Colombia (FARC) to President Clinton and House Speaker Dennis Hastert. But four-star Gen. Barry McCaffrey, the national drug czar under President Clinton, conducted at least five study missions. I was on three of them, worked on all five and sent deputies to the other two—to Colombia from 1996 to 2000, including meetings with the Colombian president and military leadership. I made flights with the Colombian military to southern Colombia's deep jungle bases, from which they strategized and fought the FARC.

ROBERT S. WEINER
ACCOKEEK, MD.

Mr. Weiner was spokesman, White House Office of National Drug Control Policy, 1995-2001.

Yale Needs Trustees With a Long-Term View

Regarding Lauren Noble and Richard West's "Repeal Yale's Trustee Gag Rule" (op-ed, April 26): The authors challenge Yale's Alumni Fellow election process. Free speech is not an issue in this process. The goal of the election process is to yield the best possible board to govern Yale.

Candidates are asked to refrain from campaigning for two important reasons. First, Yale's board is focused on strategic issues and long-term decisions, such as those regarding intergenerational equity. A process with interviews, forums and endorsements inevitably would focus on the issues of today and doesn't shed light on how candidates will think and react on long-term issues. Second, these positions are volunteer positions, not paid political jobs. Today, elected trustees and appointed trustees are treated identically. If candidates for election are put through a campaign, many potential candidates will choose not

KIMBERLY M. GOFF-CREWS
Secretary and Vice President for Student Life
Yale University

Pepper ... And Salt

THE WALL STREET JOURNAL



"Believe me, having me for lunch is no longer a categorical imperative."

BILL COLUCCI
ROSWELL, GA.

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OPINION

On Tax Reform, Ryan Knows Better

By Laurence Kotlikoff

As Republicans push toward a major rewrite of the U.S. tax code, they must evaluate two competing proposals: the House GOP's "Better Way" plan and President Trump's framework, introduced last month. Either would greatly simplify personal and business taxation, but pro-growth reformers should hope that the final package looks more like the House's proposal.

Let's begin the analysis with personal taxes. Both plans eliminate the alternative minimum tax, deductions for state and local taxes, and the estate tax. The House plan eliminates exemptions, while Mr. Trump's outline is unclear. Both raise the standard deduction, reduce the number of income-tax brackets, lower the top marginal tax rate, and provide a big break to those with pass-through business income.

The House proposal beats Trump's plan, which is more regressive and would induce huge tax avoidance.

On this last point the Trump plan is particularly generous. It taxes pass-through income at 15%—far below its proposed top rate of 35% for regular income. The large gap between these rates would induce massive tax avoidance by the rich. The Better Way's proposed rates are much closer: 25% and 33%, respectively.

Another criterion to judge tax reform is its effect on the budget. Absent any economic response, the Better Way proposal would lower federal tax revenue by \$212 billion a year, according to a recent study I conducted with Alan Auerbach, an economist at Berkeley. But some economic response is likely. The House plan would cut the



ZUMA PRESS

The president and the speaker in the Rose Garden, May 4.

U.S. corporate tax rate from one of the highest among developed countries to one of the lowest. Computer simulations—which will be included in a forthcoming journal article I am writing with Seth Benzell and Guillermo Lagarda—suggest that increased dynamism could raise U.S. wages and output by up to 8%. Under this optimistic scenario, federal tax revenue would rise by \$38 billion a year.

We are in the process of simulating the Trump plan, and it is too early to say whether it produces less revenue. The plan's potential for tax avoidance, however, is a major red flag.

Which plan is more regressive? Both personal tax reforms appear to help the rich. But the Better Way's business tax reform actually appears highly progressive. Despite the popular perception that the corporate income tax is paid by the rich, my research suggests it represents a hidden levy on workers. This causes American companies and capital to flee the country, reducing demand for U.S. workers, whose wages consequently shrink.

The Better Way plan transforms the corporate income tax into something different: a business cash-flow tax with a border adjustment. Notwithstanding innumerable mischarac-

terizations by the press, politicians and business leaders, the cash-flow tax implements a standard value-added tax, plus a subsidy to wages. Every developed country has a VAT, which is an indirect way to tax consumption. All of these levies have border adjustments, which ensure that domestic consumption by domestic residents is taxed whether the goods in question are produced at home or imported. Unlike the Better Way, Mr. Trump's plan does not include a border adjustment, which means it effectively taxes exports and subsidizes imports. This undermines his goal of reducing the U.S. trade deficit.

Where is the progressive element to the cash-flow tax? It's in the subsidy to wages, which insulates workers from the brunt of the VAT. They will pay VAT consumption taxes when they spend their paychecks, but they also will have higher wages thanks to the subsidy. The folks who truly pay the cash-flow tax are the rich, because they pay the VAT when they spend wealth that was earned years or decades ago.

As my study with Mr. Auerbach shows, this quiet but large wealth tax makes the overall House plan almost as "fair" as the current system. Our

analysis—in contrast with studies done by congressional agencies and D.C. think tanks—assesses progressivity based on what people of given ages and economic means get to spend over the rest of their lives.

Consider the present value of remaining lifetime spending for 40-year-olds. The richest quintile of this cohort accounts for 51% of the group's spending, and the poorest quintile for 6.3%. Under the House tax plan, those figures move only modestly, to 51.6% and 6.2%. And the Trump plan? Hard to say, given how easily the rich could transform otherwise high-tax wage income into low-taxed pass-through business income.

The Trump tax plan strikes out on all counts. Whoever knew tax reform could be this complicated? We specialists in public finance did. The bottom line is that the U.S. needs more revenue and less spending to close the long-term fiscal gap. The nation's true debt—the present value of all projected spending, including the cost of servicing the \$20 trillion in official debt, minus the present value of all current taxes—has been estimated by Alan Auerbach and Brookings's William Gale to be as high as \$206 trillion.

The Better Way plan moves in the right direction, but if the economy doesn't respond as hoped, there's a risk of larger deficits. One way to prevent that would be to eliminate the ceiling on earnings subject to the Social Security payroll tax. That could add \$300 billion to the Treasury each year, according to our calculations. But even without that adjustment, the House plan seems far superior to both the current system and the Trump plan. The press, politicians, and business leaders should get things straight, including this key point: The Better Way tax plan is indeed a better way.

Mr. Kotlikoff, an economist at Boston University, is director of the Fiscal Analysis Center.

Watergate Lessons For Trump

By Seth Lipsky

With all the calls for an independent prosecutor for President Trump after his firing of the FBI's James Comey, why not move the investigation to the House Judiciary Committee? It could get right down to whether the president has done anything worthy of impeachment.

It's not that I think the president is guilty. It's just the only properly constitutional way to investigate this, or any, president. No one has adduced any evidence of wrongdoing by Mr. Trump. I'd like to see him cleared. But if he is to be investigated for crimes or misdemeanors, the House, with its impeachment authority, is the venue.

If Comey was investigating the president, it would be cause for dismissal. That's the duty of the House.

The Democrats are outraged at the thought that Mr. Trump, though he denies it, may have fired the director because the FBI boss was investigating the president. But if Mr. Comey was investigating the president, that would be grounds to take the investigation away from him (or simply to fire him). If the president is the target, the matter belongs to the House.

Like others in my generation, I came to this view through the experience of Watergate, when President Nixon fired special prosecutor Archibald Cox, and Whitewater, when President Clinton was pursued by independent counsel Kenneth Starr.

Cox was brought in after Attorney General Elliot Richardson—ignoring the separation of powers—made a deal with Congress to diminish the president's authority. The deal was that Cox would be dismissed only for cause. Cox subpoenaed Nixon and refused a compromise. The president then ordered the attorney general to fire him. An insubordinate Richardson and his deputy refused. It took Solicitor General Robert Bork to do the constitutional deed.

Eventually, the Judiciary Committee hired staff and went after Nixon, voting out three articles of impeachment (obstruction, abuse of power, and contempt of Congress). Before the House could decide whether to press the charges, Nixon quit.

The Ethics in Government Act of 1978 enabled the unleashing of a prosecutor almost completely beyond the reach of the executive branch. It was used to harry the Reagan administration. The Supreme Court, in *Morrison v. Olson* (1988), rejected a constitutional challenge. In a lone dissent, Justice Antonin Scalia warned that an independent prosecutor could affect the "boldness of the president." While issues often come before the court "clad in sheep's clothing," he wrote, "this wolf comes as a wolf."

Democrats finally recognized the wolf in the form of Mr. Starr, who was put up against President Clinton. He sent his findings to the Judiciary Committee, which recommended four counts of impeachment, of which the full House affirmed two (perjury and obstruction). Mr. Clinton was acquitted by a Republican Senate. The GOP would have needed help from the Democrats to reach the constitutionally required supermajority of 67 votes for guilty.

It was a bitter disappointment to those who'd fought for an investigation. The one salve was the almost universal bipartisan conclusion that independent counsels led to abuse. Within months, Congress allowed the independent-counsel law to expire.

The dangers Scalia warned about in 1988 have rarely loomed larger than today, when a new president confronts a global terrorist war. In the middle of this existential struggle, who would benefit were Mr. Trump to be "dragged from pillar to post"?

That's a phrase Thomas Jefferson used when warning against subjecting presidents to the common courts, as Mr. Trump's aides, cabinet officials, family, and onetime business associates will be if the current calls for an "independent" investigation are heeded.

The right adjective for what is needed is "constitutional." Moving the probe to the House Judiciary Committee certainly has risks. But no one could say it lacks the power to put this controversy to bed, one way or another, under the quilt of the Constitution.

Mr. Lipsky is editor of the New York Sun.

Where Has All the French Talent Gone?

By Philip Delves Broughton

Over the past two decades, France's best have abandoned home. Once they would have tap-danced their way through careers in and out of the public and private sectors—a job at the Inspection Générale des Finances followed by a stint in banking, then back into government before settling in at the top of some state-sponsored industrial giant.

But some time after the opening of the Channel Tunnel in 1994, during the long drear of the Jacques Chirac years, they began to leave. All those graduates of Paris's

The young decamped to London, as brain drain helped clear the way for Macron's rise to power.

famed lycées, Henri IV and Stanislas, and the products of its vaunted grandes écoles looked at what France had to offer and hoofed it, some for New York, a few for Silicon Valley, and a great thundering herd for London.

They have earned millions as hedge-fund traders and investment bankers, or by setting up businesses free of the mind-bending constraints of French employment law. London has prospered from their presence. They have bought townhouses in South Kensington and filled the private schools with hordes of little Xaviers and Sylvies. If some enterprising PR company were to set up a cross-Channel croissant-making contest, the winner would be as likely to come from Mayfair as from the Marais.

So if you wonder how a mysterious 39-year-old with only a brief record of public service can find his way to the French presidency, one answer is that his generation's

talent pool has been drained by emigration. Emmanuel Macron achieved his ascent while the best of his class were off elsewhere. He won the support of 93% of French voters living outside the country. In that number were many who in an earlier era might have proved stiff opposition on the campaign trail.

It never used to be this way. Past presidents such as Valéry Giscard d'Estaing, François Mitterrand and even Mr. Chirac were epitomes of a certain kind of Frenchman: Mr. Giscard d'Estaing, all floppy-limbed aristocratic disdain; Mitterrand, a cryptic Socialist with a history as smoky and convoluted as France's own; and Mr. Chirac, a swaggering clan chief of indiscernible political or personal morality.

Their careers had exposed them to all the glories and contradictions of French public life, to reversals and compromises, and to years of sharp-elbowed political fights. They were the winners of a Darwinian struggle among France's finest. When they ventured out into the world, no one doubted they represented the sharp end of French political talent—that unique blend of charm, technocratic bludgeoning and devilish self-interest. You would back them in any fight, whether it was with the Germans to remake EU rules, a union boss to settle a strike or a West African potentate to ensure the privilege of French oil companies.

This hasn't been the case since. Nicolas Sarkozy spun his wheels, enveloping his presidency in pointless noise and smoke. François Hollande has done very little at all. They are arguably the two worst presidents of the Fifth Republic. The last relic of that bygone era of French leadership is Alain Juppé, Mr. Chirac's prime minister and now the long-serving mayor of Bordeaux, who has been thwarted time and again from making the final leap to the Élysée Palace.

Mr. Macron triumphed as a

Frenchman who had decided to stay, when his education and opportunities might easily have led him to leave. He could have joined the quarter of a million French citizens living in London. But he didn't. He stayed and took advantage of an emptied political field, in which midgets loom like giants.

He is now seeking to repopulate that field, hastily putting together a list of candidates to stand for his new En Marche party in next month's parliamentary elections.

The names read like the mythical everyman and everywoman candidates that political parties crave: a farmer, a lawyer, a former head of

the police rapid-intervention force, the deputy director of a hospital in Toulouse. They are supposed to represent a new and untainted generation in French politics.

It would be a far greater achievement if he could persuade the hundreds of thousands who have left to come back. To renounce their easy foreign lives and re-create the kind of truly competitive political leadership France once had, and which it so badly needs once again.

Mr. Delves Broughton is an author and former Paris correspondent for the Daily Telegraph.

Thought-Free Verse

By Robert R. Garnett

These are trying times for America's poets. "On November 9, 2016, I woke up numb," wrote Puma Perl. She memorialized the feeling in a poem and "sought to commune with other artists" by attending a January demonstration called Poets Protest Against Trump.

A columnist at the New York Times, noting that poets were "disproportionately aghast" at the election outcome, held a Donald Trump Poetry Contest that received 2,000 entries. He published a half-dozen, including "a lovely poem" beginning: "We mustn't slander our Twitter Commander, he'll burble our bird and snatch our bander."

The poetry journal Ploughshares wondered last year whether any poet would agree to read at a Trump inauguration. Canvassing "a rather random group," it found no takers. That snub was returned—Mr. Trump invited no poet—was thought a gloomy omen. "Times are dark indeed," a literary newsletter fretted, "but it's incumbent on the creative class to stand tall and contribute."

Standing tall or not, they crowd together. So it's an apt time to honor the past century's pre-eminent poet, who stood alone. T.S. Eliot published his first poetry volume, "Prufer and Other Observations," in June 1917. With Europe deep in war and America on the way, few could be troubled with idiosyncratic verses by an unknown. Eliot remained obscure, working in a London bank.

But the volume, which included the now-famous poem "The Love Song of J. Alfred Prufrock," launched a revolution. It uprooted poetry from the timeless countryside of Jane Austen's novels, stripped it of "tufted swallows" and "homecome voyagers," and dropped it into bleak 20th-century streets, full of "newspapers from vacant lots" and "broken blinds and chimney-pots." In its wandering ruminations and prosy language, some saw the End of Poetry. Eliot was undeterred: "A poet must take as his material his own language as it is actually spoken around him." In 1922

Eliot's fragmented, polyglot, recondite "Waste Land" became the poetic splash of the century. "What can convey the veritable brain-washing," one literary critic recalled, "the total preoccupation, the drugged and haunted condition which this new poet induced in some of us?"

The Eliots were prosperous and genteel stock, patrician Bostonians since Puritan times. An Eliot cousin was president of Harvard, and another distant cousin, Henry Adams,

Poets toil to survive, as daily Trump & Co. connive. Yet poetry is not so delicate, says a man called T.S. Eliot.

mocked that the mentality was "Boston had solved the universe." Eliot, too, recoiled from this high-toned complacency. Though contemplative, he was not disengaged. He enjoyed detective novels, watched Groucho Marx films, and wrote bawdy verse and whimsical cat poems. He smoked French cigarettes and followed the news, especially sensational murders. Yet he was deeply traditional: "classicist in literature, royalist in politics, and anglo-catholic in religion."

Still, he shunned partisan politics. A poet must "be not a member of a family or of caste or of a party or of a coterie," he insisted, "but simply and solely himself." During the Spanish Civil War, as writers like George Orwell and Ernest Hemingway rushed to the ramparts for the leftist Republic, the journal Left Review invited scribbling stay-at-homes to proclaim their solidarity. Most complied eagerly, their responses published in a pamphlet titled "Authors Take Sides."

Eliot declined. "At least a few men of letters should remain isolated," he wrote, "and take no part in these collective activities." Keeping his sympathies to himself, he returned to his solitary vocation—making poetry.

Mr. Garnett is a professor of English literature at Gettysburg College.

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A Macy's store in Bowling Green, Ky., in March. Other retailers reported disappointing results, sending their shares down.

Department Store Sales Sag

Dwindling foot traffic takes a toll; 'Don't count us out,' says Macy's finance chief

BY SUZANNE KAPNER
AND ANNE STEELE

Macy's Inc.'s troubles showed no sign of abating as the department store reported another quarter of falling sales, ahead of a flurry of results from other retailers battling similar problems with store traffic and online competition.

During the April quarter, sales at Macy's stores open at least a year declined 5.2%, more than the 3% decrease analysts expected, according to Consensus Metrix, marking the ninth straight quarter that same-store sales have fallen.

Kohl's Corp., Nordstrom Inc. and Hudson's Bay Co., which owns Saks Fifth Avenue and Lord & Taylor, also reported declines in same-store sales for the three months ended April 29. Kohl's Chief Executive Kevin Mansell said sales and traffic improved

Wednesday's close.

"Don't count us out, we're not dead," Karen Hoguet, Macy's chief financial officer, said in an interview. The company is rolling out several initiatives that it expects to lift sales, including reconfigured shoe and fine-jewelry departments, she added. "While we'll be operating fewer stores, we have the opportunity to make our stores better."

The government is expected on Friday to release its monthly retail sales data, with economists expecting a 0.5% increase for April following two months of declines. Ms. Hoguet said that despite an uptick in sales in March and April from an unusually weak February, Macy's wasn't banking on a rebound in consumer spending this year.

Kohl's Corp., Nordstrom Inc. and Hudson's Bay Co., which owns Saks Fifth Avenue and Lord & Taylor, also reported declines in same-store sales for the three months ended April 29. Kohl's Chief Executive Kevin Mansell said sales and traffic improved

Retail Drop

Macy's shares fell 17% Thursday as the retailer reported another quarter of falling sales.



THE WALL STREET JOURNAL.

as the quarter progressed.

February same-store sales declined around 8%, while same-store sales in the combined March-April period were down just 1%. Mr. Mansell said

February could have been affected by the slower-than-usual receipt of tax refunds.

Nordstrom's total sales rose 2.7% to \$3.3 billion for the period. Same-store sales fell 2.8% at its department stores and Nordstrom.com. But the measure rose 2.3% at Nordstrom Rack, its off-price chain. Profits increased to \$63 million from \$46 million a year ago.

The retail sector is in focus on Wall Street over the next few days, with J.C. Penney Co. scheduled to report results on Friday and Home Depot Inc., Target Corp. and Wal-Mart Stores Inc. next week.

Foot traffic continues to dwindle at brick-and-mortar stores as shoppers increasingly opt to make purchases online. Retailers have responded by shutting stores and cutting jobs.

"The past year will be re-

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◆ Heard: Tougher fixes needed at department stores..... B12

Ford CEO, Chairman Feel Heat

BY CHRISTINA ROGERS

Ford Motor Co. shareholders put heat on Chief Executive Mark Fields and Chairman Bill Ford during their annual meeting Thursday, pressing the executives about the stock's loss of more than a third of its value during Mr. Fields's tenure.

The auto maker, like its Detroit rival General Motors Co., has booked substantial profits during a seven-year hot streak for U.S. car sales and, especially, lucrative trucks—but shares in domestic auto companies have been battered. Ford and GM have long been subject to the industry's boom-and-bust cycle, and have struggled to sell investors on a strategy to escape that trend.

"We are as frustrated as you are about the stock price," Mr. Ford told shareholders. "The stock price matters a lot to us."

Tesla Inc., the Palo Alto, Calif., electric-car maker run by billionaire Elon Musk, surpassed Ford's and GM's market capitalization earlier this year, underscoring Wall Street's concerns about Detroit's ability to outgun Silicon Valley in developing must-have electric cars or autonomous driving capabilities. Tesla sells a fraction of what Ford or GM delivers, yet has captivated investors with its prospects for growth.

Mr. Fields, who became CEO in 2014, faced heightened scrutiny from the board of the 114-year-old company this week, as directors added a day of meetings to press the executive for clarity on strategy.



ASSOCIATED PRESS

An aluminum plant in Anyang, China. A metal cache tied to a billionaire has captivated the market.

Chinese State Money Linked To Massive Metal Cache

Following the paper trail of aluminum around the world

By SCOTT PATTERSON

Money from state-run Chinese companies was used to help finance the buildup of a massive aluminum stockpile that has crisscrossed the globe, depressed prices and sparked a criminal investigation in the U.S., according to business records, emails and people with direct knowledge of the transactions.

State-owned enterprises in China, known as SOEs, enjoy low-interest government loans and other subsidies.

A Wall Street Journal article tied the cache to billionaire Liu Zhongtian and his aluminum company, China Zhongwang Holdings Ltd. Last year, much of the pile and other aluminum linked to Mr. Liu

was transported to Vietnam, the Journal reported.

His apparent goal, American competitors allege in federal complaints, was to disguise the origin of the metal, which could have faced high tariffs in the U.S.

Mr. Liu and China Zhongwang have repeatedly denied any connection to the stockpiles. They say they haven't violated any laws.

Complaints about the stockpiles helped spur investigations by the Department of Homeland Security and Justice Department, people familiar with the matter say.

Those authorities are examining if firms tied to Mr. Liu and China Zhongwang committed violations by routing aluminum through Mex-

ico to avoid tariffs, according to court records and people familiar with the probe.

A web of transactions involving Chinese SOEs and firms affiliated with Mr. Liu shed light on how Mr. Liu could have accumulated so much metal outside of China. Access to funding secured by SOEs helped make it possible for trading firms close to Mr. Liu to buy China Zhongwang aluminum and ship the metal to Mexico, people familiar with the matter said.

According to documents reviewed by the Journal and people familiar with the matter, some financing was linked to three Chinese SOEs: CEIEC Ltd., Great Dynasty and China Machinery & Equipment Co.

Please see CHINA page B2

China's Bond Yield Puzzle Signals Duress

By SHEN HONG

SHANGHAI—China's \$1.7 trillion government-bond market is exhibiting a new sign of stress: The yield on longer-term debt has fallen below that on shorter-term debt—an anomaly that some traders blame on Beijing's efforts to reduce financial risk.

Early Thursday, the five-year yield rose to 3.71%, breaking above the 10-year yield for the first time since record keeping began—even though the latter, at 3.68%, was near a 25-month high. Yields rise as bond prices fall.

Such a "yield-curve inversion" defies normal market logic that bonds requiring a longer commitment should compensate investors with a higher return.

Inversion usually reflects investor pessimism about a country's long-term growth and inflation prospects. When the U.S. Treasury yield curve inverted in 2006 and 2007, most analysts cited Asian central banks' heavy buying of longer-dated U.S. government debt.

But in China, while growth has been slowing and inflation relatively subdued, few are predicting prolonged deflation or a recession.

"Many of us are scratching our heads for an explanation because this kind of curve in-

version is absolutely not normal," said Wang Ming, a partner at Shanghai Yaozhi Asset Management Co., a bond fund that manages 2 billion yuan (\$290 million) in assets.

The answer seems to lie in Beijing's recent campaign to tamp down the burgeoning shadow-banking sector, whose growth is due largely to wealth-management products. The amount of such products outstanding ballooned to \$4.2 trillion in the first quarter, Moody's Investors Service said, which is more than a third of China's annual gross domestic product.

That is up from \$72 billion in 2007, according to Chinese financial data firm Wind Info. Banks sell these products to customers by offering much higher returns than ordinary deposits bring.

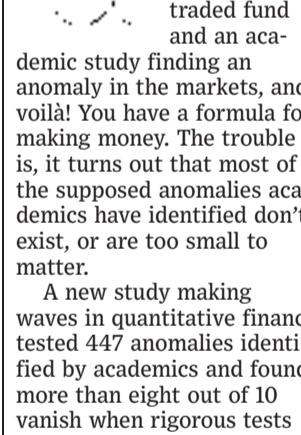
But in pursuit of these outsize returns, they often make highly leveraged bets on assets from bonds to stocks to commodities, and that has alarmed authorities.

In recent weeks China's central bank has raised the cost of short-term borrowing while the banking regulator has warned against market "irregularities" such as the explosion of these highly leveraged products.

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STREETWISE | By James Mackintosh

An Algorithm and ETF Walk Into a Saloon



Tie together an algorithm, an exchange-traded fund and an academic study finding an anomaly in the markets, and voilà! You have a formula for making money. The trouble is, it turns out that most of the supposed anomalies academics have identified don't exist, or are too small to matter.

A new study making waves in quantitative finance tested 447 anomalies identified by academics and found more than eight out of 10 vanish when rigorous tests are applied. Among those failing to reach statistical significance: one anomaly recently set out by the godfathers of quantitative finance, Nobel-winning economist Eugene Fama and his colleague Kenneth French.

The study, "Replicating Anomalies," published this week by Kewei Hou and Lu Zhang at Ohio State University and Chen Xue at the University of Cincinnati, is the biggest test of examples of inefficient markets carried out so far. The trio applied consistent analysis to the supposed anomalies, used the same database of stocks and set higher standards for

statistical significance. Simply reducing the influence of the plethora of rarely traded penny stocks—which make up just 3% of market value but 60% of all listings—by using market capitalization weightings made more than half of past findings no longer significant.

Messrs. Hou, Xue and Zhang warn that academics have been fiddling the statistics to come up with interesting findings, known to statisticians as data mining or p-hacking. "The anomalies literature is infested with widespread p-hacking," they write.

It isn't all bad news for investors and those trying to make a living flogging what have become known as "factors." The research confirmed that the most popular factors have indeed outperformed the market over long periods even when faced with rigorous tests, but found much smaller returns than previous studies estimated.

Market anomalies that passed the new study's tests included several of the biggest. Cheap stocks indeed beat expensive ones; share prices have momentum; companies that invest a lot underperform, and quality of

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BUSINESS NEWS



JANET JARMAN FOR THE WALL STREET JOURNAL

Billets stored on the grounds of an aluminum foundry in Mexico.

CHINA

Continued from the prior page

China Machinery said it signed contracts agreeing to procure machinery for China Zhongwang affiliates, which it said is "part of normal, compliant trading business." CEIEC and Great Dynasty declined to comment.

