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THE WALL STREET JOURNAL.

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★★★★ \$4.00

DJIA 26439.93 ▲ 54.65 0.2%

NASDAQ 8041.97 ▲ 0.6%

STOXX 600 386.38 ▲ 0.3%

10-YR. TREAS. ▲ 2/32, yield 3.054%

OIL \$72.12 ▲ \$0.55

GOLD \$1,182.30 ▼ \$12.10

EURO \$1.1643

YEN 113.38

What's News

Business & Finance

The SEC is seeking to force Tesla CEO Musk out of the company, alleging he misled shareholders when he tweeted that he had funding for a possible buyout. A1

◆ Petrobras agreed to an \$853.2 million settlement with U.S. and Brazilian authorities to end corruption probes. A1

◆ Federal prosecutors in Manhattan have opened a probe into media-buying practices in the ad industry. B1

◆ KKR agreed to sell a majority stake in European telecom operator United Group to U.K. rival BC Partners. B1

◆ JPMorgan is considering changes to its emerging-markets bond-index franchise. B1

◆ Banks and brokerages are winning more battles with big stock-market operators over the cost of data. B1

◆ Sanctions on Russia's Rusal have pushed up prices for alumina, eating into the profits of U.S. aluminum makers. B3

◆ Stocks rose, with the S&P 500 and Nasdaq gaining 0.28% and 0.65%, respectively. The Dow added 54.65 points. B11

◆ Bitmain Technologies, the world's largest cryptocurrency mining firm, plans to pursue an IPO in Hong Kong. B10

◆ Bezos startup Blue Origin won a contract to provide engines for a potential rival's next-generation rocket. B4

World-Wide

◆ Supreme Court nominee Brett Kavanaugh and Christine Blasey Ford, who accused him of sexual misconduct, testified in an often-wrenching Senate hearing that highlighted many of the nation's raw divisions. A1, A4-5

◆ The administration ran head-on into Russian opposition to its Korea denuclearization plans, as Lavrov called for the easing of U.N. sanctions against Pyongyang. A1

◆ Israel's Netanyahu, in a U.N. address, accused Iran of secretly housing nuclear materials and equipment. A7

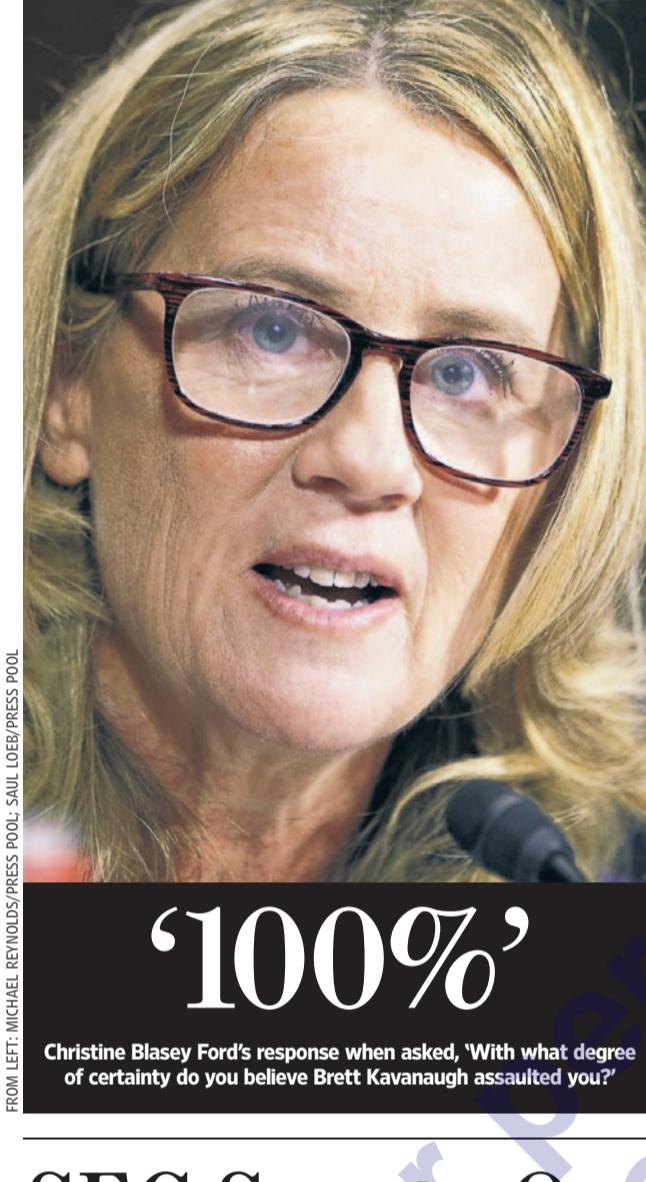
◆ Several Democrats in Congress expressed discontent with the administration's move to proceed with a new Nafta without Canada. A2

◆ Trump postponed a meeting with Rosenstein, signaling that the deputy attorney general will remain on the job for the time being. A2

◆ House Republicans are poised to pass an extension of individual tax cuts in their final legislative push before midterms. A3

◆ Google and other tech firms were accused by critics at a congressional hearing of being dismissive of the free-speech rights of conservatives. A3

◆ Italy's government has significantly widened its budget-deficit target to fund its electoral promises. A16



'100%'

FROM LEFT: MICHAEL REYNOLDS/PRESS POOL; SAUL LOEB/PRESS POOL

Christine Blasey Ford's response when asked, 'With what degree of certainty do you believe Brett Kavanaugh assaulted you?'

Kavanaugh and Ford give sharply different accounts at Senate committee hearing

Supreme Court nominee Brett Kavanaugh and Christine Blasey Ford, who accused him of sexual misconduct, testified for a more than eight hours in an often-wrenching hearing Thursday that highlighted and exposed many of the nation's raw divisions.

By Janet Hook,
Kristina Peterson
and Natalie Andrews

The hearing, before the Senate Judiciary Committee, laid bare the enormous stakes as the GOP tries to advance a nomination that would tilt the high court to the right and Democrats push for a thorough investigation into sexual-misconduct allegations in the wake of the #MeToo movement. Hovering over the proceedings were the coming November elections, which will determine control of Congress and the Trump administration's ability to advance its agenda.

Shortly after the conclusion of the hearing, President Trump, who has forcefully defended his nominee, described the judge's testimony as "powerful, honest and riveting" in a

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'You'll never get me to quit.
Never...I've never sexually
assaulted anyone.'

Brett Kavanaugh

SEC Sues to Oust Musk From Tesla Over Tweets

U.S. securities regulators on Thursday sought to force Tesla Inc. Chief Executive Elon Musk out of the company he helped get off the ground about 15 years ago, alleging he misled shareholders when he tweeted he had funding for what would have been the largest-ever

By Dave Michaels,
Susan Pulliam,
Tim Higgins
and Michael Rapoport

corporate buyout.

The complaint filed by the Securities and Exchange Commission came after a last-minute decision by Mr. Musk and his lawyers to fight the case rather than settle the charges.

The filing by the SEC in federal court in Manhattan threatens to deal a severe blow to the Palo Alto, Calif., electric car maker. Its brand and Mr. Musk are closely intertwined, and analysts have said the company's roughly \$50 billion market value is driven by Wall Street's appreciation for Mr. Musk's vision and skill as an innovator.

Tesla wasn't named in the

Deceleration

Tesla shares slid in after-hours trading Thursday on news that securities regulators sued CEO Elon Musk for fraud.



THE WALL STREET JOURNAL.

suit as a defendant, but the SEC is seeking to bar Mr. Musk, Tesla's largest shareholder and its top executive, from serving as an officer or director of any U.S. public company. Tesla shares, which have been under intense pressure amid questions about the firm's financial strength and

Mr. Musk's behavior, tumbled 9.9% to \$277 in after-hours trading Thursday on Nasdaq.

"This unjustified action by the SEC leaves me deeply saddened and disappointed," Mr. Musk said in a statement. "I have always taken action in the best interests of truth, transparency and investors. Integrity is the most important value in my life and the facts will show I never compromised this in any way."

Tesla and its board said in a statement they were "fully confident in Elon, his integrity, and his leadership of the company."

The SEC had crafted a settlement with Mr. Musk—approved by the agency's commissioners—that it was preparing to file Thursday morning when Mr. Musk's lawyers called to tell the SEC lawyers in San Francisco that they were no longer interested in proceeding with the agreement, according to people familiar with the matter. After

Please turn to page A2

◆ Heard on the Street: Tesla's moment of reckoning..... B12

Pro Athletes Stung by the Play of Their Video Doubles

* * *

Some complain their videogame avatars don't measure up

By SARAH E. NEEDLEMAN

God was said to make Adam out of clay. Dustin Smith's creations are built from zeros and ones, but he probably hears many of the same complaints.

Mr. Smith is the ratings czar for the popular video-game series Madden NFL, responsible for imbuing the digital doppelgängers of real-life National Football League players with varying levels of speed, strength and agility. Like most people, players want more.

"My little brother, he always says, 'Why do they make you so slow?'" Baltimore Ravens safety Tony Jefferson said. Mr. Jefferson, himself a longtime Madden player, beseeched Mr. Smith in a private Twitter message last year, saying he deserved a higher score for speed.

Mr. Smith, who works for Madden publisher Electronic Arts Inc., told him to prove it.



"I was like, come on now, do I really have to pull up tape?" said Mr. Jefferson, 26 years old, who nonetheless sent some NFL game highlights.

Mr. Smith bumped up Mr. Jefferson's speed score two points, to 85 out of a possible 99. Mr. Jefferson said he wasn't satisfied but let it go.

You don't get hardly any praise in this job," Mr. Smith

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Russia and U.S. Clash On Pyongyang Curbs

BY JESSICA DONATI

UNITED NATIONS—The Trump administration worked to move ahead on its top diplomatic priority—the denuclearization of North Korea—but ran head-on into opposition to its

plans from Russia, which called for the easing of United Nations sanctions against Pyongyang.

The proposal by Russian Foreign Minister Sergei Lavrov at the U.N. Security Council ran directly counter to the U.S. demand that countries main-

tain strong economic pressure aimed at forcing the country to give up its nuclear weapons.

While the U.S. could veto any proposal to lift sanctions, and most countries on the 15-member Security Council spoke in favor of strictly enforcing sanctions, the remarks undermined a united international message to North Korea at a time when the U.S. and U.N. have found

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◆ Netanyahu, at U.N., says Iran has secret nuclear stash.... A7

Brazil's Oil Giant Pays \$853 Million in Probe

BY ARUNA VISWANATHA AND JEFFREY T. LEWIS

Brazilian oil company Petrobras has agreed to an \$853.2 million settlement with U.S. and Brazilian authorities to end yearslong investigations tied to one of the biggest corruption schemes ever uncovered.

Petrobras Brasileiro SA, as the company is formally known, said Thursday it would pay \$682.6 million to a special

fund in Brazil, which prosecutors will allocate for programs promoting transparency and compliance. An additional \$170.6 million will be equally split between the U.S. Justice Department and the U.S. Securities and Exchange Commission.

The corruption scandal at the state-controlled oil producer erupted in 2014 when Brazilian prosecutors first announced their investigation

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INSIDE



FUR FLIES OVER CANCELED GRIZZLY HUNT

U.S. NEWS, A6

HOME SWEET HOTEL

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U.S. NEWS

Nafta Plan Runs Into Resistance

By WILLIAM MAULDIN

WASHINGTON—The Trump administration's move to proceed with a new North American Free Trade Agreement without Canada is running into resistance from a group that officials had hoped would provide significant support for the revised pact: congressional Democrats.

Some traditional Democratic constituents, including unions and other labor interests, have supported efforts to address labor issues in the Nafta revision. But several Democratic lawmakers briefed by U.S. Trade Representative Robert Lighthizer on Thursday instead expressed discontent with administration plans to advance a Nafta deal that drops Canada and moves forward with just Mexico.

Mr. Lighthizer has signaled that Canada could rejoin the

agreement later, an idea that supporters of the Trump administration's trade policy have embraced. Still, some lawmakers on committees overseeing trade expressed disappointment that the administration was bringing them a bilateral deal with Mexico—at least for now—rather than the trilateral deal it told Congress it would begin negotiating a year ago.

"This is an abject failure," said Rep. Brian Higgins, a Democrat on the House Ways and Means Committee whose upstate New York district borders Canada. "I don't think there's going to be any Democratic votes for this."

Rep. Lloyd Doggett, a Texas Democrat on the committee, said Mexico is much more important to him, but added: "I do believe that we need Canada," in part due to supply chains that span the continent.

Mr. Lighthizer was spend-

ing Thursday on Capitol Hill updating lawmakers on Nafta and the administration's broad trade strategy. He was expected to update members of Congress about plans to move forward with trade negotiations with the European Union, Japan and others.

Democrats in Congress oppose a proposed trade deal with Mexico that excludes Canada.

"It would be a big mistake, a monumental mistake to do this without Canada," said Sen. Ron Wyden of Oregon, the top Democrat on the Senate committee that oversees trade.

Republicans also expressed some concerns about the latest

direction on Nafta and said they hoped Canada would remain at the negotiating table and join the U.S.-Mexico deal soon.

"I think it is in their interest" to stay in Nafta, said Rep. Kevin Brady, the Texas Republican who chairs the House committee. He said it is premature to say how Congress would react if it has to consider a U.S.-Mexico deal without Canada.

Canadian Prime Minister Justin Trudeau reiterated his view that a "good, fair deal" on a revised Nafta is still possible. He said the Trump administration was frustrated because "Canadians are tough negotiators, as we should be."

The initial resistance from lawmakers is a setback for the administration because many Democrats are, like President Trump, skeptical of the benefits of unfettered trade. Many embrace the Trump administra-

tion's efforts to toughen trade regulations and raise labor standards in Mexico to prevent manufacturers from moving jobs and production abroad.

Mr. Lighthizer has said he had hoped his version of Nafta would gain support from a broad bipartisan majority of lawmakers. The deal would in any case require majority votes in the House and Senate to be enacted.

Democrats who have supported Mr. Trump's approach also expressed reservations about the details of the pact with Mexico, including the enforceability of labor provisions designed to raise standards there.

"There remains major work to be done," said Rep. Sandy Levin, a Michigan Democrat who wants Mexico to enact labor provisions.

—Paul Vieira in Ottawa contributed to this article.

U.S. WATCH

WASHINGTON

Trump Postpones Rosenstein Meeting

President Trump will postpone by a week a meeting with Rod Rosenstein, signaling the deputy attorney general, who is overseeing the special counsel's probe into Russia election interference, will remain on the job for the time being.

Mr. Trump called Mr. Rosenstein and they spoke for a few minutes Thursday, agreeing to reschedule a meeting that had originally been scheduled for that afternoon, White House press secretary Sarah Sanders said. She didn't specify a new meeting date.

Ms. Sanders said the two decided to delay the meeting because of a Senate hearing with Supreme Court nominee Brett Kavanaugh and Dr. Christine Blasey Ford.

"They do not want to do anything to interfere with the hearing," Ms. Sanders said.

Mr. Trump has said he wants to hear directly from Mr. Rosenstein about reports that he discussed secretly recording the president and recruiting cabinet members to remove him from office, according to people who have spoken to the president. Mr. Rosenstein has denied the reports.

—Michael C. Bender

ECONOMY

GDP Growth Cools As Trade Gap Grows

The pace of U.S. economic growth cooled a bit in the third quarter after a robust April-through-June period, economists say, but should remain well above the sluggish gains posted throughout the economic expansion.

One factor that could mean slower growth in the third quarter is trade.

Fresh trade figures released Thursday for the month of August showed the U.S. trade deficit in goods grew for the third month in a row, widening to \$75.8 billion from \$72 billion in July.

A widening trade gap, reflecting a decline in exports and a rise in imports, could tug down growth this quarter and mark a reversal from the second quarter, when a narrowing trade gap helped lift the U.S. economy.

The Commerce Department released its final estimate for second-quarter gross domestic product. The report showed GDP, a broad measure of goods and services produced across the U.S., rose at a 4.2% seasonally and inflation-adjusted annual rate in the second quarter.

—Sarah Chaney

CORRECTIONS & AMPLIFICATIONS

The name of Hiroshi Sasaki, the director of the JAXA Space Exploration Center, was incorrectly given as Susumu Sasaki in a Technology article Thursday about Japan's space-related startups.

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

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Cleanup Begins After Deadly Flash Flood Hits Tennessee



BIG MESS: Marty Kazmier scraped the muck off the floor and out of his business on Thursday, a day after a flash flood in Soddy-Daisy, Tenn., left one person dead.

SEC Seeks To Oust Tesla CEO

Continued from Page One the phone call, the SEC rushed to pull together the complaint that it subsequently filed, the people said.

The case ranks as one of the highest-profile civil securities-fraud cases in years. Its filing less than two months after the Aug. 7 tweets by Mr. Musk also marks an unusually rapid turnaround by an agency that has been under fire for its perceived failure to promptly bring significant cases in the financial crisis and other episodes. "It means there was not that much investigation they needed to do to get comfortable that it was a case they should bring, but also a case they can win," said Michael Liflik, a former SEC enforcement lawyer now at Quinn, Emanuel, Urquhart & Sullivan LLP.

The SEC said that contrary to the statements he made in several Twitter messages on Aug. 7, Mr. Musk "knew that he had never discussed a going-private transaction at \$420 per share with any potential funding source." The agency said the statements and omissions of fact caused disruption to the market for Tesla shares—which rose more than 10% the day of the tweets—and harm to investors.

"It's an easy case," said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. "He said in the tweet he had financing, and apparently he didn't... It's about as straightforward as you can get."

The claims against Mr. Musk cap a year of turmoil for the auto maker, whose market value rivals that of much-larger General Motors Co. de-

Musk Could Face Ban, or Maybe Not

Whether Elon Musk's new legal difficulties will result in his being banned from serving as an officer or director of any publicly traded company is far from certain.

The Securities and Exchange Commission sued the Tesla Inc. chief executive for securities fraud Thursday, seeking in part to ban him from serving as an officer of a publicly traded company, a measure that is common in such cases, according to former SEC lawyers.

If Mr. Musk chooses to go to trial and a jury finds him liable for securities fraud, a federal judge would determine

whether Mr. Musk should be banned from the securities industry for any period of time. If he and the government agree to a settlement before trial, both sides would likely negotiate any ban.

Because the complaint is against Mr. Musk and not Tesla, any financial penalties would come out of Mr. Musk's pocket—not those of shareholders, said Joseph A. Grundfest, a Stanford Law School professor and former SEC commissioner. That leads to what Mr. Grundfest said was a central question for the SEC: "How do you punish Musk without harming Tesla's shareholders?"

"Elon Musk is really important to the company's future," Mr. Grundfest said. "If he is barred from acting in ways that are central to the com-

pany's success, then the shareholders of Tesla wind up being the largest victims of the process."

Business executives who are charged with securities fraud are often banned permanently from their industries after they are criminally convicted.

The central focus of the SEC's charges are Mr. Musk's statements on Twitter about plans to take Tesla private. The Justice Department also is investigating the tweets, though it didn't bring a parallel criminal case Thursday in conjunction with the SEC.

Former SEC lawyers said the speed of the investigation was unusually fast, as the SEC complaint came less than two months after Mr. Musk's tweet.

—Rebecca Davis O'Brien



Tesla Chief Executive Elon Musk opted to fight the SEC case against him, rather than settle.

spite the fact that Tesla hasn't turned an annual profit.

As Tesla has struggled since starting production of its mass-market Model 3 sedan in July of last year, its limited cash supply has taken a hit, placing the company under increased scrutiny about whether Mr. Musk would need to raise additional funds.

He has said Tesla won't need to do so and has promised that he can keep the rate of Model 3 production at a pace that will help the company become cash-flow positive this quarter and profitable.

Despite his assurance, many analysts say Tesla will need to raise more money, in part because the company has debt

coming due next year and because much of the growth projected by the auto maker would require large investments.

A Tesla without Mr. Musk could have a tougher time raising funds, according to David Whiston, an analyst for Morningstar Research Services. "Without Musk, Tesla is just an auto maker burning

too much cash and holding too much debt," Mr. Whiston said.

Amid those pressures, Mr. Musk has fought a war against short sellers, investors betting on Tesla's failure.

Mr. Musk jolted shareholders Aug. 7 when he tweeted that he planned to take the company private in a deal that would have been worth \$72 billion.

The SEC alleged in its lawsuit that Mr. Musk first informed Tesla's board of directors, chief financial officer and general counsel on Aug. 2 that he wanted to take the company private at \$420 a share.

Mr. Musk told the SEC that he had met with representatives of a sovereign-wealth fund on July 31, according to the lawsuit. The fund's lead representative, according to Mr. Musk, "expressed interest in taking Tesla private," the lawsuit states.

Mr. Musk said in a blog post on Aug. 13 that Saudi Arabia's sovereign-wealth fund had approached him several times over nearly two years about providing financial support to take Tesla private.

But Mr. Musk's discussion with the sovereign-wealth fund didn't include any financial details about such a transaction, the SEC alleged. The parties didn't, for instance, discuss how much of a premium over Tesla's current trading price would be offered to shareholders. The lawsuit says Mr. Musk chose \$420 by estimating he would need to offer a 20% premium—which would amount to \$419—and then rounding up by \$1.

The SEC said in its complaint that "Musk stated that he rounded up the price to \$420 because he had recently learned about the number's significance in marijuana culture and thought his girlfriend 'would find it funny, which admittedly is not a great reason to pick a price,'" the SEC's complaint says. The number "420" is sometimes associated with marijuana.

Seventeen days after the tweets, Mr. Musk announced he decided against the idea.

U.S. NEWS

Trial to Cap Tumultuous Year for NCAA

Three face charges of trying to bribe families to steer basketball recruits to top schools

BY REBECCA DAVIS O'BRIEN

The first of three criminal trials stemming from a sprawling probe of alleged corruption in college basketball is set to begin next week, a critical test for an investigation that rattled the sport with charges of bribery at some of the country's most storied basketball programs.

The trial, in Manhattan federal court, centers on alleged schemes—involving an aspiring sports agent, an Adidas AG executive and an Adidas consultant—to bribe the families of top high-school basketball recruits. Prosecutors say the payments were designed to induce the players to sign with schools sponsored by Adidas, including the University of Louisville and the University of Kansas.

Adidas hasn't been accused of wrongdoing. The company said it had "cooperated fully" with authorities and would continue to do so. "We've put the individual charged on administrative leave and have terminated any consulting relationships related to the allegations."

Neither Louisville nor Kansas was accused of wrongdoing, and no coaches were charged in this case.

At trial, prosecutors are expected to present evidence that purports to expose a seamy side of the billion-dollar industry of Division I college basketball and has prompted calls for sweeping overhauls. The yearslong probe involved wiretaps of multiple phones, recorded

meetings in Las Vegas hotel rooms, and a cooperating witness who worked for months alongside undercover agents from the Federal Bureau of Investigation, court filings show.

Lawyers for the three defendants—Adidas executive James Gatto, consultant Merl Code and aspiring agent Christian Dawkins—have argued in filings and court hearings that making payments to college athletes is a widespread practice that may go against NCAA rules, but doesn't amount to a federal crime.

"It is not against the law to offer a financial incentive to a family to persuade them to send their son or daughter to a particular college," lawyers wrote in a December motion to dismiss the charges. "After expending enormous resources, the Government has strained to find any legal theory...to transform NCAA rule violations into a conspiracy to commit federal wire fraud."

A central argument of the prosecution is that the schools themselves were victims of the alleged schemes. But the defendants' lawyers say the aim was to assist—not defraud—the universities by drawing top talent to their basketball teams.

In September 2017, prosecutors unsealed charges against 10 people, including Mr. Gatto, former National Basketball Association star Chuck Person, and assistant coaches at top-tier college basketball programs, in three separate alleged schemes.

Mr. Person, who was charged with accepting bribes as an assistant coach at Auburn University, has pleaded not guilty and is set to go to trial next year. Auburn wasn't accused of wrongdoing, and fired Mr. Person after his arrest last year.

In the weeks after the ar-



University of Kansas players practiced for the Final Four NCAA college-basketball tournament on March 30 in San Antonio.

rests, star college players were sidelined amid concerns about their NCAA eligibility, FBI agents raided a major sports agency, and prosecutors subpoenaed schools across the country.

The NCAA set up a commission, headed by former Secretary of State Condoleezza Rice, to study corrupting influences in college basketball. The NCAA has adopted some of the commission's recommendations, including stricter requirements for nonscholastic summer bas-

ketball leagues, allowing college players to be represented by agents as they consider going pro, and requiring coaches and athletics staff to report athletics-related outside income.

Messrs. Dawkins, Code and Gatto have pleaded not guilty to the charges connected to Louisville of conspiracy to commit wire fraud and wire fraud. Mr. Gatto has also pleaded not guilty to a third count, wire fraud connected to the alleged scheme at Kansas.

Pitino in Crosshairs

Among the more high-profile casualties of the case was Louisville's Hall of Fame coach, Rick Pitino, who was effectively fired last fall.

Prosecutors allege the three defendants worked with others to funnel tens of thousands of dollars to the families of high-school recruits to induce them to attend Adidas-sponsored schools, then sign with aspiring agent Christian Dawkins when they went pro. Prosecutors also alleged Mr. Pitino was aware of efforts to secure more Adidas money for a recruit. Mr. Pitino has denied wrongdoing and hasn't been charged.





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Former University of Louisville basketball coach Rick Pitino was effectively fired last fall.

House GOP Passes Tax Legislation

BY RICHARD RUBIN

House Republicans, touting the tax cuts that remain popular among their core voters, are poised to pass a \$631 billion extension of them in their final legislative push before the midterm elections.

GOP Senate leaders aren't eager to spend any time on tax policy before the Nov. 6 elections, however, and some Republicans say the votes are largely about sending an election-year message to voters rather than making law.

"It's not going to pass the Senate," said Rep. Thomas Massie (R., Ky.). "But I'll vote for it."

The House passed two tax bills Thursday and was expected to pass a third Friday. One bill passed Thursday, on a 240-177 vote, would expand retirement-savings incentives. The second, passed 260-156, would add tax breaks for start-

ups. Among other items, the retirement bill would allow individuals to contribute as much as \$2,500 a year of after-tax money into a new type of universal savings account, where the money would grow tax-free and could be used for nonretirement purposes.

The Republicans are making a final push before the Nov. 6 midterm elections.

The largest and most controversial bill is expected to pass Friday by a vote similar to the 227-203 split on the first round of tax cuts last December. All Democrats and 12 Republicans—mostly those from high-tax states concerned about the cap on the

deduction for state and local taxes—voted no.

Last year's law made the corporate tax-rate cut permanent but set individual tax cuts to expire after 2025. Republicans did that to comply with procedural and budgetary rules that allowed that law to get through the Senate without Democratic votes.

"It's important we make that tax relief permanent for middle-class families and Main Street America," said Rep. Kevin Brady (R., Texas), chairman of the House Ways and Means Committee.

The bill set for a vote Friday would extend the important changes to the individual tax code. Those include the larger standard deduction and child tax credit, expanded estate-tax exemption, lower individual tax rates, the cap on the state and local tax deduction and a 20% break for businesses such as partnerships.

The bill would reduce federal revenue by \$631 billion over the next decade, but the full effect is much larger because so much of the tax cut would be felt beyond 2028.

The bill would generate enough economic growth to pay for 14% of that cost in the first decade, according to the nonpartisan congressional Joint Committee on Taxation.

A Fox News poll in August found 40% of Americans with a favorable opinion of the law and 41% with an unfavorable view. In criticizing the law, Democrats have pointed to a boom in corporate stock buybacks and the lack of significant growth in real wages. The Democrats also say Republicans will use the budget deficits exacerbated by the tax cuts to justify cuts in Social Security and Medicare.

—Anne Tergesen

contributed to this article.

Tech Firms Face Political Bias Accusations

BY JOHN D. MCKINNON

WASHINGTON—A day before Google's chief was set to meet with high-ranking Republicans, critics in a congressional hearing accused the internet giant and other tech firms of being "insular" and dismissive of the free-speech rights of conservatives.

The contentious hearing could drive calls for stricter regulation of Google, a unit of Alphabet Inc., and other big tech companies and stoke concerns of their political bias—including accusations that

such bias influences content on their platforms—in the run-up to the 2018 midterm elections.

Meanwhile, an audio recording of a Google internal meeting, surfaced this week, could add to the company's headaches. The recording, from earlier this year, shows employees raising objections to the company's sponsorship of the Conservative Political Action Conference, known as CPAC, a high-profile annual gathering for politicians and pundits.

On Friday, Google Chief Executive Sundar Pichai is set to

meet privately with top House Republican leaders, including Rep. Kevin McCarthy (R., Calif.), the majority leader. Mr. McCarthy has become a leading critic of the tech firms' filtering practices.

At Thursday's House subcommittee hearing, Rep. Steve King (R., Iowa) warned that tech companies' alleged bias is beginning to be noticed by the public. "Americans are beginning to recognize this quiet trend in our society in which one group or another systematically silences another's beliefs with which they disagree," he

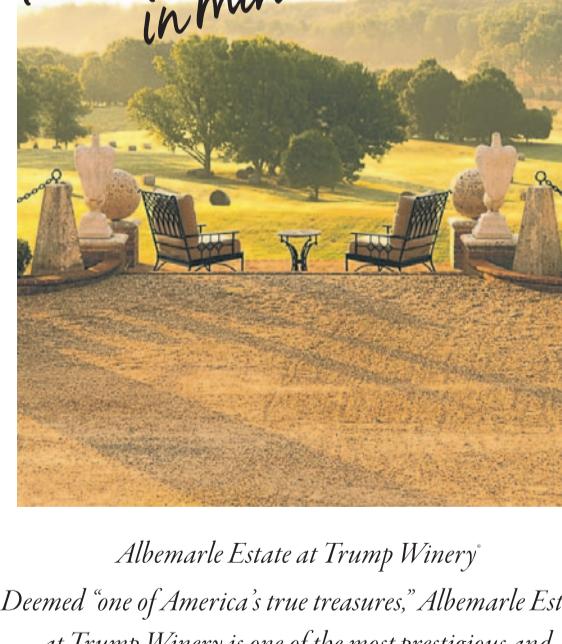
said in his opening statement.

Harmeet Dhillon, an attorney representing a group of conservative Google employees claiming employment discrimination by the company, directed lawmakers to media reports concerning its alleged blacklisting of phrases, articles and websites, and the blocking of conservative YouTube videos.

"Big Tech has become an insular fortress of thought control and vindictive behavioral control," she said.

A Google spokeswoman didn't respond to requests to comment.

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U.S. NEWS

Inside the Room: Key Exchanges

Some notable moments in Thursday's hearing:

Sen. Dianne Feinstein (D., Calif.): You were very clear about the attack. Being pushed into the room, you say you don't know quite by whom, but that it was Brett Kavanaugh that covered your mouth to prevent you from screaming, and then you escaped. How are you so sure that it was he?

Dr. Christine Blasey Ford: The same way that I'm sure that I'm talking to you right now. It's just basic memory functions. And also just the level of norepinephrine and epinephrine in the brain that, sort of, as you know, encodes—that neurotransmitter encodes memories into the hippocampus. And so, the trauma-related experience, then, is kind of locked there, whereas other details kind of drift.

Sen. Feinstein: So what you are telling us is this could not be a case of mistaken identity?

Dr. Ford: Absolutely not.

* * *

Sen. Patrick Leahy (D., Vt.): What is the strongest memory you have, the strongest memory of the incident, something that you cannot forget?

Dr. Ford: Indelible in the hippocampus is the laughter, the laugh—the uproarious laughter between the two, and their having fun at my expense.

* * *

Rachel Mitchell: Have you also educated yourself on the best way to get to memory and truth, in terms of interviewing victims of trauma? ... Would you believe me if I told you that there's no study that says that this setting in five-minute increments is the best way to do that?

(laughter)

Ford attorney Michael Bromwich: We'll stipulate to that.

* * *

Judge Brett Kavanaugh:

There is a bright line between drinking beer, which I gladly do, and which I fully embrace, and sexually assaulting someone, which is a violent crime. If every American who drinks beer or every American who drank beer in high school is suddenly presumed guilty of sexual assault, will be an ugly, new place in this country. I never committed sexual assault.

* * *

Sen. Dick Durbin (D., Ill.): You started off with an impassioned statement at the beginning, and I can imagine—try



TOM WILLIAMS/PRESS POOL



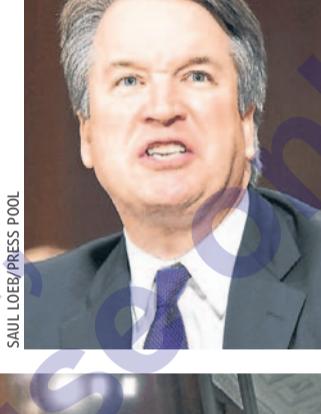
WIN MCNAMEE/PRESS POOL



SAUL LOEB/PRESS POOL



Clockwise from top, Rachel Mitchell questions Dr. Christine Blasey Ford; nominee Brett Kavanaugh testifies; Sen. Patrick Leahy questions Judge Kavanaugh; Dr. Ford testifying; and Sen. Lindsey Graham.



SAUL LOEB/PRESS POOL



to imagine what you have been through and your family has been through and I'm sure I wouldn't get close to it.

Judge Kavanaugh: No, you wouldn't.

Sen. Durbin: I'm sure I wouldn't. It's an impassioned statement, and in the course of it you said I welcome any kind of investigation. I quote you.

I've got a suggestion for you: Right now, turn to your

left in the front row to Don McGahn, counsel to President Donald Trump. Ask him to suspend this hearing and nomination process until the FBI completes its investigation of the charges made by Dr. Ford and others.

* * *

Sen. Lindsey Graham (R., S.C.): Do you consider that you've been through a job in-

terview?

Judge Kavanaugh: I've been through a process of advice and consent under the Constitution which—

Sen. Graham: Would you say you've been through hell?

Judge Kavanaugh: I've been through hell and then some.

Sen. Graham: This is not a job interview. This is hell. This is going to destroy the ability of good people to come for-

ward because of this crap.

* * *

Sen. Orrin Hatch (R., Utah): I hate to say this but this is worse than Robert Bork, and I didn't think it could get any worse than that. This is worse than Clarence Thomas, and I didn't think it could get any worse than that. This is a national disgrace the way you're being treated.

Ms. Mitchell's questioning turned more direct and graphic when it was Judge Kavanaugh's turn to speak.

She recounted Dr. Ford's allegations and posed to him a list of yes-or-no questions, getting back denials for each of them.

"Have you ever ground or rubbed your genitals against Dr. Ford?" she asked. "No," said the judge.



ANDREW HARNIK/PRESS POOL

Senate Judiciary Chairman Chuck Grassley, left, and Sen. Dianne Feinstein at Thursday's hearing.

room, and that it was the judge who groped her and tried to remove her clothes. Mr. Judge has said he has no memory of the incident. Dr. Ford, 51 years old, said her memory of "the laughter, the uproarious laughter between the two and their having fun at my expense" was "indelible."

Judge Kavanaugh, 53, has denied the allegations.

All eyes now will be on three Republican senators who have said they are concerned by the allegations and haven't committed to backing Mr. Kavanaugh: Jeff Flake of Arizona, Lisa Murkowski of Alaska and Susan Collins of Maine.

Mr. Flake said late Thursday he was still undecided on the Kavanaugh vote. His position is of more immediate import because he is on the Judiciary Committee. Republicans have an 11-10 advantage on the

panel, so a single "no" vote means the panel would send Judge Kavanaugh's nomination to the full Senate with a negative recommendation. In the full Senate, Republicans hold a 51-49 advantage, so Judge Kavanaugh can afford no more

than one GOP defection if all Democrats vote against him.

Ms. Murkowski demurred when asked if she had made up her mind on the nomination. "I'm going to go home, have some dinner and have a chance to think about all that's gone on today," she said.

Democrats on Thursday night reiterated their calls to have the FBI investigate the allegations and force Mr. Judge to testify.

"Dr. Ford provided compelling testimony today, and all of us were reminded this morning that she came forward with nothing to gain and quite a bit to lose," Sen. Chris Coons (D., Del.), a member of the Judiciary Committee, said in a statement Thursday night.

"Before the Judiciary Committee moves to a final vote, we should pause for a week to seek further investigation and insight into the allegations against Judge Kavanaugh."

The hearing was one of the Capitol's landmark moments, evoking the Anita Hill/Clarence Thomas hearings 27 years ago that focused on sexual-harassment claims, and on Thursday television sets and digital screens across the country lit

fellow Republicans that if they voted down Judge Kavanaugh, "You're legitimizing the most despicable thing I have seen in my time in politics."

In later questioning, Sen. Cory Booker (D., N.J.) cited Mr. Graham's comments in asking Judge Kavanaugh: "Do you think that people who would believe Dr. Ford are legitimizing despicable things?" Judge Kavanaugh replied by saying, "Listen to both sides before you make a bottom-line conclusion."

At stake in the hearing was the fate of a Supreme Court pick who could deliver a conservative tilt to the court for decades. The near-term political stakes were also high, as Republicans battle to keep their majorities in the House and Senate this fall.

The confirmation of Judge Kavanaugh is the top priority for many GOP voters, with filling the federal bench with conservatives a key reason that even those with reservations about Mr. Trump backed him in 2016. Republicans worry that if they can't deliver confirmation of Judge Kavanaugh, it would demoralize GOP voters and depress turnout in a midterm election where their majority hinges on multiple tossup races.

But Republicans also run the risk of seeming insensitive to women voters who are already defecting in droves to the Democratic Party's candidates. To limit that risk, they delegated the job of questioning Dr. Ford to an outside counsel, Arizona prosecutor Rachel Mitchell, while the Republicans on the panel mostly questioned Judge Kavanaugh themselves.

The confirmation of Judge Kavanaugh is the top priority for many GOP voters.

From GOP Surrogate, A Careful Inquiry

By JACOB GERSHMAN

The Arizona prosecutor tapped by Senate Republicans to question Supreme Court nominee Brett Kavanaugh's accuser struck a measured and at times gentle tone Thursday with Christine Blasey Ford, while testing her memory and motives.

Rachel Mitchell was chosen to serve as a surrogate questioner for Republicans on the Senate Judiciary Committee. At least until late afternoon, when GOP senators began to pose questions themselves when Judge Kavanaugh was before the committee, Ms. Mitchell largely set the tenor for the hearing's first half.

Her carefully worded questions attempted to avoid the impression of a hostile interrogation while teasing out the reasons behind Dr. Ford's decision to go public with her accusation that Judge Kavanaugh had sexually assaulted her at a high-school party in the early 1980s.

Ms. Mitchell was careful to avoid implying that Dr. Ford was lying about her allegations against Judge Kavanaugh. But she tried to draw attention to the holes in Dr. Ford's memory, including varying recollections Dr. Ford has given about the year of the alleged attack.

Later, Ms. Mitchell focused on the circumstances leading up to Thursday's hearing and Dr. Ford's decision to come forward, inquiring whether she was influenced by political forces.

She was most pointed about why Dr. Ford hadn't turned to a forensic interviewer more experienced helping sexual-abuse victims get to the truth of their memory and trauma. "Instead, you were advised to get an attorney and take a polygraph? Is that right?" she said. "And instead of submitting to an interview in California, we're having a hearing here today in five-minute increments, is that right?"

Ms. Mitchell's questioning turned more direct and graphic when it was Judge Kavanaugh's turn to speak.

She recounted Dr. Ford's allegations and posed to him a list of yes-or-no questions, getting back denials for each of them.

"Have you ever ground or rubbed your genitals against Dr. Ford?" she asked. "No," said the judge.

U.S. NEWS



Christine Blasey Ford testifying before the Senate Judiciary Committee on Thursday morning about her allegations that Supreme Court nominee Brett Kavanaugh sexually assaulted her in 1982.

