

# Business

## MARKETS

▼ 19.93 Dow	20,914.62
▲ 0.24 Nasdaq	5,901.00
▼ 3.13 S&P 500	2,378.25
▼ 0.04 10-yr. T-note	2.50%
▲ \$0.03 Oil	\$48.78
▲ \$3.30 Gold	\$1,229.80
▲ \$0.08 Silver	\$17.38

Euro 0.9310 • Peso 19.0770

**ANOTHER WINNING WEEK FOR STOCKS:** U.S. stocks limped to the finish line in another winning week, with indexes turning in a mixed performance on Friday. It was the seventh weekly gain for the S&P 500 in the last eight, and the index is within 1 percent of its record high.

## BRIEFLY

**WALMART BUYS ONLINE CLOTHING SELLER MODCLOTH:** Walmart says it bought trendy online clothing seller ModCloth. The company declined to specify the price on the deal that closed Friday, saying only that it was in the same range as its previous two purchases of online businesses. Those were \$51 million and \$70 million. Winning over ModCloth's customers, who are fans of its vintage-inspired patterned dresses and inclusive sizing, may be a challenge. Many devoted shoppers have expressed sharp disappointment on social media.

**J.C. PENNEY STORE CLOSURES:** J.C. Penney is listing the 138 locations it will shutter in the coming months as the retailer seeks to cut costs and improve its profitability. Four closures will be in California, but none are in San Diego County. Nine stores will close in Texas, the most of any state. Eight will close in Minnesota and seven will be shut in both Michigan and Pennsylvania.

**CONSUMER SENTIMENT RISES:** Consumer confidence rose in March as Americans were more satisfied than any time in 16 years with the current state of their finances and the economy, while remaining sharply divided along party lines about the outlook. The University of Michigan said Friday that its preliminary index of sentiment increased to 97.6 from 96.3 in February. The index of current conditions jumped three points to 114.5, the highest reading since November 2000. Households reported net gains in incomes and wealth at the strongest levels in a decade, while Republicans were "much more optimistic" than Democrats about expectations for their finances, according to the survey. Confidence is still near a 13-year high amid a stronger job market and prospects for faster growth under the new administration, but threatens to wane absent more concrete policy action.

**DIGITAL LIFE COLUMN:** Jennifer Van Grove is on vacation. Her Digital Life column does not appear in today's edition.

## DIGITS

### 40%

Day 1 jump in stock price for MuleSoft, which kicked off what is expected to be a string of technology offerings from relatively obscure companies that sell business software following a protracted IPO drought. San Francisco-based MuleSoft on Friday closed out its first day on Wall Street with shares trading at \$23.80. The company was valued at nearly \$3 billion, about double the valuation it commanded at its last private financing event in 2015.

U-T NEWS SERVICES

## MISSION VALLEY MACY'S FINAL DAYS

Customers grab bargains before store shuts doors; Fashion Valley location to stay open

BY ROGER SHOWLEY

With stacks of mannequins, a few sweaters, pants, shirts and swim suits left, San Diego's first post-war national department store is preparing to close Sunday night.

"Store closing — fixtures for sale," said a sign hanging on the east side of the building off Camino de la Reina and Camino del Este, just north of Interstate 8.

Westfield Mission Valley's Macy's apparel store, which opened as a May Company in 1961, attracted a few shoppers Friday looking

for 75 percent-off bargains.

Dee Storrs, 64, of Scripps Ranch said she spent about \$60 on a purse, several pairs of pants and a T-shirt.

"The store's closing is sad," she said. "I think it's a good quality store and I'd like it to stay, of course. If it doesn't, let's do some boutiques for women."

Westfield spokeswoman Katy Dickey said no announcements are planned at this time for any new use.

