

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

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WSJ.com

★★★★ \$4.00

DJIA 25379.45 ▼ 327.23 1.3%

NASDAQ 7485.14 ▼ 2.1%

STOXX 600 361.67 ▼ 0.5%

10-YR. TREAS. ▲ 1/32, yield 3.175%

OIL \$68.65 ▼ \$1.10

GOLD \$1,226.50 ▲ \$2.80

EURO \$1.1453

YEN 112.19

What's News

Business & Finance

After years of remaining on the stock market's sidelines, a number of highly valued Silicon Valley technology companies are gearing up to go public as soon as next year. **A1**

◆ U.S. stocks fell on geopolitical tensions and worries about the state of the global expansion. The Dow slid 327.23 points, or 1.3%, to 25379.45. The S&P 500 retreated 1.4% to 2768.78. **B1**

◆ Consumer-goods giants Unilever and Nestlé reported stronger sales as inflation in many markets emboldened them to raise prices. **B1**

◆ Benefiting from the push to build 5G networks, Ericsson reported its first profit in nine quarters and Nokia expects rollouts to boost results when it reports next week. **B1**

◆ Coca-Cola's chief shuffled his management team, promoting a company veteran to the vacant No. 2 role and disclosing the retirement of the firm's CFO. **B1**

◆ Novartis said it would pay \$2.1 billion for Endocyte, a U.S. company developing a new treatment for prostate cancer. **B3**

◆ DowDuPont's agriculture unit is taking a \$4.6 billion charge after the business cut its long-term expectations for sales and profit. **B3**

◆ Publicis reported sales growth just below analysts' expectations and said it plans to sell part of its health-care business. **B4**

◆ Hurricane Florence is unlikely to dent property insurers' third-quarter profit. **B6**

World-Wide

◆ China's expansion eased to its slowest pace since the financial crisis, with its rate of growth dropping to a weaker-than-expected 6.5% in the third quarter. **A1**

◆ Mnuchin said he won't participate in a Saudi investment conference amid concern Riyadh may be complicit in the disappearance and suspected death of a dissident journalist. **A1**

◆ The Khashoggi affair is unlikely to derail the multibillion-dollar nexus that makes Saudi Arabia a top customer of U.S. defense firms. **A6**

◆ The Taliban claimed responsibility for an attack that killed the police and intelligence chiefs of Afghanistan's Kandahar province. The top U.S. military commander in the country escaped injury. **A7**

◆ The Trump administration is pushing to ease the rollout of new international rules to power commercial ships with environmentally cleaner fuels. **A3**

◆ Trump is elevating the issue of immigration with the aim of animating Republican voters in the midterm elections. **A4**

◆ Friction is growing between South Korea and the U.S. over how best to persuade North Korea to give up its nuclear program. **A8**

◆ The death toll in a shooting-and-bombing rampage at a Crimea college campus rose to 20 as details emerged about an attack that drew comparisons to school shootings in the U.S. **A9**

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U.S. NEWS

Opioid Makers Ask for Proof of Harm

BY SARA RANDAZZO

Purdue Pharma LP has a request for counties suing the drug manufacturer for allegedly causing the opioid epidemic: Show us how we are to blame.

As the number of opioid lawsuits against Purdue and other drug manufacturers reaches 1,500 and counting, the companies are pushing their adversaries to offer specific details to back up their claims.

The counties suing them say pointing to exact overdose deaths or excessive prescriptions isn't necessary to prove their case that the drugmakers created an oversupply of opioids that resulted in a costly public-health crisis.

The dispute has come to a

head in the wake of a Tuesday court order that four Ohio cities and counties must identify 500 medically unnecessary prescriptions and 300 residents who became addicted or were harmed from opioid prescriptions.

U.S. District Judge Dan Polster in Cleveland, who is overseeing all of the opioid cases in federal court, offered up one caveat in his order. The counties, he said, don't have to produce those details if they promise not to argue in court that specific prescriptions were to blame for alleged deaths and other harms. Instead, he said, they will have to rely solely on broad arguments that look at the entire scope of the opioid crisis in their regions.

More than 30 states and

hundreds of local governments are pressing claims against drugmakers including Purdue, **Endo International PLC**, Johnson & Johnson and Allergan PLC, alleging their misleading marketing played down the addictive risks of opioids and

Counties are suing drugmakers for allegedly causing the opioid epidemic.

helped fuel the drug epidemic. Many of the municipalities are also suing drug distributors and pharmacies, saying they didn't do enough to stop suspicious orders.

Purdue and the other drug companies counter that they didn't cause the opioid crisis and are committed to being part of a solution.

Judge Polster selected four test cases in Ohio—in Summit and Cuyahoga counties and the cities of Akron and Cleveland—to go to trial first. The fights playing out there are likely to influence the rest of the litigation. Even as both sides gird for a fall 2019 trial, the court is also pushing the parties on settlement talks.

The drugmakers have turned over 68 million pages of documents so far in the case, they said in a recent court filing. Despite that voluminous effort on their part, they argue, the local governments have failed to respond to questions about which

opioid prescriptions they claim shouldn't have been written, what caused them to be written and how they caused harm.

The municipalities argue they don't have detailed prescription information. They say their claims "do not turn on proof that a specific drug caused harm to a specific individual."

Linda Singer, an attorney for the cities and counties, argued at a recent court proceeding that when the drugmakers set out to market opioids, they knew a percentage of people who took them would become addicted. "They're going to become addicted, they're going to overdose, and they're going to die, and that's just what happens," she said, according to a transcript. "And this building and parsing of this case pre-

scription by prescription is not how it works in the real world."

The cities and counties have until Monday to tell the judge whether they plan to build their case broadly or turn over the requested names and prescriptions.

Mike Moore, the former Mississippi attorney general and architect of the tobacco litigation who has been involved in the opioid suits, explained what the broad argument route would look like. The municipalities, he said, will analyze federal data on pill volumes sent into communities, paired with the number of overdose deaths, opioid-addicted babies, emergency-room visits and other health effects. Experts and doctors can also testify on the effect of the companies' marketing.

U.S. WATCH



REMAINS OF THE STORM: A temporary address sign stands in front of a home in Mexico Beach, Fla., destroyed by Hurricane Michael.

FLORIDA

Hurricane Death Toll Rises to at Least 30

Florida Panhandle residents were returning to their homes as the death toll from Hurricane Michael rose to at least 30.

Authorities in Florida on Thursday confirmed 20 deaths related to the storm, which retained hurricane-force winds as far inland as southern Georgia, and affected the Carolinas and Virginia. Six deaths were reported in Virginia. North Carolina had three deaths and Georgia one.

—Associated Press

EMPLOYMENT

Initial Jobless Claims Declined Last Week

The number of Americans filing applications for new unemployment benefits fell last week, indicative of a tight labor market in which employers are reluctant to lay off workers.

Initial jobless claims, a proxy for layoffs across the U.S., decreased by 5,000 to a seasonally adjusted 210,000 in the week ended Oct. 13, the Labor Department said.

—Sarah Chaney

Zinke Probed Over Travel With Wife

Interior Secretary Ryan Zinke's wife traveled with him in government vehicles against agency policy and he was advised it would be the "cleanest" and "lowest risk" approach not to. But an agency official told schedulers she could justify the arrangement, according to an inspector general report.

The Interior Department in late

months old went public to raise comparatively small amounts. In 2000, according to startup-research tracker Dow Jones VentureSource, 213 startups backed by venture capital held IPOs, raising about \$20 billion.

All this is a drastic change for companies that for years relied on ample supplies of cash from private sources and chose to build their businesses away from the prying eye of public investors and analysts.

That capital hasn't dried up, but these companies are now rethinking their aversions to the public markets, drawn by sky-high stock prices and the opportunity to establish a liquid market for their shares.

Helping explain the rush to the public markets, according to bankers and lawyers, is a fear by executives that if they wait another year they could risk missing out on a window that eventually will close.

Indeed, there is no guarantee that any of the companies planning to debut next year or in 2020 will manage to do so, as the IPO market is notoriously volatile and sensitive to market and economic health.

In addition to the risk that the economy slows, demand for newly public companies may wane with a flood of freshly issued stock. The popularity of large public tech companies has wavered in recent trading sessions, highlighting the risk for those hoping to ride the wave of tech IPO demand.

The euphoria could also be seen as a sign of a market top, much like in 2000.

Still, today's crop of tech IPO candidates is nothing like those from the dot-com boom, when startups sometimes only

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That capital hasn't dried up, but these companies are now rethinking their aversions

U.S. NEWS

People Hold Backup Role In Facts War

Facebook relies more on computers to fight misinformation, says humans can't keep up

BY GEORGIA WELLS
AND LUKAS I. ALPERT

At Facebook Inc. headquarters in Silicon Valley this week, engineers and researchers huddled around computers in a new "war room" to fight misinformation ahead of the midterm elections. Almost 3,000 miles away, in Philadelphia, the fact-checkers hired to be on the front lines haven't received fresh marching orders.

The disconnect highlights how Facebook's efforts to combat fake news are playing out differently this election cycle than many expected.

Although the company has touted its partnerships with organizations including Factcheck.org in Philadelphia that provide human fact-checkers to vet possibly phony posts, those groups are playing a limited role.

The vast majority of Facebook's efforts against fake news are powered by artificial intelligence, not humans.

Factcheck.org is one of five domestic groups hired by Facebook to deploy human fact-checkers to help prevent a repeat of 2016, when the social-media giant's platform was flooded with misinformation aimed at sowing divisions between

fore the presidential election. On a recent morning, a Factcheck reporter reviewed a dubious Facebook post in which Democratic Rep. Nancy Pelosi purportedly praised President Trump's tax cuts, but other staffers busied themselves with workday tasks such as vetting political advertisements.

Out of Factcheck's full-time staff of eight people, two focus on Facebook. On average, they debunk less than one Facebook post a day. Some of the other third-party groups reported similar volumes. None of the organizations said they had received special instructions from Facebook ahead of the midterms, or perceived a sense of heightened urgency.

ABC News, which was part of the fact-checking effort when it began last year, has dropped out. "We did a review, and we couldn't tell if it was really making any difference; so we decided to reallocate the resources," said a person familiar with ABC's decision.

Facebook says fact-checkers were always expected to play a supporting role, and the reality is that humans can't move quickly enough to identify and act on misinformation before it goes viral on a platform the scale of Facebook's, with billions of posts produced daily.

"Fact-checking has taken up a disproportionate amount of the conversation" around fake news, said Tessa Lyons, product manager at Facebook focused



Facebook's Silicon Valley 'war room' relies on artificial intelligence to try keep fake news from going viral on the social network.

on the integrity of information in the news feed.

The most important function of human fact-checkers is to contribute to Facebook's understanding of the websites that share false news and provide feedback that helps machine learning become more effective, Ms. Lyons said.

Facebook's war room is staffed by employees rather than outside fact-checkers, although the company said it would include the outsiders in thorny decisions. One morning this week, several Facebook employees were tracking content across Facebook, WhatsApp and Instagram.

Facebook spends billions annually to improve its artificial intelligence for a range of tasks, including content moderation.

It paid Factcheck \$189,000 in the fiscal year ended in June, according to public documents.

Earlier this year, Facebook also recruited the Associated Press to do fact-checking in all 50 states, a spokeswoman for Facebook said.

The other groups involved since the start of the fact-checking effort are Politifact and Snopes. After ABC News dropped out, the Weekly Standard came onboard. Those groups either declined to comment or didn't respond to requests to comment about how much they are paid. Facebook also declined to comment.

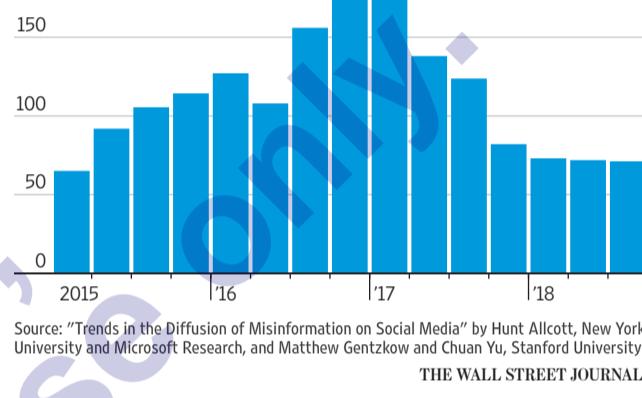
—Deepa Seetharaman contributed to this article.

◆ Facebook draws fire on 'pivot to video' B5

Rise of the Machines

Facebook has stemmed the tide of fake news, but primarily through artificial intelligence rather than human fact-checkers.

Engagements on Facebook with fake news sites



Source: "Trends in the Diffusion of Misinformation on Social Media" by Hunt Allcott, New York University and Microsoft Research, and Matthew Gentzkow and Chuan Yu, Stanford University

THE WALL STREET JOURNAL.

U.S. Seeks to Slow Rules for Cleaner Marine Fuels

BY TIMOTHY PUO AND BENOIT FAUCON

The Trump administration is pushing to ease the rollout of new international rules to power commercial ships with environmentally cleaner fuels, fearing the measures will drive up costs for consumers and businesses.

The rules, set roughly a decade ago by the International Maritime Organization, an arm of the United Nations, take effect on Jan. 1, 2020, and aim to slash the amount of sulfur in fuel for oceangoing ships.

The International Energy Agency, which advises governments on energy policies, has warned that the measures—by banning cheap energy sources and requiring ships to run on premium fuels—could cause a surge in demand for specific fuels that ripples across com-



The International Maritime Organization, an arm of the U.N., will require commercial ships to use low-sulfur fuel starting in 2020.

mmodity markets and affects prices for crude, diesel and other petroleum products.

The new maritime demand is expected to tighten supplies, especially for low-sulfur diesel but also in oil markets more broadly. That could raise prices

for all types of fuels—from heating oil in Pennsylvania to boating fuel in Florida and gasoline across the U.S. just as the presidential primaries enter full swing, analysts said.

The White House says the administration is focused on the

damage rising fuel costs might have on the economy, but some administration officials concede the timing of the implementation could have political implications in an election year.

"Few things terrify an American president more than a spike in fuel prices," said Bob McNally, a former energy adviser to then-President George W. Bush. "If President Trump learns that IMO 2020 risks a big fuel oil-price spike in the winter of a presidential election, he is going to object."

A spokesman said the White House isn't seeking to withdraw from the agreement, and declined to characterize administration plans as an effort to delay implementation. Instead, the shipping and energy markets may face less disruption if the rules were phased in in the name of "experience building," he said.

Such a move is necessary to mitigate the impact of precipitous fuel-cost increases on consumers," the White House said in an email.

Shipping and energy executives said the cost for shipowners of the cleaner fuels would amount to about \$15 billion a year.

White House officials are alarmed by internal and external projections that suggest the global economic costs could surpass \$100 billion, with the U.S. portion of that potentially rising to more than \$10 billion.

These analyses remain estimates, and officials say there is no certainty how much costs will rise.

The White House is gauging the support of other countries for a more staggered approach, according to senior administration officials. The administration is backing a

shipping-industry proposal for enforcement of the new measures to gradually increase over time, an approach that will be discussed at a U.N. IMO conference next week.

Major flag states like Panama, Liberia and the Marshall Islands, along with trade bodies, have said the IMO should examine a possible "grace period" of a few months until all oceangoing vessels empty their tanks of high-sulfur fuel. Some have also asked for ships not to be penalized if they can't get the cleaner fuels at some ports.

The rules are aimed at cutting pollution from commercial ships using high-sulfur fuel, which causes respiratory ailments and can aggravate heart disease. Ships contribute about 13% of total sulfur-dioxide emissions, the U.N. said.

—Costas Paris contributed to this article.

Doctor Spurred Trump Warning on Syria

BY DION NISSENBAUM

WASHINGTON—President Trump uses Twitter as a bully pulpit for everything from the economy to CNN's ratings. But one tweet of his on Sept. 4 about Syria may have helped avert a massacre.

So says Rim Albezem, a cardiologist from New Jersey, who was its unlikely catalyst.

In a conference room with Mr. Trump at an Indiana fundraiser days earlier, Dr. Albezem made a passionate appeal for action to stop a looming assault by the Syrian regime on rebels' last major sanctuary.

It worked. Mr. Trump tweeted a warning to Syrian President Bashar al-Assad, then mobilized his cabinet to pressure Syria and its patrons, Russia and Iran, helping avert the assault, at least temporarily.

Dr. Albezem's intervention in Indiana was the culmination of a determined campaign by a small group of Syrian-American doctors, businessmen and activists who figured out how to spur Mr. Trump to action.

They put ads on "Fox & Friends," and hired a man Politico dubbed "the most powerful lobbyist in Trump's Washington." They raised tens of thousands of dollars and used the money to repeatedly get into a room with Mr. Trump to personally deliver their pleas.

The path leading Dr. Albezem to that Indiana fundraiser began in 1990, when she

boarded a plane in Damascus and flew to the U.S. to study medicine in Brooklyn. Then 23, she considered Syria part of her past, not her future.

She married, raised three kids and settled into her cardiology practice in Pennsylvania. After the Syrian war broke out she became president of a local branch of the Syrian-American Medical Society and traveled to the Turkish border with Syria to care for people felled out of war zones.

Watching the endless arrival of victims, Dr. Albezem felt it wasn't enough.

"You have to deal with the source of the bleeding or the patient will bleed to death," she said in an interview.

Dr. Albezem was a Hillary Clinton supporter and donor during the 2016 election. But she saw a new opportunity to shape U.S. policy after Mr. Trump won. Unlike President Obama, who launched airstrikes only against al Qaeda and Islamic State targets in Syria, Mr. Trump twice ordered strikes on Syrian regime assets after Mr. Assad was accused of using chemical weapons.

Dr. Albezem and her group looked for a way to get to the president. When meeting Trump fundraiser and lobbyist Brian Ballard this year, Dr. Albezem vividly described the last seconds of a dying child's life after a chemical attack. Mr. Ballard says he was moved but didn't think he could help

them: Mr. Trump wasn't an interventionist.

Dr. Albezem persisted, and Mr. Ballard relented. If you want to make your case directly to Mr. Trump, Mr. Ballard told them, a fundraiser happened to be coming up in a few weeks in Mar-a-Lago. "This president can be moved by a personal story," he said.

Dr. Albezem and her fellow activists raised the cash for two seats at an intimate roundtable at the president's resort in Palm Beach, Fla., paying \$100,000, according to activists. Dr. Albezem declined to comment on how much she raised for Mr. Trump and the Republican Party.

She went to Mar-a-Lago with Hayvi Bouzo, a Washington-based Syrian television an-

chor for Orient TV. At the roundtable, the two urged Mr. Trump to do more in Syria.

Dr. Albezem helped raise more money to take part in an Aug. 30 roundtable with Mr. Trump at an Indiana fundraiser for Republican Senate candidate Mike Braun. At the time, the Syrian military and its Russian allies were poised to attack Idlib province, a sanctuary for more than three million people.

By the president's own account, Dr. Albezem left an indelible impression. "I was at a meeting with lots of supporters and a woman stood up and she said 'there is a province in Syria with three million people right now,'" Mr. Trump told reporters in September. "The Iranians, Russians and Syrians are surrounding that province and they are going to kill my sister and kill millions of people in order to get rid of 25,000 or 30,000 terrorists."

"I said: 'That's not going to happen,'" Dr. Albezem said.

Four days after meeting Dr. Albezem, Mr. Trump sent out his tweet: "President Bashar al-Assad of Syria must not recklessly attack Idlib Province. Don't let that happen!"

He also told aides to rally international support for another strike in Syria if Mr. Assad used chemical weapons.

Those moves coincided with international pressure, helping to avert, at least for now, an assault on Idlib.



Syrian-born cardiologist Dr. Rim Albezem at home in Newtown, Pa.



Metris

A dependable companion shares your rhythm – and sets the pace

www.meistersinger.com

Aaron Faber Gallery cordially invites you to join us for an "Evening with MeisterSinger" on Tuesday, October 23rd from 5:30p - 8:00p. We will be introducing the new MeisterSinger Collection including the brand new City Edition New York and presented by Meistersinger's Global CCO John van Steen. Cocktails and hors d'oeuvres will be served.

RSVP 212-586-8411

MEISTERSINGER

U.S. NEWS

Trump Uses Immigrants to Energize GOP

So far, the party's ads don't emphasize issue, and Democrats say it alienates independents

BY ALEX LEARY

WASHINGTON—President Trump is elevating the issue of immigration, which drove his 2016 campaign, with the aim of animating Republican voters in a midterm election that threatens to derail his agenda if Democrats retake the House.

Mr. Trump's latest comments came Thursday as he warned about an "onslaught" of migrants reaching the U.S. border with Mexico and threatened to deploy the military if the caravan isn't stopped.

Accusing Democrats of wanting "open borders and existing weak laws," Mr. Trump foreshadowed a message he is likely to carry into a Western campaign swing Friday in Arizona, a hotbed for immigration issues.

Mr. Trump and Republicans are working to build on momentum tied to the confirmation fight over Supreme Court Justice Brett Kavanaugh. "The president realizes he needs to keep that momentum going," said Matt Moore, a GOP strategist in South Carolina. "Illegal immigration animates the Republican Party base like few other issues."

Democrats say the focus on immigration is backfiring by motivating progressives and independent voters.

A recent Washington Post/ABC News poll showed that among Democrats, 26% say it is one of the single most important issues, compared with only 13% of Republicans. A September Wall Street Journal/NBC News poll showed that, by a 61% to 28% margin, voters said immigration helps the U.S.

"He's so polarized and racialized this debate that a lot of people for whom immigration was a secondary issue are really angry about what Trump is doing," said Frank Sharry, executive director of America's Voice, which seeks an overhaul of immigration policies. He



Migrants, who have fled violence-prone Central America and are heading toward Mexico and the U.S., boarded a truck in Guatemala City on Thursday.

JOHN MOORE/GETTY IMAGES

cited the policy of separating families at the border as an example sparking anger.

At the same time, tougher immigration stances remain popular among Mr. Trump's intended audience.

A June Quinnipiac poll showed that while 66% of American voters oppose the family separation policy, Republican voters support it 55% to 35%.

Immigration has bedeviled Republicans since Mr. Trump launched his campaign by calling Mexican immigrants criminals and demanding a border wall. The GOP-controlled Senate and House this year rejected multiple immigration

bills, including one backed by Mr. Trump that would have combined border-security funding with other measures sought by the Democrats.

Mr. Trump's emphasis on immigration coincides with reports of the migrant caravan from Honduras working its way toward the U.S. border.

Late Thursday, Mr. Trump called on supporters to focus on the plight of the southern border, dubbing the 2018 midterms "an election of the caravan."

"As you know, I'm willing to send the military to defend the southern border if necessary," he said at a rally in Missoula, Mont. He suggested Democrats do little

to stop immigrants from crossing the border because they "think that everyone coming in is going to vote Democrat."

The caravan is the latest in a steady flow of people fleeing violence in Latin America and seeking to call attention to the problem. A record number of asylum-seeking families have recently overwhelmed immigration authorities.

Despite Mr. Trump's focus on the issue, it is barely registering in political advertising by GOP candidates. Less than 11% of all ads in Senate, House and governor races through Tuesday had an anti-immigration message, according to Kantar Media/CMAG, a political ad tracker. GOP candidates have been playing up tax cuts and the economy.

Kantar Media/CMAG, a political ad tracker. GOP candidates have been playing up tax cuts and the economy.

"He clearly views it as one of the reasons for his political success," GOP pollster David Winston said of Mr. Trump's focus on immigration. "But it's still all about the economy and jobs."

Mr. Trump's messaging could help some GOP Senate candidates who need his base to show up on Election Day. Its impact on House races seems more unpredictable, as most of the competitive seats are in suburban districts where his family-separation policies drew opposition from suburban

women, while a focus on threats of higher crime may resonate with voters, polls show.

Immigration as an issue has gained steam in a number of races, with Republicans calling opponents weak on crime and highlighting some liberal demands to abolish U.S. Immigration and Customs Enforcement.

David Bergstein, a spokesman for the Democratic Senatorial Campaign Committee, said the No. 1 issue remains health care, and that Mr. Trump's emphasis on immigration could hurt some GOP candidates.

—Julie Bykowicz, Rebecca Ballhaus and Vivian Salama contributed to this article.

Republicans Play Defense Over ACA

BY STEPHANIE ARMOUR

Republican Rep. Dana Rohrabacher of California backed the unsuccessful GOP effort last year to begin repealing the Affordable Care Act, which guarantees coverage for people with pre-existing medical conditions.

Now, in a bruising race against Democratic challenger Harley Rouda, Mr. Rohrabacher's ads promise he will "protect America's health care system," stressing in particular his support for patients with such conditions.

Many Republicans, who sought to recent electoral victories by vowing to topple the ACA, are urgently seeking to reassure voters they want to save these protections. Mr. Rohrabacher says he is "taking on both parties" in an effort to do so; his challenger says the congressman is "falling all over himself to scrub his records on health care."

Such fights are leading to sometimes bitter races across the country involving the ACA, enacted in 2010 under Democratic President Obama.

About half of all Democratic campaign ads—roughly 345,400—had a health-care message through Sept. 30, according to a Wall Street Journal analysis of Kantar Media/CMAG data. About a quarter of those discussed pre-existing conditions, according to Kantar, an advertising tracking service.

Republican candidates are talking about health care far less. GOP ads touched on the subject in about 108,200 spots, Kantar said, with 5,310 mentioning pre-existing conditions.

Polls suggest Republicans are at a disadvantage on health issues for the first time in years. "They are more vulnerable," said Robert Blendon, a political analyst and health policy professor at Harvard University. "What's happened is that pre-existing conditions has gone from being a technical issue to an emotional one."

About 130 million non-elderly people in the U.S. suffer from an existing medical condition, and a poll by the Kaiser Family Foundation found that 75% of voters consider it "very important" that the ACA's provision guaranteeing such coverage remains law.

Democrats have seized on a lawsuit by 20 Republican-led states that seeks to invalidate the ACA as evidence of the GOP's insensitivity. The Trump administration has weighed in on that case, asking that pre-existing condition protections, among others, be struck down.

Sen. Joe Manchin (D., W.Va.) ran a recent ad in which he stands in a field, raises a rifle and fires at a copy of the suit. He is campaigning against state Attorney General Patrick Morrisey, one of the GOP officials bringing the case.

Democrats also stress that Republicans pushed to repeal the ACA last year. Republicans say they generally backed amendments or replacement plans to retain coverage for pre-existing conditions.

GOP candidates contend that

Democrats are playing on voters' fears. New premium data show that ACA insurance markets are stabilizing, they say, undercutting Democratic warnings that Republicans are trying to sabotage the health law.

"This is a scare tactic, and

Americans who have pre-existing

conditions should not

worry about this," Sen. Lamar Alexander (R., Tenn.) said.

The issue is a big concern for voters like Andrew Lee, 58 years old, who works for International Business Machines Corp. in Bethesda, Md., and has been treated for kidney cancer.

Mr. Lee has coverage through his employer, but worries he could be kept from ever becoming self-employed if insurers can deny coverage over pre-existing conditions. "Until I go on Medicare, it limits my ability to retire early or work independently," he said.

Recent polls show the race is neck-and-neck.

—Julie Bykowicz contributed to this article.



Some people waited for three hours on Wednesday at an early voting station in Cobb County, Ga.

Top Aides To Trump Argue, and Loudly

BY REBECCA BALLHAUS

WASHINGTON—White House chief of staff John Kelly and national security adviser John Bolton engaged in an "explosive" shouting match outside the Oval Office on Thursday, according to people familiar with the matter.

The argument, which was marked by several expletives and took place early Thursday afternoon, was prompted by a recent report that said border crossings had increased in the past month, according to one of the people.

The discussion involved criticism of Homeland Security Secretary Kirstjen Nielsen, a close ally of Mr. Kelly who previously served as his deputy in the White House, according to one of the people familiar with the matter. Mr. Kelly has often fiercely defended his former aide.

President Trump, asked about the fight as he left Washington for a campaign swing Thursday afternoon, said he wasn't aware of it. A person familiar with the matter said Mr. Trump was alerted to the fight at the time. While the fight alarmed some aides who overheard it, according to the people familiar with the matter, neither official is expected to resign over it.

White House press secretary Sarah Sanders said in a statement Thursday, "While we are passionate about solving the issue of illegal immigration, we are not angry at one another. However, we are furious at the failure of congressional Democrats to help us address this growing crisis."

The shouting episode laid bare the tensions running at the White House, which has sought to tamp down reports of turmoil within its ranks.

By CAMERON MCWHIRTER

MARIETTA, Ga.—With a contentious governor's race on the ballot, early voter turnout in Georgia is up substantially in the first few days compared with the same period in the previous midterm.

About 296,500 Georgia residents had cast ballots by late Wednesday, either at a polling station or via mail. During the same period in 2014, about 100,400 Georgia residents had voted, according to the Georgia Secretary of State's Office.

The governor's race is dominating Georgia's elections this year. Secretary of State Brian Kemp, a Republican, faces Democrat Stacey Abrams, a former House minority leader seeking to be the first African-American woman to serve as governor in the U.S.

Ms. Abrams has accused Mr. Kemp of various tactics to suppress voting by minorities and called for his resignation. Mr. Kemp, whose office oversees elections, denies the charges and says Ms. Abrams is a radical with strong support among illegal immigrants.

Recent polls show the race is neck-and-neck.

—Julie Bykowicz contributed to this article.

Despite allegations of voter suppression, Georgia's active voter registrations have increased in recent years.

High early turnout doesn't necessarily equate with high total turnout, but it indicates both parties have canvassed aggressively to get committed voters to the polls early, freeing them up to focus on undecided voters on Election Day, said Chris Grant, a political-

Almost three times as many people are voting early compared with four years ago.

science professor at Mercer University in Macon.

"It's up everywhere, which suggests to me that both sides are doing really, really well," he said.

Some early voters in Cobb County, a suburban area northwest of Atlanta, had to stand in line for several hours before casting their ballot, in part because the county has only one early polling place

this week. The county was traditionally a Republican stronghold, but its demographics are shifting, with more minorities and younger people moving in.

In 2016, President Trump won the state, but Democrat Hillary Clinton carried Cobb County.

Alejandro Aguilar, 22 years old, of Kennesaw, waited with a friend for more than three hours Thursday. Mr. Aguilar said he was voting for the first time and planned to cast a ballot for Ms. Abrams and send a message to the Republican Party that he opposed their immigration policies.

"I want to put a halt to this," he said. He added that when he was younger, he didn't think his vote mattered, but now believed enough votes can bring change.

Jack Michelitch, 77, who voted with his wife Thursday, only had to wait about 20 minutes because voters over 75 are given preferential treatment at the voting station. Mr. Michelitch, who voted for Mr. Kemp, said he often votes early, but this year the crowds are large because the state is so polarized.

"People want to make sure their side is counted," he said.

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WORLD NEWS

U.S.-Saudi Defense Ties Likely to Endure

Trump is reluctant to curb billions in arms sales and U.S. firms enjoy competitive edge

By DOUG CAMERON

Controversy surrounding the suspected killing of journalist Jamal Khashoggi is unlikely to derail the multibillion-dollar relationship that makes Saudi Arabia a top customer of U.S. defense firms, said industry executives and analysts.

The U.S. and Saudi Arabian governments have a long record of negotiating contracts that can take years to reach fruition. President Trump last year heralded nearly \$110 billion in potential deals during a trip to Saudi Arabia in May 2017. Defense analysts said the figure includes existing commitments and contracts that could last as long as 30 years.

Mr. Trump has resisted calls to curb U.S. arms sales to Saudi Arabia after Turkish officials alleged the kingdom killed Mr. Khashoggi, a Saudi government critic. Mr. Trump said the planned arms are vital for U.S. firms and jobs.

The big five U.S. defense companies—Lockheed Martin Corp., Raytheon Co., Boeing Co., Northrop Grumman Corp. and General Dynamics Corp.—all report earnings next week. Analysts are expected to ask executives how the circumstances of Mr. Khashoggi's disappearance might affect their busi-



Saudi Arabia plans to buy additional Eurofighter Typhoon jets.

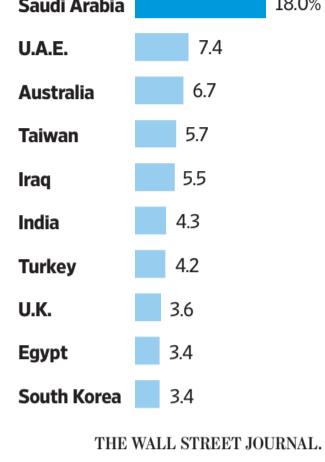
Heavy Artillery

Saudi Arabia is the biggest foreign market for U.S. defense companies. The U.S. has \$110 billion in potential Saudi sales in a mix of existing and future contracts.

Select potential sales to Saudi Arabia

Program	Contractor(s)	Value
Thaad missile defense	Lockheed Martin, Raytheon	\$12.0 billion
Multimission ships	Lockheed Martin	11.2
LAV-III armored vehicles	General Dynamics	10.0
Missiles, bombs	Boeing, Raytheon	6.8
Chinook helicopters	Boeing	3.5
Abrams tanks, armored vehicles	General Dynamics	1.1
Threat-detection systems	Not yet awarded	0.5
Munitions	Airborne Systems	0.5

Share of U.S. arms exports, 2013-2017



THE WALL STREET JOURNAL.

Sources: SIPRI (exports); State Department (potential sales)

ness. Few expect them to address the matter directly. All of the companies declined to comment for this article.

"We continue to believe that the death of Jamal Khashoggi will not lead to a major break in U.S. or European defense sales to Saudi Arabia," said Byron Callan at Capital Alpha LLC. Mr. Callan estimated that Saudi Arabia accounts for about 5% of sales at the big U.S. defense firms.

The specialized nature of weapons and defense systems from companies such as Boeing, Lockheed Martin and Raytheon make them a preferred supplier to the oil-rich monarchy, indus-

try executives and analysts said.

The U.S. and Saudi defense industries are becoming increasingly intertwined, with American companies establishing joint ventures in the kingdom to make parts or providing repair services.

Saudi Arabia is the world's third-largest defense market after the U.S. and China and the biggest export destination for U.S. contractors, which sold more than \$3 billion to Riyadh last year, according to U.S. data.

The biggest signed deal is a \$10 billion purchase agreed in 2014 of hundreds of armored vehicles by a Canadian subsidi-

ary of General Dynamics, which is continuing to make shipments.

Canadian Foreign Affairs Minister Chrystia Freeland on Monday said her country has no plans to cancel the deal, which was approved by the previous Conservative government. The government has proposed legislation to toughen rules on future arms sales, she said.

U.S. defense companies have fostered close relations with Saudi leaders for decades. The kingdom's wealth and longstanding tensions with Iran led it to plan to purchase best-in-class capabilities such as Lockheed's Thaad missile-defense

system. Lockheed has said it hopes to close that deal by the end of the year.

Saudi Arabia also has bought precision bombs and missiles, though some U.S. lawmakers are seeking to block further shipments because of their use in Yemen, which has resulted in thousands of civilian casualties. Congress has required the Pentagon to assess whether U.S. allies fighting in Yemen have violated human rights.

Ties between the U.S. and Saudi Arabia have withstood previous challenges, including the steep fall in oil prices in 2014 that has strained Saudi Arabia's budget.

Defense executives were among prominent attendees lined up for the Future Investment Initiative conference in capital Riyadh next week. A number of executives from finance and industry have pulled out of the conference.

Saudi Arabia's huge arms bill has led the country to push for a greater share of the economic benefits, especially jobs. The kingdom has said it wants to become less reliant on imports and spend half its weapons budget in domestic facilities—compared with just 2% at present—part of a plan to diversify its economy beyond the oil industry by 2030.

of and participation in the Saudi investment conference. Fox Business anchor Maria Bartiromo won't attend the conference unless an opportunity for an unrestricted interview with Crown Prince Mohammed bin Salman comes through, a person familiar with the matter said.

21st Century Fox and News Corp., The Wall Street Journal's parent company, share common ownership.

Executives at Uber Technologies Inc., JP Morgan Chase & Co., Blackstone Group and Mastercard Inc. are among those who backed out earlier.

The conference, informally referred to as "Davos in the Desert," was meant to showcase Saudi Arabia as an investor-friendly place that is becoming more tolerant.

The increasing number of withdrawals has raised the prospect that the crown prince would cancel or postpone the event. The 33-year-old prince, the nation's day-to-day leader, has been the driving force behind the conference. Saudi Arabia's allies in the Arab world have strongly supported it.

—Eliot Brown and Saeed Shah contributed to this article.



A Turkish forensics officer speaks with officials at the Saudi consulate.

complete and thorough investigation of the matter.

The secretary of state also said he advised the president to give Saudi Arabia a few more days to complete its probe into what happened to Mr. Khashoggi. After the investigation, he said, the U.S. can decide "how or if" to respond.

President Vladimir Putin of Russia, speaking at a forum in Sochi on Thursday, complained of a double standard of evidence used by Western countries, including the U.S.

Days after a former Russian spy was poisoned in London in March, the U.S. and other Western powers formally blamed the Kremlin.

He said no evidence had been provided backing accusations that led to sanctions on Russia, yet no sanctions have been imposed against "the country suspected of murdering a journalist," the Russian news agency RIA Novosti quoted Mr. Putin as saying.

The Turkish government said it has an audio recording

establishing that Mr. Khashoggi was killed in the consulate.

The Saudi government denies any wrongdoing. The White House has tried to mediate the dispute between two of its Middle East allies and has struggled to weigh the U.S.'s longstanding strategic ties with the kingdom against growing calls for Washington to intervene more forcefully.

Mr. Mnuchin's decision not to attend the Saudi investment conference comes after several high-profile Western firms pulled out. International Monetary Fund chief Christine Lagarde, Glencore PLC Chairman Tony Hayward and two executives at Magic Leap, a Florida-based augmented-reality startup in which Saudi Arabia invested \$400 million, announced their withdrawals from the conference on Wednesday. Also withdrawing from the event, according to a person familiar with the matter, is Roni Bahar, an executive at New York-based office-sharing startup WeWork Cos., which is partly owned by the Saudi-backed SoftBank Vision Fund.

21st Century Fox Inc.'s Fox Business Network said Thursday it canceled its sponsorship

U.S. Closes Consulate Serving Palestinians

By FELICIA SCHWARTZ

TEL AVIV—The Trump administration said it would merge its Jerusalem consulate responsible for relations with the Palestinians into its newly relocated U.S. Embassy there, another symbolic blow to American-Palestinian relations.

The consulate in Jerusalem has functioned essentially as an embassy to the Palestinians. It was separate from the operations of the U.S. Embassy, which stewarded relations with the Israelis from Tel Aviv until May, when President Trump moved it to Jerusalem to fulfill a campaign promise.

Secretary of State Mike Pompeo on Thursday said the consulate closure was aimed at efficiency and wasn't a policy change. He said a newly created Palestinian Affairs unit would operate out of the old consulate building, conducting reporting, outreach and programming with Palestinians in the West Bank, Gaza and Jerusalem.

Michael Oren, Israel's deputy minister for diplomacy and a former Israeli ambassador to the U.S., welcomed the move on Twitter, calling it a great day for Israel, Jerusalem and the U.S.

Senior Palestinian officials called it another blow to their aspirations for an independent state.



The Trump administration will merge the U.S. consulate in Jerusalem, above, into its new embassy.

"The Trump administration is making clear that it is working together with the Israeli government to impose greater Israel rather than the two-state solution on the 1967 borders," said Saeb Erekat, the Palestine Liberation Organization's secretary-general. "The U.S. administration has fully endorsed the Israeli narrative, including on Jerusalem, refugees and settlements."

Palestinian officials have cut off contact with the Trump administration since December, when Mr. Trump said he would move the U.S. Embassy to Jerusalem and recognize Jerusalem as Israel's capital.

More recently, the Trump administration has also ceased funding the U.N. Palestinian refugee agency, closed the PLO office in Washington, and permanently suspended bilateral assistance to the Palestinians.

Mr. Trump said recently that his administration would unveil its plan for peace between the Israelis and the Palestinians in the coming months. U.S. officials have said little about the effort, other than it will contain a political component and an economic component and that the Israelis and Palestinians will have to make compromises. Mr. Trump said in September for

the first time that he preferred a plan with two states.

Control of Jerusalem is among the most sensitive issues facing peace talks. Mr. Oren said closing the Palestinian-focused consulate "ends the last vestige of American support for" a divided city with an Israeli capital in West Jerusalem and a Palestinian capital in East Jerusalem.

Mr. Pompeo said the U.S. takes no position on final status issues, including boundaries and borders in Jerusalem. He said those matters will be resolved in negotiations between the Israelis and Palestinians.

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WORLD NEWS

A Top Afghan Leader Slain By Taliban

BY CRAIG NELSON
AND EHSANULLAH AMIRI

KABUL—Taliban insurgents assassinated one of southern Afghanistan's most powerful leaders, and narrowly missed the top U.S. commander in the country, in the latest deadly attack to deal a setback to U.S. efforts to show progress in America's longest-running war.

The assailant was a bodyguard for the governor of southern Kandahar province, who opened fire inside a compound housing the offices and residence of the provincial governor after a meeting to

Afghanistan.

The attack—coming as the U.S. works to strengthen its hand in negotiations with the Taliban—risks dealing another blow to Washington's 17-year effort to help build a stable and democratic Afghanistan.

The head of Afghanistan's intelligence service, Massoum Stanikzai, said Kandahar city, the provincial capital, was "calm and under control." But that assurance was unlikely to allay the worries of many Afghans as they prepare for the sixth election since a U.S.-led invasion forced the Taliban from power in 2001.

Instead, the killing of Gen. Raziq—eulogized by Amrullah Saleh, the former head of the country's intelligence service, as the "architect of stability in Kandahar"—could add to what many Afghans have said is a gathering sense of dread, disappointment and disillusionment at just how deeply divided and bedraggled the country is.

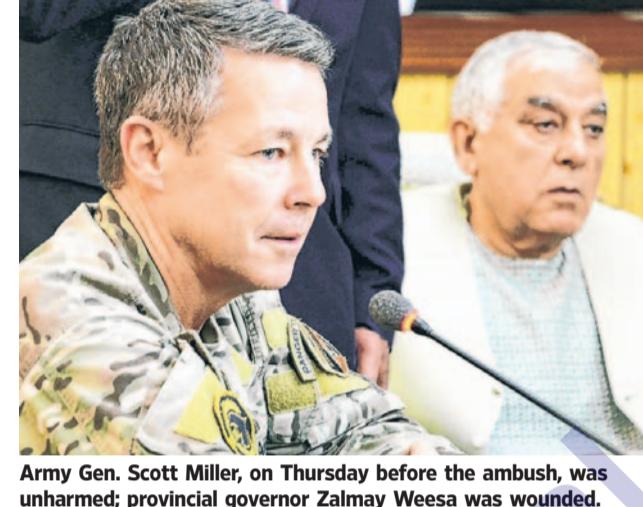
Late Thursday, details remained sketchy about the attack, which occurred as some participants in the security meeting in the governor's compound were being ushered to a waiting helicopter, Afghan security officials said.