TOM WILLIAMS/PRESS POOL

Hearing Rivets The Nation and Its Legislators

WASHINGTON—Wrenching back-to-back appearances by Supreme Court nominee Brett Kavanaugh and Christine Blasey Ford, the woman who has accused him of sexual assault, riveted the Capitol Thursday in a day of angry, often-personal exchanges and emotional testimony.

Judge Kavanaugh, who ap-

peared after Dr. Ford, swerved between teary references to his family and fiery lambasting of Democrats for demanding an investigation into the late-surfacing allegations against him in a nearly hourlong opening defense. He maintained his defiant tone during questioning, on occasion interrupting senators to turn their questions back on them.

"This whole two-week effort has been a calculated and orchestrated political hit, fueled with apparent pent-up anger about President Trump and the 2016 election, fear that has been unfairly stoked about my judicial record, revenge on behalf of the Clintons, and millions of dollars in money from outside left-wing opposition groups," Mr. Kavanaugh said.

He choked up several times during his remarks, as had Dr. Ford when she spoke earlier. A psychology professor, Dr. Ford used a mix of clinical and emotional terms to describe the effect the alleged assault had on her life.

"Indelible in the hippocampus is the laughter, the uproarious laughter between the two and their having fun at my expense," Dr. Ford said, referring to her account of Judge Kavanaugh and a friend,

Mark Judge, allegedly jumping on her and pinning her to the bed.

Across the nation, Americans altered their routines Thursday to watch Dr. Ford's testimony and Judge Kavanaugh's impassioned response.

At the historic Players Retreat restaurant in Raleigh, N.C., a small group of women reserved the private pool-table room to watch the hearing over sandwiches and salads.

"To think how brave she is, it's overwhelming to me," said Ella Frantz, a mother of grown children and Democratic activist. "People, maybe now, will have a voice and will come forward and tell their story."

Ms. Frantz later said she was glued to Mr. Kavanaugh's testimony and found it compelling, especially as he described his pain as a father, son, husband and professional whose reputation was at risk.

If Dr. Ford's accusations aren't true, "this is terrible," she said. "But then I go back and think, there's nothing in it for her."

Dr. Ford said she first divulged details of the alleged assault to her husband in couples therapy in 2012, after they disagreed over whether to build a second front door to their home. She insisted on it, she said, because the incident as a teenager left her so anxious and claustrophobic.

Dr. Ford also fleshed out another alleged encounter, describing Mr. Judge's reaction when she bumped into him at a grocery store six to eight weeks after the alleged assault. "I said hello to him, and his face was white and very uncomfortable saying hello back," she said.

The hearing's asymmetrical structure contributed to its extraordinary nature. Republi-



JESSICA HILL FOR THE WALL STREET JOURNAL

DOUGLAS CHRISTIAN/ZUMA PRESS



SCOTT OLSON/GATET IMAGES

Patrons at Chicago's Billy Goat Tavern, above, were among those across the country watching the testimony on Thursday. Top left, students in the Yale Law School lounge viewing Dr. Ford speaking; top right, protesters assembled at the Hart Senate Office Building.

cans, eager to avoid the spectacle of 11 GOP men interrogating Dr. Ford, hired an outside counsel, Rachel Mitchell, a sex-crimes prosecutor from Arizona, to question her. Democratic senators questioned her themselves.

As the two sides alternated questions, Ms. Mitchell's calm, methodical questions were interspersed with Democrats' broader, more impassioned

political remarks.

Once Judge Kavanaugh took the stand, Sen. Lindsey Graham (R., S.C.) gave a speech angrily attacking his Democratic colleagues, and other Republicans began questioning the nominee themselves.

His comments were striking in a chamber that has long valued collegiality. "What you want to do is destroy this guy's life, hold his seat open,

and hope you win in 2020," Sen. Graham said.

That accusation of intentional delay echoed the frustration many Democrats voiced at the fate of Judge Merrick Garland, whom Senate Republicans refused to consider after President Obama nominated him to the Supreme Court in March 2016.

As many questions focused on Judge Kavanaugh's high-

school behavior, several senators pressed the nominee on how much he drank and whether he ever blacked out.

"Sometimes I had too many beers. I liked beer. I still like beer," Mr. Kavanaugh said. "But I did not drink beer to the point of blacking out, and I never sexually assaulted anyone."

—Siobhan Hughes and Valerie Bauerlein contributed to this article.

Senate Weighs Judge's Fate After Emotional Testimony

WASHINGTON—The fate of Brett Kavanaugh's nomination to the Supreme Court now hangs in the balance as senators weigh hours of emotional testimony from him and Christine Blasey Ford, who accuses him of sexual assault.

By Natalie Andrews,
Peter Nicholas
and Kristina Peterson

If Judge Kavanaugh is approved by the full Senate, he would be seated on the Supreme Court a few days after the start of the court's new term, which begins Oct. 1.

If, however, Judge Kavanaugh's confirmation fails in the Senate, the White House would be forced to start the nomination process over, just weeks before the November midterm elections, in which the GOP is facing a challenge to retain the House and to some extent the Senate.

Democrats pushed for a delay in Friday's committee vote so the Federal Bureau of Investigation could delve into the allegations against Judge Kavanaugh, which he again emphatically denied on Thursday. But Senate Republicans



crumble.

Mr. Trump nominated Judge Kavanaugh over a short-list of other finalists who, White House aides concede, may have been more appealing to the president's conservative base.

A day after Mr. Trump formally offered Judge Kavanaugh the nomination, the president was still phoning associates and checking to see if they believed he was the best choice, a person familiar with the matter said.

If Judge Kavanaugh clears the Judiciary Committee on Friday, Sen. Mitch McConnell (R., Ky.) could keep the Senate in session over the weekend and make a nondebatable motion to call for a procedural vote.

The Senate could take another procedural vote on Monday, and Democrats would likely insist on two days of debate before a confirmation vote, meaning the confirmation vote could happen midweek.

But wavering senators could be compelled by Dr. Ford's heartfelt testimony, where she said she was 100% confident that Judge Kavanaugh and his friend Mark Judge had pulled her into a room where Judge Kavanaugh groped her and attempted to remove her clothes

you sure as hell wouldn't have done what you did to this guy."

President Trump stood by his nominee Thursday night, tweeting that "Judge Kavanaugh showed America exactly why I nominated him" and adding: "The Senate must vote!"

A poor performance from Judge Kavanaugh at the hearing could have provoked Mr. Trump "to start up a conversation about finding someone

else," one of the president's advisers said.

A White House official said Mr. Trump was "very impressed" with Judge Kavanaugh as the president watched the hearing in the White House residence. But some people close to the White House said that Mr. Trump could still lose patience with Judge Kavanaugh should Senate confirmation prospects

during a party in the early 1980s. Mr. Judge has said he has no memory of the incident.

Judge Kavanaugh needs 51 votes for confirmation, the same number of Republicans in the Senate. He has support from the majority of Republicans and is opposed by the Democratic caucus. A handful of senators are seen as possibly wavering on the nomination. Republican Sens. Susan Collins of Maine, Lisa Murkowski of Alaska and Jeff Flake of Arizona haven't announced how they would vote.

Sen. Shelley Moore Capito (R., W.Va.) said she has "great empathy and sympathy" for Dr. Ford. "I think she's giving very compelling testimony."

Asked if she found Dr. Ford credible, she said Dr. Ford "hasn't strayed from her testimony or from her first accounting."

Several Democratic senators up for re-election from states that President Trump won in 2016 have also not said how they would vote on the nomination and could potentially support Judge Kavanaugh. The senators are facing enormous pressure to support the president's pick from their opponents and conservatives in their home states.

U.S. NEWS

Fur Flies Over Canceled Grizzly Hunt

By JIM CARLTON
AND TAYLOR UMLAUF

A federal judge this week canceled what was to be the first grizzly bear hunt in 44 years in the lower 48 states, dealing a last-minute setback to those who have argued one of the best-known wild animals of the American West has not only recovered from near extinction, but poses a growing threat to humans and livestock.

An estimated 50,000 grizzly bears once roamed across the western U.S., but hunting, dwindling food supplies, and other conflicts with encroaching human development nearly wiped the species out in the 1970s. By 1975, when the grizzly was declared threatened in the lower 48 states under the Endangered Species Act, the bears' population in and around Yellowstone National Park was estimated as low as 136.

After the grizzly was put on the endangered species list, the U.S. Fish and Wildlife Service did everything from banning hunting to moving away tasty trash in an effort to revive the animals. Their population rebounded to more than 700 in the region around Yellowstone, which biologists say provides an ideal habitat for the bears because of its remoteness and abundant food supply.

The giant predators were removed from protection in the park last year by the Trump administration's U.S. Fish and Wildlife Service.

Yellowstone is one of two remaining strongholds for grizzlies in the continental U.S., along with Montana's Glacier National Park, where they remain on the endangered species list. This year, Wyoming planned the first grizzly hunt since 1974 and Idaho its first since 1946. Yellowstone spans both states, along with Montana. The two hunts were set to begin Sept. 1, but were delayed by a federal judge.

Environmental and tribal groups sued, arguing that Fish

and Wildlife used a flawed analysis in delisting grizzlies from the endangered species list. After U.S. District Judge Dana Christensen in Missoula, Mont., ruled in their favor Monday, backers of the hunt were incensed.

"The decision to return grizzly bears to the list of threatened and endangered species is further evidence that the [Endangered Species Act] is not working as its drafters intended," Wyoming Gov. Matt Mead said in a statement.

Wyoming was in the process of issuing licenses for up to 22 grizzlies to be hunted and killed, while Idaho, with a lower population of the bears, had issued just one. The hunts were so controversial that many grizzly enthusiasts applied for the tags to help protect the bears. A wildlife photographer was awarded one of the Wyoming licenses and pledged to shoot the animals only with his camera.

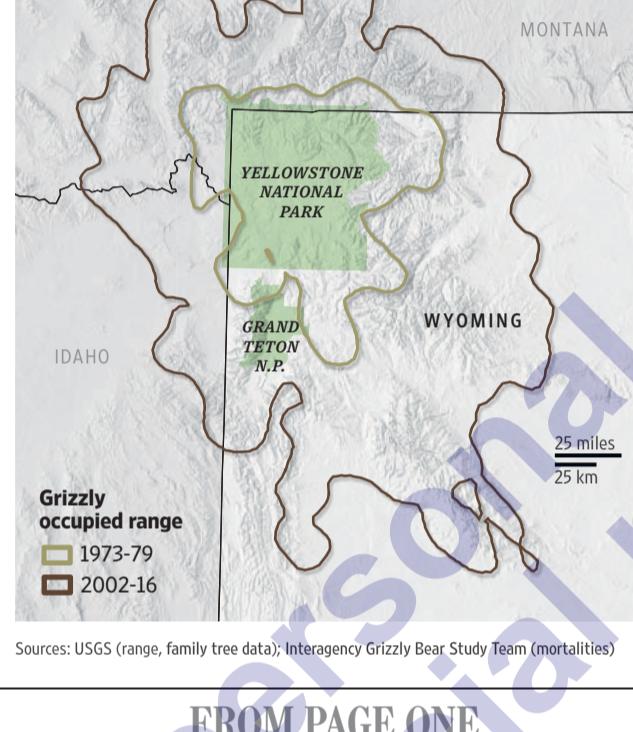
A healthier, larger population of grizzlies led to calls to take them off the endangered species list, beginning around 15 years ago. One of the reasons cited by advocates for lifting their protected status has been an increase in grizzly attacks on livestock in the Yellowstone region. At least 30 grizzly deaths in the area in 2017 were at the hands of humans, nine of which were over attacks on cattle, according to the U.S. Geological Survey.

There has also been rising concern over the safety of humans amid the grizzly resurgence. Five of the eight known fatal maulings of humans by grizzlies in the 148-year history of Yellowstone National Park have taken place since 1980, while an additional 38 people have been injured in run-ins with the bears since that time, according to National Park Service records.

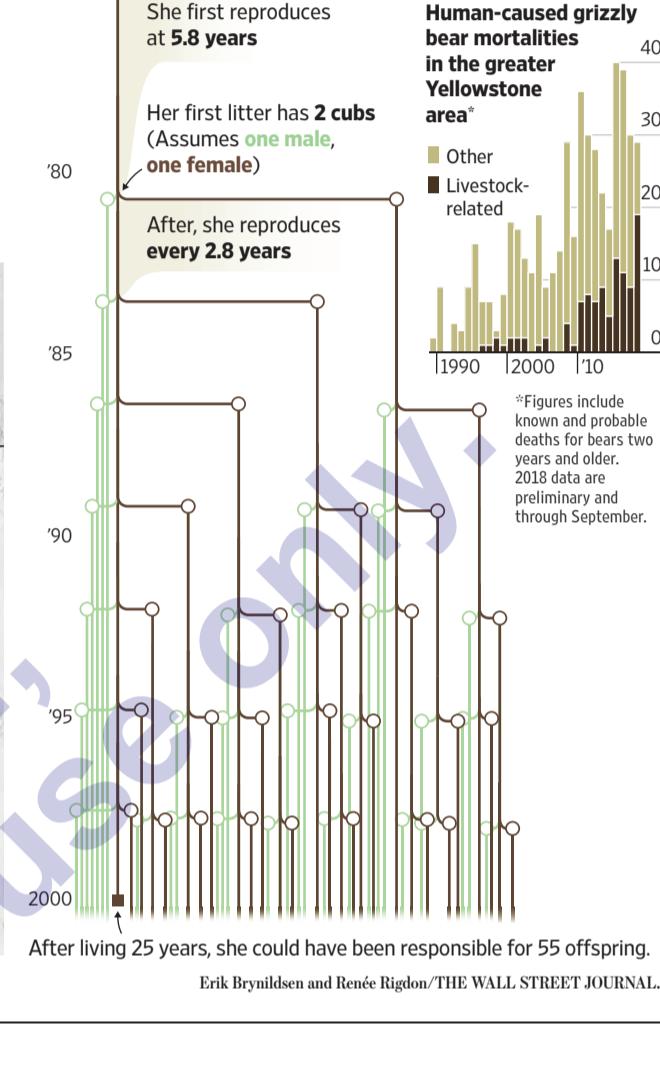


Here is a hypothetical look at how one healthy, long-living female grizzly could be responsible for the production of dozens of bears over multiple generations, based on average lifespan and reproductive cycles in the Yellowstone area, according to the Interagency Grizzly Bear Study Team.

KEITH R. CROWLEY/ZUMA PRESS



Sources: USGS (range, family tree data); Interagency Grizzly Bear Study Team (mortalities)



After living 25 years, she could have been responsible for 55 offspring.

Erik Brynildsen and Renée Rigdon/THE WALL STREET JOURNAL.

FROM PAGE ONE

Petrobras Settles Probe

Continued from Page One into a cartel of construction companies that had been over-billing Petrobras and bribing high-level Brazilian politicians and Petrobras executives along the way.

The investigation, known as Operation Car Wash, has loomed over Petrobras and Brazil ever since. It led to multibillion-dollar losses at the company and slammed its share price, while also sending former Brazilian President Luiz Inácio Lula da Silva and top business executives behind bars.

Mr. da Silva is currently serving out his sentence on

corruption and money laundering charges in the southern Brazilian city of Curitiba. He gave up his bid to return to the presidential palace earlier this month after the country's highest electoral court ruled he was ineligible because his conviction was upheld by an appeals court.

He selected his running mate, former São Paulo Mayor Fernando Haddad, as his replacement as the Workers' Party candidate in the presidential elections next month. The scandal continues to roil the campaign.

Several Petrobras executives directly involved in the corruption have been convicted and imprisoned, including Paulo Roberto Costa, formerly head of the company's downstream division, and Nelson Cervero, former director of international operations.

For Petrobras, the uncertainty over legal repercussions eases considerably with the

deal, though analysts caution that there are still lawsuits pending in Brazil and the Netherlands and an arbitration process in Argentina. Meanwhile, the company's new management has returned Petrobras to profitability and is working to reduce its mountain of debt, aided by rising oil prices.

"It's a new story now. Petrobras is living a new phase," said Raphael Figueiredo, an analyst at Eleven Financial Research in São Paulo, adding that the deal "opens up new opportunities."

Petrobras's preferred shares rose 6.3% to 21.46 reais (\$5.37) on Thursday. The share price sank as low as 4.41 reais in 2016, from about three times that before news of the scandal broke.

The Car Wash probe grew rapidly and ensnared other giant Brazilian businesses, notably construction company

Odebrecht SA, which Brazilian prosecutors said was the ring-leader in the builders' cartel.

Odebrecht agreed in 2016 to pay \$2.6 billion to resolve charges in the U.S., Brazil and Switzerland, with \$93 million going to the U.S. The company's former chief executive

embezzled from the oil company.

The Justice Department agreed not to prosecute the company in exchange for an \$85.3 million payment, three years of compliance reports and an admission that the scheme amounted to criminal violations of laws that require public companies to maintain accurate books and records.

The company said it would continue to cooperate in ongoing investigations, including of individuals.

One of the laws at issue, the Foreign Corrupt Practices Act, bars U.S.-listed companies—Petrobras is one—from paying bribes to foreign government officials and requires public companies to maintain accurate financial records.

Petrobras admitted that members of its board directed millions of dollars in illicit payments to Brazilian politicians and political parties, prosecutors said. Such pay-

ments included bribes directed by one executive to stop a parliamentary inquiry into the company's contracts.

"Executives at the highest levels of Petrobras—including members of its Executive Board and Board of Directors—facilitated the payment of hundreds of millions of dollars in bribes to Brazilian politicians and political parties and then cooked the books to conceal the bribe payments from investors and regulators," the head of the Justice Department's criminal division, Brian Benczkowski, said.

Petrobras reached a related \$930 million deal with the SEC, but the agency said it would credit all but an \$85 million penalty to a settlement that the company reached earlier this year with investors who had sued the company over the corruption scheme.

—Samuel Rubenfeld and Paulo Trevisani contributed to this article.

Athletes Vent Over Videogames

Continued from Page One

Each year, sports-video-game developers strive to capture the on-field talent of hundreds of athletes in their games, ascribing numerical ratings to player skills. And each year, athletes grouse: No fair.

The scores determine how well an athlete's double performs in the game. And Mr. Smith, 33, stands by his calls with the stoicism of a sideline referee getting an earful from a coach. "You know people are going to be upset," he said.

Some sports games, such as the Sony Corp. baseball series *MLB The Show*, rely on algorithms and human decision-making to update athletes' ratings. For *Madden*, Mr. Smith adjusts scores each week for about 750 players during the season, based on their real-world performances in 53 categories that include aware-

ness, acceleration and elusiveness. He also hears them out.

Mr. Smith got the job of deciding *Madden* ratings in 2016 and is now experienced handling athletes who claim they are faster and stronger than their videogame doubles.

He learned a rookie lesson when he gave out his cellphone number. Early in the job, he passed his digits to Orleans Darkwa, a free-agent running back who last year played for the New York Giants. Mr. Darkwa said he sent preseason messages to Mr. Smith asking for specific ratings and texted two to three times a month during the season to highlight his achievements.

"I try to make sure he's minding his P's and Q's," said Mr. Darkwa, who continues to question Mr. Smith while trying to land on a new team. "We argue to this day that my ratings didn't reflect what I did last year," Mr. Darkwa said.

Fans also love to second-guess player ratings. "There are ones that hit me up every week" on Twitter, Mr. Smith said, including a Houston Texans fan "who has not let me alone for three straight years."

Sports videogames ranked third last year in U.S. console and PC sales behind action games and shooting games, according to NPD Group, a market research firm.

The most popular sports videogames release new versions annually, with the yearly unveiling of ratings part of the marketing push. Developers enlist athletes to participate in reaction videos to share on social media.

Player-rating chiefs say they contend with efforts at

corruption. "I've been propositioned in many different ways," said Ronnie Singh, also known as "Ronnie 2K." He is the digital marketing director at Take-Two Interactive Software Inc.'s 2K studio, which makes the NBA 2K basketball games.

One baller recently dangled the possibility of high-end collectible sneakers in exchange for a better score, said Mr. Singh, the liaison between National Basketball Association players and 2K. He isn't al-

ways sure when such offers are a joke, but studio policy prohibits any of it.

In 2009, the now-retired NFL safety Kerry Rhodes went on a mission to prove that he deserved a higher rating in *Madden* for "throw power," a stat that, in general, applies only to quarterbacks.

Mr. Rhodes, who played quarterback in high school, created a YouTube video titled "WTF Madden!" He took umbrage that New York Jets teammate Nick Mangold, an offensive lineman, had a higher throw-power rating. The two players competed in skills tests for the video.

Electronic Arts' ratings guru at the time, Donny Moore, said he raised Mr. Rhodes's throw rating to 65 from 21. "If we ever add a 'trolling creativity' rating to *Madden*, both Rhodes and Mangold will be rated 99 overall for sure," said Mr. Moore, who endured player bellyaching in the job for 16 years.

Sports videogames have zero impact on pro careers, but athletes say they can't help but care about how they are portrayed. Many say they played the games growing up and long dreamed of seeing themselves on the screen.

Rams player Johnny Hekker, the highest-rated punter in the latest NFL videogame, said "to make *Madden* is the pinnacle of a football player making it."

This year, *Madden* has incorporated the faces of more players, including those whose images haven't yet been scanned into the game. Some players were horrified by what they saw.

"I looked like a thumb," said Christian Covington, a defensive end for the Texans, "a bald, sweaty, glistening thumb." He tried drumming up sympathy on Twitter: "Guess I have to accept the fact that I'm ugly now... Say it ain't so *Madden*," he tweeted last month.

Mr. Covington said it was his dream since a boy to be on *Madden NFL* and that he has no beef with his player ratings. But, he said, "I feel like I'm above average in looks."

Tyrone Crawford, a defensive end for the Dallas Cowboys, tweeted at Electronic Arts: "Who on your staff felt it ok to make my body look like humpty-dumpty?"

Mr. Smith pledged a digital makeover for some players. Mr. Covington's replica "does have hair," Mr. Smith said, in defense. "It's just not much."



Baltimore Ravens safety Tony Jefferson wishes his avatar, above, in *Madden NFL* got higher speed ratings for the videogame.

Electronic Arts

Rams player Johnny Hekker, the highest-rated punter in the latest NFL videogame, said "to make *Madden* is the pinnacle of a football player making it."

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WORLD NEWS



Mr. Netanyahu, at the U.N. Thursday, showed images of where he alleged Iran is hiding nuclear materials.

Israel Says Iran Has Secret Atomic Stash

Netanyahu tells global leaders the alleged materials show intent to develop weapons

BY FELICIA SCHWARTZ
AND MICHAEL R. GORDON

UNITED NATIONS—Israeli Prime Minister Benjamin Netanyahu accused Iran of secretly housing nuclear materials and equipment, in his bid to persuade the international community that Tehran maintains its goal of developing atomic weapons despite its pledge otherwise.

His allegation, in an address to the U.N. General Assembly, followed an angry speech by the Palestinian Authority President Mahmoud Abbas, who accused Israel and the U.S. of undermining efforts to achieve peace between the Israelis and the Palestinians.

But Mr. Netanyahu, who sees Iran rather than the Palestinians as the chief threat to Israel's survival, shifted the conversation to his efforts to encourage Europe to join the U.S., Israel and most Arab countries in ratcheting up pressure on Tehran.

The U.N.'s nuclear watchdog, the International Atomic Energy Agency, or IAEA, has found that Iran is complying with terms of the 2015 accord that aimed to halt Iran's nuclear program in exchange for economic benefits. The agency didn't respond to requests to comment.

The State Department didn't comment on the veracity of Israel's allegations but said it looks to the IAEA "to act in a responsible and timely manner in pursuit of any credible information," including that presented by Mr. Netanyahu, which it said could show Iran has fallen short of its non-proliferation obligations.

Iranian officials didn't respond to a request to com-

ment.

Mr. Netanyahu said that Israel discovered Tehran's secret atomic warehouse after it publicly revealed the existence of a nuclear archive in May. He said he was revealing the existence of the alleged site for the first time publicly on Thursday after the IAEA didn't act on the information Israel provided to it about the archives.

Israel observed Iranian officials coming and going from the site to scrub it, Mr. Netanyahu said. He held up a satellite map of the site, allegedly located not far from the site of the archive, and said the warehouse is close to an Iranian rug cleaning operation.

Iran on Thursday responded to Mr. Netanyahu's speech by criticizing Israel for having a secret and undeclared nuclear weapons program. Israel has an official policy of neither confirming nor denying its nuclear arsenal.

Israel's leader is lobbying Europe to join the U.S. in raising pressure on Tehran.

Beyond the map, Mr. Netanyahu didn't offer any other evidence for the warehouse. Mr. Netanyahu has used U.N. speeches before to highlight the threat posed by Iran. He has been a fierce critic of the 2015 nuclear accord and like the Trump administration, says the U.N.'s nuclear watchdog's inspections haven't been rigorous enough.

Israel's leader alleged that the Iranians, apparently fearing that the second site would be revealed, began scrubbing it recently, including by removing 15 kilograms of radioactive materials and spreading them around Tehran and removing as much as 300 tons of nu-

clear-related equipment and materials.

"Why did Iran keep a secret atomic archive and a secret atomic warehouse?" Mr. Netanyahu said. "The reason Iran didn't destroy its atomic archive and its atomic warehouse is because it hasn't abandoned its goal to develop nuclear weapons. In fact, it planned to use both of these sites in a few years when the time would be right to break out to the atom bomb."

Mr. Netanyahu called on the IAEA to inspect the warehouse, as well as sites revealed in the archives. It was unclear when Israel had presented information about the warehouse to the IAEA before Mr. Netanyahu revealed it publicly.

David Albright, the president of the Institute for Science and International Security, said that the warehouse might have been the place where Iran kept equipment and material from the closed program that was described in the nuclear archive.

The institute tweeted satellite images on Thursday that show some containers were moved from the alleged warehouse site after Israel announced it had found the archive. The nonpartisan research center said it has no firm evidence on what specifically might have been moved.

Olli Heinonen, a former senior IAEA official, said he was surprised the agency hasn't asked questions or tried to learn more about the information revealed by the Israelis earlier this year. He said the agency should also inspect the alleged warehouse.

"It's important to hear how does Iran explain it," said Mr. Heinonen, who now works for the Foundation for the Defense of Democracies, which has been sharply critical of the 2015 nuclear accord. "If they say it's a fake, the IAEA continues to drill deeper into what is true."



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India Raises Some Import Tariffs

BY RAJESH ROY
AND DEBIPRASAD NAYAK

NEW DELHI—India raised tariffs on some imports in an effort to bolster the weak rupee and tackle its widening current-account deficit.

The rates, which took effect Thursday, have been increased by as much as 10 percentage points on 19 categories of imports the government considers nonessential, such as air conditioners, refrigerators, washing machines and jewelry.

The value of India's total imports of products in those categories was 860 billion rupees (\$11.84 billion) in the fiscal year ended March, according to the Ministry of Finance.

The Indian currency has been among the hardest hit as emerging-markets currencies have fallen. India's moves come as trade tensions are rising between the U.S. and China as President Trump uses tariffs in his push to shrink America's trade deficits.

Indian officials fear the trade battle could result in some of the Chinese products that were kept from entering the U.S. getting dumped on



New Delhi's moves come as U.S.-China trade tensions are rising.

the Indian market.

Some industry groups welcomed the higher tariffs. "It's a temporary move, but will boost the sentiments for rupee and help contain current-account deficit to some extent," said Ajay Sahai, director general of the Federation of Indian Export Organisations. "In the long run, these measures could even promote local manufacturing and lead to foreign investments."

Some analysts, however, were skeptical about using higher tariffs to correct trade

WORLD NEWS

Meddling Claim Plays Into Beijing's Trade Approach

By JOSH CHIN

ANALYSIS BEIJING—By claiming without offering proof that China is interfering in the U.S. midterms, President Trump escalated bilateral tensions and also provided ammunition to senior Communist Party members who say his real intention is to stop China's ascent as a global power.

Mr. Trump's allegation, delivered as he led a United Nations Security Council meeting Wednesday, opened a new rhetorical front in the burgeoning trade dispute. In the past, Mr. Trump has tended to credit China with outsmarting the U.S.

Whatever the intent, analysts said, the effect was to reinforce the idea that the U.S. is committed to containing China's rise, a message promoted by Communist Party leaders in recent weeks to justify standing firm on trade.

"Everyone can see clearly that everything the Trump administration does is aimed at stifling China," Yuan



China's foreign minister Wang Yi shrugged after Mr. Trump's claim.

EVAN VUCCI/ASSOCIATED PRESS

Zheng, senior research fellow with the American Studies Institute at the state-backed Chinese Academy of Social Sciences in Beijing. "The Chinese side can't pos-

sibly yield."

China was attempting to meddle in the elections, Mr. Trump alleged in his remarks Wednesday, "because I am the first president ever to chal-

lenged China on trade." Video clips showing Chinese Foreign Minister Wang Yi subtly shrugging and rolling his eyes following the comment later spread around China's heavily

U.S. Pork Producer Backs Tough Stance

The chief executive of the top U.S. pork producer said the Trump administration's trade fight with China was needed to improve access to a major market for that meat.

Ken Sullivan, president and CEO of Smithfield Foods, said China has maintained duties on U.S. pork products for years, which have hindered U.S. meat companies' ability to fully access the country's pork market.

While confronting China on trade was "a fight that was necessary," and resolving the dispute is in both countries' best interests, Mr. Sullivan said a resolution "isn't happening as quickly as I'd like it to."

—Jesse Newman

to work in Russia. "This violates the spirit and the letter of the Security Council resolutions that we all agreed to uphold," he told the Council.

Mr. Lavrov defended North Korea's call for economic relief, saying Pyongyang has taken

meaningful steps toward implementing its promise to give up its nuclear weapons and urged the U.N. Security Council to send a "positive signal" in return.

In addition, the Russian for-

state-managed internet.

"Wang Yi's temperament, so poised. Meanwhile, the U.S. president looks like he just escaped from an asylum," read one of the most popular comments on the Twitter-like Weibo microblogging site.

Few internet users took the allegations seriously, and several responded with sarcasm.

China's foreign-ministry spokesman, Geng Shuang, largely repeated Mr. Wang's reaction, saying Thursday that China has a policy of noninterference in other countries' internal affairs.

Vice President Mike Pence is expected to deliver a speech next week giving details of China's alleged influencing activities, according to a senior administration official.

While he didn't elaborate at the U.N., Mr. Trump has said in tweets that he sees China's retaliatory tariffs as an attempt to sway the midterms by inflicting economic pain on his supporters. Many of China's tariffs have been targeted at agricultural products that are produced in heavily pro-Trump states.

The allegations of election interference arrive amid a series of recent U.S. moves that have irked China, including the imposition of sanctions on the Chinese military, approval of arms sales to Taiwan, and military maneuvers in areas China considers part of its territory.

In response, the People's Liberation Army has cut off some exchanges with the U.S. military. At the Chinese defense ministry's monthly news briefing Thursday, spokesman Ren Guoqiang said China wouldn't accept interference or coercion.

In the past, the U.S. and China have tried to keep military, trade and other issues separate to avoid having conflict in one area undermine the larger relationship. The U.S. appears to be applying pressure across the board, said Zhu Feng, an international relations expert at Nanjing University.

"The attacks from Trump are in a large sense a wake-up call," Mr. Zhu said. "China can't continue to think about problems with the U.S. in the traditional way."

a reciprocal concession. South Korean Foreign Minister Kang Kyung-wha didn't specify what steps the U.S. might take.

South Korea under President Moon Jae-in has been discussing economic cooperation with North Korea as an incentive for denuclearization.

Foreign Minister Ri Yong Ho, who led North Korea's delegation to the U.N. this week, didn't attend the Security Council meeting. He met separately with both the U.S. and Russia ahead of the event.

The U.S. and its allies say sanctions must remain in place until North Korea has fully implemented its promise to denuclearize. It is unclear what incentives may work as an alternative.

—Michael R. Gordon at the United Nations and Courtney McBride in Washington contributed to this article.

Pyongyang Sanctions Spur Clash

Continued from Page One
lapses and leaks in sanctions enforcement world-wide.

Secretary of State Mike Pompeo, who chaired the meeting, announced plans to travel to Pyongyang in October to set up another summit meeting between President Trump and North Korean leader Kim Jong Un. But while laboring to push the diplomacy forward, the U.S. has said international sanctions must remain in place to ensure North Korea's continued cooperation.

However, Mr. Lavrov pro-

posed exemptions that would allow joint economic projects in North Korea—such as investments in rail and road infrastructure—to commence.

Mr. Lavrov said such projects would send a positive signal to North Korea as a reward for taking steps to implement a promise to give up its nuclear weapons. He said it was unacceptable to use sanctions as a form of "collective punishment."

"Negotiations are a two-way street," he said, adding that Russia would work on a draft proposal to ease sanctions pressure.

A year ago, the Security Council voted to toughen sanctions, a result of months of intense U.S. diplomatic pressure to isolate North Korea for its nuclear tests.

Mr. Pompeo continued to maintain that it was critical for

all nations to strictly enforce sanctions to maintain pressure on North Korea.

He used his opening address to swipe at Russia and China, both permanent Security Council members who earlier backed sanctions, over the sale of petroleum products in excess of North Korea's maximum 500,000-barrel allowance and other forms of economic relief.

"The members of this Council must set the example on that effort, and we must all hold each other accountable," Mr. Pompeo said.

He called for an end to ship-to-ship transfers of petroleum products, a practice linked to Chinese and Russian entities. He also said member states should stop hosting North Korean laborers, a reference to the thousands of workers who have been granted permission

to work in Russia.

"This violates the spirit and the letter of the Security Council resolutions that we all agreed to uphold," he told the Council.

Mr. Lavrov defended North Korea's call for economic relief, saying Pyongyang has taken

meaningful steps toward implementing its promise to give up its nuclear weapons and urged the U.N. Security Council to send a "positive signal" in return.

In addition, the Russian for-

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WORLD WATCH

MEXICO

August Trade Deficit Was Little Changed

Mexico registered a \$2.59 billion trade deficit in August, little changed from the year-earlier gap as exports and imports expanded.

Exports grew 10.1% from August 2017 to \$39.54 billion, while imports increased 9.4% to \$42.13 billion from a year earlier, the National Statistics Institute said.

Higher crude oil prices favored petroleum exports, which increased 47.2% to \$2.72 billion, including \$2.33 billion for crude oil as state oil company Petróleos Mexicanos shipped an average of 1.18 million barrels a day at an average price of \$63.71 a barrel.

—Anthony Harrup

NETHERLANDS

Suspected Attack Plot Is Foiled, Officials Say

Seven men were arrested Thursday in the Netherlands on suspicion of plotting a large-scale attack that Dutch prosecutors said they think was foiled following a months-long probe.

The national prosecutor's office said police arrested the men in the towns of Arnhem, about 60 miles south of Amsterdam, and Weert, close to the borders of Germany and Belgium.

The investigation was launched by intelligence suggesting the alleged ring leader, a 34-year-old man of Iraqi heritage, wanted to carry out an attack at the site of a large event and cause multiple casualties, according to the statement.

—Associated Press

CANADA

Central Banker Sees Gradual Rate Rise

Canada's economy is doing well and interest rates are expected to move gradually higher, Bank of Canada Governor Stephen Poloz said, despite uncertainty over the future of the North American Free Trade Agreement.

Mr. Poloz said the Bank of Canada continues to judge that higher interest rates will be warranted to achieve its inflation target, which is set at 2%.

—Kim Mackrael

WORLD NEWS

China Detentions Draw Muslim Ire

When Bacha Khan, a Pakistani trader, returned from a trip abroad to his home in China's northwest this spring, his Chinese wife and three of his children had disappeared and their house had been demolished.

Police told him his family

*By Jeremy Page and
Eva Dou in Beijing
and Saeed Shah
in Islamabad*

had been taken into custody, he said, adding to the up to one million people, most of them Muslim ethnic Uighurs, that the United Nations estimates have been detained by China in camps in its Xinjiang region.

Mr. Khan and dozens of other Pakistanis whose Uighur wives are in the camps have lobbied Pakistani authorities for help for months. Last week, they got a boost when a minister in Pakistan's new government spoke out for the first time about China's policies in Xinjiang.

It was a rare indication of official concern about the issue within the Islamic world, and added to a growing backlash among Muslims worldwide that presents a thornier challenge for Beijing than Western government censure.

Muslim groups in India and Bangladesh held protests over the Chinese camps for the first time this month after former inmates began to talk publicly about their treatment, including being bound to chairs for hours and forced to renounce Islamic beliefs.

In Kazakhstan, many people were also outraged, and local lawyers and activists say hundreds of people have lobbied their government for help, following the detention of several Kazakh citizens and many more ethnic Kazakh Chinese nationals in the camps.

Hizb ut-Tahrir, an Islamist group that claims a million members in 40 countries, called on Muslims this month to be wary of Chinese investment and to oppose Chinese rule in Xinjiang.



Members of a Bangladesh Islamist group demonstrated in Dhaka on Sept. 7 to protest China's treatment of Uighur Muslims.

On Saturday, the group accused Pakistan's government of betraying the Uighurs for the sake of China's infrastructure program in the country.

China began the mass detentions about two years ago as part of a drive to snuff out an occasionally violent Uighur separatist movement that Beijing says has links to foreign jihadists. Some Uighurs have joined Islamic State in Iraq and Syria.

However, rights groups and Uighur activists abroad say unrest in Xinjiang is driven mainly by heavy-handed policing, tight restrictions on religious activities and one of the world's most intensive electronic surveillance systems.

The U.S. has strongly criticized the detention camps and some European countries are reviewing immigration and

asylum policies.

The backlash in the Islamic world is more troubling for China as it could rally international support for the Uighurs and foment opposition to its "Belt and Road" infrastructure building initiative.

Concerns about the restrictions on Muslims in Xinjiang were raised by Pakistan's religious affairs minister, Noorul Haq Qadri, in a meeting with China's ambassador to Islamabad on Sept. 19, according to a person familiar with the matter.

After Pakistani media reported Mr. Qadri's message, the Chinese Embassy issued a statement to assert that the reports were incorrect, and that the two men had reached consensus on promoting religious harmony. Xinjiang, it said, enjoys harmonious coexistence among ethnic groups.

Chinese officials say the camps are vocational training centers for minor criminals and deny that a million people have been detained.

Governments in the Islamic world have been reluctant to criticize China, fearing they could lose out on "Belt and Road" funding, diplomats and foreign-policy experts said.

Pakistan has been the top recipient of Chinese infrastructure loans; its last government made no public statement about China's policies in Xinjiang, which borders Pakistan, India and several other countries.

The new government in Islamabad, under Prime Minister Imran Khan, is pressing China to revise the goals of its \$62 billion program in Pakistan and working with Beijing

to shrink Pakistan's trade deficit, goals that could be complicated by complaints about one of China's most sensitive national security issues.

Shahid Ilyas Hussain, a Pakistani man whose wife has been detained, and others involved in lobbying Pakistan's government said there were more than 300 Pakistani men whose Chinese wives had been detained in the camps.

A Pakistan Embassy official in Beijing said several Pakistani citizens had filed applications for assistance for their detained wives. He declined to provide further details.

A Chinese foreign-ministry spokesman didn't respond directly to a question at a news briefing Tuesday about Pakistani nationals whose Chinese wives have been detained.



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Delay Sought in Rikers Juvenile Move

By CORINNE RAMEY

Six members of the New York City Council asked the state Thursday to delay a coming deadline for the city to move 16- and 17-year-olds out of the Rikers Island jail complex.

The request, made by six council members in a letter to Gov. Andrew Cuomo and Mayor Bill de Blasio, comes in response to a state law requiring that young people be treated differently from adults in New York's criminal-justice system. Under the law, the roughly 100 young people must be moved out of Rikers by Monday.

