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What's News

Business & Finance

The S&P 500 and the Dow approached new highs amid bets by investors that the strength of the U.S. economy will offset trade and emerging-markets ruptures. **A1, B12**

◆ **The scope** of a Russia-linked money-laundering case swelled when Denmark's largest bank said more than $230 billion flowed through its tiny Estonian branch. **A1**

◆ **An official** with China's foreign-exchange regulator is the lead candidate to become the next investment chief at Calpers. **B1**

◆ **EU authorities** have begun a preliminary inquiry into Amazon's treatment of other merchants that sell products using its platform. **B1**

◆ **McDonald's tax** arrangement in Luxembourg is legal, EU regulators said in dropping an investigation. **B2**

◆ **Trump will nominate** Nellie Liang, a former Fed economist, to the central bank's board of governors. **A3**

◆ **Apple is again selling** its new iPhones at different times, but is now putting the priciest models first. **B1**

◆ **Goldman is nearing** a deal to sell stakes in its three-year-old app that provides complex investment products. **B1**

◆ **A senior investment** banker at Deutsche Bank recommended earlier this year that the lender consider breaking itself up. **B11**

◆ **BofA corporate** and investment banking head Meissner is leaving the company. **B11**

◆ **AutoNation's Jackson** will step down as CEO of the dealership chain in 2019. **B3**

World-Wide

◆ **Republicans forged ahead** on a hearing planned for Monday to consider sexual-assault allegations against Supreme Court nominee Kavanaugh and set a deadline of Friday to determine whether his accuser appears. **A1, A4**

◆ **Trump blasted Sessions,** saying that he "doesn't have an attorney general" due to policy issues that he feels have gone unaddressed. **A4**

◆ **North Korea's conditional** offer to decommission a plant that makes fissile material for nuclear weapons puts the focus on how the U.S. responds. **A6**

◆ **Roman Catholic bishops** in the U.S. announced new policies for dealing with sexual-abuse accusations. **A2**

◆ **The China-U.S. trade fight** briefly fractured the usual decorous calm of a high-profile forum on globalization. **A7**

◆ **Floodwaters have killed** more than 5,000 hogs and released pollutants from several dozen waste lagoons into North Carolina waterways. **A5**

◆ **A Pakistani court** suspended ex-Premier Sharif's corruption conviction and ordered that he be freed. **A16**

◆ **Malaysian ex-leader** Najib was arrested by antigraft authorities in connection with the 1MDB scandal. **A16**

◆ **A World Bank report** said that the global extreme poverty rate had dropped to 10% as of 2015. **A16**

◆ **The team that probed** Ohio State coach Meyer's conduct decided not to send his phone to a forensics lab to determine if he destroyed evidence. **A3**

CONTENTS

Special Delivery for Victims of Flooding in North Carolina

KEVIN LAMARQUE/REUTERS

SHOW OF SUPPORT: President Trump helped distribute meals in New Bern, N.C., on Wednesday as he toured storm-ravaged areas in the Carolinas. Mr. Trump told state officials that funds for disaster recovery 'will come as fast as you need it.' **A5**

GOP Sticks to Hearing Plan on Nominee

An attorney for Ford, Kavanaugh's accuser, says more witnesses should be included

By Natalie Andrews, Vivian Salama and Kristina Peterson

WASHINGTON—Republicans forged ahead with a planned Monday hearing to consider sexual-assault allegations against Supreme Court nominee Brett Kavanaugh and set a deadline of Friday to determine whether his accuser would appear.

White House spokesman Raj Shah said the president won't look at naming any replacement nominee unless there is a clear need. The administration, he said, was going "full steam ahead" to support Judge Kavanaugh, who has denied the assault accusations.

GOP leaders in the Senate said they were continuing to seek the testimony of Judge Kavanaugh's accuser, California college professor Christine Blasey Ford. Earlier, Republicans rejected calls from her attorneys and Democrats for an investigation of the allegations as a condition for her appearing at the hearing.

Sen. Chuck Grassley (R., Iowa), chairman of the Judiciary Committee, said the hearing would start at 10 a.m. Monday, and he pressed Dr. Ford to testify. In a letter to

Please turn to page A4

◆ Accuser seen as thorough, guarded **A4**

'Safety' Stocks Fuel Market Rally

By Akane Otani

U.S. investors are betting on the strength of the domestic economy offsetting ruptures in global trade and emerging markets, as stocks moved to within a whisker of all-time highs Wednesday.

The rally lifted the S&P 500 and Dow Jones Industrial Average to within 0.2% and 0.8%, respectively, of their records.

The gains reflect a market environment in which the negatives for stocks are proving to be less frightful for investors and the underpinnings of the nine-year-old bull market remain strong.

Although the continuing trade dispute between the U.S. and China has rattled investors in recent months, the latest round of tariffs was less severe than investors had feared. Emerging markets have shown signs of stabilizing after sliding earlier in the month.

Next week's Federal Reserve meeting has stirred little nervousness, largely because many investors view another potential interest-rate increase as testament to the economy's vigor. Reflecting this perspective, yields on the benchmark 10-year U.S. Treasury note rose to 3.081%, the highest since May.

Meanwhile, the unemployment rate is hovering at the lowest level since 2000, wage growth is accelerating and corporate earnings look set to extend a streak of double-digit gains in the third quarter.

"Many people are thinking the U.S. economy is on such a roll, that why would they need to go elsewhere?" said JJ Kinahan, managing director and chief markets strategist at TD Ameritrade.

The market's latest run at records has brought the S&P 500's 2018 gains to 8.8%, a remarkable divergence from major indexes in Europe and Asia, many of which have fallen into negative territory for the year. The Dow industrials rose 158.80 points, or 0.6%, to 26405.76 Wednesday, while the S&P 500 gained 0.1%.

Underneath the rally, though, are changes in investor

Please turn to page A5

◆ Unprofitable growth stocks are soaring **B13**

Insurance Policies Backfire On Retirees

Falling interest rates doomed universal life, shredding a safety net

By Leslie Scism

A popular insurance product of the 1980s and 1990s has come back to bite many older Americans.

Universal life was a sensation when it premiered, and for some years it worked as advertised. It included both insurance and a savings account that earns income to help pay future costs and keep the premium the same.

That was when interest rates were in the high single digits or above. Today, rates are completing a decade at historically low levels, crimping the savings accounts. Meanwhile, the aging of the earliest customers into their 70s, 80s and even 90s has driven the yearly cost of insuring their lives much higher.

The result is a flood of unexpectedly steep life-insurance bills that is fraying a vital safety net. Some find they owe thousands of dollars a year to keep modest policies in effect. People with million-dollar policies can owe tens of thousands annually. Some retirees are dropping policies for which they paid premiums for decades.

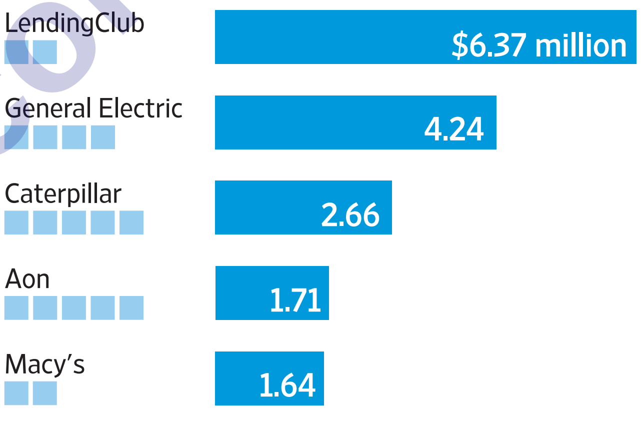
"I'm very scared that everything will go down the drain," said Bernice Sack, a 94-year-old former hospital billing clerk in North Carolina.

A $56 monthly premium Mrs. Sack paid when she

Please turn to page A8

Easing the Pain of a Job Move

Companies are spending more to entice top talent and senior managers to relocate for jobs in distant cities. **B4**



Source: Equilar Inc. analysis of Russell 3000 companies' latest proxy statements for fiscal year ended before April 1, 2018.

Pimp Your Ride: Splurge on a Lower License-Plate Number

* * *

Drivers obsessively seek tags with few digits; 'something people fight over'

By Scott Calvert

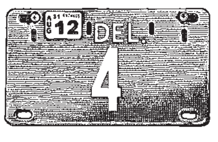
A 2003 Mercedes station wagon fetched nearly $420,000 at a Delaware auction last month—$6,800 for the car, $410,000 for the license plate.

"I wanted it," says the tag's winning bidder, William Lord. "I'm happy I did it."

And who wouldn't be? The plate reads "20," a highly coveted low Delaware license-plate number.

The bidding was fierce. "I got caught up in the moment," says Dr. Lord, 83, a retired dentist in Rehoboth Beach, Del. "My father and I used to go to auctions to buy cattle, machinery. There was nothing I liked better than looking at an opponent across the way and outbidding him."

For a fringe of American drivers, having a fine car isn't enough. They must have low license-plate numbers, too, and they're fueling competition for the tags that can be relentless. In Delaware, a decadeslong obsession over tags with few digits has given rise to a vibrant private market.



Fashion plate

"It's a real part of who we are," says state Transportation Secretary Jennifer Cohan. "We've got some loyalty to some strange things, and license plates is one of them." A low number signifies one of two things, she says: deep roots or deep pockets.

"They are something people fight over a lot. A lot," says

Please turn to page A8

Bank Scandal Linked To Russians Expands

By Patricia Kowsmann and Drew Hinshaw

COPENHAGEN—A massive Russia-linked money laundering case swelled in scope Wednesday when Denmark's largest bank said more than $230 billion in transactions flowed through its tiny Estonian branch, a disclosure accompanied by the resignation of the bank's chief executive.

The sheer size of the cited sums—much larger than previously reported—points to Danske Bank being the nexus of a colossal pipeline for carrying illicit money out of Russia and other former Soviet states. It has drawn scrutiny from U.S. criminal investigators, as well as European authorities, who suspect the remote outpost branch, which fell between the regulatory cracks, was used to help funnel billions in ill-gotten gains into the West.

Danske Bank Chief Executive Thomas Borgen resigned as the bank published results of a lengthy investigation into how the bank failed over several years—and despite repeated warnings—to curb thousands of accounts from churning billions of dollars and euros through the Baltic former Soviet Republic. The report said a "large portion"

Please turn to page A6

◆ Heard on the Street: Danske didn't keep its guard up.... **B13**

U.S. NEWS

U.S. WATCH

CONSTRUCTION

U.S. Housing Starts Rose in August

U.S. housing starts grew modestly last month, driven by an outsize jump in apartment building that masked weakness in the pipeline for single- and multifamily construction.

Housing starts increased 9.2% in August from the prior month to a seasonally adjusted annual rate of 1.282 million, the Commerce Department said Wednesday. This rise in building was driven by a robust 29.3% climb in the volatile multifamily sector that likely won't be sustained.

Building permits, a more stable measure that can signal how much construction is in the pipeline, were down for multifamily building, a sign that demand continues to cool for apartments and condominiums.

Permits were also sluggish for the single-family sector, even as steady job and wage growth are helping drive home-buyer demand. Rising material costs and labor shortages are posing challenges for builders.

Housing-starts data are volatile from month to month and can be subject to large revisions.

—Sarah Chaney

ROMAN CATHOLIC CHURCH

New Policies Set For Reporting Abuse

Roman Catholic bishops in the U.S. announced a series of new policies on Wednesday for dealing with sexual-abuse accusations, the first concrete change they have publicly made since a series of new allegations plunged the church into crisis.

While the church has had a plan for dealing with complaints against priests since 2002, there was previously no formal method to address complaints against bishops, who oversaw that process. Now the church will establish a new system, run by a third party, for people to confidentially report misconduct by bishops, the administrative committee of the U.S. Conference of Catholic Bishops said.

The complaints will be directed "to the appropriate ecclesiastical authority and, as required by applicable law, to civil authorities," the committee said. In addition, the committee is beginning to develop a "code of conduct" regarding sexual abuse and harassment by bishops or negligence of duties in dealing with such issues.

—Ian Lovett and Francis X. Rocca

CAPITAL ACCOUNT | By Greg Ip

Don't Oversell a U.S.-Made iPhone

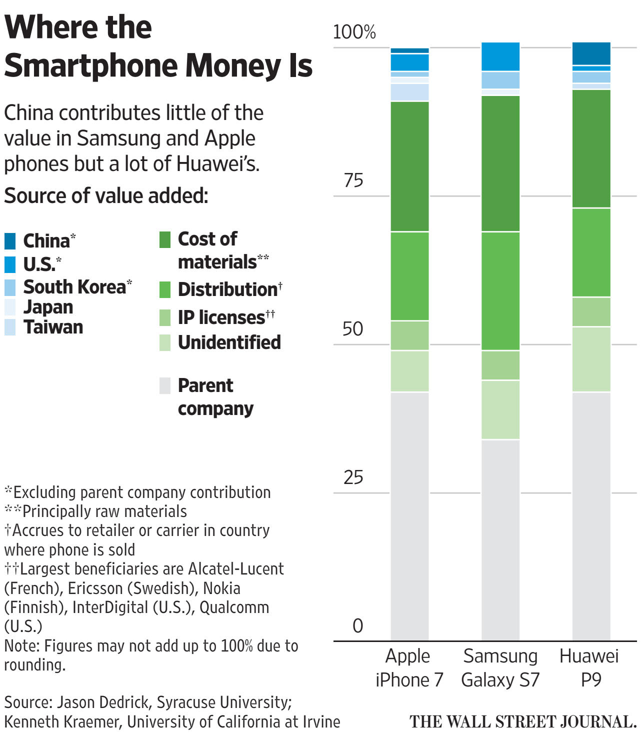
President Trump says there's an easy way for **Apple** Inc. to avoid his tariffs on China: make its products in the U.S. But this would be a hollow victory. If Apple follows his advice, Mr. Trump will have grabbed the least valuable link in the electronics supply chain with little net benefit to Americans, without addressing the real contest in global trade.

That contest is over the more valuable production steps like research, design and the manufacture of sophisticated components where the U.S. is dominant but China is closing the gap. Mr. Trump has correctly identified Chinese practices—such as forcing U.S. companies to transfer technology to Chinese competitors—as a threat. But an all-out trade war could end up doing more long-run harm than good.

Apple's iPhone is one of the most successful consumer products in history, and one of the most globalized. The iPhone 7's camera is Japanese, its memory South Korean, its power management chip British, its wireless circuits Taiwanese, its user-interface processor Dutch and the radio-frequency transceiver American, according to a study of the value added in smartphones by Jason Dedrick of Syracuse University and Kenneth Kraemer of the University of California at Irvine.

The factory workers who assemble iPhones in China contribute just 1% of the finished product's value. Apple's shareholders and employees, predominantly American, capture 42%.

Suppose Apple decided that all the phones it sells in the U.S. would be assembled here. Mr. Dedrick estimates each phone requires two hours of assembly. For 60 million phones, that means 120 million hours of work, or roughly 60,000 jobs.



Hiring that many workers is no picnic: In 2013 Motorola Mobility set out to make its Moto X phone in the U.S. but struggled to find enough American workers according to Willy Shih, an expert in manufacturing at Harvard Business School who is also a director of Flex Inc., the contract manufacturer that Motorola used. In 2014 Motorola decided to outsource production. Apple has encountered similar problems assembling its Mac Pro computer in Texas.

Assuming Apple could find 60,000 workers, it would have to hire many away from other employers given how low unemployment currently is. The benefit of the wages they earn would be offset by the higher prices other Americans pay for their phones.

How much would that add to the price of a phone? Mr. Dedrick says about $30; Mr. Shih thinks it would be more because of the cost of shipping individual components to the U.S. Still, such an increase would hardly kill sales of iPhones, now priced at $449 to $1,099. The bigger cost of U.S. assembly, says Mr. Dedrick, would be the inability to quickly add hundreds of thousands of workers when new phones are launched, which is possible only in Asia. Apple can charge premium prices in part because it introduces superior features before its competitors do.

"If they are coming to market late and their products cost more...Apple is going to lose market share," says Mr. Dedrick.

The economics of the iPhone's competitors are quite similar: Assembly represents only 1% of the value of Samsung Electronics Co.'s Galaxy S7 and just 4% for Huawei Technologies Co.'s P9, according to Mr. Dedrick and Mr. Kraemer. For all three phones, the most valuable parts of the supply chain occur elsewhere: in the parent company's design and research; the manufacturing of key components such as microprocessors, memory and communications chips, and cameras; and the intellectual property embedded in key patents. These jobs aren't as numerous but they pay more and have more spinoff benefits for the rest of the economy in the form of innovation, expertise and profits reinvested in new products and markets.

This is where the real stakes in the current trade row lie. It's too late for the U.S. to bring back all of the supply chain. The time to act would have been in the early 1980s, before Western manufacturers began outsourcing the assembly of personal computers and many components to east Asia. Taiwan and South Korea exploited those supplier relationships to acquire know-how for manufacturing increasingly sophisticated products.

In the 2000s China copied that playbook, starting with low-end assembly, then attracting related suppliers by promising preferential access to its domestic market. China now boasts four of the world's six largest smartphone manufacturers. Huawei now sources many high-value components such as chips and processors internally or locally, and thus captures almost as much of the value of its phones as Apple does, although its phones sell for less.

The real question is whether even more of the value in the technology supply chain will flee the U.S. for China.

Mr. Trump accuses China of using forced technology transfer, subsidies and nontariff barriers to help its companies supplant foreign competitors at home and abroad. The U.S. has a lot of leverage in this fight given China's continued dependence on U.S. technology and the presence of companies like Apple to hone its capabilities. But the fight has risks: forcing Apple to shoulder costs its competitors don't hurts its dominance, and China has ways to punish American companies, as it did recently by blocking Qualcomm Inc.'s takeover of NXP Semiconductors NV on antitrust grounds.

American companies broadly back Mr. Trump's goals and are prepared to suffer some short-term pain to achieve them, so long as success is measured not simply in how many jobs they create in the U.S. now, but in the quality of the jobs they create both now and in the future.

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CORRECTIONS & AMPLIFICATIONS

Most health apps for wearable monitors don't require Food and Drug Administration review. An article Monday in the Innovations in Health Care report said the apps lack FDA approval but failed to make clear that such review isn't required.

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

U.S. NEWS

FROM TOP: CHARLIE NEIBERGALL/ASSOCIATED PRESS; WIN MCNAMEE/GETTY IMAGES

Ohio State football coach Urban Meyer was suspended after the school faulted his actions when an assistant was accused of domestic violence.

Unrecovered Texts Muddy Probe

BY BRIAN COSTA
AND RACHEL BACHMAN

The day Ohio State football coach Urban Meyer was placed on administrative leave over his handling of abuse allegations against a longtime assistant, he discussed with a colleague how to delete old text messages from his university mobile phone, outside investigators hired by the university said in a report released last month.

Yet the legal team investigating Mr. Meyer's conduct, led by former Securities and Exchange Commission Chairwoman Mary Jo White, decided not to send Mr. Meyer's phone to a forensics lab to determine if he destroyed evidence, according to two people familiar with the matter.

These people said investigators also didn't seek to extract deleted text messages from the phone of Ohio State Athletic Director Gene Smith, who handed over a device that contained no texts. The AD's explanation was that he routinely deletes all texts, these people said. Such a practice may violate both Ohio open-records law and the school's records-retention policy, experts say.

Still, the investigators concluded they had seen enough evidence to satisfy the scope of their mandate from Ohio State, according to the two people familiar with the matter.

Mr. Meyer, who has denied deleting text messages, is set to return to the Ohio State sideline on Saturday after a three-game suspension. Mr. Smith returned from a 17-day suspension on Monday. After receiving Ms. White's report, Ohio State cited both men for failing to "take sufficient management action" related to the alleged misconduct of former wide-receivers coach Zach Smith, who has denied his ex-wife's accusations of domestic violence.

Mr. Meyer in July fired Zach Smith after his ex-wife was granted a protective order against him. Mr. Meyer later said he went too far in "helping a troubled employee." Gene Smith said last month he had "huge regret for my inability to be the particular leader that I should have been in this situation." The report faulted both men for not reporting a 2015 allegation against Zach Smith to university officials.

Former SEC chief Mary Jo White led the investigation into Ohio State's Urban Meyer.

When facing trouble, institutions frequently hire law firms such as Debevoise & Plimpton LLP, where Ms. White is a partner, to investigate.

But as the Ohio State investigation shows, such probes don't always result in an exhaustive review. Answers to some of the questions the report was intended to explore—among them whether Mr. Meyer or Gene Smith broke any laws, rules or contractual obligations—may have been limited by the investigators' decision not to pursue more evidence from the men's mobile devices.

A Debevoise spokesman said investigators consulted with a forensics lab, "which estimated a multiday project and an uncertain outcome." He said the investigation "was thorough and Debevoise stands behind its findings."

Gene Smith declined to comment through a university spokesman. His attorney didn't respond to requests to comment. Ohio State released a statement saying the university, its board and the working group that oversaw the investigation all stand behind it.

"A highly qualified and independent investigative team conducted a thorough and detailed investigation," the statement read.

On Aug. 20, the day Ms. White briefed the full university board on her findings, one trustee raised the issue of what more could be done to retrieve relevant texts, according to another person familiar with the matter. But the investigation wasn't reopened. Mr. Meyer and Gene Smith were suspended two days later.

Experts in similar investigations say it has become standard to use third-party forensics labs to attempt to retrieve deleted texts.

"It's just essential," said Louis Freeh, the former Federal Bureau of Investigation director hired by Penn State in 2011 to investigate the school's role in the sexual-abuse scandal involving former assistant football coach Jerry Sandusky.

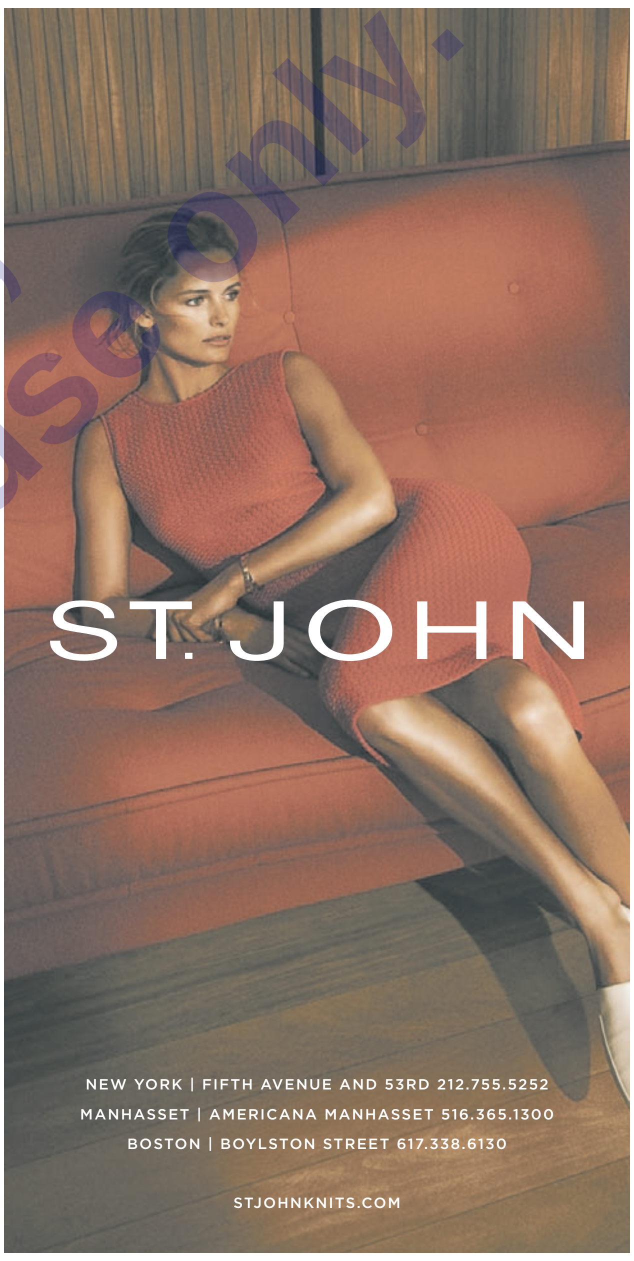
The Debevoise spokesman said investigators "determined they already had strong, indisputable evidence" on the core issue they were asked to probe—whether Mr. Meyer and Gene Smith knew of a 2015 police investigation into domestic-violence allegations against Zach Smith.

Ms. White's report makes it clear that Mr. Meyer, on the eve of the investigation, considered deleting old texts. It says Mr. Meyer stood on a practice field with Ohio State Director of Football Operations Brian Voltolini and "specifically discussed how to adjust the settings on Meyer's phone so that text messages older than one year would be deleted." The phone was turned over to university officials the next day, and investigators found no messages older than a year.

At a press conference on Monday, Mr. Meyer said an "IT guy" changed the setting on his phone to delete texts older than one year a few months before the investigation. Forensic experts said it would have been easy for investigators to find out for sure.

The Ohio State investigation was overseen by a working group led by Jo Ann Davidson, a former university trustee who is vice chairwoman of the state gaming-control board. It was completed in about two weeks—far less time than many management probes have taken—which enabled Mr. Meyer to serve his suspension before the heart of the Buckeyes' conference schedule. The team is 3-0 and ranked No. 4 in the country heading into Saturday's game.

Jack Greiner, a Cincinnati-based lawyer, says Ohio State's records-retention policy requires saving correspondence that isn't transitory—not including, for instance, a text message saying you'll be home late—for at least one year.



Bank-Risk Expert Nominated to the Fed

BY NICK TIMIRAOS
AND MICHAEL C. BENDER

WASHINGTON—President Trump will nominate Nellie Liang, a former Federal Reserve economist who created its first office of financial stability, to the central bank's board of governors, the White House said Wednesday.

In 2010, then-Fed Chairman Ben Bernanke tapped Ms. Liang to form the office to oversee risks in the financial system in the wake of the 2008 crisis. Today, that operation is as large as the Fed's long-dominant division of monetary affairs.

Ms. Liang joined the Fed in 1986 as a research economist and left the central bank in 2017. Since then, she has served as a senior fellow at the Brookings Institution in Washington and as a consultant to the International Monetary Fund. Ms. Liang is a registered Democrat.

In early 2009, Ms. Liang helped lead the government's first round of bank stress tests that helped settle market fears about the resilience of the U.S.'s biggest banks.

Last year, she pushed back against criticism that the Fed's exceptionally easy-money policies after the financial crisis had harmed the banking sector and made the financial system more fragile.

"The evidence indicates that extraordinary monetary policies have improved financial stability, including the resilience of banks, not undermined it," she said in a speech at the American Enterprise Institute.

Ms. Liang, 60 years old, received her Ph.D. from the University of Maryland and her undergraduate degree in economics from the University of Notre Dame.

Ms. Liang didn't respond to messages seeking comment Wednesday. A Fed spokeswoman declined to comment.

Mr. Trump has nominated five other individuals to the Fed's seven-seat board. Three have been confirmed by the Senate: Chairman Jerome Powell, Vice Chairman Richard Clarida and Randal Quarles, the vice chairman for bank supervision.

The Senate has yet to confirm two other nominees. These are Marvin Goodfriend, an economist at Carnegie Mellon University, and Michelle Bowman, the banking commissioner of Kansas.

With Ms. Liang's nomination, Mr. Trump will have no more board vacancies to fill before 2020 if the Senate confirms all of his nominees.

Mr. Trump has largely nominated Fed candidates who are considered nonideological and pragmatic policy hands.

GOP Commits to Nominee

Continued from Page One
her lawyers, he gave her a deadline of 10 a.m. Friday to submit her biography and prepared remarks if she planned to testify.

Lisa Banks, an attorney for Dr. Ford, issued a statement late Wednesday calling for more witnesses to be involved in the hearing—not just Judge Kavanaugh and Dr. Ford. The statement didn't say whether Dr. Ford would attend the hearing. "The rush to a hearing is unnecessary, and contrary to the Committee discovering the truth," the attorney wrote.

Democrats endorsed Dr. Ford's call for an investigation before a Senate hearing, and they pushed back against what they characterized as a rushed confirmation process.

"Professor Ford's request for an FBI investigation is completely reasonable. Senate Republicans want to rush this hearing and have set an arbitrary deadline for Monday," said Sen. Jeanne Shaheen (D., N.H.). "That's no way to vet these accusations or confirm a lifetime appointment to our highest court."

Republicans have argued that no further FBI background investigation is needed because such inquiries are designed to gather information in a confidential manner and Dr. Ford's accusations are now public. The Federal Bureau of Investigation could reopen its background investigation of Judge Kavanaugh, but that would be up to President Trump to order the agency to do so—and he has dismissed the idea.

Republicans have also said Judge Kavanaugh and Dr. Ford are the only necessary witnesses.

Judge Kavanaugh attended meetings at the White House on Monday and Tuesday to prepare for the potential hearing, according to a person familiar with the matter.

It wasn't clear how committed Mr. Trump is to the nomination. A person close to Mr. Trump said the president views Judge Kavanaugh as the pick of outgoing White House counsel Don McGahn and "won't lose any sleep if he has to choose someone else."

At the White House on Wednesday, Mr. Trump said he wanted to see Dr. Ford testify but indicated he didn't want to delay the hearing or the nomination for an investigation. Of Judge Kavanaugh, he said: "He is such an outstanding man. Very hard for me to imagine that anything happened."

Republican leaders want Judge Kavanaugh confirmed by the start of the Supreme Court session on Oct. 1. They delayed a planned committee vote on the nomination this week and offered to hold the hearing Monday with both Judge Kavanaugh and Dr. Ford.

Her legal team initially said she would be willing to testify. But in a letter Tuesday to Mr. Grassley, her attorneys said they would first require "a full investigation by law-enforcement officials" to "ensure that the crucial facts and witnesses in this matter are assessed in a nonpartisan manner."

Mr. Grassley said committee investigators are following up on allegations and no outside investigation is necessary. He said the committee is "going to continue to try to hear from Dr. Ford in any format she's comfortable" with, be it an open session, private staff interviews or public staff interviews, "because her information is very important."

Democrats argued that Republicans, by not delaying the process for a further FBI investigation, aren't committed to getting to the bottom of the assault allegation.

"Senate Republicans and the White House should drop their inexplicable opposition to an FBI investigation, allow all the facts to come out, and then proceed with a fair process in the Senate," said Sen. Chuck Schumer of New York, the Democratic leader.

The Senate hasn't set a new date for the Judiciary Committee vote, but time is running short ahead of the new Supreme Court session. If the committee vote on the nomination were held Monday, Senate Majority Leader Mitch McConnell could then file for cloture Tuesday. That would start the clock on debate that would then lead to a procedural vote on Thursday and a final, full-Senate confirmation vote by late Friday, Sept. 28, assuming Democrats use all of their allotted time.

The new Supreme Court session will proceed with eight members if Judge Kavanaugh isn't confirmed. If the justices were to split 4-to-4 in a case, they could hold it and have it reargued when a ninth member joins the court.

Republicans hold a 51-49 advantage in the Senate and can only afford to lose one vote if Democrats vote against the nominee as a bloc. At the same time, several red-state Democrats are also seen as potential "yes" votes.

On Sunday, Dr. Ford made public her accusations from when she and Judge Kavanaugh were teenagers at a high-school party in the early 1980s. Dr. Ford alleged that Judge Kavanaugh and one of his friends, pulled her into a bedroom, where Judge Kavanaugh pinned her to a bed, groped her and attempted to remove her clothing before she escaped. Judge Kavanaugh has categorically denied the allegations.

—Siobhan Hughes and Michael C. Bender contributed to this article.

FROM TOP: ANDREW HARNIK/ASSOCIATED PRESS; WIN MCNAMEE/GETTY IMAGES

Senate Judiciary Committee Chairman Chuck Grassley (R., Iowa) is sticking to a hearing Monday for Judge Brett Kavanaugh, below.

CAMPAIGN WIRE

Democrats Rake In Funds for House Bid

The Democratic Congressional Campaign Committee raised a record $15.4 million in August as the party gears up to try to capture the House.

The haul surpasses the roughly $11 million the group brought in in August 2016, during the last election cycle. The campaign arm has funneled millions into advertisements in competitive House districts across the country as Democrats try to net at least 23 House seats in November.

"With the primary season over, there is no question that Democrats' historic fundraising and grass-roots support puts us in a strong position to take back the House," said Rep. Ben Ray Lujan (D., N.M.), chairman of the group.

The National Republican Congressional Committee hasn't released its August fundraising figures. The NRCC didn't respond to a request to comment.

—Andrew Duehren

In brief...

◆ In the Wisconsin gubernatorial race, Democrat Tony Evers leads incumbent Republican Scott Walker 49% to 44% among likely voters, according to a new poll from Marquette University Law School.

◆ Top New Jersey Democrats including Sen. Cory Booker and Gov. Phil Murphy are holding a fundraiser this weekend with Andrew Gillum, the Democratic gubernatorial nominee in Florida, in the latest sign that Mr. Gillum's campaign is a bellwether of the party's direction.

Accuser Seen as Thorough, Guarded

Christine Blasey Ford sent an unusual Facebook message to her best college friend this summer with a question: Had she ever mentioned a sexual assault that occurred when she was in high school?

By Alexandra Berzon, Sadie Gurman and Zusha Elinson

Her friend, Catherine Piwowarski, her onetime roommate at the University of North Carolina at Chapel Hill, said she had no memory of that. She didn't know at the time that Dr. Ford was considering coming forward with her allegation that Supreme Court nominee Brett Kavanaugh had sexually assaulted her in the 1980s, when both were teenagers in suburban Maryland.

Interviews with friends and acquaintances of Dr. Ford paint a picture of a guarded person, one more interested in discussions of sports and science than politics and personal trauma. Her decision to go public this week with the explosive accusation has thrust her into an uncomfortable spotlight and put her three-decade-old memories at the center of a fight over the fate of President Trump's second Supreme Court nominee.

Democrats have pointed to her allegation as a reason to disqualify Judge Kavanaugh. Republicans, without dismissing her claim, have questioned why her allegation wasn't aired sooner, before hearings were held earlier this month. They also say that her recollections are spotty and imprecise but potentially tarnishing to a nominee they see as extremely qualified for the court.

In recent days, Dr. Ford has faced online intimidation and death threats, and her family relocated from their Northern California home, her lawyers said. This harassment, her lawyers said late Tuesday, has made her reluctant to testify Monday about details of a night she has rarely discussed and has said she struggles to remember. While she had initially agreed to testify, her lawyers said she would do so only after an FBI investigation into her allegation, which Republicans have rebuffed, saying nothing new would be learned.

Christine Blasey Ford is an accomplished academic and a married mom of two.

Dr. Ford didn't return calls for comment or answer the door this week at her home in Palo Alto, Calif., where she lives with her husband and two sons. Her lawyer Debra Katz also didn't respond to requests for more information.

Dr. Ford, a 51-year-old research psychologist, said in a Washington Post article that she and Judge Kavanaugh were teenagers at a party in the early 1980s when he and a friend, whom she identified as Mark Judge, pulled her into a bedroom. Judge Kavanaugh pinned her down on the bed, groped her and tried to take off her clothes before she escaped, she said. Dr. Ford told the Post she didn't tell anyone about the alleged incident in detail until a couples therapy session with her husband in 2012.

Judge Kavanaugh, 53, unequivocally denied the allegation, saying he didn't know who had made the claim until Dr. Ford identified herself in the story on Sunday.

"I have never done anything like what the accuser describes—to her or to anyone," he said.

Mr. Judge has told lawmakers he has no memory of the alleged incident.

Dr. Ford's friends describe her as credible and trustworthy; Judge Kavanaugh's have defended him as respectful and honorable.

Dr. Ford, a professor at Palo Alto University in California, graduated from the all-girls Holton-Arms School in Bethesda, Md., not far from the Georgetown Preparatory School Judge Kavanaugh attended.

High-school classmates recalled her as a kind and popular cheerleader who played soccer and was on the diving team.

"She was one of the nicest ones," said Eliza Knable, who was in the same high-school class but not part of the same friend group as Dr. Ford.

Many Holton-Arms students socialized with or dated boys from nearby prep schools, including Judge Kavanaugh's, said Samantha Semerad Guerry. She was among a group of Holton alumnae from the class of 1984 who signed a letter to lawmakers in support of Dr. Ford.

"One friend said, 'If she can't prove it, she doesn't put pen to paper,' " Ms. Guerry said of Dr. Ford's allegation. "She's not an overly sentimental person. She brought logistical reasoning."

Judge Kavanaugh's friends are similarly convinced he is an honorable man incapable of the offenses Dr. Ford described.

"In every situation where we were together he was always respectful, kind and thoughtful," Maura Kane, who dated him in high school, said in a statement. "The accusations leveled against him in no way represent the decent young man I knew."

None of Dr. Ford's high school or college friends interviewed for this article remembered her talking about the alleged incident at the party. Betsy Kingsley, a high-school friend, said she recalled a different gathering that both Dr. Ford and Mr. Judge attended during her sophomore year of high school.

Friends said it was clear Dr. Ford remained traumatized decades later. Jim Gensheimer, a friend in Palo Alto, said she confided in him that she needed more than one exit door in her bedroom to prevent her from feeling trapped.

Trump Again Criticizes Attorney General

By Vivian Salama

WASHINGTON—President Trump blasted Attorney General Jeff Sessions, saying that he "doesn't have an attorney general" due to various policy issues that he feels have gone unaddressed by the Justice Department.

In an interview with Hill.TV on Tuesday, the president said he is unhappy with the current state of affairs on the U.S. border and "other things," without elaborating. He blamed Mr. Sessions for those lapses.

"I'm so sad over Jeff Sessions because he came to me. He was the first senator that endorsed me. And he wanted to be attorney general, and I didn't see it," Mr. Trump said. "I don't have an attorney general. It's very sad."

On Wednesday, as he departed for hurricane-ravaged North Carolina, Mr. Trump walked back the comments, but also didn't dismiss the possibility that he might consider firing Mr. Sessions.

"I'm disappointed in the attorney general for numerous reasons, but we have an attorney general," he said. "We are looking at lots of different things."

The Justice Department declined to comment.

In an interview with Bloomberg News last month, Mr. Trump said Mr. Sessions' job is safe at least until after the midterm elections in November.

SAUL LOEB/AFP/GETTY IMAGES

Attorney General Jeff Sessions

Mr. Trump has long taken issue with Mr. Sessions' decision to recuse himself from the continuing special-counsel investigation into Russian interference in the 2016 U.S. election. The special counsel is also investigating whether Trump associates colluded with Russia during the campaign.

Mr. Trump has denied collusion, and Moscow has denied election interference.

Last month, amid growing criticism from the president, Mr. Sessions issued a rare rebuke. "While I am attorney general, the actions of the Department of Justice will not be improperly influenced by political considerations," he said. "No nation has a more talented, more dedicated group of law enforcement investigators and prosecutors than the United States," he added.

FEMA Starts Taking Stock Of Damage

By Ben Kesling And Valerie Bauerlein

CHIP SOMODEVILLA/GETTY IMAGES

A FEMA task force from California searched a Fairfield Harbour, N.C., neighborhood for evacuees on Friday as the storm moved in.

WILMINGTON, N.C.—Just as some local officials said they were starting to get antsy about the arrival of federal aid in the aftermath of Hurricane Florence, it began arriving.

"This was the first FEMA shirt I've seen. We've been taking care of ourselves," said Skip Watkins, vice chairman of the New Hanover County Board of Commissioners. He had waited in line and shook hands with Federal Emergency Management Agency Administrator Brock Long on Tuesday, a week after schools and businesses closed for Florence.

The storm, which has claimed 36 lives, drenched the Carolinas for days, demolishing homes, closing businesses and damaging crops and farms.

So far, the main faces of relief have been local and state agencies, and public officials have emphasized that citizens need to first turn to local resources.

FEMA is hewing to a more traditional, less-activist role, say people on the ground, disaster experts and the agency itself.

The agency wasn't designed to take the lead in these situations, and it is working with local and state officials to provide expertise and resources as needed, said Jenny Burke, FEMA spokeswoman. Some of the department's main functions, like funding rebuilding efforts and medium- and long-term shelter, can't begin until floodwaters recede, she said.

"The general misconception is that FEMA comes in and is able to fix everything for everybody," said Ms. Burke. "The reality is it's a whole community response."

As of Wednesday, there were 171 FEMA employees on the ground in hard-hit New Hanover County and a further 100 are expected soon, Mr. Watkins said. They hadn't started one-on-one interviews with people seeking aid but were expected to begin soon at a high school turned shelter, he said. In total, FEMA says it has nearly 1,200 personnel on the ground in the Carolinas, and 2,900 supporting the storm overall.

Mr. Watkins said he is eager for FEMA's involvement so the county can move the evacuees and reopen the school next week.

"We're going to need a lot of help," Mr. Watkins said. "We believe that FEMA's going to do their job, but we are going to make sure they do their job."

State Sen. Michael Lee, a Republican who represents New Hanover County, said he and other elected officials are asking FEMA to open a disaster recovery center on the ground. Many of the 650 people at the high-school shelter are older people, he said. Sen. Lee said he hasn't gotten assurances about a center, but he and others are pressing the administration.

"I was a little discouraged a few days ago," Sen. Lee said. "I'm encouraged so see them here now."

President Trump toured North Carolina on Wednesday with North Carolina's Democratic Gov. Roy Cooper, Homeland Security Secretary Kirstjen Nielsen and FEMA officials. "The money will come as fast as you need it," Mr. Trump said.

After meeting with Mr. Trump on Wednesday, Gov. Cooper said he drove home the state's need for "significant resources" in the wake of Florence. Mr. Cooper said he talked to the president about the state's need for FEMA help for immediate issues such as temporary housing, long-term housing needs, and highway and bridge issues.

"We're going to need significant resources to recover and I emphasized that to him over and over again," Mr. Cooper said at a news conference. "He promised 100% support and we're going to hold them to it."

FEMA's mission—"helping people before, during and after disasters"—reflects its broad mandate and the many tools given to the agency since its establishment in 1979. The agency took on roles including providing flood insurance, fire and weather preparedness training, along with addressing post-disaster housing issues.

FEMA's willingness to stretch its mandate—or be more conservative—in its role has shifted depending on the presidential administration, budgets and in reaction to how it responded to the last disaster it faced.

As Florence bore down on the East Coast last week, Sen. Jeff Merkley (D., Ore.) released budget documents showing that the Department of Homeland Security reduced FEMA and Coast Guard budgets while beefing up Immigrations and Customs Enforcement.

There is also a continuing internal investigation of FEMA's top official, Mr. Long, over his frequent travel and use of government vehicles.

—Erin Ailworth and Jon Kamp contributed to this article.

Florence Flooding Hits North Carolina Hog Farms Hard

By Kris Maher And Ben Kesling

Floodwaters have caused the worst damage to North Carolina's hog farms in nearly two decades, with more than 5,000 animals dying and several dozen waste lagoons releasing pollutants into waterways.

Hog industry officials said Wednesday they didn't expect much more damage to farms, despite some rivers continuing to rise in the state. But environmental groups are calling for the industry to relocate lagoons in floodplains to lessen the risks during major storms going forward.

Flooding was expected in North Carolina through Saturday, and many roads remain under water, the National Weather Service said.

CALLAGHAN O'HARE/BLOOMBERG NEWS

Florence killed 5,500 of the state's 8.9 million pigs and hogs.

"This is the most significant storm that we have faced probably ever," said Andy Curliss, chief executive of the North Carolina Pork Council.

Mr. Curliss said farmers moved 20,000 hogs to higher ground, which prevented a higher death toll. "From our point of view, there's a lot of heroics," he said, adding that media reports of damage to several of the state's 3,300 active hog-waste lagoons were exaggerated.

Hurricane Florence killed 5,500 of the state's 8.9 million pigs and hogs, the state said. That is more than the 2,800 hogs that died during Hurricane Matthew in 2016, but far less than the 21,000 hogs that died during Hurricane Floyd in 1999, according to pork council numbers.

The North Carolina Department of Environmental Quality said it had received reports of breaches, or structural failures, at at least two hog-waste lagoons. One breach in Duplin County was considered a total loss and more than 2.2 million gallons had spilled out, said Megan Thorpe, a department spokeswoman.

The agency said heavy rains had caused manure to spill over at 21 additional lagoons. It didn't have an estimate for the total amount spilled at farms.

Spilled waste from lagoons risks contaminating groundwater, including potentially from pathogens like salmonella, insecticides and pharmaceuticals.

"Clearly it's a lot of waste getting into the water," said Bob Edwards, a professor of sociology at East Carolina University, who has studied the waste lagoons.

Mr. Edwards said the storm will renew calls to relocate about 60 existing hog farms and associated waste lagoons from floodplains. Since Hurricane Floyd, a state program has bought farms and relocated more than 100 lagoons from floodplains, according to the state environmental agency.

Mr. Curliss said the industry is supportive of the program, but he defended the lagoon system, saying it had the approval of federal and state environmental officials.

"We have spent a lot of money, time and effort into looking into alternatives, and right now there isn't one," he said. "Lagoon technology is very widely accepted."

Before Florence hit the state late last week, many hog farmers had lowered lagoon levels by spraying manure onto nearby crops. The practice has drawn criticism because the sprayed material can also be carried away by heavy rains.

In Goldsboro, N.C., Lorenda Overman said the preparations had paid off at her two farms, which have a combined 11,500 pigs and hogs and two lagoons.

"The lagoons are high," she said, "but they're holding."

'Safety' Stocks Now Lead Rally

Continued from Page One

behavior and the stocks propelling it. New sectors have gained, and previous top performers have languished.

In September, the biggest gainers in the S&P 500 include companies focusing on telecommunications services and consumer staples—so-called safe sectors whose steady dividend payouts have long made them investor favorites when markets are volatile or declining. These shares typically lag behind major indexes during rallies, in part because they are perceived to offer limited potential gains.

But in September, telecom shares are up 1.7% and consumer staples are up 1.4%, beating a 0.2% increase in the S&P 500.

Some companies, such as Hershey Co., have rallied after increasing their dividend payouts. Others have jumped on industry-specific news: Cigarette makers Philip Morris International Inc. and Altria Group Inc. rose after the head of the Food and Drug Administration said he was considering banning flavored e-cigarettes from the U.S., while Corona brewer Constellation Brands Inc. rose after saying it was investing money in a Canadian marijuana grower.

Many of the shares that powered the Dow industrials, S&P 500 and Nasdaq Composite to highs earlier in 2018 have tumbled this month. Apple Inc., Amazon.com Inc. and Alphabet Inc. each has declined at least 4% in September, partly reversing double-digit percentage gains for the year. Facebook Inc. has declined more than 7% this month, adding to its retreat in the second half of this year.

"As August ended and we rolled into September, there's been a natural inclination towards more defensive sectors," said Michael Arone, managing director and chief investment strategist at State Street Global Advisors. "We're continuing to see the struggle between the China hawks [in the White House] and those who want to put the trade dispute behind them."

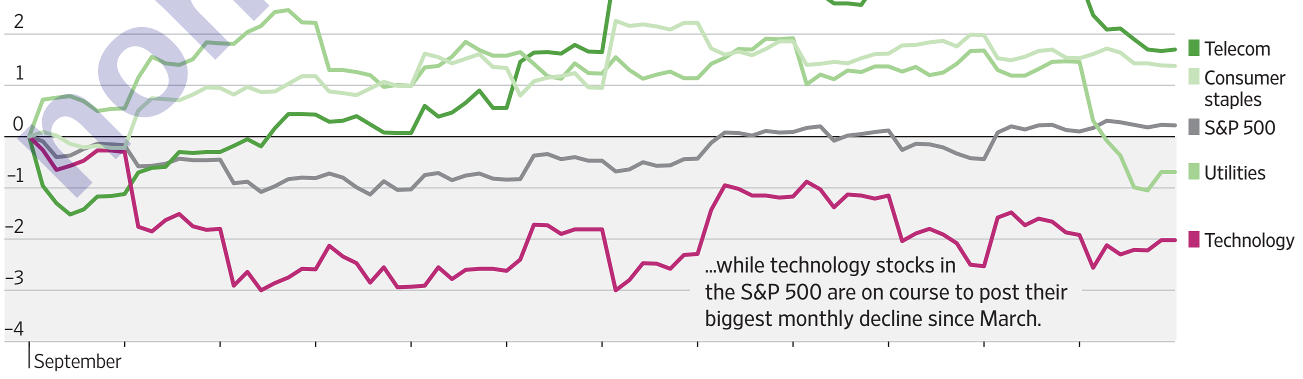
Beyond the bond proxies, there are other signs of investors taking out protection against a pullback.

Investors are holding about 5.1% of their portfolios in cash, the highest share in 18 months, according to Bank of America Merrill Lynch's monthly global fund-manager survey.

To many, the moves reflect nervousness as investors get deeper into what has often been a rocky period for the stock market. September has historically been the worst month of the year for the S&P 500, according to investment research firm CFRA, which studied market returns going back to 1945.

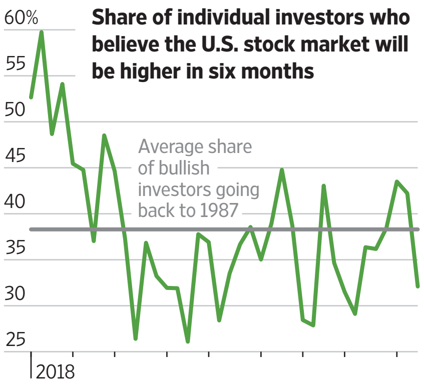
This year has been no exception. Technology stocks, the best-performing sector in the S&P 500 for the year, broadly retreated after Facebook and Twitter Inc. executives testified before Congress earlier in the month. The tech sector is down 2% in September, on pace for its worst month since March.

Bondlike sectors, including consumer staples, telecom and utilities, have outperformed the S&P 500 for most of the month...



Individual investors are feeling less optimistic about the stock market's prospects than they did at the start of the year.

Share of individual investors who believe the U.S. stock market will be higher in six months



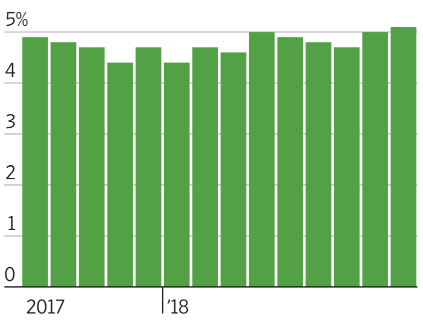
Although they have gained ground recently, defensive sectors in the S&P 500 remain below the year's top performers.

Performance of S&P 500 sectors, year to date

Consumer discretionary	18.3%
Technology	17.6
Health care	12.9
Industrials	4.7
Energy	3.6
Financials	2.5
Utilities	0.2
Real estate	0.1
Materials	−0.5
Consumer staples	−4.8
Telecom	−5.7

Investors are making more room in their portfolios for cash, typically a sign that they are bracing for volatility.

Average share of portfolio held in cash by global fund managers



Sources: FactSet (S&P 500 and sectors); American Association of Individual Investors (investor optimism); Bank of America Merrill Lynch's global fund-manager survey, most recent conducted Sept. 7–13 of 195 participants with $627 billion in assets under management (cash in portfolio)

THE WALL STREET JOURNAL.

Yet some analysts are skeptical the rally in so-called safety trades is sustainable.

The Fed is widely expected to raise short-term interest rates by a quarter percentage point when it meets next week. That could put fresh pressure on both U.S. government bonds and their stock-market proxies, which typically lag behind market indexes in a rising-rate environment.

After being up 1.5% for the month through Tuesday, the S&P 500 utilities sector slid Wednesday, erasing its September gains. Treasurys also remain weaker for the year.

Another factor that could slow the bond-proxy rally: lackluster earnings growth. The consumer-staples sector is expected to post the slowest earnings growth of the S&P 500's 11 groups in the third quarter, followed closely by the real-estate and utilities sectors.

But for now, few analysts see the factors that have kept investors on guard disappearing soon. The possibility of the trade fight escalating will likely keep optimism reined in for now.

Just 32% of individual investors believe the stock market will be higher in six months, according to data through Sept. 12 from the American Association of Individual Investors. That is down 10 percentage points from the prior week and below the historical average of 39%.

"The wild card is the tariffs and if they end up actually changing the narrative and pushing the U.S. economy lower," said Brent Schutte, chief investment strategist at Northwestern Mutual Wealth Management Co.

WORLD NEWS

Korean Deal Buoys Nuclear-Talks Hopes

Pyongyang's conditional offer to decommission plant raises new questions for the U.S.

By Jonathan Cheng
And Dasl Yoon

PYONGYANG PRESS CORPS/AGENCE FRANCE-PRESSE/GETTY IMAGES

South Korean President Moon Jae-in, right, and North Korean leader Kim Jong Un walking together to a meeting room during their summit in Pyongyang on Wednesday.

SEOUL—North Korean leader Kim Jong Un's offer to decommission a plant that makes fissile material for nuclear weapons—if the U.S. agrees to unspecified concessions—puts the focus on how Washington responds.

Denuclearization talks between the two sides stalled over the summer, with no breakthroughs after a June summit between Mr. Kim and President Trump that Mr. Trump said had ended the North Korean nuclear threat.

Mr. Kim's proposition was part of an agreement between the two Koreas on Wednesday in which he also said he would allow international inspectors to monitor the dismantling of a rocket launch site.

Soon after the deal was announced, Mr. Trump, who last month canceled a trip to Pyongyang by his diplomats in frustration over a lack of progress, tweeted that the deal was "Very exciting!"

South Korean President Moon Jae-in, intent on reviving diplomacy between Washington and Pyongyang, portrayed Mr. Kim's overture as significant progress. "Complete denuclearization is not far away," he said.

North Korea appeared to be trying to nudge negotiations with Washington further in the direction of a set of mutual step-by-step concessions. Washington has pushed for more rapid moves by the North to abandon its atomic ambitions and said that until it does, economic sanctions aimed at depriving Pyongyang of funding and fuel would continue.

Missing from Wednesday's deal was any North Korean agreement to turn over an inventory of its nuclear and missile arsenal and related facilities, something the U.S. wants but hasn't managed to obtain.

"This didn't meet the highest expectations, but it certainly keeps the process alive," said Tom Countryman, chairman of the Arms Control Association and until last year the U.S. assistant secretary of state for international security and nonproliferation.

Mr. Kim's move drew skepticism from some regime watchers, who noted that the North has shifted its focus to firing missiles from mobile launchers and no longer needs the launchpad at Sohae, which he has said he would dismantle.

North Korea said in Wednesday's agreement it would scrap the country's Yongbyon nuclear site, which has a reactor and a plutonium-reprocessing facility, if the U.S. took "corresponding measures in accordance with the spirit" of the statement Messrs. Trump and Kim signed in June.

