

U.S. NEWS

Hospital Watchdogs Face New Oversight

BY STEPHANIE ARMOUR

The Trump administration announced increased oversight of organizations that accredit and inspect most U.S. hospitals, following a report last year in The Wall Street Journal focusing on problem-plagued facilities that kept their accreditation status.

The Centers for Medicare and Medicaid Services, which grants accrediting authority, said Thursday that it would change the way it measures the performance of accrediting organizations in a pilot project and would provide the public with new information about accreditors' and hospitals' performance.

A Journal database investigation in 2017 found that the Joint Commission, which accredits almost 80% of U.S. hospitals, typically takes no action to revoke or modify its

accreditation when state inspectors find serious safety violations. Hospitals kept their full accreditation even in cases where they had been ousted from the Medicaid program for safety violations.

"Because of that article, we've taken a lot of action, and we're just getting started on the issue," said CMS Administrator Seema Verma. "We're trying to bolster our efforts to have oversight and to also have our reviews of [accreditors] transparent."

Additional federal action is expected in the fall, she said, but that could require new regulations, which can take time to enact. The agency is concerned about potential conflicts of interest in the industry, she said.

The actions are aimed at the nation's 10 federally approved health-care accreditors, which play a little known

but critical role in ensuring patient safety.

The House Energy and Commerce Committee in March launched an investigation into the organizations, following the Journal report. That work is ongoing.

Sen. Chuck Grassley (R., Iowa) last year asked CMS to outline statutory changes that would be needed to end the confidentiality of inspection reports written by accreditors. CMS officials have been talking with Mr. Grassley's office about that.

Under the changes announced Thursday, CMS will begin publicly posting performance data on accrediting organizations, such as safety problems they may potentially have missed, and will test a redesigned process for checking up on accreditors' results.

Currently, states conduct inspections on CMS's behalf at

some hospitals 60 days after an accreditor's survey. They can sometimes reveal violations that weren't identified in the earlier scrutiny.

Under pilot projects in Texas, Ohio and Georgia, state inspectors on behalf of CMS

Hospital accreditors play a critical role in ensuring patient safety.

will work alongside accreditors to assess their compliance with safety and health standards, the agency said. CMS will also analyze state investigations of complaints at accredited facilities as part of a strengthened oversight of accreditors.

New details will be posted

on the CMS website, including a list of hospitals and health organizations that have been found out of compliance with safety standards, along with the name of their accreditor.

Accreditors are often the front-line safety watchdogs at U.S. hospitals and health organizations. Most hospitals get accredited to receive Medicare funding, though some forgo the process in favor of state inspections. Nearly all states recognize accreditors in some part of their hospital licensing process.

The Joint Commission, the largest accrediting entity, inspects hospitals including medical centers for veterans, the Federal Bureau of Prisons and the Indian Health Service, giving it a sweeping quasigovernmental role.

The Journal investigation found the Joint Commission had revoked the accreditation

of fewer than 1% of the hospitals that were out of Medicare compliance in 2014. In more than 30 instances, hospitals retained their full accreditation even when their violations were deemed by CMS so significant that they presented, or were likely to present, a risk of serious injury or death to patients.

The accreditation system is closely tied to the industry it oversees. Twenty of the Joint Commission's 32 board members are executives at health systems accredited by the group or work at parent organizations of those health systems, the Journal found.

Other board members are chosen by health-care industry groups. Hospitals pay the Joint Commission for inspections, which occur at least every three years and cost an average of about \$18,000 in 2015.

Section of Highway Collapses in Arizona



AFTERMATH: A woman died in a collision after storm remnants damaged part of U.S. 89 near Cameron, Ariz., where workers gathered Thursday.

U.S. Sets New Trade Pact Model

Continued from Page One

wages.

The administration is still honing a precise strategy for how the new pact—rebranded the U.S.-Mexico-Canada Agreement—will apply to other trade partners.

The next big tests will be Japan and the European Union, which both recently started talks with Mr. Trump's administration on new trade deals, and the U.K. and the Philippines, which are expected to do so shortly.

Japan is also worried about the North American pact's provision aimed at punishing "currency manipulation," a first in a trade agreement. The U.S. has frequently accused Japan of distorting foreign exchange markets to boost exports. Tokyo has long fended off demands for trade penalties tied to such charges.

The U.S.-Mexico-Canada deal could complicate Britain's emerging strategy for crafting its own independent commercial diplomacy once it breaks from the EU. Britain hopes to achieve separate free-trade pacts with both the U.S. and China.

But Mr. Trump's administration seeks to add clauses in future deals that allow the U.S. to withdraw if a trade partner forges a separate deal with a "nonmarket economy"—a clear reference to China. That could force Britain to choose between Washington and Beijing.

This week's deal also marks a turning point in U.S. trade accords that, starting with the original North American Free Trade Agreement in 1994, enshrined special legal protections for U.S.-based multinationals investing abroad. Previous U.S. administrations—Democrats and Republicans alike—often pushed those provisions over the objections of other coun-

tries, arguing they were essential to foster a more efficient, connected global economy.

But Mr. Trump's administration thinks those protections foster outsourcing, which it wants to discourage, and global supply chains, which it is happy to disrupt.

The new pact waters down

U.S. investor protections in Mexico and eliminates them with Canada. A U.S.-Philippines free-trade deal could be the first that doesn't offer U.S. companies special protections from the unpredictable legal system of a developing nation.

Some of the more controversial provisions in the new North

American pact—including currency penalties and export quotas—appeared to be inserted at least in part with future trade deals in mind. Neither Canada nor Mexico is accused of manipulating currency for trade, and the specific level of auto quotas they were each granted are well above their current exports.

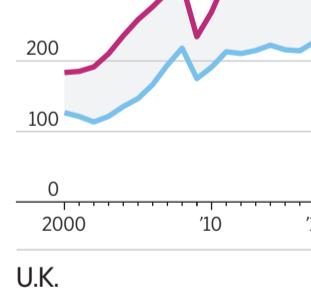
While that made it relatively easy for Canada and Mexico to agree to those provisions, it also allows Mr. Trump's administration to establish the precedent that it could now seek to apply with more bite in future trade pacts.

—Emre Peker in Brussels contributed to this article.

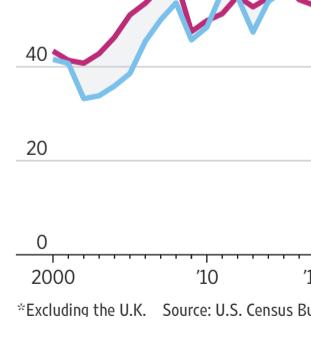
What's Next

The Trump administration wants the new trade pact with Canada and Mexico to be a template for future bilateral deals. It aims to apply new rules on digital commerce and intellectual property, and mandate periodic updates of the accords. Here are other ways U.S. officials may apply that model to coming talks with four partners, and the value of U.S. merchandise trade with them:

EUROPEAN UNION*



U.K.



*Excluding the U.K. Source: U.S. Census Bureau

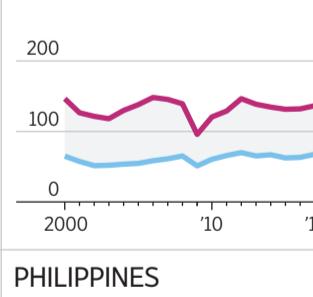
- ◆ The U.S. could impose a quota on car imports, which totaled \$52.5 billion in 2017, as part of a possible 25% 'national security' tariff.

- ◆ U.S. auto safety standards would suffice for exported American vehicles

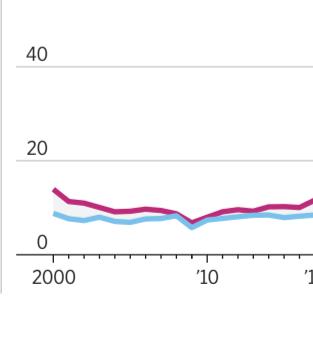
- ◆ No new access to U.S. government procurement

- ◆ Any free-trade pact with China could be restricted
- ◆ Potential quotas on U.K. automobile imports to U.S., which totaled \$10 billion in 2017

JAPAN



PHILIPPINES



- ◆ Strict requirements to strengthen labor rights
- ◆ Any free-trade pact with China could be restricted
- ◆ Limits to the investor-state dispute settlement provisions that have given companies greater certainty and willingness to invest in emerging markets

CORRECTIONS & AMPLIFICATIONS

Thursday about his firm, Highfields Capital Management.

As of Monday, the Stoxx Europe 600 was down 1.3% for the year. A Business & Finance article on Tuesday about U.S. stocks outperforming international shares incorrectly said the Stoxx Europe 600 was down 1.4% for the year.

Hedge-fund manager Jonathan Jacobson's first name was misspelled as Jonathan in a Banking & Finance article

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

The U.S. this summer proposed tariffs on \$200 billion of Chinese goods. In some editions Sept. 10, a U.S. News article about President Trump's call on Apple Inc. to shift production to the U.S. and out of China incorrectly said in one instance that the proposed tariffs totaled \$200 billion.

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U.S. NEWS

Report Flags Flaw in War Readiness

U.S. industries tied to national defense face an “unprecedented set of challenges” that have weakened their ability to quickly make the aircraft, parts and other materiel the military would need to fight rivals such as China or Russia, according to a new White House report.

The vulnerabilities stem

infrared detectors for missile defense. So we’re at risk in many different ways.”

President Trump will sign at least two measures on Friday designed to use nearly \$30 million in federal funding to help temporarily bolster American makers of critical components, including fuel cells and batteries, part of a plan to prime the pump of the domestic defense industry and make the market more competitive. Mr. Navarro said the money should not be seen as a subsidy but as “seed or modernization money.”

The initiative marks a broadening of the Trump administration’s strategy of crafting an economic policy with a national security bent, one that until now has been more heavily oriented toward trade.

The new package of measures doesn’t include the types of sweeping import curbs that Mr. Trump has invoked to protect the steel and aluminum industries in the name of national security, and that he has threatened to impose on cars.

Actions such as those have stirred controversy in the U.S. and abroad, with critics—including leaders of Mr. Trump’s Republican Party—saying the measures marked an improperly broad application of a 1962 trade law that had been rarely invoked until Mr. Trump took office.

For this week’s package, the administration is choosing not to use that law in any form, at least yet, for an initiative that has a much more direct defense application.

“Our first principle is to strengthen the manufacturing and defense industrial base,” Mr. Navarro said. “Trade policy is just one of many tools to do that....You’ve got to attack these vulnerabilities” in multiple ways.

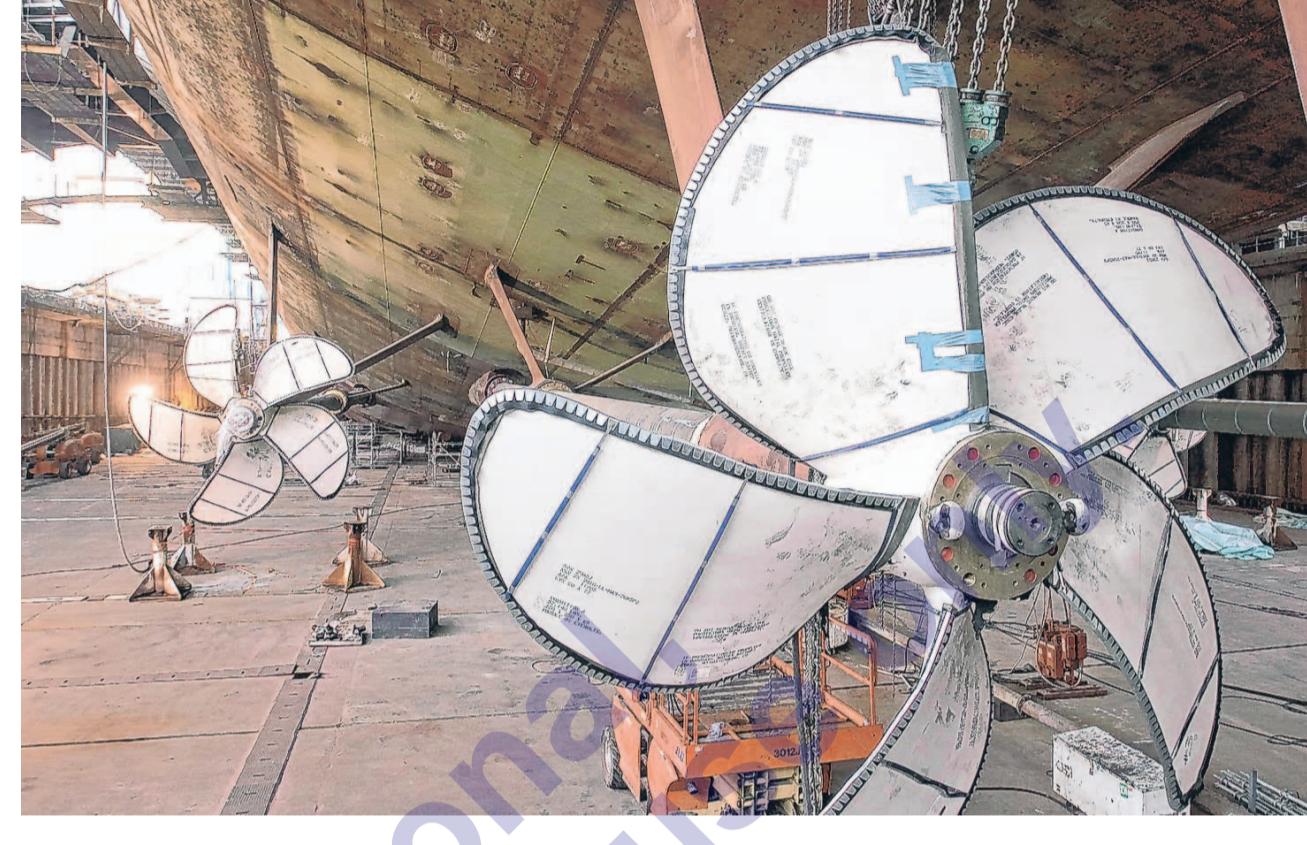
Some experts question the decision to invoke national security concerns for trade issues, such as the tariffs imposed last year on steel and aluminum exports. “There remains room for mischief in any governmental review of national security and international trade,” said Jim Hasik, a senior fellow at the Atlantic

problems: Limited sources of the fabric used to make troop tents and uniforms, and the availability of rare earth minerals—many of which are available only in China—used to make equipment such as radars.

The dwindling supply of American welders also leaves the defense industrial base at risk, said Peter Navarro, director of the White House Office of Trade and Manufacturing Policy, who led the effort. “What you wind up with are single points of failure,” he said in an interview Wednesday. “Single sources for key components, like propeller shafts for our subs, gun barrels for our tanks, fuel for our rockets and space-based



The Gerald R. Ford aircraft carrier, above, and its propellers, below, which are manufactured at only one U.S. plant, in Pascagoula, Miss.



Council, a think tank.

Mr. Hasik said the arguments for invoking such concerns over imports of steel and aluminum are weak, given the small relative consumption of both for military use. A push into other areas could lead to “mission creep” rather than to direct benefits to the military supply chain.

The report cites the absence of U.S. plants producing a fiber used to make military tents. That in turn could require “decisive efforts to modernize and revitalize the domestic fiber and textile industry,” the report said.

Pentagon and industry officials have recognized choke points and potential problems for a number of years, rang-

ing from issues securing specialized ball bearings to a single U.S. plant making propellers for the Navy.

“We are aware of the critical issues,” said one senior executive who has worked at both the Pentagon and in industry. “You can fix those relatively quickly.” The Pentagon already makes targeted contract awards to support struggling firms, for example accelerating payments or increasing the order size.

Ellen Lord, the Pentagon’s acquisition chief, has said that the department had burrowed four or five levels down into the supply chain to uncover weaknesses.

“There is a large focus on dependency on foreign coun-

tries for supply, and China figures very prominently there,” she told reporters in July. “I am very concerned that we have secondary sourcing in all of our critical components.”

The sharp drop in military spending from 2013 to 2015 also hit industry hard, though the trend has reversed. The last two defense budgets added \$75 billion for procurement and research, a 15% bump over fiscal 2017. The 2019 budget is the first in a decade that Congress has passed on time, providing companies with more certainty for investment and hiring decisions.

Nearly 17,000 U.S. firms stopped serving the defense

department as prime contractors between 2001 and 2015, according to a study by the Center for Strategic and International Studies, a think tank.

That, in turn, led thousands of workers to leave the defense industry, while big contractors such as Boeing Co. and Northrop Grumman Corp. shed thousands more as part of cost-cutting efforts. The result has been worker shortages, exacerbated by delays in approving security clearances and competition for staff from the tech industry, as the biggest challenge, say industry executives.

*Jacob M. Schlesinger
in Washington
contributed to this article.*

University of Michigan Raises \$5 Billion

BY DOUGLAS BELKIN

The University of Michigan said Thursday that it completed the largest fundraising effort for a public school, bringing in \$5 billion. But the school might not enjoy the top spot for long; the University of Washington is in the middle of its own \$5 billion campaign.

Meanwhile, the University of North Carolina at Chapel Hill is trying to raise \$4.25 billion, the University of Florida is aiming to raise \$3 billion and the University of Illinois at Urbana-Champaign is targeting \$2.25 billion.

“Twenty years ago, people talked about fundraising by public institutions as supporting a margin of excellence,” said David Bass, senior director of research for the Council for Advancement and Support of Education. “Now, private support has become mission critical for a lot of those institutions.”

Michigan’s development office, for instance, now employs 550 people and coordinates 1,600 volunteers, and the school spent half a million dollars throwing parties to bring alumni together.

Fundraising was baked into the business model of most private colleges and universities more than a century ago, but until around 1980 it was generally accepted that the costs of public institutions would be covered mostly by taxpayers—with the rest picked up by tuition and research dollars.

But a cycle of funding cuts eroded that model. Recessions prompted cutbacks by lawmakers who asked schools to make up the difference by raising tuition. When the

economy sprang back, the state generally didn’t return as much to schools. As tuition grew, so did budgets.

For the first time, this year students in more than half of all U.S. states are paying more in tuition to attend public colleges or universities than the government contributes. The average tuition for a four-year public college or university was \$6,572 in 2017, up from \$4,784 in 2008, adjusted for inflation in 2017 dollars.

The most prescient public schools began to build development offices starting around 40 years ago. The seeds of those early efforts are now bearing fruit as the stock market hits

A greater percentage of the money is coming from fewer, wealthier people.

new highs and baby boomers begin what is estimated to be a \$30 trillion intergenerational transfer of wealth.

A greater percentage of the money is coming from fewer, wealthier people. In 2015, the top 1% of donors gave 79% of total funds raised, up from 64% in 2006, according to CASE. Over that same span, the amount the top 10% of donors gave increased to 92% from 87%. At Michigan, the percentage of gifts over \$5 million has climbed to 54% of the campaign from 34% of the campaign that raised \$1.5 billion in 1997.

This concentration of wealth among donors is

echoed among recipients. Flagship universities with long traditions of fundraising are enjoying boom times. Many smaller regional publics don’t even have fundraising operations, said Kevin McClure, an assistant professor of higher education at the University of North Carolina, Wilmington.

“You have public research universities launching multi-billion-dollar campaigns, and in the same state you’ll have small schools that are running bare-bones fundraising operations,” Dr. McClure said. “This is one of the mechanisms by which we’re seeing the financial stratification and separation of institutions in public higher education.”

A Michigan State University campaign that started in 2014 and is set to end at the end of this year has so far raised \$1.74 billion. A spokesperson for the school said the money wouldn’t be used to pay the \$500 million settlement reached this year with sexual-assault victims of a school doctor.

The University of Michigan was an early mover among public schools getting into the fundraising game, said Jerry May, vice president of development at the school. The boom and bust cycles of the Detroit auto industry persuaded presidents early on to build their fundraising capacity so they wouldn’t be beholden to volatile state budgets.

This latest campaign started in 2011 and includes at least four gifts of \$100 million or more, Mr. May said. Of the total raised, \$1.1 billion is earmarked for student scholarships.

Students Returning After Florence

BY VALERIE BAUERLEIN

SNOW HILL, N. C.—Nearly three weeks after Hurricane Florence made landfall on the North Carolina coast, some students are only just returning to school.

Though floodwaters have largely receded, the storm’s effects are still being felt in nearly every aspect of life in eastern North Carolina. School is still out in much of the eastern part of the state, leaving some parents scrambling to make child-care arrangements or to find tutors for their children.

Some owners of damaged homes are having to wait months for repairs, as carpenters and other contractors are in such high demand.

North Carolina Gov. Roy Cooper signed a bipartisan, \$50 million Hurricane Florence disaster-relief bill on Wednesday that legislators described as a down payment on what they expect will be a yearslong rebuilding process.

The death toll rose to 39 in the state after two people died in late September while making storm-related repairs, the governor’s office said.

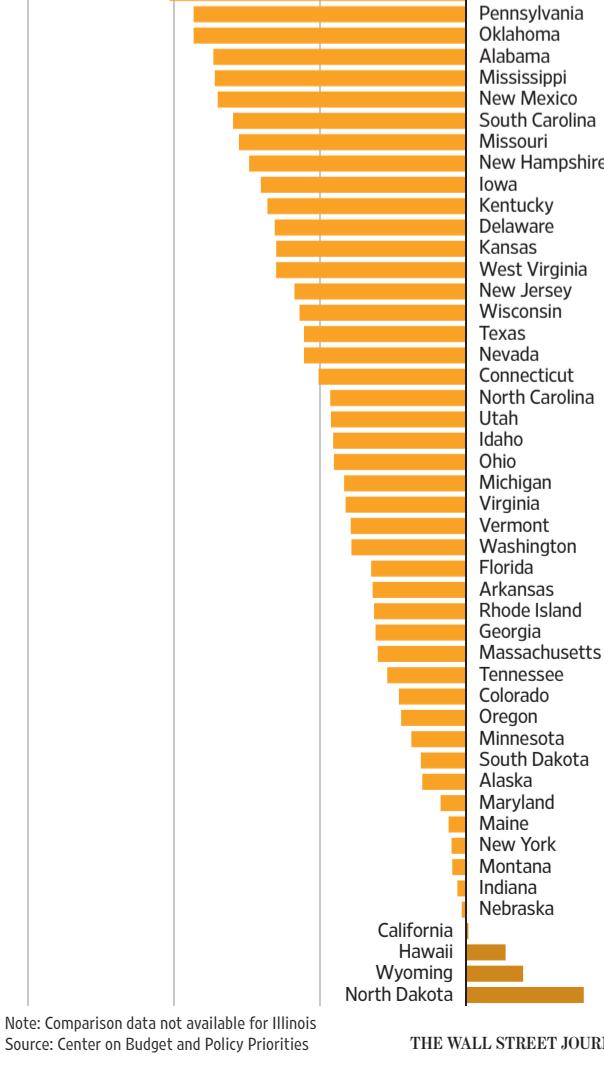
More than 300,000 people have applied for state and federal help to buy food, and 104,000 people with damaged homes have registered for relief with the Federal Emergency Management Agency, the governor said.

Slipping Support

State funding for universities has decreased across the majority of states since a decade ago.

Change in state spending per student

From 2008 to 2018; inflation adjusted



Note: Comparison data not available for Illinois

Source: Center on Budget and Policy Priorities

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U.S. NEWS

Ford Friend Felt Pressure to Revisit View

A friend of Christine Blasey Ford told FBI investigators that she felt pressured by Dr. Ford's allies to revisit her initial statement that she knew nothing about an alleged sexual assault by a teenage Brett Kavanaugh, which she later updated to say that she believed but couldn't corroborate Dr. Ford's account,

*By Natalie Andrews,
Rebecca Ballhaus and
Sadie Gurman*

according to people familiar with the matter.

Leland Keyser, who Dr. Ford has said was present at the gathering where she was allegedly assaulted in the 1980s, told investigators that Monica McLean, a retired Federal Bureau of Investigation agent and a friend of Dr. Ford's, had urged her to clarify her statement,

the people said.

The statement to the FBI offers a glimpse into how Dr. Ford's allies were working behind the scenes to lobby old classmates to bolster their versions of the alleged incident, as were Judge Kavanaugh's.

Judge Kavanaugh, whose Supreme Court nomination will be debated in the Senate Friday, has denied the allegations of sexual misconduct.

On Thursday, a day after sending to the White House the report on its investigation into the allegations against Judge Kavanaugh, the FBI sent the White House and Senate an additional package of information that included text messages from Ms. McLean to Ms. Keyser, according to a person familiar with the matter.

Ms. McLean's lawyer, David Laufman, said in a statement:

"Any notion or claim that Ms. McLean pressured Leland Keyser to alter Ms. Keyser's account of what she recalled concerning the alleged incident between Dr. Ford and Brett Kavanaugh is absolutely false."

Ms. Keyser's lawyer on Sept. 23 said in a letter to the Senate Judiciary Committee that she had no recollection of attending a party with Judge Kavanaugh, whom she said she didn't know. That same day, however, she told the Washington Post that she believed Dr. Ford. On Sept. 29, two days after Dr. Ford and the judge testified before the Senate Judiciary Committee, Ms. Keyser's attorney sent a letter to the panel saying his client wasn't refuting Dr. Ford's account and that she believed it but couldn't corroborate it.

A person close to the former

classmates said it was her understanding that mutual friends of Dr. Ford and Ms. Keyser, including Ms. McLean, had contacted Ms. Keyser after her initial statement to warn her that her statement was being used by Republicans to rebut the allegation against Judge Kavanaugh. The friends told Ms. Keyser that if she had intended to say she didn't remember the party—not that it had never happened—that she should clarify her statement, the person said, adding that the friends hadn't "pressured" Ms. Keyser.

Judge Kavanaugh and his allies also lobbied former classmates to defend him. Ahead of a Sept. 23 New Yorker article about an allegation by Deborah Ramirez that Judge Kavanaugh had exposed himself to her in their freshman year at Yale, a

former classmate, Karen Yarasavage, said she had gotten a call from "Brett's guy" and that "Brett asked me to go on record," according to a memo about the conversation by another former classmate. Ms. Yarasavage is quoted anonymously in the New Yorker piece, the memo said. The judge denied the claim that he exposed himself.

Judge Kavanaugh, in a Wall Street Journal op-ed Thursday, said he had been "subjected to wrongful and sometimes vicious allegations" and that his youth had been "ridiculously distorted."

If confirmed, he wrote, he would "keep an open mind in every case, and always strive to preserve the Constitution."

Ms. Keyser's interview with the FBI—which is subject to perjury laws—may influence

the Senate debate on the judge's confirmation. Sen. Bob Corker (R., Tenn.), who has said he would vote to confirm Judge Kavanaugh, told reporters earlier Thursday that he found the most significant interviews in the FBI report to be those from people close to Dr. Ford who wanted to corroborate her account and were "sympathetic in wishing they could, but they could not."

Howard Walsh, a lawyer for Ms. Keyser, declined to comment.

The FBI declined to comment on the investigation.

There is no indication Dr. Ford and her legal team were involved in any effort to discuss Ms. Keyser's statement with her, according to people familiar with the matter.

—Alexandra Berzon contributed to this article.



Demonstrators on Both Sides Rally as Vote on Nominee Nears

OPPOSING VIEWS: Rallies for and against the confirmation of Judge Brett Kavanaugh to the Supreme Court took place Thursday outside the Capitol and the court. On Friday, the Senate is to hold a procedural vote that should indicate if Judge Kavanaugh has the votes to be confirmed.



GOP Grows Confident In Nominee

Continued from Page One

"I'm still reviewing the information, but we've seen no additional information yet—no additional corroborating information," Mr. Flake said. Ms. Collins praised the FBI for completing a "very thorough investigation," though she said she was still reviewing the documents.

The third publicly undecided Republican, Sen. Lisa Murkowski of Alaska, gave no signal of her leanings on Thursday. If all Democrats vote no, Republicans, who hold a 51-49 advantage in the Senate, can afford to lose no more than one of their own troops.

Entering the final stretch of the bitter fight over Judge Ka-

vanaugh, Democrats said FBI agents had failed to conduct a legitimate investigation because they hadn't interviewed all relevant witnesses. The bureau questioned nine witnesses and contacted a tenth to produce the 46-page report that was delivered to the Capitol at 2:30 a.m. Thursday.

The FBI didn't interview Christine Blasey Ford, the California college psychology professor who accused Judge Kavanaugh of assaulting her at a party when they were teenagers, Democrats noted.

The FBI did speak with Deborah Ramirez, who told the New Yorker an inebriated Judge Kavanaugh exposed himself to her when they were in college. Her lawyer, however, said she named more than 20 individuals "likely to have relevant information," and the FBI contacted few if any of them.

Judge Kavanaugh has denied the allegations lodged by Dr. Ford and Ms. Ramirez, saying he has never sexually assaulted anyone and characterizing the

accusations as a political smear.

Democrats ridiculed what they described as the probe's skimpiness. "All of our worst fears about this being incomplete in the extreme have been justified," said Sen. Brian Schatz (D., Hawaii). "It's like you lose your keys in your apartment and you only look on the bathroom floor and you decide the keys are gone."

Friday's procedural vote on Judge Kavanaugh was set to divide largely along party lines. Sen. Heidi Heitkamp of North Dakota, a Democrat running for re-election in a conservative state, said Thursday she would oppose Judge Kavanaugh, leaving Sen. Joe Manchin of West Virginia as the only undecided Democrat.

Lawmakers from both parties predicted Mr. Manchin, also up for re-election in a state won by Republican President Trump, would end up backing Mr. Kavanaugh. GOP senators and aides were optimistic that Mr. Flake also would vote for Judge Ka-

vanaugh. In the event of a 50-50 tie, Vice President Mike Pence would cast a vote to break the impasse.

Although some strategists initially believed Ms. Collins's support for abortion rights made her a possible no vote, she has praised Judge Kavanaugh and said she doesn't believe he would overturn the

Roe v. Wade abortion case.

Among Republicans, the biggest question mark remained Ms. Murkowski, who was steadfastly noncommittal Thursday. She won an unusual write-in re-election victory eight years ago, leaving her liberated from the GOP hierarchy. Some of the Alaska Na-

tives who helped fuel her victory oppose Judge Kavanaugh because of a case in which he questioned whether constitutional protections for Native American tribes should extend to Native Hawaiians, a view they fear could threaten similar protections enjoyed by Alaskan Natives.

All day Thursday, senators streamed in and out of the secure room in the Capitol complex where they could examine a single copy of the FBI report, whose 12 sections were distributed among whichever lawmakers were present. Senators had to sign up for specific time slots to review the FBI's findings, which they were permitted to discuss publicly only in vague terms.

The White House renewed its calls to move forward. Senators "have been given ample time to review this seventh background investigation," said White House spokesman Raj Shah, referring to earlier FBI background probes of Judge Kavanaugh.

Lawyers for Dr. Ford said they were "profoundly disappointed" that the FBI didn't speak to her. "An FBI supplemental background investigation that did not include an interview of Dr. Christine Blasey Ford—or the witnesses who corroborate her testimony—cannot be called an investigation," said Michael Bromwich, an attorney for Dr. Ford.

The FBI questioned several people who Dr. Ford said were at the house party when she was allegedly assaulted, including Judge Kavanaugh's friend Mark Judge, who was said to be in the room during the alleged assault, and P.J. Smyth, a football teammate, as well as Dr. Ford's friend Leland Keyser.

Democrats had listed about two dozen individuals they said should be interviewed to support or disprove the allegations, but the FBI didn't question most of them.

*—Siobhan Hughes,
Andrew Duehren
and Joshua Jamerson
contributed to this article.*

We support programs that help identify people at risk for opioid abuse and addiction.

Purdue Pharma was started by brothers who were doctors and who wanted to help people through medicine. With a physician now as our CEO, we continue to develop medications to help patients. We are acutely aware of the risks opioid pain medicines can create: even when taken as prescribed, they carry risks of addiction, abuse, and misuse that can lead to overdose and death. And we are deeply concerned about the toll the prescription and illicit opioid crisis is having on individuals and communities across the nation.

One tool—among many—that can help address the opioid crisis is a database that enables doctors and pharmacists to see prescription histories.^{1,2}

It's called a Prescription Drug Monitoring Program (PDMP). PDMPs are now operational in 49 states and the District of Columbia. Studies suggest that PDMPs can help reduce the number of prescriptions written for opioids and that PDMP use is associated with a significant decline in "doctor shopping"—obtaining prescriptions from multiple prescribers for abuse or illicit sale.^{1,2}

But to make these more effective, they need to be easier for doctors and pharmacists to use. And information needs to be made available state-to-state so doctors and pharmacists can see a patient's prescription history beyond their state's borders.

To aid in this effort, we provided funding to the National Association of Boards of Pharmacy to allow states to connect to a platform and share PDMP data with other states at no cost. We're also part of a public-private partnership that's working to improve PDMP usability by reducing the number of steps prescribers and pharmacists need to take to consult and use PDMP information when determining if it's clinically appropriate to prescribe or dispense an opioid.

While no single intervention alone will solve this crisis, partnerships, determination, and innovative approaches are steps in the right direction. For more about what we are doing to help address the opioid crisis, go to purduepharma.com.



www.purduepharma.com

¹ Bao Y, Pan Y, Taylor A. Prescription drug monitoring programs are associated with sustained reductions in opioid prescribing by physicians. *Health Affairs* [Project Hope]. 35(2016)1045–1051. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5336205/>.

² Ali MM, Dowd W, Classen T. Prescription drug monitoring programs, nonmedical use of prescription drugs, and heroin use: evidence from the National Survey of Drug Use and Health. *Addictive Behaviors*. 69(2017)65–77.

U.S. NEWS

Medicare Splits Democrats

By STEPHANIE ARMOUR

Shortly after her primary victory in New York, Democratic Socialist Alexandria Ocasio-Cortez declared her goal of giving Medicare to all Americans. Some fellow Democrats like Ken Harbaugh aren't convinced.

The Navy veteran, who is challenging Rep. Bob Gibbs (R., Ohio), says the party should focus on bolstering the Affordable Care Act, not starting from scratch with Medicare for All. "We need a much quicker fix, which is shoring up the ACA," he said.

As Democrats enter the final sprint in a campaign where health care is a dominant issue and a House takeover seems achievable, they are split on whether to promise coverage for everyone, which would fuel an already revved-up liberal base, or target centrist voters by campaigning on the more modest goal of fixing the Obama-era health law.

No issue is more important to voters than health care, polls suggest, and this internal tension carries risk. It has opened up Democrats to attacks from Republicans, pitted party members against each other, and could alienate rural and red-state Democrats.

Robert Blendon, a health-policy professor at Harvard University, said Democrats should unite around the simpler promise of protecting people with pre-existing medical conditions.

"They're missing the boat," Mr. Blendon said. "The message of Democrats should be that 'unless we get the House and Senate, they're going to take pre-existing conditions away.' But there's no coherent message in the ads."

The growing popularity of



Alexandria Ocasio-Cortez, a Democratic congressional candidate in New York, says she wants to give Medicare to all Americans.

Medicare for All surprised even some supporters. The idea was widely dismissed two years ago when Sen. Bernie Sanders (I., Vt.) couldn't get any co-sponsors for a single-payer bill. Now that legislation has 15 co-sponsors, and 70 Democrats in Congress have launched a "Medicare for All Caucus." Rep. Pramila Jayapal (D., Wash.) recently announced

No issue is more important to voters than health care, polls suggest.

a Medicare For All PAC to support candidates who back the idea.

In a recent Reuters-Ipsos poll, 70% of people said they favor Medicare for All, but, reflecting the importance of labeling, 41% said they support single payer.

Under Medicare for All, a government agency would provide essential health care to every American. That would upend the current health-care

system and erase employer-sponsored coverage, which is how roughly 155 million Americans now get insurance. Still, there is no clear Democratic consensus. Some party members are instead embracing proposals such as letting people buy into Medicare that fall short of a true single-payer system.

Seventy percent of swing-district Democratic candidates who won their primaries as of late July support Medicare for All or single payer, according to Real Clear Politics. Former President Obama, who shied away from it as president, recently called it a "good new idea."

The support can be traced in large part to Republicans' failed effort to topple the ACA in 2017. Polls showed that public approval for the ACA peaked during the most frenzied days of the repeal push.

That buoyed single-payer proponents, who concluded Americans were ready for the government to play a bigger role in health care.

"The move to expand and protect health care has become the most powerful force in American politics today,"

said Jonathan Schleifer, executive director of the Fairness Project, which supports ballot initiatives to expand Medicaid. "If the past year has taught us anything, it's that Americans want more health care, not less."

Many centrist Democrats disagree. They long expected to hold the political edge over Republicans on health care in 2018 for the first time in years, with a straightforward message of protecting the ACA from the GOP and expanding it.

Now they fear the Medicare for All slogan, with its promise of sweeping government action, will alienate voters they need.

"If we lock ourselves into one way of getting affordable health care, we're never going to get there," said Democrat Angie Craig, who is challenging Rep. Jason Lewis (R., Minn.). "My neighbors, my district, can't wait for some grand plan."

The Democratic rift hasn't been lost on Republicans like House Majority Leader Kevin McCarthy (R., Calif.), who told a crowd in Ohio this summer: "If any of you have had health care provided by your employer, or if you're on Medicare now, [Democrats] are pretty much going to end it as we know it. They want one government-run system."

Last week, Health and Human Services Secretary Alex Azar derided Medicare for All as a misnomer that will take away consumer choice and cost \$32 trillion over 10 years, referencing a controversial study published this summer by the Mercatus Center.

Democrats say the study also showed savings because U.S. health-care spending would drop by \$2 trillion over that period.

Onetime Acting VA Chief Set to Depart

By BEN KESLING

A former Trump-campaign staffer who became acting secretary of the Department of Veterans Affairs is expected to leave the agency as soon as this week following a contentious tenure, according to an administration official familiar with the matter.

Peter O'Rourke served as acting secretary from May 29 to July 30, clashing with lawmakers, the agency's inspector general's office and other VA officials, according to current and

former officials interviewed about the matter. He then became a senior adviser to new VA Secretary Robert Wilkie.

A dispute with the VA's inspector general's office drew criticism from lawmakers.

The VA didn't respond to a request for comment. Mr. O'Rourke, who still works for the department, also didn't respond to a request for comment. Mr. O'Rourke is expected to end his tenure Friday, according to the administration official familiar with the matter.

CAMPAIGN WATCH

Democrats Focus on Campaign Finance

More than 100 House Democratic candidates are delivering an open letter to lawmakers declaring that, if they win control of the chamber in November, they plan to make campaign-finance legislation a priority even over such issues as infrastructure and health care.

Nonprofits typically can keep their donors secret, leading to what transparency advocates call "dark money" in political advertising. Although advocates had hoped the court moves

would lead to much broader disclosure, the FEC move makes it clear that won't be the case.

Under the new guidance, people who give \$200 or more to nonprofits for the purpose of funding any ads that call for the election or defeat of a federal candidate must be identified in FEC filings on a quarterly basis. The FEC rule that the courts struck down was even narrower: It said only donors who gave money earmarked for a particular ad had to be disclosed.

—Julie Bykowicz

FEC Issues Guidance On Donor Disclosure

Most donors to nonprofits will remain anonymous under guidance published Thursday by the Federal Election Commission. The move follows a recent Supreme Court decision to let stand a lower-court ruling on the matter.

The letter, a copy of which was obtained by The Wall Street Journal, comes as voters across the political spectrum say reducing the influence of special interests and corruption in Washington is a top issue—a sentiment backed up by recent polling.

The letter was coordinated by End Citizens United, a liberal political-action committee, and while it offers wide-ranging themes rather than specific proposals, it is a reminder to party leaders that potential new additions to their ranks may pull the legislative agenda in a different direction.

—Joshua Jamerson

'Genius Grants' Made to 25 Who Use Talents for Good

By JOE BARRETT

Sarah Stewart was a science-fiction junkie and "Star Trek" fan growing up.

Now, she creates collisions of rocks and other materials at high speed with a scientific cannon in her lab to get a better idea of how the Earth and moon were formed more than four billion years ago.

"It is a pretty cool job," she says.

Dr. Stewart is among the latest crop of 25 MacArthur Fellows. The \$625,000, no-strings-attached awards, commonly referred to as "genius grants," were announced on Thursday by the Chicago-based John D. and Catherine T. MacArthur Foundation.

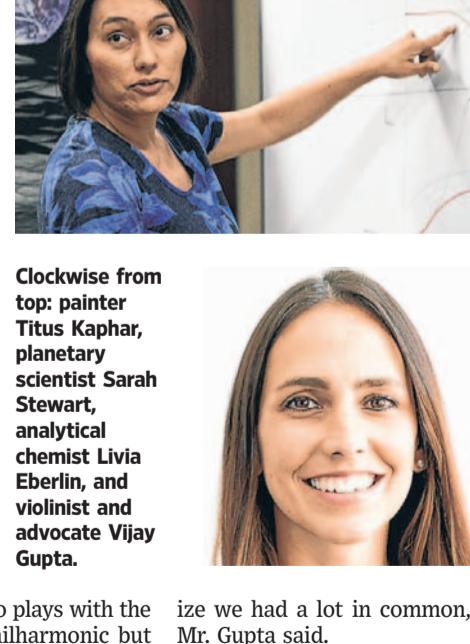
The foundation targets creative people from a variety of backgrounds and aims to foster their work by paying the award out over five years and letting the recipients decide how to use them.