In principle, the move is overwhelmingly supported by city officials and juvenile-justice advocates. But in practice, the logistics of housing these

young people in a juvenile-detention center have created an uproar: Hundreds of correction officers, rather than counselors, will be supervising the teenagers, prompting concern from elected officials, advocates and even the officers themselves.

"Correction officers get trained a certain way," said City Councilman Andy King, a Bronx Democrat who chairs the council's juvenile-justice committee, in an interview.

In the letter, Mr. King and other council members said they feared the spirit of the legislation wasn't being upheld and they didn't want a "Mini-Rikers" to be created at the detention center.

City officials have said the correction officers, who have been trained to work with

young people, are a stopgap measure until they can hire more counselors. "We're moving full steam for getting kids off of Rikers and we have no intention of delaying this important reform even a day," a City Hall spokeswoman said.

Absent a change in the law, an extension of the deadline isn't an option, a spokesman for Mr. Cuomo said.

The move off Rikers comes as a result of a state law signed last year that overhauls how 16- and 17-year-olds are treated in the state's courts and jails. The law, dubbed "Raise the Age," moves many cases previously heard in criminal court into family court. It also says young people can't be housed in adult prisons and jails.

Before New York changed

its law, which is being phased in, it was one of just two states in the U.S. that treated 16-year-olds as adults in its justice system. The other state, North Carolina, passed similar legislation last year.

Council members want to postpone the transfer until more counselors are hired.

Under the New York law, 16- and 17-year-olds at Rikers will be moved to Horizon Juvenile Center, a juvenile-detention facility in the Bronx.

For months, the city's Ad-

ministration for Children's Services has been working to hire juvenile counselors, technically called Youth Development Specialists. The agency has advertised heavily for the position, which has a starting annual salary of \$45,000. But because it hasn't hired and trained enough staff, correction officers will supervise the teenagers.

About 90 Administration for Children's Services staff will be working at Horizon during the day. Roughly 300 correction officers will be assigned to the facility, with the highest number at one time being about 120, officials said.

Among the concerns: That the atmosphere at Rikers, where violence among teenagers and between young people and officers has been a problem, will be

reproduced in the Bronx.

"If the critical mass of staff are people steeped in the environment you're trying to get away from, you're going to start with huge handicaps," said JoAnne Page, president of the Fortune Society, a criminal-justice nonprofit.

Even correction officers have fought the move, including by filing a lawsuit that argues forcing them to work at Horizon violates collective-bargaining laws. A hearing is set for Monday. "We're used to dealing with this population under our own rules and regulations," said Elias Husamudeen, the union's president. "Under our rules, we can [pepper] spray 16- and 17-year-olds. Under our rules, you can use force around 16- and 17-year-olds. At Horizon, we can't."

Manhattan Luxury Apartment Sales Remain Sluggish

By JOSH BARBANEL

Apartment sales in Manhattan, a bellwether luxury market, continued a long slide during the third quarter, as sales slumped for a third straight quarter, and inventory of unsold units rose.

The third quarter usually is the peak for sales in Manhattan. This year, sales were down 10.3% from the same quarter in 2017. That is the second lowest level for the third quarter since 2011.

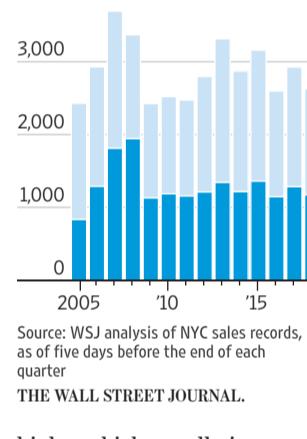
"This is a correction that is needed," said Bess Freedman, co-president of Manhattan-based brokerage Brown Harris Stevens. There are many potential buyers who actively are looking at apartments, she said, but waiting for sellers to reduce their expectations and accept lower offers.

Brokers said when prices readjust downward, they expect sales to rebound.

Brokers and analysts attributed the decline to an unsustainable rise in prices earlier, waning urgency by investors, and rising supply of both new and resale apartments. Some also cited hesitation by some potential buyers worried about the lingering impact of federal tax changes that reduced the ability of New Yorkers to deduct high state and local taxes, including property taxes.

The slide came despite a stock market at or near record

Downward Slide



THE WALL STREET JOURNAL

highs, which usually is a positive indicator for the Manhattan high-end market, because of the concentration of financial-industry jobs in the city.

The biggest decline was logged in sales of condominiums in new buildings, which fell by nearly 37% from the same quarter last year. Brokers said many investors were holding off purchases because a large supply of investor-owned apartments in new buildings had been pushing down potential rental income, especially in luxury buildings.

Sales of older cooperative apartments also were down,



A 7,700-square-foot penthouse at 160 Leroy St. in the West Village overlooks the Hudson River and sold for \$43.5 million.

by 11.4%, but the median co-op price rose to a record level.

Sales of more-expensive apartments picked up, as sellers lowered prices to make deals.

Donna Olshan, who tracks contracts signed on apartments and houses listed for \$4 million or more, said the number of contracts signed in the third quarter rebounded by 13% from unusually low levels in the third quarter last year.

Overall, the median price of a Manhattan apartment, \$1.10 million, was down 4.3% from the third quarter of 2017, while the median co-op price rose by 3.3%, to \$855,000. The analysis

is based on sales reported to the city as of Sept. 25.

Another sign of the slowdown was a rising inventory of apartments on the market, up 24.1% from the same time last year, according real-estate data site UrbanDigs.com. The absorption rate—the time it would take for a listing to sell at the current pace of sales in September—was 6.2 months, 33% above the rate a year earlier, according to Brown Harris Stevens.

"The third quarter demonstrated beyond any doubt that we have moved into a buyer's market," said Frederick W. Peters, the founder and chief ex-

ecutive of Warburg Realty. He said some buyers were making offers 20% to 25% below asking prices, moves not seen since 2009, in the wake of the financial crisis. He said few sellers were accepting such offers, but they "signal a major shift in our marketplace."

Pam Liebman, president and CEO of the Corcoran Group, said buyers have an opportunity to pick up apartments at a discount in a "tough market."

Some buyers of Manhattan apartments say they are already taking advantage of the market correction.

The top sale of the quarter

listed in property records was the \$74 million sale of three townhouses on East 75th Street, that are being combined. But the sale might not count in the record books, because it wasn't at arm's length. The sale transferred the title of the properties between Roman Abramovich, a Russian billionaire with ties to the Kremlin, and his ex-wife, Dasha Zhukova. He paid \$88.4 million for the townhouses over several years.

The next top sale was the \$43.5 million deal for a new 7,700-square-foot penthouse overlooking the Hudson River at 160 Leroy St. in the West Village.

NYCHA Needs \$500 Million to Repair Community Centers

By KATIE HONAN
By MELANIE GRAYCE WEST

The New York City Housing Authority says it needs \$500 million for vital repairs to day care, community and senior centers at its residential developments, the latest in a long list of needs for the country's largest public-housing authority.

NYCHA developments, which are home to 400,000 residents across the city, also house more than 250 community centers, day cares and senior homes that are operated by outside organizations, most of them nonprofits.

In all, NYCHA officials say they need about \$31.8 billion to fix the system's decades-old housing, much of which has fallen into disrepair.

This summer, New York City agreed to a consent de-



Residents at the Washington Lexington Senior Center in 2010.

At the meeting, NYCHA's interim chair, Stanley Brezenoff, questioned the \$500 million needed to make mostly interior repairs to these centers.

"Our federal dollars, quite frankly, have been focused on the residential units," Mr. Scanlon said.

Mr. Brezenoff suggested NYCHA come up with alternative funding for the centers, possibly from the organizations that run them.

"This is clearly a gap we cannot close with our resources, with all of the compelling competing demands on the residential side," he said.

Meanwhile, during a New York City Council hearing addressing a suite of proposals designed to reduce lead exposure in children, the New York City Department of

Health and Mental Hygiene reported that out of some 4,200 children who have tested for elevated blood lead levels, only about 100 live in NYCHA housing. The majority of children reside in private residences.

Some 20% of all New York City children under the age of three—roughly 20,000 children according to the Department of Health—haven't been tested for lead.

In most children with elevated blood lead levels, said acting Health Commissioner Oxiris Barbot, lead paint exposure is the cause.

NYCHA's general manager, Vito Mustaciolo, said that the agency has five machines used to detect lead in buildings, and largely contracts with outside companies to perform testing for lead paint.

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Airport Employees Get Wage Increase

Thousands of workers at New York-area airports have been approved for a wage boost that will pay them \$19 an hour by 2023.

The Port Authority of New York and New Jersey voted Thursday on a measure authorizing the increases.

Privately employed airport staffers who work in concessions, baggage handling, transportation and other jobs make between \$10 and \$11 per hour. The Port Authority says that has led to a more than 30% turnover rate at the airports, affecting efficiency and security.

The first increases for workers at LaGuardia, John F. Kennedy and Newark Liberty International airports will take effect November 1.

Some business owners said the higher wage rates could force them to lay off workers.

—Associated Press

COURTS

Ex-Fund Manager Sentenced to 8 Years

A former hedge-fund manager was sentenced Thursday in White Plains, N.Y., to eight years in prison after cheating 45 investors of more than \$22 million.

U.S. District Judge Cathy Seibel also ordered 46-year-old Michael Scronic to pay \$22 million to his victims. Mr. Scronic pleaded guilty in March, admitting he defrauded the investors during a seven-year period. Prosecutors said he stole about a half-million dollars annually to fund his luxurious lifestyle.

Mr. Scronic claimed that the hedge fund, run from his Pound Ridge, N.Y., home, had a positive investment return when it lost money in every quarter but one, prosecutors said. His lawyers had sought a sentence of no more than three years, blaming Mr. Scronic's crime on a compulsive gambling problem.

—Associated Press

Bronx Museum to Open Manhattan Space

By CHARLES PASSY

The Bronx Museum of the Arts is expanding into Manhattan.

The museum, a 47-year-old fixture in its home borough, is taking over a 4,500-square-foot space at 80 White St. in Manhattan's Tribeca neighborhood. The institution plans to use the location to expand its Artist in the Marketplace program, which offers residencies that provide artists with career-building tools and support.

The museum's expansion came about through a connection among Holly Block, its late executive director, and Martin Weinstein and Teresa Liszka, husband-and-wife artists and art patrons. Ms. Block had introduced the couple to the program, known as AIM.

In turn, the pair eventually set aside space for the museum program at the White Street building, which they own in partnership with Mr. Wein-



Teresa Liszka and Martin Weinstein donated a new workspace for the Bronx Museum's Artist in the Marketplace program.

stein's brother, Gerald. The building formerly housed a tool business that had been in the Weinstein family.

The initial plan calls for the museum to occupy the space at no cost for seven years, Martin Weinstein said. It's set

to open by early 2019. Formerly the director of Columbia University's Wallach Art Gallery, Ms. Cullen succeeded Ms. Block, an 11-year Bronx Museum veteran who died last year.

The museum has raised more than \$15 million to make key enhancements and upgrades at its home along the Bronx's Grand Concourse, Ms. Cullen said. A \$10 million endowment campaign also is planned, using an anonymous \$1 million contribution.

Ms. Cullen said the Manhattan move doesn't deflect from the museum's mission in its home borough. At the same time, she said, "It's an opportunity for us to bring the best of the Bronx into another space."

Mark Walhimer, a New York-based museum consultant, said the Manhattan outpost could help the Bronx institution with fundraising. Some Manhattan-based donors might be more inclined to attend an event in Tribeca than

in the Bronx, he said.

Moreover, the Manhattan location "gives the museum cachet," he added.

The Tribeca space will serve the 1,200-plus AIM alumni, who will have the opportunity to attend a "next level" career-development program at the location, the museum said. It also will showcase work by AIM artists.

To that end, Martin Weinstein and Ms. Liszka commissioned a site-specific sculpture, "Argentum," by AIM alumna Grimanésa Amorós, for the White Street building. The piece reflects the shape of Manhattan and the Bronx in keeping with the museum program's two-borough ambitions, the artist said.

Ultimately, Martin Weinstein said he envisions the Tribeca space being a place where AIM artists can convene and learn from one another.

"It's a bit like the Harvard Club for AIM," he said.

New Brooklyn Public Library Coming to Dumbo

By MENGQI SUN

A new Brooklyn Public Library branch that is slated to open by 2020 in the Dumbo neighborhood would be the 61st branch in the borough's public-library system.

The branch at 135 Plymouth St. would be the first new neighborhood library in Brooklyn since the 1980s. It would serve the residents of the Dumbo and Vinegar Hill neighborhoods, and the public Far-Ragut Houses.

The library expansion will occur as the historically industrial area becomes increasingly commercial and residential. Brooklyn Public Library Chief Executive Officer Linda Johnson said residents' lack of library services requires many to go to the Brooklyn Heights branch.

"We're happy to put a library in a relatively new but growing neighborhood," she said.

The branch, which will occupy 6,500 square feet leased in a mixed commercial and residential building, will be designed by New York-based architecture firm WORKac. It will include traditional book lending services as well as modern technology such as laptops and desktops.

The branch is part of a larger wave of construction and renovation of existing Brooklyn library branches in recent years. More than one third of the system's branches have recently been replaced or renovated or are slated to be updated soon. For example, libraries in Brooklyn Heights, Greenpoint and Sunset Park are scheduled to be rebuilt, and a new satellite facility is being planned for the cultural district around the Brooklyn Academy of Music.

The city in recent years has been more generous in meeting the Brooklyn Public Li-

brary's capital needs, which has allowed the system to make long-term investments more strategically, said Ms. Johnson.

The Brooklyn Public Library has also taken its own initiative to make improvements. It

recently sold the former site of its Brooklyn Heights branch to a developer and is using the \$52-million proceeds to rebuild that branch and to contribute to funding the development of the new one in Dumbo.

The Brooklyn Public Library

is joint organizer, with both the New York and the Queens Public Library systems, of a new "Culture Pass" initiative offering library cardholders free admission to 33 museums and other institutions across the city.



The branch would be the first new neighborhood library in Brooklyn since the 1980s.



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LIFE & ARTS

'Free Solo': Gripping Drama, Surpassing Spectacle

BY JOE MORGENSEN

FEEL FREE to find your own meaning in "Free Solo." Maybe you'll see it as a movie about defying death (while courting it), or transcending fear (without banishing it), or solving problems (through excruciating attention to detail), or simply as an expression of the unquenchable human spirit. It's all of those things and more. Specifically, though, this documentary feature is a heart-stopping account of an ostensibly impossible endeavor—climbing the sheer wall of El Capitan, the 3,200-foot granite monolith in Yosemite National Park, for the first time ever with no safety gear and no more equipment than two hands and two feet, plus a little bag of chalk to keep fingers from slipping. The climber, Alex Honnold, acknowledges the law of gravity, but doesn't let it get him down. He's Spider-Man without the webs, the star of his own version of "Vertigo." Give him enough rope and he'll leave it behind.

As a celebrated climber of big walls, rocks and mountains, Mr. Honnold, age 33, has been much in the news before; it's not giving away the climax to say that his 2017 free solo ascent of El Capitan was a singular success. Still, a full telling of his story required the resources marshaled here by National Geographic Documentary Films and the

directors, Elizabeth Chai Vasarhelyi and Jimmy Chin—a dramatist's instincts, a novelist's empathy and an instinct for visual grandeur that deserves the biggest screen in the best theater you can find. (In other words, see the film now, don't wait for its subsequent run on TV.)

Mr. Chin, a veteran climber himself and one of the film's three directors of photography, supervised the elaborate shoot. The team's footage, far from eye candy, amounts to eye music. The first shot prompts awe mingled with disbelief—a tiny figure in a bright red shirt, seen from above, clinging

to the face of an immense cliff. Then it's uphill all the way in a piece of portraiture that's as stirring as it is thrilling. Great documentaries, of which this is one, need great subjects, and Mr. Honnold fills the bill; he's thoughtful, funny, articulate, self-reflective and fatalistic to a scary degree.

"I feel like anybody could conceivably die on any given day," he tells a TV interviewer. Well, yes, but anybody climbing cliffs without ropes steepens the odds for early expiration. Mr. Honnold knows this, and weighs the risks against the ecstasy of the experience, which he compares to that of a warrior going into battle; putting on his tight climbing shoes, he says, is like a samurai pulling out his favorite sword.

By the same token, he is fanatical about risk reduction. Apart



Alex Honnold, above and left, scaled the 3,200-foot El Capitan without any safety gear

from the climactic climb, the most fascinating part of the film is rehearsing for the climb, a process that may actually contain useful lessons for us mortals who trip over our shoelaces. Time after time, month upon month, he scales El Capitan—with ropes—to chart a potentially ropeless path. He studies the rock almost microscopically for footholds, toeholds, handholds, finger- or thumbholds; figures out how an arm will reach up or across at a given point while a leg finds a secure perch. The angels are in the details that fill the pages of his climbing journal, which might look,

to a casual observer, like the dense jottings of a patient in a psychiatric hospital. No poetic observations about nature's glory, only inch-by-inch directions for the journey to be taken.

"Free Solo" would be an exceptional piece of filmmaking if it confined itself to the physical poetry of Mr. Honnold's achievements. But it gets at his inner life too, and goes a long way toward answering the unspoken question of what makes—or allows—him to do what he does.

As a lonely kid growing up in a loveless family, he was an antisocial climber at an early age, then found a place and a purpose in the

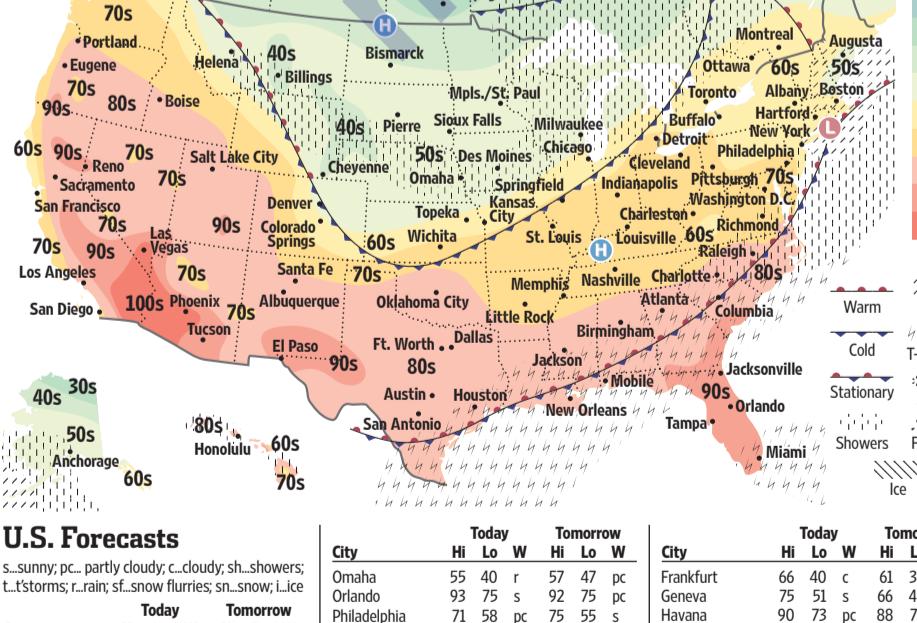
climbing community. He's in a complex relationship with a lovely girlfriend, Sanni McCandless. She worries, as you might guess, about his longevity. He worries about whether her presence in his life obligates him "to maximize his lifespan." (Has a lover ever uttered sweater words?)

Several girlfriends in the past thought he had a personality disorder. The film takes on that issue, too, by way of a sequence in which Mr. Honnold undergoes—quite cheerfully, in the spirit of scientific inquiry—an MRI to see if there's anything wrong with his brain. No weirdness emerges, but something is detectably different. His amygdala, a structure that normally lights up under stress,

proves downright snoozeful. Either he was born that way or has stressed the specific circuits so much that they've given up the ghost, leaving him with a unique gift for equanimity in the presence of extreme peril.

Watching Mr. Honnold's triumphant climb constitutes another sort of amygdala test; mine passed with flying synapses. The suspense is almost unendurable, even though you know that he's not going to fall to his death. Yet the elation is equally intense. This is what a person can do by setting mind, body and spirit to an epic task. "I'm sort of at risk of crying," the climber declares after the climb. It's one more risk he manages successfully.

Weather



U.S. Forecasts

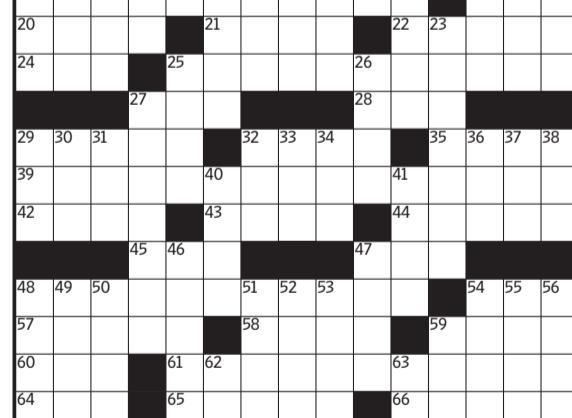
s=sunny; pc=partly cloudy; c=cloudy; sh=showers; t=tstorms; r=rain; sf=snow flurries; sn=snow; i=ice

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Omaha	55	40	r	57	47	pc		
Orlando	93	75	s	92	75	c		
Philadelphia	71	58	pc	75	55	s		
Phoenix	104	79	s	102	80	s		
Pittsburgh	70	52	pc	67	47	c		
Portland, Maine	57	47	r	67	45	s		
Portland, Ore.	86	56	s	75	56	pc		
Pierre	83	55	pc	75	57	pc		
St. Louis	77	50	s	73	59	pc		
Salt Lake City	86	64	pc	89	66	s		
San Francisco	67	56	pc	70	57	c		
Santa Fe	83	48	s	82	52	s		
Seattle	77	54	pc	74	57	pc		
Sioux Falls	58	36	c	54	42	pc		
Tampa	80	52	s	85	55	pc		
Tucson	70	46	pc	63	49	pc		
Utah	86	78	s	87	77	sh		
Washington, D.C.	76	60	c	77	61	s		

International

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Amsterdam	60	43	c	61	43	pc		
Athens	70	65	s	73	65	r		
Baghdad	106	73	s	103	71	s		
Bangkok	95	78	pc	91	78	t		
Beijing	76	49	s	72	51	c		
Berlin	60	40	c	58	42	pc		
Buenos Aires	73	64	c	76	58	t		
Copenhagen	106	84	s	103	85	s		
Dubai	65	59	r	69	55	pc		
Dublin	55	39	c	59	47	pc		
Zurich	55	44	pc	54	45	c		

The WSJ Daily Crossword | Edited by Mike Shenk



REVERSE ENGINEERING | By Matt Gaffney

The answer to this week's contest crossword is a five-letter palindrome.

Across

- 1 Bent out of shape
- 2 Packed like anchovies, maybe
- 11 NBC sitcom featuring the Tanner family
- 14 Call to mind
- 15 Sportscaster Rich
- 16 Stephen of "V for Vendetta"
- 17 Result of a casual restaurant's staff dealing with many rude diners?
- 19 With 47-Down, Disney's CEO
- 20 Colony members
- 21 Self-
- 22 Goes (for)
- 24 Be worth it
- 25 The enthusiasm of a soft mineral?
- 27 Bad start?
- 28 Wood used for archery bows
- 29 Sever, as one currency's relationship with another
- 30 Moralistic tale of an Italian island?
- 31 Like some aspirations
- 32 Try not to cross paths with
- 33 Nurse
- 34 Letters on brown trucks
- 35 "I beg your pardon?"
- 36 "Ballers" channel
- 37 Ring great
- 38 Turner of TV channels
- 39 Votes against
- 40 Junction
- 41 Fall tool
- 42 Fully protected
- 43 Tree-shaded area
- 44 Confine
- 45 Top of a pot
- 46 Brainstem part
- 47 See 19-Across
- 48 ...this time (maybe later)
- 49 The Indian, e.g.
- 50 Enthusiasm
- 51 La ... (famed opera house)
- 52 Conductor Georg
- 53 Investor type
- 54 Clinton White House counsel Abner
- 55 Page of "Juno"
- 56 They're hidden between hills
- 57 William of ...
- 58 Sno-...
- 59 Chrysler of the 1980s
- 60 Part of a Mediterranean city's name
- 61 Black bird seen by a Russian river?
- 62 Small battery
- 63 Nick of "48 Hrs."
- 64 Poe poem subject
- 65 "Yup" antonym
- 66 "Ballers" channel
- 67 Demolition stuff
- 68 Send a courtesy copy to, e.g.
- 69 Like Caitlyn Jenner
- 70 Summarize
- 71 Mother of Eric Trump
- 72 Like some aspirations
- 73 Barely gets (by)
- 74 Narc's org.
- 75 La ... (famed opera house)
<li

LIFE & ARTS

THEATER REVIEW | By Terry Teachout

Digging Up Family Secrets

Madison, N.J.

'HOME,' Robert Frost wrote, "is the place where, when you have to go there, / They have to take you in." But what if they don't remember who you are? That's what happens, more or less, in "Buried Child," the 1978 black comedy that won Sam Shepard a Pulitzer Prize and put him on the map of American theater. Shepard's reputation has been in a semi-eclipse of late, no doubt owing in part to the long wasting illness (he suffered from Lou Gehrig's disease) that killed him last year. So it is a pleasure to see Shakespeare Theatre of New Jersey's splendid revival of "Buried Child" and thereby be reminded that at his best, he really was as good as everybody remembers.

At a moment when so many younger playwrights seem determined to beat their audiences over the head with whatever they want them to think, it is a further pleasure to spend an evening watching a play that is at one and the same time effective and elusive, so much so that it's genuinely hard to describe. Imagine "You Can't Take It With You" rewritten by Edward Albee or Samuel Beckett, though, and you'll start to get a sense of what happens, or appears to happen, in "Buried Child," in the course of which Vince (Paul Cooper) and Shelly, his girlfriend (Andrea Morales), pay a visit his grandparents' Illinois farm for the first time in six years. No sooner do they knock on the front door than they discover to their surprise and horror what we've already learned, which is that the poisonously crotchety members of Vince's extended family all seem to have gone mad, albeit comically so—at first.



Andrea Morales, above; Anthony Marble and Paul Cooper, left; Roger Clark and Sherman Howard, below left

JERRY DALIA (3)

What has happened to them? Shepard wisely chooses not to tip his hand, leaving it up to the audience to settle on the point of "Buried Child." All we know for sure is that there's a dead baby buried out back in the cornfield, and that its presence is in some way responsible for the variously demented states of Vince's grandparents (Sherman Howard and Carol Halstead), father (Anthony Marble) and uncle (Roger Clark). To be sure, it isn't hard to figure out that Shepard's larger

purpose is to suggest the latter-day bankruptcy of the old-fashioned American dream. Beyond that, though, you're expected to fill in the blanks, presumably with your own memories of family life and its discontents.

Even more shrewdly, Shepard plays his macabre situation for laughs, which screws up its horror to a shrieking pitch.

"Buried Child" doesn't exactly act itself, but it works best when done plainly and

straightforwardly, and Paul Mullins's staging, in which every member of the cast seems as real as a character in a nightmare, is devoid of any trace of trickery. Likewise Michael Schweikardt's set, which looks just like what it is, the living room of a musty-smelling old family home that has gradually sunk into unexaggerated but nonetheless palpable disrepair (or is it despair?).

I saw a weekend matinée of "Buried Child" in the company of an older audience whose members were clearly puzzled by the play—but also enthralled. As I left the theater, I heard one man tell his companion,

"Well, it sure isn't 'Mary Poppins.'" It sure isn't—and praise be for that. Watching this production, however, also reminded me that Shepard never managed to get any traction on Broadway in his lifetime. ("Buried Child" finally got there in 1996, but closed after just 72 performances.) Perhaps the Roundabout Theatre Company's upcoming revival of his "True West," which stars Paul Dano and Ethan Hawke and opens in January, will have better luck. If it's as good as Shakespeare Theatre's "Buried Child," it'll deserve to do well.

Buried Child
Shakespeare Theatre of New Jersey, F.M. Kirby Shakespeare Theatre, 36 Madison Ave., Madison, N.J. (\$49-\$69), 973-408-5600, closes Oct. 7

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

TELEVISION REVIEW | By John Anderson

CROSSED SIGNALS



Candice Bergen as Murphy Brown and Faith Ford as Corky Sherwood

NO ONE ABOARD the freshly resuscitated "Murphy Brown" is trying to pretend that 20 years haven't gone by since the series went off the air or that the show is going to soft-pedal its politics any more than it did when Dan Quayle was its *bête noire*: The premiere episode of the new season opens with a rollout of Donald Trump clips, to the accompaniment of the Rolling Stones' "Sympathy for the Devil." As they would have said in the early '90s: Subtle...not!

Younger readers might be asking, "Who's Dan Quayle?" Just as many will be asking "Who's Murphy Brown?" Fun fact: Mick Jagger is older than either Donald Trump or Candice Bergen, who returns to the title role in a series that now makes as much fun of its characters' ages as it does the president of the United States. Lifestyle reporter Corky Sherwood (Faith Ford) is having hot flashes. Investigative reporter Frank Fontana (Joe Regalbuto) is unhappily teaching journalism. Their old producer, Miles Silverberg (Grant Shaud), had to be institutionalized after a stint on "The View." And onetime anchorman Jim Dial (Charles Kimbrough), emulating his hero Walter Cronkite, is off sailing around the world.

Murphy herself is retired and living in Washington. She attends protest marches (in a Roman centurion's helmet with a pink plume), misses the old days, and still frequents Phil's, the bar where so many old "MB" hours were spent. The "Phil" now running the place is Phyllis (Tyne Daly), sister of the previous proprietor (played by Pat Corley, who died in 2006). Also missing is Robert Pastorelli (1954-2004), whose Eldin Bernecke, Murphy's intractable house painter, was among the show's more memorable contributions to TV comedy, even though he was only in the cast through 1994.

Murphy's seemingly permanent houseguest now is her 28-year-old journalist son, Avery (Jake McDorman), who has just moved back to Washington to host a debate over whether to interview a former White House adviser named Ed Shannon—who spews bigotry, wears three shirts and is played by David Costabile ("Billions"). Murphy ultimately has it both ways regarding Shannon-rhymes-with-Bannon, but it's not clear yet whether the revived "Murphy Brown" is going to be so lucky, striving as it does to be both mainstream comedy and liberal agitprop.

Murphy Brown, season 11
Thursdays, 9:30 p.m., CBS

Truth & Beauty: Charles White and His Circle

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NFL

PANTHERS SIGN ERIC REID

BY ANDREW BEATON

THE CAROLINA Panthers signed free agent Eric Reid, the former safety for the San Francisco 49ers who filed a grievance against the league for colluding against him because of his role as a face of the player protests during the national anthem.

Reid, 26, had played his entire five-year career with the 49ers until he became a free agent this off-season. He went unsigned, which he has alleged was because of his outspoken political views. Reid was one of the leading players who took a knee during the anthem to call attention to issues such as police brutality and racial inequality.

Reid, a former first-round pick who made the 2013 Pro Bowl, filed a grievance against the league in the spring, following in the footsteps of his former teammate Colin Kaepernick, who had previously done the same. The NFL Players Association also filed a grievance on behalf of Reid, saying at least one owner asked Reid about his intentions to protest during the national anthem, which the NFLPA said violates league policy. An NFLPA spokesman said the cases will proceed at this time.

"Our union is proud to [stand by] one of its strongest player leaders and we congratulate Eric for making it back to doing the job he loves," NFLPA president Eric Winston said.

On the team website, the Panthers did not address these issues. The team's general manager, Marty Hurney, said Reid has "played at a high level throughout his career" and that Reid was at the "top" of their list after they placed safety Da'Norris Searcy on injured reserve. "He is a physical safety with good ball skills and play-making ability," Hurney said.

The move comes during a season when the NFL does not have a policy for the player demonstrations after briefly implementing one during the off-season.



Eric Reid, left, with Colin Kaepernick before a game in 2016.



Dustin Johnson hits a shot on the driving range during a practice session. The U.S. team is loaded with players who are prolific at driving the ball a long way.

LAURENT GIPLIAN/ASSOCIATED PRESS

RYDER CUP

Key to the Cup: Hit Fairways

The U.S. will need to adapt to a course that requires less length and greater accuracy off the tee

BY BRIAN COSTA

Saint-Quentin-en-Yvelines, France

DUSTIN JOHNSON can drive a golf ball longer than just about anyone who plays the sport for a living. But during his first practice round at Le Golf National, he discovered just how little that advantage will matter in this Ryder Cup.

On the par-4 fourth hole, he waded through ankle-high rough just left of a fairway so tight it resembles a bowling lane. He was looking for his tee shot, but the ball was nowhere in sight. He finally found it outside the ropes, just inside a cart path.

"I didn't think I hit it that bad," he said, shaking his head as he approached the ball.

Technically, Johnson wasn't wrong, but the course has a way of making slight misses look severe. It is what makes this Ryder Cup less a test of Americans' strength as it is of their adaptability.

On talent alone, the U.S. has never been stronger. The 12 players on the team have combined for 31 major titles. They enter the week with an average world ranking of 11.2, the best of any U.S. or European team since the world rankings began in 1986, according to Golf Channel research.

In the Ryder Cup, the U.S. has never looked more unified and

better organized. It has created more of a long-term system to build more continuity in its leadership and approach.

But there is a general stylistic difference between the Americans and Europeans, and it is clear which of the two this course favors.

The U.S. is loaded with players who are prolific at driving the ball a long way and are not particularly adept at keeping it straight. With its tight fairways, heavy rough and unimposing length, Le Golf National rewards those players' strengths less and penalizes their concessions more than most courses they see in the U.S.

"There is a big premium on hitting the fairways," said U.S. captain Jim Furyk. "At times, it's somewhat limiting off the tee. You can only hit it so far. You're going to see a lot of players regardless of how long they hit the ball playing from the same yardages into the greens."

That is not merely a happenstance working in Europe's favor. Part of what makes the Ryder Cup unique is that the captain of the home team has the power to determine the setup of the course: the width of the fairways, the length of the rough, the speed of the greens and so on.

Imagine an NBA Finals in which the home team could lengthen or

widen the court to better leverage its superior speed. That's essentially what the U.S. did to win the 2016 Ryder Cup at Hazeltine. The course played long and wide, with limited rough and forgiving pin positions. It was a bombers' paradise.

After his team's loss, Justin Rose of England called the setup "incredibly weak," likening it to a pro-am. (As pro-ams are set up to accommodate amateurs, in the golf world this qualified as serious smack talk.) Even Rory McIlroy, a player in Johnson's mold who benefits more from that type of setup, criticized it Wednesday.

"I feel like at Hazeltine, the punishment wasn't high enough if you hit it off-line, and I guess that sometimes plays into some of the Americans' hands," McIlroy said. "I think for the bulk of the European team, they would welcome a setup more of this style."

The grumbling tends to go both ways. It was Furyk, as a player on the U.S. team at Gleneagles in 2014, who complained about the rough, calling it "overly thick and overly long."

The differences in courses are among the reasons that the U.S. hasn't won a Ryder Cup in Europe since 1993. Not only can Europe bend the setups in its favor. It also tends to choose host courses that also host regular European Tour

events, giving their players an edge in familiarity.

The last two French Opens played here were both won by members of the European team—Alex Noren in 2018 and Tommy Fleetwood in 2017. All of their players have played a tournament round at the course before this week, whereas most of the Americans haven't.

Europe captain Thomas Bjorn said the fairway lines haven't changed "that much" from the French Open in July, though he didn't deny that they were slightly tighter. No matter the setup, the design of the course itself would force the Americans to answer this question: How well do their games travel?

"The best players in the world are going to find the best way possible to get the ball in the hole," Furyk said. "Here, they're going to be asked to do something different. You have to think the best players in the world will find a way to adapt."

In practice rounds, they were already starting to do so. On the first hole Tuesday, Johnson teed off with an iron. On the fourth, before searching for his errant drive, he teed up a second ball. Before hitting it, he put away his driver and replaced it with a 3-wood, one of many small concessions to a course that demands them.

HOCKEY | By Jason Gay

THE FUZZY TERROR OF SPORTS MASCOTS



He looks like Satan's armpit. He looks like peak-Trail Blazers-era Bill Walton, struck by 100 bolts of radioactive lightning.

In all honesty, he looks like a corporate marketing meeting gone amok.

His name is Gritty. He's the new mascot of the Philadelphia Flyers. I don't know whether to hug him or call an exorcist. I cannot understand why all of Eastern Pennsylvania hasn't been evacuated.

Sports mascots are perhaps the most perplexing tradition in sports. They're supposed to be cute, but the vast majority of them are not. They're hyperactive, big-headed and creepily silent. I'd advise against spending too much time looking at them, because they will truly weird you out.

Just look at any photo of Gritty: his lidless, spinning eyes; his inert tongue; his unshaven beard which avalanches over his collarbone, like a Portland bartender's. He's stuffed inside the iconic Flyers uniform, with a helmet that's 10 sizes too small.

I don't want to make the young fellow self-conscious, and I don't support mascot-shaming, but: yikes.

Even the mascots we've had for eons are pretty odd. Here in New York, we have Mr. Met, a gentleman who is four-fifths human until, at the top, he has a giant baseball for a head. Mr. Met's expression

never changes—he's wide-eyed and mildly slack jawed, as if he can't believe what he's seeing. In other words, he's a Mets fan.

(A few years ago, Mr. Met got in trouble when he gave somebody the middle finger. That's when he really became a Mets fan.)

Still, on the nightmare scale, I'd give Mr. Met a 3 out of 10. He's rather harmless, like his mediocre baseball club. He's nowhere near as frightening as WuShock, the mascot of the Wichita State Shockers—a humanized, grumpy-faced shock of wheat wearing a college sweatshirt.

And WuShock is an adorable kitten compared with King Cake Baby, the plastic Mardi Gras mascot of the New Orleans Pelicans NBA franchise. I love cake, and finding the baby in King Cake is a beloved New Orleans tradition. But I genuinely fear that the Pelicans' King Cake Baby may be the last thing you see before you die.

The Olympics are infamous for botching mascots. The Atlanta summer games in 1996 had Izzy, a sprightly blue blob who seemed to have escaped from an antacid commercial. London 2012 had Wenlock and Mandeville, a pair of two-legged cyclops who resembled characters from a William Burroughs fever dream.

I guess it's helpful to realize that mascots aren't for adult fans. They're for kids. And marketing departments. Optimally, they're an



The Philadelphia Flyers introduced a hairy, frightening mascot named Gritty.

entry point for children to fall in love with a team—and, hopefully, get their parents to purchase a lot of merchandise. (If you could convince the Journal's business side that a mascot would get kids to buy a newspaper, you'd surely be seeing Subby, The Wall Street

ché, bully for a father, eats snow from the Zamboni machine, recently expelled from his sanctum by stadium construction. I'm not making any of this up—this is directly from the Flyers' own materials.

"He claims that he's been around for a lot longer than we know it, and recent construction at the Wells Fargo Center disturbed his secret hideout, forcing him to show his face publicly for the first time," the team says.

Sheesh, Flyers. Are you trying to keep us up at night?

Gritty's introduction was...well, gritty. First was the predictable internet roast, followed by the torment of the late-night comics. ("That thing is horrifying," said Stephen Colbert. "He looks like Ed Sheeran exploded.") There were suggestions that Justin Turner of the Los Angeles Dodgers should sue him for red-haired copyright infringement. Gritty had a rough go in his first preseason game, falling backward on the ice and shooting an innocent in the back with a T-shirt cannon.

I assume the Flyers marketing people are doing high-fives about all of this. Maybe they've got another Phillie Phanatic on their hands. Virality is the currency of the modern publicity trade, and Gritty was an immediate sensation. I am a hockey ignoramus—I cannot name a single Flyer. But I sure know Gritty. I guess that's the point. See you in my nightmares, buddy.