Many experts believe the North has additional nuclear-enrichment facilities; South Korea's presidential spokesman said Wednesday he didn't have any information on whether there were other facilities aside from Yongbyon.

While the U.S. had complained that the North wasn't moving quickly enough on denuclearization, Pyongyang had accused the U.S. of dragging its feet on signing a declaration to formally end the 1950-53 Korean War, which concluded in an armistice without a peace treaty.

The North says it would see the signing of a peace treaty as evidence of the U.S. abandoning what it describes as a "hostile policy" against Pyongyang. Skeptics say signing such a treaty with North Korea without addressing its nuclear arsenal would cement the North's status as a nuclear state and lead to premature calls for the U.S. to withdraw its military from South Korea.

Wednesday's developments offered hope of breaking the deadlock, and included other trust-building measures between North and South Korea, especially in military affairs.

The two Koreas agreed to form a joint military commission and to halt drills within 3 miles of the military demarcation line that divides the countries, part of a plan Mr. Moon said would "eliminate all risks that could lead to war."

The two leaders also agreed to pursue a joint bid for the 2032 Olympic Games, to hold another inter-Korean summit later this year—this time in Seoul—and to expand reunions of families separated by the Korean War. Mr. Moon hinted at the resumption of inter-Korean economic projects and said progress was being made on reconnecting roads and railways between the two Koreas.

"We've had multiple summits but today's agreement is richer and more detailed than any agreements signed in the past," said Kim Dong-yub, professor of security studies at Kyungnam University in Seoul.

But the agreement left unresolved a central question for U.S. policy makers: whether Mr. Kim is sincere about giving up his nuclear arsenal.

Mr. Kim "may be committed to improving inter-Korean relations, but didn't show enough commitment to denuclearization," said Moon Seong-mook, a retired South Korean brigadier general and former negotiator in inter-Korean military talks.

Since April, Mr. Kim has taken steps to signal his willingness to put his nuclear program in play, inviting foreign journalists to witness the destruction of his main underground nuclear test site and moving to dismantle a missile launch site.

But U.S. officials and some international observers, including the head of the Comprehensive Nuclear-Test-Ban Treaty Organization, have remained leery of the North's intentions.

"It's a positive thing if Mr. Kim made some explicit commitments on steps towards denuclearization, but the fact that it was immediately made conditional makes it unclear if we're very close to breaking the impasse," Mr. Countryman said.

—Andrew Jeong contributed to this article.

Things to Know About Nuclear Site

THE WALL STREET JOURNAL.

◆ Construction at the Yongbyon Nuclear Scientific Research Center, about 60 miles north of the capital Pyongyang, began in the 1960s, according to the Washington-based Center for Strategic and International Studies.

◆ Various reactors and other facilities that can produce fissile material for atomic weapons have operated there off and on for decades.

◆ Disabling the facilities at the site has been the subject of previous rounds of denuclearization talks with North Korea.

◆ At the heart of the site is a 5-MWe nuclear reactor. There is also a reprocessing plant that can separate plutonium, a material used in weapons, from spent reactor fuel.

◆ North Korea began work in 2010 on an experimental light-water reactor, which is several times as large as the plutonium-production reactor. Pyongyang has said it plans to use the new reactor for civilian electricity production. It could also be used to produce fissile material. Satellite imagery shows that the facility is externally complete, but there is no evidence the reactor has become operational.

◆ In 2008, North Korea invited journalists for the demolition of the cooling tower at Yongbyon, a step meant to show a willingness to denuclearize. But the North conducted its second nuclear test less than a year later.

Illicit Money Case Grows

Continued from Page One

of the transactions identified are suspected to be laundered money, but it said that after a year of studying the issue, it couldn't determine how much, nor who exactly was behind the accounts.

"It is clear that Danske Bank has failed to live up to its responsibility in the case of possible money laundering in Estonia. I deeply regret this," Mr. Borgen said at a news conference Wednesday.

The investigation didn't find breaches of legal obligations on the part of Mr. Borgen, though it did cite him for failing to inform the bank's board of directors of an internal report on the matter as early as 2014, more than a year before the questionable accounts were shut down.

Banking supervisors in Denmark and Estonia said Wednesday that they will assess the latest findings to decide whether to take further steps against the bank. Meanwhile, Danish prosecutors have been looking into the case, and in Estonia the leadership of the branch is under investigation by prosecutors, who suspect staff members may have actively helped clients get around money-laundering rules. The bank's report said some 42 agents, branch employees and former employees "have been deemed suspicious."

Danske's woes have shaken the small Nordic nation of Denmark, where the bank controls a third of the country's banking deposits and is considered "too big to fail." The revelations have triggered calls for tougher punishment against bankers and higher fines instituted for rule breakers, something currently being discussed in parliament.

"This is a scandal of enormous proportions," said Karel Lannoo, chief executive of the Center for European Policy Studies, a Brussels think tank. "We are talking about a country that has the reputation of being one of the cleanest in the world. And this is their largest bank."

The Wall Street Journal reported earlier this month that as much as $150 billion of transactions were being examined.

The enlarged number disclosed in the report included more than 6,200 client accounts "deemed suspicious." The investigation is ongoing and there are 8,800 customers who still need to be analyzed, though they are considered less risky.

Danske Bank shares, which fell 6% in European trading on Wednesday, have lost a third of their value this year.

"Failure to quantify suspicious transactions is an overhang" on the stock, Jefferies analyst Kapilan Pillai said.

LISELOTTE SABROE/EPA/SHUTTERSTOCK

Thomas Borgen resigned as Danske Bank chief executive.

A third of Denmark's banking deposits are controlled by Danske Bank.

The biggest risks for Danske could come from the U.S. The Treasury is empowered to fine the bank or order U.S.-regulated banks to cut Danske's access to U.S. dollars, particularly if it finds the lender violated U.S. sanctions. Danske uses U.S. banks to clear U.S. dollar transactions. Treasury officials said they are focused on cutting off Europe's inflows of what they view as illicit money from Russian oligarchs who in many cases earned their fortunes in the lawless years after the Soviet Union collapsed.

The bank declined to comment on ongoing investigations in a news conference, but the report said so far there were no findings of sanction violations.

While the report didn't identify any bank clients, it noted that about 250 accounts were associated with cases known in anticorruption circles as the "Russian laundromat" and "Azerbaijani laundromat," involving funds spirited out of Russia and other ex-Soviet states. Those Danske accounts were held by U.K. registered companies.

Employees at the branch were supposed to ask basic questions about these customers. Instead, several dozen employees may have colluded with those customers to circumvent such background checks, the investigation said.

Danske launched its in-depth money-laundering investigation in September of last year.

More than six years earlier, in 2010, the bank's executive board raised the issue of the many Russian transactions at the Estonian branch. Mr. Borgen said at the time as the head of the bank's international operations that he hadn't "come across anything that could give rise to concern."

Later, an executive encouraged him to drop some of the bank's riskier clients, Wednesday's report said. He responded that they should instead consider "the need for a middle ground," the report said, citing meeting minutes.

Tariffs Threaten To Raise Prices On Auto Parts

By Trefor Moss And Chester Dawson

SHANGHAI—The Trump administration's latest tariffs will hammer Chinese auto-parts makers and will likely raise prices for their U.S. customers, who have few options to buy key parts elsewhere, manufacturers and industry experts say.

The new tariffs on $200 billion of Chinese-made goods, set to take effect next week, are expected to hit a range of auto-related imports—from crankshafts to windshield-wiper blades—and reverberate through the supply chain, potentially affecting the prices of new and used cars alike.

The automotive industry has become so globalized, and Chinese suppliers so dominant at certain points in the supply chain, that there are few immediate and affordable alternatives for some materials and parts, industry experts say.

1,000

Approximate number of Chinese firms exporting auto parts to U.S.

More than 1,000 Chinese companies export auto parts to the U.S. The U.S. imports about $10 billion in parts from China annually, second only to Mexico's $23 billion, according to a recent Boston Consulting Group study. The latest round of tariffs will impose a 10% duty effective Sept. 24 and then increase it to 25% by the end of the year.

Those tariffs could increase prices for car owners looking to replace worn-out components—some of which, such as brake rotors, are built mostly in China. A 25% tariff would likely increase the average cost of replacing a set of four brake rotors from $280 to nearly $400, which could dissuade some car owners from making needed repairs, according to the Auto Care Association, a lobbying group for independent parts manufacturers, distributors and retailers.

For Chinese companies already anxious about tariffs, this week's announcement could add to worries that U.S. customers might take their business elsewhere.

Orders halved at Jiangsu Pomlead Co., a manufacturer of aluminum wheels based in the eastern city of Lianyungang, after the Trump administration first proposed the tariffs in July, said international trade manager Song Chengcheng.

Mr. Song said he was looking into shipping products via South Korea to skirt the tariffs. Even so, Pomlead has assured its 300-worker staff that there won't be layoffs. U.S. buyers have no choice but to stick with the company, Mr. Song said, because few other global suppliers can produce parts of the quality American auto makers require.

Lobbyists for auto-parts manufacturers in the U.S. have opposed the broad-brush tariffs, urging the Trump administration to take a much more targeted approach by using antidumping duties instead.

"This overall blanket approach is going to cost consumers" in the form of higher prices, said Ann Wilson, senior vice president at the Motor Equipment & Manufacturers Association. Steel and aluminum tariffs are already squeezing suppliers, and the latest levies will only exacerbate profit pressures, she said.

—Lin Zhu contributed to this article.

Shipping containers are transported at the Port of Los Angeles, a transit point for trade between China and the U.S. Republican congressmen Todd Rokita and Darrell Issa on Wednesday criticized Beijing's trade policies at a meeting in China of the World Economic Forum.

MARIO TAMA/GETTY IMAGES

China Forum Turns Fractious

By Shan Li

TIANJIN, China—The increasingly bruising China-U.S. trade fight briefly fractured the usual decorous calm of a high-profile forum on globalization.

At a news conference during a World Economic Forum meeting in China on Wednesday, a pair of U.S. congressmen vigorously defended President Trump's policies and took issue with remarks made minutes before by China's premier.

Todd Rokita and Darrell Issa, both Republicans, sparred with reporters and took a key Trump administration criticism—that China doesn't protect foreign companies' trade secrets—dismissing as empty words a promise made by Premier Li Keqiang to improve intellectual-property protections.

"I'm not sure what the Chinese adage is, but in the United States we say talk is cheap and actions are what matter," said Mr. Rokita, who represents an Indiana district. "If it's wrong to steal, if it's wrong to cheat, then why would we accept it?"

Trade tensions have formed an undercurrent to this year's China session of the World Economic Forum, a cheerleader for globalization best known for its annual meeting in Switzerland. Hours before the opening session Tuesday, President Trump announced the biggest round of trade penalties so far, on $200 billion in Chinese goods; Beijing retaliated hours later, targeting $60 billion of U.S. products.

Panels on the outlook for stock markets and Chinese financial-market reforms often circled back to the trade tensions. A JPMorgan Chase & Co. banker balked when asked if its application to set up a majority-owned securities firm would be torpedoed by the trade war.

Premier Li spent much of his speech discussing the prospects that globalization, the internet and new technologies hold for growth. He denounced attempts to change it, without mentioning the U.S. or trade tensions.

"These rules have benefited the progress of all mankind," Mr. Li said. "No unilateralism will offer a viable solution."

Mr. Li's speech, in which he also reiterated promises to lower tariffs and improve the business environment for foreign companies, fell short of what some were looking for.

"We've heard this before," said Wendy Cutler, a former negotiator with the U.S. Trade Representative and managing director at Asia Society Policy Institute. "All the buzzwords were there but now the administration is looking for details."

At the congressmen's news conference, the mood turned combative after they panned Mr. Li's remarks. Mr. Issa interrupted a Chinese reporter who described President Trump as a climate-change skeptic and cut off a question by another Chinese journalist asking whether Mr. Trump would be impeached.

Both lawmakers said that the U.S., which is seeing robust economic growth, is well situated to outlast China in a trade dispute. That resolve won't waver even as Americans pay more for consumer goods, Mr. Issa said.

"I am incredibly aware of the impact these tariffs are having on Christmas items," said Mr. Issa, a veteran representative from Southern California.

The White House said Wednesday that Mr. Trump will name Mr. Issa as the new director of the independent U.S. Trade and Development Agency, which helps companies create jobs domestically through the export of U.S. goods and services for development projects in emerging economies.

Drivers Seek Plates With Few Digits

Continued from Page One
Delaware divorce lawyer Marie Crossley. "It's almost a badge of how Delaware you are."

One divorcing couple had two cars with low-number tags. Apparently unhappy with a 50-50 split, she says, "one of them went over to the other ex-spouse's house and just stole the tag." Eventually, each got one.

The low-tag-number fascination extends to states including Massachusetts, which this month announced winners of a lottery in which more than 11,000 people vied for 201 plates with combinations such as 1400, 4J and Z81.

In Gillette, Wyo., about 100 people camped overnight in February outside the Campbell County government offices, to snag tags with minimal digits on a new Wyoming plate design.

Rancher Randy Greer, 60, had to drive a school bus in the morning. He paid two teenagers $50 each to line up, he says, providing them pizza and sleeping bags. He took over before the doors opened and wrangled plates including matching 681 car and truck tags—the lowest pair available—as an early wedding present for his son Jack.

"I've got roots here," and a low number sends a message, he says. He already had several, including 111. "People go, 'Man, how did you get that number?' "

Elected officials dole out prized numbers in places such as West Virginia, where the governor annually issues some plates up to No. 2,000, good for one year. The governor's spokesman says anyone can request one, and they can't be sold.

In Washington, D.C., the mayor and City Council divvy up some low-number tags through 1,250 for two-year terms. The council chairman's office says it doles out its allotment to whoever asks. The mayor's office says it rewards residents "who exemplify D.C. values and are committed to moving D.C. forward."

Delaware stands out for its active tag market. Even some 4-digit Delaware tags can sell for more than $20,000, says tag broker Aaron Dunphy. He was once hired in an estate dispute in which a sibling lowballed a tag's value, he says, "just to get it cheaper." Other siblings resisted, and the dispute was settled.

U.S. Bankruptcy Judge Brendan Linehan Shannon expressed amazement during a 2007 case that a two-digit Delaware tag could be valued at $200,000. "This is not a box of Krugerrands," he said, according to transcripts. "And it's not only not intuitive that it would have that value; it is mystifying that it has that value." Judge Shannon didn't respond to requests for comment.

'We've got some loyalty to some strange things, and license plates is one of them.'

The highest Delaware-plate price, say people tracking the trade, was the $675,000 that real-estate developer Anthony Fusco Sr., paid in 2008 for tag 6. Mr. Fusco, 88, still has it on his car, says son-in-law Frank Vassallo III. The Fusco family also has plates 8 and 9, says Mr. Vassallo, 66, who has the 9 on his Bentley. "I have people come up to me and say 'Can I take a picture?' "

Will Emmert, vice president of Emmert Auction Associates, which sold the 20 tag for an estate, says of Dr. Lord's $410,000 outlay for it: "He's not actually blowing it, because it's an investment." Bidding started at $200,000 and quickly reached $325,000, Mr. Emmert says. By around $370,000, only Dr. Lord and an anonymous phone bidder remained. Spectators gasped as the two duked it out until Dr. Lord prevailed.

Real-estate developer Brock Vinton, who says he dropped out when the bidding rose above $250,000, says his family has had tag 950 for four generations. Dr. Lord, after winning plate 20, offered to sell Mr. Vinton plate 158, which Dr. Lord already had. Mr. Vinton bit for $60,000, the two say. He had tags 58 and 358, so 158 helped round out the collection.

For Dr. Lord, the plate brought a measure of redemption. In the 1970s, he says, he passed on buying tag 89 for $15,000. It turned up on a car at his country club, and every time he saw it for years, his stomach "did a flip-flop."

Number 20 now adorns his Mercedes S 550, which he says he bought four years ago for about a quarter of what he paid for the number.

Dozens of friends have congratulated him, he says. "One person who hasn't: my wife."

Sandra Lord, 80, says her husband came home "like a little boy with a happy new toy." She learned the price the next night from the local news. "You paid that much?" she recalls demanding. "He kind of shrugged."

"I just said, leave me enough money for the nursing home."

Insurance Backfires For Some

Continued from Page One
bought the policy 35 years ago has climbed to $285, despite her efforts to keep the cost down by reducing her death benefit. Living with a daughter and getting by on Social Security, she skimps on medications to pay the insurance bill, sometimes runs late on her share of household costs and considers ice cream a splurge.

John Resnick, co-author of a book on life insurance, said of hundreds of older policies he has reviewed over a decade, "easily 90% or more actually were in trouble or soon to be in trouble." Many people "are sitting on a ticking time bomb, and most probably aren't aware of it," he said.

Universal life is among the reasons Americans are approaching retirement in the worst shape in decades. The insurance policy type emerged four decades ago when the Fed was fighting inflation with high interest rates.

Some financial advisers suggested people forgo traditional "whole life" insurance and buy less-costly policies that cover just a limited term, investing what they saved in mutual funds and money-market funds. Insurers embraced this mantra of "buy term and invest the difference" by inventing a new product.

Term insurance

With universal life, the customer buys a one-year term-insurance policy and renews it annually. In the early years, the premium the customer pays is a good deal more than the actual cost of the insurance. The excess goes into a tax-deferred savings account.

The policies are designed so the gains in the savings account, typically called a "cash-value" account, offset part of the cost of renewing the term insurance each year.

Much depends on what interest rate the account is earning. When these policies first were sold, rates were unusually high, and insurers often illustrated policies to potential customers using a scenario of continuous 10% to 13% rates.

Companies typically showed worst-case scenarios, too. But with high rates common, that often got short shrift.

The interest projections were proving unrealistic by the mid-1990s, and especially so after the 2008 financial crisis depressed rates. Although many policies didn't allow the savings-account return to fall below 4% or 5%, that wasn't enough for early customers. The cost of a year of term insurance soars once people reach their late 70s.

Compounding the problem, universal life offers flexibility that is alluring but dangerous. Within reason, customers plan their own monthly or annual premium payment. They can set it low, counting on high interest income in their savings account to keep the policy financially sound.

Customers also can choose to pay less than their planned premium sometimes if money is tight. Or they can skip a payment altogether. And they can borrow against their savings account.

Any such move, of course, will spell skimpier earnings in the account. It is widely accepted that not all customers—or even all insurance agents—fully understood years ago how borrowing or skipping payments could undermine a universal-life policy.

Defending their sales, insurers say they have paid out more than $150 billion on universal-life policies, and some owners received value by borrowing from them. Insurers stress that materials given to customers say only a minimum interest rate is guaranteed; higher rates used in sales pitches are hypothetical.

Insurers send customers annual statements showing the change in the value of their savings account and what it has cost to renew their term insurance. Some companies seek to identify problematic older policies, sending customers extra communications to be sure they understand their situation.

"Lincoln annually provides all policyholders with an updated statement that they and their agent can, and should, use to manage their policy and assess how various activities including withdrawals, missed payments and loans may impact its value," said Scott Sloat, a spokesman for Lincoln National Corp., the company that sold Mrs. Sack her policy.

He said Lincoln sends additional letters to customers who could face a large, sudden jump in their premium in 10 years or sooner if they don't take action, such as by voluntarily raising payments or reducing the death benefit.

Nicholas Vertullo, an 85-year-old former high-school teacher outside New York City, has three universal-life policies issued by a unit of American International Group Inc. One initially earned 9% on its savings account. Today they fetch 4% to 4.5% interest.

"I was abstractly aware that interest rates could vary," Mr. Vertullo said. After the 2008 financial crisis, "the whole thing came home in a way that it was no longer an abstraction.... These life policies were quicksand."

For death benefits totaling about $475,000, Mr. Vertullo is paying about $30,000 a year, triple the original premiums.

Years ago, he cut the death benefit to repay a loan against the insurance, and now he is looking into a bigger cut to reduce his annual cost. Mr. Vertullo said he and his wife have forgone restaurant meals and travel, living "an austere and Spartan retirement."

"I hate to confess this: I simply went along," Mr. Vertullo said. "I don't think I understood completely what the hell I was doing."

AIG said it doesn't comment on individual situations. It said universal life is one of a range of solutions it offers to meet families' specific needs.

In the early years of universal life, buyers often were businesspeople and other professionals who found the tax-deferred interest feature attractive. The insurance industry's reputation for conservative products helped allay skepticism. By 1985, universal life was generating 38% of premiums for individual life policies, according to research firm Limra. Americans bought two million to three million universal-life policies a year in the 1980s and early 1990s.

As interest rates declined, some agents alerted owners that funding shortfalls were developing. One who did was Pennsylvania agent Allen Carr, who says he had been "gullible" to believe universal-life policies could be counted on to work as planned. When policies he had sold veered from their projected performance, Mr. Carr said, "it was embarrassing going back [to customers] saying, 'We have a potential problem.'"

Industrywide, some customers angrily canceled their policies. Others took a shame-on-me attitude for not having read the details. Some began voluntarily paying larger premiums to put the policies on firmer financial footing.

Lawsuits arose, and from the mid-1990s to early 2000s plaintiffs' lawyers reached settlements over allegedly deceptive sales practices, such as promising the savings buildup would eliminate the need to pay premiums at all in a decade or so. State regulators tightened rules on how insurers could illustrate the policies, including requiring them to cite interest rates that could work for the long haul.

The industry responded by offering a new wrinkle: guaranteed universal life, which had a fixed premium designed to ensure lifetime coverage if paid on time. Many early universal-life policyholders swapped into this.

Bells' Toll

The disappointed early buyers of universal life included people in the industry—a gauge of how poorly the policies often were understood. Early this year, MetLife Inc. alerted Ohio couple Thomas and Rebecca Bell they would need to start paying about $300 a month on a policy for which they had been paying $97 monthly since they acquired it in 1994. At that time, Mr. Bell was an insurance agent.

The Bells owned a universal-life version with some added twists and risk, "variable universal life," which let them invest the savings in stock and bond funds. After having paid $26,000 in premiums over the years, the couple let the $25,000 policy lapse.

"There was no way [a $300 monthly premium] would be in our budget," said Ms. Bell, 79.

Her 86-year-old husband, who was a tools salesman in addition to selling insurance, said he didn't remember much about the policy's particulars, but "it's not what I expected it to be."

A MetLife spokeswoman said, "We understand it can be challenging to cover the cost of insurance" when a policy contains less built-up income than envisioned. She said MetLife updates policyholders annually on their accounts' value and urges them to contact their agents or the company.

The tumble in interest rates didn't affect just customers—it also dinged insurers' profits. As corporate-bond yields fell below 5% in recent years, insurers earned less from investing premiums, yet still had to pay guaranteed minimums of around 4% on universal-life savings accounts.

With future profits expected to be hurt by low rates, at least a half-dozen insurers have invoked policy provisions that they say allow them to raise the rates used to calculate the annual cost of customers' term insurance, according to ITM TwentyFirst, which provides policy-management services.

This means some customers see costs rising not simply because they are a year older, or because their savings account didn't grow as planned, but because their insurer has changed its price formula. As a result, even some customers who kept their policies well funded are being hit with unexpectedly higher costs.

One is Douglas Bradley, 83, a longtime health-insurance broker in California, whose premium roughly doubled because of a change made by insurer Transamerica. "I am absolutely stupefied at this," Mr. Bradley said.

Transamerica, a unit of Aegon NV, declined to comment on Mr. Bradley's situation but said its change was contractually permitted.

Such increases are "causing more life-insurance policies to expire even quicker than before" as customers who can't afford them drop their policies and hand insurers "windfall profits," said Henry Montag, a principal with The TOLI Center East in Melville, N.Y., which evaluates policies held in trusts.

Mrs. Sack, the 94-year-old retired hospital billing clerk, was warned by her insurance agent in 2000 that the universal-life policy she bought in 1983 was financially off track.

Mrs. Sack had borrowed a little over $4,000 from it and had skipped some payments. Also, while the policy's savings account initially earned over 10%, by 2000 this was down to 5.7%. She lowered the death benefit to $21,000 from $25,000 to repay the loan but still had to nearly double her premium, to $100 a month.

The premium kept rising. She borrowed a few thousand dollars more from the policy, and the interest continued to slide, to the 4% minimum.

Her experience is detailed in an inch-thick stack of documents, bills and correspondence, with scribbled names of Lincoln National representatives she and her daughters have spoken to in their efforts to figure out the situation.

Mrs. Sack complained last year to North Carolina's insurance department. It responded that "we understand your frustrations" but that the company appeared to be in compliance with policy provisions.

Even though Mrs. Sack has paid more for the insurance—approximately $39,000—than her heirs will ultimately receive, she doesn't dare stop paying and let it lapse.

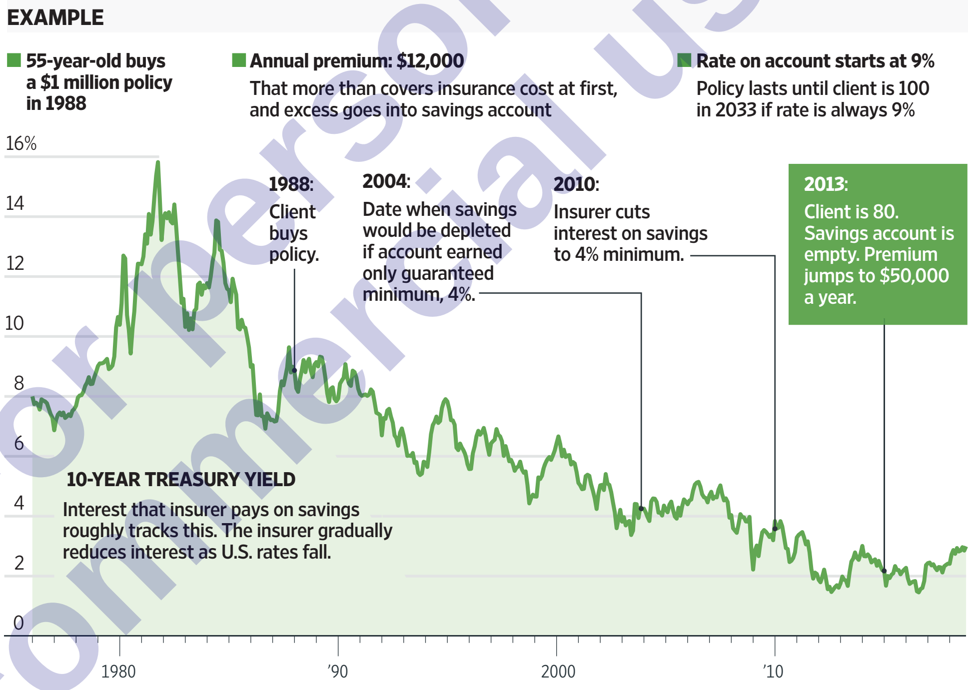
"My prime concern is my burial," Mrs. Sack said. "My children are all so supportive, but I don't want them to pay for mine."

MADELINE GRAY FOR THE WALL STREET JOURNAL

Bernice Sack, 94, keeps paying a rising premium so her children won't to have to pay for her burial.

How Universal Life Insurance Can Trip Up a Policyholder

Clients buy with the expectation a policy's savings account will grow enough to help cover term-insurance costs as they age, keeping the premium level. This doesn't work if interest rates turn out lower than projected. Many don't realize starting rate isn't guaranteed for life of policy.



Sources: John and Billie Resnick, the Resnick Group; Thomson Reuters (yield)

THE WALL STREET JOURNAL.

STEVE REMICH FOR THE WALL STREET JOURNAL

'I hate to confess this: I simply went along.... I don't think I understood completely what the hell I was doing.'

Nicholas Vertullo, with his wife Grace, has three AIG policies.

Cost of Homeless Shelters Keeps Rising

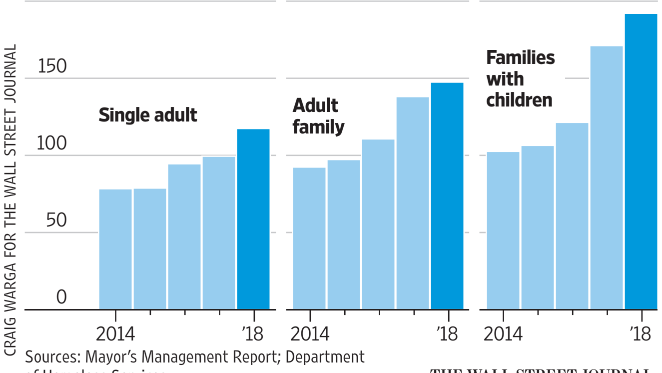
The average length of stay for single adults, families has increased by nearly 100 days

BY KATIE HONAN

In fiscal 2018, New York City spent an average of $117 a day to house single adults in facilities.

Increased Spending

Shelter improvements including security, enhanced mental-health services and program activities have increased the overall costs to New York City.



Sources: Mayor's Management Report; Department of Homeless Services

THE WALL STREET JOURNAL.

New York City has increased spending on housing homeless people in shelters in recent years, but the population continues to hover at more than 60,000 despite efforts to move many into permanent housing, a new city report shows.

During fiscal 2017, the city spent an average of $99 a day to house single adults in facilities in New York City, according to a management report released Monday by Mayor Bill de Blasio. In fiscal 2018, that number grew to $117 a day.

The increased cost reflects a larger investment in service providers, repairs and security at shelters, according to New York City's Department of Homeless Services.

The cost of housing homeless families also was more expensive in fiscal 2018, when more than 22,340 children were living in shelters. During that time, the cost to house these families averaged $192 a day, up from $171 in fiscal 2017. In fiscal 2014, it cost the city an average of $102 a day to house this population.

Meanwhile, the cost to house adult families rose in fiscal 2018 to $147 a day, compared with $138 a day during the same period a year earlier, according to the report.

The total annual budget for the Department of Homeless Services is more than $2 billion, with $172 million added in fiscal 2018 for shelter operations, according to the city's Office of Management and Budget.

A spokesman for Homeless Services said the increased costs reflect a greater investment in the shelter system and more services provided at these facilities.

"We're transforming a haphazard shelter system by ending the use of cheaper stopgap measures and investing heavily in service providers, shelter security, and repairs and renovations," spokesman Isaac McGinn said.

The city's shelter population has increased by more than 10,000 people since Mr. de Blasio, a Democrat, took office in 2014, and the spending on homeless services has risen steadily throughout his terms. It has remained at about 10,000 for the past two years.

Mr. de Blasio announced a plan in 2017 to build 90 new shelters across the five boroughs, and 15 have opened so far. The new shelters come as the average length of stay for families and single adults has increased by nearly 100 days, according to Mr. de Blasio's management report.

In fiscal 2014, more than 10,000 single adults exited from the shelter system for permanent housing. This year, more than 8,500 did.

More than 8,900 families with children moved into permanent housing this year compared with 8,220 in 2014, and 8,571 in 2017, data shows.

Christine Quinn, president and chief executive of shelter provider WIN (Women In Need), said longer stays in shelters show a lack of affordable housing and better services to shelter residents.

"Part of the reason the length of stay is longer is providers are saying this family would benefit with four more weeks, six more weeks" of support within the shelter, she said.

The city has helped move more than 97,000 people into permanent housing since 2014, Mr. McGinn said.

But activists say the city isn't setting aside enough apartments for homeless residents in its housing plan, which has a goal of creating or preserving 300,000 units of affordable housing by 2026.

In fiscal 2017, the city set aside 2,625 new apartments for homeless residents. In fiscal 2018, that number was 2,264, data show.

Bunny Dell carried an iconic Henri Bendel shopping bag after leaving the fabled Manhattan store that will close in January.

Bendel's Demise Stirs Nostalgia

BY LESLIE BRODY

Since news broke that the retailer Henri Bendel will close in January, fans and tourists have streamed into its Fifth Avenue flagship, hunting for discounts and taking nostalgic last looks.

Many leave with the store's signature brown-and-white striped bags, and wistful sighs about the end of an era. Open for 123 years, Henri Bendel was once a swanky icon of luxury and cutting-edge fashion.

"I hate to see stores with so much history close," said April Gentry, a 48-year-old visiting from Olympia, Wash. She browsed hoping for a goodbye purchase but was disappointed by the store's pitch to a younger crowd. "I feel badly leaving without anything, but there was nothing I couldn't leave without."

L Brands, which acquired the retailer in 1985, announced plans Thursday to close all of Henri Bendel's 23 stores and its website in January to focus on bigger brands with greater growth potential. Under L Brands's ownership, the retailer stopped selling clothing and focused on handbags and accessories. Still, it kept a certain renown. The chic fictional characters on the TV series "Gossip Girl" often popped up there.

The company estimated that Henri Bendel revenues and operating loss for 2018, excluding closing costs, would be about $85 million and $45 million, respectively.

Inside the Fifth Avenue store on Sunday afternoon, signs declared bags 40% to 60% off. Lindsay Kauffman, of Los Angeles, was scrutinizing the shelves because her friend had texted her with orders to "go into Bendel's for a last time," punctuated by a sad emoji. "See if they have started liquidating stock."

Another shopper from Los Angeles, Tara Weingarten, 56, came to pay respects. She said she would never forget the time when, as a 20-year-old newspaper intern, she saved up all summer for a $250 handbag made of wicker and burgundy leather. "It was a dream to be able to afford something from Henri Bendel," she said.

A week after she bought it, a mugger accosted her in Midtown Manhattan. As she recalled, "I said to this guy with a gun in my boyfriend's stomach, 'You can take the money, but please let me keep the purse!' "

The man grabbed it anyway and dumped it in Central Park, but to her delight she got it back from police. Ms. Weingarten told her son, "You don't understand what this store used to be."

Some wealthy New Yorkers lament Henri Bendel's loss of elegance and its move, in 1990, from its spot on 57th Street. They pine for the decades the store was run by former fashion editor Geraldine Stutz, who was president from 1957 to 1986, and introduced an array of creative designers from Europe.

An article in New York magazine once quoted Ms. Stutz on her taste for "dog-whistle" fashion, meaning "clothes with a pitch so high and special that only the thinnest and most sophisticated women would hear their call."

Some well-heeled women bought almost all their clothes at Bendel's, with favorite saleswomen tipping them off by phone to deliveries of the best new dresses from Paris. Actor Warren Beatty was among the celebrities who stopped by.

Merchandise became decidedly more down-market in recent years. On Sunday, shoppers pored over a $118 necklace with a sparkly charm saying "chill" in script, and a purple fake fur purse strap.

Victoria Teeman, a Long Island grandmother, said she came to get "something for posterity." She used to shop at Henri Bendel for one-of-a-kind jewelry and was crestfallen to see piles of identical bracelets for sale.

"It was so chichi," she said. "I feel sad any time an old establishment closes."

Cuomo Campaign Takes Aim at Trump

BY JIMMY VIELKIND

Winning the Democratic gubernatorial primary hasn't changed New York Gov. Andrew Cuomo's main target of attack: President Trump.

Mr. Cuomo's campaign is continuing to fund campaign advertisements that blast the Republican president and portray himself as someone who would protect the Empire State from harmful federal policies. A TV ad released Wednesday follows the formula Mr. Cuomo employed against actor Cynthia Nixon, whom he soundly defeated last week in the Democratic primary, 64% to 34%.

This strategy has allowed Mr. Cuomo to rise above local issues and critiques of his record as he seeks a third term. It also lets Mr. Cuomo simultaneously fight his Republican opponent, Dutchess County Executive Marc Molinaro, and help Democrats win down-ballot races for the New York state Senate and U.S. House, according to Cuomo campaign spokeswoman Abbey Collins.

At a Tuesday rally in Manhattan, Mr. Cuomo mentioned the president 22 times by title or name during a 17-minute speech that touched on gun control, tax policy and the federal response to Hurricane Maria in Puerto Rico last year.

A poll released by Quinnipiac University in July showed 57% of New York voters surveyed disapproved of the job Mr. Trump is doing, compared with 36% who supported him. The same poll showed 66% of the state's voters questioned hadn't heard of Mr. Molinaro.

The TV ad released Wednesday shows Mr. Molinaro standing next to Mr. Trump before he was a candidate for office, when an episode of "The Apprentice," Mr. Trump's reality show, was being filmed in Dutchess County. "A Trump mini-me for governor?" a narrator asks. "No way, no how."

Mr. Molinaro bristled at the comparison and the moniker during a Tuesday news conference in Albany. He has said he didn't vote for Mr. Trump in 2016 and instead wrote in the name of Chris Gibson, a former Republican congressman from the Hudson Valley.

Mr. Molinaro released his own TV ad in August attacking Mr. Cuomo about the corruption convictions of two of his associates, Joseph Percoco and Alain Kaloyeros.

"Andrew Cuomo is like some deranged Wizard of Oz: pay no attention to the corruption in my administration. Look over there—it's Donald Trump!" Mr. Molinaro said at the Tuesday news conference, calling himself a "pragmatic public servant" who would "bring people together."

Mr. Percoco is set to be sentenced Thursday. Mr. Kaloyeros is scheduled to be sentenced Dec. 11. Mr. Cuomo wasn't accused of wrongdoing and has said he was unaware of Mr. Percoco and Mr. Kaloyeros' crimes.


FROM LEFT: DREW ANGERER/GETTY; BEBETO MATTHEWS/AP

Democrat Andrew Cuomo, left, is facing Republican Marc Molinaro.

Conductor's Debut Hits High Note at Home

By Charles Passy

The arrival of a new conductor at an orchestra is sure to garner some attention. But when Jaap van Zweden makes his debut as music director of the New York Philharmonic on Thursday night, the news likely will be treated with the sort of fervor normally reserved for a major sporting event.

At least back in the maestro's home country of the Netherlands.

A number of journalists with Dutch news outlets are in New York City covering the 57-year-old conductor's debut as the orchestra's new chief. And while the American press isn't ignoring the occasion, it is fair to say that "Jaap mania," as the Dutch have sometimes dubbed it, hasn't quite hit the U.S. "He's like a brand in our country," said Louis Gauthier, who writes about classical music for De Telegraaf, a major Dutch newspaper.

Mr. Gauthier not only plans to attend the Thursday concert, but also was on hand for a Tuesday morning rehearsal. He is filing reports throughout this week.

Like others, Mr. Gauthier said the Dutch interest in the maestro speaks to his musical talent—and to the fact he is a very approachable figure in a field that often is viewed as overly stuffy. "He's a guy of the people," added Mr. Gauthier, noting that the conductor has been spotted riding his scooter through the streets of Amsterdam.

Indeed, Mr. van Zweden has a manner that suggests something of a charming young renegade, not a set-in-his-ways middle-aged maestro. His nearly bald dome and the stylish all-black wardrobe he favors add to the image.

With the Dutch media, it also helps that so much of Mr. van Zweden's career has been tied to the Netherlands, particularly his native city of Amsterdam. In his early, violin-playing days, he became the youngest concertmaster in the history of Amsterdam's Royal Concertgebouw Orchestra. When he switched to conducting in his 30s, he got his start with Dutch ensembles.

Mr. van Zweden rose through the maestro ranks quickly after that, landing his first U.S. position as music director of the Dallas Symphony Orchestra in the 2008-09 season. But his debut at the Philharmonic, an orchestra that has been helmed by musical greats ranging from Arturo Toscanini to Leonard Bernstein, has sent the message back home that he has truly arrived.

"It's like when a [soccer] player goes to a big team," said Mischa Spel, a writer with NRC Media, a Dutch publisher of newspapers.

For the Philharmonic, the start of Mr. van Zweden's tenure comes at a pivotal moment. The orchestra celebrated its 175th anniversary last season and welcomed a new president and chief executive officer, Deborah Borda. The Philharmonic, which has a $77 million budget, also has faced financial challenges in recent years and had to scrap an ambitious $500 million plan, in conjunction with Lincoln Center, to overhaul its home of David Geffen Hall.

As for Mr. van Zweden, he takes the press attention largely in stride. The media likes "people who take a chance in life," he said Tuesday, noting how he gave up a successful career as a violinist and started from scratch to become a conductor. And while he greets the Dutch journalists warmly, Mr. van Zweden also makes it clear that his real job has little to do with his fame. "I focus on this," he said, pointing to a piece of music.

KEVIN HAGEN FOR THE WALL STREET JOURNAL

Jaap van Zweden rehearsed ahead of his Thursday debut as music director of the Philharmonic.

GREATER NEW YORK WATCH

CRIME

Gang Leader Gets Stiff Prison Sentence

One of northern New Jersey's most notorious gang leaders was sentenced Wednesday to serve life in prison plus 35 years.

Corey Hamlet was convicted in July on murder, racketeering and other counts. He was the head of the Grape Street Crips, and prosecutors say he ordered the murders of six people.

He will appeal the conviction and his sentence, his attorney said.

—Associated Press

CATHOLIC CHURCH

Victims Freed From Confidentiality Deals

Abuse victims required to remain silent by settlement agreements can speak publicly about their ordeals, New Jersey Catholic Church officials said.

The church has no objection if a victim wants to speak out, The New Jersey Catholic Conference said. State Sen. Joe Vitale had called on the church to release abuse victims from confidentiality agreements.

—Associated Press

Frosé's Moment in the Sun Begins to Melt

By Charles Passy

This summer, when New York City bar and restaurant operators Chris Reda and Johnny Wooh opened Black Square, a Meatpacking District dining spot specializing in pizza, they knew they wanted to offer a solid selection of cocktails. But they also knew there was one drink they didn't want on the menu. Namely, frosé, the frozen rosé wine-based concoction that has become a warm-weather favorite in the last couple of years.

"I felt like it was falling off," Mr. Reda said, noting that the drink is almost too sugary and heavy to be a cocktail-menu mainstay.

The Black Square proprietors might be on the cusp of a sipping shift. A number of city drinking spots say their frosé sales declined dramatically this summer over last. And while frosé still has its fans and remains a top seller, according to operators, it is quickly losing ground to other drinks—most notably, the Spritz, a classic Italian cocktail made with Aperol, a somewhat bitter-tasting aperitif.

Several factors are contributing to the shift, say industry professionals and observers. Chief among them may be the fashion-conscious nature of the cocktail scene itself these days, as one "it" drink replaces another. Frosé "got its 15 minutes of fame," said Adam Levy, founder of Alcohol Professor, a website that covers cocktails, spirits and more.

The frosé landscape also has become more competitive. What was once a novelty drink has found its way into the mainstream. That has made it harder for establishments to claim a special status, which has contributed to a frosé decline. At Bar Primi, frosé sales took a 30% hit this summer.

Some industry professionals echo Mr. Reda's thoughts about frosé being a bit over the top and say its sales slide reflects the fact it can't compete with the Spritz and other cocktails as a true thirst-quencher. That may explain why some spots are going all-in on the Spritz and say they are seeing sales increases for the drink of 20% or more over summer 2017.

Which isn't to say that bars and restaurants are giving up on frosé. Most establishments say rosé wine continues to be a strong seller, separate from the frozen cocktail. On a national level, the pink wine's sales surged by nearly 50% to $442 million in the 52-week period ending mid-August, says market researcher Nielsen.

PETER FOLEY FOR THE WALL STREET JOURNAL

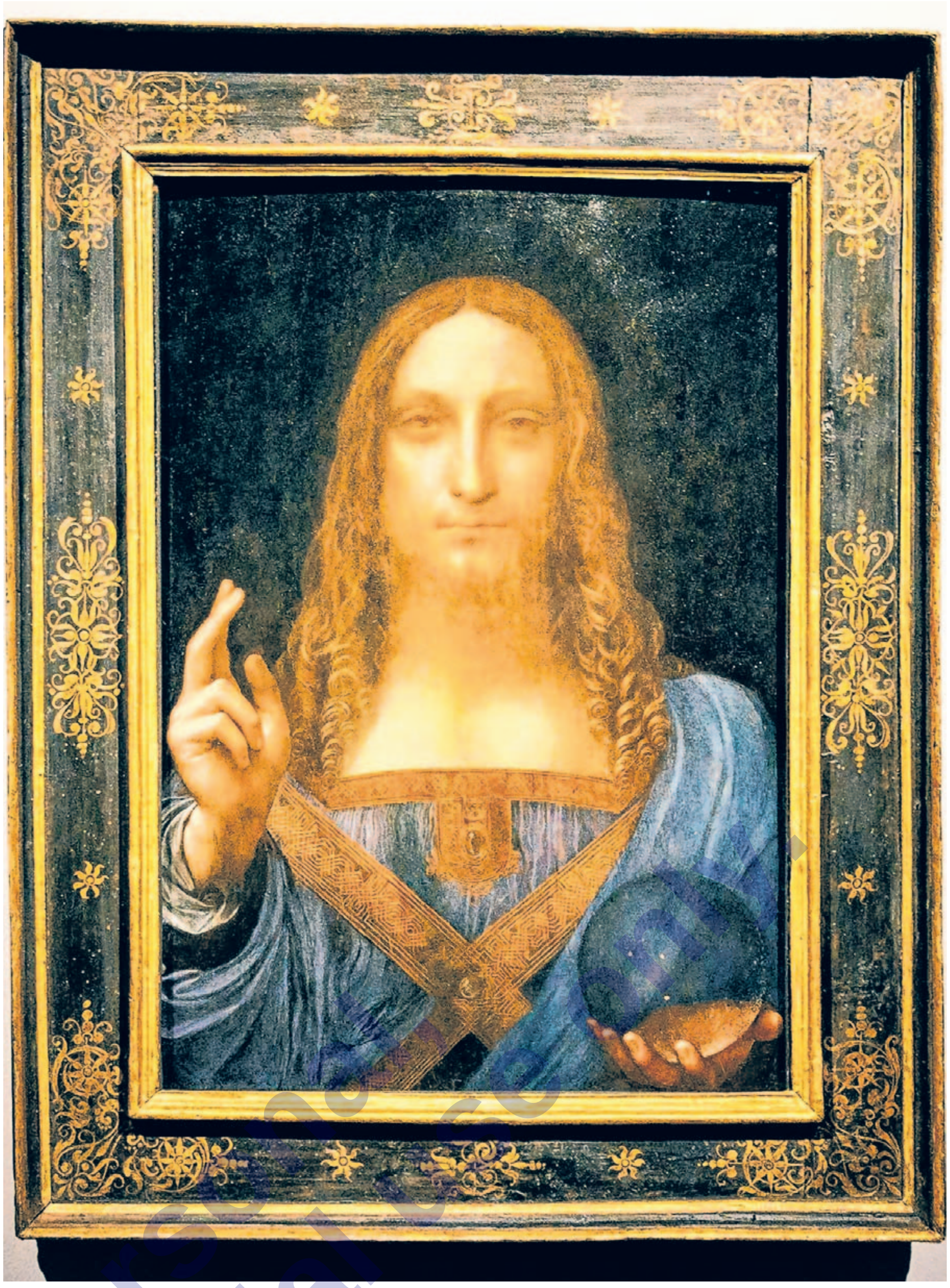
A 'frozen rosé' was served in 2017 at the Vine Bar in Manhattan.

LIFE & ARTS

ART

How a $450 Million da Vinci Got Lost, and Found

A Louisiana family discovers the 'Salvator Mundi' had long hung in their home before it was reauthenticated as a Leonardo masterpiece



Right, Leonardo da Vinci's rediscovered 'Salvator Mundi.' In the 2005 New Orleans auction catalog, above, the description of Lot 664, below, attributed the work as 'After Leonardo da Vinci' and played up its antique frame. The auction house estimated the painting to sell for only up to $1,800. It sold for less than $10,000 at the time—and was later resold at Christie's for $450.3 million.

CLOCKWISE FROM TOP: TOLGA AKMEN/AFP/GETTY IMAGES; ROBERT LIBETTI/THE WALL STREET JOURNAL; DENISE BLOSTEIN/THE WALL STREET JOURNAL (2)

Leonardo da Vinci's rediscovered painting of Christ as the world's savior, "Salvator Mundi"—auctioned last year for a record-setting $450.3 million—has been owned by British kings and Russian oligarchs. But until now no one knew much about the nearly half-century it spent lost in obscurity in the U.S.

Fresh details have emerged about the da Vinci's whereabouts and the unsuspecting Louisiana family who lived with the painting

By Denise Blostein, Robert Libetti and Kelly Crow

for decades before a pair of Old Master dealers bought it from their patriarch's estate sale in New Orleans in 2005 for less than $10,000. The dealers, Robert Simon and Alexander Parrish, have since successfully lobbied the art world for its reauthentication as a work by the Renaissance master.

The findings about its lost years in Louisiana, gleaned from cross-referencing photographs, auction catalogs, obituaries, and other documents, fill a key gap in the meandering ownership history of the world's most expensive painting. Da Vinci's circa-1500 image of Christ dressed in blue robes with his left hand cradling a clear orb may not be as instantly recognizable as his "Mona Lisa," but it's a rare treasure. Fewer than 20 of da Vinci's paintings survive and more than a century has passed since the last time one was rediscovered.

Susan Hendry Tureau, a 70-year-old retired library technician in Baton Rouge, La., only last week learned that a painting her father, Basil Clovis Hendry Sr., had owned was reauthenticated as a da Vinci. She said he acquired the painting after she and her siblings were adults and no longer living with him. Her brother and her niece remember seeing it hanging in the plantation-style Baton Rouge home of her father, who owned a local sheet-metal company, she said. Ms. Hendry Tureau remembers a number of religious-themed paintings at her father's house, though not specifically the da Vinci.

Ms. Hendry Tureau's brother, Basil Clovis Hendry Jr., didn't respond to requests for comment. Her niece couldn't be reached for comment.

"We can't believe it, that such an incredible piece could have been in our family and we didn't even know it all this time," Ms. Hendry Tureau said. "It just sort of brings me alive."

Ms. Hendry Tureau said her father, who died in June 2004, inherited artworks after the 1987 death of his aunt, Minnie Stanfill Kuntz. The aunt's husband, Warren E. Kuntz, ran a furniture business in New Orleans and died in 1968. Ms. Hendry Tureau said her great aunt and great uncle often traveled to Europe, and purchased art and antiques for their collection while abroad. Travel records uncovered by The Wall Street Journal indicate the couple returned from London in the summer of 1958—just as Sotheby's was auctioning the estate of Sir Francis Cook, including the painting.

By that point, the da Vinci had been mischaracterized as a "school of da Vinci" portrait of Christ by one of the artist's pupils, Giovanni Boltraffio, whose works are not as coveted.

The painting was sold for £45 (about $120) on June 25, 1958, to "Kuntz Private Collection USA," according to Sotheby's official provenance records, indicating its likely buyers were the Kuntzes. Twelve days after the sale, the Kuntzes boarded a ship from Southampton, England, bound for Houston, travel records show.

The identity of the Kuntz buyer had long been a mystery. The 2005 joint buyer Mr. Simon says he wasn't able to figure it out. "All I know is that the buyer at Sotheby's in 1958 was someone named Kuntz," he said. "Collection? Dealer? Shipping company? Sobriquet? Could be anything."

Mr. Simon says he has been unable to disclose details of the 2005 sale because of a nondisclosure agreement he signed when he sold the painting in 2013.

He provided The Wall Street Journal with a photo that he says shows the painting hanging in a stairway. Mr. Simon said he received the photo in an email from Mr. Parrish after the 2005 auction. Mr. Parrish told him he had found it online in a real-estate listing for the Hendry home. Mr. Parrish didn't respond to a request for comment.

Ms. Hendry Tureau said the photograph shows a staircase in her father's former home. "This has to be my dad's house. It just looks exactly like it. Especially with that beam going across," she said while viewing Mr. Simon's photograph.

The Wall Street Journal established the tie between the Kuntzes and Mr. Hendry after researching details about the estate listed in the April 2005 St. Charles Gallery catalog. The Wall Street Journal also found obituaries for Mr. Hendry that included the address of his former Baton Rouge home.

Ms. Hendry Tureau doesn't think her relatives—or her father—knew of the work's significance because it had been heavily overpainted and didn't appear to contain the psychological density and detailing that are signatures of da Vinci's paintings, elements that apparently shone after cleaning.

As to its more distant history, other records trace the painting back to King Charles I, who listed it as part of his royal inventory a year before he was executed in 1649. It changed hands multiple times after that, according to Christie's and somewhere along the way its attribution got lost.

When Ms. Hendry Tureau's father died, the appraisal certificate for his estate's artwork valued a portrait of the head of Christ for $750, according to a copy she retained. She said her brother, the executor of the estate, sent items to Christie's auction house in New York and the St. Charles Gallery branch of New Orleans Auction Gallery in New Orleans.

The New Orleans auction house included the da Vinci in its April 9-10, 2005, sale, according to a copy of the catalog obtained by The Wall Street Journal. Lot 664's estimate: $1,200 to $1,800. New Orleans Auction Gallery, which subsequently went through bankruptcy proceedings, later came under new ownership.

Taylor Eichenwald, director of marketing and public relations for New Orleans Auction Gallery says the company has no records from the previous business. "We are not associated with that company at all," he said.

Reflecting on the missed opportunity, Ms. Hendry Tureau says she's still happy that the next owners were able to uncover its real worth. "It's just amazing," she said. "But now you know it's like 'Oh God, why couldn't we still have this thing?'"

After winning the work, the dealers teamed up with a few others to hire Dianne Dwyer Modestini, a paintings conservator at New York University, to clean and study it. After she realized the work might be a da Vinci, the dealers spent several years taking it to museum curators to seek validation.

The painting made its public debut in a 2011 da Vinci retrospective at London's National Gallery, and two years later, the dealers sold it to a Swiss art advisor, Yves Bouvier, for $80 million. Mr. Bouvier immediately resold it to his main

> Ms. Hendry Tureau says she's still happy that the next owners were able to uncover its real worth.

client, Russian billionaire Dmitry Rybolovlev, for $127 million—a mark-up that later sparked a legal dispute between the two and spurred Mr. Rybolovlev's decision to offload "Salvator Mundi" at Christie's last November. The dispute continues. Mr. Rybolovlev's and Mr. Bouvier's representatives declined to comment.

Both Christie's and Sotheby's have declined to comment on the recent discoveries about the painting's provenance.

Christie's estimated it would sell for $100 million—but the sale proved historic when it sold for $450.3 million to Saudi Arabia's Crown Prince Mohammed bin Salman. The crown prince then gave it as a diplomatic gift to Abu Dhabi. Today, "Salvator Mundi" forms part of the Louvre Abu Dhabi's collection.

The painting was set to go on view Sept. 18 at the museum, but earlier this month the Abu Dhabi Department of Culture and Tourism postponed the exhibition indefinitely.

Ms. Hendry Tureau said the masterpiece's lost-and-found saga—and her family's forgotten role in it—are still "hard to absorb," she said. "In my little humdrum retirement life you know, to have something this major happen. It's so exciting."