Among this year's winners are a violinist who plays on world-class concert stages and Skid Row, an artist who spends months on works only parts of which are ever seen by the public, and an analytical chemist working on a pen-size device that can be used during surgery to tell whether tissue is cancerous or healthy.

Among the better-known winners this year is composer, performer and conductor Matthew Aucoin, whose works in-



JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION



Clockwise from top: painter Titus Kaphar, planetary scientist Sarah Stewart, analytical chemist Livia Eberlin, and violinist and advocate Vijay Gupta.

clude an opera based on the diaries of Walt Whitman from his time tending wounded soldiers in the Civil War, and a new opera called *Eurydice* collaborating with playwright Sarah Ruhl that was co-commissioned by the Los Angeles Opera and the Metropolitan Opera. Another rising star is MIT economist Amy Finkelstein, who edits an influential new journal and in 2012 won the prestigious John Bates Clark Medal. Ms. Finkelstein conducts studies in the economics of health care; among her findings is that Medicaid expansion increases self-reported health and financial security, but also increases

use of the emergency room and has no significant impact on many measures of physical health.

Dr. Stewart, 45, creates her collisions to study the amount of liquid and gas released in experiments that last some 100 nanoseconds in her lab at the University of California, Davis. The results are helping fill in details of her hypothesis that the moon was formed from a stew of gaseous rock surrounding the early earth—and solve a 50-year-old mystery.

Vijay Gupta

The 31-year-old violinist was a child prodigy born to Indian

Most objects in the solar system have their own distinct fingerprint, she said, but we have known that the makeup of the moon and earth are almost identical since the Apollo astronauts first brought back moon rocks. "It's always been a big puzzle why we had an identical twin with the moon," she said.

Other winners include:

immigrants who plays with the Los Angeles Philharmonic but spends a good chunk of his time playing and teaching on the city's Skid Row.

Shortly after arriving at the orchestra as a 19-year-old in 2007, Mr. Gupta began teaching violin to Nathaniel Ayers, the subject of the book and movie, "The Soloist." A former child prodigy himself, Mr. Ayers had fallen into homelessness as a result of his struggles with mental-health issues.

"Bit by bit, I started to real-

ize we had a lot in common," Mr. Gupta said.

After Mr. Gupta and other orchestra members started performing concerts for the homeless, he soon realized there were other people with musical talents who had fallen on tough times. The concerts turned into fellowships, and soon the performances began featuring soloists from Skid Row.

"There's so much talent and resilience there," he said. "We want to shift the narrative around who is down there."

Mr. Gupta co-founded the not-for-profit Street Symphony, which not only performs and trains musicians, but also pays them to perform and helps them get back on their feet.

"When they have access to a creative and expressive voice, they become their own advocates," he said.

Titus Kaphar

The 42-year-old artist was 15 when he ran away from home in Michigan, where his father struggled with addiction. He was eventually adopted by another family that helped put him on a better path.

Years later, while trying to reconcile his past, Mr. Kaphar googled his father and found his mug shot along with those of 97 other men—mostly African-American—with the exact same first and last name as his birth father.

The resulting work, called the Jerome Project, consists of saint-like portraits of each man, highlighting the religious significance of the name. He then dipped the paintings in tar to signal how long each spent in jail and to obscure their identities.

The works are like devotional paintings of people "that we haven't been that devoted to," he said.

"My whole practice in a way is like that. It's a devotion in itself. You make these things and then sacrifice them to the higher ideal."

Livia Eberlin

The 32-year-old analytical chemist grew up in Brazil talking about chemistry around the dinner table with her father, a professor, and her mother, who had studied biochemistry in college.

Today at her own lab at the University of Texas, Austin, Ms. Eberlin is developing a pen-size instrument that harnesses vast amounts of data to determine whether a given tissue sample has cancer or not.

Her MassSpec Pen can do the work in about 10 seconds, enabling a surgeon in the operating room to know whether all of the cancerous tissue has been removed.

"I just wanted to make something that was truly useful," she said. "Something that would really make an impact."

WORLD NEWS

White House Unveils Counterterrorism Plan

'America First' strategy focuses on border security, combating violent ideologies

By WARREN P. STROBEL

WASHINGTON—The White House on Thursday released a new U.S. counterterrorism strategy, outlining an "America First" approach that emphasizes strengthening border controls and combating violent ideology rather than undertaking major new military actions.

The strategy is meant to govern how the vast U.S. military and security apparatus responds to threats as varied as Islamic State and al Qaeda; violent groups backed by Iran; and terrorists radicalized within U.S. borders.

The strategy "places America First and emphasizes protection of the homeland—building strong borders, strengthening security at all ports of entry into the United States, protecting its critical infrastructure, and facilitating

preparedness," the 34-page document says.

Under President Trump, the U.S. has continued the military campaign against Islamic State begun by predecessor Barack Obama and maintained U.S. troops in Iraq, Syria, Afghanistan, West Africa and elsewhere.

But Mr. Trump has been critical of expensive U.S. troop commitments and, officials have said, had to be persuaded by advisers to retain the roughly 2,000 American troops in Syria, where pockets of Islamic State fighters remain.

National-security adviser John Bolton, who unveiled the new strategy at a White House briefing, said the U.S. would counter terrorism "with an increased emphasis on nonkinetic means."

In particular, he said, that means confronting violent Islamist ideology and recruiting.

The Trump administration will "preserve our ability" to detain suspected terrorists at the detention site at Guantanamo Bay, Cuba, the strategy says. Some terrorism experts

say the existence of that site has served as a significant recruitment tool for extremist groups.

The strategy, however, makes no mention of two other hot-button issues that roiled previous U.S. administrations: the use of unmanned drones to kill suspected terrorists and the aggressive interrogation of detainees. It calls for increased contributions from U.S. allies, while promising partnership and selective counterterrorism assistance to Washington's allies. "America First does not mean America alone," the document says.

Much of Mr. Trump's new strategy appears to be a continuation of Mr. Obama's approach, including a focus on disrupting terrorists' financing streams and preventing them from gaining access to chemical, biological, nuclear or radiological weapons.

"It doesn't seem that different from past [counterterrorism] strategies other than a couple of 'America first' references thrown in," one U.S. of-



National-security adviser John Bolton, pictured here Wednesday, said the U.S. would place 'increased emphasis on nonkinetic means.'

nizing that, we can't properly address the terrorist threat."

Countering radicalization and recruitment is a major thrust of the new strategy. Since the Sept. 11, 2001, terrorist attacks, the U.S. has built "a robust architecture to stop attacks and eliminate terrorists," the document says. "But we have not developed a prevention architecture to thwart terrorist radicalization and recruitment."

The strategy calls for increased collaboration with civil society groups, private sector partners and the technology industry to combat terrorist groups' radicalization and recruitment.

Mr. Obama frequently warned that America's fight against terrorism shouldn't put the country on a permanent war footing, and said violent extremists don't pose an existential threat to the country.

Mr. Trump's strategy is blunter: "We are a nation at war—and it is a war that the United States will win," it says.

Countries Take Aim At Russia

Continued from Page One

tional campaign comes amid a serious deterioration in Moscow's relations with the West following the poisoning of Sergei Skripal and his daughter in March. The U.S., Canada and more than a dozen European countries together expelled scores of Russian diplomats and intelligence officers in response, and Washington imposed sanctions in August. Mr. Skripal was a former officer of the GRU, the Russian military agency that employs the indicted officers.

"Russia cheated. They got caught, they got banned from the Olympics. They got mad, and they retaliated, and in retaliating, they broke the law," said Scott Brady, U.S. attorney for the Western District of Pennsylvania, where another victim of the alleged Russian efforts, Westinghouse Electric Co., is located.

The 41-page indictment names three defendants who were previously charged by special counsel Robert Mueller for their alleged role in hacking into Democratic servers and distributing stolen information in advance of the 2016 presidential election. The new case, however, didn't stem from Mr. Mueller's work, a Justice Department official said.

The U.K. also said on Thursday that it believed the GRU was behind a series of major hacks, including the disclosure of doping-test results from U.S. and other athletes. It also corroborated U.S. agencies' conclusion that the GRU was responsible for the 2016 leak of Democratic National Committee emails.

The British Foreign Office said the GRU was guilty of "indiscriminate and reckless" cy-



Onno Eichelsheim, head of Dutch Military Intelligence and Security Service, left, on Thursday provided evidence of an attempted Russian hack on a chemical-weapons watchdog.



berattacks over the past three years that targeted a range of political and media institutions.

The alleged Russian operations, which also targeted some 250 athletes including those who had condemned Russia's doping program, mirrored in many ways Moscow's alleged influence operation in the U.S. before the 2016 election.

Both were designed, U.S. authorities alleged, to promote disinformation and sway public opinion in ways that furthered

Russia's interests. The election-interference efforts allegedly involved remote hackers, while the doping operations also included in-person efforts by officers to target Wi-Fi networks used by individuals at hotels and other locations, the indictment said.

Adding to the unusually coordinated international initiative, Canada said it had concluded with "high confidence" that the GRU was responsible for illegally obtaining information

from the Montreal-based World Anti-Doping Agency.

At a news conference, Commodore Onno Eichelsheim, head of the Dutch Military Intelligence and Security Service, provided evidence that the attempted hack on the chemical-weapons watchdog came from close range "at a time when they were investigating the Skripal case." He showed pictures of four alleged GRU operatives who had flown from Moscow to Amsterdam on April 10 using diplomatic passports.

Three days later, the alleged Russian operatives were intercepted by Dutch counterintelligence as they attempted to hack into the OPCW Wi-Fi network from a rental car parked in a nearby hotel parking lot. The four were escorted to the airport in Amsterdam and put on a flight back to Moscow rather than arrested, because "this was a counterintelligence, not a police investigation," Mr. Eichelsheim said.

The OPCW said it learned on Thursday from British and Dutch officials about the attempted hack and that it "takes very seriously the security of its information systems."

In its rejection of the allegations, Moscow described in particular the British claims as delusional and a "diabolical blend of perfume."

"They mixed everything up in one bottle, which could be a bottle of Nina Ricci perfume: GRU, cyberspies, Kremlin hackers, and the [World Anti-Doping Agency]," the Russian news agency Interfax reported. Russian Foreign Ministry spokeswoman Maria Zakharova as saying, British authorities believe the Novichok nerve agent was hidden in a Nina Ricci perfume bottle.

According to the U.S. indictment, the Russian intelligence operatives engaged in a "concerted effort to draw media attention to the leaks through a proactive outreach campaign" to journalists, after stealing information through their cyber campaigns.

Security researchers said the indictment was likely to have a major impact on the Russian hackers.

"A key part of their operation just came to a grinding halt," said John Hultquist, director of intelligence analysis at the U.S.-based cyber firm FireEye.

ISIS Warns Assad Of Hostage Deaths

By SUNE ENGEL RASMUSSEN AND NAZIH OSSEIRAN

BEIRUT—Islamic State has threatened to execute more than two dozen women and children it kidnapped in southwest Syria, if the Assad government doesn't halt a month-long offensive against its fighters in the area by Friday.

An unverified video showed the militants executing one of the female hostages this week, which triggered demonstrations in the province of Sweida as people demanded government protection.

Some protesters shut down the headquarters of the provincial governor on Thursday, according to residents.

Discontent in Sweida, home mostly to the minority Druze religious sect, has been building since an unusually bloody series of Islamic State attacks in July. The attacks killed more than 200 people, shocking a community that had largely evaded the worst violence during the war. Islamic State kidnapped dozens of women and children, whom it is now threatening to kill.

After losing most of its territory, the extremist group has maintained an insurgency in eastern and southern Syria, and broke through a government siege in late September to enter the eastern part of

Sweida province.

The kidnappings by Islamic State reflect the challenges that the government faces as it reasserts control across the country after a more than seven-year war and the near-defeat of Islamic State.

Residents of Sweida said the government of President Bashar al-Assad hadn't taken any steps to rescue the women and children. The government wasn't available to comment.

The Druze have demanded government protection against Islamic State.

While the Druze in Sweida didn't revolt against the Assad government, thousands refused to join the army. Druze militias have defended their own communities but haven't fought for Mr. Assad's forces elsewhere in Syria.

Since the 2011 uprising, Sweida has remained under government control but it has also enjoyed a rare degree of permission to protest.

—A special correspondent in Damascus and Raja Abdulrahim contributed to this article.

A Trunk Filled With Tools of the Trade

A photo provided by the Dutch Defense Ministry shows the trunk of a parked car rented by alleged Russian intelligence operatives that contained equipment they are accused of using to try to hack into the nearby Organization for the Prohibition of Chemical Weapons' Wi-Fi network.

Computer (connected to a Wi-Fi device and a smartphone)



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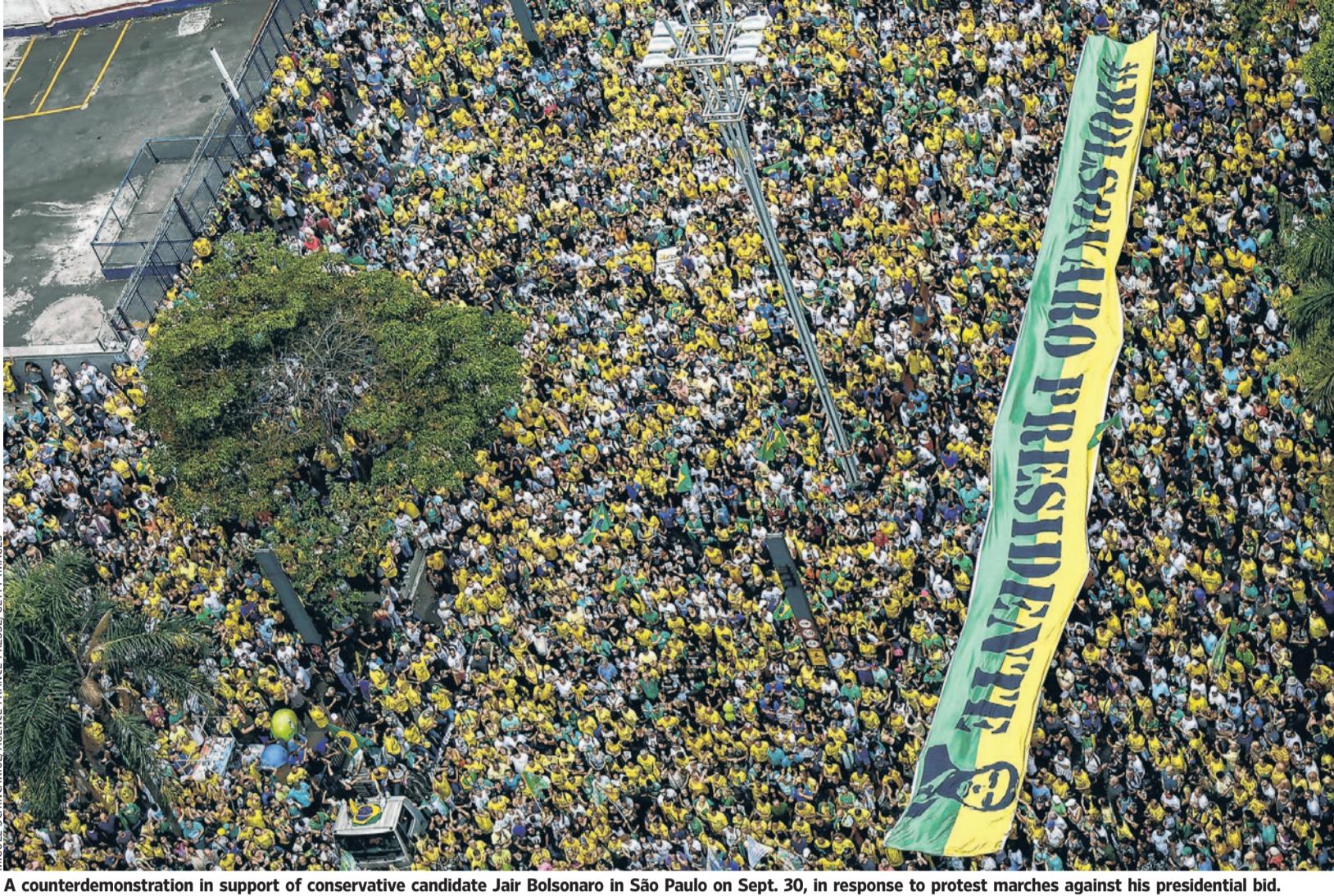
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WORLD NEWS



A counterdemonstration in support of conservative candidate Jair Bolsonaro in São Paulo on Sept. 30, in response to protest marches against his presidential bid.

Canada Accepts Pipeline Ruling

By PAUL VIEIRA

OTTAWA—Canada said it would waive its right to appeal a court ruling that blocked work to expand the existing Trans Mountain pipeline, arguing it would unnecessarily delay government efforts to complete the energy project.

The Liberal government also unveiled plans to kick-start a new round of consultations with indigenous groups, whose lawsuits led to the latest setback to Canada's efforts to add to limited pipeline capacity.

In August, Canada's Federal Court of Appeal annulled regulatory approval for the pipeline project, which envisages nearly tripling the amount of landlocked crude oil that can be moved from the province of Alberta to a Pacific coast port, where it can be loaded on tankers and transported to faster-growing economies in Asia.

In the ruling, the appeal court said the government didn't adequately carry out its constitutional duty to consult with affected indigenous communities, and the energy regulator relied on a study that didn't fully consider the impact of increased oil-tanker traffic on the environment.

Wednesday's decision to waive its right to appeal and restart such consultations is the latest move by the Liberal government to get construction going on the project following the court judgment. Last month, the government instructed the country's energy regulator to conduct another review in the span of 22 weeks with a focus on the impact of increased oil-tanker traffic on the Pacific coast.

Prior to a Wednesday morning Liberal Party caucus meeting, Canadian Prime Minister Justin Trudeau said an appeal "would take another few years" before construction could start.

He said a blueprint laid out in the court ruling on how Ottawa should proceed with Trans Mountain "will allow us to get things done quicker and get our resources to new markets other than the U.S. in a more rapid fashion."

The government purchased the Trans Mountain pipeline project in May for 4.5 billion Canadian dollars (US\$3.51 billion) after Kinder Morgan Inc., the original owner, threatened to abandon expansion plans due to political and legal uncertainty.

Consuelia Marques, a 33-year-old manicurist and avid supporter of the ex-army captain, said his comments about women are irrelevant.

"Brazil is broken," she said, praising his proposal to arm civilians. "Criminals are going to think twice if they know people are armed."

Brazilian Draws Disaffected Voters

BY SAMANTHA PEARSON AND LUCIANA MAGALHÃES

SÃO PAULO—Jair Bolsonaro, a firebrand ex-army captain known for defending Brazil's former military dictatorship and making misogynistic remarks, has built a loyal following among conservatives, farmers and evangelical Christians.

But polls show millions of other voters—from Amazon tribesmen to city bankers to growing numbers of women—are also backing him ahead of the first round of Brazil's presidential elections Sunday.

It is the only way, they say, to defeat the leftist Workers' Party, which oversaw Brazil's deepest recession and biggest corruption scandal, and whose founder, former President Luiz Inácio Lula da Silva, is in jail.

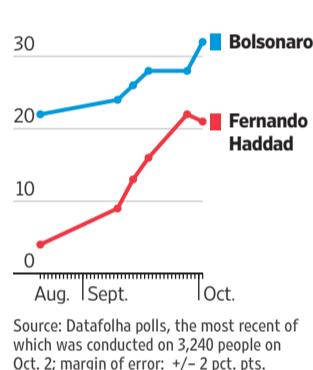
"Repudiation and anger are the two emotions driving these elections," said Monica de Bolle, a Latin American specialist at Johns Hopkins University.

Mr. Bolsonaro's popularity mirrors the rise of antiestablishment politicians globally. But few political analysts here believed he would get more than 20% of the vote—mainly those of wealthy, white men.

Running for the small PSL party, Mr. Bolsonaro has had a fraction of the cash and airtime of his rivals, relying instead on social media. He also spent much of the past month in a hospital after being stabbed at a rally.

Gaining Momentum

Polls show Jair Bolsonaro has broadened his appeal ahead of Sunday's elections.



Source: Datafolha polls, the most recent of which was conducted on 3,240 people on Oct. 2; margin of error: +/- 2 pct. pts.

THE WALL STREET JOURNAL.



Jair Bolsonaro in August

Yet on the eve of the first-round vote Mr. Bolsonaro is the clear front-runner, with 32% support, ahead of Fernando Haddad's 21% for the Workers' Party. People close to his campaign are now cautiously optimistic he can get a majority of the vote to win outright on Sunday, avoiding the Oct. 28 runoff.

With the other 11 presidential candidates struggling to make headway, many Brazilians say they see little point in voting for anyone but Mr. Bolsonaro or Mr. Haddad, whose party's social-justice agenda is widely popular among the poor.

Winning the presidency is never an easy task in a divided

nation of 209 million people. But the São Paulo-born congressman has tapped into two things Brazilians have in common today: a hatred of politicians and a fear of crime.

Mr. Bolsonaro is one of the few politicians untainted by the Car Wash corruption scandal that has beleaguered the upper echelons of Brazilian politics and business. He has seized on that to portray himself as an outsider to Brazil's rotten political core, despite having been a congressman for the state of Rio de Janeiro since 1991.

He has also vowed to crack down on crime in what has become the most murderous

country in the world, with 175 homicides a day. His proposals include better equipping police forces, reducing the age of criminal responsibility to 16 from 18, and loosening gun laws to allow for self-defense.

It is a message that has won over some voters within indigenous communities in the Amazon, where firearms are popular in some villages. His liberal economic stance also appeals to younger tribesmen, said Ubiratan Maia, a member of the Wapishana tribe who has campaigned for Mr. Bolsonaro.

"The left confused poverty for culture," he said. "We don't want to be poor, we want to be entrepreneurs."

Mr. Bolsonaro, who has admitted to knowing nothing about economics, has put his trust in University of Chicago-trained economist and potential finance minister Paulo Guedes. Mr. Guedes has vowed to shrink the government's role in the economy and privatize state assets.

That approach has gone down well in financial markets, but also among ordinary Brazilians who have so little confidence in the government that they are losing faith in democracy. Only 13% of Brazilians say they are satisfied with democracy, the lowest level in Latin America, according to a study last year by Chilean-based pollster Latinobarómetro.

Mr. Bolsonaro has at times

shown a disregard for democracy, once advocating shutting down congress and joking in a 1999 interview that the presidential palace is "a good place to test a nuclear bomb."

His army friends describe the 63-year-old as playful, honest and brutally direct. But outside his military circle, his comments have appalled swaths of the electorate.

During a debate in 2010, Mr. Bolsonaro advocated beating children to stop them from "turning gay." In 2014, he told a female lawmaker she wasn't pretty enough to rape. He recently said he would pay female employees less because they get pregnant.

Incensed Brazilian women took to the streets across Brazil last weekend in protest. Pollsters now predict that half of female voters won't back the thrice-married conservative under any circumstances.

Many women who support his policies on crime and corruption say they are willing to overlook such comments in a country where misogyny is commonplace.

Consuelia Marques, a 33-year-old manicurist and avid supporter of the ex-army captain, said his comments about women are irrelevant.

"Brazil is broken," she said, praising his proposal to arm civilians. "Criminals are going to think twice if they know people are armed."

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MEXICO

Government Leaves Rates Unchanged

The Bank of Mexico left interest rates unchanged, in a split decision, warning inflation risks could prompt it to tighten monetary policy in the future.

The central bank decided to keep the overnight interest-rate target at 7.75% by a majority. One board member voted for a quarter-percentage-point rise.

The decision came after Mexico, the U.S. and Canada reached an agreement at the weekend on a new trilateral trade pact to replace the North American Free Trade Agreement, removing a source of uncertainty for markets and for the future of relations with Mexico's biggest trade partner.

Ratification of the agreement could have a positive impact on markets and the peso, the central bank said. But it added the economy faces a complex environment, including the risk of tighter external financial conditions, and that the growth outlook maintains a downward bias.

The bank said it would take actions, including "maintaining or possibly strengthening the current monetary policy stance" to return inflation to its 3% target.

The statement was "surprisingly hawkish," considering the trilateral trade deal with the U.S. and Canada, Capital Economics said. "We still expect rate cuts to come, but these are not on the table just yet."

—Anthony Harrup



RETURN TO SCHOOL: Iraqi boys walked past destroyed houses on their way to school in the old city of Mosul in northern Iraq on Thursday. The months-long campaign to recapture Iraq's second-largest city from Islamic State killed thousands of civilians and displaced hundreds of thousands more.

GREECE

Ancient Sites Face Shutdown for Strike

A union representing staff at Greece's ancient sites and state-run museums called a 24-hour strike for Oct. 11 that is likely to close the Acropolis and other sites.

The union accused the government of failing to identify publicly owned properties that were transferred to a privatization fund created during the country's international bailouts.

—Associated Press

MALDIVES

Opposition Leader Returns After Vote

An opposition leader returned to the Maldives from exile in Germany. Qasim Ibrahim was welcomed at the airport by President-elect Ibrahim Mohamed Solih.

Mr. Ibrahim is among dozens jailed by outgoing strongman Yameen Abdul Gayoom following trials criticized for lack of due process. Mr. Yameen hasn't challenged the election results.

—Associated Press

PERU

Fujimori Is Ordered Back to Prison

The Supreme Court overturned a medical pardon for ex-President Alberto Fujimori and ordered him on Wednesday to serve out a long sentence for human-rights abuses. Former President Pedro Pablo Kuczynski pardoned Mr. Fujimori in December. The court said the pardon was unlawful because the crimes were considered crimes against humanity.

—Associated Press

FROM PAGE ONE

Parents Want to Be Surprised

Continued from Page One
the girl name we were fighting over we were never going to use," says Ms. Hirsch, a 36-year-old writer in Berkeley, Calif. "But I felt like I couldn't let up because I didn't want him to know that I knew we were never going to use the girl name."

Couples have argued for years over whether to learn their baby's gender during pregnancy—with the final ruling typically going to the expectant mom. In the last decade, parents have started celebrating the news with "gender reveal parties," where they use pink-or-blue props like cakes, smoke bombs and piñatas to announce whether it's a boy or girl. New blood tests allow couples to learn their baby's gender as early as 10

weeks into pregnancy.

Now, those in the surprise camp are opting to sequester themselves from the news rather than cave to partners who can't wait to find out.

Dr. Nathaniel DeNicola, an obstetrician in Washington, says he sees about two or three patients a month who are concealing their baby's gender from their partner. "It's more common that the mom knows and is keeping it from the husband," he says.

Millennial and Generation X dads are often more involved in child rearing than their baby boomer predecessors. Employers are replacing maternity leave with parental leave that gives equal time off to new fathers.

Michelle Allan of Savannah, Ga., who describes herself as a "very OCD" person who needs to plan, was dead set on finding out her first child's gender during her pregnancy. Her husband, Matthew Allan, balked. "This is half my baby, and why do we have to find out?" Mr. Allan, a 48-year-old real-estate developer, recalls saying. "I prefer

not to find out, so let's both do it the way we'd like to do it."

Ms. Allan, 32, had her obstetrician's office seal the results in an envelope, and when her husband went to the gym one night, she ripped it open to learn she was having a girl. She buried six months of baby girl clothes underneath her teaching supplies in the trunk of her Ford Focus.

She was so careful not to channel they were having a girl Mr. Allan came to believe the baby was a boy, resulting in an even bigger surprise. "It was a very difficult but gratifying secret," says Ms. Allan, an educator and now mother of two.

Jessica and Zach Ladin of Newark, Del., held out for a surprise when their son was born in 2012. They made the same plan when she got pregnant again two years later—until Ms. Ladin's curiosity began eating away at her. At her 30-week appointment, she broke down and had the midwife tell her. Ms. Ladin was elated to learn she was carrying a girl.

Although she managed to keep her husband in the dark,



LADIN FAMILY

Jessica and Zach Ladin with their son, Phoenix.

she couldn't refrain from using the news to her advantage. Her husband told her that if the baby was a boy he wanted to name him Merle. "I don't want to offend anybody who is named Merle if they read this," says Ms. Ladin, 37, who works at a nature school. "But I'm like, 'Are you serious?'"

She offered a compromise. If the baby was a boy, he got to

pick the name. If the baby was a girl, she got to choose. That didn't tip him off; he had come up with the boy name for their first born, so letting her pick a girl name seemed natural.

Mr. Ladin, who now describes that as "not a really fair deal," was just happy he got the thrill of discovering he was having a daughter the moment she arrived. "This is how people found out the gender for hundreds of thousands of years," says Mr. Ladin, a 37-year-old ecologist. "There's something about the historical connection that was important to me."

Robin Elise Weiss and Kevin Weiss of Louisville, Ky., have nine children, and most of their gender-surprise agreements didn't go as planned. They both managed to hold out for a delivery-moment discovery when their first child, a girl, was born in 1991. When Ms. Weiss was pregnant with her second child, a medical assistant slipped and told them it was a boy, ruining it for both of them.

When she became pregnant with twins in 2002, she asked the technician during an ultra-

sound what she was having. The answer: two boys.

Later in the pregnancy, Ms. Weiss, a 47-year-old childbirth educator, volunteered to demonstrate a new ultrasound technology while she was working at a medical school. That scan threw her for a loop: It showed one boy and one girl.

Ms. Weiss kept both results from her husband. But she shared her secret with her best friend so that woman could plan a bria because in Louisville, "it's a little more complicated to find a mohel," she says. When the friend mentioned within earshot of Mr. Weiss that she had found a mohel, Ms. Weiss feared the surprise had been ruined. "I'm like 'mohel! mohel! Why are you talking about the mohel?'" Ms. Weiss recalls saying. Fortunately Mr. Weiss didn't hear.

When the twins arrived, it was Ms. Weiss who got the biggest surprise: She had been carrying two girls.

For her husband, that just reaffirmed his decision to hold out. He told her: "You can try and find out, but what good did it do you?"

state and our country," Ellen Leznik, the new president, said at a public association meeting days later. "One such challenge is the disparity of wealth in our membership."

Some pickleball proponents rose to defend themselves.

"We're not the mean, vicious and entitled people our opponents and Nextdoor critics would have you believe," one speaker said.

Oakmont eventually converted two existing tennis courts into six pickleball courts at a fraction of the cost. The new board ushered in a tone of frugality and oversight that some saw as heavy-handed. Rhetoric at public meetings grew so hostile that the board brought in a security guard to keep order.

"Why don't we just wait till we're all dead?" an Oakmont man who favored the pickleball complex declared at one meeting. "Guess what? Oakmont is our last stop. The train ends here. This is the Hotel California."

Ms. Leznik, a 60-year-old former lawyer who retired early because of a disability, resigned less than four months after she became president, in July 2017. She says she had heart palpitations from the stress.

That left her ally, Mr. Heyman, as acting president.

The next month, at 9:15 a.m. on Aug. 12, the police again got a call from Oakmont, this time from Mr. Heyman, who is 61 and still works in corporate communications.

On Mr. Heyman's porch sat "a bag containing the chopped off head of a rat," according to the police report.

"It freaked me out," says Mr. Heyman. He says he has "no doubt" the rat served as retribution for killing the pickleball project and for the disputes that followed.

At an association meeting soon after, another board member likened "the battle being waged at Oakmont" to "Armageddon."

Mr. Heyman left the board and later moved out of Oakmont.

"There were clearly sides. One side felt that we're an active-adult community and it's our responsibility to provide activities and facilities to the membership," says Oakmont resident Al Medeiros, 71, who now sits on the board. He counts himself in that group, which he says had been "viliified."

"The other side seemed to think that well, we're poor, so we really need to make sure our dues don't go up and we should just provide the minimum," he says.

In February, the board discussed remodeling a dated auditorium where hundreds of events, from dances to movies to meetings, take place every year. Some residents talked about constructing a new center and repurposing the old one into a state-of-the-art gym.

The board is also weighing a divisive request from the private golf club that borders many homes in the retirement community. The club is asking all Oakmont residents, golfers or not, to pitch in to help the club meet economic challenges. Someone suggested \$5 a person every month.

Mr. Spanier, the new board president, says it "could potentially make pickleball look like a tiny issue."

—Heather Gillers contributed to this article.

Wealth Gap Divides Retirees

Continued from Page One
\$48,000 to \$95,000 a year—don't have enough saved to maintain their quality of living in retirement, according to the Boston College Center for Retirement Research. Some of those who saved were hit by unforeseen health-care costs. Others took on debt for education. Yet more made investment mistakes or lost their savings in the 2008 financial crisis.

Those wildly different circumstances are leading to hard-to-resolve social tensions, which are playing out every day at retirement communities across the country. In Oakmont, the issue was pickleball.

Founded in 1963, Oakmont Village was long an option for the middle class that benefited from California's rising real-estate values. They could move into attached duplexes or triplexes or wood-sided single-family ranch-style homes and enjoy three swimming pools, a lawn-bowling green, honor-system lending library and the 130-plus clubs and activities.

Living near one another is an increasingly popular option for retirees. The population of the U.S.'s 442 federally designated "retirement destination counties" rose 2% last year, compared with the national average of 0.7%, according to Census Bureau figures. Retirement communities often provide social connections that can fray when people leave the workplace, live alone or have families spread across the country.

Steve Spanier, the current president of Oakmont's homeowners' board, said the mountain-view community started "moving more upscale" in recent years when retiring baby boomers in San Francisco and Silicon Valley discovered it on weekend wine-tasting trips to Sonoma County. Coming from places where real-estate prices are especially high, they began buying and gutting homes. The community has about 4,700 residents.

The community now splits neatly into two camps. Some believe it should only "fix things that break," he says. "Then there are people like the people who are starting to move in. They have a lot of money and want to live the lifestyle to which they've become accustomed and they want to do it here," he says. "People are having more trouble getting along."

The October wildfires that tore through Northern California's wine country last year fleetingly eased the divisions, says Mr. Spanier. The fires forced Oakmonters to temporarily evacuate and destroyed two of the village's roughly 3,200 homes. The fitness center sold "Oakmont Strong" T-shirts, and the mood mellowed for a bit.

"It got better for a period of time," he says, "then that feeling of unity created by the fire left."

Homes in the resident-owned Oakmont Village fetch between \$350,000 for smaller dwellings up to about \$1.2 million for ranch-style homes that have been remodeled by

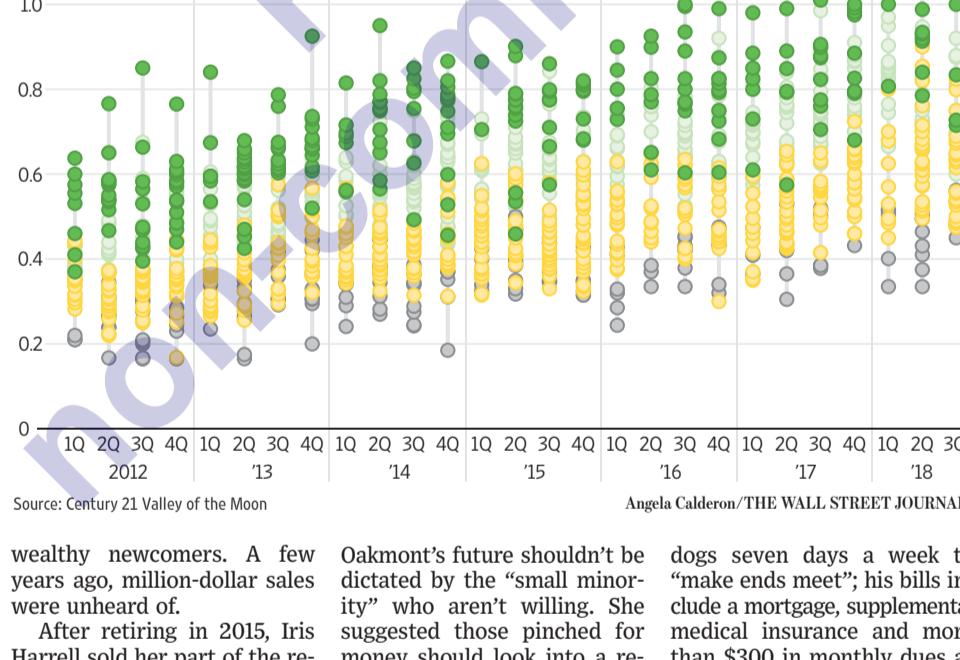


RACHEL BULWINK FOR THE WALL STREET JOURNAL

Oakmont residents face off in pickleball, played with paddles and a plastic ball with holes in it on a badminton-sized court.

Home Stretch

Sale prices for homes in Oakmont Village in Santa Rosa, Calif., are increasingly surpassing \$1 million, creating a divide in wealth among its residents.



wealthy newcomers. A few years ago, million-dollar sales were unheard of.

After retiring in 2015, Iris Harrell sold her part of the remodeling company she founded in Mountain View, Calif., and says she is "never going to have to worry about money." She and her wife, Ann Benson, sold their home in Silicon Valley for \$3.8 million and bought a hillside ranch-style home in Oakmont for about \$800,000, she says.

They raised the roof to allow for windows tall enough for a view of the top of nearby Hood Mountain. So they can age at home, they installed an elevator and added 1,300 square feet of space, including a spacious wing that could house a live-in caretaker. Ms. Harrell now calls the wing "the best guest suite in Oakmont."

"We're spoiled and we know it, but it just worked out for us," says the fit 71-year-old.

She became the chairwoman of Oakmont's building construction committee and set about trying to also refurbish the 55-year-old community.

"You can't be premier and look like the 1960s," Ms. Harrell says. "It's not making the statement we want."

She says that retirees moving in—"post Google-ites" she calls them—are willing to pay for better amenities and that

Oakmont's future shouldn't be dictated by the "small minority" who aren't willing. She suggested those pinched for money should look into a reverse mortgage.

Oakmont resident Gary O'Shaughnessy, who lives in a unit of a triplex down the hill from Ms. Harrell's house, calls that suggestion "insensitive."

"That attitude I can't live with," he says.

A former school-bus driver for disabled children, Mr.

O'Shaughnessy says a diagnosis of Parkinson's led him to retire in his 60s, earlier than planned.

While he was working, he rented a house in Santa Rosa. He bought his place in Oakmont for \$280,000 in 2010 with help from an inheritance and \$50,000 from his own retirement account. He is single and 71 and has \$40,000 in savings. His monthly income is around \$2,000, from Social Security and a small pension.

He says he typically walks

dogs seven days a week to "make ends meet"; his bills include a mortgage, supplemental medical insurance and more than \$300 in monthly dues at Oakmont.

Everyone in the resident-owned community pays \$67 a month per person to the main Oakmont association, up from \$58 last year. Households pay another \$220 a month, on average, to various sub-neighborhood associations for services such as water or landscaping.

Mr. O'Shaughnessy started attending meetings and signing petitions as plans, backed by Ms. Harrell and others, proceeded for a roughly \$300,000 tournament-quality pickleball complex with tiered spectator seating.

"There was a big fight and it kind of divided the community," he says. "The people who have money just want to throw it around, but there are a lot of people on fixed incomes."

A 2015 survey sponsored by the Oakmont association found that 48% of residents said they were very or somewhat concerned about their current financial needs. That figure rose to 57% for those under age 66.

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CHEVROLET



GREATER NEW YORK

Residents Resist Drug-Treatment Center

'We are oversaturated' with 'special-interest' facilities, say many Harlem locals

By MELANIE GRAYCE WEST

A plan to build a new facility to serve patients with substance-use disorders and mental illness in Manhattan's Central Harlem has become the latest battleground in an ongoing conflict across New York City about what is a "fair share" of services for one neighborhood to shoulder.

Residents in the neighborhood say a large concentration of drug-treatment centers has affected the quality of life on their streets. Syderia Asberry-Chresfield said it's even ruined the pretty community garden near her home on West 123rd Street. Drug users have left their needles and been caught having sex there, she said. The trouble has gotten so bad that the garden's gates have to remain locked most of the day.

In the 30 years she has owned a home in Central Harlem, Ms. Asberry-Chresfield's car has been broken into twice—both times in the past year, she said. And at 9:30 a.m. on a recent weekday, she declined to walk to the western edge of her block because the drug dealers were already out. "It's crazy; people are afraid. And they should be," she said.

Ms. Asberry-Chresfield and other residents said they knew they had to push back when details began trickling out about plans by Mount Sinai Health System to build a facility one block north on West 124th Street that would serve patients with substance-use disorders and mental illness.

Already this block between Adam Clayton Powell Jr. Boulevard and Lenox Avenue has homeless shelters, methadone clinics, transitional housing and services for people with mental illness and HIV/AIDS, according to residents and public records. "We are oversaturated," Ms. Asberry-Chresfield said.

In August, elected officials



Lenox Avenue near West 124th Street in Central Harlem

stance-abuse treatment programs in Central Harlem.