OPINION

The Kavanaugh Stakes



POTOMAC WATCH
By Kimberley A. Strassel

Christine Ford remains unable to marshal any evidence for her claim of a sexual assault. Brett Kavanaugh continues to deny the charge adamantly and categorically, and with persuasive emotion.

Something enormous nonetheless has shifted over the past weeks of political ambushes, ugly threats and gongo gang-rape claims. In a Monday interview, Alaska Sen. Lisa Murkowski noted: "We are now in a place where it's not about whether or not Judge Kavanaugh is qualified." Truer words were never spoken. Republicans are now voting on something very different and monumental—and they need to be clear on the stakes.

To vote against Judge Kavanaugh is to reject his certain, clear and unequivocal denial that this event ever happened. The logical implication of a "no" vote is that a man with a flawless record of public service lied not only to the public but to his wife, his children and his community. Any Republican who votes against Judge Kavanaugh is implying that he committed perjury in front of the Senate, and should resign or be impeached from his current judi-

cial position, if not charged criminally. As Sen. Lindsey Graham said: "If you vote 'no,' you are legitimizing the most despicable thing I have seen in my time in politics."

The stakes go beyond Judge Kavanaugh. A "no" vote now equals public approval of every underhanded tactic deployed by the left in recent weeks. It's a green light to send coat hangers and rape threats to Sen. Susan Collins and her staff. It is a sanction to the mob that drove Sen. Ted Cruz and his wife out of a restaurant. It is an endorsement of Sen. Diane Feinstein, who kept the charge secret for weeks until she could use it to ambush the nominee with last-minute, unverified claims. It's approval of the release of confidential committee material (hello, Spartacus), the overthrow of regular Senate order, and Twitter rule. It's authorization for a now thoroughly unprofessional press corps to continue crafting stories that rest on anonymous accusers and that twist innuendo into gang rapes. A vote against Brett Kavanaugh is a vote for Michael Avenatti. No senator can hide from this reality. There is no muddy middle.

The stakes go even further, to the core of this country's principles. To vote against Judge Kavanaugh now is to overthrow due process. Contrary to Democrats' claims, due process is not constrained to courts of law; it is central to employee discipline, profes-

sional standards of conduct, even evictions of tenants. It is owed to any individual in a civilized body politic. Under due process, the accuser has the burden of proof. Ms. Ford has not met the evidentiary standard even of a civil proceeding, the preponderance of evidence—yet this case is more significant than any that has been dealt with in a court of law for ages. How the Senate votes now will reverberate to

all levels of society. A "no" vote on Judge Kavanaugh is an authorization to renew calls for a Justice Clarence Thomas to step down. It is an authorization to derail the life of any white-collar manager or blue-collar crew boss who is ever subject to a single uncorroborated allegation.

And this is to say nothing of the federal judiciary. Democrats know that if Judge Kavanaugh goes down, Republicans will have no time to install a replacement before the midterm elections. The ultimate goal is to take over the Senate come November and keep the high court at a 4-4 deadlock until 2020, when they hope to regain the presidency, and then sway the balance of the court for a generation.

Republican senators didn't ask for this monumental choice—fair enough. Those demanding Ms. Ford be heard simply wanted a fair process. That has happened; she has been given every courtesy and then some. Judiciary Chairman Chuck Grassley has worked with steadfast professionalism to investigate the claims of every other so-called accuser—despite crazy accusations, runarounds, delays, threats and obstruction. His committee majority has done its job.

It's Democrats who have pushed the nation to the brink. This is no longer about one unvetted accusation, or who looks more "credible," or discrete political calculations. Republicans need to understand that their voters know this goes beyond the question of one man and a Supreme Court seat. It goes to basic principles.

Write to kim@wsj.com.

The Sunshine of the Vanities

HOUSES OF WORSHIP "Vanity of vanities, all is vanity. What profit has man in all his toil that he toils under the sun?" These words of disenchantment open the book of Ecclesiastes, which Jews read this Saturday during the weeklong holiday of Sukkot.

Everything has an appointed season, but what makes this biblical book fitting to study on this holiday? Sukkot is known as the "time of our happiness," a festival where God commands Jews to "have nothing but joy." Yet Ecclesiastes seems to brim with dour messages.

In search of meaning, the author, traditionally understood to be King Solomon, investigates "all the deeds that were done under the sun," and finds, "behold, everything is vanity and frustration." The world, he observes, is fundamentally unjust: "The race does not belong to the swift, nor the war to the mighty; neither do the wise have bread, nor do the understanding have riches, nor the knowledgeable, favor; for time and fate will overtake them all."

His effort to "appraise wisdom" produces only ennui, "because the wise man, just like the fool, is not remembered forever; for, as the succeeding days roll by, both are forgotten. Alas, the wise man dies, just like the fool!" Further, "as wisdom grows, vexa-

tion grows; To increase learning is to increase heartache." "And so I loathed life," the ruler reckons, "For I was distressed by all that goes on under the sun, because everything is vanity and pursuit of wind."

Yet Ecclesiastes is far from nihilistic, and a deeper understanding of what Solomon means by "vanity" is the key to making sense of Sukkot. "Vanity" is the common translation of the Hebrew word *hevel*, which literally means "vapor" or "breath." Hence, "fleeting" is a more suitable translation.

Solomon emphasizes that life is short but not meaningless. Consider Ecclesiastes 9:9, an exhortation to man, with *hevel* translated in this way: "Enjoy life with the wife whom you love all the fleeting days of life that have been granted to you under the sun—all your fleeting days, for that is your portion in life and in your toil that you toil under the sun." A disposition to enjoy life transforms its ephemerality from a source of anxiety to a focus on the healthy pleasures of humanity. Life becomes an end in itself.

The Talmud resolves Ecclesiastes' contradictory verses on joy by noting that whereas Solomon praises joy that ensues from performing a mitzvah (divine commandment), he derides joy that is not born out of a mitzvah. We can understand this to mean that true joy is joy with pur-

pose—joy in the intentional pursuit of a larger goal.

Life's transience should enhance, not weaken, our satisfaction. By embracing our transience, we heighten our consciousness; we savor every quotidian pleasure as if it were our last. We are propelled to act, for it is unwise to push off what can be done today. We cannot control time, or the great vicissitudes that befall us, yet we can discipline our hearts, our reactions to the world around us.

Ecclesiastes seems so dour. Why do Jews study it on the joyful holiday of Sukkot?

At the same time, acknowledging the transience and whimsy of the physical world means that we must not become too attached to the material. During Sukkot, Jews sit in a Sukkah—a temporary dwelling that in order to be kosher cannot be too tall or sturdy, and whose roof must be made of raw, unfinished vegetable matter with apertures. We confront the realization that our physical surroundings can vanish in a second.

The ancient Stoic philosophers advocated a similar practice, whereby they would overcome the fear of death by practicing little deaths daily. Epictetus suggested

that when tucking children into bed, parents should imagine what it would be like to wake up without them. That sounds awfully grim—but as Seneca explained: "Do you bury friendship along with a friend? And why lament having lost him, if it be of no avail to have possessed him? Believe me, a great part of those we have loved, though chance has removed their persons, still abides with us. The past is ours, and there is nothing more secure for us than that which has been."

It is in that spirit that Jews world-wide gather to eat in outdoor booths commemorating the 40 biblical years Israelites wandered through the desert while living in provisional dwellings. Sitting literally under the sun, we focus on enjoying what is inside the Sukkah—our friends, family and traditions; that which transcends transience. Known also as the "harvest festival," on Sukkot we relish the products of our hand's toil.

And here is where Sukkot particularly resonates today. We may become verklemped from the tumult of current events—from the latest Trump tweet to the Kavanaugh fight to trade wars. In the Sukkah, we can take heart that these too are all heel.

Ms. Katz is a former Robert L. Bartley Fellow at the Journal.

Colleges Favor Academics Over Activism

By Elisha Maldonado

Sociology of Race and Ethnicity is an academic journal that focuses on identity politics, so it's an unusual place to look for hope in higher education. But earlier this month it published a study suggesting that admissions offices value academics over activism.

Florida Gulf Coast University sociology Ted Thornhill wanted to study what types of black students pique the interest of admissions officers. So he sent fake email inquiries to 517 universities where the student body is predominantly white, using eight "black sounding" names, like Lakisha Lewis and Jamal Jackson. Mr. Thornhill used four different email templates in which the decoy prospective students discussed their interests and high-school records.

Mr. Thornhill described two of the template emails as "deracialized and racially apo-

litical." In one, the decoy prospective student expressed an interest in English and math and discussed volunteer work as a tutor and participation in the marching band. In another, the student expressed a passion for science and extracurricular activities focused on environmentalism.

A new study reveals good priorities rather than political bias.

Mr. Thornhill wrote his final two templates to suggest "an interest in race-based activities." The first of these describes involvement in a church gospel choir and interest in African-American history—meant to show awareness of race but "no direct interest in racial politics."

The last template details the student's "strong passion for issues of racial justice,"

which include planning a workshop on "white privilege, affirmative action, colorblind racism, racial microaggressions, and institutional racism." It concludes: "I might be able to develop a similar workshop for the students at the college I end up attending."

Admissions officers were much more likely to respond to the students who were more serious about academics than activism. The first set of emails got a response 65% of the time, compared with 55% for the second set. The response rate for the fourth template was 48%, lower than for any of the other three.

As a self-described racism scholar, Mr. Thornhill was dismayed by his own finding. He claims the data affirms that "white gatekeepers are increasingly inclined to screen blacks to 'weed out' those they perceive as too concerned with race and racism."

But another conclusion is

that admissions officers are more receptive to students who view college as a place to learn, rather than a chance to "educate" their peers and professors coercively. The study may also suggest that universities are wary of students they expect will protest and make demands. One cautionary tale is the University of Missouri, which saw a significant decrease in enrollment and public support after its widely publicized 2015 protests.

The study is a promising indication that universities are maintaining their original mission of providing an education. Ultimately, that has a bigger social impact than activism. Education, after all, is the original form of empowerment.

Ms. Maldonado is a member of the New York Post's editorial board and a senior fellow at the Independent Women's Forum.

BOOKSHELF | By Daniel Ford

Keep Calm and Keep Shoveling

The Escape Artists

By Neal Bascomb

(Houghton Mifflin Harcourt, 310 pages, \$28)

Prison breaks have an eternal fascination, especially if they involve Allied servicemen escaping from a German camp. Now, to rival Steve McQueen landing in barbed wire as he tries to flee the Nazis in "The Great Escape," Neal Bascomb brings us the true story of a more successful breakout, this one from World War I.

The similarities between "The Escape Artists" and Paul Brickhill's 1950 nonfiction book, upon which the McQueen movie was based, are striking. The heroes are British or Commonwealth officers. Most had broken out of prison before, so the Germans had concentrated them in a new camp where escape seemed to be impossible. Both groups escaped through a tunnel, and in both cases it turned out to be too short. Both involved dozens of men, some of whom made the "home run" to freedom. And both got a movie, though "The First Great Escape" (2014), a British documentary, is little known compared with the fictionalized Hollywood epic of 1963.

Holzminden is an industrial town on the Weser River, halfway between Hamburg and Frankfurt. In 1913, in the countryside east of the town, the German army built a camp consisting of two barracks inside a high stone wall. Four years later, it became a prison under the control of Capt. Karl Niemeyer, whom Mr. Bascomb describes as "a tall, beetle-browed German officer smoking a cigar" who spoke a comical brand of American-accented English and was possessed of a savage temper.

"There was not enough food to eat and not enough fuel to heat the stoves," Mr. Bascomb says of the prisoners and their dire conditions, though of course the same was true of almost everyone in Germany toward the end of the war. Indeed, the officers in the camp, thanks to food parcels from home and from the Red Cross, were probably better fed than their guards. Another hardship, we're told, was that the "British enlisted ranks who were to serve as orderlies were just arriving." Ah, that a gentleman should be deprived of a manservant! In the end, Holzminden was home to more than 500 officers and 100 "other ranks" to polish their boots, tidy their rooms and do other chores around the camp.

The story is slow to unfold: Mr. Bascomb, the author of several other works of popular history, introduces us to Holzminden on page 95 and to the tunnel on page 135—but with the tunnel the pace and interest pick up. Twelve officers did the digging, while others forged identity papers and tailored civilian suits and German uniforms for the post-escape part of the plan. (The orderlies helped as well, since the tunnel began in the enlisted quarters.) The claustrophobia was awful for the diggers working 9 feet below ground, in an oval 18 inches wide and 14 inches high. (The dirt from the excavation was hidden in a chamber beneath some stairs.) The air was bad and the labor exhausting, often with a rat for company and always the chance of being buried alive. Progress of about a foot was about all that could be managed in a night.

The claustrophobia was awful for the diggers, the labor exhausting. But 29 prisoners escaped the German camp before the tunnel collapsed.

The work seems to have begun in October 1917. By February 1918 the diggers (now numbering 13) were beyond the stone wall. By May they had covered 120 feet, obliging a digger to crawl 20 minutes to reach the face and even longer to crab back to the cellar, his air supplied by a friend pumping a bellows in the chamber beneath the stairs. In June the diggers believed that they had reached a field of rye where they could emerge unseen. But when they sent a probe to the surface, they were still 20 feet short. It was July 21 before the final gap was made good.

The 13 diggers were first in line for the breakout on the night of July 23-24, 1918. They were followed by dozens of other officers ("the ruck"), with each man's priority determined by the contribution he had made—but also by rank, it seems, since the camp's senior officer was first among them. This was Lt. Col. Charles Rathborne, shot down during a bombing raid on Freiburg. "Broad-shouldered, thickset, and of medium height," as Mr. Bascomb describes him, "Rathborne had soft features and a welcome smile." He also had his own plan for reaching the Netherlands.

Twenty-nine officers got out before the tunnel collapsed near the exit, forcing the rest to squirm backward the entire distance, in air increasingly drained of oxygen. Half-unconscious, the last men back were dragged by their heels.

The Dutch border lay about 120 miles to the west, but those who made the run probably covered double that distance, through forest and fields and bogs, swimming a river and a canal and avoiding towns except for the clever "madman" supposedly being returned to an asylum by his two uniformed guards. Averaging 10 miles a day, nine men completed the westward run and were welcomed as heroes by the Dutch. Nineteen were captured and returned to Holzminden.

Then there was Lt. Col. Rathborne, who headed south instead of west. Fluent in German, he walked to the university town of Göttingen and caught a train to Fulda, thence to Frankfurt, Cologne (where he got a shave and a haircut), and Aachen, before crossing the frontier into the Netherlands on foot. Before returning to England, Mr. Bascomb tells us, he sent a taunting telegram to Capt. Niemeyer.

Holzminden has since doubled in size, expanding north and east to surround the former prison. The original barracks are still there, with another between them, housing an armored battalion of German Army engineers. Roughly 180 feet to the east, there's a McDonald's restaurant not far from where the tunnel came out.

Mr. Ford is the author of "Cowboy: The Interpreter Who Became a Soldier, a Warlord, and One More Casualty of Our War in Vietnam," published in May.

This Weekend in FALL BOOKS

Ronald Reagan's American journey • Harvard vs. Yale, 1968

• The fight for Franz Kafka's legacy • Bill Monroe: Bluegrass Man • France's long and glorious history • The journals of Alexander von Humboldt • Sam Sacks on fiction • & more

OPINION

REVIEW & OUTLOOK

Confirm Brett Kavanaugh

Thursday's Senate hearing on Brett Kavanaugh's Supreme Court nomination was an embarrassment that should have never happened. Judge Kavanaugh was right to call the confirmation process a "disgrace" in his passionate self-defense, and whatever one thinks of Christine Blasey Ford's assault accusation, she offered no corroboration or new supporting evidence.

Ms. Ford certainly was a sympathetic witness—by her own admission "terrified" at the start and appearing to be emotionally fragile. Her description of the assault and its impact on her was wrenching. She clearly believes what she says happened to her. Her allegation should have been vetted privately, in confidence, as she said she would have preferred. Instead ranking Democrat Dianne Feinstein held it for six weeks and it was leaked—perhaps to cause precisely such a hearing circus.

Yet there is still no confirming evidence beyond her own testimony, and some of what she says has been contradicted. The female friend Ms. Ford says was at the home the night of the assault says she wasn't there. The number of people she says were there has varied from four to five and perhaps more, but every potential witness she has cited by name says he or she doesn't recall the party.

She still can't recall the home where the assault took place, how she got there or how she got home that evening. She has no witnesses who say she told them about the alleged assault at the time—until she first spoke of it at a couples therapy session 30 years later in 2012. Mr. Kavanaugh's name doesn't appear in the notes of her therapist.

As for Judge Kavanaugh, his self-defense was as powerful and emotional as the moment demanded. If he was angry at times, imagine how you would feel if you were so accused and were innocent as he says he is. To deny the allegations as he did—invoking his children and parents and so many others who know him—and be lying would mean that he is a sociopath. If he were found to be lying, he would be impeached and probably prosecuted. Nothing in his long record in public life betrays the kind of behavior he is accused of against women.

Had he not been as forceful, his opponents would have said he looked guilty. Because he called the Democrats out for their character assassination, the critics now say he lacks the right temperament. The truth is that there is

The Judge rightly called out the politics of 'search and destroy'

no answer, and no demeanor, that Brett Kavanaugh could offer that the left would credit. Their goal isn't the truth. They want to destroy Judge Kavanaugh.

Republican Senators turned over their questioning of Ms. Ford to a trained prosecutor from Arizona, who attempted to clarify facts and fill holes in her testimony.

Democrats showed zero interest in getting any facts from Ms. Ford. They spent their question time saying they believed Ms. Ford while badgering Republican Chairman Chuck Grassley to call other witnesses.

Yet those potential witnesses have all given sworn statements to Senate staff under penalty of felony that say they don't recall the party or the alleged assault. Hauling them before the Senate wouldn't illuminate the truth any more than Thursday's hearing did.

Incredibly, Democrats spent their time with Judge Kavanaugh asking about drinking games and lines in his high school yearbook. Once Senator Lindsey Graham made that look foolish (see below), Democrats focused on their only other argument, which is that the FBI should investigate. But they well know the FBI would merely repeat the interviews they and the Senate Judiciary staff have already done.

* * *

The real Democratic goal is to push a confirmation vote past Election Day. They can then spare their incumbents running for re-election from taking a difficult vote. If they win the election, they will then try to block any confirmation until they take over the Senate in January. No nominee to the right of Merrick Garland would then be confirmed in the final two years of the Trump Presidency. The Supreme Court would be divided 4-4 until 2021 at least.

Senate Republicans should understand that these are the real political stakes. This nomination isn't only about the fate of a single man whose reputation can be discarded like some tabloid celebrity. This is about the future of the Supreme Court and who will control the Senate. If Republicans reject Mr. Kavanaugh based on what we know now, millions of voters will rightly be furious.

But as important, a rejection will bring disonor to the Senate. It will validate the ambush and smear politics that Democrats are using. And it will turn Supreme Court nominations over to the justice of the social-media mob and the politics of accusation. It's time for Senators to stand up and confirm Brett Kavanaugh.

Lindsey Graham Says Stop

The U.S. Senate is sometimes called "the Club." No Member in our time more personifies the Club than South Carolina's Lindsey Graham. On Thursday at the Kavanaugh hearing, he dropped out.

When his turn arrived to question Brett Kavanaugh, Senator Graham instead stared across the long table at the Judiciary Committee's Democrats and, well, unloaded. He called their tactics against Judge Kavanaugh "the most unethical sham since I've been in politics." A moment's pause and then this: "Boy, do you want power, and I hope you never get it."

What caused Lindsey Graham to pop?

A phrase rolling through the Kavanaugh confirmation story the past few weeks is character assassination. It is an ugly thing, and most of the time American politics stops short of defeating an opponent solely by tearing him apart personally and then using the damage to his reputation as a pretext to defeat him.

By the midday recess of Thursday's hearing, that manifestly was the Democrats' strategy. The hearing made clear that Christine Blasey Ford's accusation was not going to be corroborated.

Motor City Madness

A lack of large hotels cost Detroit the opportunity to host the NCAA basketball championship this year. It has also hurt the Motor City's odds of hosting a National Football League draft or National Basketball Association all-star game. Regardless, Detroit's City Council voted this month to block a 500-room hotel expansion near Detroit's sports arenas.

The Crowne Plaza Detroit Downtown Riverfront Hotel had asked to build a new 28-story tower to expand its existing property. Unlike other downtown development projects, the hotel's Mexican and European investors requested no tax breaks or incentives. But the City Council voted 6-2 to deny the hotel permits, though it effectively kills a no-strings-attached \$164 million investment.

Officially, the City Council is claiming that low wages and poor customer service at Crowne Plaza's existing hotel are the primary reasons for rejecting the expansion. But the more obvious explanation is that councillors are acting at the behest of their union allies.

For years UniteHere! has been trying to organize the Crowne Plaza. Labor rep Janeé Ayers led a 2015 effort, which failed when the hotel's employees voted 80-15 against joining up. Ms. Ayers has since ascended to a seat on the City Council, and she's used it to continue to pressure the Crowne Plaza.

John Sabbagh, the hotel's general manager, told us that "even though they say this is not

The City Council blocks an investment to please a union.

about labor, we spend 70% of our time speaking with City Council talking about labor."

True to form, Ms. Ayers insisted her disapproval was "not about unionizing." But she said she could not support building a second hotel tower "until we get things done right in the first tower, 100% correct."

Councilwoman Raquel Castañeda-López also referred to her own labor affiliations as she discussed the proposed expansion. She was disappointed that the hotel hadn't held more discussions with the union or agreed to sign a neutrality agreement, which would allow for a union-organizing vote without a secret ballot. President Pro Tempore Mary Sheffield, who has pushed for labor-friendly requirements for other Detroit development projects, provided another of the nay votes.

Frustrated, the Crowne Plaza is now taking its investment money elsewhere. Mr. Sabbagh, the general manager, said investors will likely expand its existing properties in Texas or California instead. As a result, Detroit will miss out on the 1,785 temporary construction jobs and 250 permanent local jobs.

Detroit has been undergoing a renaissance, but that's due mainly to Governor Rick Snyder's decision to appoint an emergency manager in 2013 to get the city's finances in order. Mayor Mike Duggan, who was elected in 2013, is trying to bring new investment but stayed timidly neutral on this project. Meanwhile, the City Council that helped to ruin Detroit is back playing its same old political games.

OPINION

LETTERS TO THE EDITOR

Brett Kavanaugh, Presumption and Fairness

Regarding your editorial "The Politics of Destruction" (Sept. 25): An accused is entitled to due process when the state contemplates taking away the accused's rights. The opportunity to become a Supreme Court justice is a privilege, not a right. You do a disservice applying a rights-based notion to a privilege situation.

Even if Judge Kavanaugh survives this liberal trial by ordeal and squeaks by to serve on the Supreme Court, the "J'accuse" tactic will have worked politically, particularly if the Democrats go on to win control of Congress in the midterm elections.

DAVE PALMER
Columbia, S.C.

The same "progressives" who decried the practice of racial profiling are now engaging in gender profiling, i.e., if he is a man, then he is assumed guilty of sexual assault unless proved innocent. This practice has now entered the public arena.

ALLEN WEITZNER
Aventura, Fla.

The letters of Sept. 21 included one from the honest 81-year-old woman who told of the attempted sexual assault she so unfortunately endured when she was 11. She states: "It is as clear to me now as the night it happened." She makes the point victims of such horrible, unwanted sexual advances have vivid, specific memories.

According to what her attorney tells us, Christine Blasey Ford does not. Thanks to Fran Kassabian for elucidating that point.

MARY DUCAIN
Stuart, Fla.

Forget Brett Kavanaugh. When President Trump calls the next judge for nomination to the Supreme Court or any other court, will that person be willing to be dragged through the mud for political purposes, having his or her life turned upside down and name besmirched?

ROBERT M. SUSSMAN
Paradise Valley, Ariz.

BlackRock Makes Its Own Proxy-Voting Choices

Regarding your editorial "Cracking the Proxy Racket" (Sept. 18): BlackRock supports the SEC's efforts to facilitate a discussion on various aspects of proxy voting and shareholder engagement. The trend toward index investing has benefited millions of people around the world saving for retirement and other goals. What it has not done is increase the power of proxy advisory firms. Asset-management firms that sponsor index funds have dedicated teams focused on company engagement and proxy voting. BlackRock's investment stewardship team has more than 40 professionals responsible for developing independent views on how we should vote proxies on behalf of our clients.

Furthermore, the claim that shareholder proposals are voted on "in block" by large asset managers based purely on the recommendations of

BARBARA NOVICK
Vice Chairman
BlackRock
New York

RPM for Autism Not Supported by Science

As president of the American-Speech-Language-Hearing Association (ASHA), I feel compelled to respond to Ido Kedar's "I Was Born Unable to Speak, and a Disputed Treatment Saved Me" (op-ed, Sept. 24) in which he cites ASHA for its recent position statement on the Rapid Prompting Method (RPM).

Readers may come away with the impression that ASHA is the only organization that doesn't recommend RPM. In fact, the Irish Association of Speech & Language Therapists, Speech Pathology Australia and Speech-Language & Audiology Canada have similar positions for the same basic reason—the lack of high-quality scientific proof of RPM's efficacy. Before taking its position, ASHA first conducted a thorough, yearlong peer-reviewed process that involved a systematic literature review. As a professional organization, ASHA cannot rely on anecdotal accounts when making practice recommendations to its members, particularly when the prac-

tice of RPM bears many similarities to a widely discredited technique, Facilitated Communication, which has been proven ineffective and resulted in serious harm. ASHA has pledged to review its statement on RPM should any new rigorous studies showing efficacy be published.

ASHA's position statement encourages the use of augmentative and alternative communication devices that foster independence, absent the involvement of prompters or facilitators. Mr. Kader cites being robbed of autonomy, which is precisely the cause for concern with RPM. Proven methods that allow an individual to have a truly independent voice are being used successfully every day, all across the country, by speech-language pathologists in keeping with ASHA's vision statement: "Making effective communication, a human right, accessible and achievable for all."

ELISE DAVIS-MCFARLAND, PH.D., CCC-SLP
American Speech-Language-Hearing Association
Rockville, Md.

Progressives Eat Their Own

Christopher M. Finan's "A Shameful Season for Journalism" (op-ed, Sept. 25) is timely and reasoned, noting that the nation is deeply divided and that journalists are afraid to ask questions that seek truthful answers.

Why not point out that it is overwhelmingly the left that wants to censor and destroy those that have opposing views? They wish to have no discussion. Now, they are starting to eat their own.

GERALD S. SMYSER
Victoria, Minn.

Pepper ... And Salt

THE WALL STREET JOURNAL



"A key to serenity is a cell phone with a soothing ring tone."

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

OPINION

'Like Caesar's Wife' Doesn't Mean What You Think

By Bruce K. Chapman

Senate Democrats wrote President Trump Wednesday asking him to withdraw Brett Kavanaugh's Supreme Court nomination over unproven charges of sexual misconduct: "The standard of character and fitness for a position on the nation's highest court must be higher than this." That standard seems to be an unquestionably blameless past. If someone has said something that attaches blame to you, however unsubstantiated, you no longer meet the "higher standard."

It's reminiscent of the old saying that in a position of public trust, one must be "like Caesar's wife, above reproach." Yet no one is above reproach. Neither was Caesar's wife.

Like Kavanaugh, Pompeia was the victim of hypocrisy and double standards.

The most common source for the Caesar's wife story is Plutarch's "Lives of the Noble Greeks and Romans." It contains a different lesson from the one often attributed to it. Caesar's second wife, Pompeia, was in charge of a rite for the goddess Bona Dea, a ceremony for women only, performed in Caesar's house. Publius Clodius Pulcher, a beardless young nobleman who had designs on Pompeia, dressed as a woman and invaded the household intending to seduce or rape her. There was no evidence that Pompeia had any interest in Clodius, and after a maid discovered him, the women drove the intruder from the house. Some of Rome's nobility attempted to punish Clodius, but they failed. He was popular and his family was powerful.

Then Caesar, eager not to offend Clodius' relatives, divorced Pompeia. Thus, it was the woman who had been the victim of at least an unwanted seduction who was publicly punished simply because *her husband* insisted that Caesar's wife should be above suspicion. Caesar married again and eventually gave Clodius a government post.

The actual "Caesar's wife" lesson is not that Pompeia was safe from criticism because she conducted herself beyond reproach. Rather, although totally innocent, she was the victim of an early case of ethics hypocrisy and double standards. Caesar's wife was the first of many prominent victims of the standard falsely named for her.

The professional ethicists who now inhabit universities and think tanks love to bring up the Caesar's wife standard. They often call it "the appearance of impropriety," and a lot of mischief has been done under its fuzzy banner.

Ethics groups have to raise money to keep going, so their need to find blame is perpetual. Their allies are the major media, who feed on scandal in an endless progression, as competition and internet ubiquity lower barriers to journalistic abuse.

What special-interest groups and major media have achieved together is a challenge to the system of representative democracy the American Founders devised to fasten responsibility for major appointments in government on elected officials.

Demanding that elected officials deliberate in the spirit of the Constitution and the laws, rather than relying on the hearsay and demands of special-interest groups, is the only sure power the sovereign people exercise to keep the country free.

Mr. Chapman is founder of Discovery Institute and author of "Politicians: The Worst Kind of People to Run the Government, Except for All the Others."

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Another Recession Is Looming

By Martin Feldstein

Ten years after the Great Recession's onset, another long, deep downturn may soon roil the U.S. economy. The high level of asset prices today mirrors the earlier trend in house prices that preceded the 2008 crash; both mispricings reflect long periods of very low real interest rates caused by Federal Reserve policy. Now that interest rates are rising, equity prices will fall, dragging down household wealth, consumer spending and economic activity.

During the five-year period before the last downturn, the Fed had decreased the federal-funds rate to as low as 1%. That drove down mortgage interest rates, causing home prices to rise faster than 10% a year. When the Fed raised rates after 2004, the housing-price bubble burst within two years.

As housing prices plummeted, homeowners with highly leveraged mortgages found themselves owing substantially more than their homes were worth. They defaulted in droves, causing lenders to foreclose on their properties. Sales of the foreclosed properties forced prices even lower, leading the national house-price index to decline 30% in three years.

Banks that held mortgages and mortgage-backed bonds saw their net worths decline sharply. A total of 140 U.S. banks failed in 2009, and those that survived were terrified by how much further the market might slide. To avoid risky bets, they shied away from lending to businesses and home buyers and refused to lend to other banks whose balance sheets were also declining.

The fall in home prices from 2006-09 cut household wealth by \$6



ISTOCK/GETTY IMAGES

trillion. Coinciding with a stock-market crash, the erased wealth caused consumer spending to drop sharply, pushing the economy into recession. The collapse of bank lending deepened the decline and slowed the recovery to a sluggish pace.

And unlike in the past, the Federal Reserve has little room to encourage growth by reducing rates.

Fast forward to today. Homes aren't as overvalued as they were in 2006, so there's little chance of an exact replay of the 2008 crisis. The principal risk now is that a stock-market slowdown could shrink consumer spending enough to push the economy into recession. Share prices are high today because long-term interest rates are extremely low. Today the interest rate on 10-year Treasury

notes is less than 3%, meaning the inflation-adjusted yield on those bonds is close to zero. The hunt for higher yields drives investors toward equities—driving up share prices in the process.

But long-term rates are beginning to rise and are likely to increase substantially in the near future. Though the 3% yield on 10-year Treasurys is still low, it's still twice as high as it was two years ago. It will be pushed higher as the Fed raises the short-term rate from today's 2% to its projected 3.4% in 2020. Rising inflation will further increase the long-term interest rate as investors demand compensation for their loss of purchasing power. And as annual federal spending deficits explode over the coming decade, it will take ever-higher long-term interest rates to get bond buyers to absorb the debt. It wouldn't be surprising to see the yield on 10-year Treasurys exceed 5%, with the resulting real yield rising from zero today to more than 2%.

As short- and long-term interest rates normalize, equity prices are also likely to return to historic price-to-earnings ratios. If the P/E ratio of the S&P 500 regresses to its historical average, 40% below today's level, \$10 trillion of household wealth would be wiped out. The past relationship between household wealth and consumer spending suggests such a decline would reduce annual spending by about \$400 billion, shrinking gross domestic product by 2%. Add in the effects on business investment, and this spending crunch would push the economy into recession.

Most recessions are short and shallow, with an average of less than a year between the start of the downturn and the beginning of the recovery. That's because the Fed usually responds to recessions by cutting the federal-funds rate substantially. But if one hits in the next few years, the Fed will not have enough room to cut rates, as the fed-funds rate is expected to rise to only 3% by 2020. There also won't be much room for a major fiscal intervention. Federal deficits are expected to exceed \$1 trillion annually in the coming years, and publicly held federal debt is predicted to rise from 75% of GDP to nearly 100% by the decade's end.

This means a downturn brought on in the next few years by rising long-term interest rates would likely be deeper and longer than your average recession. Unfortunately, there's nothing at this point that the Federal Reserve or any other government actor can do to prevent that from happening.

Mr. Feldstein, chairman of the Council of Economic Advisers under President Reagan, is a professor at Harvard and a member of the Journal's board of contributors.

How an Accident Could Happen in Britain



POLITICAL ECONOMICS

By Joseph C. Sternberg

Jeremy Corbyn is manifestly unfit to be prime minister of the United Kingdom. He might get the job anyway. Ample recent electoral experience, including in Britain, teaches that accidents happen.

Here's how the Corbyn accident could, in three steps:

First, voters fall out of love with their political class.

Take as a given that a Corbyn government would be an accident. The leader of the opposition Labour Party has spent the summer deflecting allegations—that the word seems too speculative—that his clichéd lefty anti-Zionism has long since bled into a form of outright anti-Semitism. The economic program he unveiled at his party's annual convention this week is a preposterous mix of discredited 1970s-chic socialism and amorphous leftist populism.

These flaws normally would disqualify Mr. Corbyn, who polls well below Conservative Prime Minister Theresa May when voters are asked who would make a better national leader. At the party level, Labour and the Tories are tied for support. Labour is considerably more popular than its leader.

Yet weak popular support for Mr. Corbyn is not pushing more voters toward the Conservatives. Instead British voters dislike and distrust all politicians. Labour and the Conservatives alike struggle to scratch 40% support, and "Don't Know" is preferred as a prime minister over either major-party leader. This is happening not least because Britain's impending departure from the European Union has induced a psychotic break within the fractious Conservatives. Today Mrs. May and colleagues are incapable of governing the party, let alone the country.

Second, Britain's social and economic divides deepen.

Gross domestic product has grown at a healthy clip since the

2008 crisis, but that growth has not been distributed evenly. The rarefied finance and creative fields prosper, while a large portion of the industrial base continues to wither. Unemployment is historically low, yet wage growth has stagnated in inflation-adjusted terms over the past decade.

Wide regional divergences have opened up, too. London and southeast England account for around 40% of GDP, with London growing at about twice the national average rate from 2010-16. Almost everyone else has been left behind.

This is poisonous in an era when politics are driven as much by what sense of identity a party can offer its voters as by what policy ideas it can propose. The Tories have allowed the country's social and economic tectonic plates to drift ever further apart over the past eight years, without offering a plausible vision for how that drift might be arrested, let alone reversed.

The best option for a center-right party would be to build an identity around economic opportunity through broad growth—social and political peace through economic strength, as Emmanuel Ma-

cron is trying in France. Mrs. May instead hews to European-style Christian Democracy.

Her tenure has been marked by a feeble attempt at economic corporatism coupled with a bland social liberalism. Meanwhile the Brexit she has pledged to deliver exacerbates rather than resolves many of the underlying divisions that helped motivate that vote in the first place.

Jeremy Corbyn's anti-Semitism and '70s-style socialism mean he can't be prime minister. Or can he?

Third, voters roll the dice.

Mr. Corbyn's economic program is nutty. Labour this week promised to put workers on every corporate board, tax vacation homes, and create 400,000 green jobs—on top of promises to renationalize railways and the like.

But a switch has flipped in British politics since Mr. Corbyn took Labour's helm in 2015: His ideas are no longer self-refuting. Too many

voters are too young to remember the serial disasters that struck this kind of program 40 years ago. Those voters—and some older Brits—see an economy mired in dysfunction, with a governing Conservative Party divided against itself. Absent a credible Conservative alternative, Labour's plans start to look more reasonable to more voters for more reasons. Especially since Mr. Corbyn's platform claims to offer a way for Britain to become one country again—through greater collective effort and a concerted redistribution of economic spoils.

The open question is whether this form of identity-building can help Mr. Corbyn overcome in voters' minds his strident cultural leftism and its corollaries like anti-Semitism. That's always been his major turnoff among many working-class voters in Labour's traditional base. But now this needs to be phrased as a question, rather than a certainty that such voters would never support him.

Mr. Corbyn doesn't need to secure voters' wholesale embrace to win an election. "Worth a shot" will do. That makes Mr. Corbyn an accident waiting to happen.

To Boost 5G, Keep the Industry Free

By Robert M. McDowell

Europe and Asia are poised to surge past the U.S. when it comes to mobile internet innovation. At a White House summit Friday on next-generation mobile broadband, or "5G," industry luminaries and government leaders will gather to discuss how America can retain its dominance in this vital economic arena. The focus should be giving private industry the freedom to innovate, invest and experiment.

Congress, local authorities, antitrust officials and the Federal Communications Commission must resist the urge to micromanage the next-gen wireless market. In January the National Security Council proposed a nationalized 5G network. This is precisely the wrong approach. Overregulation would crush next-gen wireless in its cradle.

Europe and Asia are still smarting over the U.S. having beaten them to the 4G finish line. By 2016, 4G added almost \$100 billion annually to American economic output and created millions of wireless-related jobs. It also powered the rise of the "app economy" because tools like Uber, Airbnb, Netflix and Waze require superfast mobile speeds to work. Most apps weren't even envisioned a decade ago; now nearly three-quarters of the companies in the global app economy are American, according to the advocacy group CTIA. Other countries know they will reap massive economic returns if they knock the U.S. off its perch as the 5G economy unfolds.

The advent of 5G will allow entrepreneurs to create new technologies and products that we don't even know we need yet. Ten years ago

most consumers didn't have a smartphone; now most can't live without them. All of this happened thanks to 4G. With 5G, mobile speeds could be 100 times as fast. This could enable driverless cars to avoid accidents, transform medicine through implanted medical devices, and produce smarter cities and energy grids through the emerging Internet of Things. Countries that build their 5G networks first will be in a better position to experiment with and deploy tomorrow's technologies.

Their first-to-market advantage could displace Silicon Valley and other U.S. tech cradles.

A 2015 National Science Foundation report on 5G network development concluded that "the United States is very much behind," compared with Europe, South Korea, Japan and China. Since 2015, China has built about 350,000 cell sites, compared with fewer than 30,000 in the U.S., according to consulting firm Deloitte. That's a huge competitive disparity because 5G requires more cell sites grouped closer together than 4G.

America dominated 4G because the government largely got out of the way of risk-takers. U.S. regulators, unlike their European counterparts, didn't try to mandate technical standards or require forced sharing of their wireless networks with competitors. Regulatory humility produced one of the greatest explosions of entrepreneurial brilliance in human history, the mobile internet.

Today the FCC is helping speed 5G deployment by modernizing regulations. Last December it removed utility-style regulations placed on wireless broadband by the Obama

administration. On Sept. 26, it preempted localities from charging outrageous fees for 5G deployment. It is also gearing up to auction more spectrum in November to help connect the Internet of Things. Tax reform and the Trump administration's broader deregulatory agenda have also created a more business-friendly environment.

But more should be done. Antitrust officials should update their definitions of markets to give more clarity to 5G entrepreneurs. As T-Mobile and Sprint argue in their merger filings, 5G and free Wi-Fi will compete head-to-head with cable broadband for in-home use.

