

# THE WALL STREET JOURNAL.

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WEDNESDAY, SEPTEMBER 27, 2017 ~ VOL. CCLXX NO. 74

WSJ.com

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## What's News

### Business & Finance

**E**quifax's CEO is leaving as the firm escalates its response to a massive hack ahead of congressional hearings next week. A1, A2

◆ **Senators criticized** the SEC's chairman over a 2016 breach of the agency's system for storing market-moving information. B1

◆ **Yellen defended** the Fed's projection for a gradual path of rate increases despite recent low inflation. A2

◆ **The FBI and SEC** are looking into business practices at Renovate America, which makes loans for energy-saving home improvements. B1

◆ **DirecTV is giving** refunds to some NFL Sunday Ticket customers if they object to players' protests. B1

◆ **Bombardier received** a double blow as a U.S. trade body slapped sanctions on its new jetliner and a long-sought deal evaporated. B3

◆ **Twitter will begin** testing a new limit of 280 characters for tweets, doubling the current limit. B3

◆ **Tech shares rebounded**, helping Nasdaq eke out a gain. The Dow eased 11.77 points to 22284.32. B17

◆ **Axovant said** that its experimental Alzheimer's drug failed to meet the goals of a pivotal trial. B3

◆ **Nestlé unveiled** a profit-margin target and said it would accelerate buybacks, amid pressure from Loeb. B3

### World-Wide

◆ **Alabama Republicans** voted decisively to nominate Roy Moore, a former state Supreme Court judge, for a U.S. Senate seat, delivering a rebuke to Trump and the GOP establishment that supported his rival. A1

◆ **Senate Republican leaders** scrapped a vote on a bill to dismantle the ACA, ending the latest push to repeal the health-care law. A4

◆ **The GOP is reconsidering** plans to cut individual tax rates for the highest-earning households to 35%. A5

◆ **Sen. Corker said** he won't run for re-election, becoming the latest center-right GOP lawmaker to retire. A5

◆ **Saudi Arabia lifted** the ban on women driving, removing a restriction that had become a symbol of oppression in the kingdom. A1

◆ **An Adidas executive** and others face charges in a crackdown on alleged bribery in college basketball. A1

◆ **U.S. officials emphasized** diplomacy to ease tensions with North Korea, as the U.S. stepped up sanctions. A6

◆ **North Korea** can better target U.S. aircraft with new missiles than in the past, military analysts said. A6

◆ **Trump plans** to cap refugee admissions for the coming fiscal year at 45,000, the lowest in decades. A3

◆ **A Palestinian gunman** killed three members of Israel's security forces at a West Bank settlement. A7

### Journal Report

The Ivy League snagged six of the top 10 spots in The Wall Street Journal/Times Higher Education ranking of U.S. colleges. Section R

### CONTENTS

Business News B35,7

Crossword A14

Head on Street B18

Life & Arts A11-13

Management B11-12

Markets B17-18

Opinion A15-17

Property Report B8-10

Sports A14

Technology B4

U.S. News A2-5

Weather A14

World News A6-9

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Please see NCAA page A9

WEDNESDAY, SEPTEMBER 27, 2017 ~ VOL. CCLXX NO. 74

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## Puerto Rico Struggles to Recover in Wake of Massive Storm



## Firebrand Wins in Alabama

By JANET HOOK

Alabama Republicans on Tuesday voted decisively to nominate Roy Moore, a former state Supreme Court judge, for a U.S. Senate seat, delivering a rebuke to President Donald Trump and the GOP establishment that supported his rival.

Mr. Moore defeated Sen. Luther Strange in a runoff primary election for the seat that was held by Jeff Sessions before he became attorney general.

In his victory rally, Mr. Moore underscored the evangelical conservative spirit of his campaign, while invoking a Trumpian slogan.

"It is time to redirect our lives to God and to the constitution," he told his supporters. "It is time to go and make America great."

Many Republicans believed that Mr. Moore, an anti-incumbent outsider, was more in line

with the spirit of the Trump 2016 campaign than Mr. Strange, who has close ties to the party hierarchy in Washington. The Moore win elevates a firebrand who, if he prevails in the general election, could make it more difficult for Mr. Trump to advance his agenda and for Senate Majority Leader Mitch McConnell to manage his slim Senate majority.

The vote came after a bitter primary campaign that pitted Mr. Trump against many in his own political base, including former White House strategist Steve Bannon, who supported Mr. Moore.

Mr. Trump's inability to deliver victory to Mr. Strange suggests he won't be able to reliably harness the antiestablishment political movement that he unleashed within the GOP and rode to the White House in the 2016 campaign.

Many Republicans believed that Mr. Moore, an anti-incumbent outsider, was more in line

with the spirit of the Trump 2016 campaign than Mr. Strange, who has close ties to the party hierarchy in Washington. The Moore win elevates a firebrand who, if he prevails in the general election, could make it more difficult for Mr. Trump to advance his agenda and for Senate Majority Leader Mitch McConnell to manage his slim Senate majority.

A Moore victory in the general election would add a strong antiestablishment, insurgent figure into the ranks of GOP figures in Washington, one whose messages and appeal in some ways echo those of the president.

Mr. Moore, however, has taken some stands at odds with Mr. Trump, including his opposition to the latest GOP bill to repeal and replace the

Please see MOORE page A4



### GOP Scraps Health Push

Republicans' latest effort to dismantle the Affordable Care Act sputtered to an end when Senate GOP leaders canceled a vote on a bill that had failed to gain sufficient traction within their party. A4

## Saudi Women Granted The Right To Drive

By MARGHERITA STANCATI AND SUMMER SAID

RIYADH—Saudi Arabia on Tuesday lifted the world's only ban on women driving, removing a restriction in the deeply conservative kingdom that had become a symbol of women's oppression.

In a royal decree, King Salman announced that women will be allowed to obtain driving licenses starting next June, after a government committee studies how to allow women onto the roads driving their own vehicles.

The decision, immediately condemned by many Saudi conservatives on social media, comes at a time of profound change championed by the Saudi monarch and his son, Prince Mohammed bin Salman, who are leading efforts to relax the country's strict social rules as they move to open up and modernize the country's oil-dependent economy.

It also comes as the monarchy clamps down on perceived opposition: Saudi authorities have arrested dozens of people this month, from clerics to academics, in what the authorities described as a nascent antigovernment plot ahead of the king's widely expected abdication in his son's favor, the timing of which remains unclear.

"We refer to the negative consequences of not allowing women to drive, and the positive aspects of allowing them to do so, taking into consideration the necessary Shari'ah regulations and compliance with them," King Salman said in the decree, referring to Islamic law.

The announcement caps a decadeslong campaign led by Saudi women to abolish a rule that drew widespread condemnation from both friends and foes of the kingdom, tar-

Please see SAUDIS page A7

## Bribery Is Alleged In College Basketball

Coaches at some of the most

storied programs in college basketball and the sportswear company Adidas AG are at the center of federal allegations that if proven true could shed light on the lucrative worlds of sports management and apparel contracts and underscore the power coaches wield over top recruits.

By Rebecca Davis O'Brien, Ben Cohen and Sara Germano

In one of several alleged schemes outlined Tuesday by federal prosecutors in New York, a top Adidas executive worked with others including a sports agent and a financial adviser to funnel tens of thousands of dollars to the families of high-school recruits to induce them to sign with major-college programs including the University of Louisville.

In exchange, the athletes were expected to sign with the agent and adviser and, when they turned pro, choose Adidas as their sponsor, prosecutors say.

Criminal charges against the Adidas executive, James Gatto, and others were unsealed Tuesday as part of a sweeping crackdown on alleged corruption. The case also involved alleged bribes paid to assistant coaches at the University of Arizona, Oklahoma State University, the University of Southern California and the University of South Carolina.

Prosecutors said Adidas

## Going Overboard

Investors are pressuring companies to limit how many boards their directors sit on. Companies with CEOs on several boards tend to underperform their peers. B1, B11

■ S&P 500 companies with CEOs on multiple companies' boards

■ All S&P companies

One-year return

8.2%

14.4%

Three-year return

10.2%

10.4%

Note: For fiscal year 2016

Source: Equilar

THE WALL STREET JOURNAL.

## THE FLORIDA ORANGE, STATE ICON, IS DYING

Industry, beset by disease, hurricanes, banks on genetically engineered fruit

By JULIE WERNAU

Florida is synonymous with oranges. They're on the state license plate. At the product's heyday in 1977, the state boasted 53 orange juice processing plants. Today, beset by bacteria, hurricanes and international competition, there are seven.

A disease called "citrus greening" is pushing Florida's orange juice industry toward the brink of collapse. Greening starts at the leaves and works its way through the tree like a hardening of the arteries, blocking nutrients and water. Oranges drop off branches unripe and unusable. This year's crop will

likely be the smallest since the 1940s.

So miserable is the condition of Florida's orange industry that farmers are banking on inventing a genetically engineered orange that will be ready for sale—at the earliest—in 2022.

The secret grove—1.5 acres of knee-high trees created with a spinach gene scientists hope can defend against the disease—is down an unmarked road and behind locked gates. Visitors are logged; the company requested photographs taken by a reporter offer no clues to the grove's location.

"We're a bunch of scientists sitting on 12,000 acres and a giant orange juice plant we Please see JUICE page A10

## Equifax Chief Quits Amid Hacking Crisis

BY ANNAMARIA ANDRIOTIS

AND EMILY GLAZER

Equifax Inc. escalated its response to a massive hack ahead of congressional hearings next week, announcing Tuesday that Chairman and Chief Executive Richard Smith would step aside under an agreement that allows for compensation clawbacks.

The credit-reporting company's board wanted to show Equifax and its leadership were being held accountable for the breach, according to people familiar with the matter. Equifax on Sept. 7 disclosed that the cyberattack compromised vital personal information—names, addresses, social security numbers and dates of birth—of potentially 143 million Americans.

The attack led to a public

and political outcry. It also called into question Equifax's security practices and when and whether it patched a publicly identified security vulnerability. At the same time, weaknesses in Equifax's security systems were apparent to outside observers in the months before the hack, according to several cybersecurity analysis companies.

In a statement, Mr. Smith said he believed "it is in the best interests of the company to have new leadership to move the company forward." Mr. Smith, 57 years old, still is expected to attend the congressional hearings next week.

In acting before the hearings, Equifax's board had in Please see HACK page A2

◆ Equifax weaknesses were apparent before hack..... A2

## Hollywood's Hottest Private Club: The American Legion

\* \* \*

Younger veterans seized Post 43, lured a cool crowd; Art Deco bar, free parking

By MICHAEL M. PHILLIPS

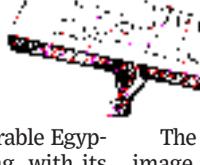
HOLLYWOOD—Here are words not often seen together in a sentence: American Legion and cool.

The young guns who have seized control of American Legion Post 43 are trying to fuse them together in the minds of a new generation of combat veterans, rebranding their venerable Egyptian Revival building, with its underground Art Deco bar, as "the coolest private club in Hollywood."

"We have the cheapest

drinks, the nicest people, the best-looking bar," says Post Commander Fernando Rivero, a 42-year-old TV producer who engineered a bloodless coup that overthrew Post 43's old guard. "We have free parking, which is of tremendous value in Hollywood. There's really no other place I want to go."

The American Legion has an image problem. Though the group is immersed in good works, its name summons visions of crotchety vets nursing Please see VETS page A10



## U.S. NEWS

# Yellen Firm on Rates; Inflation a 'Mystery'

BY DAVID HARRISON

CLEVELAND—Federal Reserve Chairwoman Janet Yellen defended the central bank's projection for a gradual path of rate increases over the next few years despite the past few months of unexpectedly low inflation.

She said, however, the Fed could slow the pace of rate increases if low inflation persists and officials conclude it reflects long-term changes in the economy rather than transitory factors.

Ms. Yellen and her colleagues have been grappling

with subdued inflation despite a growing economy and vigorous labor market. That has presented officials with a dilemma: The weak inflation readings could be a sign that interest rates should remain lower than anticipated, yet keeping interest rates low for too long could cause inflation to grow too rapidly and inflate new financial bubbles.

Inflation, under the Fed's preferred measure, has undershot the central bank's 2% target for much of the past five years. Although Ms. Yellen said she expects inflation to gradually move up to the tar-

get, she acknowledged the uncertainty surrounding that prediction. The Fed has raised rates four times since 2015 and has penciled in one more rate increase this year.

"How should policy be formulated in the face of such significant uncertainties? In my view, it strengthens the case for a gradual pace of adjustments," Ms. Yellen told a National Association for Business Economics conference in Cleveland on Tuesday. "It would be imprudent to keep monetary policy on hold until inflation is back to 2%."

Ms. Yellen's speech boosted

market expectations of a rate increase at the Fed's December meeting. Investors pegged a 77.9% chance of a rate move Tuesday afternoon, up from 72.8% a day ago, according to CME Group data.

How to respond to weak price growth has been a burning topic among Fed officials. Some, such as New York Fed President William Dudley, argue that the strong economy will soon push up inflation, suggesting a need to continue raising interest rates.

"I expect inflation will rise and stabilize around [the Fed's] 2% objective over the

medium term," he said Monday.

Others, such as Charles Evans of the Chicago Fed, see no indication that inflation is about to turn higher.

Speaking in Michigan on Monday, Mr. Evans said he believed weaker inflation reflected structural changes in the economy rather than a temporary phenomenon.

"I think we need to see clear signs of building wage and price pressures before taking the next step in removing accommodation," he said.

In her talk, Ms. Yellen sought to strike a middle-of-

the-road approach.

Moving too quickly could slow growth unnecessarily, she said, but added that "we should be wary of raising rates too gradually." Moving too slowly could create "an inflationary problem down the road that might be difficult to overcome without triggering a recession," she said.

Still, the Fed's understanding of inflation is "imperfect," she said, calling the shortfall this year "a mystery." "We recognize that something more persistent may be responsible for the current undershooting."

## HACK

Continued from Page One

mind the experience of former Wells Fargo & Co. Chief Executive John Stumpf, the people familiar with the matter said. Mr. Stumpf was lambasted in congressional hearings a year ago for repeatedly refusing to say whether his position or compensation would be affected by the bank's problems. Mr. Stumpf retired soon afterward.

The Equifax board was also mindful that there were already calls among some legislators for both Mr. Smith and directors to be taken to task, a person familiar with the matter said. Although Equifax's chief information and security officers retired a week after the hack was disclosed, those departures weren't viewed as significant enough, the person added.

Mr. Smith, CEO since 2005, is being succeeded as chairman by current director Mark Feidler, who will serve as non-executive chairman, Equifax's board said. It added that Paulino do Rego Barros Jr., who was most recently Equifax's president for the Asia-Pacific region, has been appointed interim CEO.

Mr. Barros was one of a



NOAH BERGER/BLOOMBERG NEWS

Equifax Chairman and CEO Richard Smith, shown here in 2007, is stepping down following a massive hack at the company.

handful of senior executives Mr. Smith had been grooming as a possible successor in recent years, according to people familiar with the matter.

In a statement, Mr. Feidler said, "The board remains deeply concerned about and totally focused on the cybersecurity incident. Speaking for everyone on the board, I sincerely apologize."

He added that the board has formed a special commit-

tee to focus on "the issues arising from the incident and to ensure that all appropriate actions are taken."

This could include further action related to Mr. Smith. An agreement with the departing executive said that while he will retire, "all decisions relating to the characterization" of his departure will be deferred until the board completes a review. Mr. Smith won't receive an annual bonus opportunity for 2017 and the open-ended nature of his departure allows for the possibility of compensation clawbacks.

An Equifax spokesman said some of Mr. Smith's pay awards "are still outstanding,"

## CORRECTIONS & AMPLIFICATIONS

Baidu Inc.'s Tieba message board was misspelled Teiba in a Technology article Tuesday about platforms fined under China's cybersecurity law.

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

and disposition of those awards will await the outcome of the investigation. He added that no matter how Mr. Smith's departure was characterized, the executive wouldn't receive \$5.2 million in severance.

He likely will receive an estimated \$18.4 million due under Equifax's pension and retirement plan.

Mr. Smith's 2016 pay package totaled nearly \$15 million, and he has made about \$127 million in combined total compensation since he joined Equifax as CEO in 2005. The executive owns more than 285,000 Equifax shares, of which around 62,000 are restricted stock units that have yet to vest. Altogether his holdings are worth more than \$29 million at current market prices.

Mr. Smith's compensation is likely to come up at the congressional hearings. Sen. Elizabeth Warren (D., Mass.) said in a statement Tuesday. "It's not real accountability if the CEO resigns without giving back a nickel in pay and without publicly answering questions."

Aside from hearings, Equifax faces other issues. The company is being investigated by regulators and faces a number of legal actions, including civil suits from the Massachusetts Attorney General and the City Attorney of San Francisco. It also is contending with investors who have shaved about \$4.5 billion, or about a quarter, from its market value since the breach was announced.

"Our view has been that the political pressure for Smith's departure was going to be overwhelming so that it would be better for the company to do this in advance of the hearings next week so it could get credit for the action rather than be perceived as bowing to congressional pressure," Cowen Inc.'s Washington research group wrote in a note Tuesday.

—Michael Rapoport  
and Yuka Hayashi  
contributed to this article.

## Equifax Showed Signs of Trouble

BY ANNAMARIA ANDRIOTIS  
AND ROBERT McMILLAN

Weaknesses in Equifax Inc.'s security systems were apparent months before a massive hack exposed vital consumer information, according to several cyberrisk analysts.

The credit-reporting company was behind on basic maintenance of websites that could have been involved in transmitting sensitive consumer information and scored poorly in areas that would play a major role in the data breach. That was the finding of analyses by four companies that rank the security status of companies based on publicly available information.

Since it disclosed the breach on Sept. 7, Equifax has faced questions in information-security circles about whether and when it patched a publicly identified software vulnerability. The company has acknowledged the questions and said hackers exploited the software vulnerability.

"We have taken short-term remediation steps, and continue to implement and accelerate long-term security improvements as part of ongoing actions to help prevent this type of incident from happening again," an Equifax spokeswoman said.

The findings from the security-rating companies were compiled measuring a range of publicly available data, not at Equifax's behest. Such analyses don't represent a deep dive into internal systems and cyberdefenses, but do give a view of a company's security posture.

In April, cyberrisk analysis firm Cyence rated the danger of a data breach at Equifax during the next 12 months at 50%. It also found the com-

pany performed poorly compared with other financial-services companies. "In their peer group of 23 companies, they were second-to-last," said Arvind Parthasarathi, Cyence's chief executive.

SecurityScorecard ranked Equifax as "middle of the pack" versus financial-services peers, said Alexander Heid, the security firm's chief research officer. But Equifax used older software and often seemed slow to install patches.

Equifax's overall level of security was weak from at least the beginning of the year, according to a review by The

In April, one firm rated the danger of a breach in the next 12 months at 50%.

Wall Street Journal of a cybersecurity score for the company issued by Fair Isaac Corp. At that point, Equifax's FICO enterprise security score hovered around 550 on a scale that ranges from 300 to 850.

The score, which takes into account hardware, network security and web services, began falling in mid-May. It hit a low of around 475 in mid-July. That was the time at which the hack was taking place, Equifax has said.

By July, 14 public-facing websites run by Equifax had expired certificates, errors in the chain of certificates or other web-security issues, the FICO security analysis found. Certificates are used to validate the connection between a user's web browser and an HTTPS web server.

—Kate Fazzini contributed to this article.

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## U.S. NEWS

# Refugee Cap Is Set to Drop

Trump plans to allow 45,000 admissions for the coming year, smallest in decades

BY LAURA MECKLER  
AND FELICIA SCHWARTZ

WASHINGTON—President Donald Trump plans to set the cap for refugee admissions for the coming fiscal year at 45,000, the lowest in decades, according to people familiar with the discussions.

The number won't be officially settled until after senior administration officials consult with members of Congress, as required by law, on Wednesday. A decision is due by Saturday, before the next fiscal year begins.

The State Department had initially pushed for a cap of at least 50,000 but revised its recommendation to the president to 45,000. The Department of Homeland Security recommended a figure closer to 40,000.

Mr. Trump has already lowered the cap once, to 50,000. A year ago, former President Barack Obama said the U.S. would accept as many as 110,000 refugees in 2017.

At a speech last week at the United Nations General Assembly, Mr. Trump argued it is far more efficient to help refugees where they live. "For the cost of resettling one refugee in the United States, we can assist more than 10 in their



Yosan Tesfay of Eritrea was met in February by Cathy Burdge of the International Rescue Committee.

home region," he said.

Since 1980, the president has had sole authority to set annual refugee admission caps, and until this year, the cap had never been set below 67,000.

This year's process has been a contentious one, with White House domestic policy adviser Stephen Miller inserting himself into a discussion that is typically dominated by foreign-policy concerns. Early in the process, he recommended a cap as low as 15,000, people familiar with the process said.

Some refugee advocates were relieved that Mr. Miller's

dramatically lower figure doesn't appear to have won the day, but they were dismayed by the decision nonetheless.

"I call it an example of evidence-free policy-making because all evidence indicates that refugees result in significant benefits for American society and meet our foreign-policy interests, not to mention our values," said Eric Schwartz, president of Refugees International who oversaw such issues at the State Department under Mr. Obama.

DHS argued that admitting fewer refugees would allow the

agency to direct more resources toward vetting applications for asylum. Refugees remain outside the U.S. while their applications are considered; asylum applicants are filed by people who are already here.

But there are differences. Among them, once asylum applications are processed, a share of them will be rejected, putting some of those people on a track toward removal from the country. So vetting asylum applications helps reduce the number of immigrants in the U.S.

—Shane Harris contributed to this article.

## Trump to Survey Puerto Rico Damage

BY REBECCA BALLHAUS  
AND SIOBHAN HUGHES

WASHINGTON—President Donald Trump will travel to Puerto Rico next Tuesday to survey the damage left by Hurricane Maria, as emergency management officials said the U.S. was speeding relief supplies to the stricken island.

"That island was hit as hard as you can hit," Mr. Trump said Tuesday morning in a meeting at the White House with members of the House Ways and Means Committee. "People have never seen anything like that."

Meanwhile, Congress is debating whether the federal government is doing enough to aid the U.S. territory. Sen. Bill Nelson (D., Fla.) said Tuesday that \$15.25 billion appropriated by Congress earlier this month to respond to hurricanes, which also hit Texas and Florida, was quickly running out.

"We are calling on the president to have all hands on deck and give Puerto Rico the help they need and do it now," said Senate Minority Leader Chuck Schumer (D., N.Y.).

### Island's Finance Plan May Get a Rewrite

The federal board supervising Puerto Rico's bankruptcy is likely to revisit the commonwealth's financial plan in the wake of Hurricane Maria, said a person familiar with the matter.

The board plans to meet Friday and is likely to discuss possible changes to the fiscal plan it approved in March, this person said. The conversations could affect the severity of write-downs on Puerto Rico's \$73 billion in debt.

The oversight board placed

Puerto Rico under court protection in May in what amounted to the largest-ever U.S. municipal bankruptcy. Restructuring legislation approved by Congress charged the board with drafting a financial plan for the U.S. territory.

The plan stipulated Puerto Rico would pay bondholders roughly a quarter of what they were owed over the next 10 years. The numbers were based on pre-hurricane projections about government cash flows, economic activity and migration. The plan also called for government cuts.

—Heather Gillers and Andrew Scurria

He said Puerto Rico's governor had called for security forces, fuel and food. "Because the island is so disrupted, they don't even have the personnel when they have food to get it to the people who need it."

Six days after the Category 4 storm slammed into the U.S. Caribbean territory, the island still suffers widespread power outages, telecommunications

failures and critical shortages of food, water and fuel.

Mr. Trump declared a major disaster in Puerto Rico last week and ordered federal assistance to complement local efforts. On Tuesday, he authorized an increase in federal aid, saying the federal government would foot the full bill of debris cleanup and emergency protective measures. Previ-

ously, it had split those costs with Puerto Rico.

Acting Homeland Security Secretary Elaine Duke on Tuesday defended the federal response to Maria and stressed that as access continues to open, more resources will come in. She said there are thousands of federal staff in Puerto Rico and the U.S. Virgin Islands.

"The full recovery on the islands will be long," she said. "But we will be with them through the recovery."

Federal Emergency Management Agency Administrator Brock Long said the damage from the powerful storm was exacerbated by Puerto Rico's weak infrastructure and an absence of building codes.

Federal authorities are opening two additional airports to receive supplies, he said. He also said the U.S. Army Corps of Engineers is helping restore emergency power and initiate the reconstruction of the power grid.

—Natalie Andrews contributed to this article.

◆ Refineries emitted pollutants in Harvey shutdowns..... A5



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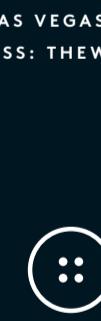


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## U.S. NEWS

# GOP Scraps Vote on Health-Law Repeal

Party leaders signal they would no longer let debate on issue delay tax overhaul

BY KRISTINA PETERSON  
AND STEPHANIE ARMOUR

WASHINGTON—Republicans' latest push to dismantle the Affordable Care Act sputtered to an end on Tuesday when Senate GOP leaders canceled a vote on a bill that had failed to gain sufficient traction within their party.

Senate Majority Leader Mitch McConnell's decision not to bring the legislation up for a vote on the floor marked the latest chapter, perhaps a final one, of a tumultuous saga stretching back to January, during which health-care legislation foundered, underwent revisions, passed the House, gained momentum and then collapsed in the Senate twice.

Although Republicans vowed they weren't done trying to overhaul former President Barack Obama's 2010 health-care law, GOP leaders signaled they would no longer let the health-care debate bog down their next goal: rewriting the tax code.

"We haven't given up on changing the American health-care system," Mr. McConnell (R., Ky.) told reporters. But for the moment, he said, "we plan to move forward on our next priority, which is reforming the



From left, Sens. Lindsey Graham of South Carolina, John Barrasso of Wyoming and Mitch McConnell of Kentucky on Tuesday

American tax code in significant ways for the first time in 30 years."

GOP leaders now face the challenge of explaining to Republican voters their failure to repeal the ACA after seven years of promising to do so. They also face increased pressure to deliver on the tax-code rewrite, now seen as Republicans' last shot at bagging a major legislative victory before the 2018 elections.

Conservative groups reacted with fury on Tuesday. "With total control of the executive and legislative branches, the Republican Senate majority cannot even pass a bill that only repeals a portion of Obamacare," said Jenny Beth Martin, co-founder of the Tea Party Patriots. "The American

people have a simple message for promise-breaking politicians: If you can't keep your word, we will find someone else who will."

The repeated GOP repeal efforts and the uncertainty about the future of health policy have had a big effect on the ACA. Premiums on the most popular plan on the ACA exchanges will increase by an average 15% next year, in large part because of the uncertainty over the health law's future and cost-sharing subsidies to insurers, according to a report this month from the Congressional Budget Office.

The bill's failure could also strain tensions between Mr. McConnell and President Donald Trump, who expressed his frustrations to White House

### Key Dates in the GOP Health Push

Republicans wasted little time getting their Affordable Care Act repeal drive off the ground, but the party hasn't been able to agree on a plan. Here's a rundown of key dates:

**MARCH 6**  
House Republicans release a detailed proposal to undo the ACA.

**MARCH 24**  
House Republicans pull their

health bill.

**MAY 4**  
A revised version of the GOP health bill passes the House.

**JUNE 22**  
Senate Republican leaders release their own health bill.

**JUNE 27**  
GOP Senate leaders postpone a vote on their bill until after the July 4 recess.

**JULY 26**  
Senate GOP leaders pick up support for their plan to pass a scaled-back bill.

**JULY 28**  
The so-called skinny repeal health measure fails.

**SEPT. 19**  
The latest GOP Senate bill, the Graham-Cassidy measure, gains momentum.

**SEPT. 25**  
GOP Sen. Susan Collins declares opposition to the bill.

**SEPT. 26**  
Senate leaders say they won't call a vote on the Senate bill, meaning a key parliamentary vehicle will expire.

—David Kozak

Mike Pence casting a potential tie-breaking vote.

A procedural vehicle that would have allowed the bill to pass with a simple majority, instead of the 60 votes usually required, expires Saturday, the end of the fiscal year.

Starting on Sunday, there will be only one path available this year, and for most of next year, for Republicans aspiring to pass health-care legislation without Democratic support: They would have to insert a health-overhaul package into the fiscal year 2018 budget process. That would be highly complex, since they are also planning to use that process to overhaul the tax code.

—Natalie Andrews  
and Rebecca Ballhaus  
contributed to this article.

## Health Industry Feels 'Momentary' Relief

BY ANNA WILDE MATHEWS  
AND MELANIE EVANS

The failure of Senate Republicans' latest attempt to roll back the Affordable Care Act relieves health companies, but hospitals and insurers will quickly pivot back to worries about implementation of the existing law as the crucial open-enrollment season looms.

The bill, from Republican Sens. Lindsey Graham of South Carolina and Bill Cassidy of Louisiana, had drawn widespread opposition from hospitals, doctors and health insurers. The industry broadly condemned cutbacks to the Medicaid program, as well as a redistribution of ACA funding through block grants that would have left many states with less federal health-care support. In-

surers and health-care providers said the bill would have left far fewer people with coverage.

"It's a momentary bit of a relief," said Gabriela Saenz, a vice president at Christus Health, a hospital system based in Irving, Texas, that opposed the bill. But hospitals remain worried about the stability of ACA marketplaces, because rising premiums or an exodus of insurers could leave more patients uninsured, she said. "We absolutely do have concerns with the sustainability of the market," she said.

Health-care companies also feared chaos if the Graham-Cassidy legislation passed, as states would have had to rush to come up with their own massive health-coverage revamps before 2020. The bill also failed to include one of

health insurers' top priorities, the repeal of an ACA tax on health plans, while it got rid of the ACA's coverage mandate, which insurers argue is important in prodding healthier people to sign up for coverage.

"It's time to move on," said Sister Carol Keehan, president and chief executive of the Catholic Health Association of the United States, during a call held Tuesday by the American Hospital Association and other

industry groups opposed to the bill. The Catholic group includes more than 2,000 Catholic hospitals and other health-care providers.

Health-care industry officials remain wary of future attempts by Republicans to pass ACA-repeal bills, and of the likelihood that health care will remain an area of sharp partisan debate. Some Democrats are now backing the idea of a government health-care program for all Americans.

More immediately, insurers and other health-care companies say the death of the repeal bill still leaves questions about how the ACA would work going forward—particularly, what would happen with health-insurance exchanges, which are under strain due to both uncertainty about the

Trump administration's policies and underlying business challenges in some regions. About 10.3 million people get insurance through exchanges, according to the Kaiser Family Foundation, though others buy ACA plans outside the law's marketplaces. The individual-insurance market is far smaller than the share of Americans who get coverage from Medicaid or employers.

Insurers face a Wednesday deadline to sign up to offer 2018 exchange plans. Though they are happy to dodge the risk that the coverage mandate would be repealed immediately, companies are still concerned about federal payments that are used to reimburse insurers for reducing costs for low-income ACA enrollees.

## WASHINGTON WIRE

### SPECIAL COUNSEL Russia Probe Turns To White House Aides

Special Counsel Robert Mueller is set to begin his interviews of current and former White House officials this week as part of his probe into alleged Russian interference in the 2016 U.S. election, a White House official said Tuesday.

Mr. Mueller told the White House earlier this month that he may want to interview current and former officials, including communications director Hope Hicks, former Chief of Staff Reince Priebus, former press secretary Sean Spicer and White House counsel Don McGahn. The special counsel may also seek to interview one of Mr. McGahn's deputies as well as Josh Raffel, a spokesman for Jared Kushner.

Mr. Mueller is examining whether associates of President Donald Trump colluded with Moscow. Russia has denied meddling in the election, and the Trump campaign has said there was no collusion.

Meanwhile, Roger Stone, a longtime friend and adviser to the GOP president, told members of the House Intelligence Committee on Tuesday that he had no involvement in Russia's alleged election interference.

—Rebecca Ballhaus  
and Peter Nicholas

### INFRASTRUCTURE

### Trump Less Keen on Public-Private Pacts

President Donald Trump told a bipartisan group of lawmakers Tuesday that he didn't favor public-private partnerships to finance public works, casting doubt on a central pillar of his administration's infrastructure building plans.

Speaking to members of the House Ways and Means Committee about his plans to change the tax code, Mr. Trump said such partnerships, in which private investors help fund the construction or operation of roads and bridges in exchange for a share of future revenue, are "more trouble than they're worth," according to Rep. Brian Higgins (D., N.Y.). Another attendee, Rep. Richard Neal (D., Mass.), gave a similar account.

Asked about the remarks, a White House official said such partnerships "have been a part of the administration's research into generating the trillion-dollar infrastructure investment that the president has promised, but they are certainly not the silver bullet for all of our nation's infrastructure problems and we will continue to consider all viable options."

—Ted Mann  
and Siobhan Hughes

## MOORE

Continued from Page One

Affordable Care Act, which he believed didn't go far enough. And Mr. Moore campaigned hard against Mr. McConnell, portraying the Kentucky senator as an exemplar of an out-of-touch Washington elite.

"Mitch McConnell needs to be replaced," Mr. Moore said at his election-eve rally in Fairhope, Ala.

Mr. Moore's victory could encourage other outsider candidates to challenge incumbent Republicans in the 2018 midterm election, and Mr. Bannon has made plain he wants to help them.

Mr. Bannon, speaking at the Moore victory rally Tuesday night, said this was just the beginning of a drive to challenge establishment Republicans like Mr. Strange and Sen. Bob Corker of Tennessee, who just announced he wouldn't seek re-election. "You're going to see in state after state after state...people who follow the model of Judge Moore," Mr. Bannon said.

Mr. Moore now faces a Dec. 12 general election against Democrat Doug Jones, a former U.S. attorney best known for his prosecution of Ku Klux Klan members involved in a 1963 church bombing that killed four African-American girls. Former Vice President Joe Biden is scheduled to campaign with him on Oct. 3.

Mr. Jones, in a statement Tuesday night, tried to frame the choice now in terms of the candidates' characters, alluding to controversies that have swirled around both Messrs. Moore and Strange.

"After years of embarrassing headlines about top public officials in this state, this race is about the people of Alabama and about choosing a candidate with character and



Roy Moore greeted supporters in an election-night celebration after winning the Republican nomination for an Alabama U.S. Senate seat.

integrity they can be proud of," Mr. Jones said. "I will never embarrass the people of Alabama."

A key question is how effectively the GOP will unite behind Mr. Moore for the general election campaign. A key Strange backer sounded a conciliatory note Tuesday night, conceding defeat even before the race was officially called, based on early returns skewing heavily toward Mr. Moore.

Judge Roy Moore won this nomination fair and square and he has our support, as it is vital that we keep this seat in Republican hands," said Steven Law, president of the Senate Leadership, a super PAC allied with Mr. McConnell and the National Republican Senatorial Committee, which worked

hard to elect Mr. Strange, immediately put out statements promising support for Mr. Moore.

Mr. Trump tweeted his congratulations to Mr. Moore and said, "Luther Strange started way back & ran a good race. Roy, WIN in Dec!"

In a state as Republican as Alabama—Mr. Trump won there with 62% of the vote—Democrats admit that Mr. Jones faces an uphill fight. But many believe he has more of a chance than if Mr. Strange had won because Mr. Moore is a controversial figure even among Republicans.

Mr. Moore gained notoriety as chief justice of the Alabama Supreme Court, a post he twice lost: Once because he defied a court order to take down a Ten Commandments monument in a state building and a second time, after he was re-elected, because he re-

fused to obey the U.S. Supreme Court ruling that legalized same-sex marriage. He has blamed many of society's ills and the Sept. 11, 2001, terrorist attacks on the decline of religion in public life.

"Our foundation has been shaken," he said in a debate with Mr. Strange. "Crime, corruption, immorality, abortion, sodomy, sexual perversion sweep our land."

In a state where support for the president remains high, Mr. Strange built his entire campaign around the Trump endorsement. His supporters hoped his rally with the president in Huntsville last Friday would give him a burst of momentum.

But the president's embrace wasn't enough to help Mr. Strange, a former state attorney whose appointment as interim senator in February by Gov. Robert Bentley drew

blowback after the governor was driven from office by personal and political scandal. Opponents used the connection in their attacks to portray Mr. Strange as a creature of corruption.

He was hurt, as well as helped, by the support of Mr. McConnell and other pillars of the GOP establishment. They gave Mr. Strange a huge financial advantage: His campaign and its outside supporters outspent Mr. Moore's by about seven to one, according to an analysis by Issue One, a nonpartisan campaign finance group.

But that made it easy for Mr. Strange's opponent to portray him as a creature of the McConnell party establishment. Mr. Bannon inveighed ominously against that establishment at the Moore rally. "Your day of reckoning is coming," he said.

Asked about the remarks, a White House official said such partnerships "have been a part of the administration's research into generating the trillion-dollar infrastructure investment that the president has promised, but they are certainly not the silver bullet for all of our nation's infrastructure problems and we will continue to consider all viable options."

—Ted Mann  
and Siobhan Hughes

## U.S. NEWS

# GOP Weighs Tax Rate Above 35% In Code Overhaul

BY RICHARD RUBIN  
AND MICHAEL C. BENDER

WASHINGTON—Republicans are reconsidering their plans to cut individual income-tax rates for the highest-earning households to 35%, as they gear up to release a blueprint Wednesday that includes wide-ranging rate cuts for businesses and individuals as part of a sweeping overhaul of the U.S. tax code, according to people familiar with the discussions.

Republicans had been planning to collapse the seven current individual income tax brackets into three, with a bottom rate of 12%, a middle rate of 25% and a top rate of 35%.

The new plan allows for four brackets instead, with a top rate likely somewhere between

ter its failure to overturn the Affordable Care Act, hopes will be a sweeping overhaul of the entire U.S. tax system.

The tax blueprint is expected to call for a corporate tax rate as low as 20%, down from 35% today. Republicans want to nearly double the standard deduction, repeal estate taxes, eliminate the alternative minimum tax and set the top rate for “pass-through” business owners who pay taxes through individual returns at 25%. The plan is also expected to call for a low, one-time tax on corporate profits stockpiled overseas and a new tax system for American companies’ overseas operations, with lower taxes on future offshore earnings.

Competing demands are in play. President Donald Trump talks frequently about focusing on middle-class tax cuts, but Republicans disagree on how they want to divide up the tax cuts, and many are more focused on changing corporate taxes to encourage more business investment.

The new proposal represents the GOP’s best chance to reshape a significant national issue in the first year when the party has had control of all the policy levers in Washington. Republicans will be fighting the inertia of the tax code, vested interests battling to protect their own breaks and their own internal divisions, with narrow margins in the House and Senate.

An additional top rate on the highest earners would make it easier for Mr. Trump to argue that the wealthiest households aren’t getting a significant tax cut. It also could spark an intra-Republican feud over how to tax the highest earners.

Plans for the top tax rate are part of what the party, eager for a legislative victory af-

◆ Heard on the Street: Tax cut’s unintended result..... B1

**The tax blueprint is expected to call for a corporate tax rate as low as 20%.**

the 35% proposal and the existing top rate of 39.6%, said those familiar with the discussions. That rate, and the income threshold at which it would apply, haven’t been determined.

The shift, which comes from top negotiators from the House, Senate and White House, is meant to give lawmakers leeway to agree on a rate that meets competing demands for how the tax code should be structured. Some lawmakers believe lower rates for all will spur economic growth, a top GOP priority. Others say it wouldn’t be fair for the wealthiest Americans to get a big tax cut.

Plans for the top tax rate are part of what the party, eager for a legislative victory af-



Storage tanks at an Exxon Mobil refinery in Texas were surrounded by rainwater after Harvey.

# Tennessee’s Corker Won’t Run Next Year

BY JANET HOOK

WASHINGTON—Sen. Bob Corker of Tennessee said Tuesday that he wouldn’t run for re-election next year, becoming the latest center-right congressional Republicans to retire from an increasingly polarized political scene.

Mr. Corker’s decision, which came amid speculation that he would face a GOP primary challenge from the right, sets off a competitive contest to succeed him in a state that President Donald Trump won with 61% of the vote.

In a statement, Mr. Corker said he wouldn’t run for a third term in 2018 because he originally had run for election in 2006 assuming he wouldn’t serve more than two terms.

“Understandably, as we have gained influence, that decision has become more difficult,” he said. “But I have always been drawn to the citizen-legislator model, and while I realize it is not for everyone, I believe with the kind of service I provide, it is the right one for me.”

Mr. Corker is chairman of the Senate Foreign Relations Committee and a key player in debates about international affairs. He expressed a desire to free himself from political pressures in the coming months.

Mr. Corker had been considered in a strong position for re-election. He is the first senator up for re-election in 2018 to announce his retirement.

Several House Republicans who, like Mr. Corker, are more pragmatic centrists—such as Rep. Charlie Dent of Pennsylvania—have made public their retirement, raising questions about whether the party would see a wave of centrists quit rather than face tougher-than-usual re-election races.

## Refineries Emitted Pollutants During Harvey Shutdowns

BY ALEXANDRA BERZON

Chemical plants and refineries in Texas spewed exceptionally high amounts of pollutants while shutting down their vast operations for last month’s Hurricane Harvey, and again when they restarted, government filings show.

Many plants typically shut down when under the threat of a storm or other natural disaster, looking to prevent a wider catastrophe such as an explosion. When shutting down or starting up, a process that can take hours or even days, these plants generally “flare out,” or burn off, toxic chemicals in their systems.

Some plants in southeast Texas shut down their vast systems ahead of the storm, while others were caught with flooding or loss of power and had to shut down suddenly, according to company emissions reports to the state.

The Harvey-related startups and shutdowns produced nearly four million pounds

of emissions as of Monday, or about 10% of the entire state’s yearly unplanned emissions, according to company estimates. That included about 49,000 pounds of the carcinogen benzene and around 80,000 pounds of the carcinogen 1,3-butadiene, according to the estimates. About one million more pounds of chemicals came from other malfunctions during the storm.

Some residents in neighborhoods near such plants reported strong and sometimes nauseating odors to city and federal reporting hotlines.

Diana Gonzalez, a lifelong resident of the industrial city Galena Park, about 10 miles from downtown Houston, noticed a gaseous smell coming into the living room during the evening of Aug. 27.

“We were saying, ‘Do you smell it? Do you smell that?’” she recalled.

Hector Rivero, president and chief executive of the Texas Chemical Council, which represents 100 facilities along

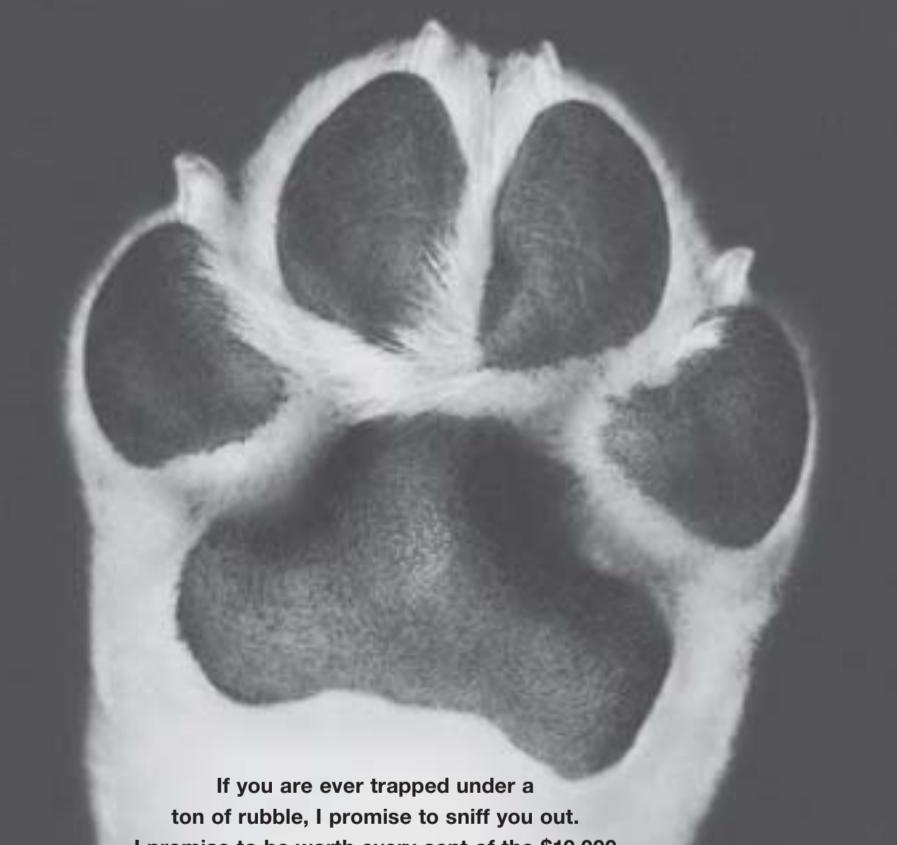
the Texas Gulf Coast, said the vast majority of facilities shut down during the storm. “Their focus is on protecting people, allowing people to get to their homes, making sure plants are safe from any potential impacts,” he said.

The companies likely won’t be fined for the pollution. Many states, including Texas, generally have exempted the enforcement of emission-limit violations during malfunctions and unplanned startups or shutdowns.

Two years ago, the Environmental Protection Agency issued new rules that would end the exemptions. Texas sued the EPA in a U.S. Court of Appeals to overturn the rules, saying the companies shouldn’t be cited for events out of their control. The case is on hold. An EPA spokeswoman said the agency is reviewing the rule to “ensure it aligns with the new administration’s policies.”

—Timothy Puko contributed to this article.

# THE PLEDGE



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## WORLD NEWS

# U.S. Officials Aim to Ease Korea Tensions

Tillerson to seek China's help to stem threat from Pyongyang as Trump, Kim trade barbs

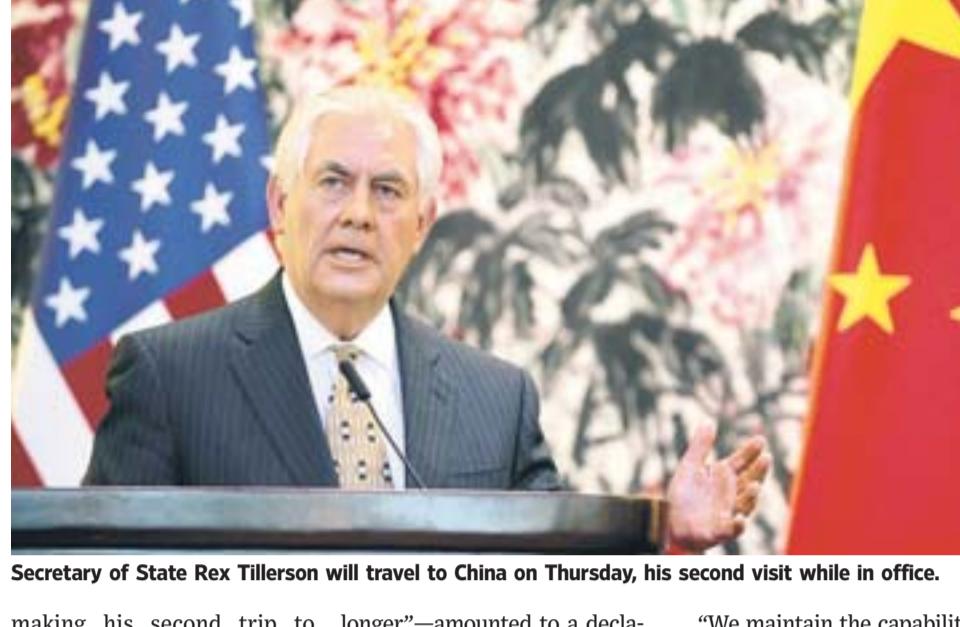
U.S. officials emphasized the urgency of attempts at diplomacy to ease tensions with North Korea on Tuesday, while the U.S. stepped up sanctions amid an escalating war of words between Washington and Pyongyang.

By Felicia Schwartz  
and Ian Talley in  
Washington and Chun  
Han Wong in Beijing

Secretary of State Rex Tillerson will travel to Beijing on Thursday as the U.S. continues to press China to pressure North Korea over its nuclear program.

State Department spokeswoman Heather Nauert said Mr. Tillerson is laying the groundwork for President Donald Trump's trip to China this year, and said this visit indicates the importance of Beijing to U.S. policy goals.

"The fact that Secretary Tillerson has been here for nine months now and is now



Secretary of State Rex Tillerson will travel to China on Thursday, his second visit while in office.

Jinping for moving against Pyongyang, including by breaking banking ties with his Asian neighbor.

"It is time for all responsible nations to join forces to isolate the North Korean menace," Mr. Trump said at a Tuesday press conference at the White House.

He was referring to a move this month by Beijing's central bank to bar transactions with North Korea. China accounts for more than 90% of Pyongyang's trade, and much of those transactions are conducted through the Chinese banking system.

However, China also resumed the purchase of coal imports in August after a nearly half-year hiatus, accepting about 1.64 million tons of North Korean coal valued at some \$138.1 million that month, when the United Nations Security Council expanded sanctions to a complete halt on coal shipments and banned Pyongyang from exporting iron, lead and seafood.

The shipments came just before a Sept. 5 deadline for countries meeting a total U.N. ban on Pyongyang's coal trade, and China has said it would comply with the sanctions.

Administration officials didn't comment on the coal

purchases, but have acknowledged previously that China has difficulties with North Korea.

Meanwhile, the U.S. Treasury Department named eight North Korean banks and 26 individuals linked to the nation's financial networks to its sanctions list.

"We are targeting North Korean banks and financial facilitators acting as representatives for North Korean banks across the globe," Treasury Secretary Steven Mnuchin said.

U.S.-based North Korea analysts say the key to the effectiveness of sanctions will be whether host countries will shut down targeted banks and expel the individuals operating them.

On Saturday, the U.S. flew warplanes near North Korea in what U.S. officials said was international airspace but farther north than such aircraft had flown in some time. The mission aggravated Pyongyang, which threatened to shoot down American jets the next time they flew there, regardless of whether they are in international airspace.

—Gordon Lubold in New Delhi and Paul Sonne in Washington contributed to this article.

# New Missiles Put U.S. Bombers at More Risk in Region

By ALASTAIR GALE

North Korea can better target nearby U.S. aircraft with a new missile system than in years past, military analysts said, raising the stakes of any confrontation after Pyongyang warned it might shoot down American bombers in international airspace.

As tensions escalate on the peninsula, North Korea has bolstered defenses on its east coast, closest to where U.S. bombers and fighters flew over the weekend, South Korea's spy agency said Tuesday.

Whether North Korea will follow through on its threat to attack U.S. warplanes is hard to determine, though such action has historical precedent.

Under dictator Kim Jong Un, an acceleration of the nation's missile program has included a new weapon to target planes—a significant upgrade to North Korea's aging Soviet-era missile batteries. And the risks involved in any conflict are much greater now that North Korea can potentially deploy nuclear weapons.

In May, Mr. Kim oversaw a test of a surface-to-air missile system known as KN-06 that was first seen in a military parade in 2010. Following the test, Mr. Kim ordered mass production, state media reported.

The KN-06 has a range of around 90 miles, security scholars estimate. The U.S. said the bombers in the week-



North Korean leader Kim Jong Un, in white, watches the test of a new antiaircraft guided-weapon system, in an undated photo.

spy agency said North Korea has relocated warplanes to its east coast as part of a ramp-up of military hardware, raising the prospect that Pyongyang may send aircraft in response to future U.S. military flights.

While North Korea's old MiG fighters are no match for modern U.S. warplanes, military experts said they could still threaten nonstealth bombers if they can cause a tactical surprise.

"Considering past history, the U.S. has to take the threat of an interception very seriously," said Daniel Pinkston, a lecturer based at Troy University in Seoul who studies North Korea.

The U.S. frequently holds military flyovers during periods of escalated tension on the Korean Peninsula. Generally, they stay south of the inter-Korean border. A Pentagon spokesman said on Monday that the U.S. maintains the right to "fly, sail and operate" in international waters and airspace.

In one possible sign of caution on the North Korean side, South Korea's spy agency also said on Tuesday that Pyongyang has told its military not to take any action without first reporting up the chain of command.

The agency's assessment was given to lawmakers in a closed-door briefing. Details of the remarks were confirmed by an aide to ruling-party member Kim Byung-kee, who attended the event.

—Kwanwoo Jun contributed to this article.

# If This Is a Trade War, China Has an Edge on U.S.



hoped for "very good deliverables," when President Donald Trump visits in November.

But China flaunts its indifference to the West's complaints almost gratuitously.

Foreign businesses are on notice that they are tolerated in China only for as long as they serve Chinese state goals.

Even as President Xi Jinping promises to "push forward market opening faster," his "Made in China 2025" plan has the overt aim of displacing foreign manufacturers in critical areas like robotics, medical equipment and driverless vehicles.

An evolving "social-credit" system will use intrusive monitoring and big data to ensure all companies—Chinese and foreign—align with five-year plans. As part of this effort, the Communist Party is accelerating its push to plant cells in private companies, including multinationals.

U.S. and European firms report they have rarely felt less welcome. Internet blocks make it increasingly hard for their executives to access business information in the cloud. Foreign investment is slowing this year.

This is the behavior of a government that senses it has the upper hand.



Premier Li Keqiang, right, with Commerce Secretary Wilbur Ross.

What emboldens China? Its sharpest trading practices fall outside the scope of World Trade Organization rules. The system wasn't set up with a secretive and centrally directed colossus like China Inc. in mind. Put crudely, China knows it can get away with it.

Consider the remarkably small number of cases brought against China since it joined the WTO in 2001, despite widespread complaints about forced technology transfers, rampant intellectual property theft and unfair competition from state firms.

The total between 2002 and 2016: just 38. (During the same period, the U.S. was the target of 73 complaints.)

China looks at this data as affirmation that, by and large, it plays by the rules.

Critics say it has gotten expert at going around them.

So far, the strategy is working. The economy is on an upswing, propped up by debt but also, for now, defying conventional theories that mercantilism will sap China's creative vigor.

China will soon have more middle-class consumers than the entire U.S. population, giving Beijing huge market power.

Meanwhile, China is adept at exploiting divisions between U.S. interests on either side of the China trade: steel manufacturers, for example, support tariffs on imports;

steel users oppose them.

What's the answer for the U.S.? Mr. Trump has dropped threats to slap tariffs on Chinese exports, wary of a disastrous trade war. The need to enlist China's help on North Korea also played into that decision.

For China, the message is Mr. Trump's threats won't be backed up with action.

From Washington to Berlin, the cry has gone up for "reciprocity"—equal market access—from Beijing.

