

# THE WALL STREET JOURNAL.

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WSJ.com

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## What's News

### Business & Finance

**The rout in stocks deepened as heavy selling overseas and failed intraday rallies in the U.S. pushed down major indexes. The Dow fell 545.91 points, leaving it down 5.2% in two days. The S&P 500 and the Nasdaq lost 2.1% and 1.3%, respectively, on Thursday. A1, B1, B14**

◆ **China-based Tencent's music-streaming company is postponing its IPO until at least November because of turmoil in global markets. B1**

◆ **Some of Sears's big lenders were pushing for the retailer to liquidate rather than try to reorganize through the bankruptcy process. A1**

◆ **Mortgage rates rose to nearly 5% this week, their highest point in over seven years and a level that could deter many home buyers. A2**

◆ **Public companies won't soon get a break from quarterly earnings reporting, an idea that Trump asked the SEC to study. B1**

◆ **Facebook has dismantled a set of accounts it said were spreading false or misleading political content ahead of midterm elections. A5**

◆ **China's two mobile-payments giants said stolen Apple IDs were used to swipe customer funds. B4**

◆ **Delta said a jump in revenue during the third quarter nearly offset a surge in jet-fuel prices. B3**

◆ **Footwear startup Allbirds, a maker of trendy sneakers, has sold a stake to investors at a valuation of \$1.4 billion. B1**

◆ **The NFL's television ratings are up for the first time since 2015. B3**

### World-Wide

◆ **At least six deaths have been attributed to Michael, which was downgraded to a tropical storm and was drenching the Carolinas on Thursday. Property and crop damage was extensive and one million power customers were offline in six states. A1**

◆ **Turkey has what it describes as recordings purporting to show that Khashoggi was killed in the Saudi consulate in Istanbul, people familiar with the matter say. A1**

◆ **An American pastor is expected to be released Friday from detention and house arrest in Turkey, where he has faced terrorism charges. A6**

◆ **Trump is considering as many as five candidates as his new attorney general on the assumption that Sessions will leave later this year. A4**

◆ **The White House has decided to move ahead with plans for Trump to meet China's Xi at a multilateral summit next month. A7**

◆ **Seniors and other Americans receiving Social Security will see the largest increase to their benefits in seven years in January. A2**

◆ **Average rates for popular health plans sold under the ACA will fall 1.5% next year, according to the Trump administration. A3**

◆ **Several FBI employees have been recalled to the U.S. from posts in Asia while the agency probes allegations of improper conduct. A3**

◆ **Orthodox Christianity's foremost leader said he would grant Ukraine a self-governing church. A8**

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## Jittery Investors Deepen Stock Fall

Dow is down 5.2% after second day of rout; anxiety rises as tech shares fall

By CORRIE DRIEBUSCH, AKANE OTANI AND JESSICA MENTON

A gloomy October on Wall Street turned darker Thursday, as heavy selling overseas and failed intraday rallies in the U.S. sent major stock indexes to another stinging retreat.

The Dow Jones Industrial Average tumbled 546 points, leaving the blue-chip index down 5.2% after two days of volatile trading that has been

marked by sharp declines in the last hours of the day. The cost of hedging against stock-price declines soared Thursday in a sign of rising anxiety, with the Cboe Volatility Index, or VIX, soaring to its highest level since the February rout that set the Dow's intraday point-collapse record.

Analysts and portfolio managers scrambled Thursday to put concerned clients at ease, though many admitted they struggled to figure out what drove the two-day tumble—and fretted it might not be over.

Rising U.S. interest rates, stretched share valuations and concerns about U.S. trade relations with China and other ma-

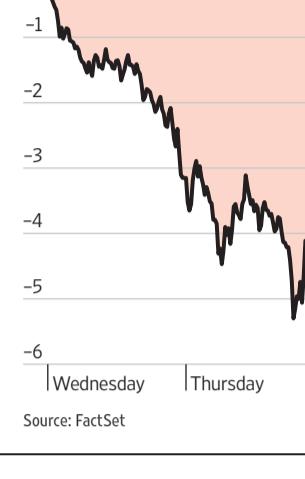
jor nations have weighed on trading throughout 2018, and few investors said they believed economic and market conditions had turned negative enough recently to justify the across-the-board selling.

The most vicious action Thursday took place at mid-afternoon New York time, when the Dow briefly was down as many as 699 points in a pull-back that hit energy and financial stocks hardest.

At WallachBeth Capital's office, *Please turn to page A2*

◆ Mortgage rates jump to seven-year high..... A2  
◆ Market volatility ripples across the globe..... B1

### Dow Jones Industrial Average



Source: FactSet

### Two-day performance of S&P 500 sectors

Energy	-6.6%
Technology	-6.0%
Financials	-5.9%
Industrials	-5.7%
Consumer disc.	-5.4%
Health care	-5.0%
Comm. services	-4.7%
Real estate	-4.5%
Materials	-3.7%
Consumer staples	-3.6%
Utilities	-2.5%

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## Trail of 'Unimaginable Destruction'

By JON KAMP  
AND ARIAN CAMPO-FLORES

PANAMA CITY, Fla.—Homes lay in ruins, their roofs ripped off and walls peeled away. Collapsed sheds and battered awnings littered fields. Rows of power poles leaned nearly horizontally, their electric lines scattered like spaghetti. In the distance, an endless expanse of toppled trees.

The wounds left by Hurricane Michael, one of the most powerful hurricanes to ever hit the U.S., came into focus across this small coastal community a day after the storm made landfall.

By Thursday, Michael had been downgraded to a tropical storm and was drenching the Carolinas, which are still recovering from the deluge of rain unleashed last month by Hurricane Florence.

At least six deaths have been attributed to Michael, which

*Please turn to page A4*



Kathy Coy, top, stands among what is left of her Panama City, Fla., home on Thursday. The town of Mexico Beach, Fla., bottom, near Hurricane Michael's landfall site, was nearly wiped out.

## Big Sears Lenders Push to Liquidate

By SUZANNE KAPNER  
AND LILLIAN RIZZO

Some of Sears Holdings Corp.'s biggest lenders were pushing for it to liquidate rather than use bankruptcy protection to try to save an American legend whose stores and catalogs dominated retailing for generations, according to people familiar with the discussions.

Sears is in talks with a group of banks, including Bank of America Corp. and Wells Fargo & Co., over emergency financing as the company prepares for a bankruptcy filing, the people said.

The 125-year-old retailer and its advisers are working to put together a bankruptcy plan ahead of a Monday debt payment. How much short-term financing the company is able to line up over the next few days will help determine whether Sears can continue as a going concern or winds down quickly.

The banks are willing to provide debtor-in-possession financing but only enough for Sears to sell inventory and close all its stores, some of the people said. The negotiations remained fluid and were continuing Thursday, and a different deal could be reached, one of the people said.

A bankruptcy filing is expected by Monday when Sears must repay \$134 million in loans, the people said.

The Wall Street Journal first reported on Tuesday that

*Please turn to page A5*

## Harvard Set to Spill Secrets of Getting In

Trial will examine how it uses race in admissions; other colleges watching closely

By NICOLE HONG  
AND MELISSA KORN

This year, 42,749 students applied to Harvard College, and only 1,962 were admitted. How Harvard decides who makes the cut has long been a mystery.

That's about to change. A trial beginning Monday in Boston federal court will ex-

amine how the elite institution uses race to shape its student body. It will force Harvard to spill details about its admissions practices.

The case has transfixed the world of higher education—both for the peek it provides into a process cloaked in secrecy, and the prospect that the court decision will upend

*Please turn to page A9*

## Turkey Says Recordings Are Evidence Of Killing

The Turkish government has what it describes as audio and video recordings purporting to show that Saudi Arabian journalist Jamal Khashoggi was killed inside the Saudi consulate in Istanbul, and has shared the evidence with U.S. officials, according to people familiar with the matter.

By Farnaz Fassihi,  
Vivian Salama  
and Warren P. Strobel

The Turkish officials may release the evidence in coming days, these people said, adding the recordings have been described by those who have reviewed them as evidence of a killing. The audio evidence is particularly graphic, according to these people.

Turkish investigators have sound from inside the consul-

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## TOMORROW

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## U.S. NEWS

# Mortgage Rates Jump to Seven-Year High

BY LAURA KUSISTO  
AND CHRISTINA REXRODE

Mortgage rates hit their highest level in more than seven years this week at nearly 5%, a level that could deter many home buyers and represents another setback for the slumping housing market.

The average rate for a 30-year fixed-rate mortgage rose to 4.9%—the largest weekly jump in about two years—according to data released Thursday by mortgage-finance giant Freddie Mac.

Lenders and real-estate agents say that, even now, all but the most qualified buyers making large down payments face borrowing rates of 5%.

Rates have been edging higher in recent months, but during “the last week we’ve seen an explosion higher in mortgage rates,” said Rodney Anderson, a mortgage lender in the Dallas area.

A 5% mortgage rate isn’t that high by historical standards. During much of the decade before the financial crisis, these rates hovered between 5% and 7%. But a re-

turn to more normal lending rates won’t feel normal to many buyers who have become accustomed to getting a mortgage loan at 4% or lower, and they could experience sticker shock at what they would have to pay now for a home loan.

“There’s almost a generation that has been used to seeing 3% or 4% rates that’s now seeing 5% rates,” said Vishal Garg, founder and chief executive of Better Mortgage.

For a house with a \$250,000 mortgage, rates of 5% add about \$150 to the monthly payments, compared with the rate of 4% that borrowers could have had less than a year ago, according to LendingTree Inc., an online loan information site. That excludes taxes and insurance.

With rates hitting recent highs at a time when housing prices have been going up, too, some economists suggest sellers may need to lower prices if borrowers can’t afford high prices in a higher rate environment.

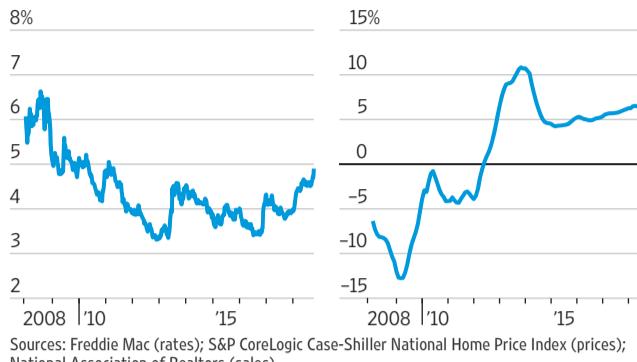
Higher mortgage rates have also slowed the housing mar-

## Rates Come Home to Roost

With mortgage rates nearing 5%, the residential real estate market is showing signs of cooling.

As mortgage rates have risen...

30-year fixed loans



Sources: Freddie Mac (rates); S&P CoreLogic Case-Shiller National Home Price Index (prices); National Association of Realtors (sales)

ket more than many expected. That is a potentially troubling sign for the broader economy, since housing is often a bellwether for how rising interest rates could affect growth overall.

Existing home sales fell in August from a year earlier, the sixth straight month of declines. Many would-be buyers sat out the buying season

...home price growth has steadied...

Case-Shiller home-price index, change from a year earlier



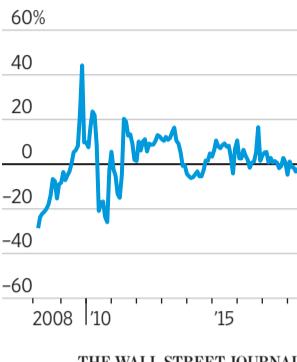
Sources: Freddie Mac (rates); S&P CoreLogic Case-Shiller National Home Price Index (prices); National Association of Realtors (sales)

because of high housing prices, a historic shortage of homes to buy, and a tax bill that reduced some incentives for homeownership. Higher mortgage rates will likely compound their hesitation.

“With the escalation of prices, it could be that borrowers are running out of breath,” said Sam Khater, chief economist at Freddie

...as have existing-home sales...

Seasonally adjusted sales, change from a year earlier



Sources: Freddie Mac (rates); S&P CoreLogic Case-Shiller National Home Price Index (prices); National Association of Realtors (sales)

Mac.

Once-hot markets are showing signs of cooling down. Bill Nelson, president of Your Home Free, a Dallas-based real-estate brokerage, said that in the neighborhoods where he works, the number of homes experiencing price cuts is more than double the number that are going into contract.

Brad and Virginia Reitinger closed on a new home in Dallas two weeks ago, and opted for an adjustable-rate mortgage so they could get a 4% rate. With a fixed-rate 30-year loan, they would have had to pay 4.5% to 5%, Mr. Reitinger said.

He added that the prospect of rates going even higher motivated them to move quickly on buying the new home. And if they had opted for a fixed-rate mortgage, he estimates, their monthly payment would have been higher by a couple hundred dollars. “When you run the numbers, it makes a big difference,” he said.

The rise in rates could have far-reaching effects for the mortgage industry. Some lenders—particularly non-banks that don’t have other lines of business—could take on riskier customers to keep up their level of loan volume, or be forced to sell themselves. Many U.S. mortgage lenders, including some of the biggest players, didn’t exist a decade ago and know only a low-rate environment.

## Stocks Extend Their Fall

Continued from Page One

company’s plans.

Yet even after Thursday’s selloff, many portfolio managers and analysts remained optimistic, reasoning that the conditions for strong equity performance—including economic growth, low interest rates and contained inflation—remain in the U.S. and many markets around the world.

Many said they doubted a reckoning was at hand for a bull market that has taken the Dow, S&P 500 and Nasdaq to dozens of records this year. “Is this the next 2008? It’s very difficult for me to believe it is while the economy is this good,” said Rebecca Patterson, chief investment officer at Bessemer Trust.

The Dow industrials swung nearly 784 points from its high to its low Thursday. All 11 sectors in the S&P 500 fell for the second straight session, but the industries that led Wednesday’s rout, like technology and communications, saw more modest losses. Energy stocks led the declines, tumbling along with oil prices.

The selloff took with it some of the best-performing stocks in the S&P 500 this year, sending Netflix down 9.7% over two days, Amazon.com off 8.1% and Apple 5.5% lower.

Investors had been fixated for

## Widespread Pain

Stock indexes have dropped around the globe this week in a decline that hit some of the market’s biggest winners the hardest.

Index performance this week



Source: SIX Note: NYSE FANG+ includes Facebook, Amazon, Apple, Netflix and Google-parent Alphabet

since February.

Traders braced for further volatility. The Cboe Volatility Index, which measures investors’ expectations for stock swings, jumped 8.8% to 24.98—extending a recent climb that has brought it to its highest level since February.

The stock declines left many investors anxious heading into the third-quarter corporate earnings season, which kicks off in earnest Friday with big banks including JPMorgan Chase & Co. and Citigroup Inc. Financial stocks were among the worst performers Thursday, which some traders attributed to hesitancy to hold the shares ahead of the earnings reports.

“It’s a tough time,” said R.J. Grant, director of equity trading at financial firm Keefe, Bruyette & Woods. Few wanted to buy shares Thursday, he said, because “investors are waiting to see earnings from the banks....Earnings season can’t come soon enough.”

In Asia early Friday, Japan’s Nikkei Stock Average was down 0.6%, while Hong Kong’s Hang Seng Index was up 0.5% and the Shanghai Composite was up 0.2%.

—Michael Wurthorn contributed to this article.

## Couples Get Hitched on National Coming Out Day



WEDDED BLISS: Romeo Lopaz and Hok Hi, left, and Emmett Binkowski and Maggie Alvarez, right, sealed their marriages with a kiss at Philadelphia City Hall on Thursday. The city performed ceremonies for the couples at an event honoring National Coming Out Day.

## Dina Powell Bows Out as U.N. Candidate

BY MICHAEL C. BENDER  
AND LIZ HOFFMAN

WASHINGTON—Dina Powell has withdrawn from consideration as the next U.S. ambassador to the United Nations, according to people familiar with the matter.

President Trump had said that Ms. Powell, a Goldman Sachs Group Inc. executive,

was on his short list to succeed Nikki Haley, who announced her resignation this week.

Ms. Powell, who was a deputy national security adviser during the first year of Mr. Trump’s administration, told Mr. Trump about her decision during a phone conversation on Thursday, one of the people said.

Ms. Powell remains close to the Trump family, including

the president’s daughter Ivanka Trump and her husband, Jared Kushner, according to people familiar with the matter. But she was viewed more skeptically by John Kelly, the White House chief of staff.

Ms. Powell worked at Goldman from 2007 to 2017, overseeing the bank’s philanthropy efforts. She joined its invest-

ment banking arm earlier this year with the goal of using her foreign connections to drum up business with sovereign wealth funds and other global investors.

She is especially close to Saudi Arabia’s Public Investment Fund and the country’s ruling family, ties that could have complicated her bid to become the U.N. ambassador.

## Social Security Checks To Rise 2.8% in 2019

BY ERIC MORATH  
AND ANNE TERGESEN

WASHINGTON—Seniors and other Americans receiving Social Security will see the largest increase to their benefits since 2012, a bit of relief that for the first time in years won’t be largely consumed by higher health-care costs.

The 2019 cost-of-living increase will be 2.8%, the Social Security Administration said Thursday, which translates into an average increase in retiree benefits of about \$40 a month. More than 62 million Americans receive Social Security benefits, most of them retirees.

While Social Security recipients get a boost in January, some other households will see slightly smaller paychecks: The maximum amount of earnings subject to the Social Se-

curity tax will increase to \$132,900 from \$128,400, a 3.5% increase. Earners hitting that new threshold will end up paying an additional \$279 in taxes, and their employers will pay the same.

The cost-of-living adjustment, based on a formula that reflects changes in consumer prices, will be the largest for the monthly payments since a 3.6% increase in 2012. This year, the increase was 2.0%.

The gains come after no change to benefit payments in 2016 and a 0.3% increase in 2017.

Meanwhile, the pace of price increases for medical care has eased since 2016 and is growing in recent months at a slower rate than overall inflation.

Medicare costs are also expected to stay in check next year.

## CORRECTIONS & AMPLIFICATIONS

Twitter Inc.’s shares on Tuesday rose 82 cents, or 2.9%, to \$29.27. A Markets article Wednesday about Tuesday’s stock trading incorrectly said Twitter rose 82 cents, or 2.9%, to \$47.79.

The most recent recession in the U.S. started in December 2007 and ended in June 2009. A graphic showing car loans with a Business & Finance article Monday about a dearth of no-interest auto loans mislabeled the dates of the recession from December 2006 to June 2008.

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

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## U.S. NEWS

## Kanye West Defends Trump in Oval Office Meeting

Kanye West's visit to the White House was pitched as a part of President Trump's commitment to urban revitalization, criminal-justice reform and new workforce-training programs.

And Mr. West did indeed talk about that—a little.

In an Oval Office meeting, at right, Mr. West launched into a soliloquy—peppered with occasional curse words—about his upbringing, violence in Chicago and his unapologetic backing of a president who has found tepid support among other entertainers or black Americans. Over the past two years, Mr. West has faced regular public criticism from other celebrities over his stance.

The rapper said the president's critics fail to recognize Mr. Trump's bravery.

Mr. West didn't dismiss a possible presidential run of his own, but said he'd consider it only after 2024, or after two full terms of a Trump presidency.

"Trump is on his hero's journey right now. He might not have thought he'd have a crazy motherf—er like Kanye" supporting him, Mr. West said.

—Vivian Salama



ANDREW HARRER/BLOOMBERG NEWS

## DNA Unlocks Family Ties

Researchers identify people by analyzing genetic data posted by relatives online

BY AMY DOCKSER MARCUS

Genetic information posted online can be used to identify relatives who never participated in the DNA testing or agreed to share their personal information, according to two new papers highlighting the privacy issues arising as such testing gains in popularity.

In the papers, separate sets of researchers described how they identified people by drawing on results from DNA testing that others had shared online, often in the hope of finding relatives.

The risks are receiving scrutiny as more people get their DNA tested by companies such as **23andMe** Inc. and Ancestry and then post the data on public genealogy sites.

"Genetic privacy is becoming compromised over time," said Eric Topol, a professor at the Scripps Research Institute in La Jolla, Calif., who wasn't involved in the studies published Thursday.

Genetic data can reveal information that people don't always want to share. DNA can be used to identify someone's risk of a future medical condition, opening individuals and their children to possible discrimination or information they don't want to know.

The issue attracted widespread notice in April after investigators who had been looking for decades for an alleged serial killer known as the Golden State Killer said they got a break by comparing DNA collected from a crime scene to genetic profiles on online genealogy sites including one called GEDMatch.

At least 13 other criminal cases this year have also been reportedly solved using a similar approach, according to one

of the papers, published in the journal *Science*.

While people typically have a few siblings, they could have dozens or even hundreds of third cousins and find themselves surprised and upset that they are part of a police investigation because of something done by a person they have never met.

Ancestry and 23andMe said they don't provide access to customers' genetic-test data that would lead to the kinds of identifications the researchers made, and don't share information with law enforcement unless legally required.

In the second paper, published in the journal *Cell*, researchers used an algorithm they devised and matched siblings with siblings and parents with children when one indi-

vidual was in an ancestry database and the other in a law-enforcement database.

The law-enforcement database, known as the Combined DNA Index System, or CODIS, contains genetic information of convicted offenders and those who have been arrested. It is used by the Federal Bureau of Investigation and other agencies.

The researchers said they found close relatives for more than 30% of the 872 people whose genetic information was studied, even though the type of information in CODIS was different from the data uploaded to the ancestry sites.

"It is really hard to anonymize genetic data," said Michael D. Edge, a population geneticist at the University of California, Davis, and an au-

thor of the *Cell* paper. "People's notion of genetic privacy may have to change."

In the *Science* paper, researchers said ordinary people outside law enforcement could use the techniques they employed to identify people using DNA test results.

The researchers—from Columbia University, Hebrew University of Jerusalem and direct-to-consumer genetic-testing company MyHeritage—said they found the identity of an anonymous woman whose DNA information was publicly available on the internet.

They said they uploaded the information to GEDMatch's public database, which has more than a million profiles, and found matches to two distant relatives.

Using other public records, the researchers said it took only an hour to find the ancestral couple who lived four to six generations ago to whom the individuals were distantly related. It took another day, the researchers said, to sort through publicly available data to identify the woman.

"In principle, anybody can do this," Yaniv Erlich, senior author of the *Science* paper and chief science officer of MyHeritage, said in an interview.

Given such potential, the researchers called for a re-evaluation of the status quo" when it comes to genetic privacy, especially in the U.S., where genetic testing is increasingly accessible.

Customers who get tested by 23andMe or other direct-to-consumer companies can download their raw data and then upload it on other websites, such as GEDMatch.

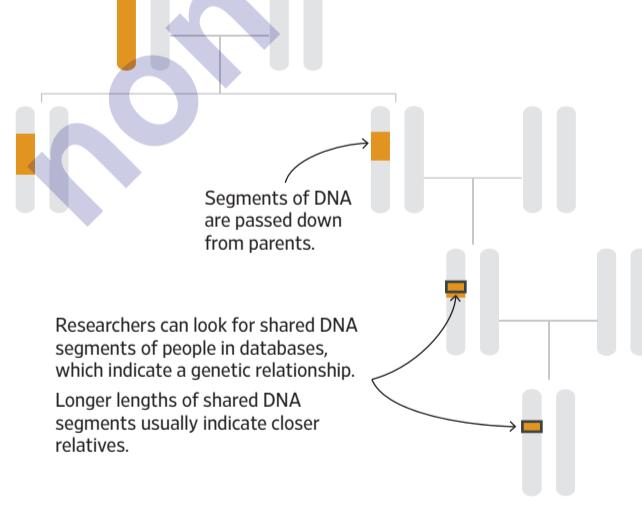
The researchers proposed that direct-to-consumer companies create a digital signature on the file containing raw data so websites like GEDMatch could assess whether the uploaded information came from an actual customer rather than law enforcement.

### Making Matches

As more people upload DNA results into public databases, it will get easier to identify relatives beyond the immediate family. One way to find relatives is by locating shared DNA segments that people have inherited from common ancestors.

#### How it works

Each person has two sets of chromosomes, which are made up of DNA.



Sources: *Science*; Yaniv Erlich

THE WALL STREET JOURNAL.

## Obamacare Plan Costs Take a Surprise Drop

BY STEPHANIE ARMOUR  
AND ANNA WILDE MATHEWS

presence in the ACA markets, after previous industry pullbacks.

The data released Thursday mark the first broad picture of finalized 2019 rates for ACA health plans and reflect pricing for coverage sold through the federal exchange, HealthCare.gov, which is used in most states. The lower rates, approved by the Department of Health and Human Services, could attract more people to sign up for coverage when open enrollment under the health law kicks off on Nov. 1.

The shift in premiums reflects increasing stability in the marketplaces heading into their sixth year, as insurers have seen a financial turnaround that is delivering profits on ACA plans after repeated losses. The improved financial results are closely tied to previous rate increases, which brought premiums in line with insurers' costs, as well as a more consistent, predictable group of enrollees.

Still, the news is a surprise. Many health analysts had predicted significant price increases next year because of the actions taken by the administration and the GOP Congress, especially an end to the penalty for not having insurance and the bolstering of non-ACA-compliant plans.

HERNO

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## FBI Recalls Some Personnel From Asia

BY ARUNA VISWANATHA

Several FBI employees, stationed in cities across Asia, have been recalled to Washington in recent months while the agency investigates allegations related to parties and interactions with prostitutes, according to people familiar with the matter.

The Justice Department's inspector general is examining the allegations, which involve personnel in some half a dozen cities, including in East and Southeast Asia, said the people.

The FBI said in a statement via email that it referred the allegations to the inspector general. "Upon learning of these allegations of misconduct, action was taken to reassign certain personnel to non-operational roles while the

allegations are reviewed," the agency said.

A spokesman for the inspector general, the Justice Department's in-house watchdog, declined to comment.

The allegations are a potential black eye for an agency that has become a magnet for criticism as it has tried to navigate some of the biggest political battles of the year.

The Bureau was asked to briefly reopen a background investigation into now-Justice Brett Kavanaugh following allegations of sexual assault, which he denied. And the FBI has been at the center of the investigation into Russian interference in the 2016 presidential election, including any possible links between the Trump campaign and Moscow. The personal conduct of FBI

agents came under scrutiny after the disclosure of anti-Trump text messages between two then-FBI employees who had been involved in the investigation into Hillary Clinton's emails, prompting some

foreign counterparts to combat international terrorism and to obtain information about crimes the FBI is investigating.

The posts tend to last several years, and often involve cultivating relationships with local officials over late-night drinks, former agents and others said.

Issues involving prostitution, which is legal or tolerated in some countries, have been a particular concern for FBI officials, who worry about foreign intelligence services trying to compromise agents or other U.S. embassy personnel, people familiar with the matter said.

The exact nature of the allegations against the FBI employees, and the locations of the alleged activities, couldn't be determined.

## U.S. NEWS



Alex Azar



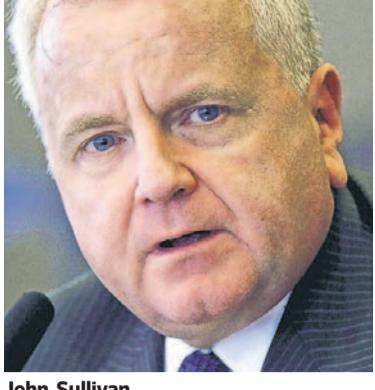
Steven Bradbury



Janice Rogers Brown



Bill Barr



John Sullivan

ADRIANO MACHADO/REUTERS

# Trump Considers a Successor for Sessions

By MICHAEL C. BENDER

**WASHINGTON**—President Trump is considering as many as five candidates as his new attorney general on the assumption that Jeff Sessions will leave his post later this year, according to White House officials and outside advisers.

The potential candidates include Health and Human Services Secretary Alex Azar, Transportation Department general counsel Steven Bradbury, former Attorney General Bill Barr, Deputy Secretary of State John Sullivan and Janice Rogers Brown, a retired appeals court judge from the District of Columbia Circuit, the people said.

They five either didn't re-

turn calls seeking comment or declined to comment.

The president has spoken openly, and often sharply, about his desire to replace Mr. Sessions and his regret over installing the former Alabama senator as the nation's top lawyer. While Mr. Trump has spent more than a year undercutting his attorney general, he has rarely spoken about successors, according to White House officials and people familiar with his thinking.

His discussion of these candidates represents a shift, signaling for the first time that Mr. Trump is envisioning what his administration might look like without Mr. Sessions in the cabinet.

Some White House officials

and Trump allies urged caution about the president's deliberations. For one thing, Mr. Sessions remains in his job, and there are no finalized plans to remove him from the position, even after the November congressional elections.

Expectations in the West Wing and at the Justice Department are that Mr. Sessions will step down, officials said.

Mr. Sessions isn't currently planning to leave, but privately has said that he anticipates he may be asked to resign, according to people familiar with the matter. The attorney general, who was the first senator to endorse Mr. Trump during the presidential campaign, has told people the request may come on the president's Twitter feed.

"This is actually the dumbest thing I've been asked to comment on in a while," said Justice Department spokeswoman Sarah Flores.

A representative for Mr. Trump declined to comment.

Replacing Mr. Sessions would present legal and political quandaries for the president. Mr. Trump has harshly criticized Mr. Sessions' decision to step aside from the probe into Russia's interference in the 2016 presidential election and any possible collusion between Moscow and Mr. Trump's campaign, though that recusal was widely viewed as appropriate and necessary by legal ethics experts. Mr. Trump has denied collusion with Russia.

Mr. Trump must find a successor who could win Senate confirmation, a job that senators say is harder given the president's public suggestions that he wants a political ally as attorney general.

Mr. Sessions' expected departure has fueled discussions among Senate Republicans about who might be satisfactory to both the president and the Senate. Many GOP senators are advocating for Sen. Lindsey Graham (R., S.C.) to succeed Mr. Sessions, especially after Mr. Graham's vocal defense last week of now Supreme Court Justice Brett Kavanaugh.

"As I think about people who could be confirmed to

that position in the Senate, Lindsey Graham is at the top of my list," said John Cornyn of Texas, the Senate's second-ranking Republican. "In fact, I can't think of anybody else right now who could get confirmed."

But Mr. Graham has denied interest in the job, saying he would prefer to remain in the Senate. "I don't want to be attorney general. I don't want to be in the cabinet," he said in an interview.

Mr. Trump has spoken about the possibility of Mr. Graham as attorney general, but has told his team that he is not inclined to choose him, given their turbulent history, according to people familiar with the discussions.

## Smaller Insurers Bear Brunt In Florida

By LESLIE SCISM

Much of the damage to homes from Hurricane Michael will be paid by an array of small, little-known insurers, backed up by larger reinsurance companies around the globe.

Florida is an oddball insurance market for homeowners, where household-name companies like **State Farm** and **Allstate** Corp. don't have the outsize roles they do in other states. Officials had to develop a new strategy after these brand-name insurers reduced their presence in the aftermath of Andrew, Katrina and other hurricanes from 1992 through 2005.

Today, Florida is heavily reliant on a group of about 50 small-to-midsized insurance carriers to protect homeowners. These carriers are required to buy ample amounts of reinsurance because they don't have plump capital cushions like those of bigger insurers. Reinsurers are specialists in sharing the risk of policies sold by primary insurers, funding claims once they reach designated levels.

Florida's system was tested last year, when Irma slammed into the Florida Keys as a Category 4 storm. While consumer advocates say many individual claims from Irma remain in dispute, Florida's arrangement proved financially sound overall, according to state officials and industry analysts.

"Reinsurers all over the world are paying those claims," said Elyse Greenspan, an insurance stock analyst at Wells Fargo Securities.

Early estimates of Michael's insured losses range from \$2 billion to more than \$10 billion. In contrast, estimates for Hurricane Florence, which hit the Carolinas last month, range from about \$2 billion to \$5 billion.

The national carriers now account for only about one-fifth of Florida's market, far less than the more than the half they commanded in 1992, according to Standard & Poor's Global Ratings.

Joseph Petrelli, president of Demotech Inc., an insurance-ratings firm with a specialty in Florida's homeowners market, said that the small-to-midsized companies rated by his firm have greater surplus—an insurance-industry equivalent of net worth, or assets minus liabilities—than before Irma.

The results "should assuage concerns related to wind damage from Michael," he said.

While Michael's winds topped 150 miles an hour at landfall, one lucky break for the state is that the storm hit an area with relatively modest population density.



Residents on Thursday examined the devastation in Mexico Beach, Fla., above, a community of about 1,200 near Hurricane Michael's landfall site.

## States Feel Impact of The Storm

**Continued from Page One**  
blasted a swath of destruction across several states. Cotton, pecan and peanut crops were lost in Georgia, and one million power customers were offline Thursday in Florida, Alabama, Georgia, the Carolinas and Virginia, according to reports from local utilities.

In Panama City, Josh West, a 39-year-old stevedore, rode out the hurricane at his home with his roommate and daughter. They started out shooting video of the storm from a window, but as Michael escalated, he said their moods changed.

"It was 'Oh, shit,' for two hours," he said. "At the very end, we went from panicking to putting things in God's hands."

Their house stayed intact, but is uninhabitable, Mr. West said. "This city is never going to be the same," he said.

By late Thursday, the roads into Panama City were crammed with bumper-to-bumper traffic, with police at checkpoints stopping homeowners from returning. Steady convoys of utility trucks, ambulances, law enforcement and trailers carrying heavy equipment streamed in.

Bay County officials told residents to brace for a long recovery. Power remained out, and cell service was spotty. Some schools sustained serious structural damage, meaning classes might not resume for weeks, the school superintendent said.



A tree crashed into the Columbia, S.C., home of Hector Bentall, above right, during the storm.

*By Thursday, Michael had been downgraded to a tropical storm.*

ating more than 300 patients to other facilities, some via airlifts, after Michael's heavy winds damaged rooftops, buckled walls and shattered windows.

About 24 miles to the southeast, aerial footage of Mexico Beach, a community of about 1,200 near Michael's landfall site, showed almost complete devastation, with street after street of buildings reduced to rubble.

Two Panama City hospitals said Thursday they were evacu-

poultry houses were destroyed, he said, and one pecan farm that had 1,200 trees in its groves before the storm hit was left with 600 trees down, and the rest were damaged, he said.

In the small town of Bainbridge, Ga., about 100 miles from the coast, high winds tore the roof off Carol and Randy Dupree's home Wednesday evening. That far inland, residents were caught by surprise when Michael roared into town as a Category 3 hurricane.

In North Carolina, the remnants of Hurricane Michael flooded roads, downed trees and caused power outages. Gov. Roy Cooper said the storm dumped rain on ground that was already saturated from Hurricane Florence's historic rainfall last month, adding "unwelcome insult to injury."

The region's modest population density should limit losses for insurers and their reinsurers, Wall Street analysts said.

"Michael is likely to have a much less significant inland flooding impact than we saw with Florence," said David Smith, senior director of model development at CoreLogic. The analytics firm has a preliminary estimate of \$2 billion to \$4.5 billion of losses that will be paid by private-sector insurers and Florida's state-run Citizens Property Insurance Corp. The firm hasn't yet estimated costs for the federal government's flood insurance program.

Another risk-modeling firm, Karen Clark & Co., estimates that Michael caused nearly \$8 billion in insured losses, excluding the flood program.

—Valerie Bauerlein, Melanie Evans, Leslie Scism and Candace Taylor contributed to this article.

## U.S. NEWS

# California Gas Tax Fuels Political Fight

BY ALEJANDRO LAZO

Republicans are seeking to hold on to their modest number of congressional seats in California by tapping into voters' anger about the cost of their commutes.

With the state's sizable Democratic majority galvanized by opposition to President Trump, Republicans have sought an issue that can motivate their conservative base and appeal to more-moderate voters. They believe they have found it in a statewide referendum to repeal a 12-cent-per-gallon increase in the gas tax that was enacted last year.

National Republicans, including House Speaker Paul Ryan, Majority Leader Kevin McCarthy and Majority Whip Steve Scalise, contributed to the effort to gather enough signatures to put Proposition 6 on the ballot. Now, the party's congressional candidates are making the repeal a focus of their campaigns, particularly in districts where races are tight and long drives are a way of life.

"The gas tax is a powerful base motivator, and a powerful motivator for many indepen-

dents and Democrats," said Corry Bliss, executive director of Mr. Ryan's super PAC, the Congressional Leadership Fund. "We will win several tough congressional races this November because of the gas tax, period."

California, where Democrats already control 39 of 53 con-

**Republicans in Congress aim to tap into voter anger about higher gas tax.**

gressional seats, has emerged as a battleground state for control of the House.

Democrats need a net gain of 23 seats to take the House. Of the 25 Republican districts nationwide considered competitive because Hillary Clinton won them in 2016, seven are in California.

The average price for a gallon of unleaded gasoline in California is \$3.80, according to the AAA, second-highest in the nation behind Hawaii. That is in part due to state clean-fuel

mandates as well as the gas tax, which is the second-highest behind Pennsylvania, according to the Tax Foundation, a Washington-based think tank.

A poll of 1,710 Californians released last month by the Public Policy Institute of California found 52% opposed Proposition 6 and 39% supported it.

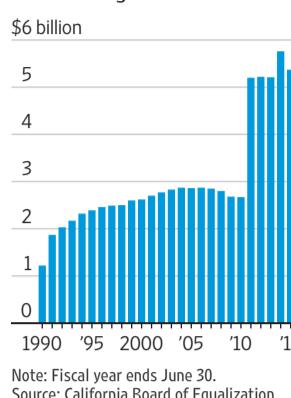
"Statewide, the repeal is losing, but it is still doing fairly well in the places where Republicans need it to be doing well," said Dan Schnur, a professor at the University of Southern California's Annenberg School of Communications and a former Republican political consultant.

Congress doesn't regulate state gas taxes, but conservative voters who turn out for Proposition 6 will likely vote for Republicans, campaign strategists believe. Other voters may consider the issue important in evaluating candidates.

In one district that includes part of northern Los Angeles, Rep. Steve Knight has made the gas-tax repeal a major campaign issue. The Republican said his district includes about 70,000 people who endure long

## Flowing In

California's gas-tax revenue



Note: Fiscal year ends June 30.  
Source: California Board of Equalization  
THE WALL STREET JOURNAL.

commutes into L.A. from the surrounding desert.

"This is probably one of the biggest issues on their minds every day," he said.

Four of the seven California districts won by Mrs. Clinton but represented by Republicans are in Orange County. In June, voters there recalled a Democratic state senator, Josh Newman, who was considered the decisive vote when the legislature passed the gas-tax increase, and replaced him with a Republican.

In the Orange County city of Irvine, Democrat Katie Porter is challenging Republican congressional incumbent Mimi Walters with a largely liberal platform and the support of Massachusetts Sen. Elizabeth Warren.

During her primary campaign, Ms. Porter said she supported state legislators who voted for the gas-tax increase. After being attacked by Republicans on the issue this summer, Ms. Porter ran television ads stating, "I oppose higher gas taxes." A spokesman said Ms. Porter plans to vote for Proposition 6.

In a statement, Ms. Walters accused Ms. Porter of "flip-flopping like crazy." Ms. Porter said such criticism is an attempt to distract from Ms. Walters's vote for President Trump's tax cuts.

The campaign committee of Mr. McCarthy, who represents a California district that includes Bakersfield, contributed \$300,000 in the spring to help gather signatures to put Proposition 6 on the ballot. Mr. Ryan's committee contributed \$50,000 and Mr. Scalise's gave \$25,000. Ms. Walters's

campaign donated \$125,000 before the measure qualified for the ballot, and has since given just over \$10,000.

Despite those high-profile contributions, financial support for the measure has lagged behind. As of Oct. 8, proponents of Proposition 6 raised \$4.7 million, while Democrats, labor unions and others opponents have poured \$32.5 million into defeating it.

Nearly all of California's Democratic leaders oppose repeal. They argue the more than \$5 billion generated annually by the gas-tax increase is necessary to address a backlog in transportation repairs and maintenance. While Californians are driving more miles, gas-tax revenue was declining before last year's increase in part because of rising fuel efficiency.

In an August interview, Democratic Gov. Jerry Brown said he expects "a very close election" and touted the infrastructure money as an example of the state "taking care of business." He called the Republican effort to use Proposition 6 to boost its candidates "the nasty truth of contemporary politics."

## U.S. WATCH

## DATA PRIVACY

**Senators Criticize Google in Letter**

book's most aggressive efforts to stop misinformation spread primarily by Americans, as opposed to coordinated efforts by Russians or other foreign actors.

The social network giant said Thursday it had removed 559 pages and 251 accounts "that have consistently broken our rules against spam and coordinated inauthentic behavior."

—Nick Kostov

## WASHINGTON STATE

**High Court Strikes Down Death Penalty**

Washington's highest court struck down the state's death penalty, calling it unconstitutional and racially biased.

The ruling follows recent legislative efforts to eliminate capital punishment in the state, which last executed a prisoner in 2010. No executions have been allowed in Washington since early 2014 under an order from Washington Gov. Jay Inslee.

The decision by the Washington Supreme Court marks the fourth time the punishment has been deemed unconstitutional, the justices noted in their ruling.

This time, the court said it was invalid because it has been imposed in "an arbitrary and racially biased manner" and serves no legitimate goal toward the effective punishment of prisoners. The decision cited a study that found black defendants were between 3.5 and 4.6 times as likely to be sentenced to death as nonblack defendants.

—Sara Randazzo

Last month, the CEO proposed an out-of-court restructuring that would slash more than \$1 billion from Sears's \$5.5 billion debt load, divest another \$1.5 billion of real estate and sell \$1.75 billion of assets, including the Kenmore appliance brand, which Mr. Lampert offered to buy for \$400 million.

The Sears board decided not to move forward with the Kenmore transaction, after it became clear this week that Mr. Lampert's broader restructuring plan wasn't winning support from creditors, another person said. That prompted the company to seek emergency financing from its lenders.

The company faces a cash crunch as it needs to stock its remaining Sears and Kmart stores for the holidays, and many vendors, from appliance makers to toy companies, now require Sears to pay upfront in cash. It needs several hundred million dollars for this holiday season, one person said.

Although Mr. Lampert's hedge fund, ESL Investments Inc., has sunk hundreds of millions of dollars of loans into Sears, the company also has borrowings with the major banks as well as some prominent investors.

As of September, its lenders also included Cascade Investment LLC, which manages the fortune of Microsoft Corp. co-founder Bill Gates, and hedge fund Fairholme Capital Management, whose manager Bruce Berkowitz left the Sears board last year.

**Sears Is At Odds With Its Lenders**

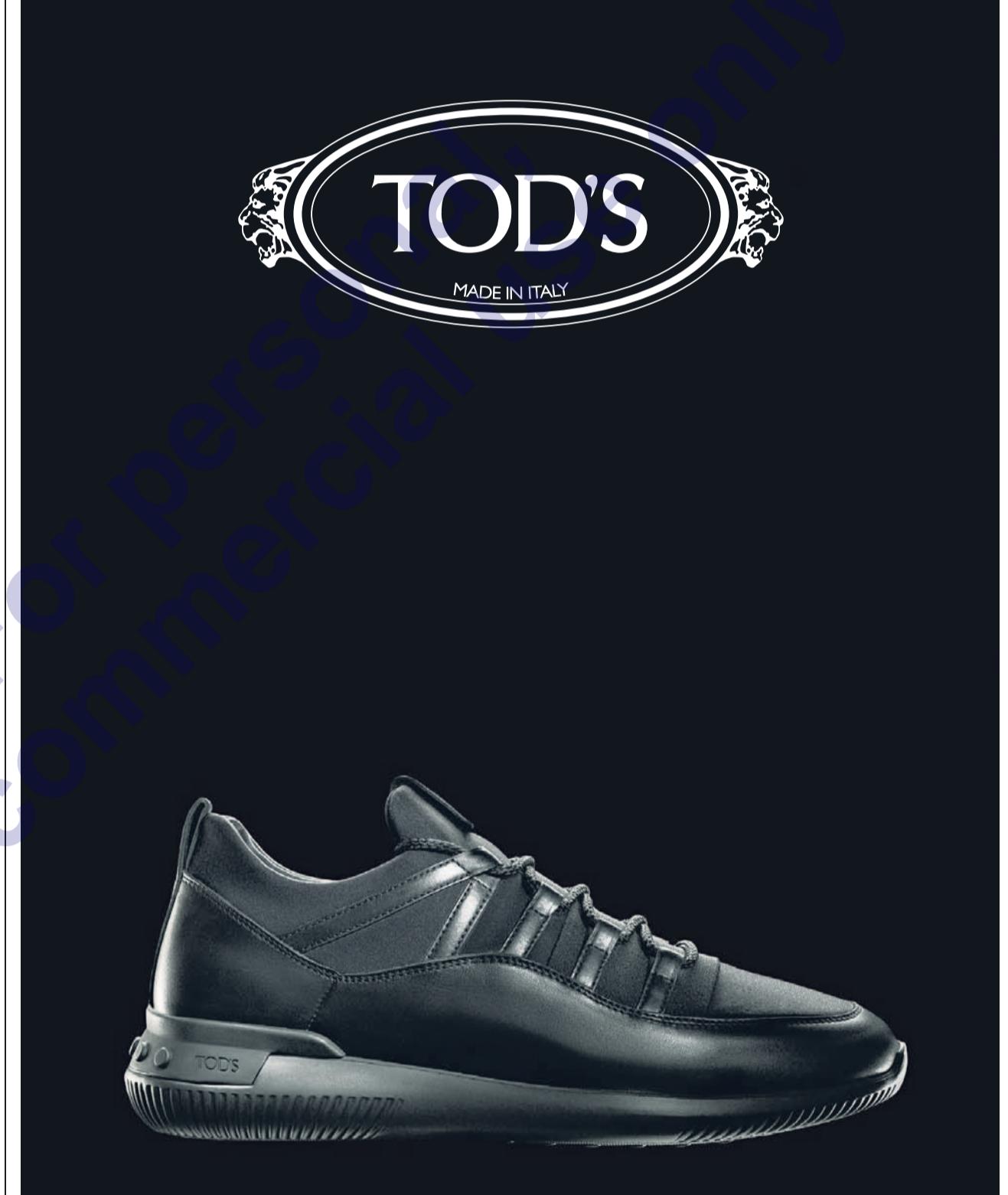
## Continued from Page One

Sears hired M-III Partners, a boutique advisory firm, to prepare a bankruptcy filing. The company, which had 866 Sears and Kmart stores as of Aug. 4, has been unprofitable for seven straight years and has closed hundreds of locations.

The banks are the principal lenders on a \$1.5 billion asset-backed credit line secured by store inventory, as well as credit-card and pharmacy receivables. Asset-backed lenders are typically first in line to be repaid in full, often with the proceeds of liquidation sales in retailer bankruptcy cases.

It is unusual for a company like Sears, which hasn't earned a profit since 2010 and has been working with advisers on restructuring efforts, to not have bankruptcy financing lined up this close to a potential filing, restructuring experts said.

Mr. Lampert, the hedge-fund manager who has controlled Sears for more than a decade, has repeatedly bailed out the struggling retailer with short-term loans. But the billionaire CEO doesn't plan to lend the company money to make Monday's payment, according to people familiar with the matter.