The province's intelligence chief was also killed and its governor, Zalmay Weesa, wounded in the ambush. Three people from the U.S. also were injured and were in stable condition, said David Butler, spokesman for U.S.-led North Atlantic Treaty Organization forces in Afghanistan.

Gen. Raziq's death also could compound Washington's worries at a moment when U.S. diplomats, led by recently appointed special envoy Zal-



Afghan Gen. Abdul Raziq, above center, in 2017, was killed Thursday. He was eulogized as the 'architect of stability in Kandahar.'



Army Gen. Scott Miller, on Thursday before the ambush, was unharmed; provincial governor Zalmay Weesa was wounded.

may Khalilzad, are seeking to get talks under way with the Taliban aimed at ending the war.

Mr. Khalilzad met Taliban representatives in Doha last week for talks that one official for the insurgency, giving no details, described afterward as "positive and constructive."

Gen. Miller, 57 years old,

assumed command of U.S.-led international forces here on Sept. 2, telling an audience of Afghan officials, foreign dignitaries and military officers from the 41-nation coalition that "the world recognizes that Afghanistan can't be a haven for terrorists. The world recognizes that we cannot fail." His most recent position

was head of the U.S. Joint Special Operations Command.

Defense Secretary Jim Mattis, while in Singapore to meet with regional defense chiefs, called Gen. Raziq's death a "tragic loss" for Afghanistan but said that the attack wouldn't have long-term effects on the security situation in Afghanistan or in how U.S. commanders move through the battlefield.

"We will continue to defend the Afghan people," Mr. Mattis told reporters traveling with him. "I've seen the maturation of the Afghan security forces and it's a tragic loss of a patriot for Afghanistan but I don't see it having any long-term effects for Kandahar area."

Mr. Mattis said he hadn't spoken to Gen. Miller since the attack.

In a setback for efforts by the U.S. and Afghanistan's other Western donors to build a sustainable political system here, Saturday's vote, viewed widely as a trial run for crucial presidential elections set

for April, will be the first time since the U.S.-led invasion that elections won't take place across the country.

Residents of an entire province—Ghazni—won't go to the polls because the country's security forces can't protect polling stations there from Taliban or Islamic State attacks.

Moreover, after planning to operate 7,384 polling places nationwide, authorities said this week 5,074 would be open.

The Taliban, Afghanistan's largest insurgency, has called on voters and candidates to boycott the elections, warned teachers against allowing their schools to be used as balloting sites and said it would target some 55,000 Afghan security forces deployed to polling places.

Since July, over 100 people, including at least nine candidates, have been killed and at least 200 others wounded in election-related violence, most of it carried out by the Taliban, authorities said.

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WORLD NEWS



The pace of Korean detente worries U.S. officials. North Korea leader Kim, center, is set to make a historic visit to Seoul this year.

Allies Split Over Korea Steps

BY JONATHAN CHENG
AND ANDREW JEONG

SEOUL—Friction is growing between South Korea and the U.S. over how best to persuade North Korea to give up its nuclear program, with Washington maintaining pressure and Seoul seeking to ease sanctions and reduce the North's isolation.

After coordinating on diplomatic engagement—most notably at a June summit between President Trump and North Korean leader Kim Jong Un—discord over the next steps reflects the allies' conflicting objectives.

South Korean officials have ramped up the pace of economic engagement with the North, only to face resistance from their American counterparts, who say that Mr. Kim hasn't taken concrete steps to relinquish his nuclear arms.

The two Koreas announced plans this week to connect their road and rail networks

beginning as early as next month. The two also recently reopened a joint liaison office in the North for which Seoul is providing fuel and electricity.

South Korean President Moon Jae-in pledged with Mr. Kim in a September summit meeting in Pyongyang to boost cooperation while accompanied by the heads of four

North Korean leader to the South's capital.

The pace of the inter-Korean detente worries U.S. officials, who credit the sanctions campaign with bringing Pyongyang to the negotiating table and fear that any loosening risks undermining Washington's leverage in disarmament talks.

"The South Koreans don't seem to be bothered with keeping us in the loop," said one U.S. diplomat.

U.S. diplomats were concerned that the liaison office would risk violating sanctions. Seoul says the worries are unfounded. The U.S. Treasury Department last month warned South Korean banks about the penalties for violating sanctions on North Korea.

In another sign of U.S. efforts to maintain pressure on Pyongyang, the State Department recently began blocking American humanitarian workers from traveling to North Korea to administer medical

and food aid. The move is aimed at squeezing the North ahead of a potential follow-up summit between Messrs. Trump and Kim in the next few months, said people familiar with the matter.

The allies' conflicting approaches underline their different goals.

For Mr. Moon, the son of North Korean refugees, the priority is peace. The possibility of war that seemed so palpable last year has driven the South Korean leader to sustain the current detente.

For the U.S., the priority is winding back North Korea's nuclear program, particularly since Pyongyang demonstrated an ability last year to fire a long-range missile capable of reaching American cities.

"That signs of disagreement are being publicly exposed means there is a much deeper disagreement among U.S. and South Korean officials in private meetings," a former senior South Korean official said.

Mattis in Talks On Beijing Ties

By NANCY A. YOUSSEF

SINGAPORE—Defense Secretary Jim Mattis held talks with China's defense minister against a backdrop of confrontations over trade and other disputes between the Trump administration and Beijing in what officials said was an effort to halt the slide in defense relations.

The 85-minute meeting Thursday between Mr. Mattis and Chinese Defense Minister Wei Fenghe took place on the sidelines of an annually scheduled meeting of the U.S. and Asian defense ministers. In recent weeks, disputes between the world's two largest economies have played out partly through aggressive military maneuvers.

Randall Schriver, assistant secretary of defense for Asian and Pacific security affairs, said Mr. Mattis stressed to his counterpart the importance of deepening high-level contacts when the two countries are at odds and working through their differences.

The Chinese military buildup in the disputed South China Sea, one of the world's most important shipping lanes, dominated the conversation, Mr. Schriver told reporters traveling with Mr. Mattis. The men also discussed disagree-

ments over Taiwan.

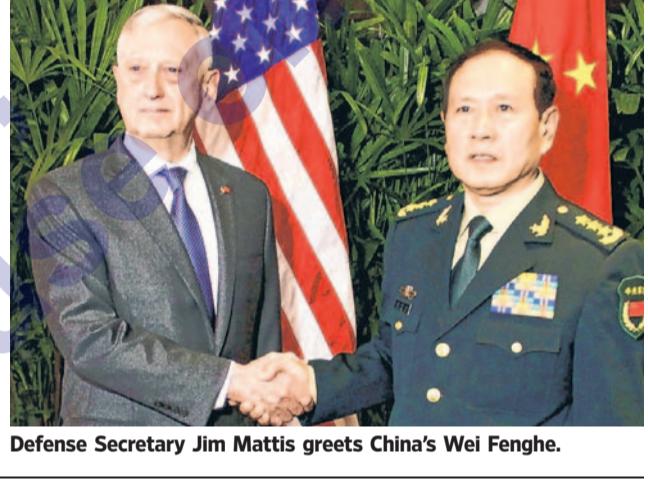
The meeting didn't resolve disagreement about the potential flashpoints, Mr. Schriver said.

"There will be issues that are long-term challenges to manage," he added. Officials said Messrs. Mattis and Wei talked about scheduling a visit to Washington by the Chinese defense chief.

The military-to-military relationship between the two countries has always been tenuous, but recent incidents have appeared to be in response to sanctions, tariffs and other actions by the Trump administration to stop what it sees as China's unbridled aggression.

China has signaled frustration with the U.S. through military maneuvers. Most recently, a Chinese warship on Sept. 30 sailed within meters of the guided-missile destroyer USS Decatur in the South China Sea, in what the U.S. called an unsafe and unprofessional maneuver.

Mr. Mattis was to meet Friday with the defense ministers of South Korea and Japan, key allies as Washington engages more deeply with North Korea, and with his counterpart from India, which is growing in regional importance as the U.S. develops an Indo-Pacific strategy in response to China's growing military clout.



Defense Secretary Jim Mattis greets China's Wei Fenghe.

Washington seeks to step up pressure on Pyongyang, while Seoul prioritizes peace.

South Korean conglomerates.

He also this week urged the U.S. to lift sanctions to "encourage North Korea to speed up" denuclearization and to deliver more humanitarian aid.

Mr. Moon is set to host Mr. Kim later this year in what would be the first visit by a

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OPINION LIVE

Midterms 2018: What Happens Next?

Join WSJ's Paul Gigot, Kimberley Strassel and Opinion contributors on Thursday, November 8, at the Kaufman Music Center in New York as they examine the U.S. midterm election results and what they mean for the future of politics, policy, the economy and the country.

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WORLD WATCH

CYPRUS

U.N. to Host Summit With Rival Leaders

The United Nations said it would host a meeting between the rival leaders of Cyprus in the U.N.-controlled buffer zone on the ethnically divided island nation.

President Nicos Anastasiades, who leads the country's internationally recognized government, and the leader of the breakaway Turkish Cypriots, Mustafa Akinci, are being hosted by Elizabeth Spehar, the head of the U.N.'s peacekeeping force in Cyprus, on Oct. 26.

U.N. Secretary-General António Guterres said in a recent report to the Security Council that a peace deal to reunify Cyprus remains feasible despite the collapse of talks between Messrs. Akinci and Anastasiades last year.

—Associated Press

ALBANIA

Media Registration Plan Faces Criticism

The Organization for Security and Cooperation in Europe expressed concern about the Albanian government's announcement of a new registration system for media websites.

Harlem Desir, OSCE's media freedom representative, criticized the order from Albania's Electronic and Postal Communications Authority for 44 media

websites to register and get their tax number within 72 hours or be closed down.

Mr. Desir said the practice "could seriously restrict public access to diverse sources of information, the plurality of voices, and erode the right of freedom of expression and information online." He urged Albanian authorities to consider possible alternatives to address defamation concerns.

—Associated Press

ASIA-EUROPE SUMMIT

EU Leaders Urged to Prod Asia on Rights

Amnesty International and some European lawmakers urged European Union leaders to call out their Asian counterparts on human-rights abuses, including the persecution of Myanmar's Rohingya Muslims and China's internment camps for an estimated million Muslims in the western region of Xinjiang.

They made the calls in Brussels at the Asia-Europe summit, which brought together 30 European leaders with their counterparts or top officials from 21 Asian nations.

Also at the meeting, European Council President Donald Tusk called on Europe and Asia to use their combined economic clout "to tackle global challenges such as trade tensions that put millions of jobs at risk" and the threat of climate change.

—Associated Press

BY ANN M. SIMMONS

MOSCOW—The death toll in a shooting-and-bombing rampage at a Crimea college campus rose to 20 Thursday as grisly details emerged about an attack that drew comparisons to school shootings in the U.S.

Authorities said 18-year-old student Vladislav Roslyakov detonated explosives and opened fire Wednesday at Kerch Polytechnic College before taking his own life.

Initially thought to be a terrorist attack, the massacre was later classified by officials as mass murder.

"The nightmare of school shootings has now come to us," opposition leader Alexey Navalny said in a tweet, offering condolences to the families of the dead and to the injured.

The tragedy was dubbed "Crimea's Columbine" by local commentators, referring to the 1999 assault at Colorado's Columbine High School in which two students massacred a dozen of their peers and one teacher.

Kerch is a city in the east of Crimea, a Black Sea peninsula that was annexed by Russia from Ukraine in 2014. The West condemned the annexation and still considers Crimea to be part of Ukraine.

Wednesday's attack ignited



A church service for the victims of Wednesday's attack was held in Simferopol, Crimea, on Thursday.

AGENCE FRANCE PRESSE/GETTY IMAGES

debate in Russia's press and social media over security on school campuses, especially in small towns, and how Roslyakov was able to buy a gun.

Russians aged 18 or older have the right to purchase certain guns, such as hunting rifles and weapons for self-defense. They must pass a background check, medical exams and train-

ing, among other requirements. Punishment for illegal possession of a firearm ranges from a fine to four years in prison.

Official state media agency RIS Novosti reported that a month ago Roslyakov passed the medical exams, including a checkup with a psychiatrist.

Speaking in Sochi, President Vladimir Putin blamed globalization for the attack.

"In social networks, on the internet, we see that entire communities have been created," Mr. Putin said. "Young people with an unstable psyche create some false heroes for themselves. They grab this surrogate of heroism. This leads to tragedies of this kind."

Authorities said the suspect's motive was still under investigation.

Chinese Growth Weakens

Continued from Page One
overseas shipments rose an average of 11.7% from a year earlier, a slight improvement from an average of 11.5% monthly growth in the quarter before.

Much of that burst, however, came from manufacturers racing to fill holiday orders and ship out goods before

the trade conflict gets worse. That, in effect, is borrowing from future growth.

In Shanghai, Taijing International Freight Co., a shipping firm, has been busy dispatching cargoes of clothes, toys, home appliances and other goods.

"Some of them are definitely trying to complete orders earlier than planned," said Pan Haitao, who runs the company.

"The current pace of export expansion is unsustainable," said China economist Larry Hu at Macquarie Capital Ltd., an Australia-based investment bank. Mr. Hu said export growth will decelerate to be-

tween 5% and 10% in the coming months.

The Washington-Beijing trade fight has escalated beyond rhetoric in recent months to imposing tariffs on a range of each country's products, with trade penalties now on \$250 billion of Chinese goods and \$110 billion of U.S. products.

President Trump is threatening to raise tariff rates in January to 25% from the current 10%, on most of those goods and place tariffs on an additional \$257 billion of Chinese products, essentially subjecting all of the U.S.'s Chinese imports to such penalties.

Third-quarter growth decel-

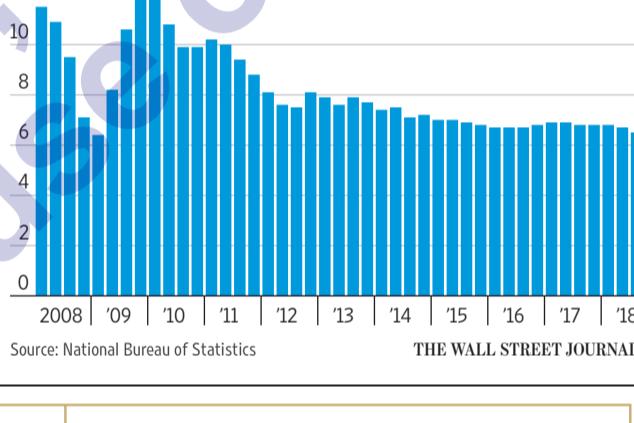
lerated from 6.8% in the first half. Part of the slowdown is due to President Xi Jinping's initiative of the past two years to contain debt and fend off financial risks.

That risk-control campaign has curbed borrowing by local governments and businesses and caused a sharp falloff in spending on new roads and factories. Even though Beijing started to loosen its tight-fisted control on credit in recent months, easing measures so far have failed to rejuvenate fixed-asset investment, which has been a growth engine for years.

—Chao Deng and Liyan Qi contributed to this article.

Going Slower

China's GDP growth, change from a year earlier



Source: National Bureau of Statistics

THE WALL STREET JOURNAL.

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FROM PAGE ONE

Telling Time in Europe

Continued from Page One

and others in the far north, getting the authority to keep standard time, or winter time, all year would provide extra morning light in winter.

Another argument is that the twice-a-year ritual is a chore. Italian lawmaker Angelo Ciocca scoffed at that.

Earlier this year, he held up a wall clock in the European Parliament and showed how easily his finger could push the hour hand. "Here we are crazily talking about a pointless issue that doesn't interest anyone," he said, "certainly not Italian citizens."

Portugal and Greece have already said they wanted to keep the practice of setting clocks an hour ahead in spring and back an hour in fall. Others have trotted out the

dairy cows. Irish studies showed that milk output drops for a month after the seasonal clock changes, because cows are most productive when milked at 12-hour intervals.

Violeta Bulc, the EU's transport commissioner, acknowledged the problem sounds funny—but, "for cows, it's hard to understand that they need to be milked one hour earlier or later," she said.

Last month, European Commission President Jean-Claude Juncker proposed ending mandatory shifts to and from daylight-saving time. EU transport ministers, who will decide what seems a long-shot change, begin talks Monday.

Politics frames the debate as a race against the clock. European Union officials want to show they aren't the power-mad bureaucrats that some allege. Europe's establishment leaders fear a sweep by nationalist, antiestablishment candidates in elections for the European Parliament in May.

"We are out of time," Mr. Juncker said, urging governments to agree to ceding EU clock control.

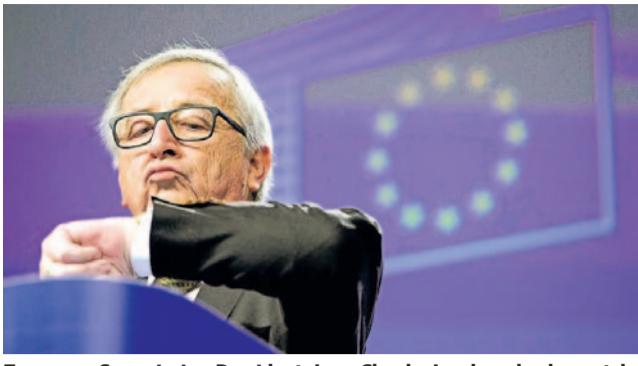
Even if governments miraculously agree, no changes can be expected before 2020. Airlines and logistics companies would need at least 18 months to adjust schedules.

Countries have struggled with time zones since steam trains made coordination across distances necessary more than a century ago. China and India solved the issue by each adopting one nationwide time zone.

It's not perfect. India sets clocks 30 minutes from most other countries, and neighboring Nepal has a 15-minute time difference from India.

Turkey and about a dozen other countries abandoned seasonal time changes in recent years. Russia, which spans 11 time zones, adopted permanent summer time in 2011, giving more evening light. In 2014, it swung to permanent winter time.

The EU debate is marked largely by geography. At the equator, days and nights remain roughly 12 hours long. For southern Europeans, the day is only about five hours longer in June than in Decem-



VIRGINIA MAZO/ASSOCIATED PRESS

European Commission President Jean-Claude Juncker checks watch.

ber. In Arctic Europe, the swing is roughly 20 hours, leaving plenty of nighttime to stew about it.

People in the north of Europe prefer to stay on winter time, according to a European Commission survey that drew nearly five million responses. Southern Europeans like summer time better.

"I have the feeling in winter that life ends when it gets dark," said one German in the survey who favored permanent summer time. A Finnish respondent argued in favor of permanent winter time, saying it is "impossible for old people

to change the clock on the microwave two times a year."

"This is something we'll argue about for a long time," a Dutch diplomat said.

One European diplomat called ending synchronization "total nonsense," and clocks risked becoming weaponized. If France and Germany were to feud, the diplomat said, they could threaten to adopt different time zones.

Brexit-watchers fear the island of Ireland could get two zones if the Republic of Ireland, an EU member, and the U.K., which includes Northern Ireland, adopt different set-

tings after the U.K. leaves the EU next year.

Clocks have already marked time in geopolitics this year. North Korea displayed its diplomatic thaw by re-synchronizing clocks with South Korea. For nearly three years, clocks in the two countries had been set a half-hour apart.

Belgian Prime Minister Charles Michel reassured his country, which is already culturally divided between the Dutch-speaking north and the French-speaking south.

"It would be absurd if there were different choices within the Benelux countries," he said, referring to Luxembourg and the Netherlands.

Till Roenneberg, a professor of chronobiology at Munich University's Institute for Medical Psychology, said those who opt for summer time may not realize it means darker mornings.

Living only on summer time, he said, could increase the risk of depression, diabetes, sleep problems and learning difficulties: "This means we Europeans will become fatter, dumber and grumpier."



ElPozo, one of Spain's largest pork companies, says it has been getting more calls lately from processors in China, where an outbreak of African swine fever has increased demand for imports.

ELPOZO ALIMENTACION

American Pork Is Struggling

Continued from Page One

work that week to fill the orders.

"We are trying to be the Coca-Cola of meat," said Mr. Hickin.

ElPozo is breeding more pigs on farms near its headquarters in the southeastern Spanish region of Murcia to fulfill what executives hope will be a 40% sales boost over the next four years, thanks to rising exports to Asia and Latin America. Mr. Hickin said he and his colleagues recently hosted around 20 potential new Chinese customers at their headquarters.

In Argentina, government officials are working out an agreement to ship pork to China by the end of this year, said Guillermo Proietto, representative manager for Argen Pork, a farmer-owned cooperative. Some of its 19 farmer-owners are investing in new deboning lines and cold storage space.

Chile to China

Near Talca, Chile, about 150 miles south of Santiago, Pablo Alvarez rolls out of bed around 5 every morning to respond to a growing number of WeChat messages, emails and voice mails from China-based pork buyers.

Mr. Alvarez manages exports for Coexsa SA, Chile's second-largest pork processing company. For most of 2018 he heard very little from his Chinese clients. China's growing domestic pork supply had forced him to cut prices on the pork bones, heads and other products to preserve the 20% to 25% of company exports that go to buyers there.

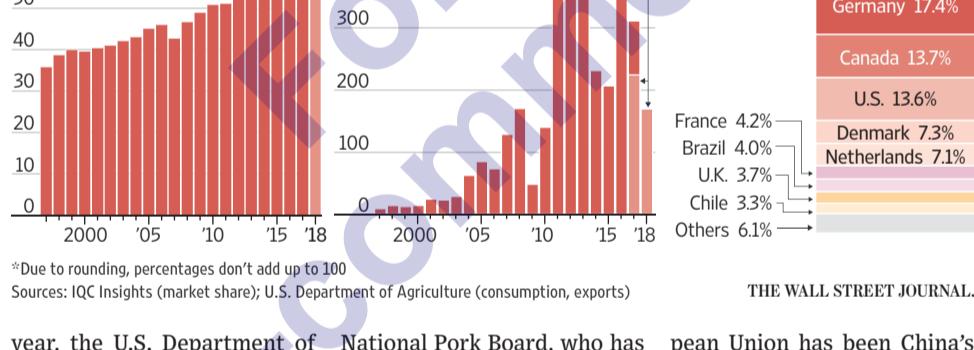
That changed after the higher tariffs on U.S. pork took effect and swine fever spread, he said. The company aims to double pork production capacity by the end of 2019. Mr. Alvarez has booked four days of back-to-back meetings with buyers from China and other countries at an October trade show in Paris.

"It will be very busy," he said.

Farmers in China will rear about 708 million hogs this

Hog Wild

Meat exporters are competing to take a bigger slice of China's world-leading pork demand as tariffs cut into U.S. shipments.



year, the U.S. Department of Agriculture estimates—more than half the pigs on the planet. That won't be enough to satiate China's appetite.

Chinese consumers eat 123 billion pounds of pork annually in everything from dumplings to fiery mapo tofu. In a nation of 1.41 billion people, that works out to about 87 pounds a person this year, up around 30% since 1998, according to the U.S. Department of Agriculture. Per capita pork consumption in the U.S. is expected to be 51 pounds this year, little changed from two decades ago.

China's pork imports swelled to 3.6 billion pounds last year, nearly 10 times more than a decade ago, the USDA says. The surge has encouraged producers in other countries, including the \$200 billion U.S. meat industry, to spend hundreds of millions of dollars on gigantic, state-of-the-art slaughterhouses to help fill that demand.

Hearts and feet

Chinese diners prize cuts of pork, such as hearts and feet, that get little love in Western markets. Income from those parts allows meat companies in the U.S. and other countries to keep prices on products like hams and bacon lower in their home markets. U.S. pork sales to the China and Hong Kong markets topped \$1 billion in 2017, nearly a fifth of all U.S. pork exports, according to the U.S. Meat Export Federation.

"If the pork industry is going to be viable as a successful and growing industry, China's critical," said Steve Rommemeim, a South Dakota hog farmer and president of the

National Pork Board, who has traveled to China to meet pork buyers there.

A boom in China's domestic hog production, fueled by government efforts to consolidate smaller, family-owned farms into giant commercial operations, helped push pork prices to a four-year low in May. Outbreaks of African swine fever have since driven domestic pork prices in September near their highest level in a year.

China's tariffs on U.S. pork—a 25% duty in April, followed by a second duty in July, on top of existing import charges—have called the future of the U.S.-China pork trade into question. Competition is already tight: The Euro-

npean Union has been China's top overseas pork supplier since 2009, according to Rabobank, one of the world's largest agricultural lenders. The U.S. currently ranks third, behind Canada.

Many international pork suppliers acknowledge that the efficiency and scale of the U.S. meat industry, backed by abundant grain supplies to feed livestock, will ensure the U.S. remains a tough competitor.

"I think the Chinese will continue buying U.S. pork," said Hendrik Voigt, owner of German meat trading company Vimex GmbH.

Hong Kong-listed WH Group, the world's largest pork company since its 2013 acqui-

sition of Virginia-based Smithfield Foods Inc., has slashed pork imports from the U.S. by more than 20%. WH's overall profit over the first six months of the year declined 8%.

The company expects to make up for the drop with pork from plants in China and from suppliers in South America and Europe, executives said. Over time it aims to procure pork from its own plants in Poland and Romania, and to expand deeper into Europe.

John Zhong built his Shanghai-based company Heartland Brothers on free-range, artisanal pork products, such as tenderloin and tomahawk chops. Heartland's pork comes from Berkshire hogs, a black, short-legged breed, bought from a handful of farms in Iowa and Minnesota. The pigs feast on a regimented mix of corn and soybean meal, with no synthetic feed additives—a method that costs more, but produces what Heartland says is a more flavorful meat.

Since China's tariffs made those products more expensive, however, Mr. Zhong is shopping for additional goods to sell, including high-end Italian ham.

"The tariffs have nearly killed us," said Mr. Zhong. He said he and his co-founder, who aren't collecting a salary, are putting more money into the company to keep it afloat. "We are barely making ends meet," he said.

Two years ago, Bernhard Simon of Wittlich, Germany, applied to ship meat to China from his 150-year-old family company, Simon-Fleisch, which processes about 23,000 hogs a week. Mr. Simon said growth depends on exports because discount retailers have lowered profit margins in Germany, where 70% of the company's pork is sold.

In April 2016, Chinese auditors inspected everything from his suppliers' farms to how his employees wash their butcher's knives. He didn't hear much after that, and wondered whether China would ever grant him market access.

That approval arrived in August, shortly after China boosted tariffs on U.S. pork. Simon-Fleisch shipped its first spare ribs, ears and heads to China in September. His new Chinese customers complain about the rising cost to import cuts such as collar butts from the U.S. because of the tariffs, he said.

Mr. Simon isn't expecting a major sales bump in the short term, but over time, he said, sales to China could help him compete with larger European processors and potentially fund expansion. Access to China, he said, "can decide if you are able to survive in this market."

Some 180 miles to the north, near Germany's border with the Netherlands, Elfering Export GmbH is shipping more pigs' feet, heads and bellies to importers in Hong Kong, which then sell them to Chinese buyers.

Elfering's pork exports to Hong Kong are about 20% higher than a year ago, said Grant Gouws, an account representative for the company.

'Good news'

Mr. Gouws said he is used to wrangling over price with his buyers, and he's used to losing sales when he can't match a competitor's price. In recent weeks, however, his clients selling pork in China aren't trying to negotiate nearly as hard, he said.

"For us, it's definitely good news," he said. "As soon as the [tariffs] came on, that definitely turned things around."

In Spain, where the number of hogs slaughtered annually now outnumbers the country's population of 47 million people, processors such as Costa Brava are expanding to take advantage of growing trade with China.

Export manager Ernest Xargay said sales of pig's feet, heads, cartilage and other by-products to China are important to Costa Brava's growth plans. For the first time in a year and a half, Mr. Xargay said, he is selling higher-value products such as pork bellies, loins and legs in China.

Instead of sending those products in refrigerated trucks to Spanish and French supermarkets, they are being packed into shipping containers bound for China.

The company is preparing to increase its hog herd and pork production by nearly 50% over the next five years, with the goal of processing about 100,000 hogs a week. Designers are drawing up plans for expanded deboning plants north of Barcelona.

China's efforts to buy low-cost pork from other countries suggest the U.S. may have to cut prices to keep its sales there, Mr. Xargay said. "Only the most competitive will survive."



Customers shopped for pork in a Shanghai market in August.

QILAI SHEN/BLOOMBERG NEWS



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GREATER NEW YORK

Elite Schools Could Accept Lower Scores

Some students who didn't pass state tests would be admitted under the mayor's plan

By LESLIE BRODY

Mayor Bill de Blasio's proposal to change admissions for eight specialized high schools could lead to students with markedly lower state test scores getting into these competitive schools, according to a review of New York City data.

His plan would offer seats to the top 7% of performers in each public middle school. If that method had been in place for this fall, data show the city would have offered spots to more than 300 students who didn't pass state tests in seventh grade.

In addition, offers would have gone to about 1,000 fewer students who excelled on state tests, judging by city Department of Education data obtained through a public-records request.

Who should get into these prestigious schools, including Stuyvesant High School, Bronx High School of Science and Brooklyn Technical High School, has been a matter of heated debate in recent months. Supporters of the current admission system called this new data evidence that the mayor's proposal would enroll students who aren't well prepared for their demanding academics. About 5,000 eighth-graders are offered spots in these schools yearly, and nearly 4,000 choose to attend for ninth grade.

"What happens if all 300 kids below proficiency decide to go?" asked Larry Cary, president of the Brooklyn Tech Alumni Foundation. Either the schools would need to provide intensive remedial help, he said, "or you're going to have a large number of kids who can't hack it, through no fault of their own, and you've set them up for failure."

Under the current system, applicants must ace the famously difficult Specialized High School Admissions Test. Critics say it unfairly bars exceptional students who lack years of test preparation, don't test well or simply had a bad day during their one shot at the exam.

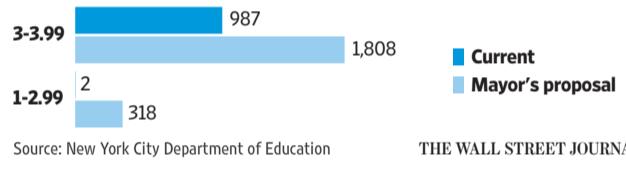
Mr. de Blasio and Chancellor Richard Carranza want to scrap this exam, saying nobody should be judged by a single



Bronx High School of Science is one of eight public specialized high schools in the city. The mayor has proposed changing the criteria for admission to the schools.

Getting In

New York City averaged each student's scores on seventh-grade state tests in math and English. Here are the numbers of students, by range, for those offered spots in specialized high schools for 2018 under the current system and those who would get in under the mayor's proposal. Scoring 3 means proficient.



Source: New York City Department of Education

THE WALL STREET JOURNAL.

Mayor's Plan Looks Like One in Texas

Mayor Bill de Blasio's plan, which requires approval from the state Legislature for at least three of the specialized schools, resembles a University of Texas policy, in which students ranked in the top 10% of their class in each high school automatically receive an offer.

New York City officials cite

a 2010 study of the University of Texas that compares minority enrollees to admitted white students who were ranked lower in their classes at highly competitive high schools.

The study found "top 10% black and Hispanic enrollees arrive with lower average standardized test scores, yet consistently performed as well or better in grades, first-year persistence, and four-year graduation likelihood."

The mayor and the schools chancellor want to eliminate

the Specialized High School Admissions Test, which will be given Oct. 20 and 21. It seeks to assess knowledge and skills gained over the course of students' education, including their ability to understand English prose, editing skills and math.

Last year, 28,333 students tested and 5,067 got offers at one of the eight high schools, including 207 black students, 320 Latino students, 1,344 white students and 2,620 Asian students.

scoring below proficiency on state tests in math succeeding at a specialized high school, where calculations become far more complex.

"However, that doesn't mean they should automatically be excluded," Mr. Wong said. "It is possible that kids who scored low on state tests may have other skills that would enable them to do well."

City education officials said the high schools have academic and emotional supports to meet the needs of students now, and these services will continue.

Murphy Official Investigated, Cleared

By KATE KING

A senior official in New Jersey Gov. Phil Murphy's administration was investigated over an allegation he created a hostile work environment for women, and was cleared and hired, people familiar with the matter said.

Mr. Murphy's transition team brought in an outside attorney to look into a complaint about Joe Kelley, then deputy campaign manager and now a senior state official. A transition official raised concerns about Mr. Kelley's behavior, including that he threw a chair in the campaign office while his subordinate on the campaign, Julia Fahl, was in the room, people familiar with the matter said.

The attorney's investigation found that he had thrown the chair, senior transition officials said. The inquiry didn't find any evidence that Mr. Kelley treated women unequally, the officials said.

The governor's office hired Mr. Kelley as deputy chief of staff for economic growth.

"I have always treated women and men equally, including during the Murphy for Governor campaign," Mr. Kelley said in an email. "Overall, Julia and I had a decent relationship."

A probe didn't find evidence
Joe Kelley, left, treated women unequally, but did find he threw a chair.

Murphy spokesman Dan Bryan said the Democratic governor is proud of his team, including Mr. Kelley. "Joe is an integral member of our state's economic development team, and his contributions to the governor's office have been invaluable," he said.

In a separate matter, the

Democratic-controlled Legislature—and an outside investigator appointed by the governor—are probing how the Murphy transition and administration handled allegations that a former campaign staffer, Albert Alvarez, had committed sexual assault. The inquiry will also look at government hiring practices and background checks.

A spokesman for Mr. Murphy has said Mr. Alvarez was hired after he passed a background check and that transition officials had confirmed that the Hudson County prosecutor's office had investigated and declined to charge Mr. Alvarez.

Katie Brennan, chief of staff at the state's housing agency, said Mr. Alvarez sexually assaulted her in April 2017. Mr. Alvarez, who resigned as chief of staff at the New Jersey Schools Development Authority this month, didn't respond to a request for comment. His lawyer pre-

viously said his client denies the sexual-assault allegations.

The investigation of Mr. Kelley was prompted by Allison Kopicki, the transition team's deputy policy director, who said she brought concerns about him to the transition's executive director, Jose Lozano, and Carl Van Horn, a senior adviser to the transition.

Ms. Fahl left the Murphy campaign in the spring of 2017, and is now running unopposed for mayor of Lumberville, N.J. In a statement, she said she admires Mr. Murphy and looks forward to working with him when she is in public office.

"I am confident that the toxic workplace issues I experienced firsthand on the campaign will be addressed," she said.

Mr. Murphy was aware that transition officials were probing concerns about Mr. Kelley, a person familiar with the transition said.

Poll: Voters in N.J. Lean Democratic for Congress

By JOSEPH DE AVILA

Less than three weeks before Election Day, more New Jersey voters say they are likely to vote for Democratic congressional candidates over their Republican opponents, according to a Monmouth University Poll released Thursday.

Some 56% of 527 likely voters polled said they would vote for the Democratic candidate, while 36% said they would vote for the Republican. The poll has a margin of error of plus or minus 4.3 percentage points.

Democrats won the 2016 state House vote by 8 percentage points, and in 2014 by 2 percentage points.

New Jersey Democrats are hoping to flip right-leaning congressional districts to help the party retake control of the chamber.

The poll also found that Democratic New Jersey Sen. Robert Menendez is leading

Republican Bob Hugin, 49% to 40%. The race started off closer than expected as Mr. Menendez was weighed down by the baggage of his federal corruption trial, which ended in a hung jury in 2017. Federal prosecutors declined to try him again.

But Mr. Menendez has been extending his lead in recent weeks. Opposition to President Trump appears to be playing a role: 56% of likely voters said their views of the president are more important than their views of Mr. Menendez when choosing who they would vote for in the Senate race. Mr. Trump's approval rating stands at 42% in New Jersey, according to the poll.

"If these poll results hold, the first person Bob Menendez should thank in his election night victory speech is Donald Trump," said Patrick Murray, director of the Monmouth University Polling Institute.

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GREATER NEW YORK

Sugar Targeted In Health Campaign

BY MELANIE GRAYCE WEST

In an effort to decrease the amount of sugar in the food supply and stem a rise in obesity, the New York City Health Department on Friday will roll out a new effort pushing companies to significantly cut the sugar in packaged foods and drinks by 2025.

The National Salt and Sugar Reduction Initiative, as it is being called, comprises a coalition of health departments across the country and other nonprofits. Though voluntary for companies, the program builds on the work of a similar effort begun in 2009 aimed at reducing salt in foods.

The sugar initiative has set a target to cut the sugar in packaged foods—including desserts, ice cream, candies, yogurt, cereals and condiments—by 20%. The target for soda, sports and fruit drinks and sweetened milk is 40%. After a public comment period, the program will commence in 2019.

Some 68% of packaged foods have added sugars which “get snuck into our diet in ways that we would never really anticipate,” said Oxiris Barbot, the acting commissioner of the New York City Department of Health and Mental Hygiene.

That increase in sugar, Dr. Barbot said, is having a cascading effect, causing greater numbers of people to have diabetes, cavities, hypertension and other medical conditions.

The Grocery Manufacturers Association, a trade group for the food industry, said in a statement: “For many years, the food and beverage industry has responded to consumers by diversifying its portfolio to provide low sugar, no sugar and lower calorie products. Our food and beverage offerings continue to evolve.”

Cuomo Digs In on Train Tunnel

By PAUL BERGER

New York Gov. Andrew Cuomo descended into the Hudson River rail tunnel to showcase the deterioration of the tubes that carry hundreds of thousands of daily commuters across the Northeast—and to press President Trump for federal support to fix them.

Riding on the back of a flatbed road-rail vehicle shortly after 11 p.m. Wednesday, Mr. Cuomo pointed out that the century-old tunnel is owned by Amtrak and primarily used by NJ Transit.

“It would be easier but irresponsible for me to say it’s not my problem,” Mr. Cuomo said. But New York relies upon the tunnel to bring commuters to the city, he said, while the nation relies on the tunnel for trains traveling between Washington, D.C., and Boston.

Mr. Cuomo, a Democrat who is seeking a third term, said the reason for his visit was to produce a video for President Trump highlighting the need for federal help to dig a new tunnel so that existing tubes can be shut down for repair. “I hope he gets the message,” Mr. Cuomo said.

The cost of digging a new tunnel and repairing the old tunnel is estimated at \$12.7 billion.

In 2015, following a series of crippling power outages at Penn Station caused by damaged cables in the tunnel, Mr. Cuomo stated that New York wouldn’t pay, saying “it’s not my tunnel.”

But a few months later, he and the state of New Jersey committed to fund half the cost of the Gateway rail improvement program, which includes the tunnel, as long as the federal government pays the other half. The Obama administration agreed that the federal government would shoulder half of the cost, but now the Trump administration says the two states must come up with a greater share of the funding.

Although Mr. Cuomo has



New York Gov. Andrew Cuomo, pushing for federal aid, toured the Hudson River rail tunnel Wednesday night. Above, signs of corrosion.

been supportive of Gateway, touring the tunnel was his most prominent display of support so far. It was reminiscent of his forays over the past year onto New York’s subway tracks to highlight that system’s infrastructure needs.

As the truck passed deeper inside the 2.5-mile tube, Mr. Cuomo pointed out for the camera areas where water from the river just 20 feet above had infiltrated the concrete roof, dripping from the ceiling and corroding pipes and rebar. He also identified areas in the tunnel walls where saltwater residue from flooding during superstorm Sandy was eating away at concrete and the high-voltage cables that carry power into New York Penn Station.

At one point, he stepped off the truck and showed how he could flake metal from corroded pipes with his fingers and kick crumbling concrete from the bench walls. “We want to make sure that the president understands the severity of the damage,” he said.

A representative for the U.S. Department of Transportation said that 90% of the tunnel’s users are local transit riders, so it is up to the states to secure a greater share of funding for the project.

The representative added that the states’ demand for so much federal money “lacks recognition” that it would divert significant resources from the rest of the country.

—Jimmy Vielkind contributed to this article.



GREATER NEW YORK WATCH

BROADWAY

The Great White Way Is Getting Less Gray

Harry Potter has helped spark a youth movement on Broadway.

As a slew of family-oriented shows dominate the Great White Way, topped by the two-part play “Harry Potter and the Cursed Child,” the age of audiences is coming down, according to a new survey released Thursday.

The Broadway League, the industry trade group, reported that the average age of theatergoers during the 2017-18 season was 40.6, the lowest since 2000.

In addition, the league reported that a record-breaking 2.1 million patrons under the age of 18 attended a show last season, based on its survey.

—Charles Passy

NEW YORK CITY

Sanitation Chief To Tackle Lead Levels

The head of the city’s sanitation department will oversee a new initiative to cut lead exposure in the city to zero, Mayor Bill de Blasio said.

Kathryn Garcia, who has been the commissioner of the Department of Sanitation since 2014, will start next week as the senior adviser for citywide lead prevention while keeping her post at sanitation.

Wednesday’s move comes after months of reports that hundreds of children living in the city’s public housing were found to have elevated levels of lead.

—Katie Honan

CORRECTIONS & AMPLIFICATIONS

The last name of Katie Nolan, host of “Always Late” on ESPN+, was incorrectly given as Nelson in some editions Thursday in an article on the New York City Halloween dog parade. The article also incorrectly said she was co-host of the program.

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

SANDY HOOK

Ex-Officials Defend Shooter’s Education

Former educators in the Connecticut town where 20 children and six adults were shot to death in an elementary school are pushing back against a state report that was critical of how the shooter’s education was handled.

The former Newtown officials gave state senators Thursday a 22-page rebuttal to the 2014 report by the state child advocate’s office on the upbringing and education of Adam Lanza.

The 20-year-old Lanza, who grew up in Newtown and attended local schools, killed the 26 victims and himself at Sandy Hook Elementary School on Dec. 14, 2012, after having fatally shot his mother in their home.

The former Newtown officials cited the school system’s efforts to help Lanza with his mental problems when he was in school and called his mother a “tremendous obstacle” to those efforts.

Assistant Child Advocate Faith Vos Winkel defended her office’s 114-page report on Lanza but said it will review the former educators’ rebuttal.