It's a beguiling ideal to be sure. But to get there, says Scott Kennedy, an expert on Chinese industrial policy at the Center for Strategic and International Studies, would require not just long-term engagement with China, and support from the WTO and other world bodies, but also close cooperation among economies threatened by Chinese protectionism.

Mr. Kennedy is skeptical. The Chinese, he says, "think they're in the driving seat."

He predicts a flurry of largely symbolic market-opening announcements.

"Eventually," he says, "the U.S. will accept tokenism."

◆ Beijing clamps down before party congress ..... B4

# Parents Say North Korea Tortured U.S. Student

By PAUL SONNE

WASHINGTON—The parents of American college student Otto Warmbier, who died after being released from a North Korean prison with severe brain damage, accused Pyongyang of torturing their son—accusations President Donald Trump appeared to confirm in a Twitter message.

Fred and Cindy Warmbier, who gave interviews Tuesday to Fox News and CNN, said they didn't have any information confirming torture, other than the evidence of his injuries.

Mr. Warmbier said when he walked up the steps of the plane that brought 22-year-old Otto back to Cincinnati in June, he heard an involuntary, inhuman howling he later realized came from his son.

"He was blind. He was deaf," Mr. Warmbier told Fox News. "It looked like someone had taken a pair of pliers and rearranged his bottom teeth."

Mr. Trump praised the Fox interview in a tweet Tuesday. "Otto was tortured beyond belief by North Korea," he wrote.

North Korea has denied torturing Otto Warmbier.

## WORLD NEWS

# West Bank Shooting Kills 3 Israelis

BY RORY JONES

TEL AVIV—A Palestinian gunman killed three members of Israel's security forces at a West Bank settlement, police and medics said, the latest burst of violence in the Israeli-controlled territory.

The attacker approached a checkpoint at the settlement of Har Adar, northwest of Jerusalem, on Tuesday morning, drew a pistol and fired at close range, police said. Israeli forces shot and killed the Palestinian attacker, they added.

Paramedics pronounced three dead—one border police officer and two security guards—at the scene and took one person who was wounded to a hospital. Authorities reported no other injuries.

Israeli authorities identified the attacker as Nimir Mahmoud Ahmed Jamal, a 37-year-old who had a permit to work in Har Adar. A preliminary investigation indicated that the attacker had significant personal and family problems, Israel's internal security service said. His wife traveled to Jordan several weeks ago and left him with their children, it added.

Tuesday's attack came during the Jewish high holidays, a time of year when Palestinians have in the past increased violence against Israelis.

# Macron Courts Berlin in Unity Talk

French President Emmanuel Macron set out his vision of a more united Europe in a speech aimed at persuading Germany, where Sunday's election results could reinforce doubts about deeper integration in the eurozone.

By William Horobin  
in Paris and Marcus  
Walker in Berlin

Mr. Macron repeated his call for a common budget for euro members, an idea with little appeal for most of Germany's political class, but sweetened it with offers of cooperation in areas that could appeal more to Berlin, including migration, security and the environment.

The French leader timed his speech Tuesday at the Sorbonne university in Paris to influence the postelection debate in Germany, where Chancellor Angela Merkel faces tricky talks to form a new governing coalition after a result that strengthened populist and EU-skeptical forces.

"The majority of the chancellor has accepted to build in the coming days and weeks will have to work with us for the next four years. I see this as an unprecedented opportunity," Mr. Macron said. "We won't agree on everything, at least not immediately, but we will discuss everything."

The outcome of the dance between the European Union's two dominant nations will be central to the eurozone's future. Although the bloc's economy is finally enjoying solid



French President Emmanuel Macron pushed for more integration in a speech at the Sorbonne in Paris.

economic growth, officials in Paris and Berlin say the euro's members continue to diverge, leaving the region vulnerable to future turbulence like the debt crisis that pushed the bloc to the brink of collapse in 2010-12.

Ms. Merkel's conservative Christian Democrats, who won the elections but got a reduced share of the vote, have begun sounding out the left-leaning Greens and the pro-business Free Democrats, or FDP, about a three-way coalition.

Before the election the FDP was vocally critical of France's push for a large, central bud-

get for the eurozone. Ms. Merkel and her party also have strong reservations, although the chancellor has avoided rebuffing the French leader.

The success of the populist Alternative for Germany party in winning 12.6% of the vote on Sunday could also turn Germany's political focus inward, as mainstream parties grapple with the antiestablishment, anti-immigration mood in part of the German electorate.

Mr. Macron knows his ambitious drive for a deeper union among the euro's 19 members was already a hard sell in Ger-

many. He praised Ms. Merkel's commitment to Europe and said he was confident she wouldn't give in to nationalist pressures.

The 39-year-old French

leader began his speech with a call for wide-ranging overhauls of Europe's policies in defense procurement, corporate taxation, farm subsidies, digital infrastructure, carbon emissions, border protection and asylum—areas where deeper cooperation could appeal to each of the German parties now beginning coalition talks. He repeated his case for the eurozone to have

## French President's Proposed Changes

- ◆ Shared European defense budget and intervention force
- ◆ European asylum office and border force
- ◆ European price for carbon emissions and carbon tax on imports
- ◆ European agency to fund disruptive technologies
- ◆ Eurozone budget to fund shared investment, counter economic shocks
- ◆ Cut down size of European Commission
- ◆ Strengthen Franco-German treaty for greater economic convergence

a central budget, managed by a European finance minister.

"We need much more investment and we need means of stabilization to confront economic shocks," he said.

Both Ms. Merkel's conservatives and the FDP have a different view of what the eurozone needs, however. The dominant view in Berlin is that the eurozone's future stability relies on member countries reforming their economies to make them leaner and more competitive, rather than on large public-spending plans at the European level.

# After Vote, Iraqi Kurds Gird for Potential Backlash

BY ISABEL COLES  
AND ALI A. NABHAN

ERBIL, Iraq—The landlocked Kurdish region of Iraq is bracing for potential economic fallout from a referendum on independence strongly opposed by neighboring Turkey and Iran, whose threats to close their borders could squeeze food imports and disrupt oil exports.

The concern is particularly immediate for Shukr Ali, a merchant who said he is waiting for 10 trucks of rice worth \$250,000 to arrive from the southern Iranian port of Bandar Abbas. Any delay will add to the costs of transporting the goods.

"We are worried," Mr. Ali, who is 56 years old, said Tuesday at a wholesale market in the Kurdish regional capital Erbil. "You don't know what will happen tomorrow."

Few traders said they expected the borders to be closed for long, if at all. They count on shared interests between the Kurdish region and its neighbors to prevail over politics.

But their concerns highlight the economic vulnerability of the region Kurds are seeking to convert into an independent state, which produces little of its own besides oil.

The Iraqi cabinet decided to ban international flights to and from Kurdistan within three days unless the region put its airports under federal government authority, state



Turkish soldiers patrol a road in Sirnak city, near the Iraq border. Turkey's President Recep Tayyip Erdogan threatened to close his country's border with the Kurdish region.

TV said Tuesday.

Results of Monday's vote are expected by the end of the day on Thursday, and are seen as certain to be in favor of independence, which the overwhelming majority of Kurds favor.

Although the referendum wouldn't automatically deliver statehood, Kurdish leaders say it will give them a mandate to negotiate an amicable separation from the central government in Baghdad over the coming years.

But Iraqi Prime Minister Haider al-Abadi, who opposes the vote, has said there will be

no talks between his government and Kurdish leaders after the referendum, which Baghdad said was unconstitutional.

The vote was also opposed by the U.S., which said it would undermine the war against Islamic State.

Iran, which fears any move toward independence by Kurds in Iraq could set a dangerous precedent for its own Kurdish population, closed its airspace on Sunday to planes coming from the region and suspended flights bound there.

The strongest warning came from Turkey's President

Recep Tayyip Erdogan, who as Kurds cast their votes threatened to close his country's border with Iraq's semiautonomous Kurdish region and stop oil flows through an export pipeline on which it depends economically.

The shelves of any supermarket in the region illuminate the risk for the Kurdish region: Almost all products are either trucked through or made in Turkey.

"Everything is imported," said Amer Abdullah, 40, who sells foodstuffs brought from Turkey at the wholesale market. "If the borders are closed,

in one month everything would be finished."

Mr. Abdullah and other traders said they were holding off buying more goods for import in case the borders are closed. Prices are stable, though customers are buying extra to store in case threats of isolation are carried out.

Despite those threats, Mr. Abdullah and other traders said they had voted "yes" to independence, which Kurds were deprived of when colonial powers carved up the Middle East after World War I.

In pursuit of economic independence from Baghdad,

Iraq's Kurds have in recent years cultivated close ties with Turkey, signing energy deals and building a pipeline to the Mediterranean Sea that carries an average of more than 600,000 barrels of oil a day.

But critics say the Kurdish Regional Government, led by President Masoud Barzani, has merely shifted its dependency from Baghdad to Turkey.

Strengthening the economy is a more important step toward statehood than holding a referendum, they say.

—Benoit Faucon in London contributed to this article.

# SAUDIS

Continued from Page One  
nishing its reputation internationally.

"We are very excited. We are over the moon," said Hatoum al-Fassi, a Saudi historian and one of the leaders of the campaign to let women drive. "Our struggle, the years of work have at last yielded a result, our right has been realized. It's a historical moment. King Salman made a historical decision."

In Washington, Saudi Arabia's ambassador to the U.S. and a son of the king, Prince Khaled bin Salman, said Tuesday's announcement is "not just a social change, it's part of the economic reform," designed to facilitate the entrance into the workforce of more women whose wages previously were undercut by having to pay men to drive them to jobs.

Paying for drivers is becoming increasingly unsustainable as more and more women obtain employment, including in low-paying jobs. Shuruq Sami, who works as a saleswoman in a handbag shop in the city of

Jeddah, says she spends roughly half of her salary on transportation, including a shared driver that takes her to work and back.

"Driving is a necessity," she said last month, ahead of the announcement. "My life would definitely improve if I could drive. It will allow women to take care of themselves and cut costs."

The monarchy is also trying to project a softer image abroad as Saudi Arabia seeks to attract foreign investors to help diversify its economy.

U.S. State Department spokeswoman Heather Nauert cheered the decision by Saudi Arabia and described it as a "step in the right direction for that country."

"We are certainly happy to hear that," Ms. Nauert said at a briefing on Tuesday.

The status of women in Saudi Arabia has improved in recent years. Many hold senior positions in the private sector and, at the end of 2015, women were allowed to participate in local elections for the first time, as both candidates and voters.

But even with the lifting of the driving ban, huge obstacles



A woman driving in Riyadh, Saudi Arabia, in 2014 as part of a campaign to defy the driving ban.

remain before Saudi women are able to achieve genuine social equality. First among them: the male guardianship system. Saudi women are legally obliged to have a male guardian—typically a father, husband or son—whose permission is required for them to travel abroad or marry, for instance.

Many Saudi women say the guardianship system, more than the driving ban, represents the biggest obstacle to them being recognized as equals in the kingdom, and are fighting to abolish it. In recent years, there were several grassroots initiatives that sought the end of male guardianship rules

and the driving ban, including one in 2013 where dozens of women took to the roads.

Prince Khaled, the Saudi ambassador, said women won't need to seek a man's permission to obtain a license and would be allowed to drive alone.

Scores of Saudi men also cheered the long-awaited change. "Congratulations to women for having obtained the right to drive," Ahmed al-Golahama, a Saudi author, said on Twitter. "Welcome to Salman's kingdom."

Yet in taking such dramatic steps, Saudi rulers must confront fundamental tension within the kingdom—between moderates who are pushing for change and conservatives who are resisting it.

Saudi Arabia practices one of the world's strictest interpretations of Sunni Islam, and the kingdom's religious establishment has long exercised extensive political sway. Several senior Saudi clerics have previously spoken against allowing women to drive, saying the freedom would expose them to moral corruption and harassment, among other reasons. Those in favor of lifting

the ban noted there is no religious justification for it.

Saudi Arabia's top religious body in a statement on Tuesday said the decision to allow women to drive complies with Islamic law.

Many Saudi conservatives took to Twitter to criticize the move using hashtags such as "the women of my house will not drive," which on Tuesday night was one of the most trending hashtags in the kingdom.

"We are abandoning our religion and values to please the westerns and their loose morals," said a Saudi Twitter user, Khalid Al Otaibi.

Since King Salman became monarch in early 2015, Saudi Arabia has taken steps to loosen social restrictions. Last year, the religious police—whose members are tasked with enforcing the kingdom's strict social codes—were stripped of their power to arrest. In a country where many consider music immoral, concerts are now being held regularly.

—Felicia Schwartz and Paul Sonne in Washington and Dahlia Khaleif in Cairo contributed to this article.

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## WORLD NEWS

# After Decade, Brazil Lets In Big Oil Firms

The country is looking to expand its crude-production potential and revive its economy with an auction this week

BY PAUL KIERNAN

RIO DE JANEIRO—Brazil will on Wednesday begin reversing what industry officials say was a costly and ultimately disastrous decision a decade ago: setting aside billions of barrels from the Western Hemisphere's largest oil discovery in 30 years for its state-run oil firm at a time when deep-pocketed foreign companies were clamoring to invest.

Brazil removed key acreage from a 2007 auction that could have yielded \$100 billion in signing bonuses plus hundreds of billions more in spending commitments when the price of oil was near record highs, according to several former executives at Western oil companies.

Now, Brazil may generate just a fraction of what it could have as it looks to exploit its oil potential and revive its economy.

"We are trying to put the country back on track," Energy Minister Fernando Coelho told an oil conference in Houston earlier this year.

Wednesday's auction is the first of nine bidding rounds planned through 2019 for areas that could add roughly 10 billion barrels of recoverable oil.

Included in upcoming auctions are areas that Brazil had originally intended to lease



A drilling platform near Rio de Janeiro. Brazil's oil output is below what industry officials say it should be.

out in 2007, shortly after **Petróleo Brasileiro SA**, or Petrobras, discovered huge reservoirs of crude in an ultra-deep layer known as the sub-salt, off the southeast coast.

At the time, the U.S. shale boom was still a dream, experts were worried that global production might peak and oil prices were en route to record highs. The size and timing of the find appeared so fortuitous, then-President Luiz Inácio Lula da Silva said God must be Brazilian.

Foreign oil companies were desperate for new reserves. "A lot of people were very excited about it," recalled Shafe Alexander, BP's country manager in Brazil.

But days before the auction, Mr. da Silva yanked 41 exploration blocks that were believed to contain sub-salt oil, after being convinced by Petrobras' former head of exploration and production that it would be a "crime against the fatherland" to open the reserves to other oil companies, according to a

former official.

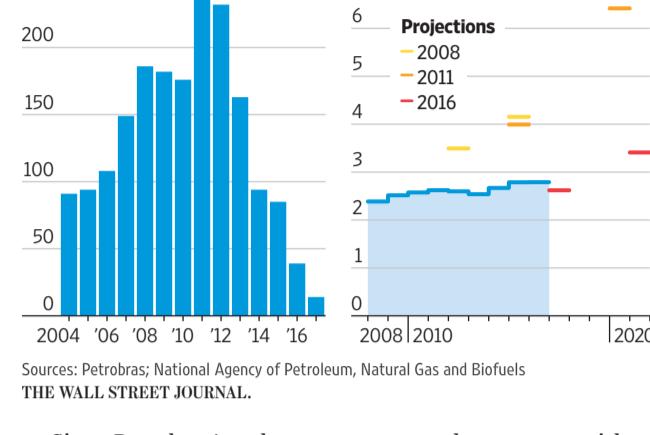
A spokesman for Mr. da Silva defended the former president's decision. "Any country would re-evaluate the situation of an auction when presented with new information about the areas," the spokesman said.

Brazil's oil output today is less than half what industry officials say it should be. And Petrobras has been hobbled by years of mismanagement and corruption that have forced it to slash jobs and production targets.

### Falling Short

Brazil and its national oil company have failed to convert huge oil discoveries a decade ago into significantly higher production.

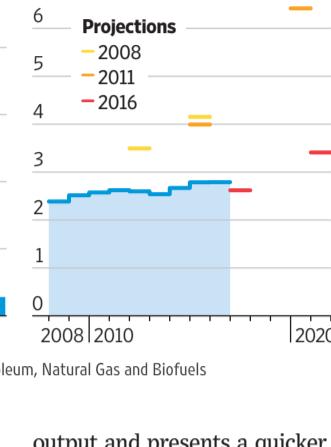
#### Exploratory wells concluded



Sources: Petrobras; National Agency of Petroleum, Natural Gas and Biofuels

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#### Petrobras oil and gas production



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output and presents a quicker, cheaper alternative to deep water ventures like Brazil's.

And competition for investment dollars is heating up. The National Petroleum Agency, or ANP, says 2017 will see roughly 40 auctions world-wide.

Working in Brazil's favor are the huge size of its oil reservoirs. In the sub-salt, the average well produces 30,000 barrels a day and can keep pumping for years or even decades.

—Bradley Olson in Houston contributed to this article.

## WORLD WATCH

CUBA

### Foreign Minister Meets With Tillerson

U.S. Secretary of State Rex Tillerson met with his Cuban counterpart Tuesday amid an investigation into mysterious attacks that have affected the health of at least 21 American diplomats and strained ties between the two governments.

Foreign Minister Bruno Rodríguez Parrilla told Mr. Tillerson Cuban officials haven't identified the cause or origin of the health problems, the Cuban Embassy in Washington said. Mr. Rodríguez reiterated Cuba's denial of any involvement in the attacks.

American officials believe the U.S. personnel may have been sickened by some sort of sonic device, but haven't found one.

—Felicia Schwartz

BANGLADESH

### Shelters Planned For Refugee Children

Bangladesh plans to build separate shelters for 6,000 Rohingya Muslim children who entered the country without parents to escape violence in neighboring Myanmar. Children make up about 60% of the estimated 480,000 Rohingya who have poured into Bangladesh over the past four weeks to flee persecution in Buddhist-majority Myanmar. —Associated Press

# Scrutiny Rises on Collapsed Mexican School

BY SANTIAGO PÉREZ AND JUAN MONTES



The owner of the Enrique Rebsamen school added at least one new floor to the building, officials said. Above, search efforts last week.

REBECCA BLACKWELL/ASSOCIATED PRESS

who was involved in the school's rescue efforts.

Ms. García Villegas couldn't be reached to comment. She hasn't been formally accused or charged with any wrongdoing. Officials say she and her family lived in the Enrique Rebsamen primary school full-time for at least two years.

Authorities said Ms. García Villegas and her family assisted rescuers during the entire week, providing directions over the possible location of

people who could be trapped beneath the debris of the collapsed building.

Rescuers on Sunday retrieved the body of the school's janitor, María Reyna Dávila, a 46-year-old mother of two who was the last person accounted for at the site.

Municipal records indicate that in 2010 and 2014 local authorities suspended renovations at the school, originally built in the 1983, because they weren't properly notified of

the work. Claudia Sheinbaum, head of the Tlalpan district where the school is located, said the school paid its fines and the renovations were completed.

It wasn't clear whether the renovations were related to the apartment on top, she said Tuesday.

Ms. Sheinbaum has asked Mexico's Engineers Bar Association to examine the collapsed building to determine whether any construction problems may

have contributed to its collapse. "One thing is the documentation and another is what actually happened," she said.

Hundreds of apartment buildings and houses around Tlalpan were damaged by the earthquake, some of them built less than 10 years ago.

"Some of those buildings were in areas where the intensity of the quake was low. We are going to see whether corruption played a role in those cases," Ms. Sheinbaum added.

## FROM PAGE ONE

# NCAA

Continued from Page One paid high-school recruits through third-party intermediaries to attend schools with Adidas shoe contracts. Prosecutors also alleged financial advisers and agents paid bribes to coaches with hopes of securing college stars as clients after they enter the National Basketball Association.

The charges followed a yearslong investigation by the Manhattan U.S. Attorney's Office and the Federal Bureau of Investigation. The probe involved undercover FBI agents, a cooperating witness and wiretapped phones. In a news conference Tuesday, acting U.S. Attorney Joann H. Kim said the cases provided a window into the "dark underbelly of college basketball."

Four assistant coaches at big-time college basketball programs were arrested and charged Tuesday. Among them was Chuck Person, a former NBA star who works as an associate coach for the men's basketball team at Auburn, where he was a stand-out player in the 1980s. Mr. Person was charged with accepting

tens of thousands of dollars in exchange for steering student-athletes to a financial adviser.

A lawyer for Mr. Person, who was set to appear Tuesday in federal court in Alabama, couldn't be reached for comment.

Auburn and the other universities involved in the allegations suspended the four coaches Tuesday. They said they were surprised by the investigations, shocked by the allegations of misconduct and planned to cooperate with the federal authorities.

The allegations unsealed Tuesday are unlike any violations ever uncovered by the National Collegiate Athletic Association, the governing body of college athletics.

Prosecutors described a scheme involving hundreds of thousands of dollars in bribes, recorded conversations in a Las Vegas hotel room, and employees for sports agencies and financial advisories bragging about their connections to elite coaches.

Mark Emmert, president of the NCAA, called the charges "deeply disturbing" and said the organization would support the continuing federal investigation. "Coaches hold a unique position of trust with

### Calling a Foul

How the alleged bribery and kickbacks operated in college basketball.

#### Company Scheme

##### An executive from Adidas

...allegedly paid more

than \$100,000 to...

##### high school basketball players

...who committed to play at...

##### NCAA Division I programs

...sponsored by...

##### Adidas

#### Coach Bribery Scheme

##### Athlete advisers

...allegedly paid more

than \$200,000 to...

##### NCAA Division I coaches

...who pressured their...

##### basketball players

...to retain the services of those...

##### Athlete advisers

upon entering the NBA

Note: Athlete advisers include financial advisers and business managers, among others.

Source: Department of Justice

THE WALL STREET JOURNAL

student-athletes and their families and these bribery allegations, if true, suggest an extraordinary and despicable breach of that trust," he said. University of Arizona assistant coach Emanuel Richardson, University of Southern California assistant coach Anthony Bland and Oklahoma State University associate coach Lamont Evans were arrested for allegedly accepting cash bribes from a sports agent, Christian Dawkins. Muñoz Sood, a financial adviser allegedly involved in the scheme, was also charged.

Lawyers for Messrs. Richardson, Bland, Evans, and Dawkins couldn't immediately be reached for comment. A lawyer for Mr. Sood didn't immediately respond to a request for comment.

Agents and others specifically targeted the team's assistant coaches, rather than head coaches, some of whom are their state's highest-paid employees, because "they're making too much money and it's too risky," according to the complaint.

Messrs. Dawkins and Sood were also charged for their roles in the alleged scheme to lure top recruit Brian Bowen and another high-school athlete to Louisville. One of the most talented high-school basketball players in the U.S., Mr. Bowen kept a list of schools where he was hoping to play this fall. As recently as May, Louisville wasn't high on it. But according to prosecutors, Adidas and others arranged for payments totaling \$100,000 to be made to Mr. Bowen's family. Shortly thereafter, Mr. Bowen committed to Louisville.

No coaches at Louisville were charged on Tuesday. But according to the complaint, it was at the request of at least one Louisville coach that, in

May 2017, Mr. Gatto, Mr. Sood and Mr. Dawkins, among others, conspired to bribe Mr. Bowen's family.

A lawyer for Mr. Gatto, the Adidas executive, didn't immediately respond to requests for comment.

Mr. Bowen's parents couldn't be reached for comment.

Louisville's interim president, Gregory Postel, said the school would cooperate with any investigation into the matter.

Louisville has already been tarnished by recent allegations of misconduct. Mr. Pitino was suspended in June and the school was punished with four years of probation and risks losing its 2013 national title for its involvement in a sex scandal that included charges of coaches lavishing adult entertainment on basketball players and recruits.

An Adidas spokeswoman said, "Today, we became aware that federal investigators arrested an Adidas employee. We are learning more about the situation. We're unaware of any misconduct and will fully cooperate with authorities to understand more."

—Andrew Beaton contributed to this article.

## IN DEPTH

# VETS

*Continued from Page One*  
beers in linoleum-floored posts. An "old-timey funny-hat club," in Mr. Rivero's words.

At one California Legion convention, he was aghast the program mostly featured ads for hospices and cemeteries. He waved the booklet in frustration. "You realize your advertisers are branding you?" he said. "Welcome to the American Legion—prepare to die."

The organization also has a demographic problem. World War II and Korea vets are indeed dying at a rapid clip, with the Vietnam generation next in line. Despite constant war since the Sept. 11 attacks, the country's veteran population is expected to fall to 13.6 million in two decades, from 20 million today, according to the Department of Veterans Affairs.

The Hollywood post, which opened in 1929, has in its new incarnation managed to prosper and attract vets for whom hip isn't necessarily a prelude to replacement.

"I never thought in a million years that I'd be so into this," says Second Vice Commander Jennifer Campbell, 35, a former Army truck driver turned personal trainer. "I'm as surprised as anybody."

Down the road from the Hollywood Bowl, Post 43 has long ties to the entertainment industry. Clark Gable, Charlton Heston, and Rudy Vallee were members. In recent decades the Post business model provided ample money for good works, from patriotic oratory contests to projects to help veterans navigate the VA. The legionnaires rent their parking lot during events at the Hollywood Bowl. Movie and TV producers film at the Post; a young Jim Kirk lost a fight in the Art Deco bar in the 2009 movie "Star Trek."

But there was little effort to make the Post a social center.



Members of American Legion Post 43 in Hollywood, Calif. Younger veterans are luring a new crowd to the Post, which opened in 1929.

"We appreciate the generation that came before us," says Ms. Campbell. "But we don't want to hang out with 80-year-old men all night."

To join, vets previously had to pay the \$33.50 annual fee with a check. "The only way to communicate with the office in 2011 other than phone was with a fax—it was like 1986 in there," says Mr. Rivero, who served in Afghanistan.

Membership was limited to 500, partly out of concern there would neither be enough parking nor enough food at the twice-monthly free dinners.

In 2014, Mr. Rivero and seven other members—mostly post-9/11 vets—met secretly at a Burbank steak house to devise a plan to take control of

Post 43 and make it more fun. They code-named the operation the 1st Reformational Congress, then changed it to more voter-friendly Future 43 movement.

They drew up a party ticket and challenged the old guard in elections. "We thought we'd be run out of town," recalls Mr. Rivero. The old guard was no match for the high-tech electoral prowess of the young guns, who used email and text messages to round up votes.

The cabaret room went silent when it was announced that Future 43 candidates had won enough seats to form a ruling junta with some sympathetic old timers.

Their first move was to set a goal of doubling the rolls to 1,000 by 2019, parking be

damned. Suddenly, the bar—a classic speakeasy—opened more than one night a week. There were karaoke and comedy nights, running and shooting clubs. In January, the new management put up a website allowing vets to join by clicking and paying dues by credit card. (Vets must email a form showing that they served honorably during wartime.)

So far this year, more than 260 have signed up, compared with 19 induced in 2011.

"At first I was referred to as the girl with purple hair," says Danielle Baker, a 35-year-old former Army chemical-warfare specialist with purple hair. "But I'm not the only girl [at Post 43] with purple hair."

The younger vets pushed

through a \$2 million project to convert the big meeting hall into a 482-seat digital movie theater where, after construction is complete next year, studios will be able to screen military-themed movies.

"It's going to make Grauman's Chinese Theatre look like a second-rate place," says Jimmy Weldon. Now 94, Mr. Weldon served in Gen. George Patton's 3rd Army, helped liberate Buchenwald concentration camp and, later, performed the voice of Yakky Doodle duck in the Yogi Bear cartoons, a character that still creeps into his daily conversation. Mr. Weldon wraps up the monthly business meeting with the words, "Let us close with Irving Berlin's 'God Bless America.'"

Still, the young guns' offensive has met with light resistance. Some older members worried about taking on debt for the renovation. Some feared for their free dinners. Mr. Weldon is unhappy that not all meetings open with prayers: "This was a shock to us."

Even some supporters find the rebranding a bit jarring. "I've never used the word 'cool' in my life," says Les Probst, 84, who patrolled Korea's demilitarized zone. "I don't know what 'cool' means."

Resistance, however, has melted away before the undisputed recruiting success of the post-9/11 legionnaires. Says Max Thayer, a 71-year-old Vietnam-era Army medic: "It has been like a blood transfusion."

He pointed out tanks used for irrigating trees with the antibiotics streptomycin and oxytetracycline. Others are given molasses, injected into the soil to feed microbes. He calls it his "witch's brew."

"Early on there was hope that the research would lead to a silver bullet," said Adam Putnam, Florida's Commissioner of Agriculture. "Now the hope is there will be incremental solutions. Expectations are more realistic now."

Brant Schirard, a citrus grower along Florida's eastern belt, said growers are doing everything they can to diversify, with farmers moving into peaches, blueberries, hops and pineapples, among other crops. Approximately 130,000 acres of citrus have been abandoned across the state, according to the USDA.

An added factor is shifting tastes. Americans are drinking 48% less orange juice than they were in 2005, according to Nielsen, as fewer people sit down to breakfast and more people try to avoid sugar, or are tempted by more exotic beverages.

Southern Gardens has been fighting greening since 2005, when the disease first reached its groves, which at that time amounted to 15,000 acres. The company's president Dan Casper said it has planted about 750,000 new trees in the past four years alone to replace diseased ones, and that it is spending millions on new tree plantings, grove research and citrus greening research.

"I've been working on plant diseases since 1981," said Mike Irey, director of research at Southern Gardens. "It's the most miserable disease I've ever worked with."

The bacteria causing the disease is "fastidious," meaning scientists haven't been able to figure out what nutrients it needs to grow in a petri dish. That makes it nearly impossible to research remedies in a laboratory setting. Each time scientists want to try a new treatment, they need to test it on an actual tree, wait for it to produce fruit, then see if it becomes infected with the disease.

In the past, healthy trees produced fruit for an average of 20 to 30 years or longer. These days they must be replanted, at best, in 12 to 15 years.

"We're putting \$54 in each tree by the time we pick the first fruit off the tree, and that crop won't give you back \$54," said Jim Snively, vice president of groves at the company. "You'll get \$9 back the first year. And then the clock starts ticking."

# JUICE

*Continued from Page One*

need to use," said Tim Eyrich, vice president of research and commercialization at Southern Gardens Citrus, the company developing the engineered fruit. "If this collapses, all your orange juice comes from Brazil."

Greening—which also hurts grapefruit, limes, lemons and other citrus—has cut Florida's output in half over the past decade, according to the U.S. Department of Agriculture. Revenue and jobs in the citrus sector are each down by about a third in the past three years. The state's industry notched revenue of \$9 billion in 2016.

The cut in production of Florida oranges—95% of which are used for juice—has helped drive the beverage's price at the grocery store up more than 50% since 2004, just before the disease was found in the state, according to measurement firm Nielsen.

Making matters worse, Hurricane Irma this month hit a direct blow on Florida's citrus groves, knocking 50% of developing oranges off trees across the state, according to the University of Florida Institute of Food and Agricultural Sciences. Trees with roots already weakened by greening were sitting in 4 feet of water in some of Florida's southern areas earlier this month.

During the storm, nurseries quarantined to keep out the disease lost roofs, and scientific laboratories working on anti-greening projects lost power, potentially compromising research years in the making.

Southern Gardens, based in Clewiston, Fla., is one of the largest producers of orange juice in the country, supplying juice to nearly every major brand and private label. It said its engineered groves didn't suffer hurricane damage but that its other groves around the state lost large amounts of fruit.

California oranges, which are mostly grown for eating, haven't been widely affected by greening, and noncitrus crops aren't affected.

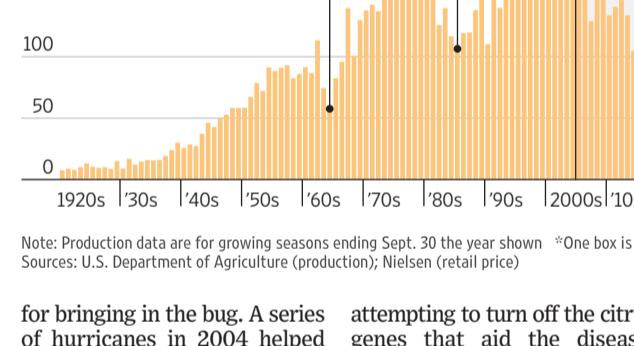
The disease's carrier is the Asian citrus psyllid, a non-native insect so tiny it can be mistaken for a speck of pollen. It travels from grove to grove with little more than a light breeze and is undeterred by pesticides that can't eradicate it entirely. It spreads the *Candidatus Liberibacter asiaticus* bacteria as it sucks sap from the plants.

Some growers blame trees shipped to the U.S. from Asia

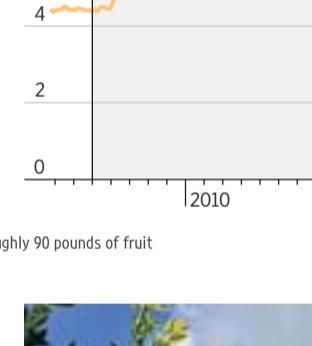
## Sour Market

Florida's orange juice industry—decimated by a pernicious disease and recently clobbered by Hurricane Irma—has been suffering, pushing prices higher for consumers and providing an opening for Brazil to become more dominant.

### Florida orange production



### U.S. retail price for orange juice



### Orange juice production



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for bringing in the bug. A series of hurricanes in 2004 helped spread the disease throughout Florida.

Since 2009, the USDA has invested more than \$400 million to study resistant plants, pesticides and other chemicals to attack the disease.

The technology Southern Gardens is using, developed by Texas A&M University, inserts a gene that is a part of the immune system of spinach into the genetic structure of an orange.

The modified cells grown in a lab eventually shoot out roots and are planted in soil and develop into trees. The project is among Florida's most promising efforts for a cure, even though the trees are still five years

attempting to turn off the citrus genes that aid the disease, aren't as far along as Southern Gardens' engineered fruit project, he said. Ideas such as testing penicillin in oranges, heating trees to kill the bacteria and growing citrus under protective screening have been impractical for juice fruit or unsuccessful.

"It's just a race against the clock," Mr. Rogers said. "We need to get these trees to growers that are still in the business."

Within the industry and among consumers, there are questions about the use of genetically modified foods, which are widely found in grain crops such as corn and soybeans but are less common in fruit. With consumers moving away from the products, there is a risk that food companies won't be willing to buy genetically modified juice, no matter how successful the science.

"God only made one type of orange," said David Crews, a small orange grower in Lake Wales, Fla. "We don't have a magic tree."

Southern Gardens said regulators require its experimental trees be tested in real-life conditions to ensure that the crops aren't harmful to the environment, and that officials from the USDA's Animal and Plant Health Inspection Service regularly visit.

Brazil has stepped up orange production, threatening to deliver the final blow to the U.S. industry. Brazil's larger groves and different practices have helped control the spread of greening. Psyllids, the disease-carrying insects, are attracted to new shoots, which sprout more frequently in Florida than in Brazil because trees are grown in warmer, more humid areas.

**If this collapses, all your orange juice comes from Brazil,' a citrus grower said.**

away from producing fruit.

The company is also experimenting with adding a spinach gene to a harmless virus naturally living inside the "phloem"—the vascular system of the tree—without affecting the genes of the tree itself.

It's a yearslong process. Scientists wait for psyllids to come to the grove naturally to infect the trees, and then see if they are resistant to greening. "All it takes is one hurricane and you're back to square one," said Michael Rogers, director of the Citrus Research and Education Center at the University of Florida Institute of Food and Agricultural Sciences.

The disease's carrier is the Asian citrus psyllid, a non-native insect so tiny it can be mistaken for a speck of pollen. It travels from grove to grove with little more than a light breeze and is undeterred by pesticides that can't eradicate it entirely. It spreads the *Candidatus Liberibacter asiaticus* bacteria as it sucks sap from the plants.

Some growers blame trees shipped to the U.S. from Asia

attempting to turn off the citrus genes that aid the disease, aren't as far along as Southern Gardens' engineered fruit project, he said. Ideas such as testing penicillin in oranges, heating trees to kill the bacteria and growing citrus under protective screening have been impractical for juice fruit or unsuccessful.

"It's just a race against the clock," Mr. Rogers said. "We need to get these trees to growers that are still in the business."

Within the industry and among consumers, there are questions about the use of genetically modified foods, which are widely found in grain crops such as corn and soybeans but are less common in fruit. With consumers moving away from the products, there is a risk that food companies won't be willing to buy genetically modified juice, no matter how successful the science.

"God only made one type of orange," said David Crews, a small orange grower in Lake Wales, Fla. "We don't have a magic tree."

Southern Gardens said regulators require its experimental trees be tested in real-life conditions to ensure that the crops aren't harmful to the environment, and that officials from the USDA's Animal and Plant Health Inspection Service regularly visit.

Brazil has stepped up orange production, threatening to deliver the final blow to the U.S. industry. Brazil's larger groves and different practices have helped control the spread of greening. Psyllids, the disease-carrying insects, are attracted to new shoots, which sprout more frequently in Florida than in Brazil because trees are grown in warmer, more humid areas.

"We call this bad neighbor syndrome," Mr. Rogers said. The grove, abandoned to greening, the branches packed with green leaves and developing oranges.

sat directly across the street from a neighbor still attempting to maintain trees.

Rucks is the largest citrus nursery in the U.S., with 850,000 young budlings and rootstock. The high-tech compound is designed to keep trees quarantined, with growth taking place completely under cover.

Inspectors visit regularly to check for the presence of psyllids. Visitors coming in the building are sprayed down with an antibacterial agent, and the entire compound is surrounded by giant trees designed to block the wind from transporting insects. An unmarked laboratory is filled with a refrigerator full of cloned tissue samples.

Mr. Rucks tests different varieties and different growing methods to find plants resistant to greening. "I'm spoon feeding these trees. This grove is on probiotics," he said, maneuvering his pickup truck between tightly spaced trees in a grove near the nursery compound, the branches packed with green leaves and developing oranges.

In the past, healthy trees produced fruit for an average of 20 to 30 years or longer. These days they must be replanted, at best, in 12 to 15 years.

"We're putting \$54 in each tree by the time we pick the first fruit off the tree, and that crop won't give you back \$54," said Jim Snively, vice president of groves at the company. "You'll get \$9 back the first year. And then the clock starts ticking."



Jim Snively checked orange trees for signs of greening disease in a Southern Gardens Citrus grove in Clewiston, Fla., in July.

SCOTT MONTFREY FOR THE WALL STREET JOURNAL

# GREATER NEW YORK

## Court Overturns Skelos Conviction

Prosecutors say they will retry the case, but Supreme Court ruling sets the bar higher

BY MIKE VILENSKY  
AND JACOB GERSHMAN

A federal appeals court on Tuesday overturned a corruption conviction against former New York Senate Majority Leader Dean Skelos, just two months after it tossed a similar conviction of former New York Assembly Speaker Sheldon Silver.

Both Second Circuit decisions were fallout from the Supreme Court ruling torpedoing the prosecution of former Republican Virginia Gov. Bob McDonnell last year. Mr. McDonnell and his wife accepted loans and gifts from a businessman.

By raising the bar for deeming an elected official's actions to be part of an illegal quid-pro-quo scheme, the ruling in the McDonnell case could help the two former lawmakers stay out of prison. "It will make sure the jury is not just con-

victing a politician due to what the average person might think is sketchy behavior," said Jeffrey Cramer, a former federal prosecutor who works at the Berkeley Research Group consultancy. "It makes it harder but not impossible to convict."

In that decision, the high court justices said an "official action"—the "quo" in an illegal quid-pro-quo exchange—had to be a "formal exercise of governmental power" on something specific and pending, narrowing the parameters for illegal corruption.

A federal jury in Manhattan found Mr. Skelos and his son, Adam, guilty of eight criminal counts—including conspiracy, bribery and extortion—in what prosecutors described as a wide-ranging scheme to leverage the senator's political power for his son's financial benefit. The former legislator was sentenced to five years in prison.

Mr. Silver was sentenced in 2015 to 12 years in prison on public-corruption charges.

Coming down ahead of the McDonnell ruling, the 2015 Silver and Skelos convictions

### Similar Paths for Former Lawmakers

Sheldon Silver and Dean Skelos were two of New York's most powerful officials before prosecutors accused them both of leveraging their offices for personal gain.

Mr. Silver was accused of dual plots. In one, he allegedly directed state grants to the research of an oncologist in exchange for patient referrals that earned him fees from a law firm. In the other, he allegedly negotiated state tax

were vulnerable because the New York juries examining charges against them were working off a broader definition of an official act.

The appeals court didn't exonerate Messrs. Skelos or Silver or say prosecutors lacked proof to back up their charges. But the court said it couldn't be sure a jury instructed under the new standard for quid-pro-quo would reach the same verdict.

Federal prosecutors say

breaks favorable to a real-estate developer and political donor, while steering its business to a law firm that paid him referral fees. Mr. Silver's defense attorneys argued that his conduct was not criminal.

Mr. Skelos was charged with allegedly seeking payments for his son from three companies with the threat of taking unfavorable regulatory actions against them if they didn't pay. Mr. Skelos's attorneys maintained that the former legislator's behavior "does not add up to a quid pro quo."

—Mike Vilensky

they will retry Messrs. Skelos and Silver under the new standard.

It is hard to predict the outcome of any retrials, but prosecutors are far from assured of across-the-board guilty verdicts the next time around, said J. Gregory Deis, a former federal anti-corruption prosecutor in Chicago and now a partner at Mayer Brown.

Mr. Silver, a Manhattan Democrat, and Mr. Skelos, a Long Island Republican, lost



Former New York State Senate Majority Leader Dean Skelos and his son, Adam, on Dec. 11, 2015, the day they were convicted.

their seats upon their convictions.

Their cases were tried under Preet Bharara, then the U.S. attorney for the Southern District, and are now under the purview of acting U.S. Attorney, Joon Kim. If Messrs. Skelos and Silver, who were allowed to stay out of prison pending their appeals, are acquitted, it would mark a blow to Mr. Bharara's legacy, which partly was built on those high-profile cases.

On Tuesday, prosecutors said the Second Circuit rulings are speed bumps. "We will have another opportunity to present the overwhelming evidence of [the defendant's] guilt," Mr. Kim said.

Alexandra Shapiro, an attorney for Mr. Skelos, said, "We believe that as events unfold it is going to become clear that this is a case that never should have been brought."

—Nicole Hong

—contributed to this article.

## These Dogs Are Ready for Their Day



DESSERT TIME: Whippets were treated to a special cake Tuesday at Madison Square Garden to celebrate 125 years of the breed's inclusion in the Westminster Kennel Club Dog Show. They are now part of the hound group. The annual show will be held Feb. 12-13.

## Murphy's Pensions Pledge Is Central to Campaign

BY KATE KING

NEWARK—New Jersey's Democratic nominee for governor, Phil Murphy, is campaigning on a platform to increase spending in one of the country's most highly taxed states, including on its long-underfunded public-pension system.

A former Wall Street executive who has never held elected office, Mr. Murphy is capitalizing on New Jersey's deep discontent with outgoing Republican Gov. Chris Christie. In addition to pledging to increase state funding in areas where Mr. Christie held back, such as transportation, schools and higher education, Mr. Murphy said he would fully fund the state's annual pension contributions "as fast as possible."

"I don't know if you can get there in the first year, but we're going to get there. I promise you that," he said in a recent interview.

That pledge is part of Mr. Murphy's courtship of the public unions that Mr. Christie battled. "He completely trampled collective-bargaining rights, which are at the core of organized labor," Mr. Murphy said. "And then he left people at the altar. He made promises that he welshe'd on."

Mr. Christie, who worked with Democrats to enact a major pension overhaul in 2011, has contributed more to the system than any previous governor. But the \$2.5 billion payment he made this year was only about half of what actuaries calculated was needed to meet the state's full obligation.

A spokesman for Mr. Chris-



Phil Murphy, the Democratic nominee for governor of New Jersey.

tie said the governor has worked to stabilize New Jersey's pension system through the reforms and other measures, including redirecting the state's lottery revenue to the pension fund.

Mr. Christie, who is prevented by term limits from running for a third term, has said he doubts Mr. Murphy would be able to meet his funding promises without major tax increases and accused him of being beholden to the state's public-worker unions. "He's trying to be everything to everybody," Mr. Christie said in remarks to reporters last week.

Mr. Murphy said he plans to pay for the increased pension payments, as well as schools and health-care benefits, by growing the economy, legalizing marijuana and closing loopholes for corporations.

Reinvigorating New Jersey's economy is the priority, but Mr. Murphy said it must be done in a way that benefits residents

A spokesman for Ms. Guadagno said in an email that Mr. Murphy's campaign proposals "will make New Jersey even less affordable and force families and businesses to flee for other states." Mr. Murphy said Ms. Guadagno, as part of the Christie administration, lacked credibility on economic matters.

In 2005, Mr. Murphy was asked by then-acting Gov. Richard Codey, a Democrat, to head a task force charged with reviewing the state's benefits system for public employees and finding ways to control costs. New Jersey's unfunded public-pension liability is one of the largest in the U.S., and has dragged down both the state's budget and its credit rating.

In its final report, the eight-member task force chaired by Mr. Murphy concluded that the state was at fault for chronically underfunding its pension payments. But even if state officials fully met the pension obligation, the report said, "ultimately the current structure of the benefit programs cannot be sustained over the long term."

New Jersey's Treasury Department calculates the current unfunded pension liability at \$36.5 billion.

While Mr. Murphy has been endorsed by the state's major public workers unions, not all voters are convinced he will be able to fully fund public-benefits contributions. "He's making some promises that, I'm sure he has good intentions, but he's not going to be able to fulfill," said Laura Waters, a central New Jersey Democrat and education consultant.

## Hartford's Debt Is Downgraded

BY JOSEPH DE AVILA

Two credit-ratings firms on Tuesday downgraded the city of Hartford further into junk status, citing an increased likelihood of default as early as November.

S&P Global Ratings knocked down Hartford's rating by four notches to CC. Moody's Investors Service lowered its rating for Connecticut's capital city by two notches to Caa3.

"The rating agency actions today reflect the reality we've been emphasizing for many months, which is that a truly sustainable solution for Hartford is going to require the participation of all stakeholders," Hartford Mayor Luke Bronin said in a statement.

Assured Guaranty Ltd., Hartford's biggest bond insurer, said Monday it offered to help the city postpone payments on as much as \$300 million in outstanding debt so it could avoid bankruptcy. Even with that help, city officials said Hartford would still need substantial and sustained revenue increases from the state of Connecticut.

The cash-strapped city faces a deficit approaching \$50 mil-

lion. City officials have said Hartford could file for bankruptcy as early as November if the state doesn't step in and help.

Moody's said Connecticut's uncertain support for Hartford drove its decision to downgrade the city's bond rating.

"The negative outlook reflects ongoing risks from the absence of a plan to restore the city's financial health and uncertainty of state support given the ongoing budget impasse," Moody's said.

The state of Connecticut has its own fiscal problems. State lawmakers failed to pass a budget before the start of the fiscal year in July to close a two-year budget hole of \$3.5 billion. An executive order signed by Gov. Dannel Malloy, a Democrat, has funded state operations since then.

Mr. Malloy met with Democratic and Republican state lawmakers Tuesday, but they still haven't reached a budget deal. Under the executive order, the state will begin giving cities and towns, including Hartford, sharply reduced municipal aid beginning Sunday unless there is a new budget agreement.

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## GREATER NEW YORK

METRO MONEY | By Anne Kadet

# Pay-to-Stay Cafes Hit Sweet Spot

Last week, I went to a Manhattan cafe, settled in with my laptop, and helped myself to a free coffee. Which I followed with another free coffee. I eventually ordered a \$16 salad, but that was after hogging a big table all morning. And I lingered for hours after lunch, clattering away on my keyboard and drinking more free coffee.

Normally I'd be ashamed to indulge in such piggy behavior. But I was using WorkEatPlay, a website offering seats by the day. My spot at the Library of Distilled Spirits, a cafe at the Hyatt Union Square, cost \$10. I was there for about six hours.

There's long been an uneasy relationship between the city's cafes and the freelancers who use them as office space. Some joints banned laptops or unplugged the Wi-Fi. But a few are trying a new tactic—charging for table time.

Peter Litvinenko, CEO of WorkEatPlay, which currently offers pay-to-stay service at one Hamptons and five New York City venues, describes his business as an Airbnb for restaurants looking to rent their tables as

workspace during slow periods, typically on weekdays before the dinner hour.

Patrons using the WorkEatPlay website can select an establishment and reserve a day; hours vary depending on the venue. One can pay by the day or buy a package of hours. WorkEatPlay keeps the fee and the restaurant—at least in theory—gets new business.

The ideal venue offers a convenient location, a pleasant dining room and decent wireless, Mr. Litvinenko says.

The Library of Distilled Spirits initially struck me as a strange place to work.

Decked out with tufted banquettes and a mammoth chandelier, it displays more than 1,000 bottles of liquor.

But the gracious space felt a lot more relaxed than an office and more civilized than the cramped bustle and din of a Starbucks. At noon, a waiter came by with ice water and menus. My check arrived on a silver tray. I felt very fancy!

Bernard Schwartz, co-founder of APICCI, the hospitality company behind the Library of Distilled Spirits, said that while his arrangement with the Hyatt requires him to stay open during slow periods, the partnership with WorkEatPlay helps keep the



Matt Glick, CEO of Sage Kitchen, grabbed a spot recently at Pourt, a cafe and a pay-by-the-hour co-working space in Manhattan.

place buzzing. During my visit, WorkEatPlay customers occupied about a third of the 30 available seats. And more than 90% percent of the WorkEatPlay guests order from the menu. "These are not folks who are brown-bagging it," he notes.

It's not easy, of course, to convince folks to pay for something that's typically free. Some say the very idea is a turnoff. "It's like charging to use the bathroom," says Genisis Starbourne, a leadership coach who was working on her laptop at a downtown Brooklyn Starbucks.

But to my surprise, most

customers said they'd welcome the idea. Charging for space makes the transaction between cafe owner and patron more honest, says Michael Demos, a freelance writer who was working from a Brooklyn Heights Starbucks. "This arrangement isn't about drinking coffee, it's about real estate."

Glass Hour in Williamsburg—the venue claiming to be New York's first pay-to-stay cafe—opened in August, 2016 and closed last spring. Co-founder Max Grigoryev says that while the place won some loyal customers, crowds never materialized.

Pourt cafe, which opened this spring on Manhattan's Cooper Square, offers workstations feature charging outlets and swiveling ergonomic armchairs.

The \$10-an-hour rate is steep compared with the \$40 that standard co-working spaces typically charge for a day pass.

Pourt founder Mike Kruszewski recently tweaked his proposition so guests can apply the entire fee toward food and drinks at the cafe.

Visiting last week, I was delighted when the barista waived the fee. I bought a coffee, found a private work-

station and looked around. The place was well-lit and pleasantly chilled; my chair comfy, the wireless speedy. It seemed too good to be true.

That's when the drilling started. Turns out the tenant next door just started a major renovation. Mr. Kruszewski waived the desk fee while construction continues. This could last a month or more.

For better worse, the situation gives him an opportunity to test yet another business model. "I'm seeing it as a little case study," he says. "Always look on the bright side."

—anne.kadet@wsj.com

## 'Pretty Woman' Is Getting Ready for Broadway

BY CHARLES PASSY

Broadway is looking to bank on the film world once again.

"Pretty Woman: The Musical" is coming to Broadway in the fall of 2018, producer Paula Wagner announced. Based on the 1990 romantic comedy that propelled Julia Roberts to fame, the show will open in Chicago in the spring of next year before moving to

New York.

A Broadway theater and opening date will be announced later.

The musical has plenty of big-name talent connected to it. Garry Marshall, who directed the "Pretty Woman" film, helped write the book before he died in 2016. Bryan Adams, the Grammy Award-winning artist, contributed the music and lyrics along with his songwriting

partner Jim Vallance.

And Jerry Mitchell, a Tony Award-winning Broadway veteran, will direct and choreograph the show.

"From the first time I saw this magical movie, I felt it cried out to be a musical," said Mr. Mitchell.

Samantha Barks, a stage and film actress, will play the lead female role of Vivian, a prostitute who finds a wealthy suitor,

in the Broadway production.

A spokesman for the show declined to reveal the production budget. Most large-scale Broadway musicals cost at least \$10 million to stage.

"Pretty Woman: The Musical" is the latest in a series of film-to-stage adaptations that are being readied for Broadway. This season alone will see musicals based on the movies "Mean Girls" and "Frozen."



The movie 'Pretty Woman' helped launch Julia Roberts to stardom.

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## Knicks Gear Up for Basketball Season



TAKING CENTER COURT: New York Knicks guard Tim Hardaway Jr., center, and his NBA basketball teammates practiced in Greenburgh, N.Y., on Tuesday. The 2017-18 seasons kicks off on Oct. 17.

## GREATER NEW YORK WATCH

### MANHATTAN

#### Bandit Hits 4 Banks, Gets \$3,000: Police

A female bandit blitzed four Manhattan banks Tuesday morning in 40 minutes, ultimately making off with \$3,000, according to the New York Police Department.

The woman began her spree at 11:17 a.m. at a Bank of America on Eighth Avenue and 16th Street, police said. She passed a note to a teller, but no cash was removed. The same woman then hit a Capital One bank, about 200 feet away, three minutes later, but again came away empty-handed, police said.

The woman made her way six blocks north to an Apple Bank on 23rd Street just off Eighth Avenue. There, she passed a note, but got no money, authorities said. Her final stop was a Chase Bank on 23rd Street and Sixth Avenue. After passing a note to a bank employee, the robber made off with \$3,000, police said.

No one was injured during the spree, and no firearm was displayed, police said.

—Melanie Gracey West

### NEW YORK

#### Vacation Forfeiture Sought for Officer

The independent police oversight agency prosecuting an officer accused of using excessive force against retired tennis star James Blake recommended the officer lose 10 vacation days in closing arguments of a disciplinary trial at police headquarters Tuesday.

The Civilian Complaint Review Board recommendation appointed Mr. Blake and advocates who said the agency should have recommended the most severe punishment the officer could receive: termination.

"He doesn't have the temperament," Mr. Blake said. "He doesn't have the ability to de-escalate a situation."

Stephen Worth, lawyer for Officer James Frascatore, said in his closing arguments Tuesday that his client was merely following the direction of his lead detective in a credit-card fraud investigation and deserved to be cleared of any wrongdoing.

—Zolan Kanno-Youngs

### NEW YORK

#### Taxi Mogul Faces \$12 Million Lawsuit

New York City taxi mogul Eugene Friedman is being sued for \$12 million that he borrowed from dozens of his taxi companies that are now in bankruptcy.

The trustee who filed the federal lawsuit accused Mr. Friedman of using "his position of ownership, domination and control of the [taxi companies] to strip and divert assets...for his personal benefit," according to the complaint filed in U.S. Bankruptcy Court in Brooklyn.

