

THE WALL STREET JOURNAL.

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DJIA 24811.76 ▼ 75.05 0.3% NASDAQ 7424.43 ▼ 0.02% STOXX 600 390.54 ▼ 0.5% 10-YR. TREAS. ▲ 6/32, yield 2.981% OIL \$70.71 ▼ \$1.13 GOLD \$1,303.70 ▲ \$14.40 EURO \$1.1722 YEN 109.25

What's News

Business & Finance

The EU privacy law that takes effect Friday is forcing hundreds of thousands of companies to change how they gather and handle information. **A1**

◆ **The NTSB issued** a report on factors contributing to the Uber self-driving car crash that killed a pedestrian. **A1**

◆ **Retailers met** with regulators to raise concerns about Visa and Mastercard's new online payment plan. **B1**

◆ **Russia and OPEC** members plan to discuss easing a pact that has cut oil output and helped support prices. **B1**

◆ **Amazon said** an Echo speaker recorded a conversation without permission mistakenly and sent it to a person in the owners' contact list. **B1**

◆ **Some Merrill brokers** are bracing for pay cuts as Bank of America rolls out a new compensation program. **B1**

◆ **Samsung must pay** Apple \$539 million for infringing patents related to the iPhone's design, a jury found. **B4**

◆ **The Dow fell** 75.05 to 24811.76 after the Korea summit cancellation fueled investor uncertainty. **B11**

◆ **Deutsche Bank confirmed** plans to cut thousands of jobs. Shares fell after the CEO warned of challenges. **B10**

◆ **Rusal said** its CEO and seven directors quit to help the firm escape sanctions. **B6**

◆ **The Senate confirmed** Trump's pick, Jelena McWilliams, to head the FDIC. **B10**

◆ **Spangler had** the winning \$18.83 million bid for Necco at a bankruptcy auction. **B1**

World-Wide

◆ **Trump canceled** plans for a summit with North Korean leader Kim, citing "open hostility" from the Pyongyang regime, as the White House considered fresh sanctions. **A1, A8**

◆ **Trump's use** of a national security law to threaten tariffs on imported cars drew widespread criticism, including from top Republicans. **A2, B3**

◆ **Ex-Trump adviser Stone** sought information he considered damaging to Clinton from WikiLeaks' Assange during the campaign, emails show. **A4**

◆ **Lawmakers were given** classified briefings Thursday about the early stages of the FBI's investigation into Russian election meddling. **A4**

◆ **Trump's legal team** and Mueller had neared terms of an interview with the president in January, but the deal was never sealed. **A4**

◆ **Weinstein is expected** to surrender to authorities Friday in connection with a sex-crimes investigation. **A3**

◆ **McConnell threw** cold water on the idea of holding a fresh Senate vote on immigration legislation if the House passes a measure. **A5**

◆ **The CBO disputed** spending and revenue estimates in the White House budget. **A2**

◆ **Venezuela's Maduro**, re-elected president in a vote derided by other countries, was sworn in after moving up his inauguration. **A7**

◆ **Burkina Faso severed** relations with Taiwan amid a Chinese drive to suppress recognition of Taipei. **A16**

CONTENTS Opinion.....A13-15
Business News...B3-6 Sports.....A12
Crossword.....A11 Streetwise.....B1
Head on Street. B12 Technology.....B4
Life & Arts....A10-11 U.S. News.....A2-5
Mansion.....M1-12 Weather.....A11
Markets.....B12 World News. A6-8,16

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FRIDAY, MAY 25, 2018 ~ VOL. CCLXXI NO. 122

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Trump Cancels North Korea Talks

Citing 'open hostility' on Pyongyang's part, president sends letter without telling allies

WASHINGTON—President Donald Trump scrapped plans for a summit with North Korean leader Kim Jong Un, citing "open hostility" from the North Korean regime, as the White House considered dozens of sanctions on Pyongyang.

By Michael C. Bender,
Vivian Salama and
Michael R. Gordon

Mr. Trump on Thursday canceled the meeting without informing allies, including South Korean President Moon Jae-in, who visited Washington this week.

North Korea on Friday said it is still willing to meet with Mr. Trump. "We express our

willingness to sit down face-to-face with the U.S. and resolve issues anytime and in any format," Kim Kye Gwan, a senior North Korea foreign ministry official and a longtime interlocutor with the U.S. on nuclear issues, said in a statement published by the North's official state media.

Mr. Trump considered pulling out of the summit late Wednesday night and then lamented his decision on Thursday as a "missed opportunity" while holding open the possibility that the summit could still take place down the road.

Speaking at the White House on Thursday, Mr. Trump said U.S. military forces were ready if necessary and that he had spoken to South Korean and Japanese officials about a military response "if such an unfortunate situation is forced upon us." The National Security Council scheduled an afternoon meeting to discuss potential



President Trump said Thursday he had canceled plans for a summit with North Korea's leader and would look into new sanctions.

waiting," he said. "In the meantime, our very strong sanctions—by far the strongest sanctions ever imposed—and maximum pressure campaign will continue."

Chances for the summit dimmed in recent days amid a series of increasingly aggressive statements from North Korean officials, a turn that the president attributed to a surprise meeting this month between Mr. Kim and Chinese President Xi Jinping. Mr. Trump on Tuesday said it was a 50-50 chance his meeting would happen.

After a week of troubling signs for the White House, Mr. Trump considered canceling the meeting late Wednesday after a senior North Korean envoy ridiculed Vice President Mike

Please see KOREA page A8

- ◆ Gerald F. Seib: Summit got lost in translation.....A8
- ◆ Moon promises to press on with pursuit of accord.....A8

Divided Ireland Heads to the Polls as Abortion Ban Is Put to a Vote



BALLOTS IN: Voters across Ireland on Friday will decide whether to repeal an abortion ban that was added to the nation's constitution in 1983. A polling box was brought to Inishbofin, an island off Ireland's coast, on Thursday. **A7**

Europe Sets Off Privacy Scramble

By SAM SCHECHNER
AND NATALIA DROZDIAK

As Europe's new privacy law is set to take effect Friday, the focus has been on expected battles with technology giants such as Facebook Inc. and Alphabet Inc.'s Google. But the law's impact is far broader.

The new General Data Protection Regulation, known as GDPR, is forcing hundreds of thousands of companies—multinationals such as Mastercard Inc. and insurer Allianz SE, but also small manufacturers and even restaurants—to change how they gather and handle information about Europeans, even if the companies have no physical footprint in Europe.

Many firms aren't fully prepared, privacy lawyers and consultants say. Some have spent millions of dollars to get ready for Friday, the day regulators begin enforcing the law.

"I don't think that we as a company realized the full magnitude of what the law would require," said Paul Delson, chief compliance officer for First Solar Inc., a Tempe, Ariz., solar-panel maker. The company has hurried to draft new policies around the use of employee and customer data

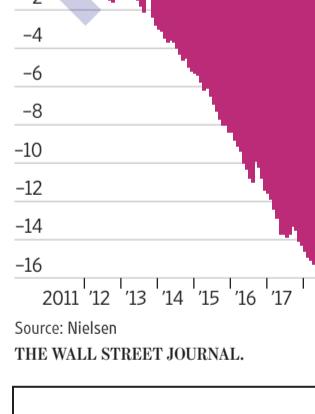
Please see DATA page A2

Adding to ESPN's Struggles: Politics

Tweets, tension with Disney increased anxiety over the network's future in era of cord-cutting

Tuning Out

Cumulative change in ESPN subscribers since January 2011



BY SHALINI RAMACHANDRAN

John Skipper was furious.

One of his star anchors, Jemele Hill, had sent a tweet calling President Donald Trump a "white supremacist." Mr. Trump's supporters called for her to be fired. Prominent black athletes defended the anchor, who is African-American.

Sitting in his office last September, Mr. Skipper, then ESPN's president, lit into Ms. Hill, according to people familiar with the meeting. If I punish you, he told her, I'd open us up to protests and come off as racist. If I do nothing, that will fuel a narrative among conservatives—and a faction within ESPN—that the network had become too liberal.

Mr. Skipper chose to spare Ms. Hill. Mr. Trump weighed in on Twitter: "ESPN is paying a really big price for its politics (and bad programming). People are dumping it in RECORD numbers."

The president's tweet was hyperbolic, but it tapped into real anxiety at ESPN. What was the way forward for a company shaken to its foundations by the cord-cutting revolution?

Executives at the sports-media giant wanted to seek out new audiences by spicing up shows with opinionated analysis and debate, including on SportsCenter, its struggling news and highlights franchise.

But the amount and intensity of political expression generated sharp internal disagreements over whether ESPN was appropriately taking part in the broader national conversation, or whether top executives were encouraging a divisive company culture and giving too much leeway to hosts to promote left-leaning views, both on air and on social media.

Well before Ms. Hill's tweet controversy, network icon Bob Ley had approached Mr. Skipper to say "there was a problem with balance internally," people familiar with the matter.

Please see ESPN page A9

Dear America, We All Say 'Gerrymander' Wrong

* * *

Elbridge Gerry's heirs wage lonely battle for using a hard G, as he did

BY REID J. EPSTEIN
AND MADELINE MARSHALL

Two hundred years after a cartoonist used Elbridge Gerry's name to skewer political cartography, Mr. Gerry's descendants think it's time people start pronouncing it right.

The issue is whether to say "gerrymander" with a soft G, the way nearly everybody does, or with a hard G as in Gary—the way Mr. Gerry himself did.

"I correct people, every time," said Elbridge T. Gerry Jr., a limited partner at Brown

Brothers Harriman and great-great-grandson of the late New England politician. "Then I give them a little history lesson."

The first Elbridge Gerry signed the Declaration of Independence, was an important figure in adding the Bill of Rights to the Constitution and ended his career as vice president to James Madison.

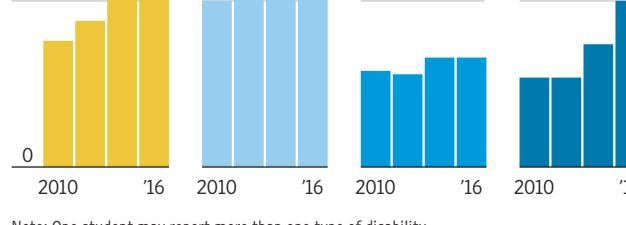
He's not remembered for any of that. Instead, his name is indelibly linked to the drawing of political districts for partisan advantage in 1812 when he was

Please see GERRY page A9

Disabilities Sprout on Campuses

More schools are offering ways to accommodate students classified as having a disability, as their numbers grow at U.S. colleges. **A3**

Self-described disabilities among freshmen on U.S. college campuses



Note: One student may report more than one type of disability

Source: Annual freshman survey by UCLA's Higher Education Research Institute

Alexa Shares Private Chat

Device recorded and sent personal conversation.....B1

Uber Car Had Six Seconds To Avoid Fatal Crash

By TIM HIGGINS

The Uber Technologies Inc. self-driving car involved in a fatal crash in Arizona identified an object on the road six seconds before impact and didn't determine the need for emergency braking until nearly five seconds later, U.S. safety investigators said Thursday.

The calculation ultimately wasn't acted on as the car's built-in automatic emergency braking system was disabled and the safety operator responsible for performing such a maneuver didn't apply the brakes until after the collision, the National Transportation Safety Board said in its preliminary report on the March 18 accident in Tempe, Ariz.

The crash marked the first pedestrian death involving a

Please see CRASH page A7

U.S. NEWS

Trump Trade Weapon of Choice Alarms GOP

By WILLIAM MAULDIN
AND SIOBHAN HUGHES

President Donald Trump's use of a national security law to threaten tariffs on imported cars drew widespread criticism Thursday, including sharp rebukes from senior members of his own Republican Party.

Lawmakers, the auto industry and foreign trade partners were among those lambasting Mr. Trump's move Wednesday to order a review of imported vehicles and auto parts under Section 232 of the Trade Expansion Act, the same law Mr. Trump used to impose tariffs on imported steel and aluminum in March.

"The president needs to use the national security waiver in ways that I think visibly meet the test," said Sen. Roy Blunt (R., Mo.). "I didn't think aluminum and steel met the test. I certainly don't think automobiles meet the test."

The 1962 law gives the White House broad flexibility to

impose and adjust tariffs, exempting some trade partners along the way, based on national security concerns. In the cases of steel and aluminum, it has already allowed the administration to gain concessions from countries seeking to avoid U.S. penalties on their products.

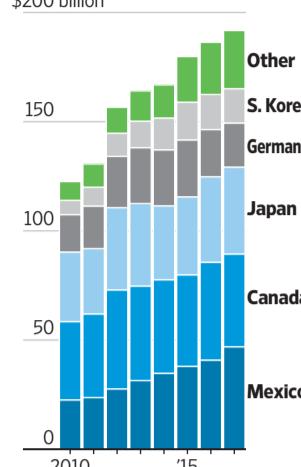
The law gives the president wide latitude in defining a threat to national security. That, in turn, allows Mr. Trump to defend the tariffs politically, beat back legal challenges and, at least so far, avoid any major dispute at the World Trade Organization, which regulates global trade.

The White House hasn't provided details of how the U.S. will justify the tariffs on vehicle imports as a threat to national security.

"National security is broadly defined to include the economy, to include the impact on employment, to include a very big variety of things that one would not normally associate directly with military security,"

Autozones

U.S. new passenger vehicle imports



Source: Commerce Department
THE WALL STREET JOURNAL

Commerce Secretary Wilbur Ross said Thursday in an interview on CNBC.

Critics say the 12 million cars produced in the U.S. last year

by American and foreign-owned operations makes the national security argument implausible. The administration sees Section 232 as a "tool in their arsenal, but whether or not the trade act considers the import of cars as a matter of national security, I doubt it," said Rep. Rick Larsen (D., Wash.).

Republican lawmakers also are growing worried that employing tariffs based on national security grounds could alienate military allies, kick off trade wars, disrupt supply chains and boost consumer prices. Some worry Mr. Trump is usurping Congress's constitutional role over taxes and tariffs.

Sen. Orrin Hatch, the Republican chairman of the Senate committee that oversees taxes and trade and a Trump ally, called the administration's cars move "deeply misguided."

Sen. Bob Corker echoed that view: "This appears to be either an attempt to affect domestic politics ahead of the [November midterm] election,

or for some other transactional purpose regarding ongoing trade discussions," said Mr. Corker, a Republican from Tennessee, which produces Nissan and Volkswagen cars. "This is a dangerous course and should be abandoned immediately."

While most Republicans and business groups reject Mr. Trump's trade policy, many Democratic lawmakers back the approach. And Democratic constituents seemed supportive of the latest move. "It's time for us to look at this," said Dennis Williams, president of the United Auto Workers.

The Trump administration hasn't outlined a time frame for the review of imported cars and parts, or identified which trading partners would be subject to any tariffs. The Commerce Department has up to 270 days to complete a report that is required before Mr. Trump can impose penalties.

◆ Tariff push puts close U.S. allies in the crosshairs..... B3

U.S. WATCH

BUDGET

CBO Disputes White House Estimates

The Congressional Budget Office estimates the government would take in \$1.9 trillion less in revenue and spend \$300 billion more over the next decade than the White House estimated under its latest budget proposal if the plan was enacted.

President Donald Trump in February proposed a \$4.4 trillion budget that would boost military and border-security spending and cut many domestic programs, and it projected deficits through the next decade.

The proposal depends heavily on cuts to government safety-net programs and expectations of a big gain in economic growth.

Deficits would total \$9.5 trillion over the coming decade, or \$2.3 trillion more than the White House expects, the CBO said Thursday.

According to Congress's non-partisan scorekeeper, the budget proposal would result in deficits in fiscal 2019 and 2020 that are slightly lower than White House predictions but deficits in 2027 and 2028 that are more than double administration estimates.

The main reason for the discrepancy between CBO and the White House analysis is a mismatch between their expectations of how the economy will perform.

—Harriet Torry

NFL

Trump Backs League On Anthem Protests

President Donald Trump said National Football League players who don't want to stand for the national anthem perhaps "shouldn't be in the country," speaking approvingly of a new league rule aimed at curbing protests on the field.

"I think that's good," Mr. Trump said in an interview that aired Thursday on Fox News, referring to the NFL announcement that teams could be fined if players were on the field during the national anthem and not showing respect.

The league said players could remain in the locker room without penalty and left teams with the power of how, or if, to discipline players who violate the new rules.

"I don't think people should be staying in the locker rooms, but still I think it's good. You have to stand proudly for the national anthem. You shouldn't be playing, you shouldn't be there. Maybe they shouldn't be in the country."

Last year, the Republican president had exhorted the league to discipline players who knelt during pregame anthem performances in protest of police violence and discrimination against minorities.

—Louise Radnofsky

ECONOMY

Jobless Claims Rise But Remain Muted

The number of Americans filing new applications for unemployment benefits rose again last week but remained near historically low levels.

Initial jobless claims, a proxy for layoffs across the U.S., increased by 11,000 to a seasonally adjusted 234,000 in the week ended May 19, the Labor Department said Thursday.

The rise was the second straight weekly increase, taking initial claims to their highest level since late March.

Claims came in "higher than expected, but it will take more than one or two higher readings to signal an uptrend," said Jim O'Sullivan, chief U.S. economist at High Frequency Economics, in a note to clients.

The data can be volatile from week to week, and one-time factors could be at work. Ford Motor Co. expected to temporarily lay off several thousand workers because of a parts shortage following an early May fire at a supplier's factory in Michigan.

Stephen Stanley, chief economist at Amherst Pierpont Securities, said rising claims in Kentucky probably reflect flooding in the state.

Also, the Labor Department said claims-taking procedures in Puerto Rico and the U.S. Virgin Islands, which were devastated by hurricanes late last summer, "have still not returned to normal."

—Ben Leubsdorf

DATA

Continued from Page One

and map how it uses it. At first, he said, "I think there was some bit of, 'Well that's a European law, and we're an American company.'"

The GDPR creates or toughens many obligations for firms, such as minimizing the information they collect. And it gives individuals new or expanded rights including, in many instances, the right to see, correct or delete personal information about themselves.

Firms are responsible for showing they are following the rules, and they risk fines of as much as 4% of their global revenue, or €20 million (\$23.4 million), whichever is larger, if they fail to comply. Regulators are unlikely to take a kind eye to tardiness, because enforcement of the law, passed in 2016, was delayed two years to give companies time.

"There was no hidden agenda," said Andrea Jelinek, who is expected to lead a new European Union board of national data-protection regulators starting on Friday. "If and how far companies are behind in implementing the law, we will see," she added.

Business surveys show between 60% and 85% of companies say they don't expect to be fully compliant by Friday. In March and April, only half of businesses said they were even "largely compliant," according to a survey of 1,000 businesses conducted by consulting firm Capgemini SE.

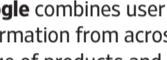
"These are substantial programs consisting of multiple projects that sometimes take years to complete," said Willem de Paepe, who runs Capgemini's GDPR-compliance practice.

Companies that say they will make the deadline often have spent heavily to do so. Munich-based Allianz said it has spent tens of millions of euros to get ready for the GDPR, mobilizing hundreds of privacy experts from 80 subsidiaries to make changes including a redo of online insurance applications to avoid requesting information—such as an applicant's profession—that is unnecessary for an insurance quote. "It has been a mammoth task," said Philipp Raether, the company's group chief privacy officer.

Bossa Studios Ltd., a London-based videogame company with 90 employees, said it spent "dozens of thousands of dollars" on consultants—who concluded the company was GDPR-compliant and didn't need to change anything, because it kept only simple data. "It's quite a complex subject," Chief Executive Henrique Olifiers said. "Even

What Data You Agree to Surrender

With new privacy regulations in Europe coming into effect Friday, many companies are honing their terms of service. Here are what four large internet companies are asking you to agree to and where you have options.



Google combines user information from across its range of products and services.

Required

- ◆ Name
- ◆ Date of birth
- ◆ Device information like identifiers, IP address, and location
- ◆ Tracking activity on Google products
- ◆ Tracking activity on other sites and apps by Google
- ◆ Combining information from different Google services within each account*

Options

- ◆ Associate activity tracking on and off Google services with your account
- ◆ Show personalized ads based on tracking, of activity on Google products and other sites and apps that use Google services
- ◆ Edit interests inferred from tracking for personalized ads
- ◆ Save location history with account
- ◆ Save some activity (YouTube watch history, Google search history, voice commands) with your account



Facebook tracks users' web activity through its nearly ubiquitous 'like' button.

Required

- ◆ Name
- ◆ Phone or email
- ◆ Date of birth
- ◆ Device information like nearby Wi-Fi and location
- ◆ Tracking activity on Facebook products
- ◆ Tracking activity on other sites by Facebook (via "like" buttons and other technology)
- ◆ Customization of news feed based on tracking information

Options

- ◆ Show personalized ads on Facebook based on tracking outside the Facebook platform
- ◆ Show personalized ads off of Facebook based on tracking Facebook activity
- ◆ Edit interests inferred from tracking
- ◆ Use facial recognition



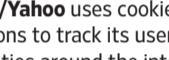
As of May 25, Twitter won't store tracking from other sites when accessed from within the EU.

Required

- ◆ Pseudonym
- ◆ Phone or email
- ◆ Date of birth
- ◆ Device information like nearby Wi-Fi and location
- ◆ Tracking activity on Twitter
- ◆ Customization of content based on location

Options

- ◆ Show personalized ads based on tracking
- ◆ Show personalized ads based on apps on phone
- ◆ Allow Twitter to track activity on other sites (via embedded tweets and other technology)
- ◆ Show personalized ads based on inferred interests from tracking device
- ◆ Analyzing incoming and outgoing messages and email



Oath/Yahoo uses cookies and beacons to track its users' activities around the internet.

Required

- ◆ Name
- ◆ Phone or email
- ◆ Date of birth
- ◆ Tracking activity within services (such as viewing content, searching, using plug-in)
- ◆ Tracking of device IDs or cookies (even when not signed in)
- ◆ Device information such as mobile network and location
- ◆ Tracking activity on other sites (via cookies, beacons and other technology)
- ◆ Analyzing incoming and outgoing messages and email

Options

- ◆ Show personalized ads based on tracking
- ◆ Receive in-house marketing and promotion
- ◆ Show location-based search results

*Google says one can use different accounts or sign out to keep data from services separate.
Source: the companies

THE WALL STREET JOURNAL.

realized last year that the credit-card transaction data the company analyzes, for instance to show buying trends, might no longer be considered anonymous under the GDPR. That would mean the GDPR could potentially curtail how the data could be used in the future, because the law limits use of personal information for purposes other than those for which it was collected.

In March, Mastercard joined with International Business Machines Corp. to set up an external trust that will hold and anonymize the data, so Mastercard has no ability to reidentify individuals from it. The trust, called Truata, aims to take on other clients in addition to Mastercard, allowing them to keep data anonymous while still analyzing it.

"Anonymized data provides another level of protection for individuals," said JoAnn Stonier, Mastercard's chief data officer.

Even restaurants in the U.S. are worried about complying with the law, because they gather and keep information about EU residents who make reservations when traveling, said Kinesh Patel, co-founder of SevenRooms, a reservation and guest-information service.

"Restaurants are not tech companies," he said, "but now they're being asked to manage [data] like they are."

—Stu Woo, Nick Kostov and Doug Cameron contributed to this article.

Executives at Mastercard

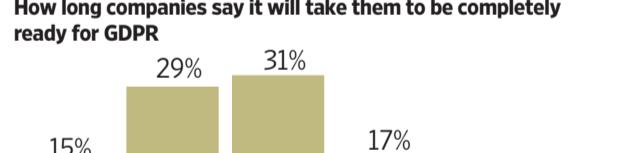
Low Expectations

A recent survey shows that many companies won't be ready for Europe's new privacy law, known as GDPR.

How companies describe their GDPR readiness



How long companies say it will take them to be completely ready for GDPR



U.S. NEWS

Colleges Give The Disabled More Leeway

Students who have mental-health issues get extra time on tests, other accommodations

By DOUGLAS BELKIN

As many as one in four students at some elite U.S. colleges are now classified as disabled, largely because of mental-health issues such as depression or anxiety, entitling them to a widening array of special accommodations like longer time to take exams.

Under federal law, students can be considered disabled if they have a note from a doctor. That label requires schools to offer accommodations depending on the student's needs. A blind student, for example, would have access to specialized software or a reader for an exam.

A rise in disability notes for mental-health issues has led to a surge in the number of students who take their exams in low-distraction testing centers, are allowed to get up and walk around during class, or bring a comfort animal to school, among other measures.

"At Pomona, we have extremely talented bright stu-

Some college professors question how this affects the fairness of exams.

dents with very high expectations who are coming in with a good level of anxiety and are highly stressed," says Jan Collins-Eaglin, the Claremont, Calif., college's associate dean of students for personal success and wellness. "Our job here is to help them really thrive."

At Pomona, 22% of students were considered disabled this year, up from 5% in 2014. Other elite schools have also seen a jump in disabilities, according to data from the federal government and from the schools. At Hampshire, Amherst and Smith colleges in Massachusetts and Yeshiva University in New York, one in five students are classified as disabled. At Oberlin College in Ohio, it is one in four. At Marlboro College in Vermont, it is one in three.

Psychologists have many theories to explain the rise in mental-health diagnoses among college-age students, from social-media habits to less stigma around mental illness.

Small, private schools have the greatest concentration of

Rising Prices Pinch Existing-Home Sales

By LAURA KUSISTO AND SARAH CHANEY

WASHINGTON—Sales of previously owned U.S. homes declined in April, as inventory shortages and rising prices weigh on the market and higher mortgage rates begin to pose a threat to demand for the first time in years.

Existing-home sales fell 2.5% in April from the prior month to a seasonally adjusted annual rate of 5.46 million, the National Association of Realtors said on Thursday. Compared with a year earlier, sales in April were down 1.4%—the second consecutive month that existing-home sales declined on an annual basis.

Economists said rising oil prices are also a challenge, as buyers will often trade longer commutes for more affordable home prices.

"The next two to three months will be really, really key. Can the market sustain its momentum given the trifecta of high rates, higher home prices and higher oil prices?" said Sam Khater, chief economist at Freddie Mac.

The economy has continued to show improvement, but the home sales are stuck and

students with disabilities. Among the 100 four-year, not-for-profit colleges with the highest percentage of disabled students, 93 are private, according to a WSJ analysis of federal data.

Public schools have also seen a significant uptick in test accommodations. From 2011 to 2016, the number of students with special accommodations increased by an average of 71% among 22 flagship state schools, according to data obtained by The Wall Street Journal.

The most common accommodations come during testing. Students who receive extended time may get twice as long as their classmates to take an exam.

Some professors question how this affects the fairness of exams.

"If you grade on a curve, does it disadvantage the rest of the class?" asks Ari Trachtenberg, a professor of electrical and computer engineering at Boston University who is critical of the rise in accommodations.

Lila Manstein double-majored in chemistry and math at Amherst and will graduate this year with a B-plus average.

She was given 50% more time than her classmates on exams because she was diagnosed with reading-comprehension difficulties and Attention Deficit Disorder.

A classmate once told her she would have had a 4.0 GPA if she, too, had extended time. "I told her it wasn't the sort of thing I would have if I didn't really need it," Ms. Manstein says. "That shut her up."

At the University of Minnesota, a test center for students entitled to low-distraction environments or extended time on exams administered 9,681 tests last year, nearly double the number in 2013. The growth has forced staff to give up their offices during finals to make room for students. This past year, the school rented out an additional 10,000 square feet of space in a nearby hotel.

At the University of Kentucky, a dozen students at a time took finals inside cubicles in a room in the testing facility with carpeted floors and dim lights. Blue painter's tape covered door latches so they open and close silently. Students being tested on computers each sat in a private room so the clickety-clack of the keyboards wouldn't disturb classmates. The facility administered 7,827 tests in 2016-17, up from 853 in 2007-08.

"We're seeing a lot more requests for private rooms," says David Beach, director of the school's disability resource center.

not breaking out," said Lawrence Yun, the trade group's chief economist.

The median sale price for an existing home in April was \$257,900, up 5.3% from one year ago.

The rate for a 30-year mortgage rose to 4.66% this week from 3.99% at the end of last year, mortgage company Freddie Mac said Thursday.

The latest sales numbers reflect purchases that were closed in April, based on contracts signed in February and March. Rate increases were still modest when the contracts were signed and economists said the impact of higher rates will be felt more strongly in the coming months.

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The economy has continued to show improvement, but the home sales are stuck and

To the Rescue in St. Louis



DOWN IN THE HOLE: Lemay and Mehlville firefighters inside a trench after they rescued a construction worker on Thursday in Missouri.

Weinstein to Surrender in New York

Harvey Weinstein, the veteran Hollywood producer, is expected to turn himself in to authorities Friday in connection with a sex-crimes investigation, people familiar with the matter said Thursday.

By Corinne Ramey, Nicole Hong and Zolan Kanno-Youngs

Mr. Weinstein is expected to face charges in connection with Lucia Evans, who has alleged that Mr. Weinstein forced her to perform oral sex on him in New York City in 2004 when she was an aspiring actress, according to a law-enforcement official familiar with the matter. The official said there could be other allegations connected to the charges.

Benjamin Brafman, a lawyer for Mr. Weinstein, declined to comment Thursday. "Mr. Weinstein has always maintained that he has never engaged in nonconsensual sexual acts," Mr. Brafman said earlier this week.

The Manhattan district attorney's office is bringing the case against Mr. Weinstein, people familiar with the probe

said. That office has been investigating sexual-assault allegations involving Mr. Weinstein since media reports in October detailed financial settlements paid by Mr. Weinstein to women accusing him of assault and harassment.

It was unclear Thursday exactly what charges Mr. Weinstein faces. Under New York state law, some of the most serious sex offenses, such as rape in the first degree or aggravated sex abuse in the first degree, don't have statutes of limitations, according to legal experts.

The expected criminal charges represent another stunning turn for Mr. Weinstein, who was once viewed as one of the most skilled executives in Hollywood.

His personal life and namesake studio have imploded following the initial allegations. Since then, dozens of women have come forward with similar stories of alleged abuse. Some have accused him of rape.

Following media reports about the allegations, Mr. Weinstein was fired as co-chairman of Weinstein Co., his independent movie and television studio. The studio's films



Harvey Weinstein faces charges in sex-crime investigation.

2015 for a sexual-assault allegation brought by an Italian model.

In response, Mr. Vance's office said the evidence at the time was "insufficient to prove a crime under New York law, which requires prosecutors to establish criminal intent."

In March, Gov. Andrew Cuomo directed the New York attorney general to review how Mr. Vance's office and the NYPD handled the 2015 investigation. In a letter to the governor, Mr. Vance called the review "an unwarranted intrusion by an elected executive" and described it as politically motivated. Messrs. Cuomo and Vance are both Democrats.

Mr. Cuomo has said it is important that the public has confidence in the handling of these cases.

Public pressure to bring charges had been mounting as law-enforcement scrutiny of Mr. Weinstein has heightened in recent months. On Wednesday, The Wall Street Journal reported that federal prosecutors in Manhattan have also started investigating Mr. Weinstein in connection with alleged sex crimes.

Silicon Valley Weighs Taxing Employers

By NOUR MALAS

The Silicon Valley cities that are home to Google and Apple Inc. are considering the kind of per-employee tax that Seattle recently drew criticism for imposing.

Mountain View, Calif., and nearby Cupertino are both weighing possible ballot measures this fall. Officials said the taxes could raise money to help manage problems tied to rapid growth, including traffic and a need for affordable housing.

"We are pursuing a more aggressive agenda to respond to our housing and transportation crises, which have both gotten significantly worse in the last year," said Rod Sinks, the vice mayor of Cupertino, where Apple is based.

Executives from both companies have pointed to their engagement in community improvement efforts. Google, for example, has donated to community groups in Mountain View, put a \$1.5 million grant toward the construction of an affordable housing development, and invested in transit solutions, including helping fund and operate four all-electric public shuttle buses.

Apple contributed \$70 million toward traffic improvements and affordable housing in the area as part of its \$5 billion project for its new corporate campus, which houses some 12,000 employees.

Last week, the Seattle City Council passed a measure that will tax the biggest companies in the city \$275 per employee, with the goal of raising funds for affordable housing and homeless services. Washington state doesn't have an income tax, a big draw for companies there. But the state has a business tax on gross revenue, and Seattle also levies its own tax on businesses. The city council



Mountain View, Calif., is mulling a per-employee tax; above, Google's headquarters there last year.

has moved recently to raise more revenue.

The council scaled back a higher proposed per-employee tax after Amazon.com Inc., Seattle's biggest employer, threatened to stop its expansion in the city and hundreds of other businesses wrote in to protest the move.

Amazon said it was disappointed by the decision to impose the new tax. The company said it would resume planning for its new building in Seattle's downtown, but it remains "very apprehensive about the future created by the council's hostile approach and rhetoric toward larger businesses, which forces us to question our growth here."

The tax will apply to companies with over \$20 million in annual revenue—or 3% of the city's businesses—and will raise about \$47 million a year. Amazon says it has more than 45,000 employees in Seattle, which could mean it would pay more than \$12 million annually under the new tax.

The tax is in contrast to the multibillion-dollar tax breaks that have been offered to Amazon as it scouts a location for its second headquarters.

It is unusual for cities to opt for a direct tax on employment to fund housing or services, said Jared Walczak, an analyst at the Washington, D.C.-based Tax Foundation, a conservative-leaning research group that tracks tax policies. Cities usually try to encourage growth, keeping business taxes low or concocting tax incentives.

But up and down the West Coast, cities are struggling to manage housing crises and growing wealth gaps.

In Silicon Valley, the problem is so severe that some are hoping for a limit—or at least a remedy—to growth while housing supply and public transit catch up.

Mountain View Mayor Lenny Siegel said big companies need to help communities shoulder the costs of their growth. "We don't want to force them out of town, but the growth has been

so impactful, it wouldn't hurt if it slowed down," he said.

Mr. Siegel said the city council is still weighing different structures for the tax, which would modify an existing business tax that hasn't been raised in decades. The most likely option is a tax of between \$250 and \$300 per employee for the city's biggest companies. Also under consideration is a flat fee for businesses under a certain size, he said.

In Cupertino, the per-employee tax plan is in earlier stages, said Mr. Sinks, the vice mayor. A similar proposal in 2016 for a \$1,000 per-employee tax failed amid opposition.

Mr. Sinks said he expects business opposition once again. But with the same move on the agenda in Mountain View, city officials think it has a shot.

"If the only people that can end up affording to live here are Facebook, Google, and Apple employees," he said, "who is going to teach our children?"

—Laura Stevens contributed to this article.

U.S. NEWS

Trump Aide Sought Clinton Emails

BY SHELBY HOLLIDAY
AND ROB BARRY

Former Trump campaign adviser Roger Stone privately sought information he considered damaging to Hillary Clinton from WikiLeaks founder Julian Assange during the 2016 presidential campaign, according to emails reviewed by The Wall Street Journal.

The emails could raise new questions about Mr. Stone's testimony before the House Intelligence Committee in September, in which he said he "merely wanted confirmation" from an acquaintance that Mr. Assange had information about Mrs. Clinton, according to the transcript.

In a Sept. 18, 2016, message, Mr. Stone urged an acquaintance who knew Mr. Assange to ask the WikiLeaks founder for emails related to Mrs. Clinton's alleged role in disrupting a purported Libyan peace deal in 2011 when she was secretary of state, referring to her by her initials.

"Please ask Assange for any State or HRC e-mail from August 10 to August 30—particularly on August 20, 2011," Mr. Stone wrote to Randy Credico, a New York radio personality who had interviewed Mr. Assange several weeks earlier. Mr. Stone, a longtime confidant of Donald Trump, had no



Roger Stone, a confidant of Donald Trump, after testifying in September before a House committee.

"complete and accurate."

Adam Schiff (D., Calif.), the ranking member of the House Intelligence Committee, said the emails hadn't been provided to congressional investigators. "If there is such a document, then it would mean that his testimony was either deliberately incomplete or deliberately false," Mr. Schiff said.

A lawyer for Mr. Stone, Grant Smith, said the emails hadn't been turned over to House investigators because they were "not encompassed within the scope of the committee's request." Mr. Stone said the emails were preserved at the request of the Senate, which is also conducting a Russian interference probe. Mr. Smith said they hadn't yet been given to investigators there.

The newly unearthed emails come amid signs that special counsel Robert Mueller's team is examining Mr. Stone's role in Mr. Trump's 2016 campaign. Among other matters, prosecutors have asked about Mr. Stone's claim to have met with WikiLeaks during the campaign, according to a witness familiar with the investigation.

U.S. officials have said WikiLeaks received material from operatives working on behalf of Russia's military intelligence group, which Mr. Assange has denied. The Kremlin has denied it meddled in the election.

Mueller Nearly Had Deal on Interview

BY PETER NICHOLAS
AND REBECCA BALLHAUS

WASHINGTON—In January, President Donald Trump's legal team and special counsel Robert Mueller were zeroing in on the terms of a presidential interview: the last Saturday of the month, at Camp David, on a narrow list of topics, for maybe between two and six hours, with time set aside for bathroom breaks, according to people familiar with the matter.

The lawyers presented the terms to the president, who was described by one person as "optimistic" about the prospect. But the deal was never sealed as the legal team was divided over the wisdom of letting him testify, the people said. Mr. Mueller's office declined to comment.

Now, a new crop of lawyers for Mr. Trump is again in an intense phase of negotiations with Mr. Mueller over the terms of a possible interview as the special counsel pursues his investigation into Russian meddling in the 2016 election campaign and whether the Trump campaign colluded with that effort. Mr. Trump denies collusion, and Moscow says it didn't meddle in the election.

In April, the FBI seized records from the president's personal attorney, Michael Cohen, in an investigation by the Southern District of New York that was referred in part by Mr. Mueller.

Prosecutors are examining whether Mr. Cohen committed bank fraud or campaign-finance violations. Mr. Cohen has denied wrongdoing.

Mr. Trump's legal team also has undergone a makeover, bringing a more combative style toward the Mueller investigation. Newly hired Rudy Giuliani is playing an influential role and wavering, at times day to day, on whether Mr. Trump should sit for an interview.

More recently, the president has voiced anger at reports that a suspected Federal Bureau of Investigation informant, an American academic named Stefan Halper, made contact with his campaign aides during the 2016 race, a development he calls "Spygate."

Emmet Flood, the White House special counsel who replaced Ty Cobb this month, on Thursday attended the start of a classified briefing at the Justice Department over the use of the confidential informant—which is now factoring in to whether there will be an interview with Mr. Mueller.

"We need to know how bad it is, and how much it infected the whole investigation," Mr. Giuliani said Thursday. "How much are they going to rely on it? We're walking into a trap, if we don't know."

Still, the January episode offers a guide to the considerations at issue. Some things haven't much changed. On one side is a special counsel eager to interview Mr. Trump; on the other, a president impatient with the investigation and surrounded by lawyers tasked with protecting his interests.

In January, some of the president's lawyers believed that Mr. Mueller was willing to narrow the questions to Mr. Trump's firing of FBI Director James Comey and to former national security adviser Mike Flynn's contacts with Russian officials. No questions would be asked about Mr. Trump's business interests—an area he has deemed a red line that prosecutors shouldn't cross.

The two sides were searching for a compromise over the number of hours the session would last: Mr. Mueller was talking about six; the Trump team, two. Negotiators homed in on Camp David, the presidential retreat, as a possible location. By January's end, though, Mr. Trump's legal team balked.

John Dowd, the president's lead outside attorney at the time, said he sent a 20-page letter to Mr. Mueller at the end of January rejecting an interview and laying out the legal and constitutional reasons the president didn't need to testify.

That left some others on the team disappointed: They saw the scuttled interview as a lost opportunity to perhaps wrap up the Trump-focused piece of the Russia probe more quickly.

Boxer Jack Johnson Pardoned After More Than a Century



President Donald Trump signed a posthumous pardon Thursday for boxer Jack Johnson, the first black heavyweight world champion, who he said had been "treated very rough" for racial reasons.

Mr. Trump, flanked in the Oval Office by luminaries including "Rocky" actor Sylvester Stallone and boxing champions Len-

nox Lewis and Deontay Wilder, praised Mr. Johnson as "truly one of the greatest who ever lived."

Mr. Johnson was convicted in 1913 of violating the Mann Act, a law that largely barred transporting women and girls across state lines for sex, and served 10 months in federal prison. He had traveled with a white

woman across state lines and was convicted by an all-white jury. Mr. Johnson died in 1946.

The pardon erases the "shame and the humiliation that my family felt for my uncle, a great hero, being in prison unjustly," Linda Haywood, one of Mr. Johnson's descendants, said in the Oval Office.

The event was a surprise ad-

dition to Mr. Trump's schedule on what the president called "an interesting day." Mr. Trump said Congress had moved previously to pardon Mr. Johnson but that no president had ever signed it, and he was eager to do so.

The president credited Mr. Stallone for bringing the Johnson pardon to his attention.

Members of Congress including Sen. John McCain of Arizona have been pushing for the move for years.

In a tweet Thursday, Mr. McCain said the pardon "finally rights a historical wrong, restores a great athlete's legacy & closes a shameful chapter in our history."

—Louise Radnofsky

Lawmakers Get Briefing on FBI Probe of 2016 Campaign

BY ARUNA VISWANATHA
AND SADIE GURMAN

Justice Department and intelligence officials held classified briefings for lawmakers Thursday about the early stages of the FBI's investigation into Russian meddling in the 2016 election, but it wasn't clear if the meetings had defused the dispute between the department and some Republican House members.

Congressional Republicans, backed by President Donald Trump, had sought the meetings after demanding access to increasingly sensitive information, including documents related to the Federal Bureau of Investigation's use of an American academic who talked in 2016 to at least two Trump campaign aides at investigators' behest.

Revelations of the informant's involvement in the investigation increased tensions between the Justice Department and Mr. Trump, who has alleged that the FBI improperly embedded a spy in his campaign as part of an effort to damage him politically.

The FBI's defenders say no one was "embedded," and they have described the use of a confidential informant as typical in counterintelligence investigations. Department offi-

cials have been reluctant to provide lawmakers information about the informant, saying it would jeopardize his safety and hinder international partnerships.

Department officials declined to comment following the meetings, and Reps. Devin Nunes (R., Calif.) and Trey Gowdy (R., S.C.), the main lawmakers behind the push for more information, emerged without saying whether they were satisfied.

Two key Republicans didn't say whether they were satisfied with the information.

The White House initially arranged briefings only for Republicans, but ultimately held two briefings that included Democratic leaders.

In an unexpected development, the sessions were attended not only by White

House chief of staff John Kelly but also by White House lawyer Emmet Flood, who hadn't been on a list of attendees provided earlier by the Justice Department.

Democrats complained that

Rep. Adam Schiff (D., Calif.), the top Democrat on the House Intelligence Committee, who attended one of the sessions, called Mr. Flood's presence "inappropriate."

The White House issued a statement afterward describing the participation of Messrs. Kelly and Flood as minimal, saying they didn't attend the actual meetings but made brief remarks to the participants beforehand to relay Mr. Trump's desire for "as much openness as possible under the law."

Mr. Trump has denied collusion and Moscow has denied meddling in the election.

Democrats and other defenders of the probe say it was undertaken only after significant evidence emerged that Moscow sought to influence the election, and that the tactics were in line with other counterintelligence probes.

Mr. Mueller has obtained five guilty pleas, and the first of two trials of former Trump campaign chairman Paul Manafort is set to begin this summer.

Holiday Update

The Wall Street Journal will not be printed on Monday, May 28, in observance of Memorial Day.



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U.S. NEWS

McConnell Says Vote On DACA Is Unlikely

By SIOBHAN HUGHES
AND KRISTINA PETERSON

WASHINGTON—Senate Majority Leader Mitch McConnell threw cold water on the idea of holding a fresh Senate vote on immigration legislation if the House passes a measure, saying he had no desire to spend time on bills that are bound to fail.

"We have to make law—not just spin our wheels," the Kentucky Republican said in an interview. The comments come as the immigration fight is intensifying in the House, where centrist Republicans are at-

other words I thought there was a chance of actually making a law—I'd consider it," Mr. McConnell said.

Lawmakers have been fighting over immigration since September, when Mr. Trump ended an Obama-era program called Deferred Action for Childhood Arrivals. DACA protects Dreamers from deportation and allows them to temporarily work legally in the U.S. Mr. Trump set a deadline of March but courts have kept the program in place.

Twin pressures face Mr. McConnell as he heads into the second half of 2018: the need to complete must-pass legislation and the push to maintain control of the Senate, which Republicans hold by a narrow 51-49 majority.

On the legislative front, Mr. McConnell cited the farm bill and legislation to authorize defense spending and set defense policy as must-pass agenda items.

He said that the farm bill was especially important, given that Republicans have strength in rural areas and small towns.

"We need to be able to produce a farm bill—I think it's important for this Republican Senate not to leave a farm bill on the sidelines," Mr. McConnell said. "For us not to produce a farm bill I think would be a negative."

Turning to the midterms, Mr. McConnell said he continues to think that the elections will be difficult for Republicans and listed Arizona, Nevada and Tennessee as three states where Republican-held Senate seats are at risk.

But he also identified six states—Montana, North Dakota, Missouri, Indiana, West Virginia, and Florida—as "legitimate pickup opportunities" for Republicans.