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## WORLD NEWS

# Saudi Case Gives Pause to Foreign Firms

The disappearance of a journalist risks derailing crown prince's ambitious reform plans

The Saudi crown prince's plans to lure investors and transform his country's economy face dire threats after the disappearance and alleged murder of a dissident writer at a Saudi consulate in Turkey.

*By Rory Jones in Dubai and Margherita Stancati in Riyadh*

Since Turkish officials blamed Saudi Arabia for the Oct. 2 disappearance of journalist Jamal Khashoggi, foreign investors have begun re-examining their relationship with Crown Prince Mohammed bin Salman and their participation in his plans to overhaul his country's economy.

Some say they worry the 33-year-old crown prince, the country's day-to-day ruler, has put the kingdom's stability at risk by allegedly targeting a writer with deep connections in Washington, Europe and the Middle East. The Saudi government has denied any involvement in Mr. Khashoggi's disappearance.

Richard Branson, the British entrepreneur, said in a statement late Thursday on his **Virgin Group** website, that he was giving up two directorships related to Saudi tourism projects focused on the Red Sea, amid questions over Mr. Khashoggi's fate.

He also said that, pending investigations into the journalist's whereabouts, he would suspend talks with the country's Public Investment Fund about its proposed \$1 billion investment in Mr. Branson's Virgin Orbit and Virgin Galactic space ventures.

"What has reportedly hap-



Crown Prince Mohammed's plan to overhaul the economy relied significantly on foreign investment.

ALASTAIR GRANT/ASSOCIATED PRESS

pened in Turkey" to Mr. Khashoggi, Mr. Branson said, "if proved true, would clearly change the ability of any of us in the West to do business with the Saudi government."

Separately, former U.S. Energy Secretary Ernest Moniz

this week suspended his work on Saudi Arabia's new futuristic city, Neom, citing "deep concerns" over Mr. Khashoggi. Dan Doctoroff, the founder of Sidewalk Labs, **Alphabet Inc.**'s urban innovation company, also

said he wouldn't work on

Neom. And Sam Altman, a partner at startup investor **Y Combinator**, said: "I am suspending my involvement with the NEOM advisory board until the facts regarding Jamal Khashoggi's disappearance are known."

A business conference the kingdom hoped would renew investor optimism, dubbed a "Davos in the Desert," is proving to be a test of nerves for foreign firms and executives.

Among the planned speakers for the Oct. 23-25 confer-

ence are **Blackstone Group LP** Chief Executive Stephen Schwarzman, **JPMorgan Chase** Chief Executive James Dimon and **SoftBank Group** founder Masayoshi Son. Treasury Secretary Steven Mnuchin is also scheduled to attend.

Several media outlets and executives pulled out over Wednesday and Thursday, according to their representatives.

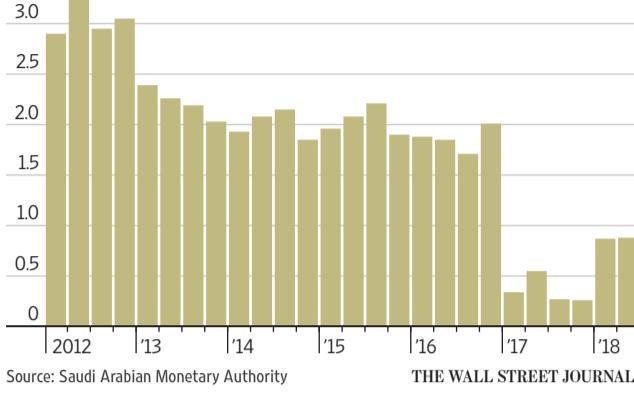
The **New York Times** withdrew as a media sponsor of the event; the owner of the

## Turnaround Effort

Saudi Arabia has tried to woo investors after foreign investment plunged last year.

### Foreign-direct investment into Saudi Arabia

\$35 billion



Source: Saudi Arabian Monetary Authority

**Los Angeles Times**, Patrick Soon-Shiong, dropped out and no longer plans to speak; media executive Arianna Huffington, an advisory board member for the conference, no longer plans to attend; and **Viacom** CEO Bob Bakish has also decided not to attend.

**Uber Technologies Inc.** CEO Dara Khosrowshahi said he no longer plans to go to the conference, where he was scheduled to be a speaker. "I'm very troubled by the reports to date about Jamal Khashoggi," he said in a statement.

"There is no excuse to detain or harass journalists, and there should never be even a shred of suspicion that a country murdered a member of the press," said Seth Bannon, the founding partner of Silicon Valley-based venture capital fund **Fifty Years**. "That there is here speaks volumes."

Mr. Bannon said he would still attend the conference and give a speech, saying he has met Prince Mohammed and is "inclined" to give him the benefit of the doubt that he's doing

the best he can."

Representatives for Saudi Arabia's Public Investment Fund, the conference organizer, didn't respond to requests to comment.

The Saudi government has repeatedly denied any role in Mr. Khashoggi's disappearance. Saudi officials say Mr. Khashoggi, who is engaged to a Turkish woman, went to the Istanbul consulate, gathered some documents and left without incident. His fiancée, who accompanied him to the consulate and waited outside for him, has said he never emerged.

Turkish officials say the Saudis sent a hit squad on a government-owned plane to Istanbul the day that Mr. Khashoggi went to the consulate. Turkish officials believe Mr. Khashoggi died in the consulate.

Western leaders, including President Trump, have asked the Saudis for answers about Mr. Khashoggi, a campaign that has raised the specter of sanctions being placed on Riyadh.

Efforts to get Turkish intelligence officials to cooperate also are under way, and the person familiar with the discussions said it was in Turkey's best interest to work with the U.S. on Mr. Khashoggi's case in light of the recent deterioration in ties with Ankara, a person familiar with the discussions said.

Senate Foreign Relations Committee Chairman Bob Corker (R., Tenn.) told reporters the White House would be under "immense pressure" to punish Saudi Arabia if an investigation determines Riyadh is responsible for the killing.

"If it turns out to be what we all think it is today, there will have to be significant sanctions placed at the highest levels," Mr. Corker said.

*Kristina Peterson, Joshua Jamerson, Courtney McBride and Nancy A. Youssef contributed to this article.*

## Recordings Cited as Evidence

*Continued from Page One*  
ate which makes it clear they killed him," one of the people said.

Saudi Arabia says it had nothing to do with the journalist's disappearance.

The disclosure of the new evidence concerning Mr. Khashoggi came as the Trump administration said it was awaiting a determination regarding the well-known writer and columnist's fate, but also as Republican and Democratic pressure intensified pressure on the White House to prepare for a "severe" response.

President Trump, for a second day, expressed concern Thursday over reports that Mr. Khashoggi is dead and that the Saudi government has been implicated by Turkey. But he said he wouldn't favor a halt in arms sales to Saudi Arabia should an investigation implicate Riyadh, although he would be open to other actions.

Mr. Khashoggi, a prolific writer, was one of the best-known voices in the region, contributing columns and commentary to outlets including the BBC, Al Jazeera and the Washington Post and building a Twitter following of nearly 2 million. Mr. Khashoggi was last seen entering the Saudi consulate in Istanbul last week. His fiancée, a Turkish woman, accompanied him to the consulate and waited outside for him, but said he never came out. Saudi Arabia denies he was taken

into custody.

"We don't like it, we don't like it a little bit," Mr. Trump said.

"What happened is a terrible thing, assuming that happened," he added. "Maybe



Jamal Khashoggi was last seen entering the Saudi consulate in Istanbul.

we'll be pleasantly surprised, but somehow I doubt it."

The State Department said that Saudi Arabia's ambassador to Washington, Prince Khalid bin Salman bin Abdulaziz, has left the U.S. to report back to Riyadh, State Department spokeswoman Heather

Nauert said Thursday. She said the U.S. has requested an update on Mr. Khashoggi's case when he returns, and said the U.S. didn't direct him to leave.

The White House said on Wednesday that the Trump administration has requested transparency from the Saudis in its investigation behind Mr. Khashoggi's disappearance. In Turkey, the pro-government Sabah newspaper said that Turkey had agreed to a joint investigation with Saudi Arabia of Mr. Khashoggi's disappearance.

Turkish officials were conferring with counterparts in Washington on how and when to release the purported audio and video, the people familiar with the matter said.

Turkish officials said the Trump administration was concerned about possible backlash from Saudi Arabia and had asked Turkey for time to privately

pressure Riyadh for information, these people said. The White House declined to comment.

One of the people familiar with the matter said that Turkish investigators had shared purported audio from inside the consulate with senior editors of Turkish media. This person said the audio was clear and detailed.

Behind the scenes, Mr. Trump's national security adviser John Bolton and senior presidential adviser Jared Kushner—also his son-in-law—continued working to defuse tensions with the Saudi leadership, according to a person familiar with the discussions.

The two men spoke to Saudi Arabia's Crown Prince Mohammed Bin Salman about Mr. Khashoggi on Tuesday, followed by a call between Prince Mohammed and Secretary of State Mike Pompeo, according to the White House.

Efforts to get Turkish intelligence officials to cooperate also are under way, and the person familiar with the discussions said it was in Turkey's best interest to work with the U.S. on Mr. Khashoggi's case in light of the recent deterioration in ties with Ankara, a person familiar with the discussions said.

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*Kristina Peterson, Joshua Jamerson, Courtney McBride and Nancy A. Youssef contributed to this article.*

## Turkey Is Expected to Free American Pastor

The U.S. and Turkey are expected to begin mending a rupture in relations with the likely release on Friday of North Carolina pastor Andrew Brunson from detention and house arrest in Turkey, where he has faced terrorism charges, people familiar with the matter said.

*By Alan Cullison and Peter Nicholas in Washington and David Gauthier-Villars in Istanbul*

Mr. Brunson, who has been held since 2016, is due to appear in court near the coastal town of Izmir, where a judge is expected to drop some charges and, at most, sentence him to time already served, these people said. One person said Mr. Brunson also could be released on technical grounds.

In any case, he is expected to be handed back his passport and put on a plane to the U.S., the people said—an outcome people close to him said they would consider a victory.

Officials on both sides urged caution, warning a previous deal between Turkey and the U.S. for Mr. Brunson's release had collapsed at the last minute.

His release could help improve relations between President Trump and his Turkish counterpart, Recep Tayyip Erdogan, at a sensitive time in bilateral relations, as Ankara is seeking Washington's sup-

port to confront Saudi Arabia over the disappearance of a journalist in Istanbul.

Mr. Brunson's release would represent a boon for Mr. Trump and the Republican Party as they try to hold off a potential Democratic surge in next month's elections and retain control of Congress. Mr. Trump and Vice President Mike Pence have both made securing Mr. Brunson's freedom a priority, and his case has become a cause for evangelical Christians.

The president and the administration have done an excellent job of not only keeping the issue of Pastor Brunson's detention at the forefront but also using all available means

to obtain his release," said Jay Sekulow, who is Mr. Brunson's attorney. Mr. Sekulow, in a separate matter, represents Mr. Trump in the investigation into Russian interference in the 2016 presidential election.

People close to Mr. Brunson said they are hopeful he will be released after the court hearing set for Friday, but note that they have thought he was close to being released before.

Yet economic sanctions imposed by the Trump administration appear to be biting, giving rise to renewed optimism that Turkey may relent and send him back to the U.S., one person close to the Brunson family said. "The eco-

nomic impact has been pretty significant," this person said. Mr. Brunson's detention has been one of several impediments to the U.S. relationship with Turkey, where a large state-owned bank, Halkbank, is accused by prosecutors in the U.S. of helping Iran evade sanctions and faces potential fines in the billions of dollars.

Mr. Erdogan had initially hoped he could use Mr. Brunson as a bargaining chip in negotiations over the fine, said Soner Cagaptay, director of the Turkish Research Program at the Washington Institute think tank. But the U.S. slapped sanctions on Turkish government officials this summer, sending the country's financial markets into a tailspin.

He said Mr. Erdogan has been seeking a way to repair relations with the U.S., but Turkey's confrontation with Saudi Arabia has been a catalyst of sorts, since it highlighted the fact that Ankara has few allies in the region.

The dynamic that improves the odds of Mr. Brunson's release is the unfolding mystery surrounding the disappearance of Jamal Khashoggi, the Saudi journalist, people close to the

discussions said. By releasing Mr. Brunson, Turkey can show it is being more cooperative toward the U.S. when Saudi Arabia is under scrutiny over its possible role in Mr. Khashoggi's disappearance, these people said.



Andrew Brunson, seen in July, has been held in Turkey since 2016.

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## WORLD NEWS

# IMF Says Pakistan Debt Must Be Shown

BY JOSH ZUMBRUN  
AND SAUMYA VAISHAMPAYAN

BALI, Indonesia—International Monetary Fund Managing Director Christine Lagarde said a bailout deal with Pakistan would require “absolute transparency” of its debts, many of which come from China’s landmark Belt and Road initiative.

China started a \$62 billion investment program in Pakistan three years ago to build roads, power plants, a port and other infrastructure.

It is financed by Pakistani debt or obligations to buy electricity from the new Chinese power plants. The details of the deals haven’t been made public.

“In whatever work we do, we need to have a complete understanding and absolute transparency about the nature, size, terms of the debt that is bearing on a particular country,” Ms. Lagarde said Thursday at the IMF and World Bank Group annual meetings in Bali.

She added that the IMF needs to understand the extent of the position of all of Pakistan’s debt, including lending from sovereign governments and from state-owned enterprises, so that officials can determine its debt sustainability.

Her statements mean Pakistan could be forced to disclose the full extent and terms of Chinese lending it has received in recent years, as part of Pakistan’s participation in China’s vast global infrastructure-spending program.

An official in Pakistan’s Ministry of Finance said Pakistan is fully compliant with internationally accepted debt-reporting standards, adding that “there are no debt secrets.”

# Trump and Xi Make Plans to Meet

Amid an intensifying trade battle with China, the White House decided to move ahead with plans for President Trump to meet with Chinese leader Xi Jinping at a multilateral summit in November to see if the two leaders can find a way out of the mess, according to officials in both nations.

The White House has in re-

*By Lingling Wei  
in Beijing and Bob  
Davis in Washington*

cent days informed Beijing that it would proceed with the summit meeting, an encounter China has been hoping could provide an opportunity for both sides to ease the escalating trade tensions. The meeting is scheduled to take place at the Group of 20 leaders’ summit in Buenos Aires at the end of November.

Pushing for the meeting on the U.S. side are Treasury Secretary Steven Mnuchin and National Economic Council Director Larry Kudlow. The two men, who have worried about market reaction to the trade fight, have been trying to get negotiations on track for months, with little success. During this time, the U.S. has imposed tariffs on \$250 billion of Chinese imports, about half of what China sends to the U.S.

The NEC and Treasury take lead roles in the planning for the G-20 meeting, rather than administration hard-liners on China, most prominently U.S. Trade Representative Robert Lighthizer. Mr. Trump has sided with Mr. Lighthizer on tariffs, even when that has torpedoed talks with the Chinese.

Carrying through on imposing more tariffs, as Mr. Trump has threatened to do, could derail the summit plans as well.

“I believe it’s always better to talk than not to talk,” said Mr. Kudlow on CNBC on Thursday. “But, thus far their response has been unsatisfactory to our asks.”

In another nod toward easing relations, the U.S. Treasury is expected to find next week



Chinese President Xi Jinping and his wife welcoming Angola's president outside the Great Hall of the People in Beijing on Tuesday,

that China hasn’t acted as a currency manipulator, say government and industry officials.

While the yuan has devalued by about 6.3% since the beginning of the year, Beijing has been fighting to keep the fall from being too precipitous.

Mr. Trump has dedicated a team to plan for his meeting with Mr. Xi, the officials said. One of the people involved in the planning is Christopher Nixon Cox, grandson of former President Nixon, whose trip to China in 1972 eventually led to diplomatic relations between the two nations. Mr. Cox, a business consultant who regularly travels to China, is expected to take a senior role, but has yet to clear the White House vetting process.

The planning team on the Chinese side includes Liu He,

Mr. Xi’s economic envoy.

The Chinese leadership scuttled trade talks with Washington late last month after the White House announced new tariffs on \$200 billion in Chinese products and Beijing retaliated with levies on \$60 billion in U.S. goods.

The hard-line faction in the White House, represented by Mr. Lighthizer and trade adviser Peter Navarro, has been trying to use the tariffs as leverage to get China to make fundamental changes in its industrial policies. They worry the U.S. will declare an end to the trade battle too early, eliminating pressure on Beijing.

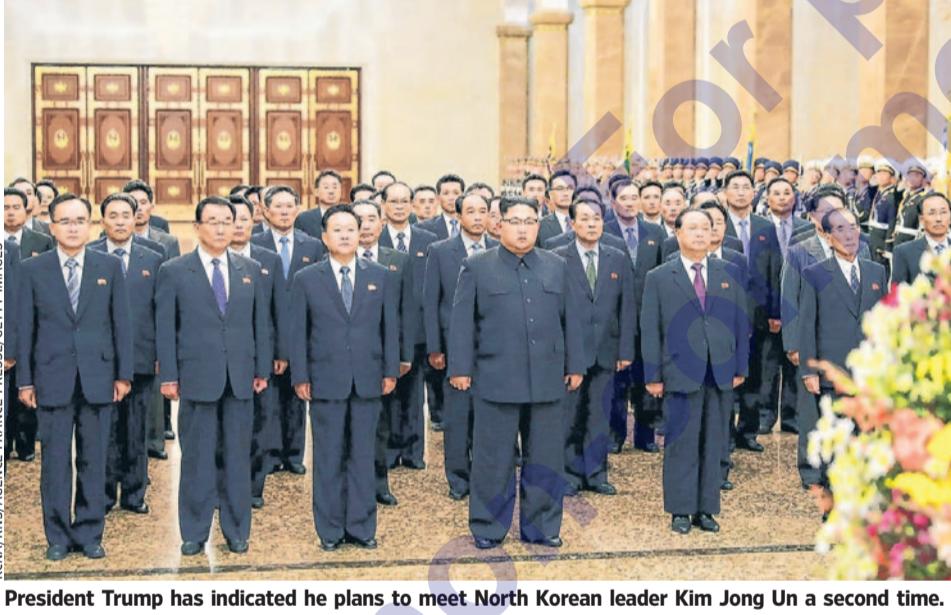
U.S. executives are hoping that a summit could bring some relief from tariffs, which they say hurt their business.

## U.S. Nuclear Exports To China Are Curbed

U.S. officials imposed new restrictions on nuclear exports to China after concluding that Beijing was seeking to illicitly acquire the technology to bolster its military and to undermine U.S. industry.

The policy change is the latest bid by the Trump administration to thwart China’s pursuit of critical U.S. technology, following a recent measure to strengthen reviews of Chinese investment in Silicon Valley and other sensitive industries. It also comes amid rising security tensions between the two military powers.

—Kate O’Keeffe  
and Timothy Puko



President Trump has indicated he plans to meet North Korean leader Kim Jong Un a second time.

# U.S. Blocks Aid Workers From Visiting North Korea

BY JONATHAN CHENG

WASHINGTON—U.S. officials are preventing American aid workers from making humanitarian trips to North Korea, according to people familiar with the matter, inhibiting the flow of food and medical assistance to the isolated country ahead of a new round of diplomacy over Pyongyang’s nuclear program.

The decision was made by Secretary of State Mike Pompeo, two of these people said, part of an attempt to tighten the screws on North Korea in response to perceived foot-dragging on dismantling its nuclear program.

The State Department last year banned U.S. citizens from traveling to North Korea, citing the risk of arrest and long-term detention, but allowed for humanitarian exemptions. The department had granted such requests since then from American citizens based in the U.S., South Korea and China.

In recent weeks, though, the department has rejected requests for specially validated passports from members of at least five aid groups operated by American citizens, according to two of these people.

*The decision was part of an attempt to tighten the screws on Pyongyang.*

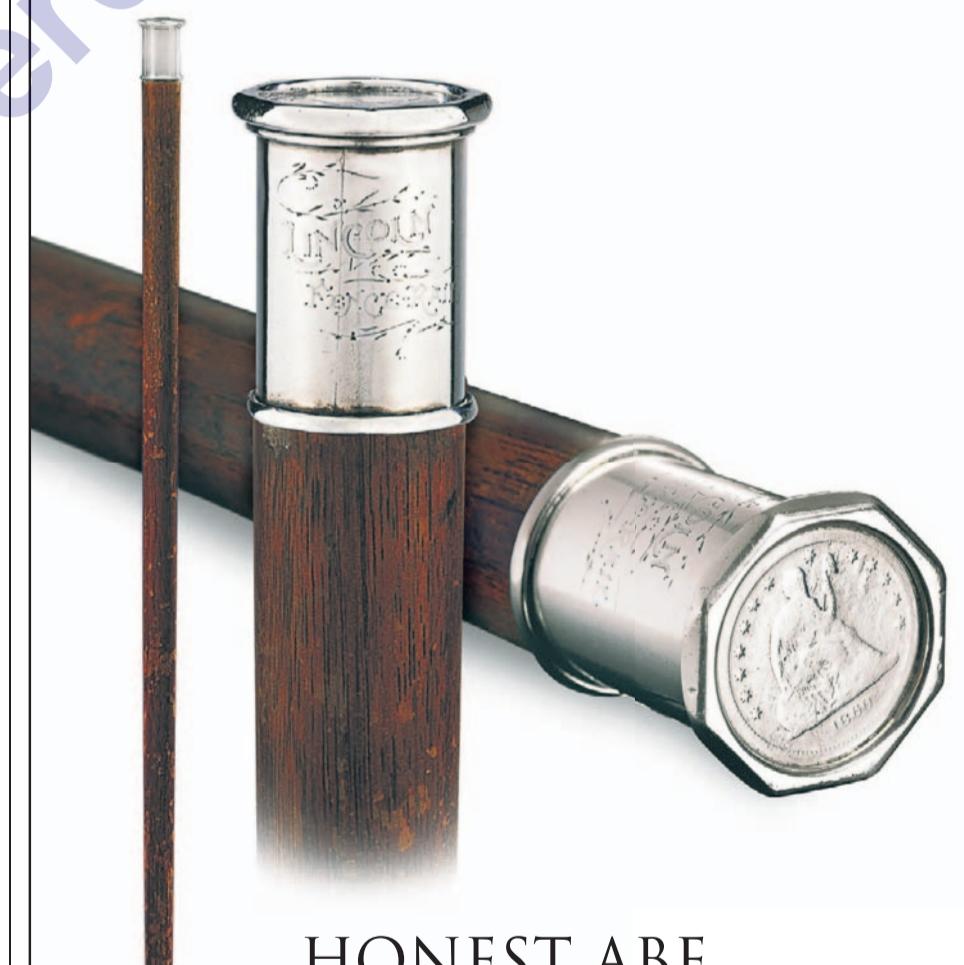
Aid workers account for a large proportion of the few U.S. citizens who have traveled to North Korea in recent years. Most are members of Christian nonprofits.

Christian Friends of Korea, a Black Mountain, N.C.-based nonprofit aid group, makes four trips a year to the country to dispense medical aid.

The nonprofit sought State Department approval in June for a September trip to North Korea for 11 U.S. citizens and had two of its applications rejected, said Heidi Linton, the group’s executive director. An application lodged in August for a November trip was denied entirely last month, she said.

The United Nations World Food Program said Tuesday it is facing a 73% shortfall in funding for its North Korea operations this year, and called for more international contributions. It estimates that roughly 40% of North Korea’s 25 million people are undernourished.

The development comes amid concerns that the U.S.-led campaign of “maximum pressure” on North Korea is showing signs of leakage. Seoul said this week that it is considering easing bilateral sanctions on North Korea.



## HONEST ABE PRESIDENTIAL CANE

Presidential relic. Historical significance. Rare Americana. Made from a piece of a fence rail split by President Abraham Lincoln, this incredible 19th-century walking stick represents a superb piece of American history. Presidential memorabilia from the Lincoln administration is among the most highly coveted by collectors. This example is further set apart by the United States quarter dated 1860 inset on top, representing the year of Lincoln’s first presidential election. Engraved “Lincoln Fence Rail” and “No. 147

R.M. to M.B.M. Circa 1860. 35 1/4" length. #30-8288

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## WORLD NEWS

# Egypt's Hidden War Upends Lives in Sinai

BY JARED MALSIN  
AND AMIRA EL-FEKKI

**CAIRO**—Egypt is waging a hidden war in the Sinai Peninsula, uprooting thousands of people as the Arab World's largest land army attempts to strike a decisive blow against Islamic State's deadly local affiliate.

Government troops have destroyed thousands of homes, burned farmland and cut off hundreds of thousands of residents with a seven-month blockade that left shortages of food and other goods until some restrictions were lifted in September.

As many as 20,000 families in North Sinai Governorate, the province in the northern part of the peninsula where the offensive is under way, have been forced to flee the fighting, an Egyptian official monitoring the conflict said.

The military launched the campaign in February on orders from President Abdel Fattah Al Sisi to use "brute force" to crush the terrorists in the aftermath of an attack on a North Sinai mosque. That attack, in November 2017, killed more than 300 people.

Egyptian authorities can claim some recent success.

Militant attacks in "mainland" Egypt have tapered off since the end of last year and the military says it has killed more than 300 armed men since the campaign began.

But destruction from the military reprisal has alienated some residents of North Sinai, where the government needs local help to deny a haven to the militants, who belong to a local insurgency that swore allegiance to Islamic State four years ago.

A teacher in Sinai who supported the offensive said his own allegiance was directly tested in June—when the army destroyed his house.

It happened after he and his family had left for a nearby town to seek shelter from the fighting. While most of his village of about 4,000 people was away, soldiers destroyed empty homes to prevent them from being used by militants.

"We support the army but we feel this is a war on us, not on the terrorists," the teacher said.

In an example of how such frustration is pervasive in North Sinai, after Islamic State attacks took down the power grid for thousands of people for five days, residents blamed the government for not



Egyptian police in North Sinai, where the military aims to end an insurgency allied with Islamic State.

promptly restoring electricity.

Such resentment strengthens the insurgency and has helped it survive the current assault, according to residents, rights groups and experts tracking the conflict.

"All those people they kill over there, they take their land away, leave another Bedouin kid homeless, hopeless and radicalized," a Cairo-based Western government official said. "Burned land has never solved or ended a conflict. It

just creates more hatred."

The government said it is compensating residents whose homes have been destroyed; it has spent 900 million Egyptian pounds (\$50 million) in compensation, military spokesman Tamer El-Refai, told an Egyptian newspaper. He declined to comment on the conflict for this article.

Human Rights Watch has reported that the government didn't announce a clear procedure for compensating resi-

dents, and that the state didn't offer compensation for destroyed farmland.

The war is unfolding in isolation. The government bars outsiders from visiting North Sinai, citing security concerns, and routinely cuts communication links to the area. This article is based on a dozen interviews with Sinai residents and Egyptian and Western officials.

The homegrown insurgency has raged for years in the northern Sinai Peninsula,

where residents oppose decades of economic neglect and official discrimination by the government in Cairo. Sinai's Bedouin people are barred from serving in the police and military, a policy that deprives them of access to many government services and of an opportunity to show loyalty to the Egyptian state.

In North Sinai, insurgents continue hit-and-run attacks on security forces and civilians. The violence has heightened residents' frustration with the government for failing to restore security and protect those who support the government, even after nine months of military operations.

With access to the rest of Egypt severely restricted by the government, North Sinai's economy has slowed to a halt, residents and officials said. Residents described long queues for gasoline, which is rationed, and frequent power outages.

North Sinai member of parliament Rahmy Bakir, a supporter of Mr. Sisi, described a "deterioration of living and trading conditions, an absence of job opportunities for youth" in a letter to the Finance Ministry released in June.

## WORLD WATCH

## CANADA

## New Quotas Aim to Bar Steel Dumping

Canada unveiled new quotas and tariffs aimed at thwarting the dumping of certain steel products, and convincing the Trump administration that it will not be used as a backdoor for steel from China and other low-cost producers to enter the U.S.

Beginning Oct. 25, seven steel products entering Canada will be subject to quotas that are based on the average volume of imports during the past three years, Canada's finance department said. Imports that exceed those quotas will be subject to a 25% tariff.

Canada's finance minister, Bill Morneau, said in August the government was considering broad tariffs or quotas on seven steel products, including concrete reinforcing bar. Also targeted are energy-tubular products, which are used in the oil-and-gas industry.

—Kim Mackrael

## GERMANY

## Trade Rift Prompts Growth-Outlook Cut

Germany slashed its economic growth forecast, invoking a shortage of skilled workers at home and global trade tensions abroad.

Gross domestic product is now expected to grow 1.8% this year instead of 2.3% as previously forecast, and 1.8% next year instead of 2.1%, according to the government's fall economic outlook. Output expanded 2.2% last year.

Germany's decadelong economic upswing is projected to continue because of strong domestic demand, but the world's third-largest exporter of goods is becoming more exposed to the unfolding trade dispute between Washington and Beijing, the government said.

—Andrea Thomas

## MALAYSIA

## Bid to End Death Penalty Advances

Malaysia is pushing ahead with its promise to abolish the death penalty, a move that sits at odds with the use of capital punishment elsewhere in Asia.

Liew Vui Keong, minister in the prime minister's office, said Thursday that the paperwork to abolish the death penalty in Malaysia is now in its final stages after the cabinet approved the measure on Wednesday. The proposal could be presented to Parliament when the next session begins on Monday.

The pledge to abolish the death penalty was part of a package of policies pledged by Prime Minister Mahathir Mohamad and his multiparty coalition before historic elections in May that resulted in the first change in government in the country's history.

Among other things, Malaysia's government also intends to repeal the Sedition Act, a repressive colonial-era law that previous leaders have used to silence their critics.

—Yantoultra Ngui

# Ukraine to Get Its Own Orthodox Church

BY JAMES MARSON

**MOSCOW**—The foremost leader in Orthodox Christianity said he would grant Ukraine a self-governing church independent of Russia, handing the former Soviet republic a significant victory in its efforts to reduce the Kremlin's influence there.

Ukrainian President Petro Poroshenko hailed the decision, announced Thursday after a three-day meeting of Ecumenical Patriarch Bartholomew I and his top advisers, as a turning point in efforts to tear free of the grasp of its former master. Mr. Poroshenko's U.S.-backed government has been fighting an armed conflict against Russia and separatists in Ukraine's east for four years.

"This is a matter of our independence. This is a matter of our national security. This is a matter of our statehood," Mr. Poroshenko said in a statement posted on his website. "It's a great victory of the God-loving Ukrainian people over the Moscow demons."

The Kremlin and the Russian Orthodox Church have warned that a decision to grant Ukraine an independent church could cause a split in global Orthodoxy, the second-largest Christian denomination. A spokesman for the Russian Orthodox Church called the announcement Thursday "an attempt to destroy the whole canonical structure of Orthodoxy."

Moscow has for centuries claimed authority for the Russian church in Ukraine. After Ukraine declared independence from the Soviet Union in 1991, the local arm of the Russian Orthodox Church remained the largest and most powerful. But since Russia's



Patriarch Filaret, head of the Ukrainian Orthodox Church of the Kiev Patriarchate, led a service in Kiev on Thursday.

annexation of Crimea in 2014 and military interventions in eastern Ukraine, surveys show that a rival, known as the Kiev Patriarchate, has gained a greater following even though it wasn't recognized by the global Orthodox community.

The decision by Patriarch Bartholomew is a striking assertion of his status as the foremost Orthodox leader, a position that Moscow has sought to challenge in recent years with its size, wealth and

political clout. Bartholomew's Ecumenical Patriarchate is based in Istanbul and is dwarfed by the Russian Orthodox Church, which has close relations with Russian President Vladimir Putin. Russian Patriarch Kirill in 2016 skipped a summit of Orthodox leaders that would have been the first in a millennium and a signature achievement for Bartholomew.

Ukraine has around 30 million Orthodox believers, and

champions of the new, self-governing church say it will attract clerics and congregations from the Russian-led church as it will be unblemished by the stigma of worshiping in churches of the unrecognized Kiev Patriarchate.

Russia and pro-Russian lawmakers in Ukraine have warned of potential bloodshed if Ukraine tries to seize churches and holy sites under the control of the Russian Orthodox Church. Bartholomew appealed

to all sides to "avoid appropriation of churches, monasteries and other properties." Mr. Poroshenko also urged Ukrainians to refrain from taking over churches by force.

U.S. Ambassador Kurt Volker, a special envoy for Ukraine negotiations, said Thursday that Ukrainians' aspirations and rights to religious freedoms should be respected.

"It's a shame that other countries would have a view of trying to stop that," he said.

# World Bank Aims to Shame With 'Human Capital' List

BY JOSH ZUMBRUN  
AND SAUMYA VAISHAMPAYAN

**BALI**, Indonesia—The World Bank's new "human capital" ranking, which scores countries on investments in health and education, was released Thursday and quickly drew criticism—by design.

The bank rated 157 countries on whether their health and education systems would lead to a productive workforce, in an initiative designed to call out countries for not preparing their populations for the future.

"We really do feel that there is no excuse to not invest in your people at this point," World Bank President Jim Yong Kim said at the annual meetings of the International Monetary Fund and World Bank Group in Bali.

At the top of the ranking are four Asian economies: Singapore, South Korea, Japan and Hong Kong. The U.S. ranks 24th. The bottom consists entirely of poorer African nations.

Some critics said the bank

was doing little more than humiliating poorer countries for their struggles.

The bank is embracing the controversy. This approach, the World Bank argues, could raise more funding and generate better outcomes than even large aid efforts.

An example cited by Mr. Kim in Bali was the fact that girls get worse educations than boys in many countries. "Let's say we raise \$10 billion. Everyone pats themselves, 'Oh we're so generous,'" Mr. Kim said. "But \$10 billion will not touch the need for financing of girls' education. We've got to get heads of state and ministers of finance to say, 'Oh my God, we're going to get ranked again.'"

The strategy is to give governments incentive to spend more on education and health, though benefits could take decades to materialize—well beyond any election cycle.

Pakistani Finance Minister Asad Umar suggested that the pressure of an index could spur change. Pakistan is ranked 134 out of 157, just be-

hind Afghanistan.

The Human Capital Index ranks countries based on their performance on five questions about child health and education. Singapore has low death rates, the typical student has 13.9 years of schooling and test scores show they learn a lot.

The bank's research shows that these measures have a high correlation to per capita GDP and high productivity growth.

"Human capital" is a familiar term to economists: the idea that people's knowledge and ability to work has economic value. But the term rankles many who work in education and development.

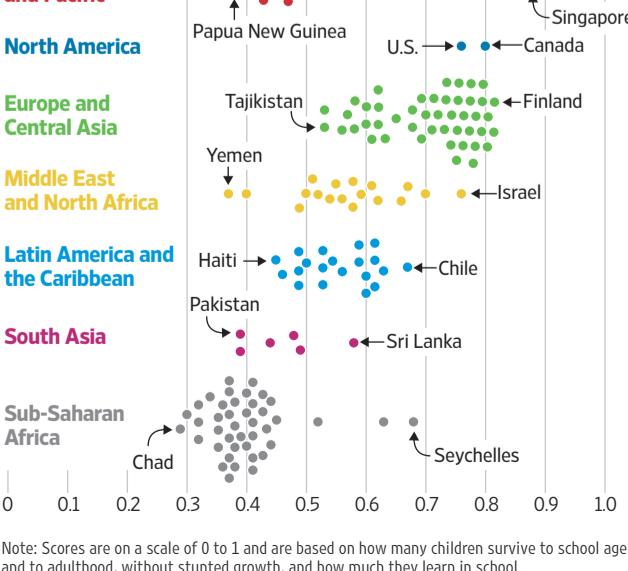
"Framed as human capital, workers are reduced to commodities alone," said David Edwards, general secretary of Education International, a global federation of teachers unions.

Mr. Kim said the framing of the report must be something that gets through to finance ministers and heads of state.

"We're trying to make this a political issue that everyone will talk about," he said.

## Best and Brightest

The World Bank's new Human Capital Index ranks countries on their health and education outcomes, highlighting broad disparities across regions.



Note: Scores are on a scale of 0 to 1 and are based on how many children survive to school age and to adulthood, without stunted growth, and how much they learn in school.

Source: World Bank

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Among other things, Malaysia's government also intends to repeal the Sedition Act, a repressive colonial-era law that previous leaders have used to silence their critics.

—Yantoultra Ngui

## FROM PAGE ONE

# Harvard Goes to Court

*Continued from Page One*  
the admissions practices of other colleges as well.

A lawsuit accuses Harvard University of illegally discriminating against Asian-American applicants by holding them to a higher standard than students of other races. Harvard denies the accusation, saying race is just one of a complex matrix of factors it considers before handing out its coveted acceptances.

Harvard uses what it calls a holistic approach to admissions, considering not only an applicant's academic record and test scores but also activities, formative experiences and personal attributes. The model is widely used by other top colleges.

Elite colleges, 60% of which consider race in admissions, say the trial's outcome could threaten their autonomy to craft undergraduate classes. If forced to exclude race from admissions considerations, many schools say, their student demographics would change significantly.

For years, Harvard has fought against the public release of documents showing the inner workings of its admissions office. Court filings in advance of the trial offer tantalizing details about how Harvard rates prospective students and how it considers race. The trial is expected to shed light on the magnitude of admission preferences for athletes, children of alumni and applicants with connections to major donors.

Among the more controversial aspects of the admissions process: Each applicant receives a "personal rating" reflecting, in

**Plaintiffs contend admission preferences mainly benefit white applicants.**

part, an analysis of personality traits such as humor, courage and kindness.

The plaintiffs claim that Harvard's own data show Asian-Americans received the highest academic and extracurricular ratings of any racial group, but the lowest personal ratings. In court filings, Harvard has attributed lower Asian-American personal scores to "unobservable factors" that come through in teacher recommendations, applicants' essays and interviews, which are also factored into the rating.

The lawsuit seeks to ban Harvard from considering race in future admissions decisions. It was brought by a nonprofit group, led by a conservative legal strategist, whose members include Asian-Americans rejected by Harvard.

Over the past 40 years, the Supreme Court has ruled repeatedly that universities can consider an applicant's race to promote the educational benefits that flow from diverse campuses, including better preparing students for the workforce.

The presidents of Yale University, Stanford University and the Massachusetts Institute of Technology, among others, have filed a brief in support of Harvard, arguing that prohibiting

colleges from weighing race in admissions would represent an "extraordinary infringement on universities' academic freedom."

The Justice Department has weighed in on the other side, filing a "statement of interest" supporting the plaintiffs. It launched its own civil-rights investigation last year into whether Harvard discriminates against Asian-American applicants. The Education and Justice Departments also recently opened a similar investigation into Yale.

A senior Justice Department official said the investigations are a priority for its Civil Rights Division. Harvard's lawyers have called the government's actions a "thinly veiled attack" on Supreme Court precedent and "so outside ordinary practices."

California banned its public universities from considering race in admissions two decades ago. Since then, University of California, Berkeley has grown by roughly 8,800 undergraduates but has about 275 fewer black students.

Harvard said in a court filing that eliminating affirmative action would give the biggest boost to white students, increasing their share in a recent admitted class to 48%, from 40%. The share of Asian-Americans would rise to 27%, from 24%, while African-Americans would drop to 6%, from 14%, and Hispanics to 9%, from 14%.

The lawsuit was brought in 2014 by Students for Fair Admissions, a nonprofit run by Edward Blum. Mr. Blum has funded other challenges to affirmative action, including a Supreme Court case involving Abigail Fisher, a white applicant rejected from the University of Texas at Austin.

The Harvard trial is expected to last three weeks. U.S. District Judge Allison Burroughs will decide whether the school's admissions practices, which have considered race since at least the 1970s, violate federal civil-rights law. Her decision is likely to be appealed, possibly to the Supreme Court.

Mr. Blum's legal team includes four former clerks of Supreme Court Justice Clarence Thomas and several members of the Federalist Society, a network of conservative legal scholars. Harvard's lawyers include Seth Waxman, who served as U.S. solicitor general under President Bill Clinton and has argued 80 cases before the Supreme Court.

In lengthy court filings this summer, both sides previewed their trial evidence. Harvard sought to keep the material under seal, citing concerns about the privacy of applicants. The school said disclosing too much about its process would embolden paid college consultants to advise clients on how to conform to the perceived criteria, to the disadvantage of low-income applicants.

Harvard faces four claims at trial, the most significant of which accuses the school of intentionally discriminating against Asian-American applicants. A key witness will be William Fitzsimmons, 74, who has been admissions dean since 1986. A former star Harvard hockey player, he received undergraduate and graduate degrees from the school. He is considered an architect of the holistic review process.

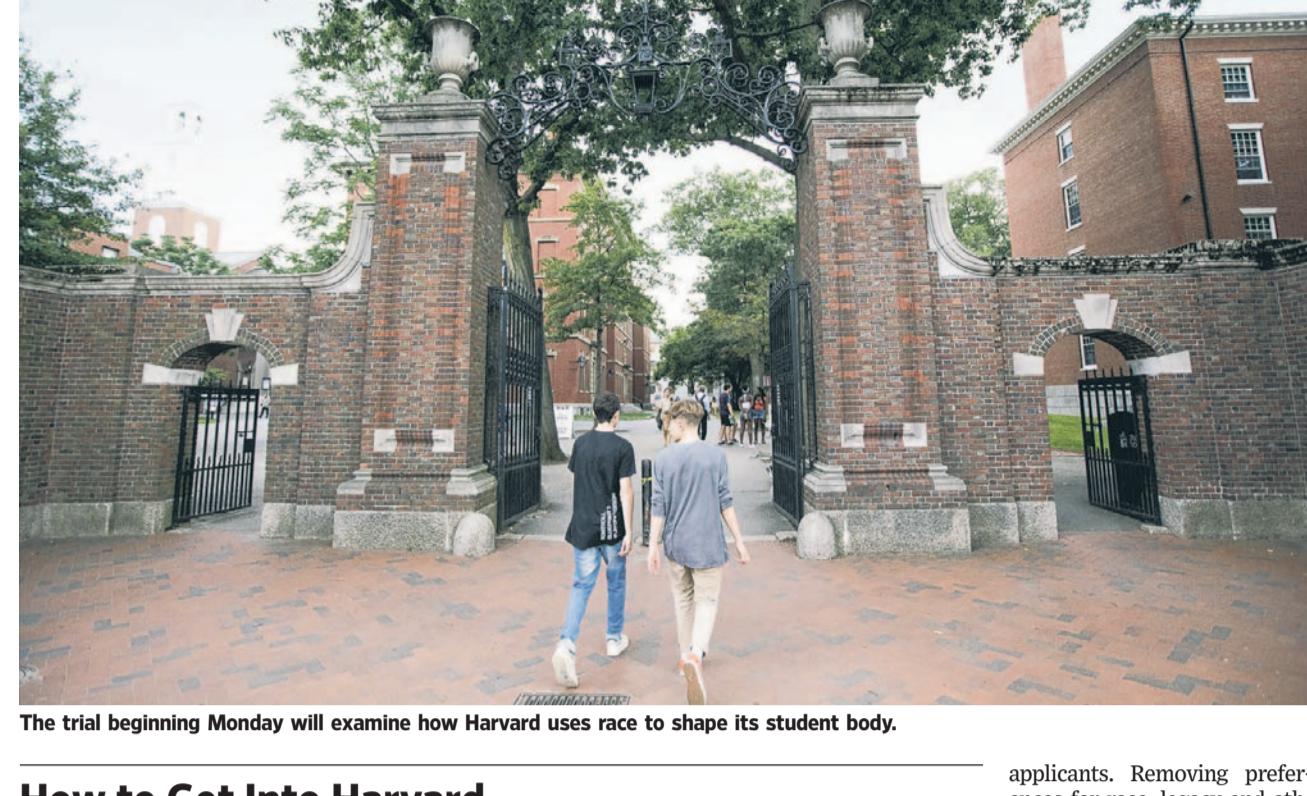
The plaintiffs have accused Mr. Fitzsimmons and other Harvard officials of ignoring internal Harvard studies from 2013 that found being Asian-American decreases an applicant's chance of

warm hands, you reduce the risk of injury versus cold hands," says Hicham Chahine, Ninjas' chief executive.

The potential for injuries—most frequently in the wrists, hands and fingers—is rising due to the popularity of the \$900 million esports universe. With new leagues and competitions, for some games, tournaments are popping up nearly every other week.

"Everyone is susceptible to injuries in everything that is done to an extreme," says Veli-Matti Karhulahti, of Finland's University of Turku, who along with co-author Tuomas Kari, has published research on physical activity in esports.

South Korean team KT Rolster hired a nutritionist two years ago who dictates breakfast, lunch and dinner. Brown rice was substituted for white rice. Players craving fast food



The trial beginning Monday will examine how Harvard uses race to shape its student body.

## How to Get Into Harvard

The art and science of Harvard's admissions process:

### STEP 1: SCORING BY ADMISSIONS OFFICERS

One or two admissions officers assigned to the applicant's geographic region will read the application. Applicants can receive numerical ratings in eight areas.



### OTHER CONSIDERATIONS

- Recommendations from teachers, guidance counselor and alumni interviewers
- Applicant's intended major and intended career
- Applicant's socioeconomic status and family background

### SPECIAL CATEGORIES

- Legacy: children of Harvard College alumni

Yes 33.6% ← Admit rate  
No 5.9%

- Recruited athletes

Yes 86.0%  
No 6.0%

- Children of Harvard faculty, staff

Yes 46.7%  
No 6.6%

- Dean's List: applicants 'of interest' to the admissions dean, including children of donors

Yes 42.2%  
No 6.1%

### STEP 2: SUBCOMMITTEE

Admissions officers discuss applicants' strengths and weaknesses within subcommittees, which decide who should be tentatively recommended for admission.

### STEP 3: FULL COMMITTEE

Applications then go to a 40-person committee, with admissions officers vouching for the applicants in their region. A consensus vote determines whether the applicant is admitted, rejected or waitlisted.

### STEP 4: THE LOP

The admissions dean determines if some applicants poised for admission need to be cut to reach the desired class size. If too many applicants are on track for admission, the dean requests that subcommittees cull their lists.

Sources: Harvard University; Students for Fair Admissions (special categories)

THE WALL STREET JOURNAL.

admission and concluded Asian-Americans would account for 43% of the admitted class if based on academics alone. The plaintiffs allege in a court filing that Harvard "killed the investigation and buried the reports" instead of probing further.

Harvard said the reports weren't shared widely because they were based on a preliminary analysis that didn't take into account nonacademic factors. The reports weighed only 20 factors, Harvard said, compared with 200 factors considered in the school's data analysis in connection with the lawsuit.

The plaintiffs have accused Mr. Fitzsimmons and other Harvard officials of ignoring internal Harvard studies from 2013 that found being Asian-American decreases an applicant's chance of

Another focus for the plaintiffs is the role of race in the "personal rating," one of many scores applicants receive in the admissions process. The personal rating is the only category in which white applicants scored significantly better than Asian-Americans, the plaintiffs say, arguing that it reflects negative racial stereotypes. Harvard says admissions officers don't consider race in the personal rating.