Regulators also need to recognize that as 5G emerges, old categories are becoming scrambled. Consumers don't necessarily know, or care, if their content comes from an online provider, a broadcaster, a cable channel or a "tech" company, so long as they can get it on their phone or tablet. Regulations must allow companies to invest, innovate, and merge in this new ecosystem.

China United and China Telecom may soon merge to create a massive 5G machine, and Japan promises to make the 2020 Tokyo Olympics a showcase for its 5G prowess. In this time of intense competition, American regulators can't afford to concoct industrial policy or nationalize wireless infrastructure. Market-oriented policies have been the secret of America's success in wireless. Regulators should stay out of the way.

Mr. McDowell, a former FCC commissioner (2006-13), is a partner at Cooley LLP and a senior fellow at the Hudson Institute.



WORLD NEWS

Russia Denies Poison Suspect Is Colonel

Foreign ministry says there is no proof operative had a hand in attack on spy in U.K.

By MAX COLCHESTER

Russia sought to dismiss a report identifying one of the suspects in the attempted murder of a former Russian spy and his daughter in the British town of Salisbury as a highly decorated special-service operative.

On Wednesday, two investigative online news organizations reported that one of the men who allegedly smeared poison onto the door handle of defected Russian spy Sergei Skripal was Col. Anatoliy Chepiga, a high-ranking member of the Russian military-intelligence service, also known as the GRU.

Russian Foreign Ministry spokeswoman Maria Zakharova on Thursday dismissed the report in a Facebook post, saying "there is no proof" and that the release was aimed to coincide with an address at the United Nations Security Council by British Prime Minister Theresa May. A spokeswoman for the U.K. Home Office declined to comment on the report, citing a continuing probe into the matter.

According to the investigative websites, Bellingcat and the Insider, Mr. Chepiga traveled to the U.K. under the alias of Ruslan Boshirov. This month, British prosecutors charged two Russian men—named as Alexander Petrov and Ruslan Boshirov—with four offenses related to the poisoning of the 67-year-old Mr. Skripal, who has lived in Britain since a 2010 spy ex-

change with Moscow.

Russian President Vladimir Putin previously dismissed the allegations of Russian involvement, saying the two men accused by the U.K. of the poisonings were civilians. A man identified as Mr. Boshirov went on a Russian television station to say that he was visiting Salisbury as a tourist. Bellingcat and the Insider released a passport photo they said was of Mr. Chepiga, which bore a strong resemblance to the man identified as Mr. Boshirov. The websites said Mr. Chepiga served in Chechnya and Ukraine and was honored as a "Hero of the Russian Federation" in 2014.

Mrs. May on Wednesday again berated Russia's use of chemical weapons on British soil during a speech at the United Nations Security Council. She attacked Russia's moves to "flagrantly breach interna-

tional norms—from the seizing of sovereign territory to the reckless use of chemical weapons on the streets of Britain by agents of the Russian GRU."

The U.K. has previously said it wouldn't seek extradition of the two men accused of the attack because the Russian constitution forbids it, but that a European Arrest Warrant had been obtained, which would result in their arrest if they set foot in the European Union.

Mr. Skripal, a former colonel in Russian military intelligence who was a double agent for the U.K., and his daughter were left critically ill after the attack in Salisbury. They are now under the protection of British authorities at an undisclosed location. U.K. officials believe that another woman who died in July had come into contact with the same nerve agent used in the attack.



A man identified by authorities as Ruslan Boshirov shown in March.

METROPOLITAN POLICE/ASSOCIATED PRESS

Greece's Tsipras Builds Western Alliance in Balkans

By NEKTARIA STAMOULI AND MARCUS WALKER

NEW YORK—Greece's Prime Minister Alexis Tsipras vowed to ratify a landmark pact with neighboring Macedonia regardless of domestic political risks, as part of a strategy to stabilize the Balkan region in cooperation with the U.S. and European Union.

Macedonians are expected to back the agreement with Mr. Tsipras's government to rename itself North Macedonia in a referendum on Sunday.

In return, Greece, which has long objected to its neighbor using Macedonia—a name that dates back to the ancient Greek kingdom of Alexander the Great—has promised to lift its veto on the small country joining the North Atlantic Treaty Organization and, eventually, the EU.

Greek nationalists, including a small party in Mr. Tsipras's left-led coalition, object to the pact. A vote to ratify the deal in Greece's Parliament could therefore split the government, leading to speculation.

Mr. Tsipras might postpone the emotionally charged decision until after Greek elections next year, which he isn't expected to win. He dismissed that speculation.

"I will not play games," Mr. Tsipras said in an interview with The Wall Street Journal. "The agreement will be ratified in the Greek Parliament just after the end of the procedure" in Macedonia, he said. Since Macedonia must also pass constitutional amendments, he said the vote would

come "approximately in March."

The U.S. and the EU want to bring Macedonia into the West's most important organizations as a way to help stabilize the fragile country and the surrounding Balkan region,

which has become an arena of intensifying competition for influence between the West and Russia.

Mr. Tsipras, the 44-year-old leader of a Greek leftist movement that was once staunchly opposed to American power and NATO, led an unsuccessful

revolt against the EU's austere economic policies in 2015, when Greece nearly tumbled out of the euro.

Now Mr. Tsipras, considered by the U.S. and EU to be an increasingly moderate player, says he wants Greece to support the West's efforts in the Balkans.

"If we want to protect our national interest, upgrade the role of the country, and make it part of the solution not part of the problem—as it was three years ago—this means we should create alliances. And

the best strategic ally in the region is the U.S.," he said.

"Our cooperation and our relations with the U.S. are better than ever. Maybe this is strange, but it's true," Mr. Tsipras said.

His Balkan policy has, however, led to tensions with Russia, a nation traditionally friendly with Greece. Moscow opposes Macedonian entry into NATO. Greek and U.S. officials have accused Russia of trying to undermine the naming deal, a charge Moscow denies.

Italy Lifts Target for Budget Deficit

By GIOVANNI LEGORANO

ROME—Italy's antiestablishment government has significantly widened its budget-deficit target for next year to fund its electoral promises, a move that will likely put it on a collision course with the European Union.

The government, backed by the populist 5 Star Movement and anti-immigrant League parties, targeted a budget deficit of 2.4% of gross domestic product for next year, triple what the previous government had planned.

The decision caps months of uncertainty over whether the government would maintain its opposition to EU demands that Italy rein in its debt, which Rome sees as limiting the country's growth potential. The government would prefer to increase spending to spur economic growth.

The two parties had pressed Economy Minister Giovanni Tria, who had advocated a deficit target of 1.6%, to yield to their requests.

Mr. Tria saw a 1.6% deficit as a safe limit to keep Italy's debt, Europe's second-highest as a percentage of GDP after Greece, on a descending path.

Since the government took office at the beginning of June, repeated calls by some officials to be more lax with deficit spending—or to even exceed the European limit of 3%—to pay for the costly measures pledged by both parties unnerved financial markets and European officials. This pushed the cost of servicing the country's debt higher.

Investors sold Italian assets throughout Thursday, although losses eased as the day progressed.

The benchmark FTSE MIB index was the worst performer among large European markets, shedding 0.6%. Italian bonds sold off, with yields on the country's 10-year note rising eight basis points, to 2.91%.

"We will implement historic measures," said deputy prime minister and 5 Star leader Luigi Di Maio. "We will explain to the markets that there are so many investments in this 2.4% that we can grow the economy as much as we want."

On Wednesday, Mr. Di Maio warned that his party wouldn't vote in favor of the budget goals if they didn't include their campaign pledges.

Workers Grow Scarce in Eastern Europe

Unlike in some Western economies, wages are rising fast in Hungary, Poland and the Czech Republic

By TOM FAIRLESS

BUDAPEST, Hungary—Akos Niklai says he has increased wages at his historic restaurant in downtown Budapest by around 20% in each of the past three years. He still struggles to retain staff.

The Hungarian businessman was recently forced to stop serving lunch on Sundays due to a worker shortage. Unemployment in this nation of 10 million people is at a record low of 3.6%, down from 10% five years ago.

"It is very hard to find labor in Budapest," said Mr. Niklai. "Wages are still not high enough."

A half-dozen countries across Central and Eastern Europe, hourly labor costs are shooting up by 9% or more a year, defying a trend of weak wage growth that has bedeviled many advanced economies for years.

The increases seem to answer a question economists have been puzzling over for several years: Does low unemployment still cause wages to rise?

In many Western economies, that notion has been tested by slow wage growth despite falling jobless rates. But in places such as Hungary, Poland and the Czech Republic, supply and demand appear to be pushing up wages as labor becomes scarce.

"These fundamental economic mechanisms are still working," said Nigel Pain, an economist in Paris with the Organization for Economic Cooperation and Development. "If labor markets tighten we will see some pick up in price pressures."

The wage increases are also putting pressure on Eastern European leaders—many of whom have called for stricter limits on immigration—to allow in more workers or risk lower future economic growth.

In Poland, for example, job vacancies are at a record high, and more than 40% of manufacturing firms say labor shortages are limiting production, according to a March OECD report. Poland's ruling party has opposed immigration from Muslim countries, and the European Union has sued Poland and other countries for refusing to accept refugees under an EU-wide relocation plan.

"Wage pressure is rising," said Andrzej Malinowski, the president of Employers of Poland, a business federa-



'It is very hard to find labor in Budapest,' said Akos Niklai, a Hungarian businessman seen above in his downtown restaurant.



AKOS STILLER FOR THE WALL STREET JOURNAL

tion. Around 40% of large Polish companies employ workers from neighboring Ukraine, and 30% intend to hire Ukrainians in the near future, Mr. Malinowski said.

Migration patterns have been a major factor behind the wage boom. Labor is particularly scarce in the former communist states because workers have been migrating to Western Europe, where they can earn more.

And limits on immigration from outside the EU add to the labor squeeze.

Low unemployment has also given workers more bargaining power. In the Czech Republic—where unemployment is 2.3%, the lowest in the EU—average wages grew by around 6% year-over-year in the three months through June, after adjusting for infla-

tion, close to a 15-year high.

Amazon.com Inc. announced in early August that it would sharply increase hourly wages for its workers across the region—by between 5% and 11% for staff in the Czech Republic, by up to 17% in Poland, and by as much as 20% in Slovakia, a spokeswoman said.

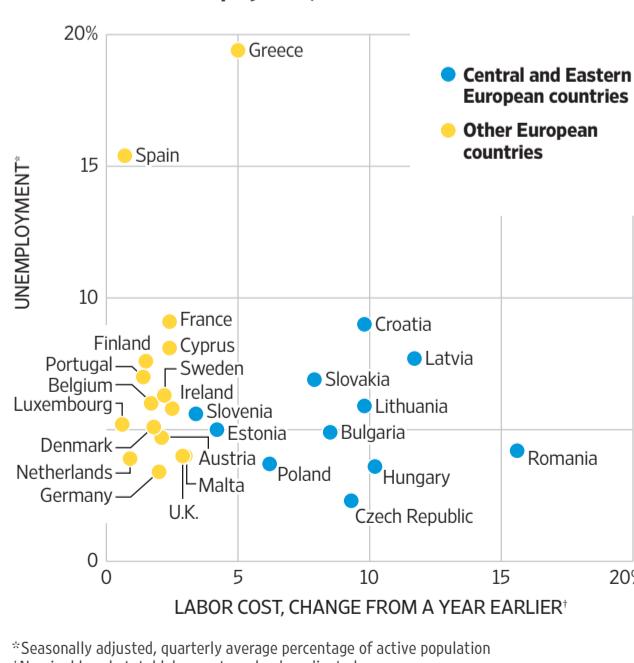
"Eastern European countries are trying to persuade workers not to leave," said Dan Bucsa, an economist with Italian bank UniCredit who focuses on the region.

At Sygic, a startup in Slovakia's capital, Bratislava, which makes a navigation app for mobile phones, chief executive Martin Strigac has been increasing wages for his 160 staff by about 10% a year on average—higher than the national inflation

Continental Divide

Unemployment is low in many countries across Europe, but paychecks are growing faster in the east than the west.

Labor costs and unemployment, Q2 2018



*Seasonally adjusted, quarterly average percentage of active population

†Nominal hourly total labor costs, calendar adjusted

Source: Eurostat

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rate of around 3%.

The firm recently moved staff into offices that offer yoga classes, massages and a terrace for parties. Still, Mr. Strigac worries he will struggle to find workers during the company's next stage of expansion.

"Slovakia has a very

closed labor market," said Peter Kolesar, chief executive of Neulogy, a consultancy and investment firm in Bratislava. "Ukraine is full of amazing IT engineers and startups and we want to work more with them, but the bureaucracy right now to bring anyone here is extreme."

"We will implement historic measures," said deputy prime minister and 5 Star leader Luigi Di Maio. "We will explain to the markets that there are so many investments in this 2.4% that we can grow the economy as much as we want."

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Brokers Score Wins On Cost of Data Feeds

By DAVE MICHAELS AND ALEXANDER OSIPOVICH

Banks and brokerages are starting to win more battles with big stock-market operators over the cost of data, threatening a lucrative revenue stream for the New York Stock Exchange and Nasdaq Inc.

The Securities and Exchange Commission has recently ratcheted up scrutiny of the stock-price feeds sold by exchanges that are used by retail investors, Wall Street banks and high-speed trading firms alike. Several recent SEC decisions represented wins for brokers and traders that have criticized rising data costs.

The five-member SEC also is expected to rule before late October on a major challenge by the brokerage industry stemming from fee increases imposed eight years ago by the NYSE and Nasdaq—a case that could have broader repercussions for the exchanges' data businesses.

Banks and brokerages complain that the NYSE, Nasdaq and other exchanges overcharge for data that is essential in today's electronic markets. Exchanges say the fees they charge are appropriate. "All these fee increases have for years been rubber-stamped by this commission's predecessors," said Douglas Cifci, chief executive of Virtu Financial Inc., an electronic trading firm. "Now you have sensible folks there...who are asking the right questions."

In May, the SEC rejected a proposed fee increase for a widely used data feed whose customers include retail brokerages such as TD Ameritrade Holding Corp. as well as search engines such as Google and Yahoo.

The SEC also last week suspended price increases—which would have become effective without the agency's intervention—proposed by three options exchanges.

Regulators could still approve the fees, but their move opened an opportunity for critics to tell the SEC why they should be rejected.

The regulator's tougher stance follows a legal reprimand it received last year from the U.S. Court of Appeals for the District of Columbia Circuit.

The appeals court criticized the SEC's approval of a fee plan filed by an options-market clearinghouse, saying the regulator "effectively abdicated" its responsibility to check the merits of the proposal. Exchanges, like the

Please turn to page B10

KKR to Sell Stake in Telecom Unit

Move is latest in string of deals in Europe's communications and broadcasting sectors

By BEN DUMMETT AND WILLIAM LOUCH

U.S. private-equity firm KKR & Co. agreed to sell a majority stake in European telecom operator United Group BV to U.K. rival BC Partners LLP, the latest move in a flurry of deals in the Continent's communications-and-broadcasting sector.

In a joint statement Thursday, the buyout firms didn't disclose financial terms or the exact size of the stake. According

to people familiar with the matter, the deal valued United Group at €2.6 billion (\$3.04 billion), including debt.

The deal underscores the pressure telecom and cable companies face to offer an array of telecom services as well as sports, entertainment and other content to help increase revenue and fend off new competition.

Among the most high-profile deals is Comcast Corp.'s \$38.8 billion win over 21st Century Fox Inc. in the bidding war to acquire Britain's Sky PLC. Vodafone Group PLC struck a \$23 billion deal earlier this year to buy some European cable operations from John Malone's Liberty Global PLC to create a

continental giant offering packages of cable, internet, wireless and fixed-line service on a single bill.

Fox and News Corp., which owns The Wall Street Journal, share common ownership.

Amsterdam-based United Group serves southeastern Europe and describes itself as the largest alternative telecom provider in the countries that comprised the former Yugoslavia. The Journal reported in June the possibility of the company's sale.

Created in 2007 from the combination of SBB, Telemach Slovenia and Telemach Bosnia, its cable-and-satellite telecommunications business offers television, fixed-line and mobile

services across Serbia, Bosnia & Herzegovina, Montenegro, and Slovenia. United Group also provides pay-TV and fixed-line telephone services over the internet to the former Yugoslav diaspora.

Its content business includes original content and pay-TV channels offering entertainment, news and sports, according to the company's website.

KKR acquired the business in 2014 for an undisclosed amount. Since then, its customer base has increased to 3.67 million from 1.89 million. United Group's network passes through 1.82 million homes. It generated €556.7 million in revenue over the past 12 months, according to the com-

pany's website.

KKR's return on the investment couldn't be learned, but the firm will retain a minority stake in United Group.

BC Partners' interest in United Group follows some successful bets in the communications sector.

In 2015, the buyout firm and its partner, Canada Pension Plan Investment Board, sold a 70% stake in Suddenlink to Altice SA in a deal which valued the U.S. cable company at \$9.1 billion.

The investment firms continued to hold a minority stake in Altice's U.S. cable arm.

BC Partners more than doubled its investment when Altice USA listed on the New York Stock Exchange two years later.

JPMorgan Set to Change Emerging-Market Indexes

By MATT WIRZ

JPMorgan Chase & Co. is considering changes to its emerging-markets bond-index franchise that would blend different types of debt in the rapidly growing \$5 trillion market, potentially cushioning investors against further sell-offs, people familiar with the overhaul said.

The indexes under development would combine government and corporate bonds as well as dollar- and euro-denominated, or "hard-currency," debt and bonds issued in local currencies.

JPMorgan has a virtual monopoly on indexing in emerging-market bonds, and the change would affect holdings for most mutual funds and many institutional investors that buy the debt, the people said.

The move, which some fund managers call long overdue, would make it easier for investors to buy a diverse portfolio of bonds that more accurately reflects the rapid growth of new types of emerging-markets debt.

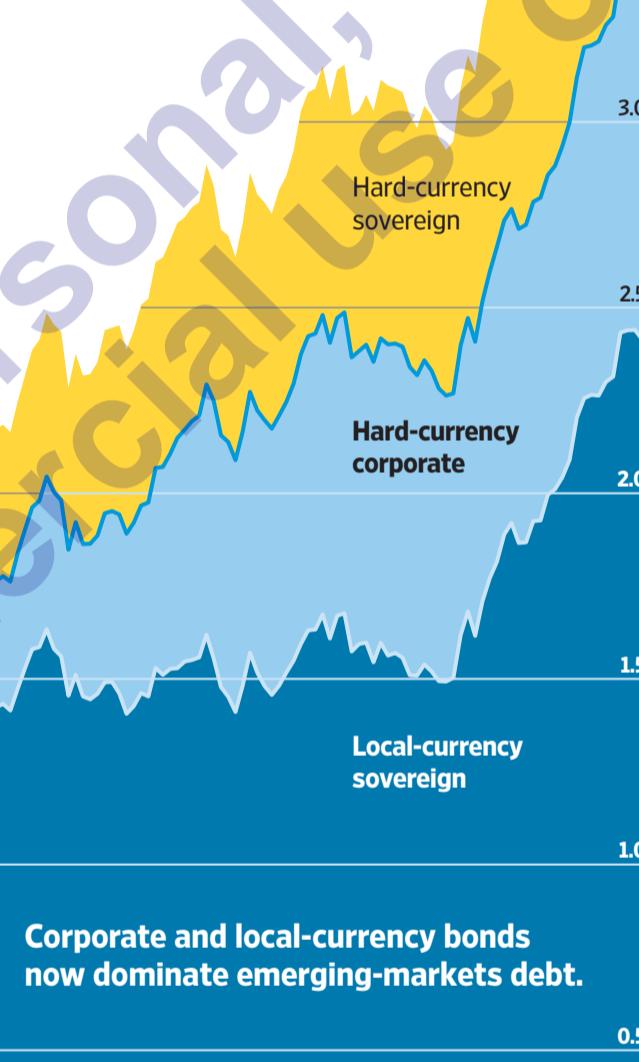
It would be a departure from the bank's current prac-

tice of separately indexing the different types of debt, which often deliver wildly different performances. The firm will keep its existing indexes.

"As an investor, your opportunity set should be the full investible universe, and the index should reflect that," said Phillip Nelson, head of asset allocation at NEPC, which advises pension funds, endowments and foundations on \$1 trillion of investments. For about five years, NEPC has been recommending its clients take a blended approach to emerging markets, and "if JP Morgan is going down that road, we'd be fully supportive," he said.

Please turn to page B11

Value of tradable emerging-markets bonds outstanding, in trillions



Note: 2018 through June 30
Sources: State Street Global Advisors; JPMorgan

FBI Probe Examines Ad Firms' Practices

By SUZANNE VRANICA AND NICOLE HONG

Federal prosecutors in Manhattan have opened an investigation into media-buying practices in the advertising industry and have begun issuing subpoenas as part of the probe, according to people familiar with the matter.

The investigation is looking at, among other things, non-transparent ad-buying practices, including agencies receiving rebates from media outlets, the people said.

One advertising company under scrutiny in the investigation is Havas SA, the ad company owned by media conglomerate Vivendi SA, the people said.

A spokeswoman for Havas declined to comment.

Over the past several months, the Federal Bureau of Investigation has been interviewing people in the ad business about ad-buying practices and about a 2016 investigation of the industry commissioned by the Association of National Advertisers, according to people familiar with the matter.

The ANA represents sizable advertisers such as Verizon Communications Inc., General Motors Co. and Procter & Gamble Co.

The 2016 study, which was conducted by corporate investigations firm K2 Intelligence, found that rebates and other nontransparent practices were "pervasive" in the U.S.

The investigation comes amid deteriorating trust between agencies and marketers, an increasing number of whom have taken ad-buying duties in-house and demanded more

Please turn to page B2

STREETWISE | By James Mackintosh

Fed Doesn't Want to Hold Your Hand



What's in a word? When it comes to the Federal Reserve, a lot.

The removal of "accommodative" from the Fed's statement on Wednesday was interpreted as a sign that the central bank is approaching the end of its cycle of interest-rate increases, and bond yields declined slightly.

But the real story is about rising uncertainty as forward guidance is replaced with an implicit shrug of Fed Chairman Jerome Powell's well-tailored shoulders.

Mr. Powell seemed to be going out of his way to confuse investors in his press conference. Having dropped "accommodative" as a description of current monetary policy—something anticipated by many—he went on to say of the change: "It wasn't because policy's not

accommodative. It is still accommodative."

Instead, Mr. Powell explained that the word had outlived its usefulness as a signal to the markets of what the Fed was trying to achieve.

The focus on a single word highlights two important market truths:

The central bank isn't focused on supporting the economy, which is doing very well by itself; and the Fed no longer feels such a need to talk down future policy rates in order to get investors to help.

The result is that things are likely to get a lot more confusing for markets.

The first truth is well understood, not least because interest rates are higher than the Fed's preferred measure of core inflation for the first time since Lehman Brothers collapsed a decade ago.

Policy is clearly no longer

such a strong support to the economy as it was when interest rates started to increase.

The second is less obvious at first glance.

The Fed still publishes its dot plot, setting out where policy makers expect the

'Accommodative' has outlived its usefulness as a signal, says Fed Chairman Powell.

economy, inflation and interest rates to go.

It still explains where it thinks a sustainable unemployment rate is (a median assessment of 4.5%, higher than today) and where interest rates are headed (the median is up to 3.4% by 2020, staying there for a year, before drop-

ping back to a long-term level of 3%).

And Fed policy makers frequently make speeches designed to help investors understand how the central bank will react to economic developments.

Yet, Mr. Powell has been going out of his way to highlight how little the Fed really knows.

On Wednesday, he emphasized the uncertainty in the dot-plot predictions two or three years ahead. He explained that the Fed doesn't have a precise understanding of what policy would be accommodative.

He said that while he hopes that supply-side improvements will follow from the administration's tax cuts, it was also very uncertain.

And he broached the idea that the central bank's estimate of the so-called neutral rate, where monetary policy

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INSIDE



BEZOS STARTUP ROCKETS INTO ENGINE CONTRACT

SPACE, B4

was clearly no longer

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BUSINESS & FINANCE

Feeling the Heat, Germany's Thyssenkrupp to Split in Two



MARTIN MEISSNER/AP

BERLIN—German steel conglomerate **Thyssenkrupp AG** said it plans to split into two listed companies, taking a drastic step following months of pressure from activist shareholders to improve profits and simplify its structure.

Thyssenkrupp said Thursday the split-up would entail a spinoff yielding two companies of equal size—one comprising the company's materials operations and the other capital-goods manufacturing, including elevators and automotive components. Both listed companies will keep the Thyssenkrupp name.

"The management board is convinced that this new structure will allow the businesses to develop better and concentrate on their strengths," Thyssenkrupp said.

Thyssenkrupp shares jumped nearly 18% on the news, bringing relief to investors after months of turmoil at the German industrial icon that had weighed heavily on its share price.

"This strategic decision is an important step to tackle the underperformance of the past," said Lars Förlberg, co-founder of Swedish activist investor **Cevian Capital AB**, which holds a roughly

18% stake in Thyssenkrupp.

The Krupp foundation for decades was the steering force behind Thyssenkrupp as its top shareholder. It currently holds a 21% stake.

"The foundation is obligated to the well-being of the company and won't be opposed to a solution that shows a good balance between securing sustainable competitiveness and securing lasting jobs," the foundation said Thursday.

Ursula Gather, head of the foundation, along with industrial workers groups, had rejected a more extensive breakup of the

conglomerate. In contrast, some shareholders had long pressed for more drastic steps, including shedding its historic steel-producing operations.

Clashes over the company's future triggered a management crisis at Thyssenkrupp. Long-standing CEO Heinrich Hiesinger left abruptly in July, followed shortly after by the departure of Chairman Ulrich Lehner. Thyssenkrupp's interim CEO, Guido Kerkhoff, said Thursday that no decision had been taken on future management.

—Ruth Bender and Nathan Allen

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Amazon Opens New York Shop

BY KHADEEJA SAFDAR AND LAURA STEVENS

Amazon.com Inc. has seen the future of retail and it looks something like a refreshed version of a Brookstone store, the gadget purveyor that filed for bankruptcy last month.

Reminiscent of a novelty gift store or an airport gadget shop, the new Amazon 4-star store on Thursday was selling his and hers mugs, candles, tea pots, pet toys, "Star Wars" droids and vegetable peelers.

Those are just some of the nearly 2,000 rotating products, including books, toys, homewares and electronics, all rated four stars or above on the online giant's website.

Since its founding as an online bookstore in Jeff Bezos's garage more than two decades ago, Amazon has disrupted traditional bricks-and-mortar retail.

Consumers have transferred much of their shopping online, and Amazon has set high expectations for fast



Amazon's store in New York carries popular items from its website.

shipping and customer service.

Now Amazon has turned its attention to traditional bricks-and-mortar stores, developing a variety of new concepts in hopes of transforming the way consumers shop for groceries, books and devices.

The newest variation—which opened in New York City's SoHo neighborhood Thursday—carries a rotating hodgepodge of top-rated

items, each marked by a digital price tag that the company says will automatically adjust to match the prices listed online.

As for potential expansion, the company plans to "listen to how customers respond, listen to their feedback and from there we'll figure out our plans going forward," said Cameron Janes, Amazon's vice president of physical retail.

FBI Probes Ad Firms' Practices

Continued from page B1
transparency in their agency contracts in the wake of the ANA report's publication.

An investigation into media buying "is bad for the holding companies," said Brian Wieser,

senior research analyst at Pivotal Research Group. He estimates that media-buying activity accounts "for the bulk of profit growth for ad companies since the beginning of the 2000s."

The 2016 ANA report didn't name specific ad companies but laid out the ways ad companies used the buying power of their advertiser clients for their own benefit.

It detailed a range of suspect practices, such as agencies receiving cash rebates from media sellers for reaching spending thresholds and not returning

those funds to clients.

Ad companies broadly denied wrongdoing when the ANA study was released.

The FBI recently requested the cooperation of the ANA but the group hasn't held any discussion with the government, according to people familiar with the matter. Ad trade magazine Campaign reported in June that the FBI was gathering information about the ad industry's media-buying practices.

The ad business is dominated by six ad holding companies—WPP PLC, Omnicom Group Inc., Publicis Groupe SA, Interpublic Group of Cos., Dentsu Inc. and Havas. Combined, the six firms are responsible for roughly one-third of the \$580 billion in global ad spending, Pivotal Research's Mr. Wieser estimates.

Representatives for Dentsu, Publicis, Interpublic and WPP declined to comment. A spokeswoman for Omnicom said the firm hasn't received a subpoena from federal prosecutors.

This isn't the first time the government has taken a hard

look at Madison Avenue. In late 2016, The Wall Street Journal reported that the Justice Department began an investigation into whether ad agencies inappropriately steered commercial-production business to their in-house production units—rather than independent companies—by rigging the bidding process for those contracts.

Ad companies such as WPP, Omnicom, Publicis, Interpublic and MDC Partners Inc. disclosed that some of their subsidiaries were subpoenaed by the Justice Department, which is investigating whether agencies have manipulated the bidding process by urging independent companies to inflate their prices so that contracts could be awarded to the agencies' own production and post-production outfits. At the time, the ad companies said they were cooperating with the investigation.

Price-fixing and bid-rigging are prohibited under federal antitrust law. The status of that investigation is unclear. A Justice Department spokesman declined to comment.

Conagra's Frozen-Foods Sales Growth Disappoints

BY KIMBERLY CHIN

Conagra Brands Inc. reported slower sales growth in frozen foods in its latest period, raising concerns that one of the company's biggest bets to turn around its operations may not provide as strong a lift as expected.

The Chicago-based packaged-food company said sales in its frozen and refrigerated brands rose 3.2% on a comparable basis in the first quarter, but it was slower than the 5.2% pace reported in the prior quarter. Though organic sales growth in the segment rose for the past five consecutive quarters, it wasn't as strong as analysts expected.

The segment has been a bright spot for Conagra, particularly as other packaged-food companies have struggled to attract younger, more health-conscious shoppers.

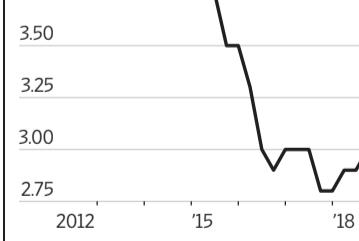
Overall sales rose 1.7% to \$1.83 billion from the same period a year ago, below the company's guidance for growth of 2% to 2.5%. Chief Executive Sean Connolly blamed the miss on shipment timing, including one involving Marie Callender's, one of its frozen brands.

Shares fell 8.5% to \$32.98.

Rates Get Real

Fed policy makers have raised their estimate of the interest rate sustainable in the long run, while the latest rise takes rates above inflation for the first time in a decade.

Long-run federal-funds estimate



Continued from page B1

neither supports nor detracts from economic growth, might be raised.

In short: The Fed doesn't know what will happen, or how it will react.

We should be careful not to go too far. The Fed never really knew what the economy would do, and it might well have breached its previous forward guidance had the economy turned out differently.

Overall sales rose 1.7% to \$1.83 billion from the same period a year ago, below the company's guidance for growth of 2% to 2.5%. Chief Executive Sean Connolly blamed the miss on shipment timing, including one involving Marie Callender's, one of its frozen brands.

Shares fell 8.5% to \$32.98.



Note: Core inflation excludes food and energy.

Sources: Federal Reserve; Thomson Reuters (federal-funds target, inflation)

*Top of federal-funds target range

THE WALL STREET JOURNAL.

Fed to Stop Its Hand-Holding

Continued from page B1

neither supports nor detracts from economic growth, might be raised.

In short: The Fed doesn't

BUSINESS NEWS

WellCare To Acquire Aetna Drug Plan Unit

BY ANNA WILDE MATHEWS AND ALLISON PRANG

Aetna Inc. said it agreed to sell its Medicare drug plan business to **WellCare Health Plans** Inc., as the company waits for its merger with **CVS Health** Corp. to be approved by federal and state officials

The deal with WellCare will be effective at the end of this year, Aetna said in a regulatory filing Thursday, adding that "the purchase price is not material."

The announcement marks a significant step forward for CVS's planned acquisition of Aetna, a nearly \$70 billion deal that will unite the third-biggest health insurer with the drugstore and pharmacy-benefit company.

The Wall Street Journal previously reported that Justice Department antitrust enforcers were preparing to give the green light to the deal, and that WellCare was in talks to acquire Medicare drug plan assets from the merger partners.

The closing of the divestiture is dependent on the closing of the CVS-Aetna deal.

CVS said in a Securities and Exchange Commission filing Thursday that it still expects its deal with Aetna to close in the earlier part of the fourth quarter.

The Justice Department antitrust officials already gave a nod to Cigna Corp.'s acquisition of Express Scripts Holding Co., which also brings together a major health insurer with a pharmacy-benefit manager.

In the case of the CVS-Aetna deal, the two companies operate in largely different businesses, with their most direct overlap coming in selling the Medicare prescription-drug program, known as Part D.

Aluminum Makers Feel Sanctions

U.S. actions against Russian source of key ingredient, alumina, exact a harsh toll

BY SCOTT PATTERSON AND SARAH McFARLANE

The Trump administration's aluminum tariffs are aimed at boosting U.S. producers' profits. But another move by the administration—sanctions against Russian aluminum giant **United Co. Rusal** and its founder Oleg Deripaska—is having the opposite effect.

The sanctions have pushed up prices for aluminum's key ingredient, alumina, eating into the profits of U.S. producers, analysts and aluminum makers say. It takes about two tons of alumina to make one ton of aluminum, and companies that had purchased the white powdery material from Rusal, which makes 6% of the world's alumina, have scrambled for supplies from other producers.

Production curbs at the world's largest alumina refinery in Brazil and a strike by workers at alumina refineries owned by **Alcoa** Corp. have also pressured alumina prices. Through mid-September, alumina prices had surged about 60% from a year ago to \$625 a metric ton, according to London commodities researcher CRU Research.

While high alumina prices haven't translated into higher aluminum prices yet, they are likely to do so by next year, analysts say, pushing up the price of everything from beer cans to cars. BMO Capital Markets forecasts London Metal Exchange aluminum prices will average \$2,182 a ton in the fourth quarter of 2018, before rising to \$2,314 a ton in 2019.

Century Aluminum Co., the biggest aluminum producer in the U.S. ahead of Alcoa, said on an August earnings call that while the administration's tariffs have boosted earnings, it expects higher alumina



A Rusal refinery's limestone mine in Siberia. The company says it is working to address sanctions.

make aluminum—excluding China, which typically consumes nearly all of its alumina—is expected to fall below 50 million tons this year, the lowest annual production in a decade, according to BMO. A boost in supply next year is expected to come from **Emirates Global Alumina**'s two-million-ton alumina refinery, but for now supplies are tight, analysts say.

Aluminum plants are dependent on frequent deliveries of alumina, carrying only a couple of weeks of supply at any one time. Disruptions in the supply chain can quickly lead to higher prices. Alumina is a product of refining bauxite mined by companies including **Rio Tinto** PLC and Alcoa.

Aluminum producers that also sell alumina, such as Alcoa, aren't as vulnerable to the rise in prices of the metal. Alcoa said in July that the administration's tariffs are hurting its profits because it relies on imports from Canada, a target of the tariffs.

Problems in the market began with the world's largest alumina refinery, Alunorte in Brazil. The refinery, which is owned by Norway's **Norsk Hydro ASA**, has been operating at half its capacity since March 1, when heavy rain triggered government concerns of water contamination.

Then in April, the Trump administration sanctioned Rusal, one of the world's biggest alumina producers. Rusal has until November to implement governance changes required by the Treasury Department, opening a path for its removal from the sanctions list. But analysts say it is uncertain when the company's supply would be coming back to market.

Rusal has said it is working to address problems created by the sanctions and to protect the interests of shareholders.

A Norsk spokesman said the timing for resuming full production at Alunorte remained up to the Brazilian environmental authorities and a federal court, but noted the plant was "ready to restart anytime."

prices to reduce adjusted third-quarter earnings by \$35 million to \$45 million.

The trouble for aluminum producers such as Century is that while alumina prices have soared, the price for aluminum has remained relatively stable. Through mid-September, aluminum traded on the London Metal Exchange fell about 3% from a year ago to \$2,050 a ton, according to CRU.

The price of alumina as a percentage of aluminum prices this month hit an all-time high of 31%, compared with 16% a year ago, according to CRU.

New York brokerage Berenberg Capital Markets last week initiated coverage of Century with a "sell" rating, citing high alumina prices. "The drag from alumina is higher than the benefit from tariffs at this point," said Berenberg analyst Paretosh Misra.

Century declined to comment.

Alumina prices dipped be-

Metal Mania

Alumina prices have jumped as much as 60% in the past year. Aluminum has fallen about 3% in that time.

Change in prices since the start of 2008, monthly



low \$600 a ton after the Trump administration eased some of its sanctions against Rusal last week by allowing companies to enter new supply contracts with the Russian producer, but remain histori-

cally high.

Alumina has become the biggest cost for aluminum producers, eclipsing the cost of electricity used in production, analysts say.

Global output of alumina to

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TECHNOLOGY

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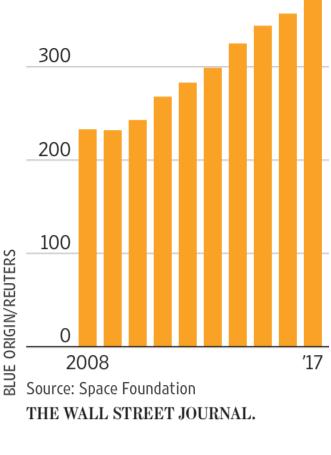
United Launch Alliance, a joint venture between Boeing and Lockheed Martin, selected Blue Origin's BE-4 engine for its Vulcan rocket. A test of the model in Texas.

Defying Gravity

Commercial space activities now account for more than 80% of global spending in the sector, including rockets and satellites.

Space industry spending

\$400 billion



Source: Space Foundation

THE WALL STREET JOURNAL.

Bezos Startup Scores Engine Contract

BY ANDY PASZTOR
AND DOUG CAMERON

Blue Origin LLC, the space-transportation company run by Jeff Bezos, has won a contract to provide engines for a potential rival's next-generation rocket, further roiling a tumultuous industry and vaulting Mr. Bezos into the lucrative market for Pentagon satellite launches.

United Launch Alliance LLC—a joint venture between **Boeing Co.** and **Lockheed Martin Corp.** that launches U.S. military and spy satellites into orbit—on Thursday announced that after a lengthy competition it picked Blue Origin's BE-4 engine for its Vulcan rocket. "Our new rocket will be superior in reliability, cost and capability," Tory

Bruno, ULA's president and chief executive, said in a news release, adding that "our certification plan is in place" with the first flight scheduled for mid-2020.

The long-term, potentially multibillion-dollar agreement could provide a boost to Blue Origin's eventual goal of becoming a major military launch provider itself. The company plans to use the same engines to power its own heavy-lift launcher, called New Glenn, which is under development. The announcement didn't provide details about prices or other specifics.

Many industry experts expect that the development deadline is likely to be extended, with regular operations of the Vulcan booster potentially starting before the

Boeing Wins Deal For Air Force Jets

Boeing Co. on Thursday secured its third win in recent Pentagon contract contests, gaining a deal worth as much as \$9.2 billion to build trainer jets for the Air Force.

The contract to build an initial 351 T-X jets and supply training services is one of the largest Defense Department

programs awarded in recent years, with the work helping sustain engineers and production equipment while the Pentagon considers the next generation of combat aircraft due to come into service during the 2030s.

Boeing has triumphed in two recent contests to provide refueling drones for the U.S. Navy and helicopters for the Air Force. Boeing pitched an all-new plane built in partnership with Sweden's **Saab AB**.

middle of the next decade. Even if everything goes smoothly, testing and final certification of the New Glenn booster is also expected to take roughly that long.