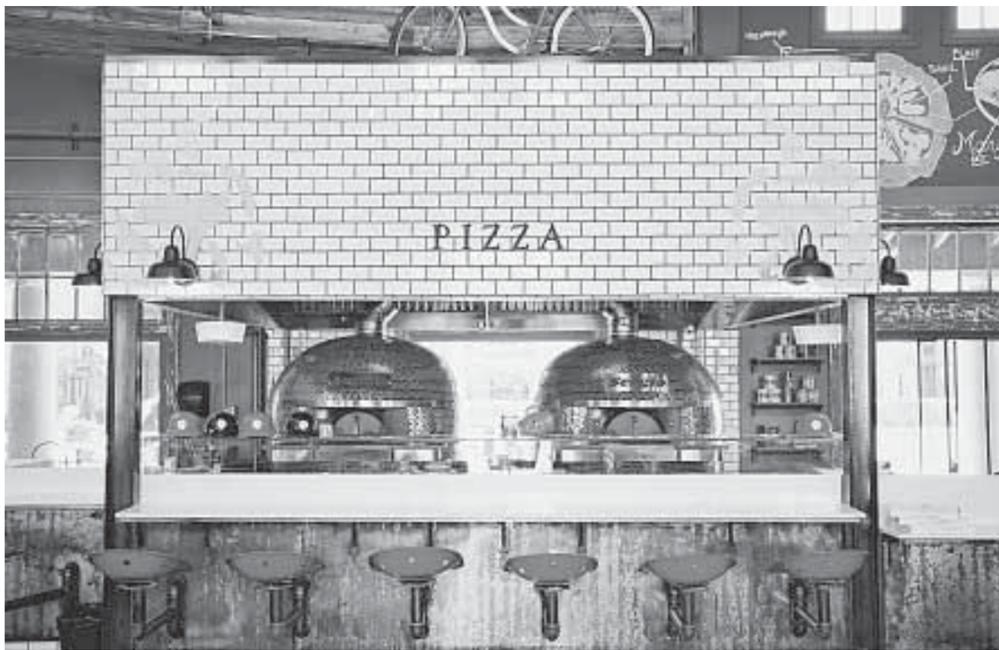
"We continue to evaluate a range of new opportunities for the building with the aim of introducing new el-

SEE MACY'S • C3



DAVID BROOKS U-T

The Macy's at the Mission Valley mall is closing permanently on Sunday night. The store is liquidating everything, including fixtures.



OFFICINE BUONA FORCHETTA

Two gold-tiled pizza ovens sit behind the pizza bar at the newly opened Officine Buona Forchetta.

## Buona Forchetta rolls out Liberty Station expansion

BY LORI WEISBERG

The more than year-long wait for the expansion of South Park's Buona Forchetta to Liberty Station is over.

The family-style Italian eatery opened this week, marking what is expected to be many more collaborations of Buona Forchetta founder Matteo Cattaneo and Mario Cassineri, co-owner of downtown's upscale Bice restaurant.

Construction of what is being called Officine Buona Forchetta started in late 2015, but concept changes and strict architectural standards for Liberty Station's historic naval barracks buildings delayed the restaurant's opening for months.

"We would start with one

Popular South Park eatery's second location, delayed by concept changes, building restrictions, finally opens



LORI WEISBERG U-T

Co-owners Matteo Cattaneo (left) and Mario Cassineri enjoy the opening this week of their new Liberty Station restaurant Officine Buona Forchetta.

idea and it was a work in progress and then we would get new ideas, let's change this or that," said Cattaneo, whose always packed South Park venue was recently touted in a New York Times travel piece as serving up the city's best pizza.

The city's insistence on changes to address historic issues also was "a big part of us going slowly," he added.

The 200-seat, 2,600-square-foot restaurant, which includes patios in the front and rear and a grassy play area for kids, was designed to inspire an Italian-style garage, complete with a restored vintage red Fiat that doubles as a table for two.

Two gold-tiled pizza ovens, familiar to South Park diners, sit behind the pizza

SEE EATERY • C3

## HASBRO BOOTS OLD-TIMEY TOKENS FROM ITS MONOPOLY BOARD GAME

Company announced Friday that more than 4.3M voters prefer T. rex, ducky

BY WAYNE PARRY

The boot has been booted, the wheelbarrow has been wheeled out, and the thimble got the thumbs down in the latest version of the board game Monopoly. In their place will be a Tyrannosaurus rex, a penguin and a rubber ducky.