—Associated Press

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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

'Wildlife': A Family's Ardent, Troubled Heart

Paul Dano, in his directorial debut, tells a coming-of-age story set in 1960 Montana

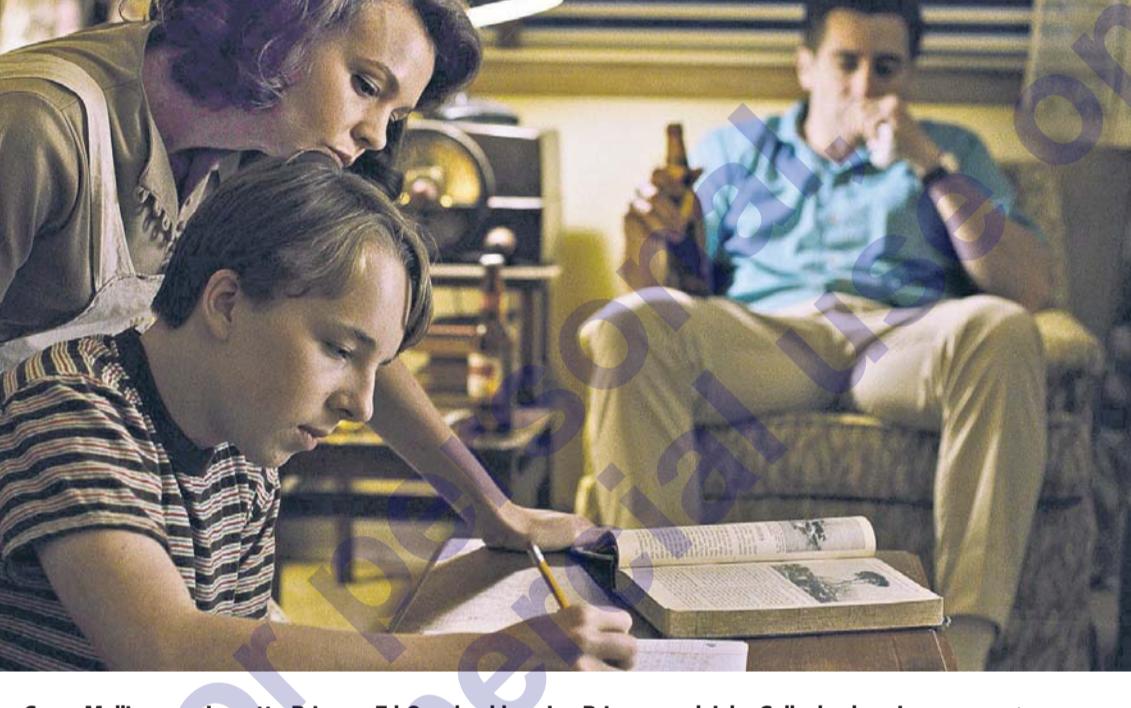


IFC FILMS (2)

What more could anyone ask for—spoiler alert: the answer is nothing—than an affecting coming-of-age drama based on a superb book and directed by an exceptional actor in his directorial debut? The film is "Wildlife" and the director is Paul Dano. He worked from a screenplay that Zoe Kazan and he adapted from the Richard Ford novel. The hero is a lonely teenager in Montana in 1960, trying to understand the ways of the world through his suddenly fractured family. The director doesn't appear on screen, and his protagonist isn't a stand-in for himself: At the age of 14, Joe Brinson is already his own boy on the way to becoming a man. Still, Joe, played with great tenderness by Ed Oxenbould, has an open, expectant face that recalls Mr. Dano's character in "Little Miss Sunshine," the all-but-silent brother yearning to be a test pilot.

Joe has no ambitions he can put his finger on, though he's smart and good-hearted, and we know from the start what he barely suspects, that he'll do just fine once his bad times are behind him. All he knows now is that he doesn't want to play football, despite his father's urgings, and that he wishes his parents would get along—Jake Gyllenhaal is his father, Jerry; Carey Mulligan is his mother, Jeanette.

Why they don't—why they can't—is the stuff of classic fiction, and of classic first films like this one. (Diego Garcia did the spare, sharp-eyed cinematography.) Midcentury Montana isn't far removed from the America of earlier decades, when life was



Carey Mulligan as Jeanette Brinson, Ed Oxenbould as Joe Brinson, and Jake Gyllenhaal as Jerry Brinson in Paul Dano's "Wildlife," above; Ms. Mulligan and Mr. Gyllenhaal, top

plain and people kept a safe distance from their feelings. Jerry, an overeager teaching pro at a small-town golf course, is a Willy Loman of the fairways. He nurses a delusion that his failure to thrive comes from being too well liked: "They just don't want small people like us to get ahead." When he goes off to fight a wildfire raging out of control in the mountains—others in his crew look like grim-faced WPA workers during the Great Depression—Jerry leaves Joe anguished and bewildered, and Jeanette embittered. "What kind of man leaves his wife and child in such a lonely place?" she asks, as if she doesn't understand that her husband is a beaten man.

The longer Jerry stays away, the more Joe idealizes him as a wise and caring father who'll make things right when he returns. In the here and now, however, the boy can't ignore Jeanette's transformation from his beloved mom, and his dad's determined helpmate, into a quietly fierce woman with a metallic edge to her voice, a sexual creature who'll do whatever she must to survive.

Ms. Mulligan shows her character no mercy, at least on the surface; her performance is startling, and for the most part unsparing. When Jeanette was young, she tells Joe, she was a "chute beauty," hanging around rodeos to call attention to her-

self. Now her features are turning harsh, her seductiveness discomfiting. "My desperation dress," she tells Joe, showing him a chartreuse number she plans to wear when they pay a social call on a man named Warren Miller (Bill Camp), a local car dealer who, in his affluent middle age, drives a pink Cadillac with upswept tail fins and in-terminable fenders.

However strong the potential for stereotype may be, Warren is more interesting than you might expect. That's a tribute to the always excellent Mr. Camp, and to Mr. Dano's astute direction, but also to the adaptation, which preserves distinctive passages from Mr. Ford's novel. ("Other people's incompetency made me rich," Warren says, almost endearingly. A story he tells about gliding silently in a plane near a flock of migratory geese is both poetic and emotionally ambiguous.)

When Jerry finally does come back home—Mr. Gyllenhaal makes him a haunting, hollow-eyed revenant—he is changed in at least one respect, having learned all too well the fearsome power of fire. Joe, caught between love of his father and loyalty to his mother, sees both of them in a new light. That's the nature of coming-of-age stories, and the camera on the boy's face is like an MRI that reveals his feelings in real time. But another camera figures in the action, one that Joe has learned to use at his part-time job in a portrait studio. That's where people from town come to be photographed with hopeful smiles on display, and where this beautiful film finds the shot that defines its stirring subject.

THEATER REVIEW | By Terry Teachout

TRUE, FALSE AND EVERYTHING IN BETWEEN

New York

WHATEVER HAPPENED to the smart, well-wrought stage comedies of yesteryear? They're not dead yet—in fact, a new one just opened on Broadway. "The Lifespan of a Fact," written by Jeremy Kareken, David Murrell and Gordon Farrell, is the sort-of-trueish story of Jim Fingal (Daniel Radcliffe), a mild-mannered obsessive-compulsive intern-turned-fact-checker for a New Yorker-type magazine. Jim's hard-nosed editor (Cherry Jones) assigns him to disentangle truth from untruth in an essay by John D'Agata (Bobby Cannavale), a writer whose self-acknowledged practice is to "take liberties with things that deepen the central truth of the piece." In other words, John makes stuff—lots and lots and lots of stuff, as the hapless Jim discovers to his horror and our delight.

For most of its length, this admirably compact play is a rib-busting funny farce in which things go from very bad to far worse in nothing flat. Toward the end, though, Messrs. Kareken, Murrell and Farrell skillfully modulate into a darker key as Jim and his colleagues grapple with what it means for journalists to make stuff up in a fact-challenged world:

"When the blogs and the fan sites and Twitter and 4chan and Reddit and whatever in the whole, insane internet—when they start tearing you down brick by red brick, they're not going to say 'Wow, John D'Agata altered certain details in the service of poetic truth.' They're going to say, 'Wow, John D'Agata lied.'" While you may not buy the surprise ending—about which I can say nothing here for fear of giving away the game—you'll like everything else about "The Lifespan of a Fact," including the letter-perfect acting, Leigh Silverman's snappy direction and Mimi Lien's quick-change set.

Mr. Radcliffe's post-"*Harry Potter*" career is a vanishingly rare testament to how serious a grown-up child star can become if he has sufficient talent—and resolve. In addition to choosing offbeat, consistently interesting film roles, he's also turned himself into a stage actor of exceptional quality, one who is more than good enough to go up against Mr. Cannavale and Ms. Jones, two of Broadway's very best performers, without getting his lunch munched. They are, of course and as always, as good as it's possible to be, and Ms. Silverman proves herself yet again to be the kind of



Daniel Radcliffe, Cherry Jones and Bobby Cannavale in 'The Lifespan of a Fact'

PETER CUNNINGHAM

director whose presence at the helm of a production is a sure sign of high quality.

Prediction: The three-person cast, short running time (90 minutes, no intermission) and simple scenic demands of "The Lifespan

of a Fact" will make it the hottest regional-theater hit since "Venus in Fur."

The Lifespan of a Fact
Studio 54, 254 W. 54th St., New York (\$59-\$169).

212-239-6200/800-432-7250, closes Jan. 13, 2019

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

LIFE & ARTS

TELEVISION REVIEW | By Dorothy Rabinowitz

A 19th-Century Tale for Our Political Time

The latest adaptation of Wilkie Collins's mystery blends a story of criminal menace with a commentary on women's rights

THE LATEST ADAPTATION of "The Woman in White," Wilkie Collins's 19th-century mystery novel, begins with a woman putting a fierce question: "How is it that men can crush women time and time again and go unpunished? If men were held accountable they'd hang every hour of the day, every day of the year."

The distinctiveness of this production is, in short, evident from the start. And as this five-part thriller (begins Sunday, 10 p.m., PBS) moves along, dark with foreboding amid its lush green landscapes (it was filmed in Northern Ireland), the evidence increases. This is not only a tale of evil, about a heartless mercenary and the women who become his victims. It's drama smartly updated for our political moment, while hewing closely to Collins's novel and, miraculously, his language: though it was hard to avoid noticing the reference to a character's "subconscious" that had made its way into Collins's world of 1859.

The speaker of the opening line and the undeniable star of this enterprise is Marian Halcombe—bold, fearless, a wicked hand at billiards and other recreations at which men traditionally excel. She's portrayed

superbly by Jessie Buckley who quite simply runs away with the show. Playing chess with Count Fosco (Riccardo Scamarcio), one of the more charming of the malignant characters in this tale, Marian mistakenly concludes she's beaten him. She has not, he shows her, making his triumphant move on the chessboard as he assures her she would have won had she not been distracted. "Distracted"—the word leaps out. It's one of the weaknesses men regularly divine in women, or so it is charged. The script by Fiona Seres is filled with small nonemphatic moments like these, and they have their effect.

Marian asks her angry opening question—a flash-forward to a later scene—of an attorney whose help she seeks in investigating the crimes of the man who has victimized her beloved half sister, Laura Fairlie (Olivia Vinall). She's dressed in black mourning clothes because she's received word that Laura is dead. The attorney, Mr. Nash (an ever compelling Art Malik), is the only person resembling an authority figure willing to listen to the victims: Austere, judgmental and probing, he says virtually nothing as he takes testimony from characters involved in the case.



Olivia Vinall as Anne Catherick in 'The Woman in White'

But the silent Nash is, by his very presence, scalding commentary. He's the contrast to the legal advisers, the official caretakers, who would not trouble themselves to distract a plot designed by an important man—one that would clearly rob a woman of her inheritance, and very possibly her life.

It isn't often that the components of a thriller can be said to blend perfectly with fiery social commentary, but it is the case with this marvelous production, which is downright terrifying in its aura of criminal menace and positively seething on the status of women—two very different dramatic forces, but they complement one another somehow.

The mystery begins with young drawing master Walter Hartright (Ben Hardy) summoned to Blackwater, the estate of the operatically intense Frederick Fairlie (Charles Dance), to provide instruction to the beautiful Laura, Fairlie's niece, and

to Marian. Walter is shaken by the sight of Laura, a veritable double of the frightened, wraithlike woman dressed in white whom he met and tried to befriend the night before. An escapee from a mental asylum, she is Anne Catherick (Ms. Vinall again), a ghostly figure whose suffering is very much of this world, and she will have everything to do with the story that unfolds.

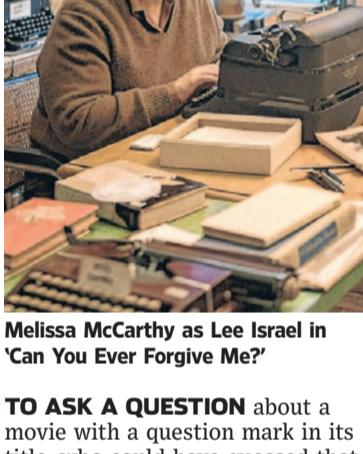
Walter will also learn that Laura, with whom he falls quickly in love—the feeling is mutual—can never be his. In an agreement in which she had no say, she has been promised to Sir Percival Glyde (Dougray Scott), a man with a secret he is desperate to keep and a concealed dark past as relates to the women in his life. He is, above all, a man in dire financial straits, which makes marriage to the ever-more-reluctant Laura—who will inherit a fortune—an imperative.

The matter of a woman's control over her money during the era in

question is just one of the series' perfect themes for outraged contemplation, but it's one especially rich in embittering detail. Laura's real problems begin when, after acceding to pressure, she goes through with the marriage she doesn't want and is soon confronted with her husband's demands that she sign a certain legal paper without reading it. It's a document that would, of course, deliver her fortune to him. The ensuing scene is utterly enthralling.

The same can be said, for the most part, of the pure thriller aspects that follow as Sir Percival and the Count collude in a conspiracy to get hold of Laura's inheritance. The implications are obvious, the action spellbinding, the characters perfect. The Count's wife, Madam Fosco (Sonya Cassidy), slithers about doing her part—a regal woman with a gracious smile and a gaze to shrivel the soul.

The Woman in White
Begins Sunday, 10 p.m., PBS



TWENTIETH CENTURY FOX

Melissa McCarthy as Lee Israel in 'Can You Ever Forgive Me?'

TO ASK A QUESTION about a movie with a question mark in its title, who could have guessed that "Can You Ever Forgive Me?" would be so enjoyable? The subject matter is hardly the stuff of high drama—an obscure sub-category of literary fakery that involves forging celebrity letters. The hero-

ine, Lee Israel, once a successful writer of celebrity biographies, is so woefully down and out that an exterminator, summoned to her apartment for what she calls "an untenable fly situation," refuses to enter because the place stinks lethally of cat feces. Yet Lee, played with unerring wit and ferocious verve by Melissa McCarthy, turns out to be terrific company; so does her raffish companion in crime, Jack Hock (Richard E. Grant).

"Jack," she declares, as she ends

their first encounter with a handshake, "this was not unpleasant."

The film is not only not unpleasant

but a genuine, authentic and honest-to-goodness pleasure.

The real-life Lee Israel, who died in 2014, did pretty much everyting that her fictionalized counterpart does. (The film was directed by Marielle Heller, and

adapted, by Nicole Holofcener and Jeff Whitty, from Israel's memoir of the same name.) At the nadir of her career, in the early 1990s, Israel discovered that she could make a living forging letters ostensibly written by such luminaries as Dorothy Parker, Noël Coward, Marlene Dietrich and the silent-film star Louise Brooks.

The difference is that the filmmakers and their star have made the onscreen Lee a character of dramatic and comic consequence in her own right. More than an alcoholic, a kleptomaniac, an unregenerate slob and, even for New York, a major-league misanthrope, she's a model of eccentricity descended from Dickens and the New Yorker stories of Joseph Mitchell by way of Damon Runyon and Bette Davis's Apple Annie in "A Pocketful of Miracles." And when

Lee and Jack combine forces—he's based on a real-life character, too—a picaresque tale of lonely outsiders grows into a Platonic, sometimes tortured love affair whose literary and social excursions could have been written by Noël Coward. (Ms. McCarthy and Mr. Grant deserve each other in the best way. Her approach to her role is mordant and precise, his is hilariously extravagant.)

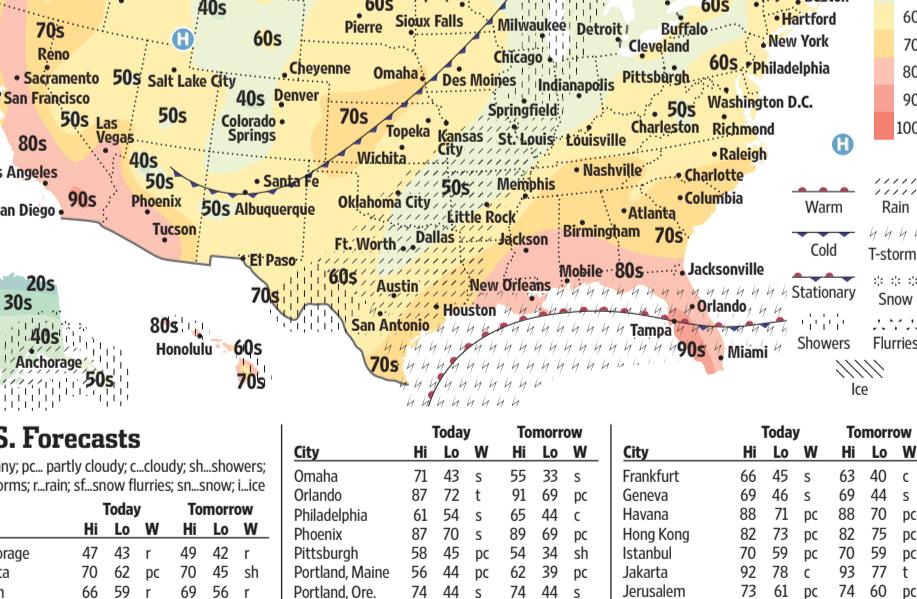
Sidestepping all opportunities for sententiousness, "Can You Ever Forgive Me?"—the title comes from a line Lee writes in her Dorothy Parker persona—has clever things to say about writing, self-delusion and the cynical commodification of collecting. Lee finds fulfillment in forgery; she comes to believe that she can be, on a good day, a better Dorothy Parker than Dorothy Parker. Some of the deal-

ers who buy her bogus goods worry little about whether they're authentic; what matters is whether they'll sell.

A few cavils. A courtroom climax feels less than authentic, though the sentence meted out by the movie judge is the one Lee Israel received. I wish the film had gone a bit more deeply into an intriguing relationship that develops between Lee and a bright, earnest bookshop owner named Anna; she's played eloquently by Dolly Wells. And I would have welcomed, for old time's sake, close-ups of Lee's typewriters—not only her Smith-Corona electric portable, which sounds like a mini-meat grinder, but the ancient machines she acquires in order to produce convincing forgeries. They're the primo period pieces within this surprising period piece.

Weather

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	47	43	r	49	42	r
Atlanta	70	62	pc	70	45	sh
Austin	66	59	r	69	56	r
Baltimore	64	53	pc	66	43	pc
Boise	69	43	s	71	44	c
Boston	62	52	s	64	44	c
Burlington	60	47	pc	59	35	c
Charlotte	70	57	s	72	44	r
Chicago	57	42	pc	51	28	sn
Cleveland	60	49	pc	56	37	sh
Dallas	59	55	r	69	50	c
Denver	65	37	s	66	40	s
Detroit	58	43	pc	53	31	sh
Honolulu	86	73	sh	86	75	t
Houston	79	64	c	73	59	c
Indianapolis	57	47	pc	57	32	pc
Kansas City	64	43	pc	61	30	s
Las Vegas	80	59	s	71	62	pc
Little Rock	60	53	r	70	41	pc
Los Angeles	89	65	s	88	63	s
Miami	88	74	s	89	71	pc
Milwaukee	58	40	sh	48	29	c
Minneapolis	62	53	c	64	28	s
Nashville	71	53	c	64	37	pc
New Orleans	87	73	pc	85	64	c
New York City	60	54	s	64	44	c
Oklahoma City	60	48	r	67	40	s

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	58	41	pc	60	46	pc
Athens	75	60	pc	76	60	s
Baghdad	94	70	c	91	75	c
Bangkok	91	78	t	90	77	t
Beijing	66	37	s	64	43	c
Berlin	58	38	pc	56	43	pc
Brussels	61	39	pc	60	41	pc
Buenos Aires	93	81	pc	95	83	s
Dubai	93	81	pc	95	83	s
Dublin	58	48	pc	63	54	c
Edinburgh	55	45	pc	61	55	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	66	45	s	63	40	c
Geneva	69	46	s	69	44	c
Havana	88	71	pc	88	70	pc
Hong Kong	82	73	pc	82	75	pc
Istanbul	70	59	pc	70	59	pc
Jakarta	92	78	c	93	77	t
Jerusalem	73	61	pc	74	60	pc
Johannesburg	83	60	pc	78	45	t
London	59	45	s	63	49	s
Madrid	66	53	r	72	54	c
Manila	91	78	pc	91	79	t
Melbourne	81	54	s	64	47	pc
Mexico City	69	56	t	69	57	sh
Milan	74	54	s	72	55	s
Moscow	61	35	pc	49	36	c
Mumbai	94	82	pc	96	82	pc
Paris	68	46	s	67	44	s
Rio de Janeiro	79	67	r	73	65	c
Riyadh	91	70	s	90	71	s
Rome	77	59	s	77</td		

SPORTS

COLLEGE SPORTS | By Jason Gay

The End of the NCAA Illusion

Court cases and athlete empowerment challenge old beliefs about amateurism. And the public is getting wise.



I've been writing this nonsense column for close to a decade—Sheesh, you say, it feels like a century—and if I had to pick a pair of major changes in the sports universe over this period, I'd offer

these two:

1. There was once a time in American history when it was socially acceptable to talk about your fantasy football team in public.

2. Fans have really woken up to the shameless business that is college sports.

No. 1 is self-explanatory. Nobody wants to hear about your fantasy football team. Or fantasy teams. Ever.

No. 2, I'd like to spend some time unpacking.

A bright light has been turned on in big-time college sports—which, for the purposes of this column, I strictly mean men's college football and men's college basketball, which are both multibillion-dollar businesses. Is there a human being alive who still believes in the purity of these enterprises? Whatever fairy dust the NCAA used to sprinkle over the college game—a blend of nostalgia, regional pride, and, most of all, amateurism—doesn't work anymore.

The jig is up. The money is just too much in everyone's faces now. Everyone sees the absurd amounts TV networks pay for these games (a billion a year for March Madness alone). Everyone sees how the games and athletes are packaged and sold to sponsors, which then turn around and sell them back to you and me. Everyone knows their college football coach is probably overpaid.

Except for you, Handsome Nick Saban. You might be earning every penny.

There's not even a facade of innocence to it anymore. We're all hard-bitten realists.

You can see it in the eye-rolling reactions to the college basketball trial wrapping up in New York, where a ragtag bunch of bagmen and other assorted characters have laid out the blueprint of college basketball's underworld of shoe companies, secret payments and recruiters.

There was a time when the revelations at this trial—wanton mercenaries lurking around programs; stacks of bills in envelopes; players steered to programs—would have provoked a breathless response: *Look at these scoundrels, sully our beloved game.*

Instead, a lot of us are still trying to figure out what the government is doing here—what it's attempting to prove, why it's playing strongman for the NCAA. Technically, this is a fraud case: a jury must decide if NCAA member universities were victims, helplessly defrauded by rogue types steering elite players to their campuses.

I'll pause here for you to laugh. It really is worth a laugh.

How does anyone not see the direct connection between this "illicit" economy and the phony construct of NCAA amateurism? Talented players clearly have a cash value—to schools, to coaches, to multinational shoe corporations—and the rules push the money under the table.



Ohio State's Nick Bosa is leaving the school to prepare for the NFL draft.

ANDREW DIBB/ICON SMI/ZUMA PRESS

The notion that schools are being victimized is comical. It's like a cupcake claiming it was victimized by sugar.

I get why people are intrigued; the government has used the threat of punishment to give the public a detailed look under the hood of college sports. But what's really been shown here is felony hypocrisy—a system set up to penalize rinky-dink payoffs to players, parents and middlemen, while coaches, conferences and universities drive off in a Brinks truck weighted down by billions.

It's why the NBA can propose a pro option for 18-year-olds uninterested in a four-month college career, and everyone agrees it's a good idea. And it's why once-heretical suggestions like compensating athletes (sakes alive!) are gaining traction.

Will paying college athletes stop envelopes from being passed under benches? Of course not. But if legit money is being offered, trouble loses a good deal of appeal—not to mention the millions saved in enforcement costs. (Here, the University of Chicago economist Allen Sander-

son quotes Butch Cassidy: "If he'd just pay me what he's spending to make me stop robbing him, I'd stop robbing him.")

Yes, there is always going to be an audience that believes paying college athletes is insidious—that the cost of a four-year education plus benefits is a more than fair exchange. (And for a lot of athletes, it is a great deal.) There are significant considerations about what compensation in men's football and basketball would mean for nonrevenue sports. But those roadblocks feel like excuses. Difficulty—and it will be difficult, likely involving courtroom sagas and Title IX exemptions and so on—is not a reason to not do the right thing.

Honestly, though, it doesn't matter if the NCAA acts, because the athletes are coming for the NCAA. In Oakland, players and schools await a judge's ruling on a case involving compensation caps—if it's fair for the NCAA to prohibit compensating athletes much beyond the cost of attendance, or if the universities should be allowed to decide for themselves. It's this case that's the real deal. At the heart

of the matter is whether amateurism precludes fairness, and a lot of testimony centered on what being a college athlete today entails—whether it's the part-time avocation of a college student (the cheery upbeat version), or tantamount to a full-time job.

Spoiler alert: In 2018, it's a job. Handsome Nick Saban would tell you that. Anyone half-awake would tell you that.

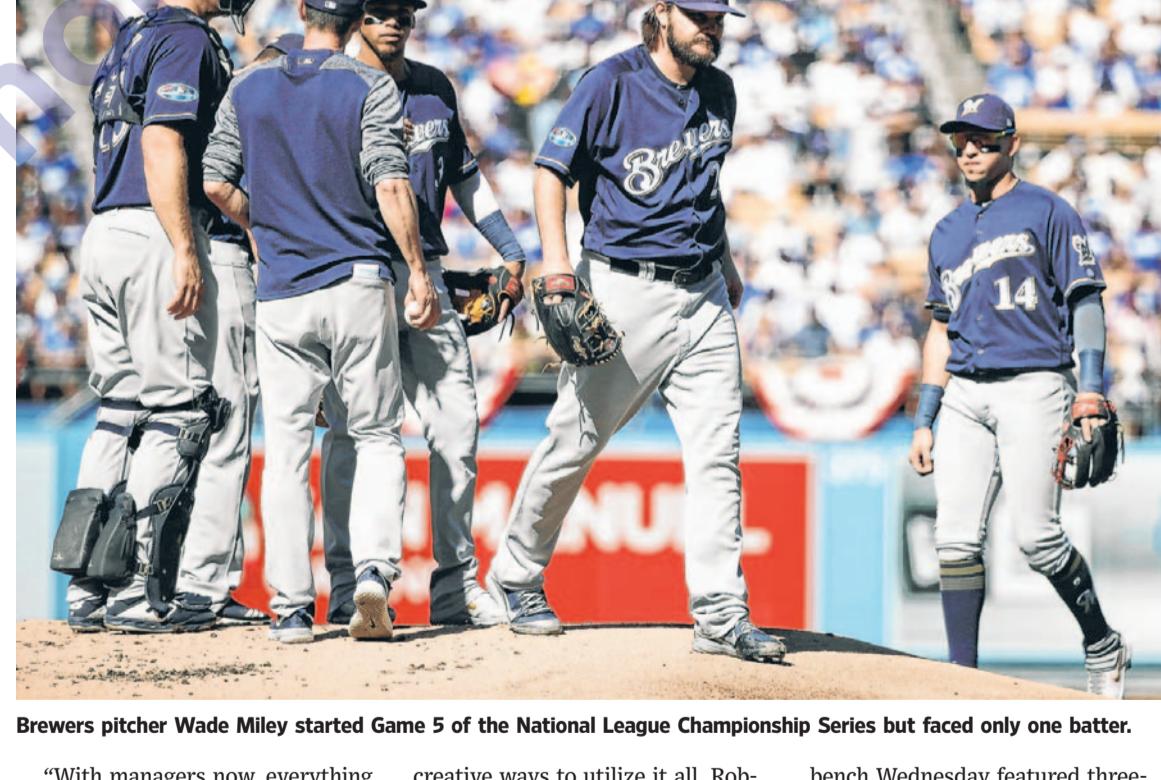
If you want more proof that change will come from the athletes, look at the story of Nick Bosa, the talented Ohio State defensive end who announced this week he will not return to the team after he's done rehabilitating an injury, but will instead focus on the upcoming NFL draft.

And here's the thing: Pretty much everyone agrees that Bosa is being smart. A decade ago, he might have been chastised for bailing on his teammates, for disrespecting college sports, but now everyone gets the deal.

This a business. Nick Bosa knows it. You and I know it—and so does the NCAA. That's what's changed the most in college sports. No one buys the illusion anymore.

BREWERS VS. DODGERS

LINEUP SHUFFLE HITS NEXT LEVEL



PRESS POOL/GETTY IMAGES

Brewers pitcher Wade Miley started Game 5 of the National League Championship Series but faced only one batter.

"With managers now, everything is dissected," Roberts said. "There's been a big change in what is entailed in this job description."

The rules allow for teams to carry 25 players on their roster. An average of 36 total players have appeared in each of the five NLCS games so far, or 72% of the available bodies. That would set a record for a best-of-seven playoff series, surpassing the 33 players the Atlanta Braves and San Diego Padres averaged in this round two decades ago.

For the Dodgers, the constant mixing and matching of their personnel comes from a place of strength. They have so much talent that it forces Roberts to search for

creative ways to utilize it all. Roberts sent out 155 different starting lineups during the regular season, a near-historical amount topped only by the 2014 Padres (157), according to Stats LLC.

"He really makes sure he fires all his weapons," Counsell said.

The Dodgers essentially boast two separate teams depending on the handedness of the opposing pitcher, with only two names—shortstop Manny Machado and third baseman Justin Turner—consistent in their spots.

Case in point: Chris Taylor began Wednesday in left field, slid over to center, moved in to second base and then retreated back to left field, all in the span of nine innings. Their

bench Wednesday featured three-time All-Star Matt Kemp, former 40-home-run slugger Brian Dozier and the ultra-talented Yasiel Puig. On any given night, the Dodgers' reserves would start for almost any other organization. "You've got to leave your ego at the door," outfielder Joc Pederson said.

Recognizing that the Dodgers like to jumble up their players inspired Counsell to attempt his pitching gambit Wednesday. "Starting" the left-handed Miley prompted Roberts to bat right-handed first baseman David Freese third in the order, leaving the Dodgers with a choice: stick with a platoon disadvantage or dip into the bench early. Freese exited after one

at-bat, with Pederson and then Dozier holding down the No. 3 slot.

Counsell said Miley will start Friday's Game 6, presumably in a more typical role. Miley will become the first pitcher to start consecutive team games in the same postseason series since George Earnshaw of the Philadelphia Athletics in the 1930 World Series. He threw seven shutout innings in an A's win in Game 5 and then allowed one run in a complete game victory two days later.

Miley said the Brewers informed him a few days ago that they would try something different, which provided a challenge in his pre-start news conference Tuesday. On Wednesday, he said he never lied while answering questions about his preparations for the Dodgers. He "just left a few details out."

While on defense in the first inning, the Dodgers' players noticed Woodruff warming up in the bullpen. It left them confused.

When Miley left the game, infielder Max Muncy said, "We were kind of shocked by that."

The Brewers' aggressive deployment of their players stems mostly from the unusual composition of their team: They lack a reliable crop of starters, but their turbocharged bullpen overshadows that deficiency. In half of their playoff games thus far, their starter went three innings or fewer, largely by design. No Milwaukee starter has sniffed the seventh inning.

For the most part, it has paid off for the Brewers. Their have a collective ERA of 2.02 in the postseason, a brilliant showing that justifies their decision to buck conventional wisdom. The Brewers' pitching this month, above everything else, has brought them to this moment, to within two wins of the franchise's first pennant since 1982.

Yet right now, in spite of all of Counsell's efforts, it hasn't been quite enough. He has no more margin of error to get it right.

"You're looking for advantages, and it's harder to find advantages in a series like this," Counsell said.

"The fun part is trying to answer all those challenges."

OPINION

Smiling at Corruption



POTOMAC WATCH
By Kimberley A. Strassel

Democrats try to save

Bob Menendez months after his bipartisan admonishment.

comes. Recent public polls have awarded Mr. Menendez a 6- or 7-point lead, though a new internal Hugin poll claims the gap is now less than 2.

Democrats are alarmed enough that the Senate Majority PAC this week decided to reroute a precious \$3 million to bolster Mr. Menendez with television advertising. The decision is extraordinary, given the number of Senate seats Democrats are already struggling to defend, many in states President Trump carried. But it is even more extraordinary for the statement—campaign theme, if you will—Democrats are rolling out with this ad buy. Namely, don't believe us.

This is the party that claims to be running against a Republican "culture of corruption." Democrats have highlighted the conviction of Trump campaign manager Paul Manafort and introduced anticorruption bills in Congress. House Minority Leader Nancy Pelosi in August even provided her members a "toolkit" for talking about supposed GOP misdeeds. They present the Trump White House as some mix of the yakuza and a drug cartel.

Yet here Democrats are intervening on behalf of the one federal lawmaker to have been definitively judged by his peers as corrupt in recent years—to have abused his office, to have scorned ethics rules, to have brought "discredit" on the Senate. A bipartisan letter from the Senate Ethics Committee in April "severely admonished" Mr. Menendez, finding that for six years he had "knowingly and repeatedly accepted gifts of significant value" from his close friend and Democratic Party donor, Florida ophthalmologist Salomon Melgen. The gifts included luxury private-plane flights, soirees in Paris hotels, and free accommodation at a Dominican Republic villa—where Mr. Menendez stayed not once or twice but 19 times.

Throughout this, Mr. Menendez just happened to be advancing Dr. Melgen's business interests in Washington—lobbying a cabinet official over a Medicare billing dispute, and supporting visa applications for Dr. Melgen's overseas girlfriends. Some people might call this a quid pro quo, and federal prosecutors did, obtaining an indictment against Mr. Menendez in 2015. The



Sen. Bob Menendez

charges were dropped after the Supreme Court tightened the standards on proving such cases. Dr. Melgen, however, was convicted last year of Medicare fraud and has been sentenced to 17 years in federal prison.

One last poignant detail to add to this Democratic theme of anti-anticorruption: The 2015 Menendez indictment noted that in 2012 a fundraiser for a powerful Democratic political outfit accepted two \$300,000 contributions from Dr. Melgen's company, and then earmarked them for Mr. Menendez's re-election that year. The political outfit? The Senate Majority PAC, the group spending millions to now rescue Mr. Menendez.

Political spending aside, Mr. Menendez's Democratic colleagues have also shown they are more than happy to tolerate corruption in their own ranks—at least if it means one more Senate seat. After the feds dropped charges, Democrats allowed Mr. Menendez to regain his position as ranking member of the Senate Foreign Relations Committee. They permitted

him to keep that job even after the Ethics Committee issued its four-page letter admonishing Mr. Menendez.

Following the federal indictment, Minority Leader Chuck Schumer lauded Mr. Menendez as "one of the best legislators in the Senate." Fellow New Jersey Sen. Cory Booker offered his unabashed support even after the Senate admonishment. The Garden State's Democratic establishment squeezed out the only declared primary challenger to Mr. Menendez, Michael Starr Hopkins, who failed to raise any real money from any Democratic power brokers. Those scions instead all endorsed Mr. Menendez for re-election.

The Hugin campaign dropped another tough ad this past week, referencing a 2015 federal court filing that states the government had been "presented with specific, corroborated allegations that defendants Menendez and Melgen had sex with underage prostitutes in the Dominican Republic." Mr. Menendez strenuously denies that. It is nonetheless remarkable to watch Democrats and their media allies close ranks to insist there is a soaring standard of proof for such serious claims. This in light of their uncorroborated claims against Justice Brett Kavanaugh, as well as Mr. Menendez's own moralizing complaints that we live in a world in which a woman can "speak truth to power about a sexual assault," but "they will not believe you."

And with that, we are back again to Democrats' 2018 theme. You can listen to what they say. Or you can believe your own nonlying eyes.

Write to kim@wsj.com.

BOOKSHELF | By Adam O'Neal

A Technocrat At Work

The Fixer

By Bradley Tusk
(Portfolio, 243 pages, \$27)

Bradley Tusk had a vision. In 2016, Michael Bloomberg was considering a presidential bid. If he decided to run, Mr. Tusk saw himself leading a campaign more unorthodox than Donald Trump's. There would be Airbnb hosts installing Bloomberg yard signs, DoorDash delivery workers distributing campaign literature, Americans taking free Uber rides to the polls—all paid for by Mr. Bloomberg. For a Bloomberg cabinet, Mr. Tusk envisioned Oprah Winfrey at the Commerce Department, Elon Musk at Energy and Reed Hastings leading the Federal Communications Commission. If these ideas seem fantastical, Mr. Tusk's *"The Fixer: My Adventures Saving Startups From Death by Politics"* shows how an intelligent person could develop this worldview.

Mr. Tusk began his career as an intern for Philadelphia's Mayor Ed Rendell shortly after the two met at the 1992 Democratic National Convention. This soon led to a stint with New York's parks commissioner, Henry Stern, who taught his ambitious young protégé some early lessons in self-promotion: To celebrate the opening of a public restroom, Mr. Tusk arranged for a toilet-paper cutting ceremony. Sen. Chuck Schumer, a man with a "deep need for constant attention," heard about the staffer behind the stunt and hired him to be his communications director. Two years later, Mr. Tusk left for a job with Mr. Bloomberg, who in 2002 was starting his first of three terms as New York's mayor. Mr. Tusk considers Mr. Bloomberg one of "maybe 5 percent of politicians in total who truly get their job satisfaction by getting things done."

After a brief spell advising Mr. Bloomberg, the 29-year-old was appointed deputy governor of Illinois by Rod Blagojevich, the state's ill-fated executive. Mr. Tusk writes that his new role was "the most powerful unelected position in the state." Looking back, he senses that he was hired in part because his inexperience could enable Blagojevich's criminality. He certainly tolerated some of the chronically lazy governor's requests: impersonating him on a call with the secretary of homeland security, or deciding which bills to sign. But Mr. Tusk quit shortly after Blagojevich asked him to extort then-Rep. Rahm Emanuel. Mr. Tusk later testified against his former boss, who is now serving a 14-year prison sentence for corruption.

Mr. Tusk returned to Mr. Bloomberg's orbit in 2009 as manager of his third mayoral campaign. The operative takes special pride in having persuaded Anthony Weiner out of running for mayor that year. Shortly after the election, Mr. Tusk started his own campaign-management firm. Through Tusk Strategies, he helped education reformers promote charter schools and real-estate investors fight zoning laws. Then he got a call from a friend: "There's this guy with a small transportation startup. He's having some regulatory problems. Would you mind talking to him?"

Bradley Tusk has run one of Michael Bloomberg's

mayoral campaigns, testified against Rod Blagojevich and fought New York's taxi lobby.

Uber had just received a cease-and-desist letter from the New York City Taxi and Limousine Commission. This spooked Travis Kalanick, the young company's chief executive. He needed a New York politics veteran to help fight back. Mr. Tusk's strategy, he recalls, was to "make taxi's opposition all about their own corrupt, entrenched needs" and "draw attention to taxi's long and ugly history of racism," all of which, Uber would claim, were fairly undermined by the ride-hailing app and its superior technology. It helped that the app's users were unusually willing to defend Uber to their local leaders. In a later New York showdown, Mr. Tusk led a campaign to kill legislation proposed by Mayor Bill de Blasio, who sought to cap Uber's growth in the city. If successful, the bill could have inspired other governments around the world to similarly restrict Uber—and effectively kill the company.

Mr. Tusk received early equity in Uber, and he twice informs readers that its value has since grown 250-fold. Now independently wealthy, he spends much of his time helping startups fight the regulatory state in exchange for partial ownership. Tusk Ventures has taken on the gambling, insurance and vitamin-supplement industries, not always with success. "Fighting the casinos in Nevada," he concedes, "is a waste of time and energy."

Mr. Tusk's work helping startups fight rent-seekers is admirable, and there's nothing wrong with making a buck. But don't expect much introspection from this supremely self-contented author. "If the resources to fight aren't there, winning is unlikely," he concludes after one startup fails. "I should have known that going in." Mr. Tusk never dives much deeper than that into his own psyche.

In addition to business advice and some amusing anecdotes, Mr. Tusk shares some ideas about national politics. He believes that Mr. Bloomberg's views "align far closer to the average American voter's than most candidates." He also thinks that ideological rigidity in the country's party system has kept the former mayor from succeeding at a higher level of politics. Yet Mr. Tusk's tone-deaf, tech-centric worldview and confident disdain for anyone skeptical of technocratic progressivism make his opinions easy to discount. Mr. Tusk suggests smartphone voting as a way to engage more citizens in politics and weaken the two-party system. What about those who worry it could be dangerous? Mr. Tusk brushes them off as bad-faith critics who "couldn't define blockchain if their next election depended on it."

Mr. Tusk is ambivalent about his other bosses but consistently praises Mr. Bloomberg. Maybe that's because, according to recent reports, the former mayor plans to run for president in 2020. In which case Mr. Tusk might get a chance to implement his vision, prove skeptics wrong—and find Elon Musk a new job while he's at it.

Mr. O'Neal is an assistant editorial features editor at the Journal.

Coming in BOOKS this weekend

Gen. Washington's victory at Yorktown • The life of Claude Debussy • Alan Greenspan on American capitalism • The Hollywood of Clarence Brown • Stephen Hawking on the big questions • The golden age of science fiction • & more

HOUSES OF WORSHIP
By Bernard-Henri Lévy

the battle to retake Mosul from Islamic State. I made a promise to myself and to my crew: Whatever risks and obstacles the war unpredictably produced, we would reach the burial ground of the prophet Jonah on the Tigris River—right in the middle of the city.

The goal was met. Though the site was buried in rubble and ash, one of our film's scenes would show the final resting place of the most enigmatic and provocative biblical prophet. When my crew and I deemed our mission accomplished, we savored a double satisfaction: We had covered the first half of the war to destroy ISIS and also rediscovered an important site in the biblical narrative and Jewish history.

Then down came a bolt from the blue. It took the form of a phone call from the French human-rights activist Hugues Dewavrin. For the entire reign of ISIS, my friend told me, a certain Omar Mohammed had remained in Mosul, chronicling the devastation of his city on the blog, Mosul Eye.

This immensely talented "citizen historian" was madly in love with his city. His then-

unsigned posts drew the attention of every journalist in the vicinity, as they knew he could provide reliable information on daily life in Mosul.

In late June, Omar Mohammed posted some astonishing photos. In the heart of the old city, in the very spot where the jihadists planned to make their last stand, appeared a synagogue. Mohammed tweeted that he had found some strange inscriptions in Hebrew carved into blue stone and needed volunteers to transcribe and translate them. The internet took it from there.

Carlos C. Huerta, a rabbi who served as an Army chaplain during the 2003 U.S. invasion of Iraq, said he had some ideas. Frida Ghitis, a former CNN correspondent, deciphered from the stones a blessing from Deuteronomy. An Israeli archaeologist responded that he saw a verse from the book of Kings and a tribute to Yahya Ben Meir and Meir David Halevi. To a London-based specialist in the Jewish and Arab history of Jerusalem stone, the words were from the Book of Proverbs. To another, based at the Brookings Institution, it was a passage from the Book of Numbers. A former Israeli diplomat posted century-old photos taken in a Mosul street showing Jewish cobblers repairing the shoes of their

those found in Kurdish Iraq. The discovery is a reminder of Mosul's once thousands-strong Jewish community, which was evacuated in the early 1950s.