The Blue Origin engines

have strategic importance for the Pentagon because they are intended to end the use of Russian-built RD-180 engines, which now provide primary propulsion on United Launch's workhorse Atlas V rockets.

Vulcan's design envisions maximum liftoff thrust at 3.8 million pounds, and ULA estimates the project will generate more than 20,000 direct and indirect jobs.

Describing ULA as "the premier launch service provider" for the Pentagon, Bob Smith, Blue Origin's chief executive, said "we're thrilled to be part of their team and that mission."

Competition in the satellite-launch business is heating up. The Air Force is considering how to divvy up hundreds of millions of federal dollars to develop a fleet of lower-cost, more versatile rockets. Blue Origin, United Launch, Elon Musk's Space Exploration Technologies Corp. and Northrop Grumman Corp.'s Innovation Systems unit, formerly known as Orbital ATK, are all

in the running.

The push by Mr. Bezos into the rocket business comes amid a transformation of the space industry—spanning both military and commercial markets—driven by like-minded entrepreneurs such as Richard Branson and Mr. Musk, whose SpaceX venture is already launching satellites for the Pentagon. The three billionaires also are considering nascent space-tourism markets and even superfast passenger transport around the globe.

Blue Origin is financing and developing the BE-4 engine almost entirely with its own funds. Mr. Bezos, founder and chief executive of **Amazon.com Inc.**, has said he invests roughly \$1 billion of his personal fortune into Blue Origin annually.

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COMMODITIES

Open

Metal & Petroleum
Contract

	Contract				Settle	Chg	Open interest	Agriculture Futures					
	Open	High	hi lo	Low									
Copper-High (CMX) -25,000 lbs; \$ per lb.													
Oct	2.7985	2.8005	▲	2.7515	2.7645	-0.0440	3,622						
Dec	2.8160	2.8280		2.7635	2.7830	-0.0450	135,655						
Gold (CMX) -100 troy oz; \$ per troy oz.													
Oct	1194.60	1197.30		1180.50	1182.30	-12.10	6,414						
Dec	1198.90	1202.60		1185.60	1187.40	-11.70	369,653						
Feb'19	1205.00	1208.00		1191.40	1192.90	-11.80	42,075						
June	1217.10	1219.50		1202.80	1204.30	-11.80	12,915						
Aug	1219.20	1219.20		1210.90	1210.10	-11.90	2,312						
Dec	1236.10	1236.10		1221.80	1222.40	-12.00	4,448						
Palladium (NYM) -50 troy oz; \$ per troy oz.													
Dec	1057.30	1075.40		1050.10	1071.20	8.10	21,235						
March'19	1052.90	1068.70	▲	1044.50	1064.30	8.40	1,045						
Platinum (NYM) -50 troy oz; \$ per troy oz.													
Oct	823.00	831.90		806.00	810.30	-15.30	6,333						
Jan'19	826.00	835.70		809.70	814.70	-14.40	66,417						
Silver (CMX) -5,000 troy oz; \$ per troy oz.													
Oct	14.320	14.385		14.120	14.201	-0.109	241						
Dec	14.375	14.480		14.195	14.290	-0.111	173,090						
Crude Oil, Light Sweet (NYM) -1,000 bbls; \$ per bbl.													
Nov	72.01	72.60		71.71	72.12	0.55	421,937						
Dec	71.86	72.42		71.57	71.96	0.55	304,926						
March'19	74.00	74.50		73.75	74.25	0.50	54,500						
Corn (CBT) -5,000 bu; cents per bu.													
Dec	363.00	365.75		361.25	364.75	1.75	923,039						
March'19	374.75	377.50		373.25	376.50	1.50	328,594						
Oats (CBT) -5,000 bu; cents per bu.													
Dec	258.75	260.50		257.25	260.25	1.75	3,318						
March'19	263.00	263.00		260.30	262.00	-.50	833						
Soybeans (CBT) -5,000 bu; cents per bu.													
Nov	848.25	859.00		846.50	855.00	5.00	422,467						
March'19	875.00	885.50		873.25	882.00	5.50	131,889						
Soybean Meal (CBT) -100 tons; \$ per ton.													
Oct	307.00	310.50		306.50	308.20	.50	14,266						
Dec	310.20	313.90		309.60	311.80	.90	221,796						
Soybean Oil (CBT) -60,000 lbs; cents per lb.													
Oct	28.49	28.90		28.38	28.86	.38	13,930						
Dec	28.76	29.19		28.67	29.15	.36	267,727						
Rough Rice (CBT) -2,000 cwt; \$ per cwt.													
Nov	978.50	984.50	▼	966.00	978.50	...	6,913						
Jan'19	999.00	1006.00	▼	988.00	1001.00	2.00	917						
Wheat (CBT) -5,000 bu; cents per bu.													
Dec	517.75	522.00		511.25	513.00	-4.50	217,974						
March'19	535.75	540.25		530.00	530.75	-5.25	107,744						
Wheat (KC) -5,000 bu; cents per bu.													
Dec	519.50	526.50		515.75	517.25	-3.75	153,497						
March'19	542.00	546.00		530.25	540.50	2.75	61,719						

Interest Rate Futures							Currency Futures						
Oct	15.98	15.98	15.91	15.95	...	4,658	Japanese Yen (CME)	¥12,500,000; \$ per 100%					
Cocoa (ICE-US) -10 metric tons; \$ per ton.							Oct	.8886	.8887	▼ .8827	.8827	-.0049	1,097
Dec	2,161	2,176	2,111	2,114	-37	108,871	Dec	.8929	.8935	▼ .8863	.8867	-.0049	220,790
March'19	2,185	2,201	2,138	2,140	-36	64,694	Canadian Dollar (CME)	CAD 100,000; \$ per CAD					
Coffee (ICE-US) -37,500 lbs.; cents per lb.							Oct	.7662	.7682	.7648	.7672	-.0023	374
Dec	97.70	99.55	96.90	99.30	1.55	182,900	Dec	.7677	.7695	.7656	.7681	-.0022	111,442
March'19	101.05	102.90	100.30	102.65	1.50	78,261	British Pound (CME)	£62,500; \$ per £					
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.							Oct	1.3127	1.3168	1.3110	1.3097	-.0097	1,025
Oct	9.88	10.13	9.83	10.05	.15	21,731	Dec	1.3179	1.3225	1.3121	1.3134	-.0097	218,331
March'19	10.92	10.97	10.80	10.91	...	476,561	Swiss Franc (CME)	CHF 125,000; \$ per CHF					
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.							Dec	1.0410	1.0438	1.0294	1.0301	-.0137	52,760
Nov	25.35	25.35	25.35	25.35	...	2,190	March'19	1.0500	1.0559	1.0487	1.0400	-.0136	254
Jan'19	25.45	25.45	25.31	25.34	-.11	1,926	Australian Dollar (CME)	AUD 100,000; \$ per AUD					
Cotton (ICE-US) -50,000 lbs.; cents per lb.							Oct	.7228	.7254	.7211	.7212	-.0064	1,155
Oct	80.00	80.20	80.00	78.12	-.88	47	Nov	.7231	.7264	.7220	.7214	-.0064	585
Dec	78.60	78.69	77.31	77.72	-.83	137,427	Dec	.7235	.7272	.7209	.7215	-.0064	157,842
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.							Jan'19	.7299	.7299	▲ .7295	.7218	-.0064	153
Nov	147.30	148.30	146.50	146.85	-.95	10,122	March	.7236	.7248	.7218	.7223	-.0064	397
Jan'19	148.20	148.30	147.05	147.35	-.85	2,487	Mexican Peso (CME)	MXN 500,000; \$ per MXN					
							Dec	.05217	.05269	.05211	.05256	.00017	202,319
							Euro (CME)	€125,000; \$ per €					
							Oct	1.1718	1.1766	1.1656	1.1672	-.0107	2,806
							Dec	1.1779	1.1831	1.1711	1.1731	-.0107	463,409

Treasury Notes (CBT)-\$100,000; pts 32nds of 100%

pared with 32 week

Propane,tet,Mont Belvieu-g 1.0596
Butane,natural,Mont Belvieu-g 1.2646

Butane,normal,Mont Belvieu-g	1.2646	LBMA Platinum Price PM	*\$24.0	Wheat - Hard - KC (USDA) \$ per bu-u	5.1725
NaturalGas,HenryHub-i	3.070	Platinum,Engelhard industrial	815.0	Wheat,No.1soft white,PortlOR,u	6.0400
NaturalGas,TranscoZone3-i	2.960	Platinum,Engelhard fabricated	915.0		
NaturalGas,TranscoZone6NY-i	1.800	Palladium,Engelhard industrial	1072.0		
NaturalGas,PanhandleEast-i	2.060	Palladium,Engelhard fabricated	1172.0		
				Food	
				Beef carcass equiv. index	

Wheat, No.2 soft red, St.Louis-bp,u
Wheat - Hard - KC (USDA) \$ per bu-u

NaturalGas,PanhandleEast-i	2.060	Palladium,Engelhard fabricated	1172.5	Beef,carcass equiv. index	179.46
NaturalGas,Opal-i	2.100	Aluminum,LME, \$ per metric ton	*2056.5	choice 1-3,600-900 lbs.-u	168.17
NaturalGas,MarcellusNE PA-i	1.160	Copper,Comex spot	2.7645	select 1-3,600-900 lbs.-u	0.8401
NaturalGas,HaynesvilleLla-i	2.870	Iron Ore, 62% Fe CFR China-s	n.a.	Broilers, National comp wghtd-u,w	2.3200
Coal,Caplc,12500Btu,12S02-r,w	74.300	Shredded Scrap, US Midwest-s,m	n.a.	Butter,AA Chicago	140.00
Coal,PwrdRvrBsn,8800Btu,0.8502-r,w	12.100	Steel, HRC USA, FOB Midwest Mill-s	n.a.	Cheddar cheese,bb,l,Chicago	166.00
Metals					
Gold, per troy oz		Fibers and Textiles		Cheddar cheese,cheese,bl,Chicago	87.50
Engelhard industrial	1187.66	Burlap,10-oz,40-inch NY yd-n,w	0.5800	Milk,Nonfat dry,Chicago lb.	n.a.
Engelhard fabricated	1276.73	Cotton,11/16 std lw-mdMphs-u	0.7647	Cocoa,Ivory Coast-w	0.9864
Handy & Harman base	1185.40	Cotlook 'A' Index-t	*88.45	Coffee,Brazilian,Comp	1.2393
Handy & Harman fabricated	1315.79	Hides,hyv native steers piece fab-u	58.000	Coffee,Colombian,NY	0.9250
LBMA Gold Price AM	*1198.80	Wool,64s,staple,Terr del-u,w	n.a.	Eggs,large white,Chicago-u	15.10
LBMA Gold Price PM	*1194.25	Grains and Feeds		Flour,hard winter KC	n.a.
Krugerrand,wholesale-e	1231.05	Barley,top-quality Mnpls-u	n.a.	Hams,17-20 lbs,Mid-US fab-u	65.27
Maple Leaf-e	1242.89	Bran,wheat middlings,KC-u,w	75	Hogs,Iowa-So. Minnesota-u	n.a.
American Eagle-e	1242.89	Corn,No. 2 yellow,Cent IL-bp,u	3.1700	Pork bellies,12-14 lb MidUS-u	1.0953
Mexican peso-e	1435.19	Corn gluten feed,Midwest-u,w	113.0	Pork loins,13-19 lb MidUS-u	n.a.
Austria crown-e	1163.26	Corn gluten meal,Midwest-u,w	435.7	Steers,Tex,-Okla. Choice-u	165.69
Austria phil-e	1242.89	Cottonseed meal-u,w	250	Steers,feeder,Okla. City-u,w	
Silver, troy oz.		Hominy feed,Cent IL-u,w	n.a.	Fats and Oils	
Engelhard industrial	14.2000	Meat-bonemeal,50% pro Mnpls-u,w	225	Corn oil,crude wet/dry mill-u,w	27.0000
Engelhard fabricated	17.0400	Oats,No.2 milling,Mnpls-u	3.0125	Grease,choice white,Chicago-h	0.2350
Handy & Harman base	n.a.	Rice, Long Grain Milled, No. 2 AR-u,w	24.75	Lard,Chicago,g	n.a.
Handy & Harman fabricated	n.a.	Sorghum,(Milo) No.2 Gulf-u	7.4950	Soybean oil,crude,Centl IL-u	0.2874
LBMA spot price	*£11.0100	SoybeanMeal,Cent IL,rail,ton48%-u	318.30	Tallow,bleach,Chicago-h	0.2375
				Tallow,edible,Chicago-u	n.a.

CnsMktCapSelSector	XLY	117.32	0.34	18.9	iShMSCIJapan	EWJ	60.35	-0.26	0.7	TechSelectSector	XLK	75.05	0.59	17.4
CnsStapleSelSector	XLP	53.85	-0.13	-5.3	iShNasdaqBiotech	IBB	121.87	1.04	14.1	UtilitiesSelSector	XLU	51.89	1.03	-1.5

FinSelSectorSPDR	XLF	27.87	-0.36	-0.1	iShRussell1000Gwth	IWF	156.00	0.54	15.8	VanguardFrcr	VFI	201.00	-0.50	22.1
FTDJ Internet	FDN	142.37	0.50	29.6	iShRussell1000	IWB	161.74	0.27	8.8	VangdSC Val	VBR	139.64	-0.02	5.2

HealthCareSelSect	XLV	94.86	0.51	14.7	iShRussell1000Val	IWD	126.53	-0.07	1.8
IndSelSectorSPDR	XLI	78.45	0.14	3.7	iShRussell2000Gwth	IWO	214.49	-0.04	14.9
InvscoQQQI	QQQ	185.83	0.85	19.3	iShRussell2000	IWM	168.04	0.01	10.2

InvsCS&P500EW	RSP	106.64	0.01	5.6	iShares Russell 2000 Val	IWN	132.46	-0.05	5.3
iSh3-7YTreasuryBD	IEI	119.03	-0.01	-2.6	iShares Russell 3000	IWV	172.26	0.26	8.9
iShCoreMSCIEAFE	IEFA	64.61	-0.39	-2.2	iShares Russell Mid-Cap	IWR	219.85	0.02	5.6
iShCoreMSCIEmgMk	IEMG	52.11	0.48	-8.4	iShares Russell M/C Value	IWS	89.90	0.04	0.8
iShCoreMSCITotIntl	IXUS	60.72	-0.20	-3.7	iShares S&P 400 Growth	IJK	232.50	0.09	7.7
iShCoreS&P500	IVV	292.82	0.27	8.9	iShares S&P 500 Growth	IVW	177.02	0.52	15.9
iShCoreS&PMC	IJH	200.68	0.07	5.7	iShares S&P 500 Value	IVE	115.95	-0.04	1.5
iShCoreS&PS C	IRX	86.90	0.03	13.1	iShares US Pfd Stk	PFF	37.06	0.11	-2.7
iShs&PTlUSStkMkt	ITOT	66.65	0.26	9.0	iShares Corp Bd	IGSB	51.82	0.02	0.9
iShCoreUSAggBd	AGG	105.63	0.07	-3.4	iShares Short Treas Bd	SHV	110.43	0.02	0.2
iShSelectDividend	DYV	99.32	0.04	0.8	iShares TIPS Bond ETF	TIP	110.67	0.04	-3.0
iShEdgeMSCIMinAFE	EFAV	73.09	-0.19	0.2	iShares 1-3YTreasury Bd	SHY	83.05	...	-1.0
iShEdgeMSCIMinUSA	USMV	56.77	0.19	7.6	iShares 1-10YTreasury Bd	IEF	101.12	...	-4.2
iShEdgeMSCIUSA Mom	MTUM	118.84	0.28	15.2	iShares 20+YTreasury Bd	TLT	117.58	0.07	-7.3
iShFloatingRateBd	FLOT	51.03	0.04	0.4	iShares Russell M/C Growth	IWP	135.53	0.14	12.3
iShGoldTr	IAU	11.36	-0.79	-9.2	PIMCO Enh Sh Maturity	MINT	101.59	-0.01	0.0
iShiBoxx\$InvGrCpbD	LQD	115.01	0.13	-5.4	SPDR BlnBarc HY Bd	JNK	36.03	0.19	-1.9
iShiBoxx\$HYCpbD	HYG	86.38	0.19	-1.0	SPDR Gold	GLD	112.05	-0.88	-9.4
iShPMUSDembG	EMB	108.08	0.35	-6.9	Schwab Lnt Equity	SCHF	33.78	-0.21	-0.9
iShMBSEFT	MBB	103.27	0.01	-3.1	Schwab US Brd Mkt	SCHB	70.37	0.30	9.1
iShMSCI ACWI	ACWI	74.44	...	3.3	Schwab US Div	SCHD	52.91	-0.04	3.4
iShMSCI EAFFE	EFA	68.55	-0.20	-2.5	Schwab US LC	SCHX	69.57	0.29	9.1
iShMSCI EAFC	SCZ	62.70	-0.71	-2.8	Schwab US SC	SCHA	75.91	-0.05	8.8

ice moves by a company's board, that same company's shares are **investment-grade** again.

Investment-grade spreads that tightened the most...						
Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points		Stock Performance Close (\$) % chg
				Current	One-day change	
S Bank NA	USB	2.050	Oct. 23 '20	24	-13	N/A

S Bank NA	USB	2,050	Oct. 23, '20	24	-1
Western Massachusetts Electric	ES	3,500	Sept. 15, '21	46	-1
ESS	HES	7,125	March 15, '23	255	-1

ess	HES	7.125	March 15, '33	255	-11		252	71.58	1.62
PMorgan Chase	JPM	6.000	Aug. 1, '49	184	-11		186	114.52	-0.43
General Electric	GE	5.000	Jan. 21, '49	284	-10		250	11.53	1.23
American Express	AXP	3.000	Oct. 30, '24	84	-9		90	107.85	-0.15
Metropolitan Life Global Funding I	MET	2.400	Jan. 8, '21	35	-9		39
Emprá Energy	SRE	2.850	Nov. 15, '20	58	-9		n.a.	112.00	0.85

Wing Cap		2/28/2020	Market Value	164
Encore Funding	GLENLN	4,000	April 16, '25	
Capital One Financial	COF	3,450	April 30, '21	61

Symbol	Current	YTD Change	1-Year Change	5-Year Change	10-Year Change	Market Cap (\$B)	EPS (\$)	PE Ratio	Dividend Yield (%)
Motorola Solutions	MSI	3.750	May 15, '22	107	7	n.a.	128.53	-0.16	
Banco Santander	SANTAN	3.125	Feb. 23, '23	144	7	139	
Western Union	WU	3.600	March 15, '22	97	7	n.a.	18.94	-0.63	
Camerica	CMA	3.700	July 31, '23	85	5	86	91.01	-0.72	

Flexi Van Leasing	FLVC	10.000	Feb.15,'23	87.000	<div style="width: 131px; height: 10px; background-color: #2e9f3b;"></div>	1.31	n.a.
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Fresh Market	TFM	9.750	May 1, '23	75.000	 1.25	n.a.
Ultra Resources	UPI	6.875	April 15, '22	48.500	 1.25	51.250

Ultra Resources	UPL	6.875	April 15, '22	48.500	1.25	51.250
Weatherford International	WFT	8.250	June 15, '23	94.703	1.20	93.000	2.73	0.74

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

- i-New 52-week high.
- j-New 52-week low.
- d-Indicates loss in the most recent four quarters.
- f-FIRST day of trading.
- h-Does not meet continued listing standards.
- l-Late filing.
- q-Temporary exemption from Nasdaq requirements.
- t-NYSE bankruptcy.
- v-Trading halted on primary market.
- w-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.

Thursday, September 27, 2018

A B C

	Stock	Symbol	Net Close	Chg	Stock	Symbol	Net Close	Chg
ABB	ABB	ABB	23.71	-0.04	CardinalHealth	CAH	54.06	0.43
ADT	AES	AES	13.70	0.09	CarGurus	CARG	55.91	0.44
AES	ADP	ADP	47.05	0.01	Carlisle	CSL	121.84	-0.75
Aflac	AGNC	AGNC	18.55	0.05	CG	73.20	0.35	
AGNC Inv	ANGI	ANGI	22.91	-0.03	CarMax	KMX	73.82	-0.24
AnGI Homeservs	ATVY	ATVY	8.27	1.30	Carnival	CCL	63.74	-3.24
Ansys	ANS	ANS	186.40	1.42	CEMEX	CX	7.05	0.11
ASML	ASML	ASML	187.84	-0.06	Eaton	EV	52.56	-0.21
AT&T	T	T	33.42	0.07	Eaton Vance	EV	33.44	-0.24
AbbottLabs	ABT	ABT	73.02	0.18	Ebay	EBAY	177.73	0.99
AbbVie	ABBV	ABBV	94.14	-0.04	Ecolab	ECL	156.83	-0.37
Abiomed	ABMD	ABMD	442.88	-1.81	Ecotropel	EC	266.1	0.39
Accenture	ACN	ACN	170.05	-2.92	Edison	EIX	66.64	0.45
ActivisionBlz	ATVI	ATVI	82.87	1.30	EdwardsLife	EW	172.13	-0.77
AcuityBrands	AYI	AYI	158.54	-0.87	ElancoAnimals	ELAN	36.19	0.69
AdobeSystems	ADBE	ADBE	269.91	1.44	Electronic Arts	EA	119.38	2.02
AdvanceAuto	AAP	AAP	169.79	0.46	EmersonElec	EMR	76.79	0.14
AdvMilrcDevices	AMD	AMD	32.59	0.40	Endbridge	ENB	32.42	-0.01
Aegon	AEG	AEG	6.56	-0.07	Encana	ECA	13.15	0.11
AerCap	AER	AER	57.27	0.08	Energy	EGN	85.38	1.88
Aetna	AET	AET	205.68	0.92	EnergyTransfer	ET	21.90	0.01
AffiliatedMtrs	AMG	AMG	138.20	-0.89	EnergyTransferEx	ETP	16.20	-0.05
AgilentTechs	AA	AA	70.80	0.47	Enel	ENL	165.36	-0.40
AgnicoEagle	AEM	AEM	33.95	0.20	EnergyOne	ENW	114.50	-0.29
AirProducts	APD	APD	168.52	0.72	Enron	ENR	101.74	-0.26
AkamaiTech	AKAM	AKAM	72.41	-0.10	Envirofit	ENVF	12.00	-0.04
AlaskaAir	ALK	ALK	68.99	1.86	Equinix	EQIX	28.53	0.07
Albermarle	ALB	ALB	100.05	-0.37	EquityResitnd	EQY	64.95	-0.04
Alcoa	AA	AA	40.50	0.02	EquityResitnd	EQY	64.95	-0.04
AlexandriaREst	AZ	AZ	122.73	1.23	Equinix	EQIX	430.15	-0.15
AlexionPharm	ALXN	ALXN	138.27	2.66	EquityLife	ELS	94.83	-0.27
Alibaba	BABA	BABA	166.22	0.92	EquityResitnd	EQY	64.95	-0.04
AlignTech	ALGN	ALGN	389.97	0.74	EquityResitnd	EQY	64.95	-0.04
Alkermeds	ALKS	ALKS	43.90	0.90	EquityResitnd	EQY	64.95	-0.04
Alleghany	Y	Y	644.99	0.41	EquityResitnd	EQY	64.95	-0.04
Allergan	ALXN	ALXN	89.89	0.46	EquityResitnd	EQY	64.95	-0.04
AllianceData	ADDS	ADDS	236.42	-2.94	EquityResitnd	EQY	64.95	-0.04
AlliantEnergy	LNT	LNT	42.06	0.28	EquityResitnd	EQY	64.95	-0.04
AllisonTransm	ALSN	ALSN	52.63	0.72	EquityResitnd	EQY	64.95	-0.04
Allstate	ALL	ALL	98.15	-0.70	EquityResitnd	EQY	64.95	-0.04
AllyFinancial	ALLY	ALLY	26.66	-0.06	EquityResitnd	EQY	64.95	-0.04
AllynLPharm	ALNY	ALNY	90.09	-1.24	EquityResitnd	EQY	64.95	-0.04
Alpharetta	COOG	COOG	119.64	14.15	EquityResitnd	EQY	64.95	-0.04
Alpharetta	GOOGL	GOOGL	120.73	13.30	EquityResitnd	EQY	64.95	-0.04
Altaba	AB	AB	68.48	0.35	EquityResitnd	EQY	64.95	-0.04
AlticeUSA	ATUS	ATUS	18.00	-0.32	EquityResitnd	EQY	64.95	-0.04
Altira	MO	MO	60.77	-0.04	EquityResitnd	EQY	64.95	-0.04
AmericaMovil	AMX	AMX	16.25	-0.07	EquityResitnd	EQY	64.95	-0.04
AmericaMovil	AMOV	AMOV	16.20	-0.04	EquityResitnd	EQY	64.95	-0.04
AmerAirlines	AA	AA	41.50	0.46	EquityResitnd	EQY	64.95	-0.04
AEP	AEP	AEP	69.76	0.79	EquityResitnd	EQY	64.95	-0.04
AmerExpress	AXP	AXP	107.85	-0.16	EquityResitnd	EQY	64.95	-0.04
AmericanFin	AFIN	AFIN	10.07	-0.44	EquityResitnd	EQY	64.95	-0.04
AmHomes4Rent	AMH	AMH	21.56	-0.26	EquityResitnd	EQY	64.95	-0.04
AIG	PAG	PAG	53.39	-0.66	EquityResitnd	EQY	64.95	-0.04
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BANKING & FINANCE

Chinese Tech IPO Dishes Out Big Gains

Meituan Dianping's debut shows there are still outsize returns to be made in the sector

BY JULIE STEINBERG

The past year has been a wash for China's biggest online stocks. But some investors are enjoying big gains from a well-timed bet on an emerging internet company in the world's second-largest economy.

The recent public trading debut of online services platform **Meituan Dianping** in Hong Kong has netted a hefty return for Sequoia Capital, a venture-capital firm that is one of the most active investors in Chinese startups. Various Sequoia funds invested around \$400 million into Meituan over a period of years, according to a spokesman. The firm's shares are now worth \$4.91 billion—more than 12 times the amount invested.

The IPO also boosted the value of stakes held by Tiger Global Management LLC, Hillhouse Capital Group and a few other firms several times over, to more than \$1 billion each, according to calculations based on filings.

Even recent backers have made large paper profits from Meituan, whose app is used by hundreds of millions of people in China to order meals online,



Meituan Dianping CEO Wang Xing and a worker hit a gong last week at the Hong Kong Stock Exchange.

post restaurant reviews and buy movie tickets. An investment about a year ago by Booking Holdings Inc., the company formerly known as Priceline, jumped more than 50% to roughly \$700 million as of Thursday, based on the Beijing-based company's now \$51.5 billion market valuation.

The windfalls show there are still outsize returns to be made in China's internet boom, despite this year's downturn in markets in Asia and the tumbling share prices of Alibaba Group Holding Ltd., Tencent Holdings Ltd., Baidu

Inc. and other Chinese technology majors. Meituan itself has also fallen about 3% from its IPO price, while Chinese smartphone maker Xiaomi Corp., which went public in July, is down 6%.

Foreign investors are still pouring money into dozens of closely held e-commerce companies in China in search of the next generation of winners. Chinese investment firm Hillhouse last week said it had raised a record \$10.6 billion for a new fund that would invest mostly in Asian companies.

Chinese startups raised

\$84.5 billion in private fundraising in the first half of this year, nearly double the amount gathered in the first half of 2017, according to research firm Zero2IPO. The funds have minted dozens of unicorns, or private companies valued at over \$1 billion, with valuations for the fastest-growing internet firms more than doubling in a year or two.

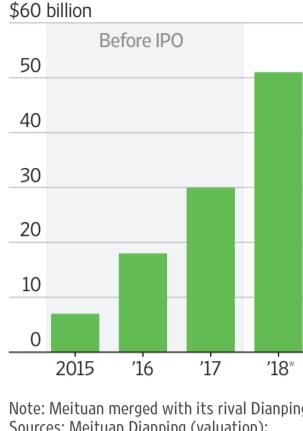
Valuations for Chinese private tech companies tend to be 25% to 100% higher than U.S. peers, said Fred Hu,

founder of Beijing-based private-equity firm Primavera

Unicorn Effect

The valuation of Meituan Dianping has jumped over time and is larger than the combined size of some of its Western counterparts.

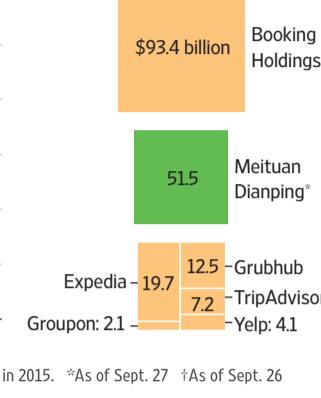
Meituan Dianping valuation



Note: Meituan merged with its rival Dianping in 2015. *As of Sept. 27 †As of Sept. 26
Sources: Meituan Dianping (valuation); FactSet (market cap)

Market capitalization

Comparison with U.S. peers†



THE WALL STREET JOURNAL.

company was valued at around \$18 billion in a 2016 fundraising, soon after merging with a rival backed by Tencent, which is now the company's largest shareholder. Some investors at the time were able to buy shares at a cheaper valuation from a chunk Alibaba sold. In late 2017, private investors injected \$4 billion, pushing its valuation up to \$30 billion. It is now valued at roughly two-thirds more again, following the \$4.2 billion IPO.

"We have to be very selective; we want to identify true technology leaders," Mr. Hu added. Ant is now valued at \$150 billion, more than double its \$60 billion valuation two years ago.

Meituan's valuation has also surged remarkably. The

company was valued at around \$18 billion in a 2016 fundraising, soon after merging with a rival backed by Tencent, which is now the company's largest shareholder. Some investors at the time were able to buy shares at a cheaper valuation from a chunk Alibaba sold. In late 2017, private investors injected \$4 billion, pushing its valuation up to \$30 billion. It is now valued at roughly two-thirds more again, following the \$4.2 billion IPO.

—Phred Dvorak and Stella Yifan Xie contributed to this article.

Cryptocurrency Miner Sets Hong Kong Offering

BY STEVEN RUSSOLLO

Bitmain Technologies Ltd., the world's largest cryptocurrency-mining company, plans to pursue an initial public offering in Hong Kong, one of the first major instances in which the traditional capital markets and newer cryptocurrency world will collide.

The company's financial statements, which were released in a 438-page filing with the Hong Kong stock exchange, confirmed Bitmain's intention to go public in a deal that analysts and investors have said could raise billions of dollars. The potential offering comes at a difficult time for both the cryptocurrency and public-equity markets.

Bitcoin and other digital currencies have lost roughly two-thirds of their value this year after 2017's manic surge.

Meanwhile, Hong Kong has been one of the world's worst-performing stock markets, down 16% since January's high. And while Hong Kong has hosted several large IPOs this year, many—including Chinese smartphone maker **Xiaomi** Corp. and internet startup **Meituan Dianping**—have struggled to maintain initial gains.

Bitmain, founded in China five years ago by now-billionaires Jihan Wu and Micree Zhan, said in its first public filing that it generated \$2.8 billion in revenue in the first half of 2018, up nearly 10-fold from a year earlier. Profit rose similarly to \$742.7 million from \$83 million.

The company held \$886.9 million in cryptocurrency assets through the end of June,



Technicians repair bitcoin-mining machines at a facility operated by Bitmain Technologies in Inner Mongolia.

up from \$56.3 million at the end of 2016 and \$12.3 million the year before that. By comparison, its crypto assets more than doubled its \$343.3 million in cash and cash equivalents, according to the filing.

Bitmain didn't disclose a valuation target or how much money it hopes to raise in the offering. That is expected to come in a subsequent filing with the Hong Kong exchange.

The firm is a dominant player in selling cryptocurrency-mining equipment and offering computer chips and related gear to other miners.

Analysts at Sanford C. Bernstein & Co. estimate Bitmain controls 85% of the market for

cryptocurrency-mining chips, but that figure could suffer as rivals such as Canaan Inc. and Ebang International Holdings Inc.—both of which also plan to go public in Hong Kong—expand their offerings.

The Bitmain IPO will prove a test for other cryptocurrency and blockchain companies that might consider exploring their own IPOs. Blockchain technology serves as the underpinning for bitcoin and other cryptocurrencies.

Many such startups have typically preferred a more controversial type of fundraising method called an initial coin offering, a hybrid of an IPO and a crowdfunding cam-

paign.

Those companies create digital tokens similar to bitcoin and sell them to the public, often before they have even developed or released a product.

"I kind of view this world blending over time," said Eric Ervin, chief executive of Blockforce Capital, a San Diego-based asset-management firm that focuses on digital assets and blockchain technology. "For a company of this size like Bitmain, it's probably going to get a better valuation on a huge deal like this in the traditional markets than in an ICO, especially in today's market."

One of Bitmain's biggest

holdings is Bitcoin Cash, an offshoot of bitcoin that launched in August 2017. The Bitmain co-founder, Mr. Wu, has been a big supporter of the technology, believing Bitcoin Cash would fix problems, including transaction speeds, that have prevented bitcoin from becoming a mainstream payment tool.

Bitcoin Cash recently rose more than 20% following Bitmain's filing, according to research site CoinMarketCap. Even so, it is down by about 80% for the year as investors have questioned its use. Analysts have said Bitmain's holdings of Bitcoin Cash could prove to be a liability in the future.

Goldman Starts U.K. Consumer Bank Site

BY MARGOT PATRICK

Goldman Sachs Group Inc. entered Britain's £700 billion (\$922 billion) cash savings account market with the U.K. launch of its consumer bank Marcus, adding a fresh source of funding for the U.S. investment bank.

Online-only Marcus offers savings accounts paying interest of 1.5%, the highest rate for instant-access savings products, according to price-comparison websites.

Goldman started Marcus in 2016 in the U.S. as a push into consumer banking, and had said the U.K. would be its second market.

The brand has grown rapidly in the U.S., reporting 1.5 million customers, \$23.2 billion in deposits and \$3.1 billion in loans on June 30.

Marcus 'throws down the gauntlet to the rest of the industry' in the U.K.

Starting Marcus, which was named after Goldman founder Marcus Goldman, has been a way for Goldman to revamp its image after its involvement in various financial-market scandals and gaining a reputation for sometimes aggressive deal making.

Shakila Hashmi, head of money at price-comparison site Compare the Market, said Goldman's entry in U.K. retail banking "throws down the gauntlet to the rest of the industry."

Ms. Hashmi said Marcus's 1.5% interest rate was around three times higher than the average rate on savings accounts from the U.K.'s big banks.

Around 87% of adults in the U.K. have a cash savings account, according to the country's Financial Conduct Authority.

After a 2015 review of the market, the FCA found many consumers were getting a poor deal because they didn't bother switching banks and the authority started making banks give savers more information.

In July, the FCA said those measures hadn't done enough to stimulate competition and that it was considering additional action.

Des McDaid, managing director at Marcus, said "there is a real disillusionment about savings" in the U.K.

Brokers Get Victories in Feed Fight

Continued from page B1
clearinghouse, are self-regulating bodies with latitude to write their own rules, including the fees they charge.

The commission is now poised to weigh in with its biggest decision to date—a ruling in the brokerage industry's legal challenge, led by the Securities Industry and Financial Markets Association. The SEC, which took up the case after one of its in-house judges ruled in favor of the exchanges, plans to announce its decision in October, according to two people familiar with the matter.

Exchanges have emphasized their data businesses in recent years because they provide a predictable revenue stream, unlike trading fees, which vary with volumes.

In addition to offering a basic product that shows current stock prices, exchanges sell more-expensive data feeds that reveal buy and sell orders posted by traders. These richer feeds are mostly targeted at banks and high-frequency traders, who use the information to forecast price changes and pick the best venue for executing a particular trade.

From 2012 to 2017, the combined cost of the richest and fastest data feeds from the NYSE, Nasdaq and Cboe Global Markets Inc. grew 253%, according to an analysis by R2G, a data-services firm based in Chicago. That amounts to an annual rate of roughly 20%.

R2G estimated the total costs of a broker or high-speed trader buying premium data feeds, including various connection fees.

Intercontinental Exchange Inc. or ICE, the owner of the NYSE, has said sales of real-time stock-market data account for about 2% of annual revenue, although that figure doesn't include connection

fees paid by large brokers and traders.

"Given their low relative cost within the industry, these real-time products seemingly receive much more publicity and attention than they deserve," ICE Chief Executive Jeffrey Sprecher told analysts on an earnings call last year.

Nasdaq said in an August report that "the current market for U.S. stock market data is efficient and competitive."

ICE and Nasdaq declined to

comment. Bryan Harkins, executive vice president at Cboe Global Markets, said the company embraces "robust discussions on ways to improve our public markets," including the debate over market data.

Industry executives credit SEC Chairman Jay Clayton and a new director of trading and markets, Brett Redfearn, for the stepped-up scrutiny of exchange fees. SEC Commissioner Robert Jackson Jr. said last week it was "time for the

SEC to get serious about that obligation."

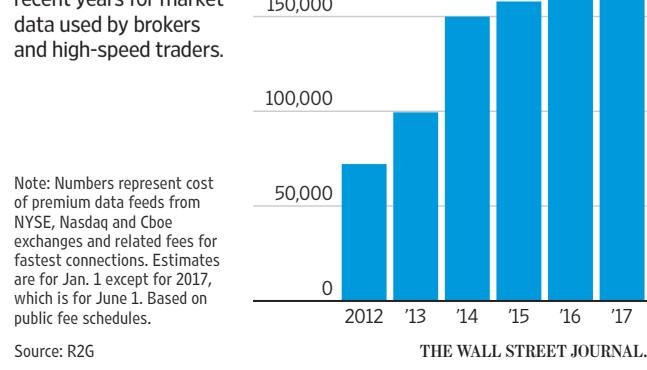
Exchange executives have privately worried that Mr. Redfearn, a former JPMorgan Chase & Co. executive, is biased against them, citing his past criticism of market-data fees.

Mr. Redfearn corresponded with Sifma in its legal challenge to the NYSE and Nasdaq fee increases, according to court records.

In 2016, while still at JPMorgan, Mr. Redfearn also told an SEC advisory committee that the richest market-data products are "characterized by unconstrained and increasing fees," according to a written statement he submitted for the meeting.

"He has a history around it where he wants to see fees come down," said Mehmet Kinan, global head of systematic trading and market structure at T. Rowe Price Group Inc. "He seems to be somewhat balanced but has a bias like anyone would."

The SEC declined to comment about Mr. Redfearn's past work on the issue. Sifma declined to comment.



Note: Numbers represent cost of premium data feeds from NYSE, Nasdaq and Cboe exchanges and related fees for fast connections. Estimates are for Jan. 1 except for 2017, which is for June 1. Based on public fee schedules.

Source: R2G

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MARKETS

Oil Prices Gain Over Worries Of Tight Supplies

By DAN MOLINSKI AND CHRISTOPHER ALESSI

Oil prices rose on renewed concerns that Iran oil exports will fall sharply due to U.S. sanctions, creating a hole in global supplies that won't be filled by other major oil-producing nations.

Light, sweet crude for November delivery ended 0.8% higher at \$72.12 a barrel. That is just shy of an 11-week closing high of \$72.28 reached on Tuesday. Brent crude, the global benchmark, rose 0.5% to \$81.72 a barrel.

Oil prices have closed higher four of the past five sessions, with their only decline coming Wednesday, when weekly data showed an unexpected increase in U.S. crude inventories. But analysts said markets have looked past that data to focus on the implications of Iranian oil.

"The overall market remains biased to the upside as the U.S. is set to add more stringent sanctions on Iran in early November with promises of additional sanctions beyond the November round," said Dominick Chirichella, an analyst at Energy Management Institute. "Exports from Iran are starting to decline according to various media sources with OPEC and their non-OPEC allies holding production steady at current levels after failing to announce any recommendations to increase production to offset Iranian losses at their meeting last weekend."