More than 4.3 million voters from 146 countries weighed in on which tokens they wanted to see in future versions of the property-acquisition game, which is based on the real-life streets of Atlantic City. Pawtucket, R.I.-based Hasbro announced the winners Friday morning.

Jonathan Berkowitz, Hasbro's senior vice president of marketing, grew up playing the game with his family.

"While I'm sad to see the iconic thimble, boot, and wheelbarrow tokens go, it will be fun to have some new, fan-sourced tokens in the mix," he said. "Personally, I've always espe-



WAYNE PARRY ASSOCIATED PRESS

Hasbro Inc. is updating its board game Monopoly with new game tokens based on the results of more than 4.3 million fan votes. New tokens include a rubber ducky, a T. rex and a penguin.

cially liked the boot token, but I'm excited to move on to the T. rex."

There were 64 contenders, including a winking emoji, a hashtag, a clunky '80s-style cellphone and a pair of bunny slippers.

The existing Scottish terrier, battleship, race car, top hat and cat

tokens will carry on.

The Scottie was top dog in the competition, leading all contenders with 212,476 votes. The T. rex was second with 207,954, and the hat was third with 167,582. The car was fourth with 165,083; the ducky was fifth with

SEE MONOPOLY • C4

## CITY MULLS 3 OPTIONS FOR REGULATING SHORT-TERM S.D. RENTALS

BY LORI WEISBERG

San Diego's planning department is proposing a range of options for regulating short-term vacation rentals, ranging from largely permissive to very restrictive.

In a report released Friday afternoon, the department acknowledged the divisiveness of the issue, both on the City Council and in the communities. With little consensus to date on how to regulate the mushrooming volume of vacation rentals, the department recommended three approaches but left it to the elected leaders to cobble together the one they like best.

A hearing before the council's Smart Growth and Land Use Committee has been scheduled for Friday morning at the Jacobs Center.

The most lenient of the three options governing the short-term rental of entire homes would allow them to operate in residential zones but would require ministerial permits, as would all the options.

The strictest proposes a minimum stay of 21 days, an option favored in the past by City Councilwoman Lorie Zapf, who represents the beach communities where

SEE RENTALS • C3

## SAN DIEGO LOSES TOP INFORMATION SECURITY EXECUTIVE

BY GARY ROBBINS

Gary Hayslip, who helped make San Diego a leader in cybersecurity over the past four years as the city's chief information security officer, has left his job to pursue opportunities in the private sector.

"I loved the job and I think we did some amazing things," said Hayslip, 49. "But several private companies have reached out to me recently, and my wife and I decided that there are opportunities that we should look at."

Hayslip joined the city as CISO in May 2013 and advised more than 40 departments on how to detect, prevent and cope with a wide variety of hacking. In July 2016, Hayslip's team successfully repelled a cyber attack launched against the city while it was hosting Major League Baseball's annual All-Star Game.

Hayslip, who earned Masters in Business Administration degree at San Diego State University, also is widely admired for his thoughts on creating "smart cities" — cities that use a variety of sensors and technologies to make transportation and other services work

SEE EXECUTIVE • C4

## RENTALS • Council panel will meet Friday

FROM C1 residents have protested the loudest over vacation rentals.

A third proposal strikes a middle ground, allowing vacation rentals but requiring a special permit for larger homes that have six or more bedrooms or accommodate more than 10 guests. The “neighborhood use permit” that is being proposed requires a hearing and notification of surrounding neighbors.

“We considered all the testimony, public input, letters raised during the process and tried to come up with three options that reflected the desires of both the council and the community,” said San Diego Planning Director Jeff Murphy.

Because the council has largely supported the concept of “home sharing” where homeowners rent out a spare bedroom, the department is recommending that they be allowed, but suggests more restrictions in cases where there are more rooms and larger numbers of guests.