—Maya Tippett and Lisa Schwartz contributed to this article

The former home of Basil Clovis Hendry Sr. in Baton Rouge, La., where the lost da Vinci hung for years in obscurity.

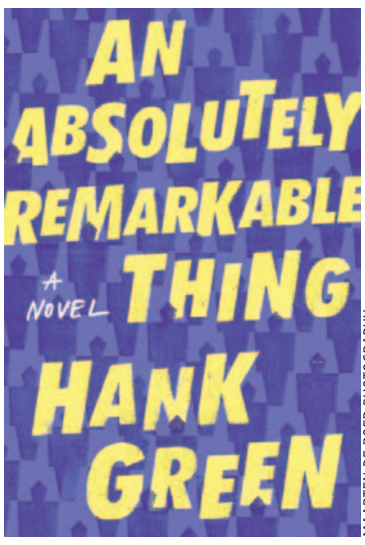
BOOKS

Internet Star Ponders Online Fame

Hank Green, who became famous as a video blogger, tries his hand at sci-fi in 'An Absolutely Remarkable Thing'

BY ELLEN GAMERMAN

John Green, left, author of 'The Fault in Our Stars,' and his brother Hank built an online empire beginning with their YouTube channel Vlogbrothers in 2007.



MAARTEN DE BOER PHOTOGRAPHY

AT ONE POINT during his rise to internet fame, Hank Green tallied up every minute that every viewer had spent watching all the videos he'd ever made with his brother, and came up with a sum roughly equal to the average human lifespan. Now, he said, that collective viewing total amounts to at least 50 lifetimes.

"It makes you think, 'Am I doing a human lifetime's worth of good here?'" he said.

Existential questions born of online stardom figure prominently in Mr. Green's debut novel, "An Absolutely Remarkable Thing." The sci-fi thriller due out Tuesday tells the story of a 23-year-old woman who becomes instantly famous after being the first to video-blog her contact with a giant alien robot.

With the book, Mr. Green enters a territory already familiar to his older brother and longtime video collaborator John Green, the author of blockbuster young-adult novels led by "The Fault in Our Stars."

Expectations are high for Hank's novel, which publisher Dutton acquired at auction in a two-book deal. "The reception by booksellers and reviewers has been rapturous," said editor Maya Ziv.

The book targets a wide audience. It is being promoted as an adult novel but could double as young-adult fiction, with its absence of sex scenes and a trigger warning before its one violent passage.

"An Absolutely Remarkable Thing" opens with graphic designer April May discovering what first appears to be a large, armor-clad statue on a Manhattan sidewalk. She names it Carl. Soon, April learns that many Carls have popped up without explanation around the world, with the public divided over whether the enigmatic figures pose a threat. Internet sleuths, working together to solve the mystery, realize that clues to interpreting the Carls are hidden in a dream people share when they sleep. April, who uses the Carls to build her own social-media brand, becomes an instant celebrity whose powers to influence escalate with each post.

The perils of online stardom are personal for the Greens. For online content creators, Hank said, "growing an audience for the sake of growing an audience is almost inherently destructive for you."

Hank is known independently as a host for the science channel SciShow and its spinoffs, along with the educational channel Crash Course. Yet even with Hank in the spotlight, it is hard to mention one Green without the other. In a video Hank posted earlier this year touting the book, he cheerfully thanks John for the agents and publishers who read it "because I'm John Green's brother."

"I could say the same thing about 'The Fault in Our Stars'—it wouldn't have reached nearly as many readers without Hank," said John, who will appear with Hank at half the venues on a 12-city U.S. book tour to promote "An Absolutely Remarkable Thing." "It's hard for us to disentangle our work from each other. It's one of the great joys of my life."

Hank, who is 38 years old and lives with his wife, 2-year-old son and their ancient cat Cameo in Missoula, Mont., said it was "really scary" sharing the completed manuscript with John one night not long ago. His brother was also scared, though he stopped worrying after the first 10 pages. John, a 41-year-old Indianapolis author whose fiction, like Hank's, is published by an imprint of Penguin Random House, soon lost himself in the book. Between the two of them, John said, Hank was better at writing plot.

With the book, Dutton capitalizes on the built-in audiences between the two brothers, much as the publisher did in releasing John's best-selling "The Fault in Our Stars" in 2012, the film adaptation of which went on to rake in more than $307 million worldwide, according to Box Office Mojo. John has championed Hank's debut novel to his 5.1 million followers on Twitter, an audience more than five times the size of Hank's on that platform.

> 'Growing an audience for the sake of growing an audience is almost inherently destructive.'

The online empire the Greens have built began with Vlogbrothers, a YouTube channel they started in 2007 for exchanging rapid-fire updates with one another about life in general and their lives in particular. Since then, videos the brothers have produced and posted on their many internet channels have been viewed some 2 billion times. And of those videos, the ones featuring appearances by the Greens themselves have notched more than 1 billion views.

Over the four years Hank spent working on "An Absolutely Remarkable Thing," he didn't display the angst that marks the writing process of many other novelists. He worked on the book on planes, during free half-hours at night and on occasional mornings wherever he happened to be sitting.

"Hank is one of the least tortured people I know," said John. "He is exceptionally sane."

Still, John said he and his brother talk about how becoming public figures on the internet has the potential for "distorting ourselves or distorting our values, and how we can try to tack against that wind."

In the novel, Hank compares fame to looking like a leathery old cowboy to one person and an 11-year-old girl to another: "You have no idea what each person sees when they look at you."

Now the Greens run multiple ventures, including the educational video-production company Complexly, and they are co-founders of the VidCon conferences for the online video community. John said they haven't gotten into a single fight since they started working together more than a decade ago. They came close once, over "some stupid work thing," he said, before mutually backing down. "I think we were both tired."

John said he doesn't recall having many disagreements as children, either, because they didn't know each other that well. For John, who left for boarding school when Hank was 11, working with Hank was a way to become closer as adults.

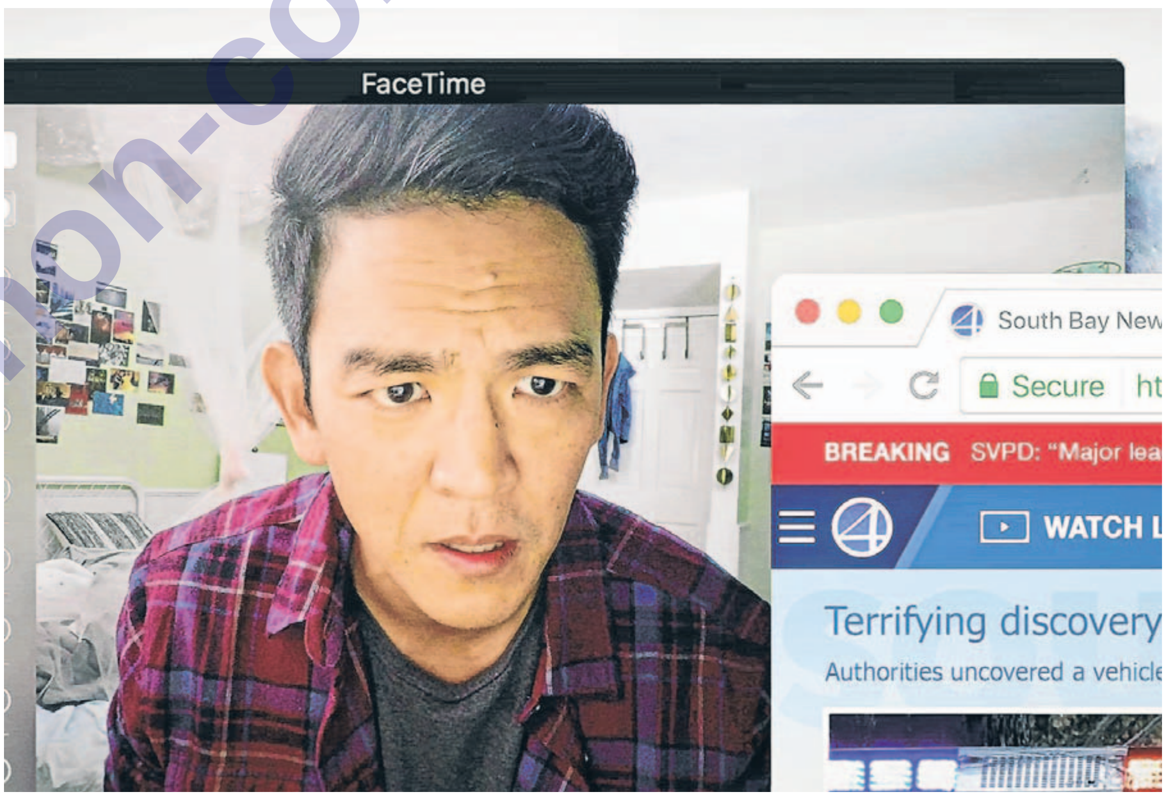
Hank said he doesn't feel competitive with John about their careers. Their contests are more about one-upping each other while they try to "win the conversation" by making the funniest joke, he said.

In a recent video, John described buying ads for Hank's book on multiple billboards in Orlando, Fla., where the brothers grew up. He bought sponsorships for small robotics, debate and sports teams. Hank's novel, for instance, is the left-sleeve sponsor of the Dutch national Quidditch team.

FILM

THE SLEEPER THAT MAKES THE MOST OF SCREEN TIME

BY KEVIN LINCOLN



SCREEN GEMS

John Cho stars in the surprise hit movie 'Searching,' which is set entirely on the screens of electronic devices.

WHY HAS "Searching" become one of the breakout hits of the season, with a $45 million world-wide gross since its release over three weeks ago by Sony? Probably for the same reason director Aneesh Chaganty nearly turned it down: The on-screen action takes place entirely on screens.

"Searching" tells the story of a father, played by John Cho, who conducts a hunt for his missing teenage daughter across the many devices and platforms that play host to our digital lives: laptops, FaceTime, Facebook, Venmo and so on.

At first, Mr. Chaganty and co-writer and producer Sev Ohanian intended to make "Searching" as a short film. When executives at Bazelevs, the Russian production company behind the pioneering screen-themed movie "Unfriended," suggested that they make it as a feature anyway, Mr. Chaganty said no.

"It was probably the stupidest thing I've ever done, but also one of the things I'm most proud of, in the sense that it felt like I was saying no for the exact reason that I didn't want to make it a feature in the first place, which is that it would be a gimmick," Mr. Chaganty says.

At the time, Mr. Chaganty didn't need the project. He had a full-time job making commercials for Google. But Mr. Ohanian, whose career as an independent-film producer includes co-producing Ryan Coogler's "Fruitvale Station," knew that this was the kind of deal they couldn't refuse.

"They offered us any filmmaker's dream come true: You guys can write it, Aneesh can direct it, Sev can produce it, and we'll pay you guys, and we're going to make this movie," Mr. Ohanian says. In what the producer calls the "longest millisecond" of his life, he recalls his elation at the green light turning to horror as Mr. Chaganty said no. He tried to salvage the moment by saying that his creative partner meant, "No way! No problem!"

What eventually unlocked the project for them, and made them believe that it could sustain a feature film, was the idea that now opens "Searching": a montage of a family's history communicated entirely through its desktop computer. It imbues this digital world with emotional resonance. Both men claim that they came up with the idea at the same time, and it helped them envision the form that "Searching" would ultimately take.

They shot "Searching" in just 13 days, but Mr. Chaganty says that he, Mr. Ohanian, producer Natalie Qasabian and their two editors spent two years editing the movie. Messrs. Chaganty and Ohanian took the familiar story of a father looking for his daughter and tried to use the technology to tilt it in a new direction.

"I think what we have finally done is use a format that we all use every single day and interact with every single day and make that cinematic. Our objective was always to do that," Mr. Chaganty says. One approach they took was to apply cinematic devices, like cuts and zoom-ins, to action on laptop and phone screens, lending tension and narrative weight to scenes like Mr. Cho's character messaging his daughter's Facebook friends.

To refine this novel approach, Mr. Chaganty and Mr. Ohanian screened the movie for friends and peers extensively. At one point they asked more than 210 questions following a screening, zeroing in on minute details about how they used the digital content.

Sony acquired the distribution rights following a successful debut at the 2018 Sundance Film Festival. To overcome their low budget and lack of Tom Cruise-level stars, they relied heavily on word-of-mouth.

They scheduled over a hundred prerelease screenings world-wide to generate buzz. The focus on international markets has paid off: In addition to just over $19 million domestically, the film has earned $26 million in foreign markets, including $13 million in South Korea, according to Box Office Mojo.

The filmmakers also made the wise decision of casting Mr. Cho in the lead role. Mr. Cho is a fan favorite and was even the subject of an online movement two years ago, #StarringJohnCho, that urged filmmakers to cast him in leading roles.

He's headlined indies and television since then, but not a movie released by a studio. When they cast him, Mr. Chaganty and Mr. Ohanian say they did so purely for his acting skills.

The release of "Searching" also ended up coinciding with popularity of the movie "Crazy Rich Asians" and Netflix series "To All the Boys I've Loved Before," making the film part of a larger conversation about Asian-American representation in Hollywood. Jon M. Chu and Henry Golding, the director and star, respectively, of "Crazy Rich Asians," even went so far as to each buy out showings of "Searching" and offer free tickets to fans to illustrate their support.

"To be honest, 'Crazy Rich Asians' was the flagship Asian-American movie of the summer, and we felt very, very lucky that we were involved in the same conversation," Mr. Chaganty says. The talk revolved around the need for stories from more points of view. "In the same month, we came out and proved that we could have more of this, and I think there's a lot of Asian-Americans who I think responded to our movie purely because it was a normalization of that."

Why It's Working

The Movie: "Searching"

The Plot: A father goes searching for his missing daughter, but rather than looking for her physically, he explores her digital life. It all takes place on screens.

The Reaction: "Searching" has grossed $45 million world-wide after being released by Sony. Along with "Crazy Rich Asians," it's become part of a growing movement for Asian-American representation in Hollywood.

The Formula: Treat characters' digital lives with the same intensity that you would their real ones, and cast John Cho in the lead role.

EXHIBITION REVIEW

Eye-Catching Modesty

BY LAURA JACOBS

Clockwise from above: Dian Pelangi ensemble for New York Fashion Week (2017); Faiza Bouguessa 'Two-Tone Crepe Snood' (2014); Céline Semaan – Slowfactory 'Banned' (2017); Bernard Chandran ensemble (2008); Itang Yunasz ensemble (spring/summer 2018)

FINE ARTS MUSEUMS OF SAN FRANCISCO (5)

San Francisco

'SHE WORE the burkha," Paul Scott writes of a Muslim woman in "The Day of the Scorpion," the second novel in his masterpiece of 1940s India, "The Raj Quartet." He describes the garment as a "head-to-toe covering that turns a woman into a walking symbol." This, perhaps, is how many in the West see the burqa, and also the hijab (a covering for the head and chest) and the niqab (a face veil)—cloth cloisters of Islam, the second-largest religion in the world. Does this woman-as-symbol express strong self-possession or female submission, respect for her religion or an Orientalist echo of the harem? To veil or not to veil? To wrap or not to wrap? These are existential questions—spiritual, political and generational, too—and the answers are often met with prejudice. In the exhibition "Contemporary Muslim Fashions," the De Young Museum looks at a paradigm of dress that is a daily reality for one billion women world-wide.

For many, it may come as a surprise that there is such a thing as Muslim fashion, style that goes beyond a draped and seemingly shapeless silhouette. But as Igor Stravinsky once wrote, "The more constraints one imposes, the more one frees one's self." What are Islam's constraints for women? Covered head, arms and legs, no décolletage and a waist defined gently if at all.

The exhibition's organizers—Jill D'Alessandro and Laura L. Camerlengo, respectively curator in charge and associate curator of costume and textile arts at the Fine Arts Museums of San Francisco—remind us that "Islam is a multicultural faith," which means that interpretations of these constraints have been variously shaped by local customs, fabrics and indigenous craftsmanship. The curators also point out that theirs is not a definitive survey, the subject is too big. Instead they offer "a current snapshot of Muslim women and fashion by spotlighting key themes, locations, and garments." This show is a fresh corrective to the narrow perception one may have of Muslim dressing, or as it is now often called, "modest fashion." After closing at the De Young, the exhibition will travel to Frankfurt's Museum Angewandte Kunst.

The viewer is greeted by four formal ensembles in black and white, the grouping flanked by an Arabic *mashrabiya*, the geometrically latticed window that is an architectural form of veiling. An ethereal white coat by Wadha Al Hajri (spring/summer 2017), which repeats the intricate mashrabiya pattern in cut silk organza, is of a beauty that transcends time and place. Even the most traditional of these four pieces, Datin Haslinda Abdul Rahim's hooded, hip-length white chador over a long white skirt—a praying ensemble embellished with delicate *diamanté* leaves (spring/summer 2017)—could be taken for an exquisitely abiding Western wedding dress. It should come as no surprise that modest fashion has an increasing following of non-Muslim buyers, women who no longer wish to let it all hang out.

Presenting approximately 80 ensembles by over 45 designers, the exhibition resides in a large gallery fitted with wall panels curved arch-like at the top and positioned to create three long corridors. The sacred space of a mosque is evoked, as well as the space-module curves of futuristic '60s mod. Fealty and the future; the mosque, modernity and the millennium—this is the nexus of "Contemporary Muslim Fashions." That welcome in black and white is a tease, because the ensembles on display boast the vivid, saturated, gilded, even neon color, and the decorative dynamics, of Islamic art. There is nothing abstemious or old hat here.

The exhibition's themes begin with "Covering," which is addressed through provocative contemporary photographs, all of them alive to the ways modesty connects with multi-leveled statements of identity. Two vintage photographs from 1979, however, by Iranian artist Hengameh Golestan, are more political than personal: they record the female demonstrations that protested newly mandated veiling in public spaces. Such photography, joined by art and video, bring lived context to the clothing.

We then move on to themes that include "The Middle East," "Social Media" (a platform that has allowed young Muslim women to air their sartorial philosophies), "Sportswear" (Nike jumped on the "modest" bandwagon in 2017), "Southeast Asia" and "Global Fashion." There is overlap between these themes, so it's best to just go with the flow. And what flow! Playful street style, avant-garde experimentation, and high-end luxe with a vengeance—these creations open a door on modest sensibilities that are as up-to-the-minute as mainstream fashion. Just not as hourglass. Or as bare.

The exhibition's grand finale is a gathering of couture creations—Karl Lagerfeld, John Galliano, Oscar de la Renta and more. The hundred-year history of wealthy Muslim women buying Paris couture, which they could customize to meet religious requirements, coupled with the unsung fact that oil-rich Muslims have helped keep the couture alive for decades—this subject alone could make for an exhibition. And yet it's the third corridor that holds the knockouts. Malaysian design team Fiziwoo's extravagantly enfolding "Red Rose" ruffle gown of 2015. Itang Yunasz's jazzy caftan and folkloric embroidered jacket, both from 2018. And Bernard Chandran's 2008 asymmetrical jumper over a top and pants, all silver silk and Swarovski crystals, celestial discipline and the Vulcan wisdom of Spock. Make way for modesty.

Ms. Jacobs writes about culture and fashion for the Journal.

Contemporary Muslim Fashions
De Young Museum, Sept. 22-Jan. 6, 2019

SPORTS

NFL

GOOD JUJU FOR STEELERS

BY MICHAEL SALFINO

It's been a disappointing start to the season for the Pittsburgh Steelers: a tie against the Cleveland Browns followed by a loss to the Kansas City Chiefs. All-Pro running back Le'Veon Bell continues to hold out, while All-Pro wide receiver Antonio Brown didn't show up for work on Monday.

But here's some good news for the Black and Gold: JuJu Smith-Schuster, pictured below, is the most precocious wide receiver since Randy Moss, a recent NFL Hall of Fame inductee.

Last year's second-round pick has averaged 10.9 yards on the 106 passes thrown to him, actually topping the 10.6 yards averaged by Moss on his targets at a similar age, according to Pro-Football-Reference. That's the highest ever for a receiver through age 21 in his first 16 career games (Smith-Schuster missed two games last year), minimum 90 targets.

In Sunday's 42-37 loss to the Chiefs, Smith-Schuster (who doesn't turn 22 until November) had more targets than Brown, 19-to-17. This was only the seventh time since Brown's tenure in Pittsburgh began in 2014 that he's been out-targeted by a fellow wide receiver, according to Stats LLC.

DAVID RICHARD/ASSOCIATED PRESS

Hard Target

Most yards per target for receivers age 21 and under in first 16 games:

PLAYER	TARGET/ YARDS	YARDS/ TARGET
JuJu Smith-Schuster (PIT)	106-1,157	10.92
Randy Moss (MIN)	124-1,313	10.59
Keenan Allen (SD)	105-1,046	9.96
DeAndre Hopkins (HTX)	91-802	8.81
Percy Harvin (MIN)	91-790	8.68
Mike Evans (TB)	122-1,051	8.61

Source: Pro-Football-Reference
Note: since 1992, minimum 90 targets

FROM TOP: HANNAH FOSLIEN/GETTY IMAGES; KIM KLEMENT/REUTERS

Ryne Stanek, left, and Sergio Romo, below, have both played key roles in the Rays' 'bullpen days' strategy.

MLB

A Load of Bullpen in Tampa

The Rays' practice of using a reliever to start games has been a big hit

BY JARED DIAMOND

THE TAMPA BAY RAYS endured boatloads of criticism when they unveiled an unorthodox pitching plan for 2018: In place of a fifth starter, they often scheduled "bullpen days," in which a parade of relievers worked the whole game.

The move opened the Rays to skepticism, ridicule—and more nefarious allegations. They were accused of intentionally fielding a noncompetitive roster and artificially depressing their players' future salaries, with Arizona Diamondbacks starter Zack Greinke going as far as to call it "bad for baseball."

But after nearly a full season auditioning the concept, the Rays appear vindicated. They are one of baseball's biggest surprises, on track to finish with about 90 victories while playing in the ultra-competitive American League East. Oddsmakers in the spring projected the Rays for around 73 wins.

Even more surprising, they can attribute their success largely to pitching. Since debuting the "opener"—the practice of using a reliever for a short stint at the beginning of the game—on May 19, the Rays own the AL's best ERA and the second-best in the majors. They have accomplished all this while removing their "starter" after six outs or fewer more than one-third of the time.

"Our run prevention has been very strong for the past several months," Rays general manager Erik Neander said. "Is this modified approach to constructing a pitching staff better or worse than the model that has been applied for the past many years? I don't know. But it was the right thing for our personnel."

Certainly Blake Snell, the Rays' ace, deserves a chunk of the credit for the team's performance. With an ERA of 1.97 to go along with his league-leading 20 wins, the 25-year-old left-hander looks like a favorite to earn AL Cy Young honors. The Rays' strategy probably wouldn't survive without Snell delivering a strong outing once every five days. (That said, parting ways with two-time All-Star Chris Archer at the trade deadline didn't hurt them; the Rays possess the best record in baseball since Aug. 1.)

Their efforts won't propel them to the playoffs, either, though that stems more from their geography than their talent. Their division features the Boston Red Sox, baseball's best team that already boasts more than 100 wins, and the New York Yankees, who will also approach the century mark. The Rays entered Wednesday with a better record than the Los Angeles Dodgers, who currently top the National League West.

The Rays won't even commit to continuing with this model in the future, at least to the same scale. Neander said that despite the strong early returns, questions still remain about its long-term viability, especially in terms of keeping arms healthy and fresh.

"It's far too early to tell," Neander said. "For us this year, the workload capabilities allowed for this to be possible. I fully expect we will go into this winter wondering if this is still the right way to operate."

All of that makes sense. It will take more data to determine whether the standard five-man starting rotation should permanently go the way of the flannel uniform or if this year's Rays represent an aberration. But this much seems clear: When deployed correctly, with the right pitchers and the right manager, the "bullpen day" idea undeniably can prove effective over a short burst of time—a setting like the postseason, perhaps.

Which brings us to a certain game on tap a couple of weeks from now, one with enormous implications. Barring a crazy collapse, the Yankees and Oakland Athletics will meet in the AL wild card game on Oct. 3. It just so happens that both teams qualify as potential candidates to trot out a bullpen day on a prominent stage.

The A's entered Wednesday ranked second in baseball in bullpen ERA. The Yankees ranked third. Both teams have impressive depth: The A's could line up Shawn Kelley, Yusmeiro Petit, Lou Trivino, Fernando Rodney and Jeurys Familia in front of All-Star closer Blake Treinen. The Yankees could roll out Chad Green, Zach Britton, David Robertson, Dellin Betances and Aroldis Chapman. Without a doubt, those groups could navigate through nine innings if asked without the support of a designated starter.

Most important, both teams have legitimate issues plaguing their starting rotations, further enticing them to explore a more creative option. That especially applies to the A's, who would probably call upon Mike Fiers from their crop of starters. Fiers has pitched well, posting a 3.09 ERA in eight outings since arriving in Oakland in an August trade, but his high fly ball percentage could doom him in a matchup with baseball's top home-run hitting lineup.

The A's also already have experience with bullpen days, having experimented with them throughout the season as a way to negate the effect of their inconsistent, injury-wrecked rotation. They, like several teams, have taken notice of the Rays' approach and copied it either in the majors or minors, a common ripple whenever an organization unleashes something new.

Six times this September, the A's have started journeyman reliever Liam Hendriks. He hasn't allowed a run in the last five outings. The A's intend to go with a bullpen day once through the rotation until the end of the season.

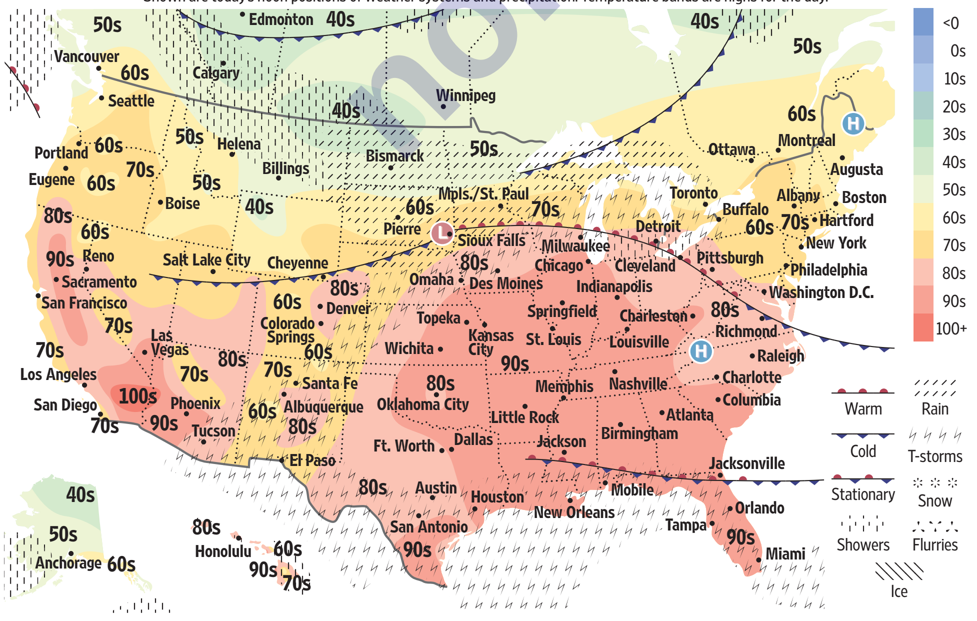
But would they do it in the wild card game? Naturally, neither the A's nor Yankees will publicly reveal their intentions yet, particularly given the fact that neither has mathematically clinched a playoff spot. In an interview last month, however, GM David Forst acknowledged that as the bullpen goes, so do the A's.

"The formula has been to score enough to stay in the game and let the bullpen shut it down," he said.

In about two weeks, the A's will show just how far that could go.

Weather

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



U.S. Forecasts

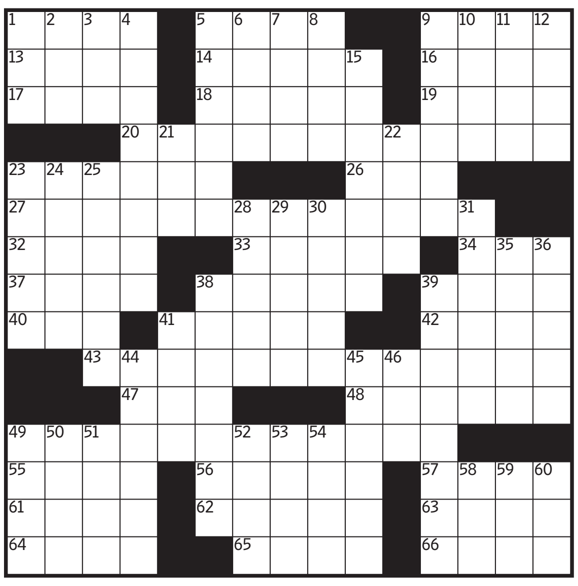
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	58	45	c	58	50	c
Atlanta	93	73	s	90	71	pc
Austin	89	76	t	87	74	t
Baltimore	78	65	pc	81	68	pc
Boise	72	46	s	80	56	s
Boston	68	59	pc	74	65	pc
Burlington	71	59	pc	75	54	pc
Charlotte	89	70	pc	86	69	s
Chicago	91	74	pc	76	52	pc
Cleveland	86	73	pc	88	57	t
Dallas	90	74	s	84	70	t
Denver	82	49	pc	74	50	pc
Detroit	83	71	c	86	54	sh
Honolulu	90	77	sh	89	77	s
Houston	90	77	t	88	76	t
Indianapolis	91	74	s	83	58	t
Kansas City	91	65	c	70	51	pc
Las Vegas	95	74	s	97	77	s
Little Rock	93	72	s	90	66	t
Los Angeles	85	63	s	84	62	s
Miami	90	78	t	88	78	sh
Milwaukee	84	69	t	71	52	pc
Minneapolis	72	54	t	59	43	pc
Nashville	96	74	pc	90	71	pc
New Orleans	91	76	t	90	76	t
New York City	71	63	c	76	68	pc
Oklahoma City	89	68	s	76	57	t
Omaha	89	56	t	67	44	pc
Orlando	92	76	t	89	75	pc
Philadelphia	75	64	c	81	69	pc
Phoenix	98	80	pc	100	80	pc
Pittsburgh	84	69	s	86	57	pc
Portland, Maine	65	53	pc	68	60	pc
Portland, Ore.	71	54	c	76	58	c
Sacramento	93	57	s	94	56	s
St. Louis	96	77	s	84	60	pc
Salt Lake City	74	47	s	80	54	s
San Francisco	77	54	s	76	54	s
Santa Fe	75	48	t	77	44	pc
Seattle	66	57	c	71	59	c
Sioux Falls	72	48	t	58	42	pc
Wash., D.C.	80	69	pc	82	72	pc

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	72	59	pc	62	51	sh
Athens	83	68	s	84	65	s
Baghdad	109	77	s	108	79	s
Bangkok	91	78	t	91	78	t
Beijing	82	55	c	77	55	s
Berlin	81	64	pc	84	51	t
Brussels	76	60	pc	63	49	t
Buenos Aires	71	54	pc	76	59	pc
Dubai	104	86	s	103	89	s
Dublin	55	43	r	57	43	sh
Edinburgh	57	44	c	54	42	c
Frankfurt	84	60	pc	76	47	t
Geneva	83	58	s	82	55	pc
Havana	88	74	pc	87	72	pc
Hong Kong	88	80	pc	89	79	s
Istanbul	81	71	s	80	68	pc
Jakarta	91	77	pc	91	76	c
Jerusalem	82	64	s	82	65	s
Johannesburg	83	50	pc	78	57	pc
London	70	53	r	63	48	pc
Madrid	89	63	pc	90	63	pc
Manila	90	78	t	89	77	t
Melbourne	62	45	pc	66	47	s
Mexico City	75	57	pc	75	56	pc
Milan	86	63	pc	86	66	pc
Moscow	71	53	s	76	56	pc
Mumbai	89	77	pc	92	77	pc
Paris	78	61	pc	66	49	t
Rio de Janeiro	86	75	pc	83	72	pc
Riyadh	108	76	s	107	78	s
Rome	80	66	pc	82	66	t
San Juan	90	77	pc	89	77	s
Seoul	72	64	r	76	63	r
Shanghai	89	77	t	84	71	c
Singapore	86	78	c	85	77	c
Sydney	64	49	pc	68	51	s
Taipei City	96	78	pc	94	76	pc
Tokyo	78	67	c	77	71	r
Toronto	69	64	t	85	49	t
Vancouver	61	53	r	63	54	r
Warsaw	84	59	s	83	56	s
Zurich	80	53	s	81	50	pc

The WSJ Daily Crossword | Edited by Mike Shenk



SECURE AT LAST | By Lewis Porter

Across

1 Cracked
5 One in five Israelis
9 Collar insert
13 "If you build it, he will come" setting
14 Find
16 Pacific Tsunami Museum location
17 Supermarket section
18 Centipede source
19 For all time
20 Security device that has government approval?
23 Self-conscious question
26 Highlander, e.g.
27 Backlit part of a PC?
32 She marries Riker in "Star Trek: Nemesis"
33 Grenoble's department
34 Makeup of Lucius Malfoy's wand
37 "Remember ___" (1990s AMC series)
38 Too often told
39 Cheese choice
40 "Starpeace" singer
41 Nasser's first name
42 Bulldog backers
43 Ivory part of a PC?
47 Special forces weapon
48 Lubrication channel
49 Superintendent's item that's an antique?
55 Basil, e.g.
56 ___ à deux (shared delusion)
57 Window coating
61 Set of dishes
62 Crimean resort
63 Territory between Siberia and Ukraine on a Risk board
64 Vodka with a Coastal Cranberry flavor
65 Off! ingredient
66 Loading sites

Down

1 Red Cross specialty
2 Beanery brew
3 Cobbler's tool
4 Super slim
5 Timeworn truisms
6 Orson's second wife
7 "I've Got ___ in Kalamazoo"
8 Post-bottle event
9 Do a librarian's work
10 Show saver
11 Tina's onetime co-star
12 British city where the Kit Kat was created
15 Division of the Egyptian pound
21 Defib pro
22 One addressed as "Your Grace"
23 Bisected
24 Dangerous singer
25 See 59-Down
28 Request that might lead to busting
29 "The Love Boat" bartender
30 Guy, informally
31 Born to run?
35 Rival of Olympus
36 Like some colognes
38 Meet
39 Treat for a terrier
41 Pyramid site
44 How supplicants supplicate
45 Nudge
46 You, to Johann
49 Resistance units
50 Garlic kin
51 Low cart
52 Contemptible person
53 Cosmo competitor
54 Solemn doings
58 Nest egg choice
59 With 25-Down, "Are we finished?"
60 2012 British Open champ

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Previous Puzzle's Solution

C	O	A	C	H	■	C	O	P	■	S	C	O	U	T
O	R	T	H	O	D	O	X	Y	■	I	N	U	S	E
O	C	T	A	M	E	T	E	R	■	N	O	T	P	C
K	A	Y	■	B	Y	E	N	O	W	■	T	O	S	H
■	■	■	S	R	S	■	■	■	R	E	E	F	■	■
P	U	R	E	E	■	T	U	L	I	P	■	O	C	A
I	T	E	M	■	O	B	L	A	T	E	■	R	I	G
L	I	V	I	N	G	O	N	T	H	E	E	D	G	E
O	L	E	■	O	R	N	A	T	E	■	T	E	N	N
T	E	L	■	R	E	E	S	E	■	K	A	R	A	T
■	■	A	R	M	S	■	■	■	G	A	S	■	■	■
D	A	T	E	■	S	U	B	S	E	T	■	S	U	P
E	L	I	S	E	■	N	E	O	N	T	E	T	R	A
A	V	O	I	D	■	I	N	F	L	A	M	I	N	G
N	A	N	N	Y	■	V	E	T	■	N	U	R	S	E

OPINION

What Democrats Have Become

WONDER LAND
By Daniel Henninger

It is still true: What begins as tragedy can end as farce. So it is with the case of Christine Blasey Ford, who has accused Supreme Court nominee Brett Kavanaugh of assaulting her when she was 15 and he was 17.

As of the most recent available moment in this episode, Ms. Ford's lawyer said her client would not appear before the Senate Judiciary Committee until there is a "full investigation by law-enforcement officials." Like the Mueller excavations, that could run to the horizon, unable to find anything but unwilling to stop until it finds something.

Let us posit that the one thing not at issue here is the truth. As a matter of law and fact, Ms. Ford's accusation can be neither proved nor disproved. This is as obvious now as it must have been when Dianne Feinstein and the other Democrats came into possession of this incident.

Surely someone pointed out that based on what was disclosed, this accusation could not be substantiated. To which the Democrats responded: So what? Its political value is that it cannot be disproved. They saw that six weeks before a crucial midterm election, the unresolvable case of Christine Blasey Ford would sit like a stalled hurricane over the entire Republican Party, drowning its candidates in a force they could not stop.

In #MeToo, which began in the predations of Harvey Weinstein, Democrats and progressives finally have found a weapon against which there seems to be no defense. It can be used to exterminate political enemies. If one unprovable accusation doesn't suffice, why not produce a second, or third? It's a limitless standard.

The Democrats' broader strategy is: Delay the vote past the election; win the Senate by convincing suburban women that Republicans are implacably hostile to them; seize power; and—the point of it all—take down the Trump government.

This is the "resistance." This is what Democrats have become. Resistance is a word and strategy normally found in a revolutionary context, which is precisely the argument made by the left to justify its actions against this presidency since the evening of Nov. 8, 2016. Anything goes. Whatever it takes. Brett Kavanaugh is not much more than a casualty of war.

Rather than try to argue or win public issues on substance, the Democrats have become a party that seems to think it can win with muscle alone. Environmentalism emerged in the 1970s as a worthwhile idea that attracted the interest and support of both parties. From Al Gore onward, it became a bludgeon to beat up the other party. Now sexual abuse, an issue originating in utmost seriousness, has been quickly captured and fashioned into a political weapon by the Democratic left.

Politics as trench warfare has relieved the Democrats of the burden of thought. Extending the Pelosi Rule—we have to pass the bill to find out what's in it—we now have the Gillibrand Standard.

Brett Kavanaugh becomes a casualty of an anything-goes political resistance.

Commenting this week on Ford v. Kavanaugh, New York Sen. Kirsten Gillibrand, another 2020 presidential aspirant, said, "I believe it is disqualifying, given what we know." In other words, what she believes is based on next to nothing.

Put on defense by these accusations, Majority Leader Mitch McConnell and Judiciary Committee Chairman Chuck Grassley unsurprisingly agreed to a hearing in which Ms. Ford would tell her story and Judge Kavanaugh would speak. Then the senators would vote.

Consider the spectacle: Judge Kavanaugh's nomination for the U.S. Supreme Court, the embodiment of a modern rule of law, is being decided in the Senate by the medieval practice of trial by ordeal, such as surviving immersion in fire or ice. Trial by ordeal was outlawed by the Lateran Council in 1215.

Or worse, the standards of the mob in the Roman Colosseum, turning thumbs up or down on the combatants. Though unlike the Senate Democrats, the Roman mob at least had an open mind.

Incidentally, the standard trope that Donald Trump has degraded our politics? We don't need to hear that anymore. Or about the moral certitudes of the religious right.

Is there a sadder figure in the modern Democratic Party than Sen. Dianne Feinstein? Elected to the Senate in 1992, Mrs. Feinstein has produced a creditable career. Her above-it-all reputation was never quite deserved, but she has at least performed with dignity.

Now, seeking re-election at 85, she is getting heat from the progressive-dominated Democratic Party in California, the world capital of identity-only politics. By withholding from the committee the accusatory Ford letter that came into her possession nearly two months ago, Sen. Feinstein ensured the nomination's descent into such a hapless, cynical moment. This will be the most remembered event in Sen. Feinstein's career.

The Kavanaugh nomination, "given what we know," has come down to an undiscoverable accusation. The defeat of a Supreme Court nominee on this basis would be a victory for a level of conscious political nullification not seen in the U.S. for a long time. Republicans in the Senate shouldn't allow it, and voters in November should not affirm it.

Write henninger@wsj.com.

Health Care Is the Sleeper Issue of 2018

By Karl Rove

The Democrats' most potent national policy issue in the 2018 midterms is health care, and it's showing up on TV. One Arizona ad says Martha McSally, the Republican congresswoman running for Senate, "voted to gut protections for people with pre-existing conditions." Another, in North Dakota, accuses GOP Senate nominee Kevin Kramer of "voting five times to let insurance companies deny coverage to people with conditions like cancer."

Ads like this are filling the airwaves in races for Congress and governorships. GOP candidates ignore them at their peril. There are powerful responses, but Republicans must deploy significant resources and energy for them to prevail.

The pre-existing-conditions offensive against the GOP is based on its votes to repeal ObamaCare. But the truth is that Ms. McSally, Mr. Cramer and every Republican in Congress who voted for repeal also voted to require states to provide protections for people with pre-existing conditions. The GOP approach was to let each state figure out how best to accomplish this under a federal system that worked better than the Affordable Care Act. Republicans trusted leaders in state capitals to do better than Washington for the people of their states.

Democrats mistakenly insist Americans must accept all of ObamaCare's failings—lost coverage, lost doctors, skyrocketing premiums and fewer plan options—if they want protections for those with pre-existing conditions. The GOP should argue that they can cover Americans with pre-existing conditions without the damage ObamaCare has inflicted. This puts Republicans on offense and positions them as change agents rather than defenders of a health-care system many Americans believe is broken. Dallas-based policy analyst John Goodman suggests Republicans could strengthen their argument by requiring state plans that protect pre-existing conditions meet certain federal standards. These might include reducing premiums and out-of-pocket costs and expanding access to networks compared to ObamaCare.

Republicans must counter Democratic attacks on pre-existing conditions.

For their argument to resonate, Republicans must also make the issue personal. Missouri Attorney General and Senate candidate Josh Hawley, when attacked on this issue in a debate by Sen. Claire McCaskill, revealed that one of his sons was recently diagnosed with a rare bone disease. He acknowledged that he had joined a lawsuit to declare ObamaCare unconstitutional. But he said that because of his personal experience, "I will never support taking away health insurance coverage for people with pre-existing conditions." He added: "The question is, are we going to have to have ObamaCare to do it?" Other Republicans should also discuss their experiences in a way that demonstrates understanding and empathy.

There are additional opportunities for Republicans to appeal to voters on health care. After all, Democrats are raising an issue that directly affects only the roughly 4% of Americans who get their coverage on the ObamaCare exchanges. What about the 56% of Americans who get health insurance from their employer? Or the 13% who buy it in the non-ObamaCare individual market? Or the 9% who are uninsured, especially those who don't qualify for Medicaid or Medicare?

Republican candidates should talk about ways to help a broader swath of Americans by making insurance more affordable and accessible overall. Workers should be able to put more money away in health savings accounts. The limits on HSAs could also be relaxed so they cover costs like telemedicine, phone and email consultations, concierge doctor services, home visits and chronic-disease management. Association health plans could be expanded to allow small businesses to pool risk and get lower prices. GOP candidates should also consider making low-cost catastrophic coverage available for everyone and offer subsidies to help low-income families afford it.

What about people who remain uninsured while they are healthy and then opt in after getting sick? Democrats and Republicans already solved this problem for seniors who don't sign up for Medicare or Medigap insurance when first eligible: They're penalized by somewhat higher premiums based on how long they delayed signing up. But the key is making insurance affordable so people decide to get covered in the first place.

The pre-existing-condition issue isn't going away. Democrats have few other arguments that can draw blood in the red districts they must carry to win the House and the red states they need to pick up the Senate. An effective GOP defense requires engaging Democrats rather than running from them and joining strong policy arguments with passionate advocacy. Republican chances this November will improve if the GOP fights this issue to a draw.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

How Used Clothes Got to Be 'Vintage'

By Lou Weiss

In the old days if you were wearing used clothes, you were poor. But ever since the 1960s, when Marxist undergrads wore peasant garb and hippies threw on patchwork, used clothes have been cool. Today platinum fashion brands sell blue jeans in every state of distress. Famous actresses attend award shows in vintage Chanel or Dior. Everything new is old again.

At a resale shop 45 years ago, I would fill up a grocery bag with used clothes for a buck. I had to avoid the old stuff of my acquaintances—especially the private-school kids—lest I bump into them while wearing it. Steve's and Tony's used clothes may have informed my preppy aesthetic, but their names would've been marked inside the collars. I couldn't risk the embarrassment.

My father, who grew up poor, always had to wear his cousin's hand-me-down white dress shirts. Being the bigger boy, he wore the sleeves perpetually rolled up and the collars always unbuttoned. Later in life, after achieving financial success, he became something of a clothes horse, staying abreast of the latest lapel widths and pleat suitability.

When I was poor, I bought bags of old duds for a dollar.

More than a few times, at the hospital, I've seen him, barely a high school graduate, mistaken for a doctor because he was looking so dapper.

At one point, my father became so horrified by the resale schmattas I would wear that I'm certain he began purchasing items just to hand them down to me, saying they didn't fit him quite right. He was with me once at a Pitt basketball game when I received two compliments within 10 minutes on his old Paul Stuart blazer. His smile was equal parts pride and I-told-you-so.

My nephew has since run vintage-clothing stores in Brooklyn and now in Pittsburgh. In what could be called the "circle of T-shirt life," I swear I saw him selling one of my discarded youth basketball shirts for 50 bucks. My nephew knows his market: I saw hipsters poring over the holes in a used T-shirt as if they were the Dead Sea Scrolls—except with less structural integrity.

My wife and daughters have caught the resale bug, too. Anyone can pay big bucks for a designer leopard-patterned frock, but the thrill is in bagging big savings. My conceit is that their vintage shopping is a cute eccentricity. In fact, it really has helped me attire four daughters. Do the math. I have suggested they put in a call to their buddies who might be donating clothes, cutting out the middleman entirely.

Here comes Patagonia in from the cold. The company already has succeeded in getting natural-fiber types to wear clothing made from old plastic pop bottles. Now it's offering to buy back your used coats for recycling and resale. One slogan for this "Worn Wear" is "Scars tell the story." You imagine buying the jacket of an Everest summiteer or Olympic kayaker. In reality, you are getting the castoffs of a middle-aged personal-injury lawyer. Look for my old gear: The only scars you'll find were strictly emotional.

Dress for the job you want, the saying goes. Little did I know that I was always dressing to be an eccentric tech mogul, years before the computer was invented. Sadly, I never got the job.

Mr. Weiss is a carpet salesman in Pittsburgh.

BOOKSHELF | By Andrew Stuttaford

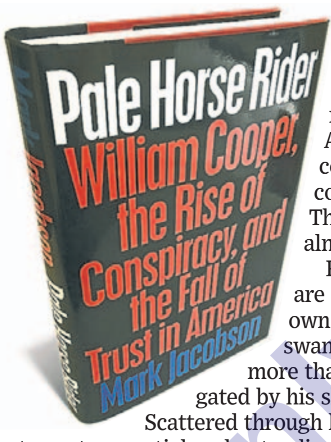
A Huckster At the Mic

Pale Horse Rider

By Mark Jacobson
(Blue Rider, 374 pages, $27)

'Nonsense," said the Talmudic scholar Saul Lieberman, referring to the Kabbalah long before its celebrity moment, "is nonsense, but the history of nonsense is scholarship." In the intriguing if uneven "Pale Horse Rider," writer and journalist Mark Jacobson takes a primarily biographical approach to the strange, sad tale of the turn-of-the-millennium conspiracy theorist Milton William "Bill" Cooper (1943-2001). In doing so, he has missed an opportunity to take a deeper look at how, what and why we believe.

Cooper's best-known work, "Behold a Pale Horse" (1991), is a dense, meandering and bewildering compendium of conspiracy theories. These include the allegation that JFK was murdered by his driver, the discovery of a plan to blow up Jupiter and the revelation of a treaty between Ike and space aliens. Yet there is also the suggestion that "the whole alien scenario is the greatest hoax in history," a trick to frighten the "sheeple" (a favorite Cooper term) into submission to a "one-world government" controlled by . . . the Illuminati. Choose your own truth. After all, Cooper himself concedes that "one or more conclusions may be wrong." This Bedlam medley has sold almost 300,000 copies. Why?



Readers wanting to find out are mainly left to navigate their own way through the fever swamps: Mr. Jacobson describes more than he explains, a flaw mitigated by his sharp eye and keen ear. Scattered through his account are stepping-stones to a partial understanding of Cooper's appeal. A rapper from the Wu-Tang Clan tells Mr. Jacobson that "everybody gets f— [but] William Cooper tells you who's f— you," a near-perfect, if NSFW, summary of conspiracism's attraction to the powerless or paranoid. It offers a structure for rage, an excuse for failure, a flattering fantasy of being in the know.

Mr. Jacobson dubs Cooper a "P.T. Barnum of dread." ("The Hour of the Time," his long-running shortwave-radio show, opened with wailing sirens, a sinister distorted voice, barking dogs, shrieking people and the sound of "tramping . . . feet, growing louder, closing in.") But Cooper was a huckster who took more than a swig of his own Kool-Aid. The origins of his dreamscape—born at the intersection of creativity and psychiatric disorder, and reinforced by post-Vietnam, post-Watergate disillusionment and the need to make a buck—are easier to understand than its evolution. A saga in perpetual flux (Knights Templar! Freemasons! The aliens really were a hoax!), its backstory stretched across millennia.

Cooper was obsessed with the New World Order and the actions of jackbooted government enforcers against the Branch Davidians in Waco, Texas, and white separatist Randy Weaver at Ruby Ridge, Idaho. He became a part of the "patriot" fringe (Timothy McVeigh was an admirer). But, while his views often inspired theirs (the Clinton administration labeled him America's "most dangerous" radio host), they did not always coincide. Cooper's following among some African-Americans, a community targeted in conspiracies he claimed to have uncovered, does not fit the militia mold. On the other hand, Cooper reproduced the notorious anti-Semitic forgery "The Protocols of the Elders of Zion" within "Behold a Pale Horse." The deception, he maintained, was not that the "Protocols" were a fake, but something else: The plotters were not Jews, but Illuminati. Oh.

Conspiracy theorist Bill Cooper, among other outlandish claims, said there was a secret treaty between President Eisenhower and space aliens.

Conspiracism seeps through many cultures, nations and eras. It isn't uniquely American, but it can take distinctively American forms. For example, Americans' traditional distrust of government can mutate from a sign of rude civic health into a pathology. Cooper, as Mr. Jacobson relates it, tapped into a feeling of alienation fueled (often) by mourning for a vanished, if frequently imagined, past—white picket fences and all that—which he turned into a very American narrative about the betrayal of the promise of liberty contained in the Constitution, a sacred text now disdained.

Mr. Jacobson is not entirely unsympathetic to his subject's point of view, commenting that there's "no arguing [Cooper's] basic insight: that something wasn't right, that there was something you couldn't quite put your finger on except . . . that you were a little less free than . . . yesterday." That's an extremely generous interpretation of Cooper's "insight." In any case, it's no secret that we live in an ever more controlled, ever more controlling society.

Mr. Jacobson accepts that Cooper said "some of the nuttiest things" yet asserts that what counted was "the journey, the relentless search for truths." But that was not what Cooper sought. He replaced truths he didn't like with stories that he did. In June 2001 Cooper discussed threats made against the U.S. by Osama bin Laden. There would indeed, predicted Cooper, be a "major attack." Bin Laden would be blamed, but "don't you even believe it." Within hours of the 9/11 attacks, Cooper was telling listeners that the two jets could not have felled the Twin Towers any more than a truck filled with fertilizer could have brought down Oklahoma City's Alfred P. Murrah building. He was the first Truther.

Mr. Jacobson attributes the spread of the Truther virus to the need for "explanation . . . [and] something that made sense"—as if, according to its brutal logic, the 9/11 massacre did not. Yet those words work well as a general description of conspiracism's allure: Unwilling to face life's arbitrariness, we make connections where none exist.

Cooper ended his days "a madman," writes Mr. Jacobson, "holed up in his [Arizona] hilltop home." There was a federal warrant out for his arrest (for tax evasion and bank fraud) but after an altercation with a neighbor, local police took action. An attempted arrest in November 2001 ended with a scramble in the dark. Cooper shot first, leaving a cop paralyzed. A deputy returned fire, handing Cooper a death he had forecast on air—gunned down on his doorstep in the middle of the night, a Truther martyr, some argued.

The most in-depth coverage of Cooper's death, notes Mr. Jacobson, may have come from "a then relatively unknown twenty-seven-year-old shortwave broadcaster from Austin, Texas: Alex Jones."

Mr. Stuttaford, who writes frequently for the Journal, works in the international financial markets.

OPINION

REVIEW & OUTLOOK

Moon Shot in Korea

The good news from Pyongyang is that North Korea's dictator says he still wants to give up his nuclear weapons. But Kim Jong Un's summit Wednesday with South Korean President Moon Jae-in, the third this year, brought no significant progress toward that goal, notwithstanding the bonhomie.

Kim still hasn't provided a list of his nuclear facilities.

Kim did pledge to dismantle a missile-test range, but he told Donald Trump the same thing in Singapore in June. This time, though, he will allow international experts to watch. The North Koreans are experts at selling the same horse twice, and it's disappointing that a minor addition to an already symbolic concession is being hailed as a breakthrough when it was the only concrete result of the summit.

Some observers are excited that Kim dangled the possibility of dismantling his Yongbyon nuclear facility, which includes a reactor and centrifuges to produce material for warheads. But the North promised to do that during the Bush Administration and reneged.

And this time there's a catch: The U.S. must first provide some unspecified benefits. The North's demands are likely to include the loosening of United Nations and unilateral sanctions, as well as a formal declaration to end the Korean War. The North has made the same unrealistic demands since June, which is why talks with the U.S. are stalled.

Most important, Kim didn't commit to provide the U.S. with an accounting of his nuclear facilities or a timetable for dismantling them. An accounting is the first crucial step because the world can't monitor denuclearization if it doesn't know the location of North Korea's research facilities, bomb storage sites, missile launchers and warhead designers. This was Secretary of State Mike Pompeo's first request after the Kim-Donald Trump summit in June, but the North has provided nothing.

President Moon hardly held Kim's feet to the fire. He came to Pyongyang with an agenda to integrate the two Koreas economically and brought a delegation of 200 officials and business leaders to show his commitment. Those plans are advancing despite lack of progress toward denuclearization. The South sent materials and equipment across the demilitarized zone in violation of sanctions to build a liaison office that opened last week.

Wednesday's joint declaration called for the two sides to hold a ground-breaking ceremony to reconnect rail and road links by the end of the year. They will also work on reopening the Mount Kumgang Tourist Region and Kaesong Industrial Zone, joint projects which provided the Kim regime with foreign currency until they were closed in 2008 and 2016 respectively.