China Zhongwang announced a deal with the three SOEs in October 2011 in a press statement, saying it signed a \$3.8 billion plan with them to build an aluminum factory outside Beijing.

The same month, China Zhongwang struck another deal with U.S. businessman Eric Shen, giving him control of how cash from the factory deal was spent, according to a previously undisclosed 2011 contract reviewed by the Journal. Mr. Shen says in a court filing he helped Mr. Liu move aluminum around the world to circumvent tariffs. Mr. Liu denies having a business relationship with Mr. Shen.

Under separate deals reviewed by the Journal, the SOEs agreed to pay Mr.

Shen's trading companies to find equipment for the factory. The SOEs agreed to retrofit it and get reimbursed by China Zhongwang.

But Mr. Shen's companies never purchased aluminum machinery, according to people familiar with the matter. Much of the cash instead was used to purchase China Zhongwang aluminum, a permissible use of the money under that agreement's broad terms.

Invoices reviewed by the Journal indicate that two of the SOEs, CEIEC and Great Dynasty, sold over 1,400 tons of aluminum for more than \$7 million in 2012 to GT88 Capital, a trading firm run by Mr. Shen and whose parent company was owned by Mr. Shen to disburse money from the contract. "Here are the payment details," the associate wrote in an Oct. 24, 2011, email to Mr. Chen. "It'd be better to transfer 1 million first, and transfer the rest if everything goes well."

China Zhongwang declined to make Mr. Chen available for comment. A China Zhongwang spokeswoman said neither the company, nor Mr. Chen nor Mr. Liu ever sent money to Mr. Shen or his operations.

Mr. Shen's lawyers said the agreements exist. "Transactions were consummated pursuant to written agreements entered in 2011 between Shen's companies, China Zhongwang and three Chinese state-owned entities," said Jason Liang of law firm Liang Ly LLP.

"We do not have such a contract," China Zhongwang Chief Executive Lu Changqing said, adding the factory was

built via the process described in the 2011 news release.

Mr. Liu, China Zhongwang's chairman, didn't comment for this article.

The signatures of Mr. Shen and a China Zhongwang executive, Chen Yan, appear on the contract authorizing Mr. Shen to disburse money from the SOEs. Emails reviewed by the Journal show Mr. Chen coordinating with an associate of Mr. Shen's about the contract. "Here are the payment details," the associate wrote in an Oct. 24, 2011, email to Mr. Chen. "It'd be better to transfer 1 million first, and transfer the rest if everything goes well."

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"It's really difficult to predict when the sell-off or such anomalies will end because China's bond market is reacting to the regulatory crackdown only and is no longer reflecting economic fundamentals," said China Merchants Bank's Mr. Liu.

YIELD

Continued from the prior page

The crackdown has prompted many issuers to sell bonds in their portfolios to repay investors.

While the selling has been broad-based, investors have been ditching five-year government bonds, where the market is less liquid, faster than 10-year bonds, where the market is more actively traded but also cushioned by demand from long-term investors.

"The inversion is a form of mispricing in the bond market," said Liu Dongliang, senior analyst at China Merchants Bank. "The fact that no one is taking the bargain despite the higher yield on the five-year bond just shows how depressed investors' mood is."

The narrowing of the 10-year bond's yield premium has been particularly conspicuous since April 12, when The

\$4.2T

Size of China's burgeoning wealth-management market

Wall Street Journal reported that China's banking regulator had made a fresh warning to lenders not to engage in speculation that creates asset bubbles and prevents money from flowing to more-productive parts of the economy.

Weak demand for a five-year government bond issued Wednesday further damped interest, traders said. Total bids amounted to 1.8 times the new bond's 36 billion yuan issue size, lower than the normal ratio of around two times.

"It's really difficult to predict when the sell-off or such anomalies will end because China's bond market is reacting to the regulatory crackdown only and is no longer reflecting economic fundamentals," said China Merchants Bank's Mr. Liu.

Bond Bend

Yield spread between 10-year and five-year Chinese government bonds, in percentage points



Source: Wind Info

THE WALL STREET JOURNAL.

RETAIL

Continued from the prior page
membered as one of the most challenging periods for 'brick and mortar' retailers," Sears Holdings Corp. Chief Executive Edward Lampert wrote in a blog post Thursday, adding that the Sears and Kmart chains were

"fighting like hell" to transform to meet these challenges.

Macy's early this year said it would eliminate more than 10,000 jobs and detailed plans to close dozens of stores after another weak holiday season, further signaling that department stores have lost their once-central place in American retailing.

The 159-year-old retailer has been testing programs to lift sales, such as weeding out

certain shoe styles and buying deeper in the ones its merchants considered winners. It also added more color and fashion and armed its sales staff with technology to make it easier for them to see what was in stock. In certain stores, Macy's tested an open sales format similar to DSW Inc. The changes, which will be rolled out to all stores by August, drove a double-digit increase in shoe sales.

Macy's Chief Executive Jeffrey Gennette, who took the reins from Terry Lundgren in March, said he expects the expanded programs will have a measurable impact starting this quarter and building through the fall. "In 2017, we are focused on taking actions to stabilize our brick-and-mortar business," Mr. Gennette said.

In all for the first quarter,

Macy's posted a profit of \$71 million, or 23 cents a share, down from \$116 million, or 37 cents a share, a year earlier. Overall sales fell 7.5% to \$5.34 billion, below expectations of \$5.47 billion, in part owing to store closings. Still, Macy's backed its 2017 guidance for sales to be flat by 3.2% to 4.3%.

Kohl's said inventory management helped it improve its bottom line in the first quarter despite lackluster sales. Gross margin widened and adjusted earnings per share beat Wall Street estimates by a dime.

Kohl's is also continuing to focus on expense reduction and plans to outline broader cost-cutting plans later on.

Kohl's has made a big bet on activewear, with its Under Armour launch and an expanded Nike business, and that helped lift sales, Mr. Mansell said.



KEVIN HAGEN FOR THE WALL STREET JOURNAL
Shoppers at the Monmouth Mall in Eatontown, N.J., Thursday.

STREET

Continued from the prior page
earnings matters. Known as value, momentum, investment and quality, these have become the biggest of the so-called "smart beta" ETFs sucking in tens of billions of dollars.

A lot depends on exactly how the factors are implemented, though, and the researchers dismissed one of the industry-standard Fama-French factors as statistically insignificant: Companies with high operating return on equity don't outperform meaningfully on their tests. Other measures of return on equity did outperform sufficiently, however, underlining the sensitivity of some factors to exactly how they are defined.

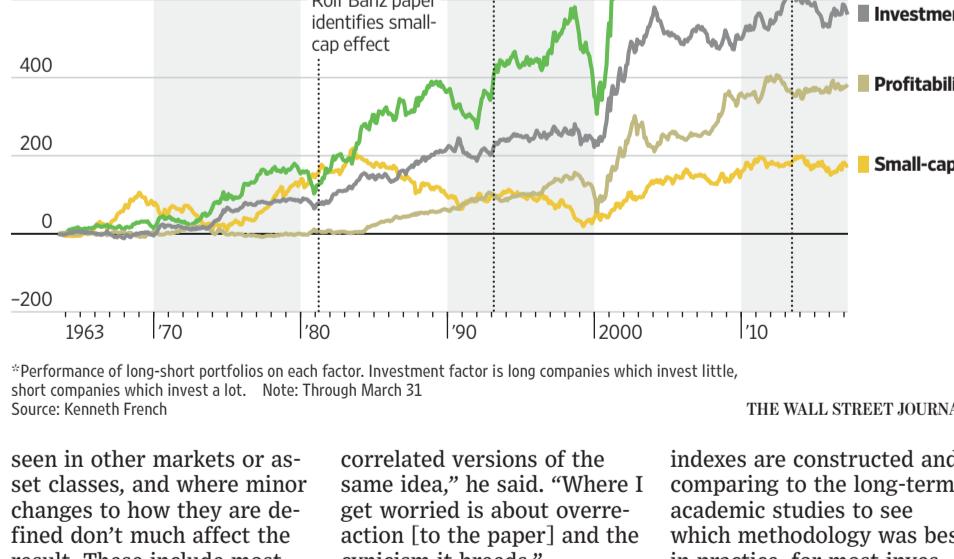
One lesson for investors is to be careful about trying to make money by repeating what seems to have worked in the past. If it was so easy, everyone would do it and it would stop working.

A former student of Mr. Fama, Cliff Asness, founder of quantitative hedge-fund manager AQR Capital Management, said he tries to avoid being caught out by false findings by trading on anomalies he can explain, economically or through investor behavior. To assess whether the market anomalies will continue, he looks for ones which carried on after being identified, can be

Factors to Beat the U.S. Market

Academics often identify stock anomalies that have beaten the market in the past. Many were simply wrong, according to a new study, but some stopped working after publication and others turned out to be weaker than thought.

Factor cumulative outperformance*



seen in other markets or asset classes, and where minor changes to how they are defined don't much affect the result. These include most famously value, momentum and corporate quality, among others.

Still, he worries that the "awesome effort" in the new paper might lead some to overreact and reject all factors, even those which

Messrs. Hou, Xue and Zhang found evidence for.

"Many factors are demonstrably silly, or are highly

correlated versions of the same idea," he said. "Where I get worried is about overreaction [to the paper] and the cynicism it breeds."

Investors are still likely to be confused. There are well over 100 value and high-dividend ETFs in the U.S. alone, tracking large, small or mid-size stocks, based on different definitions and often combined with other factors such as momentum, quality or low volatility. Intelligently choosing between them would mean examining how

indexes are constructed and comparing to the long-term academic studies to see which methodology was best; in practice, for most investors, there is little more to go on than a few years of performance data and fees.

Messrs. Hou, Xue and Zhang provide a handy dismissal of factors that didn't even work that well in the past. But ultimately no one knows whether even previously robust factors like value and momentum will keep working.

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BUSINESS NEWS

Chinese Dairy Plans Bid for Danone Unit

Yili prepares to offer \$850 million to acquire yogurt firm **Stonyfield**; Western brands' appeal

By WAYNE MA

BEIJING—China's largest dairy company is preparing an \$850 million bid for U.S.-based **Stonyfield Farm Inc.**, which makes organic and Greek-style yogurt, a product that is increasingly popular with upscale consumers in China.

Inner Mongolia Yili Industrial Group Co. said it would seek to buy all of Stonyfield, which is based in Londonderry, N.H., and is a subsidiary of French dairy company **Danone SA**.

The statement was made Thursday in a filing to the Shanghai Stock Exchange.

Yili, China's largest dairy company by sales, cautioned in the statement that the bid might not be successful, but didn't elaborate.

Last month, **Yili** scrapped a bid to buy a 37% stake for \$679 million in Hong Kong-

listed China Shengmu Organic Milk Ltd. after it failed to get Chinese regulatory approval, China Shengmu said in a regulatory filing.

Yili booked a net profit of 5.66 billion yuan (\$820 million) on sales of 60.61 billion yuan in 2016.

Stonyfield's organic and Greek-style yogurt products are gaining appeal in China as consumers become more health-conscious, according to data provider Euromonitor International.

The perceived safety of Western brands is a selling point with Chinese consumers who have endured a series of tainted-food scandals. **Yili** was among 22 Chinese dairies forced to recall its products in 2008, when melamine added to milk that it and others sold was blamed in the deaths of six infants and the poisoning of 300,000 other people.

Yili already leads the marketplace in yogurt sales, according to Euromonitor.

A **Danone** spokesman declined to comment Thursday.

—Nick Kostov contributed to this article.



April's weak sales may also be tied to the tendency of car shoppers to wait for new models launched at the Shanghai auto show.

Higher Tax Slows China Car Sales

By TREFOR MOSS

SHANGHAI—China's passenger-car sales in April experienced their biggest decline in nearly two years as the world's largest car market continued to feel the effect of a higher sales tax, though several foreign auto makers bucked the trend by logging sales increases.

Total vehicle sales fell 2.2% year over year to 2.08 million, the government-backed China Association of Automobile Manufacturers said Thursday. Passenger-car sales fell 3.7% to 1.72 million, their biggest fall since July 2015. Sales of commercial vehicles climbed 5.3% to 362,000.

The Chinese and U.S. auto industries posted record sales in 2016, but global auto makers are now grappling with cooling demand. Car sales in China rose at their fastest pace in three years last year, but are expected to slow as a weaker sales-tax incentive puts pressure on demand. Purchases were brought forward in 2016 as consumers rushed to take advantage of the lower tax, analysts say.

Buyers of cars with engines

no larger than 1.6 liters last year paid a 5% purchase tax. This year, buyers of such cars will pay a 7.5% rate.

Overall sales slowed nearly 20% compared with March. China's main annual auto show was held in Shanghai in April and usually dents monthly sales, said Yale Zhang, managing director of Automotive Foresight, as some potential buyers delay their purchases until after new vehicles are launched at the show.

Despite a slow April, the Chinese auto market rose 4.6% in the first four months of the year compared with the same period in 2016, with 9.09 million vehicle sales. Most analysts have been predicting growth of 5% in 2017, a slower rate than in previous years, as the China market matures.

The auto manufacturers' association forecasts "stable growth" of 5% this year, said Shi Jianhua, the group's deputy chief secretary. Some foreign car makers reported strong April sales, despite the sluggishness of the overall China market.

Toyota Motor Corp.'s China sales increased 7.2% in April to 108,300 vehicles, with sales in

the first four months of the year up 3.1% to 404,400 vehicles, the company said.

Volkswagen AG reported 4.3% sales growth in April, with 226,000 vehicles sold. The German auto maker's sales fell 1.9% in the first four months of the year, however, to 921,600.

Ford Motor Co. recorded a

strong April in China, with sales up 11% to 93,967. But 2017 has been tough for Ford overall, with China sales down 12% at 349,228 vehicles.

General Motors Co.'s sales fell 1.9% to 272,770 vehicles, with year-to-date sales off 4.5% to 1.19 million vehicles.

—Lilian Lin contributed to this article.

Nissan Says Slump In U.S. Will Hit Net

Nissan Motor Co. warned that a slowing U.S. car market and rising costs would weigh on earnings this fiscal year.

Japan's second-largest car company by sales said Thursday net profit would fall 19% to ¥535 billion (\$4.7 billion) for the year ending in March.

Nissan forecast sales to grow in every market but the U.S., where the company expects to sell approximately the same number of vehicles as last year.

"In the U.S. we took a conservative view considering the market outlook and intensify-

ing competition," said Hiroto Saikawa, who took over as Nissan's chief executive from Carlos Ghosn in April. Mr. Ghosn retained his other role as the auto maker's chairman.

The decline in profit is exacerbated by the sale of Nissan's stake in auto-parts maker Calsonic Kansei Corp., which added ¥80 billion to Nissan's bottom line in the fiscal year that ended in March 2017.

Without that boost, profit would have been expected to decline 8%.

Nissan reported that its net profit increased 27% to ¥663.5 billion for the year ended in March.

The company's revenue declined 4% to ¥11.7 trillion.

—Sean McLain



Yogurt products are increasingly popular with high-end consumers.

Bombardier's Beaudoin To Cede Executive Role

By PAUL VIEIRA AND JACQUIE McNISH

TORONTO—**Bombardier Inc.** on Thursday said that Pierre Beaudoin has agreed to step down from his executive role amid an investor revolt but he will remain chairman of the beleaguered transportation company.

Mr. Beaudoin, 54 years old, will resign as executive chairman effective June 30, following opposition to his re-election by some of Canada's largest funds, but he will remain nonexecutive chairman.

A spokesman for the company said it won't name a new executive chairman.

Mr. Beaudoin, whose family has voting control of the company through multivoting

shares, received 92% of the votes at the company's annual shareholder meeting in a Montreal suburb Thursday. Four major Canadian pension funds opposed his re-election, citing several governance concerns about the company, which has struggled with product delays and other setbacks. It has asked for and received more than \$1 billion in government financing since 2015.

Mr. Beaudoin, Bombardier Chief Executive Alain Bellefontaine and departing board director Jean Monty faced a series of questions from shareholders about the compensation plans at the shareholder meeting. Some investors, such as Edward Fitka of Montreal, suggested it would be appropriate for "other

members of the Beaudoin family to step aside," given how the share price remains so low.

"I've been working for over 40 years, and I have never received a 50% pay increase," Mr. Fitka said after the meeting, referring to a plan to award big pay increases that spurred the investor revolt. He said he works in the shipping industry and holds roughly 2,000 shares.

Mr. Monty, who leads board efforts on setting compensation, told shareholders the levels set for senior executives are meant to attract the best talent and retain them. Keeping senior executives on board is "particularly crucial during these tenuous times," said Mr. Monty.

Emirates Airline Profit Declines

By NICOLAS PARASIE

DUBAI—**Emirates Airline** said profit fell in its latest fiscal year, reflecting in part weak business travel and a drop in bookings to the U.S. tied to recent Trump administration travel directives.

Emirates said the downturn will force it to withhold dividend payments to its Dubai government-controlled owner for the first time in more than 20 years—a sudden reversal for an airline that has grown into the world's largest international carrier by passengers.

Profit for the fiscal year ended March 31 fell to \$340 million from \$1.94 billion the year before, while revenue was flat at \$23.2 billion.

Emirates bookings to the U.S. slumped in January when President Donald Trump imposed a ban on immigration from several Muslim-majority countries. Bookings have been slow to recover even though U.S. courts have suspended the ban over concerns about its legality.

The airline, known for its luxury offerings in first and business class, said it won't

pay a dividend to its owner, the Investment Corporation of Dubai, for the first time since fiscal 1996. It is a major setback for one of the world's most ambitious carriers, which has stoked controversy with its rapid expansion and ability to steal traffic from U.S. and European rivals.

Emirates' chairman, Sheikh Ahmed bin Saeed Al Maktoum, said the airline's investments in recent years helped it "weather the destabilizing events which have impacted travel demand during the year."

Sheikh Ahmed cited a long list of issues for the airline, including Europe's immigration challenges and terror attacks, Britain's vote to leave the European Union and U.S. travel policies. The sluggish oil-and-gas industry and its effect on business confidence in the region added to difficulties, he said, as did currency devaluations in parts of Africa.

Emirates carried 56.1 million passengers during its past year, 8.1% more than the year before.



The company said a downturn will force it to withhold dividends.

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The Réserve de Marche runs 60% longer than regular automatic movements—putting you fully in charge.

One of the most important elements of an automatic watch is its reserve of power. Watch movements are designed to run at a fully wound state, and accuracy and rate regularity diminish as the mainspring loses its tension. The Stauer *Réserve de Marche* puts time on your side with a truly brilliant design that empowers it to run 60% longer than regular automatic movements, and the price is astonishing at less than \$150!

Built to a higher standard by our exacting engineers, the movement is made lighter and to a higher technical specification that is rarely seen in timepieces under \$5,000. Seeing the fruits of your winding efforts becomes immediately apparent with the *Réserve de Marche*'s power-reserve complication. Like a gas gauge in a car, the power-reserve meter on the dial indicates how much power is left.

This power player packs a punch aesthetically too. The *Réserve de Marche* is a revival of a classic, featuring a white-silver etched dial and a rectangular rose-gold finished stainless steel bezel. A mahogany brown crocodile-embossed leather band secures this engineering miracle to your wrist.

When it comes to the price, we've got a few power moves ourselves. Shop around at high-end retailers and you'll find similar power reserves that sell for thousands. However, we prefer to spend less on all that big name designer stuff like flashy advertising and storefronts, and instead give you a great deal.

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Experience the outstanding timekeeping of the *Réserve de Marche* for 60 days. If you're not convinced you got excellence for less, send it back for a refund of the item price.

Time is running out. Originally priced at \$399, the *Réserve de Marche* was already generating buzz among watch connoisseurs, but with the price slashed to \$149, we can guarantee our limited-edition of 4,999 will not last. So, call today!

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22-jewel automatic movement • Rose-gold finished stainless steel case, caseback & bezel

• Exhibition back • 40-hour power reserve • Date window at 3 o'clock • Water resistant to 3 ATM

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CLASS ACTIONS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE SALIX PHARMACEUTICALS, LTD

Case No. 14 Civ. 8925 (KMW)

CLASS ACTION

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

TO: All persons or entities who purchased or otherwise acquired publicly traded common stock of Salix Pharmaceuticals, Ltd. ("Salix") or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the period from November 8, 2013 through November 6, 2014, inclusive (the "Class Period"), and were damaged thereby (the "Settlement Class").

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, that the above-captioned litigation (the "Action") has been certified for settlement purposes only as a class action on behalf of the Settlement Class, except for certain persons and entities who are excluded from the Settlement Class by definition as set forth in the full printed Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice").

YOU ARE ALSO NOTIFIED that Lead Plaintiff in the Action has reached a proposed settlement of the Action for \$210,000,000 in cash (the "Settlement"), that, if approved, will fully, finally, and completely resolve all claims in the Action.

A hearing will be held on July 24, 2017 at 11:00 a.m., before the Honorable Kimba M. Wood at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom 18B, 500 Pearl Street, New York, NY 10007-1312, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice against Defendants, and the Releases specified and described in the Stipulation and Agreement of Settlement dated March 24, 2017 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

If you are a member of the Settlement Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Settlement Fund. If you have not yet received the Notice and Claim Form, you may obtain copies of these documents by contacting the Claims Administrator at *In re Salix Pharmaceuticals, Ltd.*, c/o Epiq Systems, P.O. Box 3656, Portland, OR 97208-3656, 1-844-308-6864. Copies of the Notice and Claim Form can be downloaded from the website maintained by the Claims Administrator, <http://www.SalixSecuritiesLitigation.com>.

If you are a member of the Settlement Class, in order to be eligible to receive a payment under the proposed Settlement, you must submit a Claim Form postmarked no later than August 9, 2017. If you are a Settlement Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement but you will nevertheless be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to share in the proceeds of the Settlement.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is received no later than July 5, 2017, in accordance with the instructions set forth in the Notice. If you properly exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to share in the proceeds of the Settlement.

Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of expenses, must be filed with the Court and delivered to Lead Counsel and Salix's Counsel such that they are received no later than July 5, 2017, in accordance with the instructions set forth in the Notice.

Please do not contact the Court, the Clerk's office, Salix, or its counsel regarding this notice. All questions about this notice, the proposed Settlement, or your eligibility to participate in the Settlement should be directed to Lead Counsel or the Claims Administrator.

Inquiries, other than requests for the Notice and Claim Form, should be made to Lead Counsel:

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
Salvatore J. Graziano, Esq.
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
(800) 380-8496
blbg@blbg.com

Requests for the Notice and Claim Form should be made to:

In re Salix Pharmaceuticals, Ltd.,
c/o Epiq Systems
P.O. Box 3656
Portland, OR 97208-3656
(844) 308-6864
www.SalixSecuritiesLitigation.com

By Order of the Court

NOTICE OF SALE

NOTICE OF PUBLIC SALE • Property to be Sold

Public Sale No. 1: Tuesday May 16, 2017, 10:00 a.m. EDT

Public Sale No. 2: Tuesday, May 16, 2017, 1:00 p.m. EDT

Lot # CUSIP Issue Asset Type Original Face (\$)

1 282439AA41 EIGHT 2007-1A C ABS CDO 10,000,000

2 40431EAJ13 HSP1 2006-1A C ABS CDO 10,000,000

3 50547QAD9 LCERT 2006-1A C ABS CDO 5,000,000

4 507238AN3 LSECA 2007-1A D ABS CDO 2,000,000

5 67572LAD2 OCTAN 2006-3A C ABS CDO 10,000,000

6 194266AE2 COLLE 2005-2 B Student Loan 10,000,000

7 83149FAG2 SLIMA 2006-5 B Student Loan 10,000,000

8 126673C26 CWL 2005-3 MV7 Subprime 4,460,000

9 126669BC7 CWL 2006-10 MV8 Zero Factor-RMBS 820,000

10 126669HAP2 CWL 2006-20 M9 Zero Factor-RMBS 7,000,000

11 126688HAN0 CWL 2006-26 M8 Zero Factor-RMBS 2,000,000

12 126688HAP5 CWL 2006-26 M9 Zero Factor-RMBS 3,000,000

13 126689NAM9 CWL 2007-2 M7 Zero Factor-RMBS 10,000,000

14 166297TAP5 JPJMAC 2006-CH1 M9 Zero Factor-RMBS 3,000,000

15 189022OAP7 MLMI 2006-HE5 B3 Zero Factor-RMBS 3,000,000

16 161750MAP0 MSAC 2006-HE7 B2 Zero Factor-RMBS 1,000,000

17 617530EAL1 MSAC 2007-HE7 B1 Zero Factor-RMBS 10,000,000

18 2753910AM0 RASC 2005-KS12 M9 Zero Factor-RMBS 4,000,000

19 2754010AM9 RASC 2006-KS12 M9 Zero Factor-RMBS 4,325,000

20 281378CAL2 SABR 2007-NC2 B3 Zero Factor-RMBS 3,000,000

21 80557BAU8 SAST 2007-3 B2 Zero Factor-RMBS 565,000

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BUSINESS NEWS



Customers use the digital screen to order at a McDonald's.

McDonald's Offers Franchisees Help To Regain Business

BY JULIE JARGON

McDonald's Corp. really wants its franchisees to help change everything from the way customers order their food to the way employees provide service.

When McDonald's imposes changes on its restaurants, it normally expects its franchisees to bear the brunt of the expenses. But in an effort to regain the core customers it has lost to rivals, the company is trying to get franchisees on board by ponying up a big chunk of the money for upgrades that can cost anywhere from \$150,000 to \$700,000 per location.

In the past, the company has paid up to 40% of franchisees' remodeling costs and sometimes more for smaller upgrades, according to people familiar with the matter.

Underpinning the upgrades is the renewed emphasis that McDonald's is placing on offering its food at affordable prices.

The company is making its funding dependent on franchisees' approval of national advertising to support a new menu of items priced at \$1, \$2 and \$3 set to launch in January. And McDonald's said in the commitment letter that the efforts won't work unless a significant number of franchisees sign it.