It also shows that what goes for hearts also goes for places: To survive, they sometimes have to borrow an identity, to pretend. It may well be, in other words, that cities, like Spanish Jews, can be Marranos, living undercover. This marranism is so powerful that when the jihadists took control of the region—and methodically destroyed churches, Yazidi temples and the ancient al-Nuri mosque—they managed

to miss a holy place where the eternal continued to be praised, though in secret.

It raises a question: Is the world serious about saving what still can be saved of one of its oldest cities? Does Unesco mean what it says when it baptizes its program of urban and political reconstruction "the spirit of Mosul"? Will Americans and Europeans have what it takes to remake this disfigured city into what it was for centuries—a crossroads of peoples, religions and civilizations—and what its immortal soul aspires to become once again?

If so, we must heed the erudite Muslim of Mosul Eye. Watching and writing from his hometown, from the quiet heart of what was the epicenter of world jihadism, he called on us to rebuild the last synagogue still standing in the city of the prophet Jonah. If we prove unable to accept this splendid, sacred challenge, if we cannot rise to the height of this child of the Quran, who remembers that he is also Moses' heir—well, in that case, we shall have to say so long to fraternity, goodbye to peace, and hello to the long ordeal of religious and cultural war.

Mr. Lévy is director of the documentary films "Peshmerga" and "The Battle of Mosul." Translated from French by Steven B. Kennedy.

In the heart of the old city, a local historian discovered strange Hebrew inscriptions.

power for lawn mowers, tree trimmers and snowblowers. The problem with these crude motors is that their intake and exhaust functions occur at the same time, meaning the fuel mixes with oil. A large share of the gasoline is then spewed out unburned, as an aerosol in the exhaust. Such fumes have been found to increase the risk of cancer, heart disease and asthma.

Children playing outdoors and people who work from home frequently contend with this menace, but landscapers suffer the most. Since many don't wear masks, they breathe in fumes, dust and spores while enduring hours

of high-volume engine noise—another health risk. According to a study by Edmunds, an automotive-information site, hydrocarbon emissions from 30 minutes of leaf blowing are comparable to those of driving a pickup truck from Texas to Alaska.

Leaf blowers also pose a severe threat to the living leaves still attached to trees and bushes—collateral damage from blowers aimed at the ground. Air blasts of up to 200 miles an hour can demolish the habitats of bees and other insects and small creatures, which are essential to their ecosystems. The dead leaves that blowers target also help prevent moisture from evaporating at trees' bases, and nourish the soil that sustains plant life. I might ask my students to consider the irony here: A tool meant to beautify our city parks, backyard gardens and highway medians

is actually destroying them. Landscape associations and manufacturers insist these hyperpolluting lawn tools aren't bothersome or harmful if used properly and protest that leaf blowers are necessary for the hard work of removing leaves and debris. It's true that dead leaves on a lawn don't disintegrate, and a return to the rake doesn't seem likely.

Leafy trees and green lawns should no longer be our gold standard. We need to rethink our yards entirely. Each fall, let leaves die on the ground, allow deciduous trees to generate new growth, and consider adding a rock garden with succulents or other "hardscapes" that don't require leaf upkeep, and also save water. Outdoors, sustainable is beautiful.

Ms. Bernhard is a writer and teacher in New York.

The fumes increase the risk of cancer and heart disease.

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Children playing outdoors and people who work from home frequently contend with this menace, but landscapers suffer the most. Since many don't wear masks, they breathe in fumes, dust and spores while enduring hours

Most leaf blowers use two-stroke engines—lightweight, compact, cheap sources of

OPINION

REVIEW & OUTLOOK

Trump's Drug Price Bust

One thing Americans rightly hate about health care is that no one knows the true price of a service. How much did your last X-ray cost? Why are you suddenly paying more for a statin? The Trump Administration tried to address this frustration this week with a new rule requiring price disclosure on prescription drugs, but its cure is worse than the problem.

Health and Human Services has proposed a regulation that will force pharmaceutical companies to include the list price of a drug in television advertisements, and the rule applies to any drug paid for by Medicaid and Medicare that runs more than \$35 a month. HHS says this is no different from forcing companies to disclose medical side effects and warnings, nothing but sensible transparency that might shame companies into lowering list prices.

This is misleading political advertising. Almost no one pays the "list" price at the pharmacy after insurance and discounts. Nearly nine in 10 prescriptions are generic, an identical version of the product that is a fraction of the cost. A unit of generic Prilosec costs about eight cents versus \$3.31 for the branded heartburn medicine. Medicaid patients have co-pays as low as a couple bucks, though they won't know that from watching an ad that says the medicine costs \$50 or \$200 a month.

The more important problems are legal. One sleight of hand is that HHS is promulgating the rule through the Centers for Medicare and Medicaid Services, not the Food and Drug Administration, which regulates safety and efficacy disclosures in drug advertisements.

HHS openly concedes in the rule that "Congress has not explicitly provided HHS with authority to compel the disclosure of list prices to the public." But it invokes sections of the Social Security Act that direct the agency to operate Medicaid and Medicare programs efficiently. That looks like a throwback to the Obama years: Select a desired policy and then hunt for a broad statute to justify it.

Pharmaceutical companies will almost certainly challenge the rule as compelled speech that violates the First Amendment, and they're right to do so. Courts must apply the highest standard of review ("strict scrutiny") on measures that burden content and speaker. This regulation singles out pharmaceutical companies for punishment, but not, say, hospitals. The price details hardly meet the legal exception for purely factual and noncontroversial information.

Mnuchin's Saudi Pullout

Treasury Secretary Steven Mnuchin made a prudent decision Thursday to drop out of Saudi Arabia's investment conference next week. By now the list of withdrawals from Crown Prince Mohammed bin Salman's showcase event is long, including IMF chief Christine Lagarde, but that is the right message for the world to send to Riyadh.

Saudi journalist Jamal Khashoggi, last seen entering the Saudi consulate in Istanbul, is presumed dead. Since October 2, that presumption has been based almost entirely on leaks from the government of Turkey, whose President Recep Tayyip Erdogan has his own complicated regional agendas.

Against this backdrop, the stakes are high for the U.S. in managing its relationship with an important, longtime ally in the Middle East. The Trump Administration's handling of the issue to date has been inconsistent and confusing. Mr. Trump has bounced from initially threatening severe consequences to elevating U.S. commercial contracts and briefly aligning himself with a presumption of innocence for the Saudis, comparing them to Brett Kavanaugh. His ability to maintain support in Congress for an appro-

priate response wasn't helped by Secretary of State Mike Pompeo's cheery photo-op with the Crown Prince.

With Thursday's announcement by Secretary Mnuchin, the Administration is moving toward firmer footing. After briefing Mr. Trump about his visit to Riyadh, Mr. Pompeo said the Saudis would be given "a few more days" to produce a satisfactory explanation of the Khashoggi disappearance. Vice President Mike Pence said Thursday that if Mr. Khashoggi was murdered, it would be "an affront to the free and independent press around the world."

In remarks to reporters later, President Trump said it looks to him as if Mr. Khashoggi is dead, and in that case the consequences would have to be "very severe." Those consequences could include sanctions under the Magnitsky Act for Saudi officials identified as complicit in this catastrophic fiasco.

The burden now is on the Saudi government, most pointedly the Crown Prince, to recognize there is no way forward other than a full public accounting, and soon. As for the U.S., Trump officials need to speak to American values as well as American interests.

Jack Lew's Last Defeat

The Trump Presidency has spent two years cleaning up the regulatory excesses of the Obama era, and this week it finally mopped up one of the worst when it liberated Prudential Financial from the federal government's too-big-to-fail list.

The 2010 Dodd-Frank Act created a new designation for "systemically important financial institutions." These SIFIs are selected by the new interagency Financial Stability Oversight Council, which is led by the Treasury, and the goal was to add supervision (and higher costs along with it) to the largest banks to prevent them from failing again.

But that wasn't enough for Obama-era Treasury chief Jack Lew, who stretched the mandate to include insurance companies. AIG made sense to add since it was bailed out in the crisis (and has since been dropped after it shrank in size). But Mr. Lew also went after Prudential and MetLife for reasons that made no sense even to the insurance experts on his own stability council. Mr. Lew ignored them for reasons he never made clear.

But he couldn't roll over Steve Kandarian, the CEO of MetLife, who fought the designation from the outset and sued the Treasury to stop it. MetLife was vindicated in 2016 when federal Judge Rosemary Collyer found the government "hardly adhered to any standard when it came to assessing MetLife's threat to U.S. financial stability."

The SIFI designation process is opaque, arbi-

trary and notably lacking in cost-benefit analysis. It's an especially absurd designation for MetLife and Prudential, which weren't among the companies bailed out during the 2008 panic. Insurers and banks also don't pose the same risk to the financial system. An insurer collects premiums to invest and then pays out in the case of an insured

event. A bank takes deposits and promises to repay depositors at any time they choose.

The government insures bank deposits to reduce the chances of a run when all depositors try to withdraw their funds at the same time. Insurance companies don't have the same problem. Life insurers don't have to make payouts until an insured event occurs. Generally these events are staggered over time, so the threat of a run on an insurance company is nowhere near the same as for a bank.

MetLife's legal challenge was brave because Mr. Lew would have made its business miserable had it lost in court. Mr. Lew was vindictive enough to appeal his defeat to the liberal D.C. Circuit Court of Appeals, but in January the Trump Administration dropped the case.

Prudential was the last nonbank on the SIFI list, and this week's decision reflects the Adminis-

tration's promise to take a fresh look at the overreach of Dodd-Frank. Decisions like these may seem small, but they send a message to CEOs and investors that financial regulation will be based on genuine risks and the law rather than political calculation.

tion, especially given that HHS's expressed motive is to embarrass companies into lowering their prices.

HHS follows the Obama method: set policy first, find statute later.

By the way, the pharmaceutical trade group PhRMA said this week that its member companies will voluntarily include in ads directions to a website where consumers can find what they're likely to pay. Details include: list price, out-of-pocket costs and information about financial assistance programs.

HHS Secretary Alex Azar called this "a small step in the right direction," but he is deploying his own rule anyway. That's a tip that this is more of a political exercise than a good faith effort to offer customers information.

Another clue: HHS says that "we anticipate" the rule's enforcement mechanism will be private lawsuits alleging unfair competition from misleading advertising. As if blowing money on lawsuits that enrich trial lawyers will lower drug prices.

More broadly, drug costs are roughly 14% of health spending but absorb about 99% of public attention. Much of the debate is driven by an increasingly bitter fight between pharmaceutical manufacturers and supply-chain negotiators known as pharmacy benefit managers. If this continues, the losers may be the rest of us.

Pharmaceutical companies are annoyed that the middlemen drive steep rebates and pocket some of the difference. The benefit managers complain that pharmaceutical companies are villains with huge profit margins. Congrats, you're both wrong.

Benefit managers have in many cases put downward pressure on prices by negotiating bulk discounts as in any other business. Express Scripts reports that per person prescription drug spending grew a mere 1.5% for commercial plans in 2017. As for pharmaceutical companies, they need high profit margins as a return on capital in a business where most innovations fail. Between 1998 and 2014, some 167 lung cancer drugs failed in trials. Only 10 made it to market.

The Trump Administration is waddling into this debate so it can appear to be doing something—anything—about drug prices. Yet the White House's policy blueprint offered many worthier ideas: cracking down on anti-competitive behavior from drug companies; reforming a dysfunctional Medicaid price system, and more. Those reforms are better than its simplistic and probably illegal attack on Big Pharma's advertising.

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Treasury takes Prudential off the too-big-to-fail list.

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

LETTERS TO THE EDITOR

BernieCare Is Expensive; So Are Alternatives

Regarding your editorial "The Price of BernieCare" (Oct. 12): Medicare for All sounds great since it implies equality and would be free, but it would pose serious problems for hospitals, and would be neither free nor equal. Most hospitals today rely on higher reimbursement from health-insurance companies to offset the losses they take from Medicare reimbursements. Changing this would require hospitals to cut back on services to remain profitable. Since at some point there would be cries to nationalize hospitals, we would be left with a VA-type system for all.

Eventually, those with the financial wherewithal to purchase private insurance will do so, leading to a tiered system that would be unacceptable to most voters. Since Congressional leaders currently have gold-plated plans that are subsidized by taxpayers, I suggest that before launching Medicare for All, they first impose "Medicare for All of Congress." Once they can't get the MRI scan that their physician thinks they need or the latest drug therapy, they will better understand what they are attempting to create for the rest of us.

STEPHEN HORWITZ
Bethesda, Md.

I don't understand why the Journal's editors expect us to be frightened by the \$32.6 trillion BernieCare expenditure over the 10 years cited. Total nominal health-care spending in the U.S. was about \$3.3 trillion in 2016 and about \$3.5 trillion in 2017.

We're already on track to spend more than the BernieCare estimate in the coming decade—it's just that the spending will continue to be spread (inefficiently) around our multilayered system dominated by employer-provided health insurance, Medicare, Medicaid and individual health-insurance markets.

STEPHEN WIERHAKE
Punta Gorda, Fla.

With everyone covered under BernieCare, more of us will be and remain healthy, and fewer will need costly late-stage treatments. Staying well isn't easy for patients who fear the cost of getting well.

Making health care affordable for everyone requires that we each have access to providers at the earliest phases of our adult lives. That will likely result in overall cost savings and possibly even a reduction in the number of specialists needed and shorter hospital stays.

BernieCare is a logical and reasonable extension of Medicare. Seniors are living longer and staying in better health because of it.

SHELDON I. SAITLIN
Chicago

The best part of Sen. Bernie Sanders's plan is that everyone must join. This implies that public and private labor unions, including city, state and federal employees, will gladly give up their gold-plated, lifetime health insurance for a Medicaid-style system. It implies that employees of large and small corporations are willing to accept the change of their present health insurance to a Medicaid-style system and that our senators and representatives, presidents and ex-presidents will gladly give up their exclusive, expensive health care to sit in the waiting room next to the rest of us, the local unwashed.

JOE BOCCUZZI, D.M.D., M.B.A.
Stamford, Conn.

Vermont studied implementing a single-payer system. The most telling reason for its rejection came from Democratic Gov. Peter Shumlin, who had campaigned pushing the plan but who regrettably noted that the tax-payers of Vermont couldn't afford it.

Sen. Sanders would be wise to learn from his fellow Democrat.

TED EARL
East Hampton, Conn.

Our Michael Sussmann Is an Honorable Man

Kimberley Strassel's "Who is Michael Sussmann?" (Potomac Watch, Oct. 12) leaves the Journal's readers with a misleading impression about Mr. Sussmann and our law firm.

Mr. Sussmann is a nationally recognized privacy, cybersecurity and national-security lawyer. He worked in the Justice Department as a cybercrime prosecutor for both Democratic and Republican administrations, and is regularly retained by clients to handle cybersecurity matters. He is not a political law attorney nor a member of Perkins Coie's Political Law Group, and he was not remotely close to being the "point man for the firm's DNC and Clinton campaign accounts." As reflected in

JOHN DEVANEY
Managing Partner
Perkins Coie LLP
Washington



The Fourth U.S. Circuit Court of Appeals' recent decision smacks of a frightening historical revisionism. Should this trend continue, our nation would be sanitized of any sort of symbol that speaks of our forebearers' lives and culture, of what marked the greater good in their time and still, perhaps, ours. And if this decision isn't altered by a higher court, we will have shown ourselves to be, as C.S. Lewis might have put it, chronological snobs of the worst kind.

THE REV. DR. JAY WRIGHT
Dallas

CORRECTION

Alexander Hamilton wrote Federalist No. 78. The author was misspelled in the Oct. 16 op-ed "Democrats Abandon the Constitution."

Pepper ... And Salt

THE WALL STREET JOURNAL

Pepper ... And Salt

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

I can't define obscenely rich, but I'll know it when I get there.

DAVE ERCHULL
Tucson, Ariz.

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OPINION

Democrats Haven't Turned Back From 1968

By Ted Van Dyk

America is polarized in many ways, but one of the most significant is between generations in the Democratic Party. Coming out of the Great Depression and World War II, we present-day seniors saw liberalism as the promise of racial and social justice and broadly shared prosperity. We also saw it as a defender of civil liberties against abuses such as those that took place in the 1950s McCarthy era. Abroad, we supported a strong United Nations and other multilateral institutions to reduce conflict but had no illusions about the expansionist ambitions of totalitarian states.

In other words, the dwindling number of Greatest Generation and Depression-born Democrats came of age with a liberal tradition that is increasingly marginalized in today's party. That was evident in Justice Brett Kavanaugh's confirmation fight and in the party's use of race, sex, ethnicity and other identity markers in politics more broadly.

The best example of the old Democratic Party's aspirations was the Civil Rights Act of 1964, which provided that no citizen should receive favorable or unfavorable treatment based on irrelevant factors such as race, sex, national origin and religion. Our domestic agenda was further realized in President Lyndon

The politics of identity and attack have supplanted the old liberal tradition, which favored national unity.

Johnson's Great Society: the Voting Rights Act, Medicare, Medicaid, the War on Poverty, federal aid to education and other measures designed to create greater opportunity for all, underwritten by a safety net for those who needed it.

You could feel the first big change in 1968 as a new generation in the West rebelled against established institutions and leaders. In the U.S., protest formed around opposition to the mistaken Vietnam War. I experienced this rebellion first as Vice



CHAD CROME

President Hubert Humphrey's assistant in the Johnson White House, then as a vice president of Columbia University during the disorders there, and later as an active member of the antiwar movement and George McGovern's 1972 presidential campaign.

There was idealism in the protests but also cynicism and a touch of totalitarianism. "We Demand!" often preceded the protesters' list of objectives. You could have a discussion with them over coffee or in small groups, but when an audience was present, a professor, speaker or political candidate expressing a contrary opinion would often be shouted down, sometimes with obscene chants. "Never trust anyone over 30," the slogan went (or, as I often thought silently, no one under 25). Those in established positions were usually judged reactionary no matter the substance of their views.

Over time the late-1960s protesters found adult roles. Some, perhaps not surprisingly, found outlets in self-indulgent consumerist lifestyles. Others gravitated toward politics, academia or the media and brought

their youthful outlooks with them. But in the national Democratic Party, leadership continued to rest with politicians with traditional liberal values such as Walter Mondale, Michael Dukakis and Ted Kennedy and then with moderates like Bill Bradley, Bob Kerrey, Paul Tsongas, Jay Rockefeller and Gary Hart. These latter figures were economically liberal, socially tolerant, wary of unwise foreign interventions, and willing to govern across partisan and ideological lines.

The next big change came in 1992 with the nomination and election of Bill Clinton. His moderate platform was similar to his peers', but his political style was a departure. The concept of a permanent campaign came to the White House. Every move was measured against its short-term political value to the president. The Clinton team launched personal attacks against policy dissenters and against women who brought charges of sexual misconduct against the president. In 1996, Mr. Clinton accused Republican nominee Bob Dole of "trying to destroy Social Security and Medicare"

through his support of a bipartisan entitlement-reform effort Mr. Clinton himself had previously praised. By 2001, when Mr. Clinton left the scene, say-anything attack politics had become the normal order of the day in the Democratic Party.

President Obama brought hope of a more tolerant, less deeply partisan politics. But he was surrounded by Clinton alumni who, for the most part, kept on as before. His signature legislation, the Affordable Care Act, was introduced and passed only by Democrats—a sharp contrast to the bipartisan approaches taken by Johnson with his Medicare and Medicaid proposals, and by Ted Kennedy with his Medicare prescription-drug legislation. To pass ObamaCare, the White House and its allies launched a full-court press against all House Democrats, including moderates with doubts about its cost and coverage. The legislation passed narrowly, but 63 House Democrats lost their seats in the 2010 midterm elections. That left the body sharply divided between Republican and Democratic partisans, stalling the administration's legislative agenda for the re-

maining six years of Mr. Obama's presidency.

Mr. Obama's 2012 re-election campaign labeled his opponent, the temperate former Massachusetts Gov. Mitt Romney, as antiminority, antiwoman, anti-middle-class and a financial predator. The theme continued against Republican congressional candidates in 2014. Hillary Clinton tried to replicate it in her campaign against President Trump but did not comprehend the electorate's determination to reject political establishmentarians, including herself.

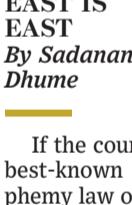
Democratic seniors look back to their roots in the Civil Rights Act and wonder why we so relentlessly attack Republicans as racist when Democrats, the party of civil rights, have no apparent agenda to address daunting school-dropout and incarceration rates, drug trafficking and use, unemployment, violent crime, and broken or nonexistent family structures in afflicted urban neighborhoods. We ask why Democrats, the party of civil liberties, would try to destroy Justice Kavanaugh with uncorroborated accusations of sexual misconduct in high school.

You can see the roots of what is happening now in the habits of 1968, which have been carried on by politicians, journalists and academics who seem unaware that deplorable means do not yield virtuous ends. Democrats and many in media now accuse Mr. Trump of totalitarian methods and objectives. There is much to fault in the Trump presidency, but the totalitarian tendencies appear to flow from our own party. Its present presidential aspirants appear to be emulating Robespierre in their over-the-top denunciations of Mr. Trump and all others they deem unworthy.

What is missing now, among Democrats, is any semblance of a coherent policy agenda directed to the future. Partisan anger is not an agenda. Positive, practical policy proposals constitute an agenda. To get started: peace, prosperity and justice. How can Americans of all parties and persuasions get there together?

Mr. Van Dyk was active in Democratic national policy and politics for 40 years. He is author of "Heroes, Hacks and Fools" (University of Washington Press, 2007).

Will Pakistan Execute a 53-Year-Old Woman for Being Christian?



Does Pakistan's Supreme Court have the courage to free Asia Bibi, an illiterate 53-year-old Christian woman on death row since 2010 for "blasphemy," while thousands of Islamic extremists across the country bay for her blood?

If the court releases Ms. Bibi, the best-known victim of a cruel blasphemy law often used to target religious minorities, it will represent a rare victory in the Islamic republic for compassion over religious passion. Should the judges uphold the death sentence against her, it will mark another victory for Pakistan's strident antiblasphemy agitators and another setback for both non-Muslims and moderate Muslims.

Either way, the harrowing tale of Asia Bibi has a moral: Giving in to Islamists' demands does not satiate their appetite for repression. It whets it.

By now Ms. Bibi's fate ought to

have been clear. Earlier this year, the Supreme Court agreed to hear her long-stalled appeal. But on Oct. 8, after listening to arguments, the court said it would wait indefinitely to declare its verdict.

The likely reason: protests by Tehrik-e-Labbaik Pakistan, a hard-line Islamic party whose leaders warn of "terrible consequences" if Ms. Bibi is allowed to flee abroad. They threaten to paralyze the country with sit-ins if she is acquitted. Thousands of protesters have pre-emptively taken to the streets in Lahore, Karachi, Rawalpindi and other cities.

Ms. Bibi's troubles began with a squabble over a cup of water on a sweltering summer day in Punjab. As the story goes, two Muslim women accused Ms. Bibi, a farmworker and mother of five, of polluting the cup by drinking from it. Ms. Bibi allegedly told them Jesus had "died on the cross for the sins of mankind" and asked, "What did your Prophet Muhammad ever do to save mankind?"

Nobody knows if this spirited defense of her faith was what con-

demned Ms. Bibi to death. In Pakistan, discussing "blasphemous" comments is itself considered blasphemous. Ms. Bibi denies blasphemy and says she respects the Quran and the prophet.

Shortly after the spat, villagers ac-

Even her offense isn't clear. It's considered blasphemous to discuss 'blasphemous' comments.

cused Ms. Bibi of blasphemy and had her imprisoned. The following year, a court sentenced her to death. She lives in a windowless cell, where she cooks for herself for fear of poisoning by prison staff or a fellow inmate.

Against this backdrop, standing up for Ms. Bibi requires courage. In 2011 a bodyguard murdered Punjab Gov. Salmaan Taseer for visiting Ms. Bibi in prison and calling Pakistan's blasphemy statute a "black law" prone to

abuse. Two months later gunmen killed Shahbaz Bhatti, a Christian politician who also opposed the law.

Khadim Hussain Rizvi, the foul-mouthed cleric who leads the TLP, hails Taseer's murderer, who was executed two years ago, as a martyr and calls for all blasphemers to be killed. Mr. Rizvi has used the blasphemy issue to catapult himself to national prominence. In national elections in July, the TLP drew more than two million votes.

In the meantime, Ms. Bibi has become an international symbol of stoic suffering. Human-rights groups and the U.S. State Department regularly highlight her case. Pope Benedict called for her release, and Pope Francis has met with her family. Earlier this year, activists lit up Rome's Colosseum in red in solidarity with her and other persecuted Christians.

Pakistan's restrictions on blasphemy date back to British rule, but only in 1986 did the Islamist-friendly dictator Zia ul-Haq make it punishable by death. Asad Ahmed, an anthropologist, estimates that Pakistan

prosecuted fewer than 10 people for blasphemy in the four decades before the passage of Zia's law. In the three decades after, that number skyrocketed to about 1,500.

According to Lahore's Center for Social Justice, non-Muslims account for about 3% of Pakistan's population, but they figure in more than half of the cases. Ahmadiyya Muslims, whom Pakistan classifies as non-Muslim, and Christians are frequent targets, and often an accusation is enough for a lynch mob to murder the alleged blasphemer.

Her international profile increases the odds that Ms. Bibi will be acquitted and find a new home in the West. Though this would be welcome, it won't signal deeper change. Prime Minister Imran Khan has long supported the death penalty for blasphemy, claiming it helps maintain peace in society.

It may be too late for Pakistan to roll back the madness it has unleashed. But the rest of us can learn a simple lesson: surrendering to Islamists is never a good idea.

California Public Employees Vote Against Pension-Fund Activism

By Paul S. Atkins

The California Public Employees' Retirement System this month said no thank you to pension-fund activism. Government workers unseated Priya Mathur, the sitting Calpers president. She was defeated by Jason Perez, a police-union official who criticized Ms.

Mathur's focus on environmental, social and governance investing, or ESG. Mr. Perez emphasizes the agency's fiduciary duty to maximize investor returns.

Calpers represents almost two million California public employees, retirees and families. Yet it mostly makes headlines for its activism, such as divestiture from the tobacco

industry. "It's been used more as a political-action committee than a retirement fund," said Mr. Perez. "I think the public agency [employees] are just sick of the shenanigans."

Americans have always invested to achieve personal goals, such as saving for a house or their kids' college tuition. Some find that an ESG or issue-specific approach to investing accords with their personal philosophies. There is nothing wrong with people investing their own money however they like. But Calpers has a fiduciary duty to California public employees, who rely on it for retirement security.

Hester Peirce, a commissioner of the Securities and Exchange Commission, recently observed, "When a pension-fund manager is making the decision to pursue her moral goals at the risk of financial return, the manager is putting other people's retirements at risk." The danger for Calpers is real: In 2016 a consultant found that the fund's beneficiaries missed up to \$3 billion in investment gains from 2001-14. The reason? A divestiture from tobacco holdings for political purposes.

All this happens as Calpers remains underfunded. Worse, its beneficiaries are stuck. They are locked into the system and cannot

vote with their feet.

While Calpers beneficiaries are demanding a renewed focus on returns, activists continue to work other channels to impose agenda-driven requirements on public companies. Sen. Elizabeth Warren last month unveiled a bill that would direct the SEC to mandate that all public companies disclose fossil-fuel use and greenhouse-gas emissions. This month a petition signed by 17 law professors and institutional investors, including Calpers, asked the SEC to develop mandatory rules for public companies to disclose ESG information.

The petition argues that since there are already so many requests to the SEC for issue-specific disclosures—human-capital management, climate, tax, human rights, pay ratios by sex, and political spending—the agency should impose a broader ESG disclosure framework. The laundry list of possible disclosures underscores the problem. Requiring companies to account for an ever-changing list of hard-to-quantify social issues distracts from disclosure's real, statutory purpose: giving the reasonable investor material information he needs to make investing decisions.

These proposals always tout purported benefits to investors, but

mandatory disclosure of additional immaterial information would be harmful. In a 2013 speech, former SEC Chairman Mary Jo White decried the "information overload" in already bloated annual reports that obscures pertinent disclosures for investors amid a sea of extraneous information. She summarized: "What some investors might want may not be what reasonable investors need." Translation: More information is not necessarily better information.

Mandating politicized corporate disclosures doesn't align with the SEC's mission to protect investors and facilitate capital formation. Instead, it would divert resources away from business operations and growth. It is simply an attempt to shame public companies into compliance with activists' demands.

As Mr. Perez put it, criticizing a proposal to divest from some gun retailers earlier this year: "This is nothing more than a political ploy." His push to prioritize performance over politics clearly resonated with California public employees; lawmakers and pension-fund managers should take note.

Mr. Atkins, CEO of Patomak Global Partners, is a former SEC commissioner.

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WHEN DISASTER STRIKES, IT'S TIME TO PULL TOGETHER.

It doesn't matter who we root for on Saturday. Whether we're locals or tourists. Liberals or conservatives. There are no customers or non-customers. Just people who need to connect. In the aftermath of Hurricane Michael, our network is up and running, so we've opened it up for other carriers to use. Because no matter whose service you're using, we work best when we work together.

Text "MICHAEL" to 90999 to donate \$10* to the Red Cross recovery effort.



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Consumer Giants Lift Their Prices

Continued from page B1

as consumers use the internet to shop around. A shift to discount retailers, from dollar stores across the U.S. to European discounters like Germany's Aldi, has further pushed down prices.

But inflation is changing the picture.

"The combination of underlying commodity increases but also the stronger U.S. dollar is really putting a lot of inflation into our market," Mr. Pitkethly said.

After years of falling or stagnant consumer prices, inflation in some major markets has moved closer to a sweet spot where companies can raise prices, without them be-

coming so high that interest rates rise rapidly, hurting consumers.

Annual U.S. inflation is running at 2.3%, after approaching 3% over the summer, slightly above the 2% rate many central banks consider optimal.

The Federal Reserve has gradually raised interest rates, bolstering the dollar. Official Chinese data showed annual inflation at 2.5% last month, a seven-month high, while eurozone inflation was 2.1% last month.

"There's some inflationary tendencies that will help us" and last "for 2019 and beyond," Nestlé Chief Executive Mark Schneider said on an analyst call.

Strong U.S. consumer confidence, rising wages and low unemployment are also bolstering executives' confidence that consumers will continue spending despite higher prices.

Average prices in the U.S. for household goods tracked

by data provider Nielsen rose 2.7% in the four weeks ended Sept. 29, while health and beauty items grew 1.9%.

Unilever and Nestlé both increased prices in the U.S. during the last quarter, although

BUSINESS & FINANCE



Hurricane Michael knocked out cellphone service for days in some areas. People in Panama City, Fla., lined up at an AT&T store for phones.

Storm Cell-Outage Draws Scrutiny

BY SARAH KROUSE

Persistent cellular-site outages after Hurricane Michael left many first responders and residents of Panama City, Fla., unable to reach loved ones or those in need of help for several days, drawing the ire of some government officials.

Ajit Pai, chairman of the Federal Communications Commission, said earlier this week that carriers' slow progress in restoring service where Michael made landfall was "completely unacceptable."

Mr. Pai directed the agency's public service and homeland security bureau to open an investigation.

A week after the storm made landfall, nearly half—

47% as of 11 a.m. on Thursday—of cell sites in Bay County, Fla., which includes Panama City and Mexico Beach, remained out of service, according to the FCC. That is a slower recovery than many recent major storms other than Maria, which devastated Puerto Rico last year and left many residents without cellphone service for months.

Robert Gysi, a 30-year-old resident of Panama City, evacuated during the storm, but noticed his Verizon Communications Inc. wireless service went out as he crossed back into Bay County on his return home on Oct. 11. Mr. Gysi didn't regain service until Tuesday night and exchanged

tweets with the carrier's chief executive, Hans Vestberg, about his lack of cellphone service. "Just being able to constantly chat with someone past curfew at 7 p.m. was nice," Mr. Gysi said of the restored service.

While commercial power went out in many parts of Bay County, carriers say backup generators blunted the impact of those outages. Gaining access to damaged wireless-network equipment, extensive fiber damage and a shortage of trained workers are among the challenges telecommunications executives say their teams have faced in trying to restore service in Bay County.

"The carriers by and large had quite a lot of equipment on standby, but the equipment is only part of the picture," said Joshua Broder, CEO of Tilsion Technology Management, which provides maintenance for communications infrastructure and sent workers to help restore service after Michael.

During Hurricane Harvey last year, a large proportion of cell sites in Aransas County, Texas, where the storm made landfall, were knocked out immediately, but five days afterward, the percentage of sites in the county that were out of service dropped below 50%. In Puerto Rico, restoring wireless service after Hurricane Maria took months, rather than days or weeks, "considerably longer than for any other storm," according to an FCC report.

see a quite heavy push into 5G," Mr. Ekhholm said.

Ericsson said it earned 2.7 billion Swedish kronor (\$301 million) in the third quarter, compared with a loss of 3.5 billion kronor in the same quarter a year earlier. Sales rose 9% to 53.8 billion kronor.

The strong sales softened the blow from another surprise: Ericsson said it would likely incur a "material" fine, in addition to possible other penalties, in a long-running probe by U.S. investigators.

Ericsson said in 2013 that the Securities and Exchange Commission was investigating the company. In 2016, it said it was cooperating with U.S. authorities in an investigation related to the Foreign Corrupt Practices Act, aimed at punishing bribery.

Ericsson said the probes go back to practices beginning in 2007. Mr. Ekhholm said Ericsson had shared with authorities the results of an internal investigation, which found business-ethics breaches and has resulted in the departure of 50 employees. He declined to comment on which countries were involved and said it was too early to say how the company might settle with the U.S. government.

gains were strongest in emerging markets. However, both companies cut prices in Western Europe.

In developed markets, Unilever said underlying third-quarter sales rose by 1.3%, driven mostly by volume gains.

Emerging-market sales jumped 5.6% as Unilever was able to raise prices by 2.1%.

The results exclude pricing in Argentina, which is going through a period of hyperinflation. Unilever said it was able to raise prices in Brazil for the first time in the last three quarters. Other markets like Mexico and Indonesia also saw price increases.

Overall, Unilever's third-quarter sales came in at €12.5 billion (\$14.4 billion).

Finance chief Mr. Pitkethly said investing in brands was key in an inflationary environment to ensure that volumes continue to grow even as the company raises prices.

"We've got to get the price moving but keep volume first," he said. "The true test of the strength of a brand is the ability to price and give a degree of inflation protection."

Switzerland-based Nestlé said at 22.5 billion Swiss francs (\$22.6 billion). Revenues were held back in part by the strength of the Swiss franc against emerging-market currencies, which weakened foreign sales when they were translated into francs.

Jefferies analyst Martin Deboo said Nestlé's third-quarter pricing was ahead of forecasts and a sharp improvement from the 0.2% growth it reported in the first half, which bodes well for profit margins.

—Brian Blackstone

contributed to this article.



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TECHNOLOGY & MEDIA

WSJ.com/Tech

Publicis Seeks to Sell Health-Care Unit

By NICK KOSTOV

Advertising giant **Publicis Groupe SA** reported sales growth just below Wall Street expectations and said it plans to sell part of its health-care business as part of a broader review, the latest sign of contraction on Madison Avenue.

The owner of agencies Leo Burnett, Saatchi & Saatchi and Starcom Mediavest said sales in the three months ended Sept. 30 rose 1.3% on an organic basis—a key measure of the company's performance that strips out currency ef-

fects and acquisitions. Analysts had expected a rise of 1.4%.

Reported revenue rose 0.5% to €2.2 billion (\$2.5 billion), hurt by unfavorable foreign-exchange rates.

Paris-based Publicis said it is in talks with buyers for Publicis Health Services, a business that provides sales resources to clients that is expected to deliver sales of around €250 million this year. The company also said it has launched a review of its asset portfolio.

"We're going to be very



Publicis Groupe CEO Arthur Sadoun said, 'We're going to be very drastic on what is core.'

drastic on what is core—and bringing value to our clients today and tomorrow—and what is not," said Chief Executive Arthur Sadoun.

Mr. Sadoun didn't provide any more detail on the review or its timing, but said any

business put up for sale following the review would likely be smaller than PHS.

The news is the latest indication of the shrinking of Madison Avenue giants after decades of acquisitions that resulted in complex, globe-spanning structures.

On Tuesday, Omnicom Group Inc. said it had cut a total of 8,400 positions in the third quarter as it sold 19 businesses and reduced head count in its continuing operations. WPP PLC, the world's largest ad firm, also is conducting a strategic review that

has led to the sale of a number of its minority stakes, with more divestitures expected.

The playbook for Publicis and others so far has involved reorganizing their business to become more nimble and investing in companies that appear to be tech-savvy. Interpublic Group of Cos., for example, agreed to a \$2.3 billion deal to buy Axiom Corp.'s business specialized in managing reams of customer data.

Mr. Sadoun, for his part, has said Publicis would invest between €300 million and €500 million a year between

2018 and 2020 in acquisitions in the field of data, dynamic creativity and technology.

As with rivals, Publicis is under pressure from competition from consulting firms, marketers cutting back on the fees they pay ad agencies and changes in consumer behavior.

The for-sale health-care business has weighed on both sales and profit this year. Excluding that unit, Publicis said organic growth rose 2.2% in the third quarter, lifted by new business wins from Daimler AG's Mercedes-Benz brand, Campbell Soup Co. and others.

Here Is A Message For Apple

Continued from page B1

Messages app from one Apple device to another, it appears on screen in a blue bubble, indicating it is being routed through Apple's servers and encrypted end to end. This happens whether you're logged in with your phone number or email address.

Second, if you're sending a message from an iPhone to phones running other operating systems, it will go out in a green bubble, via your phone's cellular network as an old-school text message (aka SMS or MMS).

iMessage exists because, well, text messaging sucks. One of the fathers of iMessage, Scott Forstall, Apple's former senior vice president of iOS software, told me that the system was developed in the early days of iOS because Apple wanted "messaging to feel more like a conversation."

That is still what makes blue-bubble conversations so much better than green-bubble ones. Not only do you get more functionality inside the

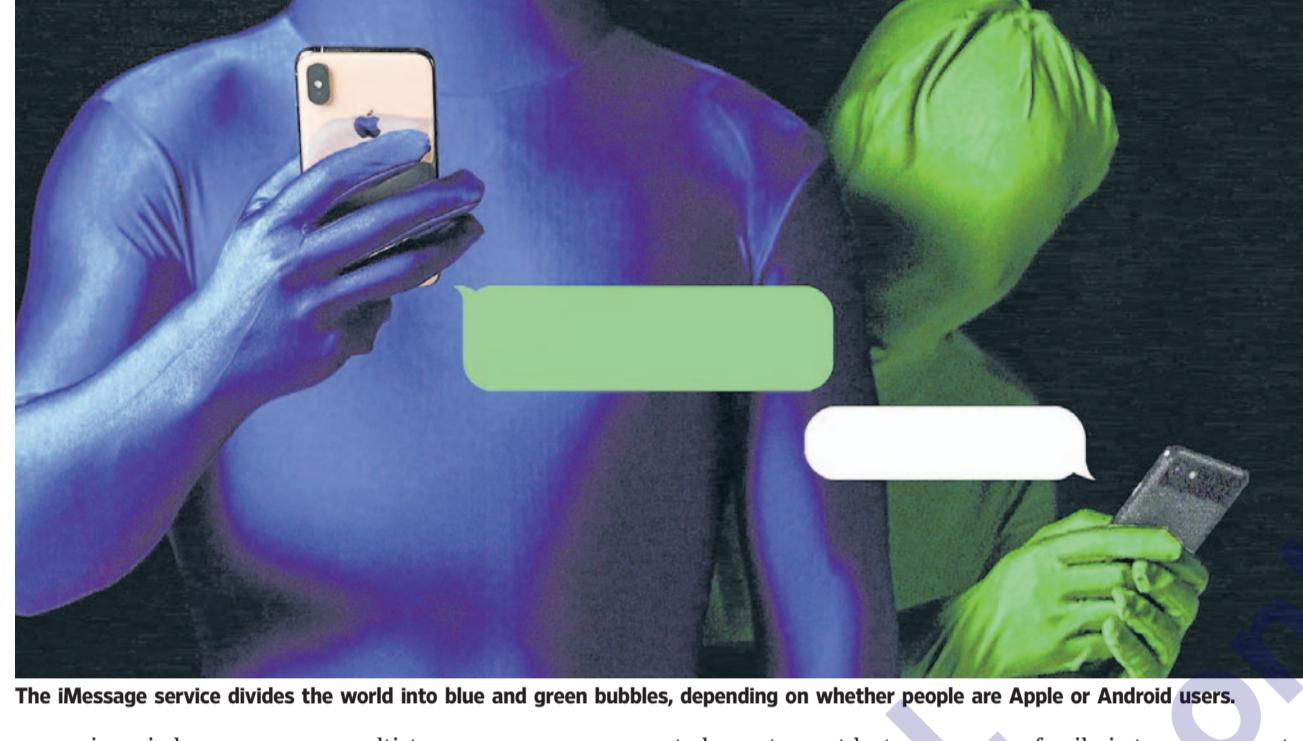


PHOTO ILLUSTRATION BY LAURA KAMMERMAN/THE WALL STREET JOURNAL

The iMessage service divides the world into blue and green bubbles, depending on whether people are Apple or Android users.

messaging window, you can pick up the conversation from one device to the next—iPhone to MacBook to Apple Watch.

It also means things turn into a nightmare hell ride whenever I assign my phone number to a non-Apple phone.

How to Move Out

Breaking the iron grip between you and iMessage is a

multistep process.

Before you switch to an Android phone, even before you pull out your SIM card, you need to disable iMessage by going to Settings > Messages, and then turning iMessage off.

But here's the rub: Some parts of the process can take up to several hours to complete, during which time messages—and adorable niece photos—may be unable

to be sent or get lost.

You also must turn off or sign out of iMessage on all your other Apple devices. Even if the other devices are logged in with just your email address, iMessage might still route them messages that you want going to your new Android phone.

How Apple Can Fix It

My best advice to those with green-bubble friends

or family is to move over to a better cross-platform messaging app.

Facebook Inc.-owned WhatsApp is fast and has end-to-end encryption, read receipts and all that other fun stuff. So far, it has no ads either. If you're wary of Facebook's abrupt product changes and moneymaking schemes, go with Signal.

But given the dominance of iMessage, especially in the

U.S. market, it is on Apple to make the experience more inclusive. Here's my three-pronged pitch:

Improve iMessage tech support. One technician told me I should contact Google or my carrier for any issue with my messages not coming through. This may not be the most common caller problem, but it is certainly a known issue.

Implement RCS. Android phone makers and cellular carriers have started using Rich Communications Services, aka RCS, which brings the best of messaging apps to cross-operating system texting. It is faster and supports read receipts and typing indicators.

Apple hasn't yet adopted RCS—which unfortunately isn't end-to-end encrypted—but if it does, green-bubble messaging could look a lot more like blue-bubble messaging.

Bring iMessage to Android. This is the dream. Sure, it would make switching to Android easier, but here's a business argument, Apple: Your loyal customers will be happier when messaging Android friends.