Sanctions would need to be relaxed for these plans to come to fruition, so in effect the agreement is a call to let the North resume trading with the world. It's no surprise that Kim won't give an accounting of his nuclear program when the South is helping him pressure the U.S. to give up its sanctions leverage.

A presidential adviser on North Korea, Moon Chung-in, told the Journal last month that the South wants the U.S. and the North to offer mutual concessions to build trust. That echoes the North's call for "phased and synchronous measures" by both sides, as opposed to the U.S. position of denuclearization first followed by rewards.

All of which makes it odd that President Trump responded with so much enthusiasm to Kim's recitation of old promises. "Kim Jong Un has agreed to allow Nuclear inspections, subject to final negotiations, and to permanently dismantle a test site and launch pad in the presence of international experts," Mr. Trump tweeted Wednesday. "In the meantime there will be no Rocket or Nuclear testing. Hero remains to continue being returned home to the United States. Also, North and South Korea will file a joint bid to host the 2032 Olympics. Very exciting!"

Sorry, but the testing moratorium is useful, but it isn't progress toward denuclearization. There is still a chance that Kim will agree to give up his weapons programs if the U.S. can hold on to enough of its leverage. Wednesday's summit suggests that South Korea wants to shower Kim with carrots and put away the sticks. North Korea's past behavior has shown that this is unlikely to succeed.

Bert and Ernie, Political Puppets

Are Bert and Ernie gay? For years, the team behind "Sesame Street" has explained that, no, Bert and Ernie are . . . puppets. But try telling that to the Twitter mob.

The enforcers of identity *über alles* descend on a children's TV show.

Mark Saltzman, a scriptwriter for "Sesame Street" in the 1980s and '90s, has revealed that he always imagined Bert and Ernie as "loving partners," drawing on his own experience as a gay man. In response, Sesame Workshop issued its usual statement about how the characters "were created to teach preschoolers that people can be good friends with those who are very different from themselves." Despite the duo's human traits, "they remain puppets, and do not have a sexual orientation."

But this time the torches were quickly lit for a felt-burning. "They could've just let it chill and said NOTHING," went one Twitter lament. "To post this is just insulting and homophobic and hypocritical." Critics also pointed to pictures of other Muppet love interests, such as Kermit the Frog and Miss Piggy.

The outrage would seem to explain why Sesame Workshop's original statement is no longer available. In its place is one that begins: "Sesame Street has always stood for inclusion and acceptance." It maintains that Bert and Ernie are best friends. But the part about how puppets don't have a sexual orientation has been deleted.

Frank Oz, the puppeteer who created the Bert character, received a similar barrage. "It's nice that some people feel Bert and Ernie are gay," he tweeted. "But it's not true." Asked why he felt the need to clarify his authorial intent, instead of letting Bert evolve, he replied: "For honesty."

This debate hardly matters to 4-year-olds, who are simply excited to hear that today's show was brought to you by the letter P. Still, it speaks to the madness of this political moment that so many adults, in thrall to identity politics, want to ventriloquize the Muppets by reading adult themes into a bunch of fuzzy gloves.

Elmo's mom, Mae, has orange fur, while his dad, Louie, has red fur. Is this a depiction of an interracial relationship? What's the didactic message of showing a frog in love with a pig—or, for that matter, Gonzo's infatuation with a chicken named Camilla? Does Big Bird suffer from untreated gigantism, perhaps caused by a hormonal imbalance?

For crying out loud, it's a puppet show.

Politicizing the FBI

Democrats continue to demand an FBI investigation into Christine Blasey Ford's allegations against Brett Kavanaugh, and on Wednesday we explained their political goal to delay a confirmation vote past Election Day. But it's worth a moment to point out why this is also an inappropriate, even dangerous, attempt to politicize the bureau.

Democrats want to turn agents into judges of nominee character.

Democrats want the FBI to "investigate" an alleged assault from 35 or 36 years ago as if it were a federal crime. But the confirmation of a judicial nominee is not a criminal event. It is a political process under which the Senate has the responsibility to exercise its advice and consent power.

The FBI's role is to perform a background check that provides confidential information to the White House about the character and integrity of the nominee. In a criminal probe, FBI agents offer judgments in their reports about the credibility of the people they interview. But in background investigations, or BIs as they're called, the FBI does not provide commentary or issue judgments.

And thank heaven because to do so would be to turn investigators into political judges. No matter how well intentioned, agents would have to include their subjective view of the information they collected, or the credibility of the witnesses they interviewed. This would inevitably corrupt the bureau and its agents, who are unelected career employees.

Under the Constitution, the Senate is the ultimate judge of the fitness of a nominee appointed by the President. In this case Senators must assess whether they think Ms. Ford's allegations are credible enough to disqualify Judge Kavanaugh. The Senate can't abdicate that task to the FBI, much less order an executive branch agency to do its own advising and consenting.

Chairman Chuck Grassley has established a process under which the Senators and their staff can ask the two parties directly about the events, judge their credibility, and then decide how to vote. This is the essence of political accountability.

Some on the left are pointing to what they claim is the "Anita Hill precedent" because the FBI interviewed witnesses after she made her allegations against Clarence Thomas in 1991. But as Mr. Grassley pointed out Wednesday in a letter to Democrats, the FBI did that when Ms. Hill's allegations were still private. Judiciary Chairman Joe Biden promptly notified the White House, which directed the FBI to conduct a handful of interviews within a few days. After Ms. Hill's charges leaked, Mr. Biden reopened a hearing within five days.

"We are in the same position the Committee was in *after* Professor Hill's allegations were leaked," writes Mr. Grassley. "After that leak, we did not ask the FBI to conduct an investigation. Instead, we reopened the hearing and assessed the testimony that was given on our own. As in 1991, it is now up to the Senate to gather and assess the relevant evidence."

Republicans have offered Ms. Ford a fair process and forum, public or private, for her to be heard. Democrats have already done enough harm to the Senate's confirmation process without also politicizing the FBI.

LETTERS TO THE EDITOR

Considering Lehman's Failure 10 Years Later

Regarding "Lehman: Political and Personal" (Inside View, Sept. 10): Andy Kessler has resurrected the myth that Lehman Brothers, a mortgage hedge fund masquerading as an investment bank, faced only a liquidity crisis that the Federal Reserve could have—and would have but for Treasury political meddling—bailed out. Proponents of the liquidity explanation generally argue that government policy requiring trillions of dollars in loans to unqualified borrowers was costless, while blaming Wall Street greed for the market meltdown.

But financial institutions ultimately reported $2 trillion in mortgage credit losses, in spite of regulations facilitating almost infinite leverage, providing hundreds of billions of dollars in tax subsidies through cheap tax-deductible Treasury-backed debt or deposits rather than taxable private equity. Having feasted more than most on this federal rat poison, Lehman was deeply insolvent, ultimately paying creditors holding $450 billion only 14 cents on the dollar.

The Fed bailout propped up the banks by doubling down on leverage, but Lehman was a bridge too far. Bailing out insolvent financial institutions is inevitably political. That's one of the few things Dodd-Frank got partly right.

Kevin Villani
LaJolla, Calif.

Andy Kessler's assertion that then-Treasury Secretary Hank Paulson left Lehman Brothers to "twist in the wind" following its bankruptcy is a metaphor that misconstrues the truth. Following a call from New York Federal Reserve Secretary Timothy Geithner late Friday, Sept. 12, 2008, that Lehman wouldn't be able to open Monday, Hank Paulson swung into action. He, Mr. Geithner and Federal Reserve Chairman Ben Bernanke worked to find the buyer for Lehman that its CEO Richard Fuld hadn't been able to produce. This was necessary as there was no legal way at the time for the government to nationalize an investment bank. Federal authorities had avoided this in the similar Bear Stearns crisis earlier. In that case J.P. Morgan stepped in as the buyer and government funds could be used to stabilize the situation. But with Lehman, leveraged at 30 to 1, no purchaser appeared, though the three most important financial representatives of the U.S. worked through the weekend. When Barclays nixed a deal late Sunday, there was nothing left for Lehman but the bankruptcy it filed on Sept. 15, 2008.

Lehman ended badly, as the subsequent AIG crisis would produce the Troubled Asset Relief Program that probably would have saved its game. It's not right to say Mr. Paulson didn't try under the former rules.

Glenn Ayers
Moneta, Va.

Flying United? Separation of Families Hurts

As I read "The Middle Seat: More Separation Anxiety in the Air" (Life & Arts, Sept. 13) my blood began to boil. Years ago we traveled extensively with our three young children always seated next to us. On a flight over 40 years ago, our 7-year-old daughter had to sit in an aisle seat just ahead of us. Halfway through the flight, she asked to sit with us. Because her younger siblings were ill, we asked her to stay in her seat. Years later, she told us that the man seated next to her on that flight had physically abused her. This is the reason young children need to be seated with their families, and without any extra charge.

Mary Seshagiri
Somerset, N.J.

Obviously the motivation behind separating families is money, but the ability of airlines to be unfriendly has always existed. When I was a young mother, I flew between St. Louis and New York quite regularly with three children. Once I was on an early morning flight with my 2-, 4- and 6-year-olds, and we were assigned four separate seats spread throughout the plane. I had tried in advance and at the airport to correct this. I chuckled to myself that I would enjoy several hours of peace and relaxation with a good book. I seated the 6-year-old, helped him buckle up and organize his toys and books. Next, I seated the 4-year-old in her middle seat between two gray-suited gentlemen. I explained where I would be in case she needed the bathroom and gave her some snacks and toys. Last, I seated the 2-year-old, again between two nicely dressed gentlemen. I gave them the sippy cup, bottle, pacifier, diapers and wipes. They were dumbfounded as I continued down the aisle. Much to my disappointment, call buttons started going off as people requested to be reseated. You can guess the ending. I wound up seated with my children, and we took off late.

Gail Lang
St. Louis

Resolve Puerto Rico's Debt Constitutionally

Discomfited by anonymous posters on his campus, Prof. David Skeel went national to attack the creditors with whom the oversight board ought to be working to restore Puerto Rico to prosperity ("The Protesters vs. the Bondholders," op-ed, Sept. 14), my long-pursued goal.

Prof. Skeel utterly misrepresents the Appointments Clause suit. It was brought not only by my firm but first by a Puerto Rican union. It wouldn't cause all (or any) of Promesa's benefits to "go up in smoke." And we couldn't "force Puerto Rico to pay" during the fictitious "chaos that would ensue." Indeed, we have asked the court to delay the effectiveness of its ruling until a constitutionally appointed board can take office.

The only thing at stake in the suit is whether oversight board members should be appointed by the president alone and be subjected to public scrutiny via Senate confirmation. The board is spending large sums to avoid that process and the public accountability it was designed to foster. Worse, the board asked the court to expand the abhorrent "Insular Cases"—which described Puerto Ricans as an "uncivilized race" of "fierce, savage, and restless people" (among other insults)—to deny Puerto Ricans our Constitution's basic structural protections.

Prof. Skeel also misrepresents creditor critiques of "the five-year fiscal plan we [the oversight board] have certified." The four versions of that plan certified so far were riddled with major errors, about which creditors have been consistently proven correct.

Prof. Skeel claims pride in "mak[ing] everyone unhappy." In this respect, I believe he speaks much truth.

Mark Brodsky
Aurelius Capital
New York

Prescreened Internet Age Has Changed Hitchhiking

Regarding Larry Sleep's "Stranger Things Have Happened" (op-ed, Sept. 18): I have to disagree that my children will never hitchhike. I and my young-adult children hitchhike frequently today in a technically savvy way using Uber and Lyft. Perhaps not the same long trips as Mr. Sleep took,

GETTY IMAGES/ISTOCK

but with a connection to the drivers every bit as entertaining and diverse an experience as hitchhiking decades ago. And it is safer, given some level of background checks as well as likely reducing the amount of impaired driving all over America. There are other differences like the financial transaction, but the magic of a unique connection to someone perhaps entirely different still exists, adapted to a modern world.

Jeff Kinsey
Hawthorn Woods, Ill.

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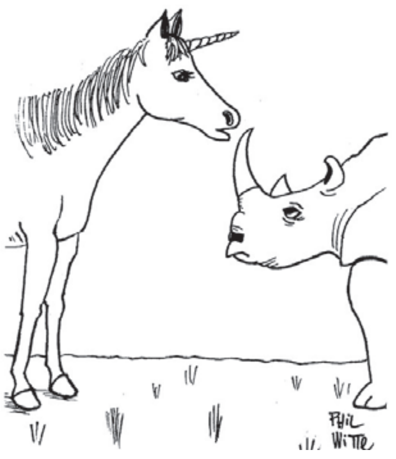
Pepper ... And Salt

THE WALL STREET JOURNAL



"Better imaginary than extinct."

A Tax Cut Democrats Can Back

By Ro Khanna And Ann O'Leary

In anticipation of the midterm elections, congressional Republicans have recently proposed making their tax cuts permanent. The price tag would amount to $1.1 trillion over the next 10 years. The problem with the 2017 tax law is that it was geared at the investor class, not the middle class. Making the cuts permanent would give the top 1% of income earners more than double the tax savings of those in the bottom 60%.

Democrats have an alternative vision. We believe an overwhelming majority would vote for a $1 trillion tax cut to provide relief for workers by expanding the child tax credit (CTC) and the earned-income tax credit (EITC). This would help nearly 47 million households.

Don't favor the top 1%. Help working Americans by expanding the child and earned-income tax credits.

We know these tax credits make work pay for low-wage earners and their dependents surviving on limited income. Using the Supplemental Poverty Measure, they raised 8.9 million Americans, including 4.7 million children, above the poverty line in 2016. But today's CTC provides little or no credit to the lowest-income families, while the EITC doesn't do enough to help childless workers or those in the middle class who are struggling paycheck to paycheck.

Our proposal—legislation one of us introduced and a policy proposal one of us helped develop with the Economic Security Project—would fix that. More Americans could keep more of what they earn for health care, education and savings.

The plan would also double the EITC for working families and expand the definition of what counts as work by including caregiving and education, to help ensure that families can take care of one another, get the skills they need, and still get ahead. It would increase the credit for childless workers almost sixfold. It would make the tax code fairer, benefiting half of American households. We also want to make sure Americans don't have to wait for tax season to get this boost or go into debt because of predatory lenders. We believe these IRS refunds should be available monthly.

A diverse and growing coalition supports our plan, which has 55 sponsors in the House and was introduced in the Senate by Sherrod Brown. Almost every Democrat—Clintonite or Berniecrat—can get behind it. It also ought to appeal to Republicans like Sens. Mike Lee and Marco Rubio, who have called for expanding the CTC, and Speaker Paul Ryan, who has said the EITC should be more generous.

If Democrats win the House, President Trump would have an opportunity to work with Congress and live up to his campaign rhetoric. "The people I care most about," he said, "are the middle-income people in this country who have gotten screwed."

Mr. President, the answer is to give them a raise by embracing tax credits that fuel the economy and let working Americans keep more of what they earn, so they can reinvest it in their communities.

Mr. Khanna, a Democrat, represents California's 17th Congressional District and serves on the House Budget Committee. Ms. O'Leary, a partner at the law firm Boies Schiller Flexner, was senior policy adviser to Hillary Clinton's 2016 presidential campaign and a special assistant to President Clinton for domestic policy.

The Mafia That Threatens Afghanistan

By Javid Ahmad

Afghanistan will hold two crucial elections in the next seven months: a parliamentary vote in October and a presidential election in April. The outcomes could help sustain a steady course for the teenage democracy, and jockeying is under way among political factions. But a rise in organized political violence threatens to taint the elections and derail the nation's progress toward stable governance.

More than at any time since the Taliban was ousted in 2001, rampant criminality has returned to the heart of Afghanistan's politics. Kabul is overrun with mafia-style networks that control the national drug trade and bring violence to the streets with armed robberies and factional warfare. The crime wave has seriously debilitated political stability and internal security, as each criminal syndicate attempts to use the government to protect its business and ensure its longevity.

Many Afghan politicians and strongmen engage in or support these organized criminal activities. Drug smuggling, land grabbing, extortion, illegal mining, kidnapping, revenue theft, torture and arbitrary detention all take place under the protection of the strongmen who serve in government. Some prominent political groups also retain private militias. Controlling territory with an armed presence allows parties to distribute spoils to their supporters and actively intimidate their opponents.

Afghanistan's previous regime helped entrench the current disorder. The Hamid Karzai administration cultivated a small group of Afghan power brokers, including some

GHULAMULLAH HABIBI/EUROPEAN PRESSPHOTO AGENCY/SHUTTERSTOCK

A former member of the Taliban surrenders his weapon in Jalalabad, Sept. 3.

with criminal pasts, creating an elaborate network of undemocratic patronage. These men were frequently shuffled between powerful government positions to maintain a semblance of stability, and had unfettered access to cash and profitable contracts. Most of them sought to profit from the U.S. war on terror and had a direct hand in criminalizing politics.

Armed factions have overrun civil society, but coming elections offer a chance to root them out.

Today these strongmen struggle to protect the areas under their control, knowing their survival depends on it. Many Afghan politicians are now carving themselves new identities as a means of suppressing their criminal pasts or associations with unfavorable leaders or political parties. To do so, they constantly switch political alliances, form shaky grand coalitions, or engage in horse-trading. Almost every large political party is founded around a personality cult, and leaders pass on their authority to handpicked successors.

The political struggle has also affected Afghan society beneath the surface, deepening divisions in civil society. Seeking loyalty and popularity, the strongmen appeal to their supporters in the divisive terms of ethnicity and identity. They regularly capitalize on personal resentments and ideological schisms to polarize the public.

One immediate effect of this divide is that some Afghan ethnic groups feel secure only under their respective factional leaders. Conversely, however, many Afghans don't see the criminal reputations of their own leaders as a problem and continue to support them.

Most Afghan politicians don't subscribe to the basic principles of civil politics: morality, civility and decency. Every strongman's fist is raised against the others, and many hold personal vendettas centered on money and power. The Afghan Parliament—which has turned into a clearinghouse for strongmen—is a main stage of the conflict. Instead of hashing out laws through civil dialogue, Afghan lawmakers often opt for brute force. Several have engaged in violence or encouraged acts of public vandalism. Some officials are even trying to undermine Afghanistan's bilateral security pact with the U.S. The chaos has eroded public confidence and closed off an important arena for national debate.

Seeking to reform Afghan's political culture, President Ashraf Ghani has gone after warlords and strongmen who were long thought untouchable. He is pursuing criminal cases against several power brokers, including a former minister in his own cabinet. He has also backed measures by the Afghan election commission to disqualify parliamentary candidates with criminal pasts. He has limited abuses of power and urged a younger generation of politicians to take charge. But these efforts will ultimately fail unless they are sustained beyond the current government's term.

Afghanistan's mafia-like politics pose a mortal threat to the country's stability. For its part, the U.S. should use its remaining influence in the country to voice support for noncriminal candidates in the coming elections, and back Mr. Ghani's efforts to restore civil debate and compromise in Afghan politics.

Mr. Ahmad is a fellow at the Atlantic Council.

California Farmers Are Trade-War Casualties

By Allysia Finley

Drive across California, and you'll get a flavor of the state's agricultural abundance. Imperial County, along the border with Mexico, is the nation's lettuce basket. In Bakersfield, you'll find almond and tangerine orchards. Cut northeast to tour Tulare's dairies or northwest to Monterey's strawberry fields. Head farther north to Sonoma and Napa to sample the many varietals of California's viticulture.

California's farm production equals that of Arizona, Florida, Kansas, Iowa, Nebraska and Wisconsin combined. All the almonds, artichokes, garlic—avoid the town of Gilroy if you're not a fan—figs, olives, plums, pistachios and walnuts produced in the U.S. come from the Golden State.

But these crops need a lot of water, which has been in short supply due to drought and regulatory restrictions intended to protect fish. Farmers hoped for regulatory relief from the Trump administration. Instead they're in the crosshairs of the president's trade barrage.

"We are at present experiencing . . . a two-pronged threat," says pistachio grower Lawrence Easterling. "The first is water deprivation, where the state places water for fish as a priority over agriculture. The second is the heavy tariffs being placed on us by China."

Mr. Easterling helped pioneer the commercial development of pistachios in California nearly five decades ago. His farm now produces some four million pounds of pistachios a year. Pistachios are a thirsty crop, and water prices have soared as the federal and state governments cut back supplies to protect smelt and salmon in the Sacramento-San Joaquin River Delta. Mr. Easterling says the state has cut his water supply by 80% since 2007. A decade ago, water cost him about $250,000 a year. Now he spends some $3 million.

Many farmers have relied on groundwater, but that's caused aquifers to fall and land to sink in some parts of the San Joaquin Valley. The state recently decided to limit how much groundwater farmers can pump, which is expected to exacerbate the shortage and drive up prices.

Meantime, farmers up and down the state are being targeted by retaliatory tariffs imposed by four of the state's five biggest export markets—the European Union, Canada, China and Mexico. Napa Valley vintners had found a burgeoning clientele among affluent young Chinese. But Beijing has slapped a 40% tariff on American wines, giving a price edge to Australian competitors, which face only a 10% tariff. Canada, which accounts for about half of California's processed tomato exports, in June imposed a 10% tariff on U.S. ketchup.

Dairy and nut farmers may have it worst because of their reliance on exports and high water consumption. California is home to 1,300 dairy farms, most family-owned. A three-year price slump drove nearly 140 out of business. Now many are just struggling to keep their heads above water. Some grow alfalfa to feed their cows, but that requires a lot of water. Milk and cheese prices remain soft.

In response to U.S. steel and aluminum tariffs, Mexico imposed 25% duties on imported U.S. cheese. Farmers fear that the tariffs could reduce California's market share and cause retailers in Mexico to switch suppliers. Mexico recently completed a trade agreement with the European Union that could expand access to the continent's dairy producers.

Farmers got a glimmer of hope when the administration last month announced a preliminary agreement with Mexico to modify the North American Free Trade Agreement and

China imposes retaliatory tariffs on pistachios, almonds and wine, while Canada is taxing ketchup.

eliminate agricultural tariffs. But Canada hasn't signed on, and the agreement could languish if Democrats win control of the House in November.

Some dairy farmers may consider switching to higher-value products like nuts, but their margins are shriveling, too. Though pistachio exports have doubled since 2009 and almond shipments have increased by 40%, California nut farmers are also now being squeezed by tariffs. China accounts for some 12% of U.S. almond exports and 40% of pistachios. Beijing this year raised tariffs on American almonds to 50% from 10% and pistachios to 45% from 5%.

U.S. almond shipments to China have fallen by nearly half over the past year while export prices have slumped. Pistachios won't be harvested and ready to ship until this fall; California farmers hope a winter freeze in Iran—their biggest competitor—may prop up Chinese demand notwithstanding the tariffs.

But Mr. Easterling is bracing for lower prices. Three years ago, his pistachios fetched $3.77 a pound. This year he expects to sell them at around $1.80, which will barely allow him to break even. Next year he expects the harvest to be smaller: "Under these conditions, we will lose money."

The U.S. Department of Agriculture last month gave farmers a sop with a $1.2 billion aid package for specialty-crop and dairy producers to mitigate the impact of retaliatory tariffs. California farmers have complained that this won't cover their losses. For now they just hope to live to farm another day.

Ms. Finley is a member of the Journal's editorial board.

Open Your App and Say 'Ahh'

By Sean Khozin And Paul Howard

No one wants to sit in an exam room while the doctor spends precious minutes entering billing information into an electronic health record. But frustrations like this don't mean we should give up on technology's potential to improve health outcomes. The data collected by a new generation of digital health products—including smart watches, smartphones and fitness trackers—could help the medical community learn about treatments that might work for a patient like you, and which ones to avoid. The first step is enabling them to stream data wirelessly to your doctor's EHR.

At the Food and Drug Administration, we're modernizing our regulations and establishing clear standards for the use of these tools and the data they generate. This will make it easier for innovators to develop smart, user-friendly mobile technologies that capture the data most important to patients and doctors. We are also making it possible for real-world evidence collected by smart devices to be included on drug and product labels.

This information—in FDA jargon, evidence for a product's clinical benefits and risks—can help patients and physicians match treatments to patient's needs and preferences. It's also important to FDA regulators because it can help us maintain our mission of assuring the safety and effectiveness of the products we regulate.

In some ways, the data generated by wearable devices can be more valuable than the data generated by traditional clinical trials, which are typically conducted at specialized medical centers and not always representative of the experience of the larger population. In the real world, the patient experience doesn't happen only in the doctor's office. Being healthy or sick isn't a one-shot deal; it's a continuous process that spans a lifetime.

Today, we have the tools to take continuous health measurements—like your heart rate and steps—during the course of a day, whether you're on your way to work or out for an evening jog. EHRs can incorporate

Smartphones and better electronic health records have the potential to revolutionize medicine.

more of these data through an ecosystem of mobile apps, evaluating that information against a baseline drawn from office visits, lab tests and even genomic sequencing. Your doctor can use all of it to create a personalized dashboard for your health, guiding your treatment, diet and exercise—and calling you in for a checkup if something seems off.

An app-enabled health dashboard that exists in your smartphone and is connected to your doctor's office isn't a far-flung aspiration. In many respects it's already here, thanks to the 21st Century Cures Act, passed by Congress in late 2016. The Cures Act directed the Health and Human Services Department to modernize the nation's health information technology infrastructure, including the EHR systems. The new law empowers patients to access, exchange and use their health information "without special effort."

The FDA is developing a framework for the use of real-world evidence. This will affect product approval and labeling decisions, spurring demand among patients for apps that permit their own health data to flow from their smart devices to their EHR and back again.

Tech companies are already betting on this trend. Apple recently announced it will open its newly developed health-records app to developers and researchers. If you have an iPhone in your pocket, you can download medical records from a participating health-care system right now. Dozens of other technology companies, including Google, Fitbit and Amazon, are venturing into similar territories.

Going forward, patients can willingly choose to share their anonymized information with hospitals, doctors, and drug companies, receive tailored health-care services, enroll in clinical trials or simply contribute to research. When shared with the FDA, these data can provide a long-term view of the experiences of diverse patients who use products the agency regulates. That puts each patient at the center of FDA's mission.

Unleashing new technologies and paring back unnecessary regulations will make medicine less about having doctors enter billing data into the EHR and more about liberating them to focus on the needs of individual patients.

Dr. Khozin is founding director of the FDA's Information Exchange and Data Transformation Initiative. Mr. Howard is a senior adviser to the FDA commissioner.

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WORLD NEWS

Jordan Seeks to Replace Lost Aid

BY FELICIA SCHWARTZ

Children at a school backed by the United Nations Relief and Works Agency at a Palestinian refugee camp in Amman, Jordan.

MUHAMMAD HAMED/REUTERS

AMMAN—Jordan has embarked on an overseas lobbying campaign to replace funding that the Trump administration pulled last month for an agency that supports hundreds of thousands of Palestinian refugees in the kingdom.

Jordan, a vital U.S. ally in the Middle East, fears the funding cuts could destabilize an economy already strained by more than 658,000 Syrian refugees, and ignite social unrest by cutting vital services to the Palestinians.

Jordan's King Abdullah and the country's foreign minister, Ayman Safadi, seek to replace the $300 million the U.S. pulled from the United Nations Relief and Works Agency this year, representing about a quarter of the agency's budget. Efforts to bridge the gap have left a $200 million shortfall.

Last week Jordan convened a meeting of the Arab League in Egypt to solicit more funds. Saudi Arabia and others pledged support but not additional money. Next week, Jordan will host a conference with Sweden, Germany, Japan and others on the sidelines of the U.N. General Assembly in New York. They hope to fill the gap and plan for the agency's future after the U.S. ends its remaining $60 million contribution next year. The U.S. isn't expected to attend.

The agency, known as Unrwa, supports Palestinians who fled their homes in what is now Israel around the time of the 1948 war that followed the country's founding. Those people and their descendants now number about five million, including at least two million in Jordan.

Both the Trump administration and Israel argue that the agency fosters a culture of dependency that prolongs Palestinian separateness. They say preserving refugee status perpetuates the Israeli-Palestinian conflict.

A Trump administration official said the U.S. welcomes efforts by Jordan and others to solicit additional funds for Unrwa, but said such initiatives won't succeed.

"It is time to acknowledge Unrwa's model of operations is failing," the official said, adding that the U.S. hopes to begin discussing moving Unrwa's services to host governments or other organizations. Officials said the U.S. has offered to provide Jordan with humanitarian funds to replace Unrwa funds.

The Unrwa cuts come as the Trump administration slashes more than $200 million in bilateral aid for Palestinians in Gaza and the West Bank as part of efforts to pressure Palestinian officials to resume peace talks.

Drastic cuts to Unrwa could push thousands of Palestinian children from school in Jordan and cripple essential services for hundreds of thousands of refugees, such as medical clinics and trash collection, Jordanian officials and analysts say.

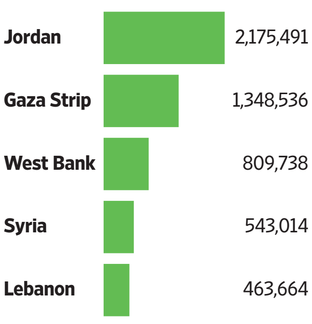
They also risk sparking protests in Jordan, a pro-Western monarchy that in recent years has provided a critical bulwark to the violent extremism emanating from neighboring Iraq and Syria.

Jordan's economy, buffeted by the turmoil next door, is already fragile. To cut high government debt, Jordan removed subsidies this year on bread and raised taxes on a range of products, a new burden for millions of Jordanians.

Adopted Home

Jordan houses more Palestinian refugees than any other place.

Palestinian registered refugees, as of Jan. 1, 2017



Source: United Nations Relief and Works Agency

THE WALL STREET JOURNAL.

Jordan's stability also is a concern for Israel next door. King Abdullah and Israel's Prime Minister Benjamin Netanyahu met in June to discuss ties and regional developments.

"Jordan is the quintessential buffer state," said Robert Satloff, executive director of the Washington Institute for Near East Policy. "The security of this historically pro-West, pro-U.S., moderate Arab kingdom has been considered a vital U.S. interest for decades."

In its quest for funds, Jordan wants to avoid antagonizing the Trump administration. The U.S. is Jordan's most important guarantor of security, offering a $1.3 billion aid package this year for its military and economy. "The way in which we're managing this whole sort of effort is not to make it as if it's the rest of the world against the U.S.," Mr. Safadi, Jordan's foreign minister, said in an interview.

Unrwa officials said they have heard little from the Trump administration about why it is cutting contributions. "I am very prepared to sit down and have critical reviews of Unrwa's work—any question that comes up, from operations, to accountability, to neutrality and others," said Pierre Krahenbuhl, Unrwa's commissioner general.

Caught in the budget battle are people like Saadi Shalaan. The 57-year-old electrical engineer, a Jordanian citizen whose parents were born near Jerusalem, sends his children to free Unrwa schools in the Wihdat refugee camp where they live. Private schools are too expensive, he said. Public schools are overcrowded and unable to accommodate more students, officials say.

Like Mr. Shalaan, about 400,000 Palestinians live in 10 official refugee camps and more than 120,000 children are enrolled in Unrwa schools. In 2017, Unrwa spent $175.8 million on operations in Jordan.

Unrwa's mandate is up for a renewal vote at the U.N. late next year. It last passed in 2016 with a wide majority and Trump administration officials concede it is likely to do so again.

Still, Jordanian officials fear that an increasingly pessimistic outlook among Palestinian refugees over their future, coupled with the country's economic woes, could ignite violent protests. That moment, officials say, may come when thousands of students can't return to school because of a lack of Unrwa funding.

"Ultimately you suffocate those people," Mr. Safadi said. "You send them further toward despair and anger."

—Suha Ma'ayeh contributed to this article.

Share Of World's Poorest Falls to 10%

BY JOSH ZUMBRUN

The global population living in extreme poverty has fallen below 750 million for the first time since the World Bank began collecting global statistics in 1990, a decline of more than one billion people in the past 25 years.

In a report Wednesday, the World Bank said the extreme poverty rate had dropped to 10% as of 2015, and it estimated the decline has continued over the past three years.

The World Bank defines "extreme poverty" as living on less than $1.90 a day, or about $694 a year. The sum, which is based off measures of poverty determined by many low-income countries, is the amount it takes to afford minimal basic needs.

The figure is comparable, adjusted for inflation, to the $1-a-day threshold that became popular in the 1990s as the marker of extreme poverty. In 1990, more than 1.9 billion people lived below the extreme-poverty threshold, a rate of 36%. The total number of people living in extreme poverty was 736 million in 2015.

The report highlights the extent to which global poverty has shifted geographically. In 1990, nearly one billion of those living in extreme poverty were in East Asia, but decades of rapid economic development in China and other East Asian economies has brought that figure down to 47 million, a decline to a 2% poverty rate from 62%.

South Asia, with most of its population in India, Pakistan and Bangladesh, has seen the number living in extreme poverty fall to 216 million from more than 500 million, to 12% from 47%.

Sub-Saharan Africa has made less progress. Its poverty rate has fallen to 41% from 54% since 1990, but population growth has been so rapid that the number of people in extreme poverty has climbed above 400 million, from 278 million in 1990.

Campaign Promises Weigh on Italy's Budget Planners

BY GIOVANNI LEGORANO

ROME—Italy's new populist government is facing a difficult decision: How to reconcile its expensive election promises with the reality of the country's fragile finances.

It is a test of whether Europe's rising antiestablishment parties can bring change to countries still bearing the scars of the Continent's long economic downturn—or whether the constraints of life in the eurozone will force them to follow policies they long denounced.

The coalition in Rome, joining the antiestablishment 5 Star Movement with the nativist League, wants to slash taxes and raise social benefits to keep its voters happy. It also wants to avoid a clash with the European Union that could further spook financial markets.

The government, by Italian law, has until Sept. 27 to outline its fiscal and economic projections, requiring basic decisions ahead of the full budget due in October.

Officials from both parties pledged to respect EU rules limiting deficits, after government squabbles and threats to break EU rules on fiscal discipline led to heavy selloffs of Italian bonds over the summer. But tensions are rising in Rome about how to do so without abandoning the parties' promises of radical change.

"What we are now waiting for is facts," European Central Bank President Mario Draghi said late last week, raising the pressure.

In winning Italy's parliamentary elections this spring, 5 Star and League promised voters they would introduce flat-rate income taxes and a universal basic income, unwind an unpopular pension overhaul and halt a planned sales-tax rise.

Some economists estimated that the promises could cost more than €100 billion ($117 billion) if implemented in full, and that Italy's fiscal elbow room is only a fraction of that sum. The government's €2.3 trillion debt is equivalent to 132% of gross domestic product, the EU's highest ratio apart from Greece.

5 Star Movement head Luigi Di Maio backs a universal basic income.

VINCENZO LIVIERI/LAPRESSE/ZUMA PRESS

The parties have so far governed largely as they campaigned for election: with loud and provocative daily statements attacking Italy's and Europe's technocratic establishment, and vows to break EU rules if it is good for Italians.

The rhetorical challenges to the status quo, from economics to immigration, have gone down well with voters: The League and 5 Star together enjoy about 60% support in opinion polls. But investors have demanded significantly higher yields for holding Italian bonds compared with super-safe German bonds. The gap this summer reached its widest in five years.

Italy's economy minister, Giovanni Tria, is a fiscal conservative—but he lacks a political base in either governing party, and has fought to rein in the rhetoric while his office has had to deny rumors that he is threatening to resign.

The small fiscal space for delivering tax and spending promises may be shrinking further because of weakening economic growth. Weak industrial production and other data suggest the summer's standoff between Rome, the EU and markets may have hurt business confidence.

But voters have high expectations of both parties, which call their cabinet "the government of change." The 5 Star Movement has promised a basic income of €780 ($912) a month for the poor and pensioners, and investment to train and help the unemployed.

Full implementation would cost around €30 billion, according to several estimates.

"The universal basic income must be in the budget. Either it is in, or there is a serious problem for the government," Luigi Di Maio, 5 Star's leader, said last week.

The League's flagship proposal for a flat-rate income tax of as low as 15% could cost even more, economists say. League officials indicated they are working on a watered-down plan to simplify Italy's income tax. But the available money isn't enough to offer tax cuts to both businesses and households and the League wanted. No solution is in sight.

WORLD WATCH

BREXIT

May Seeks Leeway On Northern Ireland

European leaders met in Salzburg, Austria, to nudge Brexit talks closer to conclusion. The big stumbling block: what to do about the U.K.'s border with Ireland.

Under pressure at home, U.K. Prime Minister Theresa May told her counterparts her government had altered its offer for Britain's future with the bloc and it was time for them "to respond in kind."

"The onus is now on all of us to get the deal done," she said, according to a senior U.K. government official.

Mrs. May rejected European Union demands to guarantee that, if necessary, the U.K. will allow customs checks between Britain's mainland and Northern Ireland after Brexit.

—Laurence Norman

MALAYSIA

Ex-Leader Arrested, Faces 1MDB Charges

Former Prime Minister Najib Razak was arrested by antigraft authorities in connection with the 1MDB financial scandal over his alleged receipt of more than $600 million into his bank account.

The authorities said Mr. Najib would be moved to a court Thursday to face charges. The antigraft agency said the charges would pertain to a law prohibiting public officials from using their positions for personal benefit. Mr. Najib, defeated in a May election, already faces charges of abuse of power and money laundering related to 1Malaysia Development Bhd., a state fund he created in 2009 to boost development that has become the focus of one of the world's biggest financial scandals.

—Yantoultra Ngui

PAKISTAN

Court Orders Former Premier Sharif Freed

A court suspended the corruption conviction of former Prime Minister Nawaz Sharif and ordered he be freed from jail, reinvigorating his party's claims that the case was aimed at hindering its prospects in July's national election.

The release of Mr. Sharif casts further doubt on the fairness of the judicial process, but is unlikely to threaten the legitimacy of the new government of Imran Khan, experts said.

Also freed in Wednesday's decision by the Islamabad High Court was Mr. Sharif's daughter, Maryam, who was being groomed as his political heir and had developed a reputation as a firebrand speaker.

—Saeed Shah

Former Pakistani Prime Minister Nawaz Sharif, in back seat, is driven from jail after his release.

AAMIR QURESHI/AGENCE FRANCE-PRESSE/GETTY IMAGES

TECHNOLOGY: YOUR CAR WILL ORDER YOU A LATTE NOW B3

S&P 2907.95 ▲ 0.13% | S&P FIN ▲ 1.76% | S&P IT ▼ 0.10% | DJ TRANS ▼ 0.01% | WSJ $ IDX ▼ 0.20% | LIBOR 3M 2.353 | NIKKEI (Midday) 23672.91 ▲ 0.0017% | See more at WSJMarkets.com

Calpers Woos China Official for Job

By Dawn Lim And Heather Gillers

An official with China's foreign-exchange regulator is the lead candidate to become next investment chief of the largest U.S. public pension fund, according to people familiar with the matter.

The California Public Employees' Retirement System has offered the job to Ben Meng, deputy chief investment officer of China's State Administration of Foreign Exchange, one of these people said. The agency is in charge of China's more than $3 trillion in foreign reserves. Mr. Meng worked for the California pension fund earlier this decade.

Mr. Meng hadn't signed an offer letter as of Wednesday morning, this person said. Mr. Meng contacted the Journal late Wednesday to say that he is a U.S. citizen working at the Chinese agency as a foreign contractor. He said he had no comment on the hiring process.

The selection of Mr. Meng would place a familiar face in charge of $360 billion in assets managed for police officers, firefighters and other public workers across California. Mr. Meng spent seven years at the system in investment roles. He left in late 2015 and joined the Chinese government agency.

The next investment chief of Calpers faces questions on the future mix, cost and complexity of the pension fund's portfolio.

The current chief, Ted Eliopoulos, attempted a retreat from more expensive investments as the giant retirement system reduced return expectations, cut costs and tried to better protect the pension fund from the next economic downturn. Mr. Eliopoulos said in May that he would leave his post by the end of the year.

Calpers's next investment chief would join a fund that is debating the direction of its roughly $27 billion private-eq-

Please turn to page B2

◆ Investment banking chief to leave Bank of America...... B11

Apple Overhauls Its iPhone Sales Strategy

For the second straight year, **Apple** Inc. is starting to sell its new iPhones at different times—but now the company is putting its priciest models first.

By Tripp Mickle, Yoko Kubota And Takashi Mochizuki

PIERO CRUCIATTI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Last year's release of the high-end iPhone X came six weeks after Apple began offering two other new, but less expensive smartphones. The Wall Street Journal and others reported that the separation in sale dates resulted from production delays involving the iPhone X's advanced organic light-emitting diode screen.

This year, according to people familiar with Apple's production plans, the company prioritized production of its two pricier OLED models, the iPhone XS and XS Max, whose prices start at roughly $1,000. Both will hit stores Friday, followed five weeks later by the least expensive new model, the XR, which has a liquid-crystal-display screen and a starting price of $749.

The staggered release gives Apple a month to sell the higher-end models without less costly competition from itself. It also simplifies logistical and retail demands and could strengthen Apple's ability to forecast sales and production of all three models through the holiday season, analysts and supply-chain experts said.

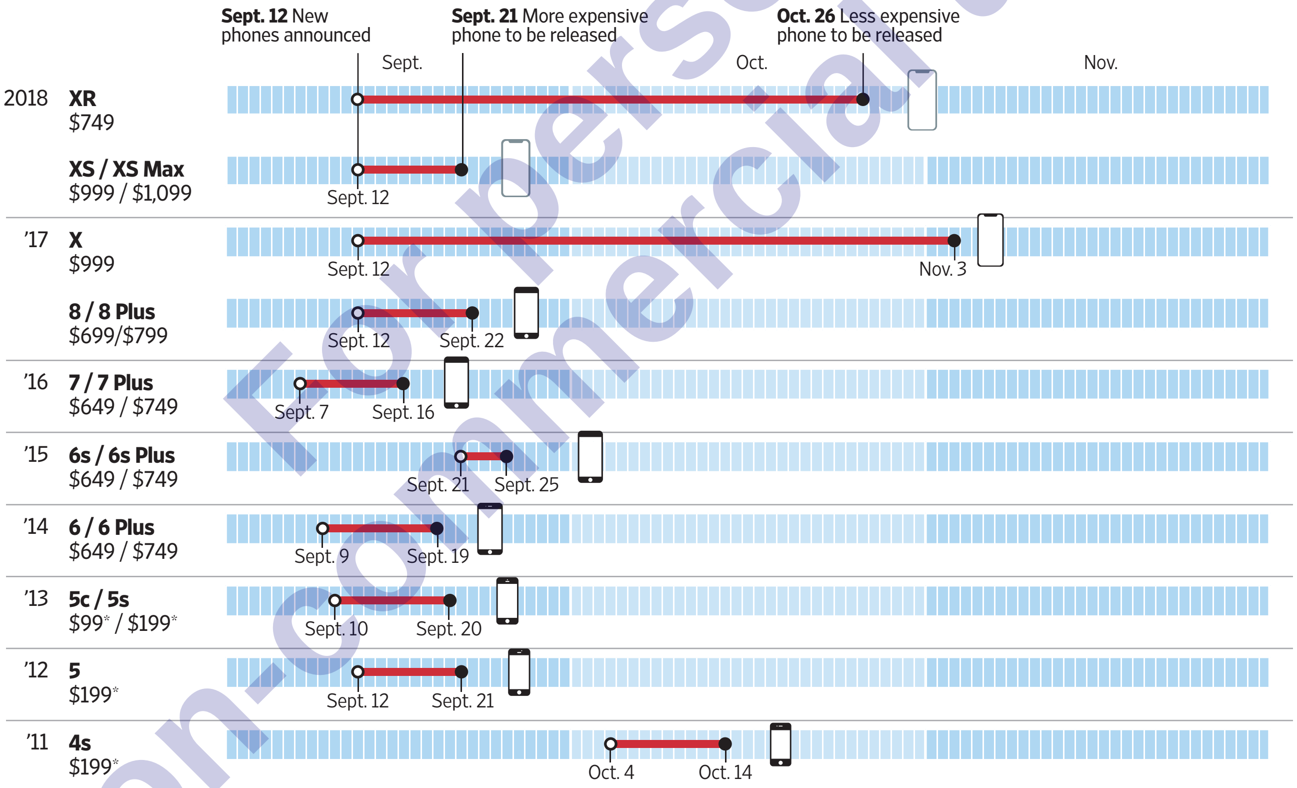
"It's sort of a Dutch auction," said Josh Lowitz, cofounder of research firm Consumer Intelligence Research Partners, referring to the practice of starting with a high asking price, then lowering it until a buyer accepts. "The people who are most committed will pay to get early access. Then you get to the people who are making a choice and may settle for the $750

Please turn to page B6

Building Anticipation

This year, Apple gave its more expensive phones a month without competition from their lower-priced rival. Last year, the higher-priced phone was delayed.

Time between iPhone announcement and release



Notes: Dates are for initial availability in U.S. and other key markets; starting price of each model. *Price with two-year phone contract
Source: the company
THE WALL STREET JOURNAL.

Amazon Is Next to Face EU Scrutiny

By Sam Schechner And Valentina Pop

European Union antitrust authorities have begun a preliminary investigation into **Amazon.com** Inc.'s treatment of other merchants that sell products using its platform, opening a new regulatory front against an American tech giant.

EU Competition Commissioner Margrethe Vestager said Wednesday that investigators recently sent out questionnaires to merchants that sell through Amazon. The probe focuses on whether Amazon is gaining a competitive advantage from data it gathers on every transaction and from every merchant on its platform, Ms. Vestager said.

"The question here is about the data," Ms. Vestager said, adding that the investigation was in its "very early days" and that her office has "no conclusions" about whether to open a formal probe.

A spokesman for Amazon didn't have any immediate comment.

As the EU's antitrust chief, Ms. Vestager has emerged as one of the world's major technology regulators, helping inspire investigations into tech companies from Brazil to the U.S. Most recently, she fined Alphabet Inc.'s Google twice, for a total of €6.76 billion ($7.9 billion), for allegedly abusing the dominance of its search engine and Android operating system to favor its own services—decisions the company has either appealed or said it would appeal.

Under her watch, the EU also ruled that Amazon must pay some €250 million in allegedly unpaid taxes to Luxembourg, an order that the Seattle-based company has appealed.

Amazon is also drawing increasing scrutiny in its home country. President Donald Trump has repeatedly criticized the online-retail giant for hurting traditional retailers and what he sees as misuse of the U.S. Postal Service for its deliveries. Sen. Bernie Sanders has also introduced a bill aimed at taxing big companies whose employees rely on federal benefits to make ends meet, targeting Amazon specifically.

Policy experts say there is

Please turn to page B2

HEARD ON THE STREET | By Stephen Wilmot

Funds' NXP Pain Can Be Others' Gain

There is something wrong at **NXP** and it isn't the company's business but its shareholders. Long-term investors could profit from this anomaly.

Shares of the world's top automotive-chip maker have tumbled by almost one-quarter since early June, when its deal with **Qualcomm** started to unravel amid an exchange of trade blows between China and the U.S. Qualcomm let its takeover offer expire when a Chinese antitrust regulator failed to approve the deal before a late-July deadline.

Qualcomm was prepared to pay $127.50 for each NXP share, valuing the company at $44 billion. Eight weeks after Qualcomm walked away, NXP stock is at around $92. By most measures, NXP stock now looks undervalued. It changes hands at 12 times prospective earnings, compared with 14 for the Philadelphia Semiconductor Index, and Qualcomm's former offer implies a punchy takeover premium of almost 40%.

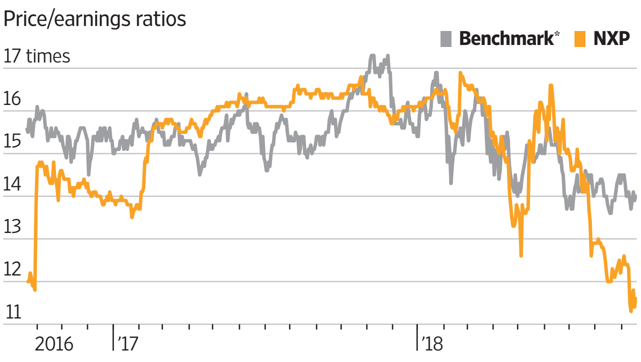
The low stock price probably isn't a fair reflection of NXP's prospects. At an investor day in New York last week, the company said it would grow at an annual pace between 5% and 7%, thanks to its place in the supply chain for two big tech trends: driverless cars and connected factories. Importantly, its financial projections are underpinned by products that already have been built into technology platforms, giving it a good level of visibility over sales.

NXP did lose focus on one area during the 21-month bid period: the coordinating chips that will act as the brains of driverless cars, a technology Qualcomm is working on. But this kind of chip won't likely be built into production-ready vehicles for many years yet.

The most plausible explanation for NXP's meager stock-market valuation is its shareholders. Hedge funds took over after the Qualcomm deal was announced. The top five shareholders at the most recent quarter-end included Paul Singer's Elliott Management, Dan Loeb's Third Point, HBK and Pentwater Capital.

Chips Down

Price/earnings ratios



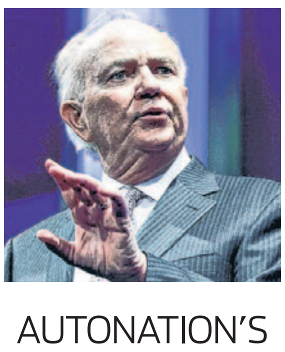
*Philadelphia Semiconductor Index
Source: FactSet
THE WALL STREET JOURNAL.

Qualcomm initially got a good price for NXP, which had been struggling with the integration of a big acquisition, Freescale. As NXP's operating performance improved, and particularly after Intel agreed to pay a sky-high multiple for Mobileye, another automotive-chip maker, Qualcomm's initial $110-a-share offer looked too low. Arbitragers swooped in, successfully pushed for more, and stayed—less successfully, it turned out.

Some hedge funds are likely fleeing now, keeping the share price down. NXP has been frantically buying back stock, but not enough to offset the selling. Long-term shareholders appear to be waiting for a better price. The only way to know for certain that the hedge funds are gone is to wait until the money managers file their next quarterly shareholding reports in mid-October.

NXP should be fine on its own. Prospective investors need to be aware that there will continue to be sellers for some time yet. But waiting for the selling to end may mean missing a solid buying opportunity.

INSIDE



AUTONATION'S CEO HANDS OVER THE KEYS

CARS, B3

STOCKS FLY AS TENSIONS EASE OVER TARIFFS

MARKETS, B12

Goldman to Sell Stakes In an Investment App

By Liz Hoffman

Goldman Sachs Group Inc. is nearing a deal to sell stakes in its three-year-old app that provides complex investment products, the bank's latest bid to profit from its internal technology.

JPMorgan Chase & Co., **Barclays** PLC, **HSBC Holdings** PLC, **Credit Suisse Group** AG, **Wells Fargo** & Co. and insurer **Prudential Financial** Inc. are in advanced talks with Goldman for stakes in the business, called Simon, people familiar with the matter said.

The deal being discussed would value Simon at roughly $100 million and is likely to be completed in the coming weeks, the people said.

After decades of closely guarding its technology, Goldman in recent years has begun to open up its software to clients and competitors. It has started licensing its trading and risk-management system,

Please turn to page B11

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

INDEX TO PEOPLE

BUSINESS & FINANCE

EU Drops Probe Into McDonald's

By Emre Peker

PHILIPPE LOPEZ/AGENCE FRANCE-PRESSE/GETTY IMAGES

McDonald's companies paid more than $3 billion in corporate income taxes in the EU from 2013-17.

BRUSSELS—European Union regulators said Wednesday that **McDonald's** Corp.'s tax arrangement in Luxembourg is legal, dropping an investigation against the U.S. fast-food giant while lauding efforts to close tax loopholes highlighted in the probe.

The end to the investigation contrasts with a slew of fines and tax bills imposed on other American companies, particularly tech giants. President Trump, like his predecessor in the White House, has accused the EU of unfairly punishing U.S. firms with antitrust and tax cases.

While regulators did note loopholes that had allowed a McDonald's franchising unit to avoid paying taxes on either side of the Atlantic, European Competition Commissioner Margrethe Vestager said the investigation into whether the company benefited from special treatment by an EU member state shows the bloc acts objectively.

"The good thing about this outcome is of course that it's a case that proves that we don't see state aid where there is no state aid," Ms. Vestager said.

Ms. Vestager said Luxembourg's treatment of McDonald's defies tax fairness but doesn't amount to a special deal because it is in line with a U.S.-Luxembourg double-taxation treaty. Luxembourg is now changing its domestic tax laws to close loopholes.

Mr. Trump has previously complained that Ms. Vestager "really hates the U.S." and that as the EU's "tax lady" she was going after American companies. In 2015, Barack Obama said EU probes were driven by commercial interests to help European firms compete with U.S. tech giants. Ms. Vestager and EU officials deny the allegations.

In a sign that the EU would continue aggressively with antitrust investigations, Ms. Vestager confirmed Wednesday that Brussels had initiated a preliminary probe into Amazon.com Inc.'s business practices.

"We are gathering information," she said. "These are very early days. We have no conclusions. We haven't formally opened a case."

Last October, Ms. Vestager also hit the U.S. online-retailing behemoth with a tax bill of more than €260 million ($304 million), saying its arrangement with Luxembourg was illegal. That arrangement illegally enabled Amazon to shift profits from one European entity to another to lower its tax bill, the EU said.

The European Commission, the EU's executive arm and antitrust authority, has repeatedly targeted Luxembourg's tax practices. In 2016, Ms. Vestager ordered the country to recoup €23.1 million in back taxes from Fiat Chrysler Automobiles NV, which prompted Luxembourg to tighten its tax laws.

Luxembourg introduced an amendment over the summer to close a loophole that allows for double nontaxation of companies, as obtained in the McDonald's case.

Under international tax rules, companies and individuals with footprints in multiple jurisdictions are generally taxed in one of them; and, where double-taxation treaties exist, other relevant jurisdictions accept that taxes have been paid. Playing off technicalities and loopholes between jurisdictions where a company operates to avoid taxes altogether is generally not permitted.

McDonald's spokesman Sanjay Mistry welcomed the commission's decision to end the investigation.

"We will continue to invest in Europe," he said in an email.

McDonald's companies paid more than $3 billion in corporate income taxes in the EU from 2013 to 2017, Mr. Mistry said. He declined to comment on the potential impact of Luxembourg's proposed amendment, which would require McDonald's and similarly situated companies to certify the existence of a taxable entity in another country.