Mr. Fitzsimmons is expected to face cross-examination by plaintiffs' lawyers about the gap between Asian-Americans and whites in the personal rating,

and about the 2013 reports.

The trial also is likely to delve into Harvard admissions preferences known as "tips."

According to an economist's report that analyzed Harvard admissions data on behalf of the plaintiffs, students with at least one parent who attended Harvard had an acceptance rate of 33.6%, compared with 5.9% for nonlegacy students. Nearly half of children of Harvard faculty and staff were admitted, and 86% of recruited athletes were, the report said.

The plaintiffs contended in pretrial filings the preferences overwhelmingly benefit white

applicants. Removing preferences for race, legacy and athletics would result in a 50% increase in the number of Asian-American admits, the plaintiffs' expert said.

The trial will hinge in part on the competing interpretations of Harvard's admissions data. Economists hired by each side used six years of data to create regression models that examined how much race affected the likelihood of admission. Their findings conflict because each side used different variables for its models.

The plaintiffs also accuse Harvard of setting racial quotas, pointing to "one-pagers" that administrators receive throughout the admissions cycle, which compare statistics on the admitted classes from the current and prior year by race, gender and other categories.

Asian-Americans accounted for between 18% and 21% of admitted students for each class that graduated from 2014 through 2017, while Hispanic and African-American students each accounted for 10% to 12% over the same period.

Harvard said in a court filing it uses one-pagers to estimate what share of admitted students will enroll, and that the share of Asian-Americans in the admitted class has risen 29% since 2010.

The plaintiffs allege race plays such a decisive role in the admissions prospects of Hispanic and African-American applicants that removing all racial preferences would increase the number of Asian-American admissions by 40%. Harvard says other factors, such as alumni interviews and intended major, play a more significant role in the likelihood of admission than race does.

Eight current and former Harvard students, including Asian-Americans, are expected to testify at trial on behalf of Harvard about how racial diversity improved their college experiences.

The plaintiffs don't intend to call any Asian-American students as witnesses, sparking criticism from some advocacy groups that the lawsuit is using Asian-Americans to press for a policy shift that would benefit white students most.

"We're fighting for our own children's interests," said Yukon Zhao, president of the Asian American Coalition for Education, which has filed complaints with federal agencies against several Ivy League schools. "How can somebody say we're being used?"

## Professional Videogamers Hit the Gym

\* \* \*

Players are lifting weights, dropping pizza to get in shape

BY TIMOTHY W. MARTIN

To stay in the game, Dario Wünsch has adopted a dedicated routine to avoid injuries. He starts each morning with yoga poses, torso twists, finger stretches and planks. He gulps down ginger smoothies to ward off joint inflammations. And after every match, he ices his wrists.

"Hopefully I'm doing enough," he says.

The game is "StarCraft 2," the classic humans-versus-alien strategy contest, played on a computer with a keyboard and mouse.

And Mr. Wünsch is a professional. Elite players can rattle off five moves, or more, per second.

Mr. Wünsch, 28 years old, has battled wrist injuries and hand numbness from playing competitive "StarCraft 2."

warm hands, you reduce the risk of injury versus cold hands," says Hicham Chahine, Ninjas' chief executive.

The potential for injuries—most frequently in the wrists, hands and fingers—is rising due to the popularity of the \$900 million esports universe. With new leagues and competitions, for some games, tournaments are popping up nearly every other week.

"Everyone is susceptible to injuries in everything that is done to an extreme," says Veli-Matti Karhulahti, of Finland's University of Turku, who along with co-author Tuomas Kari, has published research on physical activity in esports.

South Korean team KT Rolster hired a nutritionist two years ago who dictates breakfast, lunch and dinner. Brown rice was substituted for white rice. Players craving fast food

or instant ramen must now make a special request to do so, says Jeong Je-seung, KT Rolster's coach and a former professional gamer.

In his playing days, Mr. Jeong says low salaries meant "if you could eat three times a day as an esports player back then it was enough."

Top players can now earn millions of dollars annually in prize money and sponsorships. The 2018 world championship for "Dota 2," a game where teams raid opponents' bases, carried a purse of nearly \$25 million.

Despite all the precautions across various leagues, "we've seen lots of injuries over the last year," said Ulrich Schulze, a senior vice president of product at ESL, a Germany-based company that organizes more than 10,000 competitions annually. Some ailments sideline stars for

months, while others have ended careers.

Unlike with traditional sports, pro-gaming teams say the risk of injury during competition is low. But overuse risk can pile up over the years, as players train 10 hours a day sitting in front of computers.

Team Liquid, the industry's largest squad, with more than 65 pro gamers competing in 14 different games, has an on-site chef at its training facility in Santa Monica, Calif., whipping



Pro videogame players in South Korea work out.

SEONGJUN CHO/BLOOMBERG NEWS

together healthy meals like roasted chicken banh mi salad. It pays for gym memberships for its players. Jonathan Jablonowski, one of Team Liquid's players, works out four times a week and has added nearly 20 pounds of muscle this year alone. "I went from 118 pounds to 136 pounds," says Mr. Jablonowski, who plays "Counter-Strike: Global Offensive" and stands 5-foot-7. "My arms were really skinny."

# GREATER NEW YORK

## Teachers Reach Tentative Deal

If approved, the contract would include yearly wage increases, hitting 3% by May 2021

By LESLIE BRODY

Mayor Bill de Blasio's administration and the New York City teachers union announced a tentative contract Thursday that includes pay bumps and incentives to teach in schools with high turnover.

The contract with the United Federation of Teachers would give members compounded-wage increases of 2%

in February 2019, 2.5% in May 2020 and 3% in May 2021. It would expire in September 2022.

City officials said the total cost of the 43-month agreement is \$2.1 billion, which would be offset by health-care savings and funding already in the city's labor reserve, for a net budget impact of \$572 million.

"We couldn't be happier with the outcome," Mr. de Blasio said at a news conference.

The settlement, several months before the current contract's expiration in February, reflects the strong alliance between the parties, in contrast to the high-conflict rela-

tionship between the union and former Mayor Michael Bloomberg. The tentative deal must still be approved by the union's delegate assembly and ratified by members. The assembly votes Friday.

Advocates for smaller class sizes expressed frustration that the deal wouldn't lower the maximum number of children in classrooms. Current rules limit the number in first through sixth grades, for example, to 32 students.

The mayor said the new contract includes a three-year program of incentives to recruit and retain teachers in up to 180 low-performing schools

with high staff turnover, mostly in the Bronx.

Teachers would be eligible for an additional \$5,000 to \$8,000 in salary yearly for taking hard-to-fill spots in these schools, which will be chosen this fall through criteria set by the Department of Education and union.

About 120 of these schools also will experiment with a "collaborative schools model" that aims to give teachers and community members more of a voice in decision-making, city officials said.

The city has tried differential pay plans before in schools. The 2014 teachers

contract enabled schools with high turnover to offer a salary hike to their entire staff, but only one school citywide took advantage, partly due to the plan's high price tag, city Department of Education officials said. The new contract would target only specific jobs for higher pay.

Union President Michael Mulgrew thanked city officials for showing a desire to better support teachers. "That is not a conversation you hear in many places in this country," he said, alluding to teacher strikes in some states.

—Katie Honan contributed to this article.

## Doctors Arrested In Opioid Scheme

By ZOLAN KANNO-YOUNGS

A group of doctors and medical professionals illegally sold opioids in the New York metro area in exchange for cash, paid vacations and gifts, with some of those drugs leading to fatal overdoses, law-enforcement officials said Thursday.

Five doctors, a pharmacist, a nurse, two clinic workers and an alleged street dealer were arrested on Wednesday and Thursday morning, officials said. They were charged with conspiracy to distribute controlled substances and conspiracy to commit health-care fraud.

The defendants, who were based in Manhattan, Staten Island, Queens and Westchester County, sold the oxycodone pills to clients "who had no legitimate need for it," U.S. Attorney for the Southern District Geoffrey Berman said.

One of the doctors, Dante Cubangbang, 50 years old, is accused of selling more than 6 million oxycodone pills from a Queens medical center since January 2012, the most prescriptions of the narcotic in the state, Mr. Berman said. Dr. Cubangbang, as well as one of his nurses and clinic employees, received more than \$5 million dollars in cash for their dealings, Mr. Berman said. "Instead of caring for their patients, these doctors were drug dealers in white coats," he said.

Carl Anderson, 57, is accused of opening his Staten Island office in the middle of the night to prescribe nearly a million pills to clients. Several of his patients died, Mr. Berman said. Another Staten Island-based physician, Nkanga Nkanga regularly prescribed more than 100 pills per patient a month, prosecutors said.

Others arrested include: Nadem Sayegh, who dealt opioids from offices in the Bronx and Westchester, and Mark Klein, who sold the drugs from his pharmacy in White Plains, N.Y., Mr. Berman said. A lawyer for Dr. Cubangbang couldn't be reached for comment. Attorneys for the other suspects didn't respond to requests for comment.

—Katie Honan contributed to this article



Geoffrey Berman, U.S. attorney for the Southern District.



A rendering of a proposed AirTrain connection between LaGuardia Airport and an LIRR station in Queens, which would reduce travel time to Midtown Manhattan.

## LaGuardia Rail Link Is Essential, Agency Says

By PAUL BERGER

main on the table. The review process, which will be overseen by the Federal Aviation Administration, is expected to take between 12 and 18 months.

A rail link between the airport and the Long Island Rail Road station at Mets-Willets Point in Queens would provide a reliable and predictable travel time of about 30 minutes between LaGuardia and Midtown Manhattan, the Port Authority said.

Rick Cotton, executive director of the agency, contrasted that with the ever longer and more unpredictable road journeys times to the airport.

"There's no such thing as an average trip anymore," he said in an interview, pointing to Port Authority studies showing that average travel times are getting longer, while the number of days with excessive delays of more than 70 minutes are becoming more common.

The documents paint a bleak

picture. Traffic congestion is expected to grow much worse as demand for ride-hailing services increases and autonomous vehicles are introduced, which the Port Authority believes will lead to even more vehicles on the road.

Because passengers can't afford to be late for flights,

**\$1.5B**

Estimated cost of proposed project connecting the airport and LIRR.

the Port Authority estimates that travelers must already budget between 43 minutes and 53 minutes to get from Midtown to the airport.

"One of the studies predicts travelers could wind up having to allocate, in the future, two hours from Midtown because future congestion is going to

produce a disproportionate impact," Mr. Cotton said.

Some residents living close to the path of the proposed rail link, which could be elevated 30 feet off the ground and run close to the Grand Central Parkway and the promenade at Flushing Bay, oppose it. They believe that the Port Authority should find other ways of reducing traffic congestion.

"There's got to be a better way and the AirTrain is not it," said James Carriero, an attorney who represents the Ditmars Boulevard Block Association.

New York Gov. Andrew Cuomo, who wields considerable power at the Port Authority, has pushed for several years for improvements to LaGuardia Airport, including the proposed AirTrain.

The airport is in the midst of an \$8 billion redevelopment. Mr. Cuomo signed a bill earlier this year allowing the state to take public land along the pre-

furred route for the proposed rail link. A spokesman for Mr. Cuomo referred questions to the Port Authority.

The AirTrain would run to Mets-Willets Point every six minutes, Mr. Cotton said. From there, the Port Authority hopes that the LIRR would provide one train every 15 minutes to Midtown Manhattan, terminating either at the planned Moynihan Train Hall at 34th Street or at the new LIRR station at Grand Central Terminal.

Both stations are expected to open in the coming years.

Mr. Cotton said it is too early to have set fares, but the Port Authority expects the combined AirTrain and LIRR ticket to cost less than \$20.

Christopher Jones, senior vice president at the urban planning group Regional Plan Association, said the AirTrain is necessary, but he added that the rail link would only work if New York state makes sufficient investment in the LIRR.

## Alleged Gang Member Is Charged in an Attempted Murder

By ZOLAN KANNO-YOUNGS

The fatal shooting last week of Sylvester Zottola, a reputed associate of the infamous Bonanno crime family, was a reminder of New York City's mob past.

The case took a modern twist on Thursday when federal investigators arrested an alleged high-ranking member of the Bloods street gang, accusing him of attempting to hire a

hit man to murder Mr. Zottola. Bushawn Shelton, 34 years old, of East New York in Brooklyn, was charged in Brooklyn federal court with conspiracy to commit murder and possession of a firearm with intent to commit violence. Mr. Shelton isn't accused of killing Mr. Zottola as he sat in his car at a McDonald's drive-through in the Bronx on Oct. 4. However, law-enforcement officials and court documents say he hired a

hit man earlier this year to kill Mr. Zottola's son, Salvatore, "to lure out" the father and kill him as well. That hit man turned out to be cooperating with the FBI, according to court documents.

In a criminal complaint filed Thursday, Mr. Shelton's targets are described as "John Doe #1" and "John Doe #2." The law-enforcement officials identified them as the Sylvesters and Salvatore Zottola.

Mr. Shelton didn't enter a plea during his court appearance Thursday. He was remanded by Judge Ramon Reyes and scheduled to appear for a bail hearing on Friday.

After his hearing, Mr. Shelton's attorney, Jan Rostal, declined to comment. An attorney for the Zottolas didn't respond to requests for comment.

Police executed a search warrant on Mr. Shelton's home Thursday and found \$45,000 in

cash and a loaded gun, Brooklyn federal prosecutor Lindsay Gerdes said in court. Mr. Shelton's grandmother told investigators he brought the cash home recently, Ms. Gerdes said, "notably since the murder."

Mr. Shelton, who wore a black T-shirt in court Thursday, told his grandmother he made the money from his T-shirt business, Ms. Gerdes said.

After the FBI's cooperator accepted Mr. Shelton's offer to

kill Salvatore Zottola last spring, Mr. Shelton told him he would give him more money if he murdered the elder Zottola, according to court documents and officials. Mr. Shelton is accused of visiting locations the Zottolas frequented with the cooperator to plan the killings, and provided a gun to carry out the executions, the documents show.

Police are still investigating who killed Sylvester Zottola.



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## GREATER NEW YORK



The Midtown Manhattan skyline is seen from a tower on 22nd Street in Midtown South, where the demand for space has surged.

## Midtown South Office Rents Soar

By KEIKO MORRIS

Strong demand for office space in Manhattan's hot Midtown South neighborhoods is outstripping supply, generating bidding wars among tenants for new offices and pushing pricing to a record level in the third quarter.

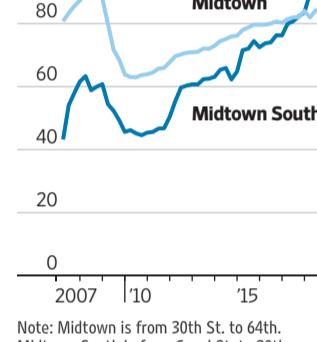
Average asking rents for office space in the Midtown South market, which stretches from Canal Street to 30th Street, rose to \$83.14 a square foot in the third quarter, marking 11 consecutive quarters of increases and the highest point since 1995, according to a report released by real estate services firm JLL.

Owners of top-tier office buildings in Midtown South also commanded a large premium in rents, compared with prices in similar trophy towers in the more traditional Midtown market. Average asking rents for the highest-quality buildings

## Crosstown Rivals

Asking rent for top-tier office space

\$100 per sq. ft.



Note: Midtown is from 30th St. to 64th.

Midtown South is from Canal St. to 30th.

Source: JLL

THE WALL STREET JOURNAL.

in Midtown South rose to \$94.61 a square foot, 13.5% higher than the \$83.38 a square foot notched in Midtown.

"As the workforce composition gets younger, what we're

finding is that talent wants to be in Midtown South, which is perceived as having the best amenities and some of the most creative and dynamic office spaces in New York City," said Craig Leibowitz, a director in JLL's New York research department.

As demand has surged, supply of office space in neighborhoods such as the Meatpacking District, Chelsea and Union Square haven't been able to keep pace, JLL's data showed. The buildings in these neighborhoods typically are smaller than those in the Midtown and Downtown office markets. Midtown South's vacancy rate dropped to 5.4% in the third quarter, the lowest rate since the recession, making it the tightest central business district in the country, Mr. Leibowitz said.

"Some agency leasing brokers have encountered bidding wars for brand new and repositioned buildings on the east and west sides of Midtown South and in both established and nascent leasing markets," he said.

The type of tenants looking to establish offices in the Midtown South neighborhood also has expanded, drawing not only the usual technology, advertising and media firms, but financial services firms and insurance companies. Investment firm Two Sigma Investments L.P. expanded its offices at 101 Avenue of the Americas by about 76,500 square feet in the third quarter, JLL said.

Providers of flexible office space also have been gobbling up space. One such operator called Spaces leased about 103,000 square feet at 287 Park Ave. South, JLL noted.

Some relief from such a constrained supply is in sight. About 741,000 square feet of offices is expected to be completed in the fourth quarter.

## GREATER NEW YORK WATCH

## NEW YORK

## Congressman's Trial Set for February 2020

U.S. Rep. Christopher Collins's trial on insider-trading charges will begin on Feb. 3, 2020, a Manhattan federal judge ruled Thursday.

During a hearing, prosecutors pushed for the trial to occur before November of that year, when Mr. Collins, a Republican, could face another election. Mr. Collins is seeking another term this year.

Mr. Collins, who serves the 27th District in western New York near Buffalo and Rochester, was arrested in August. Federal prosecutors accused Mr. Collins of tipping off his son about the results of a multiple-sclerosis drug trial completed by Innate Immunotherapeutics Ltd., a biotechnology company based in Sydney. He has pleaded not guilty.

—Corinne Ramey

## NEW YORK CITY

## Probe Faults DOI Head for Changes

The commissioner of the city Department of Investigation acted improperly when he took control of a separate city agency that handles misconduct in schools, then fired one staffer and demoted another after they complained, according to the findings of an independent investigation released Thursday.

The probe found that Commissioner Mark G. Peters didn't have the authority to fire and demote staffers and recom-

mended he issue an apology letter. Mr. Peters is drafting the letter, a DOI spokeswoman said.

Mr. Peters merged the Special Commissioner of Investigation for the New York City School District into DOI earlier this year. When the special commissioner at the agency investigating schools criticized the merger, she was fired, the investigation found. Another employee was demoted for complaining about the change.

The investigation recommended the employees have their prior positions restored with back pay. It also recommended reversing the decision to merge the agency into DOI. Mr. Peters said Thursday he would implement these proposals.

—Katie Honan

## NEW JERSEY

## Officials Say 17 Face Charges in Gang Bust

Seventeen people allegedly affiliated with a street gang are now facing charges.

Federal prosecutors say the charges announced Thursday are the result of a long-running wiretap investigation of the Newark gang known as the "Famous Boyz." The charges include conspiracies to distribute heroin and crack cocaine, as well as weapons offenses in connection with drug trafficking crimes.

Fourteen people allegedly affiliated with the gang were arrested Thursday. The other three were already in custody on state charges.

—Associated Press



IN THE SPIRIT: The Radio City Rockettes offered a sneak peek Thursday of the finale for their annual 'Christmas Spectacular' show, which will run Nov. 9 to Jan. 1 at Radio City Music Hall.

## Judge Drops One Weinstein Charge

By CORINNE RAMEY

A Manhattan judge on Thursday tossed out one of the criminal counts against Harvey Weinstein, undermining prosecutors' case against the former Hollywood producer.

The office of Manhattan District Attorney Cyrus Vance Jr. has charged Mr. Weinstein with crimes including rape and predatory sexual assault, related to alleged incidents involving three different women in 2004, 2006 and 2013.

One count of first-degree criminal sexual act stemming from 2004 allegations was dismissed as a result of new information, which prosecutors disclosed to Mr. Weinstein's lawyers last month. In state Supreme Court in Manhattan on Thursday, Justice James Burke tossed out the count in connection with accusations made by then-aspiring actress Lucia Evans. Mr. Weinstein forced her to give him oral sex, the indictment says. New information from a witness contradicts that claim.

A lawyer for Ms. Evans said the dismissal doesn't invalidate her client's claims. Mr. Weinstein has pleaded not guilty and repeatedly denied all accusations of nonconsensual sex.

The new information, detailed in a letter dated Sept. 12 and made public Thursday, comes from a witness account that prosecutors said is at odds with what Ms. Evans told them. The letter says the witness, a friend of Ms. Evans, said Mr. Weinstein had offered her and Ms. Evans cash in exchange for exposing their breasts. According to the witness, Ms. Evans

later said she did so in the hallway of a Manhattan restaurant, the letter states.

On another occasion, according to the witness, Mr. Weinstein told Ms. Evans that he would arrange for her to receive an acting job in exchange for oral sex, the letter says.

Ms. Evans said she then gave him oral sex, the witness said. The letter notes that Ms. Evans disputes the witness's account.

The letter also says a draft email that Ms. Evans wrote to her husband in 2015 contains details of the alleged sexual assault that differ from what she related to prosecutors.

Prosecutors didn't oppose dismissing the count. Benjamin Brafman, a lawyer for Mr. Weinstein, suggested Ms. Evans had committed perjury.

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## CORRECTIONS &amp; AMPLIFICATIONS

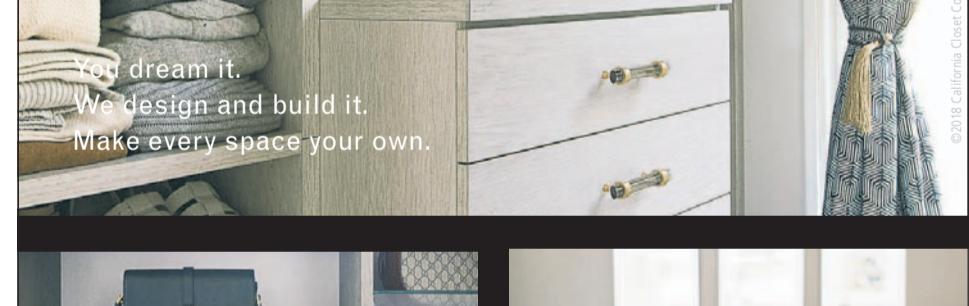
The Sugar Hill Project in New York City is an affordable-housing project. An article Wednesday about an outbreak of Legionnaires' disease in Manhattan incorrectly described it as a New York City Housing Authority apartment complex.

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

Throughout, the letter mentions a New York Police Department detective who interviewed the witness, and suggests the detective didn't inform prosecutors of information from the interview.

At an unrelated news conference Thursday, NYPD Chief Dermot Shea said the department is conducting an internal probe, and that the detective in question now has no role in the Weinstein case.

Prosecutors didn't oppose dismissing the count. Benjamin Brafman, a lawyer for Mr. Weinstein, suggested Ms. Evans had committed perjury.



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## GREATER NEW YORK

# 'Heavenly Bodies' Sets Met Record

BY CHARLES PASSY

The Metropolitan Museum of Art announced Thursday that its "Heavenly Bodies: Fashion and the Catholic Imagination" exhibition, which concluded its five-month run on Oct. 8, set a single-show record of 1,659,647 visitors.

The exhibition, with roughly 200 pieces, was spread throughout galleries at the Met's main Fifth Avenue location, as well as at the Cloisters in upper Manhattan.

The previous mark for the institution was set in 1978-79 by "Treasures of Tutankhamun," better known as the King Tut exhibition. It drew 1,360,957 visitors and established the idea of the "blockbuster" show in the process.

*The mix of two worlds, the religious and the fashion-minded, ensured a big turnout.*

"Heavenly Bodies" had much to propel its success.

It drew from the Catholic Church's rich history and included vestments and other treasures from the Vatican, such as a tiara decorated with 18,000 diamonds that was worn by Pope Pius IX in the 19th century.

But the exhibit was just as much about fashion in the 20th and 21st centuries and included works by such designers as Geoffrey Beene, Gabrielle "Coco" Chanel, Jean Paul Gaultier, Karl Lagerfeld and Gianni Versace. The idea, the Met said at the time the

show opened, was to explore "fashion's engagement with Catholicism."

It was this mix of two distinct worlds, the religious and the fashion-minded, that all but guaranteed a big turnout for the Met, said Susie Wilkening, a museum consultant based in Seattle.

"It's two audiences that wouldn't overlap," she said.

On top of that, the exhibition built on the Met's recent history of presenting a high-profile spring fashion exhibit, which is connected to its annual Costume Institute Benefit, otherwise known as the Met Gala. The gala is regarded as one of the most glittering and star-studded occasions on the New York City social calendar.

This year's gala, for example, was co-chaired by Amal Clooney, Rihanna, Donatella Versace and Anna Wintour.

For the Met, the success of "Heavenly Bodies" comes at a pivotal time. The museum, which has about a \$300 million annual budget, has run a deficit in the last five fiscal years. That includes a \$10 million shortfall in 2016-17, the last year for which the Met has made available its numbers.

The Met has taken several steps to contain costs and raise revenue, including charging a mandatory admission to out-of-town visitors. It also announced last month that it is in discussions with the Frick Collection for the Frick to take over the programming at its Breuer building, also in Manhattan.

The Breuer was formerly the home of the Whitney Museum of American Art before it moved to the Meatpacking District. The Met now leases the space from the Whitney and spends \$18 million annually on its operations.



An Alexander McQueen evening ensemble, top foreground, and Yves St. Laurent's 'Statuary Vestment for the Virgin of El Rocio,' above were displayed in a medieval art gallery at the museum.

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# LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

## 'First Man': Sticking An Epic Landing

Ryan Gosling plays Neil Armstrong in Damien Chazelle's film about Apollo 11



Ryan Gosling as Neil Armstrong, above, and Mr. Gosling with Claire Foy, who plays Janet Armstrong, below

there's musicality in the rhythms of the dialogue and physical action, just as there is in Justin Hurwitz's score. (For the beginning of an enthralling, and then terrifying, deep-space sequence in which Armstrong and his co-pilot, Dave Scott, dock their Gemini 8 capsule with an Agena Target Vehicle, Mr. Hurwitz has written a little Strauss-flavored waltz to salute Stanley Kubrick's ethereal use of "The Blue Danube" in "2001.")

The action begins in 1961, eight years before the flight of Apollo 11, with a stunning set piece: Armstrong, as a test pilot, struggling to control his descent from the ionosphere in a rocket-powered X-15 after bouncing, unintentionally and almost catastrophically, off the Earth's atmosphere. There's a concept to get your head around—not only the bounce but, as Armstrong notes, the thinness and fragility of the atmospheric layer that supports all terrestrial life.

"First Man" covers a lot of space and ground: a daunting succession of failure, catastrophe and near-catastrophe leading to the lunar landing; domestic opposition to the cost of the program; competition between the U.S. and the Soviet Union that turned a scientific venture with a huge political charge into a flat-out race for international prestige. The filmmakers have been criticized for failing to depict the planting of the Stars and Stripes on the lunar surface, though the flag is visible in a subsequent shot. Once you see the film, you understand that choice in the context of a saga of human endeavor that transcends national triumph. "For mankind," Armstrong said of the giant leap; the film declines to contradict him, while leaving no doubt that it was Americans who pulled it off.

The program's cost wasn't only fiscal; the price paid by the astronauts' families is dramatized vividly. Claire Foy plays Armstrong's wife, Janet, with lovely understatement; Janet adores her husband, but she fears for him, and despairs of ever living the normal life she signed up for when she married an ostensibly stable engineer. Olivia Hamilton is affectingly vulnerable as Pat White, the wife of astronaut Ed White, who is played by Jason Clarke. The cast includes Kyle Chandler as Deke Slayton, the Mercury astronaut turned NASA manager; Shea Whigham as Gus Grissom; Lukas Haas as Mike Collins, Apollo 11's command module pilot; and Corey Stoll as Armstrong's moon-walking companion Buzz Aldrin, who, as depicted here, is no better at keeping his mouth shut than Armstrong is at baring his soul.

During one of several crises in the narrative, Janet, usually taciturn too, lashes out at Slayton, who insists that everything is under control: "You're a bunch of boys making models out of balsa wood," she says. "You don't have anything under control!" That's both true and untrue. "First Man" is eloquent to the point of repetitiveness about the need to fail in order to succeed, the fragility of the enterprise, the perils of space exploration. Yet there the explorers are in the end, Armstrong and Aldrin on the moon.

"First Man," which was photographed by Linus Sandgren, does full justice to the mission's climax, from the unearthly power of the launch (I can't resist saying I was there at Cape Canaveral, sitting in the grass near the lagoon when the rocket blasted off), through the precarious touchdown, to four boots on the *luna firma* of our planet's pockmarked satellite. The moonscape, rendered mostly in black-and-white, though with bronze reflections on the astronauts' visors, is as stirring a spectacle as you're likely to see on a movie screen, and should be seen in IMAX if possible. No trees, no grass, no softness or sweetness, only two astronauts alive to the danger but improbably alive, against incalculable odds, and bound for glory on their return. Most movies aim to take us out of ourselves. This one goes to majestic extremes.



(Does anyone have any other questions?" he asks the kids, as if they're attendees at a press conference.)

However inward the hero may be, the movie around him is thrillingly outward, not to mention poundingly onward and relentlessly upward. For a while it's hard to recon-

cile "First Man" with the song-and-dance spirit of Mr. Chazelle's previous film, "La La Land," but a gifted director is a gifted director, whatever the material; the same applies to the writer, Mr. Singer, whose two previous feature scripts were for the journalism dramas "Spotlight" and "The Post." And

## TELEVISION REVIEW

## ROUGHING IT IN MORE WAYS THAN ONE

BY JOHN ANDERSON

**EVERYONE HAS A VISION** of hell. Sartre said it was other people. The female half of a couple I happen to know laid down one rule early in the courtship: "No camping." They're now long married with kids, having sidestepped woodsy perdition.

Why do so many others walk so blithely into the figurative flames? You won't get a direct answer from "Camping," the latest from writer-producers Lena Dunham and Jenni Konner ("Girls"), but you do get some semi-charred examples of social masochism. A very funny, quasi-crappy series that takes the Sartre-esque point of view into the great outdoors, "Camping" involves people who really should know better than to spend a weekend outside with other people. Some other people, at any rate.

More specifically, Kathryn Sidell-Bauers, who may be the best role Jennifer Garner has ever had, or played, and is a woman virtually aquiver with control issues. She maintains an Instagram page "for other working moms and women

living with chronic pain." Her oft-voiced concerns for her "pelvic floor" are probably a first for TV. With characteristic, clipboard-wielding efficiency, Kathryn has organized a long weekend in nature to celebrate the birthday of her husband, Walt Sidell-Bauers (David Tennant). "Party of nine, eight adults, one kid, four nights at the Groupon rate," Kathryn says—repeatedly, lest the lesbian couple running the California campsite tries to cheat her. Kathryn inspires comments like, "She's not so bad." Some think she is.

So why have they come to her party? Well, none of them is a day at the beach either. Kathryn's sister, the chronically passive Carleen (Ione Skye), has brought her husband, Joe (Chris Sullivan), who's supposed to be on the wagon. ("I know plenty of people in the program who have a drink once in a while." No, he doesn't.) There's Nina-Joy (Janicza Bravo), who's already mad at Kathryn and whose boyfriend, George (Brett Gelman), gets mad at Joe for calling Nina-Joy "little chocolate." Miguel (Arturo Del Puerto) was supposed to arrive with his wife, but they've broken up, so instead he's brought

human time bomb and agent-saboteur Jandice (the delightfully mad Juliette Lewis), a calculatedly free spirit who provides the salt for Kathryn's already bleeding nerves.

But why they're all there is a question a child would ask: Adults of any vintage understand that the social construct demands tolerance, forbearance and, sometimes, a great deal of muttering. Kathryn is part of the Walt package. Jandice is part of the Miguel package. Others are part of other packages. Sometimes the packages blow up.

If there's a thematic link between the erstwhile "Girls" and the new Dunham-Konner project, it might be the shows' shared streak of cruelty. Which is not to criticize cruelty, necessarily: Viewers of "Girls" were often subject to an exquisite form of torture via the indignities suffered, or inflicted, by Ms. Dunham's Hannah Horvath and her ilk. In "Camping," the perpetrators are older, the sensibilities are colder, the woman-on-woman antagonisms are more refined (and a tad misogynistic, to be frank). But you're still never quite sure what character will make you wince, or from whose mouth will spring a well of



Jennifer Garner, David Tennant, Janicza Bravo and Brett Gelman in 'Camping'

hypocrisy, venality or absurdity.

"Camping," which Ms. Dunham and Ms. Konner have adapted from the U.K. series created by Julia Davis, has a terrific ensemble cast and, though occasionally overbearing, is both smart and funny, largely because so much rings so true—about parenting, drinking, social posturing, race relations, Gen

Xers in general and what might be called Murphy's Law of Personal Problems: They expand to fill the space afforded to them. So do insufferable people. They're just not usually, as in "Camping," all trying to consume the same space.

**Camping**  
Begins Sunday, 10 p.m., HBO

## LIFE &amp; ARTS



Jeannette Bayardelle, left, and the company of 'Girl From the North Country,' below

THEATER REVIEW | By Terry Teachout

# 'Girl From the North Country': A Visit to Desolation Row

Conor McPherson's new musical is built around the songs of Bob Dylan

## New York

**CONOR MCPHERSON** is Ireland's greatest living playwright, give or take Martin McDonagh. Bob Dylan is Bob Dylan. On paper they look like the oddest of couples, but the notion of Mr. McPherson's writing a jukebox musical based on Mr. Dylan's songs is just crazy enough to be brilliant.

"*Girl From the North Country*," which has transferred to the Public Theater after successful runs at London's Old Vic and in the West End, is a musical as powerful and unsettling as any of Mr. McPherson's plays. It adds a rich new layer of meaning to the songs, some familiar ("I Want You") and others obscure ("Slow Train"), that he has woven into its theatrical fabric. It won't send you home happy—it's not meant to—and the results are far from perfect. But the show's flaws are as forgivable as its originality is profound, and you won't soon forget the dark tales of desolation that it tells.

"*Girl From the North Country*" is an "Our Town"-like group portrait of the tenants of a Depression-era boardinghouse in Duluth, Minn., Mr. Dylan's birthplace (though no other obvious reference is made to the songwriter's life). The dozen-odd characters have all been wounded in ways that no

New Deal could ever hope to heal, above all Elizabeth (Mare Winningham), the wife of the boardinghouse proprietor (Stephen Bogardus). She appears to be suffering from dementia but soon proves to be Mr. McPherson's Shakespearean fool, uttering his bleakest truths with the absolute conviction that only terrible suffering can supply: "You start off—it's a love story....And then one day in the midst of the exhilaration and the worry and the children and the fighting and the whole damn she-

A group portrait of the tenants of a Depression-era boardinghouse in Minnesota

bang, you look up and you see her again and you may as well be looking at a baby giraffe in the zoo."

Nothing about "*Girl From the North Country*" is conventional, starting with its structure. Mr. McPherson has made no attempt to choose songs that fit neatly into his dramatic scheme, the customary modus operandi of the jukebox musical. Instead, he's followed the

lead of Stephen Sondheim and George Furth in "*Company*," a series of related but mostly free-standing sketches about a group of friends in which the songs typically comment on the sketches instead of propelling the dramatic action of the show.

In "*Girl From the North Country*," Mr. Dylan's songs are used by Mr. McPherson to heighten the show's atmosphere and shed light on the inner states of the various characters, though never in a transparent way. The "score," if that's the word for the 20 songs used in the show, functions instead on the nonliteral plane of metaphor and mystery—an appropriate way to use songs that themselves typically steer clear of direct statement, opting instead for the rough-hewed poetry that was and is Mr. Dylan's trademark. "*Like a Rolling Stone*," for example, pops up without warning, sung by Elizabeth and transformed from an explosive rocker into a lament accompanied by a churchy-sounding harmonium.

What Mr. McPherson does with Mr. Dylan's songs is infallibly right. I'm not so sure, though, about the way that the songs themselves are sung and played by the cast and onstage band. While some of the actors, Ms. Winningham and Luba Mason in particular,

sing with an appropriately raw edge, most of the others sound too smoothly theatrical, in much the same way that Simon Hale's instrumental arrangements too often prettify the score. You don't have to sound like Mr. Dylan or Levon Helm to sing these songs, but it doesn't hurt, and "*Girl From the North Country*" might have been better served had Mr. McPherson sought out seasoned stage performers who know their way around the very different world of roots music. (Michael Cerveris, who sings Sondheim and country music with like conviction, is the kind I have in mind.)

I also wish that the acting had a more specific feel for the time and place in which the show is set, though I suspect that the fault here lies in Mr. McPherson's directing. Nobody stages his straight plays better, but it's one thing to bring the world of present-day Ireland to believable life and another to transport an audience to Minnesota in 1934. My other reservation

about "*Girl From the North Country*" is that Mr. McPherson juggles so many story lines that the dramatic action sometimes feels a bit cluttered, even unfocused.

For all these reasons, it may be that "*Girl From the North Country*" will find itself more fully in subsequent productions. Nevertheless, this one is enthralling in its own right, and the work itself shines through the staging so brightly that you'll be glad to set aside all of your quibbles (should you have any) and surrender to a musical that does complete justice to the artistry of the great American songwriter whose genius inspired it.

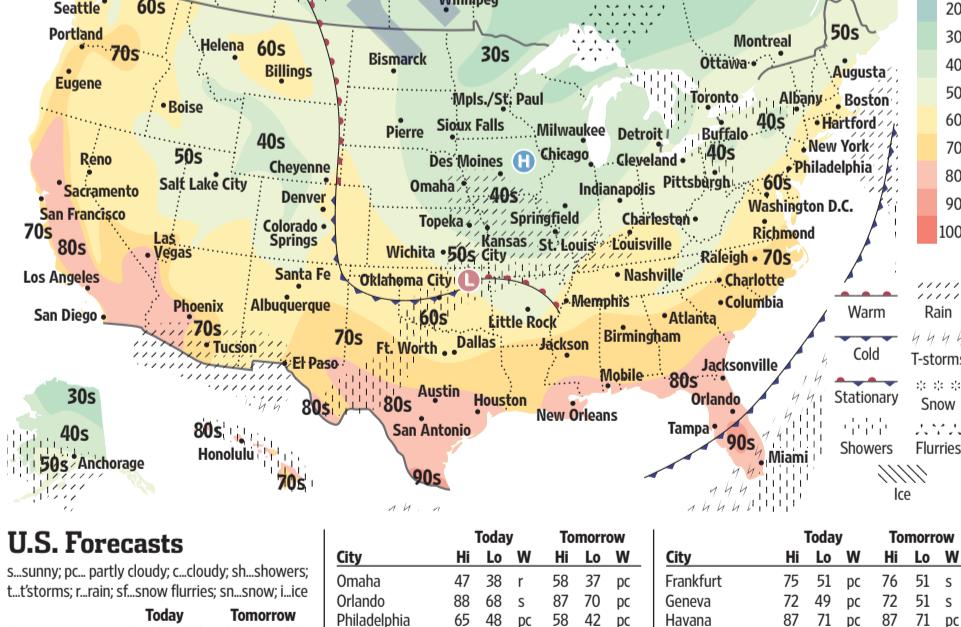
—Mr. Teachout, the Journal's drama critic, is the author, most recently, of "*Billy and Me*." Write to him at [tteachout@wsj.com](mailto:tteachout@wsj.com).

**Girl From the North Country**  
Newman Theater, Public Theater, 425 Lafayette St. (\$120 and up, depending on availability), 212-967-7555, extended through Dec. 23



JOAN MARCUS (2)

## Weather



## U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; i...ice

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## SPORTS

MLB

# Matchup of Baseball's Hottest Teams

The Brewers have the NL's best record, while the Dodgers seek a return to the World Series after a topsy-turvy season

BY JARED DIAMOND

**THE NATIONAL LEAGUE** Championship Series matchup between the Milwaukee Brewers and Los Angeles Dodgers poses a fascinating question: What happens when the league's best team takes on the most talented team?

The Brewers established themselves as the cream of the NL this year, finishing with 96 victories, claiming their first division title since 2011 and earning the top seed in the playoffs. They affirmed their status in a dominating division series performance, a sweep over the Colorado Rockies in which they allowed two total runs. Their lineup features the presumed MVP in outfielder Christian Yelich, and their three-headed bullpen monster of Corey Knebel, Josh Hader and Jeremy Jeffress looks practically unhittable. They enter Friday's Game 1 at Miller Park as winners of 11 straight, a streak that dates back to Sept. 23.

All of that, and yet...

"Nobody picked us to win the division," Milwaukee outfielder Ryan Braun said. "Nobody expected us to get to the NLCS. I'm sure when we get there, nobody will pick us to win."

Indeed, despite the Brewers' impressive résumé, oddsmakers still consider them underdogs, a testament to the logic-defying Dodgers, whose 2018 regular season realistically ranks as one of the strangest in history.

The Dodgers scored the most runs in the NL, thanks to a well-rounded offensive attack that led the league in homers and OPS. They also surrendered the fewest runs in the NL, posting a collective ERA of 3.38. Their run differential of 194 topped the NL, while the Brewers had a run differential of 95.

It doesn't require an in-depth understanding of expert-level statistics to recognize that scoring the most runs, and giving up the fewest, is a surefire formula for winning baseball games. Besides these Dodgers, 35 other teams since 1900 led their league in most runs scored and fewest runs conceded. They averaged a winning percentage of .663, or the equivalent of 107 wins in a 162-game schedule. Ten of the last 11 reached the 100-win plateau, and nine made the World Series. Even the worst of the bunch, the 1978 Dodgers, went 95-67 (.586).

But the 2018 Dodgers? They wound up with a record of 92-71 (.564) and did not clinch a playoff spot until the final weekend—an inexplicable result for a team that seemed to outclass the competition in every conceivable way.



Christian Yelich of the Milwaukee Brewers, left, and Manny Machado of the Los Angeles Dodgers are key players to watch in the NLCS.



"Nothing came easy for us," closer Kenley Jansen said.

The struggles sent the Dodgers' players in search of their confidence and forced them to overcome an identity crisis, a disquieting feeling for a group unaccustomed to regular-season adversity. The Dodgers won 104 games in 2017 and advanced to within one victory of a World Series championship. With the entire core of their roster returning, it appeared that they would treat the summer as a mere tuneup for another bid at a ring in October.

Instead, the Dodgers slogged their way through six difficult months. They fell to 10 games under .500 in the middle of May, rattling Angelenos enough to step away from their surfboards and put down their In-N-Out Burgers to express concern. Only after a blistering 18-9 September and a victory over

the Rockies in a tiebreaker did they lock up their sixth straight NL West crown.

"Obviously the fans panicked," slugger Cody Bellinger said. "We expected to be better than we were."

For the Dodgers' top executives, a data-driven front office that boasts one of the most sophisticated and robust analytics departments in baseball, the team's doldrums tested their faith in the unflinching power of probability. All of the empirical evidence pointed to the Dodgers, with their unparalleled depth and dynamic pitching, coasting into the postseason. After their trade in July for infielder Manny Machado, they could identify no obvious holes.

But as the losses mounted and pressure escalated, general manager Farhan Zaidi admitted, "You feel like you're running out of season for things to course correct."

"It felt like the ball didn't bounce our way a lot," Zaidi said. "But at the end of the day, the standings are what they are. Nobody's ever won a division title or World Series based on their run differential."

The Dodgers hope to use the topsy-turvy road they have traveled as a positive. They couldn't cruise through September this time, Zaidi said, because they've "been playing must-win games for the entire second half."

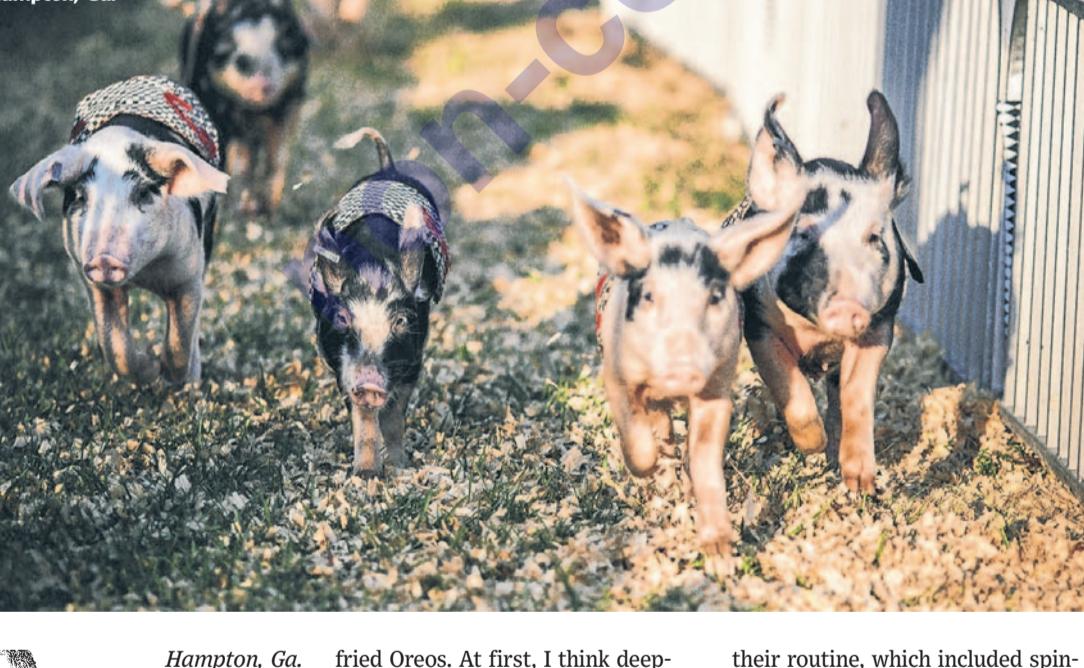
All along, the Dodgers insisted that if they clawed their way into the playoffs, none of their previous issues would matter—that they could find a second gear. Against the Brewers, they have the opportunity to prove it.

"All that adversity that we went through is beneficial to us," third baseman Justin Turner said. "We're playing the best baseball we've played all year."

**PIG RACING** | By Jason Gay

## A Column Goes to the Hogs

Pigs race at the Georgia State Fair in Hampton, Ga.



**Hampton, Ga.** When I asked the Journal to launch a gimmick called "Go Away, Jason"—soliciting ideas from subscribers for sporting events to send your favorite sports idiot to this October—I had no idea what the response would be. But more than 2,000 ideas were submitted, leading me to conclude: you're all nuts.

I'll admit I fantasized about turning this into a racket: exotic worldwide sports adventures which I could bill to the company account. Perhaps my bosses would green light a week of bullfighting in Spain. Or Formula One racing in the labyrinthine streets of Monaco. Antarctic golf. Cliff-diving in Acapulco. A Philadelphia Flyers hockey game.

Instead, I am at pig races.

And I am loving every minute of it.

It's the final Sunday of the Georgia State Fair, held each year in a stretch of flatland adjacent to the Atlanta Motor Speedway. It's hotter than a Camaro's hood out here, and all I've had to eat is a tray of deep-

fried Oreos. At first, I think deep-fried Oreos are the greatest thing I've ever tasted. Twenty minutes later, I want to curl up under a tree and die.

But it's OK, because now the pigs are going to race, and pig racing is my new favorite sport.

Some background: the Georgia State Fair pig races were suggested by a Journal reader named Kemp Dolliver, who saw the pig races a bunch of years ago at the North Carolina State Fair and loved it. He scanned the internet for upcoming pig races and this is what he found.