The legal action was brought by a chapter 7 trustee Greg Messer, who took over more than three dozen of Mr. Friedman's taxis last year amid a dispute over a \$34 million bank loan. The suit, if successful, would recover money to pay the loan and other debts owed by the taxi companies.

Reached by phone, Mr. Friedman declined to comment on the lawsuit or say how many taxis remain under his control.

—Katy Stech Ferek

# LIFE & ARTS

**SMART LEADERS** have a knack for spotting hidden potential in their employees and suggesting jobs to draw it out.

Pushing people into jobs they don't feel qualified for can be a hard sell. It can be just as difficult, however, for employees to sit back and allow the invisible hand of management to chart their careers.

DowDuPont Inc. Chief Financial Officer Howard Ungerleider wants to advance employees who collaborate with colleagues in different departments and look beyond their own jobs toward improving the company's overall results. Several years ago Beth Nicholas stood out when he visited the chemical giant's Shanghai operations, where she was an accounting director, he says. He watched her give presentations and talked shop with her over dinner.

In 2014, Mr. Ungerleider advocated for Ms. Nicholas's promotion to global finance director for Dow's agricultural-products unit, where she would report to him. The unit posted record earnings last year. He recently offered Ms. Nicholas another stretch assignment, to become the company's chief tax officer, effective in January. The job will require especially strong collaboration skills as the company, formed by the merger last month of Dow Chemical Co. and DuPont Co., proceeds with a plan to break up into three companies.

Ms. Nicholas lacks credentials common among corporate tax

Spotted untapped potential is especially important in advancing women.

chiefs—a master's or law degree in taxation. Mr. Ungerleider says DowDuPont has other executives with deep expertise in tax law. What he sees in Ms. Nicholas is the ability to collaborate with them on a company-wide goal of improving global tax strategy.

When Mr. Ungerleider offered her the promotion, Ms. Nicholas says, "it was one of those moments where you pause and the tummy turns a little bit." After taking about a week to think it over, she said yes. "You should feel uncomfortable when you take a new job," she says, "because the opportunity to grow is so vast."

Spotting untapped potential is especially important in advancing women, who tend not to apply for jobs they aren't already highly qualified to do. Executive coach Joel Garfinkle of Oakland, Calif., also sees this tendency in "the introvert who may be intimidated by the extroverts around him or her, the talented but shy person who is afraid of self-promotion, or the person of a different race or culture who has been taught not to put himself forward."

Bosses also need to reassure employees: "I care about you, I'll support you with mentoring and coaching, and there's an exciting



path forward if you take the stretch assignments and succeed," says Suzanne Bates, a Wellesley, Mass., leadership and executive coach whose firm, Bates Communications, has worked with executives at Dow.

"You've got to be kidding me!" was Jennifer Roseman's response when her boss Dan Frank, chief executive of Three Wire Systems, a Falls Church, Va., government contractor, suggested three years ago that she take over financial management of the unit where she was supervising client-service staff. Ms. Roseman trained as a social worker and had no interest in adding profit-and-loss accounting to her role at the unit, VetAdvisor, she says. She reluctantly agreed.

Mr. Frank, a former Navy pilot, says he trusted Ms. Roseman to learn the job and excel at it. "What I saw in her was somebody who loved the mission" of providing housing, health, career and other support to veterans, he says. After a few months of managing VetAdvisor's revenue and expenses from her Ebensburg, Pa., office, she realized meeting targets gives her a sense of teamwork and pride. She has since been promoted to executive vice president.



Howard Ungerleider, the chief financial officer of DowDuPont Inc., was impressed by how Beth Nicholas, an accounting director, collaborated with other colleagues. He advocated for her promotion to a more senior position.

Looking back, Ms. Roseman says, "Dan had a knack for understanding what I could do—for seeing things in me that I didn't necessarily see."

People who want to work for a leader who nurtures talent should look for executives who spend time with employees and take an interest in them, asking questions and welcoming honest answers, says Jessica Bigazzi Foster, a se-



nior partner at the management-psychology consulting firm RHR International in Chicago.

Motivating many, Ms. Foster says, is a desire to pay it forward. When these leaders tell stories about their own careers, "a consistent theme is that somebody took a chance on them and helped them make a significant leap—without checking all the boxes."

Catherine Zelenkofske was

thriving as a program manager at WegoWise Inc., a Boston maker of software for building owners, when tech entrepreneur Laila Partridge became the company's chief executive last year.

Ms. Partridge noticed how smoothly Ms. Zelenkofske worked with others. During her performance review, the CEO asked, "So, what do you like doing?" Ms. Zelenkofske talked about mentoring employees and building customer relationships.

Ms. Zelenkofske was surprised when Ms. Partridge offered her a job she'd never considered, as head of "people ops" or human resources. Ms. Partridge explained that she'd still be doing what she enjoyed, but with all 50 of the company's employees rather than a smaller team. She promised to provide mentors, training and guidance. Ms. Zelenkofske took the job.

In her first nine months, she set up two programs for employees, one to improve the performance-review process and another to help them with career planning.

"She was a good performer on her previous job," Ms. Partridge says, "but on this one she's a rock star."

## MUSIC REVIEW

# SHANIA TWAIN TELLS HER STORY HER WAY

BY BARRY MAZOR

*Nashville, Tenn.*  
**SHANIA TWAIN'S** "NOW," set for release Friday, is her first new album in nearly 15 years. She has remained, right through that prolonged hiatus, the highest-selling female country artist of all time, with over 100 million albums sold world-wide. But the context has changed dramatically in her life, and in music, since the 2002 release of her album "Up!"

Ms. Twain has struggled with dysphonia, a vocal-cord disorder that makes speech, let alone singing, difficult; and has seen the end of her marriage to rock producer Mutt Lange. He had played a large role in shaping the albums of that 1995-2002 run when her music was ubiquitous, including such cheeky, hook-heavy hits as "Man! I Feel Like a Woman!" "You're Still the One" and "That Don't Impress Me Much." Many will recall those singles as steamy, rule-breaking country videos, a testament, in part, to cable-TV video supremacy in that era. But if fans are checking out Ms. Twain's eye-catching, some-



Shania Twain, right, performing in New York in August. Her new album, 'NOW,' is out Friday.

times comic new video "Life's About to Get Good," it's likely they are doing so online—via outlets that don't necessarily provide equivalent impact.

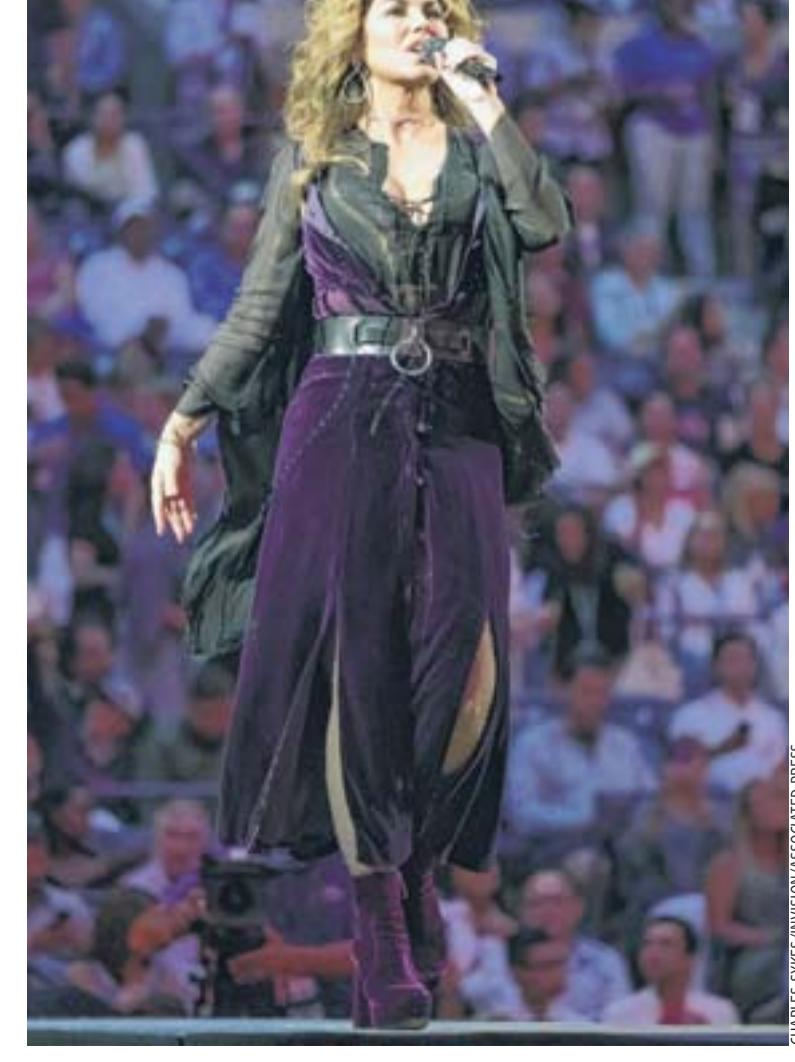
Both her fans—many of them excited as young women by her celebrations of womanhood and her brash rebukes to overbearing men—and those who were skeptical about the synthesizer-laden dance-music sounds the Twain-Lange team brought into country

will be wondering, "Now—what?"

This return album reaches listeners as Ms. Twain reports having come to terms with the vocal disorder, in part by singing in a somewhat lower register—audible, but not dramatically different. And as for the sounds of this album, and the points she makes in the songs, there's no doubt that they're exactly what she wants them to be. If it was commonly suggested during her hit run that the sounds and video images were manipulative concoctions developed by Mr.

Lange, and Ms. Twain was merely his puppet, that charge is certainly well-debunked now.

As the songwriter and shot-caller here, she is singularly responsible for the album's sounds and pointed commentary on her own experiences. That "Life's About to Get Good" video features her trashing a photo of Mr. Lange, who'd left her for her best friend—a subject taken on acerbically there and in "Poor Me," but clearly painful in the haunted ballad "Where Do You Think You're Going," included on the four-track-longer "Deluxe" version of the album. Please see SHANIA page A13



## LIFE &amp; ARTS



MY RIDE | By A.J. Baime

## A DeSoto Fireflite With The Spirit of '55

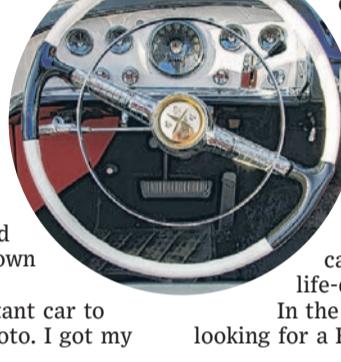
*Scott McQueen, 71, a retired owner of radio stations from Boca Raton, Fla., on his 1955 DeSoto Fireflite, as told to A.J. Baime.*

You could call me the king of nostalgia. I spent much of my career running oldies radio stations, celebrating the music of my youth. And later in life, I put together a collection of cars that reflect my early years of driving.

When I was in college at Dartmouth, I sold everything I owned to buy a 1965 Corvette. Now I own one of those, in the same color: Nassau blue. In my senior year of

college, I bought a 1965 Pontiac Catalina. Now I own one of those. When I first saw some success in radio, I got a 1976 Designer Series Bill Blass Lincoln Continental Mark IV. It was pretty over the top, but that's what I wanted at the time. Now I own one of those.

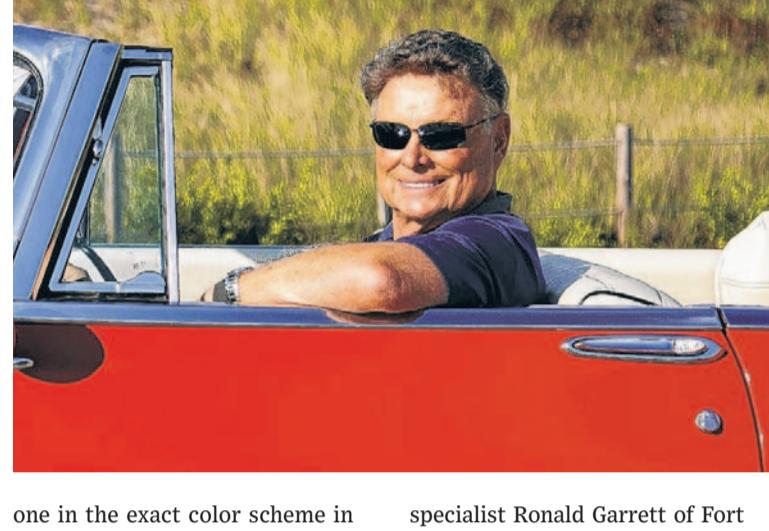
The most important car to me is the 1955 DeSoto. I got my



driver's license in 1963, and the first car I drove was a friend's 1955 DeSoto Fireflite, in red and white, on the streets of Cape Cod, where my family has been summering since I was 10. It was the perfect beach car, and those were life-defining memories. In the late 1980s, I went looking for a Fireflite, and found



**Scott McQueen, 71, a retired owner of radio stations, in his 1955 DeSoto Fireflite, on the same roads of Cape Cod, Mass., where in 1963 he first drove a car—also a red and white 1955 DeSoto Fireflite.**



specialist Ronald Garrett of Fort Wayne, Ind.—to restore my DeSoto and its original 291 V-8. He agreed to take on the job, however long it would take. It took three years, and I got the car back this July.

Now it drives like a brand new 1955 DeSoto. Motoring around this summer, all of my passions came together: the streets and beaches of Cape Cod, the first car I ever drove, and of course, oldies on the radio.

Contact A.J. Baime at [Facebook.com/ajbaime](http://Facebook.com/ajbaime).

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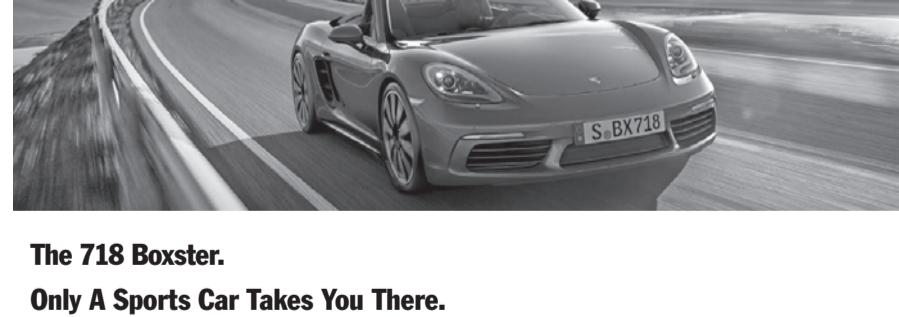
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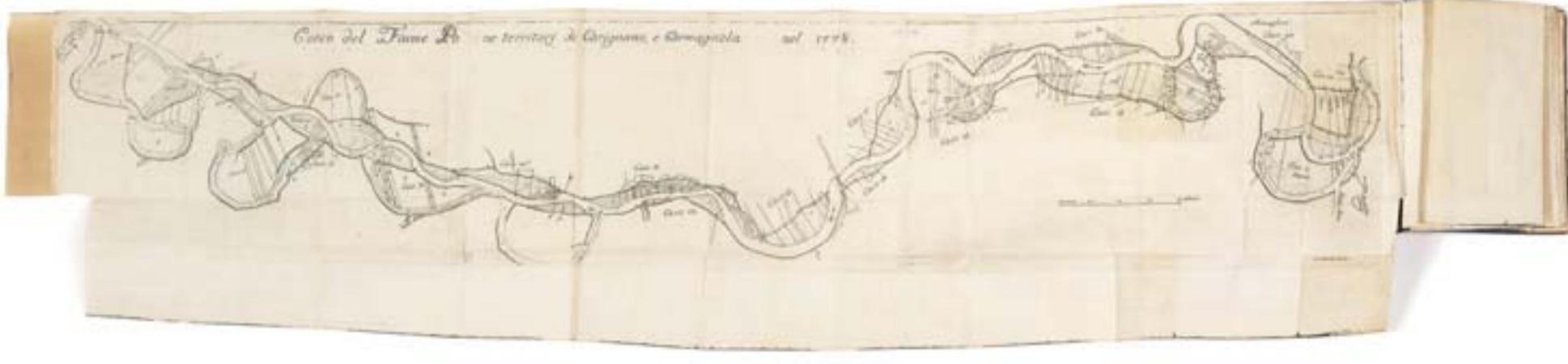
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## LIFE & ARTS



Clockwise from above: 18th-century Italian image of the river Po; Robert Sikoryak's illustrated iTunes terms and conditions; illustrated tax code from 1944 France; the 1580 'Bambergensis'

### EXHIBITION REVIEW

# Illustrating the Letter of the Law

BY EDWARD ROTHSTEIN

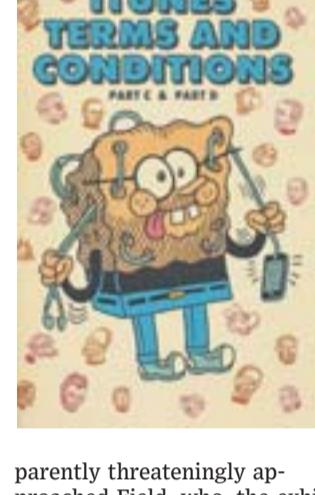
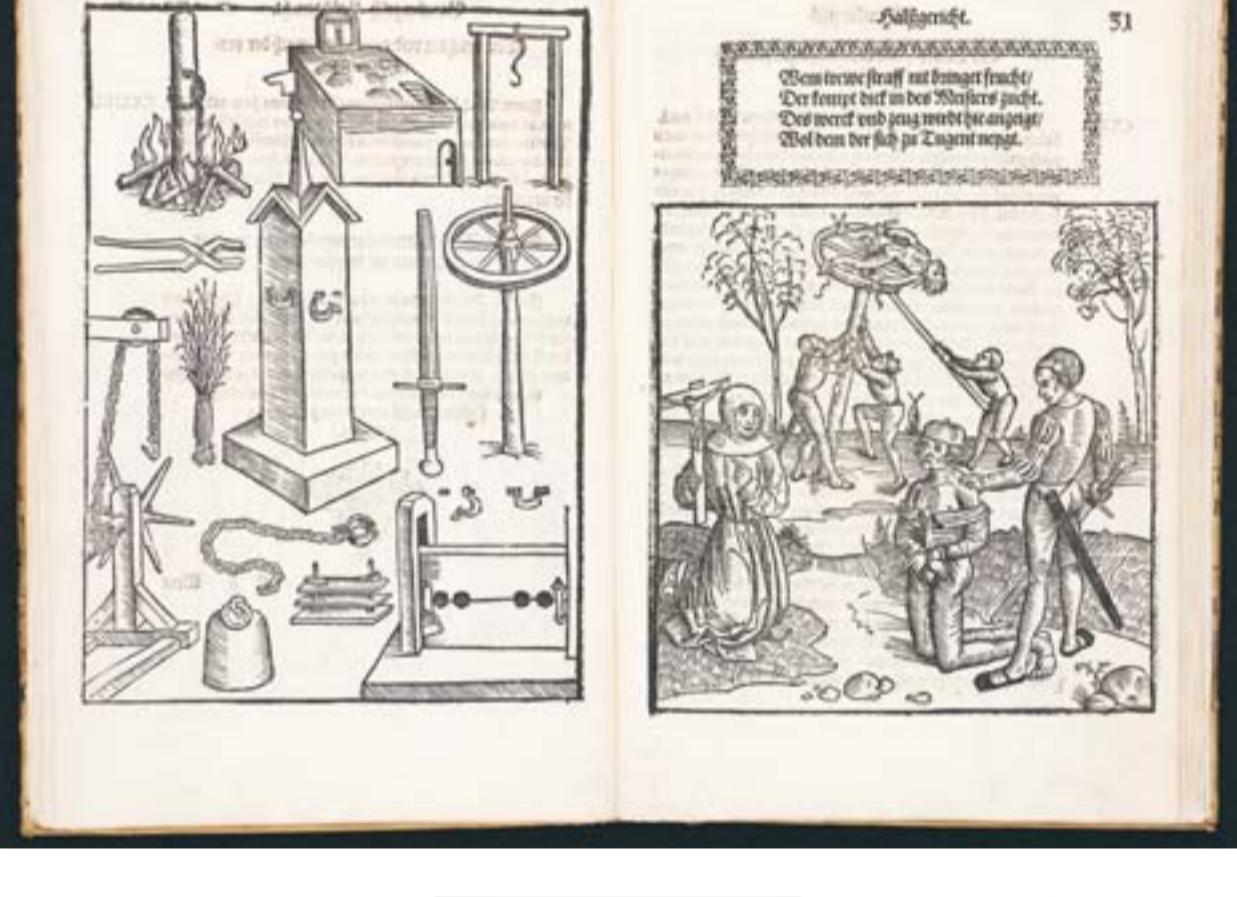
New York

#### PICTURE BOOKS ABOUT

the law are as superfluous as songs about economics. In legal codices and textbooks, illustrations can even seem frivolous. Before visiting the Grolier Club's exhibition "Law's Picture Books: The Yale Law Library Collection," you might also believe this is as it should be: Justice typically devalues the visual. Not for nothing is Lady Justice blindfolded—as we see in many texts displayed at this unusual exhibition. The law library's rare book librarian, Michael Widener, has been collecting illustrated law books for the institution, and now he and his co-curator, the legal scholar Mark S. Weiner, have offered an eye-opening survey of that specialty.

The idea goes so strongly against the grain that it takes a while to see how distorted the grain has become. Yes, of course Justice is blind. And this is a virtue, since issues of appearance should be less important in rendering justice than matters of essence. Ideally, all surface phenomena—personality, taste (and given contemporary preoccupations, race and gender)—should be treated as distractions. What is important is the rational application of legal principles. This may even be one of the subliminal reasons many courtrooms don't allow image-making beyond the abilities of a sketch artist. Pictures, after all, portray surface, and thus may lie.

The illustrations here, though, are illuminating, suggestive, even essential. They range from a 14th-century Italian diagram of kinship relations to a contemporary rendition of iTune's epic "terms and conditions" set into the mouths of comic-strip characters who vaguely resemble Steve Jobs. These are not marginalia: They comment on the legal text, clarify it or undercut it. Such images have been created for legal professionals and for children, for lay readers and for courtroom display. As frontispieces, they proclaim the ideal of justice—in one 1609 Venetian example Lady Justice also be-



parently threateningly approached Field, who, the exhibition tells us, shot and killed him. (Terry had earlier, in 1859, killed a U.S. senator in a duel; Field typically carried two pistols.) Illustration might also suggest a crime's sole remnants, as in the 1850 portrayal of a fractured skeleton. A Harvard Medical College professor had brutally murdered a Boston businessman and hidden his remains in a privy.

In the helpful catalog, Mr. Weiner notes that some contemporary scholars, using material in Yale's collection, are beginning to study imagery's function in the evolution of legal systems. One suggestion is that the contemporary decline in illustration reflects not greater clarity but a greater "degree of blindness" to human and cultural implications of the law. And who has not read the text of one law or another and not wished that its author had learned to diagram sentences if not the law's consequences? On the other hand, the exhibition includes a satirically illustrated tax code from 1944 occupied France; what Laocoön-like images might arise if something similar were attempted with the current U.S. tax code? We might be grateful we are spared such a rendition and left solely with that ever-expanding text.



comes a representation of Venice, which considered itself an incarnation of her spirit. There are also images of crime rendered with suggestive clarity: A 16th-century Flemish volume by Joost de Damhoudere—"among the most richly illustrated books in the history of legal literature"—shows one image of citizens scurrying in the street as offal is poured from a chamber pot above their heads and another of men surreptitiously moving boundary markers.

Illustrations can also be invaluable. A 1580 Italian volume of "an influential treatise on alluvium and riparian rights by Battista Aimo" was apparently responsible for inspiring Mr. Widener to begin this Yale collection. We see images of water and altered land formations: As the water flows it deposits alluvium. What happens, then, to property rights? A late 18th-century Italian image measures five feet long when unfolded. It shows the river Po, "notorious for its floods—and for the legal problems those floods create." The river is dotted with references to legal cases. The Netherlands, as

comes of Bamberg, which became "the model for the criminal code of the Holy Roman Empire." The page to which it is open demonstrates tools and torture used in the punishment of capital crimes. It is unlikely the laws would have the same impact were these retractions not so picturesquely portrayed. A 1775 book, "On the Abolition of Torture"—we see its opening illustration—led to the abandonment of torture in Austria. Was this why, in 1801, Beethoven, as his musical style celebrated the powers of Enlightenment Reason, ended up dedicating his Opus 28 piano sonata to the book's author, Joseph von Sonnenfels?

Along the way, too, we are teased by notorious cases in which illustrations depicted evidence. One image shows the knife wielded by a California Supreme Court justice, David S. Terry, during a fracas in federal court in which he was a witness supporting the claims of a San Francisco socialite; he was jailed for contempt by U.S. Supreme Court Justice Stephen J. Field. After Terry's release, he ap-

peared threateningly approached Field, who, the exhibition tells us, shot and killed him. (Terry had earlier, in 1859, killed a U.S. senator in a duel; Field typically carried two pistols.) Illustration might also suggest a crime's sole remnants, as in the 1850 portrayal of a fractured skeleton. A Harvard Medical College professor had brutally murdered a Boston businessman and hidden his remains in a privy.

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**Law's Picture Books: The Yale Law Library Collection**  
The Grolier Club, through Nov. 18

*Mr. Rothstein is the Journal's Critic at Large.*

FROM TOP: RARE BOOK COLLECTION, YALE LAW LIBRARY (2); ROBERT SIKORYAK; © ARTISTS RIGHTS SOCIETY (ARS), NEW YORK/ADAGP, PARIS

## SHANIA

*Continued from page A11*  
covered and happily remarried, she is presented that way in "I'm Alright." Ms. Twain was writing songs reflective of her own experiences before stardom, to a degree in those hits records, too, but never more so than on "NOW."

Some of the new songs are as acoustic as fans of "stripped down" country could want; "Soldier," directed at a departing serviceman, is a moving, melodic example. ("Don't close the door when you leave. It's cold out; I want to see the air when you breathe.") The once-controversial Twain dance-music style is still in the mix, in such thumpers as "You Can't Buy Love" and "Roll Me on the River," with instrumentation, percussion and vocals cleaner and clearer than in the Lange-produced sessions because the digital-music tools—so familiar today that they should shock no one—have improved. The bulk of the album splits the difference between thump and acoustic, with roots-friendly pop often influenced by Celt folk-rock.

The autobiographical stories can be both witty and catchy. In "Let's Kiss and Make Up," another deluxe track, she suggests, to an infectious melody, "Let's be open;



"we're not broken—not yet!" In "Poor Me," mocking self-pity with a country-style joke, she sings, "Still can't believe he'd leave me to love her; so pour me—another."

The degree of directness on display at times comes as something of a surprise. Temperamentally re-

served, more inclined to reveal her midriff than her feelings, Ms. Twain had often used jokes, heavy beats or visual distractions to avoid direct emotional engagement with the situations she raises. But if maturity has brought added directness, often claimed as the

country-music ideal, floating above the emotions also has some precedent. "Shania Twain: Rock This Country," an exhibit running at the Country Music Hall of Fame and Museum through July 15, 2018, traces her career from obscurity and poverty in Northern Ontario to

**'Shania Twain: Rock This Country' at the Country Music Hall of Fame and Museum through July 15, 2018.**

world stages, focusing especially on the attention-riveting outfits seen in her hit videos and live performances: the black-tie and top-hat suit from "Man! I Feel Like a Woman!" The leopard-print hoodie from "Come On Over." The black-lace and leather motorcycle outfit from "I'm Gonna Getcha Good!" On the same floor is "Loretta Lynn: Blue Kentucky Girl," revealing an unstated parallel: Ms. Lynn's celebrated feistiness toward mistreatment, even anger, has always been encased behind a wry smile, her own sort of emotional floating. At this point, Ms. Twain's similar approach to feisty material might even be seen as traditional.

The new "NOW" album may still not prove enticing for those who find any evidence of production at all "too much," or for the thin-skinned put off by barbed comments about the male of the species, but for everyone else there is much to enjoy and admire here. Ms. Twain's nicely varying sound choices and the considered experience behind the sentiments could prove revealing to a new 21st-century audience.

*Mr. Mazor, based in Nashville, reviews country and roots music for the Journal.*

# SPORTS

## FOOTBALL

# The NFL's Scramble to Hit Back at Trump

Over a hectic 24 hours, the league struggled to control the crisis, resulting in mixed messages at times from players and teams

BY MATTHEW FUTTERMAN  
AND ANDREW BEATON

**ROGER GOODELL** is an early riser who is often up by 5:30 a.m. Traveling away from home on Saturday, the NFL commissioner woke to an unexpected crisis: The multi-billion-dollar sports empire he manages was under attack by the president of the United States.

In a speech Friday night, followed by a series of tweets Saturday morning, President Donald Trump castigated NFL players for kneeling during the national anthem. He said owners should fire any player who protests. He said games were boring and ratings were down, and called on fans to boycott the league because they love their country.

Goodell and many of the league's fractious 32 owners soon decided Trump's statements were less a defense of the flag than an unprecedented assault on their business. The commissioner and other league executives entered a 24-hour scramble—by text, telephone and email—to take control of the narrative and deliver an effective response.

By many measures, they didn't quite succeed. This account of the weekend's maneuvering—based on interviews with numerous people affiliated with NFL teams, the players union and the league itself who were directly involved—shows the various parties had spent the weekend in a feverish debate over how to respond to Trump.

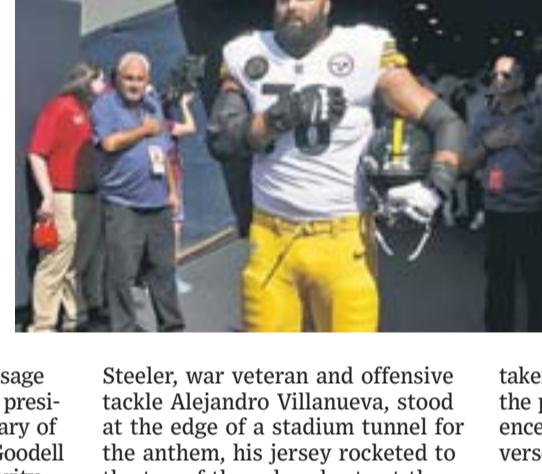
Many players and their union—emboldened and angry—wanted to make a strident political statement.

Some owners and the league favored a broader message about unity in the face of the president's criticism, with some wary of clashing with the president. Goodell stood in the middle, his authority limited by battles with both players and owners over controversial disciplinary decisions.

As kickoff approached for the first NFL game, Goodell and other league officials didn't have a clear idea of what was likely to happen when the players took the field—if they took the field at all.

In the end, the move that set the tone was made by a Pakistani immigrant, in a soccer stadium in London more than 3,000 miles from the NFL's Midtown Manhattan headquarters.

It is still not clear if the widespread protests from Sunday will have the intended result. Late on Monday, Trump tweeted about "tremendous backlash" from fans, and there are signs of gathering blowback. After a lone Pittsburgh



Above, Jaguars owner Shahid Khan, center, links arms with players during the national anthem prior to Sunday's game. Left, Steelers offensive tackle Alejandro Villanueva stands outside the tunnel for the anthem.

Steeler, war veteran and offensive tackle Alejandro Villanueva, stood at the edge of a stadium tunnel for the anthem, his jersey rocketed to the top of the sales charts at the official NFL store. Several players expressed misgivings about the protests, with Steelers' star quarterback Ben Roethlisberger saying he wished the team had "approached it differently" to be clear they had respect for the anthem.

The league, however, said the players acted within their rights and that it is the president who is "out of touch," as NFL spokesman Joe Lockhart said on Monday. He stressed that the league is "united" even as the demonstrations varied from team to team and player to player. While dozens of players took a knee, many teams locked arms while still standing for the anthem.

Then in prime time on Monday night, the Dallas Cowboys and owner Jerry Jones knelt together but then stood for the anthem. In a

new tweet Tuesday morning, Trump called the move "big progress."

The demonstrations show a league that is still searching for a balance between supporting its players—and a fan base in which a sizable number take umbrage at behavior they find unpatriotic.

The stakes are enormous. After years of unrivaled supremacy atop the sports ecosystem in the U.S., the NFL's stature has taken several direct blows during the past year. Last season, audiences shrunk for its games. To reverse those trends and maintain its pre-eminent position in American sports, the NFL needed to get its response to Trump right.

The NFL Players Association moved first. NFLPA executive George Atallah checked his phone before bed on Friday night and saw messages on social media about Trump's speech in Alabama. Atallah, NFLPA executive director, DeMaurice Smith, director of player affairs Don Davis and President Eric Winston worked remotely until 2 a.m. on a statement in which they said the union refused to apologize for its players' decision to express their beliefs. That statement went out at 6:30 a.m. Trump followed minutes later with his first tweet.

Meanwhile, Goodell, Lockhart, the league's general counsel Jeff Pash, and its chief operating officer Tod Leiweke, and Troy Vincent, the for-

mer player and director of football operations for the league, together tried to unpack what had transpired.

The NFL has chosen not to discipline players for kneeling, but the man who started the movement, Colin Kaepernick, has paid a heavy price. A free agent, Kaepernick has failed to find a job. Still, within the league office, the belief was that the controversy appeared to be dying down before Trump launched his attack Friday.

Among the first calls Saturday morning was to New England Patriots owner Robert Kraft, a Trump donor and friend, who agreed that this attack was far different than the president's previous comments about the league.

Lockhart, a veteran of President Bill Clinton's battles following his infamous affair with Monica Lewinsky, pushed for the league to stress the game's ability to bring together tens of millions of Americans from every background and race. By midday, Goodell had released a statement that Trump had shown "an unfortunate lack of respect for the NFL, our great game and all of our players, and a failure to understand the overwhelming force for good our clubs and players represent in our communities."

Meanwhile the union leadership was in close contact with team player representatives, such as the Seahawks' Richard Sherman and the Eagles' Malcolm Jenkins, who were advocating that players should lock arms in solidarity, as several teams had done last year.

The league, meanwhile, stayed in close contact with most of its owners but opted not to provide guidance beyond saying the team should express unity. At the team level, that meant owners and players needed to decide for themselves how to proceed.

But the day's first kickoff was approaching in London, where the Jacksonville Jaguars were playing the Baltimore Ravens. Due to the time difference, the game was scheduled to kick at 9:30 a.m. ET, and both the NFL and Jaguars owner Shahid Khan knew their approach could set a precedent for the games to follow.

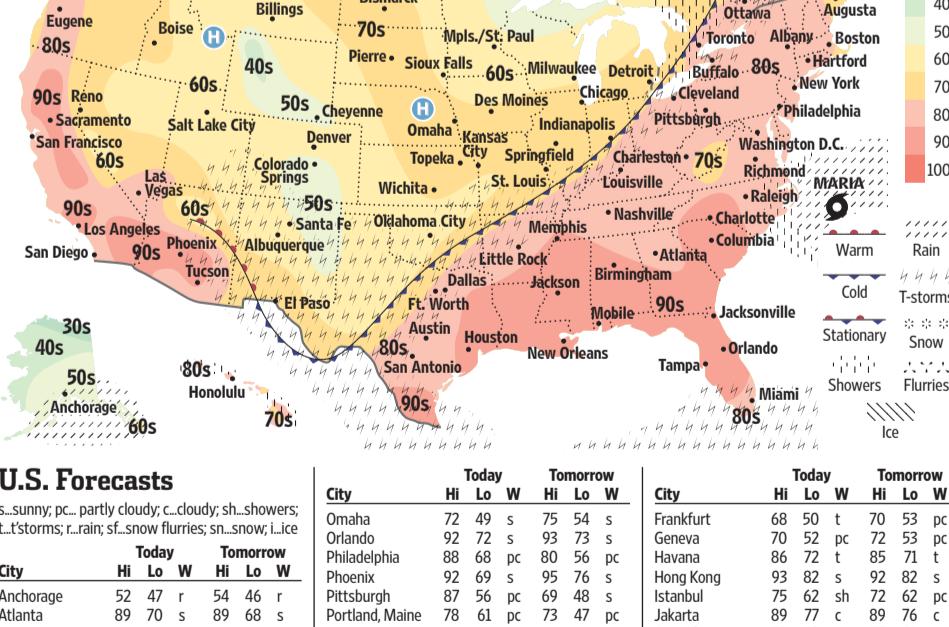
A Pakistani immigrant who made billions by founding a successful auto-manufacturing company, Khan donated to Trump but is also known to be close to his players. When he arrived at Wembley Stadium, Khan went to head coach Doug Marrone's office to talk with Marrone, general manager David Caldwell and football operations chief Tom Coughlin.

Khan told team captains if the players wanted to make a statement, he hoped it was something that all 53 of the players could embrace. Also, if they would allow it, he wanted to stand with them.

Minutes before kickoff, Khan sent word to the NFL that he was going to lock arms with his team. Back in New York, where Goodell was now ensconced with this lieutenants, no one objected.

◆ DirecTV allows some NFL refunds after anthem controversy ..... B1

## 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 Hi Lo W Hi Lo W

Anchorage 52 47 r 54 46 r

Atlanta 89 70 s 89 68 s

Austin 88 70 t 87 69 t

Baltimore 87 67 pc 78 53 s

Boise 73 48 s 69 50 s

Boston 82 64 pc 74 52 pc

Burlington 86 56 s 65 45 c

Charlotte 91 68 pc 89 62 pc

Chicago 73 51 s 73 55 s

Cleveland 85 58 pc 69 52 s

Dallas 89 69 t 81 66 c

Denver 60 45 c 59 43 r

Houston 78 51 pc 69 52 s

Honolulu 89 76 pc 89 75 pc

Portland 91 74 pc 90 73 pc

Indianapolis 79 54 pc 74 53 s

Kansas City 70 50 pc 74 52 s

Las Vegas 87 66 s 87 66 s

Little Rock 87 66 pc 80 62 pc

Los Angeles 90 63 s 90 63 s

Miami 88 76 sh 87 75 c

Milwaukee 69 50 s 72 54 s

Minneapolis 65 50 s 72 48 pc

Nashville 89 65 s 79 56 s

New Orleans 90 74 s 92 84 s

New York City 84 68 pc 78 56 pc

Oklahoma City 65 56 t 68 56 c

## International

Today Tomorrow

City Hi Lo W Hi Lo W

Amsterdam 67 55 pc 66 53 pc

Athens 79 67 t 74 63 s

Bahrain 105 73 s 100 74 s

Bangkok 91 78 t 92 78 t

Beijing 76 47 pc 74 48 s

Berlin 66 52 pc 66 50 pc

Brussels 69 56 pc 67 55 s

Buenos Aires 60 50 s 64 53 c

Dubai 101 82 s 102 84 s

Dublin 60 44 r 61 51 pc

Edinburgh 64 54 pc 61 49 pc

## AccuWeather.com

Today Tomorrow

City Hi Lo W Hi Lo W

Frankfurt 68 50 t 70 53 pc

Geneva 70 52 pc 72 53 pc

Havana 86 72 t 85 71 t

Hong Kong 93 82 s 92 82 s

Istanbul 75 62 sh 72 62 pc

Jakarta 89 77 c 89 76 c

Jerusalem 78 62 s 77 62 s

Johannesburg 77 51 pc 73 50 pc

London 69 55 pc 65 54 pc

Madrid 82 54 pc 84 55 s

Manila 89 80 t 90 79 t

Melbourne 74 51 pc 63 46 pc

Milan 75 55 pc 70 58 pc

Mumbai 90 80 t 89 79 t

Paris 70 57 pc 69 57 pc

Rio de Janeiro 86 70 s 87 69 s

Riyadh 103 71 s 103 70 s

Rome 74 56 s 76 56 pc

San Juan 90 79 pc 89 79 pc

Seoul 82 61 r 75 54 s

Shanghai 82 70 pc 77 67 pc

Singapore 88 79 c 87 78 pc

Sydney 75 63 pc 79 58 pc

Taipei 101 80 pc 96 80 t

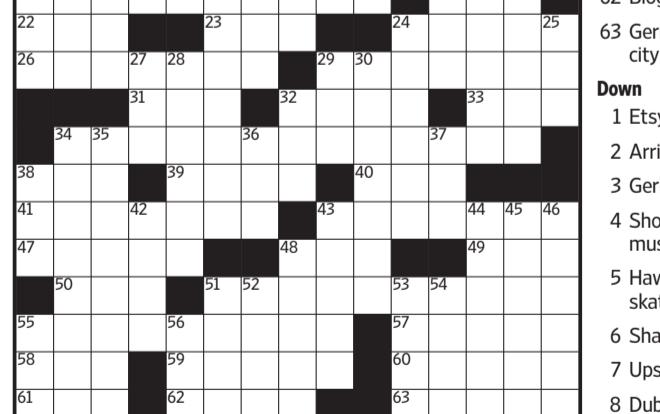
Tokyo 80 71 pc 77 64 r

Vancouver 81 51 pc 66 49 s

Warsaw 69 54 s 72 54 s

Zurich 69 50 pc 72 51 pc

## The WSJ Daily Crossword | Edited by Mike Shenk



### FIRE PROOF | By Damien Peterson

- Across**
- 1 Small tenant farm
  - 5 Ques.'s opposite
  - 6 Ride for a snow day
  - 10 Tight-lipped
  - 13 Rich kid in the "Nancy" comics
  - 14 "Superfudge" writer Judy
  - 15 Mamie's mate
  - 16 Mayflower Compact signer John
  - 17 \*One who's a stickler about maintaining a hairless body?
  - 19 \*Stationery the color of straw?
  - 21 Bother
  - 22 Harbor vessel
  - 23 Ques.'s opposite
  - 24 Some street performers
  - 26 Prism
  - 29 Felt with the fingers
  - 31 Man-mouse go-between
  - 32 Galvanizing metal
  - 33 Last letter on this side of the pond
  - 34 \*Prize money that must be declared?
  - 38 Brewery sight
  - 40 Fanciful story
  - 41 Loser's admission
  - 43 Donkeys attacked by bats, perhaps
  - 47 Jell-O shapers
  - 48 "My man!"
  - 49 Green of "Casino Royale"
  - 50 Ethan Allen buy
  - 51 \*Picture of a piece of silverware sent remotely?
  - 55 Is fired, and what each starred answer does
  - 57 Edgar or Hugo
  - 58 Ring legend

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

59 "Clumsy me!"

60 On edge

61 Nurse's skill, for short

62 Blog entry

63 German steel city

64 Dallasites and San Antonians

65 Opposed

## OPINION

# A Mogul Meets Can't-Do America



BUSINESS WORLD  
By Holman W. Jenkins, Jr.

The newest face on the milk carton for can-do America is Barry Diller's.

Two weeks ago came the legal squelching of the media mogul's offer of a splendid new public park on New York's Hudson River. His defeat was at the hands of a tiny minority representing no real interest or constituency or cause, but using the warehouses full of sandbags that the legal system grants anybody who feels like throwing sand in the gears.

Mr. Diller had won the backing of both Mayor Bill de Blasio and Gov. Andrew Cuomo, who the New York Times noted "barely can agree on the color of the sky." The necessary state and federal agencies had signed off. Chuck Schumer and the state's congressional delegation were onboard. New York's major editorial voices usually don't agree on much either but last week mourned in unison the project's demise.

"The system badly favors the naysayers and the blackmailers," said the New York Post.

Mr. Diller's opponents "can be counted on the fingers of one hand," said the Daily News. Their names should be "engraved on a plaque installed next to the current blight—a tombstone for what might have been."

Their allegations were perfunctory: The park would be an inconvenience to kayakers. Its 2.4-acre footprint—in the vast Hudson—would endanger the American eel and "obscure the view of the water."

## The Populist Wave Reaches Germany



POLITICS & IDEAS  
By William A. Galston

Germany's populism surging through the West. Sunday's elections showed this notion to be an idle hope, while underscoring what is mainly driving the populist swing: immigration. The outcome will reshape politics in Germany and throughout Europe.

The share of the popular vote won by Germany's ruling coalition dropped from two-thirds in 2013 to just over half, and the center-left Social Democrats have announced they will not participate in the next government. Now Chancellor Angela Merkel and her center-right Christian Democratic Union/Christian Social Union bloc face a difficult choice: either form an unprecedented coalition with the Greens and the business-oriented Free Democrats, or create a minority government dependent on the tacit support of other parties.

The unreliability of the latter option is obvious. The problem with the former is reconciling the would-be coalition's broadly divergent views. The Greens, whose support held even compared with 2013, are demanding a

Even the New York Times, while calling on New Yorkers to be ever-vigilant against "creeping privatization," whatever that means, lamented the lost opportunity.

Mr. Diller, who now runs IAC Corp., is the former head of Paramount Pictures and co-creator of the Fox network. He agreed to cover all expenses for the project under a 20-year lease with the nonprofit Hudson River Park Trust. He also promised a steady diet of free or affordable cultural events for the public.

His plan would have reclaimed the site of New York's rotting, now-shuttered Pier 54—on which the survivors of the Titanic were landed, and from which the Lusitania departed on her final voyage. His vision included a park sitting on offshore pilings, linked by two pedestrian bridges.

Mr. Diller wasn't proposing to raze a beloved landmark or level a neighborhood. No real grievance emerged that any sensible person could relate to. A local assemblywoman complained she wasn't consulted enough. The legal opponents consisted of two activists, Tom Fox and Rob Buchanan, marching under the banner of the barely existent City Club of New York, which hadn't filed a required state disclosure form since 2003.

Their allegations were perfunctory: The park would be an inconvenience to kayakers. Its 2.4-acre footprint—in the vast Hudson—would endanger the American eel and "obscure the view of the water."

briar, said that if the AfD achieved parliamentary status, "we will have real Nazis in the German Reichstag for the first time since the end of World War II." He may be right. Jens Maier, a member of the AfD's parliamentary list, condemned the creation of "mixed races," a classic Nazi term. Björn Höcke,

Some analysts of populism's recent rise emphasize economic factors, such as deindustrialization. Others focus on identity issues, such as immigration and national sovereignty. Research conducted in the wake of the Brexit vote and Donald Trump's election lends support to the identitarian thesis, and the German vote furthers strengthens it.

The German unemployment rate is low, and the German economy has recovered fully from the Great Recession. Although the former East Germany still lags the rest of the country, the gap has narrowed substantially.

There are no economic developments between the 2013 and 2017 elections that can account for last Sunday's political upheaval. If Chancellor Merkel had not surprised the German electorate by opening her country's gates to an unprecedented number of refugees without adequately handling the ensuing difficulties, the AfD probably would have remained a fringe party. Historians will judge whether it was worth it.

One thing is clear: If parties of the center-left and center-right cannot agree on politically sustainable responses to immigration, the issue will continue to fuel extremist politics throughout the West. And shifting sentiment within Mrs. Merkel's own party may force her to change course.

## I've Got a Problem: 'No Problem'

By Gregg Opelka

I have a little problem. Actually, it used to be a little problem but lately it's become a big problem. It may be your problem too. The problem is "No problem."

Forget about climate change. The real change we need to worry about is language change. And unlike meteorological doomsayers, I don't need an apocalyptic documentary to prove my claim.

No, esteemed language-change denier, I will neither bludgeon you with sanctimony nor shame you with guilt. I merely entreat you to walk into your local coffee shop. Once that preternaturally perky barista hands over your order and you've said your perfunctory "Thank you," stand back, because here it comes, the tri-syllabic phrase that's toppling a civilization: "No problem."

The phrase glides from the server's lips with the easiness of a Cary Grant pickup line.

You walk out the door bewildered, while the barista presses the next patron's order, blithely oblivious of the affront just committed.

"You're welcome" has been replaced. This is 2017 and it's now "No problem" as far as the ear can hear.

**'You're welcome' is much more civilized, thank you very much.**

What's my problem with "No problem"? Why do I pine so for "You're welcome"? Is it just sentimental nostalgia? Nothing of the kind. It's the informality!

The polar ice caps of language and etiquette have been melting for decades, and the inconvenient truth is we've been too busy to care. Before the internet, we opened our missives with a full heading and a salutation: "Dear Mr.

Their real incentive (we belatedly learned) was secret funding from a prominent local developer, Robert Durst, with an unrelated grudge against the leaders of the Hudson trust.

Even so, Mr. Diller's decision this month to walk away in the middle of settlement negotiations that he had reluctantly joined was a shock.

### Rebels without a cause defeat Barry Diller's magnificent gift to New York City.

Madelyn Wils, president of the Hudson trust, fretted about the effect on other potential donors. Even the opponents were muted in their joy. "We were close to a settlement," said their lawyer—i.e., close to extorting random concessions from Mr. Diller.

Again, this was not a case of eminent domain. No inconvenienced or displaced party was seeking fair compensation for an injury. This was an undiluted case of activists using the law to impose a tax on, and get control over, somebody else's project.

Mr. Diller could only see more of the same for a proposal whose cost had already ballooned from \$130 million to \$240 million. Tellingly, no conspicuous voice has been raised to accuse him of sour grapes or being a bad sport. He and his wife, the fashion designer

Diane von Furstenberg, with whom he also funded New York's admired High Line, have made clear that their checkbook remains open to appealing projects.

But as he explained in succinct fashion: "I couldn't in good faith agree to a settlement agreement as I felt we had done nothing wrong and that to give victory to these people was in itself wrong."

His is a necessary protest. A great deal of our national heritage (from the Carnegie libraries to the national park system) was funded by private charity. The same obstructionism stands in the way of much public infrastructure and private business investment (try building a new refinery or expanding an airport).

Peter Thiel spoke of this problem at the GOP convention. Larry Summers publicly lamented Boston's inability, in five years, to complete repairs to a bridge that was built in 11 months in 1912. One or two even noticed that President Trump's infamous Charlottesville press conference started out being an eloquent statement on the regulatory obstacles to infrastructure investment.

At least the outcome may be a useful shock to Democrats (which New York dwellers overwhelmingly are). Their party especially has become too comfortable with legal obstructionism by fake public interest groups that are mostly interested in perpetuating their own negative power to block things.

BOOKSHELF | By Amanda DeMarco

## Private Record, Public Reckoning

### One Day a Year

By Christa Wolf  
(Seagull, 166 pages, \$21)

In 1960, at the age of 31, the East German novelist Christa Wolf began keeping an unusual diary: It recorded the events of just one day every year, Sept. 27. She would continue making entries until her death in 2011. The first volume of the diary, covering 1960 to 2000, was translated into English by Lowell A. Bangerter in 2007. Now Katy Derbyshire has deftly translated "One Day a Year, 2001-2011," the second volume of Wolf's reflections.

Wolf was the German Democratic Republic's premier writer, and she remained an important public commentator on the aftermath of German reunification. The first volume of her diary was her eyewitness account of a traumatized society's growing pains, filtered through the subjectivity of a strong-willed person occupying a privileged role. Wolf was a literary success in the East and

West with her novels "Divided Heaven," "The Quest for Christa T." and "Cassandra." She was politically engaged, and her diary portrays someone actively shaping a new culture, taking its disappointments personally.

But in the 1990s, Wolf's reputation suffered a precipitous reversal. When, eight months after the fall of the Berlin Wall, she published a book about oppression under the Stasi, she was widely rebuked for withholding it until

it could have no effect on the regime—and therefore no consequences for the author. Another scandal came in 1993, when it was revealed that Wolf herself had been a Stasi informant from 1959 until 1962.

When the second volume of her diary opens just after 9/11, the dust has settled around the catastrophes, successes and scandals. Wolf had long maintained her faith in socialism through a mix of heartfelt belief and intellectual posturing; contributing to the socialist state was, for her, a project on a par with her writing, and inseparable from it. But by 2001, Wolf has withdrawn from the activity of her former life. The withdrawal is personal, tinged with resentment and defeat. She is still obsessed with politics, though now her engagement takes the form of predictable, rancorous commentary on the daily newspaper.

Even as she expounds on current events, Wolf remains rooted in the East Germany that formed her and that she helped form. In 2006, she writes: "Apparently, most people in the Western world cannot get it into their skulls that Mr Bush, who kicked off the Iraq War in complete awareness on the basis of lies, is an incomparably worse criminal than the men at the top of the GDR, with their small amount of power, could ever have been." Whatever we think of George W. Bush, most of us would scratch our heads at why such a comparison is meaningful or even possible. Yet it demonstrates just how strongly oriented toward the socialist past Wolf remained.

To her death Wolf was an East German at heart, mourning a communist project whose failure whispered lessons she didn't want to hear.

To the end, she saw things in terms of "us" and "them," and she doesn't hesitate to speak on behalf of "us"—a concept that could telescope from former citizens of the GDR to what we now call the 99%. Her oppositional thinking is understandable in a cloistered, struggling society but maladapted to a global, interconnected modernity. In her own eyes she remained an easterner, a child of war, and a mourner of a great civilizational project whose failure whispered things about the nature of humanity that she didn't want to hear.

Apart from the news, she writes of invitations to cultural events (usually rejected) and comments on the quality of her afternoon nap, her evening reading, her eating habits, her ailments and their corresponding interventions: "The Innohep injection I have to give myself until the Falithrom tablets have brought my blood coagulation value below 2—whatever that means." Not exactly inspiring stuff. Fortunately, Wolf remained an admirable stylist. Her clean, crisp prose makes this heap of details go down easier.

But there is one new territory that Wolf surveys in this second volume: her approaching death. It haunts every year's entry. She muses in 2003: "Another summer over. How many more will there be? That question is always present. We never say it out loud." By 2008, she is more direct: "The thought of death is omnipresent."

Wolf endeavors to reconcile herself to death but struggles because her entire worldview was teleological. She believed that her writing and political engagement would help to form a new society, one that would generate a new kind of humanity. Her diary reveals her disillusionment: Facing death, her project failed and maligned, she has lost faith in her own significance and purpose in the world. In 2008, she confesses that she has been reading the newspaper "every day . . . yet I could not relate [it] to myself. If I had to put that feeling into words, I'd probably say—none of it affects me any more. My time is up."

The final entry is a harrowing, brittle collection of terse observations. "This life between bed and chair now over 2 weeks," she writes. "In-between terrible pain, which is now doped slightly using stronger pain patches. Great doubts about how it is to go on." The entry breaks off mid-sentence. As literary critic Tilman Krause wrote in *Die Welt*, she provided a reckoning of herself "literally to the last breath."

"One Day a Year" is a diary like any other. Yet its rhythm makes it an unusual instrument for recording the passage of time. It demands the mundane detail of journaling, but the large intervals between each Sept. 27 throw that detail into heightened relief. The first volume is like watching a time-lapse video of East German society developing; in this second, the years race by like days as Wolf speeds toward death. This theme of mortality may not have been the subject she devoted her life to, but as a lifelong student of the human condition she was uniquely equipped to face it.

Ms. DeMarco is a translator living in Berlin.

liteness is an ice cap too far. The rapid disappearance of "You're welcome" goes beyond letter headings and corporate boardrooms.