Amazon Faces EU Scrutiny

Continued from page B1

little room to more heavily regulate Amazon under current U.S. law. At the same time, there is a budding advocacy in some policy circles for reshaping the country's antitrust laws to address the rise of a handful of globe-spanning tech firms.

In Europe, Ms. Vestager has made no secret of her pursuit of cases where companies might be abusing the data they amass to thwart competitors.

Indeed, it is one of the hotter topics in competition law in recent years. Some lawyers argue that data is fungible and replicable, while others contend its use to nourish self-learning software and artificial intelligence can confer a lasting advantage to bigger firms.

So far, the EU hasn't found anticompetitive use of data. The bloc raised the issue when considering Facebook Inc.'s 2014 purchase of chat service WhatsApp, but later cleared it as posing no competition issue.

In 2008, the EU approved Google's acquisition of advertising-services company DoubleClick, finding that other companies would still have ample access to data after the merger.

The Amazon marketplace investigation follows on concerns raised by retailers in the course of an inquiry last year into so-called dual-role platforms within the e-commerce sector.

An example of such a platform is Amazon which, on the same website, offers marketplace services to third-party sellers and itself sells products in direct competition with those third-party sellers.

Amazon might thereby gain access to information on the availability, prices, return rates and popularity of competitors' products that it could use to boost its own retail activities at the expense of third-party sellers on its marketplace. The purpose of the preliminary EU investigation is to determine whether these concerns have merit and warrant further review.

Amazon has ramped up the production of private-label merchandise in recent years, with analysts estimating it now has more than 100, including items like batteries, toilet paper and clothing. Some brands and sellers have complained that Amazon's access to other merchants' data has helped it decide what categories to enter. In addition, Amazon's own products frequently get top billing in search results and in responses from its voice assistant, Alexa.

An EU questionnaire sent recently, the authenticity of which was confirmed by a person familiar with the probe, asked retailers about the importance and availability of certain data, such as competitors' return rates, and sought examples of Amazon-offered products that compete with those of third-party merchants.

Some Amazon marketplace sellers contacted Wednesday said they hadn't yet received questionnaires from the EU, but expressed support for the inquiry.

One major seller in Europe, who declined to be named, complained that Amazon had raised fees for selling media products by as much as 50% in some countries, but said Amazon was so big his company had no choice but to continue using it.

Christian Mayrhofer, chief executive of Dodax AG, a Switzerland-based merchant that makes about half of its revenue on Amazon, said the platform has undercut his own sales, while charging higher fees to third-party sellers.

"We are more and more moving onto our own site and trying alternative platforms," Mr. Mayrhofer said. "But in all honesty there is nothing that can compete against Amazon."

The Amazon spokesman didn't immediately have any comment about seller concerns.

—Laura Stevens contributed to this article.

MANJUNATH KIRAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

The probe focuses on whether the online giant is gaining a competitive advantage from data it gathers. An Amazon facility in India.

Forecast Boosts Digital Ad Ranking

Amazon is expected to move up the rankings of the top U.S. digital ad sellers in 2018 to take the No. 3 slot, thanks to an acceleration in ad revenue growth and accounting changes by the company, according to the latest forecast from research firm eMarketer.

The tech giant is expected to generate $4.6 billion in U.S. ad revenue, surpassing **Verizon Communications** Inc.'s Oath and **Microsoft** Corp. in eMarketer's ranking, while still significantly trailing the industry heavyweights, **Alphabet** Inc.'s Google and **Facebook** Inc., according to eMarketer.

EMarketer estimated Amazon will have a market share of 4.15%, up from its earlier estimate in March that the company's share would be 2.7%. The research firm cited Amazon's "strong organic growth in ad revenues" for the adjusted forecast, along with accounting changes at Amazon.

The accounting changes, that have to do with reclassifying some advertising services from cost-of-sales to revenue, were responsible for the bulk of eMarketer's adjustment. On growth alone, the forecaster would still increase its prediction for Amazon's market share and move the company to the fourth slot, behind Microsoft.

Amazon is attractive to advertisers looking for insight into the impact of their ad buys on purchases. Amazon, unlike Google and Facebook, has that purchase data, said Monica Peart, eMarketer's senior director of forecasting.

Google and Facebook are still far ahead of Amazon and the rest of the pack. This year, Google and Facebook will control 58% of U.S. digital ad market, bringing in a combined $64 billion, according to eMarketer.

Amazon's increased search traffic from consumers looking for products on its site has also boosted its ad business, giving third-party sellers a reason to spend more on Amazon keywords, said Ms. Peart. Amazon has also made it easier, through new technology systems, for advertisers who aren't selling products on Amazon to buy ads.

—Alexandra Bruell

Calpers Woos Hire From China

Continued from page B1

uity program. Calpers, as part of a review of that portfolio, is exploring plans to farm out billions to pools that will take stakes in private companies.

Any moves made by Calpers, which is responsible for benefits to more than 1.9 million active or retired public employees, will be watched closely in the pension world. The system is considered a bellwether for investment trends. Calpers and many other public retirement systems around the country are struggling to meet their return targets as they try to fill sizable funding gaps.

Calpers earned 8.6% in fiscal 2018 but has underperformed median returns for peers tracked by Wilshire Trust Universe Comparison Service in the five, 10 and 20 years ended June 30. Its returns have exceeded the system's 7% target rate during the past five years but not the past 10 and 20. It has just 71% assets on hand to pay for all future benefits owed to retirees and public employees. The funded ratio for the largest 100 U.S. public pension plans was 71% as of June 30, according to Milliman.

In earlier decades, Calpers plowed into alternatives to stocks and bonds including hedge funds, private equity, timber and other commodities. Some of those bets failed to perform up to expectations after the 2008 financial crisis. Mr. Eliopoulos's strategy was to pull out of hedge funds and to try to make the portfolio less complex.

That meant undoing the work of several predecessors and limiting the number of outside managers handling Calpers's assets. The retirement system severed ties with many private-equity, real-estate and other outside firms handling its money and explored other ways to invest in private equity without traditional pooled funds.

Directors also agreed to a recommendation championed by Mr. Eliopoulos that the fund's long-term investment target drop to 7% from 7.5% because of changing market conditions and a cash crunch.

Now Calpers Chief Executive Marcie Frost wants the system's next CIO to have deep investment experience, said a person familiar with the matter. Mr. Eliopoulos hadn't managed money on Wall Street before becoming the permanent investment chief in September 2014.

Mr. Meng had jobs at banks and investment firms before he worked for Calpers and the Chinese government. He was a bond trader at Morgan Stanley as well as a senior portfolio manager at Barclays Global Investors, a business now owned by money-management giant BlackRock Inc., according to biographies at universities where he has taught classes.

Mr. Meng joined Calpers in late 2008 as a portfolio manager for its fixed-income quantitative research group and later was promoted to help oversee the pension fund's investment mix.

Bayer Levels Sights On Weedkiller Verdict

BY JACOB BUNGE AND RUTH BENDER

Bayer AG is stepping up the legal defense of its flagship weedkiller, after a recent verdict in a case alleging the chemical causes cancer sent shares down sharply and raised the prospect of costly plaintiff payouts.

The German company on Tuesday said it wants a California state court judge to overturn the jury's verdict, order a new trial or reduce damages, according to a court filing. The $289 million award granted in August came in one of the first of thousands of cases filed by gardeners, farmers and others claiming Bayer's Roundup herbicide gave them cancer.

The jury in that case ruled unanimously in favor of a former groundskeeper who sought to hold the maker of Roundup liable for his non-Hodgkin lymphoma. The verdict came only two months after the pharmaceutical and chemical conglomerate sealed its takeover of Monsanto, the U.S. agriculture giant that invented the herbicide.

Bayer shares have dropped about 21% since the verdict, hitting five-year lows. Investors fear a lengthy legal battle and more damage awards could cost the company billions of dollars. Some have questioned whether Bayer Chief Executive Werner Baumann properly evaluated the risks of taking over Monsanto in a 2016 deal valued at more than $60 billion, the biggest ever by a German company.

Bayer now faces 8,700 plaintiffs in the U.S., up from a few hundred in the spring of 2016. Bayer has said it expects that number to grow.

"Werner Baumann must ask himself if Bayer took too lightly the lawsuits against Monsanto," said Winfried Mathes, a corporate expert from Bayer shareholder Deka Investment. The share-price drop has also rattled employees inside the Leverkusen, Germany-based company, according to people familiar with their thinking.

Mr. Baumann has told investors that Bayer's arguments about science proving the safety of the glyphosate-containing weedkiller will prevail.

In its filing on Tuesday with the California state court, Bayer argued that the plaintiff's lawyers relied on flimsy scientific evidence that doesn't support a link to cancer, and that jurors were swayed by overly emotional and speculative arguments from the plaintiff's lawyers.

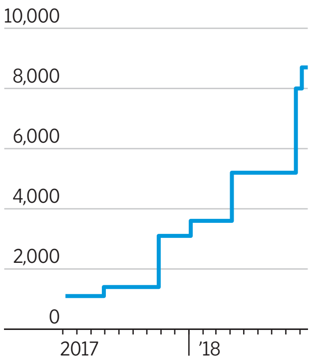
Pedram Esfandiary, an attorney for Baum Hedlund Aristei & Goldman PC, which is representing the plaintiff in the case, said the jury verdict demonstrated that Monsanto's scientific case wasn't convincing. "I think the odds are very slim of them prevailing," he said.

Bayer entered deal talks with Monsanto in 2016 aware of the problems facing Roundup, people familiar with the negotiations said. Still, there were legal limits to how much information Monsanto could share before antitrust officials approved the merger, Bayer has said.

Lawyering Up

There has been a sharp increase in lawsuits filed alleging Roundup, the weedkiller made by Monsanto, causes cancer.

Cumulative number of plaintiffs



Source: the company

THE WALL STREET JOURNAL.

Your Car Will Order Coffee

New autos offer restaurant service, but feature raises questions of safety

BY MIKE COLIAS

Car makers seeking new revenue streams are offering drivers the ability to preorder coffee or make restaurant reservations on the move, raising safety concerns at a time when distracted driving is already at elevated levels.

General Motors Co. late last year became the first major car maker to roll out such services through its Marketplace interface, allowing drivers to order takeout from Applebee's, pay for gas at a nearby station and make hotel reservations via **Priceline.com**—all from the vehicle's touch screen display.

Hyundai Motor Co. is developing a similar system that it has tested with Applebee's and Chevron Corp. gas stations. **BMW** AG offers a built-in app that lets drivers locate and pay for parking.

Auto industry executives see the new apps as an added convenience and revenue generator, with merchants paying to have their icons and discount deals displayed on the touch screen.

But safety advocates say such features only further contribute to driver distraction. After years of decline, the number of U.S. road deaths increased in 2015 and 2016, and safety groups say the rise is in part driven by smartphones and infotainment systems giving drivers more reason to take their eyes off the road.

Auto makers "are trying to build cars that are like phones, rather than acknowledging that if you're driving, you shouldn't be trying to do these tasks at all," said National Safety Council President Deborah Hersman.

Distracted driving claimed 3,450 lives in 2016, accounting for about 9% of the 37,461 road deaths recorded that year, according to the latest statistics available from the National Highway Traffic Safety Administration.

GM and other car makers believe the on-screen features give drivers a safer option for performing tasks they admit to doing on their smartphone anyway while on the road. For example, many systems allow drivers to execute functions, such as sending and receiving a text, via voice commands, which helps them keep their hands on the wheel.

"We want to make sure we're keeping our customers productive but also very safe," said Brian Hoglund, director of commercial experience for GM's connectivity business.

GM estimates that Americans spend 46 minutes a day in their cars, a significant amount of captive time that is attractive to retailers.

Patrick Schneider, the owner of a 2017 Chevy Colorado pickup truck equipped with GM Marketplace, said he likes the option of paying for gasoline at Exxon stations without having to take out his credit card.

But other options can be more frustrating. In fiddling with the Dunkin' Donuts app in his driveway, Mr. Schneider learned that while he can preorder a dozen doughnuts, it didn't let him specify between glazed or chocolate.

"I did end up ordering but via my mobile phone" where it was possible to customize the selection, he said.

GM's Mr. Hoglund said the menu limitation is by design. GM's Marketplace is configured so that transactions are completed in five or fewer touch screen taps, on par with tuning to a satellite radio station, he said. Some functions are locked out or limited while the vehicle is in motion because they are too involved, like booking a hotel room. Drivers must also preload their credit card information with each merchant app ahead of time.

Dunkin' Brands Group Inc. said customers can pick their doughnut assortment on the Dunkin' Donuts smartphone app and save it as a favorite, which then would appear on the vehicle's Marketplace menu.

JOHN F. MARTIN/BUICK

GM was the first major car maker to roll out food-ordering services through its Marketplace tool.

Connected Data Is Lucrative Avenue

The auto industry's move into e-commerce remains in early stages, but car makers see it as part of a bid to monetize connected-car data and services, which McKinsey & Co. says could generate global revenue of $750 billion by 2030.

With more cars rolling off dealer lots with built-in internet connections, the opportunity to add more retailing services will only grow over time, say auto executives and analysts. They also expected demand for such capabilities to increase as driverless technologies advance, freeing drivers to perform other tasks on the road.

Revenue generation for auto makers from these apps is modest, falling between $20 and $60 per vehicle annually, according to an estimate from researcher IHS Markit. But longer term, auto makers see it as evolving into an important source of profit growth as vehicle sales eventually come under pressure from the rise of ride-hailing and other alternative forms of mobility.

—Mike Colias

Outspoken AutoNation CEO Plans to Step Down Next Year

BY ADRIENNE ROBERTS

AutoNation Inc. Chief Executive Mike Jackson, who stood out in the tight-lipped auto industry for his willingness to challenge auto makers publicly, will step down in 2019 after leading the U.S.'s largest dealership chain for nearly two decades.

Mr. Jackson, 69 years old, will stay on as executive chairman, and AutoNation's board will conduct a search for a new CEO.

A New Jersey native who got his start fixing cars at a Mercedes dealership, Mr. Jackson is known in the industry for his bluntness. A frequent commentator on CNBC, his outspokenness has served as a contrast to most other auto executives, who tend to steer clear of controversy.

As CEO, Mr. Jackson slimmed operations, added more imported and luxury brands and led AutoNation's push into the digital era. The company's stock price has more than quadrupled since he took over in October 1999. The shares closed at $43.91 Wednesday, giving AutoNation a market capitalization of nearly $4 billion.

"I'm very proud of what we've built here," Mr. Jackson said in an interview. "Next year, I'm 70 years old, and with 20 years as CEO, it's a good time to hand the baton to the next CEO. I'm kicking myself upstairs."

His transition comes as U.S. auto sales are starting to cool, following a seven-year growth streak that lifted profits for both car makers and dealers.

AutoNation, with more than 325 locations coast-to-coast, is in the midst of expanding its business beyond traditional new-car sales, aiming to reduce its dependence on auto companies for profits.

In 2017, the chain opened its first stand-alone used-car center, AutoNation USA, aiming to build a chain of prestores to compete with CarMax Inc. The company has also launched a line of AutoNation-branded car parts, auctions and collision centers, and has joined with Alphabet Inc.'s driverless car unit Waymo LLC to service robovans that are being tested in Arizona and California.

Mr. Jackson quickly rose through the auto-retailing ranks, eventually owning his own Mercedes dealership and later joining the German luxury brand to run sales and marketing in the U.S. By 1992, he was president of Mercedes's U.S. operations.

AutoNation hired Mr. Jackson in 1999 to revive the company's stock price and boost its credibility with Wall Street. In the next few years, he sold underperforming dealerships, shut the retailer's chain of used-car megastores and expanded its offerings from mostly domestic brands to include imports such as Toyota, BMW and Mercedes. Mr. Jackson was an early proponent of the dealership chain having a strong digital presence as more buyers migrated to the internet to do their car shopping.

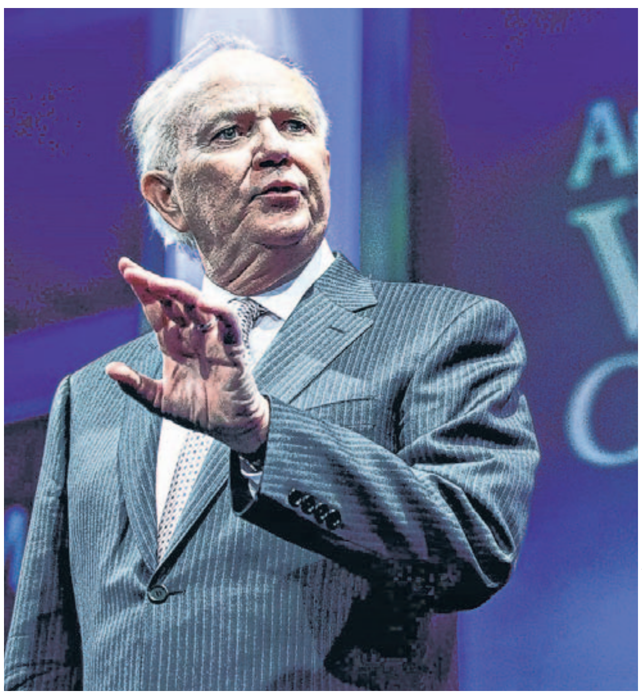
Over the years, Mr. Jackson developed a reputation for speaking his mind, even if his views weren't always popular with his colleagues.

He has been pointed in his criticisms of President Trump, citing his ascent to the White House as a reason he quit the Republican Party. Mr. Jackson also has come out in favor of higher gasoline prices, arguing they are needed to spur innovation on fuel-saving technologies such as hybrids and electric cars.

In the years leading up to the 2008 economic crisis, Mr. Jackson criticized U.S. car makers for overbuilding their inventory and then using steep discounts to move cars off dealer lots, a practice that erodes profits and damages a brand's image. More recently, he has chided car manufacturers for inciting a pricing war that has hurt dealer businesses.

Mr. Jackson said he feels it is his duty to speak out on behalf of consumers and dealers who otherwise wouldn't have a voice in the auto industry. It is a role he intends to maintain as executive chairman.

"That came from my father, who said 'Mike, always do the right thing,'" Mr. Jackson said.



ANDREW HARRER/BLOOMBERG NEWS

Mike Jackson will be stepping down as CEO but staying on as executive chairman at dealership chain AutoNation Inc.

Employers Sweeten Relocation Packages

To recruit senior managers, companies offer flexible schedules and bigger sums to cover losses on home sales

By Joann S. Lublin

ADAM NIKLEWICZ

A lot of executives don't relish the idea of disrupting their lives to take a distant job, but they don't have to in the current strong economy. That is why more companies are offering rich relocation packages to lure top talent to another city.

YOUR EXECUTIVE CAREER

Senior managers are winning flexible schedules that allow them to commute long distances, landing extended temporary-housing contracts and receiving bigger sums to cover money lost on home sales, say recruiters and compensation specialists.

"Talented executives asked to relocate now have the power to get what they need from an employer," said Hayes Reilly, a managing partner at Preston & Partners Talent Solutions, an executive-search firm.

Some businesses have gone so far as to shell out millions to move key players from miles away. **LendingClub** Corp. spent nearly $6.4 million to bring two new top officers and their families to the San Francisco Bay Area in 2017, according to an analysis of data from company proxies by research firm Equilar Inc. That sum largely reflects $3 million in relocation bonuses for Steve Allocca, the new president, and Thomas Casey, LendingClub's chief financial officer. Both men moved from less-costly cities in Texas.

"We rebuilt our executive team after the departure of the then CEO in May 2016," a spokesman for the online lender said. "Finding the best talent for these positions was important to show company stability and reassure shareholders."

LendingClub was the biggest spender among the Russell 3000 companies giving relocation benefits to 772 senior executives last year, Equilar's analysis for The Wall Street Journal showed. Other big spenders included **General Electric** Co., with $4.24 million going to move four executives, and **Caterpillar** Inc. spending $2.66 million to relocate five.

The average relocation package for the biggest 3,000 publicly traded companies in the U.S. totaled $144,633, Equilar said.

"A company that doesn't accommodate an incoming executive's honest relocation needs is signaling that those aren't important and risks losing that recruit," said Stephen Zweig, who heads the executive-compensation practice at law firm **Ford & Harrison** LLP.

A generous relocation package helped Preston & Partners woo a Long Island executive this year for a midsize retailer in Bucks County, Pa. The first-rung vice president received a $100,000 relocation allowance plus a $50,000 signing bonus, according to Mr. Reilly of Preston & Partners.

> *'Talented executives asked to relocate now have the power to get what they need.'*

The recruiter sees similar arrangements in about half of his firm's searches at that executive level, or roughly double the proportion he saw five years ago. "Employers have had to be more flexible with relocation times and terms," he said.

That proved true for Jon Achenbaum, after he got a job in 2015 running **Freeman Beauty** LLC, a marketer and distributor of beauty-care products based in Los Angeles. His wife didn't want to leave New Canaan, Conn., where she runs a nonprofit group, so Mr. Achenbaum rented a condo near Freeman's California headquarters and paid for personal trips back to the East Coast.

The CEO struck a better deal in August 2017 after **Yellow Wood Partners** bought the company. The new private-equity owner extended to Mr. Achenbaum an annual allowance for his long-distance commute and granted him three days a month to work from home in Connecticut. Yellow Wood declined to comment regarding the arrangement.

Mr. Achenbaum said he quit Freeman in May anyway, mostly because of his wife's refusal to relocate.

Certain companies move headquarters, bringing the office to the new CEO. Consider Brian Niccol, hired in March from Taco Bell to run **Chipotle Mexican Grill** Inc.

Mr. Niccol's wife changed her mind about uprooting their three school-age children just before the restaurant chain announced his appointment, and so Chipotle directors allowed him to shift the company's Denver headquarters to Newport Beach, Calif., where he resides, according to a person familiar with the matter.

A Chipotle spokeswoman said the idea that Mr. Niccol's family considerations prompted the shift in headquarters was "speculative and inaccurate." Moving the main office to California makes it easier to fill tech-related positions, she said.

Chipotle previously said the move affected about 400 people in its Denver and New York offices.

Some big companies will cover certain executives' losses when they sell their homes. **Walmart** Inc. spends up to a capped amount for U.S.-based executives transferred within the country, a spokeswoman confirmed, but wouldn't divulge the loss limit.

Such buyouts don't always please investors. Institutional Shareholder Services, a proxy adviser, considers them "excessive perquisites," without links to performance. ISS questioned General Electric for spending $1.7 million—including buyouts—to relocate CEO John Flannery twice since 2016.

He lost money selling Connecticut and Chicago homes last year despite GE reimbursing 75% of his losses, according to a spokeswoman. "The company understands the concerns ISS highlighted and continues to review costs," she said.

Ms. Lublin, former management news editor at The Wall Street Journal, is the author of "Earning It: Hard-Won Lessons from Trailblazing Women at the Top of the Business World." (HarperCollins)

Rail Maverick's Legacy Inspires Rival

By Paul Ziobro

MIKE SHARRETT/BLOOMBERG NEWS

Union Pacific is borrowing from the late Hunter Harrison's playbook to speed up its trains.

Union Pacific Corp. never hired Hunter Harrison to run its sprawling network. But with congestion clogging its system, the company is now adopting the late railroad maverick's strategy to speed its freight trains.

The railroad, which until recently had been adding locomotives and crew, plans to use less equipment in a bid to improve its financial performance and service.

"By a number of measures, it's evident that we have not made the kind of progress in improving our service and productivity performance in recent months," Union Pacific Chief Executive Lance Fritz said Wednesday.

Union Pacific will shift its focus from moving trains to moving the individual railcars, with the end goal of providing a tighter delivery window for customers. It also will try to minimize downtime for railcars, reduce the number of times cars are sorted at facilities' so-called hump yards and blend different types of cargo on one train.

The strategy being implemented at Union Pacific was espoused by Mr. Harrison, who was running rival **CSX** Corp. when he died last December. He honed the so-called precision-scheduled railroading model over a five-decade career that included turning around two large Canadian railroads before he took the helm of Jacksonville, Fla.-based CSX last year.

During a nine-month stint at CSX, where he battled undisclosed health issues, Mr. Harrison quickly idled hundreds of locomotives, eliminated thousands of jobs, closed facilities and overhauled train schedules.

Mr. Harrison's plan was disruptive at each stop, resulting in thousands of layoffs and jolting changes to railroad schedules that led to complaints from shippers. But the strategy drastically cut costs, resulted in faster train times and lifted stock prices.

Union Pacific executives hope the changes will ease congestion that has lingered on the 32,000-mile railroad for nearly a year.

As executives detailed the plan Wednesday, they said that they haven't decided to close any rail yards yet and that specifics on idling locomotives, laying off workers and other changes typically associated with Mr. Harrison's strategy haven't been finalized. But as the plan is rolled out with more precise train schedules, the company expects costs to drop, and to avoid some of the service hiccups of the past.

"There are periods when we have fantastic service product and then periods where that fades," Mr. Fritz said.

The plan will start to unfold next month along the Union Pacific corridor between Wisconsin and Texas, and be put in place across the network by 2020.

Union Pacific has been working closely with customers to communicate the changes, although the revamped operations may result in some shippers being dropped. "There may be some customers where we may have to decide that it does not fit in the network," said Kenny Rocker, Union Pacific's head of marketing and sales.

Executives have long said that Union Pacific would borrow ideas from other railroads to improve its performance. In the lead-up to the plan, the company has tested some precision-scheduled railroading concepts on parts of its network. Some executives recently adopted an informal name for weekly meetings aimed at helping trains run more smoothly: "WWHHD," or "What would Hunter Harrison do?" two people familiar with the matter said.

The strength in the economy has pushed additional volume onto Union Pacific's rails. Union Pacific has responded by bringing locomotives out of storage, adding railcars to handle the additional cargo and enticing new hires with bonuses of $25,000 or more.

Clogged Network Means Higher Costs

Some analysts want more specifics on new strategy

Union Pacific's network is continuing to face gridlock. In its second quarter, the railroad's average train speed was 3% slower than a year earlier, while average time spent at terminals rose 4%.

The company has spent tens of millions of dollars on extra equipment, labor hours and fuel to unclog the network.

The problems have pushed up Union Pacific's operating ratio to 63% in the second quarter from 61.9% a year earlier.

An operating ratio represents the percentage of revenue consumed by operating costs, so a decline is an improvement. Investors have demanded more.

The Omaha, Neb.-based company has faced questions from analysts as to whether it should follow **CSX**'s strategy to operate with fewer workers and equipment.

It has already made changes, including a shake-up of its management team last month that included the retirement of its chief operating officer and the addition of a chief strategy officer.

The company said the changes being implemented will help its operating ratio hit 60% by 2020 and 55% longer-term.

Investors were hoping the plans disclosed Wednesday would include a hire with experience implementing the strategy or other specifics about cutting costs, according to Loop Capital analyst Rick Paterson.

"That call went down like a lead balloon," Mr. Paterson said. "This may therefore become a giant show-me story, with things getting worse before they get better."

The railroad isn't currently planning to tap outside help from other railroads that have undergone a transformation. Chief Executive Lance Fritz said that while this is the first time Union Pacific is implementing principles from the late Hunter Harrison of CSX on a large scale, "they are not a mystery."

Google, T-Mobile Tackle 911 Calls With Location Data

By Sarah Krouse

Emergency call operators will soon have an easier time pinpointing the whereabouts of Android phone users.

Google has struck a deal with **T-Mobile US** Inc. to pipe location data from cellphones with Android operating systems in the U.S. to emergency call centers, said Fiona Lee, who works on global partnerships for Android emergency location services.

The move is a sign that smartphone operating-system providers and carriers are taking steps to improve the quality of location data they send when customers call 911. Locating callers has become a growing problem for 911 operators as cellphone usage has proliferated. Wireless devices now make 80% or more of the 911 calls placed in some parts of the U.S., according to the trade group National Emergency Number Association. There are roughly 240 million calls made to 911 annually.

While landlines deliver an exact address, cellphones typically register only an estimated location provided by wireless carriers that can be as wide as a few hundred yards and imprecise indoors.

That has meant that while many popular applications like Uber Technologies Inc.'s can pinpoint users, 911 call takers can't always do so. Technology giants such as **Alphabet** Inc.'s Google and Apple Inc. that run phone operating systems need a direct link to the technology used within emergency call centers to transmit precise location data.

RapidSOS created technology that sends location information from smartphones directly to the software used within 911 call centers.

Most T-Mobile customers with Android operating systems will now send location data from Google's emergency location services via their carrier. In markets where RapidSOS is integrated into emergency call centers, Android users will send the information through the upstart company, according to Ms. Lee.

T-Mobile has worked with Google on the issue for about four years and will merge the technology giant's location data with its own before quickly sending it to 911 call centers, said Mark McDiarmid, senior vice president of technology at the carrier.

World Forum Takes On China Tech Regulation

By Shan Li

TIANJIN, China—As China's technology industry and government tangle over regulating new technologies such as drones and self-driving cars, the World Economic Forum is stepping into the fray.

The forum will expand its Beijing office to include a "Center for the Fourth Industrial Revolution," the organization's executive chairman, Klaus Schwab, announced Wednesday at its annual Meeting of the New Champions in Tianjin.

The center will serve as a think tank and testing ground in China for new policies regulating emerging technologies, said David Aikman, managing director of greater China for the World Economic Forum, which is best known for its annual winter meeting in Davos, Switzerland.

Mr. Aikman said the new hub will pinpoint gaps within existing regulations and launch pilot programs to experiment with new ones. That has become more crucial as China's huge domestic market nurtures domestic tech giants and attracts foreign companies, he said. "Pretty much any issue you can think of, China is part of the problem or part of the solution," Mr. Aikman said.

Special Advertising Feature

Permissions and Presumptions: A New Framework for Managing Customer Data

Amid a growing backlash from consumers and regulators, companies need to rethink the way they collect, use and protect customer data.

By Julio Hernandez
Principal, Global Customer Center of Excellence Lead & US Customer Advisory Practice Lead, KPMG LLP

In the digital economy, businesses are increasingly defined, powered and valued by the data they harvest, own, use, and sometimes sell.

The data revolution is still in its adolescence, though and now it is experiencing growing pains. Amid a seemingly endless stream of high-profile security breaches and unsettling revelations about how some organizations use customer data, consumers and businesses alike are becoming wary about how much information they share and who they share it with.

Courts and regulators are taking notice; witness rulings on data privacy in Germany and Belgium, the recently enacted General Data Protection Regulation in the EU, recent congressional hearings in Washington , D.C. about the data privacy practices of U.S. companies, and many state-level initiatives aimed at bolstering data privacy regulations.

Suddenly, just as data seemed to hold the key to, well, almost everything, companies whose business strategies increasingly rely on it face a reckoning.

To be clear, big data and data analytics aren't going away—no one is putting that genie back in the bottle. But for data-driven organizations, the response to this wave of skepticism is going to require a lot more than a pithy outreach campaign aimed at soothing jangled customer nerves—though for some organizations, that may have to be part of the strategy. Instead, companies are going to have to rethink their whole approach to collecting, safeguarding and using data or risk being regulated into a corner.

Two key concepts should anchor these deliberations: permissions and presumptions. Companies need to think about the types of data customers will permit enterprises to collect, and the presumptions customers will make about how that data will be used and protected. Today, consumers and businesses generally agree to share information about themselves based on what they think will be a reasonably fair exchange: We'll tell you about ourselves, or let you track our online movements, in exchange for some tangible perk—a more personalized shopping experience, say, or early alerts to sales. Importantly, though, customers also presume that companies will prudently handle and safeguard their data. Companies whose practices don't align with those presumptions risk crippling their competitiveness, or worse. A good case in point: Cambridge Analytica's decision earlier this year to shutter its operations after clients defected en masse amid allegations it misused personally identifiable data.

But wait, you may say. Don't most organizations already articulate, in painstakingly crafted privacy policies, exactly how they will collect and use customer data? Sure they do. But at a time when companies are going to extraordinary lengths to tailor every other aspect of the customer experience— all with the idea of making the customer relationship as convenient and relevant as possible—the typical privacy policy remains a distressingly dense, one-size-fits-all treatise. Far from reassuring customers, it leaves many wondering just what they're signing up for—if they bother to read the policy at all.

Ironically, privacy policies need to become more detailed, not less. At the same time, they need to be rewritten so they are easier to understand. Importantly, they also must give customers the opportunity to choose the specific ways they will permit organizations to collect and use their data—customizing the experience in the manner consumers have come to expect.

To ensure that customer presumptions are met, meanwhile, companies should ensure their targeted audience actually appreciates all the types of data being collected; understands how it can be shared, and with whom; and has an opportunity to revise their permissions when and as needed. The idea that someone might sign on to an organization's privacy policy once and never be prompted to review their settings again simply won't fly. Finally, companies will have to be much more explicit about what they're doing to safeguard customer data—again, in language customers can understand.

Companies embarking down this path may fairly ask whether calling more attention to their privacy policies might actually make it less likely, not more, that customers will grant permission to collect and use their personal data. The blunt answer is that companies really have no choice. The more encouraging answer is that as long as companies offer a fair trade—something with a value commensurate with the privileges granted—customers will continue to share information with them. But companies that fail to properly manage and meet customer presumptions, will find themselves slowly edged out of the data revolution. And that's no way to compete in a digital economy.

> *"The response to this new wave of skepticism is going to require a lot more than a pithy outreach campaign aimed at soothing jangled customer nerves."*

Learn how to elevate customer trust and engagement with your brand at kpmg.com/us/customeradvisory.

The Wall Street Journal news organization was not involved in the creation of this content.

At Apple, A Change In Strategy

Continued from page B1

phone. This could become the new normal.”

An Apple spokeswoman said the company releases its products when they are ready.

Until last year, Apple had launched a maximum of two new iPhones annually. It launched three last year, while increasing prices: the iPhone X, which cost nearly $1,000 and was the first to jettison a home button and to add facial-recognition technology; and the iPhone 8 and 8 Plus, which featured the traditional home button and started at $699.

Apple put the iPhone 8 and 8 Plus on sale last September, but delayed the release of the iPhone X until November because of the production issues—marking the first time Apple had released multiple flagship iPhones at different times. That approach damped sales of the iPhone 8 models because many customers waited until the iPhone X was released.

This year, Apple is taking a different tack. The company and its suppliers have started ramping up mass production of the iPhone XS models earlier than the iPhone XR model, the people familiar with production plans said. The company also began planning for the LCD model after the OLED model, the people said.

The phones have significantly different features. The iPhone XS models feature screen sizes of 5.8 inches and 6.5 inches, and both have dual-camera systems. Meanwhile, the 6.1-inch iPhone XR model features a single, rear camera.

OLED screens are thinner, don't need backlight and offer greater contrast than traditional liquid-crystal-display screens. The OLED displays in the XS are also more expensive than the LCD screens in the XR, contributing to the different prices, analysts say.

Still, the OLED models are likely to be more profitable for Apple. The XR is estimated to cost $331 to build, while the XS and XS Max are estimated to cost $355 and $371, said Mehdi Hosseini, an analyst with trading firm Susquehanna International Group—narrower gaps than their corresponding retail prices.

Apple expects to sell more iPhone XR than iPhone XS or XS Max models, analysts say. The company has ordered production of 38 million iPhone XR, 32 million iPhone XS Max and 13 million iPhone XS devices, according to UBS. It also will sell older LCD models, including the iPhone 7 and 7 Plus and iPhone 8 and 8 Plus.

With Apple prioritizing the higher-end phones to start, and giving the XR a price tag $50 higher than last year's least expensive new model, several analysts estimate Apple will increase its average selling prices about 6% over the next fiscal year.

In addition to giving Apple a chance to assess early demand for the iPhone XS, the staggered shipments give Apple a chance to simplify stocking for retail partners such as Best Buy Co. and AT&T Inc., said supply-chain consultant John Haber of Spend Management Experts. That could allow retailers to spend September and October promoting the higher-priced models before shifting to the lower-priced iPhone XR.

“It's difficult to have everything great for one release, but three new releases is very complex,” Mr. Haber said. “You're relying a lot on retail stores to handle logistics.”

—Yang Jie contributed to this article.

KARL MONDON/EAST BAY TIMES/TNS/ZUMA PRESS

Apple's Phil Schiller discussed the company's smartphones last week in Cupertino, Calif., including the top-of-line iPhone XS Max.

Worldpay Co-CEO To Step Down

BY ALLISON PRANG

One of **Worldpay** Inc.'s two chief executives is stepping down at the end of this year, the company said Wednesday.

Worldpay, the payments technology firm based in both Cincinnati and London, said co-CEO Philip Jansen is leaving the company Dec. 31.

His fellow co-CEO, Charles Drucker, will then become the lone CEO of Worldpay. Mr. Drucker is also Worldpay's executive chairman.

Both Messrs. Jansen and Drucker became co-CEOs in January after payment-processing firm **Vantiv** Inc. completed its purchase of Worldpay Group PLC, where Mr. Jansen had been CEO. The transaction was one of the sector's largest deals. Mr. Drucker became president at Vantiv in 2004 before becoming its CEO in 2009, according to Worldpay's website.

In its second quarter, Worldpay reported $1.01 billion in net revenue.

“As planned, with the completion of the initial phase of the integration, now is the right time for the company to transition to having a single CEO lead the business,” Mr. Jansen said in prepared remarks.

Shares of Worldpay, up 32% year to date, fell 1.2% Wednesday to $97.31.

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BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re R.E. GAS DEVELOPMENT, LLC, *et al.*,[1] Debtors.	Chapter 11 Case No. 18-22032 (JAD) (Jointly Administered)
R.E. GAS DEVELOPMENT, LLC, *et al.*, Movants, v. NO RESPONDENT, Respondent.	Related to Docket Nos. 911, 914, 915

AMENDED NOTICE OF (A) DEADLINE FOR CASTING VOTES TO ACCEPT OR REJECT AMENDED PLAN OF LIQUIDATION, (B) HEARING TO CONSIDER CONFIRMATION OF AMENDED PLAN OF LIQUIDATION AND (C) RELATED MATTERS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. The above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed: (a) the ***Amended*** *Plan of Liquidation of the Debtors and Debtors in Possession Pursuant to Chapter 11 of the Bankruptcy Code* (Docket No. 915) dated September 14, 2018 (as the same may be amended or modified, the “Plan”); and (b) the related ***Amended*** *Disclosure Statement for Amended Plan of Liquidation of the Debtors and Debtors in Possession Pursuant to Chapter 11 of the Bankruptcy Code* (Docket No. 914) dated September 14, 2018 (as the same may be amended or modified, the “Disclosure Statement”).[2]

2. Pursuant to an order of the Court dated September 17, 2018 (the “Disclosure Statement Order”) (Docket No. 911), the Disclosure Statement and certain related materials (collectively, the “Solicitation Package”) have been approved for solicitation of votes to accept or reject the Plan.

3. A hearing to consider the confirmation of the Plan (the “Confirmation Hearing”) will be held before the Honorable Jeffery A. Deller, Chief U.S. Bankruptcy Judge, at the U.S. Bankruptcy Court for the Western District of Pennsylvania (the “Court”), 5414 U.S. Steel Tower, 600 Grant Street, Pittsburgh, PA 15219 on October 15, 2018 at 10:00 a.m. (ET).

4. Requests for copies of the Disclosure Statement and the Plan (excluding certain voluminous exhibits thereto) by parties in interest may be made by writing to R.E. Gas Development, LLC, *et al.* Ballot Processing, c/o Prime Clerk LLC, 830 3rd Avenue, 3rd Floor, New York, NY 10022. Copies of the Disclosure Statement and the Plan (along with exhibits to each as they are filed with the Court) and the Supplement are available for review, without charge, via the internet at https://cases.primeclerk.com/rexenergy. The Plan Supplement, if any, will be filed with the Court on or before October 3, 2018 at 5:00 p.m. (ET).

5. Any objection to the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules; (c) state the name, address, phone number and email address of the objecting party and the amount and nature of the Claim or Interest of such entity, if any; (d) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (e) be filed, contemporaneously with a proof of service, with the Court and served so that it is actually received by the following notice parties set forth below no later than October 10, 2018 at 5:00 p.m. (ET): (i) the Debtors, c/o Rex Energy Corporation, 366 Walker Drive, State College, PA 16801 (Attn: John Luke); (ii) counsel to the Debtors, Jones Day, 250 Vesey Street, New York, NY 10281-1047 (Attn: Scott J. Greenberg, Michael J. Cohen and Anna Kordas) and 717 Texas Suite 3300, Houston, TX 77002-2712 (Attn: Thomas A. Howley); (iii) counsel to the Creditors' Committee, Brown Rudnick LLP, 7 Times Square, New York, NY 10036 (Attn: Robert J. Stark and Andrew M. Carty); (iv) counsel to Angelo, Gordon Energy Servicer, LLC, Simpson Thacher & Bartlett LLP, 425 Lexington Ave # 8, New York, NY 10017 (Attn: Michael Torkin and Nicholas Baker); (v) counsel to the ad hoc committee of certain holders of Prepetition Second Lien Notes, Akin Gump Strauss Hauer & Feld, One Bryant Park, Bank of America Tower, New York, NY 10036 (Attn: Michael S. Stamer, Meredith A. Lahaie and Kevin Zuzolo); (vi) Wilmington Savings Fund Society, FSB, as the Prepetition Second Lien Indenture Trustee; (vii) BOKF, NA, as the indenture trustee for the Unsecured Notes; (viii) counsel to any other statutory committee appointed in these Chapter 11 Cases; (ix) the Office of the U.S. Trustee for the Western District of Pennsylvania, Liberty Center, 10001 Liberty Avenue, Suite 970, Pittsburgh, PA 15222 (Attn: Norma Hildenbrand); (x) the SEC; (xi) counsel to Penn Energy, Vinson & Elkins LLP, 666 Fifth Avenue, 26th Floor, New York, NY 10103 (Attn: David S. Meyer); and (xii) all other parties in interest that have Filed requests for notice pursuant to Bankruptcy Rule 2002 in these cases.

6. Pursuant to the Disclosure Statement Order, the Court approved certain procedures for tabulation of votes to accept or reject the Plan. If you are the Holder of a Claim against one of the Debtors as of September 17, 2018 (the record date as established by the Disclosure Statement Order) in Class 2, you have received (or will receive shortly) a ballot form (a “Ballot”) and voting instructions appropriate for your Claim, as well as a copy of the Disclosure Statement and related solicitation materials. The following procedures apply with respect to voting your Claim:

a. For your vote to accept or reject the Plan to be counted, you must complete all required information on the Ballot, execute the Ballot and return the completed Ballot to the address indicated on the Ballot or by the means set forth on the Ballot **so that it is received by the Voting Agent on or before 5:00 p.m. (ET) on October 10, 2018** (the “Voting Deadline”). Any failure to follow the voting instructions included with the Ballot or to return a properly completed Ballot so that it is received by the Voting Deadline may disqualify your Ballot and your vote. ***You are encouraged to read the voting instructions carefully and review the Disclosure Statement before you vote.***

b. Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with the tabulation rules approved by the Court in the Disclosure Statement Order.

7. Claims in Classes 1 (Priority Claims) and 3 (Other Secured Claims) are unimpaired and, therefore, are conclusively presumed to accept the Plan in accordance with section 1126(f) of the Bankruptcy Code. Classes 4 (General Unsecured Claims), 5 (Intercompany Claims), 6 (Section 510(b) Claims) and 7 (Interests) under the Plan are impaired, but shall not receive any distribution pursuant to the Plan, and therefore, consistent with section 1126(g) of the Bankruptcy Code, will be deemed to have rejected the Plan. For the foregoing reasons, solicitation of Classes 1, 3, 4, 5, 6 and 7 (collectively, the “Non-Voting Classes”) under the Plan is not required, and no Ballots have been proposed for creditors and equity security holders in these Classes. Each Holder of a Claim or Interest in the Non-Voting Classes will receive a Notice of Non-Voting Status.

8. In connection with confirmation of the Plan, the Debtors are seeking approval of certain releases, including releases of certain non-debtor entities, that will become effective and binding on the Effective Date in accordance with the terms of the Plan and the Confirmation Order. These releases are described in detail in the Disclosure Statement and are set forth below:

Exculpation

From and after the Effective Date, the Exculpated Parties shall neither have nor incur any liability from any Entity, and no Holder of a Claim against or Interest in, a Debtor, no other party in interest and none of their respective Representatives shall have any right of action against any Exculpated Party for any act taken or omitted to be taken before the Effective Date in connection with, related to or arising out of the Chapter 11 Cases, any of the Debtors or the Estates, the Restructuring Support Agreement, the RSA Settlement, or the negotiation, consideration, formulation, preparation, dissemination, implementation, Confirmation or consummation of the Plan, the Exhibits, the Disclosure Statement, the Sale, or any other transactions proposed in connection with the Chapter 11 Cases, or any distributions made under or in connection with the Plan or any contract, instrument, release or other agreement or document created or entered into or any other act taken or omitted to be taken in connection therewith or in connection with any other obligations arising under the Plan or the obligations assumed hereunder; provided, however, that the foregoing provisions of this Section IX.C shall have no effect on the liability of: (a) any Entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan; or (b) any Exculpated Party that is the result of any act or omission of such Exculpated Party that is determined in a Final Order to have constituted gross negligence, fraud or willful misconduct.

Releases

Releases by Debtors. **Without limiting any other applicable provisions of, or releases contained in, the Plan, as of the Effective Date, to the fullest extent permitted by law, the Debtors, on behalf of themselves and their affiliates, the Estates and their respective successors, assigns and any and all Entities who may purport to claim by, through, for or because of them, shall forever release, waive and discharge all Liabilities that they have, had or may have against any Released Party with respect to any of the Debtors or the Estates, the Restructuring Support Agreement, the RSA Settlement, the business or contractual arrangements between any Debtor and any Released Party, entry into the Prepetition First Lien Credit Agreement, the Debtors' in- or out-of-court restructuring efforts, the Chapter 11 Cases or the negotiation, consideration, formulation, preparation, dissemination, implementation, Confirmation or consummation of the Plan, the Exhibits, the Disclosure Statement, the DIP Credit Agreement, the Sale or any other transactions proposed in connection with the Chapter 11 Cases or any distributions made under or in connection with the Plan or any contract, instrument, release or other agreement or document created or entered into or any other act taken or omitted to be taken in connection therewith or in connection with any obligations arising under the Plan or the obligations assumed hereunder; provided, however, that the foregoing provisions of this Section IX.D.1 shall not affect (i) the liability of any Released Party that otherwise would result from any act or omission to the extent that act or omission subsequently is determined in a Final Order to have constituted gross negligence or willful misconduct (including fraud), (ii) any rights to enforce the Plan or the other contracts, instruments, releases, agreements or documents to be, or previously, entered into or delivered in connection with the Plan, (iii) except as otherwise expressly set forth in this Plan, any objections by the Debtors or the Plan Administrator to Claims or Interests filed by any Entity against any Debtor and/or the Estates, including rights of setoff, refund or other adjustments, (iv) the rights of the Debtors or the Plan Administrator to assert any applicable defenses in litigation or other proceedings (including the rights to seek sanctions, fees and other costs), or (v) any claim of the Debtors or the Plan Administrator, including (but not limited to) cross-claims or counterclaims or other Causes of Action against any parties, arising out of or relating to any litigation, judicial process, administrative proceeding or related proceeding, whether in law or in equity, to which the Debtors or the Plan Administrator are a party as of the Effective Date.**

Releases by Holders of Claims and Interests. **Without limiting any other applicable provisions of, or releases contained in, the Plan, as of the Effective Date, in consideration for the obligations of the Debtors under the Plan and the consideration and other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan, unless otherwise provided in the Confirmation Order, each of the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever release and waive and discharge all Liabilities in any way that such Entity has, had or may have against any Released Party (which release shall be in addition to the discharge of Claims and termination of Interests provided herein and under the Confirmation Order and the Bankruptcy Code), in each case, based on or relating to, or in any manner arising from, in whole or in part, any of the Debtors or the Estates, the Restructuring Support Agreement, the RSA Settlement, the business or contractual arrangements between any Debtor and any Released Party, entry into the Prepetition First Lien Credit Agreement, the Debtors' in- or out-of-court restructuring efforts, the Chapter 11 Cases or the negotiation, consideration, formulation, preparation, dissemination, implementation, Confirmation or consummation of the Plan, the Exhibits, the Disclosure Statement, the DIP Credit Agreement, the Sale or any other transactions proposed in connection with the Chapter 11 Cases or any distributions made under or in connection with the Plan or any contract, instrument, release or other agreement or document created or entered into or any other act taken or omitted to be taken in connection therewith or in connection with any obligations arising under the Plan or the obligations assumed hereunder; provided, however, that the foregoing provisions of this Section IX.D.2 shall have no effect on the liability of (a) any Entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan and (b) any Released Party that would otherwise result from any act or omission of such Released Party to the extent that such act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct (including fraud).**

Injunction Related to Releases. The Confirmation Order will permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, liabilities, rights of contribution or rights of indemnification released pursuant to the Plan, including pursuant to the releases in this Section IX.

9. The Confirmation Hearing may be continued from time to time without further notice other than the announcement of the adjourned date at the Confirmation Hearing or any continued hearing.

[1] The Debtors are the following four entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): R.E. Gas Development, LLC (5422); Rex Energy Corporation (4402); Rex Energy Operating Corp. (0390); and Rex Energy I, LLC (9799). The address of each of the Debtors is 366 Walker Drive, State College, Pennsylvania 16801.

[2] References to Exhibits and capitalized terms not otherwise defined in this Notice have the meanings given to them in the *Supplemental Statement Regarding Debtors' Motion for an Order (I) Approving the Disclosure Statement, (II) Approving the Form and Manner of Service of Notice Thereof, (III) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject a Chapter 11 Plan and (IV) Scheduling a Hearing on Confirmation of a Chapter 11* (the “Supplement”), filed by the Debtors on September 10, 2018, or, if not defined therein, in the Plan. Copies of the Supplement are available upon request from the Debtors' counsel.

BANKRUPTCIES

NOTICE OF DEADLINES TO FILE CERTAIN CLAIMS AGAINST THE DEBTOR SARAR USA, INC.[1],
UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY
Case No. 18--24538 (JKS)
BY ORDER OF THE UNITED STATES BANKRUPTCY COURT:

PLEASE TAKE NOTICE that on July 20, 2018 (the “**Petition Date**”), Sarar USA, Inc. (the “**Debtor**”) filed a bankruptcy petition under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the District of New Jersey (the “**Bankruptcy Court**”), thereby commencing its chapter 11 case (the “**Chapter 11 Case**”). You may hold claims against or equity interests in the Debtor. This notice lists important deadlines. You may want to consult an attorney to protect your rights. You will not receive notice of all documents filed in the Chapter 11 Case.

FILING CLAIMS AGAINST THE DEBTOR. The Bankruptcy Court has entered an order (the “**Bar Date Order**”) pursuant to Rule 3003(c) of the Federal Rules of Bankruptcy Procedure fixing (a) **October 16, 2018 at 4:00 p.m. prevailing Eastern Time** (the “**General Bar Date**”), as the deadline for each person or entity (other than governmental units, as defined in section 101(27) of the Bankruptcy Code) to file proofs of claim for prepetition claims against the Debtor; and (b) **November 20, 2018 at 4:00 p.m. prevailing Eastern Time**, as the deadline for governmental units to file proofs of claim against the Debtor's estate (the “**Government Bar Date**” and, together with the General Bar Date, the “**Bar Dates**,” and each a “**Bar Date**”). Set forth below is a summary of the Bar Date Order. The Bar Date Order is available at https://cases.primeclerk.com/sarar/.

1. SPECIAL CLAIMS TO WHICH THE BAR DATES MAY NOT APPLY. For claims arising from the rejection of executory contracts or unexpired leases pursuant to section 365 of the Bankruptcy Code, unless otherwise ordered by the Bankruptcy Court, the last day to file a proof of claim is the later of either (i) the Bar Date or (ii) the first business day that is at least thirty (30) calendar days after service of an order authorizing the rejection.

For claims arising from recovery by the Debtor of estate property transferred to you by the Debtor prior to the Petition Date, as a voidable transfer, the last day to file a proof of claim is the later of either (i) the applicable Bar Date or (ii) the first business day that is at least thirty (30) calendar days after the mailing of the notice of entry of an order or judgment avoiding a transfer.

The Bar Date Order does not establish any deadline for requests for the payment of claims arising under sections 364, 503 (with the exception of claims pursuant to section 503(b)(9) of the Bankruptcy Code (“**503(b)(9) Claims**”), which must be filed by the applicable Bar Date), 507(a)(2) or 507(b) of the Bankruptcy Code that arose, accrued or will otherwise become due and payable after the Petition Date (the “**Administrative Expense Claims**”).

Unless otherwise ordered by the Bankruptcy Court, proofs of claim and requests for payment of Administrative Expense Claims need not be filed on or before the Bar Dates in respect of the following claims: (a) any claims that have already been properly paid by the Debtor; (b) any claims that (i) are listed on the Schedules, (ii) are not listed as “disputed”, “contingent” or “unliquidated” on the Schedules, (iii) the holder of which does not dispute the amount, nature or priority of the claim as set forth in the Schedules and (iv) the holder of which does not dispute that the claim is an obligation of the Debtor; (c) any claims that have been allowed by an order of the Court entered on or before the applicable Bar Date; (d) Administrative Expense Claims; (e) any administrative expense claim held by the Office of the United States Trustee under section 1930(a)(6) of title 28, United States Code; (f) any claim by a professional person whose retention in the Chapter 11 Case has been approved by the Court to the extent that the claim is for post-petition fees and expenses of the professional person; and (g) any claim of co-debtors, sureties or guarantors under section 501(b) of the Bankruptcy Code and Bankruptcy Rule 3005(a).

2. CLAIM AMENDMENTS, AMENDMENTS TO SCHEDULES AND CLAIM TRANSFERS. Following notice of any amendment to the Schedules reducing the amount of a scheduled claim, or that reclassifies a scheduled, undisputed, liquidated or non-contingent claim as disputed, unliquidated or contingent, any creditor so affected shall have until the later of either (i) the applicable Bar Date or (ii) thirty (30) days after the mailing of notice of the amendment, to file a proof of claim; provided, however, that following the applicable Bar Date, proofs of claim filed as a result of amendments to the Schedules shall be limited in amount to the amount previously scheduled by the Debtor, unless the creditor has otherwise timely filed a proof of claim. No extension of time is granted if the Debtor's amendment to its Schedules increases the claim deemed filed under section 1111(a) of the Bankruptcy Code. Amendments to the Schedules regarding creditors who previously have filed proofs of claim shall not affect any proof of claim already on file or extend the deadline for filing proofs of claim. Nothing set forth herein shall be deemed to preclude the Debtor or any other party in interest from objecting to any claim, whether scheduled or filed, on any grounds.