For more than two years, elected leaders have struggled, without success, to agree on regulations that would satisfy home-sharing

hosts while placating homeowners who have complained that their neighborhoods have been overrun by what they call mini hotels.

In November the council rejected what would have been an outright ban on short-term rentals in most single-family neighborhoods.

Earlier this week, San Diego City Attorney Mara Elliott, in a victory for critics of vacation rentals, issued a memo declaring that such rentals are not allowed under the city’s municipal code.

Thanks to the soaring popularity of home-sharing sites like Airbnb and VRBO, short-term rentals large and small have proliferated in San Diego and other popular destinations.

Airbnb did not take a position Friday on the proposed regulations but offered the following statement:

“Our community of 5,000 hosts across San Diego have engaged with lawmakers for the past two years with the goal of developing smart, thoughtful short-term rental regulations, and this is an important step forward. While we are still reviewing the details of these propos-

als, we remain committed to working with the mayor and council to enact comprehensive regulations that protect neighborhoods and ensure middle-class San Diegans can rent their homes to make ends meet.”

Councilwoman Barbara Bry, who has pushed for stronger regulation of short-term rentals, said Friday she was still reviewing the recommendations and was not prepared yet to weigh in on them.

As difficult a time as the council has had in reaching any consensus on the issue, the planning department proposals should help bring about some resolution, Councilman Chris Cate said.

He has routinely argued for permitting vacation rentals citywide but putting in place stricter enforcement and a series of escalating fines for hosts who violate noise and nuisance regulations. He said he favors the department’s more permissive option.

“What I appreciate about it is that it embraces short-term rentals and the sharing economy and that it doesn’t move us in the direction of where we would be banning the use,” he said. “One thing we need to flush out more is

the enforcement piece because no matter what option is chosen there needs to be 24/7 enforcement to ensure the rules are followed.”

The planning department noted that in framing its recommendations it had to take into consideration concerns raised in a December letter from the California Coastal Commission cautioning that it does not support blanket vacation rental bans.

The commission letter, however, did acknowledge the need for “reasonable and balanced regulations.”

Murphy said it is unknown whether the commission would regard a 21-day minimum stay for rentals as a “de facto ban.”

As for stepping up enforcement when it comes to problem rentals, Murphy said the council needs to settle on regulations before it can tally up costs.

“One new thing we’re introducing is that we’ll require a ministerial permit,” he said, “and what’s key about that is for people who violate rules related to noise or trash we can revoke that permit. We lack that today.”

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## JUSTICE DEPARTMENT SUPPORTS FIRING OF CFPB’S CORDRAY

Agency backs calls for Trump to remove Obama-named consumer watchdog chief

BY JIM PUZZANGHERA

The Justice Department told a federal court Friday that President Donald Trump should be able to fire the head of the Consumer Financial Protection Bureau, arguing that the structure of the controversial independent watchdog is unconstitutional.

The brief, filed in a case in which a New Jersey mortgage company is challenging the bureau’s authority, is a reversal of the position taken by the Obama administration. It had strongly backed the agency, which was created by the 2010 Dodd-Frank financial reform law and was one of President Obama’s signature accomplishments.

Conservatives have argued that the consumer bureau gives too much power to its director, who serves a five-year term and could be removed only “for cause,” such as neglect of duty.

Several lawmakers have called for Trump to fire bureau Director Richard Cordray, a Democrat and former Ohio attorney general who was appointed by Obama.

Cordray, whose term doesn’t expire until July 2018, has been aggressive about enacting tough new rules and obtaining billions of dollars in refunds for consumers. The bureau was a key player in the \$185 million settlement Wells Fargo & Co. agreed to pay last year for the creation of as many as 2 million accounts without customer authorization.

In a 33-page filing Friday, the Justice Department told the U.S. Court of Appeals for the District of Columbia that “there is a greater risk that an ‘independent’ agency headed by a single person will engage in extreme departures from the president’s executive policy.” Because of that, it said, the court should uphold a 2-1 ruling by a three-judge panel in October that found that structure violated the Constitution’s separation of powers because it limited the president’s authority.