Oil prices also got a boost during the overnight session, when U.S. Energy Secretary Rick Perry indicated Washington wouldn't open up its strategic petroleum reserves as a way of boosting global supplies to cap oil prices.

Oil prices notably resumed their uptrend Thursday even as the dollar strengthened following a decision by the Federal Reserve to increase interest rates for a third time this year. Oil prices are bought and sold in dollars, so oil prices often move in the opposite direction of the U.S. currency.

The recent rise in oil prices began after the Organization of the Petroleum Exporting Countries and its production allies, including Russia, declined at a meeting in Algiers on Sunday to announce specific plans to raise output further to offset Iran's shrinking exports.

OPEC's nonmove has "all of a sudden produced a very tight supply-demand balance for the fourth quarter of this year," said Tamas Varga, analyst at brokerage PVM Oil Associates. "As a result, the talk is now Brent reaching \$100 a barrel in the not-so-distant future," he said.

Oil prices still face downside risks, however, especially after the U.S. Energy Information Administration's weekly oil report released Wednesday, which showed crude oil inventories rose by 1.9 million barrels when analysts were expecting a 1.3 million-barrel decline.

Treasury Auctions

The Treasury Department will auction \$90 billion in securities next week. Details (all with minimum denominations of \$100):

♦ Monday: \$48 billion in 13-week bills, a reopening of an issue first sold on Jan. 4, 2018, maturing Jan. 3, 2019. Cusip number: 912796PK9.

Also, \$42 billion in 26-week bills, dated Oct. 4, 2018, maturing April 4, 2019. Cusip number: 912796RD3.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m.

AUCTION RESULTS

Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

SEVEN-YEAR NOTES

Applications \$75,914,775,500

Accepted bids \$31,000,048,300

*noncompetitively \$23,425,500

*foreign noncompetitively \$0

Auction price (rate) 99.786973 (3.034%)

Interest rate 3.000%

Bids at clearing yield accepted 15.76%

Cusip number 9128285C0

The notes, dated Oct. 1, 2018, mature on Sept. 30, 2025.

Communications Stocks Lead S&P

By GEORGI KANTCHEV AND JESSICA MENTON

U.S. stocks rose broadly Thursday as investors digested the Federal Reserve's decision to raise interest rates and looked ahead to third-quarter earnings season next month.

Eight of 11 sectors in the S&P 500 climbed as stocks bounced back

THURSDAY'S MARKETS

after turning lower in the final hour of Wednesday's session. Some on Wall Street said the market was shaking off what they thought was a knee-jerk reaction following the Fed meeting.

"You really have to block out the noise in Washington," said Janet Johnston, portfolio manager at TrimTabs Asset Management. "We think the third quarter is going to be stronger than analysts had expected. That's been a pattern that we've seen for a few quarters."

The S&P 500 rose 8.03 points, or 0.28%, snapping a four-session losing streak, led by the utilities and communications sectors. The Dow

Jones Industrial Average added 54.65 points, or 0.21%, to 26439.93, while the technology-heavy Nasdaq Composite closed up 51.60 points, or 0.65%, to 8041.97.

The S&P 500's new communications sector, which houses Google parent Alphabet, Facebook and Netflix, among other stocks, rose 0.8%, while the technology sector added 0.5%.

Tech-related stocks have helped power much of the gains in U.S. stocks this year, and some portfolio managers expect that to go on.

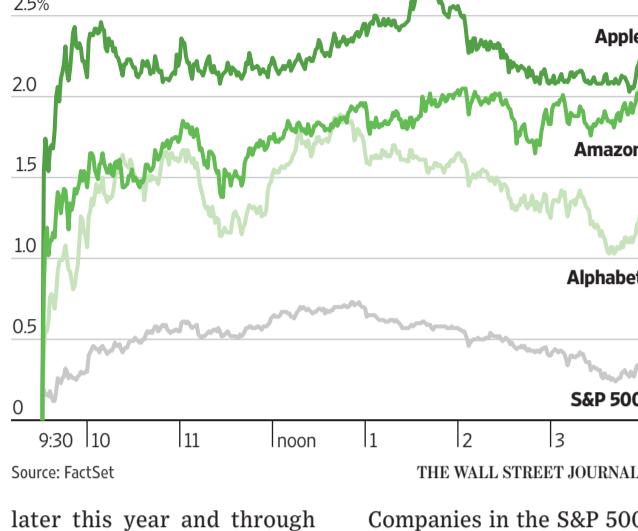
"Technology is one of the areas that we've seen a lot of growth, and the growth continues," said Ms. Johnston.

Amazon shares rose \$38.13, or 1.9%, to \$2,012.98. Apple climbed 4.53, or 2.1%, to 224.95, boosting the blue-chip index.

Major indexes had pulled back in recent sessions after hitting records late last week. Stocks tumbled Wednesday after the Fed said it would raise short-term interest rates by another quarter percentage point, and central-bank officials signaled they expect to lift them again

The A Team

Apple, Amazon and Alphabet outperformed the S&P 500 Thursday.



Source: FactSet

later this year and through 2019.

A central question for investors is how Fed officials can balance the need to raise rates to keep the economy from overheating without hurting growth in the process. The U.S. economy has been growing at a fast pace this year and the unemployment rate has fallen to multi-year lows.

Companies in the S&P 500

are expected to report another period of robust profits for the third quarter. FactSet projects a 19% increase in earnings, a slight slowdown from the 25% growth posted for the first and second quarters.

"The economic fundamentals continue to be strong," said Guy Miller, chief market strategist at Zurich Insurance

Group. But "the pace of U.S. growth will slow with the Fed moves, higher oil prices and waning effect of tax cuts."

"This has an impact for the rest of the world, too," he said.

International trade frictions continued to be a focus for money managers after President Trump accused China of trying to interfere in the midterm elections. The two economies have been embroiled in a trade spat this year—both sides have introduced tariffs—and concern is growing about its impact on the global economy. The administration is also stepping up pressure on Canada.

Overseas, the Stoxx Europe 600 added 0.3%, erasing earlier losses after being dragged down by Italian and Spanish stocks, as investors awaited budget developments in Italy.

Asian markets mostly fell, with Japan's Nikkei Stock Average shedding 1%, while Hong Kong's Hang Seng slipped 0.4%.

Early Friday, the Nikkei bounced back and was up 1.4%, while the Hang Seng was up 0.4%.

Oil Patch's Junk Debt Stages a Comeback

By MATT WIRZ

Debt from the energy companies that triggered a junk-bond rout three years ago is surging back on a rally in oil and natural-gas prices.

The oil patch accounted for about 29% of all high-yield bonds sold so far this year, and energy-sector debt has outperformed debt in other industries.

Case in point, Chesapeake Energy Corp. issued \$1.25 billion of new bonds on Wednesday to refinance more expensive debt it had borrowed in 2016, and credit-ratings firm Moody's Investors Service said it would likely upgrade the company's rating to single-B from triple-C. The new bonds were the most actively traded corporate bonds in the U.S., with \$375 million changing hands, according to MarketAxess.

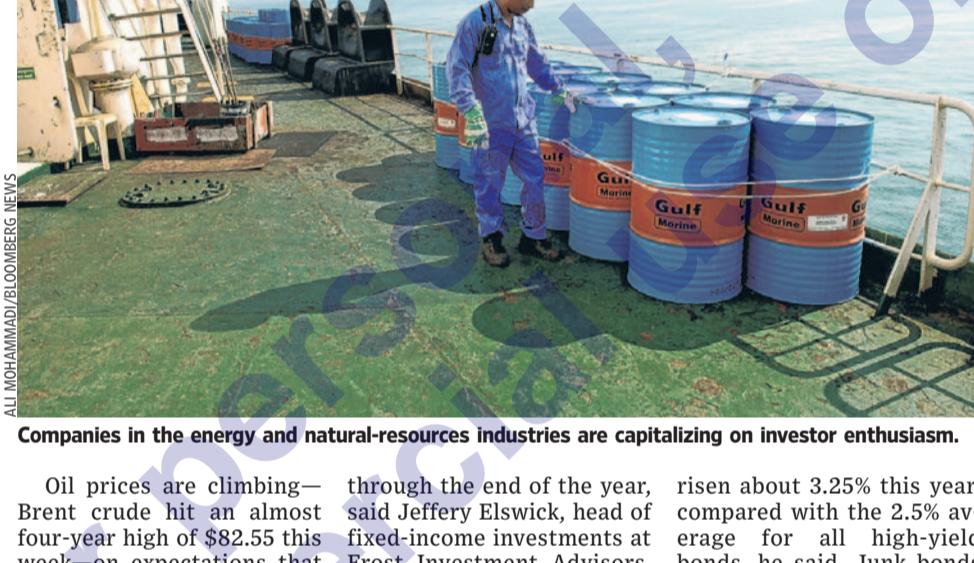
That is a far cry from the crisis Chesapeake weathered in late 2015 when stock and bond investors were betting the company would be forced to default.

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The recent rise in oil prices began after the Organization of the Petroleum Exporting Countries and its production allies, including Russia, declined at a meeting in Algiers on Sunday to announce specific plans to raise output further to offset Iran's shrinking exports.

OPEC's nonmove has "all of a sudden produced a very tight supply-demand balance for the fourth quarter of this year," said Tamas Varga, analyst at brokerage PVM Oil Associates. "As a result, the talk is now Brent reaching \$100 a barrel in the not-so-distant future," he said.

Oil prices still face downside risks, however, especially after the U.S. Energy Information Administration's weekly oil report released Wednesday, which showed crude oil inventories rose by 1.9 million barrels when analysts were expecting a 1.3 million-barrel decline.



Companies in the energy and natural-resources industries are capitalizing on investor enthusiasm.

Oil prices are climbing—Brent crude hit an almost four-year high of \$82.55 this week—on expectations that coming sanctions on Iran will squeeze supply. Natural-gas prices are also rising because of low inventory levels.

Those dynamics are likely to keep pushing energy-company bonds higher at least

through the end of the year, said Jeffery Elswick, head of fixed-income investments at Frost Investment Advisors. Energy companies account for about one-third of the high-yield bonds Frost owns in its flagship \$2.9 billion bond fund, up from 10% normally.

And energy bonds have

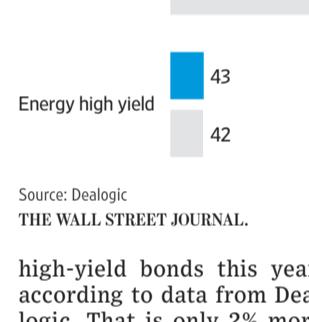
risen about 3.25% this year, compared with the 2.5% average for all high-yield bonds, he said. Junk bonds make up about 12% of the fund's total investments.

Companies in the energy and natural-resources industries are capitalizing on investor enthusiasm and have issued \$42.5 billion of new

Bucking the Trend

Energy company junk bond sales are edging higher despite a broader slowdown in high yield.

Value of new bonds issued, January through September



Source: Dealogic

THE WALL STREET JOURNAL.

high-yield bonds this year, according to data from Dealogic. That is only 2% more than they raised last year, but it compares with a 26% decline in overall junk-bond sales over the period, as rising interest rates—which push bond prices down—damps new issuance in most U.S. corporate bonds.

People spent all summer selling this stuff," said David Rolley, co-team leader of the global emerging-markets debt group at Loomis, Sayles & Co. "This feels like a risk plateau."

Targeted Chinese stimulus

for infrastructure projects

is lifting prices for raw materials and oil prices are rising,

backstopping emerging-markets economies that rely on sales of raw materials for growth.

The offering follows extensive roadshows this month where national officials met with investors in Asia, Europe and the U.S. Papua New Guinea had sought to sell five- and 10-year bonds, according to several investors, but later dropped the plan to sell shorter-term debt.

Companies in the energy and natural-resources industries are capitalizing on investor enthusiasm and have issued \$42.5 billion of new

high-yield bonds this year, according to data from Dealogic. That is only 2% more than they raised last year, but it compares with a 26% decline in overall junk-bond sales over the period, as rising interest rates—which push bond prices down—damps new issuance in most U.S. corporate bonds.

Investors are sitting on a lot of money and looking for yields," Mr. Weisshaar said during last week's roadshows.

The deal is large enough to gain entry to a widely tracked JPMorgan bond index.

Papua New Guinea faces numerous challenges, including a shortage of foreign currency and a sharp slowdown in growth in recent years. It also is hosting the Asia-Pacific Economic Cooperation forum later this year, a significant outlay for a small country.

Moody's and S&P Global have said they expect to rate the bonds at B2 and B, respectively, both five notches below investment grade.

—Rob Taylor contributed to this article.

Papua New Guinea Offers Its First Dollar Bonds

By MANU DALAI AND JULIE WERNAU



The nation will host the Asia-Pacific Economic Cooperation forum.

global interest rates further increase their borrowing costs. On Wednesday, the Federal Reserve lifted its short-term interest rates by one-quarter of a percentage point while signaling another

increase later this year and more through 2019.

Some investors said the deal was well timed. Emerging-markets equities have erased losses posted over the past month and the JPMorgan

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MARKETS

Treasury Yields Have Room to Go Higher

By SAM GOLDFARB

A rally in U.S. government bond prices that followed the Federal Reserve policy meeting was extended slightly Thursday, but yields remain near multiyear highs and may have room to climb further.

The yield on the benchmark 10-year U.S. Treasury note settled at 3.054% Thursday, compared with 3.059% Wednesday. Yields, which fall when bond prices rise, had slid Wednesday after the Fed concluded its two-day meeting.

The Fed raised short-term interest rates, as expected. But its median rate projections for the next two years were unchanged, providing some relief to investors who had been guarding against the possibility of a steeper rate path.

Before Wednesday, selling in Treasurys had pushed the 10-year yield as high as 3.113% on an intraday basis, according to Tradeweb. That was just below its intraday peak this year of 3.119%—a high-water mark dating back to July 2011.

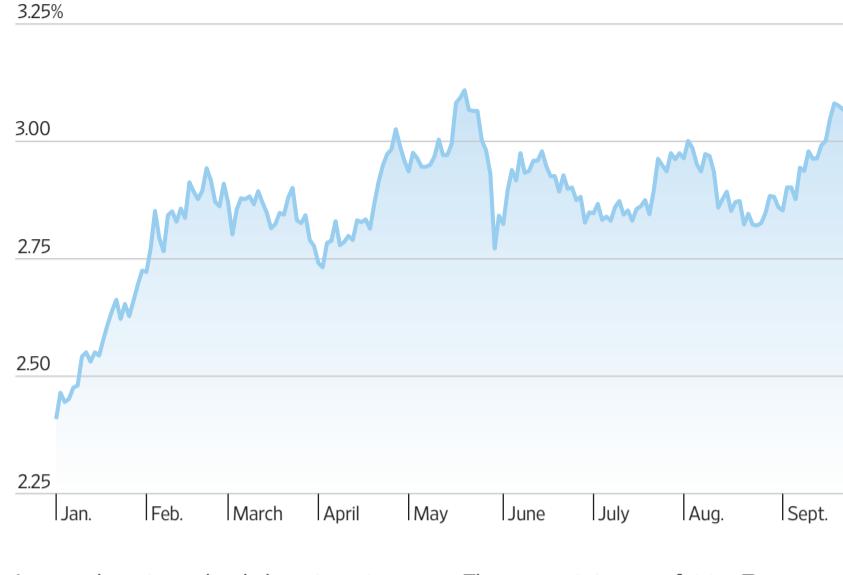
Yields have been rising this month largely because of waning fears about the outlook outside the U.S., as well as continued optimism about the domestic economy. U.S. government-bond yields are closely watched by traders and economists because they serve as benchmarks for a range of interest rates used by consumers, businesses and governments.

While the 10-year yield has climbed more than a half-percentage point this year, it is still low by historical standards. That, and the continued strong demand for riskier debt such as corporate bonds, has ensured that overall credit conditions in the U.S. remain favorable for borrowers.

Fed Chairman Jerome Powell said Wednesday that the U.S. economy is experiencing a “particularly bright moment,” buoyed in part by expansive fiscal policy, higher oil prices

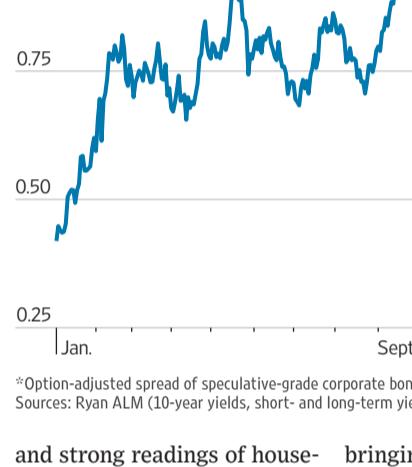
Treasury yields have climbed this month in large part because of easing concerns about the outlook outside the U.S. and continued optimism about the domestic economy.

10-year Treasury yield



Improved sentiment has led to a jump in real yields, which measure investors' actual purchasing power from their bond investments.

10-year Treasury inflation-protected security yield



*Option-adjusted spread of speculative-grade corporate bonds
Sources: Ryan ALM (10-year yields, short- and long-term yields); Thomson Reuters (German-Italian gap, TIPs yield); Bloomberg Barclays (Treasury-junk gap)

The gap between 10-year Italian and German bond yields has been shrinking in recent weeks, reflecting hopes about the political situation in Italy, which was a driver of investors' fears in August.

4.0



The gap between short- and long-term Treasury yields remains narrower than a year ago, stoking concerns that the Federal Reserve's push to raise interest rates could eventually lead to a recession.



The WALL STREET JOURNAL.
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Thomas Simons, money-market economist in the Fixed Income Group at Jefferies LLC. “You look at the tone of Powell's press conference yesterday, he talked a lot more about upside risks than downside risks.”

Robust U.S. economic growth is generally bad for Treasurys, because it can encourage the Fed to raise short-term rates, cause investors to favor riskier assets and lead to higher inflation, which hurts the value of government bonds by eroding the purchasing power of their fixed returns.

The tax cuts and spending increases that have boosted growth this year have also supported Treasury yields by forcing the federal government to ramp up borrowing, which has led to an increased supply of government debt.

One reason why Treasurys may have steadied after Wednesday's rally is that the Treasury Department on Thursday had to sell \$31 billion of seven-year notes, following large auctions of two-year and five-year notes earlier in the week, said Justin Lederer, senior trader of interest rates at Cantor Fitzgerald LP.

“You can't discount the idea that Treasury is raising issuance,” Mr. Lederer said.

Not all investors are convinced that yields will keep rising. While average hourly earnings climbed 2.9% in August from the year before, there has been no big acceleration in overall inflation.

Yields of government bonds in other countries also remain extraordinarily low, which has helped to keep a lid on longer-term U.S. yields. The German 10-year bund, for example, yields just 0.53%.

Concerns about the political situation in Italy—along with worries about emerging markets' ability to handle a stronger dollar—have also caused some global investors to shelter in U.S. assets such as longer-term Treasurys.

and strong readings of household and business confidence.

The rally in Treasurys that followed Wednesday's Fed meeting continued into the overnight session, at one point

bringing the 10-year note's yield down to 3.031%, according to Tradeweb.

That yields then reversed course was noteworthy because Treasurys have often

sold off heading into major Fed meetings in recent years, only to mount strong rallies afterward. If Treasurys can't sustain a rally this time, it could put higher yields in play;

some analysts have suggested the 10-year yield could soon reach 3.25% or even 3.5%.

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High-end homes
that cut the plug
M12

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Foreigners Snubbed
Some countries
try to cool sales
M6



Friday, September 28, 2018 | M1

AKA Hotel Residences has 11 locations in five major cities.

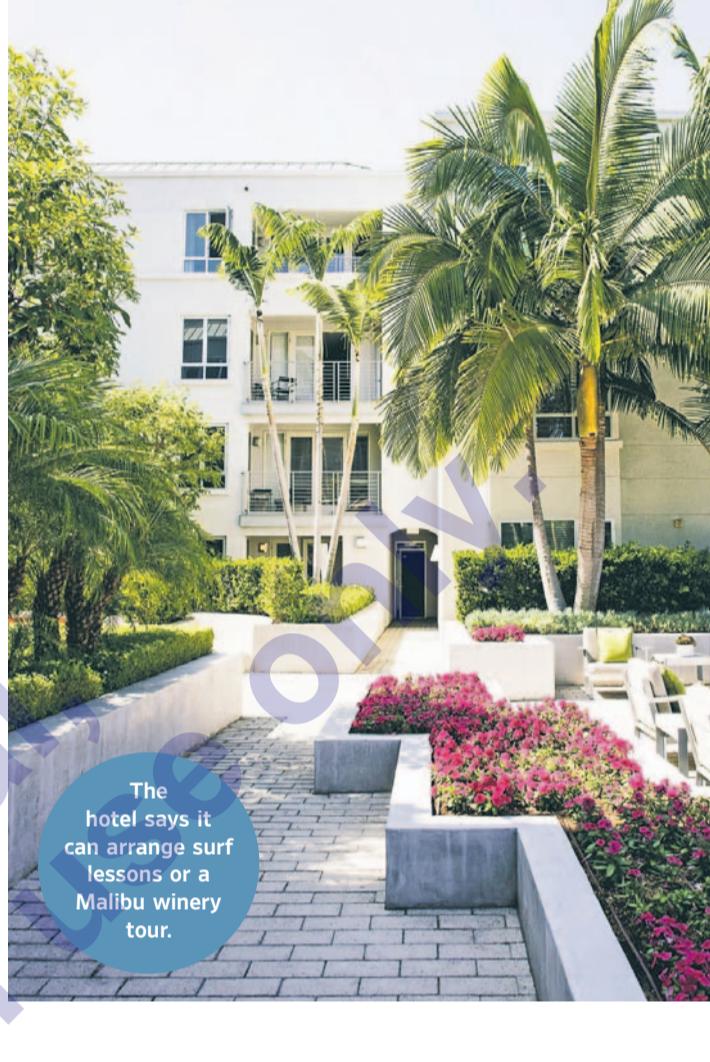
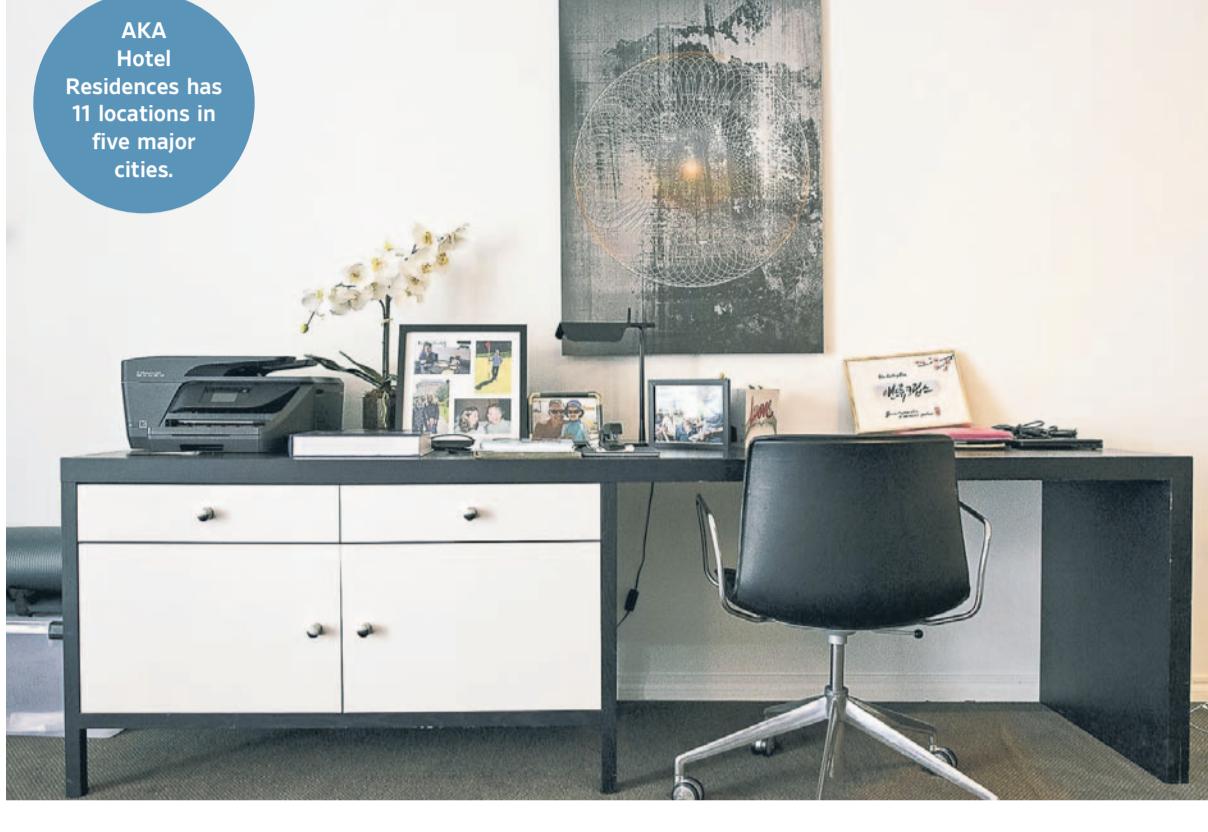


ILLUSTRATION BY KERRY HYNDMAN; MICHAL CZERNOWICKA FOR THE WALL STREET JOURNAL (3); GABRIELLA MARKS FOR THE WALL STREET JOURNAL (M6)

When business and political elites relocate, they check into long-stay apartment hotels with better designs, locations and amenities like full-size kitchens, antique rugs, wine nights and bike sharing.

BY KATY McLAUGHLIN

After more than a year, finance executive Robert Wolfangel, his wife Jaime and their cats Tiki and Cody have just moved out of their Philadelphia hotel room. It wasn't a depressing existence: Their place at Roost Apartment Hotel was a roughly 750-square foot one bedroom with a full kitchen, herringbone floors and midcentury modern furniture. After they finally bought a home, the couple was able to move on two weeks' notice.

"I didn't have to return a cable box or cancel the

electric," said Mr. Wolfangel, 54, who was paying roughly \$5,250 a month. "It was painless."

Traditionally aimed at business travelers or relocating families on a budget, extended-stay hotels are often associated with bland décor and suburban office park locations. In recent years, however, the industry has seen the advent of upscale extended stay brands in prime urban locations. With features like full kitchens, multiple bathrooms, regular housekeeping and a concierge, they are sufficiently homelike to appeal to wealthy tenants who might otherwise rent an apartment or buy a pied-à-terre in a luxury building.

Though it is not a cheap way to live, long-term resi-

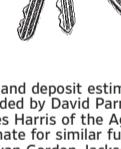
Please turn to page M7

LIVING IN A HOTEL

AKA BEVERLY HILLS

Unit: One bedroom, two bathrooms, 1,145 square feet

Cost: Mr. Cripps pays roughly \$12,000 a month



Cost and deposit estimate provided by David Parnes and James Harris of The Agency; estimate for similar furnishings by Ryan Gordon Jackson of Studio Jackson in Los Angeles

LIVING IN AN APARTMENT

COMPARABLE APARTMENT IN BEVERLY HILLS

Cost: Approximately \$6,000 to \$8,000 a month

Deposit: Typically, two months rent, or roughly \$12,000 to \$16,000

Utilities, cable, internet and weekly housekeeping: Roughly \$700-\$800

Furnishings: Roughly \$46,000

The Last Home of Eleanor Roosevelt

The former first lady's townhouse is going on the market for nearly \$20 million



BY KATHERINE CLARKE

ONE DAY IN 1960, Edna Gurewitsch got a call from former first lady Eleanor Roosevelt suggesting she get to their shared townhome early: Soviet statesman Nikita Khrushchev, in town to address the U.N. General Assembly, was swinging by.

Later that evening, the tiny elevator in the townhouse stalled with another visitor inside. Mrs. Gurewitsch couldn't help wondering what would have happened had it been Mr. Khrushchev trapped inside. "It might have been an international incident!" she wrote in her book "Kindred Souls: The Devoted Friendship of Eleanor Roosevelt and Dr. David Gurewitsch."

The Manhattan townhouse at 55 East 74th St., slated to come on the market for almost \$20 million, was Mrs. Roosevelt's home from 1959 until her death in 1962. She lived on the bottom floors, while Mrs.

Please turn to page M4



Eleanor Roosevelt with John F. Kennedy at her Manhattan townhouse, above right. She advised him on his 1960 presidential bid.



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MANSION



FROM TOP: CHRISTOPHER MCENRY FOR THE WALL STREET JOURNAL; CORBIS/GETTY IMAGES (BYRDS); DOROTHY MCGUINN

HOUSE CALL | ROGER MCGUINN

After a Jam Session in His Teen Years A Career Took Flight

The Byrds co-founder, inspired by Elvis and folk artists, embraced the guitar and the banjo

I was 7 when I heard my first folk song. A friend of the family, Ruby Norris-Morris, performed "The Streets of Laredo" on her small parlor guitar in our living room in Tarrytown, N.Y.

Cowboys were everything to kids in 1949. I had cowboy boots, a cowboy outfit and a holster with two toy six-shooters. I got a lump in my throat when Ruby sang, "Come sit down beside me and hear my sad story / For I'm shot in the breast, and I know I must die."

I was born in Chicago. Our move to Tarrytown followed my parents' success with "Parents Can't Win," a 1947 book they wrote satirizing Dr. Spock's "Baby and Child Care,"

published a year earlier. After their book came out, my parents—Jim and Dorothy—took me on a book tour. We traveled the East Coast and wound up in St. Augustine, Fla., for a year. Then we moved to Tarrytown.

For a while, my father commuted to work at a New York ad agency. My brother, Brian, was born in Tarrytown and we shared a room.

After my father had a gallbladder operation, we moved to the Bronx to be closer to his job. We lived in the Fordham Hill housing project where the nine buildings were named for English towns. We were in Sussex.

In 1954, we moved back to Chicago, where my parents started a public-relations firm. We lived on the



Roger McGuinn, top, at his Florida home; above, with his father, Jim, in St. Augustine, Fla., in 1948; and, above right, second from right, with the Byrds.

city's north side, on the second floor of a Victorian apartment building.

For my grammar-school graduation, my parents gave me a Regency TR-1, the first commercially sold transistor radio. I rode around on my bike listening to rock 'n' roll.

About a year later, we moved to East Division Street, where my parents rented a three-story brownstone. I had the entire top floor. It was like having my own apartment. My mother was sweet, but my father and I didn't have a close relationship. I could tell he loved me, but he was a stern disciplinarian. I never seemed to do anything right, and I was always in trouble.

While riding my bike in '56, I heard Elvis Presley's "Heartbreak Hotel." I wanted to play guitar. On my 14th birthday, my parents bought me a Harmony, but playing chords on its raised strings was difficult.

After I showed my father a Gene Vincent guitar break I had taught myself, he agreed

I needed a better guitar. My grandparents bought me an electric Kay 161 Special, the same kind that blues guitarist Jimmy Reed played. I built my own amp using a Heathkit.

In high school, folk musician Bob Gibson came to play for us on a five-string banjo. I bought his most recent album and learned all the songs. Then I enrolled at the nearby Old Town School of Folk Music. Classes were on Saturday



mornings and Wednesday nights.

I wanted a better acoustic guitar, so I saved up at my job as an assistant janitor and bought a Martin 00-21 guitar—the same one folk singer Josh White and my teacher played. Since I couldn't afford a banjo, I removed all the strings from my Kay electric guitar, drove a nail into the 8th fret and put on banjo strings. I attached the strings to the nail and tuned it like a banjo. Eventually I bought a five-string Vega long-neck model.

I soon began playing at local coffeehouses. After a gig one night in early 1960, I walked to the Gate of Horn, a Chicago folk club. Actor-musician Theodore Bikel and Alex Hassilev of the Limeliters were jamming at the bar.

When they saw me with my guitar and banjo cases, they asked me to play the banjo with them. Alex said the Limeliters were looking for someone to back them up on guitar. He set 1 p.m. the next day for an audition. I stayed up all night listening to the Limeliters' first album Alex gave me. I auditioned and was offered the job. But there was a problem: I was still in high school.

After graduation in June, the

Raising Roger

In 1947, Roger McGuinn's mom and dad published 'Parents Can't Win,' a takeoff on Dr. Benjamin Spock's 'Baby and Child Care' (1946). Some of the book's humorous advice:

On blurting out: 'Children must have freedom of expression. It is as necessary to their well-being as potato chips, hot dogs, licorice whips and orange pop.'

On reading: 'Children are not escapists, and to gain even their most tepid interest, children's literature must include many decapitations, crushings and boilings in oil and/or water.'

On forcing veggies: 'The progressive parent knows that it is far better to see a happy child with anemia than a healthy child with fixations.'

On the facts of life: 'When the persistent child asks where little birds come from, tell him "eggs..." Once you establish that birth is sex and that it has something to do with male and female, the child will return to his fire engine.'

Limeliters sent me a plane ticket to Los Angeles to play on their album, "Tonight: In Person." I first met David Crosby while I was with the Limeliters. He was an actor then. One day he took me up to his family home in Santa Barbara. His mother made the most amazing lamb and avocado sandwiches.

In '64, I formed a group with Gene Clark, a singer and songwriting partner. David joined us on guitar, with Chris Hillman on bass and Michael Clarke on drums. But we needed a name.

At a Thanksgiving dinner at our manager's house, someone suggested the Birdsies. Too cute, so we shortened it to the Birds. But "birds" was slang for girls. Someone suggested the Burds. We didn't like that either. We went with the Byrds.

Today, my wife, Camilla, and I live on a quiet cul-de-sac in Orlando, Fla. We moved into our Mediterranean-style home with a white tile roof in 1991.

My favorite space is my recording studio, but I also love sitting on our porch on stormy days and watching the rain sway the trees in the swamp out back.

I still have my old cowboy cap guns and holster. Camilla takes them out each year around Christmas. She likes to put them under the tree.

—As told to Marc Myers

Roger McGuinn, 76, is a singer-songwriter and guitarist who is best known as co-founder of the Byrds. He currently is touring in the U.S., and his latest album is "Sweet Memories."



"PROPERTIES LIVE UP TO OUR EXPECTATIONS... OR EXCEED THEM."

Michael J.

"IT REALLY OPENED OUR EYES TO A VARIETY OF DESTINATIONS."

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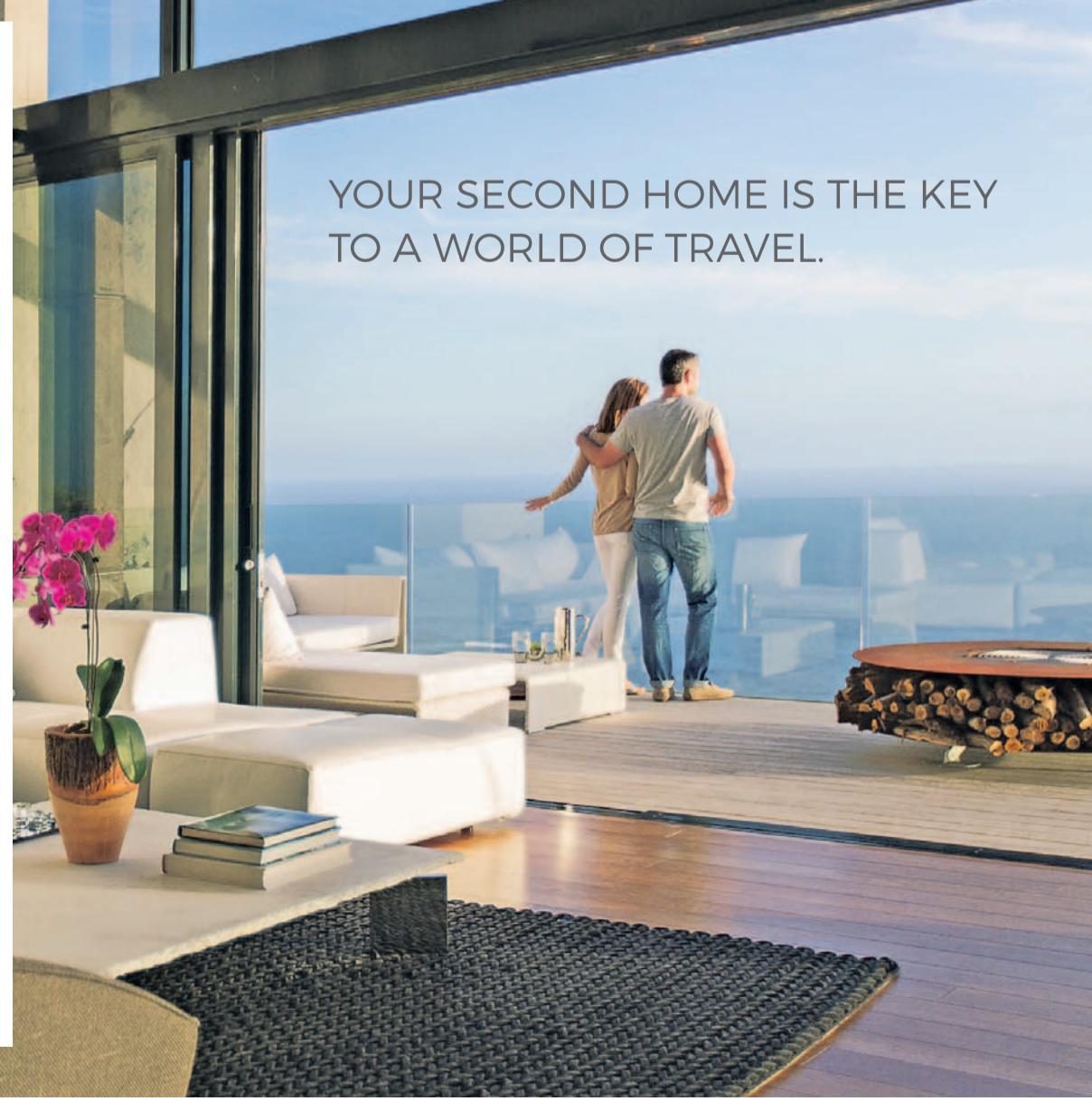
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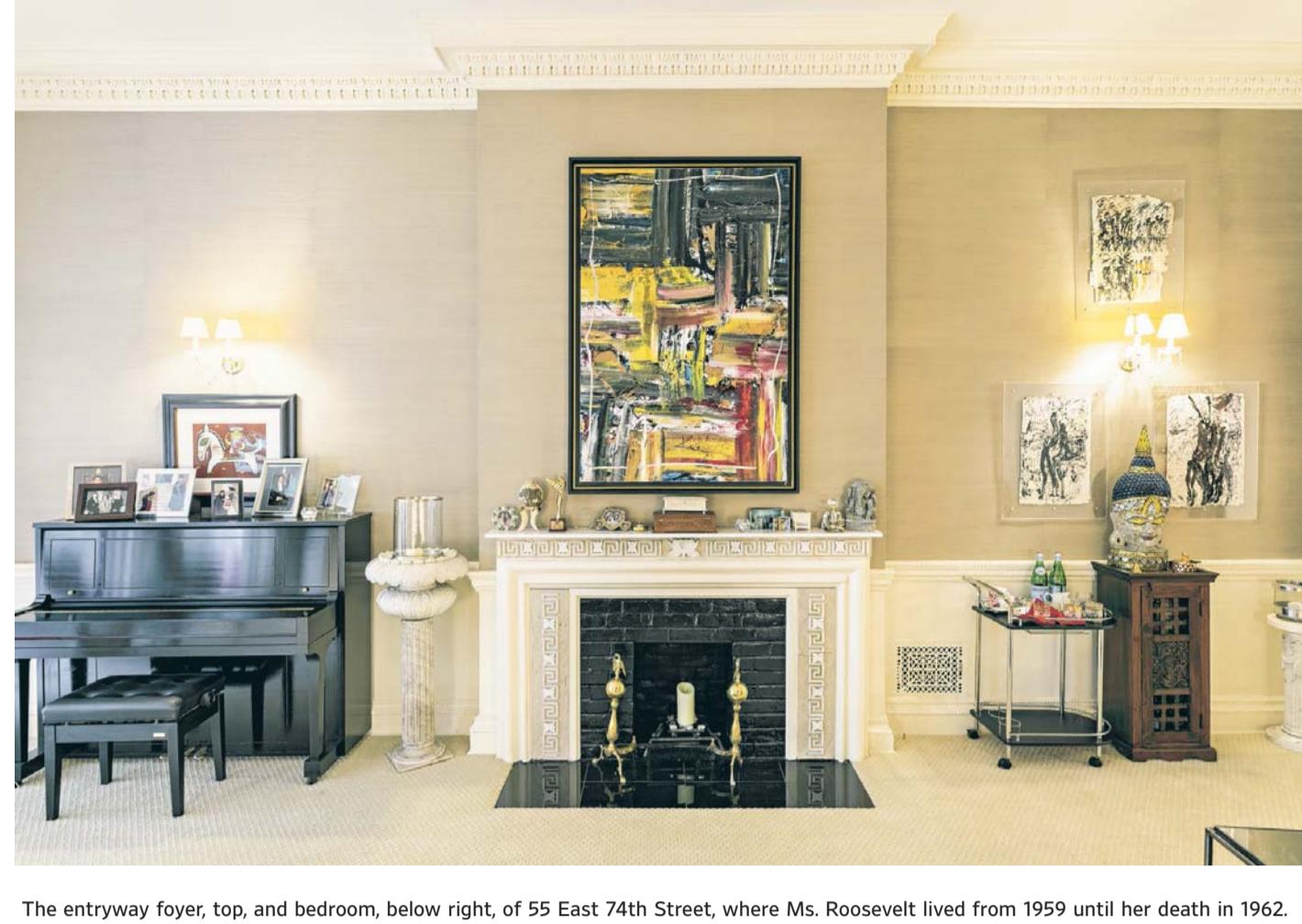
Eleanor Roosevelt's Final Home

Continued from page M1

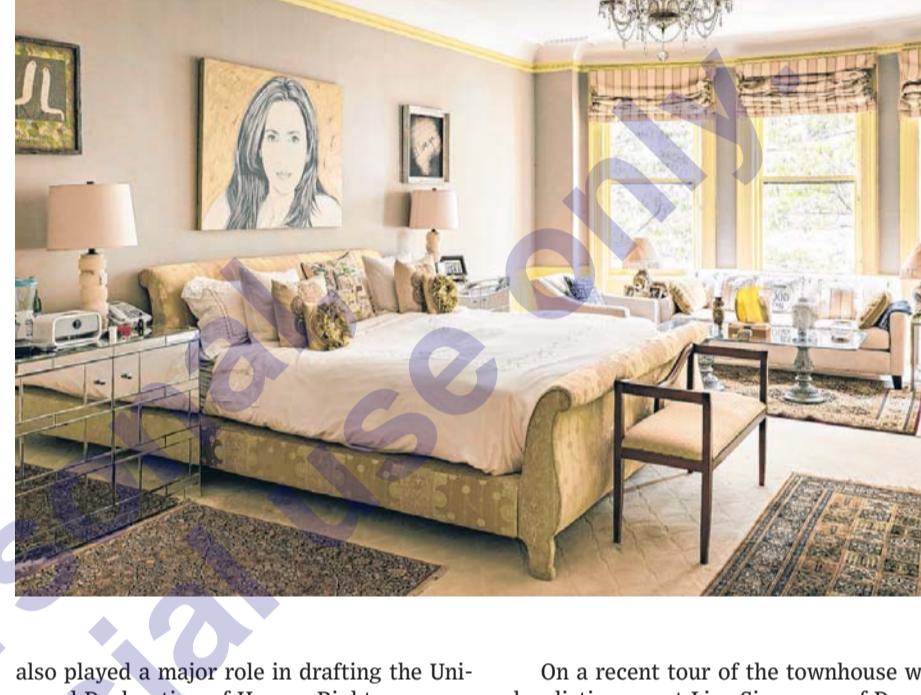
Gurewitsch and her husband David Gurewitsch took the top. Mrs. Roosevelt wrote a syndicated newspaper column from her apartment overlooking the street, and entertained various dignitaries like President John F. Kennedy.