"Good clean fun," Kemp told me. "The pigs don't have contracts, agents, or off-season drama."

My bosses were up for it. Send the pampered city slicker sports columnist off to the pig races? What's not to like? (Plus, my editor, Jim—who does not mind an afternoon at a horse track—was intrigued by the wagering possibilities.)

So now I am here, trackside. The pigs, however, are running late. The prior act—a trio of daredevils called The Nerveless Nocks—have finished

their routine, which included spinning around on something called the Wheel of Destiny as a sound system cranked Led Zeppelin's "Kashmir." But the pigs are nowhere to be found. Maybe they're holding out.

"WHERE ARE THE PIGS?" a boy in front of me shouts. Jacob Fish is his name, and I think Jacob will be President of the United States, one day, because within a minute, Jacob has a few dozen of us chanting in the hot sun:

"WE WANT PIGS!"

"WE WANT PIGS!"

"WE WANT PIGS!"

Suddenly, a speaker crackles, and the famous First Call bugle song plays—you know, the tune they play before a horse race. Crystal Coronas appears. Twenty-nine years old, she's our emcee, a fifth-generation member of the Coronas of Hollywood circus family, which runs these state fair pig races—along with the Nerveless Nocks, a nearby Big Top, camel rides, and the Smallest Horse and Giant Tortoise exhibition I was too scared to look at.

"Let me explain to everybody



what's about to happen out on our track," Coronas says with gusto. "You're about to see THREE RACES. Now the first race—you're going to see our first four Hollywood stars. Our second race will be our only two OBSTACLE RACING pigs. And our third race—the main event—is WINNER-TAKE-ALL. We'll have six racing pigs at the SAME TIME."

"Now before we race, I'm going to count to three," Coronas says. "And when I count to three, I want you guys to yell, SOO-IEEE! Because when you yell SOO-IEEE, my pigs know it's time to race."

SOO-IEEE! we yell.

And this, my dear friends, marks the first time your Journal sports columnist has ever yelled "SOO-IEEE." (What do you want from me? I grew up sheltered in the suburbs. I had Atari and a house cat.)

Finally it's time for racing. The pigs have pun-tastic names: Britney Spare Ribs, Kim Kardashi-ham, Harry Porker, Sponge-hog Pork Pants, you get the idea. They're adorable 6-month-olds, some of them spotted. They're the kind of pigs you want to snuggle. They don't look like racers.

But they are racers. Pigs can fly, as it turns out. The track is not much—a single loop, roughly the length of the aisle on a passenger jet. Each race is over in a flash. The pigs rip through the course in the time it takes to light a cigarette. There are no collisions, accidents, or NASCAR-style fights in the pits.

How does pig racing rate as a sporting event? Well, it's fast. Your kids won't fall asleep like they do during 9 p.m. baseball games. I've seen a lot less exciting NFL con-

tests.

Afterward, I talk to Coronas. She tells me it can take anywhere from a couple of days to a few weeks to train a racing pig. They train them with treats—finish the course, get a treat. How hard are they to train?

"It depends on the pig," she says matter-of-factly. "Sometimes, they pick it up right away. Other times, they're just not meant to do it."

Who's been having a good season?

"Kim Kardashi-ham has been doing pretty good," Coronas says.

Any injuries? Does anyone ever pull a....

"We used to do that joke," she says.

Pig racing is the domain of young pigs—by the time they're fully grown, Coronas says, they're too unwieldy for the track. If your kids are wondering what happens when a racing pig, um, graduates, Coronas tells me that after their racing careers are done, the pigs are not eaten—but given good homes.

The crowd is moving on, over to the rides and the Big Top and the infernal basketball hoop game which I have never won in my entire life and I think the FBI should investigate. In a day, Crystal and the pigs will be off to another state fair, this one in Louisiana.

I ask Coronas why pig racing is a great sport.

"People just get a kick out of it," she says. "They love the pun names. It's clean family fun."

I agree.

Thank you for the tip, Journal readers. Consider me a pig racer for life.

## OPINION

## Who Is Michael Sussman?



**POTOMAC WATCH**  
By Kimberley A. Strassel

When Fox News anchor Bret Baier asked about the origin of the infamous Trump dossier, James Comey brushed off most of the questions.

The former Federal Bureau of Investigations director said someone on his "senior staff"—he couldn't remember who—had "briefed" him on the dossier "sometime in the fall" of 2016. Mr. Comey had been told it came "from a reliable source." He insisted he "never knew exactly which Democrats had funded" it. He then continued on about his book, which meditated on the importance of "truth."

That interview, in April 2018, is relevant in light of a recent report from the Hill's John Solomon that James Baker, the FBI's general counsel from 2014-17, met "weeks before the 2016 election" with a lawyer from Perkins Coie. That's the firm that hired Fusion GPS to compile the dossier on behalf of the Hillary Clinton campaign and the Democratic National Committee.

My sources confirm that the Perkins partner who bent Mr. Baker's ear and handed over documents was Michael Sussman, point man for the firm's DNC and Clinton campaign accounts. They also confirm the subject of the meeting was Russian interfer-

## Is a War Memorial's Cross Illegal?

HOUSES OF WORSHIP  
By Jeremy Dys

As a lowly corporal, Milton Edward Hartman's death shouldn't have drawn much attention.

But on a summer day in 1919, it seemed as if half the town of Forestville, Md., came to his memorial service. His commanding officer attended, as did the bishop of Washington. As the Churchman periodical reported on July 19, 1919: "The whole countryside came to the memorial service, thronged the church and filled the churchyard ten feet deep around the church, listening and participating through the open doors and windows."

Yet Cpl. Hartman's body wasn't there. He was killed in France on Oct. 10, 1918. Like too many U.S. Army infantrymen who fell in World War I, he was buried in an American cemetery on European soil. Military records indicate that Hartman was buried with his identification tags, one of which was attached to the cross-shaped marker hovering over his grave. Most men killed in the Great War were buried this way.

Today few remember the names of men who made the ultimate sacrifice. Their mothers knew that people often forget what they do not see. With that in mind, Gold Star mothers from Prince George's County, Md., sought to preserve some of these names. In 1919 they embarked on a mission to construct a

concrete and bronze, cross-shaped memorial featuring the names of their sons, including Hartman.

In 1925, these mothers and the American Legion dedicated the Bladensburg World War I Veterans Memorial to the memory of these men. Martha Redman, who lost her son William F. Redman in World War I, explained that she considered the memorial to be her son's "grave stone."

Yet after years of litigation, a three-judge panel of the Fourth U.S. Circuit Court of Appeals determined this year that this memorial is unlawful. According to the court, the memorial's cross shape violates the Constitution.

Chief Judge Roger Gregory dissented from the decision to deny a review of the case before the full Fourth Circuit. "Nearly a century ago, Maryland citizens, out of deep respect and gratitude, took on the daunting task of erecting a monument to mirror the measure of individual devotion and sacrifice these heroes had so nobly advanced," he wrote. "The panel majority says their effort violates the Constitution the soldiers fought to defend. I, respectfully, think otherwise."

Judge J. Harvie Wilkinson III also understood the importance of the memorial, writing in his dissent: "The dead cannot speak for themselves. But may the living hear their silence." Judge Paul V. Niemeyer, also dissenting, wrote that the Fourth Circuit's deci-

ence in the election, including hacking and supposed ties to Donald Trump. Much of this comes from an interview House investigators conducted last week with Mr. Baker.

The significance of this revelation is enormous for everything from FBI investigatory malpractice, to its dishonesty, to its current fight with the White House over document disclosure. That the FBI's general counsel was even meeting with a top lawyer for the Clinton campaign shortly before the election is proof of that the bureau strayed beyond obvious guardrails.

It's alarming enough that the FBI felt free to open a counterintelligence investigation into an active presidential campaign. That it also felt free to gather information for that probe from the opposing campaign is mind-boggling. Team Clinton had the most powerful position on earth to gain from Mr. Trump's downfall. No conflict there, right?

It is unclear whether Mr. Sussman supplied any dossier-related information to Mr. Baker. But we know from the House Intelligence Committee's February Russia memo that "senior DOJ and FBI officials" by this time knew the DNC and the Clinton campaign were behind the dossier. The Baker-Sussman meeting raises the likelihood that those "senior officials" extended into Mr. Comey's inner circle and that

rectly by a lawyer for Mrs. Clinton. Mr. Sussman, as a former Justice Department employee, would presumably add credibility to any FISA application—unless the FBI was worried about revealing how much it was relying on the Clinton camp. By the way, Mr. Baker told congressional investigators that he personally reviewed the initial FISA application.

The news of this meeting also gives cause to doubt the FBI's stated reasons for refusing to release documents to Congress. For more than a year the bureau has argued that it would hurt national security and U.S. ties with foreign intelligence. It played the same card recently with Mr. Trump, persuading him

to back down on his order for disclosure of redacted portions of the FISA warrants and related materials. It has heavily redacted other documents, again claiming national security.

Among the redactions are portions of footnote 43 in the House Intelligence Committee's Russia report. That footnote states that Mr. Baker met in September 2016 with a person who provided information about supposed Russian links to the Trump campaign. It noted this same person was also communicating with the press. The person's name is blacked out. We now know it is Mr. Sussman.

National security? No, this was redacted to save the FBI the embarrassment of having to admit it was cooperating with the Clinton campaign. This is the same FBI that blacked out of a key text message the detail that former Deputy Director Andrew McCabe's office sported a \$70,000 conference table. And the same FBI that claimed it would be a national-security nightmare if House Republicans divulged the name of the FBI's spy against the Trump campaign (Stefan Halper), only to leak the name itself to friendly media.

The Baker-Sussman revelation underscores that we will never get the truth about the FBI's behavior until those documents are made public. Mr. Trump: Disclose.

*Write to kim@wsj.com.*

## BOOKSHELF | By Paul Dickson

## Diamond Science

## Power Ball

By Rob Neyer  
(Harper, 300 pages, \$27.99)

**B**aseball is constantly going through periods of change. Its history since the turn of the 20th century, when the modern era of the game began, can roughly be divided into a half dozen phases. Among them are the Dead Ball Era (1901-20, before the advent of power hitting), the Western Expansion Era (1953-61), the Steroid Era (late 1980s through 2004, when compulsory testing began) and the Wild Card Era (1995 to present, when the best of the also-ran teams started getting a chance at the postseason).

Now a new epoch may be upon us. It is marked, among other things, by the routine use of infield shifts determined by statistical probabilities, 13-man pitching staffs, an increasing reliance on analytics, and Statcast. The advent in 2015 of this player-tracking technology has allowed game information to be collected and analyzed at unprecedented levels of detail. Some might even call this the Statcast Era.

In "Power Ball: Anatomy of a Modern Baseball Game," baseball journalist-analyst Rob Neyer acknowledges the pervading influence of Statcast. "Using both cameras and a sort of radar, if it's on the field and it moves, Statcast is watching. And recording. Yes, the baseball wherever it goes, but also every player and the hitter's bat." Capturing action by the millisecond, Statcast generates, for every game played, terabytes of data that players and coaching staff can use during a game and pore over in postgame analyses.

It's a new age that Mr. Neyer calls Postmodern Baseball, where batting averages and strikeouts don't mean as much as they used to, and where data is relied upon more than instinct.

To bring this abstract notion into reality, Mr. Neyer takes an inning-by-inning look at a single game, played on Sept. 8, 2017, between the at-home Oakland Athletics and the Houston Astros. For the author, it was baseball played at its highest level. And it gives Mr. Neyer the opportunity to examine the many facets of Postmodern Baseball, including the dozens of new performance measures that Statcast provides. Among them: the speed and vertical angle of a ball when it is hit, a pitch's spin rate and perceived velocity, and the fielders' two essential qualities, "their quickness in getting started—their jumps—and their acceleration and speed once they're moving."

Other changes to the game would have puzzled observers at the turn of the 21st century. A team experiencing a subpar season may now consider "tanking," or ending with a really bad season record as a way to improve its position in the draft. As Mr. Neyer writes: "If you can't win ninety games, you should lose a hundred." There is also "prehabbing," or preemptively rehabilitating an athlete to avoid injury; it's a major reason why catastrophic shoulder injuries—specifically, to the rotator cuff—have virtually disappeared from the game.

## It's a new age of baseball, when batting averages and strikeouts don't mean as much as they used to, and data is relied upon more than instinct.

The scope of this book ranges and rambles engagingly, from the potential impact of climate change on the game and the influence of social media on players, to the evolving fashions of player uniforms and hair styles. Mr. Neyer looks at where today's talent comes from, and notes that in 2017 "fully 11 percent of all the major leaguers" were born in the Dominican Republic, a country with "roughly the same population" as the state of Georgia. He considers Bud Selig's move to globalize baseball the former commissioner's most important contribution to the game. "As youth participation in the United States has dropped, the talent gap has obviously been filled, and filled quite nicely, by foreign-born players."

The examination of one game as a metaphor for the state of the sport is a device that has been used before, notably in two works that are acknowledged inspirations to Mr. Neyer: Arnold Hano's "A Day in the Bleachers" (1955), which used Game One of the 1954 World Series as its platform, and Daniel Okrent's "Nine Innings" (1985), which chronicled a 1982 Brewers-Orioles game in Milwaukee. In the hands of a writer of lesser talent and knowledge, this approach could easily have fallen flat. But Mr. Neyer's prose is sharp and colorful and based on a deep understanding of the game. In discussing the infield shifts of today, for example, the author harks back to the advice Ty Cobb gave Ted Williams in 1946 on how the latter should adapt his batting against the shift.

Mr. Neyer, who once worked for Bill James—the master innovator of sabermetrics, that system of statistical analysis for evaluating player performance—presents a frank and realistic take on Postmodern Baseball's newfound obsession with the "science" of baseball. It's not that the game is being deprived of its human element, Mr. Neyer says: Regardless of the amount of data being analyzed, he points out, human beings are still the final decision makers of the game. There are, he adds, more scouts at work in the game today than there were 20 years ago. The problem, he writes, is that while all this reliance on statistical analysis and the wizardry of Statcast "might well be conducive to winning," it doesn't "make the games more entertaining for the common fan."

Mr. Neyer ends his book by lamenting that, if left to the owners and the players union, very little improvement can be expected. In the past 20 years, for instance, "the only significant changes to the playing rules... have been made to lower injury risks, and not to make the game itself more entertaining." What's needed, then, to help usher baseball into its next era, is a voice—"the writers and the TV presenters and the radio people"—to call for "a better, smarter, more exciting version of Baseball," to speak up on behalf of the fans who, if attendance numbers are any judge, are already starting to lose interest.

*Mr. Dickson is the author of "Leo Durocher: Baseball's Prodigal Son."*

## Coming in BOOKS this weekend

Frederick Douglass in public and private • The Cold War and computers • Napoleon's myth-making • A library's life, death and rebirth • The charming Joseph Epstein • Novels from Tana French and Markus Zusak • & more

## Is There a Doctorate in the House?

## By Rondi Adamson

If you can't write a prescription, you shouldn't be called 'Doctor.' So said my late and beloved brother, Alan, many years ago. He had a doctorate in mathematics. He often told me that even being called "Professor" struck him as silly, except in a classroom. He saw those who insisted on such honorifics as preening or insecure.

I thought about Alan during the Kavanaugh confirmation madness. Christine Blasey Ford was scuriously referred to by media and members of the Senate Judiciary Committee as "Dr. Ford." Failure to comply was frowned upon. The NPR ombudsman issued a statement explaining the network's policy of not using "Doctor" to describe someone who isn't a physician, dentist or veterinarian. For some, it apparently rankled that the nominee was referred to as "Judge" on the air,

while Ms. Ford's credentials weren't given their due. For others, according to the ombudsman, it was proof of "insidious bias."

Ms. Ford didn't strike me as someone who would insist on such treatment. It was clear that her supporters pummeled social media with the honor-

ific to support her, to give her weight, to counter the "Judge" before "Kavanaugh." Many in media followed suit, presumably to stave off accusations of partiality, sexism or disrespect, and to avert having to issue an NPR-style explanation for their lack of deference.

This isn't the first time I've noticed a "Doctor" creeping in where no medical degree exists. Jill Biden is often re-

ferrred to as Dr. Biden, and there's always Dr. Phil. Interestingly, I don't remember Lynne Cheney, with her doctorate in 19th-century literature, being referred to as Dr. Cheney. Some television pundits include "Ph.D." after their names, as though that gives more gravitas to their observations about immigration policy and Melania Trump's pink helmet.

"Doctor" does sound impressive. I've long been a fan of "Doctor Who" (and am excited about the new season), and a show called "Mr. Who" or "Ms. Who" might not carry the same appeal. Ditto for Dr. Seuss. A while back I was playing one of those Twitter hashtag games, along the lines of #makeamovieless-impressive. I tweeted "Mr. Zhivago." It was one of the rare times I got retweets. (My other successful entry that day was "Mr. Smith Goes to Ottawa.")

I understand someone want-

ing their academic achievements recognized. But if we're going to call people with Ph.D.s "Doctor," I say we go big and use the title with people who have honorary doctorates. Samuel Johnson had one, and he was no slouch. That would mean that, among others, Oprah Winfrey, Meryl Streep, Justin Trudeau and Donald Trump would be "Doctors."

And why not me? I am fortunate to spend a lot of time in Italy, where very nearly everyone is a doctor—a lowly bachelor's degree will do. While they don't address you as *dottore* or *dottoressa* in everyday conversations, in formal correspondence it is common. I will soon be spending a few weeks studying at a university in central Italy, and it has been fun receiving emails from the admissions office that begin "Gentile Dottoressa." Alan must be having a good laugh.

*Ms. Adamson is a Canadian writer.*

## OPINION

## REVIEW &amp; OUTLOOK

## The Price of BernieCare

**C**huck Schumer declared this week that health care is the issue that will define the November elections, and the Senate Minority Leader may be right for the wrong reason. Democrats could end up paying a big political price for signing up en masse for Bernie Sanders's government-run health-care agenda.

Republicans are running ads slamming Democrats on single-payer health care, and President Trump framed the issue this week in a USA Today op-ed that said "Democrats would gut Medicare with their planned government takeover of American health care." Democrats claim this is unfair because not every candidate has endorsed single payer, but if they now want to repudiate it they should say so.

\* \* \*

Mr. Trump is referring to the Bernie Sanders bill known as Medicare for All, which has been endorsed by 16 Senators, including almost all of the left's leading 2020 presidential contenders (Cory Booker, Kamala Harris, Kirsten Gillibrand, Elizabeth Warren).

A companion House bill has attracted more than 120 co-sponsors, which is nearly two-thirds of the current Democratic caucus. Other devotees include the Democratic nominees for Governor in California (Gavin Newsom) and Florida (Andrew Gillum) and dozens of other candidates around the country. Did Democrats think they could endorse this to please their progressive base but then have no one notice?

Medicare for All would finance health care through taxes instead of insurance premiums, deductibles and co-pays. All care would then be "free" in the Venezuelan sense of the word. Government would dramatically cut the reimbursement rates doctors receive for providing services. All this would lower administrative costs and make health care more efficient, or so we're told. And we're not supposed to call this "government-run health care," though who do you think would make the payment decisions?

Mr. Trump noted in his op-ed that the plan would cost the federal government \$32.6 trillion over 10 years. That figure is from an analysis by the Mercatus Center's Charles Blahous, a respected researcher and a former Social Security and Medicare trustee who sometimes writes for us. His findings are in the ballpark of every serious analysis.

That spending figure amounts to 10.7% of GDP in 2022 when the plan kicks in and then up from there. National defense—routinely derided as too expensive and wasteful—is a mere 3% of GDP today. And brace yourself: "Doubling all currently projected federal individual and corporate income tax collections would be in-

sufficient to finance the added federal costs of the plan," Mr. Blahous says.

Liberals are griping that these estimates overlook what would be a decline in overall health spending, but Mr. Blahous goes out of his way to credit savings that would probably be illusory such as lower drug costs. As in every socialist system, the real "savings" would come from price controls and wait

lists for many health-care services. Have a cold? Come on in. A hip replacement or breast reconstruction? Get in line.

And that's the good news. The truth is that BernieCare would essentially blow up the entire current health system. The Sanders bill would eliminate employer-sponsored insurance, which now covers some 150 million Americans. The sales pitch for that should be: If you like your health-care plan, we won't let you keep it.

BernieCare would also blow up Medicare as we know it by creating a new health system that young and old would have to join. We don't like to see Republicans defending current Medicare as a perfect system, since it has many shortcomings and needs reform like premium support that Paul Ryan has proposed. But compared to BernieCare, Medicare is the Mayo Clinic for everyone.

Maybe Democrats should have looked at the results in Vermont when Bernie's home state tried to set up single payer. A Democratic Governor abandoned the idea in 2014 once he was looking at an 11.5% payroll tax, plus a 9.5% income tax, and more increases to come. Progressives couldn't even get single payer up and running for about 625,000 people in a state with a decent health profile. In 2016 nearly 80% of voters rejected a referendum to set up single payer in Colorado.

\* \* \*

The charges of distortion from Democrats are especially rich given that they have spent tens of millions of ad dollars this year accusing Republicans of wanting to deny chemotherapy to cancer patients who lack insurance. The truth is that the GOP last year debated more rational ways to cover folks with pre-existing conditions other than mandates that raise the cost of premiums for everyone in ObamaCare. The GOP ideas that would cover pre-existing conditions include high-risk pools that subsidize tough-to-insure patients directly.

Republicans are inept at defending themselves, and their failure to repeal ObamaCare has made them vulnerable to attack. But in dissecting single payer, the GOP is providing voters with crucial information about what Democrats want to do on health care when they next take power. ObamaCare was merely a down payment on BernieCare.

## Judges on the Ballot

**S**enate Democrats must want to get out of Washington to campaign. That's the best explanation for Minority Leader Chuck Schumer's decision to agree on Thursday to let 15 more judicial nominees move for a confirmation vote.

Majority Leader Mitch McConnell announced Thursday afternoon that the Senate would vote on the 15 nominees by the end of the evening. Three nominees are for appellate courts—one each for the Second, Third and Ninth Circuits. That would put the total of appellate judges confirmed at 29 in the last two years—a modern record for the first two years of a Presidency.

The other 12 nominees who are part of the deal are for district courts across the country. These are the judges who preside over federal cases on everything from terror prosecutions to regulatory challenges to white-collar fraud. They can also issue nationwide preliminary injunctions that stop policies for months.

The Senate deal is a reminder that the future

**McConnell locks in a deal to confirm 15 more federal judges.**

of the judiciary is at stake this fall in the battle to control the Senate. On Wednesday the White House announced 16 more judicial nominees,

including two for the Second Circuit Court of Appeals and three for the Ninth Circuit. Those nominees might have a chance to be confirmed in the current Congress's lame-duck session, but if Democrats retake the Senate they will try to block any vote until 2019.

Not long ago a Senate of the opposition party would confirm most qualified nominees to appellate courts, but not any more. A Democratic Senate might confirm judges for district courts if the Senator from the state where the court is located approves. But Senate Democrats are likely to block every Donald Trump appellate nominee who isn't liberal-approved.

Brett Kavanaugh's Supreme Court confirmation ordeal brought home the serious judicial stakes of Senate races, and this week's confirmations reinforce the point.

## Scott Walker's Education Dividend

**G**ov. Scott Walker's collective-bargaining reforms have saved Wisconsin from becoming a fiscal basket case like Illinois, and a new study suggests they are improving student learning too.

The Governor's biggest achievement in eight years in office has been curbing the power of government unions by limiting collective bargaining to wages and requiring public employees to contribute more to their pensions and health care. Superintendents could also attract better teachers by paying for performance.

Mary Bell, president of the Wisconsin Education Association Council teachers union, declared at the time that Mr. Walker "has taken an ax to our public schools" and that the reforms would result in "the destruction of public service and public education in this state." But public schools and student performance are better now because of the reforms, according to a new study by the Wisconsin Institute for Law and Liberty.

The study examined state math scores before and after the reforms were implemented. Reading scores weren't considered because the state changed language arts tests after the reforms took effect. Math proficiency increased by an average of 2.1% across school districts after dis-

**A new study shows the 2011 reforms led to better math scores.**

tricts implemented the reforms. Improvements were found in the state's small town, rural and suburban districts, but curiously scores in urban schools didn't budge.

One reason may be that administrators in Madison and Milwaukee resisted the reforms and may not have taken advantage of their new powers. This theory is supported by a study last year by Yale economist Barbara Basi that found high quality teachers—that is, those who improved student learning most—tended to move to districts where teachers could negotiate their pay while poor performing teachers stuck to regimented salaries.

State Superintendent Tony Evers, the Democratic candidate for Governor against Mr. Walker, has pledged to roll back Mr. Walker's collective-bargaining reforms and end a voucher program that helps 28,000 low-income students attend private school in Milwaukee. He also wants to raise taxes on the wealthy, manufacturers and farmers to juice spending for public schools no matter their performance.

Mr. Walker's reforms have saved the state billions of dollars and reduced property taxes. If Democrats take control of the statehouse in November, they'll attempt to reverse this progress and give unions the run of Madison again.

## LETTERS TO THE EDITOR

## Two Senators Per State Is the Right Number

In "What's the Matter With North Dakota?" (Oct. 9) Jason Willick suggests Democrats move to Republican-friendly states if they want to tip the balance in the Senate. In passing he describes the guarantee of each state's equal voting strength in the Senate as "the Constitution's lone unamendable provision." It is not unamendable. With a two-thirds vote in the House and the Senate, Congress could propose to amend this provision just as any other. But ratifying the amendment—as was the case under the Articles of Confederation—would require unanimous approval by the states, as opposed to the three-fourths needed for all other amendments.

CHRIS COX  
Costa Mesa, Calif.  
*Mr. Cox was SEC chairman 2005-09 and a congressman 1988-2005.*

My problem with the Senate is the political gamesmanship. It needs to return to 60 votes for nominations. It was a bad idea when Harry Reid went "nuclear," and it's a bad idea today. Sixty out of 100 is a reasonable threshold for a lifetime appointment and would return bipartisan decision-making and compromise.

SANDIE McNAMARA  
Denver

Encouraging modern opponents of the existence of the U.S. Senate to move to spots like North Dakota and other sparsely settled and so-called overrepresented rural enclaves to

make them vote as the left dictates should cause all rural Americans to take note and respond.

Look no further than the modern-day sacred acts of the urban environmental religion; the Endangered Species Act and the Wilderness Act. Note the grizzly bears attacking and killing humans and livestock; note the wolves decimating big game and domestic dog populations; note the "catastrophic" fires that have become routine and destructive where logging, grazing and resource management are no more; note the loss of jobs, local taxes and families, and the communities where residents have no more control over their surroundings than Poles did under German or Soviet occupiers.

These outrages were all perpetrated by a federal government catering to urban fantasies constrained by only one thing, a U.S. Senate where the balance of two votes per state and special powers like ratifying appointees and treaties occasionally provided a modest protection to rural Americans. Think what it will be like when this is disassembled by the left—and vote!

JIM BEERS  
Eagan, Minn.

It seems the Constitution doesn't matter to NBC reporter Ken Dilanian. Apparently he has forgotten that the Electoral College is based on population. The more liberal party still lost the last presidential election.

LYNDA LAMB  
Birmingham, Ala.

## Debating the Lessons of Kavanaugh and Peck

Regarding Allyssa Finley's "Will the Senate Kill a Mockingbird?" (op-ed, Oct. 4): To compare the Senate investigation of Judge Brett Kavanaugh to the criminal trial of a black man falsely accused of raping a white woman in a small southern town in the 1930s is, frankly, bizarre. Judge Kavanaugh has emerged from this controversy with his current lifestyle and career intact, able to count on a large group of powerful supporters. In Harper Lee's tale, Tom Robinson was fighting for his life, wholly dependent on a single ally, and facing dim prospects regardless of the outcome. The comparison is highly inaccurate.

KEN SWENSEN  
Redding, Conn.

Ms. Finley rightly compares Judge Kavanaugh's confirmation hearings to the unfair trial of Tom Robinson, but she wrongly suggests that the Democrats' persecution of Mr. Kavanaugh is motivated by their willingness to believe women victims. Democrats have

ZACHARY SPILMAN  
Sherborn, Mass.

I couldn't help but notice the irony of having actor Gregory Peck in the accompanying photo. Peck was the narrator of a negative ad that encouraged Americans to contact their senators to vote against Judge Robert Bork back in the late '80s. Mr. Peck was playing a role in "To Kill a Mockingbird" that demonstrated lack of bias, something that he, in real life, failed to achieve.

DAVID FINCH  
Benbrook, Texas

## We Should Not Get Over the Bush-Cheney War

Matthew Hennessey seems surprised that "Hollywood still hasn't gotten over the Bush administration" ("Cheney Biopic 'Vice' Has Few Virtues," op-ed, Oct. 5). As vice president during the George W. Bush administration, Dick Cheney played an important role in instigating, planning and cheerleading the invasion of Iraq in 2003.

There are a lot more people than those in Hollywood who have not "gotten over" that war. There are the thousands of American soldiers, wounded and maimed who have not gotten over it. There are hundreds of thousands of Iraqi civilians similarly wounded and maimed who have not gotten over it. There are those Iraqis and

Americans whose fathers, daughters and sons were killed who are not over it.

The list goes on and on of people whose lives were tragically destroyed by the unnecessary aggression against a country that was no threat to us—an aggression that continues to injure us and that Mr. Cheney still defends.

Yes, it has been a wild ride in the 10 years since that Bush administration left the White House, but nothing done by either administration since then has sunk to the level of the wanton destruction resulting from the invasion of Iraq.

ELLIS BURRUSS  
Brunswick, Md.

## Design Is Fine, but the U.S. Needs Manufacturing, Too

Andy Kessler is correct that the U.S. should pursue high-margin manufacturing opportunities ("Lessons From an '80s Trade War," Inside View, Oct. 8). However, we cannot afford as a country to abandon the low-margin/low-tech manufacturing businesses to other countries as Mr. Kessler and others have been advocating. Many Americans are not cut out for designing high-margin microprocessors. Where would they find jobs if the U.S. follows the "we'll design (high margin), and they'll manufacture (low margin)" paradigm? There are also national security and economic dangers that would come with not having a robust manufacturing base right here in the U.S. and instead depending on other countries to manufacture goods for us.

Time to go back to the "we'll design, and we'll manufacture" approach that has served this country so well in the past.

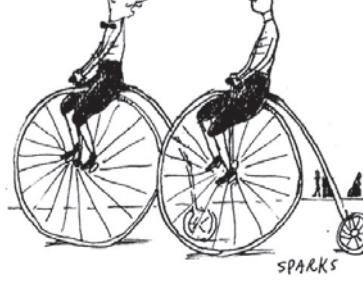
TRONG BUI  
Palmdale, Calif.

used to share David Welle's concern about spending our younger generation's future earnings ("The Deduction Cap Reduces An Intergenerational Theft," Letters, Oct. 5), but now my guilt is assuaged by the fact that they continue to vote for Democrats, so I have learned to live with their gift of reverse inheritance. Bumper-sticker idea: "I'm driving my Democratic kids' future earnings."

STEPHEN BORKOWSKI  
Pittsburg, Texas

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Shouldn't we wait until bikes are less stupid?"

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

## OPINION

# A Leftist Mob 'Polices' Portland

By Andy Ngo

**F**liers urged Portlanders to attend a protest: "27yo black father of 3 murdered by racist Portland Police." Some 100 Black Lives Matter activists with the group Don't Shoot Portland and their masked antifa allies answered the call to gather downtown Oct. 6. Fists in the air, they demanded "justice" for Patrick Kimmons, killed by police in late September. "Stop racist police terror," read one sign at the rally. "Throw all cops in the trash," declared another. Never mind that Kimmons had an extensive criminal record and was suspected of shooting two people before police responded.

**The real cops hold back for fear of changing 'the demeanor of the crowd for the worse.'**

As the crowd made their way to a nearby courthouse, they marched in the middle of the street, bringing traffic to a stop though they didn't have a permit. Kent Houser, 74, made the mistake of attempting to pass them in his sedan. His car slowly pushed against a masked marcher. The crowd surrounded the car and started kicking it. After speeding down the block, Mr. Houser stepped out and was assaulted by the mob. They pushed him and smashed his car with clubs after he managed to get back inside the vehicle. No police were in sight even though the central precinct was blocks away.

Portland's Resistance, a local social-justice group, then put out a call on Twitter asking the public to identify "this white man." They published photos of him and his license plate with the message: "Make racists afraid again." Mr. Houser has since received threatening phone calls identifying his wife by name. "I've lived here my whole life but I don't want to go downtown anymore," he says. "When the streets are commanded by a sponsored group of angry, agitated ingrates and criminals, we have no city."

The mob later occupied a busy intersection. When a middle-aged man driving a car with North Carolina plates stopped in confusion, the agitators descended on him. "You white little f—er!" shouted one white man. "You are a little white supremacist. Go back to North Carolina where you came from." The driver phoned police for assistance. Nobody came.

The crowd targeted other drivers. "You're lucky you didn't hit me. I would have beat your a—," yelled a demonstrator at another driver. One person punched the back of a passing car whose driver dared to honk. In downtown Portland, law-abiding drivers were at the mercy of marauding street thugs.

A block away, police officers looked on passively. Why didn't they respond? The department told me in a statement that it feared intervention would "change the demeanor of the crowd for the worse."

Such lawlessness is increasingly typical here. Portland's Resistance organized a protest after Election Day 2016 that turned into a riot. Masked vandals smashed stores and set fires, causing over \$1 million in damage. Portland's Resistance raised \$55,000 on GoFundMe ostensibly to help pay for the rebuilding effort. Two years later only \$2,450 is known to have been dispersed. This summer a mob occupied the area around the local Immigration and Customs Enforcement office for more than a month.

When people find out that I live in Portland, one question I'm frequently asked is if the comedy show "Portlandia" is anything like real life. I tell them real life is much worse.

Mr. Ngo is an editor at Quillette.

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## Volatility Ripples Across the World

Index-tracking ETFs drive turbulence at end of trading day, indicating their clout

By MICHAEL WURSTHORN AND CHRISTOPHER WHITALL

A surge in late-day trading activity has magnified major indexes' declines over the past two days, stoking investors' anxieties amid one of the stock market's most violent pullbacks this year.

The Dow Jones Industrial Average suffered triple-digit drawdowns in the final trading hours of Wednesday and Thursday, extending the blue-chip index's loss over those two days to more than 1,300 points.

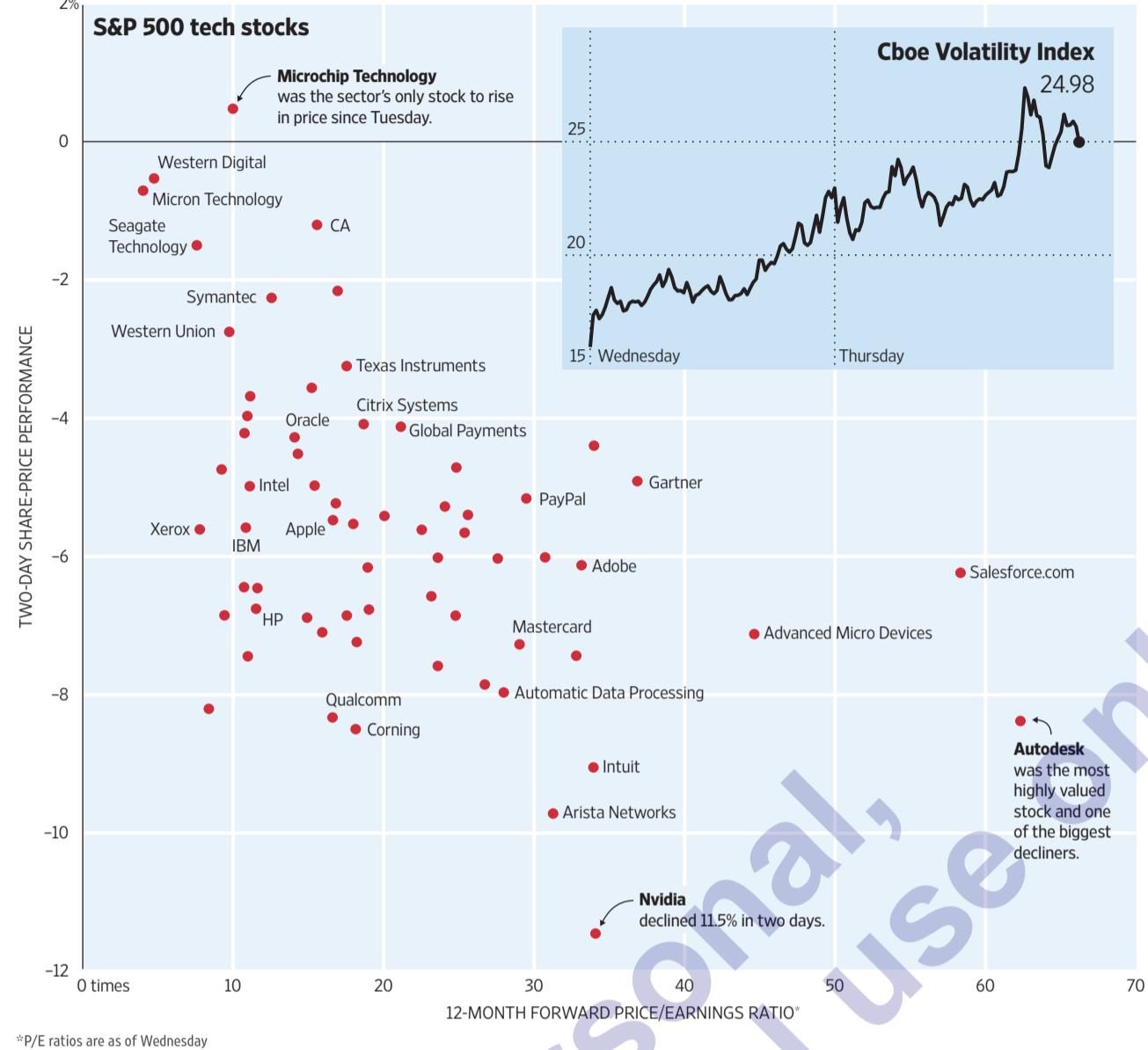
Trading at the close has become more important as exchange-traded funds and other vehicles that look to match the moves of an index have grown more popular with investors. The managers of those funds are required to keep their portfolios closely in line with the benchmarks they track, and many aim to execute trades as late in the day as possible to avoid any deviation.

"More fund managers are doing their business at the end of the day," said Paul Karlsson-Willis, head of global equity sales and trading at Cabrera Capital Markets. "That's a big change from what it was just a few years ago. That's where the liquidity seems to be."

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◆ Fearing more turmoil, traders drive up hedging costs..... B14

The broad selloff started in tech and spread to all sectors.



Tencent Music delays highly anticipated IPO in U.S. amid worries over market turmoil

By JULIE STEINBERG AND MAUREEN FARRELL

Tencent Music Entertainment Group is postponing its initial public offering until at least November because of the selloff in global markets, according to people familiar with the offering, hitting pause on what would be one of the largest IPOs in the U.S. this year.

The Chinese music-streaming company met with its underwriting team this week to discuss the price range for its hotly anticipated IPO, but they opted to wait several weeks over worries that the market turmoil would affect the pricing, these people said.

The company was expected to kick off its roadshow to sell shares to investors next week and to start trading the week of Oct. 22, one of the people said.

At risk is the valuation of a company that was in position to be one of the biggest tech IPOs ever. Based on early conversations with investors, demand for the listing was expected to be strong, one of the people said, and Tencent Music was expecting a valuation between \$25 billion and \$30 billion.

But IPO valuations can be volatile and may change up until the offering is priced. Tencent Music's private valuation has soared in the past year—the firm was valued at \$12.5 billion late last year when it swapped stakes with peer Spotify Technology SA.

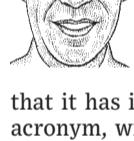
The move to postpone the IPO comes as global markets have been in tumult. U.S. stocks fell sharply Thursday, one day after the Dow industrials were led sharply lower by falling shares of technology companies. The S&P 500 index has declined more than 6% so far in October.

China's markets, meanwhile, have been among the hardest hit during the recent rout. Its technology companies are especially taking a beating, doubly hit by an escalating trade dispute between the U.S. and China.

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STREETWISE | By James Mackintosh

## Buying Dip Makes Sense for Some Investors



"Buy the dip" is such a simple expression of bull-market psychology that it has its own internet acronym, with added obscenity for emphasis: BTTFD.

The dip on Wednesday was bigger than usual, but for the BTTFDers that should mean a bigger opportunity

to buy. Should you join them and pick up stocks? Mostly this depends on investor psychology. If others are going to buy the dip, so should you. But we can be a bit more granular about it. Potential buyers can be split into three main camps: Those who want to buy growing companies and care less about the price, those who want to buy

cheap stocks and care less about growth, and those who just want to buy stocks with rising prices, or momentum.

The market has been driven up this year by the growth and the momentum investors, both buying the disruptive tech stocks. Performance of the best has been amazing; in one example, shares of video-stream-

ing site Netflix at the start of this month were almost double where they started the year.

On Wednesday, both groups abandoned the market. Suddenly, for the first time in ages, valuations of the companies they like mattered. In the technology, health-care, communication-services and consumer sectors, the highest value

stocks tumbled the most, with a strong inverse link between valuation and performance.

One interpretation is that buyers focused on fundamental value didn't want to pick up the overpriced growth and momentum stocks, so their valuations had to fall further.

For an example, consider

Please turn to page B12

## Trendy Shoe Joins Unicorns

By ROB COPELAND

Footwear startup Allbirds Inc., whose sneakers are a favorite of striving venture capitalists and celebrities alike, has sold a stake to investors at a valuation of \$1.4 billion, people familiar with the matter said.

The valuation, which wasn't publicly disclosed, more than triples last year's number and vaults the company into the closely watched realm of Silicon Valley unicorns, or privately held startups valued at more than \$1 billion.

While Allbirds are a staple in the offices of seemingly every technology startup, it isn't exactly a tech company itself. At the moment it is a shoemaker

that sells products made of just two materials—wood and wool—though limited-edition flip-flops made of sugar were briefly available this summer.

"We've never even thought of ourselves as a shoe company," co-founder Joey Zwillinger said in an interview from Shanghai, where he was scouting for additional locations.

The 37-year-old described the company as "focused on delivering everyday comfort in a really elevated way," and said further products outside of footwear were under development.

Its newest shoes are made from what Allbirds describes as "magical eucalyptus tree fiber," with laces of recycled plastic

bottles and insoles dipped in castor bean oil.

Allbirds last year was valued by investors at \$370 million. One of those backers, hedge-fund firm Tiger Global Management, put in more as part of a \$50 million investment announced Thursday from investors including T. Rowe Price Investment Management and Fidelity Management.

The valuation and funding suggests the investors collectively received about a 3.5% stake for their investment.

Mr. Zwillinger declined to provide sales figures. A person familiar with the matter said it has sold more than \$200 million of shoes over the past two years.

## BMW to Take Majority Stake in China Venture



DIGGING IN: The German car maker's expansion is a test case for looser foreign-ownership rules. B2

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NFL RATINGS REGAIN LOST YARDAGE

MEDIA, B3



BANKSY OWNER DECIDES IT'S A KEEPER

ART, B4

## SEC Won't Change Quarterly Report Rule

By DAVE MICHAELS

WASHINGTON—In the near term, public companies won't get a break from quarterly earnings reporting, an idea that President Trump asked U.S. regulators to study.

The Securities and Exchange Commission may weigh the idea of moving to six-month reporting for smaller firms, but "I don't think quarterly reporting is going to change for our top names anytime soon," SEC Chairman Jay Clayton said Thursday.

In August, Mr. Trump asked regulators to review the decades-old requirement that

public companies release earnings quarterly, a change some executives support to promote longer-term planning. But some investors worry such a move could reduce transparency into corporate performance.

Mr. Trump had said the change would help ease regulatory costs and spur growth. He said the idea came from a prominent chief executive: PepsiCo Inc.'s Indra Nooyi. She raised the issue at a dinner Mr. Trump held with 13 corporate executives at the president's golf course in Bedminster, N.J., in the context of improving growth, people familiar with the mat-

ter said at the time.

The White House didn't immediately respond to a request for comment.

Federal securities rules have required quarterly reporting since 1970, when the SEC mandated it as part of a formalization of stock-exchange practices that preceded the agency's creation in 1934.

Speaking at an event in Washington, Mr. Clayton said quarterly earnings aren't the sole driving factor of some companies' short-term focus.

"It's not just a question of whether we require quarterly reporting or not," Mr. Clayton said at the Bipartisan Policy Center. "What does the mar-

ket expect?"

The SEC chairman later told reporters that many investors seem satisfied with quarterly reporting and that less frequent disclosure could be jarring.

Mr. Clayton added, though, that Mr. Trump's tweet raised a valid concern. "The president did touch on a nerve, which is are people running their companies too much for the short term in response to pressures?

"We've been hearing that for a while," he said.

He added that in some countries where public companies don't have to report earn-

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## Tencent Music Puts Off IPO

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and China that has hurt China's biggest tech suppliers, as well as a broad sell-off in internet companies.

Among the companies that have been walloped is Tencent Music's parent company, **Tencent Holdings** Ltd., whose shares fell 6.8% Thursday in Hong Kong for their 10th straight decline. Its shares are down 34% so far this year.

Earlier this month, Tencent Music filed to go public in the

U.S., setting the stage for China's largest music streamer to likely become one of the biggest technology IPOs to date.

The service was created in mid-2016 after Tencent Holdings bought a controlling stake in China Music Corp. and combined it with Tencent's existing streaming business.

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# Rite Aid Deal Lifts Walgreens Pharmacy

By KIMBERLY CHIN

**Walgreens Boots Alliance** Inc. reported booming growth in prescriptions volumes for the latest quarter, as the company's integration of Rite Aid stores expanded its foothold in the U.S. prescription market.

Walgreens's share of the U.S. retail prescription market this year has grown to a record 21.7%, compared with 20.2% in 2017, Walgreens Chief Financial Officer James Kehoe said Thursday, citing data from health-care research firm IQVIA.

For the fourth quarter, Walgreens said it had filled the largest number of prescriptions in its 117-year history, largely because of its retention of many Rite Aid prescription-drug customers after taking over those stores.

Walgreens closed a \$4.4 billion deal earlier this year to buy more than 1,900 pharmacies from Rite Aid Corp.

Walgreens, based in Deerfield, Ill., said U.S. pharmacy sales rose 17% from a year earlier, while prescriptions filled in comparable stores increased 1.3%. Overall sales rose 11% to \$33.44 billion, though analysts had expected Walgreens to report \$33.78 billion in sales based on a Refinitiv poll.

The drugstore chain has engaged in several deals and partnerships, aiming to expand its pharmacy business to become a "health-care destination" for health, beauty and personal care, said Chief Executive Stefano Pessina.

Growth in Walgreens's pharmacy business helped offset weakness in sales of general merchandise and personal-care items. Comparable retail sales in the fourth quarter fell 1.9% from a year earlier in the U.S., and 0.9% in the company's international segment on a constant-currency basis.