If franchisees representing 67% of McDonald's more than 14,000 U.S. restaurants don't sign the letter by October, the company won't help fund the upgrades.

In the letter, McDonald's said it would reduce or eliminate regional value deals as it develops the one national value program. It has experimented with a number of value meals at different price points around the country, but found it was too confusing for customers to compare their deals with those offered by rivals.

The company has recently turned the corner, especially in its key U.S. market, where its sales growth in the first quarter exceeded analysts' expectations.

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This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below), and the provisions herein are subject in their entirety to the provisions of the Offer (as defined below). The Offer is made solely by the Offer to Purchase, dated May 12, 2017 ("Offer to Purchase"), and the related Letter of Transmittal (as defined below) and any amendments or supplements thereto, and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction or any administrative or judicial action pursuant thereto. The Offeror (as defined below) may, in its discretion, take such action as it deems necessary to make the Offer to holders of Shares in such jurisdiction. In those jurisdictions where applicable laws require that the Offer be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Offeror by one or more registered brokers or dealers licensed under the laws of such jurisdiction to be designated by the Offeror.

Notice of Offer to Purchase for Cash

All Outstanding Shares of Common Stock

of

Tango, Inc.

at

\$6.50 Net Per Share

by

TAMS Inc.

a wholly-owned subsidiary of

Asentinel, LLC

and an affiliate of

Marlin Equity Partners

TAMS Inc., a Delaware corporation (the "Offeror") and a wholly-owned subsidiary of Asentinel, LLC, a Delaware limited liability company ("Parent"), is offering to purchase all of the outstanding shares of common stock, par value \$0.0001 per share (the "Common Stock"), of Tango, Inc., a Delaware corporation (the "Company") (each share of Common Stock is referred to herein as a "Share"), at a purchase price of \$6.50 per Share, net to the seller in cash, without interest, and subject to deduction for any applicable withholding taxes (the "Offer Price"), on the terms and subject to the conditions set forth in the Offer to Purchase and in the letter of transmittal for shares enclosed with the Offer to Purchase (the "Letter of Transmittal"), which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer Documents," and the cash tender offer, in accordance with, and as it may be amended from time to time pursuant to, the Offer Documents, the "Offer"). Tendering stockholders who have Shares registered in their names and who tender directly to American Stock Transfer & Trust Company, LLC, the depositary for the Offer (the "Depository"), will not be charged brokerage fees or commissions or, except as set forth in the Letter of Transmittal, transfer taxes on the purchase of Shares pursuant to the Offer. Stockholders who hold their Shares through a broker or bank should consult such institution as to whether it charges any service fees. The Offeror will pay all charges and expenses of the Depository. Following the consummation of the Offer, the Offeror intends to effect the merger described below.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 10:00 A.M., NEW YORK CITY TIME, ON JUNE 13, 2017, UNLESS THE OFFER IS EXTENDED OR EARLIER TERMINATED.

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of April 27, 2017 (the "Merger Agreement"), by and among Parent, the Offeror and the Company. The Merger Agreement provides, among other things, that the Offeror will make the Offer and, after the purchase of Shares pursuant to the Offer and subject to the satisfaction or waiver of each of the other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the Delaware General Corporation Law (the "DGCL"), the Offeror will be merged with and into the Company (the "Merger") with the Company continuing as the surviving corporation (the "Surviving Corporation") and a wholly owned subsidiary of Parent. Pursuant to the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of Common Stock outstanding immediately prior to the Effective Time (other than shares of Common Stock owned by Parent, the Offeror or the Company, all of which will be canceled for no consideration, and other than shares of Common Stock that are held by stockholders, if any, who properly perfect their dissenters' rights under the DGCL), will be canceled and converted into the right to receive the Offer Price, without interest and subject to deduction for any applicable withholding taxes. Under no circumstances will interest be paid on the Offer Price for Shares, regardless of any extension of the Offer or any delay in making payment for the Shares. As a result of the Merger, the Company will cease to be a publicly traded company and will become a direct wholly-owned subsidiary of Parent. The Merger Agreement is more fully described in Section 11—"The Merger Agreement and Other Agreements"—of the Offer to Purchase.

The obligation of the Offeror to purchase shares tendered in the Offer is subject to specified closing conditions, including shares of Common Stock having been validly tendered and not withdrawn prior to the expiration of the Offer (the latest time and date on which the Offer expires, as it may be extended by the Offeror in accordance with the Merger Agreement, the "Offer Expiration Date") that, together with any shares of Common Stock beneficially owned by Parent or any affiliate of Parent, represent at least a majority of the number of shares of Common Stock outstanding on a fully diluted basis and a sufficient number of shares of Common Stock to allow for Parent, the Offeror and their respective affiliates to own at least 90% of the outstanding Common Stock following exercise of the Top-Up Option (as defined in the Merger Agreement). The Offer is also subject to certain other conditions contained in the Offer to Purchase. See Section 14 of the Offer to Purchase—"Certain Conditions of the Offer"—which sets forth in full the conditions to the Offer. To the extent permitted by applicable law, Parent and the Offeror expressly reserve the right to waive any of the conditions to the Offer, to increase the price per Share payable in the Offer and to make any other changes in the terms of the Offer; except that no change may be made without the prior written consent of the Company to (A) change the form of consideration payable in the Offer, decrease the Offer Price or change the Offer so that it is for fewer than all of the outstanding Shares; (B) extend or otherwise change the expiration date of the Offer, except as required or permitted by the Merger Agreement; (C) change or waive the minimum tender condition; (D) amend, modify or supplement any of the conditions to the Offer or the terms of the Offer in any manner adverse to holders of Shares; or (E) impose any condition to the Offer other than the conditions to the Offer.

The purpose of the Offer is for Parent, through the Offeror, to acquire a majority voting interest in the Company as the first step in acquiring the entire equity interest in the Company. Following the consummation of the Offer, the Offeror intends to effect the Merger.

The board of directors of the Company has unanimously (i) approved and declared the advisability of the Merger Agreement, the Offer, the Merger and the other transactions contemplated by the Merger Agreement, (ii) determined and declared that it is in the best interests of the Company and the stockholders of the Company that the Company enter into the Merger Agreement and consummate the Merger and that the stockholders of the Company tender their shares of Common Stock pursuant to the Offer, in each case on the terms and subject to the conditions set forth in the Merger Agreement, (iii) declared that the terms of the Offer and the Merger are fair to the Company and the Company's stockholders, (iv) resolved to recommend that the Company's stockholders accept the Offer and tender their shares of Common Stock pursuant to the Offer and (v) directed that the Merger Agreement be submitted to the stockholders of the Company for their adoption and resolved to recommend that the stockholders of the Company vote in favor of the adoption of the Merger Agreement to the extent required by applicable law.

In accordance with the terms of the Offer and the Merger Agreement, and subject to the applicable rules and regulations of the SEC, we may, and in certain instances are required to, extend the Offer at any time and from time to time. Under the terms of the Merger Agreement, without the consent of the Company: (a) if at any then-scheduled expiration of the Offer, any condition to the Offer is not then satisfied or waived, we must extend the Offer on one or more occasions for consecutive periods of up to ten business days, up until October 27, 2017, in order to permit the condition(s) to the Offer to be satisfied; and (b) we must extend the Offer on one or more occasions for the minimum period required by any rule, regulation, interpretation or position of the SEC or the staff.

Any extension, delay, termination, waiver or amendment of the Offer will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Offer Expiration Date or the previously scheduled termination of any subsequent offering period, as applicable, in accordance with the public announcement requirements of Rule 14e-1(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The procedures for guaranteed delivery described in Section 3—"Procedures for Accepting the Offer and Tendering Shares"—of the Offer to Purchase may not be used during any subsequent offering period.

For purposes of the Offer, the Offeror will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not validly withdrawn as, if and when the Offeror gives oral or written notice to the Depository, as agent for the tendering stockholders, of the Offeror's acceptance of such Shares for payment pursuant to the Offer. In all cases, on the terms and subject to the conditions of the Offer, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price with the Depository, which will act as agent for tendering stockholders for the purpose of receiving payment from the Offeror and transmitting such payment to tendering stockholders. **Under no circumstances will interest on the purchase price of Shares be paid by the Offeror, regardless of any extension of the Offer or any delay in making any payment.** Payment for Shares will be made only after the timely receipt by the Depository of (a) if Shares to be tendered are certificated, certificates evidencing such Shares or, if Shares to be tendered are held in book-entry form through The Depository Trust Company (the "Book-Entry Transfer Facility"), timely confirmation of a book-entry transfer of such Shares into the Depository's account at the Book-Entry Transfer Facility pursuant to the procedures set forth in the Offer to Purchase, (b) the Letter of Transmittal, duly completed and validly executed in accordance with the instructions, or in the case of a book-entry transfer at the Book-Entry Transfer Facility for Shares listed in "street name," an Agent's Message in lieu of a Letter of Transmittal and (c) any other documents required by the Letter of Transmittal. The procedures for tendering Shares are more fully described in Section 2—"Acceptance for Payment and Payment for Shares"—of the Offer to Purchase.

Tenders of Shares made pursuant to the Offer may be validly withdrawn at any time prior to the expiration of the Offer, and are otherwise irrevocable. However, if we have not made payment for your Shares by July 11, 2017, you may withdraw them at any time until payment is made. For a withdrawal of Shares tendered pursuant to the Offer to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depository at one of its addresses set forth on the back cover of the Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered the Shares. If certificates for shares of Common Stock to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depository and, unless such Shares have been tendered for the account of an Eligible Institution (as defined in Section 3—"Procedures for Accepting the Offer and Tendering Shares"—of the Offer to Purchase), the signature on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer as set forth in the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility or at American Stock Transfer & Trust Company, LLC, as applicable, to be credited with the withdrawn Shares and must otherwise comply with the applicable facility's procedures. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Offeror, in its sole discretion, and its determination will be final and binding on all parties. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived to the satisfaction of Offeror. None of Parent, the Offeror, the Depository, the Information Agent (as defined below) or any other person will be under any duty to give notification of any defects or irregularities in tenders, or any waiver thereof, or incur any liability for failure to give any such notification. Withdrawals of tenders of Shares may not be rescinded, and Shares validly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, validly withdrawn Shares may be retendered again following the procedures described in the Offer to Purchase, at any time prior to the Offer Expiration Date or during any subsequent offering period if one is provided (except that Shares may not be retendered using the procedures for guaranteed delivery during any subsequent offering period).

The Company has provided to the Offeror its list of stockholders and security position listings, including the most recent list of names, addresses and security positions of non-objecting beneficial owners in the possession of the Company, for the purpose of disseminating the Offer to holders of shares of Common Stock. The Offer to Purchase, the related Letter of Transmittal and other related materials are being mailed to record holders of shares of Common Stock and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of shares of Common Stock.

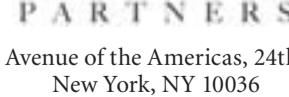
The receipt by a stockholder of the Company of cash for Shares pursuant to the Offer and the Merger will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under applicable state, local or foreign tax laws. Generally, for U.S. federal income tax purposes, a U.S. stockholder tendering Shares in the Offer or exchanging shares of Common Stock in the Merger will recognize gain or loss equal to the difference between the amount of cash received by the stockholder in the Offer or the Merger and the stockholder's adjusted tax basis in the Shares tendered in the Offer or in the shares of Common Stock converted into cash pursuant to the Merger. If shares of Common Stock that are tendered or exchanged were held by a U.S. stockholder as capital assets, gain or loss recognized by such stockholder will be capital gain or loss, which will be long-term capital gain or loss if such stockholder's holding period for such shares of Common Stock exceeds one year. For a more detailed description of certain United States federal income tax consequences of the Offer and the Merger, see Section 5—"Certain United States Federal Income Tax Consequences"—of the Offer to Purchase. **Each holder of shares of Common Stock should consult its own tax advisor regarding the tax consequences of the Offer and the Merger, including such holder's status as a United States holder or a non-United States holder, as well as any tax consequences that may arise under the laws of any federal, state, local, foreign or other taxing jurisdiction and the possible effects of changes in United States federal or other tax laws.**

The information required to be disclosed by Rule 14d-6(d)(1) of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Offer to Purchase and the related Letter of Transmittal contain important information that should be read carefully before any decision is made with respect to the Offer.

Questions and requests for assistance and copies of the Offer to Purchase, the Letter of Transmittal and all other tender offer materials may be directed to the Information Agent at the address and telephone number set forth below and will be furnished promptly at the Offeror's expense. You may also contact your broker, dealer, bank, trust company or other nominee for assistance concerning the Offer. The Offeror will not pay any fees or commissions to any broker or dealer or any other person (other than the Information Agent) for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:



1212 Avenue of the Americas, 24th Floor

New York, NY 10036

Banks and Brokerage Firms, Please Call Collect: (212) 297-0720

All Others Call Toll-Free: (888) 785-6673

Email: info@okapipartners.com

May 12, 2017



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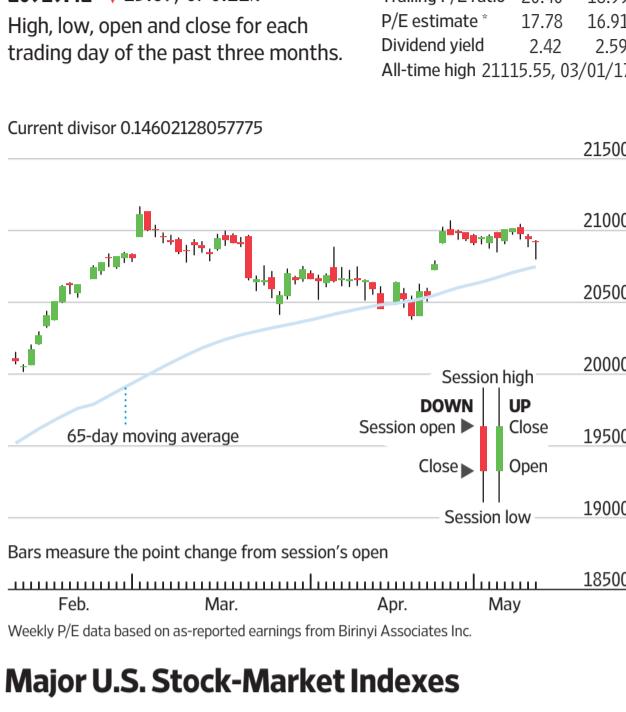
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average



Bars measure the point change from session's open

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index



Nasdaq Composite Index



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	P	
2019.42	20933.36	20798.90	2037.99	-23.69	-0.11	24797.23	21115.55	18.1	5.9	8.1
9058.33	8952.78	9593.95	7093.40	-34.36	-0.38	24868.78	17140.24	18.9	-0.1	5.4
696.85	691.40	720.45	625.44	-0.10	-0.01	20583.16	720.45	4.2	5.6	8.9
24816.47	24660.49	24868.78	20583.16	-69.21	-0.28	643.82	16.9	6.5	8.1	
640.88	634.36	639.72	491.89	-3.13	-0.49	491.89	25.3	6.3	8.1	

Nasdaq Stock Market

Nasdaq Composite	6120.20	6075.68	6115.96	-13.18	-0.22	6129.14	4594.44	29.1	13.6	14.5
Nasdaq 100	5675.50	5637.40	5674.22	-7.46	-0.13	5681.68	4201.05	30.7	16.7	16.9

Standard & Poor's

500 Index	2395.72	2381.74	2394.44	-5.19	-0.22	2399.63	2000.54	16.0	7.0	8.4
MidCap 400	1733.96	1715.33	1727.54	-11.02	-0.63	1758.27	1416.66	18.8	4.0	8.5
SmallCap 600	848.61	838.12	845.02	-6.29	-0.74	863.08	670.90	23.9	0.8	9.6

Other Indexes

Russell 2000	1399.20	1379.15	1390.20	-9.39	-0.67	1419.43	1089.65	25.4	2.4	7.9
NYSE Composite	11574.45	11508.17	11563.60	-35.38	-0.31	11661.22	9973.54	11.9	4.6	2.9
Value Line	524.94	518.51	521.72	-3.22	-0.61	529.13	435.06	15.9	3.1	2.8
NYSE Arca Biotech	3592.81	3551.37	3582.95	0.29	0.01	3675.62	2818.70	24.0	16.5	12.7
NYSE Arca Pharma	516.16	513.27	515.72	-0.36	-0.07	554.66	463.78	2.5	7.1	0.7
KBW Bank	92.37	91.06	91.89	-0.70	-0.76	99.33	60.27	37.0	0.1	10.6
PHLX® Gold/Silver	83.86	81.90	83.84	2.33	2.86	112.86	73.03	-3.1	6.3	-2.1
PHLX® Oil Service	153.20	150.15	150.30	-1.40	-0.92	192.66	146.14	-7.3	-18.2	-19.7
PHLX® Semiconductor	1047.24	1029.25	1042.43	3.51	0.34	1042.43	630.77	65.3	15.0	21.9
CBOE Volatility	11.23	10.32	10.60	0.39	3.82	25.76	9.77	-26.4	-24.5	-6.4

\$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	After Hours % chg	High	Low
SPDR S&P 500	SPY	7,039.2	239.27	-0.11	-0.05	239.53	238.47
Van Eck Vectors Gold Miner	GDX	6,356.3	22.50	0.13	0.58	22.52	22.37
Pfizer	PFE	5,584.3	33.04	...	unch.	33.15	32.96
Ambev ADR	ABEV	4,182.7	6.15	...	unch.	6.15	6.13
Van Eck Vectors Jr Gold	GDXJ	3,909.4	32.20	0.11	0.34	32.20	31.94
Snap	SNAP	3,639.0	18.14	0.09	0.50	18.28	17.61
PwrShrs QQQ Tr Series 1	QQQ	3,396.2	138.23	-0.06	-0.04	138.32	138.21
Bank of America	BAC	2,605.7	24.07	...	unch.	24.10	24.04

Percentage gainers...

Trade Desk Cl A	TTD	380.6	47.50	7.61	19.08	48.69	39.76
AECOM	ACM	13.3	35.00	1.79	5.39	35.00	32.96
CA Inc	CA	193.4	33.55	1.51	4.71	33.75	31.80
Hain Celestial Group	HAIN	117.7	37.55	1.67	4.65	39.40	35.72
Blucora	BCOR	44.1	22.50	1.00	4.65	22.50	21.45

...And losers

voxeljet ADR	VJET	6.2	3.90	-0.53	-11.96	4.75	3.75
Immunogen	IMGN	7.6	3.66	-0.31	-7.81	3.97	3.61
CyberArk Software	CYBR	141.1	51.36	-3.79	-6.87	55.20	49.31
Darling Ingredients	DAR	21.1	14.50	-0.95	-6.15	15.50	13.90

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Open	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	2,5340	2,4925	2,5010	0,0140	2,734		
May	2,4925	2,5340	2,4925	2,5080	0,0135	119,163	
July	2,4950	2,5530	2,4890				
Gold (CMX) -100 troy oz.; \$ per troy oz.							
May	1218.50	1220.00	1218.30	1222.70	5.40	42	
June	1219.20	1227.70	1216.90	1224.20	5.30	232,758	
Aug	1221.90	1231.20	1221.20	1227.70	5.30	99,368	
Oct	1226.60	1233.60	1226.50	1231.10	5.40	7,695	
Dec	1227.70	1237.70	1227.70	1234.50	5.50	59,213	
Feb'18	1233.50	1238.80	1233.50	1237.90	5.50	8,148	
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
June	795.10	809.10	792.65	798.95	-0.40	28,966	
Sept	793.00	808.25	791.80	797.95	-0.60	8,141	
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
June	910.40	917.40	910.40	917.20	7.80	50	
July	912.50	919.60	909.40	917.70	7.80	66,401	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.							
May	16.155	16.315	16.155	16.209	0.058	230	
July	16.205	16.390	16.165	16.265	0.058	152,588	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.							
June	47.39	48.22	47.34	47.83	0.50	389,964	
July	47.48	48.58	47.73	48.05	0.49	489,556	
Aug	48.05	48.87	48.03	48.51	0.49	139,244	
Sept	48.35	49.20	48.32	48.77	0.48	169,847	
Dec	48.99	49.76	48.99	49.43	0.45	289,061	
Dec'18	49.50	50.01	49.44	49.75	0.29	140,672	
NY Harbor LULD (NYM) -42,000 gal.; \$ per gal.							
June	1.4765	1.4981	1.4760	1.4899	0.045	105,751	
July	1.4819	1.5036	1.4815	1.4956	0.048	94,156	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.							
June	1.5439	1.5709	1.5422	1.5622	0.026	105,349	
July	1.5426	1.5709	1.5426	1.5634	0.021	103,628	
Natural Gas (NYM) -10,000 MMBtu's; \$ per MMBtu.							
June	3.278	3.388	3.273	3.376	0.084	208,237	
July	3.368	3.472	3.364	3.461	0.081	254,952	
Aug	3.402	3.502	3.396	3.490	0.078	105,451	
Sept	3.386	3.480	3.380	3.467	0.073	123,097	
Oct	3.410	3.500	3.400	3.485	0.071	181,407	
Jan'18	3.652	3.733	3.651	3.718	0.063	104,903	

Contract

Open High hilo Low Settle Chg Open interest

Agriculture Futures

	Open	High	hilo	Low	Settle	Chg	Open	interest
Corn (CBT) -5,000 bu.; cents per bu.								
May	364.25	364.25		360.25	360.50	-4.75	638	
July	373.00	373.75	368.75	369.25	-4.50	730,382		
Oats (CBT) -5,000 bu.; cents per bu.								
May	251.00	251.00		250.25	1.75	5		
July	245.00	248.50	245.00	246.25	2.00	4,853		
Soybeans (CBT) -5,000 bu.; cents per bu.								
May	962.50	965.00	955.00	956.00	-5.75	302		
July	971.00	975.75	963.00	966.25	-4.00	359,315		
Soybean Meal (CBT) -100 tons; \$ per ton.								
May	314.50	314.50		310.20	311.10	-2.70	292	
July	317.90	318.90	313.90	314.90	-2.80	198,070		
Soybean Oil (CBT) -60,000 lbs.; cents per lb.								
May	32.75	32.86	32.75	32.27	.20	63		
July	32.30	32.66	32.35	32.49	.21	210,721		
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.								
May	1022.00	1030.50	1022.00	1041.50	36.00	90		
July	1027.00	1066.00	1025.00	1064.00	35.50	9,812		
Wheat (CBT) -5,000 bu.; cents per bu.								
May	425.75	434.00	425.75	426.00	2.00	25		
July	431.75	435.50	428.50	433.75	2.00	263,556		
Wheat (KCO) -5,000 bu.; cents per bu.								
May	425.75	425.75	425.75	429.75	2.00	5		
July	438.50	430.00	436.75	440.75	1.50	152,216		
Wheat (MPLS) -5,000 bu.; cents per bu.								
May	530.50	530.75	530.25	539.00	5.00	121		
July	546.00	550.75	545.50	548.25	3.25	30,698		
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.								
May	144.900	144.900	140.525	142.375	-2.125	5,388		
Cattle-Live (CME) -40,000 lbs.; cents per lb.								
June	125.225	125.250	121.325	123.925	-2.275	95,139		
Aug	121.275	121.275	117.625	119.675	-2.725	152,052		
Hogs-Live (CME) -40,000 lbs.; cents per lb.								
May	71.450	71.750	71.450	71.525	.475	1,296		
June	77.500	77.575	76.375	77.050	-.150	46,829		
Lumber (CME) -11,000 bd ft.; \$ per 1,000 bd ft.								
May	367.40	377.60	366.80	375.50	7.10	260		
July	371.70	378.00	369.20	372.60	-1.80	3,676		

Interest Rate Futures

	Open	High	hilo	Low	Settle	Chg	Open	interest
Milk (CME) -200,000 lbs.; cents per lb.								
May	15.55	15.64		15.53	15.61	.06	4,682	
June	16.12	16.39		16.10	16.38	.29	5,534	
Cocoa (ICE-US) -10 metric tons; \$ per ton.								
May								

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE 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.
I-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.
t-NYSE bankruptcy.
v-Trading halted on primary market.
w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, May 11, 2017

NYSE

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
BarrickGold	ABX	16.70	.31	CreditSuisse	CS	14.57	.16	MarathonOil	MRO	14.48	.022	RioTinto	RIO	38.77	-.004	TevaPharm	TEVA	32.00	.64	WooriBank	WF	43.81	.21
BaxterIntl	BAX	56.35	.10	CreditSuisse	CS	14.57	.16	MarathonPetro	MPC	52.91	.01	Textron	TXT	48.57	.169	XPOLogistics	XPO	54.69	.012	ElectronicArts	EA	108.58	.042
BectonDickinson	BDX	184.05	5.10	CreditSuisse	CS	14.57	.16	Markel	MKL	961.88	3.85	ThermoFisched	TMF	171.01	.04	Wynndham	WYN	96.22	.019	NorthernTrust	NTRS	90.31	-.50
Berkley	WRB	66.25	-.05	CrestwoodEqpt	CEP	24.40	-.01	MarshallLennan	MLM	73.68	-.011	ThomsonReuter	TRR	44.03	-.017	Ericsson	ERIC	64.4 -0.05	NorwegianCruse	NCLH	52.95	-.12	
BethanyHldg	BHK	163.27	-.045	CrownCastings	CC	94.42	-.05	MarshMcLennan	MMC	73.68	-.011	RockwellCollins	COL	104.36	0.13	DiviInstlnt	NA	... NA	NumisComms	NUA	19.11	-.06	
BettyGlobal	BRY	56.44	-.043	CrownHoldings	CH	56.05	-.021	MartinMarietta	MLM	233.76	-.052	RockwellCollins	COL	104.36	0.13	Prudential	PRU	106.45	0.01	NVIDIA	NVDA	150.50	5.21
BestBuy	BBY	51.97	-.03	CullenFrost	CFR	90.42	-.157	Masco	MAS	36.65	-.011	RoperTech	ROP	22.79	.017	Prudential	PRU	106.45	0.01	OldDomFront	ODFL	84.00	-.88
AbbottCapital	AXIS	63.76	-.06	DodgerDaddy	DDY	88.39	-.033	Mastercard	MA	116.53	-.012	RoperTech	ROP	22.79	.017	Prudential	PRU	106.45	0.01	On Semi	ON	14.88	0.09
AbbottLab	ABT	43.86	-.06	Goldcorp	GG	14.12	.02	MetLife	MET	116.53	-.012	GoldmanSachs	GS	67.71	-.061	RoyaltyCanada	RBS	6.75	-.10	OpenText	OTEX	32.71	-.15
AbbVie	ABBV	65.30	-.068	GroCo	GGG	110.24	-.02	McCormickVtg	MKV	99.67	-.032	Graco	GGG	110.24	-.02	PTC	PTC	53.03	-.029				
Accenture	ACN	120.80	-.04	GWP	GWP	187.69	-.017	McDonalds	MCD	140.42	-.031	GreatPlainsEner	GXP	28.41	-.01	PacCar	PCAR	43.67	-.160				
AcuityBrands	AIV	188.52	-.040	GxaSmithKline	GSK	42.61	.033	McKesson	MCK	145.70	.247	GpaAvportar	GPA	19.34	-.055	PacWestBancorp	PACW	49.30	-.080				
Adient	ADNT	71.04	-.04	GlobePayments	GPN	88.29	-.025	Medeltronics	MED	83.01	0.12	GpaAvportar	GSA	195.00	-.369	PaneraBread	PNA	121.98	-.03				
AdvanceAuto	AAUP	145.95	-.21	GlobePayments	GPN	88.29	-.025	MetLife	MET	116.53	-.012	GpaAvportar	GSP	131.36	-.053	Paycheck	PATX	57.19	-.035				
AdvSemInsy	ASX	6.26	.20	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Polycom	PYFL	49.40	-.017				
Aegon	AEG	4.96	-.038	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AerCap	AER	44.96	-.07	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Aetna	AET	144.39	1.35	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AffiliatedMtrs	AMG	152.42	-.16	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AigleTechs	AEG	56.23	-.004	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Airique	AEG	47.62	-.083	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AirProducts	APD	143.86	-.39	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AlaskaAir	AIR	83.65	0.46	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Albermarle	ALB	110.04	1.71	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Alcoa	AA	31.16	0.08	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Alibaba	BABA	120.16	0.18	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Allegheny	AY	57.56	-.02	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AlliGen	AGL	77.29	0.46	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
Allstate	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.04	GlobePayments	GPN	89.05	-.016	MetLife	MET	116.53	-.012	GpFinSantandMex	GSM	90.95	-.016	Prudential	PRU	106.45	0.01				
AMerican	AT&T	38.44	-.0																				

BANKING & FINANCE

U.S. Focuses on Fannie, Freddie Revamp

By ANDREW ACKERMAN

WASHINGTON—The Trump administration and a bipartisan group of U.S. senators are working to address an issue that has gone unresolved for nearly a decade: how to overhaul **Fannie Mae** and **Freddie Mac**, the mortgage-finance giants the government took over in 2008.