If a timely filed claim is transferred, the transferee must (i) file a notice of transfer of the claim with Prime Clerk, in accordance with Bankruptcy Rule 3001(e), by forwarding such notice to Prime Clerk: Sarar USA, Inc. Claims Processing Center c/o Prime Clerk LLC, 850 3rd Avenue, Suite 412, Brooklyn, New York 11232; (ii) file such notice of transfer with the Bankruptcy Court for the District of New Jersey and (iii) serve a copy of the notice of transfer on (a) counsel for the Debtors: Perkins Coie LLP, Attn: Jeffrey D. Vanacore, Esq., 30 Rockefeller Plaza, 22nd Floor, New York, New York 10112-0085 and (b) proposed counsel for the Official Committee of Unsecured Creditors: Kelley Drye & Warren LLP, Attn: James S. Carr, Esq. and Kristin S. Elliott, Esq., 101 Park Avenue, New York, New York 10178.

3. PROOF OF CLAIM FORM. Proof of claim forms are available at https://cases.primeclerk.com/sarar/ or by contacting the Debtor's claims and noticing balloting agent, Prime Clerk, at the following address: Sarar USA, Inc. Claims Processing Center c/o Prime Clerk LLC, 850 3rd Avenue, Suite 412, Brooklyn, New York 11232 or (844) 384-4490. Note that you may file your proof of claim electronically by going to https://cases.primeclerk.com/sarar/ (and clicking “Submit a Claim”).

4. CONSEQUENCES FOR FAILURE TO TIMELY FILE A PROOF OF CLAIM. **UNLESS OTHERWISE PROVIDED BY THE BAR DATE ORDER, ANY PERSON OR ENTITY WHO WISHES TO ASSERT A CLAIM AGAINST THE DEBTOR MUST PROPERLY FILE A PROOF OF CLAIM ON OR BEFORE THE APPLICABLE BAR DATE.**

ANY PROOF OF CLAIM FILED AFTER THE APPLICABLE BAR DATE OR OTHER APPLICABLE DEADLINE (A) IS SUBJECT TO DISALLOWANCE AND (B) ANY PERSON OR ENTITY THAT IS REQUIRED BY THE BAR DATE ORDER TO FILE A PROOF OF CLAIM AND FAILS TO DO SO BY THE APPLICABLE BAR DATE, EXCEPT BY FURTHER ORDER OF THE BANKRUPTCY COURT, SHALL NOT BE TREATED AS A CREDITOR FOR PURPOSES OF VOTING OR DISTRIBUTIONS.

5. WHEN AND WHERE TO FILE. **EXCEPT AS OTHERWISE STATED HEREIN, PROOFS OF CLAIM FOR EACH PERSON OR ENTITY (OTHER THAN GOVERNMENTAL UNITS AS DEFINED IN SECTION 101(27) OF THE BANKRUPTCY CODE) MUST BE FILED SO THAT THEY ARE ACTUALLY RECEIVED BY THE CLAIMS AND NOTICING AGENT APPOINTED BY THE BANKRUPTCY COURT, PRIME CLERK, ON OR BEFORE THE GENERAL BAR DATE, OCTOBER 16, 2018 AT 4:00 P.M. PREVAILING EASTERN TIME, AND PROOFS OF CLAIM FOR GOVERNMENTAL UNITS MUST BE FILED SO THAT THEY ARE ACTUALLY RECEIVED BY THE CLAIMS AND NOTICING AGENT APPOINTED BY THE COURT, PRIME CLERK, ON OR BEFORE THE GOVERNMENT BAR DATE, NOVEMBER 20, 2018 AT 4:00 P.M. PREVAILING EASTERN TIME.**

PROOFS OF CLAIM MAY BE FILED (I) THROUGH THE ELECTRONIC CLAIM SYSTEM LOCATED AT HTTPS://CASES.PRIMECLERK.COM/SARAR/ (BY CLICKING “SUBMIT A CLAIM”), OR (II) BY MAILING (VIA OVERNIGHT MAIL OR FIRST CLASS UNITED STATES MAIL, POSTAGE PREPAID) OR DELIVERING THE PROOF OF CLAIM TO THE FOLLOWING ADDRESS: Sarar USA, Inc. Claims Processing Center c/o Prime Clerk LLC, 850 3rd Avenue, Suite 412, Brooklyn, New York 11232.

Proofs of claim sent by facsimile, telecopy or electronic mail transmission will not be accepted. Proofs of claim filed must be written in the English language and, pursuant to section 502(b) of the Bankruptcy Code, amounts due shall be stated in lawful currency of the United States as of the Petition Date. You should attach to your completed proof of claim form copies of any writings upon which your claim is based. Do not file your proof of claim with, or send copies of your proofs of claim to the Debtor or the Debtor's counsel. Pursuant to the Bar Date Order, proofs of claim not filed with (*i.e.*, actually received by) Prime Clerk by the applicable deadline shall be deemed not to be properly or timely filed, provided, however, that Proofs of Claim that have already been filed or are filed by the applicable Bar Date with the Clerk of the United States Bankruptcy Court for the District of New Jersey need not be re-filed and will be incorporated into the claims docket for this Chapter 11 Case by Prime Clerk.

This Notice is only a summary of the Bar Date Order. All claimants should refer to the Bar Date Order and to the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of New Jersey for additional information regarding the filing and treatment of proofs of claim and should consult with their own legal advisors regarding whether such claimant should file a proof of claim.

[1] The last four digits of the Debtor's federal tax identification number are 9788. The mailing address for the Debtor is 1585 US Highway 46, Little Falls, NJ 07424.

MARKETS DIGEST

EQUITIES

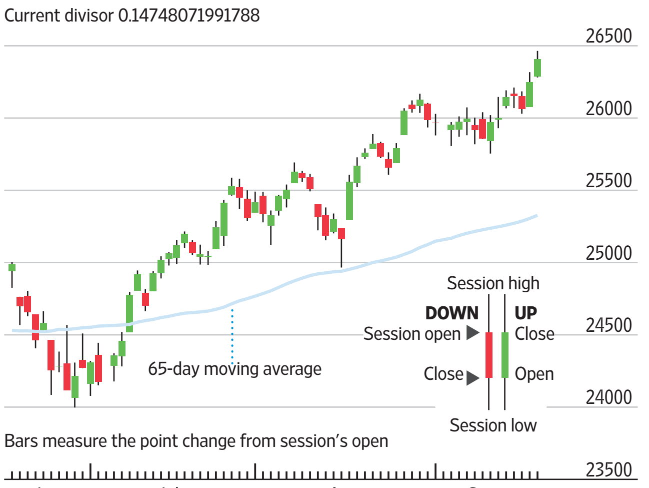
Dow Jones Industrial Average

26405.76 ▲158.80, or 0.61%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.87	20.51
P/E estimate *	16.89	18.80
Dividend yield	2.09	2.30
All-time high	26616.71, 01/26/18	

Current divisor 0.14748071991788



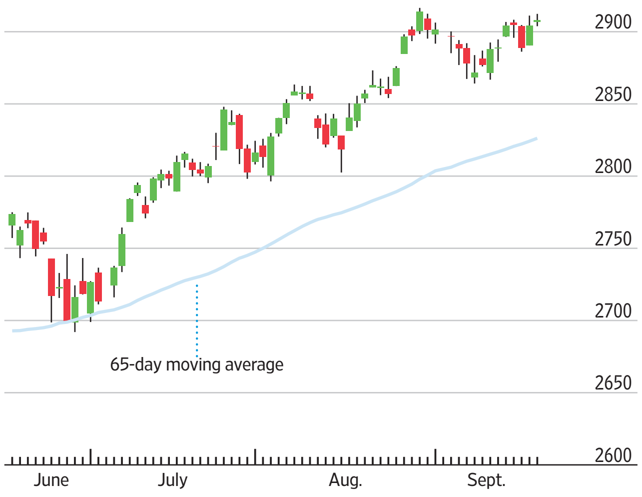
Bars measure the point change from session's open

S&P 500 Index

2907.95 ▲3.64, or 0.13%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.40	24.11
P/E estimate *	17.87	19.10
Dividend yield	1.81	1.99
All-time high	2914.04, 08/29/18	



Nasdaq Composite Index

7950.04 ▼6.07, or 0.08%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	26.15	26.03
P/E estimate *	21.55	21.67
Dividend yield	0.96	1.10
All-time high:	8109.69, 08/29/18	

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	Latest High	Latest Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	% chg YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	26464.41	26280.76	26405.76	158.80	0.61	26616.71	22284.32	17.8	6.8	17.2
Transportation Avg	11576.12	11485.19	11513.66	-1.28	-0.01	11570.84	9440.87	19.3	8.5	12.7
Utility Average	739.11	719.25	723.03	-15.36	-2.08	774.47	647.90	-1.2	-0.05	8.6
Total Stock Market	30217.54	30130.02	30152.58	8.28	0.03	30290.78	25876.47	16.1	9.0	13.7
Barron's 400	778.41	772.80	773.77	-2.23	-0.29	786.73	658.55	17.3	8.8	13.7
Nasdaq Stock Market										
Nasdaq Composite	7976.12	7917.73	7950.04	-6.07	-0.08	8109.69	6370.59	23.1	15.2	18.1
Nasdaq 100	7513.34	7441.56	7490.32	-4.08	-0.05	7660.18	5867.35	25.4	17.1	20.1
S&P										
500 Index	2912.36	2903.82	2907.95	3.64	0.13	2914.04	2496.66	15.9	8.8	14.1
MidCap 400	2045.80	2026.89	2030.26	-6.47	-0.32	2050.23	1762.83	14.9	6.8	12.8
SmallCap 600	1080.81	1069.45	1070.30	-7.70	-0.71	1098.36	868.96	23.1	14.3	16.8
Other Indexes										
Russell 2000	1717.09	1700.51	1702.93	-8.04	-0.47	1740.75	1444.18	17.8	10.9	13.5
NYSE Composite	13155.17	13103.60	13121.97	29.99	0.23	13637.02	12127.92	8.0	2.4	9.4
Value Line	589.24	585.54	586.02	-0.89	-0.15	593.57	528.00	10.7	4.2	8.6
NYSE Arca Biotech	5161.39	5117.24	5131.07	-0.45	-0.01	5342.46	4045.25	21.9	21.5	8.7
NYSE Arca Pharma	587.44	584.27	585.12	-2.19	-0.37	593.12	516.32	7.2	7.4	1.6
KBW Bank	109.59	107.19	109.22	2.09	1.95	116.52	96.64	13.0	2.4	16.3
PHLX§ Gold/Silver	67.36	65.85	66.69	1.29	1.97	92.08	61.92	-22.0	-21.8	11.1
PHLX§ Oil Service	145.01	141.59	143.82	2.66	1.88	170.18	127.61	5.5	-3.8	-5.3
PHLX§ Semiconductor	1377.24	1365.33	1371.68	2.82	0.21	1445.90	1126.40	19.4	9.5	31.0
Cboe Volatility	12.77	11.66	11.75	-1.04	-8.13	37.32	9.14	20.1	6.4	-19.2

§Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours Last	Net chg	% chg	High	Low
SPDR S&P 500	SPY	5,316.9	291.44	0.22	0.08	291.47	291.19
iShares MSCI Emg Markets	EEM	4,992.2	42.45	-0.11	-0.26	42.57	42.28
Realogy Holdings	RLGY	4,864.2	20.01	...	unch.	20.01	19.96
Bank of America	BAC	4,556.9	31.04	0.04	0.13	31.05	30.90
General Electric	GE	3,672.0	12.85	-0.01	-0.08	12.96	12.84
VanEck Vectors Gold Miner	GDX	3,392.8	18.72	-0.03	-0.16	18.79	18.72
Thomson Reuters	TRI	3,136.1	45.40	...	unch.	45.45	45.32
iShares China Large-Cap	FXI	3,019.6	42.51	-0.03	-0.07	42.59	42.51

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Herman Miller	MLHR	58.4	41.25	4.00	10.74	41.50	37.05
Lannett Co	LCI	94.6	5.10	0.25	5.15	5.20	4.85
Duke Realty	DRE	61.5	29.00	0.72	2.55	29.00	28.28
NIO ADR	NIO	240.8	8.70	0.20	2.35	8.76	8.40
arGEN-X ADR	ARGX	68.9	81.83	1.85	2.31	81.84	79.41

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Platform Specialty	PAH	468.0	12.00	-0.66	-5.21	12.66	12.00
Red Hat	RHT	677.3	136.00	-7.16	-5.00	144.12	131.10
Tilray	TLRY	1,112.2	206.05	-8.01	-3.74	261.35	173.50
Viking Therapeutics	VKTX	147.2	19.35	-0.30	-1.53	20.67	18.75
SPDR Portf Dev World xUS	SPDW	1,394.1	30.33	-0.37	-1.20	30.70	30.33

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	823,946,089	13,849,580
Adv. volume*	495,565,506	9,461,881
Decl. volume*	312,510,265	4,052,001
Issues traded	3,053	316
Advances	1,303	138
Declines	1,647	160
Unchanged	103	18
New highs	74	6
New lows	100	15
Closing tick	258	54
Closing Arms†	0.47	0.32
Block trades*	7,101	131

	Nasdaq	NYSE Arca
Total volume*	2,137,704,384	214,746,281
Adv. volume*	1,138,988,112	147,169,823
Decl. volume*	968,097,838	55,475,455
Issues traded	3,157	1,357
Advances	1,377	710
Declines	1,617	616
Unchanged	163	31
New highs	73	42
New lows	58	35
Closing tick	809	8
Closing Arms†	0.72	0.56
Block trades*	9,198	1,412

* Primary market NYSE, NYSE American NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	Latest % chg	YTD % chg
World	**The Global Dow**	3111.82	18.12	0.59	0.8
	DJ Global Index	403.13	1.32	0.33	1.5
	DJ Global ex U.S.	251.48	1.56	0.62	–5.7
Americas	**DJ Americas**	690.55	0.47	0.07	7.5
Brazil	**Sao Paulo Bovespa**	78168.66	–145.30	–0.19	2.3
Canada	**S&P/TSX Comp**	16149.92	–46.12	–0.28	–0.4
Mexico	**S&P/BMV IPC**	49590.79	–71.04	–0.14	0.5
Chile	**Santiago IPSA**	3960.97	...	Closed	–5.9
EMEA	**Stoxx Europe 600**	379.98	1.25	0.33	–2.4
Eurozone	**Euro Stoxx**	377.52	1.09	0.29	–2.1
Belgium	**Bel-20**	3732.05	1.18	0.03	–6.2
Denmark	**OMX Copenhagen**	897.49	–4.07	–0.45	–3.2
France	**CAC 40**	5393.74	29.95	0.56	1.5
Germany	**DAX**	12219.02	61.35	0.50	–5.4
Israel	**Tel Aviv**	1659.88	...	Closed	9.9
Italy	**FTSE MIB**	21280.78	52.55	0.25	–2.6
Netherlands	**AEX**	543.07	0.01	0.002	–0.3
Russia	**RTS Index**	1134.10	11.07	0.99	–1.8
South Africa	**FTSE/JSE All-Share**	56445.57	64.27	0.11	–5.1
Spain	**IBEX 35**	9486.30	38.80	0.41	–5.6
Sweden	**OMX Stockholm**	605.16	1.02	0.17	6.4
Switzerland	**Swiss Market**	8939.85	23.98	0.27	–4.7
Turkey	**BIST 100**	96603.75	1716.88	1.81	–16.2
U.K.	**FTSE 100**	7331.12	30.89	0.42	–4.6
U.K.	**FTSE 250**	20500.45	42.18	0.21	–1.1
Asia-Pacific					
Australia	**S&P/ASX 200**	6190.00	28.50	0.46	2.1
China	**Shanghai Composite**	2730.85	30.90	1.14	–17.4
Hong Kong	**Hang Seng**	27407.37	322.71	1.19	–8.4
India	**S&P BSE Sensex**	37121.22	–169.45	–0.45	9.0
Japan	**Nikkei Stock Avg**	23672.52	251.98	1.08	4.0
Singapore	**Straits Times**	3176.57	37.23	1.19	–6.7
South Korea	**Kospi**	2308.46	–0.52	–0.02	–6.4
Taiwan	**TAIEX**	10857.27	97.06	0.90	2.0
Thailand	**SET**	1749.80	5.38	0.31	–0.2

Sources: SIX Financial Information; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Altimmune	ALT	16.46	12.19	285.48	94.80	4.27	-78.3
New Age Beverages	NBEV	4.37	1.55	54.96	4.94	1.30	17.2
Molecular Templates	MTEM	6.25	2.15	52.44	13.25	4.00	-1.9
Tilray	TLRY	214.06	59.08	38.12	300.00	20.10	...
Tyme Technologies	TYME	2.68	0.43	19.11	8.30	2.01	-51.3
SAExploration Holdings	SAEX	7.08	1.10	18.39	73.80	5.40	-86.0
PolarityTE	PTE	20.12	2.91	16.91	41.22	15.21	-21.7
Empresa Distribuidora ADR	EDN	25.17	3.61	16.74	63.29	19.05	-32.5
Cool Holdings	AWSM	6.85	0.98	16.70	13.45	2.70	-25.0
BBVA Banco Frances ADR	BFR	11.09	1.49	15.52	27.45	7.11	-43.5
Jones Energy Cl A	JONE	4.98	0.66	15.28	44.17	4.04	-84.7
Microbot Medical	MBOT	6.60	0.85	14.78	22.80	5.47	-65.6
Huazhu Group ADR	HTHT	31.07	4.00	14.78	49.60	25.67	0.3
Intec Pharma	NTEC	4.35	0.55	14.47	9.80	3.55	-48.8
trivago ADR	TRVG	5.85	0.71	13.81	11.63	4.01	-46.3

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Realm Therapeutics ADR	RLM	5.00	-1.40	-21.88	13.00	3.34	...
X Financial ADR	XYF	11.97	-3.03	-20.20	20.30	9.50	...
Greenpro Capital	GRNQ	2.74	-0.44	-13.72	23.00	2.53	-57.8
Unity Biotechnology	UBX	17.05	-2.66	-13.50	24.56	12.75	...
Copart	CPRT	55.58	-8.59	-13.39	67.08	33.30	64.1
Lifevantage	LFVN	10.59	-1.61	-13.20	13.29	3.20	147.4
Vaccinex	VCNX	8.75	-1.30	-12.94	12.00	8.56	...
Xenetic Biosciences	XBIO	2.10	-0.31	-12.86	8.95	1.37	-18.6
Energy XXI Gulf Coast	EGC	6.63	-0.97	-12.76	11.21	3.41	-35.3
Invitae	NVTA	16.12	-2.19	-11.96	18.38	4.35	80.9
Siebert Financial	SIEB	14.38	-1.94	-11.89	21.61	3.60	265.9
Dolphin Entertainment	DLPN	2.29	-0.30	-11.70	11.99	2.04	-46.1
Dunxin Finl ADR	DXF	4.74	-0.61	-11.40	7.10	3.60	9.7
iPic Entertainment	IPIC	6.05	-0.73	-10.82	17.00	5.91	...
TMSR Holding	TMSR	2.25	-0.27	-10.80	10.32	2.05	-55.9

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Cronos Group	CRON	128,446	891.1	12.69	9.78	15.30	1.70
Advanced Micro Devices	AMD	122,557	22.6	31.21	-2.25	34.14	9.04
Bank of America	BAC	88,064	59.8	31.00	2.62	33.05	24.58
New Age Beverages	NBEV	86,082	4186.6	4.37	54.96	4.94	1.30
Finl Select Sector SPDR	XLF	74,390	48.5	28.73	1.70	30.33	25.15
General Electric	GE	58,241	-0.7	12.86	1.58	25.21	11.94
iShares MSCI Emg Markets	EEM	50,900	-27.3	42.56	1.38	52.08	40.63
Helios Matheson Analy	HMNY	49,650	-32.7	0.01	4.84	9714.38	0.01
NIO ADR	NIO	47,991	-51.6	8.50	10.68	13.80	5.35
VanEck Vectors Gold Miner	GDX	46,731	13.4	18.75	1.74	24.86	17.28

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Inspire Corp Bd Impact	IBD	453	5863	24.46	-0.16	28.29	23.80
John Hancock Multi Finls	JHMF	264	5046	38.33	1.31	39.70	33.39
John Hancock Mult Dev	JHMD	348	3749	29.33	0.10	32.58	28.20
John Hancock Multi Tech	JHMT	218	3273	47.09	-0.37	48.43	37.40
arGEN-X ADR	ARGX	2,317	1941	79.98	-8.38	103.00	21.25
GS ActiveBeta Europe	GSEU	142	1437	30.72	0.03	33.94	29.73
Bison Capital Acquisition	BCAC	81	1418	10.25	-0.49	10.50	9.67
Invsc California AMT-Free	PWZ	449	1287	25.57	0.08	26.44	25.41
ETRACS Monthly Pay 2xLev	MRRL	354	1226	15.59	-1.31	19.15	11.51
G1 Therapeutics	GTHX	3,210	1141	60.00	-4.67	69.57	18.04

* Common stocks priced at $2 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0254	39.3040	111.3
Brazil real	.2425	4.1244	24.5
Canada dollar	.7740	1.2921	2.8
Chile peso	.001471	679.80	10.4
Ecuador US dollar	1	1	unch
Mexico peso	.0533	18.7727	–4.6
Uruguay peso	.03015	33.1700	15.2
Venezuela b. fuerte	.000004	248519.9501	2402951.2
Asia-Pacific			
Australian dollar	.7262	1.3770	7.5
China yuan	.1460	6.8498	5.3
Hong Kong dollar	.1275	7.8453	0.4
India rupee	.01389	71.995	12.7
Indonesia rupiah	.0000673	14850	10.1
Japan yen	.008907	112.28	–0.4
Kazakhstan tenge	.002723	367.28	10.4
Macau pataca	.1238	8.0792	0.4
Malaysia ringgit	.2418	4.1357	1.8
New Zealand dollar	.6617	1.5113	7.2
Pakistan rupee	.00810	123.515	11.6
Philippines peso	.0186	53.897	7.9
Singapore dollar	.7304	1.3691	2.4
South Korea won	.0008937	1118.95	4.9
Sri Lanka rupee	.0059834	167.13	8.9
Taiwan dollar	.03253	30.737	3.6
Thailand baht	.03085	32.410	–0.6
Vietnam dong	.00004290	23308	2.6

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Europe			
Czech Rep. koruna	.04576	21.855	2.7
Denmark krone	.1564	6.3919	3.0
Euro area euro	1.1673	.8567	2.8
Hungary forint	.003612	276.82	6.9
Iceland krona	.009048	110.52	6.7
Norway krone	.1227	8.1518	–0.7
Poland zloty	.2723	3.6721	5.6
Russia ruble	.01499	66.710	15.7
Sweden krona	.1127	8.8728	8.4
Switzerland franc	1.0340	.9671	–0.7
Turkey lira	.1600	6.2501	64.7
Ukraine hryvnia	.0356	28.1040	–0.1
UK pound	1.3143	.7609	2.8
Middle East/Africa			
Bahrain dinar	2.6522	.3770	–0.02
Egypt pound	.0559	17.9025	0.7
Israel shekel	.2788	3.5866	3.1
Kuwait dinar	3.3010	.3029	0.5
Oman sul rial	2.5974	.3850	0.01
Qatar rial	.2746	3.642	–0.2
Saudi Arabia riyal	.2666	3.7504	unch
South Africa rand	.0683	14.6403	18.4

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	89.23	–0.18	–0.20	3.79

Sources: Tullett Prebon, Dow Jones Market Data

Commodities

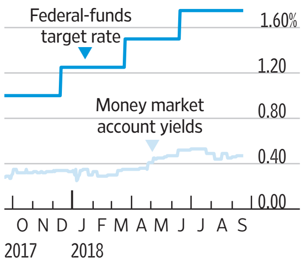
	Close	Wednesday Net chg	Wednesday % Chg	52-Week High	52-Week Low	52-Week % Chg	YTD % chg
DJ Commodity	611.57	4.76	0.78	667.35	579.76	3.51	-2.21
TR/CC CRB Index	191.77	1.21	0.63	206.38	180.90	3.86	-1.08
Crude oil, $ per barrel	71.12	1.27	1.82	74.15	49.29	41.08	17.71
Natural gas, $/MMBtu	2.908	-0.025	-0.85	3.63	2.55	-6.01	-1.52
Gold, $ per troy oz.	1202.20	5.40	0.45	1362.40	1176.20	-8.37	-7.97

CREDIT MARKETS

Consumer Rates & Returns to Investor as of 9/17/18

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Money market accounts

Bankrate.com avg†:	0.47%
American Express National Bank	1.80%
New York, NY	866-215-8754
DollarSavingsDirect	1.80%
New York, NY	866-395-8693
TIAA Bank	1.80%
Jacksonville, FL	866-242-1924
Capital One 360	1.85%
Glen Allen, VA	877-464-0333
Goldman Sachs Bank USA	1.85%
New York, NY	855-730-7283

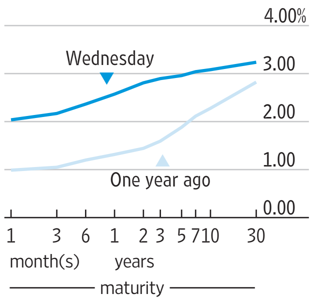
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.75-2.00	1.75-2.00	1.00	1.75	1.75
Prime rate*	5.00	5.00	4.25	5.00	1.75
Libor, 3-month	2.35	2.33	1.32	2.37	2.03
Money market, annual yield	0.47	0.47	0.25	0.53	0.17
Five-year CD, annual yield	1.87	1.86	1.43	1.87	0.43
30-year mortgage, fixed†	4.76	4.62	3.84	4.76	0.84
15-year mortgage, fixed†	4.10	4.06	3.09	4.14	1.00
Jumbo mortgages, $424,100-plus†	5.12	4.83	4.21	5.12	0.60
Five-year adj mortgage (ARM)†	4.66	4.46	3.33	4.78	1.26
New-car loan, 48-month	4.43	4.43	2.99	4.52	1.26

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. **As of 09/19.18. † Excludes closing costs.

Sources: SIX Financial Information; Dow Jones Market Data; Bankrate.com

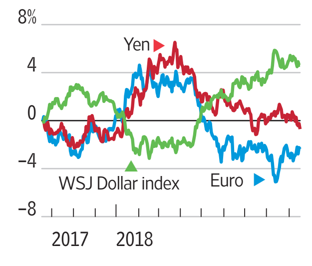
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1426.779	3.003	2.903	3.003	1.976	–2.492	0.224
10-yr Treasury, Ryan ALM	1662.279	3.081	2.963	3.109	2.220	–4.488	–0.747
DJ Corporate	372.390	4.184	4.125	4.184	2.953	–1.573	2.745
Aggregate, Barclays Capital	1906.700	3.480	3.400	3.480	2.500	–1.693	1.233
High Yield 100, Merrill Lynch	2930.369	5.851	5.931	6.319	4.977	2.697	5.714
Fixed-Rate MBS, Barclays	1960.320	3.600	3.520	3.600	2.760	–1.352	0.893
Muni Master, Merrill	519.727	2.675	2.591	2.675	1.834	–0.471	1.993
EMBI Global, J.P. Morgan	768.595	6.864	6.948	7.003	5.398	–4.358	4.312

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

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:
▲-New 52-week high.
▼-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-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.

Wednesday, Sept. 19, 2018

Stock	Sym	Close	Net Chg
A B C			
ABB	ABB	24.10	0.09
ADT	ADT	8.37	-0.22
AES	AES	13.59	-0.16
▲ Aflac	AFL	47.68	0.42
AGNC Invt	AGNC	18.71	-0.06
BarrickGold	ABX	10.60	0.12
BauschHealth	BHC	24.07	0.26
BaxterIntl	BAX	77.64	0.40
BectonDicknsn	BDX	260.04	0.29
BeiGene	BGNE	163.50	2.75
Berkley	WRB	78.24	-0.75
▲ BerkHathwy A	BRK.A	332000	4564.00
▲ BerkHathwy B	BRK.B	220.95	2.65
BerryGlobal	BERY	50.21	-0.61
Cooper	COO	265.34	0.58
Copart	**CPRT**	**55.58**	**-8.59**
Corning	GLW	35.25	-0.02
CoStar	CSGP	415.19	-9.81
Costco	COST	233.85	-0.50
Coty	COTY	12.66	0.14
Credicorp	BAP	220.50	3.77
CreditAcceptance	CACC	440.28	2.46
CreditSuisse	CS	15.40	0.31

Stock	Sym	Close	Net Chg
SLGreenRealty	SLG	98.57	-2.45
SS&C Tech	SSNC	55.11	-0.90
SVB Fin	SIVB	319.22	2.50
Sabre	SABR	25.68	-0.27
SageTherap	SAGE	144.83	-2.13
Salesforce.com	CRM	152.90	-3.10
Sanofi	SNY	43.90	-0.06
SantanderCons	SC	21.32	0.09
SareptaTherap	SRPT	151.95	-1.63
Sasol	SSL	37.73	0.62
TevaPharm	TEVA	24.64	0.18
TexasInstruments	TXN	107.37	2.46
TexasPacLand	TPL	836.00	3.81
▲ Textron	TXT	71.72	0.16
ThermoFisherSci	TMO	241.06	1.96
ThomsonReuters	TRI	45.40	-0.22
3M	MMM	213.12	1.59
Tiffany	TIF	124.73	0.16
▲ **Tilray**	**TLRY**	**214.06**	**59.08**
Torchmark	TMK	87.17	1.20
UnionPacific	UNP	162.80	-0.90
UnitedContinental	UAL	89.35	-0.76
UnitedMicro	UMC	2.50	0.03
UPS B	UPS	118.25	0.01
UnitedRentals	URI	168.96	1.91
US Bancorp	USB	54.92	0.77
▲ UnitedTech	UTX	140.50	0.92
UnitedHealth	UNH	265.33	2.04
UniversalHealthB	UHS	126.15	-1.62
UnumGroup	UNM	39.15	0.66
WPX Energy	WPX	18.59	0.20
Wabtec	WAB	105.37	-0.01
WalgreensBoots	WBA	71.28	0.40
Walmart	WMT	95.24	-0.19
WasteConnections	WCN	79.23	-0.97
WasteMgt	WM	91.21	-1.30
Waters	WAT	196.67	0.94
Watsco	WSO	179.81	-2.98
Wayfair	W	139.03	-4.23
Weibo	**WB**	**75.91**	**3.86**
YumChina	YUMC	34.81	1.14
ZTO Express	ZTO	17.99	0.81
ZayoGroup	ZAYO	35.18	-0.21
ZebraTech	ZBRA	172.70	-3.56
Zendesk	ZEN	67.23	-1.28
Zillow C	Z	44.11	-0.53
Zillow A	ZG	43.81	-0.41
ZimmerBiomet	ZBH	129.84	-0.61
ZionsBancorp	ZION	52.08	0.57
Zoetis	ZTS	89.08	-0.10

Dividend Changes

Dividend announcements from September 19.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
Boston Properties	BXP	3.1	.95 /.80	Q	Oct31 /Sep28
Cross Timbers Royalty Tr	CRT	10.1	.1247 /.10769	M	Oct15 /Sep28
JPMorgan Chase	JPM	2.7	.80 /.56	Q	Oct31 /Oct05
Microsoft	MSFT	1.6	.46 /.42	Q	Dec13 /Nov15
Permian Basin Royalty Tr	PBT	7.9	.0548 /.03914	M	Oct15 /Sep28
PermRock Royalty Trust	PRT	12.3	.1312 /.09256	M	Oct15 /Sep28
US Bancorp	USB	2.7	.37 /.30	Q	Oct15 /Sep28
US Bancorp Pfd. A	USBpA	3.9	8.9444 /8.84722	Q	Oct15 /Sep28
US Bancorp Pfd. B	USBpH	4.0	.2236 /.22118	Q	Oct15 /Sep28
Initial					
Bk of Amer 5.875% Pfd. HH	BACpK		.36719		Oct24 /Oct01
US Bancorp Pfd. K	USBpP		.23299		Oct15 /Sep28
Stocks					
TJX Cos	TJX		2:1		Nov06 /Nov07
Foreign					
Enerplus	ERF	0.8	.00769	M	Oct15 /Sep28
Front Yard Residential	RESI	5.4	.15	Q	Oct12 /Sep28
Global Indemnity	GBLI	2.8	.25	Q	Oct01 /Sep27
Granite REIT	GRP.U	4.8	.17458	M	Sep27 /Sep28
Grupo Aval Acciones ADR	AVAL	4.1	.0265		Oct09 /Sep28
Grupo Aval Acciones ADR	AVAL	4.1	.0265		Nov09 /Oct31
Grupo Aval Acciones ADR	AVAL	4.1	.0265		Dec11 /Nov30
Grupo Aval Acciones ADR	AVAL	4.1	.0265		Jan10 /Dec31
Grupo Aval Acciones ADR	AVAL	4.1	.0265		Feb11 /Jan31
Grupo Aval Acciones ADR	AVAL	4.1	.0265		Mar11 /Feb28
Suspended					
San Juan Basin Royalty Tr	SJT			M	Oct15 /

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

September 19, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Aug. index level	Chg From (%) July '18	Aug. '17
U.S. consumer price index			
All items	252.146	0.06	2.7
Core	258.012	0.06	2.2

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	5.00	5.00	5.00	4.25
Canada	3.70	3.70	3.70	3.20
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.75	0.75	0.75	0.25
Australia	1.50	1.50	1.50	1.50
Overnight repurchase				
U.S.	2.01	2.02	2.18	1.02

U.S. government rates

	Latest	Week ago	52-Week High	52-Week Low
Discount	2.50	2.50	2.50	1.75
Federal funds				
Effective rate	1.9600	1.9400	1.9600	1.0700
High	2.0625	2.1500	2.2000	1.3125
Low	1.8500	1.8000	1.9100	1.0000
Bid	1.9200	1.9100	1.9200	1.0600
Offer	1.9400	1.9300	2.1500	1.0700

	Latest	Week ago	52-Week High	52-Week Low
Treasury bill auction				
4 weeks	2.020	1.975	2.020	0.960
13 weeks	2.125	2.110	2.125	1.045
26 weeks	2.290	2.265	2.290	1.170
Secondary market				
Fannie Mae 30-year mortgage yields				
30 days	4.346	4.275	4.346	3.383
60 days	4.371	4.297	4.371	3.412

Other short-term rates

	Latest	Week ago	52-Week high	52-Week low
Call money	3.75	3.75	3.75	3.00
Commercial paper (AA financial)				
90 days	2.22	2.21	2.31	1.14
Libor				
One month	2.18244	2.13444	2.18244	1.23222
Three month	2.35338	2.33150	2.36906	1.32306
Six month	2.57175	2.56063	2.57175	1.48000
One year	2.88713	2.86456	2.88713	1.74733
Euro Libor				
One month	-0.407	-0.401	-0.390	-0.420
Three month	-0.352	-0.356	-0.349	-0.389
Six month	-0.315	-0.319	-0.304	-0.339
One year	-0.218	-0.220	-0.210	-0.263
Euro interbank offered rate (Euribor)				
One month	-0.371	-0.371	-0.366	-0.373
Three month	-0.318	-0.319	-0.318	-0.331
Six month	-0.267	-0.269	-0.265	-0.279
One year	-0.167	-0.166	-0.165	-0.194

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	1.981	29.750	2.233	1.022
MBS	1.978	69.650	2.321	1.038

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Sep	97.945	unch.	2174	2.055
Treasury Oct	97.745	-0.005	1030	2.255
Treasury Nov	97.730	-0.005	518	2.270

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 14, 2018. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective June 14, 2018. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca and NYSE American and Nasdaq Stock Market stocks that hit a new 52-week high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Wednesday, September 19, 2018

Stock	Sym	52-Wk Hi/Lo	% Chg
Progressive	PGR	70.61	0.3
QuakerChemical	KWR	197.90	0.1
RadiantLogistics	RLGT	5.65	4.3
Reed's	REED	3.55	6.3
Rexnord	RXN	31.61	1.4
RosettaStone	RST	18.30	1.2
Rowan	RDC	17.54	3.1
SempraEnPfdB	SREpB	108.00	-0.8
Semtech	SMTC	60.55	-0.3
ServiceCorp	SCI	43.32	0.3
US12moOilFd	USL	26.10	1.2
UnitedTech	UTX	140.87	0.7
Visa	V	148.82	-0.1
VectoIQAcqnUn	VTIQU	10.20	1.6
ViperEnergyPtrs	VNOM	42.00	2.5
VoceraComm	VCRA	35.27	4.6
WW Ent	WWE	90.77	-1.7
XFinancial	XYF	20.30	-20.2
Xylem	XYL	82.44	-0.6
Lows			
ChinaFinance	JRJC	1.65	...
ChinaLending	CLDC	0.81	-3.8
ChinaYuchai	CYD	17.43	-3.6
CitigroupWt19	C.WS.A	0.00	30.0
Cohbar	CWBR	4.06	-2.8
CorePoint	CPLG	20.01	0.4
CytRx	CYTR	1.00	-2.8
Deluxe	DLX	55.54	-1.0
Determine	DTRM	0.72	-2.6
DolphinEnt	DLPN	2.04	-11.7
InspireMD	NSPR	0.16	-4.4
iStarPfdI	STARpI	24.22	-0.8
JerashHldgs	JRSH	5.13	-6.6
HancockHdgEquity	HEQ	15.50	-0.1
JustEnergyPfdA	JEpA	21.06	0.1
KeyCorpPfdF	KEYpJ	24.35	-0.5
KingoldJewelry	KGJI	1.01	-5.2
KoreaElcPwr	KEP	12.78	-2.8
LadenburgNts27	LTSL	22.81	-0.9
LadenburgThalmann	LTS	2.32	-4.4
PublicStoragePfA	PSApA	25.30	-0.7
Puxin	NEW	7.53	-9.3
RELX	RELX	19.75	-2.0
RE/MAX	RMAX	43.15	-1.9
Rambus	RMBS	11.04	-0.3
Realogy	RLGY	19.57	-3.2
RenaissancePfdF	RNRpF	24.80	-0.4
RepublicFirstBncp	FRBK	7.08	1.4
ReShapeLifesci	RSLS	0.04	-9.9
SPIEnergy	SPI	0.26	-5.4
SSLJ.com	SSLJ	0.56	-0.8

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

Wednesday, September 19, 2018

COMMODITIES

Futures Contracts

Metal & Petroleum Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Sept	2.7225	2.7230		2.7065	**2.7100**	–0.0020	1,983
Dec	2.7360	2.7535		2.7170	**2.7295**	–0.0010	140,524
Gold (CMX)-100 troy oz.; $ per troy oz.							
Oct	1198.40	1206.40		1198.30	**1203.90**	5.40	33,374
Dec	1202.80	1211.00		1202.20	**1208.30**	5.40	361,803
Feb'19	1208.50	1216.10		1208.50	**1214.00**	5.40	41,467
June	1225.90	1225.90		1223.20	**1225.70**	5.60	12,191
Aug	1230.10	1231.10		1230.10	**1231.60**	5.60	2,167
Dec	1240.00	1246.30		1240.00	**1244.10**	5.80	5,006
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
Sept	1038.10	1044.10		1038.10	**1053.40**	26.00	25
Dec	1003.90	1033.40		1003.70	**1030.80**	26.00	17,441
March'19	999.50	1025.20	▲	999.50	**1023.70**	26.00	716
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Oct	813.50	827.80		812.60	**821.90**	7.00	54,992
Jan'19	816.30	829.30		814.30	**823.70**	7.20	32,577
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Sept	14.210	14.215		14.210	**14.189**	0.105	1,018
Dec	14.185	14.375		14.175	**14.280**	0.095	175,741
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
Oct	69.80	71.50		69.65	**71.12**	1.27	70,808
Nov	69.53	71.07		69.36	**70.77**	1.18	412,460
Dec	69.37	70.79	▲	69.17	**70.52**	1.07	301,587
Jan'19	69.20	70.54	▲	68.99	**70.28**	0.98	167,184
June	68.19	69.25	▲	67.94	**69.02**	0.72	171,451
Dec	66.58	67.36	▲	66.22	**67.14**	0.52	236,426
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
Oct	2.2322	2.2517		2.2177	**2.2466**	.0109	86,062
Nov	2.2358	2.2553		2.2209	**2.2500**	.0111	97,677
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
Oct	2.0072	2.0255		1.9978	**2.0207**	.0158	62,304
Nov	1.9943	2.0132		1.9849	**2.0085**	.0158	166,324
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
Oct	2.926	2.948		2.898	**2.908**	–.025	88,143
Nov	2.892	2.908		2.872	**2.882**	–.014	286,507
Dec	2.955	2.974		2.944	**2.951**	–.010	170,148
Jan'19	3.045	3.063		3.031	**3.041**	–.009	191,833
March	2.893	2.899		2.876	**2.883**	–.010	210,963
April	2.613	2.616		2.590	**2.604**	–.010	163,085

Agriculture Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
Dec	343.00	346.75		343.00	**345.75**	2.50	967,939
March'19	355.50	359.25		355.25	**358.00**	2.50	316,344
Oats (CBT)-5,000 bu.; cents per bu.							
Dec	248.25	255.25		245.50	**249.25**	3.50	3,446
March'19	253.50	258.50		250.00	**253.75**	3.50	517
Soybeans (CBT)-5,000 bu.; cents per bu.							
Nov	813.75	831.75		813.25	**830.00**	16.00	445,389
Jan'19	827.25	845.75		827.25	**843.75**	15.75	128,178
Soybean Meal (CBT)-100 tons; $ per ton.							
Oct	300.90	307.10		300.90	**306.40**	5.90	46,791
Dec	303.80	310.00		303.80	**309.20**	5.90	221,752
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
Oct	27.17	27.28	▼	26.88	**27.25**	.13	47,448
Dec	27.40	27.54	▼	27.13	**27.50**	.13	275,766
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
Nov	1008.50	1009.00	▼	967.00	**979.50**	–25.00	6,686
March'19	1030.00	1030.00	▼	1000.00	**1010.00**	–23.50	508
Wheat (CBT)-5,000 bu.; cents per bu.							
Dec	511.00	523.25		510.50	**522.50**	12.00	228,156
March'19	530.00	541.75		529.75	**540.25**	11.25	109,901
Wheat (KC)-5,000 bu.; cents per bu.							
Dec	516.75	527.50		516.00	**526.25**	10.25	156,174
March'19	538.75	551.00		538.75	**549.75**	12.00	60,475
Wheat (MPLS)-5,000 bu.; cents per bu.							
Dec	579.50	588.50		579.50	**588.00**	7.75	33,577
March'19	594.75	601.50		594.75	**601.25**	6.50	13,428
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
Sept	156.000	156.025		155.075	**155.525**	–.300	2,349
Nov	157.800	158.625		157.275	**157.725**	–.100	18,128
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Oct	113.025	113.425		112.800	**113.100**	–.125	56,177
Dec	117.750	118.275		117.475	**117.975**	...	110,091
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Oct	59.775	60.400		59.125	**60.000**	.825	36,895
Dec	58.250	58.450		56.525	**57.900**	–.075	98,197
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
Nov	349.60	352.10	▼	341.80	**347.20**	–.90	2,791
Jan'19	344.10	348.00	▼	338.40	**343.50**	.60	675
Milk (CME)-200,000 lbs., cents per lb.							
Sept			▲			...	
Oct'18	16.05	16.15		16.01	**16.11**	.05	4,483
Cocoa (ICE-US)-10 metric tons; $ per ton.							
Dec	2,254	2,276		2,186	**2,195**	–47	110,828
March'19	2,276	2,290		2,208	**2,217**	–41	64,304
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
Sept			▲			...	
Dec	96.05	97.20		95.20	**96.70**	.85	183,487
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
Oct	10.54	10.89		10.53	**10.76**	.24	96,637
March'19	11.52	11.80		11.51	**11.64**	.14	430,388
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
Nov	25.40	25.40		25.40	**25.45**	...	1,954
Jan'19	25.50	25.50		25.50	**25.46**	–.05	1,944
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
Oct	79.39	80.07		79.30	**79.63**	.48	146
Dec	78.35	79.33		77.90	**78.72**	.20	142,972
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
Nov	146.75	148.95		145.00	**146.60**	–.20	10,253
Jan'19	147.15	148.50		145.35	**146.85**	–.45	1,841

Interest Rate Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
Sept	141-110	141-110		140-220	**141-020**	–11.0	2,391
Dec	140-170	140-230		139-230	**139-290**	–23.0	855,007
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
Sept	118-305	119-000		118-245	**118-275**	–4.0	26,711
Dec	118-235	118-270		118-160	**118-180**	–7.5	3,959,515
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
Sept	112-222	112-240		112-210	**112-207**	–3.5	35,802
Dec	112-140	112-162		112-105	**112-117**	–3.5	4,394,189
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
Sept	105-172	105-180		105-167	**105-170**	–.5	17,195
Dec	105-110	105-117		105-100	**105-105**	–1.0	2,172,179
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Sept	98.048	98.050		98.045	**98.045**	...	113,276
Jan'19	97.630	97.630	▼	97.620	**97.625**	–.005	287,780
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
Dec	98.422	98.422	▼	98.281	**98.313**	–.313	31,419
1 Month Libor (CME)-$3,000,000; pts of 100%							
Oct	97.6900	97.6900	▼	97.6900	**97.7350**	...	60
Eurodollar (CME)-$1,000,000; pts of 100%							
Oct	97.5850	97.5875	▲	97.5625	**97.5650**	–.0175	259,462
Dec	97.3700	97.3750		97.3500	**97.3500**	–.0200	1,779,928
June'19	97.0100	97.0200	▼	97.0000	**97.0050**	–.0150	1,282,492
Dec	96.8450	96.8600	▼	96.8350	**96.8450**	–.0150	1,972,157

Currency Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Oct	.8919	.8930		.8915	**.8925**	.0008	1,849
Dec	.8958	.8974		.8950	**.8966**	.0009	196,822
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Oct	.7713	.7752		.7700	**.7747**	.0038	328
Dec	.7717	.7766		.7696	**.7755**	.0039	111,885
British Pound (CME)-£62,500; $ per £							
Oct	1.3161	1.3212		1.3116	**1.3160**	.0006	882
Dec	1.3200	1.3268		1.3149	**1.3197**	.0007	226,482
Swiss Franc (CME)-CHF 125,000; $ per CHF							
Dec	1.0453	1.0461		1.0390	**1.0422**	–.0023	53,949
March'19	1.0532	1.0558		1.0492	**1.0521**	–.0022	241
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Oct	.7222	.7275		.7216	**.7266**	.0051	1,512
Nov	.7229	.7269		.7229	**.7267**	.0051	488
Dec	.7224	.7278		.7215	**.7268**	.0051	160,511
March'19	.7239	.7283		.7231	**.7275**	.0051	312
Mexican Peso (CME)-MXN 500,000; $ per MXN							
Dec	.05244	.05278		.05239	**.05254**	.00002	200,192
Euro (CME)-€125,000; $ per €							
Oct	1.1702	1.1735		1.1680	**1.1697**	.0006	4,028
Dec	1.1753	1.1797		1.1731	**1.1755**	.0006	454,724

Index Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
Sept	26290	26477		26237	**26434**	160	38,849
Dec	26322	26504	▲	26265	**26462**	161	90,047
S&P 500 Index (CME)-$250 x index							
Sept	2906.50	2912.00		2906.50	**2909.90**	3.60	62,583
Dec	2913.30	2918.20	▲	2908.20	**2915.10**	3.30	18,951
Mini S&P 500 (CME)-$50 x index							
Sept	2907.75	2913.75	▲	2900.75	**2910.00**	3.50	967,172
Dec	2913.00	2918.75	▲	2905.75	**2915.00**	3.25	2,291,959
Mini S&P Midcap 400 (CME)-$100 x index							
Sept	2038.50	2047.80		2027.00	**2030.70**	–7.10	15,113
Dec	2046.20	2053.60		2032.40	**2036.60**	–7.10	79,327
Mini Nasdaq 100 (CME)-$20 x index							
Sept	7499.3	7517.3		7442.5	**7497.5**	2.3	105,572
Dec	7529.3	7546.0		7470.8	**7526.5**	2.0	202,124
Mini Russell 2000 (CME)-$50 x index							
Sept	1713.30	1719.10		1698.90	**1705.00**	–8.00	181,789
Dec	1718.20	1724.20		1703.30	**1709.50**	–8.60	463,588
Mini Russell 1000 (CME)-$50 x index							
Sept	1614.10	1615.30		1611.80	**1612.50**	.60	5,033
Dec	1617.30	1617.90		1614.00	**1615.70**	.60	8,679
U.S. Dollar Index (ICE-US)-$1,000 x index							
Dec	94.15	94.33		93.91	**94.12**	–.11	55,447
March'19	93.65	93.80		93.44	**93.60**	–.12	1,071

Source: SIX Financial Information

Cash Prices

Wednesday, September 19, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Wednesday
Energy	
Propane,tet,Mont Belvieu-g	1.0596
Butane,normal,Mont Belvieu-g	1.2486
NaturalGas,HenryHub-i	3.060
NaturalGas,TranscoZone3-i	2.980
NaturalGas,TranscoZone6NY-i	3.010
NaturalGas,PanhandleEast-i	1.890
NaturalGas,Opal-i	2.260
NaturalGas,MarcellusNE PA-i	2.640
NaturalGas,HaynesvilleN.LA-i	2.880
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	74.300
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	12.100
Metals	
Gold, per troy oz	
Engelhard industrial	1206.70
Engelhard fabricated	1297.20
Handy & Harman base	1203.30
Handy & Harman fabricated	1335.66
LBMA Gold Price AM	*1199.40
LBMA Gold Price PM	*1200.20
Krugerrand,wholesale-e	1246.44
Maple Leaf-e	1258.43
American Eagle-e	1258.43
Mexican peso-e	1453.03
Austria crown-e	1177.77
Austria phil-e	1258.43
Silver, troy oz.	
Engelhard industrial	14.2400
Engelhard fabricated	17.0880
Handy & Harman base	14.2810
Handy & Harman fabricated	17.8510
LBMA spot price	*£10.8100
(U.S.$ equivalent)	*14.2100
Coins,wholesale $1,000 face-a	10596
Other metals	
LBMA Platinum Price PM	*814.0
Platinum,Engelhard industrial	820.0
Platinum,Engelhard fabricated	920.0
Palladium,Engelhard industrial	1030.0
Palladium,Engelhard fabricated	1130.0
Aluminum, LME, $ per metric ton	*2012.0
Copper,Comex spot	2.7100
Iron Ore, 62% Fe CFR China-s	n.a.
Shredded Scrap, US Midwest-s,m	n.a.
Steel, HRC USA, FOB Midwest Mill-s	n.a.
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5700
Cotton,1 1/16 std lw-mdMphs-u	0.7747
Cotlook 'A' Index-t	*90.80
Hides,hvy native steers piece fob-u	n.a.
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u,w	82
Corn,No. 2 yellow,Cent IL-bp,u	3.0000
Corn gluten feed,Midwest-u,w	112.9
Corn gluten meal,Midwest-u,w	442.3
Cottonseed meal-u,w	258
Hominy feed,Cent IL-u,w	95
Meat-bonemeal,50% pro Mnpls-u,w	238
Oats,No.2 milling,Mnpls-u	2.8625
Rice, Long Grain Milled, No. 2 AR-u,w	24.75
Sorghum,(Milo) No.2 Gulf-u	7.1563
SoybeanMeal,Cent IL,rail,ton48%-u	315.90
Soybeans,No.1 yllw IL-bp,u	7.6100
Wheat,Spring14%-pro Mnpls-u	6.6300
Wheat,No.2 soft red,St.Louis-bp,u	4.8250
Wheat - Hard - KC (USDA) $ per bu-u	5.2625
Wheat,No.1soft white,Portld,OR-u	5.9750
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	179.29
select 1-3,600-900 lbs.-u	168.90
Broilers, National comp wghtd-u,w	0.8308
Butter,AA Chicago	2.3050
Cheddar cheese,bbl,Chicago	139.00
Cheddar cheese,blk,Chicago	161.50
Milk,Nonfat dry,Chicago lb.	88.25
Cocoa,Ivory Coast-w	n.a.
Coffee,Brazilian,Comp	0.9677
Coffee,Colombian, NY	1.2180
Eggs,large white,Chicago-u	0.9150
Flour,hard winter KC	15.00
Hams,17-20 lbs,Mid-US fob-u	0.63
Hogs,Iowa-So. Minnesota-u	60.76
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	1.1270
Steers,Tex.-Okla. Choice-u	n.a.
Steers,feeder,Okla. City-u,w	167.25
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	26.3300
Grease,choice white,Chicago-h	0.2450
Lard,Chicago-u	0.3300
Soybean oil,crude;Centl IL-u	0.2688
Tallow,bleach;Chicago-h	0.2500
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 9/18

Source: Dow Jones Market Data

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1906.70	-1.9	U.S. Aggregate	3.480	2.500	3.480
U.S. Corporate Indexes Bloomberg Barclays					
2719.74	-2.8	U.S. Corporate	4.100	3.110	4.100
2592.88	-1.1	Intermediate	3.800	2.640	3.800
3678.57	-6.5	Long term	4.740	3.990	4.750
557.43	-1.9	Double-A-rated	3.540	2.570	3.540
702.67	-2.6	Triple-B-rated	4.390	3.400	4.390
High Yield Bonds ICE Data Services					
427.45	2.4	High Yield Constrained	6.251	5.373	6.619
444.02	5.7	Triple-C-rated	9.755	9.597	11.091
2930.37	2.4	High Yield 100	5.851	4.977	6.319
382.03	0.8	Global High Yield Constrained	6.084	4.934	6.298
306.88	0.2	Europe High Yield Constrained	3.286	1.897	3.611
U.S Agency Bloomberg Barclays					
1625.63	-0.7	U.S Agency	3.030	1.840	3.030
1460.94	-0.1	10-20 years	2.940	1.660	2.940
3246.69	-4.1	20-plus years	3.530	2.860	3.550
2421.09	-1.7	Yankee	3.840	2.720	3.840
Mortgage-Backed Bloomberg Barclays					
1960.32	-1.4	Mortgage-Backed	3.600	2.760	3.600
1929.47	-1.2	Ginnie Mae (GNMA)	3.540	2.710	3.540
1148.80	-1.5	Fannie mae (FNMA)	3.610	2.770	3.610
1769.61	-1.5	Freddie Mac (FHLMC)	3.630	2.780	3.630
519.73	-0.5	Muni Master	2.675	1.834	2.675
362.34	-0.9	7-12 year	2.705	1.857	2.705
408.46	-0.9	12-22 year	3.036	2.298	3.036
394.79	-1.4	22-plus year	3.476	2.716	3.476
Global Government J.P. Morgan†					
538.43	-1.0	Global Government	1.750	1.380	1.750
751.94	-0.4	Canada	2.380	1.930	2.450
369.97	-0.1	EMU§	1.298	0.956	1.362
714.09	0.5	France	0.900	0.690	1.040
510.20	0.6	Germany	0.510	0.340	0.740
287.98	-0.2	Japan	0.470	0.340	0.470
563.89	0.6	Netherlands	0.610	0.440	0.830
912.55	-2.0	U.K.	1.780	1.470	1.830
768.59	-4.9	Emerging Markets **	6.864	5.398	7.003

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds
† In local currency § Euro-zone bonds
** EMBI Global Index

Sources: ICE Data Services; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.625	**U.S.** 2	**2.807** ▲	2.807	2.612	1.405			
2.875	10	**3.082** ▲	3.057	2.860	2.248			
1.750	**Australia** 2	**2.129** ▲	2.076	1.998	2.008	**-67.8**	-73.1	**60.3**
2.250	10	**2.722** ▲	2.670	2.556	2.824	**-36.0**	-38.7	**57.6**
0.000	**France** 2	**-0.355** ▼	-0.347	-0.443	-0.475	**-316.3**	-315.4	**-188.0**
0.750	10	**0.802** ▲	0.792	0.665	0.727	**-228.0**	-226.6	**-152.1**
0.000	**Germany** 2	**-0.524** ▼	-0.511	-0.654	-0.681	**-333.1**	-331.8	**-208.6**
0.250	10	**0.490** ▲	0.485	0.307	0.455	**-259.1**	-257.3	**-179.4**
0.350	**Italy** 2	**0.725** ▲	0.634	1.284	-0.105	**-208.2**	-217.3	**-151.0**
2.800	10	**2.854** ▲	2.780	3.122	2.060	**-22.8**	-27.7	**-18.8**
0.100	**Japan** 2	**-0.105** ▲	-0.109	-0.131	-0.141	**-291.2**	-291.6	**-154.6**
0.100	10	**0.121** ▲	0.116	0.095	0.031	**-296.1**	-294.1	**-221.7**
1.150	**Spain** 2	**-0.205** ▲	-0.206	-0.302	-0.320	**-301.3**	-301.3	**-172.5**
1.400	10	**1.532** ▲	1.501	1.452	1.556	**-155.**	-155.6	**-69.3**
2.000	**U.K.** 2	**0.848** ▲	0.831	0.709	0.418	**-196.0**	-197.6	**-98.8**
4.250	10	**1.466** ▲	1.424	1.235	1.332	**-161.**	-163.3	**-91.6**

Source: Tullett Prebon

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended September 14. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels / **Imports,** 000s barrels per day

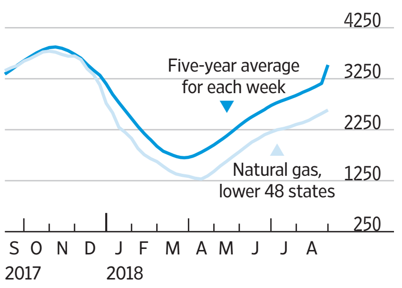
	Inventories: Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Imports: Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Crude oil and petroleum prod	1,236,305	...	1,237	1,306	1,231	1,242	10,519	...	10,519	9,422	10,305	9,556
Crude oil excluding SPR	394,137	-2,100	396	473	399	425	7,591	...	7,591	7,368	7,595	7,549
Gasoline	234,150	...	236	216	234	220	1,053	...	1,053	687	991	680
Finished gasoline	24,862	-300	25	23	24	30	156	...	156	49	107	68
Reformulated	44	...	0.04	0.05	0.04	0.04	0	...	0	0	0	0
Conventional	24,818	...	24	23	24	30	156	...	156	49	107	68
Blend. components	209,288	...	211	193	211	190	896	...	896	637	883	613
Natural gas (bcf)	2,636	...	3	3	3	...	...	...	...	...	...	...
Kerosene-type jet fuel	45,207	...	44	40	43	42	194	...	194	173	179	125
Distillates	140,122	500	139	139	136	140	50	...	50	85	165	94
Heating oil	8,979	...	8	10	8	14	6	...	6	23	6	28
Diesel	131,143	...	131	129	127	125	45	...	45	62	159	66
Residual fuel oil	27,841	...	28	37	28	37	328	...	328	76	247	196
Other oils	297,350	...	295	298	294	274	1,182	...	1,182	899	1,000	790
Net crude, petroleum products, incl. SPR	1,896,315	...	1,897	1,981	1,891	1,933	3,831	...	3,831	4,005	3,912	4,700

Weekly Demand, 000s barrels per day

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Total petroleum product	21,134	...	20,570	20,443	21,376	19,443
Finished motor gasoline	9,534	...	9,649	9,441	9,704	9,016
Kerosene-type jet fuel	1,851	...	1,572	1,817	1,812	1,451
Distillates	4,152	...	3,288	4,264	4,042	3,879
Residual fuel oil	492	...	338	152	394	333
Propane/propylene	1,179	...	1,249	982	1,068	...
Other oils	3,926	...	4,475	3,787	4,357	...