The company has more than 18,500 stores across 11 countries.

Net income for the company rose 89% to \$1.51 billion, or \$1.55 a share. On an adjusted basis, earnings per share came in at \$1.48, above the \$1.45 expected by analysts.



Cleveland Browns players celebrated with their fans last month after a win over the New York Jets. The average television audience for an NFL game is up 3% this year.

# Football Gets Back Its TV Mojo

NFL's gain is first since 2015 as new stars arrive and controversy over anthem fades

By JOE FLINT  
AND ANDREW BEATON

were the only networks to post an uptick in prime-time viewers this broadcast-TV season, which began Sept. 24. The viewership of ESPN's "Monday Night Football," however, fell 3%, hurt by blowout games and competition from baseball.

Troy Vincent, NFL executive vice president of football operations, said ratings were boosted by the quality of play, a crop of young stars and a dearth of off-field distractions, such as players protesting during the national anthem. "These were conversations that were polarizing around the sport. Now we're talking [about] the sport," he said.

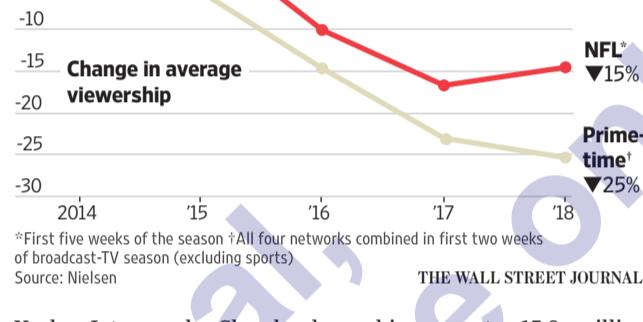
In Week 5, all four rookie quarterbacks who were picked in the top 10 of last spring's NFL draft started and won their games. Patrick Mahomes, the 23-year-old quarterback for the Kansas City Chiefs, leads the league in touchdown passes. Jared Goff, also 23, has led the Los Angeles Rams to an undefeated start.

"This is shaping up as the year of the QB," said Mike Mulvihill, executive vice president, research, for **21st Century Fox**'s Fox Sports.

A prime example of this came in "Thursday Night Football" on the NFL Network in Week 3, when two of the worst teams in the league from a year ago—the New

## Ratings King

Television viewership of NFL games has eroded in past years, but to a lesser extent than prime-time entertainment.



\*First five weeks of the season †All four networks combined in first two weeks of broadcast-TV season (excluding sports)

Source: Nielsen

THE WALL STREET JOURNAL.

York Jets and Cleveland Browns—combined to produce a thriller. In that game, Browns rookie quarterback Baker Mayfield, who was the top pick in the draft, took over midway through the game to lead his team past the Jets, led by quarterback Sam Darnold, the No. 3 pick.

This year's games also have been high scoring and close. Teams are averaging 24 points a game, the most in NFL history, while the average margin of victory of about 10 points is smaller than any since 1932.

Eight games have gone to overtime, tying the most at this stage since overtime was instituted in 1974.

**CBS** Corp.'s CBS, whose average Sunday afternoon view-

ership rose to 15.9 million from 14.9 million a year ago, has broadcast rights to the American Football Conference, which includes the undefeated Chiefs and revitalized Browns.

CBS Sports Chairman Sean McManus said new stars and close games aren't solely responsible for boosting numbers.

"I do think there is so much unpleasantness out there today and so much divisiveness between different groups that the refuge of NFL football is probably more appealing now than it's been in a long time," Mr. McManus said.

More viewers over 50 years old are watching the NFL this season, according to Nielsen. People over 50 view player protests during the national

anthem—which have become more muted this season—more negatively than the general population, according to a WSJ/NBC News poll from August. Fox and Wall Street Journal parent **News Corp** share common ownership.

Several media executives last year attributed the NFL's ratings erosion to the league's aggressive media strategy, which led to a flurry of new offerings, from an increase in Thursday night games to some games being available on Verizon Communications Inc. mobile phones and Amazon.com Inc.'s streaming service.

This year's uptick in television ratings comes as the NFL is available on a growing number of platforms. An NFL spokesman said that through four weeks of the season, digital consumption was up 65% with an average audience of 326,000 a game.

The first two Thursday night games available on Amazon, NFL digital, Fox digital and Yahoo Sports were up 57% with an average audience of 800,000.

"Sunday Night Football" on **Comcast** Corp.'s NBC is averaging 19.6 million viewers through five weeks, up a hair from last season's 19.5 million at this point in the season.

"It's slightly better than we anticipated," said NBC Sports Chairman Mark Lazarus.

# Delta Posts Gains Despite Higher Fuel Costs

By ANDREW TANGEL

**Delta Air Lines** Inc. said a jump in revenue during the third quarter nearly offset a surge in jet-fuel prices that is battering U.S. carriers.

The No. 2 U.S. carrier by traffic said an 8% rise in revenue was driven by strong demand, premium ticket sales and higher fares, helping overcome higher fuel costs and disruption from Hurricane Florence in September. Profit rose 13% to \$1.3 billion.

Delta stock rose 3.6% to \$51.48 on Thursday.

Delta, the first major U.S. airline to report earnings for the recent quarter, underscored how the run-up in fuel prices remains a threat to the industry's profitability despite soaring demand for air travel.

The Atlanta-based carrier's fuel bill rose \$655 million, but Delta said it was able to offset 85% of the increase. Other unit costs remained flat.

"The economy is healthy," Chief Executive Ed Bastian said during a Thursday call with analysts and reporters. "To the extent oil prices were to continue to rise, we expect to be able to pass along the cost of that."

He wouldn't say how much Delta would continue raising fares to recover further cost increases.

Delta didn't offer an outlook for 2019. A spokesman said Delta expects to earn between \$5.35 and \$5.70 a share for all of 2018 as previously forecast.

It wasn't clear whether Delta would be scaling back capacity growth to bolster profit, as previously telegraphed. Delta said capacity growth in the fourth quarter would be around 4%. The carrier has said previously that it would expand capacity 3%



U.S. carriers have been benefiting from strong air-travel demand.

across all of 2018.

With a \$34 billion market value, Delta is the most valuable U.S. airline on Wall Street. Its stock is down 11% so far this year, but is faring better than rival American Airlines Group Inc., whose stock is down 39%. United Continental Holdings Inc. is up 17% this year.

Investors are keeping a close eye on how U.S. carriers are scaling back plans to add flights this year as fuel costs rise faster than airlines can raise fares and fees for checking bags.

Total revenue was a record \$12 billion, up 8%. Delta's closely watched unit revenue rose 4.3%.

Hurricane Florence took a \$30 million bite out of Delta's pretax income in the third quarter.

As Hurricane Michael batters the Southeast, Delta said it had canceled fewer than 100 flights and expected no disruptions at its Atlanta hub.

—Micah Maiden contributed to this article.

## American Airlines Pact Draws Review

An agreement that allows **American Airlines Group** Inc. and European carriers such as **British Airways** to closely coordinate schedule and pricing for trans-Atlantic flights is getting fresh scrutiny in Britain.

The U.K.'s Competition and Markets Authority on Thursday said it had launched a review of the pact, aiming to complete the initial process by March. The partnership also includes **Finnair Oyj** and Spain's Iberia, which like British Airways, is part of **International Consolidated Airlines Group SA**.

Such agreements have become a popular operational tool for big-name long-haul carriers. **Delta Air Lines** Inc. has joined with **Air France-KLM SA** and Britain's **Virgin Atlantic Airways** Ltd., while **United Continental Holdings** Inc. has struck such an accord with Deutsche

Lufthansa AG and others.

National ownership rules typically bar outright takeovers of airlines by foreigners, impeding the global consolidation that has taken place in other industries as a way to cut costs and boost profits. The U.S., for instance, limits foreign ownership in its carriers to 25%, while Europe's cap is 49%.

Trans-Atlantic routes can be among the most profitable for carriers, including IAG. The airline group said it would respond to review while noting that passengers had seen "significant benefits" in the form of better scheduling and new routes since its pact with other carriers went into effect.

American Airlines said it would work with the U.K. regulator and said it was "confident" the review would show the benefits of the arrangement.

The British regulator said it was launching its review now because concessions the airlines made when the joint ven-

ture was blessed by the European Commission in 2010 were coming to an end. Those 10-year commitments, including making airport slots available to rivals, aimed to address competition concerns on such routes as New York-London, Dallas-London and Miami-Madrid.

The British regulator said "no assumption should be made" the agreement is anti-competitive.

The review is also in part an unintended consequence of Britain's decision to split from the European Union. The British regulator said it was acting because "the European Commission may no longer have responsibility for competition in the U.K." Most of the route concessions for the pact affect the U.K. market. Brexit has brought other uncertainties for airlines, including over future air traffic rights between the U.K. and EU.

—Robert Wall and Adam Clark

# Verizon Changes Exit Package in Infosys Deal

By SARAH KROUSE

**Verizon Communications** Inc. on Thursday changed the exit package offered to about 1,000 of its U.S. workers who were set to move to outsourcing giant **Infosys** Ltd.

After telling those information-technology workers in late September that they weren't eligible for severance, the wireless carrier is now giving them the option of taking the exit package or moving to Infosys with a guarantee of comparable pay and benefits for two years.

A spokesman for Verizon said the offer reflected the carrier's final agreement with Infosys. Verizon, the largest U.S. wireless carrier by subscribers, recently signed a \$700 million information-technology outsourcing agreement with the Indian company.

About a dozen employees affected by the move to Infosys said they were initially surprised and disappointed that they were being transferred to a new company, rather than being offered the severance packages many of their colleagues received.

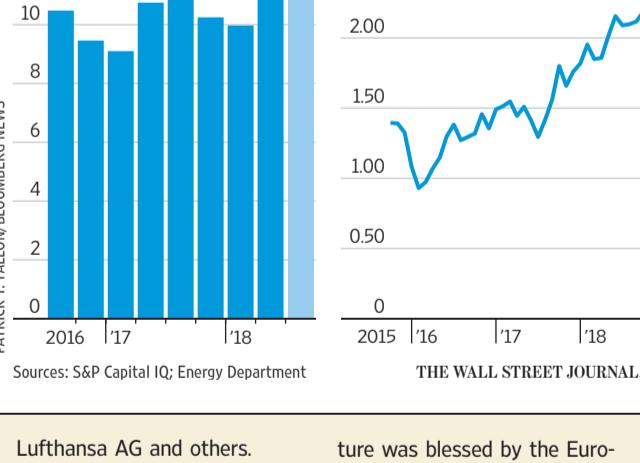
The IT staff being transferred to Infosys work in Verizon offices across the country, including in Texas, Virginia, Georgia and New Jersey.

Verizon and Infosys executives had sought to assuage concerns.

"Our largest commitment to Verizon: Providing you a long, fulfilling career," a presentation delivered to employees during town hall meetings with Verizon and Infosys executives read.

## Climbing Higher

Delta Air Lines' revenue is rising but so are fuel prices.



Sources: S&P Capital IQ; Energy Department

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## TECHNOLOGY

WSJ.com/Tech

# iPhone Users Warned of ID Theft in China

Payment companies say security breach led to loss of funds; Apple is urged to act

China's two mobile-payments giants said stolen Apple IDs were used to swipe customer funds, and called on **Apple Inc.** to address the issue.

*By Stella Yifan Xie  
in Hong Kong and Yoko Kubota in Beijing*

Alipay, the payments affiliate of e-commerce company **Alibaba Group Holding Ltd.**, in recent days posted an online notice warning iPhone users, and saying some customers had lost money as a result.

Alipay said it has asked Apple "multiple times" to pinpoint how the thefts occurred, and that the Cupertino, Calif.-based company replied it is looking into the matter.

An Apple ID refers to the account used to access Apple services such as its App Store and iCloud. It includes information such as the user's email address, password and payment details, according to Apple's website.

Some Chinese iPhone users complained in recent days that they received mobile notifications of App Store spending they didn't authorize, according to state media China National Radio. Complaints on social media claim losses amounting in some cases to hundreds of U.S. dollars, with text-message notifications at odd hours.

Alipay's notice didn't say how many people had been affected, but said they did in-



Some consumers prefer Apple devices to those of its Chinese rivals because they consider the company's privacy protections tighter.

clude iPhone users who connect their accounts to other payment systems, including its main rival WeChat Pay as well as credit cards.

A spokeswoman for WeChat Pay, owned by **Tencent Holdings Ltd.**, said it didn't issue a notice to users, but a company statement to the media echoed Alipay.

Both Alipay and WeChat Pay hold billions of dollars of customer funds in escrow to facilitate mobile and online transactions.

An Apple spokeswoman

pointed to instructions on its website for protecting Apple IDs against fraud—such as two-factor authentication, a setting that requires users logging in to verify their identity with a second code in addition to a password.

Alipay's online notice warned customers are "exposed to risks of financial loss" until Apple resolves the issue, and said they could minimize losses by reducing the amount that can be transferred without entering a password. It also included Ap-

ple's China customer-service number.

The brouhaha has emerged during a week when Apple Chief Executive Tim Cook is in China meeting with employees and government officials.

Alipay, owned by fintech company **Ant Financial Services Group**, is China's largest mobile-payments system by transaction volume, slightly ahead of WeChat Pay. Alipay had 700 million users as of August; WeChat Pay, more than 800 million users as of June.

Between them they handled nearly \$15 trillion in mobile transactions in China last year, according to data firms iResearch and Analysys. Both systems are widely used to pay for things such as bus and taxi rides, meals, online purchases and utility bills, and even to invest in mutual funds.

Some consumers in China prefer Apple devices—including the iPhone—and services over those of its Chinese rivals running on Android because they consider the company's privacy protections tighter.

## Supplier's Engineers Brought In-House

**Apple Inc.** has agreed to bring in house more than 300 engineers from one of its key suppliers, Europe-based **Dialog Semiconductor PLC**, as part of a \$600 million deal that boosts the smartphone giant's chip-design operations.

The transfer of what amounts to 16% of Dialog's total workforce involves a group of engineers who have already been supporting Apple's chip development, Dialog said Thursday.

Apple will pay Dialog \$300 million in cash and prepay \$300 million for Dialog products to be delivered over the next three years. As part of the deal, Apple will also assume control of certain Dialog facilities in Italy, Germany and the U.K.

The development of more powerful processors for the iPhone is outpacing advances in the device's battery. Apple has been using Dialog chips to manage the battery life of its iPhones for years, but more recently has added its own semiconductor experts to design chips that work alongside Dialog's components to optimize power, according to a person familiar with the matter.

Dialog's shares tumbled earlier this year when the company disclosed that Apple was adding a second power-management chip supplier. On Thursday, they rose nearly 27%.

—Anthony Shevlin and Tripp Mickle

## Snowflake More Than Doubles Its Value

BY JAY GREENE

**Snowflake Computing Inc.** raised \$450 million in a funding round that more than doubles the data-warehousing startup's value in nine months to \$3.5 billion, reflecting companies' strong appetite for services that tap into the cloud.

The valuation ranks Snowflake fourth among privately held U.S.-based business software and services companies, according to Dow Jones VentureSource. The latest round, led by Sequoia Capital, brings the total raised by Snowflake to just under \$1 billion.

Companies use data warehouses to store and analyze huge amounts of information, everything from sales to billing to supply-chain metrics. Annual revenue in data warehousing is expected to climb to \$19.87 billion in 2020, a 41% jump from last year, according to market-research firm International Data Corp.

Snowflake, which last raised \$263 million in January, doesn't disclose its finances. But the six-year-old company expects revenue to nearly quadruple in its fiscal year ending Jan. 31, and has tripled its number of customers to roughly 1,000 companies.

"We don't expect it to slow down," Sequoia partner Carl Eschenbach said.

Chief Executive Bob Muglia, a former Microsoft Corp. executive, said the funding will help Snowflake, which doubled its head count to 650 this year, reach 1,000 employees by the end of 2018. The company is hiring in sales, engineering and consulting, and Mr. Muglia expects to add 1,000 more workers in 2019.

"We've seen demand from customers shoot through the roof," Mr. Muglia said. Companies are increasingly trying to figure out how to capture and analyze the vast troves of data created by their businesses, helping to fuel Snowflake's growth, he said.

All of the company's venture-capital investors participated in the latest round, and Snowflake added a new one, Meritech Capital.

The funding should be enough to "carry us to a public offering," possibly as soon as 2020, Mr. Muglia said.

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## Walmart Cuts Deals In Entertainment

BY JOE FLINT  
AND SARAH NASSAUER

**Walmart Inc.** has struck deals with an old-school Hollywood studio and a next-generation interactive-video startup as part of a drive by the retailer to become an entertainment hub.

Earlier this week, Walmart reached an agreement with **MGM Holdings Inc.** for the studio to create original content exclusive to Vudu, the on-demand streaming service Walmart bought in 2010. Separately, Walmart is creating a joint venture for content with Eko, a video platform that specializes in entertainment and commerce content.

The moves are indicative of the growing competition between Walmart and **Amazon.com Inc.**, which is investing heavily in video as well, in large part to lure potential customers to its platform.

"We think this will drive a deeper engagement with customers," said Scott McCall, the Walmart senior vice president overseeing entertainment. "We want them to drive by our digital store multiple times a day."

A priority for Walmart is strengthening Vudu, which allows users to buy or rent around 180,000 films. The service is widely available on televisions and streaming devices such as Roku, but hasn't attracted the userbase of rivals, including Netflix, Hulu and Amazon Prime Video.

The first original show out of the MGM partnership will be a series remake of "Mr. Mom," the 1980s comedy. It is expected to debut next year.

The shows will be free when viewed with ads on Vudu. Walmart is looking to join with other studios to license exclusive video content from them, but doesn't plan to own the shows long-term or undergo the costly effort of producing shows directly.

"We don't want to come across as being a studio. We want to partner with studios and content creators," Mr. McCall said.

He also said the company has no immediate plans to launch a separate subscription-video service to compete with **Netflix Inc.** The company had early discussions about creating such a service, but they never advanced, he said.

Walmart aims to license video that targets its core

middle- and low-income shoppers in rural and suburban communities, a demographic the company believes is underserved by current streaming services, said spokesman Justin Rushing.

Creating breakthrough content is increasingly challenging in a media environment where consumers have myriad options. An array of companies, from streaming giants like Netflix to newer players like Apple Inc. and Facebook Inc., are creating original programming. AT&T Inc. on Wednesday said it plans to launch a new subscription streaming service next year that will house TV and film properties from its WarnerMedia division.

The cost of entry is high, as these players compete for the best talent and shows. In its favor, Walmart has a website seen by more than a million unique users a month, giving it a strong base to build awareness for its programming and e-commerce efforts.

Terms of the deal with Eko weren't disclosed, but people familiar with the matter said Walmart is investing \$250 million in the venture. Walmart will also take part in Eko's next round of funding, the companies said. Other Eko investors include Sequoia Capital, Sony Corp., MGM and Samsung Electronics Co.

Founded by Yoni Bloch, an Israeli musician turned tech entrepreneur, Eko has made branded interactive content for Coca-Cola, Ford Lincoln and IKEA. It also makes original, short-form interactive series in which viewers can choose the direction of a story.

Content for Walmart could range from cooking shows to interactive toy catalogs, the companies said. It will appear on Walmart.com, though Eko also has the freedom to take the content to other social media platforms, people with knowledge of the partnership said.

Walmart advertising will be included in the entertainment content the venture produces, and the companies would share in revenue.

"This is the next generation of storytelling," said Mr. McCall. "It can be marketing. It can be short-form video or long-form content. It can reside on Walmart.com or Vudu, but it is not tied to those platforms," he added.

## Sotheby's Says Owner Keeps Shredded Banksy, But Artwork Is Renamed 'Love Is in the Bin'

**Sotheby's** said the woman who won the \$1.4 million Banksy painting that self-destructed after it was auctioned off in London has decided to keep it.

The auction house said Thursday that Banksy's authentication body, Pest Control, reauthenticating the 2006 graffiti-style artwork, "Girl With Balloon."

It has also been renamed "Love Is in the Bin" (2018)—an indication that the artist sees it as a new work.

The bidder who won it over the telephone last Friday remains anonymous, but Sotheby's said she is a longtime European collector.

In a statement released through the house, she said, "When the hammer came down last week and the work was shredded, I was at first shocked, but gradually I began to realize that I would end up with my own piece of art history."

Sotheby's said it had nothing to do with the intervention.

"Were we in on it? Absolutely not," said Sotheby's expert Alex Branczik, posting a shredded image of the work to his Instagram account on Thursday. "Do you really think Banksy, who spent his youth stenciling walls in Bristol and dodging the local authorities, would want to collaborate with

the art establishment? Come on."

Even so, the auction house is capitalizing on the marketing bonanza drummed up by the event. It said the new owner agreed to let it display the work in its Mayfair showroom through Sunday.

Now that the work has been authenticated once more by the artist, its value should remain intact—and could likely grow following its provocative auction moment, dealers said.

Banksy, who keeps his identity shrouded in mystery, has gained international acclaim for politically charged street art.

—Kelly Crow



**ROBOT ADVANCE**  
MAKERS FORM GLOBAL PARTNERSHIPS P3

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ALL YOU NEED TO KNOW

# CHINAWATCH

CHINA DAILY 中國日報



**WORLD TRADE TIES**  
HOW ENVOY HELPED OPEN THE DOOR P4

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# Import Expo Excites Global Business

Foreign companies say they are looking forward to the opportunities and exposure the major exhibition will provide them.

**China Daily** reports

**M**ore than 2,800 companies from 130 countries and regions will attend the first China International Import Expo in Shanghai from Nov. 5 to 10. Business leaders worldwide have expressed high hopes for the opportunities the event will present.

It is said to be the world's first national-level expo exclusively focused on imports.

The expo, to be held at the National Exhibition and Convention Center (Shanghai), was announced by President Xi Jinping at the Belt and Road Forum for International Cooperation in Beijing in May last year. It will cover about 67 acres in the center, reportedly the world's largest single block building and exhibition complex.

In addition to the thousands of exhibitors, organizers say they expect 150,000 purchasers to attend.

China's exports were worth 15.3 trillion yuan last year, 10.8% more than in 2016, and imports were worth 12.5 trillion yuan, 18.7% more than in 2016, according to China Customs.

On April 18, expo organizers launched an online trading platform that aims to give the six-day event an extended life online throughout the year. With this, companies taking part in the exhibition can display their products, seek potential partners and conduct online trading with digital payment systems.

Several match-making meetings were held to help exhibitors and buyers communicate and connect before the expo. For example, about 120 exhibitors and buyers of medical equipment and medical care products gathered on Aug. 22.

Six companies, Artemed Group, Draeger, Fujifilm, Shang You Co. Ltd., Siemens Healthineers and Towako Group, even signed application forms to attend next year's import expo during the meeting.

Foreign companies say they are looking forward to the opportunities and exposure.

**The expo will bring a very strong exposure to our company by introducing us to high-level government officials, influential trade professionals..."**

LAURENT CASTELLA  
HEAD OF THE ASIAN MARKET FOR THE SWISS COMPANY GF MACHINING SOLUTIONS

"The expo will bring a very strong exposure to our company by introducing us to high-level government officials, influential trade professionals, including many existing and potential customers, and also hopefully the general public, and this could result in recruiting opportunities for us," said Laurent Castella, head of the Asian market for the Swiss company GF Machining Solutions, speaking in Shanghai.

GF Machining Solutions, founded in 1802, is an industrial leader in the transport of liquids and gases, lightweight casting components in vehicles and high-precision manufacturing technologies.

SEE "EXPO" ON P2



Ornamental patterns from ancient Chinese textiles. PHOTOS PROVIDED TO CHINA DAILY

# In 10 Volumes, 5,000 Years of Pure Silk

BY MEI JIA

Silk is the most important creation of ancient China, one that has been passed down over 5,000 years, says Zhao Feng, a silk expert and director of the National Silk Museum in Hangzhou, Zhejiang province.

"To protect and preserve the relics we can try to be comprehensive with new ways of sourcing and reutilizing for modern-day use."

Zhao has studied silk for almost 40 years, so any new discoveries, no matter how trivial, are sure to delight him. In 2013 he set out with a team of scholars from more than 10 universities on a national project

to collect silk patterns, and these are brought together in the 10-volume *Ornamental Patterns from Ancient Chinese Textiles*, published by Zhejiang University Press, which was unveiled at the Beijing International Book Fair from Aug. 22 to 26.

"To choose the patterns that are highly representative we went to find the actual historical pieces, and they are scattered in different places, which made things more difficult," Zhao said.

The series is authoritative and replete with explanations on the origin of silk pieces as well as anecdotes.

SEE "SILK" ON P4



An 85-year-old Hong Kong resident heads home on the first high-speed train from Fuzhou to Hong Kong on Sept. 23 after visiting relatives in Fujian province. ZHANG GUOJUN / XINHUA

# Fast Track to Bay Area Integration

High-speed railway joins infrastructure improvements connecting hugely prosperous area. **He Shusi** reports

When the first high-speed train rolled out of West Kowloon Station in Hong Kong at 7 a.m. on Sept. 23, it marked a major step in the rapidly evolving Guangdong-Hong Kong-Macao Greater Bay Area development initiative.

The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, also known as XRL, is only 16 miles long.

But it means travelers can make the trip between the heart of Hong Kong and the central business district in Shenzhen, Guangdong province, in 14 minutes. And Guangzhou, the provincial capital, is only about 50 minutes away.

It eliminates almost an hour of travel time compared with other forms of transport such as intercity trains or cross-boundary buses.

More than 300,000 tickets were sold on Sept. 23, when 10 local tour groups left from West Kowloon for various mainland destinations, MTR Corp., the link's operator, said.

The new railway is expected to carry 80,000 cross-boundary passengers daily by the end of the

year, officials with the Hong Kong Transport and Housing Bureau said.

Carrie Lam Cheng Yuet-nger, chief executive of the Hong Kong Special Administrative Region, said that with the combined effect of a series of cross-border infrastructure projects, including the XRL, the Hong Kong-Zhuhai-Macao Bridge and the third runway

at Hong Kong International Airport, Hong Kong will have better connection with the Bay Area and support the area's development by optimizing the flow of talent, goods and information.

Located in the Pearl River Delta, the Bay Area comprises nine cities in Guangdong, plus Hong Kong and Macao.

Last year the total GDP contributed by all 11 cities in the

region stood at 11.7 trillion yuan (\$1.7 trillion), meaning that 5% of the national population contributed more than 14% of GDP last year.

The high-speed line connects Hong Kong to more than 15,500 miles of track on the mainland, the world's longest rail network.

Direct trains can travel from Hong Kong to 44 destinations in 38 cities on the mainland at speeds up to 190 miles per hour, including Beijing and Shanghai. Thirty-four of these cities are less than five hours away, including provincial capitals, such as Wuhan (Hubei province), Changsha (Hunan), Nanchang (Jiangxi) and tourism hubs including Xiamen (Fujian), Guilin (Guangxi Zhuang Autonomous Region) and Shantou (Guangdong).

The new link has triggered considerable excitement in Hong Kong. When advance tickets went on sale on Sept. 10, people started lining up hours before the ticket office opened.

**\$1.7 trillion**

total GDP contributed by all 11 cities in the Bay Area

SEE "TRAIN" ON P2

# Soul-Searching in a Hidden Land

BY XU FAN

When Rao Zijun was recruited to direct the documentary *Hidden Land in Northern Tibet* she was still a fourth-year student majoring in movie and television editing at the Central Academy of Drama in Beijing.

Alongside the other 47 crew members, Rao, then 21, trekked nearly 2,200 miles deep into the Tibet autonomous region's Qiangtang, China's largest nature reserve, in December 2016. With its lakes, deserts and glaciers the area is a haven for rare species such as the Tibetan antelope, the wild yak and the Tibetan brown bear.

The 90-minute documentary, which is centered on the Purog Kangri Glacier, about 350 miles from the town of Nagchu in the Tibet autonomous region, opened in Chinese mainland theaters on Aug. 31.

Purog Kangri, covering more than 150 square miles, is the third-largest glacier in the world.

Unlike most nature-themed documentaries featuring natural scenery and wildlife, *Hidden Land in Northern Tibet* is more of a soul-searching exploration about the people who shot the film.

Rao had a personal impetus behind this challenging project,



Tibetan gazelles are featured in the documentary *Hidden Land in Northern Tibet*.

PHOTO PROVIDED TO CHINA DAILY

which was also her first foray into these little-known highlands with an average elevation of 16,404 feet above sea level.

When she was five years old, her father Rao Jianfeng became fascinated with climbing, and he went on to successfully scale 10 of the world's 14 highest peaks around 26,247 ft high.

But the accomplished climber, who had by then become a renowned figure in Chinese adventure circles,

was shot dead by a group of terrorists in Pakistan on June 22, 2013.

Rao Jianfeng, then 49, was at a high-altitude mountaineering base camp in Gilgit-Baltistan, the northernmost administrative territory of Pakistan, planning to climb Nanga Parbat, the world's ninth-highest mountain at 26,660 ft above sea level.

SEE "FILM" ON P4

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## CHINAWATCH

CHINA DAILY 中国日报

# HEALTHY RETURNS

Travel firms flocked to an expo in Beijing hoping to tap China's health tourism market, providing the industry with an extra shot in the arm.

**Yang Feiyue** reports

**M**ahender Thakur was enjoying his time on an automatic massage bed at a medical expo in Beijing. "The rolling and pushing motion really relaxes my back," said Thakur, a deputy general manager at Cox & Kings, an India-based provider of luxury holidays and tailor-made tours.

After the massage session, Thakur moved on to the other booths at the second Beijing International Health Tourism Expo which ran from Sept. 7 to 9.

These booths showcased a variety of health tourism products and resources from more than 20 provinces and regions around China.

"I want to have a look around and then make some purchases," Thakur said.

His company brings about 5,000 Indian health tour visitors to China every year and was looking to identify more health tourism resources at the expo and show them to potential customers in his home country.

Thakur was one of many foreign travel specialists looking to develop their Chinese health tourism resources through the Beijing expo.

"We've seen 70 international buyers from 17 countries, including the United States, Britain, France and Spain, at the expo," said Wu Dan, a manager with Sunny International Communications, the organizer behind the expo.

"China has advantages over other countries in health tourism because it is rich in traditional Chinese medicine resources," Wu said.

Exhibitors at the expo ranged from government-accredited health tourism demonstration facilities to tourism management organizations and medical institutes.

"Many have already developed mature health tourism products, and are ready to take in foreign guests," Wu said.

Increasing public health awareness at home and government

encouragement of health tourism have given the Chinese health tourism development a shot in the arm.

In 2016 five national government bodies, including the National Tourism Administration (now part of the Ministry of Culture and Tourism), the National Health Commission and the State Administration of Traditional Chinese Medicine issued guidelines on how health tourism should be promoted.

These guidelines call for health tourism facilities with distinctive elements to be developed by 2020. The government has pledged to support medical, health management and leisure facilities to develop health products.

Policies have been put in place to boost investment in infrastructure, promote marketing and create insurance products to develop China's health tourism industry.

The Sanya Traditional Chinese Medicine Retreat Center has drawn an increasing number of foreign customers over the years.

The center offers various TCM and related skin care services and receive about 60 tourists from abroad daily.

"Our guests come from various parts of the world, including Russia and Kazakhstan," said Tang Yi, a senior therapist with the center, which sits at the foot of a mountain.

"They come to enjoy the beach, sea and sunshine, while having their health problems treated."

"We usually take in three to four groups of foreign visitors each month," said Zhang Qiaopan, an employee at the center.

The center can receive more than 1,000 foreign guests a year.

"We teach them basic TCM philosophy, therapeutic cuisine, acupuncture and massage, so they can continue practicing TCM after they leave," Zhang said.

Packages lasting from several days to four weeks are available for guests to choose from, and English, Russian and Arabic services are provided.

Lars Roman Engel from Copenhagen in Denmark, said he has established contact with several tea-producing regions at the expo.

"I tried some of the tea at a few booths, and they were quite nice. I had heard that some of them can help your digestive system."

Engel and his team from a travel agency in Copenhagen joined the expo to "find inspiration and get to

Acupuncture, TCM massage and fire therapies have become popular with them, Tang said.

Customers usually receives a whole body checkup upon their arrival at the center, which then draws up a health tour package plan for them.

TCM diets, tai chi and hot spring experiences, as well as visits to neighboring scenic spots, are arranged.

"For example, if we find problems with their spine, we would recommend our bone-setting and massage products," Tang said.

A five-day TCM treatment at the center costs 1,180 yuan (\$170), while some immersion therapy packages can cost more than 15,000 yuan per person.

Another TCM destination is the Yiling Health Center in Shijiazhuang, Hebei province, which is growing increasingly popular with travelers from Thailand, Malaysia, Singapore and Switzerland.

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Visitors experience TCM services at the second Beijing International Health Tourism Expo which ran from Sept. 7 to 9. PHOTOS PROVIDED TO CHINA DAILY

know what's happening in China's health tourism industry."

Health products displayed at the expo could be a good fit for travelers from his country, he said.

"In Europe we are very busy and we need various treatments that can help us calm down and feel like ourselves again. So I think these kinds of tea could just hit the spot."

## Expo: Firms Given Assurance on Intellectual Property Rights

FROM PAGE 1

GF has been working with universities around the world to develop more intelligent products and processes and plans to bring these technologies to China, Castella said.

An official of ZF Friedrichshafen AG, a German automobile parts manufacturer, said the expo presented an excellent opportunity for it to increase technical exchanges with its Chinese counterparts.

"ZF is a strong supporter of the Chinese automobile industry," said Andreas Weller, president of ZF Friedrichshafen AG for the Asia-Pacific region.

"As an active player in both

Chinese and global auto industries, ZF is pleased to take part in the fair, which is an important means for the sustained opening-up of the Chinese economy, and a great opportunity for global enterprises to enhance technical exchange and business operations here."

The expo has attracted many leading technology companies that will showcase their products and solutions, but some of the big names are still reluctant to sell their products in China because of restraining measures from their own governments, said Liang Feng, president of China National Machine Tool Corp.

However, Liang expressed confidence that this would

soon change when these major corporations saw China's determination to reform and further open up its market.

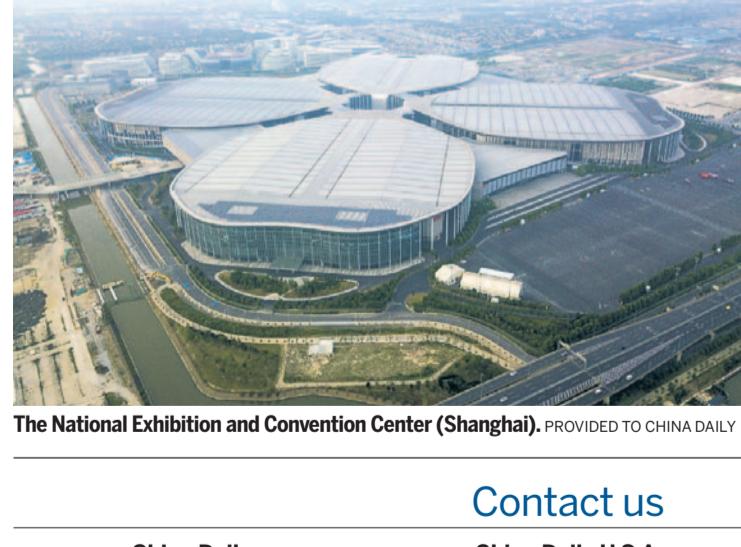
"China has attached great importance to intellectual property rights protection, and all the regulations are made according to international regulations. International companies can rest assured that their patents will be protected in China."

A one-stop service will be provided for all exhibitors to safeguard their intellectual property rights at the inaugural event, organizers said.

Food and agricultural industry giants are among other concerns expressed high expectations.

Robert Aspell, president of the U.S. food and beverages manufacturer Cargill Asia-Pacific, which made its first investment in China in the early 1970s, said it would be looking to better align its operations with the strategic interests of China by focusing on food security and safety.

Jean-Philippe Poulin, president of Lesaffre Greater China, which specializes in yeast and fermentation, said, "We expect the exhibition to demonstrate how we can invest in China, and we will also try to convince other big companies to invest with us to create an innovative platform in China."



The National Exhibition and Convention Center (Shanghai). PROVIDED TO CHINA DAILY

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## Train: Regional Trips Become Much Easier With New Lines

FROM PAGE 1

“

We are optimistic that the actual patronage of the XRL will exceed the current forecast."

HONG KONG'S TRANSPORT AND HOUSING BUREAU

location in the central business district of Shenzhen, home to the Shenzhen Stock Exchange, the headquarters of a number of well-known conglomerates as well as the Shenzhen Convention and Exhibition Center.

By 2031, the bureau forecasts, about 129,000 passengers a day will use the line. This means that 13 years after it opened, the XRL will serve about 47.2 million passengers a year, or about 70% of the 68 million people in the Greater Bay Area.

Even so, the predicted volume is only slightly higher than half of the line's daily maximum capacity, according to the latest figures submitted by the bureau to the Hong Kong Legislative Council.

"In other words, there is ample capacity for the XRL to accommodate more passengers," the bureau said.

"Having regard to the fast-growing economic and tourist developments around the short-haul destinations, we are optimistic that the actual patronage of the XRL will exceed the current forecast."

Among those who eagerly looked forward to the new link's launch was Lam, the Hong Kong chief executive, not only because she is one of the most important figures in the XRL's birth in the city, but also a high-speed rail fan.

Recalling a family trip last year by high-speed rail to Guilin, Lam said she will use this form of travel more for business trips.

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BUSINESS | 3

# China Looks for Pacts on Robotics

Innovators, companies and investors highlight global partnerships. **Ma Si** reports

**I**n a sprawling warehouse in Tokyo, several robots made by the Chinese company HIT Robot Group are busy picking and stacking goods on to the shelves.

Equipped with sensors and image recognition software, they navigate the alleys between the shelves intuitively, choosing unobstructed straight lines that save time and enable efficiency, unlike human workers who might zigzag unconsciously.

"In Japan, labor costs are very high with its shrinking pool of working population," said Yu Zhenzhong, senior vice-president of HIT Robot Group, or HRG.

"The demand for workers in warehouses also changes with the alternating peak season and slack period in e-commerce. Our robots solve this problem with lower operating costs and higher efficiency."

With constant progress in research and development, Chinese robot

makers such as HRG are increasingly going global, shipping their products to overseas markets. At the same time they are helping foreign companies better tap the potential in China, the world's largest robot applications market, to deepen global exchanges.

"International collaboration is of crucial importance to build a well-organized global robotics industrial chain," Yu said.

"Frequent communication can generate new ideas for cutting-edge technologies."

With robots increasingly intertwined with artificial intelligence and other technologies, Chinese companies and their foreign counterparts are realizing the need to go beyond naked competition, Yu said.

Instead, they are trying to cultivate a win-win mentality, marked by shared interests and an intent

to take full advantage of each other's expertise to grow rapidly.

Toward that end, HRG is partnering with multinational robot heavyweights such as ABB Group of Switzerland. Such companies are seeking to integrate robot systems to offer better localized solutions for diverse sectors.

HRG, of Harbin, Heilongjiang province, is also teaming up with Israeli companies for research and development of drones. They hope to feed off each other's expertise.

The push for closer ties has become a trend in China. Government officials, entrepreneurs and experts are all calling for deeper international



A robot demonstrates its soccer skills at the 27th International Conference on Robot and Human Interactive Communication Summit in Nanjing, Jiangsu province, on Aug. 27. The event attracted hundreds of specialists from 31 countries and regions. CUI XIAO / FOR CHINA DAILY

collaboration in the booming robotics sector.

Miao Wei, minister of industry and information technology, the country's industry regulator, said China will ramp up resources to strengthen international cooperation as it strives to build a globally competitive robotics industry and accelerate the use of smart machines in manufacturing, health care and other sectors.

"China, as the world's largest robot market, sincerely welcomes foreign companies to take part in the strategic opportunity to jointly build a global industrial ecosystem," Miao said in August at the World Robot Conference in Beijing, in which more than 160 companies from 15 countries took part.

The ministry will take measures to encourage wider collaboration among Chinese companies, their international peers and foreign universities in technological research, product development and technical education, Miao said.

That would build on the achievements over the past five years. China's robotics industry has been growing at about 30% a year.

Last year the industry was worth 120 billion yuan (\$17.5 billion), according to the Analysis Report on Robot Industry in China 2018, jointly published by HIT and the China Institute of Science and Technology Evaluation, a research institute.

Last year, sales of robots used in

assembly lines exceeded 140,000 units in the country, up 58% year-on-year.

Still, the robot density, a metric for measuring a country's level of automation, in China is lower than that in many economies, indicating ample room for growth.

In 2016 the density of robot workers in China was 68 units per 10,000 people, ranking the country 23rd worldwide, lower than the global average of 74 units per 10,000 people.

Qu Daokui, president of Siasun Robot & Automation Co., said, "To better prepare for opportunities in China Chinese robot companies must go global. The robotics industry is so globalized and changing so fast that no one knows what a robot will look like in five to seven years. If we only keep our eyes on the home turf we will die out."

Zhu Sendi, a member of the National Manufacturing Strategy Advisory Committee, which advises the central authorities on manufacturing policies, said foreign robot makers have gained immensely from China's growing investment in smart manufacturing.

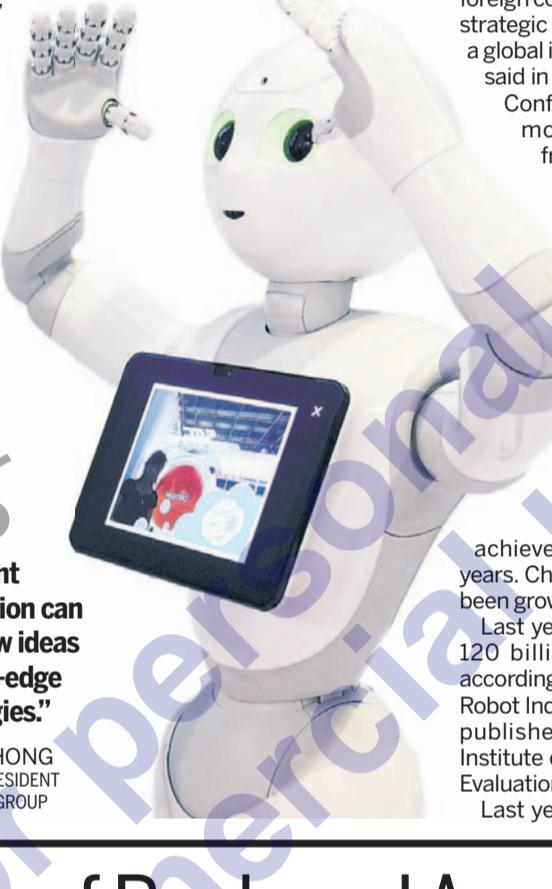
The China Machinery Industry Federation said that in China the combined share of international robot makers jumped to 73.2% last year from 67.3% in 2016.

Liu Fang, China market director at Festo, a German multinational industrial control and automation company, said that as Chinese manufacturers scramble to deploy highly automated machines in assembly lines, the country has evolved into a strategically important market for Festo.



**Frequent communication can generate new ideas for cutting-edge technologies."**

YU ZHENZHONG  
SENIOR VICE-PRESIDENT  
OF HIT ROBOT GROUP



## First-Ever Payment App of Bankcard Association Comes to HK

BY YUAN SHENGGAO

UnionPay International announced recently that it had extended its mobile payment service app to cardholders in the Hong Kong and Macao special administrative regions, to meet the increasingly greater demand from local residents for convenient payments as their connectivity to the mainland intensifies.

"The move responds to the development of the Guangdong-Hong Kong-Macao Greater Bay Area," said Cai Jianbo, CEO of UnionPay International, the subsidiary in charge of the international business of Shanghai-based UnionPay, one of the world's largest bankcard service providers.

Cai said the UnionPay app offers financial support for residents at a time of increasing daily spending, such as on transportation, cross-region and cross-border utility payments, as well as on other lower-amount but high-frequency daily consumption transactions. As a complement to traditional card payments, it brings much more convenience to locals, he added.

"UnionPay will continue to improve its financial payment services, to better serve the growth of the Guangdong-Hong Kong-Macao Greater Bay Area," Cai said.

He said the app also meets the needs of Hong Kong and Macao residents for a mobile payment solution that is good for cross-region transactions, and offers various discounts and privileges.

Residents in Hong Kong and Macao can download the UnionPay app and link their locally issued UnionPay bankcards to it. The service allows them to make payments by using UnionPay QR codes and in-app payments.

In addition to the local hardness, he said the service is also available when Hong Kong and Macao cardholders go to the mainland or travel overseas.

According to UnionPay International, its mobile payment app for Hong Kong and Macao cardholders is an open platform.

Customers with UnionPay cards

issued by six local institutions, including the Bank of China (Hong Kong) and the Bank of Communications (Hong Kong), can bind their cards to the UnionPay mobile app starting this month.

It is expected that the app will support UnionPay cards issued by most local banks in Hong Kong and Macao within the year, the company said.

### More opportunities

Chan Wing On, chairman of Tai Hing Catering Group, said the launch of the UnionPay Mobile QuickPass service in Hong Kong and Macao will further improve the mobile payment experience for local customers, and will also bring more business opportunities to local merchants.

He added that as a merchant, he was expecting good things from the app launch.

It is believed that accepting UnionPay mobile payments will enable merchants to achieve higher payment efficiency and provide various discounts to their customers.

Cai Jianbo said UnionPay has been actively promoting payment technology and product innovation, in line with technological advances and changes in cardholders' habits.

He added that UnionPay will continue to improve its payment services, to facilitate the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

UnionPay is accepted at almost all ATMs and POS terminals in Hong Kong and Macao, and about 19 million UnionPay cards are issued in Hong Kong and Macao, according to the company.

It said UnionPay has become a common payment tool for Hong Kong and Macao residents and is also currently the only international card brand in Hong Kong that provides mobile payments for debit card holders.

In addition to mobile payments, UnionPay has continued to improve its service in the Greater Bay Area by optimizing cardholders' payment experience in various sectors.

It has issued Greater Bay Area

themed cards in cooperation with banks in Guangdong, Hong Kong and Macao, offering cardholders special benefits in cross-region travels and transactions.

UnionPay contactless payments are accepted at Guangzhou-Shenzhen High-Speed Railway, the city subways in Guangzhou and Dongguan, taxis and tunnels in Hong Kong, and most parking lots and all the bus lines in Macao. Cross-region buses and ferries between Hong Kong and the mainland accept UnionPay cards both online and offline for ticket purchase.

In the future, the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong high-speed rail's Hong Kong section will both support UnionPay payment services, according to the company.

UnionPay International is a subsidiary of China UnionPay



Clockwise from top: UnionPay app enables merchants to achieve higher payment efficiency. Transactions can be made easier by using UnionPay mobile payment. UnionPay is accepted at almost all retail outlets in Hong Kong and Macao. PHOTOS PROVIDED TO CHINA DAILY

popular, especially in department stores, supermarkets and duty-free shops in airports, according to Cardwave, a Japanese magazine for the payment industry.