The Senate Banking Committee has begun behind-the-scenes work on the issue of how to revamp the companies. The senators want to develop a framework to decrease the government's outsize role backstopping the nation's \$10 trillion mortgage market. On Thursday, the panel heard testimony from Mel Watt, director of the Federal Housing Finance Agency, which controls Fannie and Freddie, in the first step of a process that could play out in the coming months.

It remains unclear if policy makers can overcome philosophical differences and hammer out a final deal. Conservative Republicans have called for a private market with no new federal guarantees. Some centrist Republicans and many Democrats have said a federal role is needed to preserve liquid markets for the popular 30-year fixed-rate mortgage that drives home buying.

The Trump administration's publicly stated desire to jump-start an overhaul is giving a boost to Senate lawmakers, who aim to advance a bipartisan plan to revamp the companies later this year, according to Senate aides and advocates who want to see the companies weaned off government control. Senate Democrats have told their Republican colleagues that a Fannie and



Freddie overhaul would garner much more bipartisan support than other GOP priorities, such as rollbacks to Dodd-Frank law financial regulations, these aides said.

"Unlike some other issues that are on Congress's plate right now, this topic has a relatively robust recent history of bipartisan work," said Jim Parrott, a former Obama administration housing adviser.

The rekindled legislative effort involves work by Sens. Bob Corker (R., Tenn.) and Mark Warner (D., Va.), whose staff have acknowledged that earlier, failed efforts to over-

haul the companies during the Obama administration were unduly complicated, people familiar with the matter said. Their 2013 plan would have replaced Fannie and Freddie with a new "public guarantor."

Trump administration officials and Senate Banking Committee Chairman Mike Crapo (R., Idaho) have made overhauls a priority. "Housing-financial reform remains the most significant piece of unfinished business following the financial crisis," Mr. Crapo said at Thursday's hearing.

The White House hasn't advanced a proposal. Craig Phil-

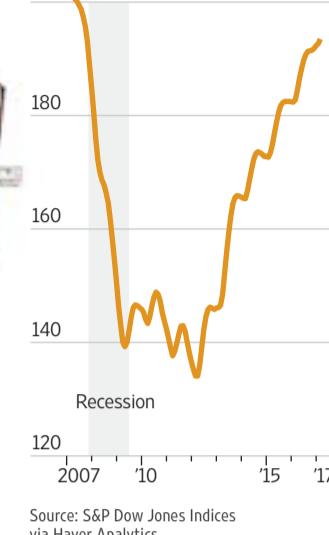
lips, a deputy of Treasury Secretary Steven Mnuchin, may shed some light on the administration's preferred approach as early as next week, when he is scheduled to address the issue publicly.

Fannie and Freddie play critical roles maintaining the plumbing of the U.S. mortgage market. They purchase loans from lenders and repackaging them as securities that are insured if the loans default. The firms' regulator seized the companies through a process known as conservatorship during the George W. Bush administration, and the Treasury De-

Home Improvement

House prices have been on the rise since 2012 and have nearly recovered from lows after the financial crisis.

S&P CoreLogic Case-Shiller Home Price Index: Composite 20



Source: S&P Dow Jones Indices via Haver Analytics
Photo: Gene J. Puskar/Associated Press

THE WALL STREET JOURNAL.

partment agreed to inject vast sums to support some \$5 trillion in debt securities issued by the companies.

The companies have thin capital reserves under the terms of their 2008 government-backstop agreements but have access to a combined \$258 billion in Treasury assistance. They are required to send most of their profits to the Treasury in exchange for that support.

At Thursday's hearing, Mr. Watt clashed with Mr. Corker over the suggestion that his agency may order the companies to retain earnings rather

than to continue sending them to Treasury. Such a move would aim to avoid the need for another taxpayer-funded infusion should the firms suffer future operating losses, Mr. Watt said.

"We cannot risk the loss of investor confidence," Mr. Watt said.

Mr. Corker rejected the argument, saying there was no chance of adverse consequences should the companies need to draw on government support.

"That's one of the most baseless arguments I've ever heard," Mr. Corker said.

Mr. Watt, in his testimony, said it was up to Congress, not his agency, to decide how to overhaul the companies.

While bipartisan legislation potentially could advance through the Senate Banking Committee later this year, the outlook becomes muddy after that. It is unclear if Senate Republican leadership will devote time to the issue on the floor this year, amid competing priorities such as a tax overhaul and health care.

Another uncertainty is what would happen in the House. Financial Services Committee Chairman Jeb Hensarling (R., Texas), who repeatedly has called for liquidating Fannie and Freddie, may not be willing to compromise on that goal. That could put the House at odds with any Senate-approved legislation, which is likely to maintain some role for the government in the mortgage market.

"It's still highly unlikely this Congress is going to act given the already overloaded agenda and a lack of urgency regarding the issue," said Isaac Boltansky, an analyst with Compass Point Research Trading.

Merrill Eases Shift to Fee-Based Retirement Accounts

By MICHAEL WURSTHORN

Merrill Lynch will unveil new commission-based retirement accounts next month, people familiar with the matter said, relaxing a wholesale move to fee accounts that the **Bank of America** Corp.-owned brokerage had planned to comply with the "fiduciary rule."

Merrill opted to soften its stance after brokers and clients expressed concerns with the firm's one-size-fits-all approach to paying for retirement advice, the people said. Seven months earlier, Merrill announced fees, not commissions, would be the future for

individual retirement accounts under the Labor Department's fiduciary rule requiring brokers to act in the best interest of retirement savers.

Some brokers felt the shift left them at a competitive disadvantage since rivals like **Morgan Stanley** and **Wells Fargo** & Co. have opted to allow retirement savers to pay commissions in retirement accounts with few, if any, sales restrictions. Some of Merrill's retirement clients, meanwhile, didn't want to shift away from a compensation model they long understood.

The new commission-based IRAs, set to launch June 12 just days after the fiduciary

Merrill Lynch's new commission-based IRAs are set to launch June 12.

rule takes effect, are expected to be used by a small population of Merrill clients, specifically those with investments in money funds, brokered certificates of deposit and concentrated stock positions, the people said. Initially, the new accounts will only be able to house cash and banking deposits before expanding to in-

clude those additional investments, the people added.

Merrill clients with \$50 million or more with the brokerage will have the added option of being able to house private-equity and hedge-fund investments in a commission-based retirement account, the people said.

Such investments aren't conducive for a fee-based structure since they typically don't require frequent advice, the people said, and converting them to a fee-based account likely wouldn't be in the best interest of clients, a legal liability under the fiduciary rule.

The decision to not permit

the sale of stocks, bonds, mutual funds and other products in those commission-based IRAs likely will make them an unattractive option for many clients affected by the firm's changes related to the rule, brokers at Merrill said. Still, some brokers welcomed the additional flexibility since it will help them accommodate clients in special situations, such as executives who have concentrated stock positions.

Merrill chief Andy Sieg announced the new accounts to brokers on a conference call Thursday afternoon, following through on comments he made in March that there "may be limited situations" in which

charging a retirement saver a recurring fee based on a percentage of assets wouldn't make sense.

About \$3 trillion of retirement assets has been put into play since the Obama-era fiduciary rule was unveiled last year.

The rule, which seeks to eliminate conflicts from advice that often come when commissions are charged, has shaken up the U.S.'s biggest brokerages. Morgan Stanley, for example, has lowered commissions and slashed the number of mutual funds it sells, including those offered by the popular index-fund giant **Vanguard Group**.

FINANCE WATCH

ASIAN STOCKS

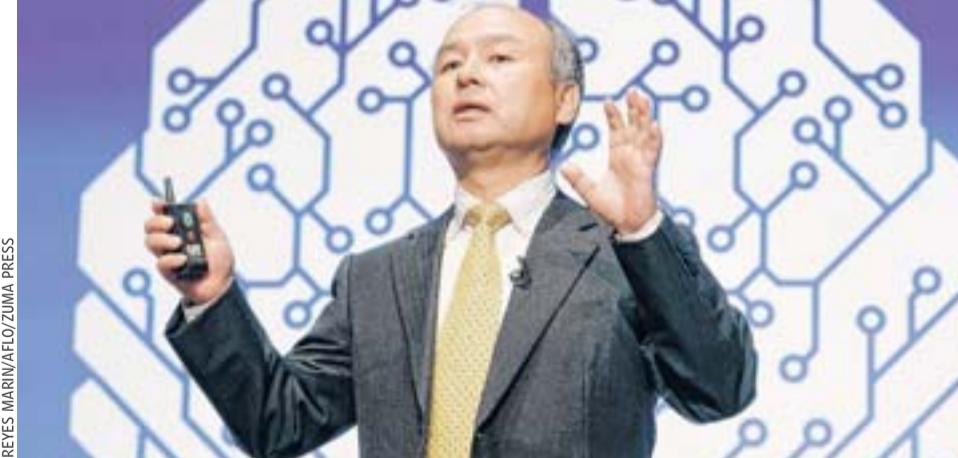
Taiwan Index Soars To a 17-Year High

Taiwan's main stock index finished at a 17-year high Thursday and closed above 10000 points, as continued iPhone-related hopes bolster the trade hub's growth prospects.

The Taiex stock index ended up 0.3% at 10001.48 and has gained 8.1% this year. It has risen steadily for the past year after bottoming out just below 8000 last May. Strong global demand for consumer electronics and technology products has been fueling gains, Commerzbank said recently.

Taiwan's exports have risen for seven consecutive months from a year earlier, including April's 9.4% growth amid an 11% increase in electronics components. While the Taiex has moved above 10000 during intraday trading recently, it always fell back before the close. The last time it closed above 10000 points was in 2000, just before the U.S. tech-stock bubble burst. Tech makes up roughly half of the Taiex.

Taiwan has been a hot destination for foreign equity investors in emerging markets, partly because of its reliance on **Apple** Inc. Many of the company's iPhone suppliers are based on the island, and the 10th anniversary edition due out this year has been eagerly awaited. Apple shares have been reaching a series of records, and many Taiwan stocks have followed. Camera-lens-module maker **Largan Precision** Co. has jumped 31% this year and casing supplier **Catcher Technology** Co. is up 44%. —Ese Erheriene



A new deal fits into SoftBank's Masayoshi Son's recent interest in artificial intelligence.

WELLS FARGO

Further \$2 Billion Added to Cost Cuts

Wells Fargo & Co. plans to cut an additional \$2 billion in expenses by the end of 2019, more than analysts had expected.

The expense savings, announced at Wells Fargo's investor day, come on top of the bank's January announcement to cut \$2 billion in costs by the end of 2018.

Wells Fargo, which has been under pressure since its sales-practices scandal last fall, said the cuts would bolster its bottom line. The bank said it plans to consolidate "similar operational activities" and automate more of its manual processes.

As part of its focus on costs, Wells Fargo said it plans to close about 450 branches in 2017 and 2018. The bank said the closures will be across the country, but will include "saturated markets" and "redundant locations."

—Christina Rexrode

SOFTBANK

Firm Invests in Nascent Technology

Masayoshi Son, founder and chief executive of Japanese telecommunications and internet giant **SoftBank Group** Corp., is making another big bet—this time on a nascent technology that might take years or decades to bloom.

Improbable, a London-based startup that makes virtual worlds for videogames and simulations of the real world, said it raised \$502 million in a SoftBank-led funding round. Improbable said SoftBank would take a board seat and noncontrolling stake in the startup but didn't disclose the deal's terms. The company said that based on the funding round, investors value it at more than \$1 billion.

The deal fits into Mr. Son's recent interest in artificial intelligence. He has said that the promise of AI and the Internet of Things—the idea that everyday items such as sneakers and refrigerators will be connected to the web—has underpinned recent deals.

—Stu Woo

Volcker Trading Ban Could End Quickly

BY RYAN TRACY AND LIZ HOFFMAN

WASHINGTON—The nation's main national bank regulator could act on its own to give banks relief from the Volcker rule trading ban, the agency's acting chief said in his first interview since taking the job.

Keith Noreika, on his third working day in office since becoming acting Comptroller of the Currency, also criticized aspects of the Depression-era Glass-Steagall law that had separated commercial and investment banking until its 1999 repeal and said he wants to work to streamline banking rules.

"Safety and soundness is not always imposing yet another regulation," Mr. Noreika said Wednesday in his office, adorned with a "Make America Great Again" cap and pictures of his young triplet daughters. "Sometimes regulators need to step back and take stock and say: 'Well, gee, what works and what was piled on?'"

The 44-year-old, until recently a lawyer who advised banks on regulatory matters, is so new to the job leading the Office of the Comptroller of the Currency that he said he didn't immediately recognize the acronym identifying him as COC, for Comptroller of the Currency, on documents he received. But he appeared deeply familiar with the banking industry's concerns about the Volcker rule, a ban on certain types of

trading activities that regulators adopted as a result of the 2010 Dodd-Frank financial-overhaul law.

He said regulators need to do a better job of clarifying what trading activities are permitted under the rule. He suggested they could start by cataloging types of transactions or investments and then evaluating whether to grant regulatory exemptions for those activities.

If a regulatory prohibition "has zero value and costs a lot, it is not furthering the safety and soundness of that institution," he said, especially because funds spent on compliance can't be put to more productive use.

"There's a lot that can be done" by the five agencies that enforce the rule, he said. Then he added: "I hope we don't have to get to this, but there could be things that could be done even by our agency unilaterally if we had to," such as "reinterpreting what is proprietary trading."

The Volcker rule prevents banks from trading for their own accounts and seeks to make them facilitators of their clients' trading activities.

Bank executives complain that the line between the two is fuzzy, as they are permitted to build positions in securities they expect their clients to want, which can amount to a bet on the price.

"The ultimate problem with the Volcker rule is no one knows what prop trading is," he said.

MARKETS

Treasury Prices Turn Higher

By MIN ZENG

U.S. government bonds strengthened Thursday for the first time in four days as lower stock prices stoked demand for haven assets.

The yield on the benchmark 10-year Treasury note settled at 2.400%, down from 2.414% Wednesday, which was the highest close in more than a month. Yields decline as bond prices rise.

The S&P 500 stock index

CREDIT MARKETS fell after setting a record Wednesday, a sign some investors dialed back

risk appetites.

Some traders said one trigger for the flight to safety trades in Treasury debt was reports that North Korea is poised for the first intercontinental ballistic missile flight test this year, which reminded investors of the geopolitical risks that flared up in April.

The 10-year yield had risen to 2.421% earlier in the session as the latest sign of inflation bolstered the case for the Federal Reserve to raise short-term interest rates at its meeting next month.

The producer-price index for final demand, measuring changes in the prices that U.S. companies receive for their goods and services, rose by a larger-than-forecast 0.5% in April from the prior month, the Labor Department said Thursday.

From a year earlier, overall prices rose 2.5%, the largest rise since February 2012.

Friday's consumer-price index data will be closely scruti-

OPEC Makes Bearish Oil Forecast

Cartel lifts estimates for production by U.S., other nonmembers by more than 60%

By SUMMER SAID

OPEC on Thursday boosted its forecast for 2017 oil-production growth from countries outside the cartel by more than 60%, the latest evidence surging U.S. production is dragging down efforts to raise prices by limiting output.

In a monthly report, the Organization of the Petroleum Exporting Countries raised its estimate of 2017 production growth from non-OPEC producers to 950,000 barrels a day over last year's volume, up from last month's forecast of 580,000 barrels a day.

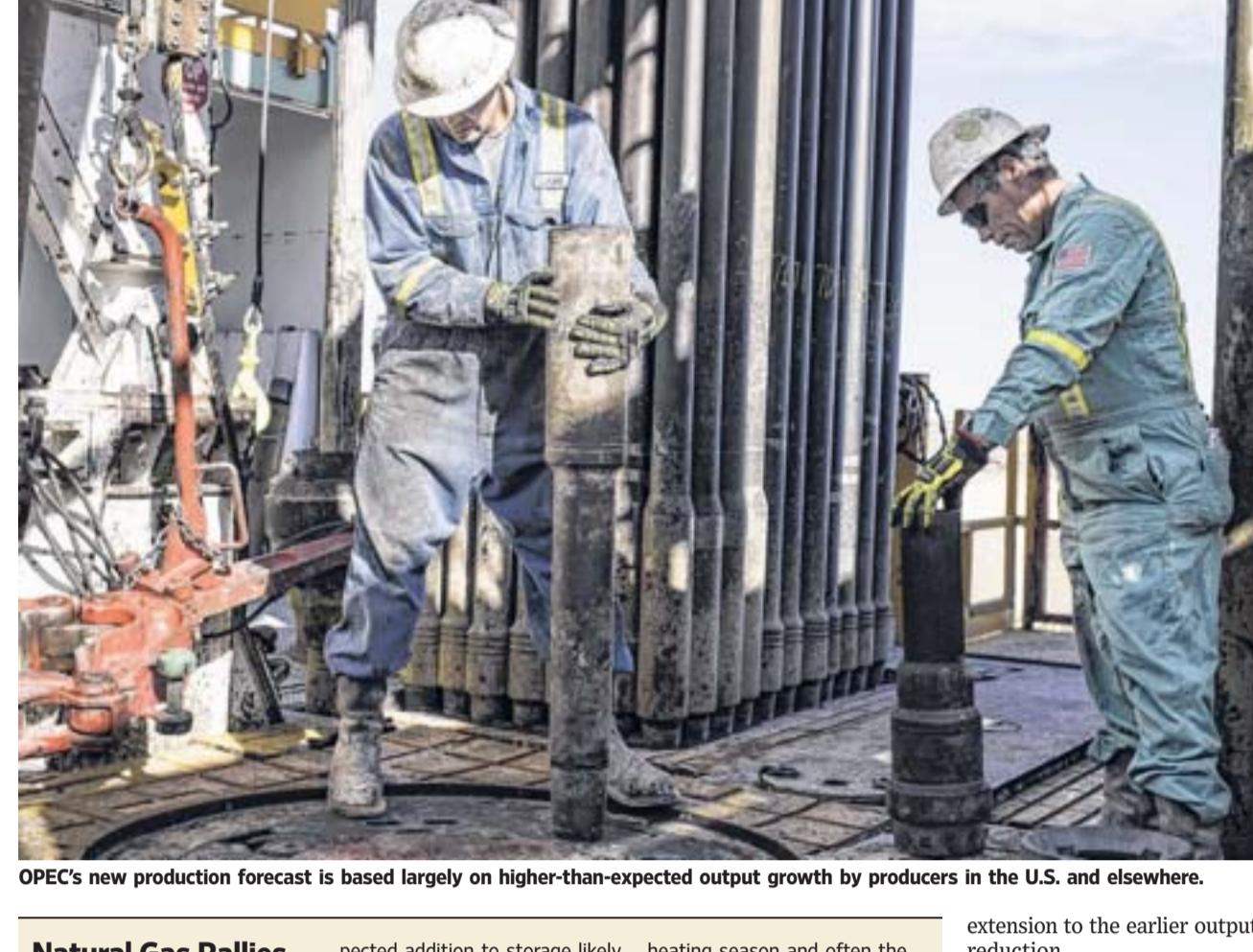
The new forecast is based largely on higher-than-expected output growth by U.S. shale-oil producers and Canadian oil-sands operations. Both need relatively high oil prices to be profitable, and gains in global crude prices in recent months have given them an incentive to produce more.

For the U.S. alone, OPEC raised its outlook for production growth by 285,000 barrels a day to 820,000 a day compared with last year. It now estimates the U.S. will produce 14.45 million barrels a day this year of total liquids, which includes crude and similar substances.

Despite that, oil prices rose Thursday after U.S. government data released Wednesday showed falling storage levels. U.S. crude for June delivery ended Thursday up 1.1% at \$47.83 a barrel and Brent added 1.1% to \$50.77.

"U.S. oil-and-gas companies have already stepped up activities in 2017 as they start to increase their spending amid a recovery in oil prices," OPEC's Vienna-based research department said in the report. "In addition to the growth in the U.S., higher oil production is expected in Canada and Brazil."

The rise in non-OPEC sup-



OPEC's new production forecast is based largely on higher-than-expected output growth by producers in the U.S. and elsewhere.

MATTHEW BUSCH/BLOOMBERG NEWS

Natural Gas Rallies On Stockpile Data

Natural-gas prices jumped to a three-month high, breaking from a recent pattern of tight trading after government data showed a smaller-than-expected storage addition for last week.

The U.S. Energy Information Administration said natural-gas stockpiles grew by 45 billion cubic feet in the week ended Friday, compared with the 54 bcf expected by forecasters surveyed by The Wall Street Journal.

The report is a widely watched measure of supply and demand. A smaller-than-ex-

pected addition to storage likely indicates smaller supply or larger demand than expected.

Natural gas for June delivery settled up 8.4 cents, or 2.6%, at \$3.376 a million British thermal units on the New York Mercantile Exchange on Thursday. A three-session winning streak with a total gain of 6.4% has now jolted gas futures out of the tight 40-cent range they were stuck in for seven weeks.

That has helped revive a rally that had gas on one of Wall Street's hottest streaks from mid-February through the start of April.

The new highs Thursday put futures at prices unseen since the last week of January, typically the height of winter-

heating season and often the highest prices of the year.

Many are betting a glut is easing now that an unseasonably warm winter—with soft demand—is over and production is holding steady.

The weak heating demand caused prices to fall in the middle of winter, which ultimately brought bargain buyers back into the market.

So many money managers have piled into bullish positions on prices in recent months that, as of last week, those positions outnumbered bearish positions by a record number—more than 200,000—in data collected by the Commodity Futures Trading Commission since 2006.

—Timothy Puko

plies will reduce demand for OPEC's oil this year to 31.9 million barrels a day, down from last month's forecast of 32.2 million barrels a day, the report said.

The rising non-OPEC pro-

duction, and reduced demand for OPEC oil, underscore the dilemma the cartel faces as it tries to boost oil prices by limiting its production. A six-month agreement struck in November between OPEC and

some non-OPEC suppliers capped output, but the resulting rising oil prices prompted North American producers—who didn't sign on to the agreement—to pump more.

Now, OPEC is debating an

extension to the earlier output reduction.

OPEC said its production declined by 18,000 barrels a day in April from a month earlier to average 31.73 million barrels a day. The fall was largely driven by production cuts in the United Arab Emirates, Libya and Iraq.

The group's biggest producer, Saudi Arabia, has already said the output-restriction deal could be extended to the end of 2017 or possibly longer.

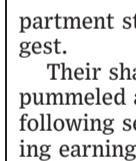
OPEC said that stockpiles in the most industrialized nations increased from the fourth quarter by 31 million barrels to just over 3 billion, or 276 million barrels above the five-year average.

This indicates that the group's efforts to reduce inventories to their five-year norm haven't paid off.

"Continued rebalancing in the oil market by year-end will require the collective efforts of all oil producers to increase market stability," OPEC said.

AHEAD OF THE TAPE | By Steven Russolillo

Don't Worry: Consumer Spending Is Fine



The American consumer is in a much better position than struggling department stores would suggest.

Their share prices were pummeled again this week following several disappointing earnings reports. But just because people are spending less at these retailers doesn't mean they aren't spending at all. In fact, the opposite appears to be playing out.

Friday's retail-sales report will likely show consumer spending rebounded swiftly in April following yet another difficult start to the

year. Despite the expected rebound, though, people continue to be more judicious about what, where and how they buy things. That is further widening the divide between traditional brick-and-mortar retail and online shopping.