In all, Democrats are defending 26 Senate seats, while Republicans are defending nine.

'I couldn't find a consensus in the Senate' in February, GOP leader says.

tempting to a force a vote on immigration measures.

The effort has divided GOP ranks, with conservatives suspicious that it could result in passage of a bill that many Republicans don't support.

Earlier this year, Mr. McConnell allowed votes on four immigration plans, including ones that would have created a pathway to citizenship for immigrants brought to the country illegally as minors, known as Dreamers. Those measures were all defeated, amid a lack of agreement on issues such as Dreamers' fate, funding for a border wall and family-based migration.

"Honestly, I've spent a week on this, as you recall, in February," Mr. McConnell said. "I couldn't find a consensus in the Senate."

Mr. McConnell left the door open to reconsidering an immigration measure, but only if Mr. Trump supported it.

"If the House passed a bill that the president was for—in

Democrats Look to Flip the Switch

BY REID J. EPSTEIN

Democrats are quietly fighting their biggest political battle in a decade for state legislative races as they aim to flip control of as many as a dozen chambers.

The effort could position the party to play a bigger role in redrawing U.S. House districts after the 2020 census and could help boost turnout for candidates running statewide races this year.

Democrats currently control just 32 of 99 legislative chambers—down from 60 before the 2010 midterm elections. Republicans won 958 state legislative seats from Democrats—of a total of roughly 7,300—during the Obama administration.

The GOP advantage in some states is so big that the Democrats' goal is simply to dilute a supermajority in a state chamber rather than reverse control.

Borrowing a playbook Republicans used during the 2010 tea-party-powered GOP wave, Democratic groups are preparing to spend more money on state legislative contests than they have in the last four election years combined.

Democrats are on track to have more general-election candidates than Republicans for the first time this decade, and there are early signs of progress. In January, after Democrat Patty Schachner won a Wisconsin state senate seat by nine percentage points in a district President Donald Trump carried by 17 points, GOP Gov. Scott Walker said the contest was "a wake-up call for Republicans in Wisconsin."

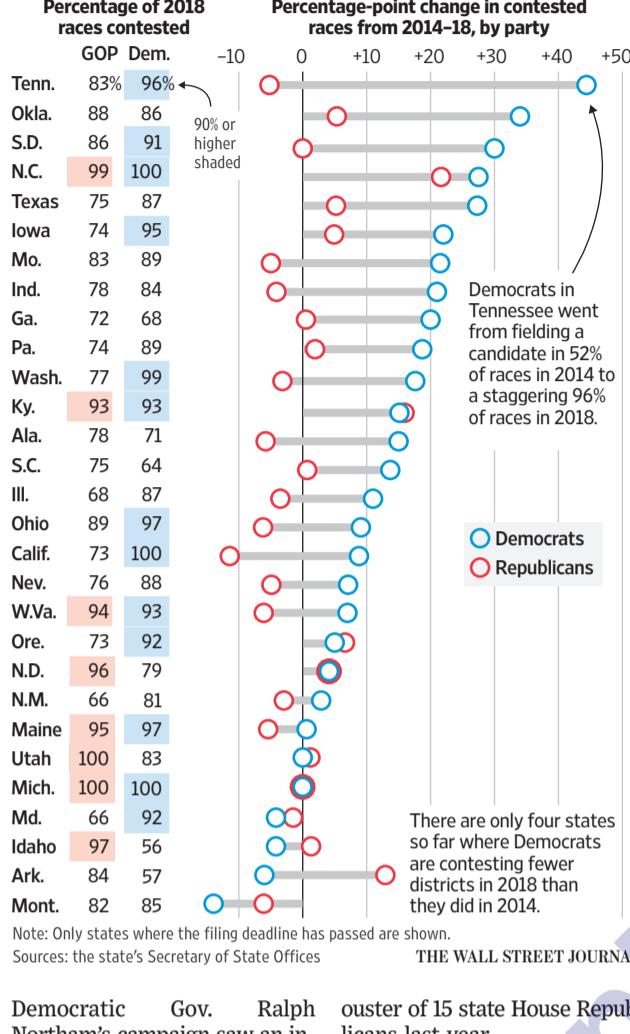
Even a small Democratic advantage in November could produce big changes in state capitols. Democrats would retake control of seven state senate chambers by flipping just 13 seats. In three other statehouse chambers, the GOP advantage is 10 seats or fewer.

There is some evidence of down-ballot candidates helping officials running for statewide office. Last November, officials from the Analyst Group research organization concluded that in Virginia's 2017 election,

Coming-Out Party

Many states are seeing a jump this year in the number of Democratic candidates contesting state-legislature races compared with the 2014 election.

CONTESTED STATE HOUSE DISTRICT RACES



Note: Only states where the filing deadline has passed are shown.

Sources: the state's Secretary of State Offices

Democrats in Tennessee went from fielding a candidate in 52% of races in 2014 to a staggering 96% of races in 2018.

Democrats
Republicans

There are only four states so far where Democrats are contesting fewer districts in 2018 than they did in 2014.

THE WALL STREET JOURNAL

GOP Prevalence

Number of state legislative chambers controlled by each party at the start of each year.

	Democratic-control	Republican-controlled
2017	31	66
2015	30	68
2013	41	56
2011	37	59
2009	60	36
2007	55	42
2005	47	49
2003	43	52
2001	49	46

Note: Split chambers not charted. Nebraska officially has a nonpartisan governing body. Sources: Council of State Governments; National Conference of State Legislatures

THE WALL STREET JOURNAL

In five Trump states with Senate races this year—Indiana, Missouri, Pennsylvania, Tennessee and Texas—Democrats have recruited general-election candidates for least 25% more state legislative seats than they did in 2014. The new attention and resources echo the emphasis Republicans put on statehouse races in 2010 after President Barack Obama's election shepherded historic Democratic gains in local elections.

Since Mr. Trump's 2016 victory, Democrats have flipped 41 state legislative seats—including the 15 in Virginia's 2017 elections and several in districts Mr. Trump carried by substantial margins.

Until 2016, the only national group dedicated to electing state legislative Democrats was the Democratic Legislative Campaign Committee. The DLCC operated with a meager budget—\$11 million during the 2010 GOP wave, \$13 million in 2012, \$17 million in 2014 and \$18 million in 2016.

By comparison, in 2010, the Republican State Leadership Committee increased its spending on state races from \$18 million in 2008 to \$30 million. The GOP that year flipped control of 20 legislative chambers while winning 701 state legislative seats away from Democrats.

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WORLD NEWS

Iran's Middle East Push Meets Resistance

Secular Syrians, Iraqi Shiites and Israel are pushing back against Tehran's influence

Iran's widening influence in the Middle East—already under pressure from the U.S.—also faces growing resistance from within its close regional allies, Syria and Iraq.

*By Sune Engel
Rasmussen in Beirut
and Isabel Coles
in Baghdad*

In Iraq, discontent among the country's Shiite Muslim community with Iranian influence was reflected in cleric Moqtada al-Sadr's victory in this month's election. Mr. Sadr, himself a Shiite, is a fierce nationalist whose supporters sometimes chant slogans criticizing Iran, the region's top Shiite power.

Syrians in the largely secular capital, Damascus, have meanwhile accused Iran of stoking religious tensions. And Syrian President Bashar al-Assad's other main foreign partner, Russia, has shown impatience with Iran's growing military presence in Syria, which Israel has moved to



Russian leader Vladimir Putin suggested last week that Iran was wearing out its welcome in Syria.

contain with airstrikes.

The pushback poses another challenge for Tehran as it tries to defend its gains in the region and avoid international isolation following President Donald Trump's decision to withdraw from the landmark 2015 nuclear accord.

Iran has built a network of political, military and economic influence in the past several years in both Iraq and Syria as both countries suffered destabilizing violent

conflicts. Tehran has helped Mr. Assad take ground back from rebels during the multi-sided conflict in Syria, and Iran-backed militias helped Iraq defeat Islamic State.

U.S. Secretary of State Mike Pompeo on Monday spelled out demands for reaching a new agreement with Iran that would require Tehran to withdraw its forces from Syria and end its support for militant groups such as the Lebanese militia Hezbollah.

Iran's Supreme Leader Ayatollah Ali Khamenei responded on Wednesday, threatening to scale up Iran's activities and rejecting any talk of Tehran rolling back its ballistic-missile program and regional presence—both central to U.S. demands.

Tehran's influence in Iraq is mostly viewed as an inescapable fact. The two countries share a long border, and Iran has expanded its influence in Iraq in the years since the

2003 U.S.-led invasion toppled Saddam Hussein's Sunni-dominated regime.

Iraqi Shiites have often bristled at their neighbor's efforts, and Iraq's war against Islamic State, which culminated in victory for Baghdad late last year, has also increased nationalist sentiment.

The electoral alliance backed by Mr. Sadr campaigned against corruption and foreign interference in Iraqi affairs, and it won the most seats in parliament. That message echoed calls by Iraq's most influential Shiite cleric, Ayatollah Ali al-Sistani, the biggest bulwark against Iranian influence in the country.

In a sign of the changed mood on the street, Iran-backed militias that fought Islamic State no longer openly swear allegiance to Mr. Khamenei.

Iran still has ample room to maneuver, thanks to deep relationships across the political spectrum, including with Sunnis and Kurds. An alliance of political parties backed by Iran came in second in the recent elections.

In Syria, a close ally of Tehran for almost four decades, Iran's muscular presence includes elite forces, with military bases and militias such as

Hezbollah across the country. But that presence has become a growing liability for Mr. Assad.

Israel has said it won't allow an Iranian presence near its northern borders and has ramped up attacks on Iranian positions on Syrian soil. Those attacks also cause casualties and damage to Syrian government positions, and risk broadening the war at a time when Mr. Assad is trying to consolidate his gains.

Russian President Vladimir Putin last week gave one of the starkest hints that Iran was wearing out its welcome when he said foreign forces will soon start leaving Syria. Russia intervened in Syria in late 2015, helping turn the tide for Mr. Assad.

A spokesman for Iran's foreign ministry, Bahram Qasemi, rebuffed Mr. Putin, telling reporters in Tehran that Iran will stay in Syria "as long as terrorism exists." Syrian and Iranian officials both say Iran's forces are in Syria at the Assad regime's request.

Still, the Syrian government has sought to limit Iran's reach beyond the military sphere, renegeing on preliminary agreements giving Iran rights to phosphate mining and mobile-phone networks.

Turkey Condemns Greek Asylum Ruling

BY NEKTARIA STAMOULI

ATHENS—A top Greek court granted asylum to a Turkish soldier Ankara accuses of involvement in the country's 2016 coup attempt, inflaming tensions between NATO allies that are already at their highest levels in many years.

In a final ruling Thursday, the Council of State upheld the asylum awarded to former Turkish army captain Suleyman Ozkaynakci, one of eight servicemen who fled to

Greece in a helicopter after the failed coup attempt. The ruling is seen as a precedent for the other seven soldiers.

Relations have deteriorated since 2016 over a series of diplomatic, military and territorial frictions. U.S. diplomats have warned tensions could escalate into armed conflict, despite both countries being allies in the North Atlantic Treaty Organization.

Turkey's Foreign Ministry "strongly condemned" the ruling, saying it violates interna-

tional law and confirms "in the eyes of the international community that Greece is a country which protects and shelters the putschists."

Turkey has pressed Greece for nearly two years to extradite the eight men, calling them "traitors."

The men say they knew nothing of the failed coup plot and were only caught up in its chaotic execution.

The arrival of the eight men has put Greek Prime Minister Alexis Tsipras in a

bind. He doesn't want to be seen as giving shelter to officers involved in the failed coup. But Greek human-rights advocates argue the eight men wouldn't get a fair trial in Turkey's increasingly authoritarian political climate under President Recep Tayyip Erdogan.

Turkish authorities have jailed large numbers of public servants, journalists and others in a sweeping purge of the government's political opponents since the failed coup.



AYHAN MEHMET/ANADOLU AGENCY/GETTY IMAGES

One of eight Turkish soldiers who fled for Greece, Suleyman Ozkaynakci, in Athens. A top Greek court granted him asylum.



JOANN S. LUBLIN
MANAGEMENT NEWS EDITOR

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WORLD NEWS

Maduro Quickly Sworn In After Contested Vote

BY MAYELA ARMAS AND JUAN FORERO

CARACAS, Venezuela—President Nicolás Maduro, fresh off his victory in an election derided as farce by the U.S. and other countries, moved up his inauguration by eight months and was sworn in Thursday for a second, six-year term.

Mr. Maduro won a snap election Sunday over a former member of his Socialist Party, after having barred two opposition leaders from running and forced others into exile. Inaugurated before the National Constituent Assembly, a body his allies created to supersede the opposition-controlled congress, Mr. Maduro defended his win.

"Venezuela had free elections, legitimate ones," he told followers at the ornate congressional compound where the inauguration was staged.

The ceremony was moved up in the face of sharp criticism of the election from opposition groups and many governments, including the Trump administration, which responded by broadening a ban on Americans buying Venezuelan debt.

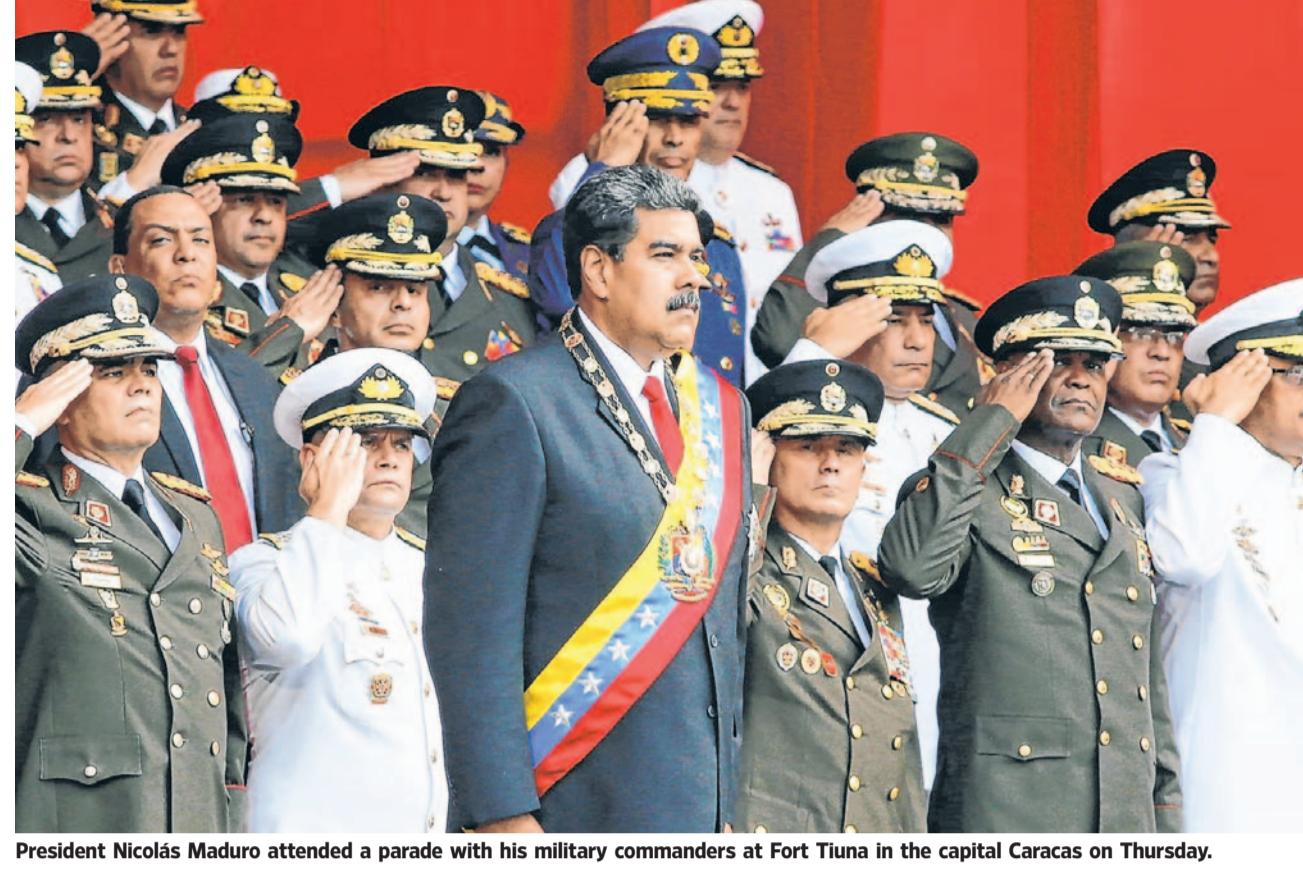
"He thinks that swearing himself in early guarantees six more years," said Jesus Torrealba, an ex-leader of the opposition coalition of parties. "That's why he urgently sought out this legal framework, to rescue governability in the future."

Mr. Maduro's foes noted that under the constitution, inaugurations must be scheduled for Jan. 10 and staged before congress, known as the National Assembly. That chamber's president, Omar Barboza, said the National Constituent Assembly is illegal and was designed to usurp the powers granted to members of congress.

"By swearing-in in front of the Constituent Assembly he's sending the message that he's taking power by force and that he doesn't abide by the constitution," Mr. Barboza said.

The government said a second inauguration would take place in January, without explaining why.

Mr. Maduro's swearing-in came amid heightened tensions with the U.S. On Tuesday, Mr. Maduro ordered the top American diplomat in Caracas, chargé d'affaires Todd Robinson, and



President Nicolás Maduro attended a parade with his military commanders at Fort Tiuna in the capital Caracas on Thursday.

his deputy to leave the country. The U.S. State Department on Wednesday responded by ordering two Venezuelan diplomats out of the U.S.

"We will continue to pressure Venezuela's illegitimate regime until democracy is restored," Vice President Mike Pence said on his Twitter account.

Venezuela is sliding deeper into crisis, hit by hyperinflation,

an economy that is nearly 50% smaller than it was in 2013, and the exodus of hundreds of thousands of his countrymen. Oil production is now 1.4 million barrels a day, down from more than three million barrels a day in the late 1990s.

In his swearing-in speech, Mr. Maduro sounded open to reforms. He said that his government would enter into "a pro-

cess of dialogue and peace" and that some Venezuelans jailed for what rights groups call political crimes would be released if they hadn't committed "serious crimes like homicide."

"I want that those people be freed and that they be given an opportunity," he said.

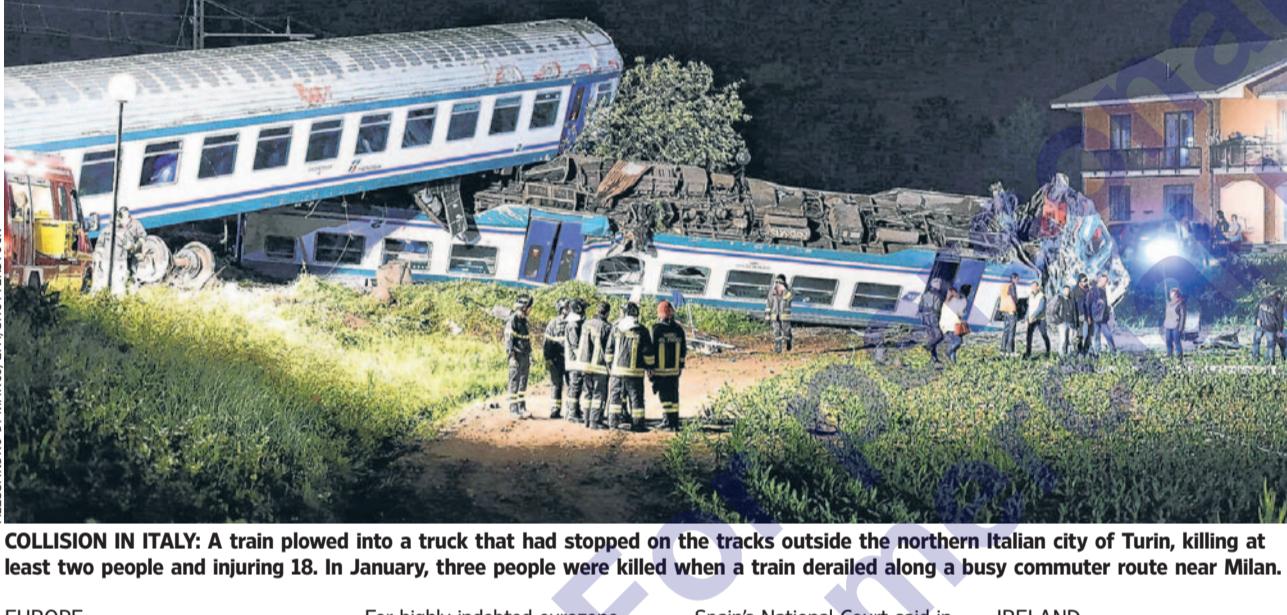
He also acknowledged that there were problems in Venezuela and that "we have to change

the country." His answer, he said, is to deepen the Socialism started by his mentor and predecessor, Hugo Chávez.

"Venezuela has once more ratified its path, Socialism," Mr. Maduro said. "You've elected a president to build Socialism, to resolve the problems, for dialogue and peace."

—Maois Castro in Caracas contributed to this article.

WORLD WATCH



COLLISION IN ITALY: A train plowed into a truck that had stopped on the tracks outside the northern Italian city of Turin, killing at least two people and injuring 18. In January, three people were killed when a train derailed along a busy commuter route near Milan.

EUROPE

Economy Throws a Wrench in ECB Plans

The European Central Bank warned that a slowdown in economic growth in the eurozone could hurt investor appetite for the bonds of the region's highly indebted governments.

Thursday's ECB warning comes amid signs that growth in the 19-nation currency union slackened this year, and as euroskeptic parties prepare to form a coalition government in Italy, led by a political novice.

In a semiannual report on the stability of the region's financial system, the ECB pointed to "historically high debt levels" as one key risk that could potentially trigger concerns about the ability of borrowers to repay.

For highly indebted eurozone governments—which include Italy, Greece and others—deteriorating growth prospects or looser budget policies "could impact the fiscal outlook and, by extension, market sentiment towards some euro area sovereign issuers," the ECB warned.

—Tom Fairless

Ruling Party Is Fined In Corruption Case

A top court sentenced the former treasurer of the country's ruling party to jail for his role in a kickback scheme and fined the party, a milestone in a long-running corruption saga that deals a blow to Prime Minister Mariano Rajoy's already uneasy hold on power.

Spain's National Court said in its ruling that Mr. Rajoy's Popular Party financially benefited from the scheme and ordered it to pay €246,000 (\$288,000) in fines.

While the dollar amount is relatively small, Thursday's sentence will heap additional pressure on Mr. Rajoy and his center-right party as he tries to assemble a united political front to address resurgent tensions with separatists in the Catalonia region.

Former Popular Party treasurer Luis Bárcenas and dozens of other politicians and businesspeople were sentenced to jail and ordered to pay fines for, among other things, inflating construction contracts that had been awarded to cronies and then skimming off the extra funds. Mr. Bárcenas has previously said he is innocent of the charges.

—Jeannette Neumann

IRELAND

Voters Have Their Say on Abortion

The rival sides in Ireland's battle over abortion made their final pitches to voters on Thursday, the eve of a referendum on liberalizing one of the world's strictest bans on terminations.

Voters will be asked on Friday if they wish to scrap a prohibition enshrined in the constitution 35 years ago, then partly lifted five years ago for cases where the mother's life is in danger.

Opinion polls have put those who favor changing the law in the lead. The two most recent surveys on Sunday showed the "Yes" side pulling slightly further ahead.

—Reuters

Brazil Reaches a Pact In Truckers' Strike; Big Union Rejects It

BY JEFFREY T. LEWIS AND LUCIANA MAGALHÃES

SÃO PAULO—Brazil's government said Thursday evening it had reached an agreement with several truckers unions to suspend a four-day strike that has disrupted the economy and left many businesses without vital supplies, but one of the country's biggest drivers groups said it would continue the work stoppage.

It wasn't immediately clear how many truckers would return to work Friday. The Brazilian Association of Truckers, which says it represents about 700,000 of Brazil's approximately 1 million independent drivers, walked out of the talks and rejected the agreement.

Representatives of Brazilian President Michel Temer and truckers unions met for hours Thursday, and the government agreed with most of the remaining unions represented to cut a fuel tax and take other measures to help drivers.

The government also promised to extend a 15-day diesel price cut announced Wednesday by state-controlled oil company **Petróleo Brasileiro SA**, or Petrobras, to 30 days, and said it would compensate the company for the cost.

Eliseu Padilha, President Temer's chief of staff, said it was time to think about Brazilians hurt by the strike, adding that people are worried about their jobs, their farms, or whether they would be able to get necessary medicines.

"Brazil is a country of road transport, the Brazilian family is a family that depends on roads," he said.

The strike began Monday morning, with the truckers association demanding the government cut the tax on diesel fuel in the face of a recent price spike the union called "unsustainable." Depending on how many members heed the call by union President José da Fonseca Lopes to remain on strike, it could stretch into a fifth day even as many of the country's businesses run low on vital supplies.

"It's a big question mark," said political consultant André Cesar. "Dismantling the movement is a very complex task, and a key union refused the deal," he said.

Filling stations in the state of São Paulo, which normally get resupplied two to three times a week, haven't received deliveries since Monday afternoon and are close to running out of fuel, said José Alberto Paiva Gouveia, president of the union representing gas stations in the state of São Paulo.

Brazil lacks a big railroad network, making its economy highly dependent on road transportation. The strike has caused logistics problems around the country, leading **McDonald's** Corp. to release a statement that a small number of its restaurants might run out of certain menu items.

—Paulo Trevisani and Samantha Pearson contributed to this article.

FROM PAGE ONE

CRASH

Continued from Page One self-driving car and ignited a discussion about whether the driverless technology that auto and tech companies are racing to develop is ready for the real world.

Uber was testing a fleet of Volvo Cars sport-utility vehicles that come equipped with automatic emergency braking and other safety features. The vehicles, however, were modified by the ride-hailing company, which equipped them with cameras, sensors and onboard computers. An operator rides in each vehicle, prepared to take the wheel to ensure safety as needed.

The NTSB said the Uber vehicle's sensors detected the pedestrian walking across the road with a bicycle six seconds before impact. At first, the self-driving system's software classified the pedestrian as an unknown object, then as a vehicle and finally as a bicycle with varying expectations of where the bike was headed.

The NTSB said the vehicle was traveling at 43 miles an

hour before impact. At that speed, six seconds is enough time for a vehicle to stop, said Todd Humphreys, an associate professor who specializes in robotic perception at the University of Texas at Austin. He said stopping time in those conditions could have occurred within less than three seconds.

It was 1.3 seconds before impact that the system decided emergency braking was needed, the NTSB said. According to Uber, the NTSB said, Volvo's built-in automatic braking system had been disabled during testing to "reduce the potential for erratic vehicle behavior." The safety operator began braking less than a second after impact, hold on power.



NTSB investigators inspected the Uber vehicle after the crash.

It is common for developers to disable built-in vehicle features such as automatic braking to avoid multiple systems issuing conflicting commands, said Raj Rajkumar, a Carnegie Mellon University professor who founded and later sold an autonomous car software startup.

The problem with Uber's approach, he said, is the company

didn't replace Volvo's system with its own automatic emergency braking.

"Uber's software designers punt the final action to the operator; except that no alert was generated," Mr. Rajkumar said. At the very least, Uber's autonomous software should have predicted the potential collision and slowed the vehicle or

slammed on the brakes, he said.

A video released around the time of the crash showed the safety operator glancing down toward the center console of the vehicle several times before impact. In an interview with NTSB investigators, the operator said she had been monitoring the self-driving system interface.

In addition to being responsible for intervening in the driving of the vehicle, the safety operator is also monitoring diagnostic messages that appear on a digital screen in the center console and tagging events for further review, the NTSB said.

Many autonomous vehicle developers begin with two safety operators and move to one as their systems become more advanced. Uber moved from two to one after more than a year of planning and continues to use two in some scenarios, the company said.

"We decided to make this transition because after testing, we felt we could accomplish the task of the second person—annotating each intervention with information about what was happening around the car—by

looking at our logs after the vehicle had returned to base, rather than in real time," Uber said.

Mr. Humphreys said the operator shouldn't be expected to interact with the screen if it means not looking at the road. "A second Uber employee should have been in the car to interact with the system interface," he said.

The pedestrian was dressed in dark clothing and was walking a bicycle across the road, not at a crosswalk, according to the report. NTSB also said the pedestrian tested positive for methamphetamine and marijuana.

Volvo, in statement, said it was helping with the investigation.

An Uber spokeswoman Thursday said the company has worked with the NTSB and started its own review, bringing on former NTSB head Christopher Hart to advise on its safety culture. She said the company in the coming weeks will detail changes it plans to make.

On Wednesday, Uber said it was closing down its self-driving vehicle program in Arizona, two months after the state barred it from road-testing self-driving technology.

WORLD NEWS

North Korea Summit Got Lost in Translation



CAPITAL JOURNAL

By Gerald F. Seib

A while back, there was a hit movie titled "Lost in Translation." It was set in Japan. It probably should have been set on the Korean Peninsula.

That became clear Thursday when President Donald Trump abruptly canceled the highly anticipated summit he had agreed to hold with North Korean leader Kim Jong Un. It's unclear whether this cancellation is a short-term blip—an "Art of the Deal" negotiating tactic designed to get North Korea to behave better before meeting—or a long-term rupture in what Mr. Trump clearly hoped was going to be a fruitful personal relationship.

What is clear is the meeting hit the rocks because each side didn't fully understand what the other was saying in the run-up. In that translation gap, tensions built up and then erupted. For starters, the two sides

didn't mean the same thing when they said the meeting would be to discuss the "de-nuclearization" of the Korean Peninsula.

To the American side, that meant a rapid, if not instant, North Korean abandonment of its nuclear program, to be followed later by relief from economic sanctions and, ultimately, real economic assistance. To North Korea, denuclearization meant a gradual process in which it slowly backed away from its advances in nuclear and missile development, while the U.S. reciprocated by reducing its military commitment to South Korea and began providing some immediate economic relief.

A series of statements from Mr. Kim, some made publicly and others conveyed by South Korean leaders, fueled the belief on the U.S. side that Mr. Kim was prepared to make a sharp and immediate pivot away from nuclear arms. Yet in recent days it became clear that hope was misplaced. Secretary of State Mike Pompeo, who met Mr. Kim twice to try to lay the groundwork for the summit, "knew instantly" the North Koreans weren't willing to go as far or as fast as their public statements implied, said one official briefed on his meetings.

"When Secretary Pompeo tried to pin down the North



Secretary of State Mike Pompeo, left, met Kim Jong Un twice to lay the groundwork for a summit.

THE WHITE HOUSE/ZUMA PRESS

Koreans, they balked," said Michael Green, who has dealt with North Korea as both a White House and Pentagon official. The North Koreans, he added, "were always going for sanctions relief and de facto recognition as a nuclear weapons state in exchange for minimal symbolic steps on their part."

Amid that disconnect, each side also seemed to misread the other's rhetoric. When national security adviser John Bolton referred to using the model of Libya in unwinding North Korea's

nuclear program, he meant replicating Libya's example of fully opening up sites to Western observers.

North Korean officials, by contrast, appeared to read comparisons to Libya as a sign the U.S. was interested in seeing Mr. Kim suffer the same fate as Libyan leader Moammar Gadhafi, who, after forsaking his nuclear program, was deposed and then killed in an American-endorsed revolt.

From there, the rhetoric escalated on both sides.

North Korea publicly stated what was being signaled privately: that if the only point of the meeting was to talk about disarming Pyongyang rather than giving it economic relief, it might not be interested. Vice President Mike Pence warned North Korea not to try to "play" the president. North Korea called Mr. Pence a "dummy."

Chung-in Moon, a professor at South Korea's Yonsei University and adviser to South Korea's government, said the North Koreans weren't trying to put obsta-

cles on the path to a meeting, but rather to signal that they were seeking "mutual respect before the summit," and warning that they shouldn't be asked to "surrender" economically. For his part, though, Mr. Trump cited "tremendous anger and open hostility" in North Korean statements as a reason for canceling the summit.

Perhaps most important, Mr. Trump seemed to believe something fundamental had changed in North Korea, which may not have been as true as he hoped. The president—along with others—appeared to think Mr. Kim's willingness to publicly discuss backing away from his nuclear programs suggested he had a fundamentally different view of the world and his country than did his father and grandfather, who preceded him as leader.

The young Mr. Kim, they hoped, had a greater grasp of how much his country needed economic development to avoid falling further behind the rest of the world, and was more willing to put economic development before military advances. Skeptics doubt the North Korean playbook has really changed.

Now, says Mr. Green, "the reality is that we will have to be prepared for a less glamorous and more disciplined strategy of containing, deterring and steadily rolling back this threat with our allies."

KOREA

Continued from Page One
Pence, calling him a "political dummy," and warned that Pyongyang could inflict on America an "appalling tragedy" that it has never experienced nor even imagined."

Mr. Trump had hoped to use the summit, scheduled for June 12 in Singapore, to end North Korea's nuclear program in return for relief from international sanctions. He promised that if North Korea cooperated and relinquished its nuclear weapons, that the U.S. would protect the current regime in Pyongyang and that the country would experience an economic revival. Some of his allies believed that if he were successful, he would merit a Nobel Peace Prize.

For weeks there had been positive signs from Pyongyang. Secretary of State Mike Pompeo retrieved three U.S. citizens that had been held in the country, and Mr. Kim promised to close its nuclear-test site and suspend long-range missile launches. On Thursday, before Mr. Trump's announcement, North Korea welcomed a group of foreign reporters to witness the dismantling of its test site, an effort to demonstrate to the world that it was willing to make sincere concessions.

In recent days, a series of increasingly aggressive statements from Pyongyang cooled hopes the summit would actually take place. North Korean officials said they would refuse to abandon their nuclear program—Mr. Trump's main goal of the summit—and criticized senior White House officials, including national-security adviser John Bolton. They also stopped responding to U.S. efforts to arrange meetings to prepare for the summit.

Early Thursday in Washington, in a meeting with Messrs. Pence, Bolton and Pompeo, the president told his team that the threat of nuclear war from North Korea was the determining factor. Defense Secretary Jim Mattis was looped into the decision when it happened, a White House official said.

Inside the White House, Mr. Trump dictated a letter to Mr. Kim, saying he didn't want to go forward with the meeting because of "tremendous anger and open hostility displayed in your most recent statement."

"If you change your mind having to do with this most important summit, please do not hesitate to call me or write," Mr. Trump wrote in the letter. The president ordered the White House to release the letter before alerting allies to avoid leaks, a White House official said.

In Washington, Mr. Trump's critics said he had been taken for a ride by the reclusive North Korean leader. House Democratic Leader Nancy Pelosi declared Mr. Kim "the big winner"



North Korea released a photo purportedly showing the destruction of its nuclear-test site.

'Rocket Man' and 'Deranged...Dotard'

Trump and Kim have lobbed fire and fury at each other

The volatile U.S.-North Korea relationship has seen peaks and valleys since President Donald Trump took office. Here are some highlights:

Aug. 5, 2017

After North Korea says it successfully launched an intercontinental ballistic missile, Mr. Trump says threats 'will be met with fire and fury like the world

has never seen.'

Sept. 19

In a U.N. speech, Mr. Trump says the U.S. would 'totally destroy' North Korea in any conflict and referred to its leader, Kim Jong Un, as 'Rocket Man.' Mr. Kim vows to 'tame the mentally deranged U.S. dotard with fire.'

March 8, 2018

Mr. Trump accepts an invitation to meet with Mr. Kim.

April 24

Mr. Trump praises Mr. Kim, saying he has been 'very honorable' and 'very open' in efforts to arrange the summit. Mr.

Trump tells CBS News Mr. Kim is 'a pretty smart cookie.'

May 9

North Korea releases three U.S. imprisoned citizens. Mr. Trump says he will meet Mr. Kim on June 12 in Singapore.

May 16

A senior North Korean official accused Washington of trying to 'impose on our dignified state the destiny of Libya or Iraq.'

May 24

Mr. Trump calls off the planned summit, citing 'tremendous anger and open hostility' from North Korea.



South Korea's Moon Jae-in met with President Trump on Tuesday.

and said the president's letter was "kind of like a Valentine."

"It's clear he didn't know what he was getting into," she said about Mr. Trump, "and now he's walking away from it in this very chummy, palsy-walsy letter to Kim Jong Un."

But Victor Cha, an Asia expert at the White House during the George W. Bush administration, praised Mr. Trump for showing he was "not willing to walk into an uncertain situation with so much on the line."

If dialogue channels con-

tinue, then there is an avenue for more prenegotiations leading to a summit in the future," said Mr. Cha, a senior adviser at the Center for Strategic and International Studies. "Still, not clear where we go from here. More North Korea missile tests? More U.S. military exercises? We could end up back where we were in 2017, which was not a good place."

A U.S. intelligence official told The Wall Street Journal there was a notable shift in Mr. Kim's attitude immediately fol-

lowing his meeting with Mr. Xi. Intelligence officials assessed that Mr. Xi has some influence on that shift in an effort to place pressure on the Trump administration, the official said.

In Seoul, Mr. Moon convened an emergency meeting with his senior aides shortly after Mr. Trump delivered his letter. The meeting included the country's spy chief, Suh Hoon, and national-security adviser, Chung Eui-yong, who had dinner with Mr. Kim in Pyongyang this year and delivered the summit invitation to Mr. Trump at the White House.

One South Korean official said Seoul was surprised by Mr. Trump's decision, saying it came "out of the blue." The official said Mr. Trump had spoken positively about the summit when Mr. Moon met the president at the White House on Tuesday.

Japan said Friday it would continue to work with the U.S. and South Korea to pressure North Korea.

—Jonathan Cheng and Alastair Gale contributed to this article.

Moon Promises To Press on With Pursuit of Accord

By JONATHAN CHENG

Nobody had invested more in a successful summit meeting between President Donald Trump and North Korean leader Kim Jong Un than Moon Jae-in, the president of South Korea.

So it was true to form when, after Mr. Trump said on Thursday that he was canceling the June 12 summit, Mr. Moon said his sincerity hadn't flagged and vowed to continue to pursue dialogue.

Since he won the presidency last year, Mr. Moon has pushed assiduously for the two adversaries to come together, reaching out directly to Pyongyang in a number of marquee speeches and maintaining his outreach when the North launched medium- and long-range missiles and threatened to attack the U.S. Pacific territory of Guam.

Hours after Mr. Kim said in a New Year's speech that he was considering sending a delegation to the Winter Olympics in South Korea, Mr. Moon pounced on the opening; within days the two Koreans held high-level talks.

At the Olympic opening ceremony, Mr. Moon seated Vice President Mike Pence within arm's length of Kim Yo Jong, the younger sister of the North Korean leader, though the two sides didn't speak and Mr. Pence later said that he was avoiding Ms. Kim.

In early March, just after the end of the Olympics, Mr. Moon sent his national security adviser and spy chief to Pyongyang, where they shared dinner with Mr. Kim. The next day, they flew to Washington, where they relayed Mr. Kim's apparent hope for a meeting with Mr. Trump. Mr. Trump agreed in less than an hour, and sent Mr. Moon's two envoys out to the White House portico to announce the decision.

As a prelude to the Trump-

Kim summit, Mr. Moon met late last month with Mr. Kim at the inter-Korean demilitarized zone, a dramatic event that featured images of Messrs. Moon and Kim sharing a half-hour chat, unaccompanied by aides, to a park bench, where they talked about Mr. Trump.

Mr. Moon stayed in close touch with Washington, dispatching his national security adviser Chung Eui-yong for a series of meetings to huddle with his U.S. counterpart Lt. Gen. H.R. McMaster and later his replacement, John Bolton.

Mr. Moon spoke frequently with Mr. Trump by phone, and used every public oppor-

portunity to lavish praise on him for agreeing to meet with Mr. Kim, crediting Mr. Trump for changing the mood and suggesting that the U.S. president deserved a Nobel Peace Prize.

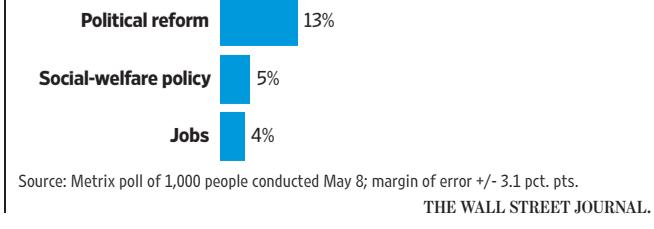
As cracks began to form between the U.S. and North Korea in recent days, Mr. Moon flew to Washington one more time earlier this week in hopes of sustaining the diplomatic momentum.

Mr. Moon, whose administration appeared to be caught off-guard by the cancellation, called an emergency meeting of the National Security Council that stretched into the early hours of Friday morning.

After the meeting, Mr. Moon said he was perplexed and deeply regretted the summit's cancellation—and that the denuclearization of the Korean Peninsula "cannot be abandoned or delayed."

Political Capital

South Korea's President Moon Jae-in has enjoyed wide support for his handling of inter-Korean relations. Campaign promises that South Koreans say the Moon administration has handled best:



Source: Metrix poll of 1,000 people conducted May 8; margin of error +/- 3.1 pct. pts.

THE WALL STREET JOURNAL.

IN DEPTH

GERRY

Continued from Page One
governor of Massachusetts.

With two gerrymandering cases currently before the Supreme Court, Mr. Gerry's legacy is receiving more attention than it had in decades.

Mr. Gerry's descendants write to dictionaries asking for corrections, inform strangers of their error and grow annoyed when telemarketers call to ask for Mr. Gerry with a soft G.

"Think of the letters," said Ronald Gerry, a retired insurance salesman in Stony Brook, N.Y., who is a descendant. "Gerry—it has a hard G. Gerry sounds like a J."

Mr. Gerry, 74 years old, takes his morning coffee at the local fire station where he volunteers.

With redistricting coming up a lot lately, he finds himself correcting other firefighters' speech. "They end up pronouncing it the way I tell 'em to," he said. "They don't fall back. Because I do it with authority."

In January 1812, Mr. Gerry, a Democratic-Republican, and his party held majorities in the Massachusetts legislature. Using the 1810 census, lawmakers drew state senate districts designed to keep the opposition Federalists in minority status.

The Boston Gazette, a Federalist newspaper strenuously opposed to Mr. Gerry, published a cartoon morphing an Essex County senate district onto a winged and clawed salamander. Headline: "The Gerry-mander, a new species of Monster."

The resulting outcry cost Mr. Gerry re-election later that year, but the Democratic-Republicans

retained a majority in the state senate thanks to the map he had signed off on.

Massachusetts lawmakers were hardly the first to benefit from skewed political lines. In England, some House of Commons districts that included only a tiny number of voters were known as "rotten boroughs" until an 1832 reform ended the practice. Before the first congressional election in 1788, Virginia Gov. Patrick Henry drew a U.S. House district to separate James Madison from his supporters, in an attempt to keep his fellow Founding Father from Congress.

The debate over how to say "gerrymander" dates to at least

1850. John Pettit, a delegate to the Indiana state constitutional convention, told officials, "You are constantly gerrymandering the State, or jerry-mandering, as I maintain the word should be pronounced, the g being soft."

In an era of print-only media, Americans had to guess how to pronounce words new to the language, said Grant Barrett, who hosts a public radio podcast called "A Way With Words."

Mr. Barrett said the soft-G gerrymander gained traction because it looked similar to other words that began with G and E, such as gentle.

In a 2014 episode of "Jeopardy!" Alex Trebek gave contestants



Gerry or 'Gary'?

tant Arthur Chu credit for answering a clue about Elbridge Gerry even though he said his name with the soft G.

"That's pronounced Gerry," Mr. Trebek said, with the hard G. "It's Elbridge Gerry."

"Well, the gerrymander," Mr. Chu interrupted, with a soft G. "I know," Mr. Trebek replied. "That's one of those weird things about our language."

Hard-G adherents include the grandmother of comedian John Mulaney, as he explained in a February appearance on "Late Night with Seth Meyers."

Mr. Mulaney said he told his grandmother, who lives in Mr. Gerry's hometown of Marblehead, Mass., that "everyone, and I mean everyone, says gerrymander" with a soft G.

"She said, 'Everyone is wrong,'" Mr. Trebek said.

The last prominent hard-G

man in American politics was Ronald Reagan.

"There's a term called gerrymandering," Mr. Reagan told David Brinkley in the final televised interview of his presidency in 1988, using the hard G. "Some people say 'Jerry,' but it was 'Gerry' G-E-R-R-Y."

Barry Burden, director of the University of Wisconsin's Elections Research Center, finds his students and fellow academics puzzled when he uses the hard G in speeches and lectures. "Sometimes a person will ask, 'What word did you just say? What is that word?'" Mr. Burden said.

His efforts to spread the hard-G gospel haven't gone well.

"I've had close to zero converts," he said. "My battle might have been easier 10 years ago when the public wasn't paying attention to this issue."

Experimental to the company, as ESPN shared some sponsors with the Cowboys, people familiar with the situation said. In February, Ms. Hill left SportsCenter to write for ESPN's "The Undefeated" website.

Ms. Hill's supporters said critics often conflated "politics" with hearing diverse viewpoints from women and people of color that Mr. Skipper promoted on air. "More minorities at ESPN with strong voices" has "evidently made some people bothered," said on-air host Dan Le Batard on his show a year ago.