You see, many of us don't need walls to keep us locked in. We just want to stop separating everyone into green and blue bubbles. The world is divided enough.

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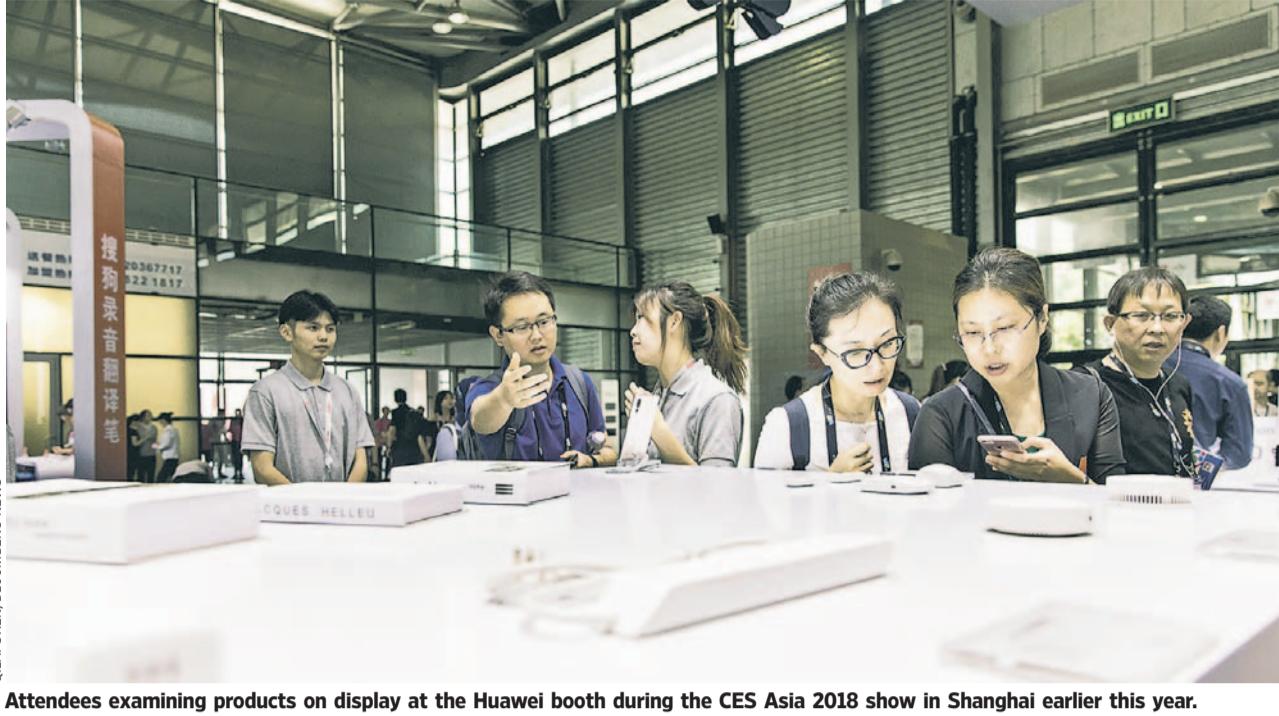
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TECHNOLOGY



Attendees examining products on display at the Huawei booth during the CES Asia 2018 show in Shanghai earlier this year.

Startup Accuses Huawei of Theft

BY KATE O'KEEFFE

An escalating battle between the U.S. and China for supremacy in semiconductor technology is playing out in federal court between Chinese telecommunications giant **Huawei Technologies Co.** and a Silicon Valley startup backed by **Microsoft Corp.** and **Dell Technologies Inc.**

CNEX Labs Inc., based in San Jose, Calif., and its co-founder Yiren "Ronnie" Huang alleged in Texas federal court this week that Huawei and its Futurewei unit have engaged in a multiyear plan to steal CNEX's technology.

A lawyer for Huawei denied the allegations, which were made in a countersuit in response to a complaint Huawei itself had filed last year, accusing CNEX and Mr. Huang—its former employee—of stealing its trade secrets and demanding detailed information about CNEX's technology.

The continuing legal dispute is an unusual example of a Chinese company attempting to use the U.S. court system to access technology it claims had been stolen from it by an American company.

The intellectual property in dispute—solid-state drive (SSD) storage technology—allows massive data centers to manage the ever-growing volume of information generated by artificial intelligence and

Fight Spotlights CNEX Co-Founder

Yiren Huang, a Chinese-born U.S. citizen, is at the center of Huawei Technologies Co.'s and CNEX Labs Inc.'s allegations against each other, underscoring the intertwined nature of the talent pool for developing cutting-edge technologies.

After attending universities in Shanghai and Michigan, Mr. Huang worked in Silicon Valley for nearly 30 years—including a dozen at Cisco Systems Inc.—CNEX says in court filings.

He was named an inventor on nine U.S. patents and 13 pending U.S. patent applications

that have been assigned to CNEX, the filings say.

In 2011 Huawei's unit Futurewei, based in Plano, Texas, hired Mr. Huang to work at its Santa Clara, Calif., offices due to his expertise in SSD technology, but the Chinese company refused his offer to sell to Futurewei his pre-existing intellectual property, CNEX alleges.

Later, the Chinese company tried to get him to sign it away under an employment agreement, but he refused to do so, CNEX says.

After finding Futurewei lacking in entrepreneurial culture, Mr. Huang left in May 2013 and promptly co-founded CNEX, the U.S. company says in its filings.

other advanced applications, prompting investment in CNEX from the venture-capital arms of Dell and Microsoft, which operate leading storage and cloud platforms, respectively.

Mr. Huang co-founded CNEX in 2013, the U.S. firm says in its filings. Huawei immediately began monitoring the startup, including by feigning interest in becoming a customer in order to try to improperly gain access to its technology, CNEX says.

Huawei then sued CNEX and Mr. Huang, alleging he

had stolen its tech and improperly recruited 14 of its employees. CNEX admitted in its response that those employees used to work at Huawei but denied any conspiracy.

CNEX said Huawei's litigation against it is "premised on bogus claims of trade secret misappropriation and false claims of ownership of CNEX's proprietary technology" and that it "represents the latest in a long line of underhanded tactics waged by Plaintiffs in their ongoing effort for Chinese technological dominance."

Facebook Drawn Fire on 'Pivot to Video'

BY BENJAMIN MULLIN

Allegations that **Facebook Inc.** misled advertisers about video viewership on its platform have reignited debate among publishing executives about who is to blame for the publishing industry's ill-fated bet on video produced for social-media networks.

The Wall Street Journal reported Tuesday that a group of advertisers filed a complaint alleging that Facebook knew of problems in how it measured viewership of video ads for more than a year before it disclosed them in 2016.

Facebook called the lawsuit "without merit" and said it told its customers "about the error when we discovered it."

The allegations have rankled many in the media industry who watched as publishing companies shifted resources away from traditional text and toward shareable videos based, in part, on hopes they would perform well on Facebook and eventually pay off financially. The so-called pivot to video proved ruinous for some publishers that emphasized underwhelming video at the expense of their own website audiences.

"If they would've known that their video was being watched on a significantly shorter duration than it actually was, would they have been less likely to aggressively shift resources into Facebook video?" asked Jason Kint, the chief executive of Digital Content Next, a trade organization that advocates for publishers.

Fox Sports, **Mic Networks Inc.** and Mashable were among the digital publishers that laid off writers to make room for video producers. Each was seeking to accelerate its digital advertising growth and tap into higher engagement for video content on social media. Fox Sports owner 21st Century Fox Inc. and Wall Street Journal parent **News Corp** share

common ownership. Fox Sports didn't respond to a request for comment.

"Mic's decision to build out a premium video journalism newsroom in 2016 was a result of growing digital video consumption, which has only accelerated across all platforms including social, mobile, web

and streaming. It did not have to do with Facebook's average watch-time metrics," a Mic spokeswoman said.

Jessica Coen, the editor in chief of Mashable, said "Facebook is one of our valued partners. We're always open to exploring additional paths for distribution. It's not a zero-

sum game."

The debate played out on Twitter on Wednesday, with journalists expressing frustration that Facebook encouraged the media industry to invest in video while it was allegedly misleading advertisers about the level of engagement of video on its platform.

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BUSINESS NEWS

Property Insurers Dodge Bullet on Storm

By NICOLE FRIEDMAN

Hurricane Florence is unlikely to dent property insurers' third-quarter earnings, especially when compared with the devastation from last year's hurricane season.

Florence, which made landfall in North Carolina on Sept. 14, caused significantly more flooding damage than wind damage. While insurers typically cover wind damage, most residential flooding damage is either covered by the federal government or uninsured.

Florence caused between \$1.7 billion and \$4.6 billion in insured losses due to wind and storm surge, according to an estimate by catastrophe modeler AIR Worldwide. In contrast, insurers in the third quarter of 2017 faced three massive hurricanes—Harvey, Irma and Maria—that, com-

bined, caused about \$92 billion in insured losses, according to Swiss Re.

"It seems like Florence didn't have as big of an impact as initially expected" for insurance losses, said Mike Zaremski, analyst at Credit Suisse. "It was definitely a much bigger flood event."

Travelers Cos. kicked off the insurance earnings season Thursday, posting core operating earnings of \$687 million, or \$2.54 a share, up from \$253 million, or 91 cents a share, in the year-earlier period.

Overall, the New York-based insurer reported a profit of \$709 million, or \$2.62 a share, up from \$293 million, or \$1.05 a share, a year earlier. Total revenue, which includes investment income, rose 5.4% to \$7.72 billion.

Travelers, part of the Dow Jones Industrial Average, is

one of the first big property-casualty insurers to report quarterly earnings, and its results are watched closely as a bellwether for others that follow.

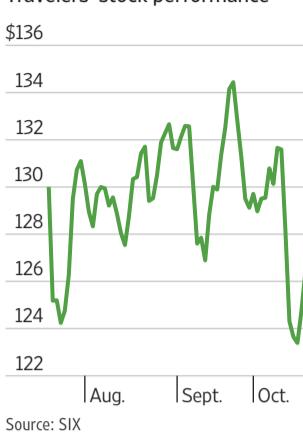
The insurer said Thursday its pretax catastrophe losses, net of reinsurance, totaled \$264 million during the quarter due to Hurricane Florence and other storms, compared with \$700 million a year earlier.

The company is among the largest sellers of insurance to U.S. businesses and sells car and home insurance to individuals and families.

Travelers has closed more than 90% of its homeowners claims tied to Florence, Chief Executive Alan Schnitzer said on a conference call, adding that the company expects significant losses from Hurricane Michael, which made landfall in Florida on Oct. 10.

Bumpy Ride

Travelers' stock performance



Source: SIX

THE WALL STREET JOURNAL.

Also on Thursday, American International Group Inc. and Allstate Corp. pre-announced their third-quarter catastrophe losses. AIG expects pretax ca-

tastrophe losses of \$1.5 billion to \$1.7 billion due to Florence, natural disasters in Japan and other events. Allstate said it expects pretax catastrophe losses of \$625 million, including about \$88.5 million due to Florence.

Insurance and reinsurance companies set to report earnings next week include Chubb Ltd., Hartford Financial Services Group Inc., Cincinnati Financial Corp. and Everest Re Group Ltd.

As of Oct. 3, more than 282,000 insurance claims representing about \$1.7 billion in insured losses had been filed due to Hurricane Florence, not including the state's insurers of last resort, according to the North Carolina Department of Insurance. Of those claims, about 25% were for federal flood insurance.

Florence's uninsured flood

losses in North Carolina, South Carolina and Virginia could range from \$13 billion to \$18.5 billion, according to an estimate from analytics firm CoreLogic.

Michael could be more expensive for the insurance industry, but its financial impact is still being tallied.

Many of the biggest U.S. homeowners insurers have a small presence in Florida, and small to midsize Florida-based companies provide a large portion of the state's home insurance. Those companies rely heavily on reinsurance.

As of midday Wednesday, private-sector insurers had received nearly 70,000 claims for about \$680 million in insured losses due to Michael, according to the Florida Office of Insurance Regulation.

—Allison Prang contributed to this article.

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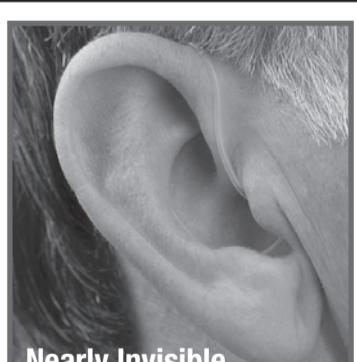
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Firms Split on Exit From Postal Pact Benefiting China

Many American companies applauded the Trump administration's move this week to pull out of an agreement that makes it cheaper to ship goods to U.S. customers from China

By Heidi Vogt,
Austen Hufford
and Paul Ziobro

than from within the U.S. But some business organizations worried it could crimp the flow of global e-commerce.

The administration announced Wednesday that it had begun withdrawing from the United Nations agency that negotiates international postal rates because the organization had failed to address international discounts the U.S. calls unfair.

The discounts, aimed at helping developing countries, have continued to apply to China even as it has grown to become the world's second-largest economy.

The U.S. Chamber of Commerce said the rate system is "exploited by a handful of countries." The National Association of Manufacturers also applauded the U.S. move.

But the International Chamber of Commerce, the world's largest business organization, with more than six million members, said that while

postal rates should be updated, a U.S. exit from the Universal Postal Union could splinter an essential system for international commerce.

"The global postal system plays a central role in enabling global trade flows—more so now than ever with the growth of e-commerce. We are therefore naturally concerned by any potential fragmentation of the Universal Postal Union system," John Denton, the group's secretary-general, said.

Others warned that U.S. companies that depend on small components shipped from China could see costs rise.

"Suddenly the cost of that goes up tremendously for someone who's manufacturing something in the U.S. and has all these components going into it. That's troubling," said Jonathan Huneke, a spokesman for the United States Council for International Business.

The treaty governs rates on packages weighing 2 kilos (about 4.4 lbs.) or less. The rates have allowed merchants in places like China, Hong Kong and Singapore to sell goods to American consumers for only a few dollars.

The service has been popular with merchants selling wares on online marketplaces such as AliExpress.com, eBay.com and Amazon.com Inc.

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25379.45 ▼327.23, or 1.27%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 22.25 21.29
P/E estimate* 16.39 19.39
Dividend yield 2.18 2.22
All-time high 26828.39, 10/03/18



Bars measure the point change from session's open

Current divisor 0.14748071991788
Last 23500
Year ago 26000

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2768.78 ▼40.43, or 1.44%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 22.70 24.55
P/E estimate* 17.08 19.39
Dividend yield 1.89 1.95
All-time high 2930.75, 09/20/18



Last 2600
Year ago 2850
July Aug. Sept. Oct.

Nasdaq Composite Index

7485.14 ▼157.56, or 2.06%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.75 26.19
P/E estimate* 19.98 21.15
Dividend yield 1.01 1.10
All-time high 8109.69, 08/29/18



Last 7200
Year ago 8250
July Aug. Sept. Oct.

*Primary market 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.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD % chg	3-yr. ann.
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Dow Jones										
Industrial Average	25691.46	25236.01	25379.45	-327.23	-1.27	26828.39	23163.04	9.6	2.7	13.8
Transportation Avg	10675.09	10373.43	10404.24	-279.58	-2.62	11570.84	9440.87	5.2	-2.0	8.8
Utility Average	738.86	730.93	734.83	1.30	0.18	774.47	647.90	-1.7	1.6	7.2
Total Stock Market	28940.06	28418.07	28552.23	-429.89	-1.48	30390.61	26493.79	7.5	3.2	10.6
Barron's 400	719.49	705.90	707.74	-14.36	-1.99	786.73	676.86	3.1	-0.4	10.0

Nasdaq Stock Market

Nasdaq Composite	7616.86	7452.46	7485.14	-157.56	-2.06	8109.69	6556.77	13.3	8.4	15.3
Nasdaq 100	7251.54	7081.89	7116.09	-162.54	-2.23	7660.18	6037.87	16.8	11.3	17.0

S&P

500 Index	2806.04	2755.18	2768.78	-40.43	-1.44	2930.75	2557.15	8.1	3.6	10.8
MidCap 400	1911.01	1879.24	1884.59	-28.83	-1.51	2050.23	1801.29	3.3	-0.8	9.5
SmallCap 600	988.63	968.81	972.21	-18.66	-1.88	1098.36	889.94	7.0	3.8	12.3

Other Indexes

Russell 2000	1588.74	1555.57	1560.75	-28.85	-1.82	1740.75	1463.79	3.9	1.6	10.3
NYSE Composite	12601.79	12397.25	12445.48	-167.57	-1.33	13637.02	12177.70	0.5	-2.8	6.1
Value Line	553.11	542.18	543.74	-9.37	-1.69	593.57	533.26	0.2	-3.3	5.3
NYSE Arca Biotech	5058.01	4928.15	4972.16	-89.68	-1.77	5400.34	4045.25	16.9	17.8	12.9
NYSE Arca Pharma	589.77	581.43	585.46	-4.37	-0.74	598.21	516.32	4.5	7.4	2.3
KBW Bank	102.07	99.63	99.89	-1.85	-1.82	116.52	97.59	0.3	-6.4	12.0
PHLX® Gold/Silver	71.24	69.27	70.05	0.19	0.28	92.08	61.92	-18.1	-17.9	7.7
PHLX® Oil Service	142.60	138.18	138.57	-5.14	-3.58	170.18	127.61	4.3	-7.3	-8.1
PHLX® Semiconductor	1271.66	1241.02	1245.30	-32.02	-2.51	1445.90	1218.66	1.7	-0.6	24.0
Cboe Volatility	21.57	17.51	20.06	2.66	15.29	37.32	9.14	99.6	81.7	10.1

\$ 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	% chg	After Hours	High	Low
Comm Svcs Select SPDR	XLC	16,946.5	46.81	0.08	0.17	47.05	46.72	
SPDR S&P 500	SPY	11,339.5	276.55	0.15	0.05	280.39	276.10	
iShares MSCI Emg Markets	EEM	8,468.0	39.39	0.09	0.23	39.88	39.30	
Ford Motor	F	8,164.4	8.55	0.04	0.47	11.97	8.50	
General Electric	GE	5,706.7	12.38	...	unch.	12.86	12.28	
iShares China Large-Cap	FXI	4,802.2	38.70	0.06	0.16	38.85	38.64	
Consumer Disc Sel Sector	XLY	3,652.4	107.39	...	unch.	107.60	107.39	
Invesco QQQ Trust I	QQQ	3,467.4	173.62	0.44	0.25	173.95	173.00	

Percentage gainers...

Fastenal Co	FAST	165.6	58.72	6.18	11.76	58.72	52.53
Skechers USA Cl A	SKX	1,069.3	28.10	1.98	7.58	29.45	26.10
Valero Energy Partners	VLP	75.2	42.35	2.50	6.27	42.79	39.85
PayPal Holdings	PYPL	3,436.2	82.15	4.67	6.03	84.84	74.50
Scientific Games	SGMS	60.6	24.24	1.31	5.71	24.24	22.83

...And losers

Bank OZK	OZK	212.8	29.40	-5.45
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COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.								
Oct 2,765.50 2,765.50	2,765.50	2,760.00	2,737.50	-0.0295	507			
Dec 2,775.00 2,782.00	2,782.00	2,726.00	2,7465.-0.0315	113,460				
Gold (CMX) -100 troy oz.; \$ per troy oz.								
Oct 1225.50 1233.60	1221.70	1230.10	1207.20	2,367,063				
Feb'19 1231.40 1239.30	1227.70	1236.10	1205.50	56,427				
June 1244.20 1251.20	1240.10	1248.20	1203.00	14,992				
Aug 1251.80 1255.50	1251.80	1254.10	1231.00	2,586				
Dec 1262.70 1267.30	1261.30	1266.60	1232.00	5,301				
Palladium (NYM) -50 troy oz.; \$ per troy oz.								
Dec 1064.10 1070.60	1057.50	1064.70	1029.90	23,780				
March'19 1057.80 1064.00	1051.80	1058.40	1039.00	2,481				
Platinum (NYM) -50 troy oz.; \$ per troy oz.								
Oct 829.40 829.40	828.00	827.80	819.10	36				
Jan'19 834.70 837.30	828.60	831.70	818.90	69,407				
Silver (CMX) -5,000 troy oz.; \$ per troy oz.								
Nov 14,600 14,620	14,465	14,553.-0.060	1,146					
Dec 14,625 14,680	14,470	14,604.-0.059	157,665					
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.								
Nov 69.94 70.03	68.47	68.65	-1.10	81,754				
Dec 69.90 69.99	68.53	68.71	-0.99	467,215				
Jan'19 69.91 70.02	68.59	68.75	-0.97	197,376				
March 69.92 70.03	68.64	68.78	-0.96	178,011				
June 69.89 69.89	68.55	68.74	-0.93	185,042				
Dec 68.62 68.62	67.40	67.50	-0.86	221,530				
NY Harbor LdSD (NYM) -42,000 gal.; \$ per gal.								
Nov 2,312.7 2,319.3	2,283.6	2,294.9	-0.162	76,303				
Dec 2,315.8 2,320.7	2,285.1	2,296.4	-0.161	113,985				
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.								
Nov 1,919.9 1,926.3	1,880.3	1,891.1	-0.0276	69,693				
Dec 1,918.4 1,924.1	1,879.0	1,888.0	-0.0285	118,831				
Natural Gas (NYM) -10,000 MMBtu-\$ per MMBtu.								
Nov 3,316 3,323	3,193	3,198	-122	131,063				
Dec 3,363 3,367	3,244	3,250	-119	220,401				
Jan'19 3,430 3,436	3,316	3,325	-114	243,537				
Feb 3,340 3,346	3,242	3,247	-100	108,872				
March 3,146 3,149	3,068	3,074	-0.78	234,047				

Contract

Open High hi lo Low Settle Chg Open interest

April 2,759 2,759 2,718 2,732 -0.031 162,134

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

Dec 373.00 373.25 369.50 370.75 -3.50 780,678

March'19 385.25 385.50 381.50 383.00 -3.50 372,389

Oats (CBT)-5,000 bu.; cents per bu.

Dec 293.00 300.00 292.00 295.25 ... 5,031

March'19 282.25 285.00 281.25 287.00 3.50 1,475

Soybeans (CBT)-5,000 bu.; cents per bu.

Nov 882.25 883.75 862.75 863.50 -22.25 258,740

Jan'19 896.50 897.75 876.75 877.75 -22.00 236,035

Soybean Meal (CBT)-100 tons; \$ per ton.

Dec 323.10 323.40 316.00 316.30 -7.40 178,333

Jan'19 325.60 325.60 317.90 318.20 -7.30 101,814

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Dec 29.54 29.57 29.00 29.02 -5.4 185,596

Jan'19 29.81 29.81 29.23 29.25 -5.5 112,863

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Nov 1093.00 1102.00 1085.50 1096.00 ... 2,537

Jan'19 1108.00 1124.00 1106.50 1117.00 2.50 4,946

Wheat (CBT)-5,000 bu.; cents per bu.

Dec 516.00 519.50 511.00 513.00 -4.50 224,574

March'19 536.50 539.75 532.00 533.50 -4.50 120,030

Wheat (KC)-5,000 bu.; cents per bu.

Dec 519.25 522.75 514.25 514.75 -6.25 152,918

March'19 543.25 547.00 538.75 539.00 -6.25 77,030

Wheat (MPLS)-5,000 bu.; cents per bu.

Dec 587.00 590.50 584.50 585.00 -3.25 33,058

March'19 597.00 599.25 594.25 595.00 -2.25 20,392

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

Oct 154,450 155,450 154,450 155,250 1.175 3,169

Jan'19 149,400 149,675 147,850 149,425 -3.50 26,606

Cattle-Live (CME)-40,000 lbs.; cents per lb.

Oct 113,050 113,475 111,975 113,075 -1.50 8,032

Dec 117,400 117,775 116,175 117,175 -200 123,110

Hogs-Lean (CME)-40,000 lbs.; cents per lb.

Dec 54,375 54,375 52,000 52,300 -2,400 102,644

Feb'19 62,200 62,225 60,000 60,225 -2,350 41,370

Lumber (CME)-110,000 bd. ft.; \$ per 1,000 bd. ft.

Nov 334.00 336.20 ... 320.60 321.60 -12.10 1,317

Contract

Open High hi lo Low Settle Chg Open interest

Jan'19 335.00 338.00 ▼ 324.70 325.90 -8.00 1,772

Milk (CME)-200,000 lbs.; cents per lb.

Oct 15.56 15.57 15.55 15.55 -0.05 4,077

Nov 15.56 15.58 15.47 15.53 -11 4,901

Cocoa (ICE-US)-10 metric tons; \$ per CAD

Dec 2,213 2,216 2,137 2,145 -81 99,696

March'19 2,228 2,229 2,163 2,169 -69 77,522

Coffee (ICE-US)-37,500 lbs.; cents per lb.

Dec 122.55 124.30 120.80 122.05 -50 124,291

March'19 126.25 127.95 124.65 125.85 -40 77,232

Sugar-World (ICE-US)-112,000 lbs.; cents per lb.

March 13.73 13.95 13.53 13.87 .14 396,245

May 13.80 13.98 13.61 13.94 .14 144,863

Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.

Jan 25.36 25.40 25.29 25.29 .01 2,651

March 25.56 25.60 25.47 25.57 .23 914

Cotton (ICE-US)-50,000 lbs.; cents per lb.

Dec 25.70 25.80 25.67 25.87 .23 1,261

March'19 25.79 25.98 25.76 25.95 .05 7,052

Orange Juice (CME)-15,000 lbs.; cents per lb.

Nov 142.75 144.00 142.55 142.80 .05 3,851

Jan'19 142.10 144.00 141.90 142.05 -.15 9,839

Contract

Open High hi lo Low Settle Chg Open interest

Japanese Yen (CME)-\$12,500,000; \$ per 100%

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 Stock Market.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, October 18, 2018

Net Stock Sym Close Chg

A B C

Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg				
Athene	ATH	48.47	-0.53	CanNationalRes	CNQ	28.31	-0.33	GileadSciences	GILD	74.17	-1.45	Kroger	KR	27.36	0.07	NextEraEnergy	NEE	171.57	0.75	RossStores	ROST	95.93	-1.03	TorontoDomBld	TBD	56.82	-0.80
Atlassian	TEAM	81.89	-1.74	CapnRwy	CP	199.83	-0.32	GSK	GSK	39.61	-0.13	LATAMAirlines	LTL	9.08	-0.31	NielsenHoldings	NLSN	26.96	-0.09	Total	TOT	60.53	-1.15				
AtmosEnergy	ATO	95.39	-0.76	Canon	CAJ	31.45	-0.07	GlobalPayments	GNP	117.94	-1.95	L Brands	LB	30.80	-0.48	RoyalBankCanada	RBC	75.60	-0.88	Travelers	TRV	125.14	-1.30				
Autodesk	ADSK	379.29	-4.48	CapnGrowth	CGC	195.39	-0.76	GoDaddy	GDDY	76.31	-2.17	LG Display	LPL	7.86	-0.18	SI Investments	SEIC	54.77	-1.26	Trimbelle	TRMB	38.79	-1.32				
Autohome	ATHM	64.38	-4.51	CapnLife	COF	90.35	-1.13	DiscoveryA	DISCA	33.13	0.08	Honeywell	HON	10.91	-0.02	NI Source	NI	25.46	0.21	ToyotaMotor	TM	116.67	-1.06				
Autoliv	ALV	79.80	-0.26	CardinalHealth	CAH	53.42	-0.10	DiscoveryC	DISCA	30.09	-0.01	LINE	LN	35.73	-0.56	NoiteEnergy	NBL	30.70	-0.70	TractorSupply	TSCO	87.65	-0.41				
Autopart	ADP	142.92	-0.74	Carlisle	CSL	104.40	-0.41	DiscoveryC	DISCA	30.09	-0.01	LuKQ	LKQ	27.98	-0.63	RoyalDutch	RDSA	64.70	-0.47	TransDigi	TDG	37.16	-10.62				
AutoZone	AZO	730.03	15.32	Carlyle	CG	20.28	-0.85	DocuSign	DOCU	46.24	-1.28	Graco	GGG	39.84	-0.94	Nokia	NOK	5.55	0.03	Ryanair	RYAA	81.21	0.01				
Avangrid	AVGR	48.07	-0.45	CarMax	KMX	68.42	-1.40	DolbyLab	DOLBY	69.61	-1.06	Tech	T	13	-0.16	Nordson	NDSN	125.52	-2.92	TransOcean	RIG	12.27	-0.34				
AviationEng	AVI	176.30	0.30	Carvana	CVNA	42.76	-0.27	DollarGeneral	DG	108.92	-0.85	Grainer	GWV	724.93	-0.41	SAP	SAP	107.01	-0.78	TransUnion	TRU	68.63	-0.95				
AvlynnPharm	ALY	19.36	-0.25	Carvana	CVNA	42.76	-0.27	DominionEner	D	72.23	-0.07	Globe	GLOB	120.50	0.09	SAP	SAP	107.01	-0.78	Travelers	TRV	125.14	-1.30				
Away	AWAY	76.16	-1.69	Carvana	CVNA	42.76	-0.27	Dominos	DPZ	266.38	-1.31	Goldcorp	GGD	76.31	-2.17	Siemens	SI	54.77	-1.26	Trulia	TRMB	38.79	-1.32				
Axonics	ANSS	155.81	-5.04	Carvana	CVNA	42.76	-0.27	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Southwest	SW	105.20	-2.09	Trulia	TRMB	38.79	-1.32				
ASML	ASML	176.44	-8.57	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Transocean	RIG	12.27	-0.34	Trulia	TRMB	38.79	-1.32				
AT&T	T	32.50	-0.07	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Travelers	TRV	125.14	-1.30	Trulia	TRMB	38.79	-1.32				
AbbottLabs	ABT	68.14	-2.09	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Transocean	RIG	12.27	-0.34	Trulia	TRMB	38.79	-1.32				
AbbVie	ABBV	89.90	-2.37	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Travelers	TRV	125.14	-1.30	Trulia	TRMB	38.79	-1.32				
Abiomed	ABMD	386.63	-3.16	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Transocean	RIG	12.27	-0.34	Trulia	TRMB	38.79	-1.32				
Accenture	ACN	162.66	-2.70	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Travelers	TRV	125.14	-1.30	Trulia	TRMB	38.79	-1.32				
ActivisionBlitz	ATVI	71.81	-6.49	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Transocean	RIG	12.27	-0.34	Trulia	TRMB	38.79	-1.32				
Adobe	ADBE	250.35	-8.56	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Travelers	TRV	125.14	-1.30	Trulia	TRMB	38.79	-1.32				
AdvanceAuto	AUTO	162.19	-2.61	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Transocean	RIG	12.27	-0.34	Trulia	TRMB	38.79	-1.32				
Admico	ADM	262.66	-0.68	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Travelers	TRV	125.14	-1.30	Trulia	TRMB	38.79	-1.32				
Alcatel	ALC	44.20	-0.52	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Transocean	RIG	12.27	-0.34	Trulia	TRMB	38.79	-1.32				
Alcoa	AA	107.40	-0.70	CoAxCoating	AXTA	25.60	-1.51	DowDuPont	DWDP	58.58	-0.99	Goldcorp	GGD	76.31	-2.17	Travelers	TRV	125.14	-1.30	Trulia	TRMB	38.79	-1.32				
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BANKING & FINANCE

Markets Lift Blackstone Net

By MIRIAM GOTTFRIED

Blackstone Group LP reported a 17% increase in third-quarter profit as continuing market strength buoyed the value of its investments.

Net income rose to \$442.7 million, or 64 cents a share, from \$377.9 million, or 55 cents a share, a year earlier.

The value of Blackstone's private-equity portfolio rose 7.5%, a slowdown from the 9.5% growth it posted in the second quarter but significantly outpacing its 3.3% growth in the year-earlier period. The S&P 500 climbed 7.2% in the third quarter.

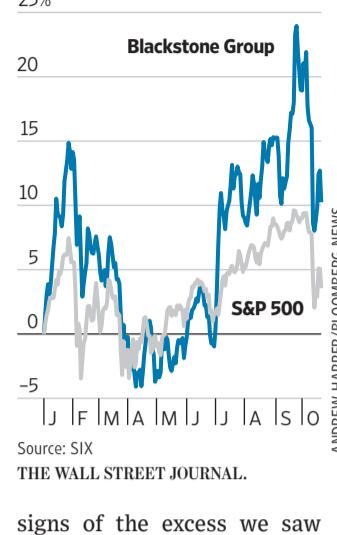
The investment firm's economic profit, which reflects changes in the value of unrealized investments, rose to \$91.4 million, or 76 cents a share, from \$82.1 million, or 68 cents a share, a year earlier. The figure exceeded the 74 cents consensus estimate of analysts polled by FactSet.

On a call with analysts Thursday, Blackstone Chief Executive Stephen Schwarzman said factors such as rising interest rates in the U.S., trade tensions, emerging-markets weakness and geopolitical risks in Europe are driving more market uncertainty and volatility.

"However, the U.S. economy remains in great shape by nearly any measure," he said. "Growth is strong, confidence is high and there aren't any

Beating the Market

Share and index performance



Source: SIX

THE WALL STREET JOURNAL

signs of the excess we saw ahead of the last down cycle."

Blackstone said its assets under management rose to \$456.69 billion from \$387.45 billion a year earlier. The private-equity firm has set a goal of \$1 trillion in assets by 2026.

On Oct. 4, Blackstone agreed to buy Clarus, an investment firm focused on life sciences, to serve as a platform for future acquisitions and partnerships in that sector. Clarus will become Blackstone Life Sciences, a new business line for the firm.

Blackstone on Oct. 1 said it had completed its deal to acquire a majority stake in the financial



CEO Stephen Schwarzman says the U.S. economy is 'in great shape.'

and risk business of Thomson Reuters. The deal values the business at \$20.4 billion.

On Monday, Mr. Schwarzman pulled out of a star-studded conference in Saudi Arabia amid allegations that the Saudi government was complicit in the suspected murder of journalist Jamal Khashoggi. Saudi Arabia has denied the allegations. The move was noteworthy because of the firm's ties to Saudi Arabia's Public Investment Fund.

The sovereign-wealth fund last year committed \$20 billion in matching funds for Blackstone's infrastructure fund, which could eventually be as

big as \$40 billion.

"Like everybody, we've been concerned about what we've been reading the last couple of weeks," said Blackstone President Jon Gray on Thursday's call. "That said, for us, we take a long-term approach, both to our relationships and to building businesses."

Blackstone said it would pay a 64-cent dividend for the quarter, versus 44 cents a year earlier, and would pay a 10-cent special dividend. It said it repurchased 6 million of its shares in the quarter as part of a previously announced buyback.

Blackstone shares fell 79 cents, or 2.2%, to \$35.30.

AmEx Raises Outlook After Strong Results

By MARIA ARMENTAL

Higher card-member spending and borrowing helped **American Express** Co. post another strong quarter, even as expenses for its rewards program and other costs ticked up.

The financial-services company, which is on track to post a record year in terms of profit and revenue, on Thursday raised its annual forecast, thanks to growth in its card business, merchant network and lending.

American Express, based in New York, now expects annual revenue to increase 9% to 10% and adjusted profit to reach \$7.30 to \$7.40 a share.

On Thursday, the company reported its third-quarter profit rose 22% to \$1.62 billion, or \$1.88 a share.

In the year-earlier quarter, earnings were \$1.33 billion, or \$1.51 a share. Revenue, net of interest expense, increased 9% to \$10.1 billion.

Analysts surveyed by FactSet projected a profit of \$1.77 a share and \$10.06 billion in revenue.

Discount revenue, which reflects the fees American Express charged to merchants for accepting its cards, remained the company's largest revenue source at \$6.18 billion, up 8% from a year earlier.

lier.

American Express used to charge some of the highest so-called swipe fees, but it has been lowering those costs as part of its effort to get more merchants to accept the company's cards.

Card-member spending rose 8% in the most recent period, 10% adjusted for currency translation, and the company added about three million cards.

Overall, expenses jumped 8% from the year-earlier period. Card-members rewards, the company's largest single expense that includes points redeemed for hotels and airfare, reached \$2.4 billion in the third quarter, up 11% from the year-earlier period.

American Express, which has been ramping up lending, reported \$77.6 billion in card-member loans in the most recent quarter, up from \$75.4 billion in the second quarter and \$67.9 billion in the year-earlier period.

At the same time, the company has been building its loss reserves. Consolidated provisions for losses were \$817 million, up 6% from a year earlier, though American Express noted delinquency rates were stable.

Shares, up 3.6% so far this year, rose slightly in after-hours trading.

China Debt Sale Little Comfort to Junk Issuers

By MANJU DALAL

China has created an interest-rate benchmark that should help local debt issuers access international markets. But weaker companies won't see much benefit.

China last week sold \$3 billion of dollar bonds maturing in five, 10 and 30 years, in only its third such sale since 2004. The bonds were priced to offer similar yields to roughly comparable debt from heavyweight U.S. companies such as **Apple** and **Microsoft**.

The low borrowing costs reflect investor confidence in the creditworthiness of the world's second-largest economy. In theory, too, this should make future hard-currency bonds from corporate issuers easier to price, since investors and bankers now have a ready reference point against which to compare those deals.

But Chinese debt issuers, especially those with credit ratings that are below investment grade, are grappling with much bigger challenges.

The average yield on Chinese dollar bonds in September was 6.13%, versus 4.65% in January, according to the Natixis China Bond Index, which tracks \$576 billion of debt. That reflects a steep fall in prices, which move inversely to yields. The yield for junk debt was 8.07%, a high last seen in early 2015, while investment-grade securities yielded 4.84%.

Beijing has partially reversed an earlier deleveraging campaign, taking measures such as infusing money into its banking system to boost



China's dollar-bond sale gives bankers a ready reference point to use to compare deals. A Shanghai brokerage's stock board Monday.

lending, but some nonstate companies are still struggling to find funds. Fitch Ratings expects more bond defaults next year, due to high refinancing pressures, Beijing's greater tolerance of defaults and limited credit availability.

"I am very worried about China's private sector," said Owen Gallimore, a credit analyst at ANZ in Singapore. Mr. Gallimore said he saw a clear divide emerging between private and state-owned Chinese companies in their access to funding.

Swee Ching Lim, a portfolio manager at Western Asset Management in Singapore, said the sovereign-bond benchmark was more relevant for top-tier state-owned or -linked issuers, rather than

weaker companies.

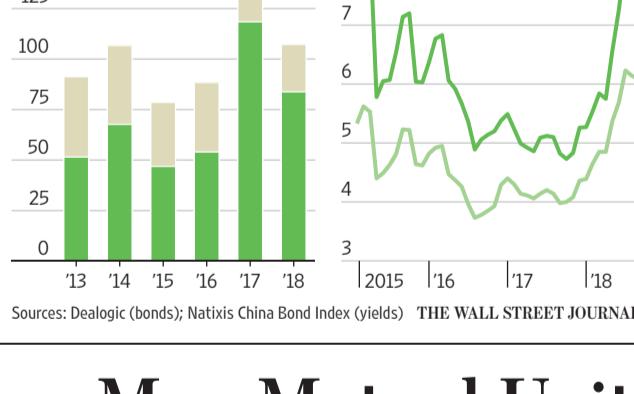
Some see a silver lining: Henry Loh, a research analyst at Aberdeen Standard Investments in Singapore, said the government had acted to reduce moral hazard, or indiscriminate risk-taking, in the belief that the state would guard against losses. "We will continue to see more credit differentiation for Chinese issuers," Mr. Loh said.

Mainland Chinese stock indexes fell sharply on Thursday, with the Shanghai Composite dropping 2.9%. Meanwhile, Japan's Nikkei and South Korea's Kospi shed 0.8% and 0.9%, respectively.

China set a weaker midpoint for onshore yuan trading at 6.9275 per dollar.

Credit Boom

Chinese companies are the biggest issuers of corporate dollar bonds in Asia.



Sources: Dealogic (bonds); Natixis China Bond Index (yields)

Average yields on Chinese dollar bonds with a maturity of at least one year



THE WALL STREET JOURNAL

Vista's Tech Buyout Fund On Track to Raise \$16 Billion

By LAURA COOPER

Vista Equity Partners already has collected \$11.4 billion for its latest fund, and it isn't done yet.

The private-equity firm is well on its way to raising a record-breaking \$16 billion fund that will buy software companies, according to people familiar with the fundraising.

Vista held an initial closing for the flagship fund in late September, according to a person familiar with the situation.

If Vista Equity Partners Fund VII LP, as the firm's seventh fund is known, hits its goal, it would be the largest such buyout fund raised by an independent private-equity firm.

It also would be Vista's largest fund to date and would surpass the \$15 billion fellow tech investor **Silver Lake** raised in 2017 for its fifth fund.

Invesco Buys MassMutual Unit

By JUSTIN BAER

Invesco Ltd. agreed to buy rival **Massachusetts Mutual Life Insurance** Co.'s OppenheimerFunds Inc. unit for \$5.7 billion, adding to a string of acquisitions that have transformed the firm into a \$1 trillion money manager.

Invesco will pay for the deal with 81.9 million common shares and an additional \$4 billion in preferred shares, making MassMutual the firm's largest stockholder. Including OppenheimerFunds, Invesco will manage more than \$1.2 trillion in assets.

Invesco Chief Executive Martin Flanagan has done his part in recent years to touch off a wave of consolidation in an industry criticized for having too many managers, snapping up businesses ranging from **Guggenheim Partners**' exchange-traded funds arm to a robo-advisory firm.

The emergence of exchange-traded funds and other

low-cost options has pressured investment firms to lower fees and seek out new businesses. These so-called passive investments have performed as well as or better than many of those funds offered by managers that pick stocks and bonds, and at a

potential deal would accelerate the outflow of client money.

OppenheimerFunds, which manages more than \$246 billion in assets, also has a strong U.S. sales organization that will mesh well with Invesco's distribution teams overseas, he added.

Alongside the deal announcement, Invesco reported a profit of \$269.6 million, or 65 cents a share, for its third quarter, up slightly from \$267.5 million, or 65 cents a share, in the year-earlier period. Adjusted per-share earnings were 66 cents, matching analysts' expectations.

Total revenue rose 1% to \$966.9 million.

The Atlanta-based asset manager also announced a \$1.2 billion stock-buyback program to be completed within the next two years.

—Nick Kostov and Leslie Scism contributed to this article.

The deal highlights investors' confidence in the company's value despite persistent losses. In marketing documents for the bonds, Uber disclosed adjusted earnings before interest, taxes, depreciation and amortization of negative \$698 million through the end of June, an analyst said. Ride-hailing operations in South America and Europe made money, but the North American business was a loss maker because of competition with Lyft Inc.

Debt investors typically don't lend to businesses that are losing money. They make exceptions when companies are believed to be worth much more than the amount of debt they hold.

In the case of Uber, The Wall Street Journal reported on Tuesday that the company has received proposals from Wall Street banks valuing it at as much as \$120 billion, a figure that exceeds the combined market capitalizations of General Motors Co., Ford Motor Co. and Fiat Chrysler Automobiles NV.