Economists polled by The Wall Street Journal estimate that retail sales rose 0.5% in April from a month earlier, which would be the best growth since December. That also follows the worst two-month stretch in two years for retail sales, hampered by a delay in tax refunds and bad weather.

Providing further evidence, U.S. consumers' self-

reported spending levels surged in April to the highest since May 2008, according to Gallup. The polling firm surveys adults daily on how much they spent the day before, excluding bills or major purchases.

Higher spending is a welcome sign. The economy grew at a 0.7% annual rate in the first quarter, the worst pace in three years. Weak spending garnered much of the blame as consumer spending increased 0.3% in the quarter, its worst rate since 2009.

The rebound in retail sales is expected to be aided again by nonstore retailers, a category that includes inter-

net and catalog sales and is largely dominated by Amazon.com Inc.

The smaller department-store category has been in steady decline. That includes an 8.6% drop in the critical selling month of December, the worst percentage drop of any month since 2009. The slide continued at the beginning of the year. As Jack Abbin of BMO Private Bank points out, annual department store sales last year were \$7.3 billion lower than they were in 2000. By comparison, nonstore retail sales have risen by \$35 billion over the same time frame.

At a time when Amazon's shares have surged to re-

Clicks vs. Bricks

Sales, change from a year earlier



Source: Commerce Department

THE WALL STREET JOURNAL

cords, Macy's Inc. and J.C. Penney & Co. set multiyear lows Thursday. Dillard's Inc., Kohl's Corp. and Nordstrom Inc. also fell sharply.

Friday's retail-sales report should be just fine. That makes the department-store turmoil that much more jarring.

Stocks Retreat After Weak Earnings

By AKANE OTANI AND RIVA GOLD

U.S. stock indexes pulled back, as disappointing earnings reports put pressure on shares of consumer-discretionary companies.

Major indexes initially headed toward one of their biggest declines of the month as retail stocks slid, then pared losses heading into the afternoon.

While individual stocks have sold off following corporate-earnings reports, stock indexes have barely budged in recent sessions—a trend some investors have attributed to data showing the U.S. economy is on solid footing.

"Investors are more willing to move into the market, and less skittish to downturns," said Brad McMillan, chief investment officer at Commonwealth Financial Network.

The Dow Jones Industrial Average fell 23.69 points, or 0.1%, to 20,919.42 Thursday. The S&P 500 lost 5.19 points, or 0.2%, to 2,394.44 and the

Nasdaq Composite shed 13.18 points, or 0.2%, to 6,115.96.

Consumer-discretionary shares in the S&P 500 fell 0.6%, posting the biggest decline among the index's 11 sectors, after retail giants including Macy's and Kohl's posted tepid quarterly results. Macy's shed \$4.99, or 17%, to \$24.35 after reporting a bigger-than-expected slide in revenue for the first quarter, while Kohl's, which said same-store sales

fell more than expected, lost 3.16, or 7.8%, to 37.16.

Snapchat parent Snap fell 4.93, or 21%, to 18.05 after saying Wednesday afternoon that it was struggling to maintain strong user growth.

The Stoxx Europe 600 slid 0.5%. Early Friday, Japan's Nikkei was down 0.4%, while Hong Kong's Hang Seng Index was flat. Taiwan's Taiex was flat after hitting a 17-year record Thursday.

Treasury Plans to Sell \$83 Billion of Debt

The U.S. Treasury Department will auction \$83 billion in securities next week, comprising \$33 billion in new debt and \$50 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Monday:** \$39 billion in 13-week bills, a reopening of an issue first sold on Aug. 18, 2016, maturing Aug. 17, 2017. Cusip number: 912796KF5.

Also, \$33 billion in 26-week bills, dated May 18, 2017, maturing Nov. 16, 2017. Cusip number: 912796MCO.

Noncompetitive tenders for both issues of bills must be received by 11 a.m. EDT Monday and competitive tenders are due by 11:30 a.m.

◆ **Thursday:** \$11 billion in nine-year, eight-month 0.375% Treasury inflation-protected securities, a reopening of an issue first sold on Jan. 31, 2017, maturing Jan. 15, 2027. Cusip number: 912828V49.

Noncompetitive tenders must be received by noon EDT Thursday; competitive tenders are due by 1 p.m.

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AUCTION RESULTS
Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

30-YEAR BONDS
Applications \$37,819,560,200
Accepted bids \$19,955,665,200
*noncompetitively \$12,215,000
*foreign noncompetitively \$0
Bid price (rate) 99.021791 (3.050%)

Bids at clearing yield accepted 83.10%
Cusip number 912810RKB
The bonds, dated May 15, 2017, mature on May 15,

MARKETS

Junk Bonds Jump on Outlook for Growth

Debt considered riskier is still outperforming other sectors even with central banks a worry

By MIKE BIRD
AND CHRISTOPHER WHITTALL

Global bonds have been rattled by improving growth prospects, but in one of the riskiest parts of the market, junk-rated credit, yields are still falling to all-time lows.

That has left this market looking expensive to some investors, particularly given the potential for central banks to tighten monetary policy and trigger a selloff.

In Europe, yields on junk-rated bonds hit their lowest level on record this week. The U.S. high-yield sector is also outperforming other bonds, with yields falling toward the lows reached in mid-2014. Yields move inversely to prices.

High-yielding debt has been swimming against the so-called reflation trade since November, when expectations of higher inflation and growth triggered a selloff in many bonds.

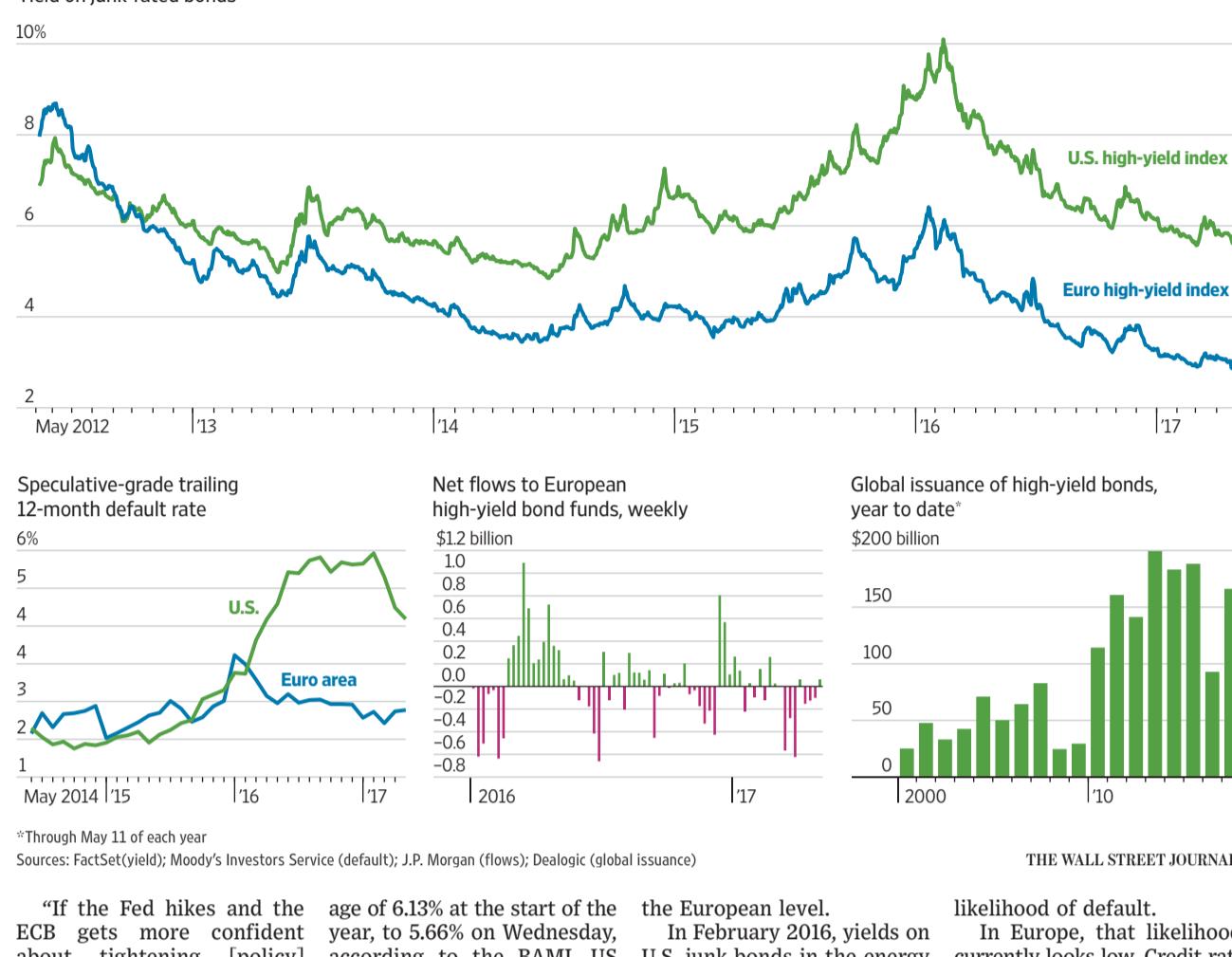
Investors are still buying junk bonds because the expectation of better growth reduces the likelihood of companies defaulting on their debt. In the U.S., a recovery in commodities prices has lifted a market brimming with oil and mining companies. Funds are also chasing the extra income that these bonds offer.

But that income has been pushed to historic lows at a time when there are risks that the Federal Reserve and European Central Bank will tighten the monetary policy that has been so supportive of this market, including the ECB's huge bond-buying program.

"It's been a massive move," said Jeff Mueller, a portfolio manager at Eaton Vance. "There is some concern about that."

Not-So-High Yield

Even as expectations for higher interest rates have driven government-bond yields higher, junk-bond yields have hit new lows in Europe.



*Through May 11 of each year

Sources: FactSet(yield); Moody's Investors Service (default); J.P. Morgan (flows); Dealogic (global issuance)

"If the Fed hikes and the ECB gets more confident about tightening [policy] then...what you're being compensated for right now is pretty skinny," he said.

The average yield on the €283 billion (\$307.6 billion) Bank of America Merrill Lynch Euro High Yield index fell to an all-time low of 2.58% Wednesday. That is down from 4.2% last July, when eurozone government-bond yields reached their lowest levels. Yields on U.S. junk bonds have fallen, too, from an aver-

age of 6.13% at the start of the year, to 5.66% on Wednesday, according to the BAML US High Yield index.

A large part of the rally in U.S. high-yield bonds has been due to commodity-focused companies, particularly in oil and gas. Though oil futures have recently slipped below \$50 a barrel, they are still way above the \$26 lows that last year triggered a selloff in U.S. junk-rated debt. More than 10% of the U.S. high-yield index is issuance from energy companies, more than twice

the European level.

In February 2016, yields on U.S. junk bonds in the energy sector peaked at more than 20%, while the market excluding those companies was yielding around 8.5%. Now, yields on energy-sector junk-rated bonds are around 6.5%, only a percentage point higher than the broader market.

Government bonds largely move on the outlook for where central banks will set interest rates. But junk bonds are swayed by other factors, too, particularly their perceived

likelihood of default.

In Europe, that likelihood currently looks low. Credit rating firm Standard & Poor's expects the default rate on speculative-grade bond issuers to be just 2% in 2017, below the 3.3% average since 2002.

Better prospects for global growth will continue to soothe investors' fears of default.

But as the European economy heats up and political risks recede in the region, investors believe that the ECB is more likely to unwind its stimulus efforts—including its cor-

porate bond-buying program.

Central-bank buying of higher-quality corporate bonds helped to fuel the high-yield sector, as investors moved further down the ratings ladder to find better returns.

"The favored trade of the year has been to drop down the credit ratings," said Chris Telfer, portfolio manager at ECM Asset Management.

Many investors and analysts expect the ECB to begin winding down its stimulus measure in coming meetings. The central bank has bought €83.4 billion of corporate debt since March of last year.

Not everybody agrees that central banks are about to torpedo this market.

Jonathan Butler, head of European leveraged finance at PGIM Fixed Income, said investors understand the ECB will start tapering its bond buying when the eurozone economy recovers.

Mr. Butler sees few major "bumps" ahead for high-yield bonds. "Europe is growing again. We've got low default rates. On a risk-adjusted basis, it looks reasonable...where is the shock going to come from?" he said.

Still, Mr. Butler's firm is reducing the amount of high-yield debt it holds in portfolios that allow it.

"It's no longer the screaming buy it used to be. That makes life tougher," he said.

Other investors have also been reducing their holdings, believing that many of the gains are over.

Toby Nangle, Columbia Threadneedle's co-head of asset allocation, reduced the holding of European high-yield bonds in his £579.3 million (\$749.5 million) Dynamic Real Return fund from 15.1% to 5.7% in the year to March 2017.

"The fundamental credit quality hasn't deteriorated in Europe," said Mr. Nangle, "but valuations have moved sharply over the last 12 months."

HEARD ON THE STREET

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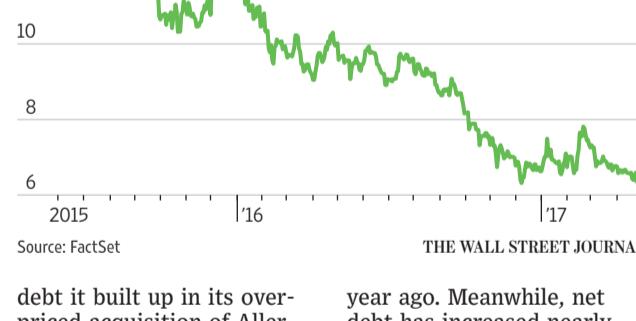
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Teva Investors Losing Patience

Side Effects

Teva's forward price/earnings ratio



Source: FactSet

have embraced Teva's better-than-4% yield to sell, but whatever declines occur will be offset by a less risky future for the company. With Teva trading at six times forward earnings, investors are clearly worried.

Industrywide, price declines for generic drugs appear to be getting worse. For Teva, new competition looms as soon as next month for the company's best-selling drug, its branded multiple sclerosis treatment Copaxone. Meanwhile, Teva announced the failure of a late-stage clinical trial for a new multiple sclerosis drug last week.

To deal with these issues, Teva needs to step up its search to replace former CEO Erez Vigodman, who stepped down earlier this year, and finance chief Eyal Desheh, who is set to leave soon as well.

Right now, Teva is essentially saying things will get better over time. Investors may not have the patience to wait much longer.

—Charley Grant

debt it built up in its overpriced acquisition of Allergan's generics business for \$40 billion in cash and stock in 2015, right as sector valuations peaked.

Teva made the big bet just before prices on generic drugs started to fall industrywide. The impact from that transaction is easy to see. Teva reported earnings before interest, taxes, depreciation and amortization of \$1.8 billion, up 9% from a

year ago. Meanwhile, net debt has increased nearly eightfold to top \$32 billion.

The company is trying to lower the debt by selling its women's health and oncology businesses. But it isn't clear who will buy these operations and what price they will fetch. The company should consider cutting its generous dividend, which could free up more than \$1.2 billion annually. That will likely cause investors who

OVERHEARD

AIG's CEO Pick Is Right For the Job

American International Group Inc. is poised to choose a strong hand to restore confidence in the insurance giant.

AIG plans to name industry veteran Brian Duperreault as chief executive this week. Berkshire Hathaway owns shares in four major airlines, including United Continental and Southwest Airlines, which are trading at the highest levels in decades. Surveys show passengers place more importance on getting a good price than differences in service.

That doesn't mean he thinks the experience is pleasant. Mr. Buffett likened U.S. commercial flights to "cattle cars" in a CNBC interview on Monday. And, despite his frugal ways, flying comfort is one area in which he doesn't cut corners. Berkshire's corporate jet, once called "the Indefensible," was later renamed "the Indispensable."

Most notably, as chief executive of ACE Ltd., which eventually acquired Chubb, Mr. Duperreault gained a reputation in the industry as a prudent underwriter who priced plans and set reserve levels conservatively.

This is precisely what AIG needs now, having taken surprisingly large increases in reserves in its property-and-casualty book twice in two years. The most recent \$5.6 billion reserve boost spooked investors and prompted the resignation of Chief Executive Peter Hancock.

Mr. Duperreault should have the credibility to reassure investors and rating companies such as A.M. Best, which is considering an AIG downgrade. Importantly, he also has the stature and track record necessary to stare down challenges from activist investors like Carl Icahn, who was a thorn in Mr. Hancock's side.

Mr. Duperreault's main shortcoming may be his age. At 70, he is unlikely to have a very long tenure at the head of AIG.

At the moment, however, stabilizing the situation at AIG is the priority. Mr. Duperreault looks to be the right man for the job.

—Aaron Back

Falling Sales Mean Tougher Fixes at Department Stores

Investors are growing convinced that there may be no future for department stores.

First-quarter earnings from Macy's, Kohl's and Nordstrom sent shares of all three down significantly Thursday. At Macy's, same-store sales fell by a greater-than-expected 5.2% and earnings missed analysts' estimates by a wide margin.

Even though cost controls helped Kohl's earnings exceed expectations, the market chose to focus on its same-store-sales decline. At Nordstrom, earnings exceeded expectations and overall sales climbed, but same-store sales were

Sale Rack

Macy's gross margins



Source: the company

slightly worse than expected. Shares, which had fallen during the trading day, tumbled even further when the company reported after hours.

Those reactions showed that even some good news

can't change investors' view that department stores are in structural decline.

The earnings numbers brought into sharp focus two difficult problems facing the stores. For Macy's, the quarter's results showed that closing underperforming stores, the go-to strategy for many struggling retailers, has yet to deliver the desired lift to same-store sales. The company said it expects to begin receiving those benefits in the second quarter, which is one reason it maintained its full-year guidance.

For Macy's and Kohl's, efforts to tightly control inventories failed to overcome declines in sales. Excess in-

ventories hurt gross margins at Macy's. Kohl's credited good inventory management with an improvement in gross margins. Even so, Kohl's sales decline of 3.2% in the quarter outpaced the inventory decline of 2.3%.

The company also said sales were down only 1% in March and April combined, but that wasn't enough to offset their high-single-digit decline in February.

Nordstrom's inventory was in line with sales, suggesting investors were largely punishing it along with the rest of the group.

Macy's and Kohl's are trying to reverse the sales slide. Macy's executives high-

lighted the Backstage off-price concept, Last Act clearance sections and Blue-mercury cosmetics chain as growth areas.

By dumping shares of Macy's, Kohl's and Nordstrom, investors are saying that retailers won't be able to stem the decline, and that will weigh on profits and margins, no matter what the stores do. The worst-case scenario is that shoppers lose the habit of going to department stores, further accelerating the sales slide.

Department stores have just a few more quarters to convince investors they aren't in permanent decline.

—Miriam Gottfried

Trouble in paradise:
How things got messy
at a luxury community
in Belize M4-5



MANSION

I like large parties. They're so intimate. At small parties, there isn't any privacy.'

—F. Scott Fitzgerald, 'The Great Gatsby'

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

Friday, May 12, 2017 | M1



GREAT ESTATE The former Percy Pyne estate in Roslyn Harbor, N.Y. includes this roughly 15,000-square-foot Georgian Revival house built around 1930. Originally 90 acres, the property is now about 4 acres; the rest of the land was subdivided for residential development. Owners Arthur and Lisa Robbins are moving to Florida, and the property has been on the market since September for \$5.85 million.

A New Boom on Gatsby's Gold Coast

Long Island's North Shore is heating up as a new crop of buyers bid fiercely for slivers of land in villages that were once the gilded estates of industrial tycoons.

BY CANDACE TAYLOR

DRIVING THROUGH THE GATES of the Sands Point Preserve on Long Island's North Shore reveals a 100,000-square-foot, turreted castle built in the early 1900s by Howard Gould, son of rail-

road tycoon Jay Gould. He also built 40-room Hempstead House next door, which had a walnut-paneled library copied from the palace of King James I and an aviary housing exotic birds.

Now part of a public park, these structures serve as a ghostly reminder of the vast estates that once stood on the jagged coastline of Long

Island's Gold Coast, built by the likes of industrialists J.P. Morgan and Payne Whitney. The 62-room Woolworth Mansion in Glen Cove had solid-gold bathroom fixtures. The John Shaffer Phipps estate had two private polo fields.

Immortalized as West Egg and East Egg in F.

Please turn to page M6



LIVING HISTORY Villa Marizzina, built in 1901 in Cap d'Ail; right, a 1916 photograph of Mathilde Kschessinska, a former resident.

AN EXILED BALLERINA'S SAFE HAVEN

INSIDE

A villa on the French Riviera, listed for more than \$32 million, has a scandalous love story in its past; a renovation nods to its history.

BY RUTH BLOOMFIELD

THIS 1901 VILLA on the French Riviera recently underwent a top-to-bottom renovation. But nothing could erase the home's unusual history—a tale of an exiled Russian aristocrat and his lover, a famous ballerina who fled the Russian Revolution.

Now, more than century later, the seven-bedroom, seven-bathroom Villa Marizzina is on the market for €30 million, or about \$32.87 million.

Its current owner is a Rus-



sian billionaire who bought the rundown villa in 2010.

Since then, he has spent part of his fortune—amassed by manufacturing railcars—to rescue the property from di-

lapitation, said Neil Galloway, a British developer hired to oversee the project.

"It was in a terrible state, everything was rotten—the sort of place you want to have a shower as soon as you've been inside it," said Mr. Galloway, who declined to name the owner.

Restoring a decaying French landmark building is no simple task. Obtaining building permits alone took a year, which meant construction didn't start until late 2011. The five-year project involved rebuilding most of

Please turn to page M12



TRIPLE PLAY A Florida estate with three agents M2



EASY RIDER Pam Grier, at home with horses M12



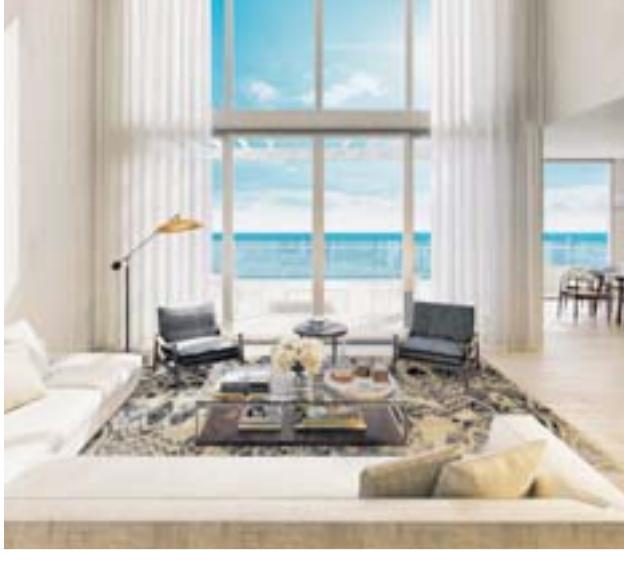
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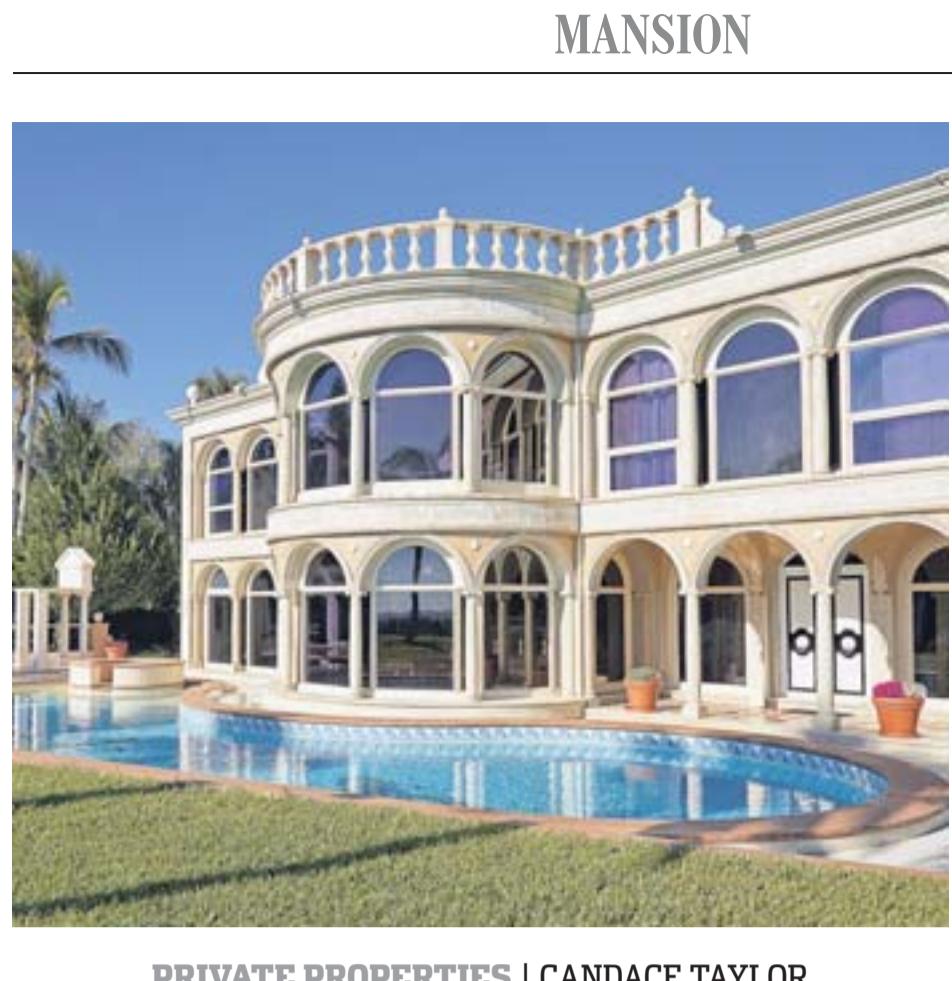


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MANSION



ONETIME
RICHARD
PRYOR ESTATE
SELLS

A Los Angeles estate once owned by the late comedian Richard Pryor—and where he set himself on fire—has sold for \$2.5 million after more than a year on the market.