Recently released data from the city shows that Central Harlem has one of the highest rates of unintentional drug overdose deaths.

Meanwhile, Harlem set records in 2017 for average and median prices a square foot for one-to-four family townhouses, data from brokerage Brown Harris Stevens show. The area also is booming with new retail. A Whole Foods opened on Lenox Avenue, and a Victoria's Secret and a Sephora are next.

The service providers on West 124th Street have been there for some time, said Barbara Askins, president and chief executive of the 125th Street Business Improvement District. There have been longstanding issues with people receiving drug treatments and then lingering, she said.

Mount Sinai officials in recent months have stepped up their community outreach, meeting with the board's health committee and Harlem Hospital Center officials.

Still, said Ms. Harris, there are "a lot of folks that are benefiting from these services and without these services, the neighborhood could be worse."

At the same time, we have folks who have built homes and have families here. How do you pit one against the other?"

Senior officials for Mount Sinai said in an interview that the block is ideally situated between two of their campuses, close to public transportation and easily accessible to the roughly 30% of behavioral-health patients they serve. They said the facility would serve about 300 patients daily.

A decision on a needed zoning variance for the project is winding through the New York City Board of Standards and Appeals process.

Monica Barraza, a resident, cautioned Mount Sinai that those seeking treatment will be able to walk around the corner to buy drugs. "I don't want to raise a family surrounded by this," she said. "Harlem has to stop being a dumping ground for these types of facilities."

Plans Unveiled For \$13 Billion JFK Overhaul

By PAUL BERGER

The operator of John F. Kennedy International Airport on Thursday released the first details of a sweeping overhaul along with a new price tag of \$13 billion.

Rick Cotton, executive director of the Port Authority of New York and New Jersey, revealed the plans and the revised cost estimate during a breakfast for business leaders in Midtown Manhattan.

The sketches showed new roadways, aircraft taxiways, gates and vast, light-filled terminals brimming with stores, restaurants and bars decorated with trees, plants and artwork.

"JFK will become a destination unto itself," Mr. Cotton said, rather than what he called today's "abysmal" passenger experience.

Construction is expected to begin in 2020 and be completed by 2025.

The announcement caps more than a year of competition among airlines, terminal operators, developers and private-equity firms vying for land at one of the nation's busiest airports.

The Port Authority, which operates JFK as well as LaGuardia and Newark Liberty International airports, has set aside \$1 billion for the development. The private sector has committed to provide the

remaining \$12 billion.

Each year, JFK breaks passenger records. This year it is expected to surpass 60 million people, reaching 80 million by 2035.

Although the Port Authority runs the airport, its six terminals are each managed by separate airlines or terminal operators. As a result, JFK is notorious for a lack of communication or cooperation among the partners. The balkanized layout also forces many transferring passengers to retrieve luggage before moving to another terminal where they must check in again.

Last year, New York Gov. Andrew Cuomo unveiled a \$10 billion vision to unify JFK. The plans released on Thursday moves toward that goal.

When the projects are complete, JFK's six terminals will be reduced to four, with a new Kennedy Central hub sitting in the middle of the complex. Mr. Cotton said the hub could be used for transit connections, shopping, or perhaps a cultural space.

On the south side of the airport, Terminals 1, 2, and the site of the former Terminal 3 will be replaced with a new \$7 billion terminal. The new terminal, which will be run by the current operators of Terminal 1, will be connected to



The designs showed new roadways and light-filled terminals. JetBlue Airways will almost triple its footprint at the revamped airport.

Terminal 4 so that passengers won't need to go outside.

"I am delighted out of my mind," said Arthur Molins, a managing director of Terminal One Group Association, a consortium of four airlines, Air France-KLM SA, Deutsche Lufthansa AG, Japan Airlines Co., and Korean Air Lines Co. The terminal's financing is being led by private-equity firm Carlyle Group LP.

The Port Authority's selection of the plan is a blow to

JFKIAT, the operator of Terminal 4, which had proposed its own expansion across a similar footprint. Mr. Cotton, in an interview, said that further developments at the airport are still under discussion, leaving open the possibility of a more limited expansion at Terminal 4.

JFKIAT is a joint venture led by Netherlands-based Royal Schiphol Group, with Delta Air Lines Inc. as a minority stakeholder. Roel Huizing, JFKIAT's chief executive,

said the company looks forward "to a continued partnership" with the Port Authority.

On the airport's north side, JetBlue Airways Corp. will almost triple its footprint, expanding from its base at Terminal 5 into a new \$3 billion terminal on the site of the former Terminal 6 and, eventually, across the current Terminal 7. That plan is being financed by a joint venture between Canadian airport management company Vantage

Airport Group and New York developer RXR Realty.

The developers of the new terminals also will provide \$2 billion toward improving JFK's roadways, parking and transit connections.

"This is a big positive of the whole program," said Derek Utter, the Port Authority's chief development officer, who noted that with just a \$1 billion stake, the agency had generated an additional \$12 billion of investment.

Train Derails, Stalling Many at Penn

By PAUL BERGER

An NJ Transit train carrying nearly 1,000 people derailed at New York Penn Station on Thursday, forcing the suspension of services to New Jersey during the height of the evening commute.

A spokeswoman for NJ Transit said no one was injured in the "slow-speed derailment" that happened at 6:20 p.m.

The derailment occurred at the entrance to the Hudson River tunnel where Amtrak, which owns Penn Station, carried out emergency repair work in the summer of 2017 following derailments earlier that year, an Amtrak spokes-

woman said. During the shutdown of several tracks, tens of thousands of commuters from New Jersey and Long Island endured extended commutes as they were diverted.

The cause of Thursday's derailment was under investigation, the spokeswoman added.

Soon after the incident, thousands of commuters spilled out of the station on Manhattan's West Side, blocking streets and clogging entrances to the nearby PATH station for train services to New Jersey.

"It's total incompetence," said commuter John Basile, as he stood in the bowels of Penn Station trying to figure out how to get home to Short Hills, N.J.

A day earlier, Mr. Basile said, he was among thousands of NJ Transit commuters delayed by a stalled train.

"They have no contingency plan," he said of NJ Transit.

Some service at Penn Station resumed shortly before 8 p.m., but there were still some cancellations and delays.

Nancy Snyder, the NJ Transit spokeswoman, said the rail and bus agency offers passengers as many alternatives as possible, including cross honoring on other transit systems.

"We work through unanticipated circumstances as quickly and safely as we can to keep our customers moving safely," she said.

New York Comic Con Kicks Off at Javits Center



IN THE SPIRIT: Fans dressed as 'Dragon Ball' characters Thursday. The event runs through Sunday.

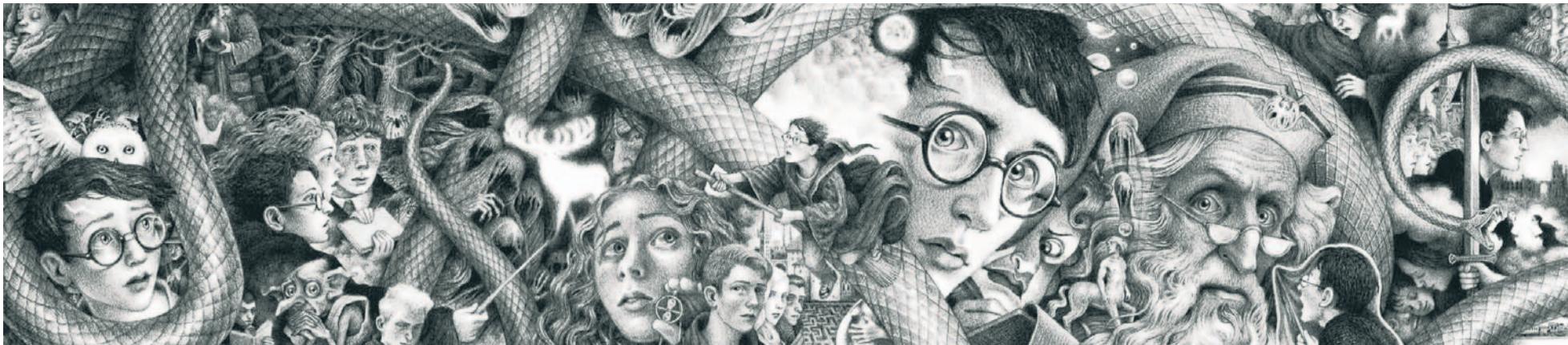
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Cover art for the Harry Potter illustrated book series, by Brian Selznick. Author J.K. Rowling's Harry Potter franchise has charmed readers of all ages for the past two decades.

Harry Potter Exhibit Aspires to Enchant

The New-York Historical Society sets its sights on attracting more millennial 'Muggles' to the ranks of regular museumgoers

BY CHARLES PASSY

Over the years, the New-York Historical Society has built its reputation on exhibits dedicated to weighty subjects such as the Vietnam and Civil wars.

Now, it is turning its attention to one of the biggest pop-culture phenomena of the past two decades: J.K. Rowling's Harry Potter franchise.

On Friday, the society opens "Harry Potter: A History of Magic," which runs through Jan. 27.

Originally seen at the British Library in London, the show is billed as a behind-the-scenes look at Ms. Rowling's original literary series and a broader exploration of the "traditions of folklore and magic at the heart of the Harry Potter stories."

Like all things connected to the Potter world—including the recent Tony Award-winning, two-part play—the exhibit is expected to generate significant business.

In anticipation of the crowds, the society is offering timed admission tickets. Already, most of the weekend times in October are sold out. Tickets for the exhibit, which include admission to the rest of the museum, cost \$21 for adults, with discounts for students,

children and seniors.

The society gave its members first dibs at the time slots starting this past February. The perk helped boost membership numbers, with a 25% increase in the ranks since the Potter offering became available, officials said. Membership starts at \$100 for individuals; \$85 for those over age 65.

Harry Potter: A History of Magic is expected to generate significant business.

The society is hardly alone among New York City museums in offering such a high-profile or "blockbuster" exhibit, nor in finding ways to boost revenue from it.

In the past year, the Metropolitan Museum of Art has enjoyed success at its main location with a Michelangelo exhibit and the ongoing "Heavenly Bodies: Fashion and the Catholic Imagination" show, which closes Monday.

The latter is expected to be the most visited exhibit in the museum's history when attendance numbers are finalized, according to Met officials.

The current record is held by the King Tut exhibit from the late '70s, which attracted nearly 1.4 million attendees.

The Brooklyn Museum also drew large crowds for its "David Bowie is" exhibit earlier this year. And to generate additional income from the show, the museum created special ticket packages, priced as high as \$2,500, with a range of additional perks, such as private access to the exhibit.

While the Potter show might be seen as a popular-minded draw, society president and CEO Louise Mirrer said it shouldn't be considered out of line with the museum's regular programming.

She pointed out the exhibit's many scholarly elements, noting that it features materials from its own collection as well as from such outside institutions as the Metropolitan Museum of Art and the New York Botanical Garden.

Audiences "will be very surprised by the richness of the content," she said.

Dr. Mirrer also said the decision to host the Potter show wasn't borne out of any financial need. The museum, whose current annual budget is about \$29 million,



A bezoar stone, thought to be a poison antidote, in a gold filigree case. A bestiary from the 13th century describes mythical animals.



has a decade-plus history of balancing its books, according to Dr. Mirrer. It also completed a roughly \$40 million renovation of its fourth floor, which was unveiled last year.

Rather, the Potter opportunity arose largely because the British Library approached the society, Dr. Mirrer said. The cost of bringing the show to New York and setting it up in the

museum is around \$2 million, putting it on par with other major exhibits the society has hosted, she added.

Still, Dr. Mirrer said she hopes the Potter show will help the society draw the coveted, but hard-to-reach, millennial market, the same audience that grew up with the Potter books. Museum experts say high-profile shows can work in the short term to attract all sorts of

crowds, but the challenge comes in converting those patrons into regular museumgoers.

Colleen Dilenschneider, a trend analyst who studies cultural institutions, said such shows may prompt patrons to think of museums only as places for special exhibits. "The risk is you're teaching audiences you're not worth visiting when there isn't a blockbuster," said Ms. Dilenschneider.

Mom Probed in Her Child's Death

BY MELANIE GRAYCE WEST

The Queens home where a 1-year-old girl was found dead was known to the city's Administration for Children's Services because of drug-related concerns, according to an official familiar with the case.

The family was being investigated, and family court proceedings had been initiated, said two officials familiar with the case.

New York Police Department officers arrived at the Auburndale home around 10 p.m. Wednesday and found Elaina Torabi unresponsive, with a possible puncture wound and

laceration to her head, an NYPD spokeswoman said. The child was pronounced dead at Flushing Hospital. Elaina's twin brother was found with bruises to his pelvis and possible broken ribs, the NYPD said. He was taken to Cohen Children's Medical Center in Queens in critical condition, police said.

The mother, who hasn't been named by police or charged in the death, called 911, police said. She remained in police custody Thursday afternoon and was being questioned, police said.

Three other girls found in the home, ages 5, 4 and 2, weren't injured, according to police. Those children are now in the custody of the New York City Administration for Children's Services, known as ACS.

Chanel Caraway, an ACS spokeswoman, said: "We are investigating this case, and we have taken action to secure the safety of the other children in this home."

ACS has come under scrutiny over several high-profile child deaths in 2016 and 2017. The 2016 death of 6-year-old Zymere Perkins, whose family was known to ACS, triggered changes and new oversight at the agency, including the appointment of an outside monitor.

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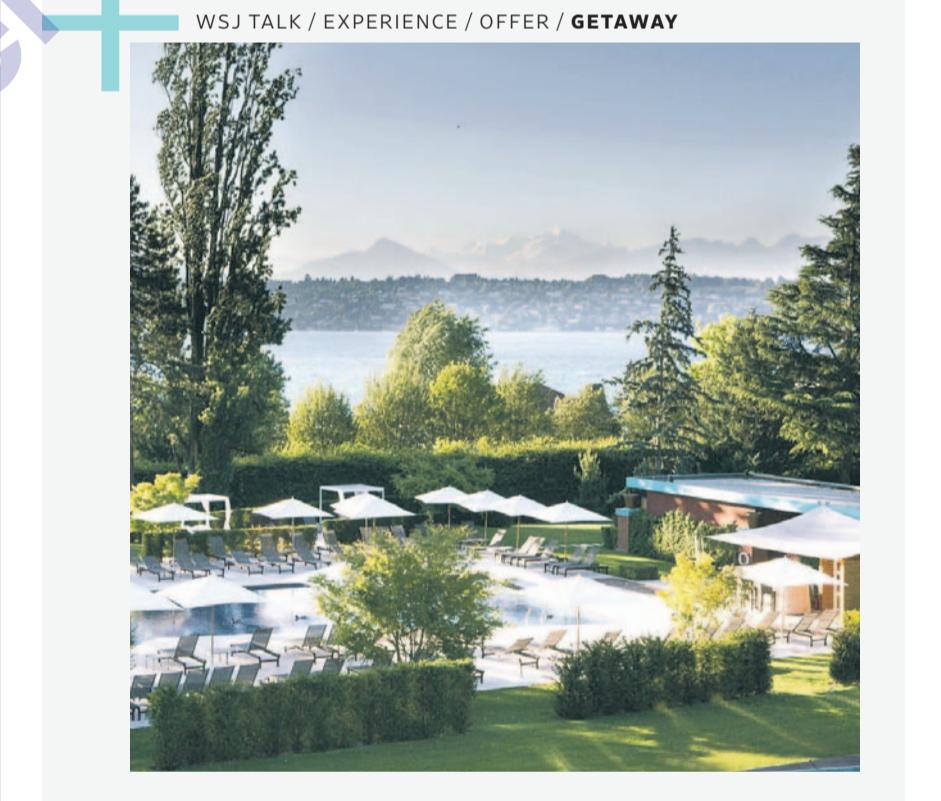


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NEW JERSEY

Man Is Charged In Paintball Attack

A 21-year-old man who allegedly shot a teenager about two dozen times with a paintball gun at close range has been charged with aggravated assault.

Edwin Perez also has been charged with child endangerment and two weapons offenses, Passaic County prosecutors said. The 14-year-old victim was shot 20 to 25 times Monday when he answered the door at his family's Paterson home, authorities said. It wasn't known Thursday if Mr. Perez had an attorney.

—Associated Press

LIFE & ARTS

THEATER REVIEW | By Terry Teachout

Mashed-Up and Modernized

A company combines Chekhov with Shakespeare; another makes 'Uncle Vanya' accessible

Anton Chekhov's four great plays have long waxed and waned in relative popularity. "Uncle Vanya" seems to be the one that gets done least often these days, which makes it especially noteworthy that two different productions of his melancholy comedy of unfulfilled lives, both of them performed in the round in small black-box theaters, are currently running off-Broadway. Really different, I should say: Both are unconventional, but Bedlam's "Uncle Romeo Vanya Juliet," directed by Eric Tucker, billed as a "mash-up" of "Vanya" and "Romeo and Juliet" and performed by a five-person ensemble, is altogether startling. Ivo van Hove never did anything more radical to a classic—except that his I-know-better-than-the-author revivals are at all times smotheringly self-regarding, whereas Mr. Tucker's "Uncle Romeo Vanya Juliet," like even the most avant-garde of his shows, is both unpretentious and enormous fun.

What Mr. Tucker has done to the two plays out of which "Uncle Romeo Vanya Juliet" has been cobbled together is easier to enjoy than it is to describe. Bits and pieces of "Vanya" and "Romeo" alternate without warning throughout the evening, juxtaposed in a way that is more than a little bit surrealistic but will nonetheless be readily intelligible to anyone familiar with the original plays (though I'm not sure how much sense it would make to those who aren't). While the tone is often comic, on occasion wildly so, the underlying emotions are shatteringly serious: You never doubt that "Uncle Romeo Vanya Juliet" is all about the people that we never get to love, and the heartbreak that flows from that hard reality.

A strong actor who doubles here as a member of his own ensemble, Mr. Tucker always casts his productions with the same imaginative flair that he brings to their staging. That said, he's brought off a coup by casting Zuzanna Szadkowska in the double role of Shake-

speare's Juliet and Chekhov's Yelena. In a traditional "Romeo and Juliet," Ms. Szadkowska would likely have been cast to play Juliet's nurse. No doubt she'd do it well, too, but what she does here is flat-out astonishing: Her Juliet and Yelena, both of them sardonic and sexually knowing to a breathtaking degree, add up to the most thrilling performance by an actor previously unknown to me since Nina Arianda made her professional debut in the 2010 premiere of David Ives's "Venus in Fur." Anyone who still questions the expressive potential of nontraditional casting should rush to see her. Everything



about this show is a delight, but I bet it's Ms. Szadkowska whom you'll remember longest.

No less striking in its purposefully undemonstrative way, though, is the New York premiere of Richard Nelson's adaptation of "Uncle Vanya," the auspicious inaugural production of Hunter College's new Hunter Theater Project, in which professional productions are to be mounted under the aegis of the school's drama department. This tightened-up version (it runs for 105 intermission-free minutes) is performed in modern dress and modern English (Mr. Nelson, who is also the director, translated the play in collaboration with Richard Pevear and Larissa Volokhonsky). The goal is to make "Vanya" more intimate and conversational, with 12 area mikes used to subtly boost the volume so that the ac-

tors can throw away their lines and still be heard throughout the house.

The results are successful in every way, so much so that I can wholeheartedly recommend this production to Chekhov novices and connoisseurs alike. "Vanya" is, after all, the quintessentially Russian story of a group of people who suddenly realize that they've frittered away their lives. Such terrible tales are best told in an understated way, and Mr. Nelson's actors hardly ever raise their voices, whether figuratively or literally. Instead, they let you listen in as they watch the sun set on their bleak little world.

What Ms. Szadkowska is to "Uncle Romeo Vanya Juliet," Jay O. Sanders is to "Uncle Vanya." One of our most accomplished character actors, Mr. Sanders gets to be the star of this show, scoring a



Eric Tucker and Zuzanna Szadkowska, above, and Edmund Lewis and Ms. Szadkowska, below right, in 'Uncle Romeo Vanya Juliet'; Alice Cannon, Yvonne Woods and Jay O. Sanders, below left, in 'Uncle Vanya'



CLOCKWISE FROM TOP: ASHLEY GARRETT (2); JOAN MARCUS

decisive triumph in the title role. Not that his fellow cast members are other than consistently fine—far from it—but Mr. Sanders, as they say in the sugar trade, is su-perfine as Chekhov's feckless, pitiable failure, a "shining light who never shone on anybody" and now knows that he never will. As for the translation, it's un-adorned, speakable and well suited to Mr. Nelson's dramatic purposes, just as his low-key staging never gets between you and Chekhov. If you're tired of hearing noisy shows rattle around in big

Broadway houses, come to "Vanya" and bask in the quiet.

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

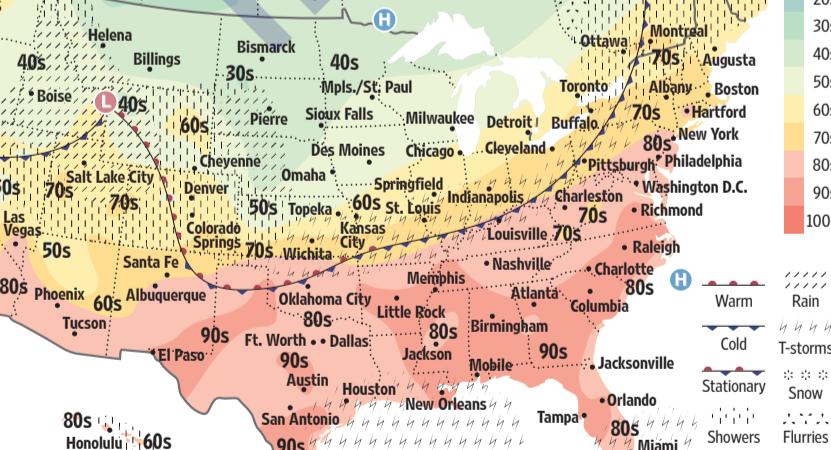
Uncle Romeo Vanya Juliet

Bedlam, A.R.T./New York Theatres, 502 W. 53rd St. (\$59-\$89), 833-423-3526, closes Oct. 28

Uncle Vanya

Hunter Theater Project, Frederick Loewe Theater, 695 Park Ave. (\$37), 866-811-4111, extended through Oct. 28

Weather



U.S. Forecasts

s=sunny; pc=partly cloudy; c=cloudy; sh=showers;

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

City Today Hi Lo W Tomorrow Hi Lo W

Anchorage 52 44 r 55 42 c

Atlanta 91 70 s 92 70 s

Austin 90 73 pc 89 74 pc

Baltimore 86 61 pc 72 60 pc

Boise 57 37 r 59 44 pc

Boston 78 57 pc 60 48 pc

Burlington 70 40 r 55 40 pc

Charlotte 90 69 s 91 71 s

Chicago 60 50 pc 69 65 t

Cleveland 73 49 t 71 63 pc

Dallas 89 71 pc 88 72 pc

Denver 68 48 c 67 37 sh

Detroit 68 44 pc 63 57 sh

Honolulu 86 73 sh 86 75 c

Houston 87 73 t 87 73 c

Indianapolis 71 58 t 79 70 pc

Kansas City 57 56 sh 83 58 t

Las Vegas 82 65 s 82 65 s

Little Rock 90 71 s 89 69 s

Los Angeles 75 61 pc 77 62 pc

Miami 88 77 sh 89 77 pc

Milwaukee 57 47 pc 62 59 r

Minneapolis 53 43 pc 56 43 c

Nashville 88 71 s 88 70 s

New Orleans 90 75 t 90 77 pc

New York City 80 59 pc 69 57 pc

Oklahoma City 87 68 pc 86 65 pc

International

Today Hi Lo W Tomorrow Hi Lo W

City

Amsterdam 64 50 c 68 50 s

Athens 77 64 pc 74 60 s

Bahrain 103 73 s 102 69 s

Bangkok 93 76 t 90 77 t

Beijing 80 51 s 79 54 s

Berlin 60 46 pc 67 47 s

Brussels 65 47 c 71 53 s

Buenos Aires 68 44 s 69 51 pc

Dubai 98 83 s 98 85 s

Dublin 62 44 c 50 41 sh

Edinburgh 62 39 r 54 37 c

Today Hi Lo W Tomorrow Hi Lo W

City

Frankfurt 65 42 s 70 46 s

Geneva 69 47 s 73 49 s

Havana 89 72 pc 89 72 pc

Hong Kong 88 74 s 86 73 s

Istanbul 70 60 s 70 61 s

Jakarta 94 77 pc 94 77 pc

Jerusalem 81 63 s 80 63 pc

Johannesburg 67 42 s 74 49 s

London 67 53 pc 70 50 s

Madrid 83 53 s 83 54 s

Manila 89 76 t 89 76 pc

Melbourne 60 45 pc 65 44 s

Mexico City 73 55 t 74 56 t

Milan 74 51 s 75 58 pc

Moscow 49 35 r 47 39 pc

Mumbai 96 84 pc 97 83 pc

Paris 68 47 s 75 55 s

Rio de Janeiro 80 71 t 74 69 r

Riyadh 101 72 s 101 74 s

Rome 80 61 t 76 62 t

San Juan 86 78 sh 86 76 sh

Seoul 78 58 pc 69 61 r

Shanghai 79 70 s 77 69 sh

Singapore 87 80 t 89 79 pc

Sydney 67 58 r 61 57 r

Taipei City 77 71 r 83 69 s

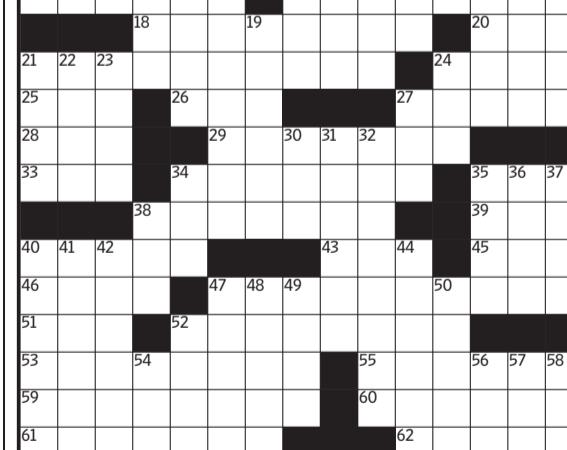
Tokyo 73 66 sh 72 67 sh

Vancouver 68 39 sh 54 50 c

Warsaw 57 42 pc 57 45 r

Zurich 65 41 s 70 46 s

The WSJ Daily Crossword | Edited by Mike Shenk



CENTRAL CASTING | By Marie Kelly

The answer to this week's contest crossword is a movie technique.

Across

- 1 Cop collars
- 6 Imperial abodes
- 13 Response to "Don't panic!"
- 15 Too big for one's britches
- 16 And others, in other words
- 17 2003 movie starring Billy Bob Thornton and Bernie Mac
- 18 Comprises
- 20 Vase with a base
- 24 With 33-Across, summer cooler
- 25 No longer funny
- 26 Caesar on 1950s TV
- 27 Connectors for 36-Down
- 28 Consumption
- 29 Some get mapped
- 30 See 24-Across
- 31 1971 movie starring Woody Allen and Louise Lasser
- 32 Red Bull rival
- 33 Fir feller
- 34 Home to some brothers
- 35 Simile segment
- 36 Fills a box, in a way
- 37 Connector
- 38 Lemon drinks
- 39 Children's cold medicine brand
- 40 "It's hard to be humble when you're as great as I am" boaster
- 41 "I'm ____"
- 42 "Flock utterances"
- 43 "Flock utterances"
- 44 Show up
- 45 Battery part
- 46 Flock utterances
- 47 "Underground figure"
- 48 "Flock utterances"
- 49 "Flock utterances"
- 50 "Grammy category"
- 51 "It's hard to be humble when you're as great as I am" boaster
- 52 Children's cold medicine brand
- 53 1963 movie starring Albert Finney and Susannah York
- 54 Margin of safety
- 55 Power indicator
- 56 Site of an annual Jalapeño Festival
- 57 Dangerous noble gas
- 58 That, quaintly

► Email your answer—in the subject line—to crossovercontest@wsj.com

by 11:59 p.m. Eastern Time Sunday, Oct. 7. A solver selected at random will win a WSJ mug. Last week's winner: GT Maness, Mt. Pleasant, MI.

Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Puzzle Contest



LIFE & ARTS

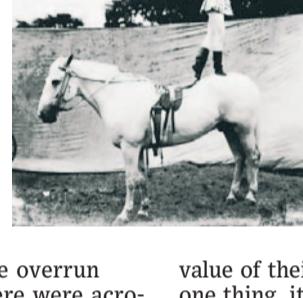
TELEVISION REVIEW | By Dorothy Rabinowitz

When 'The Circus' Came to Town

THIS DAZZLING four-hour "American Experience" documentary titled "The Circus" (Oct. 8 and 9, 9 p.m., PBS) gets to the point at once—namely, how it happened that, from its earliest days, the circus cast a spell Americans found irresistible. The opening line, describing 19th-century America, is simple in its elegiac way, but its theme is one that will echo again and again in more complex ways throughout this film portrait of the circus, and of the impresarios who grasped what their audiences wanted, and gave it to them—not without first ensuring lavish displays of posters with life-size pictures of performances to come. Advertising had no more devout practitioners than Barnum and Bailey and the Ringling Brothers.

America was an agrarian society, that opening line tells us. "And it was a hard life that you had. You woke up early, and you worked through the day, and if you were so lucky, for one magical day, you were transported...."

You were transported from your ordinary life to the world of the circus, to the parade of animals, wonders from around the world like giraffes, tigers, zebras—the country was



not at the time overrun with zoos. There were acrobats, jugglers, strongmen, and later strong women whose talents were touted as an argument for women's suffrage.

There were, not least, the sideshows, which meant, mostly, displays of oddly formed humans—otherwise known as freaks—bearded ladies, conjoined twins and the like. P.T. Barnum appears not to have been the first to employ these attractions, but he made them a specialty of his circuses. A commentator notes, somewhat unnecessarily, that there seems to be an element of exploitation in these presentations, and perhaps also a touch of racial commentary—Chinese people were sometimes presented as human oddities. Still, these performers were not exactly victims, he notes—they had each made their choice to work and earn a living.

The same could not be said, needless to say, of the performers more popular than any bearded lady—namely the animals, especially the elephants, beloved stars of every circus parade. The film includes a sprinkling of quotes from poets and writers, none more affecting than Emily Dickinson's lines to a friend, on watching a circus parade: "Friday I tasted life: It was a vast morsel. A Circus passed the house—still I feel the red in my mind though the drums are out."

Everywhere in this history of the circus—a profoundly American story (eloquently written and directed by Sharon Grimberg; Mark Samels was the executive producer)—there is that reverberating note of longing for another life, a world beyond one's grasp. People watching the parades in all their color, the stuntmen

performing impossible feats, the gaiety, the music, measured their ordinary lives against this enchantment and ran away to join the circus. This was not some cliché, one of the film's circus historians asserts—people did that. The earliest American circus, which offered clowns, acrobats and impressive feats of horsemanship, was introduced in Philadelphia during George Washington's first term—the president, we learn, attended the show on his birthday.

It was a far cry from the monumental enterprise that the circus would become in the 19th century, at the hands of the ambitious huckster Phineas Taylor Barnum. As a young man from an impoverished family, he had tried various ways of making a living, among them selling Bibles door to door. It was possibly the last time for years that Barnum would be involved in work deemed acceptable by religious quarters of society, which viewed the circus with its endless entertainments—as opposed to a hard day's honest work—its crowds gawking at scantily clad performers, with the gravest suspicion.

That attitude would change, gradually, in the latter part of the century as circus managers began emphasizing the educational

value of their business—for one thing, it was suggested, they were introducing audiences to animals of every kind from around the world.

Early in his career, Barnum began heavily advertising an exhibit featuring an enslaved African-American woman named Joice Heth—who had little choice in the matter—whom he passed off as George Washington's 161-year-old nursemaid. An educational tale that many thousands of fascinated paying customers, as well as the press, swallowed as truth. The exhibit's termination involved a Barnum-style triumph whose intricacies provide one of the more telling moments—there are many—in the film's Barnum portrait.

The same is true of the richly detailed sagas of the other storied entrepreneurs—James Bailey, who would become Barnum's partner, and the five Ringling Brothers. More telling than these, though, or anything else in the film, is the bottomless flow of period stills and footage: a treasury, especially, of crowd scenes, all eloquently reflective of the America of the times.

As to those circus animals, purchased from agents who got them from hunters, they did not always fare well—their capture and delivery is, as the film makes clear in its chilling description, a story of brutality. The preference was for young animals. In one case the capture of four young rhinos in India ended in the killing of 40 adults. The rate of mortality of transported animals was high.

This was a fact unknown to the audiences for whom the elephants, lions, giraffes, zebras and all the rest of the exotic menagerie were essential to the magic of the circus.

As was another kind of endangered species—the death-defying high-wire artists, the trapeze performers. Some in the audiences watching them rather hoped someone would fall, one of the film's commentators observes.

Perhaps. Though there were likely more people who wanted something to happen to wild-animal tamer Clyde Beatty, smartly cracking his whip while tormenting those lions.

The Circus
Monday and Tuesday, 9 p.m., PBS



Group of clowns (early 20th century) above; equestrian standing on back of horse (c. 1903), left; poster for the Barnum & Bailey Circus Aerialists (c. 1889), below

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CYCLING | By Jason Gay

FLOYD LANDIS RETURNS—AS THE BOSS

A key player in the sport's biggest scandal will take his piece of a settlement with Lance Armstrong and launch a pro team



One thing that always amazes me about the beautiful yet bedeviled sport of professional cycling is this: Just when you think you've seen it all...you see something else.

Case in point: Floyd Landis is starting a professional cycling team.

Yes: that Floyd Landis.

Landis, of course, is the U.S. rider who won the Tour de France in 2006 before an anti-doping test revealed an abnormally high level of testosterone, leading to the stripping of his title and a ban from the sport.

He returned to riding after a suspension, but eventually, Landis became a whistleblower, setting into motion a chain of events that would lift the veil on the doping exploits of himself, his former teammate, Lance Armstrong, and other key riders on the once-celebrated United States Postal Service team.

In April, the Justice Department announced that Armstrong would pay \$5 million to settle a government lawsuit alleging he defrauded the U.S. Postal Service by accepting millions in sponsorship money despite doping. Since the government's case began with Landis's whistleblower complaint, Landis was awarded a portion of the settlement.

Now Landis has decided what to do with the money. After paying off his legal fees, he's taking what's left—roughly \$750,000, he told me—and putting all of it into a new professional, North American-based developmental cycling team set to begin racing next year.

"I have a conflicted relationship with cycling, as everybody knows, but I still like it," the 43-year-old Landis said in a telephone interview Wednesday. "And I still remember what it was like to be a kid, and race on a domestic team. It was some of the best years of my life."

The whistleblower case was never about money for him, Landis said. He knew he didn't want to keep the settlement proceeds to himself. He didn't want anyone thinking he'd financially benefited "from something that is [screwed] up from start to finish."

Putting it toward a bicycling team—especially one that will be geared toward young riders—seemed like a karmically better use for it.

"I'm contrite about what happened, but you can never go back and change the decisions you



made," Landis said. "At the very least, people can see that I'm ready to move on." He mentioned the term "absolution."

"Maybe it sounds odd, but it's kind of some closure for me," Landis said. Landis stressed that this move was unrelated to Armstrong, who is under a lifetime ban from sanctioned cycling events imposed by the U.S. Anti-Doping Agency.

"Obviously, [Lance] is not a fan of mine," Landis said. But he emphasized that his new team "doesn't have anything to do with me trying to spite him, or anything like that. It's just for my own sake."

Landis's team will be what's known as a "continental" outfit—a lower-budget classification a couple of notches down from the World Tour, and often a feeder system for young riders to prepare for the highest ranks of the sport. The hope is to build a responsibly budgeted, sustainable team specializing in nurturing junior riders—at a time when other North American cycling outfits have shut down because of financial reasons.

Some of the DNA for Landis's team will come from Silber Pro, a



Canadian team that wound down at the end of this season. Silber Pro sporting director Gord Fraser—a former teammate of Landis's from his early years in the sport on the Mercury Team—will run its day-to-day operations.

"Floyd's passionate about cy-

cling," Fraser said. "I'd agree he's had his ups and downs, but hopefully with this new step, he's going to find the reason why he started racing."

Landis is a complicated figure in cycling—a gifted, hard-working racer raised in a Mennonite family who dazzled first as one of Armstrong's top support riders before striking out on his own. He's admired by some for stepping forward and breaking cycling's poisonous code of silence—but still disliked by others for his initial, adamant protests of his innocence, which included appeals for money to mount a self defense.

For a while, Landis kept his distance from the sport and public life in general. He's been more visible in recent years, thanks to his upstart business, Floyd's of Leadville, which sells legal hemp and cannabidiol (CBD) products (which do not contain THC, marijuana's psychoactive ingredient) for therapeutic and active recovery use.

Floyd's of Leadville, which currently has 50 employees, will be the name of Landis's team—the full title will be Floyd's of Leadville Pro Cycling Team—and the

Floyd Landis, left, is starting a pro cycling team. In July 2010, he spoke with the Journal about the culture of systematic doping in the sport.

company will also contribute capital, Landis said.

Landis freely acknowledged the impish irony of him getting back into the sport as, of all things, an owner. "Of course," he said. There were plenty of jokes when he got into the CBD business, he said.

But let's be real: a team sponsored by Landis will ripple the cycling world. Cyclists will argue for six hours about the proper height of a saddle. The role of drug-scandalized riders remains a contentious subject, even though plenty of them still work in the sport.

Landis knows there will be blowback. "They can put me in the same bracket as everyone else they want to go away, but at the end of the day, rather than yelling and screaming on the internet about how I should go away, they could go out and find some other sponsors to help them promote the sport," he said.

"Those people are going to continue to talk like that, and that's just who they are."

Landis said he has now paid off open disputes on donations to his old defense fund. Donors with claims are welcome to reach him through the Floyd's of Leadville website—he wants to make good on paying back.

Some residue from the past remains, however. Though it will seek out U.S. talent, Landis's team will be registered in Canada, and not merely because of its former life as Silber Pro. "Yeah, I have a long history with USA Cycling, and I'd just assume I'd start with a clean slate," he said.

He will, however, have to write a check to the UCI, cycling's global governing body. "That'll be a little painful," he said.

Landis said he hoped the tumultuousness of his career—"Everything I went through in my life"—could serve as a lesson for riders on his team. If they asked, he would tell them life was longer than cycling, that it's a "long race."

Still, he wanted to leave the details of its management to Fraser. Cycling's newest sponsor may be an improbable one. But he doesn't anticipate being aggressively hands-on.

"For me, it'll just be fun to watch," Landis said.

BY JARED DIAMOND

WHEN THE CLEVELAND Indians promoted José Ramírez to Double-A in 2013, they felt comfortable in their assessment of his power potential if he continued to develop as anticipated.

"We were talking about 12 home runs, maybe 15 home runs if everything went right," said Edwin Rodríguez, Ramírez's manager at that level.

By the time Ramírez reached the majors for good three years later, even that prediction seemed like a stretch. In five minor-league seasons after arriving in the Indians organization out of the Dominican Republic, a span comprising 1,539 plate appearances, he hit 13 total homers. In 113 games for Rodríguez with the Akron Aeros, he finished with a grand total of three.

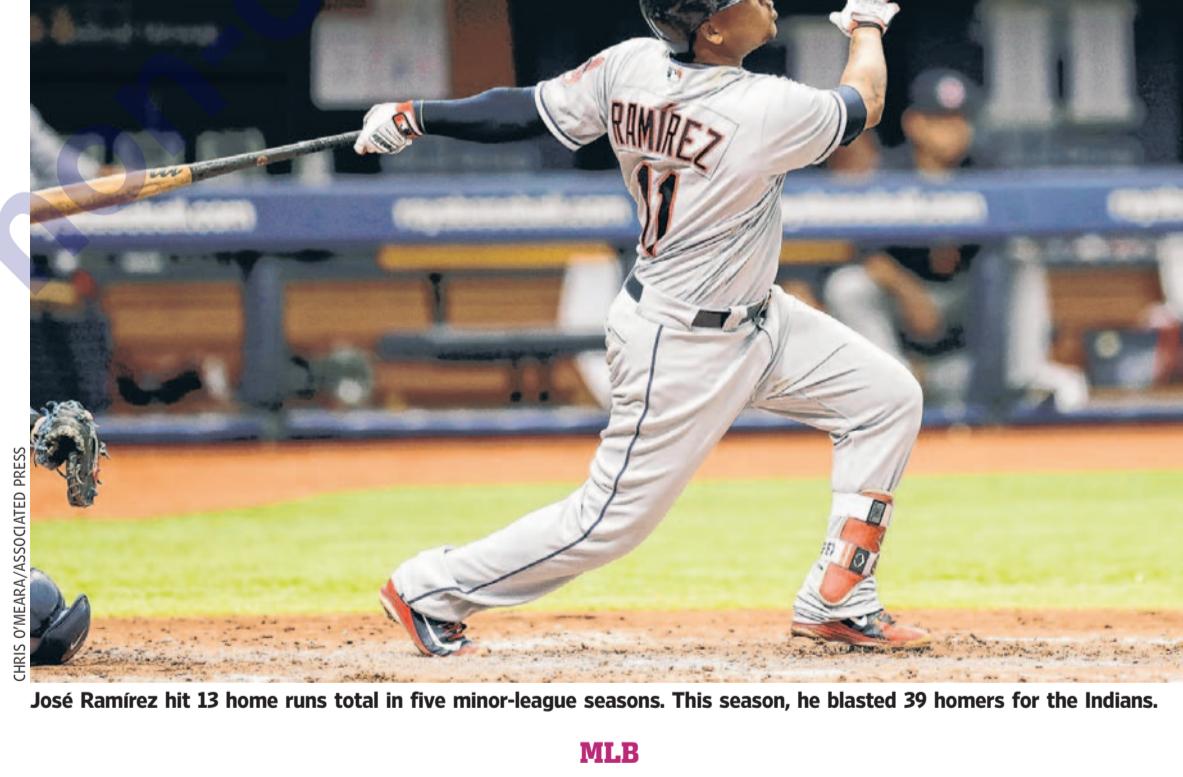
Now all of that feels like a distant memory. When the Indians open their American League Division Series against the Houston Astros on Friday, they will almost certainly insert Ramírez in the No. 3 spot of the lineup. After all, he blasted 39 homers in 2018, the most for any Cleveland player since Travis Hafner's 42 in 2006.

