

# [***Forbes Daily: Apple Scraps Electric Car After A Decade Of Development***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BFD-J1M1-JBCM-F4H0-00000-00&context=1516831)

Forbes.com

February 28, 2024 Wednesday

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**Length:** 1576 words

**Byline:** Forbes Daily, Forbes Staff

**Highlight:** Google CEO addresses Gemini AI controversy; 'Magnificent seven' falters; Apple abandons EV ambitions; U.S. Army cuts jobs; TikTok might have a corporate data problem.

**Body**

**This is a published version of the Forbes Daily newsletter, you can sign-up to get Forbes Daily in your inbox here.**

Good morning,

It s been a**slow start for the U.S. box office in 2024**. So slow, in fact, that two of February s biggest winners aren t even movies.

In an unconventional distribution strategy, episodes of the television series**Demon Slayer**and**The Chosen**have been theatrically released, andboth have grossed upwards of $20 millionso far. Following last year s prolonged Hollywood strikes, it s likely that there will continue to be gaps in scheduling for major films and some analysts believe that TV could be a boost for theaters.

But the blockbuster is by no means dead: With critics already abuzz about the impending release of**Dune: Part Two**, there shope that the upcoming weekendcould provide the first major movie moment of the year.

**BREAKING NEWS**

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Sundar Pichai, CEO of Google, speaks at the opening of the 60th Munich Security Conference (MSC) at the Hotel Bayerischer Hof.

Tobias Hase/picture alliance via Getty Images

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In an internal note Tuesday, Google CEO Sundar Pichai said the**misleading and historically inaccurate images**generated by its Gemini AI service were **completely unacceptable,** according to Semafor. Pichaiwrote he was aware that some of Gemini s responses have offended our users and shown bias. Google stock has fallen about 3.5% since the end of last week, shaving $90 billion off the company s market cap.

High winds have accelerated**uncontrolled wildfires in northern Texas**and parts of Oklahoma, where over 370,000 acres have burned, and towns in the regionhave been ordered to evacuate. A key U.S. nuclear weapons plant near Amarillo, Texaspaused operations late Tuesday as a precautionary measure, noting All weapons and special materials are safe and unaffected.

**BUSINESS + FINANCE**

The magnificent seven group of technology stocks largelybehind 2023 s record rally is showing cracks. Alphabet, Apple and Tesla have**wildly underperformed the market so far in 2024**, while Nvidia, Meta, Amazon and Microsoft have all outrun the broader market and Nvidia's $754 billion in market cap gained this year is larger than the entire market value of the 72 smallest companies included on the S&P 500.

Offshore crypto exchange BitForex would routinely generate as much as $2.5 billion of crypto trading volume daily or it did, up untilit went offline over the weekend. Now, after a promised change in leadership failed to materialize, and a $56.5 million reported outflow last week,**many are wondering why the exchange stopped operating**at a time when the crypto market is on the rare upswing.

**TECH + INNOVATION**

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Tim Cook, chief executive officer of Apple Inc., speaks during a launch event for the new Apple iPhone 15 at Apple Park in Cupertino, California, on September 12, 2023.

NIC COURY/AFP via Getty Images

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Apple isabandoning its years-old effort to build an electric car, Bloomberg reported Tuesday, shifting employees to focus on artificial intelligence. The almost 2,000 employees tasked with developing an electric car reportedly found out that the project was being discontinued via an internal memo, and layoffs are expected, though it is not clear how many. The news comes**just a month after the company delayed** its planned release of the car to 2028.

Photoroom, a tech startup that**offers AI-based photo editing software to 30 million active users**, announced Tuesday that ithas raised $43 million in Series B funding at a valuation of $500 million. The company, which has garnered the attention of major studios like Netflix and Warner Bros., uses a subscription-based model and recently crossed $50 million in annual recurring revenue, according to cofounder Matthieu Rouif.

OpenAIaccused the to show the tool can reproduce large portions of the newspaper s articles. The tech company said in a court filing that the third-party person the**Times**allegedly hired was able to target and exploit a bug in ChatGPT. In a statement to**Forbes**, the**New York Timesdisputed the claim that it used hacking to create the results**, claiming it was simply using OpenAI s products to look for evidence that they stole and reproduced the **Times s**copyrighted works.