MARKETS

Italy Fears Help Spur Treasury's Rebound

BY SAM GOLDFARB

U.S. government-bond prices reversed early declines as mounting concerns about a budget standoff between Italy and the European Union helped spur a flight to safer assets.

CREDIT MARKETS After climbing as high as 3.216% in the morning, the yield on the benchmark 10-year Treasury note settled at 3.175%, compared with 3.178% Wednesday.

Yields, which fall when bond prices rise, started sliding in the late morning along with stocks amid reports that EU officials would take a tough stance with the new populist Italian government for proposing a budget that is out of step with EU fiscal rules.

Seeking safe places to put money, traders bought Treasurys and German bonds while selling Italian bonds, pushing the yield on Italy's 10-year bond to 3.686% from 3.544% Wednesday, according to Tradeweb.

Investors are watching Italy because of the immediate threat it poses to Europe's fourth-largest economy, plus the long-term questions it raises about the political viability of the eurozone. Neither party of Italy's governing coalition advocates leaving the euro. But each contains euroskeptics and has in the past called for a referendum on returning to Italy's former currency, the lira.

While recent volatility in U.S. stocks has sparked some demand for Treasurys, investors and analysts say there are still large forces pushing up yields. Those include a run of strong U.S. economic data, which has heightened the risk of rising inflation and made it more likely that the Federal Reserve will keep raising short-term interest rates.

The market currently is caught "between a tough-talking Fed and a lot going on internationally," said Ray Remy, head of fixed-income trading in New York at Daiwa Capital Markets America Inc.

—Daniel Kruger contributed to this article.

OPEC Expects Lower Oil Prices

Internal report cites U.S. production and seasonal cutback in refinery demand

BY BOENOT FAUCON

Rising oil inventories and increased output in the U.S. could push crude prices down in the coming weeks, an internal OPEC report said.

A coming "seasonal scale back in refinery demand...could result in oil stock builds," said an internal market report, which was circulated late Thursday within the Organization of the Petroleum Exporting Countries and reviewed by The Wall Street Journal.

The buildup, "amid the upward trend in U.S. crude oil production, could be a bearish factor for oil prices in the coming few weeks," the report said.

OPEC's assessment came as Brent crude, the global oil benchmark, fell below the \$80-a-barrel threshold for the first time in nearly a month Thursday, after data showed an unexpected rise in U.S. inventories.

Brent for December delivery settled 0.9% lower at \$79.29 a barrel on London's ICE Futures exchange.

The U.S.'s light, sweet crude for November delivery settled 1.6% lower at \$68.65 a barrel on the New York Mercantile Exchange.

At a meeting last month,

the cartel and its allies debated how much they should open up their spigots to make up for Iranian oil exports, which will fall under a U.S. ban next month.

But while Saudi Arabia and Russia have boosted their productions, some OPEC officials are worried about a global oil surplus.

The U.S. Energy Information Administration said Monday it expects American tight-oil production to rise by 98,000 barrels a day from October to November.

The planned maintenance of Russian refineries could hit the oil prices charged by Moscow and its competitors in Europe in particular, the OPEC report said.

Meanwhile, revisions to global economic forecasts by the International Monetary Fund, fueled by trade disputes between the U.S. and its partners, "cast more uncertainty over oil demand growth in 2019," the document said.

The U.S. Energy Information Administration on Wednesday reported crude-oil stockpiles had risen 6.5 million barrels last week to stand at 416.4 million barrels.

Earlier in October, Brent breached the \$85-a-barrel level for the first time in roughly four years.

But prices have come under pressure in the past week, amid global stock-market turmoil and signs of weakening oil demand.

—Christopher Alessi contributed to this article.



QILAI SHEN/BLOOMBERG NEWS

An Iranian petrochemical plant. The country's production is down ahead of U.S. sanctions.

Brent Ducks Under \$80 as Supply Rises

The U.S. Energy Information Administration on Wednesday reported crude oil stockpiles had risen 6.5 million barrels last week to 416.4 million barrels. That compares with expectations of a 1.5 million-barrel rise, according to a Wall Street Journal survey.

The U.S. Energy Information Administration on Wednesday reported crude oil stockpiles had risen 6.5 million barrels last week to 416.4 million barrels.

Earlier in October, Brent temporarily breached the \$85-a-barrel level for the first time in roughly four years.

But prices have come under pressure over the past week, amid global stock-market turmoil and signs of weakening oil demand. Both the International Energy Agency and OPEC last week lowered their oil-demand growth

forecasts for this year and next, in part due to a gloomier macroeconomic outlook.

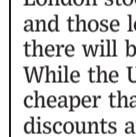
Crude oil "stocks are rising in the U.S. and the reason is because pipes out of the U.S. for exports are maxed out while U.S. production is rising," said Bjarne Schieldrop, chief commodities analyst at SEB Markets.

Analysts at consultancy JBC Energy wrote in a daily note on Thursday that the "strong build in U.S. crude stocks was the fourth in a row, meaning that crude stocks have now built by over 22 million barrels in the past four weeks."

—Christopher Alessi and Dan Molinski

STREETWISE | By James Mackintosh

Brexit Doesn't Make Stocks Bargains



Despite a crisis in talks over Britain's exit from the European Union, the London stock market is calm, and those looking for bargains there will be disappointed.

While the U.K. market is a lot cheaper than the S&P 500, the discounts are mostly illusory, and stark threats to British stocks remain.

Brexit negotiations aren't going well. Talks with Brussels haven't resolved basic questions about the Irish border, let alone moved on to the parties' future trading relationship after a transition period—the length of which is still undetermined.

The concerns show up in options on the pound, which are heavily skewed toward bets on a fall. Investors are paying up to protect themselves against a big drop in sterling.

Bargain hunters will be let down looking at stocks, however. True, at 12.3 times estimated earnings over the next 12 months, the FTSE 100 is far cheaper than the S&P 500's 16.7 times. Yet this isn't the bargain it seems.

Part of what makes the U.K. look cheap is that London's market, unlike New York's, has few of the rapidly growing businesses that attract high valuations. Technology has a weighting of less than 1% of the FTSE 100, while it is more than one-quarter of the S&P. London has much more reliance on

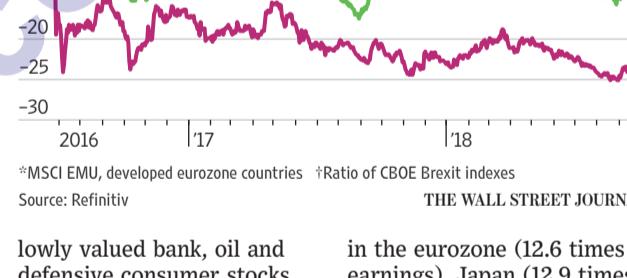
Not Such a Sterling Trade

British stocks aren't particularly cheap compared with much of Europe.

Forward price/earnings ratio



FTSE 100 stocks with high exposure to the U.K. haven't performed nearly as well as those with low exposure since the 2016 Brexit referendum.



*MSCI EMU, developed eurozone countries Ratio of CBOE Brexit indexes
Source: Refinitiv

dollar-based investors who hadn't hedged their sterling exposure. By contrast, the median FTSE stock with less than one-quarter of its sales in the U.K. rose 36%, before taking the weak pound into account.

If you think you know what will happen with Brexit, your opportunities between now and March 29 are obvious. Believe in a no-deal Brexit? Sell the pound, and buy London's international stocks. Believe Europe always works like this and a last-minute compromise will emerge? Buy the pound and Britain's domestic stocks.

There are a few tweaks to all these trades. Good news might help the pound a lot, as foreign-exchange strategist Kit Juckes at Société Générale points out, because there is already such a skew against it in options. Equally, bad news would have to be really bad to hurt.

In the long run, the trade barriers that Brexit brings will depress growth and weaken the outlook for domestic companies. But the true threat to investors comes from Britain's broken politics. Voters are now willing to accept ideas they would have dismissed as unworkable just a few years ago, and both main parties have rejected the old consensus of international capitalism on which London's market was built.

It will take a lot to stop investors from thinking about that.

Copper Falls On Worries Over Chinese Economy

BY DAVID HODARI

Copper prices slipped, following Chinese stock markets lower on the prospect of slowing global economic growth.

Copper futures for December delivery fell 1.1% to \$2.7465 a pound on the COMMODITIES Comex division of the New York Mercantile Exchange, closing at a four-week low.

Meanwhile, gold for December delivery inched up 0.2% to \$1,230.10 a troy ounce.

World markets have been rocked in recent weeks by a cocktail of concerns including fears about slowing global economic growth—particularly that of China, the largest consumer of copper—as well as trade-war fears and rising bond yields.

While "the underlying Chinese economy is still running smoothly," copper's drop Thursday and "continuing malaise is from the impact of those macro headwinds," said Hunter Hillcoat, a mining analyst at INVESTECH.

Chinese assets were hit by a wave of selling Thursday, with the yuan dropping to a 21-month low against the dollar.

Treasury Secretary Steven Mnuchin on Wednesday criticized Beijing's "lack of currency transparency," saying that its currency practices pose "major challenges to achieving fairer and more balanced trade."

While Mr. Mnuchin stopped short of calling China a "currency manipulator," his remarks followed months of sharp exchanges between the Trump and Xi administrations.

Washington also announced it was pulling out of a 144-year-old postal treaty with Beijing that had helped Chinese retailers.

Chinese equities indexes were the weakest in the region Thursday, with the Shanghai Composite Index and the Shenzhen A-Share dropping 2.9% and 2.7%, respectively.

Worries of a Chinese slowdown have sharpened investors' focus on the country's economic figures, and assets there could take another hit if analyst forecasts for slowing growth in 2018's third quarter prove correct when GDP data are released Friday.

Economists polled by The Wall Street Journal forecast growth of 6.6% versus 6.7% in the second quarter, with analysts pointing to softer data in both China's production and consumption sectors.

—Stephanie Yang contributed to this article.

Dow Sinks As Threats Multiply

Continued from page B1

The Dow fell 327.23 points, or 1.3%, to 25379.45. The S&P 500 lost 40.43 points, or 1.4%, to 2768.78.

Major indexes overseas also suffered: The Stoxx Europe 600 fell 0.5%, its second consecutive decline. Investors were watching for any further signs of political strife after Italian bonds sold off amid the country's budget standoff with European lawmakers.

In the U.S., investors were most concerned with several lackluster earnings reports from industrial companies, including conglomerate **Textron**, whose shares shed \$7.29, or 11%, to \$57.49.

Shares of American companies fell more broadly later in the session after Treasury Secretary Steven Mnuchin said he wouldn't participate in an investment conference in Saudi Arabia.

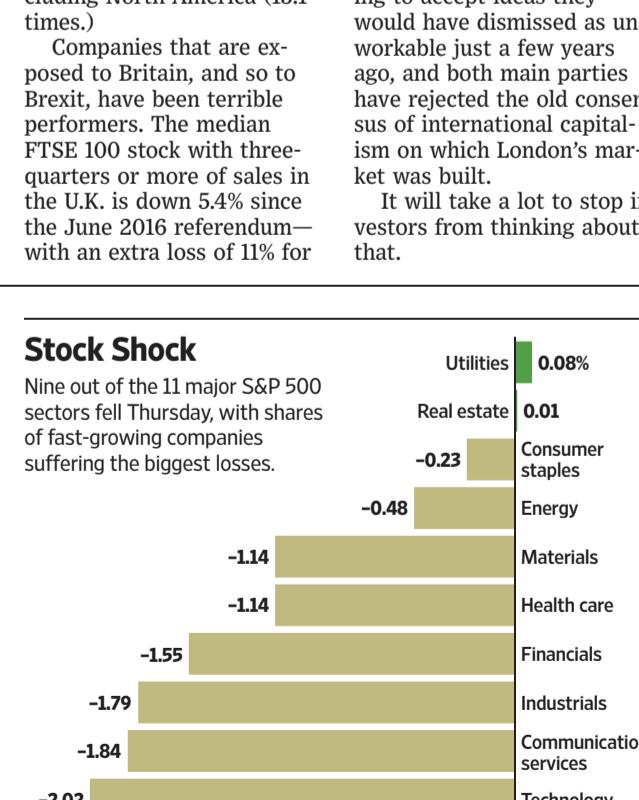
Highflying tech stocks were hit particularly hard, sending the Nasdaq Composite down 157.56 points, or 2.1%, to 7485.14. Investors resumed their flight from widely owned, pricey stocks like **Netflix** and **Amazon.com**. Netflix fell 17.99, or 4.9%, to 346.71, and Amazon lost 61.01, or 3.3%, to 1,770.72.

Economists said the Saudi situation added to concerns about whether the U.S. would impose economic sanctions on the country, which in turn could result in reprisals that would affect oil markets.

Indexes fell across the Asia-Pacific region, led by sharp declines in China. The continued slowdown in the country's credit growth was the biggest driver of weakness in its equity market, Macquarie economists

Stock Shock

Nine out of the 11 major S&P 500 sectors fell Thursday, with shares of fast-growing companies suffering the biggest losses.



said in a note.

The Shanghai Composite fell 2.9% to reach its lowest closing value since November 2014, while indexes in Japan and Hong Kong suffered more modest losses. The selloff continued

early Friday, with the Shanghai benchmark down 0.6%, Hong Kong's Hang Seng down 1% and Japan's Nikkei down 1.5%.

—David Hodari and Mike Bird contributed to this article.

MARKETS

Gold Regains Its Shine Among Investors

By RIVA GOLD

In times of market turmoil, investors often embrace gold. And when that happens, gold-mining stocks tend to do even better.

That has certainly been the case so far this month. New York gold futures are up about 3% so far in October versus a roughly 4% decline for the S&P 500. Shares of many of the world's biggest gold miners, meanwhile, have notched double-digit percentage gains.

Companies including Toronto's Barrick Gold Corp., South Africa's AngloGold Ashanti and Acacia Mining are all up around 15% to 19% after a bruising summer. The VanEck Vectors Gold Miners exchange-traded fund and the iShares MSCI Global Gold Miners fund, which track indexes of global gold-mining firms, are up around 9% to 11% this month.

Gold-miner stocks allow investors to double down on bets the gold price will rise. These companies have higher fixed-investment costs and can become much more profitable when gold prices climb. Many of these companies pay out hefty dividends, too.

Hopes for further consolidation are adding to the momentum after Barrick Gold in September agreed to buy Randgold Resources Ltd. for \$6 billion.

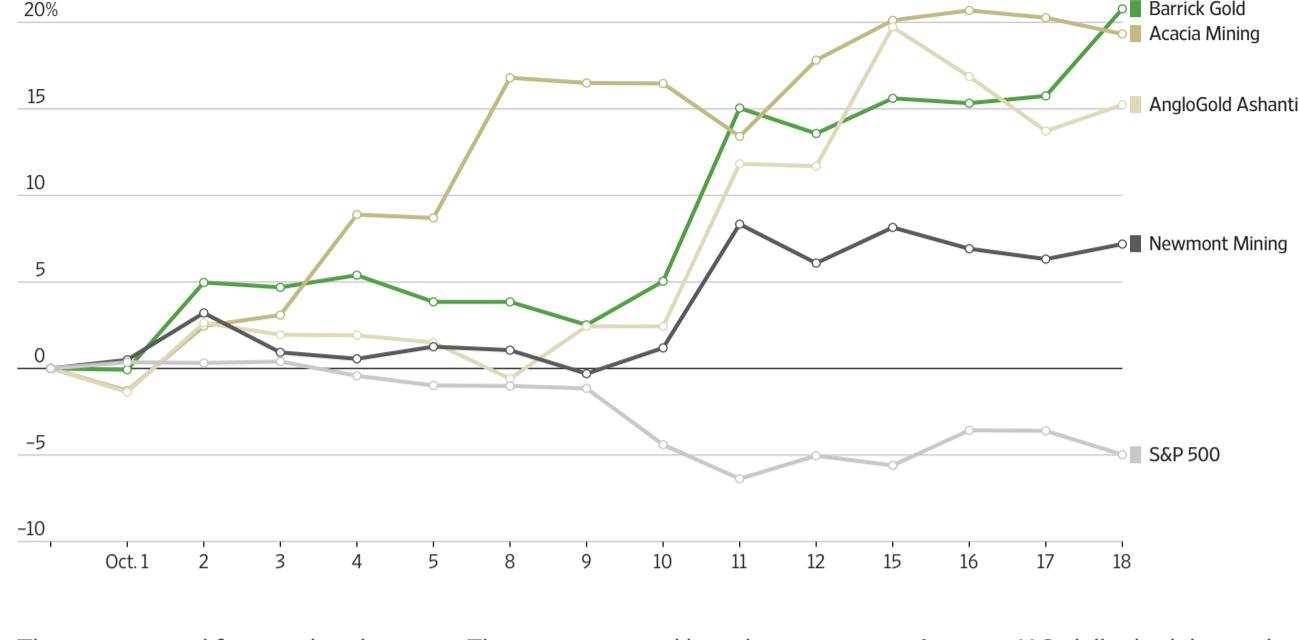
Investors have poured \$278 million into the VanEck gold-miner ETF over the past month, according to FactSet, while flows into EPFR-tracked gold funds climbed to an 11-week high last week.

Gold miners' rapid ascent during the broad selloff marks a turnaround from other recent episodes of market turbulence.

While gold and related assets have historically been used as safe places to invest during times of economic or political stress, they found few

Gold miners have rallied as turbulence across markets prompted investors to scoop up their shares.

Share-price and index performance



That is a reversal from earlier this year, when miners weren't popular.

Performance of gold funds this year



Sources: FactSet (performance); SIX (futures); Dow Jones Market Data (dollar index)

The precious metal has also rebounded after struggling in 2018.

Gold futures



A strong U.S. dollar had damped the appeal of betting on gold.

WSJ Dollar Index



VanEck gold-miner fund fell about 20%. Rising rates also make assets like gold less attractive because they don't offer a yield.

And both gold and miners haven't fared so well in recent years. From highs in 2011, prices of the metal and the VanEck ETF are down around 35% and 70%, respectively. The iShares fund has tumbled about 70% since its inception in 2012, and was hovering around its lowest since 2016 in September.

This time is different: The ICE Dollar Index has barely budged during this month's selloff, the Federal Reserve's plans for interest rates are well telegraphed, and investors have turned skeptical that the dollar has much further room to rise.

Speculators' long positions on the dollar have been fairly stable since August, data from the Commodity Futures Trading Commission suggest.

"Given the strength of the U.S. dollar we've seen and slight concern now about the fiscal position in the U.S. following stimulus measures and tax reform, there's some concern around the U.S. dollar as an ultimate safe haven," said Roger Jones, head of equities at London & Capital.

The U.S. government ran its largest budget deficit in six years during the fiscal year that ended last month, totaling \$779 billion.

Meanwhile, "this [selloff] is more about a growth scare than February-March, when it was more about a rate-hike scare," Mr. Jones said. "If there's another slowdown in growth, gold-mining stocks will be at the forefront of investors' minds."

Fund managers surveyed by Bank of America Merrill Lynch in October were the most bearish on global growth since 2008.

Earlier this month, the International Monetary Fund lowered its forecasts for global economic growth this year and next, citing a rise in trade protectionism and concerns about emerging markets.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

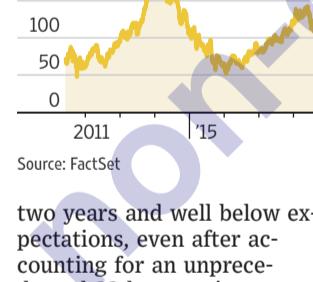
WSJ.com/Heard

Email: heard@wsj.com

Odds Are Against Macau Stocks

Hold or Fold?

Combined market value of Macau's six casino operators



two years and well below expectations, even after accounting for an unprecedented 33-hour casino closure during a typhoon.

More worrying is that high rollers, a big driver of growth last year, have been betting less. Their gambling levels are often correlated to China's economy, which has

been cooling. Morgan Stanley expects no growth for Macau's VIP revenue next year.

The good news is that mass-market gambling has been picking up. Total visits from mainland China during Golden Week, a seven-day holiday in the mainland early this month, increased 14% from a year ago. New infrastructure, including a bridge connecting Macau with Hong Kong and the mainland city of Zhuhai set to open this month, could bring more tourists to the gambling hub. However, they will likely spend less on casinos than their high-rolling compatriots, while the depreciating yuan could hurt their desire to wager, too.

The net impact is that consensus analysts' esti-

mates for 11% growth in casino operators' Ebitda next year may still be too optimistic.

There is another important wild card that may turn investors away from Macau stocks: Two of the six casino licenses will be up for renewal in 2020, with the other four expiring in 2022. Given the tensions between China and the U.S., Beijing may use the license renewals of U.S. operators—Sands China and Wynn Macau, for example—as bargaining chips. The government may not terminate their licenses but could impose costlier conditions on them.

Macau stocks may look cheap after the recent plunge, but investors should be careful before placing their bets. —Jacky Wong

Currency Shifts Sting Consumer-Goods Firms

the strong dollar. Dollar-priced commodities such as oil and paper account for a big chunk of the cost of consumer products like shampoo and their packaging. This problem may worsen as the Fed continues its policy of gradual rate increases.

The price increases necessary to offset the plunging Argentine peso have become so extreme that both Unilever and French yogurt giant Danone excluded the country from their underlying price-growth numbers in the third quarter. This makes a huge difference. Including Argentina, Unilever's underlying sales growth would have been not 3.8% but 4.5%. Including Venezuela, it would have pushed it over 20%.

Nestlé on Thursday reported underlying sales growth of 2.9% for the third quarter, but this included Argentina. It will strip the country out of its numbers for the fourth quarter.

Consumers are paying ever closer attention to ingredients in packaged goods. Investors need to similarly scrutinize the headline numbers reported by the companies that make them.

—Stephen Wilmot

Bond Yields' Rise Isn't About Economy

Terms of Endearment

Term premium on the 10-year Treasury



percentage point as of Wednesday from minus 0.45 percentage point at the end of last month. Put another way, the move higher in Treasury yields was basically all about changes in the term premium.

In the months ahead, the term premium could get even less negative and possibly even turn positive. Supply constraints on the bond market are likely to shift as the Fed continues to reduce its balance sheet, other central banks rein in their bond-buying programs and the U.S. government issues more debt in order to cover a growing budget deficit.

Add to that the usual concern that falling unemployment could lead investors to expect more rate increases from the Fed to cool an overheating U.S. economy and Treasury yields may have nowhere to go but up.

—Justin Lahart

the Fed is going to do so much as it is about increased risk.

One place to see that is in term premiums, the additional yield that investors demand for the risk of lending over a long period. For several years, the term premium on the 10-year Treas-

OVERHEARD

How do you earn an investment return that would make even the luckiest bitcoin speculator blush?

One biotech company has the answer: Endocyte announced Thursday it would sell itself to Novartis for \$2.1 billion in cash. The deal was to acquire Endocyte's novel prostate-cancer treatment.

That is a great result for Endocyte—its shares rose 50% Thursday. It looks even better

when one considers how Endocyte acquired the drug's rights: It bought an exclusive license in October 2017 for just \$12 million in upfront cash, plus an equity grant and future cash incentive payments.

All told, Endocyte earned about 175 times its initial cash outlay in one year. Given that payout, perhaps the Endocyte executives will consider launching a hedge fund once the deal closes.



Hamburg
Served Hot
Real-estate sales
sizzle in the
German port **M6**

HOMES | MARKETS | PEOPLE | REDOS | SALES

MANSION

THE WALL STREET JOURNAL.

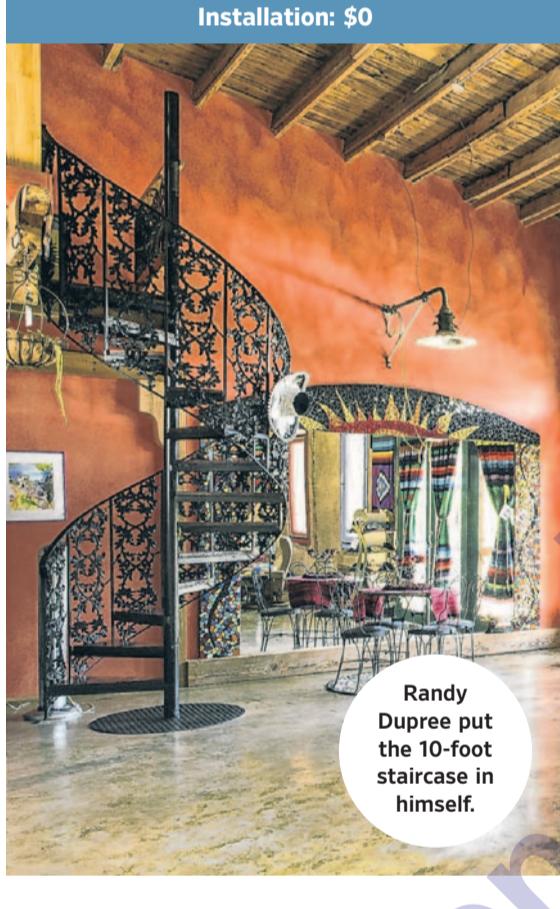
Robin's Nest
At home with
Burt Ward of
'Batman' fame
M4



Friday, October 19, 2018 | **M1**



Todd and Debbie Martin spent \$397,500 for their house in Tiverton, R.I., in 2013.



Materials: \$1,000 for the staircase
Installation: \$0

Randy
Dupree put
the 10-foot
staircase in
himself.

The Duprees brought this staircase, found on Craigslist, into their Georgia home; the seller had salvaged it from a building before it was torn down.

Instant History for \$200,000

To add character to their 21st-century homes, owners buy architectural artifacts and face the reality that installation is both tricky and costly.

BY CANDACE TAYLOR

Wealthy homeowners are spending big to make brand new construction look old. The trend that started with reclaimed wood flooring is now moving to a whole new level, as homeowners integrate huge architectural artifacts—from intact staircases to 20-foot-long wooden bars—into newly built homes. Salvaged from old buildings or junkyards, these items ensure a home's unusualness, proponents say, and can boost resale value if done well. But incorporating large artifacts into a 21st century home demands willing and skilled craftsmen, lots of patience—and plenty of money.

"I thought my plumber was going to kill me," groans Liz Tiesi of Threshold Interiors in New York City, recalling the process of installing a vintage sink in her Manhattan apartment. Ms. Tiesi happily paid about \$800 for the oversize sink, which hailed from the old Tastykake factory in Philadelphia and worked perfectly with the industrial aesthetic she wanted. But then she learned it was nearly impossible to find a drain and drain pipe to fit. When her long-suffering plumber finally got it to work, "I was so happy," she says. "A sink like that—you will not see another one of those for a

Please turn to page M8

They spent another \$800,000 on an addition that included various reclaimed items.

Materials: \$1,200 for the 1900s-era cabinet
Installation: \$1,500



An
HVAC crew
had to move an
air duct to make
this cabinet
fit.

JULIE BIDWELL FOR THE WALL STREET JOURNAL; 20TH CENTURY FOX/EVERETT COLLECTION (WARD)

FROM LEFT: DEBORAH WHITLOW LLEWELYN FOR THE WALL STREET JOURNAL; LINDSAY SALAZAR FOR THE WALL STREET JOURNAL

T-B: ILLUSTRATION BY SIANA MANDER; DANIEL LOBITZ/RAMSA

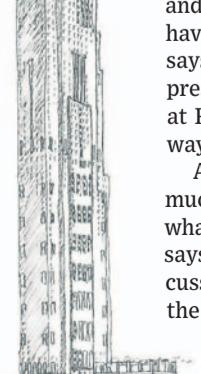


In an age of digitally produced designs, these architects collaborate with their clients using pen and paper.

BY LISA SELIN-DAVIS

WHEN DEVELOPER Related Midwest was considering architectural firms to design its new luxury tower, One Bennett Park, in Chicago's Streeterville neighborhood, the decision largely came down to two simple things: pen and paper.

Daniel Lobitz, a partner at Robert A.M. Stern Architects, sat across the conference table from Related members with a sketch of the Chicago skyline. Then, with a pen and tracing paper, he drew different sizes and



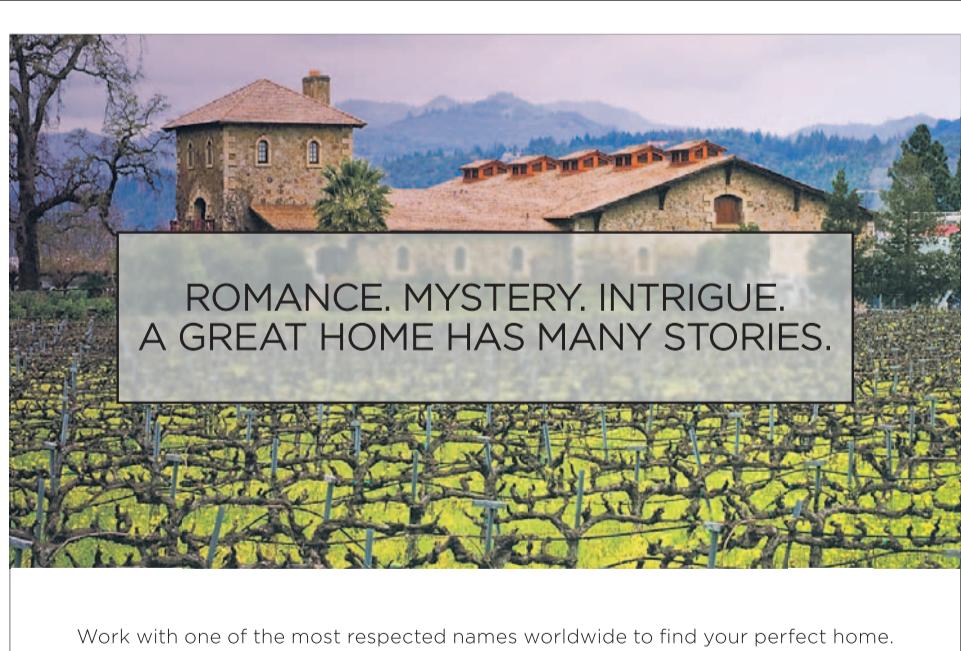
shapes of skyscrapers within it.

"He started sketching and talking about how introducing asymmetry and more setbacks would allow it to have a unique place in the skyline," says Ann Thompson, senior vice president of architecture and design at Related Midwest. "It changed the way we thought about the building."

As a result, "this building got much taller and more slender than what we had originally imagined," says Mr. Lobitz. The sketch-and-discuss collaboration took place with the interiors and other design details throughout the process.

These days, most architectural

Please turn to page M5



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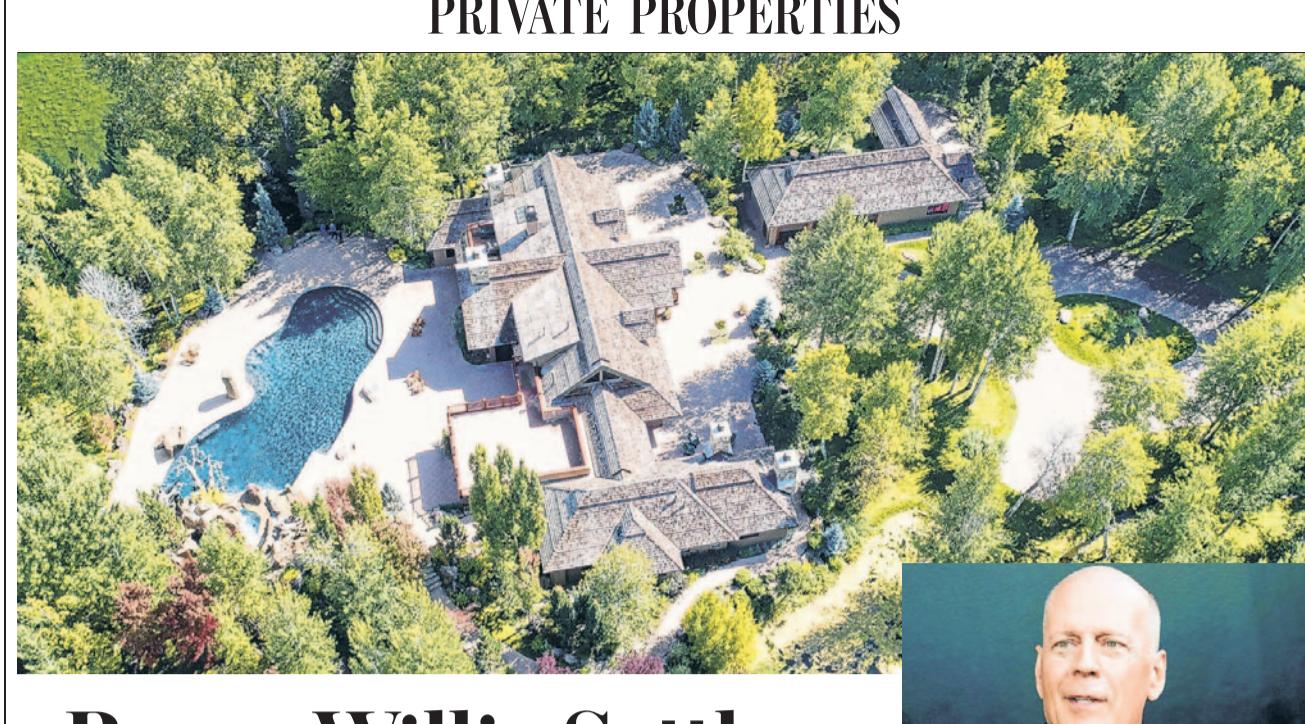
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**PRIVATE PROPERTIES****Bruce Willis Settles For a Smaller Sale**

Actor Bruce Willis has sold his roughly 20-acre ranch outside Sun Valley, Idaho, for \$5.495 million—a fraction of its original \$15 million asking price.

While far less than Mr. Willis had asked, the sale is still one of the biggest ever in the Hailey area, which is located about 12 miles south of Sun Valley, according to one of the listing agents, Travis Jones of Engel & Völkers Sun Valley.

The Wall Street Journal previously reported that Mr. Willis put the property on the market in 2011, after buying it for an undisclosed sum around 2003. He took it off the market briefly in 2016 and cut the price. The most recent asking price was \$5.895 million.

The "Die Hard" and "Pulp Fiction" star rebuilt the 8,400-square-foot main house, which has six bedrooms,

and added a detached guesthouse and gym. He also added several ponds and streams as well as a heated pool with water-slides, waterfall features and a rope swing.

"Bruce was very happy to sell the home, and at very fair price considering current market conditions," Mr. Jones said. He said Mr. Willis's home would likely have sold for twice the price if it had been located in Sun Valley. A spokeswoman for Mr. Willis didn't respond to requests for comment.



Mr. Jones declined to comment on who had bought the property, saying only that they were "big fans of Bruce."

Mr. Jones listed the property with Grady and Heather Burnett of Keller Williams.

—Katherine Clarke

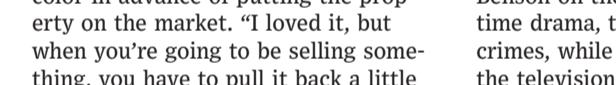
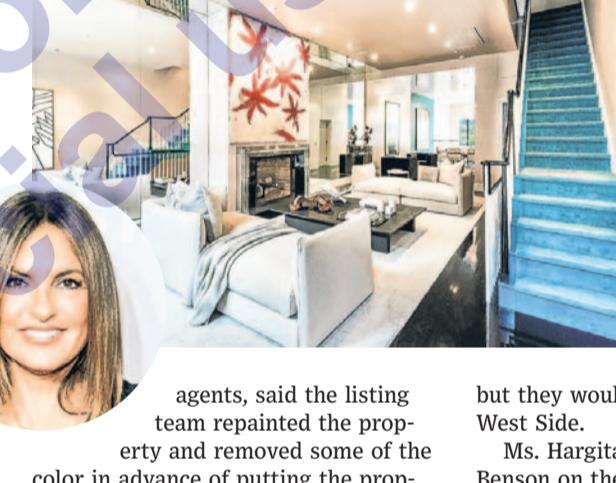
Mariska Hargitay Lists In New York

"Law & Order: Special Victims Unit" star Mariska Hargitay and her husband, actor Peter Hermann, are listing their colorful townhouse on Manhattan's Upper West Side for \$10.75 million.

The roughly 7,000-square-foot house spans six levels and has five or six bedrooms depending on how it is configured. It has an elevator, double-height ceilings and a garden and sunroom with two terraces. The couple purchased the home for \$10.7 million in 2012, property records show.

The 18-foot-wide home includes an aqua-blue staircase and an orange-yellow kitchen. One of the bedrooms, which belonged to the couple's youngest son, has electric-blue window frames, orange sailboat wallpaper and a bed built to resemble a ship, the listing pictures show.

Robby Browne, one of the listing



agents, said the listing team repainted the property and removed some of the color in advance of putting the property on the market. "I loved it, but when you're going to be selling something, you have to pull it back a little so that it's not specific," he said. Alexa Lambert of Stribling & Associates, another of the listing agents, added that she thinks buyers will be pleasantly surprised by the yellow kitchen.

"Our house was loaded with color and vibrancy," said Mr. Hermann in an email, noting that he and his wife

worked with designer Jeffrey Bilhuber on the décor. "The kitchen is a great example, full of life." Mr. Hermann said that he would especially miss a big chalkboard paint wall in the kitchen, where they chronicled their five years in the house.

Mr. Hermann said they are selling because their family's needs have changed, but they would remain on the Upper West Side.

Ms. Hargitay plays detective Olivia Benson on the long-running prime time drama, tackling sexually based crimes, while Mr. Hermann stars on the television show "Younger." He and Ms. Hargitay met when he began playing a defense attorney on her show, he said. They married in 2004, and have three children.

The listing team also includes Chris Kann and Jennifer Ireland of the Corcoran Group.

—Katherine Clarke

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PRIVATE PROPERTIES

Mr. Chow Restaurant Chief Lists L.A. Estate for \$78 Million



MICHAEL CHOW
Michael Chow, the restaurateur whose chain of Mr. Chow Chinese restaurants has attracted celebrities for decades, and his wife Eva are listing their dramatic home in the Holmby Hills neighborhood of Los Angeles for \$78 million.

The over 30,000-square-foot estate was modeled after the Reina Sofia museum in Madrid. Designed to house the Chows' significant art collection, it includes imported carved wooden doors from a Spanish monastery, 400-year-old Moorish columns and 16th- and 17th-

century Florentine ceilings. The Chows collect Art Deco furniture and contemporary art, according to Jeff Hyland, one of the listing agents for the home.

The Art Deco-inspired library has dark wood walls, with a massive tapestry serving as a backdrop. A central atrium has 30-foot ceilings, limestone floors, matching fireplaces and sliding glass doors that open onto an arched terrace and gardens, where the Chows have entertained. The seven-bedroom property also has two staff rooms, a subterranean cinema with large windows looking into a swimming pool, fountains and a rooftop terrace with city views. There is a guesthouse on the grounds.

Mr. Hyland said the couple tore down a home that previously occupied the site before starting construction. "They are perfectionists," he added.

Mr. Chow, 79, bought the site, which is on South Mapleton Drive, the same street as the Playboy Mansion, in 1991 for \$3.5 million, property records show. The couple built the home from scratch over seven years, finishing it in the mid-2000s, Mr. Hyland said. A spokesperson for Mr. Chow didn't immediately respond to a request for comment.

Mr. Hyland of Hilton & Hyland is listing the property with his partner Rick Hilton, as well as Josh and Matt Altman and Jacob Greene of Douglas Elliman.

—Katherine Clarke

Warren Buffett Unloads



UPDATE

Billionaire investor Warren Buffett has sold his California beach house for roughly \$7.5 million, or 32% less than its original asking price, according to a spokeswoman for the listing agent.

Mr. Buffett, the 88-year-old Berkshire Hathaway chairman nicknamed "the Oracle of Omaha," first put the home on the market for \$11 million in February 2017. As the Wall Street Journal previously reported, he cut the asking price to \$7.9 million in late August. Don't feel too badly for him: The businessman paid \$150,000 for the home in the early 1970s.

The three-level Emerald Bay home

spans 3,500 square feet, with six bedrooms and views of the beach. Per Mr. Buffett's modest style, it is decorated with white laminate countertops and gray carpets.

"I feel very good about the couple who bought the house and hope their family gets as much enjoyment from it as our family did," Mr. Buffett said in a statement.

His agent, Bill Dolby of Villa Real Estate, declined to comment on the identity of the buyer.

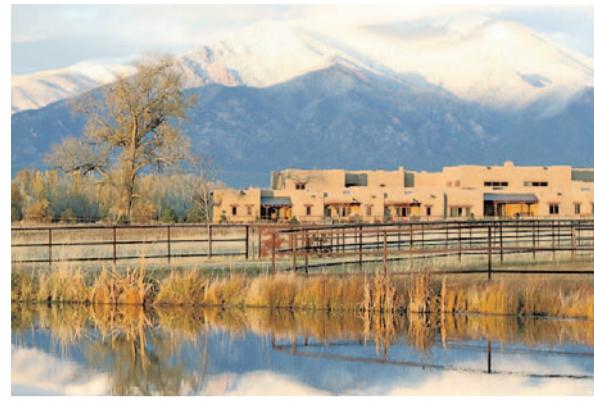
Mr. Buffett previously told The Wall Street Journal he was selling because he wasn't spending time at the property. He bought the home because his first wife



Susan fell in love with it; since she died in 2004, he rarely visits. He also recalled having written Berkshire Hathaway annual reports there during Christmas vacations and when visiting Disneyland with his children.

—Katherine Clarke

▶ Entertainment executive Casey Wasserman lists in Los Angeles for \$125 million. **M12**



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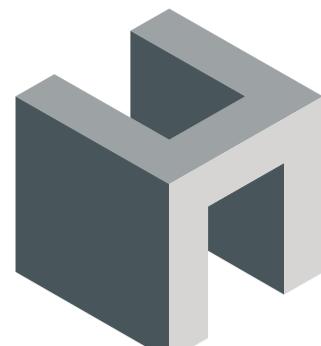
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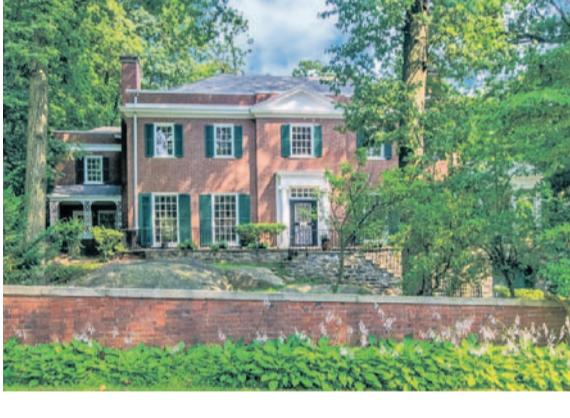


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MANSION

Dying Art of Hand-Drawn Designs

Continued from page M1

firms present designs created with digital-drawing programs, such as Sketch-Up or AutoCAD. But some architects insist on hand-drawing concepts early and throughout the process, saying they're faster and easier to change on the fly, allowing more collaboration with the client. The skill is an increasing rarity in today's computer-powered architecture world.