The buyer is Rashard Mendenhall, a retired professional football player-turned-television writer. Mr. Mendenhall played five seasons with the Pittsburgh Steelers and one with the Arizona Cardinals before retiring three years ago to pursue a career as a writer. Now he is a writer for the HBO comedy "Ballers," which is centered around a group of football players. Mr. Mendenhall couldn't be reached for comment.

Located in Northridge in the San Fernando Valley, the 2.2-acre gated estate first went on the market in the summer of 2016 for \$2.9 million, then saw several price cuts. It was most recently listed for \$2.549 million with Neil McDermott and his wife, Beate Kessler, of Hilton & Hyland.



PRIVATE PROPERTIES | CANDACE TAYLOR

One Estate, Three Agents

Frank Luppi is trying an unusual tactic to unload his Florida estate: He's putting the elaborate Italian Renaissance-style compound on the market as three separate parcels—and listing each of them with a different real-estate agent.

Mr. Luppi's compound spans about 12 acres on Jupiter Island from the Atlantic Ocean to the Intracoastal Waterway. Last year he listed roughly 8½ acres of it for \$65 million, then took it off the market in March. Now it is returning to market, plus some additional acreage, for a total of \$51 million.

The largest piece, a 5.34-acre oceanfront parcel with the main house and four other structures, will list for \$32

million with Ken Meierling of Engel & Völkers and his wife, Kandyce. The home is being sold fully furnished, Mr. Meierling said.

A second parcel on 1.7 acres with frontage on the Intracoastal, containing a four-bedroom house, a pool and pool house, is listed for \$10.5 million with Jennifer Hyland of Illustrated Properties.

A vacant parcel on 1.7 acres with a dock on the Intracoastal is listed for \$8.5 million with Susan Turner of Waterfront Properties and Club Communities, who last year had the \$65 million listing. Mr. Luppi said he is keeping one guest house for himself.

Mr. Luppi said he decided that marketing the parcels

separately would increase the chances of getting the best price possible. "Not too many people have \$65 million to buy a property," he said. Moreover, he said he hopes using three different brokers will increase the property's exposure with buyers.

Mr. Luppi said he built the estate over the course of 30 years, importing vast amounts of marble to construct the estate and transporting European craftsmen to Jupiter Island to work on the house. A retired businessman based in Europe, Mr. Luppi said he owns homes all over the world. He said he's selling the Jupiter property because at age 82, he no longer travels there as often as in the past.



Pop star Cyndi Lauper is asking \$1.25 million for the Connecticut home she has long used as a songwriting getaway.

Ms. Lauper purchased the home in the 1980s, around the time her hit record "True Colors" was released, according to listing agent Michael B. Leventhal of Berkshire Hathaway HomeServices New England Properties. The house is lo-

CYNDI LAUPER LISTS SONGWRITING GETAWAY



cated in a rural area of Stamford, about 45 miles outside Manhattan, and "it was a real creative place for her to get away and write and record," said her husband, actor David

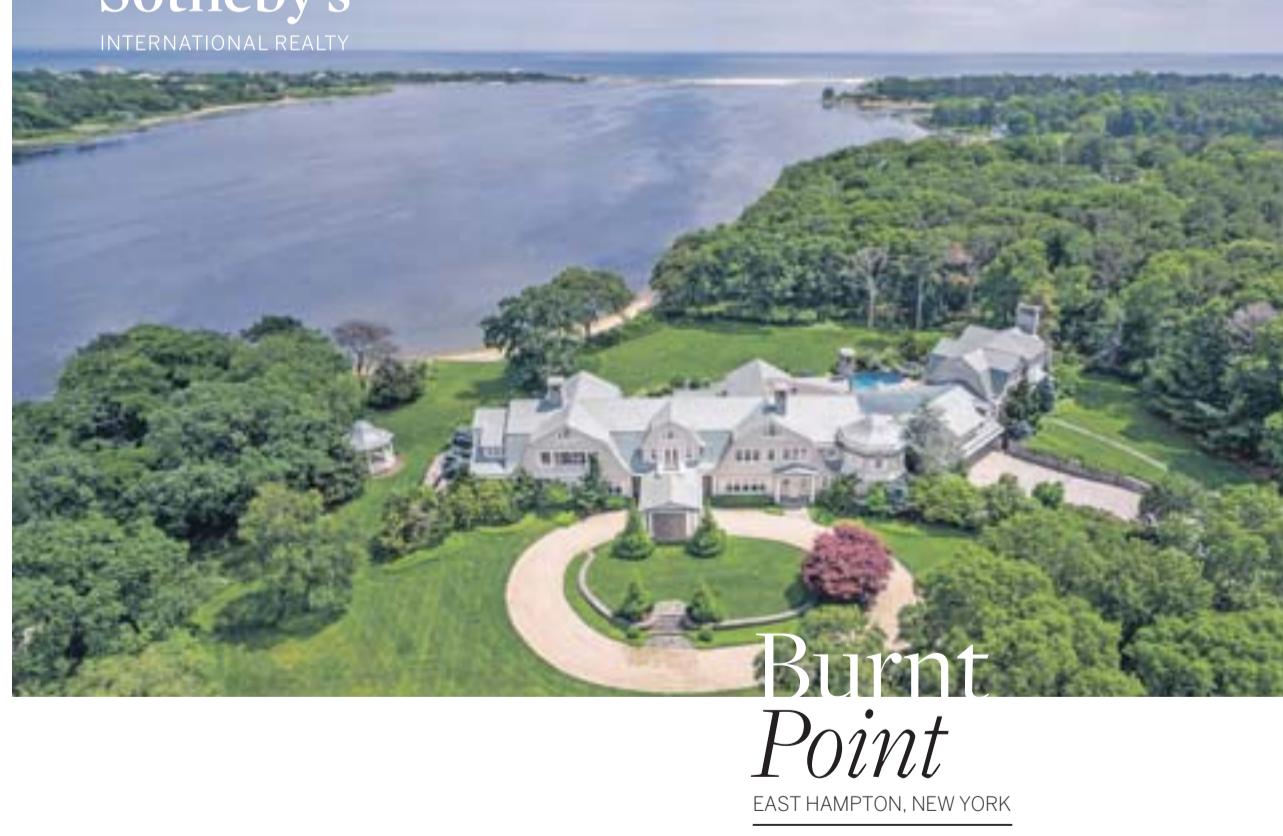
Thornton. "There's a little guesthouse which she turned into a studio. It was a way for her, a girl from Queens, to get away into the woods."

She has since written sev-

eral albums and much of the Broadway musical "Kinky Boots" there, said Mr. Thornton, who married Ms. Lauper in 1991. Later the couple started spending large amounts of time at the home because their son had started playing "serious ice hockey," Mr. Thornton said.

Ms. Lauper, 63, and Mr. Thornton have long lived primarily in a rental apartment in Manhattan, he said. They are now spending more of their time in Manhattan—their son, now 19, is focused on pursuing hip-hop music and no longer plays ice hockey.

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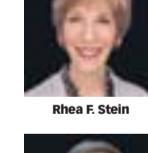
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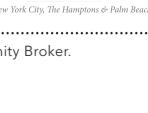
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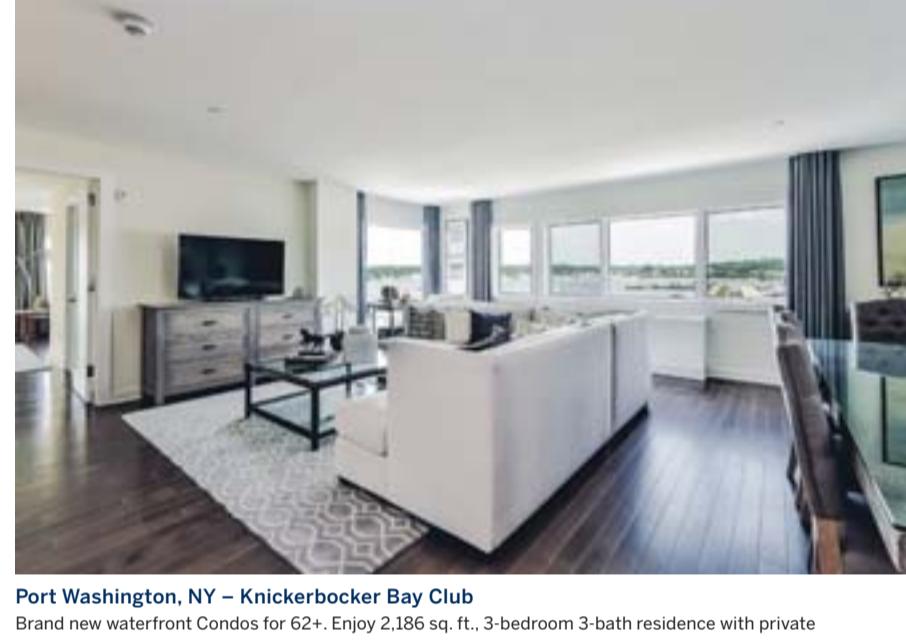


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MANSION

ANNOTATED ROOM | LEIGH KAMPING-CARDER

A Boy's Room, Down to a Science

A mother enlists a designer for a room that speaks to her 6-year-old's interests

MADELAINE LAM describes her 6-year-old son as studious but not nerdy, and she wanted his bedroom to suit him.

Ms. Lam and her family moved into their five-bedroom, 6½-bathroom home in University Park, Texas, in 2013. When Preston turned 5, she got serious about redecorating his room, a roughly 180-square-foot suite that includes a bathroom and study area with a built-in desk

and pocket doors.

"Since he's very much into science we thought, 'Why don't we embrace that?'" said Ms. Lam, 43, who owns a surgical center with her husband.

Ms. Lam enlisted Dana Frieling, a South Lake, Texas-based designer at Homepolish, to help create a whimsical, science-and-nature-theme room that would withstand the abuse of a

growing boy while continuing to serve him as he got older.

The three-month project, started in April 2016, cost \$10,000. Many of the items were purchased online from retail stores, rather than custom-made, because Ms. Lam didn't want anything too delicate.

"We kept it not so little boyish, so it would have some longevity," Ms. Frieling said.



1. Inspired by a poster Ms. Frieling found on online marketplace Etsy, the **faux chalkboard** propelled the look of the entire room.

Artist Dana Kaunitz painted the designs—numbers, insects, chalk smudges, an outline of Preston's hand—in acrylics and pastels, then used a flat acrylic sealer to preserve them.

The background color is Benjamin Moore's French Beret.

Price: \$900

2. This **porter's trunk** from Restoration Hardware provides a polished, sturdy spot to store toys. "Kids are kids and they climb on things," Ms. Frieling said.

Price: \$824

3. The **brass bedside lamps**, which Ms. Lam purchased online from the lighting store Candelabra, have a subtle molecule-like shape on the base.

Price: About \$300 each

4. Purchased on eBay, the **egg chair** is a riff on an Eero Aarnio design. Bonus: The rounded shape cancels

out noise, giving the sitter the feeling of being on a rocket ship.

Price: \$1,100

5. Ms. Lam loved Ms. Frieling's idea of lining the study area in **artificial turf**, a tactile and outdoorsy material she had seen on hotel walls.

Price: About \$36 per linear foot

6. Scientific touches include a **telescope**, colorful **prints** of beetles above the desk, a **globe** that doubles as a nightlight and Preston's own canvas wall hanging that is stuffed with easy-to-care-for air plants.

Price: Levenhuk Strike 80 NG telescope, \$150; Wisteria beetle prints, \$249 each; Wild & Wolf globe light, \$175

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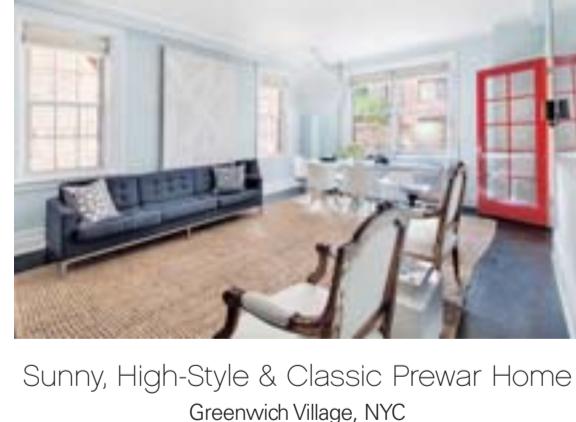


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MANSION



WATER WORLD Boat slips in the marina at the Reserve, previously known as Sanctuary Belize. Many investors said they have been disappointed by the pace of construction at the development.

THE MARKET

Trouble in Paradise

The fate of a luxury development in Belize highlights the risks involved in investing overseas. Buyers describe construction delays and a tangle of lawsuits; developers complain of a dissident owners group.

BY KATY MC LAUGHLIN

WHEN NANCY CUNNINGHAM, a saleswoman in Delaware, bought a lot in 2008 in an up-and-coming real-estate development in Belize, she thought she and her husband Ken had made a great investment, she said.

"We were told there would be hotels and a spa. They said there would be a golf course. There was going to be a marina with restaurants, condos, shops and stores," said Ms. Cunningham, 54. Thus far, there is no golf course, hotel, or spa and the marina features a convenience store, gas station and little else, she said. The couple has not built a home.

"We wish we had never invested a dime in that community," said Ms. Cunningham, who spent \$119,000 for a lot in Sanctuary Belize, which recently changed its name to the Reserve.

The Cunninghams have found themselves in the midst of an imbroglio that has continually grown more tangled, amid multiple lawsuits, allegations, counter-allegations, feuds between the lot owners and developers, and divisions among the lot owners themselves.

One executive involved in the development appears to go by more than one name—and has a criminal record. A home owner tried to lead dissatisfied buyers in an effort to wrest control from the developers—and ended up losing a libel suit in Belize court; he has since retracted his criticisms of the developers.

Their predicament highlights the steep risks involved in buying luxury property in an unfamiliar country. Many Americans dream of retiring to Central or South America, where the weather is balmy year-round and the cost of living is generally low. Countries including Costa Rica, Panama and Belize offer residency visas for retirees. A host of real-estate agents, developers and relocation companies cater to North American retirees.

For many the plan works beautifully. But in cases where developments stall, deposits evaporate or contractors disappear, some buyers find themselves in legal or financial straits that they lack the local knowledge and contacts to unravel.

Sanctuary/Reserve, which was featured in a Wall Street Journal story about retirement in Central America in 2013, offers a cautionary tale of how reality can sometimes fall short of expectations.

A WAITING GAME

What everyone agrees on: There have been delays in construction at the resort, and several major amenities featured in marketing materials for the community haven't been completed.

Bruce Whited, a retired engineer in New Harmony, Utah, said he bought four lots, starting in 2012, for a total of over \$1 million. He said that he believed, based on the sales pitch, that the community's



SHOPPING A sign, above left, advertising the marina village, which investors said they expected to feature numerous shops and amenities. So far, the only shop is a gas station/convenience store, shown top and above right.



YACHT PARKING Boats docked at the marina.

marina would be first-class, with lots of restaurants, stores, condominiums and facilities for boaters.

Thus far, Mr. Whited, 78, hasn't built a home. He said though there have been some recent improvements, the marina and other amenities aren't what he expected. He said he is disappointed that few owners have built houses—there are currently fewer than 50 houses out of 1,800 home sites.

Mr. Whited said he plans to list his lots for sale; other owners say they have tried to sell their lots but failed to attract buyers.

There have been delays in completing the community, said Peter Baker, Chairman of the Sittee River Wildlife Reserve, a nonprofit company that owns the land. Mr. Baker is also the majority owner of Eco-Futures, the developer, which has offices in Panama, Belize and

California.

Mr. Baker attributed the construction delays to a dissident owner's group called the Independent Owners of Sanctuary Belize, cofounded by an owner named Tom Herskowitz. Mr. Baker said the group, which has been vocal in its criticism of the development, has brought negative attention to Sanctuary/Reserve and slowed sales. Its activities caused roughly

TONY RATH FOR THE WALL STREET JOURNAL (5)

DUELING LAWSUITS

In January last year, Mr. Herskowitz, along with nine other owners, including Mr. Whited, filed a lawsuit in Belize court against Sittee River Wildlife Reserve, alleging that the developers failed to build promised amenities and to make proper financial disclosures to homeowners, among other complaints.

The developers launched their own suit. In late March, the developer won a libel suit in Belizian court against Mr. Herskowitz and the homeowners group for critical statements that group members had made on Facebook and the

MANSION



DINING The marina bistro, shown under construction on March 16. The developer said it is now up and running; a homeowner recently on site said it was not.

group's website.

The website for the homeowners' group was removed after the outcome of the libel case. Magali Merin-Young, a Belize-based attorney for the plaintiffs in the homeowners group, said that due to a settlement in the libel case, Mr. Herskowitz instructed her not to comment on the status of the homeowners' lawsuit against Sittee River Wildlife Reserve. Another plaintiff in the homeowners' suit, who asked not to be named, said the group was dropping the suit. Mr. Baker said the lawsuit "never even saw the light of a courtroom."

Following the libel ruling, Mr. Herskowitz sent a letter to The Wall Street Journal disavowing any criticisms he has made of the developers. He said he had encouraged other homeowners to email testimonials to the Journal in order to "create the image of a dissatisfied community" and to create leverage for his efforts to wrest control of the development away from the current team.

Ms. Cunningham and Mr. Whited said their comments for this story weren't made in response to pressure from Mr. Herskowitz.

THE CURIOUS CASE OF MARC ROMEO

Investors say it isn't just the pace of development that has fueled discontent. Several owners said that a man involved in the development, introduced to them as Marc Romeo, was in fact a man named Andris Pukke, who has a criminal record. Mr. Baker said Mr. Pukke and Mr. Romeo are two different people, and that Mr. Pukke's involvement in the development has been minimal.

Mr. Pukke pleaded guilty in 1996 to a felony charge of mail fraud; he was sentenced to probation. In 2003, he was sued by the Federal Trade Commission for deceptive practices while running companies AmeriDebt and DebtWorks, both of which are now defunct. In 2006, he was ordered to pay a \$172 million judgment; ultimately he agreed to pay up to \$35 million and the larger judgment was suspended, according to the FTC. The firm of Robb Evans & Associates was appointed by the court as a receiver to sort through Mr. Pukke's assets and help recover funds for the FTC settlement.

Among the assets targeted: Mr. Pukke's stake in the Belize development. Mr. Baker and Mr. Pukke were childhood friends and have remained close all their lives, Mr. Baker said. In May of 2007, Mr. Baker was held in civil contempt of court for helping Mr. Pukke hide assets from Robb Evans.

According to court orders from the U.S. District Court in Maryland, Southern Division, and a transcript of the judge's comments during the contempt proceeding, Mr. Pukke owned a stake in the Belize development; he and Mr. Baker entered into what the court called a "sham transaction" in order to shield the value of Mr. Pukke's interest. About a month later, to coerce his compliance with the court's orders, Mr. Baker was ordered to jail, where he spent two weeks.

By court order, the receiver had the right to liquidate the Belize development assets. However, because of the difficulty of enforcing a U.S. court order in Belize "and significant resistance from Sittee River Wildlife Reserve," the receiver ended up negotiating a deal in 2008 in which it got \$2 million and released claims to the project, said Gary Caris, who was a lawyer for Robb Evans. Mr. Caris, now a partner with law firm Diamond McCarthy, said the receiver ultimately collected over \$48 million from Mr. Pukke—much of that from previously undisclosed assets.



NEXT STEPS A site in the future marina village. The developer said construction of new condominiums, retail and restaurants will begin in June.



HORSEBACK RIDING Horses grazing at the site of a planned new equestrian center at the Reserve.



BEACH CLUB Property owners at the Reserve pay a monthly fee to use this beach club, which is owned by the developers. The developer said another beach club, to be completed by June next year, will belong to the lot owners.

In 2010, Mr. Pukke pleaded guilty to obstruction of justice in the FTC case and in a personal bankruptcy proceeding. Mr. Pukke served 15 months of an 18-month sentence in federal prison in 2011 and 2012.

Mr. Pukke, through his attorney, Kristin McGough, declined to speak to The Wall Street Journal. Ms. McGough said that Mr. Pukke has nothing to do with Sanctuary/Reserve other than to provide occasional marketing consulting. He used the Marc Romeo alias only a couple of times before he went to prison: "It was a misunderstanding he didn't correct," she said.

Two former employees dispute this claim. Julie and David Hadlum, a married couple from Australia, said they moved to Belize in 2012

to work as Tour Coordinator and the head of the sales tours, respectively. Mr. Hadlum, 53, said that soon after arriving in Belize, he was informed by Mr. Pukke and other executives that Mr. Pukke made all final decisions for the project. Mr. Hadlum said he traveled monthly or bimonthly to Newport Beach, Calif., to meet with Mr. Pukke.

Ms. Hadlum, 49, said she also reported directly to Mr. Pukke, via phone, email and on occasional visits to Newport Beach. Ms. Hadlum said she was instructed to inform potential buyers that Mr. Pukke was "not involved anymore" and that he had been replaced by Marc Romeo. The couple said they resigned their jobs and moved back to Australia in 2014.

Mr. Baker said employees who worked on tours reported to Mr. Pukke in his role as a marketing consultant, and were incorrect in thinking that he played a larger role. Marc Romeo is a real person who is an investor in the community, which "was the likely cause of the misidentification," said Mr. Baker, who declined to provide contact information for Mr. Romeo.

In sworn testimony in U.S. District Court in Maryland in 2015, at a hearing involving Mr. Pukke's supervised release, lot owner Jon Berndsen described his interactions with Mr. Pukke.

In 2010, prior to purchasing his lots, Mr. Berndsen, a residential builder in Cumming, Ga., was introduced to Marc Romeo as a partner in Sanctuary/Reserve. This man

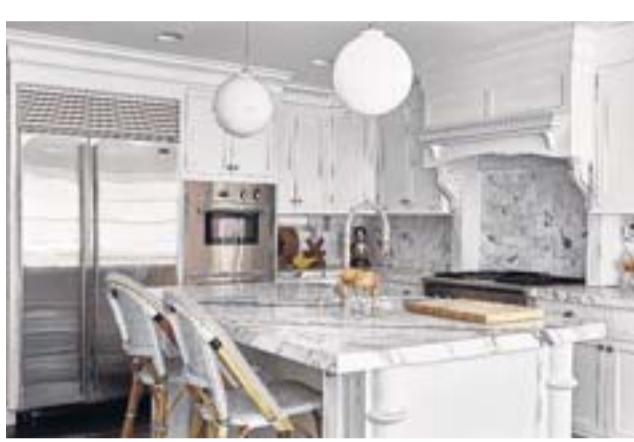
signed his sales contract for two lots as Mr. Romeo, Mr. Berndsen testified. Mr. Berndsen, who was subpoenaed, testified that he asked the sales team if Andris Pukke was still involved in the community and was assured he was not.

About two years later, Mr. Berndsen testified, he heard that Marc Romeo was an alias for Mr. Pukke—a revelation that he said left him and his wife "quite surprised" and "somewhat betrayed."

In 2014, Mr. Berndsen met with the Sanctuary/Reserve team in Newport Beach and was introduced in person to Andris Pukke—the man he had previously met as Marc Romeo. Mr. Pukke was not found to be in violation of his supervised release. Mr. Berndsen declined to comment for this article.

MANSION

A NEW BOOM ON GATSBY'S GOLD COAST



KELLY MARSHALL FOR THE WALL STREET JOURNAL (7)

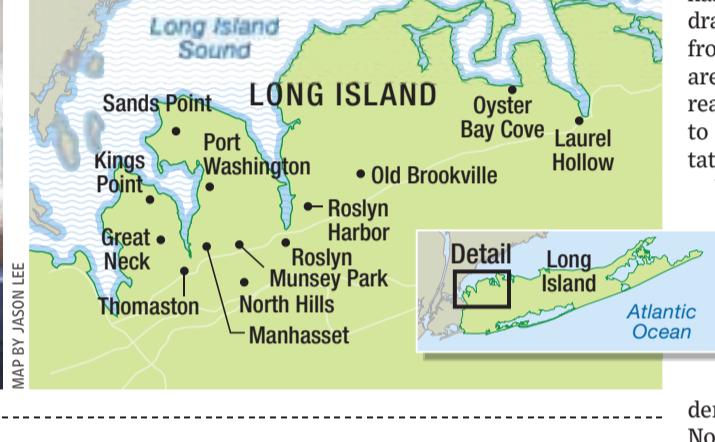
Continued from page M1

Scott Fitzgerald's "The Great Gatsby," these communities east of Queens are resurgent, but with a different population: young families looking for good public schools and alternatives to nosebleed New York City home prices. Instead of seeking sprawling properties with large amounts of acreage, these buyers are fighting over postage stamp-size properties with easy commutes to Manhattan.

A recent surge in demand has led to intense competition in certain parts of the North Shore market. Long Island (excluding the Hamptons and North Fork) saw 5,754 home sales in the first quarter of 2017—the highest number of first-quarter sales in 14 years, according to a quarterly market report by Douglas Elliman Real Estate. The median sales price on Long Island grew 4% in the first quarter; other New York City suburbs—many with higher taxes or longer commutes—are seeing a similar uptick in activity but have been slower to see rising home prices, according to the Elliman report.

Modest houses on tiny pieces of land in Great Neck, Manhasset and Port Washington are being torn down and replaced with larger, more luxurious homes, while multi-acre properties farther from the city linger on the market. The current crop of buyers "are not interested in tons of acreage," said real-estate agent Ann Hance of Daniel Gale Sotheby's International Realty. "They'd

KEEP IT SHORT Brett and Brad Coppens outbid another family and paid \$2.25 million for this Colonial on roughly a third of an acre in Manhasset's Plandome village. They can walk or ride their bikes to the train station for a 27-minute ride to Manhattan.



rather have a small piece of property and be able to walk to the train station."

She said buyers are flocking to the 837-home Village of Munsey Park. Built on the

site of newspaper magnate Frank Munsey's estate, the village contains stately rows of well-kept Colonial and Tudor homes. Manhattan's Empire State Building can be seen from the nearby Americana Manhasset shopping center, where stores like Hermès, Prada and Gucci cater to affluent locals. A recently renovated Munsey

Park fieldstone Colonial that Ms. Hance listed for \$2.299 million snagged multiple offers in a number of hours, she said, ultimately selling for over the asking price to a buyer moving from Park Slope, Brooklyn.