His remarkable ascension from a singles hitter to one of the sport's premier sluggers raises a fascinating question with far-reaching implications for how the industry evaluates talent: How did he do it?

"To say that we projected him to be a power hitter, that's not even close," Rodríguez said. "Whoever said he was going to do anything like this is lying."

In fact, it appears nobody who knew Ramírez as he advanced through the Indians' farm system thought any differently.

Indians infielder Erik González, Ramírez's teammate with Triple-A Columbus in 2015, said, "I never thought he was going to hit all these home runs." Detroit Tigers infielder Ronny Rodríguez, who out-homered Ramírez in Akron in 2013, said, "Nobody would ever



José Ramírez hit 13 home runs total in five minor-league seasons. This season, he blasted 39 homers for the Indians.

MLB

From Singles Hitter to Slugger

think he would hit this many homers in the big leagues." Not even his current hitting coach, Ty Van Burkleo, ever imagined this kind of production, even after Ramírez hit 29 for the Indians in 2017.

For the people who saw, scouted and coached Ramírez as a prospect, the disconnect started the moment they laid eyes on him. He stands at 5-foot-9 and back then weighed less than 150 pounds.

Only three players listed at 5-foot-9 or shorter, all Hall-of-Famers, have ever surpassed 39 homers in a single season, according to the statistics website Baseball-Reference: Mel Ott in 1929, Hack Wilson in 1930 and Roy Campanella in 1953.

Even now, with 15 additional pounds of muscle on his small frame, the Indians call Ramírez "Mini-Me."

Given his size, speed and innate ability to consistently put the barrel of the bat on pitches, the Indians instructed Ramírez to use those tools to his advantage. The strategy worked: Ramírez hit .304 in the minors, propelling him to the big leagues. González, Ronny Rodríguez and Indians shortstop Francisco Lindor all said they always believed Ramírez could hit over .300 in the majors.

"He was a different player," Lindor said. "They told him to hit the ball the other way, just put it in play and run."

Once Ramírez arrived in Cleveland, however, he quickly realized that the approach that brought him there wouldn't necessarily keep him there.

In 564 at-bats from 2013 through 2015, he hit .239 with just eight homers. Pitchers greeted him with a steady diet of fastballs on the inside part of the plate, not allowing him to punch the ball up the middle or to the opposite field. They dared him to try to pull the ball. For the most part, he failed.

"If you looked at his swing when he first came up, it was a different swing," Van Burkleo said. "It was more geared for slapping the ball around, all hands and not

using the lower half."

Around 2015, Ramírez concluded he needed to make a change if he wanted to stick around. "I'm the type of person where I try to think that nothing's too hard," he said. Ramírez said his biggest adjustment came in his mentality—a conscious effort to turn on inside pitches and hit them in the air.

He trusted that his strong plate discipline and natural hitting skills would allow him to add a power component to his game without sacrificing much from a contact standpoint. Van Burkleo helped as well, showing Ramírez how to put his body in the right position, involve his bottom hand better and maximize his strength.

As Ramírez's prodigious homers increased in frequency, Edwin Rodríguez, now a manager in the San Diego Padres' farm system, couldn't help but think about one of his former teammates: Don Mattingly, whom he played with in the New York Yankees organization. In 2,122 minor-league plate appearances, Mattingly hit 37 homers, topping out with 10 in 1982. Then he hit 23 in 1984 with the Yankees, followed by 35 in his MVP 1985 campaign.

Like Ramírez, Mattingly said his minor-league swing overly relied on his top hand, and he primarily focused on hitting the ball to the opposite field. He credits veteran teammate Lou Piniella with teaching him how to pull the ball.

"It's easier for a guy who can go to the opposite field to learn to pull," said Mattingly, now the Miami Marlins manager. "Very rarely do you see a guy who just pulls everything and all of a sudden he's able to hit the ball the other way."

Ramírez finished 2018 on a down note, hitting .174 with just two homers in September, a slump that prevented him from reaching the 40-homer mark.

His recent slide didn't stop the Indians from winning the AL Central for the third straight season, as they once again vie for their first championship since 1948, the longest drought in the major leagues.

OPINION

Kavanaugh: An Easy Vote



POTOMAC WATCH
By Kimberley A. Strassel

vote is the toughest the Senate will ever take. It isn't. Not even close.

True, by using some of the most vicious, ruthless and soulless tactics ever seen in Washington, the left has managed to escalate this moment. But step back, wipe the mud from your eyes, and view this nomination again with 20/20 vision. It's an easy vote.

Judge Kavanaugh is one of the most respected jurists in the country, with 12 years and hundreds of opinions on the nation's pre-eminent court of appeals. He has served his country ably and with distinction for decades. He is the definition of a bright, solid conservative jurist, a natural pick for any Republican president—a George W. Bush, a John McCain, a Mitt Romney. Voting for a stellar judge universally praised across the establishment? Easy.

Senators should remember that he was chosen in part for these specific credentials—to spare more-moderate Republicans the debates over abortion and other touchy subjects that might have accompanied different nominees. The entire process has been marked by deference to those moder-

ates—from White House pre-nomination consultations to a rock-solid confirmation process that was the most transparent in history.

Judge Kavanaugh endured 31 hours of initial hearings and answered nearly 1,300 subsequent written questions. He met 65 senators. The Judiciary Committee made available to senators thousands of documents spanning his career in government service. All this was done to ensure an orderly, thorough and honest process. Voting for a man who has been more thoroughly vetted than any nominee in history? Easy.

Republicans can also point to a fair and exhaustive examination of the ugly allegations lodged at the last minute against the nominee. Christine Blasey Ford's claims were immediately investigated by the Judiciary Committee. She was provided a hearing and treated with utmost courtesy. At senators' requests, the vote was delayed and the Federal Bureau of Investigation conducted a seventh Kavanaugh background check, this one into the claims of Ms. Ford and Deborah Ramirez. The resulting report confirms the allegations are entirely uncorroborated, and the people the accusers claim were present deny any knowledge of the purported events. Voting for a man who is innocent under any standard of due process? Easy.

The new claim that Judge Kavanaugh lacks the "temper-

ament" to sit on the court is likewise untethered from reality. When he appeared at last week's hearing, he was not testifying in his capacity as a judge, a federal employee or even a lawyer. He was testifying as a human being—one falsely accused by Senate Democrats of gang rape. Of course he was indignant. But whatever his reaction, it bears no relation to his *judicial* temperament, to how he conducts himself on the

A 'no' would alienate Republican voters and invite the smearing of future nominees.

bench. On that score his record is beyond reproach. The ABA interviewed hundreds of people about him and reported: "Lawyers and judges overwhelmingly praised Judge Kavanaugh's judicial temperament." Voting for a man who is described in that report as "honest," "humble," "open-minded," "decent" and "fair"? Easy.

Politically, too, this is easy. Republican voters are furious about the treatment of Judge Kavanaugh and want him confirmed. An NPR/PBS News-Hour/Marist poll this week showed the Democratic "enthusiasm" edge in the midterms has evaporated. As many Republicans as Democrats now say this election is "very important"—which di-

rectly ties to the Kavanaugh battle. Recent polls show Democratic senators from red states who have declared against Judge Kavanaugh to be in growing political peril—from North Dakota's Heidi Heitkamp to Missouri's Claire McCaskill to Montana's Jon Tester. Any Republican who votes against this judge puts himself in the same camp as Dianne Feinstein, Kamala Harris and Cory Booker, and risks turning that voter wrath onto themselves.

Don't tell the "resistance," but the hard vote to defend would be a "no."

That's the vote that would legitimize these shameful tactics and guarantee similar gruesome treatment for future nominees. That's the vote that turns #MeToo into #McCarthyism. It's the vote that potentially removes Judge Kavanaugh from even his existing position, as Democrats pursue perjury charges and impeachment. A "no" is a vote against every value Republican senators claim to hold dear—due process, the presumption of innocence, civility, conservative jurisprudence, the Senate's solemn role in advice and consent.

Democrats want Republicans to fear this vote. Republicans should embrace it. Because it is the right thing to do, and because the Supreme Court rulings that will come with a Justice Kavanaugh will serve as a point of pride for decades to come.

Write to kim@wsj.com.

The Book of Donald

HOUSES OF WORSHIP
By Lance Morrow

And it came to pass that the sons of men elected them a king, and his name was Trump.

And Trump said unto the Amerikites, Go to, we shall be great again, and shall build a great wall. We'll be so great you'll get tired of being great, believe me.

And the Lord came down and beheld the Amerikites and their king and he saw that nothing was restrained from him.

And the Lord said, Go to, let us go down, and there confound their language and their ideas, one from another, and the tribes of the Amerikites shall dwell in enmity and confusion, for Babel means confusion.

And so it was.

Now the Feminites and Progressivites in their multitudes were sore with Trump, and they warned him, Touch not Roe.

And it came to pass, there opened up a vacancy on the Court, and Trump named Kavanaugh.

The Deplorabites were good with that, but the Feminites and Progressivites gnashed their teeth, and they schemed against him, for that if he were sent to the Court, he might touch Roe, albeit he said it was settled law. They trusted Kavanaugh not.

Now in those days there were talk shows, and the curse of Babel fell heavily upon

them, and even Stephanopoulos of ABC sat with sheepish grin as contending overtalkers yakked and yakked and cried out like needy, spoiled children, and waved their hands, and cried, "Me, me, me," so that the words of none were heard at all, or understood, until the yakkers subsided into little puddles of spittle and wrath.

The confusion of Babel was abroad even in all the networks. Fox News proffered one language with its universe of values, and MSNBC proffered a different language and universe, and they wot not one the other. And their voices rose to different gods in different heavens.

And the tribes on Facebook and Twitter posted and tweeted, hip and thigh, to the number of six billion posts and tweets of wrath. And all were mutually uncomprehending. And they cursed and damned one another, and made of each other cartoons and devils and all manner of evil things.

For the Amerikites had become as angry children.

Now for a hundred years, almost, the American Civil Liberties Union had defended due process and the rule of law, which are the ways of grown-ups. But now the ACLU abdicated the burdens of adulthood and repudiated even its own founding thought and the rule of law, and turned against everything it had ever stood for. It ran an ad, entirely without justice, damning Kavanaugh, that he was exactly

like unto Weinstein and Cosby. Such were the devotions and betrayals in those days, and retrogressions to the ways of shame.

At Georgetown University a professor, one of the Feminites, laid down on Twitter that white men should be killed, and their corpses castrated, and fed to pigs. And Georgetown condemned her not.

'So the Amerikites revealed themselves, one to another, and it was not a pretty sight.'

There arose a great cry in restaurants where tribunes of the Deplorabites went to dinner, so that they fled before the steaks arrived, and there arose the hue of indignation even in the elevators so that Flake could not ride up and down until he listened to the spiel.

And anchors in their pundit chairs attended to such footage and nodded and said, "Heartbreaking," hoping, as they said it, to be spared the rage of the Feminites.

So all eyes and hearts among the Amerikites became hardened with the enamel of fanaticism and the glaze of hysteria. No more was heard the Progressivites' sweet Esperanto of Goodpeak.

All was raw political emotion now—or, worse than emo-

tion, bitter political calculation and the spirit of a long revenge—and a state of war coalesced, and the mind's better and subtler ways of understanding the world were set aside.

So it was that the old amiable race of Amerikites parted in their ideas and went their ways, and gloom fell upon the land, and lightning and thunder, and other aspects of the global warming and symptoms of Last Days.

All was confusion, and a gnashing of teeth, and a shaking of fists, and the clouds of civil war.

The Amerikites could not see that they peered fiercely through the wrong end of the telescope, even as they wondered with how everything had become so small, and how the historic majesty that they had assigned to themselves and their mighty ways in the world had devolved to beer and adolescent sex grappling at the long-ago Sodom and Gomorrah of Georgetown Prep.

And so the Amerikites revealed themselves, one to another, and it was not a pretty sight.

And the Lord looked down and beheld the Amerikites and muttered irritably to himself, and wondered, all things considered, whether it was worth shedding any more of his grace upon them.

Mr. Morrow, a senior fellow at the Ethics and Public Policy Center, is author of "Evil, an Investigation."

When Boston Was Bee Town

By Bob Greene

The Boston Red Sox won 108 games this year, the most in Major League Baseball and in the franchise's 118-year history. But before they face the New York Yankees Friday in the American League Division Series, let's raise a sympathetic toast to the Boston baseball team time has mercifully forgotten: Ladies and gentlemen, a big hand for the Boston Bees.

"I could go to Fenway Park these days and ask every Red Sox fan in every seat who the Bees were," said Boston baseball historian Bob Brady. "I would probably get zero response."

In 1935 the Boston Braves were still in town. A legacy National League team that later moved to Milwaukee and then to Atlanta, the Braves were perennial second-division dwellers. They struggled to entice customers to Braves Field. "Cold winds would blow off the Charles River and into the

ballpark," Mr. Brady said. "Cinders and smoke from locomotives in the Boston & Albany Railroad Yard would drift into the stands."

So what did the owners of the Braves do? They tried to pretend the Braves weren't the Braves. "The team stunk," said Richard Johnson, curator of

Even in its time, this baseball team didn't generate much buzz.

Boston's Sports Museum. "The owners thought that by giving it a new appellation, it would change things for the better. It didn't."

Thus, before the start of the 1936 season, the Boston Bees were born. The owners hoped the short name would be appreciated by newspaper copy desks, because it would easily fit into headlines: "Bees Sting Cardinals."

But the late Boston sports-writer Harold Kaese noted: "As Shakespeare might have said, 'What's in a name? That which we call a skunk cabbage by another name would smell as foul.'"

The owners soon seemed embarrassed. They declined to put the team's nickname on uniforms, or even to design a logo. In a National League stocked with solid, familiar team names—Dodgers, Cubs, Pirates—the Bees brought to mind buzzing airborne annoyances, something to be avoided on summer afternoons. Which is what Boston's baseball fans did.

For five desultory seasons the Bees were a bust both at the turnstiles and in the standings. In 1941 they went back to being named the Braves. Bob Ryan, the Boston Globe's terrific longtime sports columnist, told me: "I talk to people in Boston every day about baseball and what it means to this town. How of-

ten does someone bring up the Bees? Never."

Even after the Bees were exterminated by their owners, their legacy of lamentable luck lingered. Before the reconstituted Braves' 1946 season, all the wooden seats in the grandstand received a fresh coat of green paint. It hadn't dried by opening day, and—in those years when men wore business suits and women wore dresses to ballgames—the fans' clothes were stained as soon as they sat down. More than 13,000 people mailed the team, demanding to have their cleaning costs reimbursed.

The cheers of Boston's fans,

full of hope for the Red Sox,

will sound at Fenway this weekend. The Bees' scant hopes floated away long ago, as faded now as traces of emerald-green paint on the seat of a blue serge suit.

Mr. Greene's books include "Chevrolet Summers, Dairy Queen Nights."

BOOKSHELF | By James Romm

Enchanted Island

The Search for Atlantis

By Steve P. Kershaw
(Pegasus, 417 pages, \$27.95)

In history's long gallery of hoaxes and half-truths, Plato's myth of Atlantis holds a privileged place. Spun out in only a few pages of the dialogues "Timaeus" and "Critias," the tale of this sunken island, supposedly destroyed by an ancient flood after losing a war with Athens, has generated reams of speculation over the past two millennia and still interests modern-day geologists, treasure hunters and New Age cultists.

The list of places where Atlantis has been sought reads like a testament to human ingenuity—or folly. Plato's texts clearly situate the island outside the Pillars of Heracles (the Strait of Gibraltar)—that is, in the Atlantic Ocean, as the name might suggest. Nonetheless, fervid interpreters have linked it to nearly every spot on the globe, including Antarctica, Australia and Alaska, to sample only the "A" segment of a long list presented by Steve Kershaw in the last chapter of "The Search for Atlantis."

Plato would no doubt be appalled at how seriously his story has been taken. True, he dressed Atlantis in the guise of fact, claiming that the Athenian sage Solon had heard of it from learned Egyptian priests whose records went back 9,000 years. But such elaborate attributions were often used, winking, by Greek fantasists. It's just as easy to read Plato's introduction of the tale as an admission of its fictionality.

Mr. Kershaw himself believes Atlantis to be pure myth, though he doesn't reveal this view until the end of "The Search for Atlantis." In a paragraph that will not endear him to true believers, he compares Plato's island to the richly imagined Hogwarts Academy of the "Harry Potter" novels. Could anyone go out and search for Hogwarts based on J.K. Rowling's descriptions? Of course not, Mr. Kershaw writes. "It is all about the story."

Or rather, it's about how one uses the story, for Mr. Kershaw's subject is not Plato's text but the ways in which readers have dealt with it over the millennia. As his exhaustive survey shows, Atlantis has been adapted to countless ideologies and agendas over time, serving the needs of every sort of reader—"harmless hippies or Heinrich Himmler," in Mr. Kershaw's memorable phrase. Whether one wants to stake a colonial claim on New World lands, or find the lost 10 tribes of the Hebrew Bible, or give support to the theory of continental drift, the Atlantis tale, properly twisted, can help.

Mr. Kershaw, who teaches in Oxford University's continuing-education branch, has done some thorough digging to unearth his collection of kooks and curiosities. Take the case of Olof Rudbeck, a Swedish scholar of the late 17th century known today only to historians of Uppsala University, where he was once rector. Rudbeck combined Atlantis lore with Icelandic sagas, then sprinkled in bits of Greek myth and the Book of Genesis, to place Atlantis, as well as the homeland of the biblical Japheth, in Scandinavia. "The meaning is obvious: the Swedes, not the Jews, are God's chosen people," writes Mr. Kershaw, labeling the Rudbeck scheme an example of "Atlanto-nationalism."

Though mythical and still nowhere to be found, Atlantis has enthralled all sorts of thinkers and theorists—some harmless, some not.

"The Search for Atlantis" explores many such theories, perhaps too many. Mr. Kershaw's journey through the list of Atlantis seekers feels at times like a forced march, and even he seems to grow weary: "The 'same-old-same-old' views of Plato's Atlantis continued to be recycled in the Enlightenment," he writes near the start of one chapter, inducing a mild sense of "here we go again."

Indeed, Mr. Kershaw would have been well advised to omit some of his minor figures and expand on the more interesting or influential ones. The fact that Arnobius of Sicca, a Christian apologist of the fourth century, probably regarded the Atlantis war as a genuine historical occurrence doesn't carry great resonance, and in the short entries Mr. Kershaw devotes to such obscurities one feels the dead hand of the scholarly reference work.

Other Atlanteans, by contrast, deserve a more probing discussion than Mr. Kershaw gives them. Ignatius Donnelly, a colorful Midwestern politician and author of the late 19th century, was by Mr. Kershaw's account "the most influential writer on Atlantis since Plato." But his treatment of Donnelly's study, "Atlantis: The Antediluvian World," is surprisingly thin and doesn't take account of the work's racist underpinnings. By tracing all "advanced" civilizations back to the Atlanteans, here defined as a light-skinned, European people, Donnelly sought to credit his own race with humanity's greatest achievements. This much-reprinted book might have received a fuller treatment here.

Mr. Kershaw does pick up the white-supremacist thread in the Atlantis story further on, when he comes to early 20th-century Germany. Three writers and scholars that he discusses—Karl Zschaetzsch, Edmund Kiss and Albert Herrmann—found in Atlantis the roots of the Aryans later mythicized by Hitler. It was a place they sometimes fused with the equally mysterious island of Thule, often linked to the North Atlantic, in order to produce a prehistoric, Valhalla-like German homeland.

Mr. Kershaw closes this chilling chapter with a quote from Hannah Arendt suggesting the larger importance of his topic. "The ideal subject of totalitarian rule," Arendt wrote, is "people for whom the distinction between fact and fiction . . . and the distinction between true and false . . . no longer exist." The tortured moves that Mr. Kershaw documents, by which the Atlantis myth has been recast as fact and willfully misread, remind us of how vital such distinctions are for a society striving to stay free.

Mr. Romm is the editor of "Theophrastus' Characters: An Ancient Take on Bad Behavior," just published by Callaway.

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OPINION

REVIEW & OUTLOOK

Kavanaugh and the Senate's Honor

Majority Leader Mitch McConnell has scheduled a Senate vote for Friday morning to close debate and move Brett Kavanaugh toward a final confirmation vote on Saturday, and it's about time. The undecided Senators have had their extra week for an FBI probe, the review has turned up nothing to support the assault accusations against him, and now Senators should vote to put a worthy judge on the Supreme Court.

Democrats are complaining that the FBI report is incomplete, but then no report would satisfy them unless it found evidence that apparently doesn't exist. "The most notable part of this report is what's not in it," said Dianne Feinstein of California, the top Democrat on the Senate Judiciary Committee. She thinks accusations that have no corroboration are credible because the FBI can't prove that something didn't happen.

* * * * *

The FBI was always likely to turn up little new evidence because Christine Blasey Ford recalls so little about the assault she says took place 36 years ago. The witnesses she says were there, including her best friend, say they don't recall the party or refute that it happened. There are no corroborating witnesses and no incriminating evidence, and Ms. Ford's story about key details also keeps changing.

The best summary of her case is in the memo by Rachel Mitchell, the Arizona prosecutor who specializes in sexual-assault cases and was invited to question Ms. Ford by Judiciary Republicans. "A 'he said, she-said' case is incredibly difficult to prove. But this case is even weaker than that," Ms. Mitchell wrote. "I do not think that a reasonable prosecutor would bring this case based on the evidence before the Committee. Nor do I believe that this evidence is sufficient to satisfy the preponderance-of-the-evidence standard."

You don't have to believe Ms. Ford is lying to vote to confirm Judge Kavanaugh, and we don't doubt her sincerity. You can simply assume that memories can be wrong after so many decades, and that it would be a terrible precedent to disqualify such a distinguished nominee when he categorically denies it and there is no corroborating evidence.

The latest liberal attack is that Judge Kavanaugh's passionate defense of his integrity and his criticism of Democrats at his second hearing shows he lacks proper "judicial temperament." Alaska Republican Lisa Murkowski is said to be vexed by this point, though she didn't raise it when she asked for an additional week for the FBI to investigate.

The Bond Market's Signal

Recall the hyperventilation about an inverted yield curve? So much for that. The sound you hear is the bond market popping as stronger economic growth sends long bond rates to new highs. The yield on the 10-year Treasury climbed more than 10 basis points on Wednesday to 3.159% and closed even higher on Thursday at 3.196%, as investors weighed signals of a strengthening labor market and business investment.

Not long ago various market sages warned that tightening by the Federal Reserve would push up short-term rates and result in an inverted yield curve presaging a recession. Instead the curve is steepening as investors forecast higher economic growth.

ADP on Wednesday said 230,000 jobs were added last month, and the Institute for Supply Management's measure of service industry growth hit the boom territory of 61.6%. The National Federation of Independent Business on Thursday reported in its monthly survey that

Mr. Kavanaugh has exhibited impeccable temperament in his 12 years on the federal bench, while teaching at Harvard, and in the rest of his public life. Only after Democrats accused him of vile behavior, and the media amplified it as if it were fact, did the judge react with the indignation that any normal innocent person would.

By this temperament standard, Democrats are entitled to accuse him of abusing women, being a drunk and committing crimes, and he is supposed to take it with a smile and a thank you for the question, good sir. Had he meekly pleaded for mercy at the Democratic Judiciary court, opponents would have said he looked guilty.

Then there is the claim that Mr. Kavanaugh has been treated no worse than Judge Merrick Garland, the Barack Obama nominee who was denied a Senate hearing and confirmation vote in 2016. So destroying a man's reputation and accusing him of gang rape is the same as putting a nomination on hold for several months to let the voters decide who should nominate the next Supreme Court Justice?

The idea of delaying a confirmation vote in a presidential election year was set by none other than current Minority Leader Chuck Schumer. "We should not confirm any Bush nominee to the Supreme Court, except in extraordinary circumstances," Mr. Schumer said in a July 2007 speech to the American Constitution Society. Democrats then held the Senate, and Mr. Schumer was putting down a marker if someone on the High Court were to retire in George W. Bush's final year as President.

* * * *

Judge Kavanaugh is by all accounts one of the most qualified nominees for the Supreme Court in recent history. He has more appellate-court experience than Antonin Scalia did in 1986, and he has had more of his judicial reasoning adopted by the Supreme Court. Nothing in his three decades of public life echoes the behavior that his accusers claim they saw in his high school and college days. On the merits, confirmation is an easy vote.

Yet the stakes are larger because of the smears and character assassination. To reject Judge Kavanaugh now would ratify these Democratic tactics, with damaging consequences for the Senate, the Supreme Court and American politics. If uncorroborated accusations from decades ago can destroy a distinguished career for political reasons, then the same can happen to anyone and will happen to many.

Democrats have done great damage to the Senate that will take years to undo, but the first crucial step is confirming Brett Kavanaugh.

hiring at small businesses picked up, and 37% of members reported raising compensation to attract or retain workers.

This doesn't mean that rising yields are a free lunch. The Federal Reserve's quantitative easing explicitly sought to flatten long-bond yields to push investors into riskier assets, including equities and corporate debt. As the Fed unwinds its bond portfolio, it's not clear what will happen to the prices of those assets, though you'd expect that what goes up on Fed manipulations could come down when the music stops.

The question is how much a washout in some frothy asset classes would affect the real economy. For now at least the economy remains very strong on the rising tide of tax reform, deregulation and the end of political hostility to job creators. Bond yields were bound to rise sooner or later, and better to do it against the backdrop of the strongest economy since 2004, and maybe since the late 1990s.

Cyber Criminals in the Kremlin

Several governments on Thursday made a coordinated release of new information about Russian cyber espionage, including an indictment of seven Russian intelligence agents from the Department of Justice in Washington. Authorities are performing a public service by lifting the veil of secrecy that usually envelops counterintelligence.

The Justice indictment names seven agents in the Kremlin's intelligence agency, the GRU, for hacking attacks against sports antidoping agencies and Westinghouse Electric Co. As payback for investigations into Russian athletes' use of banned performance-enhancing drugs, the GRU stole online data about hundreds of other athletes—even sending agents to Rio de Janeiro to hack the computers of antidoping officials at a conference. Then it leaked confidential information to embarrass innocent sportsmen and women.

Meanwhile, the Dutch government says four Russian agents showed up in April intending to hack the wireless network at the Organization for the Prohibition of Chemical Weapons (OPCW) in the Hague. The plan appears to have been to place sophisticated equipment in a rental car and then park outside the building with the trunk pointed toward the offices to pick up wireless computer transmissions.

The OPCW at the time was investigating the Kremlin's use of a nerve agent to try to assassinate a Russian double agent in the U.K.—an at-

tempt that killed an innocent civilian. The agency also was investigating the use of chemical weapons by Russia's client regime in Syria.

Putin's spies are exposed in cases around the world.

There's evidence that the spies would have headed to an OPCW-affiliated lab in Switzerland if the Dutch hadn't nabbed them. The British government says the Foreign and Commonwealth Office and the Porton Down military lab also were targets of failed Russian cyberattacks at about the same time.

Authorities linked some of the equipment to Malaysia, suggesting the Russians may be related to an earlier attempt to hack computers used in the investigation of the shoot-down of Malaysia Airlines Flight 17 in 2014 by Russian proxies in Ukraine. Clearly the Kremlin is curious about what other governments know about the Kremlin's criminal activities.

Governments are right to expose all this, despite longstanding and often reasonable aversion to casting too much public light on counterintelligence. The technical complexity of cybercrime too often gives rogue leaders such as Vladimir Putin room to hide, and offers sympathetic politicians in the West scope to obscure or excuse.

Thursday's coordinated reveal is part of a growing willingness of Western governments to inform citizens about the true scale of the cyber threat, and it's important for voters to know. Mr. Putin is beyond embarrassment, but he's not beyond exposure.

The judge is a distinguished nominee. The charges against him are uncorroborated.

OPINION

How It Feels To Be Falsely Accused

By Libby Locke

As an attorney, I represent people at the pinnacle of their careers facing front-page reputational attacks. I spend countless hours, day and night, counseling and *consoling* high-profile clients—from CEOs to celebrities—experiencing acute trauma. Those falsely accused of misconduct—professional or personal, sexual or criminal—face a hellish choice: Let it go and allow the lie to persist as a permanent blot, or fight back through the legal process to clear their name. As we talk through the decision, my clients grapple with the damage to their relationships, lives and reputations.

My high-profile clients know the painful personal costs of defamation.

They lament the unfairness of having their reputations destroyed—legacies built from work, faith, relationships and day-to-day treatment of others over a lifetime. They slowly realize there is no easy fix, in part because First Amendment precedents place an enormous burden of proof on defamation plaintiffs. Most poignantly, they grieve over the damage to their families.

They worry about who has seen the defamation. The parents of their children's classmates? The neighbors? The cashier who sees their name on a credit card? They stress out wondering if they'll ever be able to go to a social gathering without encountering someone who thinks it's true. They get angry. They cry. For most, it is their darkest hour.

That is why I was not at all surprised by Judge Brett Kavanaugh's emotional response last week, shifting from moral indignation at the absurd and vicious political theater to sorrow at the impact of the accusation on his family. Like my clients, Judge Kavanaugh is facing the gut-wrenching trauma of this high-profile—indeed, the most high-profile—reputational attack.

He also faces a Catch-22 as a judicial nominee. His detractors in the media have decreed that the only way to demonstrate innocence is with an "authentic" emotional response, yet that response is taken as evidence of lack of an appropriate "judicial temperament"—as if a Justice Kavanaugh would be hearing his own case. Never mind his hundreds of opinions, the universal praise by litigants who have appeared before him, and the scores of women and men who've worked for and effusively praise him.

Contrast this with the deference afforded to his accusers. The accusations were timed suspiciously, brought forth by Senate Democrats and activist lawyers who lay in wait for six weeks, then leaked to the media just in time to derail a vote. Nonetheless, throngs of people announced that they believed the accusations despite the contradictions, memory lapses and lack of contemporaneous corroboration.

The public destruction of a respected jurist by a decades-old uncorroborated allegation has thoroughly refuted the idea that those accused of sexual assault have an unfair advantage over their accusers. No wonder Judge Kavanaugh is angry. Any man falsely accused of sexual assault would be. And any respectable jurist would have been frustrated to have his personal reputation and his family's well-being destroyed—along with bedrock principles of American jurisprudence like due process, evidentiary burdens and the presumption of innocence.

Ms. Locke is a partner in the law firm Clare Locke LLP, based in Alexandria, Va.

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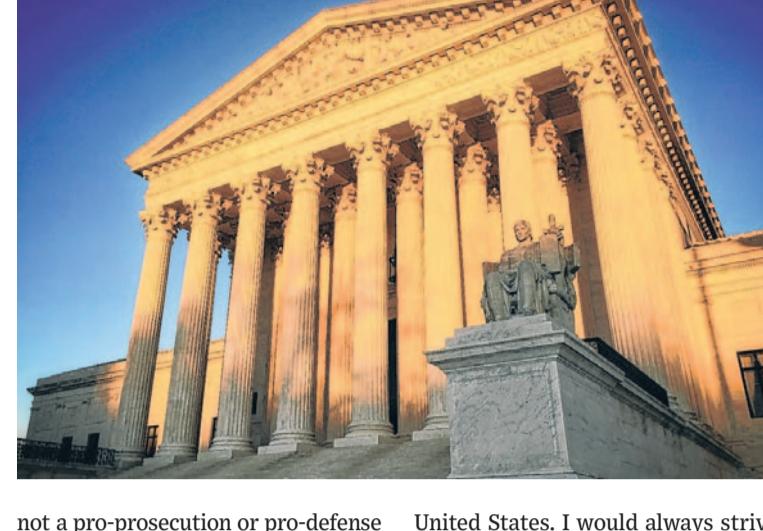
I Am an Independent, Impartial Judge

By Brett M. Kavanaugh

I was deeply honored to stand at the White House July 9 with my wife, Ashley, and my daughters, Margaret and Liza, to accept President Trump's nomination to succeed my former boss and mentor, Justice Anthony Kennedy, on the Supreme Court. My mom, Martha—one of the first women to serve as a Maryland prosecutor and trial judge, and my inspiration to become a lawyer—sat in the audience with my dad, Ed.

That night, I told the American people who I am and what I believe. I talked about my 28-year career as a lawyer, almost all of which has been in public service. I talked about my 12 years as a judge on the U.S. Court of Appeals for the District of Columbia Circuit, often called the second most important court in the country, and my five years of service in the White House for President George W. Bush. I talked about my long record of advancing and promoting women, including as a judge—a majority of my 48 law clerks have been women—and as a longtime coach of girls' basketball teams.

As I explained that night, a good judge must be an umpire—a neutral and impartial arbiter who favors no political party, litigant or policy. As Justice Kennedy has stated, judges do not make decisions to reach a preferred result. Judges make decisions because the law and the Constitution compel the result. Over the past 12 years, I have ruled sometimes for the prosecution and sometimes for criminal defendants, sometimes for workers and sometimes for businesses, sometimes for environmentalists and sometimes for coal miners. In each case, I have followed the law. I do not decide cases based on personal or policy preferences. I am not a pro-plaintiff or pro-defendant judge. I am



ISTOCK/GETTY IMAGES

not a pro-prosecution or pro-defense judge. I am a pro-law judge.

As Justice Kennedy showed us, a judge must be independent, not swayed by public pressure. Our independent judiciary is the crown jewel of our constitutional republic. The Supreme Court is the last line of defense for the separation of powers, and for the rights and liberties guaranteed by the Constitution.

Yes, I was emotional last Thursday. I hope everyone can understand I was there as a son, husband and dad.

The Supreme Court must never be viewed as a partisan institution. The justices do not sit on opposite sides of an aisle. They do not caucus in separate rooms. As I have said repeatedly, if confirmed to the court, I would be part of a team of nine, committed to deciding cases according to the Constitution and laws of the

United States. I would always strive to be a team player.

During the confirmation process, I met with 65 senators and explained my approach to the law. I participated in more than 30 hours of hearings before the Senate Judiciary Committee, and I submitted written answers to nearly 1,300 additional questions. I was grateful for the opportunity.

After all those meetings and after my initial hearing concluded, I was subjected to wrongful and sometimes vicious allegations. My time in high school and college, more than 30 years ago, has been ridiculously distorted. My wife and daughters have faced vile and violent threats.

Against that backdrop, I testified before the Judiciary Committee last Thursday to defend my family, my good name and my lifetime of public service. My hearing testimony was forceful and passionate. That is because I forcefully and passionately denied the allegation against me. At times, my testimony—both in my opening statement and in response to questions—reflected my overwhelming frustration at being wrongly accused.

cused, without corroboration, of horrible conduct completely contrary to my record and character. My statement and answers also reflected my deep distress at the unfairness of how this allegation has been handled.

I was very emotional last Thursday, more so than I have ever been. I might have been too emotional at times. I know that my tone was sharp, and I said a few things I should not have said. I hope everyone can understand that I was there as a son, husband and dad. I testified with five people foremost in my mind: my mom, my dad, my wife, and most of all my daughters.

Going forward, you can count on me to be the same kind of judge and person I have been for my entire 28-year legal career: hardworking, even-keeled, open-minded, independent and dedicated to the Constitution and the public good. As a judge, I have always treated colleagues and litigants with the utmost respect. I have been known for my courtesy on and off the bench. I have not changed. I will continue to be the same kind of judge I have been for the last 12 years. And I will continue to contribute to our country as a coach, volunteer, and teacher. Every day I will try to be the best husband, dad, and friend I can be. I will remain optimistic, on the sunrise side of the mountain. I will continue to see the day that is coming, not the day that is gone.

I revere the Constitution. I believe that an independent and impartial judiciary is essential to our constitutional republic. If confirmed by the Senate to serve on the Supreme Court, I will keep an open mind in every case and always strive to preserve the Constitution of the United States and the American rule of law.

Judge Kavanaugh has been nominated as an associate justice of the U.S. Supreme Court.

Tomorrow's Elite Lawyers Disavow Due Process

By Heather Mac Donald

At last count more than 1,700 law professors have signed an open letter complaining that Judge Brett Kavanaugh "displayed a lack of judicial temperament" in responding to uncorroborated sexual assault accusations against him. In his 12 years on the federal bench, Judge Kavanaugh has produced ample evidence of his judicial temperament. If anyone's temperament should be of concern to these professors, it's that of their students, enthralled by identity politics and victim ideology.

Immediately after President Trump nominated Judge Kavanaugh in July, hundreds of Yale law students, alumni and faculty signed a petition claiming the nomination presented an "emergency . . . for our safety." When Christine Blasey Ford's allegations became public in September, Yale law students convened a town hall to combat a "culture" on campus "that privileges power and prestige over safety and wellness, [and] that precludes many of us from flourishing in this space."

When the *New Yorker* published its own uncorroborated account of lewd conduct purportedly committed by Mr. Kavanaugh as a Yale freshman, Yale law-school alumnae organized an open letter supporting "all women who have faced sexual assault, not only at Yale, but across the country." Thirty-one Yale law professors canceled classes to facilitate student protests against Judge Kavanaugh, both in New Haven and on Capitol Hill. The Office of Student Affairs put out a plate of cookies to let students "know we are thinking of you."

Not to be outdone, Harvard law students walked out of their classes the day after the *New Yorker* article appeared, wearing pink buttons declaring "I Believe Christine Blasey Ford." America must "stand by these survivors," the president of the Harvard Black Law Students Association told the crowd. The dean of students announced, "We are supporting our students as they grapple with these

issues." Whether she provided cookies is unknown.

Judge Kavanaugh has taught a three-week course at Harvard every January since 2008. Nearly 1,000 Harvard Law alumni signed a petition saying his presence on campus now would send a message to female students that powerful men are above the law. In a letter to the dean, some first-year law students claimed that allowing Mr. Kavanaugh to teach would create a "hostile environment for many students, and especially survivors." Several undergraduates filed Title IX complaints on the same grounds, according to the *Harvard Crimson*. Earlier this week Judge Kavanaugh announced that he won't teach the class in 2019. His faculty page has been scrubbed from the school's website.

The Kavanaugh hysteria has provided the country with a crash course in academic victim politics. The tribal denunciations of "privileged white males," the moral panic over fantastical accounts of sexual predation, the spectacle of Ivy League law students claiming to feel "unsafe," the assertion that a single uncorroborated out-

break of male teen hormones should cancel a lifetime of achievement in the law—all originate in the anti-Enlightenment ethos of the academy, embodied in critical race studies, feminist legal theory, and the attacks on the Socratic teaching method as anti-female and anti-"survivor."

Law students at Yale and Harvard, triggered by Kavanaugh, skip class and file Title IX complaints.

The #BelieveSurvivors mantra is a cornerstone of the campus grievance industry but inimical to everything that a law school should teach. It's a religious gesture, not a legal one: Such belief is independent of proof, arising out of a pre-existing commitment to a narrative of ubiquitous female abuse by patriarchal white males. The "survivor" label presupposes the conclusion that evidence should establish: that the accused is guilty of an offense. The fact-finder,

if there even is one, regards contradictions or holes in a woman's story as evidence of "trauma" and thus as further corroboration. According to #BelieveSurvivors logic, the Innocence Project, which exists to vacate wrongfully convicted and has a presence at law schools across the country, should be disbanded.

Examples abound of student rape allegations arising out of voluntary drunken hookups, following which the self-described victim sought further sexual contact with her alleged rapist. Even if such cases weren't so common, to presume the guilt of the accused based on an accusation alone would still be an affront to due process.

The current generation of elite law students will one day become judges themselves. If they remain committed to the circular logic of #BelieveSurvivors, the rule of law is in trouble.