Stuck at an airport with a client once, architect Mark Candelaria sketched out the design of a 10,000-square-foot house on Alaska Airlines cocktail napkins; the finished project looked remarkably similar.

"My client kept them all and had them framed," says Mr. Candelaria, who is based in Scottsdale, Ariz.

"What I love about hand drawing is that it's immediate," he says. "Clients will start describing something and they'll go, 'I'm kind of thinking like this' or they'll pull out a picture and say, 'I love the look of this—how will that look in my house?'" Mr. Candelaria can whip out a



Stuck in an airport with a client, Mark Candelaria sketched a master bedroom, top, and great room, above, on cocktail napkins.



At right, a sketch by Elissa Morgante of the lobby of E2, a 356-unit luxury apartment building in Evanston, Ill. Above, the finished lobby.

He notes that hand drawing is also the fastest way to communicate with builders and contractors. "They don't want to wait two weeks to get a drawing, and the client wants to make sure the idea is conveyed," he says. "If I

can just sketch on the back of a piece of plywood or a 2-by-4 or on my notepad, I can give it right to them and everybody walks away happy and excited."

"There's something immediately alluring about a hand-drawing," says David Obitz, principal of Irvine, Calif.-based KTGY Architecture + Planning. "If a client has a negative reaction to a feature, he says, 'You whip out a piece of trace right in the moment and you change it, and all of the sudden

the design has become so much better.'

Many architects note the psychological implications of hand-drawn designs. "Doing it digitally, it's so refined that there's not a lot left to your imagination," says Mr. Obitz. With hand-drawing,

"they can still add their dreams to it, they can still have their creative force," he says. "It's a great way to engage your clients."

Ms. Thompson notes that for meetings with neighborhood groups or city officials, Stern architects may hand-craft renderings, even if a complete computer model is ready. "Those sketches often convey the spirit of a building more than a computer drawing," says Ms. Thompson. Computer renderings also imply that all the decisions have been made, but official plans and blueprints are almost always done digitally, often using the hand drawing as



WEST LOBBY • E2 • SCHEME A

inspiration and guide.

Elissa Morgante, co-principal of Evanston, Ill.-based Morgante Wilson Architects, used hand drawings of E2, an Evanston luxury-apartment development, both to get the design gig and to share with the community. "We didn't want it to come across as crisp and cool. I felt like the hand-

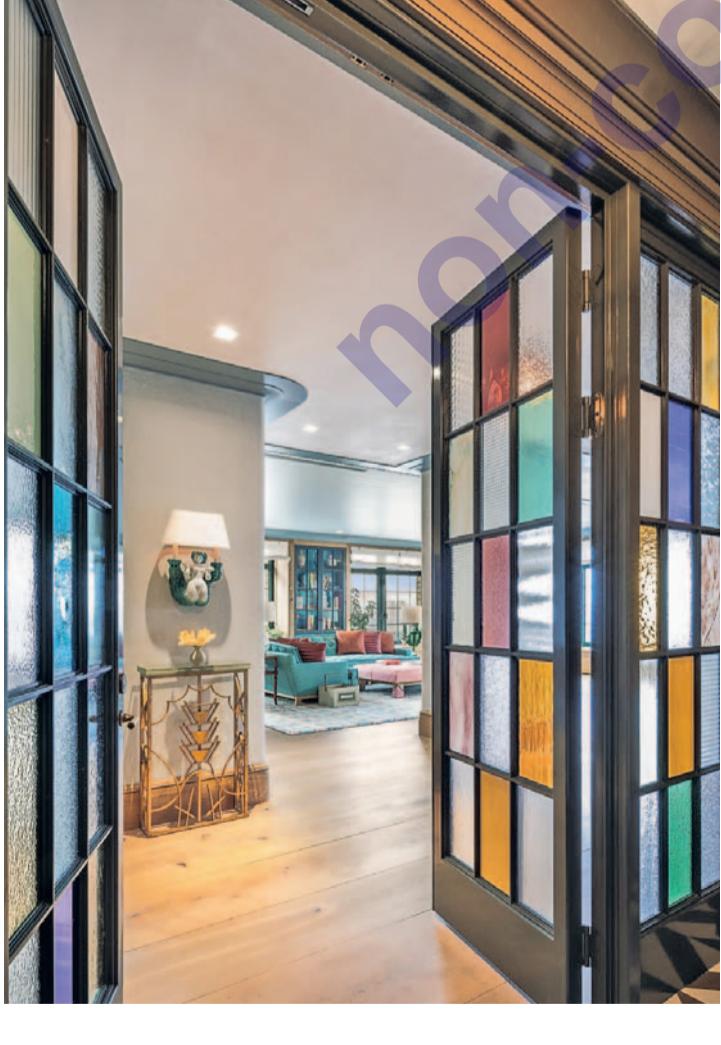
drawings gave a better feel of the kind of vibe we were trying to create."

And there's one other added bonus: hand-drawings can be used in marketing materials, as Mr. Loblitz's sketch of One Bennett Park is, and as gifts for clients. "These sketches really are pieces of art," says Ms. Thompson.



A team led by David Obitz depicted a street scene at a project currently in development in Chula Vista, Calif.

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MANSION

THE MARKET

Hamburg Heats Up

Home prices surge in the German city—river and lake views wanted

By J.S. MARCUS

Tradition rules in Hamburg, Germany's second-largest city and leading port, where the same tree-lined residential neighborhoods have been home to local grandes for well over a century. But now, a hot real-estate market is sending home prices in the city's staid villa enclaves into the stratosphere and bringing areas once considered undesirable into the luxury fold.

Home prices in Hamburg rose more than 14% in 2017, according to the Global Residential Cities Index, compiled by the U.K.'s Knight Frank. That figure places Hamburg as the seventh fastest growing residential market in the world—overtaking cities such as Seattle, San Francisco and Munich, long Germany's most robust. The city's diversified economy is drawing new home buyers—notably from the top third of the country—who are taking advantage of low interest rates, says Peter Axmann, global head of real estate, HSH Nordbank.

The cost of an average single-family house surged 16% in 2017, closing in

on a sales price of \$900,000, according to Hamburg's Gutachterausschuss, which tracks all local real-estate transactions. Meanwhile, the top price for a local home skyrocketed from \$9.4 million in 2016 to \$30.4 million in 2017 for an estate overlooking the Elbe River on the Elbchaussee, a mansion-lined avenue



Above left, homes in Harvestehude, near the Alster lakes area, are known for their white facades. Below, the city's historic center along the inner lake.

connecting the heart of the city with a cluster of exclusive western neighborhoods known as the Elbvororte.

Hamburg—straddling the Elbe River, central Europe's main waterway—is about 70 miles inland from the North Sea. For centuries it served as German-speaking Europe's doorway to the wider world. Long a city-state rather than a mere metropolis, Hamburg fostered an aristocratic merchant class of shipping magnates and bankers, who built white-columned mansions along the river, and later gleaming-white urban homes around the Alster lakes, just outside Hamburg's historic center.

The villa enclaves north of the Elbe River, known as the Elbvororte, and the area west and north of the Alster lakes make up Hamburg's two most prestigious addresses. The Elbvororte includes the districts of Hochkamp, Ottmarschen and Blankenese, with high-end homes typically offering views of the Elbe River. Prime properties there tend to be free-standing, single-family villas, often situated near lush parks.

The neighborhoods close to the Alster lakes—including Pölsdorf, Harvestehude, Winterhude and Eppendorf—add more nightlife and high-end shopping to the mix, as well as an idyllic water setting. These areas are a short bus or subway ride from downtown Hamburg. That market typically offers townhouses, along with large apartments in low-rise buildings—all known for their white facades.

A third area, HafenCity, Hamburg's redeveloped harbor area, also has helped reinvigorate the city's market overall, with the inauguration of the Elbphilharmonie concert hall and apartment complex in 2017.

The city's economy has greatly diversified since the heyday of the merchant prince in the decades before World War I, but Anglophilic still marks life here. "Hamburg is the most English of German cities," says local historian Gert Kähler, who has written about the city's residential architecture.

The local elite still maintain British pastimes at venues such as the Elbvororte's Hamburger Polo Club, dating to 1898, or Alster lakes' sailing and rowing clubs—



The main entrance of the Schulz mansion in the Hochkamp section of Hamburg, top, on the market for \$7.3 million. Above, owner Angelika Schulz. Left and below left, the home's sitting rooms and kitchen.



Dorka, who works for Dahler & Co., the Hamburg-based agency that handled the recent eight-figure sale of the Elbchaussee estate. She currently has listed a 3,400-square-foot, early 20th-century Blankenese house priced at \$6.5 million; the home's 1/3-acre, sloping lot has prime river views.

Around the Alster lakes, many of the prominent prewar mansions have been broken up into apartments or offices, but townhouses and large apartments can get higher prices per square foot than Elbvororte villas, says Philip Bonhoeffer, a Hamburg-based managing director of Engel & Völkers, also based in Hamburg.

Mr. Bonhoeffer says high-end Alster homes are often pocket listings, discreetly and directly marketed to a small cadre of clients who wait years for the right Alster property. He says most of the agency's current 10 Alster listings over \$5.8 million are kept off the agency's online portal.

Renate Lüdmann, 76, is selling her Winterhude townhouse for \$5.6 million. The retired stylist and beauty consultant bought the four-story home in 1997 for about \$1 million, then spent about \$800,000 to modernize the 1908 building. The four-bedroom, four-bathroom home sits on a 1/10-acre lot that includes a large back garden.

Until recently, premium Alster-area residences were concentrated on the west and north sides of the lakes, but rising prices are now being seen in the newly fashionable St. Georg neighborhood. Situated between the main train station and the outer Alster lake, St. Georg was long considered an undesirable

area. Now, it is being rapidly redeveloped, and a 2,500-square-foot St. Georg penthouse, newly converted from the attic of an 1870s apartment building, is on the market for \$2.1 million.

In HafenCity, German entrepreneur Jan Henric Buettner, decided to splurge on a new ninth-floor apartment when he returned to his hometown in 2013 after years in California. Mr. Buettner, 54, paid \$2 million for a 1,500-square-foot, two bedroom unit that is a short walk from the Elbphilharmonie.

Mr. Buettner also just renovated this year his childhood home—a 1,550-square-foot apartment in Eppendorf—that he bought in 2000 for about \$340,000. He spent about \$350,000 on the upgrade. Working with local architect Ulrike Krages, he recovered original herringbone floors and installed Italian-designer appliances in the redone kitchen. Similar Alster-area apartments are now on the market for \$1.4 million or more.

Back in HafenCity, a 2,000-square-foot unit is selling for more than \$3.5 million in Strandhaus, a new apartment high-rise designed by American architect Richard Meier.

Hamburg denizens were once known in Germany as "pepper sacks," a pejorative suggesting the well-heeled but uncultured. With its shining new concert hall, and a string of new Michelin-star restaurants, the city may finally be putting that stereotype to rest.

The best known of the fine restaurants is the Table Kevin Fehling in HafenCity, which earned three Michelin stars within months of opening in 2015. Unlike most three-star dining establishments, says chef and founder Kevin Fehling, the restaurant has a clientele that is 50% local. The Table, where a fixed menu with wine pairings starts at about \$400, has won a following "from Blankenese to St. Georg," he says.



LISTING | FOR SALE IN BLANKENESE

Located in one of Hamburg's exclusive enclaves, this three-bedroom, one-bathroom home is on the market for **\$4.6 million**.

- The 3,000-square-foot villa, on 1/5-acre, was built in 1871.
- The mansion was recently restored. Amenities include a bathroom with a sauna and partial air-conditioning.
- A rooftop terrace has ample views of the Elbe River.
- Engel & Völkers is handling the sale.



Jan Henric Buettner bought his family home.

14.1%
Surge in home prices in 2017

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NEW JERSEY GOLD COAST PROPERTIES



STRATEGIC CAPITAL

NEW TAX RATES MAY SPUR SALES

by Joseph Dobrian

New Jersey's property tax rates have long been high compared to the rest of the United States. The state's average effective rate is 2.40 percent, more than double the national average of 1.19 percent. However, two cities along New Jersey's Gold Coast — Jersey City and Weehawken — recently lowered their property taxes by about one-third. This could turn the heads of prospective buyers who, at the high end, could realize annual tax savings well into the thousands of dollars.

In July of this year, Jersey City reduced its property tax rates from 2.2 to 1.48 percent, well below the 1.62 percent rate predicted by the Hudson County Tax Board. Many observers agree that the adjustment will encourage the purchase of new properties and, thus, encourage more residential development.

"This was Jersey City's first tax revaluation in 30 years, and much controversy surrounded it," reports Edwin Blanco, sales manager at the 99 Hudson development and a Jersey City resident. "It was spurred by residents who live outside of Downtown Jersey City who felt they had an unfair tax burden compared to downtown residents who were living in homes assessed for, sometimes, one-quarter of their market value. Assessed home values are now closer to market values, and as a result, some downtown residents saw tax bills jump by 50 to 200 percent from the previous year."

"Jersey City's mayor, Steven Fulop, promised that tax abatements in Downtown Jersey City are a thing of the past, so the saving grace of this revaluation is Jersey City's overall tax rate reduction," he says. "This rate is lower than many pre-existing abatements, which removes the advantage of buying an older condo for its tax savings and makes new construction that much more attractive."

DOWNTOWN JERSEY CITY

One- to four-family homes in Downtown Jersey City bore the brunt of the revaluation, but newer

properties, including condo units along the Gold Coast, are projecting a tax reduction compared to 2017 estimates. Blanco says he has seen an uptick in New Yorkers exploring New Jersey condominiums in an attempt to escape high New York City income taxes — which may prove burdensome at the high end, due to revision of federal income tax rules.

"There hasn't been this much new construction of condominiums in Jersey City in the past 10 years," Blanco says. "The products are more elevated, compared to the last generation, thanks to the maturing market."

"The final announcement of the new rate helped kick-start the market again," says Art Johnson, vice president of Liberty Harbor North, developer of Gulls Cove. "Like a lot of cities, Jersey City put off revaluation since 1988, although you're supposed to do it every 10 years. As a result, Downtown Jersey City, which had experienced the most growth and appreciation in recent years, was the most undervalued."

What's more, uncertainty slowed the market earlier in the year, thanks to a projected tax rate 10 percent higher than what it actually turned out to be. "The news had been so negative, it put people in a 'wait-and-see mood.' But now we have seen a dramatic pickup in sales," Johnson says.

Johnson also notes that another reason people are buying now is the anticipation of a significant rise in interest rates.

"There have been a lot of head fakes over the years,

and people have become used to the low rates," he says. "But now we see more 'Help Wanted' signs on storefronts than we've seen in 50 years, so unless there's some jolt to the system, we might see a regimen of a quarter-point increases three or four times a year for the next couple of years. This is a great time to buy because interest rates might be a full point higher a year from now."

WEEHAWKEN

Also effective this past July, Weehawken Township reduced its property tax rates from 2.23 to 1.49 percent, one of the lowest rates along the Gold Coast. The City of Weehawken also finalized its first property tax revaluation in more than 30 years. According to Mayor Richard Turner, nearly 80 percent of the town's homeowners will see their taxes reduced, stabilized or minimally increased. This is good news for buyers at Avora, Weehawken's signature new waterfront condominium building. The 11-story building features upscale amenities and 184 residences priced from \$675,000 to over \$4 million.

Meanwhile, businesspeople and developers of commercial properties are fighting for the preservation of New Jersey's Economic Redevelopment and Growth program, which offers incentives for redeveloping older buildings. If tax reductions for residential properties attract buyers and state incentives remain in place, further economic growth is virtually inevitable.

Special Advertising Feature**NEW JERSEY
GOLD COAST PROPERTIES**

by Joseph Dobrian

While much of the buzz along the New Jersey Gold Coast is coming from Jersey City, other communities offer plenty of upscale housing, in environments that range from artsy and exciting to quiet and homey. Public transportation systems have improved dramatically over the past decade, so the commute to Manhattan is sometimes easier than if you were living in New York City — and connections between New Jersey towns are just as convenient.

The communities along the Gold Coast appeal to various tastes and preferences. Hoboken, Fort Lee, Bayonne, Jersey City and more all have their adherents and boosters.

Weehawken, site of America's most famous duel, is a cliffside town, with a slightly less urban vibe than Jersey City or Hoboken — although it doesn't lack retail, entertainment and office space. Lennar, a Miami-based developer active along the Gold Coast, recently announced that two of its Weehawken developments — Henley on Hudson and 1200 Avenue at Port Imperial — are nearing close-out, with the remaining condo homes available for immediate occupancy.

Henley on Hudson consists of 201 luxury residences, situated in the Port Imperial section of Weehawken, a two-mile stretch of Hudson River waterfront directly opposite Midtown Manhattan that features shops, restaurants, parks and a riverfront promenade. The remaining Henley on Hudson homes are single-level designs, priced between \$979,000 and \$2.5 million and ranging in size from 1,165 square feet to 1,964 square feet of living space. Common amenities include a cardio fitness room, children's playroom, lobby lounge and an outdoor garden terrace, as well as access to the Club at Henley, a private 6,000-square-foot clubhouse.

1200 Avenue at Port Imperial, the second building in Lennar's Avenue Collection, is a 103-home waterfront community, also located in the Port Imperial section of Weehawken. It offers two- and three-bedroom condos, currently priced between \$1.499 million and \$3.75 million for the remaining residences. Most homes offer up to 484 square feet of private outdoor space. Amenities include a grand salon lobby, library lounge, media

screening room, children's playroom and fitness center. On the seventh floor, the Skyline Social Room features a lounge space, catering kitchen, bar and multiple gathering areas with a fireplace, sound system and televisions — plus a view of the New York City skyline.

Finally, a major expansion of Weehawken Recreational Park will include three outdoor pools, a seasonal ice skating rink and a "Great Lawn" with city views.

"Both Henley on Hudson and 1200 Avenue at Port Imperial demonstrate Lennar's commitment to creating exceptional luxury residences on the Weehawken waterfront that offer modern lifestyle amenities, views of the Manhattan skyline and an easy commute to the city," says Craig Klingensmith, division president of Lennar's Northeast Urban Division. "We are thrilled with the way they have been embraced by residents and, while we are proud that a full sellout is on the horizon, we are also glad that we still have the opportunity to welcome new homebuyers to both communities."

OTHER LUXURIES

Weehawken is also home to various luxury rental properties. Leasing begins this month at Harbor 1500, which extends 743 feet into the Hudson River from the waterfront, in the heart of the mixed-use Lincoln Harbor neighborhood.

Developed in partnership by The Maxal Group and Hartz Mountain Industries, Harbor 1500 consists of 236 apartments: studios and one- and two-bedroom units. Amenities include two landscaped rooftop decks with a pool and hot tub and a screening room. Bruce Sturman, managing director of The Maxal Group, says

the amenities there are nearly condo-level.

"Nothing of this nature has been built on the Gold Coast to date," he asserts. "In effect, this is a 70-story building that has been laid on its side, so you're virtually living in the Hudson River, looking right out at Midtown Manhattan. We have floor-to-ceiling glass and no façade penetration for mechanicals. Our managing agent, Greystar, uses the Onyx system to offer concierge amenities. We offer valet parking, a rooftop pool, Zen gardens, a chef's kitchen, a screening room, a state-of-the-art golf simulator and a fitness center. Virtually all units have views of the Manhattan skyline and are actually on the water."

"Our renters might be people who have been priced out of Manhattan but still want this lifestyle," Sturman says. "Here, they can take the ferry and be in Manhattan in four to six minutes; they can take the bus that runs right by the property; or they can drive through the matrix into the city. The convenience factor is unbeatable."

Lincoln Harbor is also home to 1.1 million square feet of office space and a 350-room Sheraton Lincoln Harbor Hotel, with meeting facilities and several upscale restaurants. Public amenities include the Weehawken Pier, with kayak and fishing docks, and Lincoln Harbor Park, which features free summer concerts organized by the Hudson Riverfront Performing Arts Center. A Whole Foods will open this fall, directly across the street from Harbor 1500.

Leasing recently began at RiverHouse 11 at Port Imperial: a 10-story residential community at the master-planned Port Imperial waterfront development, which on completion will include 20 premium residential, retail and hotel properties. Located at the edge of the Hudson River at 1100 Avenue at Port Imperial, RiverHouse 11 features 295 luxury rental apartments ranging from studios to three-bedroom units. Common areas feature a sky terrace with stadium seating; outdoor lounges with fire pits, fireplaces and barbecue grilling stations; pool and sundeck; bocce court; fitness center; business center with conference rooms; Wi-Fi café with computer stations; community garden; and dedicated rooms for screenings, games, music, golf and children's activities.

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CITY LIVING EXPANDS ITS
GOLD COAST OFFERINGS**

With convenient locations, commuter-friendly advantages and proximity to New York City, the New Jersey division of Toll Brothers City Living, the urban development division of Toll Brothers, Inc., has seen high demand from urban home seekers on The Gold Coast.

HOBOKEN

Hoboken buyers are drawn to the Hudson Tea community and the tranquility of the North End. Toll Brothers City Living recently opened 1425 Hudson Street for sale — the last building of this development with an enviable waterfront location. With sales now open, pricing begins in the \$600,000s to more than \$3 million. Looking for immediate occupancy? Hurry to 1400 Hudson where only two residences remain!

JERSEY CITY

In Jersey City, Toll Brothers City Living's 10 Provost Street at Provost Square has witnessed immense demand. This 28-story, full-service building in the Powerhouse Arts District features 242 luxury residences and more than 27,000 square feet of amenity space with

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convenient on-site retail and a location only a block from the Grove Street PATH station and the Newark Avenue Pedestrian Plaza.

With occupancy starting this fall, the onsite sales office and model residence help buyers find the perfect home. Pricing begins in the mid-\$500,000s to more than \$1.5 million.

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**LENNAR NEARS CLOSE-OUT OF TWO
PREMIER WATERFRONT CONDO
COMMUNITIES IN WEEHAWKEN**

HENLEY ON HUDSON

Two iconic waterfront condominium communities that have helped make Weehawken one of the hottest residential real estate markets in the region are nearing a close-out.

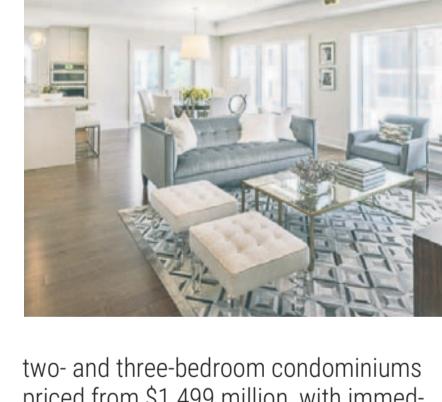
At Lennar's Henley on Hudson, a collection of 201 luxury residences, construction of the final building on the property is now complete. Immediate occupancy is available for the remaining homes.

Just a half mile up the riverfront at Lennar's 1200 Avenue at Port Imperial, a limited number of luxury residences remain available for sale.

Both Henley on Hudson and 1200 Avenue at Port Imperial are situated in the Port Imperial section of Weehawken, a two-mile stretch of Hudson River waterfront featuring shops, restaurants, parks and a promenade facing Midtown Manhattan.

At the 201-home Henley on Hudson, remaining residences are priced from \$979,000 and feature two- and three-bedroom floorplans. Most of the single-level designs offer balconies or terraces. Amenities include a lobby lounge, children's playroom, fitness center, theater room, billiards and gaming lounge and a resort-style infinity pool.

1200 Avenue at Port Imperial features 103



two- and three-bedroom condominiums priced from \$1.499 million, with immediate occupancy available. Amenities include a grand salon lobby, screening room, children's playroom, state-of-the-art fitness center and a Skyline Social Room. Outside, a landscaped plaza offers a sun-shelf swimming pool, catering bar, multiple seating areas and a fire pit.

Both communities are close to NY Waterway's ferry service to Manhattan, as well as NJ Transit's Hudson-Bergen Light Rail which connects Port Imperial to neighboring Hoboken, Jersey City and the PATH system.

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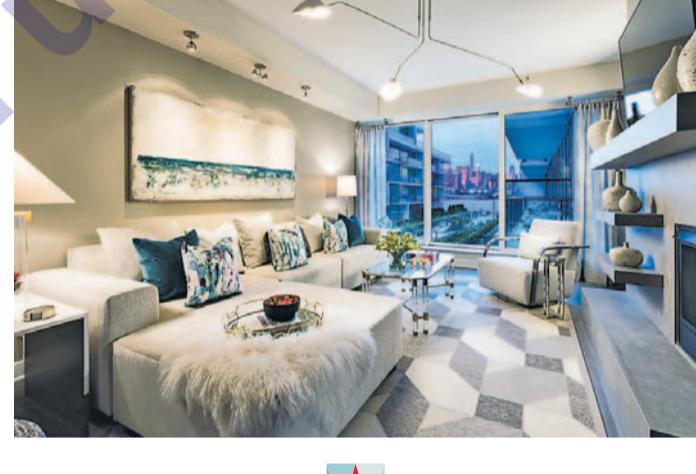
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Special Advertising Feature**NEW JERSEY
GOLD COAST PROPERTIES**

RESIDENTIAL, COMMERCIAL DEVELOPMENTS SPARK

NEWPORT COMMUNITY

by Joseph Dobrian

Newport, Jersey City's master-planned waterfront community, is booming with both residential and commercial development. Newport consists of approximately 600 acres, right across the Hudson River from Manhattan. Families and businesses from other New Jersey communities, Manhattan and Brooklyn are driving this "engine within an engine" that's causing a positive ripple effect all along the Gold Coast.

Conventional wisdom states that commercial development follows residential, and that appears to be the case in Newport, where demand has grown for retail and office space as the population increases.

Phillip Gesue, chief development officer at Park and Shore House, says his pair of new condo buildings offer two distinct luxury experiences. Park, a 40-story building at 75 Park Lane, overlooks an immense green waterfront park and consists of 358 apartments, featuring terra-cotta and glass-curtain walls, with views of Jersey City and the park. Shore House, at 2 Shore Lane, offers 71 residences in eight stories.

"Shore House features a more loft-like industrial design, inspired by the kind of lofts you'll find in TriBeCa and SoHo in Manhattan," Gesue explains. "Both buildings offer the sophisticated finishes you'd expect in a luxury Manhattan apartment, with phenomenal views and lots of light and air. Both projects are heavily amenitized, with an Olympic-size pool and a spa at 75 Park that residents of both buildings can use, as well as fitness centers with cardio, strength training, yoga and Pilates. We've got co-working spaces where you can take meetings and conferences; screening rooms; game rooms and a golf simulation area with a putting green. Both buildings have large roof decks."

Both projects are nearing completion, with Shore House due to deliver in late February or early March and 75 Park in a little more than a year. Both are in pre-sale, with more than half the units sold in both buildings. Prices range from about \$650,000 for a one-bedroom unit to \$1.1 million for two bedrooms to \$1.9 million for three. A 1,000-square-foot penthouse will cost a little more than \$6 million, Gesue estimates.

"I would compare Newport to Battery Park City in Manhattan," Gesue says. "It's right on top of a PATH train station. You have great access to train and ferry terminals. This is one of the first residential commu-

nities to be developed in Jersey City in 30 years. It's very diverse, like Manhattan or Brooklyn. The incredible growth of New York City, and a crisis of affordability there, is helping to drive this market. Many young people want to live near the city, but can't afford to live there — so they move to Jersey City, which in many cases puts them closer to their families."

"We're looking at other projects," Gesue says. "We are socially and civically committed to helping Jersey City develop."

IN A CLASS BY ITSELF

Meanwhile, commercial development and leasing in and around Newport is keeping pace with residential growth. Since 1987, the enormous Newport Centre Mall has been the flagship retail property in the area; today, smaller boutique retail properties are complementing it. Various users of office space, especially financial services, are finding Newport a cost-effective and convenient alternative to New York City — one that offers their employees a stress-free commute and luxury apartments at rents considerably below Manhattan's.

According to Marylou Berk, senior vice president of commercial real estate at LeFrak Organization, her company's portfolio in the Newport area is 100 percent leased. It consists of office and retail spaces, tenanted by well-capitalized businesses. LeFrak's retail tenant roster leans toward an upscale shopping experience, in keeping with the local population's tastes and needs.

"This has become such an integrated community that it's now a five-star hot spot. Retail can be a challenge in today's world, with online sales leading to downsizing and vacancies in brick-and-mortar spaces, but we aren't experiencing that. Our Class A office spaces in Newport feature top financial services tenants," she declares.

"LeFrak has always been careful of how we support our communities, bringing in retail that's calculated to support the commercial and residential pieces of the puzzle. Our commercial tenants are Class A companies paying Class A rents, and they've created a true extension of Manhattan and Brooklyn. The more I talk about Newport the more excited I get. If you're a prospective commercial tenant who's thinking about Jersey City as an alternative to Manhattan, give me five minutes to walk you around, and the neighborhood will sell itself," Berk says. "It's 'Manhattan Nice,' with a really positive vibe. During the day, you'll experience the hustle-bustle that our commercial tenants bring to the area — and then, starting around 6 p.m., you'll see baby strollers around. Newport is well-planned and well-spaced; you can walk along the waterfront all the way to Hoboken."

Accessibility and connectivity make Newport especially attractive, Berk adds. Transportation options are so plentiful, and so convenient, that any commute will be a pleasant and relaxing experience.

"You're one stop away from Manhattan on the PATH train," she says, "and 15 minutes from Newark Airport. We have light rail and a first-rate bus system, and two luxury hotels. The community is completely self-sufficient and self-supporting."

As of now, Berk reports, LeFrak has no commercial development planned, but recent luxury residential developments include two rentals: the Revetment House, which opens in October in Hamilton Park, and the Ellipse, which, Berk claims, provides the most luxurious rental experience along the waterfront.

"The want-for-nothing New Jersey experience reaches a peak in Newport," she concludes. "This is the ideal place to live, work and play. From retail to residential to recreation, we're very proud of what Newport has become."

CLUB-STYLE AMENITIES UNVEILED AT GULLS COVE CONDOMINIUM IN DOWNTOWN JERSEY CITY

GULLS COVE



As the 429-unit Gulls Cove luxury condominium building in Downtown Jersey City nears a complete sellout, the developer has unveiled a new array of club-style amenities that lifts the property's unique lifestyle to new heights.

The sprawling two-story social space features a fitness studio equipped with Peloton bikes and a dedicated yoga studio, a club room with a bowling alley, shuffleboard and screening area; a resident's lounge ideal for socializing; and a children's playroom. Residents also enjoy 24-hour concierge service.

The new amenities come online as Gulls Cove's final homes — including a limited collection of duplex and triplex residences that offer brownstone-style living — have been released for sale.

Priced from \$1.269 million, the duplex homes feature an open floorplan in the main living area, two bedrooms and three baths spread throughout 1,680 square feet of upscale living space. The triplex residences are priced from \$1.495 million and feature three bedrooms, three baths, 2,155 square feet of living space and an outdoor terrace with breathtaking views that spans more than 350 square feet. Traditional studio, one-, two- and three-bedroom residences are priced from \$450,000. Some homes feature

views of the Manhattan skyline or Liberty State Park, while all residences are well-appointed with elegant finishes and contemporary design details.

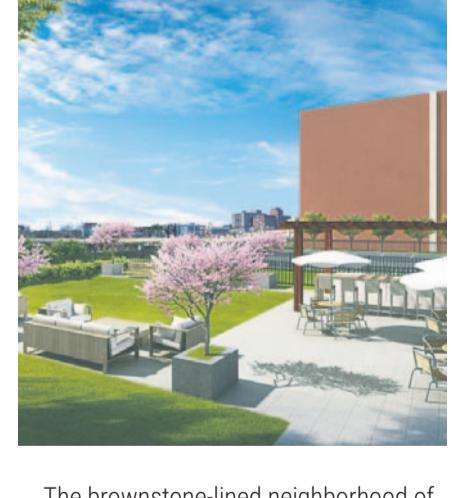
The community is located across from the Hudson-Bergen Light Rail and a short walk away from the Grove Street PATH station and NY Waterway ferry service to Manhattan's Pier 11/Wall Street.

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INDUSTRIAL CHARM MEETS MODERN CONVENIENCE IN HAMILTON PARK

REVENTMENT HOUSE

HAMILTON PARK, JERSEY CITY



Situated in the leafy and historic enclave of Hamilton Park, Jersey City, Revetment House is a new luxury rental property that combines industrial chic interiors with first-class conveniences and amenities.

A striking, six-story brick building, Revetment House offers 163 residences that range from studios to three-bedrooms and are incredibly spacious, with contemporary layouts. Large windows flood residences with natural light and offer picturesque views. Every residence offers its own in-unit washer/dryer, plus high-end finishes like white subway tiles.

With on-site parking available to lease, Revetment House makes transportation anywhere a breeze. The building is also conveniently located near the Newport PATH and Light Rail stations and the Holland Tunnel. Revetment House will provide free shuttle service to and from the Newport PATH station during commuting hours, making the trip to Manhattan and Hoboken even faster.

Residents will enjoy a curated selection of amenities, including a landscaped outdoor space, dog run, fitness center, residents' lounge, children's playroom, part-time doorman, centralized laundry room and bike storage.

The brownstone-lined neighborhood of Hamilton Park features charming streets, tasty new restaurants and a lush central park. Local favorites Hamilton Pork and Van Hook Cheese draw crowds, while trendy ice cream shop Milk Sugar Love satisfies those looking for a sweet treat.

LeFrak recently launched leasing for Revetment House with pricing for studios beginning at \$2,100 per month.

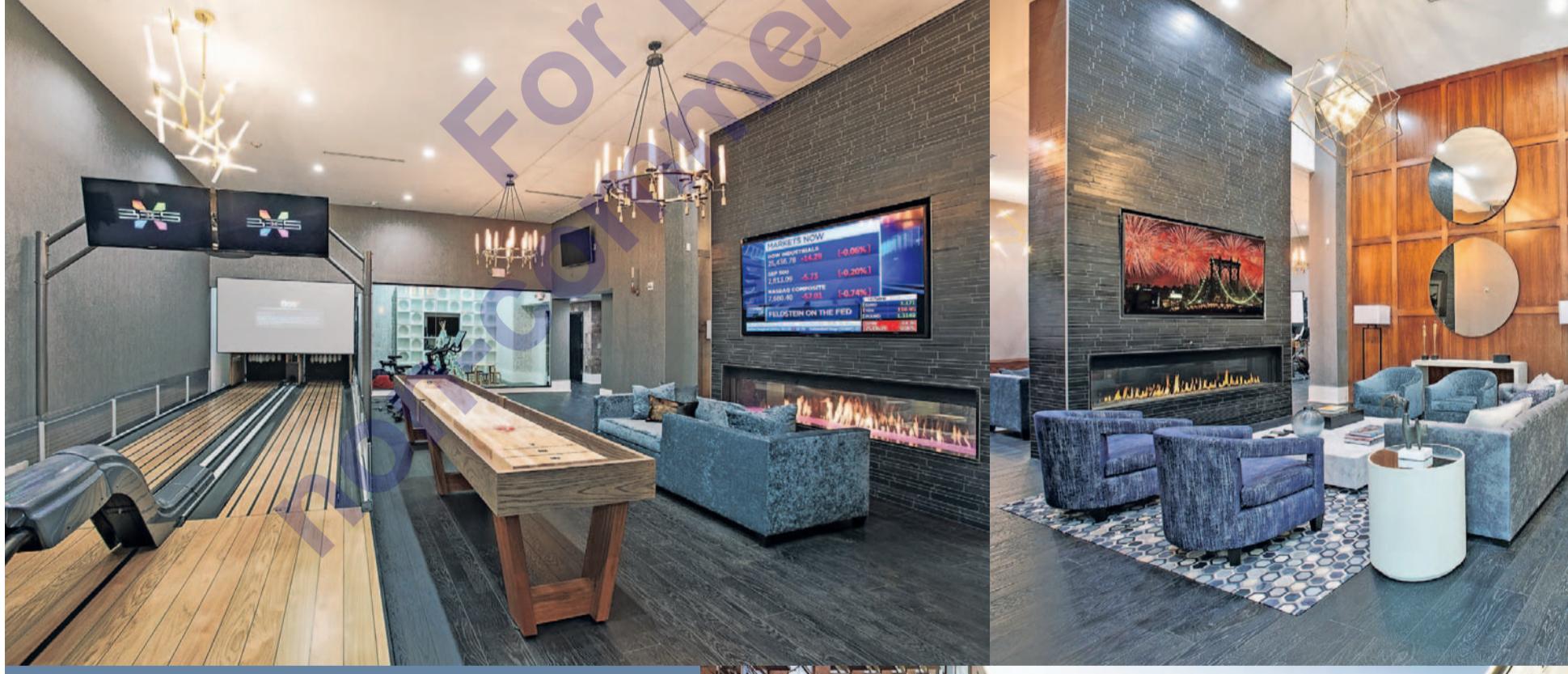
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Special Advertising Feature**NEW JERSEY
GOLD COAST PROPERTIES****JERSEY
CITY
ADDS LUXURY
CONDOS,
RENTALS**

by Joseph Dobrian

Residential and commercial developments have slowly proliferated in Jersey City, following the recession of the late 2000s. Jersey City has long been New York City's trusty little brother, and lately it has taken up more of the bigger city's burden, as Manhattan and Brooklyn residents — as well as people from other parts of New Jersey — look closer at the Gold Coast. Jersey City is cheaper than Manhattan but easily connected to it; the tax rates have recently become more favorable overall; and the city's retail and entertainment have gained excitement.

The downward adjustment in property taxes seems to have sparked new interest in luxury condos from people who might otherwise have rented. One of these projects currently attracting special attention in Downtown Jersey City is the 429-unit Gulls Cove, now approaching a complete sellout. Two luxury rental developments firing the public imagination are the LeFrak projects the Ellipse, which is now fairly well leased, and Revetment House, just coming on to the market.

According to Art Johnson, vice president of Liberty Harbor North LLC, the second phase of Gulls Cove had to be delayed for several years, due to the economic crash of 2008. Now, the last 107 units have become a reality, along with 20,000 square feet of retail space, outdoor relaxation areas and a fitness facility.

"I believe the final announcement of the new tax rate helped to get the market going again," he says. "We're down to only eight available units at Gulls Cove. What people are looking for nowadays, in both condos and rentals, is ease of transportation and an upscale environment. We have unveiled a spectacular new array of club-style amenities that lifts the property's lifestyle to new heights."

GULLS COVE

Gulls Cove's sprawling two-story social space features a fitness studio equipped with Peloton bicycles; a dedicated yoga studio; a club room with a bowling alley, shuffleboard and screening area; a sophisticated residents' lounge furnished with deep velvet-tufted sofas and club chairs; and a children's playroom equipped

with modern toys and classic books. Residents also enjoy 24-hour concierge service. These new amenities are coming online as Gulls Cove's last few homes — including a limited collection of duplex and triplex residences — come up for sale.

"The amenities are an extension of the homes," Johnson says, "and we've designed the spaces to encourage any number of activities, from relaxing with a glass of wine to enjoying a game or two of bowling or shuffleboard to rejuvenating yourself with a workout. It's the type of experience today's buyers are looking for."

Gulls Cove takes a creative approach to its living spaces, Johnson adds, particularly in the building's multilevel duplex and triplex residences. These, the developers say, combine the appeal of a traditional brownstone exterior with the modern finishes, amenities and services of a modern luxury condo building.

The two-story duplex homes include private street entrances and 13-foot ceilings on the first floor of the two-bedroom floorplans. The three-story design features three bedrooms, oversized balconies with dramatic views of New York City — easily big enough for outdoor entertaining — and private parking spaces in an enclosed garage with direct access to the home. Residences are attached to the overall Gulls Cove condo building, so residents have access to the building's 24-hour concierge and the full menu of other amenities and services.

The duplexes, priced from \$1.269 million, feature an open floorplan in the main living area, plus two bedrooms and three baths spread over 1,680 square feet.

*Gulls Cove duplexes*

The triplex homes are priced from \$1.569 million and feature three bedrooms, three baths, 2,155 square feet of living space and outdoor terraces of more than 350 square feet. Two of the three bedrooms in these homes are master suites with large walk-in closets.

Traditional studio, one-, two- and three-bedroom residences at Gulls Cove are priced from \$450,000. Some feature dramatic views of the Manhattan skyline or Liberty State Park; all feature five-inch engineered hardwood floors and top-of-the-line appliances such as Bosch dishwashers and washer/dryers. Kitchens include Eggersman cabinetry, quartz countertops and backsplashes, Kohler fixtures, Bosch French door refrigerators and Bosch gas ovens with five-burner stovetops.

The community is located at 201 Marin Boulevard, directly across from the Hudson-Bergen Light Rail station and a short walk away from the Grove Street PATH station and NY Waterway ferry service to Manhattan's Pier 11/Wall Street.

REVENTMENT HOUSE AND ELLIPSE

Meanwhile, Richard Wernick, managing director of residential leasing from LeFrak, reports he's in the process of leasing the 153-unit Revetment House, built one block from Hamilton Park to complement the Embankment.

"Leasing [at Revetment House] began right after Labor Day," he says. "We're about 20 percent rented, with initial move-ins expected around Thanksgiving. We have studios to three-bedrooms, 510 to nearly 1,300 square feet, with net effective prices — with one free month included — ranging from \$2,100 to \$3,875. The building will also have a business center/co-working space, lounge, gym, outdoor patio with barbecue area and playground."

"Earlier this year, we completed the Ellipse, which consists of 381 units right on the waterfront. A penthouse unit there rented for \$11,000 per month," Wernick says. "Today's renters set much higher standards than a generation ago. Prospective tenants are much better informed than they've ever been. They know what's out there, know what they want; they force us to up our game to stay competitive. We've been responding with not just the amenities package, but also with tenant-related events like outdoor movie nights and social engagements for young professionals within the community. We're always finding different ways to engage with our tenants and build a better experience."

90 COLUMBUS LAUNCHES IN DOWNTOWN JERSEY CITY NEXT TO GROVE STREET PATH**90 COLUMBUS**

90 Columbus has entered the Downtown Jersey City residential scene with 539 rental residences and a suite of modern amenities in one of the city's most dynamic neighborhoods.

The new 51-story tower developed by Ironstate Development Company and Panepinto Properties is located at the entrance to the Grove Street PATH station, with convenient service to Midtown and Downtown Manhattan. The building is also just steps from an eclectic array of restaurants, shops, cafes and nightlife destinations.

Design-driven social spaces by Noé Duchaufour-Lawrance include a two-story Winter Garden & Lounge, communal workspace and a 24-hour attended lobby. An outdoor landscaped roof deck features a pool, BBQ grilling stations, sport court, dog run and children's play area. Residents also enjoy membership to the street-level, 30,000 square-feet Base Gym, located next to Sprove Market Place.