On Wednesday, the NFL said it would require players to stand during the anthem and would fine teams if they don't comply. The decision was debated on ESPN shows like "First Take" and "SportsCenter," including with references to President Trump's distaste for such protests. Ms. Hill tweeted, "Me, trying to find any NFL owners with common sense."

Messy exit

Mr. Skipper's messy exit in December rattled employees.

Though publicly Mr. Skipper seemed to have good relations with Disney's top brass, tensions had built up over time. Early in his tenure—he took the top ESPN job in 2012—Mr. Skipper had missed a corporate plane ride with Disney's Mr. Iger after a night of partying following the ESPY Awards, people familiar with the incident said. Mr. Iger wasn't happy about being kept waiting. Disney later investigated to find out about Mr. Skipper's comings and goings that night, including looking at his company phone records, the people said.

A few years later, Mr. Iger was frustrated when Mr. Skipper made comments in a Wall Street Journal article that seemingly contradicted his explanation for why ESPN was losing subscribers, people familiar with the situation said. Zenia Mucha, Disney's chief communications officer, called Mr. Skipper and said ESPN should be restrained in its public statements at a time of rapid industry change—a stern message that ESPN executives including Mr. Skipper took as an effective gag order, some of the people said.

Mr. Iger later said to stock analysts on an earnings call he was misled by faulty data, and he agreed with Mr. Skipper's explanation. Privately, Disney executives were upset that Mr. Skipper himself hadn't reconciled the two explanations, one person familiar with Disney's thinking said.

In March, Mr. Iger tapped Mr. Pitaro as ESPN's new boss.

Mr. Pitaro's first major task is to build a streaming TV business. Years of delays and detours in this area frustrated Mr. Iger, who wanted the network to move faster, people close to the situation said. A streaming venture with the NBA was derailed because ESPN couldn't settle on an approach, with some executives worrying about cannibalizing traditional TV revenue by courting cord-cutters.

Last August, Disney sped up its efforts, buying a controlling stake in Major League Baseball's streaming arm. The fruit of that deal is ESPN+. For \$4.99 a month it offers live games and exclusive shows that don't appear on ESPN's TV networks.

ESPN is scouting competitive videogaming for the streaming service and on Wednesday signed a five-year, \$1.5 billion deal with Ultimate Fighting Championship that will allow it to stream exclusive fights.

"They have some enormous challenges but they have by far the best brand in sports," said WME-IMG's Mr. Shapiro, whose company owns UFC.

—Joe Flint contributed to this article.



Former SportsCenter hosts Michael Smith and Jemele Hill, above, chatted with music entrepreneur Sean Combs during the NBA finals last June. Right, former ESPN President John Skipper, whose moves were perceived by some as overtly political.



FROM LEFT: BRUCE YOUNG/NBAE/GETTY IMAGES; CHUCK BURTON/ASSOCIATED PRESS

house's business traces back to a spring day in 2014. Disney had invited about 100 analysts and investors to ESPN's headquarters in Bristol, Conn., to hobnob with talent including tennis legend John McEnroe and show off ESPN's new, \$150-million-plus production facility.

'Flat-earthers'

In an unusual move, Disney gave long-term financial guidance for its cable networks division, largely powered by ESPN. It was rosy. ESPN's research department presented data arguing cord-cutting was unlikely to become widespread, according to attendees.

"They were flat-earthers," said one former ESPN executive.

At the same time, ESPN was spending aggressively. The company agreed to triple the fees it would pay the NBA, which it believes is growing in popularity.

On the talent side, Mr. Skipper closely managed negotiations, desiring to beat back rivals like Fox Sports 1 and NBC Sports.

Agents, former ESPN executives and hosts said that led him to overpay for several on-air personalities.

By 2015, it became clear the research staff was off base, as ESPN's subscriber losses accelerated beyond internal projections. That August, Mr. Iger lowered the company's earlier financial guidance, causing a stock sell-off that lopped more than \$20 billion off Disney's market value that week.

Mr. Iger expressed reservations to Mr. Skipper about ESPN's programming. SportsCenter was flooding the airwaves with many editions and he said it wasn't distinguishing itself, a person familiar with the conversation said.

ESPN and Disney's finance teams began to quarrel over budgets as the network was told to find cuts, people familiar with the matter said.

ESPN shaved spending, including by producing games remotely without announcers on site, but changing the culture was challenging. In 2015 the network spent lavishly to beef up its "SportsCenter on the Road" segments, including by pouring over \$2 million into programming surrounding the Floyd Mayweather-Manny Pacquiao boxing match, well above initial projections internally, people familiar with the situation said.

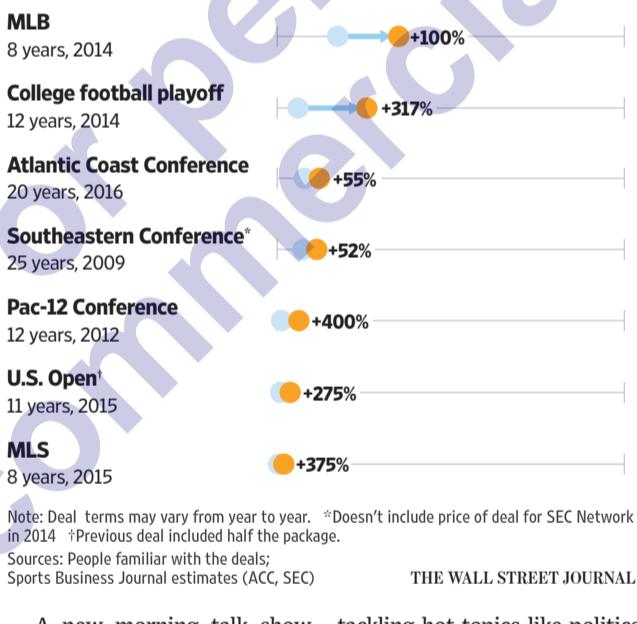
A person close to ESPN disputed that spending on the fight overshot internal projections.

Some current and former employees said bloated contracts for talent weighed the company down and led to layoffs. ESPN is still paying many hosts, including former NFL reporter Ed Werder, who were on multiyear contracts when they were laid off.

Turmoil in the sports power-

Spiraling Costs

Average annual licensing fees for ESPN's big sports-rights deals have jumped.



ity golf tournament from Trump National Golf Club to a different venue, a move ESPN's public editor at the time said seemed "political."

Conservative ESPN staffers grew frustrated by increased political commentary, including from ESPN executives during the presidential election, and worried about #BoycottESPN hashtags cropping up on Twitter. "Our viewers turned to us for sports," said Jay Crawford, a longtime SportsCenter host who was laid off a year ago. "Realizing there's never been a time in my lifetime where our country has been more divided, I saw no value in adding to that division."

Mark Shapiro, who helped pioneer debate shows at ESPN and is now co-president of media conglomerate WME-IMG, said, "there was too much emphasis on talking heads and fiery opinions and less on breaking news and analysis."

Tensions boiled over with the controversy over Ms. Hill in September. At their meeting, Mr. Skipper asked pointedly if Ms. Hill thought it fair to paint colleagues who voted for Donald Trump with a broad brush as white supremacists.

"No, but I do think that they have the benefit of privilege," Ms. Hill responded.

Several ESPN employees later told Mr. Skipper that Ms. Hill should have been suspended because she violated the company's social-media policy.

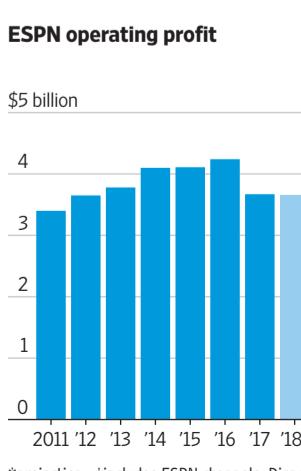
"To me it was clear-cut that these are areas to stay away from regarding racial topics, religion, sex orientation, politics," said Tim Legler, an ESPN basketball analyst and 17-year company veteran.

Weeks later, Mr. Skipper suspended Ms. Hill when she used Twitter to urge a boycott of Dallas Cowboys advertisers after the team's owner had suggested benching NFL players who staged social-justice protests during the national anthem. ESPN determined that was det-

Hit to Profits

ESPN's profit is down, hurting the finances of its majority owner, Disney. But ESPN has increased its average fees per subscriber.

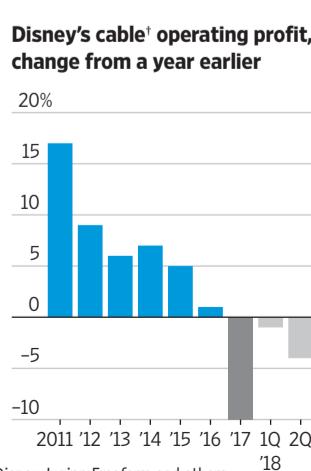
ESPN operating profit



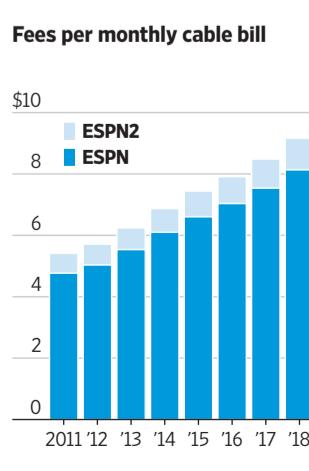
#BoycottESPN

When Mr. Trump disparaged Mexican immigrants during his candidacy, ESPN shifted a char-

Disney's cable† operating profit, change from a year earlier



Fees per monthly cable bill



THE WALL STREET JOURNAL.

GREATER NEW YORK

Emails Shed Light on de Blasio Skirmishes

Mayor's office releases thousands of pages of documents after media organizations sued

A Wall Street Journal Roundup

Thousands of pages of emails that New York City Mayor Bill de Blasio had long fought to keep private were released Thursday, providing a peek into how his administration strategized over investigations into his campaign financing, his feud with Gov. Andrew Cuomo and his education agenda.

The mayor's office released the trove of documents after an appeals court ruled earlier this month that Mr. de Blasio, a Democrat, must make public the emails he exchanged with five outside advisers dating back to January 2014, his first month in office. He had tried to withhold the emails, saying they were exempt from public disclosure.

Two media outlets, NY1 and the New York Post, had sued the city to have the emails released. The suit came in 2016 after City Hall and an outside advisory firm, BerlinRosen, had been subpoenaed by federal and state authorities dur-

ing probes of the mayor's fundraising activities. Prosecutors said last year they wouldn't bring charges in the case.

The New York Post is owned by News Corp., the parent company of The Wall Street Journal.

The mayor, who easily won re-election in November, released in 2016 some of the emails with his outside advisers. Eric Phillips, a spokesman for the mayor, said Thursday that the administration would release more emails later this summer.

Mr. Phillips said some of the emails released Thursday

reflected that the mayor was frustrated with the governor and the media.

Here are some highlights of the more than 4,000 pages released Thursday:

Probes

In emails sent in May 2016 between the mayor's office, his attorneys, representatives from the public-relations firm BerlinRosen and a reporter for the news channel NY1, the mayor's office sought to quell questions about several donations to the Campaign for One New York and possible conflicts of interest.

The Campaign for One New

York was a nonprofit run by de Blasio allies and designed to support the mayor's policies and agenda. The probes examined whether donors benefited from favorable treatment.

Mr. de Blasio's then-counsel, Henry Berger, advised City Hall staff, BerlinRosen and attorneys to "be very tight on this" and that questions about donors would be "endless and we shouldn't get into specifics."

Karen Hinton, then a spokeswoman for the mayor, warned that the "story is going to have legs."

Jonathan Rosen, co-founder of BerlinRosen, declined to comment Thursday. Mr. Berger, who no longer works for the city, referred requests for comment to the mayor's office.

Ms. Hinton, who is no longer with the mayor's office, said "as we know, the story got legs but the Mayor ran right past them. He told the truth and has done and is doing very good work for New Yorkers."

Relationship With Cuomo

The mayor's frustration with Mr. Cuomo came across in several emails, including a 2015

Please see EMAIL page A9B

Grenade Launcher Among Weapons Found in Bronx Gun Bust



DISARMED: Police Chief of Department Terence Monahan spoke Thursday amid a display of weapons recovered in a raid of an apartment.



Corruption Case Ends in Acquittal

BY CORINNE RAMEY
AND JOSEPH DE AVILA

A federal jury found a former town supervisor on Long Island not guilty Thursday following a public-corruption trial in which jurors said they were struggling to reach a verdict for two other defendants.

John Venditto, former supervisor of the Town of Oyster Bay, was acquitted of 27 criminal counts, including bribery and extortion.

"We are thrilled with the verdict, acquitting Mr. Venditto of all 27 counts against him," said his lawyer, Marc Agnifilo, in an email. "It's a great day for him, his family and the jury system."

Mr. Venditto, a Republican, was on trial alongside former Nassau County Executive Edward Mangano and his wife, Linda Mangano. Mr. Mangano, also a Republican, is accused of bribery and extortion, and Ms. Mangano of obstruction of justice. Both Mr. and Ms. Mangano have denied wrongdoing.

Mr. Venditto was accused of helping local businessman and restaurateur Harendra Singh receive town backing for about \$20 million in loans he was seeking in exchange for discounted limo service and the use of a conference room in a restaurant basement. Additionally, prosecutors had argued Mr. Mangano promised county jobs to Mr. Venditto's associates in exchange for helping with the loans.

During the trial, Mr. Agnifilo

said any gifts Mr. Venditto received weren't bribes. "What kind of bribery case is this?" Mr. Agnifilo said in court in Central Islip, N.Y. "John Venditto got nothing of any significance."

Mr. Singh pleaded guilty and agreed to testify for the prosecution.

In 2017, in a related civil case, the Securities and Exchange Commission accused Mr. Venditto of defrauding investors by concealing the loan deals with Mr. Singh.

"The unusual decision at the highest levels of the Town to go

'We are thrilled with the verdict, acquitting Mr. Venditto of all 27 counts against him.'

to such great lengths to assist a vendor was a result of the Concessionaire's long and close relationship with Town and Nassau County officials, which the Concessionaire had cultivated, in part, by providing various forms of gifts, bribes, kickbacks, and political support to those officials," the SEC complaint said, referring to Mr. Singh as "the Concessionaire."

The SEC case is pending. Mr. Venditto has denied wrongdoing. Mr. Agnifilo said that the SEC charges were the same as those of which his client was just acquitted.

Political Neophyte Gets GOP Nomination for AG

BY JOSEPH DE AVILA

New York Republicans on Thursday tapped political newcomer and Manhattan attorney Keith Wofford as their candidate for state attorney general at the party's nominating convention.

The Republican candidate is running for the position formerly held by Eric Schneiderman, the state's former top le-

gal officer who resigned earlier this month following allegations of assault, which he denies.

Mr. Wofford, the first African-American Republican nominee for attorney general in New York, is considered the underdog in the general election matchup. Republicans have failed to win a statewide race since 2002, and the last GOP attorney general left office in 1998.

"Voters are going to recognize that any machine candidate will lack credibility to clean up collusion and corruption in the government," said Mr. Wofford, who has never run for public office. "It's not about party affiliation. It's about who can do the job."

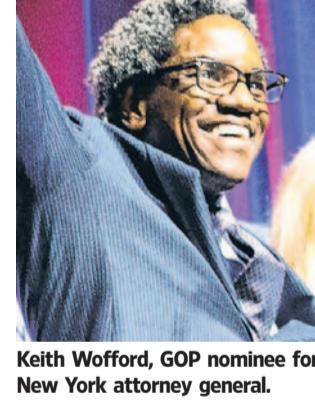
Republicans said Mr. Schneiderman's scandal presents the party with a rare opportunity for a statewide win.

"Three weeks ago the political world was shocked by the news of disgraced Attorney General Eric Schneiderman's resignation," said Nicholas Langworthy, chairman of the Erie County Republican Party. "It was a celebratory day in the Republican Party."

Mr. Wofford beat out a crowded field of GOP candidates, including Thomas Humbach, an attorney from

Rockland County, and Randy Elf, an attorney from Chautauqua County. His closest rival was Joe Holland, an attorney and a minister who grew up in Auburn, N.Y.

New York Democrats on Wednesday nominated New York City Public Advocate Letitia James. She is the favorite to win the general election in November in the Democratic-dominated state.



Keith Wofford, GOP nominee for New York attorney general.



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GREATER NEW YORK

N.J. School Bus Driver Is Charged In Crash

BY ZOLAN KANNO-YOUNGS

The 77-year-old driver of a Paramus, N.J., school bus involved in a collision that killed a fifth-grade student and a teacher was charged on Thursday with vehicular homicide, according to the Morris County Prosecutor's office.

Hudy Muldrow, of Woodland Park, N.J., was driving the bus with 38 students and seven adults from the Paramus East Brook Middle School toward the historic Waterloo Village on May 17.

While traveling west on Interstate 80 in the Mount Olive Township, the driver allegedly turned the bus to the left to enter a restricted police turnaround lane, causing the bus to be "in an almost-perpendicular direction in relation to the lanes of travel," according to prosecutors.

A teacher and a fifth-grader were killed in the crash on Interstate 80.

A dump truck in the center lane of Interstate 80 then crashed into the bus, pushing it to the median of the highway.

A lawyer for Mr. Muldrow couldn't be reached for comment. Mr. Muldrow is being held at Morris County Correctional Facility and is expected to make his first court appearance on Friday.

Jennifer Marie Williamson-Kennedy, an educator in Paramus, was killed in the crash, along with a 10-year-old girl. Dozens of other passengers were injured.

Mr. Muldrow has a valid commercial driver's license and no active points on his license, according to a spokeswoman for New Jersey Motor Vehicle Commission. She said he was cited eight times for speeding between 1975 and 2001. He was cited once for careless driving in 2009.

EMAIL

Continued from page A9A

message. In the fall of that year, the Metropolitan Transportation Authority, which is controlled by Mr. Cuomo, threatened to reduce funding for the city's subway and bus systems.

"As with mayoral control of education, Andrew Cuomo is defiling any sense of decent,

BY CHARLES PASSY

So much for the big movies of the moment, such as "Deadpool 2" or "Avengers: Infinity Wars." At the Nitehawk Cinema in Brooklyn's Williamsburg neighborhood, film fans lined up last weekend for "Lost Highway," the surreal 1997 David Lynch picture involving sex, murder and a jazz saxophonist.

The showing was part of a tradition stretching back at least four decades in New York City: the midnight movie.

FOOD & CULTURE

At Nitehawk and a few other theaters, when the clock strikes 12 on Friday and Saturday nights, the programming typically gives way to off-kilter films often considered cult classics.

Nitehawk is putting on a series this summer, "A Brief History of Midnight," that looks at the history of midnight movies and celebrates their place in New York and cinematic culture. It opens this weekend.

"When you see a movie at midnight it becomes more of a communal experience," said Nitehawk programming director Caryn Coleman.

"When you're up that late, things become kind of weird."

"The Rocky Horror Picture Show," is often considered the ultimate midnight movie. The 1975 musical is typically accompanied by a stage show, and attendees should be prepared to get on their feet during "The Time Warp," the film's signature dance number.

New York gave rise to the "Rocky" tradition in the '70s at the Waverly Theater (now the IFC Center) in Greenwich Village. And while late-night screenings now can be caught in cities around the world, fans still come on the weekends to Cinépolis Chelsea, the Manhattan theater (formerly under different ownership) that has hosted the movie since 2003.

"We're carrying on the legacy," said Eric Garment, who helps direct the current

normal, high-road government left in New York State," Mr. de Blasio wrote to aides. "I need a proposal from you guys on how to punch back here."

A spokeswoman for Mr. Cuomo said Thursday: "No one is surprised that the mayor was attempting to organize underhanded political surrogate attacks."

Education

Emails from March 2015 showed City Hall scrambling to

fend off the possibility of state intervention in troubled schools. That spring, lawmakers in Albany empowered the state to appoint independent entities to take over chronically failing schools through a mechanism called receivership, if those schools didn't improve quickly.

"We have an iceberg ahead in receivership that we need to make sure we defeat or mitigate," wrote Emma Wolfe, a top aide of the mayor.

That spring, then Chancellor Carmen Farina was named receiver of the city's lowest performers, and avoided having them taken over by an outside agency.

Mr. Phillips said Thursday that the city's schools "have shown record progress and we were trying to protect that for our city's kids."

Public Relations

Mr. de Blasio and his staff also were seen to be repeatedly

frustrated by media coverage.

"The media wants to focus on death in all its forms and wants me to be present whenever death or grievous injury is involved," Mr. de Blasio wrote to aides in August 2015, as he faced criticism for going to the gym before visiting an injured firefighter.

The mayor said his options were "to surrender to them and just go to fires, crime scenes and memorials all day every

day — or we can govern."

As he planned two late summer trips that year to watch the New York Mets alongside elected officials at Citi Field, Mr. de Blasio said: "I'm sure the media will conclude I have no work ethic and don't care about the serious work of being mayor. And I wish I was joking, but I'm not entirely." He added: "Oh, and I'm a red sox fan. So it may be a comms weekend disaster. And I'm used to it."

GREATER NEW YORK WATCH

NEW JERSEY

Statehouse Fix-up About One-Fifth Done

The nearly \$300 million renovation of New Jersey's hazard-filled and timeworn statehouse is nearly one-fifth complete, with a target date of 2022.

State Treasurer Elizabeth Muñoz and Building Authority Executive Director Ray Arcario led a group of reporters Thursday on a tour of the building, part of which dates to 1792.

About a year into the renova-

tion kicked off by former Gov. Chris Christie, New Jersey has secured about \$38 million in contracts so far, according to documents obtained by the Associated Press and confirmed by the Treasury.

Mr. Christie had estimated the project would take four years. Treasury officials said Thursday it is slated to be done in 2022, five years after work began. The project will restore historically significant parts of the building that had been walled over through the decades, Mr. Arcario said.

— Associated Press

CONNECTICUT

Ex-Governor to Be Freed From Custody

A former Connecticut governor who was twice convicted on felony charges is scheduled to be released from federal custody.

The Federal Bureau of Prisons says former Gov. John Rowland will be released from a halfway house Sunday, nearly a year early from his 30-month sentence. The 61-year-old Republican had been transferred to the halfway house from a prison

camp in Pennsylvania.

Federal officials previously declined to explain Mr. Rowland's early release, citing privacy laws. A message left with the prisons bureau wasn't immediately returned Thursday.

Mr. Rowland was convicted in a corruption scandal that forced him to resign from the governorship in 2004 and sent him to prison for 10 months.

He was convicted in 2014 of plotting to hide political consulting roles through sham contracts in two failed congressional campaigns.

— Associated Press

JERSEY SHORE

Beaches Are Ready For Summer Crowds

Despite what seemed like an unusually stormy winter, New Jersey's beaches emerged in good shape, even after a series of March storms collectively dubbed the "Fouraster."

State environmental officials and a coastal engineering expert made the assessment Thursday in Asbury Park ahead of the Memorial Day weekend. "I'm happy to say that the beaches for this summer are in great shape," said Catherine McCabe, New Jersey's acting commissioner of environmental protection.

Jon Miller, of Stevens Institute of Technology, said the four March storms together qualified as the fifth most-significant storm during the last 34 years.

— Associated Press

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Above: Newhouse upholstered headboard in white or black top-grain leather. Reg. \$2899-\$3399. Now from \$1199.20.

Above: Barcelona solid mahogany platform bed. Available with or without built-in drawer option. Reg. \$3359-\$6399. Now from \$1663.20.

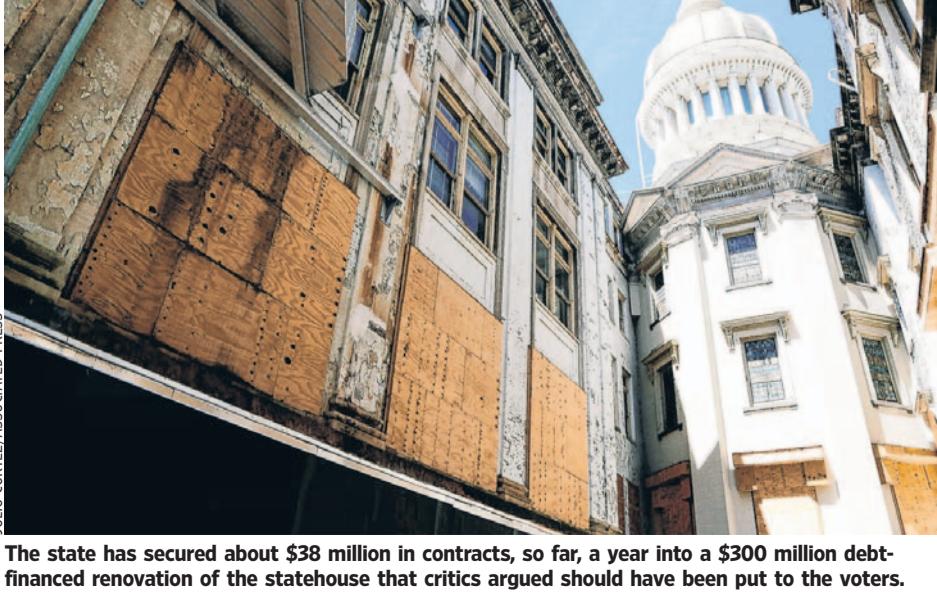


Above: Cottage twin trundle bed in antique white or wrought iron. Reg. \$1559. Sale \$779. Now \$701.10. Optional trundle stores a second mattress underneath.



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The state has secured about \$38 million in contracts, so far, a year into a \$300 million debt-financed renovation of the statehouse that critics argued should have been put to the voters.

LIFE & ARTS

FILM REVIEW

By Joe Morgenstern

Darkness Under the Spanish Sun



Laia Artigas in 'Summer 1993'

MUCH OF THE MAGIC of being a movie star lies in stillness—reacting subtly, or not at all, while the audience projects what it will onto your face. Laia Artigas doesn't qualify as a star quite yet; she plays Frida, the 6-year-old heroine of "Summer 1993," in Spanish with English subtitles. But her sweet, still features tell a tale of torment and growth in this autobiographical, and startlingly astute, debut feature by Carla Simón.

Before the movie begins, Frida's life has been transformed by two deaths—her father's, and then her mother's, both for reasons unknown to her. (In the year of the title, few understand the AIDS virus and no one speaks freely of its ravages.) As she sits in her mother's apartment in Barcelona, watching its contents being put in moving boxes, her expression could be mistaken for calmness, but it's a detachment that will color her behavior for weeks and months to come in the radiant surroundings of the Catalan countryside. That's where her aunt and uncle live—Marga and Esteve, played respectively by Bruna Cusí and David Verdaguer—and where Frida finds a new home that would be, in other circumstances, heaven on earth for a bright little girl from a big city.

For a while it seems as if Frida may be taken out of herself by the summer's seductive beauty. Marga and Esteve are young and welcoming, and their 4-year-old daughter, Anna (Paula Robles), is happy to have a new big sister to play with in the meadows and hills surrounding the house. But Ms. Simón isn't one to settle for easy enchantment. She finds in Frida—and clearly recalls in herself—a fragile soul struggling to recover from shattering injury. This child, feeling isolated and unloved, becomes secretive, devious and manipulative, even dangerous.

"Summer 1993," which was photographed with warmth and unswerving intensity by Santiago Racaj, is about the secret recesses of children's minds. For all their caring and generosity, Marga and Esteve can't begin to imagine what Frida is feeling, or, for that matter, what transpires in the fantasy life shared by Frida and their own tender, vulnerable Anna. The film can be manipulative in its own right: I felt transfixed and put upon, in equal measure, by a relentless sense of danger. (Who knew that a hair dryer could cast such a dark shadow?) But Ms. Simón, who has used both of her young performers to powerful effect, also wants us to know how resilient children can be. Some creatures are able to grow new limbs. Frida, given more than half a chance after demanding it, achieves something no less remarkable. She grows new joy and hope.

TOP LEFT: OSCILLOSCOPE LABORATORIES



AMAZON PRIME VIDEO (3)

TELEVISION REVIEW | By John Anderson

A 'Picnic' That's No Walk in the Park

AUDIENCES DON'T need happy endings. They don't even need endings: Peter Weir's "Picnic at Hanging Rock" has been a cult favorite since the '70s, despite leaving its Down Under mystery up in the air and its blond-bonneted, Renoir-ish women lost among the venomous snakes, poisonous ants and whatever dreadful fate might befall one in feral Australia.

What viewers will be wondering as they approach Amazon's new "Picnic at Hanging Rock" are two things: How did they blow up Joan Lindsay's 1967 novel—and/or Mr. Weir's purely atmospheric film—into a bingeable six-part series? And is there an ending? Regarding the second question, yes there is: Mr. Weir's 1975 film was based on Lindsay's novel as originally published; Larysa Kondracki, the woman behind the new series, has adapted the resolution that Lindsay initially wrote, but which was excised by her publisher—an act of editorial brilliance, as it turns out, since it gave both novel and movie their literal cliff-hangers. The new version is far more satisfying, albeit in a far more conventional fashion.

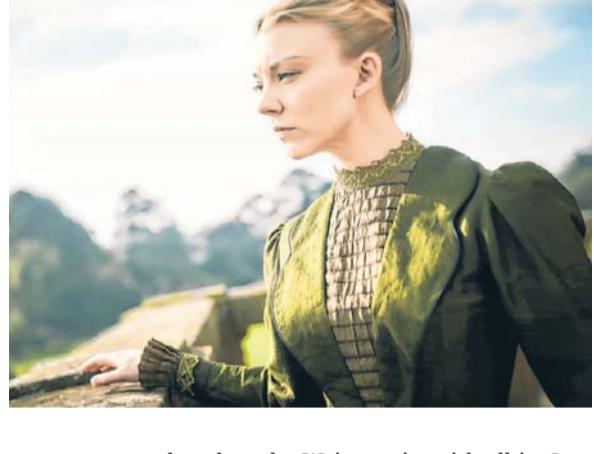
As for the first question, Ms. Kondracki and writers Beatrix Christian and Alice Addison have, not unexpectedly, expanded the characters, added background, episodes and flashbacks and also framed the entire

mystery in another mystery: Who is Mrs. Appleyard? As portrayed by "Game of Thrones" player Natalie Dormer (in the role originated by Rachel Roberts), she has no more business running a finishing school for privileged young women than would, say, Crocodile Dundee. But in escaping her Dickensian past—imagine if Nancy had betrayed Bill Sykes and then fled to Australia—she's an accomplished con artist who exploits the Australian weakness for imported English snobbery, a subtext not just of this series, but of Mr. Weir's film, the novels of Peter Carey, the criticism of Robert Hughes, and something that underlies the national psychology of Australia.

The skeleton of the plot is essentially the same: On Valentine Day 1900, the girls of Appleyard College travel by horse cart to Hanging Rock, a geological formation whose ominous qualities are more than just imagined: There's a magnetic power to the stone that stops everyone's watch and might, it is suggested, cast an emotional spell on suggestible young women. Four of them and a teacher, Miss McCraw (Anna McGahan), wander up the rocks. They don't come back.

It's in the visual treatment of the young women, doomed and otherwise, that Ms. Kondracki makes her most radical and pointed departure from Mr. Weir. Viewed now, the 1975 film seems a creepily voyeuristic exemplar of the male gaze, its teenage characters worshiped by the camera to an extent thoroughly objectifies and reduces them to not-so-subtly erotic décor. In Ms. Kondracki's version, the women feel impaled, or at least imposed on, by that gaze, and by a pervasive, predatory sexuality that's more than just implied—one of the women puts a pitchfork through a would-be rapist's foot in the opening episode, which is, of course, a satisfying moment, but one that also sets a tone for an adaptation far

Ruby Rees, Samara Weaving, Madeleine Madden and Lily Sullivan (above), Natalie Dormer (below) and Yael Stone (below left) in 'Picnic at Hanging Rock'



starker than the Weir movie, with all its Impressionist compositions.

The principal characters make their own statements: Samara Weaving is the blonde, beautiful Irma Leopold, a Rothschild heiress ("Pity she's a Hebrew," mutters one local); Madeleine Madden is the mixed-race Marion Quade ("Justice Quade's bastard," snipes another); the central character, fresh off her family's North Queensland cattle station, is Lily Sullivan's tomboyish Miranda Reid. There are more than just a few Sapphic suggestions here, along with the religious lunacy, sadism, hallucinations, magic realism and a visual vocabulary rooted in horror.

The original "Picnic" was, in fact, regarded as a horror film by many, who found its muted eroticism and lack of resolution unsettling, even disorienting. The new version is otherworldly in its own way, but won't quite leave you dangling.

Picnic at Hanging Rock

Friday, Amazon Prime



THEATER REVIEW | By Terry Teachout

DISAPPEARING SISTER ACT

New York STEPHEN ADLY GUIRGIS's progress as a playwright is one of the happiest theatrical stories of the past decade. From the flabby, sophomoric antics of "The Last Days of Judas Iscariot" in 2005 to the taut discipline of "Between Riverside and Crazy," which won and deserved a Pulitzer in 2015, Mr. Guirgis has come a long, long way, all of it in the right direction. So it's interesting to look back at "Our Lady of 121st Street," the 2002 play that helped establish him as an up-and-comer, and reflect on how he got from there to here. "Our Lady" has just been revived by Signature Theatre in an off-Broadway production directed by Phylicia Rashad, whose acting credentials need no repeating but who is now trying her hand as a stage director (this is her New York debut). The results, if uneven, are mostly pleasing, and the play it-

self, of which much the same could be said, comes through with all sails billowing. It isn't perfect, but it's smart and touching—and fun.

The title character of "Our Lady of 121st Street," a Harlem nun, is never seen. Literally: Sister Rose died shortly before the play gets under way, and her corpse has been stolen from the funeral home where it was being viewed prior to burial. While what happens to it is a plot development that I must keep under wraps, it's not the point of the play, which consists of a string of blackouts in which we meet her mourners, most of whom were once her students and all of whom have come to her wake to send her off in style. In the hands of a less talented playwright, this cumulation would lead to a steady accumulation of gooey she-touched-my-life sentimentality, but Mr. Guirgis is hunting bigger game,

and it soon emerges that Sister Rose's mourners have problems of their own. They are, in fact, a gaggle of screw-ups and injustice collectors, most of whom have a shared tendency to shout obscenities in moments of stress, quite a bit more often than not the 12-letter word that Mr. Guirgis famously splashed across a Broadway marquee when "The Motherf**ker With the Hat" (our asterisks, not his) opened in 2011.

I regret to say that I can't quote very many of Mr. Guirgis's punchlines without laundering them beyond recognition, depending as they do on the precisely timed detonation of the obscenities with which "Our Lady of 121st Street" is strewn. (This one passes the Journal's propriety test: A closeted gay man who is trying to act straight in front of a woman from his old neighborhood is in-



Joey Auzenne and John Procaccino in 'Our Lady of 121st Street'

roduced as "Goliath Muscleton" by his disapproving lover.) So you'll just have to take my word for it when I tell you that "Our Lady" is one of the funniest plays I've ever seen—or, rather, one of the funniest acts, since things get serious after intermission as we

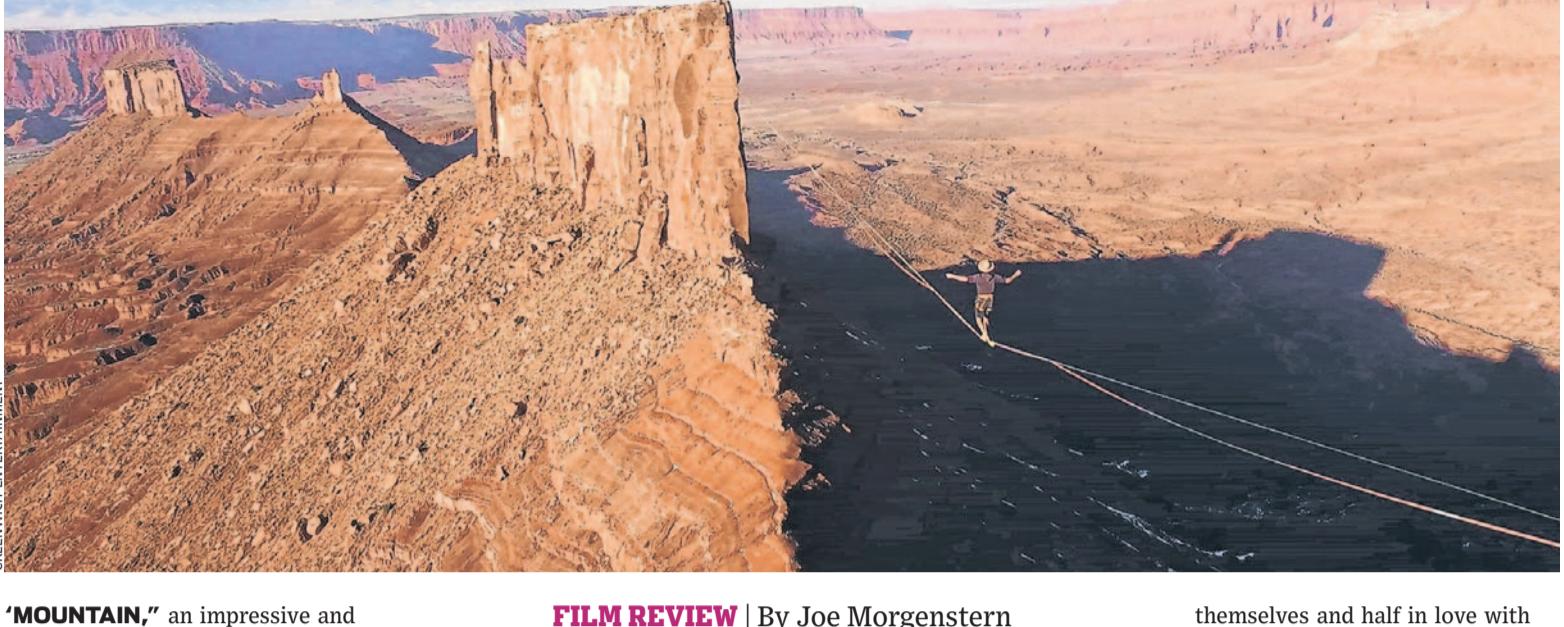
come to know the characters and to realize how troubled they are.

The problem with "Our Lady of 121st Street," as you surely already suspect, is that it's essentially plotless. No matter how funny you are, it's tough to keep a plotless

Please see THEATER page A11

LIFE & ARTS

High-wire walker over a canyon in Jennifer Peedom's documentary



'MOUNTAIN,' an impressive and self-impressed documentary by Jennifer Peedom, has some of the best speck shots you could imagine—not spec as in speculation, though the film offers plenty of that on the subject of why human beings choose to climb tall peaks, but speck as in the size of a human seen against a stupendous alpine landscape.

Three centuries ago, notes the narrator—Willem Dafoe reading a text by the director and Robert Macfarlane—climbing a mountain would have been considered an act of lunacy. Why, then, do people do it now? One answer is a growing need for transcendence—escaping the constraints of modern life by

FILM REVIEW | By Joe Morgenstern

'MOUNTAIN': SUCH GREAT HEIGHTS

rising to the sort of challenge that Renan Ozturk's camera depicts in sequences of almost hallucinatory beauty. (The aesthetic ante is upped further by Richard Tognetti's music.) But why are so many climbers clambering up and around our planet's limited stock of peaks? Because they can, thanks

to a revolution in high-tech equipment. And because it's in fashion. Some lemmings go over cliffs; others go up them. On this subject "Mountain" rises up in indignation. Exploration, it observes, has turned into queuing and crowd control. "Many who travel to mountaintops are half in love with

themselves and half in love with oblivion."

One could say that Ms. Peedom and Mr. Macfarlane want to have it both ways by denouncing in words what they celebrate in spectacular images: a high-altitude invasion that includes athletes performing at the extremities of physical possibility. And some of the words can be as grandiose as narrative writing in the golden age of radio. Yet many of the images, served up as an abstract dreamscape during the film's latter stretches, amount to a benediction. "Mountain," which goes into national distribution this week, reminds us that mountains "restore our wonder; more than ever we need their wildness."

TELEVISION REVIEW | By John Anderson

'John McCain': Live-Action Obituary

GIVEN THE HEALTH of the six-term senior senator from Arizona, "John McCain: For Whom the Bell Tolls" is basically a live-action obituary. And it seems burdened with an unnecessarily ghoulish title—until the senator himself reveals that the Hemingway novel is his favorite book and its central character, Robert Jordan, his lifelong personal hero. It's characteristic of the documentary that no one raises the point that Robert Jordan fought for the Communists in the Spanish Civil War. Kindness is the movie's calling card, and there's enough irony in the McCain story already.

Directed by Peter Kunhardt ("Jim: The James Foley Story") and his sons George and Teddy, "For Whom the Bell Tolls" is a slightly less-than-worshipful tribute to Sen. McCain, who is dying of brain cancer yet agreed to cooperate with what is essentially a warts-and-all portrait. George W. Bush might get

off the hook for his team's infamous black-child smear of Sen. McCain during the 2000 presidential campaign, but the senator himself is moored to the film's core thesis: that whenever he went astray, it was because he failed to follow his better instincts.

He makes the case himself regarding his membership in the infamous "Keating Five" during the 1989 savings-and-loan scandal, and for making wishy-washy statements about the Confederate battle flag while on the campaign trail. He's criticized for certain stances he's taken for political expediency and for picking Sarah Palin as a running mate in 2008. He cooperated fully in the movie, by all indications, so he obviously approves of the message.

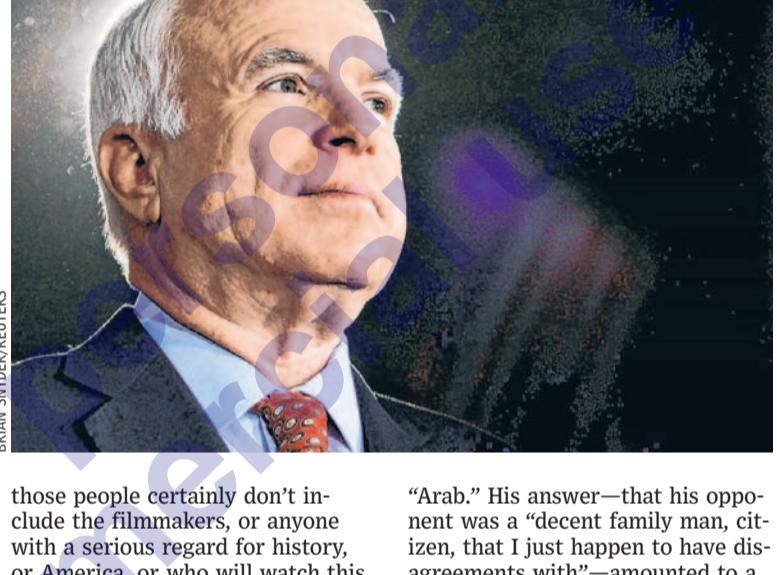
But as the Kunhardts make clear, that's the stuff their subject is made of. There are some who don't regard Sen. McCain as a hero, but

those people certainly don't include the filmmakers, or anyone with a serious regard for history, or America, or who will watch this movie. There are reasons that one might differ with his politics, but there's no disputing his accomplishments, or his moments of bravery—that five-year moment in the Hanoi Hilton, for instance, or the time he answered to a woman on the 2008 campaign who "accused" Barack Obama of being an

"Arab." His answer—that his opponent was a "decent family man, citizen, that I just happen to have disagreements with"—amounted to a remarkable exchange, one that would be more remarkable now, and is one of the many reasons, as the film makes clear, that America will miss John McCain.