Ms. Mac Donald is a senior fellow at the Manhattan Institute and author of "The Diversity Delusion: How Race and Gender Pandering Corrupt the University and Undermine Our Culture."

Cheney Biopic 'Vice' Has Few Virtues

By Matthew Hennessey

The internet got its first look at the trailer for "Vice," a new biographical drama about former Vice President Dick Cheney, this week. Most viewers expressed shock and awe at the physical transformation of the normally lithe British actor Christian Bale, who plays the stout Mr. Cheney at various stages of life. And Mr. Bale's performance looks great. Left unanswered: Why make this movie?

George W. Bush left the White House almost 10 years ago. In that time we've had quite a ride—bank bailouts, tea parties, race riots, the IRS scandal and several Supreme Court nominations. Then there's Donald Trump. Yet Hollywood still hasn't

gotten over the Bush administration.

It's an ugly obsession. From Oliver Stone's dreadful "W." (2008) to Will Ferrell's unfunny TV special "You're Welcome America" (2009), the offerings have tended to be bad—and

Almost a decade has passed since George W. Bush's presidency. Hollywood isn't over it.

worse, predictable. When it comes to politics, Hollywood never seems to want to work that hard. At least half the country has no reason even to tune in.

Mr. Cheney served for much of the early 2000s as blue America's chief bugbear. Sometimes Republican politicians' stock with Democrats rises after retirement, as Mr. Bush's has. But everybody still hates Mr. Cheney.

"NYT columnist Maureen Dowd explains why Donald Trump isn't as bad as Dick Cheney," read a recent headline from Australia.

The former vice president is now 77. Unlike Al Gore and Joe Biden, he's mostly invisible since leaving office. He's not bothering anybody, so what gives? In 2012 Mr. Cheney got a heart transplant, and his surgeon predicted he'd live another 10 years.

Maybe the makers of "Vice" wanted to let him know they hate his guts while he's still around to hear it.

Vice presidents don't get as many movies made about them as presidents do. This may actually be the first one. Will we get a movie about Mr. Gore raising money from Asians and being accused of sexual miscon-

duct by massage therapists? Is anybody working on a script about Mr. Biden plagiarizing speeches by Neil Kinnock?

The "Vice" trailer reveals that Academy Award winner Sam Rockwell plays George W. Bush as the dim bulb Hollywood always presumed he was. But Mr. Bale's take on Mr. Cheney looks diabolical. "Are you even more ruthless than you used to be?" asks Steve Carell as Donald Rumsfeld. Mr. Bale's Cheney responds with a crooked smile.

Contrast these portrayals with the two serious and dramatic films about Barack Obama's early life released in 2016. Rolling Stone critic Peter Travers called "Southside With You," about the 1989 first date between the future president and Michelle Robinson, "gorgeously romantic," adding that it "casts a magical spell by blending budding love with fierce intelligence." In the *New York Times* Manohla Dargis was similarly effusive about "Barry," a Netflix film centered on Mr. Obama's time in New York during the 1980s: "Abraham Lincoln remains the most hallowed of our screen presidents, but it wouldn't be surprising if Barack Obama—another historic, divisive, lanky colossus—eventually followed."

I'm sure "Vice" will get good reviews. How could it not? If it proves as popular as its trailer, Hollywood won't lose interest in the Bush years anytime soon. We'll probably eventually be treated to "Rummy," "Condi" "Heckuva Job, Brownie" and many more.

When they hit the multiplex, feel free to ignore them. As usual.

Mr. Hennessey is the Journal's deputy editorial features editor.

Notable & Quotable

Vice President Mike Pence speaking to the Hudson Institute, Oct. 4:

The American people deserve to know that, as we speak, Beijing is employing a whole-of-government approach to advance its influence and benefit its interests. . . . The Chinese Communist Party is rewarding or coercing American businesses, movie studios, universities, think tanks, scholars, journalists, and local, state, and federal officials.

And worst of all, China has initiated an unprecedented effort to influence American public opinion, the 2018 elections, and the environment leading into the 2020 presidential elections. To put it bluntly, President Trump's leadership is working; and China wants a different American President.



WORLD NEWS

Pence Cautions Google on China

Vice president warns against aiding Chinese censors as trade tensions simmer

BY MICHAEL C. BENDER
AND DUSTIN VOLZ

WASHINGTON—The Trump administration took aim at Google, calling on the tech giant to halt development of a project it said would accelerate censorship efforts in China.

In a speech on Thursday that outlined the White House's long list of frustrations and grievances with Beijing, Vice President Mike Pence called on companies to reconsider business practices in the world's second-largest economy that involve turning over intellectual property or "abetting Beijing's oppression."

"For example, Google should immediately end development of the Dragonfly app that will strengthen Commun-

ist Party censorship and compromise the privacy of Chinese customers," Mr. Pence said in his speech at the Hudson Institute, a conservative think tank focused on security and economic issues.

Mr. Pence's speech was the latest sign from the White House that the warm relations between President Trump and Chinese President Xi Jinping haven't trickled through the administration ranks. Trade tensions between the two countries have been escalating for months, and disputes continue over military cooperation, espionage and territorial claims in the South China Sea.

Mr. Pence said Thursday that China is working to remove Mr. Trump from office and described a broad effort to influence political opinion and manipulate academic institutions and U.S. companies.

Last week, Mr. Trump accused China of trying to interfere in the U.S. midterm elections in November to hurt him

and the Republican Party in retaliation for his stance on trade.

Senate Democrats asked the Trump administration on Thursday for evidence to support assertions of election meddling. In a letter to Director of National Intelligence Dan Coats, three senators asked whether the accusation from Mr. Trump "aligns with the intelligence community's assessments of Beijing's intentions, plans and activities."

Sens. Ron Wyden of Oregon, Martin Heinrich of New Mexico and Kamala Harris of California, who all serve on the Senate Intelligence Committee, asked for a response by Oct. 8 "so that the public and members of Congress have the information in advance of the election."

A spokeswoman for the Office of the Director of National Intelligence said the letter had been received and that Mr. Coats would respond to it. Chinese officials have said they don't interfere internally in other countries.



Vice President Mike Pence cautioned U.S. companies in China about sharing intellectual property.

close to launching a search product in China."

Beijing, Mr. Pence said, "is also taking steps to exploit its economic leverage, and the allure of China's large domestic market, to advance its influence over American corporations."

He said Delta Air Lines was forced to apologize for not identifying Taiwan as a "province of China," and Marriott was pressured to fire a U.S. employee who used a company account to "like" a Tibetan sep-

aratist group's Twitter post.

Mr. Pence also accused China of seeking to "foster a culture of censorship" in academia. He cited a speech from Yang Shuping, a University of Maryland student from China who became a target of criticism there after praising the "fresh air of free speech" in America.

He said Ms. Yang was the "victim of a firestorm of criticism" on China's tightly controlled social media and her family was harassed.

Aid Arrives Slowly for Indonesia's Tsunami Victims

BY BEN OTTO
AND JOHN LYONS

PALU, Indonesia—Aid trickled through to victims of last week's deadly earthquake and tsunami in this Indonesian city, but the effort continued to face major hurdles and many people living in makeshift camps outside devastated villages were growing desperate for basics like water.

Palu's port reopened to aid vessels, wrecked hospitals are treating the injured, and an increasing number of military cargo planes are landing at the damaged airstrip. But workers are still having trouble delivering the millions of dollars of international aid to the region on western Sulawesi island struck by the 7.5-magnitude quake and ensuing tsunami.

Many roads are damaged and the local airport is still building up capacity after its tarmac was cracked.

At one camp containing dozens of families, a truck distributed water cups and small sandwiches. The scramble for handouts lasted less than two minutes.

"We got water today," said Lia Fitri Yani, 25 years old, who has had to sleep under a blue tarp since the quake crumbled the walls on one side of her house. "But not everyone does. There's no system."

The death toll ticked up to 1,424 on Thursday, disaster-management officials said. Hundreds of victims have been buried in mass graves.

Sutopo Purwo Nugroho, spokesman for the national disaster-mitigation agency, predicted that the number of dead would continue to rise.

In one obliterated neighborhood where the quake raised the land level by more than 16



Soldiers digging for the body of a woman buried beneath mud in Palu, where many roads are damaged and workers are still struggling to deliver international aid.

feet, search and rescue personnel recovered more victims from the wreckage and placed them in body bags next to a closed restaurant. Amid collapsed houses and the charred remains of crushed vehicles and rooftops, red and white Indonesian flags marked places to dig for more victims.

At the airport, military

cargo planes unloaded food and water aid arriving from Sulawesi's main city, Makassar. The International Federation of the Red Cross said it was sending 70 tons of aid in ships, with a first vessel bearing water tanks and other gear scheduled to arrive on Saturday.

More than 70,000 people

remain sleeping outside underneath tarps, many of them in the dry hills that overlook Palu city and its broad bay. Hendra Wahid, a student, drove 27 hours with two dozen volunteers to bring two trucks of food and water to people made homeless.

"We'll run out tomorrow, and then we'll go home," Mr.

Wahid said. "But there's still a lot of people who fled to the hills who haven't received aid."

Mr. Sutopo said more medical supplies and medics are arriving to affected areas. At a half-ruined hospital in Palu, two dozen patients lay in beds outside, some under the shade of trees. The interiors of few

buildings are in use anywhere in the city, with residents afraid to move indoors in case of new tremors.

An anesthesiologist, volunteering from Indonesia's main island of Java, said the medical situation appeared largely under control. "The main issue is fractures from falling debris," he said.

Myanmar Moves to Boost Regional Ties

BY JON EMONT

A breakdown in relations with the West over the Rohingya crisis is prompting Myanmar to seek closer ties with regional powers such as Japan and India eager to counterbalance China's influence.

Both Tokyo and New Delhi have refrained from the kind of strong criticism that several Western powers have directed at the civilian government of Aung San Suu Kyi over the military's campaign against ethnic minority Rohingya Muslims. The campaign has killed an estimated 10,000 people and sent over 700,000 fleeing to refugee camps in Bangladesh.

On Friday, Ms. Suu Kyi heads to Japan to push for expanded Japanese investment and diplomatic support, according to Myanmar's foreign office. She is expected to meet with Prime Minister Shinzo Abe and Japanese development-assistance officials.

Myanmar's Foreign Ministry said it was working to im-



Japan's foreign minister Taro Kono and Aung San Suu Kyi last month. Japan has emerged as a vital partner for Myanmar.

prove relations with countries that it considers supportive of its stance on the Rohingya issue, and listed China, India and Japan as examples.

"Japan sees the Rakhine issue in a fair way," said Soe Han, a senior Foreign Ministry official, referring to the region in Myanmar where Rohingya live. "Japan has been supporting Myanmar both politically and economically."

A 44-page report released by U.N. investigators last month presented evidence that Myanmar's military had engaged in a coordinated assault on Rohingya villages, and recommended that leaders of Myanmar's military should be prosecuted for genocide.

Myanmar's government denies large-scale atrocities and says its military engaged in a legitimate counterterrorism operation in response to attacks by Rohingya militants.

Western investment has dried up since the purge,

sparking fears among local politicians and businesspeople

that the country will fall into China's orbit.

Japan has emerged as a vital partner for Myanmar. Last month, Japan abstained from a United Nations Human Rights Council vote establishing an international body to collect and preserve evidence of Myanmar human rights abuses.

Tokyo has announced it will finance the development of key Myanmar infrastructure projects, including a rail line between Yangon and Mandalay, the nation's two largest cities, for which it has committed around \$500 million in

low-interest loans this year. It is expanding a special eco-

nomic zone it operates jointly

with Myanmar's government,

which has become a hub for

investment from Japanese

manufacturers. Japan has in-

vested \$441 million in the

zone since 2014, according to

Myanmar's finance ministry.

"Japan is really looking to

check Chinese influence and

this is a natural place for them

to do it," said Zachary Abuza,

a professor at the National War

College in Washington. "The

Japanese might be a liberal de-

mocracy but have certainly not

Beijing Investments Stir Local Concern

Despite growing ties between Japan and Myanmar, China has a much larger investment footprint in the country. Though approved Japanese investment peaked in the 2017-18 fiscal year, it was less than half of China's, according to Myanmar government data.

A study from the International Growth Center, a research institute in the U.K., this year found that Myanmar citizens

prefer Japanese investment to Chinese investment. Local sentiment toward China has soured based on China-financed dam and mining projects that caused environmental damage and displaced locals. China has said its investments abroad are win-

wins designed to improve trade and boost local economies.

"These days it's hard to co-operate with Western countries," said Myo Min, the founder of PS Business School in Yangon. Japan was an ideal business partner, he said, but it does "not have enough power compared with China."

outflow of refugees from Rakhine state, and has pledged aid to develop the state.

At the same time, India has expressed support for the government. India held its first-ever bilateral naval exercises with Myanmar this year, months after the purges.

India has supported Myanmar's view that Rohingya are a national security threat. On Thursday, India deported a group of Rohingya back to Myanmar.

—Myo Myo

and Megumi Fujikawa contributed to this article.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday, October 5, 2018 | B1

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Tweet by Elon Musk Takes Jab at the SEC

By TIM HIGGINS
AND GABRIEL T. RUBIN

Elon Musk risked reigniting a battle with federal securities regulators on Thursday when he appeared to openly mock the Securities and Exchange Commission only days after the Tesla Inc. chief executive settled fraud charges with the agency.

Seemingly without prompt, Mr. Musk sent a tweet in the early afternoon that suggested the SEC was enriching investors betting against the electric-car

maker. "Just want to [say] that the Shortseller Enrichment Commission is doing incredible work," Mr. Musk tweeted. "And the name change is so on point!"

About 40 minutes later, Mr. Musk responded to someone on Twitter who said he needed "a social team that can get attention without typos and without enraging the Shortseller Enrichment Committee." Mr. Musk replied, "Sorry about the typo. That was unforgivable. Why would they be upset about their mission? It's what they do."

Elon Musk

@elonmusk

Follow

Just want to that the Shortseller Enrichment Commission is doing incredible work. And the name change is so on point!

4:16 PM - 4 Oct 2018

The billionaire entrepreneur has made a career out of defying convention and rejecting authority. Earlier this year, he publicly feuded with federal safety investigators over a fatal Tesla crash. He has blasted the

oil-and-gas industry, ridiculed rival auto makers and sparred with short sellers.

But openly sneering at federal regulators who only days earlier charged him with fraud and sought to ban him from

Tesla takes Mr. Musk's defiance to a new level.

The SEC Sept. 27 charged Mr. Musk with misleading shareholders and violating securities law by tweeting Aug. 7 that he had funding secured to take the auto maker private. The two sides settled on Saturday, and Mr. Musk agreed to step down as Tesla chairman for three years and have some of his public communications vetted by the company.

But the settlement isn't yet in effect as a federal judge hasn't approved it. Mr. Musk

later "liked" a response on Twitter that said in part: "Judge should dismiss this frivolous attack and shame the SEC."

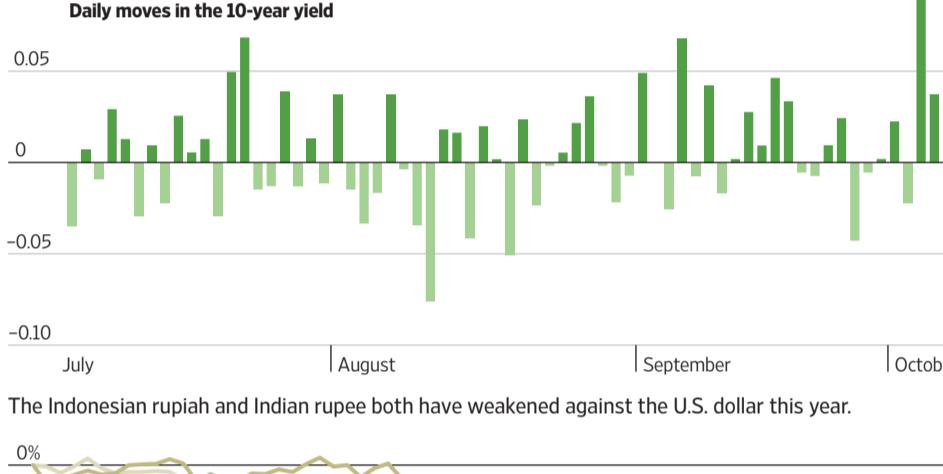
A Tesla spokesman didn't immediately respond for comment. The SEC declined to comment.

Regulatory specialists said Mr. Musk's new tweets potentially violate one of the main principles of his "no-admit, no-denry" settlement with the SEC, which includes an agreement not to make statements that suggest the agency's alle-

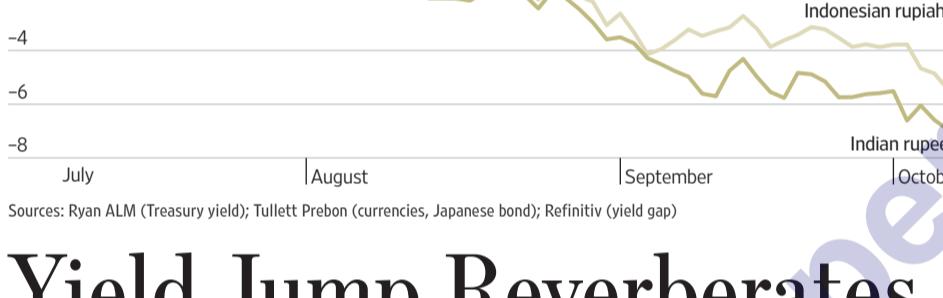
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Bond Ripples

Volatility has picked up in U.S. 10-year Treasuries.



The Indonesian rupiah and Indian rupee both have weakened against the U.S. dollar this year.



Sources: Ryan ALM (Treasury yield); Tullett Prebon (currencies, Japanese bond); Refinitiv (yield gap)

Yield Jump Reverberates Globally

U.S. stocks tumbled Thursday, dragging major indexes to their biggest declines in months, as a selloff in govern-

ment bonds reverberated around the world.

The S&P 500 shed 0.8% and notched its biggest loss since June, while the yield on the 10-

year U.S. Treasury note—a bedrock for global financial markets—hit its highest level in more than seven years.

The rout was a fresh reminder to investors of the nine-year bull market's vulnerability to interest-rate shocks.

Rising bond yields can signal investors are optimistic about prospects for growth. Yet they can also have a dark side: The recent rout in Treasurys has renewed investors' fears that the Federal Reserve

may have to raise interest rates more quickly than anticipated to keep the economy from overheating. The Fed also could tip the economy into recession if it moves too quickly.

That raises the stakes for investors as they await the Labor Department's employment report Friday. Unexpectedly strong data could send stocks and bond prices tumbling again, investors say, raising the prospect of a deeper reckoning. That is especially true

with many believing that after hitting a series of records in quick succession, U.S. stocks looked overdue for a pullback.

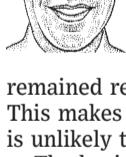
"A bunch of different data is suggesting we're in a hot economy right now," said Mike Bailey, director of research at \$1 billion wealth manager FBB Capital Partners. A sudden spike in wage growth, similar

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◆ Anxiety builds in junk-bond market B12

STREETWISE | By James Mackintosh

You Should Worry More About Italian Bonds



The Italian bond market has a whiff of panic about it, while the rest of Europe has remained remarkably calm. This makes little sense, and is unlikely to last.

The basic logic runs like this. The rise in Italian yields relative to those of safe Germany is a sign that investors think Italy is more likely to default on its bonds, more likely to leave the euro and repay in devalued lira, or both. Fair enough: The popu-

lists now governing in Rome are unpredictable, and Italy's government-debt pile is large. Yet, it is obvious to everyone that if the third-biggest economy in the eurozone were to default on €2.3 trillion (\$2.64 trillion) of debt or leave the currency area, it would at the very least blow up the rest of the Southern European countries. The bond yields of Spain, Portugal and Greece would soar, even if somehow they were able to remain within the euro.

"Italy is not Greece" is Please turn to page B2

lists now governing in Rome are unpredictable, and Italy's government-debt pile is large. Yet, it is obvious to everyone that if the third-biggest economy in the eurozone were to default on €2.3 trillion (\$2.64 trillion) of debt or leave the currency area, it would at the very least blow up the rest of the Southern European countries. The bond yields of Spain, Portugal and Greece would soar, even if somehow they were able to remain within the euro.

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"Italy is not Greece" is Please turn to page B2

INSIDE



STRONG CONSUMERS LIFT COSTCO

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COPPER TAKES A TUMBLE

COMMODITIES, B1

Self-Driving Toyotas for Elderly Get Nod

BY MAYUMI NEGISHI AND SEAN MCALPIN

TOKYO—SoftBank Group Corp. has teamed up with Toyota Motor Corp. to deliver meals, health care and other services in self-driving cars to an aging populace in Japan, in hopes that some of the technology will prove exportable.

The two companies said they would form a joint venture by the end of March, with 50.25% owned by SoftBank and 49.75% owned by Toyota, to deploy vehicles in a country where 83% of its bus operators aren't profitable.

Toyota and SoftBank hope to deliver robot-cooked meals or provide medical checkups using Toyota electric vehicles by the latter half of the 2020s, they said. The two are also studying other services, such as mobile offices, they said.

"Many people must be wondering why SoftBank and Toyota are partnering," Toyota Chief Executive Akio Toyoda said, noting that the automotive giant and the technology investor have long been seen as incompatible.

But the automotive industry is at a once-in-a-century transformation, he said, adding

that working with SoftBank will be important to unlocking new partnerships in a self-driving, connected era. He cited SoftBank's growing number of investments in self-driving technologies, which include General Motors Co.'s self-driving-car unit Cruise. Toyota and SoftBank also are investors in ride-hailing pioneer Uber Technologies Inc.

The two companies hope to deploy services in about 100 municipalities grappling with a shortage of doctors, care givers and drivers to help senior citizens who have relinquished their driver's licenses.

The hope is to catch up with U.S. and Chinese companies, which have taken the lead in autonomous-vehicle technology. Alphabet Inc.'s Waymo and GM's Cruise are racing to deploy robotaxi fleets, while Chinese companies hope to put 30 million self-driving cars on the road before 2030.

"We need to build an alliance of Japanese companies," said Junichi Miyakawa, chief technology officer at SoftBank's Japanese mobile unit who will become CEO of the joint venture. "It's too early to give up."

But the automotive industry is at a once-in-a-century transformation, he said, adding



SoftBank CEO Masayoshi Son, center left, and Toyota CEO Akio Toyoda, center right, Thursday. The companies will form a delivery venture.

KIMMASA MASAHI/EPA/SHUTTERSTOCK

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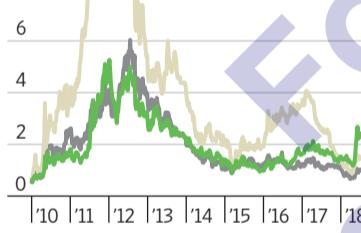
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To Rome With Love

Investors have dumped Italian bonds as they worry about government finances, pushing up yields.

Spread of 10-year yield over German bund



14 percentage points

12

10

8

6

4

2

0

|'10 |'11 |'12 |'13 |'14 |'15 |'16 |'17 |'18

Italian government-bond yields



THE WALL STREET JOURNAL.

8%

7

6

5

4

3

2

1

-1

|'10 |'11 |'12 |'13 |'14 |'15 |'16 |'17 |'18

Italian Bonds Need Watching

Continued from page B1 usually invoked as reassurance. In fact, the situation in Italy is a whole lot worse than Greece, because the solution applied to Athens—a default within the eurozone and capital controls—couldn't plausibly be applied to Italy's much more important economy and much larger debts.

This should mean that higher risk to Italy is also a higher risk to other countries that would face trouble, not to mention the many large European banks with significant Italian exposure.

So why has contagion been contained? There are lots of answers, none entirely satisfactory.

First is the idea that everything is fine because Italy isn't in a full-blown crisis. While Italian government-bond yields have jumped, pushing up the spread over German yields that is the standard risk gauge, they aren't high

enough to make Italy's debt unsustainable by themselves. Put another way, investors think everything will be fixed after a bit of pressure on the government in the form of higher yields.

"It's fairly consensual that it will be resolved with another round of market pressure," says Gilles Moëc, chief developed Europe economist at Bank of America Merrill Lynch.

But this is a dangerous game. If the market pushes up borrowing costs too much, Italy would be unable to service its debt with polit-

ically plausible tax levels. At that point, the spiral would become self-fulfilling, as investors fled and credit ratings were downgraded, and yields rose even more. Serious contagion would be all but assured. Don't forget how suddenly Italian bond yields spiked in 2011 and again in 2012.

Harvinder Sian, a bond strategist at Citigroup, thinks a 10-year yield of 3.5%-4% is now the tipping point, after which yields jump toward the 7% reached at the height

of the last euro crisis. Italy isn't quite there, but on Tuesday its 10-year yield briefly reached 3.46%, the highest in four years.

A second explanation is that the lack of contagion is due to the quirks of supply and demand in Europe. Investors in European bonds are desperate for yield, and while they now worry about Italy, they have simply switched to other countries offering a decent pickup over German yields, such as Spain. At the same time, the threat of billions of euros of extra Italian bond issuance

to finance its planned larger budget deficit next year means a higher yield is needed to attract buyers.

If eurozone governments were regarded as equally risky, any significant gap in yields would be pounced on by speculators. But arbitrage is difficult when there is such an obvious danger of a sudden jump in Italian yields, and outright buyers are deterred both by the risks and by worries that clients may be upset to find themselves heavily exposed to Italy.

One exception is UBS Wealth Management, which has piled into short-dated Italian bonds recently for the extra yield, arguing that Italy won't default in the next two years.

Chief Investment Officer Mark Haefele says rather than infect other eurozone government bonds, Italian contagion shows up in the fall in the euro—perhaps linked to the idea that the European Central Bank will step in to buy more bonds of countries such as Spain that have restructured their economies and followed European debt rules.

This leads to a third possible explanation, involving even more intervention. A catastrophic Italian default or euro exit might finally

push the rest of the euro-zone to integrate properly, something that has proved politically toxic in Germany. "Italy could be the final straw that forces Europe closer together," Mr. Haefele says.

True risk-sharing across the eurozone—in effect a united states of Europe—would make Spanish bonds only as risky as German

None of the reasons why contagion has been contained are entirely satisfactory.

bonds, justifying the absence of contagion. But it is hard to believe that divided European leaders worried about a populist backlash could take such a step, let alone bring German voters with them.

The market can stay irrational for a long time, and Italian politics is even more unpredictable than usual. My best guess is that a compromise will calm everything down for a while. But the danger of an Italian falling-out with Brussels prompting a self-fulfilling market crisis is real. At that point, contagion would be inevitable.

Walgreens to Try Out Pricier Cosmetics

By JAEWON KANG



The chain is backing Birchbox and co-founder Katia Beauchamp.

Birchbox sends a monthly box of samples from cosmetics, skin-care and hair-care brands. Subscribers then have the option of purchasing full-size items through the online retailer.

The company, which was founded in 2010 by Harvard

Business School alumnae Katia Beauchamp and Hayley Barna, enjoyed a quick rise with its \$10-per-month subscription boxes. The New York startup attained a valuation of nearly \$500 million in 2014 but has since struggled to keep up with newcomers.

Walgreens has searched for ways to boost its beauty business, introducing a rewards program for cosmetic purchases and hiring in-store consultants. Investing in Birchbox will broaden the chain's offerings beyond mass-market brands to include more-selective products.

Other subscription boxes have had a hard time sustaining their early growth, especially as numerous rivals have emerged. Two companies that have gone public—apparel seller Stitch Fix Inc. and meal-kit maker Blue Apron Holdings Inc.—have failed to live up to investors' expectations.

On Tuesday, shares of Stitch Fix tumbled more than 30% after the personal-shopping service reported little growth in active customers. Blue Apron has plunged about 80% since going public in 2017 as it has lost customers and faced logistical problems.

Birchbox has opened a handful of its own stores selling sample collections. As part of its test with Walgreens, the 11 drugstores will dedicate between 400 and 1,000 square feet of floor space to Birchbox displays. The displays are expected to roll out in December and early 2019.

—Khadeejah Safdar contributed to this article.

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BUSINESS NEWS

Costco Rides Robust Consumer Spending

Sales and profit climb at warehouse chain; warning about internal controls casts shadow

BY SARAH NASSAUER
AND MICAH MAIDENBERG

Costco Wholesale Corp. posted strong sales growth in its most recent quarter, placing the warehouse chain on the side of retailers including **Walmart Inc.** and **Target Corp.** benefiting from robust consumer spending.

Comparable-sales growth for Costco's fourth quarter was 9.5%, boosted by more shoppers coming to stores. In-store traffic—which Costco Chief Financial Officer Richard Galanti said on a conference call is “as strong as it's ever been”—rose 4.9% in the quarter. Profit rose 14% from a year earlier to \$1.04 billion, or \$2.36 a share, in line with estimates from analysts polled by FactSet.

The company also said Thursday it found a material weakness related to internal controls around financial reporting, but had yet to find any misstatement of financial results related to the breach. Employees within the company's information-technology department and outside contractors might have had access to its financial-control system when “some shouldn't have,” Mr. Galanti said.

The company and outside



The company reported comparable-sales growth of 9.5% for its latest quarter, as more shoppers visited the retailer's stores.

auditors have “found no issues whatsoever,” to date with its financial fillings, Mr. Galanti said. “It should have been fixed, but it was internal to us, not external,” he said.

Costco plans to file its 10-K annual report with the Securities and Exchange Commission in a timely fashion. The report is due 60 days after its fiscal

year-end, which was Sept. 2. Shares in the retailer fell 2% in post-market trading. Costco shares closed Thursday down 0.7% at \$231.68.

Costco said its online sales growth slowed near the end of its fiscal year, growing 26% during the fourth quarter, down from 36% in the previous quarter. Other retailers in-

cluding Walmart, Target and Kroger Co. have spent heavily to boost e-commerce sales and attract talent in recent years, in part, through acquisitions.

“We don't need to buy a company and we're finding out that there's lots of opportunities for us,” to grow sales, Mr. Galanti said.

Costco is exploring both

short-term and long-term plans to deal with cost increases related to tariffs on goods imported from China, Mr. Galanti said. The retailer is accelerating some imports to get ahead of tariffs, he said.

The recent tariffs have also made some products cheaper, offsetting costs, including pork and soybeans, he said.

DANIEL ACKER/BLOOMBERG NEWS

Warning Sign

Costco's shares fell in after-hours trading after the company issued a warning related to its financial-reporting system.



Source: SIX

THE WALL STREET JOURNAL.

“You're going to lose some and win some,” Mr. Galanti said. “It's probably a small net negative.”

Mr. Galanti also told analysts that he expects “more pressure” on wages at the company, which boosted entry-level hourly pay by \$1 to \$14 earlier this year. But, after **Amazon.com Inc.**'s decision to raise its minimum wage to \$15 an hour, Costco is comfortable with how the warehouse chain pays workers, he said. Average hourly wage is about \$22, Mr. Galanti said.

That wage “dwarfs any other [retailer] or retail-type entity out there on a big scale,” he said.

Bed Bath & Beyond Is Missing Out on the Retail Rally

BY SUZANNE KAPNER

consumer habits continue to fall further behind.

Chains, from **Walmart Inc.** to **Nordstrom Inc.**, that have been investing in e-commerce, streamlining their supply chains and adding more exclusive products are logging some of the strongest sales gains in years.

But others, including **Toys “R” Us Inc.**, which filed for bankruptcy protection a year ago, **J.C. Penney Co.** and **Sears Holdings Corp.**, are losing ground.

“We believe we are taking the right steps to transform our company, and that we are in a strong position to continue to advance our strategic initiatives,” said Jessica Joyce, a Bed Bath & Beyond spokeswoman.

She said the company's recent performance reflects the investments it is making in a variety of areas, including renovating stores, reducing inventory, and using technology to ensure its prices are competitive.

The retailer is adding new categories, including decorative furniture and a line of

Fewer Customers Are Visiting Stores; ‘Lines Are Too Long’

For Pat Sussel, the ability to feel the heft of a frying pan or the softness of a towel outweighs the money she might save by ordering on Amazon. “I like to see and touch before I buy,” said the 67-year-old music producer who splits her time between New York and Los Angeles.

But shoppers like Ms. Sussel may be dwindling. Bed Bath & Beyond's customer visits to

custom-designed furniture under the One Kings Lane brand, the flash-sale website it bought in 2016.

Its new loyalty program offers shoppers 20% off their entire purchase, plus free shipping, for a \$29 annual fee in a bid to compete with Amazon's prime service.

Analysts said many of these changes aren't happening fast enough.

stores fell 13% in the three months to Sept. 1, according to inMarket, which analyzes location data from 50 million people via their mobile devices.

Total sales in the recent quarter were \$2.9 billion, unchanged from a year earlier, while sales excluding newly opened or closed locations fell 0.6%.

Kinsey Keck said she orders almost everything online, but made the trip to a Bed Bath & Beyond store in Manhattan on a recent afternoon to buy a mirror after the one she ordered from Amazon arrived broken. But she wasn't happy

about it. “I hate coming to stores,” said the 30-year-old graduate student. “The lines are too long.”

Steven Temares, CEO since 2003, said the renovated stores were performing above the company average with sales and transactions up 4% and 3%, respectively. He added that inventory was down about \$100 million in the recent quarter, compared with a year earlier.

Yet, profit tumbled to \$48.6 million from \$94.2 million, as margins were pressured by an increase in the average coupon amount and higher shipping expenses for online orders.

A basket of 50 items sold on Bed Bath & Beyond's website in August was 16.2% more expensive than an identical basket sold by Amazon, according to Seth Basham, a Wedbush Securities analyst.

“That gap is too wide,” Mr. Basham said. “Their pricing is a major barrier.”

Ms. Joyce, the company spokeswoman, declined to comment on the Wedbush analysis. She said that there are many reasons why pricing studies can be unreliable, including a small basket size, items that aren't directly comparable, and fluctuating prices.

Bed Bath & Beyond evaluates roughly 750,000 items across 32 competitors multiple times a day to ensure its prices are competitive, she said, and the company has introduced a price-matching policy.

“We believe that being priced right is critically important,” Chief Executive Steven Temares told analysts on a Sept. 26 conference call to discuss the company's results.

Constellation Brands Chief Defends Move Into Cannabis

BY JENNIFER MALONEY
AND KIMBERLY CHIN

Growing use of legal marijuana in Canada, the U.S. and elsewhere won't prompt people to drink less beer or wine, according to the head of one of the biggest brewers and wine producers in the U.S.

“We see no evidence whatsoever, especially in...the legal states, of alcohol cannibalization,” said Robert Sands, the chief executive of **Constellation Brands Inc.**, which bought a stake in a cannabis startup last year that has yielded more than \$1 billion of investment gains.

The Corona brewer took a 10% stake in **Canopy Growth Corp.** last year and said in August it was investing an additional \$4 billion in the Canadian startup, which grows marijuana for medical and recreational products. Mr. Sands said Thursday the controversial move is an attempt to capture an early position in what he thinks will eventually be a global market worth “hundreds of billions of dollars.”

The comments came during a conference call as Mr. Sands responded to those who have expressed skepticism on the company's outsize move into cannabis. Constellation's share price fell on the Aug. 15 announcement, but since has



Beer and wine are traditional businesses of Constellation Brands.

nearly rebounded. Meanwhile, shares of Canopy and other speculative pot growers have soared. Shares of Constellation rose 5.4% on Thursday.

The deal—in which Constellation will join with Canopy to produce a range of cannabis products—was premised on sales in Canada, where recreational marijuana will become legal this month, and other markets where Canopy already

does business, Mr. Sands said.

Legalization at the federal level in the U.S. looks increasingly likely, he said.

On Thursday, Constellation reported quarterly results for its traditional business, which in addition to Corona, sells Ballast Point beer, Robert Mondavi and Ruffino wines and Svedka vodka. Beer sales rose 11% compared with a year ago, while sales of wine and spirits climbed 9%.

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“Their stores look the

same as they did decades ago—cluttered,” said Cristina Fernandez, a senior research analyst at Telsey Advisory Group.

Even though the retailer is known for doling out coupons, its prices are still too high, analysts said, a disadvantage in an age when consumers are accustomed to searching out the best deals online.



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TECHNOLOGY

Mark Cuban Prodded Tesla CEO to Settle



In the past, Mr. Cuban has blasted the SEC's tactics.

Tapping his own experience with the regulator, billionaire warned of risks

A 15-minute phone call from billionaire Mark Cuban helped break an impasse between Tesla Inc. Chief Executive Officer Elon Musk and federal securities reg-

By Susan Pulliam,
Dave Michaels
and Tim Higgins

ulators on charges that he misled investors in an August tweet saying Tesla would go private at \$420 a share.

Late last Thursday night—after Mr. Musk initially walked away from an agreement to settle the civil Securities and Exchange Commission charges—one of his lawyers asked Mr. Cuban, owner of the Dallas

Mavericks, to prod Mr. Musk to reconsider, people familiar with the call said.

Mr. Cuban, who won a five-year battle with the SEC after it charged him with insider trading a decade ago, told Mr. Musk that he would face a long court fight that would take him away from managing his companies. Mr. Cuban told Mr. Musk of the difficulties he endured during litigation with the SEC, a person close to the situation said.

Mr. Cuban called at the behest of Chris Clark, one of Mr. Musk's lawyers who represented Mr. Cuban in his SEC dispute. He advised Mr. Musk that a settlement wouldn't be as damaging as a court fight with the agency.

"I explained where the SEC used questionable practices in my case, and how he could expect the same," Mr. Cuban said in an email Wednesday night.

The SEC has declined over

the years to respond to Mr. Cuban's attacks on the agency.

The call from Mr. Cuban played a major role in changing Mr. Musk's attitude and helped persuade him to agree to settle the SEC case, the people familiar with the matter said. Tesla didn't have an immediate comment while Mr. Musk didn't respond to requests for comment.

The SEC sued Mr. Cuban in November 2008. The insider-trading charges against him were dropped after a Texas federal jury ruled in his favor in 2013. The SEC said the verdict wouldn't "deter us from bringing and trying cases where we believe defendants have violated the federal securities laws."

In the past, Mr. Cuban has blasted the agency's tactics, accusing it of "prosecutorial misconduct" and saying the charges against him were politically driven.

His call was a turning point in a dramatic 48-hour roller coaster ride for Tesla investors. At 8 a.m. last Thursday, the SEC was set to announce a settlement with Mr. Musk over the Aug. 7 tweet when one of Mr. Musk's lawyers, Steven Farina, called the SEC to say Mr. Musk had changed his mind, people close to the situation said. Mr. Farina declined to comment.

Early Friday morning, after the call from Mr. Cuban, Mr. Musk's lawyers emailed the SEC's enforcement directors to say they wanted to talk again about the deal he had just abandoned, people close to the situation said.

The new agreement calls for Mr. Musk to give up his role as Tesla chairman for three years, rather than two, and pay a \$20 million fine, rather than the \$10 million under the prior deal. In addition, Tesla agreed to pay a \$20 million fine.

Musk rejected a proposed settlement with the SEC and it appeared the CEO was preparing for a lengthy fight. The SEC then filed its lawsuit, which sought to ban Mr. Musk from serving as a director or officer at any publicly traded company.

A person familiar with Mr. Musk's thinking said he thought the SEC's case was flawed and could be beat in court.

He relented, however, and agreed to a surprise settlement. A key part of the deal sought to put into place a better way for the company to control his communications. Mr. Musk, with more than 22 million Twitter followers, tends to speak his mind at all hours, and his usage of tweets outpaces that of most other tech executives.

Once the SEC order is in place, Mr. Musk could be charged with violating securities law and breach of a court injunction that was part of the agreement if he is found to have knowingly made new false statements after the settlement.



The entrepreneur has defied convention throughout his career.

GETTY IMAGES

cured at \$420 a share. Seventeen days later, Mr. Musk announced he had second thoughts, killing the idea, in part, he said, because it was proving a distraction as Tesla was working to bring out the Model 3.

Behind the scenes, Mr. Musk and the Tesla board had rushed

to put into place the teams required to consider such a deal. The SEC alleged in its lawsuit that Mr. Musk never discussed going private at \$420 a share with any potential funding source, among other complaints. Mr. Musk called the lawsuit "unjustified."

On Sept. 27, lawyers for Mr.



WOLFGANG RATTAY/REUTERS

Gamers sampled the Switch at a computer-games fair in Cologne, Germany, earlier this year.

Nintendo to Update Switch

BY TAKASHI MOCHIZUKI

TOKYO—**Nintendo** Co. plans to release a new version of its Switch videogame console next year to maintain the sales momentum of the device, according to suppliers and others with direct knowledge of the plan.

Sales of the Switch, introduced in March 2017, are solid but no longer deliver the favorable surprises that marked its first year. Nintendo shares, which rose sharply last year, have trailed the stock market this year. The move to update suggests the Kyoto, Japan, company is trying to ensure

its flagship product doesn't lose competitiveness.

Nintendo is debating what features to include in the upgrade and is weighing cost, people with knowledge of the talks said.