Natural gas storage

Billions of cubic feet; weekly totals



Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions.
Sources: SIX Financial Information via Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Wednesday, September 19, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	10.78	–0.74	–0.1
CnsmrDiscSelSector	XLY	116.99	0.04	18.5
CnsStapleSelSector	XLP	54.63	–0.18	–4.0
EnSelectSectorSPDR	XLE	75.10	0.31	3.9
FinSelSectorSPDR	XLF	28.73	1.70	2.9
FT DJ Internet	FDN	140.69	–0.39	28.0
HealthCareSelSect	XLV	93.60	–0.14	13.2
IndSelSectorSPDR	XLI	79.75	–0.09	5.4
InvscQQQI	QQQ	182.70	–0.08	17.3
InvscS&P500EW	RSP	107.83	–0.05	6.7
iSh3-7YTreasuryBd	IEI	118.89	–0.08	–2.7
iShCoreMSCIEAFE	IEFA	64.02	0.30	–3.1
iShCoreMSCIEmgMk	IEMG	51.41	1.24	–9.6
iShCoreMSCITotInt	IXUS	60.22	0.58	–4.5
iShCoreS&P500	IVV	293.28	0.07	9.1
iShCoreS&P MC	IJH	203.14	–0.32	7.0
iShCoreS&P SC	IJR	88.17	–0.63	14.8
iShS&PTotlUSStkMkt	ITOT	66.87	0.07	9.4
iShCoreUSAggBd	AGG	105.24	–0.19	–3.7
iShSelectDividend	DVY	101.62	–0.68	3.1
iShEdgeMSCIMinEAFE	EFAV	72.57	–0.26	–0.6
iShEdgeMSCIMinUSA	USMV	57.11	–0.54	8.2
iShEdgeMSCIUSAMom	MTUM	117.67	–0.41	14.1
iShFloatingRateBd	FLOT	51.00	–0.02	0.4
iShGoldTr	IAU	11.53	0.35	–7.8
iShiBoxx$InvGrCpBd	LQD	114.39	–0.15	–5.9
iShiBoxx$HYCpBd	HYG	86.10	–0.19	–1.3
iShJPMUSDEmgBd	EMB	106.41	0.36	–8.3
iShMBSETF	MBB	103.04	–0.09	–3.3
iShMSCI ACWI	ACWI	73.95	0.26	2.6
iShMSCI EAFE	EFA	67.76	0.36	–3.6
iShMSCI EAFE SC	SCZ	62.80	0.03	–2.6
iShMSCIEmgMarkets	EEM	42.56	1.38	–9.7
iShMSCIEurozone	EZU	41.22	0.32	–5.0
iShMSCIJapan	EWJ	59.75	0.35	–0.3
iShNasdaqBiotech	IBB	117.66	0.13	10.2
iShNatlMuniBd	MUB	107.76	–0.12	–2.7
iShRussell1000Gwth	IWF	154.55	–0.16	14.8
iShRussell1000	IWB	162.16	0.06	9.1
iShRussell1000Val	IWD	128.47	0.27	3.3
iShRussell2000Gwth	IWO	215.27	–0.62	15.3
iShRussell2000	IWM	169.65	–0.36	11.3
iShRussell2000Val	IWN	134.54	–0.10	7.0
iShRussell3000	IWV	172.84	0.03	9.3
iShRussellMid-Cap	IWR	222.73	–0.24	7.0
iShRussellMCValue	IWS	91.65	–0.11	2.8
iShS&PMC400Growth	IJK	234.64	–0.61	8.7
iShS&P500Growth	IVW	175.46	–0.09	14.9
iShS&P500Value	IVE	117.64	0.35	3.0
iShUSPfdStk	PFF	37.08	–0.35	–2.6
iShShortCpBd	IGSB	51.75	–0.02	–1.0
iShShortTreaBd	SHV	110.35	–0.01	0.1
iShTIPSBondETF	TIP	110.43	–0.11	–3.2
iSh1-3YTreasuryBd	SHY	83.02	–0.02	–1.0
iSh7-10YTreasuryBd	IEF	100.94	–0.17	–4.4
iSh20+YTreasuryBd	TLT	116.61	–0.60	–8.1
iShRussellMCGrowth	IWP	135.65	–0.51	12.4
PIMCOEnhShMaturity	MINT	101.53	...	–0.0
SPDR BlmBarcHYBd	JNK	35.91	–0.19	–2.2
SPDR Gold	GLD	113.88	0.39	–7.9
SchwabIntEquity	SCHF	33.43	0.42	–1.9
SchwabUS BrdMkt	SCHB	70.58	0.04	9.4
SchwabUS Div	SCHD	53.64	–0.09	4.8
SchwabUS LC	SCHX	69.71	0.09	9.3
SchwabUS SC	SCHA	76.76	–0.48	10.1
SPDR DJIA Tr	DIA	264.42	0.57	6.9
SPDR S&PMdCpTr	MDY	370.26	–0.32	7.2
SPDR S&P 500	SPY	291.22	0.11	9.1
SPDR S&P Div	SDY	99.32	–0.29	5.1
TechSelectSector	XLK	74.28	–0.26	16.2
UtilitiesSelSector	XLU	53.20	–2.17	1.0
VanEckGoldMiner	GDX	18.75	1.74	–19.3
VangdInfoTech	VGT	199.61	–0.49	21.2
VangdSC Val	VBR	141.12	–0.21	6.3
VangdSC Grwth	VBK	186.89	–0.76	16.2
VangdDivApp	VIG	111.37	–0.08	9.2
VangdFTSEDevMk	VEA	43.34	0.35	–3.4
VangdFTSE EM	VWO	41.29	1.35	–10.1
VangdFTSE Europe	VGK	56.50	0.23	–4.5
VangdFinls	VFH	72.10	1.49	2.9
VangdFTSEAWxUS	VEU	52.13	0.52	–4.7
VangdGrowth	VUG	159.51	–0.03	13.4
VangdHlthCr	VHT	177.60	–0.13	15.2
VangdHiDiv	VYM	88.41	0.08	3.2
VangdIntermBd	BIV	80.25	–0.15	–4.3
VangdIntrCorpBd	VCIT	83.34	–0.07	–4.6
VangdLC	VV	133.88	0.11	9.2
VangdMC	VO	165.50	–0.23	6.9
VangdMC Val	VOE	115.05	–0.09	3.1
VangdRealEst	VNQ	82.04	–1.17	–1.1
VangdS&P500	VOO	267.60	0.11	9.1
VangdST Bond	BSV	77.96	–0.01	–1.4
VangdSTCpBd	VCSH	78.02	–0.09	–1.6
VangdSC	VB	163.59	–0.44	10.7
VangdTotalBd	BND	78.45	–0.15	–3.8
VangdTotIntlBd	BNDX	54.58	–0.09	0.4
VangdTotIntlStk	VXUS	54.13	0.58	–4.7
VangdTotalStk	VTI	150.15	0.01	9.4
VangdTotlWrld	VT	76.09	0.25	2.5
VangdValue	VTV	112.21	0.21	5.5

Corporate Debt

Price moves by a company's debt in the credit markets sometimes mirror and sometimes anticipate, moves in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Commonwealth Bank of Australia	CBAAU	2.400	Nov. 2, '20	39	–17	n.a.	...	...
Interpublic	IPG	3.750	Feb. 15, '23	110	–13	132	22.36	0.04
Citigroup	C	6.300	May 15, '49	250	–11	261	73.72	3.31
Bruce Mansfield Unit 1 2007 PT Trust	FE	6.850	June 1, '34	787	–11	850	...	...
Abbott Laboratories*	ABT	3.250	April 15, '23	53	–8	65	68.50	0.13
Morgan Stanley	MS	4.300	Jan. 27, '45	135	–8	142	49.10	2.61
HSBC Bank USA NA	HSBC	5.875	Nov. 1, '34	140	–7	n.a.	...	...
3M	MMM	3.000	Sept. 14, '21	14	–7	22	213.12	0.75

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
McDonald's	MCD	6.300	March 1, '38	148	12	n.a.	159.18	0.89
Telefonica Emisiones	TELEFO	5.213	March 8, '47	226	11	n.a.	...	...
American Tower	AMT	3.450	Sept. 15, '21	71	10	75	147.58	0.12
Danske Bank	DANBNK	3.875	Sept. 12, '23	143	9	n.a.	...	...
Deutsche Bank	DB	4.500	April 1, '25	257	9	n.a.	11.95	3.20
Procter & Gamble	PG	2.300	Feb. 6, '22	24	9	25	84.00	...
Verizon Communications	VZ	3.125	March 16, '22	50	9	n.a.	53.50	–1.64
Bank of America	BAC	2.625	April 19, '21	42	7	47	31.00	2.62

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
United States Steel	X	6.875	Aug. 15, '25	104.500	2.25	101.499	29.85	0.47
L Brands	LB	6.750	July 1, '36	81.813	1.31	n.a.	29.68	0.37
Neiman Marcus	NMG	9.500	Oct. 15, '21	66.813	1.31	70.000	...	...
Chobani	CHBANI	7.500	April 15, '25	89.438	1.19	87.250	...	...
First Quantum Minerals	FMCN	7.500	April 1, '25	96.500	1.13	94.500	...	...
Carlson Travel	CARLTV	9.500	Dec. 15, '24	96.500	1.04	n.a.	...	...
Frontier Communications	FTR	7.875	Jan. 15, '27	59.250	1.00	n.a.	6.45	...
Harland Clarke Holdings	HARCLA	9.250	March 1, '21	94.625	0.88	92.500	...	...

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
HCA	HCA	5.500	June 15, '47	100.994	–1.49	103.000	131.92	–1.39
MDC Partners	MDZACN	6.500	May 1, '24	83.720	–1.28	88.250	...	...
Ultra Resources	UPL	7.125	April 15, '25	46.000	–1.25	47.000	...	...
Western Gas Partners	WES	4.500	March 1, '28	96.028	–1.05	n.a.	45.11	–0.88
Petsmart	PETM	7.125	March 15, '23	73.938	–1.03	75.000	...	...
Carvana	CVNA	8.875	Oct. 1, '23	100.750	–1.00	n.a.	58.95	–0.54
Tenet Healthcare	THC	6.750	June 15, '23	99.063	–0.94	99.931	28.00	–1.23
Fiat Chrysler Automobiles NV*	FCAIM	5.250	April 15, '23	101.475	–0.78	101.875	...	...

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.
Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; Dow Jones Market Data

Deutsche Breakup Pushed

BY JENNY STRASBURG

A senior investment banker at **Deutsche Bank** AG recommended earlier this year that the German lender consider breaking itself up, and other long-term strategic options, to address its persistent competitive weaknesses, according to people familiar with the matter.

The proposal came from Charlie Dupree, Deutsche's head of mergers and acquisitions in the Americas before he left for JPMorgan Chase & Co. in June. His analysis, produced with other bankers over several months, was for internal purposes and wasn't intended to be made public, according to the people.

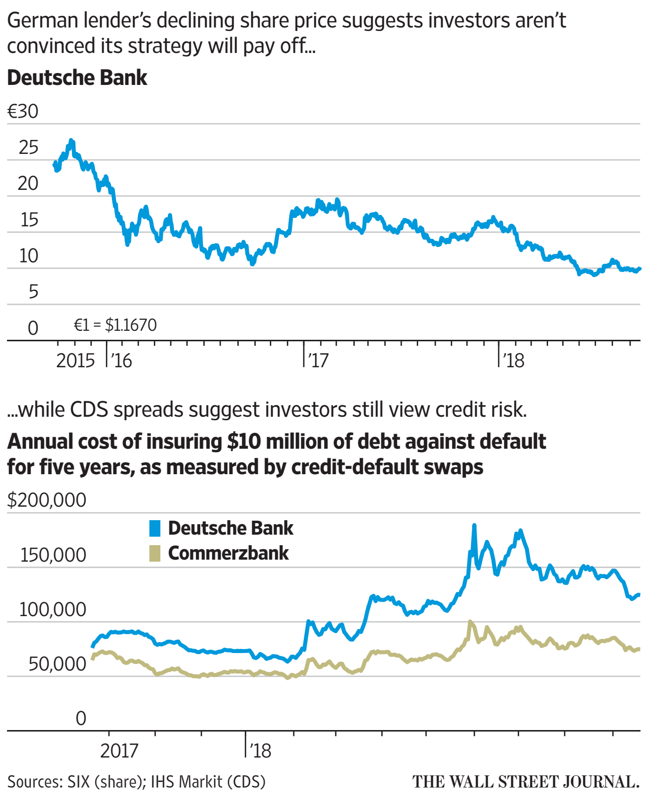
In April, Mr. Dupree shared his conclusions with Deutsche Bank's chief financial officer, James von Moltke. The finance chief considered the analysis well-intended but superficial, a person familiar with his feedback said.

Even so, the recommendations from a top deal maker who had been with the bank since 2006 indicate how deep a rut Deutsche Bank is in. The firm faces high funding costs and a depressed share price, reflecting investor doubts about a turnaround.

Mr. Dupree's analysis suggested a breakup of the bank could eventually allow the investment-banking business, through a spinoff or public stock offering, to tap its own sources of funding, people familiar with the matter said. The banker, in his analysis and related conversations, also suggested a merger was increasingly likely for Deutsche Bank—a view echoing widespread skepticism about the lender's ability to compete alone in the long run.

Bankers, investors and analysts consider the most likely partner to be German rival **Commerzbank** AG.

Neither bank has directly addressed potential merger plans. There is no indication a deal is actively being planned,



according to people inside and close to the bank. Deutsche Bank's supervisory board for now is sticking with the current structure and strategy, the people said. But the persistent speculation, much like Mr. Dupree's views, reflects debates that swirl continuously in and around the lender.

> *Deutsche's CFO found the analysis well-intended but superficial.*

Over the past three years, Deutsche Bank has undergone multiple restructurings, suffered an exodus of senior executives and faced some of the harshest reprimands from regulators dealt any major investment bank.

The Wall Street Journal reported in May that the Federal Reserve last year designated Deutsche Bank's sprawling U.S. business in "troubled condition," a rare slap-down.

As its shares have fallen and credit-ratings firms have downgraded its debt, Deutsche Bank's funding costs have risen, making profits harder to come by. Executives say they are focused on lowering those funding costs.

Questions about the bank's strategy and readiness to withstand financial and economic shocks are constant, people close to the bank's operations say.

This week, Chief Executive Christian Sewing is in Washington, D.C., to meet with U.S. regulators for the first time since he became CEO in April, some of the people said.

He will be joined by Sylvie Matherat, the bank's chief regulatory officer and a management-board member, the top executive responsible for the bank's relationship with the Fed and other key overseers.

Mr. Sewing, Ms. Matherat and their peers on the management board have sought to reassure investors that the bank's strategy is on course, acknowledging they must fulfill cost-cutting targets and other promises.

Mr. Dupree's take on the need for deeper structural change didn't gain much traction inside the bank.

In March, he sent his analysis to his New York boss, Mark Fedorcik, U.S.-based co-president of the investment bank. Mr. Fedorcik said he hasn't reviewed the analysis and declined to comment.

In April, Mr. Dupree met in Frankfurt with Mr. von Moltke. The meeting came at a tumultuous time. Deutsche Bank had just fired its CEO and appointed Mr. Sewing, a longtime Germany-based executive.

Senior executives told investors and clients that Deutsche Bank would deepen its home-market focus but maintain a global presence, while cutting certain businesses, costs and staff.

Also in April, bank executives rejected a shareholder proposal pressing the lender to explore splitting the investment bank from the retail-banking unit. Executives said the option would cause "inferior economics and strategic outcomes" and "is not possible in the near-term."

Mr. Dupree conceded that his analysis wasn't fully baked, a person familiar with his thinking said. For one thing, he singled out the flagging performance of Deutsche Bank's markets business as a major hurdle to attracting investors to a spun-off investment bank but didn't have easy answers for improving performance, one of the people said.

Mr. von Moltke welcomed the input, according to people familiar with his feedback, but felt that M&A bankers like Mr. Dupree are prone to want to break up companies and look to solve problems with deals. Mr. von Moltke shelved the report without discussing it with other bank executives.

Christian Meissner oversees lending to large companies.

BofA Corporate Bank Chief to Step Down

BY RACHEL LOUISE ENSIGN

Bank of America Corp. corporate and investment banking head Christian Meissner is leaving the bank, according to an internal memo reviewed by The Wall Street Journal.

The departure will mark the end of a nearly seven-year run in the role. Mr. Meissner was largely responsible for reshaping the unit following Bank of America's financial-crisis merger with Merrill Lynch.

Mr. Meissner is expected to be succeeded by Matthew Koder, who is currently the bank's Asia-Pacific president, and stay until the end of the year, the memo said.

Bank of America's corporate- and investment-banking operations were a bright spot for several years after the merger, a dreary stretch that included large government fines stemming from its consumer-banking operations. But it has slipped recently, and the bank's consumer businesses have staged a big comeback.

Mr. Meissner became co-head in 2011 and took sole control in January 2012. The role includes overseeing the bank's lending to large companies and work advising on mergers and capital raising.

Before joining Bank of America in 2010, Austria-born Mr. Meissner worked for years as an investment banker in Europe at Goldman Sachs Group Inc. and Lehman Brothers Holdings Inc. He was seen as an advocate for Bank of America's international ambitions and oversaw an effort to pare the corporate and investment bank's roster and focus on fewer, more lucrative, clients.

While the business still accounts for a big chunk of the bank's profit, it has fallen behind rivals by some measures. Bank of America ranks fourth in global investment banking revenue so far in 2018, behind **JPMorgan Chase** & Co, **Goldman Sachs Group** Inc. and **Morgan Stanley**, respectively, according to Dealogic.

The Charlotte, N.C.-based bank had held the No. 3 spot until last year. Between 2010 and 2013, Bank of America occupied the runner-up spot.

Investment-banking fees at Bank of America fell 7% in the lender's second-quarter earnings report. "The team knows they can do a better job and are after it," Chief Executive Brian Moynihan said of the investment bank's mergers-and-acquisition advisory business at the time.

Some lending parameters at the bank were also recently reevaluated after the company posted a $292 million loss involving troubled South African firm Steinhoff International Holdings NV.

Goldman Nears an App Deal

Continued from page B1

known as SecDB, and has spun out internal chat tools and email apps into independent companies whose products are sold across Wall Street.

Simon connects banks looking to sell investment products with retail brokers looking to buy them.

It focuses on structured notes, which pay investors an upfront sum in return for a future payout tied to the performance of assets such as the S&P 500 or oil prices.

Structured notes, particularly those linked to stock indexes, have become a more popular alternative to bonds in recent years. But concerns remain about their complexity, and regulators in recent years have wrung fines from brokerages after alleging they sold notes to investors who didn't fully understand the risks.

Simon—an acronym for Structured Investment Marketplace and Online Network—was developed as a conduit between Goldman's securities desk and its private bankers, who bought Goldman-issued notes on behalf of wealthy clients. The bank opened it up to outside firms in 2015 and has enrolled thousands of brokers.

Under the new deal, outside investors would put more than $50 million into Simon, the people said. Goldman would retain a minority stake, and the team that has overseen Simon since its 2015 launch would run it.

Chinese Buyout Shop Raises $10.6 Billion

BY STELLA YIFAN XIE

Hillhouse Capital Group, a Chinese investment firm that has backed many prominent internet and consumer companies, said Thursday it has closed a new $10.6 billion fund, the largest-ever capital raising by a private-equity firm in Asia.

The fund's size tops a $9.3 billion Asia private-equity fund set up last year by KKR & Co. Hillhouse said the new fund, its fourth, was heavily oversubscribed. It plans to invest in companies in the health-care, consumer, technology and service sectors globally, with a focus on Asia.

Founded in 2005 by Lei Zhang, a Chinese investor and entrepreneur who is also chief executive, Hillhouse has acquired minority stakes in technology startups and shares in publicly listed companies as well as participated in buyouts of entire businesses.

Mr. Zhang, who has master's degrees from Yale University, previously interned with the school's endowment, which later gave him $20 million in seed money to help him start his firm.

Today, Hillhouse counts sovereign-wealth funds, university endowments, pension funds and family offices among its investors, according to its website. Mr. Zhang is a member of Yale's board of trustees.

A year ago, Hillhouse had around $30 billion of assets under management, Mr. Zhang said in a June 2017 speech at his alma mater, Renmin University of China in Beijing.

Hillhouse led a consortium that made an unsuccessful buyout offer for Yum China, which licenses KFC and other brands in China.

The firm is best known for making long-term bets on Chinese consumer and technology companies.

It was an early investor in **Tencent Holdings** Ltd. as well as New York-listed search engine **Baidu** Inc. and e-commerce site **JD.com** Inc. Its stakes in those companies have multiplied in value.

Hillhouse also has minority stakes in **Airbnb** Inc. and ride-hailing firms **Uber Technologies** Inc. and **Didi Chuxing Technology** Co.

It has a joint venture with U.S. coffee retailer **Peet's Coffee**, which last year opened its first store in China.

Earlier this summer, Hillhouse led a consortium of investors that made an all-cash buyout offer worth over $17 billion for **Yum China Holdings** Inc., China's largest restaurant operator which licenses the KFC, Pizza Hut and Taco Bell brands in the country. Yum China's board rejected the bid, The Wall Street Journal previously reported.

Hillhouse doesn't disclose its returns, but some of its recent investments have registered large gains. Its 3.1% stake in **Meituan Dianping**, a fast-growing restaurant-review, food-delivery and online-services app, will be worth roughly $1.6 billion when the startup goes public this week in Hong Kong. Hillhouse has been invested in the company since it was formed through a merger with a rival in 2015.

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Wed.'s close ($)	% Chg From Offer price	% Chg From 1st-day close	Company SYMBOL IPO date/Offer price	Wed.'s close ($)	% Chg From Offer price	% Chg From 1st-day close
X Financial **XYF** Sept. 19/$9.50	11.97	**26.0**	...	Churchill Capital **CCC.U** Sept. 7/$10.00	10.14	**1.4**	0.8
Principia Biopharma **PRNB** Sept. 14/$17.00	26.04	**53.2**	–20.2	Gores Holding III **GRSHU** Sept. 7/$10.00	10.18	**1.8**	0.3
Qutoutiao **QTT** Sept. 14/$7.00	9.49	**35.6**	–40.6	Longevity Acquisition **LOACU** Aug. 29/$10.00	10.45	**4.5**	3.2
4/20/1900 **YI** Sept. 12/$14.00	13.82	**–1.3**	0.1	Megalith Financial Acquisition **MFACU** Aug. 24/$10.00	10.05	**0.5**	0.3
NIO **NIO** Sept. 12/$6.26	8.50	**35.8**	28.8	Bionano Genomics **BNGOU** Aug. 21/$6.13	7.38	**20.3**	19.9

Sources: Dow Jones Market Data; FactSet Research Systems

Crypto Godfather Says He Can Top Bitcoin

BY PAUL VIGNA

The godfather of the cryptocurrency movement is back with a plan to address bitcoin's biggest shortcoming: speed.

David Chaum, who built his own digital currency more than a decade before bitcoin was introduced, is unveiling a new platform that he says would allow digital cash to be traded almost as quickly as physical cash.

Mr. Chaum is introducing the platform, called Elixxir, at the Consensus conference in Singapore on Thursday. He says that Elixxir can process thousands of transactions a second—a dramatic increase over bitcoin's capability.

Bitcoin, unveiled about 10 years ago by a person or people using the pseudonym Satoshi Nakamoto, is a digital currency that exists on a computer network that allows users to transact directly with each other. But the self-sustaining system requires trade-offs, one of which is speed.

Speed is one reason bitcoin and other cryptocurrencies haven't been widely adopted for payments. That has left bitcoin supporters touting it mainly as a place to park assets.

"These breakthroughs I've made change the whole game," Mr. Chaum said in an interview. "We can actually meet the requirements to go to consumer scale."

Manufacturers, Banks Lead Indexes

Blue chips, S&P 500 climb near records with trade remaining key focus of interest

By Amrith Ramkumar and Christopher Whittall

RANDALL HILL/REUTERS

Shares of Boeing, among the companies that have been sensitive to trade tensions, helped lift the Dow industrials.

WEDNESDAY'S MARKETS

Gains in shares of manufacturers and financial firms pushed the Dow Jones Industrial Average and S&P 500 near records as investors continued monitoring the latest updates on global trade policy.

The indexes rose for the second consecutive session alongside commodities and other risk assets after analysts said new tariffs announced by the U.S. and China were less stringent than anticipated.

Anxiety over the U.S.-China trade conflict and uncertainty about U.S. trade relationships with Canada and the European Union have hung over global markets, but some investors expect compromises to eventually quell fears of a growth-hindering trade war.

Despite the recently announced tariffs, renewed faith in global economic stability could support the market heading into third-quarter earnings season, some analysts said. A pickup in other parts of the world could support multinational companies, with the U.S. already growing at its quickest pace in years.

"The follow-through, while it is real, does not seem like it will be a long-lasting situation," said Eric Aanes, president and founder of Titus Wealth Management. "The economy is driving the market, and not so much the political situation."

The blue-chip index added 158.80 points, or 0.6%, to 26405.76, pulling within 0.8% of its January record. The S&P 500 added 3.64 points, or 0.1%, to 2907.95, while the tech-heavy Nasdaq Composite edged down 6.07 points, or 0.1%, to 7950.04.

The S&P 500 is within 0.2% of its Aug. 29 record, while the Nasdaq is 2% from its record from last month.

U.S. stocks have outperformed global indexes and commodities more sensitive to economic growth in other parts of the world, but Asian stocks and materials also continued to rebound Wednesday.

Analysts said comments from Chinese Premier Li Keqiang at a World Economic Forum event regarding trade and China's ability to stabilize domestic growth added to the positive sentiment.

Investors were also monitoring talks between the U.S. and Canada, with Canadian Foreign Minister Chrystia Freeland meeting U.S. Trade Representative Robert Lighthizer.

Shares of manufacturers that have been sensitive to trade threats extended a recent climb. **Caterpillar** added $3.69, or 2.5%, to $152.76, while **Boeing** ticked up 1.64, or 0.5%, to 365.22, both boosting the Dow industrials.

Analysts have said recent retreats in the dollar and U.S. Treasurys, preferred haven assets for investors, also reflect renewed confidence that trade fights won't cripple global economic growth.

On Wednesday, the WSJ Dollar Index, which tracks the dollar against a basket of 16 other currencies, fell 0.2%.

Getting Close

The Dow Jones Industrial Average is approaching its January record.

Source: SIX

THE WALL STREET JOURNAL.

The yield on the 10-year U.S. Treasury note climbed to 3.081% from 3.048%—its highest close since late May. Yields rise as bond prices fall.

Investors increasingly expect the Federal Reserve to raise interest rates at its meeting next week and again in December, CME Group data show, and some analysts will also be watching the central bank's projected path for 2019.

The recent rise in Treasury yields has lifted bank stocks as higher yields tend to support lending profitability. The S&P 500 financials sector rose 1.8% Wednesday, while JPMorgan Chase, Goldman Sachs and Bank of America all added at least 2.5%.

Elsewhere, the Stoxx Europe 600 edged up 0.3%, as gains in mining and financial stocks offset losses in utility and real-estate shares.

Most indexes in the Asia-Pacific region rose. The Shanghai Composite Index and Hong Kong's Hang Seng each added more than 1%, trimming some of their sizable year-to-date losses.

Japan's Nikkei Stock Average rose 1.1% after the Bank of Japan kept its ultraeasy monetary policy unchanged.

Early Thursday, the Shanghai benchmark was up 0.3%, the Hang Seng was up 0.5% and the Nikkei was up 0.3%.

"We think we're in a period of improving risk appetite," said Gene Frieda, global strategist at Pacific Investment Management Co. But "we see that as more tactical—we don't see that as a trend."

Mr. Frieda highlighted reasons to remain cautious, including U.S. financial conditions being near their tightest levels since 2009 and uncertainty over the trajectory of Chinese growth.

Treasurys Extend Losing Streak

By Akane Otani

CREDIT MARKETS

U.S. government bonds were hit by a fresh wave of selling Wednesday, pushing the yield on the benchmark 10-year Treasury note to levels not touched since May.

The yield on the 10-year Treasury note, used as a reference for everything from mortgages to student-loan rates, rose for a fifth consecutive day—the longest such streak since April—to settle at 3.081%. The 10-year yield had ended at 3.048% Tuesday.

Bond yields, which rise as prices fall, have steadily risen throughout the week, surprising analysts who had expected the latest flare-up in trade tensions to stoke demand for Treasurys and push yields lower.

Instead, bond selling accelerated after the Trump administration said at the start of the week that it would impose a 10% tax on about $200 billion in Chinese goods starting Sept. 24 and continued to pick up steam after China hit back Tuesday with another round of tariffs.

To some analysts, the pickup in bond yields has reflected both relief that the U.S.'s announced tariffs were less stringent than expected, as well as pressure from a large amount of new corporate debt being sold this week. Corporate issuance can pressure the bond market by pushing investors to sell Treasurys to make room in their portfolios for other debt.

The rise in yields surprised analysts who felt they would fall on trade tensions.

There has been a "miserable tone in Treasurys" this week, Jim Vogel, head of government bond strategy at FTN Financial, said in a note. Some of the selling pressure may also have been driven by a reluctance among buyers to scoop up bonds ahead of the Federal Reserve's meeting next week, Mr. Vogel added.

Investors are widely expecting the Fed to raise short-term interest rates again. What is less certain is what the central bank will signal it plans to do the rest of this year and next year, something that will be heavily influenced by the trajectory of inflation and growth in the U.S.

Inflation's "presence or lack of presence is likely the most important metric for rates between now and the end of the year," Kevin Giddis, head of fixed-income capital markets at Raymond James, said in an email.

Any signs of cooling in wage growth or household spending could offer the bond market a reprieve after its latest downturn.

CFTC Settles With Bank Of America

By Allison Prang

Bank of America Corp. will pay $30 million as part of a settlement with the Commodity Futures Trading Commission related to charges that the bank tried to manipulate a benchmark for interest-rate products over a span of six years.

The CFTC said Wednesday that Bank of America tried to manipulate the U.S. Dollar International Swaps and Derivatives Association Fix, or ISDAfix, to help its own derivatives positions. It also accused the bank of false reporting.

Bank of America traders, according to the futures regulator, attempted to manipulate rates to benefit specific trading positions and influence reference rates and spreads ahead of the time the final rates were published.

"We have significantly enhanced our procedures to detect any inappropriate behavior," a Bank of America spokesman said.

CFTC Director of Enforcement James McDonald said in a statement that the regulator's settlement with the bank is the commission's ninth enforcement action tied to manipulation with this benchmark.

On Tuesday, the commission announced that **Intercapital Markets** LLC would pay $50 million as part of a settlement with the regulator.

Intercapital neither admitted nor denied the allegations but agreed to pay the $50 million penalty.

NEX Group PLC, the company's parent, said it is "pleased to have brought this matter to a conclusion."

Oil Prices Surge as Stockpiles Wane

By Dan Molinski And Christopher Alessi

COMMODITIES

U.S. oil prices rose to a two-month high Wednesday after a weekly report showed U.S. inventories of crude oil dropping to a 3½-year low.

Light, sweet crude for October delivery closed 1.8% higher at $71.12 a barrel on the New York Mercantile Exchange, for its fifth rise in the past seven sessions and the highest closing level since July 10. Brent crude, the global benchmark, rose 0.5% to $79.40 a barrel.

The Energy Information Administration reported Wednesday that U.S. crude-oil stockpiles fell by 2.1 million barrels last week to 394 million barrels. That marks a fifth straight weekly decline and is the lowest total since February 2015. It is also 142 million barrels less than a record inventory of 536 million barrels in March 2017, when the years-long oil downturn was in full swing. Gasoline stockpiles also declined last week by 1.7 million barrels.

Analysts said the continued drop in oil stockpiles, even though the summer driving season is in the rearview mirror, is partly a result of rising U.S. crude oil exports. Those have been helped in recent weeks by a widening differential between U.S. benchmark prices and Brent. Crude-oil exports surged for a second straight week last week to 2.4 million barrels a day, the EIA said.

"We see another counterseasonal draw to crude inventories as rising exports have countered a rebound in imports," said Matt Smith, director of commodity research at ClipperData. "The gasoline draw is also supportive amid elevated refinery runs."

While Wednesday's report wasn't across-the-board bullish—total stockpiles of oil and petroleum products fell by just 400,000 barrels—they said traders' expectations for the report were particularly low because the American Petroleum Institute, an industry group, issued a bearish report on oil inventories Tuesday.

"Overall the report was barely bullish, but decidedly bullish compared to the API," said Kyle Cooper, a consultant at ION Energy.

Prices have been bolstered in recent weeks as buyers of Iranian crude have begun to significantly reduce imports ahead of U.S. sanctions taking effect at the start of November. Brent last week temporarily breached the $80 a barrel threshold for the first time since May—a level that until that point hadn't been seen in more than 3½ years.

Among refined products, gasoline futures for October delivery rose 0.8% to $2.0207 a gallon. Diesel futures rose 0.5% to $2.2466 a gallon.

Asian Dividends Soar as Investors Seek Stability

By Mike Bird

JUSTIN CHIN/BLOOMBERG NEWS

Gree Electric Appliances suspended its dividend for the first time in a decade.

Dividends are breaking records in the Asia-Pacific region.

The 500 largest companies in the area, excluding Japan, raised their dividends 16% to nearly $300 billion in the 12 months to July, according to asset-management firm Janus Henderson.

Dividends have more than tripled since the beginning of 2009, while payouts in the rest of the world have risen by around half as much.

Listed Chinese companies paid record dividends in 2017, China Securities Regulatory Commission data show, raising payments by more than one-fifth to 1.07 trillion yuan ($156 billion).

Dividends are typically lower and less common in Asia than they are in the Western world, particularly Europe.

But in volatile markets, many investors are drawn to stocks that provide regular income.

Likewise, investors can punish companies that don't return cash to shareholders. Earlier this year, Chinese air-conditioner maker **Gree Electric Appliances** Inc. suspended its dividend for the first time in a decade, sending the stock down nearly 9% in a day.

The company later said it would pay an interim dividend this year.

"Regulators in China encourage [companies] to pay a dividend as a sign of corporate governance...to make clear that you actually care about shareholder returns," said Sherwood Zhang, a portfolio manager at Matthews Asia.

Japan isn't included in the Janus Henderson figures but higher dividends have lured some Western investors there, too.

"These companies [in Japan] are remarkably cheap, and if change does come through, then there's huge potential" for investors, said Joe Bauernfreund, portfolio manager of the British Empire Trust.

Across the Asia-Pacific region Wednesday, most stock markets rose, with the Shanghai Composite Index up 1.2% and Hong Kong's Hang Seng up 1.2%.

Japan's Nikkei 225 also climbed 1.1% following a 1.4% rally on Tuesday.

The rise was aided by a weaker yen, which tends to benefit large, export-oriented Japanese companies. The Bank of Japan kept its ultraeasy monetary policy unchanged, after slightly loosening its control over the country's bond market in July.

MARKETS

Unprofitable Growth Stocks Are Soaring

By Corrie Driebusch

Shares of rapidly growing companies are on a tear this year, but many of the strongest performers share a worrisome trait: They don't have earnings.

Growth companies—those focused on reinvesting to expand—tend to do best in bull markets and are often found in the technology, consumer-discretionary and health-care sectors that are driving the U.S. stock market higher in 2018.

Analysts say it makes sense, and is indeed positive, that the Russell 1000 Growth Index is up more than its value counterpart, which features stocks that are considered bargains and are often deemed attractive in the later stages of an economic cycle.

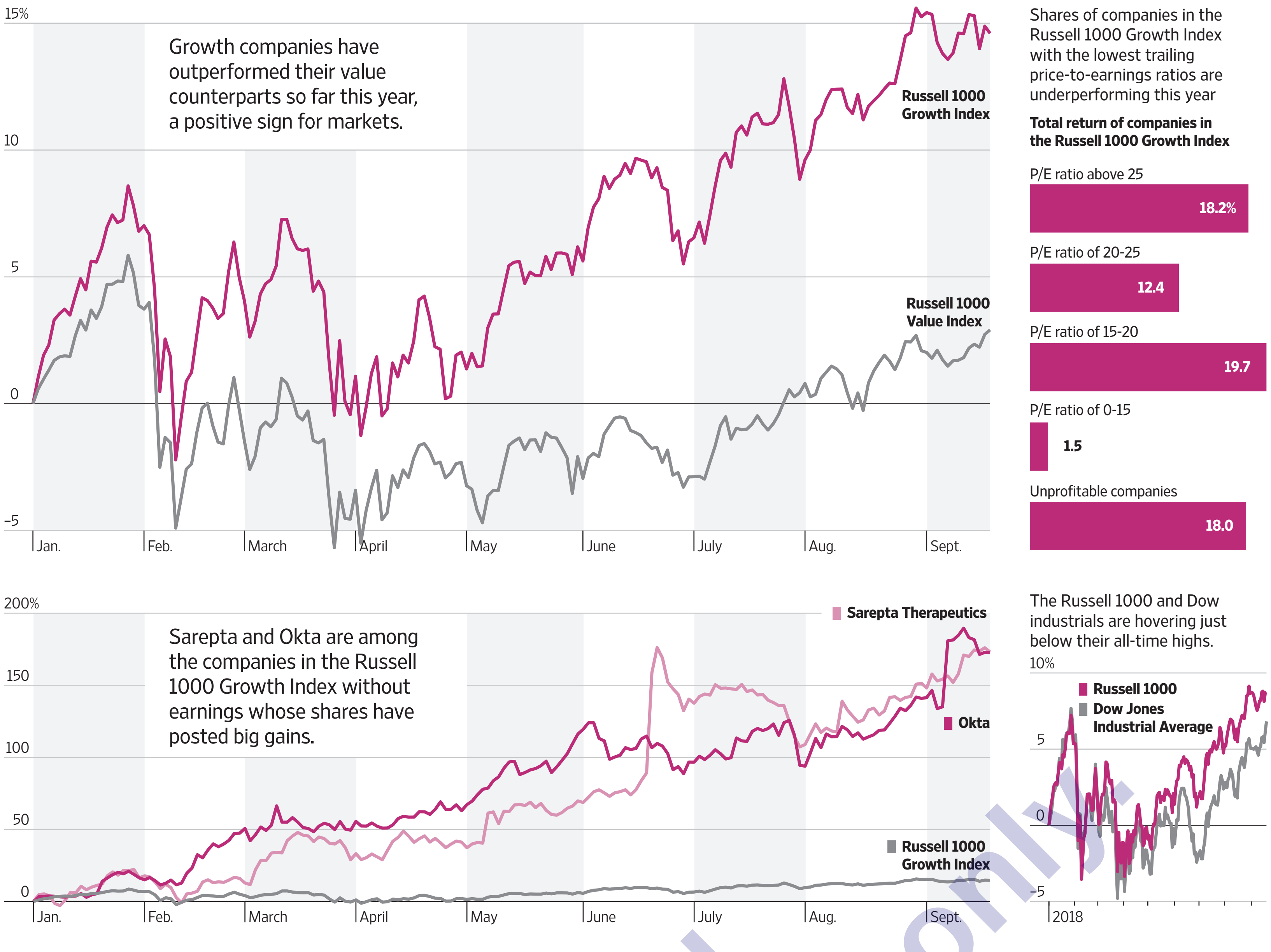
What is problematic, however, is that companies in the Russell 1000 Growth Index without steady profits have returned 18% in 2018 through August, compared with the 16% return for the whole index, according to data from FTSE Russell.

Jason Pride, private wealth chief investment officer for Glenmede, says he views that disparity as a warning sign and notes it was even more pronounced in August.

Glenmede data show the unprofitable Russell 1000 companies returned 13.5% last month, compared with a 5.5% return for the broader index.

"We're getting a little worried that equity markets are showing some unnatural distortions," including the amount of money rushing into companies posting losses, Mr. Pride said.

Major U.S. indexes ended August near records and have hovered near those levels so far this month. Despite worries about trade tensions, a currency crisis in emerging markets and the Federal Reserve's pace of interest-rate increases, the nine-year bull run doesn't appear to be slowing.



Sources: SIX (Russell 1000 performance); FTSE Russell (total return); FactSet (index performance)

THE WALL STREET JOURNAL.

Among the unprofitable companies whose shares have surged this year are **Sarepta Therapeutics** Inc. and enterprise software company **Okta** Inc., which both have seen their stock prices more than double. Sarepta got a boost after an early-stage trial of a gene-therapy drug showed promise in treating Duchenne muscular dystrophy, while Okta has rallied after posting big revenue gains.

Sarepta has reported only one quarterly profit since the beginning of 2016, yet 20 of 22 analysts polled by Factset have a "buy" rating on the stock. Okta, meanwhile, went public in April 2017 and has yet to post a quarterly profit as a public company. Eleven of 13 analysts have a "buy" rating on its shares.

Also worrying some analysts is that companies in the Russell 1000 Growth Index with the lowest trailing price/earnings ratios are underperforming this year. Those with price/earnings ratios between zero and 15 have returned 1.5% so far this year through the end of August, according to FTSE Russell.

That shows investors are more interested in companies they view as having big future earnings potential—such as biotech companies betting on new drugs or technology start-ups pouring revenue back into development—compared with companies with a record of posting profits.

"Investors are very willing to pay up for future profits in interesting stories," Mr. Pride said. "To a certain degree, that's OK. It creates entrepreneurship within companies. But at some point the market takes it too far, and I wonder if we're close to pushing that limit."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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Danske Didn't Keep Its Guard Up

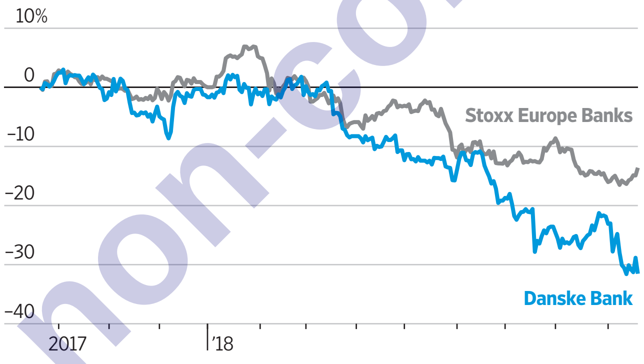
Some money laundering is highly sophisticated and difficult to track through multiple countries, offshore centers and anonymous shell companies. Some, like the more than $230 billion in dubious flows that have emerged at **Danske Bank** of Denmark, is worryingly simple.

The bank's management of this scandal has looked increasingly poor as the details have dripped out slowly over several months and the amounts involved have rapidly grown. Despite all the global attention from politicians and regulators on money laundering over several decades, the lesson for investors here is that banks can still not only fail in their front-line duties but also mismanage the fallout.

Danske on Wednesday released a damning report, prepared by a local law firm, which identified €200 billion ($233 billion) of potentially suspicious transactions that flowed through its Estonian branch between 2007 and 2015. Danske's chief executive resigned in response.

Washed Out

Stock performance



Source: FactSet

The failings are stark. The branch wasn't properly managed by the group: Its IT systems were separate and many documents relating to customers were in Estonian or Russian. Anti-money-laundering procedures were hopeless. Screening of customers and payments was done manually and there was no response to suspicious people and transactions.

Danske ignored red flags from the start and its internal reporting about the Estonian branch contained little detail about business from nonresident clients. That is despite the fact that their transactions represented 40% of all payments by value throughout the period.

To some extent Danske may have been duped by its own employees: The report found 42 staff and agents were involved in some suspicious activity. However, poor group oversight of Estonia also was instrumental.

Danske's case is a long way from being finished. There is no solid information on how much of the suspicious money will prove illegal.

One thing in Danske's favor is that it doesn't believe the flows breached financial sanctions against Russia. This will be important if U.S. authorities get involved: **BNP Paribas** of France was hit with a $9 billion penalty for breaching mainly U.S. sanctions.

Danske is disgorging the more than $230 million in profit it made between 2007 and 2015 in Estonia to a foundation to combat financial crime. That has trimmed its profit forecast for the year by up to 15%, but hasn't affected its plans for stock buybacks.

It is extremely difficult to guess what fines Danske might get, but its decision to keep up buybacks is surprising. It is yet another move the bank's management may regret.

—Paul J. Davies

OVERHEARD

China is pushing back against the U.S. in the growing trade dispute between the two countries. A giant Chinese company is hedging its bets.

State-owned **China Merchants Group** is considering selling Loscam, a maker of wooden and plastic shipping pallets, according to Bloomberg. China Merchants bought the company in 2010 for a price reported at the time of roughly $650 million.

People advising China Merchants say the company could be worth $1 billion. But they had better get the deal done quickly. China said it would put tariffs on $60 billion of U.S. exports after the U.S. put new import taxes on $200 billion of Chinese goods. Now the U.S. is expected to retaliate.

Less trade means fewer pallets, which is bad for Loscam, whose business runs across Asia and Australia. Loscam prides itself on recycling its pallets; a new buyer might end up with a lot of sawdust on its hands.

Housing Has Tough Times On the Way

The slowdown in housing can be blamed on a number of factors, and the bad news is they are likely to worsen.

On Wednesday, the Commerce Department reported that single-family housing starts increased by a modest 1.9% last month from July, leaving them below the levels they registered in the spring. Single-family permits, which measure how much construction is in the pipeline, fell to their lowest level in a year. Other housing measures, including existing- and new-home sales, also have been slowing in recent months.

The reasons for the weakness are clear: Mortgage rates are near seven-year highs and rising prices are cutting into affordability. A tight labor market and steep construction-material prices are raising builders' costs. The new tax law's limit on deductions for mortgage interest and state and local taxes makes owning a home less enticing in some states.

But if those things are headwinds for the housing market now, they could become even stiffer later. With the Federal Reserve on course to keep on raising rates through next year, long-term rates are on the rise again—the 10-year Treasury yield on Wednesday hit its highest level since May. A strong economy will likely keep driving unemployment lower, making the shortage of construction workers even more intense. For home buyers, the consequences of the tax-law changes may not have fully sunk in yet.

Housing's recovery after the financial crisis has been much weaker than anyone hoped for. The risk now is that it has been cut short.

—Justin Lahart

Shell and Glencore Could Be Winners From China Tariffs

China and the U.S. may not yet be in an all-out trade war, but the trenches are getting wide and deep. The more obvious risks shouldn't blind investors to the opportunities.

On Monday, President Trump announced new tariffs on $200 billion of Chinese imports. Late Tuesday, China fired back to the tune of $60 billion. But China needs many of the things the U.S. is selling. It could now turn elsewhere to buy them.

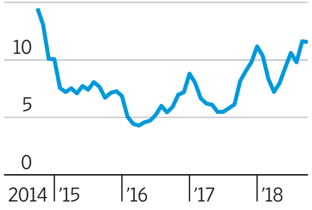
Two obvious needs stand out: liquefied natural gas (LNG) and coal.

U.S. coal was hit with an initial round of Chinese tariffs this summer, and LNG is under the gun this time around. Non-U.S. energy heavyweights with a big Asian presence, such as **Royal Dutch Shell** and **Glencore**, could benefit.

Fuel for Investors

Asian liquefied natural gas spot price

$15 per million British thermal units



Source: Thomson Reuters

China's LNG imports surged 60% last fall and winter as local officials shut down coal power plants in line with environmental targets. Asian spot prices doubled in late 2017, handing a windfall to gas marketers like U.S. LNG exporter **Cheniere Energy** and Shell.

China may not be able to avoid paying up for U.S. LNG this winter, but tariffs could cause problems for exporters' expansion plans.

Asian spot prices are currently about $12 per million British thermal units. Cheniere in 2017 estimated its break-even point for shipments to Asia from future projects at $7.50 to $8.50 per MMBtu. A 10% tariff will therefore erase about one-quarter of Cheniere's margin of safety on the investments; if the tariff rises to 25%, about three-quarters of that margin goes.

If China does to a great extent avoid U.S. LNG spot purchases this winter, it will probably need more coal to compensate. China has plenty of low-quality coal at home, but needs to blend that with cleaner, more calorific coal from abroad to hit pollution targets.

Chinese inventory build is likely one reason for the unusually large price premium for high-quality coal in Asia right now: Chinese imports were 25% higher in the three months to end-August compared with the prior-year period.

Firms like Glencore, sitting on a mountain of high-quality Australian coal, including from its recent Hunter Valley purchases, will be well positioned if an LNG shortfall this winter leaves the Chinese and other Asian buyers fighting over high-calorie Asian coal.

The U.S. and China seem to be in for an extended, bruising fight. Asian and European companies, particularly in the energy arena, could be among the beneficiaries.

—Nathaniel Taplin

A special supplement provided by Barron's magazine, a Dow Jones publication

BARRON'S

The Top 100 Independent Advisors

Reprinted from the September 17, 2018 issue of Barron's.
The Wall Street Journal news organization was not involved in the creation of this content.

BARRON'S • SPECIAL SUPPLEMENT

Special Report

The Top 100 Independent Advisors

With mergers reshaping the industry, *Barron's* ranks the leading firms and individuals

Once a pebble in the U.S. wealth management landscape, registered investment advisor, or RIA, firms will soon account for 30% of all retail investment assets, according to Mark Tibergien, CEO of Pershing Advisor Solutions.

Recent figures from Cerulli Associates have RIAs managing about $4 trillion of client assets, compared with about $6.5 trillion within the traditional brokerage, or wirehouse, model. (Yet more assets are invested through smaller, independent brokerages, discount brokerages, and so on.) And while thousands of mom-and-pop shops still populate the RIA universe, they are shrinking in number as operating costs rise and fees drop. In short, financial advice is rapidly becoming the domain of firms that have the scale to handle the intense technological and regulatory challenges.