"It might be an irresistible trend for merchants in Japan to partner with UnionPay for offering mobile payment services as a result of increasing numbers of inbound tourists from China," said a recent report in the magazine.

In June, UnionPay International announced a partnership with the Bank of China (Canada) to enable all the stores of Foodymart in Canada to accept UnionPay QR code payments. Some food and beverage dealers in California in the United States have recently started accepting UnionPay QR code payments, too. This is the first time that UnionPay's QR code payment system has been launched in Canada and the U.S., the company said.

It is predicted that the number of dealers accepting UnionPay QR code payments in North America will reach 5,000 within this year.

The section is sponsored by UnionPay International.

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## CHINAWATCH

CHINA DAILY 中国日报

# Negotiator Who Was Key to China Joining WTO

Charlene Barshefsky paved the way for entry to global trading bloc in 2001 and says both countries should pursue a 'mutually beneficial, stable relationship.' **Zhao Huanxin** reports

**C**harlene Barshefsky is known in China for her role in the marathon talks that led to Beijing's accession to the World Trade Organization in 2001.

In her spacious office in downtown Washington, the former United States Trade Representative said she looks back with great pride on her role in helping China achieve WTO membership after 15 years of trying.

She said it has been "extremely positive" for the country and the world, and she has never regretted supporting it.

Barshefsky's role in the process culminated in the signing of a landmark market access deal between the U.S. and China in Beijing on Nov. 15, 1999, that paved the way for the country's entry to the global trading bloc.

Barshefsky defends globalization, which she said has benefited the U.S. tremendously. She also cautioned on the "uncertainty" caused by escalating tariffs, which is hurting American businesses, while urging Beijing and Washington to stick to the common goal of a "mutually beneficial, stable relationship."

In a report to the U.S. Congress in January on China's compliance with its WTO commitments, the U.S. administration said, "It seems clear that the United States erred in supporting China's entry into the WTO on terms that have proved to be ineffective in securing China's embrace of an open, market-oriented trade regime."

But Barshefsky said, "Could there be any doubt that China should be in the WTO? Of course not. I'm often asked, 'Was it a mistake?' And I'm answering you unequivocally: No. It was not a mistake; it was an

extremely positive move for China and for the world."

Nearly 18 years after China joined the WTO, Barshefsky, now 68, said she remembers anecdotes from the talks, the difficulties China experienced in satisfying membership requirements, and, most of all, the pride she derived from the historic achievement.

She also recalled a moment that had nothing to do with the negotiations, but one she feels strongly about.

One day while Barshefsky was walking in Beijing she heard a man call her name in the way a Chinese speaker would say it. She stopped, only to find a family of three walking toward her.

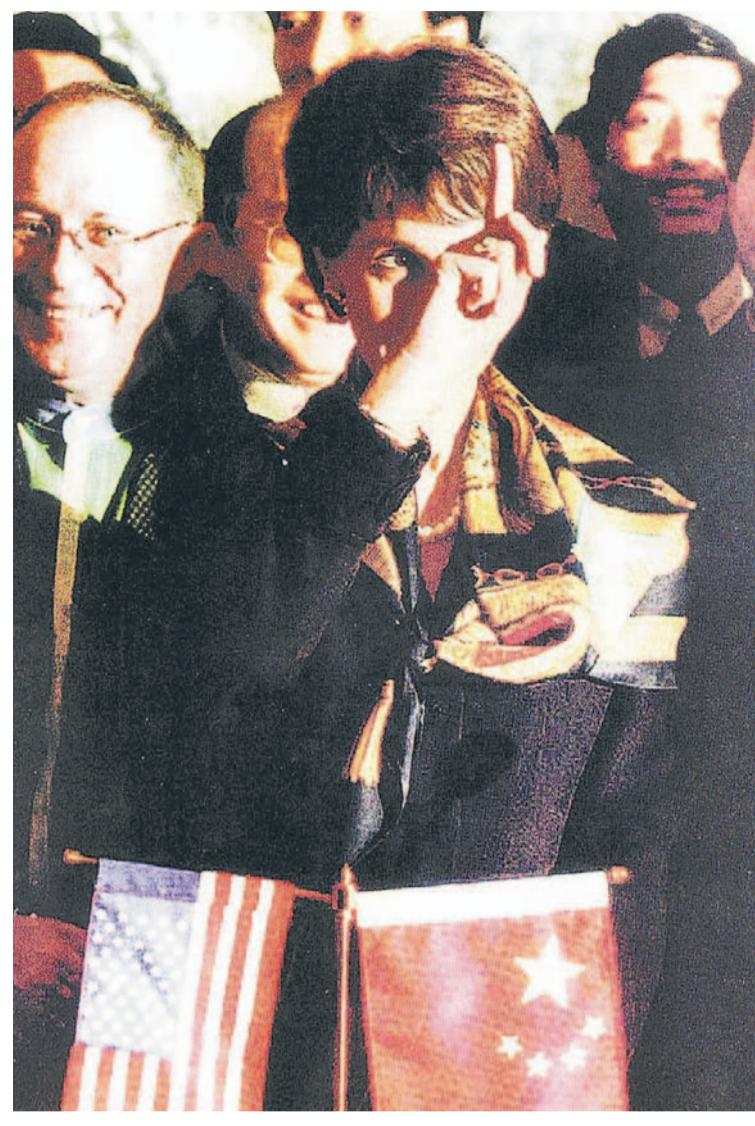
"I turned around, and it was this gentleman, and he thanked me for WTO, which of course made me laugh, because most people in the United States would have no idea what the WTO is," Barshefsky said.

"He simply wanted me to know that his son would have a better life. This was completely overwhelming to me. Obviously, he equated WTO entry with personal development, with that rise as part of this process for China."

Barshefsky said joining the WTO was a "leap" for China, and she understood membership came at a price.

Chinese enterprises were suddenly thrown into direct competition in the global market. Some did not make it, leading to massive layoffs all over the country. Fu Ying, vice-minister of foreign affairs in the late 2000s, told a roundtable discussion in New York on Aug. 29.

Barshefsky said there were substantial job losses in the State-owned sector, particularly



Top: U.S. Trade Representative Charlene Barshefsky faces the media while walking into the conference room for the signing of a landmark market access deal between the U.S. and China in Beijing on Nov. 15, 1999. XU JINGXING / CHINA DAILY  
Above: Barshefsky and Deputy Foreign Trade Minister Sun Zhenyu (right) shake hands after signing an agreement on Feb. 26, 1995, in Beijing to strengthen safeguards against intellectual property piracy in China and widen market access for U.S. companies. PROVIDED TO CHINA DAILY

in the early 2000s. But despite the "disruptive side," the Chinese market became increasingly competitive, she said.

"China brought itself to the WTO, and the reason is that I didn't change my behavior one bit; China changed. It did not have

experience with the nature and extent of reforms that had to be made; it didn't have experience with rewriting so much of its legal code. It was a leap."

Following its WTO accession, China went through a painful overhaul. In a short period, Fu

The U.S. has not been cheated, not by our trading partners and certainly not by China. ... You can say we've been disadvantaged by certain Chinese practices, and China may believe it's been disadvantaged by certain American practices."



CHARLENE BARSHEFSKY  
FORMER UNITED STATES TRADE REPRESENTATIVE

said, more than 2,000 laws and regulations were revised or abolished at the national level, and about 200,000 more below national level.

"To the extent that I was the negotiator with China, it's a point of great pride for me," Barshefsky said.

"It's globalization that has helped to make the U.S. as wealthy as it is, our economy as robust as it is."

Few countries could have survived the 2008 financial meltdown that the U.S. had to weather, she said. And even though there was a lengthy and slow period of recovery, the U.S. has adapted and adjusted to grow again, and China played a positive role in that.

"So, no, the U.S. has not been cheated, not by our trading partners and certainly not by China," Barshefsky said, adding that the word "cheated" is neither accurate nor productive.

"You can say we've been disadvantaged by certain Chinese practices, and China may believe it's been disadvantaged by certain American practices."

She also recalled the "critical impact" China has had in difficult times, saying such areas should be acknowledged.

Well before China's WTO accession it played an important role during the 1997 Asian financial crisis by keeping its currency stable.

Then, in the 2008-09 global financial crisis, the country became the source of critical demand in a world that was demand-deficient. It was China's economy that helped bring the global economy back to life, Barshefsky said.

"Even amid trade tensions, we cannot lose sight of the important contributions every nation makes — they are to be complimented wherever they come from, as the world works through this intense globalization, intense degree of integration, and all of the frictions and competitive pressures that arise from it."

## Film: Trek Fraught With Difficulties

FROM PAGE 1

"I heard the news and couldn't believe it," Rao said. "I kept reading posts on Sina Weibo (the Chinese micro blog) until I could confirm it was true."

The young woman believed her trip to Purog Kangri would be a good way to understand her father's enthusiasm for mountaineering as well as a way to come to terms with her grief.

And for Cai Yu, the producer and scriptwriter behind the documentary, Purog Kangri helps him to ease his nostalgic yearning for his disappearing hometown: a remote, sparsely populated village in Guizhou province, Southwest China.

Cai, once a high-ranking official with the Hainan province-based company ZOSE Group, quit his job to travel in Tibet and Qinghai in 2012.

"Qiangtang is one of the oldest areas in Tibet," Cai told reporters at a premiere in Beijing on Aug. 23. "It was formed millions of years ago and was once dotted by green landscapes



Rao Zijun, the director of the documentary *Hidden Land in Northern Tibet*. PROVIDED TO CHINA DAILY

and rivers. Relics dating back to the Stone Age were discovered there, demonstrating that it was once a cradle of humankind."

When he returned to Hainan in 2015 and was appointed as the head of a film production subsidiary of ZOSE, he decided to make a documentary about Qiangtang, which has rarely been featured on the big screen.

After spending a lot of time

obtaining permission to film there, in November 2016 he led a crew of 48, who drove there in 16 vehicles.

But the project turned out to be much more difficult than he had expected. En route toward their destination, the highest peak in Purog Kangri, most of the crew suffered from altitude sickness. Wild animals also become a potential threat. A giant wild yak attacked one of the vehicles and tried to overturn it, but the driver managed to avoid the animal.

With nearly a third of the crew quitting midway due to health problems, the remainder finally arrived at their destination.

Rao Zijun feels grateful about being able to direct her maiden feature in an area that only a few people have ever set foot in.

"I'm the first and only student in my university class who has shot a feature-length film. I feel very lucky and hope to shoot more works about Qiangtang. It's so vast and still has a lot of areas that remain to be explored."

## Silk: Patterns Down the Centuries Tell a Story

FROM PAGE 1

The editors say, "It shows the beauty of ancient silk design based on restoration through modern technologies and professional interpretation of first-class experts, and presents traditional Chinese crafts such as weaving, printing, dyeing and embroidery."

The 10 volumes also deal with silk from dynasties stretching from the Han (206 B.C. — A.D. 24) to the Yuan (1271-1368) embroidered accessories, mounting silk (like in mounting a picture, framing something, or binding a book), ethnic clothing, monochrome woven silks, polychrome silks, velvets and carpets and painted images.

Yang Zhishui, a culture expert, said the series provides a grand database from various perspectives and offers not only a history of silk and of arts, but also information about ancient Chinese society and literature.

The books recount how the Qin

and Han dynasties valued Taoism, so many cloud and cloud-like animals featured in patterns, and how Western images such as peacocks, elephants and camels began to appear on Chinese silk from the fifth century.

"Patterns travel," said Lu Jiande, an expert with the Chinese Academy of Social Sciences.

"Patterns show the interaction of different civilizations and their fluidity, and some very foreign designs we found from the ancient times were actually very native ones."

That probably explains why Russian, French and Arabic publishers are keen to publish translations of the series.

"The pictures are all scanned and restored as vector graphics, which means they will be easy for any designers to pick up and redesign," Zhao said. "These standard Chinese patterns from our ancestors will increase our cultural creativity. At least we won't be looking at the wrong patterns for reference."

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## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**25052.83** ▼545.91, or 2.13%  
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

July Aug. Sept. Oct.

\*Weekly P/E data based on as-reported earnings from Birny Associates Inc.

## S&amp;P 500 Index

**2728.37** ▼57.31, or 2.06%  
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

July Aug. Sept. Oct.

\*Weekly P/E data based on as-reported earnings from Birny Associates Inc.

## Nasdaq Composite Index

**7329.06** ▼92.99, or 1.25%  
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

July Aug. Sept. Oct.

\*Weekly P/E data based on as-reported earnings from Birny Associates Inc.

## Major U.S. Stock-Market Indexes

	Latest		52-Week		YTD % chg	3-yr. ann.
	High	Low	Close	Net chg	% chg	
Dow Jones						
Industrial Average	25683.64	24899.77	<b>25052.83</b>	-545.91	<b>-2.13</b>	13.6
Transportation Avg	10665.09	10341.06	<b>10397.23</b>	-153.69	<b>-1.46</b>	8.0
Utility Average	742.63	721.00	<b>723.37</b>	-16.17	<b>-2.19</b>	7.4
Total Stock Market	28820.85	27996.39	<b>28141.11</b>	-577.77	<b>-2.01</b>	10.3
Barron's 400	724.13	706.38	<b>706.40</b>	-12.86	<b>-1.79</b>	9.9

## Nasdaq Stock Market

	High	Low	Latest	52-Week	YTD % chg
	High	Low	Close	Net chg	% chg
Nasdaq Composite	7493.21	7274.04	<b>7329.06</b>	-92.99	<b>-1.25</b>
Nasdaq 100	7120.10	6892.89	<b>6964.03</b>	-80.47	<b>-1.14</b>

	High	Low	Latest	52-Week	YTD % chg
	High	Low	Close	Net chg	% chg
S&P					
500 Index	2795.14	2710.51	<b>2728.37</b>	-57.31	<b>-2.06</b>
MidCap 400	1908.53	1866.73	<b>1866.73</b>	-38.70	<b>-2.03</b>
SmallCap 600	991.67	967.23	<b>967.23</b>	-20.56	<b>-2.08</b>

## Other Indexes

	High	Low	Latest	52-Week	YTD % chg
	High	Low	Close	Net chg	% chg
Russell 2000	1580.89	1545.38	<b>1545.38</b>	-30.03	<b>-1.91</b>
NYSE Composite	12625.92	12299.05	<b>12349.53</b>	-272.61	<b>-2.16</b>
Value Line	550.65	538.93	<b>539.20</b>	-9.54	<b>-1.74</b>
NYSE Arca Biotech	4926.76	4783.27	<b>4816.38</b>	-69.44	<b>-1.42</b>
NYSE Arca Pharma	583.66	563.99	<b>567.80</b>	-15.58	<b>-2.67</b>
KBW Bank	104.33	101.17	<b>101.31</b>	-2.89	<b>-2.77</b>
PHLX® Gold/Silver	70.42	66.21	<b>69.97</b>	4.46	<b>6.80</b>
PHLX® Oil Service	146.69	141.83	<b>142.46</b>	-3.48	<b>-2.38</b>
PHLX® Semiconductor	1266.54	1220.49	<b>1229.36</b>	-12.74	<b>-1.03</b>
Cboe Volatility	28.84	20.65	<b>24.98</b>	2.02	<b>8.80</b>

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	19,420.9	273.90	1.73	<b>0.64</b>	277.08	271.80
Van Eck Vectors Gold Miner	GDX	8,091.3	19.88	0.01	<b>0.05</b>	19.94	19.80
Invesco QQQ Trust I	QQQ	6,614.3	170.97	1.37	<b>0.81</b>	171.38	169.19
Technology Sel Sector	XLK	5,097.1	69.96	1.33	<b>1.94</b>	70.06	68.50
Industrial Select Sector	XLI	4,602.9	73.76	0.35	<b>0.48</b>	74.27	73.41
Health Care Sel Sector	XLV	4,294.0	90.25	0.56	<b>0.62</b>	90.26	89.27
iPath S&P 500 VIX ST Fut	VXX	4,123.3	35.30	-1.57	<b>-4.26</b>	37.00	34.82
Comcast Cl A	CMCSA	3,862.3	33.67	...	<b>unch.</b>	34.17	33.54

## Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Corium International	CORI	1,043.3	12.46	4.15	<b>49.94</b>	12.75	8.31
Jabil	JBL	476.9	27.32	3.82	<b>16.26</b>	27.32	23.50
Tetraphase Pharma	TPH	159.2	2.71	0.32	<b>13.39</b>	3.10	2.39
Lannett Co	LCI	94.9	4.35	0.44	<b>11.25</b>	5.20	3.91
SeaADR	SE	83.5	13.00	1.10	<b>9.24</b>	13.00	11.90

## ...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
VS 2x VIX Short Term	TVIX	415.3	44.18	-3.92	<b>-8.15</b>	48.35	43.01
Crocs	CROX	68.0	18.00	-1.34	<b>-6.93</b>	19.41	18.00
ProSharesUltVIXST	UVXY	517.6	55.06	-4.04	<b>-6.84</b>	59.34	54.15
ProShares VIX ST Fut	VIXY	82.4	28.77	-1.66	<b>-5.46</b>	30.48	28.66
Global X Uranium ETF	URA	151.0	12.21	-0.56	<b>-4.39</b>	12.77	12.21

## Trading Diary

Volume, Advancers, Decliners

	NYSE
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## COMMODITIES

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## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.	2,7350	2,7915	▲ 2,7150	2,7970	0.0280	681	
Oct 2,7390	2,8160	2,7130	2,8030	0.0225	118,293		
Gold (CMX)-100 troy oz.; \$ per troy oz.	1198.10	1244.60	1196.30	1223.50	34.20	1,423	
Dec 1197.90	1230.00	1194.70	1227.60	34.20	363,521		
Feb'19 1204.30	1235.70	1200.70	1233.60	34.30	52,281		
June 1215.80	1247.70	1212.90	1246.00	34.70	14,474		
Aug 1219.30	1251.60	1218.80	1251.80	34.70	2,130		
Dec 1233.20	1265.70	1231.20	1264.00	34.60	5,283		
Palladium (NYM)-50 troy oz.; \$ per troy oz.	1061.00	1089.50	▲ 1059.30	1075.20	8.00	23,358	
March'19 1054.00	1081.60	▲ 1054.00	1069.90	8.70	1,761		
Platinum (NYM)-50 troy oz.; \$ per troy oz.	825.00	825.00	823.50	842.80	18.70	43	
Jan'19 826.60	848.00	818.30	846.60	19.30	71,341		
Silver (CMX)-5,000 troy oz.; \$ per troy oz.	14.26	14.65	14.23	14.53	0.280	4	
Dec 14.35	14.65	14.27	14.66	0.280	164,109		
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.	72.63	72.76	70.51	70.97	-2.20	229,827	
Dec 72.49	72.63	70.37	70.81	-2.22	392,994		
Jan'19 72.39	72.50	70.25	70.69	-2.22	190,455		
March 72.28	72.29	70.13	70.55	-2.22	172,168		
June 72.72	72.13	69.93	70.34	-2.19	178,111		
Dec 70.59	70.62	68.51	68.92	-2.06	230,432		
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.	2,3826	2,3870	2,3220	2,3222	-0.627	106,089	
Dec 2,3905	2,3905	2,3230	2,3335	-0.630	96,910		
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.	1.9994	2,0014	1.9236	1,9327	-0.077	104,008	
Dec 1.9994	2,0002	1.9224	1,9314	-0.073	107,071		
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.	3.287	3.287	3.153	3.222	-0.062	220,828	
Dec 3.330	3.337	3.228	3.279	-0.053	192,229		
Jan'19 3.395	3.405	3.302	3.352	-0.052	228,246		
Feb 3.303	3.315	3.229	3.277	-0.032	100,179		
March 3.114	3.133	3.064	3.113	-0.001	233,931		
April 2.749	2.765	2.720	2.755	.003	168,044		

## Agriculture Futures

	5,000 bu.; cents per bu.	362.00	373.00	360.25	369.25	6.50	840,206
Dec 374.00	384.75	372.25	381.25	6.50	357,242		
Oats (CBT)-5,000 bu.; cents per bu.	283.25	287.25	281.00	286.50	2.25	4,258	
March'19 273.25	278.00	273.00	277.25	1.75	1,183		
Soybeans (CBT)-5,000 bu.; cents per bu.	852.00	864.00	847.00	858.25	6.00	317,279	
Jan'19 865.75	877.75	861.00	872.50	6.50	186,827		
Soybean Meal (CBT)-100 tons; \$ per ton.	310.70	315.00	310.00	312.80	.80	273	
Dec 315.40	319.80	313.60	316.80	1.10	193,976		
Soybean Oil (CBT)-60,000 lbs.; cents per lb.	28.47	28.47	28.47	28.73	.08	49	
Dec 28.97	29.05	28.63	29.02	.09	208,745		
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.	109.50	109.50	105.50	106.50	-25.00	4,613	
Nov 109.50	109.50	105.50	106.50	-25.00	4,613		
Wheat (CBT)-5,000 bu.; cents per bu.	516.25	527.00	510.50	513.75	-2.50	152,489	
March'19 540.25	550.75	534.75	538.00	-2.25	72,900		
Wheat (MPLS)-5,000 bu.; cents per bu.	590.75	598.50	588.25	589.50	-2.25	32,459	
Dec 590.75	598.50	588.25	590.50	-2.25	32,459		
Canadian Dollar (CME)-CAD 100,000; \$ per CAD	1.2825	1.2785	1.2810	1.2850	2.25	1,428	
Dec 1.2725	1.2780	1.2730	1.2725	2.25	1,428		
British Pound (CME)-£6,250,000; \$ per £	1.3240	1.3240	1.3195	1.3236	.0035	1,436	
Dec 1.3235	1.3297	1.3221	1.3272	.0034	207,541		
Swiss Franc (CME)-CHF 125,000; \$ per CHF	1.0165	1.0204	1.0136	1.0167	.0028	63,771	
March'19 1.0268	1.0299	1.0235	1.0265	.0029	256		
Australian Dollar (CME)-AUD 100,000; \$ per AUD	.7068	.7117	.7058	.7106	.0022	806	
Oct .7062	.7123	.7060	.7108	.0021	476		
Dec .7062	.7133	.7059	.7109	.0021	166,359		
Jan'19 .7067	.7067	.7065	.7111	.0020	227		
March .7076	.7136	.7071	.7118	.0021	453		
Mexican Peso (CME)-MXN 500,000; \$ per MXN	.05167	.05227	.05160	.05204	.00017	207,672	
Oct .05167	.05227	.05160	.05204	.00017	207,672		
Euro (CME)-€125,000; \$ per €	1.1542	1.1600	1.1540	1.1596	.0067	5,211	
Dec 1.1588	1.1659	1.1586	1.1653	.0067	467,990		
Source: SIX Financial Information							

## Macro &amp; Market Economics

## Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended October 5. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

## Inventories, 000s barrels

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	
Crude oil and petroleum prod	1,259,996	...	1,249	1,293	1,246	1,234	9,805	...	10,463	9,801	10,176	9,220	
Crude oil	409,951	1,500	404	462	401	434	7,397	...	7,965	7,617	7,797	7,346	
Gasoline	236,172	...	235	221	235	216	693	...	713	860	708	564	
Finished gasoline	23,720	200	25	21	25	30	150	...	99	59	82	47	
Reformulated	31	...	0	0	0	0	0	...	0	0	0	0	
Conventional	23,689	...	25	21	25	30	150	...	99	59	82	47	
Blend. components	212,452	...	210	200	211	186	543	...	613	800	626	518	
Natural gas (bcf)	2,866	...	3	4	3	4	...	...	...	...	...	...	
Kerosene-type	jet fuel	47,367	...	46	43	46	40	166	...	165	89	201	142
Distillates	133,465	-1,700	136	134	1								

## BIGGEST 1,000 STOCKS

**How to Read the Stock Tables**

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**

- f**-New 52-week high.
- n**-New 52-week low.
- dd**-Indicates loss in the most recent four quarters.
- fd**-First day of trading.
- H**-Does not meet continued listing standards
- If-Late filing**
- q**-Temporary exemption from Nasdaq requirements.
- F**-First AmeriFin.
- FAF** 49.59 -5.11
- FirstData** FDX 22.35 -0.08
- FirstEnergy** FE 37.21 -0.84
- FiveBelow** FBW 112.76 -2.28
- Flex** FLEX 11.79 -0.07
- Flir Systems** FLIR 55.20 -1.09
- Flowserve** FLS 49.42 -1.66
- Fluor** FLR 46.53 -0.69
- FomentoComex** FMX 95.92 -0.93
- FordMotor** F 8.81 -0.01
- ForestCityA** FCA 25.11 -0.77
- Fortinet** FTN 77.12 -2.45
- FTS** 31.55 -0.20
- FTV** 78.58 -1.64
- FrontBrandsHome** FBH 48.06 -1.14
- FranklinRscs** BEN 28.54 -1.05
- FreseniusMed** FMS 49.01 -0.96

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, October 11, 2018

Net Stock Sym Close Chg

A B C

1 ABB 21.14 -0.40

ADT 7.77 -0.07

AES 14.44 -0.24

Aflac 44.99 -1.84

1 AGNC Inv 14.78 -0.26

AGM Homeless ANG 18.88 -0.09

Ansys ANSS 155.31 -0.20

ASML ASM 171.78 -0.14

AT&T T 31.75 -1.10

AbbottLabs ABT 68.38 -0.54

AbbVie ABV 90.70 -2.38

Abiomed ABMD 36.75 -9.34

Accenture ACN 156.00 -5.74

ActvisionBlz ATVI 73.82 -0.97

Adobe ADBE 235.89 -0.68

AdvanceAuto APD 161.04 -2.03

AdmicoTechs ADM 25.30 -0.30

Aegon AEG 6.09 -0.28

AerCap AER 52.84 -1.31

Aetna AET 198.45 -9.56

AffiliatedMtrs AMG 121.39 -4.06

AgilentTechs AIG 68.49 -1.78

AgnicoEagle AME 37.72 -2.68

AirProducts APD 157.09 -3.37

AkamaiTech ALK 61.34 -1.16

AlaskaAir ALK 59.81 -0.42

Albemarle ALB 94.36 -1.31

Alcoa AAC 35.67 -0.39

AlexandraRest AER 119.79 -4.92

AlexionPharm ALXN 93.48 -1.61

Allstate AIZ 9.37 -3.70

AllyFinancial ALY 25.96 -0.32

AlnylymPharm ALY 79.30 -1.69

Alphabet GOOGL 1090.84 -2.12

Alpharetta MTG 10.27 -0.59

AMC AET 50.14 -2.25

AlticeUSA ATU 17.54 -0.36

Altira MIQ 61.12 -1.79

AluminaTech ALM 10.48 -0.68

Amazon.com AMZN 1719.36 -35.89

Ambev ABEV 4.46 -0.09

Americo UHL 332.22 -4.85

Ameren AEE 64.04 -1.90

AmericaMovil AMV 15.40 -0.21

AmericaMovil AMVX 15.45 -0.49

Ameriprise AMP 153.38 -8.16

Amgen AMGN 87.31 -3.53

AmkorTech AMKR 41.59 -0.94

Alkermes ALK 59.41 -0.23

Almetra ALM 44.76 -1.31

Almatis ALM 36.22 -0.92

AltisourceADDS ADS 211.90 -0.91

AlliantEnergy ENER 42.62 -1.29

AllisonTransc ABSN 48.89 -0.07

Allstate AIZ 9.37 -3.70

AllyFinancial ALY 25.96 -0.32

AlnylymPharm ALY 79.30 -1.69

Alphabet GOOGL 1090.84 -2.12

Alpharetta MTG 10.27 -0.59

## MARKETS &amp; FINANCE

# Gold Price Reaches a 2½-Month High

Investors return to haven asset amid turmoil in stocks; copper also advances

BY STEPHANIE YANG  
AND DAVID HODARI

Gold prices jumped to 2½-month highs Thursday, boosted by fears over a stock-market selloff and a weaker dollar.

Gold for December delivery, the most-active contract, gained \$34.20, or 2.9%, to \$1,227.60 a troy ounce on the Comex division of the New York Mercantile Exchange, closing at the highest level since July 31.

The Dow Jones Industrial Average and the S&P 500 each dropped 2.1% Thursday, continuing losses after notching on Wednesday their largest one-day drops since February.

Gold is seen as a haven asset by investors, and prices tend to rise in times of eco-



A weaker dollar lifted gold since it makes the dollar-denominated metal cheaper for foreign buyers. A Gold Corp. mint refinery in Australia.

CARLA GOTTSCHE/BLOOMBERG NEWS

nomic or political uncertainty.

"We would expect gold to hover around this level as the equity chaos plays out today," said Peter Hug, global trading director at Kitco Metals.

The WSJ Dollar Index declined 0.5% to 89.57, making

dollar-denominated commodities such as gold cheaper for foreign buyers.

The most-active copper contract, for December delivery, also rose, advancing 2.25 cents, or 0.8%, to \$2.8030 a pound in New York.

"The reaction suggests to me that it's mainly an equity-market selloff, partly because metals haven't done as well as stocks," said Carsten Menke, commodities analyst at Julius Baer. "We see metals prices as having bottomed out after a

summer selloff in which we think selling went too far, too fast."

Copper prices soared to a four-year high in June but have faced double-digit percentage losses, with investors focusing on rounds of import

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### CLASS ACTION

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN MATEO  
  
In re SUNRUN INC.  
SHAREHOLDER LITIGATION  
  
This Document Relates To:  
ALL ACTIONS.

Lead Case No. CIV 538215  
**CLASS ACTION**

Assigned to: Hon. Marie S. Weiner

SUMMARY NOTICE OF PROPOSED  
SETTLEMENT OF CLASS ACTION

**TO: ALL PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED SUNRUN INC. ("SUNRUN" OR THE "COMPANY") COMMON STOCK BEFORE FEBRUARY 1, 2016 PURSUANT TO TRACEABLE TO THE COMPANY'S REGISTRATION STATEMENT AND PROSPECTUS ISSUED IN CONNECTION WITH SUNRUN'S AUGUST 5, 2015 INITIAL PUBLIC OFFERING ("IPO") ("CLASS" OR "CLASS MEMBERS")**

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on December 14, 2018, at 11:00 a.m., before the Honorable Marie S. Weiner at the Superior Court of California, County of San Mateo, Department 2, Courtroom 2E, 400 County Center, Redwood City, CA 94063, to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned action as set forth in the Stipulation of Settlement ("Stipulation") for \$32,000,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) the Final Judgment as provided under the Stipulation should be entered; (3) to award Plaintiffs' Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Notice of Proposed Settlement of Class Action ("Notice"), which is discussed below); (4) to pay Plaintiffs for the time and expenses they incurred in representing the Class out of the Settlement Fund; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable and adequate.

This Action is a consolidated securities class action brought on behalf of those Persons who purchased or acquired the common stock of Sunrun pursuant or traceable to the Registration Statement and Prospectus for Sunrun's IPO, against Sunrun, certain of its key executives, directors and underwriters of Sunrun's IPO, and Sunrun's venture capital partners (collectively, "Defendants") for, among other things, allegedly misstating and omitting material facts from the Registration Statement filed with the U.S. Securities and Exchange Commission in connection with the IPO. Plaintiffs' allegation that these purportedly false and misleading statements inflated the price of the Company's stock, resulting in damage to Class Members when the truth was revealed. Defendants deny all of Plaintiffs' allegations.

IF YOU PURCHASED OR ACQUIRED SUNRUN COMMON STOCK BETWEEN AUGUST 5, 2015 THROUGH AND INCLUDING JANUARY 31, 2016, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS ACTION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (postmarked no later than January 3, 2019) or electronically (no later than January 3, 2019). Your failure to submit your Proof of Claim by January 3, 2019, will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Action. If you are a member of the Class and do not request exclusion therefrom, you will be bound by the Settlement and any judgment and release entered in the Action, including, but not limited to, the Final Judgment, whether or not you submit a Proof of Claim.

If you have not received a copy of the Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim form, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other settlement documents, online at [www.SunrunSecuritiesLitigation.com](http://SunrunSecuritiesLitigation.com), or by writing to:

**Sunrun Shareholder Litigation Settlement  
c/o GCG  
P.O. Box 10559  
Dublin, OH 43017-4521**

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim form, may be made to Plaintiffs' Counsel:

**ROBBINS GELLER RUDMAN &  
DOWD LLP  
Ellen Gusikoff Stewart  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: 800-449-4900**

**COTCHETT, PITRE &  
MCCARTHY, LLP  
Mark C. Molony  
840 Malcolm Road, Suite 200  
Burlingame, CA 94010  
Telephone: 650-697-6000**

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS POSTMARKED BY DECEMBER 4, 2018, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL MEMBERS OF THE CLASS WHO HAVE NOT REQUESTED EXCLUSION FROM THE CLASS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM. IF YOU PREVIOUSLY REQUESTED EXCLUSION FROM THE CLASS YOU DO NOT NEED TO DO SO AGAIN.

IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, THE REQUEST BY PLAINTIFFS' COUNSEL FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES, AND/OR THE PAYMENT TO PLAINTIFFS FOR THEIR TIME AND EXPENSES. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO PLAINTIFFS' COUNSEL BY DECEMBER 4, 2018, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: September 14, 2018 BY ORDER OF THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO HONORABLE MARIE S. WEINER

<sup>1</sup>The Stipulation can be viewed and/or obtained at [www.SunrunSecuritiesLitigation.com](http://SunrunSecuritiesLitigation.com).

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## Buying Dip Makes Sense For Some

*Continued from page B1*

Netflix. Its shares tumbled 8% Wednesday, their worst performance in more than two years.

That took its valuation to less than 80 times estimated 12-month-forward earnings for the first time in three years and 32 times book value. Even after such a big fall, bargain hunters aren't going to see anything they like.

That means Netflix has to attract buyers from the other two groups, growth and momentum. Growth investors might be happy to step in at a lower price because their focus is on long-run expansion prospects, which were unchanged.

The difference between 80 and August's 100 times 12-month-forward earnings is all but irrelevant when what you care about is revenue in three or five years' time.

But momentum investors are going to be hard to tempt back, because the momentum has broken. Sometimes there are investors who missed the rally who want to take advantage of a fall to join in—a classic example of blindly buying dips. They need to be converts to the basic story behind the growth, and the combination of rising bond yields, a soggy global economy and political uncer-

tainty may well deter them.

There is another interpretation. Perhaps highly valued stocks did so badly purely because of rising Treasury yields. If you expect fat profits far in the future, it justifies a high price-to-earnings multiple, but higher yields mean those future profits are worth less when discounted back into today's money.

Call this the efficient

market view: Bond yields went up, so the price of high-growth stocks went down. Duh, right?

Well, not quite. If markets were efficient, these highly valued stocks would have been falling for months as yields rose. Worse, bond yields actually fell slightly on both Tuesday and Wednesday, so if prices fell because of last week's yield rise they did it in their own sweet time. A break in momentum is a much better explanation for Wednesday's move, combined with the fact that markets are complex. The more prices fell, the more they fell until suddenly everyone rushed to get out.

Investors who think that other investors still believe in growth stocks at (almost) any price, or who think that momentum will soon resume, should be buying the dip in the likes of Netflix and Amazon.com.

Otherwise, you can find both safety and a return above inflation from short-dated Treasurys for the first time in years, or join the hunt for bargains among the value stocks and hope momentum stays broken.

in the final hour of the day to take advantage of the added liquidity offered by ETFs and other passive strategies.

But during periods of extreme volatility, like those experienced on Wednesday and Thursday, late trading can exaggerate a downward move to extreme levels, money managers said.

"Quant funds and index funds adjust exposure at the end of the day, and as markets show weakness it forces them to sell more to limit exposure for the following day," said Doron Barness, global head of trading at Oppenheimer.

and Nasdaq represented 33% of the day's total, greater than the 30% of volume typically seen throughout the year.

The explosion of ETFs over the years continues to push volumes in the final hour even higher. In 2012, just 17% of all trading on the New York Stock Exchange's flagship exchange took place in the last hour of the day, compared with 26% last year, according to data from the exchange.

In turn, other investors, including those that employ quantitative-trading strategies, have moved to conduct more of their trading activity

### New Highs and Lows | [WSJ.com/newhighs](http://WSJ.com/newhighs)

**Continued From Page B11**

**52-Wk % Sym Hi/Lo Chg Stock**

</

## MARKETS

# Treasurys Strengthen On Soft Inflation Data

By DANIEL KRUGER

U.S. government-bond yields posted their biggest one-day fall in more than four months Thursday as stocks tumbled after the Labor Department said inflation slowed in September.

The yield on the benchmark 10-year Treasury note fell to 3.131% from 3.221% Wednesday,

its biggest single-day decline since May 29.

**CREDIT MARKETS** Yields fall as bond prices rise.

Yields fell after the Labor Department said Thursday that the consumer-price index rose 0.1% in September. Economists surveyed by The Wall Street Journal expected consumer prices to climb 0.2%.

The muted reading suggests that the Fed might not feel pressure to speed up its pace of interest-rate increases, analysts said. A slower pace of inflation helps support bond prices because it helps maintain the future purchasing power of the debt's fixed principal and interest payments.

With inflation remaining "quite contained," Fed officials "should be pretty pleased with the result," of their policy of gradually raising interest rates, said Christopher Sullivan, chief investment officer at the United Nations Federal Credit Union. "It's the bond traders who haven't managed the shift from a deflationary kind of environment to a more normalized kind of environment."

Yields fell as stocks posted a second day of sharp declines. "We're just following the stock market," said Charles Comiskey, head of Treasury trading at Bank of Nova Scotia.

The decline in yields represented a reversal from Wednesday when the 10-year Treasury yield rose amid concern that the Federal Reserve may raise interest rates faster than many investors had expected. Analysts and investors attributed Wednesday's drop in stocks to concerns that higher bond yields could become a

drag on economic growth.

Investors early Thursday scaled back bets that the Fed will take an aggressive approach to raising rates, after the release of the inflation data. Policy makers penciled in one more rate increase at their meeting in September and three increases for 2019.

Fed funds futures, which investors used to bet on central-bank rate policy, showed that the chances that policy makers will raise rates three times by June 2019 declined late Thursday after the inflation report to 32% from 41% Wednesday.

## Treasury Auctions

The U.S. Treasury Department will auction \$89 billion in securities next week. Details (all with minimum denominations of \$100):

◆ **Monday:** \$45 billion in 13-week bills, a reopening of an issue first sold on July 19, 2018, maturing Jan. 17, 2019. Cusip number: 912796QT9.

Also, \$39 billion in 26-week bills, dated Oct. 18, 2018, maturing April 18, 2019. Cusip number: 912796RH4.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m.

◆ **Thursday:** \$5 billion in 29-year, four-month 1% Treasury inflation-protected securities, a reopening of an issue first sold on Feb. 28, 2018, maturing Feb. 15, 2048. Cusip number: 912810SB5.

Noncompetitive tenders must be received by noon Thursday; competitive tenders, by 1 p.m.

### 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.

29-YEAR, 10-MONTH BONDS	
Applications	\$36,292,138,200
Accepted bids	\$15,000,000,400
"noncompetitively"	\$2,034,200
"foreign noncompetitively"	\$0
Auction price (rate)	93.522007 (3.34%)
Interest rate	3.000%
Bids at clearing yield accepted	5.26%
Cusip number	912810SD1
The bonds, dated Oct. 15, 2018, mature on Aug. 15, 2048.	

The bonds, dated Oct. 15, 2018, mature on Aug. 15, 2048.

# OPEC, Russia Lift Output

By CHRISTOPHER ALESSI AND BOENOT FAUCON

LONDON—An increase in crude-oil production in September by OPEC and its ally Russia more than made up for declining Iranian output, the oil cartel said Thursday, as it vowed to keep filling the gap created by impending U.S. sanctions on the Islamic Republic.

**COMMODITIES** In its closely watched monthly oil-market report, the Organization of the Petroleum Exporting Countries said its crude production rose by 132,000 barrels a day last month to average 32.76 million barrels a day.

Output from Russia—the group's largest producer—increased by 150,000 barrels a day to reach a post-Soviet record of 11.54 million barrels, OPEC said in the report.

At the same time, crude production from Iran continued to fall, declining 150,000 barrels a day last month to average 3.45 million barrels a day, according to OPEC.

The report comes weeks ahead of a Nov. 4 deadline that will see the introduction of U.S. sanctions on countries and foreign companies that buy Iranian crude.

Iran's oil production and exports have been falling steadily since President Trump pulled the U.S. out of a 2015 international agreement to curb Iran's nuclear program, setting the stage for the reimposition of sanctions.

The shortfall from Iran has fueled investor concerns of tightening global supply, which has bolstered oil prices over the past few months. Those fears were heightened in recent weeks, as investors speculated that OPEC and its allies might not be able to fill the gap—due to choice and signs of dwindling spare-oil capacity.

Speaking at a news conference Thursday, OPEC Secretary-General Mohammed Barkindo said the group and its



On Nov. 4, the U.S. will introduce sanctions on countries and foreign companies that buy Iranian oil.

## Oil Prices Hit a Low As U.S. Supplies Rise

Oil prices fell by the most in two months because of a big increase in U.S. oil inventories, rising crude production from OPEC and broader-market moves away from riskier assets including crude oil.

Light, sweet crude for November delivery ended down 3% at \$70.97 a barrel on the New York Mercantile Exchange, a nearly three-week low.

The U.S. benchmark has fallen by \$3.99 a barrel over the past two sessions, the largest two-day fall since July 7, 2015. Brent crude, the global benchmark, ended 3.4% lower at

\$80.26 a barrel.

The Energy Information Administration on Thursday reported a huge, six-million-barrel increase in U.S. stockpiles of crude oil during the week ended Oct. 5. That was four times the 1.5-million-barrel rise analysts expected and put U.S. crude inventories at 410 million barrels, the highest in nearly two months.

It also was the third consecutive weekly rise. While oil inventories are expected to trend higher during the fall when demand is low and refineries partially shut for maintenance, gasoline inventories also rose by nearly one million barrels last week, which suggests demand is even weaker than normal.

"Inventory data has served to kick crude when it's already

down," said Matt Smith, director of commodity research at ClipperData. "Another build to crude stocks at a time when prices were already getting swept up in the risk-off sentiment of broader markets."

Meanwhile, sharp declines in stocks on Wall Street for a second day also were pressuring oil prices Thursday.

"The derisking that we saw in equity markets swept other markets with it, including oil," said Harry Tchilinguirian, global head of commodity markets strategy at BNP Paribas.

Prices also have declined this week after the International Monetary Fund cut its forecasts for global economic growth.

—Dan Molinski and Sarah McFarlane

growth that could ultimately curb oil demand.

Mr. Barkindo said that "some of our powerful consumers seem to be very uncomfortable" about current conditions, citing a letter he received recently from India. He added that oil stockpiles, which OPEC has worked to reduce, could increase again next year amid weakening demand growth.

# Activist Pushes Japanese Insurer to Buy Back Shares

By KOSAKU NARIOKA

It declined to comment on the share-buyback proposal.

Dai-ichi is in the middle of

a much smaller buyback of up to ¥39 billion to be completed by March 31, 2019, as part of its goal to return 40% of group profits to shareholders.

Dai-ichi's main insurance unit had ¥3.8 trillion invested in Japanese equities, or 11% of its assets, as of the end of June, a bigger proportion than its listed peers in Japan. Dai-ichi said it owned shares in

Argyle Street also wants Dai-ichi Life Holdings to sell its large stock portfolio.

more than 1,000 Japanese companies as of the end of March and viewed the holdings primarily as pure investments.

Dai-ichi's market capitalization stands at about ¥2.8 trillion, below its total net assets of ¥3.7 trillion.

Argyle said its calculations indicated Dai-ichi's equity portfolio underperformed a Japanese equity benchmark over the past decade.

Dai-ichi said it aimed to

outperform benchmark indexes and exceed the returns necessary to meet its insurance liabilities.

Activist investors from the U.S. and Asia have taken on management of major Japanese companies such as Toshiba Corp. and Panasonic Corp. in recent years.

Argyle, which manages about \$1.4 billion in assets, owns less than 1% of Dai-ichi's shares outstanding, according to a person familiar with the matter.

Its financial logic, however, may attract support among Dai-ichi's shareholders.

As of March 31, 2018, 45% of Dai-ichi shares were held by non-Japanese shareholders. Singapore-based Effissimo Capital Management Pte Ltd. owned a 9% stake as of Sept. 18, according to a regulatory filing.

Like many Japanese financial institutions, Dai-ichi's shares trade below book value amid concerns about slow domestic growth and ultralow interest rates.

People familiar with Dai-ichi's thinking said one justification for holding a large stock portfolio was the low return on Japanese bonds. Also, as global interest rates rise, bond prices could be just as volatile as stocks.

# Dollar Falls as Growth Outlook Shifts

By SAM GOLDFARB

the economic impact of rising interest rates.

The yield on the benchmark 10-year U.S. Treasury note settled at 3.131%, down from the seven-year high of 3.227% it reached on Friday. U.S. stocks also fell sharply for a second consecutive session.

A strong U.S. economy tends to boost the dollar by spurring the Federal Reserve to raise interest rates and attracting investors to U.S. assets. Eventually, however, rising rates can make riskier assets less attractive and curtail economic growth by making borrowing costs more ex-

pensive.

Federal-funds futures, used by investors to place bets on the direction of interest rates, on Thursday afternoon showed a 33% chance that the Fed will raise rates at least three more times by its June 2019 policy meeting, down from a recent high of 42% Tuesday, though still up from 29% a month ago.

The dollar fell broadly against other major currencies, declining 0.7% to \$1.1596 per euro, 0.3% against the British pound to \$1.3235, and 0.1% against the Japanese yen to ¥112.16 per dollar.

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## MARKETS

## Investor Fears Drive Up Hedging Costs

By GUNJAN BANERJI

Investors are bracing for greater turmoil across markets, increasing hedges on their stock positions after months of calm.

They are snapping up options that pay out if the S&P 500 takes a drastic fall, driving up the cost of hedging stock portfolios to the most in months.

The yield on the benchmark 10-year Treasury note, which rises as bond prices fall, recently surged to its highest level in more than seven years, stoking volatility across asset classes and igniting demand for protection, analysts say.

An options-based measure of stock volatility has risen for six straight days and on Thursday hit its highest level since February.

Meanwhile, the Dow Jones Industrial Average and S&P 500 on Wednesday recorded their biggest one-day falls since February and continued to fall on Thursday.

"It really seems to be the anticipation of looming danger through rising rates," said Stefan Wintner, vice president of volatility strategies at Florida-based Dunn Capital Management.

An options measure that gauges how expensive it is to hedge against stock declines, dubbed skew, recently hit its highest level since March for the S&P 500, according to data provider OptionMetrics. A higher skew indicates heightened investor anxiety because investors are paying up for bearish options that safeguard against declines.