One option is improving the display, they said. The current Switch uses a lower-end liquid-crystal display without some technologies that are standard in more recent smartphone LCDs.

Updating the display would make it brighter, thinner and more energy efficient. The updated Switch isn't expected to adopt the organic light-emitting diode panels used in Apple Inc.'s iPhone X series.

Nintendo is looking to release the new Switch in the latter half of 2019, the people said.

A Nintendo spokesman declined to comment.

Between the Switch's introduction last year and June 30 of this year, Nintendo sold 19.7 million units of the device, a pace that compares favorably with Sony Corp.'s PlayStation 4, the most popular console among the current generation of videogame players. The Switch can be used both as a living-room console and as a portable game machine.

—Yang Jie in Beijing contributed to this article.

Samsung Expects to Top Estimates

BY TIMOTHY W. MARTIN

SEOUL—**Samsung Electronics** Co. expects third-quarter operating profit will be its highest ever, topping analyst estimates as demand for its electronic components remains high.

The world's largest smartphone and semiconductor maker said Friday it expected an operating profit of 17.5 trillion South Korean won (\$15.4 billion) for the quarter, up 20% from 14.53 trillion won a year earlier. Samsung expects

revenue will rise to 65 trillion won from 62 trillion won.

Analysts polled by S&P Global Market Intelligence had expected the company to post operating profit of 17.1 trillion won and revenue of 65.1 trillion won for the quarter ended Sept. 30. Samsung reports final results later this month.

The company's prior record operating profit is 15.64 trillion won, set during the first three months of the year.

But investors are concerned how long Samsung can cash in on memory chips and whether

its recent slide in smartphone sales will reverse itself. Samsung shares are down 22% since last November.

Analysts expect weaker-than-expected shipments for Samsung's flagship devices, the Galaxy S9 and the Galaxy Note 9, which hit shelves in August.

In its second quarter, Samsung's mobile-unit operating profits nose-dived by one-third from a year earlier. Executives have said they were too cautious adopting aggressive new features.

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Though I've set no time limit on this offer, it's guaranteed to only be available for a limited time. It's been estimated that as many as 10 million Americans buy coins, and I've only been able to assemble 52 of these Silver Eagle Legends Collections. If these sell as quickly as I expect them to, my limited supply won't last for long.

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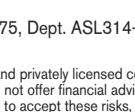
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♦Election 2018♦



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Canadian Insurers Battle Savvy Farmer

Case could determine if investors can funnel limitless sums into high-interest accounts

BY JACQUIE McNISH
AND DAVID BENOIT

Michael Hawkins, an Ontario consultant and farmer who owns about 50 head of cattle, was looking for extra income when he started buying Canadian life-insurance policies a decade ago. What he got was an unexpected legal battle that could lead to huge losses for some of Canada's largest financial institutions.

Mr. Hawkins argues the eight insurance policies, into which he has pumped 14 million Canadian dollars (US\$11 million), should continue to pay above-market interest rates for as long as he likes.

Now, three publicly traded insurers dispute the terms of those policies in Canadian court, arguing that the feature of the plans on which Mr. Hawkins has capitalized wasn't designed for large-scale investing. If Mr. Hawkins prevails, it could allow much bigger investors to take advantage of the same loophole, funneling endless amounts of money into accounts with high-interest payouts.

"It poses a significant risk of financial harm to the insurance industry," one of the insurers wrote in a court filing. For every C\$100 million in deposits, the companies estimate they would take up to C\$45 million in losses.

The policies, known as universal life insurance, include both a death benefit and investment accounts. The quirk in the disputed Canadian policies allowed owners to prepay insurance premiums and house the extra money in a side account that guaranteed interest rates up to 5%, without explicitly limiting how much could be invested.

While American companies offer similar universal life



Michael Hawkins, an Ontario cattle farmer, is in the midst of a legal tussle with three life-insurance giants over his investments.

no respect for the contract."

A provincial court judge in Saskatchewan is weighing the issues after three weeks of trial and could rule within a few months. So far, the insurers and Mr. Hawkins haven't been able to agree on a settlement.

Lawyers for the insurers told the court the policies were designed to encourage customers to set aside money for premiums, not for investment opportunities.

"This contract does not give...an opportunity to throw a walloping amount of risk at the insurers," Trisha Jackson, an Industrial Alliance lawyer, told Judge Brian Scherman.

In response, Judge Scherman of the Saskatoon Court of Queen's Bench said, "The insurance industry itself has kind of created this problem by introducing an investment element to these policies."

Though the insurers no longer sell the policies, thousands of similar contracts were sold in the 1990s. At the time, even 5% promised returns would have allowed insurers to profit by getting higher rates themselves. Today, with global rates still well below 5%, those promises would generate a stream of losses for the financial institutions, highlighting how unusual the current environment remains even a decade after the financial crisis.

Industrial Alliance was so unprepared for the potential policy risks of the accounts that Mr. Hawkins's multimillion-dollar investments didn't trigger alarms until six years after his first investment in 2009.

A group of investors has taken on most of Mr. Hawkins's legal costs in exchange for the potential opportunity to earn above-market rates in the side accounts. The lead investor, a former hedge-fund operator named Gary Selke, already has begun discussing the idea with hedge funds.

"They see an opportunity to earn higher rates of return on one of the safest investments available," Mr. Selke said.

One Man's Quest For Outsize Returns

Contract-interpretation battles are common, but Michael Hawkins's case isn't clear-cut. Contract law does allow for restrictions based on the "spirit" of an account, and some experts said Mr. Hawkins could lose there.

"This is an attempt to essentially exploit a loophole," said Daniel Schwarcz of the University of Minnesota Law School.

plans with guaranteed minimum interest rates, U.S. tax policy strictly limits how much money can go in, experts say.

Mr. Hawkins said he and a group of friends and family collectively earned about C\$500,000 in interest after de-

But insurance experts expressed surprise the insurance companies with which he opened policies didn't explicitly limit the side accounts.

Cobbling together the eight life policies over the years wasn't easy for Mr. Hawkins; he had to buy them from others, and only four of Canada's 10 provinces allowed such deals.

Mr. Hawkins began his investment hunt in 2007 in Saskatchewan. After frequent trips to the prairie province to prod financial planners and insurance agents for leads, he bought a

few policies that gave him at least 3% returns. His most lucrative find was the policy acquired from a Saskatchewan lawyer. It offered what amounted to 5% on the side account—when the 10-year Canadian Treasury was roughly half that.

"When I saw the 5% I thought, 'Wow, this is great,'" he said.

Mr. Hawkins placed the policies in a trio of private partnerships, each named after old Saskatchewan railway stops: Ituna, Mosten and Atwater. Investors in the partnerships, in-

cluding Mr. Hawkins's mother along with other family and friends, earned a share of interest income on the policies.

Lawyers for some of the insurers portrayed Mr. Hawkins and his group of investors as "rogues" seeking to convert life-insurance policies into piggy banks for unnamed foreign investors.

"They want to turn this into a syndicated vehicle for U.S. hedge funds," David Outerbridge, a lawyer for Industrial Alliance, told the court in September.

"They want to turn this into a syndicated vehicle for U.S. hedge funds," David Outerbridge, a lawyer for Industrial Alliance, told the court in September.

gives his consulting practice with a 160-acre farm, said the contracts for such plans were clear. "They have tried to drown me in legal arguments," he said. "Any normal person would walk away from this, but my position is they have

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TRONC Name Change Back To Tribune Publishing

Tronc Inc., the owner of the Chicago Tribune, Baltimore Sun and New York Daily News, is changing its name back to Tribune Publishing Co., just over two years after it underwent one of the most-maligned corporate rebrandings in recent memory.

The company said the new name would go into effect on Oct. 9 when its stock ticker on the Nasdaq exchange will change to TPCO from TRNC.

Tribune jettisoned its 150-year-old name in June 2016 in favor of Tronc—short for Tribune Online Content.

At the time, it said the new name would better reflect the company's ambitions to transform itself into a more digitally focused enterprise.

When the new name was announced, the company's then-nonexecutive chairman and largest shareholder, Michael Ferro, said the phrase was a British term for the box in which tips are collected at a restaurant and are later doled out to staff.

He likened the phrase to how he envisioned content among the company's newspapers could be shared with other properties.

The name soon became the subject of jokes on late-night TV and online.

—Lukas I. Alpert

AMC ENTERTAINMENT

Rewards Program Nears One-Year Goal

AMC Entertainment Holdings, the nation's largest movie-theater chain, said it has more than 400,000 customers enrolled in its new rewards program.

AMC Stubs, which launched a little over three months ago, allows AMC customers to attend up to three movies a week for \$19.95 a month.

The program, launched during a summer that saw the MoviePass subscription service jolt the industry, has already achieved 80% of its one-year goal for subscribers, the company said in a statement.

Though MoviePass has been hit with business woes in recent weeks, its popularity among us-

BUSINESS WATCH



The new name would go into effect on Oct. 9.

ers has forced more stable companies like AMC to offer subscription services. AMC said it has a goal of hitting one million enrollments by the second anniversary of the launch.

—Erich Schwartzel

TIANQI LITHIUM

Ruling Paves Way For Chilean Stake

China's biggest lithium company, Tianqi Lithium Corp., won a favorable court ruling, moving it closer to becoming the second-largest shareholder in a major producer of the metal used in electric-vehicle batteries.

On Thursday, a Chilean court signed off on an agreement that Tianqi struck with the country's competition regulator over its proposed \$4.1 billion acquisition of about 24% of shares in Sociedad Química y Minera de Chile SA, or SQM.

The court said the agreement was "proportional and sufficient to mitigate" risks of Tianqi's acquisition of the SQM stake. Under the deal, which lasts up to six years, Tianqi agreed it wouldn't appoint its directors or employees to the SQM board and promised that its appointees wouldn't disclose SQM's confidential information, among other measures.

Earlier this year, Tianqi agreed to buy the SQM stake for close to \$4.1 billion from fer-

tizer company Nutrien Ltd., which needs to sell it to meet requirements from Indian and Chinese regulators related to a separate transaction.

A former government official in Chile, however, challenged the deal earlier this year, asking for an antitrust review.

SQM currently controls about 18% of global lithium production capacity, while Tianqi controls 10%, making the companies the second-largest and third-largest players in the market, according to data from IHS Markit. Charlotte-based Albemarle Corp. is the largest, controlling 25% of production capacity.

SQM had asked the court to reject the agreement, stating that the deal between Tianqi and the competition regulator didn't provide enough safeguards against potential harm to its business from a having a significant competitor as a major shareholder. A spokeswoman for SQM didn't immediately have a comment.

Tianqi said it welcomed the court's decision on a deal that "safeguards competition and ensures the highest level of corporate governance practices are put in place at SQM after our minority investment is completed."

Tianqi and Nutrien both said Thursday they expect the deal for the SQM stake to close in the fourth quarter this year.

—Micah Maidenberg

CHRISTOPHER DILTS/BLOOMBERG NEWS

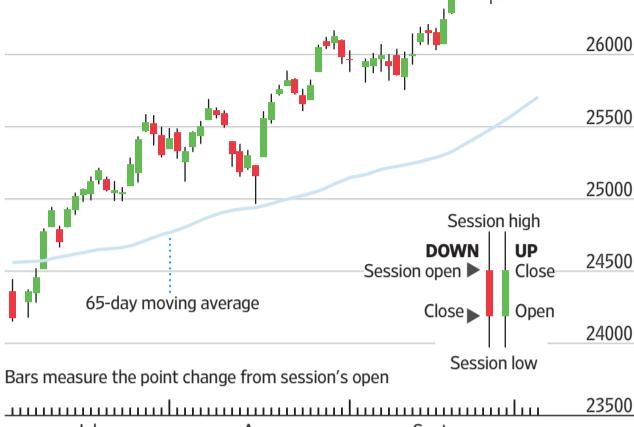
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

26627.48 ▼ 200.91, or 0.75%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.05 20.86
 P/E estimate * 17.11 18.89
 Dividend yield 2.07 2.24
 All-time high 26828.39, 10/03/18



Bars measure the point change from session's open
 July Aug. Sept. 23500

*Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

S&P 500 Index

2901.61 ▼ 23.90, or 0.82%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 24.40 24.22
 P/E estimate * 18.09 19.19
 Dividend yield 1.80 1.98
 All-time high 2930.75, 09/20/18



July Aug. Sept. 2600

Nasdaq Composite Index

7879.51 ▼ 145.57, or 1.81%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 25.95 25.69
 P/E estimate * 21.82 21.32
 Dividend yield 0.97 1.10
 All-time high: 8109.69, 08/29/18



July Aug. Sept. 7200

*Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
	Dow Jones	Industrial Average	26627.48	-200.91	-0.75	26828.39	22761.07	16.9	7.7	17.4
Transportation Avg	11378.09	11220.97	11296.20	-46.76	-0.41	11570.84	9440.87	14.0	6.4	12.8
Utility Average	723.66	712.06	722.56	3.39	0.47	774.47	647.90	-1.2	-0.1	7.8
Total Stock Market	30170.63	29790.48	29956.36	-278.47	-0.92	30390.61	26409.76	13.1	8.3	13.9
Barron's 400	762.94	752.85	755.10	-9.81	-1.28	786.73	676.86	10.0	6.2	13.8

Nasdaq Stock Market

Nasdaq Composite	7997.17	7833.16	7879.51	-145.57	-1.81	8109.69	6556.77	19.7	14.1	18.7
Nasdaq 100	7608.24	7436.26	7490.00	-147.42	-1.93	7660.18	6037.87	23.7	17.1	20.6

S&P

S&P 500 Index	2919.78	2883.92	2901.61	-23.90	-0.82	2930.75	2544.73	13.7	8.5	14.1
MidCap 400	1998.64	1975.34	1982.09	-21.97	-1.10	2050.23	1801.29	8.9	4.3	12.7
SmallCap 600	1042.32	1029.12	1031.79	-12.96	-1.24	1098.36	889.94	12.5	10.2	16.4

Other Indexes

Russell 2000	1671.00	1643.66	1646.91	-24.38	-1.46	1740.75	1463.79	8.9	7.3	13.9
NYSE Composite	13099.37	12975.87	13042.30	-76.25	-0.58	13637.02	12177.70	5.7	1.8	9.4
Value Line	578.61	571.02	572.71	-5.90	-1.02	593.57	533.26	4.9	1.8	8.7
NYSE Arca Biotech	5303.25	5164.39	5195.89	-128.72	-2.42	5400.34	4045.25	20.7	23.1	13.6
NYSE Arca Pharma	595.92	589.40	593.27	-4.94	-0.83	598.21	516.32	7.4	8.9	3.4
KBW Bank	108.35	106.42	107.17	0.78	0.73	116.52	97.59	6.5	0.4	15.6
PHLX® Gold/Silver	66.99	65.42	65.93	-0.22	-0.34	92.08	61.92	-23.4	-22.7	10.4
PHLX® Oil Service	154.17	150.79	151.89	-1.59	-1.04	170.18	127.61	8.3	1.6	-2.7
PHLX® Semiconductor	1363.74	1336.07	1347.16	-25.24	-1.84	1449.90	1186.07	13.6	7.5	30.3
Cboe Volatility	15.84	12.42	14.22	2.61	22.48	37.32	9.14	54.7	28.8	-12.1

\$ 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	After Hours % chg	High	Low
SPDR S&P 500	SPY	11,427.7	289.74	0.30	0.10	291.82	288.25
Finl Select Sector SPDR	XLF	7,797.2	28.16	0.02	0.07	28.21	28.12
iShares MSCI Emg Markets	EEM	7,426.2	40.99	...	unch.	42.04	40.96
Invesco QQQ Trust I	QQQ	5,750.9	182.57	0.19	0.10	186.01	182.35
Technology Sel Sector	XLK	5,639.2	74.66	0.10	0.13	75.91	74.51
Consumer Disc Sel Sector	XLY	4,911.4	113.33	0.24	0.21	114.86	112.94
iShares Russell 2000 ETF	IWM	3,612.5	163.89	0.25	0.15	166.02	163.56
iPath S&P 500 VIX ST Fut	VXX	3,165.4	27.52	-0.28	-1.01	27.82	27.42

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SMART Global Holdings	SGH	232.1	31.10	3.93	14.46	31.79	27.00
Emcore	EMKR	59.5	5.01	0.44	9.63	5.25	4.60
Clearway Energy Cl C	CWEN	82.0	20.40	0.97	4.99	20.40	19.43
Washington Prime Group	WPG	93.9	6.75	0.28	4.33	6.75	6.47
Verastem	VSTM	100.8	7.07	0.27	3.97	7.13	6.79

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
India Global Cap	IGC	2,718.1					

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
	Open	High	low	Low	Settle	Chg	Open interest

Copper-High (CMX)-25,000 lbs.; \$ per lb.

Oct 2,835 2,8400 ▲ 2,7685 2,7650 -0,057 1,566

Dec 2,8230 2,8665 2,7715 2,7775 -0,0565 127,715

Gold (CMX)-100 troy oz.; \$ per troy oz.

Oct 1199,30 1204,60 1197,80 1197,20 -1,10 2,652

Dec 1201,40 1210,70 1199,60 1201,60 -1,30 372,478

Feb'19 1207,50 1216,10 1205,30 1207,40 -1,20 44,097

June 1219,90 1228,10 1218,80 1219,20 -1,20 13,911

Aug 1223,90 1223,90 1223,90 1225,00 -1,30 2,230

Dec 1239,00 1242,90 1239,00 1237,50 -1,20 4,802

Palladium (NYM)-50 troy oz.; \$ per troy oz.

Oct 1050,20 1056,90 1041,10 1045,50 -7,50 22,486

March'19 1042,20 1047,90 1034,60 1038,50 -7,60 1,442

Platinum (NYM)-50 troy oz.; \$ per troy oz.

Oct 830,40 830,40 822,80 821,00 -11,20 91

Jan'19 829,50 836,40 823,20 824,50 -11,20 71,612

Silver (CMX)-5,000 troy oz.; \$ per troy oz.

Oct 14,735 14,735 14,660 14,510 -0,080 23

Dec 14,665 14,805 14,560 14,590 -0,080 168,236

Crude Oil, Light Sweet (NYM)-1,000 bbl.; \$ per bbl.

Nov 76,18 76,47 73,88 74,33 -2,08 383,470

Dec 76,03 76,31 73,80 74,25 -1,99 309,597

Jan'19 75,88 76,16 73,69 74,13 -1,97 168,054

March 75,60 75,90 73,47 73,95 -1,89 158,771

June 74,95 75,31 72,98 73,48 -1,79 191,089

Dec 72,73 73,09 71,12 71,59 -1,48 240,994

NY Harbor UlSD (NYM)-42,000 gal.; \$ per gal.

Nov 2,4310 2,4398 2,3854 2,3997 -0,0375 148,227

Dec 2,4358 2,4441 2,3893 2,4033 -0,0382 86,781

Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.

Nov 2,1307 2,1360 2,0825 2,1004 -0,0374 164,482

Dec 2,1278 2,1340 2,0790 2,0965 -0,0386 82,546

Natural Gas (NYM)-10,000 MMBtu.; \$ per MMBtu.

Nov 3,242 3,250 3,129 3,165 -0,065 320,872

Dec 3,307 3,317 3,198 3,221 -0,076 180,833

Jan'19 3,377 3,389 3,272 3,288 -0,082 208,269

Feb 3,254 3,271 ▲ 3,175 3,195 -0,057 94,111

March 3,026 3,042 2,964 2,998 -0,036 216,196

April 2,705 2,719 2,676 2,704 -0,008 171,397

Contract

Open	High	hilo	Low	Settle	Chg	Open interest
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Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

Dec 364,75 368,50 364,75 367,50 2,75 873,493

March'19 377,00 380,25 376,50 379,25 2,50 343,784

Oats (CBT)-5,000 bu.; cents per bu.

Dec 275,00 288,00 ▲ 274,50 288,00 13,00 3,484

March'19 274,00 281,00 273,50 280,25 9,25 1,007

Soybeans (CBT)-5,000 bu.; cents per bu.

Nov 860,00 868,50 858,50 859,25 -2,25 390,631

Jan'19 874,00 882,00 872,50 873,00 -2,75 141,122

Soybean Meal (CBT)-100 tons; \$ per ton.

Oct 309,00 311,50 308,20 308,40 .90 1,219

Dec 311,00 315,20 310,60 312,20 1,00 223,015

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Oct 29,55 29,66 29,28 29,28 -.24 997

Dec 29,84 30,01 29,56 29,61 -.23 244,420

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Nov 1045,00 1059,00 1045,00 1078,00 29,00 6,419

Jan'19 1058,50 1105,50 1058,50 1098,00 32,50 1,930

Wheat (CBT)-5,000 bu.; cents per bu.

Dec 515,75 520,75 513,75 518,00 2,75 233,472

March'19 535,75 539,50 533,00 536,75 2,00 112,196

Wheat (KC)-5,000 bu.; cents per bu.

Dec 518,75 525,50 518,00 522,25 3,50 154,868

March'19 543,25 548,75 542,00 545,25 3,00 66,061

Wheat (MPLS)-5,000 bu.; cents per bu.

Dec 589,50 595,00 586,25 589,75 ... 34,633

March'19 601,00 607,25 599,50 602,75 .50 15,905

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

Oct 157,725 157,725 156,300 156,975 -.900 6,390

Nov 158,575 158,625 157,050 157,750 -1,025 22,139

Cattle-Live (CME)-40,000 lbs.; cents per lb.

Oct 113,150 113,750 112,750 113,625 -.425 28,821

Dec 118,225 118,575 117,675 118,375 -.025 127,940

Hogs-Lean (CME)-40,000 lbs.; cents per lb.

Oct 66,800 67,950 66,750 67,500 .025 17,739

Dec 56,500 56,875 55,175 55,325 -.182 103,757

Lumber (CME)-10,000 bd ft.; \$ per 1,000 bd ft.

Nov 357,10 365,00 352,10 361,40 7,80 2,214

Jan'19 374,40 374,70 360,00 367,70 4,70 1,097

Milk (CME)-200,000 lbs.; cents per lb.

Oct 15,77 15,85 15,75 15,82 .01 4,380

Contract

Open	High	hilo	Low	Settle	Chg	Open interest
------	------	------	-----	--------	-----	---------------

Cocoa (ICE-US)-10 metric tons; \$ per ton.

Dec 2,012 2,056 2,003 2,010 -.9 112,148

March'19 2,037 2,074 2,026 2,034 -.7 73,851

Coffee (ICE-US)-37,500 lbs.; cents per lb.

Dec 106,15 108,80 104,80 106,95 .35 164,975

March'19 109,50 112,20 108,25 110,40 .35 76,959

Sugar-World (ICE-US)-112,000 lbs.; cents per lb.

March 12.23 12.36 12.05 12.33 .10 461,297

May 12.36 12.49 12.19 12.47 .11 140,542

Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.

Nov 25.18 25.40 ▼ 25.00 25,38 .19 1,741

Jan'19 25.10 25,25 25.10 25,28 .17 2,263

Cotton (ICE-US)-50,000 lbs.; cents per lb.

Oct 76,78 76,78 76,78 76,39 -.46 41

Dec 76,55 76,77 75,63 76,00 -.46 136,290

Orange Juice (ICE-US)-15,000 lbs.; cents per lb.

Nov 146,35 146,80 144,10 144,60 -.190 8,523

Jan'19 146,20 146,55 144,55 145,00 -.120 3,916

Mexican Peso (CME)-MXN 500,000; \$ per MXN

Dec .05198 .05219 .05152 .05175 -.00036 214,500

Euro (CME)-\$125,000; \$ per €

Oct 1,1488 1,1544 1,1471 1,1522 -.0006 5,333

Dec 1,1545 1,1607 1,1527 1,1579 -.0006 468,447

Contract</div

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

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 4, 2018

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MONEY & INVESTING

Stocks Poised to Win on Election Day

BY ALLISON PRANG
AND AKANE OTANI

As U.S. stocks trade near records, some investors are betting the nine-year bull market will get its next jolt from an unexpected catalyst: the midterm elections.

With the Federal Reserve's latest interest-rate increase and the U.S. and Canada's trade negotiations in the rearview mirror, investors are turning their attention to the Nov. 6 elections, which will pit Republicans against Democrats in a fight to retain control of Congress.

A scenario in which Republicans lose their majority could trigger short-term volatility for the stock market, introducing uncertainty over the future of policies ranging from tax cuts to immigration, analysts say. Yet many are expecting stocks to march onward, regardless of which party claims victory in November.

A robust economy and stock market tend to bode well for the president's party hanging on to control of Congress, minimizing the chances of an abrupt shift in policy. But even

when the president's party loses seats in Congress, history shows stocks have tended to rise. Many analysts note that the year after the midterms has historically been the best of the four-year cycle for stocks, in part because the president's party typically loses seats in Congress and then tries to introduce legislation to boost the economy.

The S&P 500 hasn't declined in the year after midterm elections since the 1946 cycle—and has climbed 15% on average—regardless of which party won or lost control of Congress, Strategas Securities found in an analysis. In comparison, the index's average annual gain in every year going back to 1946 is 8.8%, and it has slumped in 20 of those years, according to Dow Jones Market Data.

Michael O'Keeffe, chief investment officer at Stifel Nicolaus & Co., said he expects the bull market to keep churning



Get-out-the-vote volunteers at work in California this month.

higher and for the breadth of the market's leadership to widen beyond the technology sector.

"It's time for the rest of the market to step up a little bit," Mr. O'Keeffe said. "Large-cap value—think quality companies, dividend-paying companies—are going to come back into favor relative to what has been sort of a growth-dominated and to some degree FANG-dominated market."

Politics has already helped steer the stock market higher this year, even as many investors have lamented the gridlock that has gripped Washington.

Many say the U.S. tax overhaul passed late last year has helped boost corporate earnings, which had already been on the upswing for several quarters. S&P 500 firms reported their second-fastest pace of earnings growth since 2010 in the second quarter and are expected to post dou-

ble-digit growth again in the third and fourth quarters, according to FactSet.

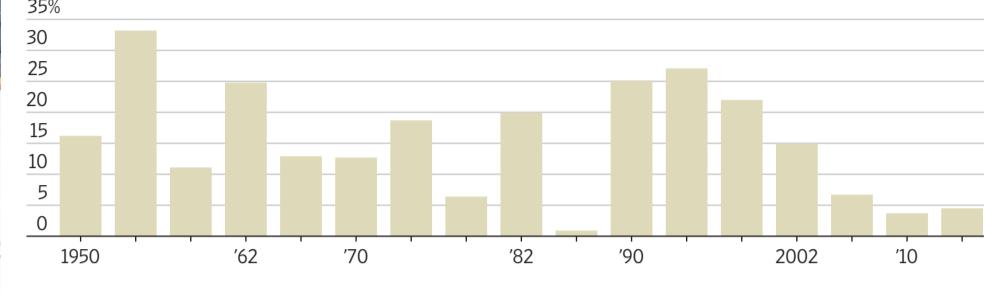
The steady growth has been key, investors say, in helping offset headwinds ranging from tariffs to turbulent emerging markets to tightening monetary policy. The S&P 500 is up 8.5% this year and hovering near records, well outpacing the Stoxx Europe 600, Japan's Nikkei Stock Average and the Shanghai Composite.

"Markets like Trump. They may not embrace his style, but they like his results," said Michael Farr, president of money-management firm Farr, Miller & Washington, citing tax cuts and the recent deal to revise the North American Free Trade Agreement.

Because stocks are already strong heading into the midterms, some analysts believe that political shifts that occur in November are likely to create small winners and losers within the market, as opposed

Winning Streak

S&P 500 performance in the 12-month period following midterm elections

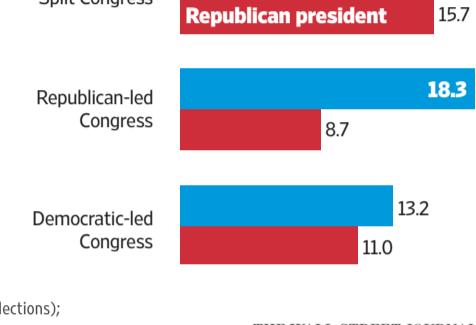


Average monthly price return for S&P 500 during midterm election years, 1962 to 2014



Sources: Strategas Securities (price return, 12-month period following elections); FactSet via LPL Financial (average yearly performance)

S&P 500's average yearly performance by party of president and composition of Congress, 1950 to 2017



THE WALL STREET JOURNAL.

to upending the bull run.

Democrats taking control of both the House of Representatives and the Senate could help de-escalate the trade rift between the U.S. and the rest of the world, Morgan Stanley analysts wrote in a research

when Hillary Clinton, then seeking the Democratic nomination for president, said on Twitter that she would propose a plan to counteract "price gouging" in the specialty drug market.

On the other hand, a scenario in which Republicans retain control of Congress could lift pharmaceutical stocks and shares of managed-care organizations, according to Morgan Stanley.

The firm's analysts added that a Republican sweep would help ease investor fears around drug-pricing legislation and diminish the chance of the U.S. shifting to a single-payer health-care system.

Either way, many believe that stocks will get a boost after the midterm elections as investors will be contending with one less uncertainty.

In a survey of roughly 300 institutional investors, Strategas found 8.1% of respondents identified the midterms as the greatest risk to the market.

"There can be that midterm lull," said Ryan Detrick, senior market strategist at LPL Financial. "It absolutely is something that people should pay attention to and be aware of, but don't panic if we get that volatility because again, those underlying fundamentals are so strong."

Data have shown the U.S. economy continued to grow in the second quarter, supported by gains in consumer spending and business investment. Measures of consumer confidence are tracking at 18-year highs and retailers are bullish ahead of the holiday season.

That bodes well for the bull market as it heads into a historically strong period for stocks. October of midterm election years has been the best month of the four-year cycle for the S&P 500, according to Strategas. For the fourth quarter, the S&P 500 has climbed an average of 7.5% in midterm election years.

SEC Trading Experiment Under Fire

By DAVE MICHAELS

make quotes on your market—that is not logical."

The SEC has said the experiment is intended to test how limiting or eliminating the incentives for some stocks, while leaving others untouched, would affect the U.S. stock market.

Regulators say rebates pose a conflict of interest for brokers because they may send investors' orders to exchanges that earn them the highest rebates.

Speaking at the same conference, a senior SEC official defended the experiment and said more than 60 institutional investors support it.

"There is a lot of vested interest out there as well, so you can understand why you would be hearing some of the things you would be hearing," said Brett Redfearn, the SEC's director of trading and markets.

Mr. Concannon said his company, which owns and operates the Bats and Direct Edge exchanges, would adjust to the restrictions and won't



The SEC's Brett Redfearn

necessarily lose any market share because of it.

The SEC's plan suffers from a flawed assumption, he added. Rebates are mostly paid to high-speed traders that don't have clients, not to brokers who handle customer orders, Mr. Concannon said, showing that concerns about a conflict of interest are overblown.

Mr. Redfearn said the trad-

ing experiment would also allow regulators to see whether removing rebates makes trading more efficient for long-term investors, who complain there are too many high-speed traders posting orders just to capture rebates.

Cboe and Nasdaq Inc. said in May that the SEC's experiment would constitute unlawful government price controls on the fees they can charge traders. Nasdaq said the proposal is "arbitrary and capricious and would not withstand judicial scrutiny."

Under current regulations, exchanges' trading fees are capped at 30 cents per 100 shares, a level that also effectively caps the rebates they pay for trades.

The pilot program would test trading on three groups of stocks by setting the maximum trading fees lower than it is under current rules. Lowering the fees would compel exchanges to lower rebates, since exchanges make money on the difference between fees and rebates.

culties for emerging markets, analysts say. A stronger greenback makes it more expensive for countries and companies to service and repay dollar debt. Central banks have been forced to raise rates to defend currencies, making domestic borrowings costlier, too. And higher U.S. rates reduce the relative appeal of riskier assets elsewhere.

Yield-hungry investors who had proved eager to jump in and buy stocks and bonds in developing economies after previous bouts of stress have been more hesitant to do so recently, citing uncertainty about the outlook for global trade and economic turmoil in countries such as Turkey and Argentina.

Bank Indonesia said it intervened to stabilize the rupiah by selling dollars on Wednesday. It already has lifted its benchmark rate five times since May in a bid to attract foreign cash.

Michael Wursthorn contributed to this article.

Hedge Fund Criterion Set to Close Up Shop

By RACHAEL LEVY
AND ROB COPELAND

Hedge fund Criterion Capital Management LLC is shutting down after 16 years in business, the second large fund to announce its closure this week.

The San Francisco-based firm focused on picking stocks in the technology, media and telecommunications industries. It manages about \$2 billion, according to people familiar with the firm.

In a letter Thursday reviewed by The Wall Street Journal, Criterion said it wasn't satisfied with its performance, even though its long portfolio—or bets on stocks—gained more than 850% since inception, outperforming the S&P.

Criterion said it would prefer to invest over a longer period, from three to 10 years, and hinted at the possibility of a future investment firm. "We feel compelled to realize our full potential as investors in a different construct," Criterion said in its letter.

"Rather than impose a new framework on our valued investors, we... have decided to wind down the Funds while we formulate the next chapter."

In its letter, Criterion cited examples of bets that didn't

pan out in the short term. The firm said its early bets on Amazon.com Inc., Netflix Inc., Salesforce.com and Tencent Holdings Ltd. faced significant drops "or long periods of relative underperformance before the scale and profitability of their business models became apparent to the market. This is why we are certain the real leverage in our experience and expertise occurs over three, five and 10-year investment time frames."

The firm is owned by Christopher Lord, David Riley, Tomoko Fortune, John Micek, Jeff Sanguinet and Louis Chang.

The closing comes in the same week that \$12 billion Highfields Capital became one of the largest closures in recent history.

As the year ends, hedge funds are starting to receive redemption notices from some clients and re-evaluating future business plans.

The past few years also have seen several shutdowns of well-known funds. Among them, investor Eric Mindich said he would close his \$7 billion hedge-fund firm Eton Park Capital Management LP in 2017 and billionaire Richard Perry announced his decision to shutter his hedge-fund firm in 2016.



The fund said some bets on tech didn't pan out in the short term.

Yield Jump Reverberates Globally

Continued from page B1

to earlier this year, as well as a big jump in the consumer-price index due later this month will factor heavily into where bonds and stocks go from here, Mr. Bailey said.

"If there are higher wages, the Fed is likely to raise rates faster. In some ways, it's worse than a trade war," he added.

Investors retreated from risk Thursday, pushing nine of the 11 major S&P 500 sectors lower. Technology stocks and shares of other highflying growth companies were among the hardest hit in the broad index, as investors were forced to rethink the value of future earnings in a rising-rate environment.

Meanwhile, a measure of stock-market volatility, the Cboe Volatility Index, leapt 30% to its highest level since July, suggesting traders were bracing for further swings in the market.

Stocks elsewhere around the world slumped, too. The Stoxx Europe 600 shed 1.1% in its biggest one-day percentage decline since Sept. 5, while major indexes in Hong Kong and South Korea深ened their losses for the year.

Thursday's market reverberations highlighted a recurring theme of 2018: the out-performance of the U.S. economy. That has allowed U.S. stocks to climb this year even as concerns over trade tensions and less robust growth have weighed down European and Asian markets.

One of the starkest examples of the divergence is that even though 10-year German bond yields climbed Thursday, their gap with Treasuries still widened to around 2.7 percentage points, an increase of

about 0.7 percentage point this year, according to Refinitiv.

The spread is a sign of "the growth-trajectory divergence," said Robert Tipp, chief investment strategist at PGIM Fixed Income. Markets are digesting a "modest acceleration in U.S. growth and deceleration in Europe in what is already a big gap in [economic] fundamentals."

Higher U.S. rates and optimism about the U.S. economy also pushed the dollar higher against emerging-markets currencies, which have been under pressure this year. Indonesia's currency, the rupiah, dropped to a 20-year low Thursday, while the Indian rupee hit the latest in a string of record lows. The Turkish lira lost 1.9% against the dollar and the Russian ruble fell 1.7%.

"The dollar has free rein now to stretch its legs and push higher," said Gareth Berry, a foreign-exchange and rates strategist at Macquarie Bank in Singapore.

This points to further diffi-

MARKETS

Oil Dives Following Bearish Reading

BY DAN MOLINSKI

Oil prices retreated sharply from four-year highs Thursday due to broader market selling and concerns that recently rising U.S. inventories will keep climbing throughout the low-demand fall season.

Light, sweet crude for November delivery ended 2.7% lower at \$74.33 a barrel on the New York Mercantile Exchange.

Brent crude, the global benchmark, ended 2% lower at \$84.58 a barrel.

Both benchmarks closed at four-year highs Wednesday, and some analysts said Thursday's plunge suggests those peaks won't be surpassed for a while.

"The broader market obviously had a huge influence on oil prices today, as stock markets got hammered," said Mark Waggoner, president of Excel Futures. "But oil has its own fundamental reasons also. We're now into fall refinery maintenance season, and so we're seeing builds in inventories because refineries aren't taking in as much crude. Those builds could continue for a while."

Mr. Waggoner said a third factor in oil prices declining Thursday was more technical in nature, noting that prices had risen so much and so rapidly in recent days that the commodity reached overbought territory.

It was a "perfect storm" of sorts, he said, forecasting that prices may continue to correct back toward around \$71.25 a barrel in the coming days or weeks. Predictions of \$100 oil before the end of this year are probably wrong, he said.

Oil's fall Thursday was in some ways a delayed reaction to a very bearish U.S. oil in-

2.7%

Decline in the price of light, sweet crude for November delivery

Stocks Falter as Bond Returns Rise

Nine of 11 S&P 500 sectors drop, with consumer, tech shares the biggest losers

BY JESSICA MENTON

U.S. stocks slumped Thursday, pulling back from record levels, as U.S. Treasury yields surged to multiyear highs.

Bond yields have jumped over the past week as data have pointed to a robust U.S. economy and investors have expressed relief over easing trade tensions in North America. Further evidence of a strong U.S. economy will likely come Friday, when investors get a snapshot of September's employment picture.

"Recent data has shown that Americans are pretty confident in finding jobs," said Christopher Ryon, a portfolio manager at Thornburg Investment Management. "That supports seeing lower unemployment, and I would expect to see wage pressures increase. As that happens, I anticipate also seeing more pressure put on inflation and, consequently, interest rates."

The Dow Jones Industrial Average fell 200.91 points, or 0.7%, to 26627.48, a day after reaching a high and snapping a five-session streak of gains. The S&P 500 lost 23.90 points, or 0.8%, to 2901.61 and the technology-heavy Nasdaq Composite declined 145.57 points, or 1.8%, to 7879.51.

Nine of the 11 S&P 500 sectors tumbled, with the highflying technology and consumer-discretionary segments among the biggest losers. Netflix dropped more than 3%, while Google parent Alphabet, Facebook and Amazon.com shed more than 2%.

Consumer-focused stocks such as Nike and Home Depot



Nike shares fell 2.8% Thursday, as consumer-discretionary stocks led declines in the S&P 500.

were the biggest decliners in the Dow industrials, both losing more than 2%.

Interest-rate-sensitive sectors such as real estate and consumer staples also declined—rising bond yields can diminish the allure of high-dividend-paying stocks.

The yield on the 10-year U.S. Treasury note, a bellwether for risk sentiment around the world, settled at 3.196%, its highest level since July 2011, compared with 3.159% Wednesday. Bond prices fall when yields rise.

The market's fear gauge, the Cboe Volatility Index, jumped 22% and posted its biggest one-day gain since June.

The gauge, also known as the VIX, is based on options prices on the S&P 500 and tends to rise when stocks fall.

"We think Thursday's market action is just market expectations catching up with where the Federal Reserve is projecting where it's heading, as well as the strength in the U.S. economy relative to the rest of the world," said Lisa Erickson, head of the Traditional Investment

port that showed strengthening wage growth, which raised concerns that rising inflation could lead to the Fed being more aggressive in tightening monetary policy.

If September's employment report shows average hourly earnings rising above 3% from a year ago, the markets could react negatively, said David Spika, president of GuideStone Capital Management. "It's going to be a number that's psychologically difficult for the market to handle," he said.

Economists noted there could be a drop in Friday's wage data because wages jumped in September 2017, which was attributed in part to low-wage workers not working because of Hurricane Harvey and Irma.

Rising inflation has also renewed concerns about a flattening yield curve, which measures the dispersion between shorter-term and longer-term rates. The yield curve is widely viewed as an indicator of sentiment for economic-growth prospects.

Thornburg's Mr. Ryon, however, said he wasn't concerned about a steepening yield curve being a precursor to a recession.

Typically in the past when there has been a flat or inverted yield curve, the central bank has attempted to slow down an overheated economy, he explained.

The Fed is attempting to normalize interest rates after about a decade of extremely accommodative global central bank policy, in effect to give central bankers more ammunition for when the next recession hits, he said.

Stocks elsewhere slumped, too. The Stoxx Europe 600 shed 1.1%, its biggest one-day percentage decline since Sept. 5, while major indexes in Hong Kong and South Korea deepened their losses for the year.

Early Friday, Japan's Nikkei was down 0.6%.