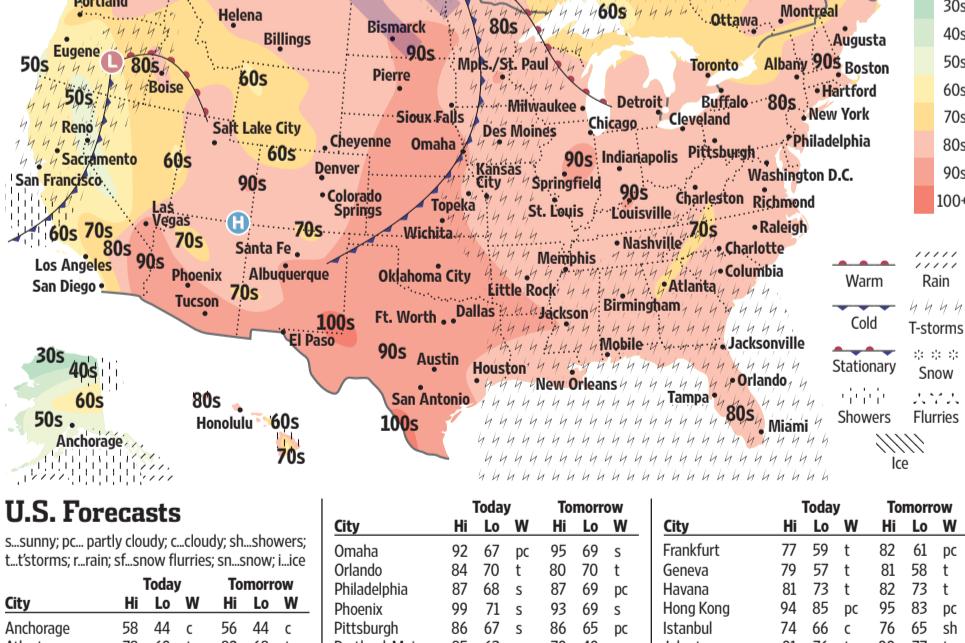
John McCain: For Whom the Bell Tolls

Monday, 8 p.m., HBO



John McCain at a campaign rally in 2008

Weather



U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	58	44	c	56	44	c
Atlanta	78	69	t	82	68	t
Austin	93	70	s	94	68	t
Baltimore	87	69	s	88	69	c
Boise	86	57	pc	69	52	t
Boston	87	66	s	84	53	t
Burlington	83	62	pc	76	59	t
Charlotte	83	69	c	83	68	c
Chicago	89	69	s	90	69	t
Cleveland	85	65	s	87	66	t
Dallas	94	73	s	95	75	pc
Denver	86	56	pc	91	57	s
Detroit	87	65	s	87	66	t
Honolulu	85	74	s	85	73	c
Houston	89	70	t	91	71	pc
Indianapolis	88	69	s	88	67	pc
Kansas City	82	67	t	91	69	s
Las Vegas	90	64	s	83	66	pc
Little Rock	88	68	t	91	70	pc
Los Angeles	68	57	sh	70	58	sh
Miami	81	74	t	80	74	t
Milwaukee	86	67	s	87	66	pc
Minneapolis	90	69	pc	94	70	s
Nashville	89	69	pc	88	68	t
New Orleans	87	72	t	88	73	t
New York City	87	69	s	88	68	pc
Oklahoma City	91	65	s	91	67	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	74	59	t	79	60	pc
Athens	85	69	pc	84	68	t
Baghdad	104	76	s	104	80	pc
Bangkok	89	76	t	91	78	c
Beijing	90	65	s	87	59	s
Berlin	78	57	p	78	57	pc
Brussels	76	59	t	81	62	pc
Buenos Aires	65	48	pc	65	51	s
Dubai	102	85	s	99	85	pc
Dublin	64	50	pc	63	51	c
Edinburgh	64	48	pc	64	45	s

The WSJ Daily Crossword | Edited by Mike Shenk



GOING HEAD-TO-HEAD | By Matt Gaffney

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

Cross

- 1 Score more points than
- 5 J.Lo show, once
- 9 Ticker symbol for a YHOO rival
- 13 Roughly
- 14 Remember
- 15 Subject of the 2002 book "The Perfect Store"
- 16 Doesn't buckle under pressure
- 19 Jabbing king
- 20 Clear
- 21 Electron beams

► Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, May 27. A solver selected at random will win a WSJ mug. Last week's winner: Don Engleman, Cincinnati, OH. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)



Quincy Tyler Brunstine and Hill Harper

THEATER

Continued from the prior page comedy in motion—especially a serious one. Mr. Guirgis has since learned this lesson, and one of the reasons why "The Motherf***er With the Hat" and "Between Riverside and Crazy" are so superior to "Our Lady" is that they are meticulously plotted exercises in dramatic storytelling in which the laughter is as much situation-driven as character-based. It's a tribute to his inborn talent that he manages to make "Our Lady" work in spite of its aimlessness, and it's no less a tribute to this well-cast revival that everybody in it, from the marvelous Quincy Tyler Bernstein right down the roster, makes a sharp and strongly flavored impression.

The cast, in fact, is so excellent that its 12 members contrive to overcome certain problems that I suspect are rooted in Ms. Rashad's comparative directorial inexperience. You'd think that an actor who spent eight years starring in "The Cosby Show" would be more at home in comedy, but the first act of "Our Lady" is too loosely timed to be as funny as it could be. It doesn't help that Walt Spangler, the set designer, has spread the action of the play across the full width of Signature Theatre's Irene Diamond Stage: Comedy, like a nuclear warhead, requires a certain amount of compression in order to go off. The good news is that Ms. Rashad's staging takes wing as soon as the play gets serious, and the actors are so fine that the first act still works much more than well enough. So don't be put off by my critical reservations: This one is definitely worth seeing, especially if you're in need of a truckload of laughs.

Our Lady of 121st Street

Irene Diamond Stage, Pershing Square Signature Center, 480 W. 42nd St. (\$30 through June 10, then \$35-\$55), 212-244-7529, extended through June 17

Mr. Teachout, the Journal's drama critic, is the author, most recently, of "Billy and Me." Write to him at teachout@wsj.com.



IMAC PITAC CAPOS
TADA EMIT CARNE
TABLETOPS SMITE
LIAR SIB IMAM
CHOPSAW GALLOPS
YACHT HINTON
ARKS DIT BEETS
NEE COPSHOW ALL
MRBIG MAY HUTU
AGREES SATIN
COOPSUP POPSONG
HILL NOR DAHL
ALLIN COVERTOPS
SEIZE HOMO AGER
TREED SKIN GYRO

SPORTS

STANLEY CUP

The Vegas Golden Knights Beat the Odds

In Las Vegas, the city where anything can happen in a given night, the Knights became one of hockey's best teams overnight

BY ANDREW BEATON

THERE'S AN inescapable question hanging over the Stanley Cup Finals. It's equal parts absurd, confounding and magical. And it's definitely not simple. That's because there's nothing simple about something that's unprecedented.

How did the Vegas Golden Knights get to the Stanley Cup Finals?

This is not supposed to happen. The Knights are an expansion team, playing their first season. Expansion teams are, by tradition and reality, almost universally terrible. Vegas was expected to be especially terrible as they introduced the NHL to a sweltering city where the only ice people cared about had been melting in watered-down cocktails.

Instead, the Knights took their unofficial mandate to stink and crushed it under the weight of all the NHL's Zambonis. Facing off against the Washington Capitals in a finals that begin on Monday night, they are four wins away from winning the Stanley Cup. The only thing crazier than that: Vegas is the favorite.

Teams go decades without making it this far. (Just ask Toronto Maple Leafs fans.) They craft intricate plans, embrace painful rebuilds and believe that their processes will, perhaps in a matter of years, yield a moment like this. In Las Vegas, the city where anything can happen in a given night, it happened overnight.

There isn't just one explanation for how this astonishing fantasy became a reality. But it begins with an expansion draft where the Knights were gifted one of the league's most valuable players—and others who unexpectedly morphed from nobodies into stars. And then it entered the one place more conducive to mayhem than any other in sports: The NHL playoffs, where a wacky format routinely produces wild outcomes.

The expansion draft last June transformed the Knights from a hypothetical hockey team into a real hockey team with an actual roster of players. The Knights were allowed to pick one player from every team, after each of those teams exercised the right to protect an assortment of their best players from being drafted.

The limits on protecting players were slightly more favorable to the Knights than the last time the NHL held an expansion draft, in 2000, when the Columbus Blue Jackets



The Vegas Golden Knights celebrate after beating the Winnipeg Jets to advance to the Stanley Cup Finals.

DAVID LIPNOWSKI/GETTY IMAGES

and Minnesota Wild entered the league. Neither of those teams has ever reached the Stanley Cup Finals.

"It was a brilliant move to give an expansion team better rules to work with," said George McPhee, the Knights' general manager. "The business of an expansion team taking it on the chin for several years is something that no one wants."

From the outset, Vegas was guaranteed a strong goalkeeper. The Pittsburgh Penguins had two of them, Matt Murray and Marc-Andre Fleury, and could only protect one.

They chose the younger Murray. On top of that, Pittsburgh gave Vegas a second-round draft pick to ensure they took the 33-year-old Fleury, whose salary was seen as a waste on a team with another elite goaltender. So the Penguins didn't just let Knights take Fleury. They gave up a valuable draft pick to guarantee that Vegas would take him and not someone else on their roster.

Fleury then proceeded to turn in one of the best seasons among

goaltenders in the entire NHL this year. This postseason, he has been particularly dominant: He has recorded four shutouts—two more than any other goalie so far—while allowing just 1.7 goals per game.

But even with Fleury, the Knights were expected to struggle. Most of the players they could pick weren't first-line, or even second-line, players. "No one could have predicted that things would have turned out this well," McPhee said.

Now they're not unknown because they definitely surprised. These players didn't look like the expendable, middling talents they were supposed to be. William "Wild Bill" Karlsson had never scored 10 goals in a season. He netted a team-high 43 for the Knights, the third most in the NHL. David Perron led the team with 50 assists—or nearly as many as he had in the previous two years combined. Jonathan Marchessault's 75 points were more than he had in his entire four-year career. The

team of misfits, to everyone's surprise, fit together exceptionally.

By the time the regular season ended, it was clear the Knights were good. They had 109 points, the third-most in the Western Conference, but were believed to be a tier below the league's top two teams: The Nashville Predators and Winnipeg Jets.

Just making the playoffs was a bewildering accomplishment. Previously, the Florida Panthers had the best season for an expansion team, according to Stats LLC, in 1994. They finished below .500. Hockey also has something other major sports don't have: playoffs that routinely spin off the rails. A No. 1 seed hasn't won it all since 2013.

There's a reason these playoffs are so anarchic in a way that directly benefited the Knights: the format. The structure places the best teams from each division in the same part of the bracket. That means when the two best teams in the conference play in the same di-

vision, which happens frequently, their reward is to beat each other to a pulp in the second round.

That's exactly what happened. Nashville and Winnipeg met in the second round and duked it out in a bruising, seven-game series. The result: Vegas didn't have to go through both of the best teams in its conference to get to the final—they only had to play the Jets, who had just one day off before facing the Knights. Vegas won the Western Conference final in five games.

Now the Knights will face off against the Capitals to try to make even more history. Whether or not the Knights win it all, they likely aren't going anywhere. Most of their best players, except Fleury, are in their mid-20s, or even younger. And the Knights have a windfall of draft picks coming from deals like the one that netted them Fleury in the expansion draft. Which means other teams paid the Knights to take the players that formed a Stanley Cup finalist.

TENNIS

THE LAST STAND FOR A GOLDEN AGE

BY TOM PERROTTA

SINCE 2005, when Rafael Nadal won his first Grand Slam title at the French Open, men's tennis has been dominated by five players. From then until now, the fabulous five—Nadal, Roger Federer, Novak Djokovic, Andy Murray and Stan Wawrinka—have won 50 Grand Slams. Other men have won just two.

When you look at that on paper, it seems like a mistake, an impossible feat. It has lasted longer than anyone could have imagined, and more than any of those players could have hoped. But as the French Open is set to begin this weekend in Paris, there is finally a crack at the top of men's tennis, one that seems likely to, at long last, change the scene for good.

To put it mildly: Men's tennis is being blown to pieces.

At the Australian Open, Federer looked, remarkably, like his young self, despite the age of 36. Nadal, 32 years old, is the all-time master of clay, and won the U.S. Open last year, for the third time in his career. But the other three men are frequently down or out, and in ways that suggest this is perhaps the end of this dominant group, rather than a mere interruption to the final chapter.

"I don't think they'll come back and dominate like they did," said Paul Annacone, a former Federer coach who now appears on the Tennis Channel.

The sport has a lot on the line as the most dominant group of players in tennis history begins to fragment. They have been crucial to audience interest in tennis, and their injuries and absences drive fans away.

At the U.S. Open in 2015 and

2016, for example, finals featuring Federer, Djokovic, Nadal, and Wawrinka averaged a 98% higher rating than the 2017 final that had just one of the four, according to ESPN. In ESPN's Wimbledon finals, from 2012 to 2017, a match between two of the men's five stars averaged 70% higher than a match with just one. The highest-rated Wimbledon in recent memory, according to Nielsen, came in 2009, when Federer beat American Andy Roddick in five sets. More than 5.7

As the French Open is set to begin, there is finally a crack at the top of men's tennis.

million watched. Close to that, at 5.2 million, was the 2008 five-set final when Nadal beat Federer.

One of the worst ratings at a Grand Slam final came in 2014, when Marin Cilic beat Kei Nishikori at the U.S. Open. For CBS, that match had the lowest rating of all the U.S. Open finals the network had broadcast for 46 years.

The tennis world is bracing for the generational transfer of power that is about to happen. Chris Widmaier, a spokesman for the U.S. Tennis Association, said there are realistic worries about the upcoming years, unless young stars develop.

"When you go from an unprecedented golden era of performance and go to the unknown, it's always disconcerting," Widmaier said.

"But nature abhors a vacuum, so talent will always fill in."

Chris Kermode, president of the



Novak Djokovic, left, and Rafael Nadal after a match at the Italian Open on May 19.

TIZIANA FABI/AGENCE FRANCE PRESSE/GETTY IMAGES

ATP World Tour, said he had no concern about the future, even if Federer and Nadal suffer more injuries or retire soon.

"It has been an unusual decade and what these guys have achieved over the past decade has been unprecedented," Kermode said. "But I'm very confident that the sport has a habit of continually producing stars. The same questions were asked at the end of the Bjorn Borg and John McEnroe era."

Among the big stars, Djokovic, who this week turned 31, has slumped the most, especially since his first French Open title in 2016. He has suffered with pain in his right elbow, and just recently, he says, had it fixed with a small operation.

His confidence was recently low, much like when he struggled after winning his first Grand Slam title in 2008. Djokovic, ranked No. 22, sometimes looks like he is finding his game, but he's still inconsistent and well behind Nadal.

Andy Murray, a week older than Djokovic, had hip surgery in January and hasn't played since Wim-

bledon last year. His ranking has fallen to No. 45 and will continue to drop, meaning Murray could play anyone—including Federer—in the first round at Wimbledon, if he comes back by then, as planned.

He hasn't played in a Grand Slam final since Wimbledon in 2016, which he won.

Wawrinka, 33, has had two surgeries on his knee and is yet to fully recover. Wawrinka won a phenomenal French Open in 2015, when he beat Federer in the quarterfinals and then upset Djokovic in the final. Wawrinka lost his first match in Rome this season and his chances of being in top form for the French Open are slim.

With all these injuries, it's natural to wonder if tennis has become more brutal. In reality, the lack of injuries among these dominant players for so many years was rare. They stayed in shape and owned the tour for 11 years, unheard of in men's tennis. And even now, with the injuries giving other players a chance, Federer and Nadal are still in control. One of

those two has won the last five Grand Slam titles, and Nadal will be the heavy favorite in Paris.

The real question now is: Do the young players have what it takes?

The current class of young men, in their early 20s or younger, do have substantial talent. There's Alexander Zverev, who recently won his third Masters title, on clay in Madrid, and then came within three games of beating Nadal in the Rome final. Hyun Chung, a fast 21-year-old, reached the semifinals at this year's Australian Open. Two 19-year-olds—Denis Shapovalov from Canada and Stefanos Tsitsipas from Greece—have flare and hit stylish one-handed backhands.

But Zverev has struggled at the Slams and the others need more fitness to compete full-time. Another clay expert, 24-year-old Dominic Thiem, has beaten Nadal on the surface, but hasn't come close at the French Open.

"Who is going to be the one to jump in there?" said Brad Gilbert, the former coach of Andre Agassi and now an announcer for ESPN.

OPINION

The Real Constitutional Crisis



POTOMAC WATCH
By Kimberley A. Strassel

Democrats and their media allies are again shouting “constitutional crisis,” this time claiming President Trump has waded too far into the Russia investigation. The howls are a diversion from the actual crisis: the Justice Department’s unprecedented contempt for duly elected representatives, and the lasting harm it is doing to law enforcement and to the department’s relationship with Congress.

The conceit of those claiming Mr. Trump has crossed some line in ordering the Justice Department to comply with oversight is that “investigators” are beyond question. We are meant to take them at their word that they did everything appropriately. Never mind that the revelations of warrants and spies and dirty dossiers and biased text messages already show otherwise.

We are told that Mr. Trump cannot be allowed to have any say over the Justice Department’s actions, since this might make him privy to sensitive details about an investigation into himself. We are also told that Congress—a separate branch of government, a primary duty of which is oversight—cannot be allowed to access Justice Department material. House Intelligence Committee Chairman Devin Nunes

is being stonewalled on at least three inquiries. The House Judiciary and Oversight committee chairmen required a full-blown summit in April with Justice Department officials to get movement on their own subpoena. The FBI continues to block a fuller release of the House Intelligence Committee’s Russia report.

Ron Johnson, chairman of the Senate Homeland Security and Government Affairs Committee, participated last week in a three-day summit with Pope Francis to discuss coverups of sexual abuse committed by their nation’s clergy. Then something unprecedented happened: Together they handed in their resignations to the pope, “so that he can freely decide for each one of us” what their futures would be.

This saga began in 2011, when the Vatican removed Fernando Karadima, a prominent Chilean priest, from ministry for having abused minors. Several victims accused Bishop Juan Barros, a Karadima protégé, of having witnessed the abuse and doing nothing to stop it. Earlier this year, while visiting Chile, Pope Francis labeled the charges against Bishop Barros “calumny.” The pope later apologized and appointed a high-ranking Vatican official to travel to the country and investigate the victims’ claims. The pontiff then summoned the nation’s bishops to Rome for last week’s meeting.

This isn’t the first time a group of bishops has been called to the Vatican to answer for mishandling sexual abuse. In 2002 Pope John Paul II summoned every U.S. cardinal to Rome after revelations of clergy abuse, starting in the Archdiocese of Boston, convulsed the American church.

One of the survivors of Father Karadima’s abuse, Juan Carlos Cruz, tweeted that *la historia cambió*—history changed. It should have changed in the U.S. 16 years ago.

The missing link in the church’s response to the sex-abuse crisis has been the accountability of bishops. Since 2002, Catholic leaders around the world have taken dramatic steps to prevent any priest credibly accused of sexual abuse from serving in active ministry. The U.S. Conference of Catholic Bishops set up the Office of Child and Youth Protection. The U.S. bishops also put into place a zero-tolerance policy toward abusers and required immediate reporting to civic authorities in the event of criminal activity.

Despite the anguish suffered by so many Catholics, only a few bishops resigned in the wake of the abuse crisis in this country. Cardinal Bernard Law stepped down in 2002 after his mishandling of cases in Boston, and two years later he was appointed as “archpriest” of the Basilica of St. Mary Major in Rome. What the Vatican considered a stunning come-down, many American Catholics saw as a soft landing.

Most Catholics would agree that any bishop found mishandling abuse claims or shuffling around abusive priests should be removed. Vatican authorities also would

have to make clear why. That might seem intuitive, but it hasn’t happened: Bishop Robert Finn of Kansas City-St. Joseph, the only U.S. bishop criminally convicted of mishandling an abusive priest, resigned in 2015. But the church gave no direct explanation for his resignation.

Group resignations also would have shown that the church understood the systemic nature of the problem. Pope Francis suggested as much in a letter excoriating the intrasigence is creating an unprecedented toxicity between law enforcement and Congress, undermining what has long been a cooperative and vital relationship. It is also pushing lawmakers ever closer to holding Justice Department officials in contempt or impeaching them. Congress hasn’t impeached a member of the executive branch (presidents excepted) since the 19th century. Let’s agree such a

step would amount to a real crisis. And the pressure to use these tools to get disclosure is growing, as congressional Republicans worry about losing their oversight authority in the midterms, and suspect the Justice Department is stringing them along for that very reason.

Which is why Mr. Trump

was right to order that Justice comply with Mr. Nunes’s demands for documents about the alleged FBI spy Stefan Halper and other information related to the catalyst of this investigation. As president, he has a duty to protect the reputation and integrity of the Justice Department—even from its own leaders. Forcing officials to comply with legitimate congressional oversight is far better than sitting back to watch those same officials singe the institution and its relationship with Congress in a flame of impeachment resolutions.

Mr. Trump has an even quicker way to bring the hostility to an end. He can—and should—declassify everything possible, letting Congress and the public see the truth. That would put an end to the daily spin and conspiracy theories. It would puncture Democratic arguments that the administration is seeking to gain this information only for itself, to “undermine” an investigation. And it would end the Justice Department’s campaign of secrecy, which has done such harm to its reputation with the public and with Congress.

Write to kim@wsj.com.

But the resignation of every active bishop in one country is unprecedented in recent history.

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At the start of the abuse crisis, many bishops in this country, following the advice of their legal counsel, were reluctant to express guilt publicly.

Few of the bishops had legal backgrounds and, not surprisingly, were terrified that the coming legal claims would bankrupt their dioceses.

This is not to single out law-

yers: Even some reputable psychiatrists judged pedophilia a “treatable disease” and sometimes told bishops that returning an offending priest to ministry after treatment was acceptable. Nonetheless, I will never forget what one Catholic sister said to me in 2002. “If only the bishops had acted more like Christians and less like lawyers, Catholics might have forgiven them.” I asked her what it would mean for them to act like Christians.

She paraphrased the line spoken by the prodigal son to his father, in Jesus’ parable, after the youth had spent years squandering his inheritance: “I have sinned against God and against you, and I no longer deserve to be called your bishop. I will resign and spend the rest of my life in prayer and penance.”

“Catholics,” she told me, “would have understood this.”

Father Martin, a Jesuit

priest and editor at large of

America magazine, is the au-

thor of “Building a Bridge”

(HarperOne, 2018).

Chilean bishops for their malfeasance: “It would be irresponsible of us not to go deep in looking for the roots and structures that allowed these concrete events to happen and carry on.” Such resignations indicate not simply that a particular bishop erred, but that all of them participated, in some way, in a structure that allowed these sins to occur. This is known as “social sin.”

While en masse resignations are insufficient in themselves, they are a powerful symbol.

Catholics understand that the

sacrament of reconciliation, or

confession, consists not only of

confession and forgiveness—but penance. Those who rightly

demanded practical changes

could also see these resignations as another important step toward healing.

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“Catholics,” she told me, “would have understood this.”

Father Martin, a Jesuit

priest and editor at large of

America magazine, is the au-

thor of “Building a Bridge”

(HarperOne, 2018).

BOOKSHELF | By Matt Gallagher

The Rifle And the Pen

On War and Writing

By Samuel Hynes
(Chicago, 215 pages, \$22.50)

War writing occupies a curious space in contemporary literature. It’s important, of course, imbued with an urgency and significance that writing about other topics may struggle for. One would be hard-pressed to find a book of war literature that didn’t carry with it descriptors like “grave” and “essential.” But what about its relevance to broader literary culture?

Irish book critic Edna Longley once labeled war writing a “ghetto” of literature. She was mocking its stigma, of course, but also identifying it. I myself confronted it last summer at a writers’ conference in Vermont. Over dinner, upon learning that I was a veteran who sometimes writes about combat, a famous American writer confessed that he was bored by the subject and asked, “What new can be said?” I didn’t feel frustration so much as relief. Here, finally, was a man of letters willing to say it. If nothing else, I appreciated his candor.

Perhaps no American scholar is better equipped to bridge the divide between martial life and literary culture than Samuel Hynes. A distinguished professor of literature emeritus at Princeton, he has written several books about the cultural impact of World War I and about his own experiences in World War II as a Marine Corps pilot. (He was also featured prominently in Ken Burns’s documentary about World War II, “The War.”) His latest, “On War and Writing,” collects essays that he has written on war as experience, memory and societal touchstone. “Give some serious attention to war as a shaping presence in art,” Mr. Hynes implores us in a de facto thesis for the collection, “as it is in the human story.”

The essays span nearly 40 years and form a jigsaw puzzle of one man’s evolving relationship with armed conflict. Mr. Hynes’s personal recollections were mostly set down in 1988’s “Flights of Passage,” though here we get a sense of his life as a young man flying over the Pacific in the lead essay, “At War With Ken Burns.”

Mr. Hynes traces the development of what would become “The War” (2007), juxtaposing it throughout with war news from Iraq and Afghanistan. “If I’m going to be involved in this project,” he recalls thinking, “I don’t want it to turn into a Veterans Day parade

OPINION

REVIEW & OUTLOOK

Trump's Trade Confusion

President Trump wants everyone to know he is a master trade negotiator, but this week his volleys look more like a mess than mastery. His China policy is all over the place, Nafta is in jeopardy, and his new threat to impose a 25% tariff on auto imports undercuts his foreign policy and economic goals. But perhaps there's some grand strategy that will eventually unveil itself and wow the crowds.

The Commerce Department on Wednesday initiated a probe under Section 232 of the 1962 Trade Expansion Act to decide if auto imports imperil national security. Yes, the killer Kia. This is the same law the Administration used this spring to impose 25% tariffs on steel and 10% on aluminum imports to protect domestic manufacturers. The auto investigation is even more dubious.

Commerce Secretary Wilbur Ross declared on Wednesday that "there is evidence suggesting that, for decades, imports from abroad have eroded our domestic auto industry." There is? The real evidence is that America's Big Three car makers became less competitive as an oligopoly, and foreign imports forced them to shape up and make better cars.

About 56% of cars sold in the U.S. in 2017 were made domestically. Canada, Mexico and Japan each made up about 11%. While President Trump has complained about BMWs and Mercedes flooding American shores, German-made cars account for 4% of American car sales. China accounts for 0.3%.

U.S. automakers aren't asking for and don't need protection. GM and Ford produce some small cars in Mexico to comply with fuel-efficiency mandates, but imports make up only about 1% of their sales. American manufacturers have been scaling back domestic production of some small passenger models, but that's because of declining demand, not imports.

The Environmental Protection Agency plans to relax fuel standards, which will allow car makers to invest more in higher-margin trucks and SUVs. Tax reform should boost domestic investment in manufacturing, but another way to make the U.S. more competitive is to scrap aluminum and steel tariffs that raise costs.

Mr. Trump's tirades against foreign carmakers are also misguided. Foreign manufacturers operate a couple of dozens plants in the U.S., mostly in southern states where labor costs are lower. Nissan produces its Altima in Canton,

Miss., and Smyrna, Tenn. BMW has a plant in Greer, S.C. Mercedes makes cars in Vance, Ala., and Ladson, S.C. About 70% of Toyotas and 94% of Nissans sold in the U.S. are made in the U.S.

Auto tariffs, Nafta bullying and China disarray, oh my.

Mr. Ross discounts the impact of steel tariffs on consumers, saying that "on an average car, \$175 worth of steel increase is the maximum that would come from a 25 percent tariff increase. That's not much." Mere crumbs, as Nancy Pelosi might say. But a 25% tariff would raise the price of a small passenger car by around \$5,000 to \$6,000 and cost consumers about \$48 billion per year.

We suspect the auto tariffs are one more attempt to bludgeon allies into trade surrender. Mr. Trump is frustrated that Mexico and Canada haven't rolled over for U.S. Trade Representative Robert Lighthizer's absurd demand that 40% of light vehicle content and 45% of pickup trucks be produced in "high-wage zones" with an average minimum wage of at least \$16 per hour. So Mr. Trump may be trying to force Mexico to heel, though it could backfire and scuttle hope of any deal.

Earlier this year, Mr. Trump threatened tariffs on BMW and Mercedes if the European Union doesn't reduce its 10% levy on U.S. auto imports. But the EU has responded to his steel and aluminum tariffs by teeing up duties of up to 25% on \$3.5 billion in U.S. goods if Europe doesn't get a permanent exemption.

* * *

All of which underscores Mr. Trump's trade confusion. The Administration's lack of strategy or defined goals was especially evident in the President's seesaw on China this week.

On Monday he boasted that a weekend deal to withdraw tariffs was "one of the best things to happen to our farmers in many years!" The next day he complained that he was "not satisfied," then tweeted Wednesday that "Our Trade Deal with China is moving along nicely, but in the end we will probably have to use a different structure in that this will be too hard to get done and to verify results after completion." Glad he cleared that up.

As Ronald Reagan liked to joke about the boy who saw a stable full of manure, there must be a pony in there somewhere. Or maybe all this is merely a pile of impulsive, ill-considered threats that are increasing business uncertainty, slowing the economy, and irritating friends the U.S. needs on Iran and Korea.

Protecting Nonprofit Donors

New York's Eric Schneiderman may be gone, but the threat that state attorneys general pose to free speech remains.

The IRS may kill a form that exposes donors to political harassment.

Former IRS Commissioner John Koskinen left office having failed to tackle this (and so many other) problems. But Mr. Kautter acknowledged that he was "actively involved" along with Treasury Secretary Steve Mnuchin at offering more donor protection. "I think for many organizations there frankly isn't a requirement," he said. "We don't need

that information to administer the tax laws in a fair and equitable way."

Nonprofits would still be required to keep their donor details, and if the IRS or other authorities had valid reason to suspect fraud they could demand to see the records. But requiring nonprofits to provide names each year to partisan AGs or tax bureaucrats is an invitation to repeat the scandal of the Obama years when Lois Lerner and the IRS targeted conservative nonprofits. The sooner the end of Schedule B, the fewer assaults on free political speech.

return. But perhaps the experience has taught the President that Mr. Moon and Kim have different priorities than his goal of complete, verifiable and irreversible denuclearization.

Mr. Trump said the U.S. will now continue with its "maximum pressure" campaign against the North, but the international consensus will have to be revived. Even without the summit, Kim scored a major propaganda victory by playing the peacemaker. This week he invited foreign journalists to witness the closure of the North's nuclear test site at Punggye-ri.

But this means little since new tunnels can be dug elsewhere. The North used previous negotiations as cover to continue its nuclear and missile programs in secret. Recent satellite photos show the North is building a new facility to make launchers for the Hwasong-15 intercontinental missile that can hit the U.S.

The summit planning also allowed China to repair relations with Kim and relax restrictions on border trade without diplomatic costs. Mr. Trump has criticized Chinese leader Xi Jinping's influence because Kim took a harder line after the second recent Xi-Kim meeting. Mr. Xi publicly endorsed Kim's position demanding phased and synchronized steps toward denuclearization. Mr. Trump will now have to consider tougher economic sanctions on Chinese firms that do business with North Korea.

Mr. Trump held out to Kim the prospect of new talks "if you change your mind." But it will take time to repair the damage and get the maximum pressure campaign of sanctions and diplomatic pressure back on track. At least the President realized the danger and dodged a summit.

Dodging a Korean Summit Failure

Donald Trump described his decision Thursday to nix his June summit with North Korean dictator Kim Jong Un as a "tremendous setback" for North Korea and the world, but the better word might be relief. Mr. Trump had overestimated Kim's willingness to give up his nuclear weapons and was heading toward a summit failure.

In a letter to Kim announcing his withdrawal, Mr. Trump cited "the tremendous anger and open hostility" in Kim's "recent statement." But the real problem is substance, not tone. As North Korea's recent comments made clear, the North hasn't decided to give up its nuclear weapons. The North continues to define denuclearization of the Korean Peninsula as a process of arms control that includes the departure of America's presence in South Korea. Like his father and grandfather, Kim wants sanctions relief and other benefits in return for nuclear promises his country has never honored.

Mr. Trump agreed to the summit in part because South Korean President Moon Jae-in misrepresented the North's position after talks with Kim's sister at the Winter Olympics. After claiming Kim had a change of heart about nuclear weapons, Mr. Moon pursued his plan to resurrect the Sunshine Policy of appeasement toward the North that failed in the 2000s.

This created a peace euphoria in the South that pushed the Trump Administration to explore the opening to preserve the alliance. Mr. Trump was ill-advised to agree to the summit so readily and without much planning, and he compounded the error by talking up its prospects. He might have gone to a summit that gave Kim a diplomatic victory for nothing in

return. But perhaps the experience has taught the President that Mr. Moon and Kim have different priorities than his goal of complete, verifiable and irreversible denuclearization.

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LETTERS TO THE EDITOR

Aluminum Market Functions Transparently

Regarding Peter Coors's "In a Trade War, It's Hard to Get a Head" (op-ed, May 15): Mr. Coors unjustly suggests that the S&P Global Platts Midwest Transaction Premium price assessment is inaccurate, and it isn't all about beer drinkers.

Mr. Coors says much of the price increase is due to the aluminum Midwest Premium. However, the benchmark is simply an assessed price reflective of the market value of aluminum in the U.S. as determined by buyers and sellers in the physical market. The main drivers behind the recent price increases have been U.S. import tariffs and U.S. sanctions on Russia's Rusal. The impact of these actions has significantly reduced available and unrestricted supply in the U.S.

The S&P Global Platts Midwest Premium is assessed using a transparent methodology and is a regional differential to the global price of aluminum, which is traded on the London Metal Exchange. The differential reflects, in part, the regional cost of logistics, but it also reflects regionally specific supply and demand conditions in the U.S. Regional price differences are commonplace in commodities pricing due to regional logistics and local supply and fundamentals.

All S&P Global Platts methodologies are published on our website and are rigorously applied. Market participants decide which aluminum price assessments to adopt as industry benchmarks. S&P Global Platts is independent. It doesn't participate in trading the markets we assess and our price reporters have no vested interest in price movements. We also adhere to the internationally recog-

nized International Organization of Securities Commissions' (Iosco) principles for price-reporting agencies.

The private solution referenced by Mr. Coors will result in less transparency, be comprised of only interested parties, lead to opaque markets and have a negative impact on price discovery.

MARTIN FRAENKEL
President, S&P Global Platts
London

I would feel more comfortable if Pete Coors and his commercial colleagues would use capitalism rather than government regulation to address his complaint about the Platts aluminum market information.

RICHARD PEARLMAN
New York

No government regulation forces Molson Coors or any other company to use the Midwest Premium. But producers, traders and many consumers, for good reason, view published regional premiums as the most effective pricing tool because these benchmarks are transparent, independent, focused and relevant.

At the Metal Bulletin Group, we use robust methodologies that were developed by consulting with market participants, while our benchmarks themselves are based on transactional data—deals, bids and offers.

Additionally, our audited prices are compliant with the principles established by Iosco, which sets guidelines for governance, ethics and integrity.

ALEX HARRISON
Editorial and pricing director
Metal Bulletin Group
London

Immigrants Vital to Avoid Demographic Void

How ironic that "Immigrant Bills Split House GOP" and "Births Hit Lowest Number Since 1987" ran opposite each other (U.S. News, May 17). What a perfect opportunity to point out the economic implications of limiting immigration when the U.S. birth rate is at an all-time low.

Setting aside one's views on the politics or morality of U.S. immigration practices, it is important to recognize the economic impact of restricting immigration, both on GDP growth and on Social Security's ability to fund its future obligations. Given the declining birth rate, the size of the working-age population will shrink as a percentage of the total U.S. population. At the same time, we are sending a loud and clear message that the U.S. doesn't welcome immigrants, the vast majority of whom are working age and would pay Social Security taxes to fund payouts that (mostly American-born) retirees are counting on. Retired people don't work to produce goods and services that contribute to GDP, and they don't pay Social Security taxes.

With our birth rate declining and immigration shrinking, the economy

and the health of the Social Security system are taking a double hit. Consider Japan, with almost zero immigration and 25 years of economic stagnation that it is still struggling to overcome. Over 25% of Japan's population is age 65 and over; the U.S. is at 20% and climbing. Politicians and policy makers cannot increase the birth rate, but they can and should encourage sound policies to accommodate more immigrants, whose youth and ability to pay into Social Security would be a welcome lift to the U.S. economy in the years to come.

TERI GESKE
Los Angeles

It's obvious to a parent of millennials that student-loan debt, general unease about middle-class jobs being outsourced to other countries and a lack of dependable child care, among other things, are factors contributing to young people's lack of confidence that they can afford to bear and raise children. Is this really the best the U.S. can do to promote national well-being in future generations?

JEANNE WALPOLE
Kensington, Calif.

Sugar Markets and the National Sweet Tooth

Your editorial "A Chance for Sugar Welfare Reform" (May 16) against America's no-cost sugar policy is based on decades-old rhetoric that is no longer relevant. Sugar prices in the U.S. aren't high and are lower today than in 1980. Consider this: A candy bar in the '80s cost 35 cents and contained two pennies worth of sugar. Today, that same candy bar costs \$1.49 and still has just 2 cents of sugar.

U.S. candy companies are no longer fleeing America. More than 100 domestic expansions have been announced since 2014. And foreign sweetened-food companies like Mexico's Grupo Bimbo are opening factories here—not surprising, since sugar is cheaper in America than Mexico, according to the USDA.

America's sugar market isn't closed as in the past. We are the world's third-biggest importer of sugar, allowing imports from 40 nations. What we don't allow is subsidized sugar to be dumped in America. And that's at the heart of the current debate. Food manufacturers want subsidized sugar dumped here, as Mexico illegally did in 2013. Mexico's actions cost U.S. farmers and businesses \$4 billion in losses and drove Hawaii sugar farmers out of sugar altogether.

That kind of America-last farm policy is unacceptable today and is why I oppose Rep. Virginia Foxx's unilateral attack on U.S. sugar farmers and workers which does nothing to stop foreign sugar subsidies. The purpose of the farm bill is to protect America's food security. The

Foxx Amendment attacks the security of American farmers by favoring profits for multinational food corporations.

REP. TED S. YOHO (R., Fla.)
Gainesville, Fla.

It can be a shocking experience to receive a diagnosis of Type II diabetes and to hear that your pancreas isn't working the way it should. The average American consumes around 100 lbs. of sugar annually, and we are well on our way to becoming a nation with 100 million diabetics. Unlike tobacco, the addiction to sugar commences at birth, and unless you grow what you eat, it's almost impossible to avoid its consumption. It also seems to affect the impoverished at a higher rate. So much so that in America poverty is often distinguished by an extended stomach.

Government support for either of these addictions is a complete contradiction to any kind of meaningful health-care reform.

TOM HOOLIHAN
Fort Myers, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Conservatives Can Benefit From Liberal Colleges

By Matthew Reade

I'm politically conservative, and I recently earned a bachelor's degree from Pomona College, one of the country's most liberal institutions of higher education. I believe every young conservative should consider attending a college like Pomona, where the adversity I faced paid extraordinary dividends.

A shy and insecure freshman, I realized quickly that my political views were unwelcome. One night I copied a quote from Thomas Sowell

Facing hostility isn't easy, but it helped me become more self-confident.

onto the whiteboard outside my dorm room. In the morning someone had scrawled "BIGOT" across Mr. Sowell's reasoned critique of the welfare state. Upon learning of my views, my peers would turn cold, sometimes angry. When I told some classmates I supported the Second Amendment, one young woman turned red and gritted her teeth. "You wanted those kids in Newtown to die!" she spat. "You killed them!"

Faculty members were sometimes intolerant, too. When I signed up for a course with a well-known conservative at one of Pomona's sister colleges, I received an email from my then-adviser, a history professor, who labeled his colleague an "ignorant . . . reactionary neocon" and demanded to know why I'd take a course from someone "so backwards." Swallowing my shock, I thanked him for the warning—and took the course anyway.

Facing such hostility is difficult. Many times I found myself anxious that the friends I made, the women I dated and the instructors I respected would despise me if I expressed myself honestly. But I soon recognized that people worth having in my corner would not write me off because of my politics—and there were many professors, peers and mentors at Pomona who recognized the benefit of grappling with challenging perspectives. "I wish that Pomona admitted more students like you," one of my closest friends, a committed progressive, told me over dinner last year. "What can I learn from people who already agree with me?"

For me, what made Pomona inhospitable at times was also what made it valuable. There are great conservative colleges, and I'm sure I would have had a fine experience at one of them. But I would not have grown so much without the challenges I encountered. I would not have had to defend my views in every class; I would not have developed a thicker skin; I would not have developed the inner confidence I now carry with me each day.

If conservatives and liberals refuse to attend college together, resolving instead to lock themselves within their respective ideological silos, how can we expect to live and govern together? To the high schoolers out there, this is not to say that the fate of American democracy rests upon the choice you make this spring or the next. But if your experience comes to be anything like mine, should you choose to attend a place like Pomona, you will look back fondly on the challenge you embraced. And for the friends you make in college, your being different will make all the difference.

Mr. Reade is an editor-in-chief emeritus of the Claremont Independent. This September he will begin his first year at the University of Chicago Law School.

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The FBI Spied for LBJ's Campaign

By Lee Edwards

It's unthinkable that the Federal Bureau of Investigation would spy on a presidential campaign for political purposes? I can personally attest that it has happened before—during Barry Goldwater's 1964 campaign.

Every poll agreed that President Lyndon B. Johnson would easily win the election against the conservative Sen. Goldwater of Arizona. But LBJ wanted a landslide so he could implement his Great Society vision without resistance and go down in history as one of America's greatest presidents. For Johnson, extremism in the pursuit of victory was no vice.

Thus was born Johnson's "Anti-Campaign" to smear Goldwater's candidacy. The operation was run from the second floor of the West Wing by veteran Washington-based Democrats like Leonard Marks, who would become director of the U.S. Information Agency, and Daniel Patrick Moynihan, then an assistant secretary of labor and later a U.S. senator from New York.

Typical of their black-bag politics was scheduling Democratic speakers before and after Goldwater's appearance in a city, smothering his message with pro-Johnson, anti-Goldwater rhetoric. Advance knowledge of Goldwater's travel schedule and advance copies of his remarks were provided by a spy the Central Intelligence Agency had planted in Goldwater headquarters.

Former intelligence officer E. Howard Hunt, best known for his role as an orchestrator of the Watergate bugging, told a Senate committee in 1973 that his CIA superior had ordered him to infiltrate the Goldwater campaign. Hunt claimed to have questioned the order, only to be told that it had been a personal request of President Johnson and that the information he



FBI Director J. Edgar Hoover and President Lyndon B. Johnson in 1965.

his top aides. But the reporters swore they had heard about it from the White House.

Johnson also illegally ordered the FBI to conduct security checks of Goldwater's Senate staff. Cartha "Deke" DeLoach, the FBI's liaison with the White House and a top aide to Director J. Edgar Hoover, denied at a 1975 Congressional hearing that the bureau had investigated Goldwater's staff. But through the Freedom of Information Act, I obtained copies of FBI memoranda detailing the results of the bureau's illegal file check of 15 Senate staffers. "No derogatory information was located concerning" any of the people in Goldwater's Senate office, stated one memo that bore DeLoach's initials.

In 1971 Robert Mardian, who had been a regional director in the Goldwater campaign, became assistant attorney general for internal security.

During a two-hour briefing with Hoover, Mardian asked about the procedures for electronic surveillance. To Mardian's amazement, Hoover confessed that in 1964 the FBI had wired the Goldwater campaign plane, under orders from the White House. When Mardian asked Hoover why he had complied, the director answered, "You do what the president tells you to do."

In a later conversation with Mardian, William C. Sullivan, the bureau's No. 2 man, verified the FBI's spying operation against the Goldwater campaign. In a 1992 interview, Mardian told me that Sullivan was appalled at LBJ's partisan use of the bureau.

Did the FBI infiltrate or surveil the Trump campaign for political purposes? If so, it wouldn't be the first time.

Mr. Edwards, a distinguished fellow at the Heritage Foundation, was director of information for the Goldwater campaign.

On the president's orders, the bureau wiretapped Barry Goldwater's plane and headquarters.

One of the Anti-Campaign's writers was John Roche, later president of Americans for Democratic Action. "We used to get advance copies of Senator Goldwater's key speeches," he admitted, enabling them to have speakers primed to reply "before Goldwater had even opened his mouth." When Roche asked how they

recovered would be delivered to a White House aide.

CIA Director William Colby confirmed the White House's role in the illegal surveillance while addressing a congressional hearing in 1975. That the CIA is prohibited by law from operating within the U.S. didn't matter to the Johnson campaign. The Goldwater people never suspected that one of them was a spy for the Democrats.

Nevertheless, the FBI arranged for widespread wiretapping of the Goldwater campaign. Sure enough, campaign reporters could soon be heard asking specific questions about the candidate's travel plans that had only been discussed by Goldwater aides behind closed doors. To protect themselves, Goldwater staffers began using pay telephones outside their headquarters.

Goldwater later revealed that two reporters had asked him about a proposal he had yet to make public—that if elected he would ask Dwight Eisenhower to go to Vietnam and report on his findings. He had discussed the possible Eisenhower visit only with

Welcome to the Jungle Primary

By Allysa Finley

California finally deserves a great Governor, one who understands borders, crime and lowering taxes. John Cox is the man—he'll be the best Governor you've ever had," President Trump tweeted last week. Who is John Cox?

He's the leading GOP candidate for governor in California's June 5 jungle primary. All candidates regardless of party appear on the same ballot, and the top two finishers face off in November.

The 62-year-old father of four is a devout, pro-life Catholic and supply-side conservative who served on the national steering committee for Jack Kemp's 1988 presidential campaign. As a businessman, he founded several successful professional ventures.

He's also a serial political candidate. He ran for the U.S. House (2000) and Senate (2002) in his native Illinois, losing both times in the primary. He came up short again in a 2004 bid for Cook County recorder of deeds. Four years later, he threw his hat in the ring for president—yes, president of the United States.

Mr. Cox's campaign for governor of California is another long shot. But House Majority Leader Kevin McCarthy has persuaded President Trump that Mr. Cox could help Republicans hold the House in November. Here's the calculation: Lt. Gov. Gavin Newsom has a decisive polling lead, but Mr. Cox is vying for second place along with former Los Angeles Mayor Antonio Villaraigosa, a Democrat. A GOP shutout at the top of the ticket in November could dampen Republican enthusiasm. And if Mr. Villaraigosa makes it to the general election, he could boost Latino turnout and help Democrats flip the seven California GOP House districts where Hillary Clinton outpolled Mr. Trump in 2016.

Hence Mr. McCarthy's mission to prop up Mr. Cox, who is campaigning on issues that unite Republicans and to an extent independents—repealing the Democrats' 2017 gas-tax increase, protecting

Proposition 13's property-tax cap, and stopping construction of the state's bullet train.