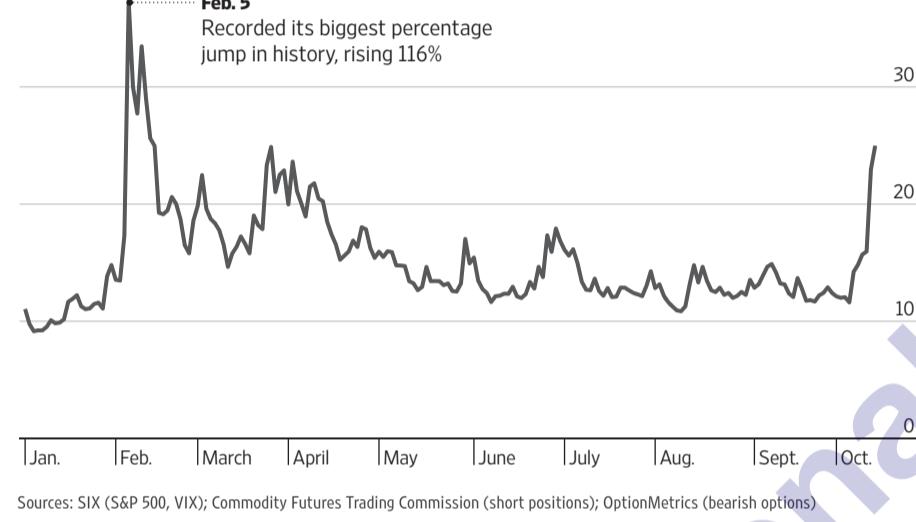
The pickup in hedging comes as stocks have fallen after an extended spell of optimism about U.S. equities, when people largely turned to bullish options to chase the continuing rally rather than spend money protecting against a downturn.

Rising Treasury yields can

Concerns about rising bond yields sent the S&P 500 this week to its steepest drop since February and investors rushing into protective options.



The Cboe Volatility Index, or VIX, climbed for six straight days, as investors bid up options prices on the S&P 500.



Sources: SIX (S&P 500, VIX); Commodity Futures Trading Commission (short positions); OptionMetrics (bearish options)

make government bonds more attractive to investors, reducing the appeal of riskier assets.

Higher yields could also make it costlier for U.S. corpor-

rations to issue and pay their debt, eventually dragging down the price of shares, analysts say.

The jolt of recent turbulence stemming from the bond

market has been amplified by impending U.S. midterm elections, which investors expect to spur market swings, some analysts said.

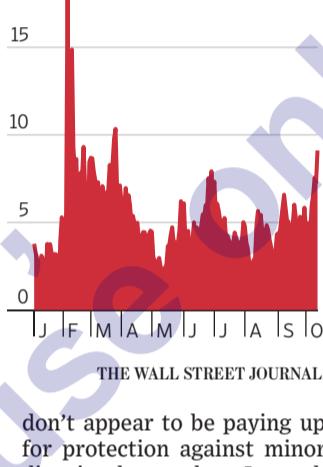
Mr. Wintner said investors

Hedge funds increasing their bets in recent weeks that volatility will stay low were likely burned by the swift market decline.

**Net short positions on VIX futures**



The cost of bearish S&P 500 options has climbed versus the cost of bullish ones.



don't appear to be paying up for protection against minor dips in the market. Instead, they are hedging potentially large falls.

Hedging stock bets can be

costly, and some investors may be turning to protect against only "catastrophic events" rather than minor downturns, he said.

For example, some of most actively traded options on Wednesday were tied to the S&P 500 index falling at least 5% from that day's level, Trade Alert data show.

On Thursday, a popular bet was one that would pay out if the stock index dove almost 20%, the data show. Traders can tap options to hedge portfolios or make directional bets. The equity index is down 6.4% this month.

Others are scooping up options tied directly to the future path of Treasury yields. Jerry Lucas, senior strategist at UBS Global Wealth Management, said he has noticed investors buying bearish put options on the S&P 500 that are contingent on a widening difference between 10-year and two-year Treasury yields.

The gap between the two yields has been historically thin in recent months, and investors are wagering that if this difference widens, stocks may decline along with bonds, he said.

Still, some metrics show that investors haven't been shaken from their bullish posture on U.S. stocks, which analysts attribute to reluctance to continuously pay out to hedge portfolios.

For example, leveraged funds such as hedge funds have ramped up bets against futures tracking the Cboe Volatility Index in recent weeks, wagering that market volatility will recede.

Other asset managers pared positions that would pay out if volatility increased, Commodity Futures Trading Commission data as of Oct. 2 show.

A bearish bet on volatility is akin to a bullish bet on equities, since turbulence tends to recede when stocks rise.

## HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

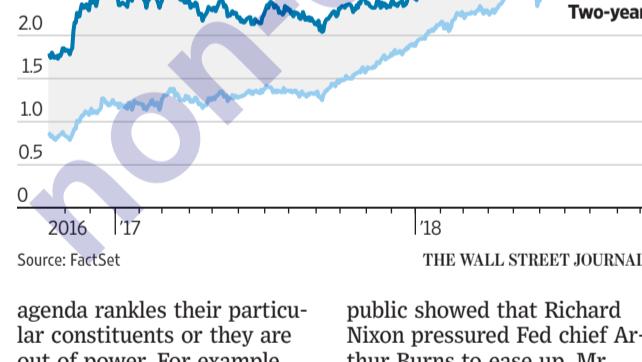
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## Trump's Fed Ire Is a Good Thing

## 'A Little Too Cute'

Treasury yields



back-to-back decades of robust stock- and-bond market gains. Toward the end of that run, when Alan Greenspan occupied the role, Mr. Greenspan was openly praised by President Bill Clinton. With the benefit of hindsight, though, the greatest bull market of all time should have been nipped in the bud before it turned into a speculative mania.

Which brings us to today. Jerome Powell's Fed shows no sign of flinching in its intent to tighten. The Trump tax cuts and government-spending increases at a time when unemployment is at its lowest since the 1960s are creating unheard of stimulus. The resulting rise in bond yields might damage the stock-market gains for which Mr. Trump has, unusually, claimed explicit credit.

But he must grasp that the Fed isn't an instrument for supporting stock gains or even the man who appointed its chairman. His public ire is a sign to the world that the Fed's independence is intact.

—Spencer Jakab

## OVERHEARD

What's old is new: **Walgreens Boots Alliance** is betting on a blood-testing partnership. The pharmacy giant announced it will expand its collaboration with diagnostics company **LabCorp**. The two companies will open at least 600 LabCorp patient service centers at Walgreens stores over the next four years.

This partnership will almost certainly fare better than a more famous Walgreens foray into the blood-testing business: Walgreens had partnered with notorious Silicon Valley startup Theranos but failed to independently vet its technology.

That failed spectacularly and the relationship ended in litigation. Theranos has since discontinued operations and settled fraud charges with the Securities and Exchange Commission. In contrast, LabCorp's history dates back 100 years, and the company books about \$10 billion in revenue annually.

LabCorp doesn't have the flash of a Silicon Valley startup, but Walgreens has likely had its fill of startup excitement for a while.

## Intel Knows How to Play Its Chips

**Intel** can't make enough chips these days, but the semiconductor giant does seem to know where to sell the ones that it can.

That was evident in third-quarter sales of personal computers, as tracked by research firms IDC and Gartner.

The two reported Wednesday afternoon that **Lenovo**, HP and **Dell**—the three largest personal-computer makers—all managed to grow sales in the third quarter compared with the year-earlier period.

This was despite an overall slowdown in PC sales growth relative to the second quarter, the industry's strongest period in six years.

Intel production constraints still had an impact, but the chip company appears to have contained the effects so far. Intel said last month that it is prioritizing production of its premium chips for servers and PCs, thereby leaving supply "undoubtedly tight" for processors used in entry-level PCs.

Jay Chou of IDC said the impact of the chip shortage in the third quarter appeared to be felt mostly by "smaller, regional vendors" in the PC market.

Intel also maintains that it has enough capacity to meet its full-year revenue projection. But that still leaves unclear how PC sales may fare in the fourth quarter as demand this year has turned out to be stronger than anyone expected at the beginning of the year.

A prolonged shortage may push more business to rival **Advanced Micro Devices**, which also is trying to challenge Intel's dominance in servers. For now, though, Intel seems able to sell every chip it can make. That is what they call a high-class problem.

—Dan Gallagher

## The U.S. Central Bank Might Not Be a Friend to Investors

## The Fed's Focus

Unemployment rate



Source: Labor Department

With financial markets rattled over the prospect of higher interest rates, this ought to have counted as welcome news after Wednesday's drubbing. Instead,

stocks fell Thursday.

There are any number of reasons why, including trade tensions and worries over what China's slowing economy might do to global demand, but another reason might be investors' growing recognition that the Federal Reserve isn't going to be their friend.

For one thing, the Fed is no longer as worried about financial-market fragility as it was as recently as early 2016, when the economic fallout from sliding global markets led it to dial back plans to raise interest rates. The economy is healthy, and it is getting a dose of additional stimulus from this

year's tax cuts and government-spending increases.

Certainly there is some point at which falling stocks would lead the Fed to forgo raising rates again when it meets in December, but that point is probably far below where the market is now.

Moreover, while the Fed is certainly paying attention to inflation numbers, it is probably more focused on how tight the job market is getting.

The unemployment rate last month was at levels last seen in the 1960s, and with hiring outpacing growth in the number of available workers, it is likely heading lower still. As long as that

trend continues, the central bank is unlikely to stop raising rates.

Indeed, if wage growth continues to pick up, the Fed might even decide it needs to tighten its policy more quickly.

The danger exists that the Fed may end up tightening too aggressively, putting the economy at risk.

But with stock valuations still on the steep side and earnings-growth expectations running high, stocks could fall for other reasons. Even if what the Fed decides to do is exactly right for the economy, it might not please investors.

—Justin Lahart

## SPECIAL RETIREMENT LIVING ISSUE



**Revved Up**  
Jay Leno's  
second act with  
classic cars M3

# MANSION

THE WALL STREET JOURNAL.

**Goodbye to  
the 9-to-5**  
Strategies of  
early retirees M9



Friday, October 12, 2018 | M1

# Home on the ROAD

These retirees and soon-to-be retirees log thousands of miles in their mansions on wheels—Class A motorhomes with high-tech controls and luxury amenities. Prices start at \$250,000, with fuel costs that feel like 'a small mortgage.'



407  
square feet  
\$250,000



**ROAD WARRIOR** Doug and Dani Stiebeling, top, with friends at Hearthsides Grove, a Class A motorcoach resort in Petoskey, Mich. Left, inside the Stiebelings' Itasca Ellipse, purchased in June. Above, Rick and Susan Turner's Tiffin Zephyr hosts a family tailgate party at an Auburn University football game in Alabama.

BY BETH DECARBO

**D**iehard Auburn football fans Rick and Susan Turner hold season tickets on the 35-yard line at the university's Jordan-Hare Stadium. But when the Tigers are on the field, the Turners are in the parking lot.

Every home game, the Birmingham, Ala., couple tailgates from their 45-foot 2016 Tiffin Zephyr, a luxury motorhome. The Zephyr offers an entertainment center and a full kitchen with solid-surface countertops and stainless-steel sink, as well as a range, microwave, dishwasher and refrigerator. And unlike the stadium, there's no line to use the Zephyr's bathroom. Most important, electrical hookups and an automatic generator ensure that the motorhome is fully air-conditioned.

"It's hot in Alabama in September," says Mr. Turner, 64, senior vice president of Greenbrier Rail Services, a company that makes freight railcars and equipment.

When the Turners hit the road—which is quite often—they travel with all the luxuries of a five-star hotel. In the world of motorhomes, Class A models that measure 40 to 45 feet are among the most lavish. New, fully loaded Class As off the lot start at about \$250,000, and customized coaches can reach \$3 million. Because of the price, Class A buyers are typically retirees or those nearing the end of their careers.

Mr. Turner, who paid about \$525,000 for his Tiffin, retired once, but returned to the Portland, Ore.-based company at the request of the CEO. When he travels for work, he likes to take the RV, and his wife Susan, 63, and Labrador retriever Buddy typically come along for the ride. But they take plenty of personal trips to visit friends

and extended family, as well as motoring to New Orleans for Mardi Gras and to the Florida Keys. In all, they put 10,000 to 15,000 miles on their motorhome each year.

Getting there isn't cheap—most Class As get roughly 8 miles per gallon in good conditions. "If you have to worry about MPG, don't get an RV," Mr. Turner says. "You're spending \$300 to \$400 every tank of gas. It's a small mortgage for some people."

Mr. Turner plans to retire full time in a few years. The couple—he was 15 and she was 13 when they started dating—hopes to spend six to eight months taking their RV up the West Coast from Southern California, across the country to northern Maine, then down the East Coast back to Birmingham.

**RECENT RETIREES** Doug and Dani Stiebeling found their happy place in Petoskey, Mich. The couple's full time home is in Orlando, Fla., but they wanted a summertime destination to escape the Florida heat. In June they paid \$250,000 for a 42-foot 2014 Itasca Ellipse, and drove it to Hearthsides Grove, a luxury motorhome resort in Petoskey exclusively for Class A models. Their wooded lot, purchased in "the \$250,000 range" measures one-fifth of an acre and includes a paved driveway with electrical, water and sewer hookups. Like many of the lots at Hearthsides, the Stiebelings also have a 200-square-foot bungalow on their property where guests can stay when they visit.

The Stiebelings, along with their dog Pumpkin and cat Sammi, *Please turn to page M10*

## 2017 MOTORHOME SHIPMENTS



**CLASS A**

23,343 Up 3% over 2016



**CLASS B**

5,249 Up 28.4%



**CLASS C**

34,046 Up 21.7%

Source: RV Industry Association

# Palm Springs Gets Energized

Coachella and other hip happenings give this retirement mecca a youthful vibe.

BY NANCY KEATES

**MELANIE DITTON** worried when her husband told her he wanted to sell their home in Portland, Ore., and retire to La Quinta, Calif., one of the nine cities that make up the Greater Palm Springs area in the Coachella Valley. When she started vacationing there 10 years ago, everyone she met was in their 60s and there wasn't a lot to do at night.

"I came down here kicking and screaming," says Ms. Ditton, a 55-year-old CPA. "I was afraid of being bored."

Three years later, having bought a four-bedroom, three-bathroom house for \$849,000, Ms. Ditton says she is rarely bored. Even when the raucous annual Coachella Valley Music & Arts Festival takes place over two weekends in April, she isn't bothered by the hordes of young partiers—she enjoys the music from her backyard. "I love the vibrancy it brings," she says.

The Coachella Valley has transitioned from a sleepy place where old people go to retire into a happening

destination for all ages. The Kardashians made headlines in August after a trust for the family bought a seven-bedroom mansion in the La Quinta neighborhood for \$12 million.

Some of the events are aimed at a younger crowd, such as massive, hotel pool parties with wall-to-wall dancing in the water. But other happenings attract all ages, like the Stagecoach Country Music Festival, pro golf and tennis championships, the Palm Springs International Film Festival, and Modernism Week, a celebration of the area's Midcentury Modern architecture.

"There's a more diverse group of people buying houses," says Keith Markowitz, a real-estate agent with TTK group of HK Lane-Christie's International. Most of his clients looking at \$1 million-plus properties are in their 50s, many getting a foot in the door with a second home with the intention of spending more time there as they get older. "They want to be around energetic, creative people."

*Please turn to page M13*



**NEIGHBORHOOD WATCH** Paris Ebersviller and Rachel Sadowsky bike through Vista Las Palmas, known for its modern homes.

## PRIVATE PROPERTIES

# Shonda Rhimes Asks Nearly \$10 Million in Los Angeles

Shonda Rhimes, the prolific writer and producer of television shows like "Grey's Anatomy" and "Scandal," is selling her home in the Hancock Park area of Los Angeles for almost \$10 million.

Ms. Rhimes wrote many episodes of both series at the home, which she purchased for about \$5.6 million in 2010, said listing agent Ed Solórzano of Berkshire Hathaway HomeServices California Properties.

Traditional in style, the home sits on a corner lot above South Hudson Avenue and has a series of Juliet balconies and French doors that open onto a garden, according to the listing. The house has six bedrooms and nine bathrooms, including a large master suite with dual baths, two walk-in closets and a separate sitting room.



Ms. Rhimes owns at least three homes in the area, Mr. Solórzano confirmed. He said she bought another home on the same street in 2005; public records indicate she paid roughly \$4.6 million for yet another

historic English-style home in the same area last year. Ms. Rhimes declined to comment.

Mr. Solórzano said Ms. Rhimes is drawn to the area's large properties and its proximity to the Hollywood studios, where her

shows are filmed. Last year, Ms. Rhimes made a deal to produce content exclusively with Netflix for the streaming service, though several of her shows are still produced with Walt Disney's ABC Studios.

—Katherine Clarke



## Developer Eichner Lists Miami Home For \$48 Million

New York real-estate developer Ian Bruce Eichner is putting his personal Miami Beach penthouse on the market for \$48 million.

Located on the waterfront in the South of Fifth neighborhood, the penthouse sits atop the taller of two towers that Mr. Eichner's Continuum Co. completed in 2003. Mr. Eichner said he configured the roughly 13,000-square-foot apartment to be a "townhouse in the sky," its 6,091-square-foot private terrace has its own pool.

Mr. Eichner said he is selling the apartment because it is too big for him, saying he uses it less than a month a year. Instead, he plans to travel more, including a scheduled January fishing trip to Panama. "I would rather go to Miami, pick some hotel and not feel guilty about not using my place," he said.

Listing agents Eloy Carmenate and Mick Duchon of Douglas Elliman said it is rare to find such a large unit in the area.

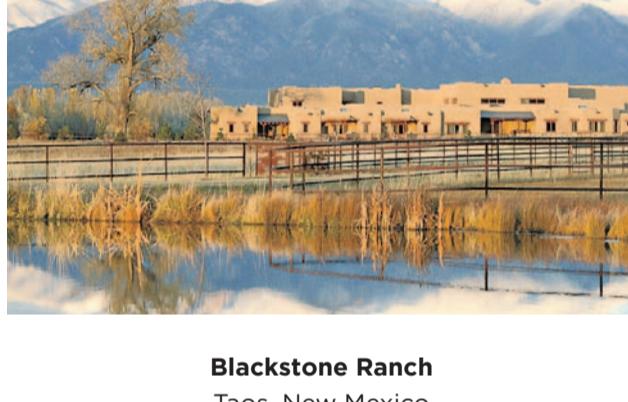
—Katherine Clarke

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## Santa Monica Condo Seeks \$15 Million

A penthouse in a Santa Monica, Calif., building once owned by Hollywood golden boy William Holden—and where he suffered an accident leading to his death in 1981—is coming on the market for \$15 million.

Mr. Holden bought a stake in the Ocean Avenue building, designed by architect A. Quincy Jones, in 1963 and reserved a unit for himself, according to news reports from the period.

The penthouse is owned by Howard Murad, a skin-care and beauty entrepreneur who sold his company to Unilever in 2015. Dr. Murad and his wife Loralee bought the home in 2011 for \$10.5 million, according to property records. He said he spent roughly \$150,000 sprucing up the apartment in preparation for selling.

Rochelle Maize of Nourmand & Associates has the listing.

—Katherine Clarke

## Bradley Cooper Quietly Buys NYC Townhouse

Actor and director Bradley Cooper bought a Greenwich Village townhouse this past spring for \$13.5 million, according to people familiar with the deal.

Mr. Cooper, who currently stars in a remake of "A Star Is Born" alongside singer Lady Gaga, registered the property under "The Cool Trust," which kept the May purchase under wraps. The trust is managed by Jeffrey Wolman, who runs a Los Angeles-based business-management firm that primarily services people in the entertainment business.

Mr. Wolman didn't immediately respond to a request for comment. A spokeswoman for Mr. Cooper declined to comment.

Approximately 4,000 square feet, the six-bedroom property is almost 21 feet wide and spans five floors, with roughly 1,100 square feet of outdoor space. It has reclaimed barnwood floors, French doors opening to a balcony overlooking the garden, a remote-controlled fireplace, a hidden wet bar and a large home office, according to the website of Justin S. Parks of ScottParks International Realty, who brokered the transaction. There is also a cellar-level entertainment area with built-in surround sound, as well as a temperature-controlled wine



cellar outfitted for 1,000 bottles. Mr. Parks couldn't be reached for comment.

The townhome wasn't formally on the market but was shopped around off-market, according to Mr. Parks's website. Its seller was a company headed by investor Robert W. Ferran Jr., property records show.

—Katherine Clarke

► A Brooklyn penthouse is in contract for over \$20 million. M18

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Douglas Elliman Real Estate

## MANSION | RETIREMENT LIVING



**JAY LENO** in his garage behind a 1938 MG, right. Below, from left, a 1961 Chrysler 300G, a 1941 Plymouth Special Deluxe Business Coupe, a 1950 Nash Airflyte, a 1954 Dodge station wagon and, in partial view, a 1934 Frazer Nash Le Mans Replica. Inset, Mr. Leno at about age 14, in Andover, Mass.

HOUSE CALL | JAY LENO

## 'The Trick Is to Look Like You're Retired'

The comedian and host of 'Jay Leno's Garage' makes life's second act look laid back and funny



I'm sure plenty of people out there think I'm retired. Working on cars in my garage and driving them on TV probably doesn't look like hard work. But that's fine. The trick in show business has always been to look like you're retired.

Dean Martin was great at this. He'd stumble from one thing to the next and never seemed to care. The truth, of course, is that he was quite professional. But he proved that jokes are funnier when a comedian doesn't appear to give them much thought.

When I did "The Tonight Show" in the 1990s and 2000s, I had to fake it a lot. I'm not a big music or sports guy, so I'd have to research stuff I didn't know much about to make small talk with guests. I've always loved movies. But if a guest was in a terrible film, I'd say, "But you were great!"

Now I'm much more in my element. Working on cars has been a hobby since I was 14. It's what I know and love to do. So on my TV show, I'm more laid back. Which I guess may seem a lot like retirement.



This gave me an idea to do my own show. One of the cameramen on "The Tonight Show" came over to my garage and taped me, and we put it up on YouTube. It got a ton of views. In 2014, I took the show to CNBC, where we gave it more personality and stories.

My average day starts early. I get to bed around 2 a.m., and I'm up at 7. I've never been a big sleeper. I take a shower and put on the same denims I wore the day before.

I don't eat breakfast. I drive straight to my 140,000-square-foot Big Dog Garage in Burbank, about 15 minutes from my house. I always take the long way there. I drive whatever I drove home the night before. It's typically the car we just worked on so we can see how it's running. The most recent car I drove home was my yellow 1967 Lamborghini Miura.

I arrive at the garage at around 8 a.m. Then I check in with the guys to see what we're going to work on that day. It's a full-restoration shop. I employ six mechanics and fabricators.

I found many of the guys years ago. Each had done a ter-

rific job fixing my cars. I said, "Instead of having 50 jerk customers, come work for me and you'll have just one."

We don't tape the show every day. I do about 210 stand-up appearances a year, so I'm constantly coming and going. I also write car columns for several magazines.

My first meal is lunch. We have a full kitchen at the garage. I'm not a salad guy. My last vegetables were in 1962. I'm also not an adventurous eater. I'm pretty much chicken, pizza, hot dogs and hamburgers.

Working on cars is great for developing stand-up material. In the garage, I work with my hands. For some reason this lets my mind think freely, so funny things come easier and faster. Since I'm dyslexic, writing down the jokes wouldn't work for me. I remember everything that gets a reaction. It makes a little notch in my brain. I'm constantly trying out new material on the guys at the garage.

My afternoons are similar to my mornings. I'm home by 6:30 or 7 p.m. Most nights, my wife, Mavis, and I watch TV.

I never tire of heading off to the garage each day. I've always loved restoring cars. You're bringing works of art to life again. But it's more than great design. Cars also have to run.

As a comedian, I work in a business where some people think you're funny and other people think you suck. But when a car is broken and you fix it, no one can deny it's not running.

Working on cars is the real me. I've reached a point in life where I'm not going to apologize for not being an angry, pissed-off comic. I like making people laugh, but I have no urge to host a late-night TV talk show again. We're in a different era now. Late-night comedy is meaner, and that's just not who I am. Deep down, I'm a car guy who's funny.

—As told to Marc Myers

*Jay Leno, 68, is an Emmy-winning comedian and former host of "The Tonight Show." His "Jay Leno's Garage" on CNBC is in its fourth season and airs on Thursdays.*



### JAY LENO'S WHEEL LIFE

**First ride:** 'After I was born, my parents brought me home in a '49 Plymouth.'

**First vehicle:** 'A blackish-gray 1934 Ford pickup truck. I was 14. I practiced driving in our driveway.'

**Top passenger speed:** 278 mph, riding in a jet-powered car at El Mirage Dry Lake in California about 20 years ago.

**Top driving speed:** A couple of months ago, I drove the 2019 Corvette ZR1 at 204 mph for 50 miles at the General Motors Proving Grounds in Milford, Mich.

**Desired car:** 'The Aston Martin DB5—James Bond's car in 'Goldfinger.'

**Most comfy:** 'The French Citroën DS. It's like driving a Barcalounger.'

**Favorite road:** 'The 66-mile Angeles Crest Highway—a two-lane winding roadway over the San Gabriel Mountains.'

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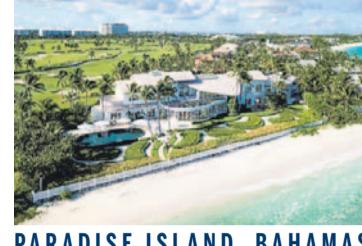


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Ocean Club Estates. This grand 1.4 acre estate has a 6 bedroom, 6.5 bath main house and 6 bedroom, 6 bath guest villa. 175 ft. of frontage on the Ocean Club Waterway provides ideal docking for a variety of boats. WEB ID: Z7IJ99. **\$15,995,000 US.**  
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**PARADISE ISLAND, BAHAMAS**  
Villa Tarka. Ocean Club Estates. Magnificent 12 bedroom beachfront estate with 20,000 sq. ft. of interior space. Located on 246 ft. of sandy beach on 1.5 acres in gated community. Pool, tennis court and elevator. WEB ID: ZMDK5L. Price upon request. George.Damianos@SIRbahamas.com

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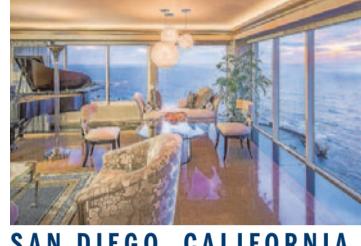
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Paul Marange and Christian Vermaat.

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**GLEN ELLEN, CALIFORNIA**  
Nestled on the shoulder of Sonoma Mountain, a modern 10½ acre country estate with architecture that brings the outdoors in. This 4 bedroom, 4.5 bath, south-facing "smart" main house has high ceilings and ample daylight. **\$4,575,000.** Donald Van de Mark.

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**SAN DIEGO, CALIFORNIA**  
Situated on the 21st floor in the only luxury high rise in the village of La Jolla, this fully remodeled double unit penthouse redefines elegance and sophistication, offering unparalleled views and the finest finishes throughout. **\$9,900,000.** Eric Iantorno.

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**SAN DIEGO, CALIFORNIA**  
Museum-worthy home in La Jolla, designed by architect C.W. Kim, offers unobstructed panoramic views, exquisite craftsmanship, unexpected curves and an undulated perfection of casted light and circles from this architectural masterpiece. **\$8,495,000.** Brett Dickinson.

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**SAN DIEGO, CALIFORNIA**  
Magnificent estate in the highly-coveted gated community of Rancho Pacifica in Rancho Santa Fe. Enjoy spectacular panoramic views, home office, theater, fitness center, nursery, detached guest house, pool and outdoor patio with plenty of space to entertain. **\$6,295,000.** Eric Iantorno.

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**SAN DIEGO, CALIFORNIA**  
Trinity Ranch is the ultimate equestrian compound in Rancho Santa Fe. A classic Spanish Colonial home and guest house, 2-stall barn with living quarters, new jumping arena with excellent footing, horse pen and private gate to the Rancho Santa Fe Covenant trail system. **\$5,695,000.** Brett Dickinson.

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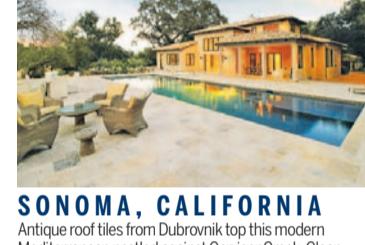
**SAN DIEGO, CALIFORNIA**  
Situated on the 26th floor in the Marina District's most desirable luxury full-service building-The Meridian, this exquisite fully renovated downtown condominium offers breathtaking panoramic views of the city skyline and harbor. **\$5,175,000.** Eric Iantorno and Clinton Selfridge.

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**SANTA CRUZ, CALIFORNIA**  
Become part of California's coastline legacy with 175 acres that offers pristine wilderness, organic farmlands, secluded beachfront, and a 19th century farmhouse. Just one hour from Silicon Valley. Now listed at **\$28,500,000.** Michael Dreyfus.

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**SONOMA, CALIFORNIA**  
Antique roof tiles from Dubrovnik top this modern Mediterranean nestled against Carriger Creek. Clean, cream interiors open wide to a pool with spa. Nearly new and high tech. A guest house completes the property. CalIBRE #01357054. **\$4,375,000.** Donald Van de Mark.

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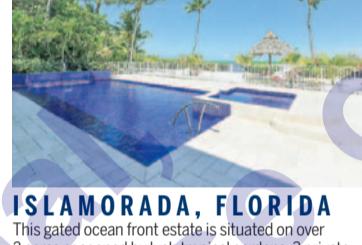
**TIBURON, CALIFORNIA**  
Sprawling waterfront estate on approximately 8.5 acres featuring a main villa, boat house, guest house, park-like grounds with level lawn area, San Francisco Bay views, and a sandy beach. **\$49,500,000.** David Gilbert, Lydia Sarkissian and Bill Bullock.

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**WOODSIDE, CALIFORNIA**  
Rare 8.72 acre estate provides total seclusion and includes an equestrian facility, tennis court, pool and spa, guest suite with fully-equipped gym and fitness studio, detached estate manager's office, and separate personal office. **\$29,500,000.** Michael Dreyfus.

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**ISLAMORADA, FLORIDA**  
This gated ocean front estate is situated on over 2 acres cocooned by lush tropical gardens. 3 private guest bedrooms, each features spacious balconies and outdoor showers plus an expansive master suite. **\$6,950,000.** Nancy.Hershoff@sothebysrealty.com

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**ISLAMORADA, FLORIDA**  
The lovely Old Florida home offers 3 bedrooms and 3 baths with panoramic views of the open water from every angle. This classic Islamorada retreat is located in beautiful gated Pen Key Club. **\$3,295,000.** Sarah.Ewald@sothebysrealty.com

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**JACKSONVILLE BEACH, FLORIDA**  
Waterfall - the newest and best front row seat to Northeast Florida's oceanfront paradise. 7th floor suite with floor to ceiling windows captures expansive views. Concierge service and resort style amenities. 3 bedrooms, 3.5 baths, 2,721 sq. ft. **\$1,875,000.** Brian Moorman and Jane Chefan.

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**KEY LARGO, FLORIDA**  
Southern Charm. A wonderfully spacious 6,119 sq. ft. home is situated in the exclusive Ocean Reef Club private community. Leisure amenities include a world class marina, fishing and diving, golf courses and spa. **\$6,750,000.** Jay.Rouke@sothebysrealty.com

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**KEY LARGO, FLORIDA**  
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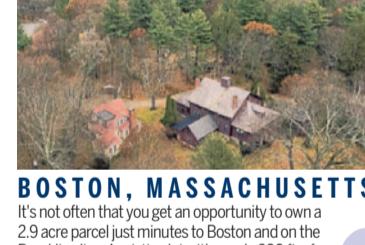
**KEY WEST, FLORIDA**  
This elegant late 1800's residence showcases Key West Old Town architecture. This historic 4 bedroom, 3.5 bath home has a dramatic stained glass entryway, light filled rooms with expansive 12 ft. high ceilings. **\$2,799,000.** Ellen.Gvili@sothebysrealty.com

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**NORTHFIELD, ILLINOIS**  
Modernist steel and glass masterpiece by renowned architect Tony Grunsfeld with outdoor pavilion sits on 2 acres of meticulously landscaped gardens overlooking 56 ft. pool & tennis courts. Enjoy the sophisticated lifestyle. 4 bedrooms, 5.5 baths with 2 car garage. **\$3,850,000.** Nancy Nugent. nancy.nugent@sothebysrealty.com

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**BOSTON, MASSACHUSETTS**  
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**BOSTON, MASSACHUSETTS**  
A sophisticated South End penthouse triplex in the coveted Eight Streets neighborhood. Renovated in 2007, this 3 bedroom, 3 bath property consists of a gas fireplace, gourmet kitchen, private balcony and breathtaking roof deck. **\$2,895,000.** Michael L. Carucci.

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**NEW YORK, NEW YORK**  
Perched above the treetops, this magnificent 20 room apartment features divine views of Central Park and plenty of southern exposures. The sun-flooded rooms are perfectly suited to major entertaining. **\$68,000,000.** Serena Boardman.

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**NEW YORK, NEW YORK**  
Located seconds away from Fifth Avenue on the premiere townhouse block of the Upper East Side, and offering indirect views of Central Park, this 25 ft. wide five-story townhouse contains 11 units and will be delivered vacant. **\$25,000,000.** Fred Williams.

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**NEW YORK, NEW YORK**  
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**NEW YORK, NEW YORK**  
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**NEW YORK, NEW YORK**  
Boasting marvelous Central Park and City skyline views, this glamorous and sun-lit tower at the Sherry Netherland is the ideal apartment for a sophisticated buyer intent on only the best. **\$12,000,000.** Serena Boardman.

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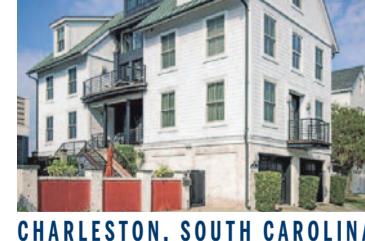
**NEW YORK, NEW YORK**  
This spectacular light-filled home is located in the fabled Brompton, offering 13 ft. high ceilings and floor-to-ceiling windows with open city views. **\$5,199,000.** Jeremy V Stein. Jeremy.Stein@sothebyshomes.com

Jennifer Henson. Jennifer.Henson@sothebysrealty.com



**BARRINGTON, RHODE ISLAND**  
Waterfront perfection at this majestic home featuring exquisite landscaping, picturesque gardens, expansive outdoor patio with stunning water views of Smith's Cove, private mooring, grand three-story staircase, wide plank wood floors, plentiful sunlight, state-of-the-art kitchen and formal dining room. **\$2,625,000.**

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**CHARLESTON, SOUTH CAROLINA**  
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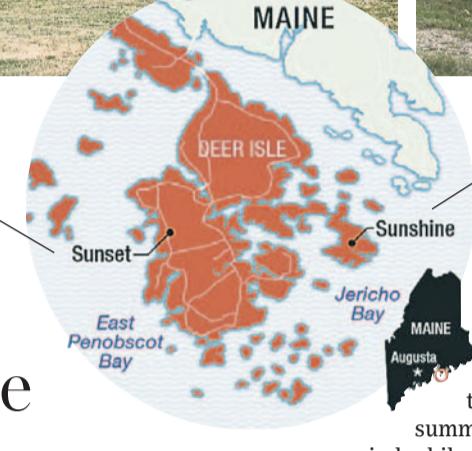
## MANSION | RETIREMENT LIVING



NOVEMBER - JUNE

**10**  
Minutes  
of driving  
time between  
homes

MAINE



Sunrise

Jericho Bay

MAINE

Augusta

East Penobscot Bay

Deer Isle

Sunset

Sunshine

Jericho Bay

MAINE

Augusta

East Penobscot Bay

Deer Isle

Sunset

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Jericho Bay

## MANSION | RETIREMENT LIVING

craftspeople, and the friendships they have forged with both local residents and "from aways," as non-natives are called.

"The beauty is the initial draw," says Mr. Zentz, an affable retired clinical psychologist who now devotes time leading a winter chamber-music series as president of the Blue Hill Concert Association. "But you meet people of great integrity. We've built boats here, built homes here, and never signed a contract."

Another draw: Their only grandchildren live just across a suspension bridge that links the island to the mainland.

The Zentzes, both 76, consider their permanent move to Deer Isle part of a natural transition that took them from camping together a few weeks a year in the early '70s, to renting cabins, to buying land and eventually to building a summer cottage, before creating their four-season home that enabled them to extend their stay throughout the year.

They bought their 4-acre lot in Sunshine in 1978 for \$27,000. Two years later, they built a tiny cabin out of distressed lumber and recycled material for \$3,000. Eventually, they added the substantial cottage that is now their summer home.

The search for a winter home started after they drove up one New Year's, looking forward to a romantic Maine-style getaway, only to find their cottage fully encased in ice they couldn't penetrate. They went house-hunting in nearby mainland communities but didn't get far.

"We went over the bridge and immediately decided we didn't want to be off island," Ms. Zentz recalls.

The process of rebuilding their winter home was very different from that of building their summer cabin 31 years earlier. An architect was hired, and they incorporated green building methods at every phase. The original farmhouse was dismantled and repurposed by locals, who hauled off floor boards, windows, sinks and chimney bricks.

Some requirements were nonnegotiable: The house had to take advantage of the southern exposure, and the second-floor master bedroom had to be moved to the waterside of the house.

The biggest luxury for both are the ocean views from the two perches. "I think sometimes it would be nice to be closer to a metropolitan area," says Ms. Zentz. "But we have two kids in New York City we can visit."



## TWIN PEAKS

## ► Winter House

## A southern exposure and energy efficiency

- A Mason & Hamlin grand piano fits easily in the living room.
- The Deer Isle granite two-sided chimney was made by a local mason.
- Custom cabinetry was built by their son Geoff and his partner at Goose Island Woodworks.
- There are walk-in and outdoor showers.



## ► SummerHouse

## 'The beauty' of the area was the lure.

- The home has views of Greenlaw Cove, and pine and spruce wood-work throughout.
- The fireplace is made of fieldstone from Blue Hill.
- A 100-foot deepwater pier allows for use of their Arno Day-designed wooden lobster boat and a Joel White-designed Bridges Point 24 sailboat.
- A separate workshop is on the property.



ERIN LITTLE FOR THE WALL STREET JOURNAL (9); MAP BY JASON LEE





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MANSION | RETIREMENT LIVING

# The Boomer Bust

What happens when the group of people who own more real estate than anyone in the country sell it all?

**THE ENORMOUS** baby boomer generation already has an out-sized housing market footprint compared to every other generation. But when they begin to abandon homeownership entirely—because they move into rentals and retirement homes—they are going to create a slow moving tidal wave of housing supply that a 2018 study by Fannie Mae's Economic & Strategic Research Group predicts could cause a huge buyer's market starting around 2026. Demand from the millennials and Generation X may not be strong enough to offset it, the study suggests. One bright spot? Immigrant buyers could make up much of the shortfall: 41% of the net increase in homeowners in the U.S. between 2014 and 2016 were foreign-born, reports the study. Here are some other numbers behind the coming departure of older homeowners.

—Kris Frieswick



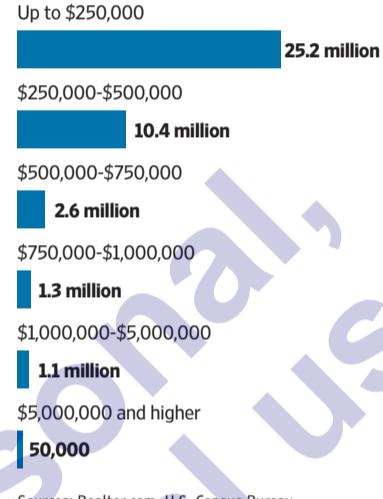
**32** million homes are currently owned by baby boomers, accounting for 2 out of every 5 homeowners in the United States. Generations born before the boomers own another 14 million homes.

**87%** of millennials, the largest prospective home-buying generation, are encountering obstacles that are forcing them to delay buying homes, compared with 68% of Gen Xers, who are delaying a home purchase.

**13.5** trillion dollars is the collective worth of this vast inventory of homes possessed by older Americans, which is the equivalent in value to nearly three-quarters of the nation's annual economic output.

## Senior Home Equity

Distribution of home values among owner occupants age 55 years and older



Sources: Realtor.com, U.S. Census Bureau  
THE WALL STREET JOURNAL.



**13.1** million to 14.6 million Americans age 65 or older are expected to exit the housing market between 2026 and 2036, an increase of at least 42% over the number in that age group who exited between 2006 and 2016.

Sources: Fannie Mae Economic & Strategic Research Group report, July 2018; Trulia Inventory Report, May 2018.

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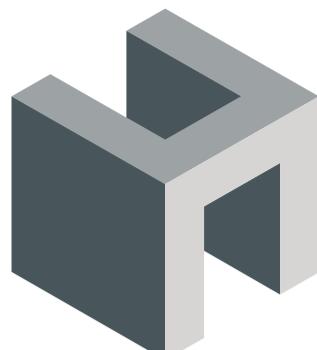


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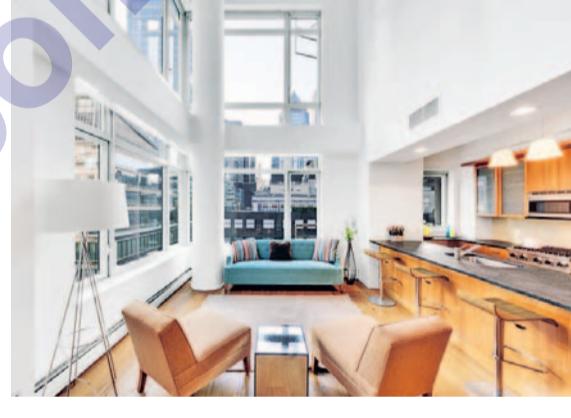


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## MANSION | RETIREMENT LIVING

FOREIGN CORRESPONDENT

# In Asia, An Age-Old Custom Fades

Instead of living with their children, some elderly parents opt for luxury developments for seniors

BY KATERINA ANG

**A**fter living in Canada for eight years, Joy Danen returned to her native Malaysia to care for her 87-year-old mother, who is losing her memory. She found her a villa at GreenAcres, an independent-living facility with elderly-accessible design elements as well as amenities like mini-theaters, karaoke rooms and designated space for herb gardens.

Mrs. Danen, a 60-year-old retired university administrator, liked it so much she decided to buy a villa at GreenAcres for herself, paying \$110,000 to lease a two-

bedroom unit for life. "I pictured myself in my mom's position and GreenAcres was the perfect position for its price," said Mrs. Danen.

So far 26 units have been built at GreenAcres, and about 80% are occupied. When completed in 2021, GreenAcres will have 177 units. To live there, residents pay a refundable deposit to lease a unit, plus a monthly fee that starts at about \$90, depending on the size of the unit. When the resident moves away or dies, the unit is put up for lease, enabling the developers to ensure the new occupants meet the minimum age requirement of 55 years old.

Malaysia and other Asian countries are in the midst of a cultural shift. Low fertility rates, an aging population and more overseas opportunities for young professionals mean there are fewer family members available to care for their elderly parents. As a result, parents who in the past would have lived with their families in multigenerational homes are now more likely to live on their own.

In Hong Kong, 48.5% of the residents 65 and older lived with their children in 2016, down from 53.4% 10 years before, government data show. In Singapore, about 70% of seniors share a home with children, down from 75% about a decade before, according to Duke-NUS Medical School.

Developers are filling the gap with high-rise retirement villages that offer seniors the comforts of home along with high-end amenities. The first developments designed for wealthy retirees opened in Singapore and Hong Kong in the past five years, with about more planned across the region.

"The next generation is very aspirational. They're mentally and physically younger and not going away quietly like their parents," says Daniel Holmes of Otium Living, which manages the Otium Kamala Phuket, a beach-resort community for seniors age 50 and older that is scheduled to open in late 2020 in Thailand. Condos and

villas here will range from \$364,000 to over \$910,000 and the grounds will include a sauna, Pilates studio and a bar.

In Hong Kong's bustling North Point neighborhood, Tanner Hill, a 588-unit apartment tower for res-

**Tanner Hill, above and left:** Life-term leases for a 600-square-foot unit begin at \$294,000, with additional fees for optional services.

chair-height kitchen countertops.

Tanner Hill residents pay a flat fee for a life-term lease that is determined by age. An 85-year-old with a 600-square-foot apartment might pay \$294,000, whereas a 65-year-old resident would pay up to \$725,000. Residents have access to optional services like housekeeping and laundry for a fee.

All 281 units at the Hillford, Singapore's first self-styled "retirement resort," sold out when it

launched in 2014. Condos include nonslip flooring and emergency-call buttons in the bathroom and overlook a pétanque lawn and meditation pavilion. Leases at the Hillford are for a 60-year term and currently being sold for between \$351,000 to \$636,000.

Unlike other independent-living facilities, there is no age minimum at the Hillford.

Wendy Ng, a 44-year-old shipping executive, paid about \$400,000 for a one-bedroom unit, even though she's more than a decade away from retirement. She likes using the communal reading lounge with pool views and plans on accessing more senior-centric services as she grows older. "I love the emergency-call button feature," says Ms. Ng, who lives alone. "That peace of mind is really a plus factor."



HONG KONG



HONG KONG HOUSING SOCIETY (2)

SINGAPORE



**Hillford:** 60-year leases currently start at \$351,000, with variable monthly maintenance fees based on the size of a unit.

MALAYSIA



TOTAL INVESTMENT SDN BHD (RENDERING)

**GreenAcres:** Life-term leases begin at about \$72,000, with monthly maintenance fees starting at \$90.

idents who are 60 or older, has many of the amenities affluent residents of the Chinese territory expect: a fitness studio, heated indoor swimming pool and concierge service. The tower also includes primary-care facilities and a clinic that specializes in traditional Chinese medicine.

Each unit comes equipped with motion sensors that send alerts if no physical activity is detected for prolonged periods and wheel-

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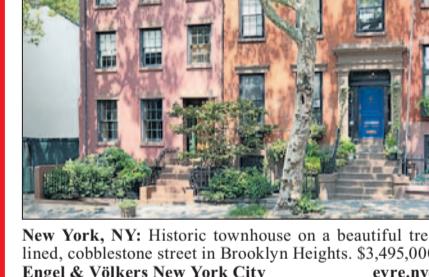
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**ON THE GO** Susan and Rick Turner, above, inside their motorhome. Between work, vacations and visits to friends and family, the couple puts 10,000 to 15,000 miles on their RV each year.

## RV Road Trip in a Luxury Ride

Continued from page M1

make Hearthsides Grove their home base for much of the season, which runs from mid-May to mid-October. They hitch a car to the back of their motorhome to use for trips to the grocery store and other errands.

"There is so much to do in northern Michigan," says Mr. Stiebeling, 65, who retired in April after a 35-year career selling medical devices and artificial skin to burn centers.

"The water is so clean, and there's trout fishing, golfing, restaurants galore—and not the typical chain restaurants. They're made-and-pa places."

If they ever decide to take longer trips, they can put their Hearthsides lot in the rental pool, allowing other Class A owners to lease their space and bungalow for \$100 to \$175 a night. Leasing their lot won't necessarily keep the fuel tank filled, but it could defray the property taxes and insurance on their lot, as well as a rental fee to store their motorhome when not in use.