There's an implicit, albeit unintentional, condescension in the "No problem" comeback. As if to say "You're interrupting my busy life, but I'll make a little time for you because I'm just that magnanimous." Not to mention, it's negative.

"You're welcome," on the other hand, is the picture of sunny benevolence. More than a mere affirmation ("You are well come!"), it's an invitation. Where "No problem" hustles you out the back door, "You're welcome" opens its big, wide, friendly arms and says: "Stay!"

Language change will continue with or without my permission. Still, if Justin Timberlake could do it with "sexy," maybe—just maybe—I can bring "You're welcome" back.

Mr. Opelka is a musical theater composer-lyricist.

## OPINION

### REVIEW & OUTLOOK

## Trump's Too-Big-to-Fail Punt

The Trump Administration has been promising to restore more legal certainty to arbitrary financial rules, but we're beginning to wonder. Financial regulators on Friday failed to decide whether to remove AIG's "systemically important" label. The political push underscores the imperative for Treasury to clarify the government's opaque review process and drop its appeal of MetLife's challenge to its too-big-to-fail status.

Dodd-Frank empowered the Financial Stability Oversight Council (FSOC), which is comprised of 10 regulatory heads, with deciding whether nonbanks are "systemically important financial institutions." The Sifi label imposes bank-style liquidity and capital requirements, among other compliance burdens, in return for an implicit taxpayer guarantee.

While the law outlined myriad criteria that FSOC could consider, Dodd-Frank left enormous discretion to regulators to write and enforce the rules. After a formal rule-making, FSOC in 2012 identified six factors it would use to assess a nonbank's vulnerability to financial distress and how its potential instability could affect the broader financial system.

Yet in its analysis of MetLife, an insurance company that isn't a bank, FSOC considered only the risks to the financial system. It failed to weigh MetLife's liquidity risk or leverage, both of which showed financial strength. The council provided no explanation for why it departed from its guidance, nor did FSOC calculate the costs of its designation.

Metlife sued, and last year federal Judge Rosemary Collyer issued a scathing rebuke of the council's "arbitrary and capricious" designation. In addition to rapping FSOC for not evaluating MetLife's vulnerability, Judge Collyer explained that the council "never projected what the losses would be, which financial institutions would have to actively manage their balance sheets, or how the market would destabilize" if MetLife failed.

FSOC "hardly adhered to any standard when it came to assessing MetLife's threat to U.S. fi-

nancial stability" and "purposefully" refused to consider the costs of its designation in flagrant violation of administrative law, she wrote. A cost-benefit analysis, she noted, might have shown that the designation could have made MetLife more vulnerable to stress.

The Obama Administration appealed the ruling and had the good fortune of landing the case before a D.C. Circuit Court of Appeals panel with two Obama appointees. Treasury Secretary Steve Mnuchin, who leads FSOC, refuses to drop this appeal, and the White House has been cagey about why he hasn't.

The D.C. Circuit has agreed to stay the case pending the completion of a Treasury report ordered by President Trump reviewing FSOC's Sifi designation process including the legal frailties that Judge Collyer cited in her ruling. The report, due October 18, could provide the basis for revising the Sifi review process and rescinding MetLife's label.

But neither is certain or imminent since Trump Administration appointees likely won't constitute a majority of the council for several months. One of the Obama holdovers is Richard Cordray, the Consumer Financial Protection Bureau chief whom Mr. Trump refuses to fire, despite ample cause. The delay could be longer if Mr. Trump reappoints Janet Yellen as Federal Reserve Chair. Meantime, the D.C. Circuit could issue an adverse ruling that ties the Administration's hands and sets a bad precedent.

FSOC reviews a Sifi's designation each year, which ostensibly gives MetLife and others an opportunity to escape the too-big-to-fail penalty box. But the council's failure to reach a conclusion about AIG—which has shrunk its balance sheet by half since 2008—highlights the arbitrary nature of the process, which is guided more by politics than financial risk.

The broader financial system and economy would benefit from clearer rules, but politicians and regulators prefer to retain discretion that gives them more power. The Trump Administration said it would change that, but so far it's acting like Obama-as-usual.

## The ObamaCare Saviors

**S**enate Republicans on Tuesday abandoned their latest effort to replace ObamaCare, or, more precisely, a handful of Senators defeated the Graham-Cassidy proposal despite their campaign rhetoric. Mark them down as ObamaCare's saviors.

Top billing goes to Kentucky's Rand Paul, who rode into Congress in 2010 on repealing the Affordable Care Act but in office has become the definition of a feckless libertarian. He helped to kill the Senate's first replacement bill over the summer because it did not repeal every last footnote in the law. Then he supported "skinny repeal" that merely repealed the individual and employer mandates and medical-device tax, justifying that vote as realistic.

Graham-Cassidy would have done the same as the skinny bill plus devolve Medicaid control to the states—the most significant entitlement reform in decades—and the same Rand Paul who scolds everyone about runaway federal spending said no. Perhaps he thinks his vote for the skinny bill will protect him politically, but no one should be fooled. Mr. Paul did more than Chuck Schumer to save ObamaCare.

John McCain is another member of this dishonor roll, and he's been reminding everyone

Rand Paul did more than Chuck Schumer to save the Affordable Care Act.

that he kept his word that the process must be bipartisan. His commitment to Senate procedure is apparently more ironclad than his word to Arizona voters, who re-elected him against Tea Party challengers in part on his promise to repeal the law.

Lisa Murkowski of Alaska supported ObamaCare repeal until the moment a Republican President would sign it. She had not by Tuesday publicly announced whether she'd vote for Graham-Cassidy, though her Alaska First demands in private all but included an unmarked cargo plane dropping off pallets of euros in Juneau.

And don't forget Maine's Susan Collins, who opposed both bills after more or less token consideration. That she thought her state couldn't manage Medicaid better than the federal government is something to remember if she runs for Governor next year.

Mr. Schumer is now vowing bipartisan cooperation—though only on his terms, which means bailing out the ObamaCare exchanges and insurers. Republicans would be wiser to turn to tax reform, and see if they can avoid blowing that one too. Maybe anger from GOP voters will force them to revisit health care next year.

## Second-Class Puerto Rico

**T**he devastation in Puerto Rico from Hurricane Maria is awful to behold, and the Trump Administration will have to mobilize more resources to help. Here's one idea: Suspend the law that raises the price of sea-borne energy and food shipments to the island.

We're talking about the Merchant Marine Act of 1920, better known as the Jones Act. The law requires that goods transported between U.S. ports be shipped on vessels built, majority-owned and manned by Americans. Think of it as a legally sanctioned shakedown for U.S. shipping interests.

Puerto Ricans pay dearly for this protectionism, which reduces competition and raises costs. A 2012 Federal Reserve Bank of New York report said the Jones Act helps explain why household and commercial goods cost roughly double to ship from the East Coast to Puerto Rico than to the nearby Dominican Republic or Jamaica. Food and energy costs are far higher than on the mainland.

Presidents of both parties have suspended the Jones Act to alleviate fuel shortages and enlist the aid of cheaper, foreign-flagged ships during previous emergencies. George W. Bush did it after Hurricane Katrina, and Barack Obama did so after superstorm Sandy. The Trump Administration followed after Hurricanes Harvey and Irma ripped through Texas and Florida in August and September.

The aftermath of Hurricane Maria is an even more urgent emergency. The Category 4 storm shut down electricity, destroyed crops, and has residents scrambling to obtain food and potable water. Many of the island's 3.4 million residents

may not have power restored for weeks. At least 10 people have died, and rescue operations will be needed for months. Allowing Puerto Ricans to import cheaper petroleum, equipment and bulk supplies would help.

Yet the Department of Homeland Security said Monday it won't issue a Jones Act waiver for the territory. Spokesman David Lapan explained in an email that there are "sufficient numbers of US-flagged vessels to move commodities to Puerto Rico." DHS argues that under U.S. law the agency can't ask for a waiver unless there's a national defense threat and there aren't enough Jones Act-compliant ships to carry goods.

That may or may not be a cramped reading of the law by DHS, but the Department of Defense has fewer legal constraints. Defense Secretary Jim Mattis could simply find a Jones Act waiver is "necessary in the interest of national defense." Rep. Nydia Velázquez (D., N.Y.) has requested a year-long suspension for the territory, so the Administration would have bipartisan support.

The permanent solution is to repeal the law, one of the worst on the American books. Senator John McCain (R., Ariz.) has tried for years to do so but is stymied by opposition from lobbies like the American Maritime Partnership and coastal politicians like Duncan Hunter (R., Calif.). President Trump is starting to take political heat for being more attentive to hurricane damage in Texas and Florida than in Puerto Rico, and his Administration's disparate Jones Act treatment won't help counter that perception.

Trump declines to waive the Jones Act for hurricane relief.

## LETTERS TO THE EDITOR

### More Destructive Forest Fires Are No Surprise

Regarding your editorial "Trump's Western Firefighters" (Sept. 19): The National Park Service and other federal forest-management agencies, including the Forest Service, Bureau of Land Management, Fish and Wildlife, etc., have been proactively fighting fires for over 20-plus years through prescribed burns, manual thinning and naturally started fires in wilderness areas that are managed and not immediately suppressed. The recent memo from Interior Secretary Ryan Zinke regarding "full authority" without any additional funds available is perpetuating the status quo. Proactively thinning the Western forests is a massive, labor-intensive and expensive prospect. The amount of acreage that needs to be tended to is staggering. Lack of funding for proactive thinning has been the main barrier to addressing this problem, not the will of the agencies managing the forests.

It isn't cost-effective for logging companies to provide forest-thinning services or dispose of beetle-killed trees. Lumber companies agree to thinning in exchange for larger, more valuable trees. There aren't enough healthy, valuable trees to trade for thinning services.

President Clinton's policies didn't "turbocharge" the increasing numbers and intensity of forest fires. The forests started reaching critical fuel loads during the '90s (due to 60-plus years of fire suppression) when the number and intensity of fires began increasing.

There are funds for natural disasters; however, there are very few funds set aside to prevent them. More funds need to be set aside specifically for wildfire prevention. Thanks to the GOP-led Congress, the money available to the government agencies for thinning is very likely to shrink instead of increase.

A reduced environmental process will encourage development in forested lands. That development has added to

the forest-fire problem as more people living in the forests makes fire management more difficult, requiring fire suppression instead of fire management.

CYNTHIA BREENE  
Oakland, Calif.

Most of our federal forests legislated for active management and other multiple-use public lands are located in only 11 western states and Alaska, a small proportion of the U.S. population with little representation in Congress.

Mr. Zinke is responsible for a very small portion of forested federal lands, compared with all the national forests under Agricultural Secretary Sonny Perdue. The Trump administration has hesitated to place the Forest Service under the Department of the Interior.

Federal laws provide a rich litigation atmosphere exploited by environmental organization lawyers. Democratic and Republican senators are close to equal representation in these 11 Western states, and all are averse to running for re-election as someone who reduced or reformed any current environmental law.

Until Congress develops the political courage to act on public-land reforms, our forested lands will continue to be incinerated and more public lands restricted to very limited public use. Secretaries Zinke and Perdue will be very limited in their ability to change this status quo.

CHRISTOPHER BRONG  
Stevenson, Wash.

To the environmental groups that file lawsuits at the drop of a hat to stop any harvest of forest products, I remind them that trees are a renewable resource. Forests that are harvested today will regrow in three decades to be ready to be harvested again.

RICK CARTER  
Spokane Valley, Wash.

### Paying for Single Payer Will Be Expensive

Regarding William A. Galston's "The Single-Payer Siren Song" (Politics & Ideas, Sept. 13): Single-payer or "Medicare for All" is not a bad idea if it can be coupled with some accountability and responsibility. In cost estimates, the massive tax increases to implement a single-payer system aren't offset by the reduction that should occur in overall health-care expenditures. With 18% of our GDP now spent on health care, there is more than enough money to pay not only for universal health care, but higher quality care with greater accessibility. The problem is can the pervasive, progressive idea of a dependency-based culture make the single-payer system affordable? I would be the first to applaud Sen. Bernie Sanders for a universal plan that also holds the patient or insured person to a higher level of personal responsibility for their own health.

TOM JOHNSON  
Visalia, Calif.

Mr. Galston argues that the costs of a single-payer health system would involve unsupportable new sources of revenue. But surely a single-payer system must cost less than our current chaotic mix of systems. Supposing payments to providers to be the same as they are now, the

fact is that these funds are already available under the current system. The only difference in cost is that a single-payer system wouldn't have to support a health insurance industry with highly paid corporate executives and an army of lobbyists.

There may be many difficulties in establishing a single-payer system in this country, but increased cost isn't one of them.

STANLEY SHAPIRO  
Teaneck, N.J.

Mr. Galston comments on the cost of "Medicare for All" from the government's perspective. The cost to the individual will be a shock to voters. I'm 69 and my monthly Medicare premium for Parts A, B, D and supplemental is approximately \$400 a month. In addition, I paid Medicare withholding tax for 40 years while working and receiving no benefit. That tax is 2.9%. At \$100,000 average compensation, the future value of those tax payments at 65 years old is about \$350,000. That equates to additional premiums over 20 years (from age 65 to 85) of benefits of about \$1,500 a month. The total cost of my Medicare insurance to me and my employers from age 65 to 85 is \$1,900 a month.

IAN HARRISON  
Bedminster, N.J.

### Leftish Nonprofits Have an Edge on Disclosure

In her Sept. 21 letter (responding to your Sept. 12 editorial "The Better IRS Reform"), Rachel Curley of Public Citizen's Congress Watch, a non-profit, progressive advocacy group, poses as a champion of "faith leaders" who want clearer guidance from the IRS as to what words or actions cross the line into restricted political speech. Your suggestion to remove the IRS from serving as de facto censor of nonprofit speech and instead assign responsibility to the Federal Election Commission to decide whether complaints against nonprofit political activities has merit. Ms. Curley is worried that without the IRS involved in monitoring political speech, churches will "become dark money conduits for donors looking to take advantage of their tax-exempt status."

Public Citizen advances a liberal-progressive agenda while remaining unaffiliated with any partisan political activity or endorsing anyone running for office, and officially is unaffiliated with every progressive politician and group that shares its vision of a powerful regulatory state keeping evil corporations in check.

The beauty of being a liberal nonprofit is that the regulatory state, including the IRS, is accommodative

and there is no need to keep donor money dark because left-wing nonprofits know that conservative activists won't be harassing their donors. Conservative nonprofits resist identifying donors because they know that disclosure makes them targets of progressive rage. It therefore is a hoot that Public Citizen's Congress Watch claims to want to help churches and other nonprofits by leaving the IRS as a watchdog. Having a fearsome arm of the regulatory state delving into political speech of nonprofits is a dream come true for the progressive Public Citizen.

CHRIS DUNCAN  
Laurel, Md.

### Pepper ... And Salt

THE WALL STREET JOURNAL



"While I'm eating this, try to be a little gluten-tolerant."

## OPINION

# CEOs Should Swear Off Loopholes

By Steven A. Kandarian

**T**here are more than 4,000 tax lobbyists in Washington waiting on marching orders from people like me: CEOs of large companies who are watching closely as Congress undertakes what could be the most comprehensive tax reform in a generation.

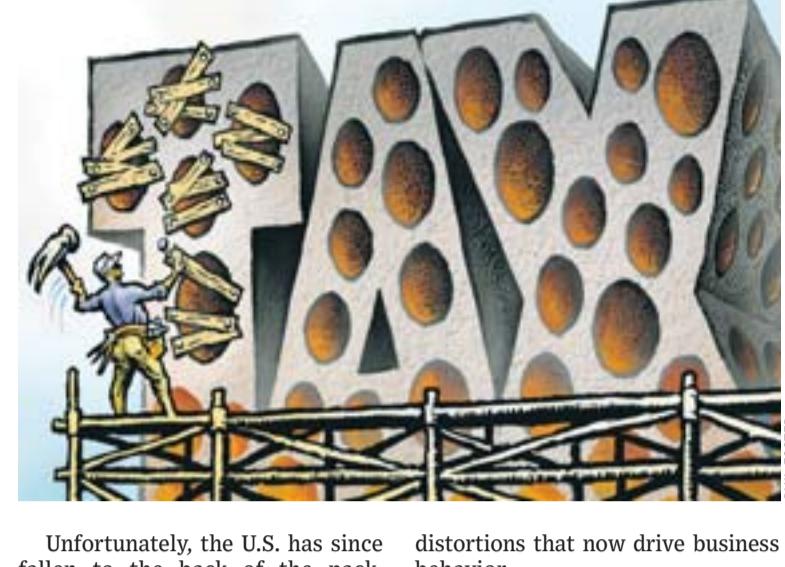
I've already told my shareholders that this opportunity should not be missed. As long as tax reform does not fundamentally threaten my company's business model, I will support it. If every company and industry views its tax preferences as sacred, reform will be impossible.

Thirty years ago, when Congress last overhauled the tax code, many business leaders had reached the same conclusion. The broader goal of lower tax rates and faster economic growth transcended short-term corporate self-interest.

**If Congress is to succeed on tax reform, businesses like mine need to put the national interest first.**

The Tax Reform Act of 1986 closed loopholes, cut credits and deductions, and lowered rates. Congress worked hard to wring out preferential treatment, and the result was a simplified system and a broadened tax base.

After President Reagan signed the bill into law on Oct. 22, 1986, the top corporate rate dropped from 46% to 34%, giving America one of the most competitive tax codes among major industrialized nations at that time.



Unfortunately, the U.S. has since fallen to the back of the pack. America's top statutory corporate rate, now 35%, is the highest in the developed world. Add state and local taxes, and the average statutory rate rises to about 40%. In contrast, KPMG reports that the average corporate tax rate in Asia is 21.4%; in Europe, it's 19.7%.

Most American corporations do not pay taxes at the full statutory rate, and their effective tax rates have fallen as lawmakers and lobbyists have chipped away at the 1986 reforms. In 1989, the first full year of the 34% statutory rate, the nation's largest companies paid an effective tax rate of 32.9%, according to a 1992 study by the General Accounting Office. Compare that with the five years from 2007-11, when corporations with over \$10 million in assets paid an average effective rate of just 22%, according to a report last year by the Treasury Department. This de facto repeal of the 1986 reforms creates

distortions that now drive business behavior.

The argument for high corporate tax rates is that companies ought to pay their fair share. But businesses merely pass on the value they create to real people—owners, customers or employees.

Fifty years ago the economic consensus held that almost the entire burden of the corporate tax would fall on shareholders. But that assumed a closed economy in which American companies competed for the same workers and customers. Today, capital moves relatively freely across borders and businesses must compete globally. The country with the lowest corporate tax rate has a competitive edge.

America's current system has also induced American companies to park an estimated \$2.6 trillion abroad. Under current U.S. law, these corporate profits are taxed twice—once by the country in which they are earned, and again

by Washington when they are repatriated. The U.S. is one of the few developed nations that still adheres to this outdated notion of taxing profits world-wide. Switching to a so-called territorial system, under which the U.S. would tax only profits earned within its borders, would encourage companies to bring that \$2.6 trillion home and put it to productive use.

To achieve meaningful tax reform, America's business leaders need to do our part, as our predecessors did 30 years ago. If Congress is to succeed, we must be willing to put the national interest ahead of our narrow self-interest.

It will not be easy. The lobbyists and special interests have been busy since 1986. The tax code is again stuffed with loopholes, credits and deductions. Every provision benefits some company or industry, my own included.

The lobbyists hired to protect such preferences always predict doom if they are stripped away. But if our businesses cannot survive without tax subsidies, we should ask ourselves how much value we are truly creating for customers and shareholders.

Done right, tax reform will drive faster economic growth, create additional jobs, and foster a more-dynamic economy as capital-allocation decisions are no longer distorted by the tax code. The instinct for self-preservation tells business leaders to defend our preferences at all costs. But enlightened self-interest shows that putting the good of the overall economy first will benefit everyone in the end.

*Mr. Kandarian is chairman, president and CEO of MetLife Inc.*

## Conservatives For Criminal Justice Reform

By Grover Norquist

**E**very so often I'm asked to list the conservative movement's most important recent accomplishments. One always ranks near the top: criminal justice reform.

With leadership from Republican governors and legislators and groups such as Right on Crime, conservatives have pushed to rein in runaway prison spending and adopt cost-conscious correctional policies that improve public safety. Starting 10 years ago in Texas, more than half of all states have now shifted course,

changing laws to ensure that violent offenders serve hard time while those who are not a danger are steered toward less expensive alternatives that can help alter the paths of their lives and make communities safer.

**You don't hear about it much, but 31 mostly red states have reduced crime and imprisonment.**

Taxpayers benefit. In 2007 the Pew Charitable Trusts projected that state prisons would grow 14% over five years, costing states \$27.5 billion more. Instead, the reforms have bent the curve. The state prison population is down 5%. Between 2010 and 2015, 31 states reduced both crime and imprisonment, proving that fiscal discipline and safe streets can go hand in hand.

Many of us on the right are concerned by rumblings we're hearing in Washington and beyond. It's disturbing that reports of isolated increases in violence in a handful of cities are fueling predictions of a looming American crime wave. There is no evidence for such predictions. The U.S. violent crime rate rose 3.4% last year, but it remains about half of what it was in 1991, when crime reached its modern-day peak.

While any uptick in crime merits our attention, we must be clear-eyed in our interpretation of the numbers and while developing an effective response. Americans are safer than they have been at almost any time in the last quarter-century, and returning to the failed policies of the past would be a costly mistake.

For decades, state spending on prisons and jails was the second-fastest-growing area of state budgets, behind only Medicaid. From 1980 to 2009, state corrections spending grew more than 400%. In North Carolina in 2016, the average cost of incarcerating an inmate was \$89.30 a day, or \$32,594 a year—compared with only \$4.85 a day (\$1,770 a year) for probation or parole.

Some criminals need to be in expensive prison cells, but shouldn't we be doing a better job of determining who? For too long, courts and corrections officials were given a blank check to incarcerate at will yet were never held to answer for the poor results: high recidivism rates, driven by offenders who left prison with unresolved drug and mental-health problems and no job prospects.

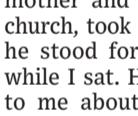
We must not go backward, and the states are showing us why. In 2007, the Texas Legislature projected the state would need 17,000 new prison beds over the next five years, at a cost of \$2 billion. Conservative lawmakers and then-Gov. Rick Perry instead expanded the use of drug courts, community treatment and other alternatives. Ten years later, the reforms have allowed Texas to avoid more than \$3 billion in new spending and close four prisons with four more planned closures. Crime has dropped to levels not seen since the 1960s.

Since Texas' pioneering move, other states have followed. After South Carolina passed substantial criminal justice reforms in 2010, the state cut its prison population by 14%, closed six prisons, and saved \$491 million—all while crime continued to decline.

The latest example is Louisiana, the state with the highest incarceration rate. In June its Legislature enacted a 10-bill reform package that is expected to reduce incarceration by 10% and save more than \$250 million over the next decade. Some savings will be directed to programs that reduce recidivism and help crime victims. Six of the nine bill authors were Republicans.

Many of America's reddest states are proving that criminal justice reform works: Georgia, Utah, South Dakota—the list goes on. Strong conservative leadership has been essential. Continued progress won't be possible without it.

*Mr. Norquist is president of Americans for Tax Reform and a Signatory to the Right on Crime Statement of Principles.*



As a youngster, I didn't salute the flag or stand for the national anthem. It ran against my religious teachings.

Each year, my mother would take me to the principal's office on the first day of school and explain that we were Jehovah's Witnesses, which meant that I would remain silent while my classmates recited the Pledge of Allegiance every morning. When my father, who was divorced from my mother and not a member of the church, took me to sporting events, he stood for the national anthem while I sat. He never said anything to me about it. He respected my mother's desire to raise her children in the faith of her choice.

Growing up, I was taught that the flag was an idol and that saluting it was a form of idolatry, which was forbidden. Indeed, all forms of patriotism were discouraged. No joining the military. No running for office. No voting or taking sides in political debates. Even membership in civic groups, such as the Boy Scouts, was frowned upon. Over the decades, Witnesses endured fierce opposition for holding such beliefs. They were tried for sedition. Their homes were vandalized and their businesses were boycotted. In the 1930s and '40s, church members

were physically attacked by angry mobs of people who prided themselves on their loyalty and patriotism. The Witnesses turned to courts for protection and were mostly successful in obtaining it, whether the issue was door-to-door proselytizing, conscientious objection to the draft, or mandatory flag salutes.

The reason the principal had to accede to my mother's wishes is because the U.S. Supreme Court had ruled, in *West Virginia State Board of Education v. Barnette* (1943), that forcing children to salute the flag violated the Constitution. The court held that saluting the flag is a form of utterance and that the right to not speak is as equally protected under the First Amendment as the right to free speech. "The case is made difficult not because the principles of its decision are obscure but because the flag involved is our own," wrote Justice Robert Jackson for the 6-3 majority. "Nevertheless, we apply the limitations of the Constitution with no fear that freedom to be intellectually and spiritually diverse or even contrary will disintegrate the social organization. To believe that patriotism will not flourish if patriotic ceremonies are voluntary and spontaneous instead of a compulsory routine is to make an unflattering estimate of the appeal of our institutions to free minds." The decision was handed down on Flag Day.

Congress, on the other hand, con-

To my mother's chagrin, the religion didn't stick and I left the church voluntarily in my teens. I still remember attending a college basketball game with my father and standing for the national anthem for the first time. He did a little double take as I rose beside him. Then he put his arm around me

**But here's the question: Is the 'police brutality' that NFL players are protesting based in reality?**

and pulled me closer to him. I've been a political commentator for more than 20 years now. I vote. I take sides. A large framed reproduction of Jasper Johns's "Flag" hangs above the fireplace in my living room. But when I see, as we all did on Sunday, professional athletes catching flak from the president on down for taking a knee during the national anthem, it takes me back to my childhood. I can't help but feel for them.

The players have said they are protesting the unjust treatment of blacks by law enforcement and cite the spate of police shootings that have come to light in recent years. Team owners and NFL officials will have to decide whether to continue indulging such behavior on company time, but the larger question

is whether what is being protested has some basis in reality beyond anecdotes and viral videos on social media.

There is no national database of police shootings—some departments report more-detailed data than others—but the statistics that are available suggest that police today use deadly force significantly less often than in the past. In New York City, home to the nation's largest police force, officer-involved shootings have fallen by more than 90% since the early 1970s, and national trends have been similarly dramatic.

A Justice Department report published in 2001 noted that between 1976 and 1998, the teen and adult population grew by 47 million people, and the number of police officers increased by more than 200,000, yet the number of people killed by police "did not generally rise" over this period. Moreover, a growing percentage of felons killed by police are white, and a declining percentage are black." A separate Justice study released in 2011 also reported a decline in killings by police, between 1980 and 2008. And according to figures from the federal Centers for Disease Control and Prevention, the rate at which police kill blacks has fallen by 70% since the late 1960s.

An increase in press coverage of police shootings isn't the same thing as an increase in police shootings.

war—represents that responsibility. It is not something we should shirk.

Debating an AUMF serves a moral purpose as well. With fewer Americans choosing to serve in uniform and a growing divide between civilians and our military, the public is becoming more removed from those on the battlefield. That lets Americans distance themselves from the moral burden of sending service members off to die. By ignoring the AUMF for 16 years, each of us—not just lawmakers—fails to do our part of the shared responsibilities of being an American citizen.

Though we failed to force this conversation, we came closer than ever. I hope the nation soon engages in this long-overdue debate with an honest, sober accounting of the true costs of war—in dollars and in lives—and provides our military a clear set of objectives it can take into the field.

American troops will carry out any mission they're asked to. They always have. But the courage our troops show every day is not being matched by those sworn to represent them in Washington. If we can't even tell the troops who risk their lives for us what we need them to do, what the hell are we doing in Congress?

*Ms. Duckworth, a Democrat, is a U.S. senator from Illinois.*

By Tammy Duckworth

**M**ost people would run away from gunfire, but our nation's service members run toward it. They watch their brothers and sisters die. They've been tired, hungry, frustrated, broken down and pissed off. They miss holidays, anniversaries, births and funerals before coming home with the physical and emotional scars of war. They laugh and

cry about it all—a gallows humor only those of us who have deployed can appreciate.

Despite the toll, our men and women in uniform continue to deploy time and again, shouldering a heavy burden on behalf of their nation. Silently and professionally, they have always—always—done their jobs defending our Constitution and our values.

Congress, on the other hand, con-

tinues to neglect the Constitution our troops defend by refusing to replace outdated Authorizations for Use of Military Force—an AUMF passed in 2001 to go after the perpetrators of 9/11 and another passed in 2002 to begin the war in Iraq, a war I disagreed with but am proud to have fought in.

I couldn't have imagined that both AUMFs would still be in place more than 15 years later, used to justify a seemingly endless war, without recent public debate about America's objectives or what we're still asking of those we've sent into harm's way. U.S. troops downrange need to know they have the moral support—and legal backing—of their country. Congress hasn't given them that.

That's why this month I joined a bipartisan group of 36 senators supporting Kentucky Republican Rand Paul's amendment to the defense authorization bill that would gradually repeal the current AUMFs and provide Congress with an opportunity to debate a new authorization of military force against today's enemies.

As both a combat veteran and U.S. senator, I know one of Congress's most solemn responsibilities is deciding when and how we choose to send Americans into combat. The AUMF—in setting the legal framework, the parameters and constitutional basis under which we go to

war—represents that responsibility. It is not something we should shirk.

Debating an AUMF serves a moral purpose as well. With fewer Americans choosing to serve in uniform and a growing divide between civilians and our military, the public is becoming more removed from those on the battlefield. That lets Americans distance themselves from the moral burden of sending service members off to die. By ignoring the AUMF for 16 years, each of us—not just lawmakers—fails to do our part of the shared responsibilities of being an American citizen.

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*Ms. Duckworth, a Democrat, is a U.S. senator from Illinois.*

*Mr. Kandarian is chairman, president and CEO of MetLife Inc.*

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THE WALL STREET JOURNAL.

Wednesday, September 27, 2017 | B1

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## U.S. Questions Lender's Practices

SEC, FBI seek details on Renovate America, maker of loans for house improvements

By KIRSTEN GRIND

Investigators from the Federal Bureau of Investigation and Securities and Exchange Commission are looking into business practices at Renovate America Inc., the largest provider of energy-saving home-improvement loans, according to people familiar with the matter and docu-

ments reviewed by The Wall Street Journal.

Scott McKinlay, Renovate America's chief legal officer, said in a statement that "we have been assured that Renovate America is not a target of an FBI investigation. We believe from our discussions with the FBI about its investigation of a contractor with whom we have done business that it is likely our company has come up in the context of those FBI interviews."

Renovate America is the largest lender in one of the U.S.'s fastest-growing loan programs known as Property

Assessed Clean Energy, or PACE. Private lenders in the PACE program team up with local governments to make loans to purchase solar panels and energy-efficient appliances.

FBI agents are seeking documents that show how Renovate America marketed its financing to homeowners, trained its sales force and outside contractors, and communicated with investors, according to a document reviewed by the Journal. The FBI also is conducting interviews of people familiar with the company, according to the people who

have been interviewed.

The information gathered by the FBI may be presented to a grand jury, according to the document.

The purpose of the FBI inquiry couldn't be determined.

An FBI spokeswoman said the agency "would not confirm or deny the existence of an investigation to an individual or company."

The SEC's investigation includes questions about loan payments Renovate America made for some borrowers who were struggling with their debt, according to information the company has provided to

rating firms and people familiar with the matter.

A Renovate America spokeswoman said in a statement that "we have received a request for information from the Securities and Exchange Commission. We are fully cooperating with their information request and believe it is unlikely to have a material effect on the business."

An SEC spokesman declined to comment.

San Diego-based Renovate America originated \$1 billion in loans in 2016, the company has said.

Please see LOANS page B2



Aaron P. Bernstein/REUTERS

## Senators Lace Into SEC Chief On Hack

By DAVE MICHAELS  
AND ANDREW ACKERMAN

WASHINGTON—U.S. senators, already facing distress calls from constituents over the Equifax Inc. hack, criticized the Securities and Exchange Commission's new leader for how the agency handled a 2016 breach of its cornerstone system for storing market-moving information.

"I was disturbed to learn that the SEC suffered a cyberbreach of its Edgar system in 2016, but did not notify the public, or even all of its commissioners, until it was discovered during your recent review," Sen. Mike Crapo (R., Idaho), chairman of the Senate Banking Committee, said at a hearing Tuesday. "It is critical that the SEC safeguards the data it collects and maintains."

Facing his first crisis as the SEC's chairman, Jay Clayton suggested that his agency may have mishandled how it initially responded to the breach. Sen. Sherrod Brown (D., Ohio) was even more critical of Mr. Clayton, saying "it raises questions about why the SEC seems to have swept this under the rug."

"This breach took place under your predecessor, but the disclosure, or lack thereof, is all yours," Mr. Brown said. "How are Main Street investors expected to have confidence that the SEC can hold big companies accountable when the SEC is not forthcoming?"

The corporate-filing system that was breached, known as Edgar, is the SEC's cornerstone system for storing and disseminating earnings announcements and other news that often moves stock prices. Edgar stands for Electronic Data Gathering, Analysis, and Retrieval System.

The SEC has invested tens of millions of dollars in recent years to upgrade Edgar, which was introduced in the early

Please see SEC page B2

## Stagecraft for a Twice-a-Decade Political Production



ASSEMBLY TIME: Chinese students make a flag ahead of next month's National Congress of the Communist Party, an event that can prompt curbs on social media. B4

## Directors Are Told: Don't Go 'Overboard'

By SARAH KROUSE  
AND JOANN S. LUBLIN

Corp.'s money-management unit were among the large investors that voted against his re-election.

Mr. Havner, who is chief executive of Public Storage, also decided not to stand for re-election at California Resources Corp.'s 2018 annual meeting "due to concerns raised by investors relating to the time commitment required" for those roles, the company said in a regulatory filing.

Mr. Havner "has taken steps to reduce the number of boards upon which he serves," said a lawyer for Public Storage and PS Business Parks Inc., a related company.

Major institutional investors, governance advisers and boards themselves are cracking down on so-called overboarding, trying to ensure that directors don't spread themselves too thin. Overstretched directors lack time to adequately monitor management, these critics contend.

"There is no good reason for having an overboarded director," said Charles Elson, head of the Weinberg Center for Corporate Governance at the University of Delaware. He expects institutional-investor pressure will make S&P 500 board members with at least

Please see BOARDS page B11

### Lightening the Load

The number of directors on five or more corporate boards has declined in recent years.

**S&P 500** ■ **Russell 3000**



Source: ISS Analytics

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## DirecTV Permits NFL Refunds Over Protests

DirecTV is letting at least some customers cancel subscriptions to its Sunday Ticket package of NFL games and obtain refunds if they cite players' national anthem protests as the reason, customer-service representatives said Tuesday.

By Joe Flint,  
Amol Sharma  
and Andrew Beaton

on people to walk out of stadiums when players are kneeling.

"For people to disrespect that by kneeling during the playing of our national anthem, I think is disgraceful," Mr. Trump said Tuesday.

Several teams have issued statements defending the rights of their players to express their opinion. The NFL also has shown solidarity with the players.

What began as calls to attention to social injustice for black Americans transformed into something more over the weekend, when more players took a knee in what amounted to a league-wide rebuke of Mr. Trump's comments.

It isn't just the political stakes that are high. Football draws the biggest TV audiences of American sports and is a vital income source for a host of major media companies. Sunday Ticket is a major customer draw for DirecTV and one of the NFL's premier franchises.

Please see TICKET page B4

♦ NFL to put game highlights, recaps on Facebook ..... B4

### INSIDE



### NESTLÉ CEDES GROUND TO DAN LOEB

#### ACTIVISM, B3



### KOHL'S PICKS MARKETER AS NEW CHIEF

#### MANAGEMENT, B12

### HEARD ON THE STREET | By Justin Lahart

## A Tax Cut's Unintended Result

### There and Back Again

U.S. unemployment rate



Source: Labor Department

THE WALL STREET JOURNAL.

pickup in growth would likely come before productivity gains kick in.

The same could be said for the fiscal spending plans that would be under discussion in the alternative universe where Hillary Clinton won the presidential election.

The extra heat tax cuts would throw off complicates the picture for the stock market.

Earnings, particularly at domestically focused companies, would certainly benefit from a lower corporate rate, while multinationals would do better on the repatriation front.

Lower individual tax rates, particularly those aimed at the middle class, should increase sales at consumer-facing companies.

But interest rates would likely head higher as the Fed took a more hawkish turn, hurting many of the companies that would benefit from a tax cut.

Investors could struggle to find places to put their windfall to work.

## INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	D - E	Nordex Bank.....B16 Nordstrom.....B10 Nvidia.....B17
ABN AMRO Group....B16	DCT Industrial Trust....B10	
Airbnb.....B8	Delta Air Lines.....B3	
Airbus.....B5	Dyson.....B7	
Alibaba Group Holding	Equifax.....A1,A2,B1	
Allianz.....B7	Estein USA.....B10	
Alphabet.....B4,B17	F	
Alstom.....B3,B5	Facebook.....B3,B4,B17	
Amazon.com.....B4,B10,B12,B17	Fair Isaac.....A2	
AMC Entertainment Holdings.....B4	Fannie Mae.....B8	
Apple.....B17	FedEx.....B10	
AT&T.....B1	Fidei.....B7	
Avalonbay Communities	First Data.....B16	
	G	
B1	General Motors.....R4	
Axis Capital.....B7	Greenhill.....B16	
Axovant Sciences B3,B18	Green Street Advisors.....B8	
B	Groupe BPCE.....B10	
Baidu.....A2,B17	H - I	
Baker & McKenzie....B16	Holiday Fenoglio Fowler.....B10	
Banco Popular Español.....B16	Imax.....B4	
Banco Santander....B16	Intercontinental Exchange.....B17	
Bank of America....B16	K - L	
Barclays.....B16	Kohl's.....B12	
BHP Billiton.....B18	Lennar.....B8	
BlackRock.....B1	Levi Strauss.....B12	
Blackstone Group.....B8	London Stock Exchange Group.....B17	
BNP Paribas.....B16	L'Oréal.....B3	
Boeing.....B3,B7	M	
Bombardier.....B3	Metro-Goldwyn-Mayer.....B4	
C	Micron Technology.....B18	
California Resources...B1	N	
Charter Communications.....B4	Nestle.....B3	
Clarcor.....B3	NetApp.....B17	
CME Group.....B17	Netflix.....B17	

## INDEX TO PEOPLE

A	F	McMahan, Robert.....R4
Aanes, Eric.....B17	Fehr, Joy.....R2	Melek, Bart.....B18
Arrington, Michael...B10	Finch, Andrew.....B3	Moghadam, Hamid...B10
B	Frankel, Eric.....B10	O'Donnell, Nick.....B12
Barros Jr, Paulino do Rego.....A2	Freitag, Jan.....B8	Quendo, Christopher...B8
Barrowman, Carole....R4	Fuchs, Kent.....R4	Parthasarathi, Arvind.A2
Baty, Phil.....R1	Gass, Michelle.....B12	Paulson, John.....B8
Beckman, John.....R3	Giglio, Elisabeth.....R4	R - S
Bennenbroek, Nick....B17	Harra, Alice.....R4	Rein, Shaun.....B4
Bergh, Chip.....B12	Hawner, Ronald.....B1	Rosen, Aliza.....B3
Bettencourt, Liliane...B3	Hawkins, Phil.....B10	Saenz, Gabriela.....A4
Braizinha, Bruno....B17	Heid, Alexander.....A2	Schneider, Mark.....B3
Brown, Gregory.....R2	Ihara, Ikuhiro.....B3	Schultz, Howard.....B12
Burg, Robert.....B8	Immergluck, Dan.....B8	Smith, Richard.....A1
Bustedt, Brandon....R2	Kalanick, Travis.....B5	Stumpf, John.....A2
C	Katz, David.....B12	Subbaraman, Rob.....B16
Campbell, Mary.....R4	Kaufman, Danny.....B10	T
Chawla, Sonia.....B12	Kuehan, Carol.....A4	Taylor, Robert.....R4
Chowen, Jodi.....R2	Kuh, George.....R4	Theiss, Mike.....B8
Chubak, Steven....B16	L	Thorp, Holden.....R3
Clark, Emily.....R4	Lapin, Lisa.....R3	V - W
Clayton, Jay.....B1	Lawless, Jonathan....B8	Voloshyn, Alex.....B10
Coate, Jeri.....B8	Lele, Atul.....B18	Weatherup, Craig.....B12
Courtmanche, John....R1	Loeb, Dan.....R3	Welch, Kory.....R3
Cropsey, Doug.....B8	M	Wolfe, Chris.....B17
D - E	Mansell, Kevin.....B12	Y - Z
Dorsey, Jack.....B3	Mason, Peter.....B16	Young, Michael K.....R4
DuPont, Joe.....R2	Zuidema, Leah.....R4	

## SEC

Continued from the prior page  
1990s to equalize access to information between Wall Street and Main Street.

Mr. Clayton faced a series of tough questions over the SEC's cybersecurity, including the agency's plans for a massive database that will keep track of billions of daily trades and orders in U.S. stock and option markets. The SEC's general counsel, Robert Stebbins, sat behind him at a hearing packed with lobbyists for exchanges and securities dealers.

Mr. Clayton, a former partner at law firm Sullivan & Cromwell LLP, took office calling for deregulatory measures to make it easier for companies to go public. A barrage of cyberattacks are likely to force him to articulate a strategy for how the commission and companies will keep up with sophisticated traders and hackers in the age of Big Data.

"Companies should be providing sooner disclosure about intrusions that may affect shareholder investment deci-

sions," Mr. Clayton said under questioning from Mr. Brown. "Across the landscape of our markets, there should be better disclosure as to the cyber-risks we face."

The SEC chairman disclosed the Edgar breach last week in a single paragraph within a five-page statement on the agency's approach to cybersecurity. Facing stern questions from Mr. Brown about the Equifax breach and whether shareholders were told soon enough after the company knew, Mr. Clayton said he decided to disclose the SEC's own breach as soon as he had enough information to accurately inform market participants and investors. He said the SEC has hired outside consultants to test the vulnerability of its systems.

"One of the worries in a situation like this is that when you make a disclosure, other people try to test and probe," Mr. Clayton said. "We are under constant attack from nefarious actors."

Mr. Clayton, who took over in May under the Trump administration, said the government needs more resources to

gird against cyberattacks and must do more to defend its systems. The SEC late Monday announced the formation of a cyber unit within its enforcement division that will investigate a variety of schemes enabled by technology, including market manipulation and hackers' attempts to steal inside information.

**'We are under constant attack from nefarious actors,' says SEC's Jay Clayton.**

Although the breach was reported in 2016 to the Department of Homeland Security and the security gaps were patched, for months SEC commissioners and a former chief operating officer were unaware of the hack. Mr. Clayton said Tuesday that he couldn't "say for sure" when the breach occurred in 2016. He also said he didn't believe his predecessor, Mary Jo White, knew about the incident.

cesses over the past year to give homeowners even more transparency about our financing and to tighten standards for contractors with whom we do business," noting that the company "severed ties with over 10% of our active contractor base after implementing a rigorous, data-driven contractor quality rating system earlier this year."

In Kroll Bond Rating Agency documents related to one of Renovate America's bond deals, the company disclosed in April that it had received an informal SEC request for information "relating to certain practices involving customer service payment assistance for homeowners."

The Journal has reported that Renovate America has made payments for some borrowers who have struggled to pay their loans without telling Wall Street investors who buy bonds packaged with the company's loans. Securities laws require companies to disclose all information that investors would consider to be material.

Renovate America has said

"This matter involving our Edgar system concerns me deeply," Mr. Clayton said. "Rightfully, it will cause this committee and others to increase their focus on whether the commission's approach to cybersecurity appropriately addresses our cyberrisk profile."

Mr. Clayton said a continuing enforcement probe prevents him from revealing much about the cyber break-in. He did disclose that the investigation, which he learned about in August, spurred a second look at the breach.

"Our division of enforcement had an ongoing investigation," Mr. Clayton said in response to a question from Sen. John Kennedy (R., La.). "Information they gained in connection with that investigation caused them to question whether there was a data breach of our system."

Mr. Clayton didn't reveal the type of information accessed by hackers in 2016 or what stocks were affected. He said SEC Inspector General Carl Hoecker is probing the source of the hack, the type of information obtained and how the SEC responded internally.

it made payments for only a small number of borrowers between 2014 and 2016, and that the number wasn't big enough to be material for purposes of disclosure.

Former employees said the company engaged in lending to senior citizens who didn't understand their loan terms, the Journal has reported. The company encouraged sales staff to tell borrowers that the loans would generate tax rebates that would essentially cancel out the loans' costs, according to former employees and homeowners. Some homeowners said the savings didn't materialize.

J.P. McNeill, Renovate America's chief executive, has said in a statement that it doesn't "advocate targeting any protected class." A company spokeswoman has said Renovate America's percentage of elderly borrowers is less than the percentage of homeowners who are 65 and older in California, the company's largest market. Mr. McNeill also has said tax benefits are a relevant data point for homeowners.

## BUSINESS & FINANCE

# New FDA Chief Targets Nicotine

BY JENNIFER MALONEY

Scott Gottlieb was once a critic of the Food and Drug Administration, arguing it should move faster. Now as its leader, he has taken an idea that had been discussed inside the agency for years—removing almost all the nicotine from cigarettes—and is running with it.

About two months after Dr. Gottlieb took over as commissioner, the FDA announced it wanted tobacco companies to make all cigarettes with such low levels of nicotine that they are no longer addictive. It plans to start the process by the end of the year.

Dr. Gottlieb's surprise July 28 announcement on the tobacco-policy shift—dubbed "FDA Friday" by industry analysts—sent shares of Marlboro maker Altria Group Inc., British American Tobacco PLC and other tobacco stocks plummeting.

The move reflected a two-pronged policy that Dr. Gottlieb hopes will win broad support: making cigarettes less appealing while offering smokers safer alternatives. If tackled separately, the two pieces would have faced more opposition, Dr. Gottlieb said in an interview.

As part of the announcement, the FDA also said it would give makers of e-cigarettes already on the U.S. market—over which the agency asserted regulatory control last year—more time to apply for regulatory approval.

The moves could dramatically reduce the smoking rate in the U.S.

Dr. Gottlieb said his experience working at hospitals in New York and Connecticut offered "visceral" lessons in smoking's toll. "A lot of what you see in hospitals is smoking-related illness," the 45-year-old physician said. "It's not just cancer, but it's heart disease, it's diabetes, it's lung diseases."

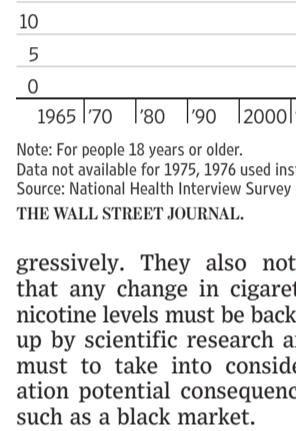
Tobacco executives have applauded the FDA's pledge to encourage the launch of less harmful products—an area in which they have invested ag-



FDA Commissioner Scott Gottlieb wants all cigarettes to be made with low levels of nicotine.

## Changing Habits

The share of adult smokers in the U.S. population over the past 50 years



Note: For people 18 years or older.  
Data not available for 1975, 1976 used instead.

Source: National Health Interview Survey

THE WALL STREET JOURNAL.

more likely to quit or seek their nicotine fix from less harmful alternatives such as e-cigarettes or gum compared with smokers who continued using cigarettes with normal nicotine levels.

Lowering nicotine in cigarettes has been a subject of discussion inside the FDA since the 1990s, according to current and former agency officials. In 2009, the Tobacco Control Act authorized the FDA to mandate such a change—with the stipulation that the policy be based on scientific evidence, a caveat that slowed the process for years.

Dr. Gottlieb served as deputy FDA Commissioner for two years under the George W. Bush administration, and more recently he was a fellow at the American Enterprise Institute, a conservative think tank, writing essays and op-eds for The Wall Street Journal and other outlets.

For the past decade, Dr. Gottlieb has been an investor, consultant and board member for cancer-therapy startups, drug giants such as Bristol-Myers Squibb Inc. and Kure, a

startup retailer of vape pens and liquids. He said his year-long stint as a Kure director stemmed from his interest in developing lower-risk products.

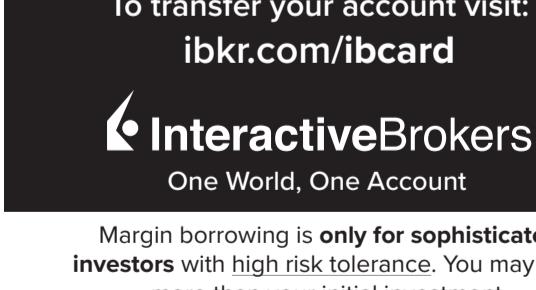
Dr. Gottlieb has divested from more than 20 companies and pledged to recuse himself from FDA decisions involving groups with whom he had a business relationship in the past two years.

In public appearances, Dr. Gottlieb often mentions that he is a cancer survivor, having been diagnosed with early-stage Hodgkin lymphoma in 2006. After he was confirmed in May, the first senior leadership team he met with was at the Center for Tobacco Products, a division of the FDA charged with regulating the tobacco industry.

Some antismoking advocates and Democratic senators have expressed concern about Dr. Gottlieb's decision to push back the product-application deadlines for e-cigarettes and other vaping products already on the market. But overall, the policy shift has earned praise from lawmakers, smoking opponents and the tobacco industry.

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&lt;

## BUSINESS NEWS

# Twitter Tests More Room for Messages

BY GEORGIA WELLS

Twitter Inc. on Tuesday said it would begin testing a new limit of 280 characters for tweets, double the current limit, as a concession to users clamoring for more space in the short-messaging service.

The new limit will be tested on a small portion of users—a percentage in the single digits, according to a Twitter spokeswoman—and the company will monitor the experiment for several weeks before making a decision. Twitter users would be randomly selected as testers, the spokeswoman said. She declined to comment on whether President Donald Trump would be included.

"We want every person around the world to easily express themselves on Twitter, so we're doing something new," Twitter product manager Aliza Rosen and senior software engineer Ikuhiro Ihara wrote in a statement.

The 140-character limit was a barrier to some people using Twitter, Ms. Rosen and Mr. Ihara said, particularly users tweeting in languages like English that tend to use more words to express meaning. Users sometimes abandon their tweets when they bump up against the 140-character limit, they said.

**280**

New character limit for tweets being tested by Twitter

The change in tweet length is significant for a company that has long shied away from making bold changes to its product. The brevity of tweets is a defining feature of Twitter, underpinning how the real-time network differentiates itself from social-media rivals such as Facebook Inc. and Snap Inc.'s Snapchat.

But users have come up with workarounds to the limits—such as tweetstorms and screenshots of longer text—or jumped to other networks. Chief Executive Jack Dorsey has teased at the possibility of longer tweets since his return two years ago to the helm of the company he co-founded to revive its stagnating growth.

Internally, the question of whether to boost the character limit is debated frequently, according to former employees. In early 2016, in response to reports that Twitter was considering extending its limit to as many as 10,000 characters, Mr. Dorsey tweeted a 1,317-character statement in defense of why Twitter might make a change.

Months later, however, he affirmed the value of 140 characters in an interview on the "Today" show when asked if the limit would change. "It's staying," he responded. "It's a good constraint for us."

# Axovant Drug Fails in Trial

Company ends tests for its experimental Alzheimer's treatment; shares plummet 74%

BY JONATHAN D. ROCKOFF

Axovant Sciences Inc. said its experimental Alzheimer's drug failed to meet the goals of a pivotal trial, the latest setback for efforts to find new treatments for the memory-robbing disease.

Subjects in the study didn't show signs of improved cognition or daily living, according to the drug company. The company will stop pursuing the drug's use for the treatment of Alzheimer's.

"We are really, really disappointed. We hoped for the best, but this is a difficult disease area," Axovant CEO David Hung said in an interview on Tuesday.

The performance for the drug, known as intepirdine, was closely watched on Wall Street because, even if the benefit was modest, analysts expected the drug to have more than \$2 bil-

## Betting on a Miracle Drug

Axovant set a new record among the biggest recent biotech IPOs.

Axovant Sciences, June 2015 Alzheimer's therapy	\$315 million
Galapagos, May 2015 Inflammatory disease treatment	275.4
Juno Therapeutics, Dec. 2014 T-cell therapies for cancer	264.6
Collectis, Mar. 2015 Cancer gene-therapy	228.3
Forward Pharma, Oct. 2014 Multiple sclerosis treatment	220.5

Source: Renaissance Capital

lion in sales.

Axovant, of Basel, Switzerland, had built up a \$2.6 billion market cap before announcing the trial failure. Shares fell 74% to close at \$6.33.

Dr. Hung said Axovant will now focus on other programs in development, including using intepirdine to treat another neurodegenerative condition known as dementia with Lewy bodies. Axovant expects those trial results by the end of the year.

"We're going to continue to

Pfizer Inc. and Johnson & Johnson that aimed to slow the disease have failed during testing.

Yet companies have kept looking for a breakthrough, because the need is so high and commercial potential so huge. About 5.5 million Americans have the disease, and the numbers are expected to rise as the population ages.

Analysts say potential Alzheimer's treatments could have multibillion-dollar sales potential, if they can demonstrate they work safely.

The intepirdine study of 1,315 subjects, known as Mindset, examined whether learning and memory improved in patients getting a combination of intepirdine and the widely used therapy, Aricept,

compared with subjects who took Aricept alone. But the phase 3 study failed to show a numerical improvement and the results didn't reach statistical significance for the primary endpoints, according to Axovant.

◆ Heard on the Street: Biotech still has a lot on its side... B18

# Bombardier Is Set Back On Jetliner, Train Deal

BY DOUG CAMERON AND JACQUIE McNISH

Bombardier Inc. received a double blow on Tuesday when a U.S. trade body slapped sanctions on its new jetliner and a long-sought deal evaporated with its main transportation partners.

U.S. trade officials said they plan to slap a large tariff on sales of a new Bombardier jetliner to U.S. airlines, inflaming a simmering trade spat with Canada that has attracted opposition from other countries.

In addition, Bombardier was left on the sidelines when Germany's Siemens AG announced that it is forming an alliance with French train maker Alstom SA to create a train business with \$18 billion of annual sales.

The combination creates the world's second-largest train maker. Bombardier had been in discussions with Siemens since early this year to form a similar partnership, but talks broke down in August. (Please see related article on page B5.)

The International Trade Commission ruled in favor of a complaint from Boeing Co. and said it would add a 220% tariff to the cost of the new CSeries jet. The jet's sale to Delta Air Lines Inc. last year prompted a complaint from Boeing. A final decision on any duty is expected next year.