Yet the Republican has drawn opposition from an unlikely source: school reformers. While Mr. Cox supports school choice, wealthy charter-school supporters have pumped more than \$17 million into a pro-Villaraigosa group that is running ads slamming Mr. Cox as a Chicago carpetbagger and an unelectable cipher. One TV spot asks "What's he done?" and then describes Mr. Cox's failed campaigns. The ad also claims that the Republican supports a national sales tax, which is intended to depress conservative support for him in the June primary.

Mr. Cox became the GOP front-runner out of happenstance. No well-known Republican decided to run for governor this year due to the long odds. California has been trending more Democratic over the past several elections. No Republican has won statewide since Arnold Schwarzenegger was re-elected governor in 2006, and progressive opposition to President Trump is expected to produce a blue tidal wave this year. Mr. Cox's chief GOP rival is Assemblyman Travis Allen, who has been accused of sexual harassment.

Charter-school backers believe that if Mr. Cox finishes second, Mr. Newsom will cruise to victory in November. The former San Francisco mayor has cozied up to the teachers unions and has backed a moratorium on charter schools.

Can Mr. Villaraigosa really beat Mr. Newsom? The California school-reform movement is counting on it. Equal education opportunity is a centerpiece of Mr. Villaraigosa's centrist campaign and consistent with his record. As mayor of L.A., Mr. Villaraigosa supported charter schools and repeatedly tangled with the teachers

An all-Democratic race for California governor could doom GOP efforts to hold the House.

unions. He beefed up the city's police force while backing public-employee pension reforms. After leaving office in 2013, he supported a lawsuit to overturn the state's teacher tenure and seniority laws.

These heresies have made Mr. Villaraigosa a pariah among his party's establishment. At the state Democratic convention in February, the former mayor won only 9% of delegate votes, the fewest of all candidates. Mr. Newsom garnered 39%, state Treasurer John Chiang pulled down 30%, and former state Superintendent Delaine Eastin received 20%.

The California Teachers Association recently sent mailers to voters warning that billionaires backing Mr. Villaraigosa are trying to privatize California schools and take away the rights of educators and students."

The union worries that Mr. Villaraigosa will rally moderate Latino and black legislators—some of whom have aligned with Republicans on environmental issues—to pass school reforms.

Mr. Newsom, on the other hand, has made himself a wholly owned subsidiary of the public unions. He has endorsed single-payer health care, a 100% renewable energy mandate, and free community-college tuition. If elected, Mr. Newsom would likely consent to a gusher of new spending, higher taxes and other radical policies supported by the state's liberal Legislature but held at bay during the last eight years by Gov. Jerry Brown.

It's possible that Mr. McCarthy's gambit to protect his House majority by vaulting Mr. Cox to the top of the ticket could hurt Republicans in his home state by ensuring Mr. Newsom's election. Some Republicans may decide that retaining control of Congress is worth letting California move further leftward.

But it's unclear whether Mr. Cox would in fact motivate GOP voters to go to the polls in November if they don't think he has a chance of winning. It's also uncertain whether Mr. Villaraigosa will be a bigger driver of Latino turnout than President Trump.

GOP voters could wind up deciding the next governor of California on June 5. He's unlikely to be John Cox.

Ms. Finley is a member of the Journal's editorial board.

Trump Gives Europe a Wake-Up Call

By Alina Polyakova And Benjamin Haddad

The Iran nuclear deal, cosigned by France, Germany and the United Kingdom, was hailed as a success for Europe's style of multilateral diplomacy, so President Trump's withdrawal from the agreement sent shock waves through the Continent's capitals.

German Chancellor Angela Merkel said, for the second time in a year, that Europe could no longer rely on the U.S. to protect it. The president of the European Council, Donald Tusk, tweeted: "Looking at latest decisions of @realDonaldTrump someone could even think: with friends like that who needs enemies." Some commentators even proclaimed the end of the trans-Atlantic alliance.

There is a crisis all right, but it isn't in diplomatic relations. It's a crisis of European weakness. In a world increasingly defined by great-power competition, Europe is finding it increasingly hard to defend its preferred model of multilateral decision-making and soft-power diplomacy. As Mr. Trump decided to make his U-turn on Iran, he looked to other American allies: Israel, Saudi Arabia, the United Arab Emirates.

Mr. Trump's snubbing of Europe is a continuation of the broader

trend in U.S. foreign policy. President Obama came into office intent on a pivot to Asia. His administration canceled a missile-defense system for Poland and the Czech Republic in 2009, and retired two U.S. Army brigades from Europe in 2012. As of 2016, there were 62,000 U.S. troops on the Continent, down from more than 300,000 at the end of the Cold War.

When Mr. Trump calls on Europe's wealthy nations to invest in the common defense, the diplomatic establishment practically faints. But Mr. Obama made the same point, at one point saying that "free riders aggravate me."

During Mr. Obama's tenure, European leaders similarly resented being left out of White House decision-making, such as when American policy on Afghanistan was being reviewed. On issues like Syria or even during the Iran negotiations, which began through a secret back channel in Oman, Mr. Obama prioritized his view of U.S. interests.

Yet America is still doing the heavy lifting to defend Europe. The European Deterrence Initiative, which positions allied troops in Eastern Europe, was reinforced by the Trump administration with \$4.8 billion in 2018. American funding is expected to grow to \$6.5 billion in 2019.

In April, Ukraine received U.S. Javelin antitank missiles to defend its territory against Russian military incursions in the Donbas region. The Pentagon has requested an additional \$200 million to support the Ukrainian military. Meanwhile, the administration has eased some sanctions against Moscow in response to complaints from France and Germany, which have substantial business ties with Russia.

Mrs. Merkel can say she doubts America's reliability, but Germany shows no signs of taking the mantle to protect Europe. Leaked documents from the German defense ministry showed that it could provide only nine of the 44 tanks it promised for the North Atlantic Treaty Organization's eastern flank. Germany says it will increase defense spending to 1.5% of gross domestic product by 2025. This would still leave it well short of its 2% NATO commitment, and much of the additional funds will go to military pensions.

If Europe wants to strengthen the trans-Atlantic partnership for the long run, its best path is to invest in defense and security. Wounded tweets hardly help.

Ms. Polyakova is a fellow at the Brookings Institution. Mr. Haddad is a fellow at the Hudson Institute.



WORLD NEWS

Australia Strengthens Darwin's Defenses

U.S. Marines' profile rises in northern city in response to regional security challenges

BY ROB TAYLOR

DARWIN, Australia—The port casts a long shadow over this palm-lined city on Asia's fringe.

In February 1942, a devastating Japanese airstrike killed more than 200 people here and prompted many more to flee into the remote Outback. Together with the fall of Singapore days earlier, the attack on this "wild little tropic port," in the words of U.S. war correspondent John Lardner, forced a fundamental change in Australia's outlook that its remoteness bestowed a level of safety from the world.

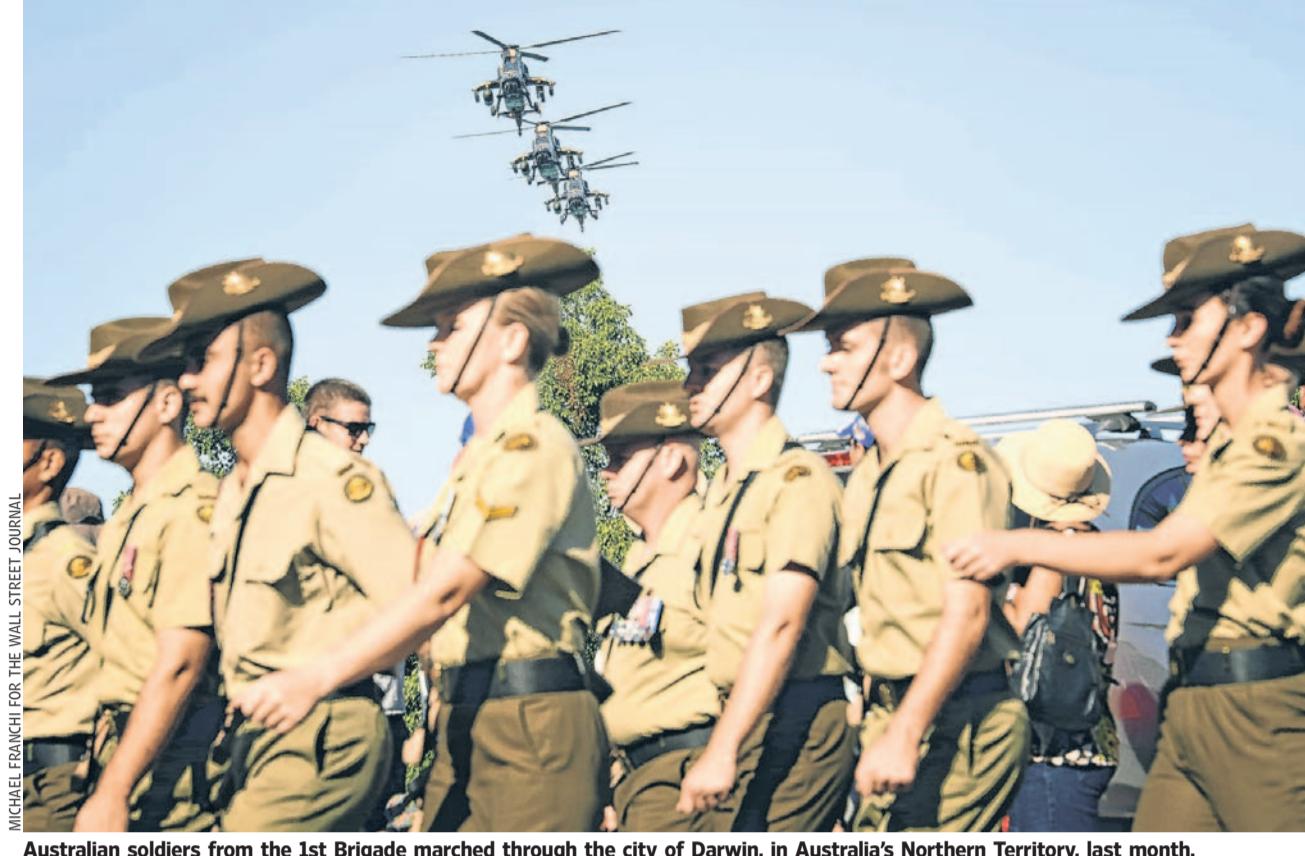
Three generations on, this once-isolated northern Australian outpost has transformed to a city of 150,000 with renewed military importance for the U.S. and its allies as they bolster defenses against an assertive China.

At an army base on the city's outskirts, the largest deployment of U.S. Marines stationed in Australia in decades recently began drills aimed at preparing for any future conflict in Asia.

Darwin's location, 400 miles from the Indonesian archipelago and 1,700 miles from the South China Sea, provides what could serve as a springboard for U.S. forces in the region.

"This place is of huge importance to the United States," said the Marines' Darwin commander, Col. Jay Schnelle. "The Australian-American relationship underpins peace and security in the Indo-Pacific region."

The U.S. and Australia have begun a multibillion-dollar improvement of air bases in



Australian soldiers from the 1st Brigade marched through the city of Darwin, in Australia's Northern Territory, last month.

northern Australia to accommodate stealth warplanes and long-range maritime patrol drones, and are building wharves and refueling points for visiting warships in Darwin—part of a \$150 billion upgrade of Australia's military.

Over the coming months, the Marines will embed for the first time on Australian amphibious assault ships and practice humanitarian-disaster operations and combat skills. The Marines will be joining troops from the Philippines, Japan and Pacific island countries here and on Australia's east coast.

France, meanwhile, this month sent an amphibious task force to visit Darwin carrying British and French forces for drills alongside U.S. and Australian personnel. And



India, for the first time, will send warplanes to Darwin for large-scale air exercises in July, joining aircraft from

Singapore, Indonesia, the U.S., Thailand, Canada and Australia, involving thousands of personnel.

Much of the activity is a response to Chinese efforts to militarize atolls in the contested South China Sea, as Beijing modernizes its military to project power far from its shores. This month China began sea trials of its first China-made aircraft carrier and landed a heavy bomber on one of the disputed islands for the first time.

China's arms buildup has brought a reappraisal of Darwin's importance as a military station, a role it played during World War II and more recently as a launchpad for peacekeeping missions in East Timor.

Northern Australia offers Marines some of the world's

largest training ranges and allows them to test equipment against tropical heat and axle-breaking terrain. It also hosts important U.S. satellite bases, as well as one of the world's most-advanced long-range radar systems.

The U.S. presence here has been steadily expanding since the Marines arrived in 2012 as part of the Obama administration's pivot to Asia. This year's rotation of almost 1,600 Marines will grow to 2,500 in the next few years.

For 98-year-old Charlie Parrott, a veteran of the last great war in the Asia-Pacific, the Marines' presence is reassuring.

"People can say what they like about America these days, but it's very nice to have Marines back," he said.

Down Under, Asia Is an Extension of The Neighborhood

China is by far Australia's largest trading partner, with a market for natural resources that has helped make Australians among the world's most prosperous people. Darwin today is home to large numbers of ethnic Chinese, Thai and Indonesian migrant families, and is as attuned to Asia as it is to the surrounding Outback and Australia's major population centers thousands of miles to the south.

Darwin's affinity with Asia, said Mayor Kon Vatskalis, helps to explain why a 2015 deal handing China's Landbridge Group a 99-year lease over the city's port attracted scant attention locally. When Washington later voiced concern that the \$368 million agreement could facilitate spying on Marines, Australia rushed to tighten rules around foreign investment in critical infrastructure.

"People here don't think China is a threat—unless they're in defense," said Mr. Vatskalis.

In response to China's buildup in the region, the U.S. has sent aircraft carriers to assert freedom-of-navigation rights in the South China Sea and is considering sending heavily armed Marine Corps Expeditionary Units to East Asia.

For the U.S., Australia's benefits go beyond confronting China. The alliance allows the U.S. to disperse forces and offset a lack of permanent bases in the Pacific outside Japan and South Korea. China has criticized the U.S. presence in Australia, accusing both countries of a "Cold War mentality."

1MDB Probe Takes Long Look Back

BY JAKE MAXWELL WATTS AND TOM WRIGHT

KUALA LUMPUR, Malaysia—Investigations into the 1Malaysia Development Bhd. scandal have focused on the alleged involvement of former Prime Minister Najib Razak. But Malaysia's new government faces an awkward problem: How far should it pursue the companies that played a supporting role in one of the world's largest-ever financial swindles?

Since Mr. Najib was forced out of office in an election upset, succeeded by veteran Premier Mahathir Mohamad, the extent of the alleged theft from 1MDB has faced renewed scrutiny. If Mr. Mahathir follows through on election promises to fully investigate the scandal, he will need to step into some of Malaysia's most important boardrooms.

Among the companies exemplifying the links to 1MDB are two large conglomerates, Tanjong PLC and Genting Group. According to a person familiar with the fund's interactions and an examination of public documents, they enjoyed a quid pro quo relationship with 1MDB and Mr. Najib's political dynasty. The companies didn't reply to requests to comment.

The two conglomerates aren't alone in their ties to Mr. Najib's government or 1MDB. Other companies allegedly played a role in the scandal, including listed banking group AMMB Holdings Bhd.

The U.S. Department of Justice said \$681 million that originated from 1MDB was received by Mr. Najib's personal account at the bank and used for personal and political spending.

Mr. Najib has denied taking money for personal gain. Both he and 1MDB have denied wrongdoing. Malaysian investigations conducted during his premiership cleared him. The fund has said it would cooperate with any lawful investigation. AMMB declined to comment.

In the matter of Genting and Tanjong, the conglomerates in 2012 sold power assets to 1MDB. Genting later recorded extraordinary accounting gains that implied the value of those assets were much less than what 1MDB paid for them, according to a financial statement from the company. In fiscal 2013, 1MDB recorded an impairment of 1.2 billion ring-



Former Prime Minister Najib Razak after giving a statement to the Anti-Corruption Commission.

Malaysian Officials Vow Investigation Won't Spare Elites

Senior government figures in Malaysia say the new 1MDB investigation will leave no stone unturned, even if that means ruffling the feathers of the business elite.

"Everything will come out. No one will be spared," said Rais Hussin, chief strategist in Prime Minister Mahathir Mohamad's political party.

Others doubt Mr. Mahathir

will want to scrutinize business leaders too much because Malaysia needs investment to sustain its economy, which has been shaken by volatile commodity prices. Some "will keep thinking whether it's safe or not," one person involved in the investigation said.

The new impetus for investigating 1MDB could end years of stalling in Malaysia. The denials of wrongdoing by the government of Najib Razak contradict investigators' accounts in several countries—including the U.S.—which allege at least \$4.5 billion was stolen from 1MDB over sev-

eral years and spent on luxury items including a superyacht and mansions in America.

A thorough sweep of Malaysia's economy would also involve a look at state-linked companies, which dominate industries from agriculture to real estate and make up more than a third of the local stock market by value.

During his previous tenure, Mr. Mahathir was regularly accused of giving favorable government contracts to allies, a practice Mr. Najib continued. Mr. Mahathir now says he made mistakes and has the country's interests at heart.

attempt by the former prime minister to flee the country.

Felda didn't reply to a request to comment. A spokesman for Mr. Sondakh previously said he wasn't aware of a plan to fly Mr. Najib and his wife to Jakarta. Mr. Najib has been barred from leaving the country.

For his part, 92-year-old Mr. Mahathir has been accused by opponents of helping to stitch together a union between big business and political elites during his 22 years in office from 1981 to 2003, a collaboration he may now have to unravel.

Political analysts say Mr. Mahathir has a narrow window to remake Malaysia. "I think there are early signs that the new government is serious about cleaning things up," said Jayant Menon, an economist at the Asian Development Bank.

tions as commensurate with other contemporary transactions in Southeast Asia. At the time, Tanjong, Genting and 1MDB said the transactions made sound business sense.

Some companies are embroiled in their own political scandals, such as the Federal Land Development Authority, or Felda. Felda, using a subsidiary, bought a stake in an Indonesian palm oil firm at an inflated price from Jakarta-based billionaire Peter Sondakh. At the time, opposition politicians complained the deal wasn't transparent and the Felda unit paid above market price.

Goldman Sachs Group Inc., which advised 1MDB on the deals, made hundreds of millions of dollars from a related bond sale. Goldman has defended the power-asset valua-

Taiwan Loses Ground In Diplomatic Contest

BY CHUN HAN WONG

BEIJING—Taiwan lost a second diplomatic partner in less than a month as the West African state of Burkina Faso severed relations amid a Chinese campaign to suppress international recognition of the self-ruled island, which Beijing claims as part of its territory.

The announcement on Thursday by Burkina Faso's foreign minister ended a 24-year diplomatic relationship with Taiwan, just weeks after the Dominican Republic switched to recognizing Beijing instead of Taipei.

The double loss leaves Taiwan with diplomatic recognition from just 18 states, raising concerns that China is accelerating efforts to isolate the island from the international community—just as U.S. President Donald Trump shows renewed interest in shoring up ties with the island. Before the latest defections, Taiwan had lost two diplomatic partners in the past two years.

China's Foreign Ministry welcomed Burkina Faso's decision to "join the big family of China-Africa friendly cooperation as soon as possible."

Taiwan's President Tsai Ing-wen, in televised remarks, criticized Beijing for trying to undermine the island's sovereignty, saying those efforts "exposed China's anxiety and lack of confidence."

"We will no longer be forbearing, and instead become more determined" in seeking international partnerships, Ms. Tsai said, adding that Taiwan wouldn't counter Chinese "dollar diplomacy" with similar tactics.

Burkina Faso chooses Beijing over Taipei, dropping recognition of the island.

a formulation Beijing sees as an acknowledgment that political unification is possible in the future.

Chinese officials have repeatedly faulted Ms. Tsai for failing to endorse that principle, and sought to pressure her administration by ramping up military drills around the island, withholding economic cooperation and poaching Taiwan's diplomatic partners.

That pressure has grown since Mr. Trump approved a law in March authorizing high-level official visits between the U.S. and the island.

TYRONE SU/REUTERS



Taiwan's President Tsai refuses to accept the 'one China' doctrine.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday, May 25, 2018 | B1

S&P 2727.76 ▼ 0.20%**S&P FIN** ▼ 0.71%**S&P IT** ▼ 0.12%**DJ TRANS** ▲ 1.17%**WSJ \$IDX** ▼ 0.21%**LIBOR 3M** 2.319**NIKKEI (Midday)** 22457.20 ▲ 0.09%See more at WSJMarkets.com

Retailers Balk at Online Card Plan

Visa, Mastercard seek to simplify process, but merchants fret over fees, lack of choices

BY ANNAMARIA ANDRIOTIS

A new fight is brewing between merchants and card companies.

Representatives of large retailers including **Walmart** Inc. and **Home Depot** Inc. met with federal regulators this week to raise concerns about a new online payment initiative that **Visa** Inc. and **Mastercard**

Inc. are preparing to roll out, according to people familiar with the matter.

The retailers, working through merchant trade groups, have flagged issues around the networks' recently announced plan to combine their individual payment buttons on merchants' online checkout pages.

The networks say the move is largely aimed at simplifying the checkout process and making it more secure. But merchants, who have long tussled with the card networks and issuers over fees they pay in exchange for accepting cards,

are picking up the new fight as one that may help shape the future of how consumers pay for goods online.

Retailers' main worry with combining the buttons is that merchants won't be able to route their debit-card transactions to lower-cost networks.

Those networks run by companies like Star, a unit of **First Data** Corp., and Shazam tend to charge merchants lower interchange fees for transactions than **Visa** and **Mastercard**, the two largest U.S. card networks.

The merchants say the proposed setup is stoking unease

about how online transactions are treated under the Durbin amendment, which was part of the 2010 Dodd-Frank Act. The amendment, named after Sen. Richard Durbin (D., Ill.), capped the interchange fees that networks could set on debit-card transactions and required that merchants have the ability to choose from more than one debit-card network to route transactions.

The Retail Industry Leaders Association met with the Federal Trade Commission and the Federal Reserve this week to raise concerns about the initiative, according to people

familiar with the matter. In attendance were representatives from Walmart, Home Depot, **Walgreens Boots Alliance** Inc. and **Target** Corp., among others, the people said.

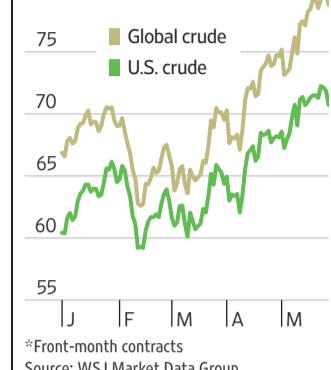
The meeting occurred several weeks after the FTC received a bipartisan letter signed by nine congressional representatives that asked the regulator to closely review standards that the large card networks are implementing and to ensure they aren't "used to anticompetitive ends."

Large card networks say
Please see CARD page B2

Run-Up

Crude-oil futures*

\$80 a barrel



*Front-month contracts
Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

Producers To Weigh Relaxing Oil Curbs

Russia and other large oil producers next month will discuss relaxing an agreement that has cut output and helped

By Anatoly Kurmanayev
in St. Petersburg,
Russia, and Summer
Said in Dubai

support crude prices—a move that could relieve some price pressure in coming weeks.

Russian Oil Minister Alexander Novak said he would discuss with counterparts from Saudi Arabia and other members of the Organization of the Petroleum Exporting Countries the possibility of a "gradual output recovery," according to RIA, a Russian state news agency. The talks will take place during a scheduled OPEC meeting in Vienna.

Persian Gulf producers, meanwhile, have been discussing ways to allow more barrels onto global markets. The softening comes just a few weeks after OPEC and Russian officials met in Jeddah, Saudi Arabia, and presented what appeared to be a unified front about their commitment to keep output limited.

Any loosening would represent the first move to pare back or realign what has been a risky, unprecedeted gamble by Saudi Arabia and Russia. It was a bet made two years ago in part out of desperation, after prices cratered from around \$100 a barrel to about \$25 and didn't seem likely to move back up anytime soon.

OPEC has long been able to nudge prices up—and sometimes down—by tightening up its taps or loosening them. After the emergence of a cadre of nimble U.S. shale producers, that no longer seemed to work.

By broadening its coordination outside OPEC, officials
Please see OIL page B2

Alexa Eavesdrops And Tells A Friend

BY LAURA STEVENS

Amazon.com Inc. said that one of its Echo home speakers recorded a private conversation without permission mistakenly and sent it to a person in the owners' contact list, an incident that raises questions about the security of such voice-operated devices.

Confirming a report by a local television station in Seattle, Amazon on Thursday said that the Echo device misunderstood pieces of a conversation as commands, causing it to think it was being instructed to send the message.

"As unlikely as this string of events is, we are evaluating options to make this case even less likely," a spokeswoman added in a statement.

The incident was first reported by KIRO 7, which aired an interview with a Portland, Ore., user identified only as Danielle. The user said that one of her husband's employees had received a recording sent from inside her house. The couple verified it was real and determined that it originated with one of their Echo devices.

Attempts to reach the woman for comment weren't immediately successful.

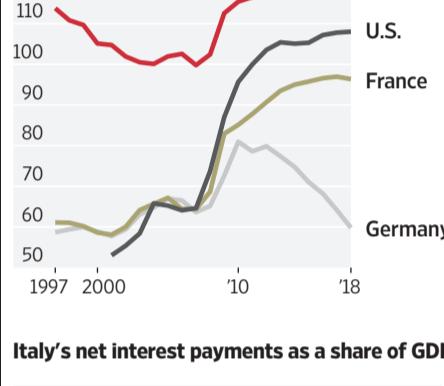
The Echo and other devices from Amazon powered by its artificial-intelligence bot Alexa have sold quickly since hitting the market in 2014 and have been followed by similar gadgets including Alphabet Inc.'s Google Home and Apple Inc.'s HomePod. Proponents envision them eventually helping to handle an array of personal tasks, from operating smart-home devices to paying for gas from consumers' cars. Amazon

Please see ALEXA page B4

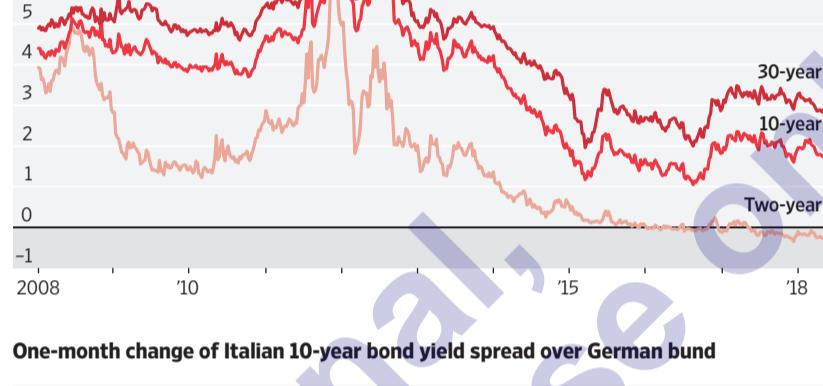
Fear Factor

In spite of its biggest-ever debt pile, Italy has its lowest interest burden in 40 years. Bond markets may threaten that as they take fright at the new coalition government.

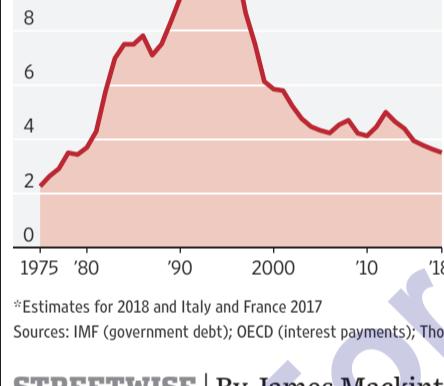
Government debt as a proportion of GDP*



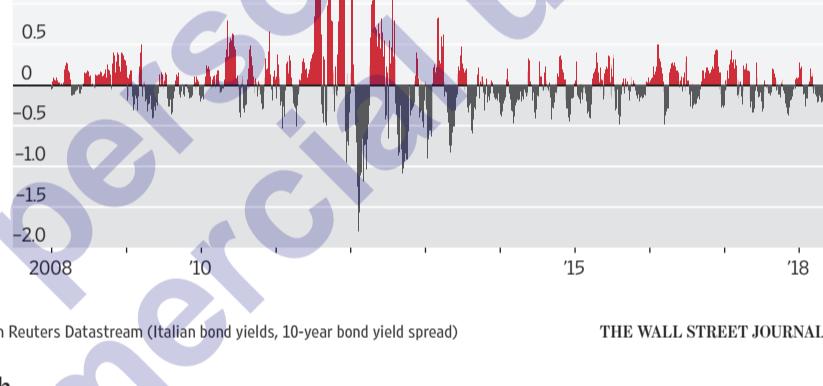
Italian bond yields



Italy's net interest payments as a share of GDP



One-month change of Italian 10-year bond yield spread over German bund



STREETWISE | By James Mackintosh

Italy's Money Tree Works—for Now



Europe's bond markets were pleasantly placid for a while. Until last week.

The messy politics of Italy's left-right coalition spurred the biggest weekly and monthly move in its bond yields in five years. The credit risk of Italian bonds—the extra yield they offer compared with Germany—leapt by about half a percentage point for all maturities as the

somnolent bond vigilantes suddenly awoke to the risks the coalition represents.

The danger is that Italy's massive debt burden becomes unmanageable, repeating the spiral of decline it entered in 2011. Back then, the concern was that investors dumping the debt of weak countries would force a vicious cycle of austerity, slower growth and yet higher bond yields as governments struggled to finance higher borrowing costs. The new coalition takes over with Italian yields

far lower than at their peak, but a market loss of faith remains the greatest threat to its ability to implement its unorthodox policies.

The policies are unorthodox indeed. Melding left and right, the coalition's policy compromise includes a flat tax that isn't flat and a universal basic income that isn't universal. It accepts both higher spending to placate the left and lower taxes to please the right, while insisting that it is aiming to reduce public debt. Everyone knows that Italy

has a debt problem. Its €2.2 trillion (\$2.6 trillion) debt pile is the biggest it has ever been and at 131% of gross domestic product, the third biggest in the world, behind only Japan and Greece.

Yet, last year Italy paid the least interest on that debt—€65.6 billion—than at any time since European Central Bank data started in 1995.

According to the Organization for Economic Cooperation and

Please see STREET page B11

By AISHA AL-MUSLIM

The expiration date for Necco wafers, the pre-Civil War chalky sweets that were facing extinction, just got an extension.

Ohio-based **Spangler Candy** Co. made a winning bid of \$18.83 million at a federal bankruptcy auction in Boston on Wednesday for the assets of the New England Confectionery Co., the 171-year-old maker of the Necco wafer.

The sale to family-owned Spangler—which makes Dum Dums lollipops and the orange marshmallow Circus Peanuts—is expected to close Friday.

"Our long-term plans for Necco's equipment is still undecided," Spangler Candy spokeswoman Diana Moore Eschhofen said Thursday. "For the moment, the Necco plant will continue to operate probably into the next several months."

It's a sweet reprieve for the Necco wafers drama that has been unfolding the past couple of months.



New England Confectionery has made Necco wafers since 1847.

In March, New England Confectionery—creators of the iconic wafer since 1847 and the oldest continually operated candy maker in the country—notified its hometown of Revere, Mass., that it would close operations in May and lay off hundreds of workers if the company didn't

find a new owner.

The company, which is owned by New York investment firm **Ares Capital**, filed for chapter 11 bankruptcy protection in April.

Some Twitter users rejoiced about the news of the purchase. One wrote "I love Necco wafers. This makes me

happy."

Another wrote, "NECCO wafers were always around Grandma's house. Long history, classic Americana."

The company's treats include Mary Jane candies, Clark Bars, Squirrel Nut Zippers and Sweethearts, the heart-shaped Valentine's Day candy bearing romantic messages such as "Kiss Me" and "Be Mine."

Necco wafers have been around since before the Civil War. The pale, dusty candy discs are packaged like a roll of coins and wrapped in wax paper.

The flavors have been described as "tropical drywall," "plaster surprise" and "attic citrus." The original recipe of Necco wafers hasn't changed, according to the company. It is a mix of sugar, corn syrup, gelatins, gums, colorings and flavorings that include chocolate, licorice, cinnamon, lemon, lime, orange, wintergreen and clove. Each roll has eight wafers and the company produces about four billion each year.

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INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	First Solar.....A1
Accor	A2
Allianz	A1
Alphabet	A1,B4
Amazon.com	B1
AMMB Holdings Bhd	A16
Apple	B4
Ares Capital	B1
Arkema	B6
B	Bank of America.....B1
Barclays	B12
Best Buy	B3
Blackstone Group	B10
BMW	B3
Bossa Studios	A2
C	Canadian Imperial Bank of Commerce.....B11
CEFC China Energy	B10
Celgene	B2
Centerview Partners	B2
Chevron	B11
China Chengxin International Credit Rating	B10
D	Daimler.....B3
Deutsche Bank	B10,B12
Diageo	B2
Didi Chuxing Technology	B4
E	Elliott Management...B4
Exxon Mobil	B11
F	Facebook.....A1,B4
First Data	B1
G	Fitch Ratings.....B10
H	Gap.....B6
Genting Group	A16
Goldman Sachs Group	A16,B10,B12
GrabTaxi Holdings Pte	B4
I - J	Home Depot.....B1
Honda Motor	B11
Hovnanian Enterprises	B10
K - L	International Business Machines.....A2
J.P. Morgan Chase	B12
M	Mastercard.....A1,B1
McDonald's	A7
Moody's	B10
Morgan Stanley	B12
N - O	Nissan Motor.....B3
1Malaysia Development	A16
P	Petrobras.....A7
Pfizer	B3
PT Go-Jek Indonesia	B4
R	Ralph Lauren.....B12
Rosneft Oil	B2
S	Royal Bank of Canada.....B11
Royal Bank of Scotland	B12
T	Samsonite International.....B3
Samsung Electronics	B4
Shanghai Brilliance Credit Rating & Investors Service	B10
SoftBank Group	B4
Solus Alternative Asset Management	B10
Spangler Candy	B1
S&P Global	B10
Starbucks	B6
U - V	Tanjong.....A16
Target	B1
Thyssenkrupp	B4
Toronto-Dominion Bank	B11
Toyota Motor	B3,B11
W	Uber Technologies.....A1,B4
Unibail-Rodamco	B6
United Continental Holdings	B6
United Co. Rusal	B6
Visa	B1
Volkswagen	B3

INDEX TO PEOPLE

A	Gray, Jonathan.....B10	
Aandahl, Soren	B3	
Achleitner, Paul	B10	
Alekperov, Vagit	B2	
B	Blankfein, Lloyd.....B10	
Bolger, Rod	B11	
Bouriko, Alexandra	B6	
C	Chubb, Timothy.....B11	
Cryan, John	B10	
D	Delson, Paul.....A1	
Deripaska, Oleg	B6	
E - G	Elm, Thomas.....A2	
Garvey, Jane	B6	
Goodman, Bennett	B10	
H	Ham, Emerson.....B2	
Heitkamp, Heidi	B10	
I	Iger, Bob.....A9	
Joly, Hubert	B3	
Louvet, Patrice	B12	
M	Makarim, Nadiem.....B4	
McKay, David	B11	
McWilliams, Jelena	B10	
Munster, Gene	B4	
N - O	Nikitin, Evgeny.....B6	
Olifiers, Henrique	A2	
P	O'Sullivan, Jim.....A2	
R	Roth, Thomas	B11
S	Sewing, Christian.....B10,B12	
Sieg, Andy	B2	
Skipper, John	A1	
Solomon, David	B10	
Stanley, Stephen	A2	
Stonier, JoAnn	A2	
T	Tainwala, Ramesh.....B3	
Tester, Jon	B10	

CARD

Continued from the prior page that the single-pay tab they recently announced will make cards less vulnerable to fraud. Visa and Mastercard plan to accomplish that by using a unique token for online transactions.

The change lessens the chance that thieves would be able to intercept and reuse a card number.

But that prospect, too, has raised alarm with merchants and the smaller debit-card networks. When tokens are created by the major networks, only those networks can translate the tokens associated with their cards back into the actual account number to allow for the purchase to proceed.

That means that when consumers pay with the single-pay tab that is linked to their debit card, merchants might not be able to choose a different network to process the transaction.

The large networks say many of these concerns are overblown and that tokens won't be mandatory. A Mastercard spokesman said using a token through the single-payment button will be an option, meaning that debit-card

purchases made through the single-pay tab will allow for the full account number to be transmitted and thereby allow merchants to route the transaction to whatever network they want.

Merchants could also be able to send those payments to the smaller debit networks and those networks will then contact Visa to decode the token.

A Visa spokeswoman said "merchants are critical partners to Visa. We are committed to providing them with effective and seamless payments services to help them grow their business."

Still, small card networks are reaching out to congressional members. In March, Rep. David Young (R., Iowa) and Rep. Peter Welch (D., Vt.) were also contacted by the National Association of Convenience Stores, a merchant group that requested the congressional members send a letter to the FTC to raise issues about possible anticompetitive actions, according to people familiar with the matter.

Separately, the National Retail Federation says it is planning to meet with federal regulators, including the Fed, the FTC and the Consumer Financial Protection Bureau, in coming weeks.

PAY

Continued from the prior page regardless of stock-market conditions. The plan, which is also a response to a tougher competitive environment, is meant to juice brokers' assets, swell bank deposits and funnel more clients into retail-bank products such as mortgages and credit cards.

The program "is having the desired impact," said Andy Sieg, head of Merrill Lynch Wealth Management. "Advisers are prioritizing client acquisition" and "making referrals to the broader Bank of America at higher levels than ever before."

That is potentially good news for the bank's shareholders, who are already enjoying a bounce in the stock from a stronger economy and higher interest rates.

Clients with more of their assets and liabilities spread across a big bank are potentially more lucrative and may be less likely to leave if a broker retires or jumps to a rival.

Merrill and its competitors have traditionally rewarded growth instead of punishing the lack of it, analysts say. Introducing a stick—the first in recent years by one of the big firms—reflects how traditional Wall Street brokerages are

Million Marker

Average revenue per Merrill Lynch broker has hovered around \$1 million, while Morgan Stanley's has risen.

Merrill Lynch



Note: Quarterly figures annualized

Source: the companies

shuffling its portfolio in recent years to shed low-growth assets and increase its exposure to promising markets and categories.

In 2015, it sold Scottish hotel-and-golf resort Gleneagles Hotel Ltd. and later in the year agreed to sell most of its wine portfolio to Treasury Wine Estates Ltd. for \$552 million. Millennials, in particular, are drinking less alcohol but spending more money per drink, according to executives, and Diageo, like other drinks companies, has been trying to play to this trend.

Last year it bought Casamigos, an upscale tequila brand co-founded by actor George Clooney that increased its exposure to the fast-growing tequila market. In 2015, it swapped its Bushmills Irish whiskey brand for Don Julio, previously owned by Jose Cuervo, and last year launched a pricier Irish whiskey brand called Roe & Co.

In the U.S., the company's largest and most profitable market, Diageo has focused on getting drinkers to trade up to high-end variants of brands like Tanqueray gin and Johnnie Walker whisky. It is also trying to buoy its vodka sales, which have flagged in the face of competition from Fifth Generation Inc.-owned Tito's Handmade vodka.

hitting targets is re-evaluated.

Merrill Lynch declined to share an estimate on the number of brokers it expects to be affected by the pay change in July. Some employees estimated it would at least be in the hundreds.

Merrill told brokers in a memo Wednesday that it would expand the definition of new clients to include some who already have an account with the firm's online discount brokerage platform. "Our goal is to have every single one of you hit your growth grid hurdle," the memo said.

Mr. Sieg said in an interview Tuesday that he expects that the dollar impact of pay cuts will roughly be offset by the bonuses the firm gives to higher-performing advisers.

Some financial advisers say the changes put too much pressure on them to push products that customers may not want.

"When they put referrals in the comp plan, that codified it for us," said Emerson Ham, an adviser who left Merrill Lynch in March after 26 years with the firm. "There's a fine line between encouraging referrals and forcing them."

Firms say clients appreciate the convenience of having everything from retirement-savings accounts to a checking account to a mortgage in one place.



Russian oil producers have pressured Moscow to allow them to pump more crude. A Russian refinery.

move up or down based not just on revenue, but also based on asset and liability growth, the number of new clients the broker brings in and referrals to the bank.

If minimum sales targets aren't met, the broker generating \$1 million in revenue could lose up to \$10,000 from their June paycheck because they would be collecting 2 percentage points less of the revenue generated. The penalty then applies to monthly pay going forward.

If brokers hit certain higher targets, they can get up to a 2-percentage-point bump in pay, as long as they make two referrals to the parent bank.

Monthly pay for those brokers would increase through December, when advisers' progress

that supply outages in Venezuela, as well as an expected reduction in exports from Iran because of new U.S. sanctions, could tighten markets dramatically, leading to an acceleration in rising crude prices.

Russia, Saudi Arabia, other OPEC members and a handful of other big producers are currently cutting their collective output by about 700,000 barrels a day more than necessary to comply with the 2% cap.

That has market participants expecting at least some loosening by the pact's partners. Saudi Arabia has said it is monitoring markets closely and was ready to step in and boost output quickly if necessary to stabilize markets.

In Russia, too, there has been internal pressure to ease the output cap. Russian producers have poured billions of dollars of new investment into their oil fields. In recent months, they have pressured Moscow to allow them to produce more oil, to capture returns on that investment during a time of higher prices.

Vagit Alekperov, the head of Lukoil, Russia's second-largest oil producer behind Rosneft, said he hoped the production cap could be eased, though he said the partnership itself should be preserved.

"The agreement was beneficial, it balanced the market, made it more predictable, breaching this deal it is not necessary," he told Russia's Tass news agency Thursday, speaking at the same business conference in St. Petersburg as Mr. Novak. He said, however, it "should become more flexible."

1.6%

Thursday's decline in West Texas Intermediate futures

Meanwhile, Gulf OPEC members, mainly Saudi Arabia and the United Arab Emirates, have been talking with other producers including Russia about the possibility of easing the cut at the OPEC meeting in June, according to people familiar with the matter.

"We are currently in talks with other producers to see if this is something that we should discuss and decide on in Vienna. We don't like volatility and we don't want to hurt demand," said a senior Saudi official.

Benoit Faucon in London contributed to this article.

BUSINESS & FINANCE



ANDREW MILLIGAN/PA WIRE/GETTY IMAGES

Diageo Aims to Cull Liquor Brands

BY SAABIRA CHAUDHURI

LONDON—Diageo PLC is shopping Canadian whisky Seagrams VO and cinnamon schnapps Goldschlager among other brands as it looks to pivot toward higher-growth products, according to people familiar with the matter.

Myers's rum, Popov vodka and Romana sambuca are other middle-market Diageo brands on the block, according to these people, as the world's largest liquor maker focuses on pricier, international offerings that are seeing strong demand.

Centerview Partners has

of up to \$1 billion, according to people familiar with the situation.

The process kicked off only this week with the company hoping to sell the brands in a single transaction, meaning likely buyers will include private-equity firms, according to one of the people. "We regularly review our portfolio to ensure we are maximizing shareholder value," said a Diageo spokeswoman.

Diageo's shares closed up 1.4% in London trading on Thursday.

Sky News reported on Diageo's move earlier in the day.

Diageo, which owns more than 200 brands, has been

shuffling its portfolio in recent years to shed low-growth assets and increase its exposure to promising markets and categories.

In 2015, it sold Scottish hotel-and-golf resort Gleneagles Hotel Ltd. and later in the year agreed to sell most of its wine portfolio to Treasury Wine Estates Ltd. for \$552 million.

Millennials, in particular, are drinking less alcohol but spending more money per drink, according to executives, and Diageo, like other drinks companies, has been trying to play to this trend.

Last year it bought Casamigos, an upscale tequila brand co-founded by actor George Clooney that increased its exposure to the fast-growing tequila market. In 2015, it swapped its Bushmills Irish whiskey brand for Don Julio, previously owned by Jose Cuervo, and last year launched a pricier Irish whiskey brand called Roe & Co.

In the U.S., the company's largest and most profitable market, Diageo has focused on getting drinkers to trade up to high-end variants of brands like Tanqueray gin and Johnnie Walker whisky. It is also trying to buoy its vodka sales, which have flagged in the face of competition from Fifth Generation Inc.-owned Tito's Handmade vodka.

Clooney that increased its exposure to the fast-growing tequila market. In 2015, it swapped its Bushmills Irish whiskey brand for Don Julio, previously owned by Jose Cuervo, and last year launched a pricier

BUSINESS NEWS

Best Buy Falls 6.7% Despite Firm Sales

By IMANI MOISE

Best Buy Co.'s sales jumped in the latest quarter as the electronics retailer continued to benefit from shoppers spending more freely, but shares fell as some investors feared there might not be much more room to run.

Same-store sales increased 7.1%, which Chief Executive Hubert Joly attributed to higher consumer confidence and new products. Consumer confidence, as measured in one index, reached a 14-year high earlier this year and remained strong in May, signaling more spending for the months ahead.

"This strong performance was broad-based, with positive comparable sales across all channels, geographies and most of our product categories," Mr. Joly said.

Best Buy's shares have climbed 41% over the past year compared with the S&P 500's 13% gain, but they tumbled 6.7% to \$70.90 on Thursday after the company decided not to raise its annual guidance despite reporting first-quarter earnings that blew past expectations.