The court said the solution was to strike down the law’s “for cause” provision, meaning that the president could remove the consumer bureau’s director for any reason, as with other executive branch appointees.

The bureau appealed the ruling to the full court. The case was brought by PHH Corp., a New Jersey mortgage services company.

Cordray has said he would not step down, and some legal scholars have said the ongoing case could present problems for Trump if he tried to remove Cordray. A bureau spokesman declined to comment on the Justice filing.

Trump vowed during the campaign to dismantle Dodd-Frank and has ordered Treasury Secretary Steven Mnuchin to review the law. White House Press Secretary Sean Spicer said last month that the bureau



GETTY IMAGES

**Richard Cordray, chief of the Consumer Financial Protection Bureau, was appointed by President Barack Obama.**

was “an unaccountable and unconstitutional new agency that does not adequately protect consumers.”

Rep. Jeb Hensarling, R-Texas, chairman of the House Financial Services Committee and a longtime critic of the consumer bureau, said Friday that it was “arguably the most powerful and least accountable bureaucracy in American history.”

“I applaud the Department of Justice for recognizing this unconstitutional CFPB must not stand and must not continue to harm the very consumers it is supposed to protect,” he said.

Hensarling and other critics have complained that the bureau’s rules on mortgages, credit cards and other financial products restrict consumer’s access to credit. He has called for replacing the single director with a five-member bipartisan commission.

But Democrats and consumer advocates said a commission would make the bureau less effective. They’ve praised its work while noting that, under Dodd-Frank, the bureau’s regulations can be overturned by a majority of a panel of financial regulators.

“We’re not surprised the Justice Department has taken the position that powerful Wall Street interests wanted it to take,” said Ed Mierzwinski, consumer program director at the U.S. Public Interest Research Group. “But we will continue to defend the CFPB and believe that its structure is totally constitutional.”

The bureau does important work that would be jeopardized if Cordray were removed, Mierzwinski said.

Rep. Maxine Waters, D-Los Angeles, and 37 other members of the Congressional Black Caucus wrote to Trump in January saying they “would strongly oppose” any attempt to remove Cordray and “would view such an action as an illegitimate abuse of power.”

“Communities of color and, indeed, all consumers in America will benefit from having director Cordray remain in his position,” lawmakers wrote.

Puzzanghera writes for California News Group, publisher of Union-Tribune and L.A. Times.



LORI WEISBERG U-T

A pizza is being prepared this week at the newly opened Officine Buona Forchetta at Liberty Station.

## EATERY • Others are planned for Encinitas, San Diego

FROM C1 bar with its bright red swivel counter seats, where the restaurant will churn out its chewy Neapolitan pizzas, including gluten-free pies.

Cassineri, whose Bice dining room is well regarded for house-made pastas and diverse cheese offerings, will bring the same to the Liberty Station location, he said.

The goal of the Italian-born duo, Cassineri said, is to make diners feel as though they’re in Italy breaking bread with the family.

The \$600,000 endeavor will not be the last joint ven-

ture for the two of them. They are planning another restaurant in Encinitas, expected to open in the fall, and are scouting downtown for yet another. Plus, they’re hoping to also transform the Buona Forchetta concept into a fast-casual brand.

They do not have a name and would not reveal any more specifics about their plans.

“Right now all the developers are saying, we want you there, we want you there,” Cattaneo said. “We think this is the direction we want to go in.”

“But it’s important you

don’t lose the feeling you have when you go into Buona Forchetta in South Park,” Cassineri quickly chimed in.

They deliberately did not include Bice in the new restaurant concept’s name because they did not want to give people the mistaken impression that there was any hint of a fine dining menu or ambiance, Cattaneo said.