The U.S. agency's decision was widely ridiculed by aerospace-industry experts, who said cutting prices to boost sales was a common practice.

"The Commerce Department will instruct U.S. Customs and Border Protection to collect cash deposits from importers of 100- to 150-seat large civil aircraft based on these preliminary rates," the department said in a statement.

Delta, whose 75-jet order for the CSeries triggered the case, said it was confident the U.S. would take no action against it.

"Boeing has no American-made product to offer because it canceled production of its only aircraft in this size range, the 717, more than 10 years ago," it said in a statement.

The Commerce Department ruled in favor of Boeing's claims on the jet pricing despite vehement denials from Bombardier and Canadian officials.

Boeing said that "subsidies enabled Bombardier to dump its product into the U.S. market, harming aerospace workers in the United States and throughout Boeing's global supply chain."

Bombardier said it strongly disagrees with the trade ruling.

"The magnitude of the proposed duty is absurd and divorced from the reality about the financing of a multibillion-dollar aircraft program," the company said.

The Montreal-based company accused Boeing of using a "skewed process" to "stifle competition and prevent U.S. airlines and their passengers from benefiting from the CSeries."

# Nestlé Bends Under Activist Pressure

BY SAABIRA CHAUDHURI

LONDON—Nestlé SA on Tuesday introduced a profit-margin target and said it would accelerate share buybacks amid pressure from activist investor Dan Loeb, while remaining firm on retaining a stake in cosmetics giant L'Oréal SA.

The consumer-goods company's strategy has been in the spotlight since Mr. Loeb's Third Point LLC hedge fund built a 1.3% stake in Nestlé and advocated steps to improve its performance, including the sale of its stake in L'Oréal and the setting of a margin target.

Nestlé on Tuesday said it would strive for a trading operating profit margin of 17.5% to 18.5% by 2020 on an "underlying" basis, which among other things strips out one-time charges. Its margin in the first half was 15.8%.

The company also plans to tweak the \$20.8 billion share-buyback program it announced in June, answering a demand from Mr. Loeb. It will now purchase shares evenly in each of the three years to 2020, rather than back load them in 2019 and 2020.

Chief Executive Mark Schneider, who took the reins



The Swiss company, whose brands include Kit Kat, has faced demands from Dan Loeb's Third Point.

in January, said Nestlé isn't planning to change its 23.29% stake in L'Oréal, which has been in focus following the death last week of Liliane Bettencourt, heiress to the L'Oréal fortune.

"The investment is not diluting anything," Mr. Schneider said, adding that the L'Oréal stake has delivered a 12% annual return on invest-

ment over the 42 years Nestlé has held it. "Our approach to this investment is currently not changing."

Third Point, which in June publicly disclosed its \$3.5 billion stake in Nestlé, declined to comment on Tuesday.

Nestlé said about 10% of its portfolio by sales is ripe for a shuffling as it looks to shed slow-growth assets and invest

in more promising ventures.

The raft of announcements accompanying a closely watched investor day in London are the latest moves by the Swiss company to improve its performance, including focusing on the high-growth areas of pet care, coffee, infant nutrition and bottled water.

Nestlé shares rose 1.8% on Tuesday.

# Parker Hannifin Faces Antitrust Suit

BY BRENT KENDALL

WASHINGTON—The Justice Department on Tuesday filed an antitrust lawsuit challenging Parker Hannifin Corp.'s \$4.3 billion acquisition of Clarcor Inc., alleging the deal created an unlawful monopoly.

The department, in a legal challenge filed in a Delaware federal court, argued that Parker Hannifin's acquisition, completed in February, had eliminated the company's only

competitor in the market for products that filter fuel for airplanes. Aircraft fuel must be filtered to remove particles that could cause engine failure.

The case marks the first merger challenge brought by the Justice Department under the Trump administration. The lawsuit asks a federal judge to order Parker Hannifin to sell off either its own aviation fuel filtration business or Clarcor's to restore the previous competition in the market.

"Parker Hannifin's acquisition of its only U.S. rival for these types of aviation fuel filtration products has effectively created a monopoly in these critical safety products, depriving their customers of the benefits of competition," said Andrew Finch, the acting head of the Justice Department's Antitrust Division.

Parker Hannifin, based in Cleveland, said it had cooperated fully with the Justice Department and "is now review-

ing the complaint and looks forward to the ultimate resolution of this matter."

The lawsuit alleged the company and Clarcor competed vigorously before the merger, resulting in better prices and more innovation for customers. Now, Parker Hannifin has "the power to raise prices without fear of losing a significant amount of sales," the lawsuit said.

—Doug Cameron contributed to this article.

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## TECHNOLOGY

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## Facebook Scores in Video Deal With National Football League



RODGER MALLISON/ZUMA PRESS

The National Football League plans to put game highlights and recaps on Facebook, as the social network works to increase premium video content for its "Watch" platform.

While trying to build a video platform rivaling Alphabet Inc.'s YouTube, Facebook Inc. has been paying producers to offset production costs, offering to license

or buy content outright and offering some share of revenue generated from planned video ads.

Financial terms of the multi-year deal announced Tuesday weren't disclosed. NFL highlights of all regular-season games, the playoffs and the Super Bowl will be available to people globally on Facebook.

The NFL's media division also

will distribute uniquely packaged content for Watch, including NFL Turning Point, which documents the drama and strategy on specific games, and Sound FX, which provides highlights from in-game player audio.

The agreement doesn't include live-streaming games, such as Monday night's contest pitting the Arizona Cardinals and

Dallas Cowboys, above. In April, the league and Amazon.com Inc. reached a deal to stream 10 Thursday night games.

The NFL has been a lightning rod for controversy this week as President Donald Trump and some fans have criticized players and teams for protesting during the national anthem.

—Austen Hufford

## TICKET

*Continued from page B1*  
chises, earning it \$1.5 billion a year in licensing revenue.

A substantial number of cancellations risk further damage as the league tries to rebound in ratings. Viewership fell last year and continues to do so this year. Network executives and league officials attributed last year's declines in part to viewing competition from the presidential election, consumer distaste with the pace and quality of games, and the anthem protests.

DirecTV service representatives contacted by The Wall Street Journal had different understandings of the policy. One said refunds to those concerned about the anthem protests were only offered to subscribers with certain offers or plans. One representative said full refunds were available for those who complained about anthem protests. Another said such people could only get pro rata refunds for the remainder of the season. Yet other representatives said the policy hadn't changed and that no refunds were allowed for any reason.

However, DirecTV subscribers contacted by The Wall Street Journal showed the satellite broadcaster was offering at least some refunds.

Marc Hoffman, a longtime subscriber to Sunday Ticket, which gives sports fans the ability to watch every Sunday game, said in an interview he was able to cancel his subscription and receive a refund on Monday. The package costs around \$280 a season.

"I honestly didn't think I'd

get a refund," Mr. Hoffman said. "I know their guidelines, I just wanted to make a point."

Chris Baker, who lives in Indiana, reluctantly canceled his Sunday Ticket subscription, but not precisely as a response to the protests.

"I explained to them I was tired of politics in sports, and it's not how I want to spend my Sunday, watching all that transpire," he said he told a DirecTV representative. He said the representative "insinuated there was a high volume of calls calling into cancel."

The protests, which started last season when quarterback Colin Kaepernick refused to stand for the national anthem to protest treatment of minorities by police, were a focal point of this past weekend's games.

Mr. Kaepernick, formerly a member of the San Francisco 49ers, remains unsigned, which many players have attributed to owners blackballing him in response to his decision to kneel a year ago.

Aside from DirecTV, the NFL-owned channel RedZone, which provides live action and scoring from every game on Sundays, is also experiencing some cancellations due to the protests.

Chuck Plavk, a veteran who resides in Wisconsin, canceled his subscription to the channel from Charter Communications' Spectrum Cable. He said when he called, the customer service representative said, "everybody's calling about that today." Unlike Sunday Ticket, which is only available through DirecTV, RedZone is available through a number of cable providers and streaming outlets. A Charter spokeswoman declined to comment.

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## CLASS ACTIONS

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF LOUISIANA

ROBERT F. BACH, et al.,

Plaintiff,

v.

AMEDISYS, INC., et al.,

Defendants.

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND CERTIFICATION OF SETTLEMENT CLASS; (II) PROPOSED SETTLEMENT; (III) SETTLEMENT HEARING; AND (IV) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

TO: All persons and entities who or which purchased the publicly traded common stock of Amedisys, Inc. during the period from August 2, 2005 through September 30, 2011, inclusive (the "Settlement Class Period"), and were damaged thereby (the "Settlement Class").

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Middle District of Louisiana, that the above-captioned litigation (the "Action") has been certified as a class action on behalf of the Settlement Class, except for certain persons and entities who are excluded from the Settlement Class by definition as set forth in the full printed Notice of (I) Pendency of Class Action and Certification of Settlement Class; (II) Proposed Settlement; (III) Settlement Hearing; and (IV) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice").

YOU ARE ALSO NOTIFIED that the Lead Plaintiffs in the Action, the Public Employees' Retirement System of Mississippi and Puerto Rico Teachers' Retirement System ("Lead Plaintiffs"), on behalf of themselves and the other members of the Settlement Class, have reached a proposed settlement of the Action with Defendants Amedisys, Inc. ("Amedisys"), Wendy Stabiler Borne as Independent Executrix of the Succession of William F. Borne, Jeffrey D. Jeter, Dale E. Redman, Larry R. Graham, Alice Ann Schwartz, Gregory Browne, and John F. Giblin (the "Defendants") for \$43,750,000.00 in cash (the "Settlement"). If the Settlement is approved by the Court, it will resolve all claims in the Action.

A hearing will be held on December 13, 2017 at 11:00 a.m., before the Honorable Chief Judge Brian A. Jackson at the United States District Court for the Middle District of Louisiana, United States Court House, Courtroom 2, 777 Florida Street, Baton Rouge, LA 70801, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice against Defendants, and the Releases specified and described in the Stipulation and Agreement of Settlement dated August 4, 2017 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved.

If you are a member of the Settlement Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Settlement Fund. If you have not yet received the Notice and Claim Form, you may obtain copies of these documents by contacting the Claims Administrator at *Amedisys Securities Litigation, c/o A.B. Data, Ltd., P.O. Box 173042, Milwaukee, WI 53217*, by toll-free phone at 877-207-7560, or by email at [info@AmedisysSecuritiesLitigation.com](mailto:info@AmedisysSecuritiesLitigation.com). Copies of the Notice and Claim Form can also be downloaded from the website maintained by the Claims Administrator, [www.AmedisysSecuritiesLitigation.com](http://www.AmedisysSecuritiesLitigation.com).

If you are a member of the Settlement Class, in order to be eligible to receive a payment under the proposed Settlement, you must submit a Claim Form postmarked no later than January 16, 2018. If you are a member of the Settlement Class and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement, but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is received no later than November 22, 2017, in accordance with the instructions set forth in the Notice. If you properly exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to share in the proceeds of the Settlement.

Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses, must be filed with the Court and delivered to Lead Counsel and Defendants' Counsel such that they are received no later than November 22, 2017, in accordance with the instructions set forth in the Notice.

Please do not contact the Court, the Clerk's office, Amedisys, or Defendants' Counsel regarding this notice. All questions about this notice, the proposed Settlement, or your eligibility to participate in the Settlement should be directed to Lead Counsel or the Claims Administrator.

Requests for the Notice and Claim Form should be made to:

*Amedisys Securities Litigation  
c/o A.B. Data, Ltd.  
P.O. Box 173042  
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877-207-7560*

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1251 Avenue of the Americas, 44th Floor  
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(800) 380-8496*

By Order of the Court

Inquiries, other than requests for the Notice and Claim Form, should be made to Lead Counsel:

*WOLF POPPER LLP  
Robert C. Finkel, Esq.  
845 Third Avenue, 12th Floor  
New York, NY 10022  
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## BUSINESS NEWS

# Uber Faces New Investor Suit Alleging Fraud

BY GREG BENSINGER

A small shareholder of Uber Technologies Inc. on Tuesday sued the ride-hailing company and its former chief executive for allegedly covering up "illicit business tactics," the latest legal challenge following months of scandals at the highflying startup.

The lawsuit adds to mounting legal issues faced by Uber as its new CEO Dara Khosrowshahi takes over for Mr. Kalanick, who resigned under pressure from investors in June. Uber faces three possible federal probes, including a preliminary investigation by the Justice Department into alleged violations of the Foreign Corrupt Practices Act. Uber has said it is cooperating with the investigations.

Tuesday's shareholder allegations echo a lawsuit filed last month by one of Uber's directors and largest investors, Benchmark Capital, which is seeking the ouster of Mr. Kalanick as a director through the return to the board of three seats he controls.

Though the case has been moved to private arbitration, it has overhung Uber's board and divided its investors.

Like Benchmark, the firemen's fund specifically pointed to news reports detailing Uber's use of software to evade regulators, known as Greyball, a program called Hell used to gather intelligence about rival Lyft Inc.'s operations, a lawsuit from Google parent Alphabet Inc. over allegedly stolen trade secrets, and charges of widespread workplace discrimination.

The firemen's fund invested in Uber through a somewhat unusual arrangement with Morgan Stanley, which offered clients an opportunity to invest in a fund known as New Riders LP, while promising limited financial disclosure.

**Uber and its former CEO are sued for covering up 'illicit business tactics.'**

losses on investments. The complaint, filed in the U.S. District Court for the Northern District of California, seeks class-action status on behalf of Uber's myriad investors, and asks for unspecified damages.

The small retirement fund invested about \$2 million in Uber in February 2016 through a Morgan Stanley fund at a \$62.5 billion valuation.

"The company's vaunted corporate culture was revealed in truth to consist of a toxic hotbed of misogyny, sexual discrimination, and disregard for the law that threatened the company's reputation, business and prospects," according to the complaint. Uber, which is privately held but was valued at \$68 billion in its most recent fundraising round in June 2016, has lost at least

the deal will dilute French control over Alstom.

**Alstom, Siemens Set European Rail Merger**

BY MATTHEW DALTON

PARIS—German industrial company Siemens AG on Tuesday agreed to merge its rail operations with French trainmaker Alstom SA, aiming to create a European giant with the scale to fight growing competitive threats from state-backed Chinese rivals.

The deal would dilute French control over Alstom, which shrank dramatically in 2015 when the company sold its electric turbine division to U.S. industrial conglomerate General Electric Co.

That deal handed a key piece of France's nuclear power business to G.E., outraging members of France's socialist government at the time.

To ease French concerns, the current chief executive of Alstom, Frenchman Henri Poupart-Lafarge, will lead the new business. Its headquarters will remain in France. Siemens will be prohibited from owning more than 50.5% of the new company for four years, but after that can boost its stake as much as it likes. A combination would create a European transportation business with about \$18 billion in annual sales.

The proposed merger marks a major test of Europe's ability to overcome national economic rivalries and establish a European champion, akin to Airbus SE in aviation. The deal faces the risk of political backlash in France, where Alstom's factories have been a symbol of national industry for more than a century.

Yet the merger has strong backing from French President Emmanuel Macron, who has argued that Europe needs to cooperate across borders to compete better against economic powers in China, the U.S. and elsewhere. The deal echoes the political overtures Mr. Macron is making to German Chancellor Angela Merkel.

Jacquie McNish contributed to this article.



The deal will dilute French control over Alstom.

# Alstom, Siemens Set European Rail Merger

BY MATTHEW DALTON

to bolster the eurozone economy by establishing a shared budget for the currency bloc.

"We put the European idea to work and together with our friends at Alstom, we are creating a new European champion in the rail industry for the long term," said Siemens Chief Executive Joe Kaeser.

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Jacquie McNish contributed to this article.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made solely by the Offer to Purchase, dated September 27, 2017 and the related Letter of Transmittal, as they may be amended or supplemented from time to time. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making or acceptance of offers to sell Shares would not be in compliance with the laws of that jurisdiction. If Greenhill (as defined below) becomes aware of any such jurisdiction where the making of the Offer or the acceptance of Shares pursuant to the Offer is not in compliance with applicable law, Greenhill will make a good faith effort to comply with the applicable law. If, after such good faith effort, Greenhill cannot comply with the applicable law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the stockholders residing in such jurisdiction. In any jurisdiction where the securities, "blue sky" or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Greenhill by the Dealer Manager (as defined below), or by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

## Notice of Offer to Purchase for Cash

by

# Greenhill

of

## Up to 9,000,000 Shares of Its Common Stock At a Purchase Price of \$17.00 Per Share

Greenhill & Co., Inc. ("Greenhill") is offering to purchase for cash up to 9,000,000 shares of its Common Stock, par value \$0.01 per share (the "Shares"), at a price of \$17.00 per Share, net to the seller in cash, less any applicable withholding taxes and without interest (the "Purchase Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 27, 2017 (the "Offer to Purchase") and in the related Letter of Transmittal (which together, as they may be amended or supplemented from time to time, constitute the "Offer").

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON OCTOBER 25, 2017, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE "EXPIRATION DATE").**

Upon the terms and subject to the conditions of the Offer, promptly after the Expiration Date, Greenhill will pay the Purchase Price, subject to the "odd lot" priority, proration and conditional tender provisions described in the Offer to Purchase, for Shares properly tendered in the Offer and not properly withdrawn, and accepted for payment, taking into account the number of Shares tendered pursuant to the Offer. However, because of the "odd lot" priority, proration and conditional tender provisions described in the Offer to Purchase, all of the Shares tendered may not be purchased if more than 9,000,000 Shares are properly tendered and not properly withdrawn. Shares tendered but not purchased in the Offer will be returned to the tendering stockholders at Greenhill's expense promptly after the Expiration Date.

**The Offer is not conditioned on any minimum number of Shares being tendered. The Offer, however, is subject to other conditions set forth in the Offer to Purchase, including a condition that Greenhill receive satisfactory financing.**

As of September 25, 2017, Greenhill had 29,638,437 issued and outstanding Shares (and 5,560,299 Shares reserved for issuance upon vesting of all outstanding restricted stock units ("RSUs") and 1,176,470 shares expected to be issued under certain pre-existing subscription agreements with Greenhill's Chairman, Robert F. Greenhill, and Greenhill's Chief Executive Officer, Scott L. Bok, which are described in the Offer to Purchase). If the Offer is fully subscribed, the Offer will result in the repurchase by Greenhill of 9,000,000 Shares, which would represent approximately 30% of its issued and outstanding Shares, or 25% of its outstanding Shares on a fully diluted basis.

**GREENHILL'S BOARD OF DIRECTORS HAS AUTHORIZED THE OFFER. HOWEVER, NONE OF GREENHILL, THE MEMBERS OF ITS BOARD OF DIRECTORS, GREENHILL & CO., LLC (THE "DEALER MANAGER"), GEORGESON LLC (THE "INFORMATION AGENT") OR AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC (THE "DEPOSITORY"), MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING YOUR SHARES. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER YOUR SHARES AND, IF SO, HOW MANY SHARES TO TENDER. PRIOR TO MAKING ANY DECISION WITH RESPECT TO THE OFFER, YOU SHOULD READ CAREFULLY THE INFORMATION IN THE OFFER TO PURCHASE AND IN THE RELATED LETTER OF TRANSMITTAL, INCLUDING THE PURPOSES AND EFFECTS OF THE OFFER. YOU SHOULD DISCUSS WHETHER TO TENDER YOUR SHARES WITH YOUR BROKER, IF ANY, OR OTHER FINANCIAL OR TAX ADVISOR.**

The Offer is part of a leveraged recapitalization initiated by Greenhill to put in place a capital structure Greenhill believes will enhance long-term shareholder value in the context of its current equity valuation, current tax rates and current opportunities in the credit market. The recapitalization consists of new debt financing (as described in the Offer to Purchase, the "Financing Arrangements"), the Chairman and CEO purchases described above, the repayment of Greenhill's outstanding bank debt, the focusing of future cash flows to repay the Financing Arrangements, the Offer and additional repurchases of Shares after completion of the Offer (together the "Recapitalization").

The Recapitalization is intended to create value by replacing after-tax dividends with pre-tax debt service and redirecting market focus to long term value creation. Greenhill expects that the net proceeds from the Financing Arrangements will be used to repay all of Greenhill's existing bank debt, to help fund the repurchase of Shares under the Offer, and to help fund any additional repurchases of Shares. Further, following payment of Greenhill's previously announced quarterly dividend on September 27, 2017, Greenhill expects to substantially reduce or eliminate its quarterly dividend in order to improve tax efficiency and fund future repayment of debt. Greenhill expects that growth in earnings per share will be bolstered by the reduction in outstanding Shares through the Offer and other potential repurchases.

Upon the terms and subject to the conditions of the Offer, including the provisions relating to "odd lot" priority, proration and conditional tender described in the Offer to Purchase, Greenhill will purchase up to 9,000,000 Shares (or such greater amount as it may elect to purchase, subject to applicable law) properly tendered and not properly withdrawn before the Expiration Date. If more than 9,000,000 Shares (or such greater amount as Greenhill may elect to purchase, subject to applicable law) are properly tendered and not properly withdrawn, Greenhill will purchase Shares in the following order of priority:

- First, Greenhill will purchase all odd lots of less than 100 Shares from stockholders who properly tender all of their Shares and who do not properly withdraw them before the Expiration Date (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holder (as defined in the Offer to Purchase) will not qualify for this preference);
- Second, after purchasing all the odd lots that were properly tendered and not properly withdrawn, Greenhill will purchase Shares from all other stockholders who properly tender Shares and who do not properly withdraw them before the Expiration Date (except for stockholders who tendered Shares conditionally for which the condition was not satisfied), on a *pro rata* basis, with appropriate adjustments to avoid purchases of fractional Shares, until Greenhill has purchased 9,000,000 Shares (or such greater amount as it may elect to purchase, subject to applicable law); and
- Third, only if necessary to permit Greenhill to purchase 9,000,000 Shares (or such greater amount as it may elect to purchase, subject to applicable law), Greenhill will purchase Shares from stockholders who have properly tendered Shares conditionally (for which the condition was not initially satisfied) by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose Shares are conditionally tendered must have properly tendered all of their Shares and not properly withdrawn them before the Expiration Date.

All Shares tendered and not purchased in the Offer will be returned to the tendering stockholders at Greenhill's expense promptly following the Expiration Date. Greenhill expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 of the Offer to Purchase shall have occurred or shall be deemed by Greenhill to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depository and making a public announcement of such extension no later than 9:00 A.M., New York City time, on the next business day after the last previously scheduled or announced Expiration Date. During any such extension, all Shares previously tendered and not validly withdrawn will remain subject to the Offer and to the right of a tendering stockholder to withdraw such stockholder's Shares.

Shares tendered pursuant to the Offer may be withdrawn at any time before the Expiration Date. In addition, unless Greenhill has already accepted your tendered Shares for payment, you may withdraw your tendered Shares at any time after 11:59 P.M., New York City time, on November 22, 2017. For a withdrawal to be effective, a notice of withdrawal must be in writing, must be received in a timely manner by the Depository at one of its addresses set forth on the back cover of the Offer to Purchase and must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from the name of the person who tendered the Shares. If Shares have been tendered pursuant to the procedure for book-entry transfer described in Section 3 of the Offer to Purchase, the notice of withdrawal also must specify the name and the number of the account at DTC (as defined in the Offer to Purchase) to be credited with the withdrawn Shares and must otherwise comply with DTC's procedures.

For purposes of the Offer, Greenhill will be deemed to have accepted for payment (and therefore purchased), subject to the "odd lot" priority, proration and conditional tender provisions of the Offer, Shares that are properly tendered and not properly withdrawn only when, as and if Greenhill gives oral or written notice to the Depository of its acceptance of the Shares for payment in the Offer.

Payment for Shares tendered and accepted for payment in the Offer will be made promptly, subject to possible delay in the event of proration, but only after timely receipt by the Depository of certificates for Shares or book-entry confirmation of Shares into the Depository's account at DTC, a properly completed and duly executed Letter of Transmittal (or an Agent's Message (as defined in the Offer to Purchase)) and any other documents required by the Letter of Transmittal.

Stockholders desiring to tender Shares under the Offer must follow the procedures set forth in Section 3 of the Offer to Purchase and in the Letter of Transmittal. Stockholders desiring to tender their Shares pursuant to the Offer but whose certificates are not immediately available, or who are unable to complete the procedure for book-entry transfer or to make delivery of all required documents to the Depository before the Expiration Date, may still tender their Shares by complying with the procedures set forth in Section 3 of the Offer to Purchase for tendering by Notice of Guaranteed Delivery.

**Greenhill will decide, in its reasonable discretion, all questions as to the number of Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares, and each such decision will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction. None of Greenhill, the Dealer Manager, the Information Agent, the Depository or any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any such person incur liability for failure to give any notice.**

If you are a U.S. Holder (as defined in the Offer to Purchase), the receipt of cash for your tendered Shares generally will be treated for United States federal income tax purposes either as (a) a sale or exchange eligible for capital gain or loss treatment or (b) a distribution. If you are a Non-U.S. Holder (as defined in the Offer to Purchase), the payment of cash for your tendered Shares may be subject to United States federal income tax withholding unless one of certain exemptions applies. Stockholders are strongly encouraged to read the Offer to Purchase, in particular Sections 3 and 14, for additional information regarding the United States federal income tax consequences of participating in the Offer and should consult their tax advisors.

The information required to be disclosed by Rule 13e-4(d)(1) under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

**The Offer to Purchase and Letter of Transmittal contain important information that should be read carefully before any decision is made with respect to the Offer.**

Copies of the Offer to Purchase, the Letter of Transmittal and other documents are available for free at the United States Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or at the investor information section of Greenhill's website at [www.greenhill.com](http://www.greenhill.com). Additional copies of the Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other documents may be requested from the Information Agent at Greenhill's expense at the address and telephone number set forth below. Questions or requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and addresses set forth below. Stockholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the Offer.

*The Information Agent for the Offer is:*

## Georges

1290 Avenue of the Americas, 9th Floor

New York, NY 10104

Call Toll-Free: 1-877-278-4775

Email: [greenhill@georges.com](mailto:greenhill@georges.com)

*The Depository for the Offer is:*

## American Stock Transfer & Trust Co., LLC

*By First-Class, Registered or Certified Mail:*

American Stock Transfer & Trust Co., LLC

Operations Center

Attn: Reorganization Department

6201 15th Avenue

Brooklyn, New York 11219

*By Hand, Express Mail, Courier, or Other Expedited Service:*

American Stock Transfer & Trust Co., LLC

Operations Center

Attn: Reorganization Department

6201 15th Avenue

Brooklyn, New York 11219

*The Dealer Manager for the Offer is:*

## Greenhill

Greenhill & Co., LLC

300 Park Avenue

New York, New York 10022

1-888-504-7336 (Toll-Free)

September 27, 2017

VOA.ORG



## BUSINESS NEWS



Boeing's plant in North Charleston, S.C. The aircraft maker helped form an alliance of insurers that will back loans or bonds for jet sales.

# Insurers Fly to the Rescue

By DOUG CAMERON

**Boeing** Co. has found a new source of financing for jetliner orders that are expected to approach \$200 billion a year by the end of the decade: insurance companies.

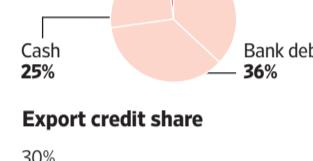
The aerospace company has helped form an alliance of insurers to provide lenders with loan or bond guarantees for jet sales. The new partnership could fill a gap in aircraft financing created by the extended closure of export credit agencies in the U.S. and Europe. Those agencies provide less creditworthy airlines with guarantees that make their aircraft purchases cheaper.

"This could be the industry's biggest new source of finance," said Robert Morin, a former U.S. Export-Import Bank official hired in June by insurance broker Marsh McLennan to develop the product under the banner of the Aircraft Finance Insurance Consortium.

Only one-quarter of new aircraft are paid for in cash, with the balance financed through

**Jet Stream**

New aircraft deliveries this year require \$126 billion in funding.

**Sources of aircraft finance, 2017****Export credit share**

Source: Boeing \*Estimated

THE WALL STREET JOURNAL.

tional and **Fidelis** SA—has been assembled to provide guarantees that loans or bonds are paid, replicating the role of the big export credit agencies.

"It's credit insurance on steroids," said Jon Byron, senior vice president at Apple Bank Inc., which co-arranged the purchase of a Boeing 747-8 freighter using the structure for lessor Intrepid Aviation, which is renting the plane to Russia-based AirBridgeCargo.

Intrepid Chief Financial Officer Mike Lungariello said the program isn't a replacement for export credit financing. Boeing has lobbied fiercely for the return of U.S. export credit guarantees, which have been suspended since July 2015 because of a fight over the program in Congress.

"Export credit remains a necessary financial instrument with large capacity, especially in tight credit markets," a Boeing spokesman said.

Airbus SE customers have also been unable to tap export credit funding, with agencies in the U.K., France and Germany closed to large aircraft

business because of a probe into alleged corruption.

While Boeing was heavily involved in developing the new finance structure, it could be used by other jet makers as well, including Airbus. "It is another tool to finance aircraft purchases," said an Airbus spokesman.

Apple Bank has been regularly involved in export credit deals, while poor returns kept co-arranger ING Groep NV out of the market for a number of years before being attracted back by the new structure.

Planes such as the 747 jumbo are among the hardest to finance because of a relatively small customer base. Boeing has opted to rent some of the planes in recent years after airlines found them tough to buy with commercial funds.

Norwegian Air Shuttle ASA has been the biggest customer through the new program. Greensill Capital, a supply-chain finance specialist, has used insurance-backed bonds to finance six Boeing 737 Max planes for the Norwegian low-cost carrier's leasing arm.

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## CAREERS

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Morgan Stanley Services Group Inc. seeks Associate, Credit Middle Office in NY, NY to work in Credit Middle Ofc dept of Morgan Stanley's Risk Mgmt div supporting Morgan Stanley's Credit Dept in credit risk analysis & limits monitoring. Req's Bachelor's in Fin'l Econ, Applied Math, Bus. Admin, or rel field of study & 1 yr exp in position offered or 1 yr exp as Analyst or rel occupation. Req's 1 yr exp w/each of following skills: MS Office; MS Excel; VBA; dbase structure; designing & running queries; fin'l products incl fixed income, securities, equity, & derivatives (Credit, Interest Rate, Commodity, Equity, & Listed); risk mgmt or ops involving data quality analysis, controls, & process mgmt; project mgmt & user acceptance testing (UAT); & corp fin'l analysis (10Q/K). To apply, visit <http://www.morganstanley.com/about/careers/careersearch.html> Scroll down & enter 3097391 as "Job Number" & click "Search jobs." No calls pls. EOE

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Interested candidates send resume to: Google Inc., PO Box 26184 San Francisco, CA 94126 Attn: A. Johnson. Please reference job # below: Staff Software Engineer. Site Reliability Engineer (New York, NY) Provide technical support necessary to ensure full availability of Google online services. #1615\_13108 Exp Indl: C, C++, Java, Python, or Go; adv algorithms, data struc, database sys, complexity ana & sw dszn, & large-scale deployments; Unix or Linux sys internals & networking; Design, analyz, & troubleshoot larg-scale distributed sys; running web services at scale; & Network theory. Int'l Trvl Rq'd. Product Specialist (New York, NY) Provide product expertise necessary to ensure Google technology satisfies the business needs of Google clients. #1615\_7485 Exp Indl: sw dev or mgmt of sw dev using OOP or functional prog lang; APIs, Java, & scripting; relational database mgmt & SQL; Irg scale sw dszn & dplmnt; front end user interface dev; back end & platform dev; data analysis & stats analysis; & algorithmic dev. Trvl Rq'd.

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# Appliance Maker Dyson Tries Design Knack on Electric Cars

By STU WOO  
AND WILLIAM BOSTON

**Dyson** Ltd., the British technology company known for its high-end vacuum cleaners and ubiquitous hand dryers, said Tuesday that it is developing an electric car to hit roads as early as 2020.

The closely held company's founder, James Dyson, revealed few details about the vehicle, which would compete against those of electric-car pioneer **Tesla** Inc., during a news conference at his company's London store. He said it would be neither a sports car nor a mass-market model.

Big auto makers also are piling in to develop their own answers to Tesla, and they have the deep pockets and auto-making experience to give them a running start. But Dyson has made an international mark as a technology and design house that successfully fused innovative engineering and design to provide fresh takes on everyday appliances such as vacuum cleaners and hair and hand dryers, for which consumers have paid high prices. The company's founder promised to pour £2 billion (\$2.69 billion) into his car effort.

Mr. Dyson said his company wouldn't collaborate with other car makers and hoped to make an automobile distinctive in design and technology. "We want to do it ourselves," he said. "There's no point in doing one that looks like everyone else's."

Mr. Dyson said the company had been working on the electric-car project for 2½ years and has 400 employees dedicated to it so far. "We're not a Johnny-come-lately," he said.

He said he wanted to go public with the project Tuesday in part to make it easier to recruit engineers.

Even with a popular brand, Dyson will be entering a crowded field. When Tesla introduced its now iconic Model S luxury sedan in 2012, global car makers were asleep at the wheel. Now most major car

makers are on track to launch new-generation electric vehicles—from compact city cars and luxury sedans to sport-utility vehicles—in 2020, Dyson's target year. That puts pressure on Dyson to come up with a car that sets itself apart from the world's biggest and best-known auto makers.

The company will develop the car in Britain, though it hasn't decided where to manufacture the vehicle. Mr. Dyson said he would spend £1 billion on car development and an additional £1 billion to develop its battery.

Mr. Dyson said his firm is working on batteries that don't contain liquid, which virtually all car batteries have today. He said all-solid ones would be safer, quicker to charge and more powerful. The batteries would be similar to the ones Dyson hopes to use in its vacuum cleaners and other gadgets.

# A DIFFERENT KIND OF HERO

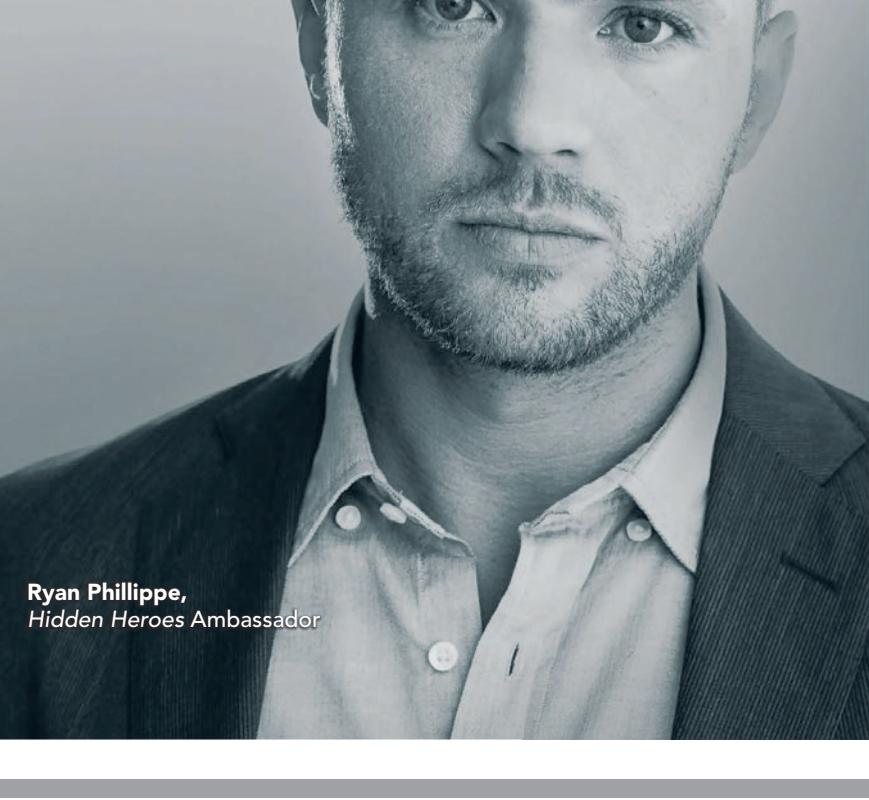
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Ryan Phillippe,  
Hidden Heroes Ambassador

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# THE PROPERTY REPORT

## In Puerto Rico, Some Hotels Set to Thrive

Lodgings that remain open are likely to have a leg up on rivals that need to repair damage

BY PETER GRANT  
AND CHRIS KIRKHAM

In recent years, as Puerto Rico's debt woes have mounted, investors like hedge-fund manager John Paulson have made big bets on the U.S. territory's recovery by buying hotels at discounted prices.

Those investments now face an uncertain future in the wake of Hurricane Maria, which left Puerto Rico in ruins.

The extent of the damage from the second major storm to hit the island this month may not be known for days and the recovery period could take months, if not years. Tourism, the lifeblood of the Puerto Rico lodging business, is likely to be moribund for the indefinite future. At this point, officials don't know how long it will take to restore electricity to the island.

But that doesn't mean the hotel investments can't be salvaged. Much will depend on insurance. Business policies typically pay to repair storm damage as well as reimburse owners for lost revenue.

Because of the peculiar economics of the hotel industry, some properties might actually benefit from the devastation. Those that weren't damaged too badly and can reopen quickly could enjoy stronger-than-usual bookings thanks to high demand from displaced residents and the hurricane-related workforce.

Among those that have stayed open: Mr. Paulson's La Concha and the historic Condado Vanderbilt hotels in San Juan. The La Concha is being used by Federal Emergency Management Agency employees and other rescue officials, according to a spokeswoman



**Hotels that continue operating after Hurricane Maria could see strong bookings from displaced residents and storm-related workers from outside the U.S. territory.**

for Mr. Paulson. The Vanderbilt sheltered guests in a bunker, she said in an email.

"Both hotels weathered the storm very well, with minor water damage which is currently being fixed," she said.

Hotels that are able to keep their doors open also will likely face less competition as many rivals that sustained more damage will likely be out of operation for months.

New hotels under construction were more likely destroyed by Maria than finished structures were, said Jan Freitag, senior vice president of STR Inc., a data company that tracks the hotel industry. Even if they did survive, construction is likely to be delayed because laborers will likely fix existing hotels before building new ones.

In other areas hit by hurricanes, hotels that survived or were able to reopen quickly saw higher occupancy rates. In the Houston area, which was hammered by Hurricane Harvey late August, occupancy was 87.8% in the week that ended Sept. 16, compared with 61.2% at the same time last year, Mr. Freitag said.

"Certain hotels may even report stronger [third-quarter] performance than anticipated, as displaced residents and temporary relief workers boost occupancy during a seasonally slow period," said **Green Street Advisors** in a report on the impact of the 2017 hurricane season on real-estate investment trusts with hotels in hard-hit areas.

Even before Maria hit, the hotel industry in Puerto Rico

was having a lackluster 2017. Occupancy through the end of August was 73.4%, down 1.2% from the same period in 2016, according to STR, which tracks 162 hotels with 16,265 rooms in Puerto Rico. The average daily room rate was down 2.9%, the firm said.

Big hotel corporations with Puerto Rico properties said they have had trouble getting specifics about the extent of damage because of limited internet and phone service. A spokesman for Hilton Worldwide Holdings Corp. said the company has nine properties in Puerto Rico, and initial reports suggested they "have not come through unscathed."

The company isn't accepting any new reservations or guest arrivals for its Puerto Rico hotels through the end of

October. At the El Conquistador, a Waldorf Astoria resort, the company isn't taking reservations or guests through Dec. 31.

Mike Theiss, a storm-chaser and photographer for National Geographic, rode out Maria at the El Conquistador. He said part of a wall in the restaurant was damaged and water seeped into many of the guest rooms, but he said the overall structure of the property held up fine.

At the San Juan Water Beach Club Hotel, more than half of the 80 rooms are in good enough shape to house locals in the neighborhood who have been displaced and need a place to clean up, said Robert Burg, executive vice president and chief operating officer at Aimbridge Hospital-

ity, which manages the hotel. He said the property got some water damage, but he expects the hotel to be open to guests by the end of the year or early next year. "The most concerning part is really the infrastructure of the country," Mr. Burg said. "Those resources need to be put back in place, and I think that's going to take some time."

Private-equity firm **Blackstone Group** LP owns the El Conquistador and the Condado Plaza Hilton. "Like other property owners across Puerto Rico, we are still evaluating the scale of the damage as well as the timing of power returning to the property," a Blackstone spokeswoman said in an email.

—Gregory Zuckerman contributed to this article.

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## Builder Lures Millennials With Student-Loan Help

BY LAURA KUSISTO

Student-loan debt has been an obstacle for many potential home buyers. Now, **Lennar Corp.** is trying to do something about it.

A subsidiary called Eagle Home Mortgage introduced on Tuesday a program under which it will pay off a significant chunk of the student loan of a borrower who purchases a home from Miami-based Lennar.

Housing observers said other builders are likely to look to mimic the program, which could help lure more of the critical first-time-buyer segment into home purchases.

Such programs come with the risk, however, that the incentive drives up the price of new homes.

"Obviously there's a benefit to bringing more people into the home-buying market. We're trying to design something here that supports affordability and creates that path to homeownership," said Doug Croppsey, a senior vice president at Eagle.

Eagle will make a payment to a buyer's student loans of as much as 3% of the purchase price, up to \$13,000. The contribution doesn't directly increase the purchase price of the home or add to the balance of the loan.

Christopher Oquendo and Jeri Coate are planning to use the program to virtually eliminate their student debt. The couple, who are in their mid-30s, wanted a bigger house but were reluctant to take on more debt. Ms. Coate, who works in a notary's office, still had student loans from training she had done to be a medical administrative assistant and the couple had other unpaid bills as well.

"We needed to get something bigger and upgrade but it was kind of a rough decision to make considering our status with bills and all," Mr. Oquendo said. The couple are now in the process of closing on a Lennar home in the city of La Marque, Texas, about 50 miles south of Houston.

The evidence is mixed as to



**A Lennar unit will pay up to \$13,000 of a buyer's student-loan debt.**

whether student debt is acting as a meaningful barrier to homeownership. Most research suggests there is a much higher barrier for people who take out large loans and don't finish their degrees than there is for those with debt who earn a degree.

Housing observers say that at minimum Lennar's program could help eliminate the significant psychological barriers that many feel to buying a home and

**The program can pay up to 3% of the purchase price to the buyer's student loans.**

taking on hundreds of thousands of dollars of more debt if they are already deep in the hole after college.

A study that was to be released Tuesday by NeighborWorks America, a nonprofit that helps promote access to homeownership, found that one in four millennials said they have had to delay buying a home because of student debt. Half of millennials said they worry about their student loans all or most of the time.

Consumer advocates are wary the program sounds too good to be true. They point to builder incentive programs during the last boom that helped inflate the

price of new homes. "We've had bad experiences when home sellers get involved in mortgages, particularly innovative mortgages," said Dan Immergluck, a professor at the Urban Studies Institute at Georgia State University, who studies the housing market, mortgage finance and foreclosures. Mr. Immergluck said if the program drives up home prices, buyers without student loans will end up sharing the burden with those who do.

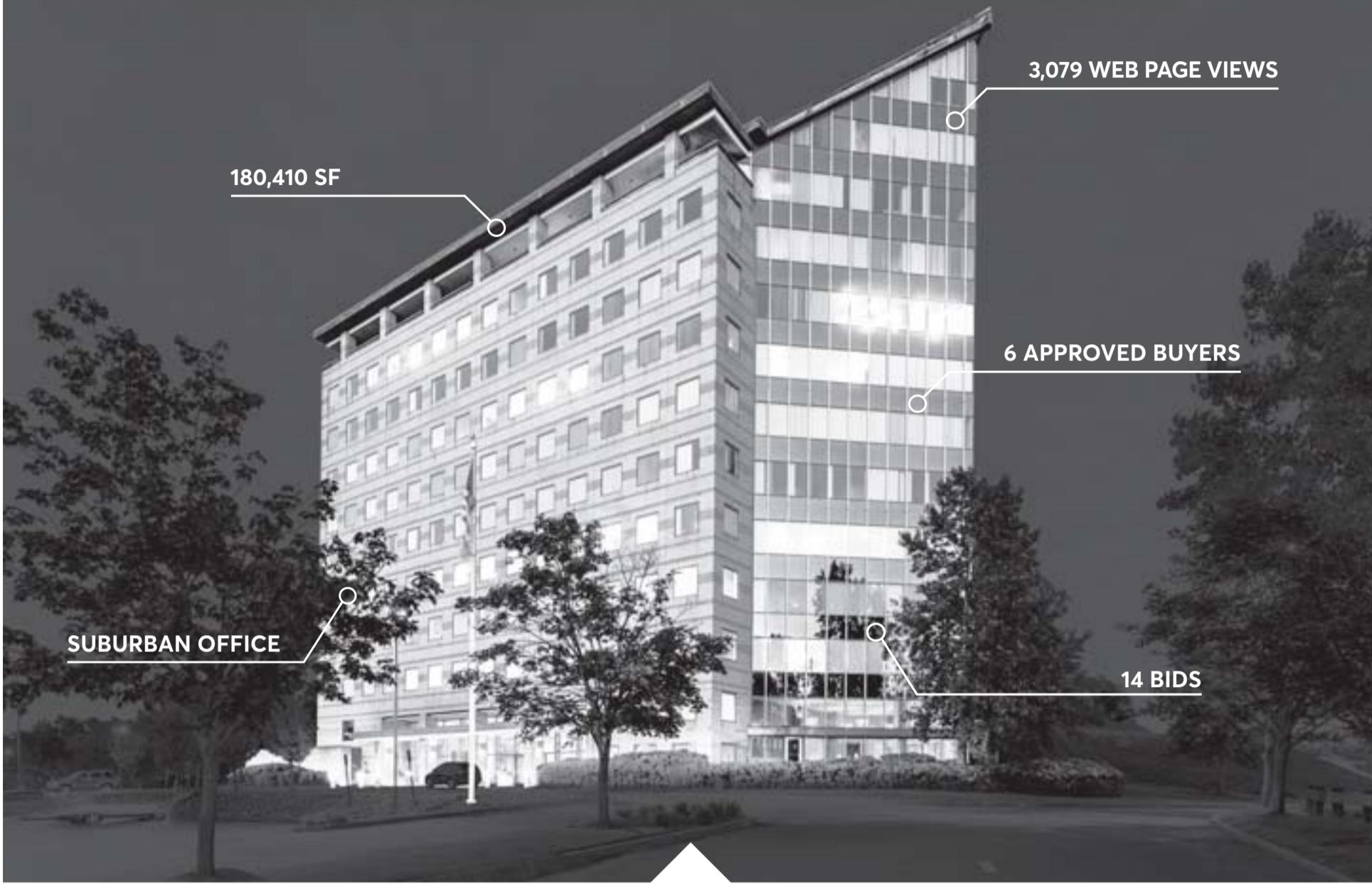
Mortgage-finance company

**Fannie Mae** has agreed to back the loans and will monitor the program to ensure that the value of student-loan payment isn't included in appraisals of the home, which in turn can help drive up values.

"This is not without risk," said Jonathan Lawless, vice president of customer solutions at Fannie Mae. "Builders always want to provide more money and incentives for people to buy their homes. It has the potential to start distorting values." Mr. Lawless said Fannie is cautiously embracing new mortgage products that aim to make homeownership accessible for millennials. Fannie is also backing loans with down-payment assistance from Loftium, a Seattle-based company that will pay for up to \$50,000 of the buyers' down payment if they agree to continuously rent out a room in their home on **Airbnb** for one to three years.

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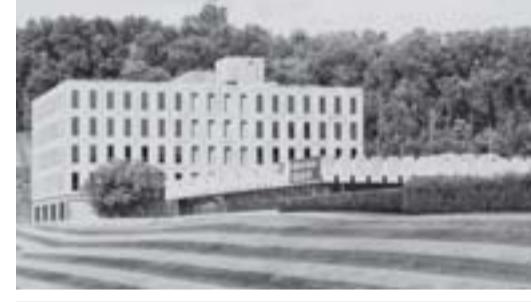


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## THE PROPERTY REPORT

# Warehouses Hoist Rents

By ESTHER FUNG

The growth of online shopping is setting off a scramble for industrial real estate near urban centers, giving landlords of once unglamorous properties a chance to push up rents to record levels.

**Amazon.com** Inc. and other online retailers, as well as fulfillment companies such as **FedEx** Corp., are seeking out "last-mile" locations in urban areas to feed consumer demand for ever-faster delivery of their purchases.

That, in turn, is giving landlords of such facilities pricing power they never have enjoyed before.

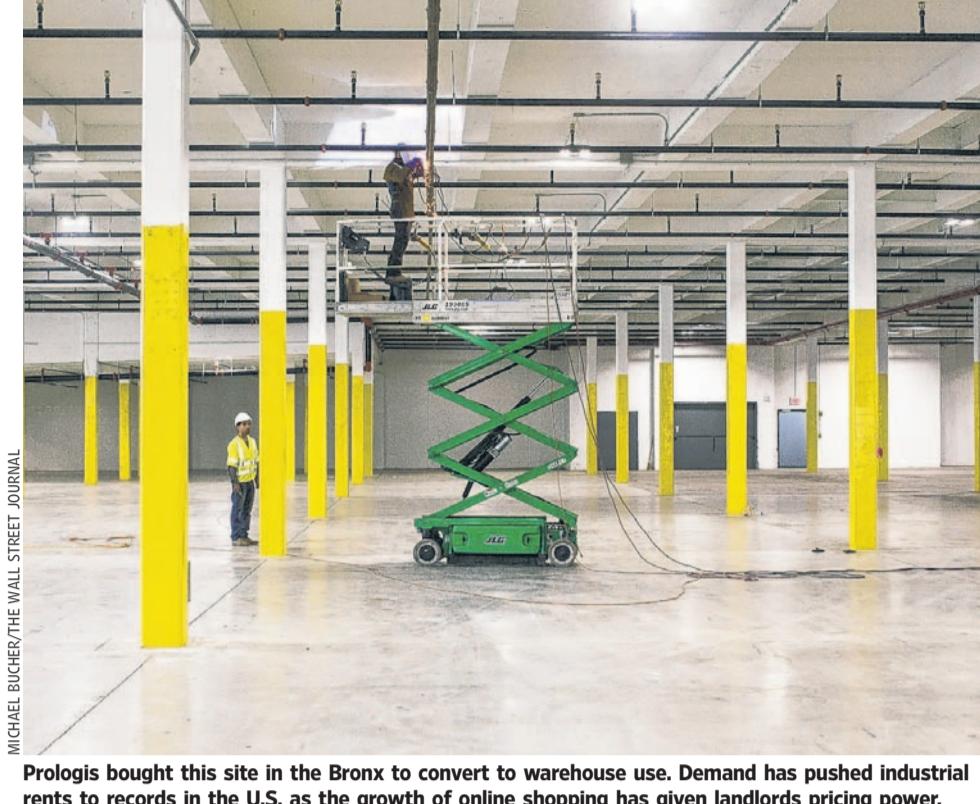
On average, U.S. industrial rents stood at a record \$5.35 a square foot in the second quarter, up from \$5.25 in the first quarter, according to data from real-estate services firm JLL.

A well-located last-mile facility "has the functional equivalent of a high-end retail store," said Hamid Moghadam, chairman and chief executive officer of industrial real-estate investment trust **Prologis** Inc.

Such facilities are productive for the tenant and reduce transportation and labor costs. But they also are scarce, prompting some landlords to get creative.

Prologis, a San Francisco-based REIT, purchased the old ABC Carpet building in the Bronx this year to convert to warehouse space. It expects to get rents in the low \$20 a square foot, which would be comparable with some office and retail asking rents in the area.

When a company is shipping to individual customers rather than in bulk to stores, most of their costs are in transportation and labor, and reducing them is a priority, said Eric Frankel, an analyst at real-estate research firm Green Street Advisors. Ware-



Prologis bought this site in the Bronx to convert to warehouse use. Demand has pushed industrial rents to records in the U.S. as the growth of online shopping has given landlords pricing power.

house rent, by contrast, represents just 5% or so of costs in a supply chain.

"If you think about sales productivity across the entire supply chain, paying a high rent is not a big deal," said Mr. Frankel.

Modest levels of new warehouse supply are coming onto the market at a time when some e-commerce companies are expanding rapidly.

Amazon is now the largest tenant of Prologis, Duke Realty Corp., Jones Lang LaSalle Income Property Trust and **DCT Industrial Trust** by percentage of rental revenues at year-end 2016, according to S&P Global Market Intelligence.

"Consumer purchasing behavior and the rise of e-commerce have shifted in a way that is extremely beneficial for industrial real estate."

Proximity of warehouses is

more important than ever, and we aim to own properties closest to transportation and consumers," said Phil Hawkins, president and CEO of DCT.

Some retailers, meanwhile, are embracing the practice of "showrooming," in which shoppers use bricks-and-mortar retail locations to check out goods they later purchase online.

**Nordstrom** Inc. this month said it is opening a store in West Hollywood, Calif., where shoppers can try on clothes, but the store won't carry inventory. Instead, the merchandise would be retrieved from other nearby Nordstrom locations or through its website.

If the concept becomes more commonplace, it would fuel more demand for more logistics space and services, analysts said.

Other markets where warehouse space is poised to generate premium rents include Seattle, San Francisco, parts of Los Angeles, Chicago and possibly Miami, said Prologis's Mr. Moghadam, adding that the company might be able to lease 4 million or 5 million square feet of such premium space in each location. All told, Prologis owns about 381 million square feet of space in the U.S.

Warehouses commanding rents near those of office and retail space are highly profitable for landlords in part because the buildouts are cheaper than office or retail spaces, but analysts said it remains too early for the emergence of a form of classification of warehouses akin to the different tiers of malls in the U.S. as such high-rent deals aren't commonplace.

## APARTMENTS

## Vacancy Rate Rises To Five-Year High

The apartment market in the U.S. remained sluggish in the third quarter as the vacancy rate climbed to its highest level in five years.

In all, apartment vacancy rates increased in 50 of 79 metropolitan areas, with many major cities experiencing high levels of construction that outstripped demand, according to data released this week by apartment-tracker Reis Inc.

The vacancy rate for apartments across the U.S. climbed to 4.5% in the third quarter from 4.1% in the same quarter a year earlier, according to Reis.

"I think that's a sign of what's to come for the rest of the year," said Barbara Byrne Denham, a senior economist at Reis.

Rent growth remained relatively robust considering the increase in vacancy, suggesting landlords are choosing to hold the line on price and let apartments sit empty if necessary. Average rents increased 3.3% in the U.S. in the third quarter compared with a year earlier.

—Laura Kusisto

## CHICAGO

## Lenders Jockey For Hotel Loan

A developer who converted 12 floors of a historic Chicago office building into a luxury hotel has refinanced the property with a \$270 million loan, in a deal that shows financial institutions still have a strong appetite for commercial property debt.