Group with U.S. Bank Wealth Management.

Traders are growing more confident about the Fed's 2019 rate path. Fed-funds futures, used by traders to place bets on the course of interest rates, recently showed the market pricing in a 39% chance of the Fed

raising rates three times between now and June 2019, according to CME Group. That's up from 30% one week ago and 19% one month ago.

A key data point in Friday's jobs report could set the stage for more volatility.

In February, a downturn in the U.S. stock market was precipitated by an employment re-

port that showed strengthening wage growth, which raised concerns that rising inflation could lead to the Fed being more aggressive in tightening monetary policy.

Interest bonds this week amid

signs of a strong U.S. economy, which paves the way for the Fed to keep raising rates. The 10-year yield climbed as high as 3.225% early Thursday, according to Tradeweb, before investors started buying government bonds again.

"A lot of people have a growing view that the economy is stronger," said Scott Buchta, head of fixed-income strategy at Brean Capital.

Investors will be watching the monthly jobs report Friday, which will be key in determining Treasury yields' path.

Treasury Yields Hit Highest Level in Years

BY GUNJAN BANERJI

U.S. government-bond yields hit a multiyear high Thursday, buoyed by strong economic data that have helped fuel selling in sovereign debt.

The yield on the benchmark

10-year note rose to 3.196% on Thursday—its highest close since July 2011—from 3.159% on Wednesday. Yields rise as bond prices fall.

Yields on shorter-dated government bonds jumped as well, with the yield on the two-year Treasury settling at

its highest level since June 2008. Shorter-dated yields tend to be more sensitive to interest-rate policy, and investors widely believe that the Federal Reserve will raise rates again in December and continue to do so next year.

Investors have sold govern-

Sales of \$230 Billion In U.S. Government Debt Are on Tap

The Treasury Department will auction \$230 billion in securities next week, comprising \$104 billion in new debt and \$126 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Tuesday:** \$40 billion in four-week bills, a reopening of an issue first sold on Nov. 9, 2017, maturing Nov. 8, 2018. Cusip number: 912796PD5.

Also, \$48 billion in 13-week bills, a reopening of an issue first sold on July 12, 2018, maturing Jan. 10, 2019. Cusip number: 912796QSI.

Also, \$42 billion in 26-week bills, dated Oct. 11, 2018, maturing April 11, 2019. Cusip number: 912796RG6.

Also, \$26 billion in 52-week bills, dated Oct. 11, 2018, maturing Oct. 10, 2019. Cusip number: 912796RF8.

Noncompetitive tenders for the 13-week and 26-week bills must be received by 11 a.m. EDT Tuesday and competitive tenders, by 11:30 a.m.

For the four-week and 52-week bills, the deadlines are noon and 1 p.m., respectively.

◆ **Wednesday:** \$36 billion in three-year notes, dated Oct. 15, 2018, maturing Oct. 15, 2021. Cusip number: 912828F3.

Also, \$23 billion in nine-year, 10-month 2.875% notes, a reopening of an issue first sold on Aug. 15, 2018, maturing Aug. 15, 2028. Cusip number: 912828V9.

Noncompetitive tenders for the three-year notes must be received by 11 a.m. Wednesday; competitive tenders, by 11:30 a.m. For the nine-year, 10-month notes, the deadlines are noon and 1 p.m., respectively.

◆ **Thursday:** \$15 billion in 29-year, 10-month 3% bonds, a reopening of an issue first sold on Aug. 15, 2018, maturing Aug. 15, 2048. Cusip number: 912810SD1.

Noncompetitive tenders must be received by noon Thursday; competitive tenders, by 1 p.m.

Interest Rates Send Copper, Other Metals Tumbling



NGUYEN HUY KHANH/REUTERS

Copper prices fell on Thursday alongside stocks and other risky assets, as worries about higher interest rates gripped financial markets.

Front-month copper for October delivery fell 2% to \$2,7650 a pound on the Comex division of the New York Mercantile Exchange.

Prices have fallen 16% since hitting a four-year high in June on worries that a tariff fight will slow the global economy, though they are up 8% from their mid-

August lows.

Copper and other materials widely used in construction and manufacturing also have been hurt by worries that higher interest rates and a stronger dollar will make assets more tied to global growth less attractive to investors.

A recent surge in U.S. Treasury yields has roiled markets, hurting stocks around the world and other commodities as well.

Moving forward, analysts will

be watching developments on global trade policy to see whether growth in other countries can catch up to growth in the U.S., where economic data have been steady throughout the year.

Among precious metals, front-month gold for October delivery closed down 0.1% at \$1,197.20 a troy ounce. The yellow metal has also been hurt by higher Treasury yields, which make gold less attractive to some investors.

Most-active silver futures fell 0.5% to \$14.590, platinum dropped 1.3% to \$824.50 and palladium closed down 0.7% at \$1,045.50.

On the London Metal Exchange, aluminum for delivery in three months erased early gains and fell 1.7% to \$2,169.50 a metric ton.

Zinc inched higher to \$2,654, tin fell 0.1% to \$18,975, nickel dropped 2.2% to \$12,490 and lead edged down 0.7% to \$2,006.

—Sarah McFarlane contributed to this article.

MARKETS

High-Yield Debt Funds Hit by Outflows

BY GUNJAN BANERJI

Investors are getting antsy about the junk-bond market.

They pulled money out of the biggest exchange-traded fund that bets on high-yield credit during September at the fastest pace in almost 2½ years.

And some investors are snapping up protection, buying options contracts that would help them offset losses if junk debt sells off.

Returns from high-yield bonds have been smaller than returns from markets such as stocks this year. The Bloomberg Barclays U.S. Corporate High Yield index has returned 2.8% in 2018 as of Wednesday, while the S&P 500 has returned 11%, including dividends.

But while Treasury yields have climbed to seven-year highs and the average speculative-grade bond yield has edged up, the difference between the two has fallen to the lowest level in a decade, Bloomberg Barclays data show. A narrower spread indicates investors are willing to take less compensation from riskier companies—a sign they believe the broader economy will be healthy enough for these companies to make good on their debt.

The resilience of high-yield credit when the Federal Reserve has been raising interest rates is leading to growing apprehension among some market participants.

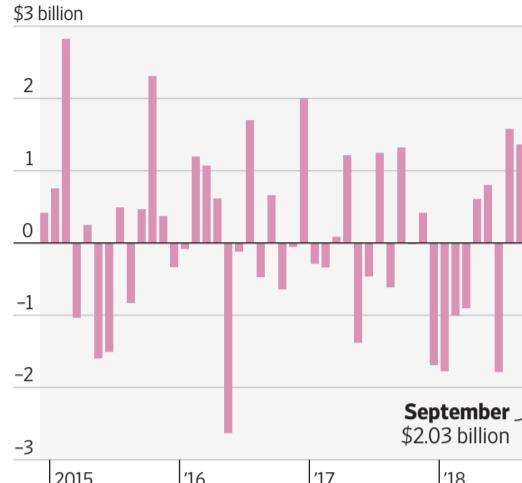
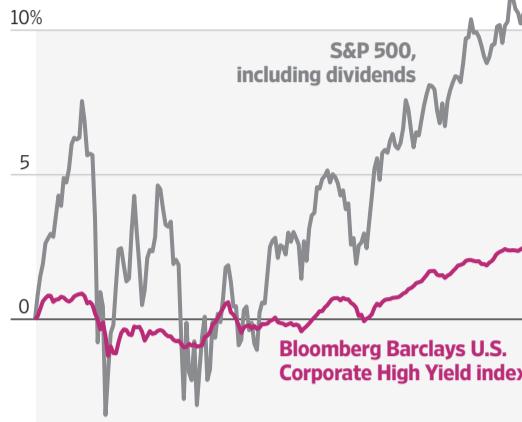
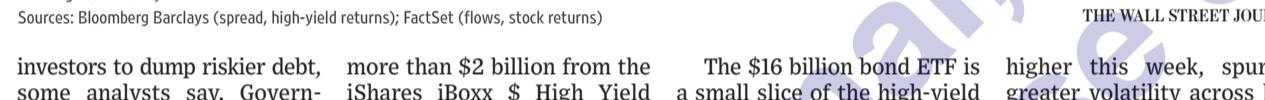
Lale Topcuoglu of JO Hambro Capital Management said she has pulled back from the riskiest bonds in the junk market and opted for slightly higher-graded debt.

"As you look forward to year-end, we are a little cautious," said Ms. Topcuoglu, head of credit at JO Hambro. "This is the mental tennis game."

Higher yields from Treasurys could eventually prompt

Investors pulled money from the biggest high-yield bond ETF in September at the fastest rate in more than two years. Returns have been muted versus stocks, and some analysts say a jump higher in Treasury yields could hurt junk credit.

20 percentage points

Monthly flows from the iShares iBoxx \$ High Yield Corporate Bond ETF**Cumulative change in returns from high-yield bonds and the stock market*****Spread between the average speculative-grade bond yield and Treasury yields**

*Through Wednesday

Sources: Bloomberg Barclays (spread, high-yield returns); FactSet (flows, stock returns)

investors to dump riskier debt, some analysts say. Government-bond yields have climbed higher recently with little reaction from junk bonds—in contrast to earlier this year, when Treasury and high-yield credit yields both rose.

Meanwhile, investors pulled

more than \$2 billion from the iShares iBoxx \$ High Yield Corporate Bond Exchange-Traded Fund, known as HYG, in September—the most in a single month since May 2016, shortly after plunging oil prices led to widespread selling in junk bonds, FactSet data show.

The \$16 billion bond ETF is a small slice of the high-yield bond market, which tops \$1 trillion, but its ease of trading and popularity among retail investors can offer clues to shifting sentiment.

The ETF's price has slipped for four consecutive days as Treasury yields have jumped

higher this week, spurring greater volatility across both the stock and bond markets. It is down 1.8% this year.

To be sure, there have been false alarms in high yield before. The junk-bond market has held steady as interest rates around the world have for the most part remained

low, pushing investors into the higher-yielding debt.

HYG's outflows in September came after two straight months of money going into the fund. Still, investors have pulled roughly \$1.4 billion from the fund in 2018 after taking out about \$500 million last year, FactSet data show.

Peter Cecchini, New York-based chief market strategist at Cantor Fitzgerald, said the junk-bond ETF is one of the few areas showing signs of investor anxiety.

There has been little hedging activity in other risky assets, such as U.S. stocks, which are in the midst of the longest bull market ever. In the equity market, investors have been using bullish options to chase further gains, analysts say.

An options measure called

2.8%

Return of Bloomberg Barclays U.S. Corporate High Yield index

skew has risen over the past month for HYG, Trade Alert data show. That means bearish contracts have become relatively more expensive, in a sign that investors are willing to splurge on protective options even if they have become pricier.

Investors are also purchasing options that would pay out only if HYG's price fell far below its current level—a sign that they are hedging against a potential catastrophic event that could hurt their portfolios, according to Mr. Cecchini.

Among the biggest positions in HYG are options that pay out if the ETF falls about 4%, Trade Alert data show.

"It's fear of an unknowable tail event," Mr. Cecchini said.

—Sam Goldfarb contributed to this article.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

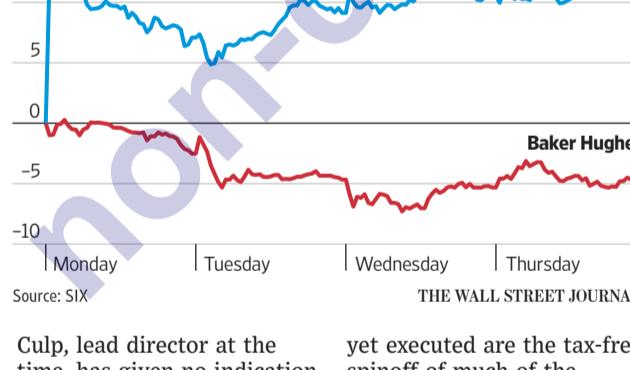
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Baker Hughes Has Cause for Hope

OVERHEARD**The Parent Trap**

Share-price performance



percentage points. Even before that, they were under pressure because of the notion that chunks of stock would be thrown onto the market and any benefit of being part of GE lost.

GE, under pressure from ratings firms to clean up its balance sheet, may want to unload Baker Hughes soon, but that might not be wise. At Baker Hughes's current pace of share buybacks and dividends, it is returning about \$1.47 billion annually to GE. Furthermore, Baker Hughes's particular exposure to the oil and gas business is picking up steam later in the cycle than rivals given its turbomachinery expertise. It is tied more to liquefied-natural-gas projects that are ramping up.

Hanging on to Baker Hughes is the sort of bold, value-adding move typical of Mr. Culp. Even if he sticks to the plan, he probably can't sell it any more quickly than Mr. Flannery might have, so the stock's recent sell-off gives investors a cheaper entry point. —Spencer Jakab

Biotech deals sometimes look a little smaller when examined under a microscope.

Arrowhead Pharmaceuticals announced a \$3.7 billion license-and-collaboration agreement with a unit of **Johnson & Johnson** on Thursday to develop Arrowhead's experimental hepatitis B treatment. That seems like the kind of news Wall Street would love, particularly since Arrowhead's market value is only around \$1.5 billion.

But the news release announcing the deal says that just \$250 million of that money is due up front in cash and equity investments. The rest comes in the form of incentive payments for reaching development and commercial milestones, some of which would take many years to reach even in a best-case scenario.

Evidently, not only can traders see through such inflated numbers but a mere quarter billion dollars doesn't impress Wall Street these days—the stock fell more than 17% Thursday.

Cloud Deal Looks to Make Rain

Hortonworks and **Cloud-era** already had much in common, some of it good, some of it bad. A marriage of the two should build on the good while reducing the bad.

Both companies offer cloud-based software services relying on the open-source standard known as Hadoop. Both companies have chalked up solid growth rates but lag behind many others in the hot cloud sector.

Both still lose money and burn cash. As a result, the two are among the weakest cloud stocks this year. Before their merger was announced late Wednesday, both were trading below the opening prices on the days of their respective IPOs.

The merger of the two was cheered by Wall Street, sending both stocks up more than 11% on Thursday.

The combined company will have about \$720 million in annual revenue. The deal should improve business prospects for both while also eliminating overlapping costs.

J. Derrick Wood of Cowen & Co. notes that market adoption of Hadoop hasn't quite lived up to earlier hype, and large cloud players like **Amazon.com** and **Microsoft** have also been entering the space with their own offerings. As such, he believes the market for "100% open-source, broad-based Apache Hadoop support services" should be led by just one company.

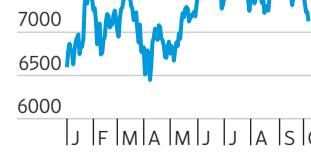
Cloudera with Hortonworks is clearly vying for that spot. The companies believe they can surpass \$1 billion in revenue by 2020 and have operating cash flow solidly in positive territory by then. That should lift the cloud over both.

—Dan Gallagher

New Risks in Biotech Sector Cause a Slowdown in Deals

Buyers Wanted

S&P Biotechnology Select Industry Index



fully explain the lull. The S&P Biotechnology Select Sector index is nearly 10% below its record, so high valuations aren't scaring away buyers. The deals that have

happened, such as **Gilead Sciences'** acquisition of cancer specialist Kite Pharma for \$11.9 billion in the summer of 2017, have closed at high prices.

Instead, the rapid pace of scientific innovation in areas such as gene therapy or CAR-T cancer treatments may actually be causing pharmaceutical companies to hold off on deals for now. Many of the likely takeover candidates are focused on these categories; they may be exciting investment opportunities but stand out for their riskiness. That is often because investors in those fields are making judgments based on very small sets of patient data.

"What appears to be a best-in-class drug on a Monday can often be deemed obsolete headed into the weekend, given the pace of development," Jefferies health-care trader Jared Holz recently wrote to clients.

At the current high valuations, buyers aren't compensated for taking on increased risk. That encourages patience, since risks should drop as more clinical data becomes available.

Another reason for the deal scarcity is that other investors are less worried about risk, allowing the biotechs to raise capital easily. **GW Pharmaceuticals**, a biotech that is developing a

platform of cannabinoid-based drugs, issued \$300 million in stock Wednesday. Genetic-disease specialist **Bluebird Bio** raised \$550 million in the equity market over the summer. For development-stage companies that aren't generating profits, that kind of cash can fund operations for a long time, which only adds to the incentive to stay independent.

Biotech stocks offer investors some of the best growth potential to be found, but right now it is particularly hard to choose winners and losers. That means investors picking biotech stocks shouldn't count on a buyout soon. —Charley Grant



His Hoops Hero
NBA's Chris Paul
on the power
of 61 **M12**

MANSION

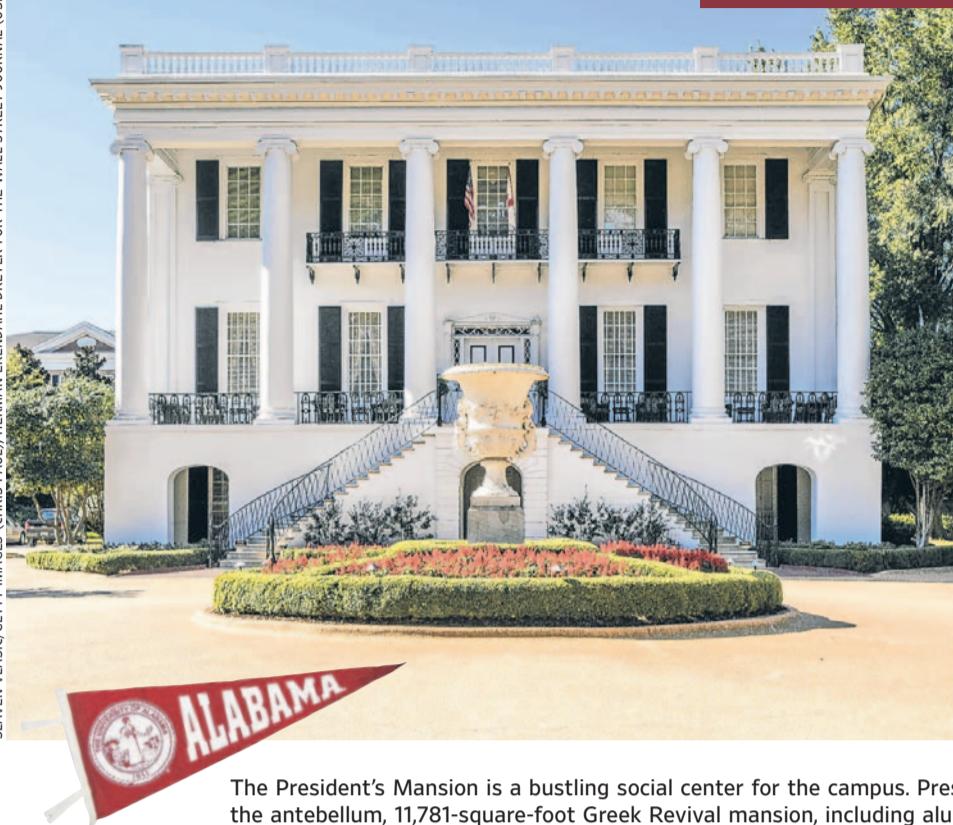
THE WALL STREET JOURNAL.

Seaside Serenity
A \$1.6 million
makeover
in Oslo **M3**



HOMES | MARKETS | PEOPLE | REDOS | SALES

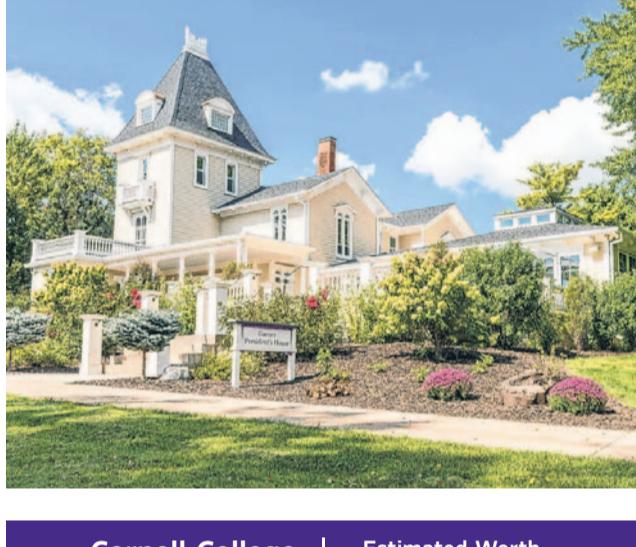
Friday, October 5, 2018 | **M1**



University of Alabama
Tuscaloosa, Ala.
Estimated Worth
\$3 million



The President's Mansion is a bustling social center for the campus. President Stuart R. Bell and his wife Susan, above right, say they host dozens of events annually at the antebellum, 11,781-square-foot Greek Revival mansion, including alumni and student tours, formal dinners, student barbecues and tailgate parties for up to 800.



Cornell College
Mount Vernon, Iowa
Estimated Worth
\$2.3 million

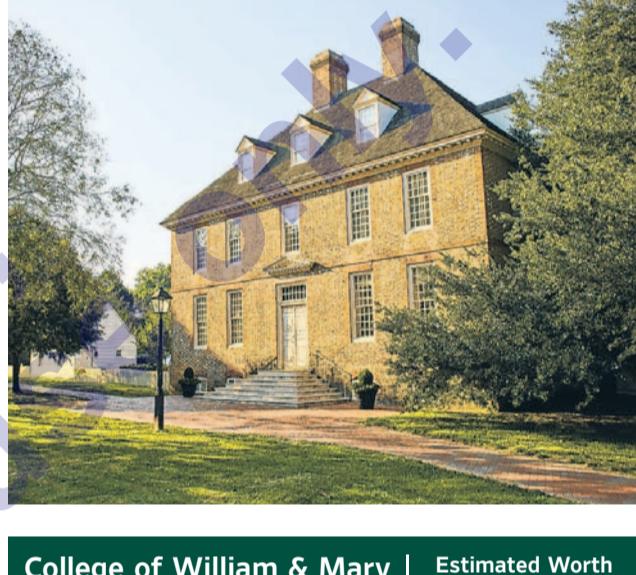
B.M.O.C.

Big Mansions On Campus

College presidents often live rent-free in grand homes with bucolic grounds.

The historic residences also host alumni events, game-day festivities—and maybe a ghost or two.

BY KRIS FRIESWICK



College of William & Mary
Williamsburg, Va.
Estimated Worth
\$10 million



Jonathan Brand, Rachelle LaBarge and Didi live at this home, which is on the National Register of Historic Places.

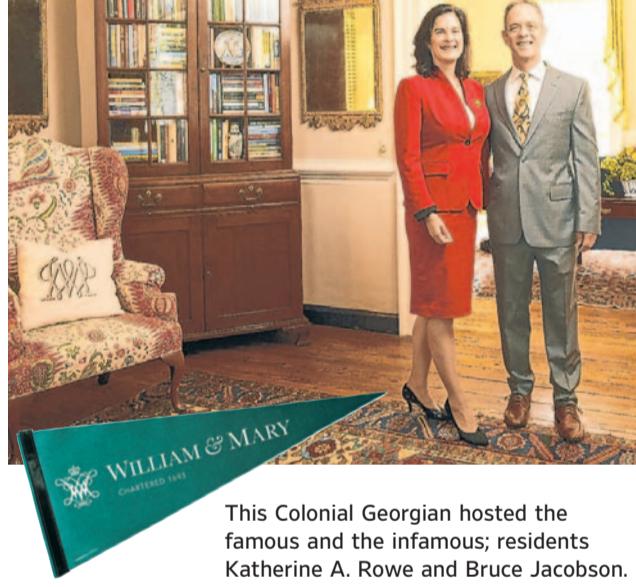
In August, Katherine A. Rowe and her husband Bruce Jacobson moved into a 5,763-square-foot Colonial Georgian built in 1732 that has witnessed the famous, and infamous, for centuries. It housed British General Charles Cornwallis near the end of the Revolutionary War, and has hosted George Washington, Thomas Jefferson, and every president from Woodrow Wilson to Dwight Eisenhower.

It is also a great deal. As president of the 325-year-old College of William & Mary, Ms. Rowe gets to live free in what the school attests is the country's oldest official college presidential residence. "Being in this house brings us back to that early moment of thinking about the beginning of higher education in this country," she says.

One of the most lucrative perks of becoming a college or university leader is the housing. The average tenure of a college chief was 6.5 years in 2016, according to a study by the American Council on Education. During their time in charge, many presidents get to live in some of the grandest and most historic properties in the U.S.

For many campus leaders, the value of their free

Please turn to page M6



This Colonial Georgian hosted the famous and the infamous; residents Katherine A. Rowe and Bruce Jacobson.



What happens when death derails a couple's dream-home plans.

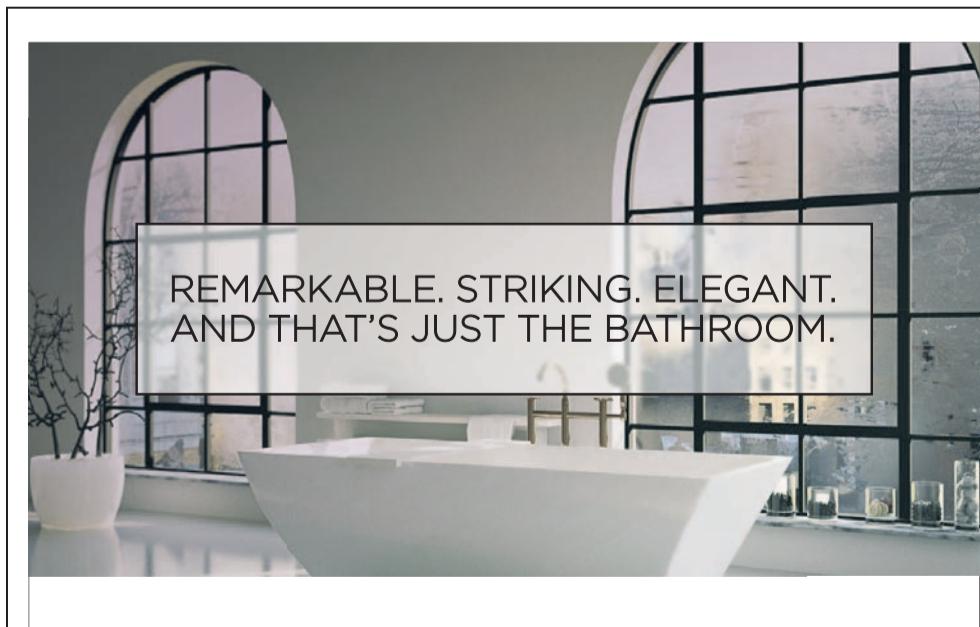
By KATY McLAUGHLIN

FOR 25 YEARS, Bill and Debra Rooney lived in Yorba Linda, Calif., where Mr. Rooney founded and ran an electrical-contracting firm. But they dreamed of living part-time on a ranch in Colorado.

In 2007, they bought a house on 35 acres in Steamboat Springs and drew up plans for a roughly \$500,000 gut renovation that included big picture windows where they could watch herds of elk saunter by. They were in the midst of building in 2009 when the plane Mr. Rooney was piloting crashed coming home from Steamboat Springs. Mr. Rooney,

Please turn to page M4

Debra Rooney Jaso rebuilt this Steamboat Springs, Colo., ranch house after losing her husband Bill, above, and son in a plane crash in 2009.



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PRIVATE PROPERTIES

Producer Buys in Beverly Hills

The seller is entrepreneur Jared Pobre, who is the husband of former professional wrestler Stacy Keibler. Mr. Pobre and Ms. Keibler bought the home through a holding company in 2015 for \$20.5 million, records show.

Mr. Gilbert is the president of Gilbert Films, which has produced movies like "La La Land" and "The Kids Are All Right." He and his brother, Quicken Loans

Gary Gilbert, a movie producer and co-owner of the Cleveland Cavaliers, paid \$26.5 million for Beverly Hills home, according to people familiar with the deal.

The eight-bedroom home was completed in 2015, and blends 1930s period-detailing with modern amenities, according to a description posted in the Multiple Listings Service. There are 11-foot ceilings, a library and an entertainment area with a screening room, a wine cellar and a gym.

Outside, there are landscaped grounds as well as a pool, a patio dining area and a covered terrace with a fireplace.

Steven Schaefer and Jay Luchs, co-founders of Newmark Residential, brokered the deal.

—Katherine Clarke



SIMON BERLYN

founder Dan Gilbert, co-own the Cavaliers alongside other investors like the musician Usher. Dan Gilbert is the majority owner, while Gary Gilbert owns a minority stake.

Steven Schaefer and Jay Luchs, co-founders of Newmark Residential, brokered the deal.

—Katherine Clarke



CONCIERGE AUCTIONS

A Versailles in Florida Heads to the Auction Block

After roughly four years of going on and off the market, a Versailles-style home that was once one of America's most expensive listings is heading to the auction block.

Bidding will commence digitally on Nov. 12 and conclude at a live auction on Nov. 15, according to Concierge Auctions, which is handling the sale. There is no reserve: The house will sell to the highest bidder—no matter what the final number ends up being.

"It's scary, but it's exciting," said listing agent Mayi de la Vega of ONE Sotheby's International Realty, noting that the seller is using an auction to "create an urgency" and accelerate the marketing time. She added that she believes the sale of the property was previously hindered by the fact that prospective buyers couldn't see a finished product until recently. The elaborate Hillsboro Beach, Fla., mansion known as Playa Vista Isle first came on the market for \$139 million in 2014. In Nov. 2015, the price was raised to \$159 million, as the project neared completion and an additional parcel of land was added to the listing. Then the house was taken off the market in 2016.

The list price was high for Hillsboro, which has little

available inventory at this price point, according to listings website Zillow.

Completed earlier this year, the approximately 60,000-square-foot home has 11 bedrooms and 22 bathrooms, an IMAX home theater, a 20-car garage, a heated infinity pool, six waterfalls and two deep-water docks. Highly ornate, the house packs in detailing like the Palace of Versailles, with lots of 22-karat gold leaf gilding.

"Anything that was delivered less than perfect was redone or sent back, until each surface matched exactly," reads a statement by seller Robert Pereira, founder of a Massachusetts-based contracting firm. Concierge estimated that his cost of construction was in excess of \$100 million. Mr. Pereira is selling because he doesn't have enough time to spend at the house, according to Ms. de la Vega. Mr. Pereira declined to comment beyond the statement.

The property is the latest ultraluxury home to head to the auction block in recent months. A Colorado ranch owned by trusts controlled by Sam Wyly, the onetime billionaire, recently sold at auction for just over \$14 million, far less than its original asking price of nearly \$60 million.

—Katherine Clarke

Washington Redskins Owner Asks \$49 Million

Washington Redskins owner Dan Snyder is listing his Potomac, Md., mansion, inspired by an 18th Century French château, for \$49 million.

Mr. Snyder is the founder of Snyder Communication, a marketing company that sold for \$2.5 billion in 2000. Around the same time, he bought the riverfront property from the estate of Jordan's King Hussein and Queen Noor, according to TTR Sotheby's International Realty, the company listing the property. He paid about \$8.64 million for the main parcel, but then expanded the property's footprint by later acquiring adjacent parcels, bringing the total footprint to about 15.2 acres, according to Sotheby's.



rant grade kitchen for entertaining. A winding staircase leads to a master suite which has its own sitting room and his and hers bathrooms. There are five bedrooms in total.

There is also a two-bedroom guest house as well as several loggias, a 12-car garage, a house manager's residence and a vanishing edge waterfront

swimming pool.

A satellite image on Google Maps shows a Redskins-themed basketball court in the team's red and gold colors. Mr. Snyder bought the team in 1999.

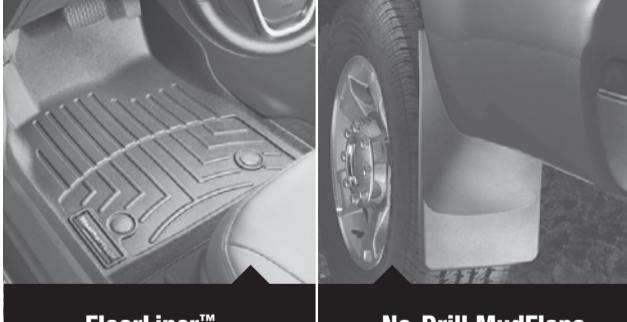
Mr. Rankin said Mr. Snyder, 53, was selling because he and his wife are building another home in the area.

—Katherine Clarke

► Developers put luxury Manhattan condos up for auction. M10

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BALANCE SHEET

A Suburban Retreat By the Sea

Out of place in the city's 'latte' culture, an Oslo couple embarks on a \$1.6 million renovation

By J.S. MARCUS

An Oslo couple moved into a sprawling city penthouse of their dreams, ready to enjoy their fun-packed empty-nester years—then realized they got it all wrong. Today, nearly a decade later, they have resettled in a suburb outside the Norwegian capital, having transformed a dated prefab house into a luxury seaside compound.

"We found out that we are not city people after all," said Marius Barstad, a plastic surgeon, speaking about himself and his wife, Bente Eger, a sales agent for a fashion company. He said they didn't fit into the "daily café latte" lifestyle.

What's more, they found the privileges associated with their penthouse were surprisingly isolating. "No contact with nature or neighbors," he said, "just the blue sky."

In their new home—located in Baerum, a largely suburban municipality next to Oslo proper—they share a pier and waterfront access with a community of congenial neighbors, giving them a more bucolic, and paradoxically more social, setup.

The lifestyle switch started after they found an ordinary house on an extraordinary seaside lot. In April 2013, the couple paid about \$2.1 million for a drab-yellow 1970s prefab home, perched on the edge of the city's inner fiord. They did a radical redo, making the new home chock-full of amenities otherwise scarce in Scandinavia, including air conditioning and an outdoor pool. Dr. Barstad estimated they spent \$1.6 million on the makeover.

Highly restrictive zoning laws, passed after the house was built, meant a teardown would make them lose their prime position on the 1/3-acre lot. Instead, the two opted for a wholesale reconstruction. By retaining the original foundation, parts of the roof and some walls, they got permission to expand the two-story, 3,100-square-foot home to 3,500 square feet. The top floor acts as a self-contained home for the couple, both now 62, and the lower floor is suitable for guests.

The new home has long-plank wood floors inside and a natural-wood finish outside. A set of sliding glass doors fully opens up the top floor of the four-bedroom home to the water.

The couple moved into their house in June 2016, and completed the project that November. They look a chance on two hires: a young Oslo architecture studio, Skapa, that had designed a vacation home for one of Dr. Barstad's colleagues, and M2 Entreprenor, an

Kitchen:
\$124,000



KEY COSTS

Bathrooms

\$40,000

Oak floors:

\$15,000

Landscaping

\$51,200

Electrical work

\$61,000Structural costs
(main house)**\$88,000**

Plumbing

\$78,000

Oslo construction-consulting firm specializing in large commercial projects. The firm, which acted as general contractor, was a big splurge, adding \$137,000 to the budget.

The couple decided on an extended stay in the original house before starting construction—to better decide exactly what they wanted to do

with their lot. It was, Dr. Barstad said, a "once-in-a-lifetime opportunity."

In that time, the couple came to appreciate the prefab's "coziness," even though it was a comedown from their penthouse in Frogner, the upscale inner Oslo district, where they had access to a private elevator and their own indoor pool.

Now, on summer mornings, the couple choose between a bracing dip in the fiord or a swim in their heated outdoor pool. Peder Skavlan, a principal in Skapa, says an outdoor pool in a far-north setting requires a strong, frost-resistant foundation. The pool and surrounding terrace cost \$110,000. The pool, Ms. Eger said, was built with grandchildren in mind. The couple, who have one grand-

Architect's fee:
\$93,000



Marius Barstad and his wife, Bente Eger, above, modernized a 1970s prefab with a facade of wood with aluminum detailing, left. The car is a 1963 Jaguar E-Type.

daughter, raised two sons in their longtime home in west Oslo.

Regulations required that the couple maintain the roof angle of the original house, but they managed a different exterior effect by using aluminum paneling to offset the new natural-wood surfaces. They spent nearly \$74,000 on the compound's facade and \$77,000 on roof work.

Back inside, the couple saved money by reusing much of their old furniture—but spent big on climate controls. An initial outlay of \$59,000 for a geothermal system with underfloor heating got an additional \$25,000 upgrade earlier this year. They also added a cooling component—just in time for Norway's hottest summer on record.

In a country where even upscale homes have IKEA kitchens, the two invested in a Bulthaup kitchen with Gaggenau appliances, at a cost of \$124,000.

The couple wanted a self-contained home on their top floor so they could go stairless in later years. They filled out the lower floor with two bedrooms and a sauna with an eye to any future transaction. "We wanted to make a family home," says Dr. Barstad, "because the value would be greater when we resell."

The two also have a ski home in central Norway. Their boat, moored a short walk away, is for short and long excursions.

They have augmented their compound's vacation-home feel with a pavilion behind the pool for informal gathering—at a cost of about \$282,000. They furnished it with the custom Bulthaup kitchen they had made for their Frogner penthouse—for \$46,600.

The pavilion, said the doctor, looks like a summertime unit, but it is heated and can be used all year. In contrast to the cozy wood floors and oriental carpets of the main house, they used concrete floors and Midcentury Modern furniture there.

"We smoke cigars," said Ms. Eger, adding the couple confine their habit to that space. "Cubans for him," she said of her husband. "Cigarillos for me."

Pool and terrace area:
\$110,000



"PROPERTIES LIVE UP TO OUR EXPECTATIONS... OR EXCEED THEM."

Michael J.

"IT REALLY OPENED OUR EYES TO A VARIETY OF DESTINATIONS."

Yaron Y.

"SO MUCH SAFER THAN A TRADITIONAL HOME SWAP."

Linda & John R.

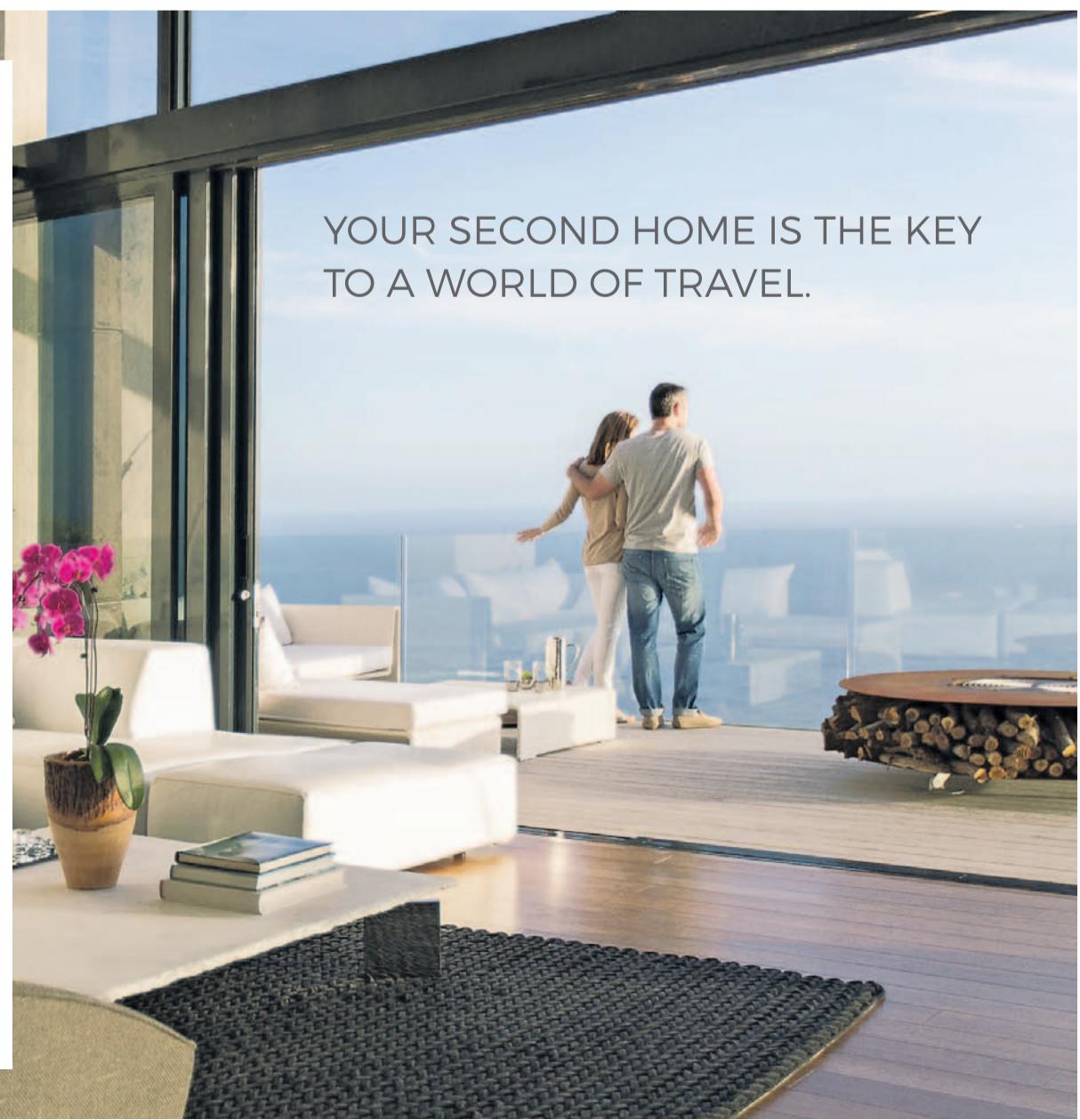
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MANSION

Spouses Who Fulfilled a Dream Home

Continued from page M1

54, and the couple's 26-year-old son, Patrick, were killed.