“We want to build this like it’s our family, to give the feeling of going to a friend’s house, which is why we are keeping Bice out of the name,” he explained. “What I love about Buona

Forchetta is it’s for everybody. I see the guy who comes in a Ferrari and the guy who comes in his pajama pants.”

So far, the business has been self-funded, Cattaneo said.

“We put a lot on the line, but it is me and him, it is us,” he stressed. “The day I’m going to have investors is the day I’m going to sell. Believe me, I have a lot of email asking do you want to sell, but this is my baby.”

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## MACY’S

FROM C1 ements, energy and choices for our customers,” she said.

The mall’s other Macy’s store specializes in home furnishings and it will remain open. Shoppers were strolling through that store on Friday as well, looking at dishes, mattresses and kitchen appliances.

The full-service Macy’s at nearby Fashion Valley also remains open.

The 383,000-square-foot store that is closing heralded a new day in San Diego shopping history, since it marked the beginning of an exodus of stores from downtown to regional shopping centers all over the county.

Its design by William Lewis Jr. also introduced modern design in retail architecture but with a certain decorative flare — precast concrete hexagonal panels. The city’s Historic Resources Board marked it as Historic Site No. 1203 last year.

Originally called Mission Valley Center, the mall was developed by the May Company after the City Council voted to rezone the property in 1958 for commercial use. Downtown merchants warned that the decision would irrevocably hurt the central business district, and over the next few years most major retailers relocated to the suburbs. They



DAVID BROOKS U-T

The Macy’s at the Mission Valley mall opened in 1961 as May Company. The business is selling everything and will be closing forever on Sunday.

only returned downtown when Horton Plaza shopping center, now also owned by Westfield, opened in 1985.

Macy’s, which had taken over the May chain, sold the building to Westfield for \$16.5 million in March 2016 and then included it among 65 stores planned for closure nationally this year as changes in shopping habits have wreaked havoc on big-box retailers. About 140 employees at the San Diego store were affected, with some offered jobs at other stores and the rest laid off.

After several weeks of

clearance sales, most of the store was empty. The cosmetics and jewelry counters had been picked clean. Countless clothing racks were littered with empty boxes, and racks stood in rows waiting possible sale. Fixtures will continue to be available for sale until March 26, a sign said.

Items ranged from 25-cent gift wrapping bows to a \$14,000, 5-by-7-foot Persian carpet, down from the ticket price of \$56,000. A Macy’s carpet salesman said one woman bought three high-priced carpets in recent days

to furnish some rental homes. Two boxes of miscellaneous greeting cards were going for 50 cents each, and half off that if customers bought more than \$20 worth.

One corner of the second floor was filled with dozens of undressed mannequins that were going for \$75, plus a bin of \$15 unattached arms. A salesman said there had been about 400 mannequins on sale. There was nothing for sale on the third floor, and escalator access was cut off.

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## THE ARAMCO REPORT

### Homebuilder sentiment at 12-year high

By Mehran Aram, Real Estate and Mortgage Analyst

U.S. homebuilders are feeling more optimistic about the economy and current housing market than at any point since June 2005, according to the National Association of Home Builders’ (NAHB) homebuilder sentiment data released on Wednesday. The index surged 6 points since February to a reading of 71. Readings above 50 indicate improvement and optimism about upcoming economic conditions.

According to The Wall Street Journal, the index was just one point increase expected this month. Surveys

show that builders still have trepidation about the housing market — particularly rising material costs and labor shortages. With builders continuing to grapple with these challenges, a mellowing of confidence may be seen later in the year.

“While builders are clearly confident, we expect some moderation in the index moving forward,” said Robert Dietz, NAHB chief economist.

Meanwhile, conforming no-point 30-year fixed mortgage rates are averaging 4.125 percent, while 15-year rates are near 3.25 percent.

Do you have a question for Real Estate and Mortgage Analyst Mehran Aram? Submit your queries about a home purchase, refinance or reverse mortgage via [aramco.biz](http://aramco.biz), social media (#AramcoReport), or over the phone at (866) 381-8888 and your question could be featured in an upcoming article.