Mrs. Gurewitsch remembers election night in 1960, when Mrs. Roosevelt hosted a election night watch party. Champagne glasses and friends poured in as the New York polls closed. Although it was beginning to become evident that Mr. Kennedy would win, Mrs. Roosevelt—who had originally consulted with Mr. Kennedy on his campaign—remained somber, anxious about the results until they were final. "Serious business was at hand and she was totally focused upon it," watching the returns from a long red sofa close to the television, wrote Mrs. Gurewitsch. "She sat immobile, eyes never leaving the screen." Mrs. Roosevelt served as first lady from 1945 until her husband's death in 1945, making her the longest serving person in the role. After her time in the White House, Mrs. Roosevelt moved to New York, where she was friends with Dr. Gurewitsch. When he married, the three became friends. Despite rumors to the contrary, Mrs. Gurewitsch said there was never a romance between her husband and the first lady and he always referred to her as Mrs. Roosevelt.

In 1945, Mrs. Roosevelt became the first delegate to the United Nations. She



The entryway, foyer, top, and bedroom, below right, of 55 East 74th Street, where Ms. Roosevelt lived from 1959 until her death in 1962. Owner Meera Gandhi, below left, has hosted prominent people like Hillary Clinton at the home. It is for sale for nearly \$20 million.



also played a major role in drafting the Universal Declaration of Human Rights.

Mrs. Roosevelt and the Gurewitsches jointly bought the house in 1959. Mrs. Gurewitsch, 94, said she and the former first lady had first toured another home on the same street, but were put off by its Republican owner, who turned her back to them as they explored the property.

The house they bought dates back to 1898, and was one of eight limestone townhouses built by architects Buchman & Deisler. Its first owner was Benno Neuberger, a partner in tobacco dealers E. Rosenwald & Co., according to a report by the New York Landmarks Preservation Commission.

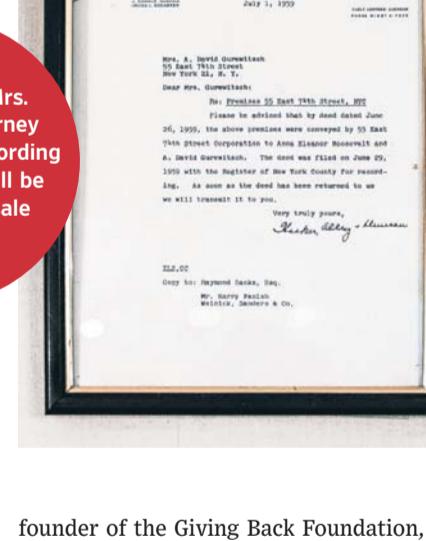
Mrs. Roosevelt was careful not to intrude on the Gurewitsches' privacy when they lived there, wrote historian Hazel Rowley in her book "Franklin and Eleanor: An Extraordinary Marriage."

"She phoned before going upstairs. She tried not to play too large a role in their lives," Ms. Rowley wrote. "But there must have been times when she felt just like [Edna's] mother-in-law." Mrs. Gurewitsch recalled how she and her late husband would often go downstairs to have dinner with Mrs. Roosevelt.

Dr. Gurewitsch died in 1974. The current owner Meera Gandhi and her former husband Vikram Gandhi purchased the home from Mrs. Gurewitsch in 1999, and converted it into a roughly 8,000-square-foot, single-family home spanning five levels with a private garden in the back. They raised their three children there; now that the children have grown up, Ms. Gandhi has decided to put the six-bedroom home on the market, she said.

On a recent tour of the townhouse with her listing agent Lisa Simonsen of Douglas Elliman, Ms. Gandhi lingered in the entrance vestibule, with its marble floors and curved staircase, to show off a collection of Mrs. Roosevelt memorabilia, which included a letter from Mrs. Roosevelt's attorney confirming the recording of her deed. It will be sold with the house.

Ms. Gandhi, whose ex-husband was formerly an executive at Credit Suisse, is



A letter from Mrs. Roosevelt's attorney confirming the recording of her deed. It will be included in the sale of the home.



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NEW YORK'S LUXURY TOWNHOME MARKET KEEPS CHUGGING ALONG

224
Manhattan townhouse sales the first half of 2018

211
Manhattan townhouse sales the first half of 2017

By the end of the second quarter of 2018, the New York City townhouse market appeared on even footing.

The number of Manhattan townhouse deals closed in the first half of the year totaled 224 with a total dollar volume of \$1.6 billion, up from 211 and \$1.5 billion during the same period in 2017, according to a report by townhouse brokerage Leslie J. Garfield.

The most notable transactions of 2018 so far include a \$90 million sale of a townhouse formerly owned by art collector David Wildenstein on East 64th Street and the sale of real estate magnate Joseph Chetrit's Upper East Side mansion on East 76th Street for \$40.25 million to billionaire David Koch, according to property records and sources familiar with the deal.

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Caroline Dyson : 212.572.3176



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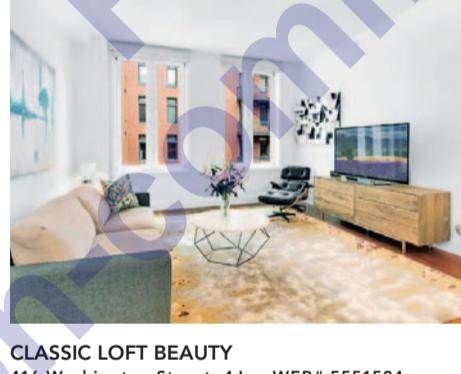
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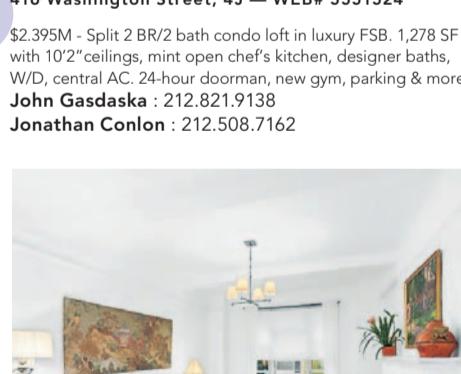
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\$1.495M - Renovated 2 bedroom, 4.5 room with gracious floor plan, wood burning fireplace, windowed eat-in kitchen, central gallery, semi-private elevator landing. Coveted white-glove, full service pre-war building.

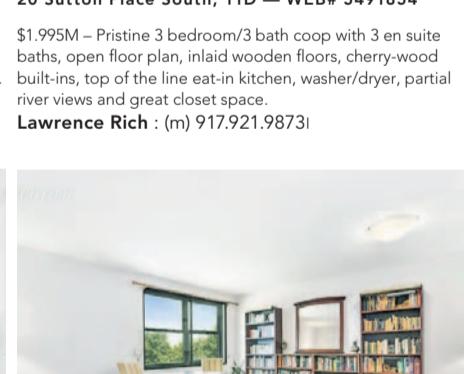
Ellen Sykes : 212.572.3197



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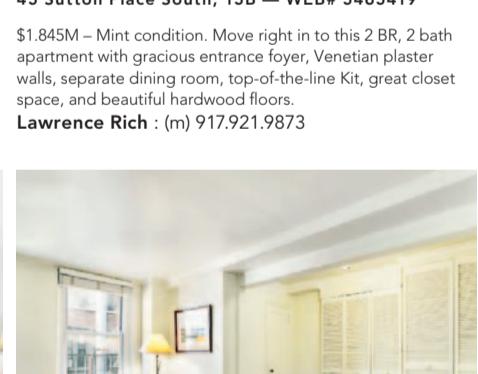


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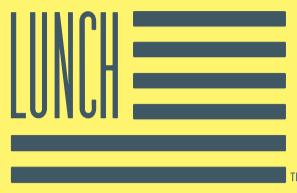
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MANSION

Places To Grill & Chill

Tips on the fine art of cooking—and relaxing—the way the masters do it south of the border

Americans might fancy themselves passionate about grilling—until they encounter a culture that actually builds monuments to it in nearly every home, as in Argentina and Uruguay. Those monuments come in the form of the *parrilla*, typically a brick or stone fireplace and chimney. Forget about convenience, or the instant gratification that comes with flicking on a gas grill. Argentina-style grilling requires a long-term commitment every time.

At least one grill-manufacturer, and several designers and architects, have created versions of Southern Cone barbecues for clients in the U.S. They are building luxury pavilions and outdoor seating areas that enhance the whole grilling-and-chilling experience.

These grills are large, which means they often require a hand-cranked pulley. At the side of the grill grate is a metal basket—called a *brasero*—for building a wood fire. As the fire burns, embers begin to drop to the bottom. The grill master then rakes the embers under the cooking food, while raising and lowering the grate itself to achieve slow-cooked perfection. The method is ideal for controlling temperature, cooking a variety of meats and vegetables on the same grill, and imparting the subtle flavors of wood smoke. The system has its origins in the tradition of the *gaucho*, the region's equivalent to the cowboy. The process also offers the hypnotic benefit of gazing into a live fire.

Despite its complexity, the tradition is gaining popularity beyond its original borders. Here is a look at three backyards in the U.S. that have embraced the art of the Argentine *asado*.

—Katy McLaughlin



PARTY HOUSE FOR STEAK

Uruguay-born architect Marcelo Valdes created a screened-in pavilion with a grill "exactly like what my client saw in Buenos Aires," he said. He got the specifications for the grill from Uruguay's equivalent of the Farmer's Almanac, Mr. Valdes said. The pavilion, which cost roughly \$70,000, would be instantly recognized in both Uruguay and Argentina as a *barbacoa*, a backyard structure devoted entirely to *asados*, or parties based on grilling meat.

// Price of grill: About \$1,865, from M. Valdes Architects; St. Paul, Minn.

Grill Glossary

Meat is so key to the cultures of Argentina and Uruguay, its preparation has its own vocabulary. Here are a few terms essential for the aspiring Southern Cone carnivore:

Asado

A barbecue party for family and friends, typically including grilled organ meats, sausages, short ribs and steaks.

Brasero

A metal basket inside the grill for building a fire. The fire creates red-hot embers that drop down and are raked under the grill.

Parrilla

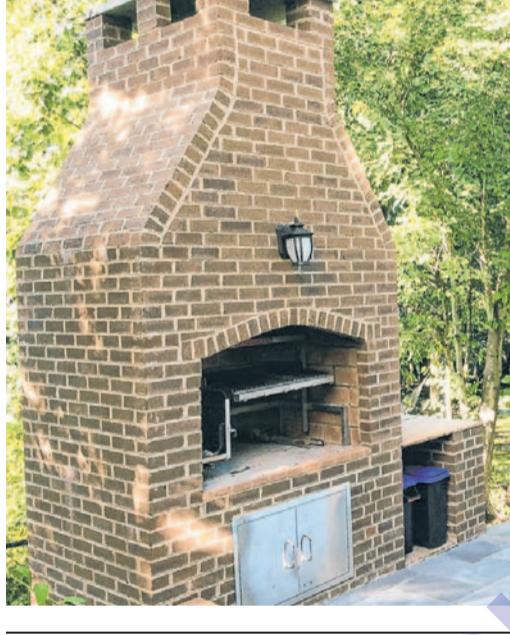
The Argentine-style grill itself. The word is also used to mean a steakhouse.

Parrillero

The grill master, whose job includes selecting both the varieties of wood to be used in the grill and the cuts of meat to be cooked.

Plancha

A cast-iron griddle that can be set over the embers for intense surface-area heat.



NATIVE SON'S DREAM GRILL

Argentina-born mechanical engineer Edward Pentz decided to build himself a *parrilla* in 2012. Friends and family clamored for their own and a business was born. Today, Gaucho Grills makes roughly 50 grills a year and sends them around the U.S. One customer was Osvaldo Ponzo, an Argentina-born high-school instructor in Parkville, Md. He spent about \$15,000 to build this chimney, prep area and seating space in his backyard. During the summer, Mr. Ponzo stages an *asado* about three times a week. // Price of grill: About \$3,000, from Gaucho Grills; Ivyland, Pa.



SOUTHERN GAUCHO CHIC

Designer Seth Kitchen responded to a client's desire for a family gathering space by suggesting an Argentine grill, which he had encountered on trips to Buenos Aires. The clients, in Roswell, Ga., spent \$65,000 to create this partially enclosed patio, seating area and masonry—plus a grill that Mr. Kitchen made from an old plow and antique wagon wheels. // Price of grill: About \$3,600, from Bella Botanica; Roswell, Ga.

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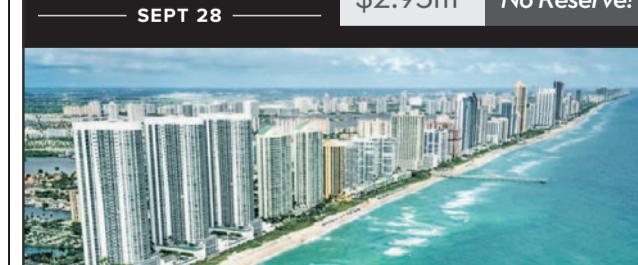
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MANSION



Source: Median prices from Knight Frank reflect the top 5% of each market as of June 2018

THE MARKET

Why Some Countries Snub Foreign Buyers

To make homes more affordable for the locals, governments are enacting barriers to stifle overseas purchases

If you dream of buying a home in New Zealand, you better be a kiwi. This summer, the country introduced new rules to limit foreign ownership in hopes of making homes more affordable for the locals.

Starting later this year, nonresidents (other than those from Australia and Singapore) will be restricted to buying newly built homes. And they can only buy up to 60% of units in new apartment buildings.

New Zealand is far from the only country struggling with a housing-affordability crisis—not to mention concerns over dirty money being parked in international property portfolios. From increasing taxes to zoning to barring access to credit, nations on every continent in the world are using a range of creative barriers to restrict foreign buyers.

Here are some of the most recent efforts across the globe. —Ruth Bloomfield



HONG KONG

Taxation has had little effect in cooling the prime market. In 2012 measures were imposed to curb overseas buyers. Stamp Duty was hiked to 15% (and has since been extended to include all second-home buyers). That same year, some new developments were designated as zones where new homes can only be sold to permanent residents of Hong Kong. Despite this the city was named the world's least affordable by U.S. planning consultancy Demographia for the eighth year in a row in January. Over the past decade, prime-property prices have increased by 160%, according to Savills estate agency. // ABOVE: A five-bedroom townhouse in the Jardine's Lookout neighborhood is listed for \$16.39 million.



THE MALDIVES

While most countries are trying to restrict overseas buyers, this country is cautiously welcoming them. In 2010 new regulations allowing foreigners to buy leases of up to 50 years on residences within resorts were introduced. Negotiations are now under way to increase this limit. Robert Green of Sphere Estates is selling villas at Soneva Fushi on a private island. Around 10 villas have been sold for between \$3 million to \$10 million. "It takes a while to get a new market established for homeownership, and there have been obvious concerns about rising sea levels and the lease system itself is a concern to some," said Mr. Green. // ABOVE: A 28,000-square-foot compound on Kunfunadhoo Island in the Maldives is available as a leasehold for \$15 million.



AUSTRALIA

In 2016 the federal government increased the tax burden on foreign buyers purchasing newly built homes, introducing a buying tax and raising their stamp duty burden to 8%. There are also annual fees for foreign owners—a "vacancy" levy for homes left empty, equal to the original buying tax, plus a land tax surcharge of 2%.

Meanwhile, amid concerns about fraud, the government's financial regulator announced in 2016 that the "big four" banks (The Commonwealth Bank of Australia, National Australia Bank, Westpac, and ANZ) could no longer lend to foreigners. In the four years leading up to this decision Ged Rockliff, head of residential at Savills Australia, said top-end prices had soared by 50% to 60%. Since then prices have slipped back around 5% to 10%. "Without a doubt the biggest issue which has dampened foreign appetite has been the lack of access to finance," he said. "People were prepared to pay the taxes." // ABOVE: A rendering of Koko in Queensland, Australia, where prices start at \$455,300.



THAILAND

Foreign buyers can purchase apartments and condominiums outright. But they can only purchase houses on a 30-year lease. Government officials "do not want any foreigners to hold the rights on the land," said Marciano Birjmohun, associate director of Knight Frank. The interests of Thai citizens are also protected within condominiums, where no more than 49% of homes can be owned by foreigners.

The overseas market in Bangkok is currently dominated by Hong Kong and Chinese buyers purchasing investment property. // ABOVE: A three-bedroom apartment in the Ritz-Carlton Residences in Mahanakhon, Thailand, is asking \$2.52 million.



UNITED KINGDOM

Between 2014 and 2016 the U.K. introduced a series of tax disincentives to cool the real-estate market—a 3% surcharge on the stamp duty paid by second-home buyers and a 15% buying tax on all homes bought through a shell company, a popular technique used by buyers to preserve their privacy. Strict new money-laundering rules aim at preventing disreputable investors from parking huge amounts of cash in London property. The result: Foreign buyers have all but abandoned London, and prime prices have crashed. Between 2014 and 2018 prices have fallen 17.6% according to Savills. Although many blame this on the Stamp Duty, confusion caused by Brexit has played a part. // ABOVE: A three-bedroom apartment in One Blackfriars in London seeks \$17.37 million.

ILLUSTRATION BY JAMES GULLIVER HANCOCK

SPHERE ESTATES

KIGHT FRANK (RENDERING)

MANSION



Continued from page M1

dents calculate that the flexibility, combined with the fact that they don't have to pay for deposits, utilities or furniture, can make an extended-stay hotel a better deal than renting an apartment or buying a home.

There are over 456,000 extended-stay hotel rooms today, nearly 34% more than five years ago, and extended-stay hotels are occupied 77% of the time, higher than the national average, according to Jan Freitag, senior vice president at STR, a data provider to the hotel industry. Hotel executives say consumers have become more familiar with the concept of renting a temporary home through the popularity of websites such as Airbnb. Upscale extended-stay hotels can offer the homey feel of an Airbnb, without the sometimes tricky check-in process and unpredictability, they say.

Roost Apartment Hotel has two locations in Philadelphia. It is opening another Philadelphia location in December, one in Washington, D.C., in July, and another in Charleston, S.C. within 18 months. Units boast 100-year-old Turkmen rugs, Bosch washer and dryers and Chemex coffee makers. Mr. Wolfangel's room alone cost about \$70,000 to design and furnish, said Roost Chief Executive and co-founder Randall Cook. Nightly stays in a one-bedroom range from roughly \$225 to \$295, but drops down to about \$175 a night for a monthly stay.

Launched in 2005, AKA Hotel Residences has 11 locations in New York, Los Angeles, London, Philadelphia and Washington, D.C. The brand plans to open two to three new locations a year, said President Larry Korman.

AKA hotels offer luxury touches such as lounges, board rooms, fitness centers and valets; some have screening rooms and roof decks. There is a program that arranges experiences for guests including trapeze or cooking lessons.

Andrew Cripps, a 58-year-old entertainment executive, signed a one-year contract at the AKA Beverly Hills in January, 2017, and is still living there. While he got a job in Los Angeles, his wife and three children decided to remain in London, where his middle daughter was in her last year of high school. He now spends roughly \$12,000 a month for a 1,145-square-foot one bedroom, and heads to London for roughly a week a month.

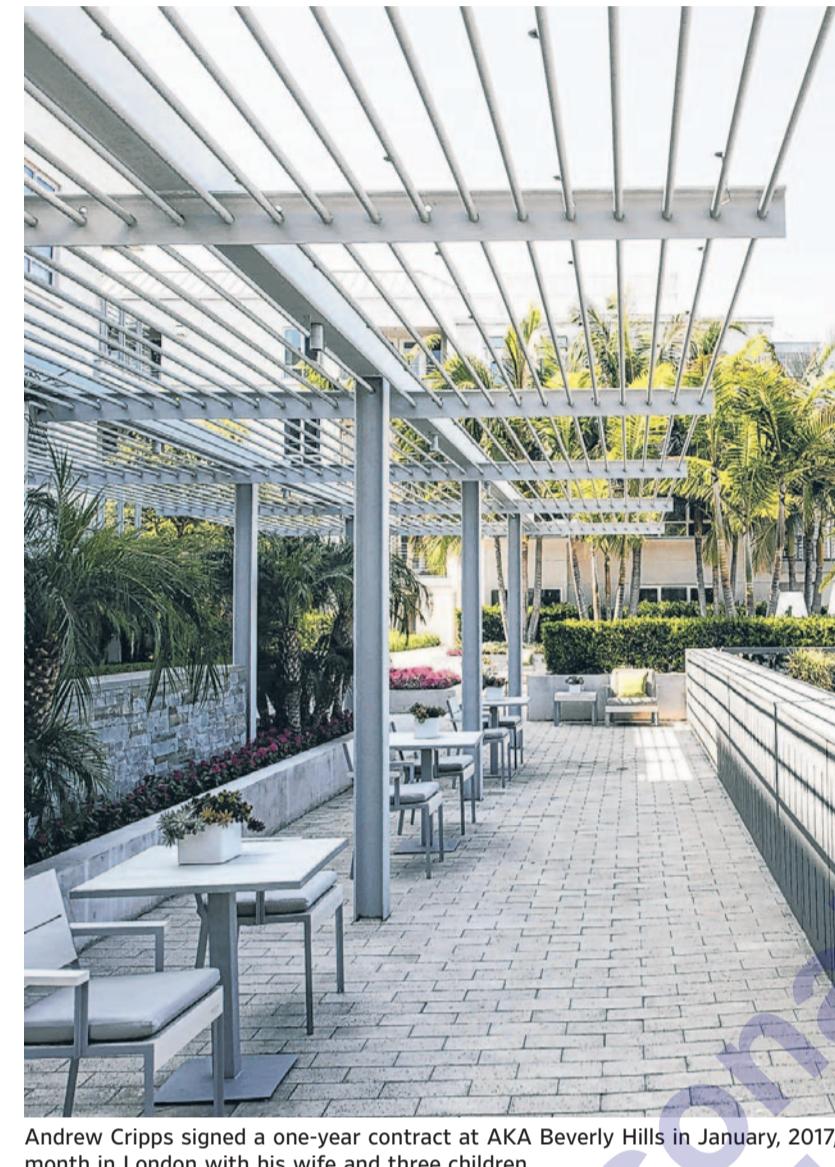
Mr. Cripps says he looked at apartments, but was turned off by how few were located in walkable neighborhoods.

Bob McDonald, the retired chairman, president and chief executive of Procter & Gamble, lived in the AKA White House in Washington, D.C., while serving as the Secretary of the Department of Veteran's Affairs from 2014 to 2017. Mr. McDonald says he doesn't remember exactly what he paid for his roughly 1,000-square-foot two bedroom, but says it was roughly equivalent to his annual after-tax salary at the VA, which was about \$198,000 a year. AKA's prices vary widely by location, date and demand, Mr. Korman said.

Mr. McDonald, 65, says he and his wife looked at houses and condos but "we weren't sure if we would remain after Obama's term." There were also advantages to hotel living: In the summer of 2016, four friends from his high-school football team visited, and the hotel helped house and entertain the group, he said. Plus, there was space in the lobby for security detail—both for himself as well as fellow hotel-dweller James Comey, Mr. McDonald says.

Element, an extended-stay brand owned by Marriott International, has 35 hotels, and is planning 50 more by 2020, says global brand leader Toni Stoeckl. The hotels offer free made-to-order buckwheat pancakes and evening gatherings with free organic wine and craft beer. The brand is pushing further into apartment-like spaces, reconfiguring some of its rooms around a common lounge area, Mr. Stoeckl said. Prices range by location; a guest lived at the Element in Basalt-Aspen for 9 months, paying about \$3,000 a month for a small one-bedroom, Mr. Stoeckl said.

Reston, Va.-based BridgeStreet, which provides various types of long-stay lodging, recently rolled out three design-focused properties, says chief operations officer Brian Proctor. Its Mode brand has a unit in Paris, and one in Edinburgh, Scotland; Town Place launched in May in Pittsburgh. Nightly stays



AKA Beverly Hills

Andrew Cripps signed a one-year contract at AKA Beverly Hills in January, 2017, and has been living there ever since. He spends roughly a week every month in London with his wife and three children.



Traditionally associated with bland décor and suburban locations, the extended-stay hotel industry is expanding into design-focused brands in walkable urban destinations.



Hotel vs. Apartment

Living like Eloise isn't cheap, but hoteliers argue that the combination of space, high-end décor, hotel services and flexibility can make it a competitive value for some long-term guests. We asked local real estate and interior design experts to estimate the cost of creating a similar lifestyle in a comparable traditional rental building.

CENTER CITY, PHILADELPHIA

ROOST APARTMENT HOTEL, MIDTOWN

Unit: One bedroom, one bathroom
750-square-feet
Cost: Mr. Wolfangel pays roughly \$5,000 a month

Real estate estimate by Jacob Cohen, agent, Keller Williams Philadelphia; estimate for similar furnishings by Christina Henck, owner of Henck Design in Philadelphia

COMPARABLE APARTMENT

Cost: Approximately \$2,600 a month
Deposit: Typically, first month, last month and one month security, or \$7,800
Utilities, cable, internet and weekly housekeeping: Roughly \$625

Furnishings: Roughly \$31,000 for design, purchase and installation



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Real estate estimate provided by Terry Harrington, Aspen Snowmass Sotheby's International Realty

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Deposit: Typically, first month, last months and one month security, or \$5,100
Utilities, cable, internet and weekly housekeeping: Roughly \$240

Furnishings: Such apartments may come furnished, though sparsely.

can range from the mid-\$100s to the high-\$200s.

Some long-term hotel residents say the premium is partially justified by the fact that they don't have to pay for deposits, furniture, utilities or maintenance. In Texas and California, hotel guests who stay for 30 days or more can be exempt from hotel taxes; in Washington, D.C., and New York state, the exemption is for continuous stays of 90 days or more, except in New York City, where the stay must be at least 180 days.

Long-term guests can also strike deals that are anywhere from a 10% to 40% discount off the per-night cost, depending on the hotel, time of year and length of stay, hotel executives say. To lock in the cheapest rate, guests sometimes sign contracts for a certain number of months or years. However, both operators and consumers say they understand these contracts to be somewhat more flexible than in an apartment rental.

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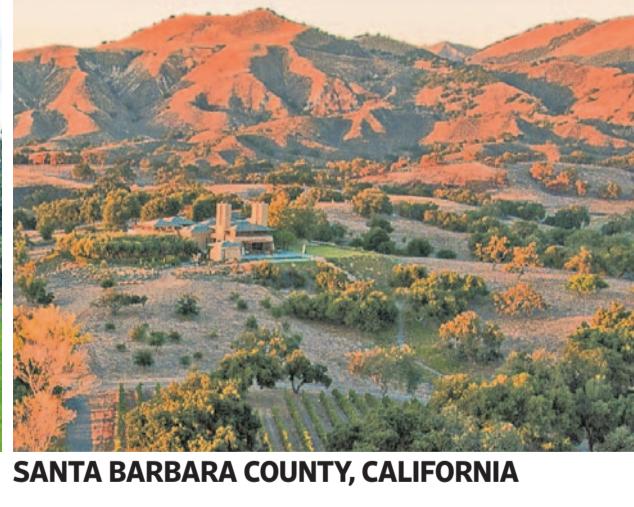
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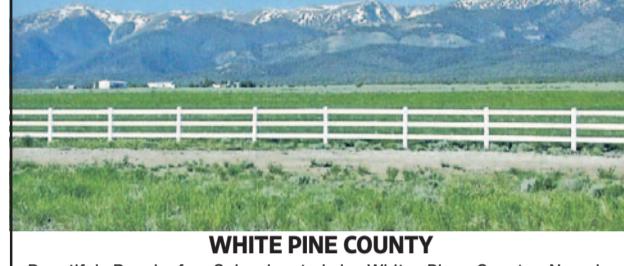
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PRIVATE PROPERTIES

Three Brothers List Two Homes

A NANTUCKET COMPOUND of two homes—owned by three brothers, whose three families sometimes toggle between them—is slated to go on the market for nearly \$36 million.

The owners are Frisbie brothers Rick, Dave and Rob, who co-own a real estate investment company in Palm Beach, Fla. The three brothers bought the property in 2004 for about \$11 million, and converted it into a family retreat. Because they had to stay within the existing envelope of the prior building, they created two connected townhouse-style homes, said Suzanne Frisbie, Dave Frisbie's wife.

The brothers and their wives frequently spent time there during the summer, with their children and grandchildren running between the two homes. Two of the families are in town more regularly, in which case they take one townhouse each; when all three are there they shuffle to fit, Mrs. Frisbie said. "We often say that having some space in your togetherness keeps you together," she laughed.

The townhomes are almost identical, spanning about 10,000 square feet across three stories. Each has eight bedrooms, a single-car garage and a guest house. They have a brick courtyard flanked by gardens, and a harborside deck and water views on both sides. Decorating the homes was a collaborative process between the families, Mrs. Frisbie said; one of the townhouses



is more casual, while the other is more formal.

On Nantucket Harbor, the property was formerly a 25-room hotel known as the Breakers, and was used as an annex to the White Elephant hotel, a local landmark. The homes, which are connected via a shared wall, share a dock for two boats. That is rare for Nantucket, which in 2005 instituted a new residential dock moratorium, said listing agents Jeffrey Lee and Carolyn Durand of Lee Real Estate.

Mr. Lee added that the homes could be sold individually for \$17.85 million each.

Mrs. Frisbie said the brothers, who are all in their 60s, are selling because they have decided they need more space. The brothers plan to stay with their respective families at a hotel they own nearby.

—Katherine Clarke



RON LYNCH (2); REBECCA LOVE PHOTOGRAPHY (AERIAL)



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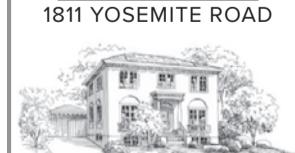
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MANSION



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Powered By Nature

Advances in solar, wind and water technologies make living off the grid easier, but it's still hard to fully unplug

BY AMY GAMERMAN

Heather and Phillip Steyn's 35-acre mountain ranch, deep within Colorado's Roosevelt National Forest, is 5 miles from the nearest electric utility pole. Yet their gourmet kitchen is loaded with built-in appliances, there's a hot tub on the deck and the hand-distressed Brazilian oak floors are warmed by a radiant heating system—all powered by solar and wind energy.

The Steyns, veterinarians who raise sheep and keep horses on their ranch, never planned to live off-grid. "We fell in love with the property and where it was located—we didn't do it to be green, we did it out of necessity," Dr. Steyn, 47, said of her home. "It was cost-prohibitive to put the house on the grid."

Whether they want to live in rugged locations, create a hedge against power failures, or to reduce their utility costs while shrinking their carbon footprint, homeowners are investing in a range of renewable-energy technologies. Solar panels, which have become more efficient and affordable, are already the norm in some neighborhoods. But a range of new off-grid innovations—from sensor-activated solar systems that power homes through blackouts, to ultraviolet filters that sterilize rainwater for drinking and bathing—

Heather Steyn in the kitchen, top, of the solar-and wind-powered ranch that she and her husband, Phillip, built near Fort Collins, Colo. Above right, the great room.

listed the Colorado property for \$1.7 million.

Austin and Randall Slimp, who live in Santa Fe, N.M., bought a two-bedroom solar home in Taos, N.M., for \$295,000 last November. Partially wrapped in corrugated metal, the 1,250-square-foot house has passive solar features, such as doubled-paned glass walls that face south and dark, acid-stained concrete floors that work in tandem to absorb warmth from the sun during the winter. The home's butterfly-shaped roof collects rainwater for home use, and there's an array of six photovoltaic panels by the driveway, feeding power back into the main grid.

"As soon as it popped up on my phone I called our Realtor," said Ms. Slimp, a 27-year-old web designer who bought the house—designed by Sustainable Builders—sight unseen, vying with two other bidders.

The home's spiffy off-grid features are also practical. The cost of drilling a well in areas of Taos can run between \$80,000 and \$100,000, ac-

lithium ion battery. The system has two inverters, which convert the direct current (DC) output from the photovoltaic panels into appliance-friendly alternating current (AC) power. One inverter is tied to the grid and earns credit from the electric company. The other can power a cottage on their property if there's a blackout.

Mr. Hedlund, a retired database engineer, said his solar-powered backup system gave him greater peace of mind. "We are not going to run out of power from the sun."

It's a different story in Vermont, where Ashley and Jack Adamant own a solar-powered 1,400-square-foot home with 12 rooftop panels on a 30-acre property outside Montpelier. The solar panels power all the appliances, the radiant heat and the air conditioning—as long as the sun is shining. The Adamants' 24-volt battery system doesn't have enough capacity to power them through extended periods of cloudy weather.

"For nine months of the year, we produce way



are finding their way to the residential market.

Nearly 2 million U.S. homes will have some form of solar power by the end of this year—compared with just over 138,000 homes in 2010—according to a study by the Solar Energy Industries Association, a trade group, and Wood Mackenzie, an energy-research and consultancy firm. And the price of residential solar systems has fallen by about 70% since 2008, said analyst Ben Gallagher.

The Steyns's Colorado ranch runs off a computer-automated system that harnesses power from a variety of sources. A 5.7-kilowatt array of photovoltaic panels in a pasture, supplemented by a hillside wind turbine, charge a large battery bank that provides electricity for the 3,240-square-foot main home, a ranch manager's apartment and a bunkhouse. Rooftop solar panels heat water for the radiant-heating system in the floors, the showers, dishwasher and hot tub. The batteries can provide enough electricity to last three or four cloudy days. Failing that, the Steyns have a 1,000-gallon propane tank that can fuel two backup generators. The entire system cost about \$250,000, Dr. Steyn said.

The couple spent about \$1 million on the ranch, completed in 2005. They are now building a new solar home in Cotacachi, Ecuador, where they founded a nonprofit veterinary clinic and have

cording to David Fries, a real-estate agent with Sotheby's International Realty who represented the Slimps in the sale.

The Slimps use the home as a weekend retreat—but also tout it as an "off-the-grid luxury rental" for \$250 to \$300 a night. "We are tapping into that market for eco-tourism," said Mr. Slimp, a 28-year-old entrepreneur and investor.

The home's two bathrooms, washing machine, dishwasher, kitchen sinks and ice-maker all run on harvested rainwater, which is funneled from the roof into cisterns and purified by multiple filtration systems. Like many homeowners with solar-powered homes, the Slimps earn utility credits for the unused power their panels generate.

Other homeowners are installing hybrid solar systems that can also be used as a backup in the event of grid failure. In March, John and Sandra Hedlund, both 74, invested \$80,000 in a hybrid system for their home in Virginia's Tidewater region, with 84 rooftop solar panels linked to a LG

more electricity than we can use," said Ms. Adamant, 32, a writer with two children who dispenses tips on off-grid living on her Practical Self-Reliance blog. "But from Thanksgiving to the end of January, days are so short and the sun is so low, not much is being generated. There are ice storms—if even a small part of the panel gets covered, the rest is much less efficient."

The Adamants—who had moved off-grid so they could ditch corporate jobs for an active outdoor lifestyle—found themselves running inside to shower and do laundry in rare moments of winter sunshine. "It was a constant thought—'Can I do dishes now?'" Ms. Adamant said.

In 2016, they spent about \$20,000 to connect to the grid, bringing power lines up from the main road and installing new equipment that allows them to tap in by flipping a switch.

"Now, if my 3-year-old dumps a jar of jam on herself and paints her body with it, she can have a shower on a cloudy day," Ms. Adamant said.



Sandy and John Hedlund, center, installed a hybrid solar system in their Virginia home that can be used as a back-up in the event of grid failure.