Devastated by the loss, Ms. Rooney Jaso couldn't bring herself to let go of the property or the dream. Instead, she spent the year after the tragedy renovating the house and building out the ranch. She completed the big picture windows, the ground-floor theater room and the wrap-around porch they had always wanted. She also refurbished a barn on the property, where another son, Sean, was married later that year.

"It's too meaningful. I just can't sell it yet and I don't know if I ever will," said Ms. Rooney Jaso, the 59-year-old president of the family's electrical contracting firm.

Some couples spend years looking for land and planning their dream homes, with meticulous designs that meet their every want and need. Then, the death of a spouse upends this shared vision, forcing a painful decision. Many surviving spouses—for financial or emotional reasons—walk away from the dream. But there are some who doggedly finish the project in memory of their spouse and as an homage to their marriage. For some people, building out a dream home can be part of a healing process.

Cindy Hanes, a 62-year-old small-business owner, is currently completing the property she dreamed of with her husband, Carl, an operations manager for a defense contractor. The couple sold their house in San Jose in 2016 for \$1.8 million and bought a house on 1.5 acres in Grass Valley, Calif., a small town located in the Sierra foothills. They paid \$549,000 for the house and embarked on a \$450,000 renovation, which included enlarging the house to 5,400 square feet. Mr. Hanes planned to do much of the interior work himself and had just received the hardwood for the floors, crown molding and paint when he died suddenly of a heart attack last year, Ms. Hanes said.

It took months to regroup and face the future, Ms. Hanes said. A line of credit for the construction in Mr. Hanes' name was canceled and she had to take out another in her name. She faced a sense of meaninglessness as she attacked the project.

"I could put up my Disney collection, but why bother when there's no one to say, 'Hey, honey, look what I did?'" she said.



Debra Rooney Jaso with her sons Colin and Sean Rooney, above left. The kitchen and dining area, above right. A barn was renovated, foreground, so one of her sons could wed there.



HILARY SPILLANE/SPILLANE CREATIVE (PORTAIT); BRENT BINGHAM FOR THE WALL STREET JOURNAL (2)

The turning point came when a friend of Mr. Hanes visited the property and declared the brick, pavers and flagstone patio in the backyard "exactly what Carl talked about doing." Completing the floors and molding was another step forward as she aimed to meet her husband's standards of excellence.

"This was our dream together," said Ms. Hanes, who said she has not considered moving back to San Jose. "This is home."

Dolly Stevens and her husband of 33 years, Marc Tootle, of Purcellville, Va., dreamed of building a house in the woods ever since he inherited 60 acres of forest in Strasburg, Va., in 1975. On a hike on the property one day they came across a towering oak tree, and Ms. Stevens took a photo-

graph of her husband hugging its giant trunk. They decided they would build their retirement home there, Ms. Stevens said, with a porch and a stone fireplace.

Then, Mr. Tootle suffered a major heart attack and was diagnosed with advanced liver disease. He died at age 54 in 2011.

Hardships, including losing their 27-year-old son Matthew in a car accident in 2013, as well as financial distress, delayed plans to build the house and move there permanently. But early this year, the 62-year-old actor, director and theater teacher completed a roughly \$300,000 house, about 60 feet from the oak tree, and moved in.

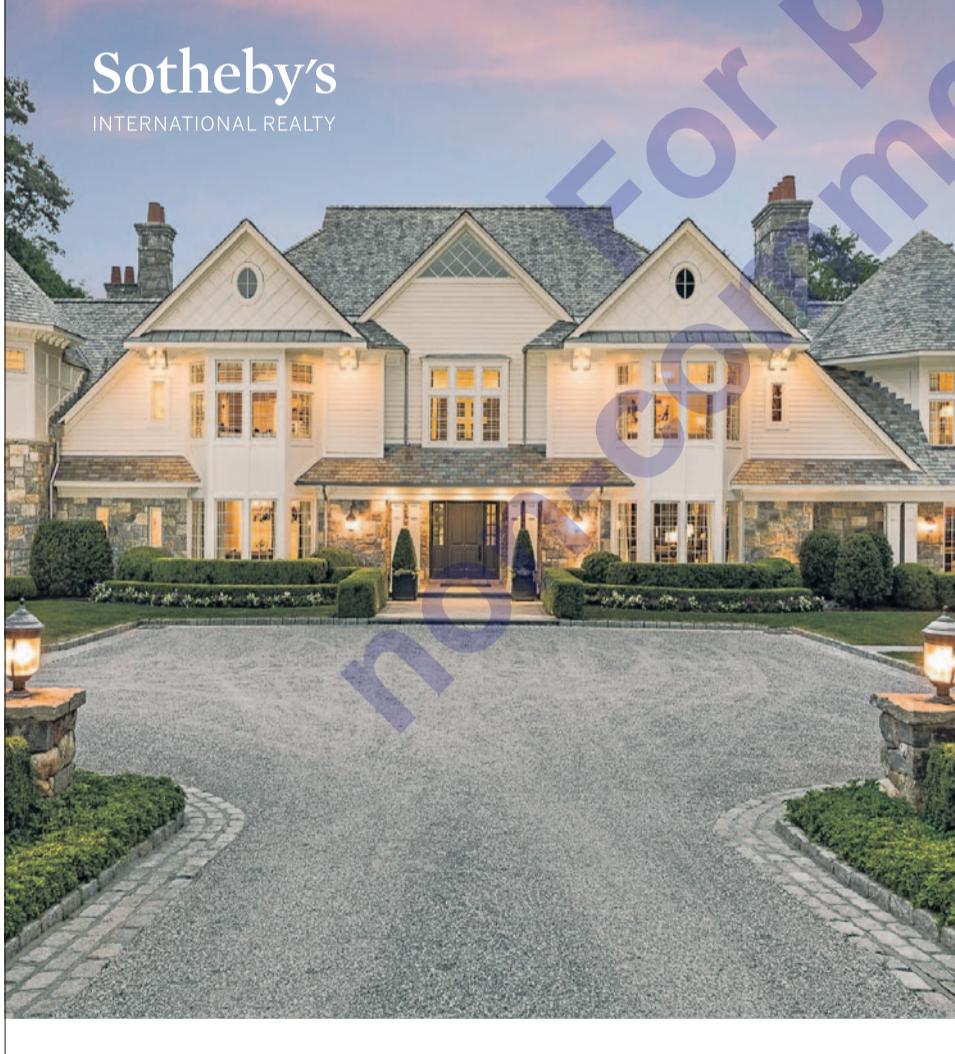
But she's not alone—her boyfriend of 11 months lives with her. "Sometimes I get

melancholy and think, 'I'm living our dream, but I'm living it with someone else,'" said Ms. Stevens. Other times, she is filled with gratitude for the peaceful forest home her late husband made possible.

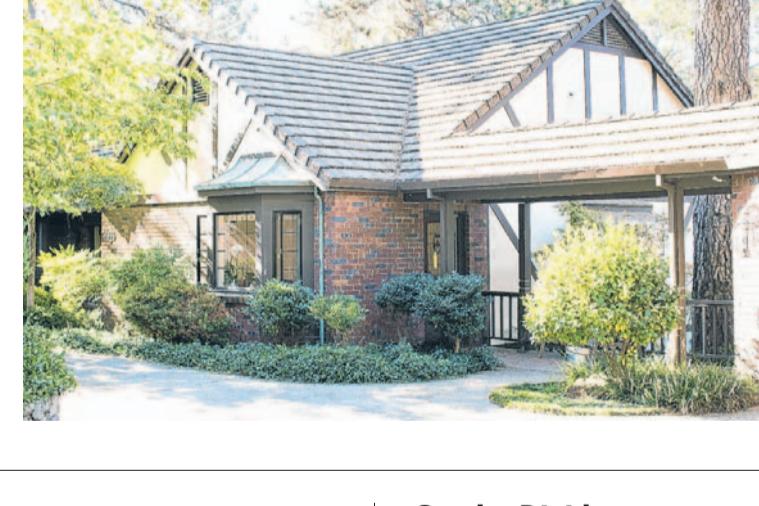
"Building this house was very symbolic. It's very complex," she reflected.

This summer, Ms. Rooney Jaso, who has remarried, introduced her new husband to the Colorado ranch—an experience she says was both strangely significant and made her "quietly anxious."

"I was worried. It's got me and my first husband all over it," she said. Ultimately, the trip worked out well. "He was very impressed by the fact that I took this on and made it beautiful," she said.



Cindy Hanes, above, and her husband, Carl, inset, bought a home in Grass Valley, Calif., in 2015, right. Mr. Hanes died suddenly last year while the couple was in the midst of renovations.



MICHELLE DREWES FOR THE WALL STREET JOURNAL (3)

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For Some, Building Can Be Therapeutic

There are over 15 million widowed people in the U.S., according to the Census Bureau, which only counts those who have not remarried. Most of those are women: 8.7% of women over 15 years old are widows, compared with 2.6% of men. Last year, more than twice as many women as men lost their spouses.

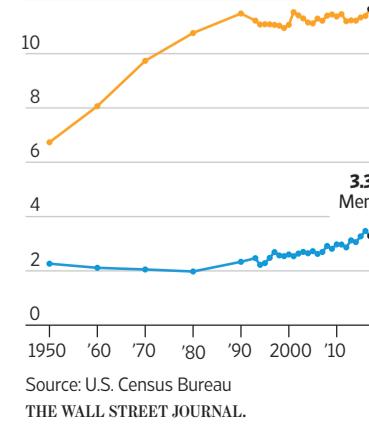
Widowed people who have the financial resources to fulfill their dream-house plans often grapple with complex feelings, said Michele Neff Hernandez, the founder of Soaring Spirits International, a resource center for widowed people based in Simi Valley, Calif.

"Many widowed people feel guilty," about everything from receiving a life-insurance payment to enjoying a new home or life at all, said Ms. Hernandez, whose organization hosts "Camp Widow" retreats in the U.S. and Canada to enable widowed people to connect. For some, completing the dream home can be therapeutic; for others, there's a risk of creating a "shrine" to their loved one, rather than moving on with their lives, said Ms. Hernandez.

—Katy McLaughlin

Gender Divide

Women have a longer lifespan than men, and they tend to marry men who are older than they are. As a result, widows far outnumber widowers in the U.S.



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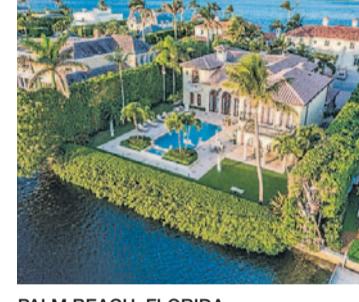
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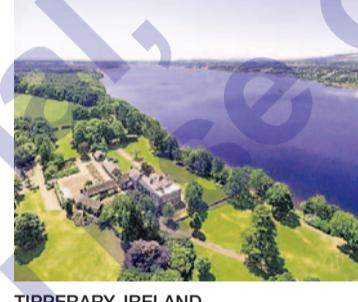
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Big Mansions On Campus

Continued from page M1

accommodations is not taxed as income. According to Donald Budnick, a New York-based accountant, housing isn't considered part of taxable compensation so long as the president is required to occupy the home as a condition of employment and the home is located on campus. This is the case for about 70% of public college and university presidential contracts, according to research from James Finkelstein, professor emeritus, and Judith Wilde, professor, both in public policy at George Mason University. (No data was available for private college presidents.)

For these presidents and chancellors, the campus homes are also more than residences. They serve as the cog in a university's social life, hosting events for students, faculty, alumni and prospects throughout the year.

The President's Mansion at the University of Alabama, in Tuscaloosa, is a bustling social center for the campus. President Stuart R. Bell and his wife Susan say they host dozens of events annually at the antebellum, 11,781-square-foot Greek Revival mansion, which features dramatic, twin curving staircases from the ground to the formal second-floor balcony entrance.

Between alumni and student tours, formal dinners, student barbecues, tailgate parties for up to 800 and Easter egg hunts for local children (featuring 9,000 eggs this year), the place clearly belongs to the campus community. "It did take a little bit of an adjustment to hear people coming and going through our house all the time," says Mrs. Bell. "Within a couple of months, it was astounding when there were not people going through."

Some presidential homes, due to location, size or tradition, are less a social center and more like an inn. The President's House at Salve Regina University in Newport, R.I., occupied by President Sister Jane Gerety for the past 10 years, is a 6,000-square-foot, seven-bedroom renovated carriage house and stable that was part of a grand estate built for successful banker William

Elmwood

Clockwise from top left: Harvard University, Cambridge, Mass.; Cornell College, Mount Vernon, Iowa; Salve Regina University, Newport, R.I.; Yale University, New Haven, Conn.; Massachusetts Institute of Technology, Cambridge, Mass.

Cornell College Mount Vernon, Iowa

Built: 1850
Square footage: 7,664 square feet
Named after a prior president who put up with its poor condition, Garner President's House has recently undergone a big renovation.

(Estimate by Meridith Hoffman, Iowa Realty, Mount Vernon, Iowa)



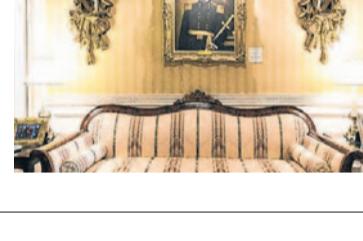
Gifted to the college in 1908 by one of Cornell's earliest presidents, the house is hailed as an exceptional example of Gothic/Victorian architecture. Current resident Jonathan Brand and his wife Rachelle LaBarge, above, love their bright kitchen with a view of the campus.

The University of Alabama Tuscaloosa, Ala.

Built: 1841
Square footage: 11,781 square feet including outbuildings, garage and storage and porches

On 3 acres, the President's Mansion is an antebellum, Greek Revival mansion with exterior twin curving staircases.

(Estimate by Donna Petty, Hamner Real Estate, Tuscaloosa, Ala.)



Stuart R. Bell says the home may have ghosts. 'We'd been here a week and a half and heard noises,' he says.

PRESIDENTIAL RESIDENCES AROUND THE U.S.



Cambridge, Mass. HARVARD UNIVERSITY

Elmwood
President Lawrence S. Bacow and Adele Fleet Bacow

Built: 1767

Square footage: Not provided

Elmwood was built for Thomas Oliver, royal governor of Massachusetts, who abandoned the property after the Revolutionary War, according to a report in the Harvard Crimson.

ESTIMATE: \$45 million. On 2.6 acres, the estate is so large that it is very likely divisible into multiple still-significant estates, says John Petrowsky of Compass Real Estate in Cambridge, Mass., who worked with Christian Jones on the estimate. Harvard didn't respond to requests for comment.



Seattle

UNIVERSITY OF WASHINGTON

Hill-Crest (also known as the Walker Ames Mansion)
President Ana Mari Cauce and Susan Joslyn

Built: 1907

Square footage: 12,510

Once considered the most expensive public college presidential residence in the U.S., Hill-Crest was built by lumber baron William Walker, who left it to his daughter and her husband. The couple bequeathed the home to U of W in 1932.

ESTIMATE: \$7.5 million. Patti Hill, of agency John L. Scott, estimates that due to the fact that the home is not on the water, it would sell for about \$2.5 million less than its waterfront neighbors.

Newport, R.I. SALVE REGINA UNIVERSITY

William Watts Sherman Carriage House

President Sister Jane Gerety

Built: 1876

Square footage: 6,000

ESTIMATE: Around \$2.5 million, according to Kate Kirby Greenman of Gustave White Sotheby's International Realty, Newport, R.I.



New Haven, Conn. YALE UNIVERSITY

President's House

President Peter Salovey and Marta Elisa Moret

Built: 1871

Square footage: 13,344

Built for local entrepreneur Henry Farnam, the mansion became the president of Yale University's official home in 1937, and is sited on park-like grounds in the Hillhouse Avenue National Historic District. It underwent a \$17 million renovation in 2013 when Mr. Salovey and his wife moved in full time (the first president to do so in 27 years).

ESTIMATE: Approximately \$4 million, according to Jack Hill, of Seabury-Hill Realtors in New Haven.

Cambridge, Mass. MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Gray House

President L. Rafael Reif and Christine Reif

Built: 1917

Square footage: Not provided

ESTIMATE: \$10 million and up, according to John Petrowsky and Christian Jones, Compass Real Estate in Cambridge, Mass. The school didn't respond to requests for comment.

MANSION

College of William & Mary
Williamsburg, Va.

Built: 1732
Square footage: 5,763 square feet, plus a 2,152-square-foot basement

This home housed British General Cornwallis during the Revolutionary War. It has also hosted George Washington, Thomas Jefferson, and every president from Woodrow Wilson to Dwight Eisenhower.

(Linda Berryman, Berkshire Hathaway HomeServices Towne Realty, Williamsburg, Virginia)

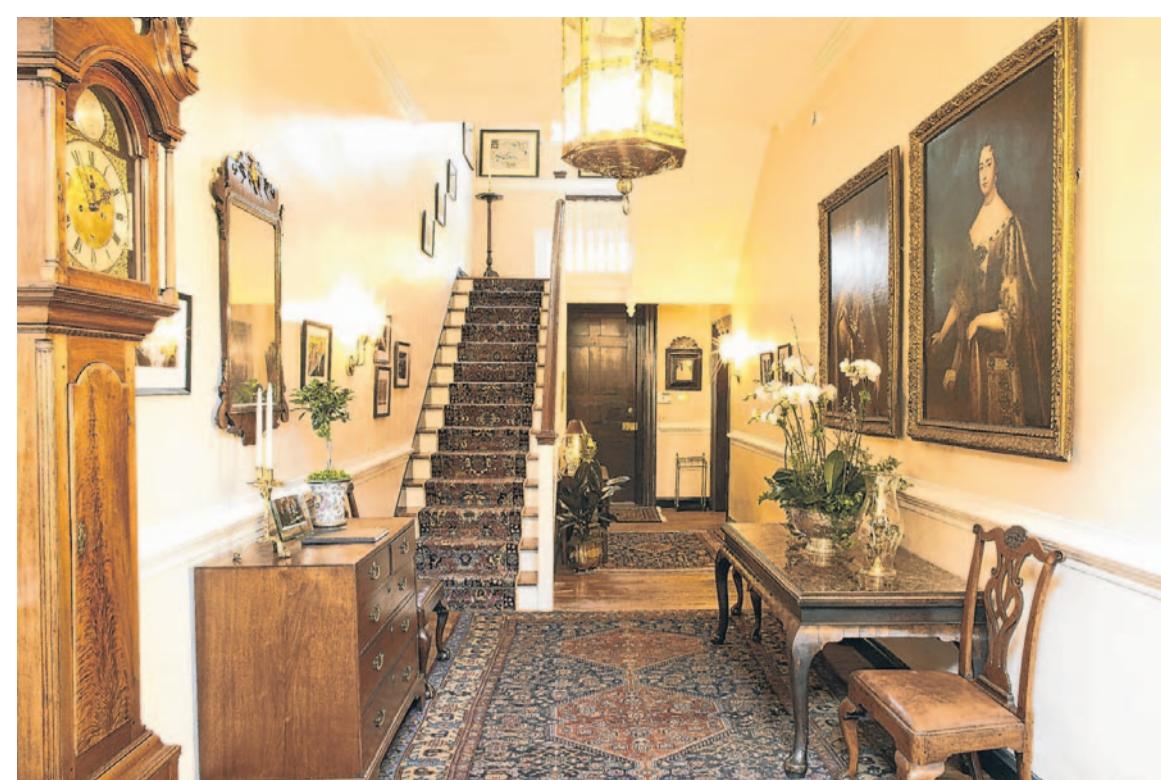
Watts Sherman in 1876, according to historical records. It is one of seven contiguous historic estates owned by Salve Regina in the Ochre Point/Bellevue Avenue neighborhood, known for Gilded Age mansions like the Marble House, built in 1892 for William Vanderbilt, and the Breakers, built in 1895 for his brother Cornelius.

The President's House is divided into two apartments, one for the president, one for visitors. Sister Gerety says her bedroom was where Mr. Sherman's staff used to wash the estate's horse-drawn coaches. "I'm living in a place where servants lived," she says. "I like the symbolism of that."

Aside from their history and pedigree, another recurring theme among these campus treasures is the maintenance, repairs and renovations they require, which because of their age and intensity of usage can be a constant, expensive process.

Garner President's House at Cornell College in Mount Vernon, Iowa, is on the National Register of Historic Places. Gifted to the college in 1908 by William Fletcher King, one of Cornell's earliest presidents, it is hailed by architects as an exceptional example of Gothic/Victorian architecture, the college says.

It was also falling apart. When President Jonathan Brand and his wife Rachelle LaBarge arrived in 2011, they had to move to temporary housing as the school was



just launching an 18-month, \$1.9 million renovation.

Prior to their arrival, Mr. Brand said the board debated whether to undertake renovations at all, given the poor condition of the 168-year-old home. His predecessor, Les Garner and his wife Katrina, lived in the house for 16 years, and Mr. Brand says the house was named after them to honor how they made the home a focal point of the community, and also due to their fortitude in living with its challenges, including constantly freezing pipes and a leaky roof. "They had a very tight relationship with the facilities staff," says Mr. Brand. "I mean I can visualize them blowing with hair dryers on pipes literally an hour before an event."

Despite the renovation, Mr. Brand says that rumors persist that the spirit of Mr. King, the early president who donated the home to Cornell on the condition he be allowed to continue living there, still occupies the place. "People say he stayed for 13 years after he retired," says Mr. Brand. "But I think it might be more like 100 years."

Ghosts are another of the perks that come with a presidential residence. William & Mary's Presi-



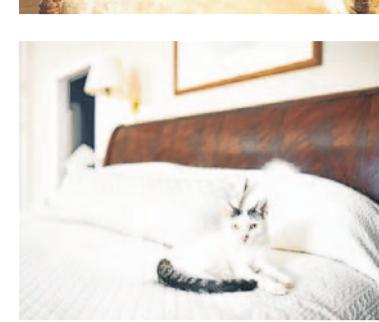
dent's House, which is on several campus ghost walks, reportedly has apparitions, says Ms. Rowe. They like to knock on the front door, and open the kitchen cabinets at night, she says. There are tales of a ghost of a French soldier who died in the house in the 1700s. "I speak French, and I figure when he's ready to have a conversation, he'll let me know," she says.

The University of Alabama home may have one as well, says Mr. Bell. "We'd been here a week



and a half and heard noises," he says. "We looked all through the house and couldn't find anything, and Susan and I turned to each other and said, 'this is a big house, let's go to sleep.'"

Despite the challenges of living in so public a space—with visitors both corporeal and incorporeal—the presidents and their spouses say they wouldn't trade the experience. The Bells are enamored with their home's majestic front porch, where Mr. Bell says he spends many Sunday mornings with hot



The Colonial Georgian mansion includes a portrait of George Washington, one of the home's visitors. The antique-filled south and north parlors of the home are used as formal entertaining areas.

TYLER DARDEN FOR THE WALL STREET JOURNAL (5)

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MANSION

ANNOTATED ROOM

A Garage Remade for Fun and Games

A family on Washington's Whidbey Island wanted to turbo-charge their 12-car garage.

With some serious tinkering, the space would make a perfect playroom for the owners, a businessman and stay-at-home mom with four teenagers. So they turned to designer Tim Pfeiffer to retool the space.

"I wanted to nod to the California coast, but in the Northwest, along with some Asian-Pacific influences because the client has homes all over the world," said Mr. Pfeiffer, a partner with Hoedemaker-Pfeiffer in Seattle. For this retreat, he sourced vintage furniture and accessories to give the sense that the compound has been in the family for generations. In addition to the garage, there's a main house, field house and tents for glamping.

The entire garage overhaul cost roughly \$425,000 amount and took about a year and a half to complete.

Here are some components of one area of the garage project.

—Karen Bruno



1. The pool table was purchased from a private owner and refurbished by Golden West Games in Tacoma, Wash., which also supplied the cues and balls. // **Price:** \$698 for the pool table, cues and balls

2. A refurbished Viko Baumritter sofa has cushions covered with Dunmore fabric in blue by Carleton V. // **Price:** \$1,214 for the sofa from Broadway's Best Antiques in Tacoma, Wash.; \$426 for fabric; \$670 to reweb the sofa and make cushion covers

3. Two vintage silk velvet pillows by Aysin Yenigun and a knit pillow make the seating even cushier. // **Price:** \$360 for silk pillows from MD Home Collection, Bainbridge Island, Wash.; \$60 for knit pillow from Crate & Barrel

4. For a punch of color, Mr. Pfeiffer chose "Red and Blue" by Charles Curlet. // **Price:** \$1,200, Mecox Gardens, Los Angeles

5. A bar features reclaimed fir, a foot rail made with pipe fittings and barn-style light fixtures. // **Price:** \$10,800 for the bar, including installation, an ice maker, a refrigerator and a sink; \$1,050 for the light fixtures from Restoration Hardware

6. Vintage bar stools are covered with Color 35 by Kravet Reva Pacific. // **Price:** \$2,100 for six stools from District Auction in Seattle and \$875 for fabric and labor

7. A 5-foot-7 by 9-foot-6 Moroccan Berber rug grounds the seating area. // **Price:** \$2,400 from Artisanat Du Sud in Marrakesh

8. Two walnut side tables await refreshments. // **Price:** \$1,300 for the pair from Fat Chance in Los Angeles

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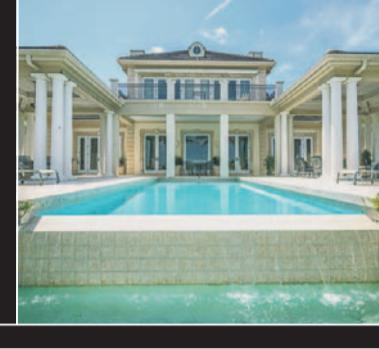
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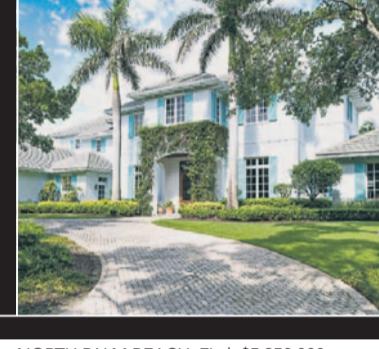
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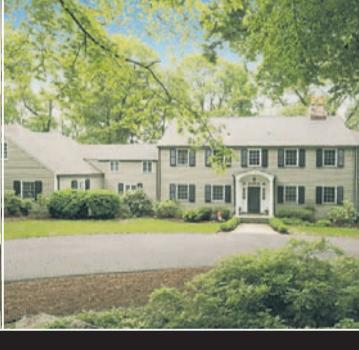
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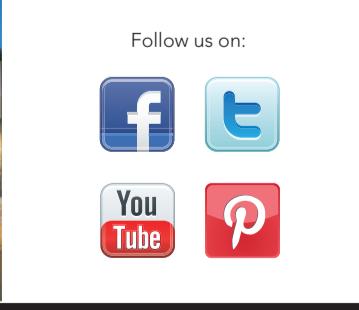
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NYC Condos Go to Auction

A pair of developers is planning to auction off units in their luxury Manhattan condominium project. The units will be among the highest priced condos ever to be auctioned by a developer in the U.S., according to Paramount Realty USA, the auction house handling the sale.

Real estate veterans say the move is highly unusual for Manhattan, though luxury auctions appear to have gained more popularity in other parts of the country as a means to sell a property quickly.

Three of the units at the five-unit building, located at 6 Cortlandt Alley in Tribeca, will be auctioned off November 10, said Misha Haghani, owner of Paramount.

All three units are four-bedroom lofts, originally priced at up to \$7.3 million. One home—a 3,646-square-foot, four-bedroom, 4½-bathroom unit—will be sold to the highest bidder at or above a minimum bid of \$4.75 million, which represents a 35% discount from its original price. Two other full-floor homes will be auctioned with suggested opening bids of \$4.85 million and \$5 million, representing discounts of more than 30% off their original prices.

Developers Imperial Development Group and MCG Fund 1 Manager, an affiliate of Megalith Capital Management, launched sales in the spring of 2016, but none of the five units have sold despite a change in brokerage representation and price cuts, according to Mr. Haghani, who attributed the slow start to the shifting Manhattan market for high-end condos.

"There's more supply on the market today than there was 18 or 24 months ago," Mr. Haghani said. "Buyers have more choices, and that puts sellers in general in a weakened bargaining position. Sometimes a different strategy is warranted. In this case, it's well warranted." The de-



PARAMOUNT REALTY USA / ISTOCK/GETTY IMAGES (ILLUSTRATION)

▶ See more photos of notable homes at [WSJ.com/RealEstate](#). Email: privateproperties@wsj.com

velopers didn't respond to requests for comment.

Mr. Haghani, whose firm handled auctions for high-end condos during the last real-estate downturn, said this is the first luxury condo assignment the company has received since 2011, when it handled the auction of the six remaining penthouse units at One Hanson Place, a Brooklyn condo project which public records show was backed by partners including retired NBA star Earvin "Magic" Johnson.

The developers are holding back the two remaining units, the penthouses, because they believe the auction will spur momentum that will help them sell the final apartments for higher prices, Mr. Haghani said.

—Katherine Clarke



'No Reserve' Risk

Concierge Auctions estimates that about 75% of ultraluxury homes they represent have no reserve price. In other words, the home sells to the top bid—no matter how low it might be.

While that might seem like a risky move, many say they've been persuaded by the idea that a no-reserve-price auction will generate more publicity and greater interest.

Concierge Auctions Chairman Chad Roffers said a no-reserve auction is the equivalent of entering a stock market order to sell or buy, usually generating 300 to 500 inquiries, 25 to 50 showings and five to seven qualified bidders per property. With a reserve, they get about a third of the interest, he said.

The seller reviews the field of bidders and opening bids 24 hours before the auction and can back out if he or she doesn't have confidence in the pool of buyers.

In some cases, owners do end up selling their homes for much less than they expected.

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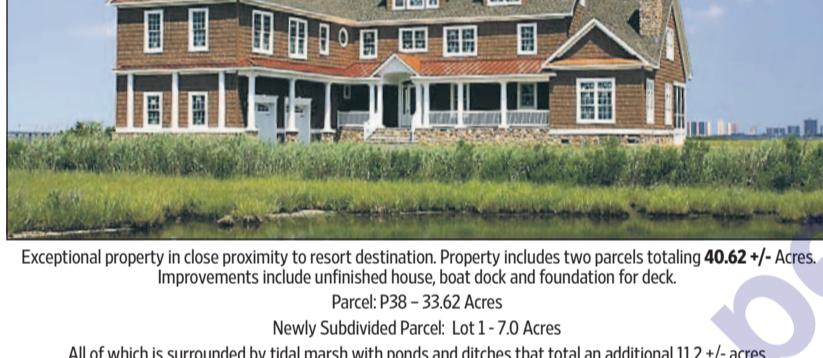
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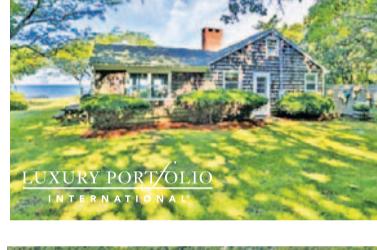
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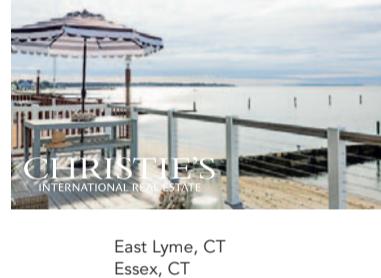
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HOUSE CALL | CHRIS PAUL

A Family Tragedy Gave Purpose to NBA Star's Game

Growing up, the Houston Rockets point guard was motivated by his grandfather

When I was growing up, my older brother, C.J., treated me like his little brother. I didn't see things that way. I thought all his friends were my friends, until he said I couldn't tag along. That's when we became competitive about everything.

If my mother said we were leaving the house for school at 7:30 a.m., I'd be in the front seat of our car at 7:15, forcing C.J. to sit in the back. Our ongoing competition drove my mom nuts.

We lived in Lewisville, N.C., in a two-story red-brick house with green shutters. C.J. and I shared a bedroom. He was two years older than me and stronger. Our age difference forced me to work harder.

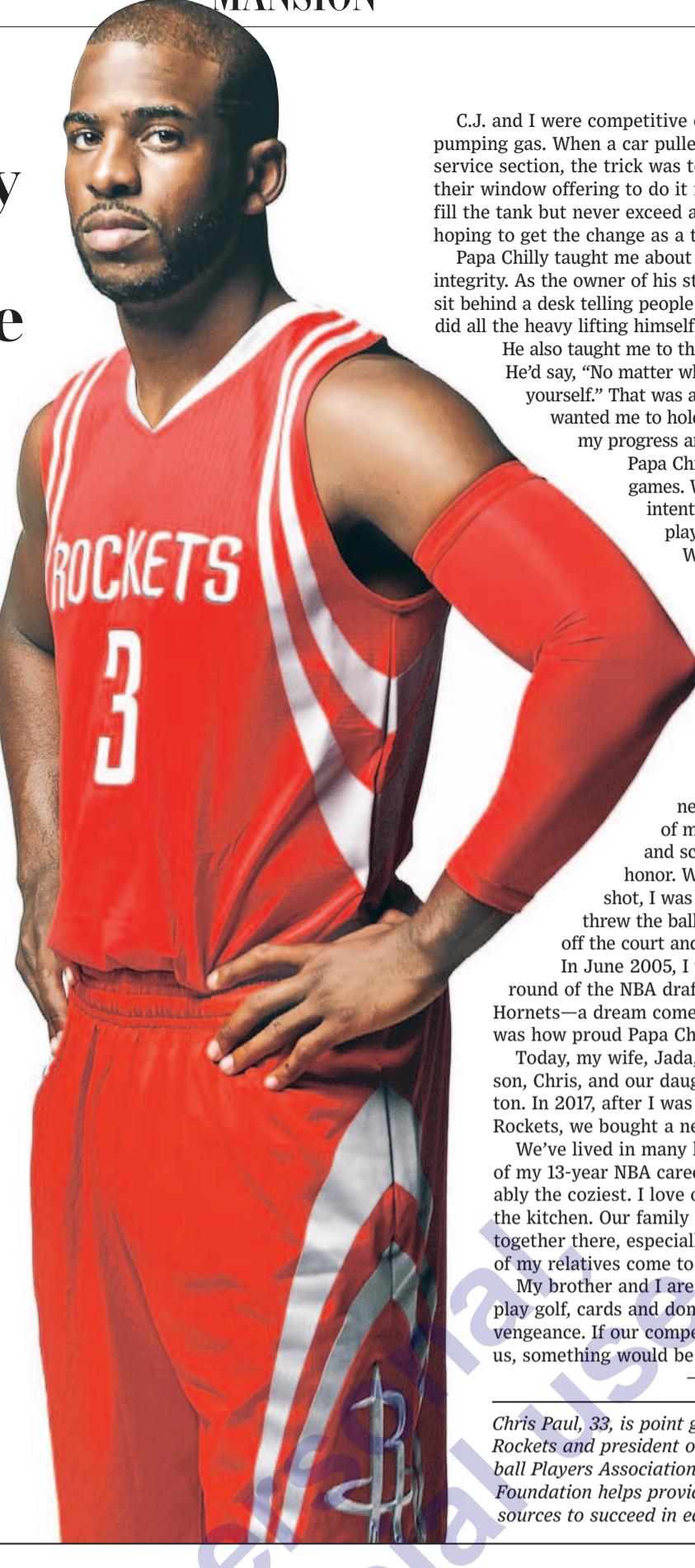
My parents met at church. My father, Charles, worked at a Philips electronics plant that made surveillance equipment. My mother, Robin, worked at a Wachovia bank branch as a lead tech analyst.

Our house was the hangout spot for all of our friends. When I was in fifth grade, my dad built us a small cement basketball court next to the creek that ran past our house. The nearest park with a court was too far away. The court's two rims could be moved up and down. My dad set them at regulation height—10 feet—but my brother and I lowered them whenever he was out so we could dunk. We raised them just before he got back.

My brother and his friends were tough on me on the court. They forced me to up my game. I was only 5-foot-6 before my growth spurt just before my junior year. C.J. and the older guys were taller and stronger, but eventually they couldn't guard me.

My father loved to go to the local gym to play basketball. To train us, he took us along and tied our right hands behind our backs to force us to use our left hand. He'd blindfold us too, so we'd dribble without staring at the ball. By the time I was a sophomore in high school, I was good enough to play varsity basketball. My father convinced me to stay on the junior varsity team an extra year to build my confidence.

My best friend growing up was my Grandpa Chilly. When I was 7, I started working at his Chevron station pumping gas with my brother. As I got older, he taught us how to check the oil and do inspections. Back then, an inspection cost \$19.40. Most people paid with a \$20 bill and let us keep the change.



C.J. and I were competitive even about pumping gas. When a car pulled into the self-service section, the trick was to be first at their window offering to do it for them. We'd fill the tank but never exceed a dollar amount, hoping to get the change as a tip.

Papa Chilly taught me about hard work and integrity. As the owner of his station, he didn't sit behind a desk telling people what to do. He did all the heavy lifting himself.

He also taught me to think like an owner. He'd say, "No matter what you do, work for yourself." That was an important lesson. He wanted me to hold myself accountable for my progress and my choices in life.

Papa Chilly came to all of my games. When I signed a letter of intent on Nov. 14, 2002, to

play basketball for nearby Wake Forest on a full scholarship, he was thrilled. The next day, Papa Chilly was murdered during a robbery at his home. He was 61. Thinking about that day now still saddens me.

The day after his funeral was the first game of my senior year. I played and scored 61 points in his honor. While making that last shot, I was fouled. At the line, I threw the ball out of bounds, walked off the court and broke down.

In June 2005, I was picked in the first round of the NBA draft by the New Orleans Hornets—a dream come true. All I could think was how proud Papa Chilly would have been.

Today, my wife, Jada, and I live with our son, Chris, and our daughter, Camryn, in Houston. In 2017, after I was signed by the Houston Rockets, we bought a new house.

We've lived in many houses over the course of my 13-year NBA career, but this one is probably the coziest. I love our family room, near the kitchen. Our family spends so much time together there, especially on holidays when all of my relatives come to town.

My brother and I are still competitive. We play golf, cards and dominoes together with a vengeance. If our competitive edge ever left us, something would be wrong.

—As told to Marc Myers

Chris Paul, 33, is point guard for the Houston Rockets and president of the National Basketball Players Association. His Chris Paul Family Foundation helps provide children with the resources to succeed in education and in sports.



Chris Paul was close to his grandfather, Nathaniel Jones.

Chris Paul's Hoop History

Coach Mom:

'In eighth grade, my dad stopped coaching us at the local YMCA, so my mom took over. During our first game, she drew a technical foul for yelling at the ref. She still yells today—from the stands.'

Dad's gift:

'My dad spent his entire 401(k) to pay the fees so my brother and I could play AAU basketball.'

Tribute ball:

'I still have the basketball I used to score a record 61 points in high school two days after my grandfather was killed. The 61 was for his age when he died.'

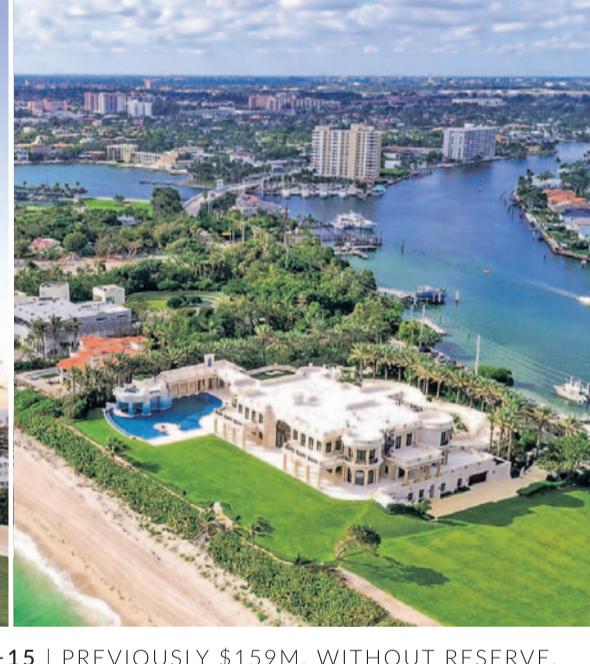
Footprint:

'Every one of my signature sneakers over the past 12 seasons has a Chevron logo hidden on there in honor of my grandfather.'

FROM LEFT: NBAE/GETTY IMAGES; PAUL FAMILY



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