A venture led by **Estein USA**, of Orlando, Fla., obtained the five-year, fixed-rate loan from Natixis, a unit of **Groupe BPCE** of France. The loan was placed by real-estate finance firm **Holiday Fenoglio Fowler LP**.

There was a lot of competition among lenders for the deal because the property is high

quality and financially stable, said Danny Kaufman, a managing director of **Holiday Fenoglio**.

The loan enables Estein to pay off a bridge loan that had been placed earlier on the property. The 22-story building in Chicago's financial district was formerly the **Continental & Commercial National Bank Building**. Estein converted 12 floors into a 610-room hotel that opened in 2010. The other 10 floors remained as office space.

—Peter Grant

## DIGITAL DEAL

## Cryptocurrency Used To Buy an Apartment

Startup **Propy** conducted a transaction in which a cryptocurrency was used to buy an apartment in Ukraine and the title was registered on a cyberledger.

The apartment buyer was Michael Arrington, the founder of online publisher TechCrunch, who also is an adviser to San Francisco-based Propy, which described itself as a global property store and decentralized title registry. He paid \$60,000 for the apartment near the Dnieper River using a digital currency named ether, a competitor to bitcoin, for payment and "PRO" tokens, a new digital currency issued by Propy, for the registry fee.

The deal was registered on blockchain, an open-ledger technology. The title change also was recorded on paper, said Alex Voloshyn, Propy's chief technology officer.

But the deal broke new ground partly because the online and offline title recording processes were integrated under regulations adopted by the government of Ukraine, he said.

"The paper title deed has the blockchain address of the [digital] transaction written on it," Mr. Voloshyn said. "You can take the [address], go to the blockchain and verify the transaction there as well."

—Peter Grant

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## MANAGEMENT

# U.S. Global Business Ranking Advances

By LAUREN WEBER

The United States is the second most competitive economy in the world in 2017, trailing only Switzerland, according to a closely watched index from the World Economic Forum.

The U.S. climbed one spot since last year's rankings, reaching its highest place in eight years, possibly reflecting executives' early optimism that a new administration would enact business-friendly policies and do away with regulations limiting corporations' behavior.

The index, from the organization that produces the annual Davos conference on global politics and economics, assesses 137 companies on 12

factors that attract business investment and help determine productivity. The factors include nations' institutions, infrastructure, education systems and innovation.

For the ninth year in a row, Switzerland topped the list. Rounding out the top five were Singapore, the Netherlands and Germany.

The Global Competitiveness Report relies on public data on measures such as inflation and debt levels along with a survey of chief executives.

That CEO survey took place mostly in the spring, soon after the inauguration of President Donald Trump, amid hopes among business leaders that his administration would quickly press for deregulation

and lower corporate taxes. Since that time, "there's been a lot of talk but not a lot of actual change," says Daniel

*For the ninth year running, Switzerland topped the list as most competitive.*

Gomez Gaviria, who leads the competitiveness research for the WEF.

Tax reform has been held up by efforts, unsuccessful so far, to repeal the Affordable Care Act and by intraparty divisions over the size of tax cuts and how they should be

distributed. The administration has halted or delayed a number of Obama-era regulations unloved by businesses but seen by many as beneficial to workers or consumers. For example, the Labor Department delayed for 18 months implementation of the fiduciary rule, which requires brokers to act in the best interests of retirement savers when selling investment products.

The U.S. also scores high in the index on measures related to market efficiency, such as technological readiness and the country's capacity to attract and retain talent. America ranks relatively poorly on measures of health and primary education and the mac-

roeconomic environment, including government debt levels.

Ten years after the worst global financial crisis since the Great Depression, economic systems around the world "remain at risk from further shock and are ill-prepared for the next wave of innovation and automation," according to the report.

Perceptions of the soundness of financial institutions and the availability of capital haven't returned to pre-2007 levels, says Mr. Gomez.

And as automation displaces workers and companies seek out greater flexibility in their labor arrangements, employers and policy makers must attend to the impact on workers, the authors note.

## Growth Mindset

Countries that do well on 12 'pillars of competitiveness' have better prospects for economic growth and long-term prosperity.

### Global competitiveness index

2017-18	RANK	COUNTRY	2016-17	RANK
1.	Switzerland	1	1.	Switzerland
2.	U.S.	3	2.	U.S.
3.	Singapore	2	3.	Singapore
4.	Netherlands	4	4.	Netherlands
5.	Germany	5	5.	Germany
6.	Hong Kong	9	6.	Hong Kong
7.	Sweden	10	7.	Sweden
8.	U.K.	6	8.	U.K.
9.	Japan	7	9.	Japan
10.	Finland	8	10.	Finland

Source: World Economic Forum  
THE WALL STREET JOURNAL.

# Multiple Seats Benefit CEOs, but Shareholders Aren't Winners

By JOANN S. LUBLIN

Chief executives make a lot of money when they hold board seats at other companies. Their employers benefit, too.

But investors don't fare so well.

These disparate outcomes, which emerge from an analysis of chief executives of S&P 500 companies for The Wall Street Journal by research firm Equilar, may intensify concerns about "overboarding." Critics contend that executives on numerous boards are too busy to ade-

quately oversee management. Chief executives with at least two outside directorships earned a median compensation of \$13.6 million for leading their employer in 2016, while CEOs on one and on no external board made 5.6% and 12.9% less, respectively, Equilar reported.

Businesses run by the busiest top bosses also had higher median net profit, revenue and market capitalization last year.

Shareholders saw median one-year total return—which tracks stock performance plus reinvested dividends—of 8.2% at

the 37 companies with CEOs who serve on multiple boards, compared with a total return of more than 15% for chief executives with a single or zero outside directorship. It was 14.4% for all S&P 500 firms.

Equilar uncovered smaller differences for three-year total shareholder return. The study covered 349 companies with the same leader for three years. Subpar shareholder results at companies with multibored chiefs "could be a red flag," prompting institutional investors to oppose their board re-elections else-

where, said Equilar spokesman Dan Marcec.

About 22% of S&P 500 company boards already limit their CEO's outside directorships, according to Spencer Stuart, an executive-recruitment firm. The most common maximum is two

outside seats. Based on Equilar's analysis, some boards now may "tighten restrictions a little bit more," predicted Patrick McGurn, special counsel at Institutional Shareholder Services, a proxy-advisory firm.

Highly regarded chief executives often command higher pay and get wooed for external board service, said Irv Becker, vice chairman of executive pay and governance for a unit of recruiters Korn/Ferry International. Recent investor returns may not reflect CEO reputations built over long careers, he



Ronald Havner Jr. has acted to reduce the board seats he holds.

## BOARDS

*Continued from page B1*  
five seats a dying breed.

Many directors who serve multiple boards contend that they adequately manage their time and can handle their board responsibilities.

A new analysis of S&P 500 chief executives for The Wall Street Journal by Equilar, a research firm, suggests that leaders with multiple outside corporate board seats and their employers make more money, but their shareholders see lower returns than those with one or zero outside directorships.

Money managers such as BlackRock and State Street, with large index-tracking fund businesses, are gaining more power over shareholder votes because they own growing stakes in so many publicly held corporations. Both voted against Mr. Havner's Avalon-Bay re-election in each of the past two years.

BlackRock, the world's largest asset manager, cast 168 votes against directors this year because of overboarding concerns. It fought the re-election of directors at companies such as Charter Communications Inc., Pfizer Inc. and PayPal Holdings, Inc., according to filings and a spokesman for the money manager.

"The directors that serve on many boards tend to be very strong directors," said Zach Oleksiuk, head of BlackRock's Americas corporate governance and responsible investment team. "The issue is not necessarily their performance, but rather the time that it takes to serve."

Being a director is lucrative, time-consuming and often comes with a high profile. Median total compensation for U.S. public board members was \$191,440 last year, according to the National Association of Corporate Directors and pay consultants Pearl Meyer & Partners LLC, up about 3% from the prior year.

Board members at public companies spend an average of 245 hours a year for each position, up from 191 hours in

2005, according to surveys by the NACD.

Influential proxy advisers Institutional Shareholder Services Inc. and Glass, Lewis & Co. now recommend investors vote against or withhold support from directors who sit on more than five public-company boards. ISS lowered that threshold to five in February from six. Each firm also favors limits on the number of outside directorships CEOs can hold.

American corporations increasingly have imposed their own restrictions. About 77% of S&P 500 companies now curb board members' outside directorships in some fashion, up from 71% in 2010, according to Spencer Stuart, an executive-search firm. Among those with limits for all directors, 36% now impose a cap of three seats—up from 29% in 2010.

Overall, 63 S&P 500 directors now serve on five or more public boards, as of Sept. 10, down from 83 in 2012, according to ISS Analytics, the data arm of Institutional Shareholder Services.

Some directors were re-elected this year despite opposition from some large shareholders. For example, BlackRock withheld support for the re-election of Ann Mather at Shutterfly Inc. and Alphabet Inc., but she was re-elected at both companies.

Ms. Mather also serves on the board of three other West Coast public companies: Arista Networks Inc.; Netflix Inc.; and Glu Mobile Inc. She deliberately chose businesses in the same or related industries with headquarters near each other, one person familiar with the matter said.

The person said this week that the businesses are "all connected and relevant," which means Ms. Mather "can easily add value and [has] a strategic understanding of what's going on."

Another big index-fund manager, Vanguard Group, doesn't explicitly put a limit on the number of boards on which someone can serve but looks at factors such as board members' "attendance, engagement and effectiveness," a spokeswoman said.

Board members at public companies spend an average of 245 hours a year for each position, up from 191 hours in

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## MANAGEMENT

# Kohl's Chooses Marketer As Next Chief Executive

BY SUZANNE KAPNER

Soon after joining Kohl's Corp. as chief customer officer in 2013, Michelle Gass gave employees a pep talk at the retailer's headquarters in Menomonee Falls, Wis.

Kohl's sales had begun to falter after several years of postrecession growth, and the department-store chain, like its competitors, was grappling with how to adapt to the shift to online shopping.

Ms. Gass told the gathering that Kohl's needed to think differently and shouldn't be afraid to try new ideas, a departure for the company, recalled an employee in attendance.

That openness to change has served Ms. Gass well. On Tuesday, Kohl's said the 49-year-old would succeed Kevin Mansell as chief executive in May, becoming the 55-year-old company's first female CEO.

Ms. Gass wasn't schooled in the art of selling dresses, suits and other department-store fare. After studying chemical engineering at Worcester Polytechnic Institute and receiving a master's in business administration from the University of Washington, she spent six years honing her marketing skills at Procter & Gamble Co. before joining Starbucks Corp. in 1996.

When she departed the coffee chain after nearly 17 years, CEO Howard Schultz credited her with helping develop such products as the Frappuccino.

Ms. Gass earned kudos as a marketer who "always gave very clear direction," said Craig Weatherup, a longtime Starbucks director.

Her responsibilities as chief customer officer at Kohl's in-



**Michelle Gass will become the first female CEO at the retailer.**

cluded marketing and e-commerce but were expanded in 2015 to include those of chief merchandising officer, giving her responsibility for all of its products.

She pushed Kohl's to embrace the health-and-wellness trend, and helped cement a partnership with Under Armour Inc.

Ms. Gass was also behind Kohl's arrangement with Amazon.com Inc., in which the online retailer will sell its electronic devices, such as the Echo, in Kohl's stores and allow shoppers to return goods bought on Amazon at 82 Kohl's locations.

"It's kind of controversial what they did with Amazon," said David Katz, chief marketing officer of Randa Accessories, which makes products under the Levi's, Dockers and Chaps brands for Kohl's. "But it's better to at least do something than to not make decisions in this environment."

Chip Bergh, CEO of Levi Strauss & Co., called Ms. Gass "a proven leader who has

been a positive force for the business."

People who have worked with Ms. Gass say she is quick to change course when an idea doesn't pan out. For example, Kohl's experimented with in-store coffee shops several years ago but abandoned the plan. "This was one of many ideas the teams experimented with," a Kohl's spokeswoman said.

The 65-year-old Mr. Mansell, who is both CEO and chairman, will retire in May. Since he joined Kohl's 35 years ago as a divisional merchandise officer, the company has expanded from a dozen locations to a national chain with more than 1,100 stores, generating nearly \$19 billion in annual sales.

Kohl's board intends to select a chairman from among its current independent members. Asked why he was relinquishing his board seat, Mr. Mansell said in an interview that Ms. Gass deserved the right to run the company as she sees fit without him "having a seat at the table."

Kohl's also said another top executive, Chief Operating Officer Sona Chawla, will become president in May. Ms. Chawla, 50 years old, joined the company in 2015 from Walgreens Boots Alliance Inc., where she was chief marketing officer and ran e-commerce.

She and Ms. Gass were seen as finalists for the top job. Mr. Mansell previously told the Journal that they were most likely to succeed him, saying "they both are incredible leaders."

—Joann S. Lublin  
and Austen Hufford  
contributed to this article.

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE MKT and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Tuesday, September 26, 2017

Stock Sym Hi/Lo Chg Stock Sym Hi/Lo Chg Stock Sym Hi/Lo Chg

**NYSE highs - 144** MorganStanley Pkdg MSPK 27.72 0.5 GuggS&P500EW RSP 94.92 0.1

AG Mortgage MITT 19.70 ... NavistarInt'l NAV 20.10 1.3 GuggS&P500WInd RGI 111.51 0.1

AbbottLabs ABT 53.30 0.5 NorthMidstream NBLX 42.52 0.1 GuggS&P600PrGrwth RZG 106.82 0.1

Accenture ACN 136.70 1.0 Norbord OSV 41.30 2.6 GuggS&P600EW EWSC 62.44 0.2

Adient ADI 85.92 4.3 NorthropGrumman NOC 131.46 0.4 GuggS&P500Spinoff CSD 51.52 0.6

AdvanSix ASK 46.34 2.2 NutrivaAdGrv Gr JT 70.88 ...

AeroflotRussia ARIJ 35.50 2.2 OilDriftAmerica ODR 16.72 0.2 NutrivaGrpCefr IJR 27.96 0.5

AffiliatedMtrs AMR 187.50 0.5 Oshkosh OSV 81.29 0.3 OilDriftRussia HJPX 11.42 0.1

AirProducts APP 151.98 0.4 OwensComing OC 76.94 0.7 OilDriftRussia IWM 145.15 0.3

AlamoGroup ALC 104.63 0.4 PebbleRockHldg PER 91.84 0.4 OilDriftRussia IWM 145.15 0.3

AlbanyIntl ALB 56.65 1.1 Phillips66 PSX 91.68 0.4 OilDriftRussia IWM 145.15 0.3

Allegion ALLE 85.62 1.0 Praxair PX 140.64 0.5 OilDriftRussia IWM 145.15 0.3

Americesco AMRC 7.95 3.9 PRC RES 24.48 1.3 OilDriftRussia IWM 145.15 0.3

ArrowVanguard AVD 21.95 0.9 RedHat RHT 113.73 4.1 OilDriftRussia IWM 145.15 0.3

AnalyCapPfdt AWP 25.53 0.3 Rockwell RHT 178.82 0.4 OppsERevenue ESLG 29.22 0.4

ArmitageWorld AWI 18.70 0.6 Rollins ROI 45.73 1.6 OppsERevenue ESLG 29.22 0.4

ArmstrongWorld BWX 56.47 0.5 RoyalDutch RDS/A 60.15 0.4 OppsERevenue ESLG 29.22 0.4

BlikRCapEnricoPd BI 15.50 0.3 RoyalDutch RDS/B 62.35 0.5 OppsERevenue ESLG 29.22 0.4

BIT 18.65 1.0 RovioEnt RMT 9.08 1.3 PwrsHdlnsCvleValue PWV 37.24 0.1

BoiseCascade BCC 34.95 1.2 SelectMedical SEM 19.10 2.2 PwrsHdlnsUS1000 PRF 106.58 ...

BrightWarner BWA 51.12 0.7 SempronTech ST 47.74 0.4 PwrsHdlnsJapan CFXJP 29.34 1.2

BrightHorizons BWX 84.00 2.1 SimpsonMfg SSD 48.77 1.4 PwrsHdlnsJapan CFXJP 29.34 1.2

BridgepointFnl BR 29.00 2.3 SourceCap SSD 40.55 0.7 PwrsHdlnsJapan CFXJP 29.34 1.2

BrookfieldDLAP BI 40.37 0.4 SpiritAeroSys SPK 79.26 0.5 PwrsHdlnsJapan CFXJP 29.34 1.2

CACI Intl CACI 139.25 0.3 TCF Fin Pfld TCFP 25.38 0.4 PwrsHdlnsJapan CFXJP 29.34 1.2

CarpenterTech CTS 47.53 0.7 TeekeyLNG Pfd TGPA 26.36 0.7 PwrsHdlnsJapan CFXJP 29.34 1.2

DianaShippingPfd DSXp 23.80 0.6 TriContinental TV 243.85 0.7 PwrsHdlnsJapan CFXJP 29.34 1.2

CostamarePfdt CMCp 25.53 0.5 Teleflex TFX 25.36 ... PwrsHdlnsJapan CFXJP 29.34 1.2

DarlingLingred DLR 18.65 1.0 Teradata TDC 33.67 1.1 PwrsHdlnsJapan CFXJP 29.34 1.2

DarlingLingred DLR 18.65 1.0 Ther Industries THO 11.45 0.2 PwrsHdlnsJapan CFXJP 29.34 1.2

DeInDivnco DDF 10.07 0.4 TierReit TIER 18.97 0.5 PwrsHdlnsJapan CFXJP 29.34 1.2

DephiAutomotive DLPH 104.09 0.4 TopBuild BLD 61.96 1.5 PwrsHdlnsJapan CFXJP 29.34 1.2

DelfTImber DEL 89.09 1.1 TransportationG TGS 20.45 0.4 PwrsHdlnsJapan CFXJP 29.34 1.2

DeutschLInnOpns DHG 15.13 0.3 Trex TREX 85.96 1.5 PwrsHdlnsJapan CFXJP 29.34 1.2

DianaShippingPfd DSXp 23.80 0.6 TriContinental TV 243.85 0.7 PwrsHdlnsJapan CFXJP 29.34 1.2

DouglasDynamic PLOW 39.30 0.5 TsakosEngnPfd TNPf 25.74 0.4 PwrsHdlnsJapan CFXJP 29.34 1.2

EastmanChem EMN 78.79 0.9 UMHProd UMHp 26.50 0.5 PwrsHdlnsJapan CFXJP 29.34 1.2

EmergentBios EBS 38.99 0.6 Unifi UFI 34.98 0.5 PwrsHdlnsJapan CFXJP 29.34 1.2

EnPro NPO 77.74 0.3 Unifirst UNF 148.25 1.2 PwrsHdlnsJapan CFXJP 29.34 1.2

EnviroNet ENV 52.00 0.3 UnitedRentals UNR 134.57 1.3 PwrsHdlnsJapan CFXJP 29.34 1.2

FarmLandPrtsPfd FPLp 39.79 0.3 UpfrontSolutions UPF 91.15 ...

FeeDrgrMtG AAM/A 70.82 2.6 Volumetrial VSM 38.58 1.3 VeeTechEnviro Svcs EVX 86.03 0.4

FederalSignal FGNS 20.74 0.5 Viad VVI 59.95 2.1 VeeTechEnviro Svcs EVX 86.03 0.4

Ferro FOE 21.68 0.4 VishayPrecision VPS 23.40 1.4 VeeTechEnviro Svcs EVX 86.03 0.4

FFCF 62.70 0.3 VoyaGlobalInvestment IGA 11.43 ... VeeTechEnviro Svcs EVX 86.03 0.4

Flagstar FBC 348.2 0.2 WasteMgt WME 13.75 0.9 VeeTechEnviro Svcs EVX 86.03 0.4

GP Strategies GPT 30.45 1.2 Watsons WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

Gallagher ALG 61.66 0.2 WestAstInfcnd PAI 17.25 2.3 VeeTechEnviro Svcs EVX 86.03 0.4

GardnerDenver GDI 26.74 0.3 WestlakeChem WLK 85.96 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

GenAmInv GM 35.61 0.1 Westwood WHG 64.13 0.4 VeeTechEnviro Svcs EVX 86.03 0.4

Grace GGG 12.03 0.6 Winnebago WGO 44.35 1.5 VeeTechEnviro Svcs EVX 86.03 0.4

Guess GES 16.96 2.8 WindhamCorp WHD 19.40 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HFF HF 39.87 1.7 WistecMgt WME 13.75 0.9 VeeTechEnviro Svcs EVX 86.03 0.4

HP HPO 20.13 0.2 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HSCBpFid HSC 27.99 0.3 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

Harsco HSC 20.38 0.8 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HewlettPackard HPE 15.00 1.3 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HiltonGrandVac HGV 39.00 0.2 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

Hiltz HLT 69.52 1.1 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HomeDepot HD 16.20 0.1 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HuntingtonHgls HII 22.86 0.8 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

HyattHotels H 61.95 -0.2 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

IDEX IDEX 21.44 0.0 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

InstalledBldg IBP 62.50 2.8 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

IntegerHoldings ITRG 50.40 1.0 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

JCI JCI 67.68 -0.7 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

IntFlavors IFI 149.89 -0.7 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

InterpeditPotash IPI 4.40 -2.8 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

JELD-WEN JELD 35.07 1.7 DeutscheRus2000 DESC 32.82 1.3 Wix WAT 159.86 0.2 VeeTechEnviro Svcs EVX 86.03 0.4

## MARKETS DIGEST

### EQUITIES

#### Dow Jones Industrial Average

**22284.32** ▼11.77, or 0.05%  
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open  
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

#### S&P 500 Index

**2496.84** ▲0.18, or 0.01%

High, low, open and close for each trading day of the past three months.



#### Nasdaq Composite Index

**6380.16** ▲9.57, or 0.15%

High, low, open and close for each trading day of the past three months.



#### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	22369.35	22279.52	<b>22284.32</b>	-11.77	-0.05	22412.59	17888.28	<b>22.3</b>	12.8	<b>9.2</b>
Transportation Avg	9795.88	9705.91	<b>9779.85</b>	64.75	<b>0.67</b>	9779.85	7967.02	<b>22.5</b>	8.1	<b>4.8</b>
Utility Average	734.02	729.80	<b>731.67</b>	-0.73	-0.10	754.80	625.44	<b>6.8</b>	10.9	<b>10.1</b>
Total Stock Market	25945.52	25868.05	<b>25884.95</b>	8.48	<b>0.03</b>	25972.08	21514.15	<b>15.7</b>	11.2	<b>7.9</b>
Barron's 400	665.37	663.00	<b>663.81</b>	2.09	<b>0.32</b>	663.81	521.59	<b>20.8</b>	10.3	<b>8.3</b>
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	6405.00	6364.57	<b>6380.16</b>	9.57	<b>0.15</b>	6461.32	5046.37	<b>20.3</b>	18.5	<b>12.2</b>
Nasdaq 100	5908.47	5862.99	<b>5881.34</b>	13.99	<b>0.24</b>	6004.38	4660.46	<b>20.8</b>	20.9	<b>13.2</b>
<b>Standard &amp; Poor's</b>										
500 Index	2503.51	2495.12	<b>2496.84</b>	0.18	<b>0.01</b>	2508.24	2085.18	<b>15.6</b>	11.5	<b>8.0</b>
MidCap 400	1778.06	1772.83	<b>1773.71</b>	1.86	<b>0.10</b>	1791.93	1476.68	<b>14.9</b>	6.8	<b>8.6</b>
SmallCap 600	884.89	878.43	<b>881.77</b>	4.47	<b>0.51</b>	881.77	703.64	<b>17.4</b>	5.2	<b>11.1</b>
<b>Other Indexes</b>										
Russell 2000	1460.95	1452.25	<b>1456.86</b>	4.91	<b>0.34</b>	1456.86	1156.89	<b>16.9</b>	7.3	<b>9.2</b>
NYSE Composite	12156.50	12125.75	<b>12127.92</b>	-13.65	-0.11	12151.80	10289.35	<b>13.7</b>	9.7	<b>3.9</b>
Value Line	533.50	531.06	<b>532.40</b>	1.34	<b>0.25</b>	533.62	455.65	<b>11.0</b>	5.2	<b>3.3</b>
NYSE Arca Biotech	4193.50	4126.68	<b>4136.22</b>	-46.06	-1.10	4232.90	2834.14	<b>19.4</b>	34.5	<b>9.8</b>
NYSE Arca Pharma	546.49	541.55	<b>541.85</b>	-4.06	-0.74	549.20	463.78	<b>4.1</b>	12.5	<b>0.4</b>
KBW Bank	97.27	96.59	<b>96.97</b>	0.19	<b>0.20</b>	99.33	69.71	<b>37.7</b>	5.6	<b>10.4</b>
PHLX\$ Gold/Silver	87.17	85.82	<b>85.86</b>	-1.56	-1.78	96.72	73.03	<b>-7.7</b>	8.9	<b>0.8</b>
PHLX\$ Oil Service	140.79	138.62	<b>140.61</b>	0.66	<b>0.47</b>	192.66	117.79	<b>-5.6</b>	-23.5	<b>-19.7</b>
PHLX\$ Semiconductor	1138.26	1122.37	<b>1126.40</b>	-0.53	-0.05	1164.98	802.88	<b>38.9</b>	24.3	<b>20.5</b>
CBOE Volatility	10.68	9.94	<b>10.17</b>	-0.04	-0.39	22.51	9.36	<b>-22.4</b>	-27.6	<b>-11.9</b>

\$Philadelphia Stock Exchange

#### 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 5,000 shares.

#### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	10,447.2	249.00	-0.08	<b>-0.03</b>	249.29	248.97
Micron Technology	MU	9,077.2	35.45	1.27	<b>3.72</b>	35.90	33.70
Bank of America	BAC	5,254.1	24.82	0.01	<b>0.04</b>	24.84	24.80
Van Eck Vectors Gold Miner	GDX	4,635.1	23.30	-0.05	<b>-0.21</b>	23.35	23.29
General Electric	GE	3,994.1	24.93	...	<b>unch.</b>	25.17	24.92
LendingClub	LC	3,991.5	5.97	...	<b>unch.</b>	5.98	5.97
Cnsm Staples Sel Sector	XLP	2,959.1	54.34	-0.10	<b>-0.18</b>	54.44	54.32
iShares MSCI Japan ETF	EWJ	2,711.4	55.55	...	<b>unch.</b>	55.57	55.55

#### Percentage gainers...

Cempra	CEMP	25.0	3.20	0.15	<b>4.92</b>	3.35	3.05
Verastem	VSTM	24.9	4.70	0.20	<b>4.44</b>	4.70	4.51
Axonov Sciences	AXON	185.5	6.59	0.26	<b>4.11</b>	6.81	6.30
Kemet	KEM	122.2	20.14	0.74	<b>3.81</b>	20.40	19.38
Micron Technology	MU	9,077.2	35.45	1.27	<b>3.72</b>	35.90	33.70
...And losers							
Intra-Cellular Therapies	ITCI	10.9	17.85	-1.38	<b>-7.18</b>	19.23	17.50
Nike CI B	NKE	1,950.9	51.70	-2.00	<b>-3.72</b>	55.59	51.31
Ascendis Pharma ADR	ASND	20.5	35.76	-1.34	<b>-3.61</b>	36.69	35.26
Ingles Markets Cl A	IMKTA	25.2	24.48	-0.72	<b>-2.84</b>	25.20	24.48
Pfenex	PFNX	5.0	3.05	-0.08	<b>-2.49</b>	3.05	3.05

#### Percentage losers...

Genocea Biosciences	GNCA	1.25	-4.08	<b>-76.55</b>	7.29	1.23	<b>-78.1</b>
Axonov Sciences	AXON	6.33	-17.92	<b>-73.90</b>	27.98	6.13	<b>-56.6</b>
ProQR Therapeutics	PRQR	5.20	-1.25	<b>-19.38</b>	8.70	3.65	<b>-31.4</b>
Kadmon Holdings	KDMN	3.24	-0.55	<b>-14.51</b>	7.82	2.05	<b>-55.6</b>
LM Funding America	LMFA	2.01	-0.34	<b>-14.47</b>	8.11	1.11	<b>-75.1</b>
Repligen	RGEN	36.98	-6.24	<b>-14.44</b>	46.81	26.16	<b>16.6</b>
PTC Therapeutics	PTCT	16.81	-2.70	<b>-13.84</b>	22.00	4.03	<b>41.5</b>
TherapeuticsMD	TXMD	5.29	-0.77	<b>-12.71</b>	8.30	3.50	<b>-21.3</b>
Health Ins Innovations A	HIQ	19.05	-2.55	<b>-11.81</b>	3		

# COMMODITIES

[WSJ.com/commodities](http://WSJ.com/commodities)

## Futures Contracts

### Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)	-25,000 lbs.; \$ per lb.	2,918.00	2,945.00	2,890.00	2,897.50	-0.0200	804
Sept	2,918.00	2,945.00	2,890.00	2,897.50	2,919.00	-0.0185	179,627
Dec	2,939.00	2,965.00	2,907.00	2,919.00	2,919.00	-0.0185	179,627
Gold (CMX)	-100 troy oz.; \$ per troy oz.	1,304.50	1,305.60	1,298.70	1,297.00	-9.80	528
Sept	1,304.50	1,305.60	1,298.70	1,297.00	1,297.70	-9.40	19,482
Oct	1,309.60	1,312.50	1,291.60	1,297.70	1,297.70	-9.40	19,482
Dec	1,314.20	1,317.10	1,295.00	1,301.70	1,298.00	-9.80	439,732
Feb'18	1,318.70	1,321.00	1,299.20	1,305.80	1,299.20	-9.90	49,037
June	1,324.80	1,327.30	1,309.90	1,313.50	1,309.90	-9.90	10,098
Dec	1,336.40	1,336.40	1,322.20	1,325.20	1,322.20	-10.00	10,751
Palladium (NYM)	-50 troy oz.; \$ per troy oz.	910.75	912.85	910.75	914.70	4.35	13
Sept	910.75	912.85	910.75	914.70	914.70	-0.25	239
Dec	910.35	917.65	907.65	914.45	914.45	4.75	29,555
March'18	906.95	912.55	903.75	909.90	909.90	4.50	1,087
Platinum (NYM)	-50 troy oz.; \$ per troy oz.	991.20	991.20	991.20	924.50	-15.50	100
Jan'18	945.10	950.00	927.10	928.70	928.70	-15.50	51,047
Silver (CMX)	-5,000 troy oz.; \$ per troy oz.	16.875	16.890	16.775	16.804	-0.255	239
Sept	17.200	17.295	16.815	16.883	16.883	-0.264	149,036
Crude Oil, Light Sweet (NYM)	-1,000 bbls.; \$ per bbl.	52.12	52.43	51.43	51.88	-0.34	580,784
Nov	52.36	52.70	51.72	52.19	52.19	-0.33	357,168
Dec	52.61	52.87	51.95	52.42	52.42	-0.32	215,838
March'18	52.70	52.92	52.11	52.60	52.60	-0.28	193,743
June	52.56	52.70	52.03	52.48	52.48	-0.23	188,948
Dec	52.08	52.08	51.59	51.96	51.96	-0.16	247,917
NY Harbor ULS (NYM)	-42,000 gal.; \$ per gal.	1,731.2	1,744.2	1,682.6	1,698.8	-0.232	33,874
Oct	1,859.7	1,864.6	1,815.5	1,845.3	1,845.3	-0.010	34,103
Nov	1,851.0	1,858.6	1,810.7	1,838.4	1,838.4	-0.011	131,638
Gasoline-NY RBOB (NYM)	-42,000 gal.; \$ per gal.	1,671.1	1,682.2	1,637.8	1,649.1	-0.183	150,113
Natural Gas (NYM)	-10,000 MMBtu; \$ per MMBtu.	2,921	2,955	2,898	2,918	-0.001	22,460
Oct	2,995	3,025	2,974	3,000	3,000	0.012	304,370
Dec	3,154	3,184	3,138	3,159	3,159	0.008	124,722
Jan'18	3,266	3,295	3,254	3,271	3,271	0.007	156,304
March	3,235	3,261	3,222	3,236	3,236	0.002	122,932
April	2,929	2,946	2,917	2,930	2,930	0.001	122,642

### Contract

Open High hilo Low Settle Chg Open interest

### Agriculture Futures

Corn (CBT)	-5,000 bu.; cents per bu.	16.38	16.38	16.35	16.37	...	4,850
Dec	352.75	355.50	351.50	352.25	-1.50	807,268	
March'18	365.50	368.25	364.50	365.25	-1.25	234,859	
Oats (CBT)	-5,000 bu.; cents per bu.	16.39	16.39	16.23	16.28	-0.05	4,667
Dec	250.75	252.00	247.50	250.25	-5.50	4,801	
March'18	252.50	255.50	252.50	254.75	-7.75	1,177	
Soybeans (CBT)	-5,000 bu.; cents per bu.	16.39	16.39	16.23	16.28	-0.05	4,667
Nov	97.25	97.45	96.50	96.50	-7.75	346,131	
Jan'18	98.75	98.75	97.00	97.00	-7.75	104,575	
Soybean Meal (CBT)	-100 tons; \$ per ton.	16.40	16.40	16.35	16.35	...	4,850
Oct	310.20	311.00	306.00	308.00	-1.30	22,651	
Dec	314.50	315.30	310.20	313.10	-1.20	179,660	
Soybean Oil (CBT)	-60,000 lbs.; cents per lb.	16.40	16.40	16.35	16.35	...	4,850
Oct	33.78	34.07	33.06	33.23	-5.55	26,703	
Dec	34.02	34.29	33.28	33.45	-5.56	202,722	
Rough Rice (CBT)	-2,000 cwt.; \$ per cwt.	16.40	16.40	16.35	16.35	...	4,850
Nov	120.00	120.50	119.00	119.00	-5.00	9,352	
Jan'18	123.00	123.00	122.00	122.00	-4.50	687	
Wheat (CBT)	-5,000 bu.; cents per bu.	16.40	16.40	16.35	16.35	...	4,850
Dec	453.50	460.75	451.50	453.75	-2.25	250,627	
March'18	473.25	480.00	471.50	473.50	-2.25	83,332	
Wheat (KC)	-5,000 bu.; cents per bu.	16.40	16.40	16.35	16.35	...	4,850
Dec	452.50	460.25	449.75	452.25	-1.75	137,935	
March'18	470.00	477.50	467.50	470.00	-2.00	76,740	
Wheat (MPLS)	-5,000 bu.; cents per bu.	16.40	16.40	16.35	16.35	...	4,850
Dec	648.50	651.50	643.75	646.00	-2.75	41,419	
March'18	660.75	662.50	656.75	658.75	-2.00	21,785	
Cattle-Feeder (CME)	-50,000 lbs.; cents per lb.	16.40	16.40	16.35	16.35	...	4,850
Sept	150.425	150.900	150.000	150.575	-100	2,824	
Nov	152.400	152.725	151.375	152.275	-850	19,073	
Cattle-Live (CME)	-40,000 lbs.; cents per lb.	16.40	16.40	16.35	16.35	...	4,850
Oct	108.900	109.150	108.075	108.275	-950	53,483	
Dec	113.850	114.325	113.100	113.475	-950	141,891	
Hogs-Lean (CME)	-40,000 lbs.; cents per lb.	16.40	16.40	16.35	16.35	...	4,850
Oct	56.525	56.575	55.025	55.250	-1075	44,254	
Dec	57.600	58.325	56.950	58.100	-675	115,883	
Lumber (CME)	-110,000 bd. ft. \$ per 1,000 bd. ft.	16.40	16.40	16.35	16.35	...	4,850
Nov	389.80	392.30	386.10	388.90	-110	4,590	
Jan'18	386.80	388.10	383.10	385.70	-20	1,019	

### Interest Rate Futures

Treasury Bonds (CBT)	\$100,000; pts 32nds of 100%	16.40	16.40	16.35	16.37	...	4,850
Dec	154-270	155-030	154-110				

# BIGGEST 1,000 STOCKS

WSJ.com/stocks

## How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**  
 1-New 52-week high.  
 2-New 52-week low.  
 dd—Indicates loss in the most recent four quarters.  
 fd—First day of trading.  
 h—Does not meet continued listing standards.  
 lf—Late filing.  
 q—Temporary exemption from Nasdaq requirements.  
 t—NYSE bankruptcy.  
 v—Trading halted on primary market.  
 vi—In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Tuesday, September 26, 2017

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
<b>NYSE</b>				<b>Stock</b>				<b>Stock</b>				<b>Stock</b>				<b>Stock</b>							
ABB	<b>ABB</b>	24.56	-0.09	CBD Pac	<b>CBD</b>	24.10	-0.05	ExtraSpace! <b>EXR</b>		79.37	-0.32	RioTinto <b>RIO</b>		46.61	-0.47	Wayfair <b>W</b>		68.44	-2.79	LibertyGlobal A <b>LBYTA</b>		33.81	-0.05
AECOM	<b>ACM</b>	36.51	0.04	CBRE Group	<b>CBG</b>	37.72	0.32	ExxonMobil <b>XOM</b>		80.89	-0.09	RobertHalf <b>RHI</b>		49.10	-0.01	WebHealthCare <b>WG</b>		165.42	1.27	LibertyHealthcare <b>WLHG</b>		54.89	1.29
AES	<b>AES</b>	11.16	-0.05	CBS A	<b>CBS/A</b>	58.71	-0.23	FMC <b>FMC</b>		85.71	-0.30	Lear <b>LEA</b>		176.60	0.04	Rockwell <b>ROK</b>		176.98	-0.69	WellFargo <b>WFC</b>		53.30	-0.23
Aflac	<b>AFL</b>	83.54	-0.72	CFI Industries	<b>CF</b>	34.88	-1.03	FederalRealty <b>FRT</b>		125.08	-0.05	Leggett&Platt <b>LEG</b>		47.43	0.20	Rollins <b>ROL</b>		45.60	0.70	WestPharmSvcs <b>WPS</b>		95.20	-0.06
AGCO	<b>AGCO</b>	72.89	-0.61	CIT Group	<b>CIT</b>	47.66	-0.43	FinTech <b>FACTSET</b>		179.94	<b>9.13</b>	FidelityInt'l <b>FDF</b>		120.58	-0.05	RoperTech <b>ROP</b>		241.43	-0.85	WestRockBanking <b>WRB</b>		25.25	-0.02
AT&T	<b>T</b>	38.72	-0.40	CMS Energy	<b>CMS</b>	49.46	-0.16	FirstData <b>FDX</b>		219.81	0.61	FidelityNatlFin <b>FNF</b>		47.13	-0.08	LiveNation <b>LNV</b>		42.50	-0.25	WestStakeChem <b>WLK</b>		82.19	1.48
AbbottLabs	<b>ABT</b>	52.85	0.24	CPFLEnergy	<b>CPL</b>	17.09	-0.08	FidelityNatlFin <b>FNF</b>		175.00	-0.15	FidelityNatlFin <b>FIS</b>		92.65	-0.18	LoydCorp <b>LMT</b>		309.50	2.73	WestwayBanking <b>WKB</b>		25.25	-0.02
AbbVie	<b>ABBV</b>	185.35	-1.22	CRH	<b>CRH</b>	35.93	-0.22	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	LockheedMartin <b>LMT</b>		309.50	2.73	WestwayBanking <b>WKB</b>		25.25	-0.02
Accenture	<b>ACN</b>	136.84	-1.32	CVS Health	<b>CVS</b>	81.65	-0.28	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Loews <b>L</b>		47.88	0.09	WestwayBanking <b>WKB</b>		25.25	-0.02
AcuityBrands	<b>AYI</b>	165.03	-0.78	Cooper	<b>CG</b>	26.87	-0.37	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	LyondellBasell <b>LYB</b>		97.91	1.84	WestwayBanking <b>WKB</b>		25.25	-0.02
Advant	<b>ADNT</b>	85.71	3.54	CabotOil	<b>CO</b>	16.72	-0.28	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	M&T Bank <b>MT</b>		155.44	0.71	WestwayBanking <b>WKB</b>		25.25	-0.02
AdvanceAuto	<b>AAU</b>	97.59	-0.35	CamdenProperty	<b>CPT</b>	92.73	-0.28	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	MetLife <b>ML</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AdvSemiEngg	<b>ASX</b>	6.02	-0.01	CampbellSoup	<b>CSPB</b>	46.67	-0.09	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Aegon	<b>AEG</b>	5.77	-0.02	CAR	<b>CAR</b>	17.94	-0.54	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AerCap	<b>AER</b>	50.27	0.49	CanNatlRwy	<b>CNR</b>	17.32	-0.08	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Aetna	<b>AET</b>	153.46	1.48	CanNaturalRes	<b>CNR</b>	30.42	-0.22	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AffiliatedMtrs	<b>AMG</b>	185.75	-1.00	CapRy	<b>CP</b>	168.12	-0.38	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AgilentTechs	<b>AA</b>	64.11	-0.62	Canon	<b>CAJ</b>	43.05	-0.10	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Agricore	<b>AGM</b>	45.95	-1.53	CapitalOne	<b>CO</b>	82.80	-0.30	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Agrum	<b>AGU</b>	107.50	-0.53	CardinalHealth	<b>CAH</b>	67.82	-0.48	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AlairProducts	<b>API</b>	150.95	-0.59	Carlisle	<b>CSL</b>	103.50	-0.19	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AlaskaAir	<b>ALK</b>	74.96	0.17	CarMax	<b>KMX</b>	73.59	-0.70	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Albemarle	<b>ALB</b>	128.42	-0.47	Carnival	<b>CCL</b>	65.32	-0.24	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Alcoa	<b>AA</b>	44.74	-0.55	Caterpillar	<b>CAT</b>	124.51	-0.19	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AlexandriaRealEst	<b>ARE</b>	119.16	0.36	Catella	<b>CE</b>	107.17	-0.06	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Alibaba	<b>BABA</b>	167.02	-0.27	Catalyst	<b>CAH</b>	67.04	-0.14	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
Allegheny	<b>Y</b>	55.61	-0.58	Cenex	<b>CENX</b>	9.14	-0.04	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.30	-0.21	Merck <b>MK</b>		32.16	-0.05	WestwayBanking <b>WKB</b>		25.25	-0.02
AlliGen	<b>AG</b>	85.35	0.85	Centene	<b>CNC</b>	92.32	-0.19	FidelityNatlFin <b>FIS</b>		92.65	-0.18	FidelityNatlFin <b>FIS</b>		124.									

## BANKING & FINANCE



A smartphone factory in Indonesia last year. Investors have embraced the country's debt amid optimism about the economy.

## Stars Arise in Bond Market

High yields in India, Indonesia debt markets are drawing investors

By SAUMYA VAISHAMPAYAN

Investors are rushing into the bond markets of India and Indonesia, drawn by rich yields and the rosy growth prospects of countries that a few years ago were considered among the most vulnerable emerging markets.

The two countries have together captured almost one-fifth of emerging-market bond net inflows this year through August, according to data from the Institute of International Finance, a trade group.

Prices of government bonds in both countries have rallied in recent months. That has brought yields down, though they remain higher than those for equivalent bonds in the U.S. and Europe. The yield on India's 10-year government

bonds has fallen to 6.61% from 6.71% six months ago, when more than \$1 billion in net flows started pouring into the country's debt market. Yields fall when bond prices rise.

In Indonesia, the 10-year bond yield has fallen to 6.31% from 7.09% in the past six months. That yield was nearly 8% at the end of 2016, following heavy outflows from emerging markets after Donald Trump won the U.S. election.

As with any popular trade, the worry is that the first sign of trouble could send investors running, especially in countries where they hold sizable bets. Such shocks could come from a faster-than-expected pace of U.S. interest-rate increases or a slowdown in Chinese growth, analysts say.

Four years ago, foreign investors started dumping Indian and Indonesian debt after the U.S. Federal Reserve indicated it would gradually wind down its bond-buying program. Swift reversals in the

foreign-exchange market could also pose a risk for investors who own local-currency debt. The rupee has advanced more than 4% against the dollar so far this year.

Signs that U.S. and European central banks are preparing to reverse loose monetary policy haven't triggered lasting routs in Indian and Indonesian bonds. Indian bond yields rose last Thursday after the Fed said it would start shrinking its bond portfolio, as expected.

One reason for investor steadiness is that long-term institutional investors are increasingly investing in Indian and Indonesian debt, as opposed to shorter-term investors like hedge funds, said Rob Subbaraman, chief economist, Asia ex-Japan at Nomura.

Investors say they are also banking on the success of economic overhauls in both countries. The World Bank's distance-to-frontier gauge, which measures changes in regulatory environment for local businesses in different coun-

tries, has signaled improvement for India and Indonesia in recent years.

Nonresident investors bought a net \$2.72 billion of Indian sovereign and corporate debt in August—17% of total emerging-market bond inflows—according to the Institute of International Finance. Those investors plowed a net \$907 million into Indonesian bonds last month. For the year, investors have poured a net \$20.2 billion and \$9.1 billion into Indian and Indonesian debt markets, respectively.

With the influx of cash, foreign ownership of rupiah-denominated Indonesian government bonds rose to 39.5% at the end of the second quarter, the highest in two years, according to data from the Asian Development Bank.

Foreign ownership of Indian bonds is low—4.2% as of July, according to ANZ—because of limits imposed by the country's central bank.

—Jon Emont contributed to this article.

## BofA Joint Venture Cuts Staff 10%

By RACHEL LOUISE ENSIGN

Bank of America Corp.'s merchant-services joint venture has laid off about 10% of its staffers as a part of a restructuring, a person familiar with the matter said.

Bank of America Merchant Services let go about 250 employees last week, the person said. The business, operated in conjunction with First Data Corp. since 2009, earlier this year employed about 2,200 people.

Last Wednesday, "we announced to employees a restructuring designed to accelerate our business strategy and better meet merchants' evolving expectations in this increasingly digital era," a firm spokesman said.

The merchant-services company involves helping businesses handle debit- and credit-card transactions. Firms in this line of business often collect a fee for transaction processing and a commission on equipment leases and sales. Industrywide, merchant processors collected about \$18.15



Bank of America has operated the merchant-services business with First Data Corp. since 2009.

billion in debit- and credit-card fees from merchants in 2016, according to the Nilson Report, a newsletter tracking the payments industry.

In 2013, Bank of America Merchant Services was the top U.S. merchant acquirer by Visa and Mastercard purchase volume after J.P. Morgan Chase & Co.'s Chase Merchant Services,

payments and 654,000 merchant outlets, according to the Nilson Report. By last year, that purchase-volume metric had grown to \$546 billion, but it slipped to the second-largest acquirer by Visa and Mastercard purchase volume after J.P. Morgan Chase & Co.'s Chase Merchant Services,

which had more than \$800 billion in such payments.

Charles Martin, a Tampa, Fla.-based employee who was laid off, said he and two local colleagues were told last Wednesday that their jobs were eliminated.

"It took me by surprise," Mr. Martin said.

## Greenhill Shares Jump 17% as Firm Revamps

By LIZ HOFFMAN

A Wall Street rainmaker is fighting for his legacy.

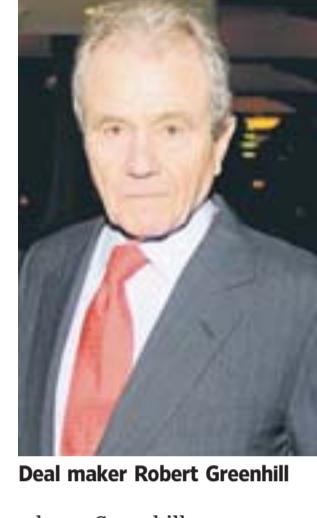
Greenhill & Co., the investment bank founded 21 years ago by star merger banker Robert Greenhill, has fallen into a prolonged deal-making slump and this week sought a financial lifeline from its founder.

Mr. Greenhill, who remains the firm's chairman, and Scott Bok, its chief executive, said Monday they would invest \$20 million as part of a reorganization that amounts to a partial leveraged buyout.

In all, as much as half will be held by its employees. Also, tens of millions of dollars a year that had supported Greenhill's hefty dividend will be rerouted to creditors.

Greenhill was one of Wall Street's first merger boutiques, small firms that advise on high-stakes corporate transactions. Mr. Greenhill, an 81-year-old banking veteran who built his Rolodex at Morgan Stanley and Smith Barney, pioneered a model that dozens of top deal makers have followed.

His firm has missed the recent M&A boom, slipping in the rankings and all but disappearing from marquee deals. Greenhill ranks 49th among global



Deal maker Robert Greenhill

where Greenhill once generated about half its revenue.

"Our business mix is one that has served investors well over the long term and will, I believe, do so again," he said in an interview Monday.

In recent weeks, analysts had questioned whether Greenhill could keep paying its dividend. Set at \$1.80 a share annually, it costs about \$60 million, twice what analysts expect Greenhill to earn this year.

Top executives had fiercely guarded the payout. Mr. Bok, who received \$1.4 million in dividends last year, more than twice his \$600,000 salary, said in 2011 that "you'd have to waterboard me" before he would consider cutting it.

On Monday, he said investors were no longer giving the firm credit for the payout, which Greenhill plans to slash or, more likely, eliminate entirely.

Instead, it will borrow \$300 million from Goldman Sachs Group Inc. to finance a buyback of more than one-third of its stock. Cash that once went to stockholders will go to pay down debt.

Goldman plans this week to start marketing the loan, which is expected to carry a below-investment-grade credit rating, said people familiar with the matter. With the spike Tuesday, Greenhill shares closed at \$16.90, approaching the \$17-a-share buyback level announced Monday.

Analysts expect the price to move higher as investors cover previous "short" bets that the stock would decline.

A former Navy lieutenant often clad in suspenders, Mr. Greenhill joined Morgan Stanley in 1962 and helped build the firm's vaunted merger department.

Once seen as a potential CEO candidate, he was moved aside for a younger John Mack, who eventually became Morgan Stanley's CEO. In 1993, Mr. Greenhill joined Travelers Group, where he lost another power struggle to a young James Dimon.

He launched Greenhill in 1996, at age 60, and took it public in 2004, turning over the reins to Mr. Bok and another lieutenant, Simon Borrows, who has since left.

Mr. Bok hired aggressively but favored greener bankers rather than proven stars, alumni say. Mr. Bok said Greenhill has hired nine new managing directors this year from J.P. Morgan Chase & Co., Barclays PLC and others.

## European Banks Are Thinking About Acquisitions Again

By MAX COLCHESTER AND BEN DUMMETT

The freeze in European bank mergers is finally showing signs of thawing.

After being whipped by scandals and losses, Europe's banks retreated to their domestic markets to patch up their balance sheets.

Now, some are starting to look outward again. Merger-and-acquisition bankers, who were once shooed out of European bank boardrooms, say they are getting a warmer reception. Fears that the eurozone will collapse have receded, and bank valuations have rallied. Meanwhile, the eurozone's banking regulator wants deals to create more pan-European banks and to boost the sector's profits.

For European bank deals, "the pendulum has started to

### Looking Up

European bank valuations are recovering.



Source: WSJ Market Data Group  
THE WALL STREET JOURNAL.

move away from a hard no," said Peter Mason, Barclays PLC's co-head of financial institutions for Europe and the Middle East.

So far, deals have largely

involved big banks snapping up weaker domestic competitors, often at the urging of regulators. This year, Spain's failing Banco Popular Español SA was taken over by Banco Santander SA. Three smaller Italian banks were swept up by UBI Banca SpA.

The most often cited targets by bankers as possible cross-border tie-ups are partially nationalized banks like Germany's Commerzbank AG, Bankia SA in Spain or the Netherlands' ABN Amro Group NV. Among the potential acquirers, analysts say, are France's BNP Paribas SA and Sweden's Nordea Bank AB, which recently said it would move to Finland to join the eurozone's banking union.

Europe still has too many unprofitable banks, analysts say. A survey in June showed that only 50% of European

banks believe their current earnings cover their cost of equity, according to the European Banking Authority. Raising the pressure are new rules that force banks to issue debt that can be written off if the lender founders. The cost of this pricey issuance could leave smaller banks with little option but to embrace a partner, bankers say.

Meanwhile, bankers are betting on a political push to create a tighter-knit eurozone that will help see the creation of European banking champions. The election of French President Emmanuel Macron and the victory this week of German Chancellor Angela Merkel's conservative alliance are expected to drive financial integration further.

But a series of regulatory hurdles remain. The lack of a single European deposit-insur-

ance system is hampering deals. The European Central Bank is reviewing banks' risk models, a move that might force them to hold more capital. Big banks are wary that they will be hit with extra capital charges if they get bigger. The eurozone's chief banking regulator, Danièle Nouy, has said she doesn't want weak banks to collapse into each others' arms. Bankers say deals could still be a year or so away.

European authorities want that stance to change. It is "important for supervisors and policy makers to identify and address potential structural impediments for bank sector consolidation," the Joint Committee of the European Supervisory Authorities said in a recent paper. The hope is that pan-European banks can break the "doom

loop" in which banks' fates are closely tied to their domestic market.

Past pan-European mergers haven't been that successful. From 2006 to 2016, only 44% of European cross-border bank deals generated value, according to consulting firm Oliver Wyman. That compares with 60% for domestically focused takeovers.

Nick O'Donnell, an M&A lawyer at Baker & McKenzie LLP, also believes "the mood music has changed" toward bank mergers. He expects any significant deals that do emerge to focus on acquisitions that build on a bank's existing operations, rather than the riskier strategy of entering new lines of business. "Although confidence levels have improved, they are not back at levels" before the crisis, Mr. O'Donnell said.

## MARKETS

# Tech-Heavy Nasdaq Inches Higher

By MICHAEL WURSTHORN

Resurgent shares of technology companies helped the Nasdaq Composite eke out a gain Tuesday.

Even with tech's rise, however, eight of the 11 major S&P

**TUESDAY'S MARKETS** 500 sectors closed lower, leaving the broad index little changed,

while the Dow Jones Industrial Average slipped less than a percentage point.

The stabilization came a day after tensions flared between the U.S. and North Korea, contributing to declines in U.S. stocks. Some analysts attributed tech's rebound on Tuesday to investors taking advantage of the sector's decline a day earlier.

Shares of tech companies have been big contributors to this year's gains in the U.S. stock market.

"Investors are looking to pick up things that have fallen

down a little bit," said Chris Wolfe, chief investment officer at First Republic Bank's wealth-management arm. With bond yields still relatively low, "you get into a place where equities are the only game in town," he added.

The tech-heavy Nasdaq Composite rose 9.57 points, or 0.2%, to 6380.16, while the S&P 500 rose 0.18 point, or less than 0.1%, to 2496.84.

The Dow industrials were in positive territory for much of the session, but declined heading into the close. The blue-chip index slipped 11.77 points, or less than 0.1%, to 22284.32, its fourth straight session of declines and its longest losing streak since June.