The Stiebelings put about 6,000 miles on their Itasca each year but plan to take longer trips down the road. They recently stopped at Gettysburg National Military Park in Pennsylvania, where they stayed at a campground. But many national parks limit RVs of this size. (Look for parks and campgrounds that say "big-rig accessible.") And wherever they go, Mr. Stiebeling does the driving.

"She has driven it, but it makes her palms sweat a little bit," he says of his wife, Dani, who is 58.

Living in such close quarters could lead to

domestic squabbles, but the Stiebelings' RV has three "slides" that can increase the floor space to almost 400 square feet when they're expanded, giving them their own space.

If anything, the RV life allows couples to spend quality time together and share experiences on the road. "We enjoy going places and seeing things together," says Mr. Turner. "I'm 64. I want to maximize the time I have with my wife."

**SPENDING TIME** with his wife, Linda, was one of the main reasons Nicholas Grimaldi purchased his 45-foot 2017 Entegra Anthem.

The Grimaldis live in Port Jefferson Station, N.Y., and are retired from the family's canvas and upholstery business. Mr. Grimaldi, 64, also works for an insurance company in claims,

and he had Wi-Fi installed in his RV so he could work while on the road.

But the real driver behind the decision to buy is Linda Grimaldi's bucket list of destinations—the Grand Canyon, Mount Rushmore and Minnesota to see the aurora borealis. "Because of my wife's medical condition, she can't fly. She has a hard time breathing," he said. In the RV with portable oxygen, "we can go out and not skip a beat."

Mr. Grimaldi says a "great deal" made a Class A motorhome possible. This summer, he paid \$302,000 for an unsold 2017 model with an original sticker price of over \$500,000.

"It's all about timing in life. I always wanted to buy one. I never thought I'd be able to swing it," he says. "Never give up. If I can do it, anyone can."

—Rick Turner

NOT SLOWING DOWN

Nicholas and Linda Grimaldi, above, purchased a 45-foot 2017 Entegra Anthem over the summer. At left and below, the interiors of the Class A motorhome, which will enable Ms. Grimaldi, who has a medical condition, to travel the country. Mr. Grimaldi, 64, and Ms. Grimaldi, 65, live in Port Jefferson Station, N.Y.



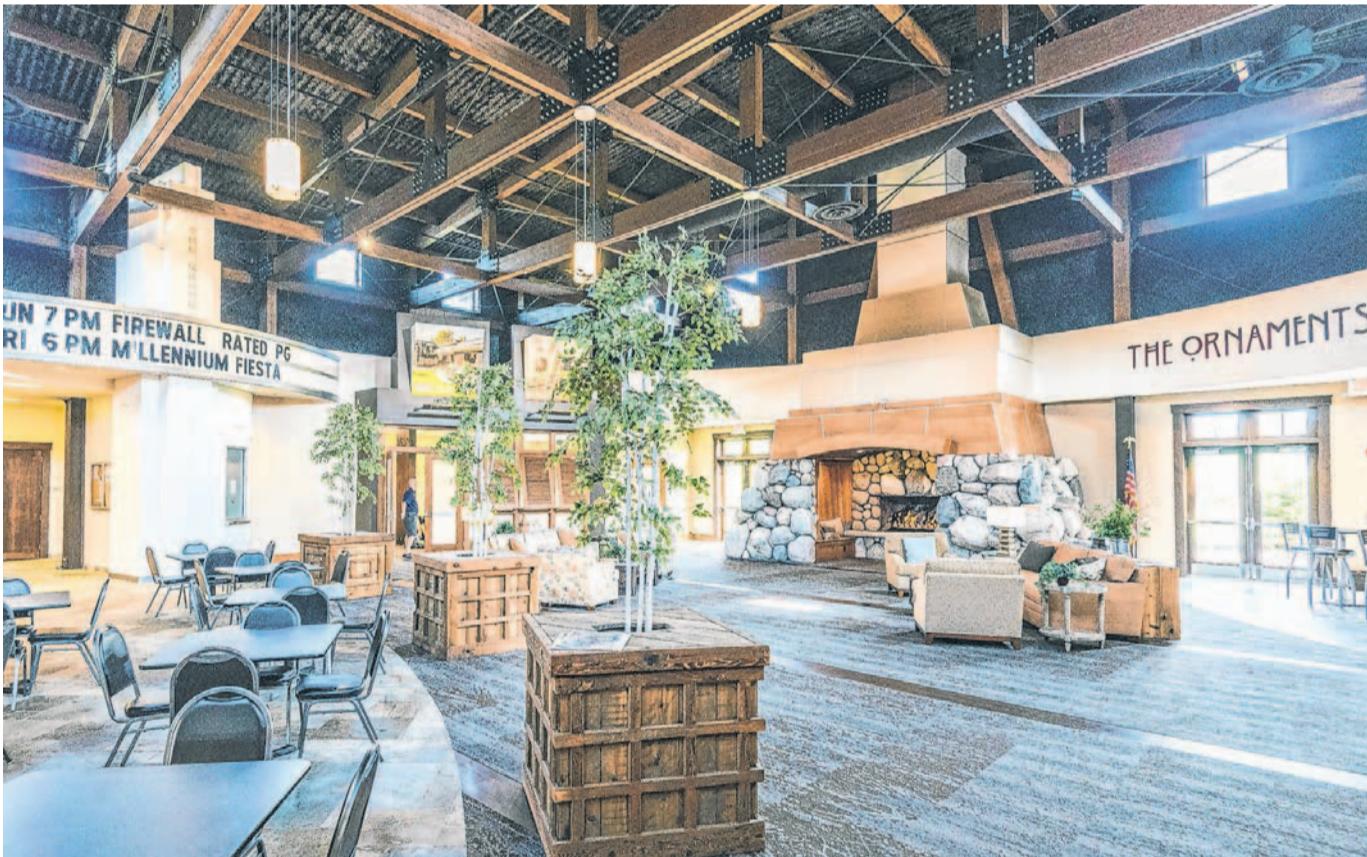
## Resorts where RVs go to play

**When they're not on the road, many Class A motorhome owners camp at luxury resorts that offer basic hookups, lavish amenities and an active social calendar. Here's a sampling of three resorts exclusively for Class A owners**

**Desert Shores Resort**  
Indio, Calif.  
**Lots:** 141 total, with on the resale market  
**Price range:** \$300,000 to \$600,000  
**Amenities:** Dog park, clubhouse, pool, fitness center, financing through Wells Fargo.  
**Social scene:** Dancing, Jeep excursions and an annual 'Casita Crawl,' in which some owners serve cocktails to other members.



**Las Vegas Motorcoach Resort**  
Las Vegas  
**Lots:** 407 total, with 41 currently on the resale market  
**Price range:** \$88,000 for an unimproved lot, to \$379,000 for lots with 'palapas,' shelters typically with kitchens and entertaining spaces  
**Amenities:** Clubhouse, pool, tennis/pickleball, fitness center, putting green  
**Social scene:** Monthly movie parties as well as scavenger hunts, poker parties, barbecues.



### Hearthsides Grove Motorcoach Resort

**Lots:** 165 total with another 17 under construction; 45 lots currently listed  
**Price Range:** \$99,000 to \$923,000 for lots with bungalows, outdoor entertaining space and water/fire features

**Amenities:** Clubhouse, pool, theater, tennis/pickleball court, fitness center, business center, laundry facilities.  
**Social life:** Cooking classes, billiards tournaments, movie screenings, and manufacturer-motorcoach parties

## RV Sales

**CONSUMERS** between 55 and 74 years old are the "sweet spot" for the RV industry, and manufacturers are already seeing a baby-boomer bump in sales.

A record 504,600 recreational vehicles were shipped to dealerships last year, a 17.2% increase from 2016. And shipments this year are expected to reach 539,900, according to the RV Industry Association, a Reston, Va.-based trade group that represents manufacturers of motorhomes, towable trailers, fifth wheels and other recreational vehicles.

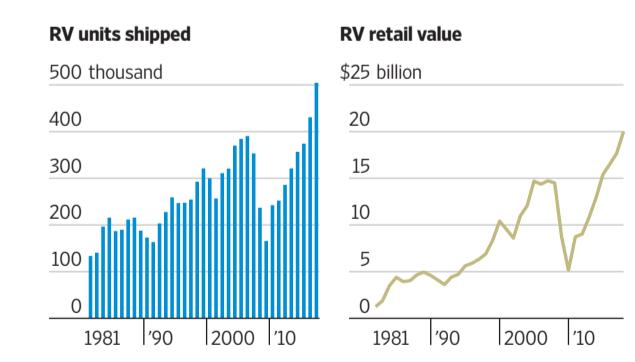
Most people buy RVs for the convenience and flexibility. "People can go when they want, where they want," says Phil Ingrassia, president of the RV Dealers Association, another trade group, based in Fairfax, Va. "They've got their stuff with them—whether it's golf or fishing. When we do surveys, we find that traveling with pets is a big motivation."

Class As represent a smaller segment of the overall market in terms of volume, with just over 62,000 units shipped last year, Mr. Ingrassia adds.

With six dealerships in the U.S., Lazydays RV is the country's top seller of Class A diesel motorhomes, says Bill Murnane, chairman and CEO of the Lazydays. Its main location just east of Tampa sits on 126 acres, with 1,500 to 2,000 RVs on the lot at any given time.

Class A buyers are often retired snowbirds who have a house in the North. "They'll hop in the RV and tow their car and travel south to one or multiple campsites they've reserved. Many times they'll travel in groups," Mr. Murnane says.

Most buyers select their RV from what's available on the lot, but Class A purchasers increasingly want custom



features on their motorhomes, says Ryan Roske, Class A-diesel product manager for Winnebago Industries, based in Forest City, Iowa. "There's been a shift in interest in owners wanting to really make the motorcoach their own," says Mr. Roske, noting that Winnebago has a customization division. Custom touches include specialty shelving in the wardrobe, an office suite instead of a dinette, and storage space converted into kennels to house pets.

With all those upgrades, some Class A owners make their motorhome their primary residence, says Brion Brady, general manager of Entegra Coach, a brand made by Middlebury, Ind.-based Jayco. Roughly 60% of Entegra buyers are on the road traveling six to eight months of the year, Mr. Brady estimates.

"This is for the older buyer that doesn't want to sit still or just golf every day," he adds. "They want to experience everything. And they want to take 'home' with them. It's your pillow, your sheets, your refrigerator, your shower."

—Beth DeCarbo

## 2019 CLASS A MODELS | LUXURY ON WHEELS

**IT DOESN'T TAKE** an Eagle Scout to go camping in a Class A recreational vehicle—no pup tents or freeze-dried eggs required.

These mega motorhomes measure between 40- and 45-feet long and are more akin to posh penthouses, with "slides" that extend from the sides to create more living space when the vehicle is parked.

Of Class As models, those with diesel engines are the most desirable, says Brion Brady, general manager of the Entegra Coach line. "With a diesel, you get better ride and handling—it just floats," he says. "It's got more giddy-up. You're not fazed by mountains. The other thing is weight—the diesel can handle a lot more!"

Diesel models make a status statement, too. These owners want to tow anything, they want and climb a 10,000-foot mountain and not be governed about what can go up and down. It's an ego thing," says Ryan Roske, Winnebago's Class A diesel product manager.

Here is a sampling of three 2019 models. Sticker prices shown here cover standard features, such as dual vanities in the master bathroom and touch-screen automation, as well as upgrades like a king-size bed, washer-dryer unit and fireplace. Features and finishes vary widely, which affects price, so do your homework before taking a test drive.

—Beth DeCarbo



**Entegra Coach Cornerstone**  
A 45-foot diesel with a 605-horsepower, turbocharged Cummins engine and optional upgrades.  
PRICE: \$738,879



**Winnebago Horizon 40A**  
A 42-foot diesel with a 450-horsepower Cummins engine and optional upgrades.  
PRICE: \$441,585



**Tiffin Zephyr**  
A 45-foot diesel with a 600-horsepower Cummins engine and optional upgrades.  
PRICE: \$652,239

Note: These models are similar, but each offers specialty amenities, such as a central-vacuum system and solar panels, that affect the price.

## MANSION | RETIREMENT LIVING

JUMBO JUNGLE | ROBYN A. FRIEDMAN

# A System for Spending

Asset-management advice for those looking to downsize into an independent-living residence

**M**any older adults worry about the cost of senior housing—and with good reason. Seniors who want to move out of their existing homes to communities with more services have several options—but they can be pricey. The average monthly rent for independent living—for relatively healthy seniors who want some support such as meals, light housekeeping and transportation—was \$3,304 in the third quarter of this year, according to the nonprofit National Investment Center for Seniors Housing & Care.

The rent for assisted living, a greater level of care that offers assistance with activities such as dressing, bathing and medication management, was \$4,947. And many facilities cost much more. How people pay for senior care depends on their finances and the level of services they need. Many seniors draw on several sources of funds, including personal savings, home equity, long-term-care insurance and government benefits.

Typically, the first source of funding for senior housing is selling an existing home. The proceeds can be used to pay the entrance fee at a retirement community, or to help cover monthly payments. "For most Americans, their house is their largest asset," says Jamie Hopkins, director of the Retirement Income Program at the American College of Financial Services, based in Bryn Mawr, Pa. "Selling it will be the biggest pool of funds they'll have."

Long-term-care insurance can help pay for assisted living. It pays benefits when policyholders need assistance with two or more activities of daily living, such as bathing, dressing or feeding. But it won't help cover the cost of independent living, because seniors in those facilities generally don't need

\$3,304

Average monthly rent at an independent-living facility



help with two or more daily activities.

The average cost of a long-term-care policy is about \$2,600 a year, says William R. Dyess, president of Dyess Insurance Services in Boca Raton, Fla. Rates vary based on an applicant's age and medical history. Hybrid products combining life insurance or annuities with long-term-care coverage are available as well.

Government-sponsored programs such as Medicaid and benefits provided by the U.S.

**HOW TO DIVEST**

► When spending down assets, consider divesting in this order, suggests Jamie Hopkins, director of the retirement income program at the American College of Financial Services. Consult a financial adviser for a strategy that suits your finances.

1. Taxable investments, such as dividends
2. Required minimum distributions on retirement plans
3. Traditional IRAs
4. Roth IRAs

The VA offers wartime veterans and their spouses extra income under the Aid and Attendance benefit that can help pay for assisted-living care as well, Mr. Simasko says. There are asset and income caps on eligibility.

Here are some things to consider if you're planning for future health care needs for yourself or aging relatives.

**Start early.** Make a list of your assets, and develop a plan on how and when to spend them down. Mr. Hopkins recommends starting to plan in your early 50s. "We don't see many people buy long-term-care policies or make retirement housing decisions any time before that," he says. "But that's a reasonable time—if you're 10 to 15 years out from retirement, all the options are still on the table for products and services at that point."

**Seek professional help.** Consult an attorney or financial planner specializing in elder care. An elder-law attorney knowledgeable about government programs can be particularly helpful if you think you may qualify for Medicaid or VA benefits.

**Run the numbers.** Compare the expenses of homeownership—including the mortgage payment, taxes, insurance, utilities, maintenance and repair—with the monthly expenses of independent or assisted living. "Sometimes when you first start looking, you may be a little shocked by the price, but when you compare your home expenses to all that's included in either independent or assisted living, you may be actually surprised," says Mary Sue Patchett, executive vice president of community operations for Brookdale Senior Living, which operates over 900 communities in 47 states. Many communities include meals, transportation, entertainment and additional services in the monthly fee.



High Floor Triple Mint Central Park Views, 1115 Fifth Avenue, Apartment 11A, Pristine SW corner premier white-glove prewar J.E.R. Carpenter co-op, 9 windows on Central Park/Reservoir, classic 9 into 8, 3 BR, 3.5 bath, staff room, SW corner LR, SE corner DR, WEIK, WBFP, high ceilings, CAC & TTW AC, gym, bike room.  
\$8.45M | WEB# 5573380



Crown Jewel Penthouse in the Sky, 30 Park Place, PH 82, Brand new Top Floor luxury penthouse condo w/ 360 degree panoramic skyline and river views, designed by Robert AM Stern, 4,538 int sqft, 4 terraces, 3 BRs, 4.5 baths, over 12ft ceilings, Grand LR, FDR, WEIK, library w/ FP, CAC, Four Seasons 5 star hotel services, gym, swimming pool, spa, restaurant, parking garage. \$30M | WEB# 3183598



Panoramic Central Park Views, 157 West 57th Street, Apartment 67B, Trophy residence with brand-new renovation by David Howell Design. Breathtaking views of Central Park and the Hudson River. 3 bedroom, 3.5 bathrooms, 4,116 sqft, 42-foot long Grand Salon, WEIK, floor-to-ceiling windows, 11'10" ceilings, HVAC, 5-star hotel services, gym, swimming pool, spa, restaurant. \$24.95M | WEB# 5295486



Sweeping Central Park Views on Fifth Ave, 1170 Fifth Avenue, Apartment 8A, J.E.R. Carpenter prewar white-glove co-op in Carnegie Hill. Triple mint renovation, classic 8, 3 BRs, 3 baths. LR, library and MBR on the Park, WBFP, windowed gourmet kitchen, CAC and TTW AC, oversized picture windows. Storage bin, gym, bike room.  
\$3.895M | WEB# 5563449



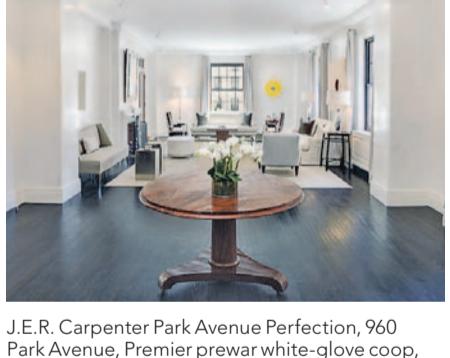
Triple Mint Central Park Views, 930 Fifth Avenue, Apartment 6A, Emory Roth premier white-glove co-op, beautifully renovated, classic 6, 2 bedrooms, 2.5 baths. Living room & master bedroom overlook Central Park, dining room/library, oversized WEIK, TTW AC, additional staff suite for purchase, gym. \$5.875M | WEB# 5564371



Panoramic Central Park Views in Carnegie Hill, 1150 Fifth Avenue, 9B Premier prewar white-glove co-op designed by J. E. R. Carpenter, beautifully renovated, classic 9, 3 BRs, 3.5 bathrooms, staff BR, southwest corner library & LR overlooking CP, WBFP, coffered ceilings, CP views from every BR, FDR, WEIK, TTW AC, storage bin, gym. \$6.475M WEB # 5507622



Triple Mint Central Park Views on Fifth Avenue, 1107 Fifth Avenue, Premier prewar white-glove co-op, designed by Tony Ingrao, 5 bedrooms, 4.5 bathrooms, WBFP, 10'3" ceilings, the living room, library & master bedroom are on the Park, grand salon, FDR, WEIK, central AC, storage bin, gym, roof terrace, bike storage. \$11.995M | WEB# 5441836



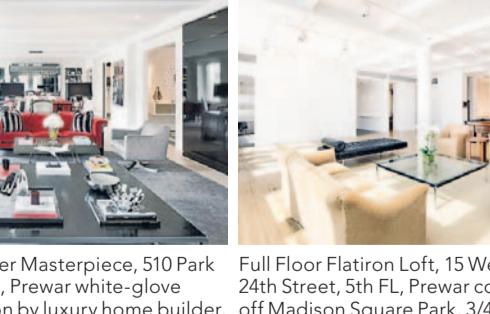
J.E.R. Carpenter Park Avenue Perfection, 960 Park Avenue, Premier prewar white-glove coop, triple mint renovation by Haynes Roberts, twelve into eleven rooms, 6 bedrooms, 6.5 bathrooms, 2 WBFPs, 10'3" ceilings, corner living room, salon, formal dining room, library, WEIK, central & TTW AC, gym. \$14.5M | WEB# 5439649



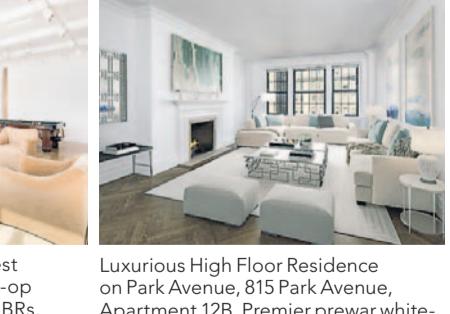
PH Perfection, 829 Park Avenue, Premier prewar white-glove co-op, PH duplex reno by SilverLining w/int by Melanie Roy, solarium, 2 terrs, 4 BR/4.5 baths, 12' ceilings, 2 FP, crnr LR, FDR, media/game rm, WEIK, 15+ ceilings in crnr master ste w/ dressing/ sitting room, CAC, gym, 390 SF windowed room downstairs. \$13.5M | WEB# 5194107 | Co-Listing



Grand Limestone Mansion, 5 West 87th Street, Beautifully renovated townhouse right off of Central Park West, entire home is 6,834 sqft including a finished windowed basement, 5 Joseph Farrell, 4 bedrooms/4.5 baths, 2 terrs, 4 bathrooms, 5 stories, 21-foot long corner living room /dining room, eat-in landscaped garden, 3rd floor terrace, Juliet balcony, ceilings up to 10'8", wfp, lounge, WEIK, the-wall AC, staff room, gym. \$10.925M | WEB# 5471651



Triple Mint Corner Masterpiece, 510 Park Avenue, Apt 12B, Prewar white-glove co-op, renovation by luxury home builder, Joseph Farrell, 4 bedrooms/4.5 baths, 2 terrs, 4 bathrooms, 5 stories, 21-foot long corner living room /dining room, eat-in kitchen, high ceilings, central & through-the-wall AC, staff room, gym. \$6.995M | WEB# 5544977



Full Floor Flatiron Loft, 15 West 24th Street, 5th FL, Prewar co-op off Madison Square Park, 3/4 BRs, 3.5 baths, 11 ft ceilings, grand south facing living room, dining room, media room, eat-in kitchen, central air conditioning, keylocked elevator. \$3.95M | WEB# 5230228

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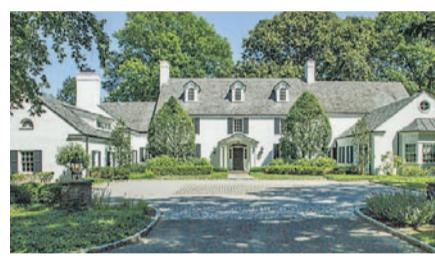
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## MANSION | RETIREMENT LIVING



JENNIFER ROBERTS FOR THE WALL STREET JOURNAL (5)

# A Mecca For Midcentury Modern

**JUST AS ART DECO** architecture helped revive Miami Beach in the 1980s from a rundown retirement community to a hip, happening international destination, Mid-century Modern is attracting the design and style conscious to Palm Springs, Calif., fueling music and art festivals, Modernism Week and bringing younger visitors to all nine cities in the Coachella Valley.

The city's bent toward modernism began in the 1920s with buildings and hotels, and took off in the 1950s and '60s as famous architects like Richard Neutra and Albert Frey designed futuristic homes. The style became iconic when Elvis and Priscilla Presley honeymooned at the "House of Tomorrow" designed by William Krisel and Dan Saxon Palmer, and John Lautner's Elrod

House scored a role in the James Bond film, "Diamonds Are Forever."

Real-estate agents say buyers will pay a premium of 20% to 30% for a Midcentury Modern home. For example, a 2,700-square-foot 1952 home on two-thirds of an acre by E. Stewart Williams sold in May for \$3 million, which is just over \$1,100 a square foot. Non-Midcentury Modern homes

average \$300 to \$350 a square foot, says Deirdre Coit, a real-estate agent at Deirdre Coit and Associates at Berkshire Hathaway Home Services.

The top architects designing in Palm Springs today, firms such as Elemental Architecture and Studio AR&D, further the modernist style using contemporary elements and materials

—Nancy Keates

**MODERN VIBE** Homes in the Vista Las Palmas neighborhood of Palm Springs.



## Palm Springs Energized

Continued from page M1

The average single-family home sales price has surged during the resurgence, up 71% to \$541,215 in June 2018 compared with June 2011, according to the California Desert Association of Realtors. Homes selling for over \$1 million accounted for 8.4% of the sales in the second quarter of 2018, up from 6.2% from the same period three years ago, according to Diane Williams & Associates. At the highest end, the upswing is even more pronounced, with seven homes selling at \$7 million and above compared with four for the same period in 2017.

This change in attitude isn't without conflict. People complain it can be harder to get dinner reservations and there's more traffic. A burgeoning party scene has prompted several cities to forbid short-term vacation rentals in certain areas and enact other ordinances. Between January and June in Palm Springs alone, 820 complaints were made to the



city's vacation-rental hotline, mostly for noise, according to the City of Palm Springs.

Still, 70% of Palm Springs voters in June rejected a measure aimed at prohibiting vacation rentals in single-family homes.

Palm Springs has gone through this cycle before. Long renowned as a playground for the Hollywood elite, it turned into a spring break destination with drunken youths disrupting traffic, peaking in 1986 with what's known as the Spring Break Riot, which led to tear gas and arrests. When former pop star Sonny Bono was elected

**71%**  
Increase in sale price  
of a single-family  
home between June  
2011 and 2018

Source: California Desert Association of Realtors

mayor of Palm Springs in 1988, he led initiatives, including banning thong bikinis and blocking off roads with concrete barriers to keep the spring breakers away.

In 2009, with tourism sharply down, the city changed course: The

Palm Springs tourism bureau sent a text message to 55,000 college kids that read "Skip Cabo, come to Palm Springs." Coachella, which started in 1999, expanded into a two-weekend event, and new hip hotels appeared. Now, the average

**DESERT OASIS** Clockwise from far left, the Palm Springs Art Museum's Edwards Harris Pavilion, Shawn Holoubek, co-owner of boutique Elizabeth & Prince, and Sherman's Deli and Bakery.

vacation rental goes for \$350 to \$450 a night and up to \$600 a night during the big events.

Homes in the Valley's country-club communities, which attract the most retirees and baby boomers, are not part of the party scene, but they have, for the most part, reaped the benefit. Eleven out of the 19 country-club communities tracked by Diane Williams & Associates showed an increase in average sales price, ranging from 3.2% to 19.5%, for the year to date compared with the end of 2017.

Betsy Rosen lives in a gated golf community in La Quinta seven months a year. Ms. Rose, a 62-year-old occupational therapist, says the biggest benefit of events like Coachella is that they make the area a more appealing place for her three children, who are in the 20s and 30s, to visit. During Coachella, they've invited as many as 20 guests to their house. "It's been great for my family," she says.



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## MANSION | RETIREMENT LIVING

## THE MARKET

# When Those Golden Years Can't Wait

Join the rarest of Americans: A cheat sheet on how to retire happily before turning 50.



By KATY MC LAUGHLIN

**W**hen Tom Thoms's family food distribution company was sold, it was in economic terms, a "liquidity event." In personal terms, it was a crossroads: The 40-year-old chief executive of the firm suddenly had the money and freedom to retire early.

Today, Mr. Thoms, 56, spends several months a year at the roughly 5,400-square-foot, stone, glass and steel contemporary home he built with his brother in Peninsula Papagayo, Costa Rica. The house sits on a 1,400-acre master plan development overlooking the Pacific Ocean that also houses a Four Seasons resort and a golf club. Since retiring, Mr. Thoms, who lives the rest of the year in Rock Island, Ill., lost 50 pounds, became an avid runner, hiker and bicyclist, and got deeply into nonprofit work.

Early retirees like Mr. Thoms are the rarest of Americans: Fewer than a million Americans retire by the age of 50, said Ken Dychtwald, the founder of Age Wave, an Emeryville, Calif., think tank on aging. The median retirement savings per household headed by someone aged 50 to 55 is just \$11,000, according to the Economic Policy Institute, making an early departure from the workforce all but unthinkable for most people.

But while it is unusual to retire early, it has definitely become popular to fantasize about it: A blog called Mr. Money Mustache, by a Colorado-based ex-engineer who retired at 30, attracted nearly 2.5 million page views in the past month, according to Google Analytics data, and has inspired dozens of similar blogs and books. There are now online communities and physical retreats for people in a community called FIRE—an acronym for "financial independence, retire early."

For the few who find a way to pull it off, the journey from hard-charging careerist to early retiree raises questions about finances, identity and where to make a home.

Here's a look at how several early retirees figured it all out.



Tom Thoms spends several months a year at this contemporary home he built with his brother in Peninsula Papagayo, Costa Rica.

## Redefining Self

After the sale of his company, Mr. Thoms's first thought was, "I'm only 40. I'm too young to retire," he said. So he took a job as the chief executive of a robotics company.

Although his career was fulfilling in some ways, "I didn't relish all the pressure," and after two years, he left that role. For a while, he hedged when people asked him what he did, telling them he was "selectively employable." After a few years, he accepted—and admitted—that he was retired, he said.

Identity can take a hard knock in retirement. In a 2013 Age Wave survey of nearly 1,500 retirees over the age of 45, 34% said they miss "social connections," more than they missed reliable income and health insurance. Replacing work with other meaningful activities, including volunteer work and cherished hobbies, can be key to making a successful transition, said Mr. Dychtwald.

Today, Mr. Thoms said he spends "80% of my day" raising money for a child-abuse organization, a group that supports teen girls and a local community foundation. In 2011, he and his



brother competed the design and building of their Costa Rica house, which Lisa Farrell, an agent with Re/Max Los Tres Amigos said would likely sell for about \$4 million today.

They take turns using the house for visits and vacations; when they are not using the house, the brothers rent it out for a \$2,500 a night off-season and \$6,000 in peak season.

Leif Dahleen, a 42-year-old anesthesiologist in Brainerd, Minn., plans to retire by August. Though it took 12 years of higher learning to enter his profession, he didn't build his identity on it, he said. Once he became aware that he was in a financial position to retire, he realized the job carried significant stress.

Instead, he plans to base a new life on family, adventure and travel. Two months ago, he bought 7 acres on Grand Lake in Michigan for \$170,000, and is planning to spend about \$350,000 building a 2,400-square-foot house.

When he moves with his wife and two young sons, they may home-school the children and spend time traveling in Central and South America as well as Asia.

"I could end up with \$10 million if I kept working for 20 years," said Dr. Dahleen. "But I haven't built my ego around that."

## Finding Community

Early retirees are more likely to stay close to where they have lived than older retirees, according to a 2018 study by John Burns Real Estate Consulting: 43% said they planned to buy in their same ZIP Code, com-

pared with 29% of older retirees. Early retirees are more likely to have children, which is why they often remain in the same area, said consultant Mikaela Sharp.

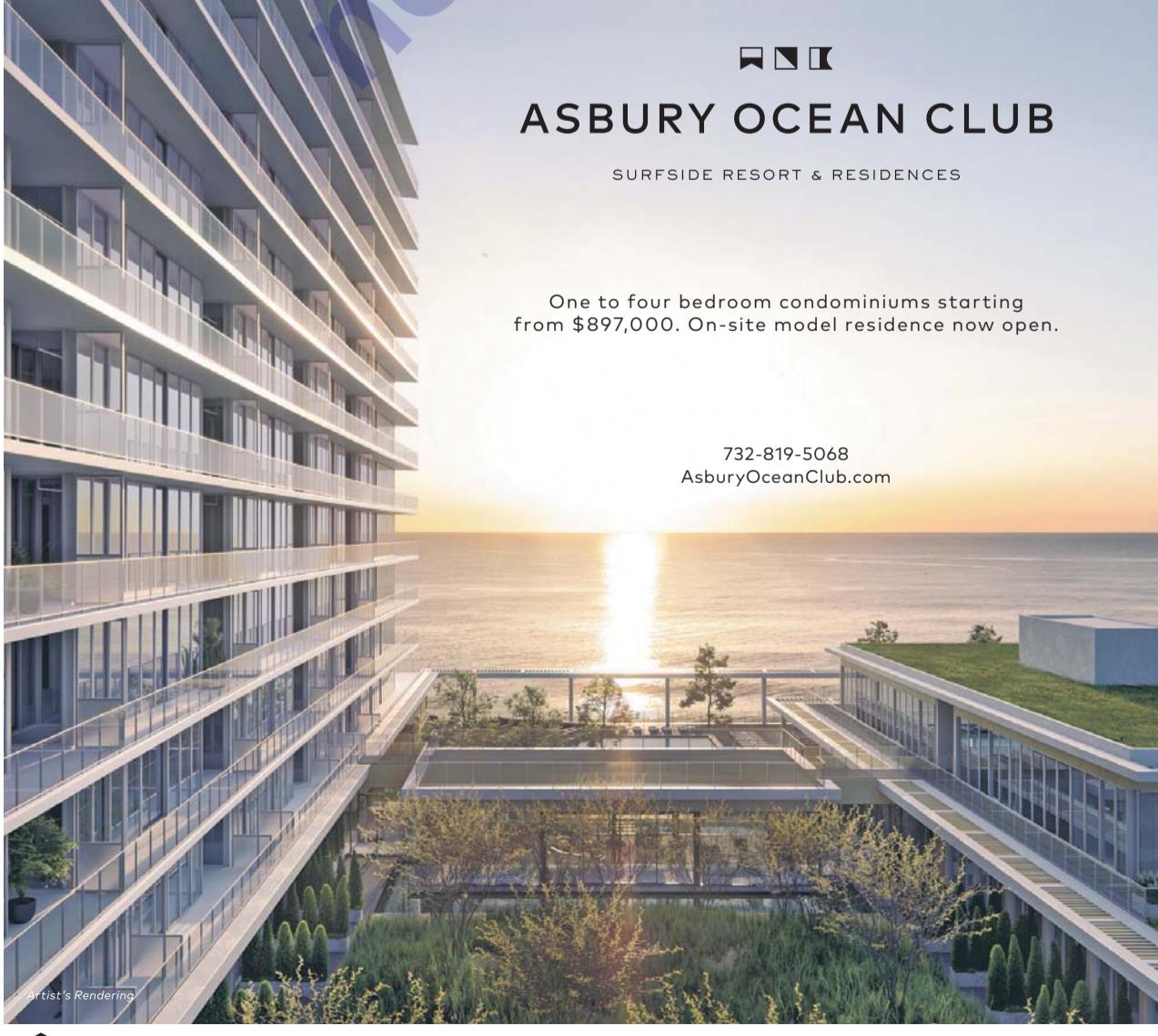
Lynn Friar (see "Do the Math") can relate. She could sell the family home for big gains and play "geographic arbitrage," a popular

concept in FIRE circles in which the nest egg is stretched in another state or foreign country with a low cost of living. However, "we've cultivated a life we love," with great neighbors and a strong public school system for their 3- and 5-year-old daughters.

Sam Dogen (see "Do the Math"), now a

decade into his retirement, is also thinking about community. When his toddler son hits preschool age, he plans to move from San Francisco to where his parents live.

Fortunately for Mr. Dogen, the family plan shouldn't dampen the fun he's having too much: His parents live in Honolulu.



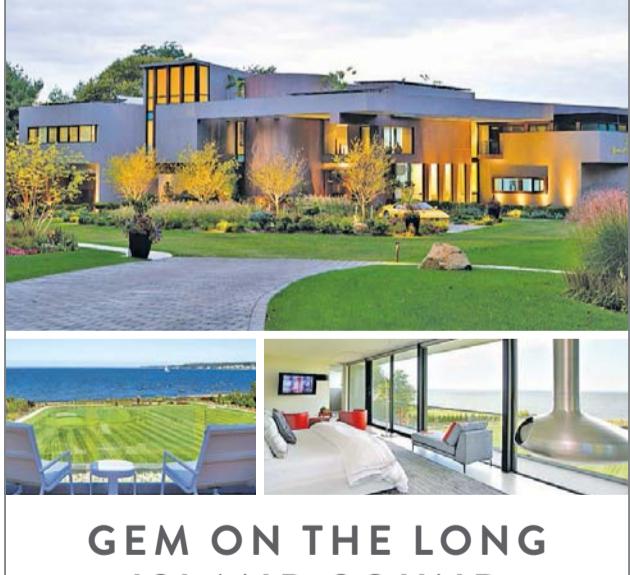
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## MANSION | RETIREMENT LIVING



Carlos de la Cruz, Jr., above right with wife Claudia, retired at the age of 45; his home in Brays Island Plantation, a hunting, golf and boating community in South Carolina, above and below.



## HOW TO END THE RAT RACE

and spends about a week a month on Brays, where Mr. de la Cruz Jr., bicycles, boats and shoots skeet, he said. The community combines a sense of being in the wilderness with services like an office from which he can print and notarize documents, he said.

In the past year, six homes about the size of the de la Cruzes have sold on Brays for between \$1.95 million and \$2.15 million, said Hank Gulbrandsen, vice president of real estate for the community, which charges roughly \$28,000 in annual dues and assessments.

About 25% of Brays owners are in their 50s or younger, and roughly a third of those are retired from their primary career, said Mr. Gulbrandsen. In the South "many young people aspire to own a farm or a plantation, but simply don't have the time or inclination to manage it themselves," he said.

Outdoor activities, fitness and games have replaced golf in the hearts and minds of most retirees, according to a 2018 study by John Burns Real Estate Consulting, which surveyed 24,000 new home shoppers. Only about 10% of all retirees wanted a golf course home; 73% wanted walking trails, 29% craved bike paths and bocce and pickleball were in high demand. Early retirees also wanted tennis courts and workout courses.



room house, adding two bedrooms.

The couple, who both work on a number of charitable causes, lives in Key Biscayne, Fla.

A growing number of "financial independence" gurus and blogs, including Mr. Money Mustache, Mr. Dogen's Financial Samurai and Dr. Dahleen's blog Physician on FIRE, promote the idea that anyone can retire if they have a small enough budget and a big enough nest egg. Though the advice varies in the details, these are the broad strokes that fire the FIRE movement.

**STEP 1:** Reduce living expenses to a bare minimum.

**STEP 2:** Save all income not required for basic living.

**STEP 3:** Invest in a portfolio that will grow at a yearly average of at least 7%.

**STEP 4:** Once savings is equal to at least 25 times annual expenses, retirement is an option.

**STEP 5:** Pull no more than 4% annually from the portfolio, indexing the first year figure for inflation each year.

Rob Williams, vice president of financial planning at Charles Schwab, sees the approach as generally sound. The longer the retirement, however, the lower the withdrawal rate should be, and as with any investing, there are risks, he cautioned.

The model assumes annual living expenses won't rise beyond inflation, and it is possible to generate consistent returns averaging at least 7% annually.



Lynn and Carl Friar and their children Aria and Aiyana. Ms. Friar, 40, said she has diligently saved since 2008.

Camp Mustache, a four-day retreat over Memorial Day weekend outside Seattle for fans of the Mr. Money Mustache blog. She also listens to a podcast by ChooseFI.

A successful financial independence blogger, 41-year-old Sam Dogen retired from investment banking at 34. Throughout his brief career, he saved 50% to 80% of his after-tax income, he said, enabling him to build a portfolio of income-producing stocks, bonds and real es-

tate. His wife also retired young, at 34, from a career in fund administration.

Mr. Dogen bought a family home in San Francisco for \$1.24 million, and a condo near Lake Tahoe for \$718,000, which he both uses and rents out. Mr. Dogen's blog, Financial Samurai, which provides details on how he finances his early retirement, has become a big money-maker through advertising: "It surpasses what I used to earn in banking," he said.

## Do the Math

Lynn Friar, a 40-year-old nurse in Bothell, Wash., gave notice at the end of August. Her husband Carl, 45, retired two years ago from his job as a school-district cook. Ms. Friar said she has diligently saved about 60% of her family's after-tax income since 2008, and invested that money into low-cost index funds. After she retires in January, the couple may dabble in work, Ms. Friar said, but they don't need to.

A big part of the plan depends on the 2,460-square-foot house they bought in Bothell in 2012 for \$382,000, which keeps their cost of living low.

Ms. Friar sees herself as "part of the financial independence community." She attended



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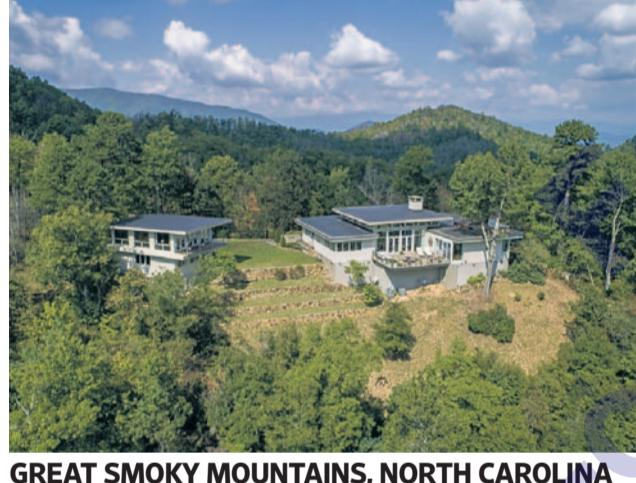
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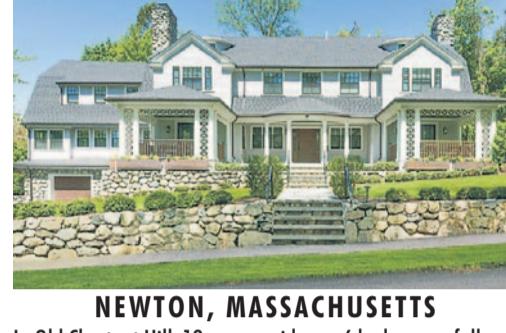
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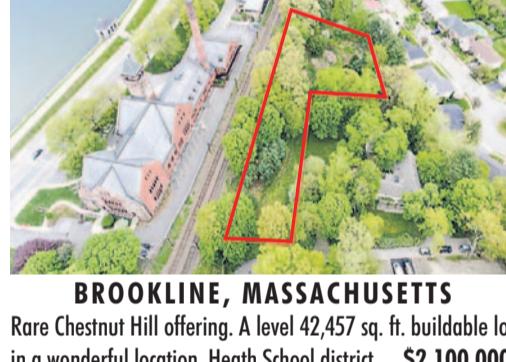
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## PRIVATE PROPERTIES

# Brooklyn Deal Might Set Record

A sprawling Brooklyn penthouse under construction is now in contract for over \$20 million. If the deal closes, the unit will be the priciest home ever sold in the borough, according to public records.

The unit had been asking \$22.75 million, said Andrew Anderson of Douglas Elliman Development Marketing, the company marketing the building.

The current record was set by the \$15.5 million sale of a townhouse in Brooklyn's Cobble Hill neighborhood in 2015, according to public records. And actor Matt Damon is in contract to buy another penthouse that was asking \$16.645 million; that deal doesn't appear to have closed yet.

The \$22.75 million penthouse is atop Quay Tower, a 30-story condominium building under construction in the Brooklyn Heights neighborhood. It overlooks Brooklyn Bridge Park as well as the Manhattan skyline, the East River and the Statue of Liberty. The 126-unit building launched sales last summer, according to Mr. Anderson.

Mr. Anderson also declined to identify the buyer, saying that he is a New Yorker who works in the financial services industry. He and his family had originally been planning to buy a home in Manhattan's Tribeca neighborhood before discovering this building, Mr. Anderson said.

Originally intended to be two penthouses, the unit is being configured by the buyer into one sprawling 7,433-square-foot home with a 1,179-square-foot terrace. The interiors were designed by the Los Angeles firm Marmol Radziner in a modernist style, and include wide plank oak floors and



MOSO STUDIO

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white oak cabinetry. Each home comes with an Amazon Alexa device that can be customized to control the lighting, shades and temperature. The building, seen in a rendering here, also has a fitness center and a music room, a children's playroom and two common rooftop lounges.

Mr. Anderson said he believes the deal sets a new bar for Brooklyn, which has been steadily emerging from Manhattan's shadow. "A buyer at

this capacity can buy anywhere they want in the city," he said.

Real-estate agent Ravi Kantha of Leslie J. Garfield, who wasn't involved in the transaction, said the deal was especially impressive given that the New York market has been slow.

"That's a real number. Not just for Brooklyn, for anywhere," he said.

—Katherine Clarke

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## BALANCE SHEET

# It Took Two Retired Carpenters To Build a Home



By J. S. MARCUS

**P**reben Jakobsen had his retirement all planned. A recent widower, he bought a  $\frac{3}{4}$ -acre lot in October 2014 in a city on Denmark's mainland where he planned to build a three-bedroom, three-bathroom villa. It would give the carpenter a project to occupy his time, and result in a home where he could live alone, yet have more than enough space to welcome visits from his adult children and friends.

Then someone threw a wrench into his plans.

After he started construction in spring 2015, he met another retired carpenter named Birgit, and they got married. A recent divorcee, she had helped run her ex-husband's carpentry business. Within months, she was putting in pipes for underfloor heating while her new husband worked to install floors and cabinets.

Today, their new 5,000-square-foot, two-story home, located in Randers, is a local outlier, combining polychromatic bricks and copper cladding on the outside with a vast open atrium that keeps the home awash in natural light inside.

Mr. Jakobsen, now 67, spent about \$378,000 on the lot in 2014, and about \$1.7 million on materials and construction costs, restricting labor to professionals such as the blacksmith who welded the copper elements in place. He estimates that he saved up to \$470,000 by doing so much of the work himself, assisted by his wife.

The house was structurally planned by the time the couple got together, but Mrs. Jakobsen, now 65, made some key decisions about the interior.

"This is my doing," she says of the top floor, open but with a room divider. "Preben thought it should be more closed."



**PREBEN AND BIRGIT** Jakobsen have created a 5,000-square-foot northern Denmark retirement villa filled with natural light.

And she suggested its color: olive green.

Mrs. Jakobsen also brought along her taste in contemporary Danish art. The ground floor has two large paintings by Allan Axelsen, an artist based on a Danish Baltic island. Together, the couple created sitting areas in front of the canvases. The ground floor also holds their master suite and two guest bedrooms, while the upper floor has the open-plan kitchen and dining room, plus the separated living room.

The couple worked with Lars Bo Poulsen, a principal in N+P Arkitektur, a studio in Aalborg. Mr. Poulsen says the distinctive masonry—which subtly shifts in color between charcoal, brown and gray—and the copper help disguise the house in its densely wooded lot. "Although the house is very big," he says, "it should blend into nature."

The patina of the copper will change over the decades, gradually shifting from the color of tree bark to the color of foliage. "It gets more beautiful as it ages," says Mrs. Jakob-



sen. Her husband felt the material was worth its cost: \$133,600. Using less-expensive materials might have saved him nearly \$30,000, he adds.

The two stayed close to home with other elements in the house, including a kitchen from Denmark's Uno Form and a media system from Bang & Olufsen, the luxury electronics maker. For lighting a top-floor spot near the stairwell, the couple chose an Artichoke lamp, a Danish Midcentury Modern classic, which can retail for up to \$10,000. "Of course, we chose the copper version," says Mrs. Jakobsen.

But they looked to Japan for inspiration in landscaping, building a koi pond and using Japanese plants on terraces.

Construction on the home lasted about 18 months, with the couple moving in around Christmas 2016. But not everything went as planned, says Mrs. Jakobsen. Her new husband tried to buy windows from her ex-husband's company, but it didn't work out. "So Preben didn't get the windows," she says, "but he got the wife."



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