FAR OUT Moving farther from New York lowers competition. Janice and Andrew Silver said they had little trouble finding this home in Oyster Bay Cove.

Park fieldstone Colonial that Ms. Hance listed for \$2.299 million snagged multiple offers in a number of hours, she said, ultimately selling for over the asking price to a buyer moving from Park Slope, Brooklyn.

The uptick is most keenly felt in sought-after North Shore school districts where commutes to Manhattan hover around 30 minutes, real-estate agents said.

Brett Coppens, 37, and her husband, Brad, 35, last summer moved with their two children from Manhattan to a house in Manhasset's Plandome village. They can walk or ride their bikes to the train station for a 27-minute ride to Manhattan, where he works in private equity. After outbidding another family, they paid \$2.25 million for a four-bedroom home on roughly a third of an acre.

Prices have jumped 20% to 30% in the past year for homes in some areas near the Port Washington train line, which offers express service to Manhattan, said real-estate agent Jason Friedman of Coldwell Banker Residential Brokerage.

"The houses fly, within 24 hours sometimes," said Keri Prestia, 39, who with her husband and two young sons recently moved to a four-bedroom Colonial on a quarter of an acre in the Village of East Hills. The couple paid \$998,000 for the house after spending more than a year looking at homes on the North Shore and losing several to bidding wars.

Another reason for the surge in demand on the

North Shore is an influx of international buyers and immigrants from Asia and elsewhere. Great Neck and Manhasset in particular have drawn a number of buyers from mainland China, who are looking to invest in U.S. real estate and are attracted to the area's schools, real-estate agents said.

Willy Wang, 35, who moved to the United States from Taiwan five years ago to attend Columbia University, bought a two-bedroom condo at the Ritz-Carlton Residences in the Village of North Hills last year for \$1.35 million. His wife works in Manhattan while he works in the hospitality industry on Long Island, he said, making North Hills a convenient choice. The couple, who have a baby on the way, also liked the school system and the convenience of condo living.

To meet the demand, builders are snapping up small houses in coveted areas, demolishing them and constructing larger homes, said developer Pete Worrell of the Worrell Group in Syosset. He said depending on the size of the lot they also sometimes buy a piece of land, raze the house and build two in its place. His company recently built an 8,500-square-foot spec home in Laurel Hollow, which is asking \$5.195 million.

Those who are willing to travel farther from the city often find more land and less competition. After years of owning a bayfront weekend home in the Hamptons, Manhattan residents Janice and Andrew Silver wanted to try something different. They had little trouble finding a cedar-shingle home on roughly 2 acres in Oyster Bay Cove, about 20 miles east of Great Neck. They signed a contract a few months ago to pay \$1.53 million, a little under the asking price of \$1.599 million.

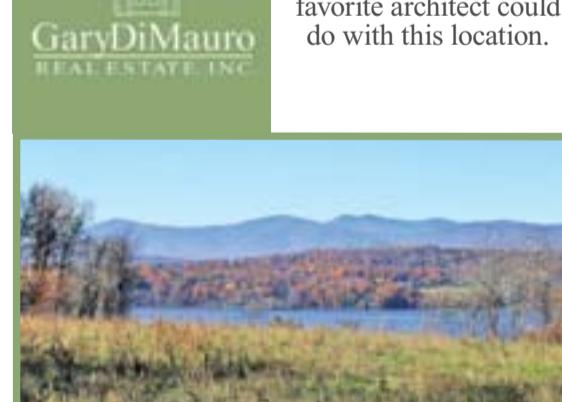
The large, historic estates can take longer to sell. Arthur and Lisa Robbins live in the former Percy Pyne estate in Roslyn Harbor, an ivy-covered brick manor house built around 1930. Originally a 90-acre estate, the roughly 15,000-square-foot Georgian Revival house now sits on about 4 acres.

The couple, enchanted by the charm of the historic home, bought it in 1987, preserving features like the original refrigerator, and using the ballroom and other grand formal rooms to house their art collection. For years, Mr. Robbins commuted to work on Wall Street. Now they're selling because they're moving to Florida, and the house has been on the market since September for \$5.85 million.

Mr. Robbins said he wants to find the right buyer for the house, and doesn't mind if it takes a while. "We want the person who buys this house to love it the way we do," he said.



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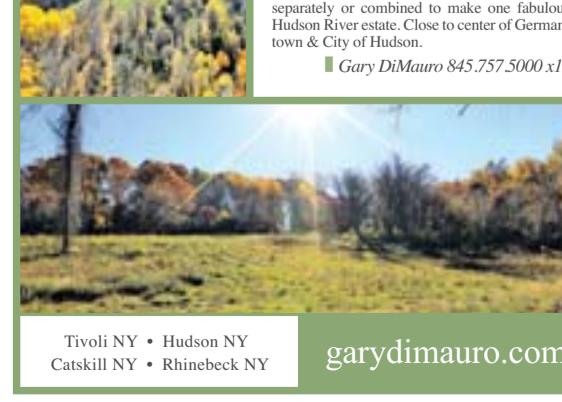


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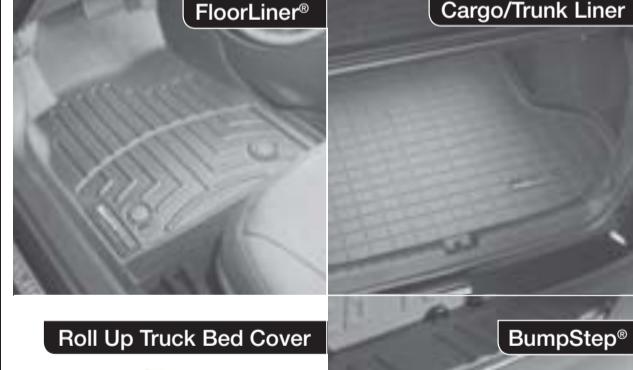


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Special Advertising Feature

NEW JERSEY GOLD COAST PROPERTIES

Luxury Developments Attract Newcomers from New York and Beyond



AVORA - LANDSEA

Gold Coast Condos and Rentals Stir Interest

DEMAND FOR TOP-QUALITY APARTMENTS REMAINS HIGH AMONG RENTERS

Weehawken Area Gains Favor With Owners

MORE BUYERS PUT DOWN ROOTS AS INFRASTRUCTURE AND CULTURAL OFFERINGS IMPROVE

Why the Gold Coast Is Now A First Choice

NEIGHBORHOODS GOING UP IN THE WORLD, ATTRACTING HIGH-END BUYERS

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ENVIRONMENTALLY FRIENDLY FEATURES, GLASS, AND OUTDOOR SPACE ARE A MUST FOR LUXURY BUYERS HERE

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NEW JERSEY GOLD COAST PROPERTIES

Gold Coast Condos and Rentals Stir Interest

DEMAND FOR TOP-QUALITY APARTMENTS REMAINS HIGH AMONG RENTERS

By Joseph Dobrian

New Jersey's Gold Coast offers an almost unimaginable variety of lifestyle options, from economical student apartments to the most luxurious rentals, condos and townhomes. Although it's a geographically small market—and densely populated—it offers a quieter, lower-priced alternative to New York, whether you're a buyer or a renter.

The cliffs overlooking the Hudson River have seen extraordinary development over the past generation: largely condo properties. Luxury rentals are drawing newcomers to Jersey City, which has become an important commercial and cultural center.

Alexander Hovnanian, a developer at Hovnanian Enterprises in Red Bank, N.J., is currently building Nine on the Hudson, the latest of several projects his company has piloted since its founding in 1959. He notes that Nine on the Hudson is located across the Hudson River from Manhattan's 68th Street, in West New York, where little development had existed till recently.

EASY CITY ACCESS

"Up to 20 years ago, there was almost nothing there but a ferry," he says. "The first pioneers of the area were taking a tremendous risk. But lately this has become its own little area, with easy access to the city. We've developed several buildings here."

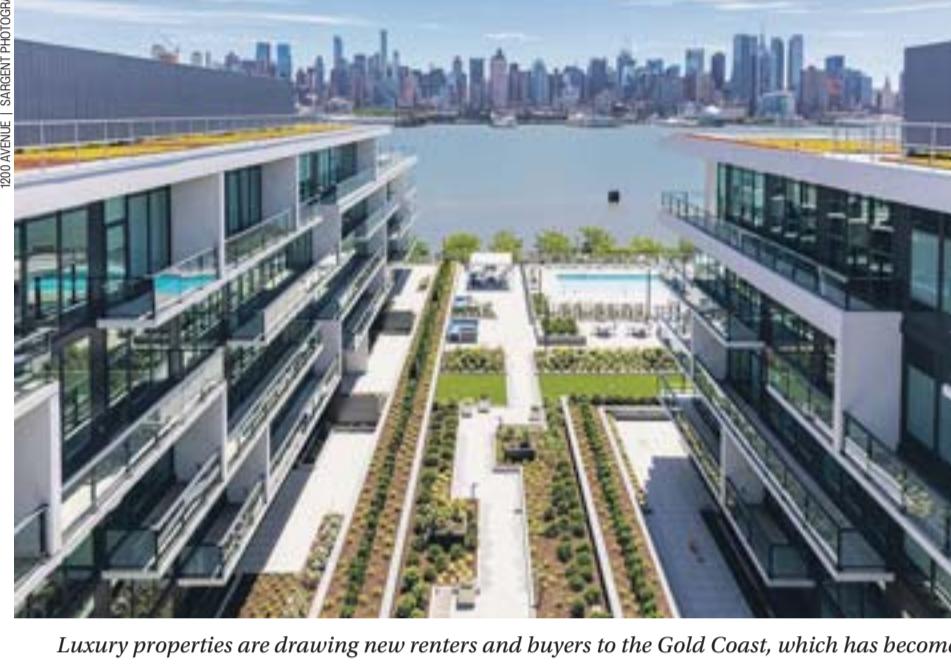
Nine on the Hudson is a mid-rise condo project of 278 units that range from 800 to 2,600 square feet, with an average price of \$1.3 million. We're in the process of designing a penthouse unit of 4,000 square feet that will go for more than \$6 million. Twenty years ago, the idea that we could do that would have made people laugh."

Nine on the Hudson has 23 units under deposit, Mr. Hovnanian discloses, although sales won't officially open for another few weeks.

"We had our 'soft opening' in March," he says. "Since we're building on such a large scale, we can include a pool, hot tub, sauna, fitness center, and a third-floor amenities deck."

"We're the tallest building in Port Imperial—13 floors if you count the penthouse—so we'll have sweeping views of the city. You'll get a much better view of New York than New Yorkers have—and you're a 12-minute walk from a 10-minute ferry ride to the city."

1200 AVENUE | SARGENT PHOTOGRAPHY



AVORA | LANDSEA



Luxury properties are drawing new renters and buyers to the Gold Coast, which has become an important commercial and cultural center.

The back units of Nine on the Hudson offer quietness, as well as views of the Palisades Cliffs, Mr. Hovnanian adds. The building's V-shape design enhances the river views, while the units with less spectacular views are compensated with extra space, allowing residents to pay for what they value most.

"My generation of developers is generally more urban in their outlook, but I enjoy stepping outside of that box," Mr. Hovnanian says. "We have two more parcels that we're developing at this point: just under 200 homes. We see a lot of people buying homes for their children in this area, and our prices are reasonable considering our location and level of amenities."

TOP-QUALITY RENTALS

Luxury rentals have always been a bigger part of the Gold Coast's high-end residential mix than condos or townhouses, and while home ownership is gaining popularity in this area, the demand for top-quality rental apartments remains high.

Rental developments are more often found in an urban setting—such as Jersey City or Hoboken—rather than directly on the waterfront.

One of the latest and most impressive rental developments to be seen right now is Vantage, at 33 Park View Avenue in Jersey City.

Developer Brian Fisher, principal of Fisher Development Associates, says his company has been working in Jersey City and Hoboken for 15 years, and that 33 Park View Avenue is just the first phase of the Vantage project.

"This building consists of 45 stories, with 448 apartments—studios, and one- and two-bedrooms," he says. "You're looking out at the Statue of Liberty in one direction, and Manhattan in another; virtually every home has a water view. The views are extraordinary, day or night."

"YOU GET A LOT MORE VALUE FOR A MUCH LOWER RENT THAN IN MANHATTAN."

"These residences are larger than you'd find in Jersey City, Manhattan, or in many parts of Brooklyn and Queens: from 500 to 1,300 square feet. Each apartment is bathed in natural light and has an abundance of closet space.

"Desired amenities include barbecues, fire pits, a gourmet exhibition kitchen, fully equipped health club, spinning bikes. We even offer farming, [thanks to] our exterior planters," Mr. Fisher says.

Fisher Development Associates has made these apartments luxurious but modestly priced. The studios will probably rent in the low \$2,000s; the one-bedrooms, in the high \$2,000s to low \$3,000s; the biggest apartments will be priced accordingly.

Mr. Fisher notes that the presence of a childcare facility in the building is indicative of how the Gold Coast's demographics are shifting. While Jersey City is still known as a popular

destination for young, single renters and professional couples, many of those now-married couples are choosing to stay in the area to raise families.

Vantage is built on top of a vast indoor parking garage, the roof of which also features water elements such as a pool, jets, and waterfalls.

"We also have a full-size basketball court and a big outdoor grassy play area," Mr. Fisher says, and goes on to describe highlights of the building's interior features and aspect.

"The building is LEED certified. Our apartments have floor-to-ceiling glass curtain walls; from our sky lounge on the 45th floor you can see forever."

Jersey City can also boast good transport connections for those who commute to work or shop and socialize in New York.

"You can get to Manhattan by PATH or ferry in a matter of minutes. The convenience can't be beat—and you get a lot more value for a much lower rent than in Manhattan."

Jersey City has become a sought-after, established community, Mr. Fisher concludes, with abundant and growing office space, first-class restaurants, upscale grocery stores, and a wide variety of other retail options.

"Jersey City also has made itself into a cultural center," he says.

"The city promotes itself as an artistic community, which is an added draw for young professionals."

"The culture is a huge attraction—not only for the residents, but also for users of commercial space. This is why we continue to develop there."

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Nine on the Hudson sets a new precedent for resort style living on New Jersey's Gold Coast. This innovative, vertically-tiered building design allows the Manhattan skyline to follow you from roof-deck to residence, a beautiful backdrop for a beautiful lifestyle. Indulge in the views, services, spacious floorplans and five-star amenities that make you feel like you're on a vacation at home.

Nine on the Hudson features 278 luxury condominiums with 1-, 2- and 3-bedrooms and an average square footage of 1,475. Most homes offer a balcony or terrace and are designed to maximize the views of Manhattan. Homes priced from the \$600 thousands to the \$6 millions.

Residents will be able to take advantage of 31,655 sq. ft. of amenity space. The building's five-star amenities include a two-story fitness center, an infinity pool and hot tub that overlooks Manhattan, outdoor sunbathing lawn,

rooftop fire pit lounge, children's playroom and playground, virtual golf range, conference and business centers, 24/7 concierge, self-service dog grooming area, residents' lounge with billiards, and more.

Nine on the Hudson also offers an amazing 20-year tax savings PILOT program that lets you buy more home than you may have thought possible.

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ON THE HUDSON

AVORA NAMED "COMMUNITY OF THE YEAR," LAUNCHES SECOND PHASE OF CONDOMINIUM RESIDENCES

One of the best-selling luxury condominium buildings in the region is now also the most acclaimed. Avora on the Weehawken, NJ waterfront was named "Community of the Year" at the 30th annual Sales and Marketing Awards (SAM).

Blending contemporary style and an incomparable waterfront setting with an unparalleled level of amenities, services and convenience, Avora has introduced a new level of sophistication to the area's luxury condominium market. Discerning buyers from both sides of the Hudson River have responded, prompting Landsea to release the second phase of residences.

Ideally located just steps from the Port Imperial Ferry Terminal - which provides an ultra-convenient 8-minute commute into New York City - Avora features 184 premium one-, two- and three-bedroom condominium homes, including a limited offering of duplex Penthouses. Many residences offer balconies and terraces and unimpeded Manhattan views. Pre-construction prices range from the \$800,000s to more than \$4 million, with initial occupancy scheduled for early 2018.

Exceptional lifestyle amenities include a magnificent lobby with Concierge, private screening theater,



a lounge with a bar and catering kitchen, on-site pet grooming, and a state-of-the-art strength and cardio fitness center. A third-floor landscaped outdoor plaza features a pool, spacious sun deck, lounges, grilling areas and fire pit - all set against the backdrop of the Manhattan skyline. Avora will also include a secure parking garage.

Avora's fully-merchandized sales gallery is located at 500 Avenue at Port Imperial, Weehawken, NJ 07086.

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Special Advertising Feature

NEW JERSEY GOLD COAST PROPERTIES

Weehawken Area Gains Favor With Owners

MORE BUYERS PUT DOWN ROOTS AS INFRASTRUCTURE AND CULTURAL OFFERINGS IMPROVE

By Joseph Dobrian

New Jersey's Gold Coast has been famous for its luxury rental apartments for decades. The area has been marketed as an ideal alternative for high-end renters: an easy commute to Manhattan, at a much lower price. However, till fairly recently, the Gold Coast had relatively little in the way of modern condo development. Rental apartments appealed to people who worked and played in Manhattan but might move to a private home to start a family—or might end up buying a condo or co-op apartment in Manhattan, Brooklyn, or Long Island City.

Now, though, the Gold Coast is a more mature market. Several of its cities have upped their game considerably in terms of cultural activities, retail, and office development. Consequently, more and more couples, and families with children, are deciding to put down roots there—and that means increased demand for condos.

One area that has seen considerable condo development just lately is Weehawken. It's a picturesque area, situated on high cliffs that provide sweeping views of the Hudson River, Manhattan, the George Washington Bridge, and the Statue of Liberty.

DESIRE TO OWN

Gabe Pasquale is senior vice president of sales and marketing at Landsea Holdings Corporation, a Chinese development firm with a U.S. headquarters in Irvine, Calif. He explains that Avora, Landsea's development in Weehawken, is a response to the growing desire of Gold Coast residents to own, rather than rent. It takes full advantage of the view from the banks of the Hudson, with generous fenestration and lavish outdoor space.

"The building itself is very thoughtfully designed and sophisticated-looking, with tremendous amounts of glass to showcase the view," he says.

"It's located directly on the banks of the Hudson River, and it consists of 183 homes on 11 stories, plus more than 30,000 square feet of interior amenities space. The residences consist of one-bedroom, two-bedroom, and three-bedroom homes, plus a variety of penthouses. The units range in price from the \$800,000s to more than \$4 million."

Avora was developed with transportation in mind. It's located close to the Weehawken ferry terminal and one block from a commuter train that connects to the PATH; each dwelling unit comes with a minimum of one parking space.



Henley on Hudson's waterfront condos at Weehawken offer direct Manhattan skyline views.

"The entire Port Imperial waterfront has been transformed," Mr. Pasquale reports. "We have a promenade with parks, playgrounds, and turf ball fields in short walking distance, plus some spectacular shopping. We have an unobstructed view of Manhattan. We're located just under 52nd street, across the river, and the view goes clear up to [President Ulysses S.] Grant's tomb."

"WE SEE INTEREST FROM EMPTY NESTERS LOOKING FOR THAT LOCK-AND-LEAVE LIFESTYLE."

"This part of the gold coast, from Fort Lee to Jersey City, has been typically known for luxury rentals. In the late 1990s, when Port Imperial was conceived, was when condos and townhomes started being developed and selling quickly. That got developers thinking that the Gold Coast would appeal more to people who want to own, so it has become more of a destination for buyers."

HOT MARKET

Jersey City is still a very hot market for luxury rentals, Mr. Pasquale adds. The growing popularity (and rising prices) of Brooklyn and Long Island City pushed renters there, and today some of those renters have decided to make New Jersey their permanent home.

"Port Imperial, specifically, has turned into a vibrant community that has retail and other commercial space,

and great restaurants," he says. "Weehawken, especially, has become the destination for those seeking ownership, by virtue of what has been developed here. As the market has evolved, the product type has evolved, and the customer has evolved from renters to purchasers."

"We also see interest from empty-nesters looking for that lock-and-leave lifestyle, plus access to that platform of culture that Manhattan offers. Avora gives you a waterfront curated lifestyle: like Manhattan, only quieter, and for less money."

Craig Klingensmith, division president of Lennar's Northeast Urban Division, is equally enthusiastic about The Avenue Collection, and also Lennar's Henley on Hudson project, which is located nearby.

"They offer a superior waterfront location, with direct views of the New York skyline and the Hudson River," he says. "Within walking distance, you have access to the PATH, New York Waterways ferry service, and dedicated buses that take you to Manhattan via the Lincoln Tunnel. It's also an easy drive into the city."

"The waterfront in Weehawken is part of the overall Port Imperial South Master Plan. Because it was all designed together in the beginning, it will make for a unified and diverse community when it's fully built out, in about five years."

URBAN LIFESTYLE

"The Avenue Collection is a new generation of condos. It combines a modern, urban lifestyle with hotel-inspired amenities. It gives the area a more modern sensibility, because it consists of boutique buildings with ultra-luxury condominium residences and amenities."

"1000 Avenue at Port Imperial is a seven-story building featuring 74 luxury condominium homes, now sold out and occupied. 1200 Avenue at Port Imperial is a seven-story, 103-unit condo building that includes a grand salon lobby, library lounge, media screening room,

THE MODERN ADDS TO FORT LEE'S RENTAL COLLECTION

New Jersey's Gold Coast continues to build its reputation as a destination for luxury renters who want a full list of amenities but prefer not to live right in New York City. One of their current options is The Modern, in Fort Lee, a 47-story twin-tower development, where Tower B is near completion.

Amenities there include a spacious fitness center; a separate yoga and Pilates studio; a spa featuring a sauna and massage services; a lounge area, which is available for catered events; a luxurious screening room; golf simulation area, and a tween room with a Nintendo Wii station. Complimentary shuttle rides to Manhattan are also available.

"Fort Lee has recently evolved into one of this market's hottest destinations for the holistic lifestyle experience that today's modern renters demand," says Allen Goldman, president of SJP Properties residential division, a development and management company.

"The Modern has ushered in a new standard for luxury that's more akin to a condo than a rental building. It offers amazing views and resort-style amenities that makes residents feel like they're living in a five-star hotel. It's complemented by new retailers coming into downtown Fort Lee with cool concepts that contribute to the creation of a vibrant and walkable community."

—Joseph Dobrian

children's playroom, and a state-of-the-art fitness center."

On the seventh floor, the Skyline Social Room features a lounge space, catering kitchen, bar, multiple gathering areas with fireplaces, sound system and televisions, plus an Internet lounge, Mr. Klingensmith adds.

"We also have a dramatic third-floor landscaped plaza with open-air amenity space that includes a sun-shelf swimming pool, sun deck with outdoor showers, pool house with catering bar and restrooms, open lawn and garden spaces, and fire pit with motorized shade trellis," he concludes.

Two- and three-bedroom residences with between 1,307 and 3,139 square feet of living space are currently available at 1200 Avenue at Port Imperial, at prices ranging from \$1,399,000 to \$3,750,000. Most residences feature private outdoor space: as much as 1,036 square feet.

Henley on Hudson, meanwhile, is scheduled for occupancy in November this year. There, the waterfront condos feature views of the Manhattan skyline and English Gardens; gourmet kitchens; spa-like bathrooms (from 1.5 to 3.5 in each unit); and between one and three bedrooms. Prices there range from \$799,000 to \$2.5 million.

THE AVENUE COLLECTION AND HENLEY ON HUDSON DELIVER MODERN CONDOMINIUM LIVING ON WEEHAWKEN WATERFRONT



With two premier residential communities offering distinctive lifestyle options, Lennar has transformed the Weehawken waterfront into the New Jersey Gold Coast's location of choice for modern condominium living.

Located adjacent to the Port Imperial ferry terminal offering service to midtown and downtown Manhattan, The Avenue Collection blends a modern, urban lifestyle with hotel-inspired amenities and Manhattan skyline views. With the first 74-home building sold out, Lennar is moving towards a sell-out of the 103-home 1200 Avenue at Port Imperial. The new seven-story building features a grand salon lobby, library lounge, media screening room, children's playroom, state-of-the-art fitness center and a Skyline Social Room. Outside, a landscaped plaza offers a sun shelf swimming pool, catering bar, multiple seating areas and a fire pit.

Remaining residences include two- and three-bedroom floorplans with 1,307 to 3,137 square feet, priced from \$1,399,000 to \$3,750,000. Most residences offer private outdoor space ranging as much as 1,036 square feet.

Just down the road, Lennar is completing Henley on Hudson, a 201-home waterfront community. The final 67 residences are situated in two buildings with private garage parking and views of the Manhattan skyline or English Gardens. Homes are priced from \$799,000 to \$2.5 million and offer one-, two- and three-bedroom floorplans ranging from 1,165 to 1,998 square feet - most with balconies or terraces. Amenities include a lobby lounge, children's playroom, fitness center, theater room, billiards and gaming lounge and a resort-style infinity pool.

www.TheAvenueCollectionNJ.com
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The Modern's residents have access to an array of resort-style amenities that redefine luxury living including a lounge, golf simulator, children's play room, state-of-the-art fitness center, yoga studio, and spa featuring a sauna and massage room. Residents also enjoy vast outdoor amenities including a resort-style infinity pool, volleyball and basketball courts, an expansive lawn featuring a jumbotron and ten grilling stations, a dog-run and playground.

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NINE

ON THE HUDSON

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Special Advertising Feature

NEW JERSEY GOLD COAST PROPERTIES

Why the Gold Coast Is Now a First Choice

NEIGHBORHOODS GOING UP IN THE WORLD, ATTRACTING HIGH-END BUYERS

By Joseph Dobrian

Several interesting trends have emerged lately in luxury residential real estate along New Jersey's Gold Coast. First, it's no longer almost all rental properties. More and more families are realizing the value of investing in Gold Coast communities. So are developers, including international investors.

The Gold Coast continues to expand, with a number of big new projects on the horizon. Several towns and small cities that were once considered slightly downscale have lately become magnets for the well heeled.