The company continues to expect comparable sales to be flat to up 2% for the year, which, given the first quarter's strong results, could mean negative comparisons in the back half of the year, according to a Wells Fargo research note.

Additionally, Chief Financial Officer Corie Barry said on a call with analysts that higher investments in the company's supply chain and higher transportation costs will squeeze margins for the rest of the year.

U.S. online sales grew 12% to \$1.14 billion, but Mr. Joly said the lines between online and in-store sales are becoming increasingly blurred as customers shop online and pick up items in a store, or use a mobile feature that allows shoppers to scan and compare prices while shopping in a store.

Overall for the first quarter, the Minneapolis-based company reported a profit of \$208 million, or 72 cents a share, up from \$188 million, or 60 cents a share, a year earlier. On an adjusted basis, earnings rose 37% to 82 cents a share.

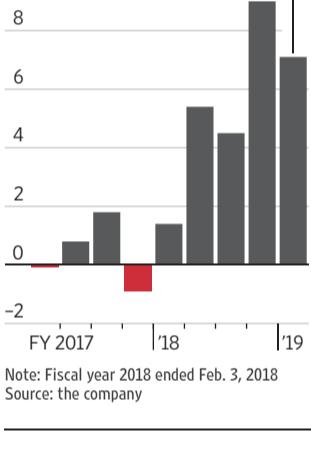
Revenue rose 6.8% to \$9.12 billion.

Warning Signs

Best Buy posted better-than-expected same-store sales, but shares tumbled 6.7% on signals that sales may be flat the rest of the year.

Same-store sales

Change from previous year



Daily share closing price



Note: Fiscal year 2018 ended Feb. 3, 2018

Source: the company

Pfizer Plans to Pay \$24 Million To Settle Probe Over Medicare

By JONATHAN D. ROCKOFF

Pfizer Inc. agreed to pay nearly \$24 million to resolve allegations that it violated federal law by using a charity to pay Medicare patients' out-of-pocket costs for the company's prescription drugs, federal prosecutors said.

The settlement, with the U.S. Attorney's Office in Boston, resolves allegations stemming from an investigation into charities that help patients pay for prescription drugs using donations from pharmaceutical companies.

Pfizer said it agreed to settle to "put this legal matter behind it and focus on the needs of patients." The company noted in a statement that the settlement wasn't "an admis-

sion of facts nor liability."

The federal investigation into the patient-assistance programs, which has involved numerous drug companies, targets a Byzantine arrangement that helps Medicare patients meet their copays despite restrictions on company assistance. Federal antikickback law has been interpreted to bar drug companies from providing copay assistance directly to Medicare patients.

Companies can make donations to charities that furnish such financial help, but the charities are supposed to be free to use the donations to help patients taking any drug.

The U.S. Attorney's Office said in a statement that Pfizer used an unnamed charity that received company donations

Gears Grind Over Tariffs

Foreign auto makers balk at Trump's push for an import duty of as much as 25%

President Donald Trump's push to impose painful tariffs on auto imports has put close U.S. allies in the crosshairs and unsettled governments, auto

By Sean McLain in Tokyo and William Boston in Berlin

makers and investors.

Shares of **Volkswagen** AG, **Toyota Motor** Corp., **BMW** AG and **Daimler** AG, which have big exposure to the U.S. market, fell Thursday, a day after the U.S. Commerce Department began looking into whether it could impose tariffs of as much as 25% on auto imports on the basis of national security.

According to the Center for Automotive Research, an Ann Arbor, Mich., think tank, 56% of the vehicles sold in the U.S. last year were American-made, while Canada and Mexico accounted for an additional 22%.

Outside of Canada and Mexico, which have a free-trade agreement with the U.S., Japan is the biggest exporter of cars to America, with the 1.7 million units shipped in last year accounting for about 11% of the light-vehicle market.

Toyota's most popular vehicle in the U.S. is the RAV4 SUV, which isn't made at any of its U.S. factories. More than half are sent from Japan and the rest come from Canada.

Auto makers in the European Union exported 1.2 million cars to the U.S., with German manufacturers Volkswagen, Audi, Porsche, BMW and Mercedes-Benz accounting for about half the total.

The EU has a 10% tariff on cars from the U.S., while Japan has no tariff on cars imported from the U.S. There is currently a 2.5% U.S. tariff on cars from Japan and Europe.

Japanese and German auto

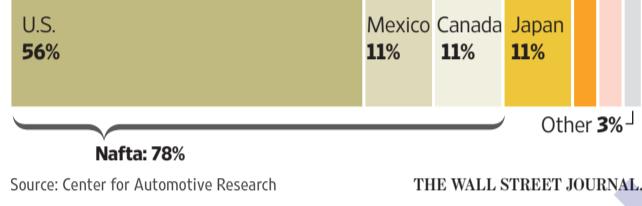


A Toyota plant in Japan. The company suggested auto imports are hardly a national security threat.

Allies at Risk

A new auto tariff broached by President Trump would come down hard on Japan, Germany and South Korea, while a renegotiation of Nafta could affect imports from Mexico and Canada.

Cars sold in the U.S., by country of origin



Source: Center for Automotive Research

THE WALL STREET JOURNAL.

wagen, BMW and Daimler stressed that they had built up substantial production facilities in the U.S. and provided tens of thousands of jobs to American workers. Mr. Trump has repeatedly criticized Germany over its auto exports to the U.S., but they have fallen 25% since 2013.

"Experience shows that in the long term unilateral protectionism has never helped anyone," Volkswagen said.

Analysts said new auto tariffs could backfire on U.S. auto makers. The three largest U.S. manufacturers—General Motors Co., Ford Motor Co. and Fiat Chrysler Automobiles NV—imported nearly two million vehicles to the U.S. last year, most of which were built in Mexico. GM imported 25% of the cars it sold in the U.S. About a quarter of the 519,000 vehicles made last year in South Korea by GM Korea were shipped to the U.S.

If the Detroit auto giant were hit with Mr. Trump's tariffs, "it would be such an absurd and nonsensical thing," said Jung Yong-jin, an auto analyst at Seoul-based Shinhan Investment Corp.

—Kwanwoo Jun in Seoul and Adrienne Roberts in Detroit contributed to this article.

Short-Seller Report Hits Samsonite

By STEVEN RUSSOLILLO

Look Out Below

Shares of **Samsonite International** SA, the world's largest luggage maker by volume, on Thursday suffered their worst drop in six years after a short seller issued a report critiquing the company's business practices and stating that the chief executive should be fired for committing résumé fraud.

The 48-page report was released by a new Texas activist investment fund called Blue Orca Capital LLC, launched earlier this month by Soren Aandahl, a former director of research at California-based short-selling firm Glaucus Research.

Choosing Samsonite as its first target, Blue Orca said the company is "a midlevel brand masquerading as a premium luxury player" and that it suffers from "questionable accounting practices and poor corporate governance."

Blue Orca also said Samsonite Chief Executive Ramesh Tainwala has misrepresented himself as a doctor, with various media and corporate filings throughout his career, saying he had a doctoral degree from the Union Institute

and University in Cincinnati. In an earnings call, Mr. Tainwala was referred to as "Dr." the firm said.

While Blue Orca said it believes Mr. Tainwala enrolled there from February 1992 through September 1993, its research also shows he never earned a doctoral degree.

"In our opinion, this is classic résumé fraud," Blue Orca said in its report, while adding: "We believe that Samsonite's board of directors has no choice but to terminate Ramesh Tainwala for fabricat-

ing a doctorate credential on his CV."

Mr. Tainwala, in an emailed response to The Wall Street Journal, said he has "never claimed" to hold a doctorate degree. He said he had enrolled for a Ph.D. program in 1992 and friends and colleagues jokingly addressed him as "doctor" afterward even though he didn't complete the program.

He said the issue was discussed around the time Samsonite went public in 2011 and that he told the company's board and lawyers and bankers drafting the IPO documents that he had no formal Ph.D. Mr. Tainwala also said he previously asked a colleague to get media outlets to remove the prefix "Dr." from his bio.

Mr. Tainwala added that the activist fund's allegations of accounting and disclosure issues at Samsonite are "factually incorrect, mischievous and malicious," and the company is working with its lawyers to issue a rebuttal.

Samsonite's Hong Kong-listed shares fell 9.8%, its biggest one-day drop since June 2012, after the report was published.

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TECHNOLOGY

Macron Urges Silicon Valley to Comply

French president asks tech firms to follow Europe's regulations on taxes and privacy

BY SAM SCHECHNER

PARIS—French President Emmanuel Macron ratcheted up demands on U.S. tech giants Thursday by calling on them to embrace European regulations, ranging from taxation to privacy to artificial intelligence, because Washington is failing to do so.

"The U.S. model is no longer sustainable because there is no political accountability," Mr. Macron said at a technology conference in Paris just hours before Facebook Inc. Chief Executive Mark Zuckerberg took the same stage.

Mr. Zuckerberg, who had met Wednesday with Mr. Macron, struck a conciliatory tone during his appearance, saying the tech sector is now "making sure we take more responsibility," and said that Europe's new GDPR privacy law, which goes into effect on Friday, can help "increase public trust that these systems are working."

Mr. Zuckerberg added that, in recent weeks, "the vast majority of people choose to opt in" when Facebook has asked them to approve its use of their internet-browsing and application-usage data to show them targeted ads.



CHRISTOPHE PETIT TESSON/POOL

Facebook's Mark Zuckerberg, left, and Emmanuel Macron on Wednesday. Mr. Zuckerberg says the tech sector is now more responsible.

Mr. Macron's broadside—which he began by saying, "I will be very blunt with you"—is part of a broader political backlash in Europe and elsewhere against the power and influence of a handful of global tech titans.

Detractors accuse the companies of a litany of offenses, including contributing to income inequality by concen-

trating wealth and helping undermine democratic discourse with social-media tools.

Mr. Macron has appointed himself—and France—as a mediator who can find a common ground between the companies and their critics. On one hand, Mr. Macron has wooed investments from tech companies with tax cuts and business-friendly changes to labor

laws. But he has also encouraged them to take more responsibility—inviting some 50 chief executives from companies including Uber Technologies Inc., Microsoft Corp. and International Business Machines Corp. to a summit on Wednesday that he called "Tech for Good."

In his comments on Thursday, the French president

sought to draw a line between what he described as authoritarian rule with few social protections in China, and a U.S. model that he said has abdicated responsibility for Western social values.

"What is at stake is how we build a European model reconciling innovation and the common good. That's our challenge," Mr. Macron said.

Mr. Zuckerberg, for his part, indicated that he has been studying governance models, including the idea of due process, in an effort to make Facebook more accountable to its users. Under pressure from governments to remove extremist content and hate speech, Facebook plans to introduce features allowing individuals to appeal those removals, including appeals to an outside panel of people who don't work for Facebook, Mr. Zuckerberg said.

"What I'd like to get to is to have somewhat of a supreme court, or a higher appellate court that's more independent," Mr. Zuckerberg said.

Mr. Macron repeatedly complained that some big tech companies don't pay enough income tax, by using legal structures to shift profits to lower-tax countries. He said he would continue to fight for a French proposal that the European Union levy a tax on large tech companies' digital revenue to level the playing field—even though the proposal has had trouble garnering the unanimity among EU nations that it would need to become law.

"You created a huge wave disrupting sectors of the economy," Mr. Macron told the tech executives in the audience. "That's why I am a strong supporter for this European digital tax for big players and I will fight for it to the end. I think it's fair."

Jury Boosts Samsung Payment to Apple

BY TRIPP MICKLE

Samsung Electronics Co. must pay Apple Inc. \$539 million for infringing patents related to the iPhone's design, a federal jury found Thursday, a new victory for Apple in a seven-year-old legal battle over the spoils of the smartphone market's boom.

The jury's decision in the U.S. District Court in San Jose, Calif., increases the amount that Samsung previously was ordered to pay Apple for the patents under dispute from \$399 million to \$539 million. The bulk of the new damages award, \$533.3 million, was for infringing three Apple design patents on the iPhone. An additional \$5.3 million was for infringing two utility patents.

The legal fight has progressed through multiple rounds since Apple sued Samsung in 2011, claiming it stole key elements of the iPhone's design—and it likely isn't over. Meanwhile, the explosion in smartphone use has benefited both companies enormously, with Apple's huge iPhone profits helping make it the world's most valuable company. The jury's new award is equivalent to only about 3.5 days of Apple's net profit in the first three months of this year.

"Today's decision flies in the face of a unanimous Supreme Court ruling in favor of Samsung on the scope of design patent damages," a Samsung spokesman said Thursday. "We will consider all options to obtain an outcome that does not hinder creativity and fair competition for all companies and consumers."

Apple said it was pleased the jury agreed that Samsung should pay damages for patent infringement, saying "Samsung blatantly copied our design."

Go-Jek Expands in Southeast Asia

BY P.R. VENKAT AND NEWLEY PURNELL

Motorcycle-taxi service PT Go-Jek Indonesia will invest \$500 million to expand its operations in Southeast Asia, revving up competition in a rapidly growing consumer market just two months after Uber Technologies Inc. reached a landmark deal to exit from the region.

The Indonesian company said in a statement Thursday it plans to enter Vietnam, Thailand, Singapore and the Philippines in the next few months and is working with regulators and stakeholders across the region.

Go-Jek will initially offer motorcycle-hailing services in Vietnam, Thailand and the Philippines, and provide traditional taxi services in Singapore, where motorcycle taxis aren't permitted, a company spokesman said. The move, in effect, puts Go-Jek in direct competition with regional market leader Grab Inc.

Ride-hailing companies such as Go-Jek and Grab are looking to expand in a region that is home to about 600 million consumers. In March, Uber said it would relinquish its battle for Southeast Asia's riders, selling its local operations to Grab in exchange for a minority stake in the Singapore company.



The motorcycle-taxi service company plans to enter Vietnam, Thailand, Singapore and the Philippines.

With the rapid growth of ride-hailing startups, Japan's SoftBank Group Corp., Chinese ride-sharing giant Didi Chuxing Technology Co., KKR & Co., Warburg Pincus LLC and Alphabet Inc.'s Google have all pumped in millions of dollars to get a slice of these homegrown champions with multibillion-dollar valuations.

Besides ride-hailing services, Go-Jek and Grab have ventured into mobile financial services and offer food delivery in some markets.

"Consumers are happiest when they have choice and at the moment, people in Vietnam, Thailand, Singapore and the Philippines don't feel that they're getting enough when it comes to ride-hailing," Nadiem Makarim, co-founder and chief executive of Go-Jek, said in a statement.

Competition authorities in the Philippines and Singapore are examining the proposed Uber-Grab deal in Southeast

Asia on concerns that the consolidation could give Grab a near monopoly in those markets. The region's ride-hailing market is forecast to grow to \$13.1 billion by 2025 from \$2.5 billion in 2015, according to a report by Google and Singapore state-investment company Temasek Holdings Pte. Ltd.

Go-Jek said the aim is to replicate the multiple-service business model that made it popular in Indonesia.

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ALEXA

Continued from page B1 last year enabled the Echo to be used for calling and messaging, too.

The growing popularity of such devices in homes and vehicles has triggered new privacy concerns from some consumers and analysts who fear the combination of internet-connected microphones and AI-powered automation could lead to mishaps or intentional misuse.

The devices are intended to remain offline unless they hear a specific term known as the wake word—in Amazon's case, the default is "Alexa." In effect, though, that means the microphones are on by default whenever the devices have power.

The Echo, for example, continuously records small pieces of audio on the device that it is supposed to automatically erase unless it is activated. Only after the device hears its wake word is it supposed to be able to send anything to the cloud or elsewhere on the network. Amazon has previously said that its devices are extremely unlikely to be hacked, and the Echo and its sister devices include a mute button that disconnects the device in-



GEOFFREY FOWLER/THE WALL STREET JOURNAL
The devices are supposed to stay off until they hear a 'wake word.'

ternally as an extra safety feature.

It isn't uncommon for Alexa or other voice-activated bots to mishear their wake words when users utter similar words or phrases in their presence.

Amazon said the Portland incident involved a series of such misunderstandings. It said the Echo woke "due to a word in background conversation sounding like 'Alexa.'" Then, the subsequent conversation was heard as a "send message" request.

At which point, Alexa said out loud "To whom?" At which point, the background conversation was interpreted as a name in the

customer's contact list." Amazon said Alexa then asked for confirmation and interpreted further background conversation as giving it.

Amazon also recently said it was adding a fix for Alexa-powered devices after users reported the machines started laughing for no reason. The company also attributed that to the software misunderstanding what it heard.

The privacy side has not been fully fleshed out with digital assistants," said Gene Munster, managing partner at Loup Ventures, a venture-capital firm specializing in tech research.

Activist Buys A Stake in Thyssenkrupp

BY DONATO PAOLO MANCINI

Activist investor Elliott Management Corp. on Thursday said it had taken a stake in German industrial giant Thyssenkrupp AG, entering another European corporate battle at a company already under pressure to break itself up.

The hedge fund was quick to signal its intention to make changes at the company. Elliott Advisors, its British arm, said, "Thyssenkrupp has significant scope for operational improvement which would benefit all stakeholders."

The move adds to pressure on the management of the German conglomerate. It has already faced shareholder calls to shed its historic steel-producing operations, which have been a drag on earnings, while the units that make elevators and warships deliver far higher profit margins.

Thyssenkrupp, which traces its roots to the early 19th century and has long been a symbol of Germany's industrial power, declined to comment on the Elliott stake.

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CMO Network

The World's Most Influential Marketers

The CMO Network is an invitation-only membership that brings together an exclusive group of Chief Marketing Officers and brand visionaries to discuss the current issues and trends facing the world's marketers.

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Kelly Campbell Hulu LLC	Elaine Leavenworth Abbott Laboratories	Ralph Santana Harman International
Lisa Caputo The Travelers Company Inc.	Tom Libretto Pegasystems Inc.	Bart Schaller Synchrony Financial
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Susanna Freer Epstein SFE	Orla Mitchell Wrigley	Susan Vobejda The Trade Desk
Amy Fuller Accenture	Simon Mulcahy Salesforce.com Inc.	Jeremy Wacksman Zillow Group
Courtney Geduldig S&P Global	Diana O'Brien Deloitte	Reggie Walker PwC
Shawn Gold TechStyle Fashion Group	Kristen O'Hara Time Warner Inc.	Suzi Watford The Wall Street Journal
Rick Gomez Target Corporation	Marc Pritchard Procter & Gamble	Keith Weed Unilever
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BUSINESS NEWS

Arkema Faulted for Safety Plans

Report blames weak standards for fire and blast at Texas chemical plant after hurricane

By CHRISTOPHER M. MATTHEWS

HOUSTON—Safety plans fell short of industry standards at a chemical plant that caught fire and exploded following Hurricane Harvey last year, but the standards were probably too weak to prevent the crisis anyway, a U.S. Chemical Safety and Hazard Investigation Board probe has found.

Workers at the **Arkema** SA plant in Crosby, Texas, had a disaster plan in place before the flooding of the city last August, but it didn't anticipate the 6 feet of floodwater that hit the facility, the independent federal agency concluded in an investigative report released Thursday.

The flooding caused the plant's main power source to fail and then forced workers to shut off emergency generators. That, in turn, caused the organic peroxides manufactured at the plant to grow unstable and ignite, spreading plumes of noxious smoke for miles in a tense drama that unfolded over days.

"None of Arkema's safeguards for electrical power failure met company or industry standards" for having backup systems, the board found. It also concluded that industry guidance for companies on preparing for storms



Workers didn't anticipate the 6 feet of floodwater that hit the Crosby, Texas, facility last August following Hurricane Harvey.

or floods is inadequate, and many companies may be susceptible to future flooding events. For example, the guidance doesn't require elevating critical equipment to locations that would have been safe during Harvey.

Federal regulations on chemical safety standards also don't require companies to consider flood insurance maps in their safety planning and only require companies to retain incident data for five years, the board found, meaning many companies may be unaware of their flooding risks. The board stopped short of

proposing regulatory changes. Arkema said in a statement the report accurately portrayed the "unforeseeable nature" of the water levels.

"The CSB report makes clear that Arkema employees took precautions to prepare for Hurricane Harvey well before it made landfall, even though the site was not projected to be in the direct path of the storm," the company said.

Arkema has apologized publicly for its handling of the incident but said it was impossible to predict the historic rainfall and flooding caused by Harvey. No one was killed during

the fire, but hundreds of residents were forced to evacuate and seven first responders have sued Arkema, alleging they were exposed to dangerous fumes and hospitalized because the company didn't properly prepare for the power outage. The French company has denied the allegations.

The Harris County District Attorney's Office has also opened a criminal investigation into the incident. A spokesman for the office didn't respond to a request for comment.

The Chemical Safety Board said many of Arkema's em-

ployees at the plant appeared to be unaware of the flooding risk at the site. The company's insurer had flagged the issue in a 2016 report, but most employees relied on their recollection of past storms as a barometer for flooding risk, according to the board.

The investigation found that other companies may also not be aware of the potential for flood risks. Federal safety regulations only require companies to retain incident data for five years, which meant that, at Crosby, employees were unaware of how high water had risen in past storms.

Rusal CEO Quits Amid Pressure of Sanctions

By CHESTER YUNG

Russian aluminum giant **United Co. Rusal** on Thursday said Chief Executive Alexandra Bouriko and seven board members resigned in an effort to help the company escape the Trump administration's sanctions program.

Rusal, one of the world's largest aluminum producers, also warned its earnings would be hurt by the U.S. government's action. Rusal has been under pressure since April when the U.S. hit the company and its main owner, billionaire Oleg Deripaska, with sanctions. Ms. Bouriko will depart immediately, and Evgeny Nikitin, who previously ran the company's aluminum division, will step in as acting chief executive. The board members are due to depart next month.

Rusal is one of 12 companies owned by seven Russian tycoons that Washington sanctioned over what Treasury Secretary Steven Mnuchin called Russia's "malign activity" around the world, including military interventions in Ukraine and Syria and cyberattacks. Moscow has rejected the accusations.

The U.S. earlier this month amended its sanctions program to give Rusal and other companies time to comply, easing pressure on the global aluminum market. Mr. Deripaska, widely seen as an ally of Russian President Vladimir Putin, agreed in April to sell down his majority ownership in EN+ Group PLC, the U.K.-listed holding company that owns 48% of Rusal, to help the aluminum producer escape sanctions.

Washington has given companies doing business with Rusal until Oct. 23 to wind down their dealings.

Rusal said its business has already been hurt by the sanctions. A "significant number" of counterparties have raised concerns about business ties and warned they were likely to discontinue existing contracts unless U.S. sanctions were lifted or Washington issues licenses for business to continue, the company said. Some financial institutions have limited the processing of payments on behalf of Rusal.

The company warned earnings and cash flow would be dented from lower sales. Its costs also would rise as it makes changes to its supply chain necessitated by the sanctions.

Rusal said Thursday it is taking all available steps, including discussions with regulators from the U.S. and other jurisdictions, to protect the interests of its shareholders, creditors and business partners.

Starbucks Restroom Policy Is a Tall Order

By JULIE JARGON

Now that **Starbucks** Corp. has decided to allow anyone to use its restrooms, it faces the critical task of keeping them clean and safe.

That job was a nuisance even before the coffee chain on Saturday said it would permit all visitors to its U.S. company-operated stores to use its cafes, including its restrooms, whether or not they make a purchase.

Managers and baristas regularly deal with a range of problems, including drug use, according to some current and former employees.

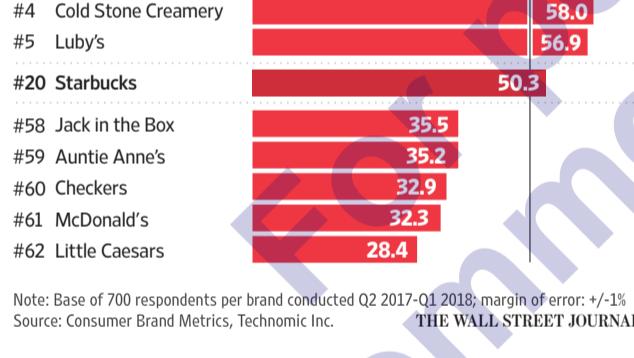
"Drug use wasn't happening in the bathroom every day, but it was definitely something that was happening once a week. The cops were called a lot," said Darrion Sjoquist, 21 years old, who worked as a barista at a Seattle Starbucks two years ago.

A Starbucks spokesman said he couldn't comment on the specifics of Mr. Sjoquist's experience. He said the new policy requires visitors to be respect-

Bathroom Breakdown

In a recent customer survey, Starbucks ranked above the industry average in terms of restroom sanitation.

Percentage of respondents who rated the bathroom cleanliness of fast-food chains as 'very good'



Note: Base of 700 respondents per brand conducted Q2 2017-Q1 2018; margin of error: +/-1%

Source: Consumer Brand Metrics, Technomic Inc.

Average: 46.7%



Keeping facilities clean and safe is already a demanding task.

ness and safety isn't a challenge unique to Starbucks. Gas stations, convenience stores, supermarkets and fast-food chains all wrestle with the issue. Some gas stations have installed blue lights in restrooms in an attempt to curb drug use because the hue makes it harder for people to find their veins.

Many chains, including some Starbucks stores, have installed locks on bathroom doors or require key codes, which they provide only to paying custom-

ers. The Starbucks spokesman said stores will now provide the code to all customers and that no decision has been made on whether to remove the feature.

The coffee chain's new inclusiveness policy came a month after a store manager in Philadelphia called the police about two black men who asked to use the bathroom without purchasing anything and allegedly refused to leave when asked. Officers arrested the men. Starbucks settled with them for an undisclosed amount.

BUSINESS WATCH

UNITED CONTINENTAL

Airline Names First Female Chairman

United Continental Holdings

Inc. has named its first female chairman.

Jane C. Garvey, a United board member since 2009, was selected as the new nonexecutive chairman, the U.S. airline said Thursday.

Ms. Garvey is North America chairman of Meridiam Infrastructure Finance Sarl, a public-private-partnership development and investment firm based in Paris. Before assuming the United board role in 2009, Ms. Garvey served on the transition team for President Barack Obama. She also served as the 14th administrator of the Federal Aviation Administration.

Her appointment comes after veteran industry executive Robert Milton opted to leave his chairman position.

—Aisha Al-Muslim and Doug Cameron

GAP

Discounting Weighs On Retailer's Profit

Gap Inc. executives said they had to resort to heavy discounting to move unsold clothes that had piled up at stores, moves that weighed on profit in the first quarter and could carry over into the current period.

"If you have too much inventory or the wrong inventory, hold-

ing on to it does not make it better," Chief Executive Art Peck said on a conference call Thursday.

Sales at established stores rose 1% in the quarter ended May 5, as a 4% decline at the namesake Gap brand offset gains at its Old Navy and Banana Republic chains.

Overall, quarterly profit rose 15% to \$164 million, or 42 cents a share, while revenue rose 10% to \$3.78 billion.

—Maria Armental

WESTFIELD

Unibail Takeover Clears Shareholders

Shareholders at **Westfield** Corp., which runs marquee malls across the U.S., approved a takeover by Europe-based shopping-center company **Unibail-Rodamco** SE on Thursday, putting to rest lingering concerns that the declining value of the offer might kill the deal.

Since the deal was announced in December, a slide in Unibail-Rodamco shares and changes in foreign-exchange rates reduced the value of the stock-and-cash offer, originally nearly \$16 billion, by more than \$1 billion. But it still represented a premium over the current price of Australia-listed Westfield shares.

The combined company will have a portfolio valued at more than \$70 billion and include malls like the one at the World Trade Center in New York and Century City in Los Angeles.

—Mike Cherney

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24811.76 ▼75.05, or 0.30%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.40 20.52
P/E estimate * 16.32 17.64
Dividend yield 2.17 2.31
All-time high 26616.71, 01/26/18

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)	-25,000 lbs.; \$ per lb.							
May	3.075	3.090	3.075	3.075	3.0855	0.0250	589	
July	3.069	3.1025	3.060	3.060	3.0960	0.0255	137,154	
Gold (CMX)	-100 troy oz.; \$ per troy oz.							
June	1293.30	1306.40	1292.20	1292.20	1304.40	14.80	148,204	
Aug	1298.00	1311.80	1297.40	1297.40	1309.80	15.00	240,120	
Oct	1305.10	1317.80	1305.00	1305.00	1316.10	15.00	10,777	
Dec	1311.60	1324.40	1310.90	1310.90	1322.60	15.00	72,114	
Feb'19	1319.00	1330.90	1319.00	1319.00	1329.00	15.00	11,648	
Aug	1349.00	1349.00	1348.00	1348.00	1348.80	14.90	419	
Palladium (NYM)	-50 troy oz.; \$ per troy oz.							
June	973.60	978.50	963.60	963.60	967.50	-3.60	8,476	
Sept	972.30	975.60	961.30	961.30	966.10	-2.20	14,254	
Dec	960.00	-4.30	308	
Platinum (NYM)	-50 troy oz.; \$ per troy oz.							
July	904.50	914.70	903.30	903.30	912.60	11.80	71,827	
Oct	909.70	919.00	909.70	909.70	917.40	11.70	8,076	
Silver (CMX)	-5,000 troy oz.; \$ per troy oz.							
May	16.550	16.550	16.621	16.621	0.283	220		
July	16.475	16.715	16.420	16.420	16.687	0.282	136,153	
Crude Oil, Light Sweet (NYM)	-1,000 bbls.; \$ per bbl.							
July	71.84	72.00	70.52	70.52	70.71	-1.13	532,927	
Aug	71.70	71.85	70.40	70.40	70.58	-1.13	234,289	
Sept	71.33	71.46	70.05	70.05	71.33	256,861		
Oct	70.81	70.94	69.58	69.58	69.69	-1.13	176,625	
Dec	69.86	69.93	68.63	68.63	68.79	-1.08	305,478	
Dec'19	64.05	64.09	63.22	63.22	63.54	-0.64	172,805	
NY Harbor ULSD (NYM)	-42,000 gal.; \$ per gal.							
June	2.2889	2.2921	2.2632	2.2632	2.2667	-0.0229	42,183	
July	2.2852	2.2885	2.2593	2.2593	2.2625	-0.0234	143,148	
Gasoline-NY RBOB (NYM)	-42,000 gal.; \$ per gal.							
June	2.2573	2.2616	2.2297	2.2297	2.2338	-0.0263	52,995	
July	2.2519	2.2562	2.2241	2.2241	2.2282	-0.0265	170,481	
Natural Gas (NYM)	-10,000 MMBtu's; \$ per MMBtu.							
June	2.923	2.941	2.904	2.904	2.940	0.026	39,082	
July	2.959	2.976	2.942	2.942	2.971	0.016	305,331	
Sept	2.958	2.976	2.944	2.944	2.970	0.014	165,405	
Oct	2.960	2.979	2.947	2.947	2.973	0.013	147,587	
Jan'19	3.174	3.193	3.162	3.162	3.190	0.016	107,089	
March	3.028	3.040	3.012	3.012	3.038	0.016	99,952	

Contract

Open High hilo Low Settle Chg Open interest

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

July 408.25 412.25 ▲ 403.75 404.25 -4.25 789,532

Dec 426.00 429.50 ▲ 421.75 422.50 -4.00 518,832

Oats (CBT)-5,000 bu.; cents per bu.

July 252.00 254.00 241.25 244.00 -8.00 3,876

Dec 261.00 261.50 252.00 254.00 -6.25 1,047

Soybeans (CBT)-5,000 bu.; cents per bu.

July 103.75 1050.75 -3.50 398,355

Nov 1049.25 1059.75 1047.40 1047.50 -1.25 253,609

Soybean Meal (CBT)-100 tons; \$ per ton.

July 380.60 386.20 377.20 377.30 -3.40 217,954

Dec 377.40 382.50 374.90 375.90 -1.90 104,054

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

July 31.61 32.05 31.60 31.71 .01 242,216

Dec 32.40 32.82 32.38 32.50 .01 111,058

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

July 119.00 119.40 ▼ 114.60 1156.00 -36.00 5,626

Sept 1155.50 1155.50 ▼ 112.50 1134.00 -26.00 2,718

Wheat (CBT)-5,000 bu.; cents per bu.

July 531.50 545.25 ▲ 529.25 530.25 -.75 241,387

Sept 547.50 560.75 ▲ 546.25 547.00 -.75 100,338

Wheat (KCI)-5,000 bu.; cents per bu.

July 551.75 564.50 548.25 549.00 -2.75 131,995

Dec 595.00 605.50 590.75 591.75 -3.50 57,040

Wheat (MPLS)-5,000 bu.; cents per bu.

July 640.75 651.00 ▲ 633.00 634.75 -7.25 32,435

Sept 645.25 653.75 ▲ 638.00 639.75 -7.00 12,888

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

May 135,400 136,475 135,400 136,400 1,500 2,158

Aug 143,75 148,800 142,800 143,300 -.050 26,551

Cattle-Live (CME)-40,000 lbs.; cents per lb.

June 105,625 105,725 104,250 104,400 -1,050 51,246

Aug 102,950 103,200 101,675 101,775 -1,025 163,947

Hogs-Lean (CME)-40,000 lbs.; cents per lb.

June 74,275 75,000 73,75 74,825 .225 31,317

July 76,125 76,950 75,250 76,775 .550 73,705

Lumber (CME)-110,000 bd. ft.; \$ per 1,000 bd. ft.

July 589.30 589.30 589.30 589.30 10.00 5,093

Sept 574.60 574.60 564.80 574.60 10.00 932

Contract

Open High hilo Low Settle Chg Open interest

Milk (CME)-200,000 lbs.; cents per lb.

May 15.19 15.21 15.16 15.19 -.05 3,747

June 15.79 15.81 15.71 15.76 .01 3,797

Cocoa (ICE-US)-10 metric tons; \$ per ton.

July 2,627 2,642 2,597 2,603 -15 112,665

Sept 2,668 2,683 2,640 2,647 -14 65,521

Coffee (ICE-US)-37,500 lbs.; cents per lb.

July 119.70 121.00 119.45 120.55 1.20 133,275

Sept 122.00 123.25 121.80 122.80 1.15 61,570

Sugar-World (ICE-US)-112,000 lbs.; cents per lb.

July 12.35 12.62 12.23 12.38 .03 448,673

Oct 12.71 12.91 12.55 12.70 -.02 265,224

Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.

July 24,83 24.83 24.51 24.51 .01 2,114

Sept 25.54 25.77 25.54 25.67 .42 1,968

Cotton (ICE-US)-50,000 lbs.; cents per lb.

July 87.18 87.85 86.64 87.46 .50 124,320

Dec 84.00 85.74 ▲ 83.75 85.55 1.50 133,114

Orange Juice (ICE-US)-15,000 lbs.; cents per lb.

July 168.50 169.25 166.15 168.40 -.60 12,473

BIGGEST 1,000 STOCKS

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How to Read the Stock Tables The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, May 24, 2018

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
A B C																			
ALL 287 212 ABB	ABB	137.36	-0.05	ALL 290 150 ABG	ABG	59.49	-0.59	AMN 170 70.5 AMB	AMB	141.30	-0.21	ANL 210 22.0 ANET	ANET	10.81	-0.01	ANSS 130 10.5 ANSS	ANSS	10.50	-0.01
ANR 126 9.87 AES	AES	135 12.09	-0.29	ANR 135 5.51 Bokflo	BOKF	17.14	-0.21	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09
ANR 135 1.20 Bokflo	BOKF	17.14	-0.21	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09
ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09
ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09	ANR 135 1.20 ColgatePalm	CL	17.26	-0.09
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BANKING & FINANCE

Deutsche Bank Confirms Plan to Cut Jobs

BY JENNY STRASBURG

FRANKFURT—Deutsche Bank AG confirmed plans to cut thousands of jobs, and the troubled lender's shares fell sharply following an update on investment-banking strategy and a warning from new Chief Executive Christian Sewing about continuing challenges.

The German bank said Thursday that its head count would fall "well below" 90,000 by the end of 2019, from its current workforce of about 97,000 employees.

In its equities sales and trading business, executives said they already have begun reducing head count by about 25%.

The lender's Frankfurt-traded shares declined nearly 4%.

In remarks at the bank's annual meeting, Mr. Sewing warned investors that the "revenue environment remains challenging" in the second quarter, particularly for the investment bank. He didn't pro-

vide figures.

The announcement of job losses, which confirmed a Wall Street Journal report Wednesday about the bank's plans to cut roughly 1 in 10 employees, came as Deutsche Bank braced for tough questions from investors.

Chairman Paul Achleitner defended the supervisory board's decision last month to replace former Chief Executive John Cryan as "unavoidable." Mr. Sewing laid out strategic priorities for the lender, telling investors that Deutsche Bank remains committed to investment banking.

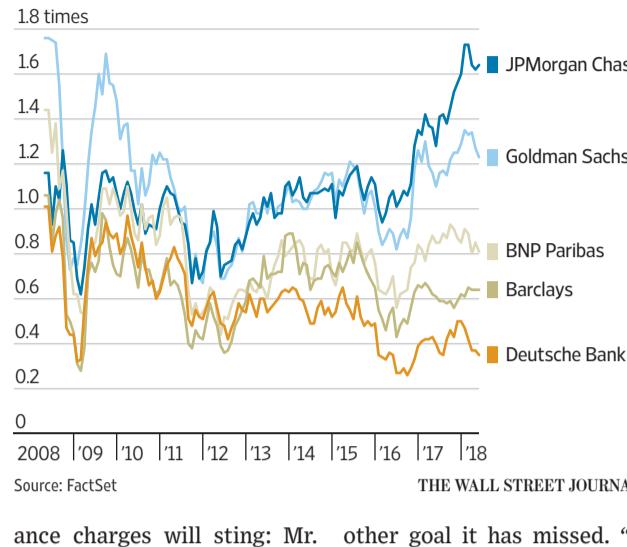
Mr. Sewing also said the bank must balance out trading revenues by building other businesses such as asset and wealth management.

"This time is different," he said, referring to the bank's yearslong habit of missing cost-control targets. The lender already has cut 600 jobs at the investment bank in the past seven weeks, Mr. Sewing said.

Restructuring and sever-

Playing Catch-Up

Price/book ratio, monthly



Source: FactSet

THE WALL STREET JOURNAL.

ance charges will sting: Mr. Sewing said 2018 results would be hit by restructuring charges of up to €800 million (\$936 million).

Mr. Sewing, like Mr. Cryan before him, also said Deutsche Bank aims to find itself in fewer media headlines, an-

other goal it has missed. "It won't do us any harm to be a bit more boring," Mr. Sewing told investors.

Thursday's announcement of job cuts follow months of thorny debate over how fast and deep job losses should be at the bank, the Journal re-

ported Wednesday. The process has divided senior executives and left investors unconvinced. The bank's shares have fallen by nearly one-third this year to their lowest level since a crisis of confidence hit the lender in late 2016.

At the investor meeting, the bank's supervisory board and senior executives faced probing questions about last month's CEO handoff and the tough choices the lender has to make. They also are confronting a proposal to break up the company.

The meeting follows a messy year for Deutsche Bank. The April 8 ouster of Mr. Cryan as CEO in the middle of his management contract shook employees and appeared botched to some clients and investors.

Less than two weeks earlier, Mr. Cryan told employees in a public memo that he was "absolutely committed" to the job, hoping to draw support from the supervisory board, people involved in internal

discussions said.

Instead, the board ousted the Briton, replacing him with Mr. Sewing, a German Deutsche Bank lifer.

Mr. Achleitner told investors on Thursday that management-board conflicts were getting out of hand and stalling important decisions under Mr. Cryan, citing "increasing differences of opinion" in the executive ranks.

Mr. Achleitner said leaks of internal information and speculation accelerated the CEO change in March and April. The supervisory board had hoped to announce a new CEO at Thursday's annual meeting rather than last month, he added.

Mr. Cryan helped the bank boost its capital position and make key decisions such as exiting 10 countries to focus on more important markets, Mr. Achleitner said.

—Euan Conley contributed to this article.

◆ Heard on the Street: Action is needed at Deutsche Bank... B12

Goldman, Blackstone End Their Dispute

BY LIZ HOFFMAN
AND ANDREW SCURRIA

Goldman Sachs Group Inc. and **Blackstone Group** LP recently resolved a months-long standoff over a controversial derivatives trade that had alarmed regulators and investors in the \$11 trillion credit-default swaps market.

The Wall Street giants had taken opposite sides of a bet on bonds issued by home builder **Hovnanian Enterprises** Inc. The trades, engineered by Blackstone's GSO Capital Partners LP, involved the home builder intentionally skipping a small interest payment earlier this month in exchange for an attractive financing package from the private-equity house.

Blackstone had bought insurance against a default, which would allow it to make money from the skipped interest payment. It bought this insurance, through credit-default swaps, from Goldman and others. This put Goldman at risk of losing money.

Goldman and Blackstone last week effectively zeroed out the trade between them, with Blackstone agreeing to assume Goldman's position, people familiar with the matter said. Goldman is now off the hook for a payout that could have run tens of millions of dollars, and Blackstone reduces its exposure to a wager that has become increasingly fraught.

Investors have howled that the maneuver was underhanded, while U.S. regulators issued a stern warning against "manufactured" defaults, which was widely seen as aimed at Blackstone. Hovnanian had the funds to make the interest payment that it missed and isn't in dire financial straits.

The concern is that defaults engineered for profit could corrupt the \$11 trillion CDS market.

Bloomberg News earlier reported that Goldman had sold its position, but didn't identify the buyer.

The trade was complicated in another way: It pitted Goldman against Blackstone, one of the bank's largest clients. Blackstone paid Goldman \$165 million in fees from 2014 to 2016, according to a regulatory filing, and Goldman's private bank funnels clients' money into Blackstone funds.

The trade came up in discussions between Goldman CEO Lloyd Blankfein and Blackstone President Jonathan Gray and in conversations between Goldman's No. 2 executive, David Solomon, and GSO chief Bennett Goodman, a longtime friend, according to a person familiar with the matter.

Solus Alternative Asset Management LP, which also sold protection on the Hovnanian bonds, has filed a lawsuit against the Blackstone unit that engineered the trade, accusing it of orchestrating a "sham default."



ANDREW HARPER/BLOOMBERG NEWS

Confirmation clears the way for coordinated action on behalf of the deregulatory agenda.

Senate Confirms Nominee For FDIC Jelena McWilliams

BY ANDREW ACKERMAN
AND LALITA CLOZEL

WASHINGTON—The Trump administration saw the final key figure of its bank-regulatory team move into place Thursday as the Senate confirmed Jelena McWilliams to head the Federal Deposit Insurance Corp.

Ms. McWilliams's confirmation rounds out a group of Trump-appointed bank overseers who can carry out the administration's promise to revisit financial regulations adopted in the Obama era. The vote was 69-24, easily surpassing the 60 votes needed for confirmation.

agenda, just as interagency frictions had started to become apparent.

The current Obama-appointed FDIC chairman, Martin Gruenberg, last month publicly opposed a Federal Reserve proposal to ease a capital requirement known as

The vote was 69-24, easily surpassing the 60 votes needed for confirmation.

the supplemental leverage ratio—a rare expression of discord among federal banking regulators. And last week Lael Brainard, an Obama-appointed Fed governor, appeared to criticize a plan floated by the Office of the Comptroller of the Currency to modify the implementation of the 1977 Community Reinvestment Act, which forces banks to make loans in poor neighborhoods.

Ms. McWilliams's confirmation is expected to ease the administration's ability to revamp both regulations in the coming months. Still, the process for revising regulations can take up to several years to complete.

The FDIC supervises thousands of small banks, handles bank failures, insures the nation's bank deposits and reviews the bankruptcy plans of the largest U.S. banks.

Ms. McWilliams comes to the FDIC from Cincinnati-based Fifth Third Bancorp, where she was chief legal officer. She is also likely to weigh in on several other efforts already under way, including plans to revise the Volcker rule, a provision of the 2010 Dodd-Frank Act that prohibits banks from making risky bets with their own money.

The Fed is set to meet next week to propose easing aspects of the rule. Four other agencies, including the FDIC, are also expected to seek modifications to it.

S&P Plans to Launch China Ratings Business

BY GUNJAN BANERJI

S&P Global Inc. plans to build a stand-alone ratings business in China, bringing it a step closer to expanding its presence in one of the world's biggest bond markets.

The financial-information company has notified the Chinese government of a plan to launch an independent credit-ratings firm in the country, an S&P spokesman said. A trade deal last year opened up China to U.S. ratings firms. S&P is speaking with regulators on the entrance.

Moody's Corp., S&P and **Fitch Ratings**, the world's top three credit-rating firms, have long coveted entry into China's bond market, but they have had a volatile relationship with Beijing.

Rating firms' relationship with China soured last year after both Moody's and S&P lowered their views on China's sovereign debt, citing concerns about an increasing pile of debt. The downgrades drew a hostile response from China's government and at one point even cast doubts on the rating firms' prospects for expanding in the country.

S&P's grades of Chinese companies could open up the domestic yuan-denominated bond market to international investors and provide Chinese companies with access to lower-cost capital.

One of the biggest challenges for S&P will be adjusting to a market where most bond issuers—the parties that pay for credit ratings—are used to lofty grades from domestic assessors.