Well-appointed apartments, with views of the Manhattan and New Jersey skylines, New York Harbor and the Statue of Liberty, range from studios to three bedrooms, with monthly rents starting

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Quinn is the newest luxury apartment building to open in Downtown Jersey City's historic Paulus Hook neighborhood. Located on a cozy street corner in the brownstone-laden enclave, Quinn features 153 residences that are complemented by a thoughtfully curated collection of amenities rarely found in the Jersey City market, including a 24/7 concierge and a landscaped roof deck with pool, lounge and BBQs. The 16-story luxury building features a mix of studio, one-, two- and three-bedroom apartments and other high-end amenities such as a lobby activated with lounge areas, Amazon package lockers, TransitScreen and

package notification screen, children's playroom, library, media room, solarium, fitness center and guest suite. Quinn's Fogarty Finger-designed homes are infused with high-end, aesthetically pleasing features and finishes that contribute to ease of living. Spacious living areas feature designer flooring, and the modern kitchens are equipped with stainless-steel appliances and fixtures, quartz countertops and sleek cabinetry. Select residences feature pendant lighting, walk-in closets and private terraces.

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Special Advertising Feature

**NEW JERSEY
GOLD COAST PROPERTIES**

HIGH-TECH SERVICES LURE NEW RESIDENTS

by Joseph Dobrian

The list of amenities in condo and luxury rental buildings has become pretty standardized all over the United States. Pool? Check. Roof garden with barbecue area? Check. Health club with weight room, yoga, Pilates and attached spa? Check. Common work space? Check. Concierge service? Check. Now, though, amenities are being tailored to the individual resident, insofar as they can be.

This is particularly evident in two areas: personal services and security — which in many ways go hand in hand in luxury residences. Building owners and managers are bringing in Hello Alfred, a company that partners with developers and property managers to improve a building's menu of services and potentially its value.

HELLO ALFRED

Hello Alfred (a nod to the trusted butler of a famous superhero?) delivers various services past resident doors via a home-management app. These include in-home package deliveries; buying your groceries and putting them in your fridge; doing your laundry and putting it in your closet; home cleaning; pet care; party planning and staffing; travel preparations and more.

Jonathan Kushner, president of Kushner Real Estate Group (KRE), is offering Hello Alfred at the just-opened 485 Marin Boulevard in Jersey City, as well as in its other buildings in the area. Indeed, KRE is the sole provider of Hello Alfred in Jersey City. He says Hello Alfred and similar services are gaining importance as online shopping continues to grow.

"So many people get packages every day," he says. "We're seeing a ratio of almost one package per person per day. Hello Alfred hand delivers them, at the ap-

proval of the tenants, at the entryway: You don't have to stop to get your packages from the doorman anymore. Tenants love it; we as owners love it, too, since it means fewer packages piling up in our storage rooms. Once the package is placed in the apartment, the delivery person scans it, and you get a message on your phone."

At 485 Marin, by the way, all apartments feature stone countertops in the kitchen and bathrooms with stone surrounds. The two-bedroom units have stand-up showers; all units have hardwood flooring and an in-apartment washer/dryer. Studios range from 500 to 600 square feet and start at \$2,425 per month; one-bedrooms are 600 to 775 square feet and start at \$2,600; two-bedrooms are 1,000 to 1,175 square feet and start at \$3,600.

"We also are doing more with quiet workspaces," Kushner says. "People seem to want to work at home, so we've created areas that are cellphone-free, where you can close the door to privatize your space. We have mastered cruise-ship living along the Gold Coast, so nobody wants to leave."

BUTTERFLYMX

Cyrus Claffey, CEO of ButterflyMX, a smart intercom platform, says he is in talks with both Hello Alfred and property owners to integrate ButterflyMX with their services. ButterflyMX, he says, is disrupting the inter-

com industry and how people use it.

"The platform is simple," he explains. "You install one of our smart intercoms at the front entrance of a building. Then, instead of having to wire each apartment with a traditional device with buttons, you can connect the intercom to our mobile app, which people can download, and you've eliminated the wiring and in-unit hardware. You'll save 95 percent of the cost of a traditional intercom system. You can get a call from that system anywhere in the world. It's a touchscreen that connects the building to a host of real estate services around the globe."

Using ButterflyMX, Claffey says, a resident can arrange for a dog walker or food deliverer to enter the unit, without having to answer a call.

"The touchscreen at the front entrance enables this," he says, "and you get a video notification on your mobile app that someone has walked in. We can work with companies like Hello Alfred to help people gain access. More and more multifamily developers are working with electronic locks."

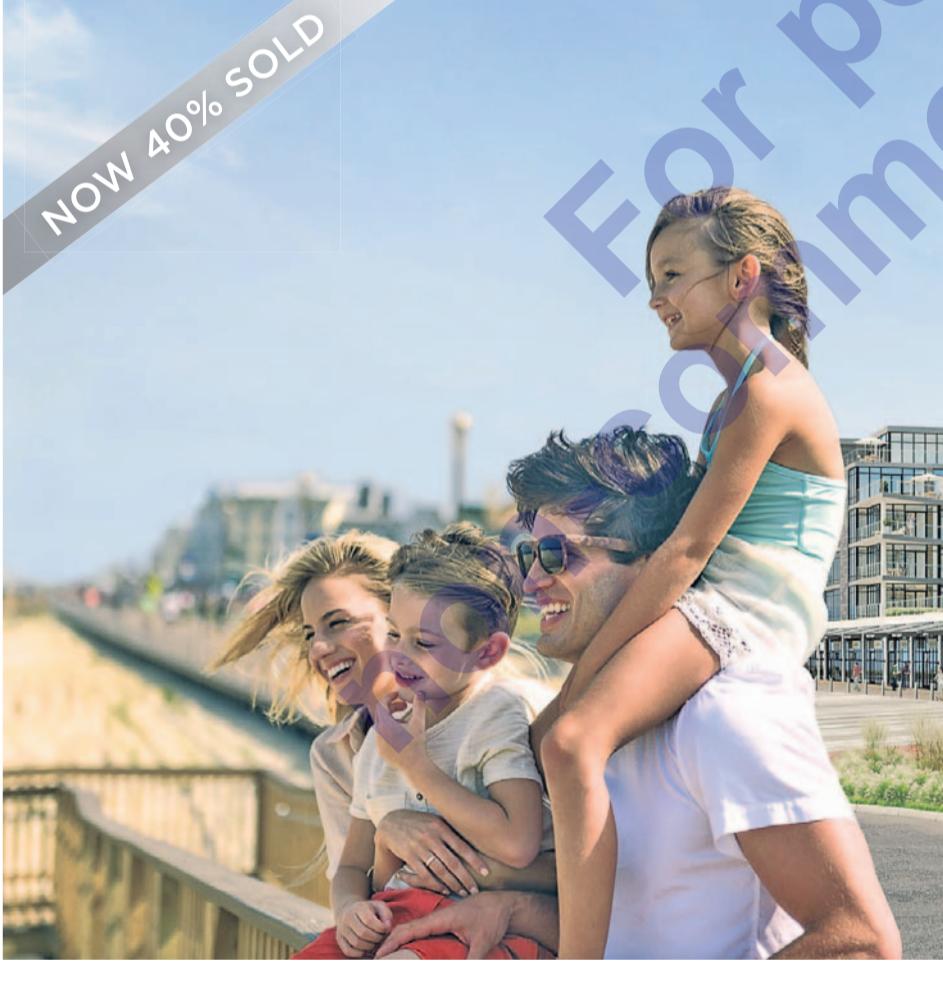
Claffey says he originally developed the app for AvalonBay Communities, which needed it integrated with the company's property management software. As a result, ButterflyMX has been developed to integrate with several property management systems, including Yardi, Entrata and MRI.

"Package delivery will double in next few years," he says. "We can give UPS, FedEx or Amazon a way to get in and deposit the merchandise in a package room, without requiring the building to hire more staff."

"On the Gold Coast, where owners and managers need to compete with Manhattan product, they can make their buildings more competitive by providing greater convenience," Claffey says.



485 Marin lounge



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Special Advertising Feature

NEW JERSEY GOLD COAST PROPERTIES



90 Columbus communal space

by Joseph Dobrian

Whether you're buying or renting, Jersey City offers luxury galore. Once considered a working-class town, Jersey City has become upscale in recent decades and grown more arts- and business-oriented. Several high-end residential developments have appeared during the real estate rebound of the past several years.

Developments currently attracting attention include 380 Newark Avenue in the Village West neighborhood and 90 Christopher Columbus Drive on the eastern edge of downtown. The former is a 45-unit condo building; the latter is a luxury rental.

Dan Pelosi, broker associate of Weichert Realtors, represents 380 Newark along with broker associate Irene Barnaby. He says the property is just completed, and units range from 933 to 1,417 square feet. Sale prices so far have ranged from \$649,000 to \$1.15 million.

"Village West was the Little Italy of Jersey City," he explains. "It's a bohemian community with great dining, where residents tend to settle in and stay."

"We're seeing many people relocating from Manhattan and Brooklyn because of the neighborhood's walkability, art scene, 24-hour transportation and green space. You have the cosmopolitan lifestyle here, but by being on the New Jersey side of the Hudson, you're seven minutes from an international airport [Newark] and you have easy access to skiing and the Jersey shore," Pelosi says. "Quite a few people who were renting in this neighborhood are now choosing to invest by buying a condo unit. That speaks well of the stability and desirability of Village West."

380 NEWARK

Amenities at 380 Newark include a virtual doorman, package room, storage areas (including dedicated

space for strollers and bicycles), rooftop fitness center, children's playroom and a wraparound outdoor deck with tanning, yoga and barbecue areas. A few units have outdoor space. Maintenance charges, Pelosi estimates, are one-third of what an owner could expect to pay on the waterfront: approximately 38 cents per square foot per month. Parking spaces are available for purchase.

"Many of the upper units offer expansive views of the Hudson Yards, Midtown Manhattan and surrounding parks," he says. "The Gold Coast is attracting a more sophisticated, worldly and discerning resident, and its cities are attracting top-caliber restaurants, including corporate-investment nightlife options such as you see in Manhattan. We've seen a huge expansion of nightlife. Our mayor has encouraged parts of Newark Avenue to develop retail and nightlife on a more human scale, rather than a vehicular scale. Many people are choosing to spend the evening here, rather than going to Manhattan. Old bars are getting hipster makeovers, and White Eagle Hall, an old Polish community center, has been made over into an entertainment venue, with live music, theatre and dining."

90 COLUMBUS

Meanwhile, Ironstate Development Co. and Panepinto Properties are working on 90 Columbus, a 51-story, 539-unit luxury rental where leasing began in mid-September. It's the fourth and final building of

ARTS, BUSINESS DRAW NEW RESIDENTS TO JERSEY CITY

the Columbus Collection, which is a mixed-use development comprised of 1,484 rental residences and a 152-suite Residence Inn by Marriott. The three sister buildings, including the hotel, are all completed; units are also available at 50 and 70 Christopher Columbus Drive. Interior design of 90 Columbus is by Noé Duchaufour-Lawrance; amenities include a massive outdoor landscape roof deck, a two-story winter garden and co-working space. It's contiguous to the entrance of the Grove Street PATH Station and close to bars, cafes, restaurants and live music, particularly along the pedestrian-only stretch of Newark Avenue.

"This is the flagship building of the Columbus Collection," says Ironstate president Michael Barry. "As we've developed the project, it has become a more attractive, amenity-filled place to live. City dwellers often wish they were in closer touch with nature, and we brought in French designer Noé Duchaufour-Lawrance, whose work is deeply rooted in nature, to incorporate plantings and other landscape design elements inside and out, on our amenity roof deck and in our two-story winter garden and lounge. The residences have lots of open space, with great views of Jersey City, the Manhattan skyline, New York Harbor and the Statue of Liberty. Eighty units were taken in the first week, so we should be fully occupied much faster than the 10 months you would ordinarily expect for a building this size. We have studios, one- and two-bedroom units renting in the low- to mid-50s per square foot — or an average of approximately \$3,000 a month for a one-bedroom."

Architect Michael L., who has been living at 70 Columbus, has leased a new apartment at 90 Columbus, attracted by the views, roof deck and parking.

"It's an iconic development," he says. "The neighborhood is incredible; the location is the best. Jersey City is a smaller-scale version of Manhattan that's more inclusive and relatable."

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Special Advertising Feature

**NEW JERSEY
GOLD COAST PROPERTIES**

Hudson Tea Reaches Completion; NY Developer Set for NJ Debut

by Joseph Dobrian

A major condo development is wrapping up its final phase in Hoboken, and an experienced New York developer is making his initial foray into New Jersey, with the promise of more to come. In both cases, amenities are stealing the spotlight and luring homebuyers away from New York City.

Toll Brothers Hudson Tea development in Hoboken is wrapping up its final phase at 1425 Hudson Street. The building's 99 units include seven four-bedroom condos, as well as three-, two- and one-bedroom units and 14 studios. Meanwhile, New York-based Extell Development Co. is launching its maiden New Jersey project, The Lofts at Pier Village, in Long Branch, south of the Gold Coast, along the Jersey Shore. It's likely to open in 2020.

"We launched sales of 1425 Hudson in late June," says Henry L. Waller, division vice president of Toll Brothers. "It's the last phase of the Hudson Tea development. The units are larger than what we had been building previously. We have seven four-bedroom units and quite a few three-bedrooms because as our buyer profile has evolved, we've seen demand for more bedrooms."

"Also, as we continue to compete with Manhattan and other premium locations in New Jersey, we've had to introduce a higher level of finish, with features like sleek kitchen islands, glass-faced cabinets and built-in appliances,"

Waller says. "Our amenity package includes everything that buyers have come to expect in a luxury condo building: the rooftop pool, barbecues grills, and other common areas and conveniences. We've packaged as much as we could. Our differentiators are the size and variety of units, the higher level of finishes and the boutique nature of the building."

HOBOKEN LIFE

The architecture of 1425 Hudson, which combines traditional and modern ideas, produces a striking visual effect. The brick foundation is in keeping with Hoboken's classic architectural heritage and blends in with the neighboring buildings, while the glass and steel tower provides a bold, contemporary look emerging from the more traditional base.

Several of the residences include outdoor space: some have balconies and others have terraces that blur the boundary between inside and outside with disappearing glass doors. Private rooftop terraces with built-in kitchens are also available for purchase.

"In the past 15 years, this neighborhood has changed quite a lot, as has our buyer profile," Waller says. "Hoboken has gone from being a very singles-oriented town to being more oriented to families with children — people who want to stay and enjoy proximity to New York City but still live in a very 'neighborhoody' part of New Jersey. We're encouraging people who will want to stay here. This is an exceptionally convenient location, with access to the ferry right outside your door, and a shuttle that takes you to the PATH station — plus parking in the building."

Not just the neighborhood, but Northern Hoboken in general has evolved dramatically in terms of its demographics and atmosphere, Waller says. So have the amenities and retail. Hoboken retains much of its traditional blue-collar vibe, but it's more youthful, hip and upscale than it was a generation or two ago. Hoboken's jazz scene is as strong as ever, and many of its clubs remain important destinations for internationally known performers. Attractions near 1425 Hudson include the Hoboken Historical Museum, the Mile Square Theatre (home of the MST Dance Academy, which provides a full menu of dance instruction for children), specialized health clubs and fine dining.

LOFTY GOALS

To the south, in Long Branch, Extell

has teamed up with Shore Point Architecture, The Childs Dreyfus Group (which is handling the interior design), and Melillo + Bauer Associates (landscape architects) to produce The Lofts at Pier Village. Extell describes Pier Village as "a modern city by the sea" that offers a more luxurious lifestyle than is usually seen on the Jersey Shore. The Lofts represents the third and final stage of this development and will consist of 245 oceanfront condos with resort-style amenities, located in several different buildings within the Pier Village community.

The Lofts offer units of up to four bedrooms, plus a three-bedroom, three-bath penthouse. Units range in size from 870 to 2,184 square feet, currently priced from \$545,000 to \$1.927 million. In addition to the condos, a boutique hotel and 50,000 square feet of retail will be added to Pier Village.

South Beach at Long Branch is another oceanfront Jersey Shore property that's attracting notice from home-hunters looking for property that's convenient to the Gold Coast and much of the rest of the Eastern Seaboard. Developed by FEM Real Estate, it's located just two blocks from the iconic mixed-use Pier Village community and features ultra-modern design and resort-style amenities. Light, airy two- to four-bedroom condo units start at \$1.5 million; all include generous private outdoor space and a full menu of concierge services.



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Special Advertising Feature

**NEW JERSEY
GOLD COAST PROPERTIES**

Smarter Buyers, Renters Inspire Jersey City Development

by Joseph Dobrian

Potential renters are anticipating delivery of Quinn, which Fields Development Group is building in Jersey City's Paulus Hook neighborhood at 197 Van Vorst Street, adjacent to Lenox, another recent Fields opus. Quinn consists of 153 one-, two- and three-bedroom units, with rents ranging from \$2,490 to \$6,995. Quinn will include approximately 7,300 square feet of retail space.

"When it comes to amenities, the expectations of renters along the Gold Coast have risen in recent years," says James Caulfield, partner and co-founder of Fields Development. "At Quinn, we've raised the bar even further by infusing the building with a collection of amenities that are rare for the New Jersey market. This includes a 24/7 concierge, rooftop pool and children's playroom, as well as the service-oriented amenities that the modern renter has come to expect, such as Amazon package lockers and a TransitScreen system."

"As the large number of Millennials who've moved into urban areas such as Jersey City have begun to grow their families, demand has risen for larger luxury apartments," he adds. "We've seen this play out in Paulus Hook, where Quinn is experiencing a rapid lease-up, with much of the demand coming from renters-by-choice, who are looking for spaciousness. These renters welcome the opportunity to move into a serene, family-oriented neighborhood that's primarily made up of brownstones, offers great proximity to the PATH and ferry, and gives them the vibrancy of Newark Avenue and adjacent Downtown Jersey City neighborhoods."

OFF THE HOOK

Quinn's apartments will feature designer flooring, stainless-steel appliances, quartz countertops and in-unit washer/dryers. Some homes also feature private terraces.

People looking to buy in Jersey City are checking out 99 Hudson. It's a 79-story colossus that includes 781 studios and one- or two-bedroom units ranging in size from 758 to 2,223 square feet and in price from \$860,000 to \$3,707 million, an average of \$1,357 per square foot. Edwin Blanco, sales manager at 99 Hudson and Jersey City resident, says the development is attracting interest from a wide range of buyers, many of whom are drawn to Jersey City by its revitalized restaurant and nightlife scene, which has followed the residential boom.

"We have one couple that's buying here because they want the home as an investment for their infant daughter," Blanco relates. "One of our agents, Ye Zhang, bought a home here for himself, and we thought, 'Who better to tell the story of 99 Hudson to other customers than a future owner?' So we hired him to join the sales staff. He is also a Jersey City firefighter."

"We also have few first-time buyers who want to own in Jersey City after having rented here for years, as well as people downsizing from the suburbs and looking for a lifestyle change," he adds. "We've seen an uptick in New Yorkers exploring New Jersey condominiums in an attempt to escape New York City's high property taxes, and we're certainly seeing more new construction of condos in Jersey City now."

These new condo projects offer much more extensive menus of amenities than were usual even a few years ago. Blanco notes that many developers are using retail space as an convenient ground-floor amenity for their residents. This is nothing unusual, of course, but Jersey City places limitations on putting chain

businesses in retail space downtown — which leads to greater variety of small businesses than is commonly seen in a city of this size.

"To my knowledge, 99 Hudson will be the first condo building in Jersey City to offer true concierge service, where residents can arrange for dog walking, manicures, pedicures, housekeeping and more with one phone call," he says. "Convenience is the ultimate luxury amenity."

The apartments' open layouts feature floor-to-ceiling windows, oak flooring, Kohler finishes, spa-like bathrooms and sustainable design features. Large windows guarantee plenty of natural light; kitchens include premium appliances, quartz stone countertops and panoramic views. The development also includes 7,500 square feet of pedestrian plazas and open green spaces. It's a short walk to the PATH Station and the NY Waterway ferry terminal.

Joseph Dobrian is a freelance writer specializing in real estate matters.

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at long branch



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LIVING HISTORY

Summer Home Turns Silicon Valley Gold

A property owned by a family with ties to the California Gold Rush is going on the market. The price? Unknown

By KATHERINE CLARKE

Over a century ago, businessman Mortimer Fleishhacker Sr. purchased a series of parcels about 30 miles south of San Francisco. Like many wealthy locals of the time, he was seeking a summer home removed from the chilly fog of the city.

That spot is in Woodside, Calif., now one of Silicon Valley's richest neighborhoods where the median home price tops \$3.6 million and where Larry Ellison and Charles Schwab can live discreetly amongst wooded estates. And now, decades after many other families have already done so, Mr. Fleishhacker's descendants are putting the 74-acre estate named "Green Gables" on the market.

Green Gables is so large and so unusual, its sellers are refusing to set a price, arguing that the property's rarity makes it difficult to know what the market might bear. Listing agent Michael Dreyfus of Golden Gate Sotheby's International Realty does posit that Mr. Fleishhacker's vacation retreat is likely to become the most expensive property ever to trade hands in the notoriously pricey San Francisco Bay Area.

The current Bay Area record is held by a 9-acre Woodside estate just minutes away. It sold in 2012 for \$117 million to SoftBank chief executive Masayoshi Son. The next-largest is the \$100 million deal in 2011 by Russia-born billionaire Yuri Milner for 11 acres in nearby Los Altos Hills.

In the U.S., it is rare for any family to hold on to such a significant property for as long as a century, said Mr. Dreyfus, the listing agent. Other prominent estates built by Bay Area families have been sold and subdivided several times over the years, he said.

Green Gables dates back to between 1907 and 1911, when the area now known as Silicon Valley was a sleepy agglomeration of small towns and fruit orchards. Mr. Fleishhacker Sr., perhaps best known for founding Anglo-California Bank, came from a family whose fortune dated back to the Gold Rush.

According to great-grandson Marc Fleishhacker, Mr. Fleishhacker Sr., snapped up 9

parcels of land over several years, and tapped architect Charles Sumner Greene and his brother Henry Mather Greene, who were well-known in the Arts and Crafts movement, to design the main home.

Mr. Fleishhacker Sr., wanted a thatched roof for the main house, so the architects tried to imitate thatch with native redwood shingles that were individually steamed and bent. The house also features sculptural fireplaces, native stone and wood. In the "card room," all the carvings on the furniture match the motifs of wood-blocked stencils on the ceiling. The card room furniture, which includes a square card table and five chairs, is original to the house and may be included in the sale, Marc Fleishhacker said.

Mr. Fleishhacker Sr., died in 1953. Over the years, the family has built other homes on the property for the families of different generations. There are currently seven homes, including one that is used by the estate's manager.

Among the property's notable features is a Roman pool the size of a football field, with a Roman water garden and grotto of arches designed to recall an ancient Roman aqueduct. The grounds also include live oaks, giant sequoias, Monterey pines and eucalyptus, as



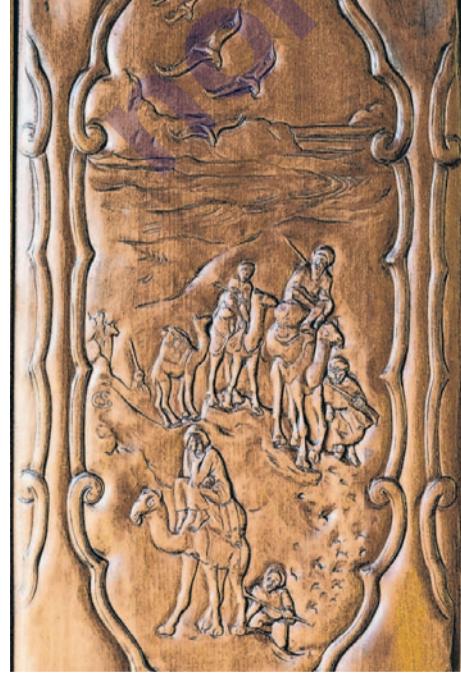
In 2012 a 9-acre estate sold for

\$117 million

in nearby Woodside, Calif., just minutes from this one. It's the current record sale for the Bay Area.



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TEA AND DAIRY HOUSE

Among the most unusual features of the estate is a "tea and dairy house," a two-story flagstone building with a black glazed-tile roof. Matriarch Bella Fleishhacker requested the pavilion as a place to serve tea, but the property also became a working dairy house, where dairy maids churned milk and butter and kept milk and cream from the estate's cows. The family would host tea parties of the top floor of the property while the cream and butter was whipped downstairs.

The listing agent called the structure "fairy-tale-like." The new generation sometimes uses it as a place to meditate or do yoga, he said.

WHO WAS MORTIMER FLEISHHACKER?

Mortimer Fleishhacker, Sr., founded Anglo-California Bank, which ultimately became known as Crocker Bank, which became part of Wells Fargo. He also presided over the Great Western Power Company, which built a series of power plants in the California area. The

Fleishhacker family is well known throughout California for its philanthropy; a different branch of the family also financed the original Fleishhacker Zoo, which later became the San Francisco Zoo.

Mortimer Fleishhacker Jr., founded the public television station KQED. Marc Fleishhacker said he's the first generation not to have been named Mortimer. "I don't know how I got away with that," he joked.

Marc Fleishhacker, above, is the great-grandson of the businessman who assembled the estate over a century ago. The property includes a pool the size of a football field, top, and a card room with original wood carvings, above left.

well as a large flower and vegetable garden.

Marc Fleishhacker, 56, recalled spending months on the property every summer with his siblings and cousins when he was growing up, playing hide and seek and capture the flag. He remembers reenacting "every major Greek battle" on inflatable boats in one of the property's three swimming pools.

He also learned to drive on the estate's two private roads, and even got into his first motor accident, backing his father's car into a cement pipe. His family still visits every summer.

Marc Fleishhacker said the family is selling because the ownership will likely become too complicated for the next generation, with 18 children set to inherit the property and some of the heirs living outside the Bay Area.



MANSION



Instant History for \$200,000

Continued from page M1
long time."

Joel Zettler, owner of Oley Valley Architectural Antiques in Denver, Pa., said until five years ago most of his clients were restaurants, hotels and other commercial venues. Now, roughly half of his customers are homeowners snapping up his most popular items—antique wooden bars from old hotels and saloons that usually span 14 to 24 feet and sell for \$50,000 to \$200,000 (not including shipping and installation).

Salvaged items can add an instant sense of history to an otherwise bland new house, said Jessica Engholm, founder of architectural salvage company Cultheir. "We're going into an era of building where a house can be put up overnight," she says. Reusing older items can "introduce character that otherwise wouldn't be there."

Todd and Debbie Martin bought seven stained glass windows, salvaged from an 1870s church in rural Pennsylvania, before they "even had the blueprints" for the addition to their house in Tiverton, R.I., Mr. Martin said. After spying the ornate windows in the Philadelphia showroom of Provenance Companies, which specializes in reclaimed materials, the couple was determined to use them in the new structure.

It took multiple craftsmen nearly a year to prepare the 150-year-old glass for installation. One firm reinforced the delicate glass with zinc; another built custom wooden window sashes and a third fashioned clear glass windows in the same shape as the stained glass, to protect it from the elements and provide insulation. Meanwhile, the home's walls had to be carefully designed to accommodate the arched windows. "It's almost like putting the space station together," says Mr. Martin, a 48-year-old retiree.

While the Martins paid about \$4,000 for the windows themselves, it cost about \$15,000 to retrofit and install them in the house. Altogether, the Martins spent about \$800,000 on the addition—more than double what the project would have cost if they'd



Mr. Roylance spent about \$2,000 on 25 boxes of leather-bound antique books.

Bron Roylance, with his wife Kari at right, built a spec house in Sundance, Utah, with a number of salvaged pieces including an iron gate, above left, and antique windows, below.



LINDSAY SALAZAR FOR THE WALL STREET JOURNAL (4)

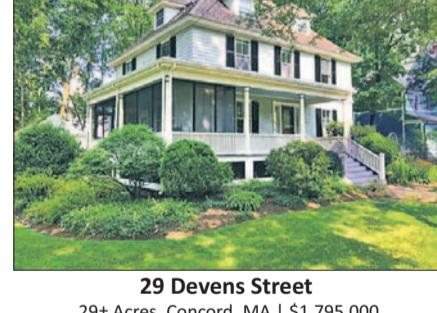
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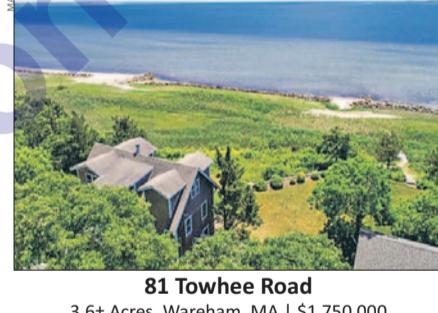
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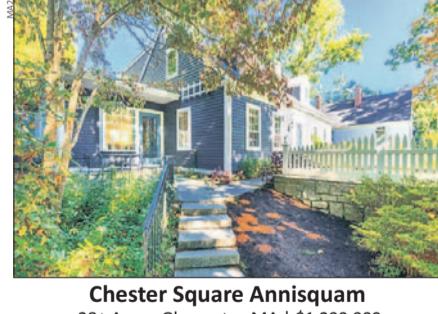
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skipped the reclaimed items they gathered on various road trips, Mr. Martin estimated. It was also twice what they spent on the house itself; they paid \$397,500 in 2013.

Building "the Monastery," a Sundance, Utah, spec house that includes a number of salvaged pieces, cost more than \$4 million, according to developer Bron Roylance, who said his aim was to make the home resemble an ancient structure. "I love to take old pieces and retrofit them and bring them back to life rather than letting them die in a dump," says Mr. Roylance.

After paying approximately \$6,000 for

four, roughly 200-year-old stained-glass windows from a now-abandoned French colony in Egypt, Mr. Roylance—a 62-year-old Hollywood makeup artist who also dabbles in development—insisted they be installed in their original dirty and broken state.

He spent about \$3,500 on a set of iron gates from the same colony for the home's subterranean wine cellar. The gates didn't come with the clasps necessary to close them, so a blacksmith created them from an old piece of metal he found along the railroad tracks in the area.

Materials: 'thousands and thousands of dollars' for a ceiling from Sri Lanka
Installation: \$20,000 or more



Liz Edlich and her husband spent years integrating architectural artifacts into their Malibu, Calif., home. 'I wanted it to be a jewel box,' she said. It is on the market for \$57.5 million.

SCOTT EVERTS

MANSION



Todd and Debbie Martin, far left, said they spent more than double what the project would have cost if they'd skipped the reclaimed items; the Martins had this marble bathtub made to resemble older ones they'd seen, left.



Carol and Randy Dupree, right, integrated salvaged items in their conversion of a roughly 130-year-old brick warehouse in Georgia; salvaged lockers in the master bathroom store linens and clothes, above left.



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Then there was the early-1900s cabinet from an old general store. Mr. Roylance wanted to use it as a bathroom towel holder. Recessing the 5-foot by 5-foot piece into a wall required calling the HVAC crew to move an air duct that was in the way. Eventually, "I was able to get my way," he says, but at a cost of about \$1,500—several hundred more than he paid for the cabinet itself.

The Monastery has been on the market asking \$9 million for roughly a year with Paul Benson of Engel & Völkers Park City. Marcus Wood, a member of Mr. Benson's team, says the strategy is "waiting for that perfect buyer to

Edlich, co-founder of the skin care line Radical Skincare.

After the house was built, she decided to liven up the den with a roughly 20-foot-long, carved wooden ceiling from Sri Lanka that she purchased at a Los Angeles antique store for "thousands and thousands of dollars." But several contractors she approached refused to install it. "They said 'You're insane,'" she says.

Finally, she found a team willing to tackle the project. It ultimately took "probably 20 or 30 guys" to transport the piece inside, she says. The custom-built house went on the market this spring for \$57.5 million.

How to Fit Old Pieces in a New Home

Integrating large antiques into the structure of a new home can be tricky, since the items are often fragile, damaged or oddly sized, and building codes are far stricter than in the past. "There's always a balance between what people see as aesthetic solutions and the building code," said Milwaukee architect Wade Weissmann, who has worked on several projects featuring large reclaimed items. One solution, he said, is to use artifacts for decoration rather than function: for example, placing antique windows inside the house rather than on an exterior wall to avoid issues with weatherproofing. And the earlier an artifact is introduced in the planning process, the better. That way the architect and builder have plenty of time to make any necessary changes to the design.

come along."

Mr. Wood says reclaimed artifacts don't necessarily increase a home's value by themselves; they have to be installed in a tasteful way. "People can take an old antique piece and try to integrate it, but they don't piece it together well," he says. Mr. Roylance's skill in selecting and integrating the artifacts adds value in his projects, Mr. Wood says.

Homeowners hoping to integrate large artifacts in their homes sometimes face a challenge finding someone to install them.

After paying \$2 million in 2000 for a property on a rock outcropping above the ocean in Malibu, Calif., Liz Edlich and her husband spent years integrating architectural artifacts into the home they built there.

"I wanted it to be a jewel box, so when you walk in, you see treasure after treasure," says Ms. Edlich.

While integrating salvaged items into their Georgia home, Carol and Randy Dupree—unlike most homeowners—were able to do much of the work themselves. The couple had purchased a roughly 130-year-old brick warehouse for \$70,000 in 2006, and converted it into a home.

When they paid \$1,000 for an intact wrought-iron staircase they found on Craigslist, Mr. Dupree—a former mechanic who now runs a motor home brokerage—was able to install it himself, adding a piece to the bottom to make it fit. Because they saved on labor costs, using salvaged items reduced the cost of the Duprees' renovation to about \$150,000.

Despite the effort required in repurposing large artifacts, the owners invariably say their efforts were worth it. "Our friends say, 'Yup, this is your crazy kind of house,'" Mr. Martin says.



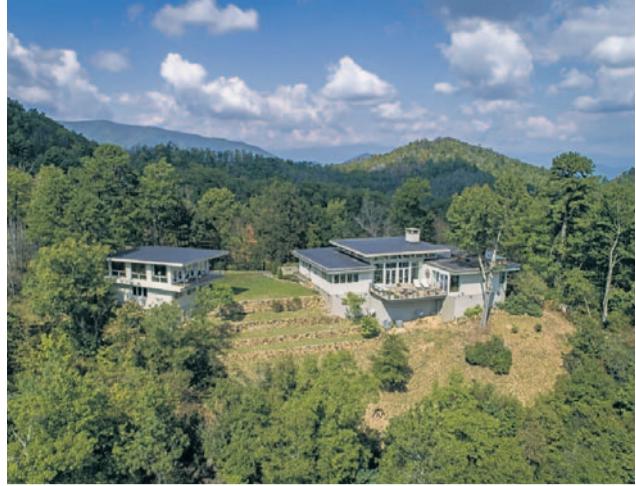
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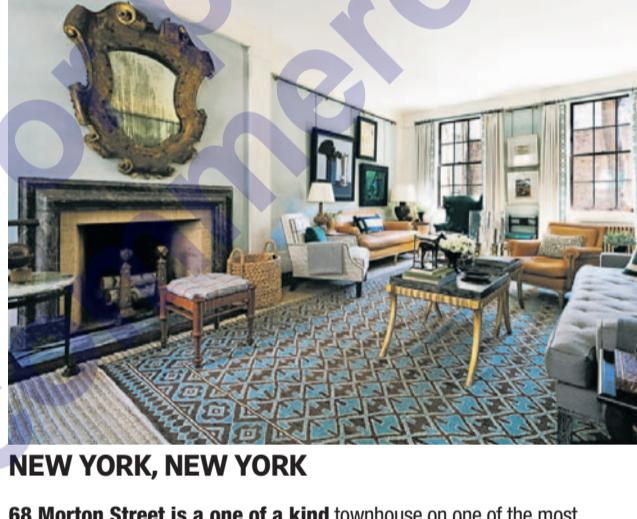
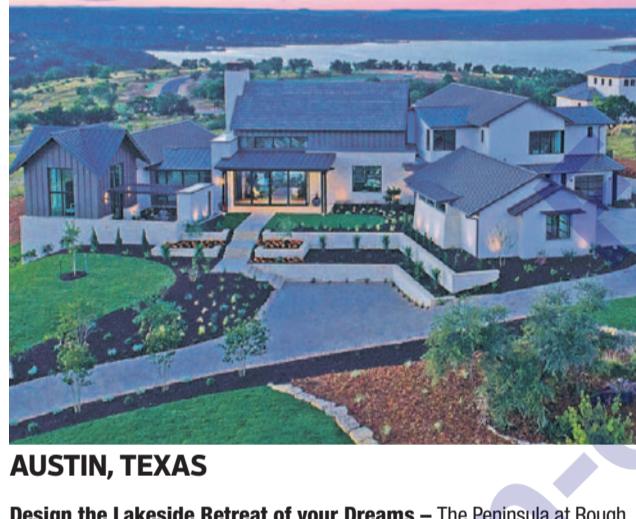
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Wasserman Estate Asks \$125 Million

Wasserman, a prominent philanthropist. Lew Wasserman died in 2002; Edie Wasserman died in 2011.

The Wassermans lived in a mid-century home on the property for about half a century, and entertained prominent guests including Bill Clinton, according to Mr. Wasserman's spokeswoman and photos taken at the property.

The third property belonged to next-door neighbor Frank Sinatra. Mr. Wasserman purchased Mr. Sinatra's property in 2004 for \$6.5 million, Mr. Wasserman's spokeswoman said. After his grandparents died, he razed their home to make way for a new megamansion.

The resulting house, known as the Foothill Estate, was constructed in 2016. The house sits on more than 3 acres, and spans about 18,548 square feet, according to Mr. Wasserman's listing agent, Stephen Shapiro of Westside Estate Agency. The lower level houses the staff quarters as well as a 1,148-square-foot gym, a screening room and an art studio. The top level has five bedrooms, including a master suite with a deck.

The grounds include an entertainment deck with an 85-foot infinity pool, a pool house and an outdoor dining area. The property was designed to be eco-friendly with a geothermal system for heating and cooling and a generator for outages. There is also a four-car garage as well as motor court parking for about 25 cars.

Mr. Shapiro said his client is selling because he's been busy traveling as part of his role heading Los Angeles 2028, the city's Olympic committee.

The record price paid for a Los Angeles area property is \$110 million, records show. That record was set earlier this year by the sale of Hard Rock Cafe founder Peter Morton's Malibu mansion.

—Katherine Clarke

SIMON BERLIN (2); GABRIEL ROSSI/GETTY IMAGES (WASSERMAN)

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Entertainment and sports executive Casey Wasserman, grandson of the late Hollywood mega-agent Lew Wasserman, is putting his newly completed home on the market for \$125 million.

If the home sells for that price, it will become the most expensive home ever traded in the Los Angeles area.

According to public records, the home is built on a site that comprises the former properties of three Hollywood heavyweights. The first two were his grandparents Lew Wasserman, who transformed a talent agency into a movie studio and then into the first vertically integrated entertainment giant, and Edie

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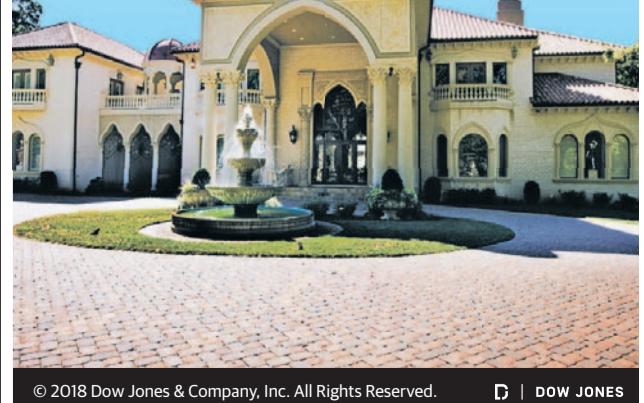
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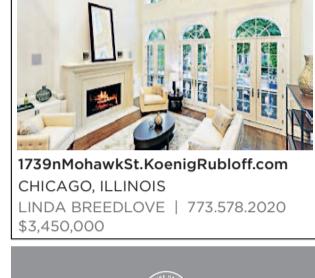
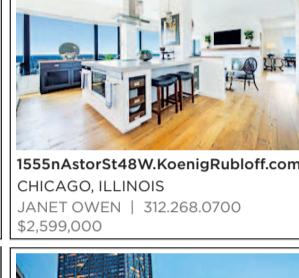
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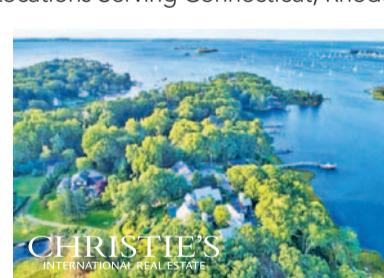


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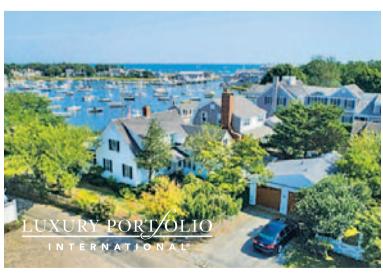
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IN THE TRENCHES

Bullies in Real Estate

Agents recall times when clients and peers got pushy and personal; here's how they closed the deals despite the threats



Have you ever been bullied by a client or by another agent?

LISA ABRAMS

A real-estate agent with Re/Max

Town Center in Potomac, Md.

"I had a client who was a buyer, and the listing agent was a bully. Every time we asked for something--and we weren't unreasonable--the guy was like, 'We're pulling out.'



STEVEN SOLOMON

Senior director of luxury sales at Douglas Elliman Real Estate in Boca Raton, Fla.

I took a listing where the owner was an attorney—a big litigator in town. I took it even though in the back of my mind I was thinking, 'You should pass on this one.'

The house was in a country club, and I showed it a bunch of times. I had a family trip to the Far East that we had planned a year in advance, and as I'm driving to the airport, I get a call for a second showing of the house. I have an assistant and agents who will cover for me, but some people want you. So I said I was on the way to the airport and asked if it could wait and was told the client couldn't wait. I had somebody cover for me, I arrived in Asia and I got an email that they were writing an offer. I was 13 hours ahead, and my client was in trial so I couldn't reach him during the day. I was calling him at 6 a.m. my time so he could be home at night. We negotiated a price, but then he asked where I was. I told him I was in the Far East, and he beat me up on the phone for going away while I was trying to sell his house. He was yelling, 'You need to come back.' It



was an intense, tumultuous negotiation, but we got the house under contract. I was back in town for the closing, and at the closing he says to me, 'There's no way you should get a full commission on this.' I reminded him that he had signed a listing agreement, and he realized

he could go through a long process to save \$5,000 or \$10,000, or he could just sell his house. As an attorney, he respected the document he signed, and I got paid my full commission.

—Edited from interviews by Robyn A. Friedman

AMY MCGEE

A real-estate agent with Coldwell Banker United in Houston

"Bullying is rampant among real-estate agents, but you see less of it among the top-performing agents. The most common form of bullying here is a passive-aggressive running of the clock, which usually happens when buyers and sellers are negotiating terms after an inspection. The selling agent will suddenly become unavailable and hard to reach when the buyer's agent is trying to send over an amendment for repairs. Their goal is to run the clock to the point where the buyer will be forced to accept less than what they wanted in the first place. Because of that, I once sent a termination of a contract at 11:58 p.m. because I advised my client not to do the deal."



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