This is largely good news for clients. For starters, as bigger firms gain prominence, advisory fees are dropping. According to the most recent State of Retail Wealth Management report from McKinsey's PriceMetrix unit, fees for both individual transactions and broader financial planning have dropped every year since 2014. The average fee last year for households with between $1 million and $1.5 million to invest was 1.08% of assets managed, down from 1.16% in 2014.

At the same time, the range of services and expertise available to clients is growing, as RIAs expand their teams. Investing acumen remains important. But in an era of low-cost investing options from the likes of Vanguard and so-called robo providers such as Betterment, advisors understand that they need to bring other services to the table, such as estate and tax planning. If you're a client, now is a good time to review what you're getting for your fees—and to perhaps ask for more.

***Barron's* produces two** separate RIA rankings to help investors find quality financial guidance. The 12th edition of our Top 100 Independent Advisor ranking, which starts on page 9, lists individual advisors; the third-annual Top RIA Firms Ranking, which starts on page 6, ranks the leading independent advisory firms. Each of these rankings weighs

By Steve Garmhausen

Illustrations by Keith Negley

Within five to 10 years, the country's thousands of independent firms could consolidate into a dozen national businesses and 50 to 60 large regional ones, along with several hundred local businesses.

dozens of qualitative and quantitative components, including assets managed, the size and experience of teams, and the regulatory records of the advisors and firms.

This year, the RIA Firm ranking expanded to 40 spots (from 30 last year and 20 in 2016), to make room for the explosive growth of elite firms. The average assets under management by the top 20 RIA firms in our survey grew 40.7% since 2016, to $15.8 billion. Their operations are similarly expanding: The average number of offices rose from 20 to 31; the average number of advisors at each firm grew from 63 to 83; and the average number of advisory clients increased from 5,518 to 8,012.

A notable absence on the roster: Kansas City–based Creative Planning, a fast-growing firm that had been No. 1 in last year's ranking. At press time, the $36 billion-asset firm had a pair of pending regulatory issues with the SEC—one related to radio advertising and another related to internal reporting of the CEO's personal securities holdings. The issues render Creative Planning ineligible until *Barron's* can fully evaluate the matter.

It's a heady time for leading firms, and much of the growth is coming from a steady increase in mergers-and-acquisition activity. A record 94 deals took place in the year's first half—up from just 24 in the same period in 2013, according to Echelon Partners. And the acquisitions are getting bigger: The average transaction size for this year's first half exceeded $1.3 billion, compared with $1 billion in 2017.

The most notable deal came in April, when private-equity firm Hellman & Friedman bought Financial Engines for $3 billion and moved to combine it with Edelman Financial Services. The resulting firm will have almost $170 billion in client assets, much of which resides in 401(k) and robo accounts; $30 billion-plus will be overseen by traditional financial advisors.

The Edelman deal highlights how private-equity money is flooding into the wealth management industry, and in many cases funding mergers. It's not hard to see what attracts these investors to the RIA industry. RIA firms are cash cows, with a median profit margin of 20%, according to TD Ameritrade Institutional.

Within five to 10 years, Tibergien predicts, the country's thousands of RIA firms will consolidate into perhaps a dozen national businesses and 50 to 60 large regional ones, along with several hundred dominant local businesses.

In the meantime, the deals are rewarding their participants richly, as RIA sellers monetize the blood, sweat, and tears expended in building their firms, and as buyers gain valuable assets.

For clients, one upside to mergers is that they can inject new talent and capabilities into a firm. For instance, when California-based Beacon Pointe Private Wealth Advisors acquired an advisory practice in Boston several years back, it gained an expert in environmental, social, and governance, or ESG, investing, CEO Shannon Eusey says. Another deal, for a Northern California firm, brought in an advisor with special expertise in de-risking the concentrated stock positions often held by corporate executives.

Another benefit of mergers is that they help ensure that an advisory relationship will continue, should your advisor die or leave the business, says Tibergien: "The issue of continuity is an important topic for clients to consider when evaluating their advisors."

Scaled-up RIAs can also use their clout to gain access to exclusive investment funds. And they can pressure asset managers into lowering prices.

And becoming part of a larger firm means there's likely to be tighter legal and ethical supervision, since there's more at risk.

On the other hand, there's a chance that you will lose some personal attention after a sale. If your old advisor took a hands-on approach to investing your money, you may be disappointed to be placed in standardized model portfolios that lack the personal touch.

What's more, your advisor might be sold to a firm that's profit-driven, in which case you might have to take a more proactive approach to monitoring fees.

Anytime a change in ownership occurs, says Tibergien, it's smart to at least research other advisors. "There may be absolutely no reason to leave, but the sale should essentially be considered as another life event that leads clients to pause and take stock," he says.

The trend toward consolidation may create uncertainty if you're a client of a smaller firm that lacks a clear succession plan. And there are many such firms: Three-quarters of financial advisors lack a written succession plan, according to the Financial Planning Association.

Without a plan for competing in the evolving RIA business, it's more likely that owners will wind up selling to whoever makes the best offer. And that new owner might not necessarily be the best match for the firm's clients. Clients of big RIA firms might also wonder if the economies of scale will benefit them. As noted, fees to clients have dropped, but not at a breakneck pace.

With fees falling for everything from individual stock trades to back-office services, RIAs will have to decide how to sweeten the value proposition for clients going forward—either by expanding and improving their services or by marking down their prices, Tibergien says.

As RIAs grow, the big question is whether certain aspects of the independent model will rub off on traditional brokerage firms. Specifically, independent RIAs charge fixed fees rather than brokerage commissions, and because they are legally required to act as fiduciaries, they're set up to avoid conflicts of interest in ways that traditional brokerages aren't. Prominent regional brokerage firms such as LPL Financial and Raymond James have added RIA channels to adopt so-called hybrid platforms, and it's expected that the RIA effect will continue to spread. "I do think there is a morphing of the ideas," says Tibergien.

Though major Wall Street brokerage firms have taken steps in recent years to root out conflicts of interest, the absence of a regulatory imperative to act as fiduciaries means that independent and brokerage models are likely to continue to maintain some separation. As Tibergien notes, RIAs are professional buyers of investments for clients, while brokers are professional sellers.

Speaking of pricing, some RIAs are gravitating away from the traditional fee model, in which clients are charged a fixed percentage of their investment assets annually. In its place, firms like WE Family Offices (19th in our ranking) are charging a retainer fee that's based on the complexity of clients' overall needs—from investing to estate planning to family governance. The retainers compensate advisors for attending to clients' broad needs, not just their investments.

As RIAs become more visible, though, investors will be increasingly weighing their options. "The beauty of what's happening is that they now have a choice," says Tibergien. ■

Movin' On Up

Top RIA firm executives who moved into management roles after successful careers as advisors.

Fred Fern
Churchill Management Group
Years as Top Indie Advisor: 8
Highest Ranking: 1

Rob Clarfeld
Clarfeld Financial Advisors
Years as Top Indie Advisor: 9
Highest Ranking: 2

Michael Nathanson
The Colony Group
Years as Top Indie Advisor: 10
Highest Ranking: 6

Shannon Eusey
Beacon Pointe Advisors
Years as Top Indie Advisor: 4
Highest Ranking: 13

Santiago Ulloa
WE Family Offices
Years as Top Indie Advisor: 3
Highest Ranking: 18

Rick Buoncore
MAI Capital Management
Years as Top Indie Advisor: 4
Highest Ranking: 68

Five Views From the Top

The furious pace of growth at the top independent advisory firms is transforming the way they serve their clients. In the interviews that follow, top RIA executives detail how their firms are evolving and what the changes mean for clients.

Shannon Eusey
CEO
Beacon Pointe Private Wealth Advisors
Newport Beach, Calif.
Firm Rank: 36

Shannon Eusey

Aaron Feaver

Barron's: Beacon Pointe has acquired 11 other firms over the past seven years. Is getting bigger helpful for clients?

Eusey: When we acquire, we're looking to add to our services and talent for the end client.

Our Northern California office, for example, specializes in concentrated [stock] positions. We made an acquisition in Boston several years ago where the principal was formerly with a large family office. He was a chief investment officer with extensive experience in environmental, social, and governance, or ESG, investing. It's an added tool for us to help clients who are interested in that type of investment.

How much do you plan to expand?

Our goal is to have an office in every key metro area, so we can better serve our clients. We're already in a number of them: Dallas, Boston, Philadelphia, the Bay Area, and Santa Barbara. We're looking for great partners in all of these marketplaces.

How have you financed the acquisitions?

It has been [financed] internally, off our balance sheet. We haven't taken outside money, so we're not beholden to outsiders, just to our teammates, partners, and clients.

Using our own internal money means we're more aligned with our clients in that they know exactly who their advisor is going to be, how the business is going to be run, and what the culture of the firm will be. When you introduce third-party money, it comes with an agenda, and that will lead to changes in how services are delivered. The motivation for the business is to serve our end client first and foremost, end of story.

What are clients paying for?

We charge on assets under [investment] advisement, but what we really charge for is everything financially related to your life. We start with holistic financial planning to identify if and how we should invest one's assets. We really want to be the person [who clients] come to when there is anything related to money, whether it's better managing their taxes, how their estate plan corresponds to their investments, whether they should pay for their kids' college education or have the kids take loans, when should they take Social Security, and when should they expect to retire.

Why do you delegate investing to third-party managers rather than handling it in-house?

To me, it goes back to there being an inherent conflict if clients are paying to use your in-house products. When do we fire ourselves if we're not doing well? It's also very difficult for one firm to be able to say, "We have the best advice, and we also have the best products." On the other hand, it's very easy for us to go out there, look at the landscape, and say, "These are the best managers." We outsource all of our investment management to who we believe are the best and brightest in all asset classes.

What's your market outlook?

We're likely closer to the ninth inning of an 11-inning game versus the sixth inning of a nine-inning game. I don't think we're going to see a crash, but we will see a correction. We remain constructive on the economy as it is today.

So many investments are expensive right now. Do you see attractive pockets?

There are pockets of opportunity in the U.S.—more defensive, cyclical sectors like consumer staples, telecom, and utilities; also, more value-oriented stocks. But we think emerging markets are not priced like the U.S. markets, which are priced for perfection.

As the bull market ages, how are you adjusting your clients' portfolios?

The biggest change over the past couple of years, with equity valuations stretched and being in the later stages of a bull market, has been having more exposure to the alternatives space. We use some private equity, some liquid alternatives—assets that aren't as correlated with the equity markets.

Choosing an advisor can be complex. What advice would you offer a hypothetical Aunt Sally about selecting a good one?

I'd tell my Aunt Sally to make sure they're a fiduciary. The underlying problem with not being a fiduciary is that it's so hard to follow the money. With [hidden fees], it's so confusing to the end client what they're paying for.
—Steve Garmhausen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Maria Elena "Mel" Lagomasino
CEO and Managing Partner
WE Family Offices
New York, Miami
Firm Rank: 19

Barron's: What are your core offerings?

Lagomasino: We do three things. We serve as a whole family office, soup to nuts—from diagnostic to planning to governance to investing to consolidated reporting—so families can track their progress on everything they're doing.

The second thing we do is support existing family offices. We can do their due diligence, serve on their investment committee, help put together asset allocations, help with access to certain opportunities.

The third thing we do is when a family gives us a very specific project—for example, a family governance issue, like how to transfer [wealth] to the next generation—we put in place structures and processes to make that happen.

Half of WE's clients are international. Where do they live?

Mostly Latin America. Miami over the past two years has become the "capital" of Latin America. One reason is that Spanish is the predominant language in Miami. The other thing is that it's become the airline hub for all the countries in Latin America; often it's easier to fly from one country to another through Miami rather than directly. Also, [wealthy families] live in very insecure environments—Mexico or Brazil, never mind places like Venezuela.

What are WE's aspirations for size and scale?

We want to grow—if you don't grow, you start going down—but we want to grow very, very thoughtfully. When we started the company in 2013, we had about $1.6 billion and close to 50 families. Today we have 72 families and we're almost at $10 billion.

That's happened because we've been very focused on the type of family we can work with. We also look at where we can add value with these larger, more complex families. All three managing partners are involved with every family personally on a strategic basis. We're focused on the quality of our service and the culture of our firm.

How does your growth affect the services and pricing that clients will see?

There are some things that are scalable and some things that are not. Our relationship with and knowledge of a family, the customization we provide to them, isn't scalable. What is scalable are things like technology and due diligence around investment opportunities.

To the extent that our clients are large and we're a family office, to the extent that we're talking to an investment manager about an opportunity, the larger we are the more buying power and access we have. And we can translate that into lower fees and better terms for our clients.

Private equity is paying handsomely for stakes in successful RIAs. Would you make a deal with the right partner?

When my partners and I thought about the kind of firm we wanted to build, one of the things we saw was that there were quite a number of people who got out there to build a firm in order to sell it. And yes, we were offered private-equity money.

But our mission is to make families sustainable on a multigenerational basis. That's inconsistent, I think, with having a capital structure that says I'm going to have a sale in seven years.

We built our firm with a 40-year vision.

You charge retainer fees, while most firms charge a fixed percentage of assets under management each year. Why?

What costs us the most is time. So we charge retainers based on the complexity and time we think we're going to have to spend with every family on a specific mandate.

If a family is interested in hiring us, we say, "Hire us for 90 days; we'll do the full diagnostic, looking at every facet of your wealth. At the end of the day we will know you, and you will know us, and together we will know what it takes to work with your family—and we'll develop a retainer."

What are your overall thoughts about the stock market at this stage of its bull run?

We're invested, but we're cautious. We think we're late in the cycle, so we're suggesting to our families that they hold more cash than usual. We're also very short on duration in fixed income, and we're trying to use floating rate [investments] where possible.

Where do you see some of the best investing opportunities in the next few years?

We're trying to figure out how to play in the Asian market. There's also opportunity for our clients who can trade liquidity for returns in the private market. Then there's a whole subset of our clients who are very focused on what some call ESG [environmental, social, and governance] investing, which we call values-aligned investing. We're really seeing a strong trend, particularly with women and millennials. They get cognitive dissonance between what their portfolio looks like and the things they believe in. We have mandates from several clients to gear their investments to their values in a nonconcessionary way so they're not giving up returns. There's more and more of that going on.

And, by the way, this is a great way to get the next generation involved and active, and understanding that they can do right and do well. *—Steve Garmhausen*


Maria Elena Lagomasino
Vincent Tullo

Michael Nathanson
CEO
The Colony Group
Boston
Firm Rank: 22

Barron's: You plan to offer a range of nonfinancial services from outside providers—from concierge medicine and travel advice to education planning and philanthropic coaching. That sounds very ambitious.

Nathanson: It would be much more ambitious if we were hiring these people and doing these things ourselves. For now, we want to build a platform of third-party expertise. Many RIAs, including The Colony Group, already have a network of estate-planning attorneys, insurance professionals, and certified public accounts. It's a simple evolution beyond that. Let's bring in other professionals and really work on offering our clients more. This is holistic.

Is this part of an overall plan for substantive changes in how you operate?

Darwin said that the species that can adapt to the environment best and adapt to changes are the species that survive. I've come to think of RIAs in that context. For The Colony Group, we have to continue to adapt and evolve. The Colony Group has an active bias. And yet, over time, we have also adopted passive strategies, because we have clients that come to us and want to be passive in terms of their approach, and to be more index-like. We have continued to grow our wealth management platform, so we can continue to broaden our services and deliver many of those services through technology.

You've grown rapidly over the past few years and merged with a number of firms. Have you grown organically, as well?

We had about $1.3 billion at the end of 2011. Our regulatory assets under management, as of July 31, 2018, were approximately $8.1 billion. You do get a sense of the kind of growth we've enjoyed. Part of it has been organic, part inorganic.

For a company of our size, we expect every year to grow several hundred million dollars in net new additional assets organically. What we have discovered over time are the benefits of doing mergers. We have now completed seven strategic transactions. All of them have been great, not just because they've made us larger, but because they've made us better. Most of the advisory firms in our industry are practices. Many practices evolve into collaborations. Many collaborations evolve into businesses. For most, it ends there. But very few firms can evolve beyond businesses into enterprises, something that is sustainable, that is diverse in nature to withstand many different types of market cycles and a changed environment. These are now perpetual organizations that are designed to be there for generations to come, with very low amounts of key-person risk and with great specialization internally. Each of these mergers has helped us do that.

Is the balance of your business tilted increasingly toward wealth management rather than investment management?

We have about 150 employees and 10 offices. Every client is different. Many come to us and say they have their own accountant, their own estate planner, their own insurance advisors, and their own philanthropic advisors—and they really want us to be their investment manager. But many clients increasingly

The Top 40 RIA Firms

The largest independent advisory firms grew by over 40% last year. With M&A only increasing, that growth is unlikely to slow anytime soon.

RANK 2018	RANK 2017	Firm	Location	Top Executives	Clients	Advisors	Offices	States
1.	3.	**Edelman Financial Services***	Fairfax, Va.	Ryan Parker, Ric Edelman	37,351	163	43	16
2.	4.	**United Capital Financial Advisers**	Newport Beach, Calif.	Joe Duran, Edward Kummer, Gary Roth	21,021	221	85	29
3.	2.	**Mariner Wealth Advisors**	Overland Park, Kan.	Marty Bicknell, Cheryl Bicknell, Katrina Scott	14,890	205	25	18
4.	7.	**Moneta Group Investment Advisors**	Clayton, Mo.	Eric Kittner, Keith Bowles, Nathan Howard	4,395	95	2	1
5.	5.	**Silvercrest Asset Mgmt Group**	New York	Richard R. Hough III, David J. Campbell, Scott A. Gerard	722	27	7	4
6.	NR	**Private Advisor Group**	Morristown, N.J.	John Hyland, Patrick Sullivan, Abby Salameh	40,933	7	240	34
7.	6.	**Veritable**	Newtown Square, Pa.	Michael A. Stolper, John J. Scuteri, David M. Belej	223	48	2	2
8.	8.	**BBR Partners**	New York	Brett Barth, Evan Roth, Mike Anson	136	28	4	3
9.	17.	**Tiedemann Advisors**	New York	Michael Tiedemann, Craig Smith, Kevin Moran	406	37	8	8
10.	12.	**Buckingham Strategic Wealth**	Saint Louis	Adam Birenbaum, David Levin, Shannon O'Toole	6,866	150	26	16
11.	9.	**Ehrenkranz Partners**	New York	Andrew Sommers, John Ehrenkranz	145	6	1	1
12.	NR	**Financial Engines***	Sunnyvale, Calif.	Lawrence M. Raffone, John Bunch, Christopher Jones	1,100,000	263	98	37
13.	10.	**Aspiriant**	Los Angeles	Rob Francais, Bret Magpiong, John Allen,	1,654	73	10	6
14.	NR	**CIBC Private Wealth Management**	Atlanta	John S. Markwalter Jr., Eric Propper, Gabrielle D. Bailey	7,582	138	23	16
15.	11.	**Brownson, Rehmus & Foxworth**	Chicago	Susan Shacklette, John Lafferty, Steve Rehmus	467	16	4	4
16.	NR	**Mercer Advisors**	Denver	Dave Welling, Loren Pierson, Karsten Voermann	9,000	64	26	16
17.	NR	**TAG Associates**	New York	David Basner, Jonathan Bergman, John Pantowich	110	12	2	2
18.	14.	**Pathstone**	Englewood, N.J.	Steve Braverman, Allan Zachariah, Matthew Fleissig	309	60	7	7
19.	NR	**WE Family Offices**	Miami	Mel Lagomasino, Santiago Ulloa, Michael Zeuner	72	14	2	2
20.	15.	**Johnson Investment Counsel**	Cincinnati	Jason O. Jackman, Bret H. Parrish, Timothy E. Johnson	3,958	37	5	1
21.	16.	**Evercore Wealth Management**	New York	Jeff Maurer, Chris Zander, Jay Springer	600	24	5	4
22.	NR	**The Colony Group**	Boston	Michael J. Nathanson, Ron Rubin, Gina Bradley	3,126	76	10	6
23.	NR	**KLS Professional Advisors Group**	New York	Gary Sica, Robert Schorr, Arthur Langhaus	973	16	2	2
24.	21.	**Carson Group**	Omaha, Neb.	Ron Carson, Aaron Schaben, Teri Shepherd	11,701	110	64	31
25.	NR	**Clarfeld Financial Advisors**	Tarrytown, N.Y.	Rob Clarfeld, Rick Suarez, Robert Varriano	450	32	2	1
26.	NR	**Stratos Wealth Partners**	Beachwood, Ohio	Jeffrey Concepcion, Nancy Andrefsky, Matthew Dunn	13,700	264	87	24
27.	NR	**Captrust**	Raleigh, N.C.	J. Fielding Miller, Wilson S. Hoyle III, Ben Goldstein	5,138	155	37	15
28.	23.	**RMB Capital**	Chicago	Richard M. Burridge Jr., Frederick Paulman, Walter H. Clark	2,722	22	17	13
29.	29.	**Summit Trail Advisors**	New York	Jack B. Petersen, David Romhilt, Tom Harms	325	15	5	5
30.	18.	**CV Advisors**	Aventura, Fla.	Elliot Dornbusch, Alex Mann, Matthew J. Storm	65	4	1	1
31.	NR	**Douglas C. Lane & Associates**	New York	Edward Dewees, Sarat Sethi, Douglas Lane	1,150	7	1	1
32.	24.	**Churchill Management Group**	Los Angeles	Fred A. Fern, Randy C. Conner, Eileen A. Holmes	5,926	45	38	15
33.	20.	**Sontag Advisory**	New York	Michael Delgass, Howard Sontag	1,274	10	3	3
34.	NR	**Welch & Forbes**	Boston	Kurt Walter, Benjamin J. Williams Jr., Adrienne G. Silbermann	808	10	1	1
35.	22.	**Savant Capital Management**	Rockford, Ill.	Brent R. Brodeski, Richard A. Bennett, David F. Barton	4,529	41	12	3
36.	NR	**Beacon Pointe Advisors**	Newport Beach, Calif.	Shannon Eusey, Matthew Cooper, Graham Pierce	3,500	80	12	5
37.	19.	**Athena Capital Advisors**	Lincoln, Mass.	Lisette Cooper, Leonard Lewin	45	10	3	3
38.	26.	**WMS Partners**	Towson, Md.	Pace Kessenich, Timothy W. Chase, Chad Norfolk	325	23	2	1
39.	NR	**MAI Capital Management**	Cleveland	Richard J. Buoncore, James D. Kacic, Mark H. Summers	853	33	5	4
40.	30.	**Joel Isaacson & Co.**	New York	Joel S. Isaacson, Stanley Altmark, Robert Paul	888	16	1	1

*Edelman and Financial Engines have merged and will be formally combining their operations in the next few months. NR=not ranked.

are looking to bring all of these functions under the same roof. And that is key to our business model.

Does at least part of your growth reflect an acceptance of RIAs among a broader clientele, including institutions?

I do believe there has been an increasing acceptance of RIAs. I'll go beyond that: I believe there has been an increasing trend to seek out a fiduciary-based advisor, which typically means going to an RIA. We have benefited from that. That's why we have adhered to the fiduciary standard and that's why we've remained a fee-only advisor, despite all of the temptations to go outside of those boundaries. That's what our clients expect from us, to be fiduciaries only. Institutions are increasingly demanding advisors that are under the fiduciary standard. That has helped us, as well.

Has competition between RIAs and broker-dealers changed over time?

Competition has intensified because there are more and more players in the business. That could be robo-advisors or banks and custodians. Many professionals such as accountants and lawyers are getting into the business. I view our competitors largely as people from the broker-dealer space. We do compete with other RIAs, but less frequently. We see other RIAs as potential allies.

Do you offer your own robo-type services?

Not yet. We aren't afraid of robo-advisors. We don't think of them as competition. Our clients seek us out because we are a high-touch organization, a high-service organization. We do believe that robo-advisors ultimately will be allies of ours. Increasingly, organizations like Schwab and Fidelity are seeking to create robo-advisors that can be used as a tool by RIAs to provide services to clients more efficiently. Candidly, we don't think we're there yet. *–Matt Miller*

Adam Glanzman

"Very few firms can evolve beyond businesses into enterprises–something that is sustainable, that is diverse in nature to withstand many different types of market cycles."

–Michael Nathanson, The Colony Group

Brent Brodeski
CEO
Savant Capital
Rockford, Ill.
Firm Rank: 35

Barron's: You like to compare your firm's approach to the Mayo Clinic. What do you mean by that?

Brodeski: Twenty years ago, we were three general practitioners who shared office space. We had to make a decision: Do we just have a nice boutique practice or build something significant, meaningful? The Mayo Clinic is what we modeled it after. Think of it as a team approach. You get some of the best specialists, but the unique process that Mayo has is to bring those specialists together. In many instances, they're able to diagnose better and create better treatment plans. We've used that in the same way. We wanted to grow, and we wanted to provide as much value as possible. We realized we needed to build a team of specialists to complement the generalist.

Could you give some examples?

For many years, we wanted to build estate-planning and wealth-transfer expertise. We were above average, but it still didn't feel like we were as deep as we wanted to be. I realized there was no way I could grow that with talent internally, so I went out and hired the very best practicing estate attorney in northern Illinois. We've since hired several more attorneys.

In another example, we had a number of certified public accountants and were doing a limited amount of taxes, but I wanted to build the firm deeper around succession planning—around more complex tax matters than we had the expertise for. All of the accounting firms are trying to get into our business, so why don't we go buy an accounting firm? We found a very high-quality accounting firm that specialized in physicians and dentists—and, by the way, a big portion of our clients is physicians and dentists, so it's a great fit.

Have you changed your approach to pricing as your suite of services broadens?

Tax work and accounting services are done more on hourly or retainer-type fees. For the traditional wealth management client, we continue to charge as most of the industry does, on basis points. Probably an increasing amount of the business we do will be based on retainers and other billing mechanisms.

Are you seeing more next-generation investors, and do you change your approach when dealing with them?

The next-gen investors who are doing well, accumulating significant assets and who have busy careers, tend to be the ones that we see. I think the big difference is that they're more comfortable with technology. In the old days, people came to your office and had regularly scheduled meetings. The next gen tends to be a lot more comfortable with relationships by phone or email, using technology. It's the same advice that we're delivering, but in a slightly different fashion. They still need advice; it's just how you deliver it.

Is that where you see a lot of your growth?

Inevitably, most of the growth is still people who are 50-plus years. At the end of the day, they tend to have the money. Having said that, the 30- to 40-year-old clients are appealing because they're going to grow with us. We're increasing our focus there. We've got a lot of really smart advisors who are in

"We can look at what has transpired in legal, banking, and accounting consolidation for a peek at what's coming down the wealth management path."

–Brent Brodeski, Savant Capital

their mid-20s and 30s, probably as many or more of the next gen as the gray-hairs. That gives us a competitive advantage. The next-gen clients are often more comfortable with people their age or a bit older, which makes sense. They want to look for advisors who they can work with for many, many years.

How do you see the development of the RIA industry going forward?

We can look at what has transpired in legal, banking, and accounting consolidation for a peek at what's coming down the wealth management path. The RIA is well behind these others, but it's starting to take shape. If we look out seven to 10 years from now, we're going to see that our space is probably dominated by 30 to 50 national and multiregional firms, whereas today there are literally thousands of small advisory shops.

You've grown a lot organically, but you've also made some acquisitions. Do you try to strike a balance between the two?

We've done six transactions. They've all been successful. The most important thing I've learned is that a pure organic strategy is difficult because there's such a shortage of top quality advisory talent. Really good, seasoned advisors are not on the street corner shaking their résumé around saying, "Hire me." While we can hire really smart, next-gen people all day long, in order to develop a millennial-type advisory you've got to have great mentors, you've got to have clients for younger advisors to work with. The main purpose of acquisitions isn't just to get larger or to purchase clients; rather, it's to capture the talent we couldn't otherwise hire.
—Matt Miller

Brent Brodeski

Lyndon French

Fred Fern
CEO
Churchill Management Group
Los Angeles
Firm Rank: 32

Barron's: Where are we now in the cycle?

Fern: A bear market is coming. This is my 55 years of experience talking. The market is a cycle that runs its course. We lose sight of that. The reality is, it's not a bull market or a bear market; it's a bull market followed by a topping process; a bear market followed by a bottoming process. The topping process can be elongated by a year or two, or it can be a bubble like you had in 1929 or the tech bubble in 1999. We're in a topping area of a bull market. We must not lose sight of that—and so many people will. I don't want to see the world get smashed.

For ever and ever, who cared what was going on in Europe or China? Their markets were just different worlds. Now, it's all interconnected. Right now, about 90% of foreign markets are in bear markets.

How are you helping your clients prepare for this future?

Our job is to make people understand that when things are wonderful, wonderful, wonderful, it can be tough ahead and we've got to plan for it. And vice versa. I learned early in my career the importance of communicating with our clients so they understand, because—guess what—we're human animals, and at the top we'll all be too bullish, and at the bottom we'll all be too bearish.

You founded Churchill in 1963. Has your approach to investing changed over the years?

The foundation, which was to make it and keep it, hasn't changed.

What does that mean?

We have a cut-loss policy. And it works. Not one bear market, going back to the 1960s, have we ridden down. Our capital strategies have protected capital dramatically. We've gotten out early in the phase before the bear market really collapsed.

I realized that when I set up the company in the 1960s, I never wanted to look a client in the eye and explain why I've lost their money.

Where are you in today's environment?

We were fully invested and making good money not that long ago. Then the market got very choppy. We took our portfolio and our tacticals down to 50% invested. For a while, we were actually below that. Now, we're up to two-thirds, 70% invested. We do that because we are looking at all of the facts, fundamentals, technical indicators, as well as individual securities.

You've witnessed RIAs grow and develop since their birth. Are they now a potent alternative to broker-dealers?

When I started in 1963, the world was made up of full-service stockbrokers and they were paid full commission. In those days, there were very few investment counselors, which are now RIAs. A friend of mine had a list—I don't know how accurate it was—that showed that in the 1960s there were 46 investment advisors. Now, there are 14,000. It shows you the way the world grows. People are living longer. They're making money, and they need a way to invest. So RIAs are an ideal way to accomplish that.

What is your fundamental investment strategy?

It's basically made up of two categories: top down and bottom up. Bottom up is what every advisor has to do in one form or another—selection of the securities that you buy. The old-fashioned way is looking at the fundamentals: Is it undervalued or overvalued? Charting is now a much bigger thing.

We buy securities under our tactical strategy in a way that not only do we think they are going to go up, but we have a close-in, cut-loss point in case it goes down.

And your top-down approach?

When I set up the company, a good friend on Wall Street suggested we go back and look at the stock market on a daily basis since World War II. My father and my wife went to the library and copied down all of the numbers back to 1915, showing the market on a daily basis. And we added to the charts all the news of the day that was affecting the world. There we had it in our face, and we realized that it gives us a tremendous advantage.

We have a chart room that shows the market on a daily basis from every angle back to 1921. It shows what happens at the high-risk points and at the low-risk points. We've been able to find a formula when, say, [it's] high risk: get into a defensive mode. Low risk: start sticking your toe in, now your ankle, then you're fully invested. That's our top-down philosophy.

Do you have, in effect, co-chief investment officers?

It's a money management team of five people. There are three generations. We all talk every morning. We put our heads together, so we don't overlook something. It's a team, not a committee of three or two votes. When someone opens an account with Churchill, the account is not assigned to one of those five. It's managed by five people. We have basically 10 eyes and 10 ears looking at every portfolio and the markets. *—Matt Miller*

Fred Fern

Julian Berman

BARRON'S • SPECIAL SUPPLEMENT

The Top 100 Independent Advisors

Here are America's top independent financial advisors, as identified by *Barron's*. The ranking reflects the volume of assets overseen by the advisors and their teams, revenues generated for the firms, and the quality of the advisors' practices. The scoring system assigns a top score of 100 and rates the rest by comparing them with the top-ranked advisor. A ranking of "N" indicates the advisor was not ranked in the specified year. HNW=high net worth; UHNW=ultrahigh net worth.

1. Spuds Powell
Kayne Anderson Rudnick Investment Mgmt, Los Angeles
2017 Rank: 1
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil): $23,879
Typical Acct Size (mil): $8
Typical Net Worth (mil): $15

2. Greg Miller
Wellesley Asset Mgmt, Wellesley, Mass.
2017 Rank: 3
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $2,819
Typical Acct Size (mil): $2
Typical Net Worth (mil): $5

3. Robert J. Skinner II
First Republic Inv. Mgmt, Palo Alto
2017 Rank: 15
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil): $4,010
Typical Acct Size (mil): $10
Typical Net Worth (mil): $50

4. Ted Neild
Gresham Partners, Chicago
2017 Rank: 9
Client Types: UHNW
Team Total Assets (mil): $7,127
Typical Acct Size (mil): $64
Typical Net Worth (mil): $70

5. David Lees
myCIO Wealth Partners, Philadelphia
2017 Rank: 8
Client Types: HNW, UHNW
Team Total Assets (mil): $6,723
Typical Acct Size (mil): $31
Typical Net Worth (mil): $37

6. Charles C. Zhang
Zhang Financial, Portage, Mich.
2017 Rank: 4
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $3,314
Typical Acct Size (mil): $2
Typical Net Worth (mil): $3

7. Jon Goldstein
First Republic Inv. Mgmt, Palo Alto
2017 Rank: 11
Client Types: HNW, UHNW
Team Total Assets (mil): $4,945
Typical Acct Size (mil): $50
Typical Net Worth (mil): $100

8. Edward Cronin
Manchester Capital Mgmt, Montecito, Calif.
2017 Rank: 7
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil): $3,542
Typical Acct Size (mil): $25
Typical Net Worth (mil): $60

9. Michael Yoshikami
Destination Wealth Mgmt, Walnut Creek, Calif.
2017 Rank: 10
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $2,395
Typical Acct Size (mil): $2.5
Typical Net Worth (mil): $9

10. Richard Saperstein
Treasury Partners / HighTower, New York
2017 Rank: 5
Client Types: HNW, UHNW, Foundations, Institutional
Team Total Assets (mil): $10,377
Typical Acct Size (mil): $20
Typical Net Worth (mil): $25

11. Kimberlee Orth
Ameriprise Financial, Wilmington, Del.
2017 Rank: 18
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil): $2,425
Typical Acct Size (mil): $5.26
Typical Net Worth (mil): $13.3

12. Stephan Cassaday
Cassaday & Co., Mclean, Va.
2017 Rank: 12
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $2,709
Typical Acct Size (mil): $1.5
Typical Net Worth (mil): $2

13. David Hou
First Republic Inv. Mgmt, Los Angeles
2017 Rank: 35
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil): $4,491
Typical Acct Size (mil): $40
Typical Net Worth (mil): $100

14. Alan Zafran
First Republic Inv. Mgmt, Palo Alto
2017 Rank: N
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil): $3,879
Typical Acct Size (mil): $12
Typical Net Worth (mil): $40

15. Valerie Newell
Mariner Wealth Advisors, Cincinnati
2017 Rank: 14
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $2,891
Typical Acct Size (mil): $3.4
Typical Net Worth (mil): $7.5

16. Paul Pagnato
PagnatoKarp, Reston, Va.
2017 Rank: 19
Client Types: HNW, UHNW
Team Total Assets (mil): $3,863
Typical Acct Size (mil): $15
Typical Net Worth (mil): $20

17. Paul Tramontano
First Republic Inv. Mgmt, New York
2017 Rank: 13
Client Types: UHNW, Foundations
Team Total Assets (mil): $2,437
Typical Acct Size (mil): $40
Typical Net Worth (mil): $100

18. Erik Morgan
Freestone Capital Mgmt, Seattle
2017 Rank: 20
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $4,280
Typical Acct Size (mil): $4.81
Typical Net Worth (mil): $7.84

19. Richard Joyner
Tolleson Wealth Mgmt, Dallas
2017 Rank: 17
Client Types: HNW, UHNW
Team Total Assets (mil): $5,650
Typical Acct Size (mil): $35
Typical Net Worth (mil): $83

20. David Kudla
Mainstay Capital Mgmt, Grand Blanc, Mich.
2017 Rank: 16
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil): $2,372
Typical Acct Size (mil): $0.7
Typical Net Worth (mil): $3

21. Lori Van Dusen
LVW Advisors, Pittsford, N.Y.
2017 Rank: N
Client Types: HNW, UHNW, Foundations, Endowments, Institutional
Team Total Assets (mil): $4,700
Typical Acct Size (mil): $18
Typical Net Worth (mil): $35

22. Joshua Gross
Mill Creek Capital Advisors, Conshohocken, Pa.
2017 Rank: 30
Client Types: HNW, UHNW, Foundations, Endowments, Institutional
Team Total Assets (mil): $6,000
Typical Acct Size (mil): $20
Typical Net Worth (mil): $30

23. Jeffrey Colin
Baker Street Advisors, San Francisco
2017 Rank: 28
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil): $7,505
Typical Acct Size (mil): $20
Typical Net Worth (mil): $30

24. Robert Balentine
Balentine, Atlanta
2017 Rank: 24
Client Types: HNW, UHNW, Endowments, Institutional
Team Total Assets (mil): $3,100
Typical Acct Size (mil): $18.45
Typical Net Worth (mil): $25

25. Kevin Grimes
Grimes & Co., Westborough, Mass.
2017 Rank: 27
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $2,464
Typical Acct Size (mil): $3
Typical Net Worth (mil): $10

26. Susan Kaplan
Kaplan Financial Svcs, Newton, Mass.
2017 Rank: 26
Client Types: HNW, UHNW
Team Total Assets (mil): $1,922
Typical Acct Size (mil): $3.5
Typical Net Worth (mil): $11

27. Dale Yahnke
Dowling & Yahnke, San Diego
2017 Rank: 25
Client Types: HNW, UHNW
Team Total Assets (mil): $3,978
Typical Acct Size (mil): $4.08
Typical Net Worth (mil): $25

28. Steven Weinstein
Altair Advisers, Chicago,
2017 Rank: 31
Client Types: HNW, UHNW
Team Total Assets (mil): $4,602
Typical Acct Size (mil): $15
Typical Net Worth (mil): $30

29. Dagny Maidman
First Republic Inv. Mgmt, San Francisco
2017 Rank: 60
Client Types: HNW, UHNW
Team Total Assets (mil): $2,000
Typical Acct Size (mil): $50
Typical Net Worth (mil): $300

30. Dan Wiener
Adviser Investments, Newton, Mass.
2017 Rank: 32
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $5,739
Typical Acct Size (mil): $1.41
Typical Net Worth (mil): $2.5

31. Charles Brighton
Brighton Jones, Seattle
2017 Rank: 40
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $5,409
Typical Acct Size (mil): $3
Typical Net Worth (mil): $5

32. Jon Jones
Brighton Jones, Seattle
2017 Rank: 41
Client Types: Retail, HNW, UHNW
Team Total Assets (mil): $5,409
Typical Acct Size (mil): $3
Typical Net Worth (mil): $5

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33. Kenneth Moraif
Money Matters with Ken Moraif, Plano, Texas
2017 Rank: 29
Client Types: Retail, HNW
Team Total Assets (mil)**:** $4,219
Typical Acct Size (mil)**:** $0.53
Typical Net Worth (mil)**:** $1

34. Brian Holmes
Signature Estate and Inv. Advisors, Los Angeles
2017 Rank: 44
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $8,390
Typical Acct Size (mil)**:** $8
Typical Net Worth (mil)**:** $15

35. Grant Rawdin
Wescott Financial Advisory Group, Philadelphia
2017 Rank: 22
Client Types: Retail, HNW, UHNW, Foundations, Institutional
Team Total Assets (mil)**:** $2,072
Typical Acct Size (mil)**:** $8
Typical Net Worth (mil)**:** $21

36. Mark Sear
First Republic Inv. Mgmt, Los Angeles
2017 Rank: N
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil)**:** $2,809
Typical Acct Size (mil)**:** $15
Typical Net Worth (mil)**:** $40

37. John Waldron
Waldron Private Wealth, Pittsburgh
2017 Rank: 45
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $1,866
Typical Acct Size (mil)**:** $10
Typical Net Worth (mil)**:** $20

38. Laila Pence
Pence Wealth Mgmt, Newport Beach, Calif.
2017 Rank: 34
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,595
Typical Acct Size (mil)**:** $2
Typical Net Worth (mil)**:** $5

39. Sarat Sethi
Douglas C. Lane & Associates, New York
2017 Rank: 50
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $5,385
Typical Acct Size (mil)**:** $4.8
Typical Net Worth (mil)**:** $17

40. Frank Reilly
Reilly Financial Advisors, La Mesa, Calif.
2017 Rank: 58
Client Types: Retail, HNW
Team Total Assets (mil)**:** $2,012
Typical Acct Size (mil)**:** $2
Typical Net Worth (mil)**:** $6

41. John Krambeer
Camden Capital, El Segundo, Calif.
2017 Rank: 43
Client Types: Retail, HNW, UHNW, Foundations
Team Total Assets (mil)**:** $2,052
Typical Acct Size (mil)**:** $15
Typical Net Worth (mil)**:** $50

42. Clarke Lemons
WaterOak Advisors, Winter Park, Fla.
2017 Rank: 38
Client Types: Retail, HNW, UHNW, Foundations
Team Total Assets (mil)**:** $2,007
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $6

43. James B. Stack
Stack Financial Mgmt, Whitefish, Mont.
2017 Rank: 39
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,247
Typical Acct Size (mil)**:** $1.5
Typical Net Worth (mil)**:** $5

44. Alex Shahidi
Advanced Research Investment Solutions, Beverly Hills, Calif.
2017 Rank: 46
Client Types: UHNW, Foundations, Institutional
Team Total Assets (mil)**:** $11,050
Typical Acct Size (mil)**:** $20
Typical Net Worth (mil)**:** $25

45. John Henry
OBS Financial, Perrysburg, Ohio
2017 Rank: 81
Client Types: Retail, HNW, Institutional
Team Total Assets (mil)**:** $1,998
Typical Acct Size (mil)**:** $0.23
Typical Net Worth (mil)**:** $0.5

46. Gerard Klingman
Klingman & Assoc. / Raymond James, New York
2017 Rank: 63
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $2,131
Typical Acct Size (mil)**:** $10
Typical Net Worth (mil)**:** $15

47. Richard S. Brown
JNBA Financial Advisors, Minneapolis
2017 Rank: 52
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,455
Typical Acct Size (mil)**:** $1.5
Typical Net Worth (mil)**:** $2

48. Roger Wade
GW & Wade, Wellesley, Mass.
2017 Rank: 48
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $6,353
Typical Acct Size (mil)**:** $0.76
Typical Net Worth (mil)**:** $2.66

49. Randall Linde
Ameriprise Financial, Renton, Wash.
2017 Rank: 37
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $2,051
Typical Acct Size (mil)**:** $0.86
Typical Net Worth (mil)**:** $2.5

50. Gary Ran
Telemus Capital, Southfield, Mich.
2017 Rank: 42
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $2,742
Typical Acct Size (mil)**:** $2.7
Typical Net Worth (mil)**:** $8

51. Jonathan Kuttin
Ameriprise Financial, Melville, N.Y.
2017 Rank: 49
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,832
Typical Acct Size (mil)**:** $1
Typical Net Worth (mil)**:** $3.9

52. Charles Simmons
Ameriprise Financial, Metairie, La.
2017 Rank: 59
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $2,615
Typical Acct Size (mil)**:** $0.75
Typical Net Worth (mil)**:** $1.8

53. Kevin Myeroff
NCA Financial Planners, Cleveland
2017 Rank: 76
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,626
Typical Acct Size (mil)**:** $2.5
Typical Net Worth (mil)**:** $3

54. Brenna Saunders
Creative Planning, Overland Park, Kan.
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,497
Typical Acct Size (mil)**:** $13
Typical Net Worth (mil)**:** $20

55. Daniel Roe
Budros, Ruhlin & Roe, Columbus, Ohio
2017 Rank: 53
Client Types: HNW, UHNW, Institutional
Team Total Assets (mil)**:** $2,778
Typical Acct Size (mil)**:** $4.8
Typical Net Worth (mil)**:** $6

56. Thomas Myers
Bordeaux Wealth Advisors, Menlo Park, Calif.
2017 Rank: N
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $2,250
Typical Acct Size (mil)**:** $22
Typical Net Worth (mil)**:** $30

57. Paul West
Carson Wealth Mgmt Group, Omaha, Neb.
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $4,329
Typical Acct Size (mil)**:** $5
Typical Net Worth (mil)**:** $10

58. Jordan Waxman
HSW Advisors/HighTower, New York
2017 Rank: 51
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $2,500
Typical Acct Size (mil)**:** $25
Typical Net Worth (mil)**:** $50

59. Frank Marzano
GM Advisory Group, Melville, N.Y.
2017 Rank: 62
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,563
Typical Acct Size (mil)**:** $8
Typical Net Worth (mil)**:** $30

60. Charles Bean
Heritage Fin. Svcs, Westwood, Mass.
2017 Rank: 65
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,460
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $5

61. Randy Carver
Raymond James, Mentor, Ohio
2017 Rank: 66
Client Types: Retail, HNW
Team Total Assets (mil)**:** $1,425
Typical Acct Size (mil)**:** $1
Typical Net Worth (mil)**:** $1

62. Molly Rothove
Creative Planning, Overland Park, Kan.
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,242
Typical Acct Size (mil)**:** $8.5
Typical Net Worth (mil)**:** $15

63. Jeffrey Grinspoon
VWG Wealth Mgmt at HighTower, Vienna, Va.
2017 Rank: 54
Client Types: HNW, UHNW, Institutional
Team Total Assets (mil)**:** $1,900
Typical Acct Size (mil)**:** $5
Typical Net Worth (mil)**:** $7

64. Shawn Parker
Ameriprise Financial, Schaumburg, Ill.
2017 Rank: 47
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $2,200
Typical Acct Size (mil)**:** $2.5
Typical Net Worth (mil)**:** $5

65. Lewis Altfest
Altfest Personal WM, New York
2017 Rank: 61
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,330
Typical Acct Size (mil)**:** $2
Typical Net Worth (mil)**:** $5

66. Robert Fragasso
Fragasso Financial Advisors, Pittsburgh
2017 Rank: 70
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $1,374
Typical Acct Size (mil)**:** $0.88
Typical Net Worth (mil)**:** $1.85

67. Erin Scannell
Ameriprise Financial, Mercer Island, Wash.
2017 Rank: 71
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $2,089
Typical Acct Size (mil)**:** $0.7
Typical Net Worth (mil)**:** $3

68. Lawrence Hood
Pacific Portfolio Consulting, Seattle
2017 Rank: 57
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $3,681
Typical Acct Size (mil)**:** $12.48
Typical Net Worth (mil)**:** $18

69. Steven Check
Check Capital Management, Costa Mesa, Calif.
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,463
Typical Acct Size (mil)**:** $1
Typical Net Worth (mil)**:** $3

70. Michael Chasnoff
Truepoint Wealth Counsel, Cincinnati
2017 Rank: 36
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $2,910
Typical Acct Size (mil)**:** $5
Typical Net Worth (mil)**:** $8

71. Eric Harrison
First Republic Inv. Mgmt, Palo Alto
2017 Rank: N
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil)**:** $1,766
Typical Acct Size (mil)**:** $8
Typical Net Worth (mil)**:** $30

72. Mark Delfino
HoyleCohen, San Diego
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,886
Typical Acct Size (mil)**:** $2
Typical Net Worth (mil)**:** $5

73. William Cafero
RCL Advisors, New York
2017 Rank: 72
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $2,184
Typical Acct Size (mil)**:** $9.78
Typical Net Worth (mil)**:** $24

74. Kevin VanDyke
Bloomfield Hills Financial, Bloomfield Hills, Mich.
2017 Rank: 89
Client Types: Retail, HNW, Institutional
Team Total Assets (mil)**:** $1,514
Typical Acct Size (mil)**:** $2
Typical Net Worth (mil)**:** $4

75. Jessica Culpepper
Creative Planning, Overland Park, Kan.
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,487
Typical Acct Size (mil)**:** $14
Typical Net Worth (mil)**:** $20

76. Glenn Degenaars
First Republic Inv. Mgmt, New York
2017 Rank: 73
Client Types: HNW, UHNW, Endowments, Institutional
Team Total Assets (mil)**:** $1,488
Typical Acct Size (mil)**:** $10
Typical Net Worth (mil)**:** $15

77. Ryan Swartz
Creative Planning, Overland Park, Kan.
2017 Rank: N
Client Types: Retail, HNW
Team Total Assets (mil)**:** $1,743
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $5

78. Andrew Berg
Homrich Berg, Atlanta
2017 Rank: 91
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $5,680
Typical Acct Size (mil)**:** $3.5
Typical Net Worth (mil)**:** $7

79. Wally Obermeyer
Obermeyer Wood Investment Counsel, Aspen, Colo.
2017 Rank: 97
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,625
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $10

80. Mark Orgel
Orgel Wealth Mgmt, Altoona, Wis.
2017 Rank: 78
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $4,299
Typical Acct Size (mil)**:** $2
Typical Net Worth (mil)**:** $6

81. Michael Bapis
The Bapis Group at HighTower, New York
2017 Rank: N
Client Types: Retail, HNW, UHNW, Foundations, Institutional
Team Total Assets (mil)**:** $1,433
Typical Acct Size (mil)**:** $25
Typical Net Worth (mil)**:** $50

82. Andrew Rand
Rand & Associates, San Francisco
2017 Rank: 80
Client Types: Retail, HNW, UHNW, Foundations, Institutional
Team Total Assets (mil)**:** $1,300
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $5

83. Scott Tiras
Ameriprise Financial, Houston
2017 Rank: 84
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $2,019
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $5

84. Joseph Jacques
Jacques Financial, Rockville, Md.
2017 Rank: 95
Client Types: Retail, HNW
Team Total Assets (mil)**:** $859
Typical Acct Size (mil)**:** $0.95
Typical Net Worth (mil)**:** $2.2

85. Stewart Mather
The Mather Group, Chicago
2017 Rank: N
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $1,681
Typical Acct Size (mil)**:** $5
Typical Net Worth (mil)**:** $7

86. Matthew Young
Richard C. Young & Co., Newport, R.I.
2017 Rank: 83
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $1,057
Typical Acct Size (mil)**:** $1.73
Typical Net Worth (mil)**:** $5

87. Randy Peterson
First Republic Inv. Mgmt, San Francisco
2017 Rank: 56
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $1,232
Typical Acct Size (mil)**:** $8
Typical Net Worth (mil)**:** $12

88. Brian Kazanchy
RegentAtlantic, Morristown, N.J.
2017 Rank: N
Client Types: Retail, HNW, UHNW
Team Total Assets (mil)**:** $3,762
Typical Acct Size (mil)**:** $5
Typical Net Worth (mil)**:** $7.5

89. Walter "JR" Gondeck
The Lerner Group at HighTower, Deerfield, Ill.
2017 Rank: N
Client Types: Retail, HNW, UHNW, Foundations, Institutional
Team Total Assets (mil)**:** $1,400
Typical Acct Size (mil)**:** $5
Typical Net Worth (mil)**:** $10

90. Van Pearcy
Van Pearcy's Wealth Services Team/ Raymond James, Midland, Texas
2017 Rank: 94
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $1,652
Typical Acct Size (mil)**:** $3
Typical Net Worth (mil)**:** $10

91. Darrell Pennington
Ameriprise Financial, Houston
2017 Rank: 100
Client Types: Retail, HNW
Team Total Assets (mil)**:** $1,113
Typical Acct Size (mil)**:** $1.5
Typical Net Worth (mil)**:** $2.5

92. Matthew Dillig
HighTower, Chicago
2017 Rank: 79
Client Types: HNW, UHNW, Foundations
Team Total Assets (mil)**:** $1,600
Typical Acct Size (mil)**:** $35
Typical Net Worth (mil)**:** $50

93. Malcolm Makin
Raymond James, Westerly, R.I.
2017 Rank: 92
Client Types: Retail, HNW
Team Total Assets (mil)**:** $1,247
Typical Acct Size (mil)**:** $1.5
Typical Net Worth (mil)**:** $3

94. Paul Carbetta
Ameriprise Financial, Worthington, Ohio
2017 Rank: 82
Client Types: Retail, HNW
Team Total Assets (mil)**:** $2,993
Typical Acct Size (mil)**:** $0.57
Typical Net Worth (mil)**:** $1.71

95. Leo Marzen
Bridgewater Advisors, New York
2017 Rank: 99
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $1,462
Typical Acct Size (mil)**:** $4
Typical Net Worth (mil)**:** $7.5

96. Jeanie Wyatt
South Texas Money Mgmt, San Antonio, Texas
2017 Rank: N
Client Types: Retail, HNW, UHNW, Foundations
Team Total Assets (mil)**:** $3,596
Typical Acct Size (mil)**:** $1.13
Typical Net Worth (mil)**:** $7.81

97. James Meredith
Hefren-Tillotson, Pittsburgh
2017 Rank: 85
Client Types: Retail, HNW, Institutional
Team Total Assets (mil)**:** $1,682
Typical Acct Size (mil)**:** $1.19
Typical Net Worth (mil)**:** $3

98. Deb Wetherby
Wetherby Asset Mgmt, San Francisco
2017 Rank: 74
Client Types: HNW, UHNW, Endowments
Team Total Assets (mil)**:** $4,793
Typical Acct Size (mil)**:** $24.68
Typical Net Worth (mil)**:** $40

99. John Lesser
Plante Moran Financial Advisors, Auburn Hills, Mich.
2017 Rank: 77
Client Types: HNW, UHNW
Team Total Assets (mil)**:** $14,325
Typical Acct Size (mil)**:** $23.5
Typical Net Worth (mil)**:** $94

100. David Bahnsen
The Bahnsen Group / HighTower, Newport Beach, Calif.
2017 Rank: N
Client Types: Retail, HNW, UHNW, Institutional
Team Total Assets (mil)**:** $1,423
Typical Acct Size (mil)**:** $6.5
Typical Net Worth (mil)**:** $8

N=Not Ranked Note: For more information on Barron's Top Advisors, contact Matt Barthel at matthew.barthel@barrons.com. Barron's publishes four individual financial advisor rankings each year: The Top 100, The Top 100 Women. The Top 100 Independents, and the Top 1,200, which is a state-by-state list. The process of being ranked in Barron's starts with filling out a detailed online survey. For information about our nominations process and the online survey, please contact Jennifer Pedone, manager of FA Research: Jennifer.Pedone@barrons.com.