Out of the roughly 4,570 corporate-bond issuers in China, 88% have a domestic credit rating of AA or higher, grades that Moody's, S&P and Fitch reserve for only the safest and most financially sound companies.

For example, CEFC Shang-

hai International Group, a unit of **CEFC China Energy** Co., an oil conglomerate whose chairman has been under investigation, defaulted on 2 billion yuan (\$313 million) of short-term bonds this week. Despite the incident, the bond issuer carries a B rating from **Lianhe Credit Rating** Co., a domestic ratings firm that has downgraded the company three times since March.

Until now, S&P has had a partnership with a Chinese firm, **Shanghai Brilliance Credit Rating & Investors Service** Co. S&P said it would discontinue this partnership.

Fitch plans to apply for a license from Chinese regulators to operate in the country, a spokesman for the firm said. It exited its joint venture in China this year.

Moody's owns a stake in Beijing-based **China Chengxin International Credit Rating** Co.

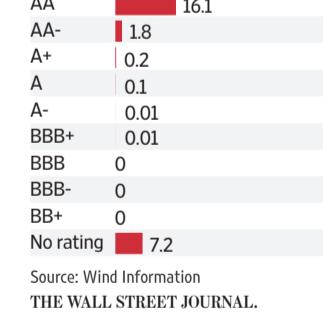
Moody's is "currently analyzing the options available to us," a spokesman said in an email.

—Shen Hong contributed to this article.

High Marks

Domestic ratings firms are generous to Chinese issuers, granting the highest possible scores to most bonds.

Ratings distribution of bonds



Source: Wind Information

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Regulators' To-Do List Grows With Banking Bill

BY RYAN TRACY
AND ANDREW ACKERMAN

WASHINGTON—Sixteen months after President Donald Trump took office, financial regulators have a crowded to-do list. It grew longer Thursday, as the president signed into law a bipartisan bill enacting long-sought changes to the industry rule book.

"This is all about the Dodd-Frank disaster, and they've fixed it, or at least gone a long way toward fixing it," Mr. Trump said as he signed the Economic Growth, Regulatory Relief, and Consumer Protection Act, a product of months of negotiations.

The bill, which rolls back certain regulations for both community and regional banks, is the most significant change yet to the 2010 Dodd-Frank financial regulatory law.

MARKETS & FINANCE

Treasurys Gain on Tariffs, Dovish Fed

By DANIEL KRUGER

U.S. government-bond prices rose as investors reassessed the economic landscape following dovish minutes from the Federal Reserve's May meeting and new tariff proposals from President Donald Trump.

The yield on the benchmark 10-year Treasury note fell for a second consecutive session to 2.981% from 3.003% Wednesday,

CREDIT MARKETS pulling the blue-chip index down as much as 291 points before it recouped some of its losses in the afternoon. Investors had hoped the summit, which was scheduled for June 12, would ease tensions between the two countries and bring some stability to the Korean Peninsula. Instead, talks ahead of the summit stumbled after Pyongyang refused demands to denuclearize.

"They're both volatile personalities," Larry Peruzzi, managing director of international equity trading at Mischer, said of Mr. Trump and North Korean leader Kim Jong Un. "Maybe [the markets] should've expected something like this to happen. We were overly optimistic."

Uncertainty adds to investors' worries that include rising inflation, trade tensions

By MICHAEL WURSTHORN AND RIVA GOLD

The Dow Jones Industrial Average declined after President Donald Trump called off a summit with North Korea, hitting investors with another wave of uncertainty.

News of the cancellation came within 30 minutes of the stock market's opening,

THURSDAY'S MARKETS pulling the blue-chip index down as much as 291 points before it recouped some of its losses in the afternoon. Investors had hoped the summit, which was scheduled for June 12, would ease tensions between the two countries and bring some stability to the Korean Peninsula. Instead, talks ahead of the summit stumbled after Pyongyang refused demands to denuclearize.

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As major indexes regained a

bit of their footing, some money managers said the latest exchange between Washington and Pyongyang could be more of a negotiating tactic than a wholesale abandonment of the peacemaking process.

The Trump administration "may come out with a hard stance on a certain issue and it turns out to be just the start of a conversation," said Timothy Chubb, chief investment officer at Unistech Wealth Management Division. "It's something we've been dealing with all year."

The Dow industrials closed down 75.05 points, or 0.3%, at 24811.76. The S&P 500 fell 5.53 points, or 0.2%, to 2727.76, and the Nasdaq Composite shed 1.53 points, or less than 0.1%, to 7424.43.

Thursday's losses pared the Dow's gain for the week to 0.4% and underscore the continuing volatility that has kept stocks from moving meaningfully higher over the past three months.

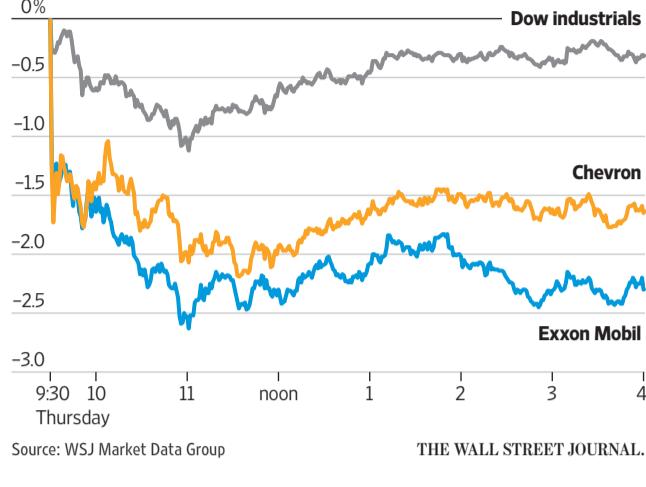
Worries of runaway inflation, rising interest rates, a trade war and continuing geopolitical tensions have all sapped investors of their confidence this year, so much so that even a strong first-quarter earnings season did little to reinvigorate the stock market.

"The market has a problem trying to punch through 25,000," Mr. Peruzzi said of the Dow industrials. "It's going to take something else to get us through that. We haven't found it yet."

Low Fuel

Energy companies Chevron and Exxon Mobil fell as oil prices declined.

Performance, minute by minute



Source: WSJ Market Data Group

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ple familiar with his request.

Overseas, Asian stock markets were broadly lower Thursday over concerns about the latest U.S.-China trade negotiations. Japan's Nikkei Stock Average fell 1.1%. Japanese auto stocks slumped, with Toyota Motor and Honda Motor both falling more than 3%, weighed down by news about the auto tariffs being considered in the U.S. Early Friday, the Nikkei was up less than 0.1%.

U.S. Debt Auctions

The Treasury Department will auction \$130 billion in securities next week, comprising \$42 billion in new debt and \$88 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Tuesday:** \$40 billion in four-week bills, a reopening of an issue first sold on Dec. 28, 2017, maturing June 28, 2018. Cusip number: 912796PM5.

Also, \$48 billion in 13-week bills, a reopening of an issue first sold on March 1, 2018, maturing Aug. 30, 2018. Cusip: 912796PW3.

Also, \$42 billion in 26-week bills, dated May 31, 2018, due Nov. 29, 2018. Cusip: 912796QL6.

Noncompetitive tenders for the four-week bills must be received by noon EDT Tuesday and competitive tenders by 1 p.m. For the 13-week and 26-week bills, the deadlines are 11 a.m. and 11:30 a.m., respectively.

STREET

Continued from page B1

Development, Italy's interest cost is expected this year to be the lowest relative to the size of the economy in 40 years, although at 3.5% it is still the highest of any other member of the club of industrialized countries.

Ultralow interest rates make a debt mountain manageable.

The bond sell-off so far is too small to upset this happy situation. Over the next two years, Italy has to refinance €509 billion of maturing bonds, amounting to 30% of GDP, according to the ECB. The market's fright at the coalition means Italy will already pay significantly more, with bond yields from 2 to 30 years up half a percentage point or more in the past month. That will add billions of euros to the cost of the new debt.

Luckily for the coalition, bond yields are still lower than on the debt that is maturing. Much lower. The average fixed-term bond maturing in the next year costs the government 3.2% and had a term of between seven and eight years. On Thursday, the seven-year bond yielded just 1.9%, up from 1.2% two weeks ago. Refinancing everything should still save a couple of billion from the annual interest bill, albeit less than before the sell-off.

Coalition leaders Luigi Di Maio of the 5 Star Movement and Matteo Salvini of the League shouldn't be reassured that they can get away with anything they like.

Just how bad things could become was shown in 2011, when it became clear that Europe's efforts to stop the contagion from Greece had



Italy's coalition wants to provide a Keynesian boost, though the designated prime minister, Giuseppe Conte, sounds more conciliatory.

ANTONIO MASIOLI/GETTY IMAGES

failed. The extra yield Italian two-year bonds offered above Germany's, a measure of Italian risk, leapt from the current level of 0.90 percentage point to a crippling 7 points in just six months, pushing up Italy's refinancing costs by tens of billions of euros.

The spiral of decline then was triggered by events outside Italy. This time the threat is internal: The coalition policies could set back economic growth, start a destabilizing fight with the European Commission or damage the long-term prospects of keeping the debt pile under control.

The bond sell-off hasn't been bigger partly because

investors are reassured by the bond buying of the ECB and by the checks and balances in the Italian Constitution. The coalition has only a small majority in the upper house, is bound by European rules and might, many investors think, be checked by the president and the constitutional court. If the coalition proves effective and sticks to its policies, expect bonds to sell off more.

The sheer size of the debt restricts the coalition's room for maneuver. The best way to make the debt burden sustainable is growth, as the coalition points out (an

alternative is inflation, but Germans have been slow in demanding pay raises at home or buying more stuff from the rest of the eurozone). Italy has had no growth in real GDP per person since the launch of the euro in 1999, a worse performance than Greece, so it is easy to see why voters wanted to shake up the system.

The coalition wants to provide a classic Keynesian boost to the economy, which might be swallowed by the market if combined with reforms to boost long-run growth and with soothing rhetoric. Unfortunately, the coalition's policies are antireform and would hurt

long-run potential growth. It wants to shrink the workforce by lowering the retirement age, make the workforce less flexible by reversing labor reforms, and make it harder to fix the struggling banks. The anointed prime minister, Giuseppe Conte, sounds more conciliatory, but 5 Star has been bombastically antimarket.

For the moment, the markets offer their own contradiction: A populist coalition with policies investors hate may be able to borrow more cheaply than previous governments committed to market-friendly reforms. For the moment.

Dollar Slips On the Path For Rates

By IRA JOSEPHSON

The dollar edged lower Thursday, a day after minutes from the Federal Reserve's latest meeting showed the central bank plans to stay on a path of rate increases even if inflation meets its target.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, fell 0.2%, to 87.02.

Expectations that rates will rise slowly tend to weigh on the dollar, as lower borrowing costs make the U.S. currency less attractive to yield-seeking investors.

In emerging markets, the dollar rose 2.9% against the Turkish currency to 4.7084 lira. Turkey's central bank responded to a sharp drop in the lira Wednesday by lifting a key lending rate by 3 percentage points.

Auction Results

Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

SEVEN-YEAR NOTES

Applications \$83,950,601,300

Accepted bids \$35,211,597,100

"noncompetitively" \$25,618,600

Auction price (rate) 2.930%

Interest rate 2.875%

Bids at clearing yield accepted 33.68%

Cusip number 9128284R8

The notes, dated May 31, 2018, mature on May 31, 2025.

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Prices in Canada fell 10% in April from March, according to the Canadian Real Estate Association. But the cooling market didn't hurt the bank's earnings.

"I'd say overall [the regulations]

have been positive for the Canadian economy," RBC Chief Financial Officer Rod Bolger said in an interview.

RBC reported a profit of

3.06 billion Canadian dollars

(\$2.38 billion), or C\$2.06 a share, up 8.9% from C\$2.81 billion, or C\$1.85 a share, in the same quarter last year. RBC's personal and commercial-banking unit earned C\$1.46 billion, up 7.3%. Revenue dropped 3.4%, to C\$10.05 billion, but insurance-related charges fell 61%.

TD reported a profit of

C\$2.92 billion, or C\$1.54 a share, up 17% from C\$2.5 billion, or C\$1.31 a share, the year before. Results were boosted by strong showings in the bank's Canadian and U.S. retail businesses, with operating earnings up 17% and 16%, respectively.

Revenue rose 12% to C\$9.47 billion.

The housing outlooks by the larger banks eased some concern flagged by smaller rival

Canadian Imperial Bank of Commerce on Wednesday.

CIBC said it expected mortgage originations in 2018 to

drop by half compared with 2017.

—Allison Prang

contributed to this article.

during a call with analysts. Canadian regulators in recent months made it more difficult for borrowers to qualify for mortgages in an attempt to cool a housing market that many have described as overheated. The Bank of Canada also raised interest rates, making home loans more expensive, and analysts have been watching bank earnings to gauge the impact of those actions on the market.

RBC increased mortgage-loan volumes by 6% from last year, while TD's rose 5%. Both banks said growth was essentially flat from the first quarter and reiterated their outlooks for growth in mortgages in the mid-single-digit percentages for the year.

"Notwithstanding monetary tightening and regulatory changes that affected some homeowners, we continue to see solid mortgage volume growth this quarter," said RBC Chief Executive David McKay,

During a call with analysts.

Canadian authorities this year imposed rule changes on banks that require all prospective home buyers to undergo stress tests before a bank can

issue a loan. Under the stress test, prospective buyers must qualify for a mortgage at a rate roughly 2 percentage points above what is negotiated.

The rules have helped ease demand. Average home

prices in Canada fell 10% in April from March, according to the Canadian Real Estate Association. But the cooling market didn't hurt the bank's earnings.

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MARKETS

Higher Treasury Yields Make an Impact

BY DANIEL KRUGER
AND AKANE OTANI

This year's rise in government-bond yields is rippling through the economy, affecting everything from mortgage rates to stock performance.

Signs of steady economic growth and expectations for rising inflation have helped push the yield on the benchmark 10-year Treasury note this year to its highest level since 2011, leaving U.S. government bonds paying more than the debt from other developed countries.

Many investors believe those conditions will persist, with minutes from the Federal Reserve's May 1-2 meeting showing that central-bank officials could allow inflation to overshoot their 2% target for some time. The yield on the 10-year note retreated below 3% Thursday, notching its biggest two-day decline since March 1, although it remained near the year's high.

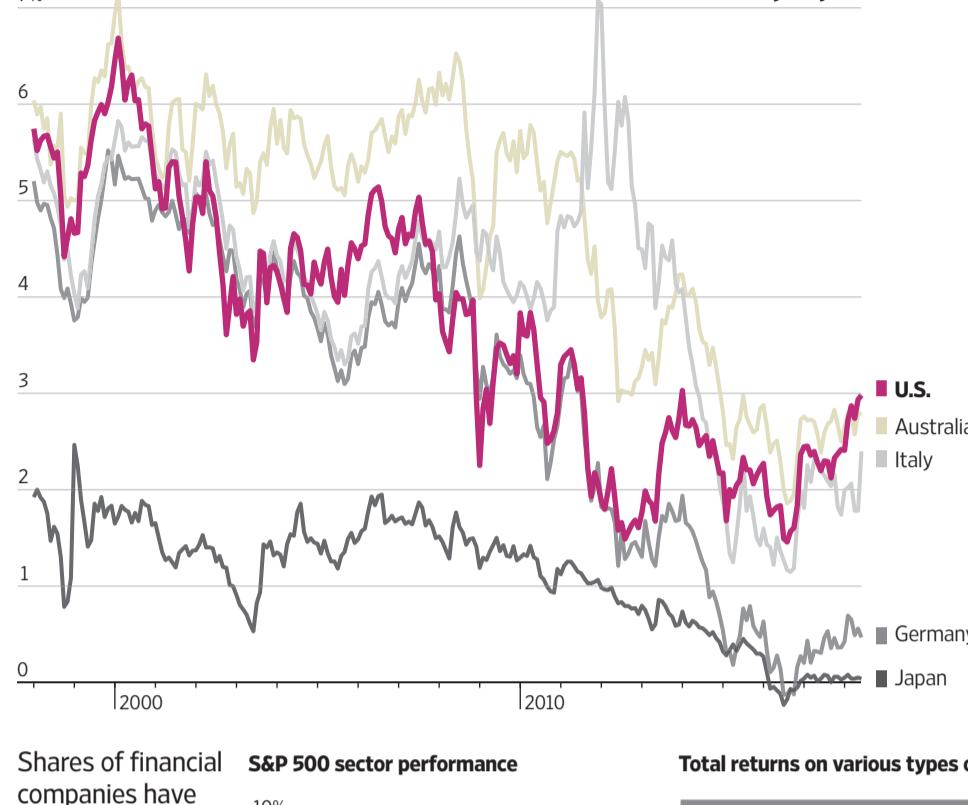
Yields, which rise when bond prices fall, are up this year, lifted by expectations of an acceleration in growth and inflation following \$1.5 trillion in tax cuts and a surge in government spending. Coming more than eight years into an economic expansion, analysts say such stimulative policies will boost the deficit and government borrowing.

Now investors are asking at what point the rise in yields will begin to damp economic growth.

"There's an element of risk that's pervaded the markets that we didn't have at the start of 2018," said Jody Lurie, a bond strategist at Janney Montgomery Scott. Investors are wondering if there is any part of the market that won't be subject to losses, she added.

Rising bond yields have already pushed up borrowing

U.S. government-bond yields now top those of other developed countries.



Shares of financial companies have benefited from rising yields, while shares of utilities and returns on bonds have slipped.



*Break-even rate reflects investor expectations for the average annual inflation rate over the next 10 years. †Counting price changes and interest payments

Sources: Ryan ALM (U.S. bond yields); Thomson Reuters (foreign yields, break-even rate); WSJ Market Data Group (dollar index);

Freddie Mac (mortgage rate); FactSet (S&P 500 sectors); Bloomberg Barclays (bond returns)

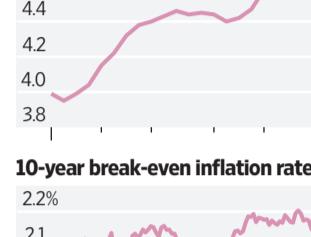
10-year yields

Yields have pushed up the U.S. dollar, borrowing costs and inflation expectations.

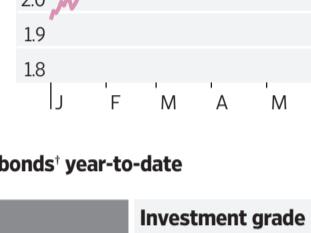
WSJ Dollar Index



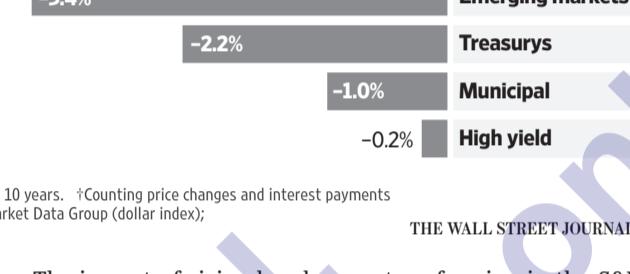
30-year fixed-rate mortgage



10-year break-even inflation rate*



Total returns on various types of bonds' year-to-date



THE WALL STREET JOURNAL.

level since 2011, according to data from Freddie Mac.

"Maybe higher mortgage rates are starting to have an impact as much as home builders don't want to admit it," Chris Rupkey, chief financial economist at MUFG, said in a note to clients. "We are watching new-home sales like a hawk to tell us the Fed has raised interest rates too high."

New-home sales fell in April, the Commerce Department reported Wednesday, a reversal after momentum picked up in the first quarter. The average rate for a 30-year fixed-rate mortgage rose to 4.61% last week, the highest

The impact of rising bond yields is also being felt in the stock market, with many investors selling shares of utilities and real-estate companies—often regarded as bond proxies because of their relatively hefty dividends.

The S&P 500 utility and real-estate sectors have fallen 5.2% and 6.3%, respectively, this year, ranking among the worst-performing in the S&P 500. The broader index is up 2% for the year.

Meanwhile, shares of the beneficiaries of higher interest rates have started to tick higher, with the KBW Nasdaq Bank Index of large U.S. lenders up 2.6% for the year.

Higher interest rates tend to boost banks' net interest margins, a key measure of lending profitability.

Higher bond yields also have helped fuel a resurgence in the U.S. dollar, pushing investors to unwind long-held bets on emerging-market stocks, bonds and currencies.

For years, anemic bond yields in developed markets had pushed investors toward relatively risky emerging-market stocks and bonds, which offered higher returns. But the dollar's strengthening has made it more difficult for countries to service debt denominated in the U.S. currency, making emerging-market assets less attractive to investors.

The Turkish lira has slumped almost 20% against the dollar this year, pressured by concerns over the central bank's failure to raise interest rates as much as economists deem necessary to bolster the currency. Indonesia's central bank last week raised interest rates for the first time in four years to arrest a drop in its currency, while the Hong Kong Monetary Authority stepped in to prop up the territory's weakening dollar.

The MSCI Emerging Markets Index, which measures stock performance across more than 20 countries, is down 10.8% from its Jan. 26 high, while the JPMorgan Emerging Market Bond Index is off 4.3% from its Jan. 5 peak.

Not all investors are worried about the climb in bond yields. Some say higher yields could draw investors back into U.S. Treasurys, helping slow some of the selling in the bond market. And others note that bond yields, while up for the year, remain relatively low compared with historical levels.

But many are betting a combination of higher debt issuance and divergent growth outlooks between the U.S. and the rest of the world will keep driving interest rates higher, a factor that could gradually start to take a bigger toll on the economy.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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Deutsche Bank Needs Action, Not Words

Uphill Battle

How Deutsche Bank's revenue and costs need to change to make a 10% return on equity, in billions



nally promised by this year.

Much of the savings will come from replacing the bank's separate trading-desk IT systems with an efficient, single system. Some at Deutsche claim that important operations there produce great returns with those lower costs factored in.

If true, the bank should show this by carving out the cost reporting of old IT and related staff that will be progressively turned off. It would show there is a business worth owning. That is similar to creating a bad bank, which has helped others before.

Another idea is to sell something valuable that is unconnected to what Deutsche wants to be. Such a sale could shore up capital further and help pay for restructuring and people who can rebuild revenue elsewhere.

Deutsche has a strong U.S. commercial real-estate busi-

ness. Another bank with cheaper funding than Deutsche could run it even more profitably. And selling couldn't hurt Deutsche's core business of helping guide big European companies through global deal making and capital markets.

Deutsche's shares are back to where they were during the bank's dark days in late 2016 and its funding costs are too high. This pushes away clients, talented people and revenue—further weighing on the share price.

The bank's U.K. rival, Barclays, solved this problem by selling out of Africa—just the type of grand gesture that shores up capital and confidence. Royal Bank of Scotland did the opposite and tried to escape in small steps, but ultimately capitulated completely.

Deutsche needs to show results quickly. Mr. Sewing's words, however firmly spoken, won't be enough.

—Paul J. Davies

OVERHEARD

Diplomats wept but numismatists rejoiced on Thursday as President Donald Trump canceled the summit meeting planned for June 12 in Singapore with North Korea's Kim Jong Un.

A coin commemorating the event already has been minted by a White House office and was being discounted by The White House Gift Shop as an online "deal of the day" on Thursday.

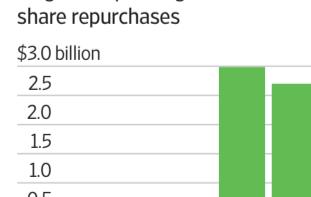
That could change. Prices of coins released by mistake such as the 1913 Liberty Head Nickel or 1943 copper wheat penny are worth thousands of times their original face value.

This one already was gaining widespread disdain for the flattering description of Mr. Trump's counterpart as "Supreme Leader." If collectors can't get their hands on a summit coin then there is always hope for a "little rocket man" version as relations sour again.

Celgene's Buybacks Coming Up Empty

Buy Low, Buy Lower

Celgene's spending on share repurchases



ment, and to be sure, they spent more than \$10 billion to acquire a pair of cancer drug candidates earlier this year.

It is too little, though. Celgene shares trade at a bargain-basis earnings multiple because investors are worried about its long-term growth profile.

The stock has shed about 45% of its value since October when Celgene announced the failure of a high-profile clinical trial and later cut its long-term sales and profit forecasts.

Buybacks don't do much to fix those long-term problems, and the stock isn't likely to command a higher multiple until those concerns are alleviated.

—Charley Grant

Ralph Lauren Refreshes Its Faded Jeans

Ralph Lauren, which is getting ready to celebrate its 50th anniversary, has seen some turbulent times.

Revenue has fallen as consumers stopped making trips to the mall. Stefan Larsson, the Swedish executive brought on in 2015 to revive the faltering fashion house, left after less than two years at the helm. (He reportedly clashed with the company's namesake over creative control.) Then the company announced it was shutting its Fifth Avenue store.

But Ralph Lauren's management team, led by new CEO Patrice Louvet, appears to have righted the ship. On Wednesday it reported fourth-quarter and full-year results that beat analysts' expectations: earnings per

share of 90 cents and revenue of \$1.53 billion, topping estimates of 83 cents and revenue of \$1.49 billion, respectively. The stock jumped over 14%.

The company has improved margins by taking control of inventory and strategically reducing shipments and promotions.

Sales in the quarter were up 13% in Europe and 17% in Asia, but down 14% in North America, largely due to the strategic pullbacks. Overall revenue fell 2%.

Can Ralph Lauren rekindle the kind of consumer interest it needs for a true resurgence? There are signs that Mr. Louvet, who took over in July 2017, is bringing a new focus on listening to, rather than talking at, the con-

sument, including a big study on consumer perceptions of the brand.

That is a welcome, if overdue, shift. It has resulted in a strategy that involves returning to and updating Ralph Lauren's core styles—for instance, with new fits, fabrics, embroidery and embellishments. It also involves doubling down on certain categories, like denim and outerwear, where the company thinks consumers have given it a license to do more.

The larger aim is to refresh a faded brand. If Ralph Lauren can find ways to resonate with consumers as it once did, investors can look forward to good things as the brand enters its next half-century.

—Elizabeth Winkler

Celgene's shares rose Thursday as they typically do after such announcements, but the pace of Celgene's buybacks shouldn't do much to reassure investors. After devoting less than \$1 billion to buybacks in the first nine months of 2017, Celgene spent nearly \$3 billion on stock buybacks in each of the two most recent quarters. After Thursday's announcement, the current

period is shaping up to have a similar tally. That would be more than enough capital to add new assets to Celgene's pipeline of experimental drug candidates. Doing so should be job one for Celgene's manage-

Baseball's Tom Glavine lists Atlanta home—with a diamond

M2



MANSION

Vicinity to the sea is desirable, because it is easier to do nothing by the sea than anywhere else.'

—E.F. Benson

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

Friday, May 25, 2018 | M1

The Titans of Pebble Beach

Designed a century ago as a playground for the wealthy, the area and its 17-Mile Drive continue to attract the rich—particularly those escaping hot weather down south.



A PRIVATE PLAYGROUND Envisioned in the early 20th century as a 'Newport of the West,' Pebble Beach and its scenic 17-Mile Drive remains a popular destination for wealthy golf lovers and fans of its mild climate. Pebble Beach Golf Links, above; Yanni and Nancy Kavayiotidis, below right, in their home, also below left. Just above 17-Mile Drive, it is asking \$22.85 million.



BY KATY MC LAUGHLIN

FOR ROUGHLY A CENTURY, moguls, movie stars and heirs have swung golf clubs and soaked in the sea breezes on Pebble Beach, Calif.'s scenic 17-Mile Drive. These days, the large homes that line the Pacific coast and golf courses are still owned by the wealthy, including

a significant cohort who are escaping hot weather down south.

Neighbors include Warren Stephens, the chief executive of Stephens Inc., a Little Rock, Ark.-based financial-services firm, who paid \$31.25 million for a home with golf course and waterfront views on the drive in 2014. Charles Crocker, a descendant and the namesake of one of the "Big Four" railroad tycoons who once

owned the land upon which Pebble Beach stands, owns a home built in 1913, according to public records. Jim Hoak bought a house on the drive in 1993 for \$11.5 million, according to public records. In 1997, the media executive sold Heritage Media to what is now News Corp., which publishes The Wall Street Journal, in a deal valued at \$1.35 billion.

Please turn to page M6

IN THE FOOTSTEPS OF MARY POPPINS

The former London home of Julie Andrews, who played the musical's magical nanny, and husband Blake Edwards lists for over \$32 million—after taking a \$4 million price cut; Peter Sellers and Omar Sharif on the guest list.

BY RUTH BLOOMFIELD

IN THE ICONIC closing scenes of "Mary Poppins," its star, Julie Andrews, grasps her parrot-headed umbrella and flies off into the clouds.

Perhaps it was only coincidence, but when Ms. Andrews relocated to London a few years later, the house she lived in was distinctly similar to the film's white-plastered period townhouse on a tree-lined street.

That house, which Ms. Andrews shared with the movie director Blake Edwards in the early years of their marriage, is now on the market. It has been thoroughly modernized and is listed for about \$32.2 million.

"It is like a little doll's house," said selling agent Becky Fatemi, managing director of Rokstone estate agents, referring not to its actual size—7,005 square feet—but to the property's symmetrical proportions and classic facade. "It really is

quintessentially English."

The property sits on Chester Square, one of central London's most prestigious garden squares in the upscale Belgravia neighborhood. It was built in the mid-1830s, its architecture typical of Georgian taste for tall, skinny, terraced houses ornamented with fancy iron railings.

The square has always attracted the wealthy and famous, ranging from Mary Shelley, the author of Frankenstein, to King George II of Greece. Mick Jagger and Marianne Faithful hung out there during the swinging '60s, and the chef Nigella Lawson has been a more recent resident. Its most famous occupant was former Prime Minister Margaret Thatcher who resided at Chester Square from 1991 until her death in 2013.

Ms. Andrews, flying high after successes in films like "Mary Poppins" and "The Sound of Music," arrived in



Chester Square in the early 1970s. She had married Mr. Edwards in 1969, and the couple needed a large house for their blended family of four daughters and a son.

The London years were fruitful ones for this power couple. Mr. Edwards, the director of "Breakfast at Tiffany's," took the helm of the "Pink Panther" movie franchise and collaborated with his wife on a number of projects, including "10," for which she won a Golden Globe award.

The couple became close friends with "Pink Panther" star Peter Sellers, according to Ms. Fatemi, and he was a frequent guest at their Chester Square home, as were the actors Herbert Lom and Omar Sharif.

After the "Pink Panther" franchise ended Ms. Andrews and Mr. Edwards, returned to the U.S. Mr. Edwards died in 2010. Ms. Andrews declined to comment on her London years.

Their house—which is next door to Thatcher's former home—changed hands several times. Its most recent owners were an Argentine

Please turn to page M12



PEEK-A-BOO BAR
Serving stations that disappear M4



FRANÇOISE HARDY
A '60s sensation lives quiet life in Paris M4



GREEN SCENE
Plant walls add color, aid air quality M12

RICH HISTORY The 7,005-square-foot home sits on Chester Square, a magnet for movers and shakers. Built in the mid-1830s, the property is described by one agent as 'a doll's house.'

Please turn to page M12

INSIDE

MANSION

PRIVATE PROPERTIES

Jennifer Connelly and Paul Bettany Sell in Tribeca and Buy in Brooklyn

Actors Jennifer Connelly and Paul Bettany have sold their Manhattan home and bought a Brooklyn Heights townhouse for roughly \$15.5 million, according to people familiar with both off-market deals. Real-estate agents say the Brooklyn purchase represents one of the most expensive transactions ever closed in the borough.

A listing for the property dating back to 2006 said the 25-foot-wide Brooklyn home spans approximately 8,000 square feet and has views of the Statue of Liberty and the lower Manhattan skyline. It wasn't clear if any substantive changes had been made in the years since.

The sellers are Timothy and Stephanie Ingrassia. Mr. Ingrassia is the co-chairman of global mergers and acquisitions at Goldman Sachs. The couple is downsizing to



a smaller home in the neighborhood now that their three of their four children have left home, according to a Goldman Sachs spokesman. The Ingrassias paid \$10.75 million for the property in 2006, property records show.

Ms. Connelly and Mr. Bettany sold their Manhattan

penthouse for about \$9 million, according to people familiar with that transaction. The property was listed by real-estate brokerage Douglas Elliman in 2012, but wasn't publicly available at the time of the sale.

The full-floor, 4,096-square-foot Tribeca unit is

located in a 1890s-era co-op building and overlooks the Hudson River, according to the 2012 listing. It wasn't clear if changes had been made to the home since. It has exposed brick walls, and there are three bedrooms and 2½ bathrooms, the listing said. The library has custom-built maple bookshelves and a vintage wood-burning stove, the old listing said. There is also a sunroom and 1,380 square feet of private outdoor roof space.

The buyer is Billy Hult, president of Tradeweb Markets, a large electronic-trading platform that is jointly owned by Thomson Reuters and a consortium of major banks.

Ms. Connelly and Mr. Bettany bought the apartment for \$6.995 million in 2010, public records show.

Both actors are keeping busy in the Hollywood action



genre. Ms. Connelly is slated to star in "Alita: Battle Angel," an action movie co-written by James Cameron, later this year. Mr. Bettany is currently appearing in the movie "Solo: A Star Wars Story," directed by Ron Howard, and "Avengers: Infinity War." —Katherine Clarke



AOL CO-FOUNDER'S VIRGINIA ESTATE SEEKS \$62.95 MILLION

A riverfront estate assembled by the late AOL co-founder James V. Kimsey—which includes a massive home he built and an adjacent Frank Lloyd Wright-designed house—is asking \$62.95 million.

The Northern Virginia estate is the most expensive residential property on the market in the Washington, D.C., area, according to Russell A. Firestone III of TTR Sotheby's International Re-

alty, who has the listing with colleague Mark Lowham.

Mr. Kimsey built the roughly 24,500-square-foot, six-bedroom main house after buying the property in 1999 for about \$7.6 million, according to public records.

To aid in entertaining, the house has four kitchens, one of which has a loading dock for catering trucks, Mr. Firestone said. There are two garages: the owner's garage, which connects directly to

the house, and a guest garage that fits about 30 cars.

In 2000 Mr. Kimsey paid \$2.5 million to buy the property next door, which contains a 1950s-era home designed by Mr. Wright. Mr. Kimsey "didn't want to see someone tear it down," said his son Mark Kimsey. The three-bedroom was then restored and used as a guesthouse and for entertaining, the younger Mr. Kimsey said. Roughly 3,100 square feet,

—Candace Taylor

NANCY FRIDAY'S UNUSUAL MANHATTAN COMPOUND LISTS

Over two decades, the late author Nancy Friday cobbled together an unusual compound of three adjacent apartments atop a New York City apartment building that overlooks Central Park. Now her estate is putting all three units on the market for \$22.5 million.

Ms. Friday, a best-selling author of books on female sexuality, first moved into the Upper West Side building in 1979. In 1981, she purchased a unit and combined it with her duplex on the 16th and 17th floors, according to theater producer Eric Krebs, who is a trustee of the trust that manages her assets. In 1992, when her neighbor, performer and



composer Peter Allen, died, she bought his 17th-floor unit, using it as a guest room. In 1999, she bought another unit on the 17th floor that became her writer's studio, giving her

the entire penthouse floor. Ms. Friday was close friends with Mr. Allen, who was known for flamboyant stage performances and for writing popular hits, Mr. Krebs said. Ms. Friday was

formerly married to Norman Pearlstine, a former managing editor of The Wall Street Journal. She died in November 2017 from complications from Alzheimer's disease.

A prospective buyer could conceivably merge all three units into one 13-room, approximately 4,200-square-foot unit with a roughly 3,200-square-foot terrace, Mr. Krebs said.

Mr. Krebs said the proceeds of the sale will be used to start the Nancy Friday Foundation, which will support emerging writers as well as animal welfare.

Wendy J. Sarasohn and Jamie Joseph of Brown Harris Stevens have the listing. —Katherine Clarke



BASEBALL'S TOM GLAVINE LISTS LONGTIME ATLANTA HOME

Baseball Hall of Famer Tom Glavine and his wife, Christine, custom built an Atlanta home that incorporates both Gothic elements and a sports playground with a small-scale baseball field. Now the couple is putting that property on the market for \$6.75 million.

The couple, who have been primarily based in Atlanta since Mr. Glavine was drafted by the Atlanta Braves in 1987, moved into the house in 2008, shortly before

Mr. Glavine played his final game for the Braves. Mr. Glavine said he and his wife are

selling because the house is too big for their family; their eldest three

children have moved out,

and their fourth will be going to college next year, leaving them with a third-grader.

The couple is building another home in Alys Beach,

Fla., near Panama City, but

will maintain a presence in Atlanta, Mr. Glavine said.

The property is located in the Country Club of the South, a large gated community adjacent to a Jack Nicklaus-designed golf course. On over 3 acres, the approximately 16,132-square-foot house features Gothic-style archways and limestone floors reclaimed from a church in France.

"We were trying to be at that house where the children wanted to hang out with their friends, so that we could covertly keep an eye on them," Mr. Glavine laughed. The guitars aren't for sale. —Katherine Clarke



a great room has a handmade leaded glass transom window. There are eight bedrooms and 9 bathrooms.

Mr. Glavine, 52, said the property was also designed to be a playground for the children. There is a sports court for hockey, a pool and a billiard and arcade room. The baseball field is a full-size infield installed by the Braves' groundskeeper, he said. The Glavines' 19-year-old son, Peyton, plays for the Auburn Tigers baseball team.

"What better place to really develop an arm," quipped listing agent Paul Weinger of Atlanta Fine Homes Sotheby's International Realty.

There is also a display area for a guitar collection, which includes guitars that formerly belonged to members of the bands Maroon 5 and Fleetwood Mac as well as Paul McCartney. The children all played guitar, and Mrs. Glavine picked up a few at charity auctions.

"We were trying to be at that house where the children wanted to hang out with their friends, so that we could covertly keep an eye on them," Mr. Glavine laughed. The guitars aren't for sale. —Katherine Clarke

A New York socialite lists her colorful, sprawling estate for \$30 million. M10

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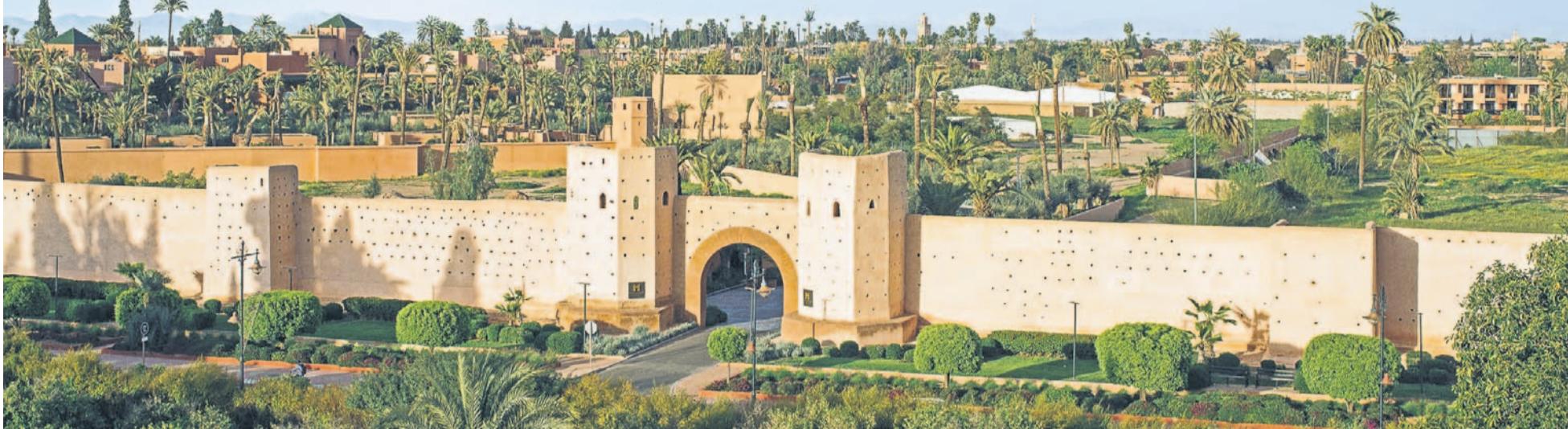
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THE MARKET

Where Moroccan Meets Modernism

Despite a mashup of home styles, La Palmeraie has one common theme: ultraluxury



AT THE OASIS The gates to La Palmeraie, above, located amid a 54-square-mile palm grove. Below, one of the neighborhood's main avenues. Inset, a camel awaits tourists in an oasis outside the walls.

BY RUTH BLOOMFIELD

ON THE NORTHERN FRINGES of Marrakesh, overlooked by the Atlas Mountains, luxury hotels and vast mansions sit within a natural 54-square-mile palm grove called La Palmeraie.

Notable residents of this rarefied Moroccan enclave include the Emir of Qatar, who paid a reported \$117.7 million for his vacation home. Marella Agnelli, widow of Fiat chairman Gianni Agnelli, and Dominique Strauss-Kahn, the former director of the International Monetary Fund, also have homes here. Fashion magnate Patrick Guerand-Hermès spends part of the year in Morocco, and founded the Royal Polo Club de la Palmeraie.

Not all residents are billionaires. Potential buyers might manage to pick up a small villa in La Palmeraie for \$1 million, said Alex Peto, partner at Kensington Luxury Properties, Christie's International Real Estate's affiliate in Morocco. But it would take a budget of \$5.88 million to pick up a six-bedroom, 13,000- to 15,000-square-foot home. It would likely come with around 2.5 acres of land, with a pool, hammam (a traditional steam bath) and staff quarters.

One can, of course, spend far, far more.

Mr. Peto is currently listing a \$65.83 million, 59,632-square-foot behemoth of a house, with eight bedrooms and 16 bathrooms, and a design based on the Alhambra Palace, the fabulous 13th-century palace and fort in Spain.

Its interiors make the most of traditional Moroccan craftsman-

ship, with cedar-wood ceilings and ornately tiled internal courtyard and reception rooms, while its 11-acre backyard features a swimming pool, network of lakes and a rose garden and cacti garden.

Across La Palmeraie, houses are mostly a mashup of traditional Moroccan style and European modernism, combining traditional finishes like mosaic and tadelakt (a form of polished plaster), with a muted color scheme, and rooms with high ceilings and large windows. Kitchens, however, tend to be small. "The owners never go there, the staff do everything," said Medhi Amar, director of Barnes International Realty.

The oldest homes in the neighborhood date from the French rule of Morocco (a large tranche of the country was a French protectorate from 1912 until independence in 1955), but Mr. Amar said the majority have been built over the past 20 years. Owners of these homes have added personal touches, from polo fields to private golf courses.

Although sections of La Palmeraie are protected from further development, individual building lots are still available, as well as space for larger projects. Most notably, a Ritz-Carlton hotel, spa, polo club and 85 residences are currently under construction on a 124-acre site.

Overseas buyers are attracted by Marrakesh's climate—it barely has a winter; even in January, the city logs seven hours of sunshine daily, according to the Met Office, the British official meteorological service. It is also accessible. A flight from London takes less than four hours. From New York, there's



ON THE MARKET Above and right, two modern homes in La Palmeraie currently listed for about \$2.96 million each. Below, a traditional Moroccan home listed for \$65.88 million.



a direct flight to Casablanca, followed by a brief flight to Marrakesh.

"They buy so they can come in wintertime when the weather is nice," said Mr. Amar. "We are really close from Europe but 15 degrees warmer. A lot of people come just for the weekend; you do not get jet lag and it is very exotic."

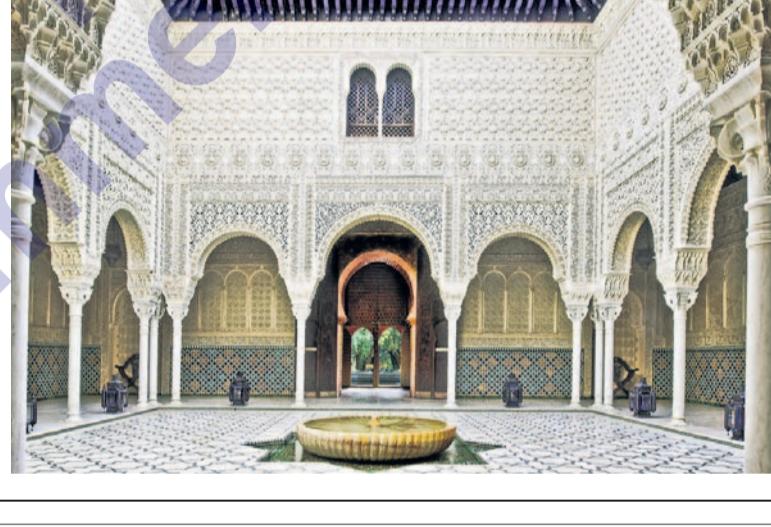
There are no restrictions on foreign buyers in Morocco. Buying costs—including agents' fees, legal fees, and taxes—come in at around 10% of sale price. There are no wealth taxes, and annual fees to the local councils are minimal. For a big house it is around \$3,500 a year, said Ms. Fajas. Sales tax on second homes are either 3% if the property has not increased in value or 20% of profit if it has, whichever is higher.