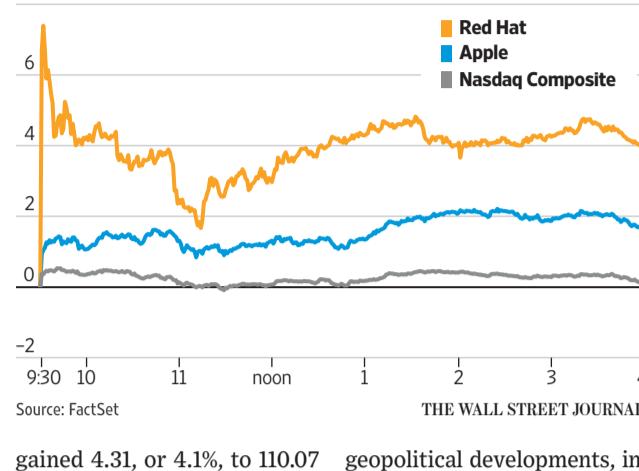
**Apple**, which has stumbled this month following the rollout of its latest slate of iPhones and watches, was among the tech sector's biggest gainers Tuesday. The company rose \$2.59, or 1.7%, to \$153.14.

Software maker **Red Hat**

## Resilient

Technology shares rebounded after leading declines in U.S. stocks a day earlier.

### Performance Tuesday, minute by minute



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gained 4.31, or 4.1%, to 110.07 after it reported higher-than-expected profit and revenue for the latest quarter, while data-storage firm **NetApp** rose 1.06, or 2.5%, to 43.76.

Without any new major

geopolitical developments, investors pulled back from assets they consider to be relatively safe.

Gold for September delivery fell 0.7% to \$1,297 an ounce, and the dollar rose 0.5%

against the Japanese yen, which tends to rise when markets slide.

Still, some money managers said some clients have been nervous following recent North Korea developments. The country's foreign minister warned Monday the country would shoot down U.S. warplanes even if they were outside its airspace. White House officials dismissed talk of war.

"A lot of our clients are concerned," said Eric Aanes, president of Titus Wealth Management, an advisory firm located just outside of San Rafael, Calif., with \$500 million in assets under management. "We're getting to the point where there's a lot of confusion where to put money."

The Stoxx Europe 600 was little changed. In Asia early Wednesday, Japan's Nikkei Stock Average was down 0.5%, while Hong Kong's Hang Seng Index was up 0.4%.

—Marina Force contributed to this article.

# Treasurys End Lower After Fed Remarks

By SAM GOLDFARB

U.S. government bonds edged lower as investors registered a muted reaction to Federal Reserve Chairwoman Janet Yellen's latest speech on inflation and monetary policy.

The yield on the benchmark

**CREDIT MARKETS** 10-year Treasury note settled at 2.229%, compared with 2.220% Monday.

Yields, which rise when bond prices fall, ticked higher in the morning but were roughly flat after Ms. Yellen reiterated that Fed officials are inclined to raise interest rates at a gradual pace despite the fact that inflation remains below their 2% annual target.

Ms. Yellen allowed that the Fed's understanding of inflation is "imperfect" and suggested the central bank could change its posture if inflation doesn't pick up as officials anticipate. But she also said it would be "imprudent to keep monetary policy on hold" given the risk that inflation could rise faster than expected.

Yields on longer-term Treasury debt have climbed off 2017 lows hit at the start of the month, as investors assigned a greater likelihood to the Fed raising interest rates for a third-time this year in December. Yet yields remain low even by this year's standards, reflecting a widespread view that the persistence of slow growth and lackluster inflation is likely to keep the Fed to a very gradual pace of rate increases.

The "market needs a bigger catalyst" to break out of its current range, said Bruno Brainhain, senior interest rates strategist at Société Générale SA.

Fed officials indicated last week that they still expect to raise rates once more this year and three times next year. But their median projection for the longer-run level of rates declined to 2.75% from 3% in June—lower than the endpoint of previous rate-rising cycles.

Analysts attributed Tuesday's pullback in part to looming debt sales. The Treasury Department on Tuesday sold \$26 billion of two-year notes. It is scheduled to auction five-year notes on Wednesday and seven-year notes on Thursday.

## AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions.

All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

### FOUR-WEEK BILLS

Applications	\$111,406,046,100
Accepted bids	\$35,000,206,100
"noncompetitively	\$45,270,400
"foreign noncompetitively	\$0
Auction price (rate)	99.924556 (0.970%)

Coupon equivalent 0.984%

Bids at clearing yield accepted 0.63%

Cusip number 912796LZ0

The bills, dated Sept. 28, 2017, mature on Oct. 26, 2017.

### TWO-YEAR NOTES

Applications	\$78,104,691,500
Accepted bids	\$29,234,491,500
"noncompetitively	\$118,659,600
"foreign noncompetitively	\$100,000,000
Auction price (rate)	99.829541 (1.462%)

Interest rate 1.375%

Bids at clearing yield accepted 45.60%

Cusip number 912882X7

The notes, dated Oct. 2, 2017, mature on Sept. 30, 2019.

# ICE Futures Contract Offers A Way to Magnify Tech Bets

By ALEXANDER OSIPOVICH

There will soon be a new, riskier way to trade one of the buzziest acronyms in the world of technology stocks.

**Intercontinental Exchange Inc.**, parent company of the New York Stock Exchange, said Tuesday it will launch a futures contract based on its new NYSE FANG+ Index.

The term FANG refers to the quartet of **Facebook Inc.**, **Amazon.com Inc.**, **Netflix Inc.** and **Google**, whose parent company is **Alphabet Inc.**

ICE's contract will be a bit broader than that.

It also will include **Apple Inc.**—which is often bundled together with the FANG four-

some—as well as **Alibaba Group Holding Ltd.**, **Baidu Inc.**, **Nvidia Corp.**, **Tesla Inc.** and **Twitter Inc.**

The contract will start trading on Nov. 8, ICE said.

There already is an exchange-traded fund with the ticker FNG that aims to track the FANG stocks and their close relatives in the tech and new-media sectors.

Investors also can get exposure to the FANG bunch by simply buying shares in the four companies directly, but ICE's new contract would be the first futures contract tied to the FANG concept, according to an ICE spokesman.

By buying equity futures contracts instead of ETFs, traders can leverage their

bets to magnify gains when the underlying shares rise. Doing so also can amplify losses if the shares drop—and traders can even find themselves in the hole, owing more cash than they put down in the first place.

The launch shows ICE's effort to hang on to retail traders even as its rival, **CME Group Inc.**, has been making inroads in that market.

CME recently has run television commercials touting futures for day traders, and in July, it began listing futures based on the Russell 2000 index—a popular product for retail investors—after buying the rights to the index from the **London Stock Exchange Group**'s FTSE Russell unit.

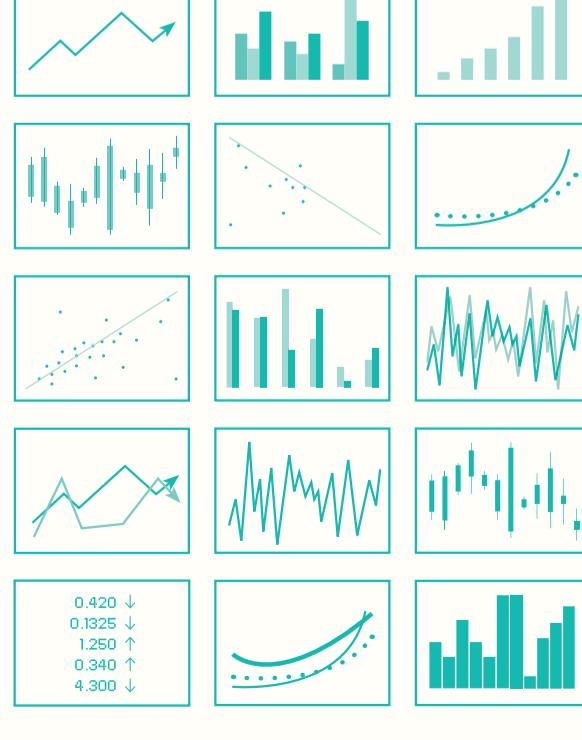
# Micro Trends, Macro Context. In Minutes.

## THE DAILY SHOT

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# MARKETS

## Industrial Metals Slide From Their Peaks

Prices of the economic barometers falter as investors await end to central banks' stimulus

By IRA IOSEBASHVILI

Prices for many industrial metals have tumbled to their lowest levels in weeks, as investors react to signs that central banks around the world are gearing up to unwind stimulus programs.

Copper prices have fallen 7.5% from their September high and are hovering near their lowest levels since early August. Nickel is off roughly 14% from its recent peak, while iron ore is down 17%.

The declines come at a particularly delicate time, as investors try to gauge how asset prices will respond when central banks dial back the easy-money policies that have helped support markets since the financial crisis. Many investors believe prices for metals, which are used extensively in manufacturing and construction, are a barometer for the global economy's health.

Some cracks are already apparent in China, where policy makers are unwinding stimulus measures that have boosted growth but also inflated asset bubbles and stoked speculation. Industrial production in China, the world's largest consumer of metals, fell last month to its lowest level since December, and fixed-asset investment grew at its slowest pace since 1999.

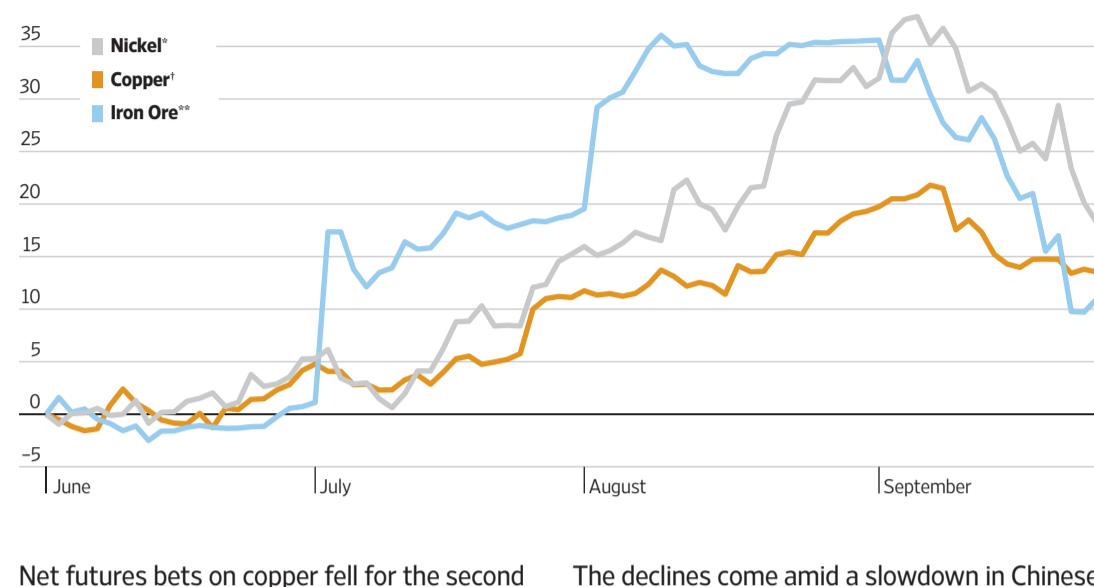
S&P Global Ratings earlier this month became the latest ratings firm to downgrade China, saying that "a prolonged period of strong credit growth has increased China's economic and financial risks."

The concerns about China come as investors prepare for tightening in the U.S. and abroad. The Federal Reserve signaled last week that it would begin shrinking its balance sheet in October and hinted that rates

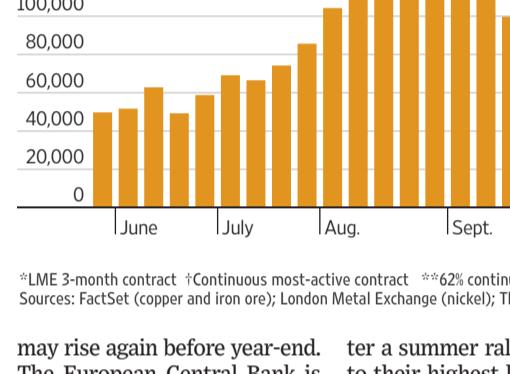
### Back to Earth

Prices for copper and other base metals have dropped in recent weeks after a sharp summer rally.

#### Commodities-price performance



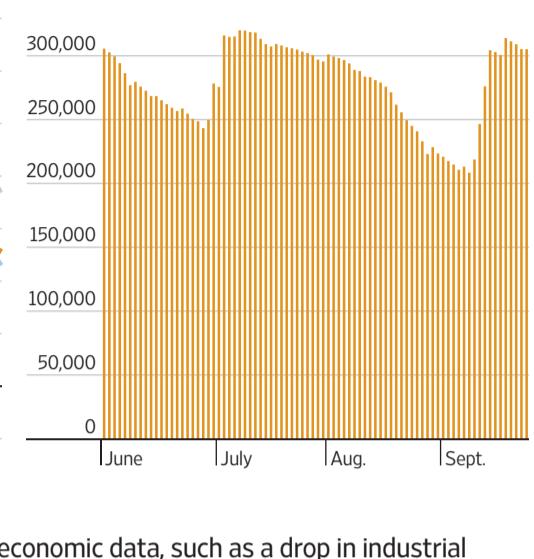
Net futures bets on copper fell for the second time since July, after hitting record levels.



\*LME 3-month contract †Continuous most-active contract \*\*62% continuous most-active contract

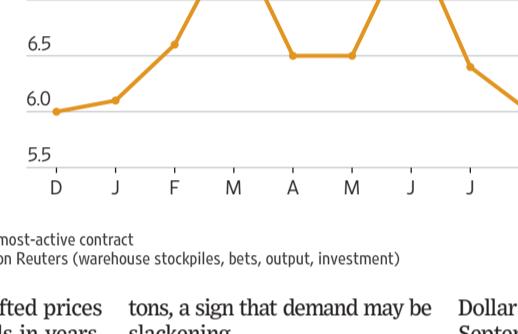
Sources: FactSet (copper and iron ore); London Metal Exchange (nickel); Thomson Reuters (warehouse stockpiles, bets, output, investment)

Copper stockpiles have risen at LME warehouses, indicating growing supply.

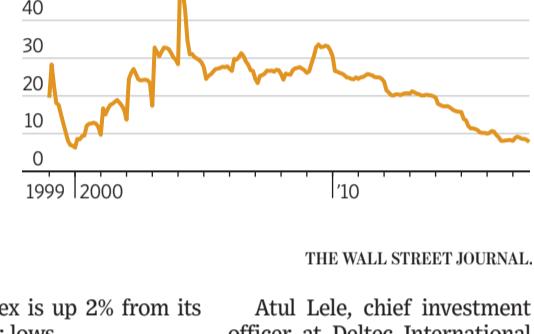


The declines come amid a slowdown in Chinese economic data, such as a drop in industrial production and investment in fixed assets.

#### China Industrial output, change from a year earlier



#### Investment in fixed assets, change from a year earlier



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Dollar Index is up 2% from its September lows.

"There may have been a little too much enthusiasm in markets earlier this year," said Bart Melek, head of commodity strategy at TD Securities.

A recent bounce in the dollar is also affecting metals prices. A rising dollar tends to weigh on metals, which are priced in the U.S. currency and become more expensive to foreign investors when the dollar rises. The WSJ

Others, however, believe metals have further to fall.

Atul Lele, chief investment officer at Deltac International Group, said he is betting on declines in the stocks of mining companies such as **BHP Billiton Ltd.**, **Rio Tinto PLC** and **Vale SA**, convinced that tightening monetary conditions and falling metals demand will eventually hit their shares. "Everyone is tightening, and Chinese stimulus is fading," he said. "This will negatively impact metals prices."

## HEARD ON THE STREET

Email: [heard@wsj.com](mailto:heard@wsj.com)

FINANCIAL ANALYSIS & COMMENTARY

[WSJ.com/Heard](http://WSJ.com/Heard)

### Micron's Memory Isn't Fading

As parties go, **Micron Technology**'s has been a rager. And last call still seems a while off.

The memory-chip maker has been running strong for the past year, thanks to booming prices of both NAND flash and DRAM memory. Over the past 12 months, Micron's market value has doubled as sales and operating earnings have soared. The company's fiscal fourth-quarter results issued Tuesday afternoon sent the stock up a further 3% after hours.

Those results cooled understandable fears that memory's good times have peaked. Revenue hit a record \$6.1 billion for the quarter, up 91% year over year. The midpoint of the company's forecast for the quarter ending in November has that growing to \$6.3 billion. Earnings also set a record of \$1.99 a share compared with a loss of 16 cents a share in the same period last year.

This doesn't mean the memory business is free of downturns. Pricing in the business is highly dependent on supply, and strong prices this year have encouraged Micron's rivals to boost capital spending on their production lines.

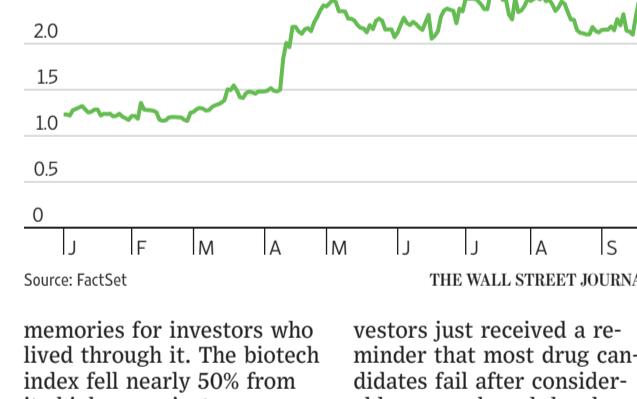
But demand is no longer so heavily dependent on personal computers or even smartphones. Micron says cars are a new key driver as more technology enhancements demand greater memory. Data-center expansion from cloud computing providers is also driving up memory demand. Micron says it expects a "healthy" balance in supply and demand in 2018, which should allow investors to hold on to their chips a while longer.

—Dan Gallagher

### Axovant's Plunge Won't Spread

#### Caught Offsides

Investors had pushed Axovant's market value above \$2.5 billion through Monday



and large-scale mergers and acquisitions from big pharma have resumed after a lull.

Government policy, a major issue for the sector last time things soured, is now working in biotech's favor. Talk of tax reform is helpful in an indirect sense, since such legislation could unlock billions of dollars trapped overseas for big pharma to spend on new acquisitions.

The Food and Drug Administration also has signaled an eagerness to streamline the drug approval process, which benefits startups. And, last but not least, drug-pricing talk has been relegated to the back burner.

Given the inherent risk of biotech, investors need to be on guard for any deterioration in the bull case. For now, though, it is reasonable to believe that for investors, the sequel won't be as scary as the original.

—Charley Grant

### OVERHEARD

"Today's business environment is global and highly interconnected, increasing an organization's probability of cyber threats," says the blurb at the top of the consulting firm's marketing page on its cybersecurity services. Below is a release touting an award in June for being ranked No. 1 in security consulting for a fifth consecutive year in 2016.

Here's a guess that there won't be a sixth time atop Gartner's ranking for **Deloitte**. The accounting and consulting firm revealed that hackers broke into its systems and accessed usernames and other sensitive data belonging to clients.

Security news website Krebs on Security says Deloitte's entire internal email system was hacked. Among the services that Deloitte performs is "war-gaming" cyber attacks by trying to breach clients' defenses. Now it seems the hunter has become the hunted.

### Emerging Markets Can Withstand Fed's Rate-Rise Plans

#### Not Too Tight

Yield spread of J.P. Morgan EMBI Global Diversified index over U.S. Treasuries



It has been a hot year for emerging-market investments. With the U.S. Federal Reserve reaffirming its plans for rising rates, that might be cause for nerves. But the thing investors need to remember is just how long emerging markets spent out in the cold.

The gains in 2017 are remarkable. The MSCI emerging-market stock index is up 26% this year through Monday, while J.P. Morgan Chase's EMBI sovereign-bond index has returned 9%. The yield on the index of around 5.2% has fallen 0.6 percentage point this year and has only been lower for 7.5% of the time in the last 20 years. Currencies have rallied against the dollar.

Meanwhile, demand has

annexation of the Crimea. That kind of issuance might raise concerns that the market is getting frothy.

But there are some important counterweights. The most important is continued growth, which is proving more globally synchronized than at almost any time since the financial crisis. The Institute of International Finance estimates emerging-market growth of 5.4% annualized in the third quarter.

China is the obvious risk to this picture, and a reminder was served last week by Standard & Poor's downgrade. But growth has broadened, with economies such as Brazil and Russia emerging from recession.

A crucial factor is that emerging markets already

have been through an enormous test in the past few years. Investors spent years pulling money out of emerging markets, forcing economies to adjust by closing current-account deficits.

The aggregate current-account surplus that has been built up as a result might now start being eroded, Citigroup thinks, but for good reason: Renewed capital inflows should help support economies, making domestic demand more robust.

Markets have swung rapidly to reflect the brighter picture. But they have still only taken back part of the downward move of recent years. Yields are low, but the spread over Treasuries on the EMBI index at 2.94 percentage points is well above its

postcrisis tightest level of 2.2 points.

A hot market for new bond issues shows the strength of the search for yield. But many emerging-market countries are making greater use of domestic funding, meaning dollar-denominated funding isn't quite the harbinger of doom it was in the past: Even as government debt has risen, the share of foreign-currency debt has fallen to 14% in 2016, from 32% at end-2001, according to the Bank for International Settlements.

The Fed's apparent desire to push on with tightening policy may give emerging markets a pause. But if global growth continues, then a pause is all it should be.

—Richard Barley

# U.S. COLLEGE RANKINGS

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THE WALL STREET JOURNAL.

Wednesday, September 27, 2017 | R1

## Harvard Takes Top Honors



Harvard University got high marks for the financial success of its graduates and its academic resources.

In the Wall Street Journal/Times Higher Education ranking of U.S. colleges, the Ivies snagged six of the top 10 spots

BY DOUGLAS BELKIN  
AND MELISSA KORN

**SILICON VALLEY IS RISING.** Mobile Americans are flocking to the Sunbelt. But most of the best colleges and universities in the U.S. remain rooted in the Northeast.

Harvard University topped this year's Wall Street Journal/Times Higher Education College Rankings, and about a mile down the street in Cambridge, Mass., the Massachusetts Institute of Technology earned a tie for third place. Columbia, Yale, the University of Pennsylvania, Princeton and Cornell—all of which sit within 400 miles of Harvard Square—took five of the top 10 spots. Stanford, Duke and the California Institute of Technology rounded out the top 10.

"There are a lot of perceptions of Harvard you have before you arrive," says Chris Cruz, who left his home in California to attend school there and graduated last year. "At least for me Harvard exceeded all of my expectations."

The WSJ/THE rankings emphasize how well a college will prepare students for life after graduation. To that end, the overall ranking is based on 15 factors across four categories: Forty percent of each school's overall score comes from student outcomes, including a measure of graduate salaries, 30% from the school's academic resources, 20% from how well it engages its students and 10% from the diversity of its students and staff.

The rankings reveal the might of the Ivy League as well as some hidden gems. Who knew that—based on students' views on internships—students at Endicott College in Beverly, Mass., feel more prepared to enter the world of work than their peers at MIT?

The rankings also show that those schools at the top boast a range of solid scores. Har-

vard is Harvard not only because its graduates are among the nation's leaders in terms of their financial outcomes, but also because it has the wealth to support a fairly diverse student population and top-notch faculty. Mr. Cruz, who studied government and economics, says that at one point half of his professors had served in former presidential administrations.

The California Institute of Technology, seventh overall, was No. 1 in resources and boasts a student-to-faculty ratio of 3 to 1, tops in the nation alongside MIT. Stanford, which tied with MIT for third overall, was sixth in outcomes and 24th in how engaged students perceived themselves to be with their education.

### State of state schools

The rankings also reveal some relative bargains at public universities.

A handful of elite public schools in the U.S. remain competitive despite receiving limited funds from their states. Still, the best private schools are simply wealthier, and they are spending that money to buy things that students value, such as more professors and academic support services.

The top-ranked public institution, the University of California, Los Angeles, came in at No. 25, between the University of Notre Dame and Pomona College. The University of Michigan reached No. 27, while the University of North Carolina-Chapel Hill rounded out the top three public universities at No. 33. On the other end of the spectrum, 80 of the 100 lowest-ranked schools overall were public institutions.

"The fact that there are only two publics in the top 30 is part of the narrative that there is a crisis in public higher education," says Phil Baty, Times Higher Education rankings editor.

"We are seeing some real challenges in terms

of resources, and I think this kind of inequality, this defunding of great American public schools, is a serious issue."

That trend is particularly noteworthy because as the nation's collegiate student body is becoming more racially and socioeconomically diverse, it is the public schools—and the California state system in particular—that are absorbing most of those students. Seven of the top 12 schools in the country for diversity are public schools in California.

"It's an incredible story of access," says Mr. Baty. "But again, the schools with the greatest access are starved of funds. The privates are less inclusive."

Top-flight public schools still serve their students well. There were 27 public institutions in the top 100 in terms of student outcomes.

### Earning power

The WSJ/THE rankings determine student outcomes in part by using data like family income and SAT scores to predict how much money a student would earn 10 years after he or she enters school. The rankings then compare those earnings to the actual salary of graduates. Only the salaries of stu-

dents who borrowed from the federal government are included in these calculations.

The Massachusetts College of Pharmacy and Health Sciences tops the list of schools that elevate their graduates to higher incomes than they might otherwise earn. The University of Colorado, Denver is second, with Georgetown University, Harvard, and Washington and Lee University rounding out the top five.

That same metric penalizes some of the nation's elite liberal-arts colleges, where the data indicate that an education actually bends earning trajectories downward.

For instance, recent graduates of Hampshire College, among many others, are earning less than they otherwise might have if not for their educational choices, the data show.

"Ranking colleges by alumni earnings penalizes colleges for alums who choose public service, the arts, nonprofits, education, social science and graduate school," says Hampshire spokesman John Courtmanche. It also discounts "the value of young entrepreneurs who take risks early in their ca-

Please turn to the next page



### THE TOP 10

These schools achieved the highest overall scores in the Wall Street Journal/Times Higher Education College Rankings

1. Harvard University
2. Columbia University
3. Massachusetts Institute of Technology
4. Stanford University
5. Duke University
6. Yale University
7. California Institute of Technology
8. University of Pennsylvania
9. Princeton University
10. Cornell University

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL.

ICONS: PETER & MARIA HOY

## INSIDE

### What Our Rankings Emphasize—and Why

How students fare after graduation carries the most weight

R2

### What Counts in the End

Where schools rank on graduation rates, income and other outcomes

R2

### When It Comes to Diversity, Public Schools Reign

Urban state schools attract racially and financially diverse students

R2



### The Biggest Surprises

Smaller schools outdid top schools in some ranking categories

R3

### Challenged in the Classroom—and Out

School size and prestige don't determine how engaged students feel

R4

### Inspired by Their Peers

Students at these colleges said their experiences were strongly shaped by others

R4



### Schools That Focus on Internships

The colleges that students feel do best at providing career preparation through internships

R4

### The Rankings

How 500 U.S. colleges stack up

R5-10

### State Schools Do Well Despite Budget Cuts

California boasts four campuses among the top 10 public colleges

R10

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# What Our Rankings Emphasize—and Why

BY DAVE PETTIT

Selecting the right college is hard work. There are so many factors to consider and so many schools from which to choose. The Wall Street Journal/Times Higher Education College Rankings are designed to organize all of that information and put it into perspective.

Parents and students set out to find schools that offer excellence, foster intellectual development, provide engaging teaching and leave graduates on a firm financial footing. Now in their second year, the WSJ/THE rankings are built on these criteria.

Some college rankings focus on the selectivity of schools or on just certain dimensions of the college search. The WSJ/THE rankings examine a broad range of considerations that confront parents and students, and put particular emphasis on financial considerations.

The outcomes graduates can expect—including the salaries they will earn—and the academic resources of institutions are given the most weight. This year, the rankings take into account the debt burden students may take on to finance their education by evaluating graduates' ability to repay their loans.

Beyond finances, the WSJ/THE rankings use a survey of students to evaluate how well schools create engagement, both with instructors and among students. The rankings also look at the campus environment, focusing on racial, ethnic and financial diversity. In all, 15 measures go into calculating the overall ranking. For a complete explanation of the methodology, go to [on.wsj.com/college-ranking-methodology](http://on.wsj.com/college-ranking-methodology).

With all of that, the Journal and its partner, Times Higher Education, recognize that different people have different goals. For this year, the Journal has developed a tool that allows parents and students to create customized rankings by adjusting the weighting of the four main criteria that go into calculating the overall ranking: student outcomes, academic resources, student engagement and the academic environment.

So, for example, if one's primary goal is less about finding a top job and more about the quality of teaching and making connections with faculty and fellow students, the rankings can be adjusted. If one is most interested in a school with a wealth of academic resources and a highly diverse campus environment, the rankings can be recalculated for that, too. Go to [WSJ.com/collegerankings](http://WSJ.com/collegerankings) to use the tool.

Finding the college that is the best fit is a tricky, personal decision. The goal of the WSJ/THE college rankings is to help give you the perspective you need to weigh your options.

Mr. Pettit is a Wall Street Journal editor in New York. He can be reached at [dave.pettit@wsj.com](mailto:dave.pettit@wsj.com).

## Harvard Takes the Top Spot

Continued from the prior page  
reer that may ultimately lead to big rewards for them and society, maybe 15 years or 30 years after graduation."

### Sense of engagement

A survey conducted as part of the rankings asked 109,000 students a series of seven questions to determine the extent to which they felt engaged in their education.

Topics included students' experiences with their professors, their level of collaboration with classmates, if they were pushed to think critically, and whether they would recommend their school to others.

Four of the top five schools for engagement have religious affiliations. Dordt College in Sioux Center, Iowa, came out on top.

Though small liberal-arts colleges like Dordt, with about 1,440 undergraduate students, generally scored well in engagement, size wasn't a proxy for performance. Texas Christian University came in at No. 2, with Texas A&M University, Cedarville University and Brigham Young University, Provo all tied for third. Those four schools' student bodies range from about 3,300 to 43,000 undergraduates.

The survey also asked students three questions that weren't taken into consideration in the rankings, including whether students would choose their school again. Highest marks again went to schools with a religious affiliation, including The Master's University in Santa Clara, Calif., Lancaster Bible College and Brigham Young, Hawaii.

Schools that specialize in science, technology, engineering and math also scored well, including Michigan Technological University and the Rose-Hulman Institute of Technology.

The WSJ/THE rankings aren't intended to be a definitive guide for all prospective students. The best school for an aspiring physicist who prefers intimate classes likely isn't the best one for a varsity athlete pursuing a business degree and interested in the Greek scene.

Rather, this list is best used as a jumping-off point for families as

### BEHIND THE RANKINGS

For a complete explanation of the methodology for the Wall Street Journal/Times Higher Education College Rankings, go to <http://on.wsj.com/college-ranking-methodology>.

The Journal Report welcomes your comments—by mail, fax or email. Letters should be addressed to Lawrence Rout, The Wall Street Journal, 4300 Route 1 North, South Brunswick, NJ. 08852. The fax number is 609-520-7252, and the email address is [reports@wsj.com](mailto:reports@wsj.com).

## 2018 COLLEGE RANKINGS

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# This Is What Counts in the End

Where schools rank on graduation rates, income and more

BY DOUGLAS BELKIN

WHETHER STUDENTS go to school primarily to find a calling, read the Great Books or learn the skills to earn a lot of money, the degrees they earn have a substantial impact on their financial future.

The amount of debt accrued over the course of an education—and the student's ability to pay it off—affects everything from how healthy and happy graduates will be to what professional choices they make, says Brandon Busteed, executive director of education and workforce development at Gallup.

"There are two types of [college] consumers, those who care very much about the economic value add and those who say they are there to make a contribution to society," Mr. Busteed says. "Either way, your financial outcomes matter."

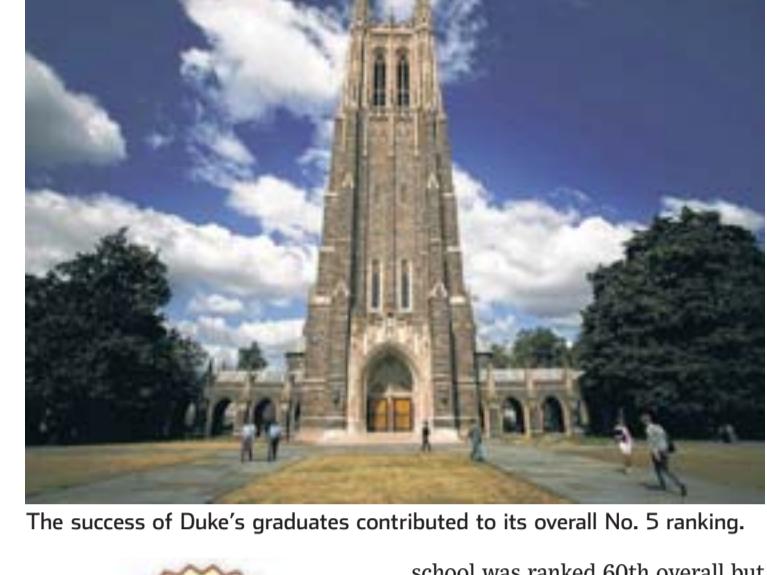
That's why the Wall Street Journal/Times Higher Education College Rankings weight outcomes as the most important factor in the overall ranking. Outcome scores are derived from graduation rates, income after graduation, debt repayment and academic reputation. The outcome evaluation is 40% of a school's total score.

Our value-added measure of salaries was calculated by comparing predicted salaries—based on factors including students' SAT scores, family income and an institution's population of first-generation college students—and the actual outcomes for recent graduates. We used a Brookings Institution analysis of value-added college outcomes as a guide on this measure, recognizing that high graduate salaries alone don't indicate school success.

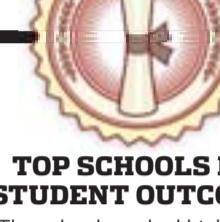
Harvard University and Duke University, first and fifth, respectively, in the overall ranking, tied for the top spot in outcomes. And all of the schools ranked in the top 10 for outcomes were ranked in the top 11 overall except for one: Williams College, tied for ninth in outcomes and ranked 22nd overall. But several schools had outcome scores that were well above their overall rank.

One example is Brigham Young University, Provo. It was 113th in the overall ranking, but 40th in outcomes thanks to a high graduation rate and average annual earnings for recent graduates that are \$12,000 more than predicted.

Jodi Chowen, BYU's director of career services, says her students land jobs because of a range of skills. "The feedback we hear from employees is that they have developed



The success of Duke's graduates contributed to its overall No. 5 ranking.



### TOP SCHOOLS FOR STUDENT OUTCOMES

The schools ranked highest for graduation rate, reputation and student financial outcomes

1. Duke University
2. Harvard University
3. Yale University
4. Princeton University
5. Columbia University
6. Stanford University
7. California Institute of Technology
8. University of Pennsylvania
9. Massachusetts Institute of Technology
10. University of Chicago
11. Williams College

Source: Wall Street Journal/Times Higher Education College Rankings

THE WALL STREET JOURNAL.

school was ranked 60th overall but 33rd on outcomes. Recent grads earned \$4,550 more a year than predicted.

"I think Jesuit values are great career values," says Joe DuPont, associate vice president for student affairs at BC. "Jesuits champion reflection, exploration and action. That fits well into any paradigm, including the world of work."

In contrast, rankings of some elite liberal-arts colleges were dragged down by their outcome scores.

Defenders of those institutions say the disproportionate number of students who attend graduate school, go into the arts or education or get government jobs work against them.

Swarthmore College graduates fell \$16,750 short of their predicted annual salary. The school ranked 30th overall, but the earnings shortfall was among the most severe in the country. Swarthmore ranked 52nd in outcomes.

Gregory Brown, Swarthmore's vice president for finance, says because his school's admissions are need-blind, the pool of students who take federal financial aid is very small. The predicted salaries used in the rankings take into account only the salaries of students who borrowed from the federal government.

"Because our sample size is very small, one deviation can really impact our numbers," he says. "I would caution parents that while these rankings offer some helpful information, not one of them is perfect."

**Mr. Belkin is a Wall Street Journal reporter in Chicago. He can be reached at [doug.belkin@wsj.com](mailto:doug.belkin@wsj.com).**

## When It Comes to Diversity, Public Schools Reign

BY MELISSA KORN

PRESTIGIOUS PRIVATE colleges and universities have deep pockets, fancy buildings and renowned faculty. But public schools have something they dearly want: diversity.

Drawing students from their immediate areas and appealing to low-income and first-generation college students, state-backed institutions in major cities seem to be most successful at bringing in a racially and socioeconomically diverse student body.

As a result, they dominate the Wall Street Journal/Times Higher Education College Rankings on measures of diversity.

The WSJ/THE rankings measure school environment based on factors including the percentage of Pell Grant recipients—a proxy for those from low-income backgrounds—as well as the diversity of students and staff, how many students are the first in their families to attend college and the share of the student body that comes from abroad.

Academics say class discussions often become richer when students from different backgrounds engage on topics like religion and politics. And at a time of heightened political polarization and economic stratification, many say there could be long-term societal value in forcing those individuals to interact.

Nine of the top 11 schools in terms of environment in this year's rankings are in California or Florida; eight are public institutions. Two schools from the City University of New York, Baruch College and City College, are in that top echelon. Ten campuses from the California State University system made the top 27 on environment.

### Outcomes lag behind

La Sierra University in Riverside, Calif., topped the diversity list

thanks to its location in one of the most diverse regions of the nation's most diverse state. More than 46% of the Seventh-day Adventist school's undergraduate students are Hispanic, one in nine come from overseas and about 43% receive Pell Grants.

La Sierra has such global appeal in part because of a large international network of Seventh-day Adventist schools. Graduates from those institutions flock to a similarly affiliated college setting, says provost Joy Fehr.

California State University, Northridge, took the No. 2 spot for environment. More than 40% of undergraduate students at CSU-Northridge identified as Hispanic in fall 2015, the latest figures available on the school's website, and more than half are low-income.

One challenge for schools with socioeconomically diverse student populations is that many of those students, especially those who are the first in their families to attend college, require additional academic and social support to get to the finish line. Whether it's because they weren't well prepared by their high schools, have constant money concerns or face obstacles in assimilating to college life, graduation rates for such students tend to lag behind those for wealthy, white students.

La Sierra didn't crack the top 900 on outcomes, which measure things like earnings, loan defaults and graduation rates. Federal data show that fewer than half of its full-time students graduate in six years or less.

Dr. Fehr says a number of students transfer out before graduation to pursue health-sciences degrees at other schools, which depresses La Sierra's published graduation rate. The school has been using money from a federal grant to offer academic bridge programs to incoming students and



### TOP SCHOOLS FOR ENVIRONMENT

These schools achieved the highest scores for diversity

1. La Sierra University
2. California State University, Northridge
3. Johnson & Wales University, North Miami
4. University of California, Irvine
5. San Francisco State University
6. Barry University
7. California State University, East Bay
8. California State University, Long Beach

CUNY Bernard M. Baruch College

CUNY City College of New York

University of California, Los Angeles

Source: Wall Street Journal/Times Higher Education College Rankings

THE WALL STREET JOURNAL.

provide more robust advising services, she says.

Meanwhile, Cal State Northridge was No. 547 on outcomes, while the University of California, Irvine, tied for third in environment, was No. 203 on outcomes.

### Battling perceptions

The wealthiest schools, as measured by the WSJ/THE resource ranking, often have less diverse student bodies—though they are

Please see COMMUNITY page R3

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

### Community

Continued from page R2  
trying to change that.

Thirty institutions banded together earlier this year to promote the American Talent Initiative, a collaborative effort to expand access for low-income students. The program has since expanded to include more than 80 schools, including public flagships, Ivy League institutions and elite liberal-arts schools such as Williams College and Swarthmore College. But many still have a long way to go.

Stanford, No. 3 in the overall rankings and No. 15 for resources, and a member of the American Talent Initiative, came in at 54th on environment. And New York University, also a member, came in at No. 29 overall and No. 42 on resources. It landed at No. 71 on environment.

"We are continually battling perceptions among the nation's brightest students that they don't think they can afford to come here," says Stanford spokeswoman Lisa Lapin, noting that she wasn't surprised by the school's environment ranking when marked alongside public universities.

She says Stanford's generous financial-aid policies—including free tuition, room and board for students with family income below \$65,000—actually make it more affordable than some public institutions.

Ms. Lapin says first-generation college students consistently make up between 15% and 18% of each undergraduate class, and the school has been working to diversify its faculty ranks in terms of gender, race and ethnicity, as well.

NYU spokesman John Beckman points out that the school fares well on environment among private colleges that are ranked in the top 30 overall, behind only Stanford, Columbia University and Pomona College.

The school's share of black and Hispanic degree-seeking undergraduates rose to 18.6% last fall from 14.3% in 2012, he says, and nearly one-quarter of first-year students receive Pell grants. He added that institutional aid for Pell recipients has increased significantly in recent years, and loan burdens have declined by about 30% for all NYU students since 2011.

Ms. Korn is a staff reporter for The Wall Street Journal in New York. Email her at [melissa.korn@wsj.com](mailto:melissa.korn@wsj.com).

# The Rankings' Biggest Surprises

Smaller schools excelled in some areas where the top schools lagged behind

BY TAWNELL D. HOBBS

MANY FAMILIAR NAMES ended up at the top of the Wall Street Journal/Times Higher Education College Rankings, but some smaller schools outdid their better-known rivals in areas that might seem critical to some students shopping for a place to spend the next four years.

The top schools in our rankings—Harvard University, Columbia University, the Massachusetts Institute of Technology, Stanford University and Duke University—all did extremely well in the two areas that carry the most weight in the rankings: student outcomes and academic resources. Those areas consider measures such as graduation rates, academic reputation, funding spent per student and whether students exceed average-salary predictions.

But in other categories that don't carry as much weight overall, the big names didn't always fare as well.

#### Where small schools reign

Duke is the only one of the top five schools overall to come in with a top 10 ranking when students in a survey were asked if they would choose their school again.

The Master's University, a small Christian liberal-arts school in Santa Clarita, Calif., topped all comers in that category, despite not cracking the top 500 schools in the overall ranking.

"I don't think there's a better rating for us to be at the top of; it's how students feel their institution has prepared them for their lives," says Kory Welch, the school's chief marketing officer. "As a Christian university, our focus isn't only on academics but on a student's well-being."

None of the top five schools overall cracked the top 20 in the engagement category, which includes student interaction with faculty and whether the student would recommend the school. Dordt College, a small Christian university in Sioux Center, Iowa, ranked the highest for engagement, while coming in at No. 393 overall.

Similarly, none of the top five



JOEL BEAR / THE MASTER'S UNIVERSITY

The Master's University scored highest when students were asked if they would choose the same school again.

schools overall placed in the top 50 in the environment category. Environment includes measures of the diversity of students and staff and the proportion of international students.

La Sierra University, a small school in Riverside, Calif., affiliated with the Seventh-day Adventist church, garnered the top spot in the environment category, while ranking below 600th overall.

The rankings also considered a school's academic spending per student, adjusted for regional price differences. The top five overall schools were highly ranked in this area—ranging from \$57,430 at Harvard, 13th in this category, to \$100,730 at Stanford, in fifth place. But Washington University in St. Louis, ranked 11th overall, came in first in spending, at \$159,100 per student.

Provost Holden Thorp, the chief academic officer at Washington University in St. Louis, attributes some of the higher spending to small class sizes and an 8-to-1 student-to-faculty ratio.

"For generations, Washington University has shown that investing in our academics, in inspiring the leaders of tomorrow, is a most worthwhile endeavor and not just an 'expense' on a balance sheet," Dr. Thorp said in a statement.

#### Comparing rankings

In comparing the WSJ/THE listing to a recent ranking by U.S. News & World Report, similarities exist in the top 20 but also differences.

Princeton University is No. 1 in the U.S. News ranking of national universities but No. 9 in the WSJ/THE ranking, dragged down by its engagement rank of 533rd.

A Princeton spokesman says that at the university's opening exercises this month, university President Christopher Eisgruber encouraged the new class of students to engage with faculty and learn from them, but to also have their own views.

"We expect you to develop the ability to articulate your views clearly and cogently, to contend with and learn from competing

viewpoints, and to modify your opinions in light of new knowledge and understanding," Mr. Eisgruber told the students, according to a transcript.

Several schools, including Carnegie Mellon University, placed in the top 20 of the WSJ/THE list but not in the U.S. News ranking.

Carnegie Mellon, which came in at No. 20 in the WSJ/THE ranking and No. 25 on the U.S. News list, said in a statement that university rankings remain a subject of debate.

"Some rankings are designed purely for entertainment, little more than internet photo galleries. Others make a more serious effort at collecting information," the statement says. "Even where rankings do collect objective statistics such as test scores or costs, the choice of which factors to include in a ranking, and how those factors are weighted, remains subjective."

Ms. Hobbs is a staff reporter for The Wall Street Journal in Dallas. Email her at [tawnell.hobbs@wsj.com](mailto:tawnell.hobbs@wsj.com).



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## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# Challenged in the Classroom—and Out

When it comes to feeling engaged, size and prestige don't really matter

BY MELISSA KORN

WHILE HIGH GRADUATE salaries and low loan-default rates are crucial measures of a school's value, so are less tangible outcomes such as how well students learn to challenge assumptions or whether they can tie abstract academic ideas to real-world applications.

That's why the Wall Street Journal/Times Higher Education College Rankings assign 20% of a school's total score to engagement, as measured by the breadth of academic options it offers and student insights on things such as whether they feel challenged in the classroom and would recommend the school.

What happens inside classrooms and libraries—how inspired students feel by their peers and professors, if they have opportunities to think critically—matters in the intellectual maturation of young adults.

"A great university should be educating students. They should be prepared with life skills, but not necessarily just skills for their first job," says **University of Florida** President Kent Fuchs. (That school came in at No. 91 on engagement, tied with Pennsylvania State University, Drexel University, Syracuse University and many others.)

The engagement ranking is derived mainly from survey responses from current college and university students, comprising a total of more than 209,000 responses received in the past two years. A minimum of 50

responses were received in 2017 for each ranked school, with an average of 179 respondents over the two years. This year, schools had the option of distributing the surveys on behalf of Times Higher Education, in addition to THE soliciting responses from students independently.

Size and prestige don't make much difference in a school's success on the rankings' engagement measure. The list is topped by institutions with religious affiliations, but that's where any pattern ends.

**Dordt College** in Sioux Center, Iowa, leads the pack for engagement. Most of the roughly 1,440 students at the Reformed Christian school live on campus, and are encouraged to bring classroom lessons off-campus. For example, last year a group of senior engineering majors designed and constructed a bridge for a Liberian farming community.

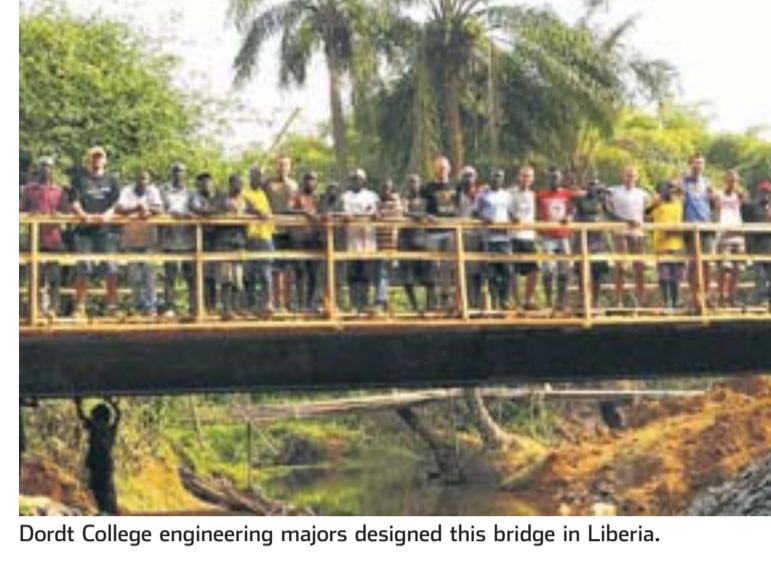
"It's not just about getting ready. Real life is right now," says associate provost Leah Zuidema of the school's interest in hands-on instruction.

Dordt holds a speaker series the first Monday of every month, with topics like reconciling science and faith or race and politics in America.

"You can't separate the curricular from the co-curricular," says Dean of Students Robert Taylor, referring to the optional extra lectures.

**Texas Christian University**, affiliated with the Disciples of Christ, came in at No. 2.

**Texas A&M University** in College Station, **Brigham Young University**



Dordt College engineering majors designed this bridge in Liberia.

AUSTIN LINDENAUER

in Provo, Utah, and **Cedarville University** in Ohio, with undergraduate populations ranging from about 3,300 to 43,000, all tied for third.

"We realize we are a research colossus. But we work very hard never to lose the focus on students," says Texas A&M President Michael K. Young. He cited a recent push for all students to have at least two "high impact" or "transformational" learning experiences by graduation, which can include research projects with faculty and study abroad.

The goal, says Mr. Young, is to ensure that "students are not simply passive receptacles of information."

Some of the nation's most elite institutions fell flat on student engagement, a reminder that just because a school has superstar faculty and smart students doesn't mean they interact in meaningful ways.

Harvard and Princeton, No. 1 and

No. 9 overall, tied with many other schools for 533rd on engagement.

A representative from Harvard didn't respond to a request for comment. A Princeton spokesman referred to President Christopher Eisgruber's opening speech for new students earlier this month, in which he highlighted the value of having students engage with faculty.

"I urge you to seek out...faculty members, hear what they have to say, and learn from them. Keep in mind, however, that what they offer are not authoritative pronouncements but arguments backed up by reasons. It is your responsibility to assess their views for yourselves," Mr. Eisgruber said in the address.

**Ms. Korn** is a staff reporter for The Wall Street Journal in New York. She can be reached at [melissa.korn@wsj.com](mailto:melissa.korn@wsj.com)

### TOP SCHOOLS FOR ENGAGEMENT

The colleges with the highest scores for how engaged students feel they are with their professors and their education

- |  |
|--|
| 1. Dordt College   |
| 2. Texas Christian University                            |
| 3. Brigham Young University, Provo                       |
| Cedarville University                                    |
| Texas A&M University, College Station                    |
| 6. Baylor University                                     |
| Brown University   |
| 8. Auburn University                                     |
| Bradley University                                       |
| California Baptist University                            |
| California Polytechnic State University, San Luis Obispo |
| Concordia College at Moorhead                            |
| Harding University                                       |
| Oral Roberts University                                  |
| University of Southern California                        |
| Washington University in St. Louis                       |

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL.

# Inspired by Their Peers

## Fellow students are crucial in shaping experiences



KAT SCHLEICHER

At Alverno College in Milwaukee, studies are structured for students to learn from each other.

BY DOUGLAS BELKIN

ACADEMIC RIGOR, facilities and the quality of teaching are all big parts of college life, but one of the most important factors—and possibly most overlooked—is the student in the next study carrel.

"Peers are the single most important influential group on campus in terms of how students spend their time, what classes they take, how much they study and what habits they pick up," says George Kuh, a professor of educational policy at Indiana University. "Peers matter big time, they shape a student's experience."

To that end, a survey conducted in conjunction with the Wall Street Journal/Times Higher Education College Rankings asked students across the country: "Do you think your college provides an environment where you feel you are surrounded by exceptional students who inspire and motivate you?"

The answers weren't factored into the rankings but offer a fascinating insight into the range of student feelings toward their classmates. Schools that scored highest ran the gamut—from the Ivy League to religious schools and small liberal-arts colleges. But one theme jumped out: Women's colleges did very well.

Among the top 15 schools, three are women-only schools—even though the vast majority of schools are coed.

"One of the things that is fundamental to the Spelman culture is the concept of the Spelman sisterhood," says Mary Campbell, president of Spelman College, a historically black all-women's school in Atlanta, which finished third in this cate-



### STUDENTS' TOP SCHOOLS FOR INSPIRATION

The schools ranked highest by students for inspiration

- |  |
|--|
| 1. Alverno College                       |
| 2. The Master's University               |
| 3. Spelman College                       |
| 4. Massachusetts Institute of Technology |
| 5. Brown University                      |
| 6. Dartmouth College                     |
| 7. Missouri Baptist University           |
| 8. Harvard University                    |
| 9. Harding University                    |
| 10. Houghton College                     |

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL.

gory. "It means we certainly expect you to be ambitious for yourself, but we also expect you to be ambitious for each other."

At Spelman, that connection begins early and continues beyond graduation. When Spelman students enter school for the first time they walk under an arch into a crowd of alumni. Commencement has a similar ceremony. In between, classmates are expected to pull for each other and constantly let one another know they've got one another's back.

At Alverno College in Milwaukee, a small Catholic liberal-arts school for women, which placed first in this category, the school uses a model in which the students teach themselves.

Carole Barrowman, a professor of English at Alverno, says she teaches a novel by asking students to break into groups and research phenomena from the time in which the novel is set.

After two or three weeks of working in a group, the students present their findings to the class.

"If you come into a classroom here, you won't see desks; they're all tables," says Prof. Barrowman. "We believe education is a social construct and we can all learn from each other."

Indiana's Dr. Kuh says schools that attract a specific type of person—be they women, adherents to a certain religious belief or any other cohort that shares a strong, identifying characteristic—are likely to do well in this sort of survey.

"People who attend an institution with a lot of like-minded students are more likely to find them inspiring and motivating," he says. "Birds of a feather flock together."

**Mr. Belkin** is a reporter for The Wall Street Journal in Chicago. He can be reached at [doug.belkin@wsj.com](mailto:doug.belkin@wsj.com).



Students ranked Endicott College No. 2 for internships that prepare them for their careers.

ENDICOTT COLLEGE

# To Prepare Students for Careers, These Schools Push Internships

BY KELSEY GEE

COLLEGES HAVE LONG dealt with a reputation as Ivory Towers with little connection to real life, but students generally give their schools at least some credit for trying to prepare them for the world of work.

In a survey asking students to rate how effective their colleges and universities have been in helping them secure internships that prepare them for careers, the 761 schools where at least 1% of the student population responded received a 7.9 rating out of 10 on average, the equivalent of about a C+ grade. The survey was conducted in conjunction with the Wall Street Journal/Times Higher Education College Rankings.

Topping the career-preparation category were schools that require students to participate in formal internships or cooperatives. Kettering University in Flint, Mich., which offers undergraduate degrees in science, technology and business, was first, followed by Endicott College in Beverly, Mass.

Opportunities to apply academic concepts in the real world are a "critical component" of a student's education, says Robert McMahan, president of Kettering, which earned a 9.74 rating on average from students.