"PEOPLE DON'T JUST COME HERE BECAUSE IT'S CHEAPER."

Some of these communities are growing commercially, too, attracting new employers. This has led to greater demand for housing, which in turn has led to remarkable growth of retail and cultural options.

Jersey City, in particular, has been attracting many corporate tenants lately, and has become an important cultural center. Hoboken, once perceived as a humble, working-class town, has likewise become more attractive to the higher-end renter or homebuyer.

Martin Brady, executive vice president of The Marketing Directors, a New York-based real-estate marketing firm, says the Gold Coast has grown geographically, too.

"It used to just be Jersey City, Hoboken and Edgewater," he says. "Today, it extends from Bayonne to Fort Lee, and each town has its own character. Jersey City has the urban high-rise appeal and attracts a younger crowd. Weehawken is lower-rise, more spread out, and attracts a more mature market. Hoboken is like a big neighborhood,

REDUNDANT PKEI



Vantage, at 33 Park View Avenue, is a spectacular new building that heralds a level of design the next wave of Gold Coast residents will expect.

with a home-town feel."

The architecture here has evolved, Mr. Brady adds, and the Gold Coast has seen some remarkable new construction. The standard residential architecture used to be more utilitarian in design, he says, but today's developers are focusing more on style and amenities.

"Journal Squared in Jersey City is a spectacular example of modern architecture," he notes. "So is The Modern in Fort Lee, with its glass curtain wall windows. They're very different from the traditional brick building with punched windows.

ARCHITECTURAL SIGNIFICANCE

"Also coming to Jersey City is 99 Hudson, which will be the tallest building in New Jersey: 78 stories. Quite different from what you'd have expected to find there 10 years ago—both in terms of scope and architectural significance. We're seeing another spectacular glass building, Vantage, at 33 Park View Avenue. That level of design will be expected by the next wave of residents.

"While Jersey City is seeing some new condo construction, it's still primarily a rental market, Mr. Brady says. The condo

market lies to the north, and it's an older demographic. "Past Fort Lee, you go back to the high-rises. People don't realize how different each pocket is, how different each town is. But all have great transportation and all offer spectacular views of New York. For people who want easy access to cars and malls, but want to commute to the city quickly, the Gold Coast is an ideal solution and is gaining more attention from the luxury customer."

DESIRABLE LOCATION

People used to be drawn to these communities by the lower rents, compared to New York, Mr. Brady says, but now the Gold Coast is a desired location.

"People don't just come here because it's cheaper," he says. "Rents in Jersey City have eclipsed rents in Hoboken, now, probably because it has more new housing. Fort Lee, of all the communities, probably has the most single-family neighborhoods, but

The Modern, in downtown Fort Lee at the bridge entrance, and Hudson Lights, have brought in a lot of people seeking luxury apartments. Right below Fort Lee, along the Hudson, is Edgewater; then North Bergen; then Weehawken, Hoboken, Jersey City, and Bayonne. All great communities, all with their own personalities.

"In Weehawken, 1500 Harbor Boulevard is a pier that goes out into the Hudson; it used to be an office building and it will be turned into a spectacular all-glass rental building of 230 units, due in 2018," he adds. "It won't be tall, but will be very cool architecturally."

"As brokers, we've noticed how much of a relocation destination the Gold Coast has become: not just for people moving out of New York, but for people relocating from all over the world. They used to go automatically to Manhattan or Brooklyn. Now, the Gold Coast is a first choice for so many of them."



QUALLSBENSON

VANTAGE TO LAUNCH IN EARLY SUMMER IN DOWNTOWN JERSEY CITY

Rising 45 stories in downtown Jersey City with sweeping views of the Hudson River, Manhattan skyline and the Statue of Liberty, Vantage will debut in early summer with an amenity-rich lifestyle offering for today's renters.

The striking glass curtain-wall building features 448 modern apartments with some of the largest floor plans in the New Jersey Gold Coast marketplace. Expansive studio, one- and two-bedroom residences boasting floor-to-ceiling glass windows to maximize incredible views will initially be priced from \$2,115 a month. Residents will also enjoy a full suite of indoor and outdoor social and recreational amenities, including a 24-hour Concierge, outdoor zero entry swimming pool, cyber café and many more.

Developed by Fisher Development Associates, Vantage offers an ideal address at 33 Park View Avenue adjacent to Jersey City's charming Paulus Hook and Van Vorst neighborhoods. Just steps away is the vibrant dining/nightlife scene on Newark Avenue near the Grove Street PATH Station, while Manhattan is just minutes away via PATH and ferry service.

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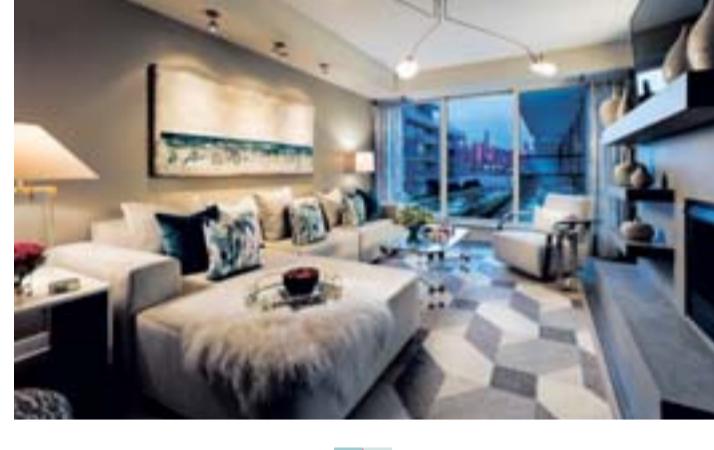
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Special Advertising Feature

NEW JERSEY GOLD COAST PROPERTIES

An Architectural Evolution is Taking Place

ENVIRONMENTALLY FRIENDLY FEATURES, GLASS, AND OUTDOOR SPACE ARE A MUST FOR LUXURY BUYERS HERE

By Joseph Dobrian

A couple of decades ago, New Jersey's Gold Coast communities were largely perceived as a lower-cost alternative to Manhattan, with some very nice luxury apartments (mainly rentals), but not very exciting architecture. Most apartment buildings, even those with sumptuous interiors, looked pretty basic from the outside.

Today, developers are putting up apartment buildings that pop—especially along the waterfront. New Jersey's coastline is becoming a showcase for some of the most fashionable architectural ideas—including a lot of glass, and environmentally friendly features.

"IT'S FASHIONABLE TO MAKE THE LOBBY A FOCAL POINT OF TODAY'S BUILDINGS."

Stephen Kliegerman, president of Halstead Property Development Marketing, says one important architectural trend along the Gold Coast currently is to build above the Hudson River waterfront, along the cliffs that overlook it, rather than right on the waterfront. Apparently, in



Expected to open this summer, One Park is a new condo development that's said to exemplify today's state-of-the-art Gold Coast architecture.

recent years, luxury residential real estate in this part of New Jersey has amounted to much ado about the view—and architects are paying attention to consumer demand.

STATE OF THE ART

Halstead is currently directing the sales at One Park, a new condo development that expects to open in summer 2017 in Cliffside Park, N.J. One Park, Mr. Kliegerman says, exemplifies the state of the art of Gold Coast architecture today.

"The centerpiece of the building is our 32-foot-high grand lobby, with its glass façade facing Manhattan," he says. "The views are incredibly dramatic. The building was intended to reflect

its environment, which explains all the glass. The indoor and outdoor amenity areas all face Manhattan, to take advantage of the view. All the apartments have outdoor space. On the non-waterfront side, we've coordinated the structure with the cliff it sits on, to blend in with the topography. It looks like the building is coming right out of the cliff top."

Mr. Kliegerman says the all-glass façade is a prominent trend in modern architecture, and it's fashionable to make the lobby a focal point of today's luxury apartment buildings.

"Another very important trend is today's focus on a building's amenities," he says. "Back in the late 1980s and early 90s, the emphasis was on the individual

apartments. Now the amenities—for both adults and children—get more attention. Fitness centers and pools are musts in developments like these; so is a children's play area."

PET SPA

"The apartments are one- to four-bedroom units, 750 square feet and up, and penthouses. We have a golf-simulator room, squash court, media room, yoga room, steam room, outdoor movie and dining areas. The yoga/pilates area wouldn't have been seen even 10 years ago. We also have a pet spa, with a wet room and a grooming area, where you can groom your pet without making a mess in your apartment."

The parking, Mr. Kliegerman adds, is completely automated. Residents will drive into a parking bay where the car will go onto a pallet; they'll exit the car, and it will be taken into the garage and slotted into a spot, with nobody else getting into the car.

"The opportunity for cars to get damaged, or your seat position changed, all goes away," he says. "You can program your need for your car at a certain time and it will be there ready for you. This is going to be especially popular with residents who have very high-end or vintage cars."

Joseph Dobrian is a freelance writer specializing in real estate matters.

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Soaking Up Open Space, Free Time in Spain

A U.K. couple skittish about leaving a vacation home unattended, finds peace of mind at a golf resort

BY J.S. MARCUS

KEVIN AND ROSEMARY

Murphy had been thinking for some time about buying a continental vacation home. Then they would think again.

"We wondered what would happen when we're not there," says Mr. Murphy, chairman of ExCeL London, an exhibition and convention center in the city. "Will it be secure? Who will look after the garden and the pool?"

The U.K. couple, both in their early 60s, found the security they were looking for in Spain—at a front-line golf villa on the grounds of the PGA Catalunya Resort outside Girona, about an hour's drive from Barcelona.

They chose a two-story villa in the process of being built as a model home. It has a radical, built-in flexibility: The four-bedroom, five-bathroom villa contains a network of sliding doors and retractable glass walls.

When the couple is there, they can turn much of the upstairs into a vast master suite, or close it off into smaller bedrooms that accommodate grown children and grandchildren.

Downstairs, they can slide open walls and extend the terrace into the living room, and they can close off the kitchen or add it to the terrace.

And when they're not there: "We can lock the doors, and not think about it," says Mrs. Murphy. The resort has 24-hour security, and homeowners can pay a fee of about \$700 a month for pool and ground care.

In the summer of 2015, after reading about PGA Catalunya on a website and going down for a visit, the couple bought the home, designed by Barcelona's Lagula Architects. The exterior was near completion, while the interior needed some essential elements before it could be furnished.

Within months, the two nongolfers moved into their completed, 5,800-square-foot home. Mr. Murphy now considers himself semiretired—and a golfer.

The resort is a gateway to the varied landscapes and acclaimed cuisine of Catalonia. It is a 20-minute drive to Spain's Costa Brava coastline and a 90-minute drive to ski slopes in the Pyrenees. On its own grounds, the resort's challenging Stadium course is regarded as one of the best in Spain.

The couple paid about \$1.68 million to buy and fur-



CHANGING COURSE Rosemary and Kevin Murphy, and their villa at PGA Catalunya Resort near Girona, Spain.

neighbors. "I'm a London girl, and the one thing I can't handle is being cut off. I don't mind hearing other people at all."

The couple spent \$49,500 on landscaping and an additional \$31,600 on the infinity pool, which overlooks a scenic hole on the resort's user-friendly Tour course.

The glass-and-concrete villa has contemporary detailing, such as naked steel beams for the home's cantilevers in the terrace area. Heat-sensitive solar panels on the roof provide nearly all the hot-water needs; a gas boiler handles the rest.

The couple spent about \$71,000 on the underfloor heating and air-conditioning systems. Their architect, Ignacio Lopez Alonso, says the position of the house—aided by insulation, ventilation and the shading cantilevers—cuts down on the need for air conditioning.

Though situated in a somewhat remote corner of northeastern Spain, the villa is accessible from the couple's English home, a renovated 700-year-old barn in Kent, southeast of London. Girona's airport is a 90-minute flight from London Stansted Airport, which "makes long weekends possible," says Mr. Murphy.

In 2016, during the Murphys' first full year of ownership, they spent about 12 weeks at the home. "I never had time to golf," adds Mr. Murphy. "But I do now."

They have done roughly the same since. The rest of the time, the villa is vacant. The resort offers to find and manage renters while the two are away, but they have decided against it.

They want their home to be stocked and their own things left undisturbed, arriving with only their carry-ons for their stays, says Mrs. Murphy.

Mr. Murphy adds: "We don't want to rent it out. I do lots of boys' trips with my male friends, and I know what a bunch of guys can do, especially if they're on a golf weekend."

nish the property, including about \$473,000 for the lot—just over $\frac{1}{2}$ acre.

The Bulthaup kitchen, which comes with German Gaggenau appliances and artisan add-ons, cost \$47,200. They splurged on outdoor furniture from Dedon, another German company, at a cost of more than \$43,700.

The open-plan concept indoors extends to the resort itself. It promotes natural landscaping and prohibits fences between the properties, which are often compact with the homes close together.

"I don't have a problem with that," says Mrs. Murphy of the proximity of her



ROOMS TO MOVE The open living and dining areas of the villa.

KEY COSTS

Lot	\$473,000
Engineering & license	\$112,500
Construction	\$706,500
Landscaping	\$49,500
Heating & cooling	\$71,000
Electrical	\$60,700
Swimming pool	\$31,600
Bathrooms	\$42,300
Kitchen	\$47,200
Furniture and decoration	\$88,000
TOTAL	\$1,682,300



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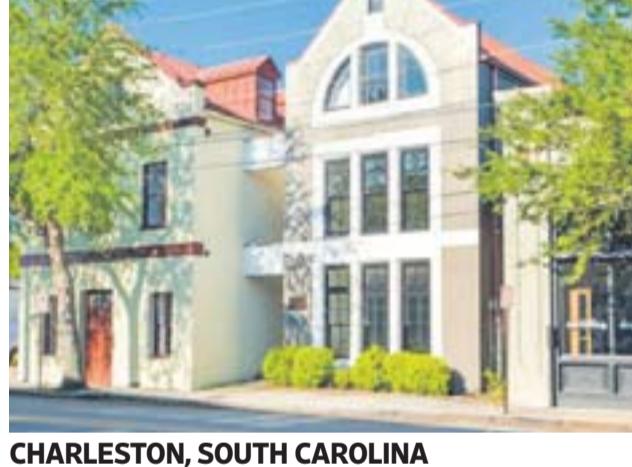


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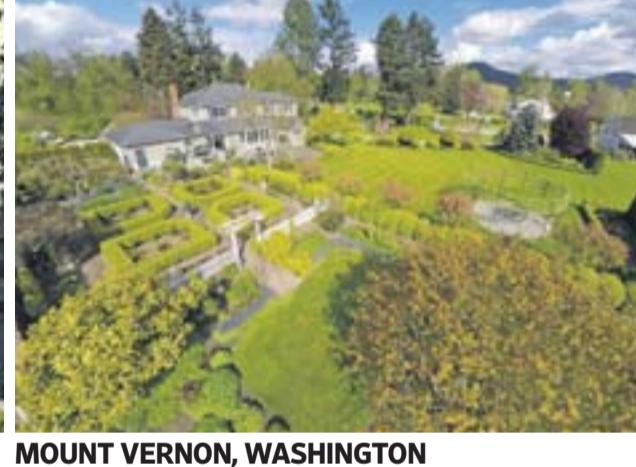
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DOUGLAS ELLIMAN (2, RENDERINGS)

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This 18,359-square-foot home, located 13 miles outside Manhattan, is in the luxury development Greystone on Hudson. The mansion, on nearly 3 acres, offers views of the Hudson River from covered porches and verandas. The lower level has a basketball court, a second kitchen, home theater, wine cellar and guest wing. Agent: The Berkowitz Marrone Team, Douglas Elliman



MARK GUTIERREZ/VHT STUDIOS (2)

\$3.999 million**Burr Ridge, Ill.**

Six bedrooms, six bathrooms, three half-baths

This 13,930-square-foot, single-family home on 2½ acres has a basketball court with the Chicago Bulls insignia under the hoop. Other amenities complement the court: an indoor swimming pool, locker room and sauna. There is also a 4,000-square-foot patio. Agent: Kris Berger, Berkshire Hathaway HomeServices KoenigRothblatt Realty Group



NATHEN MCEVOY/SHOWCASE PHOTOGRAPHERS (2)

\$8.9 million**Murfreesboro, Tenn.**

Six bedrooms, seven bathrooms, six half-baths

A basketball court, bowling alley, gym, spa and pool are all inside this 23,084-square-foot home. The estate, which spans 29 acres, also has guest quarters with a private entrance. Agents: Laura Putty Stroud and Lisa F. Wilson, French King Fine Properties

—Emily Nonko

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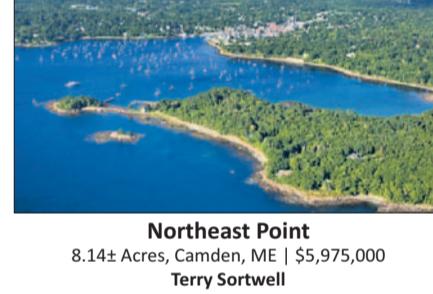
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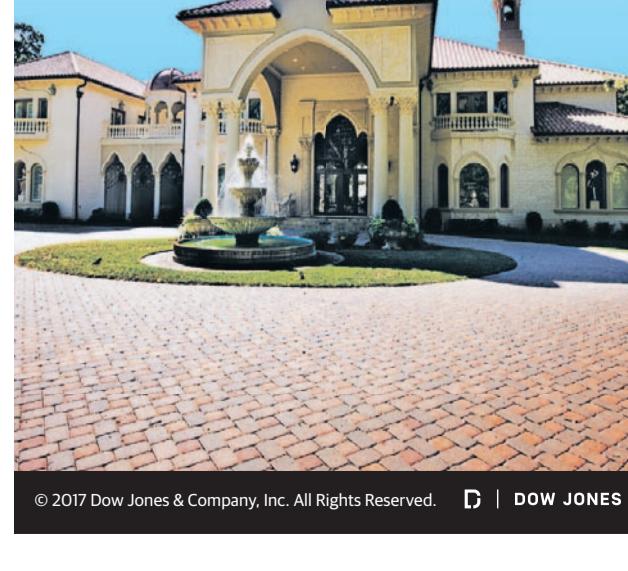
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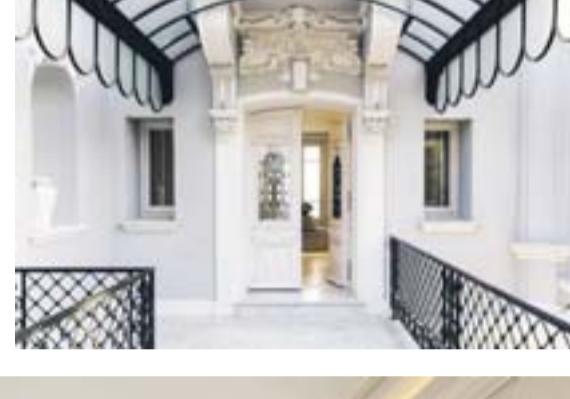
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ROOMS WITH A VIEW Clockwise from above: the villa's terrace; the view from a formal reception room; the canopied entrance; a new entrance lobby with French windows overlooking the gardens and the sea.



ANTHONY LANNERETTE FOR THE WALL STREET JOURNAL (4)

RIVIERA

Continued from page M1

its interior. The only parts of the original property that remain are its four retaining walls and the balustrade that guards its marble staircase.

The reconfigured design includes a new entryway with a large picture window with sea views. There are two kitchens, seven bedrooms with en-suite baths, a screening room, a wine cellar and staff quarters.

Although this is essentially a new home in a historic shell, the renovation aimed to keep the past alive. The owner commissioned and installed replicas of the villa's original tall doors and windows, and of the silver-plated hardware on the front door. He added bespoke cornicing to the living and dining rooms, where its first owner, believed to be an Italian countess, once entertained.

The next woman to call the villa home will be familiar to students of Russian history. Mathilde Kschessinska was a gifted young dancer who caught the eye of the future czar Nicholas II during her graduation performance with Russia's Imperial Ballet in 1890. The teenager—she was just 17—and the czar-in-waiting had a three-year relationship, parting only when he married.

With her career as a prima ballerina blossoming, she moved on to overlapping relationships with two grand dukes: Sergei Mikhailovich and Andrei Vladimirovich, cousins and members of the Romanov dynasty. The story is documented in Kschessinska's memoirs, published in the 1960s and in Coryne Hall's biography, "Imperial Dancer," published in 2005.

The Russian Revolution put a stop to this scandalous arrangement, and Kschessinska and Vladimirovich fled to France. Fortunately, he had bought the villa, in the village of Cap d'Ail, as a summer house some years earlier.

Life on the Riviera should have been idyllic for the couple, who

were accompanied by Kschessinska's teenage son. (He enjoyed the title Prince Romanovsky-Krasinski, but his actual parentage is unclear.)

Sadly, the exiled Kschessinska quickly developed an over-fondness for the nearby gambling tables of Monte Carlo. In 1929, she and the former grand duke had to sell the house to pay off her debts.

They moved to Paris, got married, and Kschessinska opened a ballet school to support them. The school proved a success, and she taught many of the great names of 20th-century ballet before her death at age 99 in 1971.

The villa's next resident was a wealthy Italian aristocrat, Princess Odescalchi, who lived there until her death in 1980, according to Mr. Galloway. She bequeathed the

house to a servant, a generous gesture that marked a turning point in the villa's fortunes.

Without the means to run the house, the loyal retainer lived in just a couple of its 14 rooms while the rest of the villa decayed around him. When he died, his son put the 5,447-square-foot mansion up for sale

and, after several years lying empty, it was sold to the Russian billionaire.

Despite having spent large sums to renovate the property, the owner now plans to sell without having spent a single night at Villa Marizzina, which is listed with Engel & Völkers. Mr. Galloway said the owner already has a home nearby. The villa's neutral décor of off-whites and pale grays suggests the renovation was undertaken with a sale in mind.

Still, the watchful eye of the Batiment de France, the conservation body that oversees work on landmark buildings, ensured that the villa has retained its historic character.

"Inside we were allowed to make some changes," said Mr. Galloway. "But from the outside it is the same building it would have been 100 years ago."

HOUSE CALL | PAM GRIER

The Odyssey of Foxy Brown

The actress on a childhood of serial moves, and the Colorado ranch where she now feels at home

I spent much of my early life feeling powerless. Hard to believe, I know, given my film roles as a tough, self-assured woman. But early on, I had to keep difficult experiences to myself, a decision that left me with a stutter.

I grew up in many different areas of the country and in England. My father, Clarence, was in the Air Force and worked on B-52 bombers. We moved every two years until I was 12.

I enjoyed the moves. Each trip was an adventure, with new friends, new food, new culture.

My mother, Gwendolyn, took care of my younger brother and sister, Rod and Gina, and me, and put herself through nursing school.

Even though my father was light-skinned, blacks in the service in the 1950s typically stayed in substandard housing off the base. My mother found us better places to live.

In 1955, we lived in Denver at my Aunt Mennon's house. She looked after us. My father was at Lowry Air Force Base and my mother worked as an operating-room nurse.

That summer, just after I turned 6, I was sexually assaulted. My aunt was out and three boys playing in our home attacked me. I had no idea what was going on, only that one had hurt me and I was ashamed. They warned me not to tell anyone, so I didn't. Overnight, I became a shy, stuttering girl.

In 1956, my father was transferred to Swindon, England. Even though the war had ended years earlier, there still was a lack of utilities, food and luxuries. Mom

found us the perfect house, a two-story brownstone, and my dad rented out the upper rooms.

The town embraced us. Everyone wanted to know about rock 'n' roll and the blues. Mom taught everyone to dance, and her friends taught her to make English biscuits.

In 1958, my dad was transferred to California's Travis Air Force

Base. One of his military buddies gave me karate lessons to help my shyness.

When I was 12, we moved back to Denver. My mother found a lovely three-level brick house for us. By then, my mother's parents had moved to Denver, but they still kept their old sugar-beet farm in Wyoming, a couple of hours over the border. I loved that place.

My grandfather, Daddy Ray, taught me to be self-sufficient. One day, I went alone to the pasture and climbed a post fence to reach a huge draft horse. Big Horse could have killed me. Instead, he moved slowly and I fell asleep on his back.

When Daddy Ray and my uncle came looking for me, I told them Big Horse and I were just napping. For some reason, I didn't stutter on the horse.

In 1962, my father retired from the Air Force. But without his uniform, he became a lost soul and my parents divorced.



MATT NAGER FOR THE WALL STREET JOURNAL (PORTRAIT); PAM GRIER (HISTORICAL); EVERETT COLLECTION



OFF SCREEN Pam Grier, above, at her Colorado ranch; at her maternal grandparents' home, right, in Denver around 1955; the poster, left, for her 1974 film.

I took piano lessons at home and joined the choir at our local church. After high school, I attended Metropolitan State College in Denver and won a local beauty contest. A few months later I won first runner-up in the Miss Colorado beauty pageant. I had entered hoping to win money for tuition at

for L.A. in 1969 and worked three jobs to make ends meet, including singing backup for Bobby Womack and Sly Stone.

While working as a receptionist, I met agent Hal Geffsky, who asked if I'd audition for Roger Corman, who was producing an action film in the Philippines. At the audition, I told Roger that if he hired me, he couldn't fire me. He gave me a copy of Stanislavski's "An Actor Prepares." It helped me understand how to be in the moment.

I was first cast in "The Big Doll House," about women in a tropical prison. Between 1971 and 1977, I made about 15 of these films. They had a formula and I had the flavor. Acting in those edgy, tongue-in-cheek action films empowered me.

Today, I live two hours south of Denver. Twenty years ago I bought an abandoned one-story brick ranch house and fixed it up. I have two rescued horses, and ride often to calm my nerves. My stutter fully disappears only while riding.

Recently, two middle-aged white women came up to me at the Hollywood Bowl. I didn't know what to expect. They just embraced me. One said, "Thanks for teaching me to be a bad-ass."

Me? I was in awe.

—As told to Marc Myers

Pam Grier, 67, has appeared in nearly 40 television series and has starred in more than 50 movies, including "Foxy Brown," "Coffy" and "Jackie Brown." She is the author of the memoir "Foxy: My Life in Three Acts" (Grand Central).