Like Europe and North America—and perhaps because of its reliance on overseas buyers—these prime Marrakesh neighborhoods have had an up-and-down decade. Although there is no official monitor of prices Mr. Amar estimates that values increased by around 20% per year between 2000 and 2004, settling slightly to 15% per year between 2005 and 2007.

In the aftermath of the global economic crisis of 2007, prices began to fall. Three years later Marrakesh was hit by the Arab Spring, though it did not experience any unrest. As a result Mr. Peto estimates its luxury market fell by "at least 30%" between then and 2015.

Since then the market has slowly stabilized. "Time is a great healer," said Mr. Peto.

Ms. Fajas sees the current state of play as a return to normalcy. "I think that the prices will not go back up because customers now understand the market price," she said. "Before everyone was overexcited, but now they know the real price."



FROM TOP: JAMES RAJOTTE FOR THE WALL STREET JOURNAL (3); EMILE GARCIN PROPERTIES (2); KENSINGTON LUXURY PROPERTIES



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MANSION

HOUSE CALL | FRANÇOISE HARDY

From Shy Chanteuse to '60s Sensation

As a child, the French singer-songwriter, actress and model was anxious; today, a calming Paris home

My mother first met my father on a street in Paris in 1943. She was 23, tall and exceptionally beautiful. He tried to keep up with her for more than an hour before he finally introduced himself. She was aware of his pursuit and thought his shy effort was funny and cute.

Soon they were seeing each other. My father, Étienne, was 43, married, and crazy about her. But my mother, Madeleine, wasn't in love. She was just impressed. My father came from a more privileged background. By contrast, my mother had left school when she was very young to work as a bookkeeper's assistant. She was struggling.

For my mother, my father was safety and security in dangerous times. Paris was still occupied by the Germans. My mother wanted a child.

After I was born in January 1944, we lived in a small apartment. It had two rooms—one for my mother and the other for me and, eventually, for my newly arrived younger sister, Michèle. My father didn't help much but he paid the rent.

My mother's low salary didn't allow for much pleasure. Only when I was older did I realize how much a mother suffers when she doesn't have enough for her children.

Every weekend, she took my sister and me to visit our grandparents in Aulnay-sous-Bois, in the Paris suburbs. They had a small stone house with a garden. It wasn't fun. My grandfather never spoke, and my grandmother was severe and condescending.

My mother loved me very much, and I did everything I could to make her happy. I loved her so

much that as a child I worried something bad might happen to her.

In Paris, I went to a religious school five minutes from our apartment. I thought my parents were divorced. I had no idea they had never been married. The situation would have been far worse had that been widely known. As a result, I was withdrawn and socially awkward.

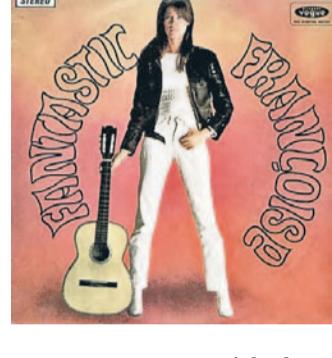
When I received my *baccalauréat*—qualifying for college—my mother urged my father to buy me something

special. She asked what I wanted. I was torn between a small transistor radio and a guitar. By then, I was passionate about the American and British pop music I heard on the family radio. So I chose the guitar. But we had no money for lessons.

I figured out three or four chords and used them to compose a few songs. Of course, the songs were terrible and overly influenced by the latest hits. But the more I listened to the radio, the more I was inspired to write.

I composed three or four songs a week in our kitchen. The tiling made my voice sound better. I soon attended the Sorbonne. My impossible dream was to make a record.

One day in early 1961, when I was 17, I saw a record-company ad seeking to audition beginners. I was terrified but went anyway. If I



At summer's end in '61, Bernot worked with me.

My second *Vogue* demo tape was heard by Jacques Wolfsohn, a *Vogue* artistic director. He brought me in and had me sing. He wanted to sign me right away. But at 17, I needed my mother's permission. Jacques called her, she approved and I signed the contract. Out on the street, I was dizzy with excitement. It's one of the happiest moments of my career.

A year later, when I became popular and began making money, my mother urged me to buy my own apartment so I could start my life. I did, and soon after I bought her a bigger place in a better neighborhood.

Today, I live in a two-bedroom apartment in the 16th arrondissement. On one side I can see the trees of a nearby park. The other side has a view of the marvelous Art Nouveau and Art Deco buildings along the boulevard.

I love to walk in the park. Along the pathways, I think only about the trees, the birds and the sky. It's one of my favorite ways to forget about problems and anxieties.

—As told to Marc Myers

CHIC STREAK Françoise Hardy in Paris in January. Top, between her mother, Madeleine, at left, and her Aunt Heidi in 1956. Left, her 1965 album cover.

didn't, I knew I would regret it my entire life.

At Pathé-Marconi, I sang my simple songs and played guitar. One of the artistic directors, Jacques Schlingand, liked my voice but thought I sounded too much like another French singer. When they played back the tape, I sounded better than I imagined. Hearing my voice gave me confidence to call *Vogue*, another record label.

I reached André Bernot, a famous sound engineer. He said the label was looking for a female singer who could sing rock 'n' roll. I went in and recorded a demo of my songs, adding "yé-yé," and "oh oh" in the right places. But when they paired me with a rhythm section, I had trouble keeping time.

Françoise Hardy, 74, is a French singer-songwriter, film actress and model who began her career in 1962. Her new album is "Personne d'autre" (Parlophone). She is the author of the memoir "The Despair of Monkeys and Other Trifles" (Feral House).

ELEMENTS

INTOXICATING HIDDEN BARS FOR THE HOME

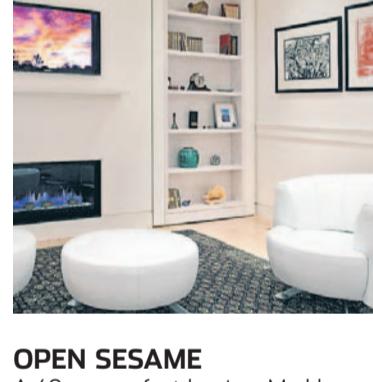
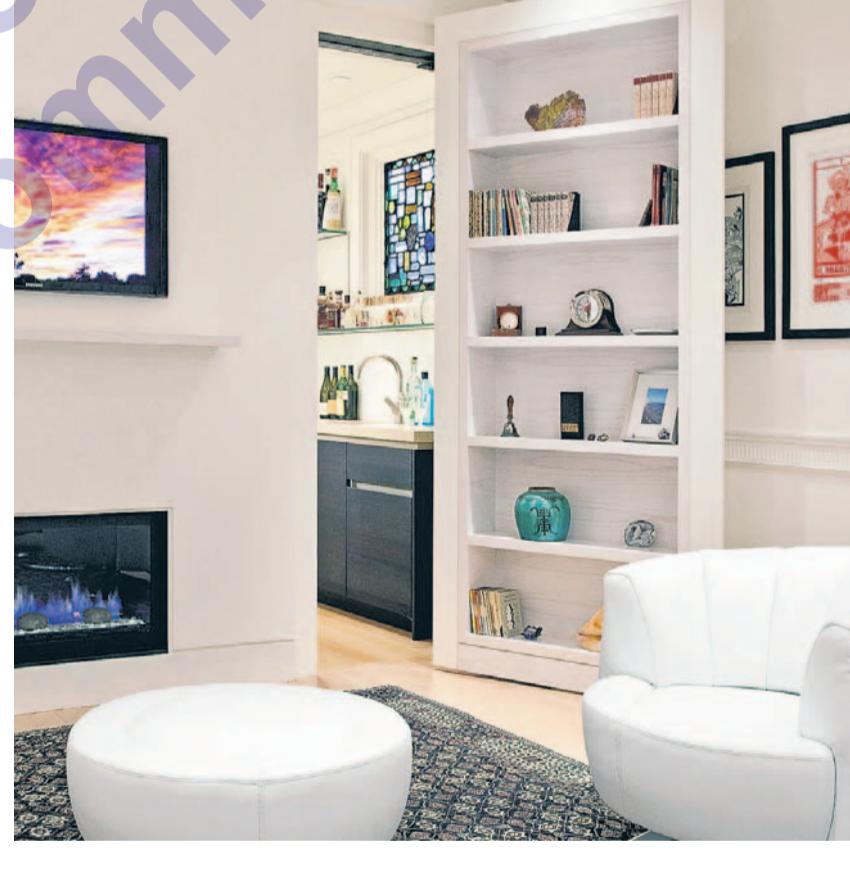
Cocktails with a cool factor: These entertainment areas are space-savers tucked behind panels, doors and bookcases

IS THERE ANYTHING more suave than pressing a button to open the doors of a secret room off your library? Only when that room is a hidden bar, stacked with shelves of glittering glassware and bottles.

A hidden bar is a whiz-bang addition to a home. Durable materials such as stone countertops are a safe and stylish bet. A tinted mirror for the back wall is a popular option and makes the space look bigger. As for shelving, glass is a typical choice that is easy to clean. Materials will affect costs, which can easily stretch into the five-figure range or higher, designers say. Prices also vary based on custom elements, appliances and extras such as wine refrigerators.

Here are some other considerations:

—Leigh Kamping-Carder



OPEN SESAME

A 40-square-foot bar in a Marblehead, Mass., home is concealed behind a bookshelf that pivots at the press of a button. "You have no idea it's there," said Jean Verbridge of Beverly, Mass.-based SV Design. The bar, in a former pantry in the 9,300-square-foot home, has a sink, drawer-style dishwasher and bar fridge. The door is controlled by a concealed electronic lock connected to the home-automation system, with an emergency release on the inside. Ms. Verbridge declined to disclose the cost of the entire project.

Price: \$5,000 for the press-button system



(DON'T) SHOW SOMEONE THE DOOR

To get the right effect, custom millwork and concealed hinges ensure that doors completely blend into the wall when closed. Joseph Kusnick, president of AE Greyson, a Brooklyn residential-construction concern, installed a bar in a six-bedroom townhouse on Manhattan's Upper East Side. The study was paneled in Macassar ebony, with the bar hidden behind a pair of custom-made panels.

Price: About \$120,000



LET IT SLIDE

Doors that glide effortlessly require the right ceiling tracks and space for the panel to recede into the wall. Craig Tevolitz, principal of Boston interior-design firm Platemark Design, installed a dry bar under the staircase in a two-level Boston loft, taking advantage of unused square footage and giving the homeowners a stylish place to store glassware and keep a wine refrigerator. A heavy panel made of beveled, painted wood slides behind a wall, uncovering the bar.

Price: About \$25,000 to \$30,000, with installation, for a comparable bar

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REAL ESTATE REDUX

A Shipping Merchant's Southern Manse

In Charleston, S.C., the Calhoun Mansion has a riches-to-rags past; could list today for \$12 million

BY MARY BETH KLATT

IN THE 1850S, shipping merchant George Walton Williams spent \$40,000 to purchase adjacent three lots in the Charleston, S.C., neighborhood now known as South of Broad. Years later—with the city rising from the ashes of the Civil War—he hired architect William P. Russell to design a 24,000-square-foot, 35-room manor, which cost another \$200,000 to build.

The house, completed in 1876, was the first area residence with indoor plumbing. All rooms have 14-foot ceilings, ornate moldings and chandeliers with art and lighting by American artist Louis Comfort Tiffany.

After Williams died in 1903, his daughter and son-in-law, Patrick and Sara Calhoun, inherited the house. Calhoun was a grandson of John C. Calhoun, the country's seventh vice president. But Calhoun mismanaged his bequest and creditors foreclosed on the house, according to Howard Stahl, the mansion's current owner who has researched its history. Over the years the house was used as an adjunct to a hotel. But by 1972, the mansion had been condemned. Attorney Gedney Howe bought the house for \$200,000 in 1976 and undertook a restoration. In 2004, Mr. Howe sold the mansion to Mr. Stahl, then a trial attorney, for \$3.75 million. He decorated it with Gilded Age antiques and put a protective covenant on the property to thwart future development.

"I'll never sell it," says Mr. Stahl, 70, now retired. "I'm just the current caretaker; hopefully, other people will enjoy it in the future." The house is open for tours with admission at \$17 per person.

Mansion asked real-estate agent Jason Pee of Charleston Global Property Shop with ReMax Elite to estimate a listing price if the eight-bedroom home with multiple bathrooms were to go on the market today as a single-family home. He estimated it would be listed at about \$12 million, excluding furnishings.



STATELY ESTATE Above, the 24,000-square-foot manor, as seen today, cost \$200,000 to build. Below, a dining room and living room.



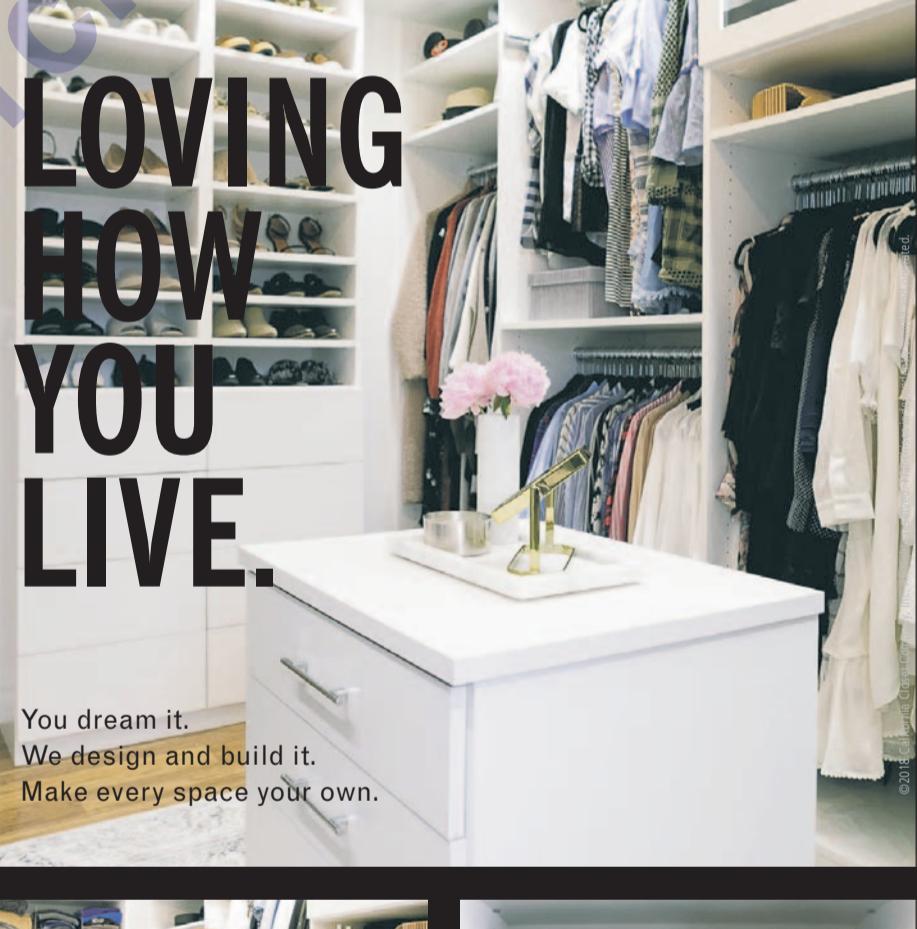
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MANSION

THE TITANS OF PEBBLE BEACH



Continued from page M1

"It's my favorite place in the whole world," said Mr. Hoak, 74, who lives primarily in Dallas. "Wherever I am, I dream about Pebble Beach." Mr. Crocker didn't respond to requests for comment. Mr. Stephens confirmed his ownership but declined to answer further questions.

With its mild year-round weather, Pebble Beach is known for its top golf events. It will host the U.S. Open next year for the sixth time and has a regular roster of top tournaments, including the AT&T Pebble Beach Pro-Am. The Concours d'Elegance car show attracts collectors from around the world, and the Food & Wine festival is a draw in the spring.

The original 17-Mile Drive was laid out in 1881 by the Pacific Improvement Co., a holding company controlled by railroad barons, including Charles Crocker. In 1919, PIC employee Samuel Morse crafted a deal to develop the area himself. He envisioned it as a "Newport of the West"—a residential playground for the wealthy, said Charles Osborne, his grandson and the 71-year-old chairman of a San Francisco investment bank.

Mr. Morse, who died in 1969, cultivated relationships with the artistic, the rich and the famous. Salvador Dali stayed at the Pebble Beach Lodge and elsewhere in the community throughout the 1940s, and hosted a ball there in 1941, said Neal Hotelling, historian for Pebble Beach Co. In 1947, golf enthusiast, actor and singer Bing Crosby moved a golf tournament he founded called "the Clambake" to Pebble Beach and the following year built himself a house on 17-Mile Drive.

In the late 1950s, Mr. Crosby sold his house and moved to Hillsborough, Calif., said his son Nathaniel Crosby, a real-estate developer and former professional golfer. After Mr. Crosby died in 1977, the younger Mr. Crosby began hosting the Clambake in his stead.

"It was a lot of attention for a young guy," said Mr. Crosby, who has continued to visit the area. His father's home was torn down in the early 1990s, he said. The Clambake became the AT&T Pebble Beach Pro-Am.

In 1999, a consortium that included actor and director Clint Eastwood and pro golfer Arnold Palmer purchased Pebble Beach Co., owner of Pebble Beach Golf Links and other golf courses, the Lodge at Pebble Beach and 17-Mile Drive itself, said Mr. Hotelling. Continuing a long tradition, tourists pay to tour 17-Mile Drive—the fee today is \$10.25.

Paul Hoffman, a 67-year-old retired software sales executive, grew up in New York, dreaming of someday visiting Pebble Beach. In 2010, he and his wife, Marianne, bought a full-time home for \$4.5 million, he said. They specifically looked for a house not directly on the drive because the "steady stream of tourists" causes traffic, Mr. Hoffman said. They spent another roughly \$4.5 million renovating the property.

Ms. Hoffman died last year, leaving Mr. Hoffman "with a daily reminder of her. I live in her creation," he said.

The history of a Midcentury Modern-style home on 17-Mile Drive reflects the growing popularity of the area with wealthy Texans. Previously owned by the late Tibor Rudas, a Las Vegas impresario known for producing the Three Tenors concerts, according to public records, the home was purchased in 2010 for \$6.5 million by Texas rancher Jim Whittenburg and his wife Katsy, who renovated it.

The couple regularly hosted parties in the summer for neighbors, many of whom also hailed from Texas, said daughter Leslie el-Efendi. Mr. Whittenburg died in late 2016 and Ms. Whittenburg soon after; the house is on the market for \$9.6 million with Peter Butler, an agent at the Carmel Realty Co.

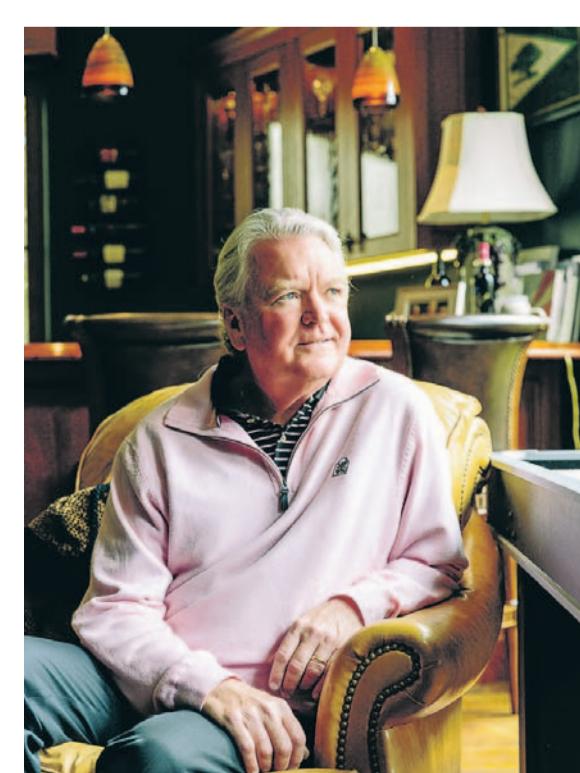
"Buyers of the big 17-Mile Drive estates today include many prominent Texans," said Mr. Butler, who has been selling in the area for 22 years. According to public records, they include trial lawyer Cary Patterson, best known for represent-



CHANGING TIMES Previously owned by the late Tibor Rudas, a Las Vegas impresario known for producing the Three Tenors concerts, this home was purchased in 2010 for \$6.5 million by Texas rancher Jim Whittenburg, who renovated it. Many wealthy Texans own homes in the area.



OFF THE BEATEN PATH Paul Hoffman, left, and his wife, Marianne, bought this home in Pebble Beach for \$4.5 million, then spent another roughly \$4.5 million renovating the property. They looked for a house not directly on 17-Mile Drive, because the 'steady stream of tourists' causes traffic.



MANSION



MOVING ON Yanni and Nancy Kavayiotidis at their Pebble Beach home, which is asking \$22.85 million. Mr. Kavayiotidis said he bought the property for \$2 million in 1998, tore the house down and spent five years building this one. The couple plan to move closer to grandchildren and buy a smaller house in this area.



ing the state of Texas against tobacco companies in the late 1990s. Another home is registered in public records to Roxanne Roberts, wife of Gene Phillips, a Dallas-based real-estate investor. Mr. Phillips confirmed ownership; Mr. Patterson didn't respond to requests for comment.

Some residents complain that the drive can get clogged with tourists. And with so many neighbors dropping in for just a few weeks out of the year, some streets are rather unoccupied, said Yanni Kavayiotidis, the founder of a chain of physical-therapy clinics and a commercial real-estate investor. Bill Perocchi, chief executive of Pebble Beach Co., said that residential portions of 17-Mile Drive are usually "very quiet" and that there is a mix of year-round and second-home residents.

Mr. Kavayiotidis bought a \$2 million house just above 17-Mile Drive in 1998 from David Roderick, the former chairman of U.S. Steel, according to public records. Mr. Kavayiotidis said he and his wife, Nancy, tore down the ranch house and spent five years building a Mediterranean/Tuscan-style villa he now has listed with Marta Karpel of Alain Pinel Realtors in Carmel for \$22.85 million. Mr. Kavayiotidis plans to move closer to his grandchildren and buy a smaller house in Pebble Beach.

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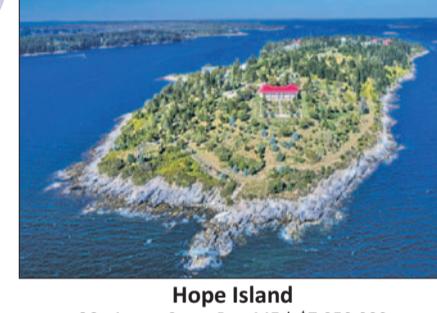
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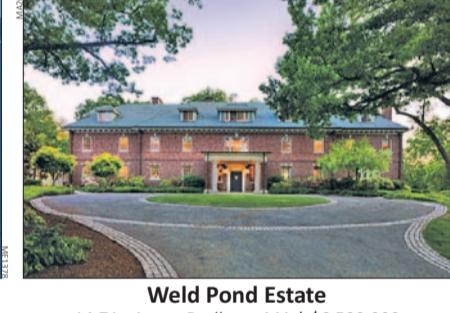
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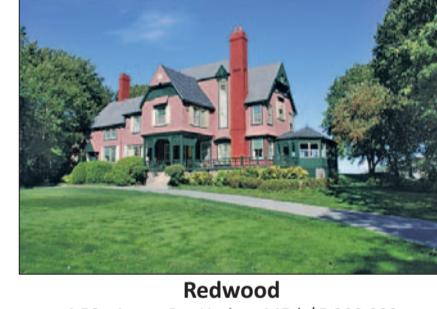
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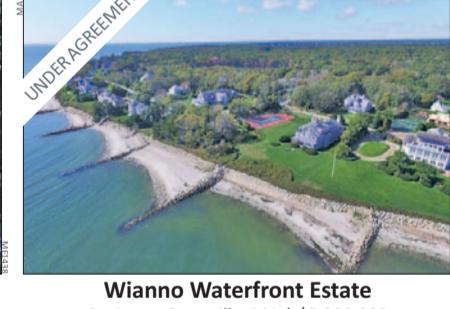
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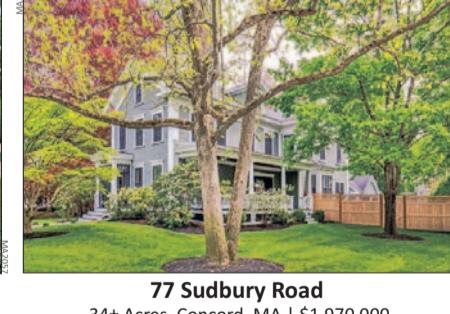
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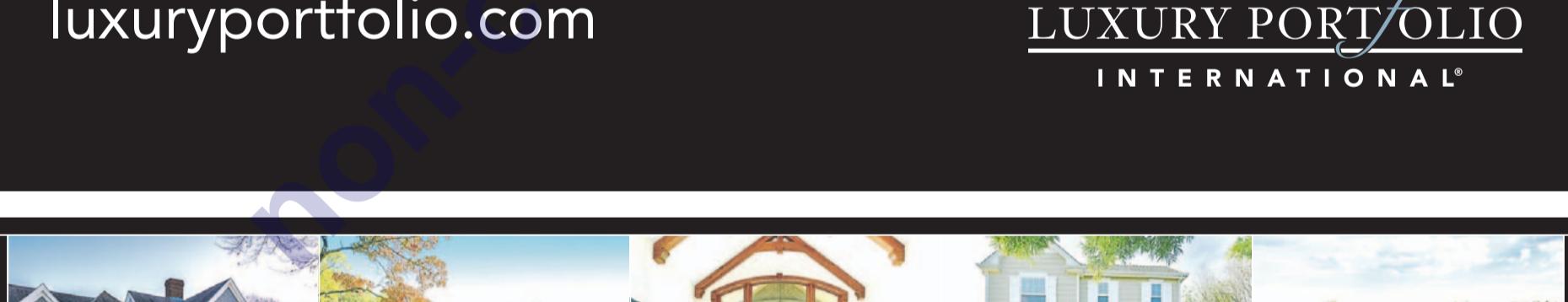
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MANSION

PRIVATE PROPERTIES

A Socialite's Highly Colorful Estate Lists For \$30 Million

Socialite Michelle-Marie Heinemann said she spent two decades creating an elaborate estate in Dutchess County, N.Y. Now she's looking to sell her creation for \$30 million.

In Wappingers Falls, Ms. Heinemann purchased a 6,000-square-foot house for \$440,000 in 1998 and expanded it to more than 32,000 square feet. Now it includes nine bedrooms, 11 bathrooms, five half-bathrooms, two libraries, a basketball court, a three-story solarium and an art gallery. "It's been like a little baby in a cradle," she said. "It's been loved, adored and respected and, as a result, it's grown."

The home is decorated in extravagant French-inspired furnishings. The dining room is clad in French powder-blue oak paneling, with a cloud mural on the ceiling. The vel-

vet chairs have lavender tassels and bullion, and the walls are adorned with portraits of her two young children. The furniture isn't included in the sale. "Color and texture move me," she said.

The solarium features 35-foot-tall bulletproof glass walls. Ms. Heinemann, who is also an artist, displays her giant flower-tree sculptures in the garden and plans to donate them when the house sells, she said.

The staff lives in three so-called "tiny houses" on the roughly 25-acre property. The homes, which range in size from 550 to 675 square feet, were commissioned by Ms. Heinemann after she came across the "tiny home" phenomenon on a trip to Switzerland. The homes are decorated in a minimalist fashion, since they are so small.



DOUGLAS ELLIMAN

"I had to exercise a lot of restraint," she said.

Ms. Heinemann is the founder of a lifestyle brand called Old Fashioned Mom, which she said aims to apply old-fashioned values of traditional motherhood while remaining *au courant* in a modern world. The New York-based company produces

a magazine and a video series and plans to open coffee shops in New York City and London's Mayfair neighborhood, Ms. Heinemann said.

Ms. Heinemann said she is selling because she wants to spend more time in New York and London. "We have loved this house,

but life is about growing and evolving," she said.

Anthony DeBellis of Douglas Elliman has the listing.

—Katherine Clarke

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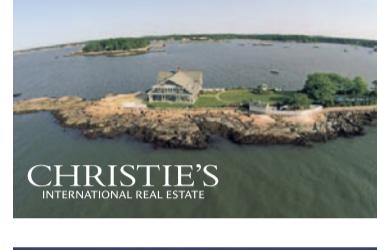
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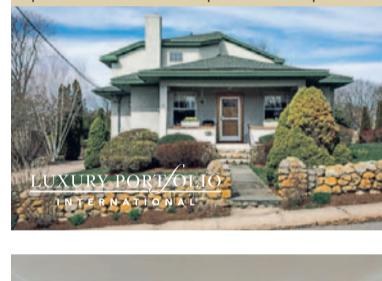
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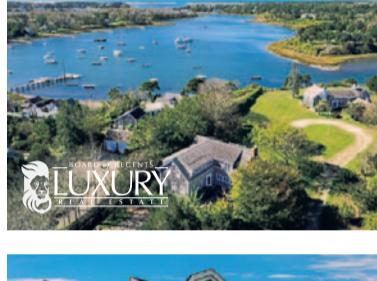


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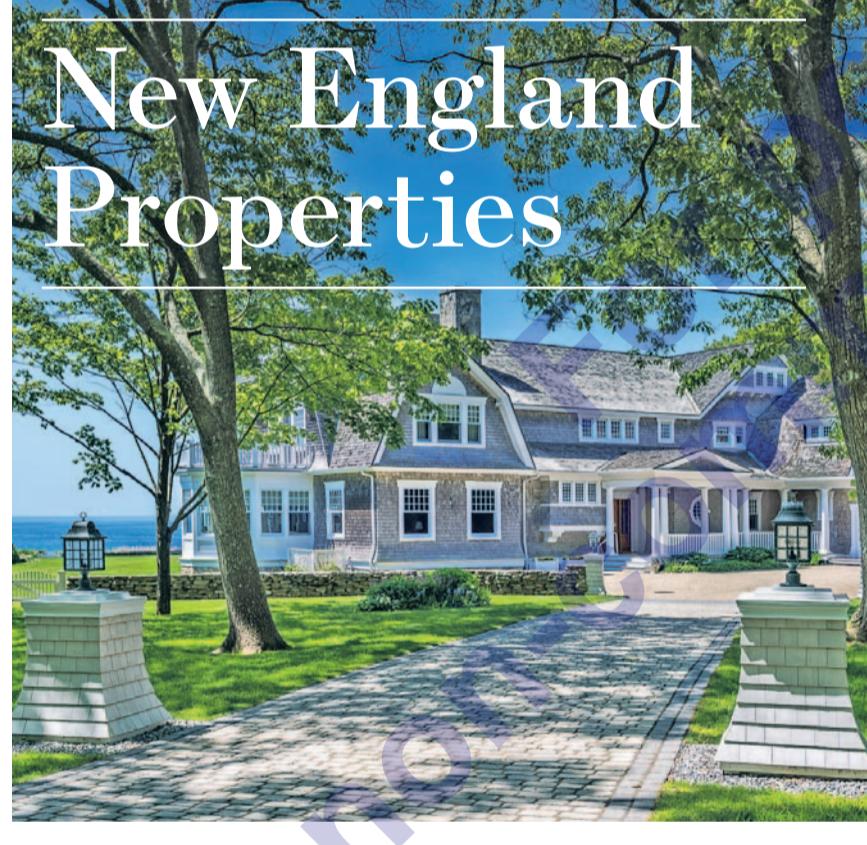
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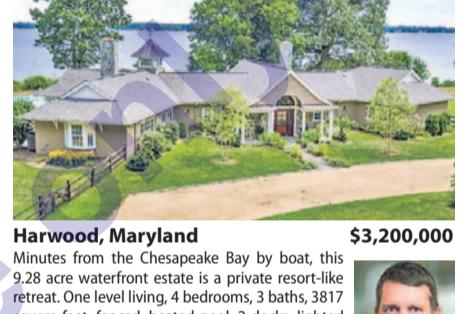


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Jill Daily 215.847.7036

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Villanova, Pennsylvania \$2,695,000

European villa ideal for first-floor living with private master, elevator, chef's kitchen, great room, summer room, den, office and dining room. Second floor nanny suite, 3 bedrooms, baths and a yoga room. Spacious finished lower level.

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A remarkable home for a remarkable price in desirable Chevy Chase View can now be yours! Built in 2008 and improved over the years with a gorgeous chef's kitchen, beautiful built-ins, high-end finishes, level rear yard with deck and low maintenance landscaping that gardeners and non-gardeners will love and appreciate. Nearby restaurants and shops in Kensington and Bethesda.

Andy Alderdice 301.466.5898/301.229.4000 (O)
Andy4Homes@gmail.com



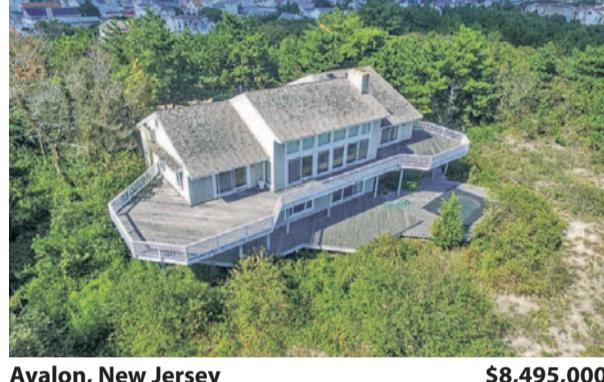
Easton, Maryland \$6,500,000
"Normandie" is undoubtedly one of Talbot County's finest waterfront estate properties. Magnificent French manor house with architectural significance sits on a 61-acre peninsula with over 3,200 ft. of shoreline. This one-of-a-kind estate features a main house with 5 bedrooms and 6.5 baths, and the property also boasts a 2 bedroom guest/gate house, a 55+ car auto barn with office, beautiful in-ground pool and a Bailey-built dock with water and electric.

Rob Lacaze 410.310.7835 / 410.770.3600 (O)
LacazeRob@gmail.com



Grasonville, Maryland \$995,000
Contemporary elegance with golf, tennis, swimming, boating and more. Open concept with water views from nearly every room. Pool, screen porch, pier with boat lift, mechanical dock to launch jet skis, paddle boards and kayaks. Located on protected marina basin with expansive views of Eastern Bay. Unique crow's nest look out and attached guest rooms make this waterfront estate the perfect destination for vacation and year round living.

Dee Dee Miller 443.995.2297 / 410.544.4000 (O)
DeeDee@LNF.com



Avalon, New Jersey \$8,495,000
Ocean views and privacy, this beachfront beauty has it all. One of only eleven properties in the High Dunes. This spectacular two-story home has 5 bedrooms and 5.5 baths offering over 4,500 square feet of living space. The large lot is also conducive to an expansion on the existing home or even a full demolition and rebuild to make way for a one-of-a-kind 11,000 square foot masterpiece.

William J. Leahy 609.827.4405 / 609.967.3001 (O)
Bill@BLeahy.com



Avalon, New Jersey \$5,685,000
Immaculately maintained 2-story home positioned on 2 lots, (lot size 138'x 155') on one of most exclusive and private bayfront streets in Avalon features 5 bedrooms and 4.5 baths. Kitchen offers custom cabinetry, beamed ceilings and hardwood floors. Large master suite with 2 walk-in closets and heated hardwood floors. Upgraded decks, docks and boat slips. Call today for your private tour.

Barbara Roff 609.602.3870 / 609.967.3001 (O)
BarbRoff@LNF.com



Malvern, Pennsylvania \$879,900
Custom-built estate home replete with high-end enhancements plus stunning designer styling. Park-like setting of 10+ acres of flat, grassy yards and bucolic woods, with Main Line luxury and Great Valley Schools. Four/ five bedrooms; five baths; soaring ceilings and windows; hardwoods; epicurean kitchen; private office; finished lower level with game/media/fitness/bar areas. Wrap-around front porch and oversized back deck.

Karen Boyd 610.280.4050 / 610.280.4050 (O)
Karen.Boyd@LNF.com



Rydal, Pennsylvania \$1,500,000
Sited on almost 3 plush acres and gardens evocative of Buckingham Palace or the Tuilleries, the Borie Estate is the quintessential "Home for all Seasons". The 6,600 sq. ft. manor home is a resplendent renovation boasting red pine floors, exposed beams, fabulous fireplaces, and world-class chef's kitchen. Picture-perfect patios, pool, tennis court, and cozy carriage house apartment.

Jill Daily 215.847.7036
jilldaily@aol.com



Great Falls, Virginia \$4,895,000
Feel instantly at home in this gorgeous French Country-style villa with 5 bedrooms, 7 full baths and all the natural woods and stone accents your spirit craves for wholesome living! Exquisite European tiling, flooring, imported doors, other rich details. Gourmet kitchen, luxurious master suite oasis, cinema, fitness, and more. Back yard resort with pool, spa and tranquil pond views on private 5+ acres!

Fouad Talout 703.459.4141 / 703.790.1990 (O)
Fouad.Talout@gmail.com



Great Falls, Virginia Price upon request
Enviable jewel. Perched high on 5 acres and inspired by Virginia's first plantation home, this beautiful 15k sq. ft. estate features a 40-ft rotunda rising at its heart, 20-inch exterior walls, walnut and pine library and custom wet bar, gourmet kitchen with fireplace, pool, foundation for tennis, spa, sauna, and wine cellar. Six bedrooms, 14 baths, guest apartment, terraces, porches, fitness and media rooms, private, verdant setting.

Fouad Talout 703.459.4141 / 703.790.1990 (O)
Fouad.Talout@gmail.com



McLean, Virginia \$2,350,000
This elegant brick Victorian home with wrap-around porches and lovely patio features 5 bedrooms, 5.5 baths. A handsome library with cherry built-ins is found on the main level, as well as a bright sunroom overlooking the grounds. The gourmet kitchen boasts high-end appliances and a breakfast room. Master bedroom with fireplace and spa-like master bath. All bedrooms en suite. Large walk-out rec room. Three miles to Washington, DC.

Mike Anastasia 703.501.1000 / 703.790.1990 (O)
Mike.Anastasia@LongandFoster.com



Smith Mountain Lake, Virginia \$1,795,000
Iconic New England style estate home on a very-special flat point lot in The Boardwalk. Possibly the best location on the lake viewed from towering windows, 5 decks, screen porch with 180 degree lake. Double-slip boat house with cabana and your own private beach and pavers patio! Soaring ceilings in great room, kitchen with full butler's pantry. Wake-up to Smith Mountain sunrises and go to bed with moon-rising from behind the Mountain!

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Smith Mountain Lake, Virginia \$1,393,000
Stunning French Country lake home with gorgeous mountain and lake views, massive windows and towering stone fireplace, huge veranda, 3 car garage, pool, and double slip covered boatdock.

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THE MARKET

Planted Walls Bring Living Color to Interiors

Owners say live greens and flowers are calming and cut noise; upkeep can run up to \$6,000 a year

BY AMY GAMERMAN

Roberta Riga couldn't figure out what to do with a 20-foot-high wall in the central atrium of a new home she was designing for herself in the San Francisco Bay Area. So she decided to add some green: a 150-square-foot vertical garden of ferns, sedge grass and philodendrons.

"I wanted something different—not just a typical big piece of artwork," said Ms. Riga, an executive coach and leadership consultant who spent more than \$20,000 to create the living wall in 2013. "You

feel more in nature when you are inside. It helps ground you."

Living walls—hydroponic gardens of lush plants, herbs and flowers—have long been a fixture of outdoor plazas and patios. Now, they are being welcomed inside more homes, thanks to improved technology that enables these leafy murals to thrive indoors.

Homeowners say the planted walls make a striking visual statement while improving indoor air quality and softening acoustics. No watering cans are required. The walls are designed to be self-sustaining, although most home-

owners opt for regular maintenance contracts with the landscapers who install them.

The technology behind living walls varies. Many units consist of a metal or plywood framework with a waterproof backing that can hold pre-planted modular panels or trays of plants. In others, the plants are placed in pockets of geotextile fabric that works in place of soil. LED lights often are built into the structures, along with timer-operated pumps that circulate water and nutrients, and built-in drainage systems. Dirt has been largely eliminated from many of these hanging gardens. Plant roots instead are embedded in a synthetic material that some landscape designers say is more durable and less prone to mold than soil.

The plants in Ms. Riga's living wall, designed by David Brenner of Habitat Horticulture, grow in a felt-like material made from recycled water bottles. The wall is tended by Mr. Brenner's team, who prune and replace dead plants. Ms. Riga spends \$5,000 to \$6,000 a year on maintenance.

Occasionally, she swaps out entire swaths of plants to create new colors, textures and patterns.

"Originally it was all green, then I thought, 'Let's do some purples,'" Ms. Riga said.

Clients who want a flowering wall can book Habitat Horticulture's orchid-rotation program. The orchids are boarded at a nursery, then added to the wall when they are ready to bloom "for a little pop of color," Mr. Brenner said.

More often, the living wall's plant palette is dictated by a room's particular microclimate. "We'll take measurements of the light," said Scott Hutcheon, founder of Seasons Natural Engineering and ShrubHub, an online garden marketplace. "The lower light you go, the less color you get—ferns do better with more



GREEN MONSTER The Cather family of Brooklyn has a wall with 1,080 plants.

fresh air and high light."

Mr. Hutcheon is one of a number of living-wall designers now marketing prefabricated walls. A 6.5-foot-tall, free-standing unit with plants selected for their ability to thrive in a variety of microclimates will retail for \$3,450, with installation, on ShrubHub.

EcoWalls, which works primarily with commercial and institutional clients, offers a chef's wall garden, a customized mix of herbs and leafy greens that costs \$4,500 to \$5,500 installed.

Naava, a Finnish company, sells aluminum-frame units with integrated watering, lighting and ventilation systems for \$5,000 to \$7,000—hardy plants included.

Indoor pollutants are filtered through the plants' root systems, said Heather Mulvihill, Naava's U.S. business-development manager. Small fans implanted in the back of the unit blow the freshly purified air back into the room.

Neely Doshi-Cather and her husband, Todd Cather, a partner at Dome Equities, a real-estate private-equity firm, bought a Brooklyn home in 2014 with a two-story, 180-square-foot living wall that

had been installed by the previous owners. The wall contains 1,080 plants, patterned to create diagonal bands of various colors and leafy textures.

"Two of my sons and my husband have allergy issues; it just seems they are breathing better than where we were living before," said Ms. Doshi-Cather, director of Doshi Capital Partners, a family-owned investment company.

It would cost about \$24,000 to create a similar vertical garden today, said Debbie Kotalic, director of design for GSky Plant Systems, which created the Brooklyn wall in 2012. The Cathers spend about \$4,000 a year to maintain it; landscapers visit every two weeks.

Matt and Julie White, who are remodeling their new home in Newport Beach, Calif., have installed a 16-foot wall planted with lush kangaroo ferns and magenta-hue bromeliads in their interior courtyard with a pool. The wall, designed by Mr. Hutcheon, cost about \$15,000.

"It's an art piece—it's a wow factor," said Mr. White, a builder and developer. "And I just love watching it grow."



EASY BEING GREEN Roberta Riga spent more than \$20,000 on her wall.

IN THE FOOTSTEPS OF MARY POPPINS



MUTED INTERIORS The home underwent a yearlong renovation and now has neutral tones and high-end finishes. Above and below, the living room and the kitchen. All of the furnishings are included in the price. Top left, Blake Edwards and Julie Andrews on the set of 'Darling Lili' in 1970.



marble, as are the six bathrooms and the kitchen countertops. The walls are calm tones of cream, taupe and greige, and the furnishings (which are included in the sale) are traditional.

The basement houses a staff apartment, gym and spa facilities, while the kitchen and dining room are on the ground floor.

The first floor has a study linked to the main living room by an open terrace. This living room, with its large sash windows, herringbone wood floors and elaborate gilded cornicing, is Mr. Saigol's favorite space in the house. "The light pours into it," he

said. "You have got great, very high ceilings, and you can walk straight out onto the terrace."

Take the stairs or an elevator three floors above, where there are five bedroom suites.

One thing Mr. Saigol has avoided is an overt nod to the house's former owners. The only reference appears entirely accidental.

Mindful of the inclement British weather, an iron stand has been placed in the entrance hall, equipped with four old-fashioned stick umbrellas—although disappointingly for Mary Poppins fans there is not a parrot head in sight.

Continued from page M1

family. When luxury developer Faisal Saigol bought the house in late 2015, the property had been stripped back to its bare plaster-work. Its layout was inconvenient, with the main house facing Chester Square and, behind it, a small separate mews house that would originally have been used to store carriages and stable horses.

Over the next 10 months, Mr. Saigol drew up plans to amalgamate the two properties and add a "Roman portico" to the flat facade facing on to Chester Square.

"It gives a great level of grandeur and provides room for a terrace above it at first floor level," he explained.

The yearlong project was completed late last year and the house was first put up for sale, off market, eight months ago for about \$36.2 million.

Last month it was officially listed, its \$4 million price cut a reflection of the travails of the prime British property market. Prices across prime central London have fallen almost 10% in the past five years, according to research by real-estate firm Savills.

Ms. Fatemi is not too concerned about the house's failure to sell quickly.

"At the moment it takes an average of eight months for houses to sell, because there is no sense of urgency in the market," she said.

The décor at Chester Square is luxurious and formal without being ostentatious. The floors are