Kettering students rotate each semester between taking classes and completing 12-week stints as full-time employees of large companies such as **General Motors** Co., which previously owned and funded the now-independent private university.

GM employs around 100 cooperative students from Kettering each year, and hires around 20 graduates full-time, according to Shawn Wylin, a talent specialist with the auto maker. Executives begin recruiting Kettering students for such roles as soon as



### STUDENTS' TOP SCHOOLS FOR CAREER PREPARATION

The schools that students say prepare them best for their careers with internships

- |  |
|--|
| 1. Kettering University                |
| 2. Endicott College                    |
| 3. Lancaster Bible College             |
| 4. Northeastern University             |
| 5. Rose-Hulman Institute of Technology |
| 6. Drexel University                   |
| 7. Bentley University                  |
| Berea College                          |
| 9. Dartmouth College                   |
| 10. Hampden-Sydney College             |

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL.



### TOP SCHOOLS FOR ENGAGEMENT

The colleges with the highest scores for how engaged students feel they are with their professors and their education

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|------------------|

**2. Texas Christian University**

**3. Brigham Young University, Provo**

Cedarville University

Texas A&M University, College Station

**6. Baylor University**

Brown University

**8. Auburn University**

Bradley University

California Baptist University

California Polytechnic State University, San Luis Obispo

Concordia College at Moorhead

Harding University

Oral Roberts University

University of Southern California

Washington University in St. Louis

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL.

The benefit of such work may be less obvious but is just as likely to help students identify successful career paths, she says, pointing to the roughly 95% of Reed's graduates who either land jobs, enter graduate school or fellowship programs, or prepare to apply to advanced-degree programs within six months after receiving their degree.

Emily Clark, a senior studying environmental history at Reed, says the school offers plenty of internship options but doesn't force them on students.

She won a \$5,000 award for an internship this past summer where she wrote grants and maintained trails along the California coast. The experience helped solidify her passion for conservation, she says, and she now hopes to land a job doing similar work after graduation.

**Ms. Gee** is a reporter for The Wall Street Journal in New York. She can be reached at [kelsey.gee@wsj.com](mailto:kelsey.gee@wsj.com).

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# The Wall Street Journal/ Times Higher Education Ranking of U.S. Colleges

The Wall Street Journal/Times Higher Education College Rankings are based on 15 key indicators that assess colleges in four areas: Outcomes, Resources, Engagement and Environment. Outcomes comprise 40% of the weighting and measure things like the salary graduates earn and the debt burden they take on. Resources, with a 30% weighting, is mainly a proxy for the spending schools put into instruction and academic services. Engagement, drawn mostly from a student

survey and with a 20% weight, examines views on things like teaching and interactions with faculty and other students. Environment, at 10%, assesses the diversity of the university community. Among other questions, the survey asked students if they felt they made the right choice in picking their college; those results are listed in our table with a score of 0 to 10, with 10 representing the strongest agreement. The Salary column in our table is earnings 10 years after entering col-

lege, reflecting multiple years of data, while the Default Rate shows the percentage of people in default on their loans after their repayment period begins. These salary and debt data are available only for people who had federal loans. In our rankings, a value-added analysis is applied to salary and debt.

The full ranking of more than 1,000 schools is online, at [WSJ.com/collegerankings](http://WSJ.com/collegerankings). A detailed explanation of the methodology is at <http://on.wsj.com/college-ranking-methodology>.

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOME (Out of 40)	RESOURCES (Out of 30)	ENGAGEMENT (Out of 20)	ENVIRONMENT (Out of 10)	RIGHT CHOICE (Out of 10)	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
1	Harvard University	Cambridge, MA	91.9	39.5	29.8	15.6	7.0	9.09	91,000	0.9	Private
2	Columbia University	New York, NY	90.6	39.0	27.0	16.7	7.8	8.06	74,000	1.4	Private
3	Massachusetts Institute of Technology	Cambridge, MA	90.4	38.2	29.2	15.8	7.2	9.11	90,000	1.1	Private
3	Stanford University	Stanford, CA	90.4	38.9	26.2	17.4	7.9	8.96	83,000	0.8	Private
5	Duke University	Durham, NC	90.2	39.5	26.7	17.2	6.8	9.19	77,000	0.4	Private
6	Yale University	New Haven, CT	90.0	39.3	26.8	16.9	7.2	8.74	70,000	0.6	Private
7	California Institute of Technology	Pasadena, CA	89.8	38.8	30.0	14.6	6.4	8.35	76,000	1.9	Private
8	University of Pennsylvania	Philadelphia, PA	89.6	38.4	27.0	17.3	6.9	7.99	79,000	1.5	Private
9	Princeton University	Princeton, NJ	89.5	39.1	28.1	15.6	6.8	8.66	76,000	1.0	Private
10	Cornell University	Ithaca, NY	88.9	38.1	26.8	17.5	6.6	8.73	72,000	0.7	Private
11	Brown University	Providence, RI	87.5	36.1	26.8	17.7	7.0	9.17	60,000	1.7	Private
11	University of Chicago	Chicago, IL	87.5	38.2	26.9	15.5	6.8	8.60	63,000	1.0	Private
11	Washington University in St Louis	Saint Louis, MO	87.5	37.6	26.2	17.6	6.2	8.65	63,000	0.8	Private
14	Rice University	Houston, TX	87.4	36.3	27.2	17.1	6.8	8.59	62,000	0.4	Private
15	Northwestern University	Evanston, IL	87.3	36.6	27.2	17.2	6.2	8.38	64,000	1.3	Private
15	University of Southern California	Los Angeles, CA	87.3	36.5	25.4	17.6	7.7	8.75	67,000	1.8	Private
17	Dartmouth College	Hanover, NH	86.8	37.0	26.6	17.3	5.9	9.05	67,000	0.9	Private
17	Johns Hopkins University	Baltimore, MD	86.8	37.7	25.7	16.2	7.1	8.49	68,000	1.1	Private
19	Emory University	Atlanta, GA	86.4	36.2	26.0	16.6	7.6	7.92	59,000	1.5	Private
20	Carnegie Mellon University	Pittsburgh, PA	86.1	36.8	25.4	17.3	6.7	7.99	74,000	0.6	Private
21	Vanderbilt University	Nashville, TN	85.3	37.4	25.5	17.4	5.0	8.91	61,000	1.2	Private
22	Williams College	Williamstown, MA	85.0	38.2	24.5	15.8	6.6	8.24	56,000	1.8	Private
23	Amherst College	Amherst, MA	84.4	37.5	24.1	15.4	7.4	7.97	57,000	2.4	Private
24	University of Notre Dame	Notre Dame, IN	83.1	37.0	24.4	17.1	4.6	8.68	70,000	0.4	Private
25	University of California, Los Angeles	Los Angeles, CA	82.2	36.7	19.8	16.9	8.8	8.83	59,000	2.0	Public
26	Pomona College	Claremont, CA	82.1	33.1	24.9	16.3	7.8	8.63	52,000	1.8	Private
27	University of Michigan-Ann Arbor	Ann Arbor, MI	81.8	37.6	21.0	17.3	6.0	8.75	58,000	1.3	Public
28	Wellesley College	Wellesley, MA	81.1	33.0	24.3	16.6	7.1	8.59	57,000	1.8	Private
29	New York University	New York, NY	81.0	32.8	23.4	17.1	7.7	8.58	59,000	1.9	Private
30	Swarthmore College	Swarthmore, PA	80.9	32.2	24.2	17.3	7.2	7.76	49,000	0.0	Private

## TOP SCHOOLS FOR RESOURCES

### 1. CALIFORNIA INSTITUTE OF TECHNOLOGY

Pasadena, Calif.

UNDERGRADUATE STUDENTS: 962  
TUITION AND FEES: \$45,390  
ROOM AND BOARD: \$13,371

### 2. HARVARD UNIVERSITY

Cambridge, Mass.

UNDERGRADUATE STUDENTS: 9,457  
TUITION AND FEES: \$45,278  
ROOM AND BOARD: \$15,381

### 3. MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Cambridge, Mass.

UNDERGRADUATE STUDENTS: 4,488  
TUITION AND FEES: \$46,704  
ROOM AND BOARD: \$13,730

31	Georgetown University	Washington, DC	80.8	35.3	23.1	16.1	6.3	8.61	84,000	0.8	Private
32	Tufts University	Medford, MA	80.6	32.5	25.8	16.4	5.9	8.03	66,000	1.0	Private
33	University of North Carolina at Chapel Hill	Chapel Hill, NC	80.2	37.6	20.7	16.5	5.3	8.25	51,000	1.5	Public
34	Case Western Reserve University	Cleveland, OH	79.6	32.6	24.2	16.5	6.3	7.97	68,000	1.2	Private
35	Claremont McKenna College	Claremont, CA	79.5	31.3	24.8	16.7	6.7	7.98	65,000	0.0	Private
36	Middlebury College	Middlebury, VT	79.0	33.9	23.7	16.5	4.8	7.98	54,000	1.5	Private
37	Smith College	Northampton, MA	78.9	31.5	23.7	16.9	6.9	8.05	44,000	0.9	Private
38	Carleton College	Northfield, MN	78.6	32.6	23.3	16.8	6.0	8.18	48,000	1.0	Private
39	Bowdoin College	Brunswick, ME	78.4	33.1	23.7	16.8	4.8	9.02	55,000	1.3	Private
40	Boston University	Boston, MA	78.2	33.6	21.3	16.9	6.4	7.72	60,000	1.5	Private
40	University of California, Berkeley	Berkeley, CA	78.2	34.6	18.6	16.6	8.4	8.36	62,000	2.0	Public
42	Haverford College	Haverford, PA	78.0	32.0	24.5	16.0	5.6	8.28	56,000	3.3	Private
43	Purdue University West Lafayette	West Lafayette, IN	77.1	34.0	20.2	17.1	5.7	8.09	53,000	2.8	Public
44	University of Miami	Coral Gables, FL	77.0	30.5	21.7	17.2	7.7	7.60	53,000	2.0	Private
45	Wesleyan University	Middletown, CT	76.9	30.5	23.8	16.0	6.5	8.48	50,000	1.6	Private
46	University of California, Davis	Davis, CA	76.8	33.2	18.1	17.0	8.4	8.28	57,000	2.6	Public
47	University of California, San Diego	La Jolla, CA	76.1	34.1	17.8	15.5	8.7	7.27	59,000	2.0	Public
48	University of Illinois at Urbana-Champaign	Champaign, IL	75.8	35.9	15.5	17.1	7.4	8.42	57,000	1.8	Public
49	Bryn Mawr College	Bryn Mawr, PA	75.5	28.3	24.2	15.6	7.3	8.20	52,000	1.7	Private
50	Lehigh University	Bethlehem, PA	75.4	29.5	23.5	16.9	5.5	8.20	77,000	1.0	Private
51	University of Rochester	Rochester, NY	74.6	28.0	24.2	16.5	5.8	7.80	56,000	1.2	Private
52	Wake Forest University	Winston-Salem, NC	74.5	30.8	23.0	16.1	4.5	8.65	60,000	1.2	Private
53	Georgia Institute of Technology	Atlanta, GA	74.2	35.8	15.6	15.6	7.1	8.82	74,000</td		

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOME		RESOURCES (Out of 30)	ENGAGEMENT (Out of 20)	ENVIRONMENT (Out of 10)	RIGHT CHOICE (Out of 10)	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
				OUTCOME (Out of 40)	RESOURCES (Out of 30)							
75	Grinnell College	Grinnell, IA	71.0	26.1	23.2	15.2	6.4	8.14	44,000	3.5	Private	
75	University of Pittsburgh-Pittsburgh campus	Pittsburgh, PA	71.0	31.4	18.4	16.5	4.7	7.91	48,000	3.8	Public	
77	Mount Holyoke College	South Hadley, MA	70.9	25.4	22.1	16.4	7.0	8.65	44,000	2.1	Private	
78	Macalester College	Saint Paul, MN	70.8	27.3	22.1	15.8	5.6	8.05	46,000	0.3	Private	
79	Trinity University	San Antonio, TX	70.6	24.8	22.5	17.0	6.3	7.58	54,000	1.8	Private	
80	Michigan State University	East Lansing, MI	70.5	31.6	15.8	17.3	5.8	8.62	50,000	3.6	Public	
81	Southern Methodist University	Dallas, TX	70.4	27.1	20.7	17.1	5.6	8.29	53,000	2.9	Private	
82	University of Maryland, College Park	College Park, MD	70.3	34.0	13.1	16.7	6.5	7.85	60,000	2.1	Public	
83	Worcester Polytechnic Institute	Worcester, MA	70.2	28.6	20.0	16.3	5.3	8.84	79,000	1.9	Private	
84	Denison University	Granville, OH	70.0	26.7	21.6	16.2	5.5	8.17	49,000	1.3	Private	
84	Drexel University	Philadelphia, PA	70.0	25.7	20.3	17.0	6.9	8.54	62,000	3.1	Private	
84	College of the Holy Cross	Worcester, MA	70.0	29.3	21.3	15.8	3.6	9.15	63,000	0.5	Private	
87	Brandeis University	Waltham, MA	69.9	26.4	21.8	15.7	5.9	7.89	58,000	1.5	Private	
87	Rensselaer Polytechnic Institute	Troy, NY	69.9	29.5	18.8	15.0	6.6	7.22	81,000	0.9	Private	
89	Franklin & Marshall College	Lancaster, PA	69.6	27.5	22.3	15.3	4.4	7.54	54,000	2.2	Private	
89	University of Washington-Seattle	Seattle, WA	69.6	27.9	17.6	16.7	7.4	7.97	53,000	2.6	Public	
91	Occidental College	Los Angeles, CA	69.5	27.3	20.4	14.9	6.9	6.55	49,000	0.0	Private	
92	Union College	Schenectady, NY	69.3	28.8	21.6	15.2	3.7	8.24	63,000	0.9	Private	
93	Scripps College	Claremont, CA	69.1	24.5	22.4	15.6	6.7	7.60	48,000	1.0	Private	
93	Texas A&M University-College Station	College Station, TX	69.1	30.9	14.6	17.9	5.8	9.03	53,000	4.1	Public	
93	Trinity College	Hartford, CT	69.1	26.2	22.2	15.5	5.2	7.12	55,000	3.4	Private	
96	University of Denver	Denver, CO	68.6	27.3	19.8	16.3	5.2	7.61	52,000	1.6	Private	
96	Kenyon College	Gambier, OH	68.6	27.3	22.0	15.7	3.6	8.91	44,000	1.5	Private	
98	Bentley University	Waltham, MA	68.3	29.3	17.3	15.9	5.8	8.51	76,000	1.6	Private	
99	University of California, Santa Barbara	Santa Barbara, CA	68.1	30.0	14.0	16.5	7.6	8.30	52,000	2.4	Public	
100	William & Mary	Williamsburg, VA	68.0	30.1	17.8	15.6	4.5	8.40	56,000	0.9	Public	
101	Spelman College	Atlanta, GA	67.9	28.4	17.8	15.9	5.8	8.98	46,000	7.7	Private	
102	Connecticut College	New London, CT	67.8	25.9	22.1	15.4	4.4	7.46	51,000	2.1	Private	
102	Rhode Island School of Design	Providence, RI	67.8	26.6	20.6	14.9	5.7	8.94	46,000	1.0	Private	
104	Howard University	Washington, DC	67.5	23.8	21.5	16.2	6.1	7.92	46,000	6.1	Private	
105	University of Connecticut	Storrs, CT	67.4	27.0	18.0	16.5	5.9	7.45	54,000	2.2	Public	
105	Saint Louis University	Saint Louis, MO	67.4	25.7	20.7	16.2	4.8	8.14	54,000	3.9	Private	
105	The College of Wooster	Wooster, OH	67.4	26.6	19.7	16.4	4.7	7.92	45,000	1.2	Private	
108	Syracuse University	Syracuse, NY	67.2	28.5	15.7	17.0	6.0	8.51	57,000	3.1	Private	
109	DePauw University	Greencastle, IN	67.1	25.0	21.0	15.9	5.2	6.85	48,000	2.9	Private	
110	Gettysburg College	Gettysburg, PA	67.0	26.6	21.4	15.8	3.2	7.90	52,000	1.5	Private	
111	University of Illinois at Chicago	Chicago, IL	66.7	24.8	17.7	16.0	8.1	7.30	51,000	2.8	Public	
111	Rose-Hulman Institute of Technology	Terre Haute, IN	66.7	28.9	18.8	15.2	3.9	9.35	79,000	0.5	Private	
113	Brigham Young University-Provo	Provo, UT	66.6	33.7	12.9	17.9	2.1	9.16	57,000	11	Private	
113	Dickinson College	Carlisle, PA	66.6	27.1	20.6	15.2	3.7	7.13	53,000	0.9	Private	
115	Pitzer College	Claremont, CA	66.5	22.6	20.2	16.7	7.0	8.05	45,000	1.5	Private	
115	Wheaton College (Massachusetts)	Norton, MA	66.5	23.7	21.5	16.1	5.2	8.32	45,000	1.5	Private	
117	University at Buffalo	Buffalo, NY	66.4	23.5	19.7	15.8	7.4	7.47	49,000	3.1	Public	
117	University of the Pacific	Stockton, CA	66.4	24.5	18.3	15.9	7.7	7.21	67,000	1.4	Private	
119	Yeshiva University	New York, NY	66.3	25.0	23.8	13.8	3.8	7.66	56,000	1.5	Private	
120	Colorado College	Colorado Springs, CO	66.1	22.1	22.0	16.2	5.8	8.23	40,000	0.9	Private	
120	Villanova University	Villanova, PA	66.1	27.9	18.8	16.2	3.3	7.94	74,000	1.1	Private	

### TOP SCHOOLS FOR OUTCOMES

#### 1. HARVARD UNIVERSITY

Cambridge, Mass.

UNDERGRADUATE STUDENTS: 9,457

TUITION AND FEES: \$45,278

ROOM AND BOARD: \$15,381



#### 1. DUKE UNIVERSITY

Durham, N.C.

UNDERGRADUATE STUDENTS: 8,137

TUITION AND FEES: \$49,241

ROOM AND BOARD: \$14,032



#### 3. YALE UNIVERSITY

New Haven, Conn.

UNDERGRADUATE STUDENTS: 7,078

TUITION AND FEES: \$47,600

ROOM AND BOARD: \$14,600



122	University of Minnesota Twin Cities	Minneapolis, MN	66.0	28.4	15.5	17.0	5.1	8.39	48,000	2.2	Public
123	Babson College	Wellesley, MA	65.8	28.7	15.7	15.2	6.2	8.17	86,000	0.5	Private
123	Virginia Polytechnic Institute and State University	Blacksburg, VA	65.8	29.9	14	17.3	4.6	9.09	58,000	1.7	Public
125	Illinois Institute of Technology	Chicago, IL	65.7	26.2	17.4	14.1	8.0	6.85	69,000	2.1	Private
125	Pennsylvania State University	University Park,									

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOME (Out of 40)	RESOURCES (Out of 30)	ENGAGEMENT (Out of 20)	ENVIRONMENT (Out of 10)	RIGHT CHOICE (Out of 10)	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
166	Linfield College – McMinnville campus	McMinnville, OR	<b>62.7</b>	24.2	18.3	15.2	5.0	7.53	52,000	1.9	Private
166	Whitman College	Walla Walla, WA	<b>62.7</b>	21.1	22.7	16.2	2.7	8.22	43,000	0.4	Private
168	Santa Clara University	Santa Clara, CA	<b>62.6</b>	23.4	16.8	16.1	6.4	7.46	68,000	1.7	Private
169	Simmons College	Boston, MA	<b>62.4</b>	22.7	18.9	15.6	5.1	7.22	51,000	1.4	Private
170	Berea College	Berea, KY	<b>62.3</b>	19.4	19.9	16.5	6.5	9.07	34,000	10.4	Private
170	University of Tulsa	Tulsa, OK	<b>62.3</b>	19.1	20.7	17.1	5.4	8.74	43,000	2.9	Private
172	Susquehanna University	Selinsgrove, PA	<b>62.2</b>	24.9	17.5	16.1	3.6	7.72	50,000	2.9	Private
172	Washington & Jefferson College	Washington, PA	<b>62.2</b>	25.7	18.1	15.3	3.3	8.10	49,000	2.1	Private
174	Butler University	Indianapolis, IN	<b>62.1</b>	24.5	18.3	17.3	1.9	8.84	54,000	1.5	Private
174	University of Colorado Boulder	Boulder, CO	<b>62.1</b>	27.1	13.7	16.6	4.6	8.34	48,000	3.1	Public
174	Ohio Wesleyan University	Delaware, OH	<b>62.1</b>	21.4	20.0	16.8	3.9	7.80	42,000	5.1	Private
177	Chapman University	Orange, CA	<b>61.9</b>	26.0	14.5	16.4	5.1	8.31	51,000	2.7	Private
177	Sewanee-The University of the South	Sewanee, TN	<b>61.9</b>	21.9	21.1	16.1	2.8	8.52	39,000	2.9	Private
179	University of Arizona	Tucson, AZ	<b>61.7</b>	25.8	11.9	17.0	7.1	7.69	44,000	5.7	Public
179	Knox College	Galesburg, IL	<b>61.7</b>	22.2	18.5	15.3	5.8	7.57	42,000	2.6	Private
179	Lawrence University	Appleton, WI	<b>61.7</b>	21.6	20.5	15.3	4.3	7.88	42,000	2.3	Private
179	Texas Christian University	Fort Worth, TX	<b>61.7</b>	23.1	16.8	18.1	3.6	8.54	50,000	3.7	Private
179	Wofford College	Spartanburg, SC	<b>61.7</b>	26.2	17.6	15.8	2.1	8.69	48,000	3.7	Private
184	Bryant University	Smithfield, RI	<b>61.6</b>	27.1	14.4	15.8	4.3	8.50	63,000	1.7	Private
184	Drake University	Des Moines, IA	<b>61.6</b>	24.2	17.1	16.8	3.5	7.45	56,000	2.1	Private
184	Loyola University Maryland	Baltimore, MD	<b>61.6</b>	25.5	16.9	15.6	3.6	7.88	63,000	0.8	Private
184	Missouri University of Science and Technology	Rolla, MO	<b>61.6</b>	25.7	15.9	14.9	5.0	8.26	65,000	4.3	Public
188	Baylor University	Waco, TX	<b>61.5</b>	22.4	17.1	17.7	4.3	8.57	49,000	4.1	Private
188	Clemson University	Clemson, SC	<b>61.5</b>	27.2	14.1	17.0	3.1	8.88	50,000	3.0	Public
188	University of Detroit Mercy	Detroit, MI	<b>61.5</b>	21.6	18.6	16.0	5.3	8.18	44,000	3.3	Private
191	Colorado School of Mines	Golden, CO	<b>61.4</b>	26.5	15.5	15.1	4.3	8.59	75,000	2.1	Public
191	Hampton University	Hampton, VA	<b>61.4</b>	21.8	18.5	15.4	5.6	6.86	42,000	7.0	Private
191	Ursinus College	Collegeville, PA	<b>61.4</b>	25.9	16.3	15.6	3.6	7.80	52,000	3.3	Private
194	Loyola University Chicago	Chicago, IL	<b>61.3</b>	24.3	15.4	16.1	5.5	6.23	51,000	3.2	Private
194	Virginia Military Institute	Lexington, VA	<b>61.3</b>	26.0	18.3	14.7	2.2	9.02	58,000	2.7	Public
196	Embry-Riddle Aeronautical University, Daytona Beach	Daytona Beach, FL	<b>61.0</b>	23.2	16.9	14.6	6.3	8.08	61,000	4.9	Private
196	SUNY Binghamton University	Vestal, NY	<b>61.0</b>	27.1	10.9	15.6	7.4	6.91	58,000	1.9	Public
198	American University	Washington, DC	<b>60.9</b>	22.5	16.8	15.4	6.2	7.59	56,000	1.5	Private
198	Catholic University of America	Washington, DC	<b>60.9</b>	17.1	22.8	16.3	4.7	7.31	54,000	2.6	Private
198	Rutgers University-Newark	Newark, NJ	<b>60.9</b>	20.3	18.4	14.4	7.8	7.16	55,000	3.4	Public
198	Saint Mary's College	Notre Dame, IN	<b>60.9</b>	23.8	18.9	15.5	2.7	8.12	46,000	0.9	Private
202	Muhlenberg College	Allentown, PA	<b>60.8</b>	25.6	18.0	15.5	1.8	7.52	56,000	3.1	Private
203	Quinnipiac University	Hamden, CT	<b>60.6</b>	24.9	16.1	16.0	3.6	7.97	57,000	1.5	Private
203	Saint Mary's College of California	Moraga, CA	<b>60.6</b>	22.0	15.8	16.4	6.5	7.48	59,000	3.2	Private
205	Beloit College	Beloit, WI	<b>60.5</b>	20.2	19.3	16.0	5.0	6.07	38,000	1.4	Private
205	Drew University	Madison, NJ	<b>60.5</b>	19.5	19.4	15.2	6.4	7.53	51,000	3.9	Private
205	Molloy College	Rockville Centre, NY	<b>60.5</b>	24.8	14.6	15.8	5.3	8.36	57,000	3.3	Private
205	Washington College	Chestertown, MD	<b>60.5</b>	23.6	18.6	15.4	2.9	8.11	46,000	1.7	Private
209	Juniata College	Huntingdon, PA	<b>60.4</b>	24.6	15.9	16.5	3.5	7.56	45,000	2.9	Private
209	Siena College	Loudonville, NY	<b>60.4</b>	26.2	16.2	15.0	3.0	7.65	55,000	1.8	Private
211	Ithaca College	Ithaca, NY	<b>60.3</b>	23.3	16.7	17.2	3.2	8.30	50,000	2.0	Private
212	Fordham University	Bronx, NY	<b>60.2</b>	23.6	15.3	15.8	5.5	7.51	56,000	2.8	Private

### TOP SCHOOLS FOR ENGAGEMENT

**1. DORDT COLLEGE**  
Sioux Center, Iowa  
UNDERGRADUATE STUDENTS: 1,437  
TUITION AND FEES: \$28,280  
ROOM AND BOARD: \$8,350

**2. TEXAS CHRISTIAN UNIVERSITY**  
Fort Worth, Texas  
UNDERGRADUATE STUDENTS: 8,502  
TUITION AND FEES: \$40,720  
ROOM AND BOARD: \$11,800

213	Florida Institute of Technology	Melbourne, FL	<b>60.1</b>	15.7	21.2	15.7	7.5	8.08	54,000	11.0	Private
214	Fairfield University	Fairfield, CT	<b>60.0</b>	25.4	16.2	16.0	2.4	8.13	69,000	1.6	Private
214	University of Scranton	Scranton, PA	<b>60.0</b>	23.8	17.5	16.8	1.8	7.20	56,000	3.2	Private
216	Cornell College	Mount Vernon, IA	<b>59.9</b>	22.4	17.7	15.9	3.9	8.70	41,000	2.3	Private
216	Lake Forest College	Lake Forest, IL	<b>59.9</b>	22.6	15.8	15.1	6.5	8.03	48,000	4.1	Private
218	Saint John's University	Collegeville, MN	<b>59.8</b>	26.8	15.9	14.5	2.7	7.61	56,000	0.9	Private
218	University of the Sciences	Philadelphia, PA	<b>59.8</b>	18.5	21.9	13.9	5.5	7.57	91,000	2.9	Private
220	Mercer University	Macon, GA	<b>59.7</b>	19.2	16.7	16.9	6.9	8.25	47,000	4.4	Private
220	Otis College of Art and Design	Los Angeles, CA	<b>59.7</b>	19.4	18.0	14.5	7.8	7.45	44,000	3.4	Private
220	University of San Francisco	San Francisco, CA	<b>59.7</b>	20.7	14.8	15.7	8.4	7.31	61,000	2.4	Private
220	Xavier University	Cincinnati, OH									

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

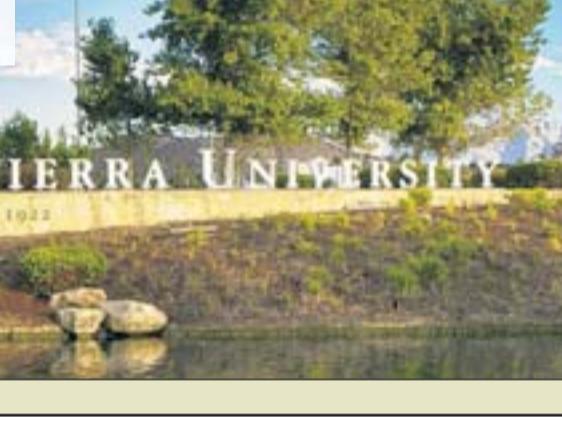
RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOME (Out of 40)	RESOURCES (Out of 30)	ENGAGEMENT (Out of 20)	ENVIRONMENT (Out of 10)	RIGHT CHOICE (Out of 10)	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
257	Hofstra University	Hempstead, NY	57.5	17.9	17.2	16.7	5.7	7.51	53,000	3.3	Private
257	SUNY University at Albany	Albany, NY	57.5	22.4	13.0	14.6	7.5	7.19	50,000	4.5	Public
257	Valparaiso University	Valparaiso, IN	57.5	20.7	15.5	17.1	4.2	8.12	49,000	3.6	Private
257	Westmont College	Santa Barbara, CA	57.5	21.9	16.0	15.2	4.4	8.45	48,000	1.5	Private
261	University of Georgia	Athens, GA	57.3	25.3	10.3	17.1	4.7	8.35	47,000	2.3	Public
262	University of Kansas	Lawrence, KS	57.2	18.5	16.4	17.0	5.3	8.32	45,000	4.3	Public
262	Pratt Institute	Brooklyn, NY	57.2	17.2	18.9	14.6	6.5	8.06	40,000	4.1	Private
264	Alma College	Alma, MI	57.1	20.4	18.4	15.6	2.6	8.52	44,000	2.3	Private
264	John Carroll University	University Heights, OH	57.1	24.4	14.3	15.6	2.8	7.44	51,000	2.7	Private
264	Sarah Lawrence College	Bronxville, NY	57.1	16.2	20.5	14.6	5.8	8.06	38,000	2.2	Private
264	Transylvania University	Lexington, KY	57.1	22.2	17.1	15.6	2.1	8.82	40,000	2.6	Private
268	University of Alabama at Birmingham	Birmingham, AL	57.0	18.8	15.9	15.7	6.6	8.13	40,000	5.4	Public
268	Concordia College at Moorhead	Moorhead, MN	57.0	21.7	15.8	17.6	1.9	8.83	41,000	1.4	Private
268	University of South Carolina-Columbia	Columbia, SC	57.0	23.6	12.7	16.2	4.5	8.18	42,000	4.6	Public
271	CUNY Bernard M. Baruch College	New York, NY	56.9	25.8	8.2	14.1	8.8	7.04	54,000	2.5	Public
272	CUNY City College of New York	New York, NY	56.8	15.5	17.9	14.6	8.8	7.04	45,000	5.0	Public
272	University of California, Riverside	Riverside, CA	56.8	18.9	13.5	16.0	8.5	8.00	48,000	2.8	Public
274	Augustana College (South Dakota)	Sioux Falls, SD	56.7	21.6	16.6	16.1	2.3	7.92	42,000	2.3	Private
274	George Mason University	Fairfax, VA	56.7	23.7	11.0	15.7	6.4	7.39	57,000	2.1	Public
274	Houghton College	Houghton, NY	56.7	21.7	16.4	15.8	2.8	8.09	40,000	1.0	Private
274	Southwestern University	Georgetown, TX	56.7	19.1	17.0	15.9	4.8	8.63	47,000	4.1	Private
278	Adelphi University	Garden City, NY	56.6	18.8	16.0	15.0	6.8	6.75	51,000	3.5	Private
279	Bard College	Annandale-On-Hudson, NY	56.4	16.2	22.2	14.0	4.1	6.74	37,000	2.8	Private
279	Goucher College	Baltimore, MD	56.4	18.8	18.2	14.5	4.9	7.20	46,000	3.7	Private
281	DePaul University	Chicago, IL	56.3	21.5	11.4	16.8	6.7	7.49	51,000	3.4	Private
282	Hendrix College	Conway, AR	56.2	18.6	18.8	15.8	3.0	7.81	40,000	3.8	Private
283	Moravian College	Bethlehem, PA	55.9	22.0	15.1	15.5	3.3	8.29	49,000	4.2	Private
284	Oklahoma City University	Oklahoma City, OK	55.8	14.2	18.7	17.5	5.5	8.51	40,000	3.8	Private
284	Suffolk University	Boston, MA	55.8	18.1	14.8	15.8	7.1	6.60	51,000	3.2	Private
286	University of California, Santa Cruz	Santa Cruz, CA	55.7	21.8	11.2	14.9	7.7	7.40	44,000	3.1	Public
286	University of Oregon	Eugene, OR	55.7	21.9	11.5	16.2	6.2	7.95	42,000	3.1	Public
286	Pacific Lutheran University	Tacoma, WA	55.7	19.6	15.2	15.7	5.2	8.13	46,000	3.4	Private
289	California College of the Arts	San Francisco, CA	55.6	14.7	18.0	14.6	8.3	8.05	34,000	5.6	Private
289	Rutgers University-Camden	Camden, NJ	55.6	16.9	17.9	14.1	6.7	7.52	55,000	3.4	Public
289	Western New England University	Springfield, MA	55.6	18.7	16.3	16.0	4.6	8.33	56,000	4.1	Private
292	Iowa State University	Ames, IA	55.5	23.3	10.9	16.7	4.6	8.26	48,000	3.5	Public
292	La Salle University	Philadelphia, PA	55.5	21.1	13.2	15.9	5.4	7.89	52,000	3.7	Private
292	University of Saint Joseph	West Hartford, CT	55.5	18.0	16.3	14.7	6.5	7.79	50,000	3.2	Private
292	Seton Hall University	South Orange, NJ	55.5	20.8	12.8	15.7	6.1	7.63	54,000	3.6	Private
296	California Institute of the Arts	Valencia, CA	55.4	13.6	19.9	14.7	7.2	8.83	32,000	4.1	Private
296	Whittier College	Whittier, CA	55.4	16.1	17.0	14.9	7.4	8.29	45,000	3.0	Private
298	Coe College	Cedar Rapids, IA	55.3	20.7	15.7	16.0	2.9	8.29	43,000	1.3	Private
298	Mount Saint Mary's University	Los Angeles, CA	55.3	20.1	12.2	15.3	7.8	7.04	50,000	6.1	Private
298	University of Portland	Portland, OR	55.3	24.9	11.4	15.3	3.7	7.93	53,000	1.1	Private
301	University of Evansville	Evansville, IN	55.2	18.7	15.3	17.3	3.8	8.42	40,000	2.1	Private
301	Wayne State University	Detroit, MI	55.2	14.6	16.7	16.2	7.7	7.42	40,000	6.3	Public
303	Calvin College	Grand Rapids, MI	55.1	18.6	15.7	17.4	3.4	8.21	41,000	2.7	Private

## TOP SCHOOLS FOR ENVIRONMENT

### 1. LA SIERRA UNIVERSITY

Riverside, Calif.

UNDERGRADUATE STUDENTS: 1,901  
TUITION AND FEES: \$30,471  
ROOM AND BOARD: \$7,800



### 2. CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Northridge, Calif.

UNDERGRADUATE STUDENTS: 28,397  
TUITION AND FEES: \$6,569 (in-state)  
\$17,729 (out-of-state)  
ROOM AND BOARD: \$9,962



303	Hampshire College	Amherst, MA	55.1	13.6	19.9	16.3	5.3	7.92	32,000	3.6	Private
305	Lebanon Valley College	Annville, PA	54.9	20.9	16.6	15.3	2.2	8.21	46,000	3.2	Private
306	Auburn University	Auburn, AL	54.8	21.1	13.0	17.6	3.1	8.91	46,000	4.3	Public
306	Baldwin Wallace University	Berea, OH	54.8	20.8	13.6	17.2	3.2	7.99	44,000	4.1	Private
306	CUNY Hunter College	New York, NY	54.8	18.3	13.5	14.6	8.4	6.59	45,000	3.9	Public
306	Point Loma Nazarene University	San Diego, CA	54.8	21.6	11.0	17.4	4.9	9.10	49,000	2.3	Private
310	University of Hartford	West Hartford, CT	54.7	15.6	18.5	15.7	4.9	7.15	46,000	4.2	Private
310	Kettering University	Flint, MI	54.7	19.8	14.8	14.8	5.2	8.24	76,000	1.9	Private
312	Miami University	Oxford, OH	54.6	20.9	11.4	17.5	4.7	8.22	46,000	9.3	Public
312	Saint Michael's College	Colchester, VT	54.6	21.9	14.9	15.8	2.0	8.52	46,00		

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOME (Out of 40)	RESOURCES (Out of 30)	ENGAGEMENT (Out of 20)	ENVIRONMENT (Out of 10)	RIGHT CHOICE (Out of 10)	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
348	Merrimack College	North Andover, MA	53.2	22.1	12.3	15.9	3.0	7.48	56,000	3.9	Private
348	Rider University	Lawrenceville, NJ	53.2	17.4	15.6	15.2	5.0	7.07	49,000	4.8	Private
348	Springfield College	Springfield, MA	53.2	21.5	13.8	15.2	2.7	8.19	44,000	7.1	Private
348	University of St Thomas	Saint Paul, MN	53.2	19.7	13.7	16.6	3.3	7.90	55,000	1.9	Private
348	University of Washington-Bothell	Bothell, WA	53.2	16.5	14.3	14.8	7.7	7.73	53,000	2.6	Public
353	St John Fisher College	Rochester, NY	53.1	18.8	15.4	16.0	2.9	8.48	45,000	3.0	Private
353	St Norbert College	De Pere, WI	53.1	21.8	12.6	17.0	1.7	8.54	45,000	1.3	Private
355	Kansas State University	Manhattan, KS	53.0	18.0	13.3	17.3	4.3	8.76	43,000	5.0	Public
355	MCPHS University	Boston, MA	53.0	23.8	9.4	13.0	6.8	6.36	115,000	1.6	Private
357	Lawrence Technological University	Southfield, MI	52.9	18.0	14.7	15.2	5.0	8.38	54,000	3.7	Private
357	University of Maryland, Baltimore County	Baltimore, MD	52.9	21.6	9.4	15.0	6.9	7.35	54,000	3.7	Public
357	Xavier University of Louisiana	New Orleans, LA	52.9	18.1	12.9	15.4	6.5	6.38	47,000	8.5	Private
360	Albright College	Reading, PA	52.8	21.3	11.0	14.9	5.5	6.47	47,000	4.6	Private
360	Assumption College	Worcester, MA	52.8	22.9	12.3	15.4	2.2	7.27	53,000	2.8	Private
360	Azusa Pacific University	Azusa, CA	52.8	16.2	13.8	15.6	7.2	8.33	50,000	3.0	Private
360	Elmhurst College	Elmhurst, IL	52.8	21.9	10.5	16.6	3.9	7.49	48,000	1.8	Private
360	Hartwick College	Oneonta, NY	52.8	17.8	17.3	14.4	3.2	6.90	44,000	6.2	Private
360	University of Kentucky	Lexington, KY	52.8	19.3	13.0	16.8	3.8	8.07	42,000	4.5	Public
366	SUNY College of Environmental Science and Forestry	Syracuse, NY	52.7	19.0	15.2	15.7	2.7	9.06	43,000	2.5	Public
367	CUNY Queens College	Queens, NY	52.6	19.9	9.4	15.5	7.9	7.28	48,000	3.5	Public
367	Canisius College	Buffalo, NY	52.6	18.0	15.5	15.9	3.1	7.11	46,000	3.5	Private
367	Cedarville University	Cedarville, OH	52.6	21.1	12.0	17.9	1.6	8.70	41,000	2.0	Private
367	Marian University (Indiana)	Indianapolis, IN	52.6	19.2	15.1	15.0	3.3	7.37	41,000	5.3	Private
371	Messiah College	Mechanicsburg, PA	52.5	19.2	13.9	17.5	1.9	8.37	42,000	2.6	Private
371	New Jersey Institute of Technology	Newark, NJ	52.5	21.0	10.3	13.4	7.9	7.58	65,000	3.9	Public
371	Wartburg College	Waverly, IA	52.5	17.8	16.4	15.6	2.6	8.11	43,000	5.8	Private
371	University of Wyoming	Laramie, WY	52.5	16.3	15.8	17.3	3.2	8.65	46,000	4.3	Public
375	King's College	Wilkes-Barre, PA	52.4	20.8	13.6	15.9	2.1	7.49	48,000	5.5	Private
375	Milwaukee School of Engineering	Milwaukee, WI	52.4	21.7	11.9	14.7	3.9	8.28	66,000	3.2	Private
377	California State University Maritime Academy	Vallejo, CA	52.3	17.9	14.9	14.0	5.5	8.25	80,000	3.8	Public
377	Campbell University	Buies Creek, NC	52.3	16.7	13.8	16.9	4.9	7.25	43,000	5.8	Private
377	The Citadel, The Military College of South Carolina	Charleston, SC	52.3	22.2	12.1	14.5	3.5	8.81	52,000	3.0	Public
377	Georgetown College	Georgetown, KY	52.3	17.6	16.7	15.5	2.6	8.08	42,000	6.3	Private
377	San Diego State University	San Diego, CA	52.3	21.5	6.5	16.3	8.0	8.59	48,000	3.5	Public
377	St Catherine University	Saint Paul, MN	52.3	17.0	14.3	16.9	4.1	7.51	45,000	3.9	Private
377	West Virginia University	Morgantown, WV	52.3	19.7	12.5	16.2	3.8	8.30	44,000	7.5	Public
384	School of the Art Institute of Chicago	Chicago, IL	52.2	13.0	18.6	14.2	6.4	7.21	32,000	7.4	Private
385	University of Mount Union	Alliance, OH	52.1	19.4	12.6	17.0	3.1	8.56	41,000	4.3	Private
385	Philadelphia University	Philadelphia, PA	52.1	19.3	11.8	15.9	5.1	7.97	48,000	4.4	Private
387	Roger Williams University	Bristol, RI	52.0	17.7	15.1	16.3	3.0	7.56	47,000	2.9	Private
387	Union University	Jackson, TN	52.0	15.4	15.9	17.2	3.4	7.94	38,000	3.6	Private
389	Eckerd College	Saint Petersburg, FL	51.9	15.9	16.3	16.1	3.5	9.07	41,000	7.1	Private
390	University of Houston	Houston, TX	51.8	19.3	8.1	16.3	8.1	7.53	49,000	5.2	Public
390	The New School	New York, NY	51.8	13.7	15.4	15.4	7.3	8.18	40,000	4.3	Private
390	Rockhurst University	Kansas City, MO	51.8	22.9	11.4	15.5	2.1	7.95	47,000	2.7	Private
393	Dordt College	Sioux Center, IA	51.7	19.3	12.0	18.2	2.1	8.21	38,000	2.0	Private
393	Illinois State University	Normal, IL	51.7	20.8	10.4	16.5	3.9	7.68	45,000	2.9	Public

## TOP SCHOOLS FOR RIGHT CHOICE



395	Central College	Pella, IA	51.6	18.3	15.7	15.5	2.2	8.91	42,000	2.5	Private
396	Chatham University	Pittsburgh, PA	51.5	11.6	19.9	15.0	4.9	8.02	34,000	2.3	Private
396	University of Dallas	Irving, TX	51.5	16.4	16.3	15.2	3.6	8.72	45,000	1.6	Private
396	Wittenberg University	Springfield, OH	51.5	18.4	14.4	15.9	2.8	7.99	42,000	3.9	Private
399	Hiram College	Hiram, OH	51.4	14.9	16.6	15.5	4.4	7.10	38,000	8.0	Private
399	John Brown University	Siloam Springs, AR	51.4	22.0	9.5	16.7	3.2	9.29	46,000	3.9	Private
401	Capital University	Columbus, OH	51.3	17.4	14.2	16.6	3.1	8.01	41,000	4.7	Private
401	College of Idaho	Caldwell, ID	51.3	15.8	15.1	16.0	4.5	8.33	38,000	3.8	Private
401	University of Missouri-Kansas City	Kansas City, MO	51.3	13.8	16.3	14.8	6.4	7.57	43,000	7.7	Public
401	New York Institute of Technology	Old Westbury, NY	51.3	14.4	14.7	13.8	8.4	6.36	50,000	6.3	Private
401	Otterbein University	Westerville, OH	51.3	15.8	16.4	16.6	2.5	7.81	41,000	5.5	Private
406	University of Louisville	Louisville, KY	51.2	12.2	18.8	15.2	5.1	7.87	38,000	7.3	Public
406	University of Michigan-Dearborn	Dearborn, MI	51.2	17.4	11.3	15.7	6.8	8.12	46,000	4.6	Public
406	Virginia Commonwealth University	Richmond, VA	51.2	15.0	13.5	15.7	6.9	7.71	42,000	3.6</	

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# State Schools Do Well Despite Budget Cuts

California boasts four campuses among the top 10 public institutions

BY MELISSA KORN

DESPITE LIMITED STATE support and more crowded classrooms, nearly two dozen public schools cracked the top 100 in this year's Wall Street Journal/Times Higher Education College Rankings.

These institutions proved they could offer a lower-cost option, often to a more diverse student body, and provide comparable outcomes to the private schools that dominate the top of the charts.

The University of California, Los Angeles was the highest-ranked state school, coming in at No. 25. It was followed by the University of Michigan, Ann Arbor at No. 27 and University of North Carolina, Chapel Hill at No. 33.

Twenty-one public universities made it into the top 100 of the WSJ/THE rankings, and eight reached the top 50.

The University of California system has four campuses among the top 10 public schools. Besides first-place UCLA, Berkeley comes in at fourth, followed by Davis, sixth, and San Diego, seventh.

Public universities get relatively little funding from state coffers these days.

Nationwide, state educational appropriations per full-time-equivalent student fell 15% between fiscal 2008

and fiscal 2016, according to the State Higher Education Executive Officers Association. In that same period, enrollment rose 8.5% and net tuition revenue for public higher education jumped 35%.

Funding challenges often lead schools to hold larger classes. The best student-faculty ratio for any public university in the top 100 was 12 to 1, at the University of Michigan, Purdue University (No. 43 overall) and William & Mary (No. 100). That ratio is in the mid-single digits for many elite private institutions.

At the other end of the spectrum, 21 of the more than 1,000 schools in the WSJ/THE rankings had a student-faculty ratio of at least 25 to 1, and they were all public schools, including much of the California State University system.

With minimal state support and, in many cases, caps on tuition increases, public universities tend to spend far less on academics than their private, nonprofit counterparts.

UCLA spent \$42,510 per student on instruction and academic services, adjusting for regional price differences with data from the Bureau of Economic Analysis. That is less than half the adjusted per-student academic spending at private schools Stanford University, Yale University, Washington University in St. Louis or Vanderbilt University, all of which landed higher in the overall



MARK BOSTER/GETTY IMAGES

UCLA, the top-ranked public school, came in at No. 25 overall.

WSJ/THE ranking.

UCLA's per-student academic spending is the highest of any public university in the top 100; the next highest is at the University of North Carolina, Chapel Hill, at \$34,760.

High spending doesn't necessarily lead to a strong education. Efficiency, the adoption of digital learning aids and online lectures can lower costs without hurting outcomes.

The University of Michigan spent \$26,840 per student on academics, but scored far better than UCLA on student engagement (No. 33 versus No. 119) and had a higher ranking for outcomes (No. 14 versus No. 22).

Several other top public universities also punch above their weight in terms of student outcomes, passing some exclusive private institutions.

The University of Florida, for instance, ranks 58th overall but notches the No. 30 spot for outcomes, thanks to a six-year graduation rate of 87% and low student-loan default rates.

The WSJ/THE ranking determines engagement by weighing the breadth of course offerings alongside student responses to survey questions about how challenging the curriculum is and real-world application of academic ideas.

Outcomes are calculated based on graduation rates, reputation, and salary and debt data for recent graduates.

**Ms. Korn is a staff reporter for The Wall Street Journal in New York. Email her at melissa.korn@wsj.com.**



### THE TOP PUBLIC SCHOOLS

The state schools that achieved the highest overall ranking

1. University of California, Los Angeles
2. University of Michigan, Ann Arbor
3. University of North Carolina, Chapel Hill
4. University of California, Berkeley
5. Purdue University, West Lafayette
6. University of California, Davis
7. University of California, San Diego
8. University of Illinois, Urbana-Champaign
9. Georgia Institute of Technology
10. University of Texas, Austin

University of Virginia

Source: Wall Street Journal/Times Higher Education College Rankings

THE WALL STREET JOURNAL.

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOME (Out of 40)	RESOURCES (Out of 30)	ENGAGEMENT (Out of 20)	ENVIRONMENT (Out of 10)	RIGHT CHOICE (Out of 10)	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
437	East Carolina University	Greenville, NC	50.3	17.8	10.7	16.9	5.0	8.08	39,000	5.2	Public
437	Emerson College	Boston, MA	50.3	19.6	11.6	14.2	4.9	7.87	45,000	1.9	Private
437	Lincoln Memorial University	Harrogate, TN	50.3	15.5	16.5	15.0	3.3	8.26	37,000	4.0	Private
437	University of South Florida	Tampa, FL	50.3	18.3	8.0	16.4	7.6	7.98	41,000	5.2	Public
443	University of Indianapolis	Indianapolis, IN	50.1	14.6	14.4	16.7	4.3	7.78	42,000	6.7	Private
443	Louisiana State University	Baton Rouge, LA	50.1	18.7	10.5	16.3	4.6	8.20	46,000	5.0	Public
443	Loyola University New Orleans	New Orleans, LA	50.1	9.9	17.3	17.0	5.9	8.52	42,000	5.6	Private
443	University of New Hampshire	Durham, NH	50.1	21.1	9.8	16.5	2.7	8.53	47,000	2.1	Public
447	Eastern Illinois University	Charleston, IL	50.0	14.5	14.8	16.0	4.8	8.04	41,000	4.8	Public
447	Millikin University	Decatur, IL	50.0	15.4	15.1	16.1	3.3	8.24	42,000	6.8	Private
449	Southern Nazarene University	Bethany, OK	49.9	18.6	10.8	16.0	4.5	8.36	46,000	6.7	Private
449	Whitworth University	Spokane, WA	49.9	16.3	14.1	16.7	2.8	8.87	41,000	1.9	Private
451	Misericordia University	Dallas, PA	49.8	20.2	12.4	15.2	1.9	8.13	48,000	5.9	Private
451	Nebraska Wesleyan University	Lincoln, NE	49.8	19.5	12.1	16.5	1.8	8.24	45,000	2.2	Private
453	Gwynedd Mercy University	Gwynedd Valley, PA	49.7	19.1	12.2	14.3	4.1	7.82	52,000	5.3	Private
453	Martin Luther College	New Ulm, MN	49.7	21.1	12.4	15.0	1.3	8.83	40,000	0.6	Private
455	University of Alabama in Huntsville	Huntsville, AL	49.6	14.7	13.5	15.7	5.7	8.65	46,000	5.3	Public
455	McDaniel College	Westminster, MD	49.6	17.5	14.1	14.8	3.3	8.25	46,000	2.5	Private
455	Randolph-Macon College	Ashland, VA	49.6	15.7	16.4	14.9	2.6	7.22	45,000	4.4	Private
458	Hamline University	Saint Paul, MN	49.5	19.1	11.3	15.3	3.8	7.24	47,000	2.8	Private
458	University of New Mexico	Albuquerque, NM	49.5	14.0	12.3	15.6	7.6	7.08	35,000	12.7	Public
460	Clarke University	Dubuque, IA	49.4	15.5	16.7	15.3	1.9	7.60	41,000	3.3	Private
460	Maryland Institute College of Art	Baltimore, MD	49.4	13.5	15.8	14.6	5.5	7.20	32,000	3.9	Private
460	University of Massachusetts Boston	Boston, MA	49.4	14.7	11.9	14.2	8.6	6.52	46,000	5.4	Public
460	University of Texas at Dallas	Richardson, TX	49.4	17.2	9.9	14.9	7.4	7.23	50,000	4.7	Public
464	University of Alabama	Tuscaloosa, AL	49.3	18.0	11.0	16.3	3.9	8.79	42,000	5.2	Public
464	Christian Brothers University	Memphis, TN	49.3	16.9	10.3	16.3	5.7	7.72	46,000	7.2	Private
464	Hastings College	Hastings, NE	49.3	16.3	14.9	16.1	1.9	7.66	41,000	4.8	Private
467	University of Nebraska-Lincoln	Lincoln, NE	49.2	17.9	10.4	16.5	4.4	7.17	44,000	2.7	Public
468	Fairleigh Dickinson University	Teeaneck, NJ	49.1	12.3	15.3	14.3	7.2	7.32	47,000	5.0	Private
468	Maryville University	Saint Louis, MO	49.1	20.1	8.4	16.8	3.8	8.15	45,000	4.4	Private
470	The University of the Arts	Philadelphia, PA	49.0	11.5	17.3	15.1	5.2	7.99	30,000	8.4	Private
470	California State University, Chico	Chico, CA	49.0	21.9	3.8	16.7	6.6	8.05	45,000	3.9	Public
470	Western Illinois University	Macomb, IL	49.0	13.0	13.7	16.4	5.9	7.82	41,000	7.1	Public
473	California State University, Long Beach	Long Beach, CA	48.9	19.2	4.1	16.8	8.8	8.01	47,000	3.5	Public
473	Eastern Nazarene College	Quincy, MA	48.9	18.8	9.1	14.5	6.4	6.63	45,000	6.2	Private
473	University of Toledo	Toledo, OH	48.9	14.3	12.3	16.5	5.8	7.54	40,000	9.9	Public
476	Arcadia University	Glenside, PA	48.8	13.9	13.6	16.2	5.1	7.63	43,000	3.5	Private
476	Marymount University	Arlington, VA	48.8	16.8	11.0	14.7	6.3	7.22	50,000	2.8	Private
476	University of Minnesota Morris	Morris, MN	48.8	16.0	12.8	14.6	5.5	7.11	39,000	6.3	Public
476	Morehouse College	Atlanta, GA	48.8	13.3	14.4	15.2	5.8	8.37	41,000	16.2	Private
476	Salem College	Winston-Salem, NC	48.8	14.7	13.7	14.5	5.9	6.54	33,000	5.1	Private
476	Truman State University	Kirksville, MO	48.8	20.8	9.6	15.6	2.8	7.92	43,000	3.1	Public
482	University of Central Florida	Orlando, FL	48.7	19.7	5.6	16.6	6.8	8.22	43,000	4.8	Public
482	University of Charleston	Charleston, WV	48.7	19.6	10.6	14.4					