**MONEY + *POLITICS***

TheU.S. Army is planning on cutting about 24,000 jobs most of which are already vacant positions as part of a restructuring plan to generate new capabilities and re-balance its force structure, according to information shared with**Forbes**. The**U.S. military has faced a number of recruitment issues**in recent years, and the Army, Navy and Air Force had a shortfall of more than 41,000 new recruits in the fiscal year 2023.

**SPORTS + ENTERTAINMENT**

Sony Interactive Entertainment islaying off 900 employees across multiple PlayStation studios, or around 8% of its video game division, the company announced Tuesday, the latest in a series of layoffs that have impacted the video game industry.**Some of the company s biggest gaming studios are affected** including Insomniac Games and Naughty Dog, developers of hit games**Spider-Man**and**The Last of Us**, respectively.

Warner Bros. Discovery haspaused merger talks with Paramount Global, sources told CNBC on Tuesday. The potential merger became known in December, when Paramount Global CEO Bob Bakish met with Warner Bros. Discovery CEO David Zaslav. According to reports, those talks included**potential measures to combine the streaming platforms**Max (formerly HBO Max) and Paramount+.

**DAILY COVER STORY**

**TikTok s Lawyers Repeatedly Warned Executives It Could Be Breaking Data Laws**

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Internal privacy experts worried that not having a corporate records retention policy could violate U.S. and EU laws. Years later, the company still doesn t have one.

ILLUSTRATION BY ANGELICA ALZONA

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**TOPLINE** TikTok s parent company **ByteDance may have broken laws in the U.S. and EU**because it has no internal corporate records retention policy, according to seven current and former ByteDance employees and hundreds of internal documents and chat logs reviewed by**Forbes**.

The internal materials show TikTok s legal and policy experts clearly warning senior leaders that ByteDance s lack of a policy for managing internal records could threaten its ability to operate in the U.S. and EU. One, from spring 2023, shows an internal privacy policy expert**expressing relief that regulators had not yet noticed that the company was out of compliance**.

Rules around corporate record retention and deletion, while seemingly mundane, are critical because they**prevent companies from scrubbing their records of evidence of wrongdoing**and protect the privacy of people whose information is stored in corporate records.

The seven sources told**Forbes**that ByteDance lacked such a policy for years,**an oversight with potentially dire consequences**for a company already under investigation by the U.S. government and that has faced global scrutiny for its data privacy practices.

In response to a detailed list of questions about the internal materials, TikTok spokesperson Alex Haurek sent the following statement: We believe these assertions are based on outdated documents, which were predominantly prepared by employees who are no longer with the company, who did not have visibility into all our work in this area, and who are now attempting to advance an agenda without regard for the facts.

**WHY IT MATTERS**  Corporate records retention is not a sexy topic, but it is an important one, says**Forbes** senior writer Emily Baker-White. TikTok s internal experts started raising this issue years ago. Why is there still no policy?

**MORE** A Platform Storing TikTok Corporate Secrets Was Inspected By The Chinese Government

**FACTS AND COMMENTS**

Last year wasa tough time for streaming service subscriptions, with growth dropping and cancellations on the rise, according to a new report from Antenna Research. The lackluster performance could signal**a general slowdown in growth for streamers**that exploded in popularity during the pandemic:

**10.1%:** The growth rate of new subscriptions to all streaming services in 2023, down from a growth rate of 21.6% a year earlier

**140.5 million:** The number of streaming service cancellations, the largest drop in subscribers over the last five years

**25%:** The share of customers who canceled a streaming service that were won back within three months

**STRATEGY AND SUCCESS**

While recent economic indicators might discourage the Fed from dropping the federal funds rateuntil this summer, or later, the period before interest rates fall could be**an advantageous time to lock in your rate of return with a certificate of deposit**. CD ratescan be fixed for a few months, all the way up to five years or longer, depending on the term but unlike a high-yield savings account that offers a variable rate of return, money held in a CD can t be accessed before it matures (without incurring a penalty).

**VIDEO**

https://www.forbes.com/video/6347404056112/

**QUIZ**

On Tuesday, a Democratic governor proposed reinstating their state s corporate business tax for some profitable companies at 11.5%, which would be the largest corporate tax rate in the U.S. if approved.**Which state is considering the rate increase**

A. California

B. Pennsylvania

C. New Jersey

D. New York

Check your answer.

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